



**THE FOUNDATION
FOR SECURE
MARKETS**

#47274

DATE: JULY 9, 2020

**SUBJECT: CAESARS ENTERTAINMENT CORPORATION (ELECTION
MERGER) – ANTICIPATED ADJUSTMENT
OPTION SYMBOL: CZR
NEW SYMBOL: CZR1
FUTURES SYMBOL: CZR1D
NEW SYMBOL: CZR2D
DATE: ??? (ELECTION DEADLINE: 7/16/20)
* * * UPDATE * * ***

On November 15, 2019, Shareholders of Caesars Entertainment Corporation (CZR) approved the proposed merger with Eldorado Resorts, Inc. (ERI). If and when the merger is consummated, ERI expects to change its name to (New) Caesars Entertainment, Inc. and expects that shares of the new combined company will be listed under the ticker symbol "CZR".

The Merger: Aggregate Terms

The aggregate terms paid CZR shareholders are approximately \$7.2 billion in cash and 77.1 million shares. In the aggregate, the amount of stock considerations will not exceed the product of 0.0899 and the number of outstanding shares of Caesars Common Shares issued and outstanding immediately prior to the effective time of the merger.

The Merger: Individual Share Elections

Within the terms of the Merger, individual CZR Shareholders may:

- Elect to receive the Cash Election Consideration, which is cash in an amount equal to the "Per Share Amount", calculated as described in the CZR/ERI Proxy Statement/Prospectus dated October 11, 2019 ("Proxy"). Cash Election Considerations are subject to proration. OR,
- Elect to receive the Stock Election Consideration, which is a number of shares of ERI common stock equal to (a) the Per Share Amount divided by (b) the ERI Common Stock VWAP, as described in the Proxy. Stock Election Considerations are subject to proration. OR,
- Register no preference by not making an election (Non-electing). Under the terms of the election, shares which are not subject to an effective election will be treated as non-electing shares. CZR shareholders who do not make an election will have no control over the type of merger consideration they receive. The form of merger consideration for non-electing shares will depend upon which form is over- or undersubscribed, as described in the Proxy.

Elections must be submitted to the exchange agent. **The election deadline 5:00 p.m., New York time, July 16, 2020.** CZR Shareholders must observe all terms and conditions for the election as specified in the Proxy. **It should be noted that it is unknown if shares may be delivered pursuant to an election under "Notices of Guaranteed Delivery."** In all cases, Call option holders exercising in order to obtain stock for

an election must exercise in sufficient time to be able to make valid delivery pursuant to the election procedures.

The Merger Consideration: Prorations

The Cash Election Consideration and Stock Election Consideration will be subject to proration as described in the Proxy.

CONTRACT ADJUSTMENT

DATE:	Effective the opening of the business day after the merger is consummated.
OPTION SYMBOL:	CZR changes to CZR1
STRIKE DIVISOR:	1
CONTRACT MULTIPLIER:	1
NEW MULTIPLIER:	100 (e.g., for premium or strike price extensions, 1.00 equals \$100)
NEW DELIVERABLE PER CONTRACT:	The deliverable for adjusted CZR options will be BASED ON THE MERGER CONSIDERATION WHICH ACCRUES TO NON-ELECTING CZR SHAREHOLDERS (stated in terms of a current 100-Share deliverable): 100 x the non-electing consideration
CUSIP:	New (CZR): TBD

DELAYED SETTLEMENT

OCC will delay settlement of CZR1 options until the non-electing consideration has been determined.

Futures Contract Adjustment

DATE:	Effective the opening of the business day after the merger is consummated.
FUTURES SYMBOL:	CZR1D changes to CZR2D
NUMBER OF CONTRACTS:	No Change
MULTIPLIER:	100 (e.g., a premium of 1.50 yields \$150)
NEW DELIVERABLE PER CONTRACT:	The deliverable for adjusted CZR futures will be BASED ON THE MERGER CONSIDERATION WHICH ACCRUES TO NON-ELECTING CZR SHAREHOLDERS (stated in terms of a current 100-Share deliverable):

100 x the non-electing consideration

CUSIP:

New (CZR): TBD

DELAYED SETTLEMENT

OCC will delay settlement of CZR2D futures until the non-electing consideration has been determined.

