

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 FILING OF THE DISCLOSURE STATEMENT FOR THE
DEBTORS' SECOND AMENDED JOINT PLAN OF REORGANIZATION
PURSUANT TO CHAPTER 11 OF THE BANKRUPTCY CODE**

PLEASE TAKE NOTICE that on May 27, 2016, the Debtors filed the *Disclosure Statement for the Debtors' Second Amended Joint Plan of Reorganization Pursuant to Chapter 11 of the Bankruptcy Code* (the "Disclosure Statement") [Docket No. 3834] with the United States Bankruptcy Court for the Northern District of Illinois (the "Court").

PLEASE TAKE FURTHER NOTICE that the Debtors hereby file a revised *Disclosure Statement for the Debtors' Second Amended Joint Plan of Reorganization Pursuant to Chapter 11 of the Bankruptcy Code* (the "Revised Disclosure Statement"). A copy of the Revised Disclosure Statement is attached hereto as **Exhibit 1**.

PLEASE TAKE FURTHER NOTICE that attached hereto as **Exhibit 2** is a redline of the Revised Disclosure Statement reflecting cumulative changes from the Disclosure Statement.

PLEASE TAKE FURTHER NOTICE that copies of the Revised Disclosure Statement and 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 <http://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: June 6, 2016
Chicago, Illinois

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Exhibit 1

Revised Disclosure Statement

UNITED STATES BANKRUPTCY COURT
NORTHERN DISTRICT OF ILLINOIS
EASTERN DIVISION

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

**DISCLOSURE STATEMENT FOR THE DEBTORS'
SECOND AMENDED JOINT PLAN OF REORGANIZATION
PURSUANT TO CHAPTER 11 OF THE BANKRUPTCY CODE**

THIS IS NOT A SOLICITATION OF AN ACCEPTANCE OR REJECTION OF THE PLAN WITHIN THE MEANING OF SECTION 1125 OF THE BANKRUPTCY CODE. ACCEPTANCES OR REJECTIONS OF THE PLAN MAY NOT BE SOLICITED UNTIL A DISCLOSURE STATEMENT HAS BEEN APPROVED BY THE BANKRUPTCY COURT. THIS DRAFT DISCLOSURE STATEMENT HAS NOT BEEN APPROVED BY THE BANKRUPTCY COURT

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Dated: June 6, 2016

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>.

IMPORTANT INFORMATION FOR YOU TO READ

**THE DEADLINE TO VOTE ON THE PLAN IS
[September 16], 2016, at 4:00 p.m. (prevailing Central Time).**

**FOR YOUR VOTE TO BE COUNTED, YOUR BALLOT MUST BE ACTUALLY RECEIVED BY PRIME
CLERK BEFORE THE VOTING DEADLINE AS DESCRIBED HEREIN**

This disclosure statement (this “Disclosure Statement”) provides information regarding the Debtors’ Plan,² which the Debtors seek to have confirmed by the Bankruptcy Court. A copy of the Plan is attached hereto as Exhibit A. Unless otherwise noted, all capitalized terms used but not otherwise defined in this Disclosure Statement have the meanings ascribed to them in the Plan. The rules of interpretation set forth in Article I.B of the Plan govern the interpretation of this Disclosure Statement.³

The consummation and effectiveness of the Plan are subject to certain material conditions precedent described herein and set forth in Article IX of the Plan. There is no assurance that the Bankruptcy Court will confirm the Plan or, if the Bankruptcy Court does confirm the Plan, that the conditions necessary for the Plan to go effective will be satisfied or otherwise waived.

You are encouraged to read this Disclosure Statement (including Article IX hereof entitled “Risk Factors”) and the Plan in their entirety before submitting your Ballot to vote on the Plan.

The Bankruptcy Court’s approval of this Disclosure Statement does not constitute a guarantee by the Bankruptcy Court of the accuracy or completeness of the information contained herein or an endorsement by the Bankruptcy Court of the merits of the Plan.

Summaries of the Plan and statements made in this Disclosure Statement are qualified in their entirety by reference to the Plan. The summaries of the financial information and the documents annexed to this Disclosure Statement or otherwise incorporated herein by reference are qualified in their entirety by reference to those documents. The statements contained in this Disclosure Statement are made only as of the date of this Disclosure Statement, and there is no assurance that the statements contained herein will be correct at any time after such date. Except as otherwise provided in the Plan or in accordance with applicable law, the Debtors are under no duty to update or supplement this Disclosure Statement.

The Debtors are providing the information in this Disclosure Statement to Holders of Claims and Interests for purposes of soliciting votes to accept or reject the Debtors’ Second Amended Joint Plan of Reorganization Pursuant to Chapter 11 of the Bankruptcy Code. In the event of any inconsistency between the Disclosure Statement and the Plan, the relevant provisions of the Plan will govern. Nothing in this Disclosure Statement may be relied upon or used by any entity for any other purpose. Before deciding whether to vote for or against the Plan, each Holder entitled to vote should carefully consider all of the information in this Disclosure Statement, including the Risk Factors described in Article IX.

² As used herein, “Plan” means the *Debtors’ Second Amended Joint Plan of Reorganization Pursuant to Chapter 11 of the Bankruptcy Code*, a copy of which is attached as Exhibit A to this Disclosure Statement and incorporated herein by reference, as it may be altered, amended, modified, or supplemented from time to time in accordance with the terms of Article IX thereof, and including all exhibits thereto and the Plan Supplement. Capitalized terms used but not otherwise defined herein have the meanings given to them in the Plan.

³ The Debtors have proprietary rights to a number of trademarks used in this Disclosure Statement that are important to their businesses, including, without limitation, Caesars, Caesars Entertainment, Caesars Palace, Harrah’s, Total Rewards, Horseshoe, Paris Las Vegas, Flamingo, and Bally’s. This Disclosure Statement may omit the registered trademark (®) and trademark (™) symbols for such trademarks named herein.

The Debtors urge each Holder of a Claim or Interest to consult with its own advisors with respect to any legal, financial, securities, tax, or business advice in reviewing this Disclosure Statement, the Plan, and each proposed transaction contemplated by the Plan.

This Disclosure Statement contains, among other things, summaries of the Plan, certain statutory provisions, certain events in the Debtors' Chapter 11 Cases, and certain documents related to the Plan, attached hereto and/or incorporated by reference herein. Although the Debtors believe that these summaries are fair and accurate, they are qualified in their entirety to the extent that they do not set forth the entire text of such documents or statutory provisions or every detail of such events. In the event of any inconsistency or discrepancy between a description in this Disclosure Statement and the terms and provisions of the Plan or any other documents incorporated herein by reference, the Plan or such other documents will govern for all purposes. Factual information contained in this Disclosure Statement has been provided by the Debtors' management except where otherwise specifically noted. The Debtors do not represent or warrant that the information contained herein or attached hereto is without any material inaccuracy or omission.

The Debtors have prepared this Disclosure Statement in accordance with section 1125 of the Bankruptcy Code, Bankruptcy Rule 3016(b), and Local Bankruptcy Rule 3016-1 and is not necessarily prepared in accordance with federal or state securities laws or other similar laws.

The Debtors did not file this Disclosure Statement with the Securities and Exchange Commission (the "SEC") or any state authority. Neither the SEC nor any state authority has passed upon the accuracy or adequacy of this Disclosure Statement or upon the merits of the Plan. The securities to be issued on or after the effective date will not have been the subject of a registration statement filed with the SEC under the Securities Act of 1933, as amended (the "Securities Act") or any securities regulatory authority of any state under any state securities law ("Blue Sky Law"). The securities to be issued will be issued pursuant to the Plan in reliance on section 4(a)(2) of the Securities Act and similar Blue Sky Law provisions, as well as, to the extent applicable, the exemption from the Securities Act and equivalent state law registration requirements provided by section 1145(a)(1) of the Bankruptcy Code, to exempt the offer and the issuance of new securities in connection with the solicitation of the Plan from registration under the Securities Act and Blue Sky Law.

In preparing this Disclosure Statement, the Debtors relied on financial data derived from the Debtors' books and records and on various assumptions regarding the Debtors' businesses. Although the Debtors believe that such financial information fairly reflects the financial condition of the Debtors as of the date hereof and that the assumptions regarding future events reflect reasonable business judgments, the Debtors make no representations or warranties as to the accuracy of the financial information contained in this Disclosure Statement or assumptions regarding the Debtors' businesses and their future results and operations. The Debtors expressly caution readers not to place undue reliance on any forward-looking statements contained herein.

This Disclosure Statement does not constitute, and should not be construed as, an admission of fact, liability, stipulation, or waiver. The Debtors may seek to investigate, file, and prosecute Claims and may object to Claims after the Confirmation or Effective Date of the Plan irrespective of whether this Disclosure Statement identifies such Claims or objections to Claims.

The Debtors are making the statements and providing the financial information contained in this Disclosure Statement as of the date hereof, unless otherwise specifically noted. Although the Debtors may subsequently update the information in this Disclosure Statement, the Debtors have no affirmative duty to do so, and expressly disclaim any duty to publicly update any forward-looking statements, whether as a result of new information, future events, or otherwise. Holders of Claims and Interests reviewing this Disclosure Statement should not infer that, at the time of their review, the facts set forth herein have not changed since this Disclosure Statement was filed. Information contained herein is subject to completion, modification, or amendment. The Debtors reserve the right to file an amended or modified Plan and related Disclosure Statement from time to time, subject to the terms of the Plan.

The Debtors have not authorized any entity to give any information about or concerning the Plan other than that contained in this Disclosure Statement. The Debtors have not authorized any representations concerning the Debtors or the value of their property other than as set forth in this Disclosure Statement.

If the Bankruptcy Court confirms the Plan and the Effective Date occurs, the terms of the Plan and the Restructuring Transactions contemplated by the Plan will bind the Debtors, any person acquiring property under the Plan, all Holders of Claims and Interests (including those Holders of Claims and Interests that do not submit Ballots to accept or reject the Plan or that are not entitled to vote on the Plan), and any other person or entity as may be ordered by the Bankruptcy Court in accordance with the applicable provisions of the Bankruptcy Code.

QUESTIONS AND ADDITIONAL INFORMATION

If you would like to obtain copies of this Disclosure Statement, the Plan, or any other solicitation materials or publicly filed documents in the Chapter 11 Cases, or if you have any questions about the solicitation and voting process or the Chapter 11 Cases generally, please contact the Debtors' Notice and Claims Agent, Prime Clerk LLC by (i) email at ceocballots@primeclerk.com, (ii) calling (855) 842-4123 within the United States or Canada or, outside of the United States or Canada, by calling +1 (646) 795-6969, (iii) visiting <https://cases.primeclerk.com/CEOC>, or (iv) writing to Prime Clerk LLC, 830 Third Avenue, 3rd Floor, New York, New York 10022.

Any Ballot received after the Voting Deadline, or otherwise not in compliance with the Solicitation Procedures set forth in the Solicitation Procedures Order will not be counted.

TABLE OF CONTENTS

	<u>Page</u>
ARTICLE I. EXECUTIVE SUMMARY.....	1
A. Introduction.....	1
B. Development of the Debtors’ Proposed Plan	2
C. Plan Overview.....	5
D. Creditor Recoveries.....	7
E. Plan Contingencies.....	12
F. Marketing Process.....	13
G. Recommendation	13
ARTICLE II. BACKGROUND TO THE CHAPTER 11 CASES.....	14
A. The Debtors’ Businesses.....	14
B. The Debtors’ Corporate Structure, Parent, and Affiliates	17
C. Management of the Debtors	20
D. The Debtors’ Capital Structure	24
ARTICLE III. EVENTS LEADING TO THE CHAPTER 11 FILINGS	26
A. Economic Challenges.....	27
B. Certain Prepetition Challenged Transactions	29
C. Recent and Impending Property Closures.....	29
D. Litigation Regarding Challenged Transactions and CEC’s Guarantees.....	29
E. Prepetition Restructuring Negotiations and Prepetition RSA	32
F. Proposed Merger of CEC and CAC	33
G. The Debtors’ Financial Outlook and Business Strategy Going Forward	34
ARTICLE IV. MATERIAL EVENTS OF THE CHAPTER 11 CASES.....	34
A. Involuntary Chapter 11 Proceedings	34
B. First Day Pleadings and Certain Related Relief	35
C. Appointment of Official Committees.....	40
D. Special Governance Committee Investigation	41
E. The Examiner.....	52
F. Mesirow Financial Consulting’s Role in the SGC Investigation	57
G. Positions of CEC, the Sponsors, the Second Priority Noteholders Committee, and the Ad Hoc Group of 5.75% and 6.50% Notes Regarding the Challenged Transactions	61
H. Value of CEC Contributions	70
I. The Second Lien Standing Motion	71
J. Development of the Proposed Restructuring and Plan.....	71
K. Marketing Process.....	77
L. Exclusivity	79
M. Mediation	80
N. The Lien Standing Challenges	80
O. The 1111(b) Claim Objections.....	81
P. Debtors’ Objections to Second Lien Notes Claims.....	82
Q. Claims Bar Date and the Claims Objection Process	85
R. Deferred Compensation Plan Issues.....	86
S. Adversary Proceedings and Contested Matters.....	87
T. Other Pending Litigation Proceedings	94
U. Monetizing the Former Harrah’s Tunica Property	94

V.	Workload Bonus Program.....	95
W.	Rejection and Assumption of Executory Contracts and Unexpired Leases	95
X.	Postpetition Letter of Credit Facility.....	97
Y.	Debtors' Monthly Operating Reports.....	97
ARTICLE V. SUMMARY OF THE PLAN		97
A.	Proposed Treatment of Each Class of Claims and Interests.....	98
B.	Proposed Distributions to Holders of Allowed Claims and Interests	101
C.	Timing and Calculation of Amounts to Be Distributed	109
D.	Process for Dealing with Disputed Claims	109
E.	The Separation Structure.....	110
F.	Sources of Recovery	110
G.	Shared Services	119
H.	Master Lease Agreements.....	120
I.	Management and Lease Support Agreements	120
J.	Transition Services Agreement	120
K.	Corporate Governance	120
L.	Right of First Refusal Agreement	121
M.	PropCo Call Right Agreement	122
N.	The Bank Guaranty Settlement	122
O.	Subsidiary-Guaranteed Notes Settlement.....	122
P.	Adequate Protection and Operating Cash for OpCo and the REIT	122
Q.	General Settlement and Discharge of Claims, Interests, Causes of Action, and Controversies	124
R.	Ordinary Course of Business Through the Effective Date	124
S.	The Debtor Release, Third-Party Release, Exculpation, and Injunction.....	124
T.	Retention of Causes of Action	127
U.	Treatment of Executory Contracts and Unexpired Leases	127
ARTICLE VI. SOLICITATION AND VOTING PROCEDURES		132
A.	Solicitation Packages	132
B.	Voting Rights	133
C.	Voting Procedures.....	134
D.	Ballots and Master Ballots Not Counted.....	134
ARTICLE VII. FIRST LIEN CREDITOR ELECTIONS		135
A.	PropCo Preferred Equity Put Election.	135
B.	PropCo Equity Election.	135
C.	Plan Supplement.	136
ARTICLE VIII. CONFIRMATION OF THE PLAN		136
A.	Confirmation Hearing	136
B.	Requirements for Confirmation of the Plan	136
C.	Acceptance by Impaired Classes.....	143
D.	Confirmation without Acceptance by All Impaired Classes	143
ARTICLE IX. RISK FACTORS.....		144
A.	Certain Bankruptcy Law Considerations	145
B.	Risk Factor Regarding the NRF Claim	147
C.	Risk Factor Regarding the Proposed Merger Between CEC and CAC.....	147

D.	Second Priority Noteholders Committee Risk Factor Regarding the CEC Considerations	147
E.	Risk Factors and Considerations Regarding the Companies' Businesses and Operations	148
F.	Risk Factors and Considerations Regarding PropCo's, CPLV Sub's, and the REIT's Businesses and Operations	152
G.	Risk Factors and Considerations Regarding the Companies' Financial Condition	154
H.	Risk Factors and Considerations Regarding the Separation of the Debtors into OpCo, PropCo, and the REIT	157
I.	Risk Factors and Considerations Regarding the Status of the REIT as a Real Estate Investment Trust	159
J.	Risk Factor Relating to Appeal and Equitable Mootness	164
K.	Risks Relating to the New Debt	164
L.	Risks Relating to the New Interests Under the Plan	173
M.	Risks Relating to the New CEC Common Stock and New CEC Convertible Notes	176
N.	Risks Related to the Marketing Process	179
O.	Risk Factor Related to the Deferred Compensation Settlement	180
P.	Disclosure Statement Disclaimer	180
Q.	Liquidation Under Chapter 7	181
ARTICLE X. CERTAIN SECURITIES LAW MATTERS		181
A.	Issuance of Securities under the Plan Pursuant to the Plan:	181
B.	Subsequent Transfers of Securities Issued under the Plan	183
ARTICLE XI. CERTAIN UNITED STATES INCOME TAX CONSEQUENCES OF THE PLAN		184
A.	Introduction	184
B.	Certain Federal Income Tax Consequences of the Plan to the Debtors	186
C.	Certain Federal Income Tax Consequences of the Plan to U.S. Holders of Allowed Claims and Interests	187
D.	Certain Federal Income Tax Consequences of the Plan to Non-U.S. Holders of Allowed Claims and Interests	198
E.	Certain REIT Tax Considerations, Including Certain Dividend Requirements	200
F.	Tax Aspects of REITCo's Ownership of PropCo	212
G.	Ownership and Disposition of the PropCo LP Interests	213
H.	Ownership and Disposition of New CEC Common Equity and New CEC Convertible Notes	215
I.	Ownership and Disposition of New CEC Convertible Notes and Conversion of New CEC Convertible Notes Into New CEC Common Equity	217
J.	Constructive Distributions to Holders of New CEC Common Equity and New CEC Convertible Notes	218
K.	Withholding and Reporting	219

EXHIBITS

EXHIBIT A	Debtors' Second Amended Joint Plan of Reorganization
EXHIBIT B	Corporate Structure of the Debtors and Certain Non-Debtor Affiliates as of the Petition Date
EXHIBIT C	Contribution Analysis
EXHIBIT D	Liquidation Analysis
EXHIBIT E	Financial Projections
EXHIBIT F	Valuation Analysis
EXHIBIT G	Debtors' Consolidated Annual Financial Statements
EXHIBIT H	Examiner Report Introduction and Executive Summary
EXHIBIT I	Standalone Plan Analysis
EXHIBIT J	New CEC Financial Projections
EXHIBIT K	Second Priority Noteholders Committee Summary of Examiner Report
EXHIBIT L	Excerpt of March 16, 2016 Hearing Transcript

**ARTICLE I.
EXECUTIVE SUMMARY**

A. Introduction

The proposed Plan achieves a complicated but tax-efficient corporate and balance sheet restructuring that maximizes the value of the Debtors' two primary assets: their businesses and the estate causes of action against Caesars Entertainment Corporation ("CEC"), Caesars Acquisition Company ("CAC"), other non-Debtor affiliates, and certain third parties (the "Estate Claims"). Rather than expose the Debtors and their stakeholders to the risks of potentially value-destructive litigation with affiliates, the Plan provides for a global settlement of the Debtors' claims and causes of action against CEC and its affiliates by securing substantial contributions from CEC and its affiliates to support significant near-term recoveries (in both quantum and form of consideration) to all of the Debtors' stakeholders. Importantly, the value-maximizing REIT structure and associated creditor recoveries contemplated by the proposed Plan rely on significant cash and non-cash contributions, as well as ongoing credit support, from CEC and its affiliates, which contributions are conditioned upon, and would not be available without, releases for CEC and its affiliates. In exchange for the releases essential to the proposed global settlement embodied in the Plan, CEC and its affiliates are providing contributions that the Debtors estimate have a midpoint value of \$4.0 billion, as more fully discussed in the contribution analysis attached hereto as Exhibit C. The Debtors, informed by the conclusions of the investigation conducted by the independent Special Governance Committee of the Board of Directors of CEOC (the "Special Governance Committee") and the findings of the Bankruptcy Court-appointed Examiner's final report, believe these contributions represent a fair and reasonable settlement in the best interest of the Debtors and their estates, that sufficient to support the releases included in the Plan, and will be prepared to meet their burden on these issues at confirmation.¹

The Debtors have evaluated alternative transaction structures, including a standalone reorganization structure that would allow for parallel litigation against CEC and its affiliates through the formation of a litigation trust to pursue the Estate Claims. As set forth more fully in an analysis attached hereto as Exhibit I, however, separating the Debtors from the broader Caesars enterprise involves complicated operational challenges and is likely to result in both decreased financial performance and lower distributable value. Moreover, without the contributions from CEC and its affiliates, the Debtors would have to provide a greater portion of recoveries in equity instead of the significant cash and debt recoveries to first lien creditors contemplated by the Plan, and the Debtors cannot force secured creditors to accept an equity recovery on account of their collateral without their consent. Indeed, after careful analysis, the Debtors and the Special Governance Committee have determined that no alternative provides better value for the Debtors and their Estates, especially on a risk-adjusted basis, than the proposed Plan.

The Debtors have been engaged in extensive negotiations with their stakeholders as part of an ongoing mediation process. The proposed Plan (including the settlements and proposed recoveries provided therein) reflects the current terms of restructuring support agreements being negotiated by several stakeholders in the Chapter 11 Cases. Specifically, the Debtors believe that the Plan will have the support of the First Lien Notes, the Unsecured Creditors Committee, and the Subsidiary-Guaranteed Notes. Because this support is subject to ongoing diligence and definitive documentation, however, these parties have not expressly provided their support at this time. Notably, because the Plan contemplates that Holders of Prepetition Credit Agreement Claims and First Lien Notes Claims receive recoveries in equity, to avoid a difficult cramdown fight, the support of such Holders will be important for achieving confirmation of the Plan. *See* Bankruptcy Code § 1129(b)(2)(A).

As of the date hereof, the Ad Hoc First Lien Groups, the Second Priority Noteholders Committee, BOKF, Frederick Barton Danner, and the Ad Hoc Group of 5.75% and 6.50% Notes do not support the Plan. The Ad Hoc Committee of holders of 12.75% Second Lien Notes, which collectively hold more than the majority of the face

¹ The Special Governance Committee's investigation, including its conclusions, the claims of various creditors that the work of the Special Governance Committee is tainted and not credible (and their assertions that the Bankruptcy Court has found it not credible), and the Debtors' view that the work of the Special Governance Committee is valuable and credible, is described in detail in Article IV.D and Article IV.F below.

amount of such notes, does not support the Plan, and would encourage other holders of the 12.75% Second Lien Notes to vote against the Plan. Additionally the Unsecured Creditors Committee has asserted that the Plan may not be the best plan, but remains in negotiations with the Debtors and CEC over the terms of a plan they can support.

Because the proposed Plan maximizes creditor recoveries, meaningfully reduces the Debtors' aggregate debt (by approximately \$10 billion), and best positions the Debtors' businesses for future success, the Debtors encourage you to vote to accept the Plan.

B. Development of the Debtors' Proposed Plan

CEOC is a majority-owned operating subsidiary of CEC; the remaining Debtors are direct and indirect subsidiaries of CEOC. CEC, together with its subsidiaries (including the Debtors) and its affiliates, is the world's most diversified casino-entertainment company (collectively, "Caesars"). Caesars owns and operates or manages 50 casinos in five countries on three continents, with properties in the United States, Canada, the United Kingdom, South Africa, and Egypt. The Debtors, for their part, own and operate or manage 38 gaming and resort properties in fourteen states and five countries, operating primarily under the Caesars[®], Harrahs[®], and Horseshoe[®] brand names. The Debtors employ approximately 32,000 people.

The Debtors' capital structure is the result of a \$30.7 billion leveraged buyout—one of the largest in history (the "2008 LBO")—that was completed just as the global economy took a precipitous downturn. The Debtors' significant debt load following the 2008 LBO hampered their ability to confront the challenges brought on by decreased consumer spending, increased competition in Las Vegas and local geographic markets, and system-wide revenue declines, including significant declines in the Atlantic City market. Despite implementing dozens of cost-cutting initiatives and executing numerous capital markets transactions, the Debtors were unable to achieve an out-of-court solution to their financial distress.

As of the Petition Date, the Debtors' outstanding funded debt obligations totaled approximately \$18 billion (excluding accrued and unpaid interest), and comprise the following classes of claims:

- Four tranches of first lien bank debt totaling approximately \$5.35 billion (the "Prepetition Credit Agreement Claims");²
- Three series of outstanding first lien notes totaling approximately \$6.35 billion (the "First Lien Notes Claims");
- Four series of outstanding second lien notes totaling approximately \$5.25 billion (the "Second Lien Notes Claims");
- One series of subsidiary-guaranteed unsecured notes of approximately \$479 million (the "Subsidiary-Guaranteed Notes Claims"); and
- Two series of senior unsecured notes totaling approximately \$530 million (the "Senior Unsecured Notes Claims").

Additionally, certain of the Debtors' funded debt creditors are party to various intercreditor agreements, which govern, among other things, the payment, priority, rights, and remedies among and available to such creditors. The following table illustrates the Debtors' outstanding funded debt as of the Petition Date, including the applicable maturities and interest rates for each tranche of debt.

² CEC has a contractual obligation to guarantee collection (rather than payment) of the Prepetition Credit Agreement Claims.

<i>As of January 15, 2015</i>			
CEOC Debt (\$ in Millions)	Maturity	Interest Rate	Face Value³
Term Loan B4	2016	10.50%	\$ 376.7
Term Loan B5	2017	5.95%	937.6
Term Loan B6	2017	6.95%	2,298.8
Term Loan B7	2017	9.75%	1,741.3
<i>Prepetition Credit Agreement</i>			5,354.4
11.25% First Lien Notes	2017	11.25%	2,095.0
8.50% First Lien Notes	2020	8.50%	1,250.0
9.00% First Lien Notes	2020	9.00%	3,000.0
<i>First Lien Notes</i>			6,345.0
12.75% Second Lien Notes	2018	12.75%	750.0
10.00% Second Lien Notes due 2018	2018	10.00%	3,680.5
10.00% Second Lien Notes due 2018	2018	10.00%	816.1
10.00% Second Lien Notes due 2015	2015	10.00%	3.7
<i>Second Lien Notes</i>			5,250.3
10.75% Senior Subsidiary-Guaranteed Notes	2016	10.75%	478.6
<i>Subsidiary-Guaranteed Notes</i>			478.6
6.50% Senior Unsecured Notes	2016	6.50%	296.7
5.75% Senior Unsecured Notes	2017	5.75%	233.3
<i>Senior Unsecured Notes</i>			530.0
Capitalized Lease Obligations	to 2017	Various	15.4
Special Improvement District Bonds	2037	5.30%	46.9
Other Unsecured Funded Debt	2016–2021	0–6.00%	24.7
<i>Other General Borrowings</i>			87.0
Total Funded Debt			\$ 18,045.3

The Debtors' significant funded debt obligations are not sustainable. Between 2009 and the Petition Date, the Debtors' annual interest expenses have far exceeded their annual EBITDA; in 2014 alone, the Debtors generated approximately \$800 million of EBITDA compared with more than \$2.2 billion of interest expense. Put simply, although the Debtors' businesses remain operationally strong and cash-flow positive with higher levels of EBITDA in 2015, they simply cannot service a capital structure with approximately \$18 billion of funded debt. This capital structure must be materially deleveraged to optimize the value of the Debtors' businesses going forward.

The Debtors also have another important asset around which to reorganize: valuable Estate Claims. Specifically, certain of the prepetition transactions executed by Caesars purportedly to assist the Debtors in meeting interest obligations, extending debt maturities, and transferring debt and capital expenditure obligations have been

³ These figures do not include accrued and unpaid interest as of January 15, 2015. The total Allowed Claim amounts can be found in Article V.A.

the subject of investigations by the Special Governance Committee and the Bankruptcy Court-appointed Examiner. As described further herein, both the Special Governance Committee and the Examiner have determined that the Debtors' estates have valuable claims and causes of action against CEC and its non-Debtor affiliates related to certain of these transactions—important estate assets that must be maximized through litigation or settlement as part of any restructuring. In developing the Plan, the Debtors have focused on maximizing the value of both the Debtors' business and litigation assets, while also recognizing the complexity of reconciling those two objectives.

On the business side, the Plan contemplates the transformation of the Debtors' business into a real estate investment trust (or REIT) structure that offers tax and other advantages resulting in higher valuations for REITs than comparable non-REIT companies, allowing the Debtors to deliver additional value to their stakeholders. The Debtors believe, and no party other than the Second Priority Noteholders Committee has disputed, that maximizing the benefits of the proposed REIT structure and optimizing the form of consideration distributed to creditors (i.e., greater amounts of cash and debt and equity with a higher overall value) is best achieved through the credit support to be provided by "New CEC" (the new CEC entity created through CEC's merger with CAC) under the Plan. Specifically, the Plan contemplates that New CEC will make substantial contributions to the Debtors' reorganization, including to guarantee OpCo's monetary obligations under the Master Lease Agreements, which underpin the REIT's ability to support the more than \$6 billion of debt contemplated in the Plan. In addition, New CEC will also provide a collection guarantee, if necessary, in respect of the OpCo debt, which will assist the Debtors in syndicating such debt and support any "take-back" debt that would be issued under the Plan if the Debtors' first lien creditors agree to waive the OpCo debt syndication requirement. New CEC Financial Projections can be found in Exhibit J.

With respect to the Estate Claims, in parallel with the development of the Plan, the Special Governance Committee commenced a comprehensive investigation into the Estate Claims beginning in August 2014. As described further in Article IV.D herein, the SGC Investigation evolved over time as the Special Governance Committee and its advisors obtained more documents and information to consider. In connection with the Debtors' entry into the Prepetition RSA, the Special Governance Committee agreed, based on the preliminary findings of its investigation at that time and subject to the satisfactory conclusion of such investigation after receiving all of the outstanding information it had requested, that the Estate Claims had significant value and that CEC's contributions to the then-proposed plan of reorganization—valued at no less than \$1.5 billion at the time—were sufficient to settle such claims. As discussed further below, subsequent to entering into the Prepetition RSA, based on continued negotiations among CEC, the Special Governance Committee, and the Debtors' senior creditors, CEC agreed to make significant additional contributions while the Special Governance Committee continued its investigation, which were reflected in prior iterations of the Plan. The Plan contemplates contributions from CEC and its affiliates that the Debtors estimate have a midpoint value of \$4.0 billion, as calculated in accordance with the contribution analysis attached hereto as Exhibit C. The Special Governance Committee believes this amount provides for a fair and reasonable settlement that is well within the ranges of values supportive of the releases contemplated by the Plan. As described in Article IV.F, certain creditors have asserted that the Special Governance Committee's investigation is not credible, but the Debtors strongly disagree.

As described further in Exhibit I, the Debtors, through the Special Governance Committee and with the assistance of financial advisor and investment banker Millstein & Co., L.P. ("Millstein") and AlixPartners, also evaluated alternative transaction structures, including standalone reorganization structures that would allow for parallel litigation against CEC through the formation of a litigation trust or otherwise (including a standalone REIT unsupported by CEC's contributions). In evaluating value-maximizing alternatives, the Debtors and their senior stakeholders also recognized that, given the existing enterprise structure, any plan that separates CEOC from the broader Caesars enterprise, or that maintains the enterprise structure while CEOC prosecutes litigation claims against its affiliates, has business and implementation risk that are substantially greater than the risks inherent in the proposed Plan. A reorganization supported by the Debtors' existing parent, on the other hand, has several business benefits, including (i) minimizing the risk of triggering significant tax obligations that could arise in a deconsolidated scenario, (ii) both increasing the likelihood and accelerating the timing of the Debtors obtaining regulatory approvals for their proposed restructuring transactions, (iii) ensuring the Debtors' continued access to enterprise shared services and experienced gaming employees, and (iv) maintaining the benefits of the Debtors' important Total Rewards[®] loyalty program and inclusion in the broader Caesars property network, which drive

enhanced operating and financial performance. For all of these reasons, the Debtors determined that maximizing the value of their business assets can best be achieved by ensuring the continued support of CEC (and its affiliates)—who are also the primary targets of the Estate Claims.

Moreover, none of the extremely valuable CEC contributions to be made pursuant to the Plan will be available to the Debtors in the near term in the absence of either (i) a global settlement resolving both Estate Claims and certain direct claims held by third parties, including claims related to CEC's any purported guaranty of the Debtors' prepetition debt (the "Third-Party Claims"), or (ii) a release of the Estate Claims and the Third-Party Claims through the Plan. For obvious reasons, the cash and credit support contemplated by the proposed Plan simply will not work if claims against the credit parties (i.e., CEC and CAC) are not released. And not surprisingly, CEC and its affiliates have conditioned their substantial financial and credit support for any proposed plan on securing releases of such claims. Put simply, CEC and its affiliates will not voluntarily make a multi-billion dollar contribution to the Debtors' restructuring efforts without obtaining these releases.

The Debtors determined (subject to the market test described below) that there is no value-maximizing alternative to the proposed Plan, under which the Debtors will settle estate litigation claims through significant contributions to these estates, including important credit support for the REIT structure.

C. Plan Overview⁵

To effectuate the Plan, the Debtors will, among other things convert their prepetition corporate structure into two companies—OpCo and PropCo. The primary features of the credit-enhanced REIT structure contemplated by the Plan are as follows:

- PropCo, as a subsidiary of a REIT entity, will directly or indirectly own substantially all of the Debtors' real property assets and related fixtures. Caesars Palace Las Vegas will be owned by "CPLV," a separate subsidiary of PropCo.⁶
- OpCo will, other than with respect to certain properties and operations contributed to a taxable REIT subsidiary of the REIT entity, lease the real property and fixtures pursuant to two master lease agreements (the "MLAs"), one with PropCo and one with CPLV, and will manage the Debtors' properties and facilities on an ongoing basis. OpCo will continue to own substantially all operations, gaming licenses, personal property, and other related interests.
- The reorganized Debtors will remain part of the overall Caesars enterprise, and New CEC will provide guarantees of OpCo's payments under the two MLAs and of new OpCo debt issued in connection with the Plan.

A combination of new debt, preferred shares, and common shares issued by the REIT, PropCo, OpCo, and the CPLV Entities,⁷ as applicable, as well as cash, convertible debt securities and direct equity issued by New CEC,⁸

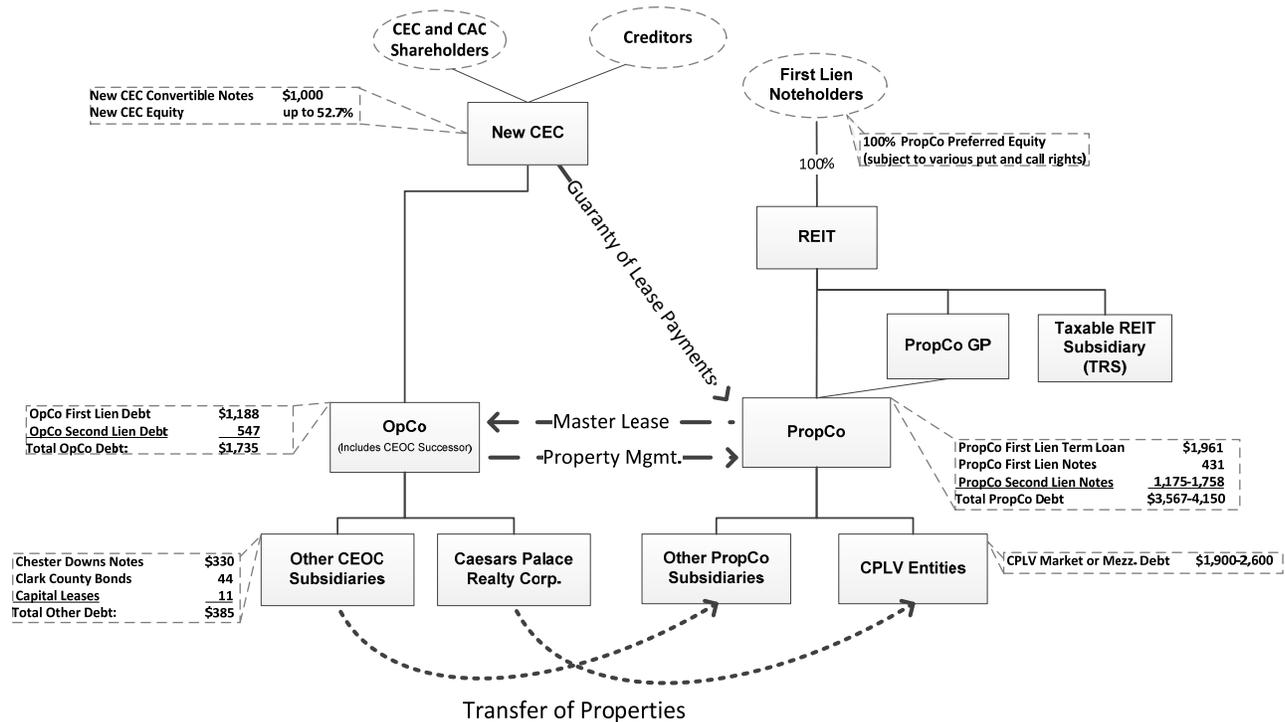
⁴ Given the existing structural and operational affiliations among CEOC and CEC, as well as the need for CEC to compensate the Debtors on account of Estate Claims, the Debtors believe that CEC is the best candidate to provide the necessary credit support for the value-maximizing REIT structure. Nevertheless, as discussed in Article I.F and Article IV.K below, the Debtors are conducting a marketing process to, among other things, determine whether there is any other third party whose involvement could result in better recoveries to creditors, both in form and amount.

⁵ The Plan is described more fully herein and this overview of the Plan is qualified in its entirety by reference to the Plan and the more detailed overview provided in this Disclosure Statement.

⁶ CPLV will be a separate entity to facilitate third-party financing.

⁷ References in this executive summary to PropCo equity (both common and preferred) refer to equity that likely will be issued by the REIT as REIT stock, provided that in certain circumstances described in detail below and in the Plan, such equity may instead be issued by PropCo itself as PropCo LP Interests.

as applicable, will be used to provide distributions to creditors under the Plan. The proposed corporate and capital structure as of the Effective Date is depicted in the chart below, which summarizes the projected total leverage based on projected funded debt obligations of OpCo, PropCo, and the CPLV Entities upon consummation of the Plan.⁹ Before taking into account the PropCo Equity Election, the Debtors estimate that the funded debt across each of OpCo, PropCo, and the CPLV Entities will total approximately \$8,170 million to \$8,287 million. The following illustrative organizational chart summarizes the organizational structure of the reorganized entities, including their new capital structure, on the Effective Date:¹⁰



To achieve the leverage necessary to support distributions under the Plan, the Plan is conditioned upon New CEC making significant contributions to the Debtors' reorganization. These contributions include direct contributions to the estate to settle claims and facilitate the credit-enhanced REIT structure, as well as direct

⁸ Specifically, creditors will receive preferred shares of CEOC that will be exchanged for shares of New CEC pursuant to a merger of CEOC into a newly-formed subsidiary of New CEC (the "CEOC Merger").

⁹ The Plan contemplates that certain debt issued by OpCo and the CPLV Entities will be syndicated to third parties for cash, which cash will be distributed to fund creditor recoveries, and that PropCo will issue new debt directly to the Debtors' creditors on the terms agreed in the RSAs. To the extent that the Debtors are unable to syndicate the entirety of the new OpCo debt, and subject to waivers by the Requisite Consenting Bank Lenders and/or the Requisite Consenting Noteholders, the Plan contemplates OpCo issuing new debt directly to the Debtors' creditors, for which debt CEC will provide a guarantee of collection. Similarly, to the extent that the Debtors are unable to syndicate the entirety of the new CPLV debt, the Plan contemplates the CPLV Entities issuing new debt directly to the Debtors' creditors in an amount required to make up the shortfall, subject to certain limitations.

¹⁰ For illustrative purposes only, the following chart reflects pro forma ownership interests under the Spin Structure. The following chart does not reflect PropCo Common LP Interests or PropCo Preferred LP Interests that may be issued to certain Holders of Claims to the extent such Holders would own more than 9.8% of the stock issued by the REIT, subject to certain waiver provisions as discussed in greater detail below. All dollar amounts are in millions.

contributions to creditors to enhance recoveries. Specifically, on¹¹ behalf of itself and its non-Debtor affiliates, the Plan contemplates New CEC making the following contributions:

- \$406 million in direct cash contributions to fund Plan distributions, other restructuring transactions contemplated by the Plan, and general corporate purposes, and up to an additional \$5.3 million to fund distributions to certain classes of the Debtors' unsecured creditors;
- Committing (with no associated fee) to purchase 100% of OpCo common equity and—if the REIT structure is accomplished through the “partnership contribution structure”—5% of PropCo common equity;
- Call rights to PropCo to purchase the Harrah's Laughlin, Harrah's Atlantic City and Harrah's New Orleans properties, which have been extended for five years;
- A guarantee of OpCo's MLA payment obligations, which underpins the value of PropCo and its ability to service the debt it will carry;
- A guarantee of OpCo debt, if necessary, to reduce the syndication risk on such debt;
- \$1 billion of convertible notes issued by New CEC;
- Preemptive rights to participate in the New CEC Capital Raise;
- up to 52.7% of New CEC Common Equity (including New CEC Common Equity convertible through the New CEC convertible notes), which will be provided upon exchange of new CEOC preferred stock in connection with the CEOC merger; and
- A waiver by CAC of its recoveries on approximately \$293 million of Senior Unsecured Notes.

In the aggregate, the Debtors, based on an analysis by Millstein more fully explained in Exhibit C, estimate the midpoint value of these contributions at approximately \$4.0 billion if Class F votes to reject the Plan and \$4.3 billion if Class F votes to accept the Plan. Because some of CEC's contributions to the Debtors under the Plan take the form of direct credit support, such as the guarantee of OpCo's operating lease obligations, the Plan is explicitly conditioned upon obtaining (i) a global settlement of all claims the Debtors may have against CEC or certain of its affiliates and (ii) comprehensive releases for CEC and its affiliates for claims or causes of action that the Debtors' creditors may have against CEC and its affiliates, including with respect to any obligations CEC may have related to guarantees of CEOC's debt. The Debtors believe that the value of the contributions is sufficient to support the releases included in the Plan, including the release of Estate and Third-Party Claims, and will be prepared to meet their burden on this issue at confirmation.

The Plan also contains a number of additional provisions not highlighted in this executive summary. Please refer to Article V hereof for a more detailed summary of the Plan.

D. Creditor Recoveries

As discussed more fully herein and in the Plan, the Plan generally provides for the following recoveries to be shared pro rata among the holders of claims in the various classes:¹²

¹¹ Importantly, CEC will fund contributions under the Plan, in part, from access to cash that it will obtain through the proposed merger with CAC. Certain of the direct and indirect subsidiaries of CAC would also be targets of certain of the Estate Claims.

- First Lien Bank Lenders: Approximately \$3,193 million of cash, \$1,961 million of first lien PropCo debt, \$250 million of second lien PropCo debt, and 5% of New CEC Common Equity on a fully diluted basis (subject to reduction to 4% of New CEC Common Equity if the Holders of Second Lien Notes Claims vote to accept the Plan); *provided* that if this class waives the Plan's syndication requirement with respect to the OpCo debt, certain cash recoveries could be replaced by OpCo "take back" debt on the terms specified in the Plan.
- First Lien Noteholders: Approximately \$2,037 million of cash, \$431 million of first lien PropCo debt, \$1,425 million of second lien PropCo debt, preferred equity in PropCo (subject to certain put and call rights), \$100 million of CPLV Mezzanine Debt, 100% of PropCo Common Equity on a fully diluted basis, and 15.8% of New CEC Common Equity (subject to reduction to 12.5% of New CEC Common Equity if the Holders of Second Lien Notes Claims vote to accept the Plan, provided that in that scenario such Holders will receive either Cash in the amount of \$20,000,000 per month and/or OpCo Series A Preferred Stock, which shall be exchanged for New CEC Common Equity equal to \$20,000,000 per month (at a price per share of New CEC Common Equity using an equity value for New CEC of \$6.5 billion), in both instances commencing on May 1, 2017, and ending on the Effective Date, which amount shall be prorated for any partial month); *provided* that if this class waives the Plan's syndication requirement with respect to the OpCo debt, certain cash recoveries could be replaced by OpCo "take back" debt on the terms specified in the Plan.
- Non-First Lien Claimants: The Plan contemplates that the following six groups of Non-First Lien Claims will share recoveries from the same form of consideration: (i) the Second Lien Notes Claims; (ii) the Subsidiary-Guaranteed Notes Claims; (iii) the Senior Unsecured Notes Claims; (iv) Undisputed Unsecured Claims at the non-BIT Debtors; (v) Disputed Unsecured Claims at the non-BIT Debtors; and (vi) General Unsecured Claims at the BIT Debtors.¹³ These claims have been separately classified to reflect distinct creditor rights, priorities, or proposed treatment and will thus receive varying amounts of the following (collectively, the "Non-First Lien Recovery Consideration"):
 - each applicable class's share, as set forth in the Plan, of \$1.0 billion of New CEC Convertible Notes, which shall be convertible pursuant to the terms of the New CEC Convertible Notes Indenture in the aggregate for up to 12.2% of New CEC Common Equity on a fully diluted basis; and
 - OpCo Series A Preferred Stock, which shall be exchanged for up to 24.0% of New CEC Common Equity on a fully diluted basis (after accounting for dilution by the New CEC Convertible Notes but before any New CEC Capital Raise and assuming all Classes vote yes) pursuant to the CEOC Merger.

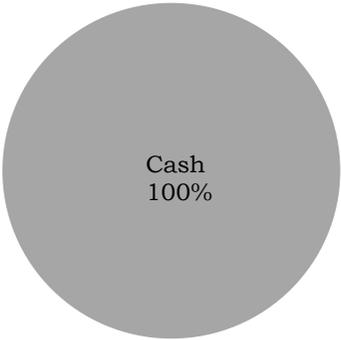
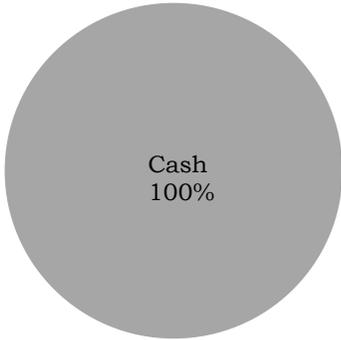
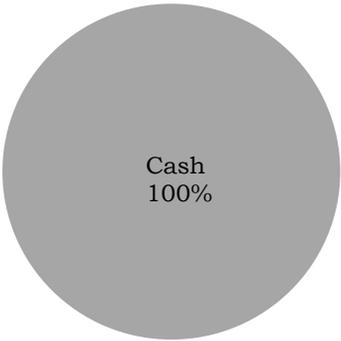
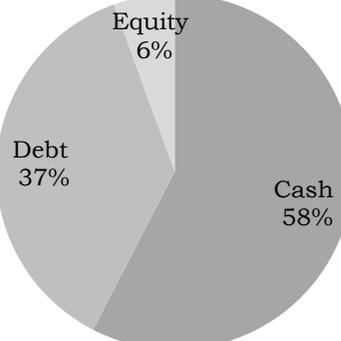
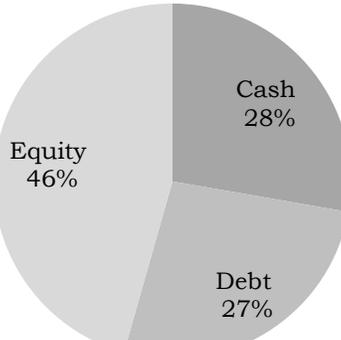
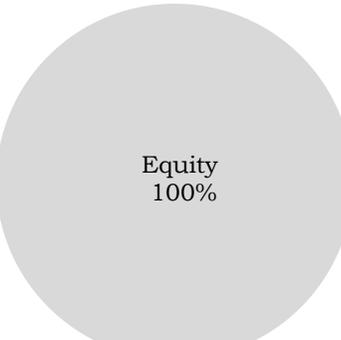
¹² As discussed in detail below and in the Plan, creditor recoveries and the applicable allocation of Plan consideration are subject to, among other things, each voting Class's acceptance of the Plan, various put, call, and other election rights in the Plan as well as the syndication requirements and waivers built into the Plan. For illustrative purposes only, and solely for purposes of this Article I.D, the following descriptions and summaries of recoveries and allocation of Plan consideration assume the following (unless expressly stated otherwise): (a) the Debtors successfully syndicate \$2.0 billion of CPLV Market Debt and all of the OpCo debt to third parties for cash; (b) the First Lien Bank Lenders do not make the CPLV Mezzanine Election, and (c) each Class votes to accept the Plan. Additionally, all recovery percentages value the various components of Plan consideration at Plan value and the amount of debt is shown before taking the PropCo Equity Election into account. Importantly, certain of the securities being issued (particularly the equity securities) could trade at prices above or below Plan value.

¹³ The "BIT Debtors" are those Debtors at which, based on the Liquidation Analysis, the Debtors have determined that Holders of General Unsecured Claims are entitled to higher recoveries than Holders of General Unsecured Claims at other Debtors. The BIT Debtors include (a) the Par Recovery Debtors, (b) Winnick Holdings, LLC, (c) Caesars Riverboat Casino, LLC, and (d) Chester Downs Management Company, LLC.

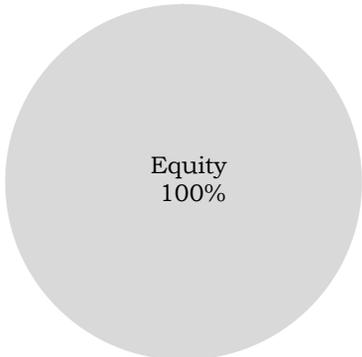
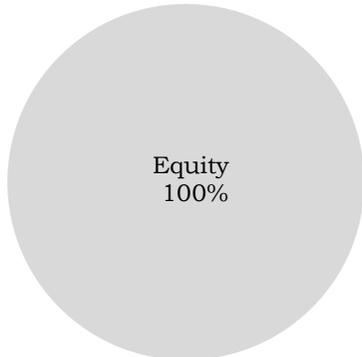
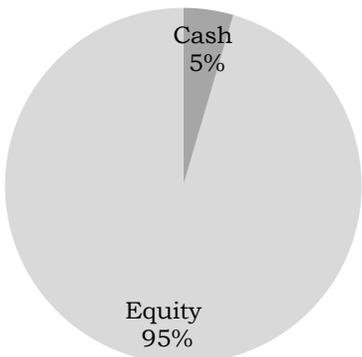
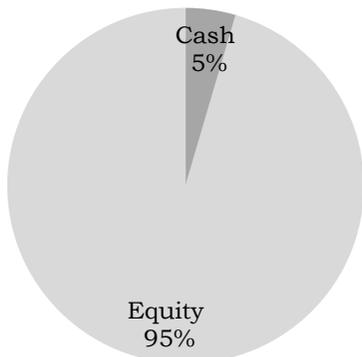
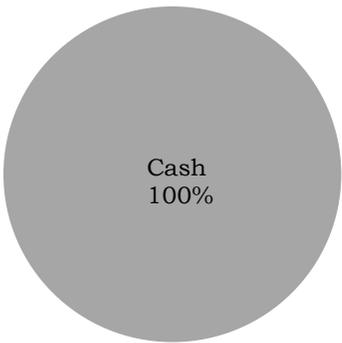
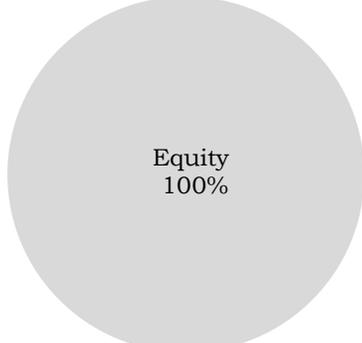
Generally, the Non-First Lien Claimants will share a Pro Rata portion of the Non-First Lien Recovery Consideration. However, Holders of Undisputed Unsecured Claims and Disputed Unsecured Claims, if they vote as a Class to accept the Plan, will also receive Cash from the Unsecured Creditor Cash Pool (which will be comprised of up to approximately \$5.3 million contributed by CEC) on the terms set forth in the Plan. In addition, with respect to the Par Recovery Unsecured Claims, Winnick Unsecured Claims, Caesars Riverboat Casino Unsecured Claims, and Chester Downs Management Unsecured Claims, Holders of such Claims shall receive Non-First Lien Recovery Consideration in an amount equal to 100%, 67%, 71%, and 87%, respectively, of such Holders' Claim.¹⁴ The Convenience Unsecured Claims will receive recoveries from the Convenience Cash Pool, which consists of \$12.5 million, and will not receive any recoveries from the Non-First Lien Recovery Consideration. Additionally, the Non-Obligor Unsecured Claims will receive payment in full in cash due to the fact that the Non-Obligor Debtors are not liable for any of the Debtors' funded debt obligations.

The following pie charts illustrate the approximate allocation of the various forms of Plan consideration (cash, debt, and equity) that comprise the recovery of each class of funded debt and unsecured claims:

¹⁴ As described more fully in Article VIII.B.2 and **Exhibit D**, the Debtors have carefully reviewed the result of their Liquidation Analysis and have determined that certain of the Debtor entities, including the Non-Obligor Debtors, the Par Recovery Debtors, Winnick Holdings, LLC, Caesars Riverboat Casino, LLC, and Chester Downs Management Company, LLC are likely to achieve greater recoveries in a liquidation scenario than those otherwise available to Holders of Non-First Lien Claims under the Plan. Recoveries for these Debtors have been adjusted accordingly under the Plan.

Class A – 100% Recovery	Class B – 100% Recovery
 <p>Cash 100%</p>	 <p>Cash 100%</p>
Class C – 100% Recovery	Class D – Prepetition Credit Agreement Claims ¹⁵ Class F Rejects – 113% - 117% Recovery Class F Accepts – 112% - 115% Recovery
 <p>Cash 100%</p>	 <p>Equity 6%</p> <p>Debt 37%</p> <p>Cash 58%</p>
Class E – Secured First Lien Notes Claims ¹ Class F Rejects – 96% - 128% Recovery Class F Accepts – 94% - 124% Recovery	Class F – Second Lien Notes Claims Accept: 29% - 48% Recovery Reject: 22% - 34% Recovery
 <p>Cash 28%</p> <p>Equity 46%</p> <p>Debt 27%</p>	 <p>Equity 100%</p>

¹⁵ Pie chart reflects consideration split in scenario where Class F rejects the Plan

<p>Class G – Subsidiary-Guaranteed Notes Claims Accept: 61%-105% Recovery Reject: 11%</p>	<p>Class H – Senior Unsecured Notes Claims Accept: 33% - 56% Recovery Reject: 22% - 33% Recovery</p>
 <p>Equity 100%</p>	 <p>Equity 100%</p>
<p>Class I – Undisputed General Unsecured Claims Accept: 34% - 54% Recovery Reject: 22% - 33% Recovery</p>	<p>Class J – Disputed General Unsecured Claims 34% - 54% Recovery</p>
 <p>Cash 5%</p> <p>Equity 95%</p>	 <p>Cash 5%</p> <p>Equity 95%</p>
<p>Classes K – Convenience Class Claims 47% Recovery</p>	<p>Classes L-O – Unsecured Claims against BIT Debtors 67% - 100% Recovery</p>
 <p>Cash 100%</p>	 <p>Equity 100%</p>

Importantly, the Plan is a joint plan of reorganization for all Debtors in the Chapter 11 Cases, and the Plan takes into account the different rights and claim priorities at each Debtor in allocating recoveries as well as the various intercreditor arrangements between the Debtors' various funded debt stakeholders. The recoveries described above are improved recoveries based on each respective Class voting to accept the Plan. Recoveries under the Plan may be less for Holders of Claims in a particular Class if that Class does not vote to accept the Plan.

For a further description of the classification, exact proposed treatment, distributions, voting rights, and projected recoveries of Claims against and Interest in the Debtors, as well as the timing and calculation of amounts to be distributed under the Plan, the sources and uses of such distributions, and the process for handling Disputed Claims, please see Article V.D hereof and the Plan.

E. Plan Contingencies

Although, subject to the marketing process described below, the Debtors believe that the settlement and restructuring proposed in the Plan is the best alternative for maximizing stakeholder recoveries, the Plan is subject to a number of conditions and there are certain material risks to the Debtors' ability to implement the Plan and consummate near-term creditor distributions, including the following:

- Syndication Requirement: The Plan contains a material financing contingency in that the Debtors have agreed to syndicate OpCo and CPLV debt to third parties so that at least \$3,335 million in Cash proceeds are distributed to first lien creditors. Although requisite holders of the Debtors' first lien debt may waive the syndication requirements with respect to certain debt and agree to accept "take back" paper on the terms specified in the Plan, there are no guarantees that the Debtors will be able to satisfy their syndication obligations or that creditors will waive the syndication requirement.
- CEC Merger with Caesars Acquisition Company: CEC has agreed to provide substantial contributions to the Debtors' restructuring through direct contributions to the estate, consideration in the form of cash and securities directly to the Debtors' creditors, and important ongoing credit support for the REIT structure. On December 22, 2014, CEC entered into a merger agreement with CAC, which merger will provide CEC with access to cash necessary to fund its obligations to the Debtors as contemplated by the Plan. Moreover, the combined value of the merged CEC-CAC underlies the value of the CEC securities to be issued in connection with the Plan. This merger of two public companies, however, remains subject to ongoing negotiation. In particular, the Debtors expect that independent committees of the boards of directors of CEC and CAC will review the terms of the CEC-CAC merger to ensure each receives maximum residual value for their respective public shareholders. Put simply, the amount of New CEC Common Equity given to CEOC creditors could impact the viability of the merger. The Debtors are focused on ensuring that the Plan obtains the greatest possible consideration from both CEC and CAC on account of the Estate and Third-Party Claims while maintaining the viability of the merger to ensure such contributions. If CEC is unable to complete this merger for any reason, CEC will not be able to meet its funding obligations under the Plan and the feasibility of the Plan would be threatened.
- Third-Party Releases: To facilitate the substantial contributions that CEC is making in support of the Debtors' reorganization, the Plan is predicated on, and dependent upon, the settlement of all of the Debtors' claims and causes of action against, among others, the CEC Released Parties,¹⁶ as well as releases of certain claims third parties may have against, among others, the CEC Released Parties. Such releases include, among other things, any claims and causes of action related to CEC's purported guarantees of the Debtors' funded debt obligations, which are subject to the pending Parent Guarantee Litigation.¹⁷ Various third parties, including certain of the parties to the Parent Guarantee Litigation,

¹⁶ The CEC Released Parties include, among others, certain non-Debtors, the Sponsors, and associated individuals.

¹⁷ As discussed more fully in Article IV.S.1 herein, an injunction staying the commencement of trials in certain of the Parent Guarantee Litigation expired on May 9, 2016; the Debtors reserve the right to seek further injunctions on account of the

have informed the Debtors that as of the date of this Disclosure Statement, they object to the release of their claims against CEC on account of CEC's purported guarantees. If CEC's guarantee obligations are reinstated in the Parent Guarantee Litigation, there is a material risk that CEC may be unwilling or unable to make the contributions contemplated by the Plan. The Parent Guarantee Litigation also poses a material risk to the Debtors' ability to obtain the Third-Party Releases proposed in the Plan.

Although these significant contingencies reflect the fragility of the proposed resolution for these complex cases, the Debtors believe that the Plan provides the Debtors and their creditors with the best option to maximize recoveries and enable the Debtors to exit chapter 11 and encourage you to vote to accept the Plan.

The Second Priority Noteholders Committee has requested that the Debtors include the following as an additional risk factor with regard to the Plan:

CEC is under no obligation to make the contribution on which the Plan is premised. It can walk away from its commitment at any time, without consequence or repercussion. CEC or its affiliate, CAC, also can call off their merger, which is a precondition to CEC's payments under the Plan, at any time. As a result, the Debtors' ability to consummate the Plan depends, in part, on entities and individuals whom the Examiner found to have breached their fiduciary duties (and aided and abetted others in their breaches) to the Debtors.

The Debtors disagree with the Second Priority Noteholders Committee's assessment of CEC's support of the Plan. At this point, CEC's support of the Plan is documented in several places, including the restructuring support agreements described above in Article IV.J. The Debtors also are endeavoring to memorialize CEC's and its affiliates' requirements to support the Plan and further document CEC and its affiliates' contributions under the Plan through a restructuring support and contribution agreement.

F. Marketing Process

Although the Debtors believe that the Plan maximizes recoveries for the Debtors' creditors, CEC will own all of the OpCo equity distributed under the Plan. Accordingly, the Plan is likely to be considered a "new value" plan of reorganization under applicable bankruptcy law. Thus, to market test CEC's investment as required by applicable law—and to otherwise fulfill their obligations as estate fiduciaries by ensuring that there is no better alternative to the existing Plan—the Debtors commenced a process to market test the Plan in November 2015. Through the marketing process, the Debtors, through Millstein, solicited proposals for a potential transaction to acquire the Debtors and their controlled non-Debtor subsidiaries. To date, the Debtors have not received any bids for the entire company (either CEOC's equity or a sale of all assets). The Debtors have received offers for certain assets; however, none of these offers to date have offered greater value and increased recoveries than those recoveries included in the Plan. This marketing process remains ongoing and the Debtors will continue to accept bids from third parties to ensure their ability to maximize value for all stakeholders. To the extent the marketing process results in a higher or otherwise better offer for the Debtors' businesses, the Debtors reserve the right to amend the Plan in accordance with such offer.

G. Recommendation

The Debtors' Special Governance Committee has approved the Plan—including the settlements incorporated therein—and believe the Plan is in the best interests of the Debtors' Estates. As such, the Debtors recommend that all Holders entitled to vote accept the Plan by returning their Ballots and Master Ballots, as applicable, so that Prime Clerk LLC, the Debtors' notice and claims agent ("Prime Clerk"), **actually receives** such Ballots or Master Ballots by the Voting Deadline. Assuming the Plan receives the requisite acceptances, the Debtors will seek the Bankruptcy Court's approval of the Plan at the Confirmation Hearing.

Parent Guarantee Litigation if the Debtors believe such injunctions would be necessary to protect the Debtors' ability to reorganize in the Chapter 11 Cases.

**ARTICLE II.
BACKGROUND TO THE CHAPTER 11 CASES.**

Below is a summary of the Debtors’ businesses and operations. For additional details concerning the Debtors and the background to the Chapter 11 Cases, please refer to the Debtors’ *Memorandum in Support of Chapter 11 Petitions* [Docket No. 4] and the *Declaration of Randall S. Eisenberg, Chief Restructuring Officer of Caesars Entertainment Operating Company, Inc., in Support of First Day Pleadings* [Docket No. 6].

A. The Debtors’ Businesses

1. The Debtors’ Owned and Managed Domestic Properties

The Debtors were founded in 1937, when William F. Harrah opened a small bingo hall in Reno, Nevada. That casino, now called Harrah’s Reno, is still owned and operated by the Debtors. Since then, the Debtors have grown their businesses across the country and around the globe. Today, the Debtors’ core casino offerings are spread across the United States—including strong concentrations in Chicagoland, Nevada, and Atlantic City—as well as throughout the world.

In Nevada, the Debtors own and operate four properties, including their flagship Caesars Palace Property located in the heart of the Las Vegas “Strip.” The Debtors’ other Nevada gaming properties are Harrah’s Reno, Harrah’s Lake Tahoe, and Harveys Lake Tahoe. In total, the Debtors operate approximately 270,000 square feet of gaming space and 6,400 hotel rooms in Nevada, including over 3,600 slot machines and 350 table games.

The Debtors’ Chicagoland locations are an important cash flow driver for their business. The Debtors own and operate two casinos in the Chicagoland market: Horseshoe Casino Hammond in Hammond, Indiana—their second-most profitable casino behind Caesars Palace—and Harrah’s Joliet in Joliet, Illinois. Together, these locations include almost 400,000 square feet of gaming space, more than 200 hotel rooms, more than 4,100 slot machines, and more than 130 table games.

The Debtors also have significant operations in Atlantic City. The Debtors’ presence in Atlantic City dates back to 1979—three years after New Jersey authorized legal gambling—when they opened Caesars Atlantic City and Bally’s Atlantic City. The Debtors also owned and operated a third casino in Atlantic City (the Showboat Atlantic City) until August 2014, when that property was closed and then later sold to a New Jersey university. The Debtors currently have more than 240,000 square feet of gaming space and approximately 2,400 hotel rooms in Atlantic City, including approximately 3,700 slot machines and 320 table games.

Finally, the Debtors own and operate or manage 15 gaming properties in other U.S. locations, including managed properties on Native American reservations. These properties are spread throughout the country but are primarily concentrated in the Midwest and South. In total, these locations include more than 1.0 million square feet of gaming space, 5,000 hotel rooms, 23,000 slot machines, and 1,000 table games.

Certain of the material properties that the Debtors own include:

<i>Nevada</i>	
Caesars Palace Las Vegas	Las Vegas, NV
Harrah’s Reno	Reno, NV
Harrah’s Lake Tahoe	Lake Tahoe, NV
Harveys Lake Tahoe	Lake Tahoe, NV

<i>Illinois and Indiana</i>	
Harrah’s Joliet	Joliet, IL
Harrah’s Metropolis	Metropolis, IL
Horseshoe Hammond	Hammond, IN
Horseshoe Southern Indiana	Elizabeth, IN

<i>Iowa and Missouri</i>	
Harrah’s Council Bluffs	Council Bluffs, IA
	North Kansas City, MO
Harrah’s North Kansas City	MO
Horseshoe Council Bluffs	Council Bluffs, IA

<i>Louisiana and Mississippi</i>	
Harrah’s Gulf Coast	Biloxi, MS
Harrah’s Louisiana Downs	Bossier City, LA
Horseshoe Bossier City	Bossier City, LA

	Horseshoe Tunica	Tunica, MS
	Tunica Roadhouse Hotel & Casino	Tunica, MS
<i>New Jersey</i>		
Bally's Atlantic City	Atlantic City, NJ	
Caesars Atlantic City	Atlantic City, NJ	

In addition to owning the properties above, the Debtors receive a portion of the management fees associated with certain casinos owned by Caesars Growth Partners, LLC (“CGP”) and managed by Caesars Enterprise Services, LLC (“CES”), including Planet Hollywood Resort and Casino in Las Vegas, The Cromwell (formerly Bill’s Gambler’s Hall & Saloon) in Las Vegas, The LINQ Hotel & Casino in Las Vegas, Bally’s in Las Vegas, and Harrah’s New Orleans in Louisiana. See Article II.B.4 hereof for a discussion of the corporate functions performed by CES. The Debtors receive fees for managing the Horseshoe Baltimore in Maryland, which is owned by CGP, and certain other non-Debtor properties, including: Harrah’s Ak-Chin (Phoenix, Arizona); Harrah’s Cherokee (Cherokee, North Carolina); Harrah’s Resort Southern California (San Diego, California); Harrah’s Philadelphia (Chester, Pennsylvania); Horseshoe Cincinnati (Cincinnati, Ohio); Horseshoe Cleveland (Cleveland, Ohio); ThistleDown Racino (Cleveland, Ohio); and Conrad Punta del Este Resort and Casino (Punta del Este, Uruguay). Notably, the Debtors’ non-Debtor subsidiaries Horseshoe Cincinnati Management, LLC, Horseshoe Cleveland Management, LLC, and ThistleDown Management, LLC (collectively, the “ROC Entities”) are winding down their management of Horseshoe Cincinnati, Horseshoe Cleveland, and the ThistleDown Racino, and will no longer be affiliated with these gaming properties as of June 30, 2016. The ROC Entities will receive management fee payments through June 30, 2016, and a termination payment in December 2016 of \$125 million, comprised of \$83.5 million in cash and \$41.5 million as an offset for certain capital contributions the ROC Entities would otherwise be required to make. Lastly, the Debtor Caesars Entertainment Windsor Limited (“CEWL”) operates Caesars Windsor, a casino owned by the Canadian province of Ontario through the Ontario Lottery and Gaming Corporation.

2. The Debtors’ Partnerships, Multiple-Member LLCs, and Other Strategic Relationships

The Debtors and certain of their non-Debtor subsidiaries are partial equity holders in several strategic relationships, many taking the form of partnerships and limited liability companies, including one of the Debtors—Des Plaines Development Limited Partnership, the owner of Harrah’s Joliet. Des Plaines Development Limited Partnership is a partnership between Debtor Harrah’s Illinois Corporation (80 percent equity interest) and non-Debtor Des Plaines Development Corporation (20 percent equity interest). Located in Joliet, Illinois, Harrah’s Joliet primarily draws customers from the surrounding Chicago metropolitan area. Debtor Harrah’s Illinois Corporation manages Harrah’s Joliet for a fee pursuant to a management agreement. Harrah’s Joliet consists of nearly 40,000 square feet of gaming space, including over 1,100 slot machines and approximately 31 table games.

The Debtors and certain of their non-Debtor subsidiaries are also partial equity owners of the following non-Debtor entities:

- Atlantic City Express Service, LLC (approximately 33.3 percent owned by Debtor Boardwalk Regency Corporation);
- Baluma Holdings S.A. (approximately 95.23 percent collectively owned by Debtors Harrah’s International Holding Company, Inc. and B I Gaming Corporation) and Baluma S.A. (approximately 55 percent owned by Baluma Holdings S.A.);
- Caesars Casino Castilla La Mancha S.A. (approximately 60 percent owned by non-Debtor subsidiary Caesars Spain Holdings Limited);
- Chester Downs and Marina LLC (approximately 99.5 percent owned by Debtor Harrah’s Chester Downs Investment Company, LLC);

- Creator Capital Limited (approximately 7.5 percent owned by Debtor Harrah's Interactive Investment Company);
- Emerald Safari Resort (Pty) Limited (approximately 70 percent owned by non-Debtor subsidiary LCI (Overseas) Investments Pty Ltd.);
- LAD Hotel Partners, LLC (approximately 49 percent owned by Debtor Harrah's Bossier City Investment Company, L.L.C.);
- Sterling Suffolk Racecourse, LLC (approximately 4.2 percent owned by Debtor Caesars Massachusetts Investment Company, LLC); and
- Caesars Enterprise Services, LLC (approximately 69 percent owned by Debtor CEOC).¹⁸

3. The Debtors' International Operations

As of the Petition Date, the Debtors and their non-Debtor subsidiaries own and/or operate various non-U.S. casinos. In Windsor, Ontario, Canada, Debtor CEWL operates Caesars Windsor, a casino owned by the province of Ontario through the Ontario Lottery and Gaming Corporation. One day after the Petition Date, on January 16, 2015, CEWL filed an application under section 46 of Canada's Companies' Creditors Arrangement Act, R.S.C. 1985, c. C-36 (as amended, the "CCAA") in the Ontario Superior Court of Justice (the "Canadian Court"), seeking, among other things, recognition of the Chapter 11 Cases as "foreign main proceedings" as such term is defined in section 45 of the CCAA. The Canadian Court granted the relief requested and designated the Chapter 11 Cases as foreign main proceedings on January 19, 2015. As of the date hereof, the CEWL matter remains pending before the Canadian Court.

Additionally, certain of the Debtors' non-Debtor subsidiaries own leasehold interests in and operate three casinos in London: The Sportsman, The Playboy Club London, and The Casino at the Empire. These casinos primarily draw customers from the London metropolitan area, as well as international visitors. The Debtors also own and operate Alea Nottingham, Alea Glasgow, Manchester235, Rendezvous Brighton, and Rendezvous Southend-on-Sea, each of which are located in the United Kingdom, and primarily draw customers from their respective local areas.

In Egypt, certain of the Debtors' non-Debtor subsidiaries manage two casinos: The London Club Cairo (which is located at the Ramses Hilton) and Caesars Cairo (which is located at the Four Seasons Cairo). These two casinos primarily draw their customers from countries in the Middle East. Further, one of the Debtors' non-Debtor subsidiaries maintains a 70 percent ownership interest in and also manages the Emerald Safari casino-resort, which is located in the province of Gauteng in South Africa and primarily draws its customers from South Africa. Lastly, the Debtors and their subsidiaries own approximately 95.23 percent of Baluma Holdings S.A., a non-Debtor entity that in turn owns 55 percent of Conrad Punta del Este Resort and Casino (the "Conrad"). The remaining 45 percent is owned by third-party Enjoy S.A., which is primarily responsible for managing the Conrad.

4. The Total Rewards[®] Program

One of the Debtors' key competitive advantages is their industry-leading customer loyalty program, Total Rewards[®], which has approximately 45 million members. Total Rewards[®] participants are able to earn "Reward Credits" by spending money at Caesars properties, which they can later redeem for various on-property amenities, merchandise, gift cards, and travel. Customers can also earn status within the Total Rewards[®] program based on their level of engagement with the Debtors and certain of their non-Debtor affiliates in a calendar year. Total Rewards[®] tiers are designated as Gold, Platinum, Diamond, or Seven Stars, and each offers an increasing set of customer benefits and privileges. By structuring the program in tiers with increasing benefits on the amount of the

¹⁸ CES is discussed in detail in Article II.B.4 below.

customer's activity, Caesars' customers are incentivized to consolidate their entertainment spending at casinos owned or managed by the Debtors and certain of their non-Debtor affiliates.

Additionally, the Debtors maintain a database containing information about their Total Rewards[®] customers, aspects of their casino gaming play, and their preferred spending choices outside of gaming. The Debtors use this information for marketing promotions, including through direct mail campaigns, the use of electronic mail, their website, mobile devices, social media, and interactive slot machines. Through these marketing promotions, the Debtors are able to generate additional customer play across the properties owned or managed by the Debtors and certain of their non-Debtor affiliates, helping the Debtors capture a growing share of their customers' entertainment spending.

5. Intellectual Property

The development of intellectual property is part of the Debtors' overall business strategy, and the Debtors seek to establish and maintain their proprietary rights in their business operations and technology through the use of patents, copyrights, trademarks, and trade secret laws. Although the Debtors' businesses as a whole are not substantially dependent on any one patent or trademark, the Debtors' portfolio of intellectual property assets will form the bedrock for the Debtors' future success. In particular, Debtors Caesars License Company, LLC and Caesars World, Inc. hold multiple trademarks related to the Debtors' businesses, including Bally's, Caesars, Caesars Palace, Harveys, Total Rewards, Reward Credits, and Horseshoe.

6. Governmental Regulation

The gaming industry is highly regulated, requiring the Debtors to maintain licenses and pay gaming taxes to continue their operations. Each of the Debtors' casinos is subject to extensive regulation under the laws, rules, and regulations of the jurisdiction in which it is located. These laws, rules, and regulations generally concern the responsibility, financial stability, and character of the owners, managers, and persons with financial interests in the gaming operations. Violations of laws in one jurisdiction could result in disciplinary action in other jurisdictions.

Besides laws, rules, and regulations relating to gaming, the Debtors' businesses are also subject to various foreign, federal, state, and local laws and regulations, including restrictions and conditions concerning alcoholic beverages, smoking, environmental matters, employees, currency transactions, taxation, zoning and building codes, construction, land use, and marketing and advertising. Further, because the Debtors deal with significant amounts of cash in the ordinary course of their operations, they are subject to various reporting and anti-money laundering regulations.

B. The Debtors' Corporate Structure, Parent, and Affiliates

The Debtors' corporate organization as of the Petition Date is depicted on the chart attached hereto as **Exhibit B**, which also identifies CEOC's various Debtor and non-Debtor subsidiaries. As set forth on **Exhibit B**, CEC owns approximately 89 percent of the outstanding shares of CEOC's common stock. Certain institutional investors own approximately 5 percent of CEOC's common stock, and the remaining 6 percent is held by employees who received the stock pursuant to an employee benefit plan that was instituted in May 2014 for CEOC's directors, officers, and other management-level employees. CEOC, in turn, directly or indirectly wholly- or majority-owns its Debtor subsidiaries.

In addition to CEOC, CEC owns casino-entertainment properties indirectly through Caesars Entertainment Resort Properties, LLC ("**CERP**") and CGP. CERP and CGP are licensed to use Total Rewards[®], the industry-leading customer loyalty program to market promotions and generate customer play across the entire network of Caesars properties.

1. Caesars Entertainment Corporation

On January 28, 2008, investment funds affiliated with Apollo Global Management, LLC and TPG Capital, L.P.,¹⁹ together with certain co-investors, acquired CEC for approximately \$30.7 billion through the 2008 LBO. On February 8, 2012, CEC conducted an initial public offering of its common stock, which now actively trades on the NASDAQ under the ticker symbol “CZR.” Funds affiliated with Apollo or TPG, together with certain co-investors, own or control approximately 60 percent of CEC’s common stock, and thus have voting control of the company. CEC’s remaining common stock is held by institutional and retail investors not affiliated with Apollo or TPG. As of the Petition Date, CEC had a market capitalization of \$1.8 billion.

2. Caesars Entertainment Resort Properties, LLC

After the 2008 LBO, CEC operated through two primary groups of wholly owned subsidiaries: (a) CEOC and (b) a group of six subsidiaries financed with real estate loans (the “CMBS Debt”): Harrah’s Atlantic City Holding, LLC; Harrah’s Las Vegas, LLC; Harrah’s Laughlin, LLC; Flamingo Las Vegas Holding, LLC; Paris Las Vegas Holding, LLC; and Rio Properties, LLC (the “CMBS Properties”).

In September 2013, CEC announced that the CMBS Properties would enter into a series of transactions to refinance their outstanding CMBS Debt and reposition them as subsidiaries of CERP, a newly-created direct subsidiary of CEC. As discussed more fully below, the Debtors sold certain properties to CERP in conjunction with this refinancing.

3. Caesars Growth Partners, LLC

CGP is a partnership formed by (a) CAC²⁰ and (b) certain subsidiaries of CEC. CAC purchased approximately 42.4 percent of the economic interest and 100 percent of the voting rights in CGP while CEC, through certain subsidiaries, owns the remaining approximately 57.6 percent economic interest (with no voting rights). CAC acquired its stake in CGP in exchange for \$457.8 million in cash while CEC acquired its interest in CGP in exchange for \$1.1 billion in face value of Senior Unsecured Notes and all of CEC’s equity in Caesars Interactive Entertainment (“CIE”).

According to CEC, CGP was designed to be a flexible organization that could raise capital necessary to fund Caesars’ more capital-intensive growth projects, such as online gaming and certain properties in need of significant investment. CIE, now a CGP subsidiary, publishes games on social media and mobile applications. CIE also operates real-money online gaming websites in Nevada and New Jersey, offers “play for fun” versions of these websites in other jurisdictions, and owns the World Series of Poker tournament and brand.

As discussed below, since its formation CGP has purchased several properties and a portion of their associated management fees from CEOC.

4. Caesars Enterprise Services, LLC

CES (sometimes referred to as “ServicesCo”) is a joint venture among CEOC, CERP, and Caesars Growth Properties Holdings, LLC (“CGPH”), an indirect subsidiary of CGP and holding company for the CGP subsidiaries

¹⁹ Apollo Global Management, LLC and affiliated funds and management companies are collectively referred to herein as “Apollo”. TPG Capital, L.P. and affiliated funds and management companies are collectively referred to herein as “TPG”. The funds and companies included in these definitions are separate legal entities and the definitions are used here solely for convenience.

²⁰ CAC is a publicly-traded company formed by the Sponsors. CAC was established on October 21, 2013, and initially funded with \$457.8 million in cash from the Sponsors. On November 18, 2013, CAC closed a public rights offering, which resulted in another \$700 million in funding from both non-Sponsor and Sponsor investment. After this follow-on offering, the Sponsors owned or controlled approximately 51 percent of CAC’s common shares.

that own Planet Hollywood Resort and Casino, The Cromwell, Horseshoe Baltimore, The LINQ Hotel & Casino in Las Vegas, Bally's Las Vegas, and Harrah's New Orleans. Historically, CEOC and its employees managed and funded centralized corporate functions—such as legal, accounting, payroll, information technology, and other enterprise-wide services—for all Caesars properties. As the company expanded since 2008, including with the formation of CAC and CGP (which did not exist when the initial centralized service structure was put in place), CES was formed in 2014, according to CEC, as a centralized “Services Company” to (a) manage centralized assets, such as certain intellectual property and the Total Rewards[®] loyalty program, (b) employ personnel who provide enterprise-wide services to Caesars branded properties, and (c) ensure an equitable allocation of costs around centralized services, including capital expenditures for shared services and the prioritization of projects.

CERP and CGPH contributed the initial funding needs of CES with \$42.5 million and \$22.5 million in cash, in exchange for which they received 20.2 percent and 10.8 percent ownership of CES, respectively. CEOC owns the remaining 69 percent of CES. Each of CEOC, CERP, and CGPH has equal 33 percent voting control over CES, rather than in accordance with their ownership stakes. CES's management and operations are governed by a steering committee, which consists of one member from each of CEOC, CERP, and CGPH. The steering committee can take action by a majority vote (subject to unanimity requirements for certain material actions) or written consent of the steering committee members.

CES provides the Debtors with substantially all of their corporate, regional, and shared (with CERP, CGPH/CGP, or both) employees, as well as substantially all of their property-level employees at the director level or above. As of the Petition Date, the majority of the approximately 2,000 management-level personnel responsible for running the Debtors' businesses are employed by CES, and CES is responsible for all employment-related obligations associated with these employees, including employment agreements, collective bargaining agreements, and any obligation to bargain and negotiate with a union.

Pursuant to an Omnibus License and Enterprise Services Agreement (the “Omnibus Agreement”), CEOC granted to CES a non-exclusive license to use—but otherwise retained ownership of—certain intellectual property, including Total Rewards[®]. In turn, CES generally grants to each entity that owns a property a license in and to the intellectual property relevant to such entity's property.

CES is a cost-allocation center and is therefore not designed to make profit; all services provided for CEOC, CERP, and CGP are provided on a profit-neutral basis. The corporate overhead expenses incurred by CES in performing centralized services, employing personnel, and managing intellectual property are allocated among CEOC, CERP, and CGPH, and generally reimbursed on a weekly basis, with a monthly true-up.²¹ Allocation percentages are based on a complex allocation methodology that takes into account each entity's consumption of the specified service or cost.

Prior to the formation of CES, the Debtors also historically managed payroll and accounts payable functions for CEOC, CERP, and CGP and their predecessor entities, with periodic reimbursements from CERP and CGP. The formation of CES has shifted these duties from the Debtors to CES, with CES processing all payroll data for the Debtors and their non-Debtor affiliates, and in substantially all cases acting as a third-party administrator in making payments to the Debtors' employees and remitting any appropriate deductions on account of payroll taxes or other withholdings to taxing authorities and other third-party benefit providers. CES provides the same services for CERP and CGP.

With respect to accounts payable, CES generally manages and funds all accounts payable on behalf of the Debtors and their non-Debtor affiliates. If and when CES makes a payment for any direct expense on behalf of CEOC, CERP, or CGP, CES is reimbursed on a regular basis (usually within 24–48 hours) for those payments.

²¹ From time to time, CES has and may continue to issue capital calls to CEOC, CERP, and CGPH to ensure that CES meets its working capital requirements.

Finally, CES functions as the governor on all enterprise-wide investments, including capital expenditures. The CES steering committee must approve all such enterprise-wide capital expenditures and cost allocations relating thereto.

C. Management of the Debtors

1. Board of Directors

CEOC's board of directors (the "CEOC Board of Directors") currently consists of six members. Two of the six members are independent directors, as defined in the corporate governance standards of the New York Stock Exchange. On March 18, 2016, Marc Rowan, a co-founder and Senior Managing Director of Apollo Global Management, LLC who had served as a member of the CEOC Board of Directors since June 2014 and as a director at CEC since January 2008, resigned from the CEOC Board of Directors. Set forth below are the directors of the CEOC Board of Directors as of the date of this Disclosure Statement.

<u>Name</u>	<u>Biography</u>
David Bonderman	Mr. Bonderman became a member of the CEOC Board of Directors in June 2014 and has been a director of CEC since January 2008. Mr. Bonderman is a TPG Founding Partner. Prior to forming TPG in 1993, Mr. Bonderman was Chief Operating Officer of the Robert M. Bass Group, Inc. (now doing business as Keystone Group, L.P.) in Fort Worth, Texas. He holds a bachelor's degree from the University of Washington and a law degree from Harvard University. He has previously served on the boards of directors of Gemalto N.V., Burger King Holdings, Inc., Washington Mutual, Inc., IASIS Healthcare LLC, and Univision Communications and Armstrong World Industries, Inc. Mr. Bonderman also currently serves on the boards of directors of JSC VTB Bank, Energy Future Holdings Corp., General Motors Company, CoStar Group, Inc., and Ryanair Holdings PLC, of which he is Chairman.
Kelvin Davis	Mr. Davis became a member of the CEOC Board of Directors in June 2014 and has been a director of CEC since January 2008. Mr. Davis is a TPG Senior Partner and Head of TPG's North American Buyouts Group, incorporating investments in all non-technology industry sectors. He also leads TPG's Real Estate investing activities. Prior to joining TPG in 2000, Mr. Davis was President and Chief Operating Officer of Colony Capital, Inc., a private international real estate-related investment firm which he co-founded in 1991. He holds a bachelor's degree from Stanford University and an M.B.A. from Harvard University. Mr. Davis currently serves on the boards of directors of AV Homes, Inc., Northwest Investments, LLC (which is an affiliate of ST Residential), Parkway Properties, Inc., Taylor Morrison Home Corporation, Univision Communications, Inc., and Catellus Development Corporation. He is a member of the Executive Committee and Human Resources Committee.
Gary Loveman	Mr. Loveman is Chairman of the CEOC Board of Directors, and has also been the Chairman of the Board of CEC since January 1, 2005. Until recently, Mr. Loveman was Chief Executive Officer of Caesars Entertainment, a position he had held since January 2003, and was formerly President of Caesars Entertainment since April 2001. He has over 15 years of experience in retail marketing and service management, and he previously served as an associate professor at the Harvard University Graduate School of Business. He holds a bachelor's degree from Wesleyan University and a Ph.D. in Economics from the Massachusetts Institute of Technology. Mr. Loveman also serves as a director of Coach, Inc. and FedEx Corporation.

Name

Biography

David Sambur

Mr. Sambur became a member of the CEOC Board of Directors in June 2014 and has been a director of CEC since November 2010. Mr. Sambur is a Partner of Apollo Global Management, having joined in 2004. Mr. Sambur has experience in financing, analyzing, investing in, and/or advising public and private companies and their boards of directors. Prior to joining Apollo, Mr. Sambur was a member of the Leveraged Finance Group of Salomon Smith Barney Inc. Mr. Sambur serves on the board of directors of Verso Paper Corp., CEC, CAC, Momentive Performance Materials Holdings, Momentive Specialty Chemical, Inc., and AP Gaming Holdco, Inc. Mr. Sambur graduated summa cum laude and Phi Beta Kappa from Emory University with a BA in Economics. Mr. Sambur is a member of CEOC's Restructuring Committee.

Ronen Stauber

Mr. Stauber became a member of the CEOC Board of Directors in June 2014 and serves as a member of the Special Governance Committee and the Restructuring Committee. He leads the day-to-day activities of Jenro Capital, which provides transaction and consulting services to corporations, private equity firms, and family investment offices. Prior to Jenro, Mr. Stauber was Head of Private Equity at Berggruen Holdings Ltd., an over \$2 billion net asset private investment firm, where he managed over nineteen portfolio companies in the United States and Europe as well as real estate development assets in India, Turkey, and Israel. The portfolio companies were in various industries, including for-profit education, print finishing, furniture, building materials, and car rentals. From 2006 to 2009, Mr. Stauber was an Operating Partner at Pegasus Capital Advisors where he led or participated in over 30 deal teams across a variety of industries and deal sizes. Mr. Stauber was responsible for Pegasus Capital Advisors' investment in ImageSat International, an international satellite-imagery company, where he also served as a board member. From 1997 to 2006, he was an executive with Cendant Corporation. While at Cendant, Mr. Stauber served as president and Chief Executive Officer of Cendant Corporation's Consumer Travel, International Markets business unit, as well as Chief Operating Officer of Gullivers Travel Associates. Mr. Stauber previously led Cendant's strategic development efforts.

Name

Biography

Steven Winograd

Mr. Winograd became a member of the CEOC Board of Directors in June 2014 and serves as a member of the Special Governance Committee and the Restructuring Committee. Since September 2015, Mr. Winograd has been a Managing Director of PennantPark Investment Advisers, a direct lender to, and co-investor in, middle market companies which are, in many cases, affiliated with private equity firms. PennantPark provides financing and invests across a company's entire capital structure, including senior and junior debt, preferred stock and common equity co-investments. Mr. Winograd's responsibilities at PennantPark include originating, structuring and managing new investments, assisting with the firm's fund raising efforts, and working to broaden and deepen its relationships and visibility with private equity firms, intermediaries, and management teams. Prior to joining PennantPark, since August 2011, he had been a managing director in the Financial Sponsors Group of the Investment & Corporate Banking division of BMO Capital Markets, where he was responsible for managing relationships with a number of large-cap and mid-cap private equity clients and their portfolio companies. Prior to joining BMO Capital Markets, from 2004 through 2011, Mr. Winograd was a Managing Director in the Financial Sponsors Group of Merrill Lynch, which was acquired by Bank of America in 2009. Prior to joining Merrill Lynch, Mr. Winograd held senior level positions at a number of other investment banking firms including Deutsche Bank, Bear Sterns, and Drexel Burnham. Mr. Winograd also spent two years as a General Partner of The Blackstone Group where he was involved in investing the firm's private equity fund, as well as two years as a Managing Director of the Argosy Group, a restructuring advisory firm. During over 33 years as an investment banker, Mr. Winograd has completed numerous transactions for a wide variety of public and private companies including mergers and acquisitions, debt and equity financings, and restructurings. Mr. Winograd also serves as a disinterested Authorized Representative (the functional equivalent of an Independent Director) of Linn Acquisition Company LLC, a wholly owned subsidiary of Linn Energy, LLC, where he manages Linn Acquisition's direct subsidiary Berry Petroleum Company, LLC, which along with Linn Energy, is one of the top 20 independent oil and gas exploration and production companies in the United States. Mr. Winograd received a BA from Wesleyan University and an MBA from the Columbia University Graduate School of Business, where he was elected to the Beta Gamma Sigma Honor Society.

2. Executive Officers

Set forth below are the senior executive officers of CEOC as of the date of this Disclosure Statement and each officer's position within CEOC.

Name

Biography

John Payne

Mr. Payne is President and Chief Executive Officer of CEOC. Mr. Payne joined CEC nearly 19 years ago as a President's Associate. Most recently, he served as President, Central Markets & Partnership Development for Caesars Entertainment. Prior to this role, Mr. Payne was President of Enterprise Shared Services from July 2011 to May 2013. Previously, he was Central Division President. Mr. Payne has held general manager roles of several properties, including Harrah's New Orleans.

<u>Name</u>	<u>Biography</u>
Mary Elizabeth Higgins	Ms. Higgins is Chief Financial Officer of CEOC. Ms. Higgins joined CEOC from Global Cash Access Inc., where she served as Chief Financial Officer and Executive Vice President from September 2010 to March 2014 and was responsible for all facets of financial management, including financial controls and reporting, taxation, financial planning, treasury, and investor relations. Prior to this, Ms. Higgins held the Chief Financial Officer role at Herbst Gaming Inc. and Camco Inc., successively. She holds a bachelor's degree in international relations from the University of Southern California and an MBA in finance from Memphis State University.
Timothy Lambert	Mr. Lambert is General Counsel of CEOC. Mr. Lambert joined Empress Entertainment, a predecessor of CEC, in 1995. He was most recently Vice President and Chief Counsel Regional Operations, Regulatory & Compliance for Caesars Entertainment, and continues to retain this position after his appointment as General Counsel. Mr. Lambert graduated Cum Laude from Illinois Wesleyan University with a bachelor's degree in business administration, and received his law degree from the University of Illinois College of Law, where he graduated Magna Cum Laude.
Randall S. Eisenberg	Mr. Eisenberg is Chief Restructuring Officer of CEOC. He is also a Managing Director at AlixPartners. Mr. Eisenberg has over 25 years of experience advising senior management, boards of directors, equity sponsors, and credit constituents in the transformation and restructuring of underperforming companies. Although many of his matters remain confidential, Mr. Eisenberg has been involved with some of the largest and most complex restructurings in the recent past, including Anthracite Capital, Inc., Delphi Corporation, Jackson Hewitt, Kmart Corporation, Momentive Performance Materials, Inc., Planet Hollywood International, Inc., Rotech Healthcare, Inc., RSL Communications, Ltd., Select Staffing, US Airways Group, Inc., Vertis, Inc., and Visteon Corp. Mr. Eisenberg is a fellow in both the American College of Bankruptcy and International Insolvency Institute, and is a past Chairman, President, and Board Member of the Turnaround Management Association.

3. The Special Governance Committee

On June 27, 2014, the Debtors appointed Steven Winograd and Ronen Stauber (both listed above) as independent directors of CEOC. Messrs. Winograd and Stauber then formed the Special Governance Committee on July 30, 2014. As described in greater detail in Article IV.D below, the Special Governance Committee was charged with, among other things, conducting an independent investigation into potential claims that the Debtors and/or their creditors may have against CEC or its affiliates, including claims that eventually formed the bases of filed creditor complaints. Various creditors including the Second Priority Noteholders Committee believe this investigation is tainted as further described below in Article IV.F; the Debtors strongly disagree. Further, since its formation, the Special Governance Committee has been actively monitoring restructuring negotiations with creditors and has engaged in its own negotiations with CEC to secure substantial contributions by CEC to the restructuring and improved recoveries for all stakeholders.

4. The Restructuring Committee

On January 14, 2015, a Restructuring Committee (the "Restructuring Committee") of the CEOC Board of Directors was established. The Restructuring Committee is comprised of David Sambur, Steven Winograd, and Ronen Stauber. Randall S. Eisenberg, as CEOC's Chief Restructuring Officer, reports directly to the Restructuring Committee, and the Restructuring Committee has the power and authority to oversee certain of the Debtors' restructuring matters and act on behalf of the CEOC Board of Directors with respect to such matters.

D. The Debtors' Capital Structure

As of the Petition Date, the Debtors have outstanding funded debt for borrowed money in the aggregate principal amount of approximately \$18 billion. These obligations are discussed in turn below.

1. First Lien Debt

(a) Prepetition Credit Agreement Debt

As of the Petition Date, CEOC owed approximately \$5.35 billion under four term loans issued pursuant to the Prepetition Credit Agreement. Under the Prepetition Credit Agreement, CEOC has approximately \$106.1 million of capacity under a revolving credit facility, approximately \$101.3 million of which was committed to outstanding letters of credit as of the Petition Date. In addition, Prepetition Credit Agreement Claims include the Swap and Hedge Claims, which arose pursuant to certain of CEOC's interest rate swap agreements that it uses to manage certain variable and fixed interest rates.

CEC guarantees CEOC's obligations under the Prepetition Credit Agreement pursuant to the terms of that certain Guaranty and Pledge Agreement, dated as of July 25, 2014, made by CEC in favor of Credit Suisse AG, Cayman Islands Branch ("Credit Suisse"), in its capacity as successor agent under the Prepetition Credit Agreement, as amended by that certain Amendment dated August 21, 2015 (as the same may be further amended, restated, or supplemented from time to time) (the "Guaranty and Pledge Agreement").

(b) First Lien Notes

As of the Petition Date, CEOC owed approximately \$6.35 billion in principal amount outstanding to holders of the First Lien Notes (the "First Lien Noteholders") issued by CEOC pursuant to the First Lien Notes Indentures, including the 8.50% First Lien Notes Indenture, the 9.00% First Lien Notes Indentures, and the 11.25% First Lien Notes Indenture (collectively, the "First Lien Notes Indentures"). UMB Bank, N.A. is the indenture trustee for each of the First Lien Notes Indentures (the "First Lien Notes Indenture Trustee" or "UMB").

(c) First Lien Collateral and Intercreditor Agreements

CEOC's prepetition obligations under the Prepetition Credit Agreement and the First Lien Notes (collectively the "First Lien Debt") are secured by first priority liens on the "Collateral," as defined in that certain Amended and Restated Collateral Agreement (as amended, modified, waived, and/or supplemented from time to time, the "First Lien Collateral Agreement"), dated as of June 10, 2009, by and among CEOC, certain CEOC subsidiaries identified therein (together with CEOC, the "First Lien Pledgors"), and the collateral agent under the Prepetition Credit Agreement (the "First Lien Collateral Agent").²²

Pursuant to the First Lien Collateral Agreement, the First Lien Pledgors pledged substantially all of their assets—including, among other things, commercial tort claims and cash—to secure the First Lien Debt. Specifically, section 4.04(b) of the First Lien Collateral Agreement requires the First Lien Pledgors to (a) promptly notify the First Lien Collateral Agent if the First Lien Pledgors at any time hold or acquire any commercial tort claim that the First Lien Pledgors reasonably estimate to be in an amount greater than \$15 million and (b) grant to the First Lien Collateral Agent a security interest in such commercial tort claim and in the proceeds thereof.²³ On September 25, 2014, in compliance with their obligations under the First Lien Collateral Agreement, the First Lien Pledgors granted to the First Lien Collateral Agent, for the benefit of creditors under the Prepetition Credit Agreement ("First Lien Lenders") and the First Lien Noteholders (together with the First Lien Lenders, the "First

²² Bank of America, N.A. was the original administrative agent and collateral agent under the Prepetition Credit Agreement and was replaced in such capacities by Credit Suisse on July 25, 2014.

²³ Generally, a categorical description is insufficient to grant a security interest in commercial tort claims. See U.C.C. §§ 9-108(e)(1); 9-204(b)(2).

Lien Creditors”), an interest in and lien on all of the First Lien Pledgors’ rights, title, and interests in certain commercial tort claims (the “Commercial Tort Claims”) and proceeds thereof, to the extent any such claims exist.²⁴

The First Lien Agents,²⁵ and other parties from time to time, entered into that certain First Lien Intercreditor Agreement, dated as of June 10, 2009 (as amended, restated, modified, and supplemented from time to time, the “First Lien Intercreditor Agreement”), which was consented to by CEOC and CEC and governs, among other things: (i) payment and priority with respect to holders of claims related to the First Lien Debt; (ii) rights and remedies of First Lien Creditors with respect to debtor-in-possession financing, use of cash collateral, and adequate protection in a chapter 11 case; and (iii) the relative priority of liens granted to holders of “First Lien Obligations” (as defined in the First Lien Intercreditor Agreement).

2. Second Lien Debt

(a) Second Lien Notes

As of the Petition Date, CEOC owed approximately \$5.24 billion in principal amount outstanding to holders of Second-Priority Senior Secured Notes (the “Second Lien Notes”) issued pursuant to the Second Lien Notes Indentures, including the 10.00% Second Lien Notes Indentures and the 12.75% Second Lien Notes Indentures.

(b) Second Lien Collateral and Intercreditor Agreements

CEOC’s prepetition obligations under the Second Lien Notes (the “Second Lien Debt”) are secured by second priority liens in the “Collateral,” as defined in and subject to the terms of that certain Collateral Agreement (as amended, restated, modified, and supplemented from time to time, the “Second Lien Collateral Agreement” and together with the First Lien Collateral Agreement, the “Collateral Agreements”), dated as of December 24, 2008, by and among CEOC, certain CEOC subsidiaries identified therein (together with CEOC, the “Second Lien Pledgors”), and the Second Lien Agent,²⁶ in its capacity as collateral agent (the “Second Lien Agent” and collectively with the First Lien Collateral Agent, the “Collateral Agents”). Section 4.01 of the Second Lien Collateral Agreement expressly excludes cash and deposit accounts from the collateral package securing the Second Lien Debt.²⁷

Section 4.04(b) of the Second Lien Collateral Agreement requires the Second Lien Pledgors to (i) promptly notify the Second Lien Collateral Agent if the Second Lien Pledgors at any time hold or acquire any commercial tort claim the Second Lien Pledgors reasonably estimate to be in an amount greater than \$15 million and (ii) grant to the Second Lien Collateral Agent, for the benefit of owners of the Second Lien Notes (the “Second Lien Noteholders”) a security interest in such commercial tort claim and in the proceeds thereof. On November 25, 2014, in compliance with the Second Lien Collateral Agreement, the Second Lien Pledgors granted to the Second Lien Collateral Agent a

²⁴ As described further in Article IV.N and Article IV.O below, the Unsecured Creditors Committee and the Subsidiary-Guaranteed Notes Trustee (as defined herein) have filed motions seeking standing to pursue challenges to certain of the First Lien Creditors’ liens. The Bankruptcy Court has continued that standing request to a hearing on July 22, 2016, and has indicated it is currently prepared to deny the lien challenge standing request at this time. See [Docket Nos. 3403, 3404].

²⁵ As used herein, “First Lien Agents” means, collectively, the First Lien Collateral Agent and the First Lien Notes Indenture Trustee, including any predecessor in such capacity as applicable.

²⁶ As used herein, “Second Lien Agent” means U.S. Bank National Association (“U.S. Bank”) in its capacity as indenture trustee under the Second Lien Notes Indentures and collateral agent under the Second Lien Collateral Agreement, and any successors in such capacities, including Delaware Trust Company.

²⁷ See Second Lien Collateral Agreement § 4.01 (“Notwithstanding anything to the contrary in this Agreement, this Agreement shall not constitute a grant of a security interest in . . . cash, deposit accounts and securities accounts (to the extent that a Lien thereon must be perfected by an action other than the filing of customary financing statements).” Because perfection of a lien on cash or deposit accounts requires control or possession, the Second Lien Collateral Agreement does not provide Second Lien Noteholders with a security interest therein.

security interest in and lien on all of the Second Lien Pledgors' rights, title, and interests in and to the Commercial Tort Claims and proceeds thereof, to the extent any such claims exist.²⁸

The First Lien Agents and the Second Lien Agent entered into that certain Intercreditor Agreement, dated as of December 24, 2008 (as amended, restated, modified, and supplemented from time to time, the "Second Lien Intercreditor Agreement"), which was acknowledged by CEOC. The Second Lien Intercreditor Agreement governs, among other things, the relative priority of the First Lien Debt and the Second Lien Debt and the rights and remedies of First Lien Creditors and Second Lien Noteholders with respect to debtor-in-possession financing, use of cash collateral, and adequate protection.

3. Subsidiary-Guaranteed Debt

(a) Subsidiary-Guaranteed Notes

As of the Petition Date, CEOC owed approximately \$479 million in principal amount outstanding to holders of Subsidiary-Guaranteed Notes issued pursuant to the Subsidiary-Guaranteed Notes Indenture. CEOC's prepetition obligations under the Subsidiary-Guaranteed Notes were guaranteed by the Subsidiary Guarantors—a group comprised of certain of CEOC's direct and indirect subsidiaries, all or substantially all of which pledged assets to the First Lien Collateral Agent to secure the First Lien Debt.

(b) Guarantor Intercreditor Agreement

The First Lien Agents and the Subsidiary-Guaranteed Notes Indenture Trustee, among others, entered into that certain Intercreditor Agreement, dated as of January 28, 2008 (as amended, restated, modified, and supplemented from time to time, the "Guarantor Intercreditor Agreement"). The Guarantor Intercreditor Agreement governs, among other things, the relative priority of the Subsidiary-Guaranteed Notes and the First Lien Creditors, and includes a provision requiring the Holders of Subsidiary-Guaranteed Notes to turnover a portion of the payments made to them by any Subsidiary Guarantor prior to the indefeasible payment in full in cash of Prepetition Credit Agreement Claims and First Lien Notes Claims.

4. Senior Unsecured Notes

As of the Petition Date, CEOC owed approximately \$530 million in principal amount outstanding to holders of Senior Unsecured Notes issued pursuant to the Senior Unsecured Notes Indentures, including the 5.75% Senior Unsecured Notes Indenture and the 6.50% Senior Unsecured Notes Indenture. Certain affiliates of CAC are holders of Senior Unsecured Notes representing approximately \$289 million in principal amount. As set forth in Article IV.D.8, Holders of approximately \$82.4 million of Senior Unsecured Notes entered into a purchase and support agreement with CEOC and CEC in August 2014, pursuant to which they agreed to be deemed to consent to any restructuring of the Senior Unsecured Notes (including the Amended Senior Unsecured Notes, as defined herein) that has been consented to by holders of at least 10 percent of the outstanding 6.50% Senior Unsecured Notes Due 2016 and 5.75% Senior Unsecured Notes Due 2015, as applicable. Approximately \$159 million in principal amount of Senior Unsecured Notes remains outstanding that is not owned by CAC or the August Noteholders (as defined herein).

ARTICLE III. EVENTS LEADING TO THE CHAPTER 11 FILINGS

The Debtors and their non-Debtor affiliates operate one of the largest and most comprehensive portfolios of casino properties in North America. The Debtors' combination of both local and destination options for gaming and

²⁸ As described further in Article IV.N and Article IV.O below, the Unsecured Creditors Committee and the Subsidiary-Guaranteed Notes Trustee have filed motions seeking standing to pursue challenges to certain of the Second Lien Noteholders' liens. The Bankruptcy Court has continued that standing request to a hearing on July 20, 2016, and has indicated it is currently prepared to deny the lien challenge standing request at this time. *See* [Docket Nos. 3403, 3404].

entertainment offers many patrons a unique opportunity to enjoy a high-quality gaming experience not only on vacation, but throughout the year. Unlike competitors that offer only regional gaming properties, the Debtors have been able to obtain higher than average spending at their regional properties because their industry-leading customer loyalty program, Total Rewards[®], provides customers with entertainment and gaming rewards that can be used in Las Vegas and other destinations. And unlike competitors that offer only destination properties, the Debtors' more frequent interactions with their customers at the local level allows them to fashion personally tailored reward packages that enhance their customers' experiences and encourage trips to destinations such as Las Vegas. This symbiotic relationship between the Debtors' properties promotes higher customer traffic and spending throughout the enterprise, including both regional and destination properties.

A. Economic Challenges

1. The 2008 Recession

The 2008 recession had a significant impact on the Debtors, with enterprise-wide net revenues before promotional allowances falling from \$12.7 billion in 2007 to \$10.3 billion in 2009. In response to the 2008 recession, the Debtors eliminated hundreds of millions of dollars of corporate, marketing, and operational costs. Despite these efforts, CEC's adjusted EBITDA²⁹ dropped from \$2.1 billion in 2007 to \$1.7 billion in 2009, and continued to decline through the Petition Date.

2. Changing Consumer Spending Habits

The challenges facing the Debtors were not limited to the 2008 recession. Even though the economy has improved, the Debtors are now facing changing consumer preferences. For example, the "Millennial" generation has shown less interest in gaming than previous generations. Thus, although Las Vegas's tourist numbers have largely rebounded to pre-recession rates, visitors, on average, are younger and less willing to gamble. According to the Las Vegas Convention and Visitors Bureau, 47 percent of Las Vegas visitors in 2012 indicated that their primary reasons to visit was for vacation or pleasure instead of gambling, which is up from 39 percent in 2008.³⁰ To address this changing dynamic and capture this younger crowd, many of the newest gaming properties provide significant non-gaming entertainment options. The Debtors likewise are pursuing younger customers, including by renovating Caesars Palace's nightclub to drive additional traffic to that property. But nightlife, restaurants, and other entertainment options are not as profitable as gaming.

3. Increased Competition

The Debtors also face increased competition for gaming dollars. Since 2001, nine states have legalized gambling (bringing the total to 18), which has resulted in more local casinos.³¹ In Ohio, for example, the first casino opened in 2012—now there are eleven. Similarly, over the past five years, Pennsylvania, which had almost no gaming at the time the 2008 LBO was signed, has become the second-largest domestic gaming market outside of

²⁹ After the Petition Date and during the Chapter 11 Cases, the Debtors' business operations have consistently provided strong cash flow. See Article IV.Y.

³⁰ Las Vegas Convention & Visitors Auth., *2012 Las Vegas Visitor Profile* [Page 17] (2012), available at http://www.lvcva.com/includes/content/images/MEDIA/docs/2012-Las_Vegas_Visitor_Profile1.pdf.

³¹ Ryan McCarthy, *The End of a Casino Monopoly, in Three Charts*, Washington Post (Sept. 23, 2014), <http://www.washingtonpost.com/news/storyline/wp/2014/09/23/the-end-of-a-casino-monopoly-in-three-charts/>; Matt Villano, *All In: Gambling Options Proliferate Across USA*, USA Today (Jan. 26, 2013), <http://www.usatoday.com/story/travel/destinations/2013/01/24/gambling-options-casinos-proliferate-across-usa/1861835>.

Nevada.³² These additional gaming options have added pressure to existing casinos as the total customer population has remained relatively stable.³³

Even in Las Vegas, new developments have increased competition for existing casinos. Since 2008, three new developments have opened on the Las Vegas Strip: (a) in December 2008, Wynn Resorts Limited opened the \$2.3 billion Encore Las Vegas, which includes more than 2,000 hotel rooms, approximately 76,000 square feet of gaming space, and approximately 27,000 square feet of retail and entertainment space; (b) in December 2009, MGM Resorts International opened up CityCenter, a \$9.2 billion gaming and residential resort that includes more than 6,000 hotel rooms, approximately 150,000 square feet of gaming space, and 500,000 square feet of retail and restaurant space; and (c) in December 2010, the Cosmopolitan Las Vegas, a \$3.9 billion gaming resort, opened, adding approximately 3,000 hotel rooms, 110,000 square feet of gaming space, and 300,000 square feet of retail and restaurant space. These developments, as well as newly renovated properties by many of Las Vegas's traditional operators, have increased the supply of gaming, hotel, restaurant, and shopping opportunities available to Las Vegas visitors, leading to top-line revenue pressures for Caesars Palace.

4. Challenges in the Atlantic City Market

The Debtors also face significant challenges in the Atlantic City market, where they own Caesars Atlantic City and Bally's Atlantic City. These challenges are the result of, among other things, the effects of Hurricanes Irene and Sandy on the local economy, an oversaturated local market, and increased competition from casinos on the East Coast. As the chair of the New Jersey Casino Control Commission noted in the opening to that body's 2010 annual report:

Over the years, Atlantic City's gaming industry has gone from enjoying a monopoly in the eastern half of the United States to a fiercely competitive situation today with slot machines or full blown casinos in every neighboring state. Gamblers in the New York, Philadelphia and Baltimore metropolitan areas now have places a lot closer to home than Atlantic City is. The so-called "convenience gambler" has found more convenient places to go to gamble. Similarly, development of casino hotels in Macau and Singapore, as well as the new properties in Las Vegas, has made it harder for Atlantic City to attract the real high-end players.³⁴

As a result, Atlantic City has seen several high-profile casino bankruptcies in recent years.³⁵ Four Atlantic City casinos closed in 2014 alone,³⁶ including the Debtors' Showboat Atlantic City property. According to the Atlantic City Gaming Industry Report, prepared by the Office of Communications, State of New Jersey Casino

³² IBISWorld: Safe Bet: A rise in tourism and personal expenditure will boost demand for casinos, IBISWorld Industry Report 71321: Non-Casino Hotels in the US, 8 (November 2014).

³³ Josh Barro, *The Strange Case of States' Penchant for Casinos*, N.Y. Times (Nov. 5, 2014), <http://www.nytimes.com/2014/11/06/upshot/the-strange-case-of-states-addiction-to-casinos.html?abt=0002&abg=1> ("States have gradually expanded legal gambling over the last four decades as a way to generate revenue without unpopular tax increases. But large parts of the American market are now saturated, with revenue in decline in most major casino markets. A majority of Americans already live relatively near casinos, so opening new ones does more to shift revenue around than to generate new business. As supply has outpaced demand, some casinos are closing, and governments have missed their projections for gambling-related revenue.").

³⁴ State of New Jersey Casino Control Comm'n, 2010 Annual Report (2010), available at <http://www.state.nj.us/casinos/reports>.

³⁵ See, e.g., *In re Trump Entertainment Resorts, Inc.*, No. 14-12103 (KG) (Bankr. D. Del.); *In re Revel AC, Inc.*, No. 14-22654 (GMB) (Bankr. D.N.J.); *In re Revel AC, Inc.*, No. 13-16253 (JHW) (Bankr. D.N.J.).

³⁶ Mark Berman, *Trump Plaza Closes, Making It Official: A Third of Atlantic City's Casinos Have Closed This Year*, Wash. Post (Sept. 16, 2014), <http://www.washingtonpost.com/news/post-nation/wp/2014/09/16/trump-plaza-closes-making-it-official-a-third-of-atlantic-citys-casinos-have-closed-this-year>.

Control Commission, gaming revenues for Atlantic City properties have declined more than 40 percent since the 2008 LBO, from \$5.2 billion in 2006 to \$2.7 billion in 2014.

B. Certain Prepetition Challenged Transactions

Prior to the Petition Date, the Debtors were involved in numerous asset sales, capital market transactions, and other transactions. Certain of these transactions were with affiliates (collectively, the “Challenged Transactions”), including (i) the CIE Transactions, (ii) the 2010 Trademark Transfer, (iii) the CERP Transaction, (iv) the Growth Transaction, (v) the Four Properties Transaction, (vi) the Shared Services Joint Venture, (vii) the B-7 Refinancing, (viii) repayment of an intercompany revolver, and (iv) the August Notes Transaction (each as defined below, as applicable). As discussed more fully in Article IV.D and Article IV.E below, the Challenged Transactions have been the subject of investigation by the Special Governance Committee and the Bankruptcy Court-appointed Examiner. In addition, the Challenged Transactions have been the subject of numerous creditor group lawsuits as discussed more fully in Article III.D below.

C. Recent and Impending Property Closures

The Debtors have considered other options to reduce overhead and improve cash flows. In particular, the Debtors conducted a comprehensive review of their property portfolio to identify their weakest performing casino properties, especially those in markets that are oversupplied with gaming options. As a result of this review, the Debtors closed two U.S. properties in 2014: Harrah’s Tunica, which was closed on June 2, 2014, and Showboat Atlantic City, which was closed on August 31, 2014. Subsequently, the Debtors sold the Showboat Atlantic City property to a New Jersey public university in a transaction that closed on December 12, 2014. As described more fully herein at Article IV.U, the Debtors sold the Harrah’s Tunica property during the Chapter 11 Cases. In addition, the Debtors ceased their greyhound racing activities at the Horseshoe Council Bluffs casino in Council Bluffs, Iowa, effective December 31, 2015, in response to local legislation. The Horseshoe Council Bluffs casino otherwise remains open for business.

D. Litigation Regarding Challenged Transactions and CEC’s Guarantees

The Challenged Transactions are the subject of serious and complicated disputes between CEOC, various of its creditors, and CEC and its affiliates. Generally speaking, the creditors claim that the Challenged Transactions were unlawful and/or violated certain covenants under the applicable indentures. More specifically, the Debtors’ various noteholder groups allege that assets were transferred at below-market prices as part of a scheme by CEC and the Sponsors to transfer valuable assets from CEOC to CEC and its affiliates to remove them from the reach of CEOC’s creditors. The creditors further allege that CEOC’s directors and officers are unavoidably conflicted due to their extensive business and commercial ties to CEC and the Sponsors, and that they violated their fiduciary duties by approving the transactions. Each of these claims and allegations are subject to vigorous dispute by the defendants in such actions. The Special Governance Committee’s investigation into these claims is discussed more fully in Article IV.D below. Similarly, the Examiner’s Report on the Challenged Transactions is discussed in Article IV.E below.

On August 4, 2014, Wilmington Savings Fund Society, FSB, solely in its capacity as indenture trustee under the 10.00% Second Lien Notes Indenture dated as of April 15, 2009 (“WSFS”), commenced an action in the Court of Chancery of the State of Delaware against, among others, CEC, CEOC, CGP, CERP, CEC’s directors, and certain of CEOC’s directors in a case captioned *Wilmington Savings Fund Society, FSB v. Caesars Entertainment Corporation*, C.A. No. 10004-VCG (the “WSFS Delaware Action”). In the WSFS Delaware Action, WSFS alleged claims for, among other things, intentional and constructive fraudulent transfer, breach of fiduciary duty, aiding and abetting breach of fiduciary duty, corporate waste, and breach of contract. On August 3, 2015, WSFS amended its complaint to assert certain claims under the Trust Indenture Act of 1939 (the “TIA”) against CEC related to the release of CEC’s guarantee of the amounts outstanding under the 10.00% Second Lien Notes Indenture [Del. Ch. Court Docket ID. 74742841]. The claims in the WSFS Delaware Action are focused on the CIE, CERP, Growth, and Four Properties Transactions, as well as the Shared Services Joint Venture. During the pendency of the Chapter 11 Cases, the action has been automatically stayed with respect to the Debtors as well as derivative claims

that belong to the Estates against CEC, CGP, CERP, CEC's directors, and certain of CEOC's directors. Vice Chancellor Glasscock denied a motion to dismiss with respect to CEC on March 18, 2015. Plaintiffs have advised the Bankruptcy Court that they agreed their derivative claims are automatically stayed and therefore are only pursuing their independent breach of contract and TIA claims, alleging that CEC remains liable under the parent guarantee formerly applicable to 10.00% Second-Priority Notes due 2018. On March 14, 2016, WSFS moved for partial summary judgment, asking the court to determine that WSFS is entitled to its \$3.6 billion claim because the relevant section of the indenture is unambiguous and an event of default occurred [Del. Ch. Court Docket ID. 76344683]. On April 25, 2016, CEC submitted a cross-motion for partial summary judgment in response. These summary judgment motions are pending as of the date hereof. The parties have stipulated to the following briefing schedule: (a) WSFS must file its reply brief in support of its motion and an opposition brief in response to CEC's motion on or before May 24, 2016; (b) CEC must file its reply brief on or before June 9; and (c) oral argument is scheduled for June 16, 2016. In addition, as described below in Article IV.S.1, an injunction staying the commencement of trials in the BOKF SDNY Action (as defined below) expired on May 9, 2016. On June 6, 2016, the Debtors filed an emergency motion seeking a temporary restraining order and preliminary injunction enjoining the plaintiffs in the Parent Guarantee Litigation from further prosecuting their guaranty lawsuits because the Debtors believe such an injunction is necessary to protect the Debtors' ability to reorganize in the Chapter 11 Cases [Adv. Case. No. 15-00149 (ABG), Docket Nos. 241]. An evidentiary hearing is scheduled on the emergency motion on June 8, 2016.

On August 5, 2014, CEC and CEOC commenced a lawsuit in the Supreme Court of New York, County of New York, against certain institutional holders of First and Second Lien Notes, which is captioned *Caesars Entertainment Operating Company, Inc. and Caesars Entertainment Corporation v. Appaloosa Investment Limited Partnership I, et al.*, Index No. 652392/2014 (the "New York State Action"). The members of the Special Governance Committee abstained from the decision to file the New York State Action. In the New York State Action, CEC and CEOC asserted that the defendants tortiously interfered with CEC's and CEOC's businesses in an attempt to improve defendants' credit default swap and other securities positions. CEC and CEOC also sought declarations that no defaults occurred under CEOC's First and Second Lien Notes Indentures and that there have been no breaches of fiduciary duty or fraudulent transfers. Defendants filed motions to dismiss this action in October 2014. On June 29, 2015, the court dismissed the complaint without prejudice, reserving its decision on Count I of the complaint pending a motion by the defendants [Docket No. 155]. On July 20, 2015, the court dismissed Count I of the claim with prejudice [Docket No. 160], so the entire complaint is now dismissed.

On November 25, 2014, the First Lien Notes Indenture Trustee, in its capacity as trustee under the 8.50% First Lien Notes Indenture, commenced an action in the Court of Chancery of the State of Delaware against CEC, CEOC, CGP, CERP, CEC's directors, and all of CEOC's directors in a case captioned *UMB Bank v. Caesars Entertainment Corporation*, C.A. No. 10393-VCG (the "UMB Receiver Action"). In the UMB Receiver Action, the First Lien Notes Indenture Trustee has alleged that CEC engaged in a fraudulent scheme to strip assets from CEOC, and seeks, among other things, to have the Delaware Chancery Court appoint a receiver to manage CEOC's affairs for the benefit of its noteholders. Pursuant to the Prepetition RSA, the UMB Receiver Action was consensually stayed as to all defendants upon the filing of the Chapter 11 Cases.

On September 3 and October 2, 2014, certain Senior Unsecured Noteholders commenced two actions against CEC and CEOC in the United States District Court for the Southern District of New York, which are captioned *MeehanCombs Global Credit Opportunities Master Fund, LP v. Caesars Entertainment Corp. and Caesars Entertainment Operating Co., Inc.*, Case No. 14-cv-07091-SAS (the "MeehanCombs SDNY Action"), and *Danner v. Caesars Entertainment Corp. and Caesars Entertainment Operating Co., Inc.*, Case No. 14-cv-07973-SAS (the "Danner SDNY Action," and together with the MeehanCombs SDNY Action the "Unsecured Noteholder SDNY Actions").³⁷ Through the Unsecured Noteholder SDNY Actions, these Senior Unsecured Noteholders have asserted that the Senior Unsecured Notes Transaction breached the Senior Unsecured Notes Indentures, violated the TIA, and breached the covenant of good faith and fair dealing. The Unsecured Noteholder SDNY Actions were

³⁷ On March 18, 2016, MeehanCombs Global Credit Opportunities Master Fund, LP withdrew from the MeehanCombs SDNY Action. The other plaintiffs in the MeehanCombs SDNY Action continue to pursue their asserted claims.

stayed with respect to CEOC as a result of the automatic stay, but continue to proceed with respect to CEC. On January 15, 2015, CEC's motion to dismiss in the Danner SDNY Action was denied in its entirety and CEC's motion to dismiss in the MeehanCombs SDNY Action was granted in part and denied in part. *See MeehanCombs Global Credit Opportunities Master Funds, LP v. Caesars Entm't Corp.*, 80 F. Supp. 3d 507 (S.D.N.Y. 2015). The plaintiffs in the MeehanCombs SDNY Action filed an amended complaint on January 29, 2015, which, among other changes, added a cause of action against CEC for breaches of contract and guarantees relating to the Debtors' bankruptcy filings. The plaintiff in the Danner SDNY Action filed an amended complaint on February 19, 2015. On October 23, 2015, the Unsecured Noteholders SDNY Action plaintiffs moved for partial summary judgment [Docket No. 67 in the MeehanCombs SDNY Action and Docket No. 60 in the Danner SDNY Action] asserting that the Senior Unsecured Notes Transaction in August 2014 was a violation of the TIA as a matter of law. On December 29, 2015, Judge Scheindlin denied the motion for summary judgment because there were open issues of fact related to certain transactions in May 2014 that also may have resulted in the release of CEC's guaranty of the outstanding obligations under the Senior Unsecured Notes Indentures.³⁸ *See MeehanCombs Global Credit Opportunities Master Funds, LP v. Caesars Entm't Corp.*, 2015 WL 9478240 (S.D.N.Y. Dec. 29, 2015). On January 13, 2016, the Danner and MeehanCombs plaintiffs filed a letter with the court requesting that the trial be consolidated with the trial in the Secured Noteholder SDNY Actions (as defined below) [Docket No. 90 in the MeehanCombs SDNY Action and Docket No. 89 in the Danner SDNY Action], which at that time was scheduled for March 14, 2016. In response, on January 15, 2016, CEC filed a request that each of the Danner SDNY Action, the MeehanCombs SDNY Action, and the Secured Noteholder SDNY Actions be stayed until the Court of Appeals for the Second Circuit issues its ruling in *Marblegate Asset Management, LLC v. Education Management Corp.*, Nos. 15-2124 and 15-2141 (2d. Cir.), filed on July 2, 2015. On January 16, 2016, Judge Scheindlin denied both the request to consolidate and the request to stay.

In March of 2016, Judge Scheindlin announced her resignation from the bench effective April 28, 2016. The Unsecured Noteholder SDNY Actions, the Secured Noteholder SDNY Actions (as defined below), and the Wilmington Trust SDNY Action (as defined below) (collectively, the "SDNY Noteholder Actions") have been reassigned to the Honorable Jed S. Rakoff. At a hearing on April 6, 2016, Judge Rakoff questioned whether, given the close of discovery, there were any disputed issues of material fact that would preclude any of the SDNY Noteholder Actions from being decided on summary judgment or at a bench trial. The parties to all of the SDNY Noteholders Actions agreed to a renewed summary judgment schedule to conclude with oral argument on June 24, 2016, with a decision to be delivered no later than July 22, 2016. If a trial is necessary, a "global" trial on all of the SDNY Noteholder Actions is scheduled to begin on August 22, 2016. In addition, as noted above and described below in Article IV.S.1, an injunction staying the commencement of trials in the BOKF SDNY Action expired on May 9, 2016. On June 6, 2016, the Debtors filed an emergency motion seeking a temporary restraining order and preliminary injunction enjoining the plaintiffs in the Parent Guaranty Litigation from further prosecuting their guaranty lawsuits because the Debtors believe such an injunction is necessary to protect the Debtors' ability to reorganize in the Chapter 11 Cases [Adv. Case. No. 15-00149 (ABG), Docket Nos. 241]. An evidentiary hearing is scheduled on the emergency motion on June 8, 2016.

Three additional proceedings have been commenced against CEC subsequent to the Petition Date. Specifically, on March 3, 2015, BOKF, N.A. ("BOKF"), as successor indenture trustee for certain Second Lien Notes, filed an action against CEC in the Southern District of New York, captioned *BOKF, N.A. v. Caesars Entertainment Corporation*, Case No. 15-cv-1561-SAS (the "BOKF SDNY Action"). In the BOKF SDNY Action, BOKF asserted that CEC remains liable under the parent guarantee formerly applicable to the Second Lien Notes and breached the Second Lien Notes Indentures by purportedly releasing such guarantee. BOKF seeks a declaratory judgment that the guarantee was not released and is still in effect. BOKF also alleges claims for damages resulting from CEC's violation of the TIA, intentional interference with contractual relations, and breach of the duty of good faith and fair dealing. Additionally, on June 16, 2015, the First Lien Notes Indenture Trustee commenced an action in the Southern District of New York, captioned *UMB Bank, N.A. v. Caesars Entertainment Corporation*, Case

³⁸ BOKF (and other Parent Guaranty litigants) have asserted that the guarantees were "stripped." The Debtors provide this overview of the Parent Guaranty Litigation in the interest of full disclosure and take no position on issues that remain subject to this ongoing litigation.

No. 15-cv-4643-SAS (the “UMB SDNY Action” and collectively with the BOKF SDNY Action, the “Secured Noteholder SDNY Actions”). The UMB SDNY Action seeks to reinstate CEC’s guarantee of payment on CEOC’s First Lien Notes. On August 27, 2015, Judge Scheindlin denied BOKF’s and UMB’s motions for partial summary judgment, which sought a declaration that the releases of CEC’s guarantee in May 2014 violated section 316(b) of the TIA and certified her own opinion for an appeal to the United States Court of Appeals for the Second Circuit. *See BOKF, N.A. v. Caesars Entm’t Corp.*, 2015 WL 5076785 (S.D.N.Y. Aug. 27, 2015). On December 22, 2015, the United States Court of Appeals for the Second Circuit denied CEC’s interlocutory appeal. Additionally, on November 20, 2015, BOKF and UMB filed a second partial summary judgment motion in the Secured Noteholder SDNY Actions focusing on contract interpretation issues related to the dispute. On January 5, 2016, Judge Scheindlin denied the second motion for summary judgment because the matter would not be case dispositive, and therefore did not reach the merits of the issue. *See BOKF, N.A. v. Caesars Entm’t Corp.*, 2016 WL 67728 (S.D.N.Y. Jan. 5, 2016). As discussed more fully in Article IV.S.1 below, the BOKF SDNY Action was enjoined by the Bankruptcy Court from February 26, 2016, to May 9, 2016, though pre-trial activity was allowed to continue.³⁹ That injunction has expired. The Debtors reserve the right to seek further injunctions on account of the Parent Guarantee Litigation, including the BOKF SDNY Action, if the Debtors believe such injunctions would be necessary to protect the Debtors’ ability to reorganize in the Chapter 11 Cases. Since the reassignment of the Secured Noteholder SDNY Actions to Judge Rakoff following Judge Scheindlin’s resignation, the Secured Noteholder SDNY Actions are following the same summary judgment and trial schedule as the Unsecured Noteholder SDNY Actions set forth above.

The most recent guaranty action to be commenced was on October 21, 2015, when the indenture trustee for the Debtors’ 10.75% Subsidiary-Guaranteed Notes (the “Subsidiary-Guaranteed Notes Trustee”) filed an action against CEC in the Southern District of New York, captioned *Wilmington Trust, National Association v. Caesars Entertainment Corp.*, Case No. 15-cv-08280-UA (the “Wilmington Trust SDNY Action”), seeking to void the removal of CEC’s guarantee of the Subsidiary-Guaranteed Notes and a money judgment against CEC for outstanding interest due and payable under such notes. CEC filed its answer to the complaint on November 23, 2015. The Wilmington Trust SDNY Action was initially assigned to Judge Scheindlin but has been re-assigned to Judge Rakoff. The Wilmington Trust SDNY Action is now following the same summary judgment and trial schedule as the Unsecured Noteholder SDNY Actions set forth above.

E. Prepetition Restructuring Negotiations and Prepetition RSA

The Debtors engaged their stakeholders, including certain First Lien Lenders, certain First Lien Noteholders, and CEC, in extensive, multilateral, arm’s-length negotiations regarding the terms of a potential restructuring beginning in late summer 2014.

These negotiations were complicated by a number of factors. First, certain of the Debtors’ creditors also held credit default swap positions, which potentially held significant value if the Debtors defaulted on their debts. Parties holding credit default swap positions could therefore be incentivized to seek outcomes that maximized recoveries on those derivative positions rather than their interest in the Debtors’ indebtedness while certain other parties held credit default positions that were incentivized to keep the Debtors out of bankruptcy to ensure that such parties would not have to cover such positions. Second, CEC, the Debtors, and certain creditors also were engaged in ongoing, contentious litigation described above. Third, it was critical that CEC support any potential restructuring given gaming regulatory requirements and the fact that the Caesars’ businesses are interrelated through shared services and employees as well as the Total Rewards[®] program. Similarly, the Debtors could trigger significant tax obligations—including for the Debtors—by separating from CEC.

The Debtors and certain of their stakeholders examined various structures in an effort to maximize the value of their Estates and creditor recoveries. After significant diligence and hard-fought negotiations, the parties agreed to reorganize the Debtors’ businesses as a REIT, which would enhance the value of the Debtors’ real estate

³⁹ UMB agreed to be bound by the Bankruptcy Court’s decision and therefore the UMB SDNY Action was also stayed for the same period of time.

and allow the Debtors to provide their creditors with improved recoveries through the issuance of more cash and debt. As part of those negotiations, the First Lien Noteholders agreed to, among other things, receive less than a par recovery and to take a significant portion of that recovery in the form of equity. The Debtors also focused on maximizing recoveries for Holders of Non-First Lien Claims, and successfully negotiated for improved recoveries for such creditors from the initial proposals while also maintaining recoveries for Holders of Allowed Prepetition Credit Agreement Claims and Holders of Allowed Secured First Lien Notes Claims.

Despite this substantial progress, certain of the First Lien Noteholders and each of the First Lien Lenders involved in the negotiations withdrew their support on December 11, 2014. The Debtors, CEC, and certain of the First Lien Noteholders, however, continued negotiating and ultimately reached agreement on the terms of a comprehensive restructuring. This proposed restructuring was documented in the Prepetition RSA, which was initially executed on December 19, 2014, by the Debtors, CEC, certain Apollo-affiliated funds, and Holders of approximately 38 percent of Secured First Lien Notes Claims. As of the Petition Date, First Lien Noteholders owning over 80 percent in aggregate principal amount of the First Lien Notes, and approximately 15 percent in aggregate principal amount outstanding under the Prepetition Credit Agreement, had signed the Prepetition RSA.

As described in greater detail below, the Debtors continued to negotiate with their creditors throughout the Chapter 11 Cases. These negotiations led to a further amended Prepetition RSA, other restructuring support agreements with additional constituents (including the Bank RSA (as defined below) with Holders of more than 80 percent of Prepetition Credit Agreement Claims), and enhanced recoveries across the Debtors' capital structure.

F. Proposed Merger of CEC and CAC

On December 22, 2014, CEC and CAC announced that they had entered into a definitive agreement to merge in an all-stock transaction (the "Merger"). The Merger is conditioned on the confirmation and effectiveness of a plan of reorganization on the material terms set forth in the Prepetition RSA. In a press release issued that same day, CEC expressed that it believed the Merger would "position the merged company to support the restructuring of CEOC without the need for any significant outside financing" and would "position it to be a strong guarantor for the restructured CEOC's obligations, including lease payments its 'OpCo' subsidiary will make to 'PropCo.'" See Caesars Entertainment Corporation, Report on Form 8-K, Ex. 99.1 (Dec. 22, 2014). Among other things, the merger will provide CEC with access to cash necessary to fund its obligations to the Debtors as contemplated by the Plan and, if CEC is unable to complete the merger for any reason, there is material risk that CEC will not be able to meet its funding obligations under the Plan and the feasibility of the Plan will be threatened.

Pursuant to the terms of the merger agreement, each outstanding share of CAC class A common stock will be exchanged for 0.664 shares of New CEC Common Equity, subject to adjustments set forth in the merger agreement. As a result, CEC stockholders will own approximately 62 percent of the combined company on a fully diluted basis and CAC stockholders will own approximately 38 percent. The merged company is expected to continue to conduct business as Caesars Entertainment Corporation and is expected to continue trading on the NASDAQ under the ticker "CZR." Because of the New CEC Common Equity to be contributed to the Debtors' Estates pursuant to the Plan (as discussed more fully herein), CEC and CAC are expected to amend their merger documents. The outcome of such amendments is not known at this time.

On December 30, 2014, certain shareholders of CAC commenced a class action lawsuit in the Eighth Judicial District Court of Clark County, Nevada, which is captioned *Nicholas Koskie, on behalf of himself and all others similarly situated, v. Caesars Acquisition Company, Caesars Entertainment Corp., Marc Beilinson, Dhiren Fonseca, Philip Erlanger, Karl Peterson, David Sambur, Mark J. Rowan and Don R. Kornstein*, Case No. A-14-711712-C (the "Merger Class Action"). The plaintiffs to the Merger Class Action allege, among other things, that certain of the defendants breached their fiduciary duties in approving the proposed merger of CEC and CAC. As of the date hereof, the Merger Class Action remains pending and the deadline to respond to the Merger Class Action has been indefinitely extended by agreement of the parties involved. It is unclear at this time whether the Merger Class Action also seeks to enjoin the Merger. As noted above, any such injunction (or the failure of the proposed merger) would materially impact the Plan.

