

Caesars Entertainment Corporation

EIN: 62-1411755

Attachment to Form 8937

G Reorganization

CONSULT YOUR TAX ADVISOR

The information contained herein is being provided pursuant to the requirements of Section 6045B of the Internal Revenue Code of 1986, as amended (the “Code”), and includes a general summary regarding the application of certain U.S. federal income tax laws and regulations relating to the effects of the G Reorganization (as defined below) on the tax basis of newly issued stock or securities pursuant to Caesars Entertainment Operating Company, Inc. (“CEOC”), and certain of its subsidiaries (collectively, the “Debtors”), emergence from Chapter 11 bankruptcy on October 6, 2017 (the “Emergence”). THIS FORM IS AN UPDATE TO THE FORM PREVIOUSLY POSTED ON NOVEMBER 20, 2017.

The information contained herein does not constitute tax advice and does not purport to be complete or to describe the consequences that may be relevant to particular categories of Debtors’ creditors. The parent of CEOC, Caesars Entertainment Corporation (“CEC”), filing this form, does not provide tax advice to the Debtors’ creditors or other holders of certain claims in relation to Emergence. THE INFORMATION SET FORTH BELOW IS FOR GENERAL INFORMATION PURPOSES ONLY. Further, this information does not constitute tax advice and may not be applicable to creditors of the Debtors who are not citizens or residents of the United States. You are urged to consult your own tax advisor regarding the particular consequences of the G Reorganization (as defined below) to you, including the applicability and effect of all U.S. federal, state, and local and foreign tax laws. We further urge you to read the Form 8-K of CEC, including all attached exhibits, as filed with the Securities and Exchange Commission on October 13, 2017. You may access CEC’s press releases in connection thereto on CEC’s website at www.investor.caesars.com under Press Releases, and Form 8-K at www.sec.gov.

This notice does not apply to the exchange of New CEOC Preferred Equity (as defined below) into CEC Common Stock immediately thereafter as a result of CEC’s acquisition of OpCo (as defined below) pursuant to Section 368(a)(1)(A). A separate Form 8937 will be filed to report such organizational action and its effect on the basis of securities. This notice also does not apply to or report amounts received in respect of creditor claims other than amounts transferred as part of the G Reorganization.

Lines 9-10:

Line 9	Line 10
Classification and Description	CUSIP Number
OPCO SERIES A PREFERRED STOCK	
PROPCO FIRST LIEN TERM LOAN	FIGI #BBG00HY5VVH2
PROPCO FIRST LIEN NOTES	CUSIP #925651AB7
PROPCO SECOND LIEN NOTES	CUSIP #925651AA9
REIT COMMON STOCK	CUSIP #925652109
REIT SERIES A PREFERRED STOCK	CUSIP #925652208

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Line 14, Description of Organizational Action:

On October 6, 2017, pursuant to the Debtors' Third Amended Joint Plan of Reorganization (the "Plan"), approved and confirmed by the United States Bankruptcy Court for the Northern District of Illinois (the "Bankruptcy Court") on January 17, 2017, CEOC was reorganized as an operating company ("OpCo") and a property company ("PropCo"). PropCo is majority owned by a newly formed real estate investment trust ("REIT"). The separation of the Debtors into OpCo, PropCo, and the REIT structure was accomplished through a spin-off of the REIT in a transaction that was intended to constitute a tax-free reorganization under Section 368(a)(1)(G) and Section 355 of the Code (collectively, the "G Reorganization"). The REIT, now known as VICI Properties, Inc. ("VICI Properties"), is a separate entity that is not a member of CEC's consolidated group and is now owned by certain of Debtors' former creditors. PropCo, now known as VICI Properties L.P., is a subsidiary of VICI Properties.

Line 15, Quantitative Effect of Organizational Action:

In connection with the G Reorganization, certain of Debtors' creditors received various recoveries under the Plan, comprising a portion of the following categories of consideration: cash distributions from CEOC, OpCo Series A Preferred Equity ("New CEOC Preferred Equity"), PropCo First Lien Term Loan, PropCo First Lien Notes, PropCo Second Lien Notes and REIT Common and Preferred Stock.

Whether the exchange is fully or partially taxable to Debtors' creditors ("Holders", or "Holders of Claims") will depend on whether the debt instruments being surrendered constitute "securities". The character of any recognized gain as capital gain or ordinary income will be determined by a number of factors, including the tax status of the Holder, the nature of a claim in such Holder's hands (including whether the claim constitutes a capital asset), whether the claim was purchased at a discount, whether and to what extent the U.S. Holder has previously claimed a bad debt deduction with respect to its claim, and whether any part of the Holder's recovery is treated as being on account of accrued but unpaid interest.

