

CAESARS ENTERTAINMENT Corp
Form S-4
October 19, 2012
Table of Contents

As filed with the Securities and Exchange Commission on October 19, 2012

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 of other jurisdiction of
incorporation or organization)

7993
(Primary Standard Industrial Classification
Code Number)

62-1411755
(I.R.S. Employer
Identification No.)

One Caesars Palace Drive

Las Vegas, NV89109

(702) 407-6000

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

CAESARS ENTERTAINMENT OPERATING COMPANY, INC.

(Exact name of registrant as specified in its charter)

Delaware
(State of other jurisdiction of
incorporation or organization)

7993
(Primary Standard Industrial Classification
Code Number)

75-1941623
(I.R.S. Employer
Identification No.)

One Caesars Palace Drive

Las Vegas, NV89109

(702) 407-6000

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

Michael D. Cohen, Esq.

Senior Vice President, Deputy General Counsel and Corporate Secretary

Caesars Entertainment Corporation

One Caesars Palace Drive

Las Vegas, NV 89109

(702) 407-6000

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

With a copy to:

Monica K. Thurmond, Esq.

Paul, Weiss, Rifkind, Wharton & Garrison LLP

1285 Avenue of the Americas

New York, New York 10019-6064

Telephone: 212-373-3000

Approximate Date of commencement of proposed sale to the public: As soon as practicable after this Registration Statement becomes effective.

If any 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, 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.

CALCULATION OF REGISTRATION FEE

| Title of each Class of Securities to be Registered | Amount to be Registered | Proposed Maximum Offering Price Per Note | Proposed Maximum Aggregate Offering Price(1) | Amount of Registration Fee(2) |
|--|--|---|---|--|
| 8.5% Senior Secured Notes due 2020 Guarantee of 8.5% Senior Secured Notes due 2020(3) | \$1,250,000,000 | 100% | \$1,250,000,000 | \$170,500 (4) |

(1) Estimated solely for the purpose of calculating the registration fee pursuant to Rule 457(a) under the Securities Act of 1933, as amended (the Securities Act).

(2) Calculated pursuant to Rule 457(f) of the rules and regulations of the Securities Act.

(3) Caesars Entertainment Corporation unconditionally guarantees the 8.5% Senior Secured Notes due 2020.

(4) Pursuant to Rule 457(n) of the rules and regulations under the Securities Act, no separate fee for the guarantee is payable.

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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 Commission, acting pursuant to said Section 8(a), may determine.

Table of Contents

The information in this prospectus is not complete and may be changed. We may not complete the exchange offer and issue these securities until the registration statement filed with the Securities and Exchange Commission is effective. This prospectus is not an offer to sell securities and it is not soliciting an offer to buy these securities in any state where the offer is not permitted.

Subject to Completion, dated October 19, 2012

PRELIMINARY PROSPECTUS

Caesars Entertainment Operating Company, Inc.

OFFER TO EXCHANGE

\$1,250,000,000 aggregate principal amount of its 8.5% Senior Secured Notes due 2020, the issuance of which has been registered under the Securities Act of 1933, as amended,

for

any and all of its outstanding and unregistered 8.5% Senior Secured Notes due 2020.

Caesars Entertainment Operating Company, Inc. (the **Issuer**) hereby offers, upon the terms and subject to the conditions set forth in this prospectus and the accompanying applicable letter of transmittal (which together constitute the **exchange offer**), to exchange up to \$1,250,000,000 in aggregate principal amount of its registered 8.5% Senior Secured Notes due 2020 (the **exchange notes**) and any guarantees thereof, for a like principal amount of its unregistered 8.5% Senior Secured Notes due 2020 (the **original notes**, and together with the exchange notes, the **notes**). The terms of the exchange notes and the guarantees thereof are identical to the terms of the related original notes and the guarantees thereof in all material respects, except for the elimination of some transfer restrictions, registration rights and additional interest provisions relating to the original notes. The notes are irrevocably and unconditionally guaranteed by Caesars Entertainment Corporation and are secured by first-priority liens, subject to permitted liens, on certain assets of the Issuer and certain wholly owned, domestic subsidiaries of the Issuer that pledge their assets to secure the Issuer's senior secured credit facilities (the **Subsidiary Pledgors**). Subject to the limitations described below and herein, the notes are secured by the pledge of the capital stock of CEOC and the capital stock of the Subsidiary Pledgors. The notes will be exchanged in denominations of \$2,000 and in integral multiples of \$1,000.

We will exchange any and all original notes that are validly tendered and not validly withdrawn prior to 5:00 p.m., New York City time, on _____, 2012 (the **expiration date), unless extended.**

We have not applied, and do not intend to apply, for listing of the notes on any national securities exchange or automated quotation system.

See Risk Factors beginning on page 25 of this prospectus for a discussion of certain risks that you should consider before participating in this exchange offer.

Each broker-dealer that receives the exchange notes for its own account pursuant to the exchange offer must acknowledge that it will deliver a prospectus in connection with any resale of such new securities. The accompanying letter of transmittal states that by so acknowledging and by delivering a prospectus, a broker-dealer will not be deemed to admit that it is an **underwriter** within the meaning of the Securities Act. This prospectus, as it may be amended or supplemented from time to time, may be used by a broker-dealer in connection with resales of exchange notes received in exchange for original notes where such original notes were acquired by such broker-dealer as a result of market-making activities or other trading activities. We have agreed that, starting on the expiration date and ending on the close of business one year after the expiration date, we will make this prospectus available to any broker-dealer for use in connection with any such resale. See **Plan of Distribution** .

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Neither the Securities and Exchange Commission nor any state securities commission has approved or disapproved of these securities or passed upon the adequacy or accuracy of this prospectus. Any representation to the contrary is a criminal offense.

The date of this prospectus is , 2012.

Table of Contents**TABLE OF CONTENTS**

| | |
|--|-----|
| <u>Prospectus Summary</u> | 1 |
| <u>Risk Factors</u> | 25 |
| <u>Cautionary Statements Concerning Forward-Looking Statements</u> | 38 |
| <u>The Exchange Offer</u> | 40 |
| <u>The Acquisition Transactions</u> | 51 |
| <u>Use of Proceeds</u> | 53 |
| <u>Capitalization</u> | 54 |
| <u>Description of Other Indebtedness</u> | 56 |
| <u>Description of Exchange Notes</u> | 60 |
| <u>U.S. Federal Income Tax Considerations</u> | 134 |
| <u>Plan of Distribution</u> | 140 |
| <u>Legal Matters</u> | 140 |
| <u>Experts</u> | 140 |
| <u>Where You Can Find More Information</u> | 141 |
| <u>Incorporation of Documents by Reference</u> | 141 |

We have not authorized anyone to give you any information or to make any representations about us or the transactions we discuss in this prospectus other than those contained in this prospectus. If you are given any information or representations about these matters that is not discussed in this prospectus, you must not rely on that information. This prospectus is not an offer to sell or a solicitation of an offer to buy securities anywhere or to anyone where or to whom we are not permitted to offer or sell securities under applicable law. The delivery of this prospectus does not, under any circumstances, mean that there has not been a change in our affairs since the date of this prospectus. Subject to our obligation to amend or supplement this prospectus as required by law and the rules of the Securities and Exchange Commission (the "SEC"), the information contained in this prospectus is correct only as of the date of this prospectus, regardless of the time of delivery of this prospectus or any sale of these securities.

