

CAESARS ENTERTAINMENT Corp
Form 10-Q
May 09, 2013

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 March 31, 2013

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)

89109
(Zip Code)

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

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, or a smaller reporting company. See the definitions of "large accelerated filer," "accelerated filer" and "smaller reporting 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

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

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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 May 1, 2013
Common stock, \$0.01 par value	125,359,584

CAESARS ENTERTAINMENT CORPORATION
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We have proprietary rights to a number of trademarks used in this Form 10-Q that are important to our business, including, without limitation, Caesars, Caesars Entertainment, Caesars Palace, Harrah's, Total Rewards, World Series of Poker (WSOP), Horseshoe, Paris Las Vegas, Flamingo, Bally's and Bingo Blitz. We have omitted the ® and ™ trademark designations for such trademarks named in this Form 10-Q.

PART I—FINANCIAL INFORMATION

Item 1. Unaudited Financial Statements

CAESARS ENTERTAINMENT CORPORATION
CONSOLIDATED CONDENSED BALANCE SHEETS

(UNAUDITED)

(In millions, except par value)

	March 31, 2013	December 31, 2012
Assets		
Current assets		
Cash and cash equivalents	\$2,095.4	\$1,757.5
Restricted cash	70.6	833.6
Receivables, less allowance for doubtful accounts of \$205.3 and \$201.7	543.9	580.5
Deferred income taxes	174.7	114.9
Prepayments and other current assets	191.6	150.0
Inventories	49.7	52.0
Assets held for sale	5.2	5.1
Total current assets	3,131.1	3,493.6
Property and equipment, net	15,676.2	15,701.7
Goodwill	3,165.8	3,160.3
Intangible assets other than goodwill	3,921.9	3,985.7
Investments in and advances to non-consolidated affiliates	118.6	100.4
Restricted cash	295.9	364.6
Deferred charges and other	722.9	720.6
Assets held for sale	442.6	471.2
	\$27,475.0	\$27,998.1
Liabilities and Stockholders' Deficit		
Current liabilities		
Accounts payable	\$340.4	\$376.2
Interest payable	386.4	233.7
Accrued expenses	1,030.7	1,094.7
Current portion of long-term debt	143.0	879.9
Liabilities held for sale	3.5	3.8
Total current liabilities	1,904.0	2,588.3
Long-term debt	21,134.1	20,532.2
Deferred credits and other	841.0	823.0
Deferred income taxes	4,106.2	4,334.1
Liabilities held for sale	49.7	52.1
	28,035.0	28,329.7
Commitments and contingencies		
Stockholders' equity/(deficit)		
Common stock: voting; \$0.01 par value; 127.5 shares issued	1.3	1.3
Treasury Stock: 2.1 shares	(16.3)	(16.3)
Additional paid-in capital	6,959.6	6,954.4
Accumulated deficit	(7,497.8)	(7,280.2)
Accumulated other comprehensive loss	(83.9)	(70.9)
Total Caesars stockholders' deficit	(637.1)	(411.7)
Non-controlling interests	77.1	80.1

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Total deficit	(560.0) (331.6)
	\$27,475.0	\$27,998.1	

See accompanying Notes to Consolidated Condensed Financial Statements.

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CAESARS ENTERTAINMENT CORPORATION
CONSOLIDATED CONDENSED STATEMENTS OF OPERATIONS
(UNAUDITED)
(In millions, except per share data)

