

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

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

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

PLEASE TAKE NOTICE that on the **21st day of October, 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 Further 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 **October 14, 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 in accordance with the procedures and fees set forth therein.

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>.

Dated: October 7, 2015
Chicago, Illinois

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

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UNITED STATES BANKRUPTCY COURT
NORTHERN DISTRICT OF ILLINOIS
EASTERN DIVISION

In re:)	
)	Chapter 11
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CAESARS ENTERTAINMENT OPERATING COMPANY, INC., <u>et al.</u> , ¹)	Case No. 15-01145 (ABG)
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Debtors.)	(Jointly Administered)
)	
)	Hearing Date: October 21, 2015, at 1:30 p.m.
)	(prevailing Central Time)
)	

**DEBTORS’ MOTION TO FURTHER 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 entry of an order further extending the Debtors’ exclusive right to file a chapter 11 plan through and including March 15, 2016 (the “Filing Exclusivity Period”), and to solicit votes thereon through and including May 15, 2016 (the “Solicitation Exclusivity Period,” and together with the Filing Exclusivity Period, the “Exclusivity Periods”).

Introduction

1. This Court should further extend the Debtors’ Exclusivity Periods for three primary reasons. First, these cases are incredibly large, complex, and contentious. See Hr’g Tr. 16:24–17:1; 17:13–14; 18:24–19:1, May 27, 2015 (this Court noting that “[t]he case is large and the debtor is huge,” with a “complex financial structure” and a “level of litigiousness . . . [that] has been remarkable”). Indeed, the Debtors continue to work to restructure over \$18 billion of funded and unsecured debt obligations held by sophisticated constituents with

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>.

divergent views on how to prosecute these chapter 11 cases. Nevertheless, the 173 Debtors have navigated these extremely complex cases while operating—and significantly increasing the financial performance of—one of the world’s largest gaming enterprises with minimal disruption.

2. Second, the Debtors have made substantial progress in these cases and have used their time in chapter 11 productively and efficiently, including working in good faith with their major stakeholders to build support for a proposed plan of reorganization. Indeed, the Debtors now have obtained the support of holders of their first lien bank debt (the “First Lien Bank Lenders”) in addition to the support of the holders of their first lien notes (the “First Lien Noteholders”). To that end, contemporaneously herewith the Debtors have filed their first amended joint chapter 11 plan of reorganization (the “Amended Plan”) and accompanying disclosure statement. The Amended Plan, which is based on the restructuring support agreements entered into with the First Lien Bank Lenders and First Lien Noteholders, is the product of hard-fought negotiations among the Debtors, their first-lien creditors, and Caesars Entertainment Corporation (“CEC”), and improves recoveries across the Debtors’ capital structure.² The Debtors plan to use the additional time provided by the Exclusivity Periods to build further consensus with their non-first lien creditors.

3. Third, there are numerous unresolved issues that must be addressed to bring these chapter 11 cases to conclusion. Among other things, additional time is needed to:

- allow the chapter 11 examiner (the “Examiner”) to continue his investigation and issue a report that can be evaluated in the context of the Amended Plan;

² The First Lien Bank Lenders and First Lien Noteholders continue to review the Amended Plan. Although they remain supportive of the general restructuring strategy as outlined in their respective restructuring support agreements, they may have substantive comments to the Amended Plan. The Debtors will continue working in good faith with their first-lien creditors to resolve any such comments.

- conduct a marketing process that will allow the Debtors and other parties to evaluate the value provided by the Amended Plan; and
- advance certain other disputes that could materially impact creditor recoveries and bring those disputes to this Court for resolution, if necessary.

4. In short, extending the Exclusivity Periods is critical to giving the Debtors a stable platform upon which to “fold in” junior stakeholders to the Debtors’ currently proposed consensual restructuring. The requested extensions are consistent with the confirmation milestones that the Debtors have negotiated with their first-lien creditors, and well below the statutory maximum. The Debtors are confident, based on their steady progress to date, that they will be able to use a further extension to forge consensus on a restructuring that will maximize recoveries for all stakeholders.

