

# Eldorado, Caesars deal finalized, creating country's largest casino company

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The \$17.3 billion merger of Eldorado Resorts Inc. and Caesars Entertainment Corp. was finalized Monday, the newly formed company announced.

Caesars Entertainment Inc. is now the largest casino operator in the United States and currently controls four of Atlantic City's nine gambling parlors. The new Caesars will oversee 55 casinos worldwide and in 16 U.S. states.

New Jersey regulators approved the deal Friday, the final clearance needed for Reno-based Eldorado's acquisition of the Las Vegas gaming giant.

"We are pleased to have completed this transformative merger, thus making us the premier leader in gaming and hospitality. We look forward to executing on the numerous opportunities ahead to create value for all stakeholders," Tom Reeg, CEO of Caesars Entertainment, Inc., said in a statement Monday "Additionally, we are pleased to welcome all of our team members to the combined company, and we look forward to implementing all of the strategic initiatives that will position the company for continued growth."

The new company will operate Bally's Atlantic City, Caesars Atlantic City, Harrah's Resort Atlantic City and Tropicana Atlantic City. Prior to the merger, Bally's was sold to Rhode Island-based Twin River Worldwide Holdings for \$25 million and the sale is expected to be finalized in the fourth quarter of 2020.

Last week, regulators with the state Division of Gaming Enforcement expressed reservations about the scope of the merger and the unknown impacts of the novel coronavirus on gaming, hospitality and leisure. At the recommendation of the DGE, the Casino Control Commission imposed 39 conditions on the deal's approval, including significant capital investment at the Atlantic City casinos in the next three years and a prohibition against closing any of the properties for at least five years.

New Caesars agreed to the creation of a \$400 million capital expenditures trust account, with the caveat that if the Bally's sale is not complete by year's end another \$125 million will be added.

A minimum of \$150 million must be spent on Caesars Atlantic City over the next 36 months, including \$75 million in year one and \$125 million by the end of the second year.

"We understand that we acquire the positives and negatives of Caesars," Reeg told New Jersey gaming regulators last week. "And we know that Atlantic City and New Jersey have had some difficulties with a lack of investment from Caesars, chiefly in the past, and we understand why the conditions are there. We are absolutely committed to agreeing to the requirement."

On Monday, Caesars Entertainment Inc. Chief Financial Officer Bret Yunker said a multi-year plan to improve and enhance the guest experience at the Atlantic City properties was being developed. Yunker said room renovations for both the Ocean and Centurion Towers at Caesars was a priority, as was revamping the property's food and beverage options.

The "sense of arrival" at Caesars — at both the porte cochere and Boardwalk entrances — is another focus area for the new company, Yunker said, echoing what regulators noted last week in that investment in Caesars' Atlantic City properties is overdue.

"It's obviously going to play out over a number of years because of this very unique scenario we're in with COVID-19," he said. "But we're going to try to do this as quickly as we possibly can but also as safely as we can."

The global pandemic creates marketing and promotional challenges as well since travel restrictions are in place and casino are presently operating under reduced capacity limits. But Yunker said the immediate plan of improving the properties in Caesars' portfolio is part of a long-term strategy to increase the number of people visiting Atlantic City.

"We're going to really lean on both the Caesars database and the Eldorado database, and get the best customers we can to come to Atlantic City," Yunker said.

Locally, much of the senior management from Eldorado (Tropicana) and old Caesars will remain in Atlantic City.

Steve Callender, senior vice president of Eastern regional operations and president of the Casino Association of New Jersey; Jason Gregoric, general manager of Tropicana; Ron Baumann, regional president for the old Caesars' three Atlantic City casinos; and Karie Hall, general manager of Bally's, will all remain with the newly formed company.

Also, former Caesars CEO Tony Rodio, a longtime Atlantic City casino executive, will serve as a strategic advisor to Reeg. Rodio will develop and implement a capital expenditure program for the new company.