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**UNITED STATES  
SECURITIES AND EXCHANGE COMMISSION**  
Washington, D.C. 20549

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**FORM 8-K**

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**CURRENT REPORT**  
**Pursuant to Section 13 or 15(d)**  
**of the Securities Exchange Act of 1934**

**September 26, 2016 (September 23, 2016)**  
**Date of Report (Date of earliest event reported)**

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**Caesars Acquisition Company**  
(Exact name of registrant as specified in its charter)

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**Delaware**  
(State of Incorporation)

**001-36207**  
(Commission  
File Number)

**46-2672999**  
(IRS Employer  
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)

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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))
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## Introductory Note

On September 23, 2016, Caesars Interactive Entertainment, LLC, a Delaware limited liability company (“CIE”), an indirect subsidiary of Caesars Acquisition Company (“CAC”), sold its social and mobile games business (the “SMG Business”) to Alpha Frontier Limited, a Cayman Islands exempted company (“Purchaser”) (such sale, together with the transactions contemplated under the Purchase Agreement, the “Sale”), pursuant to the Stock Purchase Agreement, dated as of July 30, 2016 (the “Purchase Agreement”), entered into by and among CIE, Purchaser, and, solely for certain limited purposes described therein, Caesars Growth Partners, LLC, a Delaware limited liability company (“CGP”), and CIE Growth, LLC, a Delaware limited liability company (“CIE Growth”). The Purchaser was backed by a consortium that includes Giant Investment (HK) Limited, an affiliate of Shanghai Giant Network Technology Co., Ltd.; Yunfeng Capital; China Oceanwide Holdings Group Co., Ltd.; China Minsheng Trust Co., Ltd.; CDH China HF Holdings Company Limited and Hony Capital Fund.

In connection with the Sale and related restructuring, CIE retained its World Series of Poker (“WSOP”) and regulated online real money gaming (“RMG”) businesses. CIE also granted an exclusive, royalty bearing license to Playtika, Ltd., a CIE subsidiary constituting part of the SMG Business (“Playtika”), with respect to the WSOP and other WSOP-related trademarks owned by CIE or its affiliates and an exclusive royalty bearing sublicense with respect to certain trademarks for continued use in Playtika’s social and mobile games business.

The descriptions of the Purchase Agreement and the transactions contemplated thereby in this Current Report on Form 8-K do not purport to be complete and are qualified in their entirety by reference to the Purchase Agreement, a copy of which was filed as Exhibit 2.1 to the Current Report on Form 8-K filed by CAC with the Securities and Exchange Commission (the “SEC”) on August 1, 2016 and is incorporated herein by reference.

### Item 1.01 Entry into Material Definitive Agreement

#### *Amendment to the CGP Operating Agreement*

In connection with the closing of the Sale (the “Closing”), on September 23, 2016, CAC, Caesars Entertainment Corporation (“CEC”) and certain subsidiaries of CEC (the “CEC Members”) entered into an amendment to the Amended and Restated Limited Liability Company Agreement of CGP (the “CGP Operating Agreement Amendment”), to, among other things, permit CGP following the Closing to make one or more non-pro rata special distributions to (a) the CEC Members of up to \$200 million for professional fees and up to \$50 million to replenish a deposit previously made by CEC for the support of a proposed casino project in South Korea, and (b) CAC of up to \$300 million to pay tax liabilities resulting from the Sale. The CGP Operating Agreement Amendment also provides that upon a liquidation, partial liquidation or sale of material assets, following the existing preferential return to all units held by CAC, the CEC Members shall receive an amount equal to the difference between (x) the amount the CEC Members would have received had the special distributions been made pro rata based on the members’ respective company percentage interests in CGP as of the Closing and (y) the amount of special distributions actually received by the CEC Members.

The foregoing description of the CGP Operating Agreement Amendment does not purport to be complete and is qualified in its entirety by reference to the CGP Operating Agreement Amendment, which is filed as Exhibit 10.1 hereto, and is incorporated herein by reference.

### Item 1.02 Termination of Material Definitive Agreement

The information provided in the Introductory Note of this Current Report on Form 8-K is incorporated by reference herein.

#### *Termination of the CIE Management Investor Rights Agreement*

In connection with the Closing, CIE terminated (a) that certain Amended and Restated CIE Management Investor Rights Agreement, dated November 22, 2010 as amended, among CIE, CGP, CIE Growth and the other stockholders party thereto (the “MIRA”) and (b) that certain Adoption Agreement, dated as of March 30, 2012, among Rock Gaming Interactive LLC (“Rock Gaming”), CIE, CGP and CIE Growth (the “Adoption Agreement”). Such termination of the MIRA and the Adoption Agreement became effective at the Closing.

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***Termination of the CIE Liquidity Plan***

In connection with the Closing, CIE terminated the CIE Liquidity Plan, effective at the Closing.

**Item 2.01 Completion of Acquisition or Disposition of Assets**

The information provided in the Introductory Note of this Current Report on Form 8-K is incorporated by reference herein.

As described above, on September 23, 2016, the Closing of the Sale occurred. CIE received \$4.4 billion in cash, subject to customary purchase price adjustments for net working capital, cash, and transaction expenses (such proceeds from the Sale, the "CIE Proceeds"), of which \$264,000,000 was placed in escrow to secure the potential indemnity claims of Purchaser under the Purchase Agreement (the "Indemnity Escrow"). In connection with the Closing, CAC will file certain pro forma financial information related to the Sale with an amendment to this Current Report on Form 8-K within four business days of the Closing.

Pursuant to the Purchase Agreement, CIE agreed to hold a portion of the CIE Proceeds in a separate maintenance account until the occurrence of certain bankruptcy release events, as further detailed in the Purchase Agreement. In connection with the Closing, and pursuant to the Purchase Agreement and the CIE Proceeds and Reservation of Rights Agreement (including exhibits thereto, the "CIE Proceeds Agreement"), dated September 9, 2016, entered into among CAC, CIE, CEC and Caesars Entertainment Operating Company, Inc., a majority owned subsidiary of CEC ("CEOC"), CIE agreed to deposit into an escrow account (the "CIE Escrow Account") the CIE Proceeds in excess of the sum of: (a) certain amounts used for the payment of transaction expenses related to the Closing, (b) distributions to minority shareholders or equity holders of CIE related to the repurchase of CIE equity interests held by such holders, and (c) certain tax payments. In connection with the Closing, CIE deposited into the CIE Escrow Account the portion of the CIE Proceeds required by the CIE Proceeds Agreement. The funds in the CIE Escrow Account may only be released pursuant to the terms set forth in the CIE Proceeds Agreement.