As discussed more fully in Article V.F.2, the Merger is a necessary condition precedent to the Plan, and the recoveries contemplated by the Plan are expressly conditioned on the value of the merged CEC-CAC.⁴⁰

G. The Debtors' Financial Outlook and Business Strategy Going Forward

Despite the Debtors' substantial prepetition efforts to reduce the amount of their outstanding funded debt, relax financial covenants, and extend maturities, including through various asset sales and refinancings, the Debtors' balance sheet remained unsustainable in light of both present and expected market conditions. Accordingly, faced with the prospect of a liquidity crisis in late 2015, the Debtors commenced the Chapter 11 Cases to effectuate a restructuring to right size their balance sheet, address operational issues, and monetize claims they hold against CEC and its affiliates. With these issues addressed, the Debtors believe they will be positioned to leverage their core operations, business model, and customer base to return to profitability. Despite the prior downward pressure placed on the Debtors' fundamental business operations, the Debtors remain market leaders in the gaming industry and continue to advantageously leverage the synergies between their regional and destination properties to maximize their share of the gaming market. The continued strength of the Debtors' fundamental operations, coupled with the deleveraging of the Debtors' balance sheet and the structural reorganization of moving most of the Debtors' real property into a real estate investment trust structure that will result under the Plan, will increase the Debtors' competitiveness and maximize the value of the Debtors' businesses as a going concern. The Debtors expect that the efficient and successful consummation of the proposed restructuring will enable the Debtors to profitably operate their business and aggressively pursue opportunities as they arise.

ARTICLE IV. MATERIAL EVENTS OF THE CHAPTER 11 CASES

A. Involuntary Chapter 11 Proceedings

On January 12, 2015, three days before the Debtors' anticipated commencement of the Chapter 11 Cases in the Northern District of Illinois, three petitioning creditors, each a Second Lien Noteholder (the "Petitioning Creditors"), filed an involuntary bankruptcy petition against CEOC, but no other Debtor, in the United States Bankruptcy Court for the District of Delaware (the "Delaware Bankruptcy Court") captioned *In re Caesars Entertainment Operating Company, Inc.*, No. 15-10047 (the "Involuntary Proceeding").

On January 14, 2015, the Petitioning Creditors filed in the Involuntary Proceeding the Motion of Petitioning Creditors, Pursuant to Section 105(a) of the Bankruptcy Code and Bankruptcy Rule 1014(b), for an Order (I) Establishing Venue for the Chapter 11 Cases of Caesars Entertainment Operating Company, Inc. and its Debtor Affiliates in the District of Delaware and (II) Granting Related Relief [Del. Involuntary Docket No. 26] (the "Venue Motion"). On January 15, 2015, the Delaware Bankruptcy Court entered the Order Pursuant to Section 105(a) of the Bankruptcy Code and Bankruptcy Rule 1014(b), Staying Parallel Proceeding [Del. Involuntary Docket No. 47] (the "Stay Order"), which stayed the voluntary Chapter 11 Cases before the Bankruptcy Court pending the Delaware Bankruptcy Court's consideration of the Venue Motion.

On January 26 and 27, 2015, the Delaware Bankruptcy Court held an evidentiary hearing to consider the relief requested by the Venue Motion. On January 28, 2015, the Delaware Bankruptcy Court entered an order in the Involuntary Proceeding [Del. Involuntary Docket No. 220] lifting the stay imposed by the Stay Order and transferring venue of the Involuntary Proceeding to the Northern District of Illinois. The Involuntary Proceeding was re-captioned *In re Caesars Entertainment Operating Company, Inc.*, No. 15-03193.

On February 5, 2015, the Petitioning Creditors filed a motion [Involuntary Docket No. 15] (the "Motion to Consolidate") seeking to (a) consolidate the Involuntary Proceeding and the Chapter 11 Cases and (b) asking the

⁴⁰ For further information regarding CEC and CAC, including recent financial performance, please see Caesars Entertainment Corporation, Report on Form 10-K (Feb. 29, 2016) and Caesars Acquisition Company, Report on Form 10-K (Feb. 29, 2016).

Bankruptcy Court to (i) take judicial notice that an order for relief has been entered with respect to CEOC's chapter 11 case and (ii) determine that such order for relief applies to all Debtors in the consolidated Chapter 11 Cases in all respects. The Petitioning Creditors argued, among other things, that by filing its voluntary petition for relief under chapter 11 of the Bankruptcy Code, CEOC effectively consented to the Involuntary Proceeding against it and that, as a result, no further litigation regarding the merits of the Involuntary Proceeding was necessary, and that January 12, 2015 should be established as the petition date for the Chapter 11 Cases for each Debtor. After briefing by several parties, including CEOC, the Petitioning Creditors, the Ad Hoc First Lien Groups (as defined herein), the Unsecured Creditors Committee, the Second Priority Noteholders Committee, and the Subsidiary-Guaranteed Notes Indenture Trustee, on March 25, 2015, the Bankruptcy Court announced that it would defer ruling on the Motion to Consolidate pending resolution of a trial on the Involuntary Proceeding.

The Bankruptcy Court held a seven-day evidentiary trial from October 5, 2015, through October 16, 2015, to consider the propriety of the Involuntary Proceeding. The parties completed post-trial briefing on November 20, 2015. The Bankruptcy Court has not issued a decision on the propriety of the Involuntary Proceeding as of the date hereof.

Relatedly, on April 7, 2015, the Unsecured Creditors Committee filed a motion in the voluntary Chapter 11 Cases seeking an order compelling CEOC to consent to the Involuntary Proceeding [Docket No. 1091] (the "Motion to Compel"). In the Motion to Compel, the Unsecured Creditors Committee argued, among other things, that CEOC could not refuse to consent to the Involuntary Proceeding because (i) failure to consent could waive a potential preference action related to certain account control agreements entered into by CEOC with the First Lien Collateral Agent on October 15 and October 16, 2014, (ii) the potential preference action is an estate claim and cause of action that is property of the estate under section 541 of the Bankruptcy Code, and (iii) CEOC may not use property of the estate outside the ordinary course of business without first obtaining the Bankruptcy Court's approval. After requesting no further briefing on the issue [Docket No. 1117], the Bankruptcy Court denied the Motion to Compel [Docket No. 1351] and the Unsecured Creditors Committee's subsequent motion to reconsider [Docket No. 1522]. On May 15, 2015, the Unsecured Creditors Committee filed a notice of appeal regarding the Motion to Compel [Docket No. 1564], and such appeal was docketed with the United States District Court for the Northern District of Illinois, Eastern Division (the "District Court") and captioned *Statutory Unsecured Claimholders' Committee v. Caesars Entertainment Operating Company, Inc.*, Case No. 1:15-cv-04362 (the "Motion to Compel Appeal"). On October 15, 2015, the appellant Unsecured Creditors Committee filed their opening brief in the Motion to Compel Appeal [Docket No. 24]. On November 16, 2015, the appellees, CEOC, and the intervening Ad Hoc First Lien Groups filed their briefs [Docket Nos. 29, 30, 31] and the appellant filed its reply on November 30, 2015 [Docket No. 43]. The Motion to Compel Appeal remains pending as of the date hereof.

The Unsecured Creditors Committee also filed a motion seeking to intervene in the Involuntary Proceeding for the limited purpose of protecting its rights in the Motion to Compel Appeal on October 2, 2015 [Docket No. 171]. The Bankruptcy Court denied this request at a hearing on October 21, 2015.

B. First Day Pleadings and Certain Related Relief

The Debtors devoted substantial efforts prior to the commencement of the Chapter 11 Cases to prepare to quickly and efficiently stabilize their operations and preserve and restore their relationships with vendors, customers, employees, landlords, and utility providers that could be adversely affected by the commencement of the Chapter 11 Cases. As a result of these efforts, the Debtors were able to minimize any negative effects on their business that otherwise may have resulted from the commencement of the Chapter 11 Cases.

On the Petition Date, in addition to the voluntary petitions for relief filed by the Debtors under chapter 11 of the Bankruptcy Code, the Debtors also filed a number of motions and applications (collectively, the "First Day Motions") with the Bankruptcy Court. The relief sought in the First Day Motions was necessary to enable the Debtors to preserve value and efficiently implement their proposed restructuring process with minimal disruption and delay. The relief requested in the First Day Motions, among other things, prevented interruptions to the Debtors' business operations and eased the strain on the Debtors' relationships with certain essential stakeholders.

1. Stabilizing Operations

Recognizing that even a brief interruption to the Debtors' operations would adversely affect customer and supplier relationships, revenues, and profits, the Debtors filed various First Day Motions to minimize the adverse effects that would otherwise be caused by the commencement of the Chapter 11 Cases. Through the First Day Motions, the Debtors sought authority to, among other things, pay certain prepetition claims and obligations and continue certain existing programs. The relief requested by the First Day Motions was essential to facilitating the Debtors' smooth transition into chapter 11, allowed the Debtors to continue their business operations without interruption, and maintained (or even bolstered) confidence among the Debtors' suppliers, customers, and creditors as to the likelihood of the Debtors' successful reorganization. Though certain parties objected to the relief sought by the First Day Motions, the Debtors were able to resolve all such objections consensually.

- **Cash Collateral Motion.** On the Petition Date, the Debtors filed the Debtors' Motion for Entry of Interim and Final Orders (I) Authorizing Use of Cash Collateral, (II) Granting Adequate Protection, (III) Modifying the Automatic Stay to Permit Implementation, (IV) Scheduling a Final Hearing, and (V) Granting Related Relief [Docket No. 22] (the "Cash Collateral Motion"). Prior to the commencement of the Chapter 11 Cases, the Debtors were able to reach an agreement with both an ad hoc group of certain First Lien Lenders (the "Ad Hoc Committee of First Lien Banks") and an ad hoc group of certain First Lien Noteholders (the "Ad Hoc Committee of First Lien Noteholders" and collectively with the Ad Hoc Committee of First Lien Banks, the "Ad Hoc First Lien Groups") regarding the consensual use of cash collateral. On January 15, 2015, the Bankruptcy Court entered an order approving the Cash Collateral Motion on an interim basis [Docket No. 47], which, among other things, describes the terms and conditions for the use of the Debtors' cash collateral and provides adequate protection to the certain prepetition secured creditors. Following entry of the interim order, the Debtors engaged in negotiations with all relevant parties to resolve certain objections that had been filed by the Unsecured Creditors Committee [Docket No. 452] and the Subsidiary-Guaranteed Notes Trustee [Docket No. 487]. The Bankruptcy Court entered a negotiated final order (the "Cash Collateral Order") granting the relief requested on March 26, 2015 [Docket No. 988].
- **Wages Motion.** On the Petition Date, the Debtors filed the *Debtors' Motion for Entry of Interim and Final Orders (I) Authorizing the Debtors to Pay Certain Prepetition (A) Wages, Salaries, and Other Compensation, (B) Reimbursable Employee Expenses, and (C) Obligations Relating to Medical and Other Benefits Programs, and (II) Granting Related Relief* [Docket No. 7] (the "Wages Motion"). On January 15, 2015, the Bankruptcy Court entered an order approving the Wages Motion on an interim basis [Docket No. 54]. Following entry of the interim order, the Debtors engaged in negotiations with all relevant parties to resolve certain informal objections from interested parties and certain formal objections that had been filed by the Second Priority Noteholders Committee [Docket No. 430] and the Unsecured Creditors Committee [Docket No. 443] to the relief sought by the Wages Motion, including with respect to the Debtors' Deferred Compensation Plans, the use of CES to provide the Debtors' payroll services, and the Debtors' ordinary-course rank-and-file employee bonus programs. Following negotiations with these stakeholders, the Debtors filed, and the Bankruptcy Court entered, an agreed final order granting the relief requested on March 4, 2015 [Docket No. 617] (the "Wages Order").
- **Cash Management Motion.** On the Petition Date, the Debtors filed the *Debtors' Motion for Entry of Interim and Final Orders (I) Authorizing the Debtors to (A) Continue Using Their Cash Management System, (B) Maintain Their Existing Bank Accounts and Business Forms, and (C) Continue Intercompany Transactions, and (II) Granting Related Relief* [Docket No. 8] (the "Cash Management Motion"). On January 15, 2015, the Bankruptcy Court entered an order approving the Cash Management Motion on an interim basis [Docket No. 59]. Following entry of the interim order, the Debtors engaged in negotiations with all relevant parties to resolve certain objections that had been filed by the Second Priority Noteholders Committee [Docket No. 440], the Unsecured Creditors Committee [Docket No. 443], the Ad Hoc Committee of First Lien Banks [Docket No. 468], and the Subsidiary-Guaranteed Notes Trustee [Docket No. 481]. As a result of these negotiations, the Debtors filed an agreed final order which established certain notice and reporting requirements regarding the

Debtors use of their bank accounts and intercompany transactions between Debtors and between the Debtors and their non-Debtor affiliates. [Docket No. 968]. The Bankruptcy Court entered the agreed final order granting the relief requested on March 25, 2015 [Docket No. 989] (the “Cash Management Order”).

- **Critical Vendors Motion.** On the Petition Date, the Debtors filed the Debtors’ Motion for Entry of Interim and Final Orders (I) Authorizing the Payment of Prepetition Claims of Certain Vendors, (II) Approving and Authorizing Procedures Related Thereto, and (III) Granting Related Relief [Docket No. 11] (the “Critical Vendors Motion”). On January 15, 2015, the Bankruptcy Court entered an order approving the Critical Vendors Motion on an interim basis [Docket No. 57]. Following entry of the interim order, the Debtors engaged in discussions with committees for each vendor regarding a formal objection to the Critical Vendors Motion filed by the Unsecured Creditors Committee [Docket No. 443] and informal objections raised by interested parties to the relief sought by the Critical Vendors Motion, including with respect to reporting, notice, and consultation rights. Following negotiations with these stakeholders, the Debtors filed, and the Bankruptcy Court entered, an agreed final order granting the relief requested on March 4, 2015 [Docket No. 620].
- **Lienholders, 503(b)(9), and Foreign Vendors Motion.** On the Petition Date, the Debtors filed the Debtors’ Motion for Entry of Interim and Final Orders (I) Authorizing Payment of (A) Prepetition Claims of Certain Lien Claimants, (B) Section 503(b)(9) Claims, and (C) Foreign Vendor Claims, (II) Approving Procedures Related Thereto, and (III) Granting Related Relief [Docket No. 9] (the “Lienholders, 503(b)(9), and Foreign Vendors Motion”). On January 15, 2015, the Bankruptcy Court entered an order approving the Lienholders, 503(b)(9), and Foreign Vendors Motion on an interim basis [Docket No. 55]. Following entry of the interim order, the Debtors engaged in discussions with the Unsecured Creditors Committee regarding its formal objection to the relief sought by the Lienholders, 503(b)(9), and Foreign Vendors Motion [Docket No. 443] as well as certain other interested parties regarding their concerns about the requested relief, including with respect to reporting, notice, and consultation rights. Following negotiations with the Unsecured Creditors Committee and their other stakeholders, the Debtors filed, and the Bankruptcy Court entered, an agreed final order granting the relief requested on March 4, 2015 [Docket No. 618].
- **PACA Motion.** On the Petition Date, the Debtors filed the Debtors’ Motion for Entry of Interim and Final Orders (I) Authorizing the Debtors to Pay Claims Arising Under the Perishable Agricultural Commodities Act, and (II) Granting Related Relief [Docket No. 10] (the “PACA Motion”). On January 15, 2015, the Bankruptcy Court entered an order approving the PACA Motion on an interim basis [Docket No. 56]. The Bankruptcy Court entered a final order granting the relief requested on March 4, 2015 [Docket No. 619].
- **Customer Programs Motion.** On the Petition Date, the Debtors filed the Debtors’ Motion for Entry of an Order (A) Authorizing the Debtors to Maintain and Administer Their Existing Customer Programs and Honor Certain Prepetition Obligations Related Thereto, and (B) Granting Related Relief [Docket No. 12] (the “Customer Programs Motion”). On January 15, 2015, the Bankruptcy Court entered an order approving the Customer Programs Motion on a final basis [Docket No. 49].
- **Taxes Motion.** On the Petition Date, the Debtors filed the Debtors’ Motion for Entry of Interim and Final Orders (I) Authorizing the Debtors to Pay Certain Prepetition Taxes and Fees, and (II) Granting Related Relief [Docket No. 13] (the “Taxes Motion”). On January 15, 2015, the Bankruptcy Court entered an order approving the Taxes Motion on an interim basis [Docket No. 58]. Following entry of the interim order, the Debtors engaged in negotiations with all relevant parties to resolve a formal objections that had been filed by the Unsecured Creditors Committee [Docket No. 443] and certain informal objections to the Taxes Motion. Following negotiations with the representatives of the Official Committee, the Debtors filed, and the Bankruptcy Court entered, an agreed final order granting the relief requested on March 4, 2015 [Docket No. 621].

- **Insurance Motion.** On the Petition Date, the Debtors filed the *Debtors' Motion for Entry of an Order (I) Authorizing the Debtors to (A) Continue Their Prepetition Insurance Coverage, (B) Satisfy Payment of Prepetition Obligations Related to That Insurance Coverage in the Ordinary Course of Business, and (C) Renew, Supplement, or Enter into New Insurance Coverage in the Ordinary Course of Business, and (III) Granting Related Relief* [Docket No. 14] (the "Insurance Motion"). On January 15, 2015, the Bankruptcy Court entered an order approving the Insurance Motion on an interim basis [Docket No. 91]. Following entry of the interim order, the Debtors engaged in discussions with representatives of the Unsecured Creditors Committee and Second Priority Noteholders Committee regarding their formal objections to the Insurance Motion, including with respect to payment of insurance-coverage allocations between the Debtors and their non-Debtor affiliates and the Debtors ability to enter into new policies. The Debtors filed, and the Bankruptcy Court entered, an agreed final order granting the relief requested on March 4, 2015 [Docket No. 622].
- **Surety Bond Motion.** On the Petition Date, the Debtors filed the *Debtors' Motion for Entry of an Order (I) Approving Continuation of Surety Bond Program, and (II) Granting Related Relief* [Docket No. 15] (the "Surety Bond Motion"). On January 15, 2015, the Bankruptcy Court entered an order approving the Surety Bond Motion on a final basis [Docket No. 50].
- **Utilities Motion.** On February 2, 2015, the Debtors filed the *Debtors' Motion for Entry of an Order (I) Determining Adequate Assurance of Utility Payment, (II) Approving Procedures for Resolving any Disputes Concerning Adequate Assurance, and (III) Granting Related Relief* [Docket No. 204] (the "Utilities Motion"). On February 11, 2015, the Bankruptcy Court entered an order approving the Utilities Motion on an interim basis [Docket No. 341]. Following the resolution of certain formal and informal objections by utility providers, the Bankruptcy Court entered a final order granting the relief requested on February 26, 2015 [Docket No. 502].

2. Procedural and Administrative Motions

To facilitate a smooth and efficient administration of the Chapter 11 Cases and to reduce the administrative burden associated therewith, the Debtors filed the following motions seeking authorization to implement certain procedural and administrative relief:

- **Joint Administration Motion.** On the Petition Date, the Debtors filed the Debtors' Motion for Entry of an Order (I) Directing Joint Administration of Related Chapter 11 Cases, and (II) Granting Related Relief (the "Joint Administration Motion"). On January 15, 2015, the Bankruptcy Court entered an order approving the Joint Administration Motion on a final basis [Docket No. 43].
- **Case Management Motion.** On the Petition Date, the Debtors filed the *Debtors' Motion for Entry of an Order Approving Case Management Procedures* [Docket No. 18] (the "Case Management Motion"). On February 19, 2015, the Bankruptcy Court entered an order approving the Case Management Motion on a final basis [Docket No. 395]. On March 20, 2015, the Debtors filed the *Debtors' Motion for Entry of an Order (A) Modifying Case Management Procedures and (B) Granting Related Relief* [Docket No. 936] (the "Case Management Modification Motion"). On April 15, 2015, the Bankruptcy Court entered an order granting in part and denying in part the Case Management Modification Motion and approving certain amended case management procedures [Docket No. 1165] (the "Case Management Order"). The Bankruptcy Court has further amended the Case Management Order [Docket Nos. 1911, 2059, 3067] waiving the Local Bankruptcy Rule 15-page limit for fee applications, clarifying that the Case Management Order (as amended) applies to adversary cases in the Chapter 11 Cases unless the Bankruptcy Court orders otherwise, and permitting the Debtors to notice claim objections for any day the Bankruptcy Court is hearing chapter 7 or chapter 11 cases (rather than just as on omnibus hearing dates, as required for all other motions and claim objections filed by non-Debtor parties).

- **Schedules and Statements Extension Motion.** On the Petition Date, the Debtors filed the Debtors' Motion for Entry of an Order (I) Extending Deadline to File Schedules of Assets and Liabilities, Current Income and Expenditures, and Executory Contracts and Unexpired Leases and Statements of Financial Affairs, and (II) Granting Related Relief [Docket No. 19] (the "Schedules and Statements Extension Motion"). On January 15, 2015, the Bankruptcy Court entered an order approving the Schedules and Statements Extension Motion on a final basis [Docket No. 60].

3. Retention of Professionals

To assist the Debtors in carrying out their duties as debtors-in-possession and to otherwise represent the Debtors' interests in the Chapter 11 Cases, the Debtors filed applications and the Bankruptcy Court entered orders for the retention of various professionals:

- Prime Clerk LLC, as Notice and Claims Agent to the Debtors [Docket Nos. 16, 51];
- Kirkland & Ellis LLP, as counsel to the Debtors [Docket Nos. 381, 1713];⁴¹
- AP Services, LLC ("AlixPartners"), to provide the Debtors a chief restructuring officer and certain additional personnel [Docket Nos. 382, 616];
- Millstein, as financial advisor and investment banker to the Debtors [Docket Nos. 665, 991];
- DLA Piper LLP, as special conflicts counsel to the Debtors [Docket Nos. 375, 1715];
- Paul Hastings LLP as special conflicts counsel to the Debtors [Docket Nos. 649, 1940];
- KPMG LLP, as tax consultants to the Debtors [Docket Nos. 376, 586]; and
- Mesirow Financial Consulting, LLC ("Mesirow") as independent financial advisor to the Special Governance Committee and as potential expert witness [Docket Nos. 383, 997].
- Due to certain organizational changes, Mesirow exited the financial restructuring business and the lead expert responsible for advising the Special Governance Committee on its investigation moved to Baker Tilly Virchow Krause, LLP ("Baker Tilly"). The Debtors filed a retention application for Baker Tilly [Docket No 3198]. Due to an issue of disinterestedness involving a former Mesirow employee, as more fully described in Article IV.F, Judge Goldgar indicated that he would deny Mesirow's final fee application and Baker Tilly's retention application. Counsel for Mesirow and the Debtors, respectively, decided to withdraw the Mesirow final fee application and the Baker Tilly retention application [Docket Nos. 3428, 3427].

On February 18, 2015, the Debtors filed the *Debtors' Motion for Entry of an Order Establishing Procedures for Interim Compensation and Reimbursement of Expenses for Professionals* [Docket No. 377]

⁴¹ On February 25, 2015, the Second Priority Notes Committee objected to the retention of Kirkland & Ellis LLP as counsel to the Debtors [Docket No. 464]. The Bankruptcy Court approved the retention of Kirkland & Ellis LLP as counsel to the Debtors following extensive discovery and a two-day trial [Docket No. 1713]. On October 21, 2015, the Second Priority Notes Committee filed a motion to reconsider the order granting the retention of Kirkland & Ellis LLP as Debtors' counsel (the "Motion to Reconsider") [Docket No. 2470]. On October 22, 2015, the Bankruptcy Court entered an order denying the Motion to Reconsider without prejudice, because the Second Priority Notes Committee filed redacted documents without first receiving permission from the Bankruptcy Court to do so [Docket No. 2501]. On October 30, 2015, the Second Priority Notes Committee refiled an unredacted version of the Motion to Reconsider [Docket No. 2514]. On November 19, 2015, the Bankruptcy Court entered an order construing the motion as a motion to revoke Kirkland & Ellis LLP's retention as Debtors' counsel, narrowing the scope of the issues presented, and ordering limited discovery related thereto [Docket No. 2636]. The Court has not ruled on the Motion to Reconsider.

(the “Interim Compensation Motion”), which provides for procedures for the interim compensation and reimbursement of expenses of retained Professionals in the Chapter 11 Cases. On March 4, 2015, the Bankruptcy Court entered an order approving the Interim Compensation Motion [Docket No. 587] (the “Interim Compensation Order”). The Interim Compensation Order, along with the oversight provided by the Fee Committee, governs the compensation of retained professionals in the Chapter 11 Cases.

C. Appointment of Official Committees

1. Unsecured Creditors Committee

On February 5, 2015, the U.S. Trustee filed the *Notice of Appointment of Official Unsecured Creditors Committee* [Docket No. 264] notifying parties in interest that the U.S. Trustee had appointed a statutory committee of unsecured creditors (the “Unsecured Creditors Committee”) in the Chapter 11 Cases. Due to subsequent changes in membership, on February 6, 2015, the U.S. Trustee filed the *Amended Notice of Appointment of Official Unsecured Creditors Committee* [Docket No. 317] and, on September 25, 2015, the U.S. Trustee filed the *Second Amendment Appoint of Unsecured Creditors Committee* [Docket No. 2298]. The Unsecured Creditors Committee is currently comprised of (a) the National Retirement Fund, (b) International Game Technology, (c) US Foods, Inc., (d) Law Debenture Trust Company of New York, solely in its capacity as Senior Unsecured Notes Indenture Trustee, (e) Relative Value-Long/Short Debt, a Series of Underlying Funds Trust, (f) Wilmington Trust, N.A., solely in its capacity as Subsidiary-Guaranteed Notes Indenture Trustee, (g) Hilton Worldwide, Inc., (h) Earl of Sandwich (Atlantic City) LLC, and (i) PepsiCo, Inc.

To assist the Unsecured Creditors Committee in carrying out its duties under the Bankruptcy Code during the Chapter 11 Cases, the Unsecured Creditors Committee filed applications and the Bankruptcy Court entered orders for the retention of the following professionals:

- Proskauer Rose LLP, as counsel to the Unsecured Creditors Committee [Docket Nos. 657, 998];
- FTI Consulting, Inc., as financial advisor to the Unsecured Creditors Committee [Docket Nos. 658, 999];
- Jefferies LLC, as investment banker to the Unsecured Creditors Committee [Docket Nos. 661, 1001];
- G.C. Andersen Partners, LLC, as gaming industry advisor to the Unsecured Creditors Committee [Docket Nos. 660, 1000]; and
- Kurtzman Carson Consultants LLC (“KCC”), as information agent for the Unsecured Creditors Committee [Docket Nos. 649, 994].⁴²

2. Second Priority Noteholders Committee

On February 5, 2015, the U.S. Trustee filed the *Notice of Appointment of Official Committee of Second Priority Noteholders* [Docket No. 266] notifying parties in interest that the U.S. Trustee had appointed a statutory committee comprised of certain Second Lien Noteholders (the “Second Priority Noteholders Committee” and together with the Unsecured Creditors Committee, the “Official Committees”) in the Chapter 11 Cases. The Second Priority Noteholders Committee is comprised of (a) Wilmington Savings Fund Society, FSB, (b) BOKF, N.A., (c) Delaware Trust Company, (d) Tennenbaum Opportunities Partner V, LP, (e) Centerbridge Credit Partners Master LP, (f) Palomino Fund Ltd, and (g) Oaktree FF Investment Fund LP.

⁴² KCC also serves as the information agent for the Second Priority Noteholders Committee.

To assist the Second Priority Noteholders Committee in carrying out its duties under the Bankruptcy Code during the Chapter 11 Cases, the Second Priority Noteholders Committee filed applications and the Bankruptcy Court entered orders for the retention of the following professionals:

- Jones Day, as counsel to the Second Priority Noteholders Committee [Docket Nos. 662, 1002];
- Zolfo Cooper, LLC, as restructuring and forensic advisors to the Second Priority Noteholders Committee [Docket Nos. 659, 1003];
- Houlihan Lokey Capital, Inc., as financial advisor and investment banker to the Second Priority Noteholders Committee [Docket Nos. 656, 1004]; and
- Kurtzman Carson Consultants LLC (“KCC”), as information agent for the Second Priority Noteholders Committee [Docket Nos. 649, 994].

On February 19, 2015, the Debtors filed the Debtors’ Motion for Entry of an Order Disbanding the Official Committee of Second Priority Noteholders, Reconstituting It with the Creditors’ Committee or, Alternatively, Limiting its Scope, Fees and Expenses [Docket No. 384] (the “Motion to Disband”). In the Motion to Disband, the Debtors requested entry of an order disbanding the Second Priority Noteholders Committee or reconstituting the Unsecured Creditors Committee and the Second Priority Noteholders Committee into one committee. Alternatively, if the Second Priority Noteholders Committee remained in existence, the Motion to Disband sought an order limiting its scope. On March 9, 2015, the Bankruptcy Court entered an order [Docket No. 634] and issued a formal written opinion [Docket No. 633] denying the requested relief as being beyond the Bankruptcy Court’s power to grant.

3. Appointment of Fee Committee

Given the size and complexity of the Chapter 11 Cases, on April 8, 2015, the U.S. Trustee proposed, and the Debtors, the Unsecured Creditors Committee, and the Second Priority Noteholders Committee agreed, to recommend that the Bankruptcy Court appoint a committee (the “Fee Committee”) to, among other things, review and report on, as appropriate, monthly invoices submitted in accordance with the Interim Compensation Order and all interim and final fee applications for compensation and reimbursement of expenses filed by professionals paid from the Debtors’ Estates, other than in the ordinary course. On April 27, 2015, the Bankruptcy Court entered an order appointing the Fee Committee [Docket No. 1319]. The Fee Committee is comprised of five members: (a) one independent member (Nancy Rapoport); (b) one member appointed by and representative of the U.S. Trustee (Roman L. Sukley); (c) one member appointed by and representative of the Debtors (Mary E. Higgins); (d) one member appointed by and representative of the Unsecured Creditors Committee (Julie Johnston-Ahlen); and (e) one member appointed by and representative of the Second Priority Noteholders Committee (James Bolin). On August 31, 2015, December 18, 2015, and April 27, 2016, the Fee Committee filed its first, second, and third reports, respectively, related to the three interim compensation applications submitted by the professionals in the Chapter 11 Cases pursuant to the Interim Compensation Order [Docket Nos. 2140, 2750, 3595].

D. Special Governance Committee Investigation

On June 27, 2014, the Debtors appointed Steven Winograd and Ronen Stauber as independent directors of CEOC. Messrs. Winograd and Stauber are each disinterested directors who are not beholden to CEC, its affiliates other than CEOC or the Sponsors. They have no current ties to CEC, its affiliates other than CEOC or the Sponsors that would compromise their impartiality, and their compensation as directors of CEOC is not contingent upon taking or approving any particular action.

Shortly after their appointment, the CEOC Board of Directors formed the Special Governance Committee, which is comprised of Messrs. Winograd and Stauber. Among other things, the Special Governance Committee commenced an independent investigation (the “SGC Investigation”) into potential claims the Debtors and/or their creditors may have against CEC or its affiliates related to various prepetition Challenged Transactions involving the Debtors, including the claims asserted in complaints that various creditors filed before the Petition Date. Nearly all

of the Challenged Transactions occurred prior to the appointment of the independent directors and the creation of the Special Governance Committee.

Beginning in August 2014, the Special Governance Committee, assisted by its advisors, issued more than 100 written requests for documents to CEC, its affiliates, and the Sponsors. The Special Governance Committee reviewed and analyzed documents relating to the Challenged Transactions as well as materials prepared by its advisors. Based on its pre-Petition Date investigation, and upon the recommendation of its advisors, the Special Governance Committee determined that it would require significant contributions from CEC and its affiliates to settle and release CEOC's claims related to the Challenged Transactions. As a result, the Special Governance Committee negotiated for and secured significant contributions under the Prepetition RSA that it believed were sufficient to reasonably settle CEOC's claims based on the information available at the time.

The Special Governance Committee, however, had received only 35,000 documents from CEC and the Sponsors when it had reached its preliminary conclusions in December 2014, and numerous interviews of key participants in the Challenged Transactions still needed to be scheduled. Moreover, shortly before the Prepetition RSA was executed, counsel for CEC indicated that they needed to re-review thousands of documents that were initially withheld from the Special Governance Committee as privileged to determine that they were in fact privileged. Because of the material outstanding information requests, the Special Governance Committee insisted that the releases of CEC and its affiliates under the RSA be contingent on the Governance Committee receiving all of the requested information and concluding at the end of the SGC Investigation that the consideration CEC and its affiliates was providing towards the Debtors' restructuring was sufficient in light of the claims being released. The Special Governance Committee also required, as a condition to approval of the Prepetition RSA, an express "fiduciary out" that permitted the Special Governance Committee to terminate the Prepetition RSA if a superior, alternative transaction became available.

Based on the information available at the time, the Special Governance Committee's preliminary claims assessment had a range of \$1.0 billion to \$2.3 billion assuming CEC and its affiliates were entitled to offsets as good faith transferees for consideration they provided to CEOC and \$3.5 billion to \$4.6 billion assuming no offsets. The Special Governance Committee did not have sufficient information to determine whether fraudulent transfer claims based on an actual intent to delay, hinder or defraud creditors were likely to succeed, or whether CEC or its affiliates would be entitled to offsets as good faith transferees. As contemplated in the Prepetition RSA, the Special Governance Committee continued its SGC Investigation after the Petition Date, including by conducting additional material interviews, requesting, receiving and reviewing other documentation, and analyzing potential additional claims. But additional material requests remained outstanding.

The Debtors asked the Court to appoint an Examiner in February 2015. The Special Governance Committee and its advisors kept abreast of the Examiner's progress and reviewed the Examiner Report (as defined below), interview transcripts, and additional documents produced to the Examiner. The Special Governance Committee's advisors reviewed a substantial number of the approximately 1 million documents produced through the Examiner investigation. In addition to the more than 25 interviews conducted as part of the SGC Investigation, the Special Governance Committee's advisors analyzed the 74 transcripts of interviews conducted by the Examiner.

CEC and the Sponsors, however, produced tens of thousands of documents as Examiner's Eyes Only on the grounds that they were privileged and therefore the Special Governance Committee could not see them. On December 2, 2015, the Debtors filed a motion to compel CEC to turn over documents that the Special Governance Committee believed were material to the investigation but which CEC claimed were privileged [Docket No. 2683]. The Debtors argued that because CEC and CEOC shared common outside counsel until July 2014, the Debtors were entitled to all relevant documents until CEOC was provided separate independent counsel. After the Debtors and CEC submitted their respective briefs, on January 14, 2016, the parties reached agreement on a form of protective order pursuant to which CEC agreed to turn over all of the disputed documents subject to certain conditions on the Debtors' use of the documents. [Docket No. 2992] The Court entered the *Stipulation and Agreed Protective Order* that same day and subsequently entered an order withdrawing the Debtors' motion to compel [Docket Nos. 2993, 2994]. As a result of the Debtors' motion to compel, as well as additional document productions to the Examiner, the Debtors received more than 200,000 documents from CEC, Apollo, and TPG since the beginning of 2016.

These document productions continued into March 2016. The late-produced documents were material to the Special Governance Committee's views on various issues and materially increased the Special Governance Committee's ranges of the value of the Estate Claims. In particular, the documents revealed numerous facts that caused the Special Governance committee to question the availability of good faith offsets and conclude that additional material claims relating to the financing transactions existed.

Likewise, the Examiner's Final Report [Docket No. 3401] (the "Examiner Report") further refined the Special Governance Committee's views on various issues. The Examiner's thorough 930-page report (plus appendices) was issued on March 15, 2016. The Special Governance Committee reviewed the Examiner's conclusions and analysis to determine the effect, if any, on the SGC Investigation. In many instances, the Examiner Report verified the conclusions of the SGC Investigation. For some transactions, the Examiner Report provided new insights that the Special Governance Committee incorporated into the SGC Investigation.

After an independent analysis of all of the documents and interviews obtained through the SGC Investigation and the Examiner's work, as well as a separate analysis by Kirkland & Ellis LLP of the Examiner Report, the Special Governance Committee assessed the validity of all potential Estate Claims the Debtors and/or their creditors may have against CEC or its affiliates, assessed the probability that such claims could be successfully litigated, and considered the attendant litigation, execution, and business risks associated with pursuing such claims.

Following dozens of calls and meetings between the Special Governance Committee and its advisors from mid-2014 to present, the Special Governance Committee held meetings on March 23 and 24 to assess the results of the SGC Investigation and the Examiner Report. Based on the SGC Investigation, the Special Governance Committee concluded that the Debtors' claims related to the Challenged Transactions were worth approximately \$3.2 billion to \$5.2 billion assuming CEC and its affiliates were entitled to good faith offsets as part of a settlement and \$3.8 billion to \$5.8 billion if the good faith offset issue were actually litigated. The Special Governance Committee also asked Kirkland & Ellis LLP to further analyze the Examiner Report to adjust his headline conclusions of \$3.6 billion to \$5.1 billion for litigation risk and additional issues. Kirkland & Ellis LLP concluded that the Examiner's ranges, once adjusted for litigation risk, would be \$3.6 billion to \$4.5 billion assuming that the value of the claims is determined at the time the assets were transferred or \$4.1 billion to \$5.1 billion assuming the Debtors were entitled to recover estimated reasonable appreciation that has occurred since the transfer dates. The Special Governance Committee concluded these ranges were largely consistent with each other and presented informative indicators of the potential value of the Estate Claims to the Debtors. Certain ranges considered by the Special Governance Committee relied on assessments prepared by its legal and financial advisors, while others relied solely on Kirkland & Ellis LLP's litigation assessment applied to the Examiner's value ranges. Because of the significant delays and costs necessary to monetize these claims and the uncertainty of the outcomes, however, the Special Governance Committee remained focused on achieving a settlement with CEC and its affiliates that fairly compensated the Debtors for these claims while allowing creditors to obtain substantial near-term recoveries now without requiring creditors to take on the risks and delays of litigation. The Special Governance Committee, with the input of its advisors, concluded that successful prosecution of these claims likely would take at least five years and likely would cost at least \$100 million in attorney and expert fees to achieve a final, non-appealable judgment.

Based on its 20-month investigation, and on its careful consideration of the Examiner Report, the Special Governance Committee believes that a settlement premised on securing contributions from CEC and its affiliates is fair, reasonable, and in the best interests of the estates. As noted above, the Plan contemplates contributions from CEC and its affiliates that the Debtors estimate have a midpoint value of \$4 billion. The Special Governance Committee believes this amount is well within the appropriate settlement range. See Fed. R. Bankr. P. 9019. The contribution from CEC and its affiliates contemplated by the Plan is well within ranges of values considered by the Special Governance Committee for the Estate Claims that are being released under the Plan. The conclusions of the SGC Investigation are set out below.

1. The CIE Transactions

Before 2009, a CEOC subsidiary owned the World Series of Poker (“WSOP”) trademark and certain associated intellectual property (“IP”). The trade name was used to run branded, in-person poker tournaments around the United States, with the final round held at the Rio Hotel and Casino in Las Vegas. The Rio is owned by Rio Property Holding LLC and Cinderlane Inc., non-Debtor subsidiaries of CEC and CERP. The WSOP IP was associated with multiple revenue streams, including the tournaments themselves, as well as related sponsorship, media, licensing and retail businesses.

In 2009, CEOC transferred the WSOP trademark and certain intellectual property to CIE, a new CEC subsidiary created to pursue online gaming opportunities (the “CIE 2009” transaction). In exchange, CEOC received preferred shares in HIE Holdings Topco, with a stated value of \$15 million, and a perpetual, royalty-free right to use the WSOP trademark and intellectual property in connection with the operation of branded, in-person poker tournaments and the sale of branded products. CEC retained Duff & Phelps, LLC (“Duff & Phelps”) to provide fairness opinions to both the CEOC and CEC Boards of Directors. Duff & Phelps valued the WSOP trademark and IP at \$15 million. It also concluded that the transaction was fair from a financial point of view to CEOC, and the terms were no less favorable to CEOC than those that would have been obtained in an arm’s-length non-affiliate transaction.

In 2011, CEOC transferred the right to host the WSOP-branded poker tournaments (which was not transferred as part of the 2009 transaction). In exchange, CEC forgave \$20.5 million in outstanding principal on an intercompany loan between CEC and CEOC. Following the 2011 transaction, CEC (through its majority ownership of CIE) controlled essentially all aspects of the WSOP, including the trademark, the property where the WSOP tournament finals were held, and the right to host the tournament. The transaction was approved by the CEC board of directors (the “CEC Board of Directors”). Valuation Research Corporation provided a fairness opinion to the CEC Board of Directors concluding, among other things, that the principal economic terms of the transaction were fair from a financial point of view to CEOC and the transaction was on terms that were no less favorable to CEOC than it could obtain in a comparable arm’s-length non-affiliate transaction.

The SGC Investigation concluded that with respect to the CIE 2009 transaction, it is highly likely that the Debtors could recover on a constructive fraudulent transfer claim. But other claims are unlikely to succeed given statute of limitations and other issues. With respect to the constructive fraudulent transfer claim, CEOC was insolvent at the time of the transfer, and did not receive reasonably equivalent value. The consideration shortfall for the WSOP trademark and IP transferred was approximately \$54 million to \$66 million. The SGC Investigation also concluded CIE is unlikely to obtain the good faith offset under section 548(c) for the value of the preferred shares of HIE Holdings Topco that CEOC received as consideration for the WSOP trademark and IP. With respect to fiduciary duty claims, there was insufficient process and inadequate governance to protect CEOC’s interests in the transaction, including no independent directors to evaluate the transaction and negotiate on CEOC’s behalf. However, breach of fiduciary duty claims are likely time-barred.

The SGC Investigation also concluded that a claim to recover any additional value of CIE is unlikely to succeed given the tenuous connection between the WSOP trademark and IP transferred and “social gaming” (which has driven most of CIE’s growth), and because of statute of limitations issues. Nonetheless, the claim would be worth pursuing because there is a good faith basis to assert it, it likely would survive a motion to dismiss and have settlement value, and further fact development may increase the overall likelihood of success.

The SGC Investigation concluded that with respect to the CIE 2011 transaction, it is highly likely that the Debtors could recover on claims for constructive fraudulent transfer. But other claims are unlikely to succeed given the statute of limitations and other issues. With respect to the constructive fraudulent transfer claim, the consideration CEC provided to CEOC in exchange for the tournament rights did not represent reasonably equivalent value, and was deficient by approximately \$20 million to \$54 million. The SGC Investigation likewise concluded that CIE is unlikely to obtain the good faith offset under section 548(c) for the \$20.5 million it paid for the tournament rights. With respect to fiduciary duty claims, there was insufficient process and inadequate governance

to protect CEOC's interests in the transaction, including no independent directors to evaluate the transaction and negotiate on CEOC's behalf. However, breach of fiduciary duty claims are likely time-barred.

Because the CIE assets are subject to the Debtors claims for fraudulent transfer and breach of fiduciary duty, the Debtors may seek the return of the CIE assets as a remedy for these claims. Accordingly, the Debtors request and expect that CAC will notify any potential buyer of CIE's assets in writing of these claims and potential remedies. The Debtors also believe that, regardless of such notice, any potential buyer already is on notice of these claims and, if not, is hereby placed on notice of these claims. Further, although CAC contends that it is not subject to the Bankruptcy Court's jurisdiction, the Debtors disagree and believe that CAC is subject to the Bankruptcy Court's jurisdiction.

2. The 2010 Trademark Transfer

In 2008, CEOC subsidiary Caesars License Company ("CLC" f/k/a/ Harrah's License Company) owned the trademarks and other IP used in the Caesars network. In connection with the 2008 LBO and the spin-off of six properties to a CMBS entity that later became CERP (the "CERP Properties"), CLC licensed to the CERP Properties on an exclusive, royalty-free basis the right to use the property-specific trademarks (i.e., "Rio," "Flamingo," and "Paris") in connection with the operation of those properties. CLC retained legal ownership to the trademarks and the right to use them in all other aspects of the business, such as marketing or advertising.

In 2010, the CERP Properties and the lenders amended the terms of the CMBS financing to extend the maturity of the loan. As additional protection in the event of default by CLC or foreclosure by the CMBS lenders, the lenders requested that ownership of the property-specific trademarks be transferred to the CERP Properties. Caesars agreed to assign the property-specific trademarks (i.e., trademarks, domain names, and copyrights) to the CERP Properties. The CERP Properties, in turn, provided CLC with a non-exclusive, royalty-free license to use the trademarks for any purpose other than the operation of the CERP Properties. No consideration was provided for this transfer.

Accounting memos written by both Caesars and Deloitte in late 2011 state that the trademark transfer was not intended to change the relative rights of CLC and the CERP Properties. Before and after the transfer, the CERP Properties had the exclusive, royalty-free right to use the property specific trademarks in connection with the operation of those properties and CEOC could use them in all other aspects of the business. As a result, Caesars concluded that no underlying fair market value related to the trademarks was transferred from CLC to the CERP Properties in 2010, and the only substantive change that resulted from the transfer was the protections provided to the CMBS Properties in the event of a default.

The SGC Investigation concluded that it is highly unlikely that the Debtors could recover on claims for constructive fraudulent transfer, fraudulent transfer with actual intent, breach of fiduciary duty, or aiding and abetting breach of fiduciary duty because the parties' respective use rights in the trademarks did not change materially as a result of the transfer. In addition, fiduciary duty claims are likely time barred and there is no "golden creditor" of CLC that could extend the statute of limitations on any fraudulent transfer claim.

3. The CERP Transaction

In October 2013, a CEOC subsidiary transferred to CERP the equity of Octavius Linq Intermediate Hold Co., which owned the Octavius Tower (which is the newest tower in Caesars Palace) and Project Linq (an entertainment district). In return, CEOC received approximately \$80 million in cash and \$53 million in CEOC notes for retirement, and CERP assumed \$450 million of debt associated with these properties (these transactions collectively, the "CERP Transaction"). The transfer was done to help CEC effectuate a refinancing of debt that was obtained in connection with the 2008 LBO and secured by the six CERP Properties. Without a refinancing, this debt was set to mature in early 2015. Because of the economic downturn following the 2008 LBO, the value of the six CERP Properties had declined and was no longer sufficient to support the debt. Therefore, CEC formed CERP with the six CERP Properties and transferred the Octavius/Linq properties to CERP to provide additional collateral to close the refinancing.

CEC retained Perella to provide a reasonably equivalent value opinion to CEOC on the CERP Transaction. Perella opined that the value of the consideration CEOC received was reasonably equivalent to the value of the assets CEOC transferred.

The SGC Investigation concluded that with respect to the CERP Transaction, it is highly likely the Debtors could recover on claims for constructive fraudulent transfer and fraudulent transfer with actual intent against CEC, CERP, and Rio Properties, breach of fiduciary duty against CEOC's directors and CEC, and aiding and abetting breach of fiduciary duty against the Sponsors (particularly Apollo). CEOC was insolvent and the consideration it received did not represent reasonably equivalent value as it was deficient by approximately \$444 million. Many badges of fraud also are present, including that CEOC was insolvent; lack of reasonably equivalent value; transfer to an insider; and transfer of strategic, "crown jewel" assets. In addition, the Sponsors stood on both sides of the transaction and attempted to reduce the price paid to CEOC for the Octavius/Linq assets. The Sponsors likewise provided incomplete and/or inaccurate information to Perella, thus diminishing the relevance of its reasonably equivalent value opinion. Further, there was insufficient process and inadequate governance to protect CEOC's interests in the transaction, including no independent directors to evaluate the transaction and negotiate on CEOC's behalf. Finally, the SGC Investigation concluded that CERP is unlikely to obtain the good faith offset under section 548(c) for the approximately \$133 million in cash and retired notes that CEOC received as consideration.

4. The Growth Transaction

In mid-2012, the Sponsors began evaluating potential structures for a new Caesars entity that would acquire growth assets from CEC and CEOC, including whether the structure would be sufficiently "bankruptcy remote" to protect the assets if CEOC or CEC filed for bankruptcy. That entity became known as CGP, which is now a subsidiary of CAC. In October 2013, CEOC subsidiaries transferred the Planet Hollywood Resort & Casino in Las Vegas, CEOC's interest in the Horseshoe Baltimore project, and 50 percent of the management fees associated with these two properties to CGP in exchange for \$360 million in cash and CGP's assumption of \$513 million in debt associated with these properties (the "Growth Transaction").

The Growth Transaction was negotiated over several months among representatives of the Sponsors and an independent Valuation Committee of CEC's Board (the "CEC Valuation Committee"), which was formed to determine the fair market value of the assets and equity exchanged in the Growth Transaction. The CEC Valuation Committee engaged Morrison & Foerster LLP ("Morrison & Foerster") as legal counsel and Evercore Partners LLC ("Evercore") as its financial advisor. Evercore opined, among other things, that the consideration CEOC received in exchange for these assets was not less than the fair market value of such assets. The CEC Valuation Committee likewise concluded that the consideration paid for the assets represented fair market value.

The SGC Investigation concluded that with respect to the Growth Transaction, it is highly likely that the Debtors could recover on claims for constructive fraudulent transfer and fraudulent transfer with actual intent against CGP, and breach of fiduciary duty against the CEOC directors and CEC. It is also likely that the Debtors could recover on aiding and abetting breach of fiduciary duty claims against the Sponsors (particularly Apollo). CEOC was insolvent, and the consideration it received did not represent reasonably equivalent value as it was deficient by approximately \$271 million to \$635 million. Many badges of fraud also are present, including that CEOC was insolvent; lack of reasonably equivalent value; transfer to an insider; CEC and the Sponsors retained access to upside through the transaction; and the desire to move the Growth Transaction assets from the reach of creditors to a "bankruptcy remote" entity. In addition, CEC and the Sponsors did not provide Evercore with updated projections in response to Evercore's repeated requests, which resulted in Evercore valuing the properties for less than they were worth. Finally, CEC's contemporaneous requirement for CEOC to repay over \$400 million of the CEC-CEOC intercompany revolver undermines CEC's argument that the Growth Transaction was designed to provide CEOC with much-needed liquidity. Moreover, there was insufficient process and inadequate governance to protect CEOC's interests in the transaction, including no independent directors to evaluate the transaction and negotiate on CEOC's behalf. The SGC Investigation concluded that CGP is likely to obtain the good faith offset under section 548(c) for the \$360 million in cash paid to CEOC because, among other reasons, CAC and CGP did not exist until the Growth Transaction closed, and it is unclear whether the Sponsors' primary goal of gaining

leverage over CEOC's creditors in the event of a chapter 11 filing could be attributable to CGP under these circumstances.

5. The Four Properties Transaction

In May 2014, CEOC transferred to CGP four casino properties (The Quad Resort and Casino (renamed the LINQ Hotel & Casino in July 2014), Bally's Las Vegas, The Cromwell, and Harrah's New Orleans) (collectively, the "Four Properties") and 50 percent of the management fees payable by each casino in exchange for approximately \$2.0 billion (the "Four Properties Transaction"). The final purchase price consisted of \$1.815 billion of cash and CGP's assumption of a \$185 million credit facility used to renovate The Cromwell.

The Four Properties Transaction was negotiated and unanimously recommended by special committees of independent members of CEC and CAC's Boards of Directors. The CEC Special Committee engaged Centerview Partners ("Centerview") and Duff & Phelps as financial advisors and Reed Smith LLP ("Reed Smith") as legal advisor. Centerview opined that (a) the purchase price was fair to CEOC from a financial point of view, and (b) the purchase price was reasonably equivalent to the value of the transferred casinos plus 50% of their management fee streams. Duff & Phelps opined that the transaction was on terms that were no less favorable to CEOC than would be obtained in a comparable arm's-length transaction with a non-affiliate.

The SGC Investigation concluded that with respect to the Four Properties Transaction, it is highly likely that the Debtors could recover on claims for constructive fraudulent transfer and fraudulent transfer with actual intent against CGP, and breach of fiduciary duty against the CEOC Board of Directors and CEC. It is also likely the Debtors could recover for aiding and abetting breach of fiduciary duty against the Sponsors. CEOC was insolvent, and the consideration it received did not represent reasonably equivalent value as it was deficient by approximately \$210 million to \$930 million for the Four Properties alone. In addition, CEOC transferred undeveloped land worth approximately \$109 million to \$140 million to CGP as part of the Four Properties Transaction for no additional consideration.

Several badges of fraud are also present, including that CEOC was insolvent; lack of reasonably equivalent value; transfer to an insider; CEC and the Sponsors retained access to upside; and threat of suit before the transaction closed. In addition, the Sponsors planned for and designed the transaction to provide "bankruptcy remote" access to Total Rewards for CGP and CERP. The fairness opinions issued by Centerview and Duff & Phelps are not reliable because CEC provided materially lower projections to the financial advisors than its ordinary-course projections. In fact, these lower projections were used only for the fairness opinions and were not used for other purposes before or after the transaction. There was insufficient process and inadequate governance to protect CEOC's interests in the transaction, including no independent directors to evaluate the transaction and negotiate on CEOC's behalf. The SGC Investigation concluded that CGP is highly likely to obtain the good faith offset under section 548(c) for the \$1.815 billion in cash paid to CEOC in the Four Properties Transaction because, among other reasons, a separate committee of independent CAC directors negotiated the transaction for CGP.

6. The Shared Services Joint Venture

In connection with the Four Properties Transaction, CES was formed in May 2014 as a joint venture among CEOC, CERP, and CGPH to provide centralized property management services and common management of enterprise-wide intellectual property. CEOC owns 69 percent, CERP owns 20.2 percent and CGPH owns 10.8 percent of CES. Each partner has a 33 percent vote. CEOC's primary contribution to CES was a license to certain intellectual property, including Total Rewards.

Pursuant to CES's limited liability company agreement, the vast majority of individuals employed by CEOC and CERP, or their respective subsidiaries, were transferred to CES, and all employment-related obligations associated with these employees were assigned to CES. In addition, the Omnibus Agreement assigned to CES certain duties that CEOC and its subsidiaries historically had performed, such as managing, on a reimbursable basis, the payroll and accounts payable for CEOC, CERP, and CGP and their predecessor entities. Finally, CEOC granted

to CES a license to certain intellectual property, including Total Rewards, which CES then licenses to other entities in the Caesars enterprise.

The CEC Special Committee, established for the Four Properties Transaction, approved the terms of the Shared Services Joint Venture, which Duff & Phelps opined were no less favorable to CEOC than would be obtained in a comparable arms-length transaction with a non-affiliate. A CEC ad hoc committee ultimately recommended that the CEC Board of Directors approve the CES Amended and Restated Limited Liability Company Agreement, as well as the Omnibus Agreement. The CEC and CEOC Boards of Directors approved the agreements by unanimous written consents.

The SGC Investigation concluded that with respect to CES, it is highly likely that the Debtors could recover on claims for constructive fraudulent transfer and fraudulent transfer with actual intent against CES and CGP and breach of fiduciary duty against CEOC's Directors and CEC. It is also likely the Debtors could recover for aiding and abetting breach of fiduciary duty against the Sponsors. The SGC Investigation concluded that the value range for claims arising out of the creation of CES is \$0 to \$200 million.

7. The B-7 Refinancing

On May 6, 2014, CEC and CEOC announced a financing plan that, according to CEC, was designed to extend CEOC's near-term maturities and provide it with covenant relief (the "B-7 Refinancing"). Among other things, the B-7 Refinancing included the following components:

- Certain of the First Lien Lenders provided an additional \$1.75 billion to CEOC under the Prepetition Credit Agreement through the B-7 term loan (the "B-7 Term Loan");
- CEC sold 5 percent (68.1 shares) of CEOC's outstanding common shares to institutional investors unaffiliated with CEC for \$6.15 million; and
- The Prepetition Credit Agreement was amended to: (a) relax certain financial covenants; (b) make CEC's guarantee of the Prepetition Credit Agreement obligations a guarantee of collection rather than of payment; and (c) cap the amount of debt that could be guaranteed to the amount outstanding under the Prepetition Credit Agreement plus approximately \$2.9 billion of additional indebtedness.

On July 25, 2014, the B-7 Term Loan was assumed by CEOC after regulatory approvals were obtained and the Prepetition Credit Agreement amendments became effective. CEOC used the proceeds of the B-7 Term Loan to retire (a) 98 percent of the \$214.8 million in aggregate principal amount of the 10.00% Second-Priority Senior Secured Notes due 2015 issued pursuant to that certain Indenture, dated as of December 24, 2008, by and between CEOC, CEC, and the applicable 10.00% Second Lien Notes Indenture Trustee; (b) 99.1 percent of the \$792 million in aggregate principal amount of 5.625% Senior Unsecured Notes due 2015 issued pursuant to that certain Indenture, dated as of May 27, 2005, by and between CEOC, CEC, and U.S. Bank as Trustee, as supplemented from time to time; and (c) 100 percent of the \$29 million in aggregate principal amount of the applicable term loans under the Prepetition Credit Agreement that were due in 2015.

CEC's sale of CEOC stock to the unaffiliated entities resulted in the automatic release of CEC's guarantee of the Debtors' obligations under the First Lien Notes, Second Lien Notes, Subsidiary-Guaranteed Notes, and Senior Unsecured Notes. The B-7 Refinancing modified CEC's guarantee of the obligations under the Prepetition Credit Agreement from a guarantee of payment to a capped guarantee of collection.

The SGC Investigation concluded that with respect to the B-7 Refinancing, it is likely that the Debtors could recover on claims for fraudulent transfer with actual intent against CEC, CERP, and CGP, breach of fiduciary duties against the CEOC Directors and CEC, and aiding and abetting breach of fiduciary duty against the Sponsors, but that it is unlikely that the Debtors can successfully assert a claim for constructive fraudulent transfer. The Debtors likely can recover the approximately \$452 million paid to affiliate CGP to purchase its 2015 notes at a premium in connection with the refinancing. Likewise, the Debtors likely can recover the \$315 million in cash used

to pay 2016 and 2017 maturities, which principally benefitted CEC by allowing it to convert its guarantee of payment to a guarantee of collection. The SGC Investigation concluded that it is unlikely that the Debtors could recover the \$420 million paid to Chatham to purchase its 2015 notes at a premium, but that recovery on such a claim may be possible given Chatham's role in connection with the release of the guarantee. The SGC Investigation likewise concluded that a portion of \$219 million in fees for the B-7 refinancing are likely recoverable.

8. The Senior Unsecured Notes Transaction⁴³

On August 22, 2014, CEC and CEOC consummated the "Senior Unsecured Notes Transaction" with certain holders of CEOC's outstanding Senior Unsecured Notes, who represented \$237.8 million in aggregate principal amount of the Senior Unsecured Notes and greater than 51 percent of each series of the Senior Unsecured Notes that were then held by non-affiliates of CEC and CEOC (the "August Noteholders"). As part of the Senior Unsecured Notes Transaction, the August Noteholders sold to CEC and CEOC an aggregate principal amount of approximately \$89.4 million of the 6.50% Senior Unsecured Notes Due 2016 and an aggregate principal amount of approximately \$66 million of the 5.75% Senior Unsecured Notes Due 2017. In return, CEC and CEOC each paid the August Noteholders \$77.7 million in cash, and CEOC also paid the August Noteholders accrued and unpaid interest in cash. CEC also contributed Senior Unsecured Notes in the aggregate principal amount of approximately \$426.6 million to CEOC for cancellation. Through the Senior Unsecured Notes Transaction, CEOC reduced its outstanding indebtedness by approximately \$582 million and its annual interest expense by approximately \$34 million.

As part of the Senior Unsecured Notes Transaction, and with the consent of the August Noteholders, CEOC and the Senior Unsecured Notes Trustee entered into supplemental Senior Unsecured Notes indentures to remove provisions relating to CEC's guarantee of the Senior Unsecured Notes and to modify the covenant restricting disposition of "substantially all" of CEOC's assets so that future asset sales would be measured against CEOC's assets as of the date of the supplemental indentures. In addition, with the consent of the August Noteholders, CEOC and the Senior Unsecured Notes Indenture Trustee amended the Senior Unsecured Notes Indentures to modify a ratable amount of the approximately \$82.4 million face amount of the 6.50% Senior Unsecured Notes Due 2016 and 5.75% Senior Unsecured Notes Due 2015 (the "Amended Senior Unsecured Notes") held by the August Noteholders to include provisions that holders of those two series of the Amended Senior Unsecured Notes will be deemed to consent to any restructuring of the Senior Unsecured Notes (including the Amended Senior Unsecured Notes) that has been consented to by holders of at least 10 percent of the outstanding 6.50% Senior Unsecured Notes Due 2016 and 5.75% Senior Unsecured Notes Due 2015, as applicable.

The SGC Investigation concluded that with respect to the Senior Unsecured Notes Transaction, it is unlikely that the Debtors possess any viable claim. Unlike the other transactions, CEOC had independent directors (through the Special Governance Committee) and advisors (Kirkland & Ellis LLP), which negotiated the deal on behalf of CEOC and its stakeholders. Accordingly, as the Examiner concluded, this transaction reflects the valid exercise of the Debtors' business judgment.

9. The Intercompany Revolver

In 2008, CEC and CEOC established an unsecured revolving credit facility in favor of CEOC. As of late 2012, CEC converted the revolver from a committed to uncommitted facility, required CEOC to make solvency representations to further access the revolver, and did not lend any additional funds to CEOC. Despite the fact that no payments were due until November 2017 (following an amendment in November 2012, which extended the maturity date from January 2014), CEOC repaid more than \$409 million in 2012 and 2013. The majority of these proceeds were used to buy back CMBS Debt at a discount and to provide cash for the CERP Properties. In May

⁴³ Certain other parties disagree with the Special Governance Committee's analysis of this transaction, including the Ad Hoc Group of 5.75% and 6.50% Notes and Frederick Barton Danner. The specific perspective of the Ad Hoc Group of 5.75% and 6.50% Notes can be found at Article IV.G.4.

2014, the Sponsors requested repayment of the remaining amount of principal and interest outstanding under the revolver (\$262 million).

The SGC Investigation concluded that with respect to the \$289 million in payments the Debtors made within one year of their bankruptcy filing, the Debtors were highly likely to recover these payments from CEC as avoidable preferences. The SGC Investigation also concluded it is likely that the Debtors could succeed on claims for fraudulent transfer with actual intent against CEC and CERP, breach of fiduciary duty against CEOC's directors and CEC, and aiding and abetting breach of fiduciary duty against the Sponsors to recover \$373 million (the balance of the \$662.5 million CEOC repaid net of the \$289 million preference) since mid-2012. Finally, the SGC Investigation concluded that it is unlikely the Debtors could succeed on a recharacterization and illegal dividends claim.

10. Additional Investigation Transactions and Topics

Multiple Degradation. As a result of the asset transfers described above, more of CEOC's EBITDA is derived from regional properties than from Las Vegas properties. Following the CERP Transaction, Growth Transaction, and Four Properties Transaction, the percentage of CEOC's EBITDA derived from Las Vegas properties declined from 41 percent to 28 percent. Certain creditors have argued this shift has diminished the overall value of the CEOC enterprise beyond the consideration shortfall in the amount paid to CEOC for the assets transferred.

The SGC Investigation concluded that it is unlikely that the Debtors could recover on any legal claim relating to multiple degradation. Should the Debtors be successful in recovering the fair value of the transferred assets as described above, an additional recovery for "multiple degradation" would likely be a duplicative or double recovery.

Showboat Closure and Sale. In August 2014, CEOC closed the Showboat Atlantic City Casino in Atlantic City, New Jersey. In December 2014, CEOC sold the Showboat property to Stockton College for \$18 million. The SGC Investigation concluded that with respect to the Showboat Sale and Closure, it is unlikely that the Debtors could succeed on any legal claim.

After the Showboat closure, however, the Atlantic City marketing plan focused on retaining Showboat's customers generally (rather than directing them to CEOC-owned properties). As a result, a greater percentage of Showboat-dominant customers played at CERP properties than had done so before. CEOC thus effectively transferred its Showboat customer list to CERP without consideration at a time it was insolvent. The SGC Investigation concluded that it is likely that the Debtors could recover on a *de minimis* constructive fraudulent transfer claim against CERP relating to the customer list.

The Atlantic Club Transaction. In December 2013, CEOC purchased the non-gaming assets of the Atlantic Club Casino Hotel ("Atlantic Club") located in Atlantic City, New Jersey, for approximately \$15.5 million for the purpose of putting a deed restriction on the property. In May 2014, CEOC sold the Atlantic Club to TJM Properties for \$15.5 million with a restriction prohibiting its use for gaming activities. The SGC Investigation concluded that with respect to the Atlantic Club Transaction, it is unlikely that the Debtors could succeed on any legal claim.

CERP/Total Rewards and Management Fees. While it was still solvent, CEOC provided management services and access to Total Rewards to the CERP Properties without compensation. CEOC continued to do so after it became insolvent. In 2010, CEOC and CERP entered into a new services agreement through which CEOC continued to provide management services and access to Total Rewards to the CERP Properties at no cost. In 2014, with the formation of CES, CEOC gave up (without compensation) access to the stream of management fees and access to Total Rewards to which it otherwise would have been entitled.

The SGC Investigation concluded that it is highly likely that CEOC could succeed on claims for constructive fraudulent transfer and fraudulent transfer with actual intent against CEC and CERP, and breach of

fiduciary duty against the CEOC Directors and CEC. It is also likely that CEOC could succeed on aiding and abetting claims against the Sponsors (particularly Apollo). The services that CEOC provided to CERP for no compensation are valued at approximately \$237 million for the period from 2010 to May 2014 and \$133 million to \$592 million for the period beginning May 2014 (although any recoveries related to the post-May 2014 period would need to be offset against the costs CEOC would incur to provide such services).

CES Allocated Costs. Before CGP was created, CEOC paid 70 percent of unallocated overhead costs and the CERP Properties paid the remaining 30 percent. With the creation of CES, indirect costs (operating expenses and annual baseline capital expenditures) were allocated between CEOC, CERP, and CGP. Following the Four Properties Transaction, CEOC's revenues as a percentage of Caesars' total net revenues declined from 69 percent to 65 percent. CEOC, however, continued to pay approximately 69 percent of the shared services costs.

The SGC Investigation concluded it is highly likely that CEOC could succeed on claims for constructive fraudulent transfer and fraudulent transfer with actual intent against CEC and CERP and likely that CEOC could succeed on a breach of fiduciary duty claim against the CEOC Directors and CEC for the \$14.5 million it overpaid in cost allocations. It is highly unlikely that CEOC could succeed on claims for aiding and abetting breach of fiduciary duties against the Sponsors.

Tax Assets. The Special Governance Committee considered whether CEOC has any claims relating to other Caesars entities' use of CEOC's net operating loss ("NOL") carryforwards or because Caesars did not have a tax sharing agreement. The SGC Investigation concluded it is likely that CEOC could succeed on a claim for constructive fraudulent transfer, unjust enrichment, or turnover against CEC relating to a \$56 million 2011 tax refund that should have been provided to CEOC. It is unlikely that the Debtors could recover on a legal claim relating to the lack of a tax sharing agreement and the utilization of CEOC's NOL carryforwards by the CEC consolidated tax group.

Sponsor Fees. The Special Governance Committee considered whether CEOC has any claims relating to sponsor fees. Because CEC reimbursed CEOC for any sponsor fees that CEOC originally paid, the SGC Investigation concluded that CEOC has no viable claims related to sponsor fees.

2008 LBO. The Special Governance Committee considered whether CEOC has any claims related to the 2008 LBO. Because CEOC was solvent at the time of the 2008 LBO, the SGC Investigation concluded that CEOC has no viable claims related to the 2008 LBO.

PIK Toggle Notes Repurchase. The Special Governance Committee considered whether CEOC has any claims relating to CEOC's repurchasing of \$17 million in PIK Toggle Notes guaranteed by CEC in December 2014. Because the transaction falls within the safe harbor under Bankruptcy Code section 546(e), the SGC Investigation concluded that CEOC has no viable claims related to the PIK Toggle Notes.

CEOC Loan to CEC. The Special Governance Committee considered whether CEOC has any claims relating to CEOC's \$235 million loan to CEC in 2009 for which CEOC incurred \$5.8 million in interest expense that CEC did not reimburse. The SGC Investigation concluded it is unlikely that CEOC could recover on a claim for constructive fraudulent transfer against CEC, and highly unlikely that CEOC could recover on any other claim related to this interest expense.

Estimated Post-Transfer Appreciation. The SGC Investigation concluded that it is likely that the Debtors could recover post-transfer appreciation relating to the properties and assets transferred, because courts often credit subsequent appreciation to place the transferor in the same position as if the transfer never had occurred. The appreciation likely would be offset against money spent on improvements, pursuant to Bankruptcy Code section 550(e), to the extent profits from the property did not already exceed the transferee's investment.

E. The Examiner

On January 12, 2015, simultaneously with the commencement of the Involuntary Proceeding, the Petitioning Creditors filed in the Involuntary Proceeding the *Motion for Appointment of Examiner with Access to and Authority to Disclose Privileged Materials* [Docket No. 10] (the “Involuntary Proceeding Examiner Motion”).

On February 13, 2015, the Debtors filed in the Chapter 11 Cases the *Debtors’ Motion for Entry of an Order (I) Appointing an Examiner and (II) Granting Related Relief* [Docket No. 363] (the “Debtors’ Examiner Motion”) and on February 17, 2015, the Second Priority Noteholders Committee also filed the *Motion of Official Committee of Second Priority Noteholders for Appointment of Examiner with Access to and Authority to Disclose Privileged Materials* (the “Second Priority Noteholders Committee’s Examiner Motion”).

On March 12, 2015, the Bankruptcy Court entered an order granting in part and denying in part the Debtors’ Examiner Motion and the Second Priority Noteholders Committee’s Examiner Motion and directing the U.S. Trustee to appoint an examiner in the Chapter 11 Cases [Docket No. 675] (the “Examiner Order”). On March 27, 2015, the U.S. Trustee appointed Richard J. Davis as examiner (the “Examiner”) [Docket No. 1010] in accordance with the Bankruptcy Court’s *Order Approving Appointment of Examiner* [Docket No. 992].

To assist the Examiner in carrying out his duties under the Bankruptcy Code during the Chapter 11 Cases, the Examiner filed applications and the Bankruptcy Court entered orders for the retention of the following professionals:

- Winston and Strawn LLP, as counsel to the Examiner [Docket Nos. 1084, 1167];
- Alvarez & Marsal Global Forensic and Dispute Services, LLC, as financial advisor to the Examiner [Docket Nos. 1345, 1476]; and
- Luskin, Stern & Eisler LLP, as special conflicts counsel to the Examiner [Docket Nos. 1085, 1168].

On April 22, 2015, the Examiner filed the *Motion of the Examiner for an Order (I) Approving Protocol and Procedures Governing Examiner Discovery, (II) Approving Establishment of a Document Depository, and (III) Granting Related Relief* [Docket No. 1279] seeking to establish a protocol governing discovery sought in connection with the Examiner’s investigation of, among other things, the transactions set forth in Article III.B. On May 18, 2015, the Bankruptcy Court entered the *Order (I) Approving Protocol and Procedures Governing Examiner Discovery, (II) Approving Establishment of a Document Depository, and (III) Granting Related Relief* [Docket No. 1576] (the “Discovery Protocol”). On May 27, 2015, following extensive consultation with interested parties, the Examiner filed the *Amended Motion of the Examiner for Entry of an Agreed Order on Interviews and Depositions by the Examiner* [Docket No. 1709] to establish procedures to govern depositions and witness interviews by the Examiner. On June 25, 2015, the Bankruptcy Court entered the *Agreed Order on Interview and Depositions by the Examiner* [Docket No. 1831], which established the protocol governing the Examiner’s interviews and depositions (with the Discovery Protocol, the “Examiner Protocol”).

The Examiner Order directs the Examiner to investigate various transactions and potential claims belonging to the Debtors’ Estates. Although the Examiner Order does not expressly reference the 2008 LBO and certain subsequent debt issuances and refinancings (collectively, the “LBO and Financing Transactions”), the Debtors believed that the Examiner was permitted to investigate such transactions to the extent they suggest potential claims belonging to the Debtors’ Estates. To clarify this issue, the Debtors filed the *Debtors’ Motion for an Order Expanding the Scope of the Examiner’s Investigation* [Docket No. 1847] (the “Examiner Scope Motion”) on June 30, 2015, seeking to explicitly include the LBO and Financing Transactions within the scope of the Examiner’s investigation. The Unsecured Creditors Committee objected to the Examiner Scope Motion. After additional briefing, on August 26, 2015, the Bankruptcy Court entered an order approving the relief sought in the Examiner Scope Motion and making certain related changes to the Examiner Protocol [Docket No. 2131]. As a result, the Examiner has included the LBO and Financing Transactions, including any statute of limitations issues with respect to the foregoing, in his investigation.

The Examiner filed interim reports on May 11, 2015, June 23, 2015, August 7, 2015, September 21, 2015, November 5, 2015, December 21, 2015, and February 4, 2016, updating the Bankruptcy Court and other parties on the status of the investigation [Docket Nos. 1520, 1805, 2022, 2236, 2535, 2758, 3203]. The Examiner also met with all interested parties in December 2015 to provide preliminary views on key issues and to allow the parties to provide information in response to such views. On December 23, 2015, the Examiner filed his *Motion for Order Temporarily Authorizing the Filing of the Examiner's Report and Certain Documents under Seal and Related Procedures* [Docket No. 2834]. On February 2, 2016, the Bankruptcy Court entered an order temporarily authorizing the Examiner to file a redacted report and setting forth procedures for the Examiner to publicly disclose the redacted sections [Docket No. 3187].

On March 15, 2016, the Examiner issued his final report on a partially redacted basis while he works through remaining issues regarding privilege and confidentiality asserted by parties other than the Debtors [Docket No. 3401]. The Examiner Report described the Examiner's investigation and his findings based on that investigation. Attached as **Exhibit H** to the Disclosure Statement is a copy of the Examiner Report Introduction and Executive Summary.

1. The Examiner's Investigation

Pursuant to the Examiner Order, the Examiner investigated more than 15 prepetition transactions among CEOC and other entities controlled by CEC. These transactions occurred from 2008 through 2014.

During his investigation, the Examiner and his advisors served 55 Rule 2004 subpoenas *duces tecum* seeking documents from 46 parties, including the Debtors, CEC, the Sponsors, other Caesars affiliates, and many of their respective legal and financial advisors. Ultimately, the Examiner received and reviewed more than 1.2 million documents consisting of 8.8 million pages. The document productions included emails, board and committee presentations, transaction documents, fairness opinions, and valuation materials.

From September 15, 2015 through February 25, 2016, the Examiner and his advisors conducted interviews of 92 individuals, including 74 formal interviews. The Examiner also conducted 32 follow-up interviews of 28 witnesses. The Examiner read or attended every formal interview and actively participated in every interview he attended.

At various points during his investigation, the Examiner met with and received input from a number of the key parties (and their advisors) involved in the transactions and the Chapter 11 Cases, including the Debtors, CEC, the Sponsors, the two Official Committees, CAC, and the Ad Hoc Committees of First Lien Noteholders and First Lien Bank Debt. In late 2015, the Examiner made detailed presentations to each of these groups who, in turn, provided him with feedback on the preliminary views he presented. The Examiner's financial advisors also regularly communicated with the financial advisors for the Debtors, the Official Committees, the Ad Hoc Committees of First Lien Noteholders and First Lien Bank Debt, and CEC.

2. The Examiner's Findings

The Examiner concluded that many of the transactions he investigated were structured and implemented in a manner that removed assets from CEOC to the detriment of CEOC and its creditors. As a result of these transactions, the Examiner found the Debtors have claims for constructive fraudulent transfer, fraudulent transfer with actual intent to delay, hinder or defraud creditors, breach of fiduciary duty, and aiding and abetting breach of fiduciary duty against CEC, CGP, CIE, other Caesars affiliates, CEOC directors, the Sponsors, and certain of CEC's directors. Because these claims vary in their likelihood of success, the Examiner assigned each claim to one of the following categories: strong, reasonable, plausible, weak, and not viable. The Examiner noted, however, that these claims "will be vigorously contested by the affected parties and all of them thus are subject to litigation risk." The Examiner further concluded that potential damages arising from claims on which the Debtors would more likely than not be successful range from \$3.6 billion to \$5.1 billion. The Examiner reached the following conclusions.

The Examiner investigated the Sponsors' 2008 LBO of Caesars but did not find any colorable bases for challenging it. This conclusion was largely based on the Examiner's finding that CEOC was solvent at the time of the 2008 LBO and the 2008 LBO did not render CEOC insolvent.

The Examiner concluded, however, that there is a strong case that CEOC was insolvent by December 31, 2008 and remained insolvent until its bankruptcy filing. This finding was key to the Examiner's analysis because CEOC—as an insolvent subsidiary—should have had independent directors and advisors beginning in 2009, yet none were put in place until late June 2014. Instead, the Sponsors and management took the view that Caesars was one company and no one was protecting the interests of CEOC and its stakeholders.

From late 2008 until mid-2012, the Examiner found that the Sponsors and CEC focused on transactions and activities that CEC contended were designed to create “runway” that would extend the maturity of CEOC's debts. The Examiner investigated three transactions during this time period:

- CIE 2009. In May 2009, a CEOC subsidiary transferred to CIE (a subsidiary of CEC) certain rights in the WSOP trademarks and related intellectual property in exchange for (a) preferred shares in a holding company with a stated value of \$15 million and (b) a license to continue using the WSOP trademarks and IP for limited purposes. The Examiner concluded that with respect to the CIE 2009 transaction, the Debtors have a strong constructive fraudulent transfer claim, a weak fraudulent transfer with actual intent claim, and reasonable breach of fiduciary duty and aiding and abetting breach of fiduciary duty claims, but that the fiduciary duty based claims may be barred by the statute of limitations. The Examiner found the value of the consideration CEOC received was \$54.2 million to \$66.2 million less than the value of the WSOP trademark and other IP CEOC transferred to CIE. The Examiner also found that CIE may not be able to establish that it was a good faith transferee because the transfer was “orchestrated” by Caesars individuals who were acting on all sides of the transaction and who knew or should have known that CEOC was insolvent.
- CIE 2011. In September 2011, a CEOC subsidiary transferred the hosting rights for WSOP live tournaments to CIE for \$20.5 million. The Examiner concluded that with respect to the CIE 2011 transaction, the Debtors have a strong constructive fraudulent transfer claim, a weak fraudulent transfer with actual intent claim, and reasonable breach of fiduciary duty and aiding and abetting breach of fiduciary duty claims, but that the fiduciary duty based claims would be barred by the statute of limitations. The Examiner found the value of the consideration CEOC received was \$29.8 million to \$35.4 million less than the value of the tournament rights CEOC transferred to CIE. The Examiner also found that CIE may not be able to establish that it was a good faith transferee because CIE's executives (a) orchestrated the transfer; (b) knew that the purchase price was negotiated without anyone negotiating on CEOC's behalf; and (c) participated in artificially reducing the fee that a Las Vegas casino would pay to host WSOP tournaments, which thus reduced the consideration CEOC received for the hosting rights.
- 2010 Trademark Transfer. In connection with the August 2010 amendment to the CMBS loan agreement, a CEOC subsidiary transferred ownership of property-specific IP (*i.e.*, “Rio,” “Paris,” and “Flamingo”) to the CERP Properties. CEOC did not receive any consideration for the transfer. The Examiner concluded that with respect to the 2010 Trademark Transfer, the Debtors' claims would be barred by the statute of limitations. The Examiner did not assign any value to those claims.

The Examiner further found that, beginning in late 2012, the Sponsors began to implement a strategy intended to strengthen CEC's and the Sponsors' position in a potential restructuring negotiation with CEOC's creditors or in a CEC or CEOC bankruptcy. This led to a series of transactions that closed in late 2013 and early 2014. The Examiner investigated a series of transactions during this time period:

- The Growth Transaction. On October 21, 2013, a CEOC subsidiary transferred to CGP (a) a 100% equity interest in Planet Hollywood; (b) a 52% equity interest in the Horseshoe Baltimore joint venture; and (c) 50% of the management fees associated with each property. In exchange, CEOC

received \$360 million in cash. The Examiner concluded that with respect to the Growth Transaction, the Debtors have a strong constructive fraudulent transfer claim, a strong fraudulent transfer with actual intent claim, a strong breach of fiduciary duty claim, and a reasonable aiding and abetting breach of fiduciary duty claim. The Examiner found the consideration CEOC received was \$437 million to \$593 million less than the value of the assets CEOC transferred to CGP. The Examiner also found that it would be difficult to establish that CAC and CGP were not good faith transferees because, among other reasons, the Sponsors' principal goal of gaining leverage over CEOC creditors in the event of a bankruptcy filing should not be attributable to CAC and CGP.

- The CERP Transaction. On October 11, 2013, a CEOC subsidiary transferred the equity of Octavius Tower and Project Linq to CERP. In exchange, CEOC received \$80.7 million in cash and \$52.9 million in CEOC notes for retirement. CERP also assumed \$450 million of debt associated with the Octavius and Linq properties. The Examiner concluded that with respect to the CERP Transaction, the Debtors have a strong constructive fraudulent transfer claim, a strong actual fraudulent transfer claim, and strong breach of fiduciary duty and aiding and abetting breach of fiduciary duty claims. The Examiner found that the consideration CEOC received was \$328.5 to \$426.9 million less than the value of the assets CEOC transferred to CERP. The Examiner also found that CERP may not be able to establish that it was a good faith transferee because the Sponsors—who dominated both sides of the transaction—knew or should have known that CEOC was insolvent and provided Perella (the party who provided the fairness opinion) with incomplete or inaccurate assumptions.
- The Four Properties Transaction. In May 2014, CEOC subsidiaries transferred to CGP 100% of their interests in the Quad, Bally's Las Vegas, the Cromwell, and Harrah's New Orleans. As part of this transaction, CEOC also transferred 31 acres of undeveloped land. In return, CEOC received approximately \$2 billion in consideration, including \$1.815 billion in cash. The Examiner concluded that with respect to the Four Properties Transaction, the Debtors have a strong constructive fraudulent transfer claim, a strong fraudulent transfer with actual intent claim, a strong breach of fiduciary duty claim, and a reasonable aiding and abetting breach of fiduciary duty claim. The Examiner found the consideration CEOC received was \$701 million to \$1,108 million less than the value of the assets CEOC transferred. The Examiner also found that CGP would likely be able to show that it was a good faith transferee because it had a fairness opinion from Lazard, knew that CEC had a fairness opinion from Centerview, and was told that proceeds from the transaction would be used to pay CEOC creditors.

In addition to the above transactions, the Examiner concluded that additional claims may include the following:

- Multiple Degradation. The Examiner found that the transfer of Las Vegas-based assets out of CEOC during 2013 and 2014 significantly altered the complexion of CEOC and transformed it into a predominantly regional gaming company. As such, if sold, CEOC would be sold at a lower EBITDA multiple than it would have commanded had it not sold the Las Vegas-based assets. The Examiner concluded that the Debtors have a reasonable claim for breach of fiduciary duty for \$516 million arising out of the multiple degradation that CEOC suffered when it sold most of its Las Vegas assets and began to derive more of its EBITDA from regional properties.
- CMBS/CERP/Total Rewards Management Fees. The Examiner found that CEOC should have charged CERP for management fees and access to Total Rewards when CEOC entered into a new services agreement with CERP in August 2010. The Examiner also found CERP underpaid for management fees and access to Total Rewards when CES was created in 2014. Consistent with these findings, the Examiner concluded that the Debtors have a reasonable claim for breach of fiduciary duty for \$237.30 million based on management fees that CEOC did not receive from CERP from September 2010 through May 20, 2014. The Examiner also concluded that the Debtors have a strong constructive fraudulent transfer claim, a strong fraudulent transfer with actual intent claim, a strong breach of fiduciary duty claim, and a reasonable aiding and abetting breach of fiduciary duty claim

against CERP for \$132.9 million to \$592.1 million based on future management fees and access to Total Rewards arising out of the creation of CES.

- CES Excess Cost Allocation. The Examiner found that the allocation of shared services costs was not consistent with the net revenues between CEOC, CERP, and CGP after the Four Properties Transaction. The Examiner concluded that the Debtors have a reasonable claim for breach of fiduciary duty for \$14.5 million based on CEOC's payment of shared services costs that were not allocated consistent with Caesars' total net revenues.
- Atlantic City Transaction. After CEOC closed the Showboat casino in August 2014, it effectively transferred its customer list to Harrah's Atlantic City (a CERP property) for no consideration. The Examiner concluded that the Debtors have a strong constructive fraudulent transfer claim for \$3.0 million to \$7.0 million based on the customer information and other data that was transferred to Harrah's.
- B-7 Refinancing. In May and June 2014, CEOC obtained a new \$1.75 billion B-7 term loan that it used to refinance debt that was set to mature between 2015 and 2018. CEOC used \$315 million of the loan proceeds to pay off 2016-2017 maturities and \$452 million of the loan proceeds to pre-pay CGP for notes maturing in 2015. CEOC repurchased the debt at a premium even though it was trading at a discount at the time. The Examiner concluded that the Debtors have reasonable breach of fiduciary duty and aiding and abetting breach of fiduciary duty claims for \$315 million based on the cash CEOC paid in connection with the B-7 loan. The Examiner also concluded that the Debtors have reasonable fraudulent transfer with actual intent, breach of fiduciary duty, and aiding and abetting breach of fiduciary duty claims for \$452 million based on CEOC's use of those proceeds from the B-7 loan to pay CGP.
- Intercompany Transactions. In August 2008, CEC and CEOC entered into an intercompany revolver. From the third quarter of 2012 until the second quarter of 2013, CEOC repaid over \$409 million on the revolver even though it was not set to mature until 2017. On June 3, 2014, CEOC repaid the remaining balance of \$261.8 million at the request of the Sponsors. The Examiner concluded that the Debtors have a reasonable fraudulent transfer with actual intent claim, reasonable breach of fiduciary duty and aiding and abetting breach of fiduciary duty claims, and a strong preference claim for \$289 million to \$662.5 million arising out of payments made under the intercompany revolver.
- Tax Issues. CEC received a \$276.6 million tax refund that is attributable to the Debtors' net operating losses but provided CEOC with a refund of only \$220.8 million. The Examiner concluded that the Debtors have a strong argument that they are entitled to the full amount of the refund and likely to succeed on a claim for the outstanding \$55.8 million. The Examiner concluded that any claim based on the use of NOLs generated by CEOC by the CEC consolidated tax group would be difficult to pursue.

The Examiner investigated a number of other transactions but concluded that there were no strong or reasonable claims (or in some cases any viable claims) for constructive fraudulent transfer, fraudulent transfer with actual intent, breach of fiduciary duty, or aiding and abetting breach of fiduciary duty. These include the following:

- The release of CEC's guarantee through the sale of 5% of CEOC equity and distribution of 6% of equity to employees as part of a Performance Incentive Plan.
- CEOC's repurchase of \$17 million of PIK Toggle Notes guaranteed by CEC in December 2014.
- The August 2014 Senior Unsecured Notes Transaction where CEOC and CEC purchased \$155 million in CEOC notes and CEC contributed \$427 million of notes to CEOC for cancellation.

- Easements that Debtors granted in 2011 to Flamingo, Harrah's Imperial Palace Corporation, and Caesars Linq, LLC.

As noted above, the Examiner did not find that the Debtors had any Estate Claims on account of the Unsecured Notes Transaction. As has been noted by other parties in interest, including counsel to purported class plaintiff Frederick Barton Danner in the Danner SDNY Action, the Examiner's Report states that the Senior Unsecured Notes Transaction "can only be described as 'ugly' with one group of noteholders (constituting a slight majority of the notes held by non-related parties) getting paid at a premium over market in exchange for agreeing to prejudice the remaining noteholders by eliminating the Bond Guarantee from the governing indentures." Examiner Report at 69. As the Examiner explicitly noted, however, the "guarantee release is the subject of a pending litigation by various CEOC creditors. This Report does not address the principal issues in those cases: compliance with the Trust Indenture Act and breach of the Indenture. Instead, it focuses on whether CEOC has claims arising from the release of the guarantee." Examiner Report at 5 n.8. As noted in Article III.D above, the Danner SDNY Action and the MeehanCombs SDNY Action remain pending as to the Unsecured Noteholders Transaction and the purported guarantee of the Unsecured Notes by CEC. No decision has been made by the District Court for the Southern District of New York at this time regarding CEC's liability related to the purported guarantees or arising from the Unsecured Notes Transaction with regards to any third party direct claims against CEC. Any such potential claims and causes of action against CEC would be released pursuant to the Third-Party Release proposed by the Plan. Counsel to purported class plaintiff Frederick Barton Danner in the Danner SDNY Action has informed the Debtors that, at this time, Mr. Danner plans to object to the Third-Party Release.

3. Second Priority Noteholders Committee Summary of Examiner Report

On May 17, 2016, the Second Priority Noteholders Committee filed an objection to the adequacy of information provided by a previous version of the Debtors; proposed Disclosure Statement [Docket No. 3742] (the "2L Disclosure Statement Objection"). Among other things, the Second Priority Noteholders Committee asserted that the foregoing summary of the Examiner's findings "gives short-shrift" to the Examiner's "damning findings" and "downplays the massive value of the causes of action available to the [Debtors'] estate[s]." *Id.* at ¶16. The Second Priority Noteholders Committee included with its objection an alternative summary of the Examiner's findings and requested the Bankruptcy Court to require the Debtors to replace the foregoing summary with the version produced by the Second Priority Noteholders Committee. In the interests of full disclosure, the Debtors have included the summary of the Examiner's findings drafted by the Second Priority Noteholders Committee as **Exhibit K** attached hereto. As set forth in detail above, the Debtors disagree with certain of the allegations, assertions, and valuations set forth in **Exhibit K** (including the tone of certain comments), but have included the summary verbatim in the interests of full disclosure and transparency.

F. Mesirow Financial Consulting's Role in the SGC Investigation

As a result of an undisclosed romantic relationship between a Mesirow employee and an attorney at Jenner & Block (CEC's local counsel), Judge Goldgar indicated at the March 16, 2016 omnibus that he had "problems" with the Debtors' request to retain Baker Tilly as a professional under the Bankruptcy Code for further work on the SGC Investigation. Judge Goldgar stated that "while it may be that personnel from Mesirow were not tainted, I think the SGC's investigation has been, or at the very least we can't know." 3/16/16 Hr'g at 19. Judge Goldgar also stated: "I think there is a problem with the SGC investigation, and I think there is a good question whether additional work on that investigation is even warranted." *Id.* at 20. Judge Goldgar further stated that the declaration provided by Professor Jack Williams in support of Baker Tilly's retention application was "insufficient to support it" and that Baker Tilly needed a declaration "from somebody else, because on this point at least, [Professor Williams] has no credibility with me." *Id.* at 22. Judge Goldgar indicated that experts who intend to testify at trial do not need to be retained under section 327 of the Bankruptcy Code. *Id.* at 22. Therefore, although he said he was inclined to deny Baker Tilly's application to be retained under section 327 of the Bankruptcy Code, Judge Goldgar also stated that "[i]t doesn't stop you from using Professor Williams as an expert witness, if you want. I don't believe, and the U.S. Trustee doesn't believe either that this is something that is subject to Section 327." (*Id.* at 33) Accordingly, the Debtors agreed to withdraw their application to retain Baker Tilly rather than have the Court deny it. (*Id.*) At that hearing, Judge Goldgar also indicated that he was "quite likely to deny" Mesirow's fee application for work it had

done for the SGC during the chapter 11 cases. *Id.* at 34. Mesirow subsequently withdrew its fee application. The portion of the March 16th transcript relating to Baker Tilly's retention application is attached as Exhibit L.

The Debtors take seriously the issues raised by Judge Goldgar. The Debtors do not, however, believe that the romantic relationship or the Mesirow employee's failure to disclose the relationship in any way taints the SGC Investigation for the following reasons

- Mesirow provided its first interim report to the Special Governance Committee in December 2014. At the time of that report, Mesirow's work could not possibly have been tainted because the Debtors had not decided to file voluntary petitions in Chicago and Jenner & Block had not been retained as local counsel for CEC. Based on Mesirow's first interim report, the Special Governance Committee's preliminary claims assessment had a range of \$1 billion to \$2.3 billion assuming CEC and its affiliates were entitled to offsets as good faith transferees for consideration they provided to CEOC and \$3.5 billion to \$4.6 billion assuming no offsets.
- Once the Mesirow team working on the SGC Investigation and the Debtors became aware of the relationship, the Debtors and Mesirow took prompt action to ensure that none of Mesirow's work was tainted. Mesirow promptly screened the employee involved from further work on the SGC Investigation. Professor Jack Williams, who led the Mesirow team from the outset and continues to lead the Baker Tilly team that is preparing independent analyses to support Professor Williams' potential expert testimony at a confirmation hearing, then spent approximately 150 hours that was not billed to the Debtors personally reviewing the Mesirow employee's work product to ensure it was not biased. Finally, Mesirow retained independent outside counsel at its own expense to investigate whether the Mesirow employee had shared any confidential information with the Jenner & Block attorney. The law firm hired a forensics team to collect all written communications between the Mesirow employee and the Jenner & Block attorney from Mesirow and from the employee's personal email accounts, computers and cell phones (a total of 1,144 GB of data). Based on its review of the data, the law firm concluded: (1) there was no evidence that confidential information about the Debtors' Chapter 11 Cases, Mesirow's engagement, the Special Governance Committee, or Mesirow's efforts on the SGC Investigation was disclosed among the Mesirow employee, the Jenner & Block attorney or the Jenner & Block law firm; and (2) there was no evidence that the Mesirow employee was influenced, biased or impacted in any way by her relationship with the Jenner & Block attorney. The law firm also reviewed Mesirow's internal and external communications with respect to Mesirow's retention, which included 59.5 GB of data. Based upon its document review and interviews of Mesirow employees, the law firm concluded "[t]he only [Mesirow] employee, involved in the [Caesars engagement], with knowledge of the connection/relationship between [the Mesirow employee and the Jenner & Block attorney], prior to May 13, 2015, was the [Mesirow] employee."
- The U.S. Trustee, which is the portion of the U.S. Department of Justice responsible for protecting the integrity of the federal bankruptcy system, conducted a six-month investigation to determine "the nature and extent" of the connection between the Mesirow employee and Jenner & Block attorney; "who had actual knowledge of the connection; whether [Mesirow] had a disqualifying conflict of interest; whether [Mesirow] breached any fiduciary duties to the estate; and whether [Mesirow's] work product was biased." In response to the U.S. Trustee's requests, Kirkland & Ellis LLP and Mesirow produced several thousand pages of documents. The U.S. Trustee also conducted "factual and legal research on its own, and maintained an on-going dialog with various parties to obtain the universe of relevant facts and documents." In late 2015, the U.S. Trustee deposed the Mesirow employee and the Jenner & Block attorney. Based on its six-month investigation, the UST acknowledged it "has not uncovered any evidence to refute [Mesirow's] assertion that the non-disclosure was the result of [the Mesirow employee's] conduct alone. In other words, there are no facts to suggest that anyone at [Mesirow,] other than [the Mesirow employee], had actual knowledge of the connection until mid-May 2015." The U.S. Trustee also found "noteworthy . . . that [the Mesirow employee] had a strong personal interest in suppressing evidence of the existence of the relationship." The U.S. Trustee did not find that Mesirow's work was biased in any way.

- Approximately 30 Mesirow and later Baker Tilly professionals have devoted approximately 12,000 hours to the SGC Investigation. These professionals have developed a deep familiarity with and expertise in the issues presented, and no evidence suggests that their judgment was in any way compromised or affected by the one Mesirow employee's relationship with the Jenner & Block attorney.
- The Special Governance Committee considered a total of five ranges for the value of potential estate claims. Three of the five ranges were based solely on work performed by the Examiner and Kirkland & Ellis LLP's assessment of that work. Neither Baker Tilly nor Mesirow had any input on those three ranges.
- As set forth in the chart below, the Special Governance Committee's conclusions were comparable to, and in many instances resulted in higher value ranges than, the conclusions drawn by the independent Examiner:

Comparison of the SGC Investigation to the Examiner Report			
	SGC / K&E Litigation Investigation		Examiner Report
	Adjusted Claims (with offsets)	Adjusted Claims (with litigated offsets)	Headline Numbers
<i>CIE 2009</i>	\$43M – \$53M	\$50M – \$60M	\$66M – \$76M
<i>Social Gaming</i>	\$0 – \$507M	\$0 – \$507M	–
<i>CIE 2011</i>	\$16M – \$43M	\$28M – \$55M	\$50M – \$56M
<i>CMBS TM</i>	\$0	\$0	\$0
<i>CGP I</i>	\$217M – \$508M	\$361M – \$652M	\$437M – \$593M
<i>CERP</i>	\$355M	\$435M	\$329M – \$427M
<i>Four Prop</i>	\$168M – \$744M	\$531M – \$1,107M	\$592M – \$968M
<i>Undev. Land</i>	\$87M – \$112M	\$87M – \$112M	\$109M – \$140M
<i>CES TR</i>	\$0 – \$160M	\$0 – \$160M	–
<i>Multiple Deg</i>	\$103M	\$103M	\$516M
<i>CERP/TR Fees</i>			
• <i>Historical</i>	\$190M	\$190M	\$237M
• <i>Future</i>	\$106M – \$474M	\$106 – \$474M	\$133M – \$592M
<i>CES Costs</i>	\$12M	\$12M	\$15M
<i>AC Cust List</i>	\$2M – \$6M	\$2M – \$6M	\$3M – \$7M
<i>B-7</i>	\$707M	\$707M	\$767M
<i>Release of G'tee</i>	\$0	\$0	\$0
<i>Sr Unsec Notes</i>	\$0	\$0	\$0
<i>PIK Notes</i>	\$3M	\$3M	\$0
<i>Sponsor Fees</i>	\$0	\$0	\$0
<i>Revolver</i>	\$578M	\$578M	\$289M – \$663M
<i>CEOC Loan</i>	\$2M	\$2M	\$0
<i>LBO</i>	\$0	\$0	\$0
<i>Tax</i>	\$45M	\$45M	\$56M
<i>Est. Apprec.</i>	\$560M	\$560M	–

Comparison of the SGC Investigation to the Examiner Report			
	SGC / K&E Litigation Investigation		Examiner Report
	Adjusted Claims (with offsets)	Adjusted Claims (with litigated offsets)	Headline Numbers
Total	\$3,194M – \$5,162M (Midpoint: \$4,178M)	\$3,800M – \$5,768M (Midpoint: \$4,784M)	\$3,599M – \$5,112M (Midpoint: \$4,356M)

The Second Priority Noteholders Committee disagrees with the Debtors' perspective on the SGC Investigation and has asked the Debtors to include the following:

The Bankruptcy Court has concluded that the financial advisor (Mesirow Financial Consulting) retained by the Special Governance Committee to assist with its analysis of the estate causes of action against CEC and other insiders had a disabling conflict of interest. Specifically, during its work for the Special Governance Committee, a lead Mesirow consultant had an affair with a lawyer representing CEC. The Bankruptcy Court found that “[s]he was having an affair that she did not disclose with counsel for the very company that her employer was investigating. She was sleeping with the enemy.” Tr. 3/16/16 at 30:13-16.

Thus, contrary to the Debtors' assertions above regarding the independence and usefulness of the Special Governance Committee and its investigation, the Bankruptcy Court determined that the Special Governance Committee and its investigation are “tainted” because “we’ll never know” what effect the affair had on the advice given to the Special Governance Committee. Id. at 28:10-13. And “because the investigation is tainted in this way, there isn’t any point in pursuing it. It wouldn’t be sufficiently beneficial to the estate” Id. at 28:21-24. “[T]here will always be an asterisk next to this report.” Id. at 31:20.

Moreover, the Bankruptcy Court concluded that Professor Jack Williams, who the Debtors claim to have led the Mesirow team and is now preparing to serve as is preparing to serve as an expert at the confirmation hearing, “was arrogant, haughty, [and] dismissive,” “has an insufficient understanding of and appreciation for Rule 2014, Section 327, and what this whole process is about,” and simply “has no credibility with me.” Id. at 21:13-22:2.

Further, and independent of the taint associated with its reliance on a conflicted financial advisor, the Noteholder Committee believes that the Special Governance Committee was an inappropriate body for considering or negotiating a settlement of the estate claims for a number of reasons. Among other things:

- The members of the Special Governance Committee were appointed by many of the very defendants that the Examiner determined to be most culpable, with the apparent intent that those hand-picked members would then control the claims against the defendants who appointed them;
- Those same defendants have the right to remove at will all members of the CEOC board of directors, including members of the Special Governance Committee;
- Special committees previously appointed by those defendants presided over many of the transactions that the Examiner determined to have resulted in breaches of fiduciary duty and constructive and intentional fraudulent transfers by CEOC, making it grossly inappropriate for another “special” committee appointed by the defendants to opine on or settle the claims arising from those transactions; Before bankruptcy, the Special Governance Committee permitted the Debtors to seek a declaratory judgment in New York litigation that would have resulted in no recoveries whatsoever on estate claims that the Examiner later found to be worth between \$4.0 billion and \$5.1 billion;

- Before bankruptcy, the Special Governance Committee permitted (through action or inaction) the Debtors to transfer substantially all of their management employees to an affiliate of CEC, a transaction that the Debtors now claim has made it practically impossible for them to consummate a “standalone” plan of reorganization without CEC’s cooperation;
- Before and during bankruptcy, the Special Governance Committee agreed to settle the estate claims (via the various Restructuring Support Agreements) for consideration far less than the Examiner’s valuation of the claims; and
- Whether or not legally “independent,” at least one of the two members of the Special Governance Committee has multiple current and prior connections with Apollo and one its principals (Marc Rowan), rendering him incapable of being an impartial, independent arbiter of claims against Apollo.

G. Positions of CEC, the Sponsors, the Second Priority Noteholders Committee, and the Ad Hoc Group of 5.75% and 6.50% Notes Regarding the Challenged Transactions

In an effort to provide adequate information, on March 21, 2016, the Debtors requested comments or inserts to the Disclosure Statement from key creditors and other stakeholders, including as to the Challenged Transactions. CEC and the Sponsors submitted inserts with respect to the Challenged Transactions. In addition, the 2L Disclosure Statement Objection included a discussion regarding the Challenged Transactions, which the Debtors have included in part below (and the entirety can be found in Exhibit K attached hereto). As set forth in detail above, the Debtors disagree with some or all of the positions set forth in the inserts below (including the tone of certain comments), but have included the responses verbatim in the interests of full disclosure and transparency.

1. Position of CEC

CEC strongly disputes many of the findings and conclusions of the SGC Investigation and the Examiner Report. It believes it has compelling defenses to any claim the Debtors or any of their creditors may assert and is prepared to litigate any such claims vigorously. Contrary to the assertions made by the Special Governance Committee and the Examiner, the evidence shows that each of the Challenged Transactions was undertaken in good faith and was beneficial to the Debtors and their creditors; that the terms of each of the Challenged Transactions were the result of a fair and appropriate process; and that in each case the Debtors received at least—and in aggregate substantially more than—reasonably equivalent value for the assets sold or transferred.

The Challenged Transactions were part of a years’ long effort, involving more than 45 capital market transactions, to address the impact on the Debtors’ business of the 2008 financial crisis. These transactions provided the Debtors with liquidity, extended maturities, and positioned the Debtors to benefit from an expected turnaround of its business. Through these efforts, the Debtors avoided the defaults and bankruptcies that afflicted other businesses, including gaming businesses, as a result of the financial crisis. The Challenged Transactions in particular provided the Debtors with more than \$2.3 billion in cash and \$1 billion in debt relief, relieved it of the need to fund hundreds of millions in necessary capital expenditures, and put the Debtors in a position to pay billions of dollars in principal and interest to its creditors. Neither the Special Governance Committee nor the Examiner has suggested that the Debtors’ creditors would have been better off with an earlier bankruptcy filing.

Each of the Challenged Transactions was the result of a fair process and resulted in the receipt by the Debtors of at least reasonably equivalent value for the assets they sold. The fairness of every significant asset sale was attested to by major investment banks, and the two largest transactions were negotiated and approved by independent CEC board committees with their own independent legal and financial advisors. By selling operating assets to their affiliates, thereby keeping them in the Caesars system and providing them with continued access to the Total Rewards program, the Debtors received the highest possible sale price. Indeed, CEC believes that the purchase prices exceeded the value of the assets in aggregate by hundreds of millions of dollars. And the transactions have proved even more advantageous to the Debtors in retrospect, as the assets collectively have performed far below expectations. Finally, contrary to the assertions made by the Special Governance Committee

and the Examiner, CEC believes that the Debtors were solvent at the relevant times, and is prepared to litigate that issue aggressively.

The CIE 2009 Transactions. In 2009, CEC created a new subsidiary, CIE, to pursue online real-money gaming—a business that the Debtors had neither the resources nor the expertise to pursue. CIE purchased from CEOC the rights to the WSOP trademark, which CIE intended to use to promote online poker if and when it was legalized in the United States, in exchange for a \$15 million preferred note. As part of the same transaction, CIE licensed back to CEOC royalty-free the right to use the WSOP mark in CEOC's offline operations. At the time of the 2009 CIE transactions, online real-money gaming was not legal in any jurisdiction in the United States, and CIE was expected to be a money-losing venture for an indefinite period until legalization became a reality. Two years later, in 2011, CIE purchased from CEOC the rights to host the WSOP tournaments in exchange for \$20.5 million. This transaction was undertaken after CEC's management determined that it would create operational efficiencies for the same entity to own both the WSOP trademark and the tournament hosting rights.

Each of these transactions provided CEOC with reasonably equivalent value for the assets it sold. In each of these transactions, an independent financial advisor was retained to provide a fairness opinion, addressed to CEOC, concerning the material terms of the deal. And in each case the independent advisor concluded that CEOC received fair value and that the terms of the transaction were no less fair than those CEOC could have achieved in a transaction with an unaffiliated party.

The WSOP trademark and tournament rights have generated very limited profits for CIE to date. Online real-money gaming was never legalized on a national scale, and, while a handful of states have permitted such activity, it continues to be a money-losing business for CIE. The Special Governance Committee and the Examiner fail to acknowledge this reality, and their conclusions that CEOC did not receive reasonably equivalent value rest on unrealistic assumptions concerning projected future profits from online gaming that have not been realized.

In 2011 and 2012, CIE acquired new assets that produce online "social games," which now generate the vast majority of CIE's revenues and earnings. As both the Special Governance Committee and the Examiner acknowledge, these social games are not connected to the underlying 2009 and 2011 transactions concerning the WSOP assets. Thus, as the Examiner concluded, any claim by CEOC to recover any additional value relating to CIE is weak and unlikely to succeed.

The CERP Transaction. The CERP Transaction provided substantial benefits to CLC, and CEC has strong defenses to any claims arising from that transaction. CERP was created in late 2013 to enable the refinancing of \$4.5 billion in CMBS Debt on the six CMBS Properties set to mature less than 18 months later. A default on the CMBS Debt would have created a significant risk of foreclosure on the CMBS Properties. It would also have threatened a bankruptcy of CEC itself, which guaranteed the properties' underlying lease obligations. A default by the CMBS borrowers and a CEC bankruptcy would, in turn, have devastated the Debtors. It would have risked the dissolution of the Caesars network and deprived the Debtors of tens of millions of dollars annually in cost-sharing payments by the CMBS Properties and continuing support from CEC. The Special Governance Committee and the Examiner improperly minimize these serious threats to the Debtors.

To avoid these threats and support the refinancing of the CMBS Debt, CEOC sold to the new CERP entity its ownership interest in the Octavius Tower at Caesars Palace, and the new Project Linq retail promenade and observation wheel. In exchange for these assets, CEOC received more than \$140 million in cash and bonds and retained the benefits of its favorable cost-sharing arrangements with the CERP Properties. This was not done to hinder, delay, or defraud creditors, and was not a breach of any fiduciary duty. To the contrary, it was a sale of assets at a fair price that furthered a critical interest of CEOC. Perella, an independent, highly regarded investment bank, was retained to evaluate the fairness of the deal and assure the CEOC Board of Directors that CEOC was receiving reasonably equivalent value for the assets being sold. Perella conducted extensive diligence and, contrary to the assertions by the Special Governance Committee and the Examiner, it was provided with complete and accurate information in response to all requests. Following its diligence, Perella, as an independent advisor to CEOC, insisted that the value being provided to CEOC in the transaction be increased, and it was. Perella concluded that the consideration CEOC received was worth \$230 million more than the properties it sold. In

retrospect, the properties CEOC transferred have dramatically underperformed expectations, and are worth hundreds of millions of dollars less today than was thought at the time of the deal.

The CERP Transaction also was well-received by the market. Not a single CEOC creditor objected. On the contrary, substantial CEOC creditors actively participated in the refinancing negotiations and invested in the new CERP debt.

The Growth Transaction. CEC similarly has strong defenses to any claim purportedly arising from the Growth Transaction. In 2012, as CEC's business began to stabilize and show signs of improvement, CEC determined that it was necessary to continue to invest in new developments and to refurbish existing properties. Because the Debtors did not have the capacity to fund these investments, CEC and its shareholders created a new public company, CAC., funded by a new \$500 million investment by the Sponsors and an additional \$700 million from its other shareholders by means of a rights offering, and launched a new joint venture with CAC, CGP. In consideration for its non-voting stake in CGP, CEC contributed two assets: its equity in CIE and a portfolio of \$1 billion of CEOC debt. CGP used a portion of the funds it raised to purchase from CEOC the Planet Hollywood Resort and Casino in Las Vegas and CEOC's interest in a new development, the Horseshoe Baltimore, for an aggregate of \$360 million in cash and the assumption of \$450 million in debt.

Contrary to the assertions by the Special Governance Committee, the goal of the Growth Transaction was to finance growth projects and provide additional liquidity to CEOC, not to gain leverage over CEOC's creditors in the event of a bankruptcy (which CEC neither anticipated nor desired). The factual record as a whole, including the unequivocal testimony of every person involved in the transaction, supports this conclusion.

The Growth Transaction—including the purchase price for the two CEOC properties—was negotiated and approved by the CEC Valuation Committee consisting of CEC's three highly experienced independent directors, assisted by independent legal counsel (Morrison & Foerster) and respected financial advisors (Evercore). The CEC Valuation Committee and its advisors engaged in a months' long, hard-fought negotiation over the terms of the transaction, and these efforts resulted in a substantial increase in the total consideration received by CEOC. At the end of this process, the CEC Valuation Committee concluded that the consideration was fair, and Evercore provided a separate written opinion that the value received for the assets sold by CEOC was reasonably equivalent to their fair market value. Neither the Special Governance Committee nor the Examiner has identified any evidence (and there is none) that the CEC Valuation Committee did anything but aggressively negotiate for the highest possible price for the CEOC assets.

Finally, as with CERP, when the Growth Transaction was announced in April 2013 and closed in October 2013, the markets applauded the deal. Analysts praised it; financial indicators across the CEC capital structure, including CEOC debt, reacted positively; and the CAC rights offering was oversubscribed. Not one CEOC creditor lodged a complaint at the time.

For these reasons and others, CEOC and its creditors have no viable claim arising from the Growth Transaction.

The Four Properties Transaction. Following the closing of the Growth Transaction and CERP Transaction, CEC's business performance declined sharply in late 2013. In early 2014, CEC also faced the threat of a going concern qualification from its auditors, which would have created an immediate, incurable default under CEOC's debt agreements, and led to a costly freefall CEOC bankruptcy.

In May 2014, in an effort to avoid these threats, CEOC sold four properties to CGP in return for \$2 billion in cash and assumed debt, and more than \$200 million in assumed capital expenditures. As with the Growth Transaction, CEC sought to ensure that CEOC's interests were protected and that CEOC received fair value in the deal. The transaction was negotiated and approved by a special committee of two experienced independent CEC directors, assisted by independent counsel (Reed Smith) and highly regarded financial advisors (Centerview and Duff & Phelps). The committee's vigorous negotiations with an independent committee of the CAC board of directors resulted in an increase in cash consideration of more than \$250 million for CEOC. Centerview provided

the committee with a written opinion attesting to the fairness of the price CEOC received. Neither the Special Governance Committee nor the Examiner has identified any evidence to suggest that the special committee did not forcefully push to obtain the best possible price for the CEOC assets. In fact, the Examiner concededly found no evidence that CAC would have paid materially more than \$2 billion, and acknowledged that CAC's financial advisor would not have issued a fairness opinion at a materially higher price. That CEOC received top dollar from a knowledgeable buyer with the capacity to pay more is powerful evidence that it received fair value.

The conclusions of the Special Governance Committee and the Examiner that CEOC did not receive full value for these assets are based entirely on their decision to use different projections than those used by the parties to the transaction. But the original management projections used by the Special Governance Committee and the Examiner were unduly optimistic and were not a reliable basis for valuation, while the revised management projections that were actually used in the transaction reflected a far more reasonable assessment of projected performance. Indeed, the properties sold have substantially underperformed the projections used by the Special Governance Committee and the Examiner in 2014 and 2015. Were those properties valued based on their actual performance, they would be worth far less than the \$2 billion that CEOC actually received in the transaction. The original and modified projections, and the reasons for the changes, were fully disclosed to and carefully analyzed by the special committee, with the assistance of its financial and legal advisors, in approving the transaction. For these reasons and others, CEOC is unlikely to prevail on any claims arising from the Four Properties Transaction.

The Shared Services Transaction. As part of the Four Properties Transaction, CAC demanded, and, after arm's-length negotiations, the special committee agreed, that the centralized services that CEOC provided to all properties in the Caesars enterprise, including management, marketing, and access to Total Rewards, would be moved to a new entity, CES. Absent the creation of CES and the concomitant assurance of continued access to Total Rewards, there would be no sale, and CEOC would have faced default and bankruptcy. To avoid these consequences and effectuate the creation of CES, CEOC licensed Total Rewards and other intellectual property to CES, while CGP and CERP contributed more than \$60 million in cash to support important system upgrades that CEOC was unable to fund.

CEOC was in no way injured by the creation of CES. On the contrary, the transaction was a necessary component of the Four Properties Transaction, and thus enabled CEOC to receive over \$2 billion from that transaction. CEOC also retained ownership of its assets, including Total Rewards, continued access to Total Rewards and other management services provided by CES, and the right to continue to receive millions of dollars in annual management fees. CEOC also gained substantial cash flow benefits from no longer having to fund investments in centralized management functions, such as IT upgrades. CEOC and its creditors have no claims arising from this transaction.

The B-7 Refinancing. The B-7 Refinancing was part of CEOC's continued effort to support CEOC and provide it with the flexibility and time needed for its underlying operations to recover. As part of this transaction, CEOC raised \$1.75 billion in new term loans, which it used to repay all of its outstanding debt scheduled to mature in 2015 and other debt due in 2016 and 2017. CEOC also obtained favorable amendments to its first lien credit facility, including changes to its financial covenants and the removal of a provision that made the receipt of qualified financial statements a default under that facility.

CEOC received enormous benefits from the B-7 Refinancing. As noted, the proceeds, apart from fees paid to the lenders, were used to repay approximately \$1.8 billion of next maturing and other near term CEOC debt, including almost all debt maturing through the end of 2016. In addition, CEOC was facing an imminent breach of the current financial covenant on its credit facility, which would have resulted in an immediate cross-default on all of its debt and a value-destructive freefall bankruptcy. The amendment of this facility to provide additional covenant headroom and remove the going concern default trigger eliminated the risk to CEOC of future defaults under the facility, coupled with the closing of the Four Properties Transaction, put CEOC in a materially healthier financial position than it had been before the two transactions, with substantial liquidity and no maturing debt for almost two years. For these and other reasons, CEOC is unlikely to prevail on any claims arising from this transaction.

Other Issues. The Special Governance Committee and the Examiner have both indicated that certain other claims may exist against CEC and its affiliates. CEC strongly disputes the viability of such claims and believes that both the SGC Investigation and the Examiner Report are mistaken as a matter of both fact and law. Any such claims that the Debtors or creditors elect to pursue will be aggressively defended in any litigation.

2. Position of the Sponsors

The Sponsors, and associated individuals, dispute the same and other conclusions reached by the SGC and the Examiner, and each of them will vigorously defend any claim asserted against them by CEOC or its creditors. They submit, among other things, that: (a) CEOC received fair and reasonably equivalent value in connection with each of the transactions discussed in this section, all of which were the product of fair processes and negotiations; (b) at all times they acted in good faith, and in accordance with any applicable fiduciary duties, in connection with the relevant transactions; and (c) they did not participate, knowingly or otherwise, in any breach of duty or fraudulent transfer. The conclusions reached by the SGC and the Examiner were based on numerous material errors. Among other things, those conclusions: (a) did not properly account for the contemporaneous analyses and opinions provided by leading investment banks such as Perella, Evercore, Centerview and Duff & Phelps; (b) were based on inaccurate assertions regarding the information available to those investment banks, the role of Sponsor representatives in providing such information and the reasons for each of the transactions at issue; (c) are premised upon, inter alia, a misreading of key documents and a fundamental misunderstanding of certain testimony; (d) depend on flawed and speculative assumptions regarding alternative transactions available to CEOC; (e) did not account for various legal defenses to the relevant claims; and (f) assuming there were any liability, were based on erroneous damage calculations.

The Sponsors and associated individuals dispute that any of them has any liability to the CEOC estate or its creditors and, in any event, believe that the value of the contributions to the Plan is significantly higher than the value of the claims being released by CEOC in exchange for those contributions.

3. Position of the Second Priority Noteholders Committee⁴⁴

Importantly, the range of potential damages shown on page 80 of the Examiner Report, from \$3.6 billion to \$5.1 billion (which, as corrected using the Examiner's scoring system, should be \$4.0 billion to \$5.1 billion), is only a starting point. That range of values relates solely to claims considered strong (a high likelihood of success) or reasonable (better than 50/50 chance of success), and as to which the Examiner actually calculated relevant damages. The Examiner noted various categories of damages that he did not include or calculate, but as to which the Debtors are or may be entitled to recover based on the Examiner's conclusions and applicable law.

In fact, the Noteholder Committee believes that the estate claims are, in the aggregate, substantially more valuable than the (as corrected) \$4.0 billion to \$5.1 billion range calculated by the Examiner.

Attached as Exhibit K-1 is a chart prepared by Noteholder Committee showing adjustments that, according to the Noteholder Committee and its professionals, should be made to the Examiner's range of damages. According to the Noteholder Committee, these adjustments, when taken into account, increase likely recoverable damages of the potential defendants to a range of \$8.1 billion to \$12.6 billion. In making those adjustments, the Noteholder Committee used the dollar figures and EBITDA multiples calculated by the Examiner, and focused on: (1) categories of damages not calculated by the Examiner, but as to which the estate is entitled to recover based on the Examiner's conclusions and applicable law; (2) damages recoverable in respect of claims where the Examiner appears to have overlooked certain indisputable facts; and (3) damages resulting from a determination that defendant transferees, in particular CAC and Growth Partners, did not act in good faith. To be clear, Exhibit K-1 does not include CEC's potential and significant direct liability to creditors under the Parent Guarantees, which would be released under every version of the Plan filed by the Debtors. Nor does it reflect the fact that the Noteholder

⁴⁴ The Second Priority Noteholders Committee refers to itself as the "Noteholders Committee" and the Debtors therefore have used this term in including the Second Priority Noteholders Committee's requested language verbatim.

Committee's financial advisors attribute even higher value to the transferred properties than the Examiner's professionals, and regard the Examiner's ranges of value as conservative. **Exhibit K-1** also does not account for additional causes of action or theories of recovery that may exist.

First, the categories of damages not calculated by the Examiner include the following:

- Lost Profits. Throughout the Report, the Examiner notes that lost profits attributable to transferred properties may be an element of recovery on fraudulent transfer claims or available as damages on claims for breach of fiduciary duty or aiding and abetting breach of fiduciary duty. (Rep. at 12-13, 20, 26, 423; Rep. Appx. 5 at 97, 137-139, 143). The Examiner, however, did not include any lost profits in his summary chart of potential damages. (Rep. at 78-79). **Exhibit K-1** shows the Noteholder Committee's estimate of the post-transfer lost profits damages resulting from four of the transactions (Four Properties, CERP, Growth, WSOP), which range from \$204 million to \$826 million. The high end of the range was calculated based on actual EBITDA generated for each property during the relevant time frame. The low end of the range deducts actual capital expenditures.⁴⁵
- Value Of Transferred Properties As Of Judgment Date. Although the Examiner recognized that the estate is potentially entitled to damages that include appreciation in value of property that occurs after a fraudulent transfer, (Rep. Appx. 5 at 93), the Examiner calculated potential damages based only on the value of transferred properties as of the applicable dates of conveyance. The Noteholder Committee has calculated the difference between the value of the properties as of the date of transfer (as determined by the Examiner) and the current value (or highest intermediate value). As shown in **Exhibit K**, applying the Examiner's multiples to the current (or high water) EBITDA for properties involved in just three of the avoidable transactions (Four Properties, CERP, Growth) increases total damages by an aggregate of \$546 million to \$657 million. Because the current value of the properties does not take into account any excess cash generated by the properties, the value of the properties as of the judgment date is not duplicative of the profits generated by the properties between the date of the transfers and the date of judgment.
- Value Of CIE. The Examiner concluded that the Debtors may potentially be entitled to damages of a "significant magnitude" (Rep. at 1) if the Debtors are able to recover all or some of the value of the social gaming business of CIE. Importantly, the Examiner found that play for fun online poker was part of the CIE business plan. (Rep. at 22). The Examiner concluded that "there is a plausible argument to recover the value of CIE related to social gaming," and that while a claim to recover the full value of CIE is "between weak and plausible," a recovery limited to the value of CIE attributable to real-money online poker and the use of the WSOP Trademark & IP is "more plausible." (Rep. at 284). Based on a reasonable, current valuation of CIE and adjusting for the 75.8% ownership stake that was transferred, the cost to maintain real money gaming, and the damages attributable to the WSOP trademarks and hosting rights that are already included in the Examiner's range, the Noteholder Committee calculates an additional potential \$2.3 billion in damages attributable to a remedy that includes the value of CIE.
- Caesars Palace Impairment From Removal Of Octavius Tower. The Examiner recognized that a "reasonable" claim exists for the adverse impact on CEOC resulting from the substitution of a lease for CEOC's previous ownership of Octavius Tower and the resulting "hold up" right now held by CERP. (Rep. at 47). The Examiner, however, concluded that it would be "very difficult" to value that harm and did not attempt to do so. (The Examiner did conclude that the return of the Octavius tower would be an appropriate remedy. (Rep. at 494)). On **Exhibit K-1**, the Noteholder Committee has quantified the harm by calculating the diminution of the control premium that otherwise would be associated with

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In addition, pre-judgment interest can be assessed on the lost profits at the applicable state prejudgment rate, which in Delaware is 5% plus the Federal Reserve Discount Rate. Asarco LLC v. Americas Mining Corp., 404 B.R. 150, 163 (S.D. Tex. 2009), citing Del. Code. Ann., tit. 6, § 2301(a).

the value of Caesars Palace. After considering the control premiums of comparable companies, the Noteholder Committee reduced the multiple applicable to Caesars Palace by 0.5x to 1.0x, and applied that reduction to the EBITDA generated by Caesars Palace in 2015. That calculation results in further damages that are estimated by the Noteholder Committee and its professionals to range from \$157 million (using the 0.5x multiple) to \$313 million (using the 1.0x multiple).

- Transfer To CEOC. The Examiner considered the harm to CEOC caused by its loss of control over Total Rewards but stated that he could not identify any “nonspeculative” way to measure damages resulting from that harm. (Rep. at 58). The Noteholder Committee has developed a methodology that it asserts is nonspeculative, again based on control premiums of companies that are comparable to CEOC. According to the Noteholder Committee, applying a control premium in the range of 10.4% to 20.9% against the estimated total equity value of CEOC yields additional damages in the range of \$549 million to \$1.1 billion.
- Disgorgement Of Fees Paid By CEOC To Conflicted Counsel. The Examiner concluded that Paul Weiss had a conflict of interest in representing both CEOC and CEC in certain of the transactions but determined that “any claim against Paul Weiss for damages would be weak” because “the evidence does not support a conclusion that Paul Weiss lawyers knowingly acted at any time to injure or prejudice CEOC or its creditors.” (Rep. at 14, 19). Whether or not that is an accurate assessment (the Noteholder Committee does not believe that it is), the Examiner apparently did not consider at least one remedy available to CEOC strictly as a result of the conflict, even if other “damages” otherwise could not be established – disgorgement of fees paid by CEOC to Paul Weiss (either directly or indirectly through CEC). The Noteholder Committee estimates that during the relevant period, Paul Weiss received tens of millions of dollars in legal fees (including \$6.1 million from CEOC in the ninety days prior to bankruptcy). To the extent paid by CEOC (directly or indirectly), the Noteholder Committee asserts that those amounts are recoverable. The same reasoning would apply to any amounts paid by CEOC to Friedman Kaplan, which represented both CEC and CEOC in New York state court litigation that sought a declaratory judgment that no fraudulent transfers or breaches of fiduciary duty occurred. (Rep. at 817- 20).

Second, there are additional damages on claims where the Examiner did not account for indisputable facts (likely because he was not made aware of those facts). This category includes, for example, the value of the constructive fraudulent transfer claim arising from the transfer of trademarks in connection with the 2010 CMBS Refinancing. The Examiner regarded the merits of the claim as “strong,” Rep. at 31, but reduced the claim to “plausible” based on a potential statute of limitations defense. It does not appear, however, that the Examiner considered the fact that the complaint filed by WSFS in Delaware on August 4, 2014 included a fraudulent transfer claim regarding the same trademarks. Because the complaint was filed prior to the four year anniversary of the transfer, the statute of limitations is not an issue because section 544(b) of the Bankruptcy Code permits the estate to step into the shoes of WSFS as a creditor.⁴⁶ The Examiner concluded that the damages resulting from the transfer of the trademarks ranged from \$43 million to \$123 million.

Third, the Examiner did not include additional damages that could be recovered if the transferees cannot establish their own good faith, which would entitle them to liens on the fraudulently-transferred properties (if returned) or offsets against the amount of damages claimed by the estate. With respect to the CERP transaction, the Examiner found that CEOC would have a reasonable case to assert lack of good faith, and on that basis, included an additional \$129 million in the range of damages for that transfer. Rep. at 46. The Examiner found there to be a plausible case for lack of good faith in connection with the Growth transaction, which would increase damages by \$360 million. Rep. at 42. The Examiner found a weak, but viable, case for lack of good faith with respect to the Four Properties transactions, which would result in an additional \$1.815 billion of damages. Rep. at 61.

⁴⁶ In addition, the Examiner does not appear to have realized that Caesars License Company was and remains a pledgor of its assets under the various collateral agreements that secure CEOC’s debt, meaning that numerous creditors of CLC (“golden” or otherwise) existed then and now.

The Noteholder Committee believes that the case for lack of good faith as to all of the above transactions is strong or, at a minimum, reasonable. In focusing on whether the actions and knowledge of the Sponsors could be imputed to the transferees, the Examiner appears to have not given full consideration to whether the transferees were on “inquiry notice” of potential claims. Under recent Seventh Circuit law cited by the Examiner, *see* Rep., App. 5 at 35 n.167, a transferee does not act in good faith if it had “inquiry notice,” which the Seventh Circuit defined to be “awareness of suspicious facts that would have led a reasonable firm, acting diligently, to investigate further and by doing so discover wrongdoing.” *Grede v. Bank of New York Mellon (In re Sentinel Mgmt. Grp., Inc.)*, 809 F.3d 958, 961 (7th Cir. 2016). The Examiner identified a number of “suspicious facts” that likely would lead to a finding of a lack of good faith. Rep. at 652. And there are other compelling and undisputed facts that do not appear to have been considered by the Examiner, such as the fact that Growth Partners received a letter on March 21, 2014 (prior to the closing) from Jones Day on behalf of second-lien noteholders asserting that the Four Properties transactions constituted a fraudulent transfer and breach of fiduciary duty. Rather than conduct any diligent investigation of the claims, as required under *Sentinel*, CAC instead issued a Form 8-K on March 26, 2014, just five days later, stating that “CGP strongly believes there is no merit to the Letter’s allegations and will defend itself vigorously and seek appropriate relief should any action be brought.” The Noteholder Committee submits that this response falls far short of the stringent standard for a showing of good faith established by the Seventh Circuit in *Sentinel*.

4. Position of the Ad Hoc Group of 5.75% and 6.50% Notes⁴⁷

On September 28, 2005 and June 9, 2006, respectively, Caesars Entertainment Operating Company, Inc.’s (“CEOC”) predecessor, Harrah’s Operating Company, Inc., issued (i) \$750 million of 6.5% senior unsecured notes due 2016 (the “2016 Notes”) and (ii) \$750 million of 5.75% senior unsecured notes due 2017 (the “2017 Notes”) (collectively, the “Senior Unsecured Notes”). The Senior Unsecured Notes were guaranteed by Caesars Entertainment Corporation’s (“CEC”) predecessor. The companies affirmatively chose to issue the Senior Unsecured Notes under a registration statement, which allowed them to sell the notes to a broad array of potential investors, including those investors (such as individual “moms and pops”) that did not qualify as “accredited investors.” Accordingly, the indentures for the Senior Unsecured Notes are governed by and subject to the Trust Indenture Act of 1939, 15 U.S.C. §§ 77aaa-77bbbb (the “Trust Indenture Act”). When issued, the Senior Unsecured Notes were investment grade.

On August 12, 2014, CEOC and CEC entered into a private arrangement (the “Favored Noteholders Transaction”) with Aurelius Capital Management, LP, BlueCrest Capital Management (New York) LP, Angelo Gordon & Co, L.P., and Goldman Sachs & Co. (the “Favored Noteholders”), four large Wall Street players holding a slight majority of the outstanding Senior Unsecured Notes that were then held by non-affiliates of CEC and CEOC. The terms of the Favored Noteholders Transaction were memorialized in a Note Purchase and Support Agreement dated August 12, 2014 (the “Note Purchase Support Agreement”). Other holders of the Senior Unsecured Notes, including individual “retail” investors (collectively, the “Disenfranchised Noteholders”), were not permitted to participate in this transaction.

Pursuant to the Favored Noteholders Transaction, the Favored Noteholders agreed to exchange \$155.4 million principal face amount of the Senior Unsecured Notes at par value for \$155.4 million in cash. CEOC also paid the Favored Noteholders accrued and unpaid interest in cash on those exchanged notes, together with all legal and financial advisory fees and expenses of the Favored Noteholders. Finally, CEOC gave the Favored Noteholders new notes in exchange for any notes held by the Favored Noteholders that were not redeemed at par plus accrued interest. These new notes represented claims against CEOC only, which CEOC asserts will receive approximately 46 cents on the dollar as a recovery in the CEOC bankruptcy case.

Using CEOC’s recovery percentage of 46%, the following table summarizes the recoveries for the Favored Noteholders:

⁴⁷ The Ad Hoc Group of 5.75% and 6.50% Notes provides this additional disclosure specifically regarding the Senior Unsecured Notes Transaction. The defined terms herein apply to this section only.

Notes	Notes Held by “Favored Noteholders” before August Transaction	Notes Purchased at Par from “Favored Noteholders” in August Transaction	New Notes Issued to “Favored Noteholders” in August Transaction on Essentially Same Terms But Without Guarantee	Recovery on New Notes from Distribution from CEOC assuming a 46% (i.e. 46 cents on the dollar) Distribution	Aggregate Recovery to “Favored Noteholders”	Percentage Recovery to “Favored Noteholders”
6.50% due 2016	\$130.2 M	\$89.4 M	\$40.8 M	\$18.77 M	\$108.17 M	83.1%
5.75% due 2017	\$107.6 M	\$66.0 M	\$41.6 M	\$19.14 M	\$85.14 M	79.1%

As part of the Favored Noteholders Transaction and in exchange for the consideration set forth above, the Favored Noteholders agreed to, among other things, the purported removal of CEOC’s guarantees of the Senior Unsecured Notes. Accordingly, CEOC, CEC and The Law Debenture Trust Company of New York, as successor indenture trustee for all the noteholders, purported to amend the indentures governing the Senior Unsecured Notes to strip the guarantee provided by CEC. If the Favored Noteholders Transaction were to be given effect, the Disenfranchised Noteholders, including all the “mom and pop” retail holders, would be left with notes that had no rights to sue or collect upon the guarantees by CEC, even though they were not offered a chance to participate in the Favored Noteholders Transaction.

Some of the Disenfranchised Noteholders wrote to CEOC and CEC on August 14, 2014—more than a week before the closing of the Favored Noteholders Transaction—stating that “the proposed elimination of the Guarantee without the unanimous consent of all noteholders would constitute a clear violation of the Trust Indenture Act.” CEOC was represented by Kirkland & Ellis LLP in this transaction, the same firm that represents CEOC as proponent of the plan. CEC was represented by Paul Weiss Rifkind Wharton and Garrison LLP (“Paul Weiss”). As the examiner found, Apollo Global Management, LLC (“Apollo”) negotiated this transaction for both CEOC and CEC. With actual knowledge about concerns over the Trust Indenture Act and with the assistance of sophisticated counsel, CEOC and CEC closed the Favored Noteholders Transaction on August 22, 2014.

The Examiner has characterized the Favored Noteholders Transaction as an “ugly transaction,” in which “one group of noteholders (constituting a slight majority of the notes held by non-related parties) [were] paid at a premium over market in exchange for agreeing to prejudice the remaining noteholders by eliminating the Bond Guarantee from the governing indentures.” Examiner’s Final Report, Vol. 1 at 69 [Docket No. 3406-1]. The Examiner summarized the Favored Noteholders Transaction as follows:

In the Examiner’s view, this was an ugly transaction. The Participating Noteholders—a small group of sophisticated investors—took advantage of the circumstances and purported differences in the indentures governing the Senior Unsecured Notes to cause CEC and CEOC to repurchase their Senior Unsecured Notes at par, which was substantially higher than the market prices available. To make matters worse, the Participating Noteholders agreed as part of the transaction to amend the indentures in ways that saddled the remaining noteholders with no Bond Guarantee and substantially diminished rights. Non-participating noteholders were neither given notice, nor the opportunity to participate in this debt buyback or to agree to the amendment to the note indentures (although the participating note holders were willing to allow others to participate). For their part, the Sponsors (Apollo in particular) negotiated this transaction on behalf of both CEC and CEOC, declined the opportunity to extend the offer to participate to all non-affiliated

Senior Unsecured Noteholders, and frankly admitted during interviews that a principal, if not primary, purpose in entering into the transaction was to remove any uncertainty with respect to the release of the Bond Guarantee (as opposed to acting in the best interests of CEOC and its creditors).

Examiner's Final Report, Vol. 14 at 824 [Docket No. 3401-13].

