

UNITED STATES DISTRICT COURT  
SOUTHERN DISTRICT OF NEW YORK

MEEHANCOMBS GLOBAL CREDIT  
OPPORTUNITIES MASTER FUND, LP, RELATIVE  
VALUE-LONG/SHORT DEBT PORTFOLIO, A  
SERIES OF UNDERLYING FUNDS TRUST, SB 4 CF  
LLC, CFIP ULTRA MASTER FUND, LTD., and  
TRILOGY PORTFOLIO COMPANY, LLC,

Plaintiffs,

v.

CAESARS ENTERTAINMENT CORP. and CAESARS  
ENTERTAINMENT OPERATING CO., INC.,

Defendants.

No. 1:14-cv-07091-SAS

ECF Case

**DEFENDANT CAESARS ENTERTAINMENT CORPORATION'S**  
**ANSWER TO THE AMENDED COMPLAINT**

Defendant Caesars Entertainment Corporation (“CEC”), through its undersigned counsel, answers the Amended Complaint dated January 29, 2015 (the “Complaint”) as follows:

1. CEC admits that Defendant Caesars Entertainment Operating Company, Inc. (“CEOC”) is a Debtor under the United States Bankruptcy Code, 11 U.S.C. § 101, *et seq.*, but otherwise denies knowledge or information sufficient to form a belief as to the truth of the allegations in Paragraph 1.

2. CEC denies the allegations in Paragraph 2 and footnote 2, except denies knowledge or information sufficient to form a belief as to the truth of the allegation that Plaintiffs are beneficial holders of certain notes issued by CEOC, and admits that Plaintiffs purport to bring an action as described in Paragraph 2, that CEOC and CEC were named, respectively, Harrah’s Operating Company, Inc. and Harrah’s Entertainment, Inc. until 2010, that

CEOC issued 6.50% Senior Notes due 2016 (the “2016 Notes”) pursuant to an indenture dated June 9, 2006 (the “2016 Notes Indenture”), as subsequently amended by two supplemental indentures dated August 22, 2014 (the “2016 Notes Supplemental Indentures”), that CEOC issued 5.75% Senior Notes due 2017 (the “2017 Notes” and, together with the 2016 Notes, the “Notes”) pursuant to an indenture dated September 28, 2005 (the “2017 Notes Indenture” and, together with the 2016 Notes Indenture, the “Indentures”), as amended by two supplemental indentures dated August 22, 2014 (the “2017 Notes Supplemental Indentures” and, together with the 2016 Notes Supplemental Indentures, the “Supplemental Indentures”), and that the Indentures and the Supplemental Indentures are subject to the Trust Indenture Act of 1939, 15 U.S.C. §§ 77aaa, *et seq.*

3. CEC denies the allegations in Paragraph 3, except admits that CEC and CEOC announced on August 12, 2014 that they had reached an agreement (the “Note Purchase and Support Agreement”) with certain holders of the Notes (the “Participating Holders”), that the article cited in Paragraph 3 attributes the quoted statements to Mr. Loveman, that certain of CEOC’s second-lien bondholders filed an involuntary bankruptcy petition as to CEOC in the United States Bankruptcy Court for the District of Delaware on January 12, 2015, and that CEOC filed a voluntary petition for Chapter 11 bankruptcy in the United States Bankruptcy Court for the Northern District of Illinois on January 15, 2015.

4. CEC denies the allegations in Paragraph 4, except admits the Notes were issued by CEOC, and denies knowledge or information sufficient to form a belief as to the truth of the allegations concerning Plaintiffs’ holdings of the Notes.

5. CEC denies the allegations in Paragraph 5, except denies knowledge or information sufficient to form a belief as to the truth of the allegations concerning the sophistication of Plaintiffs and the identities of the other holders of the Notes.

6. CEC denies the allegations in Paragraph 6, except denies knowledge or information sufficient to form a belief as to the truth of the allegations concerning Plaintiffs' reasons for bringing this action.

7. CEC denies the allegations in Paragraph 7, except admits that CEC and CEOC announced on August 12, 2014 that they and the Participating Holders had entered into the Note Purchase and Support Agreement, and respectfully refers the Court to the Note Purchase and Support Agreement for a complete statement of the terms of that agreement, and to the Forms 8-K that CEC filed with the U.S. Securities and Exchange Commission ("SEC") on August 12, 2014 and August 22, 2014 for a further description of the transaction.