The description of the CIE Proceeds Agreement and the transactions contemplated thereby in this Current Report on Form 8-K do not purport to be complete and are qualified in their entirety by reference to the CIE Proceeds Agreement, a copy of which was filed as Exhibit 10.1 to the Current Report on Form 8-K filed by CAC with the SEC on September 12, 2016 and is incorporated herein by reference.

**Item 5.02(e) Departure of Directors or Certain Officers; Election of Directors; Appointment of Certain Officers; Compensatory Arrangements of Certain Officers.**

The information provided in the Introductory Note of this Current Report on Form 8-K is incorporated by reference herein.

***Repurchase of CIE Minority Stockholders and Acceleration and Cancellation of CIE Equity Awards***

In connection with the Closing, CIE repurchased, immediately prior to the Closing, all of the shares of CIE common stock held by Rock Gaming Interactive LLC, and its minority investors, including Mitchell Garber, CAC's Chief Executive Officer and President, Craig Abrahams, CAC's Chief Financial Officer, and Michael Cohen, CAC's Senior Vice President, Corporate Development, General Counsel and Corporate Secretary (together with Rock Gaming, the "Minority Investors"), for the right to receive cash payments representing the fair market value of the shares of CIE common stock at the Closing, consisting of (a) a pro-rata portion of the CIE Proceeds and (b) a pro-rata portion of the fair market value of the WSOP and RMG businesses remaining with CIE following the Sale plus CIE cash on hand at Closing (the "CIE Remainder Value").

None of the outstanding CIE stock options, restricted stock units or warrants were assumed by the Purchaser in the Sale. In connection with the Sale, and pursuant to the permitted authority under the Purchase Agreement and CIE's Amended and Restated Management Equity Incentive Plan, CIE also accelerated the vesting of all of the outstanding options, restricted stock units and warrants of CIE (collectively, "CIE equity awards"), and, effective immediately prior to the Closing, the cancellation of all such CIE equity awards in exchange for the right to receive cash payments equal to the amounts to be paid to the Minority Investors, as described above.

The total per share CIE Proceeds to be delivered to the equity award holders and Minority Investors is subject to any purchase price adjustment pursuant to the Purchase Agreement and the release of proceeds, if any, from the Indemnity Escrow at the end of the escrow period, and will be paid to the Minority Investors and the CIE equity award holders as and when such amounts are paid to CIE under the Purchase Agreement. The estimated CIE Remainder Value was determined by CAC's Board of Directors based, in part, on the CAC's Board's review and consideration of a third party valuation, and estimated CIE cash on hand at Closing. The final CIE Remainder Value will be determined at the time of any purchase price adjustment payment is made to CIE under the Purchase Agreement and an additional payment may be made at that time.

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The portion of the CIE Proceeds to be paid at Closing per share of CIE common stock is \$26,075. The portion of the estimated CIE Remainder Value to be paid at Closing per share of CIE common stock is \$1,543. If the entire amount in the Indemnity Escrow is released to CIE, each Minority Stockholder and former holder of equity awards would receive an additional payment of approximately \$1,679 per share.

Each of Messrs. Garber, Abrahams and Cohen held CIE equity awards that were accelerated and cancelled as described above in exchange for the right to receive the payments described above. A description of the outstanding CIE equity awards held by each of Messrs. Garber, Abrahams and Cohen is set forth under “Executive Compensation — Outstanding Equity Awards at Fiscal Year-End” in CAC’s Definitive Proxy Statement on Schedule 14A filed by CAC with the SEC on March 24, 2016 and incorporated herein by reference. The number of shares of CIE common stock beneficially owned by each of Messrs. Garber and Cohen that were repurchased by CIE as described above were 1,024.0785 and 14.5212 respectively. Mr. Abrahams did not own any shares of CIE common stock.

### ***Tax Reimbursement and Indemnity Agreements***

In connection with the Closing, on September 23, 2016, CIE entered into Tax Reimbursement and Indemnity Agreements with Mitchell Garber (the “Garber Tax Reimbursement and Indemnity Agreement”) and Craig Abrahams (the “Abrahams Tax Reimbursement and Indemnity Agreement”), which provide for tax gross up payments to and/or indemnification of these executive officers for any exposure with respect to the excise taxes imposed by Sections 280G and 4999 of the Internal Revenue Code (the “Excise Tax”) as a result of the proceeds to be received by them in connection with the repurchase of their CIE Shares and the acceleration and cash out of their equity awards, as described above. The payments under these agreements are solely to reimburse these executive officers for their Excise Tax exposure (and any related taxes or penalties or interest on such Excise Taxes) and they will not receive any payments above and beyond such amounts.

Mr. Abrahams’ total gross-up payments under the Abrahams Tax Reimbursement and Indemnity Agreement will be approximately \$4.2 million. Under the Garber Tax Reimbursement and Indemnity Agreement, no gross-up payment was paid to Mr. Garber at the Closing. Because it is expected that Mr. Garber’s Excise Tax will be fully creditable against his Canadian income tax liability, instead of a gross-up payment at Closing, Mr. Garber will receive an indemnity from CIE for any exposure in the event that U.S. and/or Canadian tax authorities determine that Mr. Garber’s payments are subject to the Excise Tax which are not fully creditable against his Canadian tax liabilities (up to a maximum gross-up payment of \$10 million to Mr. Garber). The foregoing description of the Garber Tax Reimbursement and Indemnity Agreement and the Abrahams Tax Reimbursement and Indemnity Agreement does not purport to be complete and is qualified in its entirety by reference to the Garber Tax Reimbursement and Indemnity Agreement and the Abrahams Tax Reimbursement and Indemnity Agreement, which are filed as Exhibits 10.2 and 10.3 hereto, and are incorporated herein by reference.

### **Important Additional Information**

Pursuant to the Amended and Restated Agreement and Plan of Merger, dated as of July 9, 2016, between CAC and CEC, among other things, CAC will merge with and into CEC, with CEC as the surviving company (the “Merger”). In connection with the Merger, CAC and CEC will file with the SEC a Registration Statement on Form S-4 that will include a joint proxy statement/prospectus, as well as other relevant documents concerning the proposed transaction. Stockholders are urged to read the Registration Statement and joint proxy statement/prospectus regarding the Merger when it becomes available and any other relevant documents filed with the SEC, as well as any amendments or supplements to those documents, because they will contain important information. You will be able to obtain a free copy of such joint proxy statement/prospectus, as well as other filings containing information about CAC and CEC, at the SEC’s website ([www.sec.gov](http://www.sec.gov)), from CAC Investor Relations ([investor.caesarsacquisitioncompany.com](http://investor.caesarsacquisitioncompany.com)) or from CEC Investor Relations ([investor.caesars.com](http://investor.caesars.com)).