The notes may not be offered or sold in or into the United Kingdom by means of any document except in circumstances that do not constitute an offer to the public within the meaning of the Public Offers of Securities Regulations 1995. All applicable provisions of the Financial Services and Markets Act 2000 must be complied with in respect of anything done in relation to the notes in, from or otherwise involving or having an effect in the United Kingdom.

The notes have not been and will not be qualified under the securities laws of any province or territory of Canada. The notes are not being offered or sold, directly or indirectly, in Canada or to or for the account of any resident of Canada in contravention of the securities laws of any province or territory thereof.

We have proprietary rights to a number of trademarks used in this prospectus that are important to our business, including, without limitation, Caesars Entertainment, Caesars Palace, Harrah's, Total Rewards, World Series of Poker, Horseshoe, Paris Las Vegas, Flamingo Las Vegas and Bally's Las Vegas. We have omitted the® and trademark designations for such trademarks named in this prospectus.

Until _____, 2012 (90 days after the date of this prospectus), all dealers effecting transactions in the exchange notes, whether or not participating in the exchange offer, may be required to deliver a prospectus.

Table of Contents

PROSPECTUS SUMMARY

The following summary contains information about Caesars Entertainment Corporation, Caesars Entertainment Operating Company, Inc. and the notes. It does not contain all of the information that may be important to you in making a decision to participate in the offering. For a more complete understanding of Caesars Entertainment Corporation, Caesars Entertainment Operating Company, Inc. and the notes, we urge you to read this prospectus carefully, including the sections entitled Risk Factors, Cautionary Statements Concerning Forward Looking Statements and Where You Can Find More Information. Unless otherwise noted or indicated by the context, the term Caesars and CEC refer to Caesars Entertainment Corporation, and the Company, we, us and our refer to Caesars and its consolidated subsidiaries, and CEOC refers to Caesars Entertainment Operating Company, Inc.

As of June 30, 2012, Caesars owned, operated or managed, through various subsidiaries, 53 casinos. In connection with the financing of the Acquisition described under The Acquisition Transactions, six casinos were spun or transferred out of CEOC to entities that are sister subsidiaries of CEOC. See The Acquisition Transactions CMBS Transactions. In addition, in connection with the Acquisition Transactions, London Clubs and its subsidiaries became subsidiaries of CEOC. See The Acquisition Transactions London Clubs Transfer. CEOC has remained a direct, wholly-owned subsidiary of Caesars and as of June 30, 2012 owned, operated or managed, through subsidiaries, 47 of our 53 casinos. Notwithstanding these spin-offs and transfers, management of Caesars continues to manage all of the properties of CEOC and those held by its sister subsidiaries as one company, but CEOC is not entitled to receive any direct contribution or proceeds from its sister subsidiaries' operations. Caesars will guarantee the notes; the CMBS Borrowers (as defined below) will not guarantee the notes. As a result, you should review the financial and pro forma financial information of Caesars as well as the financial information of CEOC to obtain a meaningful and complete presentation of the CMBS Transactions and the London Clubs Transfer, among others.

Our Company

We are the world's most diversified casino-entertainment provider and the most geographically diverse U.S. casino-entertainment company. As of June 30, 2012, we owned, operated or managed, through various subsidiaries, 53 casinos in 13 U.S. states and seven countries. The majority of these casinos operate in the United States and England. Our casino entertainment facilities operate primarily under the Harrah's, Caesars, and Horseshoe brand names in the United States. Our casino entertainment facilities include 34 land-based casinos, 12 riverboat or dockside casinos, three managed casinos on Indian lands in the United States, one managed casino in Canada, one casino combined with a greyhound racetrack, one casino combined with a thoroughbred racetrack, and one casino combined with a harness racetrack. Our land-based casinos include one in Uruguay, nine in England, one in Scotland, two in Egypt, and one in South Africa. As of June 30, 2012, our facilities had an aggregate of approximately three million square feet of gaming space and approximately 43,000 hotel rooms. Our industry-leading customer loyalty program, Total Rewards, has over 40 million members. We use the Total Rewards system to market promotions and to generate customer play across our network of properties. In addition, we own an online gaming business, providing for real money casino, bingo, and poker games in the United Kingdom, alliances with online gaming providers in Italy and France, play for fun offerings in other jurisdictions, social games on Facebook and other social media websites, and mobile application platforms. We also own and operate the World Series of Poker tournament and brand.

We were incorporated on November 2, 1989 in Delaware and operated under predecessor companies prior to such date.

On January 28, 2008, Caesars was acquired by affiliates of Apollo Global Management, LLC (Apollo) and affiliates of TPG Capital, LP (together with such affiliates, TPG) and, together with Apollo, the

Table of Contents

Sponsors) in an all-cash transaction, hereinafter referred to as the Acquisition, valued at approximately \$30.7 billion, including the assumption of \$12.4 billion of debt, and the incurrence of approximately \$1.0 billion of acquisition costs. Subsequent to the Acquisition, CEC s stock was no longer publicly traded.

For more information regarding the Acquisition, including the financing thereof, see The Acquisition Transactions.

Effective February 8, 2012, as the result of CEC s public offering (the Public Offering), CEC s common stock trades on the NASDAQ Global Select Market under the symbol CZR.

For more information regarding the Acquisition, including the financing thereof, see The Acquisition Transactions.

Our Sponsors

Apollo

Founded in 1990, Apollo is a leading global alternative asset manager with offices in New York, Los Angeles, London, Frankfurt, Luxembourg, Singapore, Hong Kong and Mumbai. As of June 30, 2012, Apollo had assets under management of approximately \$104.9 billion in its private equity, capital markets and real estate businesses.

TPG

TPG is a leading global private investment firm founded in 1992 with \$51.5 billion of capital under management and offices in San Francisco, Beijing, Fort Worth, Hong Kong, London, Luxembourg, Melbourne, Moscow, Mumbai, New York, Paris, Shanghai, Singapore and Tokyo. TPG has extensive experience with global public and private investments executed through leveraged buyouts, recapitalizations, spinouts, growth investments, joint ventures and restructurings.

Table of Contents

Organizational Structure

The chart below is a summary of the organizational structure of CEC and CEOC as of June 30, 2012, and illustrates the long-term debt that will be outstanding following the exchange offer.

