

UNITED STATES BANKRUPTCY COURT  
NORTHERN DISTRICT OF ILLINOIS  
EASTERN DIVISION

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

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**NOTICE OF DEBTORS' MOTION TO EXTEND THEIR EXCLUSIVE PERIODS  
TO FILE A CHAPTER 11 PLAN AND SOLICIT ACCEPTANCES THEREOF**

**PLEASE TAKE NOTICE** that on the **29th day of April, 2015, at 1:30 p.m. (prevailing Central Time)** or as soon thereafter as counsel may be heard, the Debtors shall appear before the Honorable A. Benjamin Goldgar or any other judge who may be sitting in his place and stead, in the Ceremonial Courtroom (Room No. 2525) in the Everett McKinley Dirksen United States Courthouse, 219 South Dearborn Street, Chicago, Illinois, 60604, and present the attached *Debtors' Motion to Extend Their Exclusive Periods to File a Chapter 11 Plan and Solicit Acceptances Thereof* (the "Motion").

**PLEASE TAKE FURTHER NOTICE** that any objection to the Motion must be filed with the Court by **April 22, 2015, at 4:00 p.m. (prevailing Central Time)** and served so as to be actually received by such time by: (a) proposed counsel to the Debtors; (b) the Office of the United States Trustee for the Northern District of Illinois; and (c) any party that has requested notice pursuant to rule 2002 of the Federal Rules of Bankruptcy Procedure (a schedule of such parties may be found at <https://cases.primeclerk.com/CEOC>).

**PLEASE TAKE FURTHER NOTICE** that copies of the Motion as well as copies of all documents filed in these chapter 11 cases are available free of charge by visiting <https://cases.primeclerk.com/CEOC> or by calling (855) 842-4123 within the United States or Canada or, outside of the United States or Canada, by calling +1 (646) 795-6969. You may also obtain copies of any pleadings by visiting the Court's website at [www.ilnb.uscourts.gov](http://www.ilnb.uscourts.gov) in accordance with the procedures and fees set forth therein.

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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>.

Dated: April 15, 2015  
Chicago, Illinois

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

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*Proposed Counsel to the Debtors  
and Debtors in Possession*

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**DEBTORS’ MOTION TO EXTEND THEIR EXCLUSIVE PERIODS  
TO FILE A CHAPTER 11 PLAN AND SOLICIT ACCEPTANCES THEREOF**

The above-captioned debtors (collectively, the “Debtors”) file this motion (this “Motion”) for an order extending the Debtors’ exclusive right to file a chapter 11 plan through and including November 15, 2015 (the “Filing Exclusivity Period”), and to solicit votes thereon through and including January 15, 2016 (the “Solicitation Exclusivity Period,” and together with the Filing Exclusivity Period, the “Exclusivity Periods”).

**Introduction**

1. These chapter 11 cases are among the largest, most complex, and highly litigious restructurings in recent history, with 173 Debtor entities, a complicated \$18 billion funded debt capital structure with numerous intercreditor disputes, two sets of senior lenders, two official committees, dueling voluntary and involuntary petitions, disputed venue, a recently-appointed examiner, contested retention applications, and four parallel lawsuits against the Debtors’ parent that the Debtors are seeking to stay to preserve valuable consideration necessary to the Debtors’ plan of reorganization (the “Plan”).

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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>.

2. Despite these challenges and although these cases are still in their infancy, the Debtors already have made significant progress towards a successful restructuring. Among other things, the Debtors won a venue fight, stabilized their business operations and smoothly transitioned into chapter 11, obtained important first day relief, negotiated a comprehensive adequate protection package for the use of cash collateral with all relevant major stakeholders, initiated dialogue and facilitated diligence with the official committees and senior lenders, obtained the appointment of an examiner, and filed schedules and statements of financial affairs for all 173 Debtors. Before these cases were commenced, the Debtors also entered into a restructuring support agreement (“RSA”) with over 80 percent of their first lien noteholders and 15 percent of their first lien bank lenders, which contemplates a comprehensive restructuring through a value-maximizing REIT structure that substantially reduces the Debtors’ debt and secures contributions with a value of at least \$1.5 billion from the Debtors’ parent Caesars Entertainment Corporation (“CEC”). The RSA provides an important framework for the Debtors to negotiate and build additional consensus with their key stakeholders, even though some of them remain vocal critics of the RSA. But significant work remains to achieve confirmation of a chapter 11 plan, whether it is the Plan or another proposed by the Debtors.

