

Section 1: 10-K (10-K)

**UNITED STATES
SECURITIES AND EXCHANGE COMMISSION
Washington, D.C. 20549
FORM 10-K**

(Mark One)

ANNUAL REPORT PURSUANT TO SECTION 13 OR 15(d) OF THE SECURITIES EXCHANGE ACT OF 1934

For the fiscal year ended December 31, 2018

OR

TRANSITION REPORT PURSUANT TO SECTION 13 OR 15(d) OF THE SECURITIES EXCHANGE ACT OF 1934

For the transition period to

Commission File No. 001-36629

ELDORADO RESORTS, INC.

(Exact name of registrant as specified in its charter)

Nevada
(State or other jurisdiction of
incorporation or organization)

46-3657681
(I.R.S. Employer
Identification No.)

100 West Liberty Street, Suite 1150

Reno, Nevada 89501

(Address of principal executive offices)

Telephone: (775) 328-0100

(Registrant's telephone number, including area code)

Securities registered pursuant to Section 12(b) of the Act:

<u>Title of each class</u>	<u>Name of each exchange on which registered</u>
Common Stock, \$.00001, par value	NASDAQ Stock Market

Securities registered pursuant to section 12(g) of the Act: None

Indicate by check mark if the registrant is a well-known seasoned issuer, as defined in Rule 405 of the Securities Act. Yes No

Indicate by check mark if the registrant is not required to file reports pursuant to Section 13 or Section 15(d) of the Act. Yes No

Indicate by check mark whether the registrant (1) has filed reports required to be filed by Section 13 or 15(d) of the Securities Exchange Act of 1934 during the preceding 12 months (or for such shorter period that the registrant was required to file such reports), and (2) has been subject to such filing requirements for the past 90 days. Yes No

Indicate by check mark whether the registrant has submitted electronically every Interactive Data File required to be submitted pursuant to Rule 405 of Regulation S-T (§232.405 of this chapter) during the preceding 12 months (or for such shorter period that the registrant was required to submit such files). Yes No

Indicate by check mark if disclosure of delinquent filers pursuant to Item 405 of Regulation S-K (§299.405 of this chapter) is not contained herein, and will not be contained, to the best of registrant's knowledge, in definitive proxy or information statements incorporated by reference in Part III of this Form 10-K or any amendment to this Form 10-K.

Indicate by check mark whether the registrant is a large accelerated filer, an accelerated filer, a non-accelerated filer, a smaller reporting company, or emerging growth company. See the definitions of "large accelerated filer," "accelerated filer," "smaller reporting company" and "emerging growth company" in Rule 12b-2 of the Exchange Act.

Large accelerated filer	<input checked="" type="checkbox"/>	Accelerated filer	<input type="checkbox"/>
Non-accelerated filer	<input type="checkbox"/>	Smaller reporting company	<input type="checkbox"/>
Emerging growth company	<input type="checkbox"/>		

(Do not check if a smaller reporting company)

If an emerging growth company, indicate by checkmark if the registrant has elected not to use the extended transition period for complying with any new or revised financial accounting standards provided pursuant to Section 13(a) of the Exchange Act.

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

The aggregate market value of the common stock held by non-affiliates of the Registrant was \$2.5 billion at June 30, 2018 based upon the closing price for the shares of ERI's common stock as reported by The Nasdaq Stock Market.

As of February 25, 2019, there were 77,433,982 outstanding shares of the Registrant's Common Stock.

Documents Incorporated by Reference

Portions of the Registrant's definitive proxy statement to be filed with the Commission pursuant to Regulation 14A in connection with the Registrant's Annual Meeting of Stockholders (the "Proxy Statement") are incorporated by reference into Part III of this report. Such Proxy Statement will be filed with the

Commission not later than 120 days after the conclusion of the Registrant's fiscal year ended December 31, 2018.

ELDORADO RESORTS, INC.
ANNUAL REPORT FOR THE YEAR ENDED DECEMBER 31, 2018
TABLE OF CONTENTS

Part I		
Item 1.	Business	1
Item 1A.	Risk Factors	13
Item 1B.	Unresolved Staff Comments	26
Item 2.	Properties	26
Item 3.	Legal Proceedings	28
Item 4.	Mine Safety Disclosures	28
Part II		
Item 5.	Market for Registrants' Common Equity and Related Stockholder Matters and Issuer Purchases of Equity Securities	29
Item 6.	Selected Financial Data	30
Item 7.	Management's Discussion and Analysis of Financial Condition and Results of Operations	33
Item 7A.	Quantitative and Qualitative Disclosures About Market Risk	59
Item 8.	Financial Statements and Supplementary Data	60
Item 9.	Changes in and Disagreements with Accountants on Accounting and Financial Disclosure	60
Item 9A.	Controls and Procedures	60
Item 9B.	Other Information	63
Part III		
Item 10.	Directors, Executive Officers and Corporate Governance	64
Item 11.	Executive Compensation	64
Item 12.	Security Ownership of Certain Beneficial Owners and Management and Related Stockholder Matters	64
Item 13.	Certain Relationships and Related Transactions, and Director Independence	64
Item 14.	Principal Accounting Fees and Services	64
Part IV		
Item 15.	Financial Statement Schedules	65
EXHIBITS		66
SIGNATURES		72
INDEX TO CONSOLIDATED FINANCIAL STATEMENTS OF ELDORADO RESORTS, INC.		73

PART I

Item 1. Business.

Eldorado Resorts, Inc., a Nevada corporation, is referred to as the "Company," "ERI," or the "Registrant," and together with its subsidiaries may also be referred to as "we," "us" or "our."

Overview

We are a geographically diversified gaming and hospitality company. As of December 31, 2018, we owned 28 gaming facilities in 13 states. Our properties, which are located in Ohio, Louisiana, Nevada, New Jersey, Pennsylvania, West Virginia, Colorado, Florida, Iowa, Mississippi, Illinois, Indiana and Missouri, feature approximately 30,000 slot machines and video lottery terminals ("VLTs"), approximately 800 table games and approximately 12,600 hotel rooms. Our primary source of revenue is generated by gaming operations, and we utilize our hotels, restaurants, bars, entertainment, racing, retail shops and other services to attract customers to our properties.

We were founded in 1973 by the Carano family with the opening of the Eldorado Hotel Casino in Reno, Nevada. In 1993, we partnered with MGM Resorts International to build Silver Legacy Resort Casino ("Silver Legacy"), the first mega-themed resort in Reno. In 2005, we acquired our first property outside of Reno when we purchased a casino in Shreveport, Louisiana, now known as Eldorado Shreveport. In September 2014, we merged with MTR Gaming Group, Inc. and acquired its three gaming and racing facilities in Ohio, Pennsylvania and West Virginia. The following year, in November 2015, we acquired Circus Circus Reno ("Circus Reno") and the 50% membership interest in the Silver Legacy that was owned by MGM Resorts International. On May 1, 2017, we completed our acquisition of Isle of Capri Casinos, Inc. ("Isle" or "Isle of Capri"), adding 13 gaming properties to our portfolio. On August 7, 2018, we acquired the Elgin Riverboat Resort – Riverboat Casino d/b/a Grand Victoria Casino ("Elgin") ("Elgin Acquisition"). On October 1, 2018, we completed our acquisition of Tropicana Entertainment, Inc. ("Tropicana"), adding seven properties to our portfolio (the "Tropicana Acquisition").

We own 22 of our casinos and lease or manage our remaining casinos, including five casinos that are subject to a master lease with GLP Capital, L.P., the operating partnership of Gaming and Leisure Properties, Inc. ("GLPI"), that we entered into in connection with the Tropicana Acquisition on October 1, 2018 (the "Master Lease"). (See full description under "Master Lease").

Properties

The following table sets forth certain information regarding our properties (listed by the segment in which each property is reported) as of and for the year ended December 31, 2018:

	Year Acquired	Slot Machines and VLTs	Table and Poker Games	Hotel Rooms	Approximate Casino Square Footage
West Region:					
Eldorado Resort Casino Reno	N/A	1,117	36	814	71,500
Silver Legacy Resort Casino	2015	1,119	61	1,685	90,100
Circus Circus Reno	2015	722	N/A	1,571	65,500
MontBleu Casino Resort & Spa	2018	474	17	438	45,000
Tropicana Laughlin Hotel and Casino	2018	895	20	1,487	53,700
Isle Casino Hotel - Black Hawk	2017	966	38	238	28,900
Lady Luck Casino - Black Hawk	2017	442	7	164	14,900
Midwest Region:					
Isle Casino Waterloo	2017	939	23	194	39,300
Isle Casino Bettendorf	2017	969	15	509	36,700
Isle of Capri Casino Boonville	2017	881	20	140	26,600
Isle Casino Cape Girardeau	2017	863	24	N/A	41,500
Lady Luck Casino Caruthersville	2017	507	9	N/A	21,000
Isle of Capri Casino Kansas City	2017	938	13	N/A	39,800
South Region:					
Isle Casino Racing Pompano Park	2017	1,596	39	N/A	45,000
Eldorado Resort Casino Shreveport	2005	1,388	60	403	80,600
Isle of Capri Casino Lula	2017	862	25	486	57,000
Lady Luck Casino Vicksburg	2017	607	N/A	89	25,000
Isle of Capri Casino Hotel Lake Charles	2017	1,164	45	493	26,200
Belle of Baton Rouge Casino & Hotel	2018	773	14	288	28,500
Trop Casino Greenville	2018	590	10	40	22,800
East Region:					
Presque Isle Downs & Casino (1)	2014	1,596	39	N/A	59,400
Lady Luck Casino Nemacolin (1)	2017	600	28	N/A	24,700
Eldorado Gaming Scioto Downs	2014	2,238	N/A	N/A	130,000
Mountaineer Casino, Racetrack & Resort	2014	1,486	46	357	75,500
Tropicana Casino and Resort, Atlantic City	2018	2,464	125	2,366	128,000
Central Region:					
Grand Victoria Casino	2018	1,088	30	N/A	36,700
Lumière Place Casino	2018	1,401	58	494	75,000
Tropicana Evansville	2018	1,128	41	338	45,400
Total		29,813	843	12,594	1,434,300

- (1) We sold Presque Isle Downs & Casino in January 2019 and have entered into an agreement to sell Lady Luck Casino Nemacolin. The Lady Luck Casino Nemacolin sale is expected to close in the first quarter of 2019.

West Region

The West segment consists of seven properties in Nevada and Colorado.

Eldorado Resort Casino Reno

Eldorado Resort Casino Reno ("Eldorado Reno") is a premier hotel, casino and entertainment facility. The interior of the hotel is designed to create a European ambiance where hotel guests enjoy panoramic views of Reno's skyline and the majestic Sierra Nevada mountain range. Eldorado Reno is centrally located in downtown Reno, Nevada. Eldorado Reno includes a casino, 11 restaurants, a showroom, VIP room, retail shops, convention center and an outdoor plaza located diagonal to Eldorado Reno which hosts a variety of special events. Eldorado Reno is connected with our other two Reno properties, Silver Legacy and Circus Reno, in a "seamless" manner by enclosed climate controlled skywalks (branded as "the Row"). The Row draws from residents of the Reno area as well as tourist visitation from northern California and the Pacific Northwest.

Silver Legacy Resort Casino

Silver Legacy is the tallest building in northern Nevada consisting of 37-, 34- and 31-floor tiers. Silver Legacy's opulent interior showcases a casino built around Sam Fairchild's 120-foot tall mining rig, which appears to mine for silver. The rig is situated beneath a 180-foot diameter dome, which is a distinctive landmark on the Reno skyline. The Silver Legacy is centrally located in downtown Reno, Nevada and offers a casino, six restaurants, including the recently opened Ruth's Chris Steak House, a 21,000 square-foot spa which opened in the fourth quarter of 2018, *The Spa at Silver Legacy*, an outdoor swimming pool and sundeck and retail shops.

Circus Circus Reno

Circus Reno is an iconic, circus-themed hotel-casino and entertainment complex with two hotel towers. It is conveniently located as the first casino directly off Interstate 80 when entering downtown Reno, Nevada. Circus Reno offers a casino, eight dining venues including a recently renovated food court, a midway featuring over 150 games, live circus acts, an arcade and a full service wedding chapel.

Isle Casino Hotel-Black Hawk

Isle Casino Hotel-Black Hawk ("Isle Black Hawk") is one of the first gaming facilities reached by customers arriving from Denver via Highway 119, the main thoroughfare connecting Denver to Black Hawk. Black Hawk is located approximately 40 miles east of the Denver, Colorado metropolitan area which serves as Isle Black Hawk's primary feeder market. The property includes a casino, hotel, three dining venues, approximately 5,000 square feet of flexible space that can be used for meetings and special events, along with numerous surface parking spaces and an attached parking garage. Isle Black Hawk is connected to our Lady Luck Casino-Black Hawk property via sky bridges.

Lady Luck Casino-Black Hawk

Lady Luck Casino-Black Hawk ("Lady Luck Black Hawk") is located across the intersection of Main Street and Mill Street from the Isle Black Hawk. The property consists of a casino, hotel, a restaurant, approximately 2,250 square feet of flexible space that can be used for meetings and special events, along with numerous surface parking spaces. Lady Luck Black Hawk is connected to our Isle Casino Hotel-Black Hawk property via sky bridges. The Denver, Colorado metropolitan area also serves as Lady Luck Black Hawk's primary feeder market.

Tropicana Laughlin Hotel and Casino

Tropicana Laughlin Hotel and Casino ("Tropicana Laughlin") is located on an approximately 31-acre site on Casino Drive, Laughlin, Nevada's principal thoroughfare. Amenities include a hotel, a heated outdoor swimming pool, seven restaurants, an entertainment lounge with live music, a premium lounge for high-end players, an 800-seat multi-purpose showroom and concert hall, meeting and convention space, retail stores, an arcade and a covered parking structure. Tropicana Laughlin primarily draws customers from southern California and Arizona.

MontBleu Casino Resort & Spa

MontBleu Casino Resort & Spa ("MontBleu") is situated on approximately 21 acres in South Lake Tahoe, Nevada surrounded by the Sierra Nevada Mountains. In addition to the casino, the property offers a hotel, three restaurants and various non-gaming amenities, including retail shops, two nightclubs, a 1,300-seat showroom, approximately 14,000 square feet of meeting and convention space, a parking garage, a full-service health spa and workout area, an indoor heated lagoon-style pool with whirlpool and a 110-seat wedding chapel. MontBleu's primary feeder markets include Northern California, the Reno area and the Pacific Northwest.

Midwest Region

The Midwest segment consists of six properties, four of which are dockside casinos and two land-based casinos, located in Iowa and Missouri.

Isle Casino Waterloo

Isle Casino Waterloo ("Waterloo") is located in Iowa adjacent to Highway 218 and US 20. The property consists of a single-level land-based casino and offers a wide variety of non-gaming amenities including a hotel and three restaurants. Waterloo primarily draws customers from within a twenty-five mile radius of the property. The property also attracts customers from Cedar Rapids and Mason City, Iowa.

Isle Casino Bettendorf

Isle Casino Bettendorf ("Bettendorf") is located in Iowa off Interstate 74, an interstate highway serving the Quad Cities metropolitan area, which consists of Bettendorf and Davenport, Iowa and Moline and Rock Island, Illinois. Bettendorf consists of a land-based casino, three dining venues, two hotel towers and 40,000 square feet of convention and banquet space. The Quad Cities metropolitan area currently has three gaming operations, including our gaming facility, and is the main feeder market for Bettendorf.

Isle of Capri Casino Boonville

Isle of Capri Casino Boonville ("Boonville") is located in Missouri three miles off Interstate 70, approximately halfway between Kansas City and St. Louis. It is the only gaming facility in central Missouri. The property consists of a single level dockside casino, three dining venues and offers a 32,400 square foot pavilion and entertainment center. Boonville attracts customers primarily from the Columbia and Jefferson City areas.

Isle Casino Cape Girardeau

Isle Casino Cape Girardeau ("Cape Girardeau") is located three and a half miles from Interstate 55 in Southeast Missouri, approximately 120 miles south of St. Louis, Missouri. Cape Girardeau consists of a dockside casino, three dining venues and a pavilion and entertainment center with a wide variety of non-gaming amenities, including an events center, and overlooks the Mississippi river. Cape Girardeau primarily attracts customers from within a fifty-mile radius of the property.

Lady Luck Casino Caruthersville

Lady Luck Casino Caruthersville ("Caruthersville") is a riverboat casino located in Missouri along the Mississippi River in Southeast Missouri. Caruthersville consists of a dockside casino, two dining venues, a 40,000 square foot pavilion and a 28-space RV park. Cape Girardeau is located approximately 85 miles north of Caruthersville. Caruthersville draws a significant amount of customers from the state of Tennessee including the communities of Dyersburg and Jackson. The property also attracts customers from Blytheville, Paragould and Jonesboro, Arkansas.

Isle of Capri Casino Kansas City

Isle of Capri Kansas City ("Kansas City") consists of a dockside casino and two dining venues. It is the closest gaming facility to downtown Kansas City, Missouri. Kansas City attracts customers primarily from the Kansas City metropolitan area.

South Region

The South segment consists of seven properties, including five dockside casinos in Louisiana and Mississippi, one land-based casino in Mississippi and one racino in Florida.

Isle Casino Racing Pompano Park

Isle Casino Racing Pompano Park ("Pompano"), a casino and harness racing track located in Pompano Beach, Florida, is located off Interstate 95 and the Florida Turnpike on a 223-acre owned site, near Fort Lauderdale, midway between Miami and West Palm Beach. Pompano offers four dining venues and is the only racetrack licensed to conduct harness racing in Florida. In April 2018, we announced the formation of a joint venture with the Cordish Companies ("Cordish") to master plan and develop a mixed-use entertainment and hospitality destination expected to be located on unused land adjacent to the casino and racetrack. Pompano primarily attracts customers from within a 25-mile radius of the property.

Eldorado Resort Casino Shreveport

Eldorado Resort Casino Shreveport ("Eldorado Shreveport") is a premier resort with a tri-level riverboat casino and an all-suite art deco-style hotel located in Shreveport, Louisiana adjacent to Interstate 20, a major highway that connects the Shreveport market with the attractive feeder markets of East Texas and Dallas/Fort Worth, Texas. The property offers five restaurants, including a gourmet steakhouse, and a 380-seat grand ballroom. The principal target markets for Eldorado Shreveport are patrons from the Dallas/Fort Worth Metroplex and East Texas, which provides Eldorado Shreveport access to a large customer base within approximately 200 miles of Shreveport.

Isle of Capri Casino Lula

Isle of Capri Casino Lula ("Lula") is located off of Highway 49, the only road crossing the Mississippi River between Mississippi and Arkansas for more than 50 miles in either direction. Lula consists of two dockside casinos, three dining venues and a land-based pavilion and entertainment center. Lula draws a significant amount of business from the Little Rock, Arkansas metropolitan area, which is located approximately 120 miles west of the property. Lula is also located approximately 60 miles southwest of Memphis, Tennessee.

Lady Luck Casino Vicksburg

Lady Luck Vicksburg ("Vicksburg") is located off Interstate 20 and Highway 61 in western Mississippi, approximately 50 miles west of Jackson, Mississippi, and consists of a dockside casino, hotel and four dining venues. Vicksburg's customers are drawn primarily from within a 60-mile radius of the property.

Isle of Capri Casino Hotel Lake Charles

Isle of Capri Casino Hotel Lake Charles ("Lake Charles") is located on a 19-acre site along Interstate 10, the main thoroughfare connecting Houston, Texas to Lake Charles, Louisiana. Lake Charles offers a dockside casino, three dining venues and a 14,750 square foot entertainment center comprised of a 1,142-seat special events center designed for concerts, banquets and other events, meeting facilities and administrative offices. Lake Charles is the closest gaming market to the Houston metropolitan area, which is located approximately 140 miles west of Lake Charles. Lake Charles attracts customers primarily from southeast Texas and from local residents.

Trop Casino Greenville

Trop Casino Greenville ("Greenville"), located in Greenville, Mississippi, is a land-based gaming facility with slot machines and table games, two restaurants, a bar and 734 onsite parking spaces. The property also leases and operates the Greenville Inn & Suites, located less than a mile from the casino, and offers free shuttle service to and from Greenville. The property draws customers primarily from the local market and, to some extent, from the Little Rock, Vicksburg and Tunica markets.

Belle of Baton Rouge Casino & Hotel

Belle of Baton Rouge Casino & Hotel ("Baton Rouge") is a dockside riverboat situated on approximately 23 acres on the Mississippi River in the downtown historic district of Baton Rouge, Louisiana. Amenities include a hotel, 25,000 square feet of meeting space, an outdoor pool, a fitness center, three dining venues and an entertainment venue inside a 56,000-square-foot glass atrium. The majority of Baton Rouge's customers are drawn from within a 50-mile radius of the property.

East Region

The East segment consists of five properties, including three racinos located in Pennsylvania, Ohio and West Virginia, and two casinos in Pennsylvania and New Jersey.

Presque Isle Downs & Casino

Presque Isle Downs & Casino ("Presque Isle Downs") is a casino and live thoroughbred horse racing facility located along Interstate 90 in Erie, Pennsylvania. The property offers live thoroughbred horse racing conducted from May through September and on-site pari-mutuel wagering and thoroughbred and harness racing simulcast from other prominent tracks, as well as wagering on Presque Isle Downs' races. Additionally, the property offers four dining venues. Presque Isle Downs' primary customers are locals or customers who reside within shorter distances from the property.

Lady Luck Casino Nemacolin

Lady Luck Casino Nemacolin ("Nemacolin") is a casino located on the 2,000-acre Nemacolin Woodlands Resort in Western Pennsylvania. Nemacolin is the only casino in Fayette County, Pennsylvania. The property offers one dining option. Nemacolin attracts customers staying at the Nemacolin Woodlands Resort as well as from the 2.5 million people who reside within 60 miles of the property.

Eldorado Gaming Scioto Downs

Eldorado Gaming Scioto Downs ("Scioto Downs") is a modern "racino" located in the heart of central Ohio, off Highway 23/South High Street, approximately eight miles from downtown Columbus. Scioto Downs is one of only two licensed gaming facilities in the Columbus area. Scioto Downs racino offers live standard bred harness horse racing conducted from May through mid-September and on-site pari-mutuel wagering and thoroughbred, harness and greyhound racing simulcast from other prominent tracks, as well as wagering on Scioto Downs' races. Scioto Downs also offers three dining venues and a 118-room third party hotel connected to the casino. Scioto Downs attracts customers primarily from the greater Columbus area.

In addition, Scioto Downs, through its subsidiary RacelineBet, Inc., also operates Racelinebet.com, a national account wagering service that offers online and telephone wagering on horse races as a marketing affiliate of TwinSpires.com, an affiliate of Churchill Downs Incorporated.

Mountaineer Casino, Racetrack & Resort

Mountaineer Casino, Racetrack & Resort ("Mountaineer") is a hotel, casino, entertainment and live thoroughbred horse racing facility located on the Ohio River at the northern tip of West Virginia's northwestern panhandle approximately thirty miles from the Pittsburgh International Airport and a one-hour drive from downtown Pittsburgh. Mountaineer is a diverse gaming, entertainment and convention complex offering live thoroughbred horse racing conducted from March through December and on-site pari-mutuel wagering and thoroughbred, harness and greyhound racing simulcast from other prominent tracks as well as wagering on Mountaineer's races. Additionally, the property offers five dining venues. Mountaineer attracts customers primarily from the greater Pittsburgh area.

Tropicana Casino and Resort, Atlantic City

Tropicana Casino and Resort, Atlantic City ("Trop AC") is situated on approximately 15 acres with approximately 660 feet of ocean frontage in Atlantic City, New Jersey. Located within driving distance from the densely populated New York-to-Washington D.C. corridor, the Atlantic City market typically attracts day-trip and overnight customers from within a 300-mile radius. Trop AC is one of the larger properties in Atlantic City featuring four hotel towers and the adjacent Chelsea Hotel in addition to approximately 124,800 square feet of gaming space. The property also features The Quarter, a Havana-themed, Las Vegas-style, approximately 200,000 square-foot indoor entertainment and retail center, 23 restaurants, nightclubs, shops and an IMAX theatre. Other amenities include a 2,000-seat showroom, an up-scale Disco themed nightclub, a full-service spa and salon, a health club and indoor pool, a beach and pool bar and approximately 99,000 square feet of meeting and convention space.

Central Region

The Central segment consists of three properties located in Indiana, Illinois and Missouri.

Tropicana Evansville

Tropicana Evansville ("Evansville") is a large casino hotel and entertainment complex and a popular attraction in Evansville, the third largest city in the state of Indiana. The property serves customers in the tri-state region of southern Indiana, southeastern Illinois and western Kentucky and is the only full-service casino within an 85-mile radius. The land-based complex, which is anchored on each end by two hotels and encompasses approximately 79,000 square feet of enclosed space, includes approximately 45,000 square feet of casino floor, four dining venues, an entertainment lounge and back of house space.

Lumière Place Casino

Lumière Place Casino ("Lumière") is located on approximately 20 acres in historic downtown St. Louis, Missouri near business and entertainment districts and overlooks the Mississippi River. Its location provides significant foot traffic from nearby venues including The Dome at America's Center, a multi-purpose stadium and convention center which is connected to Lumière via a pedestrian tunnel, the Gateway Arch and Busch Stadium. In addition to the casino, the Lumière complex includes the all-suites HoteLumière, the luxury Four Seasons Hotel St. Louis, three full service restaurants, retail shops, indoor pool and fitness center, full service spa and 28,000 square feet of meeting and convention space.

Grand Victoria Casino

The Elgin Riverboat Resort – Riverboat Casino d/b/a Grand Victoria Casino ("Elgin") is located in Elgin, Illinois approximately 40 miles west of downtown Chicago along the banks of the Fox River. The property features a dock-side casino and four dining venues. It also offers approximately 7,500 square feet of meeting, event and banquet space, a 1,450-space parking garage and additional surface parking for 600 vehicles.

Master Lease

The Master Lease provides for the lease of land, buildings, structures and other improvements on the land (including barges and riverboats), easements and similar appurtenances to the land and improvements relating to the operation of the leased properties. Our properties that are currently subject to the Master Lease are Trop AC, Laughlin, Greenville, Baton Rouge and Evansville. The Master Lease provides for an initial term of fifteen years with no purchase option. At our option, the Master Lease may be extended for up to four five-year renewal terms beyond the initial 15-year term. If we elect to renew the term of the Master Lease, the renewal will be effective as to all, but not less than all, of the leased property then subject to the Master Lease. We do not have the ability to terminate its obligations under the Master Lease prior to its expiration without GLPI's consent. The obligations of the tenant under the Master Lease are guaranteed by ERI.

The rent payable under the Master Lease is comprised of "Base Rent" and "Percentage Rent." Base rent is the sum of:

- Building Base Rent: a fixed component equal to \$60.9 million during the first year of the Master Lease, and thereafter escalated annually by 2%, subject to a cap that would cause the preceding year's adjusted revenue to rent ratio for the properties in the aggregate not to fall below 1.20:1.00 for the first five years of the Master Lease and 1.80:1.00 thereafter; plus
- Land Base Rent: a fixed component equal to \$13.4 million, subject to adjustment in the event of the termination of the Master Lease with respect to any of the leased properties.

The percentage rent payable under the Master Lease is adjusted every two years based on the actual net revenues of the leased properties during the two-year period then ended. The initial variable rent percentage, which is fixed for the first two years, is \$13.4 million per year. The actual percentage increase is based on actual performance and may change materially.

The Master Lease is commonly known as a triple net lease. Accordingly, in addition to rent, we are required to pay the following, among other things: (i) lease payments to the underlying ground lessor for properties that are subject to ground leases; (ii) facility maintenance costs; (iii) all insurance premiums for insurance with respect to the leased properties and the business conducted on the leased properties; (iv) taxes levied on or with respect to the leased properties (other than taxes on the income of the lessor); and (v) all utilities and other services necessary or appropriate for the leased properties and the business conducted on the leased properties.

The foregoing summary of the Master Lease is qualified in its entirety by reference to the Master Lease, which has been filed with the Securities and Exchange Commission. It was determined that the Master Lease did not meet the requirements of a normal leaseback under Accounting Standards Codification ("ASC") 840 "Leases" due to prohibited forms of continuing involvement and is therefore accounted for as a financing obligation.

Business Strengths and Strategy

Personal service and high-quality amenities

We focus on customer satisfaction and delivering superior guest experiences. We seek to provide our customers with an extraordinary level of personal service and popular gaming, dining and entertainment experiences designed to exceed customer expectations in a clean, safe, friendly and fun environment. Our senior management is actively involved in the daily operations of our properties, frequently interacting with gaming, hotel and restaurant patrons to ensure that they are receiving the highest level of personal attention. Management believes that personal service is an integral part of fostering customer loyalty and generating repeat business. We continually monitor our casino operations to react to changing market conditions and customer demands. We target both premium-play and value-conscious gaming patrons with differentiated offerings at our state-of-the-art casinos, which feature the latest in game technology, innovative bonus options, dynamic signage, customer-convenient features and non-gaming amenities at a reasonable value and price point. As we acquire properties, we have the ability to connect systems and market to our new customers by offering the benefits of our One Club player loyalty program which allows players to earn and redeem rewards across our portfolio.

Diversified portfolio across markets and customer segments

We are geographically diversified across the United States, with no single property accounting for more than 14% of our net revenues for the year ended December 31, 2018 after giving pro forma effect to the Elgin Acquisition and Tropicana Acquisition. Our customer pool draws from a diversified base of both local and out-of-town patrons. We have also implemented changes to our marketing strategies to reach more potential customers through targeted direct mail, expanded electronic communications and cross-property marketing initiatives. We believe we have assembled a platform on which we can continue to grow and provide a differentiated customer experience.

Management team with deep gaming industry experience and strong local relationships

We have a management team that includes senior executives with significant experience in the gaming and finance industries. Our extensive management experience, ability to identify attractive acquisition opportunities and implement our operating strategies to realize synergies and unwavering commitment to our team members, guests and equity holders have been the primary drivers of our strategic goals and success. We take pride in our reinvestment in our properties and the communities we support along with emphasizing our family-style approach to build loyalty among our team members and guests. We will continue to focus on the future growth and diversification of our company while maintaining our core values and striving for operational excellence.

Betting, Online Gaming and Development Opportunities

William Hill

In September 2018, we entered into a 25-year agreement, which became effective January 2019, with William Hill PLC and William Hill US, its U.S. subsidiary (together, "William Hill") pursuant to which we (i) granted to William Hill the right to conduct betting activities in retail channels and under our first skin and third skin for online channels with respect to our current and future properties located in the United States and the territories and possessions of the United States, including Puerto Rico and the U.S. Virgin Islands and (ii) agreed that William Hill will have the right to conduct real money online gaming activities utilizing our second skin available with respect to properties in such territory. Pursuant to the terms of the agreement, in January 2019 we received a 20% equity stake in William Hill US as well as 13.4 million ordinary shares of William Hill PLC, and we will receive a revenue share from the operation of retail betting and online betting and gaming activities. "Skin" in the context of this agreement refers to Eldorado's ability to grant to William Hill an online channel that allows William Hill to operate online casino and sports gaming activities in reliance on, and utilizing the benefit of, any licenses granted to Eldorado or its subsidiaries.

The Stars Group

In November 2018, we entered into a 20-year agreement with The Stars Group Inc. ("TSG") pursuant to which we agreed to provide TSG with options to obtain access to our second skin for online sports wagering and third skin for real money online gaming and poker, in each case with respect to our properties in the United States. Under the terms of the agreement, we will receive a revenue share from the operation of the applicable verticals by TSG under our licenses. Pursuant to the terms of the TSG agreement, we received 1.1 million TSG common shares and we may receive an additional \$5.0 million in TSG common shares upon the exercise of the first option by TSG. We may also receive additional TSG common shares in the future based on TSG net gaming revenue generated in our markets.

Pompano

In April 2018, we entered into a joint venture with Cordish to master plan and develop a mixed-use entertainment and hospitality destination expected to be located on unused land adjacent to the casino and racetrack at our Pompano property. As the managing member, Cordish will operate the business and manage the development, construction, financing, marketing, leasing, maintenance and day-to-day operation of the various phases of the project. Additionally, Cordish will be responsible for the development of the master plan for the project with our input and will submit it for our review and approval. We and Cordish have made initial cash contributions of \$250,000 each and could be required to make additional contributions to a maximum of \$2.0 million (\$1.0 million per member) at the request of the managing member. We have agreed to contribute land to the joint venture for the project. We will participate evenly with Cordish in the profits and losses of the joint venture.

Competition

The gaming industry is characterized by an increasingly high degree of competition and competition is intense in most of the markets in which we operate. We compete with a variety of gaming operations, including land-based casinos, dockside casinos, riverboat casinos, casinos located on racing tracks and casinos located on Native American reservations as well as other forms of legalized gaming such as video gaming terminals (VGTs) at bars, restaurants and truck stops. We also compete, to a lesser extent, with other forms of legalized gaming and entertainment such as online gambling, bingo, pull tab games, card parlors, sports books, fantasy sports websites, "cruise-to-nowhere" operations, pari-mutuel or telephonic betting on horse racing and dog racing, state-sponsored lotteries, jai-alai, and, in the future, may compete with gaming at other venues. In addition, we compete more generally with other forms of entertainment for the discretionary spending of our customers. Certain of our competitors are large gaming companies with greater name recognition and marketing and financial resources. In some instances, particularly in the case of Native American casinos, our competitors pay lower taxes or no taxes. These factors create additional challenges for us in competing for customers and accessing cash flow or financing to fund improvements for our casino and entertainment product that enable us to remain competitive.

Governmental Gaming Regulations

The gaming and racing industries are highly regulated, and we must maintain our licenses and pay gaming taxes to continue our operations. We are subject to extensive regulation under laws, rules and supervisory procedures primarily in the jurisdictions where our facilities are located or docked. These laws, rules and regulations generally concern the responsibility, financial stability and characters of the owners, managers, and persons with financial interests in the gaming operations. If additional gaming regulations are adopted in a jurisdiction in which we operate, such regulations could impose restrictions or costs that could have a significant adverse effect on us. From time to time, various proposals have been introduced in legislatures of jurisdictions in which we have operations that, if enacted, could adversely affect the tax, regulatory, operational or other aspects of the gaming industry and us. We do not know whether or when such legislation will be enacted. Gaming companies are currently subject to significant state and local taxes and fees in addition to normal federal and state corporate income taxes, and such taxes and fees are subject to increase at any time. Any material increase in these taxes or fees could adversely affect us.