Pursuant to the Disclosure Statement for the Debtors' Second Amended Joint Plan of Reorganization pursuant to Chapter 11 of the Bankruptcy Code, dated June 16, 2016 ("Disclosure Statement"), New CEOC Preferred Equity, REIT Common Stock, and REIT Preferred Stock constitute stock for purposes of Sections 355 and 356 of the Code. Further, pursuant to the Disclosure Statement, PropCo First Lien Term Loan, PropCo First Lien Notes and PropCo Second Lien Notes may constitute securities of the REIT for purposes of Sections 355 and 356 of the Code.

The consideration received pursuant to the G Reorganization by various classes of Debtors' creditors is discussed in more detail below. Issue prices of certain debt instruments (assumed to approximate fair market value of such instruments) and fair market value of equity at Emergence have been estimated based on relevant trading prices and may be subject to change, in which case, an update to this notice will be made available. Further, the estimations of value

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contained herein are for purposes of this Form 8937 only and may not be used or relied upon for any other purpose.

Class D Claims

Holders of Class D claims exchanged each \$1,000 of such claims as part of the G Reorganization for approximately (i) \$597 of cash, (ii) \$321 of PropCo First Lien Term Loan (based on estimated issue price of such loan), (iii) \$24 of PropCo Second Lien Notes (based on estimated issue price of such notes), (iv) \$81 of REIT Common Stock (based on estimated fair market value), and (v) \$100 of New CEOC Preferred Equity (based on estimated fair market value).

Class E Claims

Holders of Class E claims exchanged each \$1,000 of such claims as part of the G Reorganization for approximately (i) \$304 of cash, (ii) \$49 of PropCo First Lien Notes (based on estimated issue price of such notes), (iii) \$112 of PropCo Second Lien Notes (based on estimated issue price of such notes), (iv) \$148 of REIT Preferred Stock (based on estimated fair market value), (v) \$447 of REIT Common Stock (based on estimated fair market value), and (vi) \$248 of New CEOC Preferred Equity (based on estimated fair market value).

Class F Claims

Holders of Class F claims exchanged each \$1,000 of such claims as part of the G Reorganization for approximately (i) \$37 of cash, and (ii) \$596 of New CEOC Preferred Equity (based on estimated fair market value).

Class G Claims

Holders of Class G claims exchanged each \$1,000 of such claims as part of the G Reorganization for approximately \$1,025 of New CEOC Preferred Equity (based on estimated fair market value).

Class H Claims

Holders of Class H claims exchanged each \$1,000 of such claims as part of the G Reorganization for approximately (i) \$36 of cash, and (ii) \$586 of New CEOC Preferred Equity (based on estimated fair market value).

The discussion below does not include any non-U.S. tax considerations. Whether a non-U.S. Holder realizes gain or loss on the exchange and the amount of such gain or loss is generally determined in the same manner as set forth below in connection with U.S. Holders. However, the rules governing the federal income tax consequences to non-U.S. Holders are complex. Thus, each non-U.S. Holder should consult its own tax advisor regarding the U.S. federal, state, and local and the foreign tax considerations pursuant to the G Reorganization.

Tax Considerations Below Assume Claims Exchanged by the Holders Constitute "Securities":

If claim(s) surrendered in the exchange are determined to be "securities," and since at least some of the consideration received would also be stock or a "security" of CEOC or the REIT (e.g., New CEOC Preferred Equity, REIT Common or REIT Preferred Stock), the exchange of such claim(s) for the property described above should be treated as a reorganization under the Code. Note that reorganization treatment is not applicable to excess principal amount (i.e., to the extent the principal amount of securities received exceeds the principal amount of securities surrendered therefor by a U.S. Holder).

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Other than with respect to any amounts received that are attributable to accrued but untaxed interest (or original issue discount), a U.S. Holder of such claim will recognize gain (but not loss) to the extent of the lesser of (a) the amount of gain realized from the exchange (generally equal to the fair market value (or issue price, in the case of debt) of all of the consideration received minus the Holder's adjusted basis, if any, in such claim) or (b) the cash or "other property" (including any non-cash consideration not treated as stock or "securities" of CEOC or the REIT) received in the distribution that is not permitted to be received without the recognition of gain.