8. CEC denies the allegations in Paragraph 8, except admits that the Note Purchase and Support Agreement was attached as an exhibit to the Form 10-Q that CEOC filed with the SEC on August 14, 2014, that the identities of the Participating Holders have not been publicly disclosed, and that the Supplemental Indentures were attached as exhibits to the Forms 8-K/A that CEC and CEOC filed with the SEC on August 25, 2014, and respectfully refers the Court to the Note Purchase and Support Agreement for its terms concerning disclosure of the identities of the Participating Holders.

9. CEC denies the allegations in Paragraph 9, except respectfully refers the Court to the Note Purchase and Support Agreement and the Supplemental Indentures for their actual language and complete contents, and to the Forms 8-K that CEC filed with the SEC on August 12, 2014 and August 22, 2014 for a further description of the transaction.

10. CEC denies the allegations in Paragraph 10.

11. CEC denies the allegations in Paragraph 11.

12. CEC denies the allegations in Paragraph 12, except admits that CEC and CEOC did not offer to purchase all Notes held by all holders of the Notes.

13. CEC denies the allegations in Paragraph 13.

14. CEC denies the allegations in Paragraph 14.

15. CEC denies the allegations in Paragraph 15, except respectfully refers the Court to the article cited in Paragraph 15 for its actual language and complete contents.

16. CEC denies the allegations in Paragraph 16, except admits that CEC and CEOC announced on December 19, 2014 that they and certain holders of CEOC's 11.25% senior secured notes due 2017, CEOC's 8.5% senior secured notes due 2020, and COC's 9% senior secured notes due 2020 (collectively, the "First Lien Notes") entered into an agreement to restructure CEOC's indebtedness (the "Initial RSA"), and that CEC and CEOC subsequently announced several actual and proposed amendments to the Initial RSA, and respectfully refers the Court to the Forms 8-K and 8-K/A that CEC filed with the SEC on December 19, 2014, December 22, 2014, December 31, 2014, January 7, 2015, January 9, 2015, January 12, 2015, and January 14, 2015 for a further description of those actual and proposed amendments.

17. CEC admits the allegations in Paragraph 17, except denies that the petition for involuntary bankruptcy was validly filed.

18. CEC admits the allegations in Paragraph 18.

19. CEC admits the allegations in Paragraph 19.

20. CEC denies the allegations in Paragraph 20, except respectfully refers the Court to the Indentures and the Supplemental Indentures for their actual language and complete contents.

21. CEC denies the allegations in Paragraph 21.

22. CEC denies knowledge or information sufficient to form a belief as to the truth of the allegations in Paragraph 22.

23. CEC denies knowledge or information sufficient to form a belief as to the truth of the allegations in Paragraph 23.

24. CEC denies knowledge or information sufficient to form a belief as to the truth of the allegations in Paragraph 24.

25. CEC denies knowledge or information sufficient to form a belief as to the truth of the allegations in Paragraph 25.

26. CEC denies knowledge or information sufficient to form a belief as to the truth of the allegations in Paragraph 26.

27. CEC denies the allegations in Paragraph 27, except admits that CEC was formerly known as Harrah's Entertainment, Inc., that CEC is a Delaware corporation with its principal offices in Las Vegas, Nevada, that CEC, through its affiliates, owns, manages, or operates dozens of casinos throughout the United States and internationally, and that affiliates of Apollo Global Management, LLC ("Apollo") and TPG Capital, LP ("TPG"), along with certain co-investors, acquired CEC in 2008.

28. CEC denies the allegations in Paragraph 28, except admits that CEOC was formerly known as Harrah's Operating Company, Inc., that CEOC is a Delaware corporation with its principal offices in Las Vegas, Nevada, that CEOC is a direct operating subsidiary of

CEC, that on January 12, 2015, certain second-lien bondholders of CEOC filed an involuntary bankruptcy petition as to CEOC in the bankruptcy court for the District of Delaware, that on January 15, 2015, CEOC filed a voluntary bankruptcy petition in the bankruptcy court for the North District of Illinois, and that, pursuant to 11 U.S.C. § 362, this action is subject to an automatic stay as to CEOC.