3. *First*, the Examiner must complete his investigation and report. The Examiner’s report will provide an independent view of potential causes of action that will assist parties in analyzing whether the consideration CEC is providing in exchange for a release under the Plan is reasonable. The Examiner’s investigation could take six months or longer. The Examiner was appointed only a few weeks ago and has just started his investigation. Moreover, parties generally have requested that the Debtors not proceed with a disclosure statement hearing on the Plan until the Examiner has issued his report. Accordingly, the Debtors have not moved forward

with the Plan confirmation process and instead negotiated for cash collateral milestones that allow for a disclosure statement hearing as late as October 1st — approximately six months after the Examiner’s appointment. The Court should extend the Exclusivity Periods to allow the Examiner time to complete his investigation and issue his report, and for the parties to discuss the impact, if any, of the report on the Plan, without the instability associated with interim competing plans.

4. **Second**, the Debtors need time to continue to work with their stakeholders to build support for their Plan. The Debtors already have demonstrated that they can obtain consensus in these cases, including with respect to the RSA and successfully resolving cash collateral disputes before trial. They likewise continue to negotiate with their first lien bank lenders and various stakeholders regarding the RSA. If the Debtors can successfully negotiate a revised RSA that is supported by more than two-thirds (2/3) in dollar amount of both first lien bank and bond debt, it would be a key milestone in these cases and solidify support from a supermajority of the top of the Debtors’ capital structure. The Debtors would then be able to turn their attention in earnest towards their junior creditors — represented by two official committees — to try to obtain their support for a plan supported by the senior bank and bond group. The Court should extend the Exclusivity Periods to enable the Debtors to continue to build consensus.

5. **Third**, the Debtors have determined that it is appropriate to commence a process — overseen by the independent Governance Committee — to market test the Plan. This process, which will involve soliciting Plan overbids, is also consistent with the Debtors’ fiduciary obligations to maximize the value of their estates and applicable law. Given the size and scope of the Debtors’ operations, this process must be developed with care and will involve consultation with the Debtors’ major stakeholders. The Debtors expect that it will take months

to design, implement, and complete this process, not including any regulatory, bankruptcy court, or any other required approvals. Accordingly, the Debtors believe an extension of their Exclusivity Periods is warranted to enable the Debtors to run their process without the destabilizing impact of competing plans.

6. **Fourth**, the Debtors are taking steps to maintain the feasibility of their Plan by seeking to litigate in a single proceeding before this Court issues central to CEC's ability to make substantial contributions to their restructuring. Currently, there are four lawsuits pending against CEC by CEOC's junior creditors to collect on alleged multi-billion dollar guarantees, which the Debtors have sought to stay pursuant to section 105 of the Bankruptcy Code. Simply put, CEC lacks the resources both to pay in full on the guarantees to certain creditors and make substantial contributions necessary for CEOC to achieve a successful restructuring for the benefit of all its stakeholders. The Court has scheduled an evidentiary hearing on the Debtors' stay motion for June 1. Further, the NRF pension plan has asserted hundreds of millions of dollars of withdrawal liability against CEC entities, which the Debtors are contesting through ongoing litigation. The next hearing on that matter is scheduled for May 27. If CEC is found liable on the guarantee or pension claims, it may not be able to fund the Plan and the parties could need to start over. The Court should extend the Exclusivity Periods while these key issues are being litigated to allow the Debtors to engage with their junior stakeholders to try to build consensus without the threat that CEC may not be able to fund the Plan or make a substantial contribution to a modified plan.