- (1) Shares held by funds affiliated with and controlled by the Sponsors and their co-investors, representing 69.9% of Caesars' outstanding common stock, are subject to the irrevocable proxy that gives Hamlet Holdings LLC, the members of which are comprised of an equal number of individuals affiliated with the Sponsors, sole voting and sole dispositive power with respect to such shares.
- (2) CEC currently guarantees all of the debt securities of CEOC and the senior secured credit facilities. In addition, it has provided a payment guarantee of the operating leases under our CMBS Financing (as defined in "The Acquisition Transactions - The Financing"). The guarantee by CEC of the obligations under all of the debt of CEOC set forth above is structurally subordinated to our CMBS Financing.
- (3) Includes captive insurance subsidiaries, Harrah's BC, Inc. ("HBC") and Caesars Interactive Entertainment, Inc. and its subsidiaries.
- (4) The subsidiaries of CEC that are borrowers under our CMBS Financing (the "CMBS Borrowers") and their respective subsidiaries do not guarantee, or pledge their assets as security for, the notes and do not guarantee

Table of Contents

- any of CEOC's debt securities set forth above or the senior secured credit facilities or any other indebtedness of CEOC and are not directly liable for any obligations thereunder.
- (5) Upon the closing of the Acquisition, we entered into the senior secured credit facilities, which include a \$2,000 million revolving credit facility that was reduced to \$1,080.2 million due to debt retirements and the conversion of a portion of the revolving credit facility into an extended term loan subsequent to the closing of the Acquisition. As of June 30, 2012, after giving pro forma effect to the 9% Notes Offering Transactions, \$699.6 million of additional borrowing capacity was available under our revolving credit facility, with an additional \$97.9 million committed to back outstanding letters of credit, all of which is secured on a first priority basis.
 - (6) Includes (a) the 12.75% second-priority senior notes due 2018 issued under an indenture dated April 16, 2010, (b) the 10.00% second-priority senior notes due 2018 and the 10.00% second-priority senior notes due 2015 issued under a separate indenture on December 24, 2008 and (c) the 10.00% second-priority senior notes due 2018 issued under a separate indenture on April 15, 2009 (collectively, the Second Lien Notes).
 - (7) Excludes notes currently held by HBC.
 - (8) This amount excludes amounts payable by CEOC to CEC on an Intercompany Note Payable and excludes the notes currently held by HBC.
 - (9) The senior secured credit facilities, the 11.25% notes, the Second Lien Notes and the notes are secured by a pledge of assets by the same wholly-owned domestic subsidiaries of CEOC, provided, however, that the equity interests of CEOC and of CEOC's subsidiaries that have been pledged to secure CEOC's obligations under its first lien indebtedness have not been pledged to secure CEOC's obligations under the Second Lien Notes.
 - (10) Includes non-domestic subsidiaries, non-wholly owned subsidiaries (including Chester Downs and Marina, LLC (Chester Downs)) and unrestricted subsidiaries (including PHW Las Vegas, LLC, Octavius Linq Holding Co., LLC and the Escrow Issuers). None of these entities is a borrower under CEOC's senior secured credit facilities or a guarantor of, or pledgor with respect to, any other existing debt of CEOC. The Planet Hollywood Loan, the 9.25% Senior Secured Notes due 2020 of Chester Downs and the \$450.0 million Octavius Linq Holding Co., LLC senior secured loan are non-recourse to CEOC, CEC or any other subsidiaries of CEC.

Table of Contents**Recent Developments****9% Notes Offering Transactions*****Issuance of 9% Notes***

On August 22, 2012, Caesars Operating Escrow LLC and Caesars Escrow Corporation (the *Escrow Issuers*), wholly owned subsidiaries of CEOC, completed the offering of \$750,000,000 aggregate principal amount of 9% Senior Secured Notes due 2020 (the *9% notes*). The Escrow Issuers deposited the gross proceeds of the 9% notes, together with additional amounts necessary to redeem the notes, if applicable, into a segregated escrow account until the date that certain escrow conditions were satisfied. The escrow conditions included, among other things, the assumption by CEOC all obligations of the Escrow Issuers under the 9% notes (the *CEOC Assumption*) and the receipt of required regulatory approvals. On October 5, 2012, the escrow conditions were satisfied and the CEOC Assumption was consummated.

Bank Transactions

On October 5, 2012, CEOC consummated extension transactions with lenders under its senior secured credit facilities pursuant to which CEOC (i) extended the maturity of approximately \$957.5 million aggregate principal amount of B-1, B-2 and B-3 term loans held by consenting lenders from January 28, 2015 to January 28, 2018, subject to the springing maturity referred to in the following sentence, and increased the interest rate with respect to such extended term loans (*Extended Term Loans*), which are new B-6 term loans under the senior secured credit facilities; (ii) converted approximately \$210.3 million aggregate principal amount of original maturity revolver commitments held by consenting lenders to Extended Term Loans; and (iii) extended the maturity of approximately \$12.2 million aggregate principal amount of original maturity revolver commitments held by consenting lenders who elected not to convert their commitments to term loans, from January 28, 2014 to January 28, 2017 and increased the interest rate and the undrawn commitment fee with respect to such extended revolver commitments. Additionally, on the closing date, lenders elected to convert an additional \$66.3 million aggregate principal amount of original maturity revolver commitments to Extended Term Loans. The Extended Term Loans have a springing maturity to April 14, 2017 if more than \$250.0 million of CEOC's 11.25% Senior Secured Notes due 2017 remain outstanding on April 14, 2017. As part of these transactions, CEOC repaid approximately \$478.8 million principal amount of term loans of extending lenders and terminated approximately \$144.4 million principal amount of revolving commitments of extending lenders (in excess of the amount of revolving facility commitments of converting lenders that were converted into Extended Term Loans). In addition to the foregoing, CEOC may elect to extend and/or convert additional term loans and/or revolver commitments from time to time. The transactions described in this paragraph are collectively referred to as the *Bank Transactions*.

After taking into account of the extensions, repayments and commitment reductions described above, as of October 5, 2012, there was approximately \$2,663.9 million of Term B-6 Loans outstanding, \$1,026.4 million of B-1, B-2 and B-3 term loans outstanding with a maturity of January 28, 2015, \$757.1 million of revolving commitments outstanding with a maturity of January 28, 2014 and \$31.1 million of revolving commitments outstanding with a maturity of January 28, 2017.

As used in this prospectus, the term *9% Notes Offering Transactions* refers collectively to (1) the issuance of the 9% notes, (2) the CEOC Assumption described above and (3) the Bank Transactions.

Harrah's St. Louis Disposition

On May 7, 2012, CEC entered into an Equity Interest Purchase Agreement (the *Purchase Agreement*) with Penn National Gaming, Inc. (*Buyer*), CEOC, Harrah's Maryland Heights Operating Company (*HMHO*), Players Maryland Heights Nevada, LLC (together with CEOC and HMHO, the *Selling Subsidiaries*) and Harrah's Maryland Heights, LLC, owner of the Harrah's St. Louis casino (*HMH*). Each of the Selling Subsidiaries and HMH are wholly-owned subsidiaries of CEC.

