UNITED STATES DISTRICT COURT
SOUTHERN DISTRICT OF NEW YORK

MEEHANCOMBS GLOBAL CREDIT OPPORTUNITIES MASTER FUND, LP, *et al.*

Plaintiffs,

v.

CAESARS ENTERTAINMENT CORPORATION and CAESARS ENTERTAINMENT OPERATING COMPANY, INC.,

Defendants.

No. 14 Civ. 07091 (SAS)

[PROPOSED] SCHEDULING ORDER

FREDERICK BARTON DANNER, Individually and on behalf of all others similarly situated,

Plaintiff,

v.

CAESARS ENTERTAINMENT CORPORATION and CAESARS ENTERTAINMENT OPERATING COMPANY, INC.,[1]

Defendants.

No. 14 Civ. 07973 (SAS)

---

[1] While the caption of this matter remains the same as in the Plaintiffs' original Complaints, Caesars Entertainment Operating Company ("CEOC") is not a party to this Order as, pursuant this Court's Order dated January 15, 2015 (D.I. 21), the Plaintiffs' Complaints against Defendant CEOC are stayed pursuant to Section 362(a) of Title 11 of the United States Code based on Chapter 11 petitions filed with respect to CEOC in both the United States Bankruptcy Courts for the District of Delaware and for the Northern District of Illinois. For the avoidance of doubt, and notwithstanding anything else stated herein, this scheduling order shall not apply to CEOC and ***is not and should not be deemed an attempt to commence or continue an action against CEOC, to collect a debt against CEOC or take any other action in violation of the automatic stay imposed by Section 362 of Title 11 of the United States Code.***

WHEREAS, the Court issued an Order for a Conference in accordance with Fed. R. Civ. P. 16(b) (the "Order"); and

WHEREAS, the Order requires that the parties jointly prepare and sign a proposed Scheduling Order containing certain information;

NOW, THEREFORE, the parties hereby submit the following information as required by the Order:

1. The date of the conference and the appearances of the parties are:

February 3, 2015 conference date. Appearances: (A) James H. Millar and Clay J. Pierce, Drinker Biddle & Reath LLP for plaintiffs in the *MeehanCombs* Action; (B) Meagan Farmer, Gardy & Notis, LLP and Gordon Z. Novod, Grant & Eisenhofer P.A. for plaintiff in the *Danner* Action; (C) Lewis R. Clayton and Jonathan H. Hurwitz, Paul, Weiss, Rifkind, Wharton & Garrison, LLP, for defendant CEC.

2. The date by which the automatic disclosures will be exchanged:

The parties Rule 26(a) initial disclosures shall be provided on or before February 13, 2015.

3. Concise statement of the issues as they then appear:

By plaintiffs: The *MeehanCombs* Plaintiffs and Class Plaintiff Frederick Barton Danner are, collectively, beneficial owners of 2016 Notes and 2017 Notes issued by Defendant CEOC and unconditionally guaranteed by Defendant CEC. Plaintiffs allege that Defendants CEC and CEOC breached the Trust Indenture Act and multiple provisions of the Notes, the governing Indentures, and CEC's Guarantee when, in August 2014, the Defendants paid all principal and interest owed to three select noteholders on their 2016 and 2017 Notes in return for those holders' consenting to Supplemental Indentures that substantially impaired the ability of Plaintiffs and other noteholders not involved in the transaction to recover on their securities. The

amendments include the elimination of CEC's Guarantee obligation, and the weakening of Indenture provisions prohibiting CEOC from transferring substantially all of its assets (the "Covenants Against Fundamental Changes"). Plaintiffs allege that the challenged transaction is one part of a larger continuing scheme by Caesars to shed its debt obligations while simultaneously shielding key assets (and the interests of its private equity shareholders Apollo Global Management and TPG) from CEOC's bankruptcy. Plaintiffs seek a declaration that the Guarantees and Covenants Against Fundamental Changes remain in full force and effect and that the Supplemental Indentures are invalid. Plaintiffs also seek actual and prospective damages in an amount to be determined at trial, but not less than an amount equal to the principal of and accrued and unpaid interest on their Notes. Finally, Plaintiffs do not believe that the defenses CEC offers below in defense of the transaction are supported by the evidence.

