UNITED STATES DISTRICT COURT
SOUTHERN DISTRICT OF NEW YORK

MEEHANCOMBS GLOBAL CREDIT OPPORTUNITIES MASTER FUND, LP, *et al.*, Plaintiffs, v. CAESARS ENTERTAINMENT CORP. and CAESARS ENTERTAINMENT OPERATING COMPANY, INC., Defendants.	No. 1:14-cv-07091-SAS
FREDERICK BARTON DANNER, Individually and On Behalf of All Others Similarly Situated, Plaintiff, v. CAESARS ENTERTAINMENT CORP. and CAESARS ENTERTAINMENT OPERATING COMPANY, INC., Defendants.	No. 1:14-cv-07973-SAS

DECLARATION OF DAVID B. SAMBUR IN SUPPORT OF CAESARS ENTERTAINMENT CORPORATION'S OPPOSITION TO PLAINTIFFS' MOTIONS FOR PARTIAL SUMMARY JUDGMENT

DAVID B. SAMBUR declares pursuant to 28 U.S.C. § 1746:

1. I am a partner of an affiliate of Apollo Global Management LLC ("Apollo"). Since November 2010, I have served as a member of the Board of Directors of Caesars Entertainment Corporation ("CEC"). I have been actively involved in CEC's business since the acquisition of CEC in 2008 described in paragraph 3 below.

2. I submit this declaration in support of CEC's opposition to Plaintiffs' Motions for Partial Summary Judgment in the above-captioned cases (the "Motions"). The facts set forth in this declaration are based on my personal knowledge and CEC's business records.

CEC and CEOC

3. CEC and its subsidiaries, including Caesars Entertainment Operating Company, Inc. ("CEOC"), own, operate, or manage approximately 50 casinos in 14 U.S. states and five countries. On January 28, 2008, investment funds affiliated with Apollo Global Management, LLC and TPG Capital, along with co-investors, acquired CEC (then known as Harrah's Entertainment) and its subsidiaries. CEC is currently a publicly traded company with a market capitalization of approximately $1.1 billion. CEOC filed for bankruptcy under Chapter 11 of the Bankruptcy Code on January 15, 2015.

4. CEOC's bankruptcy stemmed from economic factors and industry trends that we did not foresee in 2008. These included the recession, changing consumer preferences in the gaming industry, and increased competition for gaming dollars resulting from a rise in the number of casinos in various states. In response to these business challenges, CEC, CEOC, and other subsidiaries and affiliates of CEOC engaged in over 45 capital market transactions including asset sales, exchange and tender offers, debt repurchases, and loan re-financings. These transactions were undertaken to inject cash into CEOC, to deleverage CEOC's balance sheet, to build room in CEOC's bank maintenance covenant, and to extend outstanding debt

maturities, all in an effort to position CEOC to deleverage as its business performance improved. And they enabled CEOC to repay more than $8 billion of principal and interest to its creditors.

5. The *MeehanCombs* Plaintiffs refer in particular to certain transactions that took place over the course of 2013 and 2014 involving CEC and CEOC. These include: (1) the refinancing of certain CMBS debt secured by non-CEOC properties in October 2013, which involved the sale by CEOC to Caesars Entertainment Resort Properties LLC ("CERP") of two properties that were included as additional collateral for certain new loans to CERP; (2) the formation of Caesars Acquisition Company ("CAC") and Caesars Growth Partners ("CGP"), which involved both the sale in October 2013 by CEOC to CGP of two properties and the contribution in October 2013 by subsidiaries of CEC to CGP of interests in Caesars Interactive Entertainment; and (3) the sale by CEOC of four properties to CGP in May 2014.