Some jurisdictions, including those in which we are licensed, empower their regulators to investigate participation by licensees in gaming outside their jurisdiction and require access to periodic reports respecting those gaming activities. Violations of laws in one jurisdiction could result in disciplinary action in other jurisdictions.

Under provisions of gaming laws in jurisdictions in which we have operations, and under our organizational documents, certain of our securities are subject to restriction on ownership which may be imposed by specified governmental authorities. The restrictions may require a holder of our securities to dispose of the securities or, if the holder refuses, or is unable, to dispose of the securities, we may be required to repurchase the securities.

A more detailed description of the regulations to which we are subject is contained in Exhibit 99.1 to this Annual Report on Form 10-K, which is incorporated herein by reference.

Reporting and Record-Keeping Requirements

We are required periodically to submit detailed financial and operating reports and furnish any other information about us and our subsidiaries that gaming authorities may require. We are required to maintain a current stock ledger that may be examined by gaming authorities at any time. If any securities are held in trust by an agent or by a nominee, the record holder may be required to disclose the identity of the beneficial owner to gaming authorities. A failure to make such disclosure may be grounds for finding the record holder unsuitable. Gaming authorities may, and in certain jurisdictions do, require certificates for our securities to bear a legend indicating that the securities are subject to specified gaming laws.

Taxation

Gaming companies are typically subject to significant taxes and fees in addition to normal federal, state and local income taxes, and such taxes and fees are subject to increase at any time. We pay substantial taxes and fees with respect to our operations. From time to time, federal, state, local and provincial legislators and officials have proposed changes in tax laws, or in the administration of such laws, affecting the gaming industry. It is not possible to determine with certainty the likelihood of changes in tax laws or in the administration of such laws.

Internal Revenue Service Regulations

The Internal Revenue Service requires operators of casinos located in the United States to file information returns for U.S. citizens, including names and addresses of winners, for keno, bingo and slot machine winnings in excess of stipulated amounts. The Internal Revenue Service also requires operators to withhold taxes on some keno, bingo and slot machine winnings of nonresident aliens. We are unable to predict the extent to which these requirements, if extended, might impede or otherwise adversely affect operations of, and/or income from, the other games.

Regulations adopted by the Financial Crimes Enforcement Network of the Treasury Department ("FINCEN") and the Nevada Gaming Authorities require the reporting of currency transactions in excess of \$10,000 occurring within a gaming day, including identification of the patron by name and social security number. This reporting obligation began in May 1985 and may have resulted in the loss of gaming revenues to jurisdictions outside the United States which are exempt from the ambit of these regulations. In addition to currency transaction reporting requirements, suspicious financial activity is also required to be reported to FINCEN.

Other Laws and Regulations

Our businesses are subject to various federal, state and local laws and regulations in addition to gaming regulations. These laws and regulations include, but are not limited to, restrictions and conditions concerning alcoholic beverages, food service, smoking, environmental matters, employees and employment practices, currency transactions, taxation, zoning and building codes, and marketing and advertising. Such laws and regulations could change or could be interpreted differently in the future, or new laws and regulations could be enacted. Material changes, new laws or regulations, or material differences in interpretations by courts or governmental authorities could adversely affect our operating results.

The sale of alcoholic beverages is subject to licensing, control and regulation by applicable local regulatory agencies. All licenses are revocable and are not transferable. The agencies involved have full power to limit, condition, suspend or revoke any license, and any disciplinary action could, and revocation would, have a material adverse effect upon our operations.

Intellectual Property

We use a variety of trade names, service marks, trademarks, patents and copyrights in our operations and believe that we have all the licenses necessary to conduct our continuing operations. We have registered several service marks, trademarks, patents and copyrights with the United States Patent and Trademark Office or otherwise acquired the licenses to use those which are material to conduct our business. We also own patents relating to unique casino games. We file copyright applications to protect our creative artworks, which are often featured in property branding, as well as our distinctive website content.

Seasonality

Casino, hotel and racing operations in our markets are subject to seasonal variation. Seasonal weather conditions can frequently adversely affect transportation routes to each of our properties and may cause flooding and other effects that result in the closure of our properties. As a result, unfavorable seasonal conditions could have a material adverse effect on our operations.

Environmental Matters

We are subject to various federal, state and local environmental, health and safety laws and regulations, including those relating to the use, storage, discharge, emission and disposal of hazardous materials and solid, animal and hazardous wastes and exposure to hazardous materials. Such laws and regulations can impose liability on potentially responsible parties, including the owners or operators of real property, to clean up, or contribute to the cost of cleaning up, sites at which hazardous wastes or materials were disposed of or released. In addition to investigation and remediation liabilities that could arise under such laws and regulations, we could also face personal injury, property damage, fines or other claims by third parties concerning environmental compliance or contamination or exposure to hazardous materials and could be subject to significant fines or penalties for any violations. We have from time to time been responsible for investigating and remediating, or contributing to remediation costs related to, contamination located at or near certain of our facilities, including contamination related to underground storage tanks and groundwater contamination arising from prior uses of land on which certain of our facilities are located. In addition, we have been, and may in the future be, required to manage, abate, remove or contain manure and wastewater generated by concentrated animal feeding operations due to our racetrack operations, mold, lead, asbestos-containing materials or other hazardous conditions found in or on our properties. Although we have incurred, and expect that we will continue to incur, costs related to the investigation, identification and remediation of hazardous materials or conditions known or discovered to exist at our properties, those costs have not had, and are not expected to have, a material adverse effect on our financial condition, results of operations or cash flow.

Employees and Labor Relations

As of December 31, 2018, we had approximately 18,700 employees. As of such date, we had 21 collective bargaining agreements covering approximately 3,400 employees. Two collective bargaining agreements are scheduled to expire in 2019, and we are currently renegotiating three collective bargaining agreements that expired in 2018. There can be no assurance that we will be able to extend or enter into replacement agreements. If we are able to extend or enter into replacement agreements, there can be no assurance as to whether the terms will be on comparable terms to the existing agreements.

Cautionary Statement Regarding Forward-Looking Information

This report includes “forward-looking statements” within the meaning of Section 27A of the Securities Act of 1933, as amended, and Section 21E of the Securities Exchange Act of 1934, as amended. Forward-looking statements include statements regarding our strategies, objectives and plans for future development or acquisitions of properties or operations, as well as expectations, future operating results and other information that is not historical information. When used in this report, the terms or phrases such as “anticipates,” “believes,” “projects,” “plans,” “intends,” “expects,” “might,” “may,” “estimates,” “could,” “should,” “would,” “will likely continue,” and variations of such words or similar expressions are intended to identify forward-looking statements. Specifically, forward-looking statements may include, among others, statements concerning:

- projections of future results of operations or financial condition;
- expectations regarding our business and results of operations of our existing casino properties and prospects for future development and expansion of sports betting and online betting and gaming;
- expectations regarding trends that will affect our market and the gaming industry generally and the impact of those trends on our business and results of operations;
- our ability to comply with the covenants in the agreements governing our outstanding indebtedness;
- our ability to meet our projected debt service obligations, operating expenses, and maintenance capital expenditures;
- expectations regarding availability of capital resources;

- our intention to pursue development opportunities and acquisitions and our ability to obtain financing for, and realize the anticipated benefits, of such development and acquisitions; and
- the impact of regulation on our business and our ability to receive and maintain necessary approvals for our existing properties and future projects.

Any forward-looking statements are based upon a number of estimates and assumptions that, while considered reasonable by us, is inherently subject to significant business, economic and competitive uncertainties and contingencies, many of which are beyond our control, and are subject to change. Actual results of operations may vary materially from any forward-looking statements made herein. Forward-looking statements speak only as of the date they are made, and we assume no duty to update forward-looking statements. Forward-looking statements should not be regarded as a representation by us or any other person that the forward-looking statements will be achieved. Undue reliance should not be placed on any forward-looking statements. Some of the contingencies and uncertainties to which any forward-looking statement contained herein is subject include, but are not limited to, the following:

- our substantial indebtedness and significant financial commitments, including our obligations under the Master Lease, could adversely affect our results of operations and our ability to service such obligations, react to changes in our markets and pursue development and acquisition opportunities;
- restrictions and limitations in agreements governing our debt could significantly affect our ability to operate our business and our liquidity;
- risks relating to payment of a significant portion of our cash flow as debt service and rent under the Master Lease;
- financial, operational, regulatory or other potential challenges that may arise as a result of leasing of a number of our properties from a single lessor;
- our facilities operate in very competitive environments and we face increasing competition, including through legalization of online betting and gaming;
- uncertainty regarding legalization of betting and online gaming in the jurisdictions in which we operate and conditions applicable to obtaining the licenses required to enable our betting and online gaming partners to conduct betting and gaming activities;
- the ability to identify suitable acquisition opportunities and realize growth and cost synergies from any future acquisitions;
- future maintenance, development or expansion projects will be subject to significant development and construction risks;
- our operations are particularly sensitive to reductions in discretionary consumer spending and are affected by changes in general economic and market conditions;
- our gaming operations are highly regulated by governmental authorities and the cost of complying or the impact of failing to comply with such regulations;
- changes in gaming taxes and fees in jurisdictions in which we operate;
- risks relating to pending claims or future claims that may be brought against us;
- changes in interest rates and capital and credit markets;
- our ability to comply with certain covenants in our debt documents and the Master Lease;
- the effect of disruptions to our information technology and other systems and infrastructure;
- our ability to attract and retain customers;
- weather or road conditions limiting access to our properties;
- the effect of war, terrorist activity, acts of violence, natural disasters and other catastrophic events;
- the intense competition to attract and retain management and key employees in the gaming industry; and
- Other factors set forth under "Item 1A. Risk Factors."

In light of these and other risks, uncertainties and assumptions, the forward-looking events discussed in this report might not occur. These forward-looking statements speak only as of the date of this Annual Report on Form 10-K, even if subsequently made available on our website or otherwise, and we do not intend to update publicly any forward-looking statement to reflect events or circumstances that occur after the date on which the statement is made, except as may be required by law.

You should also be aware that while we from time to time communicate with securities analysts, we do not disclose to them any material non-public information, internal forecasts or other confidential business information. Therefore, you should not assume that we agree with any statement or report issued by any analyst, irrespective of the content of the statement or report. To the extent that reports issued by securities analysts contain projections, forecasts or opinions, those reports are not our responsibility and are not endorsed by us.

Available Information

We are required to file annual, quarterly and other current reports and information with the Securities and Exchange Commission ("SEC"). Because we submit filings to the SEC electronically, access to this information is available at the SEC's website (www.sec.gov). This site contains reports and other information regarding issuers that file electronically with the SEC.

We make our Annual Reports on Form 10-K, our Quarterly Reports on Form 10-Q, our Current Reports on Form 8-K, and all amendments to these reports, available free of charge on our corporate website (www.eldoradoresorts.com) as soon as reasonably practicable after such reports are filed with, or furnished to, the SEC. In addition, our Code of Ethics and Business Conduct and charters of the Audit Committee, Compensation Committee, and the Nominating and Corporate Governance Committee are available on our website. We will provide reasonable quantities of electronic or paper copies of filings free of charge upon request. In addition, we will provide a copy of the above referenced charters to stockholders upon request.

References in this document to our website address do not incorporate by reference the information contained on the website into this Annual Report on Form 10-K.

Item 1A. Risk Factors.

Risk Factors Relating to our Operations

Our business is sensitive to reductions in discretionary consumer spending as a result of downturns in the economy and other factors outside our control

Consumer demand for casino hotel and racetrack properties such as ours is particularly sensitive to downturns in the economy and the associated impact on discretionary spending on leisure activities. Changes in discretionary consumer spending or consumer preferences brought about by factors such as perceived or actual general economic conditions, effects of declines in consumer confidence in the economy, the impact of high energy and food costs, the increased cost of travel, the potential for continued bank failures, decreased disposable consumer income and wealth, or fears of war and future acts of terrorism could further reduce customer demand for the amenities that we offer. In addition, increases in gasoline prices, including increases prompted by global political and economic instabilities, can adversely affect our operations because most of our patrons travel to our properties by car or on airlines that may pass on increases in fuel costs to passengers in the form of higher ticket prices. Further, security concerns, terrorist attacks and other geopolitical events can have a material adverse effect on leisure and business travel, discretionary spending and other areas of economic behavior that directly impact the gaming and entertainment industries in general and our business in particular. Economic downturns, geopolitical events and other related factors which impact discretionary consumer spending and other economic events that are beyond our control have had direct effects on our business and the tourism industry in the past and could adversely affect us in the future.

We face substantial competition in the hotel and casino industry and expect that such competition will continue

The gaming industry is characterized by an increasingly high degree of competition and competition is intense in most of the markets in which we operate. We compete with a variety of gaming operations, including land-based casinos, dockside casinos, riverboat casinos, casinos located on racing tracks and casinos located on Native American reservations and other forms of legalized gaming such as video gaming terminals (VGTs) at bars, restaurants and truck stops. We also compete, to a lesser extent, with other forms of legalized gaming and entertainment such as online gambling, bingo, pull tab games, card parlors, sports books, fantasy sports websites, "cruise-to-nowhere" operations, pari-mutuel or telephonic betting on horse racing and dog racing, state-sponsored lotteries, jai-alai, and, in the future, may compete with gaming at other venues. In addition, we compete more generally with other forms of entertainment for the discretionary spending of our customers. Certain of our competitors are large gaming companies with greater name recognition and marketing and financial resources. In some instances, particularly in the case of Native American casinos, our competitors pay lower taxes or no taxes. These factors create additional challenges for us in competing for customers and accessing cash flow or financing to fund improvements for our casino and entertainment product that enable us to remain competitive.

In addition, states that already have legalized casino gaming may further expand gaming, and other states that have not yet legalized gaming may do so in the future. Legalized casino gaming in these states and on Native American reservations in or near our markets or changes to gaming laws in states in which we have operations and in states near our operations could increase competition and could adversely affect our operations. There has been significant competition in our markets as a result of the expansion of facilities by existing market participants, the entrance of new gaming participants into a market or legislative changes in prior years and expanded gaming is under consideration in certain of our markets. For example, gaming facilities in Ohio that commenced operations in recent years present significant competition for Mountaineer, Presque Isle Downs, Nemaquin and Scioto Downs. In addition, the Governor of Pennsylvania signed legislation in October 2017 expanding gaming to allow for up to ten additional casino locations, video gaming terminals (VGTs) at truck stops, interactive gaming (iGaming), gaming at airports and potentially sports wagering. In Missouri, there are two proposals pending before the Missouri General Assembly for the expansion of gaming in the state. The Missouri sports betting bill would allow Class B gaming licensees and daily fantasy sports licensees to conduct sports wagering including on mobile devices so long as such devices are located within the state of Missouri. The Missouri video lottery terminal bill would allow the state lottery to operate video gaming terminals, similar to slot machines, at various locations distributed across the state including bars, restaurants, veterans and fraternal organizations and convenience stores throughout the state. Each of these bills are in the early stages of the law making process and subject to significant changes in proposed statutory language prior to enactment. Any such expansion of legalized gaming could adversely impact our properties.

Casino gaming is currently prohibited in several jurisdictions from which the Shreveport/Bossier City and Lake Charles markets draw customers, primarily Texas. The Texas legislature has from time to time considered proposals to legalize gaming, and there can be no assurance that casino gaming will not be approved in Texas in the future, which could have a material adverse effect on Eldorado Shreveport and Lake Charles. Additionally, since visitors from California comprise a significant portion of our customer base in Reno, we also compete with Native American gaming operations in California. Native American tribes are allowed to operate slot machines, lottery games and banking and percentage games on Native American lands. A number of Native American tribes have established large-scale gaming facilities in California. Additionally, from time to time the State of Florida has entered into or amended gaming compacts with Native American casinos or enacted, amended or discussed possible changes in gaming laws which could have positive or negative impacts on our Pompano operations. In addition, various forms of internet gaming have been approved in Nevada, New Jersey, Delaware, and Pennsylvania, and legislation permitting internet gaming has been proposed by the federal government and other states. The expansion of internet gaming in Nevada and other jurisdictions could result in significant additional competition.

Increased competition may require us to make substantial capital expenditures to maintain and enhance the competitive positions of our properties to increase the attractiveness and add to the appeal of our facilities. Because a significant portion of our cash flow is required to pay obligations under our outstanding indebtedness and the Master Lease, there can be no assurance that we will have sufficient funds to undertake these expenditures or that we will be able to obtain sufficient financing to fund such expenditures. If we are unable to make such expenditures, our competitive position could be negatively affected.

Our operations in certain jurisdictions depend on agreements with third parties

Our operations in several jurisdictions depend on agreements with third parties. If we are unable to renew these agreements on satisfactory terms as they expire, our business may be disrupted and, in the event of disruptions in multiple jurisdictions, could have a material adverse effect on our financial condition and results of operations. For example, Iowa law requires that each gambling venue in Iowa must have a licensed "Qualified Sponsoring Organization," or QSO, which is a tax-exempt non-profit organization. The QSO must donate the profits it receives from casino operations to educational, civic, public, charitable, patriotic or religious uses. Both of our Iowa properties have an agreement with a local QSO. We have the right to renew our agreements for Bettendorf and Waterloo when they expire in 2025 and 2021, respectively.

The Federal Interstate Horse Racing Act and the state racing laws in certain jurisdictions where we have racetracks require that, in order to simulcast races, we have written agreements with the horse owners and trainers at those racetracks or that we share proceeds of slot machines at the applicable racetrack. If we fail to maintain operative agreements with the horsemen at our racetracks, we will not be permitted to conduct live racing and export and import simulcasting, and may not be permitted to continue our gaming operations, at the applicable racetrack at those facilities, which could have material adverse effect on our business, financial condition and results of operations.

Some of our casinos are located on leased property. If we default on one or more leases, the applicable lessors could terminate the affected leases and we could lose possession of the affected casino.

We currently lease certain parcels of land on which several of our properties are located, including five of the properties that we acquired in the Tropicana Acquisition. As a ground lessee, we have the right to use the leased land; however, we do not hold fee ownership of the underlying land. Accordingly, we have no interest in the leased land or improvements thereon at the expiration of the ground leases. Moreover, since we do not completely control the land underlying the property, a landowner could take certain actions to disrupt our rights in the land leased under the long-term leases which are beyond our control. If the entity owning any leased land chose to disrupt our use either permanently or for a significant period of time, then the value of our assets could be impaired and our business and operations could be adversely affected. Our leases provide that they may be terminated for a number of reasons, including failure to pay rent, taxes or other payment obligations or the breach of other covenants contained in the leases. In particular, the Master Lease requires initial annual rent payments of at least \$87.6 million, which is subject to escalation annually, and obligates us to make specified minimum capital expenditures with respect to the leased properties. If our business and properties fail to generate sufficient earnings, the payments required to service the rent obligations under the Master Lease could materially and adversely limit our ability to react to changes in our business and make acquisitions and investments in our properties. If we were to default on any one or more of these leases, the applicable lessors could terminate the affected leases and we could lose possession of the affected land and any improvements on the land, including the hotels and casinos. A termination of our ground leases or the Master Lease could result in a default under our debt agreements and could have a material adverse effect on our business, financial condition and results of operations. Further, in the event that any lessor of our leased properties, including properties that are subject to the Master Lease, encounters financial, operational, regulatory or other challenges, there can be no assurance that such lessor will be able to comply with its obligations under the applicable lease.

Certain of our leases, including the Master Lease, are "triple-net" leases. Accordingly, in addition to rent, we are required to pay, among other things, the following: (1) lease payments to the underlying ground lessor for properties that are subject to ground leases; (2) facility maintenance costs; (3) all insurance premiums for insurance with respect to the leased properties and the business conducted on the leased properties; (4) taxes levied on or with respect to the leased properties (other than taxes on the income of the lessor); and (5) all utilities and other services necessary or appropriate for the leased properties and the business conducted on the leased properties. We are responsible for incurring the costs described in the preceding sentence notwithstanding the fact that many of the benefits received in exchange for such costs shall in part accrue to the lessor as the owner of the associated facilities. In addition, we remain obligated for lease payments and other obligations under the Master Lease and other ground leases even if one or more of such leased facilities is unprofitable or if we decide to withdraw from those locations. We could incur special charges relating to the closing of such facilities including lease termination costs, impairment charges and other special charges that would reduce our net income and could have a material adverse effect on our business, financial condition and results of operations.

We are subject to extensive Federal, state and local regulation and licensing, and gaming authorities have significant control over our operations, which could have an adverse effect on our business

Licensing Requirements. The ownership and operation of casino gaming, riverboat and horse racing facilities are subject to extensive federal, state, and local regulation, and regulatory authorities at the federal, state, and local levels have broad powers with respect to the licensing of gaming businesses and may revoke, suspend, condition or limit our gaming or other licenses, impose substantial fines, and take other actions, each of which poses a significant risk to our business, financial condition, and results of operations. We currently hold all state and local licenses and related approvals necessary to conduct our present gaming operations, but we must periodically apply to renew many of our licenses and registrations. We cannot assure you that we will be able to obtain such renewals. Any failure to maintain or renew our existing licenses, registrations, permits or approvals would have a material adverse effect on us. Furthermore, if additional laws or regulations are adopted or existing laws or regulations are amended or interpreted differently, these regulations could impose additional restrictions or costs that could have a significant adverse effect on us.

Gaming authorities with jurisdiction over our operations may, in their discretion, require the holder of any securities issued by us to file applications, be investigated, and be found suitable to own our securities if they have reason to believe that the security ownership would be inconsistent with the declared policies of their respective jurisdictions. Further, the costs of any investigation conducted by any of the Gaming Authorities under these circumstances must be paid by the applicant, and refusal or failure to pay these charges may constitute grounds for a finding that the applicant is unsuitable to own the securities. If any of the Gaming Authorities determines that a person is unsuitable to own our securities, then, under the applicable gaming or horse racing laws and regulations, we can be sanctioned, including the loss of approvals that are required for us to continue our gaming operations in the relevant jurisdictions, if such unsuitable person does not timely sell our securities.

Our officers, directors, and key employees are also subject to a variety of regulatory requirements and various licensing and related approval procedures in the various jurisdictions in which we operate gaming facilities. If any of the applicable Gaming Authorities were to find an officer, director or key employee of ours unsuitable for licensing or unsuitable to continue having a relationship with us, we would have to sever all relationships with that person. Furthermore, the Gaming Authorities may require us to terminate the employment of any person who refuses to file appropriate applications. Either result could materially adversely affect our gaming operations.

Applicable gaming laws and regulations restrict our ability to issue securities, incur debt and undertake other financing activities. Such transactions would generally require approval of applicable Gaming Authorities, and our financing counterparties, including lenders, might be subject to various licensing and related approval procedures in the various jurisdictions in which we operate gaming facilities. If state regulatory authorities were to find any person unsuitable with regard to his, her or its relationship to us or any of our subsidiaries, we would be required to sever our relationships with that person, which could materially adversely affect our business.

Compliance with Other Laws. We are also subject to a variety of other federal, state and local laws, rules, regulations and ordinances that apply to non-gaming businesses, including zoning, environmental, construction and land-use laws and regulations governing smoking and the serving of alcoholic beverages. Legislation in various forms to ban indoor tobacco smoking has been enacted or introduced in many states and local jurisdictions, including several of the jurisdictions in which we operate. If additional restrictions on smoking are enacted in our jurisdictions, we could experience a significant decrease in gaming revenue and, particularly if such restrictions are not applicable to all competitive facilities in that gaming market, our business could be materially adversely affected. Under various federal, state and local laws and regulations, an owner or operator of real property may be held liable for the costs of removal or remediation of certain hazardous or toxic substances or wastes located on its property, regardless of whether or not the present owner or operator knows of, or is responsible for, the presence of such substances or wastes. We have not identified any issues associated with our properties that could reasonably be expected to have a material adverse effect on us or the results of our operations. However, several of our properties are located in industrial areas or were used for industrial purposes for many years. As a consequence, it is possible that historical or neighboring activities have affected one or more of our properties and that, as a result, environmental issues could arise in the future, the precise nature of which we cannot now predict. The coverage and attendant compliance costs associated with these laws, regulations and ordinances may result in future additional costs.

Regulations adopted by FINCEN require us to report currency transactions in excess of \$10,000 occurring within a gaming day, including identification of the patron by name and social security number. U.S. Treasury Department regulations also require us to report certain suspicious activity, including any transaction that exceeds \$5,000, if we know, suspect or have reason to believe that the transaction involves funds from illegal activity or is designed to evade federal regulations or reporting requirements. Substantial penalties can be imposed if we fail to comply with these regulations. FINCEN has recently increased its focus on gaming companies.

We are required to report certain customer's gambling winnings via form W-2G to comply with current Internal Revenue Service regulations. Should these regulations change, we would expect to incur additional costs to comply with the revised reporting requirements.

Taxation and Fees. In addition, gaming companies are generally subject to significant revenue-based taxes and fees in addition to normal federal, state, and local income taxes, and such taxes and fees are subject to increase at any time. We pay substantial taxes and fees with respect to our operations. From time to time, federal, state, and local legislators and officials have proposed changes in tax laws, or in the administration of such laws, affecting the gaming industry. In addition, worsening economic conditions could intensify the efforts of state and local governments to raise revenues through increases in gaming taxes and/or property taxes. It is not possible to determine with certainty the likelihood of changes in tax laws or in the administration of such laws. Such changes, if adopted, could have a material adverse effect on our business, financial condition and results of operations. The large number of state and local governments with significant current or projected budget deficits makes it more likely that those governments that currently permit gaming will seek to fund such deficits with new or increased gaming taxes and/or property taxes, and worsening economic conditions could intensify those efforts. Any material increase, or the adoption of additional taxes or fees, could have a material adverse effect on our future financial results.

Income Taxes. We are subject to tax in multiple U.S. tax jurisdictions. Significant judgment is required in determining our provision for income taxes, deferred tax assets or liabilities and in evaluating our tax positions. While we believe our tax positions are consistent with the tax laws in the jurisdictions in which we conduct our business, it is possible that these positions may be overturned by jurisdictional tax authorities, which may have a significant impact on our provision for income taxes.

Tax laws are dynamic and subject to change as new laws are passed and new interpretations of the law are issued or applied. The U.S. recently enacted significant tax reform, and certain provisions of the new law may adversely affect us. In addition, governmental tax authorities are increasingly scrutinizing the tax positions of companies. If U.S. or state tax authorities change applicable tax laws, our overall taxes could increase, and our business, financial condition or results of operations may be adversely impacted.

We have partnership agreements to expand our sportsbook business and engage in online sportsbook, casino gaming and poker. There can be no assurance that regulations authorizing such activities will be approved in the jurisdictions in which we operate or that the market for such gaming activities will develop as expected.

During the second quarter of 2018, the U.S. Supreme Court overturned the Federal ban on sports betting. As a result, several jurisdictions in which we operate legalized sports betting and additional jurisdictions may do so in the future. We currently accept wagers on sporting events in Nevada, New Jersey and West Virginia and anticipate accepting wagers on sporting events during the first quarter of 2019 at our casinos located in Pennsylvania and Mississippi. However, our ability to expand our sports betting and online operations is dependent on adoption of regulations permitting sports betting in the United States and may be negatively impacted by a recent opinion of the U.S. Justice Department's Office of Legal Counsel relating to the restrictions on online gaming under existing Federal statutes. There can be no assurances when, or if, regulations enabling sports betting and online sportsbook, casino gaming and poker will be adopted, or the terms of such regulations, in certain of the jurisdictions in which we operate.

Following the repeal of the Federal ban on sports betting, we entered into a definitive agreement with William Hill pursuant to which William Hill has agreed to operate as our sports betting operator, including with respect to mobile and online sports wagering, for a period of 25 years. We also entered into a 20-year agreement with TSG pursuant to which we agreed to provide TSG with options to obtain access to certain of our licenses for online sports wagering and real money online gaming and poker. We received equity interests in William Hill US, William Hill PLC and TSG in consideration for the execution of these agreements and we may in the future receive additional consideration, including revenue sharing based on the betting and gaming operations conducted under the authority of our licenses or in our markets. To the extent permitted under our agreements with William Hill and TSG, we will continue to evaluate options for additional partnerships to operate online betting and gaming activities under the authority of our licenses and may in the future enter into additional partnership agreements with respect to such operations.

The market for sports betting and online gaming is rapidly evolving and highly competitive with an increasing number of competitors. The success of our sportsbook and online betting and gaming partners, the value of our equity interests in William Hill and TSG and the results of operations from sports betting and online sportsbook and gaming conducted at our properties or under the authority of our licenses are dependent on a number of factors that are beyond our control, including:

- the timing of adoption of regulations authorizing such betting and gaming activities and the restrictions contained in such regulations;
- the tax rates and license fees applicable to such activities;
- our ability to gain market share in a newly developing market;
- the potential that the market does not develop at all or does not develop as we anticipate;
- our ability to compete with new entrants in the market;
- changes in consumer demographics and public tastes and preferences; and
- the availability and popularity of other forms of entertainment.

There can be no assurance as to the returns that we will receive from our current and anticipated sports betting and online gaming operations or our partnerships with William Hill and TSG or future similar arrangements with other market service providers.

We rely on our key personnel and we may face difficulties in attracting and retaining qualified employees for our casinos and race tracks

Our future success will depend upon, among other things, our ability to keep our senior executives and highly qualified employees. We compete with other potential employers for employees, and we may not succeed in hiring or retaining the executives and other employees that we need. A sudden loss of or inability to replace key employees could have a material adverse effect on our business, financial condition and results of operation.

In addition, the operation of our business requires qualified executives, managers and skilled employees with gaming and horse racing industry experience and qualifications who are able to obtain the requisite licenses and approval from the applicable Gaming Authorities. There has from time to time been a shortage of skilled labor in our markets. In addition to limitations that may otherwise exist in the supply of skilled labor, the continued expansion of gaming near our facilities, including the expansion of Native American gaming, may make it more difficult for us to attract qualified individuals. While we believe that we will continue to be able to attract and retain qualified employees, shortages of skilled labor will make it increasingly difficult and expensive to attract and retain the services of a satisfactory number of qualified employees, and we may incur higher costs than expected as a result.

Work stoppages, organizing drives and other labor problems could negatively impact our future profits

As of December 31, 2018, we had 21 collective bargaining agreements covering approximately 3,400 employees. A lengthy strike or other work stoppages at any of our casino properties could have an adverse effect on our business and results of operations. Given the large number of employees, labor unions are making a concerted effort to recruit more employees in the gaming industry, including at some of our properties. As a result, we cannot provide any assurance that we will not experience additional and more successful union organization activity in the future.

Because we own real property, we will be subject to extensive environmental regulation, which creates uncertainty regarding future environmental expenditures and liabilities

We are subject to various federal, state and local environmental, health and safety laws and regulations that govern activities that may have adverse environmental effects, such as discharges to air and water, as well as the use, storage, discharge, emission and disposal of solid, animal and hazardous wastes and exposure to hazardous materials. These laws and regulations are complex and frequently subject to change. In addition, our horse racing facilities are subject to laws and regulations that address the impacts of manure and wastewater generated by Concentrated Animal Feeding Operations ("CAFO") on water quality, including, but not limited to, storm water discharges. CAFO regulations include permit requirements and water quality discharge standards. Enforcement of CAFO regulations has been receiving increased governmental attention. Compliance with these and other environmental laws can, in some circumstances, require significant capital expenditures. We have from time to time been responsible for investigating and remediating, or contributing to remediation costs related to, contamination located at or near certain of our facilities, including contamination related to underground storage tanks and groundwater contamination arising from prior uses of land on which certain of our facilities are located. In addition, we have been, and may in the future be, required to manage, abate, remove or contain manure and wastewater generated by concentrated animal feeding operations due to our racetrack operations, mold, lead, asbestos-containing materials or other hazardous conditions found in or on our properties. Moreover, violations can result in significant fines or penalties and, in some instances, interruption or cessation of operations.

We are also subject to laws and regulations that create liability and cleanup responsibility for releases of regulated materials into the environment. Certain of these laws and regulations impose strict, and under certain circumstances joint and several, liability on a current or previous owner or operator of property for the costs of remediating regulated materials on or emanating from its property. The costs of investigation, remediation or removal of those substances may be substantial.

An earthquake, hurricane, flood, other natural disaster, act of terrorism or other casualty events could adversely affect our business and we may not have sufficient insurance coverage to cover such losses

The operations of our facilities are subject to disruption or reduced patronage as a result of severe weather conditions, natural disasters and other casualty events, including acts of terrorism or violence. The Reno area has been, and may in the future be, subject to earthquakes and other natural disasters and certain of our other properties are located in flood zones or are otherwise subject to significant disruption based on adverse weather conditions. Because many of our gaming operations are located on or adjacent to bodies of water, these facilities are subject to risks in addition to those associated with other casinos, including loss of service due to casualty, forces of nature, mechanical failure, extended or extraordinary maintenance, flood, hurricane or other severe weather conditions and other disasters. For example, flooding along the Mississippi River can impact eight or more of our properties and result in them being closed for differing periods of time. Our properties in Florida, Mississippi, Louisiana and New Jersey are particularly vulnerable to hurricanes, wind and storm surge. Our Pompano property was closed for four days in 2017 because of storms. In addition, severe weather such as high winds and blizzards occasionally limits access to our land-based facilities in Colorado and Reno. Inadequate insurance or lack of available insurance for these and other certain types or levels of risk could expose us to significant losses in the event that a catastrophe occurred for which we are underinsured. Further, if properties subject to the Master Lease are impacted by a casualty event, the Master Lease requires us to repair or restore the affected properties even if the cost of such repair or restoration exceeds the insurance proceeds that we receive. Under such circumstances, the rent under the Master Lease is required to be paid during the period of repair or restoration even if all or a portion of the affected property is not operating. In addition to the damage caused to our properties by a casualty loss, we may suffer business disruption as a result of the casualty event or be subject to claims by third parties that may be injured or harmed. While we carry general liability insurance and business interruption insurance, there can be no assurance that insurance will be available or adequate to cover all loss and damage to which our business or our assets might be subjected. In addition, certain casualty events, such as labor strikes, nuclear events, loss of income due to terrorism, violence, deterioration or corrosion, insect or animal damage and pollution, may not be covered under our policies. Any losses we incur that are not adequately covered by insurance may decrease our future operating income, require us to fund replacements or repairs for destroyed property and reduce the funds available for payments of our obligations. Further, we renew our insurance policies on an annual basis. The cost of coverage may become so high that we may need to further reduce our policy limits or agree to certain exclusions from coverage. Among other factors, it is possible that regional political tensions, homeland security concerns, other catastrophic events or any change in government legislation governing insurance coverage for acts of terrorism could materially adversely affect available insurance coverage and result in increased premiums on available coverage (which may cause us to elect to reduce our policy limits), additional exclusions from coverage or higher deductibles. Among other potential future adverse changes, in the future we may elect to not, or may not be able to, obtain any coverage for losses due to acts of terrorism.