By defendant CEC: CEC, together with CEOC and its other operating affiliates, owns and operates a network of casinos, hotels, and other entertainment venues. Since 2008, CEOC has been faced with severe revenue and operational challenges resulting from the global recession, increased competition in the gaming industry, and changing consumer preferences—factors that ultimately led to its recent bankruptcy filing. In August 2014, as one element of a sustained strategy to reduce and extend the maturities of its debt and stabilize its finances, CEOC, together with CEC, completed the transaction that plaintiffs challenge in this case. As part of this transaction, CEC and CEOC purchased $155 million of unsecured CEOC Notes due 2016 and 2017; CEC contributed approximately $78 million in cash of the purchase price and contributed to CEOC an additional $426.6 million of Notes. Thus, the transaction enabled CEOC to reduce its debt by $582 million at a cost to it of less than $78 million. The participating noteholders, who represent a majority of the Notes outstanding in each issuance,

agreed to modify certain Note covenants, including by acknowledging that CEC's guarantee of the Notes had previously been terminated.

We believe that the evidence will show, on a full record, that the transaction complied fully with the governing Note Indentures and the Trust Indenture Act of 1939 (the "TIA"). The evidence will also show that, even before the August 2014 transaction, the guarantee on both series of Notes by CEC had previously been terminated in accordance with the express terms of the Indentures. For this reason, we believe plaintiffs will be unable to establish either that the August 2014 transaction impaired their rights to payment under the Notes, or that they have suffered any damages as a result of that transaction. While the Court has held that the allegations of the Complaint are sufficient to state a claim for breach of the Indentures and under Section 316(b) of the TIA, we believe the evidence will establish neither wrongdoing by CEC or CEOC nor any damages. The evidence also will not support plaintiffs' allegation that CEC and CEOC have engaged in a "scheme to shed [CEOC's] debt obligations while …shielding key assets … from CEOC's bankruptcy." On the contrary, the evidence will show that the transactions to which plaintiffs apparently refer provided CEOC with more than $2 billion in cash, reduced its outstanding debt by hundreds of millions of dollars, were the result of arm's length negotiations, and were supported by fairness opinions issued by leading investment firms. April, May June, July

4. A schedule including:

a. The names of persons to be deposed and a schedule of planned depositions:

Plaintiffs intend to depose the following witnesses: (i) parties identified in CEC's Rule 26(a) disclosures; (ii) CEC Rule 30(b)(6) witness(es) - most knowledgeable of the August 2014Transaction and the issues related thereto, including but not limited to signatories of the Rule 45 Note Purchase and Support Agreement; (iii) CEOC Rule 30(b)(6) witness(es) – most knowledgeable of the August 2014 Transaction and the issues related thereto, including but not

limited to signatories of the Note Purchase and Support Agreement; (iv) CEOC's board of directors Rule 30(b)(6) witness(es) – most knowledgeable of the August 2014 Transaction and the issues related thereto, including but not limited to signatories of the Note Purchase and Support Agreement; (v) one or more of the Preferred Noteholders and/or those noteholders' representatives; (vi) Law Debenture as Indentures Trustee for the Notes; (vii) one or more of the Sponsors to the extent they had direct participation in the August 2014 Transaction

CEC intends to depose the following witnesses: (i) parties identified in plaintiffs' Rule 26(a) disclosures; (ii) Frederick Barton Danner; and (iii) witnesses for each of the *MeehanCombs* plaintiffs concerning their purchases and holding of the 2016 Notes and 2017 Notes.

The parties reserve the right to notice additional or alternative depositions, and to object to the deposition of any witness noticed for a deposition, as discovery progresses. The parties agree that discovery in the *Danner* and *MeehanCombs* cases shall be coordinated and that no witness will be deposed more than once. Depositions are to commence after productions of documents, answers to interrogatories, and ~~response to requests for admission~~, and shall be completed no later than the date on which fact discovery is scheduled to be completed.

b. A schedule for the production of documents:

(i) The parties shall exchange initial requests for production of documents and interrogatories by March 6, 2015.

(ii) The parties will serve responses and objections to written discovery requests in accordance with the Federal Rules of Civil Procedure. promptly April 6

(iii) The parties will meet and confer promptly about electronic discovery in accordance with the Pilot Project for Complex Civil Cases.