29. CEC denies the allegations in Paragraph 29, except admits that Plaintiffs purport to base jurisdiction over the subject matter of this action on the statutes cited therein.

30. CEC admits that this Court has personal jurisdiction over CEC.

31. CEC denies the allegations in Paragraph 31, except admits that venue is proper in this District.

32. CEC denies the allegations in Paragraph 32, except admits that CEOC issued the 2017 Notes pursuant to the 2017 Notes Indenture, as subsequently amended by the 2017 Notes Supplemental Indentures, and respectfully refers the Court to the 2017 Notes Indenture and the 2017 Notes Supplemental Indentures for their actual language and complete contents.

33. CEC denies the allegations in Paragraph 33, except admits that CEOC issued the 2016 Notes pursuant to the 2016 Notes Indenture, as subsequently amended by the 2016 Notes Supplemental Indentures, and respectfully refers the Court to the 2016 Notes Indenture and the 2016 Notes Supplemental Indentures for their actual language and complete contents.

34. CEC denies the allegations in Paragraph 34, except admits that U.S. Bank National Association (“U.S. Bank”) resigned as indenture trustee with respect to the Notes and The Law Debenture Trust Company of New York (“Law Debenture”) was appointed as

indenture trustee with respect to the Notes, and respectfully refers the Court to the Form 8-K that CEC filed with the SEC on July 30, 2014 for a further description of the matters therein.

35. CEC denies knowledge or information sufficient to form a belief as to the truth of the allegations in Paragraph 35.

36. CEC denies the allegations in Paragraph 36, except denies knowledge or information sufficient to form a belief as to the truth of the allegation that Plaintiffs SB CF LLC and CFIP Ultra Master Fund, Ltd. are holders of the 2017 Notes, admits that holders of the 2017 Notes are entitled to receive interest payments on April 1 and October 1 annually, and respectfully refers the Court to the 2017 Notes Indenture and the 2017 Notes Supplemental Indenture for their complete contents.

37. CEC denies the allegations in Paragraph 37, except denies knowledge or information sufficient to form a belief as to the truth of the allegation that Plaintiffs MeehanCombs Global Credit Opportunities Master Fund, LP, Relative Value-Long/Short Debt Portfolio, a Series of Underlying Funds Trust and Trilogy Portfolio Company, LLC are holders of the 2016 Notes, admits that holders of the 2016 Notes are entitled to receive interest payments on June 1 and December 1 annually, and respectfully refers the Court to the 2016 Notes Indenture and the 2016 Notes Supplemental Indenture for their complete contents.

38. CEC denies the allegations in Paragraph 38, except denies knowledge or information sufficient to form a belief as to the truth of the allegations concerning the sophistication of the Plaintiffs and the identities of the other holders of the Notes.

39. CEC denies the allegations in Paragraph 39, except respectfully refers the Court to the Indentures and the Supplemental Indentures for their actual language and complete contents.

40. CEC denies the allegations in Paragraph 40, except respectfully refers the Court to the cited statute and the Indentures for their actual language and complete contents.

41. CEC denies the allegations in Paragraph 41, except respectfully refers the Court to the Indentures and the Supplemental Indentures for their actual language and complete contents.

42. CEC denies the allegations in Paragraph 42, except respectfully refers the Court to the Indentures and the Supplemental Indentures for their actual language and complete contents.

43. CEC denies the allegations in Paragraph 43, except respectfully refers the Court to the Indentures and the Supplemental Indentures for their actual language and complete contents.

44. CEC denies the allegations in Paragraph 44, except respectfully refers the Court to the 2017 Notes Indenture for its actual language and complete contents.

45. CEC denies the allegations in Paragraph 45, and respectfully refers the Court to the Indentures for their actual language and complete contents.

46. CEC denies the allegations in Paragraph 46, except respectfully refers the Court to the Indentures for their actual language and complete contents.

47. CEC denies the allegations in Paragraph 47, except respectfully refers the Court to the Indentures for their actual language and complete contents.