### **Forward-Looking Statements**

This filing contains or may contain “forward-looking statements” intended to qualify for the safe harbor from liability established by the Private Securities Litigation Reform Act of 1995. You can identify these statements by the fact that they do not relate strictly to historical or current facts. These statements contain words such as “may,” “will,” “contemplated,” “might,” “expect,” “intend,” “could,” “would,” or “estimate,” or the negative of these words or other words or expressions of similar meaning may identify forward-looking statements and are found at various places throughout this Form 8-K. These forward-looking statements, including, without limitation, those relating to the

consummation of the transactions, future actions, new projects, strategies, future performance, the outcome of contingencies such as legal proceedings and future

financial result, wherever they occur in this filing, are based on CAC management's current expectations about future events and are necessarily estimates reflecting the best judgment of management and involve a number of risks and uncertainties that could cause actual results to differ materially from those suggested by the forward-looking statements.

Investors are cautioned that forward-looking statements are not guarantees of future performance or results and involve risks and uncertainties that cannot be predicted or quantified, and, consequently, actual results may differ materially from those expressed or implied by such forward-looking statements. Such risks and uncertainties include, but are not limited to, the following factors, as well as other factors described from time to time in CAC's reports filed with the SEC (including the sections entitled "Risk Factors" and "Management's Discussion and Analysis of Financial Condition and Results of Operations" contained therein): unexpected costs, charges or expenses resulting from the transactions contemplated by the Purchase Agreement; and potential adverse reactions or changes to business relationships resulting from the completion of the transactions contemplated by the Purchase Agreement.

You are cautioned to not place undue reliance on these forward-looking statements, which speak only as of the date of this filing. CAC undertakes no obligation to publicly update or release any revisions to these forward-looking statements to reflect events or circumstances after the date of this filing or to reflect the occurrence of unanticipated events, except as required by law.

#### **Item 9.01 Financial Statements and Exhibits.**

(b) *Pro Forma Financial Information.*

The unaudited pro forma consolidated financial statements of CGP giving pro forma effect to the disposition of the SMG Business for the years ended December 31, 2015, 2014 and 2013 and the six months ended June 30, 2016 are not included in this Current Report on Form 8-K, and will be filed with an amendment to this Current Report on Form 8-K within four business days of the Closing.

(d) *Exhibits.*

The following exhibits are being filed herewith:

<u>Exhibit No.</u>	<u>Description</u>
10.1	First Amendment to the Amended and Restated Limited Liability Company Agreement of Caesars Growth Partners, LLC, dated as of October 21, 2013, dated as of September 23, 2016, entered into by and among (i) Caesars Acquisition Company, in its capacity as Caesars Growth Partners, LLC's managing member and as a member of Caesars Growth Partners, LLC, (ii) HIE Holdings, Inc., (iii) Harrah's BC, Inc. and (iv) Caesars Entertainment Corporation.
10.2	Tax Reimbursement and Indemnity Agreement, dated as of September 23, 2016, by and between Caesars Interactive Entertainment, Inc. and Mitchell Garber.
10.3	Tax Reimbursement and Indemnity Agreement, dated as of September 23, 2016, by and between Caesars Interactive Entertainment, Inc. and Craig Abrahams.

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**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.

Date: September 26, 2016

Caesars Acquisition Company

By: /s/ Craig J. Abrahams

Craig J. Abrahams  
Chief Financial Officer

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**EXHIBIT INDEX**

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10.2	Tax Reimbursement and Indemnity Agreement, dated as of September 23, 2016, by and between Caesars Interactive Entertainment, Inc. and Mitchell Garber.
10.3	Tax Reimbursement and Indemnity Agreement, dated as of September 23, 2016, by and between Caesars Interactive Entertainment, Inc. and Craig Abrahams.

EX-10.1 2 d255220dex101.htm EX-10.1

Exhibit 10.1

**FIRST AMENDMENT  
TO THE  
AMENDED AND RESTATED  
LIMITED LIABILITY COMPANY AGREEMENT  
OF  
CAESARS GROWTH PARTNERS, LLC**

This First Amendment (this “**Amendment**”) to the Amended and Restated Limited Liability Company Agreement of Caesars Growth Partners, LLC, a Delaware limited liability company (the “**Company**”), dated as of October 21, 2013 (the “**CGP Operating Agreement**”), is dated and effective as of September 23, 2016, is being entered into by and among Caesars Acquisition Company, a Delaware corporation (“**CAC**”), in its capacity as the Company’s managing member and as a Member (as defined below), HIE Holdings, Inc., a Delaware corporation and Harrah’s BC, Inc., a Delaware corporation (each, a “**CEC Member**”, and together, the “**CEC Members**”, and collectively with CAC, the “**Members**”), and Caesars Entertainment Corporation, a Delaware corporation (“**CEC**”). Capitalized terms used in this Amendment but not otherwise defined herein shall have the meanings given to such terms in the CGP Operating Agreement.

**WHEREAS**, in accordance with Section 15.5 of the CGP Operating Agreement, the Managing Member, CEC and the Members wish to amend the CGP Operating Agreement to provide for a special distribution to the Members as set forth herein.

**NOW, THEREFORE**, in consideration of the promises and the mutual agreements herein contained and for other good and valuable consideration, the receipt and sufficiency of which are hereby acknowledged, the parties hereto, intending to be legally bound, agree as follows:

**ARTICLE I.  
AMENDMENTS**

Section 1.1 Section 1.1 of the CGP Operating Agreement. The following definitions shall be added to Exhibit A-1 of the CGP Operating Agreement in alphabetical order:

“Actual CAC Special Distribution Amount” means the amount of CAC Special Distributions actually made pursuant to Section 6.9(b).

“Actual CEC Special Distribution Amount” means the amount of CEC Special Distributions actually made pursuant to Section 6.9(a).

“CAC Special Distributions” has the meaning set forth in Section 6.9(b).

“CAC Tax Liability Amount” means a cash amount sufficient to enable CAC to pay its aggregate tax liabilities in connection with the CIE Sale Transaction as determined by the Managing Member; provided that such amount shall not exceed \$300 million in the aggregate.

“CEC Special Distributions” has the meaning set forth in Section 6.9(a).