7. **Fifth**, the Court has determined that the involuntary petition pending against the alleged debtor CEOC should be resolved and set a trial date for August 3. The grant or denial of the involuntary petition will have significant implications on the Debtors' ability to implement the Plan in its current form. Thus, the Court should extend the Exclusivity Periods to allow time

for it to issue a ruling on the bona fides of the involuntary petition and for the parties to address the implications of that ruling, if any, on the Plan.

8. In sum, the Debtors have made substantial progress in these extremely complex cases in a short period of time and are seeking their first extension of exclusivity to allow them to continue to work toward a consensual plan of reorganization. For the reasons set forth herein, the Court should extend the Exclusivity Periods to provide a stable environment for key stakeholders to work together toward a value-maximizing and consensual restructuring while the Examiner completes his work and other important contingencies are resolved.

#### **Relief Requested**

9. The Debtors respectfully seek entry of an order extending (a) the Filing Exclusivity Period through and including November 15, 2015; and (b) the Solicitation Exclusivity Period through and including January 15, 2016.

#### **Jurisdiction**

10. The Court has jurisdiction over this matter pursuant to 28 U.S.C. §§ 157 and 1334. This matter is a core proceeding within the meaning of 28 U.S.C. § 157(b)(2). Venue is proper pursuant to 28 U.S.C. §§ 1408 and 1409. The statutory basis for the requested relief is section 1121 of title 11 of the United States Code, 11 U.S.C. §§ 101–1532 (the “Bankruptcy Code”).

#### **Basis for Relief**

11. To promote balanced and successful reorganizations under chapter 11 of the Bankruptcy Code, Congress provided debtors with the exclusive right to propose a plan of reorganization and solicit votes on that plan. Section 1121(b) of the Bankruptcy Code establishes an initial period of 120 days after the commencement of a chapter 11 case during which only a debtor may file a plan and an additional 60-day period during which only the

debtor may solicit votes for a plan. Currently, the Filing Exclusivity Period will expire on May 15, 2015, and the Solicitation Exclusivity Period will expire on July 14, 2015. Although the Debtors already have filed the Plan, they believe it is prudent to seek an extension of the Exclusivity Periods because these cases are in their early stages and numerous outstanding contingencies could have a significant impact on the terms of the Plan or a new plan proposed by the Debtors.

12. Section 1121(d)(1) of the Bankruptcy Code permits a court to extend a debtor's exclusivity "for cause." Although the Bankruptcy Code does not define "cause," bankruptcy courts have discretion to extend exclusivity to promote the orderly, consensual, and successful reorganization of a debtor's affairs. See, e.g., 203 N. LaSalle St. P'ship v. Bank of Am. Nat'l Ass'n, No. 99-7110 (PEP), 1999 WL 1206619, at \*4 (N.D. Ill. Dec. 13, 1999) ("[T]he Code commits decisions on extending the exclusivity period to the discretion of the bankruptcy court."); 140 Cong. Rec. H. 10764 (Oct. 4, 1994) ("Exclusivity is intended to promote an environment in which the debtor's business may be rehabilitated and a consensual plan may be negotiated."); In re Lehman Bros. Holdings, Inc., No. 08-13555 (JMP) (Bankr. S.D.N.Y.), Hr'g Tr. July 15, 2009, 137:8-11 (granting debtors' second exclusivity extension because debtors should be entitled to as much time as needed to develop their best plan and "exclusivity was designed, in part, to give debtors that privilege, unless it's being abused").<sup>2</sup>

13. Courts often use the following factors in determining whether "cause" exists to extend (or to terminate) a debtor's exclusive periods:

- a. the size and complexity of the case;

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<sup>2</sup> The various hearing transcripts referenced herein are not attached hereto due to their voluminous nature; however, copies of such documents are available upon request to Debtors' proposed counsel.



- b. the need for sufficient time to permit the debtor to negotiate a plan of reorganization and prepare adequate information;
- c. whether the debtor has made progress in negotiations with its creditors;
- d. the existence of good faith progress toward reorganization;
- e. whether the debtor is seeking to extend exclusivity to pressure creditors to accede to the debtor's reorganization demands;
- f. whether the debtor has demonstrated reasonable prospects for filing a viable plan;
- g. the fact that the debtor is paying its bills as they become due;
- h. the amount of time which has elapsed in the case; and
- i. whether an unresolved contingency exists.