Table of Contents

Upon the terms and subject to the conditions set forth in the Purchase Agreement, the Buyer will purchase from the Selling Subsidiaries all of the equity interests of HMH for a purchase price of \$610.0 million. The transactions contemplated by the Purchase Agreement are subject to customary closing conditions, including the receipt of regulatory approvals. The transactions are expected to close in the fourth quarter of 2012. We expect to use the net proceeds from the sale to fund CEOC capital expenditures or to repurchase certain outstanding debt obligations of CEOC. We refer to these transactions as the Harrah's St. Louis Disposition.

The footnotes in the sections entitled Summary Historical Consolidated Financial Data of Caesars Entertainment Corporation and Summary Historical Condensed Consolidated Financial Data of Caesars Entertainment Operating Company, Inc. included herein contain summary recasted information to reflect the pending sale of Harrah's St. Louis.

Additional Information

Our principal executive offices are located at One Caesars Palace Drive, Las Vegas, Nevada 89109, and our telephone number is (702) 407-6000. The address of our internet site is www.caesars.com. This internet address is provided for informational purposes only and is not intended to function as a hyperlink. Accordingly, no information contained in this internet address is included or incorporated by reference herein.

Table of Contents

Summary of the Terms of the Exchange Offer

In connection with the issuance of the original notes, CEOC entered into a registration rights agreement with the initial purchasers of the original notes. You are entitled to exchange in the exchange offer your original notes for exchange notes, which are identical in all material respects to the original notes except that:

the exchange notes have been registered under the Securities Act and will be freely tradable by persons who are not affiliated with us;

the exchange notes are not entitled to the registration rights applicable to the original notes under the registration rights agreement; and

our obligation to pay additional interest on the original notes due to the failure to consummate the exchange offer by a prior date does not apply to the exchange notes.

Exchange Offer

CEOC is offering to exchange up to \$1,250,000,000 aggregate principal amount of the exchange notes, which have been registered under the Securities Act, for an equal amount of the original notes.

CEOC is also offering to satisfy certain of its obligations under the registration rights agreement that CEOC entered into in connection with the issuance of the original notes in transactions exempt from registration under the Securities Act.

In order to exchange your original notes, you must properly tender them and we must accept your tender. We will exchange all outstanding original notes that are validly tendered and not validly withdrawn. Original notes may be exchanged only in denominations of \$2,000 and integral multiples of \$1,000 in excess thereof.

Expiration Date; Withdrawal of Tenders

The exchange offer will expire at 5:00 p.m., New York City time, on _____, 2012, or such later date and time to which CEOC extends it. CEOC does not currently intend to extend the expiration date. A tender of original notes pursuant to the exchange offer may be withdrawn at any time prior to the expiration date. Any original notes not accepted for exchange for any reason will be returned without expense to the tendering holder promptly after the expiration or termination of the exchange offer.

Conditions to the Exchange Offer

The exchange offer is subject to customary conditions, some of which CEOC may waive. For more information, see [The Exchange Offer](#) Certain Conditions to the Exchange Offer.

Procedures for Tendering Original Notes

If you wish to accept the exchange offer, you must complete, sign and date the accompanying letter of transmittal, or a copy of the letter of transmittal, according to the instructions contained in this prospectus and the letter of transmittal. You must also mail or otherwise deliver the letter of transmittal, or the copy, together with the original notes and any other required documents, to the exchange agent at the address set forth on the cover of the letter of transmittal. If you hold original notes through The Depository Trust

Company (DTC) and wish to participate in the exchange offer, you must comply with the

Table of Contents

Automated Tender Offer Program procedures of DTC, by which you will agree to be bound by the letter of transmittal.

By signing or agreeing to be bound by the letter of transmittal, you will represent to us that, among other things:

any exchange notes that you receive will be acquired in the ordinary course of your business;

you have no arrangement or understanding with any person or entity, including any of our affiliates, to participate in the distribution of the exchange notes;

if you are a broker-dealer that will receive exchange notes for your own account in exchange for original notes that were acquired as a result of market-making activities, that you will deliver a prospectus, as required by law, in connection with any resale of the exchange notes; and

you are not our affiliate as defined in Rule 405 under the Securities Act, or, if you are an affiliate, you will comply with any applicable registration and prospectus delivery requirements of the Securities Act.

Guaranteed Delivery Procedures

If you wish to tender your original notes and your original notes are not immediately available or you cannot deliver your original notes, the letter of transmittal or any other documents required by the letter of transmittal or comply with the applicable procedures under DTC's Automated Tender Offer Program prior to the expiration date, you must tender your original notes according to the guaranteed delivery procedures set forth in this prospectus under "The Exchange Offer - Guaranteed Delivery Procedures."

Effect on Holders of Original Notes

As a result of the making of, and upon acceptance for exchange of all validly tendered original notes pursuant to the terms of, the exchange offer, CEOC will have fulfilled a covenant contained in the registration rights agreement for the original notes and, accordingly, CEOC will not be obligated to pay additional interest as described in the registration rights agreement. If you are a holder of original notes and do not tender your original notes in the exchange offer, you will continue to hold such original notes and you will be entitled to all the rights and limitations applicable to the original notes in the indenture governing the original notes, except for any rights under the registration rights agreement that, by their terms, terminate upon the consummation of the exchange offer.

Consequences of Failure to Exchange

All untendered original notes will continue to be subject to the restrictions on transfer provided for in the original notes and in the indenture governing the original notes. In general, the original notes may not be offered or sold unless registered under the Securities Act, except pursuant to an exemption from, or in a transaction not subject to, the Securities Act and applicable state securities laws. Other than in connection with the exchange offer, CEOC does not currently anticipate that it will register the original notes under the Securities Act.

Table of Contents

Resale of the Exchange Notes

Based on an interpretation by the staff of the SEC set forth in no-action letters issued to third parties, we believe that the exchange notes issued pursuant to the exchange offer in exchange for original notes may be offered for resale, resold and otherwise transferred by you (unless you are our affiliate within the meaning of Rule 405 under the Securities Act) without compliance with the registration and prospectus delivery provisions of the Securities Act, provided that you:

are acquiring the exchange notes in the ordinary course of business; and

have not engaged in, do not intend to engage in, and have no arrangement or understanding with any person or entity, including any of Caesars affiliates, to participate in, a distribution of the exchange notes.

In addition, each participating broker-dealer that receives exchange notes for its own account pursuant to the exchange offer in exchange for original notes that were acquired as a result of market-making or other trading activity must also acknowledge that it will deliver a prospectus in connection with any resale of the exchange notes. For more information, see Plan of Distribution. Any holder of original notes, including any broker-dealer, who:

is our affiliate,

does not acquire the exchange notes in the ordinary course of its business, or

tenders in the exchange offer with the intention to participate, or for the purpose of participating, in a distribution of exchange notes,

cannot rely on the position of the staff of the Commission expressed in Exxon Capital Holdings Corporation, Morgan Stanley & Co., Incorporated or similar no-action letters and, in the absence of an exemption, must comply with the registration and prospectus delivery requirements of the Securities Act in connection with the resale of the exchange notes.

