

CAESARS ENTERTAINMENT Corp
Form 8-K
August 22, 2012

UNITED STATES
SECURITIES AND EXCHANGE COMMISSION

Washington, D.C. 20549

FORM 8-K

CURRENT REPORT

Pursuant to Section 13 or 15(d) of the

Securities Exchange Act of 1934

August 22, 2012 (August 22, 2012)

Date of Report (Date of earliest event reported)

Caesars Entertainment Corporation

(Exact name of registrant as specified in its charter)

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(State of Incorporation)

(Commission

(IRS Employer

File Number)

Identification Number)

One Caesars Palace Drive

Las Vegas, Nevada 89109

(Address of principal executive offices) (Zip Code)

(702) 407-6000

(Registrant's telephone number, including area code)

N/A

(Former Name or Former Address, if Changed Since Last Report)

Check the appropriate box below if the Form 8-K filing is intended to simultaneously satisfy the filing obligation of the registrant under any of the following provisions:

- .. Written communications pursuant to Rule 425 under the Securities Act (17 CFR 230.425)
- .. Soliciting material pursuant to Rule 14a-12 under the Exchange Act (17 CFR 240.14a-12)
- .. Pre-commencement communications pursuant to Rule 14d-2(b) under the Exchange Act (17 CFR 240.14d-2(b))
- .. Pre-commencement communications pursuant to Rule 13e-4(c) under the Exchange Act (17 CFR 240.13e-4(c))

Section 1 Registrant's Business and Operations

Item 1.01 Entry into a Material Definitive Agreement.

On August 22, 2012, Caesars Operating Escrow LLC and Caesars Escrow Corporation (the Escrow Issuers), wholly owned subsidiaries of Caesars Entertainment Operating Company, Inc. (the Company or the Borrower), a wholly owned subsidiary of Caesars Entertainment Corporation (the Registrant or the Parent Guarantor), completed the offering of \$750,000,000 aggregate principal amount of 9% Senior Secured Notes due 2020 (the notes). The notes were offered only to qualified institutional buyers in reliance on Rule 144A under the Securities Act of 1933, as amended (the Securities Act), and outside the United States, only to non-U.S. investors pursuant to Regulation S under the Securities Act. The notes have not been registered under the Securities Act or any state securities laws and may not be offered or sold in the United States absent an effective registration statement or an applicable exemption from registration requirements or a transaction not subject to the registration requirements of the Securities Act or any state securities laws.

1. Escrow Agreement

Pursuant to an escrow agreement, dated as of August 22, 2012, among U.S. Bank National Association, as escrow agent and securities intermediary, U.S. Bank National Association, as trustee (the Trustee) under the Indenture (as defined below), and the Escrow Issuers (the Escrow Agreement), the Escrow Issuers deposited the gross proceeds of the offering of the notes, together with additional amounts necessary to redeem the notes, if applicable, into a segregated escrow account until the date that certain escrow conditions are satisfied. The escrow conditions include, among other things, the assumption by the Company of all obligations of the Escrow Issuers under the notes (the CEOC Assumption) and the receipt of all required regulatory approvals.

The funds held in the Escrow Account will be released to the Company upon delivery by the Company to the escrow agent and the Trustee of an officer's certificate certifying that, prior to or concurrently with the release of funds from the Escrow Account, the escrow conditions have been met.

The Escrow Issuers granted the Trustee, for the benefit of the holders of the notes, a first-priority security interest in the Escrow Account and all deposits therein to secure the note obligations pending disbursement.

2. Indenture and 9% Senior Secured Notes due 2020

The notes, which mature on February 15, 2020, were issued pursuant to an indenture, dated as of August 22, 2012, among the Escrow Issuers, the Parent Guarantor, as parent guarantor, and U.S. Bank National Association, as trustee (the Indenture).

The Indenture provides that the notes are guaranteed by the Parent Guarantor. Upon the consummation of the CEOC Assumption and the execution and delivery of security documents creating liens securing the notes, the notes will be secured by first-priority security interests in substantially all of the property and assets held by the Company and each wholly-owned, domestic subsidiary of the Company that is a subsidiary pledgor with respect to the senior secured credit facilities.