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“CIE Sale Transaction” means the sale of the social and mobile games business of CIE pursuant to that certain Stock Purchase Agreement, dated as of July 30, 2016, by and among Alpha Frontier Limited, CIE, and, solely for the purposes set forth therein, Caesars Growth Partners, LLC, a Delaware limited liability company, and CIE Growth, LLC, a Delaware limited liability company.

“Pro Rata CEC Special Distribution Amount” means an amount equal to the quotient obtained by dividing (a) the Actual CAC Special Distribution, by (b) a fraction, the numerator of which is the Company Percentage Interest held by CAC as of the closing of the CIE Sale Transaction, and the denominator of which is the Company Percentage Interests held by the CEC Members in the aggregate as of the closing of the CIE Sale Transaction.

“Special Distributions” means, collectively, the CAC Special Distributions and the CEC Special Distributions.

Section 1.2 New Section 6.9 of the CGP Operating Agreement. A new Section 6.9 of the CGP Operating Agreement shall be added after Section 6.8 of the CGP Operating Agreement as follows:

“6.9. Special Distributions. Following the consummation of the CIE Sale Transaction, notwithstanding anything to the contrary in this Agreement (including, without limitation, Sections 6.2, 6.3, 6.4, 6.5 and 12.2), the Company shall make special distributions to the Members from the proceeds of the CIE Sale Transaction, as follows:

(a) from time to time, upon the reasonable request of CEC and to the extent (i) permitted by that certain CIE Proceeds and Reservation of Rights Agreement, dated as of September 9, 2016, by and among CIE, CAC, CEC and CEOC and (ii) that there is no action, suit or proceeding preventing such distribution, to the CEC Members, an aggregate cash amount not to exceed the sum of: (x) \$200 million for the payment of professional fees and (y) \$50 million to replenish a deposit previously made by CEC for the support or advancement of a proposed casino project in South Korea (collectively, the “CEC Special Distributions”); and

(b) from time to time, when and as determined by the Managing Member, to CAC, an aggregate cash amount not to exceed the CAC Tax Liability Amount (the “CAC Special Distributions”).

In addition, notwithstanding anything to the contrary in this Agreement, the parties hereto agree that (i) the Special Distributions shall not be taken into account for purposes of determining the amounts that any Member is entitled to receive under Sections 6.3 or 12.2, except to the extent provided in Section 12.2(c); (ii) without limiting the Special Distributions, no other distribution that constitutes a Tax Distribution shall be made to any Member as a result of any income or gains arising out of the CIE Sale Transaction; (iii) the proceeds of the

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CIE Sale Transaction used to pay the Special Distributions shall not be deemed proceeds of a Liquidation Event or a Partial Liquidation for purposes of this Agreement and the remaining proceeds of the CIE Sale Transaction shall be distributed at such time as the Managing Member shall determine as a Partial Liquidation in accordance with this Agreement; and (iv) for purposes of Section 6.2 (Allocations), Net Profits (and to the extent necessary, individual items of income or gain) attributable to the CIE Sale Transaction shall be allocated among the Members on a *pro rata* basis in accordance with their relative Company Percentage Interests.”

Section 1.3 Amendment to Section 12.2 of the CGP Operating Agreement. Section 12.2 of the CGP Operating Agreement is hereby amended to read in its entirety as follows:

“12.2 Distribution of Liquidation Proceeds. Upon the occurrence of a Liquidation Event, the Managing Member will take full account of the Company’s liabilities and assets, and the Company’s assets will be liquidated as promptly as is consistent with obtaining the fair value thereof, subject to applicable gaming regulatory Laws (“Liquidation”). Additionally, assets of the Company may, from time to time, be sold or otherwise disposed of, either in a single transaction or a series of transactions, at a fair value greater than or equal to \$20,000,000 (such transaction or transactions, a “Partial Liquidation”). The proceeds from any Liquidation or Partial Liquidation will be applied and distributed in the following order:

(a) First, to the payment and discharge of all of the Company’s debts and liabilities (including debts and liabilities to the Members, to the extent permitted by Law), whether by payment or the making of reasonable provision for payment thereof;

(b) Second, 100% to the holders of Class A Units (pro rata based on the relative amounts distributable to each such holder pursuant to this Section 12.2(b)) until the aggregate amount distributed in respect of each Class A Unit pursuant to this clause (b) and Section 6.3 hereof (inclusive of any amounts previously received in respect of each such Class A Unit pursuant to this clause (b)) equals the Class A Liquidation Preference Amount in respect of each such Class A Unit as of the date of such distribution;

(c) Third, 100% to the CEC Members, an aggregate amount of cash equal to the difference between (i) the Pro Rata CEC Special Distribution Amount and (ii) the Actual CEC Special Distribution Amount;

(d) Fourth, 100% to the holders of Class B Units (pro rata based on the relative amounts distributable to each such holder pursuant to this Section 12.2(c)) until the aggregate amount distributed in respect of each Class B Unit pursuant to this clause (d) and Section 6.3 hereof (and in the case of a Class B Unit that was converted from a Class A Unit, pursuant to clause (b) of this Section 12.2 in respect of such Unit) (inclusive of any amounts previously received in respect of

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each such Class B Unit pursuant to this clause (d)) equals (i) with respect to any Class B Units held by any Member other than CAC, the Class B Member Unit Amount in respect of each such Class B Unit as of the date of such distribution, and (ii) with respect to any Class B Units held by CAC, the Class B CAC Unit Amount in respect of each such Class B Unit as of the date of such distribution; and

(e) Thereafter, 100% to the Members in accordance with Section 6.3.

To the extent any Member receives an amount pursuant to clauses (b), (c), (d) or (e) of this Section 12.2 that exceeds such Member's Adjusted Capital Account (after taking into account all adjustments, contributions and distributions made prior to the Liquidation), such excess shall be treated as a "guaranteed payment" made to such Member within the meaning of Section 707(c) of the Code."

## ARTICLE II. MISCELLANEOUS

Section 2.1 Effect on Agreement. Except as expressly amended by this Amendment, the CGP Operating Agreement shall remain in full force and effect in accordance with its terms. As amended hereby, the CGP Operating Agreement is hereby ratified and confirmed in all respects.