6. These transactions were the result of a good faith and appropriate process, provided CEOC with substantial benefits and with fair market value of the assets it sold (as attested by opinions of independent financial advisors), and provided billions of dollars that contributed to CEOC's ability to pay, since the beginning of 2013, more than $3.6 billion to its creditors. Each transaction was reviewed by independent and experienced financial advisors, and each transaction was accompanied by one or more independent opinions from financial advisors that CEOC was receiving fair value for the assets sold. The sale to CERP in October 2013 was specifically reviewed and approved by CEOC's Board of Directors, in consultation with legal counsel and an independent financial advisor. The sales of assets to CGP in October 2013 and May 2014 were undertaken by special committees made up of independent CEC directors assisted by their own legal and financial advisors, and each of these asset sales was approved by the CEOC Board via unanimous written consent. Together, the transactions were

designed to generate capital for CEOC to deleverage, ensure maintenance with debt covenants, and push out debt maturities, and the proceeds were used to pay creditors.

7. Finally, the *MeehanCombs* Plaintiffs refer to the creation of Caesars Enterprise Services, LLC ("CES") and associated intellectual property rights issues. CES was created to manage enterprise-wide intellectual property and other shared services among CGP, CEOC and CERP, including Total Rewards, an industry-leading customer loyalty program. The creation of CES was a condition attached by the CAC Special Committee to CGP's purchase from CEOC of four properties in May 2014. In connection with the creation of CES, CEOC licensed on a non-exclusive basis certain intellectual property related to Total Rewards to CES.

8. The Motions address three specific transactions, undertaken respectively in May and August 2014. As described further below, these transactions provided substantial benefits to CEOC—including more than $2 billion in cash and debt relief—were undertaken as part of a broader, sustained effort over many years to improve CEOC's financial condition, and provided CEOC with the means to pay more than $1.7 billion to its creditors.

The B-7 Transaction and 5% Stock Sale

9. By the end of the first quarter of 2014, CEC guaranteed almost $17.5 billion of CEOC's debt, including the 2016 Notes. At the time, however, CEC had only $174.6 million in cash, cash equivalents, and short term investments, and its market capitalization was approximately $2.6 billion.

10. On May 6, 2014, CEC and CEOC announced a transaction (the "B-7 Transaction") designed to repay CEOC's near-term maturities. Under the B-7 Transaction, CEOC obtained $1.75 billion of new term loans, which were used to repay, among other things, nearly all outstanding notes that were set to mature before 2016, including certain notes held by CGP. Specifically, CEOC retired: (a) 98 percent of the $214.8 million in aggregate principal

amount of 10.00% Second Priority Senior Secured Notes due 2015; and (b) 99.1 percent of the $792 million in aggregate principal amount of 5.625% Senior Notes due 2015.

11. In addition, as part of the transaction, CEOC's bank lenders—operating at the time under a Second Amended and Restated Credit Agreement (the "Credit Agreement")—consented to amend that agreement to relax certain financial covenants, including the "Senior Secured Leverage Ratio" ("SSLR") maintenance covenant, which governed the amount of senior secured debt CEOC could carry relative to its EBITDA, and which CEOC had been at risk of breaching.

12. As a condition of the new financing, the lenders who negotiated the transaction demanded that CEC exercise its right under various indentures—including the 2016 Notes Indenture—to release CEC's parent guarantee. This is reflected in, among other places, the Incremental Facility Amendment and Term B-7 Agreement itself, which provides in Section 4.1(b)(6) that "[p]rior to or substantially concurrently with the assumption of the Initial Term B-7 Loans by [CEOC], [CEOC] shall not be a Wholly-Owned Subsidiary of [CEC]." Because of the benefits to CEOC of obtaining the substantial new cash from the B-7 Transaction, CEC and CEOC assented to the lenders' conditions.

13. Accordingly, on May 5, 2014, CEC sold 5% of CEOC's stock to three investors for a total of $6.15 million (the "5% Stock Sale"). The sale was made to unaffiliated investors that held equity in CEC or CEOC debt. The sale did not entail any modifications to the Indenture, and no consent by the holders of the Notes was required under the terms of the Indenture. As a consequence of the sale, CEOC was no longer a "wholly owned subsidiary" of CEC.

14. Among the purchasers of CEOC stock in the 5% Stock Sale was one investor that separately agreed to sell other CEOC notes (due to mature in 2015) back to the

company, conditioned on the closing of the B-7 Transaction and at approximately the same time as the 5% Stock Sale. The price at which this sale was completed was equivalent to the price offered to all other holders of those notes in a tender offer made later that year. Indeed, a principal purpose of the B-7 Transaction was to address CEOC's near-term maturities by funding the repurchase of the notes due in 2015.