See, e.g., In re Adelphia Comm'cns Corp., 336 B.R. 610, 674 (Bankr. S.D.N.Y. 2006) (denying motion to terminate exclusivity based on factors for cause); In re Shamrock-Hostmark Princeton Hotel, LLC, No. 12-25860 (JPC) (Bankr. N.D. Ill.), Hr'g Tr. Oct. 23, 2012, 54:17–20 (extending exclusivity based on factors for cause); In re Corus Bankshares, Inc., No. 10-26881 (PSH) (Bankr. N.D. Ill.), Hr'g Tr. Sept. 23, 2010, 34:23–24 (same); In re Energy Future Holdings Corp., No. 14-10979 (CSS) (Bankr. D. Del.), Hr'g Tr. Sept. 16, 2014, 73:5–8 (same); In re Residential Cap., LLC, No. 12-12020 (MG) (Bankr. S.D.N.Y.), Hr'g Tr. Sept. 11, 2012, 61:5–23 (same); In re MSR Resort Golf Course LLC, No. 11-10372 (SHL) (Bankr. S.D.N.Y.), Hr'g Tr. June 29, 2011, 72:1–16 (same).

14. Not all factors are relevant to every case, and the existence of even one of these factors may be sufficient to extend a debtor's exclusive periods. See, e.g., In re Corus Bankshares, Inc., No. 10-26881 (PSH) (Bankr. N.D. Ill.), Hr'g Tr. Sept. 23, 2010, 34:7–24 (extending exclusivity to allow for resolution of certain contingencies); In re Hoffinger Indus., Inc., 292 B.R. 639, 644 (B.A.P. 8th Cir. 2003) (noting that “[i]t is within the discretion of the bankruptcy court to decide which factors are relevant and give the appropriate weight to each”); In re Cengage Learning, Inc., No. 13-44106 (ESS) (Bankr. E.D.N.Y.), Hr'g Tr. Oct. 25, 2013, 64–65 (concluding that several but not all of the factors were relevant in extending exclusivity);

In re United Press Int'l, Inc., 60 B.R. 265, 269 (Bankr. D.D.C. 1986) (extending exclusivity based on complexity, plan negotiations, and progress toward reorganization).

15. Moreover, courts routinely grant a debtor's first request for an extension. See, e.g., In re Apex Pharm., Inc., 203 B.R. 432, 441 (N.D. Ind. 1996) ("It is true that during the initial 120-day period in which debtors have an exclusive right to file a plan of reorganization . . . the bankruptcy courts apply a lesser standard in determining whether the burden of showing 'a reasonable possibility of a successful reorganization within a reasonable time' has been satisfied.") (citation omitted); In re Borders Grp., Inc., 460 B.R. 818, 825 (Bankr. S.D.N.Y. 2011) (same); In re MSR Resort Golf Course LLC, No. 11-10372 (SHL) (Bankr. S.D.N.Y.), Hr'g Tr. June 29, 2011, 77:19–25 (same); In re Cengage Learning, Inc., No. 13-44106 (ESS) (Bankr. E.D.N.Y.), Hr'g Tr. Oct. 25, 2013, 64:4–7 (emphasizing that it is "important to note" that "[t]his is the first request").

16. As set forth below, sufficient cause exists here to extend the Exclusivity Periods. Moreover, there is ample precedent for an initial extension of exclusivity of at least six months, as the Debtors seek here. See, e.g., In re Edison Mission Energy, No. 12-49219 (JPC) (Bankr. N.D. Ill. May 5, 2013) (granting an initial exclusivity extension of 205 days); In re Energy Future Holdings Corp., No. 14-10979 (CSS) (Bankr. D. Del. Sept. 16, 2014) (granting an initial exclusivity extension of 180 days); In re Gen. Growth Props., Inc., No. 09-11977 (ALG) (Bankr. S.D.N.Y. July 28, 2009) (granting an initial exclusivity extension of 205 days); In re Calpine Corp., No. 05-60200 (BRL) (Bankr. S.D.N.Y. Apr. 11, 2006) (granting an initial exclusivity extension of 255 days). This makes sense, as serial short term extensions do not create stability and force parties to continue returning to court to litigate exclusivity. See, e.g., In re MSR Resort Golf Course LLC, No. 11-10372 (SHL) (Bankr. S.D.N.Y.), Hr'g Tr. Feb. 21, 2012, 7:24–8:3

