Caesars Entertainment Operating Company

Overview of August 18, 2015 Proposal

August 20, 2015

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Introduction

This presentation includes an overview of a summary proposal (the "Proposal") for a reorganization of Caesars Entertainment Operating Company, Inc. ("CEOC") and its chapter 11 debtor affiliates (collectively, the "Debtors") that, in the event all relevant terms and conditions are fully documented in a writing satisfactory to the Official Committee of Second Priority Noteholders (the "Noteholder Committee"), the Noteholder Committee will be willing to support. This Proposal was made on August 18, 2015 to Apollo Global Management, LLC and TPG Capital, L.P. (together with their affiliates, the "Sponsors") and the Debtors, and we understand that the Sponsors have rejected this Proposal.

The terms of this Proposal are in many respects similar to the Debtors' prior plan term sheets and materially different in others. For example, the Noteholder Committee has incorporated the terms of the Debtors' agreements with the First Lien Noteholders that are memorialized in the term sheet appended to the Fourth Amended & Restated Restructuring Support and Forbearance Agreement, dated July 31, 2015 RSA (the "July 31 RSA"). Moreover, the Proposal includes a proposed settlement of all claims of the Debtors against its non-debtor affiliates. Although the Proposal significantly improves the treatment of the holders of claims other than claims secured by first priority liens, those claims are nonetheless severely compromised.

The Proposal is a compromise that is based on current circumstances and information, including that no judgment has been rendered on the enforceability of CEC's guarantees of Second Priority Notes and the examiner has not completed his report. If these (or any other circumstances or information) change, this Proposal will also change. Nothing herein shall be deemed to be the solicitation of an acceptance or rejection of a plan of reorganization.

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Set forth below is an illustrative term sheet for the restructuring of CEOC and the combination of CEC and CAC. In an effort to eliminate any potential disputes regarding the value of certain of the securities proposed to be issued pursuant to the Proposal, the Sponsors and the current CEC and CAC shareholders will be given the right to purchase certain of the securities to be issued to the Non-Sponsor Non-1L creditors (defined below) under the Proposal. The purchase rights, if fully exercised, would limit the recovery by the Non-Sponsor Non-1Ls on the plan effective date to 57.5% of their claims, assuming fair market value of the NewCEC Convertible Notes (defined below). To the extent that CEC and the Sponsors now assert that the value of equity interests that would be distributed to Non-Sponsor Non-1L creditors is higher than the values that the Noteholder Committee attributes to those interests based on information currently available to it, the Sponsors and other holders of existing equity interests will have an opportunity to call such securities at the values used by the Noteholder Committee to formulate this Proposal.

The Proposal includes concepts from both the July 20, 2015 RSA (the "July 20 RSA") and the July 31 RSA. All equity, debt and cash distributions are consistent with the July 31 RSA, with the following modifications:

Note: Nothing herein shall be deemed to be the solicitation of an acceptance or rejection of a plan of reorganization

	Modifications to the July 31 RSA
CEC Merger with CAC to form "NewCEC"	■ Caesars Entertainment Corporation ("CEC") to merge with Caesars Acquisition Company ("CAC") on terms to be determined, with the combined CEC / CAC shareholders to receive 59.8% of NewCEC common equity before the dilution from the NewCEC Convertible Notes (as defined below), and 47.8% on a post-dilution basis
NewCEC Guaranty	■ NewCEC to provide a secured guaranty of payment of (i) CEOC Operating Company ("CEOC OpCo" or "OpCo") new 1L and 2L debt and (ii) CEOC OpCo lease payments to CEOC Property Company ("CEOC PropCo" or "PropCo")
Sponsors / CAC	■ Sponsors to cancel all holdings of CEOC Second Lien Notes (the "2Ls," and 2Ls owed by the Sponsors, the "Sponsor 2Ls") and CAC to cancel all holdings of CEOC Unsecured Notes ("Unsecureds"). This includes $289mm face amount of Unsecureds owned by CAC
First Lien Banks	■ CEOC First Lien Banks ("1L Banks") receive consideration consistent with July 31 RSA (includes increase in adequate protection payments along with the guaranty specified above), including the following modifications: ● In the event OpCo debt syndication falls short, certain non-Sponsor creditors are expected to negotiate a backstop with the 1L Banks for a portion of the OpCo debt syndication shortfall by purchasing NewCEC Convertible Notes, as defined below, at a price [TBD]. Sponsor / NewCEC equity holder participation in the backstop to be agreed ● In lieu of CPLV Mezzanine debt, 1L Banks receive cash proceeds from market syndication of the CPLV Mezzanine debt. Certain non-Sponsor creditors are prepared to discuss a backstop of securities of NewCEC in an amount sufficient to deliver cash proceeds in place of the CPLV Mezzanine debt to be received by the 1L Banks. Sponsor / NewCEC equity holder participation in the backstop to be agreed ● 1L Banks receive $125mm payment upon the effectiveness of an RSA, which will be credited against the adequate protection payments included in the July 31 RSA
First Lien Notes	■ CEOC First Lien Notes ("1L Notes") receive consideration consistent with July 31 RSA