Following the consummation of the Favored Noteholders Transaction, certain Disenfranchised Noteholders filed suits against CEOC and CEC in the United States District Court for the Southern District of New York (the "SDNY Litigation"). Each suit seeks declarations that the Favored Noteholders Transaction: (1) violated Section 316(b) of the Trust Indenture Act of 1939; (2) breached the terms of the indentures governing the Senior Unsecured Notes; and (3) CEC's guarantee obligations remain in place. Congress enacted Section 316(b) to prevent "[e]vasion of judicial scrutiny of the fairness of debt-readjustment plans" and to "place a check or control over the majority forcing on the minorities a debt-readjustment plan." A3274 (1939 House Report No. 76-1016); A3337-38 (1939 Senate Report No. 76-248); A2371 (1938 House Subcommittee Hearings). These are the very rights certain Disenfranchised Noteholders are seeking to vindicate in the SDNY Litigation.

As discussed in Article V.P.2, the proposed Plan's Third Party Release provides for a broad release of civil liability of certain third parties, including CEC, Apollo, Kirkland & Ellis LLP, Paul Weiss, and others involved in the Preferred Noteholders Transaction. The Third Party Release would, if approved and given effect, release CEC from its guarantee of the Senior Unsecured Notes and moot the SDNY Litigation. Notwithstanding this release, the Plan does not provide for the Disenfranchised Noteholders to receive a recovery greater than other unsecured creditors who did not have guarantee rights against CEC.

In sum, if the Plan is confirmed and given effect, the Favored Noteholders, who are comprised of Aurelius Capital Management, LP, BlueCrest Capital Management (New York) LP, Angelo Gordon & Co, L.P., and Goldman Sachs & Co. will have received a 83.1% or 79.1% recovery, depending on the series of Senior Notes they hold, while the Disenfranchised Noteholders (including retail investors) will receive only 46% on the very same investment.

H. Value of CEC Contributions

Millstein performed an analysis of the aggregate value of the contributions being made by CEC to the Estates under the Plan.⁴⁸ As of May 18, 2016, Millstein estimates that the value of CEC's contributions to the Plan is in the range of \$1.9 billion to \$6.3 billion, with a midpoint of \$4.0 billion if Class F votes to reject the Plan, and in the range of \$2.1 billion to \$6.7 billion with a midpoint of \$4.3 billion if Class F votes to accept the Plan. A more detailed description of the valuation range and the assumptions used by Millstein to formulate this range can be found in Exhibit C.

CEC believes the value of its contributions to the Estates is at the high end of the Millstein range and, depending on certain assumptions, exceeds Millstein's range. Certain parties in interest, including the Ad Hoc Committee of Holders of 12.75% Second Priority Senior Secured Notes, assert that the contributions are at the low end of the range, and possibly below. The Debtors disagree and will be prepared to meet their burden to establish the value of the contributions at the confirmation hearing.

The Second Priority Noteholders Committee and Ad Hoc Committee of Holders of 12.75% Second Priority Senior Secured Notes have asserted that the contribution is inadequate because it is not entirely in cash, but instead includes, among other things, cash, securities, and credit support. The Debtors will be prepared to meet their burden on the appropriateness of the settlement at confirmation.

⁴⁸ The Debtors previous Investment Banker, Perella Weinberg Partners LP ("Perella"), prepared the Debtors' contribution analysis at the time the Debtors initially entered into the Bond RSA in December 2014.

The Second Priority Noteholders Committee disagrees with Millstein's perspective on the contribution and has asked the Debtors to include the following:

The Noteholder Committee disagrees with Millstein's analysis of the aggregate value of the contributions by CEC and its affiliates to the Debtors' estates. As set forth in greater detail in Exhibit C, the Noteholder Committee submits that the value of the contribution by CEC is below the low end of the range of value asserted by Millstein, even without taking into account the substantial value of the benefits that will be realized by CEC if the Plan were confirmed, including: 1) the release of CEC's liabilities to third parties arising from CEC's guaranty of more than \$10 billion in debt issued by CEOC; 2) the tax savings to CEC if it remains in control of the Debtors; and 3) the right of first refusal given to CEC to operate and manage all properties acquired by PropCo. The Noteholder Committee believes that when the additional value to CEC is properly taken into account, the value of CEC's net contribution to the Debtors and their creditors is less than \$1 billion or perhaps even negative, which obviously is not adequate consideration to justify the release of potential claims belonging to the Debtors that, in the opinion of the Noteholder Committee, have a value in a range from \$8.1 billion to \$12.6 billion.

I. The Second Lien Standing Motion

On May 13, 2016, the Second Priority Noteholders Committee filed the *Motion of Noteholder Committee for Order Granting Standing to Commence, Prosecute, and Settle Claims on Behalf of the Debtors' Estate* [Docket No. 3694] (the "Second Lien Standing Motion"). The Second Lien Standing Motion seeks derivative standing to pursue claims for breach of fiduciary duty, aiding and abetting breach of fiduciary duty, and other claims against CEC, certain of CEC's and CEOC's officers and directors, the Sponsors, and others. The Second Lien Standing Motion asserts that the Special Governance Committee lacks sufficient independence to bring or compromise the Estate Claims. The Debtors vigorously dispute, among other things, the Second Priority Noteholders Committee's assertions that the Special Governance Committee and the Debtors have not been faithful stewards of the Estates and will respond accordingly. On May 19, 2016, the Bankruptcy Court entered an order establishing a briefing schedule on the Second Lien Standing Motion, which culminated with a hearing on the matter on July 20, 2016. On May 23, 2016, the Second Priority Noteholders Committee issued discovery requests to seven different parties, which the Second Priority Noteholders Committee has asserted was in connection with the Second Lien Standing Motion. In connection with this discovery request, the Debtors filed an emergency motion seeking to continue the standing motion until after entry of an order confirming or denying confirmation of the Plan (or such earlier date that the Debtors cease prosecution of the Plan) or, in the alternative, to amend the briefing schedule to result in a hearing on the Second Lien Standing Motion on October 19, 2016 [Docket No. 3837] (the "Continuation Motion"). The Second Priority Noteholders Committee [Docket No. 3929] and the Ad Hoc Group of 5.75% and 6.50% Senior Unsecured Notes [3947] filed objections to the Continuation Motion. A hearing on the Continuation Motion is scheduled for June 7, 2016.

J. Development of the Proposed Restructuring and Plan

Before filing the Chapter 11 Cases, the Debtors worked diligently and tirelessly to reach a consensual restructuring agreement with their creditors. The initial result of these efforts was the Prepetition RSA entered into by the Debtors and a significant portion of the Debtors' creditors on December 19, 2014. The Prepetition RSA, which is described in more detail in Article III.E above, allowed the Debtors to enter the chapter 11 process with the support of a key creditor group and locked in a baseline deal structure to facilitate further negotiations with the Debtors' creditors during the Chapter 11 Cases. Indeed, since the Petition Date, the Debtors, through Millstein, engaged in numerous negotiations with certain holders of the Debtors' first and second lien secured debt in an effort to reach a mutual agreement regarding a consensual resolution of the Chapter 11 Cases. These efforts, described in further detail below, resulted in the RSAs (as defined below) which form the baseline recoveries for the proposed restructuring presented by the Plan.

1. The First Lien Notes RSA

The Prepetition RSA contained various milestones that the Debtors were required to meet. Although the Debtors were unable to meet certain of these milestones during the Chapter 11 Cases, the Prepetition RSA remained effective while discussions among the parties thereto continued apace. These discussions led to certain amendments to the Prepetition RSA, which were embedded in the Fourth Amended and Restated Restructuring Support and Forbearance Agreement, dated as of July 31, 2015, and in a Fifth Amended and Restated Restructuring Support and Forbearance Agreement, dated as of October 7, 2015 (the "First Lien Notes RSA"). See Caesars Entertainment Corporation, Report on Form 8-K (October 8, 2015). The First Lien Notes RSA is supported by over 80 percent of the First Lien Noteholders (the "First Lien Consenting Noteholders").

Pursuant to the First Lien Notes RSA, the First Lien Consenting Noteholders have agreed to, among other things, support and vote their claims in favor of the proposed Plan, forbear from exercising certain default-related rights and remedies under the indentures governing the First Lien Notes, and not transfer their Secured First Lien Notes Claims or Prepetition Credit Agreement Claims unless the transferee agrees to be bound by the terms of the First Lien Notes RSA. In addition, any litigation between CEOC, CEC, their respective directors, and any of the First Lien Consenting Noteholders was adjourned, stayed, and/or dismissed without prejudice after January 15, 2015, in accordance with the First Lien Notes RSA. The Debtors must meet or comply with various material milestones under the First Lien Notes RSA relating to the timing of filing motions with the Bankruptcy Court as well as the entry of orders with respect to certain aspects of the Chapter 11 Cases. The First Lien Consenting Noteholders have a right to terminate the First Lien Notes RSA if certain milestones are not met, as modified or amended by forbearance agreements, during the pendency of the Chapter 11 Cases. Although the Debtors have not met all such case milestones, the First Lien Notes RSA has not been terminated as of the date hereof.

Importantly, while the Plan incorporates the proposed structure contemplated by the First Lien Notes RSA as well as many of the distributions contemplated thereby, the Plan does not include all terms of the First Lien Notes RSA. The economic terms of the Plan with respect to First Lien Noteholders are materially improved as compared with those contemplated by the First Lien Notes RSA, but they do not match the First Lien Notes RSA verbatim and therefore that it is possible that the First Lien Consenting Noteholders may terminate the First Lien Notes RSA and choose not to support the Plan.

2. The First Lien Bank RSA

At several points, both before and during the Chapter 11 Cases, the Debtors and certain Holders of Prepetition Credit Agreement Claims met to negotiate terms under which such Holders would support a consensual restructuring transaction in line with that contemplated under the Prepetition RSA. In March and April of 2015, the Debtors and CEC made substantial progress with the First Lien Consenting Bank Lenders, which led to an agreement in principle. The parties, however, were ultimately unable to finalize documentation due to a number of issues. See Caesars Entertainment Corporation, Report on Form 8-K (April 20, 2015).

By the end of summer 2015, however, the Debtors, CEC, and certain Holders of Prepetition Credit Agreement Claims (the "First Lien Consenting Bank Lenders") reengaged and this time, in the wake of the newly amended First Lien Notes RSA, came to terms on a significant agreement. Specifically, on August 21, 2015, CEOC and CEC entered into a Restructuring Support and Forbearance Agreement (the "Bank RSA," and, together with the First Lien Notes RSA, the "RSAs") with the First Lien Consenting Bank Lenders. See Caesars Entertainment Corporation, Report on Form 8-K (August 24, 2015). With few exceptions, the terms of the Bank RSA are consistent with the terms of the First Lien Notes RSA.

Under the Bank RSA, the First Lien Consenting Bank Lenders agreed to, among other things, support and vote their claims in favor of the Plan, forbear from exercising certain default-related rights and remedies under the Prepetition Credit Agreement, not take any actions materially inconsistent with the Plan or the Restructuring Transactions proposed therein, and not transfer their Secured First Lien Notes Claims or Prepetition Credit Agreement Claims unless the transferee agrees to be bound by the terms of the Bank RSA. Additionally, each First

Lien Consenting Bank Lender that executes the Bank RSA must sell 100 percent of its respective Prepetition Credit Agreement Claims that survive the effective date of the Plan to CEC in exchange for an amount equal to the “Purchase Price” (as defined in the Bank RSA). Such sale will include consent to the termination and release of CEC’s Guaranty and Pledge Agreement with respect to the Prepetition Credit Agreement and the termination and release of all of CEC’s obligations under the Prepetition Credit Agreement and Guaranty and Pledge Agreement. The release and termination will become effective immediately prior to (but subject to the occurrence of) the effectiveness of the Plan (including the payment of all amounts to be distributed to Holders of Prepetition First Lien Bank Claims under the Plan) and payment of the Purchase Price.

The Bank RSA also contemplated that, on the later of (a) 10:00 a.m., prevailing Eastern Time, on September 8, 2015, and (b) the date that at least two-thirds of Holders of Prepetition Credit Agreement Claims (excluding Swap and Hedge Claims) executed the Bank RSA (or agreed to abide by its material terms), CEC was required to pay the First Lien Consenting Bank Lenders executing the Bank RSA by such date such parties’ pro rata share of a \$62.5 million upfront payment. On September 4, 2015, two-thirds of First Lien Consenting Bank Lenders had executed the Bank RSA, and therefore CEC became obligated to make the payment to all First Lien Consenting Bank Lenders that executed the Bank RSA on or before 10:00 a.m., prevailing Eastern Time, on September 8, 2015. This upfront payment by CEC will be credited against the Purchase Price received by the applicable Holder in connection with a settlement among CEC, CEOC, and the First Lien Consenting Bank Lenders regarding CEC’s guarantees of collection under the Prepetition Credit Agreement.

Additionally, each First Lien Consenting Bank Lender will be entitled to receive the RSA Forbearance Fees (as defined in the First Lien Notes RSA) on account of any First Lien Bond Claims that such First Lien Consenting Bank Lender held at 11:59 p.m., prevailing Eastern Time, on January 15, 2015 (and that were still held by such First Lien Consenting Bank Lender at the time they executed the Bank RSA) as if such First Lien Consenting Bank Lender were a Forbearance Fee Party (as defined in the First Lien Notes RSA).

The Bank RSA is supported by Holders of more than 80 percent of the Prepetition Credit Agreement Claims.

Similar to the First Lien Notes RSA, the Debtors must meet or comply with various material milestones under the Bank RSA relating to the timing of filing motions with the Bankruptcy Court as well as the entry of orders with respect to certain aspects of the Chapter 11 Cases. The First Lien Consenting Bank Lenders have a right to terminate the Bank RSA if certain milestones are not met, as modified or amended by forbearance agreements, during the pendency of the Chapter 11 Cases. Although the Debtors have not met all such case milestones, the Bank RSA has not been terminated as of the date hereof.

Importantly, while the Plan incorporates the proposed structure contemplated by the Bank RSA as well as many of the distributions contemplated thereby, the Plan does not include all terms of the Bank RSA; however, the recoveries to the Holders of Prepetition Credit Agreement Claims remain unchanged with the recoveries contemplated by the Bank RSA. Though the Plan provides for materially enhanced recoveries to Holders of Prepetition Credit Agreement Claims as compared with the economic terms of the Bank RSA, because the terms of the Plan do not match the Bank RSA verbatim, it is possible that the First Lien Consenting Bank Lenders may terminate the Bank RSA and choose not to support the Plan.

3. The Proposed Second Lien RSA

On July 20, 2015, CEOC and CEC announced a Restructuring Support and Forbearance Agreement (the “Second Lien RSA”) with Holders of a significant amount of the Second Lien Notes Claims (the “Second Lien Consenting Creditors”). The Second Lien RSA provided significantly improved recoveries—driven primarily by enhanced contributions from CEC to the Debtors’ Estates—for Holders of Second Lien Notes Claims (and potentially all Non-First Lien Claims) compared to those set forth in the RSAs. The Second Lien RSA never became effective, however, because Holders of at least 50.1 percent of the Second Lien Notes Claims failed to execute the Second Lien RSA by September 18, 2015—the deadline to do so. Although the Second Lien RSA never became effective, the Debtors have used certain of CEC’s proposed additional contributions to the Debtors’ Estates

under the Second Lien RSA as an important point of reference for CEC's additional contributions and the enhanced creditor recoveries available under the Plan, including the New CEC Convertible Notes to be distributed to creditors pursuant to the terms of the Plan.

4. The Debtors' Previously Filed Plans of Reorganization

Based on these various restructuring support agreements, the Debtors have filed two prior chapter 11 plans of reorganization. The Debtors filed their original plan of reorganization on March 2, 2015 [Docket No. 555] (the "Original Plan"). The Original Plan was based on the Prepetition RSA, and largely incorporated its terms. In fact, the Original Plan was filed, in part, to meet a milestone under the Prepetition RSA and was meant to ensure that the restructuring contemplated by the Prepetition RSA would be used as a platform for negotiations during the Chapter 11 Cases. Indeed, the Debtors were in active negotiations with certain of their creditor constituents at the time of the filing of the Original Plan in an effort to strengthen support of a plan of reorganization. That platform generally revolved around a global settlement construct, which required significant contributions from CEC to support a near-term creditor recoveries and the Debtors' business's separation into a REIT structure—the same framework contemplated by the Plan discussed herein.

After months of arm's-length, good-faith negotiations that resulted in the Debtors' agreement with the Consenting First Lien Noteholders on the amendments embodied in the First Lien Notes RSA, the First Lien Bank Lenders on the terms of the Bank RSA, and with Holders of a significant amount of the Second Lien Notes Claims, the Debtors moved quickly to document the revisions to the Original Plan contemplated by these restructuring agreements. Thus, on October 7, 2015, the Debtors filed their first amended chapter 11 plan of reorganization [Docket No. 2402] (the "First Amended Plan," and together with the Original Plan, the "Previous Plans"). The First Amended Plan was a significant achievement at the time, and it greatly improved stakeholder recoveries and ensured increased contributions from CEC to the Debtors' Estates. In total, the First Amended Plan locked in commitments by CEC to contribute \$450 million of New CEC Convertible Notes to the Debtors' restructuring, as well as the waiver of certain recoveries CAC would otherwise be entitled and additional equity or cash contributions to the Debtors' junior creditors.

Although the Debtors had the support of approximately \$12 billion of their capital structure for the First Amended Plan, the Bankruptcy Court denied the Debtors' request to move forward with a confirmation process for the First Amended Plan because, among other things, the Examiner had not yet issued the Examiner Report. Given these delays, the Debtors continued to negotiate and discuss plan structures with all stakeholders. These negotiations (including the agreements below)—coupled with the results of the SGC Investigation—have resulted in the currently proposed Plan.

5. Bank Guaranty Settlement Overview

As described above, the Debtors have been engaged in negotiations with certain Holders of Prepetition Credit Agreement Claims since before the Petition Date. The Holders of Prepetition Credit Agreement Claims have asserted distinct rights in the Chapter 11 Cases with respect to the Debtors' Estates and also CEC. Specifically, the Holders of Prepetition Credit Agreement Claims have asserted that they are entitled to postpetition interest, which entitlement would depend, in part, on whether the Prepetition Credit Agreement Claims are over- or under-secured. This issue of postpetition interest affects both the Debtors and CEC due to the Guaranty and Pledge Agreement, pursuant to which CEC agreed to a guaranty of collection in favor of the Prepetition Credit Agreement Claims. Moreover, the Holders of Prepetition Credit Agreement Claims also have the ability to enforce the Subsidiary-Guaranteed Notes Intercreditor Agreement and the Second Lien Notes Intercreditor Agreement against the Holders of Subsidiary-Guaranteed Notes Claims and Second Lien Notes Claims, respectively, which has affected the Debtors' ability to reach agreement with junior stakeholders subject to those intercreditor agreements.

Through their ongoing settlement discussions, including those related to the mediation process described in Article IV.M below, the Debtors and CEC have reached agreement with the Consenting First Lien Bank Lenders regarding these postpetition interest and intercreditor issues (the "Bank Guaranty Settlement"). Under the Bank Guaranty Settlement, which will be approved by Holders of Prepetition Credit Agreement Claims through the

affirmative vote of such Holders to accept the Plan, on the Effective Date, the Debtors will pay postpetition interest based on a formula set forth in the Plan (the Bank Guaranty Settlement Purchase Price) to all Holders of Prepetition Credit Agreement Claims. This payment resolves whether postpetition interest is due and whether interest is at the default or contract rate, as well as facilitates the release of the Guaranty and Pledge Agreement and the waiver of the Holders of Prepetition Credit Agreement Claim' turnover rights under the Subsidiary-Guaranteed Notes Intercreditor Agreement and the Second Lien Notes Intercreditor Agreement. To enable this settlement, on the Effective Date, CEC (or New CEC) shall contribute the Bank Guaranty Settlement Purchase Price to the Debtors. Confirmation of the Plan shall constitute the Bankruptcy Court's approval, pursuant to Bankruptcy Rule 9019 and section 1123 of the Bankruptcy Code, of the Bank Guaranty Settlement

The Bank Guaranty Settlement is largely built on the economic terms of the Bank RSA but, unlike the Bank RSA, is available to all Holders of Prepetition Credit Agreement Claims and not just the Consenting First Lien Bank Lenders. The Debtors believe that the Bank Guaranty Settlement benefits the Estates because, among other things, it reduces the Debtors' liability to the Holders of Prepetition Credit Agreement Claims for the benefit of the Debtors' junior creditors, including the Holders of Subsidiary-Guaranteed Notes Claims and the Second Lien Notes Claims (who benefit from the waiver of their respective intercreditor agreements), without requiring additional Cash from the Estates since the Bank Guaranty Settlement Purchase Price is being contributed to the Debtors by CEC (or New CEC).

6. Subsidiary-Guaranteed Notes Settlement Overview

In recent months, CEC, CEOC, each Subsidiary Guarantor, and certain Holders of Subsidiary-Guaranteed Notes Claims have engaged in discussions regarding potential plan treatments for Subsidiary-Guaranteed Notes Claims and a global resolution of certain litigation in connection therewith, including the 1111(b) Claim Objections (as defined herein), the potential existence of unencumbered collateral at certain of the Subsidiary Guarantors, the assertion by the Holders of Subsidiary-Guaranteed Notes Claims that such Claims are entitled to postpetition interest due to the recoveries at certain of the Subsidiary Guarantors with ongoing operations or that hold Estate Claims, and potential litigation related to the Subsidiary-Guaranteed Notes Intercreditor Agreement. The advisors to the Consenting First Lien Bank Lenders and the Consenting First Lien Noteholders were kept apprised of these discussions due to these intercreditor issues. As a result of arm's-length negotiations, the parties reached agreement on the terms of the Subsidiary-Guaranteed Notes Settlement, which resolves these myriad issues among CEOC, each Subsidiary Guarantor, CEC, the Consenting First Lien Bank Lenders, and Consenting First Lien Noteholders.

The Subsidiary-Guaranteed Notes Settlement contemplates the following: (a) the allowance of Subsidiary-Guaranteed Notes Claims at each Subsidiary Guarantor in the aggregate principal amount of approximately \$502.1 million, (b) an approximate recovery equal to 85 percent on account of such Allowed Subsidiary Guaranteed Notes Claims, (c) reimbursement of the reasonable and documented fees and expenses (including attorneys' fees) of the Subsidiary-Guaranteed Notes Indenture Trustee, (d) the waiver by Holders of First Lien Notes Claims and Prepetition Credit Agreement Claims of the turnover provisions of the Subsidiary-Guaranteed Notes Intercreditor Agreement, and (e) the waiver by Holders of Subsidiary-Guaranteed Notes Claims of their objections to the Prepetition Credit Agreement Claims and First Lien Notes Claims, as well as any asserted rights to postpetition interest on account of their Subsidiary-Guaranteed Notes Claims. The Plan incorporates the terms of the Subsidiary-Guaranteed Notes Settlement. The Subsidiary-Guaranteed Notes Settlement will be approved by Holders of Subsidiary-Guaranteed Notes Claims through the affirmative vote of such Holders to accept the Plan. If the Holders of Subsidiary-Guaranteed Notes Claims vote to reject the Plan, the recovery for such Holders will be equal to the liquidation value (taking into account the turnover provisions of the Subsidiary-Guaranteed Notes Intercreditor Agreement) of the ultimate allowed portion of their Claim, which the Debtors expect would be the subject of material litigation among the parties. Confirmation of the Plan shall constitute the Bankruptcy Court's approval, pursuant to Bankruptcy Rule 9019 and section 1123 of the Bankruptcy Code, of the Subsidiary Guaranteed Notes Settlement.

The Debtors are in discussions regarding the terms of a restructuring support agreement with certain Holders of the Subsidiary-Guaranteed Notes Claims. Depending on the outcome of these negotiations, the recoveries to the Holders of Subsidiary-Guaranteed Notes Claims under the Plan may be adjusted.

7. Unsecured Creditors Committee Support of the Plan

Throughout the Chapter 11 Cases, the Unsecured Creditors Committee has sought to protect the rights of its varied constituents. Among other groups, the Unsecured Creditors Committee represents creditors with ongoing business relations with the Debtors and their non-Debtor Affiliates, personal injury claimants and other litigation counterparties (such as Hilton, as described more fully herein at Article IV.S.4), contract rejection counterparties, current and former employees with claims on account of the Debtors' Deferred Compensation Plan (as defined herein and discussed more fully below) and the Supplemental Employee Retirement Plan, the National Retirement Fund (the "NRF") and its withdrawal liability claims (as described more fully herein at Article IV.S.3), the Holders of Subsidiary-Guaranteed Notes Claims, and the Holders of the Senior Unsecured Notes Claims. Certain of these claimants not only have Claims against the Debtors, but also assert claims and Causes of Action against CEC (including on account of the Parent Guaranty Litigation).

During the Chapter 11 Cases, the Unsecured Creditors Committee has argued that its constituents are entitled to greater recoveries on account of the Estate Claims and what the Unsecured Creditors Committee asserts are substantial unencumbered assets (including the Debtors' Cash). The Debtors have engaged in extensive discussions with the Unsecured Creditors Committee regarding its theories as to why certain of the Debtors' assets may or may not be unencumbered and the recovery waterfall for unsecured creditors vis-à-vis other creditors in the Debtors' capital structure. The Unsecured Creditors Committee has been clear in conversations with the Debtors and CEC that it would fight confirmation of any chapter 11 plan that did not account for the arguments raised by the Unsecured Creditors' Committee. Through the Debtors' and CEC's ongoing settlement discussions with the Unsecured Creditors Committee, including those related to the mediation process described in Article IV.M below, the Debtors expect that the Unsecured Creditors Committee would be willing to agree to support the proposed Plan so long as it provides for the following:

- Holders of Undisputed Unsecured Claims, Disputed Unsecured Claims, Convenience Unsecured Claims, and Senior Unsecured Notes Claims will be classified separately to account for different rights of each group of creditors and each will receive a recovery equal to approximately 46% of their Allowed Claim Amount if such Holders vote to accept the Plan and a recovery equal to approximately 30% if it votes to reject the Plan;
- Holders of Undisputed Unsecured Claims, Disputed Unsecured Claims, Convenience Unsecured Claims, and Senior Unsecured Notes Claims shall be granted improved recoveries equal to any improved recovery percentage the Debtors, CEC, or third parties agree to provide to the Holders of Second Lien Notes Claims that are in excess of current recoveries under the proposed Plan (whether such recoveries are provided in the Plan or through some other source);
- Holders of Subsidiary-Guaranteed Notes Claims must be treated consistent with the Subsidiary-Guaranteed Notes Settlement;
- The NRF's claims must be settled and all documentation related to such settlement must be in a form and substance acceptable to the NRF;
- The Unsecured Creditors Committee shall have an unconditional "fiduciary out" to remove its support of the Plan;
- No further changes shall be made to securities or recoveries made available to other creditors that will impair the value of securities to be received by Holders of Undisputed Unsecured Claims, Disputed Unsecured Claims, Convenience Unsecured Claims, Senior Unsecured Notes Claims, Subsidiary-Guaranteed Notes Claims, and General Unsecured Claims against the BIT Debtors;
- Subject to the effectiveness of the UCC RSA, the Reorganized Debtors will seek to reimburse the Unsecured Creditors Committee Member's professional fees on account of the Unsecured

Creditors Committee Member's substantial contribution to the Chapter 11 Cases based on their representation of a varied creditor constituency; and

- Subject to the effectiveness of the UCC RSA, the the Reorganized Debtors will seek to reimburse the Subsidiary-Guaranteed Notes Indenture Trustee and the Senior Unsecured Notes Indenture Trustee's professional fees incurred in connection with the Chapter 11 Cases so long as such fees and expenses were not incurred in respect of the respective claims or rights each indenture trustee had with respect to the Company or CEC.

The Debtors' proposed Plan includes these recoveries and the Debtors have informed the Unsecured Creditors Committee that they will seek to otherwise implement the above conditions. Therefore, the Debtors expect that subject to further diligence and formalizing this agreement through definitive documentation, the Unsecured Creditors Committee will support the Plan.

* * * * *

The Debtors have spent significant time negotiating with their creditors and CEC both before and after the commencement of the Chapter 11 Cases, which has led to the Plan. The proposed Plan calls for greatly increased CEC contributions, including \$1 billion of New CEC Convertible Notes and up to another 35.3 percent of New CEC Common Equity (for a total of 52.7 percent of aggregate New CEC Common Equity available under the Plan after accounting for the potential conversion of New CEC Convertible Notes to New CEC Common Equity), each of which will be distributed to the Debtors' creditors through the transactions contemplated by the Plan. In addition, any Holders that receive New CEC Common Equity pursuant to the Plan will have the right to participate (along with other shareholders of New CEC Common Equity after CEC and CAC consummate the Merger) in any New CEC Capital Raises (if CEC or New CEC choose to sell any New CEC Common Equity to fund New CEC's obligations under the Plan). The proposed Plan also incorporates the Bank Guaranty Settlement, the Subsidiary-Guaranteed Notes Settlement, and the recoveries discussed with the Unsecured Creditors Committee. The Debtors believe that the increased recoveries in the Plan as compared to the Previous Plans inures to the benefit of the Debtors' creditors and, as discussed more fully Exhibit I, provides greater, more certain, and near-term recoveries than a standalone plan with a litigation trust. The Debtors therefore believe the restructuring contemplated by the Plan—which is built on the framework of the RSAs and Previous Plans, inclusive of certain of the terms of the Second Lien RSA, and is subject to the Marketing Process discussed more fully in Article IV.K below—is in the best interests of the Debtors' Estates, maximizes stakeholder recoveries, secures a viable pathway to future growth, and ensures that the Debtors continue to operate on an ongoing basis for the benefit of their customers, vendors, and approximately 32,000 employees.

K. Marketing Process

Shortly after commencing the Chapter 11 Cases, the Debtors informed certain parties in interest of their determination, through the Special Governance Committee, to commence a formal marketing process (the "Marketing Process") by soliciting proposals for a potential transaction (a "Proposed Transaction") to acquire the Debtors and their controlled non-debtor subsidiaries in their entirety (the "Company") through any structure approved by the Special Governance Committee, including through the acquisition of equity in the Debtors' REIT structure to be distributed under the Plan. Although the Debtors believe that a sale of the Debtors' reorganized equity is the most tax efficient structure, the Debtors have not precluded bids for assets, subsidiary equity interests, or any other bid structure that may maximize value for all their constituents, whether under a proposed plan of reorganization or otherwise. The following information about this Marketing Process provides Holders of Claims and Interests important information with regard to the Debtors' efforts to maximize recoveries for all stakeholders. The Debtors, through the Special Governance Committee, approved a two-stage Marketing Process for the solicitation of third party interest in a Proposed Transaction.

1. Overview

The Debtors commenced the Marketing Process in November 2015. The Debtors, working with their legal and financial advisors in consultation with representatives of the Official Committees and Ad Hoc First Lien Groups, developed a list of prospective buyers including both financial and strategic buyers. The prospective buyers were provided with: (a) a “Teaser” that contains an overview of the Debtors’ businesses based on publicly-available information; (b) a “Bid Letter” that provides the prospective buyers with an overview of the Marketing Process and the timeline and procedures related thereto; and (c) a draft “Confidentiality Agreement,” the execution of which was a prerequisite to participation in the Marketing Process. Those prospective buyers that executed the Confidentiality Agreement were also provided with a Confidential Information Memorandum regarding the Debtors’ and their non-Debtor subsidiaries’ businesses.

2. Receipt of Bids; Development of Proposal

During the first phase of the two-phase Marketing Process, the Debtors invited approximately 90 parties to submit a written, non-binding preliminary proposal (a “Proposal”) with respect to a Proposed Transaction. Any such Proposal was to be submitted to the Debtors’ legal and financial advisors by January 29, 2016 (the “Proposal Deadline”). Following a robust marketing process during which the Debtors’ financial advisors actively solicited potential buyers of the Company, the Debtors ultimately received one offer to purchase the PropCo side of the business and two offers to purchase certain discrete assets, but no offers to purchase all of the Debtors or the reorganized equity in the proposed OpCo entity.

The Special Governance Committee, with the assistance of the Debtors’ legal and financial advisors, conducted a thorough analysis of these proposals, including by seeking input from the Debtors’ core creditor constituencies, including the Official Committees and Ad Hoc First Lien Groups. The Special Governance Committee determined that the one bidder seeking to purchase the PropCo assets (the “PropCo Bidder”) is an acceptable bidder for purposes of proceeding to the final round of the Marketing Process. In addition, although no party officially has submitted a bid to purchase all of the Debtors or the reorganized equity in the proposed OpCo entity, the Debtors will keep open the Marketing Process to accept such bids to ensure their ability to maximize value for all stakeholders.

If the Debtors determine, after consultation with their legal and financial advisors, that the final bid from the PropCo Bidder or another party represents or would be part of a higher or otherwise better transaction as compared with the Plan, the Debtors will, as soon as reasonably practicable and after consultation with representatives of the Official Committees and the Ad Hoc First Lien Groups, endeavor to complete and sign all agreements, contracts, instruments, or other documents evidencing and containing the terms upon which such final successful bid was made (the “Transaction Documents”). Any Proposed Transaction ultimately approved by the Debtors will be subject to all applicable requirements of the Bankruptcy Code and ultimate approval by the Bankruptcy Court, as well as gaming and regulatory approval in a variety of jurisdictions and satisfaction of any other conditions specified in the Transaction Documents.

3. Fiduciary Duties and Plan Amendments

It is unclear at this time whether the Marketing Process will ultimately produce a higher or otherwise better Proposed Transaction as compared with the Restructuring Transactions contemplated by the Plan. Consistent with their fiduciary duty to maximize value for the benefit of all stakeholders, however, the Debtors reserve all rights to amend the Plan, as necessary, to incorporate the terms of any Proposed Transaction, and, to the extent permitted by law, seek confirmation of any such Amended Plan without re-soliciting votes on such Amended Plan. The Debtors also continue to engage with potential third-party buyers who contact them through the Marketing Process regarding a Proposed Transaction. The terms of any Amended Plan may differ materially from the terms proposed herein, or may otherwise materially affect the recovery available to Holders of Claims or Interests described herein.

4. Position of the Second Priority Noteholders Committee Regarding the Marketing Process

The Second Priority Noteholders Committee has asked the Debtors to include the following statement regarding their views of the Marketing Process:

The Noteholder Committee believes that the marketing process did not produce a useable market test for the interests that CEC would acquire under the Plan. As noted above, the only indications of interest received by the Debtors involved assets different from those proposed to be sold to CEC under the Plan. Those indications of interest do not provide any basis to measure the market value of the property CEC will receive under the Plan.

For another thing, the process itself was flawed. The Debtors only invited ninety parties to make non-binding preliminary proposals. Of that cherry-picked group, only 27 expressed interest sufficient even to justify sending a confidentiality agreement, which only 6 prospects even bothered to execute and return. Virtually all of the entities the Debtors deemed fit to invite into the process decided not to invest the time or effort to participate. The Noteholder Committee believes this was likely because interested parties recognized that the interests to be acquired by CEC were not truly up for sale and that bidding simply would be a waste of time and resources.

The Debtors disagree with this characterization of the Marketing Process and will be prepared to meet their burden to demonstrate the appropriateness and thoroughness of the Marketing Process during the Plan confirmation process.

L. Exclusivity

Under the Bankruptcy Code, a debtor has the exclusive right to file and solicit acceptance of a plan or plans of reorganization for an initial period of 120 days from the date on which the debtor filed for voluntary relief (the "Exclusive Filing Period"). If a debtor files a plan during the Exclusive Filing Period, then the debtor has the exclusive right for 180 days from the commencement date to solicit acceptances of the Plan (the "Exclusive Solicitation Period" and, together with the Exclusive Filing Period, the "Exclusive Periods"). During the Exclusive Periods, no other party in interest may file a competing plan of reorganization. Additionally, a court may extend these periods upon the request of a party in interest. The Bankruptcy Code limits extensions of the Exclusive Filing Period to 18 months after the Petition Date, and the Exclusive Solicitation Period to 20 months after the Petition Date.

The Debtors' initial Exclusive Filing Period and Exclusive Solicitation Period were set to expire on May 15, 2015, and July 14, 2015, respectively. On April 15, 2015, the Debtors filed a motion [Docket No. 1173] (the "Exclusivity Motion") seeking a six-month extension of the Exclusive Filing Period and the Exclusive Solicitation Period to November 15, 2015, and January 15, 2015, respectively. On April 22 and 23, 2015, the Second Priority Noteholders Committee and each of the Ad Hoc First Lien Groups filed preliminary objections to the Exclusivity Motion [Docket Nos. 1243, 1272, 1273]. On April 29, 2015, the Bankruptcy Court entered a bridge order (the "Bridge Order") extending the Debtors' Exclusive Filing Period through May 27, 2015. After further briefing by the parties [Docket Nos. 1546, 1547, 1550, 1653], on May 27, 2015, the Bankruptcy Court entered an order extending the Exclusive Filing Period through and including November 15, 2015, and the Exclusive Solicitation Period through and including January 15, 2016 [Docket No. 1690].

On October 7, 2015, the Debtors filed a motion [Docket No. 2404] (the "Second Exclusivity Motion") seeking to further extend the Exclusive Filing Period and Exclusive Solicitation Period to March 15, 2016, and May 15, 2016, respectively. The Second Priority Noteholders Committee filed an objection to this request on October 14, 2015 [Docket No. 2423]. On October 22, 2015, the Bankruptcy Court overruled that objection and

entered an order extending the Exclusive Filing Period through and including March 15, 2016, and the Exclusive Solicitation Period through and including May 15, 2016 [Docket No. 2473].

On February 3, 2016, the Debtors filed a motion [Docket No. 3197] (the “Third Exclusivity Motion”) seeking to further extend the Exclusive Filing Period and Exclusive Solicitation Period to July 15, 2016, and September 15, 2016, respectively. No parties in interest objected to the request to extend the Exclusive Periods, though the Second Priority Noteholders Committee objected to the length of the extension [Docket No. 3217]. On February 17, 2016, the Bankruptcy Court overruled that limited objection and entered an order extending the Exclusive Filing Period through and including July 15, 2016, and the Exclusive Solicitation Period through and including September 15, 2016 [Docket No. 3283]. Because this final extension is through the statutory maximum permitted by section 1121(d)(2) of the Bankruptcy Code, the Debtors cannot request further extensions of the Exclusivity Periods, and other parties will be able to file competing chapter 11 plans on and after September 16, 2016.

M. Mediation

On February 3, 2016, the Debtors filed a motion seeking the appointment of a mediator to mediate issues by and among the parties in interest related to a chapter 11 plan of reorganization [Docket No. 3196] (the “Mediation Motion”). The Mediation Motion sought to appoint a sitting bankruptcy judge as the mediator in these the Chapter 11 Cases if the parties do not reach a consensual resolution to the case prior to the release of the Examiner Report. On February 17, 2016, the Bankruptcy Court denied the Mediation Motion as unnecessary because parties could engage a private mediator without leave of the Bankruptcy Court [Docket No. 3284].

On March 1, 2016, the Debtors announced that the Honorable Joseph J. Farnan, Jr., retired Chief Judge of the United States District Court for the District of Delaware, agreed to serve as the mediator in the Chapter 11 Cases [Docket No. 3329]. After engaging Judge Farnan, the Debtors engaged their stakeholders regarding a mediation protocol and related non-disclosure agreement. On March 28, 2016, the following 20 parties entered into the mediation protocol, agreeing to enter into mediation related to confirmation of a chapter 11 plan of reorganization in the Chapter 11 Cases: (i) the Debtors, (ii) counsel to the Ad Hoc Group of First Lien Bank Lenders, (iii) certain members of the Ad Hoc Group of First Lien Noteholders, (iv) the Second Priority Noteholders Committee, (v) the Unsecured Creditors Committee, (vi) UMB, (vii) BOKF, (viii) the Ad Hoc Committee of 12.75% Second Lien Noteholders, (ix) Paulson & Co, on behalf of funds and accounts under management; (x) Quantum Partners LP; (xi) Canyon Capital Advisors LLC, on behalf of certain participating funds and managed accounts; (xii) Wilmington Trust, N.A., solely in its capacity as Subsidiary-Guaranteed Notes Indenture Trustee, (xiii) Law Debenture Trust Company of New York, solely in its capacity as indenture trustee for the Debtors’ 5.75% and 6.5% senior unsecured notes, (xiv) the Ad Hoc Group of 5.75% and 6.50% Senior Unsecured Notes, (xv) counsel for purported class plaintiff Frederick Barton Danner, (xvi) WSFS, (xvii) Delaware Trust Company, solely in its capacity as collateral agent and as indenture trustee for the Debtors’ 10.00% second-priority senior secured notes due 2015 and 2018, (xviii) CEC, (xix) CAC, and (xx) the Hon. Joseph J. Farnan (Ret.). The mediation remains ongoing at this time.

To date, the mediation’s primary focus has been on building consensus among the Debtors key stakeholders, including the Official Committees, the Ad Hoc Group of First Lien Bank Lenders, the Ad Hoc Group of First Lien Noteholders, CEC, and CAC. Although some of the parties to mediation were not actively involved in negotiations, the majority of such parties were represented in such negotiations by their trustees or respective committees. In addition, the Debtors remain willing to engage with any party in interest regarding any issues and concerns they may have in these chapter 11 cases as part of, or outside of, the mediation.

N. The Lien Standing Challenges

On August 7, 2015, the Unsecured Creditors Committee filed the *Motion of Statutory Unsecured Claimholders’ Committee for an Order, Pursuant to Bankruptcy Code Sections 1103 and 1109, Granting It Derivative Standing to Commence, Prosecute, and Settle Certain Causes of Action on Behalf of Debtors’ Estates*

[Docket No. 2029] (the “UCC Lien Standing Motion”).⁴⁹ On that same day, the Subsidiary-Guaranteed Notes Indenture Trustee filed the *Motion of the 10.75% Notes Trustee for Entry of an Order Granting Standing and Authority to Commence, Prosecute, and Settle Certain Causes of Action* [Docket No. 2027] (the “Subsidiary-Guaranteed Notes Standing Motion”). Through the UCC Lien Standing Motion and the Subsidiary-Guaranteed Notes Standing Motion, the Unsecured Creditors Committee and Subsidiary-Guaranteed Notes Trustee seek to challenge (either directly or on behalf of the Debtors’ Estates to the extent derivative standing must first be obtained) the validity, extent, and enforceability of certain prepetition security interests, mortgages, liens, and claims the Debtors purportedly granted to the Collateral Agents (collectively, the “Formal Challenges”) for the benefit of the Holders of Prepetition Credit Agreement Claims, Secured First Lien Notes Claims (and the related First Lien Notes Deficiency Claims), and Holders of Second Lien Notes Claims (collectively, the “Secured Creditors”). The Formal Challenges target: (a) the validity of the Secured Creditors’ liens in certain property, including commercial tort claims, insurance policies, gaming and liquor licenses, vessels, real property, equity interests, and intellectual property; (b) certain stipulations agreed to by the Debtors in the Final Cash Collateral Order; and (c) the Secured Creditors’ rights to assert deficiency claims under section 1111(b)(1) of the Bankruptcy Code against certain of the Debtors (as further discussed below).

The Bankruptcy Court set a briefing schedule on the UCC Lien Standing Motion at the omnibus hearing on October 21, 2015 [Docket No. 2494]. At that same hearing, the Subsidiary-Guaranteed Notes Indenture Trustee agreed to allow the Unsecured Creditors Committee to litigate the standing issues raised in Subsidiary-Guaranteed Notes Standing Motion, most of which were similar to the issues raised in the UCC Lien Standing Motion. Pursuant to the briefing schedule, the Debtors filed an objection to the UCC Lien Standing Motion on November 20, 2015, arguing that the best and most value creating resolution of the issues is the global settlement proposed by the Debtors’ Plan [Docket No. 2654]. The Ad Hoc Committee of First Lien Banks and the Ad Hoc Committee of First Lien Noteholders (and the First Lien Notes Trustee) also filed objections to the UCC Lien Standing Motion [Docket Nos. 2652, 2650]. The Unsecured Creditors Committee filed an omnibus reply on December 16, 2015, arguing that the Unsecured Creditors Committee should have exclusive authority to pursue and settle the Formal Challenges because the asserted Formal Challenges were colorable claims and that the Debtors demonstrated an “unjustifiable refusal” to pursue claims against the First Lien Noteholders, First Lien Lenders, and Second Lien Noteholders [Docket No. 2740]. On January 22, 2016, the Unsecured Creditors Committee filed an amended proposed complaint to the UCC Lien Standing Motion, eliminating and modifying certain counts based on new information received from the Debtors and the Ad Hoc First Lien Groups [Docket No. 3127]. On March 16, 2016, the Bankruptcy Court issued an opinion and order noting that the Debtors’ justification for not pursuing the Formal Challenges, namely that the pursuit of a global settlement as part of a comprehensive plan of reorganization is superior to litigation, is a reasonable exercise of the Debtors’ business judgment and sufficient grounds for denying the UCC Lien Standing Motion [Docket No. 3403]. The Bankruptcy Court did not deny this motion outright, however, instead continuing the UCC Lien Standing Motion to July 20, 2016, so as to not prejudice the Unsecured Creditors Committee if the comprehensive settlement encompassed in the Plan is not approved for any reason.

In addition, the Unsecured Creditors Committee and other parties have informally raised other challenges regarding liens on certain of the Debtors’ property (the “Informal Challenges” and, together with the Formal Challenges, the “Lien Challenges”). These Informal Challenges include issues related to the First Lien Creditors’ lien on a substantial portion of CEOC’s unrestricted cash. The Unsecured Creditors Committee has not sought standing as of the date hereof related to the Informal Challenges.

O. The 1111(b) Claim Objections

Also on August 7, 2015, the Subsidiary-Guaranteed Notes Trustee filed objections [Docket Nos. 2030, 2031] (the “1111(b) Claims Objections”) to proofs of claim filed by the First Lien Collateral Agent and the First Lien Notes Indenture Trustee against 137 of CEOC’s wholly-owned Debtor subsidiaries with respect to assets

⁴⁹ As discussed in more detail in Article IV.S.2, contemporaneously with the UCC Lien Standing Motion, the Unsecured Creditors Committee filed the Lien Challenge Adversary (as defined below), which relates to claims for which the Unsecured Creditors Committee believes it does not need to seek standing to pursue.

other than Collateral (as such term is defined in the First Lien Collateral Agreement). The focus of the 1111(b) Claims Objections was the rights of the First Lien Creditors to assert deficiency claims under section 1111(b)(1) of the Bankruptcy Code against the Subsidiary Guarantor Debtors. Specifically, the Subsidiary-Guaranteed Notes Trustee argued that the First Lien Creditors had waived their right to assert claims under section 1111(b) of the Bankruptcy Code when they waived their right to recourse against the Subsidiary Guarantor Debtors under “any law” pursuant to the First Lien Collateral Agreement. If successful, the 1111(b) Claims Objections would eliminate any deficiency claims the First Lien Creditors could assert against the Subsidiary Guarantor Debtors, which the Subsidiary-Guaranteed Notes Trustee and the Unsecured Creditors Committee have asserted would unencumber value that will substantially improve recoveries to all unsecured claimholders at the Subsidiary Guarantor Debtors. The arguments raised in the 1111(b) Claims Objections were substantially similar to certain of the arguments raised in the Subsidiary-Guaranteed Notes Standing Motion. Parties in interest agreed that the Subsidiary-Guaranteed Notes Trustee could pursue the 1111(b) Claims Objections without receiving standing to do so because the objections were claim objections allowed by the Bankruptcy Code. *See* 11 U.S.C. 502(a) (allowing any creditor to file a claim objection); *In re C.P. Hall Co.*, 513 B.R. 540, 543 (Bankr. N.D. Ill. 2014) (Goldgar, J.).

At the omnibus hearing on October 21, 2015, the Bankruptcy Court allowed discovery into the issues raised by the 1111(b) Claims Objections. The Bankruptcy Court entered an agreed scheduling order on November 6, 2015 [Docket No. 2539]. After a brief discovery period, the Subsidiary-Guaranteed Notes Trustee, the Unsecured Creditors Committee, the First Lien Lenders, the First Lien Noteholders, the Second Lien Creditors, and the Debtors each filed pre-trial briefs on January 26, 2016 [Docket Nos. 3138, 3139, 3141, 3142, 3143, 3144]. The Bankruptcy Court held a one-day evidentiary hearing on February 2, 2016, and heard closing arguments on the 1111(b) Claims Objections on February 17, 2016. On May 18, 2016, the Bankruptcy Court overruled the 1111(b) Claims Objections, finding that the First Lien Noteholders may assert unsecured deficiency claims against the Subsidiary Guarantor Debtors. The Bankruptcy Court held that although rights under section 1111(b) can be waived by creditors (and the First Lien Collateral Agreement, on its own, could be read to provide such waiver), the Subsidiary-Guaranteed Notes Intercreditor Agreement referenced section 1111(b) and to reconcile the First Lien Collateral Agreement with the Subsidiary-Guaranteed Notes Intercreditor Agreement, the First Lien Collateral Agreement could not be read to waive rights under section 1111(b). On May 25, 2016, the Subsidiary-Guaranteed Notes Trustee filed a notice of appeal of the Bankruptcy Court’s decision [Docket No. 3825]. On June 3, 2016, the Second Priority Notes Committee and Unsecured Creditors Committee also filed appeals [Docket Nos. 3925, 3927].

P. Debtors’ Objections to Second Lien Notes Claims

1. The Subsidiary Debtors’ 1111(b) Objection

On June 2, 2016, the Subsidiary Debtors filed an objection to proofs of claim filed by the Second Lien Agent and the indenture trustees for the Debtors’ four series of Second Lien Notes on behalf of the Second Lien Noteholders and themselves (such objection, the “Subsidiary Debtors’ 1111(b) Objection”) [Docket No. 3916]. The focus of this objection is the rights of Holders of Second Lien Notes to assert unsecured deficiency claims under section 1111(b) of the Bankruptcy Code against the subsidiary Debtors (collectively, the “Subsidiary Debtors”). Specifically, the Subsidiary Debtors allege that the Second Lien Creditors waived their unsecured deficiency claims against the Subsidiary Debtors under “any law” pursuant to the non-recourse language in the Second Lien Collateral Agreement. In the event that this objection is sustained, the Second Lien Noteholders recoveries against the Subsidiary Debtors would be limited to the value of the collateral specifically pledged by the Subsidiary Debtors pursuant to the Second Lien Collateral Agreement for the satisfaction of the Second Lien Notes Claims. Therefore, the resolution of the Subsidiary Debtors’ 1111(b) Objection could have a material impact on the recoveries of the Second Lien Noteholders and the unsecured creditors of the Subsidiary Debtors. As noted in the Subsidiary Debtors’ 1111(b) Objection, the arguments raised by the Subsidiary Debtors are substantially similar to the waiver argument raised by the Subsidiary-Guaranteed Notes Trustee in its 1111(b) Claims Objections, though the Second Lien Intercreditor Agreements does not have language similar to the First Lien Intercreditor Agreement that was used by the Bankruptcy Court to reconcile the Collateral Agreement and Intercreditor Agreement to find there was no waiver. The Subsidiary Debtors’ 1111(b) Objection is scheduled to be heard by the Bankruptcy Court on July 20, 2016.

2. The Original Issue Discount Objection

Also on June 2, 2016, the Debtors filed an objection to the “original issue discount” portion of proofs of claim filed by the Second Lien Agent and the indenture trustees for the Debtors’ four series of Second Lien Notes on behalf of the Second Lien Noteholders and themselves [Docket No. 3915] (the “OID Objection”). At the time of their issuance, the Second Lien Notes included varying degrees of “original issue discount” (“OID”). Generally, OID is generated when the actual issue price of a note is less than its face value at issuance. Applicable non-bankruptcy law requires both the issuer and the noteholder to reflect this difference as interest for tax and accounting purposes. The OID is amortized over the life of the note. As of the Petition Date, the Debtors believe approximately \$1.9 billion of OID remained unamortized for the various Second Lien Notes in the aggregate. In the OID Objection, the Debtors argue that the unamortized OID is in the nature of “unmatured interest,” as that term is used in section 502(b)(2) of the Bankruptcy Code and, therefore, the Bankruptcy Code requires disallowance of these amounts from the Second Lien Notes Claims. If successful, the OID Objection would reduce the aggregate allowed amount of the Second Lien Notes Claims from approximately \$5.5 billion to approximately \$3.7 billion.

If any portion of the Second Lien Notes Claim is reduced, the Plan provides for a reallocation of the recoveries available to the Holders of Second Lien Notes Claims (through the “Reduced Claim Adjustment”) to provide the Holders of Senior Unsecured Notes Claims, Undisputed Unsecured Claims, and Disputed Unsecured Claims (the the “Improved Recovery Event”) with recovery percentages equal to the recovery percentages of the Holders of Second Lien Notes Claims. The Reduced Claim Adjustment amounts shown in the tables below assume the current high end of the Allowed Claim range for Class I and J and are subject to adjustment. The tables below show the impact of the reduction and reallocation of the OpCo Series A Preferred Stock allocated to Class F claims in the event of a successful OID Objection under various voting scenarios.

Class F, Class H, Class I Accept

If Classes F, H, and I vote to accept the Plan, the Reduced Claim Adjustment will be 0.877% of New CEC Common Equity, to be distributed to Class H, Class I and Class J pro rata based on claim. The charts below show a comparison of estimated recoveries if the OID Objection is unsuccessful and if it is successful:

Class	Estimated Percent Recovery Under the Plan (OID Objection Unsuccessful)	Estimated Percent Recovery Under the Plan (OID Objection Successful)
Class F (Each Debtor other than Non-Obligor Debtors)	29%–48%	41%–69%
Class H (CEOC)	33% - 56%	41% - 71%
Class I (Each Debtor other than Non-Obligor Debtors and the BIT Debtors)	34% - 54%	42% - 70%
Class J (Each Debtor other than Non-Obligor Debtors and the BIT Debtors)	34% - 54%	42% - 70%

Class F, Class H, Class I Reject

If Classes F, H, and I vote to reject the Plan, the Reduced Claim Adjustment will be 0.641% of New CEC Common Equity, to be distributed to Class H and Class I pro rata based on claim. The charts below show a comparison of estimated recoveries if the OID Objection is unsuccessful and if it is successful:

Class	Estimated Percent Recovery Under the Plan (OID Objection Unsuccessful)	Estimated Percent Recovery Under the Plan (OID Objection Successful)
Class F (Each Debtor other than Non-Obligor Debtors)	22% - 34%	32% - 49%
Class H (CEOC)	22% - 33%	30% - 51%
Class I (Each Debtor other than Non-Obligor Debtors and the BIT Debtors)	22% - 33%	31% - 50%
Class J (Each Debtor other than Non-Obligor Debtors and the BIT Debtors)	34% - 54%	34% - 54%

Class F and Class H Accept, Class I Rejects

If Classes F and H vote to accept the Plan and Class I votes to reject the Plan, the Reduced Claim Adjustment will be 0.735% of Common Equity, to be distributed to Class H and Class J pro rata based on claim. The charts below show a comparison of estimated recoveries if the OID Objection is unsuccessful and if it is successful:

Class	Estimated Percent Recovery Under the Plan (OID Objection Unsuccessful)	Estimated Percent Recovery Under the Plan (OID Objection Successful)
Class F (Each Debtor other than Non-Obligor Debtors)	29% - 48%	42% - 70%
Class H (CEOC)	33% - 56%	41% - 71%
Class I (Each Debtor other than Non-Obligor Debtors and the BIT Debtors)	22% - 33%	22% - 33%
Class J (Each Debtor other than Non-Obligor Debtors and the BIT Debtors)	34% - 54%	42% - 70%

Class F and Class I Accept, Class H Rejects

If Classes F and I vote to accept the Plan and Class H votes to reject the Plan, the Reduced Claim Adjustment will be 0.488% of Common Equity, to be distributed to Class I and Class J pro rata based on claim. The charts below show a comparison of estimated recoveries if the OID Objection is unsuccessful and if it is successful:

Class	Estimated Percent Recovery Under the Plan (OID Objection Unsuccessful)	Estimated Percent Recovery Under the Plan (OID Objection Successful)
Class F (Each Debtor other than Non-Obligor Debtors)	29% - 48%	43% - 70%
Class H (CEOC)	22% - 33%	22% - 33%
Class I (Each Debtor other than Non-Obligor Debtors and the BIT Debtors)	34% - 54%	42% - 71%
Class J (Each Debtor other than Non-Obligor Debtors and the BIT Debtors)	34% - 54%	42% - 71%

Q. Claims Bar Date and the Claims Objection Process

On March 17, 2015, the Debtors filed their schedules of assets and liabilities, schedules of current income and expenditures, schedules of executory contracts and unexpired leases, and statement of financial affairs [Docket Nos. 709–36, 738–65, 799–882] (collectively, the “Schedules and Statements”). The Bankruptcy Code allows a bankruptcy court to fix the time within which Proofs of Claim must be Filed in a chapter 11 case. Any creditor whose Claim is not scheduled in the Debtors’ Schedules and Statements or whose Claim is scheduled as disputed, contingent, or unliquidated must File a Proof of Claim.

On March 25, 2015, the Bankruptcy Court entered the *Agreed Order (I) Setting Bar Dates for Filing Proofs of Claim, Including Requests for Payment Under Section 503(b)(9) of the Bankruptcy Code, (II) Establishing the Amended Schedules Bar Date and the Rejection Damages Bar Date, (III) Approving the Form and Manner for Filing Proofs of Claim, Including 503(b)(9) Requests, (IV) Approving Notice of Bar Dates, and (V) Granting Related Relief* [Docket No. 1005] (the “Bar Date Order”), which established (a) May 25, 2015, at 5:00 p.m., prevailing Central Time as the deadline for all non-Governmental Units to File Proof of Claims in the Chapter 11 Cases; (b) July 14, 2015, at 5:00 p.m., prevailing Central Time as the deadline for all Governmental Units to File Proof of Claims in the Chapter 11 Cases; (c) procedures for Filing Proofs of Claim; and (d) the form and manner of notice of the bar dates.

To date, approximately 5,600 proofs of claim have been filed against the Debtors in the Chapter 11 Cases totaling more than \$28.9 billion in the aggregate. The Debtors are now in the process of reconciling such claims to the amounts listed by the Debtors in their schedules of assets and liabilities, as amended. Working with their advisors, the Debtors have already made significant progress in identifying certain duplicate claims, claims that have been filed against the incorrect entity, and claims made on account of equity interests. The Debtors may ask the Bankruptcy Court to disallow claims that the Debtors believe are duplicative, have been later amended or superseded, are without merit, are overstated, or should be disallowed for other reasons. The Debtors have also made substantial progress in reconciling liability amounts estimated by the Debtors and claims filed by creditors and will resolve such differences, including through the filing of objections with the Bankruptcy Court, where appropriate. In addition, as a result of this process, the Debtors may identify additional liabilities that will need to be recorded or reclassified to liabilities subject to compromise.

The Debtors have commenced the claims objection process in the Chapter 11 Cases. Specifically, on September 21, 2015, and in connection with the Hilton Adversary discussed in Article IV.S.4 below, the Debtors filed an objection [Docket No. 2243] (the “Hilton Claims Objection”) to proof of claim number 3031 filed by the Hilton Worldwide, Inc. Global Benefits Administrative Committee (the “GBAC”) and proof of claim number 3063

filed by Hilton Worldwide, Inc. f/k/a Hilton Hotels Corporation (“Hilton”), which is discussed more fully below. In addition, on November 19, 2015, the Debtors filed their first three omnibus claims objections [Docket Nos. 2645, 2646, 1647], in compliance with Bankruptcy Rule 3007(d). The Bankruptcy Court granted each of these omnibus claims objections after the claimants did not file any objections [Docket Nos. 3010, 3011, 3114]. On December 21, 2015, the Debtors filed 62 individual objections to claims filed by certain claimants [Docket Nos. 2760–2821]. Only one response was received to these objection [Docket No. 3002], and the Bankruptcy Court entered an order granting 59 of the objections (the other three were withdrawn after the creditors withdrew their proofs of claim) [Docket Nos. 3068–3071, 3073–3089, 3091–3113, 3119–3121, 3291–3305].

The Debtors likely will object to further proofs of claim as they continue the claims reconciliation process. The amounts of distributions to Holders of Second Lien Notes Claims, Undisputed Unsecured Claims, Disputed Unsecured Claims, and Senior Unsecured Notes Claims may vary depending on the outcome of the claims objection process.

R. Deferred Compensation Plan Issues

Historically, as described further in Article II.B.4, CEOC provided shared services and corporate functions for the entire Caesars enterprise, including for properties that are now owned and operated by non-Debtor affiliates. During this period, a number of deferred compensation plans (the “Deferred Compensation Plans”)⁵⁰ were created and funded by either CEC or CEOC for the benefit of employees situated throughout the Caesars enterprise. As of the Petition Date, all of the Deferred Compensation Plans were frozen to new contributions.

Currently, there are a total of approximately 340 active and inactive participants in the Deferred Compensation Plans, with plan balances ranging from a few hundred dollars to several million dollars. The Debtors estimate that, as of the Petition Date, aggregate liabilities under the Deferred Compensation Plans amounted to approximately \$80.0 million. As of September 30, 2015, aggregate liabilities under the Deferred Compensation Plans amounted to approximately \$73.3 million. Traditionally, payments related to the Deferred Compensation Plans have been made by CEOC on account of the entire Caesars enterprise. In 2014, for example, CEOC paid approximately \$11.6 million to participants of the Plans. In order to fund liabilities associated with the Deferred Compensation Plans, various corporate-owned life insurance policies (the “COLIs”) have been purchased and contributed into either an escrow account (the “Escrow Account”) or a Rabbi trust (the “Rabbi Trust,” and collectively with the Escrow Account, the “Asset Vehicles”), which are governed by the Trust Agreement (as defined below) and Escrow Agreement (as defined below), respectively. As of the Petition Date, the Escrow Account held approximately \$56.9 million of assets and the Rabbi Trust held approximately \$65.9 million of assets

Shortly after the Petition Date, certain of the Debtors’ creditors, including the Unsecured Creditors Committee, sought additional information regarding the Deferred Compensation Plans and the Asset Vehicles, including information regarding which corporate entity is an obligor under the Deferred Compensation Plans and which entity owns the assets held in the Asset Vehicles. Upon agreement with the Unsecured Creditors Committee under the Wages Order, the Debtors suspended payments on account of the Deferred Compensation Plans pending a more thorough review of such plans.

The Debtors are in discussions with CEC to attempt to consensually resolve open issues related to the Deferred Compensation Plan, including an agreement or determination of which entities are liable to plan participants and which entities own the assets in the Asset Vehicles. The material terms of any settlement that may be reached will be memorialized in a formal settlement agreement to be filed as part of the Plan Supplement. Absent such a settlement, CEOC and CEC reserve all of their respective rights as to these matters. Holders of

⁵⁰ The plans are: (a) Harrah’s Entertainment, Inc. Executive Supplemental Savings Plan (“ESSP”); (b) Harrah’s Entertainment, Inc. Executive Supplemental Savings Plan II (“ESSP II”); (c) Harrah’s Entertainment, Inc. Executive Deferred Compensation Plan (“EDCP”); (d) Harrah’s Entertainment, Inc. Deferred Compensation Plan (“DCEP”); and (e) Park Place Entertainment Corporation Executive Deferred Compensation Plan (“CEDCP”).

Claims on account of the Deferred Compensation Plans may contact the Debtors' counsel to discuss the status of their Claims.

S. Adversary Proceedings and Contested Matters

1. Section 105 Adversary Proceeding

On March 11, 2015, the Debtors commenced an adversary proceeding in the Bankruptcy Court to, among other things, enjoin the continuation of the WSFS Delaware Action, the Unsecured Noteholder SDNY Actions, and the BOKF SDNY Actions (collectively, the "Parent Guarantee Litigation") against CEC pursuant to section 105(a) of the Bankruptcy Code (the "105 Adversary Proceeding"). As further discussed in the Debtors' pleadings in the 105 Adversary Proceeding, the Debtors believe that continuation of the Parent Guarantee Litigation outside of the Chapter 11 Cases imperils the Debtors' ability to reorganize. Specifically, the Debtors believe that their reorganization requires a substantial contribution from CEC, whether through settlement or litigation, to fund recoveries for the Debtors' creditors. Any consideration that CEC pays on account of its purported guarantees of the Debtors' funded debt obligations would reduce CEC's ability to make a contribution to the Debtors under the Plan (or through litigation to the extent that the settlement encompassed in the Plan fails). As has been noted by counsel to purported class plaintiff Frederick Barton Danner in the Danner SDNY Action, CEC's investment banker believed that CEC had sufficient cash as of the date of his testimony (June 4, 2015) to pay the claims in the Danner SDNY Action if plaintiffs in the Danner SDNY Action were successful (and excluding the potential for claims against CEC in the other Parent Guarantee Litigation). *See* Hr'g Tr. 98:15–100:11, June 4, 2015; *see also id.* 101:11–102:8 (similar testimony as to the claims asserted in the MeehanCombs SDNY Action, again excluding the potential for claims against CEC in the other Parent Guarantee Litigation). But as CEC stated at trial in the 105 Adversary Proceeding, an adverse ruling in any of the actions in the Parent Guarantee Litigation may very well cause CEC to seek protection under the Bankruptcy Code, which would drastically upset the Debtors' reorganization process given the Debtors' own claims against CEC. *See, e.g.,* Hr'g Tr. 207:2–208:21, June 3, 2015; *id.* 208:6–13 ("Given the likely cascading effect of any one litigation leading to the potential—the bad facts related to the other litigation, CEC would likely have to consider, amongst other things, filing for bankruptcy to avoid, you know, having to fund those claims, which it could not fund, nor would it have the resources to likely appeal those claims. So bankruptcy would be a real option."⁵¹).

Following an evidentiary trial and briefing by the parties, the Bankruptcy Court issued an opinion [Adv. Case. No. 15-00149 (ABG), Docket Nos. 158] (the "Original 105 Opinion") and order [Adversary Case No.-15-00149 (ABG), Docket No. 159] on July 22, 2015, denying the Debtors' request in the 105 Adversary Proceeding. The Bankruptcy Court held that controlling precedent required that "[u]nless the debtor's estate has a claim against the non-debtor, and unless that claim is based on the same acts and would be paid from the same assets as the third party's claim against the non-debtor, no relief is possible" from a bankruptcy court to enjoin that non-debtor third party litigation pursuant to section 105." *See* Original 105 Opinion at 28.

On July 24, 2015, the Debtors appealed this ruling, in an appeal captioned *Caesars Entertainment Operating Company, Inc., et al. v. BOKF, N.A. Wilmington Savings Fund Society, FSB, MeehanCombs Global Credit Opportunities Master Fund, LP, Relative Value-Long/Short Debt Portfolio, a Series of Underlying Funds Trust, SB 4 CF LLC, CFIP Ultra Master Fund, LTD., Trilogy Portfolio Company, LLC, and Frederick Barton Danner*, Case No. 15-cv-06504 (RWG) (the "105 Appeal"). In the 105 Appeal, the Debtors argued that the Bankruptcy Court's "same acts" requirement is a misapplication of precedent from United States Court of Appeals for the Seventh Circuit (the "Seventh Circuit"), and requested that the District Court enter the requested section 105 injunction to protect the Debtors' interests in CEC's contributions to the Debtors pursuant to the Plan, or remand to the Bankruptcy Court to enter such an order or further consider the requested injunction. The District Court held oral

⁵¹ The Debtors note that they expect that the parties to the Parent Guarantee Litigation will seek additional facts as to CEC's wherewithal to make payments outside of the settlement embodied in the Plan as part of any objections to confirmation of the Plan. At this time, there has been no testimony on CEC's ability as of the date of this Disclosure Statement to make the contributions contemplated by the Plan and pay any of the claims in the Parent Guaranty Litigation.

argument in the 105 Appeal on September 29, 2015. On October 8, 2015, the District Court entered an order [Docket No. 42], and memorandum opinion and order [Docket No. 43], affirming the Bankruptcy Court's ruling. On October 9, 2015, the Debtors filed a notice of appeal of the District Court's ruling to the Seventh Circuit [Docket No. 45]. Briefing before the Seventh Circuit concluded on November 30, 2015, and oral argument was held before a panel of Seventh Circuit judges on December 10, 2015. On December 23, 2015, the Seventh Circuit vacated the denial of the injunction and remanded to the Bankruptcy Court on the grounds that the "same acts" requirement was a misapplication of controlling Seventh Circuit case law [Docket No. 46]. On January 11, 2016, certain of the Defendants-Appellees filed a petition for rehearing en banc by the full Seventh Circuit [Docket No. 53]. On January 25, 2016, the Seventh Circuit denied this request for rehearing and on February 2, 2016, the Seventh Circuit issued its mandate, revesting jurisdiction in the Bankruptcy Court.

On remand, the Bankruptcy Court took judicial notice of certain additional facts from the Chapter 11 Cases and the Parent Guarantee Litigation, including a pending trial date in the BOKF SDNY Action set for March 14, 2016, and a pending trial date in the Unsecured Notes SDNY Actions set for May 9, 2016. Based on the factual findings from the trial in the 105 Adversary Proceeding and judicial notice of these additional facts, on February 26, 2016, the Bankruptcy Court issued a ruling [Docket No 214] (the "105 Order"), which enjoined the BOKF SDNY Action until the earlier of (a) 60 days after the Examiner files his final (redacted) report and (b) May 9, 2016. On May 9, 2016, the injunction expired.

As discussed in Article III.D above, each of the SDNY Actions (including the BOKF SDNY Action) is currently subject to a summary judgment schedule culminating on June 24, 2016, with oral argument, and a "global" trial starting on August 22, 2016, if necessary. On June 6, 2016, the Debtors filed an emergency motion seeking a temporary restraining order and preliminary injunction enjoining the plaintiffs in the Parent Guarantee Litigation from further prosecuting their guaranty lawsuits because the Debtors believe such an injunction is necessary to protect the Debtors' ability to reorganize in the Chapter 11 Cases [Adv. Case. No. 15-00149 (ABG), Docket Nos. 241]. An evidentiary hearing is scheduled on the emergency motion on June 8, 2016.

2. Unsecured Creditors Committee Lien Challenge Adversary

On August 7, 2015, the Unsecured Creditors Committee filed an adversary complaint out of an abundance of caution against the indenture trustees and Collateral Agents under the First Lien Debt and the Second Lien Debt (the "Lien Challenge Adversary"). See *Statutory Unsecured Claimholders' Committee v. BOKF, N.A., et al.*, Adversary Case No. 15-00571 (ABG) [Docket No. 1]. As discussed in detail above, the Unsecured Creditors Committee filed the Lien Challenge Adversary contemporaneously with the UCC Lien Standing Motion, which separately requested standing to pursue each of the claims alleged in the Lien Challenge Adversary. The Unsecured Creditors Committee contends that although the Cash Collateral Order provides that the filing of a standing motion will toll the deadline to file the challenges set forth in such standing motion until the standing motion is decided by the Bankruptcy Court, such tolling only applies if the standing motion is "necessary" or "required." See Cash Collateral Order ¶ 12(b). Thus, separate from its motion seeking standing to pursue various causes of action on behalf of the Debtors' Estates, the Lien Challenge Adversary relates to claims for which the Unsecured Creditors Committee believes it already has standing to pursue.

The Lien Challenge Adversary includes claims related to: (a) the "recourse stipulation" in the Cash Collateral Order, which states that each Subsidiary Guarantor is liable for the full amount of the First Lien Debt as of the Petition Date; (b) the lien stipulations in the Cash Collateral Order regarding commercial tort claims, insurance policies, gaming and liquor licenses, equity securities, vessels, real property, and intellectual property; (c) a clarification that at least thirty-two of the Debtors are not pledgors under the Collateral Agreements and are therefore not liable for the First Lien Debt; (d) provisions in the Cash Collateral Order that include "fees, costs, and other charges" in the secured debt claims (the "Fees & Charges Stipulation Count"); and (e) certain of the nonrecourse pledges contained in the Collateral Agreements, which the Unsecured Creditors Committee believes prohibits Holders of Claims related to First Lien Debt and Second Lien Debt from pursuing the First Lien Pledgors and Second Lien Pledgors for payment of the First Lien Debt and Second Lien Debt beyond the value of the pledged First Lien Collateral and Second Lien Collateral (the "1111(b) Count"), which count is similar to the 1111(b) Claim Objections filed by the Subsidiary-Guaranteed Notes Trustee.

On September 8, 2015, the parties to the Lien Challenge Adversary entered into a stipulation providing the defendants therein an additional 30 days to respond to the plaintiff's complaint. On October 21, 2015, the Bankruptcy Court granted the defendants' motion to extend time to respond until January 20, 2016. On January 6, 2016, the Defendants filed another motion to extend the time to respond and on January 15, 2016, the Bankruptcy Court granted the motion, setting March 7, 2016, as the response deadline. On March 2, 2016, the defendants filed another motion to extend the time to respond to the complaint, which was granted by the Bankruptcy Court on March 14, 2016, thereby setting May 13, 2016, as the date by which each of the defendants needed to respond to the complaint. Also on March 2, 2016, the Second Lien Collateral Agent filed a motion to dismiss, seeking dismissal of the 1111(b) Count as to the proofs of claim filed by the Second Lien Collateral Agent and the second lien indenture trustees [Docket No. 19]. On March 7, 2016, the Second Lien Collateral Agent filed a second motion to dismiss, seeking dismissal of the Fees & Charges Stipulation Count as to certain stipulations granted in the Cash Collateral Order to the Second Lien Collateral Agent [Docket No. 23]. On March 22, 2016, the Unsecured Creditors Committee and the Second Lien Collateral Agent entered into a stipulation related to the 1111(b) Count [Docket No. 31], pursuant to which the Unsecured Creditors Committee amended its complaint to dismiss the 1111(b) Count without prejudice to the Unsecured Creditors Committees' rights to later assert such claims [Docket No. 32]. The Lien Challenge Adversary is currently pending before the Bankruptcy Court, and no rulings or briefing schedules have been set on the pending motions to dismiss.

3. The NRF Adversary and Related Litigation in the Southern District of New York

Prior to the Petition Date, certain of the Debtors were employers (the "Employers") within the meaning of the Employee Retirement Income Security Act of 1974, 29 U.S.C. §§ 1001-1461 ("ERISA") and had contractual obligations to make contributions to the National Retirement Fund (the "NRF"), a multiemployer pension fund within the meaning of ERISA, which is also a member of the Unsecured Creditors Committee. In December 2014, the NRF threatened CEOC, CEC, and the other members of the Caesars "controlled group" (as defined in ERISA) with expulsion from the NRF due to, among other things, the Challenged Transactions. CEOC, CEC, and their affiliates dispute the NRF's ability to do so. However, to protect their interests, on December 21, 2014, CEOC, CEC, and CERP entered into a standstill agreement with the NRF, pursuant to which the NRF agreed not to expel any member of the Caesars controlled group and the members of the controlled group agreed to provide the NRF with five days' notice of certain "insolvency events" defined therein. On January 8, 2015, in light of CEOC's impending voluntary chapter 11 filing, the members of the Caesars controlled group provided the NRF with notice that they were terminating the prepetition standstill agreement and CEC commenced an action against the NRF and its board of trustees in the United States District Court for the Southern District of New York, captioned *Caesars Entertainment Corporation v. Pension Plan of the National Retirement Fund and Board of Trustees of the National Retirement Fund*, Case No. 15-cv-00138 (the "CEC SDNY Action"). Through the CEC SDNY Action, CEC sought a declaratory judgment that the NRF lacks the authority or power to (a) refuse pension fund contributions made to the NRF in accordance with the Debtors' obligations or (b) cause the withdrawal from the NRF of any of the Debtors. The CEC SDNY Action is discussed further below.

On January 12, 2015, notwithstanding the involuntary chapter 11 proceeding commenced against CEOC that morning, the NRF sent a letter to the Employers notifying them that, effective immediately, the NRF had terminated their participation in the fund and that the fund would cease accepting their contributions (the "Expulsion"). This letter was purportedly corrected and superseded the following day, January 13, 2015, when the NRF sent a letter asserting that the Employers were only expelled from the Legacy Plan of the NRF, and not from the Adjustable Plan of the NRF.

Further, on February 13, 2015, the NRF sent CEOC and CERP a notice of payment demand (the "Payment Demand") assessing withdrawal liability of approximately \$462 million (as reduced by the "20-year cap" imposed by ERISA) against CEOC and CERP on account of the purported Expulsion. The Payment Demand seeks to impose on CEOC and CERP the obligation to make quarterly payments of approximately \$6 million for the next twenty years. On May 22, 2015, the Legacy Plan of the NRF (f/k/a the Pension Plan of the NRF) filed proof of claim number 3484 against each of the Debtors for withdrawal liability incurred in connection with the purported Expulsion (the "NRF Claim"), which was filed in the same amount as the Payment Demand.

The Debtors dispute the validity of the NRF's actions and reserve all of their rights with respect to such actions, including with respect to any rights they may have to contest such actions or any asserted liability as a result of such actions under applicable bankruptcy and non-bankruptcy laws, rules, and regulations. Nevertheless, if the NRF's actions are determined to constitute the Debtors' complete withdrawal from the NRF, the Debtors could be subject to withdrawal liability under ERISA exceeding \$300 million, which could materially reduce the Debtors' estimated recoveries to Holders of Claims in the Chapter 11 Cases.

On March 6, 2015, the Debtors commenced an adversary proceeding in the Chapter 11 Cases captioned *Caesars Entertainment Operating Company, Inc., et al., vs. The Board of Trustees of the National Retirement Fund and The Pension Plan of the National Retirement Fund*, Adv. Case No. 15-00131 (ABG) (the "362 Adversary Proceeding"), asserting, among other things, that the NRF's Payment Demand to CEC and CERP was a violation of the automatic stay arising under section 362 of the Bankruptcy Code and that such Payment Demand could not be binding upon the Debtors notwithstanding the applicability of ERISA. Also on March 6, the Debtors filed in the voluntary Chapter 11 Cases the *Debtors' Motion for Entry of an Order (I) Enforcing the Automatic Stay, (II) Voiding Actions Taken in Violation of the Automatic Stay, (III) for Contempt and Sanctions Against the NRF and the NRF Trustees, and (IV) Granting Related Relief* [Docket No. 644] (the "Expulsion Motion"), asserting that the purported Expulsion by the NRF of the applicable Debtors on January 12, 2015, was a violation of the automatic stay arising in CEOC's involuntary chapter 11 case on that date. On March 11, 2015, the Debtors filed in the 362 Adversary Proceeding the *Debtors' Motion for Entry of an Order (A) Extending the Automatic Stay to Enjoin Certain Payments and Legal Processes, and (B) Granting Related Relief* [NRF Adversary Docket No. 8] (the "Injunction Motion"), requesting that the Bankruptcy Court enjoin the continuation of CEC's and CERP's payment obligations arising due to the Payment Demand as well as the legal processes required under ERISA due to the Payment Demand. Finally, on March 27, 2015, the Debtors filed the *Debtors' Motion for Entry of an Order (I) Enforcing the Automatic Stay with Respect to the Demand for Interim Withdrawal Liability Payments By the NRF, (II) Voiding Such Payment Demands Taken in Violation of the Automatic Stay, and (III) Granting Related Relief* [Docket No. 1018] (the "Payment Demand Motion"), asserting that the NRF's Payment Demand to CEC and CERP was a violation of the automatic stay, which motion is substantially similar to count one in the 362 Adversary Proceeding.

On March 20, 2015, CEOC, the applicable Debtors, CEC, CERP, and the NRF entered into a Standstill Agreement, which stayed the requirement that CEC and CERP make payments to the NRF on account of the Payment Demand and instead deferred such payments until after the Bankruptcy Court had dismissed the Expulsion Motion, the Payment Demand Motion, and the Injunction Motion (the "Standstill Agreement"). Under the Standstill Agreement, the Caesars controlled group must remit monthly payments to the NRF at the rate and on the same terms that the Caesars controlled group would have been obligated to remit contributions to the NRF had an alleged withdrawal not occurred (the "Monthly Interim Payments"). The portion of each of the Monthly Interim Payments equal to the amount the Caesars controlled group is obligated to contribute may be allocated and applied to the Adjustable Plan of the NRF for that month and to the Legacy Plan of the NRF in the NRF's discretion. Failure to make any of the Monthly Interim Payments pursuant to the Standstill Agreement will permit the NRF to terminate the Standstill Agreement by written election, on five days' notice, subject to cure within that period, and/or seek whatever other relief may be appropriate. The Bankruptcy Court entered an order approving the Standstill Agreement and setting a briefing schedule with respect to each of the Expulsion Motion, the Payment Demand Motion, and the Injunction Motion [Docket No. 1020]. The parties completed briefing on those matters pursuant to the Standstill Agreement.

On November 12, 2015, the Bankruptcy Court issued an opinion [Docket No. 2567] and entered an order [Docket No. 2569] denying the Payment Demand Motion and the Expulsion Motion, holding that because the expulsion letter was not addressed to CEOC (as the involuntary debtor on January 12, 2015) and the Payment Demand was sent to non-Debtors CEC and CERP and not to any Debtors, the automatic stay was not violated, notwithstanding the potential implications under ERISA that liability for one member of the Caesars controlled group would be liable for all members of the Caesars controlled group (including the Debtors). The Debtors filed an appeal of the Bankruptcy Court's decision, which is currently pending before the District Court in an appeal captioned *Caesars Entm't Operating Co., Inc. v. The Board of Trustees of the Nat'l Retirement Fund*, Case No. 15-

cv-10565 (N.D. Ill) (the “NRF Appeal”). By agreement of the Debtors and the NRF, the briefing in the NRF Appeal has been extended to permit the parties time to negotiate a potential settlement.

On November 19, 2015, the Bankruptcy Court entered an order dismissing Counts I and II of the complaint in the 362 Adversary Proceeding [NRF Adversary Docket No. 76]. The Bankruptcy Court dismissed Count I with prejudice for failure to state a claim as it was duplicative of the Payment Demand Motion, which the Bankruptcy Court had denied. The Bankruptcy Court dismissed Count II without prejudice for lack of subject matter jurisdiction. The Bankruptcy Court continued Count III of the complaint and the Injunction Motion for further proceedings. Those matters remain pending at this time.

In addition to the matters with respect to the NRF in the Chapter 11 Cases and the CEC SDNY Action, the NRF commenced an action against CEC and CERP in the United States District Court for the Southern District of New York, captioned *The National Retirement Fund, et al. v. Caesars Entertainment Corporation, et al.*, Civil Action No. 15-CV-02048 (the “NRF SDNY Action”), seeking, among other things, payment of the amounts requested in the Payment Demand. CEC filed a motion to dismiss on July 2, 2015 [Docket No. 12], based on the Standstill Agreement. On November 17, 2015, the magistrate judge overseeing the NRF SDNY Action recommended that Caesars’ motion to dismiss be denied [Docket No. 26] because CEC’s contractual defense was a matter that must be determined by an arbitrator under the ERISA statutory scheme. The court subsequently adopted the report and recommendations of the magistrate judge, denying CEC’s motion to dismiss on December 25, 2015 [Docket No. 29]. Subsequently, on February 26, 2016, the NRF moved for summary judgment seeking interim withdrawal liability payments from CEC and CERP on account of the Payment Demand [Docket No. 41]. On May 5, 2016, the magistrate judge in the CEC SDNY Action issued a report and recommendation [Docket No. 54] which would require CEC to pay any interim amounts now currently due notwithstanding the standstill in place. If adopted by the District Court for the Southern District of New York, this ruling may result in a \$7.9 million liability against CEC and CERP on account of the initial quarterly withdrawal liability payment as well as potentially subsequent interim quarterly payments while the parties arbitrate the propriety of the expulsion and the amount of the withdrawal liability. On May 19, 2016, CEC objected to the report of the magistrate judge, asserting that a material issue of genuine fact exists and the district court should therefore reject the report’s recommendation and deny the NRF’s summary judgment motion [Docket No. 55]. The parties are awaiting a ruling as of the date hereof.

On November 17, 2015, the magistrate judge overseeing the CEC SDNY Action recommended that the NRF’s motion to dismiss the CEC SDNY Action be granted [Docket No. 33] because under the ERISA statutory scheme, the issue of whether the NRF had the statutory or contractual right under its trust agreement to expel the Caesars controlled group is a matter that must be arbitrated in the first instance. The court subsequently adopted the report and recommendations of the magistrate judge, granting the NRF’s motion to dismiss on December 25, 2015 [Docket No. 36]. CEC appealed this dismissal, which appeal remains pending as of the date hereof.

Additionally, certain trustees of the Board of Trustees for the NRF commenced an action against the NRF and certain other trustees of the Board of Trustees for the NRF, currently pending in the United States District Court for the Southern District of New York, captioned *Wilhelm, et al. v. Noel Beasley, et al.*, Civil Action No. 15-CV-04029 (the “NRF Trustee SDNY Action”), asserting, among other things, that the NRF did not have the ability to expel the Employers from the NRF. The defendants in the NRF Trustee SDNY Action filed counterclaims on July 29, 2015 [Docket No. 66]. On February 2, 2016, the court granted a 60-day stay of the NRF Trustee SDNY Actions to allow the parties to focus on settlement discussions [Docket No. 102]. On April 5, 2016, the court issued an order directing the parties in the NRF Trustee SDNY Action to submit a stipulation and order of dismissal by April 15, 2016, that would dismiss the case without prejudice and make clear that the case is subject to reinstatement upon motion by either party by January 31, 2017 [Docket No. 106].

The NRF SDNY Action and the appeal of the dismissal of the CEC SDNY Action are each currently pending and may affect the outcome of the proceedings with the NRF in the Chapter 11 Cases and the NRF’s final claim amount, if any.

As highlighted below in Article V.A.2, recoveries available under the Plan may materially differ from the projected amounts indicated herein if the NRF is found to have an Allowed \$362 million joint and several liability

General Unsecured Claim against each of the Debtors. As noted above in Article IV.J.7, the Unsecured Creditors' Committee's support of the Plan (if any) is premised on the Debtors reaching a settlement with the NRF. Those settlement discussions remain ongoing.

4. The Hilton Adversary

In December 1998, Hilton spun-off its gaming operations and related assets and liabilities into Park Place Entertainment Corporation ("Park Place"). In connection with the spin-off, Hilton and Park Place entered into various agreements, including (a) an Employee Benefits and Other Employment Allocation Agreement dated December 31, 1998 (the "Allocation Agreement"), whereby Park Place assumed or retained, as applicable, certain liabilities and excess assets, if any, related to the Hilton Hotels Retirement Plan (the "Hilton Plan"), and (b) a Distribution Agreement by and between Hilton and Park Place dated as of December 31, 1998 (the "Distribution Agreement," and with the Allocation Agreement, the "Hilton Agreements"), whereby Hilton "spun off" its gaming operations, assets, and liabilities to Park Place. CEOC is the ultimate successor to the Allocation and Distribution Agreements.

In 1998, a class action on behalf of employees participating in the Hilton Plan was commenced against Hilton and the Hilton Plan in the United States District Court for the District of Columbia (the "Kifafi Court") in a case captioned *Kifafi v. Hilton Hotels Retirement Plan, et al.*, No. 98-cv-01517 (the "Kifafi Litigation"), for alleged violations of ERISA. In 2009, the Kifafi Court granted summary judgment against Hilton and the Hilton Plan with respect to certain of the claims asserted in the Kifafi Litigation. In 2011, the Kifafi Court entered its remedies decision which, among other things, required Hilton and the Hilton Plan to amend the Hilton Plan to address the ERISA violations identified by the Kifafi Court and to make additional contributions to the Hilton Plan consistent with the amendments. In light of the Kifafi Court's remedies order and the resulting amendments to the Hilton Plan, Hilton asserts that, since 2011, it has made additional contributions to the Hilton Plan totaling approximately \$73,266,881. Of this amount, Hilton and the Hilton Plan allege that Hilton contributed approximately \$23,262,870 with respect to the benefits of the "Park Place Individuals" and is thus subject to payment by CEOC and/or CEC.

None of Park Place, CEC, or CEOC was ever named as defendant in the Kifafi Litigation. CEOC and CEC have asserted that they did not have notice of the Kifafi Litigation until 2009, though Hilton disputes this assertion because the Kifafi Litigation was commenced prior to the Park Place spin-off and Hilton and Park Place had overlapping boards of directors after the spin-off. Despite these positions, it is undisputed that Hilton sent a letter informing Park Place of the Kifafi Court's summary judgment ruling in 2009. In December 2013, Caesars received a further letter from Hilton notifying it that all final court rulings had been rendered in relation to the Kifafi Litigation. Caesars was subsequently informed that its obligation under the Allocation Agreement was approximately \$54 million, and that approximately \$19 million related to contributions for historical periods and approximately \$35 million relates to estimated future contributions. Caesars disputed these amounts. On November 21, 2014, in response to a letter from Hilton, Caesars agreed to attempt to mediate a resolution of the matter.

After the Debtors' entry into the Prepetition RSA, on December 24, 2014, Hilton, the GBAC, and Sheldon T. Nelson, as plan administrator for the Hilton Plan (collectively, the "Hilton Plaintiffs"), commenced a lawsuit (the "Hilton Lawsuit") against CEOC and CEC in the United States District Court for the Eastern District of Virginia (the "Virginia Court"). The Hilton Lawsuit relies upon the Hilton Agreements and ERISA and seeks monetary and equitable relief in connection with this ongoing dispute. On January 14, 2015, the Hilton Plaintiffs filed an amended complaint dismissing CEOC as a defendant, in light of the commencement of the Involuntary Proceeding against CEOC on January 12, 2015. On April 14, 2015, the Virginia Court dismissed the unjust enrichment claims asserted in the Hilton Lawsuit and otherwise transferred venue for the remaining claims to the District Court, concluding, among other things, that resolution of the Hilton Lawsuit was "related to" the Chapter 11 Cases. *See Hilton Worldwide, Inc. Global Benefits Admin. Comm. v. Caesars Entm't Corp.*, 532 B.R. 259 (E.D. Va. 2015). On July 30, 2015, the Hilton Lawsuit was referred to this Court in an adversary case captioned *Hilton Worldwide Inc., Global Benefits Administrative Committee, et al. v. Caesars Entm't Corp.*, Adv. No. 15-00545.

On August 10, 2015, the Hilton Plaintiffs filed a motion [Adv. Pro. No. 15-00545 (ABG), Docket No. 15] (the "CEC Motion to Withdraw") seeking to withdraw the reference to the Bankruptcy Court. On August 31, 2015,

CEC filed a motion in the Bankruptcy Court seeking to dismiss the Hilton Lawsuit in its entirety pursuant to Rules 12(b)(6) and 12(b)(7) of the Federal Rules of Civil Procedure [Adv. Pro. No. 15-00545 (ABG), Docket No. 22] (the “Motion to Dismiss”). On September 29, 2015, CEC filed its opposition to the CEC Motion to Withdraw [Civ. No. 15-03349 (JLA), Docket Nos. 64 & 65], and on September 30, 2015, Hilton filed its opposition to the Motion to Dismiss [Adv. Pro. No. 15-00545 (ABG), Docket No. 27]. Briefing on both the CEC Motion to Withdraw and the Motion to Dismiss are complete.

As noted above, the Debtors filed the Hilton Claims Objection in the Chapter 11 Cases, which objects to Hilton’s and GBAC’s claims that are substantially similar to the claims asserted in the Hilton Lawsuit. On October 14, 2015, Hilton and GBAC filed a preliminary objection to the Hilton Claims Objection and a motion to withdraw the reference to the Bankruptcy Court of the Hilton Claims Objection (the “CEOC Motion to Withdraw”) [Docket No. 2420]. The CEOC Motion to Withdraw was docketed in the District Court as Case No. 15-cv-09596. No further briefing has occurred on the Hilton Claims Objection of the CEOC Motion to Withdraw as of the date hereof.

The Debtors believe they have reached an agreement in principle with Hilton regarding the issues discussed above. Until the agreement is signed, however, the Debtors are not in a position to comment on or disclose the terms of the potential settlement. Once this agreement is finalized, the Debtors will file a motion seeking approval of such settlement on proper notice. In addition, to ensure notice of any such settlement, the Debtors will include any settlement agreement as part of the Plan Supplement.

Finally, by agreement of CEOC, CEC, and the Hilton Parties, the parties have requested a stay of any ruling related to the CEC Adversary Proceeding (including on either the CEC Motion to Withdraw or the Motion to Dismiss) or on the Hilton Claims Objections while the parties use the time to negotiate a global settlement. These stays currently run through July 29, 2016.

5. Second Lien RSA Adversary

On August 10, 2015, the Second Priority Noteholders Committee commenced an adversary proceeding (the “Second Lien RSA Adversary”) and filed a related preliminary injunction motion against CEC seeking to obtain declaratory and injunctive relief against what it termed an “unlawful effort to purchase votes” through the Second Lien RSA. *See The Official Committee of Second Priority Noteholders v. Caesars Entertainment Corporation*, Adversary Case No. 15-00578 (ABG) [Docket Nos. 1, 4]. Preliminary hearings on the matter were held in the Bankruptcy Court on August 12 and 13, 2015. On September 21, 2015, the Second Priority Noteholders Committee and CEC entered into a stipulation dismissing the Second Lien RSA Adversary without prejudice.

6. Intercreditor Litigation

On April 7, 2015, Credit Suisse, solely in its capacity as administrative agent and collateral agent under the Prepetition Credit Agreement and credit agreement agent under the Second Lien Intercreditor Agreement, and at the direction of the “required lenders” as such term is defined in the Prepetition Credit Agreement, filed a complaint (the “Second Lien Intercreditor Lawsuit”) in the Supreme Court of the State of New York, New York County, captioned *Credit Suisse AG, Cayman Islands Branch v. Appaloosa Investment Limited Partnership I, et al.*, against the members of the Second Priority Noteholders Committee and the Petitioning Creditors (collectively, the “Second Lien Defendants”) seeking an end to the Second Lien Defendants’ “past and threatened future violations of the [Second Lien Intercreditor Agreement].” In the Second Lien Intercreditor Lawsuit, Credit Suisse argues, among other things, that (a) the turnover provisions in the Second Lien Intercreditor Agreement provide the First Lien Lenders priority of recovery with respect to collateral, including Common Collateral (as such term is defined in the Second Lien Intercreditor Agreement), (b) the Second Lien Intercreditor Agreement provides the First Lien Lenders with the exclusive right to enforce rights with respect to the Common Collateral until such holders have been paid in full in cash, (c) the Second Lien Intercreditor Agreement expressly prohibits the Second Lien Noteholders from taking any action to challenge or contest the First Lien Lenders’ liens, and (d) the Second Lien Defendants violated these provisions of the Second Lien Intercreditor Agreement by filing the WSFS Delaware Action, initiating the Involuntary Proceeding, and requesting the appointment of an examiner in the Chapter 11 Cases. The Second Lien

Intercreditor Lawsuit, among other things, seeks declaratory and injunctive relief, including as to the payment of professional fees as to the Second Priority Noteholders Committee's professionals.

On May 4, 2015, pursuant to 28 U.S.C. §§ 1334, 1446, 1452, and Bankruptcy Rule 9027, the Second Lien Defendants removed the Second Lien Intercreditor Lawsuit to the United States District Court for the Southern District of New York. On June 6, 2015, Credit Suisse and the Second Lien Defendants filed dueling motions seeking to transfer the Second Lien Intercreditor Lawsuit: Credit Suisse sought return to New York state court, where the Second lien Intercreditor Lawsuit was originally filed, and the Second Lien Defendants sought transfer to the Bankruptcy Court. On September 9, 2015, the District Court for the Southern District of New York granted the Second Lien Defendants' motion and transferred the Second Lien Intercreditor Lawsuit to the District Court for referral to the Bankruptcy Court. *See Credit Suisse AG, Cayman Islands Branch v. Appaloosa Investment L.P. I*, 2015 WL 5257003 (S.D.N.Y. Sept. 9, 2015). On September 30, 2015, the Second Lien Intercreditor Lawsuit was referred to the Bankruptcy Court as Adversary Case No. 15-00754. Credit Suisse voluntarily dismissed the case without prejudice on December 23, 2015 [Docket No. 18].

7. The Second Lien Preference Action Adversary

On June 6, 2016, the Debtors commenced an adversary proceeding (the "Second Lien Preference Action Adversary") against the Second Lien Agent and the indenture trustees for the Debtors' four series of Second Lien Notes (collectively, the "Second Lien Parties") to avoid liens on commercial tort claims ("Commercial Tort Claims") granted to the Second Lien Parties on November 25, 2014, which liens were perfected by the filing of UCC-1 financing statements on November 26, 2014 (the purported granting of a perfected lien in the Commercial Tort Claims referred collectively as the "Transfer"). By the Second Lien Preference Action Adversary, the Debtors assert that the Transfer is a preferential transfer made to a creditor on account of an antecedent debt when the Debtors were insolvent within 90 days of the Petition Date and is an avoidable preference under section 547 of the Bankruptcy Code. *See* Bankruptcy Code § 547(b). The Second Lien Preference Action Adversary remains pending as of the date hereof.

T. Other Pending Litigation Proceedings

The Debtors are parties to a number of lawsuits, legal proceedings, collection proceedings, and claims arising out of their business operations, including those lawsuits and other actions described more fully herein. The Debtors cannot predict with certainty the outcome of these lawsuits, legal proceedings, and claims.

With certain exceptions, the filing of the Chapter 11 Cases operates as a stay with respect to the commencement or continuation of litigation against the Debtors that was or could have been commenced before the commencement of the Chapter 11 Cases. In addition, the Debtors' liability with respect to litigation stayed by the commencement of the Chapter 11 Cases is generally subject to discharge, settlement, and release upon confirmation of a plan under chapter 11, with certain exceptions. Therefore, certain litigation Claims against the Debtors may be subject to discharge in connection with the Chapter 11 Cases.

U. Monetizing the Former Harrah's Tunica Property

As more fully disclosed in the Debtors' motion to dismantle the barges that were formerly used to operate the now-closed Harrah's Tunica casino property [Docket No. 599] (the "Dismantlement Motion"), the Debtors have been actively marketing the Harrah's Tunica property since 2012. Shortly after the filing of the Chapter 11 Cases, the Debtors, in their business judgment, embarked on a multi-phase effort to repurpose the Harrah's Tunica property to make it more marketable to potential buyers, including those who were not interested in operating a casino. First, the Debtors obtained entry of an order [Docket No. 1021] approving the Dismantlement Motion, which permitted the Debtors to liquidate the barges housing the former casino at the property. Next, with this property and its attendant costs soon to be removed, the Debtors have been able to focus on the next phase of their process—a formal marketing and sale process with respect to the remainder of the assets located at the former Harrah's Tunica location (the "Tunica Property"). By selling the Tunica Property through a formal marketing and auction process conducted pursuant to section 363 of the Bankruptcy Code, the Debtors believe they can achieve the most value-maximizing

result for benefit of all of the Debtors' Estates. Selling the Tunica Property will also unburden the Debtors of significant ongoing carrying costs, which currently total approximately \$1 million per month. After months of negotiations, the Debtors entered into a purchase agreement with TJM Properties, Inc. ("TJM") to sell the Tunica Property for \$3 million, subject to higher or better offers. Importantly, as part of this agreement, TJM agreed to be the stalking horse in a competitive bidding process. On September 5, 2015, the Debtors filed a motion seeking approval of bidding procedures for a formal marketing and auction process for the Tunica Property with the stalking horse bid as the baseline bid [Docket No. 2172] (the "Tunica Sale Motion"). On September 29, 2015, the Bankruptcy Court entered an order [Docket No. 2358] approving the Debtors' proposed bidding procedures and auction process. No qualified bids were submitted on or before the bidding deadline. Accordingly, the Debtors filed a notice of cancellation of the auction and designation of the stalking horse bidder as the successful bidder on October 26, 2015 [Docket No. 2500]. On November 2, 2015, the Bankruptcy Court entered an order authorizing the Debtors to sell the Tunica Property to TJM [Docket No. 2524] (the "Tunica Sale Order"). The Debtors closed the sale of the Tunica Property to TJM on January 20, 2016.

V. Workload Bonus Program

On July 1, 2015, the Debtors filed the Debtors' Motion for Entry of an Order (A) Authorizing and Approving the Workload Bonus Program for Certain Non-Insider Employees and (B) Granting Related Relief [Docket No. 1851] (the "Workload Bonus Motion"). Among other things, the Workload Bonus Motion sought the Bankruptcy Court's approval of an award pool totaling approximately \$550,000 to reward 22 key, non-insider CES employees. Under the bonus program outlined in the Workload Bonus Motion, each program participant (depending on position and workload) would be eligible to receive up to 15 or 30 percent of such participant's base salary in additional cash awards. On July 27, 2015, the Bankruptcy Court entered an order [Docket No. 1975] approving the relief sought by the Workload Bonus Motion.

W. Rejection and Assumption of Executory Contracts and Unexpired Leases

Prior to the Petition Date and in the ordinary course of business, the Debtors entered into thousands of Executory Contracts and Unexpired Leases. The Debtors have reviewed and will continue to review during the Chapter 11 Cases such Executory Contracts and Unexpired Leases to identify contracts and leases for either assumption or rejection.

To date, the Debtors have filed five omnibus motions (the "Contract Rejection Motions") seeking to reject a total of fifteen Executory Contracts in the aggregate [Docket Nos. 378, 666, 1175, 1755, 1863]. The Bankruptcy Court approved the relief sought in these motions with respect to twelve of these Executory Contracts in several orders [Docket Nos. 641, 990, 1323, 1801, 1928]. The Debtors withdrew the applicable Contract Rejection Motion with respect to one of the Executory Contracts⁵² following a consensual renegotiation of its terms and conditions. In addition, the Debtors have continued the applicable Contract Rejection Motion [Docket No. 1755] (the "Seibel Rejection Motion") with respect to two of the Executory Contracts with entities affiliated with Rowen Seibel in connection with the Gordon Ramsay Pub and Grills located at Caesars Palace and Caesars Atlantic City.⁵³ The Debtors, FERG, and LLTQ have been engaged in ongoing settlement discussions and discovery related to the Seibel Rejection Motion since its filing in June 2015. FERG and LLTQ have also filed a motion seeking payment of administrative expenses related to the Gordon Ramsay Pub and Grills [Docket No. 2531] (the "Seibel Admin

⁵² That contract is that certain Development and Operating Agreement, dated as of June 5, 2006, by and between Payard Management, LLC and Desert Palace, Inc. (as amended, restated, or otherwise supplemented from time to time, the "Payard Agreement").

⁵³ These contracts are: (a) that certain Consulting Agreement, dated as of May 16, 2014, by and between FERG, LLC ("FERG") and Boardwalk Regency Corporation d/b/a Caesars Atlantic City (as amended, restated, or otherwise supplemented from time to time, the "FERG Consulting Agreement") and (b) that certain Development and Operation Agreement, dated as of April 4, 2012, by and between LLTQ Enterprises, LLC ("LLTQ") and Desert Palace, Inc. (as amended, restated, or otherwise supplemented from time to time, the "LLTQ Development Agreement," and together with the FERG Consulting Agreement, the "Restaurant Agreements").

Motion”), which also remains pending as of the date hereof. Relatedly, on January 14, 2016, the Debtors filed a motion seeking to reject two restaurant license agreements with Gordon Ramsey and his affiliated entities and enter into new agreements that provide additional annual savings to the Debtors [Docket No. 3000] (the “Ramsay Motion”). FERG and LLTQ objected to the Ramsay Motion as well. Discovery related to the Seibel Rejection Motion, the Seibel Admin Motion, and the Ramsay Motion are ongoing pursuant to an agreed discovery order entered by the Bankruptcy Court on March 14, 2016 [Docket No. 3393], and each motion is set for status at the omnibus hearing scheduled for July 20, 2016.

On April 15, 2015, the Debtors filed the Debtors’ Motion for Entry of an Order (I) Extending the Time Within Which the Debtors Must Assume or Reject Unexpired Leases of Nonresidential Real Property and (II) Granting Related Relief [Docket No. 1176], whereby the Debtors requested a 90-day extension to assume or reject unexpired leases of nonresidential real property through and including August 13, 2015. On May 7, 2015, the Bankruptcy Court entered an order granting the relief requested therein [Docket No. 1474], which extended the time by which the Debtors must assume or reject such leases until August 13, 2015 (the “Section 365(d)(4) Deadline”).

The Debtors, with the assistance of their advisors, thereafter spent significant time carefully reviewing their unexpired leases which may be subject to the Section 365(d)(4) Deadline. The Debtors identified approximately 53 such leases and considered a variety of factors in determining whether to assume, reject, or seek a further extension with respect to such leases, including whether the lease: (a) is operationally indispensable; (b) generates a net economic benefit for the Debtors’ Estates (*e.g.*, whether the related hotel and/or casino is profitable); (c) contains market or fair and reasonable terms under the circumstances; (d) counterparty has recently renegotiated, or refused to renegotiate, the lease on more favorable terms; (e) is replaceable by another lease, including the costs associated with such replacement; (f) has strategic or intrinsic real estate value; (g) supports services that are standard to, if not necessary to remain competitive in, the gaming industry; and (h) has any defaults to cure and the costs thereof. On July 30, 2015 the Debtors filed the *Debtors’ Motion for the Entry of an Order (I) Authorizing (A) Assumption of Certain Nonresidential Real Property Leases, (B) Rejection of Certain Nonresidential Real Property Leases Nunc Pro Tunc to July 31, 2015, and (C) Consensual Extensions of Time to Assume or Reject of Certain Nonresidential Real Property Leases, and (II) Granting Related Relief* [Docket No. 1984] (the “Unexpired Leases Motion”), which sought to assume thirty-one unexpired leases, reject two unexpired leases, and further extend (with written consent from the applicable lease counterparty) the Section 365(d)(4) Deadline with respect to twenty unexpired leases. On August 12, 2015, the Bankruptcy Court entered an order granting the relief requested in the Unexpired Leases Motion other than with respect to two unexpired leases where the Unexpired Leases Motion was continued by agreement between the Debtors, the Unsecured Creditors Committee, and the Second Priority Noteholders Committee [Docket No. 2056]. The Bankruptcy Court entered an order authorizing the Debtors to assume and assign the remaining two leases on November 17, 2015 [Docket No. 2604]. The Debtors have continued to analyze their unexpired leases and have filed two additional motions related thereto. First, on November 20, 2015, the Debtors filed a motion to assume and assign a nonresidential real property lease to CES [Docket No. 2674], which motion was granted by the Bankruptcy Court on December 14, 2015 [Docket No. 2716]. Second, on January 28, 2016, the Debtors filed a motion to reject a burdensome lease with the Board of Levee Commissioners for the Yazoo-Mississippi Delta related to the former Harrah’s Tunica Casino property [Docket No. 3153], which motion was granted by the Bankruptcy Court on February 12, 2016 [Docket No. 3258].

The Debtors estimate they have obtained at least \$15.4 million in annual savings from the various Contract Rejection Motions, through the assignment of certain leases to CES, and through the rejection of certain unexpired nonresidential real property leases.

The Debtors intend to include information in the Plan Supplement regarding the assumption or rejection of the remainder of their Executory Contracts and Unexpired Leases to be carried out as of the Effective Date, but may also elect to file additional discrete motions seeking to assume or reject various of the Debtors’ Executory Contracts and Unexpired Leases before such time.

X. Postpetition Letter of Credit Facility

Like many large companies, the Debtors require letters of credit to comply with certain laws and regulations. As stated above, as of the Petition Date, the Debtors had approximately \$101.3 million in letters of credit (the “LCs”) issued by Bank of America, N.A. (as former agent for the Prepetition Credit Agreement) and Credit Suisse (as current agent under the Prepetition Credit Agreement). After the Petition Date, approximately \$36.8 million of the letters of credit issued and outstanding under the Prepetition LC Facility expired and were drawn upon, transferred to non-Debtor CEOC affiliates or property owners, or replaced with cash deposits. Approximately 22 letters of credit totaling approximately \$64.5 million remained outstanding, however, and approximately 88.9 percent of such amount was due to expire before June 30, 2015. As such, and because the applicable regulations generally require the Debtors to maintain letters of credit or replace them upon notice of non-renewal, the Debtors entered into negotiations with Credit Suisse to secure Credit Suisse’s agreement to continue issuing letters of credit so that CEOC would remain in compliance with the regulations and agreements.

On May 6, 2015, the Debtors filed the Debtors’ Motion for Entry of an Order (I) Authorizing Debtor Caesars Entertainment Operating Company, Inc. to Enter Into a Letter of Credit Agreement, (II) Modifying the Automatic Stay to Permit Implementation of that Agreement, and (III) Granting Related Relief [Docket No. 1471] (the “LC Motion”) seeking Bankruptcy Court’s authorization to enter into that certain Letter of Credit Reimbursement and Security Agreement (the “LC Agreement”), by and between CEOC and Credit Suisse, attached to the LC Motion. The LC Agreement represented more than a month’s worth of good-faith negotiations between the Debtors and Credit Suisse and, as more fully described in the LC Motion, preserved CEOC’s flexibility in accommodating the replacement of expiring letters of credit while avoiding disruptions to operations that would unnecessarily distract management and complicate the Debtors’ restructuring efforts. After further negotiations between the Debtors and their stakeholders, on May 22, 2015, Bankruptcy Court granted the relief sought in the LC Motion [Docket No. 1671] and CEOC entered into the LC Agreement shortly thereafter. The LC Agreement was amended to extend its maturity date an additional 15 months on May 2, 2016 [Docket No. 3623].

Y. Debtors’ Monthly Operating Reports

The Debtors have filed thirteen monthly operating reports for February 2015 through April 2016 [Docket Nos. 1039, 1406, 1724, 1853, 1986, 2137, 2373, 2517, 2670, 2849, 3159, 3327, 3458, 3614, and 3838]. Net revenue for the period from the Petition Date through April 30, 2016 totaled \$5.23 billion. Operating expenses during this period with respect to the casinos were \$4.47 billion. The Debtors reported \$752 million in income from operations for this period. As of April 30, 2016, the Debtors hold unrestricted cash on the consolidated balance sheet in the amount of \$1.07 billion and liabilities subject to compromise were \$18.88 billion.

ARTICLE V. SUMMARY OF THE PLAN

The Debtors believe that the Plan maximizes the value of their two major assets—their business and their estate causes of actions against CEC and certain of its affiliates.

To maximize the value of their businesses, the Debtors will reorganize into a real estate investment trust structure that will enable them to unlock substantial value for the benefit of their stakeholders given the relatively favorable valuations associated with such entities as opposed to traditional gaming companies. Under this structure, the Debtors will be split into two separate companies—OpCo and PropCo. Subject to certain exclusions, the Debtors will contribute substantially all of their U.S.-based real property assets to PropCo (including PropCo subsidiaries) (the “Contributed Properties”), and PropCo will lease back most of those assets to OpCo in exchange for annual lease payments on the terms set forth in the Master Lease Agreements. Preliminary lists of such properties are attached as Exhibits A–D to the Lease Term Sheet attached as Exhibit C to the Plan. These lists remain subject to revision in all respects and final lists will be included as part of the Plan Supplement. As discussed in greater detail below, the Debtors’ contribution of real property assets to PropCo will be completed through either the Spin Structure or the Partnership Contribution Structure. The REIT will hold and control (either

directly or indirectly) the general partnership interest in PropCo, and will also hold limited partnership interests in PropCo.

To maximize the value of their estate causes of action against CEC and certain of its affiliates, and as discussed in greater detail above, the Special Governance Committee undertook a comprehensive independent investigation into the viability of such claims. The Special Governance Committee assessed the merits of multiple potential claims, weighed the probability of successfully litigating such claims, and analyzed the attendant litigation, execution, and business risks and costs. The Special Governance Committee then leveraged this information in negotiations to extract significant contributions from CEC and its affiliates that drive increased recoveries (both cash and noncash) under the Plan and provide important credit support to various OpCo obligations. But this consideration is contingent on a global settlement and release of claims against CEC and its affiliates, including claims held by both Debtors and third parties. The Debtors believe, in light of the foregoing, that the global settlement embodied by the Plan and the related releases are fair, reasonable, and in the best interests of the Debtors' Estates. Indeed, such releases are necessary for the Debtors' proposed reorganization because without them there would be no contributions from CEC to drive the significantly enhanced recoveries on which the Plan is premised.

A. Proposed Treatment of Each Class of Claims and Interests

As set forth in Article III of the Plan and in accordance with sections 1122 and 1123(a)(1) of the Bankruptcy Code, all Claims and Interests (other than Administrative Claims, Priority Tax Claims, and Professional Fee Claims, which are unclassified Claims under the Plan) are classified into Classes for all purposes, including voting, Confirmation, and distributions pursuant to the Plan. A Claim or Interest is classified in a particular Class only to the extent that the Claim or Interest qualifies within the description of that Class. A Claim or Interest is also classified in a particular Class for the purpose of receiving distributions pursuant to the Plan only to the extent that such Claim or Interest is an Allowed Claim or Allowed Interest in that Class and has not been paid, released, or otherwise satisfied prior to the Effective Date.

1. Unclassified Claims

In accordance with section 1123(a)(1) of the Bankruptcy Code, the Plan does not classify Administrative Claims, Priority Tax Claims, or Professional Fee Claims and, thus, Article III of the Plan does not include such Claims in the Classes of Claims set forth therein. Instead, Article II of the Plan provides for the satisfaction of these unclassified Claims. The treatment and the projected recoveries under the Plan of these unclassified Claims, which are not entitled to vote on the Plan, are described in summary form below for illustrative purposes only.

Unclassified Claim	Plan Treatment	Estimated Amount and Number of Allowed Claims⁵⁴	Estimated Percent Recovery Under the Plan
Administrative Claims	Unimpaired	\$0.5–12.9 1800 Claims	100%
Priority Tax Claims ⁵⁵	Unimpaired	\$0.5–1.1 50 Claims	100%
Professional Fee Claims ⁵⁶	Unimpaired	\$58–68 15 Claims	100%

⁵⁴ All dollar amounts in millions.

⁵⁵ The Louisiana Department of Revenue disputes this estimate and believes the Priority Tax Claim amount may be higher than estimated.

⁵⁶ The Professional Fee Claims set forth herein and in the Plan constitute the estimated unpaid Professional Fee Claims as of a hypothetical Effective Date of December 31, 2016, and this estimate is nonbinding and is subject to material revision.

2. Classified Claims

The table below summarizes the classification and treatment of all classified Claims against and Interests in each Debtor (as applicable) under the Plan.⁵⁷ The ability of a Holder of Claims or Interests to vote on, and such Holder's distribution under, the Plan, if any, depends on the type of Claim or Interest held by such Holder (if any) and the treatment afforded any such Claim or Interest. The classification, treatment, voting rights, and projected recoveries of classified Claims are described in summary form below for illustrative purposes only, and are subject to material change.

In particular, recoveries available to the Holders of Claims in Classes D–O are estimates and actual recoveries may materially differ based on, among other things, whether the amount of Claims actually Allowed against the applicable Debtor exceed the estimates provided below and the actual market value of non-cash recoveries. Furthermore, the following estimated recoveries may be materially reduced altered if: (a) the NRF is found to have an Allowed \$362 million joint and several liability claim at each of the Debtors; (b) the Holders of Subsidiary-Guaranteed Notes Claims are not required to turn over recoveries pursuant to the Subsidiary-Guarantee Notes Intercreditor Agreement; and (c) the Holders of Class E Secured First Lien Notes Claims do not waive their deficiency claims as contemplated by the Plan and the RSAs.

Class	Type of Claim or Interest	Status	Estimated Amount and Number of Allowed Claims or Interests ⁵⁸	Estimated Percent Recovery Under the Plan
Class A (Each Debtor)	Secured Tax Claims	Unimpaired (Deemed to Accept)	<\$0.1 1 Claim	100%
Class B (Each Debtor)	Other Secured Claims	Unimpaired (Deemed to Accept)	\$45.9 50 Claims	100%
Class C (Each Debtor)	Other Priority Claims	Unimpaired (Deemed to Accept)	\$1.0–1.2 50 Claims	100%
Class D (Each Debtor other than Non-Obligor Debtors)	Prepetition Credit Agreement Claims	Impaired (Entitled to Vote)	\$5,425.3 3 Claims	Class F Rejects: 113%–117% Class F Accepts: 112–115%
Class E (Each Debtor other than Non-Obligor Debtors)	Secured First Lien Notes Claims	Impaired (Entitled to Vote)	\$6,529.5 1 Claim	Class F Rejects: 96%–128% Class F Accepts: 94%–124%
Class F (Each Debtor other than Non-Obligor Debtors)	Second Lien Notes Claims	Impaired (Entitled to Vote)	\$5,522.5 ⁵⁹ 3 Claims	Accept: 29%–48% Reject: 22%–34%

⁵⁷ The Debtors reserve the right to separately classify Claims to the extent necessary to comply with any requirements under the Bankruptcy Code or applicable law.

⁵⁸ All dollar amounts in millions.

⁵⁹ As noted above, if the OID Objection is successful it would reduce the aggregate allowed amount of the Second Lien Notes Claims to approximately \$3.7 billion. See Article IV.P.2.

Class	Type of Claim or Interest	Status	Estimated Amount and Number of Allowed Claims or Interests ⁵⁸	Estimated Percent Recovery Under the Plan
Class G (CEOC and Each Subsidiary Guarantor)	Subsidiary-Guaranteed Notes Claims	Impaired (Entitled to Vote)	\$502.0 1 Claim	Accept: 61%–105% Reject: 11%
Class H (CEOC)	Senior Unsecured Notes Claims ⁶⁰	Impaired (Entitled to Vote)	\$536.2 2 Claims	Accept: 33%–56% Reject: 22%–33%
Class I (Each Debtor other than Non-Obligor Debtors and the BIT Debtors)	Undisputed Unsecured Claims	Impaired (Entitled to Vote)	\$92.0 100 Claims	Accept: 34% - 54% Reject: 22% - 33%
Class J (Each Debtor other than Non-Obligor Debtors and the BIT Debtors)	Disputed Unsecured Claims	Impaired (Entitled to Vote)	\$137.5–176.1 2,500 Claims	34% - 54%
Class K (Each Debtor other than Non-Obligor Debtors and the BIT Debtors)	Convenience Unsecured Claims	Impaired (Entitled to Vote)	\$23.8–26.8 3,000 Claims	47%
Class L (Each Par Recovery Debtor)	Par Recovery Unsecured Claims	Impaired (Entitled to Vote)	\$43.5–51.0 2,200 Claims	100%
Class M (Winnick Holdings, LLC)	Winnick Unsecured Claims	Impaired (Entitled to Vote)	<\$0.1 10 Claims	67%
Class N (Caesars Riverboat Casino, LLC)	Caesars Riverboat Casino Unsecured Claims	Impaired (Entitled to Vote)	\$2.5–2.9 250 Claims	71%
Class O (Chester Downs Management Company, LLC)	Chester Downs Management Unsecured Claims	Impaired (Entitled to Vote)	\$1.2-1.5 100 Claims	87%
Class P (Each Non-Obligor Debtor)	Non-Obligor Unsecured Claims	Unimpaired (Deemed to Accept)	\$4.3–4.9 300 Claims	100%
Class Q (Each Debtor)	Section 510(b) Claims	Impaired (Deemed to Reject)	\$0.0 0 Claims	0%

⁶⁰ The estimated amount of Unsecured Claims included herein includes the amount of Senior Unsecured Notes that CAC will waive pursuant to the terms of the Plan.

Class	Type of Claim or Interest	Status	Estimated Amount and Number of Allowed Claims or Interests ⁵⁸	Estimated Percent Recovery Under the Plan
Class R (Each Debtor)	Intercompany Claims	Impaired (Deemed to Reject)	\$0.0–4,894.4 15 Claims	0% ⁶¹
Class S (Each Debtor)	Intercompany Interests	Impaired (Deemed to Reject)	\$0.0 0 Claims	0%–100%
Class T (CEOC)	CEOC Interests	Impaired (Deemed to Reject)	\$0.0 0 Claims	0%
Class U (Des Plaines Development Limited Partnership)	Des Plaines Interests	Unimpaired (Deemed to Accept)	\$0.0 0 Claims	100%

B. Proposed Distributions to Holders of Allowed Claims and Interests

The Plan contemplates the following distributions to Holders of Allowed Claims and Interests, among other recoveries:

Claim Holders	Summary of Plan Distributions
Holders of Secured Tax Claims (Class A)	<u>Unimpaired.</u> Subject to Article VI of the Plan, on the Effective Date, except to the extent a Holder of an Allowed Secured Tax Claim agrees to less favorable treatment, each such Holder will receive, at the option of the Reorganized Debtors: (a) payment in full in Cash of such Holder’s Allowed Secured Tax Claim as of the Effective Date or as soon as reasonably practicable thereafter or (b) equal semi-annual Cash payments commencing as of the Effective Date or as soon as reasonably practicable thereafter and continuing for five years, in an aggregate amount equal to such Allowed Secured Tax Claim, together with interest at the applicable non-default contract rate under non-bankruptcy law, subject to the option of the Reorganized Debtors to prepay the entire amount of such Allowed Secured Tax Claim during such time period.
Holders of Other Secured Claims (Class B)	<u>Unimpaired.</u> Subject to Article VI of the Plan, on the Effective Date, except to the extent a Holder of an Allowed Other Secured Claim agrees to less favorable treatment, each such Holder will receive, at the option of the Reorganized Debtors: (a) payment in full in Cash of such Holder’s Allowed Other Secured Claim; (b) Reinstatement of such Holder’s Allowed Other Secured Claim; (c) the collateral securing such Holder’s Allowed Other Secured Claim; or (d) such other treatment rendering such Holder’s Allowed Other Secured Claim Unimpaired.
Holders of Other Priority Claims	<u>Unimpaired.</u> Subject to Article VI of the Plan, on the Effective Date, except to the extent a Holder of an Allowed Other Priority Claim agrees to less favorable treatment, each such Holder will receive, at the option of the Reorganized Debtors: (a) payment in full in Cash on

⁶¹ The Plan provides that Intercompany Claims will be cancelled and no distributions will be made, but provides the Reorganized Debtors the ability to reconcile such Intercompany Claims as may be advisable in order to avoid the incurrence of any past, present, or future tax or similar liabilities by the Reorganized Debtors.

Claim Holders	Summary of Plan Distributions
(Class C)	the later of the Effective Date and the date such Other Priority Claim becomes an Allowed Other Priority Claim or as soon as reasonably practicable thereafter; or (b) such other treatment rendering such Holder's Allowed Other Priority Claim Unimpaired.
<p> Holders of Prepetition Credit Agreement Claims </p> <p>(Class D)</p>	<p><u>Impaired.</u> On the Effective Date, except to the extent a Holder of an Allowed Prepetition Credit Agreement Claim agrees to less favorable treatment, each such Holder will receive its Pro Rata share of:</p> <ul style="list-style-type: none"> • \$705 million in Cash, minus any Cash amounts up to \$300 million paid by the Debtors prior to the Effective Date pursuant to an order of the Bankruptcy Court authorizing such earlier payment (<u>provided</u>, for the avoidance of doubt, that such \$300 million payment shall not be the adequate protection payments authorized pursuant to the Cash Collateral Order); • \$882 million of additional Cash out of the proceeds of the syndication of the OpCo First Lien Debt to third parties, <u>provided, however</u>, that solely to the extent that the OpCo First Lien Debt is not fully syndicated and solely to the extent that the Requisite Consenting Bank Creditors waive such requirement as set forth in Article IX.B of the Plan, for the unsubscribed portion of the OpCo First Lien Debt such Holder will receive such Holder's Pro Rata share of the OpCo First Lien Term Loan issued in the amount of the unsubscribed portion of the OpCo First Lien Debt in lieu of such Cash; • \$406 million of additional Cash out of the proceeds of the issuance of OpCo Second Lien Debt to third parties, <u>provided, however</u>, that solely to the extent that the OpCo Second Lien Debt is not fully syndicated and solely to the extent that the Requisite Consenting Bank Creditors waive such requirement as set forth in Article IX.B of the Plan, for the unsubscribed portion of the OpCo Second Lien Debt such Holder will receive such Holder's Pro Rata share of the OpCo Second Lien Notes issued in the amount of the unsubscribed portion of the OpCo Second Lien Debt in lieu of such Cash; • \$1,961 million of the PropCo First Lien Term Loan, subject to the right to elect to receive PropCo Common Equity rather than such PropCo First Lien Term Loan pursuant to the PropCo Equity Election; • \$1,450 million of (A) the PropCo Second Lien Upsize Amount (subject to the right to elect to receive PropCo Common Equity rather than the PropCo Second Lien Notes issued pursuant to the PropCo Second Lien Upsize Amount pursuant to the PropCo Equity Election), if any, and (B) additional Cash in the amount of the difference between (I) \$1,450 million <u>minus</u> the sum of (II) the amount of the PropCo Second Lien Upsize Amount; <u>provided that</u> such Holder shall receive an equivalent principal amount of CPLV Mezzanine Loan instead of the PropCo Second Lien Upsize Amount if Class D elects (on the Class D Ballot) as a Class (on majority vote based solely on principal amount of Prepetition Credit Agreements Claims held) to cause the CPLV Mezzanine Election to occur pursuant to the Prepetition Credit Agreement CPLV Option Procedures, and (III) the amount of CPLV Mezzanine Debt issued to the Holders of Prepetition Credit Agreement Claims; and • OpCo Series A Preferred Stock, which shall be exchanged pursuant to the CEOC Merger for either (A) solely if Class F votes to reject the Plan, 5% of New CEC Common Equity or (B) solely if Class F votes to accept the Plan, 4% of New CEC

Claim Holders	Summary of Plan Distributions
	<p>Common Equity, in both instances on a fully diluted basis (giving effect to the issuance of the New CEC Convertible Notes but not taking into account any dilution from any New CEC Capital Raise).</p>
<p> Holders of Secured First Lien Notes Claims (Class E)</p>	<p><u>Impaired.</u> On the Effective Date, except to the extent a Holder of an Allowed Secured First Lien Notes Claim agrees to less favorable treatment, each such Holder will receive its Pro Rata share of:</p> <ul style="list-style-type: none"> • \$700 million in Cash, minus any Cash amounts up to \$103.5 million paid by the Debtors prior to the Effective Date pursuant to an order of the Bankruptcy Court authorizing such earlier payment (<u>provided</u>, for the avoidance of doubt, that such \$103.5 million payment shall not be the adequate protection payments authorized pursuant to the Cash Collateral Order); • \$306 million of Cash out of the proceeds of the issuance of the OpCo First Lien Debt to third parties, <u>provided, however</u>, that solely to the extent that the OpCo First Lien Debt is not fully syndicated and solely to the extent that the Requisite Consenting Bond Creditors waive such requirement as set forth in Article IX.B of the Plan, for the unsubscribed portion of the OpCo First Lien Debt such Holder will receive such Holder's Pro Rata share of the OpCo First Lien Notes issued in the amount the unsubscribed portion of the OpCo First Lien Debt in lieu of such Cash; • \$141 million of Cash out of the proceeds of the issuance of the OpCo Second Lien Debt to third parties, <u>provided, however</u>, that solely to the extent that the OpCo Second Lien Debt is not fully syndicated and solely to the extent that the Requisite Consenting Bond Creditors waive such requirement as set forth in Article IX.B of the Plan, for the unsubscribed portion of the OpCo Second Lien Debt such Holder will receive such Holder's Pro Rata share of the OpCo Second Lien Notes issued in the amount of the unsubscribed portion of the OpCo Second Lien Debt in lieu of such Cash; • \$431 million of the PropCo First Lien Notes, subject to the right to elect to receive PropCo Common Equity rather than such PropCo First Lien Notes pursuant to the PropCo Equity Election; • \$1,425 million, consisting of a combination of (A) PropCo Second Lien Notes (subject to the right to elect to receive PropCo Common Equity rather than such PropCo Second Lien Notes pursuant to the PropCo Equity Election), and (B) Cash equal to the excess (if any) of (I) \$250 million over (II) the amount of CPLV Mezzanine Debt allocated to Holders of Secured First Lien Notes Claims pursuant to Article IV.A.3 of the Plan (prior to giving effect to any CPLV Mezzanine Equitized Debt); • the PropCo Preferred Equity Distribution, subject to the PropCo Preferred Equity Put Right and the PropCo Preferred Equity Call Right; • \$1,107 million of (A) the CPLV Mezzanine Debt (subject to the right to elect to receive PropCo Common Equity rather than such CPLV Mezzanine Debt pursuant to the PropCo Equity Election) and (B) additional Cash in the amount of the difference between (I) \$1,107 million minus (II) the amount of the CPLV Mezzanine Debt (other than any CPLV Mezzanine Debt issued to the holders of Prepetition Credit Agreement Claims pursuant to the CPLV Mezzanine Election) and the PropCo

Claim Holders	Summary of Plan Distributions
	<p>Preferred Equity Upsize Shares;</p> <ul style="list-style-type: none"> • either (A) if the Spin Structure is used, 100% of PropCo Common Equity on a fully diluted basis (excluding dilution from PropCo Preferred Equity, if any, and the PropCo Equity Election), or (B) if the Partnership Contribution Structure is used, (I) 95% of PropCo Common Equity on a fully diluted basis (excluding dilution from PropCo Preferred Equity, if any, and the PropCo Equity Election) and (II) \$91 million in Cash; • OpCo Series A Preferred Stock, which shall be exchanged pursuant to the CEOC Merger for either (A) solely if Class F votes to reject the Plan, 15.8% of New CEC Common Equity or (B) solely if Class F votes to accept the Plan, 12.5% of New CEC Common Equity, in both instances on a fully diluted basis (giving effect to the issuance of the New CEC Convertible Notes but not taking into account any dilution from any New CEC Capital Raise); and • solely if Class F votes to accept the Plan, the Additional CEC Consideration (i.e., CEC shall (a) contribute to the Debtors on the Effective Date Cash in the amount of \$20 million per month and/or (2) issue New CEC Common Equity (at a price per share of New CEC Common Equity using an equity value for New CEC of \$6.5 billion) equal to \$20 million per month (which shall be issued in exchange for OpCo Series A Preferred Stock pursuant to the CEOC Merger), in both instances commencing on May 1, 2017, and ending on the Effective Date, which amount shall be prorated for any partial month).
<p>Holders of Second Lien Notes Claims (Class F)</p>	<p><u>Impaired.</u> Subject to Article VI of the Plan, on the Effective Date, except to the extent that a Holder of an Allowed Second Lien Notes Claim agrees to a less favorable treatment, in full and final satisfaction, compromise, settlement, release, and discharge of and in exchange for each Allowed Second Lien Notes Claim, and subject to any Reduced Claim Adjustment each such Holder shall receive its Pro Rata share of:⁶²</p> <ul style="list-style-type: none"> • <u>if Class F votes to accept the Plan</u>, their Pro Rata share of the following: <ul style="list-style-type: none"> • \$790,980,000 of New CEC Convertible Notes, which shall be convertible pursuant to the terms of the New CEC Convertible Notes Indenture in the aggregate for up to 9.646% of New CEC Common Equity on a fully diluted basis; and • OpCo Series A Preferred Stock, which shall be exchanged pursuant to the CEOC Merger for 17.435% of New CEC Common Equity on a fully diluted basis (giving effect to the issuance of the New CEC Convertible Notes but not taking into account any dilution from any New CEC Capital Raise).

⁶² As noted above, if the OID Objection is successful it would reduce the aggregate allowed amount of the Second Lien Notes Claims to approximately \$3.7 billion. See Article IV.P.2. The “Reduced Claim Adjustment” means any adjustment to the amount of New CEC Convertible Notes and OpCo Series A Preferred Stock (exchangeable pursuant to the CEOC Merger for New CEC Common Equity) available to the Holders of Second Lien Notes Claims to provide the Holders of Senior Unsecured Notes Claims, Undisputed Unsecured Claims, and Disputed Unsecured Claims in Class H, Class I, and Class J, respectively, with recoveries equal to the improved recovery percentage to be received by the Holders of Second Lien Notes Claims (from any source(s) and in respect of all claims and causes of action of such Holders of Second Lien Notes Claims against any Debtor, Affiliate of a Debtor, or officer, director, and/or advisor to any such entities) in the event that there is an Improved Recovery Event.

Claim Holders	Summary of Plan Distributions
	<ul style="list-style-type: none"> • <u>if Class F votes to reject the Plan</u>, their Pro Rata share of the following: <ul style="list-style-type: none"> • \$790,980,000 of New CEC Convertible Notes, which shall be convertible pursuant to the terms of the New CEC Convertible Notes Indenture in the aggregate for up to 9.646% of New CEC Common Equity on a fully diluted basis; and • OpCo Series A Preferred Stock, which shall be exchanged pursuant to the CEOC Merger for 8.939% of New CEC Common Equity on a fully diluted basis (giving effect to the issuance of the New CEC Convertible Notes but not taking into account any dilution from any New CEC Capital Raise).
<p> Holders of Subsidiary-Guaranteed Notes Claims (Class G)</p>	<p><u>Impaired.</u> On the Effective Date, except to the extent that a Holder of an Allowed Subsidiary-Guaranteed Notes Claim agrees to a less favorable treatment, in full and final satisfaction, compromise, settlement, release, and discharge of and in exchange for each Allowed Subsidiary-Guaranteed Notes Claim, each such Holder shall receive:</p> <ul style="list-style-type: none"> • <u>if Class G votes to accept the Plan</u>, its Pro Rata share of the following: <ul style="list-style-type: none"> • \$116,810,000 of New CEC Convertible Notes, which shall be convertible pursuant to the terms of the New CEC Convertible Notes Indenture in the aggregate for up to 1.424% of New CEC Common Equity on a fully diluted basis; and • OpCo Series A Preferred Stock, which shall be exchanged pursuant to the CEOC Merger for 4.122% of New CEC Common Equity on a fully diluted basis (giving effect to the issuance of the New CEC Convertible Notes but not taking into account any dilution from any New CEC Capital Raise). • <u>if Class G votes to reject the Plan</u>, its Pro Rata share of (a) New CEC Convertible Notes and (b) if necessary, OpCo Series A Preferred Stock, which shall be exchanged pursuant to the CEOC Merger for New CEC Common Equity with an aggregate value equal to the Liquidation Value of such Holder’s Subsidiary-Guaranteed Notes Claims, which Liquidation Value shall take into account the enforcement and turnover provisions of the Subsidiary-Guaranteed Notes Intercreditor Agreement.
<p> Holders of Senior Unsecured Notes Claims (Class H)</p>	<p><u>Impaired.</u> On the Effective Date, except to the extent that a Holder of an Allowed Senior Unsecured Notes Claim agrees to a less favorable treatment (including as set forth in Article IV.A.8 of the Plan), in full and final satisfaction, compromise, settlement, release, and discharge of and in exchange for each Allowed Senior Unsecured Notes Claim, and subject to the Improved Recovery Agreement⁶³ and/or any Improved Recovery Event, each such Holder shall receive:⁶⁴</p>

⁶³ The “Improved Recovery Agreement” means an agreement among the Unsecured Creditors Committee, CEC, and CEOC to increase the recoveries to the Holders of Senior Unsecured Notes Claims, Undisputed Unsecured Claims, and Disputed Unsecured Claims in Class H, Class I, and Class J, respectively, to equal any improved recovery percentage to be received by the Holders of Second Lien Notes Claims (from any source(s) and in respect of all claims and causes of action of such Holders of Second Lien Notes Claims against any Debtor, Affiliate of a Debtor, or officer, director, and/or advisor to any such entities).