U.S. Federal Income Tax Considerations

The exchange of original notes for exchange notes in the exchange offer should not be a taxable event for U.S. federal income tax purposes. For more information, see U.S. Federal Tax Considerations.

Use of Proceeds

We will not receive any cash proceeds from the issuance of the exchange notes in the exchange offer.

Exchange Agent

U.S. Bank National Association is the exchange agent for the exchange offer. The address and telephone number of the exchange agent are set forth in the section captioned The Exchange Offer Exchange Agent.

Table of Contents

Summary of the Terms of the Exchange Notes

The following summary highlights the material information regarding the exchange notes contained elsewhere in this prospectus.

| | |
|------------------------|--|
| Issuer | Caesars Entertainment Operating Company, Inc. |
| Exchange Notes offered | \$1,250,000,000 aggregate principal amount of 8.5% Senior Secured Notes due 2020. |
| Maturity Date | The exchanges notes will mature on February 15, 2020. |
| Interest Rate | Interest on the exchange notes will be payable in cash and will accrue from the issue date of the exchange notes at a rate of 8.5% per annum. |
| Interest Payment Date | February 15 and August 15 of each year, commencing on August 15, 2012. |
| Ranking | <p>The exchange notes:</p> <ul style="list-style-type: none"> will be senior indebtedness of CEOC; will rank pari passu in right of payment with all existing and future senior indebtedness of CEOC, will be senior in right of payment to all existing and future subordinated indebtedness of CEOC, and will be effectively senior in right of payment to all senior indebtedness of CEOC that is unsecured or that is secured by a lien ranking junior in priority to the liens securing the exchange notes, in each case to the extent of the value of the assets securing the exchange notes, and will be structurally subordinated in right of payment to all existing and future indebtedness and liabilities of subsidiaries of CEOC that are not Subsidiary Pledgors. <p>The exchange notes will have the benefit of a security interest in the collateral that will be first in priority and pari passu with the senior secured credit facilities, the 11.25% notes and the 9% notes, subject to permitted liens and exceptions described under Description of Exchange Notes Security for the Notes. All of CEOC's domestic wholly owned subsidiaries that pledge their assets and property to secure the loans under the senior secured credit facilities, the 11.25% notes, the 9% notes and other first priority lien obligations, if any, will become Subsidiary Pledgors with respect to the exchange notes,</p> |

and their assets and property will secure the exchange notes to the extent described under
Description of Exchange Notes Security for the Notes.

As of June 30, 2012, on a pro forma basis after giving effect to the 9% Notes Offering Transactions, the exchange notes would have ranked (1) effectively pari passu in right of payment to \$8,724.8 million of senior secured credit facilities and other first lien debt (including the 11.25% notes and the 9% notes), (2) effectively senior in right of payment to \$5,517.9 million of second lien notes and

Table of Contents

(3) effectively senior in right of payment to \$2,520.8 million of senior unsecured indebtedness, in each case, to the extent of the value of the collateral securing the exchange notes, of which \$1,145.9 million is owed to CEC. In addition, as of June 30, 2012, on a pro forma basis after giving effect to the 9% Notes Offering Transactions, CEOC would have had \$699.6 million of unutilized capacity under its senior secured revolving credit facility with an additional \$97.9 million committed to back letters of credit. Subsidiaries of CEOC that are not Subsidiary Pledgors are obligors of \$1,295.6 million of indebtedness (excluding intercompany indebtedness).

Substantially all of the operations of CEOC are conducted through its subsidiaries. The exchange notes will be effectively subordinated to holders of indebtedness and other creditors (including trade creditors) and preferred stockholders (if any) of subsidiaries of CEOC that are not Subsidiary Pledgors. See note 23 to our audited consolidated financial statements incorporated by reference in this prospectus for financial information regarding the Subsidiary Pledgors (the entities referred to therein as guarantors are identical to the entities that constitute the Subsidiary Pledgors). Further, holders of the exchange notes will have recourse to the collateral pledged by the Subsidiary Pledgors, but they will have no direct recourse to the Subsidiary Pledgors themselves.

Collateral

The exchange notes will be secured by a first priority security interest in the collateral granted to the collateral agent for the benefit of the holders of the exchange notes and other future parity lien debt that may be issued in compliance with the terms of the indenture governing the exchange notes. The collateral securing the exchange notes is the same as the collateral securing the senior secured credit facilities, the 11.25% notes and the 9% notes. The liens securing the exchange notes are pari passu in priority to the liens on the collateral securing the senior secured credit facilities, the 11.25% notes and the 9% notes. The liens securing the exchange notes and other first priority lien obligations will be held by the collateral agent under the senior secured credit facilities.

While the exchange notes will initially be secured by the pledge of CEOC's capital stock and the capital stock of the Subsidiary Pledgors, these pledges will be released to the extent that separate financial statements pursuant to Rule 3-16 of Regulation S-X would be required in connection with the filing of the registration statement, of which this prospectus forms a part, relating to the exchange notes. We expect that, as a result, a substantial portion of the capital stock of CEOC will be released. See Description of the Exchange Notes Security for the Notes.

Except as set forth above, the collateral securing the exchange notes is substantially all of CEOC's and the Subsidiary Pledgors' property and assets that secure the senior secured credit facilities, the 11.25% notes and the 9% notes, which excludes: (i) any property or assets owned by any foreign subsidiaries, (ii) certain real property and

Table of Contents

vessels, (iii) any vehicles, (iv) cash, deposit accounts and securities accounts (to the extent that a lien thereon must be perfected by any action other than the filing of customary financing statements), (v) subject to limited exceptions, any assets or any right, title or interest in any license, contract or agreement to the extent that taking a security interest in any of them would violate any applicable law or regulation (including gaming regulations) or any enforceable contractual obligation binding on the assets or would violate the terms of any such license, contract or agreement, and (vi) certain other limited exclusions. For more information, see Description of Exchange Notes Security for the Notes.

Parent Guarantee

The exchange notes will be irrevocably and unconditionally guaranteed by Caesars, subject to certain limitations. See Description of Exchange Notes Parent Guarantee.

Optional Redemption

CEOC may redeem the exchange notes, in whole or in part, at any time prior to February 15, 2016, at a price equal to 100% of the principal amount of the exchange notes plus accrued and unpaid interest to the date of redemption and an applicable make-whole premium. Thereafter, the exchange notes may be redeemed at the option of CEOC on the redemption dates and at the redemption prices specified under Description of Exchange Notes Optional Redemption.