Overview of August 18, 2015 Proposal (cont.)

	Modifications to the July 31 RSA (cont.)
Non-Sponsor 2Ls and Non-Sponsor Unsecureds ("Non-Sponsor Non-1Ls")	■ Non-Sponsor Non-1Ls to split the consideration below pro rata based on claim amount: ● Assumed non-Sponsor 2Ls / non-Sponsor Unsecureds claim split of 86.9% / 13.1% ● NewCEC Convertible Notes: Non-Sponsor Non-1Ls to receive $1.0bn face, 7-year NewCEC convertible secured note (the "NewCEC Convertible Notes"), which will be convertible into 20% of post-dilution NewCEC common equity ➤ Interest: 3.0% cash interest per annum ➤ NewCEC Convertible Notes Call Option: Callable at 140.0% for the period from the effective date until the first twelve-month anniversary of the effective date; non-call thereafter ➤ NewCEC Convertible Notes to include a market covenant package, including restrictions on additional indebtedness ➤ Change of Control Put: In the event the Sponsors (i) own or otherwise gain control over greater than 50.0% of NewCEC common equity and (ii) control a majority of the NewCEC Board of Directors, each holder of NewCEC Convertible Notes may put their notes to NewCEC at 130% of par ● NewCEC common equity: Non-Sponsor Non-1Ls to receive 40.2% of NewCEC common equity before the dilution from the NewCEC Convertible Notes ● PropCo common equity: Non-Sponsor Non-1Ls to receive 39.9% of PropCo common equity pre-dilution from PropCo preferred equity ➤ This represents 30.1% of PropCo common equity from the July 31 RSA, plus an additional 9.8% from the July 20 RSA ■ The Non-Sponsor Non-1Ls will retain the option to purchase 5.0% of CEOC PropCo common equity held by the 1L Notes, as contemplated in the July 20 RSA
Existing CEC / CAC Shareholders Direct Equity and Call Rights	■ NewCEC Equity: Existing CEC and CAC shareholders receive 59.8% of NewCEC common equity before the dilution from the NewCEC Convertible Notes, and 47.8% on a post-dilution basis ■ NewCEC Equity & PropCo Equity Combined Call Right: Existing CEC and CAC shareholders receive the right to purchase on the effective date of the plan their pro-rata portion of (i) the 39.9% of PropCo common equity received by Non-Sponsor Non-1Ls at plan value (assumed to be structured as a rights offering), and (ii) the 40.2% of NewCEC common equity received by Non-Sponsor Non-1Ls at an implied equity value which equals a 57.5% recovery to Non-Sponsor Non-1Ls after valuing the New CEC Convertible Notes at their estimated market value ● All-or-None Provision: Each individual right holder must exercise their full allotment of rights to purchase both securities (no partial subscription) ● There will be no over-subscription rights
CEOC PropCo Property Call Right and Octavius Tower Call Right	■ Consistent with the July 20 RSA, this term sheet assumes CEOC PropCo has the right to purchase the real estate assets of Harrah's Atlantic City, Harrah's Laughlin and Harrah's New Orleans at 10.0x rent (the "PropCo Property Call Right") ● The option is extended to three years for all three properties. The option is assumed to be exercised when calculating NewCEC plan value and for determining recoveries ■ CEOC PropCo has the right to purchase Octavius Tower at the end of the initial 15-year lease term at fair market value ("Octavius Tower Call Right")
NewCEC Corporate Governance	■ Staggered Board of Directors to consist of 7 members: the CEO, 1 to be selected by the 1L Banks, 1 to be selected by the 1L Notes, and 4 to be selected by the Noteholder Committee