48. CEC denies the allegations in Paragraph 48, except respectfully refers the Court to the Indentures for their actual language and complete contents.

49. CEC denies the allegations in Paragraph 49, except respectfully refers the Court to the Indentures for their actual language and complete contents.



50. CEC denies the allegations in Paragraph 50, except respectfully refers the Court to the 2016 Notes Indenture for its actual language and complete contents.

51. CEC denies the allegations in Paragraph 51, except respectfully refers the Court to the Indentures for their actual language and complete contents.

52. CEC denies the allegations in Paragraph 52, except respectfully refers the Court to the Indentures and the Supplemental Indentures for their actual language and complete contents.

53. CEC denies the allegations in Paragraph 53, except respectfully refers the Court to the Indentures and the Supplemental Indentures for their actual language and complete contents.

54. CEC denies the allegations in Paragraph 54, except respectfully refers the Court to the Indentures and the Supplemental Indentures for their actual language and complete contents.

55. CEC denies the allegations in Paragraph 55.

56. CEC denies the allegations in Paragraph 56.

57. CEC denies the allegations in Paragraph 57, except admits that the 2016 Notes and the 2017 Notes each were issued in the principal face amount of \$750 million.

58. CEC denies the allegations in Paragraph 58, except admits that affiliates of Apollo and TPG, along with certain co-investors, acquired CEC on January 28, 2008 (the “2008 LBO”). CEC respectfully refers the Court to the governing transaction documents for the complete terms of the 2008 LBO.

59. CEC denies the allegations in Paragraph 59, except admits that affiliates of Apollo and TPG, along with certain co-investors, contributed approximately \$6.1 billion in cash

to fund the 2008 LBO, that CEC reported approximately \$12.4 billion of debt as of December 31, 2007, and that CEC reported approximately \$23.9 billion of debt as of March 31, 2008, and respectfully refers the Court to the governing transaction documents for the complete terms of the 2008 LBO.

60. CEC denies the allegations in Paragraph 60, except denies knowledge or information sufficient to form a belief as to the truth of the allegations concerning the alleged expectations of holders of the Notes, and respectfully refers the Court to the Indentures for their actual language and complete contents.

61. CEC denies the allegations in Paragraph 61, except admits that CEOC has faced financial troubles since 2008 in part due to the global recession.

62. CEC denies the allegations in Paragraph 62, except admits that CEC and CEOC completed a number of transactions to improve CEOC's capital structure and reduce its debt load.

63. CEC denies the allegations in Paragraph 63.

64. CEC denies the allegations in Paragraph 64.

65. CEC denies the allegations in Paragraph 65, except admits that CEC conducted a public offering of its stock on February 8, 2012 and that CEC trades on the NASDAQ Global Market under the symbol "CZR."

66. CEC denies the allegations in Paragraph 66, except admits that CEC and CEOC completed a number of transactions to improve CEOC's capital structure and reduce its debt load.

67. CEC denies the allegations in Paragraph 67, except admits that CEOC indirectly sold its interests in the Octavius Tower and Project Linq to Caesars Entertainment

Resort Properties (“CERP”) in September 2013 and that CERP is a wholly owned subsidiary of CEC. CEC respectfully refers the Court to the governing transaction documents for the complete terms of this transaction.

68. CEC denies the allegations in Paragraph 68, except admits that CEOC indirectly sold its interests in (i) Planet Hollywood Resort & Casino in Las Vegas, (ii) the Horseshoe Baltimore, and (iii) 50% of the management fees for those properties to Caesars Growth Partners, LLC (“CGP”) in October 2013. CEC respectfully refers the Court to the governing transaction documents for the complete terms of this transaction.

69. CEC denies the allegations in Paragraph 69, except admits that CEOC entered into an agreement in March 2014 to sell its interests in (i) The Cromwell in Las Vegas, (ii) The Quad in Las Vegas, (iii) Bally’s Las Vegas, and (iv) Harrah’s New Orleans to CGP, and that in connection with that transaction, CEOC entered into and contributed rights to certain intellectual property, including licenses with respect to the Total Rewards Program, to a shared services joint venture, Caesars Entertainment Services, LLC (“CES”), with CERP, CEOC, and an affiliate of CGP. CEC respectfully refers the Court to the governing transaction documents for the complete terms of this transaction.