Relief Requested

5. The Debtors respectfully seek entry of an order extending: (a) the Filing Exclusivity Period through and including March 15, 2016; and (b) the Solicitation Exclusivity Period through and including May 15, 2016.

Jurisdiction

6. The Court has jurisdiction pursuant to 28 U.S.C. §§ 157 and 1334. This 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

7. This Court has ample authority to extend the Exclusivity Periods. The purpose of the Exclusivity Periods is “to promote an environment in which the debtor’s business may be rehabilitated and a consensual plan may be negotiated.” In re Burns and Roe Enters., Inc., No. 05-2529 (KSH), 2005 WL 6289213, at *4 (D.N.J. Nov. 2, 2005). Section 1121(d) provides

courts with discretion, “for cause,” to extend a debtor’s exclusivity period to, among other things, provide a debtor the necessary protections to drive consensus around an 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). 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;
- (b) the necessity of sufficient time to permit the debtor to negotiate a plan of reorganization and prepare adequate information to allow a creditor to determine whether to accept such plan;
- (c) the existence of good faith progress towards reorganization;
- (d) the fact that the debtor is paying its bills as they become due;
- (e) whether the debtor has demonstrated reasonable prospects for filing a viable plan;
- (f) whether the debtor has made progress in negotiations with its creditors;
- (g) the amount of time which has elapsed in the case;
- (h) whether the debtor is seeking an extension of exclusivity in order to pressure creditors to submit to the debtor’s reorganization demands; and
- (i) whether an unresolved contingency exists.

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).

8. Moreover, as the Court noted at the hearing on the Debtors’ first request to extend the Exclusivity Periods, “this list of factors is by no means exclusive. Cause can include a ‘huge debtor with a complex financial structure’” and “a recalcitrant creditor body.” Hr’g Tr. 16:7–15 (citing and quoting Burns & Roe Enters., 2005 WL 6289213 at *3). Further, 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 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”).

9. Here, the Filing Exclusivity Period will expire on November 15, 2015, and the Solicitation Exclusivity Period will expire on January 15, 2016, absent further order of the Court. The Debtors submit that sufficient cause exists under each of the relevant factors to further extend the Exclusivity Periods to provide the Debtors sufficient runway to continue their efforts to pursue a consensual plan of reorganization with all stakeholders.

I. The Debtors' Chapter 11 Cases are Large and Complex.

10. No party in interest can deny the immense size, complexity, and contentiousness of the Debtors' chapter 11 cases to date. As this Court noted at the hearing on the Debtors' first request for an exclusivity extension, "[t]he case is large and the debtor is huge," with a "complex financial structure" and a "level of litigiousness . . . [that] has been remarkable." Hr'g Tr. 16:24–17:1; 17:13–14; 18:24–19:1. These chapter 11 cases involve the restructuring of more than \$18 billion of funded and unsecured debt obligations held by sophisticated constituents—including two official committees and multiple ad hoc creditors' committees—that this Court has recognized "on the whole are a difficult group." Hr'g Tr. 17:13–14; 18:16–17.

11. Further, these cases feature approximately 14,500 scheduled claims and 5,500 filed proofs of claim that must be reviewed and analyzed as part of a claims reconciliation process. The Debtors are party to approximately 6,000 executory contracts and more than 150 unexpired leases that also must be analyzed for assumption, rejection, and/or assignment. Forty motions to lift the automatic stay already have been filed (twenty-five of which have been resolved consensually). There have been multiple adversary proceedings and appeals, and an unresolved involuntary petition. To date, there have already been several multi-day trials. And as of the date hereof, the chapter 11 case has already reached docket entry number 2,401.

12. Meanwhile, the Examiner's investigation is its own parallel workstream, featuring extensive negotiations with the Examiner and other constituents over the scope of the

investigation and related discovery. The Examiner's investigation has included countless meetings among the Examiner, his advisors, and various stakeholders and third parties in these cases, approximately 100 discovery requests resulting in the production of over 12,000 documents, and dozens of interviews of employees, directors, professionals, and others. The Examiner's investigation has required the Debtors and all major stakeholders to expend significant time and resources while addressing other key case issues.