We are subject to risks relating to mechanical failure, forces of nature, casualty, extraordinary maintenance and other causes

All of our facilities will generally be subject to the risk that operations could be halted for a temporary or extended period of time, as the result of casualty, forces of nature, mechanical failure, or extended or extraordinary maintenance, among other causes. In addition, our gaming operations could be damaged or halted due to extreme weather conditions. These risks are particularly pronounced at our riverboat and dockside facilities because of their locations on and adjacent to water.

Our reliance on our computer systems and software could expose us to great financial harm if any of our computer systems or software were subject to any material disruption or corruption.

We rely significantly on our computer systems and software to receive and properly process internal and external data, including data related to our player loyalty program. A disruption or corruption of the proper functioning of our computer systems or software could cause us to lose data or record erroneous data, which could result in material losses. We cannot guarantee that our efforts to maintain competitive computer systems and software will be successful. Our computer systems and software may fail or be subject to bugs or other errors, resulting in service interruptions or other unintended consequences. If any of these risks materialize, they could have a material adverse effect on our business, financial condition, and results of operations.

We are or may become involved in legal proceedings that, if adversely adjudicated or settled, could impact our business and financial condition

From time to time, we are named in lawsuits or other legal proceedings relating to our respective businesses. In particular, the nature of our business subjects us to the risk of lawsuits filed by customers, past and present employees, competitors, business partners and others in the ordinary course of business. As with all legal proceedings, no assurances can be given as to the outcome of these matters. Moreover, legal proceedings can be expensive and time consuming, and we may not be successful in defending or prosecuting these lawsuits, which could result in settlements or damages that could significantly impact our business, financial condition and results of operations.

Our information technology and other systems are subject to cyber security risk including misappropriation of customer information or other breaches of information security

We collect information relating to our guests and employees for various business purposes, including marketing and promotional purposes. The collection and use of personal data are governed by privacy laws and regulations enacted in the United States. We rely on information technology and other systems to maintain and transmit this personal and financial information, credit card settlements, credit card funds transmissions, mailing lists and reservations information. Our information and processes are subject to the ever-changing threat of compromised security, in the form of a risk of potential breach, system failure, computer virus, or unauthorized or fraudulent use by customers, company employees, or employees of third-party vendors. We face cybersecurity threats, which may range from uncoordinated individual attempts to sophisticated and targeted measures directed at us. Cyber-attacks and security breaches may include, but are not limited to, attempts to access information, including customer and company information, computer malware such as viruses, denial of service, ransomware attacks that encrypt, exfiltrate, or otherwise render data unusable or unavailable in an effort to extort money or other consideration as a condition to purportedly returning the data to a usable form, operator errors or misuse, or inadvertent releases of data, and other forms of electronic security breaches. The steps we take to deter and mitigate these risks may not be successful, and any resulting compromise or loss of data or systems could adversely impact, operations or regulatory compliance and could result in remedial expenses, fines, litigation, and loss of reputation, potentially impacting our financial results.

In addition, third party service providers and other business partners process and maintain proprietary business information and data related to our guests, suppliers and other business partners. Our information technology and other systems that maintain and transmit this information, or those of service providers or business partners, may also be compromised by a malicious third-party penetration of our network security or that of a third party service provider or business partner, or impacted by intentional or unintentional actions or inactions by our employees or those of a third party service provider or business partner. As a result, our business information, guest, supplier, and other business partner data may be lost, disclosed, accessed or taken without their consent.

Any such loss, disclosure or misappropriation of, or access to, guests' or business partners' information or other breach of our information security can result in legal claims or legal proceedings, including regulatory investigations and actions, may have a serious impact on our reputation and may adversely affect our businesses, operating results and financial condition. Furthermore, the loss, disclosure or misappropriation of our business information may adversely affect our reputation, businesses, operating results and financial condition.

Our operations have historically been subject to seasonal variations and quarterly fluctuations in operating results, and we can expect to experience such variations and fluctuations in the future

Historically, our operations have typically been subject to seasonal variations. Our strongest operating results for our Reno properties have generally occurred in the second and third quarters and the weakest results have generally occurred during the period from November through February when weather conditions adversely affected operating results. Winter conditions can frequently adversely affect transportation routes to Reno, where a significant of our visitors arrive by ground transportation, and certain of our other properties and cause cancellations of live horse racing. For example, the Reno-Tahoe area experienced exceptionally high levels of snowfall in the first quarter of 2017, with certain resorts in the Tahoe area reporting over 50 feet of snowfall during such time, which adversely affected visitation to our Reno properties and adversely affected our results of operations for the first quarter of 2017. As a result, unfavorable seasonal conditions could have a material adverse effect on our operations.

The concentration and evolution of the slot machine manufacturing industry could impose additional costs on us

There are a limited number of slot machine manufacturers servicing the gaming industry and a large majority of our revenues are derived from slot machines at our casinos. It is important, for competitive reasons, that we offer the most popular and up-to-date slot machine games with the latest technology to customers.

In recent years, slot machine manufacturers have frequently refused to sell slot machines featuring the most popular games, instead requiring participating lease arrangements. Generally, a participating lease is substantially more expensive over the long-term than the cost to purchase a new slot machine.

For competitive reasons, we may be forced to acquire new slot machines, slot machine systems or gaming and hotel technology and equipment, or enter into participating lease arrangements, that are more expensive than our costs associated with the continued operation of our existing slot machines, equipment and software. If the newer slot machines, equipment or software do not result in sufficient incremental revenues to offset the increased investment, or if we are unable to successfully implement new software or technology, it could adversely affect our operations and profitability.

We face risks associated with growth and acquisitions

As part of our business strategy, we regularly evaluate opportunities for growth through development of gaming operations in existing or new markets, through acquiring other gaming entertainment facilities or through redeveloping our existing gaming facilities. In the future, we may also pursue expansion opportunities, including joint ventures, in jurisdictions where casino gaming is not currently permitted in order to be prepared to develop projects upon approval of casino gaming.

Although we only intend to engage in acquisitions that, if consummated, will be accretive to us and our stockholders, we cannot be sure that we will be able to identify attractive acquisition opportunities or that we will experience the return on investment that we expect. In particular, while we currently anticipate that the acquisitions of Tropicana and Elgin will be accretive to our earnings per share in 2019, this expectation is based on estimates and assumes certain synergies expected to be realized over a 12-month period following the completion of the acquisitions. Such estimates and assumptions could materially change due to factors beyond our control and could delay, decrease or eliminate the expected accretive effect of the acquisitions and cause resulting dilution to our earnings per share or negatively impact the price of our common stock.

In addition, acquisitions require significant management attention and resources to integrate new properties, businesses and operations. Potential difficulties we may encounter as part of the integration process include:

- the inability to successfully incorporate acquired assets in a manner that permits us to achieve the full revenue and other benefits anticipated to result from the acquired operations;
- complexities associated with managing the combined business, including difficulties addressing possible differences in cultures and management philosophies and the challenge of integrating complex systems, technology, networks and other assets of each of the companies in a seamless manner that minimizes any adverse impact on customers, suppliers, employees and other constituencies; and

- potential unknown liabilities and unforeseen increased expenses associated with acquired properties.

In addition, it is possible that the integration process could result in:

- diversion of the attention of our management;
- the disruption of, or the loss of momentum in, our ongoing businesses; and
- inconsistencies in standards, controls, procedures and policies,

any of which could adversely affect our ability to maintain relationships with customers, suppliers, employees and other constituencies or our ability to achieve the anticipated benefits, or could reduce our earnings or otherwise adversely affect our business and financial results.

There can be no assurance that we will be able to identify, acquire, develop or profitably manage additional companies or operations or successfully integrate such companies or operations, into our existing operations without substantial costs, delays or other problems. Additionally, there can be no assurance that we will receive gaming or other necessary licenses or approvals for new projects that we may pursue or that gaming will be approved in jurisdictions where it is not currently approved.

We may experience construction delays or cost overruns during our expansion or development projects that could adversely affect our operations

From time to time, we may commence development and construction projects on new properties or at our current properties. We also evaluate other expansion opportunities as they become available and may in the future engage in additional construction projects. As an example, we recently formed a joint venture with Cordish to master plan and develop a mixed-use entertainment and hospitality destination expected to be located on unused land adjacent to the Pompano casino and racetrack. The anticipated costs and construction periods for development and construction projects are based upon budgets, conceptual design documents and construction schedule estimates prepared by us or, in the case of Pompano, our joint venture partner, in consultation with our architects, all of which are subject to assumptions that may be subject to change based on unforeseen circumstances. Development and construction projects entail significant risks, which can substantially increase costs or delay completion of a project. Such risks include shortages of materials or skilled labor, unforeseen engineering, environmental or geological problems, work stoppages, weather interference and unanticipated cost increases. Most of these factors are beyond our control. In addition, difficulties or delays in obtaining any of the requisite entitlements, licenses, permits or authorizations from regulatory authorities can increase the cost or delay the completion of an expansion or development. Significant budget overruns or delays with respect to expansion and development projects could adversely affect our results of operations.

Our planned capital expenditures may not result in our expected improvements in our business

We regularly expend capital to construct, maintain and renovate our properties to remain competitive, maintain the value and brand standards of our properties and comply with applicable laws and regulations. Our ability to realize the expected returns on our capital investments is dependent on a number of factors, including, general economic conditions; changes to construction plans and specifications; delays in obtaining or inability to obtain necessary permits, licenses and approvals; disputes with contractors; disruptions to our business caused by construction; and other unanticipated circumstances or cost increases.

While we believe that the overall budgets for our planned capital expenditures are reasonable, these costs are estimates and the actual costs may be higher than expected. In addition, we can provide no assurance that these investments will be sufficient or that we will realize our expected returns on our capital investments, or any returns at all. A failure to realize our expected returns on capital investments could materially adversely affect our business, financial condition and results of operations.

We may incur impairments to goodwill, indefinite-lived intangible assets, or long-lived assets, which could negatively affect our operating results

As of December 31, 2018, we had \$2.4 billion of goodwill and other intangible assets. We perform annual impairment testing for goodwill and indefinite-lived intangible assets as of October 1 of each fiscal year, or on an interim basis if indicators of impairment exist. For properties with goodwill and/or other intangible assets with indefinite lives, these tests could require the comparison of the implied fair value of each reporting unit to carrying value. In conjunction with the classification of Vicksburg's operations as assets held for sale at March 31, 2018 as a result of the announced sale to Churchill Downs Incorporated, an impairment charge totaling \$9.8 million was recorded due to the carrying value exceeding the estimated net sales proceeds. The impairment reduced the value of goodwill. Additionally, in conjunction with the agreement to sell our rights and obligations to operate Nemaquin, an impairment charge totaling \$3.8 million was recorded in 2018 due to the carrying value of the property and equipment being sold exceeding the estimated net sales proceeds.

During the fourth quarter of 2017, we recorded an impairment charge totaling \$38.0 million to reduce the carrying value of goodwill and/or trade names related to our Lake Charles, Lula and Vicksburg reporting units.

We must make various assumptions and estimates in performing our impairment testing. Our qualitative assessments including assumptions regarding market and industry conditions and our financial performance. Our quantitative assessment relies on estimates of future cash flows that are based on reasonable and supportable assumptions which represent our best estimates of the cash flows expected to result from the use of the assets including their eventual disposition and by a market approach based upon valuation multiples for similar companies. Changes in estimates or market conditions, increases in our cost of capital, reductions in transaction multiples, operating and capital expenditure assumptions or application of alternative assumptions and definitions, could produce significantly different results.

We also evaluate long-lived assets for impairment if indicators of impairment exist. In assessing the recoverability of the carrying value of such property, equipment and other long-lived assets, we make assumptions regarding future cash flows and residual values.

Future cash flow estimates are, by their nature, subjective and actual results may differ materially from our estimates. If our ongoing estimates of future cash flows are not met, we may have to record additional impairment charges in future accounting periods. Our estimates of cash flows are based on the current regulatory, social and economic climates, recent operating information and budgets, and current operating plans of the various properties where we conduct operations. These estimates could be negatively impacted by changes in federal, state or local regulations, economic downturns, internal operating decisions, or other events affecting various forms of travel and access to our properties.

Risks Related to our Capital Structure and Equity Ownership

Our obligations under our indebtedness and Master Lease are significant

As of December 31, 2018, we had \$3.3 billion of total indebtedness outstanding consisting of \$956.8 million outstanding under our term loan facility (the "Term Loan Facility" or "Term Loan"), \$600 million in aggregate principal amount of outstanding 6.0% senior notes due 2026 (the "6% Senior Notes due 2026"), \$875.0 million in aggregate principal amount of outstanding 6.0% senior notes due 2025 (the "6% Senior Notes due 2025"), \$375.0 million in aggregate principal amount of outstanding 7.0% senior notes due 2023 (the "7% Senior Notes due 2023") and \$246.0 million of principal outstanding under our loan to fund the purchase of Elgin ("Lumière Loan"). As of December 31, 2018, we had \$245.0 million outstanding under our \$500.0 million revolving credit facility (the "Revolving Credit Facility" and, together with the Term Loan, the "Credit Facility"). In addition, our annual rent payment under the Master Lease is at least \$87.6 million and is subject to annual escalation. These financial obligations may have important negative consequences for us, including:

- limiting our ability to satisfy our obligations;
- increasing our vulnerability to general adverse economic and industry conditions;
- limiting our flexibility in planning for, or reacting to, changes in our businesses and the markets in which we operate;
- placing us at a competitive disadvantage compared to competitors that have less debt;
- increasing our vulnerability to, and limiting our ability to react to, changing market conditions, changes in our industry and economic downturns;

- limiting our ability to obtain additional financing to fund working capital requirements, capital expenditures, debt service, acquisitions, general corporate or other obligations;
- subjecting us to a number of restrictive covenants that, among other things, limit our ability to pay dividends and distributions, make acquisitions and dispositions, borrow additional funds, and make capital expenditures and other investments;
- restricting our and our wholly-owned subsidiaries ability to make dividend payments and other payments;
- limiting our ability to use operating cash flow in other areas of our business because we must dedicate a significant portion of these funds to make principal and/or interest payments on our outstanding debt;
- exposing us to interest rate risk due to the variable interest rate on borrowings under our Credit Facility;
- causing our failure to comply with the financial and restrictive covenants contained in our current or future indebtedness, which could cause a default under such indebtedness and which, if not cured or waived, could have a material adverse effect on us; and
- affecting our ability to renew gaming and other licenses necessary to conduct our business.

In addition, the Master Lease requires us to make specific minimum investments in capital expenditures and, subject to certain caps, the rent escalations under the Master Lease will continue to apply regardless of the cash flows generated by the properties subject to the Master Lease and the obligations under the Master Lease are guaranteed by ERI. If the cash flows generated by the leased properties decrease, or do not increase at the same rate as the rent escalations, the rent payable under the Master Lease and required capital expenditures could constitute a higher percentage of cash flows generated by the leased properties, which could materially exacerbate the consequences described above.

Despite our current indebtedness levels, we and our subsidiaries may still incur significant additional indebtedness. Incurring more indebtedness could increase the risks associated with our substantial indebtedness

We and our subsidiaries may be able to incur substantial additional indebtedness, including additional secured indebtedness, and may enter into financing obligations similar to the Master Lease in the future. As of December 31, 2018, we had \$242.3 million of borrowing capacity, after consideration of \$12.7 million in outstanding letters of credit, under our Credit Facility. Our existing debt agreements currently permit, and we expect that agreements governing debt that we incur in the future will permit, us to incur certain other additional secured and unsecured debt. Further, we may incur other liabilities that do not constitute indebtedness. The risks that we face based on our outstanding indebtedness may intensify if we incur additional indebtedness or financing obligations in the future.

We may not be able to generate sufficient cash to service all of our indebtedness and pay rent under the Master Lease and may be forced to take other actions to satisfy our obligations under our indebtedness, which may not be successful

Our ability to satisfy our rent obligations under the Master Lease and make scheduled payments on or to refinance our debt obligations depends on our financial condition and operating performance, which is subject to prevailing economic and competitive conditions and to certain financial, business, legislative, regulatory and other factors beyond our control. We cannot assure you that we will maintain a level of cash flows from operating activities sufficient to permit us to pay rent under the Master Lease and the principal, premium, if any, and interest on our indebtedness.

If our cash flows and capital resources are insufficient to fund our debt service and rent obligations, we may be forced to reduce or delay investments and capital expenditures, or to sell assets, seek additional capital or restructure or refinance our indebtedness. These alternative measures may not be successful and may not permit us to meet our scheduled debt service and rent obligations. If our operating results and available cash are insufficient to meet our debt service and rent obligations, we could face substantial liquidity problems and might be required to dispose of material assets or operations to meet our debt service and other obligations. We may not be able to consummate those dispositions or to obtain the proceeds that we could realize from them, and these proceeds may not be adequate to meet any debt service obligations then due. Additionally, the agreements governing our existing debt restrict sales of assets and limit the use of the proceeds from any disposition and our Master Lease limits our ability to dispose of leased properties; as a result, we may not be allowed, under these documents, to dispose of certain of our properties and use proceeds from such dispositions to satisfy all current debt service obligations.

The agreements governing our debt and the Master Lease impose significant operating and financial restrictions on us and our subsidiaries, which may prevent us from capitalizing on business opportunities

The agreements governing our existing debt impose significant operating and financial restrictions on us. These restrictions limit our ability, among other things, to:

- incur additional debt;
- create liens or other encumbrances;
- pay dividends or make other restricted payments;
- agree to payment restrictions affecting our restricted subsidiaries;
- prepay subordinated indebtedness;
- make investments, loans or other guarantees;
- sell or otherwise dispose of a portion of our assets; or
- make acquisitions or merge or consolidate with another entity.

In addition, the credit agreement governing the Credit Facility contains certain financial covenants, including minimum interest coverage ratio and maximum total leverage ratio covenants.

A failure to comply with the covenants contained in the agreements governing our existing or future indebtedness could result in an event of default, which, if not cured or waived, could result in the acceleration of the indebtedness and have a material adverse effect on our business, financial condition and results of operations. If our indebtedness were to be accelerated, there can be no assurance that our assets would be sufficient to repay such indebtedness in full. Moreover, in the event that such indebtedness is accelerated, there can be no assurance that we will be able to refinance it on acceptable terms, or at all.

In addition, our Master Lease imposes restrictions on the business activities of the tenant, including restrictions on transfers of leased properties, requirements to make minimum specified levels of capital expenditures and limitations on the operation of the leased properties. The Master Lease also restricts payments of dividends if the tenant does not meet the specified minimum adjusted revenue to rent ratio.

As a result of these covenants and restrictions, we are limited in how we conduct our business and we may be unable to raise additional debt or equity financing to compete effectively or to take advantage of new business opportunities. The restrictions caused by such covenants could also place us at a competitive disadvantage to our competitors.

The market price of our common stock could fluctuate significantly

The U.S. securities markets in general have experienced significant price fluctuations in recent years. The market price of our common stock may be volatile and subject to wide fluctuations. In addition, the trading volume of our common stock may fluctuate and cause significant price variations to occur. Some of the factors that could cause fluctuations in, or have a material adverse effect on, the stock price or trading volume of our common stock include:

- general market and economic conditions, including market conditions in the hotel and casino industries;
- actual or expected variations in operating results;
- differences between actual operating results and those expected by investors and analysts;
- changes in recommendations by securities analysts;
- operations and stock performance of competitors;
- accounting charges, including charges relating to the impairment of goodwill;
- significant acquisitions or strategic alliances by us or by competitors;
- sales of our common stock or other securities in the future, including sales by our directors and officers or significant investors;
- recruitment or departure of key personnel;

- conditions and trends in the gaming and entertainment industries;
- changes in the estimate of the future size and growth of our markets; and
- changes in reserves for professional liability claims.

We cannot assure you that the stock price of our common stock will not fluctuate or decline significantly in the future. In addition, the stock market in general can experience considerable price and volume fluctuations that may be unrelated to our performance. If the market price of our common stock fluctuates significantly, we may become the subject of securities class action litigation which may result in substantial costs and a diversion of management's attention and resources.

We have not historically paid dividends and may not pay dividends in the future

We do not currently expect to pay dividends on its common stock. Any determination to pay dividends in the future will be at the discretion of our board of directors and will depend upon among other factors, our earnings, cash requirements, financial condition, requirements to comply with the covenants under its debt instruments, legal considerations, and other factors that our board of directors deems relevant. In addition, the agreements governing our indebtedness restrict its ability to pay dividends. If we do not pay dividends, then the return on an investment in its common stock will depend entirely upon any future appreciation in its stock price. There is no guarantee that our common stock will appreciate in value or maintain its value.

Item 1B. Unresolved Staff Comments.

None.

Item 2. Properties.

Information relating to the location and general characteristics of our properties is provided in Part I, Item I, Business, Properties.

As of December 31, 2018, our facilities located on property that we own or lease, were as follows:

- We lease approximately 30,000 square feet on the approximately 159,000 square foot parcel on which Eldorado Reno is located, in Reno, Nevada.
- We own two parcels of property totaling approximately 38,000 square feet across the street from Eldorado Reno and two adjacent parcels totaling approximately 18,700 square feet.
- We own five acres of land in Reno, Nevada where the Silver Legacy is located.
- Circus Reno leases approximately 36,000 square feet on the approximately 10 acres on which Circus Reno is located, in Reno, Nevada.
- We lease approximately nine acres of land in Shreveport, Louisiana on which Eldorado Shreveport is located.
- Mountaineer is located on approximately 1,680 acres of land that we own in Chester, Hancock County, West Virginia. Included in the 1,680 acres of land is approximately 1,290 acres of land that are considered non-operating real properties.
- Scioto Downs is located on approximately 208 acres of land that we own in Columbus, Ohio.
- Presque Isle Downs is located on 272 acres of land that we own in Summit Township, Erie County, Pennsylvania. In addition, we own two other parcels of land: a 213-acre site in McKean Township, Pennsylvania and a six acre site in Summit Township that formerly housed an off-track wagering facility, each of which are considered non-operating real properties.
- We own approximately 10 acres of land in Black Hawk, Colorado for use in connection with our Black Hawk operations. The property leases an additional parcel of land adjoining the Isle Black Hawk where the Lady Luck Hotel and parking lot are located. We own or lease approximately seven acres of land in Black Hawk, Colorado for use in connection with the Lady Luck Black Hawk. The property leases an additional parcel of land near the Lady Luck Black Hawk for parking as described above.

- We own approximately 223 acres of land at Pompano. We have agreed to contribute a portion of this land to our joint venture project with Cordish.
- We own approximately 2.7 acres and lease approximately 16.2 acres of land in Calcasieu Parish, Louisiana for use in connection with our Lake Charles operations.
- We own approximately 24.6 acres of land in Bettendorf, Iowa used in connection with the operations of our Bettendorf property. We also operate under a long-term lease with the City of Bettendorf, the QC Waterfront Convention Center that is adjacent to our northernmost hotel tower. We also lease approximately eight acres of land on a month-to-month basis.
- We own approximately 54 acres of land in Waterloo, Iowa used in connection with the operation of our Waterloo property.
- We lease approximately 1,000 acres of land in Coahoma County, Mississippi and utilize approximately 50 acres in connection with the operations in Lula, Mississippi. We also own approximately 100 acres in Coahoma County, which may be utilized for future development.
- We own approximately 60 acres in Vicksburg, Mississippi which are used in connection with the operations of our Vicksburg property.
- We lease our 27-acre casino site in Boonville, Missouri.
- We own approximately 22 acres in Cape Girardeau, Missouri which are used in connection with the operations of our Cape Girardeau property.
- We own approximately 37 acres, including our riverboat casino in Caruthersville, Missouri.
- We lease approximately 28 acres of land in connection with the operation of our Kansas City property.
- We operate under a lease for 30 acres of land and building in which we operate our Nemacolin casino.
- We lease approximately 18 acres of land and our casino and hotel in Atlantic City under the Master Lease.
- We lease approximately 29 acres of land and our casino and two hotels in Evansville, Indiana under the Master Lease.
- We lease approximately 94 acres of land, our casino and hotel in Laughlin, Nevada under the Master Lease.
- We lease approximately seven acres, our riverboat and land side casino and hotel in Greenville, Mississippi under the Master Lease.
- We lease approximate 18 acres of land, our dockside gaming facility and a hotel in Baton Rouge, Louisiana. Approximately 14 acres are leased under the Master Lease, while the remainder our leased from unrelated third parties.
- We own approximately 19 acres of land and our gaming facility and hotels in St. Louis, Missouri related to our Lumière casino. The purchase of this real property was financed under the Lumière Loan.
- We lease approximately 21 acres of land in South Lake, Tahoe, Nevada, on which our casino and hotel facilities and related parking lot are located.
- We lease our corporate offices in Reno, Nevada, Creve Coeur, Missouri and Las Vegas, Nevada.

We own additional property and have various property leases and options to either lease or purchase property that are not directly related to our existing operations and that may be utilized in the future in connection with expansion projects at our existing facilities or development of new projects.

Substantially all of our assets are pledged to secure our outstanding indebtedness under the senior notes and credit obligations.

Item 3. Legal Proceedings.

We are a party to various legal and administrative proceedings, which have arisen in the normal course of our business. Estimated losses are accrued for these proceedings when the loss is probable and can be estimated. The current liability for the estimated losses associated with these proceedings is not material to our consolidated financial condition and those estimated losses are not expected to have a material impact on our results of operations. In addition, we maintain what we believe is adequate insurance coverage to further mitigate the risks of such proceedings. However, such proceedings can be costly, time consuming and unpredictable and, therefore, no assurance can be given that the final outcome of such proceedings may not materially impact our consolidated financial condition or results of operations. Further, no assurance can be given that the amount of scope of existing insurance coverage will be sufficient to cover losses arising from such matter.

Item 4. Mine Safety Disclosures.

Not applicable.

PART II

Item 5. Market for Registrants' Common Equity and Related Stockholder Matters and Issuer Purchases of Equity Securities.

Our Common Stock is quoted on the NASDAQ Global Select Market under the symbol "ERI". On February 25, 2019, the NASDAQ Official Closing Price for our common stock was \$48.09. As of February 25, 2019, there were approximately 698 holders of record of our common stock.

We have not paid any cash dividends on our common stock. We intend to retain all of our earnings to finance the development of our business, and thus, do not anticipate paying cash dividends on our common stock for the foreseeable future. Payment of any cash dividends in the future will be at the discretion of our Board of Directors and will depend upon, among other things, our future earnings, operations and capital requirements, our general financial condition and general business conditions. In addition, our senior secured credit facility and senior notes restrict, among other things, our ability to pay dividends. In addition, the Master Lease prohibits, and future financing arrangements may prohibit, the payment of dividends under certain conditions. For further information relating to our and our subsidiaries' dividend policies, see Part II, Item 7, *Liquidity and Capital Resources*, included in this report.

Equity Compensation Plan Information

The following table sets forth information as of December 31, 2018, with respect to compensation plans under which equity securities that we have authorized for issuance.

Plan Category	Number of securities to be issued upon exercise of outstanding options, warrants and rights	Weighted average exercise price of outstanding options, warrants and rights	Number of securities remaining available for future issuance under equity compensation plans (excluding securities reflected in column (a))
	(a)	(b)	(c)
MTR Gaming Group, Inc. 2010 Long Term Incentive Plan	30,600	\$ 3.98	—
Isle of Capri Casinos, Inc. Second Amended and Restated 2009 Long Term Stock Incentive Plan	132,548	\$ 13.23	—
Eldorado Resorts, Inc. 2015 Equity Incentive Plan	1,173,627	\$ 21.89	1,363,121

The Eldorado Resorts, Inc. 2015 Equity Incentive Plan, the Isle of Capri Casinos, Inc. Second Amended and Restated 2009 Long Term Incentive Plan and the MTR Gaming Group, Inc. 2010 Long Term Incentive Plan were approved by stockholders. No future equity awards will be made pursuant to the Isle of Capri Casinos, Inc. Second Amended and Restated 2009 Long Term Incentive Plan and the MTR Gaming Group, Inc. 2010 Long Term Incentive Plan. However, outstanding awards granted under the acquired plans will continue unaffected.

Share Repurchase Program

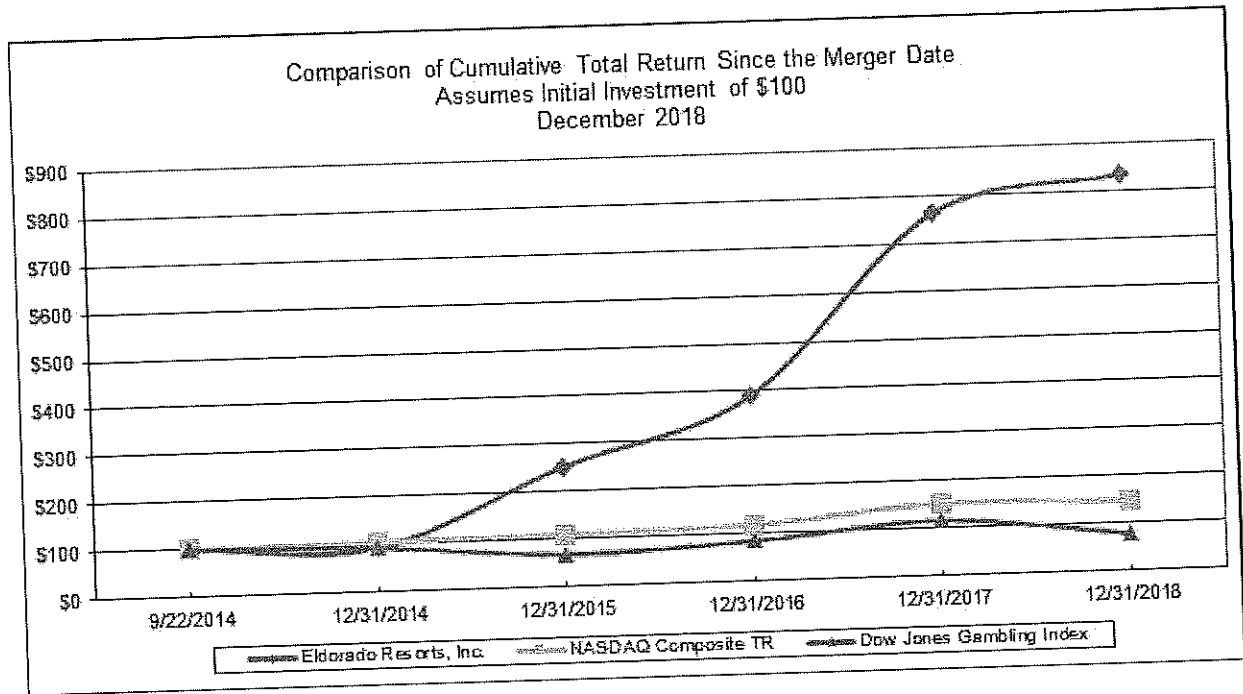
In November 2018, the Company's board of directors authorized a common stock repurchase program of up to \$150 million of stock (the "Share Repurchase Program") pursuant to which the Company may, from time to time, repurchase shares of common stock on the open market (either with or without a 10b5-1 plan) or through privately negotiated transactions. The Share Repurchase Program has no time limit and may be suspended or discontinued at any time without notice. There is no minimum number of shares of common stock that the Company is required to repurchase under the Share Repurchase Program.

The Company acquired 223,823 shares of common stock at an aggregate value of \$9.1 million and an average of \$40.80 per share during the fourth quarter of 2018.

Stock Performance Graph

The following graph demonstrates a comparison of cumulative total returns of the Company, the NASDAQ Market Index (which is considered to be a broad index) and the Dow Jones US Gambling Index for the period since our common stock began trading on September 22, 2014. The following graph assumes \$100 invested in each of the above groups and the reinvestment of dividends, if applicable.

**Comparison of Cumulative Total Return
Assumes Initial Investment of \$100
December 2018**



Past stock price performance is not necessarily indicative of future results. The performance graph should not be deemed filed or incorporated by reference into any other of our filings under the Securities Act of 1933 or the Exchange Act of 1934, unless we specifically incorporate the performance graph by reference therein.

Item 6. Selected Financial Data.

The following table sets forth selected consolidated financial data of the Company as of and for each of the five years ended December 31, 2018. This information should be read in conjunction with "Item 7 – Management's Discussion and Analysis of Financial Condition and Results of Operations" and the audited consolidated financial statements and notes thereto contained elsewhere in this Annual Report on Form 10-K. The historical operating results for the periods presented below are not necessarily indicative of the results of operations to be expected in future years.

The presentation of information herein for periods prior to our acquisitions of MTR Gaming Group, Inc., Circus Reno, Silver Legacy, Isle, Elgin and Tropicana are not fully comparable because the results of operations for these acquired entities are not included for periods prior to such acquisitions.