6% Stock Transfer

15. Separately, on May 30, 2014, CEOC executed a transaction (the "6% Stock Transfer") in which it transferred approximately 6% of its stock to an employee benefit plan for distribution to 377 employees, causing CEC to thereafter own approximately 89% of CEOC. The 6% Stock Transfer provided incentive compensation to employees and also allowed CEOC to disperse ownership of its stock and thus facilitated the listing of CEOC stock on an exchange, with the potential to create a liquid and tradable equity currency for CEOC to enable future capital markets transactions and debt-for-equity exchanges.

16. As with the 5% Stock Sale, the 6% Stock Transfer did not modify the Indenture, and the Indenture required no consent by the holders of the Notes.

August Transaction

17. On August 12, 2014, CEOC, CEC, and certain noteholders (the "Participating Noteholders") representing a majority of the 2016 Notes and CEOC's 5.75% Senior Notes due 2017 entered into a Note Purchase and Support Agreement. The transaction (the "August Transaction") was completed on August 22, 2014. Under the transaction, the Participating Noteholders consented to amendments to the indentures governing the 2016 and 2017 Notes by, among other things, removing CEC's guarantee on the 2016 and 2017 Notes and transferred to CEC and CEOC approximately $89.4 million of the 2016 Notes and $66 million of the 2017 Notes. In return, CEC and CEOC each transferred $77.7 million in cash to the

Participating Noteholders, and CEOC paid the Participating Noteholders for accrued and unpaid interest. CEC additionally transferred $426.6 million of the 2016 and 2017 Notes that it held to CEOC for cancellation. In total, the transaction reduced CEOC's outstanding debt by $582 million, at a cost to CEOC of only $78 million.

The Relationship Between CEC and CEOC Following the May Transactions

18. Beginning in June 2014, significant changes in CEOC's corporate governance were put in place affecting the relationship between CEC and CEOC. Prior to that time, CEOC's Board of Directors consisted of two members, but on June 27, 2014, one of them resigned and six new Board members were appointed, including two independent directors. Early in July, the independent directors of CEOC's Board selected independent legal counsel.

19. On July 30, 2014, a Governance Committee was formed on CEOC's Board, with the two independent directors as its only members. The Governance Committee was granted the power to evaluate any material financial transactions involving CEOC or its assets that required Board approval, and to exercise sole authority to consider and approve any matter involving a material conflict of interest affecting any other director or any person or group owning more than 5% of the company—including CEC. The Governance Committee also began an investigation into whether CEOC and other affiliates had legal claims against CEC based on various transactions, with the assistance of CEOC's independent legal counsel and an independent financial advisor.

20. The independent directors, together with the members of the CEOC Board, expressly approved the August Transaction.

The Restructuring Support Agreement

21. Over 2014, CEC and CEOC took action to enhance CEOC's overall financial condition and reposition CEOC for an improved gaming market. As a result of the

transactions and efforts discussed above, CEOC increased its cash reserves and decreased its debts. CEOC had approximately $1.2 billion in liquidity at the end of the first quarter of 2014 and $2.2 billion at the end of the second quarter. CEOC and CEC were paying all of their debts when due and were in compliance with their debt covenants, and CEC had an unqualified opinion from its auditors on its consolidated financial statements, which included CEOC.

22. On September 12, 2014, CEC announced that CEC and CEOC had executed non-disclosure agreements with certain senior creditors of CEOC. CEC had earlier attempted to engage creditor groups that included holders of CEOC's second lien debt but discussions ultimately did not progress or result in them joining the Restructuring Support and Forbearance Agreement (the "RSA") described below.

23. The negotiations with CEOC's senior secured creditors ultimately led to the RSA, originally dated December 19, 2014, which formed the basis of a plan for reorganization in CEOC's Chapter 11 case. The RSA sets forth the economic terms of a proposed plan for the reorganization of CEOC and the other debtor-affiliates.