Claim Holders	Summary of Plan Distributions
	<ul style="list-style-type: none"> • <u>if Class H votes to accept the Plan</u>, its Pro Rata share of the following: <ul style="list-style-type: none"> • \$34,820,000 of New CEC Convertible Notes, which shall be convertible pursuant to the terms of the New CEC Convertible Notes Indenture in the aggregate for up to 0.425% of New CEC Common Equity on a fully diluted basis; and • OpCo Series A Preferred Stock, which shall be exchanged pursuant to the CEOC Merger for 0.992% of New CEC Common Equity on a fully diluted basis (giving effect to the issuance of the New CEC Convertible Notes but not taking into account any dilution from any New CEC Capital Raise). • <u>if Class H votes to reject the Plan</u>, its Pro Rata share of the following: <ul style="list-style-type: none"> • \$34,820,000 of New CEC Convertible Notes, which shall be convertible pursuant to the terms of the New CEC Convertible Notes Indenture in the aggregate for up to 0.425% of New CEC Common Equity on a fully diluted basis; and • OpCo Series A Preferred Stock, which shall be exchanged pursuant to the CEOC Merger for 0.393% of New CEC Common Equity on a fully diluted basis (giving effect to the issuance of the New CEC Convertible Notes but not taking into account any dilution from any New CEC Capital Raise).
 Holders of Undisputed Unsecured Claims (Class I)	<p>On the Effective Date, except to the extent that a Holder of an Allowed Undisputed Unsecured Claim agrees to a less favorable treatment, in full and final satisfaction, compromise, settlement, release, and discharge of and in exchange for each Allowed Undisputed Unsecured Claim, and subject to the Improved Recovery Agreement and/or any Improved Recovery Event, each such Holder shall receive:</p> <ul style="list-style-type: none"> • <u>if Class I votes to accept the Plan</u>: <ul style="list-style-type: none"> • recovery equal to 2.0% of such Holder’s Allowed Undisputed Unsecured Claim in Cash from the Unsecured Creditor Cash Pool; and • recovery equal to 44.0% of such Holder’s Allowed Undisputed Unsecured Claim from the Unsecured Creditor Securities Pool. • <u>if Class I votes to reject the Plan</u>, recovery equal to 30.0% of such Holder’s Allowed Undisputed Unsecured Claim from the Unsecured Creditor Securities Pool

⁶⁴

As noted above, if the OID Objection is successful it would reduce the aggregate allowed amount of the Second Lien Notes Claims to approximately \$3.7 billion. See Article IV.P.2. The “Improved Recovery Event” means an increase in the recoveries to the Holders of Senior Unsecured Notes Claims, Undisputed Unsecured Claims, and Disputed Unsecured Claims in Class H, Class I, and Class J, respectively, to equal the improved recovery percentage to be received by the Holders of Second Lien Notes Claims (from any source(s) and in respect of all claims and causes of action of such Holders of Second Lien Notes Claims against any Debtor, Affiliate of a Debtor, or officer, director, and/or advisor to any such entities) in the event that there is a reduction in the Allowed original principal amount of the Second Lien Notes Claim. For the avoidance of doubt, neither CEC nor New CEC shall fund the Improved Recovery Event but instead such increased recoveries shall come from a reallocation of recoveries available to the Holders of Second Lien Notes Claims on account of a Reduced Claim Adjustment.

Claim Holders	Summary of Plan Distributions
Holders of Disputed Unsecured Claims (Class J)	Subject to Article VI of the Plan, except to the extent that a Holder of an Allowed Disputed Unsecured Claim agrees to a less favorable treatment, in full and final satisfaction, compromise, settlement, release, and discharge of and in exchange for each Allowed Disputed Unsecured Claim, and subject to any Improved Recovery Agreement and/or any Improved Recovery Event, each such Holder shall receive the following: <ul style="list-style-type: none"> • its Pro Rata share of Cash from the Unsecured Creditor Cash Pool; and • its Pro Rata share of the Unsecured Creditor Securities Pool.
Holders of Convenience Unsecured Claims (Class K)	Subject to Article VI of the Plan, on the Effective Date, except to the extent that a Holder of an Allowed Convenience Unsecured Claim agrees to a less favorable treatment, in full and final satisfaction, compromise, settlement, release, and discharge of and in exchange for each Allowed Convenience Unsecured Claim, each such Holder shall receive its Pro Rata share of the Convenience Cash Pool of \$12,500,000.
Par Recovery Unsecured Claims (Class L)	<u>Impaired.</u> Subject to Article VI of the Plan, on the Effective Date, except to the extent that a Holder of an Allowed Par Recovery Unsecured Claim agrees to a less favorable treatment, in full and final satisfaction, compromise, settlement, release, and discharge of and in exchange for each Allowed Par Recovery Unsecured Claim, each such Holder shall receive payment in full of its Allowed Par Recovery Unsecured Claim, including Post-Petition Interest, from: <ul style="list-style-type: none"> • \$13,620,000 of New CEC Convertible Notes, which shall be convertible pursuant to the terms of the New CEC Convertible Notes Indenture in the aggregate for up to 0.166% of New CEC Common Equity on a fully diluted basis; and • OpCo Series A Preferred Stock, which shall be exchanged pursuant to the CEOC Merger for 0.500% of New CEC Common Equity on a fully diluted basis (giving effect to the issuance of the New CEC Convertible Notes but not taking into account any dilution from any New CEC Capital Raise).
Winnick Unsecured Claims (Class M)	<u>Impaired.</u> Subject to Article VI of the Plan, on the Effective Date, except to the extent that a Holder of an Allowed Winnick Unsecured Claim agrees to a less favorable treatment, in full and final satisfaction, compromise, settlement, release, and discharge of and in exchange for each Allowed Winnick Unsecured Claim, each such Holder shall receive its Pro Rata share of: <ul style="list-style-type: none"> • \$270,000 of New CEC Convertible Notes, which shall be convertible pursuant to the terms of the New CEC Convertible Notes Indenture in the aggregate for up to 0.003% of New CEC Common Equity on a fully diluted basis; and • OpCo Series A Preferred Stock, which shall be exchanged pursuant to the CEOC Merger for 0.005% of New CEC Common Equity on a fully diluted basis (giving effect to the issuance of the New CEC Convertible Notes but not taking into account any dilution from any New CEC Capital Raise).
Caesars Riverboat Casino Unsecured Claims (Class N)	<u>Impaired.</u> Subject to Article VI of the Plan, on the Effective Date, except to the extent that a Holder of an Allowed Caesars Riverboat Casino Unsecured Claim agrees to a less favorable treatment, in full and final satisfaction, compromise, settlement, release, and discharge of and in exchange for each Allowed Caesars Riverboat Casino Unsecured Claim, each such Holder shall receive its Pro Rata share of: <ul style="list-style-type: none"> • \$790,000 of New CEC Convertible Notes, which shall be convertible pursuant to the

Claim Holders	Summary of Plan Distributions
	<p>terms of the New CEC Convertible Notes Indenture in the aggregate for up to 0.010% of New CEC Common Equity on a fully diluted basis; and</p> <ul style="list-style-type: none"> OpCo Series A Preferred Stock, which shall be exchanged pursuant to the CEOC Merger for 0.016% of New CEC Common Equity on a fully diluted basis (giving effect to the issuance of the New CEC Convertible Notes but not taking into account any dilution from any New CEC Capital Raise).
<p>Chester Downs Management Unsecured Claims (Class O)</p>	<p><u>Impaired.</u> Subject to Article VI of the Plan, on the Effective Date, except to the extent that a Holder of an Allowed Chester Downs Management Unsecured Claim agrees to a less favorable treatment, in full and final satisfaction, compromise, settlement, release, and discharge of and in exchange for each Allowed Chester Downs Management Unsecured Claim, each such Holder shall receive its Pro Rata share of:</p> <ul style="list-style-type: none"> \$410,000 of New CEC Convertible Notes, which shall be convertible pursuant to the terms of the New CEC Convertible Notes Indenture in the aggregate for up to 0.005% of New CEC Common Equity on a fully diluted basis; and OpCo Series A Preferred Stock, which shall be exchanged pursuant to the CEOC Merger for 0.012% of New CEC Common Equity on a fully diluted basis (giving effect to the issuance of the New CEC Convertible Notes but not taking into account any dilution from any New CEC Capital Raise).
<p>Holders of Non-Obligor Unsecured Claims (Class P)</p>	<p><u>Unimpaired.</u> Subject to Article VI of the Plan, on the Effective Date, except to the extent that a Holder of an Allowed Non-Obligor Unsecured Claim agrees to a less favorable treatment, in full and final satisfaction, compromise, settlement, release, and discharge of and in exchange for each Allowed Non-Obligor Unsecured Claim, each such Holder shall receive payment in full, in Cash, of its Allowed Non-Obligor Unsecured Claim, including Post-Petition Interest from the Non-Obligor Cash Pool.</p>
<p>Holders of Section 510(b) Claims (Class Q)</p>	<p><u>Impaired.</u> Each Holder of a Section 510(b) Claim will not receive any distribution on account of such Section 510(b) Claim.</p>
<p>Holders of Intercompany Claims (Class R)</p>	<p><u>Impaired.</u> Intercompany Claims shall not receive any distribution on account of such Intercompany Claims. On or after the Effective Date, the Reorganized Debtors may reconcile such Intercompany Claims as may be advisable in order to avoid the incurrence of any past, present, or future tax or similar liabilities by such Reorganized Debtors.</p>
<p>Holders of Intercompany Interests (Class S)</p>	<p><u>Impaired.</u> Intercompany Interests shall be, at the option of the Debtors, either (a) Reinstated as of the Effective Date for the benefit of the Holder thereof in exchange for the Reorganized Debtors' agreement to provide management services to certain other Reorganized Debtors, and to use certain funds and assets as set forth in the Plan to satisfy certain obligations of such other Reorganized Debtors or (b) cancelled without any distribution on account of such Interests.</p>
<p>Holders of CEOC Interests (Class T)</p>	<p><u>Impaired.</u> CEOC Interests will be discharged, canceled, released, and extinguished as of the Effective Date, and shall be of no further force or effect, and Holders of CEOC Interests will not receive any distribution on account of such CEOC Interests; <u>provided, however,</u> that solely for purposes of effectuating the Plan, the CEOC Interests held by CEC will be Reinstated as OpCo Common Stock.</p>

Claim Holders	Summary of Plan Distributions
Holders of Des Plaines Interests (Class U)	<u>Unimpaired.</u> The legal, equitable, and contractual rights of the Holders of Des Plaines Interests are unaltered by the Plan. The Des Plaines Interests shall be Reinstated upon the Effective Date, and the Des Plaines Interests shall be and continue to be in full force and effect thereafter.

C. Timing and Calculation of Amounts to Be Distributed

Unless otherwise provided in the Plan, on the Initial Distribution Date or as soon as reasonably practicable thereafter (or if a Claim or Interest is not an Allowed Claim or Interest on the Initial Distribution Date, on the next Quarterly Distribution Date after such Claim or Interest becomes, as applicable, an Allowed Claim or Interest, or as soon as reasonably practicable thereafter), and except as otherwise set forth herein, each Holder of an Allowed Claim or Interest shall receive the full amount of the distributions that the Plan provides for Allowed Claims or Interests in the applicable Class from the Disbursing Agent. In the event that any payment or act under the Plan is required to be made or performed on a date that is not a Business Day, then the making of such payment or the performance of such act may be completed on the next succeeding Business Day, but shall be deemed to have been completed as of the required date. If and to the extent that there are Disputed Claims, distributions on account of any such Disputed Claims shall be made pursuant to the provisions set forth in Article VII of the Plan. Except as otherwise provided in the Plan, Holders of Claims or Interests shall not be entitled to interest, dividends, or accruals on the distributions provided for in the Plan, regardless of whether such distributions are delivered on or at any time after the Initial Distribution Date.

Marble Ridge Capital LP (“Marble Ridge”) has asserted that the Secured First Lien Note Claims are oversecured and entitled to postpetition interest in accordance with the Prepetition Creditor Agreement and the First Lien Note indentures. Therefore, Marble Ridge asserts that the Pro Rata distribution on account of the Allowed Secured First Lien Notes Claims must take into account the accrual of post-Petition Date interest calculated in accordance with the First Lien Note Indentures through the date of distribution to such claimants. The Plan embodies a settlement of whether the Holders of Prepetition Credit Agreement Claims and First Lien Notes Claims are entitled to postpetition interest and the distributions associated with such Claims are currently made on a prepetition pro rata basis. Marble Ridge has asserted that the recoveries in the Plan do not account for the varying contractual interest rates applicable to the three separate series of First Lien Notes; it is possible certain Holders of Prepetition Credit Agreement Claims may raise similar objections. These creditors may seek to object to confirmation of the Plan. The Debtors reserve all rights with respect to this issue.

The Debtors do not concede that the Plan does not properly account for the rights of Holders of Prepetition Credit Agreement Claims and Secured First Lien Notes Claims, and reserve all rights with respect to these issues and expect to meet their burden on these issues in connection with seeking confirmation of the Plan.

The New Interests, the New Debt, the New CEC Convertible Notes, the New CEC Common Equity issued in the CEOC Merger, and any New CEC Common Equity issued in the New CEC Capital Raise (if any) shall be deemed to be issued as of the Effective Date to the Holders of Claims or Interests entitled to receive the New Interests, New Debt, the New CEC Convertible Notes, and the New CEC Common Equity pursuant to Article III of the Plan.

Notwithstanding any provision of the Plan to the contrary, all distributions to be made to Holders of Notes Claims shall be eligible to be distributed through the facilities of DTC.

D. Process for Dealing with Disputed Claims

If and to the extent that there are Disputed Claims, distributions on account of any such Disputed Claims will be made pursuant to the provisions set forth in Article VII of the Plan. Except as otherwise provided in the Plan, Holders of Claims or Interests will not be entitled to interest, dividends, or accruals on the distributions

provided for in the Plan, regardless of whether such distributions are delivered on or at any time after the Initial Distribution Date.

E. The Separation Structure

The Debtors intend that the Separation Structure will occur through the Spin Structure if certain conditions are satisfied or waived, including (a) the receipt of a favorable Spin Ruling or Spin Opinion; and (b) a determination that the Estimated REIT E&P is equal to or less than \$1.6 billion. If those conditions are not satisfied, the separation will be accomplished by the Partnership Contribution Structure. The separation could also be accomplished by the Partnership Contribution Structure at the election of the Debtors and CEC (subject to certain consent rights). On March 20, 2015, the Debtors submitted a formal request to the IRS seeking the Spin Ruling (the “Spin Request”). In response to the Spin Request, the IRS has requested additional information from the Debtors and the Debtors have provided such information to the IRS. Importantly, the Debtors believe that, because the Spin Request was filed with the IRS prior to December 7, 2015 and has not been subsequently withdrawn (and because no ruling had been issued or denied in its entirety prior to such date), the tax-free spin-off contemplated by the Plan is “grandfathered” from a provision in the Protecting Americans from Tax Hikes Act of 2015 (the “PATH Act”) that prevents companies involved in tax-free spin-offs from electing REIT status. The Spin Request is currently under review by the IRS.

If the Partnership Contribution Structure is used, OpCo will have the option to participate in future issuances, or purchase additional equity from PropCo at fair market value if participation is not feasible, to maintain its percentage ownership interest in PropCo at 5 percent if it would otherwise decrease below that threshold.

In order to meet the requirement that a real estate investment trust have at least 100 shareholders, and notwithstanding anything herein to the contrary, the REIT will have the right to issue, for Cash, up to \$125,000 of the REIT Series B Preferred Stock.

F. Sources of Recovery

Distributions under the Plan will be funded with, or effectuated by, (1) Cash on hand on the Effective Date, (2) Cash proceeds from the New CEC Cash Contribution and New CEC’s contribution of the Unsecured Creditors Cash Pool, (3) Cash proceeds from the New CEC OpCo Stock Purchase, (4) Cash proceeds from the New CEC PropCo Common Stock Purchase, (5) the issuance of New CEC Convertible Notes, (6) the issuance of New CEC Common Equity, (7) Cash proceeds from the sale of New CEC Common Equity pursuant to the New CEC Capital Raise (if any), (8) Cash proceeds from and the issuance of the New Debt, (9) the issuance of the PropCo Preferred Equity and Cash proceeds from the PropCo Preferred Equity Put Right, (10) the issuance of the New Interests, (11) the Bank Guaranty Settlement, (12) the waiver by CAC of its recoveries on account of its Senior Unsecured Notes Claims, (13) the waiver by the Holders of First Lien Notes Claims of any recoveries at the Debtors’ direction, or the assignment of any such recoveries at the Debtors’ direction, on account of any First Lien Notes Deficiency Claims, and (14) the waiver by the Holders of Prepetition Credit Agreement Claims and First Lien Notes Claims, at the Debtors’ direction, of the turnover rights under the Second Lien Intercreditor Agreement and, if Class G votes to accept the Plan, the Subsidiary-Guaranteed Intercreditor Agreement.

The tables below show the sources and uses for distributions of funds under the Plan, assuming (a) an Effective Date of 12/31/16 and (b) \$1.8 billion of CPLV Market Debt is raised.

Sources of Funds

Source	Amount	Notes
Cash Contribution	\$318m	Net of \$88m forbearance fees paid prior to Effective Date

Source	Amount	Notes
Bank Guaranty Settlement	\$523m	Net of \$61m Upfront Payment paid prior to Effective Date; to be reduced by portion of Excess Cash Sweep granted to Holders of Prepetition Credit Agreement Claims
OpCo Stock Purchase	\$700m	
CEC Cash Consideration to General Unsecured Claims	\$5m	
Subtotal Cash Sources	\$1,546m	
OpCo First Lien Debt	\$1,188m	Issued for Cash Proceeds
OpCo Second Lien Debt	\$547m	Issued for Cash Proceeds
CPLV Market Debt	\$1,800m	Issued for Cash Proceeds
Proceeds of PropCo Preferred Equity Distribution	\$250m	Assumed to be fully funded
PropCo Preferred Equity Upsize Amount	\$117m	Assumed to be fully funded
CEOC Cash	\$875m	
Total Cash Sources	\$6,323m	

Uses of Funds

Source	Amount	Notes
Cash to Holders of Prepetition Credit Agreement Claims	\$705m	Can be reduced by up to \$300m paid by Debtors prior to the Effective Date
Cash to Holders of Secured First Lien Notes Claims	\$207m	
Additional Cash to Holders of Secured First Lien Notes Claims	\$700m	
Additional Cash to Holders of Prepetition Credit Agreement Claims	\$882m	Cash proceeds of OpCo First Lien Debt Syndication
Additional Cash to Holders of Secured First Lien Notes Claims	\$306m	Cash proceeds of OpCo First Lien Debt Syndication
Additional Cash to Holders of Prepetition Credit Agreement Claims	\$406m	Cash proceeds of OpCo Second Lien Debt Syndication
Additional Cash to Holders of Secured First Lien Notes Claims	\$141m	Cash proceeds of OpCo Second Lien Debt Syndication

Source	Amount	Notes
Additional Cash to Holders of Prepetition Credit Agreement Claims	\$1,117m	Cash proceeds of CPLV Market Debt Syndication
Additional Cash to Holders of Secured First Lien Notes Claims	\$683m	Cash proceeds of CPLV Market Debt Syndication
Cash for Repayment of CPLV Mezzanine Debt held by Holders of Secured First Lien Notes Claims	\$367m	Cash proceeds of PropCo Preferred Equity Distribution and PropCo Preferred Equity Upsize Amount
Subtotal Plan Distributions	\$5,514m	
Remaining Forbearance Fees to Holders of Secured First Lien Notes Claims	\$88m	Net of \$88m paid prior to Effective Date
Estimated Transaction and Backstop Fees	\$105m	Includes OpCo debt syndication fees, CPLV Market Debt syndication fees, PropCo Preferred Equity Backstop fees, incremental legal fees for syndicated debt
CEC Cash Consideration to General Unsecured Claims	\$5m	
Convenience Cash Pool	\$13m	
Capitalization of PropCo at Inception	\$50m	
Cash Recovery to Admin, Secured, Priority and Non-Obligor Claims	\$25m	
Bank Guaranty Settlement	\$523m	Net of \$61m Upfront Payment paid prior to Effective Date; to be reduced by portion of Excess Cash Sweep granted to Holders of Prepetition Credit Agreement Claims
Total Cash Uses	\$6,323m	

1. Available Cash

The Debtors currently project that their Available Cash will total approximately \$1,184 million as of a hypothetical Effective Date on December 31, 2016. This estimate is based on the Debtors' existing 2016 budget and certain pro forma adjustments to reflect certain impacts to be caused by consummation of the Plan.

2. CEC-CAC Merger Agreement.

The Plan is conditioned on the merger of CEC and CAC, which will occur on or before the Effective Date. It is also a condition of the Plan that the terms of the merger result in New CEC making available 52.7% of New CEC Common Equity to the Debtors' creditors under the Plan.

(a) New CEC Cash Contribution.

On the Effective Date, New CEC shall pay to the Debtors the New CEC Cash Contribution of up to \$406 million, which shall be used by the Debtors and the Reorganized Debtors, as applicable, to fund general corporate purposes, the Restructuring Transactions, and the distributions under the Plan. In addition, New CEC shall contribute the Unsecured Creditor Cash Pool (of up to approximately \$5.3 million) to the Debtors as contemplated by the Plan.

(b) New CEC OpCo Stock Purchase.

On the Effective Date, New CEC shall make the New CEC OpCo Stock Purchase for \$700 million, at which time New CEC shall own 100% of the OpCo Common Stock.

(c) New CEC PropCo Common Stock Purchase.

If the Partnership Contribution Structure is used, on the Effective Date, New CEC shall make the New CEC PropCo Common Stock Purchase for \$91 million, at which time New CEC shall own 5% of the PropCo Common LP Interests on a fully diluted basis (including dilution in connection with the PropCo Equity Elections but excluding dilution from PropCo Preferred Equity, if any). In all cases, the New CEC PropCo Common Stock Purchase shall be effectuated by a contribution of cash from CEC or New CEC to CEOC, with such cash distributed to Holders of Claims in exchange for CEOC's retention of the PropCo Common LP Interests. If the PropCo Equity Election described below would materially affect the amount and/or value of PropCo Common Equity New CEC must purchase for the Partnership Contribution Structure, the Debtors will work with CEC and the Consenting Bond Creditors regarding the amount of Cash necessary to purchase 5% of PropCo Common Equity pursuant to the New CEC PropCo Common Stock Purchase. The Debtors and Holders of Claims are continuing to evaluate whether CEOC, CEOC's successor in interest following the CEOC Merger, or New CEC will hold such PropCo Common LP Interests. For the avoidance of doubt, if the Spin Structure is used, New CEC shall not be required to, and shall not, make the New CEC PropCo Common Stock Purchase.

(d) New CEC Convertible Notes.

On the Effective Date, New CEC shall execute and deliver the New CEC Convertible Notes Documents to the New CEC Convertible Notes Trustee, New CEC shall deliver \$1 billion of New CEC Convertible Notes to the Debtors, and the Debtors shall distribute the New CEC Convertible Notes pursuant to the terms of the Plan to the Holders of Non-First Lien Claims.

Subject to the occurrence of the Effective Date, the New CEC Convertible Notes Documents shall constitute legal, valid, and binding obligations of New CEC and shall be enforceable in accordance with their respective terms.

(e) New CEC Common Equity.

On the Effective Date, OpCo shall issue OpCo Series A Preferred Stock. As described more fully in the Restructuring Transactions Memorandum, OpCo will merge into a newly formed subsidiary of New CEC (or its predecessors) pursuant to the CEOC Merger. In exchange for the CEOC Merger, on the Effective Date, New CEC shall issue New CEC Common Equity in accordance with the Plan distributions in Article III of the Plan in exchange for the OpCo Series A Preferred Stock to the Holders of Prepetition Credit Agreement Claims, Secured First Lien Notes Claims, and Non-First Lien Claims pursuant to the terms of the Plan. The percentages of New CEC Common Equity issued pursuant to the Plan will take into account any dilution that would otherwise occur based on the potential conversion of New CEC Convertible Notes to New CEC Common Equity.

All holders of, or persons that will hold, New CEC Common Equity shall have preemptive rights to participate (pro rata based on such holder's actual or anticipated pro forma New CEC Common Equity), and participation shall be on the same terms as the other participants, in any New CEC Capital Raise.

(f) New CEC Capital Raise

The New CEC Capital Raise is any transaction by New CEC involving the raising of Cash in connection with the sale of New CEC Common Equity before or concurrent with the Effective Date. Any New CEC Capital Raise transaction may only raise Cash up to an amount sufficient to fund New CEC's sources and uses under the Plan plus \$100 million. All holders of, or persons that will hold, New CEC Common Equity will have preemptive rights to participate in any such New CEC Capital Raise, and such right shall be proportionate to the pro forma

amount of New CEC Common Equity such persons will hold upon consummation of the Plan and the CEC-CAC merger. If any Holder of New CEC Common Equity fails to participate in the New CEC Capital Raise, that Holders' equity ownership of New CEC Common Equity will be diluted. Based on the New CEC Projections prepared by CEC and CAC and attached hereto as **Exhibit J**, any New CEC Capital Raise is currently expected to raise approximately \$740 million. The final amount of any New CEC Capital Raise, if any, could be materially higher or lower than these projected amounts.

3. PropCo Equity Election.

The CPLV Mezzanine Debt (if any), the PropCo First Lien Notes, the PropCo First Lien Term Loan, and the PropCo Second Lien Notes each may be (but are not required to be) reduced by the PropCo Equity Election. The PropCo Equity Election may not reduce the aggregate amount of CPLV Mezzanine Debt (if any), PropCo First Lien Notes, PropCo First Lien Term Loan, and PropCo Second Lien Notes by no more than \$1,250 million. To the extent that Holders of Allowed Prepetition Credit Agreement Claims and/or Secured First Lien Notes Claims exercise the PropCo Equity Election such that the aggregate amount of the CPLV Mezzanine Debt (if any), PropCo First Lien Notes, PropCo First Lien Term Loan, and PropCo Second Lien Notes issued pursuant to the Plan would be reduced by more than \$1,250 million, the PropCo Equity Election shall reduce first the CPLV Mezzanine Debt (if any), second the PropCo Second Lien Notes, and third, on a Pro Rata basis, the PropCo First Lien Notes and the PropCo First Lien Term Loan, until the aggregate amount of such debt shall only be reduced by \$1,250 million. A Holder making a PropCo Equity Election will receive \$1 face amount of PropCo Common Equity (at a valuation of \$1,620 million for 100 percent of PropCo Common Equity on a fully diluted basis) for every \$1 of PropCo First Lien Notes, PropCo First Lien Term Loan, PropCo Second Lien Notes, and CPLV Mezzanine Debt (if any) that such Holder would otherwise receive under the Plan. The PropCo Equity Election Procedures shall be included in the Plan Supplement and the exercise of the PropCo Equity Election shall occur after the entry of the Confirmation Order but before the Effective Date.

The results of the PropCo Equity Election are subject to the Debtors' sole determination that the PropCo Equity Election will not have negative consequences with respect to the tax treatment of the Spin Structure. In the event the Debtors determine, in their sole discretion, that the results of the PropCo Equity Election would have negative consequences with respect to the tax treatment of the Spin Structure, the elections with respect to the PropCo Equity Election shall be modified or eliminated to the extent necessary to avoid such negative consequences.

4. New Debt

The Plan will eliminate approximately \$10 billion in funded debt from the Debtors' balance sheet. If the Plan is confirmed and consummated, the Debtors project that OpCo, PropCo, and the CPLV Entities will have the following funded debt obligations as of the Effective Date. As described below, certain of this funded debt will be issued to third parties for Cash to fund Cash distributions under the Plan. The other funded debt will be issued to certain Holders of Allowed Claims in accordance with the Plan.

(a) OpCo Funded Debt Obligations

On the Effective Date, OpCo will have funded debt obligations of at least \$1,735 million, comprised of the following.

- **OpCo First Lien Debt.** OpCo First Lien Debt that OpCo will issue to third parties for Cash in the amount equal to \$1,188 million on the Effective Date. If the OpCo First Lien Debt is not fully issued to third parties and the Requisite Consenting Bank Creditors waive the Plan's requirement that OpCo First Lien Debt be issued to third parties, then OpCo may issue up to \$882 million in principal amount of OpCo First Lien Term Loans on a pro rata basis to each Holder of an Allowed Prepetition Credit Agreement Claim. Similarly, if the OpCo First Lien Debt is not fully issued to third parties and the Requisite Consenting Bond Creditors waive the Plan's requirement that OpCo First Lien Debt be

issued to third parties, then OpCo may issue up to \$306 million in principal amount of OpCo First Lien Notes on a pro rata basis to each Holder of an Allowed Secured First Lien Notes Claim.

- **OpCo Second Lien Debt.** OpCo Second Lien Debt that OpCo will issue to third parties for Cash in an amount equal to \$547 million on the Effective Date. If the OpCo Second Lien Debt is not fully issued to third parties and the Requisite Consenting Bank Creditors waive the Plan's requirement that OpCo Second Lien Debt be issued to third parties, then OpCo may issue up to \$406 million in principal amount of OpCo Second Lien Term Loan on a pro rata basis to each Holder of a Prepetition Credit Agreement Claim. Similarly, if the OpCo Second Lien Debt is not fully issued to third parties and the Requisite Consenting Bond Creditors waive the Plan's requirement that OpCo Second Lien Debt be issued to third parties, then OpCo may issue up to \$141 million in principal amount of OpCo Second Lien Notes on a pro rata basis to each Holder of an Allowed Secured First Lien Notes Claim.

Of the \$1,188 million in Cash proceeds from the OpCo First Lien Debt, the Debtors will distribute \$882 million on a pro rata basis to Holders of Allowed Prepetition Credit Agreement Claims and \$306 million on a pro rata basis to Holders of Allowed Secured First Lien Notes Claims. Of the \$547 million in Cash proceeds from the OpCo Second Lien Debt, the Debtors will distribute \$406 million to Holders of Allowed Prepetition Credit Agreement Claims and \$141 million to Holders of Allowed Secured First Lien Notes Claims.

The OpCo First Lien Debt and the OpCo Second Lien Debt will be guaranteed by CEC pursuant to the OpCo Guaranty Agreement, if necessary to ensure syndication thereof to third parties. If not all of the OpCo First Lien Debt or OpCo Second Lien Debt is syndicated and the OpCo First Lien Term Loan, OpCo First Lien Notes, and/or OpCo Second Lien Notes are issued to the Holders of Prepetition Credit Agreement Claims and/or Secured First Lien Notes Claims, CEC shall guarantee such debt pursuant to the OpCo Guarantee Agreement. Such guarantees will be guarantees of collection, not guarantees of payment.

(b) PropCo Funded Debt Obligations

On the Effective Date, and subject to reduction (if any) on account of the PropCo Equity Election, PropCo will have funded debt obligations ranging between approximately \$3,567 million and \$4,150 million, comprised of the following.

- **PropCo First Lien Term Loans.** \$1,961 million in principal amount of PropCo First Lien Term Loans to be issued on a pro rata basis to each Holder of an Allowed Prepetition Credit Agreement Claim.
- **PropCo First Lien Notes.** \$431 million in principal amount of PropCo First Lien Notes to be issued on a pro rata basis to each Holder of an Allowed Secured First Lien Notes Claim.
- **PropCo Second Lien Notes.** \$1,425 million in principal amount of PropCo Second Lien Notes to be issued on a pro rata basis to each Holder of an Allowed Secured First Lien Notes Claim.
 - Reduced. The principal amount of PropCo Second Lien Notes to be issued will be reduced by \$250 million on account of the issuance of the PropCo Preferred Equity (excluding the PropCo Preferred Equity Upsize Amount); provided that in the event that the Debtors are to issue CPLV Mezzanine Debt, the \$250 million on account of the issuance of the PropCo Preferred Equity (PropCo Preferred Equity Upsize Amount) will first be used to reduce any such CPLV Mezzanine Debt to be issued to Holders of Allowed Secured First Lien Notes Claims.
 - Increased. The principal amount of PropCo Second Lien Notes to be issued may be increased by up to \$333 million on account of the PropCo Second Lien Upsize Amount if, as described below, the CPLV Market Debt is not fully issued to third parties and Holders of Allowed Prepetition Credit Agreement Claims do not vote as a class to make the CPLV Mezzanine Election. Any

PropCo Second Lien Notes issued on account of the PropCo Second Lien Upsize Amount will be issued on a pro rata basis to each Holder of an Allowed Prepetition Credit Agreement Claim.

Thus, the Debtors project that between \$1,175 million and \$1,758 million in principal amount of PropCo Second Lien Notes will be issued.

None of the PropCo First Lien Term Loan, the PropCo First Lien Notes, nor the PropCo Second Lien Notes will be guaranteed by CEC. Additionally, the CPLV Entities will not be obligated on such debt, nor will any of the CPLV Entities' assets be pledged in support of such debt.

(c) CPLV Funded Debt Obligations

On the Effective Date, and subject to the PropCo Equity Election, the CPLV Entities will have funded debt obligations ranging between approximately \$1,900 million and \$2,600 million, comprised of the following.

- **CPLV Market Debt.** At least \$1,800 million and no more than \$2,600 million in principal amount of CPLV Market Debt that CPLV Sub will issue to third parties for Cash on the Effective Date.
- **CPLV Mezzanine Debt.** If the Debtors, after using commercially reasonable efforts, are able to issue at least \$1,800 million in principal amount of CPLV Market Debt to third parties for Cash, but are unable to issue the full \$2,600 million in principal amount, then CPLV Mezz will issue CPLV Mezzanine Debt in an initial aggregate amount equal to the difference between \$2,600 million and the original aggregate principal amount of CPLV Market Debt.
 - Reduced. The principal amount of the CPLV Mezzanine Debt to be issued (if any) to Holders of Allowed Secured First Lien Notes Claims will be reduced by \$250 million on account of the issuance of the PropCo Preferred Equity (excluding the PropCo Preferred Equity Upsize Amount). As noted above, the PropCo Second Lien Notes that will be issued to Holders of Allowed Secured First Lien Notes Claims will be reduced by any remainder of the \$250 million on account of the issuance of the PropCo Preferred Equity (excluding the PropCo Preferred Equity Upsize Amount).
 - Reduced. In the event that at least \$1,800 million but less than \$2,000 million of CPLV Market Debt is issued, then in lieu of the increased CPLV Mezzanine Debt that would be issued to the Holders of Secured First Lien Notes Claims on account of the difference between \$2,000 million and the original aggregate principal amount of CPLV Market Debt, the Holders of Allowed Secured First Lien Notes Claims will receive Cash in an amount equal to the PropCo Preferred Equity Upsize Amount.
 - Reduced. In the event that Holders of Allowed Prepetition Credit Agreement Claims do not vote as a class to make the CPLV Mezzanine Election, then up to \$333 million of CPLV Mezzanine Debt that would otherwise be issued to Holders of Allowed Prepetition Credit Agreement Claims will instead be issued as PropCo Second Lien Notes in the same principal amount.

If the Debtors are able to issue the full \$2,600 million in principal amount of CPLV Market Debt to third parties for Cash on the Effective Date, then the Debtors will distribute \$1,450 million of such Cash proceeds on a pro rata basis to Holders of Allowed Prepetition Credit Agreement Claims and \$1,150 million of such Cash proceeds on a pro rata basis to Holders of Allowed Secured First Lien Notes Claims. In the event the Debtors, after using commercially reasonable efforts, are unable to issue the full \$2,600 million in principal amount of CPLV Market Debt to third parties for Cash on the Effective Date, the Debtors will distribute CPLV Mezzanine Debt in the

amount required to make up for the shortfall to the Holders of the Prepetition⁶⁵ Credit Agreement Claims and the Holders of the Secured First Lien Notes Claims pursuant to the following terms.

- The first \$300 million of CPLV Mezzanine Debt (before giving effect to any CPLV Mezzanine Equitized Debt) will be issued one-third to the Holders of Allowed Prepetition Credit Agreement Claims and two-thirds to the Holders of Allowed Secured First Lien Notes Claims, each to be shared Pro Rata among such Holders thereof.
- Any amounts of CPLV Mezzanine Debt over \$300 million and less than \$600 million (before giving effect to any CPLV Mezzanine Equitized Debt) will be issued equally to the Holders of Allowed Prepetition Credit Agreement Claims and Allowed Secured First Lien Notes Claims to be shared Pro Rata among such Holders thereof.
- Any amounts of CPLV Mezzanine Debt over \$600 million and less than \$800 million (before giving effect to any CPLV Mezzanine Equitized Debt) will be issued 41.7 percent to the Holders of Allowed Prepetition Credit Claims and 58.3 percent to the Holders of Allowed Secured First Lien Notes Claims to be shared Pro Rata among such Holders thereof.

An illustration of these mechanics is outlined in the tables below.

Distributions of Certain Cash and Securities to Holders of Prepetition Credit Agreement Claims

Security	\$1.8b Raise	\$2.0b Raise	\$2.3b Raise	\$2.6b Raise
CPLV Market Debt Proceeds ⁶⁶	\$1,117m	\$1,200m	\$1,350m	\$1,450m
Initial Allocation of CPLV Mezzanine Debt ⁶⁷	\$333m	\$250m	\$100m	\$0m
Less: PropCo Second Lien Upsize Amount ⁶⁸	(\$333m)	(\$250m)	(\$100m)	\$0m
Total CPLV Mezzanine Debt	\$0m	\$0m	\$0m	\$0m
Plus: PropCo Second Lien Upsize Amount	\$333m	\$250m	\$100m	\$0m
Total	\$1,450m	\$1,450m	\$1,450m	\$1,450m

⁶⁵ If the Holders of Prepetition Credit Agreement Claims do not vote as a Class to exercise the CPLV Mezzanine Election, then any CPLV Mezzanine Debt to be distributed to Holders of Allowed Prepetition Credit Agreement Claims will instead be distributed as PropCo Second Lien Notes in the same principal amount that such Holders would have received in CPLV Mezzanine Debt; provided that such PropCo Second Lien Upsize Amount cannot exceed \$333 million in principal amount.

⁶⁶ See Plan, Art. IIIB.4.(b)(v)

⁶⁷ See Plan, Art. IV.A.3

⁶⁸ See Plan, Art. I.A.254

Distributions of Certain Cash and Securities to Holders of Secured First Lien Notes Claims

Security	\$1.8b Raise	\$2.0b Raise	\$2.3b Raise	\$2.6b Raise
CPLV Market Debt Proceeds ⁶⁹	\$683m	\$800m	\$950m	\$1,150m
Initial Allocation of CPLV Mezzanine Debt ²	\$467m	\$350m	\$200m	\$0m
Less: Paydown from Proceeds of PropCo Preferred Equity ⁷⁰	(\$367m)	(\$250m)	(\$200m)	\$0m
Total CPLV Mezzanine Debt	\$100m	\$100m	\$0m	\$0m
Initial Allocation of PropCo Second Lien Debt ⁵	\$1,425m	\$1,425m	\$1,425m	\$1,425m
Less: Paydown from Proceeds of PropCo Preferred Equity ⁵	\$0m	\$0m	(\$50m)	(\$250m)
Total PropCo Second Lien Debt	\$1,425m	\$1,425m	\$1,375m	\$1,175m
PropCo Preferred Equity ⁷¹	\$440m	\$300m	\$300m	\$300m
Total	\$2,648m	\$2,625m	\$2,625m	\$2,625m

The weighted average yield on the CPLV Market Debt and CPLV Mezzanine Debt will be capped such that the annual debt service shall not exceed \$130 million, which shall be reduced by the product of (a) the sum of (i) every dollar of the PropCo Second Lien Upsize Amount issued to the Holders of Prepetition Credit Agreement Claims and (ii) every dollar of CPLV Mezzanine Debt participating in the PropCo Equity Election, multiplied by (b) 0.072072072, provided that the cap shall not be reduced below \$106 million.

5. Backstop Commitment and PropCo Preferred Equity Put and Call Rights.

On the Effective Date, the PropCo Preferred Backstop Investors shall have the right, pursuant to the PropCo Preferred Equity Call Right and consistent with the Backstop Commitment Agreement, to purchase for Cash from the Holders of Secured First Lien Notes Claims up to 50% of the PropCo Preferred Equity Distribution received by such Holders. Each Holder of Secured First Lien Notes Claims that has exercised its PropCo Preferred Equity Put Right pursuant to the PropCo Preferred Subscription Procedures shall have the right to put all, but not less than all, of such Holders' Pro Rata share of the remaining PropCo Preferred Equity Distribution to the PropCo Preferred Backstop Investors for Cash pursuant thereto and consistent with the Backstop Commitment Agreement. The PropCo Preferred Subscription Procedures shall be included in the Plan Supplement and the exercise of Put Rights and Call Rights shall occur after the entry of the Confirmation Order but before the Effective Date.

⁶⁹ See Plan, Art. III.B.5.(b)(vii); \$1,107 figure cited includes Plan cash of \$207m; is net of proceeds of PropCo Preferred Equity issuance (excluding proceeds of PropCo Preferred Equity Upsize Amount)

⁷⁰ See Plan, Art. III.B.5.(b)(v)

⁷¹ Represents liquidation preference of 1.2x purchase price; See Plan, Art. I.A.245, Art.I.A.247

6. Issuance of New Interests.

On the Effective Date, CEOC Interests shall be cancelled, and the Reorganized Debtors and New Property Entities shall issue all Securities, notes, instruments, certificates, and other documents required to be issued pursuant to the Plan, including (a) OpCo shall issue the OpCo Common Stock and, as set forth in Article IV.A.1(e) of the Plan, the OpCo Series A Preferred Stock, (b) PropCo shall issue the PropCo LP Interests and, if applicable, PropCo Preferred LP Interests, and (c) the REIT shall issue REIT Common Stock and REIT Preferred Stock; provided that the CEOC Interests held by CEC will be Reinstated as OpCo Common Stock. The issuance of such documents is authorized without the need for any further corporate action or without any further action by the Holders of Claim or Interests.

As set forth in more detail in the Plan Supplement, after taking into account the exercise of all of the PropCo Preferred Equity Put Rights and all of the PropCo Preferred Equity Call Rights, all PropCo Common Equity and all PropCo Preferred Equity will be issued as REIT Common Stock and REIT Series A Preferred Stock, respectively, except to the extent that an ultimate holder of such PropCo Common Equity or PropCo Preferred Equity would (a) end up owning more than 9.8% of either the REIT Common Stock or the REIT Series A Preferred Stock and (b) is not willing to or permitted to sign an Ownership Limit Waiver Agreement (as defined in the REIT Series A Preferred Stock Articles), in which case such amounts in excess of 9.8% shall be issued as PropCo LP Interests and PropCo Preferred LP Interests as applicable.

7. Waiver of CAC Recovery on Senior Unsecured Notes Claims.

As part of the settlement embodied in the Plan, CAC shall waive the consideration that CAC would otherwise receive under the Plan on account of CAC's Senior Unsecured Notes Claims.

8. Waiver or Assignment of Recoveries on Account of First Lien Notes Deficiency Claims.

On the Effective Date, at the Debtors' direction, the Holders of First Lien Notes Claims shall waive or assign their distributions on account of any First Lien Notes Deficiency Claims.

9. Waiver of Turnover Provisions.

On the Effective Date, at the Debtors' direction, the Holders of First Lien Notes Claims and Prepetition Credit Agreement Claims will waive the turnover rights under the Second Lien Intercreditor Agreement and, if Class G votes to accept the Plan, the Subsidiary-Guaranteed Notes Intercreditor Agreement.

G. Shared Services

On or before the Effective Date, the CES LLC Agreement and the CES Shared Services Agreement shall be amended or modified as necessary or appropriate to reflect the formation of OpCo and PropCo, including: (1) to provide that Total Rewards and other enterprise-wide and property specific resources are allocated, and services provided, in a way that does not discriminate against PropCo, (2) for so long as New CEC or its affiliates manages pursuant to the Management and Lease Support Agreements or otherwise, CES shall ensure that, in the event New CEC or its subsidiaries cease to provide the resources and services provided by such agreements, CES shall provide such resources and services directly to PropCo on equivalent terms to or via an alternative arrangement reasonably acceptable to PropCo; provided that if New CEC or its affiliates are terminated as manager under the applicable management agreement other than by or with the consent of PropCo, CES shall provide such resources and services pursuant to a management agreement on substantially the same terms and conditions, notwithstanding such termination, if so elected by PropCo. In the event PropCo terminates or consents to the termination of the management relationship with New CEC or its affiliates, for so long as the transition period under the applicable management agreement(s) continues, PropCo shall continue to have access to such resources and services on no less favorable terms. The modified documents shall be in form and substance reasonably satisfactory to the Requisite Consenting Bond Creditors (after consultation with the Consenting First Lien Bank Lenders).

CES shall at the request of the REIT New Board have meetings or conference calls once a quarter with a designee of the REIT New Board to discuss, and consult on, the strategic and financial business plans, budgeting (including capital expenditures), and other topics as reasonably requested by the REIT New Board. The REIT shall also have audit and information rights with respect to CES.

H. Master Lease Agreements

On the Effective Date, OpCo (and/or its applicable subsidiaries) and PropCo (and/or its applicable subsidiaries) shall enter into the Master Lease Agreements, and the Master Lease Agreements shall become effective in accordance with their terms and the Plan. The Master Lease Agreements will consist of two (2) separate leases between OpCo (and/or its applicable subsidiaries) and PropCo (and/or its applicable subsidiaries), one relating to the Caesars Palace Las Vegas property and the other relating to the remaining properties. Such bifurcation is necessary because of the CPLV Market Debt and CPLV Mezzanine Debt. The obligations of OpCo (and/or its applicable subsidiaries) under the Master Lease Agreements will be guaranteed by CEC subject to the terms of the Management and Lease Support Agreements described in further detail below. The Master Lease Agreements will have a fifteen (15) year initial term and four (4) optional renewal terms of five years each. Rent payable pursuant to the Master Lease Agreements is a fixed amount for the first seven (7) years of the Master Lease Agreements (subject to an annual escalator applicable to the CPLV lease); however, Rent fluctuates thereafter pursuant to the terms of the Master Lease Agreements. Additionally, pursuant to the terms of the Master Lease Agreements, OpCo (and/or its applicable subsidiaries) is required to make certain annual capital expenditures with respect to the leased properties and, in some circumstances, PropCo (and/or its applicable subsidiaries) will be obligated to make reimbursements therefor. The summary terms of the Master Lease Agreements are included in Exhibit C to the Plan.

I. Management and Lease Support Agreements

On the Effective Date, OpCo, PropCo, Manager, and New CEC shall enter into the Management and Lease Support Agreements, and the Management and Lease Support Agreements will become effective in accordance with their terms and the Plan. Pursuant to the Management and Lease Support Agreements, a wholly owned subsidiary of New CEC will manage the Contributed Properties on behalf of OpCo and CEC will provide a guarantee in respect of OpCo's monetary obligations under the Master Lease Agreements. The Management and Lease Support Agreements shall be included in the Plan Supplement and shall be in form and substance consistent in all material respects with the Restructuring Support Agreements and shall be reasonably acceptable to the Requisite Consenting Bank Creditors and Requisite Consenting Bond Creditors.

J. Transition Services Agreement

On the Effective Date, OpCo (and/or its applicable subsidiaries) and PropCo (and/or its applicable subsidiaries) shall enter into the Transition Services Agreement, and the Transition Services Agreement shall become effective in accordance with its terms and the Plan.

K. Corporate Governance

1. New Directors and Officers of OpCo and the REIT; Corporate Governance of PropCo

(a) OpCo

The OpCo New Board shall consist of three voting members to be designated by CEC (or New CEC), one of whom shall be independent and reasonably acceptable to the Requisite Consenting Bond Creditors. The independent director shall be a member of all committees of the OpCo New Board.

There also shall be one non-voting observer, reasonably acceptable to OpCo, to be designated by the Requisite Consenting Bond Creditors. The observer shall be given notice of and an opportunity to attend the portion of all meetings, including applicable committee meetings, of the OpCo New Board concerning business and strategy

session matters and other matters that would have an adverse material economic impact on PropCo (and receive all materials given to OpCo board members in connection with such matters), including with regards to matters related to capital expenditures, budgeting, planning, and construction of capital improvements for existing and new casino, gaming, and related facilities, subject to appropriate limitation in respect of privilege issues.

All members of OpCo's board of directors will be identified in the Plan Supplement.

(b) REIT

The REIT New Board shall consist of seven voting members to be designated by the Requisite Consenting Bond Creditors. At least three voting members must be licensed by the required regulatory authorities by the Effective Date. If there are not at the Effective Date at least three voting members licensed, then to assist with Consummation of the Plan up to two of the independent directors of CEOC shall be designated to the REIT New Board so that there will be three voting members at the Effective Date, with such members being removed as the non-voting members are licensed. Until such time as the CEOC independents are a minority of the New Board, the REIT shall be prohibited from taking major transactions without shareholder approval. To the extent any members are not so licensed by the Effective Date, they shall be non-voting members until so licensed.

The process for selecting members of the REIT New Board is currently underway but has not yet reached any definite conclusions. All members of the REIT's board of directors will be identified in the Plan Supplement.

(c) PropCo

PropCo will not have its own board of directors. Rather, PropCo will be controlled by its PropCo GP, whose sole shareholder will be the REIT.

(d) New CEC

Holders of Prepetition Credit Agreement Claims, Secured First Lien Notes Claims, and Non-First Lien Claims, shall have proportional and identical voting rights on the New CEC board of directors, which board shall include nine directors and shall include the Chief Executive Officer of New CEC, commensurate with their ownership of New CEC Common Equity after taking into account the New CEC Common Equity purchased pursuant to the New CEC Capital Raise (if any) but excluding any additional New CEC Common Equity available through the conversion of the New CEC Convertible Notes.

The Second Priority Noteholders Committee has asked the Debtors to include the following risk factor with regard to the potential New CEC Board:

“[P]ersons found likely to have aided and abetted multiple breaches of fiduciary duties to the Debtors may control and govern the entity whose equity is to be distributed under the Amended Plan.”

2. Management Equity Incentive Plan

As soon as practicable after the Effective Date, the New Board(s) will adopt the Management Equity Incentive Plan, the form of which shall be included in the Plan Supplement. The amount of New Interests to be set aside for the Management Equity Incentive Plan is currently being negotiated among the Debtors and their stakeholders and shall be finalized and reported by the Debtors prior to the Confirmation Hearing.

L. Right of First Refusal Agreement

On the Effective Date, PropCo and New CEC shall enter into the Right of First Refusal Agreement, and the Right of First Refusal Agreement will become effective in accordance with its terms and the Plan. The Right of First Refusal Agreement will provide, among other things, (a) a grant by New CEC (by and on behalf of itself and

all of its majority owned subsidiaries) to PropCo (by and on behalf of itself and all of its majority owned subsidiaries) of a right of first refusal to own and lease to an affiliate of New CEC certain non-Las Vegas domestic real estate that New CEC or its affiliates may have the opportunity to acquire or develop, and (b) a grant by PropCo to New CEC of a right of first refusal to lease and manage certain non-Las Vegas domestic real estate that PropCo may have the opportunity to acquire or develop.

M. PropCo Call Right Agreement

On the Effective Date, PropCo, CEC, CERP, and CGP shall enter into the PropCo Call Right Agreement, and the PropCo Call Right Agreement shall become effective in accordance with its terms and the Plan. The PropCo Call Right Agreement will provide PropCo with the right, for up to five years following the Effective Date, to enter into a binding agreement to purchase and lease back to, as applicable, CERP and/or CGP the real property and all improvements associated with Harrah's Atlantic City, Harrah's Laughlin, and Harrah's New Orleans for a cash purchase price equal to ten times the agreed annual rent for such properties, and on other customary terms and conditions, with the closing of such purchase(s) to occur following regulatory approvals; provided that such right will be subject: (i) in the case of Harrah's Atlantic City and Harrah's Laughlin, to the terms of the CERP debt documents and (ii) in the case of Harrah's New Orleans, to the terms of the CGP debt documents; provided, further, that in no event will such right be dilutive of covenant compliance after CEC's, CERP's, and CGP's commercially reasonable efforts to obtain waivers or amendments to permit such transactions.

N. The Bank Guaranty Settlement

As part of a settlement by and among CEOC, CEC, and the Consenting First Lien Bank Lenders regarding the entitlement of the Holders of Prepetition Credit Agreement Claims to postpetition interest and the rate of any such postpetition interest, and to facilitate a settlement with the Holders of Subsidiary-Guaranteed Notes Claims, on the Effective Date, CEC (or New CEC) shall contribute the Bank Guaranty Purchase Price to the Debtors, and, on the Effective Date, the Debtors shall distribute the Bank Guaranty Purchase Price to the Holders of Prepetition Credit Agreement Claims in compliance with each such Holders' Bank Guaranty Accrued Amount in accordance with the Plan. Confirmation of the Plan shall constitute the Bankruptcy Court's approval, pursuant to Bankruptcy Rule 9019 and section 1123 of the Bankruptcy Code, of the Bank Guaranty Settlement.

O. Subsidiary-Guaranteed Notes Settlement

The Plan recoveries available to the Holders of Subsidiary Guaranteed Notes Claims pursuant to the Plan have been made available pursuant to a settlement by and among CEOC, each Subsidiary Guarantor, the Holders of Subsidiary Guaranteed Notes Claims, CEC, the Consenting First Lien Bank Lenders, and the Consenting First Lien Noteholders (including with respect to the waiver of turnover provisions under the Subsidiary Guaranteed Notes Intercreditor Agreement set forth in Article IV.A.10 of the Plan). By the Subsidiary Guaranteed Notes Settlement, (a) the Holders of Prepetition Credit Agreement Claims and First Lien Notes Claims shall waive the turnover provisions under the Subsidiary Guaranteed Notes Intercreditor Agreement, (b) the Holders of Subsidiary Guaranteed Notes Claims shall waive any objections to the Prepetition Credit Agreements Claims or the First Lien Notes Claims and any asserted rights against to postpetition interest on account of the Subsidiary Guaranteed Notes Claims, and (c) the agreement by the Debtors to reimburse the Subsidiary Guaranteed Notes Indenture Trustee for its reasonable and documented fees and expenses (including attorneys' fees). Confirmation of the Plan shall constitute the Bankruptcy Court's approval, pursuant to Bankruptcy Rule 9019 and section 1123 of the Bankruptcy Code, of the Subsidiary Guaranteed Notes Settlement.

P. Adequate Protection and Operating Cash for OpCo and the REIT

Pursuant to the Cash Collateral Order, on the Effective Date, the Debtors shall pay on a pro rata basis to the Holders of Prepetition Credit Agreement Claims and First Lien Notes Claims all Available Cash remaining on the Effective Date as adequate protection. The Debtors shall contribute \$50,000,000 of Minimum Cash to the REIT to fund the REIT's initial balance sheet. After accounting for this adequate protection payment and the Debtors'

contribution to the REIT, OpCo shall have \$400,000,000 in Cash on hand and the REIT shall have \$50,000,000 of Cash on hand on the Effective Date.

For illustrative purposes, the Debtors have prepared the following summary of the estimated Available Cash remaining on an assumed Effective Date of December 31, 2016:

<i>(Amounts in Millions)</i>	
Ending Cash at 12/31/15	\$ 1,489
Budgeted Cash Flows from 1/1/16 to 12/31/16	
Plus: Adjusted EBITDA	1,112
Plus: Termination Payment from ROC	84
Less: Change in Working Capital	(30)
Less: Normal Course Debt Service Payments	(40)
Less: Items to Reconcile Adjusted EBITDA to Cash Flow	(82)
Less: Monthly Adequate Protection Payments	(180)
Less: Capital Expenditures	(260)
Less: Restructuring Professional Fees	(345)
Less: Minimum Cash Requirement for OpCo	(400)
Less: Estimate of Chester Downs Cash / International Cash / Customer Cash	(225)
Less: Plan Impact on CEOC Cash Per Sources and Uses Schedule	(875)
<i>Estimated Cash to Fund Additional Adequate Protection Payments at 12/31/16</i>	<u>\$ 248</u>

Should the Effective Date not occur until June 30, 2017, the Debtors' preliminary estimates contemplate an increase in Available Cash from \$248 million to approximately \$383—\$426 million, based on the following range of projections:

<i>(Amounts in Millions)</i>	Higher	Lower
Estimated Cash to Fund Additional Adequate Protection Payments at 12/31/16	\$ 248	\$ 248
Estimated Cash Flows from 1/1/17 to 6/30/17		
Plus: Adjusted EBITDA	555	555
Less: Change in Working Capital	(25)	(35)
Less: Items to Reconcile Adjusted EBITDA to Cash Flow	(30)	(30)
Less: Normal Course Debt Service Payments	(20)	(20)
Less: Monthly Adequate Protection Payments	(90)	(90)
Less: Capital Expenditures (1)	(113)	(125)
Less: Restructuring Professional Fees	(99)	(120)
<i>Estimated Cash to Fund Additional Adequate Protection Payments at 6/30/17</i>	<u>\$ 426</u>	<u>\$ 383</u>
Notes		
(1) Monthly capex forecast not yet available for 2017. Higher case assumes annual capex forecast of \$225MM, and equal spending in 1H17 and 2H17. Lower case assumes the same annual capex forecast amount, with a higher spending run rate in 1H17 (\$125MM) versus 2H17 (\$100MM).		

The Debtors do not anticipate that there will be litigation regarding whether to recharacterize the cash sweep and adequate protection payments as principal payments.

Q. General Settlement and Discharge of Claims, Interests, Causes of Action, and Controversies

Pursuant to section 1123 of the Bankruptcy Code and Bankruptcy Rule 9019, and in consideration for the classification, distributions, releases, and other benefits provided under the Plan, on the Effective Date, the provisions of the Plan will constitute a good-faith compromise and settlement of the claims, Causes of Action, and controversies released by the Debtor Release and the Third-Party Release pursuant to the Plan.

R. Ordinary Course of Business Through the Effective Date

Between Confirmation and the Effective Date, the Debtors will not use, sale, or lease property of the Estates outside the ordinary course of business without approval by or authorization from the Bankruptcy Court.

S. The Debtor Release, Third-Party Release, Exculpation, and Injunction

Article VIII of the Plan provides for: (1) releases of claims and Causes of Action the Debtors may hold against the Released Parties (the "Debtor Release"); (2) releases of claims and Causes of Action the Releasing Parties may hold against the Released Parties (the "Third-Party Release"); (3) exculpation of each Debtor, each Reorganized Debtor, each Estate, and each Exculpated Party for certain acts or omissions taken in connection with the Chapter 11 Cases; and (4) a permanent injunction against Entities who have held, hold, or may hold claims, interests, or Liens that have been discharged or released pursuant to the Plan or are subject to exculpation pursuant to the Plan enjoining them from asserting such claims, interests, or Liens against each Debtor, the Reorganized Debtors, and the Released Parties. Entry of the Confirmation Order shall constitute the Bankruptcy Court's approval, pursuant to Bankruptcy Rule 9019, of the Debtor Release and the Third-Party Release, which includes by reference each of the related provisions and definitions contained therein, and further, shall constitute the Bankruptcy Court's finding that the Debtor Release and the Third-Party Release are: (1) in exchange for the good and valuable consideration provided by the Released Parties; (2) a good faith settlement and compromise of the claims released by the Debtor Release and the Third-Party Release; (3) in the best interests of the Debtors and all Holders of Claims and Interests; (4) fair, equitable, and reasonable; (5) given and made after due notice and opportunity for hearing; and (6) a bar to any of the Debtors, the Estates, or the Releasing Parties from asserting any claim or Cause of Action released pursuant to the Debtor Release or the Third-Party Release, as applicable.

1. The Debtor Release

The Plan's Debtor Release provision provides:

Effective as of the Effective Date, pursuant to section 1123(b) of the Bankruptcy Code, for good and valuable consideration, the adequacy of which is hereby confirmed, on and after the Effective Date, each Released Party is deemed released by each and all of the Debtors, the Estates, and the Reorganized Debtors from any and all claims, interests, obligations, rights, suits, damages, Causes of Action, remedies, and liabilities whatsoever, including any derivative claims, asserted or assertable on behalf of each and all of the Debtors, the Estates, or the Reorganized Debtors, as applicable, whether known or unknown, foreseen or unforeseen, existing or hereinafter arising, in law, equity, or otherwise, that each and all of the Debtors, the Estates, or the Reorganized Debtors would have been legally entitled to assert in its or their own right (whether individually or collectively), or on behalf of the Holder of any Claim or Interest or other Entity, based on or relating to, or in any manner arising from, in whole or in part, any or all of the Debtors, the Debtors' restructuring, the Chapter 11 Cases, the purchase, sale, transfer, or rescission of the purchase, sale, or transfer of any debt, security, asset, right, or interest of any or all of the Debtors or the Reorganized Debtors, the Restructuring Support Agreements, the Upfront Payment, the RSA Forbearance Fees, the subject matter of, or the transactions or events giving rise to, any Claim or Interest that is treated in the Plan, the business or contractual arrangements between any Debtor and any Released Party, the restructuring of Claims and Interests prior to or in the Chapter 11 Cases, the negotiation, formulation, or preparation of the Restructuring Documents or related agreements, instruments, or other documents

(including the Restructuring Support Agreements), any other act or omission, transaction, agreement, event, or other occurrence taking place on or before the Effective Date, including, for the avoidance of doubt, all claims, Causes of Action, or liabilities arising out of or relating to the Challenged Transactions, the Caesars Cases, and the Prepetition CEC Guarantees; provided that the foregoing Debtor Release shall not operate to waive or release any right, Claim, or Cause of Action (1) in favor of any Debtor or Reorganized Debtors, as applicable, arising under any contractual obligation owed to such Debtor or Reorganized Debtor not satisfied or discharged under the Plan or (2) as expressly set forth in the Plan or the Plan Supplement.

See Article VIII.B of the Plan.

2. The Third-Party Release

The Plan's Third-Party Release provision provides:

Effective as of the Effective Date, each and all of the Releasing Parties (regardless of whether a Releasing Party is a Released Party) conclusively, absolutely, unconditionally, irrevocably, and forever discharges and releases (and each Entity so discharged and released shall be deemed discharged and released by the Releasing Parties) each and all of the Released Parties and their respective property from any and all claims, interests, obligations, rights, suits, damages, Causes of Action, remedies, and liabilities whatsoever, including with respect to any rights or Claims that could have been asserted against any or all of the Released Parties with respect to the Guaranty and Pledge Agreement (but only to the extent released in connection with the Bank Guaranty Settlement), the Upfront Payment, the RSA Forbearance Fees, any derivative claims, asserted or assertable on behalf of any or all of the Debtors, the Estates, or the Reorganized Debtors, as applicable, whether known or unknown, foreseen or unforeseen, existing or hereinafter arising, in law, equity, or otherwise, that such Entity would have been legally entitled to assert (whether individually or collectively), based on or relating to, or in any manner arising from, in whole or in part, any or all of the Debtors, the Debtors' restructuring, the Chapter 11 Cases, the Restructuring Support Agreements, the purchase, sale, transfer, or rescission of the purchase, sale, or transfer of any debt, security, asset, right, or interest of any or all of the Debtors or the Reorganized Debtors, the subject matter of, or the transactions or events giving rise to, any Claim or Interest that is treated in the Plan, the business or contractual arrangements between any Debtor and any Released Party, the restructuring or any alleged restructuring or reorganization of Claims and Interests prior to or in the Chapter 11 Cases, the negotiation, formulation, or preparation of the Restructuring Documents, or related agreements, instruments, or other documents (including the Restructuring Support Agreements and, for the avoidance of doubt, providing any legal opinion requested by any Entity regarding any transaction, contract, instrument, document, or other agreement contemplated by the Plan or the reliance by any Released Party on the Plan or the Confirmation Order in lieu of such legal opinion), any other act or omission, transaction, agreement, event, or other occurrence taking place on or before the Effective Date relating to the Debtors or the Estates, including, for the avoidance of doubt, all claims, Causes of Action, or liabilities arising out of or relating to each and all of the Challenged Transactions, the Caesars Cases, and the Prepetition CEC Guarantees (including but not limited to any claim under any Indenture or under the Trust Indenture Act). Notwithstanding anything to the contrary in the foregoing, the Third-Party Release shall not release any obligation of any party under the Plan or any document, instrument, or agreement (including those set forth in the Plan Supplement) executed to implement the Plan.

See Article VIII.C of the Plan.

3. Exculpation

The Plan's exculpation provision provides:

Effective as of the Effective Date, to the fullest extent permissible under applicable law and without affecting or limiting either of the Debtor Release or Third-Party Release, and except as otherwise specifically provided in the Plan, each Debtor, each Reorganized Debtor, each Estate, and each Exculpated Party is hereby released and exculpated from any claim, obligation, Cause of Action, or liability for any prepetition or postpetition action taken or omitted to be taken in connection with, or related to formulating, negotiating, soliciting, preparing, disseminating, confirming, administering, or implementing the Plan, or consummating the Plan (including the Restructuring Support Agreements), the Disclosure Statement, the New Governance Documents, the Restructuring Transactions, and/or the Separation Structure or selling or issuing the New Debt, the New Interests, the New CEC Convertible Notes, the New CEC Common Equity, any New CEC Capital Raise, and/or any other Security to be offered, issued, or distributed in connection with the Plan, the Chapter 11 Cases, or any contract, instrument, release, or other agreement or document created or entered into in connection with the Plan (including, for the avoidance of doubt, providing any legal opinion requested by any Entity regarding any transaction, contract, instrument, document, or other agreement contemplated by the Plan or the reliance by any Exculpated Party on the Plan or the Confirmation Order in lieu of such legal opinion) or any other prepetition or postpetition act taken or omitted to be taken in connection with or in contemplation of the restructuring of the Debtors, except for actual fraud, willful misconduct, or gross negligence in connection with the Plan or the Chapter 11 Cases following the Petition Date, each solely to the extent as determined by a Final Order of a court of competent jurisdiction; provided, however, that in all respects such Entities shall be entitled to reasonably rely upon the advice of counsel with respect to their duties and responsibilities pursuant to the Plan. Each of the Debtors, the Reorganized Debtors, the Estates, and each Exculpated Party has, and upon completion of the Plan shall be deemed to have, participated in good faith and in compliance with the applicable laws with regard to the restructuring of Claims and Interests in the Chapter 11 Cases and in connection with the Restructuring Transactions, the negotiation, formulation, or preparation of the Restructuring Documents or related agreements, instruments, or other documents pursuant to the Plan, and the solicitation and distribution of the Plan and, therefore, is not, and on account of such distributions shall not be, liable at any time for the violation of any applicable law, rule, or regulation governing the solicitation of acceptances or rejections of the Plan or such distributions made pursuant to the Plan.

See Article VIII.D of the Plan.

4. Injunction

The Plan's permanent injunction provision provides:

Effective as of the Effective Date, pursuant to section 524(a) of the Bankruptcy Code, to the fullest extent permissible under applicable law, and except as otherwise expressly provided in the Plan or for obligations issued or required to be paid pursuant to the Plan or Confirmation Order, all Entities who have held, hold, or may hold Claims, Interests, or Liens that have been discharged pursuant to Article VIII.A of the Plan, released pursuant to Article VIII.B or Article VIII.C of the Plan, or are subject to exculpation pursuant to Article VIII.D of the Plan are permanently enjoined, from and after the Effective Date, from taking any of the following actions against, as applicable, any or all of the Debtors, the Reorganized Debtors, the New Property Entities, or the Released Parties: (1) commencing or continuing in any manner any action or other proceeding of any kind on account of or in connection with or with respect to any such Claims or Interests; (2) enforcing, attaching, collecting, or recovering by any manner or means any judgment, award, decree, or order

against such Entities on account of or in connection with or with respect to any such Claims or Interests; (3) creating, perfecting, or enforcing any encumbrance of any kind against such Entities or the property or the estates of such Entities on account of or in connection with or with respect to any such Claims or Interests; (4) asserting any right of setoff, subrogation, or recoupment of any kind against any obligation due from such Entities or against the property or Estates of such Entities on account of or in connection with or with respect to any such Claims or Interests unless such Entity has timely asserted such setoff right prior to the Effective Date in a document Filed with the Bankruptcy Court explicitly preserving such setoff, and notwithstanding an indication of a Claim or Interest or otherwise that such Entity asserts, has, or intends to preserve any right of setoff pursuant to applicable law or otherwise; and (5) commencing or continuing in any manner any action or other proceeding of any kind on account of or in connection with or with respect to any such Claims or Interests released or settled pursuant to the Plan.

See Article VIII.E of the Plan.

T. Retention of Causes of Action

Under the Plan, the Debtors' Causes of Actions related to the Challenged Transactions are being released pursuant to the Debtor Release and are not being retained. In accordance with section 1123(b) of the Bankruptcy Code, and except where such Causes of Action have been expressly released, the Debtors and the Reorganized Debtors will retain and may enforce all rights to commence and pursue, as appropriate, any and all Causes of Action, whether arising before or after the Petition Date, including any actions specifically enumerated in the Plan Supplement, and the Debtors' and the Reorganized Debtors' rights to commence, prosecute, or settle such Causes of Action shall be preserved notwithstanding the occurrence of the Effective Date. For the avoidance of doubt, CEOC's Cause of Action against CEC on account of the \$35.0 million owed by CEC to CEOC pursuant to that certain Recovery Agreement, dated as of August 12, 2014, by and among CEC and CEOC, is hereby expressly preserved in the Plan.

The Debtors expect that the Plan Supplement containing a schedule of retained Causes of Action will be filed approximately 42 days before the Confirmation Objection Deadline.

No Entity may rely on the absence of a specific reference in the Plan, the Plan Supplement, or the Disclosure Statement to any Cause of Action against such Entity as any indication that the Debtors and the Reorganized Debtors will not pursue any and all available Causes of Action against such Entity. The Debtors and the Reorganized Debtors, as applicable, expressly reserve all rights to prosecute any and all Causes of Action, including with respect to rejected Executory Contracts and Unexpired Leases, against any Entity, except as otherwise expressly provided in the Plan. Unless any Causes of Action against an Entity are expressly waived, relinquished, exculpated, released, compromised, or settled in the Plan or a Bankruptcy Court Final Order, the Debtors and the Reorganized Debtors expressly reserve all Causes of Action, for later adjudication, and, therefore, no preclusion doctrine, including the doctrines of res judicata, collateral estoppel, issue preclusion, claim preclusion, estoppel (judicial, equitable, or otherwise), or laches, shall apply to such Causes of Action upon, after, or as a consequence of the Confirmation or Consummation.

U. Treatment of Executory Contracts and Unexpired Leases

1. Assumption of Executory Contracts and Unexpired Leases.

On the Effective Date, except as otherwise provided in the Plan or in any contract, instrument, release, indenture, or other agreement or document entered into in connection with the Plan, Executory Contracts and Unexpired Leases will be deemed assumed as of the Effective Date pursuant to sections 365 and 1123 of the Bankruptcy Code, regardless of whether such Executory Contract or Unexpired Lease is identified on the Assumed Executory Contracts and Unexpired Leases Schedule, unless such Executory Contract or Unexpired Lease: (a) was assumed or rejected previously by the Debtors; (b) previously expired or terminated pursuant to its own terms; (c) is

the subject of a motion to reject filed on or before the Effective Date; or (d) is identified as an Executory Contract or Unexpired Lease on the Rejected Executory Contracts and Unexpired Leases Schedule, if any. Any motions to assume or reject Executory Contracts or Unexpired Leases pending on the Effective Date will be subject to approval by the Bankruptcy Court on or after the Effective Date by a Final Order.

Entry of the Confirmation Order will constitute a Bankruptcy Court order approving the assumptions, assumption and assignment, or rejections, as applicable, of such Executory Contracts or Unexpired Leases as set forth in the Plan, the Assumed Executory Contract and Unexpired Lease Schedule, and the Rejected Executory Contract and Unexpired Lease Schedule, as applicable, pursuant to sections 365(a) and 1123 of the Bankruptcy Code. Unless otherwise indicated, assumptions or rejections of Executory Contracts and Unexpired Leases pursuant to the Plan are effective as of the Effective Date. Each Executory Contract or Unexpired Lease assumed pursuant to the Plan or by Bankruptcy Court order but not assigned to a third party before the Effective Date will re-vest in and be fully enforceable by the applicable contracting Reorganized Debtor in accordance with its terms, except as such terms may have been modified by the provisions of the Plan or any order of the Bankruptcy Court authorizing and providing for its assumption under applicable federal law.

To the maximum extent permitted by law, to the extent any provision in any Executory Contract or Unexpired Lease assumed pursuant to the Plan restricts or prevents, or purports to restrict or prevent, or is breached or deemed breached by, the assumption of such Executory Contract or Unexpired Lease (including any "change of control" provision), then such provision will be deemed modified such that the transactions contemplated by the Plan will not entitle the non-Debtor party thereto to terminate such Executory Contract or Unexpired Lease or to exercise any other default-related rights with respect thereto. Notwithstanding anything to the contrary in the Plan, the Debtors or the Reorganized Debtors, as applicable, reserve the right to alter, amend, modify, or supplement the Rejected Executory Contract and Unexpired Lease Schedule at any time through and including 45 days after the Effective Date.

The Debtors expect to file the Plan Supplement containing the Rejected Executory Contract and Unexpired Lease Schedule approximately 42 days before the Confirmation Objection Deadline.

Additionally, the Debtors and Lexon Insurance Company ("Lexon") have discussed the ability to assume certain surety bonds and related contracts. Lexon (the "Surety") asserts that the surety bonds and General Agreements of Indemnity between the Surety and the Debtors in place as of the Effective Date may not be assumed by the Debtors pursuant to the Plan unless Lexon consents to such assumption. The Surety asserts that if such consents are required, and the Debtors are unable to obtain such consents or replace such surety bonds, the Debtors may not be able to consummate the Plan. In addition, the Surety and the Debtors each respectively agree to reserve all rights as they relate to the release and exculpation clauses contained in the Plan

2. Preexisting Obligations to the Debtors under Executory Contracts and Unexpired Leases.

Rejection of any Executory Contract or Unexpired Lease pursuant to the Plan or otherwise will not constitute a termination of preexisting obligations owed to the Debtors under such Executory Contract or Unexpired Lease.

3. Rejection of Executory Contracts and Unexpired Leases.

Unless otherwise provided by a Final Order of the Bankruptcy Court, all Proofs of Claim with respect to Claims arising from the rejection of Executory Contracts or Unexpired Leases, pursuant to the Plan or the Confirmation Order, if any, must be Filed with Prime Clerk and served on the Reorganized Debtors no later than thirty days after the effective date of such rejection.

Any Claims arising from the rejection of an Executory Contract or Unexpired Lease not filed with the Bankruptcy Court within such time will be automatically disallowed, forever barred from assertion, and will not be enforceable against the Debtors, the Reorganized Debtors, the New Property Entities, the Estates, or their property,

without the need for any objection by the Debtors or Reorganized Debtors, or further notice to, action, order, or approval of the Bankruptcy Court or any other Entity, and any Claim arising out of the rejection of the Executory Contract or Unexpired Lease will be deemed fully satisfied, released, and discharged, and be subject to the permanent injunction set forth in Article VIII.E of the Plan, notwithstanding anything in the Schedules or a Proof of Claim to the contrary.

All Claims arising from the rejection by any Debtor of any Executory Contract or Unexpired Lease pursuant to section 365 of the Bankruptcy Code will be treated as a General Unsecured Claim pursuant to Article III.B of the Plan and may be objected to in accordance with the provisions of Article VI of the Plan and the applicable provisions of the Bankruptcy Code and Bankruptcy Rules.

4. Cure of Defaults for Assumed Executory Contracts and Unexpired Leases.

Any monetary defaults under each Executory Contract and Unexpired Lease to be assumed pursuant to the Plan will be satisfied, pursuant to section 365(b)(1) of the Bankruptcy Code, by payment of the default amount in Cash on the Effective Date, subject to the limitation described below, or on such other terms as the parties to such Executory Contracts or Unexpired Leases may otherwise agree. In the event of a dispute regarding: (1) the amount of any payments to cure such a default; (2) the ability of the Debtors or any assignee to provide “adequate assurance of future performance” (within the meaning of section 365 of the Bankruptcy Code) under the Executory Contract or Unexpired Lease to be assumed; or (3) any other matter pertaining to assumption, the cure amount required by section 365(b)(1) of the Bankruptcy Code will be made following the entry of a Final Order or orders resolving the dispute and approving the assumption; provided that the Reorganized Debtors may settle any dispute regarding the amount of any such cure amount without any further notice to any party or any action, order, or approval of the Bankruptcy Court; provided, further, that, notwithstanding anything to the contrary herein, prior to the entry of a Final Order resolving any dispute and approving the assumption and assignment of such Executory Contract or Unexpired Lease, the Reorganized Debtors reserve the right to reject any Executory Contract or Unexpired Lease that is subject to dispute, whether by amending the Rejected Executory Contract and Unexpired Lease Schedule in accordance with Article V.A of the Plan or otherwise.

At least fourteen days prior to the Confirmation Objection Deadline, the Debtors will provide for notices of proposed assumption and proposed cure amounts to be sent to applicable third parties and for procedures for objecting thereto and resolution of disputes by the Bankruptcy Court; provided that the Debtors reserve all rights with respect to any such proposed assumption and proposed cure amount in the event of an objection or dispute. Any objection by a counterparty to an Executory Contract or Unexpired Lease to a proposed assumption or related cure amount must be filed, served, and actually received by the Debtors no later than thirty days after service of the notice providing for such assumption and related cure amount. Any counterparty to an Executory Contract or Unexpired Lease that fails to timely object to the proposed assumption or cure amount will be deemed to have assented to such assumption or cure amount.

Assumption of any Executory Contract or Unexpired Lease pursuant to the Plan or otherwise will constitute and be deemed to constitute the full release and satisfaction of any Claims or defaults, whether monetary or nonmonetary, including defaults of provisions restricting the change in control or ownership interest composition or other bankruptcy-related defaults, arising under any assumed Executory Contract or Unexpired Lease at any time prior to the effective date of assumption. **Any Proofs of Claim filed with respect to an Executory Contract or Unexpired Lease that has been assumed will be deemed disallowed and expunged, without further notice to, action, order, or approval of the Bankruptcy Court.**

5. Modifications, Amendments, Supplements, Restatements, or Other Agreements.

Unless otherwise provided in the Plan, each assumed or assumed and assigned Executory Contract or Unexpired Lease will include all modifications, amendments, supplements, restatements, or other agreements that in any manner affect such Executory Contract or Unexpired Lease, and all Executory Contracts and Unexpired Leases related thereto, if any, including all easements, licenses, permits, rights, privileges, immunities, options, rights of

first refusal, and any other interests, unless any of the foregoing agreements has been previously rejected or is rejected under the Plan.

Modifications, amendments, supplements, and restatements to prepetition Executory Contracts and Unexpired Leases that have been executed by the Debtors during the Chapter 11 Cases will not be deemed to alter the prepetition nature of the Executory Contract or Unexpired Lease, or the validity, priority, or amount of any Claims that may arise in connection therewith.

6. Indemnification Provisions.

On and as of the Effective Date, the Indemnification Provisions will be assumed and irrevocable and will survive the effectiveness of the Plan and the Reorganized Debtors' governance documents will provide for the indemnification, defense, reimbursement, exculpation, and/or limitation of liability of, and advancement of fees and expenses to, the Debtors' and the Reorganized Debtors' current and former directors, officers, employees, or agents to the fullest extent permitted by law and at least to the same extent as the organizational documents of each of the respective Debtors on the Petition Date, against any claims or Causes of Action whether direct or derivative, liquidated or unliquidated, fixed or contingent, disputed or undisputed, matured or unmatured, known or unknown, foreseen or unforeseen, asserted or unasserted, and none of the Reorganized Debtors will amend and/or restate their respective governance documents before or after the Effective Date to terminate or materially adversely affect any of the Reorganized Debtors' obligations to provide such indemnification rights or such directors', officers', employees', or agents' indemnification rights; provided that, for the avoidance of doubt, each of the Reorganized Debtors will be jointly and severally liable for the foregoing obligations to provide such indemnification rights or such directors', officers', employees', or agents' indemnification rights. Entry of the Confirmation Order will constitute the Bankruptcy Court's approval of the Debtors' foregoing assumption of each of the Indemnification Provisions. Notwithstanding anything to the contrary contained herein, (1) Confirmation will not discharge, impair, or otherwise modify any obligations assumed by the foregoing assumption of the Indemnification Provisions, (2) each such obligation will be deemed and treated as an Executory Contract that has been assumed by the Debtors under the Plan as to which no Proof of Claim need be Filed, and (3) as of the Effective Date, the Indemnification Provisions will be binding and enforceable against the Reorganized Debtors. While the Debtors will assume the Indemnification Provisions in accordance with the Plan, confirmation of the Plan is contingent upon, among other things, entry of the Confirmation Order approving the Plan's Debtor Release and Third-Party Release. The Debtors believe these releases will substantially reduce, if not eliminate, any liabilities associated with the Indemnification Provisions.

The New Property Entities' governance documents will provide for the indemnification, defense, reimbursement, exculpation, and/or limitation of liability of, and advancement of fees and expenses to, the New Property Entities' directors, officers, employees, or agents to the fullest extent permitted by law and at least to the same extent as the organizational documents of each of the Debtors on the Petition Date, against any claims or Causes of Action whether direct or derivative, liquidated or unliquidated, fixed or contingent, disputed or undisputed, matured or unmatured, known or unknown, foreseen or unforeseen, asserted or unasserted, and none of the New Property Entities shall amend and/or restate their respective governance documents before the Effective Date to terminate or materially adversely affect any of the New Property Entities' obligations to provide such indemnification rights or such directors', officers', employees', or agents' indemnification rights. Notwithstanding the foregoing, nothing shall impair the ability of the New Property Entities to modify the indemnification obligations (whether in the bylaws, certificates or incorporate or formation, limited liability company agreements, other organizational or formation documents, board resolutions, indemnification agreements, employment contracts, or otherwise) arising after the Effective Date.

7. Treatment of D&O Liability Insurance Policies.

Notwithstanding anything in the Plan to the contrary, CEC will maintain all of its unexpired D&O Liability Insurance Policies for the benefit of the Debtors' directors, members, trustees, officers, and managers, which coverage will be through the Effective Date of the Plan, and all directors, members, trustees, officers, and managers of the Debtors who served in such capacity at any time prior to the Effective Date will be entitled to the full benefits

of any such policy for the full term of such policy regardless of whether such directors and officers remain in such positions after the Effective Date. Notwithstanding anything to the contrary contained in the Plan, confirmation of the Plan will not discharge, impair, or otherwise modify any indemnity obligations related to the foregoing D&O Liability Insurance Policies.

The Debtors and/or the Reorganized Debtors, as applicable, are authorized to purchase D&O Liability Insurance Policies for the benefit of the Debtors' directors, members, trustees, officers, and managers, which D&O Liability Insurance Policies shall be effective as of the Effective Date. On and after the Effective Date, each of the Reorganized Debtors and the New Property Entities shall be authorized to purchase D&O Liability Insurance Policies for the benefit of their respective directors, members, trustees, officers, and managers in the ordinary course of business.

8. Insurance Policies.

Each of the Debtors' insurance policies (other than the D&O Liability Insurance Policies, which will receive the treatment set forth in Article V.G of the Plan) and any agreements, documents, or instruments relating thereto, are treated as Executory Contracts under the Plan. Unless otherwise provided in the Plan or the Plan Supplement, on the Effective Date, the Reorganized Debtors will be deemed to have assumed all insurance policies and any agreements, documents, and instruments relating to coverage of all insured Claims.

9. Benefit Programs.

Except and to the extent previously assumed by an order of the Bankruptcy Court on or before the Confirmation Date, and except for (1) Executory Contracts or plans specifically rejected pursuant to the Plan (to the extent such rejection does not violate sections 1114 or 1129(a)(13) of the Bankruptcy Code) and (2) Executory Contracts or plans as have previously been rejected, are the subject of a motion to reject, or have been specifically waived by the beneficiaries of any plans or contracts: all employee compensation and benefit programs of the Debtors, including programs subject to sections 1114 and 1129(a)(13) of the Bankruptcy Code, if any, and all collective bargaining agreements requiring contributions to multiemployer employee benefit plans, if any, entered into before or after the Petition Date and not since terminated, will be deemed to be, and will be treated as though they are, Executory Contracts that are assumed under Article V of the Plan, but only to the extent that rights under such programs are held by the Debtors or Persons who are employees of the Debtors as of the Confirmation Date, and the Debtors' obligations under such programs to Persons who are employees of the Debtors on the Confirmation Date will survive Confirmation of the Plan; provided, however, that the Debtors' obligations, if any, to pay all "retiree benefits" as defined in section 1114(a) of the Bankruptcy Code will continue; provided, further, however, that nothing in the Plan will extend or otherwise modify the duration of such period or prohibit the Debtors or the Reorganized Debtors from modifying the terms and conditions of such employee benefits and retiree benefits as otherwise permitted by such plans and applicable nonbankruptcy law.

The Debtors have estimated that withdrawal liability claims would total approximately \$446 million (including the NRF Claim discussed more fully in Article IV.S.3) based on the Debtors' most recent actuarial estimates of withdrawal liabilities and a review of the Claims filed in the Chapter 11 Cases. The Debtors currently do not expect to move to terminate any of their collective bargaining agreements, and expect that they will continue to comply with the terms and conditions of their collective bargaining agreements absent termination. Other than the NRF Claim, the withdrawal liability Claims are contingent. Counsel for the International Painters and Allied Trades Industry Pension Fund ("IUPAT") has asserted that IUPAT's Claim was filed due to what the IUPAT has asserted is a split in the case law concerning the treatment of the withdrawal liability claims in a reorganization without an actual withdrawal. *See e.g., CPT Holdings, Inc. v. Industrial & Allied Employees Union Pension Plan, Local 73*, 162 F.3d 405 (6th Cir. 1998) (contingent withdrawal liability is not a claim that is affected by a bankruptcy); *contra In re CD Realty Partners*, 205 B.R. 651, 659 (Bankr. D. Mass. 1997) (employer's bankruptcy that preceded the employer's withdrawal from a pension plan discharged the employer's pre-bankruptcy withdrawal liability). IUPAT has also asserted that such claims might also be entitled to priority status at least in part. *See In re Marcal Paper Mills, Inc.*, 650 F.3d 311 (3d Cir. 2011). The Plan does not contemplate a liquidation. Instead, the

Debtors expect to reorganize and anticipate no current payment on any contingent withdrawal liability. The Debtors expect to resolve the contingent withdrawal liability claims filed against the Estates as part of the claims process.

10. Contracts and Leases Entered Into After the Petition Date.

Contracts and leases entered into after the Petition Date by any Debtor, including any Executory Contracts and Unexpired Leases assumed by such Debtor, will be performed by the applicable Debtor liable thereunder in the ordinary course of its business (and will be vested in the applicable Reorganized Debtor or New Property Entity). Accordingly, such contracts and leases (including any assumed Executory Contracts and Unexpired Leases) will survive and remain unaffected by entry of the Confirmation Order.

**ARTICLE VI.
SOLICITATION AND VOTING PROCEDURES**

On [____], 2016, the Bankruptcy Court entered the Solicitation Procedures Order [Docket No. ____]. For purposes of this Article VI, capitalized terms used but not defined herein shall have the meaning ascribed to such terms in the Solicitation Procedures Order. The procedures and instructions for voting on the Plan are set forth in the exhibits annexed to the Solicitation Procedures Order. **The Solicitation Procedures Order is incorporated herein by reference and should be read in conjunction with this Disclosure Statement and in formulating a decision to vote to accept or reject the Plan.**

**THIS DISCUSSION OF THE SOLICITATION AND VOTING PROCEDURES SET FORTH IN THIS
DISCLOSURE STATEMENT IS ONLY A SUMMARY.**

PLEASE REFER TO THE SOLICITATION PROCEDURES ORDER
[DOCKET NO. ____] FOR A MORE COMPREHENSIVE
DESCRIPTION OF THE SOLICITATION AND VOTING PROCESS.

A. Solicitation Packages

Pursuant to the Solicitation Procedures Order, Holders of Claims who are eligible to vote to accept or reject the Plan will receive appropriate solicitation materials (the “General Solicitation Package”), including:

- a copy of the Solicitation Procedures;
- the Confirmation Hearing Notice;
- a cover letter, describing the contents of the General Solicitation Package and urging the Holders of Claims in each of the Voting Classes to vote to accept the Plan;
- an appropriate form of Ballot for Holders of Claims;
- the approved Disclosure Statement (with all exhibits attached thereto, including the Plan and the exhibits attached thereto); and
- any supplemental documents the Debtors file with the Bankruptcy Court and any documents that the Bankruptcy Court orders to be made available.

The Solicitation Packages will provide the Disclosure Statement and Plan in electronic format (i.e., CD-ROM or flash drive) and all other contents of the Solicitation Packages, including Ballots and Master Ballots, in paper format. Any Holder of a Claim or Interest may obtain, at no charge, a paper copy of the documents otherwise provided by (a) accessing Prime Clerk’s website at <https://cases.primeclerk.com/CEOC/>, (b) writing to Prime Clerk, via first-class or overnight mail, at CEOC Ballot Processing, c/o Prime Clerk LLC, 830 Third Avenue, 3rd Floor,

New York, New York 10022, (c) calling Prime Clerk at (855) 842-4123 within the United States or Canada or, outside of the United States or Canada, by calling +1 (646) 795-6969, or (d) e-mailing ceocballots@primeclerk.com.

B. Voting Rights

Classes Entitled to Vote. Under the provisions of the Bankruptcy Code, not all Holders of Claims against, or Interests in, a debtor are entitled to vote on a chapter 11 plan. The following Classes (the “**Voting Classes**”) for each Debtor, as applicable, are the only Classes entitled to vote to accept or reject the Plan. The Holders of Claims in the Voting Classes are Impaired under the Plan and may, in certain circumstances, receive a distribution under the Plan. Accordingly, Holders of Claims in the Voting Classes have the right to vote to accept or reject the Plan. If your Claim or Interest is not included in one of these Classes, you are not entitled to vote and you will not receive a Solicitation Package. Each of the Voting Classes will have accepted the Plan if: (1) the Holders of at least two thirds in dollar amount of the Allowed Claims actually voting in each Class for each Debtor, as applicable, have voted to accept the Plan; and (2) the Holders of more than one half in number of the Allowed Claims actually voting in each Class for each Debtor, as applicable, have voted to accept the Plan. Additionally, if Prime Clerk receives no votes to accept or reject the Plan with respect to any particular Class of Claims, that Class will be deemed to have voted to accept the Plan.

CLASS	CLAIM / INTEREST	STATUS UNDER PLAN	VOTING RIGHTS
D	Prepetition Credit Agreement Claims	Impaired	Entitled to Vote
E	Secured First Lien Notes Claims	Impaired	Entitled to Vote
F	Second Lien Notes Claims	Impaired	Entitled to Vote
G	Subsidiary-Guaranteed Notes Claims	Impaired	Entitled to Vote
H	Senior Unsecured Notes Claims	Impaired	Entitled to Vote
I	Undisputed Unsecured Claims	Impaired	Entitled to Vote
J	Disputed Unsecured Claims	Impaired	Entitled to Vote
K	Convenience Unsecured Claims	Impaired	Entitled to Vote
L	Par Recovery Unsecured Claims	Impaired	Entitled to Vote
M	Winnick Unsecured Claims	Impaired	Entitled to Vote
N	Caesars Riverboat Casino Unsecured Claims	Impaired	Entitled to Vote
O	Chester Downs Management Unsecured Claims	Impaired	Entitled to Vote

Classes Not Entitled to Vote. Under the Bankruptcy Code, Holders of Claims or Interests are not entitled to vote if such Claims or Interests are Unimpaired under the Plan or if they will receive no distribution of property under the Plan. Based on this standard, the following Classes of Claims and Interest for each Debtor, as applicable, will not be entitled to vote on the Plan and the Holders of such Claims will **not** be solicited to vote on the Plan.

CLASS	CLAIM / INTEREST	STATUS UNDER PLAN	VOTING RIGHTS
A	Secured Tax Claims	Unimpaired	Deemed to Accept
B	Other Secured Claims	Unimpaired	Deemed to Accept
C	Other Priority Claims	Unimpaired	Deemed to Accept
P	Non-Obligor Unsecured Claims	Unimpaired	Deemed to Accept

CLASS	CLAIM / INTEREST	STATUS UNDER PLAN	VOTING RIGHTS
Q	Section 510(b) Claims	Impaired	Deemed to Reject
R	Intercompany Claims	Impaired	Deemed to Reject
S	Intercompany Interests	Impaired	Deemed to Reject
T	CEOC Interests	Impaired	Deemed to Reject
U	Des Plaines Interests	Unimpaired	Deemed to Accept

Additionally, the Solicitation Procedures Order provides that certain Holders of Claims in the Voting Classes, such as those Holders whose Claims have been disallowed or are subject to a pending objection, are not entitled to vote to accept or reject the Plan.

C. Voting Procedures

The Voting Record Date is [June 7, 2016]. The Solicitation Procedures Order established Voting Record Date for purposes of determining, among other things, which Holders of Claims are eligible to vote on the Plan and whether Claims have been properly assigned or transferred under Bankruptcy Rule 3001(e) such that an assignee can vote as the Holder of a Claim.

The Voting Deadline is [September 16], 2016, at [4]:00 p.m. (prevailing Central Time). The Solicitation Procedures Order also established the Voting Deadline as the deadline for submitting Ballots and Master Ballots, as applicable. To have votes to accept or reject the Plan counted, every registered Holder of a Claim, or such Holder's Nominee, must properly execute, complete, and deliver the Ballot or Master Ballot (as applicable) sent to it by (i) first-class mail, (ii) overnight courier, or (iii) personal delivery, in each case so that Prime Clerk **actually receives** the Ballot or Master Ballot (as applicable) no later than the Voting Deadline. Holders of Claims, or their Nominees, should send their Ballots to Prime Clerk on or before the Voting Deadline, as indicated in the chart below. Delivery of a Ballot to Prime Clerk by facsimile, e-mail, or any other electronic means will render the corresponding vote invalid.⁷² If a Holder received a reply envelope addressed to its Nominee, such Holder should allow sufficient time for its Nominee to receive, process and submit its vote on a Master Ballot that must be actually received by Prime Clerk by the Voting Deadline. It is important to follow the specific instructions provided on each Ballot or Master Ballot. Ballots and Master Ballots should be sent to:

DELIVERY OF BALLOTS AND MASTER BALLOTS
CEOC Ballot Processing c/o Prime Clerk LLC
830 3rd Avenue, 3rd Floor
New York, NY 10022

If you received an envelope addressed to your nominee, please allow enough time when you return your Ballot or Master Ballot, as applicable, for your nominee to cast your vote on a Ballot or Master Ballot before the Voting Deadline.

D. Ballots and Master Ballots Not Counted

Except as otherwise provided by the Solicitation Procedures Order, no Ballot or Master Ballot will be counted toward Confirmation if, among other things: (i) it is illegible or contains insufficient information to permit the identification of the Holder of the Claim; (ii) it was transmitted by facsimile, email, or other electronic means; (iii) it was cast by an entity that is not entitled to vote on the Plan; (iv) it was cast for a Claim listed in the Schedules as contingent, unliquidated, or disputed for which the applicable bar date has passed and no proof of claim was timely filed; (v) it was cast for a Claim that is subject to an objection pending as of the Voting Record Date (unless

⁷² Notwithstanding the foregoing, Nominees (or their agents) may submit their Master Ballots via electronic mail to ceocballots@primeclerk.com.

temporarily allowed in accordance with the Solicitation Procedures Order); (vi) it was sent to the Debtors, the Debtors' agents (other than Prime Clerk), the Debtors' financial or legal advisors, the Official Committees, or the Official Committees' advisors; (vii) it is unsigned; (viii) it is not clearly marked to either accept or reject the Plan or it is marked both to accept and reject the Plan; or (ix) it is not received by Prime Clerk before the Voting Deadline. Please refer to the Solicitation Procedures Order for additional requirements with respect to voting to accept or reject the Plan.

IF YOU HAVE ANY QUESTIONS ABOUT THE SOLICITATION OR VOTING PROCESS, PLEASE CONTACT PRIME CLERK TOLL-FREE AT (855) 842-4123 WITHIN THE UNITED STATES OR CANADA OR, OUTSIDE OF THE UNITED STATES OR CANADA, BY CALLING +1 (646) 795-6969 OR E-MAIL CEOCBALLOTS@PRIMECLERK.COM. ANY BALLOT OR MASTER BALLOT RECEIVED AFTER THE VOTING DEADLINE OR OTHERWISE NOT IN COMPLIANCE WITH THE SOLICITATION PROCEDURES ORDER WILL NOT BE COUNTED.

ARTICLE VII. FIRST LIEN CREDITOR ELECTIONS

Pursuant to the Plan, Holders of Prepetition Credit Agreement Claims and Secured First Lien Notes Claims have the right to make certain elections (the "First Lien Creditor Elections") with respect to the consideration they are to receive under the Plan. The First Lien Creditor Elections include: (a) the PropCo Preferred Equity Call and Put Rights and (b) the PropCo Equity Election. The procedures and instructions for the First Lien Creditor Elections will be set forth in the Plan Supplement and are summarized below.

A. PropCo Preferred Equity Put Election.

Under Article III.B.5 of the Plan, all Holders of Secured First Lien Notes Claims will receive, among other things, their pro rata share of the PropCo Preferred Equity Distribution and the PropCo Preferred Equity Upsize Amount (if any). Pursuant to the First Lien Creditor Elections Procedures, however, each Holder of an Allowed Secured First Lien Notes Claims who is not a PropCo Preferred Backstop Investor will be able to elect (each, a "PropCo Preferred Equity Put Right") to put all, but not less than all, of such Holder's remaining Pro Rata share of the PropCo Preferred Equity Distribution to the PropCo Preferred Backstop Investors, who will, subject to the terms and conditions of the Backstop Commitment Agreement, purchase such PropCo Preferred Equity on the Effective Date of the Plan for Cash at a price per share equal to 83.3% of the liquidation value thereof.

B. PropCo Equity Election.

Under Articles III.B.5 and IV.A.2 of the Plan, each Holder of an Allowed Prepetition Credit Agreement Claim and Secured First Lien Notes Claim will receive part of its consideration in the form of, as applicable, PropCo First Lien Term Loan, PropCo First Lien Notes, PropCo Second Lien Notes, and CPLV Mezzanine Debt. Pursuant to the First Lien Creditor Elections, however, each Holder of an Allowed Prepetition Credit Agreement Claims and Secured First Lien Notes Claim may elect (each, a "PropCo Equity Election") to receive PropCo Common Equity in lieu of all or a portion of such Holder's pro rata share of, as applicable, the PropCo First Lien Term Loan, the PropCo First Lien Notes, PropCo Second Lien Notes, and CPLV Mezzanine Debt. The PropCo Equity Election shall reduce the aggregate amount of CPLV Mezzanine Debt (if any), PropCo First Lien Notes, PropCo First Lien Term Loan, and PropCo Second Lien Notes by no more than \$1.25 billion. To the extent that Holders of Allowed Prepetition Credit Agreement Claims and/or Secured First Lien Notes Claims exercise the PropCo Equity Election such that the aggregate amount of the CPLV Mezzanine Debt (if any), PropCo First Lien Notes, PropCo First Lien Term Loan, and PropCo Second Lien Notes issued pursuant to the Plan would be reduced by more than \$1,250 million, the PropCo Equity Election shall reduce first the CPLV Mezzanine Debt (if any), second the PropCo Second Lien Notes, and third, on a Pro Rata basis, the PropCo First Lien Notes and the PropCo First Lien Term Loan, until the aggregate amount of such debt shall only be reduced by \$1,250 million. A Holder making a PropCo Equity Election will receive \$1 face amount of PropCo Common Equity (at a valuation of \$1,620 million for 100 percent of PropCo Common Equity on a fully diluted basis) for every \$1 of PropCo First Lien Notes, PropCo

First Lien Term Loan, PropCo Second Lien Notes, and CPLV Mezzanine Debt (if any) that such Holder would otherwise receive under the Plan. To the extent the PropCo Equity Election is exercised by such Holders and in such amounts that the Debtors determine, in their sole discretion but in consultation with the Consenting First Lien Noteholders and Consenting First Lien Bank Lenders (in accordance with any applicable restructuring support agreements), that the results of the PropCo Equity Election would have negative consequences with respect to the tax treatment of the Spin Structure, the elections with respect to the PropCo Equity Election shall be modified or eliminated to the extent necessary to avoid such negative consequences.

C. Plan Supplement.

The Debtors will document the PropCo Equity Put Right and PropCo Equity Election in consultation with the Consenting First Lien Noteholders and Consenting First Lien Bank Lenders (in accordance with any applicable restructuring support agreements) and include the First Lien Creditor Elections in the Plan Supplement. The Debtors reserve the right to adopt additional detailed procedures if necessary, in the Debtors' business judgment, to more efficiently administer the distribution and exercise of the First Lien Creditor Elections or comply with applicable law.

**ARTICLE VIII.
CONFIRMATION OF THE PLAN**

The following is a brief summary of the confirmation process. Holders of Claims and Interests are encouraged to review the relevant provisions of the Bankruptcy Code and to consult their own advisors with respect to the summary provided in the Disclosure Statement.

A. Confirmation Hearing

Section 1128(a) of the Bankruptcy Code requires a bankruptcy court, after notice, to conduct a hearing to consider confirmation of a chapter 11 plan. Section 1128(b) provides that any party in interest may object to confirmation of the Plan. The Bankruptcy Court has scheduled the Confirmation Hearing for [November 7], 2016, at [10:30] a.m. (prevailing Central Time). The Bankruptcy Court may adjourn the Confirmation Hearing from time to time without further notice. Objections to Confirmation of the Plan must be filed and served on the Debtors, and certain other parties, by no later than [September 16], 2016, at 4:00 p.m. (prevailing Central Time) in accordance with the notice of the Confirmation Hearing, attached to the Solicitation Procedures Order as Exhibit 2 and incorporated herein by reference. Unless an objection to the Plan is timely served and filed, it may not be considered by the Bankruptcy Court.

B. Requirements for Confirmation of the Plan

At the Confirmation Hearing, the Bankruptcy Court will determine whether the Plan satisfies the requirements of section 1129 of the Bankruptcy Code. The Debtors believe that the Plan will satisfy all of the statutory requirements of chapter 11 of the Bankruptcy Code and that they have complied or will have complied with all of the requirements of chapter 11 of the Bankruptcy Code. Specifically, the Debtors believe that the Plan will satisfy the applicable confirmation requirements of section 1129 of the Bankruptcy Code, including those set forth below.

- The Plan complies with the applicable provisions of the Bankruptcy Code.
- The Debtors, as the Plan proponents, have complied with the applicable provisions of the Bankruptcy Code.
- The Plan has been proposed in good faith and not by any means forbidden by law.
- Any payment made or to be made under the Plan for services or for costs and expenses in, or in connection with, the Chapter 11 Cases, or in connection with the Plan and incident to the Chapter 11

Cases, has been or will be disclosed to the Bankruptcy Court, and any such payment: (1) made before the confirmation of the Plan is reasonable; or (2) is subject to the approval of the Bankruptcy Court as reasonable, if it is to be fixed after confirmation of the Plan.

- With respect to each Class of Claims, each Holder of an Impaired Claim has accepted the Plan or will receive or retain under the Plan on account of such Claim property of a value as of the Effective Date of the Plan that is not less than the amount that such Holder would receive or retain if the Debtors were liquidated on that date under chapter 7 of the Bankruptcy Code. With respect to each Class of Interests, each Holder of an Impaired Interest has accepted the Plan or will receive or retain under the Plan on account of such Interest property of a value as of the Effective Date of the Plan that is not less than the amount that such Holder would receive or retain if the Debtors were liquidated on that date under chapter 7 of the Bankruptcy Code.
- Each Class of Claims or Interests that is entitled to vote on the Plan has either accepted the Plan or is not Impaired under the Plan, or the Plan can be confirmed without the approval of such voting Class of Claims or Interests pursuant to section 1129(b) of the Bankruptcy Code.
- Except to the extent that the Holder of a particular Claim will agree to a different treatment of its Claim, the Plan provides that: (1) Holders of Claims specified in sections 507(a)(2) and 507(a)(3) will receive, under different circumstances, Cash equal to the amount of such Claim either on the Effective Date (or as soon as practicable thereafter), no later than 30 days after the Claim becomes Allowed, or pursuant to the terms and conditions of the transaction giving rise to the Claim; (2) Holders of Claims specified in sections 507(a)(1), 507(a)(4), 507(a)(5), 507(a)(6), or 507(a)(7) of the Bankruptcy Code will receive on account of such Claims Cash equal to the Allowed amount of such Claim on the Effective Date of the Plan (or as soon thereafter as is reasonably practicable) or Cash payable over no more than six months after the Petition Date; and (3) Holders of Claims specified in section 507(a)(8) of the Bankruptcy Code will receive on account of such Claim regular installment payments of Cash of a total value, as of the Effective Date of the Plan, equal to the Allowed amount of such Claim over a period ending not later than five years after the Petition Date.
- At least one Class of Impaired Claims has accepted the Plan, determined without including any acceptance of the Plan by any “insider,” as that term is defined by section 101(31) of the Bankruptcy Code, holding a Claim in that Class.
- Confirmation of the Plan is not likely to be followed by the liquidation or the need for further financial reorganization of the Debtors or any successors thereto under the Plan, unless the Plan contemplates such liquidation or reorganization.
- The Debtors have paid or the Plan provides for the payment of the required filing fees pursuant to 28 U.S.C. § 1930 to the clerk of the Bankruptcy Court.

1. The Debtor Release, Third-Party Release, Exculpation, and Injunction Provisions

Article VIII.B of the Plan provides for releases of certain claims and Causes of Action the Debtors may hold against the Released Parties. The Released Parties are: (a) each Debtor; (b) the Consenting First Lien Noteholders; (c) the Consenting First Lien Bank Lenders; (d) the Prepetition Credit Agreement Agent; (e) the First Lien Notes Indenture Trustee; (f) the DTC; (g) with respect to each of the foregoing identified in subsections (a) through (g) herein, each of such Entities’ respective direct and indirect sponsors, shareholders, affiliates, subsidiaries, officers, directors, employees, managers, agents, attorneys, investment bankers, professionals, advisors, and representatives, each in their capacities as such; and (g) the CEC Released Parties; provided, that, in no event shall a Non-Released Party be a Released Party. The Non-Released Parties (if any) will be identified on the Non-Released Parties Schedule from time to time to be filed as part of the Plan Supplement.

Article VIII.C of the Plan provides for releases of certain claims and Causes of Action against the Released Parties in exchange for the good and valuable consideration and the valuable compromises made by the Released Parties (the “Third-Party Release”). The Holders of Claims and Interests who are releasing certain claims and Causes of Action against non-Debtors under the Third-Party Release include: (a) the Debtors; (b) the CEC Released Parties; (c) the Consenting First Lien Noteholders; (d) the Consenting First Lien Bank Lenders; and (e) all other Persons or Entities holding Claims against, or Interests in, the Debtors. Various third parties, including certain of the parties to the Parent Guarantee Litigation, have informed the Debtors that they object to the release of their third-party direct claims against CEC.

Article VIII.D of the Plan provides for the exculpation of each Exculpated Party for certain acts or omissions taken in connection with the Chapter 11 Cases. Each of the Released Parties is an Exculpated Party. The released and exculpated claims are limited to those claims or Causes of Action that may have arisen in connection with, related to, or arising out of the Plan, this Disclosure Statement, or the Chapter 11 Cases.

Article VIII.E of the Plan permanently enjoins Entities who have held, hold, or may hold claims, interests, or Liens that have been discharged or released pursuant to the Plan or are subject to exculpation pursuant to the Plan from asserting such claims, interests, or Liens against each Debtor, the Reorganized Debtors, and the Released Parties.

Under applicable law, a debtor release of the Released Parties will be analyzed under the rules governing a settlement made pursuant to Bankruptcy Rule 9019(a). *See In re Envirodyne Indus., Inc.*, No. 93 B 310, 1993 WL 566565, at *31 (Bankr. N.D. Ill. Dec. 20, 1993) (“Though the Intended Release is not a settlement under Rule 9019(a) of the Fed.R.Bankr.P., the rules governing the approval of a settlement are instructive and helpful to the court in determining whether the Intended Release should be approved as part of the Plan.”). Courts reviewing such settlements must determine whether the settlement in question is in the best interests of the estate after comparing, among other things, the terms of the settlement with the probable costs, benefits, degree of success, complexity, and inconvenience of a litigious alternative. *Id.*

Further, a chapter 11 plan may provide for a release of third party claims against non-debtors, such as the Third-Party Release. This includes where such third-party releases are consensual. *See In re Specialty Equip. Cos.*, 3 F.3d 1043, 1046 (7th Cir. 1993) (approving third-party release where “each creditor could choose to grant, or not to grant, the release irrespective of the vote of the class of creditors or interest holders of which he or she is a member”); *In re Conseco, Inc.*, 301 B.R. 525, 528 (Bankr. N.D. Ill. 2003) (approving release by “those creditors who agreed to be bound, either by voting for the Plan or by choosing not to opt out of the release”). In addition, nonconsensual releases of third party claims against non-debtors are also permissible under certain circumstances. *See In re Airadigm Commc’ns, Inc.*, 519 F.3d 640, 657 (7th Cir. 2008) (approving nonconsensual release required by financing source where financing “was itself essential to the reorganization,” release was of claims in connection with restructuring, release had willful misconduct carveout, and the release is “appropriate and not inconsistent with any provision of the bankruptcy code.”); *In re Ingersoll, Inc.*, 562 F.3d 856, 863–65 (7th Cir. 2009) (affirming nonconsensual release of third party litigation by non-creditor against non-debtor where “it was central to the negotiation and ultimate success of the plan,” narrowly-tailored, and supported by “good and valuable consideration [that] will enable unsecured creditors to realize distribution in this case”); *Hotel 71 Mezz Lender LLC v. Nat’l Ret. Fund*, No. 13 C 03306, at *25–29 (N.D. Ill. Aug. 21, 2015) (finding that the nonconsensual third-party release of withdrawal liability under ERISA was “narrowly tailored” because it was limited to claims arising in connection with the restructuring, was not a blanket immunity, and was “essential” to providing any meaningful recovery for general creditors). The Court of Appeals for the Seventh Circuit in *Ingresoll* echoed the sentiments in *In re Metromedia Fiber Network, Inc.*, 416 F.3d 136 (2d Cir. 2005), that although courts have the authority in limited cases to approve third party nonconsensual releases, courts should exercise caution. The Court warned that “[A] nondebtor release should only be approved in rare cases . . . because it is a device that lends itself to abuse. This is especially true when the release provides blanket immunity: ‘in form, it is a release; in effect, it may operate as a bankruptcy discharge arranged without a filing and without the safeguards of the Code’” *Ingersoll*, 562 F.3d at 864 (citing *Metromedia*, 416 F.3d at 141). The Debtors expect to meet their burden on approval of the Third-Party Release under the standard set forth in *Airadigm*, *Intersoll*, and their progeny, and will address this issue further in their briefing in support of, and at the hearing(s) on, confirmation of the Plan.

Frederick Barton Danner, the plaintiff in the Danner SDNY Action, has informed the Debtors that, as of the date of this Disclosure Statement, he objects to the nonconsensual release of his claims against CEC, including the claims asserted against CEC in the Danner SDNY Action. Mr. Danner asserts that the Third-Party Releases provided in the Plan are not permitted under applicable law. The Debtors expect that certain other creditors, including certain other plaintiffs in the Parent Guarantee Litigation, will take similar positions.

Courts evaluate the appropriateness of exculpation provisions based upon a number of factors, including whether the plan was proposed in good faith, whether liability is limited, and whether the exculpation provision was necessary for plan negotiations. *See Captran Creditors' Trust v. McConnell (In re Captran Creditors' Trust)*, 128 B.R. 469, 476 (M.D. Fla. 1991) (noting that the factors used to evaluate the language of an exculpation provision "include, but are not limited to: how the exculpatory clause limits liability, intent of the parties, and the manner in which the exculpatory clause was made a part of the agreement"); *In re Berwick Black Cattle Co.*, 394 B.R. 448, 459 (Bankr. C.D. Ill. 2008) ("As one court has explained, the now customary exculpation for acts and omissions in connection with the plan and the bankruptcy case requires, in effect, that any claims in connection with the case be raised in the case and not saved for future litigation.").

Finally, an injunction is appropriate where it is necessary to the reorganization and fair pursuant to section 105(a) of the Bankruptcy Code. *See, e.g., In re Oaks*, 2012 WL 5717940, at *9 (Bankr. N.D. Ill. Nov. 15, 2012) (approving injunction provision that was essential to the plan of reorganization).

The staff of the Securities & Exchange Commission questions the applicability and enforceability of Plan provisions which purport to provide, among other things, broad, general, non-consensual releases of non-debtor third-parties and the staff may recommend that the Commission object to the confirmation of the debtors' plan of reorganization.

The Second Priority Noteholders Committee has asked the Debtors to include the following statement and chart regarding their views of the Plan's release provisions:

In addition to CEC itself, the parties to be released under the plan include CEC affiliate Caesars Acquisition Company ("CAC"), each of the "Sponsors" (defined as Apollo Global Management, LLC; Apollo Management VI, L.P.; Apollo Alternative Assets, L.P.; Apollo Hamlet Holdings, LLC; Apollo Hamlet Holdings B, LLC; and Apollo Investment Fund VI, L.P.; TPG Capital, L.P.; TPG Global, LLC; TPG Capital Management, L.P.; TPG Hamlet Holdings, LLC; TPG Hamlet Holdings B, LLC; (c) Hamlet Holdings LLC; Con-Invest Hamlet Holdings, Series LLC; and Co-Invest Hamlet Holdings B, LLC), and all of their "respective direct and indirect current and former shareholders, affiliates (other than the Debtors), subsidiaries (other than the Debtors and their direct and indirect subsidiaries), partners (including general partners and limited partners), investors, managing members, officers, directors, principals, employees, managers, controlling persons, agents, attorneys, other professionals, advisors, and representatives, and each and all of their respective heirs, successors, and legal representatives, each in their capacities as such."

None of these entities and individuals is contributing anything to the bankruptcy estate in exchange for their release. The Examiner, however, concluded that many of the entities and individuals who would be immunized under the Plan potentially are liable to the estate in respect of billions of dollars of claims and causes of action. This table summarizes the Examiner's conclusions in this regard:

Released Entity	Nature of Claims	Examiner Range of Claim Values	Examiner Range of Claim Merits	Contribution for Release
Apollo entities	Aiding and abetting breach of fiduciary duty	\$3.210 billion to \$4.742 billion ⁷³	Strong to reasonable (except claim regarding 2009 WSOP determined to be reasonable but for statute of limitations, claim for multiple degradation determined to be weak, and claim for intercompany transfers determined to be reasonable/plausible)	\$0
TPG entities	Aiding and abetting breach of fiduciary duty	\$2.443 billion to \$3.975 billion	Reasonable (except claim regarding 2009 WSOP determined to be reasonable but for statute of limitations, claim for multiple degradation determined to be weak, claim for intercompany transfers determined to be reasonable/plausible, and claim for CERP transaction determined to be weak as against TPG)	\$0
David Sambur	Aiding and abetting breach of fiduciary duty	\$2.882 billion to \$4.003 billion	Strong to reasonable (except aiding and abetting claim for multiple degradation determined to be weak)	\$0
Marc Rowan	Aiding and abetting breach of fiduciary duty	\$1.787 billion to \$2.809 billion	Reasonable (except aiding and abetting claim for multiple degradation determined to be weak)	\$0
CEOC Directors	Breach of fiduciary duty	\$3.489 billion to \$4.993 billion ⁷⁴	Strong to reasonable (except 2009 WSOP claim determined to be reasonable but for statute of limitations)	\$0

⁷³ This excludes a claim for the value of CIE which the Examiner found to be weak/plausible; the Noteholder Committee estimates that potential claim to equal about \$2.3 billion

⁷⁴ This excludes a claim for the value of CIE which the Examiner found to be weak/plausible; the Noteholder Committee estimates that potential claim to equal about \$2.3 billion

Released Entity	Nature of Claims	Examiner Range of Claim Values	Examiner Range of Claim Merits	Contribution for Release
Caesars Entertainment Resort Properties, LLC	Actual and constructive fraudulent transfer	\$735 million to \$1.337 billion	Strong (except easement claim determined to be plausible)	\$0
Caesars Growth Partners LLC	Actual and constructive fraudulent transfer	\$1.590 billion to \$2.153 billion	Strong (except B-7 claim determined to be reasonable)	\$0
Caesars Interactive Entertainment	Actual and constructive fraudulent transfer	\$117 million to \$132 million ⁷⁵	Strong (except actual fraudulent transfer claims found to be weak)	\$0
Other Defendants On Claims Not Valued By The Examiner (e.g., Chatham Asset Mgt., Paul Weiss, Friedman Kaplan)	Actual fraudulent transfer; Disgorgement	Not quantified	Plausible (as to B-7 claim against Chatham); Claims for disgorgement not considered	\$0

2. Best Interests of Creditors/Liquidation Analysis

Often called the “best interests” test, section 1129(a)(7) of the Bankruptcy Code requires that a bankruptcy court find as a condition to confirmation, that a chapter 11 plan provides, with respect to each class, that each holder of a claim or an equity interest in the class either (i) has accepted the plan or (ii) will receive or retain under the plan property of a value that is not less than the amount that the holder would receive or retain if the debtors liquidated under chapter 7.

If no plan can be Confirmed, the Debtors’ Chapter 11 Cases may be converted to cases under chapter 7 of the Bankruptcy Code, pursuant to which a trustee would be elected or appointed to liquidate the assets of the Debtors for distribution in accordance with the priorities established by the Bankruptcy Code. A discussion of the effects that a chapter 7 liquidation would have on the recoveries of Holders of Claims and the Debtors’ Liquidation Analysis is described herein and attached hereto as **Exhibit D**. The Debtors prepared the Liquidation Analysis on a non-consolidated basis for each of the 173 Debtor entities, and it presents a reasonable good-faith estimate of the proceeds that would be available for distribution at each Debtor entity if the Debtors were liquidated in accordance with chapter 7 of the Bankruptcy Code. Based on this analysis, the Debtors have developed the Plan to ensure that

⁷⁵ This excludes a claim for the value of CIE which the Examiner found to be weak/plausible; the Noteholder Committee estimates that potential claim to equal about \$2.3 billion

Holders of Claims and Interests receive value under the Plan that is not less than the amount such Holders would receive in a chapter 7 liquidation.

In particular, the Debtors separately classified unsecured claims at certain of the Debtor entities, including the Non-Obligor Debtors, the Par Recovery Debtors, Winnick Holdings, LLC, Caesars Riverboat Casino, LLC, and Chester Downs Management Company, LLC, because based upon the Liquidation Analysis, Holders of unsecured claims at such Debtors are entitled to greater recoveries than Holders of Non-First Lien Claims to satisfy the “best interests” test. With respect to Holders of unsecured claims at the Non-Obligor Debtors, because the Non-Obligor Debtors did not pledge their assets in support of the Debtors’ funded debt obligations and have no funded debt obligations of their own, such Holders are expected to improved recoveries as opposed to creditors at other Debtors in a hypothetical liquidation and, therefore, are entitled to enhanced recoveries. Similarly, Holders of unsecured claims at the Par Recovery Debtors, Winnick Holdings, LLC, Caesars Riverboat Casino, LLC, and Chester Downs Management Company, LLC are generally entitled to enhanced recoveries because such Debtor entities could potentially hold significant unencumbered assets (such as avoidance action claims on account of the Challenged Transactions).

3. Impairment

The Debtors believe that Classes D, E, F, G, H, I, J, K, L, M, O, P, Q, and R are Impaired under applicable law because the Plan proposes to alter the asserted legal, equitable, and contractual rights that Holders of the Claims and Interests in such Classes assert against the Debtors.⁷⁶ See *In re Woodbrook Associates*, 19 F.3d 312, 321 n.10 (7th Cir. 1994) (A class is impaired if there is ‘any alteration of a creditor’s rights, no matter how minor.’”) (quoting *In re Windsor on the River Assocs., Ltd.*, 7 F.3d 127, 130 (8th Cir.1993)). The Debtors will be prepared to meet their burden to establish the basis for the Impaired treatment of the Holders of such Claims as part of Confirmation of the Plan.

4. Valuation

The Debtors’ investment banker, Millstein & Co., L.P., has prepared an independent valuation analysis, which is attached to this Disclosure Statement as **Exhibit F** and incorporated into this Disclosure Statement by reference (the “Valuation Analysis”). The Valuation Analysis should be considered in conjunction with the Risk Factors discussed in Article IX of this Disclosure Statement. The Valuation Analysis is based on data and information as of May 17, 2016. The Holders of Claims and Interests should carefully review the information in **Exhibit F** in its entirety.

5. Feasibility

Section 1129(a)(11) of the Bankruptcy Code requires that confirmation of a plan of reorganization is not likely to be followed by the liquidation, or the need for further financial reorganization of the debtor, or any successor to the debtor (unless such liquidation or reorganization is proposed in the plan of reorganization). To determine whether the Plan meets this feasibility requirement, the Debtors have analyzed their ability to meet their respective obligations under the Plan. As part of this analysis, the Debtors have prepared certain Financial Projections, which projections and the assumptions upon which they are based are attached hereto as **Exhibit E**. These Financial Projections relate to the expected performance of OpCo, PropCo, and CPLV under the Plan. Based on these Financial Projections and the fact that the Debtors will have sufficient funds upon Confirmation to make all payments required under the Plan, the Debtors believe that the deleveraging contemplated by the Plan meets the feasibility requirement of section 1129(a)(11) of the Bankruptcy Code.

⁷⁶ A class of claims is “impaired” within the meaning of section 1124 of the Bankruptcy Code unless the plan (a) leaves unaltered the legal, equitable and contractual rights to which the claim or equity interest entitles the holder of such claim or equity interest or (b) cures any default, reinstates the original terms of such obligation, compensates the holder for certain damages or losses, as applicable, and does not otherwise alter the legal, equitable or contractual rights to which such claim or equity interest entitles the holder of such claim or equity interest.

C. Acceptance by Impaired Classes

The Bankruptcy Code requires, as a condition to confirmation, that, except as described in the following section, each class of claims or interests that is impaired under a plan, accept the plan. A class that is not impaired under a plan is presumed to have accepted the plan and, therefore, solicitation of acceptances with respect to such class is not required. Pursuant to section 1124 of the Bankruptcy Code, a class is impaired unless the plan: (1) leaves unaltered the legal, equitable, and contractual rights to which the claim or the equity interest entitles the holder of such claim or equity interest; (2) cures any default, reinstates the original terms of such obligation, and compensates the applicable party in question; or (3) provides that, on the consummation date, the holder of such claim or equity interest receives cash equal to the allowed amount of that claim or, with respect to any equity interest, any fixed liquidation preference to which the holder of such equity interest is entitled to any fixed price at which the debtor may redeem the security.

Section 1126(c) of the Bankruptcy Code defines acceptance of a plan by a class of impaired creditors as acceptance by holders of at least two-thirds in dollar amount and more than one-half in number of claims in that class, but for that purpose counts only those who actually vote to accept or to reject a plan. Thus, a Class of creditor Claims will have voted to accept the Plan only if two-thirds in amount and more than one-half in number actually voting cast their ballots in favor of acceptance, subject to Article III of the Plan.

Section 1126(d) of the Bankruptcy Code defines acceptance of a plan by a class of impaired interests as acceptance by holders of at least two-thirds in dollar amount of those interests who actually vote to accept or to reject a plan. Votes that have been “designated” under section 1126(e) of the Bankruptcy Code are not included in the calculation of acceptance by a class of interests. Thus, a Class of Interests will have voted to accept the Plan only if two-thirds in amount actually voting cast their ballots in favor of acceptance, not counting designated votes, subject to Article III of the Plan.

Article III.E of the Plan provides in full: “If a Class for any Debtor contains Claims or Interests eligible to vote and no Holders of Claims or Interests eligible to vote in such Class vote to accept or reject the Plan, the Plan shall be presumed accepted by the Holders of such Claims or Interests in such Class with respect to such Debtor.” Such “deemed acceptance” by an impaired class in which no class members submit ballots satisfies section 1129(a)(10) of the Bankruptcy Code. *In re Tribune Co.*, 464 B.R. 126, 183 (Bankr. D. Del. 2011) (“Would ‘deemed acceptance’ by a non-voting impaired class, in the absence of objection, constitute the necessary ‘consent’ to a proposed ‘per plan’ scheme? I conclude that it may.” (footnote omitted)); *see In re Adelphia Commc’ns Corp.*, 368 B.R. 140, 259–63 (Bankr. S.D.N.Y. 2007).

D. Confirmation without Acceptance by All Impaired Classes

Section 1129(b) of the Bankruptcy Code allows a bankruptcy court to confirm a plan even if all impaired classes have not accepted it; provided, however, that the plan has been accepted by at least one impaired class. Pursuant to section 1129(b) of the Bankruptcy Code, notwithstanding an impaired class’s rejection or deemed rejection of the plan, the plan will be confirmed, at the plan proponent’s request, in a procedure commonly known as a “cramdown” so long as the plan does not “discriminate unfairly” and is “fair and equitable” with respect to each class of claims or equity interests that is impaired under, and has not accepted, the plan.

If any Impaired Class rejects the Plan, the Debtors reserve the right to seek to confirm the Plan utilizing the “cramdown” provision of section 1129(b) of the Bankruptcy Code. To the extent that any Impaired Class rejects the Plan or is deemed to have rejected the Plan, the Debtors will request Confirmation of the Plan, as it may be modified from time to time, under section 1129(b) of the Bankruptcy Code.

1. No Unfair Discrimination

The “unfair discrimination” test applies to classes of claims or interests that are of equal priority and are receiving different treatment under a plan. The test does not require that the treatment be the same or equivalent, but that treatment be “fair.” In general, bankruptcy courts consider whether a plan discriminates unfairly in its treatment

of classes of claims of equal rank (*e.g.*, classes of the same legal character). Bankruptcy courts will take into account a number of factors in determining whether a plan discriminates unfairly. A plan could treat two classes of unsecured creditors differently without unfairly discriminating against either class.

2. Fair and Equitable Test

The “fair and equitable” test applies to classes of different priority and status (*e.g.*, secured versus unsecured) and includes the general requirement that no class of claims receive more than 100 percent of the amount of the allowed claims in the class. As to the dissenting class, the test sets different standards depending upon the type of claims or equity interests in the class.

The Debtors submit that if the Debtors “cramdown” the Plan pursuant to section 1129(b) of the Bankruptcy Code, the Plan will be structured so that it does not “discriminate unfairly” and satisfies the “fair and equitable” requirement. With respect to the unfair discrimination requirement, all Classes under the Plan are provided treatment that is substantially equivalent to the treatment that is provided to other Classes that have equal rank. The Debtors believe that the Plan and the treatment of all Classes of Claims and Interests under the Plan satisfy the foregoing requirements for nonconsensual Confirmation of the Plan.

(a) Secured Claims.

The condition that a plan be “fair and equitable” to a non-accepting class of secured claims may be satisfied, among other things, if a debtor demonstrates that: (i) the holders of such secured claims retain the liens securing such claims to the extent of the allowed amount of the claims, whether the property subject to the liens is retained by the debtor or transferred to another entity under the plan; and (ii) each holder of a secured claim in the class receives deferred cash payments totaling at least the allowed amount of such claim with a present value, as of the effective date of the plan, at least equivalent to the value of the secured claimant’s interest in the debtor’s property subject to the liens.

(b) Unsecured Claims.

The condition that a plan be “fair and equitable” to a non-accepting class of unsecured claims includes the requirement that either: (i) the plan provides that each holder of a claim of such class receive or retain on account of such claim property of a value, as of the effective date of the plan, equal to the allowed amount of such claim; or (ii) the holder of any claim or any interest that is junior to the claims of such class will not receive or retain under the plan on account of such junior claim or junior interest any property.

(c) Interests.

The condition that a plan be “fair and equitable” to a non-accepting class of interests includes the requirements that either: (i) the plan provides that each holder of an interest in that class receives or retains under the plan on account of that interest property of a value, as of the effective date of the plan, equal to the greater of: (1) the allowed amount of any fixed liquidation preference to which such holder is entitled; (2) any fixed redemption price to which such holder is entitled; (ii) the value of such interest; or (iii) if the class does not receive the amount as required under (i) no class of interests junior to the non-accepting class may receive a distribution under the plan.

ARTICLE IX. RISK FACTORS

Holders of Claims and Interests should read and carefully consider the risk factors set forth below before voting to accept or reject the Plan. Although there are many risk factors discussed below, these factors should not be regarded as constituting the only risks present in connection with the Debtors’ businesses or the Plan and its implementation.

A. Certain Bankruptcy Law Considerations

The occurrence or non-occurrence of any or all of the following contingencies, and any others, could affect distributions available to Holders of Allowed Claims under the Plan but will not necessarily affect the validity of the vote of the Impaired Classes to accept or reject the Plan or necessarily require a re-solicitation of the votes of Holders of Claims in such Impaired Classes. If the Plan is not consummated, any settlement, compromise, or release embodied in the Plan (including the fixing or limiting to an amount certain any Claim or Class of Claims), the assumption or rejection of executory contracts or unexpired leases affected by the Plan, and any document or agreement executed pursuant to the Plan, shall be null and void.

1. Parties in Interest May Object to the Plan's Classification of Claims and Interests

Section 1122 of the Bankruptcy Code provides that a plan may place a claim or an equity interest in a particular class only if such claim or equity interest is substantially similar to the other claims or equity interests in such class. The Debtors believe that the classification of the Claims and Interests under the Plan complies with the requirements set forth in the Bankruptcy Code because the Debtors created Classes of Claims and Interests, each encompassing Claims and Interests that are substantially similar to the other Claims and Interests in each such Class. Nevertheless, there can be no assurance that the Bankruptcy Court will reach the same conclusion.

2. Failure to Satisfy Vote Requirements

If votes are received in number and amount sufficient to enable the Bankruptcy Court to confirm the Plan, the Debtors intend to seek, as promptly as practicable thereafter, Confirmation of the Plan. In the event that sufficient votes are not received, the Debtors may seek to confirm an alternative chapter 11 plan. There can be no assurance that the terms of any such alternative chapter 11 plan would be similar or as favorable to the Holders of Allowed Claims as those proposed in the Plan.

3. The Debtors May Not Be Able to Secure Confirmation of the Plan

Section 1129 of the Bankruptcy Code sets forth the requirements for confirmation of a chapter 11 plan, and requires, among other things, a finding by the Bankruptcy Court that: (a) such plan "does not unfairly discriminate" and is "fair and equitable" with respect to any non-accepting classes; (b) confirmation of such plan is not likely to be followed by a liquidation or a need for further financial reorganization unless such liquidation or reorganization is contemplated by the plan; and (c) the value of distributions to non-accepting holders of claims and equity interests within a particular class under such plan will not be less than the value of distributions such holders would receive if the debtors were liquidated under chapter 7 of the Bankruptcy Code.

There can be no assurance that the requisite acceptances to confirm the Plan will be received. Even if the requisite acceptances are received, there can be no assurance that the Bankruptcy Court will confirm the Plan. A non-accepting Holder of an Allowed Claim or an Allowed Interest might challenge either the adequacy of this Disclosure Statement or whether the balloting procedures and voting results satisfy the requirements of the Bankruptcy Code or Bankruptcy Rules. Even if the Bankruptcy Court determined that this Disclosure Statement, the balloting procedures and voting results were appropriate, the Bankruptcy Court could still decline to confirm the Plan if it found that any of the statutory requirements for Confirmation had not been met. If the Plan is not confirmed, it is unclear what distributions, if any, Holders of Allowed Claims and Allowed Interests would receive with respect to their Allowed Claims and Allowed Interests.

The Debtors, subject to the terms and conditions of the Plan, reserve the right to modify the terms and conditions of the Plan as necessary for Confirmation. Any such modifications could result in a less favorable treatment of any Class than the treatment currently provided in the Plan. Such less favorable treatment could include a distribution of property to the Class affected by the modification of a lesser value than currently provided in the Plan or no distribution of property whatsoever under the Plan. Changes to the Plan may also delay the confirmation of the Plan and the Debtors' emergence from bankruptcy.

4. Nonconsensual Confirmation

In the event that any impaired class of claims or interests does not accept a chapter 11 plan, a bankruptcy court may nevertheless confirm a plan at the proponents' request if at least one impaired class has accepted the plan (with such acceptance being determined without including the vote of any "insider" in such class), and, as to each impaired class that has not accepted the plan, the bankruptcy court determines that the plan "does not discriminate unfairly" and is "fair and equitable" with respect to the dissenting impaired classes. The Debtors believe that the Plan satisfies these requirements, and the Debtors may request such nonconsensual Confirmation in accordance with subsection 1129(b) of the Bankruptcy Code. Nevertheless, there can be no assurance that the Bankruptcy Court will reach this conclusion. In addition, the pursuit of nonconsensual Confirmation of the Plan may result in, among other things, increased expenses and the expiration of any commitment to provide support for the Plan, financially or otherwise.

5. The Debtors May Object to the Amount or Classification of a Claim

Except as otherwise provided in the Plan, the Debtors reserve the right to object to the amount or classification of any Claim under the Plan. The estimates set forth in this Disclosure Statement cannot be relied upon by any Holder of a Claim where such Claim is or may be subject to an objection. Any Holder of a Claim that is or may be subject to an objection thus may not receive its expected share of the estimated distributions described in this Disclosure Statement.

6. Risk of Non-Occurrence of the Effective Date

The Debtors can provide no assurance as to the timing or as to whether the Effective Date will, in fact, occur. The occurrence of the Effective Date is subject to certain conditions precedent as described in Article IX of the Plan, including, among others, those relating to consummation of the Plan, as well as the receipt of certain regulatory approvals. Failure to meet any of these conditions could result in the Plan not being consummated or the Confirmation Order being vacated.