Section 2.2 Binding Effect. This Amendment shall be binding upon and shall inure to the benefit of CAC, as the Company's managing member, CEC and each Member and their respective heirs, permitted successors, permitted assigns, permitted distributees, and legal representatives; and by their signatures hereto, CAC, as the Company's managing member, CEC and each Member intends to and does hereby become bound. Nothing expressed or mentioned in this Amendment is intended or shall be construed to give any Person other than the parties hereto and their respective permitted successors and assigns any legal or equitable right, remedy or claim under, in or in respect of this Amendment or any provision herein contained. For purposes of this Amendment, "Person" means any natural person, corporation, limited partnership, general partnership, limited liability company, joint stock company, joint venture, association, company, estate, trust, bank trust company, land trust, business trust, or other organization, whether or not a legal entity, custodian, trustee-executor, administrator, nominee or entity in a representative capacity and any government or agency or political subdivision thereof.

Section 2.3 Merger Agreement. Each of CAC and CEC acknowledge and agree that nothing in this Amendment shall amend, alter or modify in any respect the terms of, or constitute a consent, approval or waiver of rights under, that certain Amended and Restated Agreement and Plan of Merger, dated as of July 9, 2016, between CAC and CEC (the "Merger Agreement"), including, without limitation, in respect of each party's covenants and obligations under Section 5.2 of the Merger Agreement (as such covenants and obligations relate to the proposed casino project in South Korea or otherwise).

Section 2.4 Governing Law; Severability. This Amendment, and all rights and remedies in connection therewith, will be governed by, and construed under, the applicable laws

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of the State of Delaware, without regard to otherwise governing principles of conflicts of law (whether of the State of Delaware or otherwise) that would result in the application of the laws of any other jurisdiction. If any provision of this Amendment is held to be illegal, invalid or unenforceable under present or future applicable laws effective during the term of this Amendment, such provision shall be fully severable; this Amendment shall be construed and enforced as if such illegal, invalid or unenforceable provision had never comprised a part of this Amendment; and the remaining provisions of this Amendment shall remain in full force and effect and shall not be affected by the illegal, invalid or unenforceable provision or by its severance from this Amendment. Furthermore, in lieu of each such illegal, invalid or unenforceable provision, there shall be added automatically as a part of this Amendment a provision as similar in terms to such illegal, invalid or unenforceable provision as may be possible and be legal, valid, and enforceable.

Section 2.5 Counterparts. This Amendment may be executed in any number of counterparts (including facsimile counterparts), all of which together shall constitute a single instrument.

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IN WITNESS WHEREOF, the Company, the Managing Member and the other Members, and CEC have executed this Amendment as of the date first set forth above.

**MANAGING MEMBER:**

**CAESARS ACQUISITION COMPANY**

By: /s/ Craig Abrahams

Name: Craig Abrahams

Title: Chief Financial Officer

**CEC:**

**CAESARS ENTERTAINMENT  
CORPORATION**

By: /s/ Scott E. Wiegand

Name: Scott E. Wiegand

Title: SVP, Deputy General Counsel &  
Corporate Secretary

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**MEMBERS:****CAESARS ACQUISITION COMPANY**By: /s/ Craig Abrahams

Name: Craig Abrahams

Title: Chief Financial Officer

**HIE HOLDINGS, INC.**By: /s/ Scott E. Wiegand

Name: Scott E. Wiegand

Title: Secretary

**HARRAH'S BC, INC.**By: /s/ Scott E. Wiegand

Name: Scott E. Wiegand

Title: Secretary

EX-10.2 3 d255220dex102.htm EX-10.2

Exhibit 10.2

**TAX REIMBURSEMENT AND INDEMNITY AGREEMENT**

This TAX REIMBURSEMENT AND INDEMNITY AGREEMENT (the “Agreement”), dated as of September 23, 2016, is made and entered into by and between Caesars Interactive Entertainment, Inc., a Delaware corporation (the “CIE”), and Mitch Garber (“Executive”).

WHEREAS, CIE has entered into a Stock Purchase Agreement (the “Purchase Agreement”) dated as of July 30, 2016, by and among CIE and Alpha Frontier Limited, a Cayman Island exempted company (the “Purchaser”), with Caesars Growth Partners, LLC and CIE Growth, LLC, each acting in their limited capacities as guarantors (collectively, the “Guarantors”), pursuant to which CIE will sell substantially all of the assets of its social and mobile games business to the Purchaser (the “Sale”); and

WHEREAS, in connection with the Sale, CIE and Executive desire to enter into this Agreement with respect to certain tax obligations that may arise with respect to Executive and CIE’s agreement to reimburse Executive for the same, pursuant to the terms of this Agreement.

NOW, THEREFORE, in consideration of the mutual agreements set forth herein and for other good and valuable consideration, the receipt and sufficiency of which are hereby acknowledged, the parties hereby agree as follows:

1. Certain Payments.

(a) Gross-Up Payments. If it shall be determined that all or any portion of the excise tax imposed by Section 4999 of the Code (the “Excise Tax”) on Executive with respect to any payment or distribution in the nature of compensation (within the meaning of Section 280G(b)(2) of the Internal Revenue Code of 1986, as amended (the “Code”)) to or for the benefit of Executive and from CIE or its affiliates, whether paid or payable pursuant to this Agreement or otherwise, is not fully creditable against Executive’s Canadian income tax liability, for any reason (a “Non-Creditable Excise Tax”), then CIE shall pay to Executive an additional cash amount (the “Gross-Up Payment”) equal to the sum of (i) any Non-Creditable Excise Tax, (ii) any U.S. federal, state or local income or employment taxes (including any Excise Tax) or Canadian federal or provincial taxes owing on the Gross-Up Payment, in each case after applying appropriate foreign tax credits with respect to the Gross-Up Payment, and (iii) any interest and penalties imposed in respect of the amounts described in clauses (i) and (ii). In no event will the aggregate Gross-Up Payments under clauses (i) and (ii) above exceed \$10,000,000.

(b) Determinations. Subject to the provisions of Section 1(c) below, all determinations required to be made under this Section 1, including whether and when a Gross-Up Payment is required, the amount of such Gross-Up Payment, and the assumptions to be utilized in arriving at such determination, shall be made (i) as to determinations under the tax laws of the United States, by Pricewaterhouse Coopers LLP, the accounting firm used by CIE for U.S. tax purposes immediately prior to the closing of the Sale (the “U.S. Accounting Firm”), and (ii) as to determinations under the tax laws of Canada, by MNP S.E.N.C.R.L., s.r.l., the accounting firm used by CIE for Canadian tax purposes immediately prior to the closing of the Sale

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(the “Canadian Accounting Firm,” and together with the U.S. Accounting Firm, the “Accounting Firms”), the accounting firm used by CIE immediately prior to the closing of the Sale. The Accounting Firms shall provide detailed supporting calculations to CIE and Executive within 15 business days of the receipt of notice from Executive that there has been a claim or determination by the Internal Revenue Service and/or the Canada Revenue Agency (the “Taxing Authorities”) that, if successful, would require the payment by CIE of a Gross-Up Payment. All fees and expenses of the Accounting Firms shall be borne solely by CIE. Any determination by the Accounting Firms shall be binding upon CIE and Executive.

