

Chester Downs and Marina, LLC

d/b/a Harrah's Philadelphia Casino and Racetrack



Petition for Approval of a Change in Ownership

June 7, 2017



Introduction

- On January 15, 2015, Caesars Entertainment Operating Company, Inc. (CEOC) and numerous of its subsidiaries voluntarily filed to reorganize under Chapter 11 of the U.S. Bankruptcy Code in the U.S. Bankruptcy Court for the Northern District of Illinois.
- On January 17, 2017, the Bankruptcy Court confirmed the Debtors' uncontested Plan of Reorganization (Plan).
- On the Effective Date of the Plan, Caesars Entertainment Corp. (CEC) and its subsidiary CEOC will be substantially delevered:
 - ~ \$16 Billion less debt;
 - ~ \$1.5 Billion less annual interest payments; and
 - ~ \$900 Million in positive operating cash flow from an enterprise perspective.



Overview of CEOC Reorganization

- CEC's and CEOC's financial conditions will be significantly improved.
- Caesars Acquisition Company (CAC) will merge with and into CEC.
- CEOC will separate the majority of its operating assets and real property assets into two separate structures: an operating entity with operating subsidiaries and a REIT entity (VICI Properties) which will own the vast majority of CEOC's real estate. **Note:** Harrah's Philadelphia Casino and Racetrack is not a debtor in the CEOC bankruptcy and will continue to be indirectly majority-owned by CEOC and will not be part of the REIT.
- Apollo, TPG and Co-Invest indirect ownership in CEC will be significantly diluted.
- CEC's and CEOC's Boards of Directors will be reconstituted.



Old vs. New Debt Structure

	<u>Jan 2008</u>	<u>Dec 2014</u>	<u>Emergence</u>	<u>Difference</u>
<u>Caesars Enterprise</u>				
Gross Debt	\$25.124 B	\$25.602 B	\$9.627 B ¹	\$16.0 B <u>less</u> debt
Cash Interest Expense	\$ 1.980 B	\$ 2.070 B	\$.700 B	\$ 1.4 B <u>less</u> annual interest
Adjusted EBITDA	\$ 2.811 B	\$ 1.693 B	\$1.544 B	\$.9 B <u>positive</u> cash flow
<u>CEOC</u>				
Gross Debt	\$18.638 B	\$18.371 B	\$1.610 B	\$16.0 B <u>less</u> debt
Cash Interest Expense	\$ 1.219 B	\$ 1.584 B	\$.076 B	\$ 1.5 B <u>less</u> annual interest
Adjusted EBITDA	\$ 1.978 B	\$.888 B	\$.460 B	\$.4 B <u>positive</u> cash flow
<u>PropCo</u>				
Gross Debt			\$6.050 B	
Cash Interest Expense			\$.355 B	
Adjusted EBITDA			\$.608 B	

Note: The CEOC Adjusted EBITDA figure reflects the contemplated annual lease payments.

Post emergence there will be a significantly improved capital structure:

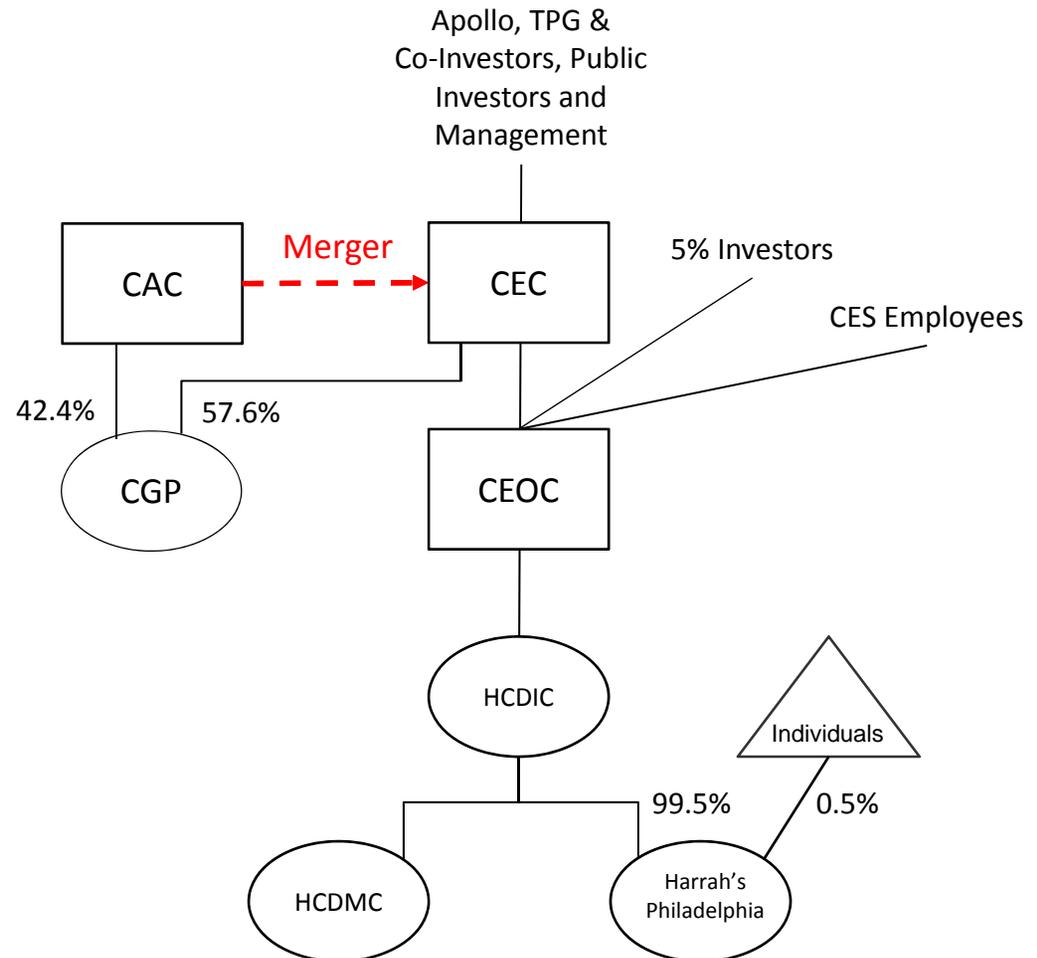
- Less Debt
- Less Interest
- Less Leverage
- More Cash Flow

¹ Excludes the capitalization of lease payments.



CAC – CEC merger

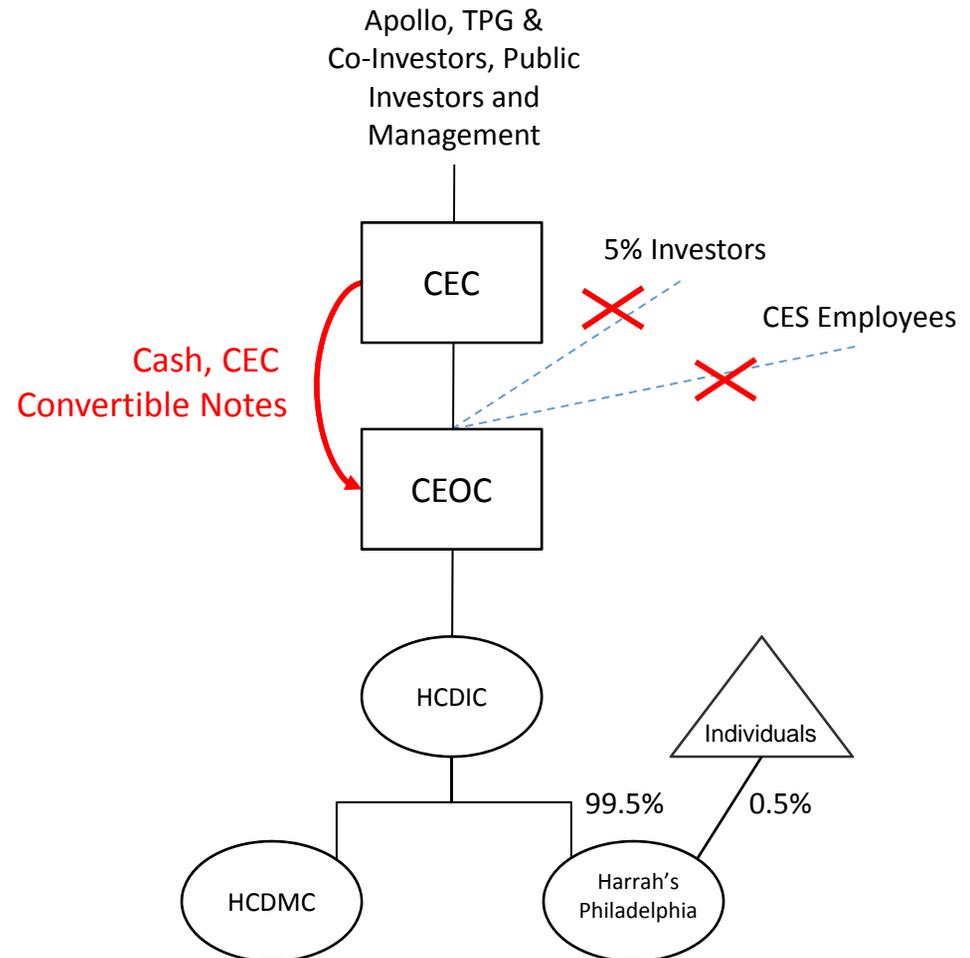
- On or prior to the Effective Date, CAC will merge with and into CEC with CEC surviving.
- Shareholders of CAC will receive CEC stock as merger consideration in exchange for their CAC stock.