Important Exercise Considerations

Holders of CZR Call options who wish to make their own elections with respect to CZR shares received through exercise (for example, to receive a consideration other than the Non-Electing consideration) bear sole responsibility in determining when to exercise their options to permit a valid election. After the merger is consummated and the contract adjustment described above is effected, adjusted CZR options will no longer call for the delivery of CZR shares upon exercise. Call option holders will receive upon exercise (and Put holders deliver upon exercise) the non-electing merger consideration (on a per contract basis).

Delivery Settlement and Protect Provisions

Option contracts which are exercised, and physically-settled security futures contracts which mature, will require the settlement of all component securities included in the contract deliverable at the time of the futures contract maturation or option contract exercise, including rights, warrants, or similar instruments. Additional CZR entitlements (such as due bills, eligibility to participate in tender offers, elections, etc.) may also automatically attach to securities deliverable upon physically-settled futures contract maturity or option exercise. Conversely, securities not included in the contract deliverable at the time of the option exercise or futures contract maturity, or other entitlements not associated with the underlying deliverable securities, may preclude holders of long futures contracts from realizing the benefit of such entitlements. For example, if a physically-settled security futures underlying security is the subject of a tender offer, exchange offer, or similar event which expires *before* the futures contract reaches its maturity, the securities due to long futures holders upon maturity *will not* be eligible for participation in the tender/exchange offer. Conversely, if such tender offer, exchange offer or similar event expires *after* the futures contract matures, securities deliverable to long futures holders *will* be eligible for participation in these events.

Except in unusual cases, securities deliverable as a result of equity option exercise or the maturity of physically-settled security futures are settled through National Securities Clearing Corporation (NSCC).

Rights and obligations of Members with respect to securities settling at NSCC as a result of an option exercise or assignment or a physically-settled security future delivery or receipt obligation are governed by the rules of NSCC. NSCC has its own rules which enable purchasers of securities to protect themselves for value which may be lost if timely delivery is not made to them of securities subject to specific deadlines, such as the expiration of a tender offer, rights subscription, election, or similar event. These rules are generally called protect or liability notice procedures, and are intended to protect purchasers by binding the delivering parties to liability if such value is lost because timely delivery is not effected. Purchasers of securities must observe the rules and procedures of NSCC to avail themselves of such "protect" provisions of NSCC. Questions regarding these provisions should be addressed to NSCC.

Special Risks

Writers of call options and holders of short positions in physically-settled security futures at maturity who are uncovered with respect to deliverable securities subject to deadlines or cut-off times (such as expirations of tender offers, rights subscriptions, elections, or similar events) should be aware of a risk associated with the timing of their possible assignments or physically-settled security futures delivery obligations: Equity option exercise settlement and settlement of physically-settled security futures delivery obligations normally occurs 2 business days after the option exercise date or the security-futures maturity date. An uncovered call writer or uncovered short futures holder who has an obligation to deliver, and who

waits until after assignment or futures maturity to effect purchase of the underlying security, may not be able to effect timely delivery by a regular-way purchase (2 business-day settlement) or call option exercise (2 business-day settlement after exercise). Such uncovered writer or short futures holder may nevertheless be subject to liability under the protect provisions of NSCC (see above) with respect to his delivery obligation, because he cannot make timely delivery. Additionally, Cash Markets (same-day, or less-than-2-business-day settlement) may not be available, or may be expensive for buyers of the underlying security.

DISCLAIMER

This Information Memo provides an unofficial summary of the terms of corporate events affecting listed options or futures prepared for the convenience of market participants. OCC accepts no responsibility for the accuracy or completeness of the summary, particularly for information which may be relevant to investment decisions. Option or futures investors should independently ascertain and evaluate all information concerning this corporate event(s).

The determination to adjust options and the nature of any adjustment is made by OCC pursuant to OCC By-Laws, Article VI, Sections 11 and 11A. The determination to adjust futures and the nature of any adjustment is made by OCC pursuant to OCC By-Laws, Article XII, Sections 3, 4, or 4A, as applicable. For both options and futures, each adjustment decision is made on a case by case basis. Adjustment decisions are based on information available at the time and are subject to change as additional information becomes available or if there are material changes to the terms of the corporate event(s) occasioning the adjustment.

ALL CLEARING MEMBERS ARE REQUESTED TO IMMEDIATELY ADVISE ALL BRANCH OFFICES AND CORRESPONDENTS ON THE ABOVE.

For questions regarding this memo, call Investor Services at 1-888-678-4667 or email investorservices@theocc.com. Clearing Members may contact Member Services at 1-800-544-6091 or, within Canada, at 1-800-424-7320, or email memberservices@theocc.com.