70. CEC denies the allegations in Paragraph 70.

71. CEC denies the allegations in Paragraph 71, except respectfully refers the Court to the Form 10-K that CEC filed with the SEC on March 17, 2014 for its complete contents.

72. CEC denies the allegations in Paragraph 72, except admits that Standard & Poor’s lowered the Notes’ credit ratings to C in April 2014 and that the article cited in Paragraph 72 attributes the quoted statement to Standard & Poor’s analysts.

73. CEC denies the allegations in Paragraph 73, except admits that certain of CEOC's second-lien bondholders filed an involuntary bankruptcy petition as to CEOC in the United States Bankruptcy Court for the District of Delaware on January 12, 2015, and that CEOC filed a voluntary petition for Chapter 11 bankruptcy in the United States Bankruptcy Court for the Northern District of Illinois on January 15, 2015.

74. CEC denies the allegations in Paragraph 74.

75. CEC denies the allegations in Paragraph 75, except respectfully refers the Court to the Indentures for their actual language and complete contents.

76. CEC denies the allegations in Paragraph 76, except respectfully refers the Court to the Indentures for their actual language and complete contents.

77. CEC denies the allegations in Paragraph 77, except admits that the Notes are unsecured and that CEOC has approximately \$17 billion in secured debt, and respectfully refers the Court to the RSA for a complete statement of the terms of that agreement.

78. CEC denies the allegations in Paragraph 78, except admits that Wilmington Savings Fund Society, FSB, in its capacity as successor trustee under an indenture dated April 15, 2009 under which CEOC issued 10% Second-Priority Senior Secured Notes due 2018 filed a complaint against CEOC and CEC on August 4, 2014 in Delaware Chancery Court.

79. CEC denies the allegations in Paragraph 79, except admits that CEC and CEOC filed a complaint against certain funds that claim to hold certain of CEOC's notes on August 5, 2014 in New York State Supreme Court.

80. CEC denies the allegations in Paragraph 80, and respectfully refers the Court to the complaint cited in Paragraph 80 for its actual language and complete contents.

81. CEC denies the allegations in Paragraph 81, except admits that some of the second lien noteholders named as defendants in the complaint that CEC and CEOC filed in New York State Supreme Court on August 5, 2014 subsequently filed an involuntary bankruptcy petition in the United States Bankruptcy Court for the District of Delaware on January 12, 2015, and respectfully refers the Court to the complaint cited in Paragraph 81 for its actual language and complete contents.

82. CEC denies the allegations in Paragraph 82, except admits that on August 12, 2014, CEC and CEOC executed a Waiver Agreement for the benefit of the trustee under the indentures governing the First Lien Notes and the registered and beneficial holders of the First Lien Notes, and respectfully refers the Court to the Form 8-K that CEC filed with the SEC on August 14, 2014 for a further description of the terms of that agreement.

83. CEC denies the allegations in Paragraph 83, and respectfully refers the Court to the Form 8-K that CEC filed with the SEC on August 12, 2014 for its actual language and complete contents.

84. CEC denies the allegations in Paragraph 84, except admits that the article cited in Paragraph 84 attributes the quoted statements to Mr. Loveman.

85. CEC denies the allegations in Paragraph 85.

86. CEC denies the allegations in Paragraph 86, except admits that Sullivan & Cromwell represented the Participating Holders in negotiations with CEC and CEOC and that Sullivan & Cromwell expressed the view that CEC's guarantee of the Notes may have remained in place prior to the closing of the transaction.

87. CEC denies the allegations in Paragraph 87, except admits that CEC and CEOC announced on August 12, 2014 that the Participating Holders agreed to sell to CEC and

CEOC an aggregate principal amount of approximately \$89.4 million of the 2016 Notes and an aggregate principal amount of approximately \$66.0 million of the 2017 Notes, and respectfully refers the Court to the Note Purchase and Support Agreement for a complete statement of that agreement, and to the Form 8-K that CEC filed with the SEC on August 12, 2014 for a further description of the transaction.