7. Contingencies Could Affect Votes of Impaired Classes to Accept or Reject the Plan

The distributions available to Holders of Allowed Claims under the Plan can be affected by a variety of contingencies, including, without limitation, whether the Bankruptcy Court orders certain Allowed Claims and Allowed Interests to be subordinated to other Allowed Claims and Allowed Interests. The occurrence of any and all such contingencies, which could affect distributions available to Holders of Allowed Claims and Allowed Interests under the Plan, will not affect the validity of the vote taken by the Impaired Classes to accept or reject the Plan or require any sort of revote by the Impaired Classes.

8. The Actual Amount of Allowed Claims May Differ From the Estimated Claims and Adversely Affect the Percentage Recovery of Claims

The estimated Claims and creditor recoveries set forth in this Disclosure Statement are based on various assumptions, and the actual Allowed amounts of Claims may significantly differ from the estimates. Should one or more of the underlying assumptions ultimately prove to be incorrect, the actual Allowed amounts of Claims may vary from the estimated Claims contained in this Disclosure Statement. Moreover, the Debtors cannot determine with any certainty at this time, the number or amount of Claims that will ultimately be Allowed. Such differences may materially and adversely affect, among other things, the percentage recoveries to Holders of Allowed Claims under the Plan.

9. Release, Injunction, and Exculpation Provisions May Not Be Approved

Article XV of the Plan provides for certain releases, injunctions, and exculpations. All of the releases, injunctions, and exculpations provided in the Plan are subject to objection by parties in interest and may not be approved. If they are not approved, the Plan likely cannot be confirmed and likely cannot be effective.

10. Certain Liabilities May Not Be Fully Extinguished as a Result of the Confirmation of the Plan

Although a significant amount of the Debtors' current liabilities will be discharged pursuant to the Plan upon emergence from the Chapter 11 Cases, a number of obligations may remain in effect following the Effective Date. Various agreements and liabilities may remain in place, such as potential employee benefit and pension obligations, potential environmental liabilities related to sites in operation or formerly operated by CEOC, and other contracts or leases that, even if modified during the Chapter 11 Cases, may still subject the Debtors to substantial obligations and liabilities.

11. If the Parent Guarantee Litigation Results in an Adverse Outcome for CEC, CEC May No Longer Be Able to Provide Contributions Under the Plan.

If a court finds that CEC's guarantee of CEOC's secured and unsecured notes was never properly released, there is a material likelihood that CEC will have to seek its own bankruptcy protection. CEC's filing for bankruptcy protection on account of the massive liabilities imposed by an adverse ruling in the Parent Guarantee Litigation would cause material disruption and indefinite delay to the Chapter 11 Cases, render it impossible to effectuate the Plan without substantial and material modifications thereto, jeopardize the status of CEC's contributions under the Plan, and raise uncertainty regarding whether and how the Debtors will be able to reorganize their businesses.

12. New CEC May Not Be Able to Consummate any New CEC Capital Raises or Raise Cash Through any Other Avenue.

New CEC is providing substantial Cash to the Debtors pursuant to the Plan. New CEC's failure to consummate any New CEC Capital Raises or to otherwise obtain sufficient sources of Cash may result in the inability of New CEC to meet its obligations under the Plan, which could threaten the ability of the Debtors to consummate the Plan. The New CEC Capital Raise is not a requirement of the Plan and it is not backstopped by any party.

B. Risk Factor Regarding the NRF Claim

The Plan is premised on the consensual resolution by the Debtors, CEC, and the NRF of the NRF Claim and the NRF Disputes. If the NRF Disputes are not resolved and each of the Debtors is jointly and severally liable for the NRF Claim, recoveries to creditors under the Plan could be materially reduced and the Plan may not become effective. *See* Article IX.A.35 of the Plan.

C. Risk Factor Regarding the Proposed Merger Between CEC and CAC

On December 22, 2014, CEC entered into a merger agreement with CAC, which Merger will provide CEC with access to cash and credit necessary to fund its obligations to the Debtors as contemplated by the Plan. Specifically, the ability of CEC to provide ongoing credit support to the Debtors, such as the guarantee of OpCo's operating lease obligations pursuant to the Management Lease and Support Agreement, as required by the Plan is predicated upon CEC's ability to successfully close the Merger with CAC. If CEC is unable to complete the Merger for any reason, including on account of an adverse ruling in the Merger Class Action, there is material risk that CEC will not be able to meet its funding obligations under the Plan and consummation of the Plan could be indefinitely delayed or made impossible as a result.

D. Second Priority Noteholders Committee Risk Factor Regarding the CEC Considerations

The Second Priority Noteholders Committee has requested that the Debtors include the following as an additional risk factor with regard to the Plan:

CEC is under no obligation to make the contribution on which the Plan is premised. It can walk away from its commitment at any time, without

consequence or repercussion. CEC or its affiliate, CAC, also can call off their merger, which is a precondition to CEC's payments under the Plan, at any time. As a result, the Debtors' ability to consummate the Plan depends, in part, on entities and individuals whom the Examiner found to have breached their fiduciary duties (and aided and abetted others in their breaches) to the Debtors.

The Debtors disagree with the Second Priority Noteholders Committee's assessment of CEC's support of the Plan. At this point, CEC's support of the Plan is documented in several places, including the restructuring support agreements described above in Article IV.J. The Debtors also are endeavoring to memorialize CEC's and its affiliates' requirements to support the Plan and further document CEC and its affiliates' contributions under the Plan through a restructuring support and contribution agreement .

E. Risk Factors and Considerations Regarding the Companies'⁷⁷ Businesses and Operations

1. Undue Delay May Significantly Disrupt the Companies' Businesses and Operations

Although the Plan is designed to minimize the length of the Chapter 11 Cases, it is not possible to predict the amount of time the Companies may spend in such proceedings or to provide any assurance as to whether or not the Plan will be confirmed or consummated, as further described above. The continuation of the Chapter 11 Cases, particularly if the Plan is not confirmed or consummated in the time frame currently contemplated, could materially and adversely affect the Companies' operations and relationships with their vendors, service providers, employees, regulators, and partners. Also, transactions outside the ordinary course of business may be subject to the prior approval of the Bankruptcy Court. Bankruptcy Court approval of non-ordinary course activities entails preparation and filing of appropriate motions with the Bankruptcy Court, negotiation with various parties-in-interest, including any statutory committees appointed in the Chapter 11 Cases, and one or more hearings. Such committees and parties-in-interest may be heard at any Bankruptcy Court hearing and may raise objections with respect to these motions. This process could delay major transactions and limit the Debtors' ability to quickly respond to opportunities and events in the marketplace. Furthermore, in the event the Bankruptcy Court does not approve a proposed activity or transaction, we could be prevented from engaging in activities and transactions that we believe are beneficial to us.

Further, if Confirmation and consummation of the Plan do not occur expeditiously, the Chapter 11 Cases could result in, among other things, increased expenses and the expiration of any commitment to provide support for the Plan, financially or otherwise. This could make it more difficult to retain and attract management and other key or high-performing employees or executives and would require senior management to continue to spend a significant amount of time and effort dealing with the Companies' reorganization instead of focusing on the operation of the Companies' businesses.

2. The Chapter 11 Cases May Adversely Affect the Companies' Businesses and Operations Going Forward

The fact that the Companies have been subject to the Chapter 11 Cases may adversely affect the Companies' operations going forward, including their ability to negotiate favorable terms from vendors, suppliers, hedging counterparties, and others. The failure to obtain such favorable terms could adversely affect the Companies' profitability and financial condition and performance.

⁷⁷ As used herein, "Companies" means the Debtors prior to the Effective Date and, collectively, OpCo, PropCo, the REIT, and each of their respective subsidiaries after the Effective Date.

3. The Companies May Not Achieve the Financial Performance Projected Under the Plan

The financial projections attached hereto as **Exhibit E** (the “**Financial Projections**”) are the projections of future performance of the Companies’ operations through fiscal year 2020, after giving effect to the Plan and the Restructuring Transactions, and do not purport to represent what the Companies’ actual financial position will be upon emergence from the Chapter 11 Cases or represent what the fair value of the Debtors’ assets and liabilities will be at the Effective Date. The Financial Projections are based on numerous estimates of values and assumptions including the timing, confirmation, and consummation of the Plan in accordance with its terms, the expected terms of the New Debt obligations, the anticipated future performance of the Companies, industry performance, general business and economic conditions, and other matters, many of which are beyond the Companies’ control and some or all of which may not materialize. These estimates and assumptions are based on management’s judgment, experience, and perception of historical trends, current conditions, and expected future developments, and are based on facts available and determinations made at the time the Financial Projections were prepared, and over time may turn out to have been incorrect, which could have a material effect on the Companies’ ability to meet the Financial Projections. It is also not possible to predict with certainty that the actions taken in connection with the Chapter 11 Cases will result in an improved financial and operating condition that ensures the long-term viability of the Companies.

In addition, unanticipated events and circumstances occurring subsequent to the date hereof may affect the actual financial results of the Companies’ operations. Except as otherwise specifically and expressly stated herein, this Disclosure Statement does not reflect any events that may occur subsequent to the date hereof and that may have a material impact on the information contained in this Disclosure Statement. The Debtors do not intend to update the Financial Projections; thus, the Financial Projections will not reflect the effect of any subsequent events not already accounted for in the assumptions underlying the Financial Projections.

4. The Companies Are and Likely Will Continue to Be Subject to Extensive Governmental Regulation and Taxation Policies, the Enforcement of Which Could Adversely Affect Their Businesses, Financial Condition, and Results of Operations

The Companies are and likely will continue to be subject to extensive gaming regulations and political and regulatory uncertainty. Regulatory authorities in the jurisdictions where the Companies operate or hold properties have broad powers with respect to the licensing of casino operations and may revoke, suspend, condition, or limit the Companies’ gaming or other licenses, impose substantial fines, or take other actions that could adversely affect the Companies’ businesses, financial condition, and results of operations. For example, revenues and income from operations were negatively affected during July 2006 in Atlantic City by a three-day government-imposed casino shutdown. Furthermore, in many jurisdictions where the Companies operate or hold properties, licenses are granted for limited durations and require renewal from time to time. For example, in Iowa, the Companies’ ability to continue gaming operations is subject to a referendum every eight years or at any time upon petition of the voters in the county in which the Companies operate; the most recent referendum, approving the Debtors’ ability to continue to operate their casinos, occurred in November 2010. There can be no assurance that continued gaming activity will be approved in any referendum in the future. If the Companies do not obtain the requisite approval in any future referendum, they will be unable to operate their gaming operations in Iowa, which could negatively affect the Companies’ future performance.

From time to time, individual jurisdictions have considered legislation or referendums, such as bans on smoking in casinos and other entertainment and dining facilities, which could adversely affect the Companies’ operations. For example, the City Council of Atlantic City passed an ordinance in 2007 requiring that the Debtors segregate at least 75 percent of the casino gaming floor as a nonsmoking area, leaving no more than 25 percent of the casino gaming floor as a smoking area. Illinois also passed the Smoke Free Illinois Act, effective January 1, 2008, and bans smoking in nearly all public places, including bars, restaurants, work places, schools, and casinos. The Smoke Free Illinois Act also bans smoking within 15 feet of any entrance, window, or air-intake area of these public places. These smoking bans have adversely affected revenues and operating results at the Companies’ properties. The likelihood or outcome of similar legislation in other jurisdictions and referendums in

the future cannot be predicted, though the Debtors would expect any smoking ban to negatively impact their financial performance.

Furthermore, because the Companies are subject to regulation in each jurisdiction in which they operate, and because regulatory agencies within each jurisdiction review the Companies' compliance with gaming laws in other jurisdictions, it is possible that gaming compliance issues in one jurisdiction may lead to reviews and compliance issues in other jurisdictions. For example, events in connection with the Debtors' role with the proposed development of a casino gaming facility by Sterling Suffolk Racecourse, LLC ("Sterling Suffolk")—the owner of Suffolk Downs racecourse in East Boston, Massachusetts—have resulted in reviews in several other jurisdictions arising out of a report issued to the Massachusetts Gaming Commission from the Director of the Investigations and Enforcement Bureau for the Massachusetts Gaming Commission (the "Bureau") in October 2013. That report raised certain issues for consideration when evaluating the Debtors' suitability as a qualifier in Massachusetts and made a recommendation that the Debtors had not met their burden by clear and convincing evidence to establish its suitability. Although the Debtors strongly disagreed with the director's recommendation, the Debtors withdrew their application as a qualifier in Massachusetts at the request of Sterling Suffolk. Neither the Debtors nor their affiliates were found unsuitable by any licensing authority, but other gaming regulatory agencies have asked for information about the issues raised in the report from the Bureau, and the Debtors are in the process of providing that information. The Debtors cannot provide assurance that existing or future jurisdictions will not raise similar questions with respect to the Companies' suitability arising out of the Bureau's report or with respect to other matters that may arise in the future, and the Debtors cannot guarantee that such issues will not adversely affect them or their financial condition.

The casino entertainment industry represents a significant source of tax revenues to the various jurisdictions in which casinos operate. From time to time, various state and federal legislators and officials have proposed changes in tax laws or in the administration of these laws, including increases in tax rates, that would affect the industry. If adopted, such changes could adversely affect the Companies' businesses, financial condition, and results of operations.

5. The Loss of the Services of Key Personnel Could Have a Material Adverse Effect on the Companies' Business

The Debtors expect that the leadership of their chief executive officer and other executive officers will be a critical element of the Companies' success. The death or disability of the Debtors' chief executive officer or other executive officers, or other extended or permanent loss of their services, or any negative market or industry perception with respect to them or arising from their loss, could have a material adverse effect on the Companies' businesses. The Debtors' executive officers and other members of senior management have substantial experience and expertise in the Debtors' businesses that the Debtors believe will make significant contributions to the Companies' growth and success. The unexpected loss of services of one or more of these individuals could also adversely affect the Companies. The Debtors do not have key man or similar life insurance policies covering members of their senior management. The Debtors have employment agreements with their executive officers, but these agreements do not guarantee that any given executive will remain with the Debtors, and there can be no assurance that any such officers will remain with the Debtors.

6. If the Companies Cannot Attract, Retain, and Motivate Employees, the Companies May Be Unable to Compete Effectively, and May Lose the Ability to Improve and Expand Their Businesses

The Companies' success and ability to grow depend, in part, on their ability to hire, retain, and motivate sufficient numbers of talented people with the increasingly diverse skills needed to serve clients and improve the Companies' businesses. The Companies face intense competition for highly qualified, specialized technical, managerial, and consulting personnel. Recruiting, training, retention, and benefit costs place significant demands on the Companies' resources. Additionally, the Companies' substantial indebtedness and the recent downturn in the gaming, travel, and leisure sectors made recruiting executives to the Companies' businesses more difficult. The inability to attract qualified employees in sufficient numbers to meet particular demands or the loss of a significant number of the Companies' employees could have an adverse effect on the Companies.

7. Acts of Terrorism, War, Natural Disasters, Severe Weather, and Political, Economic, and Military Conditions May Impede the Companies' Ability to Operate or May Otherwise Negatively Affect Their Financial Results

Terrorist attacks and other acts of war or hostility have created many economic and political uncertainties. For example, a substantial number of the customers of the Debtors' properties in Las Vegas use air travel. Terrorist acts that occurred in the past have severely disrupted domestic and international travel, which resulted in a decrease in customer visits to the Debtors' Las Vegas properties. The Debtors cannot predict the extent to which disruptions in air or other forms of travel as a result of terrorist acts, security alerts or wars, uprisings, or hostilities in places such as Iraq, Afghanistan, and/or Syria or other countries throughout the world will continue to directly or indirectly affect the Companies' businesses and operating results. For example, the Debtors' operations in Cairo, Egypt were negatively affected from the uprising there in January 2011. As a consequence of the threat of terrorist attacks and other acts of war or hostility in the future, premiums for a variety of insurance products have increased, and some types of insurance are no longer available. If any such event were to occur, the Companies' properties would likely be adversely affected.

In addition, natural and man-made disasters such as major fires, floods, hurricanes, earthquakes, and oil spills could also adversely affect the Companies' businesses and operating results. Such events could lead to the loss of use of one or more of the Companies' properties for an extended period of time and disrupt the Companies' ability to attract customers to certain of their gaming facilities. If any such event affected the Companies' properties, the Companies would likely be adversely affected. Harrah's Atlantic City was closed during a busy summer weekend in August 2011 due to Hurricane Irene and was closed for five days in October and November 2012 due to Hurricane Sandy. The Debtors' results of operations were significantly affected by the closure due to Hurricane Sandy. In addition, Hurricane Sandy substantially affected tourism in New Jersey, including Atlantic City, and the level of tourism has not yet recovered.

In most cases, the Debtors maintain insurance that covers portions of losses from natural disasters, but such insurance remains subject to deductibles and maximum payouts in many cases. Although the Companies may have insurance coverage for natural disasters, the timing of their receipt of insurance proceeds, if any, is out of their control. In some cases, moreover, the Companies may receive no proceeds from insurance such as in connection with the August 2011 closing and the October and November 2012 closings in Atlantic City. Additionally, a natural disaster affecting one or more of the Companies' properties may affect the level and cost of insurance coverage they can obtain in the future, which may adversely affect the Companies' financial position.

Because the Companies' operations depend in part on their customers' ability to travel, severe or inclement weather can also have a negative effect on the Companies' results of operations.

8. The Companies Are or May Become Involved in Legal Proceedings That, If Adversely Adjudicated or Settled, Could Affect Their Financial Condition

From time to time, the Companies have been, currently are, or may become defendants in various lawsuits or other legal proceedings relating to matters incidental to their businesses. The nature of the Companies' businesses subjects the Companies to the risk of lawsuits filed by customers, past and present employees, competitors, business partners, Native American tribes, and others in the ordinary course of business. For example, prior to the Petition Date, the Debtors were party to various lawsuits, some of which were discussed above. As with all legal proceedings, no assurance can be given as to the outcome of these matters and, in general, legal proceedings can be expensive and time consuming. The Companies may not be successful in the defense or prosecution of lawsuits in which they are involved, which could result in settlements or damages that could significantly affect the Companies' businesses, financial condition, and results of operations.

9. The Companies May Be Subject to Material Environmental Liability, Including as A Result of Unknown Environmental Contamination

The casino properties business is subject to certain federal, state, and local environmental laws, regulations, and ordinances that govern activities or operations that may have adverse environmental effects, such as emissions to air, discharges to streams and rivers, and releases of hazardous substances and pollutants into the environment, as well as handling and disposal from municipal/non-hazardous waste, and which also apply to current and previous owners or operators of real estate generally. Federal examples of these laws include the Clean Air Act, the Clean Water Act, the Resource Conservation Recovery Act, the Comprehensive Environmental Response, Compensation and Liability Act and the Oil Pollution Act of 1990. Certain of these environmental laws may impose cleanup responsibility and liability without regard to whether the owner or operator knew of or caused particular contamination or release of hazardous substances. Should unknown contamination be discovered on property owned by the Companies, or should a release of hazardous substances occur on such property, the Companies could be required to investigate and clean up the contamination and could also be held responsible to a governmental entity or third parties for property damage, personal injury, or investigation and cleanup costs incurred in connection with the contamination or release, which may be substantial. Moreover, such contamination may also impair the Companies' ability to use the affected property. Such liability could be joint and several in nature, regardless of fault, and could affect the Companies even if such property is vacated. The potential for substantial costs and an inability to use the property could adversely affect the Companies' businesses.

10. The Companies' Insurance Coverage May Not Be Adequate to Cover All Possible Losses the Companies Could Suffer, and, in the Future, the Companies' Insurance Costs May Increase Significantly or the Companies May Be Unable to Obtain the Same Level of Insurance Coverage

The Companies may suffer damage to their properties caused by a casualty loss (such as fire, natural disasters, and acts of war or terrorism) that could severely disrupt the Companies' businesses or subject them to claims by third parties who are injured or harmed. Although the Companies maintain insurance policies (including property, casualty, terrorism, and business interruption insurance), such insurance may be inadequate or unavailable to cover all of the risks to which the Companies' businesses and assets may be exposed. In several cases the Companies maintain high deductibles or self-insure against specific losses. Should an uninsured loss (including a loss that is less than the deductible) or loss in excess of insured limits occur, it could have a significant adverse effect on the Companies' operations and revenues.

The Companies generally renew their insurance policies on an annual basis. If the cost of coverage becomes too high, the Companies may need to reduce policy limits or agree to certain exclusions from their coverage in order to reduce the premiums to an acceptable amount. Among other factors, homeland security concerns, other catastrophic events, or any change in the current U.S. statutory requirement that insurance carriers offer coverage for certain acts of terrorism could adversely affect available insurance coverage and result in increased premiums on available coverage (which may cause the Companies to elect to reduce their policy limits) and additional exclusions from coverage. Among other potential future adverse changes, in the future the Companies may elect to not, or may be unable to, obtain any coverage for losses due to acts of terrorism.

F. Risk Factors and Considerations Regarding PropCo's, CPLV Sub's, and the REIT's Businesses and Operations

1. PropCo, CPLV Sub, and the REIT Will Be Dependent on OpCo Until PropCo, CPLV Sub, and the REIT Substantially Diversify Their Portfolios, and an Event That Has a Material Adverse Effect on OpCo's Business, Financial Position, or Results of Operations Could Have a Material Adverse Effect on PropCo's, CPLV Sub's, or the REIT's Business, Financial Position, or Results of Operations

Immediately following the Effective Date, PropCo will own a significant portion of the Debtors' properties and OpCo will be the lessee of such properties pursuant to the Master Lease Agreements and account for a significant portion of PropCo's revenues. Additionally, because the Master Lease Agreements are triple-net leases,

PropCo will depend on OpCo to pay all insurance, taxes, utilities, and maintenance and repair expenses in connection with these leased properties and to indemnify, defend, and hold PropCo harmless from and against various claims, litigation, and liabilities arising in connection with its businesses. Although CEC will guarantee OpCo's monetary obligations under the Master Lease Agreements, there can be no assurance that OpCo and/or CEC will have sufficient assets, income, and access to financing to enable them to satisfy their payment obligations on account of the Master Lease Agreements. In addition, should an adverse ruling be entered against CEC in the Parent Guarantee Litigation, CEC itself may have to file for bankruptcy protection and would thus likely be unable to perform its obligations on account of the Master Lease Agreements and Management Lease and Support Agreement as planned. Relatedly, a failure to obtain releases of claims against CEC that are being litigated in the Parent Guarantee Litigation could render CEC unable to perform its obligations on account of the Management Lease and Support Agreement.

The inability or unwillingness of OpCo and/or CEC to meet their rent obligations and other obligations under the Master Lease Agreements could materially adversely affect PropCo's and CPLV Sub's business, financial position, or results of operations, including their ability to pay dividends to the REIT to pay to stockholders of the REIT as required to maintain the REIT's status as a real estate investment trust. For these reasons, if OpCo and/or CEC were to experience a material adverse effect on its gaming business, financial position, or results of operations, PropCo's, CPLV Sub's, and the REIT's business, financial position, or results of operations could also be materially adversely affected.

Due to PropCo's and CPLV Sub's dependence on rental payments from OpCo as a primary source of revenues, PropCo and CPLV Sub may be limited in their ability to enforce their rights under the Master Lease Agreements or to terminate the lease with respect to a particular property. Failure by OpCo to comply with the terms of the Master Lease Agreements or to comply with the gaming regulations to which the leased properties are subject could require PropCo or CPLV Sub to find another lessee for such leased property and there could be a decrease or cessation of rental payments by OpCo. In such event, PropCo and CPLV Sub may be unable to locate a suitable lessee at similar rental rates or at all, which would have the effect of reducing PropCo's and CPLV Sub's rental revenues.

2. PropCo or CPLV Sub May Sell or Divest Different Properties or Assets After an Evaluation of Their Portfolio of Businesses. Such Sales or Divestitures Would Affect Their Costs, Revenues, Profitability, and Financial Position

From time to time, PropCo and CPLV Sub may evaluate their properties and portfolio of businesses and may, as a result, sell or attempt to sell, divest, or spin-off different properties or assets. These sales or divestitures would affect PropCo's and CPLV Sub's costs, revenues, profitability, financial position, liquidity, and their ability to comply with debt covenants. Divestitures have inherent risks, including possible delays in closing transactions (including potential difficulties in obtaining regulatory approvals), the risk of lower-than-expected sales proceeds for the divested businesses, and potential post-closing claims for indemnification. In addition, current economic conditions and relatively illiquid real estate markets may result in fewer potential bidders and unsuccessful sales efforts. Expected cost savings, which are offset by revenue losses from divested properties, may also be difficult to achieve or maximize due to PropCo's and CPLV Sub's largely fixed-cost structure.

3. PropCo's, CPLV Sub's, and the REIT's Management Teams May Have Limited Experience Operating as Part of a Real Estate Investment Trust Structure

The requirements for qualifying as a real estate investment trust are highly technical and complex. The Debtors have never operated as a real estate investment trust, and PropCo's, CPLV Sub's, and the REIT's management teams may have limited experience in complying with the income, asset, and other limitations imposed by the real estate investment provisions of the Internal Revenue Code. Any failure to comply with those provisions in a timely manner could prevent the REIT from qualifying as a real estate investment trust or could force PropCo or CPLV Sub to pay unexpected taxes and penalties. In such event, PropCo's, CPLV Sub's, and the REIT's net income could be reduced and PropCo, CPLV Sub, or the REIT could incur a loss, which could materially harm their business, financial position, or results of operations. In addition, there is no assurance that any past experience with

the acquisition, development, and disposition of gaming facilities will be sufficient to enable them to successfully manage PropCo's and CPLV Sub's portfolio of properties as required by their business plan or the real estate investment trust provisions of the Internal Revenue Code.

G. Risk Factors and Considerations Regarding the Companies' Financial Condition

1. The Companies Will Require Significant Financing in Order to Emerge from the Chapter 11 Cases

At or prior to the Confirmation Date, the Debtors expect to raise up to \$2,600 million in CPLV Market Debt, \$1,188 million in OpCo First Lien Debt, and \$547 million in OpCo Second Lien Debt. Syndicating the CPLV Market Debt for Cash, as such debt may be reduced or substituted for CPLV Mezzanine Debt under the terms of the Plan, the OpCo First Lien Debt, and the OpCo Second Lien Debt (collectively the "Market Debt") is a condition precedent to consummation of the Plan. There can be no assurance at this time that this financing will be available, or that it will be available on terms that are favorable to the Debtors, in which case the Companies' emergence from the Chapter 11 Cases could be delayed indefinitely or the Debtors may be forced to accept unfavorable terms that could affect the Companies' ability to succeed in the future. As described above, such a delay could have important consequences for creditor recoveries and the Companies' ability to meet the Financial Projections.

Although certain terms and provisions of the Market Debt (including interest rates, maturity dates, amortization schedules, and other significant terms) may be negotiated with prospective lenders, the Market Debt will be subject to conditions in the capital markets and other factors that may affect the availability of such financing. All terms and provisions are likely not to have been definitively determined before the expiration of the Voting Deadline. As a result, the terms and provisions of the Market Debt (if any) may be significantly different from those described in or contemplated by this Disclosure Statement and the Financial Projections. In addition, the Companies' capital structure may differ significantly from that described in or contemplated by this Disclosure Statement and the Financial Projections. Furthermore, the agreed-to terms and provisions of the Market Debt may cause the timing and magnitude of the Companies' interest expense and other debt service obligations to be different from those described in or contemplated by this Disclosure Statement and the Financial Projections, and the Companies may be subject to significant additional covenants or restrictions as a result of negotiations with its prospective lenders or because of market conditions.

The Debtors cannot provide any assurance that the Companies will be able to obtain financing in the future if and when required, or that they will be able to obtain financing on favorable terms. The Companies' profitability and ability to generate cash flow will likely depend on their ability to successfully implement their business strategy and meet or exceed the results forecasted in the Financial Projections, but the Debtors cannot ensure that the Companies will be able to accomplish these results if they do not have the appropriate financing to do so.

The Debtors expect that the Companies' future sources of financing, as well as the New Debt, will likely include covenants and other provisions that will restrict the Companies' ability to engage in certain financing transactions and operating activities, as discussed in great detail below.

2. Covenant Restrictions Under the Companies' Indebtedness May Limit Their Ability to Operate Their Businesses

The Companies are highly leveraged and following the Restructuring Transactions, will continue to have a significant amount of indebtedness. The substantial indebtedness and restrictive covenants under the agreements governing such indebtedness will:

- limit the Companies' ability to borrow money for working capital, capital expenditures, development projects, debt service requirements, strategic initiatives or other purposes;

- require the Companies to dedicate a substantial portion of cash flow from operations to the payment of interest and lease expense and repayment of indebtedness thereby reducing funds available for other purposes;
- limit flexibility in planning for, or reacting to, changes in the Companies' operations or business;
- make the Companies more highly leveraged than some of their competitors, which may place them at a competitive disadvantage;
- make the Companies more vulnerable to downturns in their business or the economy;
- restrict the Companies from making strategic acquisitions, developing new gaming facilities, introducing new technologies, or exploiting business opportunities;
- affect the Companies' ability to renew gaming and other licenses;
- limit, along with the financial and other restrictive covenants in the Companies' indebtedness, among other things, the Companies' ability to borrow additional funds or dispose of assets; and
- expose the Companies to the risk of increased interest rates as certain of their borrowings are, and may be, at variable rates of interest.

These restrictions may affect the Companies' ability to grow in accordance with their plans or adapt to changing business or economic conditions.

In addition, some or all of the agreements governing the New Debt or other indebtedness of the Companies may require the Companies to satisfy and maintain various financial maintenance covenants, such as minimum fixed charge coverage ratios, minimum EBITDA, maximum total leverage ratios, and other similar covenants. The Companies' ability to meet the required financial ratios may be affected by events beyond their control, and the Companies may not be able to meet these ratios. A breach of these covenants could result in defaults under the applicable agreements governing the New Debt.

A breach of the covenants under the New Debt or other indebtedness of the Companies could result in an event of default under the applicable indebtedness. Such default may allow creditors to accelerate the related debt and may result in the acceleration of other debt to which a cross-acceleration or cross-default provision applies. In addition, an event of default under a debt agreement would likely permit the lenders under the agreement to terminate all commitments to extend further credit under the agreement. Furthermore, if the Companies were unable to repay the amounts due and payable under the New Debt or other indebtedness for the Debtors, those creditors could proceed against any collateral granted to them to secure that indebtedness. In the event that creditors accelerate the repayment of any of the Companies' borrowings, the Debtors cannot assure that the Companies and their subsidiaries would have sufficient assets to repay such indebtedness.

3. The Companies' Degree of Leverage upon Emergence May Limit Their Financial and Operating Activities

Although the Debtors are eliminating approximately \$10 billion of funded debt under the Plan, the Companies will collectively still be obligated on approximately \$8 billion of funded debt upon emergence from the Chapter 11 Cases. The amount of funded debt upon emergence may be higher to the extent Holders of Allowed Prepetition Credit Agreement Claims and/or Secured First Lien Notes Claims do not exercise the PropCo Equity Election. Although the Debtors believe that the Companies will be able to meet or exceed the results forecasted in the Financial Projections, which the Debtors believe would allow the Companies to service the New Debt, the Debtors cannot ensure that the Companies will be able to accomplish these results, and thus the Debtors' significant level of post-emergence indebtedness could adversely affect the Companies' financial health and limit their operations. The Debtors' historical capital requirements have been considerable, and the Companies' future capital

requirements could vary significantly and may be affected by general economic conditions, currency exchange rates, industry trends, performance, interest rates, and many other factors that are not within the Companies' control. The Debtors' prepetition level of indebtedness had important consequences, including: (a) limiting the Debtors' ability to borrow additional amounts for working capital, capital expenditures, development projects, debt service requirements, strategic initiatives, and other purposes; (b) limiting their ability to use operating cash flow in other areas of their business because they were required to dedicate a substantial portion of these funds to service their debt; (c) increasing their vulnerability to general adverse economic and industry conditions; (d) limiting their ability to capitalize on business opportunities and to react to competitive pressures and adverse changes in government regulation; (e) limiting their ability or increasing the costs to refinance indebtedness; (f) affecting their ability to renew gaming and other licenses; and (g) making them more highly leveraged than some of their competitors, which may have placed them at a competitive disadvantage. These consequences, and others, could similarly affect the Companies' businesses and operations after the Effective Date.

4. Any of the Companies and Their Subsidiaries May Be Able to Incur Substantially More Debt Post-Emergence, Which Could Exacerbate the Risks Associated with the Leverage of Any Such Company upon Emergence

After the Effective Date, the Companies and their subsidiaries may be able to incur substantial additional indebtedness, including additional secured indebtedness. The terms of the New Debt and any other indebtedness of the Companies will likely restrict, but may not completely prohibit, any of the Companies from doing so. If new debt or other liabilities are added to the Companies' post-emergence debt levels, the related risks that they face could intensify.

5. The Companies' Respective Financial Results May Be Volatile and May Not Reflect Historical Trends

Following the Companies' emergence from the Chapter 11 Cases, the Debtors expect that the Companies' financial results may continue to be volatile, as asset impairments, asset dispositions, and restructuring activities (including casino closures), as well as continuing global economic uncertainty, may significantly affect the Financial Projections. As a result, the Debtors' historical financial performance may not be indicative of the Companies' financial performance post-emergence. In addition, upon emergence, the amounts reported in the Companies' subsequent financial statements may materially change relative to the Debtors' historical financial statements, including as a result of revisions to its operating plans and changes in the terms and provisions of the New Debt pursuant to the Plan.

In addition, to the extent the Companies' actual results or conditions differ from the assumptions made by the Debtors in preparing the Financial Projections, the actual results and condition of the Companies may materially differ from those presented in the Financial Projections. Among the factors that may cause actual results or conditions to differ from the assumptions made by the Debtors in preparing the Financial Projections are those risk factors presented in this Article IX.

6. Because the Companies' Financial Statements Will Reflect Fresh Start Accounting Adjustments upon Its Emergence from the Chapter 11 Cases, Information Reflecting the Companies' Results of Operations and Financial Condition Will Not Be Comparable to Prior Periods and May Vary Significantly from the Fresh Start Accounting Adjustments Used to Calculate the Financial Projections

The Companies will apply fresh start accounting when they emerge from the Chapter 11 Cases. As a result, book value of the Debtors' long-lived assets and the related depreciation and amortization schedules, among other things, will likely be different from what is reflected in the Debtors' historical financial statements and may be different from what is reflected in the Financial Projections. Following the Companies' emergence from the Chapter 11 Cases, certain information reflecting the Companies' results of operations and financial condition will not be comparable to that for historical periods prior to emergence from the Chapter 11 Cases.

Under fresh start accounting, the Companies' calculated enterprise value will be allocated to its assets based on their respective fair values. Any portion not attributed to specific tangible or identified intangible assets will be an indefinite-lived intangible asset referred to as "reorganization value in excess of value" and reported as goodwill. Accordingly, if fresh-start reporting rules apply, the financial condition and results of operations following emergence from the Chapter 11 Cases would not be comparable to the financial condition and results of operations reflected in the Companies' historical financial statements.

The Debtors have obtained preliminary valuations of the Companies' tangible and intangible assets at their estimated emergence date, and their reorganization value has been allocated to specific assets in accordance with such preliminary valuations, as reflected in the Financial Projections. However, updates to such preliminary valuations will be completed as of the date the Debtors emerge from the Chapter 11 Cases and, to the extent such updates reflect a valuation different than estimated, the Debtors anticipate that there may be adjustments in the carrying values of certain assets as a result. To the extent actual valuations and allocations differ from those used in calculating the Financial Projections, these differences will be reflected on the Companies' balance sheets upon emergence pursuant to fresh start accounting rules and may also affect the amount of depreciation and amortization expense the Companies recognize on their statements of earnings post-emergence.

H. Risk Factors and Considerations Regarding the Separation of the Debtors into OpCo, PropCo, and the REIT

1. PropCo May Be Unable to Achieve the Benefits That the Debtors Expect to Achieve from the Separation of the Debtors into OpCo and PropCo

The Debtors believe that as a company independent from OpCo, PropCo will have the ability, subject to the Right of First Refusal Agreement, to pursue transactions with other gaming operators that would not pursue transactions with OpCo as a current competitor, to fund acquisitions with its equity on significantly more favorable terms than those that would be available to OpCo, to diversify into different businesses in which OpCo, as a practical matter, could not diversify, and to pursue certain transactions that OpCo otherwise would be disadvantaged by or precluded from pursuing due to regulatory constraints. However, PropCo may not be able to achieve some or all of the benefits that the Debtors expect PropCo to achieve as a company independent from OpCo in the time the Debtors expect, if at all.

2. After the Separation, PropCo and the REIT May Be Unable to Make, on a Timely or Cost-Effective Basis, the Changes Necessary to Operate as a Separate Company Primarily Focused on Owning a Portfolio of Gaming Properties

The REIT and PropCo have no significant historical operations as an independent company and may not, at the time of the separation of the Debtors into OpCo, PropCo, and the REIT (the "Separation"), have the infrastructure and personnel necessary to operate as a separate company without relying on OpCo to provide certain services on a transitional basis. If and when the REIT becomes a public entity, the REIT will be subject to, and responsible for, regulatory compliance, including periodic public filings with the SEC and compliance with the continued listing requirements for a national securities exchange and with applicable state gaming rules and regulations, as well as compliance with generally applicable tax and accounting rules. Because PropCo's and the REIT's businesses have not operated as a separate publicly traded company, the Debtors cannot ensure that PropCo and the REIT will be able to successfully implement the infrastructure or retain the personnel necessary to operate PropCo and the REIT as a separate publicly traded company or that PropCo and the REIT will not incur costs in excess of anticipated costs to establish such infrastructure and retain such personnel.

3. The Companies May Be Unable to Engage in Desirable Strategic or Capital-Raising Transactions Following the Separation. In Addition, the Companies Could Be Liable for Adverse Tax Consequences Resulting from Engaging in Significant Strategic or Capital-Raising Transactions

To preserve the tax-free treatment of the Separation, the Companies may be prohibited from pursuing certain transactions that may otherwise be value-maximizing. These prohibitions could include, among other things,

limitations on entering into certain transactions involving the sale or repurchase of equity, divesting or otherwise ceasing certain business operations, or taking or failing to take any other action that would negatively affect the tax-free treatment of the Separation. In addition, the Companies could be subject to a 100% U.S. federal income tax on any net income derived from certain prohibited transactions.

4. The Debtors' Inability to Obtain All Material Third-Party Approvals in Connection with the Separation May Have a Material Adverse Effect on the Debtors' Ability to Consummate the Separation

There are numerous authorizations, consents, approvals, and clearances of third parties including federal, state, and local governmental agencies (the "Third-Party Approvals") that the Debtors must obtain to consummate the Separation and the restructuring of the Debtors' businesses in connection therewith, including approvals by gaming and racing authorities in various jurisdictions. In some cases, these approvals must be obtained before the Separation can be completed. The Debtors believe that as of the Confirmation Date, they will not yet have all of the necessary Third-Party Approvals, and that obtaining such necessary Third-Party Approvals may take several months. There is no assurance that the Debtors will be able to obtain these Third-Party Approvals. The Debtors do not intend to consummate the Separation if it does not receive all required Third-Party Approvals, unless it believes that the inability to obtain one or more Third-Party Approvals would not reasonably be expected to have a material adverse effect on the Companies. However, there can be no assurance that such a material adverse effect will not occur.

5. The Separation Could Give Rise to Disputes or Other Unfavorable Effects, Which Could Have a Material Adverse Effect on the Business, Financial Position, or Results of Operations of the Companies

Disputes with third parties could arise out of the Separation, and the Companies could experience unfavorable reactions to the Separation from employees, ratings agencies, regulators, or other interested parties. These disputes and reactions of third parties could have a material adverse effect on the business, financial position, or results of operations of the Companies. In addition, following the Separation, disputes between OpCo and PropCo (and their subsidiaries) could arise in connection with any of the Master Lease Agreements, the Management and Lease Support Agreements, the Right of First Refusal Agreement, or other agreements.

6. If the Separation Does Not Qualify as A Transaction that is Generally Tax-Free for U.S. Federal Income Tax Purposes, the Companies Could Be Subject to Significant Tax Liabilities and, in Certain Circumstances, Indemnification Obligations Could Result

The Debtors are seeking to obtain one or more legal opinions with respect to the federal income tax consequences of the Spin Structure (the "Spin Opinion") and the Partnership Contribution Structure (the "Partnership Opinion," and together with the Spin Opinion, the "Tax Opinions"), as applicable, in addition to a private letter ruling from the IRS to confirm that, if the Spin Structure is utilized, certain requirements under sections 355 and 368(a)(1)(G) of the Internal Revenue Code are satisfied. The Debtors expect that the Tax Opinions will conclude that the Separation, regardless of whether it is consummated via the Spin Structure or the Partnership Contribution Structure, should qualify as a transaction that is generally tax-free for U.S. federal income tax purposes. However, the Spin Ruling will not address certain requirements for tax-free treatment under sections 355 and 368(a)(1)(G) of the Internal Revenue Code, as the IRS has indicated that it will no longer provide a general ruling that a transaction qualifies for tax-free treatment under those sections, and the Spin Ruling and the Tax Opinions will rely on, among other things, certain representations, assumptions, and undertakings, including those relating to the past and future conduct of the Companies.

Even if the Spin Ruling is obtained and notwithstanding the Tax Opinions, the IRS could determine that the Separation is a fully taxable event if, (a) in the case of the Spin Structure, it determines any of the representations, assumptions, or undertakings that were included in the request for the Spin Ruling are false or have been violated, or (b) in both the Spin Structure and the Partnership Contribution Structure, it disagrees with the treatment of any item, including the conclusions in the Tax Opinions, for which no ruling was obtained.

If the Separation fails to generally qualify for tax-free treatment, the Companies would likely incur significant tax liabilities. Certain Holders may also incur significant tax liabilities.

PropCo and OpCo will enter into a tax matters agreement that will generally prohibit certain actions that would pose a significant risk of causing the Separation not to qualify as a transaction that is generally tax-free. Such agreement will also allocate the risks and costs associated with the Separation between PropCo and OpCo. To the extent the provisions of the tax matters agreement are invoked in the future, a party to that agreement could have a substantial contractual liability to the other parties under that agreement.

I. Risk Factors and Considerations Regarding the Status of the REIT as a Real Estate Investment Trust

1. If the REIT Does Not Qualify to Be Taxed as a Real Estate Investment Trust, or Fails to Remain Qualified as a Real Estate Investment Trust, the REIT Will Be Subject to U.S. Federal Income Tax as a Regular Corporation and Could Face a Substantial Tax Liability

The Debtors intend that the REIT will qualify to be taxed as a real estate investment trust and that the REIT will operate in a manner that will allow the REIT to be classified as and taxed as a real estate investment trust for U.S. federal income tax purposes. The validity of the REIT's qualification as a real estate investment trust, however, will depend on the REIT's satisfaction of certain asset, income, organizational, distribution, shareholder ownership, and other requirements on a continuing basis, which will depend on, among other things, the assets of PropCo. The REIT's ability to satisfy the asset tests depends on the characterization and fair market values of PropCo's assets, some of which are not susceptible to a precise determination.

As discussed below, on March 20, 2015, the Debtors submitted a request for a private letter ruling from the IRS with respect to certain issues relevant to the REIT's qualification as a real estate investment trust. If received, the REIT may generally rely upon the ruling. However, no assurance can be given that the IRS will not challenge the REIT's qualification as a real estate investment trust on the basis of other issues or facts outside the scope of the ruling, if provided.

The REIT may not meet the conditions for qualification as a real estate investment trust. If the REIT were to fail to qualify to be taxed as a real estate investment trust in any taxable year, it would be subject to U.S. federal income tax, including any applicable alternative minimum tax, on its taxable income at regular corporate rates, and dividends paid to the REIT's shareholders would not be deductible by the REIT in computing its taxable income. Any resulting corporate liability could be substantial and would reduce the amount of cash available for distribution to holders of REIT stock, which in turn could have an adverse effect on the value of the REIT stock. Unless the REIT were entitled to relief under certain Internal Revenue Code provisions, the REIT also would be disqualified from reelecting to be taxed as a real estate investment trust for the four taxable years following the year in which the REIT failed to qualify to be taxed as a real estate investment trust.

2. The Debtors Have No Operating History as a Real Estate Investment Trust

The Debtors have no operating history as a real estate investment trust. The REIT's board of directors and senior management will have overall responsibility for the REIT's management, including with respect to the implementation of substantial control systems, policies, and procedures in order to maintain the REIT's qualification as a real estate investment trust. There can be no assurance that the past experience of the Debtors' management will be sufficient to successfully implement these systems, policies, and procedures and to operate the REIT. If a failure occurs, the failure could jeopardize the REIT's status as a real estate investment trust, and the loss of such status would materially and adversely affect the REIT.

3. Applicable Real Estate Investment Trust Laws May Restrict Certain Business Activities

The REIT will be subject to various restrictions on its income, assets, and activities, which are discussed in more detail below. Business activities that could be affected by applicable real estate investment trust laws include, but are not limited to, activities such as developing alternative uses of real estate. Due to these restrictions, the Debtors anticipate that the REIT may conduct certain business activities through one or more TRSs. Any such TRSs would be taxable as C corporations and would be subject to federal, state, local, and, if applicable, foreign taxation on their taxable income.

4. Qualifying as a Real Estate Investment Trust Involves the Application of Highly Technical and Complex Provisions of the Internal Revenue Code

Qualification as a real estate investment trust involves the application of highly technical and complex Internal Revenue Code provisions for which only limited judicial and administrative authorities exist, certain of which are discussed in more detail below. Even a technical or inadvertent violation could jeopardize the REIT's real estate investment trust qualification. The REIT's qualification as a real estate investment trust will depend on its satisfaction of certain asset, income, organizational, distribution, shareholder ownership, and other requirements on a continuing basis. In addition, the REIT's ability to satisfy the requirements to qualify to be taxed as a REIT may depend in part on the actions of third parties over which it has no control or only limited influence.

5. Legislative or Other Actions Affecting Real Estate Investment Trusts Could Have a Negative Effect on the REIT

The rules dealing with U.S. federal income taxation are constantly under review by persons involved in the legislative process and by the IRS and the U.S. Department of the Treasury (the "Treasury"). Changes to the tax laws or interpretations thereof by the IRS and the Treasury, with or without retroactive application, could materially and adversely affect the REIT. The Debtors cannot predict how changes in the tax laws might affect the REIT. New legislation, Treasury regulations, administrative interpretations, or court decisions could significantly and negatively affect the REIT's ability to qualify to be taxed as a real estate investment trust or the U.S. federal income tax consequences to the REIT of such qualification.

Importantly, the Debtors believe that, because the Spin Request was filed with the IRS prior to December 7, 2015 and has not been subsequently withdrawn (and because no ruling had been issued or denied in its entirety prior to such date), the tax-free spin-off contemplated by the Plan is "grandfathered" from a provision in the PATH Act that prevents companies involved in tax-free spin-offs from electing REIT status.

6. The REIT Could Fail to Qualify to Be Taxed as a Real Estate Investment Trust If Income it Receives from PropCo or Its Subsidiaries Is Not Treated as Qualifying Income

Under applicable provisions of the Internal Revenue Code, the REIT will not be treated as a real estate investment trust unless it satisfies various requirements, including requirements relating to the sources of its gross income. Rents received or accrued by the REIT from OpCo through PropCo or its subsidiaries will not be treated as qualifying rent for purposes of these requirements if the Master Lease Agreements are not respected as true leases for U.S. federal income tax purposes and is instead treated as a service contract, joint venture, or some other type of arrangement. If the Master Lease Agreements are not respected as true leases for U.S. federal income tax purposes, the REIT may fail to qualify to be taxed as a real estate investment trust.

In addition, subject to certain exceptions, rents received or accrued by the REIT from a tenant (including OpCo) through PropCo or its subsidiaries will not be treated as qualifying rent for purposes of these requirements if the REIT or an actual or constructive owner of 10 percent or more of the REIT stock actually or constructively owns 10 percent or more of the total combined voting power of all classes of OpCo stock entitled to vote or 10 percent or more of the total value of all classes of such tenant's stock. The REIT's charter will provide for restrictions on ownership and transfer of its shares of stock, including restrictions on such ownership or transfer that would cause

the rents received or accrued by the REIT from such tenant through PropCo or its subsidiaries to be treated as non-qualifying rent for purposes of the real estate investment trust gross income requirements. Nevertheless, there can be no assurance that such restrictions will be effective in ensuring that rents received or accrued by the REIT through PropCo or its subsidiaries will be treated as qualifying rent for purposes of real estate investment trust qualification requirements.

7. Dividends Payable by Real Estate Investment Trusts Do Not Qualify for the Reduced Tax Rates Available for Some Dividends

The maximum U.S. federal income tax rate applicable to income from “qualified dividends” payable by U.S. corporations to U.S. shareholders that are individuals, trusts, and estates is currently 20 percent (and an additional 3.8 percent tax on net investment income may also be applicable). Dividends payable by real estate investment trusts, however, generally are not eligible for the reduced rates applicable to “qualified dividends.” Although these rules do not adversely affect the taxation of real estate investment trusts, the more favorable rates applicable to regular corporate qualified dividends could cause investors who are individuals, trusts, and estates to perceive investments in real estate investment trusts to be relatively less attractive than investments in the stock of other corporations that pay dividends, which could adversely affect the value of the stock of real estate investment trusts, including the REIT’s stock.

8. Real Estate Investment Trust Distribution Requirements Could Adversely Affect the REIT’s Ability to Execute Its Business Plan

The REIT generally must distribute annually at least 90 percent of its real estate investment trust taxable income, determined without regard to the dividends-paid deduction and excluding any net capital gains, in order for the REIT to qualify to be taxed as a real estate investment trust (assuming that certain other requirements are also satisfied) so that U.S. federal corporate income tax does not apply to earnings that the REIT distributes. To the extent that the REIT satisfies this distribution requirement and qualifies for taxation as a real estate investment trust but distributes less than 100 percent of its real estate investment trust taxable income, the REIT will be subject to U.S. federal corporate income tax on its undistributed net taxable income. In addition, the REIT will be subject to a 4 percent nondeductible excise tax if the actual amount that the REIT distributes to its shareholders in a calendar year is less than a minimum amount specified under U.S. federal income tax laws. The Debtors intend that the REIT will make distributions to its shareholders to comply with the real estate investment trust requirements of the Internal Revenue Code.

From time to time, the REIT may generate taxable income greater than its cash flow as a result of differences in timing between the recognition of taxable income and the actual receipt of cash or the effect of nondeductible capital expenditures, the creation of reserves, or required debt or amortization payments. If the REIT does not have other funds available in these situations, the REIT could be required to borrow funds on unfavorable terms, sell assets at disadvantageous prices, or distribute amounts that would otherwise be invested in future acquisitions to make distributions sufficient to enable the REIT to pay out enough of its taxable income to satisfy the real estate investment trust distribution requirement and to avoid corporate income tax and the 4 percent excise tax in a particular year. These alternatives could increase the REIT’s costs or reduce the value of its equity. Alternatively, and as discussed below, the REIT could elect to satisfy its distribution requirements by making taxable distributions of cash and stock. Thus, compliance with the real estate investment trust requirements may hinder the REIT’s ability to grow, which could adversely affect the value of the REIT’s stock, or cause holders of the REIT’s stock to incur tax liabilities in excess of cash distributions. Restrictions in the New Debt or any other indebtedness of the Companies following the Separation, including restrictions on the REIT’s ability to incur additional indebtedness or make certain distributions, could preclude it from meeting the 90 percent distribution requirement. Decreases in funds from operations due to unfinanced expenditures for acquisitions of properties would adversely affect the ability of the REIT to maintain distributions to its shareholders. Moreover, the failure of OpCo to make rental payments under the Master Lease Agreements would materially impair the ability of the REIT to make distributions. Consequently, there can be no assurance that the REIT will be able to make distributions at the anticipated distribution rate or any other rate.

9. Even If the REIT Remains Qualified as a Real Estate Investment Trust, the REIT May Face Other Tax Liabilities That Reduce Its Cash Flow

Even if the REIT remains qualified for taxation as a real estate investment trust, the REIT may be subject to certain federal, state, and local taxes on its income and assets, including taxes on any undistributed income and state or local income, property, and transfer taxes. For example, the REIT will hold some of its assets or conduct certain of its activities through one or more TRSs or other subsidiary corporations that will be subject to federal, state, and local corporate-level income taxes as regular C corporations as well as state and local gaming taxes. In addition, the REIT may incur a 100 percent excise tax on transactions with a TRS if they are not conducted on an arm's-length basis. Any of these taxes would decrease cash available for distribution to the REIT's shareholders.

10. Complying with Real Estate Investment Trust Requirements May Cause the REIT to Forgo Otherwise Attractive Acquisition Opportunities or Liquidate Otherwise Attractive Investments

To qualify to be taxed as a real estate investment trust for U.S. federal income tax purposes, the REIT must ensure that, at the end of each calendar quarter, at least 75 percent of the value of its assets consists of cash, cash items, government securities, and "real estate assets" (as defined in the Internal Revenue Code), including certain mortgage loans and securities. The remainder of the REIT's investments (other than government securities, qualified real estate assets, and securities issued by a TRS) generally cannot include more than 10 percent of the outstanding voting securities of any one issuer or more than 10 percent of the total value of the outstanding securities of any one issuer. In addition, in general, no more than 5 percent of the value of the REIT's total assets (other than government securities, qualified real estate assets, and securities issued by a TRS) can consist of the securities of any one issuer, and no more than 25 percent of the value of the REIT's total assets can be represented by securities of one or more TRSs (and such limit will be reduced to 20 percent for tax years beginning after December 31, 2017).. If the REIT fails to comply with these requirements at the end of any calendar quarter, it must correct the failure within 30 days after the end of the calendar quarter or qualify for certain statutory relief provisions to avoid losing its real estate investment trust qualification and suffering adverse tax consequences. As a result, the REIT may be required to liquidate or forgo otherwise attractive investments. These actions could have the effect of reducing the REIT's income and amounts available for distribution to its shareholders.

In addition to the asset tests set forth above (which are discussed in more detail below), to qualify to be taxed as a real estate investment trust, the REIT must continually satisfy tests concerning, among other things, the sources of its income, the amounts it distributes to its shareholders, and the ownership of REIT stock. The REIT may be unable to pursue investments that would be otherwise advantageous to the REIT in order to satisfy the source-of-income or asset-diversification requirements for qualifying as a real estate investment trust. Thus, compliance with the real estate investment trust requirements may hinder the REIT's ability to make certain attractive investments.

11. Complying with Real Estate Investment Trust Requirements May Limit the REIT's Ability to Effectively Hedge and May Cause the REIT to Incur Tax Liabilities

The real estate investment trust provisions of the Internal Revenue Code substantially limit the REIT's ability to hedge its assets and liabilities. Income from certain hedging transactions that the REIT may enter into to manage risk of interest rate changes with respect to borrowings made or to be made to acquire or carry real estate assets or from transactions to manage risk of currency fluctuations with respect to any item of income or gain that satisfies the real estate investment trust gross income tests (including gain from the termination of such a transaction) does not constitute "gross income" for purposes of the 75 percent or 95 percent gross income tests that apply to real estate investment trusts, provided that certain identification requirements are met. To the extent that the REIT enters into other types of hedging transactions or fails to properly identify such transaction as a hedge, the income is likely to be treated as non-qualifying income for purposes of both of the gross income tests. As a result of these rules, the REIT may be required to limit its use of advantageous hedging techniques or implement those hedges through a TRS. This could expose the REIT to greater risks associated with changes in interest rates than the REIT would otherwise want to bear or increase the cost of the REIT's hedging activities because the TRS may be

subject to tax on gains. In addition, losses in the TRS will generally not provide any tax benefit, except that such losses could theoretically be carried back or forward against past or future taxable income in the TRS.

12. Even If the REIT Qualifies to Be Taxed as a Real Estate Investment Trust, the REIT Could Be Subject to Tax on Any Unrealized Net Built-In Gains in the Assets Held Before Electing to Be Treated as a Real Estate Investment Trust

The REIT will own appreciated assets that were held by the Debtors before the REIT elected to be treated as a real estate investment trust and were acquired by the REIT in a transaction in which the adjusted tax basis of the assets in the REIT's hands is determined by reference to the adjusted tax basis of the assets in the hands of the Debtors. If the REIT disposes of any such appreciated assets during the five-year period following the REIT's acquisition of the assets from the Debtors (*i.e.*, during the five-year period following the REIT's qualification as a real estate investment trust), the REIT will be subject to tax at the highest corporate tax rates on any gain from such assets to the extent of the excess of the fair market value of the assets on the date that they were acquired by the REIT (*i.e.*, at the time that the REIT became a real estate investment trust) over the adjusted tax basis of such assets on such date, which are referred to as built-in gains. The REIT would be subject to this tax liability even if it qualifies and maintains its status as a real estate investment trust. Any recognized built-in gain will retain its character as ordinary income or capital gain and will be taken into account in determining real estate investment trust taxable income and the REIT's distribution requirement. Any tax on the recognized built-in gain will reduce real estate investment trust taxable income. The REIT may choose not to sell in a taxable transaction appreciated assets it might otherwise sell during the ten-year period in which the built-in gain tax applies in order to avoid the built-in gain tax. However, there can be no assurances that such a taxable transaction will not occur. If the REIT sells such assets in a taxable transaction, the amount of corporate tax that the REIT will pay will vary depending on the actual amount of net built-in gain or loss present in those assets as of the time the REIT became a real estate investment trust. The amount of tax could be significant.

13. If PropCo Fails To Qualify as a Partnership for U.S. Federal Income Tax Purposes, the REIT Would Cease to Qualify as a Real Estate Investment Trust and Suffer Other Adverse Consequences

The Debtors anticipate that PropCo will be treated as a partnership for U.S. federal income tax purposes. As a partnership, PropCo will not be subject to federal income tax on its income. Instead, each of its partners, including the REIT, will be allocated, and may be required to pay tax with respect to, its allocable share of PropCo's income. The Debtors cannot assure parties that the IRS will not challenge the status of PropCo or any other subsidiary partnership in which the REIT owns an interest as a partnership for U.S. federal income tax purposes, or that a court would not sustain such a challenge. If the IRS were successful in treating PropCo or any other subsidiary partnership as an entity taxable as a corporation for U.S. federal income tax purposes, it is likely that the REIT would fail to meet the gross income tests and certain of the asset tests applicable to real estate investment trusts, and, accordingly, the REIT would likely cease to qualify as a real estate investment trust. Also, the failure of PropCo or any subsidiary partnership to qualify as a partnership could cause it to become subject to federal and state corporate income tax, which would reduce significantly the amount of cash available for debt service and for distribution to its partners, including the REIT.

14. The REIT Opinion Letter Regarding the REIT's Status as a Real Estate Investment Trust Does Not Guarantee the REIT's Ability to Qualify as a Real Estate Investment Trust

As discussed below, the REIT Opinion Letter will provide that the REIT has been organized in conformity with the requirements for qualification as a real estate investment trust and the REIT's proposed method of operation as represented by the Debtors will enable the REIT to satisfy the requirements for such qualification. The REIT Opinion Letter will be based on representations made by the Debtors as to certain factual matters relating to the REIT's organization and intended or expected manner of operation. In addition, the REIT Opinion Letter will be based on the law existing and in effect on the date of the REIT Opinion Letter. The REIT's qualification and taxation as a real estate investment trust will depend on the REIT's ability to meet on a continuing basis, through actual operating results, asset composition, distribution levels, and diversity of stock ownership, the various qualification tests imposed under the Internal Revenue Code. The party providing the REIT Opinion Letter will not

review the REIT's compliance with these tests on a continuing basis. Accordingly, no assurance can be given that the REIT will satisfy such tests on a continuing basis. Also, the REIT Opinion Letter will represent counsel's legal judgment based on the law in effect as of the date of the REIT Opinion Letter, is not binding on the IRS or any court, and could be subject to modification or withdrawal based on future legislative, judicial, or administrative changes to U.S. federal income tax laws, any of which could be applied retroactively. The party providing the REIT Opinion Letter will have no obligation to advise the REIT or Holders of REIT stock of any subsequent change in the matters stated, represented, or assumed in the REIT Opinion Letter or of any subsequent change in applicable law.

J. Risk Factor Relating to Appeal and Equitable Mootness

Pursuant to the terms of the Plan, if the Plan is confirmed, substantial consummation of the Plan will occur on the Effective Date. If a creditor chooses to appeal such confirmation of the Plan, the creditor may need to obtain a stay preventing the Debtors from consummating the Plan because if the Plan goes effective, the creditor's appeal may equitably moot. *See, e.g., Duff v. Cent. Sleep Diagnostics, LLC*, 801 F.3d 833, 840 (7th Cir. 2015).

K. Risks Relating to the New Debt

1. Failure to Syndicate the OpCo First Lien Debt, OpCo Second Lien Debt, CPLV Market Debt May Prevent Consummation of the Plan

Pursuant to the terms of the Plan, the Companies must syndicate the OpCo First Lien Debt and the OpCo Second Lien Debt to third parties for Cash. If the Companies are unable to syndicate up to \$882 million of OpCo First Lien Debt and/or up to \$406 million of OpCo Second Lien Debt for Cash, they can seek a waiver by the Requisite Consenting Bank Creditors pursuant to Article IX.B of the Plan and instead issue the OpCo First Lien Term Loan and/or the OpCo Second Lien Notes (as applicable) in the amount of the unsubscribed portion the OpCo First Lien Debt and/or OpCo Second Lien Debt to the Holders of Prepetition Credit Agreement Claims pursuant to the terms of the Plan. If, the Companies are unable to syndicate up to \$306 million of OpCo First Lien Debt and/or up to \$141 million OpCo Second Lien Debt for Cash, they can seek a waiver by the Requisite Consenting Bond Creditors pursuant to Article IX.B of the Plan and instead distribute, as applicable, the OpCo First Lien Notes and/or the OpCo Second Lien Notes in the amount of the unsubscribed portion the OpCo First Lien Debt and/or OpCo Second Lien Debt to the Holders of Secured First Lien Notes Claims pursuant to the terms of the Plan.

Should the Companies fail to syndicate the OpCo First Lien Debt and/or the OpCo Second Lien Debt and fail to obtain a waiver from the Requisite Consenting Bank Creditors, the Unsecured Creditors Committee, and/or the Requisite Consenting Bond Creditors (as applicable and subject to the effectiveness of each party's applicable Restructuring Support Agreement), the Plan cannot be consummated and the Companies' reorganization efforts will be put at substantial risk. In addition, the Companies are required to syndicate at least \$1.8 billion of the CPLV Market Debt to third parties for cash. If the Companies fail to do so, the Plan cannot be consummate and the Companies' reorganization efforts will be put at substantial risk.

2. The New Debt, as Applicable, of Each of the Companies Is Structurally Subordinated to All Liabilities of Each of Such Company's Subsidiaries That Are Not Asset Pledgors or Guarantors of Such New Debt

The New Debt, as applicable, of each of the Companies will be structurally subordinated to indebtedness and other liabilities of each of such Company's subsidiaries that are not asset pledgors or guarantors of such New Debt, and the claims of creditors of these subsidiaries, including trade creditors, will have priority as to the assets of these subsidiaries. In the event of a bankruptcy, liquidation, or reorganization of any subsidiaries that are not asset pledgors or guarantors of New Debt, as applicable, such subsidiaries will pay the holders of their debts, holders of their preferred equity interests and their trade creditors before they will be able to distribute any of their assets to the applicable Company. In addition, the guarantee of New Debt by a subsidiary will be structurally subordinated to indebtedness of subsidiaries of that subsidiary guarantor, as well as any other indebtedness incurred in the future by subsidiaries of such subsidiaries, in each case that are not also asset pledgors or guarantors.

The New Debt, as applicable, of each of the Companies will not be secured by the assets of each of such Company's non-U.S. subsidiaries, any other subsidiaries that are not wholly owned by such Company, or any subsidiaries designated as unrestricted subsidiaries. CPLV will be designated an unrestricted subsidiary and will not be a pledgor or guarantor with respect to the PropCo debt. These subsidiaries are separate and distinct legal entities and will have no obligation, contingent or otherwise, to pay any amounts due pursuant to the applicable New Debt, or to make any funds available therefore, whether by dividends, loans, distributions, or other payments. Any right that the Companies or the Companies' subsidiaries that are asset pledgors or guarantors with respect to the New Debt have to receive any assets of any of these subsidiaries upon their liquidation or reorganization, and the consequent rights of holders of New Debt, as applicable, to realize proceeds from the sale of any of those subsidiaries' assets, will be effectively subordinated to the claims of those subsidiaries' creditors, including trade creditors and holders of the preferred equity interests of those subsidiaries.

3. Each Tranche of New Debt of Each Company Is Secured Only to the Extent of the Value of the Assets That Will Be Granted as Security for Such Tranche of New Debt, Which May Not Be Sufficient to Satisfy Such Company's Obligations Under Such Tranche of New Debt

No appraisals of any of the collateral will be prepared by or on behalf of the Companies in connection with the issuance of the New Debt. The fair market value of the collateral securing each tranche of New Debt is subject to fluctuations based on factors that include, among others, each such Company's ability to implement its business strategy, the ability to sell the applicable collateral in an orderly sale, general economic conditions, the availability of buyers, and similar factors. In addition, courts could limit recoverability if they apply non-New York law to a proceeding and deem a portion of the interest claim usurious in violation of public policy. The amount to be received upon a sale of any collateral would be dependent on numerous factors, including but not limited to the actual fair market value of the collateral at such time, general market and economic conditions, and the timing and manner of the sale.

In addition, the collateral securing each tranche of New Debt will be subject to liens permitted under the terms of the credit agreements and indentures, as applicable, governing the respective tranches of New Debt, whether such permitted liens arise before, on, or after the date the New Debt is issued. The existence of any permitted liens could adversely affect the value of the collateral securing any tranche of New Debt, as well as the ability of the applicable collateral agent to realize or foreclose on such collateral.

There also can be no assurance that any collateral will be saleable and, even if saleable, the timing of any liquidation is uncertain. To the extent that liens, rights, or easements granted to third parties encumber assets located on property securing each tranche of New Debt, such third parties have or may exercise rights and remedies with respect to such property subject to such liens that could adversely affect the value of such collateral and the ability of the applicable collateral agent to realize or foreclose on such collateral. By its nature, some or all of the collateral securing each tranche of New Debt may be illiquid and may have no readily ascertainable market value. In the event that a bankruptcy case is commenced by or against a Company, if the value of the collateral securing a tranche of such Company's New Debt is less than the amount of such Company's principal and accrued and unpaid interest on such tranche of New Debt and all other senior secured obligations, interest may cease to accrue on such tranche of New Debt from and after the date the bankruptcy petition is filed. In the event of a foreclosure, liquidation, bankruptcy, or similar proceeding, there can be no assurance that the proceeds from any sale or liquidation of any collateral will be sufficient to pay the obligations due under the applicable Company's applicable tranche of New Debt.

In addition, not all of the Companies' assets will secure their New Debt. For example, the collateral securing the New Debt of each Company will not include, among other things:

- any property or assets owned by any foreign subsidiaries;
- certain real property;
- any vehicles; or

- subject to certain limitations, any assets or any right, title, or interest in any license, contract, or agreement to the extent that taking a security interest in any of them would violate any applicable law or regulation or any enforceable contractual obligation binding on the assets or would violate the terms of any such license, contract, or agreement.

To the extent the claims of the holders of a tranche of New Debt exceed the value of the assets securing such tranche of New Debt and other liabilities, those claims will rank equally with the claims of the holders of the applicable Company's other series of junior lien or unsecured senior indebtedness. As a result, if the value of the assets pledged as security for a tranche of New Debt and other liabilities is less than the value of the claims of the holders of such tranche of New Debt and other liabilities, the claims of the holders of such tranche of New Debt may not be satisfied in full before the claims of the applicable Company's junior lien and unsecured creditors are paid. Furthermore, upon enforcement against any collateral or in insolvency, under the terms of any intercreditor agreement applicable to the New Debt the claims of the holders of the PropCo Second Lien Notes and the OpCo Second Lien Debt and/or OpCo Second Lien Notes (if applicable) to the proceeds of such enforcement will rank behind the claims of the holders of obligations under, respectively the PropCo First Lien Notes, PropCo First Lien Term Loan, and the OpCo First Lien Debt (and OpCo First Lien Notes and/or OpCo First Lien Term Loan, if applicable) which are first-priority obligations and claims of holders of additional secured indebtedness (to the extent permitted to have priority by the applicable intercreditor agreement).

4. A Substantial Portion of the Collateral Will Consist of Real Estate Properties

The New Debt of PropCo will be substantially secured by liens on PropCo's real estate properties located in various states. State laws govern the perfection, enforceability and foreclosure of mortgage liens against real property interests, which secure debt obligations such as the New Debt of PropCo. The laws of those states may limit the ability of holders of New Debt of PropCo to foreclose on the real estate property collateral located in such states as these laws may impose procedural requirements for foreclosure different from and necessitating a longer time period for completion than the requirements for foreclosure of security interests in personal property.

In addition, upon foreclosure, the illiquid nature of real estate investments may limit the ability of holders of New Debt of PropCo to realize on the value of the collateral as there may be a limited number of interested purchasers and the value offered may not reflect the market value of the real estate collateral.

5. The Holders of the PropCo Second Lien Notes Will Receive Proceeds from the Collateral Only After the Debt Owed to the Holders of the PropCo First Lien Term Loan and PropCo First Lien Notes Are Fully Repaid

Substantially all of the assets owned by PropCo and its subsidiary asset pledgors and guarantors for the PropCo Second Lien Notes on the date of the indenture governing the PropCo Second Lien Notes or thereafter acquired, and all proceeds therefrom, will be subject to first-priority liens (subject to permitted liens) in favor of the holders of the PropCo First Lien Term Loan and PropCo First Lien Notes. PropCo's failure to comply with the terms of the agreements governing the PropCo First Lien Term Loan and PropCo First Lien Notes could entitle such first lien lenders to declare all indebtedness thereunder to be immediately due and payable. If PropCo was unable to service the PropCo First Lien Term Loan and PropCo First Lien Notes, the collateral agent or agents thereunder could foreclose on PropCo's assets that serve as collateral. Pursuant to PropCo's intercreditor agreement, the lenders and holders of the PropCo First Lien Term Loan and PropCo First Lien Notes will vote as a class to control all decisions with respect to the collateral. In addition, the collateral securing the PropCo First Lien Term Loan and PropCo First Lien Notes will also secure the PropCo Second Lien Notes and may additionally secure certain other future parity lien debt that may be issued in compliance with the terms of any credit agreement or indenture governing the PropCo First Lien Term Loan, PropCo First Lien Notes, and PropCo Second Lien Notes. Holders of the PropCo Second Lien Notes generally, subject to certain potential exclusions, will have second priority liens on the assets that will secure the PropCo First Lien Term Loan and PropCo First Lien Notes. As a result, upon any distribution to PropCo's creditors, liquidation, reorganization, or similar proceedings, or following acceleration of PropCo's indebtedness, or an event of default under PropCo's indebtedness, and enforcement of the collateral, the holders of PropCo First Lien Term Loans and PropCo First Lien Notes will be entitled to be repaid in full from the

proceeds of all the assets constituting collateral before any payment is made to the holders of the PropCo Second Lien Notes from the proceeds of that collateral.

6. The Rights of Holders of the PropCo Second Lien Notes to the Collateral Securing Such Indebtedness Will Be Governed, and Materially Limited, by the Related Intercreditor Agreement

Pursuant to the terms of the intercreditor agreement relating to the PropCo Second Lien Notes, the lenders and holders of the PropCo First Lien Term Loans, which are obligations secured by the collateral on a first priority basis, will control substantially all matters related to the collateral. Under the related intercreditor agreement, at any time that PropCo First Lien Term Loan and PropCo First Lien Notes remain outstanding, any actions that may be taken in respect of the collateral (including the ability to commence enforcement proceedings against the collateral and to control the conduct of such proceedings, and to approve amendments to, releases of collateral from the lien of, and waivers of past defaults under, the collateral documents) will be at the direction of the holders of the PropCo First Lien Loans and PropCo First Lien Notes. Under such circumstances, the trustee and collateral agent on behalf of the holders of the PropCo Second Lien Notes will not have the ability to control or direct such actions, even if the rights of the holders of the PropCo Second Lien Notes are adversely affected. Any release of all first priority liens upon any collateral approved by the holders of first priority liens will also release the second priority liens securing the PropCo Second Lien Notes on substantially the same collateral, and holders of PropCo Second Lien Notes will have no control over such release.

Furthermore, because the lenders under the PropCo First Lien Term Loans and holders of the PropCo First Lien Notes control the disposition of the collateral securing the PropCo First Lien Term Loans, PropCo First Lien Notes, and PropCo Second Lien Notes, if there were an event of default under the PropCo Second Lien Notes, the lenders under the PropCo First Lien Term Loans and holders of the PropCo First Lien Notes could decide not to proceed against the collateral. In such event, the only remedy available to the holders of PropCo Second Lien Notes would be to sue for payment on the PropCo Second Lien Notes. By virtue of the direction of the administration of the pledges and security interests and the release of collateral, actions may be taken under the collateral documents that may be adverse to the holders of the PropCo Second Lien Notes. Unless and until the discharge of the PropCo First Lien Term Loans and PropCo First Lien Notes has occurred, the sole right of the holders of the PropCo Second Lien Notes in respect of the collateral is to hold a lien on the collateral.

7. The Holders of the OpCo Second Lien Debt and/or OpCo Second Lien Notes (if applicable) Will Receive Proceeds from the Collateral Only After the Debts Owed to the Holders of the OpCo First Lien Debt (and OpCo First Lien Notes and/or OpCo First Lien Term Loan, if applicable) Are Fully Repaid

Substantially all of the assets owned by OpCo and its subsidiary asset pledgors and guarantors for the OpCo Second Lien Debt and/or OpCo Second Lien Notes (if applicable) on the date of the agreement governing the OpCo Second Lien Debt and/or OpCo Second Lien Notes (if applicable) or thereafter acquired, and all proceeds therefrom, will be subject to first-priority liens in favor of the holders of the OpCo First Lien Debt (and OpCo First Lien Notes and/or OpCo First Lien Term Loan, if applicable). OpCo's failure to comply with the terms of the agreements governing the OpCo First Lien Debt (and OpCo First Lien Notes and/or OpCo First Lien Term Loan, if applicable) could entitle such first lien lenders to declare all indebtedness thereunder to be immediately due and payable. If OpCo was unable to service the OpCo First Lien Debt (and OpCo First Lien Notes and/or OpCo First Lien Term Loan, if applicable), the collateral agent or agents thereunder could foreclose on OpCo's assets that serve as collateral. Pursuant to OpCo's intercreditor agreement, the group of lenders and holders of the OpCo First Lien Debt (and OpCo First Lien Notes and/or OpCo First Lien Term Loan, if applicable) initially controls all decisions with respect to the collateral. In addition, the collateral securing the OpCo First Lien Debt (and OpCo First Lien Notes and/or OpCo First Lien Term Loan, if applicable) also secures the OpCo Second Lien Debt and/or OpCo Second Lien Notes (if applicable) and may additionally secure certain other future parity lien debt that may be issued in compliance with the terms of any credit agreement or indenture governing the OpCo First Lien Debt (and OpCo First Lien Notes and/or OpCo First Lien Term Loan, if applicable) or OpCo Second Lien Debt and/or OpCo Second Lien Notes (if applicable). Holders of the OpCo Second Lien Debt and/or OpCo Second Lien Notes (if applicable) generally, subject to certain potential exclusions, will have second priority liens on the assets generally

securing the OpCo First Lien Debt (and OpCo First Lien Notes and/or OpCo First Lien Term Loan, if applicable). As a result, upon any distribution to OpCo's creditors, liquidation, reorganization, or similar proceedings, or following acceleration of OpCo's indebtedness, or an event of default under OpCo's indebtedness, and enforcement of the collateral, the holders of OpCo First Lien Debt (and OpCo First Lien Notes and/or OpCo First Lien Term Loan, if applicable) will be entitled to be repaid in full from the proceeds of all the assets constituting collateral before any payment is made to the holders of the OpCo Second Lien Debt and/or OpCo Second Lien Notes (if applicable) from the proceeds of that collateral.

8. The Rights of Holders of the OpCo Second Lien Notes to the Collateral Securing Such Indebtedness Will Be Governed, and Materially Limited, by the Related Intercreditor Agreement

Pursuant to the terms of the intercreditor agreement relating to the OpCo Second Lien Debt and/or OpCo Second Lien Notes (if applicable), the lenders and holders of the OpCo First Lien Debt (and OpCo First Lien Notes and/or OpCo First Lien Term Loan, if applicable), which are obligations secured by the collateral on a first priority basis, will control substantially all matters related to the collateral. Under the related intercreditor agreement, at any time that OpCo First Lien Debt (and OpCo First Lien Notes and/or OpCo First Lien Term Loan, if applicable) remain outstanding, any actions that may be taken in respect of the collateral (including the ability to commence enforcement proceedings against the collateral and to control the conduct of such proceedings, and to approve amendments to, releases of collateral from the lien of, and waivers of past defaults under, the collateral documents) will be at the direction of the holders of the OpCo First Lien Debt (and OpCo First Lien Notes and/or OpCo First Lien Term Loan, if applicable). Under such circumstances, the trustee and/or collateral agent on behalf of the holders of the OpCo Second Lien Debt and/or OpCo Second Lien Notes (if applicable) will not have the ability to control or direct such actions, even if the rights of the holders of the OpCo Second Lien Debt and/or OpCo Second Lien Notes (if applicable) are adversely affected. Any release of all first priority liens upon any collateral approved by the holders of first priority liens will also release the second priority liens securing the OpCo Second Lien Debt and/or OpCo Second Lien Notes (if applicable) on substantially the same collateral, and holders of OpCo Second Lien Debt and/or OpCo Second Lien Notes (if applicable) will have no control over such release.

Furthermore, because the lenders and issuers under the OpCo First Lien Debt (and OpCo First Lien Notes and/or OpCo First Lien Term Loan, if applicable) control the disposition of the collateral securing the OpCo First Lien Debt (and OpCo First Lien Notes and/or OpCo First Lien Term Loan, if applicable) and OpCo Second Lien Debt and/or OpCo Second Lien Notes (if applicable), if there were an event of default under the OpCo Second Lien Debt and/or OpCo Second Lien Notes (if applicable), the lenders or holders under the OpCo First Lien Debt (and OpCo First Lien Notes and/or OpCo First Lien Term Loan, if applicable) could decide not to proceed against the collateral. In such event, the only remedy available to the holders of OpCo Second Lien Debt and/or OpCo Second Lien Notes (if applicable) would be to sue for payment on the OpCo Second Lien Debt and/or OpCo Second Lien Notes (if applicable). By virtue of the direction of the administration of the pledges and security interests and the release of collateral, actions may be taken under the collateral documents that may be adverse to the holders of the OpCo Second Lien Debt and/or OpCo Second Lien Notes (if applicable). Unless and until the discharge of the OpCo First Lien Debt (and OpCo First Lien Notes and/or OpCo First Lien Term Loan, if applicable) has occurred, the sole right of the holders of the OpCo Second Lien Debt and/or OpCo Second Lien Notes (if applicable) is to hold a lien on the collateral.

9. Each Company Will in Most Cases Have Control over the Collateral Securing Its New Debt, and the Sale of Particular Assets by Such Company Could Reduce the Pool of Assets Securing Its New Debt

The collateral documents allow each Company to remain in possession of, retain exclusive control over, freely operate, and collect, invest, and dispose of any income from, the collateral securing its New Debt.

In addition, with respect to the PropCo Second Lien Notes and the OpCo Second Lien Debt and/or OpCo Second Lien Notes (if applicable), PropCo and OpCo will not be required to comply with all or any portion of section 314(d) of the TIA if PropCo or OpCo (as the case may be) determines, in good faith based on advice of counsel, that, under the terms of section 314(d) and/or any interpretation or guidance as to the meaning thereof of

the SEC and its staff, including “no action” letters or exemptive orders, all or such portion of section 314(d) of the TIA is inapplicable to the released collateral. For example, PropCo or OpCo may, among other things, without any release or consent by the indenture trustee, conduct ordinary course activities with respect to collateral, such as selling, factoring, abandoning, or otherwise disposing of collateral and making ordinary course cash payments (including repayments of indebtedness) so long as in accordance with the provisions of the indentures governing the PropCo Second Lien Notes or the OpCo Second Lien Debt and/or OpCo Second Lien Notes (if applicable) and such transaction would not otherwise violate section 314(d) of the TIA.

10. The Pledge of the Capital Stock, Other Securities, and Similar Items of the Companies Subsidiaries That Secure the New Debt Will Automatically Be Released from the Lien on Them and No Longer Constitute Collateral to the Extent and for so Long as the Pledge of Such Capital Stock or Such Other Securities Would Require the Filing of Separate Financial Statements with the SEC for the Subsidiary

Certain of the New Debt and the related guarantees are secured by pledges of the stock of the Companies and certain of the Companies’ subsidiaries. Under the SEC regulations in effect as of the issue date of the New Debt, if the par value, book value as carried by the respective Company or market value (whichever is greatest) of the capital stock, other securities or similar items of a subsidiary pledged as part of collateral is greater than or equal to 20 percent of the aggregate principal amount of the New Debt it is securing then outstanding, such subsidiary is required to provide separate financial statements to the SEC. Therefore, the respective credit agreements, indentures, and related collateral documents provide that any capital stock and other securities of the respective Companies’ subsidiaries will be excluded from the collateral securing the respective New Debt to the extent and for so long as the pledge of such capital stock or other securities to secure the respective New Debt would cause such subsidiary to be required to file separate financial statements with the SEC pursuant to Rule 3-16 of Regulation S-X (as in effect from time to time).

In addition, the absence of a lien on a portion of the capital stock of any subsidiary pursuant to these provisions in certain circumstances could result in less than a majority of the capital stock of a subsidiary being pledged to secure the respective New Debt, which could impair the ability of the applicable collateral agent, acting on behalf of the holders of the respective New Debt, to sell a controlling interest in such subsidiary or to otherwise realize value on its security interest in such subsidiary’s stock or assets.

As a result, holders of certain of the New Debt could lose a portion or all of their security interest in the capital stock or other securities of those subsidiaries during such period. It may be more difficult, costly, and time-consuming for holders of such New Debt to foreclose on the assets of a subsidiary than to foreclose on its capital stock or other securities, so the proceeds realized upon any such foreclosure could be significantly less than those that would have been received upon any sale of the capital stock or other securities of such subsidiary.

11. There Are Circumstances Other Than Repayment or Discharge of the New Debt Under Which the Collateral Securing Such New Debt Will Be Automatically Released, Without the Consent of the Holders of Such New Debt or the Consent of the Applicable Administrative Agent or Trustee

Under various circumstances, collateral securing the New Debt of each Company will be released automatically, including a sale, transfer or other disposal of such collateral in a transaction not prohibited under the applicable credit agreement or indenture.

The indentures and credit agreements, as applicable, governing the New Debt of each Company permits, subject to certain terms and conditions, that Company to designate one or more of its restricted subsidiaries that is a subsidiary asset pledgor or guarantor as an unrestricted subsidiary.⁷⁸ If a Company designates one of its subsidiary asset pledgors or guarantors as an unrestricted subsidiary for purposes of the applicable indenture or credit agreement governing a tranche of such Company’s New Debt, all of the liens on any collateral owned by such

⁷⁸ Such terms and conditions will be established by the underlying credit documents.

subsidiary or any of its subsidiaries will be released under the applicable indenture or credit agreement. Designation of a subsidiary asset pledgor or guarantor as an unrestricted subsidiary will reduce the aggregate value of the collateral securing the applicable tranche of New Debt of the applicable Company to the extent that liens on the assets of such unrestricted subsidiary and its subsidiaries are released. In addition, the creditors of the unrestricted subsidiary and its subsidiaries will have a senior claim on the assets of such unrestricted subsidiary and its subsidiaries.

12. The Rights of Holders of the New Debt to the Collateral Securing the New Debt May Be Adversely Affected by the Failure to Perfect Security Interests in the Collateral and Other Issues Generally Associated with the Realization of Security Interests in Collateral

Applicable law requires that a security interest in certain tangible and intangible assets can only be properly perfected and its priority retained through certain actions undertaken by the secured party. The liens on the collateral securing the New Debt of each Company may not be perfected if the applicable collateral agent is not able to take the actions necessary to perfect any of these liens on or prior to the date of the issuance of the New Debt. The Companies and their respective subsidiary asset pledgors or guarantors have limited obligations to perfect the security interest of the holders of their respective New Debt in certain limited specified collateral. There can be no assurance that the applicable trustee or collateral agent will monitor, or that the Companies will inform their applicable trustee or collateral agent of, the future acquisition of property and rights that constitute collateral, and that the necessary action will be taken to properly perfect the security interest in such after-acquired collateral. The applicable collateral agent for each tranche of New Debt has no obligation to monitor the acquisition of additional property or rights that constitute collateral or the perfection of any security interest. Such failure may result in the loss of the security interest in collateral or the loss the priority of the security interest in favor of the holders of the New Debt against third parties.

In addition, the security interest of each collateral agent will be subject to practical challenges generally associated with the realization of security interests in collateral. For example, each collateral agent may need to obtain the consent of third parties and make additional filings. If a Company is unable to obtain these consents or make these filings, the security interests may be invalid and the holders of the New Debt of such Company will not be entitled to the collateral or any recovery with respect thereto. There can be no assurance that each collateral agent will be able to obtain any such consent. Also, there can be no assurance that the consents of any third parties will be given when required to facilitate a foreclosure on such assets. Accordingly, each collateral agent may not have the ability to foreclose upon those assets and the value of the collateral may significantly decrease.

13. In the Event of A Company's Bankruptcy, the Ability of the Holders of the New Debt of Such Company to Realize upon the Collateral Will Be Subject to Certain Bankruptcy Law Limitations

The ability of the holders of the New Debt of each Company to realize upon the collateral will be subject to certain bankruptcy law limitations in the event of such Company's bankruptcy. Under federal bankruptcy law, secured creditors are prohibited from repossessing their security from a debtor in a bankruptcy case, or from disposing of security repossessed from such debtor, without bankruptcy court approval, which may not be given. Moreover, applicable federal bankruptcy laws generally permit debtors to continue to use and expend collateral, including cash collateral, and to provide liens senior to the collateral agent for the New Debt's liens to secure indebtedness incurred after the commencement of a bankruptcy case, provided that the secured creditor either consents or is given "adequate protection." "Adequate protection" could include cash payments or the granting of additional security, if and at such times as the presiding court in its discretion determines, for any diminution in the value of the collateral as a result of the stay of repossession or disposition of the collateral during the pendency of the bankruptcy case, the use of collateral (including cash collateral) and the incurrence of such senior indebtedness. In view of the broad discretionary powers of a bankruptcy court, it is impossible to predict how long payments under the New Debt of a Company could be delayed following commencement of a bankruptcy case, whether or when the collateral agent would repossess or dispose of the collateral, or whether or to what extent holders of the notes would be compensated for any delay in payment of loss of value of the collateral through the requirements of "adequate protection." Furthermore, in the event the bankruptcy court determines that the value of the collateral is not

sufficient to repay all amounts due on the New Debt of a Company, the New Debt would be “undersecured” and the holders of such New Debt would have unsecured claims as to the difference. Federal bankruptcy laws do not permit the payment or accrual of interest, costs, and attorneys’ fees on undersecured indebtedness during a debtor’s bankruptcy case.

Pursuant to the terms of the intercreditor agreements for OpCo and PropCo, the holders of OpCo Second Lien Notes and PropCo Second Lien Notes agree not to seek or accept “adequate protection” consisting of cash payments and not to object to the incurrence of additional indebtedness secured by liens that are senior to the liens granted to the collateral agent for OpCo Second Lien Notes or PropCo Second Lien Notes (as the case may be) in an aggregate principal amount agreed to be agreed to. As a result of the limitations under the intercreditor agreement, the holders of the OpCo Second Lien Notes and PropCo Second Lien Notes will not be compensated for any delay in payment or loss of value of the collateral through the provision of “adequate protection,” except to the extent of any grant of additional liens that are junior to, as the case may be, the OpCo First Lien Term Loans, OpCo First Lien Debt, OpCo First Lien Notes, PropCo First Lien Term Loans, PropCo First Lien Notes, and the second-priority obligations.

In addition to the waiver with respect to adequate protection set forth above, under the terms of the intercreditor agreements, the holders of OpCo Second Lien Notes and PropCo Second Lien Notes also waive certain other important rights that secured creditors may be entitled to in a bankruptcy proceeding. These waivers could adversely affect the ability of such holders to recover amounts owed to them in a bankruptcy proceeding.

14. Gaming Laws May Have an Impact in the Companies’ Ability to Perfect Security Interests in Certain Collateral and in the Ability of Holders of the New Debt to Realize upon the Collateral

The Companies will not be permitted to create liens on the shares and other ownership interests of subsidiaries that hold gaming licenses in certain jurisdictions, including Nevada, until they receive approval from the applicable gaming authorities. Although the Companies intend to seek such approval, the Companies cannot give any assurance that such approvals will be granted. Even if the Companies obtain such approvals and perfect the liens on such shares and other ownership interests, such liens could be set aside in a bankruptcy proceeding under certain circumstances.

In addition, state gaming laws and licensing processes, along with other laws relating to foreclosure and sale, could substantially delay or prevent the ability of any holder of a tranche of New Debt to obtain the benefit of any collateral securing such indebtedness. For example, if such holder sought to operate, or retain an operator for, any pledged gaming property, such holder would be required to obtain certain state gaming licenses. Similarly, potential purchasers of any foreclosed gaming properties or the gaming equipment would also be required to obtain certain state gaming licenses. Such requirements could limit the number of potential purchasers in a sale of such gaming properties or gaming equipment, which may delay the sale of and reduce the price paid for the collateral.

15. The Collateral Securing Each Company’s New Debt May Be Diluted Under Certain Circumstances

The collateral that secures the New Debt of each Company may secure on a first priority basis additional senior indebtedness that such Company or certain of its subsidiaries incurs in the future, subject to restrictions on their ability to incur debt and liens under the indentures and credit agreements governing the New Debt of such Company. The rights of the holders of the New Debt of each Company to the applicable collateral would be diluted by any increase in the indebtedness secured on a first priority basis and/or second priority basis by such collateral.

16. Delivery of Security Interests in Collateral After the Issue Date of the New Debt Increases the Risk That the Other Security Interests Could Be Avoidable in Bankruptcy

Certain collateral, including mortgages on real property of PropCo and CPLV Sub, will be granted as security after the issue date of the New Debt. If the grantor of such security interest were to become subject to a bankruptcy proceeding, any mortgage or security interest in collateral delivered after the issue date of the New Debt

would face a greater risk than security interests in place on the issue date of being avoided by the pledgor (as debtor in possession) or by its trustee in bankruptcy as a preference under bankruptcy law if certain events or circumstances exist or occur, including if the pledgor is insolvent at the time of the pledge, the pledge permits the holders of the New Debt to receive a greater recovery than if the pledge had not been given and a bankruptcy proceeding in respect of the pledgor is commenced within 90 days following the pledge, or, in certain circumstances, a longer period. To the extent that the grant of any such security interest is voided as a preference, the holders of the New Debt whose security interest was voided would lose the benefit of the security interest.

17. OpCo and PropCo May Not Be Able to Repurchase the OpCo First and Second Lien Notes and PropCo First and Second Lien Notes upon a Change of Control

Upon the occurrence of certain specific kinds of change of control events, OpCo and PropCo (as the case may be) will be required to separately offer to repurchase the outstanding OpCo and PropCo First Lien and Second Lien Notes (as the case may be) at 101 percent of the principal amount thereof plus, without duplication, accrued and unpaid interest and additional interest, if any, to the date of repurchase. However, it is possible that OpCo or PropCo (as the case may be) will not have sufficient funds at the time of the change of control to make the required repurchase of such notes. In addition, certain important corporate events, such as leveraged recapitalizations that would increase the level of the indebtedness of OpCo or PropCo executing such transaction, would not constitute a "Change of Control" under the indentures that will govern such notes.

18. Gaming Laws May Impact the Ability to Hold New Debt or New Interests

The Companies are subject to regulation in each jurisdiction in which they operate, and in some of these jurisdictions, gaming laws can require holders of the Companies' debt or equity securities to file an application, be investigated, and qualify or have such holder's suitability determined by gaming authorities. Gaming authorities have very broad discretion in determining whether an applicant should be deemed suitable. Subject to certain administrative proceeding requirements, the gaming regulators have the authority to deny any application or limit, condition, restrict, revoke or suspend any license, registration, finding of suitability or approval, or fine any person licensed, registered or found suitable or approved, for any cause deemed reasonable by the gaming authorities. Any holder of securities that is found unsuitable or unqualified or denied a license, and who holds, directly or indirectly, any beneficial ownership of a gaming entity's securities beyond such period of time as may be prescribed by the applicable gaming authorities may be required to dispose of the securities and may be guilty of a criminal offense. In the event that disqualified holders fail to divest themselves of such securities, gaming authorities have the power to revoke or suspend the casino license or licenses related to the regulated entity that issued the securities.

19. There is No Existing Trading Market for the OpCo and PropCo First and Second Lien Notes or for the New CEC Convertible Notes

There is no existing trading market for the OpCo and PropCo First and Second Lien Notes or for the New CEC Convertible Notes nor is it known with certainty whether or when a trading market will develop. The Debtors do not anticipate applying to list or quote such notes on the NYSE or NASDAQ or to arrange for quotation on any automated dealer quotation system. The possible lack of liquidity for the notes may make it more difficult for the Companies to raise additional capital, if necessary, and it may affect the price volatility of the notes. There can also be no assurance that a holder will be able to sell its notes at a particular time or that the prices such holder receives when it sells will be favorable. Future trading prices of the notes will depend on many factors, including the operating performance and financial condition of the Companies.

The market for non-investment grade debt historically has been subject to disruptions that have caused substantial volatility in the prices of securities similar to the notes. The market for the notes, if any, may be subject to similar disruptions that could adversely affect their value. In addition, subsequent to their initial issuance, the notes may trade at a discount from their initial offering price, depending upon prevailing interest rates, the market for similar notes, our performance and other factors.

L. Risks Relating to the New Interests Under the Plan

1. The Plan Exchanges Senior Securities for Equity

If the Plan is confirmed, Holders of certain Allowed Claims and Interests may receive New Interests, including REIT Common Stock, REIT Preferred Stock, PropCo LP Interests, PropCo GP Interests, PropCo Preferred Equity, OpCo Series A Preferred Stock, or New CEC Common Equity. Thus, in agreeing to the Plan, certain of such Holders will be consenting to the exchange of their interests in senior debt, which has, among other things, a stated interest rate, a maturity date, and a liquidation preference over equity securities, for such New Interests and New CEC Common Equity, which will be subordinated to all future creditor and non-equity based claims. While the PropCo Preferred Equity will have a liquidation value and be subject to certain put rights, it will be subordinated to all future creditor and non-equity based claims and will not be secured by any assets of the REIT or PropCo.

2. The REIT May Choose To Pay Dividends With A Combination of Cash and Stock, In Which Case Holders of REIT Stock May Be Required To Pay Income Taxes In Excess of the Cash Dividends They Receive

As discussed in more detail below, the REIT may seek in the future to distribute taxable dividends that are payable in a combination of cash and REIT stock, including with respect to the E&P Purging Dividend (as defined below). Taxable stockholders receiving such dividends will be required to include the full amount of the dividend as ordinary income to the extent of the REIT's current and accumulated earnings and profits for U.S. federal income tax purposes. As a result, holders of REIT stock may be required to pay income taxes with respect to such dividends in excess of the cash dividends received. If a holder of REIT stock sells the REIT stock that it receives as a dividend in order to pay this tax, the sales proceeds may be less than the amount included in income with respect to the dividend, depending on the market price of the REIT stock at the time of the sale. In addition, in such case, a Holder of REIT stock could have a capital loss with respect to the common stock sold that could not be used to offset such dividend income. Furthermore, with respect to certain Non-U.S. Holders of REIT stock, the REIT may be required to withhold U.S. federal income tax with respect to such dividends, including in respect of all or a portion of such dividend that is payable in REIT stock. In addition, such a taxable stock dividend could be viewed as equivalent to a reduction in the REIT's cash distributions, and that factor, as well as the possibility that a significant number of Holders of REIT stock could determine to sell REIT stock in order to pay taxes owed on dividends, may put downward pressure on the market price of the REIT stock.

3. There is no existing trading market for the New Interests

There is no existing trading market for the New Interests nor is it known with certainty whether or when a trading market will develop. The Debtors do not anticipate applying to list or quote certain of the New Interests, including the PropCo Preferred Equity, or the PropCo LP Interests on the NYSE or NASDAQ, and there can be no assurance that even if an application is submitted to NYSE or NASDAQ, shares of New Interests would be accepted for listing by the relevant governing body. The possible lack of liquidity for the New Interests may make it more difficult for the Companies to raise additional capital, if necessary, and it may affect the price volatility of the New Interests. There can also be no assurance that a holder will be able to sell its New Interests at a particular time or that the prices such holder receives when it sells will be favorable. Future trading prices of the New Interests will depend on many factors, including the operating performance and financial condition of the Companies.

4. The Companies' Payment of Dividends, If Any, With Respect to the New Interests Will Be at the Discretion of the Companies' Boards of Directors or Managers

Any future determination by the Companies to pay dividends with respect to any of the New Interests will be at the discretion of the board of directors or managers of the Companies and will be dependent on then-existing conditions, including the financial condition, results of operations, capital requirements, contractual restrictions, business prospects, and other factors that the board of directors or managers of the Companies considers relevant

(subject to certain considerations with respect to dividend requirements for real estate investment trusts). As a result, the trading price of the New Interests could be materially and adversely affected.

5. Upon Consummation of the Plan, There May Be Significant Holders of the New Interests

Upon consummation of the Plan, certain Holders of Allowed Claims or Interests may receive distributions of the shares of certain New Interests representing a substantial percentage of outstanding shares of such New Interests. If certain Holders of Allowed Claims or Interests obtain a sufficiently sizeable position of a series of New Interests, such Holders could be in a position to influence the outcome of actions requiring shareholder approval, including, among other things, the election of Companies' board members. This concentration of ownership could also facilitate or hinder a negotiated change of control of the Companies and, consequently, impact the value of the New Interests. Furthermore, the possibility that one or more holders of a significant number of shares of the New Interests may sell all or a large portion of its shares of the New Interests in a short period of time may adversely affect the trading prices of the New Interests, as applicable.

6. The Trading Prices for the New Interests May Be Depressed Following the Effective Date

Following the Effective Date, recipients of the New Interests under the Plan may seek to dispose of such securities to obtain liquidity, which could cause the initial trading prices for these securities to be depressed, particularly in light of the lack of established trading markets for these securities. Further, the possibility that recipients of New Interests may determine to sell all or a large portion of their shares in a short period of time may adversely affect the market price of the New Interests.

7. The Discussion of Enterprise Valuation and the Estimated Recoveries to Holders of Allowed Claims and Interests Are Not Intended to Represent the Trading Value of the New Interests

Any discussion of the Companies' enterprise valuation upon the Effective Date is based on the Financial Projections developed by the Debtors with the assistance of management and its financial advisors, as well as certain generally accepted valuation principles. It is not intended to represent the trading values of the Companies' securities in public or private markets. Any discussion of the Companies' enterprise valuation upon emergence is based on numerous assumptions (the realization of many of which are beyond the Companies' control), including the Companies' successful reorganization, an assumed Effective Date on or about December 31, 2016, the Companies' ability to achieve the operating and financial results included in the Financial Projections, the definitive allocation, sizing, and terms and provisions of the New Debt, and the Companies' ability to maintain adequate liquidity to fund their respective operations. Even if the Companies realize the Financial Projections, the trading market values for the New Interests could be adversely affected by the lack of trading liquidity for these securities, lack of institutional research coverage, concentrated selling by recipients of these securities, and general market and economic conditions.

8. The New Interests May Be Issued in Odd Lots

Holders of certain Allowed Claims and Interests may receive odd lot distributions (*i.e.*, less than 100 shares or units) of New Interests under the Plan. Such Holders may find it more difficult to dispose of odd lots in the marketplace and may face increased brokerage charges in connection with any such disposition.

9. Upon Consummation of the Plan, There May Be Restrictions on the Transfer of the New Interests

Holders of the New Interests issued pursuant to the Plan who are deemed to be "underwriters" as defined in section 1145(b) of the Bankruptcy Code, and those holders who are deemed to be "affiliates" or "control persons" within the meaning of the Securities Act and the rules promulgated thereunder, will be unable to freely transfer or sell their New Interests except pursuant to (a) "ordinary trading transactions" by a holder that is not an "issuer"

within the meaning of section 1145(b), (b) an effective registration of such securities under the Securities Act or under equivalent state securities or “blue sky” laws, or (c) pursuant to the provisions of Rule 144 or Regulation S under the Securities Act or another available exemption from the registration requirements of the Securities Act.

10. The REIT Series A Preferred Stock has Liquidation Preferences and Conversion Rights that May Affect Holders of the REIT Common Stock

In the event of the REIT’s dissolution, liquidation, sale, or change of control and certain other deemed liquidation events, the holders of the REIT Series A Preferred Stock would be entitled to receive a liquidation preference paid in cash in priority over the holders of REIT Common Stock, irrespective of whether such dissolution, liquidation, sale, or change of control or other deemed liquidation event resulted in cash proceeds to the REIT. Therefore, it is possible that holders of REIT Common Stock will not obtain any proceeds if any such event occurs. The REIT Series A Preferred Stock is convertible, at any time, at the option of the holders thereof. As a result, conversion of the REIT Series A Preferred Stock to REIT Common Stock will dilute the ownership interest of existing holders of the REIT Common Stock, and any sales in the public market of the REIT Common Stock issuable upon conversion of the REIT Series A Preferred Stock could adversely affect prevailing market prices of the REIT Common Stock. The company anticipates that it will provide registration rights to certain holders of the REIT Series A Preferred Stock for the REIT Common Stock underlying such Series A Preferred Stock. These registration rights would facilitate the resale of such securities into the public market, and any such resale would increase the number of shares of REIT Common Stock available for public trading. Sales of a substantial number of shares of REIT Common Stock in the public market, or the perception that such sales might occur, could have a material adverse effect on the price of the REIT Common Stock.

11. Dividends Paid-in-Kind and the Anti-Dilution Provisions of the REIT Series A Preferred Stock Could Significantly Dilute the Holders of REIT Common Stock Upon the Conversion of REIT Series A Preferred Stock

The holders of the REIT Series A Preferred Stock are entitled to receive cumulative quarterly dividends at a rate of at least 5% per annum, which dividend will be increased in the event the dividends paid on shares of REIT Common Stock is higher than 5% per annum, calculated as aggregate dividends paid on all shares of REIT Common Stock over the fixed implied value of the REIT Common Stock on the Effective Date. Among other things, the amount of aggregate dividends paid on the REIT Common Stock may increase if the number of shares of REIT Common Stock outstanding increases after the Effective Date. The REIT Series A Preferred Stock Articles Dividends on shares of the REIT Series A Preferred Stock will be payable only in newly issued paid-in-kind shares of REIT Series A Preferred Stock. Shares of REIT Series A Preferred Stock are convertible at any time at the option of the holder into shares of REIT Common Stock at the then applicable conversion rate. The REIT Series A Preferred Stock Articles provides for customary anti-dilution adjustments to the conversion rate such as for stock splits, stock dividends, and distribution of options, warrants, and rights to holders of REIT Common Stock, as well as an adjustment for regular cash dividends paid on REIT Common Stock (with such adjustment considering only the first 5% per annum of such regular cash dividend) and an adjustment for other dividends and distributions that will apply the adjustment to the full extent of such dividends or distributions. These adjustments will increase the conversion rate and result in a larger number of shares of REIT Common Stock being issued for each share of REIT Series A Preferred Stock. Such paid-in-kind dividends and the anti-dilution protections provided under the REIT Series A Preferred Stock may require the REIT to issue a significant number of shares of REIT Common Stock upon the conversion of shares of REIT Series A Preferred Stock, which could result in a significant dilution of the holders of the REIT Common Stock and a reduction in the prevailing market price of a share of REIT Common Stock.

12. Holders of the REIT Series A Preferred Stock Have Significant Voting Rights in Corporate Matters Which May Affect REIT Common Stock Holders

The holders of REIT Series A Preferred Stock will be entitled to vote together with the holders of the REIT Common Stock as a single class upon all matters upon which holders of the REIT Common Stock have the right to vote, and, in connection with such matters, will be entitled to a number of votes equal to the number of shares of REIT Common Stock into which their shares of REIT Series A Preferred Stock would convert as of the record date for the matters to be voted on. This will dilute the vote of holders of REIT Common Stock, which dilution will

increase as the number of shares of REIT Series A Preferred Stock increases as a result of paid-in-kind dividends and anti-dilution protections.

Holders of REIT Series A Preferred Stock also have significant supermajority voting rights as a separate class of stock, including, without limitation, with respect to any repeal, amendment, waiver, or other change of any provisions of the REIT Organizational Documents and the REIT Series A Preferred Stock Articles (whether by merger, consolidation, or otherwise) that adversely affects the rights of the REIT Series A Preferred Stock, consummation of a liquidation, deemed liquidation, or similar corporate transaction, amendment of the voting provisions of the REIT Series A Preferred Stock Articles, or creation of any new class or series of stock, any other equity securities, or any debt or other securities convertible into equity securities of the corporation, in each such case having a preference over, or being in parity with, the REIT Series A Preferred Stock. If the REIT consummates a transaction in violation of such voting rights, the holders of the REIT Series A Preferred Stock may require that they be permitted to continue to hold their REIT Series A Preferred Stock, which may act as a disincentive for any other person to enter into a transaction with the REIT that the REIT may deem to be in its best interests. These provisions could deter unsolicited takeovers or delay or prevent changes in the REIT's control or management, including transactions in which holders of the REIT Common Stock might otherwise receive a premium for their shares over then current market prices. These provisions may also limit the ability of holders of the REIT Common Stock to approve transactions that they may deem to be in their best interests.

13. The REIT Series A Preferred Stock Has Significant Redemption and Repayment Rights That Could Have a Material Adverse Effect on the REIT's Liquidity and Available Financing for its Ongoing Operations

The REIT Series A Preferred Stock is redeemable at the option of the holders thereof, in whole or in part, (i) at any time after the tenth anniversary of the Effective Date, (ii) upon a breach of the REIT Series A Preferred Stock Articles, or (iii) upon certain bankruptcy, insolvency proceeding, or reorganization or similar event. If the REIT does not have sufficient funds available to redeem on any redemption date all shares of REIT Series A Preferred Stock requested to be redeemed by the holders thereof, it will be required to redeem a portion of such holder's redeemable shares of such stock out of funds available therefor and to redeem the remaining shares as soon as practicable after it has funds available therefor. Holders of shares of REIT Series A Preferred Stock that were requested to be redeemed and were not so redeemed on the redemption date will be entitled to an additional amount equal to 5% per annum of the redemption price of the shares of REIT Series A Preferred Stock not so redeemed, compounding quarterly and cumulating and accruing on a daily basis during the period from the original redemption date through and including the actual redemption date of such shares of REIT Series A Preferred Stock, payable only in U.S. dollars. The liquidation preference for such shares will include any such unpaid additional amount. The election of the holders of the REIT Series A Preferred Stock to redeem the REIT Series A Preferred Stock could subject the REIT to decreased liquidity and other negative impacts on its business, results of operations, and financial condition.

M. Risks Relating to the New CEC Common Stock and New CEC Convertible Notes

1. New CEC May Not Achieve the Financial Performance Projected Under the Projections Set Forth in this Disclosure Statement

The financial projections for New CEC attached hereto as Exhibit E (the "New CEC Financial Projections") have been provided by CEC and CAC and are the projections of future performance of New CEC's operations for each fiscal year through fiscal year 2020, after giving effect to the giving effect to the merger of CEC and CAC, the Plan and the Restructuring Transactions, and do not purport to represent what New CEC's actual financial position will be following the merger of CEC and CAC and the Debtors' emergence from the Chapter 11 Cases. The New CEC Financial Projections are based on numerous estimates of values and assumptions including the timing, confirmation, and consummation of the Plan in accordance with its terms, the expected terms of the OpCo New Interests and OpCo New Debt, the New CEC Capital Raise, the anticipated future performance of New CEC, industry performance, general business and economic conditions, and other matters, many of which are beyond New CEC's control and some or all of which may not materialize. These estimates and assumptions are

based on the judgment, experience, and perception of CEC's and CAC's management of historical trends, current conditions, and expected future developments, and are based on facts available and determinations made at the time the New CEC Financial Projections were prepared, and over time may turn out to have been incorrect, which could have a material effect on New CEC's ability to meet the New CEC Financial Projections.

In addition, unanticipated events and circumstances occurring subsequent to the date hereof may affect the actual financial results of New CEC's operations. Except as otherwise specifically and expressly stated herein, this Disclosure Statement does not reflect any events that may occur subsequent to the date hereof and that may have a material impact on the information contained in this Disclosure Statement. The Debtors do not intend to update the Financial Projections; thus, the Financial Projections will not reflect the effect of any subsequent events not already accounted for in the assumptions underlying the New CEC Financial Projections.

2. There is No Existing Trading Market for the New CEC Common Stock. The Trading Prices for the New CEC Common Stock May Be Depressed Following the Effective Date

There is no existing trading market for the New CEC Common Stock. It is not known with certainty whether or when a trading market will develop in the New CEC Common Stock following the merger of CEC and CAC and the consummation of the Plan. The possible lack of liquidity for the New CEC Common Stock may make it more difficult for New CEC to raise additional capital, if necessary, and it may affect the price and volatility of the New CEC Common Stock. There can also be no assurance that a holder will be able to sell its New CEC Common Stock at a particular time or that the prices such holder receives when it sells will be favorable. Future trading prices of the New CEC Common Stock will depend on many factors, including the operating performance and financial condition of New CEC.

Following the Effective Date, recipients of the New CEC Common Stock under the Plan or in connection with the merger of CEC and CAC may seek to dispose of the New CEC Common Stock to obtain liquidity, which could cause the initial trading prices for these securities to be depressed, particularly in light of the lack of established trading markets for these securities. Further, the possibility that recipients of New CEC Common Stock may determine to sell all or a large portion of their shares in a short period of time may adversely affect the market price of the New CEC Common Stock.

3. The Discussion of Estimated Recoveries to Holders of Allowed Claims and Interests Are Not Intended to Represent the Trading Value of the New CEC Common Stock

Any discussion of the value of the New CEC Common Stock upon the Effective Date is based on the New CEC Financial Projections provided by CEC and CAC. It is not intended to represent the trading values of New CEC's securities in public or private markets. Any discussion of New CEC's enterprise valuation upon emergence is based on numerous assumptions (the realization of many of which are beyond New CEC's control), including an assumed Effective Date on or about December 31, 2016, New CEC's ability to achieve the operating and financial results included in the New CEC Financial Projections, the definitive allocation, sizing, and terms and provisions of OpCo's New Debt, and New CEC's ability to maintain adequate liquidity to fund its operations. Even if New CEC realizes the New CEC Financial Projections, the trading market values for the New CEC Common Stock could be adversely affected by the lack of trading liquidity for these securities, lack of institutional research coverage, concentrated selling by recipients of these securities, and general market and economic conditions.

4. New CEC Will Likely Need to Raise a Substantial Amount of Additional Capital; While There Are Preemptive Rights With Respect to the New CEC Capital Raise, Persons Receiving New CEC Common Stock Pursuant to the Plan Will Not Have Preemptive Rights With Respect to Future Capital Raises

New CEC will be required to provide substantial cash to the Debtors pursuant to the Plan. While the Plan permits New CEC to raise additional capital pursuant to the New CEC Capital Raise to fund its contributions to the Plan, it is likely that New CEC will need to raise additional capital in the future to fund its operations and provide adequate liquidity.

New CEC will have substantial funded debt following consummation of the Chapter 11 Cases, which could adversely affect New CEC's ability to borrow additional amounts for working capital, capital expenditures, debt service requirements, strategic initiatives, and other purposes. If New CEC raises additional capital through the issuance of equity securities, the ownership interests of holders of New CEC Common Stock may be diluted. While there are preemptive rights with respect to the New CEC Capital Raise, persons receiving New CEC Common Stock pursuant to the Plan will not have preemptive rights with respect to future capital raises.

5. The Value and Performance of the New CEC Common Stock Will Be Dependent on the Results of Operations and Financial Condition of New CEC, Which Will Be Subject to All of the Risks And Uncertainties Impacting Their Respective Businesses Following Their Merger

The value and performance of the New CEC Common Stock will be dependent on the results of operations and financial condition of New CEC. New CEC will be subject to a variety of risks and uncertainties relating to its business, many of which will be beyond its control. These risks and uncertainties include those described in the Annual Report on Form 10-K of each of CEC and CAC filed with the SEC, as well as those described in their respective subsequent Exchange Act filings. New CEC will also face risks related to the integration of CEC and CAC's business. New CEC will also 100% of the equity of CEOC following consummation of the Plan. New CEC's financial performance will therefore be subject to all of the risks relating to CEOC's business described in this Disclosure Statement under Article IX.E — Risk Factors and Considerations Regarding the Companies' Businesses and Operations and Article IX.G — Risk Factors and Considerations Regarding the Companies' Financial Condition.

6. New CEC's Payment of Dividends, if Any, With Respect to the New CEC Common Stock Will Be at the Discretion of New CEC's Board of Directors

Any future determination by New CEC to pay dividends with respect to the New CEC Common Stock will be at the discretion of the board of directors of the New CEC and will be dependent on then existing conditions, including the financial condition, results of operations, capital requirements, contractual restrictions, business prospects, and other factors that the board of directors of New CEC considers relevant. As a result, the trading price of the New CEC Common Stock could be materially and adversely affected.

7. Upon Consummation of the Plan, There May Be Significant Holders of New CEC Common Stock

Upon consummation of the Plan and the merger of CEC and CAC, certain existing holders of CEC and CAC and certain holders of Allowed Claims or Interests may receive shares of New CEC Common Stock representing a substantial percentage of outstanding shares of such New CEC Common Stock. If such persons obtain a sufficiently large percentage, such persons could be in a position to influence the outcome of actions requiring shareholder approval, including, among other things, the election of New CEC's board of directors. This concentration of ownership could also facilitate or hinder a negotiated change of control of New CEC and, consequently, impact the value of the New CEC Common Stock. Furthermore, the possibility that one or more holders of a significant number of shares of the New CEC Common Stock may sell all or a large portion of its shares of the New CEC Common Stock in a short period of time may adversely affect the trading prices of the New CEC Common Stock, as applicable.

8. Holders of New CEC Convertible Notes May Not Be Able to Convert Their New CEC Convertible Notes Into Shares of New CEC Common Equity or Upon Conversion They May Receive Less Value Than Anticipated

Though the New CEC Convertible Notes are convertible into shares of New CEC Common Equity at the option of the holders before the six and a half year anniversary of their issuance under certain circumstances and, after such anniversary, at any time, there is no guarantee that holders of New CEC Convertible Notes will be able to convert their New CEC Convertible Notes into New CEC Common Equity. Among other things, CEC could file for bankruptcy and its common stock could be discharged, canceled, released, or extinguished as a result. If the New

CEC Convertible Notes are not converted into New CEC Common Equity, holders may receive less than the value of the New CEC Common Equity, cash or combination into which the New CEC Convertible Notes would otherwise be convertible.

In addition, even if holders of New CEC Convertible Notes are able to convert their New CEC Convertible Notes, they may receive less valuable consideration than expected because the value of New CEC Common Equity may decline after the exercise of conversion rights but before CEC settles the conversion obligation. A converting holder will be exposed to fluctuations in the value of New CEC Common Equity during the period from the date such holder surrenders New CEC Convertible Notes for conversion until the date the conversion obligation is settled.

Finally, the New CEC Convertible Notes may be converted into New CEC Common Equity at CEC's option after the fourth anniversary of their issuance. If CEC exercises this option, holders of the New CEC Convertible Notes may lose value on the New CEC Convertible Notes to the extent such notes are trading with higher returns than New CEC Common Equity.

9. Holders of New CEC Convertible Notes Will Not Be Entitled to Any Rights With Respect to New CEC Common Equity, But Will Be Subject to All Changes Made With Respect to It

Holders of New CEC Convertible Notes will not be entitled to any rights with respect to New CEC Common Equity (including, without limitation, voting rights and rights to receive any dividends or other distributions), but will be subject to all changes affecting New CEC Common Equity. For example, if an amendment is proposed to CEC's certificate of incorporation or bylaws requiring stockholder approval and the record date for determining the stockholders of record entitled to vote on the amendment occurs prior to the date a holder receives any shares due upon conversion, such holder will not be entitled to vote on the amendment, although such holder will nevertheless be subject to any changes affecting New CEC Common Equity.

N. Risks Related to the Marketing Process

1. The Marketing Process May Not Result In Any Offers

Although the Debtors' Marketing Process will not preclude bids for assets, subsidiary equity interests, or any other bid structure that may maximize value for all their constituents, whether under a proposed plan of reorganization or otherwise, there is no guarantee that the Marketing Process will result in any competing bids to buy the Debtors or their assets.

2. The Marketing Process May Results in a Successful Bid Other Than the Plan, Which Could Significantly Alter the Terms of the Plan.

Because the Marketing Process will be conducted in parallel with the solicitation of votes on the Plan, Holders of Claims and Interests should closely follow the following information about this Marketing Process, as the results thereof could materially affect the transactions, proposed recoveries, and timing contemplated by the Plan.

3. Should the Marketing Process Results in a Successful Bid Other Than the Plan, There Is No Guarantee That the Transaction Contemplated by the Successful Bid Will Close.

Though the Debtors, together their advisors, will consider all aspects of competing Proposed Transactions, including a buyer's ability to close such Proposed Transaction, there can be no guarantee that, should the Debtors decided in their business judgment to select a Proposed Transaction that is different than the Plan, such Proposed Transaction will be completed. Any delay in the process of finalizing and closing a Proposed Transaction, including with respect to delays on account of regulatory approvals, financing conditions, or general market disruption, could materially impact the recoveries of Holders of Claims and Interests. And a Successful Bidder's failure to close on account of regulatory issues, failure to obtain necessary financing, or otherwise, would most likely have a material impact on the recoveries of Holders of Claims and Interests.

O. Risk Factor Related to the Deferred Compensation Settlement

The failure to successfully negotiate a settlement with regard to the Deferred Compensation Plans, as described in Article IV.R, may negatively affect both Allowed Claims for unsecured creditors and the recoveries of Holders of Disputed Unsecured Claims and Convenience Unsecured Claims.

P. Disclosure Statement Disclaimer

1. Information Contained Herein Is for Soliciting Votes

The information contained in this Disclosure Statement is for the purposes of soliciting acceptances of the Plan and may not be relied upon for any other purpose.

2. This Disclosure Statement Was Not Approved by the United States Securities and Exchange Commission

This Disclosure Statement was not filed with the SEC under the Securities Act or applicable state securities laws. Neither the SEC nor any state regulatory authority has passed upon the accuracy or adequacy of this Disclosure Statement, or the exhibits or the statements contained herein, and any representation to the contrary is unlawful.

3. Reliance on Exemptions from Registration

This Disclosure Statement has been prepared pursuant to section 1125 of the Bankruptcy Code and Bankruptcy Rule 3016(b) and is not necessarily in accordance with federal or state securities laws or other similar laws.

4. No Legal or Tax Advice Is Provided to You by this Disclosure Statement

This Disclosure Statement is not legal advice to you. The contents of this Disclosure Statement should not be construed as legal, business, or tax advice. Each Holder of a Claim or Interest should consult his or her own legal counsel and accountant with regard to any legal, tax, and other matters concerning his or her Claim or Interest. This Disclosure Statement may not be relied upon for any purpose other than to determine how to vote on the Plan or object to Confirmation of the Plan.

5. No Admissions Made

The information and statements contained in this Disclosure Statement will neither (a) constitute an admission of any fact or liability by the Debtors, nor (b) be deemed evidence of the tax or other legal effects of the Plan on the Companies, Holders of Allowed Claims or Interests, or any other parties in interest, nor (c) be deemed or construed as a finding of fact or conclusion of law with respect to any matter or controversy.

6. Failure to Identify Litigation Claims or Projected Objections

No reliance should be placed on the fact that a particular litigation claim or projected objection to a particular Claim or Interest is, or is not, identified in this Disclosure Statement. The Debtors or Reorganized Debtors, as the case may be, may seek to investigate, file, and prosecute Claims and may object to Claims and Interests after the Confirmation or Effective Date of the Plan irrespective of whether this Disclosure Statement identifies such Claims or Interests or objections to Claims or Interests.

7. Information Was Provided by the Debtors and Was Relied Upon by the Debtors' Advisors

Counsel to and other advisors retained by the Debtors have relied upon information provided by the Debtors in connection with the preparation of this Disclosure Statement. Although counsel to and other advisors retained by the Debtors have performed certain limited due diligence in connection with the preparation of this Disclosure Statement, they have not independently verified the information contained herein.

8. Potential Exists for Inaccuracies, and the Debtors Have No Duty to Update

The statements contained in this Disclosure Statement are made by the Debtors as of the date hereof, unless otherwise specified herein, and the delivery of this Disclosure Statement after that date does not imply that there has not been a change in the information set forth herein since that date. Although the Debtors have used their reasonable business judgment to ensure the accuracy of all of the information provided in this Disclosure Statement and in the Plan, the Debtors nonetheless cannot, and do not, confirm the current accuracy of all statements appearing in this Disclosure Statement. Further, although the Debtors may subsequently update the information in this Disclosure Statement, the Debtors have no affirmative duty to do so unless ordered to do so by the Bankruptcy Court.

9. No Representations Outside This Disclosure Statement Are Authorized

No representations concerning or relating to the Debtors, the Chapter 11 Cases, or the Plan are authorized by the Bankruptcy Court or the Bankruptcy Code, other than as set forth in this Disclosure Statement. Any representations or inducements made to secure your acceptance or rejection of the Plan that are other than as contained in, or included with, this Disclosure Statement, should not be relied upon by you in arriving at your decision. You should promptly report unauthorized representations or inducements to the counsel to the Debtors, the United States Trustee, counsel to the Unsecured Creditors Committee, and counsel to the Second Priority Noteholders Committee.

Q. Liquidation Under Chapter 7

If no plan can be Confirmed, the Debtors' Chapter 11 Cases may be converted to cases under chapter 7 of the Bankruptcy Code, pursuant to which a trustee would be elected or appointed to liquidate the assets of the Debtors for distribution in accordance with the priorities established by the Bankruptcy Code. A discussion of the effects that a chapter 7 liquidation would have on the recoveries of Holders of Claims and the Debtors' Liquidation Analysis is described herein and attached hereto as **Exhibit D**.

**ARTICLE X.
CERTAIN SECURITIES LAW MATTERS**

The Debtors will issue New Interests and New Debt, and New CEC will issue New CEC Common Equity, New CEC Convertible Notes, and a guarantee by New CEC pursuant to the OpCo Guaranty Agreement to certain Holders of Allowed Claims in accordance with the terms of the Plan. The Debtors believe the (a) OpCo Common Stock; (b) OpCo Series A Preferred Stock; (c) PropCo Common Equity; (d) PropCo Preferred Equity; (e) REIT Common Stock; (f) REIT Preferred Stock; (g) OpCo First Lien Notes; (h) OpCo Second Lien Notes; (i) PropCo First Lien Notes; (j) PropCo Second Lien Notes; (k) New CEC Common Equity; (l) New CEC Convertible Notes; and (m) the guarantee by CEC pursuant to the OpCo Guaranty Agreement with respect to the OpCo First Lien Notes and the OpCo Second Lien Notes to be "securities," as defined in section 2(a)(1) of the Securities Act, section 101 of the Bankruptcy Code, and any applicable state securities laws.

A. Issuance of Securities under the Plan Pursuant to the Plan:

- Holders of Prepetition Credit Agreement Claims will receive PropCo Second Lien Notes in the event the CPLV Market Debt is not sold for Cash (subject to the CPLV Mezzanine Election) and may

receive OpCo First Lien Notes and OpCo Second Lien Notes (in each case, to the extent the OpCo First Lien Notes and the OpCo Second Lien Notes are not sold to third parties for Cash and such Holders of Prepetition Credit Agreement Claims waive the condition that such notes must be sold to third parties for Cash) and PropCo Common Equity pursuant to the PropCo Equity Election;

- Holders of Secured First Lien Notes Claims may receive OpCo First Lien Notes and OpCo Second Lien Notes (in each case, to the extent the OpCo First Lien Notes and the OpCo Second Lien Notes are not sold to third parties for Cash and such Holders of Secured First Lien Notes Claims waive the condition that such notes must be sold to third parties for Cash), PropCo First Lien Notes, and PropCo Second Lien Notes (in each case, subject to the right to convert such securities to PropCo Common Equity pursuant to the PropCo Equity Election), PropCo Common Equity, PropCo Preferred Equity pursuant to the PropCo Preferred Equity Distribution, the PropCo Preferred Equity Upsize Amount, if applicable, and OpCo Series A Preferred Stock to be exchanged for New CEC Common Equity pursuant to the CEOC Merger;
- Holders of Second Lien Notes Claims, Subsidiary-Guaranteed Notes Claims, Senior Unsecured Notes Claims, Undisputed Unsecured Claims, Disputed Unsecured Claims, Caesars Riverboat Casino Unsecured Claims, Chester Downs Management Unsecured Claims, Par Recovery Unsecured Claims, Winnick Unsecured Claims, Caesars Riverboat Casino Unsecured Claims, and Chester Downs Management Unsecured Claims will receive New CEC Convertible Notes and OpCo Series A Preferred Stock to be exchanged for New CEC Common Equity pursuant to the CEOC Merger;
- New CEC will receive OpCo Common Stock in connection with its New CEC OpCo Stock Purchase and PropCo Common Equity in connection with its New CEC PropCo Common Stock Purchase, if applicable;
- PropCo Preferred Backstop Investors will receive PropCo Preferred Equity pursuant to the PropCo Preferred Equity Call Right and/or the PropCo Preferred Equity Put Right; and
- To the extent that Holders of Allowed Prepetition Credit Agreement Claims or Holders of Allowed Secured First Lien Notes Claims receive OpCo First Lien Notes and/or OpCo Second Lien Notes, such Holders will receive the benefit of the guarantee by CEC pursuant to the OpCo Guaranty Agreement with respect to the OpCo First Lien Notes and the OpCo Second Lien Notes.

Section 1145(a)(1) of the Bankruptcy Code exempts the offer and sale of securities under a plan of reorganization from registration under section 5 of the Securities Act and state laws when such securities are to be exchanged for claims or principally in exchange for claims and partly for cash. In general, securities issued under section 1145 of the Bankruptcy Code may be resold without registration unless the recipient is an “underwriter” with respect to those securities.

In reliance upon this exemption, the Debtors believe that the offer and sale, under the Plan:

- of PropCo Second Lien Notes, OpCo First Lien Notes, OpCo Second Lien Notes, and PropCo Common Equity to the Holders of Prepetition Credit Agreement Claims;
- of the OpCo First Lien Notes, OpCo Second Lien Notes, PropCo First Lien Notes, PropCo Second Lien Notes, PropCo Common Equity, PropCo Preferred Equity, New CEC Common Equity, and OpCo Series A Preferred Stock to the Holders of Secured First Lien Notes Claims;
- of New CEC Convertible Notes to be issued to Holders of Second Lien Notes Claims, Subsidiary-Guaranteed Notes Claims, Senior Unsecured Notes Claims, Undisputed Unsecured Claims, Disputed Unsecured Claims, Caesars Riverboat Casino Unsecured Claims, Chester Downs Management Unsecured Claims, Par Recovery Unsecured Claims, Winnick Unsecured Claims, Caesars Riverboat

Casino Unsecured Claims, and Chester Downs Management Unsecured Claims and the New CEC Common Equity to be issued upon conversion of such New CEC Convertible Notes, if any;

- of OpCo Series A Preferred Stock to Holders of Second Lien Notes Claims, Subsidiary-Guaranteed Notes Claims, Senior Unsecured Notes Claims, Undisputed Unsecured Claims, Disputed Unsecured Claims, Caesars Riverboat Casino Unsecured Claims, Chester Downs Management Unsecured Claims, Par Recovery Unsecured Claims, Winnick Unsecured Claims, Caesars Riverboat Casino Unsecured Claims, and Chester Downs Management Unsecured Claims;
- of New CEC Common Equity exchanged for OpCo Series A Preferred Stock pursuant to the CEOC Merger; and
- of the guarantee by New CEC pursuant to the OpCo Guaranty Agreement to Holders of Allowed Prepetition Credit Agreement Claims or Holders of Allowed Secured First Lien Notes Claims which receive OpCo First Lien Notes or OpCo Second Lien Notes,

will be exempt from registration under the Securities Act and state securities laws with respect to any such Holder who is not deemed to be an “underwriter” as defined in section 1145(b) of the Bankruptcy Code.

Each of the (i) OpCo Common Stock and PropCo Common Equity issued pursuant to the New CEC OpCo Stock Purchase and the CEC PropCo Common Stock Purchase, respectively and (ii) PropCo Common Equity issued to OpCo will be issued without registration in reliance upon the exemption set forth in Section 4(a)(2) of the Securities Act. Section 4(a)(2) of the Securities Act provides that the registration requirements of section 5 of the Securities Act will not apply to the offer and sale of a security in connection with transactions not involving any public offering. The term “issuer,” as used in Section 4(a)(2) of the Securities Act, means, among other things, a person who issues or proposes to issue any security. Any securities issued in reliance on Section 4(a)(2) will be “restricted securities” subject to resale restrictions and may be resold, exchanged, assigned or otherwise transferred only pursuant to registration, or an applicable exemption from registration under the Securities Act and other applicable law.

B. Subsequent Transfers of Securities Issued under the Plan

Section 1145(b)(1) of the Bankruptcy Code defines an “underwriter” as any person who:

- purchases a claim against, an interest in, or a claim for an administrative expense against the debtor, if that purchase is with a view to distributing any security received in exchange for such a claim or interest;
- offers to sell securities offered under a plan of reorganization for the holders of those securities;
- offers to buy those securities from the holders of the securities, if the offer to buy is (i) with a view to distributing those securities; and (ii) under an agreement made in connection with the plan of reorganization, the completion of the plan of reorganization, or with the offer or sale of securities under the plan of reorganization; or
- is an issuer with respect to the securities, as the term “issuer” is defined in section 2(a)(11) of the Securities Act.

You should confer with your own legal advisors to help determine whether or not you are an “underwriter.”

To the extent that persons who receive the securities issued under the Plan that are exempt from registration under the Securities Act or other applicable law by section 1145 of the Bankruptcy Code are deemed to be “underwriters,” resales by those persons would not be exempted from registration under the Securities Act or other applicable law by section 1145 of the Bankruptcy Code. Securities issued under the Plan that are “restricted

securities” may only be sold pursuant to a registration statement or pursuant to exemption therefrom, such as the exemption provided by Rule 144 under the Securities Act.

Persons (i) who receive securities that are exempt under section 1145 of the Bankruptcy Code but who are deemed “underwriters” or (ii) who receive securities issued under the Plan that are “restricted securities” would, however, be permitted to sell such securities without registration if an available resale exemption exists, including the exemptions provided by Rule 144 or Rule 144A under the Securities Act.

PERSONS WHO RECEIVE SECURITIES UNDER THE PLAN ARE URGED TO CONSULT THEIR OWN LEGAL ADVISOR WITH RESPECT TO THE RESTRICTIONS APPLICABLE UNDER THE FEDERAL OR STATE SECURITIES LAWS AND THE CIRCUMSTANCES UNDER WHICH SECURITIES MAY BE SOLD IN RELIANCE ON SUCH LAWS.

THE FOREGOING SUMMARY DISCUSSION IS GENERAL IN NATURE AND HAS BEEN INCLUDED IN THIS DISCLOSURE STATEMENT SOLELY FOR INFORMATIONAL PURPOSES. WE MAKE NO REPRESENTATIONS CONCERNING, AND DO NOT PROVIDE, ANY OPINIONS OR ADVICE WITH RESPECT TO THE SECURITIES OR THE BANKRUPTCY MATTERS DESCRIBED IN THIS DISCLOSURE STATEMENT. IN LIGHT OF THE UNCERTAINTY CONCERNING THE AVAILABILITY OF EXEMPTIONS FROM THE RELEVANT PROVISIONS OF FEDERAL AND STATE SECURITIES LAWS, WE ENCOURAGE EACH HOLDER AND PARTY-IN-INTEREST TO CONSIDER CAREFULLY AND CONSULT WITH ITS OWN LEGAL ADVISORS WITH RESPECT TO ALL SUCH MATTERS. BECAUSE OF THE COMPLEX, SUBJECTIVE NATURE OF THE QUESTION OF WHETHER A SECURITY IS EXEMPT FROM THE REGISTRATION REQUIREMENTS UNDER THE FEDERAL OR STATE SECURITIES LAWS OR WHETHER A PARTICULAR HOLDER MAY BE AN UNDERWRITER, WE MAKE NO REPRESENTATION CONCERNING THE ABILITY OF A PERSON TO DISPOSE OF THE SECURITIES ISSUED UNDER THE PLAN.

ARTICLE XI. CERTAIN UNITED STATES INCOME TAX CONSEQUENCES OF THE PLAN

A. Introduction

The following discussion is a summary of certain federal income tax consequences of the consummation of the Plan to the Debtors and to certain Holders of Claims. The following summary does not address the federal income tax consequences to Holders of Claims not entitled to vote to accept or reject the Plan. This summary is based on the Internal Revenue Code, the U.S. Treasury Regulations promulgated thereunder, judicial authorities, published administrative positions of the IRS and other applicable authorities, all as in effect on the date of this Disclosure Statement and all of which are subject to change or differing interpretations, possibly with retroactive effect.