13. 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. 54:14-16, 20, Feb. 10, 2015 (granting debtors' second request for extension in a "very busy, very complicated" case, noting that "even the most competent of professionals can only deal with so many things at a time and the Court only has so many resources"); see also H.R. Rep. 95-595, at 232 (1977), as reprinted in 1978 U.S.C.C.A.N. 5963, 6191 ("[I]f an unusually large company were to seek reorganization under chapter 11, the court would probably need to extend the time in order to allow the debtor to reach an agreement."). And such is the case here. As this Court has stated, the "sheer mass, weight, volume, and complication" of these chapter 11 cases is "extraordinary." Hr'g Tr. 18:11-13.

II. The Debtors Have Made Substantial, Good-Faith Progress in the Chapter 11 Cases.

14. Although this is the Debtors' second request to extend the Exclusivity Periods, the Debtors have been in chapter 11 for less than ten months. And during this time, the Debtors have used the Exclusivity Periods to make meaningful progress in reaching consensus with their first-lien creditors and addressing operational and related issues, justifying a further extension.

15. *Negotiating with Stakeholders Regarding the Amended Plan.* Since the Court granted the first extension of exclusivity, the Debtors have engaged in arm's-length

negotiations—some successful, some not yet successful—at each level of their capital structure. To that end, the Debtors have made significant progress in reaching consensus to drive these cases forward. The Debtors have entered into restructuring support agreements with holders of over 80 percent of the claims held by the First Lien Noteholders (the “Bond RSA”) and with holders of more than 80 percent of the claims held by the Debtors’ First Lien Bank Lenders (the “Bank RSA”). The Bond RSA and Bank RSA are significant achievements that solidify the restructuring support (subject to all applicable provisions of the Bankruptcy Code, including section 1125) of approximately \$12 billion (or two-thirds) of the Debtors’ capital structure.

16. The Debtors also have engaged in negotiations with their non-first lien creditors. Notably, the Debtors reached agreement with approximately one-third of the holders of their second lien debt (the “Second Lien Noteholders”) on the terms of a restructuring support agreement, dated July 20, 2015 (the “Second Lien RSA”). The Debtors were able to negotiate the Second Lien RSA despite litigating various issues with their Second Lien Noteholders during the first extension of the Exclusivity Periods, including the propriety of CEOC’s involuntary petition and the Debtors’ motion to stay certain litigation against CEC. Although the Second Lien RSA terminated on September 18, 2015 with less than the required 50.1 percent of the Second Lien Noteholders, the Second Lien RSA established an important baseline for improved recoveries to non-first lien creditors. The Debtors also have engaged in discussions with the statutory unsecured claimholders’ committee (the “UCC”), the official committee of second priority noteholders (the “Noteholders Committee”), and others over potential improved recoveries.

17. With the Bond RSA and Bank RSA in hand, the Debtors have moved quickly to document the improved deal terms. Indeed, contemporaneously herewith, the Debtors have filed

the Amended Plan, which builds in the terms of the Bank RSA and Bond RSA and, importantly, includes the recoveries set forth in the Second Lien RSA for all non-first lien creditors. In particular, the Amended Plan provides for (and CEC will contribute), among other things, the following improved recoveries for non-first lien creditors if the applicable class accepts:

- up to an additional \$450 million of CEC convertible notes;
- up to 9.8% of the “PropCo” common equity that CEC is to purchase under the Amended Plan or the cash equivalent (at plan value) of such equity;
- additional consideration that non-Debtor affiliate, Caesars Acquisition Company, otherwise would receive under the Amended Plan on account of its ownership of approximately \$293 million of the Debtors’ unsecured notes; and
- an option for PropCo to purchase the real estate associated with Harrah’s New Orleans, which may provide creditors with improved recoveries through their ownership of PropCo’s common equity.