24. Negotiations among representatives of CEC, the debtors, and CEOC's creditors are ongoing, and it is entirely possible that another plan will be developed and presented to the Bankruptcy Court, with different levels of distributions to CEOC's creditors based on, among other things, different contributions by CEC.

25. I attach a true and correct copy of the relevant portion of the document discussed in paragraph 12 above, as noted in the table below.

Exhibit A	Excerpt from the Incremental Facility Amendment and Term B-7 Agreement, dated as of June 11, 2014, between Caesars Operating Escrow LLC, CEC, the Incremental Lenders, Bank of America, N.A., as Administrative Agent, Credit Suisse AG, Cayman Islands Branch, as Incremental Lender and Escrow Administrative Agent, and CEOC.

I hereby declare under penalty of perjury that the foregoing is true and correct.

Dated: New York, New York
November 13, 2015

David B. Sambur

Sambur Declaration Exhibit A

EXECUTION VERSION

INCREMENTAL FACILITY AMENDMENT AND TERM B-7 AGREEMENT

This INCREMENTAL FACILITY AMENDMENT AND TERM B-7 AGREEMENT, dated as of June 11, 2014 (this "Agreement"), among Caesars Operating Escrow LLC, a Delaware limited liability company ("Escrow Borrower"), Caesars Entertainment Corporation, a Delaware corporation ("Holdings"), the Incremental Lenders party hereto, the Administrative Agent (as defined below), Credit Suisse AG, Cayman Islands Branch (as defined below), as New Administrative Agent (as defined in the Bank Amendment Agreement) (the "Escrow Administrative Agent") and, upon the assumption of the Term B-7 Loans, Caesars Entertainment Operating Company, Inc., a Delaware corporation (the "Borrower"), will, upon the occurrence of the Initial Incremental Effective Date (as defined below), amend the Second Amended and Restated Credit Agreement, dated as of March 1, 2012 (as amended, amended and restated, modified or supplemented from time to time, the "Credit Agreement"), among the Borrower, Holdings, the lenders from time to time party thereto (the "Lenders"), Bank of America, N.A., as administrative agent and collateral agent (in such capacity, the "Administrative Agent"), and the other parties named therein.

W I T N E S S E T H:

WHEREAS, the Borrower has requested that, on the Initial Incremental Effective Date, the Incremental Lenders provide Incremental Term Loans pursuant to Section 2.21 of the Credit Agreement in the form of Other Term Loans in an aggregate principal amount of $1,750,000,000.

WHEREAS, the Escrow Borrower has requested that, prior to the Initial Incremental Effective Date, the Incremental Term Lenders fund the Term B-7 Loans hereunder and deposit the net cash proceeds of the Term B-7 Loans into the Escrow Account on the Funding Date;

WHEREAS, the Incremental Lenders are willing to provide such Incremental Term Loans pursuant to the terms and subject to the conditions set forth herein.

WHEREAS, with respect to such Incremental Term Loans, Credit Suisse Securities (USA) LLC, Citigroup Global Markets Inc., Macquarie Capital (USA) Inc. and Deutsche Bank Securities Inc. (the "Incremental Arranging Parties") will act as joint lead arrangers.

NOW, THEREFORE, in consideration of the premises and covenants contained herein and for other good and valuable consideration, the receipt and sufficiency of which are hereby acknowledged, the parties hereto, intending to be legally bound hereby, agree as follows:

ARTICLE I

Definitions

Section 1.1. Defined Terms. Terms defined in the Credit Agreement and used herein shall have the meanings given to them in the Credit Agreement unless otherwise defined herein or the context otherwise requires. As used in this Agreement, the following terms have the meanings specified below.

"Additional Incremental Effective Date" shall mean the date on which all the conditions set forth or referred to in Section 4.1(c) hereof shall have been satisfied (or waived by each of the Incremental Lenders).

Section 3.3. Amendments to Section 2.10. Section 2.10(a) of the Credit Agreement is hereby amended by inserting the following new clause as clause (vii) in such Section:

> "(vii) the Borrower shall repay Term B-7 Borrowings on the last day of each fiscal quarter of the Borrower or, if such date is not a Business Day, the next preceding Business Day (each such date being referred to as a "Term B-7 Loan Installment Date"), in an aggregate principal amount with respect to each Term B-7 Loan Installment Date equal to 0.25% of the aggregate principal amount of the Term B-7 Loan outstanding on the Initial Incremental Effective Date."