SELECTED CONSOLIDATED FINANCIAL DATA
(dollars in thousands)

	Year Ended December 31,				
	2018 (3)	2017 (3)	2016 (3)	2015 (3)	2014 (4)
Consolidated Statement of Operations Data:					
Net operating revenues	\$ 2,056,007	\$ 1,480,798	\$ 900,465	\$ 724,345	\$ 361,823
Operating income	310,103	94,810	88,700	72,621	17,555
Net (loss) income before income taxes (1)	135,622	(43,389)	37,628	44,708	(12,554)
Net income (loss)	95,235	73,380	24,527	114,246	(14,322)
Less: Net loss attributable to non-controlling interest	—	—	—	—	(103)
Net income (loss) attributable to the Company	\$ 95,235	\$ 73,380	\$ 24,527	\$ 114,246	\$ (14,425)
Basic net income (loss) per common share	\$ 1.23	\$ 1.09	\$ 0.52	\$ 2.45	\$ (0.48)
Diluted net income (loss) per common share	\$ 1.22	\$ 1.08	\$ 0.51	\$ 2.43	\$ (0.48)

	At December 31,				
	2018 (3)	2017 (3)	2016 (3)	2015 (4)	2014 (4)
Consolidated Balance Sheet Data:					
Cash and cash equivalents	\$ 230,752	\$ 134,596	\$ 61,029	\$ 78,278	\$ 87,604
Total assets	5,911,462	3,546,472	1,294,044	1,325,008	1,171,559
Total debt (2)	3,261,735	2,190,193	800,426	866,237	775,059
Stockholders' equity	1,029,153	941,597	295,969	268,460	151,622

Footnotes to Selected Consolidated Financial Data:

- (1) Prior to September 19, 2014, we were taxed as a partnership under the Internal Revenue Code pursuant to which income taxes were primarily the responsibility of the partners. On September 18, 2014, as part of the merger with MTR Gaming Group, Inc. ("MTR"), we became a C corporation subject to the federal and state corporate-level income taxes at prevailing corporate tax rates. While taxed as a partnership, we were not subject to federal income tax liability but made distributions to our equity holders to cover such liabilities.
- (2) Total debt, including the current portion, is reported net of unamortized discounts and premiums, and includes capital leases of \$0.6 million, \$0.9 million, \$0.5 million and \$0.8 million for the years ended December 31, 2018, 2017, 2016 and 2015, respectively. There were no capital leases in 2014.
- (3) Amounts reflect the adoption of ASC 606. The Company adopted this standard effective January 1, 2018, and elected to apply the full retrospective adoption method. See the Company's Current Report on Form 8-K filed with the SEC on September 5, 2018, which recast certain financial information contained in the Company's Annual Report on Form 10-K for the year ended December 31, 2017.
- (4) Amounts have not been adjusted to reflect the impact of the adoption of ASC 606.

The following events and transactions affect the year-to-year comparability of the selected financial data presented above:

- In September 2014, we completed the merger with MTR Gaming Group, Inc. ("MTR"), which added Mountaineer, Presque Isle Downs and Scioto Downs to our operations.
- In November 2015, we consummated the purchase of Circus Reno and the interest in the Silver Legacy that we did not previously own. Prior to our acquisition of the Silver Legacy, non-controlling interest represented the minority partners' share of our subsidiary's 50% joint venture interest in the Silver Legacy. The non-controlling interest was owned by certain of our affiliates and was an approximately 4% interest in our subsidiary, representing an approximately 1.9% indirect interest in the Silver Legacy. We acquired the remaining 50% joint venture interest pursuant to our acquisition of the Silver Legacy and, in connection therewith, exercised our right to acquire such non-controlling interest.

- In May 2017, we completed our acquisition of Isle, adding 13 gaming properties to our portfolio.
- In August 2018, we acquired Elgin.
- In October 2018, we completed our acquisition of Tropicana, adding seven additional properties to our portfolio.
- In 2014, we incurred costs associated with the acquisition of MTR totaling \$7.4 million.
- In 2015, in conjunction with the acquisition of Silver Legacy and Circus Reno, we incurred costs totaling \$2.5 million and recorded a \$35.6 million gain related to the valuation of our pre-acquisition investment in the Silver Legacy.
- In 2015, in connection with the refinancing of all of our then outstanding indebtedness, we issued \$375 million of senior notes and entered into a new \$425 million term loan and a new \$150 million revolving credit facility. As a result of the 2015 refinancing, we recognized a \$1.9 million net loss on the early retirement of debt.
- In 2015, we recorded a \$69.6 million net benefit for income taxes resulting from an adjustment to our valuation allowance.
- In 2016, transaction expenses related to our acquisition of Isle totaled \$8.6 million.
- In 2017, legal, accounting, financial advisory services, severance, stock awards and other costs related to our acquisition of Isle totaled \$92.8 million.
- In 2017, we recorded a \$20.0 million forfeited deposit as income related to the terminated sale of Lake Charles.
- In 2017, the U.S. government enacted comprehensive tax legislation commonly referred to as the Tax Cuts and Jobs Act. In connection with these changes, for certain of our net deferred tax liabilities, we recorded a decrease of \$111.9 million, net of the related change in valuation allowance, with a corresponding net adjustment to deferred income tax benefit.
- In 2017, we recorded impairment charges totaling \$38.0 million related to goodwill and/or trade names associated with our Lake Charles, Vicksburg and Lula reporting units.
- In 2017, we recognized a loss totaling \$27.3 million as a result of the debt refinancing transaction related to our acquisition of Isle. In connection with such acquisition, we issued an additional \$500 million of senior notes and used the proceeds of the offering to repay all of the outstanding borrowings under our revolving credit facility and repay a portion of the outstanding borrowings under our term loan. We recognized a loss of \$11.1 million on the retirement of existing debt.
- In 2018, we recorded impairment charges totaling \$13.6 million related to the pending sale of our Nemaquin property and Vicksburg operations as assets held for sale. Upon the termination of the sale of Vicksburg, we recognized a \$5.0 million termination fee as income.
- In 2018, transaction expenses related to our acquisitions of Isle, Elgin and Tropicana totaled \$20.8 million.
- In 2018, we issued \$600 million of senior notes to fund the Tropicana Acquisition. Additionally, in connection with the Tropicana Acquisition we incurred a \$246 million interest-only mortgage note.
- In 2018, we entered into the Master Lease with GLPI in conjunction with the Tropicana Acquisition and recorded a direct financing obligation and corresponding asset. Minimum lease payments are recorded as interest expense and totaled \$24.4 million in 2018.

Item 7. Management's Discussion and Analysis of Financial Condition and Results of Operations.

You should read the following discussion together with the financial statements, including the related notes and the other financial information, contained in this Annual Report on Form 10-K.

Eldorado Resorts, Inc., a Nevada corporation, is referred to as the "Company," "ERI," or the "Registrant," and together with its subsidiaries may also be referred to as "we," "us" or "our."

Overview

We are a geographically diversified gaming and hospitality company with 28 gaming facilities in 13 states as of December 31, 2018. Our properties, which are located in Ohio, Louisiana, Nevada, New Jersey, Pennsylvania, West Virginia, Colorado, Florida, Iowa, Mississippi, Illinois, Indiana and Missouri, feature approximately 30,000 slot machines and video lottery terminals ("VLTs"), approximately 800 table games and approximately 12,600 hotel rooms. Our primary source of revenue is generated by gaming operations, and we utilize our hotels, restaurants, bars, entertainment, racing, retail shops and other services to attract customers to our properties.

We were founded in 1973 by the Carano family with the opening of the Eldorado Hotel Casino in Reno, Nevada. In 1993, we partnered with MGM Resorts International to build Silver Legacy Resort Casino, the first mega-themed resort in Reno. In 2005, we acquired our first property outside of Reno when we purchased a casino in Shreveport, Louisiana, now known as Eldorado Shreveport. In September 2014, we merged with MTR Gaming Group, Inc. and acquired its three gaming and racing facilities in Ohio, Pennsylvania and West Virginia. The following year, in November 2015, we acquired Circus Circus Reno and the 50% membership interest in the Silver Legacy that was owned by MGM Resorts International. On May 1, 2017, we completed our acquisition of Isle of Capri Casinos, Inc. ("Isle" or "Isle of Capri"), adding 13 gaming properties to our portfolio. On August 7, 2018, we acquired the Elgin Riverboat Resort – Riverboat Casino d/b/a Grand Victoria Casino ("Elgin") ("Elgin Acquisition"). On October 1, 2018, we completed our acquisition of Tropicana Entertainment, Inc. ("Tropicana"), adding seven properties to our portfolio (the "Tropicana Acquisition").

As of December 31, 2018, we owned and operated the following properties:

- Eldorado Resort Casino Reno ("Eldorado Reno")—A 814-room hotel, casino and entertainment facility connected via an enclosed skywalk to Silver Legacy and Circus Reno located in downtown Reno, Nevada that includes 1,117 slot machines and 36 table games;
- Silver Legacy Resort Casino ("Silver Legacy")—A 1,685-room themed hotel and casino connected via an enclosed skywalk to Eldorado Reno and Circus Reno that includes 1,119 slot machines, 48 table games and a 13-table poker room;
- Circus Circus Reno ("Circus Reno")—A 1,571-room hotel-casino and entertainment complex connected via an enclosed skywalk to Eldorado Reno and Silver Legacy that includes 722 slot machines;
- Eldorado Resort Casino Shreveport ("Eldorado Shreveport")—A 403-room, all suite art deco-style hotel and tri-level riverboat dockside casino situated on the Red River in Shreveport, Louisiana that includes 1,388 slot machines, 52 table games and an eight-table poker room;
- Mountaineer Casino, Racetrack & Resort ("Mountaineer")—A 357-room hotel, casino, entertainment and live thoroughbred horse racing facility located on the Ohio River at the northern tip of West Virginia's northwestern panhandle that includes 1,486 slot machines, 36 table games and a 10-table poker room;
- Presque Isle Downs & Casino ("Presque Isle Downs")—A casino and live thoroughbred horse racing facility with 1,596 slot machines, 32 table games and a seven-table poker room located in Erie, Pennsylvania;
- Eldorado Gaming Scioto Downs ("Scioto Downs")—A modern "racino" offering 2,238 VLTs, harness racing and a 118-room third party hotel connected to Scioto Downs located 15 minutes from downtown Columbus, Ohio.
- Isle Casino Hotel—Black Hawk ("Isle Black Hawk")—A land-based casino on an approximately 10-acre site in Black Hawk, Colorado that includes 966 slot machines, 28 table games, a 10-table poker room and a 238-room hotel;
- Lady Luck Casino—Black Hawk ("Lady Luck Black Hawk")—A land-based casino across the intersection from Isle Casino Hotel in Black Hawk Colorado, that includes 442 slot machines, seven table games and a 164-room hotel with a parking structure connecting Isle Black Hawk and Lady Luck Black Hawk;

- Isle Casino Racing Pompano Park (“Pompano”)—A casino and harness racing track on an approximately 223-acre owned site in Pompano Beach, Florida that includes 1,596 slot machines and a 39-table poker room;
- Isle Casino Bettendorf (“Bettendorf”)—A land-based single-level casino located off Interstate 74 in Bettendorf, Iowa that includes 969 slot machines and 15 table games with two hotel towers with 509 hotel rooms;
- Isle Casino Waterloo (“Waterloo”)—A single-level land-based casino in Waterloo, Iowa that includes 939 slot machines, 23 table games, and a 194-room hotel;
- Isle of Capri Casino Hotel Lake Charles (“Lake Charles”)—A gaming vessel on an approximately 19-acre site in Lake Charles, Louisiana, with 1,164 slot machines, 34 table games, 11 poker tables, and two hotels offering 493 rooms;
- Isle of Capri Casino Lula (“Lula”)—Two dockside casinos in Lula, Mississippi with 862 slot machines and 25 table games, two on-site hotels with a total of 486 rooms and a 28-space RV Park;
- Lady Luck Casino Vicksburg (“Vicksburg”)—A dockside casino in Vicksburg, Mississippi that includes 607 slot machines and a hotel with a total of 89 rooms;
- Isle of Capri Casino Boonville (“Boonville”)—A single-level dockside casino in Boonville, Missouri that includes 881 slot machines, 20 table games and a 140-room hotel;
- Isle Casino Cape Girardeau (“Cape Girardeau”)—A dockside casino and pavilion and entertainment center in Cape Girardeau, Missouri that includes 863 slot machines, 20 table games and four poker tables;
- Lady Luck Casino Caruthersville (“Caruthersville”)—A riverboat casino located along the Mississippi River in Caruthersville, Missouri that includes 507 slot machines and nine table games;
- Isle of Capri Casino Kansas City (“Kansas City”)—A dockside casino located close to downtown Kansas City, Missouri offering 938 slot machines and 13 table games;
- Lady Luck Casino Nemacolin (“Nemacolin”)—A casino property located on the 2,000-acre Nemacolin Woodlands Resort in Western Pennsylvania that includes 600 slot machines and 28 table games.
- Tropicana Casino and Resort, Atlantic City (“Trop AC”)—A casino and resort situated on approximately 15 acres with approximately 660 feet of ocean frontage in Atlantic City, New Jersey that includes approximately 2,464 slot machines, 107 table games, 18 poker tables and 2,366 hotel rooms;
- Tropicana Evansville (“Evansville”)—A casino hotel and entertainment complex in Evansville, Indiana featuring 1,128 slot machines, 33 table games, eight poker tables and two on-site hotels with a total of 338 rooms;
- Lumière Place Casino (“Lumière”)—A casino located on approximately 20 acres, located in historic downtown St. Louis, Missouri near business and entertainment districts and overlooks the Mississippi River with approximately 1,401 slot machines, 48 table games, 10 poker tables and 494 hotel rooms;
- Tropicana Laughlin Hotel and Casino (“Laughlin”)—A casino in Casino Drive, Laughlin, Nevada that includes approximately 895 slot machines, 20 table games and 1,487 hotel rooms;
- MontBleu Casino Resort & Spa (“MontBleu”)—A casino situated on approximately 21 acres in South Lake Tahoe, Nevada surrounded by the Sierra Nevada Mountains featuring approximately 474 slot machines, 17 table games and 438 hotel rooms;
- Trop Casino Greenville (“Greenville”)—A landside gaming facility located in Greenville, Mississippi with approximately 590 slot machines, 10 table games and 40 hotel rooms;
- Belle of Baton Rouge Casino & Hotel (“Baton Rouge”)—A dockside riverboat situated on approximately 23 acres on the Mississippi River in the downtown historic district of Baton Rouge featuring approximately 773 slot machines, 14 table games and 288 hotel rooms; and
- Grand Victoria Casino (“Elgin”)—A casino located in Elgin, Illinois featuring approximately 1,088 slot machines and 30 table games.

In addition, Scioto Downs, through its subsidiary RacelineBet, Inc., also operates Racelinebet.com, a national account wagering service that offers online and telephone wagering on horse races as a marketing affiliate of TwinSpires.com, an affiliate of Churchill Downs Incorporated.

Acquisitions and Development Opportunities

Isle of Capri Casinos, Inc.

On May 1, 2017, we completed our acquisition of Isle pursuant to the Agreement and Plan of Merger dated as of September 19, 2016 with Isle. As a result of the acquisition of Isle, Isle became a wholly-owned subsidiary of ours and, at the effective time of the acquisition of Isle, each outstanding share of Isle common stock converted into the right to receive \$23.00 in cash or 1.638 shares of our common stock, at the election of the applicable Isle shareholder and subject to proration such that the outstanding shares of Isle common stock were exchanged for aggregate consideration comprised of 58% cash, or \$552.0 million, and 42% of our common stock, or 28.5 million newly issued shares of our common stock. The total purchase consideration was \$1.93 billion.

In connection with our acquisition of Isle, we completed a debt financing transaction comprised of: (a) a senior secured credit facility in an aggregate principal amount of \$1.75 billion with a (i) term loan facility of \$1.45 billion and (ii) revolving credit facility of \$300.0 million and (b) \$375.0 million of senior unsecured notes. The proceeds of such borrowings were used to pay the cash portion of the consideration payable in the acquisition of Isle, refinance all of Isle's existing credit facilities, redeem or otherwise repurchase all of Isle's senior and senior subordinated notes, refinance our existing credit facility and pay transaction fees and expenses related to the foregoing.

Grand Victoria Casino

On August 7, 2018, we completed the acquisition of the Grand Victoria Casino in Elgin, Illinois. We purchased Elgin for \$328.8 million, including a working capital adjustment totaling \$1.3 million. The Elgin Acquisition was financed using cash on hand and borrowings under the Company's revolving credit facility.

Tropicana Entertainment Inc.

On October 1, 2018, we acquired Tropicana in a cash transaction valued at \$1.9 billion. At the closing of the transaction Tropicana became a wholly-owned subsidiary of ours. Immediately prior to our acquisition, Tropicana sold Tropicana Aruba Resort and GLP Capital, L.P., a wholly owned subsidiary of Gaming and Leisure Properties, Inc. ("GLPI"), acquired substantially all of Tropicana's real estate, other than the real estate underlying MontBleu and Lumière, for approximately \$964 million. We acquired the real estate underlying Lumière for \$246 million with the proceeds of a \$246 million loan from GLPI. We funded the remaining consideration payable with our cash on hand and cash on hand at Tropicana, borrowings under our revolving credit facility and proceeds from our offering of \$600 million of 6.0% senior notes due 2026. In addition, our borrowing capacity on our revolving credit facility increased from \$300 million to \$500 million effective October 1, 2018, and the maturity of the revolving credit facility was extended to October 1, 2023.

Substantially concurrently with the acquisition of the real estate portfolio by GLPI, we entered into a triple net master lease for the Tropicana properties acquired by GLPI with an initial term of 15 years, with renewals of up to 20 years at our option ("Master Lease"). Under the Master Lease, we are required to pay the following, among other things: lease payments to the underlying ground lessor for properties that are subject to ground leases, facility maintenance costs, all insurance premiums for insurance with respect to the leased properties and the business conducted on the leased properties, taxes levied on or with respect to the leased properties (other than taxes on the income of the lessor and all utilities and other services necessary or appropriate for the leased properties and the business conducted on the leased properties). The annual rent under the terms of the lease was initially approximately \$87.6 million and is subject to annual escalation. We do not have the ability to terminate the obligations under the Master Lease prior to its expiration without GLPI's consent.

Lumière Loan

In connection with the purchase of the real estate related to Lumière, GLPI, Tropicana St. Louis RE LLC, a wholly-owned subsidiary of ours ("Tropicana St. Louis RE"), and GLPI entered into a loan agreement, dated as of October 1, 2018 (the "Lumière Loan"), relating to a loan of \$246 million by GLPI to Tropicana St. Louis RE to fund the entire purchase price of the real estate underlying Lumière. The Lumière Loan is guaranteed by us, bears interest at a rate equal to (i) 9.09% until October 1, 2019 and (ii) 9.27% thereafter and matures on October 1, 2020. The Lumière Loan is secured by a first priority mortgage on the Lumière real estate until October 1, 2019. In connection with the issuance of the Lumière Loan, we agreed to use our commercially reasonable efforts to transfer one or more of Elgin, Bettendorf, Waterloo, Lula, Vicksburg and Mountaineer or such other property or properties mutually acceptable to Tropicana St. Louis RE and GLPI, provided that the aggregate value of such property, individually or collectively, is at least \$246 million (the "Replacement Property"), to GLPI with a simultaneous leaseback to us of such Replacement Property. In connection with such Replacement Property sale, (i) we and GLPI will enter into an amendment to the Master Lease to revise the economic terms to include the Replacement Property, (ii) GLPI, or one of its affiliates, will assume the Lumière Loan and Tropicana St. Louis RE's obligations under the

Lumière Loan in consideration of the acquisition of the Replacement Property and our Tropicana St. Louis RE's obligations under the Lumière Loan will be deemed to have been satisfied, (iii) the Lumière Real Property will be released from the lien placed on it in connection with the Lumière Loan (if such lien has not yet been released in accordance with the terms of the Lumière Loan) and (iv) in the event the value of the Replacement Property is greater than the outstanding obligations of Tropicana St. Louis RE under the Lumière Loan, GLPI will pay Tropicana St. Louis RE the difference between the value of the Replacement Property and the amount of outstanding obligations under the Lumière Loan. If such Replacement Property transaction is not consummated prior to the maturity date of the Lumière Loan, other than as a result of certain failures to perform by GLPI, then the amounts outstanding will be paid in full and the rent under the Master Lease will automatically increase, subject to certain escalations.

William Hill

In September 2018, we entered into a 25-year agreement, which became effective January 2019, with William Hill PLC and William Hill US, its U.S. subsidiary (together, "William Hill") pursuant to which we (i) granted to William Hill the right to conduct betting activities in retail channels and under our first skin and third skin for online channels with respect to our current and future properties located in the United States and the territories and possessions of the United States, including Puerto Rico and the U.S. Virgin Islands and (ii) agreed that William Hill will have the right to conduct real money online gaming activities utilizing our second skin available with respect to properties in such territory. Pursuant to the terms of the agreement, in January 2019 we received a 20% equity stake in William Hill US as well as 13.4 million ordinary shares of William Hill PLC, and we will receive a revenue share from the operation of retail betting and online betting and gaming activities.

The Stars Group

In November 2018, we entered into a 20-year agreement with The Stars Group Inc. ("TSG") pursuant to which we agreed to provide TSG with options to obtain access to our second skin for online sports wagering and third skin for real money online gaming and poker, in each case with respect to our properties in the United States. Under the terms of the agreement, we will receive a revenue share from the operation of the applicable verticals by TSG under our licenses. Pursuant to the terms of the TSG agreement, we received 1.1 million TSG common shares and we may receive an additional \$5.0 million in TSG common shares upon the exercise of the first option by TSG. We may also receive additional TSG common shares in the future based on TSG net gaming revenue generated in our markets.

Pompano Joint Venture

In April 2018, we entered into a joint venture with Cordish Companies ("Cordish") to master plan and develop a mixed-use entertainment and hospitality destination expected to be located on unused land adjacent to the casino and racetrack at our Pompano property. As the managing member, Cordish will operate the business and manage the development, construction, financing, marketing, leasing, maintenance and day-to-day operation of the various phases of the project. Additionally, we will be responsible for the development of the master plan for the project with our input and will submit it for our review and approval. We and Cordish have made initial cash contributions of \$250,000 each and could be required to make additional contributions to a maximum of \$2.0 million (\$1.0 million per member) at the request of the managing member. We have agreed to contribute land to the joint venture for the project. While we hold a 50% variable interest in the joint venture, we are not the primary beneficiary; as such the investment in the joint venture is accounted for using the equity method. We will participate evenly with Cordish in the profits and losses of the joint venture, which is included in loss from unconsolidated affiliates on the Consolidated Statements of Income.

Dispositions

On February 28, 2018, we entered into definitive agreements to sell substantially all of the assets and liabilities of Presque Isle Downs and Vicksburg to Churchill Downs Incorporated ("CDI"). Under the terms of the agreements, CDI agreed to purchase Presque Isle Downs for cash consideration of approximately \$178.9 million and Vicksburg for cash consideration of approximately \$50.6 million, in each case subject to a customary working capital adjustment. In conjunction with the classification of Vicksburg's operations as assets held for sale at March 31, 2018 as a result of the announced sale to CDI, an impairment charge totaling \$9.8 million was recorded due to the carrying value exceeding the estimated net sales proceeds.

The definitive agreements provided that the dispositions were subject to receipt of required regulatory approvals, termination of the waiting period under the Hart-Scott-Rodino Act and other customary closing conditions, including, in the case of Presque Isle Downs, the prior closing of the sale of Vicksburg or the entry into an agreement to acquire another asset of ours. On May 7, 2018, we and CDI each received a Request for Additional Information and Documentary Materials, often referred to as a "Second Request," from the Federal Trade Commission in connection with its review of the Vicksburg acquisition.

On July 6, 2018, in consideration of the time and expense needed to reply to the Second Request, the Company and CDI entered into a termination agreement and release pursuant to which the parties agreed to terminate the asset purchase agreement with respect to Vicksburg and to enter into an asset purchase agreement pursuant to which CDI would acquire and assume the rights and obligations to operate Nemaocolin (the "Vicksburg Termination Agreement"). The Vicksburg Termination Agreement also provided that CDI would pay us a \$5.0 million termination fee upon execution of a definitive agreement with respect to the Nemaocolin transaction. On August 10, 2018, we entered into a definitive agreement to sell substantially all of the assets and liabilities of Nemaocolin to CDI. Under the terms of the agreement, CDI agreed to purchase Nemaocolin for cash consideration of approximately \$0.1 million, subject to a customary working capital adjustment.

As a result of the agreement to sell Nemaocolin, an impairment charge of \$3.8 million for the year ended December 31, 2018 was recorded due to the carrying value of the net property and equipment being sold exceeding the estimated net sales proceeds.

We closed on the sale of Presque Isle Downs on January 11, 2019. We expect to close on the sale of Nemaocolin in the first quarter of 2019, subject to satisfaction of closing conditions, including receipt of Pennsylvania regulatory approvals.

Reportable Segments

The executive decision maker of our company reviews operating results, assesses performance and makes decisions on a "significant market" basis. Our management views each of its properties as an operating segment. Operating segments are aggregated based on their similar economic characteristics, types of customers, types of services and products provided, the regulatory environments in which they operate, and their management and reporting structure. Prior to our acquisition of Isle, our principal operating activities occurred in three geographic regions: Nevada, Louisiana and parts of the eastern United States. Following the Isle Acquisition, the Company's principal operating activities occurred in four geographic regions and reportable segments: West, Midwest, South and East. Following the Tropicana Acquisition and Elgin Acquisition, an additional segment, Central, was added increasing our reportable segments to five.

Presentation of Financial Information

The financial information included in this Item 7 for periods prior to our acquisitions of Isle, Elgin, and Tropicana are those of ERI and its subsidiaries. The presentation of information herein for periods prior to our acquisitions of Isle, Elgin and Tropicana and after our acquisition of Isle, Elgin and Tropicana are not fully comparable because the results of operations for Isle, Elgin and Tropicana are not included for periods prior to their respective acquisition dates.

Summary financial results of Isle for the three and nine months ended January 22, 2017 are included in Isle's Quarterly Report on Form 10-Q as filed with the Securities and Exchange Commission ("SEC"). In conjunction with our acquisition of Isle, Isle is no longer required to file quarterly and annual reports with the SEC and terminated its registration on May 11, 2017.

Summary financial results of Tropicana for the three and six months ended June 30, 2018 are included in Tropicana's Quarterly Report on Form 10-Q as filed with the SEC. In conjunction with our acquisition of Tropicana, Tropicana is no longer required to file quarterly and annual reports with the SEC and terminated its registration on October 1, 2018.

Management's Discussion and Analysis of Financial Condition and Results of Operations ("MD&A") is intended to provide information to assist in better understanding and evaluating our financial condition and results of operations. Our historical operating results may not be indicative of our future results of operations because of these factors and the changing competitive landscape in each of our markets, as well as by factors discussed elsewhere herein. We recommend that you read this MD&A in conjunction with our audited consolidated financial statements and the notes to those statements included in this Annual Report on Form 10-K.

The following table summarizes our segments as of December 31, 2018 and reporting periods based on acquisition dates:

Segment	Property	Date Acquired	State
West	Eldorado Reno	(a)	Nevada
	Silver Legacy	(a)	Nevada
	Circus Reno	(a)	Nevada
	MontBleu	October 1, 2018	Nevada
	Laughlin	October 1, 2018	Nevada
	Isle Black Hawk	May 1, 2017	Colorado
	Lady Luck Black Hawk	May 1, 2017	Colorado
Midwest	Waterloo	May 1, 2017	Iowa
	Bettendorf	May 1, 2017	Iowa
	Boonville	May 1, 2017	Missouri
	Cape Girardeau	May 1, 2017	Missouri
	Caruthersville	May 1, 2017	Missouri
	Kansas City	May 1, 2017	Missouri
South	Pompano	May 1, 2017	Florida
	Eldorado Shreveport	(a)	Louisiana
	Lake Charles	May 1, 2017	Louisiana
	Baton Rouge	October 1, 2018	Louisiana
	Lula	May 1, 2017	Mississippi
	Vicksburg Greenville	May 1, 2017 October 1, 2018	Mississippi Mississippi
East	Presque Isle Downs	(a)	Pennsylvania
	Nemacolin	May 1, 2017	Pennsylvania
	Scioto Downs	(a)	Ohio
	Mountaineer	(a)	West Virginia
	Trop AC	October 1, 2018	New Jersey
Central	Elgin	August 7, 2018	Illinois
	Lumière	October 1, 2018	Missouri
	Evansville	October 1, 2018	Indiana

(a) Property was aggregated into segment prior to January 1, 2016.

Key Performance Metrics

Our primary source of revenue is generated by our gaming operations, but we use our hotels, restaurants, bars, entertainment, retail shops, racing and other services to attract customers to our properties. Our operating results are highly dependent on the volume of customers visiting and staying at our properties. Key performance metrics include volume indicators such as table games drop and slot handle, which refer to amounts wagered by our customers. The amount of volume we retain, which is not fully controllable by us, is recognized as casino revenues and is referred to as our win or hold. In addition, hotel occupancy and price per room designated by average daily rate (“ADR”) are key indicators for our hotel business. Our calculation of ADR consists of the average price of occupied rooms per day including the impact of resort fees and complimentary rooms. Complimentary room rates are determined based on an analysis of retail or cash rates for each customer segment and each type of room product to estimate complimentary rates which are consistent with retail rates. Complimentary rates are reviewed at least annually and on an interim basis if there are significant changes in market conditions. Complimentary rooms are treated as occupied rooms in our calculation of hotel occupancy.

Significant Factors Impacting Financial Results

The following summary highlights the significant factors impacting our financial results during the years ended December 31, 2018, 2017 and 2016.

- *Isle Acquisition* – Our results of operations for the years ended December 31, 2018 and 2017 include incremental revenues and expenses attributable to the 13 properties we acquired in our acquisition of Isle on May 1, 2017. Transaction (credits) expenses related to our acquisition of Isle for legal, accounting, financial advisory services, severance, stock awards and other costs totaled \$(1.4) million for the year ended December 31, 2018 and \$92.8 million for the year ended December 31, 2017.
- *Elgin Acquisition* – Our results of operations for the year ended December 31, 2018 include incremental revenues and expenses for the period of August 7, 2018 through December 31, 2018 attributable to Elgin. Transaction expenses related to our acquisition of Elgin totaled \$3.9 million for the year ended December 31, 2018.
- *Tropicana Acquisition* – Our results of operations for the year ended December 31, 2018 include incremental revenues and expenses attributable to the seven properties we acquired in our acquisition of Tropicana on October 1, 2018. Transaction expenses related to our acquisition of Tropicana totaled \$18.3 million for the year ended December 31, 2018.
- *Master Lease* – We accounted for the Master Lease with GLPI as a direct financing obligation effective October 1, 2018. As a result, we recorded minimum lease payments and amortization of the direct financing obligation totaling \$24.4 million as interest expense during the year ended December 31, 2018.
- *Lake Charles Terminated Sale* – On August 22, 2016, Isle entered into an agreement to sell its casino and hotel property in Lake Charles, Louisiana, for \$134.5 million, subject to a customary purchase price adjustment, to an affiliate of Laguna Development Corporation, a Pueblo of Laguna-owned business based in Albuquerque, New Mexico. On November 21, 2017, we terminated the agreement. The closing of the transaction was subject to certain closing conditions, including obtaining certain gaming approvals, and was to occur on or before the termination date, which had been extended by the parties to November 20, 2017. The buyer did not obtain the required gaming approvals prior to the termination date, and pursuant to the terms of the agreement, the \$20.0 million deposit was forfeited upon termination of the agreement and recorded as operating income in the fourth quarter of 2017.

In periods prior to the termination of the agreement, the operations of Lake Charles were classified as discontinued operations and as an asset held for sale. As a result of the termination of the sale in the fourth quarter of 2017, Lake Charles was no longer classified as an asset held for sale and as discontinued operations.

- *Dispositions* – The sales of Presque Isle Downs and Nemaquin met the requirements for presentation as assets held for sale under generally accepted accounting principles. However, they did not meet the requirements for presentation as discontinued operations and are included in income from continuing operations for the year ended December 31, 2018.

In conjunction with the classification of Vicksburg's operations as assets held for sale at March 31, 2018 as a result of the announced sale to CDI, an impairment charge totaling \$9.8 million was recorded due to the carrying value exceeding the estimated net sales proceeds. Effective July 6, 2018, the sale of Vicksburg was terminated, and Vicksburg was no longer presented as an asset held for sale as of September 30, 2018. In connection with this termination, CDI paid us a \$5.0 million termination fee, which is included in operating income for the year ended December 31, 2018.

On August 10, 2018, we entered into an agreement to sell our rights and obligations to operate Nemaquin. Due to the carrying value of the property and equipment being sold exceeding the estimated net sales proceeds, we recorded an impairment charge for the year ended December 31, 2018 totaling \$3.8 million related to Nemaquin.

The sale of Presque Isle Downs closed on January 11, 2019 and the sale of Nemaquin is expected to close in the first quarter of 2019.

- *Isle Debt Refinancing* – In connection with the Isle Acquisition, we completed a debt financing transaction comprised of: (i) a senior secured credit facility in an aggregate principal amount of \$1.75 billion with a term loan facility of \$1.45 billion and revolving credit facility of \$300.0 million and (ii) \$375.0 million of 6.0% senior notes due 2025. The proceeds of such borrowings were used to pay the cash portion of the consideration payable in the Isle Merger, refinance all of Isle's existing credit facilities, redeem or otherwise repurchase all of Isle's senior and senior subordinated notes, refinance our existing credit facility and pay transaction fees and expenses related to the foregoing. We recognized a loss totaling \$27.3 million for the year ended December 31, 2017 as a result of the Isle debt refinancing transaction (See "Liquidity and Capital Resources" for more information related to the debt refinancing).

- *Add-on Notes* – On September 13, 2017, we issued an additional \$500.0 million in aggregate principal amount of 6.0% senior notes due 2025 at an issue price equal to 105.5% of the principal amount. We used the proceeds of the offering to repay all of the outstanding borrowings under the revolving credit facility totaling \$78.0 million and used the remainder to repay outstanding borrowings totaling \$444.5 million under the term loan plus related accrued interest. We recognized a loss of \$11.1 million as a result of the issuance of additional debt and retirement of existing debt for the year ended December 31, 2017.
- *Tropicana Financing* – On September 20, 2018, we issued \$600.0 million in aggregate principal amount of 6.0% senior notes due 2026. The proceeds from the notes were used to fund the Tropicana Acquisition which closed on October 1, 2018. We incurred \$10.1 million of incremental interest expense on these notes for the year ended December 31, 2018.
- *Tax Cuts and Jobs Act* – On December 22, 2017, the U.S. government enacted comprehensive tax legislation commonly referred to as the Tax Cuts and Jobs Act (the “Tax Act”). The Tax Act made broad and complex changes to the U.S. tax code, including, but not limited to, reducing the U.S. federal corporate tax rate from 35% to 21%. In connection with our initial analysis of the impact of the Tax Act, for certain of our net deferred tax liabilities, we recorded a decrease of \$111.9 million, net of the related change in valuation allowance, with a corresponding net adjustment to deferred income tax benefit for the year ending December 31, 2017 as a result of the corporate rate reduction resulting in a positive impact on net income.
- *Impairment Charges* – On October 1, 2017 we conducted annual impairment tests of our intangible assets. Based on lower than expected operating performance and projected future operating results, it was determined that the value of goodwill and/or trade names associated with our Lake Charles, Vicksburg and Lula reporting units were impaired resulting in impairment charges totaling \$38.0 million for the year ended December 31, 2017.
- *Severe Weather* – During the third quarter of 2017, Hurricanes Harvey and Irma negatively impacted our South region, specifically our Pompano, Lake Charles and Eldorado Shreveport properties, and made travel to those properties impossible or difficult. While Pompano did not sustain any major physical damage, we incurred incremental expenses as a result of the storms and were forced to close the casino for four days and experienced disruption to our business for a longer period of time.

