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Caesars Entertainment, Caesars Entertainment Operating Co. Reach Agreement with a Group of Second Lien Noteholders on Debt Restructuring

LAS VEGAS, July 20, 2015 /PRNewswire/ -- Caesars Entertainment Corporation (NASDAQ: CZR) ("Caesars Entertainment") and Caesars Entertainment Operating Company, Inc. ("CEOC") have entered into a restructuring agreement with holders of a significant amount of CEOC's second-lien notes. This agreement provides for a substantial improvement in recoveries for second lien noteholders and adds to the group of creditors supporting CEOC's restructuring plan. The agreement will go effective when holders owning greater than 50% of second lien debt sign the agreement. With the public announcement of the terms of this enhanced restructuring agreement, Caesars Entertainment and CEOC will seek to gain further support.



Pursuant to the agreement, second lien noteholders who sign the agreement by the date holders owning greater than 50% of second lien debt sign the agreement, (or 10 days after such date if occurring before August 19, 2015), shall receive a forbearance fee. Holders eligible to receive the fee will receive their pro rata share of at least \$200 million in convertible notes to be issued by Caesars Entertainment in consideration for forbearing in respect to certain alleged defaults. These holders also have the potential to receive an additional \$200 million of convertible notes either directly or through an enhanced class recovery as outlined more fully below.

In addition, Caesars Entertainment and CEOC have agreed to several improvements from the Restructuring Support Agreement announced on January 14, 2015, as follows:

- Caesars Entertainment will contribute an additional \$200 million of Caesars Entertainment convertible notes to the class of second lien noteholders if the class votes in favor of CEOC's plan of reorganization. If the class does not vote in favor, the additional notes shall be distributed to second lien noteholders who have signed the agreement as an additional fee;
- Caesars Entertainment will contribute approximately 5% common equity stake in PropCo (or cash) to the class of second lien noteholders;
- Caesars Entertainment will contribute an additional approximately 5% common equity stake in PropCo (or cash) to the class of second lien noteholders if the class of second lien noteholders votes in favor of CEOC's plan of reorganization. If the class does not vote in favor, the additional equity (or cash) shall be distributed to second lien noteholders who have signed the agreement as an additional fee;
- Under certain conditions, second lien noteholders will have the opportunity to purchase, at plan value, a minimum of 2.5% of the PropCo Common Stock to be issued to first lien noteholders and a maximum of 100% of such stock;
- Caesars Entertainment has agreed to grant PropCo a call right to purchase the real estate associated with Harrah's New Orleans, consistent with the previously granted call right granted for the real estate underlying Harrah's Atlantic City and

Harrah's Laughlin.

Consistent with the Restructuring Support and Forbearance Agreement dated January 14, 2015 and supported by more than 80% of first-lien noteholders, CEOC voluntarily commenced a Chapter 11 reorganization on January 15, 2015. The restructuring plan contemplates that CEOC will convert its corporate structure by separating virtually all of its US-based gaming operating assets and real property assets into two companies, including an operating entity ("OpCo") and a newly formed, publicly traded real estate investment trust ("REIT") that will directly or indirectly own a newly formed property company ("PropCo").

The proposed transactions would reduce CEOC's debt by approximately \$10 billion, providing for the exchange of approximately \$18.4 billion of outstanding debt for \$8.6 billion of new debt. Annual interest expense would be reduced by approximately 75%, from approximately \$1.7 billion to approximately \$450 million. PropCo would lease its real property assets to OpCo in exchange for annual lease payments of \$635 million, subject to certain adjustments, with the lease payments guaranteed by Caesars Entertainment.

Except as detailed above or in the Form-8K filed with the SEC today, today's agreement with the group of second-lien noteholders is consistent with the January 14, 2015 RSA. The restructuring plan is subject to approval by the bankruptcy court and the receipt of required gaming regulatory approvals.

Caesars Entertainment and CEOC are continuing to work to obtain additional support from other CEOC creditors.

About Caesars Entertainment Operating Company Inc.

Caesars Entertainment Operating Company, Inc. ("CEOC"), a majority owned subsidiary of Caesars Entertainment Corporation, provides casino entertainment services and owns, operates or manages 44 gaming and resort properties in 13 states of the United States and in five countries primarily under the Caesars, Harrah's and Horseshoe brand names. CEOC is focused on building customer loyalty through providing its guests with a combination of great service, excellent products, unsurpassed distribution, operational excellence and technology leadership as well as all the advantages of the Total Rewards program. CEOC also is committed to environmental sustainability and energy conservation, and recognizes the importance of being a responsible steward of the environment.