Optional Redemption After Certain

Equity Offerings

On or prior to February 15, 2015, CEOC may redeem up to 35% of the aggregate principal amount of exchange notes with the net cash proceeds of one or more equity offerings at the redemption price specified under Description of Exchange Notes Optional Redemption.

Change of Control

If CEOC experiences a change of control (as defined in the indenture governing the exchange notes), CEOC will be required to make an offer to repurchase the exchange notes at a price equal to 101% of the principal amount thereof, plus accrued and unpaid interest, if any, to the date of repurchase. See Description of Exchange Notes Change of Control.

Certain Covenants

The indenture governing the exchange notes contains covenants limiting CEOC's ability and the ability of its subsidiaries to:

incur additional debt or issue certain preferred shares;

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

make certain investments;

sell certain assets;

create liens on certain assets to secure debt;

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

Table of Contents

enter into certain transactions with its affiliates; and

designate its subsidiaries as unrestricted subsidiaries.

The covenants are subject to a number of important limitations and exceptions. In addition, the restrictive covenants do not apply to Caesars. See Description of Exchange Notes. Certain covenants will cease to apply to the exchange notes for so long as the exchange notes have investment grade ratings from both Moody's Investors Service, Inc. and Standard & Poor's.

No Prior Market

The exchange notes will be new securities for which there is no market. Accordingly, a liquid market for the exchange notes may not develop or be maintained.

Risk Factors

See Risk Factors and the other information contained or incorporated by reference in this prospectus for a discussion of the factors you should carefully consider before deciding to invest in the exchange notes.

Table of Contents

**Summary Historical Consolidated Financial Data of
Caesars Entertainment Corporation**

The following table presents CEC's summary historical consolidated financial data for the periods presented. The summary historical consolidated financial data for the years ended December 31, 2009, 2010 and 2011 are derived from and should be read in conjunction with CEC's audited consolidated financial statements incorporated by reference herein. The summary historical consolidated financial data for the six month periods ended June 30, 2011 and 2012 are derived from and should be read in conjunction with CEC's unaudited consolidated condensed financial statements incorporated by reference herein. Except as otherwise described herein, CEC's unaudited consolidated condensed financial statements have been prepared on a basis consistent with CEC's annual audited financial statements and, in the opinion of management, include all adjustments, consisting of normal recurring accruals, considered necessary for a fair presentation of such data.

| | Year ended December 31, 2009(1) | Year ended December 31, 2010(1) | Year ended December 31, 2011(1) | Six months ended June 30, 2011(2) | Six months ended June 30, 2012(2) |
|---|---------------------------------------|---------------------------------------|---------------------------------------|--|--|
| (dollars in millions) | | | | | |
| Income Statement Data | | | | | |
| Revenues | | | | | |
| Casino | \$ 7,124.3 | \$ 6,917.9 | \$ 6,637.1 | \$ 3,217.0 | \$ 3,178.4 |
| Food and beverage | 1,479.3 | 1,510.6 | 1,534.4 | 748.2 | 768.7 |
| Rooms | 1,068.9 | 1,132.3 | 1,208.2 | 594.9 | 620.2 |
| Management fees | 56.6 | 39.1 | 35.8 | 18.0 | 21.9 |
| Other | 592.4 | 576.3 | 682.5 | 306.3 | 399.9 |
| Less: casino promotional allowances | (1,414.1) | (1,357.6) | (1,263.5) | (606.6) | (615.0) |
| Net revenues | 8,907.4 | 8,818.6 | 8,834.5 | 4,277.8 | 4,374.1 |
| Operating Expenses | | | | | |
| Direct | | | | | |
| Casino | 3,925.5 | 3,948.9 | 3,746.5 | 1,807.9 | 1,824.3 |
| Food and beverage | 596.0 | 621.3 | 665.7 | 322.6 | 332.9 |
| Rooms | 213.5 | 259.4 | 287.1 | 141.7 | 155.8 |
| Property, general, administrative and other | 2,018.8 | 2,061.7 | 2,118.5 | 1,027.5 | 1,034.7 |
| Depreciation and amortization | 683.9 | 735.5 | 712.5 | 341.7 | 364.6 |
| Write-downs, reserves, and project opening costs, net of recoveries | 52.2 | 149.7 | 96.0 | 47.7 | 30.6 |
| Intangible and tangible asset impairment charges | 1,697.3 | 193.0 | 11.0 | - | 301.5 |
| Loss on interests in non-consolidated affiliates | 2.2 | 1.5 | 7.9 | 3.0 | 10.3 |
| Corporate expense | 150.7 | 140.9 | 152.8 | 78.6 | 93.5 |
| Acquisition and integration costs | 0.3 | 13.6 | 4.3 | 2.3 | 1.2 |
| Amortization of intangible assets | 174.8 | 160.8 | 156.7 | 78.6 | 86.4 |
| Total operating expenses | 9,515.2 | 8,286.3 | 7,959.0 | 3,851.6 | 4,235.8 |
| (Loss)/income from operations | (607.8) | 532.3 | 875.5 | 426.2 | 138.3 |
| Interest expense, net of interest capitalized | (1,892.5) | (1,981.6) | (2,122.3) | (998.0) | (1,058.5) |
| Gains on early extinguishments of debt | 4,965.5 | 115.6 | 47.9 | 47.9 | 79.5 |
| Other income, including interest income | 33.0 | 41.7 | 25.3 | 8.5 | 14.7 |
| Income/(loss) from continuing operations before income taxes | 2,498.2 | (1,292.0) | (1,173.6) | (515.4) | (826.0) |
| (Provision)/benefit for income taxes | (1,651.8) | 468.7 | 506.9 | 193.5 | 277.4 |
| Income/(loss) from continuing operations, net of income taxes | 846.4 | (823.3) | (666.7) | (321.9) | (548.6) |
| Discontinued operations | | | | | |
| Income from discontinued operations | | | | 39.5 | 41.9 |
| Provision for income taxes | | | | (15.5) | (16.2) |
| Income from discontinued operations, net of income taxes | | | | 24.0 | 25.7 |

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| | | | | | |
|---|----------|------------|------------|------------|------------|
| Net income/(loss) | 846.4 | (823.3) | (666.7) | (297.9) | (522.9) |
| Less: net (income)/loss attributable to non-controlling interests | (18.8) | (7.8) | (20.9) | (5.0) | 0.6 |
| Net income/(loss) attributable to Caesars | \$ 827.6 | \$ (831.1) | \$ (687.6) | \$ (302.9) | \$ (522.3) |

Other Financial Data

| | | | | | |
|---|----------|----------|----------|---------|----------|
| Capital expenditures, net of changes in construction payables | \$ 464.5 | \$ 160.7 | \$ 283.2 | \$ 89.7 | \$ 192.2 |
| Ratio of earnings to fixed charges(3) | 2.3x | | | | |