Our West segment’s operations are subject to seasonal variation, with our lowest business volume generally occurring during the winter months. The northern Nevada region experienced record snowfall and severe weather conditions, including major snow storms during eleven of the fourteen weekends in the 2017 first quarter, making travel to Reno from northern California, our main feeder market, difficult or impossible due to road closures. As a result, there was a significant adverse effect on business levels, especially hotel occupancy and gaming volume, during the first quarter of 2017, and our operating performance for the year ended December 31, 2017 compared to 2016.

- *Execution of Synergies and Cost Savings Programs* – We continue to identify areas to improve property level and consolidated margins through operating and cost efficiencies and exercising financial discipline throughout the company without impacting the guest experience. In addition to cost savings relating to duplicative executive compensation, legal and accounting fees and other corporate expenses that have been eliminated as a result of our acquisitions, we have achieved savings in marketing, food and beverage costs, selling, general and administrative expenses, and other operating departments as a result of operating efficiencies and purchasing power of the combined Eldorado organization.
- *Property Enhancement Capital Expenditures* – Property enhancement initiatives and targeted investments that improve our guests’ experiences and elevate our properties’ overall competitiveness in their markets continued throughout 2016, 2017 and 2018.
 - As part of the continuing evolution of the Reno tri-properties, we built a new 21,000 square foot spa at Silver Legacy which opened in early October 2018. We have substantially renovated every room at Circus Reno and will start the first phase of renovations of 400 rooms at Silver Legacy and 42 high-end suites at Eldorado in the second half of 2019. In Black Hawk we expect to renovate all 402 hotel rooms during the first half of 2019. In addition, our joint venture with Cordish continues making progress on development plans of a new world-class, mixed-use entertainment and hospitality destination anchored by our Isle Casino Racing Pompano Park.
 - A 118-room Hampton Inn Hotel at Scioto Downs developed by a third party opened in March 2017 and since opening has driven visitation and spend at the property.
- *New Regulation* – Effective January 1, 2016, the Ohio Lottery Commission enacted new regulation which resulted in the establishment of a \$1.0 million progressive slot liability and a corresponding decrease in net slot win for the year ended December 31, 2016. The changes are non-cash and related to jackpots established in prior years. The net non-cash impact to Scioto Down’s gaming revenues and operating income was \$1.0 million and \$0.6 million, respectively for the year ended December 31, 2016.

Results of Operations

The following table highlights the results of our operations (dollars in thousands):

	Year Ended			Change %	
	December 31,			2018 vs 2017	2017 vs 2016
	2018	2017	2016		
Net revenues	\$ 2,056,007	\$ 1,480,798	\$ 900,465	38.8 %	64.4 %
Operating income	310,103	94,810	88,700	227.1 %	6.9 %
Net income	95,235	73,380	24,527	29.8 %	199.2 %

Operating Results. Including incremental Isle, Elgin and Tropicana net revenues totaling \$575.5 million generated following their respective acquisition dates, net revenues increased 38.8% for the year ended December 31, 2018 compared to 2017. Excluding incremental Isle, Elgin and Tropicana net revenues, net revenues remained flat for the year ended December 31, 2018 compared to 2017.

Isle contributed \$600.1 million of incremental net revenues from the date we acquired Isle on May 1, 2017 through December 31, 2017 consisting primarily of gaming revenues. Including these incremental net revenues, net revenues increased 64.4% for the year ended December 31, 2017 compared to 2016. Excluding these incremental net revenues, net revenues declined 2.2% for the year ended December 31, 2017 compared to 2016, primarily due to decreased revenues associated with severe weather during the first and third quarters of 2017.

For the year ended December 31, 2018 compared to 2017, operating income increased 227.1% mainly due to incremental operating income contributed by Isle, Elgin and Tropicana following their respective acquisition dates. Incremental operating income totaling \$80.7 million represents operating income for four months of operations for Isle, five months of operations for Elgin and three months of operations for Tropicana. Excluding the incremental operating income, operating income rose 141.9% for the year ended December 31, 2018 compared to 2017 due to margin improvement resulting from synergies and departmental operating efficiencies, a \$34.2 million decrease in impairment charges and a \$71.9 million decline in transaction expenses. These increases in operating income for the year ended December 31, 2018 compared to 2017 were partially offset by higher depreciation associated with additional assets.

Operating income increased 6.9% for the year ended December 31, 2017 compared to 2016. This increase was primarily due to \$82.3 million of incremental operating income contributed by Isle for the year ended December 31, 2017 and a \$20.0 million deposit recorded as operating income in conjunction with the termination of the sale our Lake Charles property. These increases were partially offset by the \$83.6 million increase in transaction expenses associated with our acquisition of Isle and the \$38.0 million impairment charge recorded in 2017 to reduce the carrying value of goodwill and/or trade names related to our Lake Charles, Lula and Vicksburg reporting units.

For the year ended December 31, 2018 compared to 2017, net income increased 29.8% due to the same factors impacting operating income combined with the \$38.4 million loss on the early retirement of debt for the year ended December 31, 2017 associated with our refinancing completed in May 2017. These increases were partially offset by higher interest expense for the year ended December 31, 2018 compared to 2017 resulting from increased debt and amortization of the direct financing obligation associated with the Master Lease following our acquisitions. Additionally, the increase in our tax provision for the year ended December 31, 2018 compared to 2017 due to the favorable impact of the Tax Act in 2017 also partially offset the increases in net income.

Net income increased 199.2% in 2017 compared to 2016 primarily due to the \$111.9 million net adjustment to our deferred income tax benefit for the year ending December 31, 2017 as a result of the corporate tax rate reduction due to the Tax Act, combined with the other factors impacting operating income. This increase was partially offset by higher interest expense resulting from the issuance of new debt and the loss on the early retirement of debt recorded in 2017.

The following table highlights our net revenues and operating income (loss) by reportable segment (dollars in thousands):

	Net Revenues			Operating Income (Loss)		
	for the Year Ended December 31,			for the Year Ended December 31,		
	2018	2017	2016	2018	2017	2016
West	\$ 483,532	\$ 410,319	\$ 327,541	\$ 84,548	\$ 66,108	\$ 41,451
Midwest	397,008	268,879	—	105,809	62,071	—
South	461,181	338,259	133,557	64,851	3,680	23,378
East	571,272	462,835	439,367	97,963	68,101	53,361
Central	142,485	—	—	24,240	—	—
Corporate	529	506	—	(67,308)	(105,150)	(29,490)
Total	\$ 2,056,007	\$ 1,480,798	\$ 900,465	\$ 310,103	\$ 94,810	\$ 88,700

Year Ended December 31, 2018 Compared to the Year Ended December 31, 2017

Net revenues and operating expenses were as follows (dollars in thousands):

	<u>2018</u>	<u>2017</u>	<u>Variance</u>	<u>Change</u>
Revenues:				
Gaming and Pari-Mutuel Commissions:				
West	\$ 230,571	\$ 186,779	\$ 43,792	23.4 %
Midwest	345,499	231,366	114,133	49.3 %
South	375,748	268,680	107,068	39.8 %
East	485,047	412,202	72,845	17.7 %
Central	116,526	—	116,526	100.0 %
Total Gaming and Pari-Mutuel Commissions	<u>1,553,391</u>	<u>1,099,027</u>	<u>454,364</u>	41.3 %
Non-gaming:				
West	252,961	223,540	29,421	13.2 %
Midwest	51,509	37,513	13,996	37.3 %
South	85,433	69,579	15,854	22.8 %
East	86,225	50,633	35,592	70.3 %
Central	25,959	—	25,959	100.0 %
Corporate	529	506	23	4.5 %
Total Non-gaming	<u>502,616</u>	<u>381,771</u>	<u>120,845</u>	31.7 %
Total Net Revenues	<u>2,056,007</u>	<u>1,480,798</u>	<u>575,209</u>	38.8 %
Expenses:				
Gaming and Pari-Mutuel Commissions:				
West	86,622	73,304	13,318	18.2 %
Midwest	141,641	96,989	44,652	46.0 %
South	180,325	134,661	45,664	33.9 %
East	286,202	256,135	30,067	11.7 %
Central	54,499	—	54,499	100.0 %
Total Gaming and Pari-Mutuel Commissions	<u>749,289</u>	<u>561,089</u>	<u>188,200</u>	33.5 %
Non-gaming				
West	151,211	141,510	9,701	6.9 %
Midwest	30,951	26,271	4,680	17.8 %
South	56,607	49,280	7,327	14.9 %
East	51,536	35,518	16,018	45.1 %
Central	15,998	—	15,998	100.0 %
Total Non-gaming	<u>306,303</u>	<u>252,579</u>	<u>53,724</u>	21.3 %
Marketing and promotions	106,161	83,174	22,987	27.6 %
General and administrative	349,598	241,037	108,561	45.0 %
Corporate	46,632	30,739	15,893	51.7 %
Impairment charges	13,602	38,016	(24,414)	(64.2) %
Depreciation and amortization	157,429	105,891	51,538	48.7 %
Total Operating Expenses	<u>\$ 1,729,014</u>	<u>\$ 1,312,525</u>	<u>\$ 416,489</u>	31.7 %

Gaming Revenues and Pari-Mutuel Commissions. For the year ended December 31, 2018 compared to 2017, Isle, Elgin and Tropicana contributed \$454.7 million of gaming and pari-mutuel commissions driving a 41.3% year over year increase. Excluding these incremental revenues, gaming and pari-mutuel commissions were flat for the year ended December 31, 2018 compared to 2017.

Non-gaming Revenues. For the year ended December 31, 2018 compared to 2017, Isle, Elgin and Tropicana contributed \$121.0 million of incremental non-gaming revenues resulting in an increase of 31.7% year over year. Excluding these incremental revenues, non-gaming revenues for the year ended December 31, 2018 compared to 2017 remained flat.

Gaming Expenses and Pari-Mutuel Commissions. For the year ended December 31, 2018 compared to 2017, Isle, Elgin and Tropicana contributed \$197.5 million of incremental gaming and pari-mutuel commissions resulting in an increase of 33.5% year over year. Excluding these incremental expenses, gaming and pari-mutuel commissions declined 1.7% for the year ended December 31, 2018 compared to 2017 mainly due to savings initiatives targeted at reducing variable expenses. Successful efforts to control costs and maximize departmental profit across all segments also drove the margin improvements for the year ended December 31, 2018 compared to 2017.

Non-gaming Expenses. For the year ended December 31, 2018 compared to 2017, Isle, Elgin and Tropicana contributed \$74.2 million of incremental non-gaming expenses resulting in an increase of 21.3% year over year. Excluding incremental expenses, non-gaming expenses declined 8.1% for the year ended December 31, 2018 compared to 2017. This decrease was attributable to continued efforts to reduce variable costs with a focus on labor, food and beverage cost of sales, marketing spend and synergies achieved via company-wide purchasing consolidation programs.

Marketing and Promotions Expenses. For the year ended December 31, 2018 compared to 2017, Isle, Elgin and Tropicana contributed \$35.6 million of incremental marketing and promotions expenses resulting in an increase of 27.6% year over year. Excluding these incremental expenses, marketing and promotions declined 15.1% for the year ended December 31, 2018 compared to 2017 mainly due to synergies achieved via the elimination or consolidation of certain marketing contracts and company-wide reductions in marketing, direct mail and promotional spend.

General and Administrative Expenses. Isle, Elgin and Tropicana contributed \$114.8 million of incremental general and administrative expenses for the year ended December 31, 2018 compared to 2017 resulting in an increase of 45.0% year over year. Excluding these incremental expenses, general and administrative expenses declined 2.6% for the year ended December 31, 2018 compared to 2017 primarily due to the centralization of certain corporate services provided to our properties and realized savings.

Corporate Expenses. For the year ended December 31, 2018 compared to 2017, corporate expenses increased \$15.9 million, a 51.7% increase year over year, due to higher payroll and other expenses associated with additional corporate costs, including stock compensation expense, associated with growth related to our acquisitions.

Impairment Charges. Based on the pending disposition, we recorded an impairment charge for the year ended December 31, 2018 totaling \$3.8 million related to our Nemaquin property. Additionally, in conjunction with the classification of Vicksburg's operations as assets held for sale, we recorded an impairment charge totaling \$9.8 million.

Depreciation and Amortization Expense. Isle, Elgin and Tropicana contributed \$50.1 million of incremental depreciation and amortization expense for the year ended December 31, 2018 resulting in an increase of 48.7% over 2017. Excluding the incremental expense, depreciation and amortization expense rose 1.3% for the year ended December 31, 2018 compared to 2017 mainly due to asset additions at our three Reno properties.

Year Ended December 31, 2017 Compared to the Year Ended December 31, 2016

Net revenues and operating expenses were as follows (dollars in thousands):

	2017	2016	Variance	Change
Revenues:				
Gaming and Pari-Mutuel Commissions:				
West	\$ 186,779	\$ 121,623	\$ 65,156	53.6 %
Midwest	231,366	—	231,366	100.0 %
South	268,680	92,108	176,572	191.7 %
East	412,202	386,284	25,918	6.7 %
Central	—	—	—	— %
Total Gaming and Pari-Mutuel Commissions	<u>1,099,027</u>	<u>600,015</u>	<u>499,012</u>	83.2 %
Non-gaming:				
West	223,540	205,918	17,622	8.6 %
Midwest	37,513	—	37,513	100.0 %
South	69,579	41,449	28,130	67.9 %
East	50,633	53,083	(2,450)	(4.6) %
Central	—	—	—	— %
Corporate	506	—	506	100.0 %
Total Non-gaming	<u>381,771</u>	<u>300,450</u>	<u>81,321</u>	27.1 %
Total Net Revenues	<u>1,480,798</u>	<u>900,465</u>	<u>580,333</u>	64.4 %
Expenses:				
Gaming and Pari-Mutuel Commissions:				
West	73,304	55,092	18,212	33.1 %
Midwest	96,989	—	96,989	100.0 %
South	134,661	51,712	82,949	160.4 %
East	256,135	245,416	10,719	4.4 %
Central	—	—	—	— %
Total Gaming and Pari-Mutuel Commissions	<u>561,089</u>	<u>352,220</u>	<u>208,869</u>	59.3 %
Non-gaming				
West	141,510	130,981	10,529	8.0 %
Midwest	26,271	—	26,271	100.0 %
South	49,280	24,141	25,139	104.1 %
East	35,518	39,464	(3,946)	(10.0) %
Central	—	—	—	— %
Total Non-gaming	<u>252,579</u>	<u>194,586</u>	<u>57,993</u>	29.8 %
Marketing and promotions	83,174	40,890	42,284	103.4 %
General and administrative	241,037	130,720	110,317	84.4 %
Corporate	30,739	19,880	10,859	54.6 %
Impairment charges	38,016	—	38,016	100.0 %
Depreciation and amortization	105,891	63,449	42,442	66.9 %
Total Operating Expenses	<u>\$ 1,312,525</u>	<u>\$ 801,745</u>	<u>\$ 510,780</u>	63.7 %

Gaming Revenues and Pari-Mutuel Commissions. Isle contributed \$504.2 million of gaming revenues and pari-mutuel commissions for the period from the date we acquired Isle through December 31, 2017 resulting in an increase of 83.2% for the year ended December 31, 2017 compared to 2016.

Excluding incremental Isle gaming revenues and pari-mutuel commissions of \$504.2 million, gaming revenues declined 0.9% for the year ended December 31, 2017 compared to 2016 primarily due to a decrease in gaming revenues across all segments. The decline in the West segment was mainly attributable to decreases in visitor traffic due to severe weather the northern Nevada region experienced throughout the first quarter of 2017 that resulted in limited access from our main feeder markets combined with the absence of a major bowling tournament in the Reno market. Additionally, reductions in gaming volume driven by decreased high-end play, the continued weakness in the energy sector and historically lower table games hold percentage impacted the Shreveport market and severe weather in the third quarter of 2017 negatively impacted the South segment in 2017. Efforts to eliminate unprofitable gaming play via reductions in marketing promotions and incentives across the properties also contributed to the declines in casino volume and positively impacted margins across all segments.

Non-gaming Revenues. Isle contributed \$96.0 million of non-gaming revenues for the period from the date we acquired Isle through December 31, 2017 resulting in an increase of 27.1% over 2016.

Excluding incremental Isle non-gaming revenues of \$96.0 million, non-gaming revenues decreased 4.9% for the year ended December 31, 2017 compared to 2016. The West segment declined for the year ended December 31, 2017 compared to 2016 principally due to lower hotel, food and beverage revenues resulting from reduced customer traffic due to fewer convention room nights, severe weather in the northern Nevada region throughout the first quarter of 2017 and the absence of a major bowling tournament during 2017. The South segment decrease in non-gaming revenues for the year ended December 31, 2017 compared to 2016 was primarily due to decreased food and beverage revenues associated with revisions to marketing strategies resulting in fewer complimentary food offers and severe weather negatively impacting visitation in 2017. Non-gaming revenues in the East segment decreased for the year ended December 31, 2017 compared to 2016 primarily due to decreased food and beverage revenues resulting from reductions in complimentary food offers and the consolidation of restaurants in an effort to maximize capacity utilization.

Gaming Expenses and Pari-Mutuel Commissions. Isle contributed \$228.2 million of gaming expenses and pari-mutuel commissions for the period from the date we acquired Isle through December 31, 2017 resulting in an increase of 59.3% over 2016.

Excluding incremental Isle gaming expenses and pari-mutuel commissions, gaming expenses and pari-mutuel commissions decreased 5.5% for the year ended December 31, 2017 compared to 2016 primarily due to decreases in gaming volume combined with savings initiatives targeted at reducing variable expenses along with continued synergies related to the integration of the Reno properties in the West segment. Additionally, successful efforts to control costs and maximize departmental profit across all segments also drove the decline in expenses during the current period.

Non-gaming Expenses. Isle contributed \$71.4 million of non-gaming expenses for the period from the date we acquired Isle through December 31, 2017 resulting in an increase of 29.8% over 2016.

Excluding incremental Isle non-gaming expenses, non-gaming expenses decreased 6.9% for the year ended December 31, 2017 compared to 2016 in conjunction with non-gaming revenue declines and successful efforts to control costs and maximize profit across all segments.

Marketing and Promotions Expenses. Isle contributed \$36.4 million of marketing and promotions expense for the period from the date we acquired Isle through December 31, 2017 resulting in an increase of 103.4% over 2016.

Excluding incremental Isle marketing and promotions expenses, consolidated marketing and promotions expense increased 14.4% for the year ended December 31, 2017 compared to 2016. This increase was primarily attributable to marketing promotional costs associated with casino initiatives that are charged to this category to provide consistency among properties following our acquisition of Isle.

General and Administrative Expenses. Isle contributed \$113.6 million of general and administrative expense for the period from the date we acquired Isle through December 31, 2017 resulting in an increase of 84.4% over 2016.

Excluding incremental Isle general and administrative expenses, consolidated general and administrative expenses decreased 2.5% for the year ended December 31, 2017 compared to 2016. Savings associated with lower property and general liability insurance costs were partially offset by higher expenses associated with information systems maintenance contracts and professional services. These incremental costs resulted from information technology infrastructure projects targeted at consolidating systems for future savings and efficiencies.

Corporate Expenses. For the year ended December 31, 2017 compared to 2016, corporate expenses increased due to payroll and other expenses associated with additional corporate expenses driven by growth related to the Isle acquisition. Also, the increase was the result of higher stock compensation expense for the year ended December 31, 2017 compared to 2016 due to the three-year vesting schedule associated with our long-term incentive plan established in 2015 resulting in three years of grants and related expense in 2017 versus two years of grants and related expense in 2016.

Impairment Charges. On October 1, 2017 we conducted annual impairment tests of our intangible assets. Based on less than expected operating performance and projected future operating results, it was determined that the value of goodwill and/or trade names associated with our Lake Charles, Vicksburg and Lula reporting units were impaired resulting in impairment charges totaling \$38.0 million (\$34.9 million related to goodwill and \$3.1 million related to trade names) recorded in the current year.

Depreciation and Amortization Expense. Isle contributed \$47.1 million of depreciation expense for the period from the date we acquired Isle through December 31, 2017 resulting in an increase of 66.9% over 2016.

Excluding incremental Isle depreciation and amortization expense, depreciation and amortization expense decreased 7.3% for the year ended December 31, 2017 compared to 2016 mainly due to lower depreciation in all segments due to assets becoming fully depreciated.

Supplemental Unaudited Presentation of Consolidated Adjusted Earnings before Interest, Taxes, Depreciation and Amortization (“EBITDA”) for the Years Ended December 31, 2018 and 2017

Adjusted EBITDA (defined below), a non-GAAP financial measure, has been presented as a supplemental disclosure because it is a widely used measure of performance and basis for valuation of companies in our industry and we believe that this non-GAAP supplemental information will be helpful in understanding the Company’s ongoing operating results. Management has historically used Adjusted EBITDA when evaluating operating performance because we believe that the inclusion or exclusion of certain recurring and non-recurring items is necessary to provide a full understanding of our core operating results and as a means to evaluate period-to-period results. Adjusted EBITDA represents operating income (loss) before depreciation and amortization, stock-based compensation, transaction expenses, severance expense, selling costs associated with the disposition of properties, proceeds from the terminated sales of Vicksburg and Lake Charles, preopening expenses, business interruption insurance proceeds, real estate tax settlements, other than temporary impairments on investments, impairment charges, equity in income (loss) of unconsolidated affiliates, (gain) loss on the sale or disposal of property and equipment, and other non-cash regulatory gaming assessments. Adjusted EBITDA also excludes expense associated with our Master Lease with GLPI as the transaction was accounted for as a financing obligation. Adjusted EBITDA is not a measure of performance or liquidity calculated in accordance with accounting principles generally accepted in the United States (“US GAAP”), is unaudited and should not be considered an alternative to, or more meaningful than, net income (loss) as an indicator of our operating performance. Uses of cash flows that are not reflected in Adjusted EBITDA include capital expenditures, interest payments, income taxes, debt principal repayments and certain regulatory gaming assessments, which can be significant. As a result, Adjusted EBITDA should not be considered as a measure of our liquidity. Other companies that provide EBITDA information may calculate EBITDA differently than we do. The definition of Adjusted EBITDA may not be the same as the definitions used in any of our debt agreements.

	Year Ended December 31, 2018					Adjusted EBITDA
	Operating Income (Loss)	Depreciation and Amortization	Stock-Based Compensation	Transaction Expenses ⁽⁵⁾	Other ⁽⁶⁾	
Excluding Pre-Acquisition:						
West	\$ 84,548	\$ 40,131	\$ (32)	\$ —	\$ 1,542	\$ 126,189
Midwest	105,809	33,083	106	—	244	139,242
South	64,851	37,357	59	—	10,265	112,532
East	97,963	27,913	14	—	5,447	131,337
Central	24,240	13,583	—	—	1,676	39,499
Corporate and Other	(67,308)	5,362	12,937	20,842	(3,702)	(31,869)
Total Excluding Pre-Acquisition	\$ 310,103	\$ 157,429	\$ 13,084	\$ 20,842	\$ 15,472	\$ 516,930
Pre-Acquisition (1):						
West	\$ 13,635	\$ 9,271	\$ —	\$ —	\$ 8	\$ 22,914
Midwest	—	—	—	—	—	—
South	355	6,076	—	—	20	6,451
East	46,261	24,444	—	—	159	70,864
Central	70,105	22,939	—	—	647	93,691
Corporate and Other	(52,127)	1,537	—	4,259	31,101	(15,230)
Total Pre-Acquisition	\$ 78,229	\$ 64,267	\$ —	\$ 4,259	\$ 31,935	\$ 178,690
Including Pre-Acquisition:						
West	\$ 98,183	\$ 49,402	\$ (32)	\$ —	\$ 1,550	\$ 149,103
Midwest	105,809	33,083	106	—	244	139,242
South	65,206	43,433	59	—	10,285	118,983
East	144,224	52,357	14	—	5,606	202,201
Central	94,345	36,522	—	—	2,323	133,190
Corporate and Other	(119,435)	6,899	12,937	25,101	27,399	(47,099)
Total Including Pre-Acquisition (2)	\$ 388,332	\$ 221,696	\$ 13,084	\$ 25,101	\$ 47,407	\$ 695,620

	Year Ended December 31, 2017					Adjusted EBITDA
	Operating Income (Loss)	Depreciation and Amortization	Stock-Based Compensation	Transaction Expenses ⁽⁵⁾	Other ⁽⁷⁾	
Excluding Pre-Acquisition:						
West	\$ 66,108	\$ 26,950	\$ 182	\$ —	\$ 364	\$ 93,604
Midwest	62,071	20,997	210	—	193	83,471
South	3,680	25,307	147	—	41,144	70,278
East	68,101	30,517	14	—	369	99,001
Central	—	—	—	—	—	—
Corporate and Other	(105,150)	2,120	5,769	92,777	(19,689)	(24,173)
Total Excluding Pre-Acquisition	\$ 94,810	\$ 105,891	\$ 6,322	\$ 92,777	\$ 22,381	\$ 322,181
Pre-Acquisition (3):						
West	\$ 22,983	\$ 16,261	\$ 8	\$ —	\$ 8	\$ 39,260
Midwest	34,819	11,952	51	—	34	46,856
South	32,809	14,343	35	—	148	47,335
East	79,135	28,818	—	—	(19,396)	88,557
Central	85,717	30,299	—	—	(3,228)	112,788
Corporate and Other	(28,503)	2,576	1,631	286	557	(23,453)
Total Pre-Acquisition	\$ 226,960	\$ 104,249	\$ 1,725	\$ 286	\$ (21,877)	\$ 311,343
Including Pre-Acquisition:						
West	\$ 89,091	\$ 43,211	\$ 190	\$ —	\$ 372	\$ 132,864
Midwest	96,890	32,949	261	—	227	130,327
South	36,489	39,650	182	—	41,292	117,613
East	147,236	59,335	14	—	(19,027)	187,558
Central	85,717	30,299	—	—	(3,228)	112,788
Corporate and Other	(133,653)	4,696	7,400	93,063	(19,132)	(47,626)
Total Including Pre-Acquisition (4)	\$ 321,770	\$ 210,140	\$ 8,047	\$ 93,063	\$ 504	\$ 633,524

(1) Figures are for Tropicana for the nine months ended September 30, 2018 and for Elgin for the period beginning January 1, 2018 and ending August 6, 2018. Such figures are based on internal financial statements and have not been reviewed by the Company's auditors.

- (2) Total figures for the year ended December 31, 2018 include combined results of operations for Tropicana, Elgin and the Company for periods preceding the date that the Company acquired Tropicana and Elgin. Such presentation is unaudited and does not conform with GAAP or the Securities and Exchange Commission rules for pro forma presentation; however, we believe that the additional financial information will be helpful to investors in comparing current results with results of prior periods. This is non-GAAP data and should not be considered a substitute for data prepared in accordance with GAAP, but should be viewed in addition to the results of operations reported by the Company.
- (3) Figures are for Tropicana and Elgin for the year ended December 31, 2017 and for Isle for the four months ended April 30, 2017. The Isle figures were prepared by the Company to reflect Isle's unaudited consolidated historical operating revenues, operating income and Adjusted EBITDA for periods corresponding to the Company's fiscal calendar. Such figures are based on the unaudited internal financial statements and have not been reviewed by the Company's auditors and do not conform to GAAP.
- (4) Total figures for the year ended December 31, 2017 include combined results of operations for Tropicana, Elgin, Isle and the Company for periods preceding the dates that the Company acquired Tropicana, Elgin and Isle. Such presentation does not conform with GAAP or the Securities and Exchange Commission rules for pro forma presentation; however, we believe that the additional financial information will be helpful to investors in comparing current results with results of prior periods. This is non-GAAP data and should not be considered a substitute for data prepared in accordance with GAAP, but should be viewed in addition to the results of operations reported by the Company.
- (5) Transaction expenses represent costs related to the acquisition of Isle for the year ended December 31, 2017 and costs related to the acquisition of Tropicana, Elgin and Isle for the year ended December 31, 2018.
- (6) Other, for the year ended December 31, 2018, is comprised of severance expense, gain (loss) on the sale or disposal of property and equipment, equity in income (loss) of an unconsolidated affiliate, preopening expenses at Trop AC, impairment charges at Vicksburg and Nemaquin, proceeds from the terminated sale of Vicksburg, other non-cash regulatory gaming assessments and selling costs associated with the dispositions of Presque Isle Downs, Nemaquin, the terminated sale of Vicksburg and the purchase of Tropicana and Elgin.
- (7) Other, for the year ended December 31, 2017, is comprised of severance expense, gain (loss) on the sale or disposal of property and equipment, equity in income (loss) of an unconsolidated affiliate, preopening expenses at Evansville, business interruption insurance proceeds received at Lumière, proceeds from a real estate tax settlement at Trop AC, impairment charges recorded at Lake Charles, Lula and Vicksburg, proceeds from the terminated sale of Vicksburg, non-cash regulatory gaming assessments, selling costs associated with the terminated sale of Lake Charles, proceeds from the terminated sale of Lake Charles and a permanent impairment of investments held by Trop AC.

Liquidity and Capital Resources

We are a holding company and our only significant assets are ownership interests in our subsidiaries. Our ability to fund our obligations depends on the cash flow of our subsidiaries and the ability of our subsidiaries to distribute or otherwise make funds available to us.

Our primary sources of liquidity and capital resources have been existing cash, cash flow from operations, borrowings under our revolving credit facility, proceeds from the issuance of debt securities and proceeds from our recent disposition of Presque Isle.

Our cash requirements can fluctuate significantly depending on our decisions with respect to business acquisitions or dispositions and strategic capital investments to maintain the quality of our properties. We expect that our primary capital requirements going forward will relate to the operation and maintenance of our properties, taxes, servicing our outstanding indebtedness, rent payments under our Master Lease and continued costs associated with the recent Elgin and Tropicana acquisitions. During 2019, we plan to spend approximately \$200.0 million on capital expenditures including capital expenditures for the properties purchased in the Elgin and Tropicana acquisitions. Our capital requirements have increased significantly following the consummation of the acquisitions of Tropicana and Elgin, the related obligation to pay annual rent in an initial amount of approximately \$87.6 million under the Master Lease with respect to certain of the Tropicana properties and the required payments under the Lumière Note.

We funded the \$328.8 million of cash consideration for the Elgin Acquisition using cash from ongoing operations and borrowings under our revolving credit facility. We funded the \$246 million purchase of the real estate underlying Lumière with the proceeds of the Lumière Note. We funded the \$640 million consideration in the Tropicana Acquisition and the repayment of amounts outstanding under the Tropicana credit facility with our cash on hand and cash on hand at Tropicana, borrowings under our revolving credit facility and proceeds from our offering of \$600 million of 6.0% senior notes due 2026. In addition, our borrowing capacity on our revolving credit facility increased from \$300 million to \$500 million effective substantially concurrently with the consummation of the Tropicana Acquisition on October 1, 2018 and we extended the maturity of the revolving credit facility to October 1, 2023. We expect that cash generated from operations will be sufficient to fund our operations and capital requirements, and service our outstanding indebtedness for the next twelve months.

At December 31, 2018, we had consolidated cash and cash equivalents of \$230.8 million, excluding restricted cash. At December 31, 2017, we had consolidated cash and cash equivalents of \$134.6 million, excluding restricted cash. This increase in cash was primarily due to cash acquired in the Elgin and Tropicana acquisitions.

Operating Cash Flow. In 2018, cash flows provided by operating activities totaled \$323.3 million compared to \$129.9 million in 2017. The increase in operating cash was primarily due to incremental operating cash generated by the acquired Elgin and Tropicana properties and decreased transaction costs combined with changes in the balance sheet accounts in the normal course of business.

In 2017, cash flows provided by operating activities totaled \$129.9 million compared to \$95.4 million in 2016. The increase in operating cash was primarily due to incremental operating cash generated by the acquired Isle properties offset by transaction expenses associated with our acquisition of Isle combined with changes in the balance sheet accounts in the normal course of business.

Investing Cash Flow and Capital Expenditures. Net cash flows used in investing activities totaled \$1.3 billion in 2018 compared to \$1.4 billion in 2017. Net cash flows used in investing activities in 2018 were primarily due to \$307.3 million cash paid in the Elgin Acquisition and \$806.0 million cash paid in the Tropicana Acquisition. Additionally, capital expenditures totaled \$147.4 million for the year ended December 31, 2018 related to growth and maintenance capital projects.

Net cash flows used in investing activities totaled \$1.4 billion in 2017 compared to \$41.8 million in 2016. Net cash flows used in investing activities in 2017 were primarily due to cash paid to acquire Isle in addition to \$83.1 million in capital expenditures for various property enhancement and maintenance projects and equipment purchases.

Financing Cash Flow. Net cash provided by financing activities in 2018 totaled \$1.1 billion and was principally due to \$600.0 million of proceeds from the issuance of the 6.0% senior notes due 2026 in conjunction with the Tropicana Acquisition, \$246.0 million of proceeds from the Lumière Loan (defined below) and \$245.0 million of net borrowings under our revolving credit facility related to the Elgin Acquisition.

Net cash used for financing activities in 2017 totaled \$1.4 billion and consisted mainly of the issuance of debt associated with our acquisition of Isle, the refinancing of our term loan and revolving credit facility in May 2017 and the issuance of additional 6.0% senior notes due 2025 in September 2017. This increase was partially offset by net payments made on our credit facilities throughout 2017 and taxes paid related to net share settlements of equity awards associated with the Isle transaction.

Income Taxes. The Company will pay approximately \$45 million in cash taxes in 2019 as a result of the Tropicana Acquisition. In addition, the Company expects to be a cash taxpayer in 2019 due to the complete utilization of its net operating losses and tax credit carryovers for federal income tax purposes.