The Debtors spent months in hard-fought negotiations with CEC and their first-lien creditors trying to secure this additional value for their non-first lien creditors. Although the Debtors have not yet reached a deal with their non-first lien creditors, the Debtors, as estate fiduciaries, have negotiated and will continue to negotiate for their improved recoveries.

18. *Addressing Operational and Chapter 11 Compliance Matters.* In the midst of one of the most complex chapter 11 cases in history, the Debtors also have been operating a multi-billion dollar business—and have been doing so successfully. Indeed, the Debtors and their consolidated subsidiaries have shown improving profitability as operational improvements have been implemented. For example, the Debtors and their consolidated subsidiaries generated Adjusted EBITDA of \$573 million in the first half of 2015, compared with \$416 million³ in the first half of 2014, a 38% increase year-over-year. The Debtors’ major stakeholders have been

³ First half of 2014 consolidated Adjusted EBITDA of \$485 million reduced by \$69 million of Property EBITDA generated by Bally’s Las Vegas, The Cromwell, The LINQ Hotel and Casino, and Harrah’s New Orleans, which were sold in May 2014.

kept apprised of the performance of the business on a regular basis. In addition, over the course of the past several months the Debtors have made progress on the following business and operational matters, among others:

- continuing their review and analysis of approximately 6,000 executory contracts and approximately 150 leases, culminating in the filing of two additional contract rejection motions and a lease extension, assumption, and rejection motion;
- commencing a comprehensive claim reconciliation, objection, and settlement process, which not only has included the identification of over \$9.3 billion in potentially invalid claims, but also has included the prosecution of an objection to claims asserted by Hilton Worldwide, Inc. and the Hilton Worldwide, Inc. Global Benefits Administrative Committee in excess of \$70 million, and a settlement with the U.S. Department of the Treasury Financial Crimes Enforcement Network;
- coordinating with the Debtors' captive insurance affiliate to address forty motions to lift the automatic stay and countless other informal inquiries regarding the status of stayed litigation, resulting in the consensual resolution of twenty-five lift stay motions to date;
- preserving valuable relationships with various trade creditors, including negotiating improved vendor contracts with over 50 vendors, resolving several vendor reclamation claims, and implementing a comprehensive vendor management program that has resulted in the reconciliation of prepetition invoices for approximately 1,000 vendors to date;
- developing and implementing an extensive capital expenditure plan for 2015 that has resulted in the commencement of numerous capital improvement projects, including projects at Caesars Palace Las Vegas and Caesars Atlantic City;
- advancing the sale of the non-core Harrah's Tunica Casino, which involved extensive diligence and negotiation with various constituents and government entities, culminating in the procurement of a value-maximizing stalking horse bid and the approval of bidding procedures to facilitate the sale process;
- addressing issues with the UCC and CEC related to the Debtors' deferred compensation programs;
- participating in numerous discussions with federal, state, and local regulatory bodies regarding the status of the chapter 11 cases and the proposed REIT;
- conducting extensive diligence with their major stakeholders, including creating and releasing over 5,000 documents and analyses specifically prepared for creditor constituents and reviewing and responding to 1,028 out of 1,049 outstanding diligence requests from their constituents as of August 2015;

- organizing and conducting countless in-person and telephonic meetings with stakeholders and their advisors, including weekly due diligence meetings and on-site due diligence meetings and casino property tours in May, July, and August, including May tours of Caesars Palace Las Vegas, July tours of Bally's Atlantic City, Caesars Atlantic City, and Harrah's Philadelphia, and August tours of Horseshoe Council Bluffs and Harrah's Council Bluffs (Iowa), Horseshoe Hammond (Indiana), Harrah's Joliet (Illinois), and Harrah's North Kansas City (Missouri); and
- complying with the various reporting requirements under the final cash collateral order entered in these cases [Docket No. 988] (the "Cash Collateral Order"), including developing and preparing informational reports for their various constituents on monthly financial results and 13-week cash receipts and disbursements forecasts, as well as implementing internal processes that enhance the Debtors' ability to forecast and report on actual financial results.