(extending exclusivity, in part, because “everything else in the case ground to a significant halt, in light of prior fights about exclusivity”); In re Cengage Learning, Inc., No. 13-44106 (ESS) (Bankr. E.D.N.Y.), Hr’g Tr. Oct. 25, 2013, 47:9–48:4 (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”).

**I. The Debtors’ Chapter 11 Cases are Large and Complex.**

17. The Debtors’ chapter 11 cases are immense in both size and complexity. The Debtors own, operate, or manage 38 gaming and resort properties in 14 states and 5 countries, and have approximately 32,000 employees. The Debtors’ assets and liabilities are likewise significant. On a consolidated basis, the Debtors had approximately \$993 million of Adjusted EBITDA on net revenues of approximately \$5.4 billion for the twelve months ended September 30, 2014 and approximately \$18 billion in funded debt. The Debtors also operate in a highly regulated and competitive gaming industry that is facing unfavorable macroeconomic conditions and shifting consumer preferences.

18. These chapter 11 cases are also among the largest and most complex ever filed. As indicative of the size of these cases, the Debtors have distributed over 80,000 bar date notices to potential creditors, are parties to over 6,000 executory contracts, and have over 14,500 scheduled claims. And as demonstrated repeatedly over the last three months, these cases are highly litigious. For example, while the Debtors were finalizing a framework necessary to achieve a consensual restructuring and finishing their preparations to ensure a soft landing into chapter 11, certain creditors filed a preemptive involuntary petition on the eve of the Debtors’ long-planned voluntary filing. Following a two-day venue trial in Delaware, the Debtors successfully transferred the involuntary case to this Court. Since then, significant additional litigation has occurred with five non-parties to the involuntary submitting more than 80 pages of

briefing that was often duplicative of the Debtors' and the petitioning creditors' positions. See Hr'g Tr., Mar. 25, 2015, 73:7–10 (“Although, I will tell you that never have I seen so much paper in my life. My staff and I have done almost nothing for the past three weeks but read things filed in this case.”).

19. Both Congress and courts have acknowledged that the size and complexity of a debtor's case alone may provide cause for extending a debtor's exclusive periods. See, e.g., In re Energy Future Holdings Corp., No. 14-10979 (CSS) (Bankr. D. Del.), Hr'g Tr. Sept. 16, 2014, 73:10–17 (granting debtors' six-month extension in “an extremely complex case” with “a lot of things that are moving” and where the debtors have “a long way to go in order to get to a plan of reorganization that is hopefully confirmable whether on a global basis or in pieces”); In re Cengage Learning, Inc., No. 13-44106 (ESS) (Bankr. E.D.N.Y.), Hr'g Tr. Oct. 25, 2013, 59:4–14 (granting debtors' first request for extension in a case of “substantial size and complexity” where, among other things, the debtors had \$5.8 billion in debt and nearly 5,000 employees); In re MSR Resort Golf Course LLC, No. 11-10372 (SHL) (Bankr. S.D.N.Y.), Hr'g Tr. Nov. 3, 2011, 376:13–20 (granting debtors' second request for extension where “[t]he debtors have large and complex cases” involving over \$2 billion in consolidated assets, \$1.5 billion in secured debt, thirty debtors, and five large and complicated businesses). Thus, the size and complexity of these chapter 11 cases alone provide sufficient cause for the Court to extend the Exclusivity Periods.