About Caesars Entertainment

Caesars Entertainment Corporation (CEC) is the world's most diversified casino-entertainment provider and the most geographically diverse U.S. casino-entertainment company. CEC is mainly comprised of the following three entities: the majority owned operating subsidiary Caesars Entertainment Operating Company, wholly owned Caesars Entertainment Resort Properties and Caesars Growth Properties, in which we hold a variable economic interest. Since its beginning in Reno, Nevada, 75 years ago, CEC has grown through development of new resorts, expansions and acquisitions and its portfolio of subsidiaries now operate 50 casinos in 13 U.S. states and five countries. The Company's resorts operate primarily under the Caesars®, Harrah's® and Horseshoe® brand names. CEC's portfolio also includes the London Clubs International family of casinos. CEC is focused on building loyalty and value with its guests through a unique combination of great service, excellent products, unsurpassed distribution, operational excellence and technology leadership. The Company is committed to environmental sustainability and energy conservation and recognizes the importance of being a responsible steward of the environment. For more information, please visit www.caesars.com.

Forward Looking Information

This release includes "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," "expect," "believe," "would," "estimate," "continue," or "future," or the negative or other variations thereof or comparable terminology. In particular, they include statements relating to, among other things, the proposed restructuring of CEOC and future outcomes. These forward-looking statements are based on current expectations and projections about future events.

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, and other factors described from time to time in the Company's reports filed with the Securities and Exchange Commission (including the sections entitled "Risk Factors" and "Management's Discussion and Analysis of Financial Condition and Results of Operations" contained therein):

- the outcome of currently pending or threatened litigation and demands for payment by certain creditors against CEC and by the National Retirement Fund;

- the effects of CEOC's bankruptcy filing on CEOC and its subsidiaries and affiliates, including Caesars Entertainment, and the interest of various creditors, equity holders and other constituents;
- the ability to retain key employees during CEOC's restructuring;
- the event that the restructuring of CEOC may not be consummated in accordance with its terms, or persons not party to the agreement described in this release may successfully challenge the implementation thereof;
- the length of time CEOC will operate in the Chapter 11 cases or CEOC's ability to comply with the milestones provided by the restructuring support agreement;
- risks associated with third party motions in the Chapter 11 cases, which may hinder or delay CEOC's ability to consummate its restructuring plan as contemplated by the restructuring support agreement;
- the potential adverse effects of Chapter 11 proceedings on Caesars Entertainment's liquidity or results of operations;
- the effects of Bankruptcy Court rulings in the Chapter 11 cases and the outcome of such cases in general;
- the effects of local and national economic, credit and capital market conditions on the economy in general, and on the gaming industry in particular;
- the ability to realize the expense reductions from our cost savings programs;
- the financial results of CGP LLC's business;
- the impact of our substantial indebtedness and the restrictions in our debt agreements;
- access to available and reasonable financing on a timely basis, including the ability of CEC to refinance its indebtedness on acceptable terms;
- the ability of our customer tracking, customer loyalty, and yield management programs to continue to increase customer loyalty and same-store or hotel sales;
- 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;
- our ability to recoup costs of capital investments through higher revenues;
- abnormal gaming holds ("gaming hold" is the amount of money that is retained by the casino from wagers by customers);
- 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 we acquire into our operations;
- the potential difficulties in employee retention and recruitment as a result of our substantial indebtedness or any other factor;
- 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;
- litigation outcomes and judicial and governmental body actions, including gaming legislative action, referenda, regulatory disciplinary actions, and fines and taxation;
- 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 our ability to attract customers to certain of our facilities, such as the amount of losses and disruption to our company as a result of Hurricane Sandy in late October 2012;
- the effects of environmental and structural building conditions relating to our properties;
- access to insurance on reasonable terms for our assets; and
- the impact, if any, of unfunded pension benefits under multi-employer pension plans.

Any forward-looking statements are made pursuant to the Private Securities Litigation Reform Act of 1995 and, as such, speak only as of the date made. Caesars disclaims any obligation to update the forward-looking statements. You are cautioned not to place undue reliance on these forward-looking statements, which speak only as of the date stated or, if no date is stated, as of the date of this filing.

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