With respect to non-cash consideration that is determined to be stock or a "security" of CEOC or the REIT received in exchange for a claim, U.S. Holders should obtain an aggregate tax basis in such property, other than any such amounts treated as received in satisfaction of accrued but untaxed interest (or original issue discount), equal to (1) the tax basis of the surrendered claim, less (2) cash and the fair market value (or issue price, in the case of debt) of "other property" (if any) received, plus (3) gain recognized (if any). The holding period for such non-cash consideration should include the holding period for the surrendered claims.

Further, U.S. Holders will be required to allocate such aggregate tax basis obtained between the stock and securities (if any) received in the exchange. A U.S. Holder's aggregate tax basis should be allocated in proportion to the relative fair market values of stock (or issue price, in the case of debt). U.S. federal income tax law does not specifically prescribe how you should determine the fair market values of the stock for purposes of allocating your tax basis. You should consult your tax advisor to determine what measure of fair market value is appropriate.

With respect to non-cash consideration that is determined not to be stock or a "security" of CEOC or the REIT, U.S. Holders should obtain a tax basis in such property, other than any such amounts treated as received in satisfaction of accrued but untaxed interest (or original issue discount), equal to such property's fair market value (or issue price, in the case of debt) as of the Emergence date. The holding period for any such non-cash consideration should begin on the day following the Emergence date.

The tax basis of any non-cash consideration determined to be received in satisfaction of accrued but untaxed interest (or original issue discount) should equal the amount of such accrued but untaxed interest (or original issue discount), but in no event should such basis exceed the fair market value (or issue price, in the case of debt) of the non-cash consideration received in satisfaction of accrued but untaxed interest (or original issue discount). The holding period for any such non-cash consideration should begin on the day following the Emergence date.

Line 16, Calculation of Change in Basis:

The following is an example of how these tax rules may apply to the basis determination for **Class E** claims.

Class E Recoveries:

Holders of Class E claims exchanged the entirety of such claims as part of the G reorganization for their pro-rata share of approximately (i) \$1,952,187,985 of cash, (ii) \$313,106,902 of PropCo

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First Lien Notes, (iii) \$721,284,522 of PropCo Second Lien Notes, (iv) \$954,094,987 of REIT Preferred Stock, (v) \$2,873,638,829 of REIT Common Stock, and (vi) \$1,594,530,170 of New CEOC Preferred Equity.

Assumptions:

- Class E entails a single claim ("Class E Claim") that is held by a single U.S. creditor of CEOC ("Holder of Class E Claim").
- Class E Claim constitutes a "security" for purposes of Sections 355 and 356 of the Code.
- The Holder of the Class E Claim has an adjusted tax basis in such claim equal to \$1,000,000,000.
- PropCo First Lien Notes and PropCo Second Lien Notes constitute "securities" of REIT for purposes of Sections 355 and 356 of the Code.
- The principal amounts of PropCo First Lien Notes and PropCo Second Lien Notes do not exceed the principal amounts of securities surrendered by Holder of Class E Claim.
- No amounts received in exchange for Class E Claim are attributable to accrued but untaxed interest (or original issue discount).

Tax Considerations:

The Class E Claim Holder will recognize a gain of \$1,952,187,985 (the lesser of (a) $(\$1,952,187,985 + \$313,106,902 + \$721,284,522 + \$954,094,987 + \$2,873,638,829 + \$1,594,530,170 - \$1,000,000,000) = \$7,408,843,395$ or (b) \$1,952,187,985).

Further, the Holder obtains an aggregate tax basis in PropCo First Lien Notes, PropCo Second Lien Notes, REIT Preferred Stock, REIT Common Stock and New CEOC Preferred Equity of \$1,000,000,000 (adjusted tax basis of Class E Claim surrendered of \$1,000,000,000 less cash received of \$1,952,187,985 plus gain recognized of \$1,952,187,985).

Tax basis allocation:

	Assumed Beginning Tax Basis (A)	Fair Market Value of Stock/ Issue Price of Debt	Percentage of Total Value Received (B)	Allocated Tax Basis (A) x (B)
PropCo First Lien Notes	\$ 1,000,000,000	\$ 313,106,902	5%	\$ 48,493,668
PropCo Second Lien Notes		\$ 721,284,522	11%	\$ 111,711,788
REIT Preferred Stock		\$ 954,094,987	15%	\$ 147,769,228
REIT Common Stock		\$ 2,873,638,829	45%	\$ 445,066,160
New CEOC Preferred Equity		\$ 1,594,530,170	25%	\$ 246,959,156

Line 18, Recognition of Any Loss:

No loss may be recognized by Debtors' creditors if claims surrendered in the exchange are determined to be "securities," and the exchange of such claims for stock or securities of CEOC and REIT is treated as a G Reorganization under the Code.