CEOC equity consolidation

- CEC will contribute cash and CEC Convertible Notes to CEOC as a capital contribution.
- To the extent CEOC's minority shareholders have not been eliminated already, this step will dilute their ownership to less than 0.1 percent.





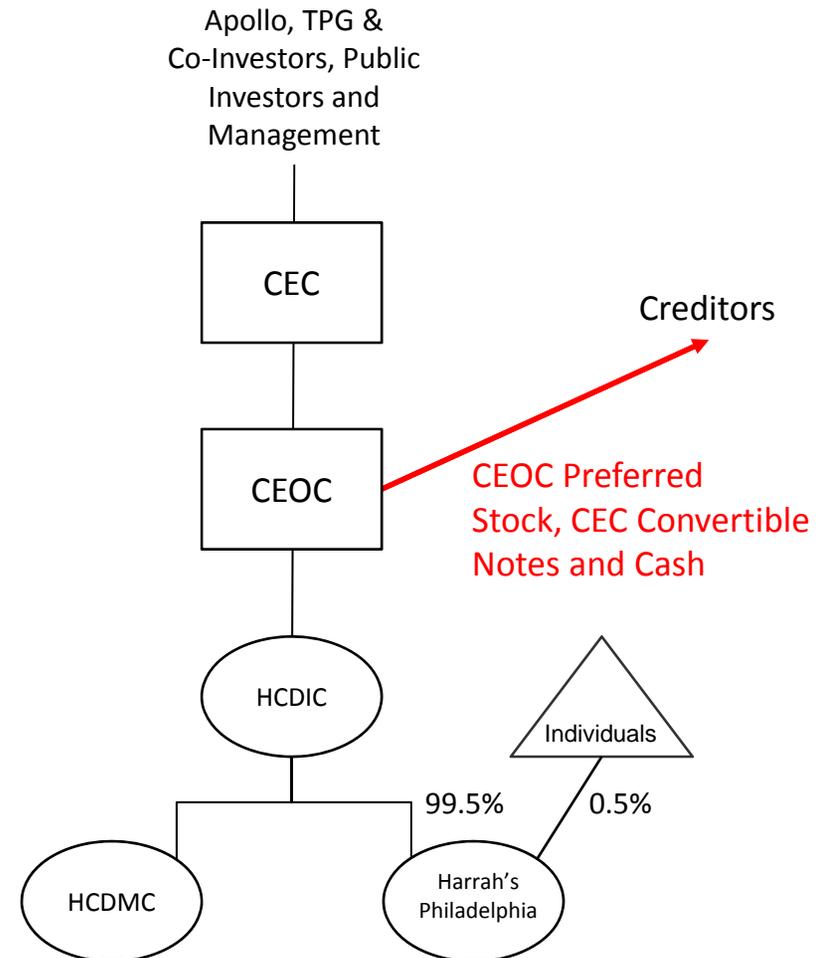
Separation into Operating Company and REIT

- CEOC will transfer CEOC real estate to VICI Properties, a newly-formed REIT.
- On the Effective Date, CEOC will convey the stock of VICI Properties to its Creditors.
- CEOC subsidiaries will remain the licensees.
- CEOC and VICI Properties will enter into long term (15 years with four 5 year renewal terms) Lease Agreements for CEOC operation of the properties.