(iv) The parties will meet and confer about a schedule for the production of documents following the exchange of initial document requests.

c. dates by which (i) each expert's reports will be supplied to the adverse side and (ii) each expert's deposition will be completed:

(i) The parties will designate experts and provide Rule 26 reports within 45 days of completion of fact discovery.

(ii) Rebuttal expert reports, if any, shall be provided within 60 days of service of the initial expert reports.

(iii) Expert depositions, if any, shall be completed within 30 days of service of rebuttal expert reports or, if none, 90 days from service of the initial expert reports.

d. Time when fact discovery is to be completed:

All fact discovery should be completed by October 1, 2015.

e. The date by which plaintiffs will supply their pre-trial order matters to defendant:

Plaintiffs shall provide CEC with pre-trial order matters within 60 days of completion of expert discovery, provided that, if any party makes a dispositive motion within 21 days after the completion of expert discovery, plaintiffs shall provide CEC with pre-trial order matters within 60 days of the resolution of such dispositive motion.

f. The date by which the parties will submit a pre-trial order in a form conforming the Court's instructions together with trial briefs and either (1) proposed findings of fact and conclusions of law for a non-jury trial, or (2) proposed *voir dire* questions and proposed jury instructions, for a jury trial:

The parties shall submit a pre-trial order within 30 days of plaintiffs providing CEC with pre-trial order matters.

g. Final pre-trial conference pursuant to Fed. R. Civ. P. 16(d), to be filled in by the Court at the conference:

August 18 at 4:30

5. A statement of any limitation to be placed on discovery, including any protective or confidentiality orders:

The parties contemplate entering into a stipulation concerning the exchange of confidential information and submitting such a stipulation to the Court to be so ordered. As discovery progresses, the parties may seek additional confidentiality or protective orders or other limitations on discovery.

6. A statement of those discovery issues, if any, on which counsel, after a good faith effort were unable to reach an agreement.

None to date.

7. Anticipated fields of expert testimony, if any:

Plaintiffs anticipate expert testimony will be necessary for issues regarding: (a) custom and practice of the debt securities market; (b) damages; (c) financial condition of CEOC (to be determined once discovery progresses).

CEC anticipates expert testimony may be necessary for issues regarding: (a) custom and practice in the debt securities market, including with respect to guarantees; (b) property valuation; and (c) the gaming industry.

The parties reserve the right to submit expert reports on any topic identified by the opposing party as a subject of expert testimony or on any appropriate subject.

8. Anticipated length of trial and whether to court or jury:

Counsel for the parties are not now able to estimate the length of trial, and propose addressing this issue at a status conference at the close of all discovery. Plaintiffs have demanded a trial by jury. CEC reserves the right to object to a trial by jury at the appropriate time.

9. This Scheduling Order may be altered or amended only on a showing of good cause not foreseeable at the time of the conference or when justice so requires.

Dated: New York, New York
February __, 2015

DRINKER BIDDLE & REATH LLP

By: _____
James H. Millar
Kristin K. Going
Clay J. Pierce
Tracy S. Combs
1177 Avenue of the Americas
New York, New York 10036-2714
(212) 248-3140
Attorneys for Plaintiffs
in the MeehanCombs Action

PAUL, WEISS, RIFKIND,
WHARTON & GARRISON LLP

By: _____
Lewis R. Clayton
Michael E. Gertzman
Jonathan H. Hurwitz
1285 Avenue of the Americas
New York, New York 10019-6064
(212) 373-3000
Attorneys for Defendant
Caesars Entertainment Corporation

GARDY & NOTIS, LLP

By: _____
Mark C. Gardy
James S. Notis
Meagan Farmer
Tower 56
126 East 56th Street, 8th Floor
New York, New York 10022
(212) 905-0509

GRANT & EISENHOFER P.A.

By: _____
Jay W. Eisenhofer
Gordon Z. Novod
Elizabeth Shofner
485 Lexington Avenue, 29th Floor
New York, New York 10017
(646) 722-8500
Attorneys for Plaintiff in the Danner Action

SO ORDERED

_____
Hon. Shira A. Scheindlin, U.S.D.J.

Dated: February 3, 2015
New York, New York