19. Thus, although more work remains, the Debtors' substantial progress thus far in negotiating with their creditors and administering these cases with minimal disruption to the Debtors' operations supports a further 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).⁴

III. Extending the Exclusivity Periods is Necessary to Resolve Outstanding Contingencies.

20. While the Debtors continue to make progress, much work remains to be done, and a fully consensual plan of reorganization may ultimately be dependent on a number of open contingencies. 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

⁴ The Debtors have also been paying their bills as they come due as a result of their access to their secured lenders' collateral through the Cash Collateral Order. See also Debtors' Monthly Operating Report for the Period From August 1, 2015 to August 31, 2015 [Docket No. 2373]. Further, the Debtors recently obtained the approval of the Required Lenders (as defined in the Cash Collateral Order) to extend certain case milestones in the Cash Collateral Order to conform with the milestones set forth in the Bank and Bond RSAs [Docket No. 2313]. This extension will permit the Debtors to continue using cash collateral to operate their businesses during these chapter 11 cases while they also continuing work towards a consensual chapter 11 plan.

(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). Therefore, the need to resolve these important issues also merits the requested relief.

21. ***The Examiner Investigation.*** The Examiner is still in the process of completing his investigation and report. The Examiner’s report will assist parties in interest in analyzing the terms of and recoveries provided by the Amended Plan. Although the Examiner continues to work diligently towards completing his report as expeditiously as possible, the Examiner recently stated that “meeting the current milestones [i.e., a completed final report by December 15, 2015] will be, at best, very difficult.” See Examiner’s Fourth Interim Report at ¶¶ 23–24 [Docket No. 2236]. Given the 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 expressing skepticism about the ability to confirm a plan before the examiner issues his report).

22. ***Marketing Process.*** The Debtors also should be allowed sufficient time to conduct a marketing process to test the value provided in the Amended Plan. Although the Debtors would have preferred to commence the process sooner, the Debtors determined that it would be better to conduct this process with the restructuring support of the First Lien Noteholders and First Lien Bank Lenders so that there would be a unified restructuring proposal to serve as the backdrop against which potential bidders could submit bids and against which the Debtors and their stakeholders could analyze competing offers. The Debtors’ efforts over the last four months to negotiate amendments to the Bond RSA and enter into the Bank RSA were

key to establishing the baseline framework required to secure the support of the most senior members of the Debtors' capital structure.

23. The Debtors also wanted to provide potential bidders with the adequate information necessary to run a marketing process. Thus, during the last several months, the Debtors spent substantial time:

- developing the structure and scope of the process and consulting with their various constituents;
- updating financial projections;
- preparing materials that will be used during the process, including a confidential information memorandum, teaser, and bid protocol (all of which have been or will be shared with the Debtors' various constituents prior to commencement of the marketing process);
- gathering hundreds of financial and other due diligence documents for the data room that will be used by prospective purchasers (a process that is substantially complete); and
- establishing a working group at the company to assist with future diligence and other requests from prospective purchasers.

24. As a result of these diligence efforts, the marketing process is expected to formally launch on or around the end of October. The Debtors anticipate reaching out to multiple prospective strategic and financial purchasers, who they selected in consultation with their advisors and major constituents, and expect further due diligence requests as these parties begin their review and analysis. Preserving exclusivity will maintain case stability throughout the marketing process and give potential bidders the comfort they need to submit bids. The Debtors should not be forced to conduct this process in an environment of competing plans of reorganization featuring much lower levels of consensus.

25. ***Ongoing Disputes.*** The Debtors also continue to seek to resolve disputes with their creditors on several fronts, including on issues central to the Amended Plan, at least some

of which likely will require judicial determination. For example, there is the ongoing trial on the propriety of the involuntary petition, which was preceded by months of extensive discovery and depositions. There is the ongoing litigation with the National Retirement Fund over hundreds of millions of dollars of alleged pension withdrawal liability, which, following months of negotiations in an attempt to reach a resolution, has only just recommenced. There is also the pending appeal of this Court's denial of the Debtors' requested injunction of litigation against CEC, the resolution of which could ultimately impact CEC's ability to fund the Amended Plan.

