



CAESARS
ENTERTAINMENT
OPERATING CO.

CEOC Selected Financial Information

December 2014

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

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

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

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

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

management uses Property EBITDA to measure performance and allocate resources, and believes that Property EBITDA provides investors with additional information consistent with that used by CEOC's management.

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

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

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

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

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

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

	As of December 31,	
	2014	2013
Assets		
Current assets		
Cash and cash equivalents	\$ 1,194.0	\$ 1,438.7
Restricted cash	18.8	14.2
Receivables, net	359.7	494.0
Prepayments and other current assets	82.8	157.9
Inventories	30.3	31.4
Due from affiliates, net	23.2	76.4
Total current assets	<u>1,708.8</u>	<u>2,212.6</u>
Property and equipment, net	6,190.4	8,852.4
Goodwill	673.9	1,271.2
Intangible assets other than goodwill	2,515.2	2,904.8
Investments in and advances to non-consolidated affiliates	140.1	152.2
Restricted cash	7.5	85.2
Deferred charges and other	419.8	482.6
Assets held for sale	20.7	11.9
Total assets	<u>\$ 11,676.4</u>	<u>\$ 15,972.9</u>
Liabilities and Stockholders' Deficit		
Current liabilities		
Accounts payable	\$ 129.9	\$ 344.1
Due to affiliate, net	38.5	—
Accrued expenses	652.3	809.6
Interest payable	600.9	308.1
Deferred income taxes	186.7	288.4
Current portion of long-term debt	<u>15,783.3</u>	<u>113.4</u>
Total current liabilities	17,391.6	1,863.6
Long-term debt	393.6	16,639.8
Deferred income taxes	1,296.5	1,612.0
Deferred credits and other	718.0	1,258.7
Notes payable to affiliate	—	300.8
Total liabilities	<u>19,799.7</u>	<u>21,674.9</u>
Commitments and Contingencies		
Stockholders' deficit		
Common stock: voting; \$0.001 par value; 1.4 shares issued and outstanding	—	—
Additional paid-in capital	3,420.3	3,550.3
Accumulated deficit	(11,528.9)	(9,240.8)
Accumulated other comprehensive loss	<u>(38.8)</u>	<u>(37.1)</u>
Total CEOC stockholders' deficit	(8,147.4)	(5,727.6)
Noncontrolling interests	<u>24.1</u>	<u>25.6</u>
Total stockholders' deficit	<u>(8,123.3)</u>	<u>(5,702.0)</u>
Total liabilities and stockholders' deficit	<u>\$ 11,676.4</u>	<u>\$ 15,972.9</u>

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

	Year Ended December 31,	
	2014	2013
Revenues		
Casino	\$ 3,687.9	\$ 4,361.2
Food and beverage	793.3	936.5
Rooms	511.6	689.3
Management fees	92.8	59.2
Other	274.8	335.6
Reimbursed management costs	387.8	324.7
Less: casino promotional allowances	(637.2)	(756.0)
Net revenues	<u>5,111.0</u>	<u>5,950.5</u>
Operating expenses		
Direct		
Casino	2,284.3	2,521.6
Food and beverage	326.2	393.0
Rooms	120.2	164.8
Property, general, administrative, and other	1,064.8	1,257.9
Reimbursable management costs	387.8	324.7
Depreciation and amortization	303.1	411.0
Write-downs, reserves, and project opening costs, net of recoveries	60.2	91.4
Impairment of goodwill	260.9	101.2
Impairment of tangible and other intangible assets	275.4	1,707.6
Loss on interests in non-consolidated affiliates	13.7	20.7
Corporate expense	188.6	98.1
Acquisition and integration costs	43.8	13.4
Amortization of intangible assets	49.0	88.5
Total operating expenses	<u>5,378.0</u>	<u>7,193.9</u>
Loss from operations	(267.0)	(1,243.4)
Interest expense	(2,228.4)	(2,145.2)
Loss on early extinguishment of debt	(114.6)	(32.1)
Gain/(loss) on partial sale of subsidiary	(3.1)	44.1
Other income, including interest income	18.2	15.2
Loss from continuing operations, before income taxes	<u>(2,594.9)</u>	<u>(3,361.4)</u>
Income tax benefit	495.0	517.3
Loss from continuing operations, net of income taxes	<u>(2,099.9)</u>	<u>(2,844.1)</u>
Discontinued operations		
Loss from discontinued operations	(193.5)	(222.4)
Income tax benefit	21.1	4.5
Loss from discontinued operations, net of income taxes	<u>(172.4)</u>	<u>(217.9)</u>
Net loss	<u>(2,272.3)</u>	<u>(3,062.0)</u>
Less: net income attributable to noncontrolling interests	(7.7)	(4.3)
Net loss attributable to CEOC	<u>\$ (2,280.0)</u>	<u>\$ (3,066.3)</u>

CAESARS ENTERTAINMENT OPERATING COMPANY, INC.
CONSOLIDATED STATEMENTS OF STOCKHOLDERS' EQUITY/(DEFICIT)
(UNAUDITED)
(In millions)