## **II. The Debtors Have Made Significant Progress in Negotiating in Good-Faith with Creditors and Administering their Cases.**

20. In the 90 days since the Petition Date, the Debtors have made significant progress in negotiating with their stakeholders and administering these cases, which further warrants an extension of the Exclusivity Periods. As set forth above, the Debtors' progress thus far includes:

- (a) **Negotiating the Prepetition RSA.** Beginning last summer, the Debtors engaged in extensive prepetition negotiations with their senior lenders. These negotiations culminated in the Debtors' entry into the RSA with CEC and the first lien bondholders.
- (b) **Establishing Venue:** Following a two-day trial in the District of Delaware, the Debtors successfully established proper venue in this district after certain creditors filed what the Delaware Bankruptcy Court found was an improper anticipatory involuntary filing.
- (c) **Obtaining First Day Relief:** The Debtors stabilized their business operations through various operational first day motions and orders. This allowed them to, among other things, pay employees, continue customer programs, pay critical vendors, maintain insurance programs, and continue using their cash management system.
- (d) **Achieving a Consensual Cash Collateral Order:** Before a contested evidentiary hearing, the Debtors successfully secured key stakeholder support for an agreed final cash collateral order. Although the Debtors' cash collateral motion was vehemently contested and subject to multiple objections from unsecured creditors, the Debtors facilitated a settlement by arranging for several all-hands meetings and calls with the various constituencies to broker a deal between the secured and unsecured creditors. The settlement ensures that the Debtors have the necessary access to cash collateral for at least six months while preserving intercreditor disputes that will inevitably have to be addressed as part of these cases.
- (e) **Engaging in Constructive Negotiations with Key Stakeholders for Operational Relief:** Following the appointment of the unsecured creditors' committee and the second lien noteholders' committee (together, the "Official Committees"), the Debtors worked constructively with the first lien bank lenders, first lien noteholders, the Official Committees, and the U.S. Trustee to structure and obtain approval of important administrative and operational motions, including executory contract rejections, retention applications, claims settlement procedures, de minimis asset sale procedures and underlying sales, establishment of a claims bar date, and enforcement of the automatic stay, among other things. Such collaboration has kept the businesses operating smoothly without the need for numerous unnecessary objections.
- (f) **Requesting Appointment of Examiner:** The Debtors moved for and secured the appointment of an independent examiner to ensure that all parties in interest have the benefit of an impartial perspective with respect to certain prepetition transactions.
- (g) **Filing Schedules of Assets and Liabilities and Statements of Financial Affairs:** The Debtors filed their schedules and statements and established the claims bar date. This was a tremendous undertaking for the 173 Debtors in these cases, resulting in over 45,000 pages of schedules and statements; yet, the Debtors

were able to complete these filings within 60 days of the Petition Date and with only one Court-ordered extension.

- (h) **Negotiating with Stakeholders Regarding the Debtors' Proposed Restructuring**: The Debtors continue to negotiate with various parties in interest to attempt to obtain additional support for a plan of reorganization based on the framework set forth in the RSA.

21. The Debtors also have made significant efforts to establish a constructive and active dialogue with their prominent creditor constituencies — including the Official Committees. From in-person meetings to frequent telephone conferences, the Debtors and their advisors have maintained regular contact with the major parties in interest on all material matters. As a result of these efforts, the Debtors were able to present the Court with largely consensual orders for first day relief. Moreover, the Debtors have held in-person meetings among the Debtors' senior management and advisors and the members of and advisors to the two Official Committees regarding the Debtors' businesses and restructuring strategies, including extensive meetings with Official Committee advisors on April 13 and 14. The Debtors' efforts to promote consensus further support the extension of the Exclusivity Periods. See, e.g., In re MSR Resort Golf Course LLC, No. 11-10372 (SHL) (Bankr. S.D.N.Y.), Hr'g Tr. Nov. 3, 2011, 377:2–8 (granting debtors' second exclusivity extension based, in part, on compromises reached between the debtors and their stakeholders and concluding that the debtors' "good-faith progress is also evidenced by these settlements, which evidence . . . progress in trying to reach some consensus on the end game strategy in these cases, and the timing for such a strategy"); In re Tribune Co., No. 08-13141 (KJC) (Bankr. D. Del.), Hr'g Tr. Dec. 7, 2009, 70:2–4 (extending exclusivity based, in part, on the fact that "there are ongoing discussions, which may or may not result in a global resolution").

