

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

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

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**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**

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The ad hoc committee (the "Ad Hoc Bank Lender Committee") of beneficial holders, or the investment advisors or managers for certain beneficial holders, of first lien bank debt issued by the Debtors (the "First Lien Bank Lenders"), by and through its undersigned counsel, hereby files this preliminary response to the *Debtors' Motion to Further Extend Their Exclusive Periods to File a Chapter 11 Plan and Solicit Acceptances Thereof* (Dkt. No. 3197)(the "Exclusivity Extension Motion"),<sup>2</sup> and respectfully states as follows:

1. As of the date of this pleading, the Ad Hoc Bank Lender Committee and certain other First Lien Bank Lenders, the Debtors and their parent, Caesars Entertainment Corporation ("CEC"), among others, are parties to the Restructuring Support and Forbearance Agreement dated August 21, 2015 (the "Bank RSA"), which sets forth a structure for a plan of

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<sup>1</sup> The last four digits of Caesars Entertainment Operating Company, Inc.'s ("CEOC") tax identification number are 1623. Due to the large number of debtors (the "Debtors") in these chapter 11 cases (these "Chapter 11 Cases"), a complete list of the debtors and the last four digits of their federal tax identification numbers is not provided herein. A complete list of such information may be obtained on the website of the Debtors' claims and noticing agent at <https://cases.primeclerk.com/CEOC>.

<sup>2</sup> Each capitalized term that is not defined herein shall have the meaning ascribed to such term in the Exclusivity Extension Motion.

reorganization acceptable to the First Lien Bank Lenders. Accordingly, the Ad Hoc Bank Lender Committee remains, *for the moment*, supportive of the Bank RSA and, consistent with its terms, the Ad Hoc Bank Lender Committee has no objection to the Debtors' request to further extend the Debtors' exclusive right to file a chapter 11 plan through and including July 15, 2016 and to solicit votes thereon through and including September 15, 2016.

2. When they entered into the Bank RSA, the First Lien Bank Lenders hoped that the Bank RSA, in conjunction with the separate restructuring support agreement entered into between, among others, the Debtors, CEC and certain holders of First Lien Bond Claims (the "Bond RSA" and, with the Bank RSA, the "RSAs"), would spur negotiations with other parties in interest and result in consensus on a path to concluding these bankruptcy cases. Unfortunately, many months have passed and the case is no closer to resolution than it was on the date that the Bank RSA was entered into.

3. With the passage of time, the likelihood that the RSAs will form the foundation for a consensual plan of reorganization in these cases has vastly diminished. First, on February 15, 2016, the Debtors will miss a milestone in the RSAs because they will not have obtained orders from this Court approving a disclosure statement and establishing solicitation procedures consistent with the terms of the RSAs. The Debtors' failure to satisfy that condition is a termination event under each of the RSAs. As a result, the Ad Hoc Bank Lender Committee is presently considering its options regarding the Bank RSA, but is unlikely to agree to any extension of the milestone or any other covenants in the Bank RSA tied to the Plan calendar.

4. Second, certain of the financial components underlying the RSAs are now, as a result of current market conditions, subject to considerable doubt. Indeed, the credit markets, which are vital to the ability to consummate the financing that is the foundation of the Plan

transactions, have degraded significantly over the last six months to a point where it is highly unlikely that the credit markets will support financial transactions of the size and breadth proposed in the RSAs.

5. Although the Debtors appear hopeful that global consensus can be reached, the reality is that the parties yet to settle have been negotiating over the same issues since before the Petition Date and there doesn't appear to be any catalyst in these cases that would bring the parties closer together. As set forth in their separately and contemporaneously filed Preliminary Response 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, the Ad Hoc Bank Lender Committee does not oppose the appointment of a mediator to assist the parties in plan negotiations; perhaps someone new to the cases can help the non-RSA parties see their differences in a new light. However, there must be reasonable time limitations placed on the mediation to ensure it doesn't equate to more delay and more market risk at the expense of the Debtors' senior creditors, who in many respects are funding this long and unproductive exercise.

6. The patience of the Ad Hoc Bank Lender Committee is wearing thin and, without an impending resolution of the disputes between the non-RSA parties, alternative solutions to these cases through the prosecution of a simple absolute priority plan. The Ad Hoc Bank Lender Committee reserves all of its rights to seek to terminate exclusivity prior to the conclusion of any extension granted by the Court on the Debtors' current motion.

**WHEREFORE**, for the reasons set forth above, the Ad Hoc Bank Lender Committee does not object to the relief requested in the Exclusivity Extension Motion, or to such other relief as this Court may deem just, proper and equitable.

Dated: February 10, 2016  
Chicago, Illinois

Respectfully submitted,

/s/ Brian L. Shaw

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