	Quarter Ended March 31,	
	2013	2012
Revenues		
Casino	\$1,495.1	\$1,625.0
Food and beverage	380.1	382.1
Rooms	288.2	303.8
Management fees	10.7	9.6
Other	262.9	195.4
Less: casino promotional allowances	(293.8	) (309.8
Net revenues	2,143.2	2,206.1
Operating expenses		
Direct		
Casino	834.7	924.8
Food and beverage	165.2	161.8
Rooms	73.3	75.1
Property, general, administrative, and other	581.5	510.8
Depreciation and amortization	161.7	179.5
Write-downs, reserves, and project opening costs, net of recoveries	20.7	16.2
Intangible and tangible asset impairment charges	20.0	174.0
Loss on interests in non-consolidated affiliates	2.6	7.1
Corporate expense	36.1	52.2
Acquisition and integration costs	64.2	0.1
Amortization of intangible assets	41.4	43.2
Total operating expenses	2,001.4	2,144.8
Income from operations	141.8	61.3
Interest expense, net of interest capitalized	(574.7	) (562.0
(Loss)/gain on early extinguishments of debt	(36.7	) 45.8
Other income, including interest income	3.7	8.2
Loss from continuing operations before income taxes	(465.9	) (446.7
Benefit for income taxes	290.2	158.3
Loss from continuing operations, net of income taxes	(175.7	) (288.4
Discontinued operations		
(Loss)/income from discontinued operations	(43.8	) 14.2
Benefit/(provision) for income taxes	2.8	(6.9
(Loss)/income from discontinued operations, net of income taxes	(41.0	) 7.3
Net loss	(216.7	) (281.1
Less: net (income)/loss attributable to non-controlling interests	(0.9	) 0.5
Net loss attributable to Caesars	\$(217.6	) \$(280.6
Loss per share - basic and diluted		
Loss per share from continuing operations	\$(1.41	) \$(2.30
(Loss)/earnings per share from discontinued operations	(0.33	) 0.06
Net loss per share	\$(1.74	) \$(2.24
Weighted-average common shares outstanding - basic and diluted	125.3	125.2

See accompanying Notes to Consolidated Condensed Financial Statements.

CAESARS ENTERTAINMENT CORPORATION
CONSOLIDATED CONDENSED STATEMENTS OF COMPREHENSIVE LOSS
(UNAUDITED)
(In millions)

	Quarter Ended March 31,		
	2013	2012	
Net loss	\$(216.7	) \$(281.1)
Other comprehensive income/(loss):			
Defined Benefit Plan Adjustments	4.6	0.8	
Foreign currency translation adjustments	(20.1	) 4.6	
Loss on derivative instruments	3.9	7.1	
Unrealized losses/(gains) on investments	0.1	(0.3)
Total other comprehensive (loss)/income, before income taxes	(11.5	) 12.2	
Income tax expense related to items of other comprehensive loss	(1.5	) (2.9)
Total other comprehensive (loss)/income, net of income taxes	(13.0	) 9.3	
Total comprehensive loss	(229.7	) (271.8)
Less: amounts attributable to non-controlling interests:			
Net (income)/loss	(0.9	) 0.5	
Foreign currency translation adjustments	—	(1.0)
Total amounts attributable to non-controlling interests	(0.9	) (0.5)
Comprehensive loss attributable to Caesars	\$(230.6	) \$(272.3)

See accompanying Notes to Consolidated Condensed Financial Statements.

CAESARS ENTERTAINMENT CORPORATION
CONSOLIDATED CONDENSED STATEMENTS OF STOCKHOLDERS' EQUITY/(DEFICIT)
(UNAUDITED)
(In millions)

	Caesars Stockholders					Accumulated Other Comprehensive Income/(Loss)	Total Caesars Stockholders' Equity/(Deficit)	Non-control Interests	Total Equity/(Deficit)
	Common Stock	Treasury Stock	Additional Paid-in- Capital	Accumulated Deficit					
Balance at December 31, 2011	\$0.7	\$—	\$6,885.1	\$ (5,782.7)	\$ (96.4)	\$ 1,006.7	\$ 46.7	\$ 1,053.4	
Net loss	—	—	—	(280.6)	—	(280.6)	(0.5)	(281.1)	
Share-based compensation	—	—	11.5	—	—	11.5	—	11.5	
Initial public offering	0.6	—	16.6	—	—	17.2	—	17.2	
Increase of treasury shares	*	(16.3)	16.3	—	—	—	—	—	
Contributions and contractual obligations from non-controlling interests, net of distributions	—	—	—	—	—	—	38.9	38.9	
Other comprehensive income, net of tax	—	—	—	—	8.3	8.3	1.0	9.3	
Balance at March 31, 2012	\$1.3	\$(16.3)	\$6,929.5	\$ (6,063.3)	\$ (88.1)	\$ 763.1	\$ 86.1	\$ 849.2	
Balance at December & 31, 2012									