Table of Contents

- (1) Amounts presented for the years ended December 31, 2009, 2010 and 2011 have not been restated to give effect to the Harrah's St. Louis Disposition. The table below recasts certain amounts in Caesars Entertainment Corporation's consolidated statements of comprehensive loss and consolidated statements of cash flows for the years ended December 31, 2009, 2010 and 2011 to reflect the results of Harrah's St. Louis as discontinued operations, and consolidated balance sheets as of December 31, 2010 and 2011 to reflect the assets and liabilities included in the purchase agreement as held for sale. See Recent Developments Harrah's St. Louis Disposition.

| | 2009 | | 2010 | | 2011 | |
|---|--------------------------------------|------------|-------------|------------|-------------|------------|
| | As Reported | As Recast | As Reported | As Recast | As Reported | As Recast |
| | (in millions, except per share data) | | | | | |
| Net revenues | \$ 8,907.4 | \$ 8,624.4 | \$ 8,818.6 | \$ 8,556.2 | \$ 8,834.5 | \$ 8,576.8 |
| Income/(loss) from continuing operations, net of income taxes | 846.4 | 794.9 | (823.3) | (863.1) | (666.7) | (712.5) |
| Income from discontinued operations, net of income taxes | | 51.5 | | 39.8 | | 45.8 |
| Net income/(loss) | 846.4 | 846.4 | (823.3) | (823.3) | (666.7) | (666.7) |
| Earnings/(loss) per share basic: | | | | | | |
| Earnings/(loss) per share from continuing operations | 6.67 | 5.94 | (8.37) | (8.77) | (5.50) | (5.86) |
| Earnings per share from discontinued operations | | 0.73 | | 0.40 | | 0.36 |
| Earnings/(loss) per share basic | 6.67 | 6.67 | (8.37) | (8.37) | (5.50) | (5.50) |
| Earnings/(loss) per share diluted: | | | | | | |
| Earnings/(loss) per share from continuing operations | 3.95 | 3.70 | (8.37) | (8.77) | (5.50) | (5.86) |
| Earnings per share from discontinued operations | | 0.25 | | 0.40 | | 0.36 |
| Earnings/(loss) per share diluted | 3.95 | 3.95 | (8.37) | (8.37) | (5.50) | (5.50) |
| Assets held for sale - current | | | | 14.6 | | 11.6 |
| Assets held for sale - non-current | | | | 609.3 | | 593.4 |
| Liabilities held for sale - current | | | | 13.2 | | 10.1 |
| Cash flows provided by operating activities | 220.2 | 148.0 | 170.8 | 104.7 | 123.1 | 59.8 |
| Cash flows used in investing activities | (523.3) | (518.1) | (287.9) | (286.2) | (1,017.0) | (1,011.8) |
| Cash flows from discontinued operations | | | | | | |
| Cash flows provided by operating activities | | 72.2 | | 66.1 | | 63.3 |
| Cash flows used in investing activities | | (5.2) | | (1.7) | | (5.2) |

- (2) Amounts presented for the six months ended June 30, 2011 and 2012 reflect the results of Harrah's St. Louis as discontinued operations. See Recent Developments Harrah's St. Louis Disposition.

Table of Contents

- (3) For purposes of computing the ratio of earnings to fixed charges, earnings consist of income before income taxes plus fixed charges and minority interests, excluding equity in undistributed earnings of less-than-50%-owned investments. Fixed charges include interest, amortization of debt expense, discount or premium related to indebtedness and such portion of rental expense we deem to be representative of interest. The method for calculating fixed charges for purposes of the ratio disclosed herein may differ from the method of calculating fixed charges under CEOC's debt agreements. Our earnings were insufficient to cover our fixed charges by \$1,280.9 million, \$1,175.8 million, \$511.4 million and \$826.5 million for the year ended December 31, 2010, the year ended December 31, 2011, the six months ended June 30, 2011 and the six months ended June 30, 2012, respectively.

Table of Contents

**Summary Historical Condensed Consolidated Financial Data of
Caesars Entertainment Operating Company, Inc.**

The following table presents the historical condensed consolidated financial data of CEOC and its consolidated subsidiaries for the years ended December 31, 2009, 2010 and 2011 and for the six month periods ended June 30, 2011 and 2012. CEOC does not report audited financial information on a stand-alone basis. Accordingly, the financial data presented herein for CEOC has been derived from CEC's financial statements for the relevant periods, as adjusted to remove the historical financial information of all subsidiaries of and account balances at CEC that are not components of CEOC.

We believe that the summary historical condensed consolidated financial data for CEOC as the issuer of the exchange notes offered hereby provides a meaningful presentation for investors to consider given other operations and activities of Caesars that are not included in the credit of CEOC, including the separate real estate financing by other subsidiaries of CEC.

You should read this data in conjunction with CEC's financial statements and the related notes incorporated by reference herein.

| | Year ended December 31, 2009(2) | Year ended December 31, 2010(2) | Year ended December 31, 2011(2) | Six months ended June 30, 2011(3) | Six months ended June 30, 2012(3) |
|---|--|---------------------------------------|---------------------------------------|---|---|
| (dollars in millions) | | | | | |
| Income Statement Data(1) | | | | | |
| Revenues | | | | | |
| Casino | \$ 5,757.6 | \$ 5,646.1 | \$ 5,408.1 | \$ 2,604.0 | \$ 2,565.5 |
| Food and beverage | 946.3 | 1,012.4 | 1,033.1 | 499.1 | 509.4 |
| Rooms | 636.7 | 704.8 | 754.8 | 368.1 | 389.3 |
| Management fees | 56.6 | 39.1 | 35.8 | 18.0 | 21.9 |
| Other | 443.2 | 438.9 | 478.7 | 237.8 | 243.4 |
| Less: casino promotional allowances | (1,010.0) | (985.2) | (906.5) | (431.5) | (441.0) |
| Net revenues | 6,830.4 | 6,856.1 | 6,804.0 | 3,295.5 | 3,288.5 |
| Operating Expenses | | | | | |
| Direct | | | | | |
| Casino | 3,267.2 | 3,289.8 | 3,102.5 | 1,493.5 | 1,503.0 |
| Food and beverage | 345.0 | 385.5 | 422.1 | 203.6 | 206.6 |
| Rooms | 118.2 | 154.7 | 171.3 | 85.0 | 92.7 |
| Property, general, administrative and other | 1,466.6 | 1,499.0 | 1,516.4 | 738.0 | 691.0 |
| Depreciation and amortization | 523.5 | 573.2 | 556.1 | 265.1 | 285.7 |
| Write-downs, reserves, and project opening costs, net of recoveries | 15.5 | 123.8 | 91.9 | 43.4 | 26.5 |
| Intangible and tangible asset impairment charges | 1,238.2 | 193.0 | 11.0 | | 301.5 |
| (Income)/loss on interests in non-consolidated affiliates | (0.4) | 3.7 | 6.9 | 1.5 | 10.8 |
| Corporate expense | 110.7 | 107.5 | 120.9 | 63.7 | 76.8 |
| Acquisition and integration costs | 0.3 | 12.8 | 3.5 | 1.7 | 0.9 |
| Amortization of intangible assets | 115.2 | 101.3 | 97.1 | 48.6 | 51.3 |
| Total operating expenses | 7,200.0 | 6,444.3 | 6,099.7 | 2,944.1 | 3,246.8 |
| (Loss)/income from operations | (369.6) | 411.8 | 704.3 | 351.4 | 41.7 |
| Interest expense, net of interest capitalized | (1,678.5) | (1,782.0) | (2,030.9) | (954.8) | (1,014.1) |
| Gains/(losses) on early extinguishments of debt | 3,929.6 | (4.7) | | | |
| Other income, including interest income | 32.0 | 40.9 | 24.1 | 8.4 | 14.4 |