(c) Claims or Determinations by Taxing Authorities. Executive shall notify CIE in writing of any claim or determination by the Taxing Authorities that, if successful or not challenged, would require the payment by CIE of a Gross-Up Payment. Such notification shall be given as soon as practicable, but no later than 10 business days after Executive has actual knowledge of such claim or determination. Executive shall apprise CIE of the nature of such claim or determination and the date on which Executive is requested to pay any amounts to such taxing authority as a result of such claim or determination. Executive shall not pay amounts pursuant to any such claim or determination prior to the expiration of the 30-day period following the date on which Executive gives such notice to CIE (or such shorter period ending on the date that any payment of taxes with respect to such claim or determination is due). If CIE notifies Executive in writing prior to the expiration of such period that CIE desires to contest such claim or determination, Executive shall:

(i) give CIE any information reasonably requested by CIE relating to such claim or determination;

(ii) take such action in connection with contesting such claim or determination as CIE shall reasonably request in writing from time to time, including, without limitation, accepting legal representation with respect to such claim or determination by an attorney expert in such area reasonably selected by CIE;

(iii) cooperate with CIE in good faith in order effectively to contest such claim or determination; and

(iv) permit CIE to participate in any proceedings relating to such claim or determination; provided, however, that CIE shall bear and pay directly all costs and expenses (including any attorney’s fees and additional interest and penalties) incurred in connection with such contest, and shall indemnify and hold Executive harmless, on an after-tax basis, for any Excise Tax or income tax (including interest and penalties) imposed as a result of such representation and payment of costs and expenses.

Without limitation on the foregoing provisions of this Section 1(c), CIE shall control all proceedings taken in connection with such contest, and, at its sole discretion, may pursue or forgo any and all administrative appeals, proceedings, hearings, and conferences with the applicable taxing authority in respect of such claim or determination and may, at its sole discretion, either pay the tax claimed to the appropriate taxing authority on behalf of Executive and direct Executive to sue for a refund or to contest the claim or determination in any

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permissible manner, and Executive agrees to prosecute such contest to a determination before any administrative tribunal, in a court of initial jurisdiction, and in one or more appellate courts, as CIE shall determine; provided, however, that, if CIE pays the amounts payable pursuant to such claim or determination on behalf of Executive and directs Executive to sue for a refund, CIE shall, to the extent permitted by applicable law, effect such payment by advancing the amount of such payment to Executive, on an interest-free basis, and will indemnify and hold Executive harmless, on an after-tax basis, from any taxes (including interest or penalties with respect thereto) imposed on Executive with respect to such advance or payment or with respect to any imputed income in connection with such advance or payment; and provided, further, that any extension of the statute of limitations relating to payment of taxes for the taxable year of Executive with respect to which such contested amount is claimed to be due is limited solely to such contested amount. Furthermore, CIE's control of the contest shall be limited to issues with respect to which a Gross-Up Payment would be payable hereunder, and Executive shall be entitled to settle or contest, as the case may be, any other issue raised by the Taxing Authorities or any other applicable taxing authority.

(d) Refunds. If, after the receipt by Executive of a Gross-Up Payment or payment by CIE of an amount on Executive's behalf pursuant to Section 1(c) above, Executive becomes entitled to receive a refund with respect to the Non-Creditable Excise Tax to which such Gross-Up Payment relates or any Excise Tax that was determined to be a Non-Creditable Excise Tax resulted in a Gross-Up Payment and is subsequently determined to be creditable, in whole or in part, against Executive's Canadian income tax liability, Executive shall (subject to CIE's compliance with the requirements of Section 1(c) above, if applicable) promptly pay to CIE the amount of any refund (together with any interest paid or credited thereon after taxes applicable thereto). If, after payment by CIE of an amount on Executive's behalf pursuant to Section 1(c) above, a determination is made that Executive shall not be entitled to any such refund with respect to such claim and CIE does not notify Executive in writing of its intent to contest such denial of refund prior to the expiration of 30 days after such determination, then the amount of such payment (which, for purposes of this sentence, shall not include costs and expenses (including any attorney's fees and additional interest and penalties) incurred by CIE in connection with any contest pursuant to Section 1(c)) shall offset, to the extent thereof, the amount of Gross-Up Payment required to be paid.

(e) Payment of the Gross-Up Payment. Any Gross-Up Payment, as determined in accordance with this Agreement, shall be paid by CIE to Executive within 10 days of the Accounting Firm's determination that such a Gross-Up Payment is required. Notwithstanding any other provision of this Agreement, the Company may, in its sole discretion, withhold and pay over to the Taxing Authorities or any other applicable taxing authority, for the benefit of Executive, all or any portion of any Gross-Up Payment, and Executive hereby consents to such withholding.

2. Termination of Agreement. In the event the Purchase Agreement is terminated prior to consummation of the Sale, this Agreement shall automatically and without further action terminate.

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3. Amendments; Entire Agreement. This Agreement may not be amended or modified orally, and no provision hereof may be waived, except in a writing signed by the parties hereto. This Agreement contains the entire agreement between the parties concerning the subject matter hereof and supersedes all prior agreements and understandings, written and oral, between the parties with respect to the subject matter of this Agreement, including without limitation any provision of the employment agreement between Executive and CIE regarding Excise Taxes.

4. Assignment. This Agreement cannot be assigned by any party hereto, except with the written consent of the other parties. Any assignment of this Agreement by any party shall not relieve such party of its or his or her obligations hereunder. This Agreement shall be binding on any successor to CIE.

5. Binding Effect. This Agreement shall be binding upon and inure to the benefit of the personal representatives and successors in interest of CIE.

6. Governing Law. This Agreement shall be governed and construed in accordance with the laws of the province of Quebec and the laws of Canada applicable therein. The parties agree that the Courts of the province of Quebec shall have exclusive jurisdiction with respect to all matters and disputes relating to the present Agreement, and the parties hereto irrevocably submit to such jurisdiction.

7. Notices. Any notice to be given hereunder by either party to the other may be effected by personal delivery, in writing, or by mail, registered or certified, postage prepaid with return receipt requested. Mailed notices shall be addressed to the parties at the addresses set forth below, but each party may change his, her or its address by written notice in accordance with this Section 7. Notices shall be deemed communicated as of the actual receipt or refusal of receipt.

