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CAESARS ENTERTAINMENT Corp
Form 10-Q
August 03, 2017
UNITED STATES
SECURITIES AND EXCHANGE COMMISSION
Washington, D.C. 20549

FORM 10-Q

(Mark One)

QUARTERLY REPORT PURSUANT TO SECTION 13 OR 15(d) OF THE SECURITIES EXCHANGE ACT OF 1934

For the Quarterly Period Ended June 30, 2017

or

TRANSITION REPORT PURSUANT TO SECTION 13 OR 15(d) OF THE SECURITIES EXCHANGE ACT OF 1934

For the transition period from _____ to _____

Commission File No. 1-10410

CAESARS ENTERTAINMENT CORPORATION
(Exact name of registrant as specified in its charter)

Delaware

(State or other jurisdiction of incorporation or organization)

62-1411755

(I.R.S. Employer Identification No.)

One Caesars Palace Drive, Las Vegas, Nevada

(Address of principal executive offices)

(702) 407-6000

(Registrant's telephone number, including area code)

N/A

(Former name, former address and former fiscal year, if changed since last report)

89109

(Zip Code)

Indicate by check mark whether the registrant (1) has filed all reports required to be filed by Section 13 or 15(d) of the Securities Exchange Act of 1934 during the preceding 12 months (or for such shorter period that the registrant was required to file such reports), and (2) has been subject to such filing requirements for the past 90 days. Yes No

Indicate by check mark whether the registrant has submitted electronically and posted on its corporate Web site, if any, every Interactive Data File required to be submitted and posted pursuant to Rule 405 of Regulation S-T (§232.405 of this chapter) during the preceding 12 months (or for such shorter period that the registrant was required to submit and post such files). Yes No

Indicate by check mark whether the registrant is a large accelerated filer, an accelerated filer, a non-accelerated filer, a smaller reporting company, or an emerging growth company. See the definitions of "large accelerated filer," "accelerated filer," "smaller reporting company," and "emerging growth company" in Rule 12b-2 of the Exchange Act. (Check one):

Large accelerated filer

Accelerated filer

Non-accelerated filer (Do not check if a smaller reporting company) Smaller reporting company

Emerging growth company

If an emerging growth company, indicate by check mark if the registrant has elected not to use the extended transition period for complying with any new or revised financial accounting standards provided pursuant to Section 13(a) of the Exchange Act.

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Indicate by check mark whether the registrant is a shell company (as defined in Rule 12b-2 of the Exchange Act). Yes No

Indicate the number of shares outstanding of each of the issuer's classes of common stock, as of the latest practicable date.

| Class | Outstanding at August 1, 2017 |
|--------------------------------|-------------------------------|
| Common stock, \$0.01 par value | 149,146,067 |

CAESARS ENTERTAINMENT CORPORATION
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PART I—FINANCIAL INFORMATION

Item 1. Unaudited Financial Statements

CAESARS ENTERTAINMENT CORPORATION
CONSOLIDATED CONDENSED BALANCE SHEETS
(UNAUDITED)

| (In millions) | June 30, 2017 | December 31, 2016 |
|---|---------------|-------------------|
| Assets | | |
| Current assets | | |
| Cash and cash equivalents (\$1,126 and \$1,157 attributable to our VIEs) | \$ 1,515 | \$ 1,513 |
| Restricted cash (\$2,904 and \$3,040 attributable to our VIEs) | 2,973 | 3,113 |
| Receivables, net (\$81 and \$76 attributable to our VIEs) | 158 | 160 |
| Due from affiliates (\$30 and \$64 attributable to our VIEs) | 30 | 64 |
| Prepayments and other current assets (\$79 and \$61 attributable to our VIEs) | 167 | 118 |
| Inventories (\$3 and \$7 attributable to our VIEs) | 15 | 20 |
| Total current assets | 4,858 | 4,988 |
| Property and equipment, net (\$2,534 and \$2,537 attributable to our VIEs) | 7,431 | 7,446 |
| Goodwill (\$206 and \$206 attributable to our VIEs) | 1,608 | 1,608 |
| Intangible assets other than goodwill (\$183 and \$191 attributable to our VIEs) | 400 | 433 |
| Restricted cash (\$5 and \$5 attributable to our VIEs) | 104 | 5 |
| Deferred charges and other assets (\$232 and \$240 attributable to our VIEs) | 392 | 414 |
| Total assets | \$ 14,793 | \$ 14,894 |
| Liabilities and Stockholders' Deficit | | |
| Current liabilities | | |
| Accounts payable (\$110 and \$143 attributable to our VIEs) | \$ 187 | \$ 215 |
| Due to affiliates (\$36 and \$94 attributable to our VIEs) | 56 | 112 |
| Accrued expenses and other current liabilities (\$342 and \$312 attributable to our VIEs) | 726 | 664 |
| Accrued restructuring and support expenses | 8,408 | 6,601 |
| Interest payable (\$11 and \$14 attributable to our VIEs) | 63 | 67 |
| Current portion of long-term debt (\$22 and \$21 attributable to our VIEs) | 48 | 89 |
| Total current liabilities | 9,488 | 7,748 |
| Long-term debt (\$2,255 and \$2,254 attributable to our VIEs) | 6,744 | 6,749 |
| Deferred income taxes | 1,825 | 1,722 |
| Deferred credits and other liabilities (\$34 and \$33 attributable to our VIEs) | 93 | 93 |
| Total liabilities | 18,150 | 16,312 |
| Commitments and contingencies (Note 8) | | |
| Stockholders' deficit | | |
| Caesars stockholders' deficit | (5,155 |) (3,177 |
| Noncontrolling interests | 1,798 | 1,759 |
| Total stockholders' deficit | (3,357 |) (1,418 |
| Total liabilities and stockholders' deficit | \$ 14,793 | \$ 14,894 |

See accompanying Notes to Consolidated Condensed Financial Statements.

CAESARS ENTERTAINMENT CORPORATION
CONSOLIDATED CONDENSED STATEMENTS OF OPERATIONS
(UNAUDITED)

| | Three Months Ended June 30, | | Six Months Ended June 30, | |
|--|--------------------------------------|--------|------------------------------|---------|
| (In millions, except per share data) | 2017 | 2016 | 2017 | 2016 |
| Revenues | | | | |
| Casino | \$554 | \$553 | \$1,086 | \$1,091 |
| Food and beverage | 197 | 200 | 393 | 401 |
| Rooms | 238 | 235 | 481 | 464 |
| Other | 149 | 136 | 278 | 258 |
| Less: casino promotional allowances | (136) | (132) | (273) | (272) |
| Net revenues | 1,002 | 992 | 1,965 | 1,942 |
| Operating expenses | | | | |
| Direct | | | | |
| Casino | 280 | 279 | 563 | 564 |
| Food and beverage | 96 | 100 | 189 | 193 |
| Rooms | 64 | 63 | 127 | 122 |
| Property, general, administrative, and other | 251 | 276 | 485 | |