Debt Obligations

7% Senior Notes due 2023

On July 23, 2015, we issued at par \$375.0 million in aggregate principal amount of 7.0% senior notes due 2023 ("7% Senior Notes due 2023") pursuant to the indenture, dated as of July 23, 2015 (the "2023 Indenture"), between us and U.S. Bank, National Association, as Trustee. The 7% Senior Notes due 2023 will mature on August 1, 2023, with interest payable semi-annually in arrears on February 1 and August 1 of each year.

On or after August 1, 2018, we may redeem all or a portion of the 7% Senior Notes due 2023 upon not less than 30 nor more than 60 days' notice, at the redemption prices (expressed as percentages of the principal amount) set forth below plus accrued and unpaid interest and additional interest, if any, on the 7% Senior Notes due 2023 redeemed, to the applicable redemption date, if redeemed during the twelve month period beginning on August 1 of the years indicated below:

<u>Year</u>	<u>Percentage</u>
2018	105.250 %
2019	103.500 %
2020	101.750 %
2021 and thereafter	100.000 %

If we experience certain change of control events (as defined in the 2023 Indenture), we must offer to repurchase the 7% Senior Notes due 2023 at 101% of their principal amount, plus accrued and unpaid interest to the applicable repurchase date. If we sell asset under certain circumstances and does not use the proceeds for specified purposes, we must offer to repurchase the 7% Senior Notes due 2023 at 100% of their principal amount, plus accrued and unpaid interest to the applicable repurchase date. The 7% Senior Notes due 2023 are subject to redemption imposed by gaming laws and regulations of applicable gaming regulatory authorities.

The 2023 Indenture contains certain covenants limiting, among other things, our ability and the ability of our subsidiaries (other than its unrestricted subsidiaries) to:

- pay dividends or distributions or make certain other restricted payments or investments;
- incur or guarantee additional indebtedness or issue disqualified stock or create subordinated indebtedness that is not subordinated to the 7% Senior Notes due 2023 or the guarantees of the 7% Senior Notes due 2023;
- create liens;
- transfer and sell assets;
- merge, consolidate, or sell, transfer or otherwise dispose of all or substantially all of our assets;
- enter into certain transactions with affiliates;
- engage in lines of business other than our core business and related businesses; and
- create restrictions on dividends or other payments by restricted subsidiaries.

These covenants are subject to a number of exceptions and qualifications as set forth in the 2023 Indenture. The 2023 Indenture also provides for customary events of default which, if any of them occurs, would permit or require the principal of and accrued interest on such 7% Senior Notes due 2023 to be declared due and payable.

6% Senior Notes due 2025

On March 29, 2017, Eagle II Acquisition Company LLC ("Eagle II"), our wholly-owned subsidiary, issued \$375.0 million in aggregate principal amount of 6.0% Senior Notes due 2025 (the "6% Senior Notes due 2025") pursuant to an indenture, dated as of March 29, 2017 (the "2025 Indenture"), between Eagle II and U.S. Bank, National Association, as Trustee. The 6% Senior Notes due 2025 will mature on April 1, 2025, with interest payable semi-annually in arrears on April 1 and October 1, commencing October 1, 2017. The proceeds of the offering, and additional funds in the amount of \$1.9 million in respect of interest expected to be accrued on the 6% Senior Notes due 2025, were placed in escrow pending satisfaction of certain conditions, including consummation of our acquisition of Isle. In connection with the consummation of our acquisition of Isle on May 1, 2017, the escrowed funds were released, and we assumed Eagle II's obligations under the 6% Senior Notes due 2025 and the 2025 Indenture and certain of our subsidiaries (including Isle and certain of its subsidiaries) executed guarantees of our obligations under the 6% Senior Notes due 2025.

On September 13, 2017, we issued an additional \$500.0 million principal amount of the 6% Senior Notes due 2025 at an issue price equal to 105.5% of the principal amount of the 6% Senior Notes due 2025. The additional notes were issued pursuant to the 2025 Indenture that governs the 6% Senior Notes due 2025. We used the proceeds of the offering to repay \$78.0 million of outstanding borrowings under the revolving credit facility and used the remainder to repay \$444.5 million outstanding borrowings under the term loan facility and related accrued interest. As a result of the offering and retirement of existing debt, we recognized a loss of \$11.1 million during the year ended December 31, 2017.

On or after April 1, 2020, we may redeem all or a portion of the 6% Senior Notes due 2025 upon not less than 30 nor more than 60 days' notice, at the redemption prices (expressed as percentages of the principal amount) set forth below plus accrued and unpaid interest and additional interest, if any, on the 6% Senior Notes due 2025 redeemed, to the applicable redemption date, if redeemed during the 12-month period beginning on April 1 of the years indicated below:

Year	Percentage
2020	104.500 %
2021	103.000 %
2022	101.500 %
2023 and thereafter	100.000 %

Prior to April 1, 2020, we may redeem all or a portion of the 6% Senior Notes due 2025 at a price equal to 100% of the 6% Senior Notes due 2025 redeemed plus accrued and unpaid interest to the redemption date, plus a make-whole premium. At any time prior to April 1, 2020, we are also entitled to redeem up to 35% of the original aggregate principal amount of the 6% Senior Notes due 2025 with proceeds of certain equity financings at a redemption price equal to 106% of the principal amount of the 6% Senior Notes due 2025 redeemed, plus accrued and unpaid interest. If we experience certain change of control events (as defined in the 2025 Indenture), we must offer to repurchase the 6% Senior Notes due 2025 at 101% of their principal amount, plus accrued and unpaid interest to the applicable repurchase date. If we sell assets under certain circumstances and do not use the proceeds for specified purposes, we must offer to repurchase the 6% Senior Notes due 2025 at 100% of their principal amount, plus accrued and unpaid interest to the applicable repurchase date.

The 6% Senior Notes due 2025 are subject to redemption imposed by gaming laws and regulations of applicable gaming regulatory authorities.

The 2025 Indenture contains certain covenants limiting, among other things, our ability and the ability of our subsidiaries (other than its unrestricted subsidiaries) to:

- pay dividends or distributions or make certain other restricted payments or investments;
- incur or guarantee additional indebtedness or issue disqualified stock or create subordinated indebtedness that is not subordinated to the 6% Senior Notes due 2025 or the guarantees of the 6% Senior Notes due 2025;
- create liens;
- transfer and sell assets;
- merge, consolidate, or sell, transfer or otherwise dispose of all or substantially all of our assets;
- enter into certain transactions with affiliates;
- engage in lines of business other than our core business and related businesses; and
- create restrictions on dividends or other payments by restricted subsidiaries.

These covenants are subject to a number of exceptions and qualifications as set forth in the 6% Senior Notes Indenture due 2025. The 2025 Indenture also provides for customary events of default which, if any of them occurs, would permit or require the principal of and accrued interest on such 6% Senior Notes due 2025 to be declared due and payable.

6% Senior Notes due 2026

On September 20, 2018, Delta Merger Sub, Inc. ("Escrow Issuer"), a Delaware corporation and a wholly-owned subsidiary of the Company, issued \$600 million in aggregate principal amount of 6.0% senior notes due 2026 (the "6% Senior Notes due 2026") pursuant to an indenture, dated as of September 20, 2018 (the "2026 Indenture"), between Escrow Issuer and U.S. Bank, National Association, as Trustee. Interest on the 6% Senior Notes due 2026 will be paid semi-annually in arrears on March 15 and September 15, commencing March 15, 2019. The Company and the subsidiary guarantors assumed the obligations under the 2026 Indenture in connection with the consummation of the Tropicana Acquisition.

On or after September 15, 2021, the Company may redeem all or a portion of the 6% Senior Notes due 2026 upon not less than 30 nor more than 60 days' notice, at the redemption prices (expressed as percentages of the principal amount) set forth below plus accrued and unpaid interest and additional interest, if any, on the 6% Senior Notes due 2026 redeemed, to the applicable redemption date, if redeemed during the 12-month period beginning on September 15 of the years indicated below:

<u>Year</u>	<u>Percentage</u>
2021	104.500 %
2022	103.000 %
2023	101.500 %
2024 and thereafter	100.000 %

Prior to September 15, 2021, we may redeem all or a portion of the 6% Senior Notes due 2026 at a price equal to 100% of the 6% Senior Notes due 2026 redeemed plus accrued and unpaid interest to the redemption date, plus a make-whole premium. At any time prior to September 15, 2021, we are also entitled to redeem up to 35% of the original aggregate principal amount of the 6% Senior Notes due 2026 with proceeds of certain equity financings at a redemption price equal to 106% of the principal amount of the 6% Senior Notes due 2026 redeemed, plus accrued and unpaid interest. Upon the occurrence of a Change of Control (if the 6% Senior Notes due 2026 do not have investment grade status) or a Change of Control Triggering Event (each as defined in the 2026 Indenture), the Company must offer to repurchase the 6% Senior Notes due 2026 at 101% of their principal amount, plus accrued and unpaid interest to the applicable repurchase date.

If the Company sells assets under certain circumstances and does not use the proceeds for specified purposes, the Company must apply the net proceeds of such sale to make an offer to repurchase the 6% Senior Notes due 2026 at 100% of their principal amount, plus accrued and unpaid interest to the applicable repurchase date.

The 6% Senior Notes due 2026 are subject to redemption imposed by gaming laws and regulations of applicable gaming regulatory authorities.

The 2026 Indenture contains certain covenants limiting, among other things, the Company's ability to:

- incur additional indebtedness;
- create, incur or suffer to exist certain liens;
- pay dividends or make distributions on capital stock or repurchase capital stock;
- make certain investments;
- place restrictions on the ability of subsidiaries to pay dividends or make other distributions to the Issuer;
- sell certain assets or merge with or consolidate into other companies; and
- enter into certain types of transactions with the stockholders and affiliates.

These covenants are subject to a number of exceptions and qualifications as set forth in the 2026 Indenture. The 2026 Indenture also provides for events of default which, if any of them occurs, would permit or require the principal of and accrued interest on such 6% Senior Notes due 2026 to be declared due and payable.

The Company applied the net proceeds of the sale of the 6% Senior Notes due 2026, together with borrowings under its existing revolving credit, cash on hand and Tropicana's cash on hand, to pay the consideration payable by the Company pursuant to the merger agreement, repay all of the debt outstanding under Tropicana's existing credit facility and pay fees and costs associated with the Tropicana Acquisition that closed on October 1, 2018.

Credit Facility

On April 17, 2017, Eagle II entered into a credit agreement by and among Eagle II, as initial borrower, JPMorgan Chase Bank, N.A., as administrative agent, and the lenders party thereto dated as of April 17, 2017 (the "Credit Facility"), consisting of a \$1.45 billion term loan facility (the "Term Loan Facility" or "Term Loan") and a \$300.0 million revolving credit facility (the "Revolving Credit Facility"), which was undrawn at closing. The proceeds of the Term Loan Facility, and additional funds in the amount of \$4.5 million in respect of interest expected to be accrued on the Term Loan Facility, were placed in escrow pending satisfaction of certain conditions, including consummation of our acquisition of Isle. In connection with the consummation of our acquisition of Isle on May 1, 2017, the escrowed funds were released, and we assumed Eagle II's obligations under the Credit Facility and certain of our subsidiaries (including Isle and certain of its subsidiaries) executed guarantees of our obligations under the Credit Facility.

As of December 31, 2018, we had \$956.8 million of borrowings outstanding under the Term Loan and \$245.0 million of borrowings outstanding under the Revolving Credit Facility. We had \$242.3 million of available borrowing capacity, after consideration of \$12.7 million in outstanding letters of credit, under our Revolving Credit Facility as of December 31, 2018. At December 31, 2018, the weighted average interest rate on the term loan was 4.3%, and the weighted average interest rate on the Revolving Credit Facility was 4.6%.

We applied the net proceeds of the Term Loan Facility and borrowings under the Revolving Credit Facility totaling \$135 million, together with the proceeds of the 6% Senior Notes due 2025 and cash on hand, to (i) pay the cash portion of the consideration payable in our acquisition of Isle, (ii) refinance all of the debt outstanding under Isle's existing credit facility, (iii) redeem or otherwise repurchase all of Isle's outstanding 5.875% Senior Notes due 2021 and 8.875% Senior Subordinated Notes due 2020, (iv) repay all amounts outstanding under our Prior Credit Facility and (v) pay fees and costs associated with our acquisition of Isle and such financing transactions.

Our obligations under the Revolving Credit Facility will mature on April 17, 2022. Our obligations under the Term Loan Facility will mature on April 17, 2024. We were required to make quarterly principal payments in an amount equal to \$3.6 million on the Term Loan Facility on the last day of each fiscal quarter beginning on June 30, 2017. We satisfied this requirement as a result of the principal prepayment of \$444.5 million on September 13, 2017 in conjunction with the issuance of the additional 6% Senior Notes due 2025. In addition, we are required to make mandatory payments of amounts outstanding under the Credit Facility with the proceeds of certain casualty events, debt issuances, and asset sales and, depending on its consolidated total leverage ratio, we are required to apply a portion of its excess cash flow to repay amounts outstanding under the Credit Facility.

The interest rate per annum applicable to loans under the Revolving Credit Facility is, at our option, either (i) LIBOR plus a margin ranging from 1.75% to 2.50% or (ii) a base rate plus a margin ranging from 0.75% to 1.50%, which margin is based on our total leverage ratio. The interest rate per annum applicable to the loans under the Term Loan Facility is, at our option, either (i) LIBOR plus 2.25%, or (ii) a base rate plus 1.25%; provided, however, that in no event will LIBOR be less than zero or the base rate be less than 1.00% over the term of the Term Loan Facility or the Revolving Credit Facility. Additionally, we pay a commitment fee on the unused portion of the Revolving Credit Facility not being utilized in the amount of 0.50% per annum.

The Credit Facility is secured by substantially all of our personal property assets and substantially all personal property assets of each subsidiary that guaranties the Credit Facility (other than certain subsidiary guarantors designated as immaterial), whether owned on the closing date of the Credit Facility or thereafter acquired, and mortgages on the real property and improvements owned or leased us or the credit facility guarantors. The Credit Facility is also secured by a pledge of all of the equity owned by us and the credit facility guarantors (subject to certain gaming law restrictions). The credit agreement governing the Credit Facility contains a number of customary covenants that, among other things, restrict, subject to certain exceptions, our ability and the ability of the Credit Facility guarantors to incur additional indebtedness, create liens, engage in mergers, consolidations or asset dispositions, make distributions, make investments, loans or advances, engage in certain transactions with affiliates or subsidiaries or make capital expenditures.

The Credit Facility contains a number of customary covenants that, among other things, restrict, subject to certain exceptions, our ability and the ability of the subsidiary guarantors to incur debt; create liens; engage in mergers, consolidations or asset dispositions; pay dividends or make distributions; make investments, loans or advances; engage in certain transactions with affiliates or subsidiaries; or modify their lines of business.

The Credit Facility also includes certain financial covenants, including the requirements that we maintain throughout the term of the Credit Facility and measured as of the end of each fiscal quarter, and solely with respect to loans under the Revolving Credit Facility, a maximum consolidated total leverage ratio of not more than 6.50 to 1.00 for the period beginning on the closing date and ending with the fiscal quarter ending December 31, 2018, 6.00 to 1.00 for the period beginning with the fiscal quarter beginning January 1, 2019 and ending with the fiscal quarter ending December 31, 2019, and 5.50 to 1.00 for the period beginning with the fiscal quarter beginning January 1, 2020 and thereafter. We will also be required to maintain an interest coverage ratio in an amount not less than 2.00 to 1.00 measured on the last day of each fiscal quarter beginning on the closing date, and ending with the fiscal quarter ending December 31, 2018, 2.50 to 1.00 for the period beginning with the fiscal quarter beginning January 1, 2019 and ending with the fiscal quarter ending December 31, 2019, and 2.75 to 1.00 for the period beginning with the fiscal quarter beginning January 1, 2020 and thereafter.

The Credit Facility contains a number of customary events of default, including, among others, for the non-payment of principal, interest or other amounts, the inaccuracy of certain representations and warranties, the failure to perform or observe certain covenants, a cross default to our other indebtedness including the 6% Senior Notes due 2025 and 7% Senior Notes due 2023, certain events of bankruptcy or insolvency; certain ERISA events, the invalidity of certain loan documents, certain changes of control and the loss of certain classes of licenses to conduct gaming. If any event of default occurs, the lenders under the Credit Facility would be entitled to take various actions, including accelerating amounts outstanding thereunder and taking all actions permitted to be taken by a secured creditor.

On June 6, 2018, we executed an amendment that modified certain covenants in the Credit Facility to allow for considerations related to the acquisition of Tropicana. The borrowing capacity of the Revolving Credit Facility increased from \$300 million to \$500 million effective substantially concurrently with the consummation of the Tropicana Acquisition on October 1, 2018 and the maturity date of the Revolving Credit Facility extended to October 1, 2023.

Lumière Loan

We borrowed \$246 million from GLPI to fund the entire purchase price of the real estate underlying Lumière. The Lumière Loan bears interest at a rate equal to (i) 9.09% until October 1, 2019 and (ii) 9.27% until October 1, 2020, and matures on October 1, 2020. The Lumière Loan is secured by a first priority mortgage on the Lumière real property until October 1, 2019. In connection with the issuance of the Lumière Loan, we agreed to use our commercially reasonable efforts to transfer one or more of the Grand Victoria Casino, Isle Casino Bettendorf, Isle Casino Hotel Waterloo, Isle of Capri Lula, Lady Luck Casino Vicksburg and Mountaineer Casino, Racetrack and Resort or such other property or properties mutually acceptable to us and GLPI, provided that the aggregate value of such property, individually or collectively, is at least \$246 million (the "Replacement Property"), to GLPI with a simultaneous leaseback to us of such Replacement Property. In connection with such Replacement Property sale, (i) we and GLPI will enter into an amendment to the Master Lease to revise the economic terms to include the Replacement Property, (ii) GLPI, or one of its affiliates, will assume the Lumière Loan and Tropicana St. Louis RE's obligations under the Lumière Loan in consideration of the acquisition of the Replacement Property and our obligations under the Lumière Loan will be deemed to have been satisfied, (iii) the Lumière Real Property will be released from the lien placed on it in connection with the Lumière Loan (if such lien has not yet been released in accordance with the terms of the Lumière Loan) and (iv) in the event the value of the Replacement Property is greater than the our outstanding obligations under the Lumière Loan, GLPI will pay us the difference between the value of the Replacement Property and the amount of outstanding obligations under the Lumière Loan. If such Replacement Property transaction is not consummated prior to the maturity date of the Lumière Loan, other than as a result of certain failures to perform by GLPI, then the amounts outstanding will be paid in full and the rent under the Master Lease will automatically increase, subject to certain escalations.

Master Lease

Our Master Lease is accounted for as a financing obligation and totaled \$959.8 million as of December 31, 2018. See Note 10 to our consolidated financial statements for additional information about our Master Lease and related matters.

Debt Covenant Compliance

As of December 31, 2018, we were in compliance with all of the covenants under the 7% Senior Notes due 2023, 6% Senior Notes due 2025, 6% Senior Notes due 2026, the Credit Facility, the Master Lease and the Lumière Loan.

Contractual Commitments

The following table summarizes our estimated contractual payment obligations as of December 31, 2018:

	Total	Less than 1 year	1 - 3 years (in millions)	3 - 5 years	More than 5 years
Contractual cash obligations:					
Long-term debt obligations(1)	\$ 3,300.8	\$ 0.5	\$ 246.4	\$ 620.3	\$ 2,433.6
Estimated interest payments on long-term debt(2)	1,058.4	193.8	359.7	328.9	176.0
Operating leases(3)	275.1	23.3	38.8	34.8	178.2
Gaming tax and license fees(4)	63.6	12.8	25.5	25.3	See note (4)
Purchase and other contractual obligations(5)	40.3	29.5	10.1	0.5	0.2
Minimum purse obligations(6)	11.1	11.1	—	—	—
Contingent earn-out payments(7)	0.5	0.1	0.3	0.1	—
Regulatory gaming assessments(8)	1.8	1.1	0.7	—	—
Financing Obligation to GLPI(9)	3,958.9	87.9	179.6	184.7	3,506.7
Total	\$ 8,710.5	\$ 360.1	\$ 861.1	\$ 1,194.6	\$ 6,294.7

- (1) These amounts are included in our consolidated balance sheets, which are included elsewhere in this report. See Note 11 to our consolidated financial statements for additional information about our debt and related matters.

- (2) Estimated interest payments on long-term debt are based on LIBOR rates and principal amounts outstanding on the Credit Facility at December 31, 2018.
- (3) Our operating lease obligations are described in Note 17 to our consolidated financial statements.
- (4) Includes an annual table gaming license fee of \$2.5 million for Mountaineer which is due on July 1st of each year for as long as Mountaineer operates table games. Includes our obligation for gaming taxes at Presque Isle Downs, which is set at a minimum of \$10.0 million per year, as required by the Pennsylvania Gaming Control Board. Also includes our obligation at Presque Isle Downs, as the holder of a Category 1 license, to create a fund to be used for the improvement and maintenance of the backside area of the racetrack with an amount of not less than \$250,000 or more than \$1 million annually for a five-year period beginning in 2017. We sold Presque Isle Downs in January 2019.
- (5) Includes any construction or other contracts which are not operating or capital leases.
- (6) Pursuant to an agreement with the Mountaineer Park Horsemen's Benevolent and Protective Association, Inc. and/or in accordance with the West Virginia racing statute, Mountaineer is required to utilize its best efforts to conduct racing for a minimum of 210 days and pay average daily minimum purses established by Mountaineer prior to the first live racing date each year (\$85,000 for 2019) for the term of the agreement, which expires on December 31, 2019.
- (7) In connection with the 2003 purchase of Scioto Downs, certain stockholders of Scioto Downs elected the option to receive cash and contingent earn-out payments ("CEP Rights") in lieu of all cash for their outstanding shares of Scioto Downs' common stock. The triggering event occurred when Scioto Downs received its permanent VLT license in May 2012 and commenced gaming operations. As a result, we recorded a liability for the estimated ten-year payout to the stockholders who elected to receive the CEP Rights. The future obligation was calculated based on Scioto Downs' projected EBITDA for the ten calendar years beginning January 1, 2013.
- (8) These amounts are included in our consolidated balance sheets, which are included elsewhere in this report. See Note 17 to our consolidated financial statements for additional information regarding our regulatory gaming assessments.
- (9) The Master Lease annual estimated payments consist of building base rent totaling \$60.9 million, land base rent totaling \$13.4 million and variable rent totaling \$13.4 million. The building base rent includes an annual 2% escalation.

The table above excludes certain commitments as of December 31, 2018, for which the timing of expenditures associated with such commitments is unknown, or contractual agreements have not been executed, or the guaranteed maximum price for such contractual agreements has not been agreed upon.

The repayment of our long-term debt, which consists of indebtedness evidenced by the 6% Senior Notes due 2025, 6% Senior Notes due 2026, 7% Senior Notes due 2023 and the Credit Facility, is subject to acceleration upon the occurrence of an event of default under the indentures governing these obligations.

We routinely enter into operational contracts in the ordinary course of our business, including construction contracts for minor projects that are not material to our business or financial condition as a whole. Our commitments relating to these contracts are recognized as liabilities in our consolidated balance sheets when services are provided with respect to such contracts.

Off Balance Sheet Arrangements

We do not currently have any off-balance sheet arrangements.

Inflation

We do not believe that inflation has had a significant impact on our revenues, results of operations or cash flows since inception.

Other Liquidity Matters

We are faced with certain contingencies involving litigation and environmental remediation and compliance. These commitments and contingencies are discussed in greater detail in "Part I, Item 3. Legal Proceedings" and Note 17 to our consolidated financial statements, both of which are included elsewhere in this report. In addition, new competition may have a material adverse effect on our revenues and could have a similar adverse effect on our liquidity. See "Part I, Item 1A. Risk Factors—Risks Related to Our Business" which is included elsewhere in this report.

Critical Accounting Policies

Our significant accounting policies are included in Note 2 to our consolidated financial statements, which are included elsewhere in this report. These policies, along with the underlying assumptions and judgments made by our management in

their application, have a significant impact on our consolidated financial statements. These judgments are subject to an inherent degree of uncertainty and actual results could differ from our estimates.

Business Combinations

We applied the provisions of Accounting Standards Codification (“ASC”) Topic 805, “Business Combinations,” in the accounting for our acquisitions of Isle, Elgin, Tropicana and our previous acquisitions. It required us to recognize the assets acquired and the liabilities assumed at their acquisition date fair values. Goodwill as of their respective acquisition dates were measured as the excess of consideration transferred over the net of the acquisition date fair values of the assets acquired and the liabilities assumed.

Accounting for business combinations required our management to make significant estimates and assumptions, including our estimate of intangible assets, such as gaming licenses, trade names and loyalty programs. Although we believe the assumptions and estimates made have been reasonable and appropriate, they are inherently uncertain. For our gaming license valuation, our properties estimated future cash flows were the primary assumption in the respective intangible valuations. Cash flow estimates included assumptions regarding factors such as recent and budgeted operating performance, net win per unit (revenue), patron visits and growth percentages. The growth percentages were developed considering general macroeconomic conditions as well as competitive impacts from current and anticipated competition through a review of customer market data, operating margins, and current regulatory, social and economic climates. The most significant of the assumptions used in the valuations included: (1) revenue growth/decline percentages; (2) discount rates; (3) effective income tax rates; (4) future terminal values and (5) capital expenditure assumptions. These assumptions were developed for each of our properties based on historical trends in the current competitive markets in which they operate, and projections of future performance and competition. The primary assumptions with respect to our trade names and loyalty program intangibles primary assumptions were selecting the appropriate royalty rates and cost estimates for replacement cost analyses, respectively.

Casino Revenue and Pari-mutuel Commissions

The Company recognizes net win from gaming activities as casino revenue, which is the difference between gaming wins and losses, not the total amount wagered. Progressive jackpots are accrued and charged to revenue at the time the obligation to pay the jackpot is established. Gaming revenues are recognized net of certain cash and free play incentives. Pari-mutuel commissions consist of commissions earned from thoroughbred and harness racing and importing of simulcast signals from other race tracks and are recognized at the time wagers are made. Such commissions are a designated portion of the wagering handle as determined by state racing commissions and are shown net of the taxes assessed by state and local agencies, as well as purses and other contractual amounts paid to horsemen associations. The Company recognizes revenues from fees earned through the exporting of simulcast signals to other race tracks at the time wagers are made and recorded on a gross basis. Such fees are based upon a predetermined percentage of handle as contracted with the other race tracks.

Non-gaming Revenue

Hotel, food and beverage, and other operating revenues are recognized as services are performed. The revenue for hotel, food and beverage contracts is the net amount collected from the customer for such goods and services. Hotel, food and beverage services have been determined to be separate, stand-alone performance obligations and the transaction price for such contracts is recorded as revenue as the good or service is transferred to the customer over the customer’s stay at the hotel or when the delivery is made for the food and beverage. Advance deposits for future hotel occupancy, convention space or food and beverage services contracts are recorded as deferred income until the revenue recognition criteria has been met. The Company also provides goods and services that may include multiple performance obligations, such as for packages, for which revenues are allocated on a pro rata basis based on each service's stand-alone selling price.

Complimentaries

The Company offers discretionary coupons and other discretionary complimentaries to customers outside of the loyalty program. The retail value of complimentary food, beverage, hotel rooms and other services provided to customers is recognized as a reduction to the revenues for the department which issued the complimentary and a credit to the revenue for the department redeemed. Complimentaries provided by third parties at the discretion and under the control of the Company is recorded as an expense when incurred.

For information with respect to our adoption of ASU No. 2014-09, “Revenue from Contracts with Customers,” (Topic 606) effective January 1, 2018, see “*Note 2, Summary of Significant Accounting Policies – Recently Issued Accounting Pronouncements*”, in the notes to the consolidated financial statements.

Income Taxes

We and our subsidiaries file US federal income tax returns and various state and local income tax returns. Our income tax returns are subject to examination by the Internal Revenue Service ("IRS") and other tax authorities. Positions taken in tax returns are sometimes subject to uncertainty in the tax laws and may not ultimately be accepted by the IRS or other tax authorities. See Note 12 in the accompanying consolidated financial statements for a discussion of the status and impact of examinations by tax authorities.

We record income taxes under the asset and liability method, whereby deferred tax assets and liabilities are recognized based on the expected future tax consequences of temporary differences between the financial statement carrying amounts of existing assets and liabilities and their respective tax bases, and as attributable to operating loss and tax credit carryforwards. We reduce the carrying amounts of deferred tax assets by a valuation allowance if, based on the available evidence, it is more likely than not that such assets will not be realized. Accordingly, the need to establish valuation allowances for deferred tax assets is assessed periodically based on the "more likely than not" realization threshold. This assessment considers, among other matters, the nature, frequency, and severity of current and cumulative losses, forecasts of future profitability, the duration of statutory carryforward periods, our experience with operating loss and tax credit carryforwards not expiring unused, and tax planning alternatives.

A valuation allowance is recognized if, based on the weight of available evidence, it is more-likely-than-not that some portion, or all, of the deferred tax asset will not be realized. Management must analyze all available positive and negative evidence regarding realization of the deferred tax assets and make an assessment of the likelihood of sufficient future taxable income.

Under the applicable accounting standards, we may recognize the tax benefit from an uncertain tax position only if it is more-likely-than-not that the tax position will be sustained on examination by the taxing authorities based on the technical merits of the position. The tax benefits recognized in the financial statements from such a position should be measured based on the largest benefit that has a greater than 50% likelihood of being realized upon ultimate settlement. The accounting standards also provide guidance on de-recognition, classification, interest and penalties on income taxes, accounting in interim periods and disclosure requirements for uncertain tax positions. We have recorded no liability associated with uncertain tax positions at December 31, 2018 and 2017.

Property and Equipment and Other Long-Lived Assets

Property and equipment are recorded at cost, except for assets acquired in our business combinations, which were adjusted for fair value under ASC 805 and are depreciated over their remaining estimated useful life or lease term. Judgments are made in determining estimated useful lives and salvage values of these assets. The accuracy of these estimates affects the amount of depreciation expense recognized in our financial results and whether we have a gain or loss on the disposal of assets. We review depreciation estimates and methods as new events occur, more experience is acquired, and additional information is obtained that would possibly change our current estimates.

Property, equipment and other long-lived assets are assessed for impairment in accordance with ASC 360, Property, Plant, and Equipment. We evaluate our long-lived assets periodically for impairment issues or, more frequently, whenever events or circumstances indicate that the carrying amount may not be recoverable. Recoverability of these assets is determined by comparing the net carrying value to the sum of the estimated future net undiscounted cash flows expected to be generated by these assets. The amount of impairment loss, if any, is measured by the difference between the net carrying value and the estimated fair value of the asset which is typically measured using a discounted cash flow model (Level 3 of the fair value hierarchy). For assets to be disposed of, impairment is recognized based on the lower of carrying value or fair value less costs of disposal, as estimated based on comparable asset sales, offers received, or a discounted cash flow model. As a result of the agreement to sell Nemaclin, an impairment charge of \$3.8 million for the year ended December 31, 2018 was recorded to property and equipment due to the carrying value of net property and equipment being sold exceeding net sales proceeds. Based on the results of our periodic reviews we have not recorded any long-lived assets impairment charges during the years ended December 31, 2017 and 2016.

For undeveloped properties, including non-operating real properties, when indicators of impairment are present, properties are evaluated for impairment and losses are recorded when undiscounted cash flows estimated to be generated by an asset or market comparisons are less than the asset's carrying amount. The amount of the impairment loss is calculated as the excess of the asset's carrying value over its fair value, which is determined using a discounted cash flow analysis, management estimates or market comparisons. The fair value measurements employed for our impairment evaluations, which are subject to the assumptions and factors as previously discussed, were generally based on a review of comparable activities in the marketplace, which fall within Level 3 of the fair value hierarchy.

Goodwill and Other Indefinite-lived Intangible Assets

Goodwill represents the excess of purchase price over fair market value of net assets acquired in business combinations. Intangible assets acquired in business combinations are recorded based upon their fair value at the date of acquisition. Goodwill and indefinite-lived intangible assets must be reviewed for impairment at least annually and between annual test dates in certain circumstances. As a result of our annual impairment tests, none of our reporting units incurred any goodwill impairment charges in 2018 and 2016. For our 2017 annual goodwill impairment tests, we utilized the option to perform a step zero analysis for each of our reporting units and concluded it was more likely than not that the fair values of certain reporting units were less than their carrying values. We then utilized the two-step quantitative analysis for these reporting units. As a result of the two-step quantitative analysis performed in 2017, we recorded impairment charges of \$34.9 million and \$3.1 million related to goodwill and trade names, respectively. In conjunction with the classification of Vicksburg's operations as assets held for sale at March 31, 2018, an impairment charge totaling \$9.8 million to goodwill was recorded.

Our indefinite-lived intangible assets consist of racing and gaming licenses and trade names and are evaluated for impairment annually by comparing the fair value of the asset to its carrying value. Any excess of carrying value over the fair value is recognized as an impairment within the consolidated statements of income in the period of review.

The gaming and racing licenses were valued in aggregate for each respective property, as these licenses are considered to be the most significant asset of the properties and the gaming licenses could not be obtained without holding the racing licenses. Therefore, a market participant would consider the licenses in aggregate. The fair value of the licenses is calculated using an excess earnings methodology, which is an income approach methodology that allocates the projected cash flows of the property to the gaming license intangible assets less charges for the use of the other identifiable assets of the property, including working capital, fixed assets, and other intangible assets. We believe this methodology is appropriate as the gaming licenses are the primary asset to the properties, the licenses are linked to each respective facility and it's the lowest level at which discrete cash flows can be directly attributable to the assets. Under the gaming legislation applicable to our properties, licenses are property specific and can only be acquired if a buyer acquires the existing facility. Because existing licenses may not be acquired and transferred for use at a different facility, the estimated future cash flows of each of our properties was the primary assumption in the valuation of such property.

We value trade names using the relief-from-royalty method with royalty rates range from 0.5% - 1.0%. Trade names recorded as part of the merger with MTR are amortized on a straight-line basis over a 3.5-year useful life and the trade names recorded as part of our acquisition of Tropicana, Elgin, Isle and acquisition of the Reno properties are not amortized (deemed indefinite-lived).

The loyalty programs were valued using a combination of a replacement cost and lost profits analysis and the loyalty programs are amortized on a straight-line basis over a one- to five-year useful life.