Table of Contents

| | Year ended December 31, 2009(2) | Year ended December 31, 2010(2) | Year ended December 31, 2011(2) | Six months ended June 30, 2011(3) | Six months ended June 30, 2012(3) |
|---|--|---------------------------------------|---------------------------------------|--|--|
| (dollars in millions) | | | | | |
| Income/(loss) from continuing operations before income taxes | 1,913.5 | (1,334.0) | (1,302.5) | (595.0) | (958.0) |
| (Provision)/benefit for income taxes | (1,287.2) | 490.9 | 533.5 | 223.5 | 325.7 |
| Income/(loss) from continuing operations, net of income taxes | 626.3 | (843.1) | (769.0) | (371.5) | (632.3) |
| Discontinued operations | | | | | |
| Income from discontinued operations | | | | 39.5 | 41.9 |
| Provision for income taxes | | | | (15.5) | (16.2) |
| Income from discontinued operations, net of income taxes | | | | 24.0 | 25.7 |
| Net income/(loss) | 626.3 | (843.1) | (769.0) | (347.5) | (606.6) |
| Less: net income attributable to non-controlling interests | (13.5) | (8.0) | (10.4) | (5.2) | (1.0) |
| Net income/(loss) attributable to Caesars Entertainment Operating Company, Inc. | \$ 612.8 | \$ (851.1) | \$ (779.4) | \$ (352.7) | \$ (607.6) |
| Other Financial Data | | | | | |
| Capital expenditures, net of changes in construction payables | \$ 437.8 | \$ 135.4 | \$ 248.9 | \$ 76.6 | \$ 159.6 |
| Property EBITDA(4) | 1,633.4 | 1,527.1 | 1,591.7 | 824.0 | 843.6 |
| Ratio of earnings to fixed charges(5) | 2.1x | | | | |
| LTM Adjusted EBITDA Pro Forma(6) | | | | Last twelve months ended June 30, 2012 (in millions) | \$ 1,530.1 |

- (1) CEOC operates businesses that have inherently low variable costs such that positive change in revenues should drive relatively large improvements in income from operations and EBITDA. A key determinant of hotel revenues is the average daily hotel rate, or ADR, that is charged. Increases in ADR would drive nearly a dollar for dollar improvement in income from operations and EBITDA and on CEOC's room base of approximately 28,000 rooms, CEOC anticipates that a \$5 increase in ADR on an annual basis would equate to an improvement to annual income from operations and EBITDA of approximately \$39 million. CEOC's average system-wide ADR was \$110 in 2007, compared to \$100 during the last twelve months ended June 30, 2012. Likewise, CEOC anticipates that a \$5 improvement in spend per rated customer gaming trip would equate to an improvement to its annual income from operations and EBITDA of approximately \$80 million, and a \$5 improvement per unrated customer gaming trip would equate to an improvement to its annual income from operations and EBITDA of approximately \$65 million. Average spending per rated customer gaming trip declined from \$184 in 2007 to \$154 during the last twelve months ended June 30, 2012. While CEOC uses 2007 as a measurement for its financial performance and the gaming industry in general, CEOC may not attain those financial levels in the near term, or at all.
- (2) Amounts presented for the years ended December 31, 2009, 2010 and 2011 have not been restated to give effect to the Harrah's St. Louis Disposition. The table below recasts certain amounts in CEOC's consolidated condensed statements of operations and consolidated condensed statements of cash flows for the years ended December 31, 2009, 2010 and 2011 to reflect the results of Harrah's St. Louis as

Table of Contents

discontinued operations, and consolidated condensed balance sheets as of December 31, 2010 and 2011 to reflect the assets and liabilities included in the purchase agreement as held for sale. See Recent Developments Harrah's St. Louis Disposition.

| | 2009 | | 2010 | | 2011 | |
|---|---------------|------------|-------------|------------|-------------|------------|
| | As Reported | As Recast | As Reported | As Recast | As Reported | As Recast |
| | (in millions) | | | | | |
| Net revenues | \$ 6,830.4 | \$ 6,547.4 | \$ 6,856.1 | \$ 6,593.7 | \$ 6,804.0 | \$ 6,546.3 |
| Income/(loss) from continuing operations, net of income taxes | 626.3 | 574.8 | (843.1) | (882.9) | (769.0) | (814.8) |
| Income from discontinued operations, net of income taxes | | 51.5 | | 39.8 | | 45.8 |
| Net income/(loss) | 626.3 | 626.3 | (843.1) | (843.1) | (769.0) | (769.0) |
| Assets held for sale - current | | | | 14.6 | | 11.6 |
| Assets held for sale - non-current | | | | 609.3 | | 593.4 |
| Liabilities held for sale - current | | | | 13.2 | | 10.1 |
| Cash flows used in operating activities | (98.3) | (170.5) | (207.9) | (274.0) | (235.7) | (299.0) |
| Cash flows used in investing activities | (496.6) | (491.4) | (257.4) | (255.7) | (768.2) | (763.0) |
| Cash flows from discontinued operations | | | | | | |
| Cash flows provided by operating activities | | 72.2 | | 66.1 | | 63.3 |
| Cash flows used in investing activities | | (5.2) | | (1.7) | | (5.2) |

- (3) Amounts presented for the six months ended June 30, 2011 and 2012 reflect the results of Harrah's St. Louis as discontinued operations. See Recent Developments Harrah's St. Louis Disposition.
- (4) CEOC presents Property EBITDA as a supplemental measure of its performance. CEOC defines Property EBITDA as revenues less property operating expenses. Set forth below is a reconciliation of net income/(loss) attributable to CEOC, its most comparable measure in accordance with GAAP, to Property EBITDA. Property EBITDA is comprised of net income/(loss) attributable to CEOC 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. CEOC's presentation of Property EBITDA should not be construed as an inference that its future results will be unaffected by unusual or unexpected items.
- 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, as calculated in this prospectus, may not be comparable to similarly titled measures reported by other companies within CEOC's industry. CEOC has included Property EBITDA because its management uses Property EBITDA to measure performance and allocate resources, and CEOC believes that Property EBITDA provides investors with additional information consistent with that used by its management.

Table of Contents