Section 2.10(a) of the Credit Agreement is hereby further amended by (i) renumbering the existing clause "(vii)" as clause "(viii)", (ii) renumbering the existing clause "(viii)" as clause "(ix)", (iii) renumbering the existing clause "(ix)" as clause "(x)", (iv) renumbering the existing clause "(x)" as clause "(xi)", (v) renumbering the existing clause "(xi)" as clause "(xii)", (vi) deleting the text "and" at the end of existing clause (x), (vii) replacing the period at the end of the existing clause (xi) with the text "; and" and (viii) inserting the following clause as a new clause (xiii):

> "(xiii) to the extent not previously paid, outstanding Term B-7 Loans shall be due and payable on the Term B-7 Facility Maturity Date."

Section 3.4. Amendments to Section 2.13. Section 2.13(b) of the Credit Agreement is hereby amended (i) by inserting the text "and Term B-7 Loans" immediately following the occurrence of the text "Term B-4 Loans" in the first sentence thereof and (ii) inserting the following sentence at the end of such Section:

> "The Term B-7 Loans comprising each Eurocurrency Borrowing shall bear interest at (i) the greater of (x) the Eurocurrency Rate for the Interest Period in effect for such Borrowing and (y) 1.00% plus (ii) the Applicable Margin plus (in the case of a Eurocurrency Loan of any Lender which is lent from a lending office in the United Kingdom or a Participating Member State) the Mandatory Cost."

Section 3.5. Amendments to Section 3.12. Section 3.12 of the Credit Agreement is hereby amended by deleting the text "and" immediately preceding the occurrence of the text "(b)" set forth therein and replacing the period immediately following clause (b) in such Section with the following new clause:

> "; and (c) the Borrower will use the proceeds of the Term B-7 Loans to refinance, repay and/or retire the Borrower's 5.625% Senior Notes due 2015, the Second Priority Senior Secured Notes due 2015, the Term Loans and/or for other general corporate purposes."

Section 3.6. Amendments to Section 5.12. Section 5.12 of the Credit Agreement is hereby amended by (i) deleting the text "and" immediately preceding the occurrence of the text "Term B-6 Loans" set forth therein and (ii) inserting the text "and Term B-7 Loans" immediately following the occurrence of the text "Term B-6 Loans" set forth therein.

ARTICLE IV

Conditions and Miscellaneous

Section 4.1. Conditions to Funding and Escrow Release.

(a) The obligations of the Incremental Lenders to fund the Term B-7 Loans hereunder on the Funding Date are subject to the satisfaction of the following conditions precedent on or prior to June 11, 2014:

(1) The Escrow Administrative Agent shall have received (i) from the Escrow Borrower, a request in form reasonably satisfactory to the Escrow Administrative Agent to fund such Term B-7 Loans into the Escrow Account not later than 5:00 pm New York City time one Business Day prior to the Funding Date, (ii) from Holdings, the Escrow Borrower and the Incremental Lenders in respect of the Term B-7 Loans party hereto, either (A) a counterpart of this Agreement signed on behalf of such party or (B) written evidence satisfactory to the Escrow Administrative Agent (which may include telecopy transmission of a signed signature page of this Agreement) that such party has signed a counterpart of this Agreement and (iii) from the Escrow Borrower and the Escrow Agent, either (A) a counterpart of the Escrow Agreement signed on behalf of such party or (B) written evidence satisfactory to the Escrow Administrative Agent (which may include telecopy transmission of a signed signature page of the Escrow Agreement) that such party has signed a counterpart of the Escrow Agreement.

(2) The Escrow Administrative Agent shall have received, on behalf of itself and the Incremental Lenders on the Funding Date, a written opinion of Paul, Weiss, Rifkind, Wharton & Garrison LLP, special counsel for the Escrow Borrower and Holdings, (A) dated the Funding Date, (B) addressed to the Escrow Administrative Agent and the Incremental Lenders and (C) covering customary matters relating to this Agreement and the Escrow Agreement.