	CEOC Stockholders						
	Common Stock*	Additional Paid-in- Capital	Accumulated Deficit	Accumulated Other Comprehensive Loss	Total CEOC Stockholders' Equity/ (Deficit)	Non- controlling Interests	Total Equity/ (Deficit)
Balance as of January 1, 2013	\$ —	\$ 3,418.1	\$ (6,182.6)	\$ (0.4)	\$ (2,764.9)	\$ 42.2	\$ (2,722.7)
Net income/(loss)	—	—	(3,066.3)	—	(3,066.3)	4.3	(3,062.0)
Share-based compensation	—	35.2	—	—	35.2	—	35.2
Other comprehensive loss, net of tax	—	—	—	(36.7)	(36.7)	(0.1)	(36.8)
Transactions with entities under common control	—	105.2	—	—	105.2	(41.7)	63.5
Contributions from non-controlling interests	—	—	—	—	—	35.3	35.3
Distributions to non-controlling interests	—	—	—	—	—	(13.3)	(13.3)
Other	—	(8.2)	8.1	—	(0.1)	(1.1)	(1.2)
Balance as of December 31, 2013	\$ —	\$ 3,550.3	\$ (9,240.8)	\$ (37.1)	\$ (5,727.6)	\$ 25.6	\$ (5,702.0)
Net income/(loss)	—	—	(2,280.0)	—	(2,280.0)	7.7	(2,272.3)
Share-based compensation	—	33.0	—	—	33.0	—	33.0
Other comprehensive loss, net of tax	—	—	—	(1.7)	(1.7)	—	(1.7)
Impact of derecognition of LINQ net assets	—	(286.1)	—	—	(286.1)	—	(286.1)
Impact of sale of properties to affiliate	—	(341.8)	—	—	(341.8)	—	(341.8)
Distributions to noncontrolling interests	—	—	—	—	—	(9.2)	(9.2)
Contribution from parent for purchase of notes	—	445.7	—	—	445.7	—	445.7
Other	—	19.2	(8.1)	—	11.1	—	11.1
Balance as of December 31, 2014	\$ —	\$ 3,420.3	\$ (11,528.9)	\$ (38.8)	\$ (8,147.4)	\$ 24.1	\$ (8,123.3)

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

	Year Ended December 31,	
	2014	2013
Cash flows used in operating activities	\$ (768.1)	\$ (413.3)
Cash flows from investing activities		
Acquisitions of property and equipment, net of change in related payables	(352.0)	(616.0)
Change in restricted cash	53.9	743.9
Proceeds received from partial sale of subsidiary	32.0	—
Proceeds received for sale of assets	33.1	157.7
Proceeds received for sale of subsidiaries, net	1,591.5	50.4
Investments in/advances to non-consolidated affiliates and other	(1.8)	(13.6)
Other	5.8	(8.9)
Cash flows provided by investing activities	<u>1,362.5</u>	<u>313.5</u>
Cash flows from financing activities		
Proceeds from the issuance of long-term debt	1,528.3	1,803.6
Debt issuance costs and fees	(175.8)	(58.1)
Cash paid for early extinguishments of debt	(1,719.2)	(1,790.9)
Scheduled debt retirements	(108.5)	(92.8)
Contributions from noncontrolling interest owners	—	35.3
Distributions to noncontrolling interest owners	(9.2)	(13.3)
Borrowings of long-term debt from related parties	—	15.4
Repayments of long-term debt to related parties	(300.8)	(266.4)
Other	18.1	(10.6)
Cash flows used in financing activities	<u>(767.1)</u>	<u>(377.8)</u>
Cash flows from discontinued operations		
Cash flows used in operating activities	(72.7)	(44.0)
Cash flows provided by investing activities	0.7	409.0
Cash flows from financing activities	—	—
Cash flows provided by (used in) discontinued operations	<u>(72.0)</u>	<u>365.0</u>
Net decrease in cash and cash equivalents	(244.7)	(112.6)
Change in cash classified as assets held for sale	—	4.7
Cash and cash equivalents, beginning of period	1,438.7	1,546.6
Cash and cash equivalents, end of period	<u>\$ 1,194.0</u>	<u>\$ 1,438.7</u>
Supplemental Cash Flow Information:		
Cash paid for interest	\$ 1,671.2	\$ 1,837.7
Cash paid for income taxes	5.6	8.8
Non-cash investing and financing activities:		
Change in accrued capital expenditures	(45.4)	(24.9)
Change in assets acquired through financing activities and capital leases	20.1	49.2

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

	Year Ended December 31,	
	2014⁽¹⁾	2013⁽²⁾
Net loss	\$ (2,272.3)	\$ (3,062.0)
Loss from discontinued operations, net of income taxes	172.4	217.9
Income tax benefit	(495.0)	(517.3)
Other income, including interest income	(18.2)	(15.2)
Loss on early extinguishment of debt	114.6	32.1
(Gain)/loss on partial sale of subsidiary	3.1	(44.1)
Interest expense	2,228.4	2,145.2
Loss from operations	(267.0)	(1,243.4)
Depreciation and amortization	303.1	411.0
Write-downs, reserves, and project opening costs, net of recoveries	60.2	91.4
Impairment of intangible assets	536.3	1,808.8
Loss on interests in non-consolidated affiliates	13.7	20.7
Corporate expense	188.6	98.1
Acquisition and integration costs	43.8	13.4
Amortization of intangible assets	49.0	88.5
Impact of consolidating The LINQ and Octavius Tower	(36.3)	(5.6)
EBITDA attributable to discontinued operations	(5.7)	6.7
Property EBITDA	\$ 885.7	\$ 1,289.6
Corporate expense	(188.6)	(98.1)
Stock-based compensation expense	41.4	34.4
Adjustments to include 100% of Baluma S.A.'s adjusted EBITDA	29.4	9.0
Depreciation in corporate expense	49.7	12.7
Other	70.3	23.3
Adjusted EBITDA	\$ 887.9	\$ 1,270.9

⁽¹⁾ Included in 2014 is \$276.1 million and \$68.7 million of net revenue and property EBITDA, respectively, related to Bally's Las Vegas, The Cromwell, The LINQ Hotel and Casino, and Harrah's New Orleans, which were sold in May 2014.

⁽²⁾ Included in 2013 is \$291.5 million and \$87.9 million of net revenue and property EBITDA, respectively, related to Planet Hollywood, which was sold in October 2013.