

UNITED STATES BANKRUPTCY COURT
NORTHERN DISTRICT OF ILLINOIS
EASTERN DIVISION

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| In re: |) | Chapter 11 | |
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| CAESARS ENTERTAINMENT OPERATING COMPANY, INC., et al., ¹ |) | Case No. 15-01145 (ABG) | |
| |) | | |
| Debtors. |) | (Jointly Administered) | |
| |) | | |

**DEBTORS’ REPLY IN SUPPORT OF THE DEBTORS’
MOTION TO FURTHER EXTEND THEIR EXCLUSIVE PERIODS
TO FILE A CHAPTER 11 PLAN AND SOLICIT ACCEPTANCES THEREOF**

The above-captioned debtors and debtors in possession (collectively, the “Debtors”) file this reply in support of the *Debtors’ Motion to Further Extend Their Exclusive Periods to File a Chapter 11 Plan and Solicit Acceptances Thereof* [Docket No. 3197] (the “Motion”)² and in response to the responses and limited objections thereto (the “Responses”).³ In reply to the Responses, and in further support of the Motion, the Debtors respectfully state as follows.

¹ A complete list of the Debtors and the last four digits of their federal tax identification numbers may be obtained at <https://cases.primeclerk.com/CEOC>.

² Capitalized terms used but not defined herein have the meanings ascribed to them in the Motion.

³ See *Response of Statutory Unsecured Claimholders’ Committee to Debtors’ Motion to Further Extend Exclusive Periods to File a Chapter 11 Plan and Solicit Acceptances Thereof* [Docket No. 3213]; *Noteholder Committee’s Response and Limited Objection to Debtors’ Third Motion to Extend Their Exclusive Periods to File a Chapter 11 Plan and Solicit Acceptances Thereof* [Docket No. 3217]; *First Lien Notes Parties’ Joint Response to Debtors’ Motion to Further Extend Their Exclusive Periods to File a Chapter 11 Plan and Solicit Acceptances Thereof* [Docket No. 3221]; *Preliminary Response of Ad Hoc Committee of First Lien Bank Lenders to Debtors’ Motion to Further Extend Their Exclusive Periods to File a Chapter 11 Plan and Solicit Acceptances Thereof* [Docket No. 3223]; and *Limited Objection of the 10.75% Notes Trustee to (A) Debtors’ Motion for the Entry of an Order Approving Appointment of a Mediator to Mediate Issues Related to a Chapter 11 Plan of Reorganization and (B) Debtors’ Motion to Further Extend Their Exclusive Periods to File a Chapter 11 Plan and Solicit Acceptances Thereof* [Docket No. 3225]

1. Although each party uses its Response to promote its respective negotiating positions and litigation interests, none has objected to the extension of the Exclusivity Periods. Significantly, each of the Debtors' first lien creditors, the Statutory Committee of Unsecured Claimholders, and the 10.75% Notes Trustee support the specific relief requested in the Motion: a final extension of four months for both the Filing Exclusivity Period and the Solicitation Exclusivity Period. Even with this support, the Debtors recognize that work remains with each of these creditor constituencies to bring about a consensual resolution of these contentious cases, and they have sought to implement a mediation process to bring all key stakeholders in these cases together to try to achieve a global resolution.

2. The Noteholders Committee, however, has caveated their support for any extension. Rather than support the relatively short (and final) four-month extension of the Exclusivity Periods, the Noteholders Committee asserts that the Court should only extend the Debtors' Exclusivity Periods for two months, thereby requiring the Debtors to return to the Court in two months to seek an additional extension and the Court to decide yet another motion in these already busy and contentious chapter 11 cases. The Noteholders Committee argues that the Court, the potential mediator, and parties in interest should "have an opportunity to review and evaluate the Examiner's report and any amendment to the Debtors' plan" before a longer extension may be warranted. (Noteholder Resp. ¶ 3.) But this piecemeal approach does not serve the purpose contemplated in section 1121, which is that a debtor has "the unqualified opportunity to negotiate a settlement and propose a plan of reorganization without interference from creditors and other interests." See In re Texaco, Inc., 81 B.R. 806, 809 (Bankr. S.D.N.Y. 1988). The Noteholders Committee's request instead seeks to limit the stability provided by the four-month extension by requiring the Debtors to come to Court (at least) one more time. Courts

have rejected similar requests for serial short-term exclusivity extensions because they do not create stability for the restructuring process and instead force parties to continue returning to court to litigate exclusivity. See, e.g., In re Energy Future Holdings Corp., No. 14-10979 (CSS) (Bankr. D. Del.), Hr'g Tr. 68:16–69:8, Jun. 1, 2015 (extending exclusivity to the end of the maximum allowable period, despite objections asking for shorter periods, in order “to stop litigation, to stop the expense, time and distraction of a series of litigations over whether exclusivity should continue to be granted and allow the parties to focus on what really matters which is hopefully reaching a consensual plan of reorganization, if not among all creditors, among a significant number of those creditors”); In re Cengage Learning, Inc., No. 13-44106 (ESS) (Bankr. E.D.N.Y.), Hr'g Tr. 47:9–48:4, Oct. 25, 2013 (extending exclusivity and concluding that a short-term extension would not benefit the parties because “[i]t is hard to imagine . . . a scenario where there would not be some extension beyond January”); In re Visteon Corp., No. 09-11786 (CSS) (Bankr. D. Del.), Hr'g Tr. 80:5–8, May 12, 2010 (granting the debtors' third motion for exclusivity and overruling objections asking for a shorter extension period because a mediator was going to be appointed and “it's going to take longer to bring another party under the tent”). The Noteholders Committee's request to limit the extension of the Exclusivity Periods to two months should be similarly rejected.

3. Finally, the Debtors believe that moving forward with the plan confirmation process after the Examiner issues his report is necessary to encourage parties to negotiate a fully consensual resolution of these cases, including through a parallel mediation process; however, to the extent full consensus is not reached, the Debtors will proceed to confirmation on a less than fully consensual basis. Similarly, the Debtors believe that the failure to permit the Debtors to prosecute their proposed Plan will likely result in the statutory expiration of exclusivity before a

confirmation process and the resultant additional litigation that would arise from competing chapter 11 plans, further complicating these cases.

4. Accordingly, the Debtors request that the Court grant the relief requested in the Motion and extend the Filing Exclusivity Period to July 15, 2016, and the Solicitation Exclusivity Period to September 15, 2016.

Dated: February 15, 2016
Chicago, Illinois

/s/ David R. Seligman, P.C.

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