88. CEC denies the allegations in Paragraph 88.

89. CEC denies knowledge or information sufficient to form a belief as to the truth of the allegations in Paragraph 89.

90. CEC denies the allegations in Paragraph 90, except respectfully refers the Court to the Note Purchase and Support Agreement for a complete statement of that agreement, and to the Form 8-K that CEC filed with the SEC on August 12, 2014 for a further description of the transaction.

91. CEC denies the allegations in Paragraph 91, except admits that CEC and CEOC did not offer to purchase all Notes held by all holders of the Notes.

92. CEC denies the allegations in Paragraph 92, except admits that CEC and CEOC have not disclosed how or why the Participating Holders came to be parties to the Note Purchase and Support Agreement and that the article cited in Paragraph 92 includes the quoted statements. With respect to the allegation in the last sentence of Paragraph 92, CEC states that it will provide the identities of the Participating Holders upon the entry of a confidentiality order and in accordance with Section 5.6 of the Note Purchase and Support Agreement.

93. CEC denies the allegations in Paragraph 93, except admits that CEC and CEOC did not solicit consent to the amendments in the Supplemental Indentures from Plaintiffs or the alleged “Disenfranchised Noteholders” and that CEC and CEOC did not provide the

Plaintiffs or the alleged “Disenfranchised Noteholders” with prior notice of the Note Purchase and Support Agreement.

94. CEC denies knowledge or information sufficient to form a belief as to the truth of the allegations in Paragraph 94.

95. CEC denies the allegations in Paragraph 95, except admits that CEC and CEOC announced on August 22, 2014 that they and the Participating Holders consummated the transaction contemplated by the previously announced Note Purchase and Support Agreement entered into as of August 12, 2014, and respectfully refers the Court to the Form 8-K that CEC filed with the SEC on August 22, 2014 for a further description of the transaction.

96. CEC denies the allegations in Paragraph 96, except admits that CEC filed a Form 8-K/A with the SEC on August 25, 2014 and attached the Supplemental Indentures, and respectfully refers the Court to the Form 8-K/A that CEC filed with the SEC on August 25, 2014 and the Supplemental Indentures for their actual language and complete contents.

97. CEC denies the allegations in Paragraph 97, and respectfully refers the Court to the Form 8-K/A that CEC filed with the SEC on August 25, 2014, the Indentures and the Supplemental Indentures for their actual language and complete contents.

98. CEC denies the allegations in Paragraph 98.

99. CEC denies the allegations in Paragraph 99, except respectfully refers the Court to the Note Purchase and Support Agreement, the Indentures and the Supplemental Indentures for their complete contents.

100. CEC denies the allegations in Paragraph 100, except respectfully refers the Court to the Note Purchase and Support Agreement for its actual language and complete contents.

101. CEC denies the allegations in Paragraph 101, except respectfully refers the Court to the Note Purchase and Support Agreement for its actual language and complete contents.

102. CEC denies the allegations in Paragraph 102, except respectfully refers the Court to the Note Purchase and Support Agreement for its actual language and complete contents.

103. CEC denies the allegations in Paragraph 103, except respectfully refers the Court to the Note Purchase and Support Agreement for its actual language and complete contents.

104. CEC denies the allegations in Paragraph 104.

105. CEC denies the allegations in Paragraph 105.

106. CEC denies the allegations in Paragraph 106.

107. CEC denies the allegations in Paragraph 107, except respectfully refers the Court to the Note Purchase and Support Agreement for its actual language and complete contents.

108. CEC denies the allegations in Paragraph 108, except respectfully refers the Court to the Note Purchase and Support Agreement for its actual language and complete contents.

109. CEC denies the allegations in Paragraph 109, except respectfully refers the Court to the Note Purchase and Support Agreement for its actual language and complete contents.



110. CEC denies the allegations in Paragraph 110, except respectfully refers the Court to the Note Purchase and Support Agreement for its actual language and complete contents.

111. CEC denies the allegations in Paragraph 111.

112. CEC denies the allegations in Paragraph 112.

113. CEC denies the allegations in Paragraph 113.

114. For its response to the allegations in Paragraph 114, CEC repeats and realleges its responses to the allegations contained in Paragraphs 1 through 113.

115. CEC denies the allegations in Paragraph 115.

116. CEC denies the allegations in Paragraph 116, except admits that Plaintiffs seeks the declaration specified therein and further denies that Plaintiffs are entitled to such declaration.