Assessing goodwill and indefinite-lived intangible assets for impairment is a process that requires significant judgment and involves detailed quantitative and qualitative business-specific analysis and many individual assumptions which fluctuate between assessments. Our properties' estimated future cash flows are a primary assumption in the respective impairment analyses. Unforeseen events, changes in circumstances and market conditions and material differences in estimates of future cash flows could negatively affect the fair value of our assets and result in an impairment charge, which could be material. Cash flow estimates include assumptions regarding factors such as recent and budgeted operating performance, net win per unit (revenue), patron visits, growth percentages which are developed considering general macroeconomic conditions as well as competitive impacts from current and anticipated competition through a review of customer market data, operating margins, and current regulatory, social and economic climates. These estimates could also be negatively impacted by changes in federal, state, or local regulations, economic downturns or developments and other market conditions affecting travel and access to the properties. The most significant of the assumptions used in our valuations include: (1) revenue growth/decline percentages; (2) discount rates; (3) effective income tax rates; (4) future terminal values and (5) capital expenditure assumptions. These assumptions were developed for each property based on historical trends, the current competitive markets in which they operate, and projections of future performance and competition.

We believe we have used reasonable estimates and assumptions to calculate the fair value of our goodwill reporting units and other indefinite-lived intangible assets; however, these estimates and assumptions could be materially different from actual results. If actual market conditions are less favorable than those projected, or if events occur or circumstances change that would reduce the fair value of our licensing intangibles below the carrying value reflected on the consolidated balance sheet, we may be required to conduct an interim test or possibly recognize impairment charges, which may be material, in future periods.

Self-Insurance Reserves

We are self-insured for various levels of general liability, employee medical insurance coverage and workers' compensation coverage. Insurance claims and reserves include accruals of estimated settlements for known claims, as well as accruals of estimates for claims incurred but not yet reported. We utilize independent consultants to assist management in its determination of estimated insurance liabilities. While the total cost of claims incurred depends on future developments, in managements' opinion, recorded reserves are adequate to cover future claims payments. Self-insurance reserves for employee medical claims and workers' compensations are included in accrued payroll and related on the consolidated balance sheets. Self-insurance reserves for general liability claims are included in accrued other liabilities on the consolidated balance sheets.

Player Loyalty Program

We offer programs at our properties whereby participating customers can accumulate points for wagering that can be redeemed for credits for free play on slot machines, lodging, food and beverage, merchandise and, in limited situations, cash. The incentives earned by customers under these programs are based on previous revenue transactions and represent separate performance obligations. Points earned, less estimated breakage, are recorded as a reduction of casino revenues at the standalone selling price of the points when earned based upon the retail value of the benefits, historical redemption rates and estimated breakage and recognized as departmental revenue based on where such points are redeemed upon fulfillment of the performance obligation. The loyalty program liability represents a deferral of revenue until redemption occurs, which is typically less than one year.

Litigation, Claims and Assessments

We utilize estimates for litigation, claims and assessments. These estimates are based on our knowledge and experience regarding current and past events, as well as assumptions about future events. If our assessment of such a matter should change, we may have to change the estimates, which may have an adverse effect on our financial position, results of operations or cash flows. Actual results could differ from these estimates.

Recently Issued Accounting Pronouncements

For information with respect to recent accounting pronouncements and the impact of these pronouncements on our consolidated financial statements, see Note 2, *Summary of Significant Accounting Policies – Recently Issued Accounting Pronouncements*, in the notes to the consolidated financial statements.

Item 7A. Quantitative and Qualitative Disclosures About Market Risk.

Market risk is the risk of loss arising from adverse changes in market rates and prices, such as interest rates, foreign currency exchange rates and commodity prices. We are exposed to changes in interest rates primarily from variable rate long-term debt arrangements. At December 31, 2018, interest on borrowings under our Credit Facility was subject to fluctuation based on changes in short-term interest rates.

As of December 31, 2018, our long-term variable-rate borrowings under the Credit Facility totaled \$1.2 billion, representing approximately 36% of our long-term debt. In conjunction with the issuance of the 6% Senior Notes due 2026, this percentage declined from 43% as of December 31, 2017. During 2018, the weighted average interest rates on our variable and fixed rate debt were 4.3% and 6.4%, respectively.

The Company evaluates its exposure to market risk by monitoring interest rates in the marketplace and has, on occasion, utilized derivative financial instruments to help manage this risk. The Company does not utilize derivative financial instruments for trading purposes. There were no material quantitative changes in our market risk exposure, or how such risks are managed, for the year ended December 31, 2018.

The following table provides information as of December 31, 2018 about our debt obligations, including debt that is sensitive to changes in interest rates, and presents principal payments and related weighted-average interest rates by expected maturity dates. Implied forward rates should not be considered a predictor of actual future interest rates.

The scheduled maturities of our long-term debt outstanding for the years ending December 31 are as follows:

	(in thousands)							
	2019	2020	2021	2022	2023	Thereafter	Total	
Fixed Rate Debt								
6% Senior Notes due 2025	\$ —	\$ —	\$ —	\$ —	\$ —	\$ 875,000	\$ 875,000	
6% Senior Notes due 2026						600,000	600,000	
7% Senior Notes due 2023					375,000		375,000	
Lumière Note		246,000					246,000	
Fixed Interest Rate	6.55 %	6.48 %	6.20 %	6.20 %	6.13 %	6.00 %	6.25 %	
Variable Rate Debt								
Term Loan (1)	\$ —	\$ —	\$ —	\$ —	\$ —	\$ 956,750	\$ 956,750	
Revolving Credit Facility					245,000		245,000	
Average Interest Rate	4.34 %	4.34 %	4.34 %	4.34 %	4.43 %	4.75 %	4.37 %	

- (1) Based upon the weighted average interest rate of borrowings outstanding under our Credit Facility as of December 31, 2018. Borrowings under the Credit Facility bear interest at a rate per annum of, at our option, either LIBOR or base rate plus an applicable spread.

As of December 31, 2018, borrowings outstanding under our Term Loan were long-term variable-rate borrowings. Assuming a 100 basis-point increase in LIBOR (in the case of the term loan, over the 1% floor specified in our credit agreement), our annual interest cost would change by \$9.6 million based on gross amounts outstanding at December 31, 2018.

Item 8. Financial Statements and Supplementary Data.

Our consolidated financial statements and notes to consolidated financial statements, including the report of Ernst & Young LLP thereon, are included at pages 67 through 135 of this Annual Report on Form 10-K.

Item 9. Changes in and Disagreements with Accountants on Accounting and Financial Disclosure.

None.

Item 9A. Controls and Procedures.

Evaluation of Disclosure Controls and Procedures

We have established and maintain disclosure controls and procedures that are designed to ensure that information required to be disclosed in our reports that we file under the Securities Exchange Act of 1934, as amended (the "Exchange Act"), is recorded, processed, summarized, evaluated and reported within the time periods specified in the rules and forms of the SEC, and that such information is accumulated and communicated to management, including our Chief Executive Officer and Chief Financial Officer, as appropriate to allow timely decisions regarding required disclosure.

In designing and evaluating the disclosure controls and procedures, management recognizes that any controls and procedures, no matter how well designed and operated, can provide only reasonable assurance of achieving the desired control objectives, and management necessarily is required to apply its judgment in evaluating the cost-benefit relationship of possible controls and procedures.

Management, under the supervision and with the participation of our Chief Executive Officer (principal executive officer) and Chief Financial Officer (principal financial officer), evaluated the effectiveness of our disclosure controls and procedures (as defined in Rules 13a-15(e) and 15d-15(e) promulgated under the Exchange Act) as of the end of the period covered by this Form 10-K Annual Report and as required by Rules 13a-15(b) and 15d-15(b) promulgated under the Exchange Act. Based on this evaluation, our Chief Executive Officer and Chief Financial Officer concluded that our disclosure controls and procedures were effective as of December 31, 2018, at a reasonable assurance level.

Management's Annual Report on Internal Control over Financial Reporting

Management is responsible for establishing and maintaining adequate internal control over financial reporting (as defined in Rules 13a-15(e) or 15d-15(e) promulgated under the Exchange Act) for Eldorado Resorts, Inc. and its subsidiaries. This system is designed to provide reasonable assurance to the Company's management regarding the reliability of financial reporting and preparation of consolidated financial statements for external purposes.

Management, with the participation of our Chief Executive Officer and Chief Financial Officer, evaluated and assessed the effectiveness of our internal control over financial reporting as of the end of the period covered by this Form 10-K Annual Report based upon the framework set forth in the Internal Control-Integrated Framework issued in 2013 by the Committee of Sponsoring Organization of the Treadway Commission. Based on this evaluation and assessment, management believes that, as of December 31, 2018, our internal control over financial reporting was effective based on those criteria.

The Company completed its acquisitions of the Grand Victoria Casino ("Elgin") on August 7, 2018 and Tropicana Entertainment, Inc. ("Tropicana") on October 1, 2018. Since the Company has not yet fully incorporated the internal controls and procedures of Elgin and Tropicana into the Company's internal control over financial reporting, management excluded Elgin and Tropicana from its assessment of the effectiveness of the Company's internal control over financial reporting as of December 31, 2018. The Elgin and Tropicana acquisitions constituted 37% of total assets as of December 31, 2018, and 13% of net revenues for the year then ended December 31, 2018.

Ernst & Young LLP, an independent registered public accounting firm, has audited our internal control over financial reporting as of December 31, 2018, as stated in its report which follows below.

Changes in Internal Control Over Financial Reporting

Except as noted below, during the quarter ended December 31, 2018, there were no significant changes in our internal control over financial reporting that have materially affected, or are reasonably likely to materially affect, our internal control over financial reporting.

On August 7, 2018 we completed the acquisition of Elgin and on October 1, 2018 we completed the acquisition of Tropicana. See Part IV, Item 15, Notes to Consolidated Financial Statements, Note 3: Acquisitions, Purchase Price Accounting and Pro forma Information, for a discussion of the acquisitions and related financial data. The Company is in the process of integrating Elgin and Tropicana in to our internal controls over financial reporting. As a result of these integration activities, certain controls will be evaluated and may be changed. The Elgin and Tropicana acquisitions constituted 37% of total assets as of December 31, 2018, and 13% of net revenues for the year then ended December 31, 2018. Excluding the Elgin Acquisition and Tropicana Acquisition, there were no changes in our internal control over financial reporting that have materially affected, or are reasonable likely to materially affect, our internal control over financial reporting.

Report of Independent Registered Public Accounting Firm

The Board of Directors and Stockholders
Eldorado Resorts, Inc.

Opinion on Internal Control over Financial Reporting

We have audited Eldorado Resorts, Inc.'s internal control over financial reporting as of December 31, 2018, based on criteria established in Internal Control—Integrated Framework issued by the Committee of Sponsoring Organizations of the Treadway Commission (2013 framework) (the COSO criteria). In our opinion, Eldorado Resorts, Inc. (the Company) maintained, in all material respects, effective internal control over financial reporting as of December 31, 2018, based on the COSO criteria.

As indicated in the accompanying Management's Report on Internal Control over Financial Reporting, management's assessment of and conclusion on the effectiveness of internal control over financial reporting did not include the internal controls of Elgin Riverboat Resort – Riverboat Casino and Tropicana Entertainment, Inc. which are included in the 2018 consolidated financial statements of the Company and constituted 37% of total assets as of December 31, 2018 and 13% of net revenues for the year then ended. Our audit of internal control over financial reporting of the Company also did not include an evaluation of the internal control over financial reporting of Elgin Riverboat Resort – Riverboat Casino and Tropicana Entertainment, Inc.

We also have audited, in accordance with the standards of the Public Company Accounting Oversight Board (United States) (PCAOB), the consolidated balance sheets of the Company as of December 31, 2018 and 2017, the related consolidated statements of income, comprehensive income, stockholders' equity and cash flows for each of the three years in the period ended December 31, 2018, and the related notes and the financial statement schedule listed in the Index at Item 15 (a)(ii) of the Company and our report dated March 1, 2019 expressed an unqualified opinion thereon.

Basis for Opinion

The Company's management is responsible for maintaining effective internal control over financial reporting and for its assessment of the effectiveness of internal control over financial reporting included in the accompanying Management's Report on Internal Control Over Financial Reporting included in Item 9A. Our responsibility is to express an opinion on the Company's internal control over financial reporting based on our audit. We are a public accounting firm registered with the PCAOB and are required to be independent with respect to the Company in accordance with the U.S. federal securities laws and the applicable rules and regulations of the Securities and Exchange Commission and the PCAOB. We conducted our audit in accordance with the standards of the PCAOB. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether effective internal control over financial reporting was maintained in all material respects.

Our audit included obtaining an understanding of internal control over financial reporting, assessing the risk that a material weakness exists, testing and evaluating the design and operating effectiveness of internal control based on the assessed risk, and performing such other procedures as we considered necessary in the circumstances. We believe that our audit provides a reasonable basis for our opinion.

Definition and Limitations of Internal Control Over Financial Reporting

A company's internal control over financial reporting is a process designed to provide reasonable assurance regarding the reliability of financial reporting and the preparation of financial statements for external purposes in accordance with generally accepted accounting principles. A company's internal control over financial reporting includes those policies and procedures that (1) pertain to the maintenance of records that, in reasonable detail, accurately and fairly reflect the transactions and dispositions of the assets of the company; (2) provide reasonable assurance that transactions are recorded as necessary to permit preparation of financial statements in accordance with generally accepted accounting principles, and that receipts and expenditures of the company are being made only in accordance with authorizations of management and directors of the company; and (3) provide reasonable assurance regarding prevention or timely detection of unauthorized acquisition, use, or disposition of the company's assets that could have a material effect on the financial statements.

Because of its inherent limitations, internal control over financial reporting may not prevent or detect misstatements. Also, projections of any evaluation of effectiveness to future periods are subject to the risk that controls may become inadequate because of changes in conditions, or that the degree of compliance with the policies or procedures may deteriorate.

/s/ Ernst & Young LLP

Las Vegas, Nevada
March 1, 2019

Item 9B. Other Information.

Not applicable.

PART III

Item 10. Directors, Executive Officers and Corporate Governance.

The information required by this Item is hereby incorporated by reference to our definitive Proxy Statement for our Annual Meeting of Stockholders (our "Proxy Statement") to be filed with the Securities and Exchange Commission no later than April 30, 2019, pursuant to Regulation 14A under the Securities Act.

We have adopted a code of ethics and business conduct applicable to all directors and employees, including the Chief Executive Officer, Chief Financial Officer and Principal Accounting Officer. The code of ethics and business conduct is posted on our website, <http://www.eldoradoresorts.com> (accessible through the "Corporate Governance" caption of the Investor Relations page) and a printed copy will be delivered on request by writing to the Corporate Secretary at Eldorado Resorts, Inc., c/o Corporate Secretary, 100 West Liberty Street, Suite 1150, Reno, NV 89501. We intend to satisfy the disclosure requirement regarding certain amendments to, or waivers from, provisions of its code of ethics and business conduct by posting such information on our website.

Item 11. Executive Compensation.

The information required by this Item is hereby incorporated by reference to our Proxy Statement, to be filed with the Securities and Exchange Commission no later than April 30, 2019, pursuant to Regulation 14A under the Securities Act.

Item 12. Security Ownership of Certain Beneficial Owners and Management and Related Stockholder Matters.

The information required by this Item is hereby incorporated by reference to our Proxy Statement, to be filed with the Securities and Exchange Commission no later than April 30, 2019, pursuant to Regulation 14A under the Securities Act.

Item 13. Certain Relationships and Related Transactions, and Director Independence.

The information required by this Item is hereby incorporated by reference to our Proxy Statement, to be filed with the Securities and Exchange Commission no later than April 30, 2019, pursuant to Regulation 14A under the Securities Act.

Item 14. Principal Accounting Fees and Services.

The information required by this Item is hereby incorporated by reference to our Proxy Statement, to be filed with the Securities and Exchange Commission no later than April 30, 2019, pursuant to Regulation 14A under the Securities Act.

PART IV

Item 15. Financial Statement Schedules.

(a)(i) Financial Statements

Included in Part II of this Annual Report on Form 10-K:
Report of Independent Registered Public Accounting Firm
Consolidated Balance Sheets as of December 31, 2018 and 2017
Consolidated Statements of Income for the Years Ended December 31, 2018, 2017 and 2016
Consolidated Statements of Comprehensive Income for the Years Ended December 31, 2018, 2017 and 2016
Consolidated Statements of Stockholders' Equity for the Years Ended December 31, 2018, 2017 and 2016
Consolidated Statements of Cash Flows for the Years Ended December 31, 2018, 2017 and 2016
Notes to Consolidated Financial Statements

(a)(ii) Financial Statement Schedule

Years Ended December 31, 2018, 2017 and 2016
Valuation and Qualifying Accounts

(a)(iii) Exhibits

EXHIBIT NO.	ITEM TITLE
2.1*	Agreement and Plan of Merger by and among Isle of Capri Casinos, Inc., Eldorado Resorts, Inc., Eagle I Acquisition Corp. and Eagle II Acquisition Company LLC, dated as of September 19, 2016 (incorporated by reference to our Current Report on Form 8-K filed on September 22, 2016).
2.2*	Agreement and Plan of Merger by and among Eldorado Resorts, Inc., Delta Merger Sub, Inc., GLP Capital, L.P. and Tropicana Entertainment Inc., dated as of April 15, 2018 (incorporated by reference to our Current Report on Form 8-K filed on April 16, 2018).
2.3*	Interest Purchase Agreement by and among MGM Elgin Sub, Inc., Illinois RBG, L.L.C., Eldorado Resorts, Inc., Elgin Holdings I LLC, Elgin Holdings II LLC, Elgin Riverboat Resort-Riverboat Casino and MGM Resorts International, dated as of April 15, 2018 (incorporated by reference to our Current Report on Form 8-K filed on April 16, 2018).
3.1	Amended and Restated Articles of Incorporation (incorporated by reference to our Current Report on Form 8-K filed on September 19, 2014).
3.2	Certificate of Amendment to Articles of Incorporation (incorporated by reference to our Quarterly Report on Form 10-Q filed on August 7, 2018).
3.3	Amended and Restated Bylaws (incorporated by reference to our Current Report on Form 8-K filed on September 19, 2014).
4.1	Specimen Stock Certificate of the Company (incorporated by reference to our Form S-4/A filed on April 21, 2014).
4.2	Indenture dated as of June 23, 2015, by and among Eldorado Resorts, Inc., the guarantors party thereto, U.S. Bank National Association, as Trustee, and Capital One, N.A., as Collateral Trustee, and Form of Note (incorporated by reference to our Current Report on Form 8-K filed on July 23, 2015).
4.3	First Supplemental Indenture, dated as of December 15, 2015, by and among Eldorado Resorts, Inc., the guarantors party thereto and U.S. Bank National Association, as Trustee, under the 2023 Notes Indenture (incorporated by reference to our Registration Statement on Form S-4 filed on January 14, 2016).
4.4	Second Supplemental Indenture, dated as of May 26, 2016, by and among Eldorado Resorts, Inc., the guarantors party thereto, and U.S. Bank National Association, as Trustee, under the 2023 Notes Indenture (incorporated by reference to our Registration Statement on Form S-4 filed on June 16, 2017).
4.5	Third Supplemental Indenture, dated as of March 16, 2017, by and among Eldorado Resorts, Inc., the guarantors party thereto and U.S. Bank National Association, as Trustee, under the 2023 Notes Indenture (incorporated by reference to our Current Report on Form 8-K filed on March 22, 2017).
4.6	Fourth Supplemental Indenture, dated as of May 1, 2017, by and among Eldorado Resorts, Inc., the guarantors party thereto and U.S. Bank National Association, as Trustee, under the 2023 Notes Indenture (incorporated by reference to our Current Report on Form 8-K filed on May 1, 2017).
4.7	Fifth Supplemental Indenture, dated as of June 18, 2018, by and among Eldorado Resorts, Inc., the guarantors party thereto and U.S. Bank National Association, as Trustee, under the 2023 Notes Indenture (incorporated by reference to our Quarterly Report on Form 10-Q filed on August 7, 2018).
4.8	Sixth Supplemental Indenture, dated as of August 7, 2018, by and among Eldorado Resorts, Inc., the guarantors party thereto and U.S. Bank National Association, as Trustee, under the 2023 Notes Indenture (incorporated by reference to our Quarterly Report on Form 10-Q filed on August 7, 2018).
4.9	Seventh Supplemental Indenture, dated as of October 1, 2018, by and among Eldorado Resorts, Inc., the guarantors party thereto and U.S. Bank National Association, as Trustee under the 2023 Notes Indenture (incorporated by reference to our Current Report on Form 8-K filed on October 1, 2018).
4.10	Indenture, dated as of March 29, 2017, by and between Isle of Capri Casinos LLC formerly known as Eagle II Acquisition Company LLC and U.S. Bank National Association (incorporated by reference to our Current Report on Form 8-K filed on March 29, 2017).

EXHIBIT NO.	ITEM TITLE
4.11	Supplemental Indenture, dated as of May 1, 2017, by and among Eldorado Resorts, Inc., the guarantors party thereto and U.S. Bank National Association (incorporated by reference to our Current Report on Form 8-K filed on May 1, 2017).
4.12	Second Supplemental Indenture, dated as of June 18, 2018, by and among Eldorado Resorts, Inc., the guarantors party thereto and U.S. Bank National Association, as Trustee, under the 2025 Notes Indenture (incorporated by reference to our Quarterly Report on Form 10-Q filed on August 7, 2018).
4.13	Third Supplemental Indenture, dated as of August 7, 2018, by and among Eldorado Resorts, Inc., the guarantors party thereto and U.S. Bank National Association, as Trustee, under the 2025 Notes Indenture (incorporated by reference to our Quarterly Report on Form 10-Q filed on August 7, 2018).
4.14	Fourth Supplemental Indenture, dated as of October 1, 2018, by and among Eldorado Resorts, Inc., the guarantors party thereto and U.S. Bank National Association, as Trustee under the 2025 Notes Indenture (incorporated by reference to our Current Report on Form 8-K filed on October 1, 2018).
4.15	Indenture dated as of September 20, 2018 by and among Delta Merger Sub, Inc. and U.S. Bank National Association, as Trustee under the 2026 Notes Indenture (incorporated by reference to our Current Report on Form 8-K filed on September 20, 2018).
4.16	Supplemental Indenture dated as of October 1, 2018 by and among Eldorado Resorts, Inc. the guarantors party thereto and U.S. Bank National Association, as Trustee, under the 2026 Notes Indenture (incorporated by reference to our Current Report on Form 8-K filed on October 1, 2018).
10.1	Agreement dated November 1, 2008 between Mountaineer Park, Inc. and Racetrack Employees Union Local No. 101 (incorporated by reference to the Annual Report of MTR Gaming Group, Inc. on Form 10-K filed on March 16, 2009).
10.2	Agreement dated December 29, 2009 by and between Mountaineer Park, Inc. and Mountaineer Park Horsemen's Benevolent and Protective Association, Inc. (incorporated by reference to the Annual Report of MTR Gaming Group, Inc. on Form 10-K filed on March 16, 2010).
10.4*	Amended and Restated Executive Employment Agreement, dated as of January 17, 2018, by and between Eldorado Resorts, Inc. and Gary Carano (incorporated by reference to our Current Report on Form 8-K filed on January 22, 2018).
10.5*	Amendment No. 1 to Amended and Restated Employment Agreement, dated September 28, 2018, by and between Gary Carano and Eldorado Resorts, Inc. (incorporated by reference to our Current Report on Form 8-K filed on October 1, 2018).
10.6*	Amended and Restated Executive Employment Agreement, dated as of January 17, 2018, by and between Eldorado Resorts, Inc. and Thomas Reeg (incorporated by reference to our Current Report on Form 8-K filed on January 22, 2018).
10.7*	Amendment No. 1 to Amended and Restated Employment Agreement, dated September 28, 2018, by and between Thomas Reeg and Eldorado Resorts, Inc. (incorporated by reference to our Current Report on Form 8-K filed on October 1, 2018).
10.8*	Amended and Restated Executive Employment Agreement, dated as of January 17, 2018, by and between Eldorado Resorts, Inc. and Anthony Carano (incorporated by reference to our Current Report on Form 8-K filed on January 22, 2018).
10.9*	Amendment No. 1 to Amended and Restated Employment Agreement, dated September 28, 2018, by and between Anthony Carano and Eldorado Resorts, Inc. (incorporated by reference to our Current Report on Form 8-K filed on October 1, 2018).
10.10*	Amended and Restated Executive Employment Agreement, dated as of January 17, 2018, by and between Eldorado Resorts, Inc. and Edmund L. Quatmann, Jr. (incorporated by reference to the Annual Report on Form 10-K filed on February 27, 2018).
10.11*	2010 Long-Term Incentive Plan (incorporated by reference to the Quarterly Report of MTR Gaming Group, Inc. on Form 10-Q filed on August 9, 2010).

EXHIBIT NO.	ITEM TITLE
10.13*	Form of Nonqualified Stock Option Award Agreement (2010 Long-Term Incentive Plan) (incorporated by reference to the Current Report of MTR Gaming Group, Inc. on Form 8-K filed on February 3, 2011).
10.16*	Eldorado Resorts, Inc. 2015 Equity Incentive Plan (incorporated herein by reference to Exhibit 4.3 to the Registration Statement on Form S-8 filed by Eldorado Resorts, Inc. on April 3, 2015 (File No. 333-203227)).
10.17*	Form of Director Non-Deferred Restricted Stock Unit Award Agreement pursuant to the Eldorado Resorts, Inc. 2015 Equity Incentive Plan (incorporated herein by reference to Exhibit 10.28 to the Registration Statement on Form S-1 filed by Eldorado Resorts, Inc. on July 14, 2015 (File No. 333-205654)).
10.18*	Form of Director Deferred Restricted Stock Unit Award Agreement pursuant to the Eldorado Resorts, Inc. 2015 Equity Incentive Plan (incorporated herein by reference to Exhibit 10.29 to the Registration Statement on Form S-1 filed by Eldorado Resorts, Inc. on July 14, 2015 (File No. 333-205654)).
10.19*	Form of Performance Stock Unit Award Agreement pursuant to the Eldorado Resorts, Inc. 2015 Equity Incentive Plan (filed herewith).
10.20	Ground Lease dated as of May 19, 1999 between City of Shreveport, as landlord, and Eldorado Casino Shreveport Joint Venture (formerly known as QNOV) as tenant (incorporated by reference to our Annual Report on Form 10-K filed on March 16, 2015).
10.21	First Amendment to Lease Agreement made and entered into as of August 13, 2012, by and between City of Shreveport, as landlord, and Eldorado Casino Shreveport Joint Venture (formerly known as QNOV) as tenant (incorporated by reference to our Annual Report on Form 10-K filed on March 16, 2015).
10.22	Lease between C, S & Y Associates, as lessor, and Eldorado Hotel Associates, as lessee, dated as of July 21, 1972 (incorporated by reference to our Annual Report on Form 10-K filed on March 16, 2015).
10.23	Addendum, dated as of March 20, 1973, to lease between C. S & Y Associates, as lessor, and Eldorado Hotel Associates, as lessee, dated as of July 21, 1972 (incorporated by reference to our Annual Report on Form 10-K filed on March 16, 2015).
10.24	Amendment, dated as of January 1, 1978, to lease between C. S. & Y. Associates, as lessor, and Eldorado Hotel Associates, as lessee, dated as of July 21, 1972 (incorporated by reference to our Annual Report on Form 10-K filed on March 16, 2015).
10.25	Amendment, dated as of January 31, 1985, to lease between C. S. & Y. Associates, as lessor, and Eldorado Hotel Associates, as lessee, dated as of July 21, 1972 (incorporated by reference to our Annual Report on Form 10-K filed on March 16, 2015).
10.26	Amendment, dated as of December 24, 1987, to lease between C. S. & Y. Associates, as lessor, and Eldorado Hotel Associates, as lessee, dated as of July 21, 1972 (incorporated by reference to our Annual Report on Form 10-K filed on March 16, 2015).
10.27	Reimbursement and Indemnification Agreement and Lease Amendment, entered into as of March 24, 1994, by and between Eldorado Hotel Associates Limited Partnership, and CS&Y Associates (incorporated by reference to our Annual Report on Form 10-K filed on March 16, 2015).
10.28	Fourth Amendment, dated as of June 1, 2011, by and between Eldorado Resorts LLC and CS&Y Associates, to Reimbursement and Indemnification Agreement and Lease Amendment, entered into as of March 24, 1994, by and between Eldorado Hotel Associates Limited Partnership, and CS&Y Associates (incorporated by reference to our Annual Report on Form 10-K filed on March 16, 2015).
10.29	Credit Agreement, dated as of April 17, 2017, by and among Isle of Capri Casinos LLC (f/k/a Eagle II Acquisition Company LLC), the Lenders party thereto, and JPMorgan Chase Bank, N.A., as administrative agent (incorporated by reference to our Current Report on Form 8-K filed on April 17, 2017).
10.23	Borrower Joinder and Assumption Agreement, dated as of May 1, 2017, by and among Eldorado Resorts, Inc., Isle of Capri Casinos LLC and JPMorgan Chase Bank, N.A. (incorporated by reference to our Current Report on Form 8-K filed on May 1, 2017).
10.31	Guaranty Agreement, dated as of May 1, 2017, by and among the guarantors party thereto and JPMorgan Chase Bank, N.A. (incorporated by reference to our Current Report on Form 8-K filed on May 1, 2017).

EXHIBIT NO.	ITEM TITLE
10.32	Amendment Agreement, dated as of August 15, 2017, by and between the Eldorado Resorts, Inc. and JPMorgan Chase, N.A. as Administrative Agent in connection with the Credit Agreement, dated as of April 17, 2017 (incorporated by reference to our Quarterly Report on Form 10-Q filed on November 7, 2017).
10.33	Amendment Agreement No. 2, dated June 6, 2018 by and between Eldorado Resorts, Inc. and JPMorgan Chase N.A., as administrative agent in connection with the Credit Agreement dated as of April 17, 2017 (incorporated by reference to our Quarterly Report on Form 10-Q filed on August 7, 2018).
10.34	Amendment Agreement No. 3, dated October 1, 2018 by and between Eldorado Resorts, Inc. and JPMorgan Chase N.A., as administrative agent in connection with the Credit Agreement dated as of April 17, 2017 (incorporated by reference to our Current Report on Form 8-K filed on October 1, 2018).
10.35	Loan Agreement, dated as of October 1, 2018, by and among Eldorado Resorts and GLP Capital, L.P. (incorporated by reference to our Current Report on Form 8-K filed on October 1, 2018).
10.33	Master Lease, dated as of October 1, 2018, by and among Eldorado Resorts, Inc. and GLP Capital L.P. (incorporated by reference to our Current Report on Form 8-K filed on October 1, 2018).
10.36	Registration Rights Agreement, dated as of May 1, 2017, by and among Eldorado Resorts, Inc., Recreational Enterprises, Inc., GFIL Holdings, LLC and certain of its affiliates (incorporated by reference to our Current Report on Form 8-K filed on May 1, 2017).
10.37*	Isle of Capri Casinos, Inc. Second Amended and Restated 2009 Long-Term Stock Incentive Plan (incorporated by reference to Isle of Capri Casinos, Inc.'s Current Report on Form 8-K filed on October 9, 2015).
10.41*	Isle of Capri Casino, Inc. Form of Non-Qualified Stock Option Agreement (incorporated by reference to Isle of Capri Casinos, Inc.'s Annual Report on Form 10-K filed on June 17, 2015).
10.42*	Isle of Capri Casino, Inc. Form of Performance Stock Unit Agreement (incorporated by reference to Isle of Capri Casinos, Inc.'s Annual Report on Form 10-K filed on June 17, 2015).
10.43*	Isle of Capri Casino, Inc. Form of Restricted Stock Unit Agreement (incorporated by reference to Isle of Capri Casinos, Inc.'s Annual Report on Form 10-K filed on June 17, 2015).
10.44	Amended and Restated Lease, dated as of April 19, 1999, among Port Resources, Inc. and CRU, Inc., as landlords and St. Charles Gaming Company, Inc., as tenant (St. Charles) (incorporated by reference to Isle of Capri Casinos, Inc.'s Annual Report on Form 10-K filed on July 2, 1999).
10.45	Lease of property in Coahoma, Mississippi, dated as of November 16, 1993, by and among Roger Allen Johnson, Jr., Charles Bryant Johnson and Magnolia Lady, Inc. (incorporated by reference to Isle of Capri Casinos, Inc.'s Form S-4/A filed on June 19, 2002).
10.46	Addendum to Lease, dated as of June 22, 1994, by and among Roger Allen Johnson, Jr., Charles Bryant Johnson and Magnolia Lady, Inc. (incorporated by reference to Isle of Capri Casinos, Inc.'s Annual Report on Form 10-K filed on July 28, 2000).
10.47	Second addendum to Lease, dated as of October 17, 1995, by and among Roger Allen Johnson, Jr., Charles Bryant Johnson and Magnolia Lady, Inc. (incorporated by reference to Isle of Capri Casinos, Inc.'s Annual Report on Form 10-K filed on July 28, 2000).
10.48	Master Lease, dated as of July 18, 1997, by and between The City of Boonville, Missouri and IOC-Boonville, Inc. formerly known as Davis Gaming Boonville, Inc. (incorporated by reference to Isle of Capri Casinos, Inc.'s Annual Report on Form 10-K filed on July 11, 2008).
10.49	Amendment to Master Lease, dated as of April 19, 1999, by and between The City of Boonville, Missouri and IOC-Boonville, Inc. formerly known as Davis Gaming Boonville, Inc. (incorporated by reference to Isle of Capri Casinos, Inc.'s Annual Report on Form 10-K filed on July 11, 2008).
10.50	Second Amendment to Master Lease, dated as of September 17, 2001, by and between The City of Boonville, Missouri and IOC-Boonville, Inc. formerly known as Davis Gaming Boonville, Inc. (incorporated by reference to Isle of Capri Casinos, Inc.'s Annual Report on Form 10-K filed on July 11, 2008).