22. Consistent with their fiduciary duties, the Debtors will use these extended Exclusivity Periods to continue to negotiate with all stakeholders with the objective of reaching a

global settlement that maximizes value for all stakeholders. Although the Debtors and their major stakeholders do not agree on everything, no one can seriously dispute that the Debtors have been anything less than forthcoming in diligence, analysis, and collaboration. The Debtors' substantial progress in negotiating with their creditors and administering their cases supports the extension of the Exclusivity Periods.<sup>3</sup>

**III. Given the Scope of the Debtors' Work, Relatively Little Time Has Elapsed in These Chapter 11 Cases.**

23. This request for an extension of the Exclusivity Periods is the Debtors' first and comes approximately 90 days into these chapter 11 cases. Moreover, courts routinely grant debtors' requests for an initial extension. See supra ¶16. As explained above, the Debtors have accomplished a great deal to transition into chapter 11 and stabilize operations. The results so far indicate that a future consensual restructuring is feasible. But the complex issues and contentious nature of these cases also evidence the need for additional time for the Debtors to consult and negotiate with the parties. The Debtors anticipate that they will continue to make significant progress toward completing a consensual restructuring and emerging from chapter 11 with an appropriate capital structure and improved operations. Therefore, the early stage in these cases further supports the requested extensions. See, e.g., In re Energy Future Holdings Corp., No. 14-10979 (CSS) (Bankr. D. Del.), Hr'g Tr. Sept. 16, 2014, 73:21–25 (granting debtors' request for a six-month extension because "just a two month or three month even extension of

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<sup>3</sup> In addition to the progress made in these cases thus far, the Debtors have been paying their bills as they become due as a result of their access to their secured lenders' cash collateral. See Final Order (I) Authorizing Use of Cash Collateral, (II) Granting Adequate Protection, (III) Modifying the Automatic Stay to Permit Implementation, and (IV) Granting Related Relief entered on March 25, 2015 [Docket No. 988]; see also Debtors' Monthly Operating Report for the Period From January 15, 2015 to February 28, 2015 [Docket No. 1039]. The Debtors also intend to pay their quarterly fees due to the U.S. Trustee, the first of which is due April 30, 2015.

exclusivity won't accomplish anything, we're going to be right back here having the same argument and you're going to get the same ruling, provided things continue to move.”).

#### **IV. Extending the Exclusivity Periods is Required to Resolve Certain Contingencies.**

24. While the Debtors continue to make progress towards a consensual restructuring with a majority of their capital structure, a fully consensual plan of reorganization may ultimately be dependent on the results of the Examiner's investigation. Parties may be hesitant to enter into any definitive agreements before reviewing the Examiner's report. Since the Examiner will likely not complete his investigation for at least six months, the extension of the Exclusivity Periods is all the more essential. Indeed, given the central role that an examiner can play in the resolution of a case, numerous courts have extended debtors' exclusivity periods to account for an examiner's pending investigation and its effect on a debtor's plan negotiations. See, e.g., In re Lehman Bros. Holdings Inc., No. 08-13555 (JMP) (Bankr. S.D.N.Y.), Hr'g Tr. July 15, 2009, 95:8–13 (overruling objections to a second exclusivity extension and stating “How on earth could anybody develop a confirmable plan before the examiner's report is done?”); see also In re Dynegy Holdings, LLC, No. 11-38111 (CGM) (Bankr. S.D.N.Y. Dec. 6, 2012) (extending both plan and solicitation exclusivity until after the examiner filed his final report); In re SemCrude L.P., No. 08-11525 (BLS) (Bankr. D. Del. Oct. 6, 2009) (same); In re DBSI, Inc., No. 08-12687 (PJW) (Bankr. D. Del. June 30, 2009) (extending solicitation exclusivity until after the examiner filed his final report).