The Indenture provides that if the escrow conditions are not satisfied on or prior to November 15, 2012 or such earlier date as the Company determines in its sole discretion that any of the escrow conditions cannot be satisfied, the notes will be subject to a special mandatory redemption at a price of 100% of the gross proceeds of the notes offered, plus accrued and unpaid interest to, but not including, the date of redemption.

The Company will pay interest on the notes at 9.00% per annum, semiannually to holders of record at the close of business on February 1 or August 1 immediately preceding the interest payment date on February 15 and August 15 of each year, commencing on February 15, 2013.

The Company may redeem the notes at its option, in whole or part, at any time prior to February 15, 2016, at a price equal to 100% of the principal amount of the notes redeemed plus accrued and unpaid interest to the redemption date and a make-whole premium. The Company may redeem the notes, in whole or in part, on or after February 15, 2016, at the redemption prices set forth in the Indenture. In addition, at any time and from time to time on or before February 15, 2015, the Company may choose to redeem in the aggregate up to 35% of the original aggregate principal amount of the notes (calculated after giving effect to the issuance of additional notes) at a redemption price equal to 109.000% of the face amount thereof with the net proceeds of one or more equity offerings so long as at least 50% of the original aggregate principal amount of the notes (calculated after giving effect to any issuance of additional notes) remain outstanding after each such redemption.

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The Indenture contains covenants that limit the Company's (and most of its subsidiaries') ability to, among other things: (i) incur additional debt or issue certain preferred shares; (ii) pay dividends on or make other distributions in respect of its capital stock or make other restricted payments; (iii) make certain investments; (iv) sell certain assets; (v) create or permit to exist dividend and/or payment restrictions affecting its restricted subsidiaries; (vi) create liens on certain assets to secure debt; (vii) consolidate, merge, sell or otherwise dispose of all or substantially all of its assets; (viii) enter into certain transactions with its affiliates; and (ix) designate its subsidiaries as unrestricted subsidiaries. These covenants are subject to a number of important limitations and exceptions. The Indenture also provides for events of default, which, if any of them occurs, would permit or require the principal, premium, if any, interest and any other monetary obligations on all the then outstanding notes to be due and payable immediately.

3. Registration Rights Agreement

On August 22, 2012, in connection with the issuance of the notes, the Escrow Issuers and the Parent Guarantor entered into a registration rights agreement with Citigroup Global Markets Inc., as representative of the initial purchasers, relating to, among other things, the exchange offer for the notes and the related parent guarantee (as described above) (the Registration Rights Agreement).

Upon the consummation of the CEOC Assumption, the Company will execute a joinder to the Registration Rights Agreement.

Subject to the terms of the Registration Rights Agreement, the Company and the Parent Guarantor will use their reasonable best efforts to either (a) register with the Securities and Exchange Commission, and cause to become effective a registration statement relating to an offer to exchange, notes having substantially identical terms as the notes as part of offers to exchange freely tradable exchange notes for notes, or (b) cause to make available an effective shelf registration statement relating to resales of certain registrable notes.

Under option (a) above, (1) the exchange offer registration statement needs to become effective by the fifth business day following the one-year anniversary of the issuance of the notes, and (2) the exchange offer needs to be completed within 45 days after the exchange offer registration statement becomes effective. Under option (b) above, (1) an effective shelf registration statement needs to be made available by the 90th day following the date on which the requirement to make such shelf registration statement arises, and (2) following effectiveness of the shelf registration statement, subject to limited exceptions, it must not cease to remain effective or otherwise available for more than 60 days in any 12-month period prior to the time the notes cease to be registrable notes.

If the Company and the Parent Guarantor fail to meet these targets (a registration default), the annual interest rate on the notes will increase by 0.25%. The annual interest rate on the notes will increase by an additional 0.25% for each subsequent 90-day period during which the registration default continues, up to a maximum additional interest rate of 1.0% per year. If the registration default is corrected, the applicable interest rate will revert to the original level.

The foregoing summary is qualified in its entirety by reference to the Escrow Agreement, the Indenture and the Registration Rights Agreement, attached hereto as Exhibit 10.1, Exhibit 4.1 and Exhibit 4.2, respectively, and incorporated herein by reference.

Section 2 Financial Information

Item 2.03 Creation of a Direct Financial Obligation or an Obligation under an Off-Balance Sheet Arrangement of a Registrant.