EXHIBIT NO.	ITEM TITLE
10.51	Third Amendment to Master Lease, dated as of November 19, 2001, by and between The City of Boonville, Missouri and IOC-Boonville, Inc. formerly known as Gold River's Boonville Resort, Inc. and Davis Gaming Boonville, Inc. (incorporated by reference to Isle of Capri Casinos, Inc.'s Annual Report on Form 10-K filed on July 11, 2008).
10.52	Amended and Restated Lease Agreement, dated as of August 21, 1995, by and between the Port Authority of Kansas City, Missouri and Tenant (incorporated by reference to Isle of Capri Casinos, Inc.'s Annual Report on Form 10-K filed on June 25, 2009).
10.53	First Amendment to Amended and Restated Lease Agreement, dated as of October 31, 1995, by and between the Port Authority of Kansas City, Missouri and Tenant (incorporated by reference to Isle of Capri Casinos, Inc.'s Annual Report on Form 10-K filed on June 25, 2009).
10.54	Second Amendment to Amended and Restated Lease Agreement, dated as of June 10, 1996, by and between the Port Authority of Kansas City, Missouri and Tenant (incorporated by reference to Isle of Capri Casinos, Inc.'s Annual Report on Form 10-K filed on June 25, 2009).
10.55	Assignment and Assumption Agreement (Lease Agreement), dated as of June 6, 2000, by and among Flamingo Hilton Riverboat Casino, LP, Isle of Capri Casinos, Inc. and IOC-Kansas City, Inc. (incorporated by reference to Isle of Capri Casinos, Inc.'s Annual Report on Form 10-K filed on July 11, 2008).
10.56	Lease and Agreement-Spring 1995, dated as of August 15, 1995, by and between Andrianakos Limited Liability Company and Isle of Capri Black Hawk, L.L.C. (incorporated by reference to Isle of Capri Casinos, Inc.'s Annual Report on Form 10-K filed on July 11, 2008).
10.57	Addendum to the Lease and Agreement-Spring 1995, dated as of April 4, 1996, by and between Andrianakos Limited Liability Company and Isle of Capri Black Hawk, L.L.C. (incorporated by reference to Isle of Capri Casinos, Inc.'s Annual Report on Form 10-K filed on July 11, 2008).
10.58	Second Addendum to the Lease and Agreement-Spring 1995, dated as of March 21, 2003, by and between Andrianakos Limited Liability Company and Isle of Capri Black Hawk, L.L.C. (incorporated by reference to Isle of Capri Casinos, Inc.'s Annual Report on Form 10-K filed on July 11, 2008).
10.59	Third Addendum to the Lease and Agreement-Spring 1995, dated as of April 22, 2003, by and between Andrianakos Limited Liability Company and Isle of Capri Black Hawk, L.L.C. (incorporated by reference to Isle of Capri Casinos, Inc.'s Annual Report on Form 10-K filed on July 11, 2008).
10.60	Fourth Addendum to the Lease and Agreement-Spring 1995, dated as of December 11, 2013, by and between Andrianakos Limited Liability Company and Isle of Capri Black Hawk, L.L.C. (incorporated by reference to Isle of Capri Casinos, Inc.'s Annual Report on Form 10-K filed on June 23, 2014).
10.61	Development Agreement, dated as of October 4, 2010, by and between IOC-Cape Girardeau, LLC and the City of Cape Girardeau, Missouri (incorporated by reference to Isle of Capri Casinos, Inc.'s Quarterly Report on Form 10-Q filed on December 3, 2010).
10.62	Amended and Restated Operator's Contract, dated as of November 9, 2004, by and between Black Hawk County Gaming Association and IOC Black Hawk County, Inc. (incorporated by reference to Isle of Capri Casinos, Inc.'s Annual Report on Form 10-K filed on June 23, 2014).
10.63	Operator's Contract, dated as of August 11, 1994, by and between the Riverbend Regional Authority, Green Bridge Company, Bettendorf Riverfront Development Company, L.C., Lady Luck Gaming Corporation and Lady Luck Bettendorf, L.C. (incorporated by reference to Isle of Capri Casinos, Inc.'s Annual Report on Form 10-K filed on June 23, 2014).
10.64	Amendment to Operator's Contract, dated as of August 27, 1998, by and among Green Bridge Company, Bettendorf Riverfront Development Company, L.C., Lady Luck Gaming Corporation, Lady Luck Bettendorf, L.C. and Riverbend Regional Authority (incorporated by reference to Isle of Capri Casinos, Inc.'s Annual Report on Form 10-K filed on June 23, 2014).
10.65	Second Amendment to Operator's Contract, dated as of June 30, 2004, by and between Isle of Capri Bettendorf, L.C. and Scott County Regional Authority (incorporated by reference to Isle of Capri Casinos, Inc.'s Annual Report on Form 10-K filed on June 23, 2014).

EXHIBIT NO.	ITEM TITLE
10.66	Third Amendment to Operator's Contract, dated as of October 30, 2007, by and between Isle of Capri Bettendorf, L.C. and Scott County Regional Authority (incorporated by reference to Isle of Capri Casinos, Inc.'s Annual Report on Form 10-K filed on June 23, 2014).
10.67	Fourth Amendment to Operator's Contract, dated as of March 11, 2015, by and between Isle of Capri Bettendorf, L.C. and Scott County Regional Authority (incorporated by reference to Isle of Capri Casinos, Inc.'s Annual Report on Form 10-K filed on June 17, 2015).
10.68	Amended and Restated Net Lease Agreement by and between Park Cattle Co. and Desert Palace, Inc. dated January 1, 2000. (Incorporated by reference to the Tropicana Entertainment, Inc.'s Current Report on Form 8-K dated March 11, 2010)
10.69	Amendment and Reservation of Rights Regarding MontBleu dated April 2, 2008 by and between Park Cattle Co. and Columbia Properties Tahoe, LLC. (Incorporated by reference to Tropicana Entertainment Inc.'s Current Report on Form 8-K dated March 11, 2010)
10.70	MontBleu Lease Amendment No. 2 by and between Park Cattle Co. and Columbia Properties Tahoe, LLC, dated June 12, 2009. (Incorporated by reference to Tropicana Entertainment Inc.'s Current Report on Form 8-K dated March 11, 2010)
10.71	MontBleu Lease Amendment No. 3 by and between the Edgewood Companies and Columbia Properties Tahoe, LLC, made effective May 10, 2010. (Incorporated by reference to Tropicana Entertainment Inc.'s Quarterly Report on Form 10-Q for the quarter ended June 30, 2010)
10.72	MontBleu Lease Amendment No. 4 by and between the Edgewood Companies, a Nevada corporation formerly known as Park Cattle Co., and Columbia Properties Tahoe, LLC, made effective October 1, 2014. (Incorporated by reference to Tropicana Entertainment Inc.'s Quarterly Report on Form 10-Q for the quarter ended September 30, 2014)
21.1	Subsidiaries of the Registrant (filed herewith).
23.1	Consent of Ernst & Young LLP (filed herewith).
31.1	Certification of Thomas R. Reeg pursuant to Section 906 of the Sarbanes-Oxley Act of 2002 (filed herewith).
32.1	Certification of Thomas R. Reeg in accordance with 18 U.S.C. Section 1350 (filed herewith).
99.1	Description of Governmental Regulations and Licensing (filed herewith).
101.1	XBRL Instance Document
101.2	XBRL Taxonomy Extension Schema Document
101.3	XBRL Taxonomy Extension Calculation Linkbase Document
101.4	XBRL Taxonomy Extension Definition Linkbase Document
101.5	XBRL Taxonomy Extension Label Linkbase Document
101.6	XBRL Taxonomy Extension Presentation Linkbase Document

* The Company has omitted schedules and similar attachments to the subject agreement pursuant to Item 601(b) of Regulation S-K. The Company will furnish a copy of any omitted schedule or similar attachment to the SEC upon request and hereby undertakes to furnish supplemental copies of any of the omitted schedules or similar attachments upon request by the SEC; provided, however, that the Company may request confidential treatment pursuant to Rule 24b-2 of the Exchange Act for any schedules or attachments so furnished.

* Management contracts or compensatory plans or arrangements.

**INDEX TO CONSOLIDATED FINANCIAL STATEMENTS OF
ELDORADO RESORTS, INC.**

	<u>Page</u>
Report of Independent Registered Public Accounting Firm	74
Consolidated Balance Sheets	75
Consolidated Statements of Income	76
Consolidated Statements of Comprehensive Income	77
Consolidated Statement of Stockholders' Equity	78
Consolidated Statements of Cash Flows	79
Notes to Consolidated Financial Statements	80

Report of Independent Registered Public Accounting Firm

The Board of Directors and Stockholders
Eldorado Resorts, Inc.

Opinion on the Financial Statements

We have audited the accompanying consolidated balance sheets of Eldorado Resorts, Inc. (the Company) as of December 31, 2018 and 2017, the related consolidated statements of income, comprehensive income, stockholders' equity and cash flows for each of the three years in the period ended December 31, 2018, and the related notes and the financial statement schedule listed in the Index at Item 15 (a)(ii) (collectively referred to as the "consolidated financial statements"). In our opinion, the consolidated financial statements present fairly, in all material respects, the financial position of the Company at December 31, 2018 and 2017, and the results of its operations and its cash flows for each of the three years in the period ended December 31, 2018, in conformity with U.S. generally accepted accounting principles.

We also have audited, in accordance with the standards of the Public Company Accounting Oversight Board (United States) (PCAOB), the Company's internal control over financial reporting as of December 31, 2018, based on criteria established in Internal Control-Integrated Framework issued by the Committee of Sponsoring Organizations of the Treadway Commission (2013 framework), and our report dated March 1, 2019 expressed an unqualified opinion thereon.

Basis for Opinion

These financial statements are the responsibility of the Company's management. Our responsibility is to express an opinion on the Company's financial statements based on our audits. We are a public accounting firm registered with the PCAOB and are required to be independent with respect to the Company in accordance with the U.S. federal securities laws and the applicable rules and regulations of the Securities and Exchange Commission and the PCAOB.

We conducted our audits in accordance with the standards of the PCAOB. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement, whether due to error or fraud. Our audits included performing procedures to assess the risks of material misstatement of the financial statements, whether due to error or fraud, and performing procedures that respond to those risks. Such procedures included examining, on a test basis, evidence regarding the amounts and disclosures in the financial statements. Our audits also included evaluating the accounting principles used and significant estimates made by management, as well as evaluating the overall presentation of the financial statements. We believe that our audits provide a reasonable basis for our opinion.

/s/ Ernst & Young LLP

We have served as the Company's auditor since 2011.

Las Vegas, Nevada
March 1, 2019

ELDORADO RESORTS, INC.
CONSOLIDATED BALANCE SHEETS
(dollars in thousands)

	<u>December 31,</u> <u>2018</u>	<u>December 31,</u> <u>2017</u>
ASSETS		
CURRENT ASSETS:		
Cash and cash equivalents	\$ 230,752	\$ 134,596
Restricted cash and investments	24,892	3,267
Marketable securities	16,957	17,631
Accounts receivable, net	60,169	45,797
Due from affiliates	327	243
Inventories	20,595	16,870
Income taxes receivable	15,731	4,805
Prepaid expenses	48,002	27,823
Assets held for sale	<u>155,771</u>	<u>—</u>
Total current assets	573,196	251,032
Property and equipment, net	2,882,606	1,502,817
Gaming licenses and other intangibles, net	1,362,006	996,816
Goodwill	1,008,316	747,106
Other assets, net	85,338	48,701
Total assets	<u>\$ 5,911,462</u>	<u>\$ 3,546,472</u>
LIABILITIES AND STOCKHOLDERS' EQUITY		
CURRENT LIABILITIES:		
Current portion of long-term debt	\$ 462	\$ 615
Accounts payable	58,524	34,778
Accrued property, gaming and other taxes	51,931	43,212
Accrued payroll and related	87,332	53,330
Accrued interest	42,780	25,607
Income taxes payable	47,475	171
Accrued other liabilities	102,982	66,038
Liabilities related to assets held for sale	<u>10,691</u>	<u>—</u>
Total current liabilities	402,177	223,751
Long-term financing obligation to GLPI	959,835	—
Long-term debt, less current portion	3,261,273	2,189,578
Deferred income taxes	200,010	162,967
Other long-term liabilities	59,014	28,579
Total liabilities	<u>4,882,309</u>	<u>2,604,875</u>
Commitments and contingencies (Note 17)		
STOCKHOLDERS' EQUITY:		
Common stock, 200,000,000 and 100,000,000 shares authorized, 77,438,889 and 76,825,966 issued and outstanding, net of treasury shares, par value \$0.00001 as of December 31, 2018 and December 31, 2017, respectively	1	—
Paid-in capital	748,076	746,547
Retained earnings	290,206	194,971
Treasury stock at cost, 223,823 shares held at December 31, 2018	(9,131)	—
Accumulated other comprehensive income	<u>1</u>	<u>79</u>
Total stockholders' equity	1,029,153	941,597
Total liabilities and stockholders' equity	<u>\$ 5,911,462</u>	<u>\$ 3,546,472</u>

The accompanying notes are an integral part of these consolidated financial statements.

ELDORADO RESORTS, INC.
CONSOLIDATED STATEMENTS OF INCOME
(dollars in thousands, except per share data)

	Year Ended December 31,		
	2018	2017	2016
REVENUES:			
Casino	\$ 1,534,954	\$ 1,085,014	\$ 591,471
Pari-mutuel commissions	18,437	14,013	8,544
Food and beverage	247,332	198,246	155,217
Hotel	183,798	133,338	100,462
Other	71,486	50,187	44,771
Net revenues	<u>2,056,007</u>	<u>1,480,798</u>	<u>900,465</u>
EXPENSES:			
Casino	732,580	547,438	342,433
Pari-mutuel commissions	16,709	13,651	9,787
Food and beverage	202,618	169,848	122,598
Hotel	65,009	50,575	41,212
Other	38,676	32,156	30,776
Marketing and promotions	106,161	83,174	40,890
General and administrative	349,598	241,037	130,720
Corporate	46,632	30,739	19,880
Impairment charges	13,602	38,016	—
Depreciation and amortization	157,429	105,891	63,449
Total operating expenses	<u>1,729,014</u>	<u>1,312,525</u>	<u>801,745</u>
Loss on sale or disposal of property and equipment	(835)	(319)	(836)
Proceeds from terminated sales	5,000	20,000	—
Transaction expenses	(20,842)	(92,777)	(9,184)
Loss from unconsolidated affiliates	(213)	(367)	—
Operating income	<u>310,103</u>	<u>94,810</u>	<u>88,700</u>
OTHER EXPENSE:			
Interest expense, net	(171,732)	(99,769)	(50,917)
Loss on early retirement of debt, net	(162)	(38,430)	(155)
Unrealized loss on restricted investment	(2,587)	—	—
Total other expense	<u>(174,481)</u>	<u>(138,199)</u>	<u>(51,072)</u>
Net income (loss) before income taxes	135,622	(43,389)	37,628
(Provision) benefit for income taxes	(40,387)	116,769	(13,101)
Net income	<u>\$ 95,235</u>	<u>\$ 73,380</u>	<u>\$ 24,527</u>
Net income per share of common stock:			
Basic	<u>\$ 1.23</u>	<u>\$ 1.09</u>	<u>\$ 0.52</u>
Diluted	<u>\$ 1.22</u>	<u>\$ 1.08</u>	<u>\$ 0.51</u>
Weighted average basic shares outstanding	<u>77,458,902</u>	<u>67,133,531</u>	<u>47,033,311</u>
Weighted average diluted shares outstanding	<u>78,282,101</u>	<u>68,102,814</u>	<u>47,701,562</u>

The accompanying notes are an integral part of these consolidated financial statements.

ELDORADO RESORTS, INC.
CONSOLIDATED STATEMENTS OF COMPREHENSIVE INCOME
(dollars in thousands)

	Year Ended December 31,		
	2018	2017	2016
Net income	\$ 95,235	\$ 73,380	\$ 24,527
Other comprehensive (loss) income, net of tax:			
Defined benefit pension plan—amortization of net (loss) income, net of tax of \$(1) and \$36 for 2018 and 2017, respectively	(78)	67	—
Other comprehensive (loss) income	(78)	67	—
Comprehensive income, net of tax	<u>\$ 95,157</u>	<u>\$ 73,447</u>	<u>\$ 24,527</u>

The accompanying notes are an integral part of these consolidated financial statements.

ELDORADO RESORTS, INC.
CONSOLIDATED STATEMENTS OF STOCKHOLDERS' EQUITY
(dollars in thousands)

	<u>Common Stock</u>				Accumulated Other Comprehensive Income	<u>Treasury Stock</u>		Total
	Shares	Amount	Paid-in Capital	Retained Earnings		Shares	Amount	
Balance, December 31, 2015	46,817,829	\$ —	\$ 170,897	\$ 97,551	\$ 12	—	\$ —	\$ 268,460
Issuance of restricted stock units	217,997	—	3,341	—	—	—	—	3,341
Net income	—	—	—	24,527	—	—	—	24,527
Exercise of stock options	132,900	—	385	—	—	—	—	385
Shares withheld related to net share settlement of stock awards	(62,982)	—	(744)	—	—	—	—	(744)
Balance, December 31, 2016	47,105,744	\$ —	\$ 173,879	\$ 122,078	\$ 12	—	\$ —	\$ 295,969
Isle common stock exchanged at merger	28,468,182	—	574,811	—	—	—	—	574,811
Issuance of restricted stock units	1,070,552	—	6,322	—	—	—	—	6,322
Other	—	—	—	(487)	—	—	—	(487)
Net income	—	—	—	73,380	—	—	—	73,380
Other comprehensive income	—	—	—	—	67	—	—	67
Exercise of stock options	1,185,745	—	2,900	—	—	—	—	2,900
Shares withheld related to net share settlement of stock awards	(1,004,257)	—	(11,365)	—	—	—	—	(11,365)
Balance, December 31, 2017	76,825,966	\$ —	\$ 746,547	\$ 194,971	\$ 79	—	\$ —	\$ 941,597
Issuance of restricted stock units	848,737	1	13,083	—	—	—	—	13,084
Purchase of treasury shares	—	—	—	—	—	223,823	(9,131)	(9,131)
Net income	—	—	—	95,235	—	—	—	95,235
Other comprehensive loss	—	—	—	—	(78)	—	—	(78)
Exercise of stock options	67,336	—	154	—	—	—	—	154
Shares withheld related to net share settlement of stock awards	(303,150)	—	(11,708)	—	—	—	—	(11,708)
Balance, December 31, 2018	<u>77,438,889</u>	<u>\$ 1</u>	<u>\$ 748,076</u>	<u>\$ 290,206</u>	<u>\$ 1</u>	<u>223,823</u>	<u>\$ (9,131)</u>	<u>\$ 1,029,153</u>

The accompanying notes are an integral part of these consolidated financial statements.

ELDORADO RESORTS, INC.
CONSOLIDATED STATEMENTS OF CASH FLOWS
(dollars in thousands)

	Year Ended December 31,		
	2018	2017	2016
CASH FLOWS FROM OPERATING ACTIVITIES:			
Net income	\$ 95,235	\$ 73,380	\$ 24,527
Adjustments to reconcile net income to net cash provided by operating activities:			
Depreciation and amortization	157,429	105,891	63,449
Amortization of deferred financing costs, discount and debt premium	8,175	6,289	3,520
Loss on early retirement of debt	162	38,430	155
Unrealized loss on restricted investment	2,587	—	—
Stock compensation expense	13,084	6,322	3,341
Provision for bad debt	1,552	531	161
Impairment charges	13,602	38,016	—
Provision (benefit) for deferred income taxes	33,865	(112,561)	11,201
Other	1,662	723	893
Change in operating assets and liabilities:			
Sale of trading securities	674	101	—
Accounts receivable	6,104	(19,110)	(4,874)
Inventories	596	105	687
Prepaid expenses and other assets	(1,215)	(629)	(995)
Accrued interest	1,490	10,974	(344)
Income taxes payable	6,945	(470)	—
Accounts payable and accrued other liabilities	(18,667)	(18,106)	(6,349)
Net cash provided by operating activities	<u>323,280</u>	<u>129,886</u>	<u>95,372</u>
CASH FLOWS FROM INVESTING ACTIVITIES:			
Purchase of property and equipment, net	(147,415)	(83,161)	(43,173)
Purchase of restricted investments	(8,008)	—	—
Proceeds from sale of property and equipment	1,002	135	1,560
Net cash used in business combinations	(1,113,227)	(1,313,051)	(194)
Investments in and loans to unconsolidated affiliates	(581)	(604)	—
Net cash used in investing activities	<u>(1,268,229)</u>	<u>(1,396,681)</u>	<u>(41,807)</u>
CASH FLOWS FROM FINANCING ACTIVITIES:			
Proceeds from issuance of long-term debt	846,000	2,325,000	—
Borrowings under Revolving Credit Facility	315,358	207,953	73,000
Payments under long-term debt	—	(911,875)	(4,250)
Payments under Revolving Credit Facility	(70,358)	(236,953)	(137,500)
Debt premium proceeds	—	27,500	—
Debt issuance costs	(25,758)	(51,526)	(4,288)
Taxes paid related to net share settlement of equity awards	(11,708)	(11,365)	(744)
Proceeds from exercise of stock options	154	2,900	385
Purchase of treasury stock	(9,131)	—	—
Payments on other long-term payables	(666)	(533)	(274)
Net cash provided by (used in) financing activities	<u>1,043,891</u>	<u>1,351,101</u>	<u>(73,671)</u>
Increase (decrease) in cash, cash equivalents and restricted cash	98,942	84,306	(20,106)
Cash, cash equivalents and restricted cash, beginning of period	147,749	63,443	83,549
Cash, cash equivalents and restricted cash, end of period	<u>\$ 246,691</u>	<u>\$ 147,749</u>	<u>\$ 63,443</u>
RECONCILIATION OF CASH, CASH EQUIVALENTS AND RESTRICTED CASH TO AMOUNTS REPORTED WITHIN THE CONSOLIDATED BALANCE SHEETS:			
Cash and cash equivalents	\$ 230,752	\$ 134,596	\$ 61,029
Restricted cash	8,884	3,267	2,414
Restricted cash included in other noncurrent assets	7,055	9,886	—
Total cash, cash equivalents and restricted cash	<u>\$ 246,691</u>	<u>\$ 147,749</u>	<u>\$ 63,443</u>
SUPPLEMENTAL DISCLOSURE OF CASH FLOW INFORMATION:			
Interest paid	\$ 166,007	\$ 84,604	\$ 47,696
Income taxes (refunded) paid	(4,134)	246	1,662
NON-CASH FINANCING ACTIVITIES:			
Net change in liabilities for capital expenditures	(2,786)	(317)	4,222
Change in real property subject to financing obligation	(957,300)	—	—

The accompanying notes are an integral part of these consolidated financial statements.

ELDORADO RESORTS, INC.
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS
December 31, 2018

Note 1. Organization and Basis of Presentation

The accompanying consolidated financial statements include the accounts of Eldorado Resorts, Inc. (“ERI” or the “Company”), a Nevada corporation formed in September 2013, and its consolidated subsidiaries.

The Company is a geographically diversified gaming and hospitality company with 28 gaming facilities in 13 states as of December 31, 2018. The Company’s properties, which are located in Ohio, Louisiana, Nevada, New Jersey, Pennsylvania, West Virginia, Colorado, Florida, Iowa, Mississippi, Illinois, Indiana and Missouri, feature approximately 30,000 slot machines and video lottery terminals (“VLTs”), approximately 800 table games and approximately 12,600 hotel rooms. The Company’s primary source of revenue is generated by gaming operations, and the Company utilizes its hotels, restaurants, bars, entertainment, racing, retail shops and other services to attract customers to its properties.

The Company was founded in 1973 by the Carano family with the opening of the Eldorado Hotel Casino in Reno, Nevada. In 1993, the Company partnered with MGM Resorts International to build Silver Legacy Resort Casino, the first mega-themed resort in Reno. In 2005, the Company acquired its first property outside of Reno when it purchased a casino in Shreveport, Louisiana, now known as Eldorado Shreveport. In September 2014, the Company merged with MTR Gaming Group, Inc. and acquired its three gaming and racing facilities in Ohio, Pennsylvania and West Virginia. The following year, in November 2015, the Company acquired Circus Circus Reno and the 50% membership interest in the Silver Legacy that was owned by MGM Resorts International. On May 1, 2017, the Company completed its acquisition of Isle of Capri Casinos, Inc. (“Isle” or “Isle of Capri”), adding 13 gaming properties to its portfolio. On August 7, 2018, the Company acquired the Elgin Riverboat Resort – Riverboat Casino d/b/a Grand Victoria Casino (“Elgin”) (“Elgin Acquisition”). On October 1, 2018, the Company completed its acquisition of Tropicana Entertainment, Inc. (“Tropicana”), adding seven properties to its portfolio (the “Tropicana Acquisition”).

As of December 31, 2018, ERI owned and operated the following properties:

- Eldorado Resort Casino Reno (“Eldorado Reno”)—A 814-room hotel, casino and entertainment facility connected via an enclosed skywalk to Silver Legacy and Circus Reno located in downtown Reno, Nevada that includes 1,117 slot machines and 36 table games;
- Silver Legacy Resort Casino (“Silver Legacy”)—A 1,685-room themed hotel and casino connected via an enclosed skywalk to Eldorado Reno and Circus Reno that includes 1,119 slot machines, 48 table games and a 13-table poker room;
- Circus Circus Reno (“Circus Reno”)—A 1,571-room hotel-casino and entertainment complex connected via an enclosed skywalk to Eldorado Reno and Silver Legacy that includes 722 slot machines;
- Eldorado Resort Casino Shreveport (“Eldorado Shreveport”)—A 403-room, all suite art deco-style hotel and tri-level riverboat dockside casino situated on the Red River in Shreveport, Louisiana that includes 1,388 slot machines, 52 table games and an eight-table poker room;
- Mountaineer Casino, Racetrack & Resort (“Mountaineer”)—A 357-room hotel, casino, entertainment and live thoroughbred horse racing facility located on the Ohio River at the northern tip of West Virginia’s northwestern panhandle that includes 1,486 slot machines, 36 table games and a 10-table poker room;
- Presque Isle Downs & Casino (“Presque Isle Downs”)—A casino and live thoroughbred horse racing facility with 1,596 slot machines, 32 table games and a seven-table poker room located in Erie, Pennsylvania;
- Eldorado Gaming Scioto Downs (“Scioto Downs”)—A modern “racino” offering 2,238 VLTs, harness racing and a 118-room third party hotel connected to Scioto Downs located 15 minutes from downtown Columbus, Ohio;
- Isle Casino Hotel—Black Hawk (“Isle Black Hawk”)—A land-based casino on an approximately 10-acre site in Black Hawk, Colorado that includes 966 slot machines, 28 table games, a 10-table poker room and a 238-room hotel;

- Lady Luck Casino—Black Hawk (“Lady Luck Black Hawk”)—A land-based casino across the intersection from Isle Casino Hotel in Black Hawk Colorado, that includes 442 slot machines, seven table games and a 164-room hotel with a parking structure connecting Isle Black Hawk and Lady Luck Black Hawk;
- Isle Casino Racing Pompano Park (“Pompano”)—A casino and harness racing track on an approximately 223-acre owned site in Pompano Beach, Florida that includes 1,596 slot machines and a 39-table poker room;
- Isle Casino Bettendorf (“Bettendorf”)—A land-based single-level casino located off Interstate 74 in Bettendorf, Iowa that includes 969 slot machines and 15 table games with two hotel towers with 509 hotel rooms;
- Isle Casino Waterloo (“Waterloo”)—A single-level land-based casino in Waterloo, Iowa that includes 939 slot machines, 23 table games, and a 194-room hotel;
- Isle of Capri Casino Hotel Lake Charles (“Lake Charles”)—A gaming vessel on an approximately 19-acre site in Lake Charles, Louisiana, with 1,164 slot machines, 34 table games, 11 poker tables, and two hotels offering 493 rooms;
- Isle of Capri Casino Lula (“Lula”)—Two dockside casinos in Lula, Mississippi with 862 slot machines and 25 table games, two on-site hotels with a total of 486 rooms and a 28-space RV Park;
- Lady Luck Casino Vicksburg (“Vicksburg”)—A dockside casino in Vicksburg, Mississippi that includes 607 slot machines and a hotel with a total of 89 rooms;
- Isle of Capri Casino Boonville (“Boonville”)—A single-level dockside casino in Boonville, Missouri that includes 881 slot machines, 20 table games and a 140-room hotel;
- Isle Casino Cape Girardeau (“Cape Girardeau”)—A dockside casino and pavilion and entertainment center in Cape Girardeau, Missouri that includes 863 slot machines, 20 table games and four poker tables;
- Lady Luck Casino Caruthersville (“Caruthersville”)—A riverboat casino located along the Mississippi River in Caruthersville, Missouri that includes 507 slot machines and nine table games;
- Isle of Capri Casino Kansas City (“Kansas City”)—A dockside casino located close to downtown Kansas City, Missouri offering 938 slot machines and 13 table games;
- Lady Luck Casino Nemacolin (“Nemacolin”)—A casino property located on the 2,000-acre Nemacolin Woodlands Resort in Western Pennsylvania that includes 600 slot machines and 28 table games;
- Tropicana Casino and Resort, Atlantic City (“Trop AC”)—A casino and resort situated on approximately 15 acres with approximately 660 feet of ocean frontage in Atlantic City, New Jersey that includes approximately 2,464 slot machines, 107 table games, 18 poker tables and 2,366 hotel rooms;
- Tropicana Evansville (“Evansville”)—A casino hotel and entertainment complex in Evansville, Indiana featuring 1,128 slot machines, 33 table games, eight poker tables and two on-site hotels with a total of 338 rooms;
- Lumière Place Casino (“Lumière”)—A casino located on approximately 20 acres, located in historic downtown St. Louis, Missouri near business and entertainment districts and overlooks the Mississippi River with approximately 1,401 slot machines, 48 table games, 10 poker tables and 494 hotel rooms;
- Tropicana Laughlin Hotel and Casino (“Laughlin”)—A casino in Casino Drive, Laughlin, Nevada that includes approximately 895 slot machines, 20 table games and 1,487 hotel rooms;
- MontBleu Casino Resort & Spa (“MontBleu”)—A casino situated on approximately 21 acres in South Lake Tahoe, Nevada surrounded by the Sierra Nevada Mountains featuring approximately 474 slot machines, 17 table games and 438 hotel rooms;
- Trop Casino Greenville (“Greenville”)—A landside gaming facility located in Greenville, Mississippi with approximately 590 slot machines, 10 table games and 40 hotel rooms;
- Belle of Baton Rouge Casino & Hotel (“Baton Rouge”)—A dockside riverboat situated on approximately 23 acres on the Mississippi River in the downtown historic district of Baton Rouge featuring approximately 773 slot machines, 14 table games and 288 hotel rooms; and
- Grand Victoria Casino (“Elgin”)—A casino located in Elgin, Illinois featuring approximately 1,088 slot machines and 30 table games.

In addition, Scioto Downs, through its subsidiary RacelineBet, Inc., also operates Racelinebet.com, a national account wagering service that offers online and telephone wagering on horse races as a marketing affiliate of TwinSpires.com, an affiliate of Churchill Downs Incorporated.

The Company sold Presque Isle Downs in January 2019 and has entered into an agreement to sell Nemaocolin. The Nemaocolin sale is expected to close in the first quarter of 2019 (See Note 5).

Note 2. Summary of Significant Accounting Policies

Principles of Consolidation. The accompanying consolidated financial statements include the accounts of the Company as described in Note 1. All significant intercompany transactions have been eliminated in consolidation.

Use of Estimates. The preparation of financial statements in conformity with accounting principles generally accepted in the United States of America requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities and disclosure of contingent assets and liabilities at the date of the financial statements and the reported amounts of revenues and expenses during the reporting period. Significant estimates incorporated into the Company's consolidated financial statements include useful lives for depreciable and amortizable assets, allowance for doubtful accounts receivable, cash flows in assessing goodwill and indefinite-lived intangible assets for impairment and the recoverability of long-lived assets, self-insurance reserves, players' loyalty program liabilities, contingencies and litigation, claims and assessments, and fair value measurements related to the Company's long-term debt. Actual results could differ from these estimates.

Cash and Cash Equivalents. Cash equivalents include investments in money market funds. Investments can be redeemed immediately at the current net asset value per share. A money market fund is a mutual fund whose investments are primarily in short-term debt securities designed to maximize current income with liquidity and capital preservation, usually maintaining per share net asset value at a constant amount, such as one dollar. Cash and cash equivalents also include cash maintained for gaming operations. The carrying amounts approximate the fair value because of the short maturity of those instruments (Level 1).

Restricted Cash and Investments. Restricted cash includes cash and certificates of deposit; restricted investments consist primarily of trading securities held by the Company's captive insurance subsidiary. The trading securities are primarily debt and equity securities that are purchased with the intention to resell in the near term. The trading securities are carried at fair value with changes in fair value recognized in current period income. Balances are reserved for unredeemed winning tickets from the Company's racing operations, funds related to horsemen's fines and certain simulcasting funds that are restricted to payments for improving horsemen's facilities and racing purses, cash deposits that serve as collateral for letters of credit, surety bonds and certificates of deposit that serve as collateral for certain bonding requirements, and serve as security for certain insurance coverage and land leases. In addition, the Company holds shares in a publicly traded company with a time restriction on when they can be sold. The restriction expires in November 2019.

The estimated fair values of our restricted cash and investments are based upon quoted prices available in active markets (Level 1), or quoted prices for similar assets in active and inactive markets (Level 2), or unobservable inputs that are not corroborated by market data (Level 3) and represent the amounts we would expect to receive if we sold our restricted cash and investments. Restricted cash and investments are reported on the face of the Consolidated Balance Sheets and in Other assets, net.

Marketable Securities. Marketable securities consist primarily of trading securities held by the Company's captive insurance subsidiary. The trading securities are primarily debt and equity securities that are purchased with the intention to resell in the near term. The trading securities are carried at fair value with changes in fair value recognized in current period income. For the year ended December 31, 2018, we recorded a \$43,000 loss related to the change in fair value which is included in corporate expenses in the accompanying statements of income.

CRDA Investments. The New Jersey Casino Reinvestment Development Authority ("CRDA") cash deposits made by Trop AC are carried at fair value. The CRDA deposits are used to purchase CRDA bonds that carry below market interest rates. An allowance is established by a charge to the Consolidated Statements of Income as part of general and administrative expense. When the CRDA deposits are used to purchase CRDA bonds, the allowance is transferred to the bonds as a discount, which is amortized to interest income using the interest method. The CRDA bonds are classified as held-to-maturity securities and are carried at amortized cost less any adjustments for other than temporary impairments.