As discussed in greater detail herein, pursuant to the Plan, the Debtors will be restructured as a separate operating company (OpCo) and property company (PropCo). PropCo will be majority owned by a newly-formed real estate investment trust (“REIT” or “REITCo,” as the context requires). The separation of the Debtors into OpCo, PropCo, and the REIT (the “Separation Structure”) may be accomplished *either* through (1) a spin-off of the REIT in a transaction intended to generally constitute a tax-free reorganization under section 368(a)(1)(G) of the Internal Revenue Code (the “Spin Structure”) or (2) a contribution of assets to a partnership intended to generally qualify as a tax-free contribution under section 721 of the Internal Revenue Code (the “Partnership Contribution Structure”). In addition, as part of the Plan, CEOC will be merged with and into a newly-created subsidiary of CEC (“CEOC LLC”), with CEOC LLC as the surviving entity (the “CEOC Merger”). CEOC LLC will be treated as a disregarded entity of CEC for federal income tax purposes and, as a result, the CEOC Merger is intended to constitute either (a) a tax-free liquidation under section 332 of the IRC (with respect to CEC) or (b) a tax-free

reorganization under section 368(a)(1)(A) or (G) (with respect to other parties that hold CEOC stock and, potentially, CEC).⁷⁹

Due to the lack of definitive judicial and administrative authority in a number of areas, substantial uncertainty may exist with respect to some of the tax consequences described below. On March 20, 2015, the Debtors submitted a request for rulings from the IRS with respect to certain, but not all, of the federal income tax consequences of the Spin Structure (the “Spin Ruling”) to the Debtors and certain Holders of Claims and with respect to qualification of the REIT as a REIT for federal income tax purposes. The Debtors also plan to obtain (a) a tax opinion that the REIT’s proposed method of operation will enable the REIT to meet the requirements for qualification and taxation as a real estate investment trust under the Internal Revenue Code and (b) the Spin Opinion or the Partnership Opinion, as applicable, which opinion is expected to conclude, at a “should” level, that the Spin Structure or the Partnership Contribution Structure, as applicable, will generally be tax-free. The Tax Opinions will be based on certain representations and assumptions.

The following summary assumes that the intended tax treatment of the Separation Structure is respected by the IRS (or, if not by the IRS, by the courts). Although the Spin Ruling, if obtained, will bind the IRS with respect to the rulings therein to the extent the representations therein are true, the IRS could attempt to assert that matters not ruled upon, or false representations, cause the Spin Structure to be a taxable transaction. Moreover, this summary and the Tax Opinions are not binding upon the IRS or the courts. No assurance can be given that the IRS would not assert, or that a court would not sustain, a different position than any position discussed herein.

This discussion does not purport to address all aspects of federal income taxation that may be relevant to the Debtors or to Holders in light of their individual circumstances. This discussion does not address tax issues with respect to such Holders subject to special treatment under the federal income tax laws (including, for example, banks, governmental authorities or agencies, pass-through entities, subchapter S corporations, dealers and traders in securities, insurance companies, financial institutions, tax-exempt organizations, small business investment companies, foreign taxpayers, Persons who are related to the Debtors within the meaning of the Internal Revenue Code, persons using a mark-to-market method of accounting, regulated investment companies, and Holders of Claims who are themselves in bankruptcy, or who hold or will hold, Claims as part of a hedge, straddle, conversion, or other integrated transaction). No aspect of state, local, estate, gift, or non-U.S. taxation is addressed. Furthermore, this summary assumes that a Holder of a Claim holds only Claims in a single Class and holds a Claim as a “capital asset” (within the meaning of section 1221 of the Internal Revenue Code). This summary also assumes that the various debt and other arrangements to which the Debtors and Reorganized Debtors are a party will be respected for federal income tax purposes in accordance with their form.

For purposes of this discussion, a “U.S. Holder” is a holder that is: (1) an individual citizen or resident of the United States for U.S. federal income tax purposes; (2) a corporation (or other entity treated as a corporation for U.S. federal income tax purposes) created or organized under the laws of the United States, any state thereof or the District of Columbia; (3) an estate the income of which is subject to U.S. federal income taxation regardless of the source of such income; or (4) a trust (a) if a court within the United States is able to exercise primary jurisdiction over the trust’s administration and one or more United States persons have authority to control all substantial decisions of the trust or (b) that has a valid election in effect under applicable Treasury Regulations to be treated as a United States person. For purposes of this discussion, a “Non-U.S. Holder” is any holder that is not a U.S. Holder other than any partnership (or other entity treated as a partnership or disregarded entity for U.S. federal income tax purposes).

If a partnership (or other entity treated as a partnership or other disregarded entity for U.S. federal income tax purposes) is a Holder, the tax treatment of a partner (or other owner) generally will depend upon the status of the partner (or other owner) and the activities of the entity. Partners (or other owners) of partnerships or disregarded

⁷⁹ The Debtors do not believe that the characterization of the CEOC Merger as an “A” or “G” reorganization (or as a section 332 liquidation, in the case of CEC) should alter the tax treatment of the CEOC Merger for any party and, accordingly, the Debtors have not and do not expect to express a firm view on the appropriate characterization.

entities that are Holders should consult their respective tax advisors regarding the U.S. federal income tax consequences of the Plan.

Accordingly, the following summary of certain federal income tax consequences is for informational purposes only and is not a substitute for careful tax planning and advice based upon the individual circumstances pertaining to a holder of a claim or interest. All holders of claims and interests are urged to consult their own tax advisors for the federal, state, local, and non-U.S. tax consequences of the plan.

B. Certain Federal Income Tax Consequences of the Plan to the Debtors

1. The Debtors' Tax Attributes and Cancellation of Indebtedness Income

For federal income tax purposes, the Debtors (and certain non-Debtor affiliates) are (a) members of an affiliated group of corporations (or entities disregarded for federal income tax purposes that are wholly owned by members of such group), of which non-Debtor CEC is the common parent (the "CEC Group"), and (b) partnerships. Each of the Debtors is directly or indirectly wholly-owned by Debtor CEOC, with the exception of a small number of partnerships with unaffiliated third-party investors.

As of December 31, 2015, the CEC Group estimates that it has net operating loss ("NOL") carryforwards of approximately \$2.8 billion.⁸⁰ The CEC Group is projected to generate additional NOLs before the Effective Date.

In general, absent an exception, a taxpayer will realize and recognize cancellation of indebtedness income ("COD Income") upon satisfaction of its outstanding indebtedness for total consideration less than the amount of such indebtedness. Under section 108 of the Internal Revenue Code, a taxpayer is not required to include COD Income in gross income if the taxpayer is under the jurisdiction of a court in a case under chapter 11 of the Bankruptcy Code and the discharge of debt occurs pursuant to that case (the "Bankruptcy Exception"). Instead, as a consequence of such exclusion, a taxpayer-debtor must reduce its tax attributes by the amount of COD Income that it excluded from gross income. In general, tax attributes will be reduced in the following order: (a) NOLs; (b) most tax credits; (c) capital loss carryovers; (d) tax basis in assets (but not below the amount of liabilities to which the debtor remains subject (the "Liability Floor Rule")); (e) passive activity loss and credit carryovers; and (f) foreign tax credits. Alternatively, the taxpayer can elect first to reduce the basis of its depreciable assets pursuant to section 108(b)(5) of the Internal Revenue Code.

The amount of COD Income, in general, is the excess of (a) the adjusted issue price of the indebtedness satisfied, over (b) the sum of (i) the amount of cash paid, (ii) the issue price of any new indebtedness of the taxpayer issued and (iii) the fair market value of any other consideration. The ultimate amount of COD Income will depend on, among other things, the adjusted issue price of new indebtedness, the final amount of cash, and the fair market value of the new equity and other consideration distributed to Holders of Claims. Certain of these figures cannot be known with certainty until after the Effective Date. Accordingly, the amount of COD Income the Debtors may incur is uncertain. However, it is expected that the amount of COD Income arising to CEOC from the Consummation of the Plan will be significant.

The Debtors expect that the amount of COD Income may result in the use and/or elimination of substantially all of the CEC Group's NOL carryforwards. In the event any of the CEC Group's NOL carryforwards were not eliminated by CODI, the transactions contemplated by the Plan may result in an "ownership change" under section 382 of the IRC. If such an ownership change occurs, the CEC Group's ability to utilize any surviving NOL carryforwards in the future may be significantly limited. Additionally, the application of the Liability Floor Rule is unclear in light of the transaction steps being undertaken, including the CEOC Merger, but the Debtors believe that the Liability Floor Rule will be determined on an aggregate basis accounting for all of CEC's assets and CEC's

⁸⁰ This figure reflects the expectation that the CEC Group will elect to recognize certain deferred cancellation of indebtedness income and deferred OID deductions in the 2015 tax year.

liabilities. Accordingly, it is possible that there may be a reduction in the tax basis of the CEC Group's assets and CEC continues to evaluate the extent of such reduction, if any.

2. The CEOC Merger

On the Effective Date, following the consummation of the Separation Structure, CEC will form CEOC LLC, which will be a disregarded entity for federal income tax purposes, and CEOC will merge with and into CEOC LLC, with CEOC LLC as the surviving entity. As merger consideration, Holders of OpCo Series A Preferred Stock will receive New CEC Common Equity.

CEOC and CEC should not recognize gain or loss as a result of the CEOC Merger. The Debtors currently anticipate that the CEOC Merger should be treated as a liquidation under section 332 of the IRC with respect to CEC, and CEC should be treated as receiving CEOC's assets (such assets shall, for state law purposes, be owned by CEOC LLC, an entity that will be disregarded from CEC for federal income tax purposes) with a tax basis equal to the tax basis of such assets in CEOC's hands prior to the CEOC Merger.

C. Certain Federal Income Tax Consequences of the Plan to U.S. Holders of Allowed Claims and Interests

As discussed below, the tax consequences of the Plan to Holders of Allowed Claims will depend upon a variety of factors. As an initial matter, whether the exchange is fully or partially taxable will depend on whether the debt instruments being surrendered constitute "securities" and whether a particular Holder receives stock of CEOC or the REIT (or, in some circumstances, equity interests of PropCo) or debt instruments that constitute "securities" of CEOC or the REIT. Whether a Claim that is surrendered and debt instruments received pursuant to the Plan constitute "securities" is determined based on all the facts and circumstances. Most authorities have held that the length of the term of a debt instrument at initial issuance is an important factor in determining whether such instrument is a security for United States federal income tax purposes. These authorities have indicated that a term of less than five years is evidence that the instrument is not a security, whereas a term of ten years or more is evidence that it is a security. There are numerous other factors that could be taken into account in determining whether a debt instrument is a security, including the security for payment, the creditworthiness of the obligor, the subordination or lack thereof with respect to other creditors, the right to vote or otherwise participate in the management of the obligor, convertibility of the instrument into an equity interest in the obligor, whether payments of interest are fixed, variable, or contingent, and whether such payments are made on a current basis or accrued.

The character of any recognized gain as capital gain or ordinary income will be determined by a number of factors, including the tax status of the Holder, the nature of the Claim in such Holder's hands (including whether the Claim constitutes a capital asset), whether the Claim was purchased at a discount, whether and to what extent the U.S. Holder has previously claimed a bad debt deduction with respect to its Claim, and whether any part of the Holder's recovery is treated as being on account of accrued but unpaid interest. Accrued interest and market discount are discussed below.

Additionally, the tax consequences to U.S. Holders of Claims may vary depending on whether the Spin Structure or the Partnership Contribution Structure is utilized. In particular, in the Partnership Contribution Structure, the only consideration received under the Plan that may be treated as stock or "securities" of a party to the reorganization for purposes of section 354 and 356 of the Internal Revenue Code is (1) debt issued by OpCo to discharge Claims against CEOC that are not assumed by PropCo and (2) OpCo Preferred Stock. By contrast, in the Spin Structure, REIT Common Stock, and REIT Preferred Stock will, and PropCo debt and CPLV Mezzanine Debt may, also constitute stock or securities of the REIT for purposes of sections 355 and 356 of the Internal Revenue Code. This is because at the time the Claims against CEOC are discharged and the PropCo debt and the CPLV Mezzanine Debt are received by U.S. Holders, PropCo may be disregarded as an entity separate from the REIT for federal income tax purposes. However, if PropCo is a partnership for federal income tax purposes at the time the Claims against CEOC are discharged, PropCo debt and the CPLV Mezzanine Debt would not constitute securities of the REIT for purposes of sections 355 and 356 of the Internal Revenue Code. Importantly, however, although these

sources of consideration may be treated as “securities,” they may also not be treated as “securities.” These considerations are discussed on a Class-by-Class basis below.

Finally, the tax consequences to U.S. Holders of Claims may vary depending on whether the PropCo Common Equity or PropCo Preferred Equity received consists of PropCo LP Interests and PropCo Preferred LP Interests or REIT Common Stock and REIT Preferred Stock. Under the Plan, PropCo Common Equity will consist, in the first instance, of REIT Common Stock and PropCo Preferred Equity will consist of REIT Preferred Stock. However if a given Holder (including a Backstop Party that acquires PropCo Preferred Equity pursuant to the PropCo Preferred Equity Puts or Calls) would receive more than 9.8% of either class of REIT stock, such Holder will receive PropCo LP interests or PropCo Preferred LP Interests in lieu of any REIT Common Stock or REIT Preferred Stock, respectively, in excess of 9.8% of such class that such Holder would otherwise receive, unless such Holder enters into an Ownership Limit Waiver Agreement.

1. Consequences to U.S. Holders of Prepetition Credit Agreement Claims

Pursuant to the Plan, in full satisfaction and discharge of their Claims, the Holders of Allowed Class D Claims will exchange such Claims (subject to certain elections and conditions) for their pro rata share of (a) Cash; (b) the OpCo First Lien Debt (if not fully syndicated); (c) the OpCo Second Lien Debt (if not fully syndicated); (d) the PropCo First Lien Term Loans; (e) the PropCo Second Lien Notes; (f) the CPLV Mezzanine Debt; (g) the PropCo Common Equity; (h) the OpCo Series A Preferred Stock (which shall be exchanged for New CEC Common Equity pursuant to the CEOC Merger); and (i) to the extent it is treated as a separate and distinct recovery from the New CEC Common Stock for U.S. federal income tax purposes, the preemptive right to participate in the CEC Capital Raise.⁸¹

a. Spin Structure

i. Treatment if Prepetition Credit Agreement Claims Are “Securities” and At Least Some of the Consideration Received Under the Plan Constitute Stock or Securities of CEOC or the REIT

If a Prepetition Credit Agreement Claim is determined to be a “security,” and at least some of the consideration received is also determined to be stock or a “security” of CEOC or the REIT, then the exchange of such Claim for the property described above should be treated as a reorganization under the Internal Revenue Code. Other than with respect to any amounts received that are attributable to accrued but untaxed interest (or original issue discount), a U.S. Holder of such Claim will recognize gain (but not loss) to the extent of the lesser of (a) the amount of gain realized from the exchange (generally equal to the fair market value (or issue price, in the case of debt) of all of the consideration received minus the Holder’s adjusted basis, if any, in the Allowed Claim) or (b) the cash or “other property” (including any non-Cash consideration not treated as stock or “securities” of CEOC or the REIT) received in the distribution that is not permitted to be received under section 355 of the Internal Revenue Code without the recognition of gain.

With respect to non-Cash consideration that is determined to be stock or a “security” of CEOC or the REIT received in exchange for a Prepetition Credit Agreement Claim, U.S. Holders should obtain an aggregate tax basis in such property, other than any such amounts treated as received in satisfaction of accrued but untaxed interest (or original issue discount), equal to (1) the tax basis of the surrendered Claim, less (2) cash and the fair market value (or issue price, in the case of debt) of “other property” (if any) received, plus (3) gain recognized (if any). The holding period for such non-Cash consideration should include the holding period for the surrendered Claims.

⁸¹ Because the form of the CEC Capital Raise (if any) has not been determined at this time, it is unclear that the preemptive right to participate in the CEC Capital Raise will be treated as a recovery pursuant to the Plan on account of such Holders’ Claims. Moreover, the quantum, but not kind, of consideration received will depend on whether Class F votes to accept or reject the Plan.

With respect to non-Cash consideration that is determined not to be stock or a “security” of CEOC or the REIT, U.S. Holders should obtain a tax basis in such property, other than any such amounts treated as received in satisfaction of accrued but untaxed interest (or original issue discount), equal to such property’s fair market value (or issue price, in the case of debt) as of the date such property is distributed to the U.S. Holder. The holding period for any such non-Cash consideration should begin on the day following the Effective Date.

The tax basis of any non-Cash consideration determined to be received in satisfaction of accrued but untaxed interest (or original issue discount) should equal the amount of such accrued but untaxed interest (or original issue discount), but in no event should such basis exceed the fair market value (or issue price, in the case of debt) of the non-Cash consideration received in satisfaction of accrued but untaxed interest (or original issue discount). The holding period for any such non-Cash consideration should begin on the day following the Effective Date.

ii. Treatment if Prepetition Credit Agreement Claims Are Not Securities or None of the Consideration Received Under the Plan Constitute Stock or Securities of CEOC or the REIT

If a Prepetition Credit Agreement Claim is determined not to be a “security” or none of the non-Cash consideration received by a U.S. Holder of such Claim is determined to be stock or a “security” of CEOC or the REIT, then a U.S. Holder of such Claim will be treated as receiving its distributions under the Plan in a taxable exchange under section 1001 of the Internal Revenue Code. Other than with respect to any amounts received that are attributable to accrued but untaxed interest (or original issue discount), each U.S. Holder of such Claim should recognize gain or loss equal to the difference between (a) the sum of the cash, the issue price of any debt instruments, and the fair market value (or issue price, in the case of debt) of the other property received in exchange for the Claim and (b) such U.S. Holder’s adjusted basis, if any, in such Claim.

U.S. Holders of such Claims should obtain a tax basis in the non-Cash consideration received, other than any such amounts treated as received in satisfaction of accrued but untaxed interest (or original issue discount), equal to such property’s fair market value (or issue price, in the case of debt) as of the date such property is distributed to the U.S. Holder. The holding period for any such non-Cash consideration should begin on the day following the Effective Date.

The tax basis of any non-Cash consideration determined to be received in satisfaction of accrued but untaxed interest (or original issue discount) should equal the amount of such accrued but untaxed interest (or original issue discount), but in no event should such basis exceed the fair market value (or issue price, in the case of debt) of the non-Cash consideration received in satisfaction of accrued but untaxed interest (or original issue discount). The holding period for any such non-Cash consideration should begin on the day following the Effective Date.

b. Partnership Contribution Structure

i. Treatment if Prepetition Credit Agreement Claims Are “Securities” and At Least Some of the Consideration Received Under the Plan Constitute Stock or Securities of CEOC

If a Prepetition Credit Agreement Claim is determined to be a “security” and at least some of the non-Cash consideration received is also determined to be stock or a “security” of CEOC, then the exchange of such Claims pursuant to the Plan should be treated as a reorganization under the Internal Revenue Code. The treatment of a U.S. Holder of such Claim should be substantially identical to the treatment of a U.S. Holder of such Claim in the Spin Structure, except that a greater portion of the consideration received under the Plan in exchange for such Claim may be treated as “other property” under sections 354 and 356 of the Internal Revenue Code.

ii. *Treatment if Prepetition Credit Agreement Claims Are Not Securities or None of the Consideration Received Under the Plan Constitute Stock or Securities of CEOC*

If a Prepetition Credit Agreement Claim is determined not to be a “security” or none of the non-Cash consideration received by a U.S. Holder of such Claim is determined to be stock or a “security” of CEOC, then the exchange of such Claim pursuant to the Plan should be subject to the same treatment as such Claims that are not treated as “securities” of CEOC or the REIT in the Spin Structure.

c. Treatment of Preemptive Right Under CEC Capital Raise

If the preemptive right to participate in the CEC Capital Raise is treated as a separate and distinct recovery, such right may be treated as an option (like participation in a rights offering) for U.S. federal income tax purposes. In such case, a U.S. Holder that elects not to exercise their preemptive participation right may be entitled to claim a loss equal to the amount of tax basis in the preemptive participation right, subject to any limitations on such U.S. Holder’s ability to utilize capital losses. Such U.S. Holders are urged to consult with their own tax advisors as to the tax consequences of electing not to exercise the preemptive participation right.

A U.S. Holder that elects to exercise the preemptive participation right should be treated as purchasing New CEC Common Equity, in exchange for its preemptive participation right and the exercise price. Such a purchase should generally be treated as the exercise of an option under general tax principles. Accordingly, such a U.S. Holder should not recognize income, gain, or loss for U.S. federal income tax purposes when it exercises the preemptive participation right. A U.S. Holder’s aggregate tax basis in the New CEC Common Equity should equal the sum of (a) the amount of cash paid by the U.S. Holder to exercise its preemptive participation right plus (b) such U.S. Holder’s tax basis in its preemptive participation right immediately before the option is exercised. A U.S. Holder’s holding period for the New CEC Common Equity received pursuant to the exercise of the preemptive participation right should begin on the day following such exercise.

d. Treatment of OpCo Series A Preferred Stock in the CEOC Merger

As noted above, the CEOC Merger is intended to constitute a tax-free reorganization under section 368(a)(1)(A) or (G) of the IRC for parties other than CEC. The OpCo Series A Preferred Stock should be treated as “stock” of CEOC for purpose of the CEOC Merger. Accordingly, U.S. Holders should not recognize gain or loss as a result of the CEOC Merger, and should receive New CEC Common Equity with a tax basis and holding period equal to the tax basis and holding period in such U.S. Holder’s OpCo Series A Preferred Stock.

2. Consequences to U.S. Holders of Secured First Lien Notes Claims

Pursuant to the Plan, in full satisfaction and discharge of their Claims, the Holders of Allowed Class E Claims will exchange such Claims (subject to certain elections and conditions) for their pro rata share of (a) Cash; (b) the OpCo First Lien Debt (if not syndicated); (c) the OpCo Second Lien Debt (if not syndicated); (d) the PropCo First Lien Notes; (e) the PropCo Second Lien Notes; (f) the PropCo Common Equity; (g) the PropCo Preferred Equity; (h) the CPLV Mezzanine Debt; (i) the OpCo Series A Preferred Stock (which shall be exchanged for New CEC Common Equity pursuant to the CEOC Merger); and (k) to the extent it is treated as a separate and distinct recovery from the New CEC Common Stock for U.S. federal income tax purposes, the preemptive right to participate in the CEC Capital Raise.⁸²

⁸² Because the form of the CEC Capital Raise (if any) has not been determined at this time, it is unclear that the preemptive right to participate in the CEC Capital Raise will be treated as a recovery pursuant to the Plan on account of such Holders’ Claims. Moreover, the quantum, but not kind of consideration received will depend on whether Class F votes to accept or reject the Plan.

a. Spin Structure

i. Treatment if Secured First Lien Notes Claims Are “Securities” and At Least Some of the Consideration Received Under the Plan Constitute Stock or Securities of CEOC or the REIT

If a Secured First Lien Notes Claim is determined to be a “security,” and at least some of the non-Cash consideration received is also determined to be stock or a “security” of CEOC or the REIT, then the exchange of such Claim for the property described above should be treated as a reorganization under the Internal Revenue Code. Other than with respect to any amounts received that are attributable to accrued but untaxed interest (or original issue discount), a U.S. Holder of such Claim will recognize gain (but not loss) to the extent of the lesser of (a) the amount of gain realized from the exchange (generally equal to the fair market value (or issue price, in the case of debt) of all of the consideration received minus the Holder’s adjusted basis, if any, in the Allowed Claim) or (b) the cash or “other property” (including any non-Cash consideration not treated as stock or “securities” of CEOC or the REIT) received in the distribution that is not permitted to be received under section 355 of the Internal Revenue Code without the recognition of gain.

With respect to non-Cash consideration that is determined to be stock or a “security” of CEOC or the REIT received in exchange for a Secured First Lien Notes Claim, U.S. Holders should obtain an aggregate tax basis in such property, other than any such amounts treated as received in satisfaction of accrued but untaxed interest (or original issue discount), equal to (1) the tax basis of the surrendered Claim, less (2) cash and the fair market value (or issue price, in the case of debt) of “other property” (if any) received, plus (3) gain recognized (if any). The holding period for such non-Cash consideration should include the holding period for the surrendered Claims.

With respect to non-Cash consideration that is determined not to be stock or a “security” of CEOC or the REIT, a U.S. Holder should obtain a tax basis in such property, other than any such amounts treated as received in satisfaction of accrued but untaxed interest (or original issue discount), equal to such property’s fair market value (or issue price, in the case of debt) as of the date such property is distributed to the U.S. Holder. The holding period for any such non-Cash consideration should begin on the day following the Effective Date.

The tax basis of any non-Cash consideration determined to be received in satisfaction of accrued but untaxed interest (or original issue discount) should equal the amount of such accrued but untaxed interest (or original issue discount), but in no event should such basis exceed the fair market value (or issue price, in the case of debt) of the non-Cash consideration received in satisfaction of accrued but untaxed interest (or original issue discount). The holding period for any such non-Cash consideration should begin on the day following the Effective Date.

ii. Treatment if Secured First Lien Notes Claims Are Not Securities or None of the Consideration Received Under the Plan Constitute Stock or Securities of CEOC or the REIT

If a Secured First Lien Notes Claim is determined not to be a “security” or none of the non-Cash consideration received by a U.S. Holder of such Claim is determined to be stock or a “security” of CEOC or the REIT, then U.S. Holders of such Claims will be treated as receiving their distributions under the Plan in a taxable exchange under section 1001 of the Internal Revenue Code. Other than with respect to any amounts received that are attributable to accrued but untaxed interest (or original issue discount), each U.S. Holder of such Claim should recognize gain or loss equal to the difference between (a) the sum of the cash, the issue price of any debt instruments, and the fair market value (or issue price, in the case of debt) of the other property received in exchange for the Claim and (b) such U.S. Holder’s adjusted basis, if any, in such Claim.

U.S. Holders of such Claims should obtain a tax basis in the non-Cash consideration received, other than any such amounts treated as received in satisfaction of accrued but untaxed interest (or original issue discount), equal to such property’s fair market value (or issue price, in the case of debt) as of the date such property is

distributed to the U.S. Holder. The holding period for any such non-Cash consideration should begin on the day following the Effective Date.

The tax basis of any non-Cash consideration determined to be received in satisfaction of accrued but untaxed interest (or original issue discount) should equal the amount of such accrued but untaxed interest (or original issue discount), but in no event should such basis exceed the fair market value (or issue price, in the case of debt) of the non-Cash consideration received in satisfaction of accrued but untaxed interest (or original issue discount). The holding period for any such non-Cash consideration should begin on the day following the Effective Date.

b. Partnership Contribution Structure

- i. Treatment if Secured First Lien Notes Claims Are “Securities” and At Least Some of the Consideration Received Under the Plan Constitute Stock or Securities of CEOC*

If a Secured First Lien Notes Claim is determined to be a “security” and at least some of the non-Cash consideration received is also determined to be stock or a “security” of CEOC, then the exchange of such Claims pursuant to the Plan should be treated as a reorganization under the Internal Revenue Code. The treatment of a U.S. Holder of such Claim should be substantially identical to the treatment of a U.S. Holder of such Claim in the Spin Structure, except that a greater portion of the consideration received under the Plan in exchange for such Claim will likely be treated as “other property” under sections 354 and 356 of the Internal Revenue Code.

- ii. Treatment if Secured First Lien Notes Claims or None of the Consideration Received Under the Plan Constitute Stock or Securities of CEOC*

If a Secured First Lien Notes Claim is determined not to be a “security” or none of the non-Cash consideration received by a U.S. Holder of such Claim is determined to be stock or a “security” of CEOC, then the exchange of such Claims pursuant to the Plan should be subject to the same treatment as such Claims that are determined not to be “securities” in the Spin Structure.

c. Sale of PropCo Preferred Equity Pursuant to the Plan

In the event a U.S. Holder of a Secured First Lien Notes Claim sells any or all of its PropCo Preferred Equity pursuant to (i) the PropCo Preferred Equity Call Right; and/or (ii) the PropCo Preferred Equity Put Right, such U.S. Holder will recognize gain or loss equal to the difference between (i) the sum of the cash received in exchange for such PropCo Preferred Equity and (ii) such U.S. Holder’s adjusted basis in such PropCo Preferred Equity.

d. Treatment of Preemptive Right Under CEC Capital Raise

If the preemptive right to participate in the CEC Capital Raise is treated as a separate and distinct recovery, such right may be treated as an option (like participation in a rights offering) for U.S. federal income tax purposes. In such case, a U.S. Holder that elects not to exercise their preemptive participation right may be entitled to claim a loss equal to the amount of tax basis in the preemptive participation right, subject to any limitations on such U.S. Holder’s ability to utilize capital losses. Such U.S. Holders are urged to consult with their own tax advisors as to the tax consequences of electing not to exercise the preemptive participation right.

A U.S. Holder that elects to exercise the preemptive participation right should be treated as purchasing New CEC Common Equity, in exchange for its preemptive participation right and the exercise price. Such a purchase should generally be treated as the exercise of an option under general tax principles. Accordingly, such a U.S. Holder should not recognize income, gain, or loss for U.S. federal income tax purposes when it exercises the preemptive participation right. A U.S. Holder’s aggregate tax basis in the New CEC Common Equity should equal

the sum of (a) the amount of cash paid by the U.S. Holder to exercise its preemptive participation right plus (b) such U.S. Holder's tax basis in its preemptive participation right immediately before the option is exercised. A U.S. Holder's holding period for the New CEC Common Equity received pursuant to the exercise of the preemptive participation right should begin on the day following such exercise.

e. Treatment of OpCo Series A Preferred Stock in the CEOC Merger

As noted above, the CEOC Merger is intended to constitute a tax-free reorganization under section 368(a)(1)(A) or (G) of the IRC for parties other than CEC. The OpCo Series A Preferred Stock should be treated as "stock" of CEOC for purpose of the CEOC Merger. Accordingly, U.S. Holders should not recognize gain or loss as a result of the CEOC Merger, and should receive New CEC Common Equity with a tax basis and holding period equal to the tax basis and holding period in such U.S. Holder's OpCo Series A Preferred Stock.

3. Consequences to U.S. Holders of Second Lien Notes Claims

Pursuant to the Plan, in full satisfaction and discharge of their Claims, the Holders of Allowed Class F Claims will (subject to certain elections and conditions) exchange such Claims for their pro rata share of (a) OpCo Series A Preferred Stock (which shall be exchanged for New CEC Common Equity pursuant to the CEOC Merger); (b) to the extent it is treated as a separate and distinct recovery from the New CEC Common Stock for U.S. federal income tax purposes, the preemptive right to participate in the CEC Capital Raise;⁸³ and (c) New CEC Convertible Notes.⁸⁴

a. Spin Structure

- i. Treatment if Second Lien Notes Claims Are "Securities" and At Least Some of the Consideration Received Under the Plan Constitute Stock or Securities of CEOC or the REIT*

If a Second Lien Notes Claim is determined to be a "security," and at least some of the non-Cash consideration received is also determined to be stock or a "security" of CEOC or the REIT, then the exchange of such Claim for the property described above should be treated as a reorganization under the Internal Revenue Code. Other than with respect to any amounts received that are attributable to accrued but untaxed interest (or original issue discount), a U.S. Holder of such Claim will recognize gain (but not loss) to the extent of the lesser of (a) the amount of gain realized from the exchange (generally equal to the fair market value of all of the consideration received minus the Holder's adjusted basis, if any, in the Allowed Claim) or (b) the cash or "other property" (including any non-Cash consideration not treated as stock or "securities" of CEOC or the REIT) received in the distribution that is not permitted to be received under section 355 of the Internal Revenue Code without the recognition of gain.

With respect to non-Cash consideration that is determined to be stock or a "security" of CEOC or the REIT received in exchange for a Non-First Lien Claim, U.S. Holders should obtain an aggregate tax basis in such property, other than any such amounts treated as received in satisfaction of accrued but untaxed interest (or original issue discount), equal to (1) the tax basis of the surrendered Claim, less (2) cash and the fair market value of "other property" (if any) received, plus (3) gain recognized (if any). The holding period for such non-Cash consideration should include the holding period for the surrendered Claims.

With respect to non-Cash consideration that is determined not to be stock or a "security" of CEOC or the REIT, a U.S. Holder should obtain a tax basis in such property, other than any such amounts treated as received in

⁸³ Because the form of the CEC Capital Raise (if any) has not been determined at this time, it is unclear that the preemptive right to participate in the CEC Capital Raise will be treated as a recovery pursuant to the Plan on account of such Holders' Claims.

⁸⁴ The quantum, but not kind, of consideration received will depend on whether Class F votes to accept or reject the Plan.

satisfaction of accrued but untaxed interest (or original issue discount), equal to such property's fair market value as of the date such property is distributed to the U.S. Holder. The holding period for any such non-Cash consideration should begin on the day following the Effective Date.

The tax basis of any non-Cash consideration determined to be received in satisfaction of accrued but untaxed interest (or original issue discount) should equal the amount of such accrued but untaxed interest (or original issue discount), but in no event should such basis exceed the fair market value of the non-Cash consideration received in satisfaction of accrued but untaxed interest (or original issue discount). The holding period for such property should begin on the day following the Effective Date.

- ii. *Treatment if Second Lien Notes Claims Are Not Securities or None of the Consideration Received Under the Plan Constitute Stock or Securities of CEOC*

If a Second Lien Notes Claim is determined not to be a "security" or none of the non-Cash consideration received by a U.S. Holder of such Claim is determined to be stock or a "security" of CEOC, then, a U.S. Holder of such Claims will be treated as receiving its distributions under the Plan in a taxable exchange under section 1001 of the Internal Revenue Code. Other than with respect to any amounts received that are attributable to accrued but untaxed interest (or original issue discount), each U.S. Holder of such Claim should recognize gain or loss equal to the difference between (a) the sum of the cash, the issue price of the New CEC Convertible Notes, and the fair market value of the PropCo Common Equity and (b) such U.S. Holder's adjusted basis, if any, in such Claim.

U.S. Holders of such Claims should obtain a tax basis in the non-Cash consideration received, other than any such amounts treated as received in satisfaction of accrued but untaxed interest (or original issue discount), equal to the fair market value of such property as of the date such property is distributed to the U.S. Holder. The holding period for any such property should begin on the day following the Effective Date.

The tax basis of any non-Cash consideration determined to be received in satisfaction of accrued but untaxed interest (or original issue discount) should equal the amount of such accrued but untaxed interest (or original issue discount), but in no event should such basis exceed the fair market value of the non-Cash consideration received in satisfaction of accrued but untaxed interest (or original issue discount). The holding period for any such property should begin on the day following the Effective Date.

b. Partnership Contribution Structure

- i. *Treatment if Second Lien Notes Claims Are "Securities" and At Least Some of the Consideration Received Under the Plan Constitute Stock or Securities of CEOC*

If a Second Lien Notes Claim is determined to be a "security" and at least some of the non-Cash consideration received is also determined to be stock or a "security" of CEOC then the exchange of such Claims pursuant to the Plan should be treated as a reorganization under the Internal Revenue Code. The treatment of a U.S. Holder of such Claim should be substantially identical to the treatment of a U.S. Holder of such Claim in the Spin Structure, except that a greater portion of the consideration received under the Plan in exchange for such Claim will likely be treated as "other property" under sections 354 and 356 of the Internal Revenue Code.

- ii. *Treatment if Second Lien Notes Claims Are Not "Securities" or None of the Consideration Received Under the Plan Constitute Stock or Securities of CEOC*

If a Second Lien Notes Claim is determined not to be a "security" or none of the non-Cash consideration received by a U.S. Holder of such Claim is determined to be stock or a "security" of CEOC, then the exchange of such Claims pursuant to the Plan should be subject to the same treatment as such Claims that are determined not to be "securities" in the Spin Structure.

c. Treatment of Preemptive Right Under CEC Capital Raise

If the preemptive right to participate in the CEC Capital Raise is treated as a separate and distinct recovery, such right may be treated as an option (like participation in a rights offering) for U.S. federal income tax purposes. In such case, a U.S. Holder that elects not to exercise their preemptive participation right may be entitled to claim a loss equal to the amount of tax basis in the preemptive participation right, subject to any limitations on such U.S. Holder's ability to utilize capital losses. Such U.S. Holders are urged to consult with their own tax advisors as to the tax consequences of electing not to exercise the preemptive participation right.

A U.S. Holder that elects to exercise the preemptive participation right should be treated as purchasing New CEC Common Equity, in exchange for its preemptive participation right and the exercise price. Such a purchase should generally be treated as the exercise of an option under general tax principles. Accordingly, such a U.S. Holder should not recognize income, gain, or loss for U.S. federal income tax purposes when it exercises the preemptive participation right. A U.S. Holder's aggregate tax basis in the New CEC Common Equity should equal the sum of (a) the amount of cash paid by the U.S. Holder to exercise its preemptive participation right plus (b) such U.S. Holder's tax basis in its preemptive participation right immediately before the option is exercised. A U.S. Holder's holding period for the New CEC Common Equity received pursuant to the exercise of the preemptive participation right should begin on the day following such exercise.

d. Treatment of OpCo Series A Preferred Stock in the CEOC Merger

As noted above, the CEOC Merger is intended to constitute a tax-free reorganization under section 368(a)(1)(A) or (G) of the IRC for parties other than CEC. The OpCo Series A Preferred Stock should be treated as "stock" of CEOC for purpose of the CEOC Merger. Accordingly, U.S. Holders should not recognize gain or loss as a result of the CEOC Merger, and should receive New CEC Common Equity with a tax basis and holding period equal to the tax basis and holding period in such U.S. Holder's OpCo Series A Preferred Stock.

4. Consequences to U.S. Holders of Unsecured Claims

Pursuant to the Plan, in full satisfaction and discharge of their Claims, the Holders of Allowed Class G, H, I, J, K, L, M, N, and O Claims (collectively, the "Unsecured Claims") will (subject to certain elections and conditions) exchange such Claims for their pro rata share of (a) Cash (in the case of certain Allowed Class I, J, or K Claims; (b) OpCo Series A Preferred Stock (which shall be exchanged for New CEC Common Equity pursuant to the CEOC Merger); (c) to the extent it is treated as a separate and distinct recovery from the New CEC Common Stock for U.S. federal income tax purposes, the preemptive right to participate in the CEC Capital Raise;⁸⁵ and (d) New CEC Convertible Notes;⁸⁶ provided, however, that Allowed Claims in Class K (Convenience Unsecured Claims) shall only receive Cash.

⁸⁵ Because the form of the CEC Capital Raise (if any) has not been determined at this time, it is unclear that the preemptive right to participate in the CEC Capital Raise will be treated as a recovery pursuant to the Plan on account of such Holders' Claims. Moreover, the quantum, but not kind of consideration received will depend on whether Class F votes to accept or reject the Plan.

⁸⁶ Other than with respect to Classes I and J, the quantum, but not kind, of consideration received will depend on whether each Class of Unsecured Claims votes to accept or reject the Plan. If Class I or J votes to reject the Plan, the Holders of Class I or J Claims, as applicable, will not receive Cash.

a. Spin Structure

i. Treatment if Unsecured Claims Are “Securities” of CEOC and At Least Some of the Consideration Received Under the Plan Constitute Stock or Securities of CEOC or the REIT

If an Unsecured Claim is determined to be a “security” of CEOC,⁸⁷ and at least some of the non-Cash consideration received is also determined to be stock or a “security” of CEOC or the REIT, then the exchange of such Claim for the property described above should be treated as a reorganization under the Internal Revenue Code. Other than with respect to any amounts received that are attributable to accrued but untaxed interest (or original issue discount), a U.S. Holder of such Claim will recognize gain (but not loss) to the extent of the lesser of (a) the amount of gain realized from the exchange (generally equal to the fair market value of all of the consideration received minus the Holder’s adjusted basis, if any, in the Allowed Claim) or (b) the cash or “other property” (including any non-Cash consideration not treated as stock or “securities” of CEOC or the REIT) received in the distribution that is not permitted to be received under section 355 of the Internal Revenue Code without the recognition of gain.

With respect to non-Cash consideration that is determined to be stock or a “security” of CEOC or the REIT received in exchange for a Non-First Lien Claim, U.S. Holders should obtain an aggregate tax basis in such property, other than any such amounts treated as received in satisfaction of accrued but untaxed interest (or original issue discount), equal to (1) the tax basis of the surrendered Claim, less (2) cash and the fair market value of “other property” (if any) received, plus (3) gain recognized (if any). The holding period for such non-Cash consideration should include the holding period for the surrendered Claims.

With respect to non-Cash consideration that is determined not to be stock or a “security” of CEOC or the REIT, a U.S. Holder should obtain a tax basis in such property, other than any such amounts treated as received in satisfaction of accrued but untaxed interest (or original issue discount), equal to such property’s fair market value as of the date such property is distributed to the U.S. Holder. The holding period for any such non-Cash consideration should begin on the day following the Effective Date.

The tax basis of any non-Cash consideration determined to be received in satisfaction of accrued but untaxed interest (or original issue discount) should equal the amount of such accrued but untaxed interest (or original issue discount), but in no event should such basis exceed the fair market value of the non-Cash consideration received in satisfaction of accrued but untaxed interest (or original issue discount). The holding period for such property should begin on the day following the Effective Date.

ii. Treatment if Unsecured Claims Are Not Securities of CEOC or None of the Consideration Received Under the Plan Constitute Stock or Securities of CEOC

If an Unsecured Claim is determined not to be a “security” of CEOC or none of the non-Cash consideration received by a U.S. Holder of such Claim is determined to be stock or a “security” of CEOC, then, a U.S. Holder of such Claims will be treated as receiving its distributions under the Plan in a taxable exchange under section 1001 of the Internal Revenue Code. Other than with respect to any amounts received that are attributable to accrued but untaxed interest (or original issue discount), each U.S. Holder of such Claim should recognize gain or loss equal to the difference between (a) the sum of the cash, the issue price of the New CEC Convertible Notes, and the fair market value of the PropCo Common Equity and (b) such U.S. Holder’s adjusted basis, if any, in such Claim.

⁸⁷ Certain Unsecured Claims are held solely against subsidiaries of CEOC, and, if such claims are held against an entity that is not disregarded from CEOC for U.S. federal income tax purposes, such Unsecured Claim will not be treated as a “security” of CEOC.

U.S. Holders of such Claims should obtain a tax basis in the non-Cash consideration received, other than any such amounts treated as received in satisfaction of accrued but untaxed interest (or original issue discount), equal to the fair market value of such property as of the date such property is distributed to the U.S. Holder. The holding period for any such property should begin on the day following the Effective Date.

The tax basis of any non-Cash consideration determined to be received in satisfaction of accrued but untaxed interest (or original issue discount) should equal the amount of such accrued but untaxed interest (or original issue discount), but in no event should such basis exceed the fair market value of the non-Cash consideration received in satisfaction of accrued but untaxed interest (or original issue discount). The holding period for any such property should begin on the day following the Effective Date.

b. Partnership Contribution Structure

i. Treatment if Unsecured Lien Claims Are “Securities” of CEOC and At Least Some of the Consideration Received Under the Plan Constitute Stock or Securities of CEOC

If an Unsecured Claim is determined to be a “security” of CEOC and at least some of the non-Cash consideration received is also determined to be stock or a “security” of CEOC then the exchange of such Claims pursuant to the Plan should be treated as a reorganization under the Internal Revenue Code. The treatment of a U.S. Holder of such Claim should be substantially identical to the treatment of a U.S. Holder of such Claim in the Spin Structure, except that a greater portion of the consideration received under the Plan in exchange for such Claim will likely be treated as “other property” under sections 354 and 356 of the Internal Revenue Code.

ii. Treatment if Unsecured Claims Are Not “Securities” of CEOC or None of the Consideration Received Under the Plan Constitute Stock or Securities of CEOC

If an Unsecured Claim is determined not to be a “security” of CEOC or none of the non-Cash consideration received by a U.S. Holder of such Claim is determined to be stock or a “security” of CEOC, then the exchange of such Claims pursuant to the Plan should be subject to the same treatment as such Claims that are determined not to be “securities” in the Spin Structure.

c. Treatment of Preemptive Right Under CEC Capital Raise

If the preemptive right to participate in the CEC Capital Raise is treated as a separate and distinct recovery, such right may be treated as an option (like participation in a rights offering) for U.S. federal income tax purposes. In such case, a U.S. Holder that elects not to exercise their preemptive participation right may be entitled to claim a loss equal to the amount of tax basis in the preemptive participation right, subject to any limitations on such U.S. Holder’s ability to utilize capital losses. Such U.S. Holders are urged to consult with their own tax advisors as to the tax consequences of electing not to exercise the preemptive participation right.

A U.S. Holder that elects to exercise the preemptive participation right should be treated as purchasing New CEC Common Equity, in exchange for its preemptive participation right and the exercise price. Such a purchase should generally be treated as the exercise of an option under general tax principles. Accordingly, such a U.S. Holder should not recognize income, gain, or loss for U.S. federal income tax purposes when it exercises the preemptive participation right. A U.S. Holder’s aggregate tax basis in the New CEC Common Equity should equal the sum of (a) the amount of cash paid by the U.S. Holder to exercise its preemptive participation right plus (b) such U.S. Holder’s tax basis in its preemptive participation right immediately before the option is exercised. A U.S. Holder’s holding period for the New CEC Common Equity received pursuant to the exercise of the preemptive participation right should begin on the day following such exercise.

d. Treatment of OpCo Series A Preferred Stock in the CEOC Merger

As noted above, the CEOC Merger is intended to constitute a tax-free reorganization under section 368(a)(1)(A) or (G) of the IRC for parties other than CEC. The OpCo Series A Preferred Stock should be treated as “stock” of CEOC for purpose of the CEOC Merger. Accordingly, U.S. Holders should not recognize gain or loss as a result of the CEOC Merger, and should receive New CEC Common Equity with a tax basis and holding period equal to the tax basis and holding period in such U.S. Holder’s OpCo Series A Preferred Stock.

5. Accrued Interest

To the extent that any amount received by a Holder of a surrendered Allowed Claim under the Plan is attributable to accrued but unpaid interest (or original issue discount) and such amount has not previously been included in the Holder’s gross income, such amount should be taxable to the Holder as ordinary interest income. Conversely, a Holder of a surrendered Allowed Claim may be able to recognize a deductible loss to the extent that any accrued interest (or original issue discount) on the debt instruments constituting such Claim was previously included in the Holder’s gross income, but was not paid in full by the Debtors.

The extent to which the consideration received by a Holder of a surrendered Allowed Claim will be attributable to accrued interest (or original issue discount) on the debts constituting the surrendered Allowed Claim is unclear. The Plan provides that distributions in respect of Allowed Claims will first be allocated to the principal amount of such Claims, and then, to the extent the consideration exceeds the principal amount of the Claims, to any portion of such Claims for accrued but unpaid interest. Holders of Claims with accrued interest (or original issue discount) should consult with their tax advisors regarding the allocation of the consideration.

6. Market Discount

Under the “market discount” provisions of sections 1276 through 1278 of the Internal Revenue Code, some or all of any gain realized by a Holder exchanging the debt instruments constituting its Allowed Claim may be treated as ordinary income (instead of capital gain), to the extent of the amount of accrued “market discount” on the debt constituting the surrendered Allowed Claim.

In general, a debt instrument is considered to have been acquired with “market discount” if it is acquired other than on original issue and if the Holder’s adjusted tax basis in the debt instrument is less than (a) the sum of all remaining payments to be made on the debt instrument, excluding “qualified stated interest,” or (b) in the case of a debt instrument issued with “original issue discount,” its adjusted issue price, by at least a *de minimis* amount (equal to 0.25% of the sum of all remaining payments to be made on the debt instrument, excluding qualified stated interest, multiplied by the number of remaining whole years to maturity).

Any gain recognized by a Holder on the taxable disposition (determined as described above) of debts that it acquired with market discount should be treated as ordinary income to the extent of the market discount that accrued thereon while such debts were considered to be held by the Holder (unless the Holder elected to include market discount in income as it accrued). To the extent that the surrendered debts that had been acquired with market discount are exchanged in a tax-free or other reorganization transaction for other property (as may occur here), any market discount that accrued on such debts but was not recognized by the Holder may be required to be carried over to the property received therefor and any gain recognized on the subsequent sale, exchange, redemption or other disposition of such property may be treated as ordinary income to the extent of the accrued but unrecognized market discount with respect to the exchanged debt instrument. These rules are complex, their application is uncertain, and Holders of Allowed Claims should consult their own tax advisors regarding their application.

D. Certain Federal Income Tax Consequences of the Plan to Non-U.S. Holders of Allowed Claims and Interests

The following discussion includes only certain U.S. federal income tax consequences of the consummation of the Plan to Non-U.S. Holders. The discussion does not include any non-U.S. tax considerations. The rules

governing the federal income tax consequences to Non-U.S. Holders are complex. Each Non-U.S. Holder should consult its own tax advisor regarding the U.S. federal, state, and local and the foreign tax consequences of the consummation of the Plan to such Non-U.S. Holder.

Whether a Non-U.S. Holder realizes gain or loss on the exchange and the amount of such gain or loss is determined in the same manner as set forth above in connection with U.S. Holders. See the discussion above for information regarding the determination of whether consideration received under the Plan is attributable to accrued interest.

1. Gain Recognition

Any gain realized by a Non-U.S. Holder on the exchange of its Claim or Interest generally will not be subject to U.S. federal income taxation unless (a) the Non-U.S. Holder is an individual who was present in the United States for 183 days or more during the taxable year in which the consummation of the Plan occurs and certain other conditions are met or (b) such gain is effectively connected with the conduct by such Non-U.S. Holder of a trade or business in the United States and, if an income tax treaty applies, such gain is attributable to a permanent establishment maintained by such Non-U.S. Holder in the United States (such gain is known as “effectively connected income”).

If the first exception applies, to the extent that any gain is taxable and does not qualify for deferral as a reorganization as described above, the Non-U.S. Holder generally will be subject to U.S. federal income tax at a rate of 30% (or at a reduced rate or exemption from tax under an applicable income tax treaty) on the amount by which such Non-U.S. Holder’s capital gains allocable to U.S. sources exceed capital losses allocable to U.S. sources during the taxable year of the exchange. If the second exception applies, the Non-U.S. Holder generally will be subject to U.S. federal income tax with respect to any gain realized on the exchange in the same manner as a U.S. Holder. If both exceptions apply, in order to claim an exemption from withholding tax, such Non-U.S. Holder will be required to provide properly executed original copies of IRS Form W-8ECI (or such successor form as the IRS designates). In addition, if such a Non-U.S. Holder is a corporation, it may be subject to a branch profits tax equal to 30% (or such lower rate provided by an applicable treaty) of its effectively connected earnings and profits for the taxable year, subject to certain adjustments.

2. Accrued Interest

Any amount received by a Non-U.S. Holder of a surrendered Allowed Claim that is attributable to accrued but untaxed interest (which, for purposes of this discussion of Non-U.S. Holders, includes original issue discount) generally will qualify for the so-called “portfolio interest exemption” and, therefore, generally will not be subject to U.S. federal income or withholding tax, provided that the applicable withholding agent has received or receives, prior to payment, appropriate documentation (generally, IRS Form W-8BEN or W-8BEN-E), and provided that:

- the Non-U.S. Holder does not actually or constructively own 10% or more of the total combined voting power of all classes of CEOC’s stock entitled to vote;
- the Non-U.S. Holder is not a “controlled foreign corporation” that is a “related person” with respect to CEOC (each, within the meaning of the Internal Revenue Code);
- the Non-U.S. Holder is not a bank receiving interest described in section 881(c)(3)(A) of the Internal Revenue Code; and
- such interest is not effectively connected income (in which case, provided the Non-U.S. Holder provides a properly executed IRS Form W-8ECI (or successor form) to the withholding agent, the Non-U.S. Holder (a) generally will not be subject to withholding tax, but (b) will be subject to U.S. federal income tax in the same manner as a U.S. Holder (unless an applicable income tax treaty provides otherwise), and a Non-U.S. Holder that is a corporation for U.S. federal income tax purposes may also be subject to a branch profits tax with respect to such Non-U.S. Holder’s effectively

connected earnings and profits that are attributable to the accrued but untaxed interest at a rate of 30% (or at a reduced rate or exemption from tax under an applicable income tax treaty)).

A Non-U.S. Holder that does not qualify for exemption from withholding tax with respect to accrued but untaxed interest that is not effectively connected income generally will be subject to withholding of U.S. federal income tax at a 30% rate (or at a reduced rate or exemption from tax under an applicable income tax treaty) on payments that are attributable to accrued but untaxed interest. For purposes of providing a properly executed IRS Form W-8BEN or W-8BEN-E, special procedures are provided under applicable Treasury Regulations for payments through qualified foreign intermediaries or certain financial institutions that hold customers' securities in the ordinary course of their trade or business.

3. FATCA

Legislation enacted in 2010, along with regulations and administrative guidance, known as the Foreign Account Tax Compliance Act ("FATCA") generally imposes a withholding tax of 30% with respect to certain "withholdable payments" if the payments are made to a foreign entity, unless certain diligence, reporting, withholding and certification obligations and requirements are met. For this purpose, "withholdable payments" are generally U.S. source payments of fixed or determinable, annual or periodical income, which may include dividends and interest with respect to non-cash consideration received under the Plan, as well as gross proceeds from the sale of assets that can produce U.S. source interest or dividends. Recently finalized U.S. Treasury regulations and IRS official guidance delay the implementation of withholding under FATCA with respect to payments of gross proceeds until after December 31, 2018, but withholding under FATCA with respect to dividends and interest began on July 1, 2014.

Withholding under FATCA may be avoided if (i) the foreign entity is a "foreign financial institution" (as defined in this legislation) and such institution enters into an agreement with the U.S. government to collect and provide to the U.S. tax authorities substantial information regarding U.S. account holders of such institution (which would include certain equity and debt holders of such institution, as well as certain account holders that are foreign entities with U.S. owners) or (ii) the foreign entity is not a "foreign financial institution" and makes a certification identifying its substantial U.S. owners (as defined for this purpose) or makes a certification that such foreign entity does not have any substantial U.S. owners. Foreign financial institutions located in jurisdictions that have an intergovernmental agreement with the United States governing FATCA may be subject to different rules. Under certain circumstances, a Non-U.S. Holder might be eligible for refunds or credits of such withholding taxes, and a Non-U.S. Holder might be required to file a U.S. federal income tax return to claim such refunds or credits.

Non-U.S. Holders should consult their own tax advisors regarding the implications of this legislation.

E. Certain REIT Tax Considerations, Including Certain Dividend Requirements

Following the Effective Date, REITCo will need to comply with certain highly technical tax rules in the Internal Revenue Code and related regulations to qualify as a "real estate investment trust." Certain of these rules are discussed below. *Holders of Claims receiving REIT Common Stock, REIT Preferred Stock, PropCo Preferred LP Interests, and PropCo LP Interests should consult with their own tax advisors regarding the complex tax rules that govern the operation of REITs and the potential tax consequences of owning REIT Common Stock, REIT Preferred Stock, PropCo Preferred LP Interests, and PropCo LP Interests.*

1. General REIT Considerations

In any year in which REITCo qualifies as a REIT and has a valid REIT election in place, REITCo will claim deductions for the dividends REITCo pays to Holders of REITCo stock with respect to income earned while REITCo was a REIT. As a result, REITCo will not be subject to U.S. federal income tax on that portion of REITCo's REIT taxable income or capital gain which is currently distributed to such Holders. REITCo will, however, be subject to U.S. federal income tax at normal corporate rates on any REIT taxable income or capital gain

not distributed. Moreover, even if REITCo qualifies as a REIT, REITCo nonetheless would be subject to U.S. federal tax in certain circumstances, including:

- (a) REITCo will be taxed at regular corporate rates on any REIT taxable income, including undistributed net capital gains, that it does not distribute to stockholders during, or within a specified period after, the calendar year in which REITCo recognizes such income. REITCo may elect to retain and pay income tax on its net long-term capital gain. In that case, a Holder of REITCo stock would include its proportionate share of REITCo's undistributed long-term capital gain (to the extent REITCo makes a timely designation of such gain to the stockholder) in such Holder's income, such Holder would be deemed to have paid the tax that REITCo paid on such gain, and such Holder would be allowed a credit for its proportionate share of the tax deemed to have been paid, and an adjustment would be made to increase such Holder's basis in its REITCo stock.
- (b) REITCo may be subject to the alternative minimum tax.
- (c) If REITCo has (i) net income from the sale or other disposition of "foreclosure property" (as defined in the Internal Revenue Code) which is held primarily for sale to customers in the ordinary course of business, or (ii) other non-qualifying net income from foreclosure property, REITCo would be subject to tax at the highest corporate rate on such income.
- (d) If REITCo has net income from prohibited transactions, such income will be subject to a 100% tax. "Prohibited transactions" are, in general, sales or other dispositions of property held primarily for sale to customers in the ordinary course of business, rather than for investment, other than certain involuntary conversions or sales on dispositions of foreclosure property.
- (e) If REITCo fails to satisfy the 75% Gross Income Test or the 95% Gross Income Test (each discussed below), but nonetheless maintains its qualification as a REIT because other requirements are met, REITCo will be subject to a 100% tax on an amount equal to (1) the greater of (A) the amount by which REITCo fails the 75% Gross Income Test or (B) the amount by which REITCo fails the 95% Gross Income Test, as applicable, multiplied by (2) a fraction intended to reflect REITCo's profitability.
- (f) If REITCo fails to satisfy any of the Asset Tests, as described below, other than certain de minimis failures, but REITCo's failure is due to reasonable cause and not due to willful neglect and REITCo nonetheless maintains its REIT qualification because of specified cure provisions, REITCo will be required to pay a tax equal to the greater of \$50,000 and 35% of the net income generated by the nonqualifying assets during the period in which REITCo failed to satisfy the Asset Tests.
- (g) If REITCo fails to satisfy other REIT qualification requirements (other than a Gross Income or Asset Test) and that violation is due to reasonable cause and not due to willful neglect, REITCo may retain its REIT qualification, but REITCo will be required to pay a penalty of \$50,000 for each such failure.
- (h) If REITCo fails to distribute during each calendar year at least the sum of (1) 85% of REITCo's REIT ordinary income for such year, (2) 95% of REITCo's REIT capital gain net income for such year, and (3) any undistributed taxable income from prior periods, REITCo will be subject to a 4% excise tax on the excess of such required distributions over the sum of (A) the amounts actually distributed (taking into account excess distributions from prior years) plus (B) retained amounts on which federal income tax is paid at the corporate level.

- (i) REITCo may be required to pay monthly penalties to the IRS in certain circumstances, including if REITCo fails to meet record-keeping requirements intended to monitor REITCo's compliance with rules relating to the composition of REITCo's stockholders.
- (j) A 100% tax may be imposed on some items of income and expense that are directly or constructively paid between REITCo, PropCo, or a TRS if and to the extent that the IRS successfully adjusts the reported amounts of such items.
- (k) If REITCo acquires appreciated assets from a C corporation (*i.e.*, a corporation generally subject to corporate income tax) in a transaction in which the adjusted tax basis of the assets in REITCo's hands is determined by reference to the adjusted tax basis of the assets in the hands of the C corporation (as will be the case under the Plan), REITCo may be subject to tax on such appreciation at the highest corporate income tax rate then applicable if REITCo subsequently recognizes gain on a disposition of such assets during the 5-year period following their acquisition from the C corporation. The results described in this paragraph would not apply if the non-REIT corporation elects, in lieu of this treatment, to be subject to an immediate tax when the asset is acquired by REITCo.
- (l) REITCo may have subsidiaries or own interests in other lower-tier entities that are C corporations, such as TRSs, the earnings of which would be subject to federal corporate income tax.

2. General REIT Qualification Tests

The Internal Revenue Code generally defines a REIT as a corporation, trust, or association:

- (a) that elects to be taxed as a REIT;
- (b) that is managed by one or more trustees or directors;
- (c) the beneficial ownership of which is evidenced by transferable shares or by transferable certificates of beneficial interest;
- (d) that would be taxable as a domestic corporation but for its status as a REIT;
- (e) that is neither a financial institution nor an insurance company;
- (f) that meets the gross income, asset, and annual distribution requirements;
- (g) the beneficial ownership of which is held by 100 or more persons on at least 335 days in each full taxable year, proportionately adjusted for a partial taxable year; and
- (h) generally in which, at any time during the last half of each taxable year, no more than 50% in value of the outstanding stock is owned, directly or indirectly, by five or fewer individuals or entities treated as individuals for this purpose.

Conditions (a) through (f) must be met during each taxable year for which REIT status is sought. Conditions (g) and (h) do not have to be met until the year after the first taxable year for which a REIT election is made.

3. Share Ownership Test

REITCo's stock must be held by a minimum of 100 persons (determined without attribution to the owners of any entity owning REITCo stock) for at least 335 days in each full taxable year, proportionately adjusted for partial taxable years. In addition, at all times during the second half of each taxable year, no more than 50% in value

of REITCo stock may be owned, directly or indirectly, by five or fewer individuals (determined with attribution to the owners of any entity owning REITCo stock). As noted above, these share ownership tests do not apply until after the first taxable year for which REITCo elects REIT status.

REITCo's charter will contain certain provisions intended to enable REITCo to meet these requirements and REITCo will have the right to issue, for cash, non-voting preferred stock to satisfy the requirement that REITCo's stock be held by a minimum of 100 persons. REITCo's charter will contain provisions restricting the transfer of REITCo stock which would result in any person beneficially owning or constructively owning more than 9.8% in value or in number of shares, whichever is more restrictive, of any class or series of REITCo's outstanding capital stock. Certain exceptions to this 9.8% limitation may be authorized by REITCo's board of directors, including with respect to certain Holders of Claims that agree to execute an ownership waiver. REITCo's charter will also contain provisions requiring each holder of REITCo's shares to disclose, upon demand, constructive or beneficial ownership of shares as deemed necessary to comply with the requirements of the Internal Revenue Code. Furthermore, stockholders failing or refusing to comply with REITCo's disclosure request will be required, under regulations of the Internal Revenue Code, to submit a statement of such information to the IRS at the time of filing their annual income tax return for the year in which the request was made.

4. Subsidiary Entities

A qualified REIT subsidiary is a corporation that is wholly owned by a REIT and is not a TRS. For purposes of the Asset and Gross Income Tests described below, all assets, liabilities, and tax attributes of a qualified REIT subsidiary are treated as belonging to the REIT. A qualified REIT subsidiary is not subject to U.S. federal income tax, but may be subject to state or local tax. Although REITCo expects to hold substantially all of its assets (other than certain assets held by a TRS in the Spin Structure) through PropCo, REITCo may hold assets through qualified REIT subsidiaries to the extent its governing documents permits such holdings (including through an amendment, in the event the initial governing documents do not permit such holdings). A partnership (which is how PropCo is intended to be classified following the Effective Date) is not subject to U.S. federal income tax and instead allocates its tax attributes to its partners. The partners are subject to U.S. federal income tax on their allocable share of the income and gain, without regard to whether they receive distributions from the partnership. Each partner's share of a partnership's tax attributes is determined in accordance with the limited partnership agreement. For purposes of the Asset and Gross Income Tests, REITCo will be deemed to own a proportionate share of the assets of PropCo, and REITCo will be allocated a proportionate share of each item of gross income from PropCo.

5. Asset Tests

At the close of each calendar quarter of each taxable year, REITCo will need to satisfy a series of tests based on the composition of REITCo's assets (the "Asset Tests"). After initially meeting the Asset Tests at the close of any quarter, REITCo will not lose its status as a REIT for failure to satisfy the Asset Tests at the end of a later quarter solely due to changes in the value of REITCo's assets. In addition, if the failure to satisfy the Asset Tests results from an acquisition during a quarter, the failure can be cured by disposing of non-qualifying assets within 30 days after the close of that quarter. The Debtors intend that REITCo will maintain adequate records of the value of REITCo's assets to ensure compliance with these tests and will act within 30 days after the close of any quarter as may be required to cure any noncompliance.

At least 75% of the value of REITCo's assets must be represented by "real estate assets," cash, cash items (including receivables), and government securities (the "75% Asset Test"). Real estate assets include (a) real property (including interests in real property and interests in mortgages on real property), (b) shares in other qualifying REITs, and (c) certain debt instruments issued by publicly-traded REITs, and (d) any stock or debt instrument (not otherwise a real estate asset) attributable to the temporary investment of "new capital," but only for the one-year period beginning on the date REITCo receives the new capital. Property will qualify as being attributable to the temporary investment of new capital if the money used to purchase the stock or debt instrument is received by us in exchange for REITCo stock or in a public offering of debt obligations that have a maturity of at least five years. If REITCo invests in any securities that do not qualify under the 75% Asset Test, such securities

may not exceed either: (a) 5% of the value of REITCo's assets as to any one issuer, or (b) 10% of the outstanding securities by vote or value of any one issuer (unless an exception, including the exception for "straight debt," applies). A partnership interest held by a REIT (e.g., partnership interests in PropCo held by REITCo) is not considered a "security" for purposes of these 5% and 10% tests; instead, the REIT is treated as owning directly its proportionate interest in the equity interests and certain debt securities issued by a partnership. For all of the other Asset Tests, a REIT's proportionate share is based on its proportionate interest in the capital of the partnership. In addition, as discussed above, the stock of a qualified REIT subsidiary is not counted for purposes of the Asset Tests.

A REIT may own the stock of a TRS. A TRS is a corporation (other than another REIT) that is owned in whole or in part by a REIT, and joins in an election with the REIT to be classified as a TRS. A corporation that is 35% owned by a TRS will also be treated as a TRS. Securities of a TRS are excepted from the 5% and 10% vote and value limitations on a REIT's ownership of securities of a single issuer. However, no more than 25% of the value of a REIT's assets may be represented by securities of one or more TRSs (and such limit will be reduced to 20% for tax years beginning after December 31, 2017).

In certain instances where a REIT fails to satisfy the Asset Tests but the failure is within a certain threshold, the REIT will not lose its REIT status if it takes certain corrective measures, notifies Treasury, and pays a penalty.

The Debtors expect that REITCo's holdings of securities and other assets comply with the foregoing Asset Tests, and the Debtors intend that REITCo will monitor compliance with such tests on an ongoing basis. The values of some of REITCo's assets, however, may not be precisely valued, and values are subject to change in the future. Furthermore, the proper classification of an instrument as debt or equity for U.S. federal income tax purposes may be uncertain in some circumstances, which could affect the application of the Asset Tests. Accordingly, there can be no assurance that the IRS will not contend that REITCo's assets do not meet the requirements of the Asset Tests.

6. Gross Income Tests

For each calendar year, REITCo will be required to satisfy two separate tests based on the composition of REITCo's gross income, as defined under REITCo's method of accounting (the "Gross Income Tests"). If REITCo fails to satisfy either of the Gross Income Tests discussed below for any taxable year, REITCo may retain its status as a REIT for such year if: (i) the failure was due to reasonable cause and not due to willful neglect, (ii) REITCo attaches to its return a schedule describing the nature and amount of each item of REITCo's gross income, and (iii) any incorrect information on such schedule was not due to fraud with intent to evade U.S. federal income tax. If this relief provision is available, REITCo would remain subject to tax equal to the greater of the amount by which REITCo failed the 75% Gross Income Test or the 95% Gross Income Test, as applicable, multiplied by a fraction meant to reflect REITCo's profitability.

a. The 75% Gross Income Test

At least 75% of REITCo's gross income for the taxable year (excluding gross income from prohibited transactions and certain hedging transactions and cancellation of indebtedness income) must result from (i) rents from real property, (ii) interest on obligations secured by mortgages on real property or on interests in real property, (iii) gains from the sale or other disposition of real property (including interests in real property and interests in mortgages on real property) other than property held primarily for sale to customers in the ordinary course of its trade or business, (iv) dividends from other qualifying REITs and gain (other than gain from prohibited transactions) from the sale of shares of other qualifying REITs, (v) other specified investments relating to real property or mortgages thereon, and (vi) income attributable to stock or a debt investment that is attributable to a temporary investment of new capital (as described under the 75% Asset Test above) received or earned during the one-year period beginning on the date such new capital is received (the "75% Gross Income Test"). The Debtors intend that REITCo will invest funds not otherwise invested in real properties in cash sources or other liquid investments which will allow REITCo to qualify under the 75% Gross Income Test.

Income attributable to a lease of real property will generally qualify as “rents from real property” under the 75% Gross Income Test (and the 95% Gross Income Test described below), subject to the rules discussed below. Rent from a particular tenant will not qualify if REITCo, or one or more owners of 10% or more of REITCo’s stock, directly or indirectly, owns 10% or more of the voting stock or the total number of shares of all classes of stock in, or 10% or more of the assets or net profits of, the tenant (subject to certain exceptions). The portion of rent attributable to personal property rented in connection with real property will not qualify, unless the portion attributable to personal property is 15% or less of the total rent received under, or in connection with, the lease. Generally, rent will not qualify as “rents from real property” if it is based in whole, or in part, on the income or profits of any person from the underlying property. However, rent will not fail to qualify as “rents from real property” if it is based on a fixed percentage (or designated varying percentages) of receipts or sales, including amounts above a base amount so long as the base amount is fixed at the time the lease is entered into, the provisions are in accordance with normal business practice and the arrangement is not an indirect method for basing rent on income or profits.

Rental income will not qualify if REITCo furnishes or renders services to tenants or manages or operates the underlying property, other than through a permissible “independent contractor” from whom REITCo derives no revenue, or through a TRS. This requirement, however, does not apply to the extent that the services, management or operations provided by REITCo are “usually or customarily rendered” in connection with the rental of space, and are not otherwise considered “rendered to the occupant.” If the total amount of REITCo’s “impermissible tenant service income” from non-customary services exceeds 1% of REITCo’s total income from a property, then all of the income from that property will fail to qualify as rents from real property. If the total amount of impermissible tenant service income from a property does not exceed 1% of REITCo’s total income from the property, the services will not “taint” the other income from the property (that is, it will not cause the rent paid to REITCo by tenants of that property to fail to qualify as rents from real property), but impermissible tenant service income will not qualify as rents from real property. The Debtors intend that REITCo’s board of directors will hire qualifying independent contractors or utilize one or more TRSs to render services, if any, which the board believes, after consultation with REITCo’s tax advisors, are not usually or customarily rendered in connection with the rental of space.

In order for the rent paid pursuant to leases (if any) to constitute “rents from real property,” the leases must be respected as true leases for federal income tax purposes. Accordingly, the leases cannot be treated as service contracts, joint ventures or some other type of arrangement. The determination of whether the leases are true leases for federal income tax purposes depends upon an analysis of all the surrounding facts and circumstances. In making such a determination, courts have considered a variety of factors, including the following:

- (a) the intent of the parties;
- (b) the form of the agreement;
- (c) the degree of control over the property that is retained by the property owner (*e.g.*, whether the lessee has substantial control over the operation of the property or whether the lessee was required simply to use its best efforts to perform its obligations under the agreement); and
- (d) the extent to which the property owner retains the risk of loss with respect to the property (*e.g.*, whether the lessee bears the risk of increases in operating expenses or the risk of damage to the property) or the potential for economic gain (*e.g.*, appreciation) with respect to the property.

In addition, section 7701(e) of the Internal Revenue Code provides that a contract that purports to be a service contract or a partnership agreement is treated instead as a lease of property if the contract is properly treated as such, taking into account all relevant factors. Since the determination of whether a service contract should be treated as a lease is inherently factual, the presence or absence of any single factor may not be dispositive in every case.

The Master Lease Agreements have been structured with the intent to qualify as true leases for federal income tax purposes. For example, with respect to each lease, the Debtors generally expect that:

- (a) PropCo and the lessee (as of the Effective Date, OpCo and certain of OpCo's subsidiaries) will intend for their relationship to be that of a lessor and lessee, and that such relationship will be documented by a lease agreement;
- (b) the lessee will have the right to exclusive possession and use and quiet enjoyment of the properties covered by the lease during the term of the lease;
- (c) the lessee will bear the cost of, and will be responsible for, day-to-day maintenance and repair of the properties, and will generally control how the properties will be operated and maintained;
- (d) the lessee will bear all of the costs and expenses of operating the properties, including the cost of any inventory used in the lessees' operation, during the term of the lease, with some limited exceptions;
- (e) the lessee will benefit from any savings and will bear the burdens of any increases in the costs of operating the properties during the term of the lease;
- (f) the lessee will be at economic risk due to damage to the properties because income from operations may be lost, subject to certain terminations rights (and the potential ability to recover from insurance proceeds, with such insurance policies to be procured by the lessees);
- (g) the lessees will have certain indemnification obligations to PropCo;
- (h) the lessees will be obligated to pay, at a minimum, substantial base rent for the period of use of the properties under the lease;
- (i) the lessees will stand to incur substantial losses or reap substantial gains depending on how successfully the properties are operated; and
- (j) upon termination of each lease, the applicable property will be expected to have a substantial remaining useful life and substantial remaining fair market value.

The analysis of whether a lease is a true lease for U.S. federal income tax purposes is inherently factual. If the Master Lease Agreements (or any leases subsequently entered into) are characterized as services contracts or partnership agreements, rather than as true leases, or disregarded altogether for tax purposes, part or all of the payments that PropCo and its subsidiaries receive may not be considered rent or may not otherwise satisfy the various requirements for qualification as "rents from real property." In that case, REITCo would not be able to satisfy the Gross Income Tests and, as a result, would lose its REIT status unless it qualifies for relief.

As indicated above, "rents from real property" must not be based in whole or in part on the income or profits of any person. The Master Lease Agreements provide for periodic payments of a specified base rent plus, to the extent that it exceeds the base rent, additional rent which is calculated based upon gross sales, plus certain other amounts. Payments made pursuant to these leases should qualify as "rents from real property" since they are generally based on either fixed dollar amounts or on specified percentages of gross sales fixed at the time the leases were entered into. The foregoing assumes that the leases have not been and will not be renegotiated during their term in a manner that has the effect of basing either the percentage rent or base rent on income or profits. The foregoing also assumes that the leases are not in reality used as a means of basing rent on income or profits. More generally, the rent payable under the leases will not qualify as "rents from real property" if, considering the leases and all the surrounding circumstances, the arrangement does not conform with normal business practice. The Debtors intend that REITCo will not renegotiate the percentages used to determine the percentage rent during the

terms of the leases in a manner that will have the effect of basing rent on income or profits. In addition, the Debtors believe that the rental provisions and other terms of the leases conform with normal business practice and generally are not intended to be used as a means of basing rent on income or profits. Furthermore, the Debtors intend that, with respect to properties that REITCo acquires in the future, no rent for any property will be charged that is based in whole or in part on the income or profits of any person, except by reason of being based on a fixed percentage of gross revenues, as described above.

b. The 95% Gross Income Test

In addition to deriving 75% of its gross income from the sources listed above, at least 95% of REITCo's gross income (excluding gross income from prohibited transactions and certain hedging transactions and cancellation of indebtedness income) for the taxable year must be derived from (i) sources which satisfy the 75% Gross Income Test, (ii) dividends, (iii) interest, and (iv) gain from the sale or disposition of stock or other securities that are not assets held primarily for sale to customers in the ordinary course of its trade or business (the "95% Gross Income Test"). The Debtors intend that REITCo will invest funds not otherwise invested in properties in cash sources or other liquid investments which will allow REITCo to satisfy the 95% Gross Income Test.

REITCo's share of income from the properties will primarily give rise to rental income and gains on sales of the properties, substantially all of which will generally qualify under the 75% Gross Income and 95% Gross Income Tests. REITCo's anticipated operations indicate that it is likely that it will have little or no non-qualifying income. As described above, REITCo may establish one or more TRSs. The gross income generated by these TRSs would not be included in REITCo's gross income. Any dividends from TRSs to REITCo would be included in REITCo's gross income and qualify for the 95% Gross Income Test.

7. REIT Distribution Requirements

a. E&P Purging Dividend in Spin Structure

If the Spin Structure is implemented, REITCo must distribute any "earnings and profits" as defined in the Internal Revenue Code ("E&P") that are allocated from CEOC to REITCo in connection with the Spin Structure (the "E&P Purging Dividend").

The E&P Purging Dividend will consist of cash or a mixture of stock and cash. In the event the E&P Purging Dividend is paid with a combination of stock and cash, each Holder of REIT stock will be entitled to elect to receive all stock, all cash or a combination of the two, but in any event the total aggregate amount of the E&P Purging Dividend is currently anticipated to consist of at least 20% cash. Regardless of any Holder's election and the amount of cash that is included in the E&P Purging Dividend, the full amount of the E&P Purging Dividend will be taxable to Holders of REIT stock.

b. Annual Distribution Requirements

REITCo will be required to distribute dividends (other than capital gain dividends) to REITCo's stockholders each year in an amount at least equal to the excess of: (i) the sum of: (A) 90% of REITCo's REIT taxable income (determined without regard to the deduction for dividends paid and by excluding any net capital gain); and (B) 90% of the net income (after tax) from foreclosure property; over (ii) the sum of some types of items of non-cash income. Whether sufficient amounts have been distributed is based on amounts paid in the taxable year to which they relate, or in the following taxable year if REITCo: (1) declares a dividend before the due date of REITCo's tax return (including extensions); (2) distributes the dividend within the 12-month period following the close of the taxable year (and not later than the date of the first regular dividend payment made after such declaration); and (3) files an election with REITCo's tax return. Additionally, dividends that REITCo declares in October, November or December in a given year payable to stockholders of record in any such month will be treated as having been paid on December 31 of that year so long as the dividends are actually paid during January of the following year.

In order for REITCo's distributions to be counted as satisfying the annual distribution requirements for REITs, and to provide REITCo with a REIT-level tax deduction for dividends paid, the distributions must not be "preferential dividends." A dividend is not a preferential dividend if the distribution is (1) pro rata among all outstanding shares of stock within a particular class, and (2) in accordance with the preferences among different classes of stock as set forth in REITCo's organizational documents. However, this restriction with respect to preferential dividends will not apply to REITCo so long as REITCo is required to file annual and periodic reports with the SEC under the '34 Act.

If REITCo fails to meet the annual distribution requirements as a result of an adjustment to REITCo's U.S. federal income tax return by the IRS, or under certain other circumstances, REITCo may cure the failure by paying a "deficiency dividend" (plus penalties and interest to the IRS) within a specified period.

In the event REITCo does not have sufficient cash in a particular year (or elects to retain such cash) to satisfy REITCo's annual distribution requirements, REITCo may elect to borrow cash to fund such distributions. Alternatively, REITCo may elect to utilize taxable stock dividends (or consent dividends, in the event sufficient consent can be obtained) to satisfy its annual distribution requirements. If taxable stock dividends or consent dividends are utilized, regardless of the amount of cash that is included in such dividend, the full amount of such dividend will be taxable to Holders of REITCo stock.

8. Failure to Qualify

If REITCo fails to qualify as a REIT in any taxable year, REITCo may be eligible for relief provisions if the failures are due to reasonable cause and not willful neglect and if a penalty tax is paid with respect to each failure to satisfy the applicable requirements. If the applicable relief provisions are not available or cannot be met, REITCo will not be able to deduct REITCo's dividends and will be subject to U.S. federal income tax (including any applicable alternative minimum tax) on REITCo's taxable income at regular corporate rates, thereby reducing cash available for distributions and potentially having other materially adverse effects on REITCo's finances. In such event, to the extent of current and accumulated earnings and profits, all distributions to stockholders will be taxable as ordinary dividends, and, subject to limitations in the Internal Revenue Code, corporate distributees may be eligible for the dividends-received deduction. Unless entitled to relief under specific statutory provisions, REITCo also would be disqualified from reelecting taxation as a REIT for the four taxable years following the year during which qualification was lost.

In the event that REITCo fails to satisfy one or more requirements for qualification as a REIT, other than the Gross Income Tests and the Asset Tests, each of which is subject to the cure provisions described above, REITCo will retain its REIT qualification if (a) the violation is due to reasonable cause and not willful neglect and (b) REITCo pays a penalty of \$50,000 for each failure to satisfy the provision.

9. Prohibited Transactions

REITCo will be subject to a 100% U.S. federal income tax on any net income derived from "prohibited transactions." Net income derived from prohibited transactions arises from the sale or exchange of property held for sale to customers in the ordinary course of REITCo's business which is not foreclosure property. There is an exception to this rule for the sale of real property that has been held for at least two years that: (a) has aggregate expenditures which are includable in the basis of the property not in excess of 30% of the net selling price; (b) in some cases, was held for production of rental income for at least two years; (c) in some cases, substantially all of the marketing and development expenditures were made through an independent contractor; and (d) when combined with other sales in the year, either does not cause the REIT to have made more than seven sales of property during the taxable year, or occurs in a year when the REIT disposes of less than 10% of its assets (measured by U.S. federal income tax basis or fair market value, and ignoring involuntary dispositions and sales of foreclosure property).

The Debtors intend that REITCo's acquisition and operation of properties will result in the production of rental income. Accordingly, the Debtors do not expect that REITCo or PropCo will hold any property for sale to customers in the ordinary course of REITCo's business.

10. Investments in TRSs

REITCo and any entity treated as a corporation for tax purposes in which REITCo owns an interest are allowed to jointly elect to treat such entity as a “taxable REIT subsidiary.” In addition, if any of our TRSs owns, directly or indirectly, securities representing 35% or more of the vote or value of an entity treated as a corporation for tax purposes, that subsidiary will also automatically be treated as REITCo’s taxable REIT subsidiary.

One or more of REITCo’s subsidiaries may elect to be treated as a TRS, and additional subsidiaries may subsequently become TRSs. As REITCo’s TRSs, these entities will pay U.S. federal and state income taxes at the full applicable corporate rates on their income (without deduction for payment of any dividends). Such TRSs will attempt to minimize the amount of such taxes, but there can be no assurance whether or the extent to which measures taken to minimize taxes will be successful. To the extent any of REITCo’s TRSs is required to pay U.S. federal, state or local taxes, the cash available for distribution by such TRS to its stockholders, including REITCo, will be reduced accordingly.

TRSs are subject to full corporate level taxation on their earnings, but are permitted to engage in certain types of activities which cannot be performed directly by REITs without jeopardizing their REIT status. Other than some activities relating to lodging and health care facilities, a taxable REIT subsidiary generally may engage in any business activity, including the provision of services to a REIT’s tenants, without causing the REIT to receive impermissible tenant service income under the Gross Income Tests and without subjecting the REIT to the 100% penalty tax on prohibited transactions.

11. Tax on Built-In Gain

If REITCo (directly or indirectly through PropCo) acquires certain assets in tax-deferred transactions, which assets were held by one or more C corporations before they were held by REITCo, REITCo may be subject to a built-in gain tax on a future disposition of such assets. This rule will apply to the substantial majority of the properties acquired by REITCo pursuant to the Plan. If REITCo disposes of any such assets during the five-year period following acquisition (*i.e.*, during the five-year period following REITCo’s qualification as a REIT), REITCo will be subject to U.S. federal income tax (and applicable state and local taxes) at the highest corporate tax rates on any gain recognized from the disposition such assets to the extent of the excess of the fair market value of such assets on the date that they were contributed to or acquired by REITCo in a tax-deferred transaction over the adjusted tax basis of such assets on such date, which are referred to as built-in gains. REITCo would be subject to this corporate-level tax liability (without the benefit of the deduction for dividends paid) even if REITCo qualifies and maintains its status as a REIT. Any recognized built-in gain will retain its character as ordinary income or capital gain and will be taken into account in determining REIT taxable income and the distribution requirement. Any tax on the recognized built-in gain will reduce REIT taxable income. REITCo may choose to forego otherwise attractive opportunities to sell assets in a taxable transaction during the five-year built-in gain recognition period in order to avoid this built-in gain tax. However, there can be no assurance that such a taxable transaction will not occur. The amount of any such built-in gain tax could be material and the resulting tax liability could have a negative effect on REITCo’s cash flow and limit REITCo’s ability to pay distributions required to maintain our status as a REIT (or cause REITCo to pay such distributions partially in kind, as discussed above).

12. Taxation of Taxable U.S. Holders of REITCo Stock⁸⁸

As long as REITCo qualifies as a REIT, distributions paid to U.S. Holders of REITCo stock out of current or accumulated earnings and profits (and not designated as capital gain dividends) will generally be ordinary income and generally will not be “qualified dividends” in the case of non-corporate U.S. Holders of REITCo stock and will not be eligible for the dividends received deduction in the case of corporate U.S. Holders of REITCo stock. Distributions in excess of current and accumulated earnings and profits are treated first as a tax-deferred return of

⁸⁸ This discussion does not apply to Holders of Claims (if any) that receive PropCo LP Interests rather than REIT stock. The treatment of such Holders of Claims will be subject to standard partnership taxation principles, as discussed below.

capital to the stockholder, reducing the stockholder's tax basis in his or her common stock by the amount of such distribution, and then as capital gain.

Because REITCo's earnings and profits are reduced for depreciation and other non-cash items, it is possible that a portion of each distribution will constitute a tax-deferred return of capital. Additionally, because distributions in excess of earnings and profits reduce Holders' basis in REITCo stock, this will increase Holders' gain on any subsequent sale of REITCo stock. Distributions that are designated as capital gain dividends will be taxed as long-term capital gains to the extent they do not exceed actual net capital gain for the taxable year, without regard to the period for which the Holder that receives such distribution has held its stock. Corporate Holders may be required to treat up to 20% of some types of capital gain dividends as ordinary income. Additionally, REITCo may also decide to retain, rather than distribute, REITCo's net long-term capital gains and pay any tax thereon. In such instances, Holders would include their proportionate shares of such gains in income, receive a credit on their returns for their proportionate share of REITCo tax payments, and increase the tax basis of their shares of stock by the after-tax amount of such gain.

Dividend income is characterized as "portfolio" income under the passive loss rules and cannot be offset by a stockholder's current or suspended passive losses. Although stockholders generally recognize taxable income in the year that a distribution is received, any distribution REITCo declares in October, November or December of any year that is payable to a Holder of record on a specific date in any such month will be treated as both paid by REITCo and received by the Holder on December 31 of the year it was declared if paid by REITCo during January of the following calendar year.

Because REITCo is not a pass-through entity for U.S. federal income tax purposes, Holders may not use REITCo's operating or capital losses to reduce their tax liabilities. As discussed above, in certain circumstances, REITCo may have the ability to declare a large portion of a dividend in REITCo stock. Moreover, up to 80% of the E&P Purging Dividend may be paid in stock. In such a case, a Holder would be taxed on 100% of the dividend in the same manner as a cash dividend, even though most of the dividend was paid in shares of REITCo stock. In general, the sale of REITCo stock held for more than 12 months will produce long-term capital gain or loss. All other sales will produce short-term gain or loss. In each case, the gain or loss is equal to the difference between the amount of cash and fair market value of any property received from the sale and the stockholder's basis in the stock sold. However, any loss from a sale or exchange of stock by a Holder who has held such stock for six months or less generally will be treated as a long-term capital loss, to the extent that the Holder treated REITCo distributions as long-term capital gains. REITCo will report to U.S. Holders and to the IRS the amount of dividends paid during each calendar year, and the amount (if any) of U.S. federal income tax REITCo withholds.

13. Taxation of Tax-Exempt Holders of REITCo Stock

The IRS has issued a revenue ruling in which it held that amounts distributed by a REIT to a tax-exempt employees' pension trust do not constitute unrelated business taxable income. Subject to the discussion below regarding a "pension-held REIT," based upon the ruling, the analysis in the ruling and the statutory framework of the Internal Revenue Code, distributions to a domestic stockholder that is a tax-exempt entity by REITCo should also not constitute unrelated business taxable income, provided that the tax-exempt entity has not financed the acquisition of shares of REITCo stock with "acquisition indebtedness" within the meaning of the Internal Revenue Code, that the shares of REITCo stock are not otherwise used in an unrelated trade or business of the tax-exempt entity, and that REITCo, consistent with the Debtors' present intent, does not hold a residual interest in a real estate mortgage investment conduit. Social clubs, voluntary employee benefit associations, supplemental unemployment benefit trusts, and qualified group legal services plans that are exempt from taxation under special provisions of the U.S. federal income tax laws are subject to different unrelated business taxable income rules, which generally will require them to characterize distributions that they receive from REITCo as unrelated business taxable income.

However, if any pension or other retirement trust that qualifies under section 401(a) of the Internal Revenue Code holds more than 10% by value of the interests in a "pension-held REIT" at any time during a taxable year, a portion of the dividends paid to the qualified pension trust by such REIT may constitute unrelated business taxable income. For these purposes, a "pension-held REIT" is defined as a REIT if such REIT would not have qualified as a

REIT but for the provisions of the Internal Revenue Code which look through such a qualified pension trust in determining ownership of stock of the REIT and either (i) at least one qualified pension trust holds more than 25% by value of the interests of such REIT or (ii) one or more qualified pension trusts (each owning more than a 10% interest by value in the REIT) hold in the aggregate more than 50% by value of the interests in such REIT.

14. Taxation of Non-U.S. Holders of REITCo Stock

The rules governing the U.S. federal income taxation of beneficial Holders of REITCo stock that are Non-U.S. Holders are complex. Only a summary of such rules is provided in this Disclosure Statement. This summary supplements the discussion in the section of this tax disclosure entitled “Certain Federal Income Tax Consequences of the Plan to Non-U.S. Holders of Allowed Claims and Interests.” Non-U.S. Holders should consult their tax advisors to determine the effect that U.S. federal, state and local income tax or similar laws will have on Holders as a result of ownership of REITCo stock.

Distributions paid by REITCo that are not attributable to gain from REITCo’s sales or exchanges of U.S. real property interests and not designated by REITCo as capital gain dividends will be treated as dividends of ordinary income to the extent that they are made out of REITCo’s current or accumulated earnings and profits. Such dividends to Non-U.S. Holders ordinarily will be subject to a withholding tax equal to 30% of the gross amount of the dividend unless an applicable tax treaty reduces or eliminates that tax. However, if income from REITCo stock is treated as effectively connected income, the Non-U.S. Holder generally will be subject to a tax at the graduated rates applicable to ordinary income, in the same manner as U.S. Holders are taxed with respect to such dividends (and may also be subject to the 30% branch profits tax, or such lower rate provided by an applicable tax treaty, in the case of a Non-U.S. Holder that is a foreign corporation). Dividends in excess of REITCo’s current and accumulated earnings and profits will not be taxable to a Non-U.S. Holder to the extent they do not exceed the adjusted basis of the Non-U.S. Holder’s shares. Instead, such dividends will reduce the adjusted basis of such shares. To the extent that such dividends exceed the adjusted basis of a Non-U.S. Holder’s shares, they will give rise to tax liability if the Non-U.S. Holder would otherwise be subject to tax on any gain from the sale or disposition of his shares.

Distributions that are attributable to gain from REITCo’s sales or exchanges of U.S. real property interests will be taxed to a Non-U.S. Holder as if such gain were effectively connected income. Non-U.S. Holders would thus be required to file U.S. federal income tax returns and would be taxed at the rates applicable to U.S. Holders, and would be subject to a special alternative minimum tax in the case of nonresident alien individuals. Also, such dividends may be subject to a 30% branch profits tax in the hands of a corporate Non-U.S. Holder not entitled to any treaty exemption. However, generally a capital gain dividend from a REIT is not treated as effectively connected income for a foreign investor if (i) the distribution is received with regard to a class of stock that is regularly traded on an established securities market located in the United States; and (ii) the foreign investor does not own more than 10% of the class of stock at any time during the tax year within which the distribution is received.

Gain recognized by a Non-U.S. Holder upon a sale of shares of REITCo stock generally will not be subject to U.S. federal income taxation, provided that: (i) such gain is not effectively connected income; (ii) the Non-U.S. Holder is not present in the United States for 183 days or more during the taxable year and certain other conditions apply; and (iii) REITCo is “domestically controlled,” which generally means that less than 50% in value of REITCo shares were held directly or indirectly by foreign persons during the five year period ending on the date of disposition or, if shorter, during the entire period of REITCo’s existence. The Debtors cannot assure that REITCo will qualify as “domestically controlled.”

If REITCo was not “domestically controlled”, a Non-U.S. Holder’s sale of stock would be subject to U.S. federal income taxation, unless REITCo stock was regularly traded on an established securities market and the selling Non-U.S. Holder has not directly, or indirectly, owned during a specified testing period more than 10% in value of such class of REITCo stock. If the gain on the sale of REITCo stock was subject to taxation, the Non-U.S. Holder would be subject to the same treatment as a U.S. Holder with respect to such gain, and the purchaser of such stock may be required to withhold 10% of the gross purchase price of such shares.

Whether or not REITCo is “domestically controlled”, a Non-U.S. Holder generally will incur tax on gain from the sale of REITCo stock if (i) the gain is effectively connected income, in which case the Non-U.S. Stockholder will be subject to the same treatment as U.S. Holders with respect to such gain, or (ii) the Non-U.S. Holder is a nonresident alien individual who was present in the United States for 183 days or more during the taxable year and has a “tax home” in the United States, in which case the Non-U.S. Holder will generally incur a 30% tax on his or her net U.S. source capital gains.

Information relating to withholding considerations for Non-U.S. Holders is discussed below.

F. Tax Aspects of REITCo’s Ownership of PropCo

1. REITCo Will Be a Partner in PropCo, Which Will Hold the Substantial Majority of REITCo’s Assets

Other than properties or assets owned by the TRS, as of the Effective Date, all of REITCo’s properties will be owned through PropCo or subsidiaries thereof. The Debtors intend that PropCo will qualify as a partnership for U.S. federal income tax purposes. In general, a partnership is a “pass-through” entity which is not subject to U.S. federal income tax. Rather, partners are allocated their proportionate share of the items of income, gain, loss, deduction and credit of a partnership, and are potentially subject to tax thereon, without regard to whether the partner received a distribution from the partnership. REITCo will include its proportionate share of PropCo’s partnership items in REITCo’s income for purposes of the Gross Income Tests and in the computation of its REIT taxable income.

Each partner’s share of PropCo’s tax items is determined in accordance with PropCo’s limited partnership agreement, although the allocations will be adjusted for tax purposes if they do not comply with the technical provisions of section 704(b) of the Internal Revenue Code and the regulations thereunder. The Debtors intend that PropCo’s allocation of tax items will comply with these provisions. Notwithstanding these allocation provisions, for purposes of complying with the Gross Income Tests and Asset Tests applicable to REITs discussed above, REITCo will be deemed to own its proportionate share of each of the assets of PropCo and will be deemed to have received a proportionate share of the income of PropCo, in each case based on REITCo’s capital interest in PropCo. Accordingly, any increase in REITCo’s REIT taxable income from REITCo’s interest in PropCo, whether or not a corresponding cash distribution is also received from PropCo, will increase REITCo’s distribution requirements. The amount of PropCo taxable income allocated to REITCo may differ depending on whether the Spin Structure or the Partnership Contribution Structure is consummated.

2. Tax Allocations With Respect to Book Tax Differences for Contributed Properties

Under section 704(c) of the Internal Revenue Code, income, gain, loss and deductions attributable to appreciated or depreciated property that is contributed to a partnership must be allocated for U.S. federal income tax purposes in a manner such that the contributor is charged with, or benefits from, the unrealized gain or unrealized loss associated with the property at the time of contribution. The amount of unrealized gain or unrealized loss generally is equal to the difference between the fair market value of the contributed property at the time of contribution and the adjusted tax basis of the property at the time of contribution, which is referred to as the book-tax difference. A book-tax difference also can exist with respect to an asset that has not appreciated or depreciated in economic terms if that asset has been depreciated for tax purposes. A substantial book-tax difference exists with respect to certain assets that will be contributed to PropCo pursuant to the Plan.

PropCo’s limited partnership agreement will require that allocations of income, gain, loss and deductions attributable to the properties with respect to which there is a book-tax difference to be made in a manner that is consistent with section 704(c) of the Internal Revenue Code. Treasury Regulations under section 704(c) require partnerships to use a reasonable method for allocation of items affected by section 704(c) of the Internal Revenue Code.

PropCo's limited partnership agreement will also require that any gain allocated to PropCo's partners upon the sale or other taxable disposition of any PropCo asset must, to the extent possible after taking into account other required allocations of gain, be characterized as recapture income in the same proportions and to the same extent as the partners previously have been allocated any deductions directly or indirectly giving rise to the treatment of the gains as recapture income.

3. Liquidation of PropCo

If PropCo liquidates and dissolves, a distribution of its property other than money generally will not result in taxable gain to its partners, except to the extent provided in sections 704(c)(1)(B), 731, and 737 of the Internal Revenue Code. The basis of any property distributed to a PropCo partner will equal the adjusted basis of the partner's partnership interest, reduced by any money distributed in liquidation. A distribution of money upon the liquidation of PropCo, however, will be taxable to a partner to the extent that the amount of money distributed in liquidation, including any deemed distributions of cash as a result of a reduction in the partner's share of partnership liabilities, exceeds the partner's tax basis in its partnership interest.

G. Ownership and Disposition of the PropCo LP Interests

1. General

Under the Treasury Regulations, a domestic entity that has two or more members and that is not organized as a corporation under U.S. federal or state law will generally be classified as a partnership for U.S. federal income tax purposes, unless it elects to be treated as a corporation. Pursuant to the Plan and PropCo's limited partnership agreement, no election may be made for PropCo to be classified as a corporation for U.S. federal income tax purposes. Thus, subject to the discussion of publicly traded partnerships below, PropCo will be treated as a partnership for U.S. federal income tax purposes. Each holder of PropCo LP Interests is urged to consult its tax advisor regarding the tax consequences of owning and disposing of membership interests in PropCo.

Under the "publicly traded partnership" provisions of the Internal Revenue Code, an entity that would otherwise be treated as a partnership whose interests are considered to be publicly traded and does not meet a qualifying income test will be taxable as a corporation. The PropCo limited partnership agreement will prohibit the transfer of membership interests in PropCo if such transfer would jeopardize the status of PropCo as a partnership for U.S. federal income tax purposes (prior to an actual conversion for U.S. federal income tax purposes to corporate status). Any purported transfer in violation of such provisions will be null and void and would not be recognized by PropCo.

This discussion of the U.S. federal income tax consequences of the Plan assumes that PropCo will be treated as a partnership for U.S. federal income tax purposes.

As a partnership, PropCo itself will not be subject to U.S. federal income tax. Instead, PropCo will file an annual partnership information return with the IRS, which form will report the results of PropCo's operations. Each member will be required to report on its U.S. federal income tax return, and will be subject to tax in respect of, its distributive share of each item of PropCo's income, gain, loss, deduction and credit for each taxable year of PropCo ending with or within the member's taxable year. Each item generally will have the same character as if the member had realized the item directly. Members will be required to report these items regardless of the extent to which, or whether, they receive cash distributions from PropCo for such taxable year, and thus may incur income tax liabilities in excess of any distributions from PropCo. Members will also have state filing obligations in jurisdictions where PropCo's properties are located.

PropCo's tax basis and holding period in its assets contributed directly to PropCo by CEOC (or CEOC's subsidiaries) or indirectly through the REIT would be the same as CEOC's (or CEOC's subsidiaries') basis and holding period with respect to such assets.

A member is allowed to deduct its allocable share of PropCo's losses (if any) only to the extent of such member's adjusted tax basis (discussed below) in its membership interest at the end of the taxable year in which the losses occur. In addition, various other limitations in the Internal Revenue Code may significantly limit a member's ability to deduct its allocable share of deductions and losses of PropCo against other income.

PropCo will provide each member with the necessary information to report its allocable share of the PropCo tax items for U.S. federal income tax purposes; however, no assurance can be given that PropCo will be able to provide such information prior to the initial due date of the members' U.S. federal income tax returns and the members may therefore be required to apply to the IRS for an extension of time to file their tax returns.

The board of directors of PropCo will decide how items will be reported on PropCo's U.S. federal income tax returns, and all members will be required under the Internal Revenue Code to treat the items consistently on their own returns, unless they file a statement with the IRS disclosing the inconsistency. In the event that the income tax returns of PropCo are audited by the IRS, the tax treatment of PropCo income and deductions generally will be determined at the PropCo level in a single proceeding, rather than in individual audits of the members. The tax matters partner will have considerable authority under the Internal Revenue Code and the limited partnership agreement for PropCo to make decisions affecting the tax treatment and procedural rights of all members.

A member generally will not recognize gain or loss on the receipt of a distribution of cash or property from PropCo (provided that the member is not treated as exchanging such member's share of PropCo's "unrealized receivables" and/or certain "inventory items" (as those terms are defined in the Internal Revenue Code, and together "ordinary income items") for other partnership property). A member, however, will recognize gain on the receipt of a distribution of money and, in some cases, marketable securities, from PropCo (including any constructive distribution of money resulting from a reduction of the member's share of the indebtedness of PropCo) to the extent such cash distribution or the fair market value of such marketable securities distributed exceeds such member's adjusted tax basis in its membership interest. Such distribution would be treated as gain from the sale or exchange of a membership interest, which is described below.

A member will recognize gain on the complete liquidation of its membership interest only to the extent the amount of money received exceeds its adjusted tax basis in its interest. Distributions of certain marketable securities are treated as distributions of money for purposes of determining gain. Any gain recognized by a member on the receipt of a distribution from PropCo generally will be capital gain, but may be taxable as ordinary income under certain other circumstances. No loss can be recognized on a distribution in liquidation of a membership interest, unless the member receives no property other than money and ordinary income items.

A member's adjusted tax basis in its membership interest generally will be equal to such member's initial tax basis (discussed above), increased by the sum of (i) any additional capital contribution such member makes to PropCo, (ii) the member's allocable share of the income of PropCo, and (iii) increases in the member's allocable share of the indebtedness of PropCo, and reduced, but not below zero, by the sum of (iv) the member's allocable share of the losses of PropCo, and (v) the amount of money or the adjusted tax basis of property distributed to such member, including constructive distributions of money resulting from reductions in such member's allocable share of the indebtedness of PropCo.

A sale of all or part of a member's interest will result in the recognition of gain or loss in an amount equal to the difference between the amount of the sales proceeds or distribution (including any constructive distribution) and such member's adjusted tax basis for the portion of the interest disposed of. Any gain or loss recognized with respect to such a sale generally will be treated as capital gain or loss, and will be long-term capital gain or loss if the interest has been held for more than one year, except to the extent (i) that the proceeds of the sale are attributable to a member's allocable share of certain ordinary income items of PropCo and such proceeds exceed the member's adjusted tax basis attributable to such ordinary income items and (ii) of previously allowed bad debt or ordinary loss deductions (reduced by any recognized gain which the member may have received on the exchange of a Claim for PropCo Interests). A member's ability to deduct any loss recognized on the sale of its membership interest will depend on the member's own circumstances and may be restricted under the Internal Revenue Code.

PropCo's limited partnership agreement will provide that a holder of PropCo LP Interests may elect to have PropCo redeem some or all of such holder's PropCo LP Interests in exchange for, at PropCo's election, either (i) a corresponding number of shares of REIT stock (preferred or common, as the case may be), or (ii) an amount of cash equal to the fair market value of such shares. In either case such exchange would be taxable to such holder with gain or loss being recognized as described above. In the event such holder received shares of REIT stock, such holder's basis in such shares would equal their fair market value as of the date of the exchange and such holder's holding period would begin the day after the exchange.

2. Non-U.S. Holders

The U.S. federal income tax treatment of a holder of PropCo LP Interests that is a nonresident alien, non-U.S. corporation, non-U.S. partnership, non-U.S. estate or non-U.S. trust (a "Non-U.S. Partner") is complex and will vary depending on the circumstances and activities of such holder and PropCo. Each Non-U.S. Partner is urged to consult with its own tax advisor regarding the U.S. federal, state and local and non-U.S. income, estate and other tax consequences of holding interests in PropCo. The following discussion assumes that a Non-U.S. Partner is not subject to U.S. federal income taxes as a result of its presence or activities in the United States (other than as a holder of Interests in PropCo).

A Non-U.S. Partner generally will be subject to U.S. federal withholding taxes at the rate of 30 percent (or such lower rate provided by an applicable tax treaty) on its share of PropCo's income from dividends, interest (other than interest that constitutes portfolio interest within the meaning of the Internal Revenue Code), and certain other income.

The activities of PropCo are likely to be treated as a U.S. trade or business, and to the extent that such activities are so treated, a Non-U.S. Partner would be deemed to be engaged in that underlying U.S. trade or business. A Non-U.S. Partner's share of PropCo's effectively connected income would be subject to tax at normal graduated U.S. federal income tax rates and, if the Non-U.S. Partner is a corporation for U.S. federal income tax purposes, may also be subject to U.S. branch profits tax. In addition, some or all of the gain on a disposition of a Non-U.S. Partner's interest in PropCo could be treated as effectively connected income to the extent such gain is attributable to assets that generate effectively connected income. A Non-U.S. Partner generally will be required to file a U.S. federal income tax return if PropCo is deemed to be engaged in a U.S. trade or business (even if no income allocated to the Non-U.S. Partner is effectively connected income). PropCo would be required to withhold U.S. federal income tax with respect to the Non-U.S. Partner's share of income that is effectively connected income.

The Foreign Investment in Real Property Tax Act of 1980, as amended ("FIRPTA"), imposes a tax on gain realized on disposition by a non-U.S. person of a "United States real property interests" ("USRPI") by treating such gain as effectively connected with a U.S. trade or business, subjecting the non-U.S. person to tax on such gain at normal graduated U.S. federal income tax rates, and generally requiring the non-U.S. person to file a U.S. federal income tax return. PropCo LP Interests are likely to be treated as USRPis, upon a disposition by a Non-U.S. Partner of its PropCo LP Interests, the transferee of such interests would be required to deduct and withhold a tax equal to 15% of the gross amount realized on such disposition. Any amounts so withheld can be applied as a credit against the U.S. federal income tax liability of the Non-U.S. Partner and can be recovered as a refund in the event of overpayment. Non-U.S. Partners may be required to comply with certain reporting requirements to the extent provided in the Treasury Regulations.

H. Ownership and Disposition of New CEC Common Equity and New CEC Convertible Notes

1. General

Any distributions made on account of the New CEC Common Equity will constitute dividends for U.S. federal income tax purposes to the extent of the current or accumulated earnings and profits of CEC as determined under U.S. federal income tax principles. To the extent that a U.S. Holder receives distributions that would otherwise constitute dividends for U.S. federal income tax purposes but that exceed such current and accumulated earnings and profits, such distributions will be treated first as a non-taxable return of capital reducing the U.S.

Holder's basis in its shares. Any such distributions in excess of the U.S. Holder's basis in its shares (determined on a share-by-share basis) generally will be treated as capital gain.

Dividends paid to U.S. Holders that are corporations generally will be eligible for the dividends-received deduction so long as there are sufficient earnings and profits. However, the dividends-received deduction is only available if certain holding period requirements are satisfied. The length of time that a shareholder has held its stock is reduced for any period during which the shareholder's risk of loss with respect to the stock is diminished by reason of the existence of certain options, contracts to sell, short sales, or similar transactions. In addition, to the extent that a corporation incurs indebtedness that is directly attributable to an investment in the stock on which the dividend is paid, all or a portion of the dividends received deduction may be disallowed.

Unless a non-recognition provision applies, U.S. Holders generally will recognize capital gain or loss upon the sale, redemption, or other disposition of New CEC Common Equity or New CEC Convertible Notes. Such capital gain will be long-term capital gain if at the time of the sale, exchange, retirement, or other taxable disposition, the U.S. Holder held the New CEC Common Equity New CEC Convertible Notes for more than one year. Long-term capital gains of an individual taxpayer generally are taxed at preferential rates, and the ability to utilize capitalized losses may be limited.

This summary does not consider issues related to Medicare tax, and U.S. Holders of New CEC Common Equity should consult their tax advisors regarding such taxes.

2. Non-U.S. Holders

Except as described below, dividends paid with respect to New CEC Common Equity held by a Non-U.S. Holder that are not effectively connected with a Non-U.S. Holder's conduct of a U.S. trade or business (or if an income tax treaty applies, are not attributable to a permanent establishment maintained by such Non-U.S. Holder in the United States) will be subject to U.S. federal withholding tax, which is discussed below. Dividends paid with respect to New CEC Common Equity held by a Non-U.S. Holder that are effectively connected income and, if an income tax treaty applies, are attributable to a permanent establishment maintained by such Non-U.S. Holder in the United States, generally will be subject to U.S. federal income tax in the same manner as a U.S. Holder, and a Non-U.S. Holder that is a corporation for U.S. federal income tax purposes may also be subject to a branch profits tax with respect to such Non-U.S. Holder's effectively connected earnings and profits that are attributable to the dividends.

A Non-U.S. Holder generally will not be subject to U.S. federal income tax with respect to any gain realized on the sale or other taxable disposition (including a cash redemption) of New CEC Common Equity or New CEC Convertible Notes unless: (a) such Non-U.S. Holder is an individual who is present in the United States for 183 days or more in the taxable year of disposition or who is subject to special rules applicable to former citizens and residents of the United States; (b) such gain is effectively connected income; or (c) CEC is or has been during a specified period a "U.S. real property holding corporation" for U.S. federal income tax purposes.

If the first exception with respect to sales or dispositions applies, the Non-U.S. Holder generally will be subject to U.S. federal income tax at a rate of 30% (or at a reduced rate or exemption from tax under an applicable income tax treaty) on the amount by which such Non-U.S. Holder's capital gains allocable to U.S. sources exceed capital losses allocable to U.S. sources during the taxable year of disposition of New CEC Common Equity or New CEC Convertible Notes. If the second exception applies, the Non-U.S. Holder generally will be subject to U.S. federal income tax with respect to such gain in the same manner as a U.S. Holder, and a Non-U.S. Holder that is a corporation for U.S. federal income tax purposes may also be subject to a branch profits tax with respect to earnings and profits effectively connected with a U.S. trade or business that are attributable to such gains.

I. Ownership and Disposition of New CEC Convertible Notes and Conversion of New CEC Convertible Notes Into New CEC Common Equity

1. U.S. Holders

Interest on the New CEC Convertible Notes should be treated as interest on any other debt instrument, *i.e.*, treated as ordinary income to the recipient at the time such income is paid or accrued in accordance with a U.S. Holder's method of accounting for U.S. federal income tax purposes. No determination has been made with respect to whether the New CEC Convertible Notes will have original issue discount (OID), which could require the accrual of interest at times when no cash interest payments are made.

Unless a non-recognition provision applies, U.S. Holders generally will recognize capital gain or loss upon the sale, redemption, or other disposition of New CEC Convertible Notes. Such capital gain will be long-term capital gain if at the time of the sale, exchange, retirement, or other taxable disposition, the U.S. Holder held the New CEC Convertible Notes for more than one year. Long-term capital gains of an individual taxpayer generally are taxed at preferential rates, and the ability to utilize capitalized losses may be limited.

U.S. Holders of New CEC Convertible Notes generally will not recognize gain or loss upon the conversion of the New CEC Convertible Notes solely into shares of New CEC Common Equity, other than with respect to cash received in lieu of fractional shares, which should be treated as described below, and other than amounts attributable to accrued but unpaid interest, which should be taxable as interest to the extent not previously included in income. A U.S. Holder's tax basis in the New CEC Common Equity received upon such a conversion (including any fractional share deemed received, but excluding any common stock attributable to accrued interest, the tax basis of which would equal its fair market value) will be the same as the U.S. Holder's adjusted tax basis in the New CEC Convertible Notes converted. A U.S. Holder's holding period for such New CEC Common Equity should include the holding period for the notes that were converted, except with respect to New CEC Common Equity attributable to accrued interest (the holding period of which would begin the day after the New CEC Common Equity is received).

In the event that CEC delivers New CEC Common Equity and cash upon such a conversion, the United States federal income tax treatment of the conversion is uncertain. U.S. Holders should consult their tax advisors regarding the consequences of such a conversion. It is possible that the conversion may be treated as a recapitalization or as a taxable exchange in part as discussed below.

Treatment as a Recapitalization. If CEC pays a combination of cash and New CEC Common Equity in exchange for New CEC Convertible Notes upon conversion, the treatment of any gain or loss realized upon the conversion will depend on whether the conversion would constitute a recapitalization within the meaning of section 368(a)(1)(E) of the Internal Revenue Code. The conversion would be treated as a recapitalization only if the New CEC Convertible Notes constitute "securities" under the same test set forth above.

In such case, gain (but not loss) would be recognize to the extent of the lesser of (a) the amount of gain realized from the exchange or (b) the cash received in the conversion.

U.S. Holders should obtain an aggregate tax basis in the New CEC Common Equity, other than any such amounts treated as received in satisfaction of accrued but untaxed interest (or original issue discount), equal to (1) the tax basis of the surrendered New CEC Convertible Notes, less (2) cash received, plus (3) gain recognized (if any). The holding period for such New CEC Common Equity should include the holding period for the surrendered New CEC Convertible Notes.

The tax basis of any New CEC Common Equity determined to be received in satisfaction of accrued but untaxed interest (or original issue discount) should equal the amount of such accrued but untaxed interest (or original issue discount), but in no event should such basis exceed the fair market value of the New CEC Common Equity received in satisfaction of accrued but untaxed interest (or original issue discount). The holding period for such property should begin on the day following the conversion.

Alternative Treatment as Part Conversion and Part Sale. If the conversion of a CEC Convertible Note into cash and New CEC Common Equity were not treated as a recapitalization, the cash payment received would generally be treated as proceeds from the sale of a portion of the CEC Convertible Note and taxed in the manner described above (or in the case of cash received in lieu of a fractional share, taxed as a disposition of a fractional share), and the New CEC Common Equity received should be treated as having been received upon a conversion of the New CEC Convertible Notes, which generally would not be taxable to a U.S. holder except to the extent of any New CEC Common Equity received with respect to accrued but unpaid interest. In such case, the U.S. Holder's tax basis in the CEC Convertible Note would generally be allocated pro rata (based on value) among the portion of the New CEC Convertible Notes deemed exchanged for the New CEC Common Equity (other than New CEC Common Equity received with respect to accrued but unpaid interest), the portion exchanged for any fractional share that is treated as sold for cash, and the portion of the CEC Convertible Note that is treated as sold for cash. A U.S. Holder's holding period for the New CEC Common Equity received should include the U.S. Holder's holding period for the converted CEC Convertible Note, except that the holding period of any New CEC Common Equity shares received with respect to accrued interest should commence on the day after the date of receipt.

Although the issue is not entirely free from doubt, a U.S. Holder may be permitted to allocate its tax basis in a CEC Convertible Note between the portion of the CEC Convertible Note that is deemed to have been converted and the portion of the CEC Convertible Note that is deemed to have been redeemed based on the relative fair market value of shares and the amount of cash received (excluding amounts attributable to accrued but unpaid interest) upon conversion. U.S. Holders are urged to consult their own tax advisors regarding such basis allocation.

Fractional Shares. Cash received in lieu of a fractional share of common stock will be treated as a payment in exchange for the fractional share and generally will result in capital gain or loss. Gain or loss recognized on the receipt of cash paid in lieu of fractional shares generally will equal the difference between the amount of cash received and the amount of tax basis allocable to the fractional share exchanged.

2. Non-U.S. Holders

Payment of Interest. Unless a Non-U.S. Holder qualified for the portfolio interest exemption or can provide a properly-executed Form W-8BEN, W-8BEN-E, Form W-8ECI, or other applicable documentation, interest paid on the New CEC Convertible Notes will be subject to a 30% withholding tax. If a Non-U.S. Holder is engaged in a trade or business in the United States and interest on the New CEC Convertible Notes is effectively connected with the conduct of that trade or business (subject to certain treaty considerations), such Non-U.S. Holder will be subject to federal income tax on such interest payments, but the 30% withholding tax will not apply. In addition, Non-U.S. Holders may be subject to a branch profits tax equal to 30% (such to treaty considerations) of such interest.

Section 871(m). Under regulations issued pursuant to section 871(m) of the IRC, withholding at a rate of 30% (subject to certain treaty considerations) applies to certain "dividend equivalent" payments made or deemed made to Non-U.S. Holders in respect of financial instruments that reference U.S. stocks. The Section 871(m) regulations do not apply to a payment to the extent that the payment is already treated as a deemed dividend under the rules described below, and therefore generally would not apply in respect of adjustments to the conversion rate of the New CEC Convertible Notes. However, because the Section 871(m) rules are complex, it is possible that they will apply in certain circumstances in which the deemed dividend rules described below do not apply, in which case the section 871(m) rules might require withholding at a different time or amount than the deemed dividend.

J. Constructive Distributions to Holders of New CEC Common Equity and New CEC Convertible Notes

The conversion rate of the New CEC Convertible Notes may be adjusted in certain circumstances. Adjustments (or failures to make adjustments) that have the effect of increasing a Holder's proportionate interest in CEC's assets or earnings may in some circumstances result in a deemed distribution to a Holder. These provisions can apply to Holders of both New CEC Common Equity and New CEC Convertible Notes.

Adjustments to the conversion rate of the New CEC Convertible Notes made pursuant to a bona fide reasonable adjustment formula (as described in section 1.305-7(b) of the U.S. Treasury Regulations) that has the effect of preventing the dilution of the interest of the Holders of the New CEC Convertible Notes, however, will generally not be considered to result in a deemed distribution. In the event any conversion rate adjustment provisions are determined to not constitute bona fide reasonable adjustment formulas, a Holder may be deemed to have received a distribution even though such Holder did not receive any cash or property as a result of an adjustment pursuant to such provision. Any deemed distributions will be taxable as dividends, as discussed above. It is not clear whether a constructive dividend would be eligible for the reduced tax rates applicable to certain dividends paid to non-corporate Holders. It is also unclear whether corporate holders would be entitled to claim the dividends received deduction with respect to any such constructive dividends.

Non-U.S. Holders that are deemed to receive a constructive dividend pursuant to these rules may be subject to withholding taxes and/or branch profits taxes, as discussed in more detail above.

K. Withholding and Reporting

The Debtors and any other withholding party will withhold all amounts required by law to be withheld from payments of interest (or original issue discount). The Debtors and any other responsible party will comply with all applicable reporting requirements of the Internal Revenue Code. In general, information reporting requirements may apply to distributions or payments made to a Holder of a Claim. Additionally, backup withholding, currently at a rate of 28%, will generally apply to such payments unless, in the case of a U.S. Holder, such U.S. Holder provides a properly executed IRS Form W-9 or, in the case of Non-U.S. Holder, such Non-U.S. Holder provides a properly executed applicable IRS Form W-8 (or otherwise establishes such Non-U.S. Holder's eligibility for an exemption). Any amounts withheld under the backup withholding rules will be allowed as a credit against such Holder's federal income tax liability and may entitle such Holder to a refund from the IRS, provided that the required information is provided to the IRS.

In addition, from an information reporting perspective, U.S. Treasury Regulations generally require disclosure by a taxpayer on its federal income tax return of certain types of transactions in which the taxpayer participated, including, among other types of transactions, certain transactions that result in the taxpayer's claiming a loss in excess of specified thresholds. Holders are urged to consult their tax advisors regarding these regulations and whether the transactions contemplated by the Plan would be subject to these regulations and require disclosure on the Holders' tax returns.

THE FEDERAL INCOME TAX CONSEQUENCES OF THE PLAN ARE COMPLEX. THE FOREGOING SUMMARY DOES NOT DISCUSS ALL ASPECTS OF FEDERAL INCOME TAXATION THAT MAY BE RELEVANT TO A PARTICULAR HOLDER IN LIGHT OF SUCH HOLDER'S CIRCUMSTANCES AND INCOME TAX SITUATION. ALL HOLDERS OF CLAIMS AND INTERESTS SHOULD CONSULT WITH THEIR TAX ADVISORS AS TO THE PARTICULAR TAX CONSEQUENCES TO THEM OF THE TRANSACTIONS CONTEMPLATED BY THE PLAN, INCLUDING THE APPLICABILITY AND EFFECT OF ANY STATE, LOCAL, OR NON-U.S. TAX LAWS, AND OF ANY CHANGE IN APPLICABLE TAX LAWS.

RECOMMENDATION

In the opinion of the Debtors, the Plan is preferable to all other available alternatives and provides for a larger distribution to the Debtors' creditors than would otherwise result in any other scenario. Accordingly, the Debtors recommend that Holders of Claims and Interests entitled to vote on the Plan vote to accept the Plan and support Confirmation of the Plan.

Dated: June 6, 2016

Caesars Entertainment Operating Company, Inc. (for itself and
all Debtors)

By: /s/ Randall S. Eisenberg
Name: Randall S. Eisenberg
Title: Chief Restructuring Officer

Exhibit A

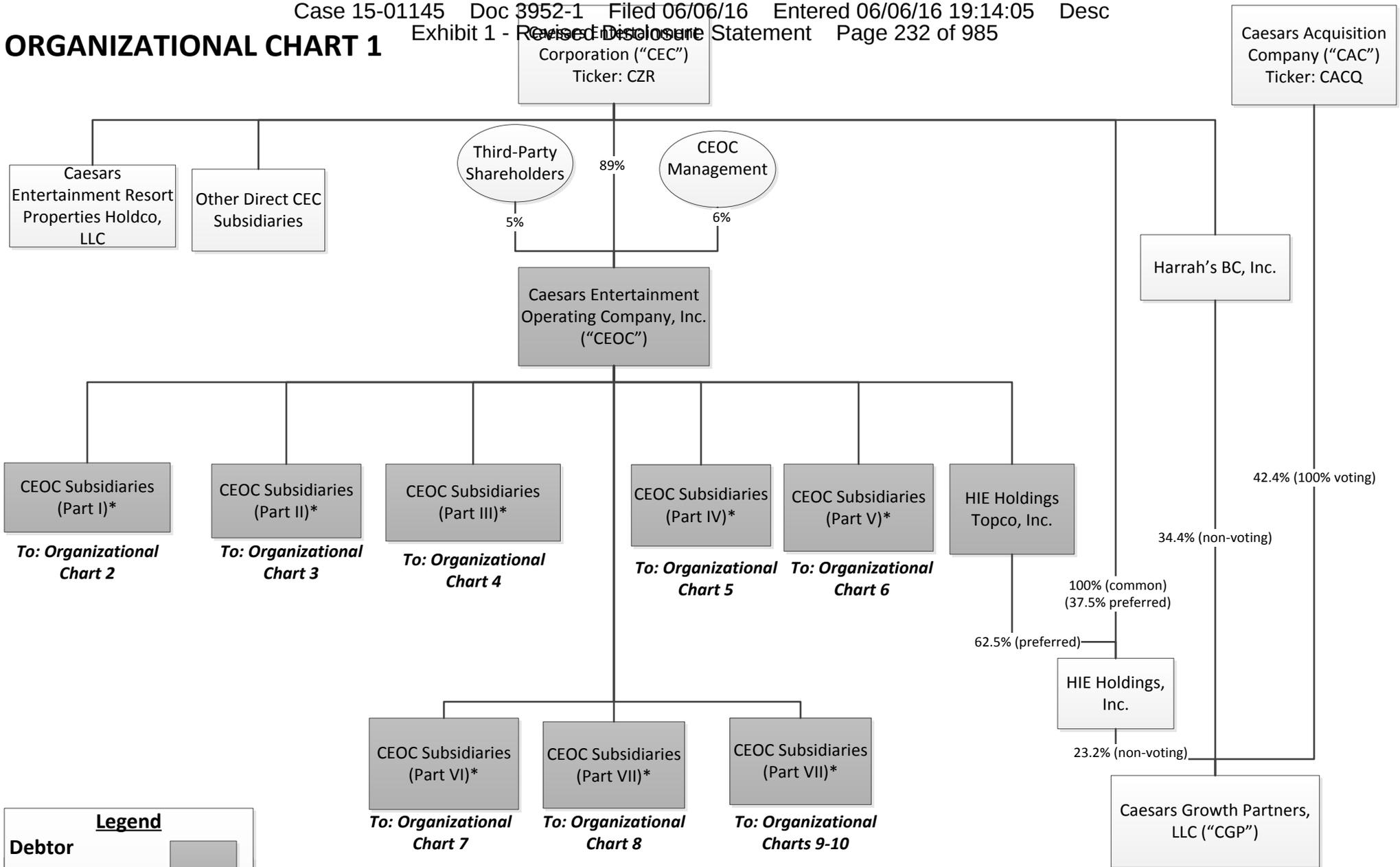
Debtors' Second Amended Joint Plan of Reorganization

[Filed at Docket No. 3951]

Exhibit B

Corporate Structure of the Debtors and Certain Non-Debtor Affiliates as of the Petition Date

ORGANIZATIONAL CHART 1



Legend

Debtor

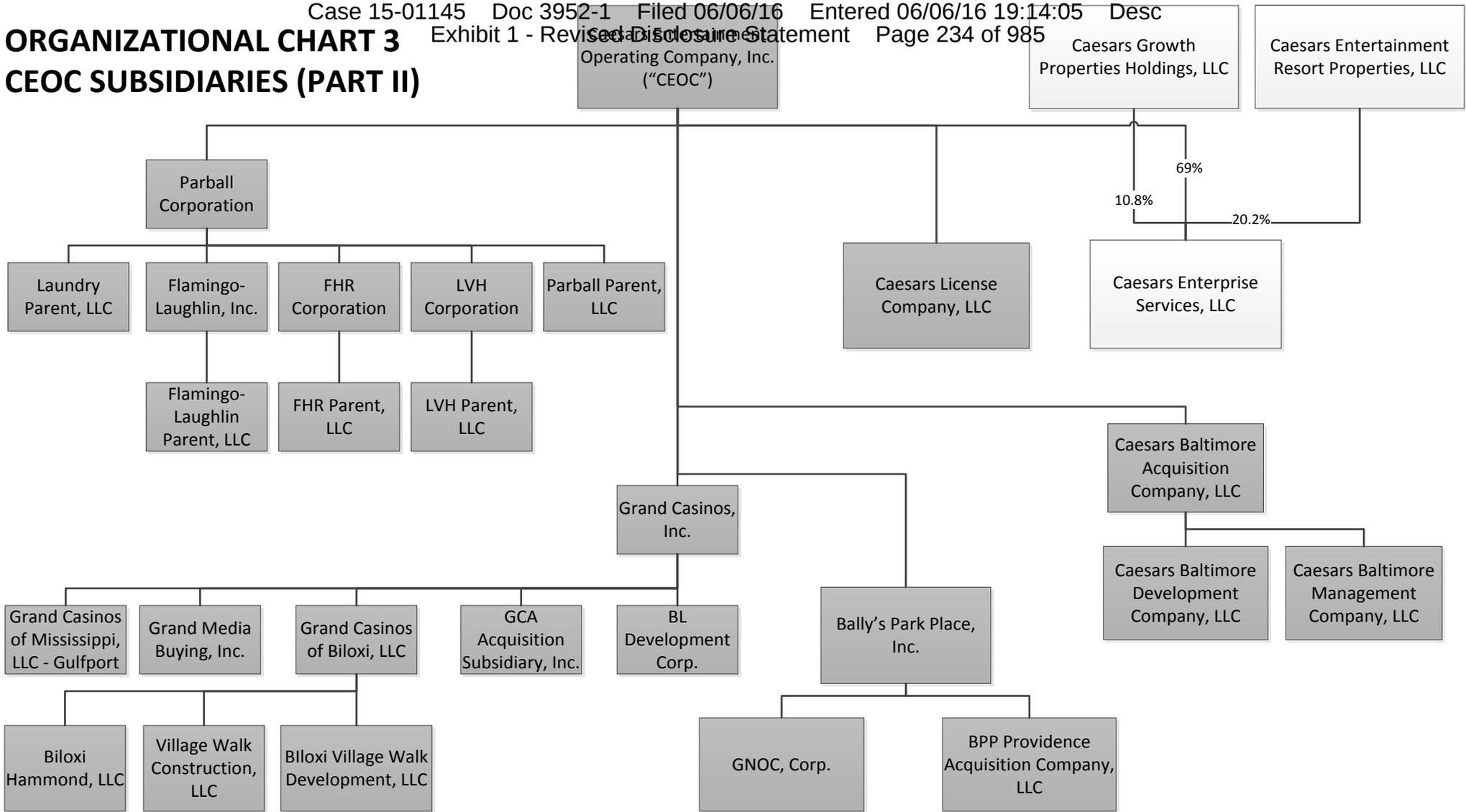
Non-Debtor

Non-Affiliate

*Only certain of the CEOC subsidiaries are Debtors.