The information set forth under Item 1.01 above is incorporated by reference into this Item 2.03.

Section 7 Regulation FD

Item 7.01 Regulation FD Disclosure.

On August 22, 2012, the Registrant reported that lenders under the senior secured credit agreement (the Credit Agreement) of the Borrower have (i) elected to extend the maturity of approximately \$958.0 million aggregate principal amount of B-1, B-2 and B-3 term loans from January 28, 2015 to January 28, 2018 as Term B-6 Loans, (ii) elected to extend the maturity of approximately \$12.2 million aggregate principal amount of revolving commitments from January 28, 2014 to January 28, 2017 and (iii) elected to convert approximately \$210.3 million aggregate principal amount of revolving commitments maturing on January 28, 2014 into Term B-6 Loans maturing on January 28, 2018. The Term B-6 Loans will have a springing maturity to April 14, 2017 if more than \$250.0 million of the Borrower's 11.25% Senior Secured Notes due 2017 remain outstanding on April 14, 2017. Upon the effectiveness of the extension transaction, the Borrower will repay term loans of extending lenders in an amount equal to 50% of the principal amount of term loans and/or revolving commitments elected to be extended and/or converted as Term B-6 Loans and terminate revolving commitments of extending lenders in an amount equal to 50% of the principal amount of revolving commitments elected to be extended. After taking into account of the extensions, repayments and commitment reductions contemplated by the foregoing, there will be approximately \$2,630.0 million of Term B-6 Loans outstanding, \$1,027.0 million of B-1, B-2 and B-3 term loans outstanding with a maturity of January 28, 2015, \$823.4 million of revolving commitments outstanding with a maturity of January 28, 2014 and \$31.1 million of revolving commitments outstanding with a maturity of January 28, 2017. The repayment of term loans contemplated by the foregoing is expected to be funded in part with proceeds from the notes issued by the Escrow Issuers subject to the release of such proceeds from escrow. The release from escrow and the effectiveness of the extension transaction are subject to customary closing conditions, including receipt of required gaming regulatory approvals and the reaffirmation of the security under the Credit Agreement. In addition to the foregoing, the Borrower may elect to extend and/or convert additional term loans and/or revolver commitments from time to time.

The Registrant is disclosing under Item 7.01 of this Current Report on Form 8-K the foregoing information.

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The Registrant is furnishing the information in this Item 7.01 of this Current Report on Form 8-K to comply with Regulation FD. Such information shall not be deemed to be filed for purposes of Section 18 of the Securities Exchange Act of 1934, as amended, or otherwise subject to the liabilities of that section, and shall not be deemed to be incorporated by reference into any of the Registrant's filings under the Securities Act or the Securities Exchange Act of 1934, as amended, whether made before or after the date hereof and regardless of any general incorporation language in such filings, except to the extent expressly set forth by specific reference in such a filing.

Section 9 Financial Statements and Exhibits

Item 9.01 Financial Statements and Exhibits.

(d) Exhibits.

| Exhibit No. | Description |
|-------------|--|
| 4.1 | Indenture, dated as of August 22, 2012, by and among Caesars Operating Escrow LLC, Caesars Escrow Corporation, Caesars Entertainment Corporation and U.S. Bank National Association, as trustee. |
| 4.2 | Registration Rights Agreement, dated as of August 22, 2012, by and among Caesars Operating Escrow LLC, Caesars Escrow Corporation, Caesars Entertainment Corporation and Citigroup Global Markets Inc., as representative of the initial purchasers. |
| 10.1 | Escrow Agreement, dated as of August 22, 2012, by and among Caesars Operating Escrow LLC, Caesars Escrow Corporation, U.S. Bank National Association, as escrow agent and securities intermediary, and U.S. Bank National Association, as trustee. |

SIGNATURES

Pursuant to the requirements of the Securities Exchange Act of 1934, as amended, the Registrant has duly caused this report to be signed on its behalf by the undersigned hereunto duly authorized.

CAESARS ENTERTAINMENT CORPORATION

Date: August 22, 2012

By: /s/ MICHAEL D. COHEN
Michael D. Cohen
Senior Vice President, Deputy General Counsel and Corporate
Secretary

EXHIBIT INDEX

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