117. CEC denies the allegations in Paragraph 117.

118. CEC denies the allegations in Paragraph 118.

119. CEC denies the allegations in Paragraph 119.

120. For its response to the allegations in Paragraph 120, CEC repeats and realleges its responses to the allegations contained in Paragraphs 1 through 119.

121. CEC denies the allegations in Paragraph 121, except respectfully refers the Court to the cited statute, the Indentures, and the Note Purchase and Support Agreement for their actual language and complete contents.

122. CEC denies the allegations in Paragraph 122.

123. CEC denies the allegations in Paragraph 123, except respectfully refers the Court to the cited statute and the Indentures for their actual language and complete contents.

124. CEC denies the allegations in Paragraph 124.

125. CEC denies the allegations in Paragraph 125.

126. CEC denies the allegations in Paragraph 126, except admits that Plaintiffs seeks the declaration specified therein and further denies that Plaintiffs are entitled to such declaration.

127. CEC denies the allegations in Paragraph 127.

128. CEC denies the allegations in Paragraph 128.

129. CEC denies the allegations in Paragraph 129.

130. For its response to the allegations in Paragraph 130, CEC repeats and realleges its responses to the allegations contained in Paragraphs 1 through 129.

131. CEC avers that Paragraph 131 purports to state a legal conclusion as to which no response is required. To the extent a response is required, CEC denies the allegations in Paragraph 131, except respectfully refers the Court to the cited statute for its actual language and complete contents.

132. CEC denies the allegations in Paragraph 132, except respectfully refers the Court to the cited statute for its actual language and complete contents.

133. CEC denies the allegations in Paragraph 133.

134. CEC denies the allegations in Paragraph 134.

135. CEC denies the allegations in Paragraph 135, except respectfully refers the Court to the cited statute for its actual language and complete contents.

136. CEC denies the allegations in Paragraph 136.

137. CEC denies the allegations in Paragraph 137.

138. CEC denies the allegations in Paragraph 138.

139. CEC denies the allegations in Paragraph 139.

140. CEC denies the allegations in Paragraph 140.

141. CEC denies the allegations in Paragraph 141.

142. For its response to the allegations in Paragraph 142, CEC repeats and realleges its responses to the allegations contained in Paragraphs 1 through 141.

143. CEC denies the allegations in Paragraph 143.

144. CEC denies the allegations in Paragraph 144, and respectfully refers the Court to the Indentures, the Supplemental Indentures and the cited statute for their actual language and complete contents.

145. CEC denies the allegations in Paragraph 145.

146. CEC denies the allegations in Paragraph 146, except admits that CEC and CEOC did not offer to purchase all Notes held by all holders of the Notes, and respectfully refers the Court to the Note Purchase and Support Agreement, the Indentures, and the Supplemental Indentures for their actual language and complete contents.

147. CEC denies the allegations in Paragraph 147.

148. CEC denies the allegations in Paragraph 148.

149. CEC denies the allegations in Paragraph 149.

150. CEC denies the allegations in Paragraph 150.

151. CEC denies the allegations in Paragraph 151.

152. For its response to the allegations in Paragraph 152, CEC repeats and realleges its responses to the allegations contained in Paragraphs 1 through 151.

153. CEC denies the allegations in Paragraph 153.

154. CEC denies the allegations in Paragraph 154, except respectfully refers the Court to the Indentures for their actual language and complete contents.

155. CEC denies the allegations in Paragraph 155.

156. CEC denies the allegations in Paragraph 156.

157. CEC denies the allegations in Paragraph 157.

158. For its response to the allegations in Paragraph 158, CEC repeats and realleges its responses to the allegations contained in Paragraphs 1 through 157.

159. CEC denies the allegations in Paragraph 159.

160. CEC denies the allegations in Paragraph 160, except respectfully refers the Court to the Indentures for their actual language and complete contents.

161. CEC denies the allegations in Paragraph 161.

162. CEC denies the allegations in Paragraph 162.

163. CEC denies the allegations in Paragraph 163.

164. CEC denies the allegations in Paragraph 164.

165. For its response to the allegations in Paragraph 165, CEC repeats and realleges its responses to the allegations contained in Paragraphs 1 through 164.