25. Indeed, the Court should extend the Exclusivity Periods to allow the Debtors and other parties sufficient time to resolve a number of important issues. These include:

- (a) **First**, the Debtors must allow the Examiner to conclude his investigation and distribute his report.
- (b) **Second**, the Debtors must be afforded time to work with their stakeholders to build support for their Plan.



- (c) **Third**, the Debtors must, consistent with their fiduciary duties and applicable law, coordinate with their stakeholders regarding the timing and implementation of a process to market test the Plan.
- (d) **Fourth**, the Court must determine whether to stay certain actions against CEC to preserve the substantial contribution that CEC is making to fund the Plan. If CEC is found liable on the guarantee or pension claims, it may not be able to fund the Plan and the parties could need to start over.
- (e) **Fifth**, the Court must resolve the status of the involuntary filing and whether it was filed in bad faith. The Court set trial on this matter for August 3.

26. Courts similarly have recognized that the need to resolve important contingencies justifies extending the exclusive periods. See, e.g., In re Corus Bankshares, Inc., No. 10-26881 (PSH) (Bankr. N.D. Ill.), Hr'g Tr. Sept. 23, 2010, 34:7–24 (extending exclusivity to resolve ambiguities in tax law that could substantially affect the restructuring); In re Energy Future Holdings Corp., No. 14-10979 (CSS) (Bankr. D. Del.), Hr'g Tr. Sept. 16, 2014, 73:5–19 (extending exclusivity to allow the process to play out with respect to various legal issues); In re Cengage Learning, Inc., No. 13-44106 (ESS) (Bankr. E.D.N.Y.), Hr'g Tr. Oct. 25, 2013, 46–51 (extending exclusivity to allow completion of plan mediation); In re Lehman Bros. Holdings Inc., No. 08-13555 (JMP) (Bankr. S.D.N.Y.), Hr'g Tr. July 15, 2009, 95:8–13 (extending exclusivity through issuance of examiner's report). Therefore, the need to resolve these important issues also merits the requested relief.

#### **Notice**

27. The Debtors have provided notice of this Motion to the entities on the Service List (as defined in the Case Management Order and available on the Debtors' case website at <https://cases.primeclerk.com/CEOC>).

WHEREFORE, the Debtors respectfully request entry of an order, substantially in the form attached hereto as **Exhibit A**, granting the relief requested herein and granting such other relief as is just and proper.

Dated: April 15, 2015  
Chicago, Illinois

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

James H.M. Sprayregen, P.C.

David R. Seligman, P.C.

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*Proposed Counsel to the Debtors  
and Debtors in Possession*

**Exhibit A**

**Proposed Order**

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

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

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**ORDER EXTENDING DEBTORS' EXCLUSIVE PERIODS  
TO FILE A CHAPTER 11 PLAN AND SOLICIT ACCEPTANCES THEREOF**

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Upon the motion (the "Motion")<sup>2</sup> of the above-captioned debtors and debtors in possession (collectively, the "Debtors") for entry of an order (this "Order"): (a) extending the Debtors' exclusive right to file a chapter 11 plan and to solicit votes for the plan; and (b) granting related relief, all as more fully set forth in the Motion; and after due deliberation, it is HEREBY ORDERED THAT:

1. The Motion is granted as set forth herein.
2. The Debtors' exclusive period to file a chapter 11 plan for each Debtor is extended through and including November 15, 2015.
3. The Debtors' exclusive period to solicit acceptances of a chapter 11 plan for each Debtor is extended through and including January 15, 2016.
4. Entry of this Order is without prejudice to (a) the Debtors' right to seek from this Court such additional and further extensions of the Exclusivity Periods within which to file and

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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>.

<sup>2</sup> Capitalized terms used but not otherwise defined herein have the meanings ascribed to them in the Motion.

solicit acceptance of a plan of reorganization as may be necessary or appropriate or (b) the right of any party in interest to seek to reduce the Exclusivity Periods for cause in accordance with section 1121(d) of the Bankruptcy Code.

Dated: \_\_\_\_\_, 2015  
Chicago, Illinois

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The Honorable A. Benjamin Goldgar  
United States Bankruptcy Judge