ORGANIZATIONAL CHART 3

CEOC SUBSIDIARIES (PART II)



Legend

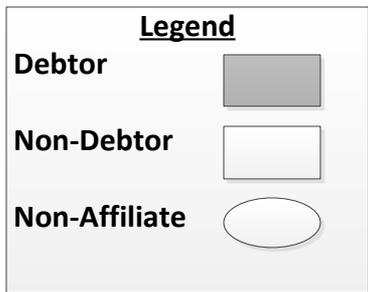
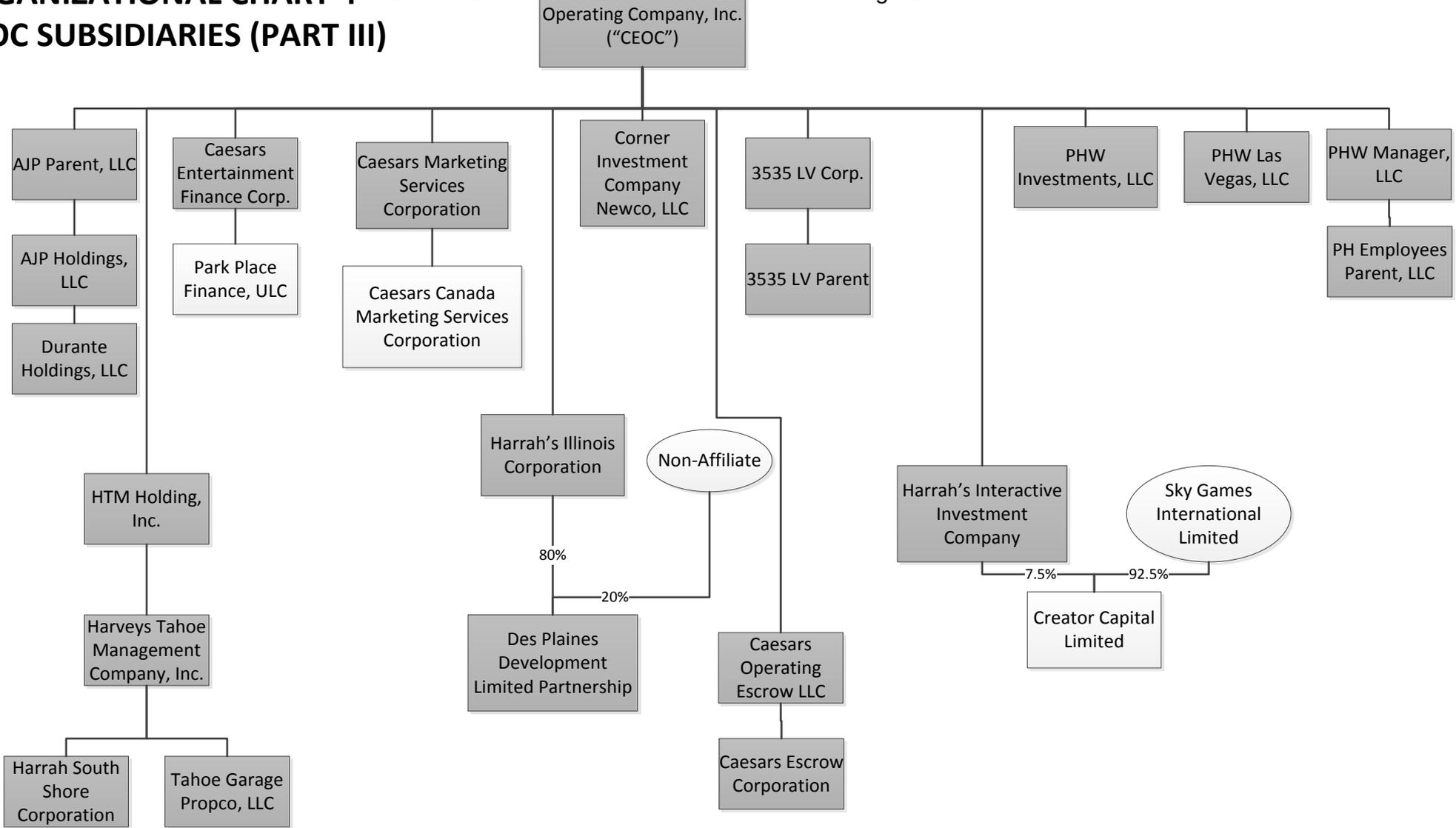
Debtor

Non-Debtor

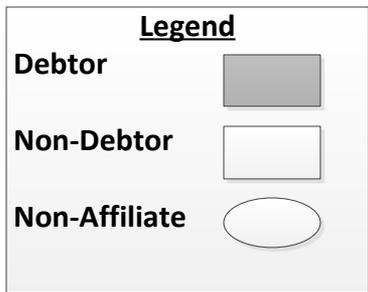
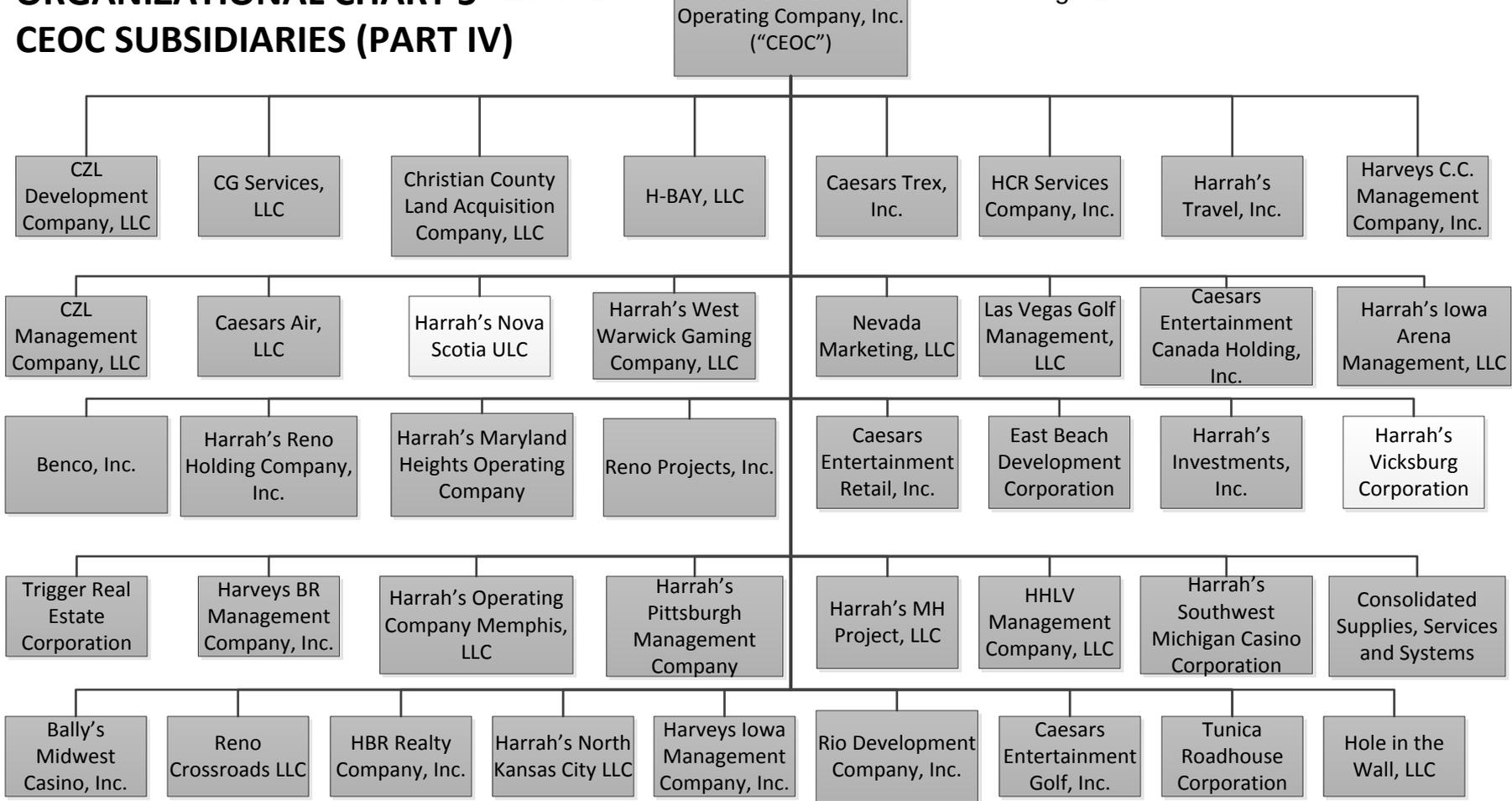
Non-Affiliate

ORGANIZATIONAL CHART 4

CEOC SUBSIDIARIES (PART III)



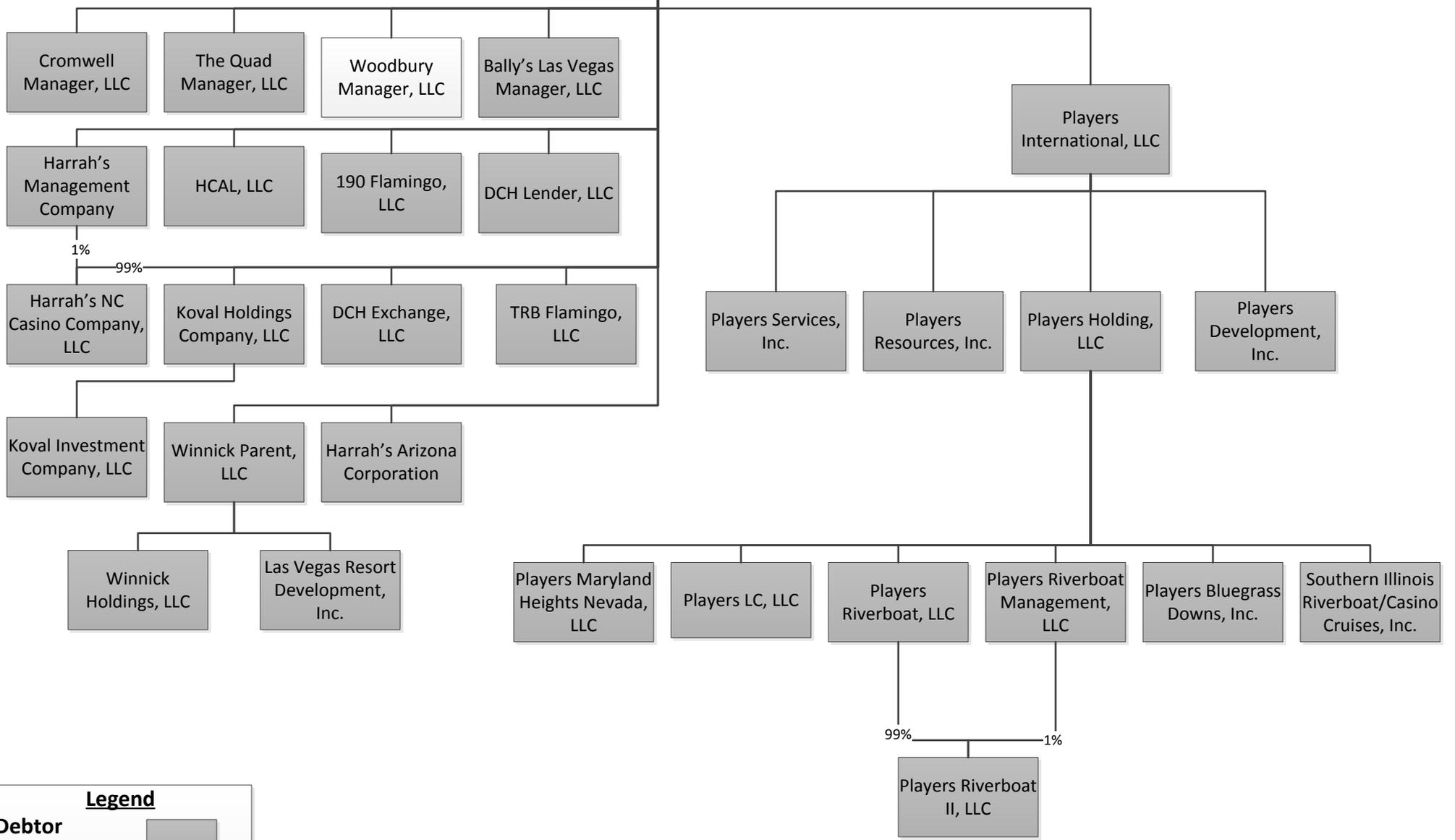
CEOC SUBSIDIARIES (PART IV)



ORGANIZATIONAL CHART 7

CEOC SUBSIDIARIES (PART VI)

Operating Company, Inc.
("CEOC")



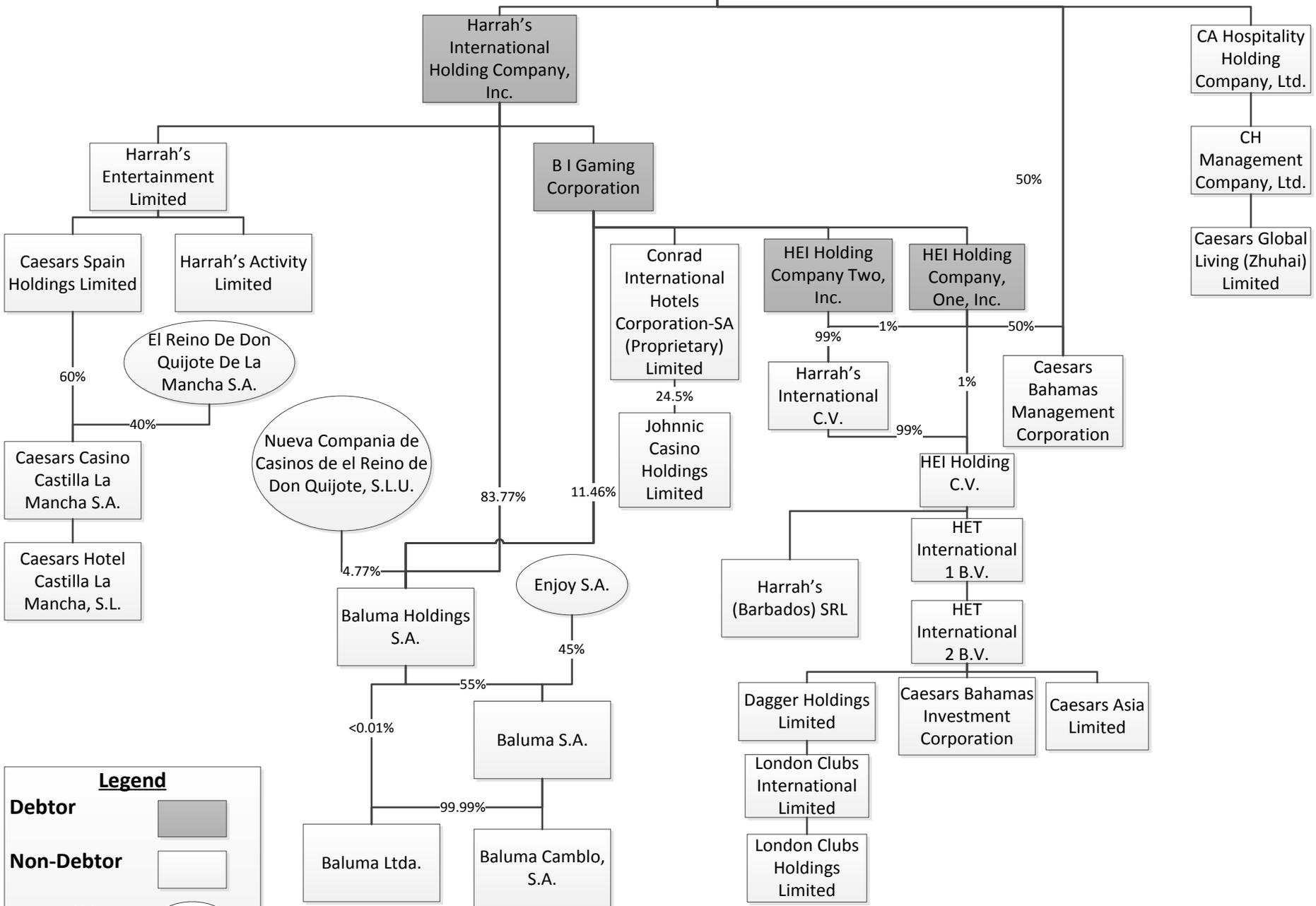
Legend

Debtor

Non-Debtor

Non-Affiliate

CEOC SUBSIDIARIES (PART VIII)



Legend

Debtor [Grey Box]

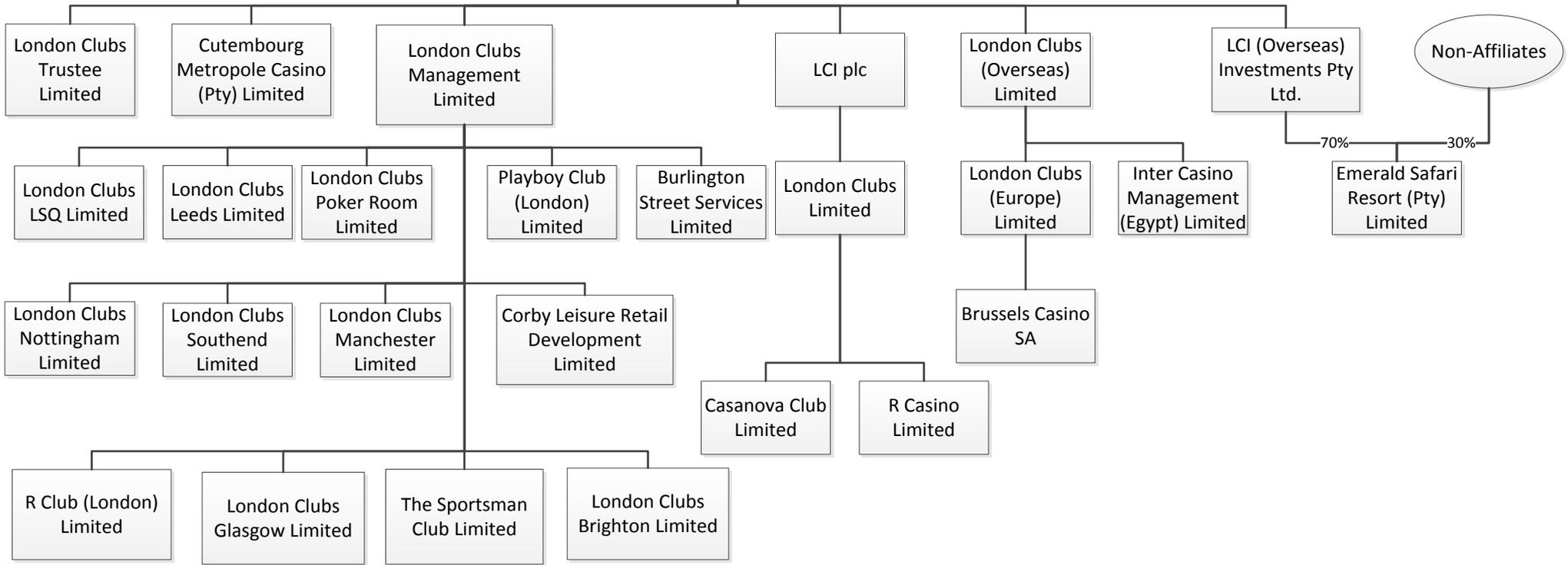
Non-Debtor [White Box]

Non-Affiliate [Oval]

To: Organizational Chart 10

ORGANIZATIONAL CHART 10

CEOC SUBSIDIARIES (PART VIII-continued)



Legend

Debtor

Non-Debtor

Non-Affiliate

Exhibit C

Contribution Analysis

CEC and Affiliates Plan Contributions

At the Debtors’ request, Millstein & Co. (“Millstein”) performed an analysis of the aggregate value of the CEC and affiliate (“CEC”) contributions to the Debtors’ estates. Based upon and subject to the review and analysis described herein, and subject to the assumptions, limitations, and qualifications described herein, Millstein’s view, as of June 6, 2016 (the “Contribution Valuation Date”), was that the estimated baseline contribution value by CEC and its affiliates would be in a range between \$1.9 billion and \$6.3 billion, with a midpoint of \$4.0 billion. If Class F votes to accept the Plan, the estimated contribution value by CEC and its affiliates would increase to a range between \$2.1 billion and \$6.7 billion, with a midpoint of \$4.3 billion. These values are predicated on the valuation ranges of the OpCo/PropCo structure contemplated by the Plan (collectively, the “Reorganized Companies”) and CEC, post-CAC merger and OpCo/PropCo equity purchases (“New CEC”). Millstein’s views are necessarily based on economic, market and other conditions as in effect on, and the information made available to Millstein as of, the date of its analysis. It should be understood that, although subsequent developments may affect Millstein’s views, Millstein is not obligated to update, revise, or reaffirm its estimate.

Millstein’s analysis is based on a number of assumptions, including, among other assumptions, that (1) the Debtors will be reorganized in accordance with the Plan, which will become effective on December 31, 2016 and (2) the Reorganized Companies’ and New CEC’s respective valuations are consistent with the ranges identified in Exhibit F. In addition, Millstein assumed that there will be no material change in economic, market and other conditions from those existing as of the Contribution Date.

In preparing this contribution analysis, Millstein performed a variety of financial analyses and considered a variety of factors. The following is a brief summary of the material financial analyses performed by Millstein. This summary does not purport to be a complete description of the analyses performed and factors considered by Millstein. The preparation of a valuation and the corresponding CEC net contributions is a complex analytical process involving various judgmental determinations as to the most appropriate and relevant methods of financial analysis and the application of those methods to particular facts and circumstances, and such analyses and judgments are not readily susceptible to summary description.

Contribution	Description	Value Range
Cash Contribution	<ul style="list-style-type: none"> Includes \$406m cash as stated under existing Plan 	\$406m
CEC Cash Consideration to General Unsecured Claims	<ul style="list-style-type: none"> If Classes I and J vote to accept the Plan, CEC will contribute to Classes I and J cash representing 2.0% of the total allowed claim amount 	\$5m
Bank Guaranty Settlement	<ul style="list-style-type: none"> CEC has agreed to contribute to 1L Banks post-petition interest at a pre-determined rate which steps up every three months Low, mid and high ranges include 0%, 50% and 100% of the Bank Guarantee Settlement amount, respectively, assuming a 12/31/16 Effective Date 	\$0m - \$470m

Contribution	Description	Value Range
Purchase of OpCo Equity	<ul style="list-style-type: none"> Assuming a range of OpCo values pursuant to the OpCo valuation analysis outlined in Exhibit F, this results in OpCo equity value of \$1.3b - \$2.5b Since OpCo equity value exceeds \$700m, there is a negative net CEC contribution (i.e. a net benefit to CEC) of (\$1.8b) – (\$0.6b) 	(\$1.8b) – (\$0.6b)
PropCo's Option to Buy Harrah's Laughlin / AC / New Orleans	<ul style="list-style-type: none"> PropCo will have the right to purchase the real estate underlying Harrah's Laughlin, AC and New Orleans for a cash purchase price of 10.0x annual rent and assuming 1.6x rent coverage Option will be exercisable up to 5 years following the Effective Date Assuming a range of PropCo valuations and discount rates, this equates to value of \$155m - \$516m 	\$155m - \$516m
CEC's Issuance of Convertible Notes	<ul style="list-style-type: none"> CEC will issue \$1 billion of convertible notes to be distributed pursuant to the Plan Depending on various NewCEC equity value and volatility assumptions, this amounts to value ranging from \$959 - \$1,506 million, or a range of 96% - 151% 	\$959m - \$1,506m
CEC's Direct Common Stock Grant	<ul style="list-style-type: none"> CEC will contribute a total of 36.3% of NewCEC direct Equity to creditors, (48.5% including the shares underlying the convert) representing \$1.6b - \$3.2b, (net of new money contributed) at a range of assumed NewCEC equity valuations 	\$1.6b - \$3.2b
Recovery under CAC Claims	<ul style="list-style-type: none"> CAC will forego any recovery it is to receive on account of its unsecured notes claims at CEOC Depending on value and resulting recovery assumptions, this amounts to a range of \$44 - \$79m 	\$44m - \$79m
Guarantee of OpCo Lease and OpCo Debt	<ul style="list-style-type: none"> CEC will provide a guarantee of 100% of OpCo's operating lease obligations to PropCo along with a guarantee of OpCo's debt, thus improving the credit profile of the entities Implied net value of the guarantee using various approaches: \$531 - \$695 million 	\$531m - \$695m
Right of First Refusal to PropCo	<ul style="list-style-type: none"> CEC shall give PropCo the right of first refusal to own the real estate and have CEC or OpCo lease all non-destination domestic real estate acquisitions and new building opportunities with CES retaining management rights to such opportunities The value of this right is not easily quantifiable, but may be offset by the right of first refusal PropCo gives to CEC to operate and manage all properties that PropCo acquires 	Not Quantified
Net Contributions to the Estate	<ul style="list-style-type: none"> Sum of all contributions and offsets (class F votes to reject) 	\$1.9b - \$6.3b
CEC Additional Direct Common Stock Grant	<ul style="list-style-type: none"> If Class F votes to accept the Plan, Class F will receive incremental direct equity representing 8.50% of NewCEC direct equity, of which 4.3% will be contributed from Classes D and E, for a net CEC incremental contribution of 4.2% of NewCEC direct equity, or \$194m to \$378m (net of new money) at a range of assumed NewCEC equity valuations 	\$194m - \$378m
Net Contributions to the Estate	<ul style="list-style-type: none"> Sum of all contributions and offsets (Class F votes to accept) 	\$2.1b - \$6.7b

Noteholder Committee Critique of Millstein's Analysis of CEC and Affiliates' Plan Contribution

The Noteholder Committee disagrees with Millstein's analysis of the aggregate value of the contributions by CEC and its affiliates to the Debtors' estates. As summarized below, the Noteholder Committee submits that the value of the contribution by CEC is far below the low end of the range asserted by Millstein.

The Noteholder Committee's critique of Millstein's analysis is divided into three categories:

1) general concerns with the reliability of Millstein's analysis; 2) specific disputes with respect to line items shown in the above chart prepared by the Debtors; and 3) Millstein's failure to take into account the many benefits to CEC under the Plan, such as the release of its liability under the existing guarantees and avoidance of tax liabilities that would otherwise result upon a change of control.

General Concerns with the Reliability of Millstein Analysis

The Noteholder Committee has at least two general concerns with the reliability of the Millstein analysis.

First, the contribution analysis is premised upon a settlement structure with CEC that bears no resemblance to the remedies available to the Debtors, which were identified by the Examiner in his report. The Examiner identified two potential remedies against CEC and other potential defendants: 1) claims to recover money damages in United States currency against CEC and various insiders and affiliates; or 2) a return to the Debtors of the assets that were fraudulently transferred. (Rep. at 1). Ignoring the Examiner's report, the Debtors propose a settlement under which most of CEC's "contribution" will be made using a far different currency than those available as remedies to the Debtors. That currency includes the grant of common stock and convertible notes to be issued by CEC, an option by PropCo to buy certain real estate properties, the waiver of recovery of certain claims, CEC's guarantees of lease and debt obligations, and a right of first refusal for PropCo to own non-destination domestic real estate acquisitions and new building opportunities.

Each of the types of "contributions" to be made by CEC under the Plan is inherently difficult to value, and for that reason, is far less valuable to the Debtors than the receipt of cash, or the return of the underlying assets, to which the Debtors are entitled. The difficulty of valuing CEC's contributions is perhaps best illustrated by the gaping size of Millstein's own valuation range, which stretches from \$1.9 billion to \$6.3 billion. Such a range is meaningless to creditors seeking to understand the actual value of CEC's contribution.

Second, the Debtors have previously offered an analysis of CEC's contribution under the Plan that proved to be flawed. The Debtors assert that, under the original Plan, CEC was making contributions that the Debtors valued to be no less than \$1.5 billion. Disclosure Statement at

4. At the hearing on the Debtors' request for an injunction to stay the lawsuits seeking to enforce CEC's payment guaranty obligations, it was made evident, through cross-examination

of witnesses offered by the Debtors, that the value of those contributions by CEC, as to which CEC did not receive a corresponding equal benefit through its proposed 100% ownership of CEOC, was less than \$300 million, a fraction of the minimum \$1.5 billion contribution asserted by the Debtors. *See Caesars Entertainment Operating Company, Inc. v. BOKF, N.A.*, Case No. 15-01145, Adv. No. 15-149, ECF No. 152, at 22 (Bankr. N.D. Ill. 2015).

Accordingly, the Noteholder Committee believes that the entire contribution analysis performed by Millstein should be disregarded, or at a minimum regarded with skepticism, by creditors deciding whether to vote for or against the Plan, as amended.

Specific Disputes With Values Shown in Line Items of Millstein Chart

Beyond the general flaws that infect the Millstein analysis, the Noteholder Committee disputes the values shown in the line items of the chart shown above. These disputes include the following:

- **Cash Contribution.** Millstein values CEC's cash contribution at \$406 million "as stated under existing Plan." Of that contribution amount, the Noteholder Committee understands that about \$172 million is being paid directly to holders of First Lien Notes, purportedly in exchange for their agreement to "forbear" from exercising remedies but, in reality, to purchase the votes of those holders in favor of the Plan. Of that amount, it appears that \$86 million was already paid in the fourth quarter of 2015. CEC Form 10-Q dated May 5, 2016, at 9. Whether the payments are attributable to forbearance or vote buying, the \$172 million portion of the \$406 million cash contribution is not being paid to the Debtors, nor is it being applied to reduce any outstanding debt owed by the Debtors, and thus, the \$172 million should not be counted in calculating CEC's contribution under the Plan.
- **CEC Cash Consideration to General Unsecured Creditors.** CEC proposes to pay \$18 million to Classes I and J if they vote to accept the Plan. Given the contingent nature of this contribution, which is premised on support of the Plan by Classes I and J, the Noteholder Committee has valued that contribution in the range of \$0 to \$18 million.
- **1L Bank Guarantee Settlement.** In calculating the high end of its contribution valuation range, Millstein attributes \$470 million to CEC's settlement of its own separate liability to the First Lien Banks on account of CEC's guaranty. This payment by CEC to satisfy its own obligation is not a contribution to the Debtors and should not be included.
- **Purchase of OpCo Equity.** Millstein acknowledges that the value of the OpCo stock to be acquired by CEC exceeds the \$700 million that CEC will pay for the stock under the Plan. According to Millstein, that deficit ranges from (\$1.8 billion) on the low end to (\$600 million) on the high end. Based upon analysis performed by its investment banker, the Noteholder Committee believes that deficit to be approximately (\$800 million). That valuation assumes OpCo equity value with the rent obligation capitalized.
- **PropCo's Option to Buy Harrah's Laughlin/Harrah's Atlantic City/Harrah's New Orleans.** Millstein values this 5-year option to purchase, at a cash purchase price of 10.0x annual rent, to be in the range of \$155 million to \$516 million. The Noteholder Committee has valued the option at \$64 million. That valuation assumes annual rent

of \$135 million and uses a 12.0x multiple. The Noteholder Committee has also discounted the option by 50%, reflecting the probability that the option will in fact be exercised. Moreover, the Noteholder Committee has lowered the value of the contribution attributable to CEC to account for the fact that creditors are receiving consideration in the form of 48.5% of New CEC stock, which will suffer a corresponding reduction in value if the option is exercised. Millstein's analysis offers no explanation for its failure to make this adjustment.

- CEC's Issuance of Convertible Notes. Millstein assigns a value to the \$1 billion of CEC convertible notes to be distributed under the Plan in the range of \$959 million to \$1.506 billion. The Noteholder Committee's investment banker values the convertible notes at par, or \$1 billion. Among the considerations taken into account in the Noteholder Committee's valuation of the convertible notes are the following:
 - The convertible notes include a cash call provision under which CEC may, between the first anniversary and fourth anniversary of the Effective Date, if the share price of New CEC stocks exceeds 125% of the conversion price for at least 20 days of the prior 30 trading days, redeem all or part of the notes for a price equal to 100% of par, plus accrued and unpaid interest, plus a make-whole premium equal to the present value of interest payments through the fourth anniversary. Although the Plan has been modified to allow holders of the convertible notes to convert rather than being forced to sell for cash, the 125% premium and limited one-year term of the no-call are not market provisions and thus decrease the value of the convertible notes.
 - The convertible notes include a "soft call" provision in which CEC has the right to cause mandatory conversion if, after the fourth anniversary, New CEC's share price exceeds 125% of the conversion price for at least 20 days of the prior 30 days. This is not a market term and will result in depressed trading prices.
 - The convertible notes are unsecured and are subordinated in priority to CEC's guarantee of OpCo's lease obligations to PropCo and CEC's guaranty of certain debt obligations of OpCo.
 - The ability of the company to pay in kind (PIK) the entire coupon on the convertible notes limits the universe of potential buyers, as many convertible funds rely upon the proceeds of a cash coupon to short the underlying stock.
 - The required rate of return assumed by CEC is unrealistically low when compared to other holding companies of similar leverage profiles and credit ratings.
 - The Noteholder Committee's investment banker has based its estimated trading price on recent comparable convertible issuances and convertible model outputs with more reasonable volatility and required rate of return assumptions.
- CEC's Direct Common Stock Grant. Millstein's contribution analysis attributes a value of \$1.6 billion to \$3.2 billion to the New CEC stock to be contributed by CEC. Millstein's analysis is based upon a valuation of NewCEC to be in the range of \$5.0

billion to \$9.0 billion, with a midpoint of \$7.0 billion, and further assumes a contribution by CEC of 48.5% of NewCEC Equity. In contrast to Millstein, the Noteholder Committee's investment banker believes that the value of NewCEC Equity to be in the lower amount of \$6.0 billion, based on, among other things, its due diligence of the projections for New CEC (which Houlihan regards as unrealistic in many respects). That, combined with the Noteholder Committee's opinion that the value of the convertible notes is equal to par, leads to a value of the New CEC stock to be contributed by CEC in the range of \$1.534 billion to \$2.068 billion. Moreover, that value does not take into account the discount that would be applied to the value of any minority interest of New CEC Equity to be distributed to creditors of the Debtors if the Sponsors maintain control over New CEC and OpCo following the Effective Date.

- Recovery Under CAC Claims. Millstein attributes a value in the range of \$44 million to \$79 million to CAC's agreement to forgo a distribution on account of unsecured notes with a face amount of \$293 million. Based on the Noteholder Committee's \$6.0 billion valuation of NewCEC Equity and a value of the NewCEC convertible notes equal to par, the Noteholder Committee values the recovery to CAC on account of the unsecured notes to be \$50 million. Moreover, given the Examiner's conclusion that subsidiaries of CAC received avoidable transfers, CAC would not be entitled to any recovery absent return in full of any fraudulent transfers, thus calling into question whether any value should be attributed to the agreement of CAC to forgo recovery on the unsecured notes.
- Guarantee of OpCo Lease and OpCo Debt. Millstein attributes a value in the range of \$531 million to \$695 million to the guarantee to be provided by CEC of the OpCo lease with PropCo and the debt to be issued by OpCo. The Noteholder Committee attributes no value to this guarantee for a number of reasons:
 - Any value attributable to the contribution of CEC's guaranty necessarily results in a corresponding loss of value to the value of the NewCEC Equity and NewCEC convertible notes to be contributed under the Plan, meaning that the value of the guarantee is necessarily offset and reduced by the 48.5% interest to be distributed under the Plan.
 - OpCo will, upon its emergence from bankruptcy, have a positive net equity value that, in the view of the Noteholder Committee, will be about \$1.5 billion. Millstein assumes an even higher positive net equity value in the range of
 - \$1.3 billion to \$2.5 billion. Under these circumstances, the incremental value of any guarantee of OpCo's obligations is nominal.
 - CEC has sought to deny or disaffirm its guaranty of more than \$10 billion in debt issued by the Debtors, which negatively impacts its credit worthiness and, by extension, any value of the guarantee to parties receiving the "benefit" of such guaranty.
- Right of First Refusal to PropCo. Millstein did not quantify the value of this purported contribution. The Noteholder Committee believes that no value should be attributed to this right of first refusal.

Taking into account the adjustments to the line items in the chart prepared by Millstein, the Noteholder Committee has determined that the value of CEC's net contribution does not exceed a range of \$2.1 billion to \$2.6 billion, and that range is subject to further reductions based upon substantial additional benefits conferred upon CEC under the Plan, discussed below.

Additional Benefits to CEC Which Further Reduce Net CEC Contribution

There are at least three substantial additional benefits conferred upon CEC under the Plan that reduce the net value of CEC's contribution.

- **Release of CEC's Guarantee Liability.** The Plan provides for an extraordinary release of CEC's liability to third parties under various contractual guarantees of more than \$10 billion in the face amount of CEOC's debt obligations. Even taking into account the distributions to be made to creditors under the Plan, and assuming that such distributions would reduce CEC's guaranty on a dollar for dollar basis, the Noteholder Committee estimates that, in the absence of any third party release under the Plan and taking into account interest accrued through December 31, 2016, CEC would remain liable for about \$5.4 billion in deficiency claims under the third-party guarantees. Even with an adjustment to account for the 48.5% of NewCEC Equity that is being distributed to creditors of the Debtors under the Plan, the release of CEC's third party guarantees would result in a benefit to shareholders of CEC (including current shareholders of CAC who will receive CEC stock) totaling about \$2.8 billion.
- **Tax Savings to CEC.** By retaining ownership of OpCo, CEC will avoid tax consequences that would otherwise result upon a change of control. CEC currently has a significant "excess loss account" in CEOC's stock, which could be triggered in a Standalone Plan. At a hearing held on June 4, 2015, CEC's financial advisor testified that if CEC were to retain control of the Debtors, CEC would avoid tax liability equal to "hundreds of millions of dollars." 6/4/15 Tr., at 27:3-8. Even with an adjustment to account for the 48.5% of NewCEC Equity that is being distributed to creditors under the Plan, the value of the tax savings to CEC will result in a substantial benefit to CEC, which also must be properly considered in analyzing CEC's net contribution under the Plan.
- **Right of First Refusal to Operate and Manage OpCo Properties.** Millstein did not undertake to determine the value of CEC's right of first refusal to operate and manage all properties acquired by PropCo. Millstein did state that the value of this right might offset the right of first refusal granted to PropCo to own, and lease to CEC, any non-destination domestic real estate acquisitions and new building opportunities.
- **CEC Additional Direct Common Stock Grant.** Millstein includes an additional contribution of \$194 million to \$378 million premised on the assumption that holders of Second Priority Notes will vote to accept the Plan and, in so doing, be entitled to additional consideration. The Noteholder Committee believes it is highly unlikely that holders of Second Priority Notes will vote to accept the Plan and, even if they did, such contribution assumes that: 1) CEC will make the proposed additional contribution, which remains unclear; and 2) other creditors will agree to accept a

reduced distribution below that proposed under the Plan. Given the unlikelihood of this additional contribution, the Noteholder Committee attributes no value to it.

Summary of Adjustments by Noteholder Committee to Contribution Analysis

Based on the adjustments set forth above, the Noteholder Committee believes that the following chart properly summarizes the value of CEC’s net contribution to the Debtors under the Second Amended Plan.

Contribution	Millstein Value Range	Noteholder Committee Range
Cash Contribution	\$406m	\$234m
CEC Cash Consideration to General Unsecured Claims	\$18m	\$0m - \$18m
Bank Guarantee Settlement	\$0m - \$470m	\$0m
Purchase of OpCo Equity	(\$1.8b) – (\$0.6b)	(\$800m)
PropCo Option to Buy Harrah’s Laughlin / AC / New Orleans	\$155m - \$516m	\$59m – \$71m
CEC Convertible Notes	\$959m - \$1,506m	\$1,000m
CEC Common Stock Grant	\$1.6b - \$3.2b	\$1,534m – \$2,068m
Recovery on CAC Claims	\$44m - \$79m	\$31m – 50m
Guarantee of OpCo Lease and OpCo Debt	\$531m - \$695m	\$0m
Right of First Refusal to PropCo	Not valued	\$0m
CEC Additional Direct Common Stock Grant	\$194m - \$378m	\$0m
Net Contributions to the Estate -- Subtotal	\$2.1b - \$6.7b	\$2.1b - \$2.6b
Release of CEC Guarantee Liability	Not valued	Deficiency claims to be released equal roughly \$5.4 billion
Tax Savings to CEC	Not valued	“Hundreds of millions of dollars”
Right of First Refusal to Operate and Manage OpCo Properties	Not valued	Not valued
Net Contribution to the Estate -- Adjusted	\$2.1b - \$6.7b	Less than \$1 billion and possibly negative

Exhibit D

Liquidation Analysis

Caesars Entertainment Operating Company, Inc., et al.
Liquidation Analysis

INTRODUCTION

Under the “best interests” of creditors test set forth in section 1129(a)(7) of the Bankruptcy Code, the Bankruptcy Court may not confirm a plan of reorganization unless the plan provides each holder of a claim or interest who does not otherwise vote in favor of the plan with property of a value, as of the effective date of the plan, that is not less than the amount that such holder would receive or retain if the debtor was liquidated under chapter 7 of the Bankruptcy Code. See 11 U.S.C. § 1129(a)(7).¹ Accordingly, to demonstrate that the Debtors’ Plan satisfies the “best interests” of creditors test, the Debtors have prepared this hypothetical liquidation analysis (this “Liquidation Analysis”) presenting recoveries that may be obtained by Holders of Claims and Interests upon a disposition of assets in a hypothetical chapter 7 liquidation as an alternative to recoveries provided under the Plan.

The Liquidation Analysis presents information based on, among other things, the Debtors’ books and records, third-party appraisals, and good-faith estimates regarding asset recoveries and Claims resulting from a hypothetical liquidation under chapter 7 of the Bankruptcy Code. Unless stated otherwise, the book values referenced in this Liquidation Analysis are the unaudited book values of the Debtors as of September 30, 2015. The determination of the proceeds from the hypothetical liquidation of assets involves the use of estimates and assumptions. Although the Debtors consider the estimates and assumptions underlying the Liquidation Analysis to be reasonable under the circumstances, such estimates and assumptions are subject to business, economic, competitive, political, and regulatory uncertainties and contingencies beyond the Debtors’ control. Accordingly, the forecasted results set forth by the Liquidation Analysis may not be realized if the Debtors were liquidated. Actual results in such a case could vary from those presented herein, which could result in distributions to members of applicable Classes of Claims to differ from those set forth in this Liquidation Analysis.

¹ Capitalized terms used but not defined herein have the meanings set forth in (a) the *Disclosure Statement for the Debtors’ Second Amended Joint Plan of Reorganization Pursuant to Chapter 11 of the Bankruptcy Code* (as may be amended, modified, or supplemented from time to time and including all exhibits thereto, the “Disclosure Statement”), to which this Liquidation Analysis is attached as Exhibit D or (b) the *Debtors’ Second Amended Joint Plan of Reorganization Pursuant to Chapter 11 of the Bankruptcy Code* [Docket No. ____] (as may be amended, modified, or supplemented from time to time and including all exhibits thereto, the “Plan”), as applicable.

The Liquidation Analysis is a hypothetical exercise that has been prepared for the sole purpose of presenting a reasonable good-faith estimate of the proceeds that would be realized if the Debtors were liquidated in accordance with chapter 7 of the Bankruptcy Code. The Liquidation Analysis is not intended and should not be used for any other purpose. The Liquidation Analysis does not purport to be a valuation of the Debtors' assets in the context of a holistic reorganization, and there may be a difference between the Liquidation Analysis and the values that may be realized or Claims generated in an actual liquidation.

Nothing contained in the Liquidation Analysis is intended to be, or constitutes, a concession, admission, or allowance of any claim by the Debtors. The actual amount or priority of Allowed Claims in the Chapter 11 Cases could differ from the estimated amounts set forth and used in the Liquidation Analysis. The Debtors reserve all rights to supplement, modify, or amend the analysis set forth herein.

METHODOLOGY AND RELATED KEY ASSUMPTIONS

A. Treatment of Individual Debtors

These Chapter 11 Cases consist of 173 Debtor entities that were consolidated for procedural purposes only. Accordingly, the Debtors prepared the Liquidation Analysis on a non-consolidated basis for each of the 173 Debtor entities, the results of which are attached hereto as **Schedule 2**. Additionally, for convenience only, the Debtors prepared a consolidated summary of the range of estimated recoveries in hypothetical liquidations across all Debtor entities for each Class of Claims and Interests under the Plan, which is attached hereto as **Schedule 1**.

B. Liquidation of the Debtors and Recovery Ranges

The Debtors prepared the Liquidation Analysis assuming that each of the Debtors' current chapter 11 cases convert to chapter 7 cases on June 30, 2016 (the "Conversion Date"), at which time the Bankruptcy Court would appoint a chapter 7 trustee (the "Trustee") to conduct an orderly wind down of the Debtors' operations and effectuate the sale of the Debtors' assets.

The Debtors assumed that their non-Debtor affiliate Caesars Enterprise Services, LLC ("CES") continues to provide services to the Debtors in the ordinary course from the Conversion Date until December 31, 2016 ("the Closing Date"), and for a period shortly thereafter in order to complete the wind down of the Debtors' affairs. Accordingly, the Liquidation Analysis does not include any termination fees or rejection damages related to the Debtors' contracts with CES, which could be material and result in lower recoveries to constituents than those presented in this Liquidation Analysis. Additionally, CES may refuse to provide services to the Debtors during a liquidation (or require the Debtors to pay a premium for such services), which could increase the cost or otherwise hinder a liquidation to the detriment of creditors.

The Liquidation Analysis presents both higher and lower recovery scenarios. The higher recovery scenario includes a higher estimate of Liquidation Proceeds (as defined below) and resolves certain assumptions and competing legal arguments in a manner that results in greater

unsecured creditor recoveries, in the aggregate, across all Debtors. The lower recovery scenario includes a lower estimate of Liquidation Proceeds and resolves certain assumptions and competing legal arguments in a manner that results in lower unsecured creditor recoveries, in the aggregate, across all Debtors. The Debtors believe that actual recoveries in a hypothetical liquidation would likely fall somewhere between the two scenarios.

C. Liquidation Analysis Waterfall

Under the Liquidation Analysis, the Debtors assume that the following will be available to satisfy wind down costs and for distribution to Holders of Claims and Interests upon a liquidation: (1) estimated proceeds generated from the liquidation of the Debtors' assets and (2) cash estimated to be held by the Debtors on the Conversion Date and generated by the Debtors between the Conversion Date and the Closing Date (collectively, the "Liquidation Proceeds"). The Trustee would then distribute the Liquidation Proceeds from each Debtor to the Holders of Claims and Interests at each Debtor in accordance with the distribution hierarchy established by the Bankruptcy Code.

- *Encumbered Liquidation Proceeds.* Liquidation Proceeds that are subject to liens or other security interests (the "Encumbered Liquidation Proceeds") securing Claims that the Debtors estimate will ultimately be Allowed are used first to satisfy such Secured Claims, after taking into account any subordination agreements under section 510(a) of the Bankruptcy Code. The Encumbered Liquidation Proceeds include the following assets and the estimated proceeds of such assets: (a) cash on deposit as of the Petition Date in accounts subject to deposit account control agreements; (b) estimated postpetition net cash flow generated by the Debtors through the Closing Date from rents of encumbered assets or the proceeds, fees, charges, accounts, or other payments for the use or occupancy of rooms and other public facilities in hotels or other lodging properties, real property, and management contracts (collectively, the "Encumbered Activities"), regardless of whether such cash was subsequently transferred to a different Debtor entity; (c) assets purchased pursuant to the sale of the casino properties, or other real property, but excluding any unencumbered real property; (d) property and equipment, payments on account of prepetition contracts, other current assets, and intangibles; (e) cash proceeds generated from balance sheet inventory levels as of the Petition Date; (f) litigation claims to the extent they are treated as encumbered assets (as discussed in greater detail below); and (g) equity interests pledged in support of the Prepetition Credit Agreement Claims and Secured First Lien Notes Claims (collectively, the "First Lien Claims").
- *Unencumbered Liquidation Proceeds.* Liquidation Proceeds that are not subject to a lien or other security interest (the "Unencumbered Liquidation Proceeds") are distributed to Holders of Claims in accordance with the distribution hierarchy established by section 726 of the Bankruptcy Code. The Unencumbered Liquidation Proceeds include the following assets and estimated proceeds of such assets:

(a) estimated cage cash² held at each casino property as of the closing date; (b) estimated postpetition net cash flow generated by the Debtors as of the Closing Date from gaming, retail, food and beverage, and other activities that are not Encumbered Activities (collectively, the Unencumbered Activities”), and related inventory in excess of that which existed as of the Petition Date, and regardless of whether such cash was subsequently transferred to a different Debtor entity; (c) litigation claims to the extent treated as unencumbered assets (as discussed in greater detail below); (d) projected recoveries under section 506(c) of the Bankruptcy Code; (e) estimated preference payment recoveries; and (f) equity interests not pledged in support of the First Lien Claims.

The distinction between encumbered and unencumbered Liquidation Proceeds would likely be litigated in a chapter 7 liquidation, with secured and unsecured creditors raising various claims and defenses, many of which have already been raised formally and informally in these chapter 11 proceedings. In categorizing the Liquidation Proceeds as encumbered or unencumbered, the Debtors sought to provide an illustrative middle-ground approach with respect to the efficacy of such claims and defenses, and this middle ground does not necessarily reflect the Debtors’ views if these issues were actually litigated.

D. Claims

The Liquidation Analysis contains an estimate of the amount of Claims that will ultimately become Allowed Claims. The Debtors developed this estimate for each Class of Claims based on the Debtors’ continuing review of Claims filed in these Chapter 11 Cases, the Debtors’ books and records, and the Debtors’ Schedules and Statements. The Debtors also developed an estimate of additional Claims that would arise due to a chapter 7 conversion. Accordingly, this analysis should not be relied on for any other purpose, including, without limitation, determining the value of any distribution to be made on account of Allowed Claims under the Plan. Moreover, the Claims filed against the Debtors’ Estates have not been fully evaluated by the Debtors and no order or finding has been entered or made by the Bankruptcy Court estimating or otherwise fixing the amount of Claims at the projected amounts of Allowed Claims set forth in the Liquidation Analysis. Thus, the actual amount of Allowed Claims could differ from the amount of Allowed Claims estimated herein.

E. Execution Risk of Liquidation

A liquidation of the Debtors would be large and complex. The Debtors’ assets include casino and gaming properties that are subject to significant regulatory oversight in numerous jurisdictions throughout the United States. Executing the liquidation contemplated by the Liquidation Analysis presents practical and pragmatic difficulties, including (1) operating and selling assets where current employees and other operating assets are employed or owned by various other Debtor and non-Debtor affiliates, (2) the inherent limitations and challenges of operating the Debtors’ businesses in a chapter 7 proceeding, (3) the risk of intervention of

² “Cage cash” refers to cash held in a casino’s “cage”—the physical location in the casino where chips are exchanged for cash (and vice versa).

regulatory authorities in connection with the operation of the Debtors' businesses in a chapter 7 proceeding, (4) the economic effects of seeking to sell multiple casino properties during the same, short time span, and (5) the "as is" nature of the asset sales given the Trustee's limitation or inability to provide representations and warranties as well as indemnification provisions in connection with the sales. Given the complexity of such an undertaking, the Debtors believe that significant execution risk would overshadow an actual liquidation. Indeed, the Debtors are unaware of any chapter 7 liquidation of similar magnitude or complexity in the casino industry.

F. Tax Consequences

The Liquidation Analysis does not include estimates for the tax consequences, both foreign and domestic, that may be triggered upon the liquidation of the Debtors in the manner described above.

G. Values Not Discounted Over Time

The Liquidation Analysis assumes that all asset proceeds and creditor recoveries are at nominal amounts and does not consider the discounting of values over time. The discounting of values would result in lower recoveries to stakeholders than those presented.

SPECIFIC NOTES TO THE LIQUIDATION ANALYSIS

The results of the Liquidation Analysis attached hereto as **Schedule 2** refer to certain categories of assets and liabilities. The numerical designation below corresponds to each line item of those results with a specific note.

A. Statement of Assets

Note 1: Cash and Cash Equivalents

Cash and cash equivalents are based on the Debtors' cash balances as of September 30, 2015, adjusted for subsequent actual and forecasted cash flows through the Closing Date. Cash and cash equivalents include a combination of unrestricted cash in the Debtors' bank accounts, as well as cash located at the Debtors' properties. The Debtors assume that cage cash at each casino property will be maintained at normal operating levels and included in the sale of the casino properties. All projected cash and cash equivalents are assumed to be fully recoverable.

Note 2: Accounts Receivable, Inventory, Net Property and Equipment, and Other Current Assets

Accounts receivable, inventory, net property and equipment, and other current assets sold as part of the Debtors' casino operations are included in the sale of such casino properties. For those assets that are owned by non-casino legal entities, the recoveries are reflected below and are based on September 30, 2015 book and net book balances:

- *Accounts Receivable.* Book balances are net of allowance for doubtful accounts to eliminate accounts receivable that may not be recoverable. The Debtors estimate that

efforts to liquidate accounts receivable will lead to recoveries between 50% and 75% of net book value.

- *Inventory.* The Debtors estimate that efforts to liquidate inventory of golf pro shops will lead to recoveries between 50% and 100% of net book value, and that efforts to liquidate all other inventory will lead to recoveries between 0% and 40% of net book value.
- *Net Property and Equipment.* The Debtors estimate that efforts to liquidate property and equipment on a standalone basis will lead to recoveries between 20% and 50% of depreciated net book value.
- *Other Current Assets.* Other current assets include, among other things, prepaid items, assets held for sale, and deferred income taxes. The Debtors estimate that recoveries on account of prepaid items will be between 25% and 100% of net book value, depending on their nature and an assessment of their quality during an orderly liquidation. The Debtors estimate that recoveries on assets held for sale will be between 25% and 50% of net book value, depending on the market for similar assets and external demand. The Debtors estimate that recoveries on account of deferred income taxes will be between 0% and 25% of net book value.

Note 3: Due From Affiliates

“Due from affiliates” includes: (1) intercompany Claims on account of notes where a Debtor is the lender and (2) intercompany balances arising on account of activity where a Debtor is the creditor, including postpetition cash transfers (net of operating expenses and capital expenditures). The Debtors estimate that recoveries on account of intercompany balances owed by non-Debtor affiliates will be between 0% and 45%. For intercompany balances owed by a Debtor affiliate, recoveries are based on projected recoveries under the Liquidation Analysis in accordance with each such Claim’s priority under the Bankruptcy Code.

Note 4: Goodwill, Restricted Cash, and Intangibles

Restricted cash and intangibles are each assessed separately. For purposes of the Liquidation Analysis, the Debtors assumed that goodwill has no value. Restricted cash assets recover 0% in the lower scenario and 100% of net book value in the higher scenario. Intangibles include Total Rewards[®] (including databases, customer lists, data history, and the trademark name), trade names, and other trademarks, which the Debtors valued based on third-party valuations. In the aggregate, the liquidation value of these assets range from approximately \$341 million (in the lower recovery scenario) to \$411 million (in the higher recovery scenario).

Note 5: Investment in Subsidiaries

Investment in subsidiaries refers to a Debtor’s equity interests in its Debtor and non-Debtor subsidiaries. Any equity value a subsidiary Debtor may have after satisfying all estimated Allowed Claims against such Debtor is listed as an asset of the Debtor’s direct parent. The

recovery at each Debtor from investments in non-Debtor subsidiaries is based on the estimated valuation of the entity in a distressed sale or the liquidation of the entity's assets.

Note 6: Casino Value

The Liquidation Analysis assumes that the Debtors' casino properties will be individually sold as going concerns, with the sales being effectuated on the Closing Date, six months after the Conversion Date. The casino property values are based on appraisals prepared by a third-party valuation firm specializing in the gaming industry. The appraisals allocate enterprise value for each casino property across real property, personal property, identified intangibles, and business value.³ The casino properties' estimated enterprise values take into account, among other things, the following factors and assumptions:

- After being individually sold on the Closing Date, each casino property will no longer participate in the Total Rewards[®] program, and each casino property's enterprise value is reduced accordingly.
- Each buyer would purchase the intangibles related to the casino property, including the casino property's customer list, as part of the transaction.
- The Debtors adjusted the value of each casino property for royalty payments associated with the use of existing trade names (which are owned by a different Debtor legal entity than the owner of the casino property).
- The value of each casino property is adjusted to account for estimated investment banker fees, which the Debtors estimated as 1.5% of net proceeds.

Note 7: Interim Cash Flow

Interim cash flow reflects the estimated cash generated by the Trustee's operation of the Debtors' businesses between the Conversion Date and the Closing Date after taking into account all cash outlays. The estimated cash flow is based on the Debtors' forecast for the period, with adjustments to account for anticipated deterioration due to the uncertainty created by operating in chapter 7, and also assumes the continuation of the Debtors' current capital expenditure plan for the second half of 2016. The forecast adjustments are unique for each casino property and are based on the Debtors' analysis of the specific characteristics of each property. The reduction for the majority of the casino properties is between 10% and 20% of the Debtors' forecasted net cash flows.

Note 8: Litigation Recovery

As discussed in Article IV.D of the Disclosure Statement, the Debtors hold significant litigation claims against certain of their non-Debtor affiliates on account of various prepetition Challenged Transactions. The Special Governance Committee, with the assistance of its advisors, as well as

³ The Debtors do not specifically ascribe a portion of enterprise value to a casino property's gaming license.

the Examiner undertook thorough investigations of these Challenged Transactions and underlying estate causes of action. The Examiner concluded that these claims were worth approximately \$3.6 billion to \$5.1 billion. Based on the SGC Investigation, the Special Governance Committee concluded that the Debtors' claims related to the Challenged Transactions were worth approximately \$3.2 billion to \$5.2 billion assuming CEC and its affiliates were entitled to good faith offsets as part of a settlement and \$3.8 billion to \$5.8 billion if the good faith offset issue were actually litigated. Additionally, K&E, at the request of the Special Governance Committee, analyzed the Examiner's Report and concluded that the Examiner's ranges once adjusted for litigation risk would be \$3.6 billion to \$4.5 billion assuming that the value of the claims is determined at the time the assets were transferred or \$4.1 billion to \$5.1 billion assuming the Debtors were entitled to recover reasonable appreciation that has occurred since the transfer dates. Accordingly, for purposes of the Liquidation Analysis, the Debtors used an assumed aggregate litigation recovery of approximately \$3.2 billion in the lower recovery scenario and approximately \$5.8 billion in the higher recovery scenario. In addition to the above, the Debtors included the litigation settlement related to the Rock Ohio litigation in the net amount of approximately \$84 million.

Further, various parties in interest have questioned whether the First Lien Creditors have a security interest in certain of the litigation claims. Thus, for purposes of the Liquidation Analysis, the Debtors analyzed the various legal theories underlying the estate claims related to the Challenged Transactions, and separated the recovery range for each Challenged Transaction into one of the following three categories:⁴

- For those Challenged Transactions where the Debtors believe that recovery is significantly more likely to arise from unencumbered causes of action than encumbered causes of action, the Debtors characterized the projected litigation recoveries as unencumbered assets in all scenarios.
- For those Challenged Transactions where the Debtors believe that recovery is significantly more likely to arise from encumbered causes of action than unencumbered causes of action, the Debtors characterized the projected litigation recoveries as encumbered assets in all scenarios.
- For those Challenged Transactions where the Debtors believe that recovery is likely to arise from either encumbered or unencumbered causes of action, the Debtors characterized the projected litigation recoveries as encumbered assets in the lower recovery scenario and as unencumbered assets in the higher recovery scenario.

The Liquidation Analysis also includes preference recoveries, which the Debtors estimated based on the population of payments to vendors 90 days prior to the filing date less payments for taxes,

⁴ For purposes of this analysis, when categorizing the proceeds of a litigation claim as encumbered or unencumbered, the Debtors categorized proceeds of chapter 5 avoidance actions as unencumbered. The Debtors did so to provide an illustrative middle-ground approach, and this middle ground does not necessarily reflect the Debtors' views if this treatment were actually litigated.

insurance, government agencies, professionals, financial institutions, and customer deposits. The recovery on the remaining population of payments is estimated as 5% (in the lower recovery scenario) and 10% (in the higher recovery scenario). For each preference recovery, a general unsecured Claim is added in the equivalent amount.

B. Distribution of Liquidation Proceeds, Claims, and Interests

Note 9: Section 506(c) Surcharge

Section 506(c) of the Bankruptcy Code permits a debtor to “recover from property securing an allowed secured claim the reasonable, necessary costs and expenses of preserving, or disposing of, such property to the extent of any benefit to the holder of such claim.” 11 U.S.C. § 506(c). Under the Cash Collateral Order, however, the Debtors’ ability to assert such 506(c) surcharges is generally limited to (1) non-maintenance capital expenditures, (2) non-capitalized expenditures that are extraordinary, non-recurring, and non-ordinary course for discontinued operations, and (3) non-capitalized expenditures for remediation projects costing at least \$10 million, in each case to the extent any such expenditures satisfy the conditions of section 506(c) (collectively, the “Potential 506(c) Surcharges”). The total Potential 506(c) Surcharge balance is approximately \$460 million. For purposes of the Liquidation Analysis, the Debtors assumed that:

- in the higher recovery scenario, the Trustee would have a 75% likelihood of successfully asserting the Potential 506(c) Surcharges; and
- in the lower recovery scenario, the Trustee would have a 25% likelihood of successfully asserting the Potential 506(c) Surcharges.

Note 10: Carve Out

The Cash Collateral Order provides for a “Carve Out” (as defined therein) that is senior to all liens and Claims (including any superpriority administrative Claims) held by First Lien Creditors. For purposes of the Liquidation Analysis, the Debtors assumed that the “Carve Out Trigger Notice” (as defined in the Cash Collateral Order) would be delivered prior to or on the Conversion Date, requiring the Debtors to fund a reserve from the Debtors’ cash on hand in the amount of the Carve Out. It is assumed that this reserve would be funded first from unencumbered proceeds, with any remaining amount funded from encumbered proceeds. For purposes of this analysis, the reserve is allocated based on proceeds available for distribution. The Carve Out includes:

- all fees required to be paid to the Clerk of the Court and to the U.S. Trustee under 28 U.S.C. § 1930(a), plus interest at the statutory rate;
- up to \$50,000 of reasonable fees and expenses incurred by the Trustee;
- all unpaid fees and expenses incurred by professionals retained by the Debtors and Committees pursuant to sections 327, 328, 363, or 1103 (the “Estate Professionals”)

of the Bankruptcy Code at any time before or on the first business day following delivery of the Carve Out Trigger Notice; and

- up to \$50 million of additional fees and expenses incurred by Estate Professionals after the first business day following delivery of the Carve Out Trigger Notice.

Note 11: Secured Claims

Secured Claims consist of the Clark County SID Bond Claim, First Lien Claims, Second Lien Notes Claims, Secured Tax Claims, and Other Secured Claims, each of which is described below:

- *Clark County SID Bond Claim.* This Claim arises on account of approximately \$47 million of secured Clark County special improvement district bonds. This is solely a Claim against Caesars Palace Realty Corp, is secured by liens on certain real property owned by Caesars Palace Realty Corp., and is senior to those liens securing the First Lien Claims.
- *First Lien Claims.* These Claims include the Prepetition Credit Agreement Claims (including the Swap and Hedge Claims) and the Secured First Lien Notes Claims, which are pari passu and secured by first priority liens on a significant portion of the Debtors' assets. The estimated allowed amounts of the First Lien Claims, including accrued interest as of the Petition Date, is approximately \$12 billion.

The Cash Collateral Order required that the Debtors make monthly adequate protection payments to Holders of the First Lien Claims to protect against potential diminution in value of the First Lien Creditors' collateral during the course of these cases. For purposes of the Liquidation Analysis, the Debtors do not project any diminution of value during these cases. As a result, and pursuant to the Cash Collateral Order, all adequate protection payments made during the course of the cases are recharacterized as payments on account of the First Lien Claims.

- *Second Lien Notes Claims.* The Second Lien Notes Claims consist of approximately \$5.5 billion of Claims on account of the Second Lien Notes, which are secured by second priority liens on a subset of the Debtors' assets securing the First Lien Claims. Because the First Lien Creditors do not recover in full on account of their collateral under the Liquidation Analysis, the Second Lien Creditors recover nothing on account of their secured Claims.
- *Secured Tax Claims and Other Secured Claims.* These Claims consist of certain de minimis tax and other obligations secured by liens on certain of the Debtors' assets. In the aggregate, the Debtors estimate that these Claims total approximately \$2.5 million.

Note 12: Administrative Claims

Administrative Claims consist of Claims entitled to administrative priority under section 503 of the Bankruptcy Code, and include (1) intercompany Claims held by subsidiary Debtors on account of postpetition net cash transfers to CEOC (the “Superpriority Intercompany Claims”), (2) administrative Claims arising during the chapter 7 cases, and (3) administrative Claims arising during the Chapter 11 Cases. Because the Debtors’ casino properties are assumed to be sold as going concerns, the Debtors assumed that all working capital and postpetition trade Claims related to the casino properties are assumed by the relevant purchaser of each casino property.

- *Superpriority Intercompany Claims.* Both the Cash Collateral Order and the Cash Management Order granted superpriority administrative expense status under section 507(b) of the Bankruptcy Code to the Superpriority Intercompany Claims.
- *Chapter 7 Administrative Claims.* Chapter 7 administrative Claims consist of the general and administrative costs required to operate the Debtors’ businesses during the liquidation process and effectuate the liquidation, including the following:
 - *Trustee Fees.* Although section 326 of the Bankruptcy Code provides for statutory Trustee fees of 3.0% for liquidation proceeds in excess of \$1,000,000, the Debtors assumed (1) that the Bankruptcy Court would authorize Trustee fees equal to only 1.5% of the gross asset proceeds (excluding cash) at each Debtor entity and (2) that the fee expenses of legal and financial professionals hired by the Trustee, other than investment banking fees associated with the sale of casinos, are included in such amount. Should the Trustee’s and other professionals’ fees and expenses exceed 1.5%, the proceeds available for distribution to creditors would be reduced.
 - *Retention Program.* To maximize recoveries on remaining assets, minimize the amount of Claims, and generally ensure an orderly liquidation, the Trustee will require the services of a significant number of individuals currently employed by the Debtors and their non-Debtor affiliate CES. Many of these individuals—including those employed by CES—provide services primarily or entirely to the Debtors, and will be responsible for operating and maintaining the Debtors’ assets, providing historical knowledge and insight to the Trustee regarding the Debtors’ businesses and these cases, and concluding the administrative wind down of the businesses. During the period between the Conversion Date and the identification of a purchaser of the casino properties and other assets, however, the Debtors anticipate that the potential loss of employees could be significant. To ensure stability and preserve value during this critical time, the Debtors believe that a retention program would be implemented to incentivize certain individuals to remain through the Closing Date. The Debtors assumed that such retention program would reward employees that remain with the Debtors and CES through the Closing Date and

thereafter as needed. The estimated cost of the retention program is between approximately \$57 million (in the higher recovery scenario) and \$76 million (in the lower recovery scenario).

- *Professional Fees.* As noted elsewhere, the Debtors estimate that professional fees will be fully covered through the Carve Out, Trustee fee payments of 1.5% of gross asset proceeds, and investment banking fees associated with the sale of the casinos.
- *Chapter 11 Administrative Claims.* Chapter 11 administrative Claims consist of the general and administrative costs arising from activity during the Chapter 11 Cases and include the following:
 - *Postpetition Accounts Payable.* The postpetition accounts payable balance derives from third-party transactions occurring in the ordinary course of business during the Chapter 11 Cases and is estimated as of the Conversion Date.
 - *Other Chapter 11 Administrative Claims.* Additional chapter 11 administrative Claims that are projected by the Debtors based on a review of Claims asserted against the Debtors, including vendor, trade, and tax Claims.

Note 13: Priority Claims

Priority Claims consist of Claims that are entitled to priority under section 507 of the Bankruptcy Code. The Debtors developed an estimate of such Claims based on the Debtors' books and records and a preliminary review of the proofs of claim filed against the Debtors in these cases. The Claims include employee, tax, and other priority Claims.

Note 14: Unsecured Claims

Unsecured Claims consist of all unsecured, non-priority Claims arising prior to the Petition Date. The Debtors developed an estimate of such Claims based on the Debtors' books and records and a preliminary review of the proofs of claim filed against the Debtors in these cases. There are several categories of unsecured Claims discussed below, each of which are pari passu to one another at each particular Debtor entity, including:

- *Deficiency Secured Debt Claims.* The deficiency secured debt Claims are the remaining Claim amounts after distributing encumbered proceeds to the applicable secured creditors.
- *Senior Unsecured Notes.* The Senior Unsecured Notes Claims are Claims against CEOC only and total approximately \$536 million. Non-Debtor affiliate CAC holds approximately \$293 million of such Claims, and will waive recoveries on account of such Claims under the Debtors' Plan. Such waiver, however, would not occur in a liquidation.

- *Subsidiary-Guaranteed Notes.* The Subsidiary-Guaranteed Notes Claims are Claims against CEOC (as issuer of the notes) and certain of the subsidiary Debtors (as guarantors of the notes), and total approximately \$502 million. The Subsidiary-Guaranteed Notes are subject to an intercreditor agreement, and the Liquidation Analysis takes into account the enforcement of this intercreditor agreement. Among other things, the intercreditor agreement contractually requires the turnover of a portion of the Subsidiary-Guaranteed Notes' recoveries to the First Lien Creditors on a pro rata basis in accordance with the amount of the Subsidiary-Guaranteed Notes Claims and the total outstanding obligations (including postpetition interest, but net of adequate protection payments) owed to the First Lien Creditors as of the Closing Date. Certain parties in interest, however, have informally asserted that the pro rata turnover should not take into account Secured First Lien Notes Claims, as well as various other claims and defenses with respect to the appropriate methodology for implementing and calculating the turnover amounts. In an effort to provide an illustrative middle-ground approach (which does not necessarily reflect the Debtors' views on the merits of these assertions), (1) in the higher recovery scenario, the pro rata turnover does not take into account Secured First Lien Notes Claims and (2) in the lower recovery scenario, the pro rata turnover does take into account Secured First Lien Notes Claims.⁵
- *General Unsecured Claims.* General unsecured Claims consist of trade payables, employees, contract rejection damages, insurance, and litigation Claims. The Debtors estimated the Claim amounts based on their ongoing review of the proofs of claim filed in these Chapter 11 Cases, the Debtors' books and records, and the Debtors' Schedules and Statements. For purposes of the Liquidation Analysis, the Debtors assumed that all property-level executory contracts and unexpired leases would be assumed by the applicable casino properties as part of the individual going concern sales, and thus have not included any incremental rejection damages Claims on account of such contracts and leases. In an actual liquidation, it is likely that there will be some such incremental rejection damages Claims, which would further reduce recoveries to unsecured creditors in a liquidation.
- *Pension Claims.* The Liquidation Analysis assumes that the Debtors will be subject to withdrawal liability on account of their participation in various multiemployer plans. The Debtors estimated that the Claim amounts would total approximately \$446 million based on the Debtors' most recent actuarial estimates of withdrawal liabilities and a review of the Claims filed in these cases. The Debtors also assumed that the Claims would be asserted at each of the Debtor entities, based on a "controlled group" (as defined in ERISA) theory of liability. In the lower recovery scenario, the Debtors assumed that 100% of the withdrawal liability is paid by the

⁵ Because the Holders of Subsidiary-Guaranteed Notes Claims assert claims against CEOC and each of the Subsidiary Guarantors, in the higher recovery scenario such Holders would recover in full (before application of the turnover provision). The Debtors allocated the pre-turnover recovery across CEOC and each Subsidiary Guarantor based on proceeds available for distribution to unsecured creditors at each such Debtor.

Debtors through the claims process (and subject to the availability of sufficient Liquidation Proceeds). In the higher recovery scenario, the Debtors assumed that 100% of the withdrawal liability is paid by the Debtors' non-Debtor affiliates (including CEC, CGP, and CERP), which are then assumed to have a 50% likelihood of successfully asserting contribution claims back against the Debtor entities. *See Summers v. State St. Bank & Trust Co.*, 453 F.3d 404, 413 (7th Cir. 2006) (noting that it remains an open issue in the Seventh Circuit whether ERISA defendants have a right to contribution).

- *Intercompany Notes.* The intercompany notes are comprised of thirteen notes among Debtors and non-Debtor subsidiaries. CEOC is the lender on seven of the notes comprising approximately 50% of the total intercompany note Claims. Caesars Entertainment Finance Corporation is the lender on two of the notes comprising approximately 30% of the total intercompany note Claims. The remaining notes were lent by various other Debtors.
- *Intercompany Prepetition Claims.* Nearly all of the intercompany prepetition Claims involve CEOC, and reflect balances arising on account of intercompany activity, including prepetition cash transfers.

Note 15: Equity Interest

Equity interest refers to value available to the Debtor's parent entity, and it represents residual value (if any) after satisfaction of all estimated Claims against the applicable Debtor.

CONCLUSION

Based on a comparison of recoveries under this Liquidation Analysis to the implied reorganization value and recoveries provided under the Debtors' proposed Plan, the Plan satisfies the requirements of section 1129(a)(7) of the Bankruptcy Code.

Schedule 1

**Summary of Recovery Ranges
For Each Creditor Class**

Caesars Entertainment Operating Company, Inc. et al
Hypothetical Liquidation Analysis - Schedule 1
Consolidated Presentation

	Liquidation Lower/ Higher Recovery	Estimated Percent Recovery Under the Plan
Unclassified Claims		
Administrative Claims	0% - 100%	100%
Priority Tax Claims	0% - 100%	100%
Professional Fee Claims	100% - 100%	100%

Classified Claims		Liquidation Lower/ Higher Recovery	Estimated Percent Recovery Under the Plan
Class A	Secured Tax Claims	0% - 23%	100%
Class B	Other Secured Claims	0% - 100%	100%
Class C	Other Priority Claims	0% - 100%	100%
Class D	Prepetition Credit Agreement Claims ^{a,b}	89% - 110%	Class F Rejects: 113% – 117% Class F Accepts: 112% – 115%
Class E	Secured First Lien Notes Claims ^{a,b}	89% - 104%	Class F Rejects: 96% – 128% Class F Accepts: 94% – 124%
Class F	Second Lien Notes Claims ^{b,c}	0% - 23%	Accept: 29% – 48% Reject: 22% – 34%
Class G	Subsidiary-Guaranteed Notes Claims ^b	3% - 11%	Accept: 61% – 105% Reject: 11%
Class H	Senior Unsecured Notes Claims ^c	0% - 23%	Accept: 33% – 56% Reject: 22% – 33%
Class I	Undisputed General Unsecured Claims ^c	0% - 23%	Accept: 34% – 54% Reject: 22% – 33%
Class J	Disputed General Unsecured Claims ^c	0% - 23%	34% – 54%
Class K	Convenience Class Claims	0% - 23%	47%
Class L	Par Recovery Unsecured Claims	0% - 100%	100%
Class M	Winnick Unsecured Claims	0% - 67%	67%
Class N	Caesars Riverboat Casino Unsecured Claims	7% - 71%	71%
Class O	Chester Downs Management Unsecured Claims	0% - 87%	87%
Class P	Non-Obligor Unsecured Claims	0% - 100%	100%
Class Q	Section 510(b) Claims	0% - 0%	0%
Class R	Intercompany Claims	0% - 71%	0% ^d
Class S	Intercompany Interests	0% – 100%	0% – 100%
Class T	CEOC Interests	0%	0%
Class U	Des Plaines Interests	100%	100%

Notes:

- Percent recovery based on principal and accrued prepetition interest claim balance before taking into account any postpetition interest.
- Reflects aggregate recovery across all applicable Debtors.
- As noted in Article IV.P.2 of the Disclosure Statement, if the OID Objection is successful, the Plan provides for a reallocation of the recoveries available to claims in this Class. The estimated Plan recovery percentages in this Schedule 1 do not take into account any such reallocation. An overview of how the OID Objection could readjust creditor recoveries under the Plan for this Class is included in Article IV.P.2 of the Disclosure Statement.
- The Plan provides that Intercompany Claims will be cancelled and no distributions will be made, but provides the Reorganized Debtors the ability to reconcile such Intercompany Claims as may be advisable in order to avoid the incurrence of any past, present, or future tax or similar liabilities by the Reorganized Debtors.

Schedule 2

Debtor-By-Debtor Liquidation Recoveries

Hypothetical Liquidation Analysis - Schedule 2

Table of Contents

Legal Entity	Page Number
Caesars Entertainment Operating Company, Inc.	1
Showboat Holding, Inc.	4
Ocean Showboat, Inc.	7
Showboat Atlantic City Operating Company, LLC	10
Showboat Atlantic City Mezz 9, LLC	13
Showboat Atlantic City Mezz 8, LLC	16
Showboat Atlantic City Mezz 7, LLC	19
Showboat Atlantic City Mezz 6, LLC	22
Showboat Atlantic City Mezz 5, LLC	25
Showboat Atlantic City Mezz 4, LLC	28
Showboat Atlantic City Mezz 3, LLC	31
Showboat Atlantic City Mezz 2, LLC	34
Showboat Atlantic City Mezz 1, LLC	37
Showboat Atlantic City Propco, LLC	40
Harrah's Chester Downs Investment Company, LLC	43
Harrah's Chester Downs Management Company, LLC	46
Chester Facility Holding Company, LLC	49
Caesars Massachusetts Acquisition Company, LLC	52
Caesars Massachusetts Development Company, LLC	55
Caesars Massachusetts Management Company, LLC	58
Caesars Massachusetts Investment Company, LLC	61
Bally's Park Place, Inc.	64
GNOC Corporation	67
BPP Providence Acquisition Company, LLC	70
Parball Corporation	73
FHR Corporation	76
FHR Parent, LLC	79
Flamingo-Laughlin, Inc.	82
Flamingo-Laughlin Parent, LLC	85
LVH Corporation	88
LVH Parent, LLC	91
Laundry Parent, LLC	94
Parball Parent, LLC	97
Grand Casinos, Inc.	100
Grand Media Buying, Inc.	103
GCA Acquisition Subsidiary, Inc.	106
BL Development Corp.	109
Grand Casinos of Mississippi, LLC - Gulfport	112
Grand Casinos of Biloxi, LLC	115
Biloxi Hammond, LLC	118
Biloxi Village Walk Development, LLC	121
Village Walk Construction, LLC	124

Hypothetical Liquidation Analysis - Schedule 2

Table of Contents

Legal Entity	Page Number
HTM Holding, Inc.	127
Harveys Tahoe Management Company, Inc.	130
Harrah South Shore Corporation	133
Tahoe Garage Propco, LLC	136
Koval Holdings Company, LLC	139
Koval Investment Company, LLC	142
Bally's Midwest Casino, Inc.	145
Caesars Entertainment Finance Corp.	148
Winnick Parent, LLC	151
Winnick Holdings, LLC	154
Las Vegas Resort Development, Inc.	157
Caesars Marketing Services Corporation	160
Harrah's Interactive Investment Company	163
Corner Investment Company Newco, LLC	166
AJP Parent, LLC	169
AJP Holdings, LLC	172
Durante Holdings, LLC	175
Caesars Operating Escrow LLC	178
Caesars Escrow Corporation	181
Harrah's Illinois Corporation	184
Des Plaines Development Limited Partnership	187
3535 LV Corp.	190
3535 LV Parent, LLC	193
Harrah's Management Company	196
Harrah's NC Casino Company, LLC	199
PHW Investments, LLC	202
PHW Manager, LLC	205
PHW Las Vegas, LLC	208
PH Employees Parent, LLC	211
HIE Holdings Topco, Inc.	214
HHLV Management Company, LLC	217
Harrah's West Warwick Gaming Company, LLC	220
Caesars License Company, LLC	223
DCH Exchange, LLC	226
Caesars Trex, Inc.	229
190 Flamingo, LLC	232
TRB Flamingo, LLC	235
Harrah's Investments, Inc.	238
Harrah's North Kansas City LLC	241
Harrah's Pittsburgh Management Company	244
Nevada Marketing, LLC	247
Harrah's Arizona Corporation	250

Hypothetical Liquidation Analysis - Schedule 2

Table of Contents

Legal Entity	Page Number
HCAL, LLC	253
Harrah's Maryland Heights Operating Company	256
Harrah's MH Project, LLC	259
Cromwell Manager, LLC	262
Las Vegas Golf Management, LLC	265
Harrah's Southwest Michigan Casino Corporation	268
The Quad Manager, LLC	271
Trigger Real Estate Corporation	274
Harrah's Travel, Inc.	277
Rio Development Company, Inc.	280
Hole in the Wall, LLC	283
Harrah's Operating Company Memphis, LLC	286
CG Services, LLC	289
Harveys Iowa Management Company, Inc.	292
Harveys C.C. Management Company, Inc.	295
HBR Realty Company, Inc.	298
Harveys BR Management Company, Inc.	301
HCR Services Company, Inc.	304
Reno Projects, Inc.	307
Harrah's Iowa Arena Management, LLC	310
Consolidated Supplies, Services and Systems	313
Tunica Roadhouse Corporation	316
Reno Crossroads LLC	319
Caesars Entertainment Canada Holding, Inc.	322
Benco, Inc.	325
Caesars Entertainment Retail, Inc.	328
East Beach Development Corporation	331
Caesars Entertainment Golf, Inc.	334
Bally's Las Vegas Manager, LLC	337
Caesars Air, LLC	340
Christian County Land Acquisition Company, LLC	343
CZL Development Company, LLC	346
CZL Management Company, LLC	349
DCH Lender, LLC	352
Harrah's Reno Holding Company, Inc.	355
H-BAY, LLC	358
Harrah's Shreveport/Bossier City Holding Company, LLC	361
Harrah's Shreveport Investment Company, LLC	364
JCC Holding Company II Newco, LLC	367
Harrah's Shreveport Management Company, LLC	370
Harrah's New Orleans Management Company	373
Harrah's Bossier City Management Company, LLC	376

Hypothetical Liquidation Analysis - Schedule 2

Table of Contents

Legal Entity	Page Number
Harrah's Shreveport/Bossier City Investment Company, LLC	379
Harrah's Bossier City Investment Company, L.L.C.	382
Horseshoe Gaming Holding, LLC	385
Horseshoe Hammond, LLC	388
Horseshoe Entertainment	391
New Gaming Capital Partnership	394
Horseshoe GP, LLC	397
Robinson Property Group Corp.	400
Horseshoe Shreveport, L.L.C.	403
Casino Computer Programming, Inc.	406
Players International, LLC	409
Players Services, Inc.	412
Players Resources, Inc.	415
Players Development, Inc.	418
Players Holding, LLC	421
Players LC, LLC	424
Players Riverboat Management, LLC	427
Players Riverboat, LLC	430
Players Maryland Heights Nevada, LLC	433
Southern Illinois Riverboat/Casino Cruises, Inc.	436
Players Bluegrass Downs, Inc.	439
Players Riverboat II, LLC	442
Caesars World, Inc.	445
Caesars Entertainment Windsor Limited	448
Caesars World Marketing Corporation	451
Caesars World Merchandising, Inc.	454
Roman Holding Corporation of Indiana	457
Caesars Riverboat Casino, LLC	460
Roman Entertainment Corporation of Indiana	463
Caesars New Jersey, Inc.	466
Boardwalk Regency Corporation	469
Martial Development Corp.	472
Caesars United Kingdom, Inc.	475
Caesars Palace Corporation	478
Desert Palace, Inc.	481
Caesars Palace Realty Corp.	484
Octavius Linq Holding Co., LLC	487
Caesars Palace Sports Promotions, Inc.	490
California Clearing Corporation	493
Caesars India Sponsor Company, LLC	496
Harrah's International Holding Company, Inc.	499
B I Gaming Corporation	502

Hypothetical Liquidation Analysis - Schedule 2

Table of Contents

Legal Entity	Page Number
HEI Holding Company One, Inc.	505
HEI Holding Company Two, Inc.	508
Caesars Baltimore Acquisition Company, LLC	511
Caesars Baltimore Development Company, LLC	514
Caesars Baltimore Management Company, LLC	517

I. TOTAL PROCEEDS AVAILABLE FOR DISTRIBUTION

	Net Book Value	Estimated Recovery (%)		Estimated Liquidation Value		See Note
		Lower	Higher	Lower	Higher	
A. STATEMENT OF ASSETS						
Cash and equivalents	\$ 1,145,072	100%	100%	\$ 1,145,072	\$ 1,145,072	1
Accounts receivable	30,766	64%	87%	19,619	26,818	2
Other current assets	9,263	49%	78%	4,554	7,247	2
Inventory	424	0%	25%	-	106	2
Due from subsidiaries/affiliates	3,306,042	4%	8%	126,852	269,018	3
Property and equipment, net	99,454	23%	39%	22,768	39,186	2
Goodwill	-	0%	0%	-	-	4
Intangibles	-	0%	0%	-	-	4
Investments in subsidiaries	16,678	100%+	100%+	88,001	2,135,648	5
Restricted cash	10,620	0%	100%	-	10,620	4
Other assets	185,514	15%	40%	26,935	73,415	
STATEMENT OF ASSETS - CASINO SALE						
Casino	40,165	6%	10%	2,452	4,086	6
Interim cash flow	1,573	80%	90%	1,259	1,416	7
Total Assets / Gross Recovery	\$ 4,845,571	30%	77%	\$ 1,437,511	\$ 3,712,632	
A1. ENCUMBERED COLLATERAL						
Cash and equivalents	\$ 455,706	100%	100%	\$ 455,706	\$ 455,706	1
Accounts receivable	30,766	64%	87%	19,619	26,818	2
Other current assets	9,263	49%	78%	4,554	7,247	2
Inventory	424	0%	25%	-	106	2
Due from subsidiaries/affiliates	3,306,042	4%	8%	126,852	269,018	3
Property and equipment, net	85,220	12%	31%	10,644	26,611	2
Goodwill	-	0%	0%	-	-	4
Intangibles	-	0%	0%	-	-	4
Investments in subsidiaries	10,236	0%	100%+	-	1,310,720	5
Restricted cash	-	0%	0%	-	-	4
Other assets	185,514	15%	40%	26,935	73,415	
Casino value and encumbered interim cash flow	40,618	7%	11%	2,814	4,493	6,7
Total Encumbered Collateral / Gross Recovery	\$ 4,123,789	16%	53%	\$ 647,124	\$ 2,174,136	
A2. UNENCUMBERED ASSETS						
Cash and equivalents	\$ 689,366	100%	100%	\$ 689,366	\$ 689,366	1
Accounts receivable	-	0%	0%	-	-	2
Other current assets	-	0%	0%	-	-	2
Inventory	-	0%	0%	-	-	2
Due from subsidiaries/affiliates	-	0%	0%	-	-	3
Property and equipment, net	14,234	85%	88%	12,124	12,575	2
Goodwill	-	0%	0%	-	-	4
Intangibles	-	0%	0%	-	-	4
Investments in subsidiaries	6,442	100%+	100%+	88,001	824,928	5
Restricted cash	10,620	0%	100%	-	10,620	4
Other assets	-	0%	0%	-	-	
Unencumbered interim cash flow	1,121	80%	90%	896	1,009	7
Total Unencumbered Assets / Gross Recovery	\$ 721,782	100%+	100%+	\$ 790,387	\$ 1,538,497	
B. LITIGATION RECOVERIES						
B1. Encumbered Causes of Action				3,133,000	1,322,000	8
B2. Unencumbered Causes of Action, including Preferences				19,974	1,523,947	8
B3. Total Litigation Recoveries				\$ 3,152,974	\$ 2,845,947	
C. SUMMARY OF GROSS PROCEEDS						
C1. Encumbered Collateral Recovery (A1 + B1)				\$ 3,780,124	\$ 3,496,136	
C2. Unencumbered Assets Recovery (A2 + B2)				810,361	3,062,444	
C3. Total Gross Recovery Proceeds Available for Distribution				\$ 4,590,485	\$ 6,558,579	

II. ALLOCATION OF PROCEEDS FROM ENCUMBERED COLLATERAL AVAILABLE FOR DISTRIBUTION

	Estimated Allowed Claims		Estimated Recovery (%)		Estimated Recovery on Secured Claims		See Note
	Lower	Higher	Lower	Higher	Lower	Higher	
Encumbered Gross Collateral Proceeds Available					\$ 3,780,124	\$ 3,496,136	
A. LESS: Section 506(c) Surcharges	\$ 4,584	\$ 13,751			\$ 4,584	\$ 13,751	9
B. Carve-Out Allocation	-	-			-	-	10
Proceeds Available to Secured Claims					\$ 3,775,540	\$ 3,482,385	
SECURED CLAIMS							
C. PLUS: Proceeds From Subsidiary Guaranteed Notes Turnover					-	-	14
Proceeds Available to Satisfy First Lien Secured Claims					\$ 3,775,540	\$ 3,482,385	
D. First Lien Secured Claims							
D1. First Lien Bank Claims ^{ab}	\$ 2,281,872	\$ 1,005,821	74.5%	100%+	1,699,894	1,567,904	11
D2. First Lien Bond Claims ^{ab}	2,760,149	1,637,452	74.7%	100%+	2,062,143	1,902,026	11
D3. First Lien Swap Claims ^{ab}	17,810	7,406	75.8%	100%+	13,503	12,455	11
D4. Other First Lien Secured Claims	-	-	na	na	-	-	11
Total First Lien Claims & Recovery	\$ 5,059,831	\$ 2,650,678	74.6%	100%+	\$ 3,775,540	\$ 3,482,385	
Proceeds Available to Satisfy Second Lien Secured Claims					\$ -	\$ -	
E. Second Lien Bond Claims	5,522,499	5,522,499	0.0%	0.0%	-	-	11
Total Second Lien Claims & Recovery	\$ 5,522,499	\$ 5,522,499	0.0%	0.0%	\$ -	\$ -	
F. Other Secured Claims	127	127			-	-	11
Total Secured Claims and Distributions	\$ 10,587,040	\$ 8,187,055	35.7%	42.7%	\$ 3,780,124	\$ 3,496,136	
Proceeds Available from Encumbered Collateral to Satisfy Administrative, Priority and Unsecured Claims					\$ -	\$ -	
Secured Lender Deficiency Claims (General Unsecured Claim)	\$ 6,806,917	\$ 5,522,626					

Notes:

- a. The estimated allowed claim is the residual claim of principal and accrued prepetition interest after subtracting the portions of such claims allocated to other asset pledgors. This excludes any allowable claims for postpetition interest.
- b. The estimated recovery includes principal, accrued prepetition interest and net postpetition interest up to the available encumbered collateral value. Accordingly, the estimated recovery percentage exceeds 100% when there is sufficient encumbered value to require payment of postpetition interest.

Claim	Recovery		Recovery %	
	Lower	Higher	Lower	Higher
First lien bank claims	\$ 4,800,533	\$ 5,944,594	89%	110%
First lien bond claims	5,831,526	6,794,107	89%	104%
First lien swap claims	38,449	47,805	90%	112%
\$ 11,954,799	\$ 10,670,509	\$ 12,786,506	89%	107%

III. ALLOCATION OF PROCEEDS AVAILABLE TO SATISFY ADMINISTRATIVE, PRIORITY AND UNSECURED CLAIMS

	Estimated Allowed Claims		Estimated Recovery (%)		Estimated Recovery on Administrative, Priority and Unsecured Claims		See Note
	Lower	Higher	Lower	Higher	Lower	Higher	
Proceeds Available from Unencumbered Assets					\$ 810,361	\$ 3,062,444	
Section 506(c) Surcharges					4,584	13,751	9
Proceeds Available from Encumbered Collateral					-	-	
Proceeds Available to Satisfy Administrative, Priority and Unsecured Claims					\$ 814,945	\$ 3,076,195	
A. LESS: Carve-Out Allocation	\$ 23,897	\$ 21,755	100.0%	100.0%	\$ 23,897	\$ 21,755	10
Proceeds Available for Administrative Claims					\$ 791,048	\$ 3,054,440	
ADMINISTRATIVE CLAIMS							
B. Subsidiaries' Superpriority Admin Claims against CEOC	\$ 1,338,624	\$ 1,338,624	59.1%	100.0%	\$ 791,048	\$ 1,338,624	12
C. Chapter 7 Administrative Claims	-	61,087	na	100.0%	-	61,087	12
D. Chapter 11 Administrative Claims	21,556	21,556	0.0%	100.0%	-	21,556	12
Proceeds Available for Priority Claims					\$ -	\$ 1,633,173	
PRIORITY CLAIMS							
E. Employee Priority Claims	\$ 133	\$ 133	0.0%	100.0%	\$ -	\$ 133	13
F. Priority Tax Claims	665	665	0.0%	100.0%	-	665	13
G. Other Priority Claims	31	31	0.0%	100.0%	-	31	13
Proceeds Available for Unsecured Claims					\$ -	\$ 1,632,343	
UNSECURED CLAIMS							
H1. First Lien Deficiency Claims	\$ 1,284,291	\$ -	0.0%	na	\$ -	\$ -	14
H2. Second Lien Deficiency Claims	5,522,499	5,522,499	0.0%	22.7%	-	1,255,405	14
H3. Other Secured Deficiency Claims	127	127	0.0%	22.7%	-	29	14
H4. Senior Unsecured Notes Claims	536,235	536,235	0.0%	22.7%	-	121,900	14
H5. Subsidiary Guaranteed Notes Claims	502,019	502,019	0.0%	3.6%	-	18,030	14
H5a. Subsidiary Guaranteed Notes Turnover to First Lien Claimants	-	-	na	na	-	-	14
H6. General Unsecured Claims	184,877	186,850	0.0%	22.7%	-	42,476	14
H7. Pension Claims	446,123	223,061	0.0%	1.0%	-	2,150	14
H8. Intercompany Notes Payable	-	-	na	na	-	-	14
H9. Intercompany Claims - Prepetition	846,160	846,160	0.0%	22.7%	-	192,354	14
Total Unsecured Claims	\$ 9,322,330	\$ 7,816,952	0.0%	20.9%	\$ -	\$ 1,632,343	
Total Admin, Priority, Unsecured Claims & Distributions	\$ 10,707,205	\$ 9,260,772	7.6%	33.2%	\$ 814,945	\$ 3,076,195	
Value Available for Equity Interests					\$ -	\$ -	15

I. TOTAL PROCEEDS AVAILABLE FOR DISTRIBUTION

	Net Book Value	Estimated Recovery (%)		Estimated Liquidation Value		See Note
		Lower	Higher	Lower	Higher	
A. STATEMENT OF ASSETS						
Cash and equivalents	\$ -	0%	0%	\$ -	\$ -	1
Accounts receivable	-	0%	0%	-	-	2
Other current assets	33	0%	0%	-	-	2
Inventory	-	0%	0%	-	-	2
Due from subsidiaries/affiliates	-	0%	0%	-	-	3
Property and equipment, net	-	0%	0%	-	-	2
Goodwill	-	0%	0%	-	-	4
Intangibles	-	0%	0%	-	-	4
Investments in subsidiaries	-	0%	0%	-	-	5
Restricted cash	-	0%	0%	-	-	4
Other assets	-	0%	0%	-	-	
STATEMENT OF ASSETS - CASINO SALE						
Casino	-	0%	0%	-	-	6
Interim cash flow	-	0%	0%	-	-	7
Total Assets / Gross Recovery	\$ 33	0%	0%	\$ -	\$ -	
A1. ENCUMBERED COLLATERAL						
Cash and equivalents	\$ -	0%	0%	\$ -	\$ -	1
Accounts receivable	-	0%	0%	-	-	2
Other current assets	33	0%	0%	-	-	2
Inventory	-	0%	0%	-	-	2
Due from subsidiaries/affiliates	-	0%	0%	-	-	3
Property and equipment, net	-	0%	0%	-	-	2
Goodwill	-	0%	0%	-	-	4
Intangibles	-	0%	0%	-	-	4
Investments in subsidiaries	-	0%	0%	-	-	5
Restricted cash	-	0%	0%	-	-	4
Other assets	-	0%	0%	-	-	
Casino value and encumbered interim cash flow	-	0%	0%	-	-	6,7
Total Encumbered Collateral / Gross Recovery	\$ 33	0%	0%	\$ -	\$ -	
A2. UNENCUMBERED ASSETS						
Cash and equivalents	\$ -	0%	0%	\$ -	\$ -	1
Accounts receivable	-	0%	0%	-	-	2
Other current assets	-	0%	0%	-	-	2
Inventory	-	0%	0%	-	-	2
Due from subsidiaries/affiliates	-	0%	0%	-	-	3
Property and equipment, net	-	0%	0%	-	-	2
Goodwill	-	0%	0%	-	-	4
Intangibles	-	0%	0%	-	-	4
Investments in subsidiaries	-	0%	0%	-	-	5
Restricted cash	-	0%	0%	-	-	4
Other assets	-	0%	0%	-	-	
Unencumbered interim cash flow	-	0%	0%	-	-	7
Total Unencumbered Assets / Gross Recovery	\$ -	0%	0%	\$ -	\$ -	
B. LITIGATION RECOVERIES						
B1. Encumbered Causes of Action	-	-	-	-	-	8
B2. Unencumbered Causes of Action, including Preferences	-	-	-	-	-	8
B3. Total Litigation Recoveries	\$ -	\$ -	\$ -	\$ -	\$ -	
C. SUMMARY OF GROSS PROCEEDS						
C1. Encumbered Collateral Recovery (A1 + B1)	-	-	-	\$ -	\$ -	
C2. Unencumbered Assets Recovery (A2 + B2)	-	-	-	-	-	
C3. Total Gross Recovery Proceeds Available for Distribution	\$ -	\$ -	\$ -	\$ -	\$ -	

II. ALLOCATION OF PROCEEDS FROM ENCUMBERED COLLATERAL AVAILABLE FOR DISTRIBUTION

	Estimated Allowed Claims		Estimated Recovery (%)		Estimated Recovery on Secured Claims		See Note
	Lower	Higher	Lower	Higher	Lower	Higher	
Encumbered Gross Collateral Proceeds Available					\$ -	\$ -	
A. LESS: Section 506(c) Surcharges	\$ -	\$ -			\$ -	\$ -	9
B. Carve-Out Allocation	-	-			-	-	10
Proceeds Available to Secured Claims					\$ -	\$ -	
SECURED CLAIMS							
C. PLUS: Proceeds From Subsidiary Guaranteed Notes Turnover					-	-	14
Proceeds Available to Satisfy First Lien Secured Claims					\$ -	\$ -	
D. First Lien Secured Claims							
D1. First Lien Bank Claims	\$ -	\$ -	na	na	-	-	11
D2. First Lien Bond Claims	-	-	na	na	-	-	11
D3. First Lien Swap Claims	-	-	na	na	-	-	11
D4. Other First Lien Secured Claims	-	-	na	na	-	-	11
Total First Lien Claims & Recovery	\$ -	\$ -	na	na	\$ -	\$ -	
Proceeds Available to Satisfy Second Lien Secured Claims					\$ -	\$ -	
E. Second Lien Bond Claims	\$ -	\$ -	na	na	-	-	11
Total Second Lien Claims & Recovery	\$ -	\$ -	na	na	\$ -	\$ -	
F. Other Secured Claims	-	-			\$ -	\$ -	11
Total Secured Claims and Distributions	\$ -	\$ -	0.0%	0.0%	\$ -	\$ -	
Proceeds Available from Encumbered Collateral to Satisfy Administrative, Priority and Unsecured Claims					\$ -	\$ -	
Secured Lender Deficiency Claims (General Unsecured Claim)	\$ -	\$ -					

III. ALLOCATION OF PROCEEDS AVAILABLE TO SATISFY ADMINISTRATIVE, PRIORITY AND UNSECURED CLAIMS

	Estimated Allowed Claims		Estimated Recovery (%)		Estimated Recovery on Administrative, Priority and Unsecured Claims		See Note
	Lower	Higher	Lower	Higher	Lower	Higher	
Proceeds Available from Unencumbered Assets					\$ -	\$ -	
Section 506(c) Surcharges					-	-	9
Proceeds Available from Encumbered Collateral					-	-	
Proceeds Available to Satisfy Administrative, Priority and Unsecured Claims					\$ -	\$ -	
A. LESS: Carve-Out Allocation	\$ -	\$ -	na	na	\$ -	\$ -	10
Proceeds Available for Administrative Claims					\$ -	\$ -	
ADMINISTRATIVE CLAIMS							
B. Subsidiaries' Superpriority Admin Claims against CEOC	\$ -	\$ -	na	na	\$ -	\$ -	12
C. Chapter 7 Administrative Claims	-	-	na	na	-	-	12
D. Chapter 11 Administrative Claims	-	-	na	na	-	-	12
Proceeds Available for Priority Claims					\$ -	\$ -	
PRIORITY CLAIMS							
E. Employee Priority Claims	\$ -	\$ -	na	na	\$ -	\$ -	13
F. Priority Tax Claims	-	-	na	na	-	-	13
G. Other Priority Claims	-	-	na	na	-	-	13
Proceeds Available for Unsecured Claims					\$ -	\$ -	
UNSECURED CLAIMS							
H1. First Lien Deficiency Claims	\$ -	\$ -	na	na	\$ -	\$ -	14
H2. Second Lien Deficiency Claims	-	-	na	na	-	-	14
H3. Other Secured Deficiency Claims	-	-	na	na	-	-	14
H4. Senior Unsecured Notes Claims	-	-	na	na	-	-	14
H5. Subsidiary Guaranteed Notes Claims	502,019	502,019	0.0%	0.0%	-	-	14
H5a. Subsidiary Guaranteed Notes Turnover to First Lien Claimants	-	-	na	na	-	-	14
H6. General Unsecured Claims	0	0	0.0%	0.0%	-	-	14
H7. Pension Claims	446,123	223,061	0.0%	0.0%	-	-	14
H8. Intercompany Notes Payable	-	-	na	na	-	-	14
H9. Intercompany Claims - Prepetition	4	4	0.0%	0.0%	-	-	14
Total Unsecured Claims	\$ 948,146	\$ 725,084	0.0%	0.0%	\$ -	\$ -	
Total Admin, Priority, Unsecured Claims & Distributions	\$ 948,146	\$ 725,084	0.0%	0.0%	\$ -	\$ -	
Value Available for Equity Interests					\$ -	\$ -	15

I. TOTAL PROCEEDS AVAILABLE FOR DISTRIBUTION

	Net Book Value	Estimated Recovery (%)		Estimated Liquidation Value		See Note
		Lower	Higher	Lower	Higher	
A. STATEMENT OF ASSETS						
Cash and equivalents	\$ -	0%	0%	\$ -	\$ -	1
Accounts receivable	-	0%	0%	-	-	2
Other current assets	6	80%	100%	5	6	2
Inventory	-	0%	0%	-	-	2
Due from subsidiaries/affiliates	-	0%	0%	-	-	3
Property and equipment, net	7,499	75%	100%	5,624	7,499	2
Goodwill	-	0%	0%	-	-	4
Intangibles	579	75%	100%	434	579	4
Investments in subsidiaries	-	0%	0%	-	-	5
Restricted cash	-	0%	0%	-	-	4
Other assets	-	0%	0%	-	-	
STATEMENT OF ASSETS - CASINO SALE						
Casino	-	0%	0%	-	-	6
Interim cash flow	-	0%	0%	-	-	7
Total Assets / Gross Recovery	\$ 8,084	75%	100%	\$ 6,063	\$ 8,084	
A1. ENCUMBERED COLLATERAL						
Cash and equivalents	\$ -	0%	0%	\$ -	\$ -	1
Accounts receivable	-	0%	0%	-	-	2
Other current assets	6	80%	100%	5	6	2
Inventory	-	0%	0%	-	-	2
Due from subsidiaries/affiliates	-	0%	0%	-	-	3
Property and equipment, net	7,499	75%	100%	5,624	7,499	2
Goodwill	-	0%	0%	-	-	4
Intangibles	579	75%	100%	434	579	4
Investments in subsidiaries	-	0%	0%	-	-	5
Restricted cash	-	0%	0%	-	-	4
Other assets	-	0%	0%	-	-	
Casino value and encumbered interim cash flow	-	0%	0%	-	-	6,7
Total Encumbered Collateral / Gross Recovery	\$ 8,084	75%	100%	\$ 6,063	\$ 8,084	
A2. UNENCUMBERED ASSETS						
Cash and equivalents	\$ -	0%	0%	\$ -	\$ -	1
Accounts receivable	-	0%	0%	-	-	2
Other current assets	-	0%	0%	-	-	2
Inventory	-	0%	0%	-	-	2
Due from subsidiaries/affiliates	-	0%	0%	-	-	3
Property and equipment, net	-	0%	0%	-	-	2
Goodwill	-	0%	0%	-	-	4
Intangibles	-	0%	0%	-	-	4
Investments in subsidiaries	-	0%	0%	-	-	5
Restricted cash	-	0%	0%	-	-	4
Other assets	-	0%	0%	-	-	
Unencumbered interim cash flow	-	0%	0%	-	-	7
Total Unencumbered Assets / Gross Recovery	\$ -	0%	0%	\$ -	\$ -	
B. LITIGATION RECOVERIES						
B1. Encumbered Causes of Action				-	-	8
B2. Unencumbered Causes of Action, including Preferences				-	-	8
B3. Total Litigation Recoveries				\$ -	\$ -	
C. SUMMARY OF GROSS PROCEEDS						
C1. Encumbered Collateral Recovery (A1 + B1)				\$ 6,063	\$ 8,084	
C2. Unencumbered Assets Recovery (A2 + B2)				-	-	
C3. Total Gross Recovery Proceeds Available for Distribution				\$ 6,063	\$ 8,084	

II. ALLOCATION OF PROCEEDS FROM ENCUMBERED COLLATERAL AVAILABLE FOR DISTRIBUTION

	Estimated Allowed Claims		Estimated Recovery (%)		Estimated Recovery on Secured Claims		See Note
	Lower	Higher	Lower	Higher	Lower	Higher	
Encumbered Gross Collateral Proceeds Available					\$ 6,063	\$ 8,084	
A. LESS: Section 506(c) Surcharges	\$ -	\$ -			\$ -	\$ -	9
B. Carve-Out Allocation	-	-			-	-	10
Proceeds Available to Secured Claims					\$ 6,063	\$ 8,084	
SECURED CLAIMS							
C. PLUS: Proceeds From Subsidiary Guaranteed Notes Turnover					-	-	14
Proceeds Available to Satisfy First Lien Secured Claims					\$ 6,063	\$ 8,084	
D. First Lien Secured Claims							
D1. First Lien Bank Claims	\$ 2,729	\$ 3,590	100.0%	100.0%	2,729	3,590	11
D2. First Lien Bond Claims	3,312	4,465	100.0%	100.0%	3,312	4,465	11
D3. First Lien Swap Claims	22	29	100.0%	100.0%	22	29	11
D4. Other First Lien Secured Claims	-	-	na	na	-	-	11
Total First Lien Claims & Recovery	\$ 6,063	\$ 8,084	100.0%	100.0%	\$ 6,063	\$ 8,084	
Proceeds Available to Satisfy Second Lien Secured Claims					\$ -	\$ -	
E. Second Lien Bond Claims	\$ -	\$ -	na	na	-	-	11
Total Second Lien Claims & Recovery	\$ -	\$ -	na	na	\$ -	\$ -	
F. Other Secured Claims	-	-			\$ -	\$ -	11
Total Secured Claims and Distributions	\$ 6,063	\$ 8,084	100.0%	100.0%	\$ 6,063	\$ 8,084	
Proceeds Available from Encumbered Collateral to Satisfy Administrative, Priority and Unsecured Claims					\$ -	\$ -	
Secured Lender Deficiency Claims (General Unsecured Claim)	\$ -	\$ -					

III. ALLOCATION OF PROCEEDS AVAILABLE TO SATISFY ADMINISTRATIVE, PRIORITY AND UNSECURED CLAIMS

	Estimated Allowed Claims		Estimated Recovery (%)		Estimated Recovery on Administrative, Priority and Unsecured Claims		See Note
	Lower	Higher	Lower	Higher	Lower	Higher	
Proceeds Available from Unencumbered Assets					\$ -	\$ -	
Section 506(c) Surcharges					-	-	9
Proceeds Available from Encumbered Collateral					-	-	
Proceeds Available to Satisfy Administrative, Priority and Unsecured Claims					\$ -	\$ -	
A. LESS: Carve-Out Allocation	\$ -	\$ -	na	na	\$ -	\$ -	10
Proceeds Available for Administrative Claims					\$ -	\$ -	
ADMINISTRATIVE CLAIMS							
B. Subsidiaries' Superpriority Admin Claims against CEOC	\$ -	\$ -	na	na	\$ -	\$ -	12
C. Chapter 7 Administrative Claims	-	-	na	na	-	-	12
D. Chapter 11 Administrative Claims	-	-	na	na	-	-	12
Proceeds Available for Priority Claims					\$ -	\$ -	
PRIORITY CLAIMS							
E. Employee Priority Claims	\$ -	\$ -	na	na	\$ -	\$ -	13
F. Priority Tax Claims	-	-	na	na	-	-	13
G. Other Priority Claims	-	-	na	na	-	-	13
Proceeds Available for Unsecured Claims					\$ -	\$ -	
UNSECURED CLAIMS							
H1. First Lien Deficiency Claims	\$ -	\$ -	na	na	\$ -	\$ -	14
H2. Second Lien Deficiency Claims	-	-	na	na	-	-	14
H3. Other Secured Deficiency Claims	-	-	na	na	-	-	14
H4. Senior Unsecured Notes Claims	-	-	na	na	-	-	14
H5. Subsidiary Guaranteed Notes Claims	502,019	502,019	0.0%	0.0%	-	-	14
H5a. Subsidiary Guaranteed Notes Turnover to First Lien Claimants	-	-	na	na	-	-	14
H6. General Unsecured Claims	-	-	na	na	-	-	14
H7. Pension Claims	446,123	223,061	0.0%	0.0%	-	-	14
H8. Intercompany Notes Payable	-	-	na	na	-	-	14
H9. Intercompany Claims - Prepetition	0	0	0.0%	0.0%	-	-	14
Total Unsecured Claims	\$ 948,142	\$ 725,081	0.0%	0.0%	\$ -	\$ -	
Total Admin, Priority, Unsecured Claims & Distributions	\$ 948,142	\$ 725,081	0.0%	0.0%	\$ -	\$ -	
Value Available for Equity Interests					\$ -	\$ -	15

I. TOTAL PROCEEDS AVAILABLE FOR DISTRIBUTION

	Net Book Value	Estimated Recovery (%)		Estimated Liquidation Value		See Note
		Lower	Higher	Lower	Higher	
A. STATEMENT OF ASSETS						
Cash and equivalents	\$ 81	100%	100%	\$ 81	\$ 81	1
Accounts receivable	822	0%	0%	-	-	2
Other current assets	1,281	0%	0%	-	-	2
Inventory	-	0%	0%	-	-	2
Due from subsidiaries/affiliates	5,420	59%	100%	3,203	5,420	3
Property and equipment, net	-	0%	0%	-	-	2
Goodwill	-	0%	0%	-	-	4
Intangibles	-	0%	0%	-	-	4
Investments in subsidiaries	-	0%	0%	-	-	5
Restricted cash	22	0%	100%	-	22	4
Other assets	31,642	11%	22%	3,409	6,820	
Assets held for sale		0%	0%			
STATEMENT OF ASSETS - CASINO SALE						
Casino	-	0%	0%	-	-	6
Interim cash flow	-	0%	0%	-	-	7
Total Assets / Gross Recovery	\$ 39,268	17%	31%	\$ 6,693	\$ 12,343	
A1. ENCUMBERED COLLATERAL						
Cash and equivalents	\$ -	0%	0%	\$ -	\$ -	1
Accounts receivable	822	0%	0%	-	-	2
Other current assets	1,281	0%	0%	-	-	2
Inventory	-	0%	0%	-	-	2
Due from subsidiaries/affiliates	5,420	59%	100%	3,203	5,420	3
Property and equipment, net	-	0%	0%	-	-	2
Goodwill	-	0%	0%	-	-	4
Intangibles	-	0%	0%	-	-	4
Investments in subsidiaries	-	0%	0%	-	-	5
Restricted cash	-	0%	0%	-	-	4
Other assets	31,642	11%	50%	3,409	6,820	
Casino value and encumbered interim cash flow	-	0%	0%	-	-	6,7
Total Encumbered Collateral / Gross Recovery	\$ 39,165	17%	31%	\$ 6,613	\$ 12,241	
A2. UNENCUMBERED ASSETS						
Cash and equivalents	\$ 81	100%	100%	\$ 81	\$ 81	1
Accounts receivable	-	0%	0%	-	-	2
Other current assets	-	0%	0%	-	-	2
Inventory	-	0%	0%	-	-	2
Due from subsidiaries/affiliates	-	0%	0%	-	-	3
Property and equipment, net	-	0%	0%	-	-	2
Goodwill	-	0%	0%	-	-	4
Intangibles	-	0%	0%	-	-	4
Investments in subsidiaries	-	0%	0%	-	-	5
Restricted cash	22	0%	100%	-	22	4
Other assets	-	0%	0%	-	-	
Unencumbered interim cash flow	-	0%	0%	-	-	7
Total Unencumbered Assets / Gross Recovery	\$ 103	79%	100%	\$ 81	\$ 103	
B. LITIGATION RECOVERIES						
B1. Encumbered Causes of Action				-	-	8
B2. Unencumbered Causes of Action, including Preferences				25	49	8
B3. Total Litigation Recoveries				\$ 25	\$ 49	
C. SUMMARY OF GROSS PROCEEDS						
C1. Encumbered Collateral Recovery (A1 + B1)				\$ 6,613	\$ 12,241	
C2. Unencumbered Assets Recovery (A2 + B2)				106	152	
C3. Total Gross Recovery Proceeds Available for Distribution				\$ 6,718	\$ 12,393	

II. ALLOCATION OF PROCEEDS FROM ENCUMBERED COLLATERAL AVAILABLE FOR DISTRIBUTION

	Estimated Allowed Claims		Estimated Recovery (%)		Estimated Recovery on Secured Claims		See Note
	Lower	Higher	Lower	Higher	Lower	Higher	
Encumbered Gross Collateral Proceeds Available					\$ 6,613	\$ 12,241	
A. LESS: Section 506(c) Surcharges	\$ -	\$ -			\$ -	\$ -	9
B. Carve-Out Allocation	-	-			-	-	10
Proceeds Available to Secured Claims					\$ 6,613	\$ 12,241	
SECURED CLAIMS							
C. PLUS: Proceeds From Subsidiary Guaranteed Notes Turnover					28	17	14
Proceeds Available to Satisfy First Lien Secured Claims					\$ 6,640	\$ 12,258	
D. First Lien Secured Claims							
D1. First Lien Bank Claims	\$ 2,989	\$ 5,453	100.0%	100.0%	2,989	5,453	11
D2. First Lien Bond Claims	3,628	6,761	100.0%	100.0%	3,628	6,761	11
D3. First Lien Swap Claims	24	44	100.0%	100.0%	24	44	11
D4. Other First Lien Secured Claims	-	-	na	na	-	-	11
Total First Lien Claims & Recovery	\$ 6,640	\$ 12,258	100.0%	100.0%	\$ 6,640	\$ 12,258	
Proceeds Available to Satisfy Second Lien Secured Claims					\$ -	\$ -	
E. Second Lien Bond Claims	\$ -	\$ -	na	na	-	-	11
Total Second Lien Claims & Recovery	\$ -	\$ -	na	na	\$ -	\$ -	
F. Other Secured Claims	-	-			\$ -	\$ -	11
Total Secured Claims and Distributions	\$ 6,640	\$ 12,258	100.0%	100.0%	\$ 6,640	\$ 12,258	
Proceeds Available from Encumbered Collateral to Satisfy Administrative, Priority and Unsecured Claims					\$ -	\$ -	
Secured Lender Deficiency Claims (General Unsecured Claim)	\$ -	\$ -					

Shadybrook Alltech Co. Operating Company, LLC
 Hydraulic Fracturing Assets Schedule 2
 (\$ in thousands)

III. ALLOCATION OF PROCEEDS AVAILABLE TO SATISFY ADMINISTRATIVE, PRIORITY AND UNSECURED CLAIMS

	Estimated Allowed Claims		Estimated Recovery (%)		Estimated Recovery on Administrative, Priority and Unsecured Claims		See Note
	Lower	Higher	Lower	Higher	Lower	Higher	
Proceeds Available from Unencumbered Assets					\$ 106	\$ 152	
Section 506(c) Surcharges					-	-	9
Proceeds Available from Encumbered Collateral					-	-	
Proceeds Available to Satisfy Administrative, Priority and Unsecured Claims					\$ 106	\$ 152	
A. LESS: Carve-Out Allocation	\$ 3	\$ 1	100.0%	100.0%	\$ 3	\$ 1	10
Proceeds Available for Administrative Claims					\$ 103	\$ 151	
ADMINISTRATIVE CLAIMS							
B. Subsidiaries' Superpriority Admin Claims against CEOC	\$ -	\$ -	na	na	\$ -	\$ -	12
C. Chapter 7 Administrative Claims	14	3	100.0%	100.0%	14	3	12
D. Chapter 11 Administrative Claims	43	43	100.0%	100.0%	43	43	12
Proceeds Available for Priority Claims					\$ 46	\$ 105	
PRIORITY CLAIMS							
E. Employee Priority Claims	\$ -	\$ -	na	na	\$ -	\$ -	13
F. Priority Tax Claims	-	-	na	na	-	-	13
G. Other Priority Claims	-	-	na	na	-	-	13
Proceeds Available for Unsecured Claims					\$ 46	\$ 105	
UNSECURED CLAIMS							
H1. First Lien Deficiency Claims	\$ -	\$ -	na	na	\$ -	\$ -	14
H2. Second Lien Deficiency Claims	-	-	na	na	-	-	14
H3. Other Secured Deficiency Claims	-	-	na	na	-	-	14
H4. Senior Unsecured Notes Claims	-	-	na	na	-	-	14
H5. Subsidiary Guaranteed Notes Claims	502,019	502,019	0.0%	0.0%	1	1	14
H5a. Subsidiary Guaranteed Notes Turnover to First Lien Claimants			na	na	28	17	14
H6. General Unsecured Claims	22,120	22,145	0.0%	0.2%	1	41	14
H7. Pension Claims	446,123	223,061	0.0%	0.0%	14	2	14
H8. Intercompany Notes Payable	-	-	na	na	-	-	14
H9. Intercompany Claims - Prepetition	23,063	23,063	0.0%	0.2%	1	43	14
Total Unsecured Claims	\$ 993,325	\$ 770,288	0.0%	0.0%	\$ 46	\$ 105	
Total Admin, Priority, Unsecured Claims & Distributions	\$ 993,385	\$ 770,336	0.0%	0.0%	\$ 106	\$ 152	
Value Available for Equity Interests					\$ -	\$ -	15

Showing Global Credit, LLC
 Hypothetical Liquidation Analysis Schedule 2
 (\$ in thousands)

I. TOTAL PROCEEDS AVAILABLE FOR DISTRIBUTION

	Net Book Value	Estimated Recovery (%)		Estimated Liquidation Value		See Note
		Lower	Higher	Lower	Higher	
A. STATEMENT OF ASSETS						
Cash and equivalents	\$ -	0%	0%	\$ -	\$ -	1
Accounts receivable	-	0%	0%	-	-	2
Other current assets	-	0%	0%	-	-	2
Inventory	-	0%	0%	-	-	2
Due from subsidiaries/affiliates	-	0%	0%	-	-	3
Property and equipment, net	-	0%	0%	-	-	2
Goodwill	-	0%	0%	-	-	4
Intangibles	-	0%	0%	-	-	4
Investments in subsidiaries	-	0%	0%	-	-	5
Restricted cash	-	0%	0%	-	-	4
Other assets	-	0%	0%	-	-	
STATEMENT OF ASSETS - CASINO SALE						
Casino	-	0%	0%	-	-	6
Interim cash flow	-	0%	0%	-	-	7
Total Assets / Gross Recovery	\$ -	0%	0%	\$ -	\$ -	
A1. ENCUMBERED COLLATERAL						
Cash and equivalents	\$ -	0%	0%	\$ -	\$ -	1
Accounts receivable	-	0%	0%	-	-	2
Other current assets	-	0%	0%	-	-	2
Inventory	-	0%	0%	-	-	2
Due from subsidiaries/affiliates	-	0%	0%	-	-	3
Property and equipment, net	-	0%	0%	-	-	2
Goodwill	-	0%	0%	-	-	4
Intangibles	-	0%	0%	-	-	4
Investments in subsidiaries	-	0%	0%	-	-	5
Restricted cash	-	0%	0%	-	-	4
Other assets	-	0%	0%	-	-	
Casino value and encumbered interim cash flow	-	0%	0%	-	-	6,7
Total Encumbered Collateral / Gross Recovery	\$ -	0%	0%	\$ -	\$ -	
A2. UNENCUMBERED ASSETS						
Cash and equivalents	\$ -	0%	0%	\$ -	\$ -	1
Accounts receivable	-	0%	0%	-	-	2
Other current assets	-	0%	0%	-	-	2
Inventory	-	0%	0%	-	-	2
Due from subsidiaries/affiliates	-	0%	0%	-	-	3
Property and equipment, net	-	0%	0%	-	-	2
Goodwill	-	0%	0%	-	-	4
Intangibles	-	0%	0%	-	-	4
Investments in subsidiaries	-	0%	0%	-	-	5
Restricted cash	-	0%	0%	-	-	4
Other assets	-	0%	0%	-	-	
Unencumbered interim cash flow	-	0%	0%	-	-	7
Total Unencumbered Assets / Gross Recovery	\$ -	0%	0%	\$ -	\$ -	
B. LITIGATION RECOVERIES						
B1. Encumbered Causes of Action				-	-	8
B2. Unencumbered Causes of Action, including Preferences				-	-	8
B3. Total Litigation Recoveries				\$ -	\$ -	
C. SUMMARY OF GROSS PROCEEDS						
C1. Encumbered Collateral Recovery (A1 + B1)				\$ -	\$ -	
C2. Unencumbered Assets Recovery (A2 + B2)				-	-	
C3. Total Gross Recovery Proceeds Available for Distribution				\$ -	\$ -	

Shoemaker Global Advisors, LLC
 Hypothetical Liquidation Analysis Schedule 2
 (\$ in thousands)

II. ALLOCATION OF PROCEEDS FROM ENCUMBERED COLLATERAL AVAILABLE FOR DISTRIBUTION

	Estimated Allowed Claims		Estimated Recovery (%)		Estimated Recovery on Secured Claims		See Note
	Lower	Higher	Lower	Higher	Lower	Higher	
Encumbered Gross Collateral Proceeds Available					\$ -	\$ -	
A. LESS: Section 506(c) Surcharges	\$ -	\$ -			\$ -	\$ -	9
B. Carve-Out Allocation	-	-			-	-	10
Proceeds Available to Secured Claims					\$ -	\$ -	
SECURED CLAIMS							
C. PLUS: Proceeds From Subsidiary Guaranteed Notes Turnover					-	-	14
Proceeds Available to Satisfy First Lien Secured Claims					\$ -	\$ -	
D. First Lien Secured Claims							
D1. First Lien Bank Claims	\$ -	\$ -	na	na	-	-	11
D2. First Lien Bond Claims	-	-	na	na	-	-	11
D3. First Lien Swap Claims	-	-	na	na	-	-	11
D4. Other First Lien Secured Claims	-	-	na	na	-	-	11
Total First Lien Claims & Recovery	\$ -	\$ -	na	na	\$ -	\$ -	
Proceeds Available to Satisfy Second Lien Secured Claims					\$ -	\$ -	
E. Second Lien Bond Claims	\$ -	\$ -	na	na	-	-	11
Total Second Lien Claims & Recovery	\$ -	\$ -	na	na	\$ -	\$ -	
F. Other Secured Claims	-	-			\$ -	\$ -	11
Total Secured Claims and Distributions	\$ -	\$ -	0.0%	0.0%	\$ -	\$ -	
Proceeds Available from Encumbered Collateral to Satisfy Administrative, Priority and Unsecured Claims					\$ -	\$ -	
Secured Lender Deficiency Claims (General Unsecured Claim)	\$ -	\$ -					

Shoemaker Global Advisors, LLC
 Hypothetical Liquidation Analysis - Schedule 2
 (\$ in thousands)

III. ALLOCATION OF PROCEEDS AVAILABLE TO SATISFY ADMINISTRATIVE, PRIORITY AND UNSECURED CLAIMS

	Estimated Allowed Claims		Estimated Recovery (%)		Estimated Recovery on Administrative, Priority and Unsecured Claims		See Note
	Lower	Higher	Lower	Higher	Lower	Higher	
Proceeds Available from Unencumbered Assets					\$ -	\$ -	
Section 506(c) Surcharges					-	-	9
Proceeds Available from Encumbered Collateral					-	-	
Proceeds Available to Satisfy Administrative, Priority and Unsecured Claims					\$ -	\$ -	
A. LESS: Carve-Out Allocation	\$ -	\$ -	na	na	\$ -	\$ -	10
Proceeds Available for Administrative Claims					\$ -	\$ -	
ADMINISTRATIVE CLAIMS							
B. Subsidiaries' Superpriority Admin Claims against CEOC	\$ -	\$ -	na	na	\$ -	\$ -	12
C. Chapter 7 Administrative Claims	-	-	na	na	-	-	12
D. Chapter 11 Administrative Claims	-	-	na	na	-	-	12
Proceeds Available for Priority Claims					\$ -	\$ -	
PRIORITY CLAIMS							
E. Employee Priority Claims	\$ -	\$ -	na	na	\$ -	\$ -	13
F. Priority Tax Claims	-	-	na	na	-	-	13
G. Other Priority Claims	-	-	na	na	-	-	13
Proceeds Available for Unsecured Claims					\$ -	\$ -	
UNSECURED CLAIMS							
H1. First Lien Deficiency Claims	\$ -	\$ -	na	na	\$ -	\$ -	14
H2. Second Lien Deficiency Claims	-	-	na	na	-	-	14
H3. Other Secured Deficiency Claims	-	-	na	na	-	-	14
H4. Senior Unsecured Notes Claims	-	-	na	na	-	-	14
H5. Subsidiary Guaranteed Notes Claims	502,019	502,019	0.0%	0.0%	-	-	14
H5a. Subsidiary Guaranteed Notes Turnover to First Lien Claimants	-	-	na	na	-	-	14
H6. General Unsecured Claims	-	-	na	na	-	-	14
H7. Pension Claims	446,123	223,061	0.0%	0.0%	-	-	14
H8. Intercompany Notes Payable	-	-	na	na	-	-	14
H9. Intercompany Claims - Prepetition	-	-	na	na	-	-	14
Total Unsecured Claims	\$ 948,142	\$ 725,081	0.0%	0.0%	\$ -	\$ -	
Total Admin, Priority, Unsecured Claims & Distributions	\$ 948,142	\$ 725,081	0.0%	0.0%	\$ -	\$ -	
Value Available for Equity Interests					\$ -	\$ -	15

Showing Global Credit, LLC
 Hypothetical Liquidation Analysis Schedule 2
 (\$ in thousands)

I. TOTAL PROCEEDS AVAILABLE FOR DISTRIBUTION

	Net Book Value	Estimated Recovery (%)		Estimated Liquidation Value		See Note
		Lower	Higher	Lower	Higher	
A. STATEMENT OF ASSETS						
Cash and equivalents	\$ -	0%	0%	\$ -	\$ -	1
Accounts receivable	-	0%	0%	-	-	2
Other current assets	-	0%	0%	-	-	2
Inventory	-	0%	0%	-	-	2
Due from subsidiaries/affiliates	-	0%	0%	-	-	3
Property and equipment, net	-	0%	0%	-	-	2
Goodwill	-	0%	0%	-	-	4
Intangibles	-	0%	0%	-	-	4
Investments in subsidiaries	-	0%	0%	-	-	5
Restricted cash	-	0%	0%	-	-	4
Other assets	-	0%	0%	-	-	
STATEMENT OF ASSETS - CASINO SALE						
Casino	-	0%	0%	-	-	6
Interim cash flow	-	0%	0%	-	-	7
Total Assets / Gross Recovery	\$ -	0%	0%	\$ -	\$ -	
A1. ENCUMBERED COLLATERAL						
Cash and equivalents	\$ -	0%	0%	\$ -	\$ -	1
Accounts receivable	-	0%	0%	-	-	2
Other current assets	-	0%	0%	-	-	2
Inventory	-	0%	0%	-	-	2
Due from subsidiaries/affiliates	-	0%	0%	-	-	3
Property and equipment, net	-	0%	0%	-	-	2
Goodwill	-	0%	0%	-	-	4
Intangibles	-	0%	0%	-	-	4
Investments in subsidiaries	-	0%	0%	-	-	5
Restricted cash	-	0%	0%	-	-	4
Other assets	-	0%	0%	-	-	
Casino value and encumbered interim cash flow	-	0%	0%	-	-	6,7
Total Encumbered Collateral / Gross Recovery	\$ -	0%	0%	\$ -	\$ -	
A2. UNENCUMBERED ASSETS						
Cash and equivalents	\$ -	0%	0%	\$ -	\$ -	1
Accounts receivable	-	0%	0%	-	-	2
Other current assets	-	0%	0%	-	-	2
Inventory	-	0%	0%	-	-	2
Due from subsidiaries/affiliates	-	0%	0%	-	-	3
Property and equipment, net	-	0%	0%	-	-	2
Goodwill	-	0%	0%	-	-	4
Intangibles	-	0%	0%	-	-	4
Investments in subsidiaries	-	0%	0%	-	-	5
Restricted cash	-	0%	0%	-	-	4
Other assets	-	0%	0%	-	-	
Unencumbered interim cash flow	-	0%	0%	-	-	7
Total Unencumbered Assets / Gross Recovery	\$ -	0%	0%	\$ -	\$ -	
B. LITIGATION RECOVERIES						
B1. Encumbered Causes of Action				-	-	8
B2. Unencumbered Causes of Action, including Preferences				-	-	8
B3. Total Litigation Recoveries				\$ -	\$ -	
C. SUMMARY OF GROSS PROCEEDS						
C1. Encumbered Collateral Recovery (A1 + B1)				\$ -	\$ -	
C2. Unencumbered Assets Recovery (A2 + B2)				-	-	
C3. Total Gross Recovery Proceeds Available for Distribution				\$ -	\$ -	

Shoemaker Global Capital, LLC
 Hypothetical Liquidation Analysis Schedule 2
 (\$ in thousands)

II. ALLOCATION OF PROCEEDS FROM ENCUMBERED COLLATERAL AVAILABLE FOR DISTRIBUTION

	Estimated Allowed Claims		Estimated Recovery (%)		Estimated Recovery on Secured Claims		See Note
	Lower	Higher	Lower	Higher	Lower	Higher	
Encumbered Gross Collateral Proceeds Available					\$ -	\$ -	
A. LESS: Section 506(c) Surcharges	\$ -	\$ -			\$ -	\$ -	9
B. Carve-Out Allocation	-	-			-	-	10
Proceeds Available to Secured Claims					\$ -	\$ -	
SECURED CLAIMS							
C. PLUS: Proceeds From Subsidiary Guaranteed Notes Turnover					-	-	14
Proceeds Available to Satisfy First Lien Secured Claims					\$ -	\$ -	
D. First Lien Secured Claims							
D1. First Lien Bank Claims	\$ -	\$ -	na	na	-	-	11
D2. First Lien Bond Claims	-	-	na	na	-	-	11
D3. First Lien Swap Claims	-	-	na	na	-	-	11
D4. Other First Lien Secured Claims	-	-	na	na	-	-	11
Total First Lien Claims & Recovery	\$ -	\$ -	na	na	\$ -	\$ -	
Proceeds Available to Satisfy Second Lien Secured Claims					\$ -	\$ -	
E. Second Lien Bond Claims	\$ -	\$ -	na	na	-	-	11
Total Second Lien Claims & Recovery	\$ -	\$ -	na	na	\$ -	\$ -	
F. Other Secured Claims	-	-			\$ -	\$ -	11
Total Secured Claims and Distributions	\$ -	\$ -	0.0%	0.0%	\$ -	\$ -	
Proceeds Available from Encumbered Collateral to Satisfy Administrative, Priority and Unsecured Claims					\$ -	\$ -	
Secured Lender Deficiency Claims (General Unsecured Claim)	\$ -	\$ -					

Shoonya Global Fund, L.P., LLC
 Hypothetical Liquidation Analysis - Schedule 2
 (\$ in thousands)

III. ALLOCATION OF PROCEEDS AVAILABLE TO SATISFY ADMINISTRATIVE, PRIORITY AND UNSECURED CLAIMS

	Estimated Allowed Claims		Estimated Recovery (%)		Estimated Recovery on Administrative, Priority and Unsecured Claims		See Note
	Lower	Higher	Lower	Higher	Lower	Higher	
Proceeds Available from Unencumbered Assets					\$ -	\$ -	
Section 506(c) Surcharges					-	-	9
Proceeds Available from Encumbered Collateral					-	-	
Proceeds Available to Satisfy Administrative, Priority and Unsecured Claims					\$ -	\$ -	
A. LESS: Carve-Out Allocation	\$ -	\$ -	na	na	\$ -	\$ -	10
Proceeds Available for Administrative Claims					\$ -	\$ -	
ADMINISTRATIVE CLAIMS							
B. Subsidiaries' Superpriority Admin Claims against CEOC	\$ -	\$ -	na	na	\$ -	\$ -	12
C. Chapter 7 Administrative Claims	-	-	na	na	-	-	12
D. Chapter 11 Administrative Claims	-	-	na	na	-	-	12
Proceeds Available for Priority Claims					\$ -	\$ -	
PRIORITY CLAIMS							
E. Employee Priority Claims	\$ -	\$ -	na	na	\$ -	\$ -	13
F. Priority Tax Claims	-	-	na	na	-	-	13
G. Other Priority Claims	-	-	na	na	-	-	13
Proceeds Available for Unsecured Claims					\$ -	\$ -	
UNSECURED CLAIMS							
H1. First Lien Deficiency Claims	\$ -	\$ -	na	na	\$ -	\$ -	14
H2. Second Lien Deficiency Claims	-	-	na	na	-	-	14
H3. Other Secured Deficiency Claims	-	-	na	na	-	-	14
H4. Senior Unsecured Notes Claims	-	-	na	na	-	-	14
H5. Subsidiary Guaranteed Notes Claims	502,019	502,019	0.0%	0.0%	-	-	14
H5a. Subsidiary Guaranteed Notes Turnover to First Lien Claimants	-	-	na	na	-	-	14
H6. General Unsecured Claims	-	-	na	na	-	-	14
H7. Pension Claims	446,123	223,061	0.0%	0.0%	-	-	14
H8. Intercompany Notes Payable	-	-	na	na	-	-	14
H9. Intercompany Claims - Prepetition	-	-	na	na	-	-	14
Total Unsecured Claims	\$ 948,142	\$ 725,081	0.0%	0.0%	\$ -	\$ -	
Total Admin, Priority, Unsecured Claims & Distributions	\$ 948,142	\$ 725,081	0.0%	0.0%	\$ -	\$ -	
Value Available for Equity Interests					\$ -	\$ -	15

Showing Global Credit, LLC
 Hypothetical Liquidation Analysis Schedule 2
 (\$ in thousands)

I. TOTAL PROCEEDS AVAILABLE FOR DISTRIBUTION

	Net Book Value	Estimated Recovery (%)		Estimated Liquidation Value		See Note
		Lower	Higher	Lower	Higher	
A. STATEMENT OF ASSETS						
Cash and equivalents	\$ -	0%	0%	\$ -	\$ -	1
Accounts receivable	-	0%	0%	-	-	2
Other current assets	-	0%	0%	-	-	2
Inventory	-	0%	0%	-	-	2
Due from subsidiaries/affiliates	-	0%	0%	-	-	3
Property and equipment, net	-	0%	0%	-	-	2
Goodwill	-	0%	0%	-	-	4
Intangibles	-	0%	0%	-	-	4
Investments in subsidiaries	-	0%	0%	-	-	5
Restricted cash	-	0%	0%	-	-	4
Other assets	-	0%	0%	-	-	
STATEMENT OF ASSETS - CASINO SALE						
Casino	-	0%	0%	-	-	6
Interim cash flow	-	0%	0%	-	-	7
Total Assets / Gross Recovery	\$ -	0%	0%	\$ -	\$ -	
A1. ENCUMBERED COLLATERAL						
Cash and equivalents	\$ -	0%	0%	\$ -	\$ -	1
Accounts receivable	-	0%	0%	-	-	2
Other current assets	-	0%	0%	-	-	2
Inventory	-	0%	0%	-	-	2
Due from subsidiaries/affiliates	-	0%	0%	-	-	3
Property and equipment, net	-	0%	0%	-	-	2
Goodwill	-	0%	0%	-	-	4
Intangibles	-	0%	0%	-	-	4
Investments in subsidiaries	-	0%	0%	-	-	5
Restricted cash	-	0%	0%	-	-	4
Other assets	-	0%	0%	-	-	
Casino value and encumbered interim cash flow	-	0%	0%	-	-	6,7
Total Encumbered Collateral / Gross Recovery	\$ -	0%	0%	\$ -	\$ -	
A2. UNENCUMBERED ASSETS						
Cash and equivalents	\$ -	0%	0%	\$ -	\$ -	1
Accounts receivable	-	0%	0%	-	-	2
Other current assets	-	0%	0%	-	-	2
Inventory	-	0%	0%	-	-	2
Due from subsidiaries/affiliates	-	0%	0%	-	-	3
Property and equipment, net	-	0%	0%	-	-	2
Goodwill	-	0%	0%	-	-	4
Intangibles	-	0%	0%	-	-	4
Investments in subsidiaries	-	0%	0%	-	-	5
Restricted cash	-	0%	0%	-	-	4
Other assets	-	0%	0%	-	-	
Unencumbered interim cash flow	-	0%	0%	-	-	7
Total Unencumbered Assets / Gross Recovery	\$ -	0%	0%	\$ -	\$ -	
B. LITIGATION RECOVERIES						
B1. Encumbered Causes of Action				-	-	8
B2. Unencumbered Causes of Action, including Preferences				-	-	8
B3. Total Litigation Recoveries				\$ -	\$ -	
C. SUMMARY OF GROSS PROCEEDS						
C1. Encumbered Collateral Recovery (A1 + B1)				\$ -	\$ -	
C2. Unencumbered Assets Recovery (A2 + B2)				-	-	
C3. Total Gross Recovery Proceeds Available for Distribution				\$ -	\$ -	

Shoemaker Global Advisors, LLC
 Hypothetical Liquidation Analysis Schedule 2
 (\$ in thousands)

II. ALLOCATION OF PROCEEDS FROM ENCUMBERED COLLATERAL AVAILABLE FOR DISTRIBUTION

	Estimated Allowed Claims		Estimated Recovery (%)		Estimated Recovery on Secured Claims		See Note
	Lower	Higher	Lower	Higher	Lower	Higher	
Encumbered Gross Collateral Proceeds Available					\$ -	\$ -	
A. LESS: Section 506(c) Surcharges	\$ -	\$ -			\$ -	\$ -	9
B. Carve-Out Allocation	-	-			-	-	10
Proceeds Available to Secured Claims					\$ -	\$ -	
SECURED CLAIMS							
C. PLUS: Proceeds From Subsidiary Guaranteed Notes Turnover					-	-	14
Proceeds Available to Satisfy First Lien Secured Claims					\$ -	\$ -	
D. First Lien Secured Claims							
D1. First Lien Bank Claims	\$ -	\$ -	na	na	-	-	11
D2. First Lien Bond Claims	-	-	na	na	-	-	11
D3. First Lien Swap Claims	-	-	na	na	-	-	11
D4. Other First Lien Secured Claims	-	-	na	na	-	-	11
Total First Lien Claims & Recovery	\$ -	\$ -	na	na	\$ -	\$ -	
Proceeds Available to Satisfy Second Lien Secured Claims					\$ -	\$ -	
E. Second Lien Bond Claims	\$ -	\$ -	na	na	-	-	11
Total Second Lien Claims & Recovery	\$ -	\$ -	na	na	\$ -	\$ -	
F. Other Secured Claims	-	-			\$ -	\$ -	11
Total Secured Claims and Distributions	\$ -	\$ -	0.0%	0.0%	\$ -	\$ -	
Proceeds Available from Encumbered Collateral to Satisfy Administrative, Priority and Unsecured Claims					\$ -	\$ -	
Secured Lender Deficiency Claims (General Unsecured Claim)	\$ -	\$ -					

III. ALLOCATION OF PROCEEDS AVAILABLE TO SATISFY ADMINISTRATIVE, PRIORITY AND UNSECURED CLAIMS

	Estimated Allowed Claims		Estimated Recovery (%)		Estimated Recovery on Administrative, Priority and Unsecured Claims		See Note
	Lower	Higher	Lower	Higher	Lower	Higher	
Proceeds Available from Unencumbered Assets					\$ -	\$ -	
Section 506(c) Surcharges					-	-	9
Proceeds Available from Encumbered Collateral					-	-	
Proceeds Available to Satisfy Administrative, Priority and Unsecured Claims					\$ -	\$ -	
A. LESS: Carve-Out Allocation	\$ -	\$ -	na	na	\$ -	\$ -	10
Proceeds Available for Administrative Claims					\$ -	\$ -	
ADMINISTRATIVE CLAIMS							
B. Subsidiaries' Superpriority Admin Claims against CEOC	\$ -	\$ -	na	na	\$ -	\$ -	12
C. Chapter 7 Administrative Claims	-	-	na	na	-	-	12
D. Chapter 11 Administrative Claims	-	-	na	na	-	-	12
Proceeds Available for Priority Claims					\$ -	\$ -	
PRIORITY CLAIMS							
E. Employee Priority Claims	\$ -	\$ -	na	na	\$ -	\$ -	13
F. Priority Tax Claims	-	-	na	na	-	-	13
G. Other Priority Claims	-	-	na	na	-	-	13
Proceeds Available for Unsecured Claims					\$ -	\$ -	
UNSECURED CLAIMS							
H1. First Lien Deficiency Claims	\$ -	\$ -	na	na	\$ -	\$ -	14
H2. Second Lien Deficiency Claims	-	-	na	na	-	-	14
H3. Other Secured Deficiency Claims	-	-	na	na	-	-	14
H4. Senior Unsecured Notes Claims	-	-	na	na	-	-	14
H5. Subsidiary Guaranteed Notes Claims	502,019	502,019	0.0%	0.0%	-	-	14
H5a. Subsidiary Guaranteed Notes Turnover to First Lien Claimants	-	-	na	na	-	-	14
H6. General Unsecured Claims	-	-	na	na	-	-	14
H7. Pension Claims	446,123	223,061	0.0%	0.0%	-	-	14
H8. Intercompany Notes Payable	-	-	na	na	-	-	14
H9. Intercompany Claims - Prepetition	-	-	na	na	-	-	14
Total Unsecured Claims	\$ 948,142	\$ 725,081	0.0%	0.0%	\$ -	\$ -	
Total Admin, Priority, Unsecured Claims & Distributions	\$ 948,142	\$ 725,081	0.0%	0.0%	\$ -	\$ -	
Value Available for Equity Interests					\$ -	\$ -	15