CEOC distribution to Creditors

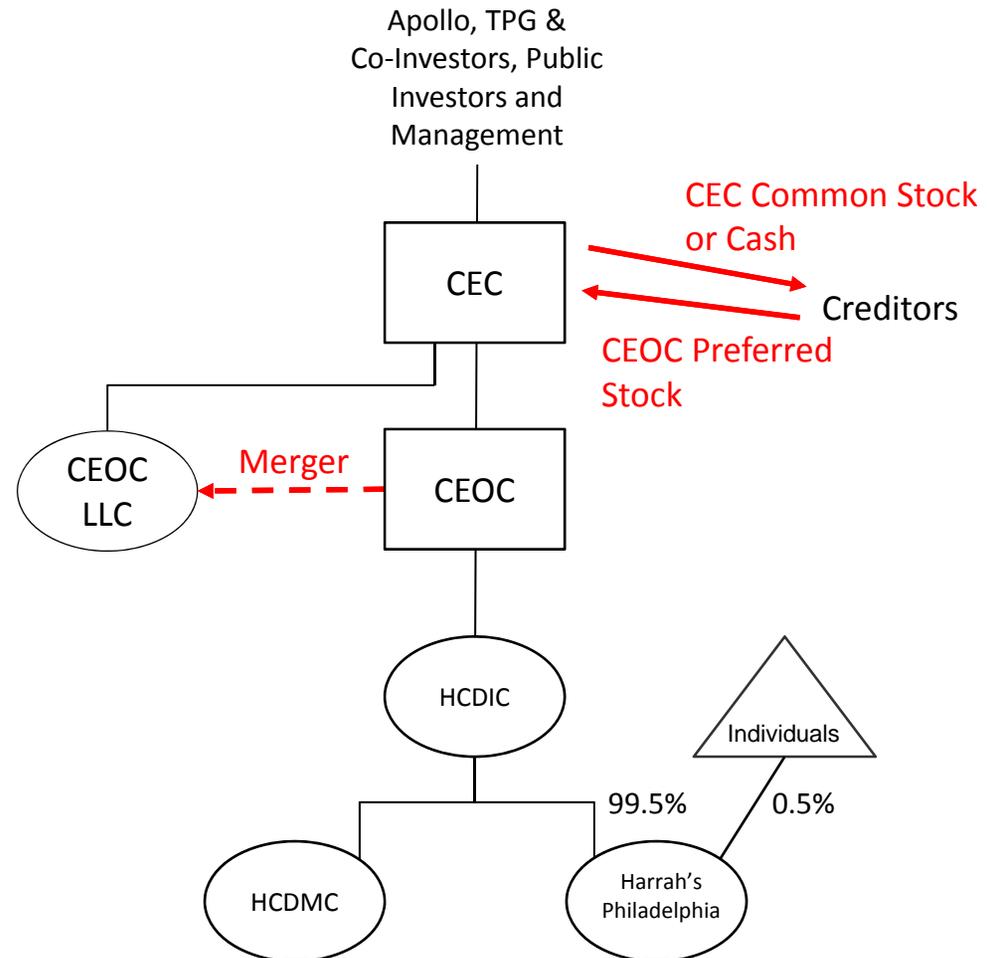
- In addition to the REIT-related conveyances, CEOC will distribute to its Creditors CEOC preferred stock, CEC Convertible Notes and cash, as well as new CEOC debt.





CEOC conversion by merger and CEC equity conveyances

- CEOC will merge with and into CEOC LLC, with CEOC LLC surviving.
- Holders of CEOC preferred stock will receive CEC common stock.
- Certain holders of CEC common stock may elect to sell common stock back to CEC for cash.





CEC and CEOC – Board of Directors

- On the Effective Date of the Plan, the Board of Directors of CEC shall consist of eleven (11) members designated as follows:
 - One (1) member shall be the CEO of CEC.
 - Eight (8) members shall be “independent” members, appointed by various committees, including certain of the creditors committees.
 - Two (2) members shall be non “independent” members who shall be appointed jointly by the Board of Directors of CAC and CEC.
- On the Effective Date of the Plan, the Board of Directors of CEOC shall consist of three (3) members, one (1) of whom shall be an “independent” member.
- After the Effective Date of the Plan, the Board of Directors of CEC shall be elected by CEC’s Shareholders in the ordinary course.



Harrah's Philadelphia

Questions