26. Most recently, the Debtors and all of their major stakeholders are litigating the UCC's and the 10.75% Notes Trustee's motions for standing to prosecute certain lien challenges on behalf of the Debtors' estates (the "Standing Motions") and the 10.75% Notes Trustee's objections to certain of the First Lien Noteholders' and First Lien Bank Lenders' proofs of claim (the "Claim Objections"). The Standing Motions and Claim Objections, among other things, raise novel issues about the secured lenders' ability to be treated as recourse creditors under section 1111(b) of the Bankruptcy Code and the perfection of the lenders' liens on things such as commercial torts, insurance policies, and fraudulent conveyance actions. Prior to the filing of the Standing Motions and Claim Objections, the Debtors engaged in extensive due diligence with their stakeholders to significantly narrow the parties' issues. The Debtors hope to continue working with the parties on narrowing the issues, but it will take time. Extending the Exclusivity Periods will give the Debtors and other parties the necessary time to see these matters to their conclusion and evaluate the consequences (if any) on the terms of the Amended Plan.

27. ***Plan Considerations.*** The Debtors have just today filed the Amended Plan and accompanying disclosure statement. It is likely that, in connection with their evaluation of the proposed terms of, and recoveries provided under, the Amended Plan, creditors will want to

conduct further diligence and engage in further negotiations with the Debtors. Stakeholders also may desire to see further developments in the Examiner's investigation, the marketing process, plan implementation issues, and other matters relevant to a chapter 11 plan. These are all significant undertakings that should be allowed to continue without the threat of multiple, competing plans. Recognizing this, the Debtors have not yet sought a hearing date to consider approval of their amended disclosure statement.

IV. The Requested Extensions Will Not Prejudice Creditors.

28. Finally, the Debtors do not seek an extension to pressure their creditors, nor will an extension prejudice creditors. Rather, the breathing room afforded by a further extension of exclusivity will facilitate the Debtors' ongoing negotiations with their major constituents and allow parties the benefit of reviewing the Examiner's report without competing plan proposals. Indeed, the Debtors, consistent with their fiduciary duties to maximize value for all stakeholders, are open to exploring and considering alternative proposals with their various constituencies. The Debtors should be afforded additional time to allow them to attempt to reach global consensus, without the constant risk of additional parties seeking confirmation of materially different plans that will only add to the Debtors' execution risks.

29. Equally important, however, is the fact that no party has raised any fundamental issues with the general restructuring strategy proposed by the Debtors and set forth in the Amended Plan—i.e., the restructuring of the Debtors using a value-maximizing REIT structure and the settlement of the Debtors' litigation claims through contributions and credit support by CEC. While non-first lien creditors may desire greater contributions from CEC or a different allocation of consideration among creditors, no one has proposed any broad-based alternative restructuring strategy or sought to terminate exclusivity to implement any such alternative. Thus, the Debtors' present inability to reach consensus with all their creditors is merely part of

an expected back-and-forth among sophisticated parties with billions of dollars at issue. And although the Debtors recognize that achieving full consensus may not ultimately be feasible, the requested extension will give the Debtors the best chance to obtain as much support as possible while moving these chapter 11 cases forward.

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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: October 7, 2015
Chicago, Illinois

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

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Exhibit A

Proposed Order

UNITED STATES BANKRUPTCY COURT
NORTHERN DISTRICT OF ILLINOIS
EASTERN DIVISION

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

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

Upon the motion (the "Motion")² 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 March 15, 2016.
3. The Debtors' exclusive period to solicit acceptances of a chapter 11 plan for each Debtor is extended through and including May 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

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 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

The Honorable A. Benjamin Goldgar
United States Bankruptcy Judge