(b) The Escrow Borrower agrees that it shall not direct the Escrow Agent to release the Escrow Account Funds in respect of the Initial Term B-7 Loans, and the Escrow Release Date with respect to the Initial Term B-7 Loans and the Initial Incremental Effective Date (and the assumption by the Borrower of the Initial Term B-7 Loans) shall not occur, until:

(1) On the Initial Incremental Effective Date, the conditions set forth in Section 2.21(c) of the Credit Agreement shall be satisfied and the Administrative Agent shall have received a certificate of a Responsible Officer of the Borrower, dated as of the Initial Incremental Effective Date, confirming compliance with such conditions.

(2) If the Bank Amendment Agreement shall not become effective in accordance with its terms on the Initial Incremental Effective Date, unless waived by the Administrative Agent, the Administrative Agent shall have received a written opinion of Paul, Weiss, Rifkind, Wharton & Garrison LLP, special counsel for the Borrower and the other Loan Parties, (A) dated the Initial Incremental Effective Date, (B) addressed to the Administrative Agent and the Incremental Lenders and (C) covering customary matters relating to this Agreement, the Assumption Joinder and the other Loan Documents.

(3) Unless waived by the Administrative Agent, the Administrative Agent shall have received a completed “Life-of-Loan” Federal Emergency Management Agency standard flood hazard determination with respect to each portion of any Mortgaged Property on which any “building” as defined in the Flood Disaster Protection Act of 1973 is located (together with a notice about special flood hazard area

status and flood disaster assistance duly executed by the Borrower and each other applicable Loan Party relating thereto) and a copy of, or a certificate as to coverage under, flood insurance policies for any property located in a special flood hazard area, to the extent required to comply with the Flood Disaster Protection Act of 1973 or any successor statue thereto as in effect as of the Initial Incremental Effective Date.

(4) If the Bank Amendment Agreement shall not become effective in accordance with its terms on the Initial Incremental Effective Date, the Administrative Agent shall have received the information required by Section 4.13.

(5) Each Loan Party shall have obtained all consents and approvals required to be obtained by it in connection with the execution and delivery of this Agreement.

(6) Prior to or substantially concurrently with the assumption of the Initial Term B-7 Loans by the Borrower, the Borrower shall not be a Wholly-Owned Subsidiary of Holdings.

(7) The Borrower shall have assumed the Initial Term B-7 Loans pursuant to the execution and delivery to the Administrative Agent of an Assumption Joinder substantially in the form of Exhibit E hereto.

(8) Each of the Escrow Administrative Agent and the Administrative Agent shall have received all fees and other amounts due and payable on or prior to the Initial Incremental Effective Date pursuant to the Engagement Letter, dated as of May 7, 2014, as amended prior to the date hereof, by and among the Borrower and certain of the Incremental Arranging Parties, for the benefit of the parties entitled thereto pursuant to such Engagement Letter.

(c) The Escrow Borrower agrees that it shall not direct the Escrow Agent to release the Escrow Account Funds in respect of the Additional Term B-7 Loans, and the Escrow Release Date with respect to the Additional Term B-7 Loans and the Additional Incremental Effective Date (and the assumption by the Borrower of the Additional Term B-7 Loans) shall not occur, until:

(1) The Initial Incremental Effective Date shall have occurred.

(2) The Bank Amendment Effective Date shall have occurred.

(3) On the Additional Incremental Effective Date, the conditions set forth in Section 2.21(c) of the Credit Agreement shall be satisfied and the Administrative Agent shall have received a certificate of a Responsible Officer of the Borrower, dated as of the Additional Incremental Effective Date, confirming compliance with such conditions.

(4) Each Loan Party shall have obtained all consents and approvals required to be obtained by it in connection with the execution and delivery of this Agreement.

(5) The Borrower shall have assumed the Additional Term B-7 Loans pursuant to the execution and delivery to the Administrative Agent of an Assumption Joinder substantially in the form of Exhibit E hereto.