Executive:

CIE: Caesars Interactive Entertainment, Inc.  
One Caesars Palace Drive  
Las Vegas, NV 89109  
Attn: General Counsel

8. Legal Advice. The Executive hereby agrees and recognizes that he/she has had sufficient opportunity to seek independent legal counsel before having signed the present Agreement.

9. Construction. This Agreement is to be construed as a whole, according to its fair meaning, and not strictly for or against any of the parties.

10. Severability. If any provision of this Agreement shall be determined by a court to be invalid or unenforceable, the remaining provisions of this Agreement shall not be affected thereby, shall remain in full force and effect, and shall be enforceable to the fullest extent permitted by applicable law.

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11. Withholding Taxes. Any payments or benefits to be made or provided to Executive pursuant to this Agreement shall be subject to any withholding tax (including social security contributions and federal income taxes) as shall be required by federal and provincial withholding tax laws.

12. Counterparts. This Agreement may be executed by the parties in any number of counterparts, each of which shall be deemed an original, but all of which shall constitute one and the same agreement.

13. Language. The parties hereto acknowledge that they have requested and are satisfied that this Agreement and all related documents be drawn up in the English language. *Les parties aux présentes reconnaissent avoir requis que la présente entente et les documents qui y sont relatifs soient rédigés en anglais.*

*(Signature page follows)*

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IN WITNESS WHEREOF, this Agreement has been executed and delivered by the parties hereto.

**CAESARS INTERACTIVE ENTERTAINMENT, INC.,**  
a Delaware corporation

By:           /s/ Craig Abrahams            
Name: Craig Abrahams  
Title: Senior Vice President, Chief Financial Officer

**EXECUTIVE**

          /s/ Mitch Garber            
Mitch Garber

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EX-10.3 4 d255220dex103.htm EX-10.3

Exhibit 10.3

**TAX REIMBURSEMENT AND INDEMNITY AGREEMENT**

This TAX REIMBURSEMENT AND INDEMNITY AGREEMENT (the "Agreement"), dated as of September 23, 2016, is made and entered into by and between Caesars Interactive Entertainment, Inc., a Delaware corporation (the "CIE"), and Craig Abrahams ("Executive").

WHEREAS, CIE has entered into a Stock Purchase Agreement (the "Purchase Agreement") dated as of July 30, 2016, by and among CIE and Alpha Frontier Limited, a Cayman Island exempted company (the "Purchaser"), with Caesars Growth Partners, LLC and CIE Growth, LLC, each acting in their limited capacities as guarantors (collectively, the "Guarantors"), pursuant to which CIE will sell substantially all of the assets of its social and mobile games business to the Purchaser (the "Sale"); and

WHEREAS, in connection with the Sale, CIE and Executive desire to enter into this Agreement with respect to the Payments (as defined below) to be received by Executive.

NOW, THEREFORE, in consideration of the mutual agreements set forth herein and for other good and valuable consideration, the receipt and sufficiency of which are hereby acknowledged, the parties hereby agree as follows:

1. Certain Payments.

(a) Gross-Up Payments. If it shall be determined that any payment or distribution in the nature of compensation (within the meaning of Section 280G(b)(2) of the Internal Revenue Code of 1986, as amended (the "Code")) to or for the benefit of Executive, whether paid or payable pursuant to this Agreement or otherwise (each, a "Payment") would (i) constitute a "parachute payment" within the meaning of Section 280G of the Code, and (ii) as such, is subject to the excise tax imposed by Section 4999 of the Code (the "Excise Tax"), then CIE shall pay to Executive an additional cash amount (the "Gross-Up Payment") with respect to each such Payment. The amount of each Gross-Up Payment shall be sufficient that, after paying (x) any Excise Tax on the Payment, (y) any federal, state or local income or employment taxes and Excise Tax on the Gross-Up Payment, and (z) any interest and penalties imposed in respect of the Excise Tax, Executive will retain an amount equal to the full amount of the Payment.

(b) Determinations. Subject to the provisions of Section 1(c) below, all determinations required to be made under this Section 1, including whether and when a Gross-Up Payment is required, the amount of such Gross-Up Payment, and the assumptions to be utilized in arriving at such determination, shall be made by Pricewaterhouse Coopers LLP, the accounting firm used by CIE immediately prior to the closing of the Sale (the "Accounting Firm"). The Accounting Firm shall provide detailed supporting calculations to CIE and Executive prior to the closing of the Sale and within 15 business days of the receipt of notice from Executive that there has been a Payment or such earlier time as is requested by CIE. All fees and expenses of the Accounting Firm shall be borne solely by CIE. For purposes of making the calculations required by this Agreement, the Accounting Firm may make reasonable assumptions and approximations concerning applicable taxes and may rely on reasonable, good-faith interpretations concerning the application of Sections 280G and 4999 of the Code. Any determination by the Accounting Firm shall be binding upon CIE and Executive.

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As a result of the uncertainty in the application of Section 4999 of the Code at the time of the initial determination by the Accounting Firm hereunder, it is possible that Gross-Up Payments that will not have been made by CIE should have been made (the "Underpayment"), consistent with the calculations required to be made hereunder. In the event Executive is required by a taxing authority to make a payment of any Excise Tax as the result of an Underpayment, the Accounting Firm shall determine the amount of the Underpayment that has occurred and any such Underpayment shall be promptly paid by CIE to or for the benefit of Executive but in no event later than the last day of Executive's taxable year following the year in which such Underpayment is remitted to the appropriate taxing authorities.

(c) Claims by Taxing Authority. Executive shall notify CIE in writing of any claim by the Internal Revenue Service that, if successful, would require the payment by CIE of a Gross-Up Payment or that there has been an Underpayment. Such notification shall be given as soon as practicable, but no later than 10 business days after Executive is informed in writing of such claim. Executive shall apprise CIE of the nature of such claim and the date on which such claim is requested to be paid. Executive shall not pay such claim prior to the expiration of the 30-day period following the date on which Executive gives such notice to CIE (or such shorter period ending on the date that any payment of taxes with respect to such claim is due). If CIE notifies Executive in writing prior to the expiration of such period that CIE desires to contest such claim, Executive shall:

- (i) give CIE any information reasonably requested by CIE relating to such claim;
- (ii) take such action in connection with contesting such claim as CIE shall reasonably request in writing from time to time, including, without limitation, accepting legal representation with respect to such claim by an attorney expert in such area reasonably selected by CIE;
- (iii) cooperate with CIE in good faith in order effectively to contest such claim; and
- (iv) permit CIE to participate in any proceedings relating to such claim;

provided, however, that CIE shall bear and pay directly all costs and expenses (including any attorney's fees and additional interest and penalties) incurred in connection with such contest, and shall indemnify and hold Executive harmless, on an after-tax basis, for any Excise Tax or income tax (including interest and penalties) imposed as a result of such representation and payment of costs and expenses.

