

**UNITED STATES BANKRUPTCY COURT  
NORTHERN DISTRICT OF ILLINOIS  
EASTERN DIVISION**

In re:

CAESARS ENTERTAINMENT OPERATING  
COMPANY, INC., et al.,<sup>1</sup>

Debtors.

Chapter 11

Case No. 15-01145 (ABG)

(Jointly Administered)

**RESPONSE OF THE AD HOC GROUP OF 5.75% AND 6.50%  
NOTES TO DEBTORS' MOTION FOR THE ENTRY OF AN ORDER  
APPROVING APPOINTMENT OF A MEDIATOR TO MEDIATE ISSUES  
RELATED TO A CHAPTER 11 PLAN OF REORGANIZATION**

Relative Value-Long/Short Debt Portfolio, a Series of Underlying Funds Trust, Trilogy Capital Management, LLC (as investment advisor for certain funds, including Trilogy Portfolio Company, LLC), BBT Capital Management, LLC (as investment manager for each of BBT Fund, L.P. and BBT Master Fund, L.P.), and Douglas Kidd (collectively, the "Ad Hoc Group of 5.75% and 6.50% Notes"), each a noteholder of Caesars Entertainment Operating Company, Inc., *et al.* (the "Debtors"), respectfully submit this response to the *Debtors' Motion for the Entry of an Order Approving Appointment of a Mediator to Mediate Issues Related to a Chapter 11 Plan of Reorganization*, filed on February 3, 2016 [ECF No. 3195] (the "Motion"), and state as follows:

**Response**

1. The Ad Hoc Group of 5.75% and 6.50% Notes welcomes the prospect of a mediation process generally, but objects to the Debtors' proposal to limit access to the process to the parties the Debtors have chosen to identify as so-called "relevant key stakeholders," which includes the Law Debenture Trust Company of New York, solely in its capacity as indenture

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<sup>1</sup> 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>.

trustee for the Debtors' 5.75% and 6.5% senior unsecured notes, but not the Ad Hoc Group of 5.75% and 6.50% Notes. *See* Motion ¶8. Consistent with their *modus operandi* throughout this case, the Debtors are attempting to exclude the parties that are litigating to enforce their Caesars Entertainment Corp. ("CEC") guarantee rights, while at the same time asserting that they are seeking a consensual resolution of the case.

2. By including the indenture trustee that participated in the very acts that led to the underlying guarantee litigation, the Debtors appear to be suggesting a mediation process whereby only parties that already agree with the Debtors are invited to participate.

3. It stretches the bounds of credibility for the Debtors to repeatedly proclaim, in connection with their attempt to stay litigation against CEC, that they need a breathing spell in order to negotiate with their creditors, while at the same time taking actions to exclude or restrain those very same creditors from the mediation process. If the Debtors truly desire a consensual resolution, then they should start taking steps towards that end, rather than spurning any settlement process that does not promise to result in the release of CEC and the extinguishment of the claims of the Ad Hoc Group of 5.75% and 6.50% Notes.

4. Accordingly, any Order providing for the appointment of a mediator should expressly state that the Ad Hoc Group of 5.75% and 6.50% Notes and its counsel have the right to participate in the mediation process.

Dated: February 10, 2016  
Chicago, IL

Respectfully submitted,

**DRINKER BIDDLE & REATH LLP**

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