166. CEC denies the allegations in Paragraph 166.

167. CEC denies the allegations in Paragraph 167, except respectfully refers the Court to the Indentures and the Note Purchase and Support Agreement for their actual language and complete contents.

168. CEC denies the allegations in Paragraph 168.

169. CEC denies the allegations in Paragraph 169, except respectfully refers the Court to the Indentures for their actual language and complete contents.

170. CEC denies the allegations in Paragraph 170.

171. CEC denies the allegations in Paragraph 171, and respectfully refers the Court to the complaint cited in Paragraph 171 for its actual language and complete contents.

172. CEC denies the allegations in Paragraph 172.

173. For its response to the allegations in Paragraph 173, CEC repeats and realleges its responses to the allegations contained in Paragraphs 1 through 172.

174. CEC denies the allegations in Paragraph 174.

175. CEC avers that Paragraph 175 purports to state a legal conclusion as to which no response is required. To the extent that a response is required, CEC denies knowledge or information sufficient to form a belief as to the truth of the allegations in Paragraph 175.

176. CEC denies the allegations in Paragraph 176.

177. CEC denies the allegations in Paragraph 177.

178. CEC denies the allegations in Paragraph 178.

179. CEC denies the allegations in Paragraph 179.

180. CEC denies the allegations in Paragraph 180.

181. CEC denies the allegations in Paragraph 181.

182. CEC denies the allegations in Paragraph 182.

183. For its response to the allegations in Paragraph 183, CEC repeats and realleges its responses to the allegations contained in Paragraphs 1 through 182.

184. CEC denies the allegations in Paragraph 184.

185. CEC denies the allegations in Paragraph 185, except respectfully refers the Court to the Indentures for their actual language and complete contents.

186. CEC denies the allegations in Paragraph 186, except respectfully refers the Court to the Indentures and Supplemental Indentures for their actual language and complete contents.

187. CEC denies the allegations in Paragraph 187.

188. CEC denies the allegations in Paragraph 188.

189. CEC denies the allegations in Paragraph 189.

### **AFFIRMATIVE AND OTHER DEFENSES**

#### **FIRST DEFENSE**

The Complaint fails to state a claim against CEC upon which relief may be granted.

#### **SECOND DEFENSE**

This Court lacks subject matter jurisdiction over Plaintiffs' claims against CEC.

#### **THIRD DEFENSE**

Plaintiffs lack standing to assert their claims against CEC.

#### **FOURTH DEFENSE**

Plaintiffs' claims against CEC are barred by the terms of the Indentures.

#### **FIFTH DEFENSE**

Plaintiffs' claims fail because CEC has not breached any provision of the Indentures.

#### **SIXTH DEFENSE**

Plaintiffs' claims against CEC fail because their purported damages are nonexistent, speculative, not of the nature or to the extent alleged, and were not the foreseeable result of CEC's alleged conduct.

**SEVENTH DEFENSE**

Plaintiff s' claims fail because CEC has not violated the Trust Indenture Act.

**EIGHTH DEFENSE**

Plaintiffs' claims fail because CEC dealt fairly and in good faith with holders of the Notes at all times.

**NINTH DEFENSE**

Plaintiffs' claims fail, and Plaintiffs cannot establish that their rights were impaired or that they were damaged, because CEC's guarantee of the Notes had already been terminated prior to the challenged August 2014 transaction.

**TENTH DEFENSE**

CEC hereby reserves and asserts all affirmative defenses available under any applicable federal and state law.

**ELEVENTH DEFENSE**

CEC has insufficient knowledge or information upon which to form a belief as to whether there may be additional affirmative defenses available to it, and therefore, reserves the right to assert such additional defenses in the event that discovery indicates that they would be appropriate.

**PRAYER FOR RELIEF**

WHEREFORE, CEC respectfully requests that the Court:

- (a) Enter judgment dismissing all claims asserted against CEC with prejudice;
- (b) Award CEC the costs and disbursements of this action; and
- (c) Award such other and further relief as the Court deems just and proper.

Dated: New York, New York

February 12, 2015

Respectfully submitted,

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