Without limitation on the foregoing provisions of this Section 1(c), CIE shall control all proceedings taken in connection with such contest, and, at its sole discretion, may pursue or forgo any and all administrative appeals, proceedings, hearings, and conferences with the applicable taxing authority in respect of such claim and may, at its sole discretion, either pay the tax claimed to the appropriate taxing authority on behalf of Executive and direct Executive to sue

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for a refund or to contest the claim in any permissible manner, and Executive agrees to prosecute such contest to a determination before any administrative tribunal, in a court of initial jurisdiction, and in one or more appellate courts, as CIE shall determine; provided, however, that, if CIE directs Executive to pay such claim and to sue for a refund, CIE shall, to the extent permitted by applicable law, advance the amount of such payment to Executive, on an interest-free basis, and will indemnify and hold Executive harmless, on an after-tax basis, from any Excise Tax or income tax (including interest or penalties with respect thereto) imposed with respect to such advance or payment or with respect to any imputed income in connection with such advance or payment; and provided, further, that any extension of the statute of limitations relating to payment of taxes for the taxable year of Executive with respect to which such contested amount is claimed to be due is limited solely to such contested amount. Furthermore, CIE's control of the contest shall be limited to issues with respect to which a Gross-Up Payment would be payable hereunder, and Executive shall be entitled to settle or contest, as the case may be, any other issue raised by the Internal Revenue Service or any other taxing authority.

(d) Refunds. If, after the receipt by Executive of a Gross-Up Payment or payment by CIE of an amount on Executive's behalf pursuant to Section 1(c) above, Executive becomes entitled to receive any refund with respect to the Excise Tax to which such Gross-Up Payment relates or with respect to such claim, Executive shall (subject to CIE's compliance with the requirements of Section 1(c) above, if applicable) promptly pay to CIE the amount of such refund (together with any interest paid or credited thereon after taxes applicable thereto). If, after payment by CIE of an amount on Executive's behalf pursuant to Section 1(c) above, a determination is made that Executive shall not be entitled to any refund with respect to such claim and CIE does not notify Executive in writing of its intent to contest such denial of refund prior to the expiration of 30 days after such determination, then the amount of such payment shall offset, to the extent thereof, the amount of Gross-Up Payment required to be paid.

(e) Payment of the Gross-Up Payment. Any Gross-Up Payment, as determined in accordance with this Agreement, shall be paid by CIE to Executive within 10 days of the Accounting Firm's determination that such a Gross-Up Payment is required or, if earlier, at the same time withholding taxes for the related Excise Tax are due; provided that the Gross-Up Payment shall in all events be paid no later than the end of Executive's taxable year next following Executive's taxable year in which the Excise Tax (and any income or other related taxes or interest or penalties thereon) on a Payment are remitted to the Internal Revenue Service or any other applicable taxing authority or, in the case of amounts relating to a claim described in Section 1(c) above that does not result in the remittance of any federal, state, local, and foreign income, excise, social security, and other taxes, the calendar year in which the claim is finally settled or otherwise resolved. Notwithstanding any other provision of this Agreement, the Company may, in its sole discretion, withhold and pay over to the Internal Revenue Service or any other applicable taxing authority, for the benefit of Executive, all or any portion of any Gross-Up Payment, and Executive hereby consents to such withholding.

2. Termination of Agreement. In the event the Purchase Agreement is terminated prior to consummation of the Sale, this Agreement shall automatically and without further action terminate.

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3. Amendments; Entire Agreement. This Agreement may not be amended or modified orally, and no provision hereof may be waived, except in a writing signed by the parties hereto. This Agreement contains the entire agreement between the parties concerning the subject matter hereof and supersedes all prior agreements and understandings, written and oral, between the parties with respect to the subject matter of this Agreement, including without limitation any provision of the employment agreement between Executive and CIE regarding Excise Taxes.

4. Assignment. This Agreement cannot be assigned by any party hereto, except with the written consent of the other parties. Any assignment of this Agreement by any party shall not relieve such party of its or his or her obligations hereunder. This Agreement shall be binding on any successor to CIE.

5. Binding Effect. This Agreement shall be binding upon and inure to the benefit of the personal representatives and successors in interest of CIE.

6. Governing Law. This Agreement shall be governed and construed in accordance with the laws of the State of Nevada applicable therein.

7. Notices. Any notice to be given hereunder by either party to the other may be effected by personal delivery, in writing, or by mail, registered or certified, postage prepaid with return receipt requested. Mailed notices shall be addressed to the parties at the addresses set forth below, but each party may change his, her or its address by written notice in accordance with this Section 7. Notices shall be deemed communicated as of the actual receipt or refusal of receipt.

Executive: Craig Abrahams

CIE: Caesars Interactive Entertainment, Inc.  
One Caesars Palace Drive  
Las Vegas, NV 89109  
Attn: General Counsel

8. Legal Advice. The Executive hereby agrees and recognizes that he/she has had sufficient opportunity to seek independent legal counsel before having signed the present Agreement.

9. Construction. This Agreement is to be construed as a whole, according to its fair meaning, and not strictly for or against any of the parties.

10. Severability. If any provision of this Agreement shall be determined by a court to be invalid or unenforceable, the remaining provisions of this Agreement shall not be affected thereby, shall remain in full force and effect, and shall be enforceable to the fullest extent permitted by applicable law.

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11. Withholding Taxes. Any payments or benefits to be made or provided to Executive pursuant to this Agreement shall be subject to any withholding tax (including social security contributions and federal income taxes) as shall be required by federal and provincial withholding tax laws.

12. Counterparts. This Agreement may be executed by the parties in any number of counterparts, each of which shall be deemed an original, but all of which shall constitute one and the same agreement.

*(Signature page follows)*

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IN WITNESS WHEREOF, this Agreement has been executed and delivered by the parties hereto.

**CAESARS INTERACTIVE ENTERTAINMENT, INC.,**  
a Delaware corporation

By:           /s/ Mitch Garber            
Name: Mitch Garber  
Title: Chief Executive Officer

**EXECUTIVE**

          /s/ Craig Abrahams            
Craig Abrahams

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