Showing Global Credit, LLC
 Hypothetical Liquidation Analysis Schedule 2
 (\$ in thousands)

I. TOTAL PROCEEDS AVAILABLE FOR DISTRIBUTION

	Net Book Value	Estimated Recovery (%)		Estimated Liquidation Value		See Note
		Lower	Higher	Lower	Higher	
A. STATEMENT OF ASSETS						
Cash and equivalents	\$ -	0%	0%	\$ -	\$ -	1
Accounts receivable	-	0%	0%	-	-	2
Other current assets	-	0%	0%	-	-	2
Inventory	-	0%	0%	-	-	2
Due from subsidiaries/affiliates	-	0%	0%	-	-	3
Property and equipment, net	-	0%	0%	-	-	2
Goodwill	-	0%	0%	-	-	4
Intangibles	-	0%	0%	-	-	4
Investments in subsidiaries	-	0%	0%	-	-	5
Restricted cash	-	0%	0%	-	-	4
Other assets	-	0%	0%	-	-	
STATEMENT OF ASSETS - CASINO SALE						
Casino	-	0%	0%	-	-	6
Interim cash flow	-	0%	0%	-	-	7
Total Assets / Gross Recovery	\$ -	0%	0%	\$ -	\$ -	
A1. ENCUMBERED COLLATERAL						
Cash and equivalents	\$ -	0%	0%	\$ -	\$ -	1
Accounts receivable	-	0%	0%	-	-	2
Other current assets	-	0%	0%	-	-	2
Inventory	-	0%	0%	-	-	2
Due from subsidiaries/affiliates	-	0%	0%	-	-	3
Property and equipment, net	-	0%	0%	-	-	2
Goodwill	-	0%	0%	-	-	4
Intangibles	-	0%	0%	-	-	4
Investments in subsidiaries	-	0%	0%	-	-	5
Restricted cash	-	0%	0%	-	-	4
Other assets	-	0%	0%	-	-	
Casino value and encumbered interim cash flow	-	0%	0%	-	-	6,7
Total Encumbered Collateral / Gross Recovery	\$ -	0%	0%	\$ -	\$ -	
A2. UNENCUMBERED ASSETS						
Cash and equivalents	\$ -	0%	0%	\$ -	\$ -	1
Accounts receivable	-	0%	0%	-	-	2
Other current assets	-	0%	0%	-	-	2
Inventory	-	0%	0%	-	-	2
Due from subsidiaries/affiliates	-	0%	0%	-	-	3
Property and equipment, net	-	0%	0%	-	-	2
Goodwill	-	0%	0%	-	-	4
Intangibles	-	0%	0%	-	-	4
Investments in subsidiaries	-	0%	0%	-	-	5
Restricted cash	-	0%	0%	-	-	4
Other assets	-	0%	0%	-	-	
Unencumbered interim cash flow	-	0%	0%	-	-	7
Total Unencumbered Assets / Gross Recovery	\$ -	0%	0%	\$ -	\$ -	
B. LITIGATION RECOVERIES						
B1. Encumbered Causes of Action				-	-	8
B2. Unencumbered Causes of Action, including Preferences				-	-	8
B3. Total Litigation Recoveries				\$ -	\$ -	
C. SUMMARY OF GROSS PROCEEDS						
C1. Encumbered Collateral Recovery (A1 + B1)				\$ -	\$ -	
C2. Unencumbered Assets Recovery (A2 + B2)				-	-	
C3. Total Gross Recovery Proceeds Available for Distribution				\$ -	\$ -	

Shoemaker Global Credit, LLC
 Hypothetical Liquidation Analysis Schedule 2
 (\$ in thousands)

II. ALLOCATION OF PROCEEDS FROM ENCUMBERED COLLATERAL AVAILABLE FOR DISTRIBUTION

	Estimated Allowed Claims		Estimated Recovery (%)		Estimated Recovery on Secured Claims		See Note
	Lower	Higher	Lower	Higher	Lower	Higher	
Encumbered Gross Collateral Proceeds Available					\$ -	\$ -	
A. LESS: Section 506(c) Surcharges	\$ -	\$ -			\$ -	\$ -	9
B. Carve-Out Allocation	-	-			-	-	10
Proceeds Available to Secured Claims					\$ -	\$ -	
SECURED CLAIMS							
C. PLUS: Proceeds From Subsidiary Guaranteed Notes Turnover					-	-	14
Proceeds Available to Satisfy First Lien Secured Claims					\$ -	\$ -	
D. First Lien Secured Claims							
D1. First Lien Bank Claims	\$ -	\$ -	na	na	-	-	11
D2. First Lien Bond Claims	-	-	na	na	-	-	11
D3. First Lien Swap Claims	-	-	na	na	-	-	11
D4. Other First Lien Secured Claims	-	-	na	na	-	-	11
Total First Lien Claims & Recovery	\$ -	\$ -	na	na	\$ -	\$ -	
Proceeds Available to Satisfy Second Lien Secured Claims					\$ -	\$ -	
E. Second Lien Bond Claims	\$ -	\$ -	na	na	-	-	11
Total Second Lien Claims & Recovery	\$ -	\$ -	na	na	\$ -	\$ -	
F. Other Secured Claims	-	-			\$ -	\$ -	11
Total Secured Claims and Distributions	\$ -	\$ -	0.0%	0.0%	\$ -	\$ -	
Proceeds Available from Encumbered Collateral to Satisfy Administrative, Priority and Unsecured Claims					\$ -	\$ -	
Secured Lender Deficiency Claims (General Unsecured Claim)	\$ -	\$ -					

Shoemaker Global Credit, LLC
 Hypothetical Liquidation Analysis - Schedule 2
 (\$ in thousands)

III. ALLOCATION OF PROCEEDS AVAILABLE TO SATISFY ADMINISTRATIVE, PRIORITY AND UNSECURED CLAIMS

	Estimated Allowed Claims		Estimated Recovery (%)		Estimated Recovery on Administrative, Priority and Unsecured Claims		See Note
	Lower	Higher	Lower	Higher	Lower	Higher	
Proceeds Available from Unencumbered Assets					\$ -	\$ -	
Section 506(c) Surcharges					-	-	9
Proceeds Available from Encumbered Collateral					-	-	
Proceeds Available to Satisfy Administrative, Priority and Unsecured Claims					\$ -	\$ -	
A. LESS: Carve-Out Allocation	\$ -	\$ -	na	na	\$ -	\$ -	10
Proceeds Available for Administrative Claims					\$ -	\$ -	
ADMINISTRATIVE CLAIMS							
B. Subsidiaries' Superpriority Admin Claims against CEOC	\$ -	\$ -	na	na	\$ -	\$ -	12
C. Chapter 7 Administrative Claims	-	-	na	na	-	-	12
D. Chapter 11 Administrative Claims	-	-	na	na	-	-	12
Proceeds Available for Priority Claims					\$ -	\$ -	
PRIORITY CLAIMS							
E. Employee Priority Claims	\$ -	\$ -	na	na	\$ -	\$ -	13
F. Priority Tax Claims	-	-	na	na	-	-	13
G. Other Priority Claims	-	-	na	na	-	-	13
Proceeds Available for Unsecured Claims					\$ -	\$ -	
UNSECURED CLAIMS							
H1. First Lien Deficiency Claims	\$ -	\$ -	na	na	\$ -	\$ -	14
H2. Second Lien Deficiency Claims	-	-	na	na	-	-	14
H3. Other Secured Deficiency Claims	-	-	na	na	-	-	14
H4. Senior Unsecured Notes Claims	-	-	na	na	-	-	14
H5. Subsidiary Guaranteed Notes Claims	502,019	502,019	0.0%	0.0%	-	-	14
H5a. Subsidiary Guaranteed Notes Turnover to First Lien Claimants	-	-	na	na	-	-	14
H6. General Unsecured Claims	-	-	na	na	-	-	14
H7. Pension Claims	446,123	223,061	0.0%	0.0%	-	-	14
H8. Intercompany Notes Payable	-	-	na	na	-	-	14
H9. Intercompany Claims - Prepetition	-	-	na	na	-	-	14
Total Unsecured Claims	\$ 948,142	\$ 725,081	0.0%	0.0%	\$ -	\$ -	
Total Admin, Priority, Unsecured Claims & Distributions	\$ 948,142	\$ 725,081	0.0%	0.0%	\$ -	\$ -	
Value Available for Equity Interests					\$ -	\$ -	15

Showing Global Credit, LLC
 Hypothetical Liquidation Analysis Schedule 2
 (\$ in thousands)

I. TOTAL PROCEEDS AVAILABLE FOR DISTRIBUTION

	Net Book Value	Estimated Recovery (%)		Estimated Liquidation Value		See Note
		Lower	Higher	Lower	Higher	
A. STATEMENT OF ASSETS						
Cash and equivalents	\$ -	0%	0%	\$ -	\$ -	1
Accounts receivable	-	0%	0%	-	-	2
Other current assets	-	0%	0%	-	-	2
Inventory	-	0%	0%	-	-	2
Due from subsidiaries/affiliates	-	0%	0%	-	-	3
Property and equipment, net	-	0%	0%	-	-	2
Goodwill	-	0%	0%	-	-	4
Intangibles	-	0%	0%	-	-	4
Investments in subsidiaries	-	0%	0%	-	-	5
Restricted cash	-	0%	0%	-	-	4
Other assets	-	0%	0%	-	-	
STATEMENT OF ASSETS - CASINO SALE						
Casino	-	0%	0%	-	-	6
Interim cash flow	-	0%	0%	-	-	7
Total Assets / Gross Recovery	\$ -	0%	0%	\$ -	\$ -	
A1. ENCUMBERED COLLATERAL						
Cash and equivalents	\$ -	0%	0%	\$ -	\$ -	1
Accounts receivable	-	0%	0%	-	-	2
Other current assets	-	0%	0%	-	-	2
Inventory	-	0%	0%	-	-	2
Due from subsidiaries/affiliates	-	0%	0%	-	-	3
Property and equipment, net	-	0%	0%	-	-	2
Goodwill	-	0%	0%	-	-	4
Intangibles	-	0%	0%	-	-	4
Investments in subsidiaries	-	0%	0%	-	-	5
Restricted cash	-	0%	0%	-	-	4
Other assets	-	0%	0%	-	-	
Casino value and encumbered interim cash flow	-	0%	0%	-	-	6,7
Total Encumbered Collateral / Gross Recovery	\$ -	0%	0%	\$ -	\$ -	
A2. UNENCUMBERED ASSETS						
Cash and equivalents	\$ -	0%	0%	\$ -	\$ -	1
Accounts receivable	-	0%	0%	-	-	2
Other current assets	-	0%	0%	-	-	2
Inventory	-	0%	0%	-	-	2
Due from subsidiaries/affiliates	-	0%	0%	-	-	3
Property and equipment, net	-	0%	0%	-	-	2
Goodwill	-	0%	0%	-	-	4
Intangibles	-	0%	0%	-	-	4
Investments in subsidiaries	-	0%	0%	-	-	5
Restricted cash	-	0%	0%	-	-	4
Other assets	-	0%	0%	-	-	
Unencumbered interim cash flow	-	0%	0%	-	-	7
Total Unencumbered Assets / Gross Recovery	\$ -	0%	0%	\$ -	\$ -	
B. LITIGATION RECOVERIES						
B1. Encumbered Causes of Action				-	-	8
B2. Unencumbered Causes of Action, including Preferences				-	-	8
B3. Total Litigation Recoveries				\$ -	\$ -	
C. SUMMARY OF GROSS PROCEEDS						
C1. Encumbered Collateral Recovery (A1 + B1)				\$ -	\$ -	
C2. Unencumbered Assets Recovery (A2 + B2)				-	-	
C3. Total Gross Recovery Proceeds Available for Distribution				\$ -	\$ -	

Shoemaker Global Credit, LLC
 Hypothetical Liquidation Analysis Schedule 2
 (\$ in thousands)

II. ALLOCATION OF PROCEEDS FROM ENCUMBERED COLLATERAL AVAILABLE FOR DISTRIBUTION

	Estimated Allowed Claims		Estimated Recovery (%)		Estimated Recovery on Secured Claims		See Note
	Lower	Higher	Lower	Higher	Lower	Higher	
Encumbered Gross Collateral Proceeds Available					\$ -	\$ -	
A. LESS: Section 506(c) Surcharges	\$ -	\$ -			\$ -	\$ -	9
B. Carve-Out Allocation	-	-			-	-	10
Proceeds Available to Secured Claims					\$ -	\$ -	
SECURED CLAIMS							
C. PLUS: Proceeds From Subsidiary Guaranteed Notes Turnover					-	-	14
Proceeds Available to Satisfy First Lien Secured Claims					\$ -	\$ -	
D. First Lien Secured Claims							
D1. First Lien Bank Claims	\$ -	\$ -	na	na	-	-	11
D2. First Lien Bond Claims	-	-	na	na	-	-	11
D3. First Lien Swap Claims	-	-	na	na	-	-	11
D4. Other First Lien Secured Claims	-	-	na	na	-	-	11
Total First Lien Claims & Recovery	\$ -	\$ -	na	na	\$ -	\$ -	
Proceeds Available to Satisfy Second Lien Secured Claims					\$ -	\$ -	
E. Second Lien Bond Claims	\$ -	\$ -	na	na	-	-	11
Total Second Lien Claims & Recovery	\$ -	\$ -	na	na	\$ -	\$ -	
F. Other Secured Claims	-	-			\$ -	\$ -	11
Total Secured Claims and Distributions	\$ -	\$ -	0.0%	0.0%	\$ -	\$ -	
Proceeds Available from Encumbered Collateral to Satisfy Administrative, Priority and Unsecured Claims					\$ -	\$ -	
Secured Lender Deficiency Claims (General Unsecured Claim)	\$ -	\$ -					

Shoonya Global Fund, L.P., L.P., LLC
 Hypothetical Liquidation Analysis - Schedule 2
 (\$ in thousands)

III. ALLOCATION OF PROCEEDS AVAILABLE TO SATISFY ADMINISTRATIVE, PRIORITY AND UNSECURED CLAIMS

	Estimated Allowed Claims		Estimated Recovery (%)		Estimated Recovery on Administrative, Priority and Unsecured Claims		See Note
	Lower	Higher	Lower	Higher	Lower	Higher	
Proceeds Available from Unencumbered Assets					\$ -	\$ -	
Section 506(c) Surcharges					-	-	9
Proceeds Available from Encumbered Collateral					-	-	
Proceeds Available to Satisfy Administrative, Priority and Unsecured Claims					\$ -	\$ -	
A. LESS: Carve-Out Allocation	\$ -	\$ -	na	na	\$ -	\$ -	10
Proceeds Available for Administrative Claims					\$ -	\$ -	
ADMINISTRATIVE CLAIMS							
B. Subsidiaries' Superpriority Admin Claims against CEOC	\$ -	\$ -	na	na	\$ -	\$ -	12
C. Chapter 7 Administrative Claims	-	-	na	na	-	-	12
D. Chapter 11 Administrative Claims	-	-	na	na	-	-	12
Proceeds Available for Priority Claims					\$ -	\$ -	
PRIORITY CLAIMS							
E. Employee Priority Claims	\$ -	\$ -	na	na	\$ -	\$ -	13
F. Priority Tax Claims	-	-	na	na	-	-	13
G. Other Priority Claims	-	-	na	na	-	-	13
Proceeds Available for Unsecured Claims					\$ -	\$ -	
UNSECURED CLAIMS							
H1. First Lien Deficiency Claims	\$ -	\$ -	na	na	\$ -	\$ -	14
H2. Second Lien Deficiency Claims	-	-	na	na	-	-	14
H3. Other Secured Deficiency Claims	-	-	na	na	-	-	14
H4. Senior Unsecured Notes Claims	-	-	na	na	-	-	14
H5. Subsidiary Guaranteed Notes Claims	502,019	502,019	0.0%	0.0%	-	-	14
H5a. Subsidiary Guaranteed Notes Turnover to First Lien Claimants	-	-	na	na	-	-	14
H6. General Unsecured Claims	-	-	na	na	-	-	14
H7. Pension Claims	446,123	223,061	0.0%	0.0%	-	-	14
H8. Intercompany Notes Payable	-	-	na	na	-	-	14
H9. Intercompany Claims - Prepetition	-	-	na	na	-	-	14
Total Unsecured Claims	\$ 948,142	\$ 725,081	0.0%	0.0%	\$ -	\$ -	
Total Admin, Priority, Unsecured Claims & Distributions	\$ 948,142	\$ 725,081	0.0%	0.0%	\$ -	\$ -	
Value Available for Equity Interests					\$ -	\$ -	15

Showing Global Credit, LLC
 Hypothetical Liquidation Analysis Schedule 2
 (\$ in thousands)

I. TOTAL PROCEEDS AVAILABLE FOR DISTRIBUTION

	Net Book Value	Estimated Recovery (%)		Estimated Liquidation Value		See Note
		Lower	Higher	Lower	Higher	
A. STATEMENT OF ASSETS						
Cash and equivalents	\$ -	0%	0%	\$ -	\$ -	1
Accounts receivable	-	0%	0%	-	-	2
Other current assets	-	0%	0%	-	-	2
Inventory	-	0%	0%	-	-	2
Due from subsidiaries/affiliates	-	0%	0%	-	-	3
Property and equipment, net	-	0%	0%	-	-	2
Goodwill	-	0%	0%	-	-	4
Intangibles	-	0%	0%	-	-	4
Investments in subsidiaries	-	0%	0%	-	-	5
Restricted cash	-	0%	0%	-	-	4
Other assets	-	0%	0%	-	-	
STATEMENT OF ASSETS - CASINO SALE						
Casino	-	0%	0%	-	-	6
Interim cash flow	-	0%	0%	-	-	7
Total Assets / Gross Recovery	\$ -	0%	0%	\$ -	\$ -	
A1. ENCUMBERED COLLATERAL						
Cash and equivalents	\$ -	0%	0%	\$ -	\$ -	1
Accounts receivable	-	0%	0%	-	-	2
Other current assets	-	0%	0%	-	-	2
Inventory	-	0%	0%	-	-	2
Due from subsidiaries/affiliates	-	0%	0%	-	-	3
Property and equipment, net	-	0%	0%	-	-	2
Goodwill	-	0%	0%	-	-	4
Intangibles	-	0%	0%	-	-	4
Investments in subsidiaries	-	0%	0%	-	-	5
Restricted cash	-	0%	0%	-	-	4
Other assets	-	0%	0%	-	-	
Casino value and encumbered interim cash flow	-	0%	0%	-	-	6,7
Total Encumbered Collateral / Gross Recovery	\$ -	0%	0%	\$ -	\$ -	
A2. UNENCUMBERED ASSETS						
Cash and equivalents	\$ -	0%	0%	\$ -	\$ -	1
Accounts receivable	-	0%	0%	-	-	2
Other current assets	-	0%	0%	-	-	2
Inventory	-	0%	0%	-	-	2
Due from subsidiaries/affiliates	-	0%	0%	-	-	3
Property and equipment, net	-	0%	0%	-	-	2
Goodwill	-	0%	0%	-	-	4
Intangibles	-	0%	0%	-	-	4
Investments in subsidiaries	-	0%	0%	-	-	5
Restricted cash	-	0%	0%	-	-	4
Other assets	-	0%	0%	-	-	
Unencumbered interim cash flow	-	0%	0%	-	-	7
Total Unencumbered Assets / Gross Recovery	\$ -	0%	0%	\$ -	\$ -	
B. LITIGATION RECOVERIES						
B1. Encumbered Causes of Action				-	-	8
B2. Unencumbered Causes of Action, including Preferences				-	-	8
B3. Total Litigation Recoveries				\$ -	\$ -	
C. SUMMARY OF GROSS PROCEEDS						
C1. Encumbered Collateral Recovery (A1 + B1)				\$ -	\$ -	
C2. Unencumbered Assets Recovery (A2 + B2)				-	-	
C3. Total Gross Recovery Proceeds Available for Distribution				\$ -	\$ -	

Shoemaker Global Capital, LLC
 Hypothetical Liquidation Analysis Schedule 2
 (\$ in thousands)

II. ALLOCATION OF PROCEEDS FROM ENCUMBERED COLLATERAL AVAILABLE FOR DISTRIBUTION

	Estimated Allowed Claims		Estimated Recovery (%)		Estimated Recovery on Secured Claims		See Note
	Lower	Higher	Lower	Higher	Lower	Higher	
Encumbered Gross Collateral Proceeds Available					\$ -	\$ -	
A. LESS: Section 506(c) Surcharges	\$ -	\$ -			\$ -	\$ -	9
B. Carve-Out Allocation	-	-			-	-	10
Proceeds Available to Secured Claims					\$ -	\$ -	
SECURED CLAIMS							
C. PLUS: Proceeds From Subsidiary Guaranteed Notes Turnover					-	-	14
Proceeds Available to Satisfy First Lien Secured Claims					\$ -	\$ -	
D. First Lien Secured Claims							
D1. First Lien Bank Claims	\$ -	\$ -	na	na	-	-	11
D2. First Lien Bond Claims	-	-	na	na	-	-	11
D3. First Lien Swap Claims	-	-	na	na	-	-	11
D4. Other First Lien Secured Claims	-	-	na	na	-	-	11
Total First Lien Claims & Recovery	\$ -	\$ -	na	na	\$ -	\$ -	
Proceeds Available to Satisfy Second Lien Secured Claims					\$ -	\$ -	
E. Second Lien Bond Claims	\$ -	\$ -	na	na	-	-	11
Total Second Lien Claims & Recovery	\$ -	\$ -	na	na	\$ -	\$ -	
F. Other Secured Claims	-	-			\$ -	\$ -	11
Total Secured Claims and Distributions	\$ -	\$ -	0.0%	0.0%	\$ -	\$ -	
Proceeds Available from Encumbered Collateral to Satisfy Administrative, Priority and Unsecured Claims					\$ -	\$ -	
Secured Lender Deficiency Claims (General Unsecured Claim)	\$ -	\$ -					

Shoemaker Global Advisors, LLC
 Hypothetical Liquidation Analysis - Schedule 2
 (\$ in thousands)

III. ALLOCATION OF PROCEEDS AVAILABLE TO SATISFY ADMINISTRATIVE, PRIORITY AND UNSECURED CLAIMS

	Estimated Allowed Claims		Estimated Recovery (%)		Estimated Recovery on Administrative, Priority and Unsecured Claims		See Note
	Lower	Higher	Lower	Higher	Lower	Higher	
Proceeds Available from Unencumbered Assets					\$ -	\$ -	
Section 506(c) Surcharges					-	-	9
Proceeds Available from Encumbered Collateral					-	-	
Proceeds Available to Satisfy Administrative, Priority and Unsecured Claims					\$ -	\$ -	
A. LESS: Carve-Out Allocation	\$ -	\$ -	na	na	\$ -	\$ -	10
Proceeds Available for Administrative Claims					\$ -	\$ -	
ADMINISTRATIVE CLAIMS							
B. Subsidiaries' Superpriority Admin Claims against CEOC	\$ -	\$ -	na	na	\$ -	\$ -	12
C. Chapter 7 Administrative Claims	-	-	na	na	-	-	12
D. Chapter 11 Administrative Claims	-	-	na	na	-	-	12
Proceeds Available for Priority Claims					\$ -	\$ -	
PRIORITY CLAIMS							
E. Employee Priority Claims	\$ -	\$ -	na	na	\$ -	\$ -	13
F. Priority Tax Claims	-	-	na	na	-	-	13
G. Other Priority Claims	-	-	na	na	-	-	13
Proceeds Available for Unsecured Claims					\$ -	\$ -	
UNSECURED CLAIMS							
H1. First Lien Deficiency Claims	\$ -	\$ -	na	na	\$ -	\$ -	14
H2. Second Lien Deficiency Claims	-	-	na	na	-	-	14
H3. Other Secured Deficiency Claims	-	-	na	na	-	-	14
H4. Senior Unsecured Notes Claims	-	-	na	na	-	-	14
H5. Subsidiary Guaranteed Notes Claims	502,019	502,019	0.0%	0.0%	-	-	14
H5a. Subsidiary Guaranteed Notes Turnover to First Lien Claimants	-	-	na	na	-	-	14
H6. General Unsecured Claims	-	-	na	na	-	-	14
H7. Pension Claims	446,123	223,061	0.0%	0.0%	-	-	14
H8. Intercompany Notes Payable	-	-	na	na	-	-	14
H9. Intercompany Claims - Prepetition	-	-	na	na	-	-	14
Total Unsecured Claims	\$ 948,142	\$ 725,081	0.0%	0.0%	\$ -	\$ -	
Total Admin, Priority, Unsecured Claims & Distributions	\$ 948,142	\$ 725,081	0.0%	0.0%	\$ -	\$ -	
Value Available for Equity Interests					\$ -	\$ -	15

Showing Global Credit, LLC
 Hypothetical Liquidation Analysis Schedule 2
 (\$ in thousands)

I. TOTAL PROCEEDS AVAILABLE FOR DISTRIBUTION

	Net Book Value	Estimated Recovery (%)		Estimated Liquidation Value		See Note
		Lower	Higher	Lower	Higher	
A. STATEMENT OF ASSETS						
Cash and equivalents	\$ -	0%	0%	\$ -	\$ -	1
Accounts receivable	-	0%	0%	-	-	2
Other current assets	-	0%	0%	-	-	2
Inventory	-	0%	0%	-	-	2
Due from subsidiaries/affiliates	-	0%	0%	-	-	3
Property and equipment, net	-	0%	0%	-	-	2
Goodwill	-	0%	0%	-	-	4
Intangibles	-	0%	0%	-	-	4
Investments in subsidiaries	-	0%	0%	-	-	5
Restricted cash	-	0%	0%	-	-	4
Other assets	-	0%	0%	-	-	
STATEMENT OF ASSETS - CASINO SALE						
Casino	-	0%	0%	-	-	6
Interim cash flow	-	0%	0%	-	-	7
Total Assets / Gross Recovery	\$ -	0%	0%	\$ -	\$ -	
A1. ENCUMBERED COLLATERAL						
Cash and equivalents	\$ -	0%	0%	\$ -	\$ -	1
Accounts receivable	-	0%	0%	-	-	2
Other current assets	-	0%	0%	-	-	2
Inventory	-	0%	0%	-	-	2
Due from subsidiaries/affiliates	-	0%	0%	-	-	3
Property and equipment, net	-	0%	0%	-	-	2
Goodwill	-	0%	0%	-	-	4
Intangibles	-	0%	0%	-	-	4
Investments in subsidiaries	-	0%	0%	-	-	5
Restricted cash	-	0%	0%	-	-	4
Other assets	-	0%	0%	-	-	
Casino value and encumbered interim cash flow	-	0%	0%	-	-	6,7
Total Encumbered Collateral / Gross Recovery	\$ -	0%	0%	\$ -	\$ -	
A2. UNENCUMBERED ASSETS						
Cash and equivalents	\$ -	0%	0%	\$ -	\$ -	1
Accounts receivable	-	0%	0%	-	-	2
Other current assets	-	0%	0%	-	-	2
Inventory	-	0%	0%	-	-	2
Due from subsidiaries/affiliates	-	0%	0%	-	-	3
Property and equipment, net	-	0%	0%	-	-	2
Goodwill	-	0%	0%	-	-	4
Intangibles	-	0%	0%	-	-	4
Investments in subsidiaries	-	0%	0%	-	-	5
Restricted cash	-	0%	0%	-	-	4
Other assets	-	0%	0%	-	-	
Unencumbered interim cash flow	-	0%	0%	-	-	7
Total Unencumbered Assets / Gross Recovery	\$ -	0%	0%	\$ -	\$ -	
B. LITIGATION RECOVERIES						
B1. Encumbered Causes of Action				-	-	8
B2. Unencumbered Causes of Action, including Preferences				-	-	8
B3. Total Litigation Recoveries				\$ -	\$ -	
C. SUMMARY OF GROSS PROCEEDS						
C1. Encumbered Collateral Recovery (A1 + B1)				\$ -	\$ -	
C2. Unencumbered Assets Recovery (A2 + B2)				-	-	
C3. Total Gross Recovery Proceeds Available for Distribution				\$ -	\$ -	

Shoemaker Global Capital, LLC
 Hypothetical Liquidation Analysis Schedule 2
 (\$ in thousands)

II. ALLOCATION OF PROCEEDS FROM ENCUMBERED COLLATERAL AVAILABLE FOR DISTRIBUTION

	Estimated Allowed Claims		Estimated Recovery (%)		Estimated Recovery on Secured Claims		See Note
	Lower	Higher	Lower	Higher	Lower	Higher	
Encumbered Gross Collateral Proceeds Available					\$ -	\$ -	
A. LESS: Section 506(c) Surcharges	\$ -	\$ -			\$ -	\$ -	9
B. Carve-Out Allocation	-	-			-	-	10
Proceeds Available to Secured Claims					\$ -	\$ -	
SECURED CLAIMS							
C. PLUS: Proceeds From Subsidiary Guaranteed Notes Turnover					-	-	14
Proceeds Available to Satisfy First Lien Secured Claims					\$ -	\$ -	
D. First Lien Secured Claims							
D1. First Lien Bank Claims	\$ -	\$ -	na	na	-	-	11
D2. First Lien Bond Claims	-	-	na	na	-	-	11
D3. First Lien Swap Claims	-	-	na	na	-	-	11
D4. Other First Lien Secured Claims	-	-	na	na	-	-	11
Total First Lien Claims & Recovery	\$ -	\$ -	na	na	\$ -	\$ -	
Proceeds Available to Satisfy Second Lien Secured Claims					\$ -	\$ -	
E. Second Lien Bond Claims	\$ -	\$ -	na	na	-	-	11
Total Second Lien Claims & Recovery	\$ -	\$ -	na	na	\$ -	\$ -	
F. Other Secured Claims	-	-			\$ -	\$ -	11
Total Secured Claims and Distributions	\$ -	\$ -	0.0%	0.0%	\$ -	\$ -	
Proceeds Available from Encumbered Collateral to Satisfy Administrative, Priority and Unsecured Claims					\$ -	\$ -	
Secured Lender Deficiency Claims (General Unsecured Claim)	\$ -	\$ -					

Showing Global Credit, LLC
 Hypothetical Liquidation Analysis Schedule 2
 (\$ in thousands)

I. TOTAL PROCEEDS AVAILABLE FOR DISTRIBUTION

	Net Book Value	Estimated Recovery (%)		Estimated Liquidation Value		See Note
		Lower	Higher	Lower	Higher	
A. STATEMENT OF ASSETS						
Cash and equivalents	\$ -	0%	0%	\$ -	\$ -	1
Accounts receivable	-	0%	0%	-	-	2
Other current assets	-	0%	0%	-	-	2
Inventory	-	0%	0%	-	-	2
Due from subsidiaries/affiliates	-	0%	0%	-	-	3
Property and equipment, net	-	0%	0%	-	-	2
Goodwill	-	0%	0%	-	-	4
Intangibles	-	0%	0%	-	-	4
Investments in subsidiaries	-	0%	0%	-	-	5
Restricted cash	-	0%	0%	-	-	4
Other assets	-	0%	0%	-	-	
STATEMENT OF ASSETS - CASINO SALE						
Casino	-	0%	0%	-	-	6
Interim cash flow	-	0%	0%	-	-	7
Total Assets / Gross Recovery	\$ -	0%	0%	\$ -	\$ -	
A1. ENCUMBERED COLLATERAL						
Cash and equivalents	\$ -	0%	0%	\$ -	\$ -	1
Accounts receivable	-	0%	0%	-	-	2
Other current assets	-	0%	0%	-	-	2
Inventory	-	0%	0%	-	-	2
Due from subsidiaries/affiliates	-	0%	0%	-	-	3
Property and equipment, net	-	0%	0%	-	-	2
Goodwill	-	0%	0%	-	-	4
Intangibles	-	0%	0%	-	-	4
Investments in subsidiaries	-	0%	0%	-	-	5
Restricted cash	-	0%	0%	-	-	4
Other assets	-	0%	0%	-	-	
Casino value and encumbered interim cash flow	-	0%	0%	-	-	6,7
Total Encumbered Collateral / Gross Recovery	\$ -	0%	0%	\$ -	\$ -	
A2. UNENCUMBERED ASSETS						
Cash and equivalents	\$ -	0%	0%	\$ -	\$ -	1
Accounts receivable	-	0%	0%	-	-	2
Other current assets	-	0%	0%	-	-	2
Inventory	-	0%	0%	-	-	2
Due from subsidiaries/affiliates	-	0%	0%	-	-	3
Property and equipment, net	-	0%	0%	-	-	2
Goodwill	-	0%	0%	-	-	4
Intangibles	-	0%	0%	-	-	4
Investments in subsidiaries	-	0%	0%	-	-	5
Restricted cash	-	0%	0%	-	-	4
Other assets	-	0%	0%	-	-	
Unencumbered interim cash flow	-	0%	0%	-	-	7
Total Unencumbered Assets / Gross Recovery	\$ -	0%	0%	\$ -	\$ -	
B. LITIGATION RECOVERIES						
B1. Encumbered Causes of Action				-	-	8
B2. Unencumbered Causes of Action, including Preferences				-	-	8
B3. Total Litigation Recoveries				\$ -	\$ -	
C. SUMMARY OF GROSS PROCEEDS						
C1. Encumbered Collateral Recovery (A1 + B1)				\$ -	\$ -	
C2. Unencumbered Assets Recovery (A2 + B2)				-	-	
C3. Total Gross Recovery Proceeds Available for Distribution				\$ -	\$ -	

Shoemaker Global Credit, LLC
 Hypothetical Liquidation Analysis Schedule 2
 (\$ in thousands)

II. ALLOCATION OF PROCEEDS FROM ENCUMBERED COLLATERAL AVAILABLE FOR DISTRIBUTION

	Estimated Allowed Claims		Estimated Recovery (%)		Estimated Recovery on Secured Claims		See Note
	Lower	Higher	Lower	Higher	Lower	Higher	
Encumbered Gross Collateral Proceeds Available					\$ -	\$ -	
A. LESS: Section 506(c) Surcharges	\$ -	\$ -			\$ -	\$ -	9
B. Carve-Out Allocation	-	-			-	-	10
Proceeds Available to Secured Claims					\$ -	\$ -	
SECURED CLAIMS							
C. PLUS: Proceeds From Subsidiary Guaranteed Notes Turnover					-	-	14
Proceeds Available to Satisfy First Lien Secured Claims					\$ -	\$ -	
D. First Lien Secured Claims							
D1. First Lien Bank Claims	\$ -	\$ -	na	na	-	-	11
D2. First Lien Bond Claims	-	-	na	na	-	-	11
D3. First Lien Swap Claims	-	-	na	na	-	-	11
D4. Other First Lien Secured Claims	-	-	na	na	-	-	11
Total First Lien Claims & Recovery	\$ -	\$ -	na	na	\$ -	\$ -	
Proceeds Available to Satisfy Second Lien Secured Claims					\$ -	\$ -	
E. Second Lien Bond Claims	\$ -	\$ -	na	na	-	-	11
Total Second Lien Claims & Recovery	\$ -	\$ -	na	na	\$ -	\$ -	
F. Other Secured Claims	-	-			\$ -	\$ -	11
Total Secured Claims and Distributions	\$ -	\$ -	0.0%	0.0%	\$ -	\$ -	
Proceeds Available from Encumbered Collateral to Satisfy Administrative, Priority and Unsecured Claims					\$ -	\$ -	
Secured Lender Deficiency Claims (General Unsecured Claim)	\$ -	\$ -					

III. ALLOCATION OF PROCEEDS AVAILABLE TO SATISFY ADMINISTRATIVE, PRIORITY AND UNSECURED CLAIMS

	Estimated Allowed Claims		Estimated Recovery (%)		Estimated Recovery on Administrative, Priority and Unsecured Claims		See Note
	Lower	Higher	Lower	Higher	Lower	Higher	
Proceeds Available from Unencumbered Assets					\$ -	\$ -	
Section 506(c) Surcharges					-	-	9
Proceeds Available from Encumbered Collateral					-	-	
Proceeds Available to Satisfy Administrative, Priority and Unsecured Claims					\$ -	\$ -	
A. LESS: Carve-Out Allocation	\$ -	\$ -	na	na	\$ -	\$ -	10
Proceeds Available for Administrative Claims					\$ -	\$ -	
ADMINISTRATIVE CLAIMS							
B. Subsidiaries' Superpriority Admin Claims against CEOC	\$ -	\$ -	na	na	\$ -	\$ -	12
C. Chapter 7 Administrative Claims	-	-	na	na	-	-	12
D. Chapter 11 Administrative Claims	-	-	na	na	-	-	12
Proceeds Available for Priority Claims					\$ -	\$ -	
PRIORITY CLAIMS							
E. Employee Priority Claims	\$ -	\$ -	na	na	\$ -	\$ -	13
F. Priority Tax Claims	-	-	na	na	-	-	13
G. Other Priority Claims	-	-	na	na	-	-	13
Proceeds Available for Unsecured Claims					\$ -	\$ -	
UNSECURED CLAIMS							
H1. First Lien Deficiency Claims	\$ -	\$ -	na	na	\$ -	\$ -	14
H2. Second Lien Deficiency Claims	-	-	na	na	-	-	14
H3. Other Secured Deficiency Claims	-	-	na	na	-	-	14
H4. Senior Unsecured Notes Claims	-	-	na	na	-	-	14
H5. Subsidiary Guaranteed Notes Claims	502,019	502,019	0.0%	0.0%	-	-	14
H5a. Subsidiary Guaranteed Notes Turnover to First Lien Claimants	-	-	na	na	-	-	14
H6. General Unsecured Claims	-	-	na	na	-	-	14
H7. Pension Claims	446,123	223,061	0.0%	0.0%	-	-	14
H8. Intercompany Notes Payable	-	-	na	na	-	-	14
H9. Intercompany Claims - Prepetition	-	-	na	na	-	-	14
Total Unsecured Claims	\$ 948,142	\$ 725,081	0.0%	0.0%	\$ -	\$ -	
Total Admin, Priority, Unsecured Claims & Distributions	\$ 948,142	\$ 725,081	0.0%	0.0%	\$ -	\$ -	
Value Available for Equity Interests					\$ -	\$ -	15

Showing Exhibit 1 - Revised Disclosure Statement
 Hypothetical Liquidation Analysis - Schedule 2
 (\$ in thousands)

I. TOTAL PROCEEDS AVAILABLE FOR DISTRIBUTION

	Net Book Value	Estimated Recovery (%)		Estimated Liquidation Value		See Note
		Lower	Higher	Lower	Higher	
A. STATEMENT OF ASSETS						
Cash and equivalents	\$ -	0%	0%	\$ -	\$ -	1
Accounts receivable	-	0%	0%	-	-	2
Other current assets	-	0%	0%	-	-	2
Inventory	-	0%	0%	-	-	2
Due from subsidiaries/affiliates	-	0%	0%	-	-	3
Property and equipment, net	-	0%	0%	-	-	2
Goodwill	-	0%	0%	-	-	4
Intangibles	-	0%	0%	-	-	4
Investments in subsidiaries	-	0%	0%	-	-	5
Restricted cash	-	0%	0%	-	-	4
Other assets	-	0%	0%	-	-	
STATEMENT OF ASSETS - CASINO SALE						
Casino	-	0%	0%	-	-	6
Interim cash flow	-	0%	0%	-	-	7
Total Assets / Gross Recovery	\$ -	0%	0%	\$ -	\$ -	
A1. ENCUMBERED COLLATERAL						
Cash and equivalents	\$ -	0%	0%	\$ -	\$ -	1
Accounts receivable	-	0%	0%	-	-	2
Other current assets	-	0%	0%	-	-	2
Inventory	-	0%	0%	-	-	2
Due from subsidiaries/affiliates	-	0%	0%	-	-	3
Property and equipment, net	-	0%	0%	-	-	2
Goodwill	-	0%	0%	-	-	4
Intangibles	-	0%	0%	-	-	4
Investments in subsidiaries	-	0%	0%	-	-	5
Restricted cash	-	0%	0%	-	-	4
Other assets	-	0%	0%	-	-	
Casino value and encumbered interim cash flow	-	0%	0%	-	-	6,7
Total Encumbered Collateral / Gross Recovery	\$ -	0%	0%	\$ -	\$ -	
A2. UNENCUMBERED ASSETS						
Cash and equivalents	\$ -	0%	0%	\$ -	\$ -	1
Accounts receivable	-	0%	0%	-	-	2
Other current assets	-	0%	0%	-	-	2
Inventory	-	0%	0%	-	-	2
Due from subsidiaries/affiliates	-	0%	0%	-	-	3
Property and equipment, net	-	0%	0%	-	-	2
Goodwill	-	0%	0%	-	-	4
Intangibles	-	0%	0%	-	-	4
Investments in subsidiaries	-	0%	0%	-	-	5
Restricted cash	-	0%	0%	-	-	4
Other assets	-	0%	0%	-	-	
Unencumbered interim cash flow	-	0%	0%	-	-	7
Total Unencumbered Assets / Gross Recovery	\$ -	0%	0%	\$ -	\$ -	
B. LITIGATION RECOVERIES						
B1. Encumbered Causes of Action				-	-	8
B2. Unencumbered Causes of Action, including Preferences				-	-	8
B3. Total Litigation Recoveries				\$ -	\$ -	
C. SUMMARY OF GROSS PROCEEDS						
C1. Encumbered Collateral Recovery (A1 + B1)				\$ -	\$ -	
C2. Unencumbered Assets Recovery (A2 + B2)				-	-	
C3. Total Gross Recovery Proceeds Available for Distribution				\$ -	\$ -	

Shoemaker Global Advisors, LLC
 Hypothetical Liquidation Analysis Schedule 2
 (\$ in thousands)

II. ALLOCATION OF PROCEEDS FROM ENCUMBERED COLLATERAL AVAILABLE FOR DISTRIBUTION

	Estimated Allowed Claims		Estimated Recovery (%)		Estimated Recovery on Secured Claims		See Note
	Lower	Higher	Lower	Higher	Lower	Higher	
Encumbered Gross Collateral Proceeds Available					\$ -	\$ -	
A. LESS: Section 506(c) Surcharges	\$ -	\$ -			\$ -	\$ -	9
B. Carve-Out Allocation	-	-			-	-	10
Proceeds Available to Secured Claims					\$ -	\$ -	
SECURED CLAIMS							
C. PLUS: Proceeds From Subsidiary Guaranteed Notes Turnover					-	-	14
Proceeds Available to Satisfy First Lien Secured Claims					\$ -	\$ -	
D. First Lien Secured Claims							
D1. First Lien Bank Claims	\$ -	\$ -	na	na	-	-	11
D2. First Lien Bond Claims	-	-	na	na	-	-	11
D3. First Lien Swap Claims	-	-	na	na	-	-	11
D4. Other First Lien Secured Claims	-	-	na	na	-	-	11
Total First Lien Claims & Recovery	\$ -	\$ -	na	na	\$ -	\$ -	
Proceeds Available to Satisfy Second Lien Secured Claims					\$ -	\$ -	
E. Second Lien Bond Claims	\$ -	\$ -	na	na	-	-	11
Total Second Lien Claims & Recovery	\$ -	\$ -	na	na	\$ -	\$ -	
F. Other Secured Claims	-	-			\$ -	\$ -	11
Total Secured Claims and Distributions	\$ -	\$ -	0.0%	0.0%	\$ -	\$ -	
Proceeds Available from Encumbered Collateral to Satisfy Administrative, Priority and Unsecured Claims					\$ -	\$ -	
Secured Lender Deficiency Claims (General Unsecured Claim)	\$ -	\$ -					

Shawmut Group of Companies, LLC
 Hypothetical Liquidation Analysis - Schedule 2
 (\$ in thousands)

III. ALLOCATION OF PROCEEDS AVAILABLE TO SATISFY ADMINISTRATIVE, PRIORITY AND UNSECURED CLAIMS

	Estimated Allowed Claims		Estimated Recovery (%)		Estimated Recovery on Administrative, Priority and Unsecured Claims		See Note
	Lower	Higher	Lower	Higher	Lower	Higher	
Proceeds Available from Unencumbered Assets					\$ -	\$ -	
Section 506(c) Surcharges					-	-	9
Proceeds Available from Encumbered Collateral					-	-	
Proceeds Available to Satisfy Administrative, Priority and Unsecured Claims					\$ -	\$ -	
A. LESS: Carve-Out Allocation	\$ -	\$ -	na	na	\$ -	\$ -	10
Proceeds Available for Administrative Claims					\$ -	\$ -	
ADMINISTRATIVE CLAIMS							
B. Subsidiaries' Superpriority Admin Claims against CEOC	\$ -	\$ -	na	na	\$ -	\$ -	12
C. Chapter 7 Administrative Claims	-	-	na	na	-	-	12
D. Chapter 11 Administrative Claims	-	-	na	na	-	-	12
Proceeds Available for Priority Claims					\$ -	\$ -	
PRIORITY CLAIMS							
E. Employee Priority Claims	\$ -	\$ -	na	na	\$ -	\$ -	13
F. Priority Tax Claims	-	-	na	na	-	-	13
G. Other Priority Claims	-	-	na	na	-	-	13
Proceeds Available for Unsecured Claims					\$ -	\$ -	
UNSECURED CLAIMS							
H1. First Lien Deficiency Claims	\$ -	\$ -	na	na	\$ -	\$ -	14
H2. Second Lien Deficiency Claims	-	-	na	na	-	-	14
H3. Other Secured Deficiency Claims	-	-	na	na	-	-	14
H4. Senior Unsecured Notes Claims	-	-	na	na	-	-	14
H5. Subsidiary Guaranteed Notes Claims	502,019	502,019	0.0%	0.0%	-	-	14
H5a. Subsidiary Guaranteed Notes Turnover to First Lien Claimants	-	-	na	na	-	-	14
H6. General Unsecured Claims	-	-	na	na	-	-	14
H7. Pension Claims	446,123	223,061	0.0%	0.0%	-	-	14
H8. Intercompany Notes Payable	-	-	na	na	-	-	14
H9. Intercompany Claims - Prepetition	-	-	na	na	-	-	14
Total Unsecured Claims	\$ 948,142	\$ 725,081	0.0%	0.0%	\$ -	\$ -	
Total Admin, Priority, Unsecured Claims & Distributions	\$ 948,142	\$ 725,081	0.0%	0.0%	\$ -	\$ -	
Value Available for Equity Interests					\$ -	\$ -	15

Showing Global, Inc., et al., LLC
 Hypothetical Liquidation Analysis - Schedule 2
 (\$ in thousands)

I. TOTAL PROCEEDS AVAILABLE FOR DISTRIBUTION

	Net Book Value	Estimated Recovery (%)		Estimated Liquidation Value		See Note
		Lower	Higher	Lower	Higher	
A. STATEMENT OF ASSETS						
Cash and equivalents	\$ -	0%	0%	\$ -	\$ -	1
Accounts receivable	-	0%	0%	-	-	2
Other current assets	-	0%	0%	-	-	2
Inventory	-	0%	0%	-	-	2
Due from subsidiaries/affiliates	-	0%	0%	-	-	3
Property and equipment, net	-	0%	0%	-	-	2
Goodwill	-	0%	0%	-	-	4
Intangibles	-	0%	0%	-	-	4
Investments in subsidiaries	-	0%	0%	-	-	5
Restricted cash	-	0%	0%	-	-	4
Other assets	-	0%	0%	-	-	
STATEMENT OF ASSETS - CASINO SALE						
Casino	-	0%	0%	-	-	6
Interim cash flow	-	0%	0%	-	-	7
Total Assets / Gross Recovery	\$ -	0%	0%	\$ -	\$ -	
A1. ENCUMBERED COLLATERAL						
Cash and equivalents	\$ -	0%	0%	\$ -	\$ -	1
Accounts receivable	-	0%	0%	-	-	2
Other current assets	-	0%	0%	-	-	2
Inventory	-	0%	0%	-	-	2
Due from subsidiaries/affiliates	-	0%	0%	-	-	3
Property and equipment, net	-	0%	0%	-	-	2
Goodwill	-	0%	0%	-	-	4
Intangibles	-	0%	0%	-	-	4
Investments in subsidiaries	-	0%	0%	-	-	5
Restricted cash	-	0%	0%	-	-	4
Other assets	-	0%	0%	-	-	
Casino value and encumbered interim cash flow	-	0%	0%	-	-	6,7
Total Encumbered Collateral / Gross Recovery	\$ -	0%	0%	\$ -	\$ -	
A2. UNENCUMBERED ASSETS						
Cash and equivalents	\$ -	0%	0%	\$ -	\$ -	1
Accounts receivable	-	0%	0%	-	-	2
Other current assets	-	0%	0%	-	-	2
Inventory	-	0%	0%	-	-	2
Due from subsidiaries/affiliates	-	0%	0%	-	-	3
Property and equipment, net	-	0%	0%	-	-	2
Goodwill	-	0%	0%	-	-	4
Intangibles	-	0%	0%	-	-	4
Investments in subsidiaries	-	0%	0%	-	-	5
Restricted cash	-	0%	0%	-	-	4
Other assets	-	0%	0%	-	-	
Unencumbered interim cash flow	-	0%	0%	-	-	7
Total Unencumbered Assets / Gross Recovery	\$ -	0%	0%	\$ -	\$ -	
B. LITIGATION RECOVERIES						
B1. Encumbered Causes of Action				-	-	8
B2. Unencumbered Causes of Action, including Preferences				-	-	8
B3. Total Litigation Recoveries				\$ -	\$ -	
C. SUMMARY OF GROSS PROCEEDS						
C1. Encumbered Collateral Recovery (A1 + B1)				\$ -	\$ -	
C2. Unencumbered Assets Recovery (A2 + B2)				-	-	
C3. Total Gross Recovery Proceeds Available for Distribution				\$ -	\$ -	

Shoemaker Global Capital Partners, LLC
 Hypothetical Liquidation Analysis - Schedule 2
 (\$ in thousands)

II. ALLOCATION OF PROCEEDS FROM ENCUMBERED COLLATERAL AVAILABLE FOR DISTRIBUTION

	Estimated Allowed Claims		Estimated Recovery (%)		Estimated Recovery on Secured Claims		See Note
	Lower	Higher	Lower	Higher	Lower	Higher	
Encumbered Gross Collateral Proceeds Available					\$ -	\$ -	
A. LESS: Section 506(c) Surcharges	\$ -	\$ -			\$ -	\$ -	9
B. Carve-Out Allocation	-	-			-	-	10
Proceeds Available to Secured Claims					\$ -	\$ -	
SECURED CLAIMS							
C. PLUS: Proceeds From Subsidiary Guaranteed Notes Turnover					-	-	14
Proceeds Available to Satisfy First Lien Secured Claims					\$ -	\$ -	
D. First Lien Secured Claims							
D1. First Lien Bank Claims	\$ -	\$ -	na	na	-	-	11
D2. First Lien Bond Claims	-	-	na	na	-	-	11
D3. First Lien Swap Claims	-	-	na	na	-	-	11
D4. Other First Lien Secured Claims	-	-	na	na	-	-	11
Total First Lien Claims & Recovery	\$ -	\$ -	na	na	\$ -	\$ -	
Proceeds Available to Satisfy Second Lien Secured Claims					\$ -	\$ -	
E. Second Lien Bond Claims	\$ -	\$ -	na	na	-	-	11
Total Second Lien Claims & Recovery	\$ -	\$ -	na	na	\$ -	\$ -	
F. Other Secured Claims	-	-			\$ -	\$ -	11
Total Secured Claims and Distributions	\$ -	\$ -	0.0%	0.0%	\$ -	\$ -	
Proceeds Available from Encumbered Collateral to Satisfy Administrative, Priority and Unsecured Claims					\$ -	\$ -	
Secured Lender Deficiency Claims (General Unsecured Claim)	\$ -	\$ -					

Shoonya Global Fund, LP, LLC
 Hypothetical Liquidation Analysis - Schedule 2
 (\$ in thousands)

III. ALLOCATION OF PROCEEDS AVAILABLE TO SATISFY ADMINISTRATIVE, PRIORITY AND UNSECURED CLAIMS

	Estimated Allowed Claims		Estimated Recovery (%)		Estimated Recovery on Administrative, Priority and Unsecured Claims		See Note
	Lower	Higher	Lower	Higher	Lower	Higher	
Proceeds Available from Unencumbered Assets					\$ -	\$ -	
Section 506(c) Surcharges					-	-	9
Proceeds Available from Encumbered Collateral					-	-	
Proceeds Available to Satisfy Administrative, Priority and Unsecured Claims					\$ -	\$ -	
A. LESS: Carve-Out Allocation	\$ -	\$ -	na	na	\$ -	\$ -	10
Proceeds Available for Administrative Claims					\$ -	\$ -	
ADMINISTRATIVE CLAIMS							
B. Subsidiaries' Superpriority Admin Claims against CEOC	\$ -	\$ -	na	na	\$ -	\$ -	12
C. Chapter 7 Administrative Claims	-	-	na	na	-	-	12
D. Chapter 11 Administrative Claims	-	-	na	na	-	-	12
Proceeds Available for Priority Claims					\$ -	\$ -	
PRIORITY CLAIMS							
E. Employee Priority Claims	\$ -	\$ -	na	na	\$ -	\$ -	13
F. Priority Tax Claims	-	-	na	na	-	-	13
G. Other Priority Claims	-	-	na	na	-	-	13
Proceeds Available for Unsecured Claims					\$ -	\$ -	
UNSECURED CLAIMS							
H1. First Lien Deficiency Claims	\$ -	\$ -	na	na	\$ -	\$ -	14
H2. Second Lien Deficiency Claims	-	-	na	na	-	-	14
H3. Other Secured Deficiency Claims	-	-	na	na	-	-	14
H4. Senior Unsecured Notes Claims	-	-	na	na	-	-	14
H5. Subsidiary Guaranteed Notes Claims	502,019	502,019	0.0%	0.0%	-	-	14
H5a. Subsidiary Guaranteed Notes Turnover to First Lien Claimants	-	-	na	na	-	-	14
H6. General Unsecured Claims	1,284	1,284	0.0%	0.0%	-	-	14
H7. Pension Claims	446,123	223,061	0.0%	0.0%	-	-	14
H8. Intercompany Notes Payable	-	-	na	na	-	-	14
H9. Intercompany Claims - Prepetition	-	-	na	na	-	-	14
Total Unsecured Claims	\$ 949,426	\$ 726,364	0.0%	0.0%	\$ -	\$ -	
Total Admin, Priority, Unsecured Claims & Distributions	\$ 949,426	\$ 726,364	0.0%	0.0%	\$ -	\$ -	
Value Available for Equity Interests					\$ -	\$ -	15

I. TOTAL PROCEEDS AVAILABLE FOR DISTRIBUTION

	Net Book Value	Estimated Recovery (%)		Estimated Liquidation Value		See Note
		Lower	Higher	Lower	Higher	
A. STATEMENT OF ASSETS						
Cash and equivalents	\$ -	0%	0%	\$ -	\$ -	1
Accounts receivable	51	50%	75%	26	38	2
Other current assets	1,989	0%	0%	-	-	2
Inventory	-	0%	0%	-	-	2
Due from subsidiaries/affiliates	-	0%	0%	-	-	3
Property and equipment, net	175,131	0%	0%	-	-	2
Goodwill	-	0%	0%	-	-	4
Intangibles	-	0%	0%	-	-	4
Investments in subsidiaries	-	0%	0%	-	-	5
Restricted cash	-	0%	0%	-	-	4
Other assets	-	0%	0%	-	-	
STATEMENT OF ASSETS - CASINO SALE						
Casino	-	0%	0%	-	-	6
Interim cash flow	-	0%	0%	-	-	7
Total Assets / Gross Recovery	\$ 177,171	0%	0%	\$ 26	\$ 38	
A1. ENCUMBERED COLLATERAL						
Cash and equivalents	\$ -	0%	0%	\$ -	\$ -	1
Accounts receivable	51	50%	75%	26	38	2
Other current assets	1,989	0%	0%	-	-	2
Inventory	-	0%	0%	-	-	2
Due from subsidiaries/affiliates	-	0%	0%	-	-	3
Property and equipment, net	175,131	0%	0%	-	-	2
Goodwill	-	0%	0%	-	-	4
Intangibles	-	0%	0%	-	-	4
Investments in subsidiaries	-	0%	0%	-	-	5
Restricted cash	-	0%	0%	-	-	4
Other assets	-	0%	0%	-	-	
Casino value and encumbered interim cash flow	-	0%	0%	-	-	6,7
Total Encumbered Collateral / Gross Recovery	\$ 177,171	0%	0%	\$ 26	\$ 38	
A2. UNENCUMBERED ASSETS						
Cash and equivalents	\$ -	0%	0%	\$ -	\$ -	1
Accounts receivable	-	0%	0%	-	-	2
Other current assets	-	0%	0%	-	-	2
Inventory	-	0%	0%	-	-	2
Due from subsidiaries/affiliates	-	0%	0%	-	-	3
Property and equipment, net	-	0%	0%	-	-	2
Goodwill	-	0%	0%	-	-	4
Intangibles	-	0%	0%	-	-	4
Investments in subsidiaries	-	0%	0%	-	-	5
Restricted cash	-	0%	0%	-	-	4
Other assets	-	0%	0%	-	-	
Unencumbered interim cash flow	-	0%	0%	-	-	7
Total Unencumbered Assets / Gross Recovery	\$ -	0%	0%	\$ -	\$ -	
B. LITIGATION RECOVERIES						
B1. Encumbered Causes of Action	-	-	-	-	-	8
B2. Unencumbered Causes of Action, including Preferences	-	-	-	-	-	8
B3. Total Litigation Recoveries	\$ -	\$ -				
C. SUMMARY OF GROSS PROCEEDS						
C1. Encumbered Collateral Recovery (A1 + B1)				\$ 26	\$ 38	
C2. Unencumbered Assets Recovery (A2 + B2)				-	-	
C3. Total Gross Recovery Proceeds Available for Distribution				\$ 26	\$ 38	

Arabia's Creditors' Voluntary Liquidation Proceedings, Inc.
 Hypothetical Liquidation Analysis Schedule 2
 (\$ in thousands)

II. ALLOCATION OF PROCEEDS FROM ENCUMBERED COLLATERAL AVAILABLE FOR DISTRIBUTION

	Estimated Allowed Claims		Estimated Recovery (%)		Estimated Recovery on Secured Claims		See Note
	Lower	Higher	Lower	Higher	Lower	Higher	
Encumbered Gross Collateral Proceeds Available					\$ 26	\$ 38	
A. LESS: Section 506(c) Surcharges	\$ -	\$ -			\$ -	\$ -	9
B. Carve-Out Allocation	-	-			-	-	10
Proceeds Available to Secured Claims					<u>\$ 26</u>	<u>\$ 38</u>	
SECURED CLAIMS							
C. PLUS: Proceeds From Subsidiary Guaranteed Notes Turnover					-	-	14
Proceeds Available to Satisfy First Lien Secured Claims					<u>\$ 26</u>	<u>\$ 38</u>	
D. First Lien Secured Claims							
D1. First Lien Bank Claims	\$ 12	\$ 17	100.0%	100.0%	12	17	11
D2. First Lien Bond Claims	14	21	100.0%	100.0%	14	21	11
D3. First Lien Swap Claims	0	0	100.0%	100.0%	0	0	11
D4. Other First Lien Secured Claims	-	-	na	na	-	-	11
Total First Lien Claims & Recovery	<u>\$ 26</u>	<u>\$ 38</u>	100.0%	100.0%	<u>\$ 26</u>	<u>\$ 38</u>	
Proceeds Available to Satisfy Second Lien Secured Claims					<u>\$ -</u>	<u>\$ -</u>	
E. Second Lien Bond Claims	\$ -	\$ -	na	na	-	-	11
Total Second Lien Claims & Recovery	<u>\$ -</u>	<u>\$ -</u>	na	na	<u>\$ -</u>	<u>\$ -</u>	
F. Other Secured Claims	-	-			\$ -	\$ -	11
Total Secured Claims and Distributions	<u>\$ 26</u>	<u>\$ 38</u>	100.0%	100.0%	<u>\$ 26</u>	<u>\$ 38</u>	
Proceeds Available from Encumbered Collateral to Satisfy Administrative, Priority and Unsecured Claims					<u>\$ -</u>	<u>\$ -</u>	
Secured Lender Deficiency Claims (General Unsecured Claim)	<u>\$ -</u>	<u>\$ -</u>					

I. TOTAL PROCEEDS AVAILABLE FOR DISTRIBUTION

	Net Book Value	Estimated Recovery (%)		Estimated Liquidation Value		See Note
		Lower	Higher	Lower	Higher	
A. STATEMENT OF ASSETS						
Cash and equivalents	\$ -	0%	0%	\$ -	\$ -	1
Accounts receivable	59	50%	75%	29	44	2
Other current assets	500	50%	75%	250	375	2
Inventory	-	0%	0%	-	-	2
Due from subsidiaries/affiliates	5,940	0%	19%	-	1,138	3
Property and equipment, net	-	0%	0%	-	-	2
Goodwill	-	0%	0%	-	-	4
Intangibles	-	0%	0%	-	-	4
Investments in subsidiaries	-	0%	0%	-	-	5
Restricted cash	-	0%	0%	-	-	4
Other assets	708	0%	25%	-	177	
STATEMENT OF ASSETS - CASINO SALE						
Casino	-	0%	0%	-	-	6
Interim cash flow	-	0%	0%	-	-	7
Total Assets / Gross Recovery	\$ 7,207	4%	24%	\$ 279	\$ 1,735	
A1. ENCUMBERED COLLATERAL						
Cash and equivalents	\$ -	0%	0%	\$ -	\$ -	1
Accounts receivable	59	50%	75%	29	44	2
Other current assets	500	50%	75%	250	375	2
Inventory	-	0%	0%	-	-	2
Due from subsidiaries/affiliates	5,940	0%	19%	-	1,138	3
Property and equipment, net	-	0%	0%	-	-	2
Goodwill	-	0%	0%	-	-	4
Intangibles	-	0%	0%	-	-	4
Investments in subsidiaries	-	0%	0%	-	-	5
Restricted cash	-	0%	0%	-	-	4
Other assets	708	0%	25%	-	177	
Casino value and encumbered interim cash flow	-	0%	0%	-	-	6,7
Total Encumbered Collateral / Gross Recovery	\$ 7,207	4%	24%	\$ 279	\$ 1,735	
A2. UNENCUMBERED ASSETS						
Cash and equivalents	\$ -	0%	0%	\$ -	\$ -	1
Accounts receivable	-	0%	0%	-	-	2
Other current assets	-	0%	0%	-	-	2
Inventory	-	0%	0%	-	-	2
Due from subsidiaries/affiliates	-	0%	0%	-	-	3
Property and equipment, net	-	0%	0%	-	-	2
Goodwill	-	0%	0%	-	-	4
Intangibles	-	0%	0%	-	-	4
Investments in subsidiaries	-	0%	0%	-	-	5
Restricted cash	-	0%	0%	-	-	4
Other assets	-	0%	0%	-	-	
Unencumbered interim cash flow	-	0%	0%	-	-	7
Total Unencumbered Assets / Gross Recovery	\$ -	0%	0%	\$ -	\$ -	
B. LITIGATION RECOVERIES						
B1. Encumbered Causes of Action	-	-	-	-	-	8
B2. Unencumbered Causes of Action, including Preferences	-	-	-	-	-	8
B3. Total Litigation Recoveries	\$ -			\$ -		
C. SUMMARY OF GROSS PROCEEDS						
C1. Encumbered Collateral Recovery (A1 + B1)				\$ 279	\$ 1,735	
C2. Unencumbered Assets Recovery (A2 + B2)				-	-	
C3. Total Gross Recovery Proceeds Available for Distribution				\$ 279	\$ 1,735	

II. ALLOCATION OF PROCEEDS FROM ENCUMBERED COLLATERAL AVAILABLE FOR DISTRIBUTION

	Estimated Allowed Claims		Estimated Recovery (%)		Estimated Recovery on Secured Claims		See Note
	Lower	Higher	Lower	Higher	Lower	Higher	
Encumbered Gross Collateral Proceeds Available					\$ 279	\$ 1,735	
A. LESS: Section 506(c) Surcharges	\$ 4,677	\$ 14,030			\$ 279	\$ 1,735	9
B. Carve-Out Allocation	-	-			-	-	10
Proceeds Available to Secured Claims					\$ -	\$ -	
SECURED CLAIMS							
C. PLUS: Proceeds From Subsidiary Guaranteed Notes Turnover					153	302	14
Proceeds Available to Satisfy First Lien Secured Claims					\$ 153	\$ 302	
D. First Lien Secured Claims							
D1. First Lien Bank Claims	\$ 68	\$ 300	100.0%	100.0%	68	300	11
D2. First Lien Bond Claims	84	-	100.0%	na	84	-	11
D3. First Lien Swap Claims	1	2	100.0%	100.0%	1	2	11
D4. Other First Lien Secured Claims	-	-	na	na	-	-	11
Total First Lien Claims & Recovery	\$ 153	\$ 302	100.0%	100.0%	\$ 153	\$ 302	
Proceeds Available to Satisfy Second Lien Secured Claims					\$ -	\$ -	
E. Second Lien Bond Claims	\$ -	\$ -	na	na	-	-	11
Total Second Lien Claims & Recovery	\$ -	\$ -	na	na	\$ -	\$ -	
F. Other Secured Claims	-	-			\$ -	\$ -	11
Total Secured Claims and Distributions	\$ 4,829	\$ 14,332	9.0%	14.2%	\$ 432	\$ 2,036	
Proceeds Available from Encumbered Collateral to Satisfy Administrative, Priority and Unsecured Claims					\$ -	\$ -	
Secured Lender Deficiency Claims (General Unsecured Claim)	\$ -	\$ -					

III. ALLOCATION OF PROCEEDS AVAILABLE TO SATISFY ADMINISTRATIVE, PRIORITY AND UNSECURED CLAIMS

	Estimated Allowed Claims		Estimated Recovery (%)		Estimated Recovery on Administrative, Priority and Unsecured Claims		See Note
	Lower	Higher	Lower	Higher	Lower	Higher	
Proceeds Available from Unencumbered Assets					\$ -	\$ -	
Section 506(c) Surcharges					279	1,735	9
Proceeds Available from Encumbered Collateral					-	-	
Proceeds Available to Satisfy Administrative, Priority and Unsecured Claims					\$ 279	\$ 1,735	
A. LESS: Carve-Out Allocation	\$ 7	\$ 10	100.0%	100.0%	\$ 7	\$ 10	10
Proceeds Available for Administrative Claims					\$ 272	\$ 1,724	
ADMINISTRATIVE CLAIMS							
B. Subsidiaries' Superpriority Admin Claims against CEOC	\$ -	\$ -	na	na	\$ -	\$ -	12
C. Chapter 7 Administrative Claims	37	37	100.0%	100.0%	37	37	12
D. Chapter 11 Administrative Claims	-	-	na	na	-	-	12
Proceeds Available for Priority Claims					\$ 235	\$ 1,687	
PRIORITY CLAIMS							
E. Employee Priority Claims	\$ -	\$ -	na	na	\$ -	\$ -	13
F. Priority Tax Claims	-	-	na	na	-	-	13
G. Other Priority Claims	-	-	na	na	-	-	13
Proceeds Available for Unsecured Claims					\$ 235	\$ 1,687	
UNSECURED CLAIMS							
H1. First Lien Deficiency Claims	\$ -	\$ -	na	na	\$ -	\$ -	14
H2. Second Lien Deficiency Claims	-	-	na	na	-	-	14
H3. Other Secured Deficiency Claims	-	-	na	na	-	-	14
H4. Senior Unsecured Notes Claims	-	-	na	na	-	-	14
H5. Subsidiary Guaranteed Notes Claims	502,019	502,019	0.0%	0.0%	6	25	14
H5a. Subsidiary Guaranteed Notes Turnover to First Lien Claimants	-	-	na	na	153	302	14
H6. General Unsecured Claims	1,527	1,527	0.0%	87.3%	0	1,332	14
H7. Pension Claims	446,123	223,061	0.0%	0.0%	76	28	14
H8. Intercompany Notes Payable	-	-	na	na	-	-	14
H9. Intercompany Claims - Prepetition	-	-	na	na	-	-	14
Total Unsecured Claims	\$ 949,669	\$ 726,607	0.0%	0.2%	\$ 235	\$ 1,687	
Total Admin, Priority, Unsecured Claims & Distributions	\$ 949,713	\$ 726,655	0.0%	0.2%	\$ 279	\$ 1,735	
Value Available for Equity Interests					\$ -	\$ -	15

Chesapeake Energy Holdings, Inc.
 Hypothetical Liquidation Analysis - Schedule 2
 (\$ in thousands)

I. TOTAL PROCEEDS AVAILABLE FOR DISTRIBUTION

	Net Book Value	Estimated Recovery (%)		Estimated Liquidation Value		See Note
		Lower	Higher	Lower	Higher	
A. STATEMENT OF ASSETS						
Cash and equivalents	\$ -	0%	0%	\$ -	\$ -	1
Accounts receivable	-	0%	0%	-	-	2
Other current assets	-	0%	0%	-	-	2
Inventory	-	0%	0%	-	-	2
Due from subsidiaries/affiliates	-	0%	0%	-	-	3
Property and equipment, net	10,769	20%	50%	2,154	5,385	2
Goodwill	-	0%	0%	-	-	4
Intangibles	-	0%	0%	-	-	4
Investments in subsidiaries	-	0%	0%	-	-	5
Restricted cash	-	0%	0%	-	-	4
Other assets	-	0%	0%	-	-	
STATEMENT OF ASSETS - CASINO SALE						
Casino	-	0%	0%	-	-	6
Interim cash flow	-	0%	0%	-	-	7
Total Assets / Gross Recovery	\$ 10,769	20%	50%	\$ 2,154	\$ 5,385	
A1. ENCUMBERED COLLATERAL						
Cash and equivalents	\$ -	0%	0%	\$ -	\$ -	1
Accounts receivable	-	0%	0%	-	-	2
Other current assets	-	0%	0%	-	-	2
Inventory	-	0%	0%	-	-	2
Due from subsidiaries/affiliates	-	0%	0%	-	-	3
Property and equipment, net	10,769	20%	50%	2,154	5,385	2
Goodwill	-	0%	0%	-	-	4
Intangibles	-	0%	0%	-	-	4
Investments in subsidiaries	-	0%	0%	-	-	5
Restricted cash	-	0%	0%	-	-	4
Other assets	-	0%	0%	-	-	
Casino value and encumbered interim cash flow	-	0%	0%	-	-	6,7
Total Encumbered Collateral / Gross Recovery	\$ 10,769	20%	50%	\$ 2,154	\$ 5,385	
A2. UNENCUMBERED ASSETS						
Cash and equivalents	\$ -	0%	0%	\$ -	\$ -	1
Accounts receivable	-	0%	0%	-	-	2
Other current assets	-	0%	0%	-	-	2
Inventory	-	0%	0%	-	-	2
Due from subsidiaries/affiliates	-	0%	0%	-	-	3
Property and equipment, net	-	0%	0%	-	-	2
Goodwill	-	0%	0%	-	-	4
Intangibles	-	0%	0%	-	-	4
Investments in subsidiaries	-	0%	0%	-	-	5
Restricted cash	-	0%	0%	-	-	4
Other assets	-	0%	0%	-	-	
Unencumbered interim cash flow	-	0%	0%	-	-	7
Total Unencumbered Assets / Gross Recovery	\$ -	0%	0%	\$ -	\$ -	
B. LITIGATION RECOVERIES						
B1. Encumbered Causes of Action	-	-	-	-	-	8
B2. Unencumbered Causes of Action, including Preferences	-	-	-	-	-	8
B3. Total Litigation Recoveries	\$ -			\$ -		
C. SUMMARY OF GROSS PROCEEDS						
C1. Encumbered Collateral Recovery (A1 + B1)				\$ 2,154	\$ 5,385	
C2. Unencumbered Assets Recovery (A2 + B2)				-	-	
C3. Total Gross Recovery Proceeds Available for Distribution				\$ 2,154	\$ 5,385	

II. ALLOCATION OF PROCEEDS FROM ENCUMBERED COLLATERAL AVAILABLE FOR DISTRIBUTION

	Estimated Allowed Claims		Estimated Recovery (%)		Estimated Recovery on Secured Claims		See Note
	Lower	Higher	Lower	Higher	Lower	Higher	
Encumbered Gross Collateral Proceeds Available					\$ 2,154	\$ 5,385	
A. LESS: Section 506(c) Surcharges	\$ -	\$ -			\$ -	\$ -	9
B. Carve-Out Allocation	-	-			-	-	10
Proceeds Available to Secured Claims					\$ 2,154	\$ 5,385	
SECURED CLAIMS							
C. PLUS: Proceeds From Subsidiary Guaranteed Notes Turnover					-	-	14
Proceeds Available to Satisfy First Lien Secured Claims					\$ 2,154	\$ 5,385	
D. First Lien Secured Claims							
D1. First Lien Bank Claims	\$ 969	\$ 2,391	100.0%	100.0%	969	2,391	11
D2. First Lien Bond Claims	1,177	2,974	100.0%	100.0%	1,177	2,974	11
D3. First Lien Swap Claims	8	19	100.0%	100.0%	8	19	11
D4. Other First Lien Secured Claims	-	-	na	na	-	-	11
Total First Lien Claims & Recovery	\$ 2,154	\$ 5,385	100.0%	100.0%	\$ 2,154	\$ 5,385	
Proceeds Available to Satisfy Second Lien Secured Claims					\$ -	\$ -	
E. Second Lien Bond Claims	\$ -	\$ -	na	na	-	-	11
Total Second Lien Claims & Recovery	\$ -	\$ -	na	na	\$ -	\$ -	
F. Other Secured Claims	-	-			\$ -	\$ -	11
Total Secured Claims and Distributions	\$ 2,154	\$ 5,385	100.0%	100.0%	\$ 2,154	\$ 5,385	
Proceeds Available from Encumbered Collateral to Satisfy Administrative, Priority and Unsecured Claims					\$ -	\$ -	
Secured Lender Deficiency Claims (General Unsecured Claim)	\$ -	\$ -					

III. ALLOCATION OF PROCEEDS AVAILABLE TO SATISFY ADMINISTRATIVE, PRIORITY AND UNSECURED CLAIMS

	Estimated Allowed Claims		Estimated Recovery (%)		Estimated Recovery on Administrative, Priority and Unsecured Claims		See Note
	Lower	Higher	Lower	Higher	Lower	Higher	
Proceeds Available from Unencumbered Assets					\$ -	\$ -	
Section 506(c) Surcharges					-	-	9
Proceeds Available from Encumbered Collateral					-	-	
Proceeds Available to Satisfy Administrative, Priority and Unsecured Claims					\$ -	\$ -	
A. LESS: Carve-Out Allocation	\$ -	\$ -	na	na	\$ -	\$ -	10
Proceeds Available for Administrative Claims					\$ -	\$ -	
ADMINISTRATIVE CLAIMS							
B. Subsidiaries' Superpriority Admin Claims against CEOC	\$ -	\$ -	na	na	\$ -	\$ -	12
C. Chapter 7 Administrative Claims	-	-	na	na	-	-	12
D. Chapter 11 Administrative Claims	-	-	na	na	-	-	12
Proceeds Available for Priority Claims					\$ -	\$ -	
PRIORITY CLAIMS							
E. Employee Priority Claims	\$ -	\$ -	na	na	\$ -	\$ -	13
F. Priority Tax Claims	-	-	na	na	-	-	13
G. Other Priority Claims	-	-	na	na	-	-	13
Proceeds Available for Unsecured Claims					\$ -	\$ -	
UNSECURED CLAIMS							
H1. First Lien Deficiency Claims	\$ -	\$ -	na	na	\$ -	\$ -	14
H2. Second Lien Deficiency Claims	-	-	na	na	-	-	14
H3. Other Secured Deficiency Claims	-	-	na	na	-	-	14
H4. Senior Unsecured Notes Claims	-	-	na	na	-	-	14
H5. Subsidiary Guaranteed Notes Claims	502,019	502,019	0.0%	0.0%	-	-	14
H5a. Subsidiary Guaranteed Notes Turnover to First Lien Claimants	-	-	na	na	-	-	14
H6. General Unsecured Claims	-	-	na	na	-	-	14
H7. Pension Claims	446,123	223,061	0.0%	0.0%	-	-	14
H8. Intercompany Notes Payable	-	-	na	na	-	-	14
H9. Intercompany Claims - Prepetition	2	2	0.0%	0.0%	-	-	14
Total Unsecured Claims	\$ 948,144	\$ 725,082	0.0%	0.0%	\$ -	\$ -	
Total Admin, Priority, Unsecured Claims & Distributions	\$ 948,144	\$ 725,082	0.0%	0.0%	\$ -	\$ -	
Value Available for Equity Interests					\$ -	\$ -	15

I. TOTAL PROCEEDS AVAILABLE FOR DISTRIBUTION

	Net Book Value	Estimated Recovery (%)		Estimated Liquidation Value		See Note
		Lower	Higher	Lower	Higher	
A. STATEMENT OF ASSETS						
Cash and equivalents	\$ -	0%	0%	\$ -	\$ -	1
Accounts receivable	-	0%	0%	-	-	2
Other current assets	-	0%	0%	-	-	2
Inventory	-	0%	0%	-	-	2
Due from subsidiaries/affiliates	-	0%	0%	-	-	3
Property and equipment, net	-	0%	0%	-	-	2
Goodwill	-	0%	0%	-	-	4
Intangibles	-	0%	0%	-	-	4
Investments in subsidiaries	-	0%	0%	-	-	5
Restricted cash	-	0%	0%	-	-	4
Other assets	-	0%	0%	-	-	
STATEMENT OF ASSETS - CASINO SALE						
Casino	-	0%	0%	-	-	6
Interim cash flow	-	0%	0%	-	-	7
Total Assets / Gross Recovery	\$ -	0%	0%	\$ -	\$ -	
A1. ENCUMBERED COLLATERAL						
Cash and equivalents	\$ -	0%	0%	\$ -	\$ -	1
Accounts receivable	-	0%	0%	-	-	2
Other current assets	-	0%	0%	-	-	2
Inventory	-	0%	0%	-	-	2
Due from subsidiaries/affiliates	-	0%	0%	-	-	3
Property and equipment, net	-	0%	0%	-	-	2
Goodwill	-	0%	0%	-	-	4
Intangibles	-	0%	0%	-	-	4
Investments in subsidiaries	-	0%	0%	-	-	5
Restricted cash	-	0%	0%	-	-	4
Other assets	-	0%	0%	-	-	
Casino value and encumbered interim cash flow	-	0%	0%	-	-	6,7
Total Encumbered Collateral / Gross Recovery	\$ -	0%	0%	\$ -	\$ -	
A2. UNENCUMBERED ASSETS						
Cash and equivalents	\$ -	0%	0%	\$ -	\$ -	1
Accounts receivable	-	0%	0%	-	-	2
Other current assets	-	0%	0%	-	-	2
Inventory	-	0%	0%	-	-	2
Due from subsidiaries/affiliates	-	0%	0%	-	-	3
Property and equipment, net	-	0%	0%	-	-	2
Goodwill	-	0%	0%	-	-	4
Intangibles	-	0%	0%	-	-	4
Investments in subsidiaries	-	0%	0%	-	-	5
Restricted cash	-	0%	0%	-	-	4
Other assets	-	0%	0%	-	-	
Unencumbered interim cash flow	-	0%	0%	-	-	7
Total Unencumbered Assets / Gross Recovery	\$ -	0%	0%	\$ -	\$ -	
B. LITIGATION RECOVERIES						
B1. Encumbered Causes of Action	-	-	-	-	-	8
B2. Unencumbered Causes of Action, including Preferences	-	-	-	-	-	8
B3. Total Litigation Recoveries	\$ -	-	-	\$ -	\$ -	
C. SUMMARY OF GROSS PROCEEDS						
C1. Encumbered Collateral Recovery (A1 + B1)	-	-	-	\$ -	\$ -	
C2. Unencumbered Assets Recovery (A2 + B2)	-	-	-	-	-	
C3. Total Gross Recovery Proceeds Available for Distribution	\$ -	-	-	\$ -	\$ -	

II. ALLOCATION OF PROCEEDS FROM ENCUMBERED COLLATERAL AVAILABLE FOR DISTRIBUTION

	Estimated Allowed Claims		Estimated Recovery (%)		Estimated Recovery on Secured Claims		See Note
	Lower	Higher	Lower	Higher	Lower	Higher	
Encumbered Gross Collateral Proceeds Available					\$ -	\$ -	
A. LESS: Section 506(c) Surcharges	\$ -	\$ -			\$ -	\$ -	9
B. Carve-Out Allocation	-	-			-	-	10
Proceeds Available to Secured Claims					\$ -	\$ -	
SECURED CLAIMS							
C. PLUS: Proceeds From Subsidiary Guaranteed Notes Turnover					-	-	14
Proceeds Available to Satisfy First Lien Secured Claims					\$ -	\$ -	
D. First Lien Secured Claims							
D1. First Lien Bank Claims	\$ -	\$ -	na	na	-	-	11
D2. First Lien Bond Claims	-	-	na	na	-	-	11
D3. First Lien Swap Claims	-	-	na	na	-	-	11
D4. Other First Lien Secured Claims	-	-	na	na	-	-	11
Total First Lien Claims & Recovery	\$ -	\$ -	na	na	\$ -	\$ -	
Proceeds Available to Satisfy Second Lien Secured Claims					\$ -	\$ -	
E. Second Lien Bond Claims	\$ -	\$ -	na	na	-	-	11
Total Second Lien Claims & Recovery	\$ -	\$ -	na	na	\$ -	\$ -	
F. Other Secured Claims	-	-			\$ -	\$ -	11
Total Secured Claims and Distributions	\$ -	\$ -	0.0%	0.0%	\$ -	\$ -	
Proceeds Available from Encumbered Collateral to Satisfy Administrative, Priority and Unsecured Claims					\$ -	\$ -	
Secured Lender Deficiency Claims (General Unsecured Claim)	\$ -	\$ -					

Casears Massage & Day Spa, Inc.
 Chapter 7 Liquidation Analysis - Schedule 2
 (\$ in thousands)

III. ALLOCATION OF PROCEEDS AVAILABLE TO SATISFY ADMINISTRATIVE, PRIORITY AND UNSECURED CLAIMS

	Estimated Allowed Claims		Estimated Recovery (%)		Estimated Recovery on Administrative, Priority and Unsecured Claims		See Note
	Lower	Higher	Lower	Higher	Lower	Higher	
Proceeds Available from Unencumbered Assets					\$ -	\$ -	
Section 506(c) Surcharges					-	-	9
Proceeds Available from Encumbered Collateral					-	-	
Proceeds Available to Satisfy Administrative, Priority and Unsecured Claims					\$ -	\$ -	
A. LESS: Carve-Out Allocation	\$ -	\$ -	na	na	\$ -	\$ -	10
Proceeds Available for Administrative Claims					\$ -	\$ -	
ADMINISTRATIVE CLAIMS							
B. Subsidiaries' Superpriority Admin Claims against CEOC	\$ -	\$ -	na	na	\$ -	\$ -	12
C. Chapter 7 Administrative Claims	-	-	na	na	-	-	12
D. Chapter 11 Administrative Claims	-	-	na	na	-	-	12
Proceeds Available for Priority Claims					\$ -	\$ -	
PRIORITY CLAIMS							
E. Employee Priority Claims	\$ -	\$ -	na	na	\$ -	\$ -	13
F. Priority Tax Claims	-	-	na	na	-	-	13
G. Other Priority Claims	-	-	na	na	-	-	13
Proceeds Available for Unsecured Claims					\$ -	\$ -	
UNSECURED CLAIMS							
H1. First Lien Deficiency Claims	\$ -	\$ -	na	na	\$ -	\$ -	14
H2. Second Lien Deficiency Claims	-	-	na	na	-	-	14
H3. Other Secured Deficiency Claims	-	-	na	na	-	-	14
H4. Senior Unsecured Notes Claims	-	-	na	na	-	-	14
H5. Subsidiary Guaranteed Notes Claims	-	-	na	na	-	-	14
H5a. Subsidiary Guaranteed Notes Turnover to First Lien Claimants	-	-	na	na	-	-	14
H6. General Unsecured Claims	-	-	na	na	-	-	14
H7. Pension Claims	446,123	223,061	0.0%	0.0%	-	-	14
H8. Intercompany Notes Payable	-	-	na	na	-	-	14
H9. Intercompany Claims - Prepetition	484	484	0.0%	0.0%	-	-	14
Total Unsecured Claims	\$ 446,606	\$ 223,545	0.0%	0.0%	\$ -	\$ -	
Total Admin, Priority, Unsecured Claims & Distributions	\$ 446,606	\$ 223,545	0.0%	0.0%	\$ -	\$ -	
Value Available for Equity Interests					\$ -	\$ -	15

I. TOTAL PROCEEDS AVAILABLE FOR DISTRIBUTION

	Net Book Value	Estimated Recovery (%)		Estimated Liquidation Value		See Note
		Lower	Higher	Lower	Higher	
A. STATEMENT OF ASSETS						
Cash and equivalents	\$ -	0%	0%	\$ -	\$ -	1
Accounts receivable	-	0%	0%	-	-	2
Other current assets	-	0%	0%	-	-	2
Inventory	-	0%	0%	-	-	2
Due from subsidiaries/affiliates	-	0%	0%	-	-	3
Property and equipment, net	-	0%	0%	-	-	2
Goodwill	-	0%	0%	-	-	4
Intangibles	-	0%	0%	-	-	4
Investments in subsidiaries	-	0%	0%	-	-	5
Restricted cash	-	0%	0%	-	-	4
Other assets	-	0%	0%	-	-	
STATEMENT OF ASSETS - CASINO SALE						
Casino	-	0%	0%	-	-	6
Interim cash flow	-	0%	0%	-	-	7
Total Assets / Gross Recovery	\$ -	0%	0%	\$ -	\$ -	
A1. ENCUMBERED COLLATERAL						
Cash and equivalents	\$ -	0%	0%	\$ -	\$ -	1
Accounts receivable	-	0%	0%	-	-	2
Other current assets	-	0%	0%	-	-	2
Inventory	-	0%	0%	-	-	2
Due from subsidiaries/affiliates	-	0%	0%	-	-	3
Property and equipment, net	-	0%	0%	-	-	2
Goodwill	-	0%	0%	-	-	4
Intangibles	-	0%	0%	-	-	4
Investments in subsidiaries	-	0%	0%	-	-	5
Restricted cash	-	0%	0%	-	-	4
Other assets	-	0%	0%	-	-	
Casino value and encumbered interim cash flow	-	0%	0%	-	-	6,7
Total Encumbered Collateral / Gross Recovery	\$ -	0%	0%	\$ -	\$ -	
A2. UNENCUMBERED ASSETS						
Cash and equivalents	\$ -	0%	0%	\$ -	\$ -	1
Accounts receivable	-	0%	0%	-	-	2
Other current assets	-	0%	0%	-	-	2
Inventory	-	0%	0%	-	-	2
Due from subsidiaries/affiliates	-	0%	0%	-	-	3
Property and equipment, net	-	0%	0%	-	-	2
Goodwill	-	0%	0%	-	-	4
Intangibles	-	0%	0%	-	-	4
Investments in subsidiaries	-	0%	0%	-	-	5
Restricted cash	-	0%	0%	-	-	4
Other assets	-	0%	0%	-	-	
Unencumbered interim cash flow	-	0%	0%	-	-	7
Total Unencumbered Assets / Gross Recovery	\$ -	0%	0%	\$ -	\$ -	
B. LITIGATION RECOVERIES						
B1. Encumbered Causes of Action				-	-	8
B2. Unencumbered Causes of Action, including Preferences				-	-	8
B3. Total Litigation Recoveries				\$ -	\$ -	
C. SUMMARY OF GROSS PROCEEDS						
C1. Encumbered Collateral Recovery (A1 + B1)				\$ -	\$ -	
C2. Unencumbered Assets Recovery (A2 + B2)				-	-	
C3. Total Gross Recovery Proceeds Available for Distribution				\$ -	\$ -	

II. ALLOCATION OF PROCEEDS FROM ENCUMBERED COLLATERAL AVAILABLE FOR DISTRIBUTION

	Estimated Allowed Claims		Estimated Recovery (%)		Estimated Recovery on Secured Claims		See Note
	Lower	Higher	Lower	Higher	Lower	Higher	
Encumbered Gross Collateral Proceeds Available					\$ -	\$ -	
A. LESS: Section 506(c) Surcharges	\$ -	\$ -			\$ -	\$ -	9
B. Carve-Out Allocation	-	-			-	-	10
Proceeds Available to Secured Claims					\$ -	\$ -	
SECURED CLAIMS							
C. PLUS: Proceeds From Subsidiary Guaranteed Notes Turnover					-	-	14
Proceeds Available to Satisfy First Lien Secured Claims					\$ -	\$ -	
D. First Lien Secured Claims							
D1. First Lien Bank Claims	\$ -	\$ -	na	na	-	-	11
D2. First Lien Bond Claims	-	-	na	na	-	-	11
D3. First Lien Swap Claims	-	-	na	na	-	-	11
D4. Other First Lien Secured Claims	-	-	na	na	-	-	11
Total First Lien Claims & Recovery	\$ -	\$ -	na	na	\$ -	\$ -	
Proceeds Available to Satisfy Second Lien Secured Claims					\$ -	\$ -	
E. Second Lien Bond Claims	\$ -	\$ -	na	na	-	-	11
Total Second Lien Claims & Recovery	\$ -	\$ -	na	na	\$ -	\$ -	
F. Other Secured Claims	-	-			\$ -	\$ -	11
Total Secured Claims and Distributions	\$ -	\$ -	0.0%	0.0%	\$ -	\$ -	
Proceeds Available from Encumbered Collateral to Satisfy Administrative, Priority and Unsecured Claims					\$ -	\$ -	
Secured Lender Deficiency Claims (General Unsecured Claim)	\$ -	\$ -					

III. ALLOCATION OF PROCEEDS AVAILABLE TO SATISFY ADMINISTRATIVE, PRIORITY AND UNSECURED CLAIMS

	Estimated Allowed Claims		Estimated Recovery (%)		Estimated Recovery on Administrative, Priority and Unsecured Claims		See Note
	Lower	Higher	Lower	Higher	Lower	Higher	
Proceeds Available from Unencumbered Assets					\$ -	\$ -	
Section 506(c) Surcharges					-	-	9
Proceeds Available from Encumbered Collateral					-	-	
Proceeds Available to Satisfy Administrative, Priority and Unsecured Claims					\$ -	\$ -	
A. LESS: Carve-Out Allocation	\$ -	\$ -	na	na	\$ -	\$ -	10
Proceeds Available for Administrative Claims					\$ -	\$ -	
ADMINISTRATIVE CLAIMS							
B. Subsidiaries' Superpriority Admin Claims against CEOC	\$ -	\$ -	na	na	\$ -	\$ -	12
C. Chapter 7 Administrative Claims	-	-	na	na	-	-	12
D. Chapter 11 Administrative Claims	-	-	na	na	-	-	12
Proceeds Available for Priority Claims					\$ -	\$ -	
PRIORITY CLAIMS							
E. Employee Priority Claims	\$ -	\$ -	na	na	\$ -	\$ -	13
F. Priority Tax Claims	-	-	na	na	-	-	13
G. Other Priority Claims	-	-	na	na	-	-	13
Proceeds Available for Unsecured Claims					\$ -	\$ -	
UNSECURED CLAIMS							
H1. First Lien Deficiency Claims	\$ -	\$ -	na	na	\$ -	\$ -	14
H2. Second Lien Deficiency Claims	-	-	na	na	-	-	14
H3. Other Secured Deficiency Claims	-	-	na	na	-	-	14
H4. Senior Unsecured Notes Claims	-	-	na	na	-	-	14
H5. Subsidiary Guaranteed Notes Claims	-	-	na	na	-	-	14
H5a. Subsidiary Guaranteed Notes Turnover to First Lien Claimants	-	-	na	na	-	-	14
H6. General Unsecured Claims	-	-	na	na	-	-	14
H7. Pension Claims	446,123	223,061	0.0%	0.0%	-	-	14
H8. Intercompany Notes Payable	-	-	na	na	-	-	14
H9. Intercompany Claims - Prepetition	81	81	0.0%	0.0%	-	-	14
Total Unsecured Claims	\$ 446,204	\$ 223,142	0.0%	0.0%	\$ -	\$ -	
Total Admin, Priority, Unsecured Claims & Distributions	\$ 446,204	\$ 223,142	0.0%	0.0%	\$ -	\$ -	
Value Available for Equity Interests					\$ -	\$ -	15

I. TOTAL PROCEEDS AVAILABLE FOR DISTRIBUTION

	Net Book Value	Estimated Recovery (%)		Estimated Liquidation Value		See Note
		Lower	Higher	Lower	Higher	
A. STATEMENT OF ASSETS						
Cash and equivalents	\$ -	0%	0%	\$ -	\$ -	1
Accounts receivable	-	0%	0%	-	-	2
Other current assets	-	0%	0%	-	-	2
Inventory	-	0%	0%	-	-	2
Due from subsidiaries/affiliates	-	0%	0%	-	-	3
Property and equipment, net	-	0%	0%	-	-	2
Goodwill	-	0%	0%	-	-	4
Intangibles	-	0%	0%	-	-	4
Investments in subsidiaries	-	0%	0%	-	-	5
Restricted cash	-	0%	0%	-	-	4
Other assets	-	0%	0%	-	-	
STATEMENT OF ASSETS - CASINO SALE						
Casino	-	0%	0%	-	-	6
Interim cash flow	-	0%	0%	-	-	7
Total Assets / Gross Recovery	\$ -	0%	0%	\$ -	\$ -	
A1. ENCUMBERED COLLATERAL						
Cash and equivalents	\$ -	0%	0%	\$ -	\$ -	1
Accounts receivable	-	0%	0%	-	-	2
Other current assets	-	0%	0%	-	-	2
Inventory	-	0%	0%	-	-	2
Due from subsidiaries/affiliates	-	0%	0%	-	-	3
Property and equipment, net	-	0%	0%	-	-	2
Goodwill	-	0%	0%	-	-	4
Intangibles	-	0%	0%	-	-	4
Investments in subsidiaries	-	0%	0%	-	-	5
Restricted cash	-	0%	0%	-	-	4
Other assets	-	0%	0%	-	-	
Casino value and encumbered interim cash flow	-	0%	0%	-	-	6,7
Total Encumbered Collateral / Gross Recovery	\$ -	0%	0%	\$ -	\$ -	
A2. UNENCUMBERED ASSETS						
Cash and equivalents	\$ -	0%	0%	\$ -	\$ -	1
Accounts receivable	-	0%	0%	-	-	2
Other current assets	-	0%	0%	-	-	2
Inventory	-	0%	0%	-	-	2
Due from subsidiaries/affiliates	-	0%	0%	-	-	3
Property and equipment, net	-	0%	0%	-	-	2
Goodwill	-	0%	0%	-	-	4
Intangibles	-	0%	0%	-	-	4
Investments in subsidiaries	-	0%	0%	-	-	5
Restricted cash	-	0%	0%	-	-	4
Other assets	-	0%	0%	-	-	
Unencumbered interim cash flow	-	0%	0%	-	-	7
Total Unencumbered Assets / Gross Recovery	\$ -	0%	0%	\$ -	\$ -	
B. LITIGATION RECOVERIES						
B1. Encumbered Causes of Action				-	-	8
B2. Unencumbered Causes of Action, including Preferences				-	-	8
B3. Total Litigation Recoveries				\$ -	\$ -	
C. SUMMARY OF GROSS PROCEEDS						
C1. Encumbered Collateral Recovery (A1 + B1)				\$ -	\$ -	
C2. Unencumbered Assets Recovery (A2 + B2)				-	-	
C3. Total Gross Recovery Proceeds Available for Distribution				\$ -	\$ -	

II. ALLOCATION OF PROCEEDS FROM ENCUMBERED COLLATERAL AVAILABLE FOR DISTRIBUTION

	Estimated Allowed Claims		Estimated Recovery (%)		Estimated Recovery on Secured Claims		See Note
	Lower	Higher	Lower	Higher	Lower	Higher	
Encumbered Gross Collateral Proceeds Available					\$ -	\$ -	
A. LESS: Section 506(c) Surcharges	\$ -	\$ -			\$ -	\$ -	9
B. Carve-Out Allocation	-	-			-	-	10
Proceeds Available to Secured Claims					\$ -	\$ -	
SECURED CLAIMS							
C. PLUS: Proceeds From Subsidiary Guaranteed Notes Turnover					-	-	14
Proceeds Available to Satisfy First Lien Secured Claims					\$ -	\$ -	
D. First Lien Secured Claims							
D1. First Lien Bank Claims	\$ -	\$ -	na	na	-	-	11
D2. First Lien Bond Claims	-	-	na	na	-	-	11
D3. First Lien Swap Claims	-	-	na	na	-	-	11
D4. Other First Lien Secured Claims	-	-	na	na	-	-	11
Total First Lien Claims & Recovery	\$ -	\$ -	na	na	\$ -	\$ -	
Proceeds Available to Satisfy Second Lien Secured Claims					\$ -	\$ -	
E. Second Lien Bond Claims	\$ -	\$ -	na	na	-	-	11
Total Second Lien Claims & Recovery	\$ -	\$ -	na	na	\$ -	\$ -	
F. Other Secured Claims	-	-			\$ -	\$ -	11
Total Secured Claims and Distributions	\$ -	\$ -	0.0%	0.0%	\$ -	\$ -	
Proceeds Available from Encumbered Collateral to Satisfy Administrative, Priority and Unsecured Claims					\$ -	\$ -	
Secured Lender Deficiency Claims (General Unsecured Claim)	\$ -	\$ -					

III. ALLOCATION OF PROCEEDS AVAILABLE TO SATISFY ADMINISTRATIVE, PRIORITY AND UNSECURED CLAIMS

	Estimated Allowed Claims		Estimated Recovery (%)		Estimated Recovery on Administrative, Priority and Unsecured Claims		See Note
	Lower	Higher	Lower	Higher	Lower	Higher	
Proceeds Available from Unencumbered Assets					\$ -	\$ -	
Section 506(c) Surcharges					-	-	9
Proceeds Available from Encumbered Collateral					-	-	
Proceeds Available to Satisfy Administrative, Priority and Unsecured Claims					\$ -	\$ -	
A. LESS: Carve-Out Allocation	\$ -	\$ -	na	na	\$ -	\$ -	10
Proceeds Available for Administrative Claims					\$ -	\$ -	
ADMINISTRATIVE CLAIMS							
B. Subsidiaries' Superpriority Admin Claims against CEOC	\$ -	\$ -	na	na	\$ -	\$ -	12
C. Chapter 7 Administrative Claims	-	-	na	na	-	-	12
D. Chapter 11 Administrative Claims	-	-	na	na	-	-	12
Proceeds Available for Priority Claims					\$ -	\$ -	
PRIORITY CLAIMS							
E. Employee Priority Claims	\$ -	\$ -	na	na	\$ -	\$ -	13
F. Priority Tax Claims	-	-	na	na	-	-	13
G. Other Priority Claims	-	-	na	na	-	-	13
Proceeds Available for Unsecured Claims					\$ -	\$ -	
UNSECURED CLAIMS							
H1. First Lien Deficiency Claims	\$ -	\$ -	na	na	\$ -	\$ -	14
H2. Second Lien Deficiency Claims	-	-	na	na	-	-	14
H3. Other Secured Deficiency Claims	-	-	na	na	-	-	14
H4. Senior Unsecured Notes Claims	-	-	na	na	-	-	14
H5. Subsidiary Guaranteed Notes Claims	-	-	na	na	-	-	14
H5a. Subsidiary Guaranteed Notes Turnover to First Lien Claimants	-	-	na	na	-	-	14
H6. General Unsecured Claims	-	-	na	na	-	-	14
H7. Pension Claims	446,123	223,061	0.0%	0.0%	-	-	14
H8. Intercompany Notes Payable	-	-	na	na	-	-	14
H9. Intercompany Claims - Prepetition	-	-	na	na	-	-	14
Total Unsecured Claims	\$ 446,123	\$ 223,061	0.0%	0.0%	\$ -	\$ -	
Total Admin, Priority, Unsecured Claims & Distributions	\$ 446,123	\$ 223,061	0.0%	0.0%	\$ -	\$ -	
Value Available for Equity Interests					\$ -	\$ -	15

I. TOTAL PROCEEDS AVAILABLE FOR DISTRIBUTION

	Net Book Value	Estimated Recovery (%)		Estimated Liquidation Value		See Note
		Lower	Higher	Lower	Higher	
A. STATEMENT OF ASSETS						
Cash and equivalents	\$ -	0%	0%	\$ -	\$ -	1
Accounts receivable	-	0%	0%	-	-	2
Other current assets	-	0%	0%	-	-	2
Inventory	-	0%	0%	-	-	2
Due from subsidiaries/affiliates	-	0%	0%	-	-	3
Property and equipment, net	-	0%	0%	-	-	2
Goodwill	-	0%	0%	-	-	4
Intangibles	-	0%	0%	-	-	4
Investments in subsidiaries	-	0%	0%	-	-	5
Restricted cash	-	0%	0%	-	-	4
Other assets	-	0%	0%	-	-	
STATEMENT OF ASSETS - CASINO SALE						
Casino	-	0%	0%	-	-	6
Interim cash flow	-	0%	0%	-	-	7
Total Assets / Gross Recovery	<u>\$ -</u>	0%	0%	<u>\$ -</u>	<u>\$ -</u>	
A1. ENCUMBERED COLLATERAL						
Cash and equivalents	\$ -	0%	0%	\$ -	\$ -	1
Accounts receivable	-	0%	0%	-	-	2
Other current assets	-	0%	0%	-	-	2
Inventory	-	0%	0%	-	-	2
Due from subsidiaries/affiliates	-	0%	0%	-	-	3
Property and equipment, net	-	0%	0%	-	-	2
Goodwill	-	0%	0%	-	-	4
Intangibles	-	0%	0%	-	-	4
Investments in subsidiaries	-	0%	0%	-	-	5
Restricted cash	-	0%	0%	-	-	4
Other assets	-	0%	0%	-	-	
Casino value and encumbered interim cash flow	-	0%	0%	-	-	6,7
Total Encumbered Collateral / Gross Recovery	<u>\$ -</u>	0%	0%	<u>\$ -</u>	<u>\$ -</u>	
A2. UNENCUMBERED ASSETS						
Cash and equivalents	\$ -	0%	0%	\$ -	\$ -	1
Accounts receivable	-	0%	0%	-	-	2
Other current assets	-	0%	0%	-	-	2
Inventory	-	0%	0%	-	-	2
Due from subsidiaries/affiliates	-	0%	0%	-	-	3
Property and equipment, net	-	0%	0%	-	-	2
Goodwill	-	0%	0%	-	-	4
Intangibles	-	0%	0%	-	-	4
Investments in subsidiaries	-	0%	0%	-	-	5
Restricted cash	-	0%	0%	-	-	4
Other assets	-	0%	0%	-	-	
Unencumbered interim cash flow	-	0%	0%	-	-	7
Total Unencumbered Assets / Gross Recovery	<u>\$ -</u>	0%	0%	<u>\$ -</u>	<u>\$ -</u>	
B. LITIGATION RECOVERIES						
B1. Encumbered Causes of Action				-	-	8
B2. Unencumbered Causes of Action, including Preferences				-	-	8
B3. Total Litigation Recoveries				<u>\$ -</u>	<u>\$ -</u>	
C. SUMMARY OF GROSS PROCEEDS						
C1. Encumbered Collateral Recovery (A1 + B1)				\$ -	\$ -	
C2. Unencumbered Assets Recovery (A2 + B2)				-	-	
C3. Total Gross Recovery Proceeds Available for Distribution				<u>\$ -</u>	<u>\$ -</u>	

II. ALLOCATION OF PROCEEDS FROM ENCUMBERED COLLATERAL AVAILABLE FOR DISTRIBUTION

	Estimated Allowed Claims		Estimated Recovery (%)		Estimated Recovery on Secured Claims		See Note
	Lower	Higher	Lower	Higher	Lower	Higher	
Encumbered Gross Collateral Proceeds Available					\$ -	\$ -	
A. LESS: Section 506(c) Surcharges	\$ -	\$ -			\$ -	\$ -	9
B. Carve-Out Allocation	-	-			-	-	10
Proceeds Available to Secured Claims					\$ -	\$ -	
SECURED CLAIMS							
C. PLUS: Proceeds From Subsidiary Guaranteed Notes Turnover					-	-	14
Proceeds Available to Satisfy First Lien Secured Claims					\$ -	\$ -	
D. First Lien Secured Claims							
D1. First Lien Bank Claims	\$ -	\$ -	na	na	-	-	11
D2. First Lien Bond Claims	-	-	na	na	-	-	11
D3. First Lien Swap Claims	-	-	na	na	-	-	11
D4. Other First Lien Secured Claims	-	-	na	na	-	-	11
Total First Lien Claims & Recovery	\$ -	\$ -	na	na	\$ -	\$ -	
Proceeds Available to Satisfy Second Lien Secured Claims					\$ -	\$ -	
E. Second Lien Bond Claims	\$ -	\$ -	na	na	-	-	11
Total Second Lien Claims & Recovery	\$ -	\$ -	na	na	\$ -	\$ -	
F. Other Secured Claims	-	-			\$ -	\$ -	11
Total Secured Claims and Distributions	\$ -	\$ -	0.0%	0.0%	\$ -	\$ -	
Proceeds Available from Encumbered Collateral to Satisfy Administrative, Priority and Unsecured Claims					\$ -	\$ -	
Secured Lender Deficiency Claims (General Unsecured Claim)	\$ -	\$ -					

Casears Massage & Day Spa, Inc. Company, LLC
 Hypothetical Liquidation Analysis Schedule 2
 (\$ in thousands)

III. ALLOCATION OF PROCEEDS AVAILABLE TO SATISFY ADMINISTRATIVE, PRIORITY AND UNSECURED CLAIMS

	Estimated Allowed Claims		Estimated Recovery (%)		Estimated Recovery on Administrative, Priority and Unsecured Claims		See Note
	Lower	Higher	Lower	Higher	Lower	Higher	
Proceeds Available from Unencumbered Assets					\$ -	\$ -	
Section 506(c) Surcharges					-	-	9
Proceeds Available from Encumbered Collateral					-	-	
Proceeds Available to Satisfy Administrative, Priority and Unsecured Claims					\$ -	\$ -	
A. LESS: Carve-Out Allocation	\$ -	\$ -	na	na	\$ -	\$ -	10
Proceeds Available for Administrative Claims					\$ -	\$ -	
ADMINISTRATIVE CLAIMS							
B. Subsidiaries' Superpriority Admin Claims against CEOC	\$ -	\$ -	na	na	\$ -	\$ -	12
C. Chapter 7 Administrative Claims	-	-	na	na	-	-	12
D. Chapter 11 Administrative Claims	-	-	na	na	-	-	12
Proceeds Available for Priority Claims					\$ -	\$ -	
PRIORITY CLAIMS							
E. Employee Priority Claims	\$ -	\$ -	na	na	\$ -	\$ -	13
F. Priority Tax Claims	-	-	na	na	-	-	13
G. Other Priority Claims	-	-	na	na	-	-	13
Proceeds Available for Unsecured Claims					\$ -	\$ -	
UNSECURED CLAIMS							
H1. First Lien Deficiency Claims	\$ -	\$ -	na	na	\$ -	\$ -	14
H2. Second Lien Deficiency Claims	-	-	na	na	-	-	14
H3. Other Secured Deficiency Claims	-	-	na	na	-	-	14
H4. Senior Unsecured Notes Claims	-	-	na	na	-	-	14
H5. Subsidiary Guaranteed Notes Claims	-	-	na	na	-	-	14
H5a. Subsidiary Guaranteed Notes Turnover to First Lien Claimants	-	-	na	na	-	-	14
H6. General Unsecured Claims	-	-	na	na	-	-	14
H7. Pension Claims	446,123	223,061	0.0%	0.0%	-	-	14
H8. Intercompany Notes Payable	-	-	na	na	-	-	14
H9. Intercompany Claims - Prepetition	1	1	0.0%	0.0%	-	-	14
Total Unsecured Claims	\$ 446,123	\$ 223,062	0.0%	0.0%	\$ -	\$ -	
Total Admin, Priority, Unsecured Claims & Distributions	\$ 446,123	\$ 223,062	0.0%	0.0%	\$ -	\$ -	
Value Available for Equity Interests					\$ -	\$ -	15

I. TOTAL PROCEEDS AVAILABLE FOR DISTRIBUTION

	Net Book Value	Estimated Recovery (%)		Estimated Liquidation Value		See Note
		Lower	Higher	Lower	Higher	
A. STATEMENT OF ASSETS						
Cash and equivalents	\$ 14,020	100%	100%	\$ 14,020	\$ 14,020	1
Accounts receivable	-	0%	0%	-	-	2
Other current assets	-	0%	0%	-	-	2
Inventory	-	0%	0%	-	-	2
Due from subsidiaries/affiliates	-	0%	0%	-	-	3
Property and equipment, net	-	0%	0%	-	-	2
Goodwill	-	0%	0%	-	-	4
Intangibles	-	0%	0%	-	-	4
Investments in subsidiaries	-	0%	0%	-	-	5
Restricted cash	-	0%	0%	-	-	4
Other assets	-	0%	0%	-	-	
STATEMENT OF ASSETS - CASINO SALE						
Casino	89,806	20%	21%	18,240	18,700	6
Interim cash flow	12,233	80%	90%	9,786	11,009	7
Total Assets / Gross Recovery	\$ 116,059	36%	38%	\$ 42,046	\$ 43,730	
A1. ENCUMBERED COLLATERAL						
Cash and equivalents	\$ 138	100%	100%	\$ 138	\$ 138	1
Accounts receivable	-	0%	0%	-	-	2
Other current assets	-	0%	0%	-	-	2
Inventory	-	0%	0%	-	-	2
Due from subsidiaries/affiliates	-	0%	0%	-	-	3
Property and equipment, net	-	0%	0%	-	-	2
Goodwill	-	0%	0%	-	-	4
Intangibles	-	0%	0%	-	-	4
Investments in subsidiaries	-	0%	0%	-	-	5
Restricted cash	-	0%	0%	-	-	4
Other assets	-	0%	0%	-	-	
Casino value and encumbered interim cash flow	94,179	21%	22%	20,167	20,868	6,7
Total Encumbered Collateral / Gross Recovery	\$ 94,317	22%	23%	\$ 20,305	\$ 21,006	
A2. UNENCUMBERED ASSETS						
Cash and equivalents	\$ 13,882	100%	100%	\$ 13,882	\$ 13,882	1
Accounts receivable	-	0%	0%	-	-	2
Other current assets	-	0%	0%	-	-	2
Inventory	-	0%	0%	-	-	2
Due from subsidiaries/affiliates	-	0%	0%	-	-	3
Property and equipment, net	-	0%	0%	-	-	2
Goodwill	-	0%	0%	-	-	4
Intangibles	-	0%	0%	-	-	4
Investments in subsidiaries	-	0%	0%	-	-	5
Restricted cash	-	0%	0%	-	-	4
Other assets	-	0%	0%	-	-	
Unencumbered interim cash flow	7,859	100%	100%	7,859	8,842	7
Total Unencumbered Assets / Gross Recovery	\$ 21,742	100%	100%	\$ 21,742	\$ 22,724	
B. LITIGATION RECOVERIES						
B1. Encumbered Causes of Action				-	-	8
B2. Unencumbered Causes of Action, including Preferences				590	1,180	8
B3. Total Litigation Recoveries				\$ 590	\$ 1,180	
C. SUMMARY OF GROSS PROCEEDS						
C1. Encumbered Collateral Recovery (A1 + B1)				\$ 20,305	\$ 21,006	
C2. Unencumbered Assets Recovery (A2 + B2)				22,332	23,904	
C3. Total Gross Recovery Proceeds Available for Distribution				\$ 42,636	\$ 44,910	

II. ALLOCATION OF PROCEEDS FROM ENCUMBERED COLLATERAL AVAILABLE FOR DISTRIBUTION

	Estimated Allowed Claims		Estimated Recovery (%)		Estimated Recovery on Secured Claims		See Note
	Lower	Higher	Lower	Higher	Lower	Higher	
Encumbered Gross Collateral Proceeds Available					\$ 20,305	\$ 21,006	
A. LESS: Section 506(c) Surcharges	\$ 4,640	\$ 13,921			\$ 4,640	\$ 13,921	9
B. Carve-Out Allocation	-	-			-	-	10
Proceeds Available to Secured Claims					\$ 15,664	\$ 7,084	
SECURED CLAIMS							
C. PLUS: Proceeds From Subsidiary Guaranteed Notes Turnover					3,488	1,699	14
Proceeds Available to Satisfy First Lien Secured Claims					\$ 19,152	\$ 8,783	
D. First Lien Secured Claims							
D1. First Lien Bank Claims	\$ 8,599	\$ 4,831	100.0%	100.0%	8,599	4,831	11
D2. First Lien Bond Claims	10,484	3,913	100.0%	100.0%	10,484	3,913	11
D3. First Lien Swap Claims	69	39	100.0%	100.0%	69	39	11
D4. Other First Lien Secured Claims	-	-	na	na	-	-	11
Total First Lien Claims & Recovery	\$ 19,152	\$ 8,783	100.0%	100.0%	\$ 19,152	\$ 8,783	
Proceeds Available to Satisfy Second Lien Secured Claims					\$ -	\$ -	
E. Second Lien Bond Claims	\$ -	\$ -	na	na	-	-	11
Total Second Lien Claims & Recovery	\$ -	\$ -	na	na	\$ -	\$ -	
F. Other Secured Claims	-	-			\$ -	\$ -	11
Total Secured Claims and Distributions	\$ 23,793	\$ 22,705	100.0%	100.0%	\$ 23,793	\$ 22,705	
Proceeds Available from Encumbered Collateral to Satisfy Administrative, Priority and Unsecured Claims					\$ -	\$ -	
Secured Lender Deficiency Claims (General Unsecured Claim)	\$ -	\$ -					

III. ALLOCATION OF PROCEEDS AVAILABLE TO SATISFY ADMINISTRATIVE, PRIORITY AND UNSECURED CLAIMS

	Estimated Allowed Claims		Estimated Recovery (%)		Estimated Recovery on Administrative, Priority and Unsecured Claims		See Note
	Lower	Higher	Lower	Higher	Lower	Higher	
Proceeds Available from Unencumbered Assets					\$ 22,332	\$ 23,904	
Section 506(c) Surcharges					4,640	13,921	9
Proceeds Available from Encumbered Collateral					-	-	
Proceeds Available to Satisfy Administrative, Priority and Unsecured Claims					\$ 26,972	\$ 37,826	
A. LESS: Carve-Out Allocation	\$ 665	\$ 221	100.0%	100.0%	\$ 665	\$ 221	10
Proceeds Available for Administrative Claims					\$ 26,307	\$ 37,605	
ADMINISTRATIVE CLAIMS							
B. Subsidiaries' Superpriority Admin Claims against CEOC	\$ -	\$ -	na	na	\$ -	\$ -	12
C. Chapter 7 Administrative Claims	7,145	3,837	100.0%	100.0%	7,145	3,837	12
D. Chapter 11 Administrative Claims	6,702	6,702	100.0%	100.0%	6,702	6,702	12
Proceeds Available for Priority Claims					\$ 12,461	\$ 27,066	
PRIORITY CLAIMS							
E. Employee Priority Claims	\$ 1	\$ 1	100.0%	100.0%	\$ 1	\$ 1	13
F. Priority Tax Claims	-	-	na	na	-	-	13
G. Other Priority Claims	-	-	na	na	-	-	13
Proceeds Available for Unsecured Claims					\$ 12,460	\$ 27,065	
UNSECURED CLAIMS							
H1. First Lien Deficiency Claims	\$ -	\$ -	na	na	\$ -	\$ -	14
H2. Second Lien Deficiency Claims	-	-	na	na	-	-	14
H3. Other Secured Deficiency Claims	-	-	na	na	-	-	14
H4. Senior Unsecured Notes Claims	-	-	na	na	-	-	14
H5. Subsidiary Guaranteed Notes Claims	502,019	502,019	0.0%	0.0%	128	139	14
H5a. Subsidiary Guaranteed Notes Turnover to First Lien Claimants			na	na	3,488	1,699	14
H6. General Unsecured Claims	12,985	13,575	0.7%	2.6%	94	359	14
H7. Pension Claims	446,123	223,061	0.5%	0.1%	2,026	196	14
H8. Intercompany Notes Payable	931,792	931,792	0.7%	2.6%	6,711	24,622	14
H9. Intercompany Claims - Prepetition	1,901	1,901	0.7%	2.6%	14	50	14
Total Unsecured Claims	\$ 1,894,820	\$ 1,672,348	0.7%	1.6%	\$ 12,460	\$ 27,065	
Total Admin, Priority, Unsecured Claims & Distributions	\$ 1,909,332	\$ 1,683,109	1.4%	2.2%	\$ 26,972	\$ 37,826	
Value Available for Equity Interests					\$ -	\$ -	15

I. TOTAL PROCEEDS AVAILABLE FOR DISTRIBUTION

	Net Book Value	Estimated Recovery (%)		Estimated Liquidation Value		See Note
		Lower	Higher	Lower	Higher	
A. STATEMENT OF ASSETS						
Cash and equivalents	\$ -	0%	0%	\$ -	\$ -	1
Accounts receivable	-	0%	0%	-	-	2
Other current assets	56	0%	0%	-	-	2
Inventory	-	0%	0%	-	-	2
Due from subsidiaries/affiliates	74	59%	100%	44	74	3
Property and equipment, net	-	0%	0%	-	-	2
Goodwill	-	0%	0%	-	-	4
Intangibles	-	0%	0%	-	-	4
Investments in subsidiaries	-	0%	0%	-	-	5
Restricted cash	-	0%	0%	-	-	4
Other assets	-	0%	0%	-	-	
STATEMENT OF ASSETS - CASINO SALE						
Casino	-	0%	0%	-	-	6
Interim cash flow	-	0%	0%	-	-	7
Total Assets / Gross Recovery	\$ 130	34%	57%	\$ 44	\$ 74	
A1. ENCUMBERED COLLATERAL						
Cash and equivalents	\$ -	0%	0%	\$ -	\$ -	1
Accounts receivable	-	0%	0%	-	-	2
Other current assets	56	0%	0%	-	-	2
Inventory	-	0%	0%	-	-	2
Due from subsidiaries/affiliates	74	59%	100%	44	74	3
Property and equipment, net	-	0%	0%	-	-	2
Goodwill	-	0%	0%	-	-	4
Intangibles	-	0%	0%	-	-	4
Investments in subsidiaries	-	0%	0%	-	-	5
Restricted cash	-	0%	0%	-	-	4
Other assets	-	0%	0%	-	-	
Casino value and encumbered interim cash flow	-	0%	0%	-	-	6,7
Total Encumbered Collateral / Gross Recovery	\$ 130	34%	57%	\$ 44	\$ 74	
A2. UNENCUMBERED ASSETS						
Cash and equivalents	\$ -	0%	0%	\$ -	\$ -	1
Accounts receivable	-	0%	0%	-	-	2
Other current assets	-	0%	0%	-	-	2
Inventory	-	0%	0%	-	-	2
Due from subsidiaries/affiliates	-	0%	0%	-	-	3
Property and equipment, net	-	0%	0%	-	-	2
Goodwill	-	0%	0%	-	-	4
Intangibles	-	0%	0%	-	-	4
Investments in subsidiaries	-	0%	0%	-	-	5
Restricted cash	-	0%	0%	-	-	4
Other assets	-	0%	0%	-	-	
Unencumbered interim cash flow	-	0%	0%	-	-	7
Total Unencumbered Assets / Gross Recovery	\$ -	0%	0%	\$ -	\$ -	
B. LITIGATION RECOVERIES						
B1. Encumbered Causes of Action	-	-	-	-	-	8
B2. Unencumbered Causes of Action, including Preferences	-	-	-	-	-	8
B3. Total Litigation Recoveries	\$ -			\$ -		
C. SUMMARY OF GROSS PROCEEDS						
C1. Encumbered Collateral Recovery (A1 + B1)				\$ 44	\$ 74	
C2. Unencumbered Assets Recovery (A2 + B2)				-	-	
C3. Total Gross Recovery Proceeds Available for Distribution				\$ 44	\$ 74	

II. ALLOCATION OF PROCEEDS FROM ENCUMBERED COLLATERAL AVAILABLE FOR DISTRIBUTION

	Estimated Allowed Claims		Estimated Recovery (%)		Estimated Recovery on Secured Claims		See Note
	Lower	Higher	Lower	Higher	Lower	Higher	
Encumbered Gross Collateral Proceeds Available					\$ 44	\$ 74	
A. LESS: Section 506(c) Surcharges	\$ -	\$ -			\$ -	\$ -	9
B. Carve-Out Allocation	-	-			-	-	10
Proceeds Available to Secured Claims					<u>\$ 44</u>	<u>\$ 74</u>	
SECURED CLAIMS							
C. PLUS: Proceeds From Subsidiary Guaranteed Notes Turnover					-	-	14
Proceeds Available to Satisfy First Lien Secured Claims					<u>\$ 44</u>	<u>\$ 74</u>	
D. First Lien Secured Claims							
D1. First Lien Bank Claims	\$ 20	\$ 33	100.0%	100.0%	20	33	11
D2. First Lien Bond Claims	24	41	100.0%	100.0%	24	41	11
D3. First Lien Swap Claims	0	0	100.0%	100.0%	0	0	11
D4. Other First Lien Secured Claims	-	-	na	na	-	-	11
Total First Lien Claims & Recovery	<u>\$ 44</u>	<u>\$ 74</u>	100.0%	100.0%	<u>\$ 44</u>	<u>\$ 74</u>	
Proceeds Available to Satisfy Second Lien Secured Claims					<u>\$ -</u>	<u>\$ -</u>	
E. Second Lien Bond Claims	\$ -	\$ -	na	na	-	-	11
Total Second Lien Claims & Recovery	<u>\$ -</u>	<u>\$ -</u>	na	na	<u>\$ -</u>	<u>\$ -</u>	
F. Other Secured Claims	-	-			\$ -	\$ -	11
Total Secured Claims and Distributions	<u>\$ 44</u>	<u>\$ 74</u>	100.0%	100.0%	<u>\$ 44</u>	<u>\$ 74</u>	
Proceeds Available from Encumbered Collateral to Satisfy Administrative, Priority and Unsecured Claims					<u>\$ -</u>	<u>\$ -</u>	
Secured Lender Deficiency Claims (General Unsecured Claim)	<u>\$ -</u>	<u>\$ -</u>					

III. ALLOCATION OF PROCEEDS AVAILABLE TO SATISFY ADMINISTRATIVE, PRIORITY AND UNSECURED CLAIMS

	Estimated Allowed Claims		Estimated Recovery (%)		Estimated Recovery on Administrative, Priority and Unsecured Claims		See Note
	Lower	Higher	Lower	Higher	Lower	Higher	
Proceeds Available from Unencumbered Assets					\$ -	\$ -	
Section 506(c) Surcharges					-	-	9
Proceeds Available from Encumbered Collateral					-	-	
Proceeds Available to Satisfy Administrative, Priority and Unsecured Claims					\$ -	\$ -	
A. LESS: Carve-Out Allocation	\$ -	\$ -	na	na	\$ -	\$ -	10
Proceeds Available for Administrative Claims					\$ -	\$ -	
ADMINISTRATIVE CLAIMS							
B. Subsidiaries' Superpriority Admin Claims against CEOC	\$ -	\$ -	na	na	\$ -	\$ -	12
C. Chapter 7 Administrative Claims	-	-	na	na	-	-	12
D. Chapter 11 Administrative Claims	-	-	na	na	-	-	12
Proceeds Available for Priority Claims					\$ -	\$ -	
PRIORITY CLAIMS							
E. Employee Priority Claims	\$ -	\$ -	na	na	\$ -	\$ -	13
F. Priority Tax Claims	-	-	na	na	-	-	13
G. Other Priority Claims	-	-	na	na	-	-	13
Proceeds Available for Unsecured Claims					\$ -	\$ -	
UNSECURED CLAIMS							
H1. First Lien Deficiency Claims	\$ -	\$ -	na	na	\$ -	\$ -	14
H2. Second Lien Deficiency Claims	-	-	na	na	-	-	14
H3. Other Secured Deficiency Claims	-	-	na	na	-	-	14
H4. Senior Unsecured Notes Claims	-	-	na	na	-	-	14
H5. Subsidiary Guaranteed Notes Claims	502,019	502,019	0.0%	0.0%	-	-	14
H5a. Subsidiary Guaranteed Notes Turnover to First Lien Claimants	-	-	na	na	-	-	14
H6. General Unsecured Claims	-	-	na	na	-	-	14
H7. Pension Claims	446,123	223,061	0.0%	0.0%	-	-	14
H8. Intercompany Notes Payable	-	-	na	na	-	-	14
H9. Intercompany Claims - Prepetition	2	2	0.0%	0.0%	-	-	14
Total Unsecured Claims	\$ 948,144	\$ 725,083	0.0%	0.0%	\$ -	\$ -	
Total Admin, Priority, Unsecured Claims & Distributions	\$ 948,144	\$ 725,083	0.0%	0.0%	\$ -	\$ -	
Value Available for Equity Interests					\$ -	\$ -	15

I. TOTAL PROCEEDS AVAILABLE FOR DISTRIBUTION

	Net Book Value	Estimated Recovery (%)		Estimated Liquidation Value		See Note
		Lower	Higher	Lower	Higher	
A. STATEMENT OF ASSETS						
Cash and equivalents	\$ -	0%	0%	\$ -	\$ -	1
Accounts receivable	-	0%	0%	-	-	2
Other current assets	-	0%	0%	-	-	2
Inventory	-	0%	0%	-	-	2
Due from subsidiaries/affiliates	-	0%	0%	-	-	3
Property and equipment, net	-	0%	0%	-	-	2
Goodwill	-	0%	0%	-	-	4
Intangibles	-	0%	0%	-	-	4
Investments in subsidiaries	-	0%	0%	-	-	5
Restricted cash	-	0%	0%	-	-	4
Other assets	-	0%	0%	-	-	
STATEMENT OF ASSETS - CASINO SALE						
Casino	-	0%	0%	-	-	6
Interim cash flow	-	0%	0%	-	-	7
Total Assets / Gross Recovery	\$ -	0%	0%	\$ -	\$ -	
A1. ENCUMBERED COLLATERAL						
Cash and equivalents	\$ -	0%	0%	\$ -	\$ -	1
Accounts receivable	-	0%	0%	-	-	2
Other current assets	-	0%	0%	-	-	2
Inventory	-	0%	0%	-	-	2
Due from subsidiaries/affiliates	-	0%	0%	-	-	3
Property and equipment, net	-	0%	0%	-	-	2
Goodwill	-	0%	0%	-	-	4
Intangibles	-	0%	0%	-	-	4
Investments in subsidiaries	-	0%	0%	-	-	5
Restricted cash	-	0%	0%	-	-	4
Other assets	-	0%	0%	-	-	
Casino value and encumbered interim cash flow	-	0%	0%	-	-	6,7
Total Encumbered Collateral / Gross Recovery	\$ -	0%	0%	\$ -	\$ -	
A2. UNENCUMBERED ASSETS						
Cash and equivalents	\$ -	0%	0%	\$ -	\$ -	1
Accounts receivable	-	0%	0%	-	-	2
Other current assets	-	0%	0%	-	-	2
Inventory	-	0%	0%	-	-	2
Due from subsidiaries/affiliates	-	0%	0%	-	-	3
Property and equipment, net	-	0%	0%	-	-	2
Goodwill	-	0%	0%	-	-	4
Intangibles	-	0%	0%	-	-	4
Investments in subsidiaries	-	0%	0%	-	-	5
Restricted cash	-	0%	0%	-	-	4
Other assets	-	0%	0%	-	-	
Unencumbered interim cash flow	-	0%	0%	-	-	7
Total Unencumbered Assets / Gross Recovery	\$ -	0%	0%	\$ -	\$ -	
B. LITIGATION RECOVERIES						
B1. Encumbered Causes of Action	-	-	-	-	-	8
B2. Unencumbered Causes of Action, including Preferences	-	-	-	-	-	8
B3. Total Litigation Recoveries	\$ -			\$ -	\$ -	
C. SUMMARY OF GROSS PROCEEDS						
C1. Encumbered Collateral Recovery (A1 + B1)	-	-	-	\$ -	\$ -	
C2. Unencumbered Assets Recovery (A2 + B2)	-	-	-	-	-	
C3. Total Gross Recovery Proceeds Available for Distribution	\$ -			\$ -	\$ -	

II. ALLOCATION OF PROCEEDS FROM ENCUMBERED COLLATERAL AVAILABLE FOR DISTRIBUTION

	Estimated Allowed Claims		Estimated Recovery (%)		Estimated Recovery on Secured Claims		See Note
	Lower	Higher	Lower	Higher	Lower	Higher	
Encumbered Gross Collateral Proceeds Available					\$ -	\$ -	
A. LESS: Section 506(c) Surcharges	\$ -	\$ -			\$ -	\$ -	9
B. Carve-Out Allocation	-	-			-	-	10
Proceeds Available to Secured Claims					\$ -	\$ -	
SECURED CLAIMS							
C. PLUS: Proceeds From Subsidiary Guaranteed Notes Turnover					-	-	14
Proceeds Available to Satisfy First Lien Secured Claims					\$ -	\$ -	
D. First Lien Secured Claims							
D1. First Lien Bank Claims	\$ -	\$ -	na	na	-	-	11
D2. First Lien Bond Claims	-	-	na	na	-	-	11
D3. First Lien Swap Claims	-	-	na	na	-	-	11
D4. Other First Lien Secured Claims	-	-	na	na	-	-	11
Total First Lien Claims & Recovery	\$ -	\$ -	na	na	\$ -	\$ -	
Proceeds Available to Satisfy Second Lien Secured Claims					\$ -	\$ -	
E. Second Lien Bond Claims	\$ -	\$ -	na	na	-	-	11
Total Second Lien Claims & Recovery	\$ -	\$ -	na	na	\$ -	\$ -	
F. Other Secured Claims	-	-			\$ -	\$ -	11
Total Secured Claims and Distributions	\$ -	\$ -	0.0%	0.0%	\$ -	\$ -	
Proceeds Available from Encumbered Collateral to Satisfy Administrative, Priority and Unsecured Claims					\$ -	\$ -	
Secured Lender Deficiency Claims (General Unsecured Claim)	\$ -	\$ -					

III. ALLOCATION OF PROCEEDS AVAILABLE TO SATISFY ADMINISTRATIVE, PRIORITY AND UNSECURED CLAIMS

	Estimated Allowed Claims		Estimated Recovery (%)		Estimated Recovery on Administrative, Priority and Unsecured Claims		See Note
	Lower	Higher	Lower	Higher	Lower	Higher	
Proceeds Available from Unencumbered Assets					\$ -	\$ -	
Section 506(c) Surcharges					-	-	9
Proceeds Available from Encumbered Collateral					-	-	
Proceeds Available to Satisfy Administrative, Priority and Unsecured Claims					\$ -	\$ -	
A. LESS: Carve-Out Allocation	\$ -	\$ -	na	na	\$ -	\$ -	10
Proceeds Available for Administrative Claims					\$ -	\$ -	
ADMINISTRATIVE CLAIMS							
B. Subsidiaries' Superpriority Admin Claims against CEOC	\$ -	\$ -	na	na	\$ -	\$ -	12
C. Chapter 7 Administrative Claims	-	-	na	na	-	-	12
D. Chapter 11 Administrative Claims	-	-	na	na	-	-	12
Proceeds Available for Priority Claims					\$ -	\$ -	
PRIORITY CLAIMS							
E. Employee Priority Claims	\$ -	\$ -	na	na	\$ -	\$ -	13
F. Priority Tax Claims	-	-	na	na	-	-	13
G. Other Priority Claims	-	-	na	na	-	-	13
Proceeds Available for Unsecured Claims					\$ -	\$ -	
UNSECURED CLAIMS							
H1. First Lien Deficiency Claims	\$ -	\$ -	na	na	\$ -	\$ -	14
H2. Second Lien Deficiency Claims	-	-	na	na	-	-	14
H3. Other Secured Deficiency Claims	-	-	na	na	-	-	14
H4. Senior Unsecured Notes Claims	-	-	na	na	-	-	14
H5. Subsidiary Guaranteed Notes Claims	-	-	na	na	-	-	14
H5a. Subsidiary Guaranteed Notes Turnover to First Lien Claimants	-	-	na	na	-	-	14
H6. General Unsecured Claims	-	-	na	na	-	-	14
H7. Pension Claims	446,123	223,061	0.0%	0.0%	-	-	14
H8. Intercompany Notes Payable	-	-	na	na	-	-	14
H9. Intercompany Claims - Prepetition	4,591	4,591	0.0%	0.0%	-	-	14
Total Unsecured Claims	\$ 450,714	\$ 227,653	0.0%	0.0%	\$ -	\$ -	
Total Admin, Priority, Unsecured Claims & Distributions	\$ 450,714	\$ 227,653	0.0%	0.0%	\$ -	\$ -	
Value Available for Equity Interests					\$ -	\$ -	15

I. TOTAL PROCEEDS AVAILABLE FOR DISTRIBUTION

	Net Book Value	Estimated Recovery (%)		Estimated Liquidation Value		See Note
		Lower	Higher	Lower	Higher	
A. STATEMENT OF ASSETS						
Cash and equivalents	\$ -	0%	0%	\$ -	\$ -	1
Accounts receivable	-	0%	0%	-	-	2
Other current assets	-	0%	0%	-	-	2
Inventory	-	0%	0%	-	-	2
Due from subsidiaries/affiliates	11,145	0%	nm	-	2,136	3
Property and equipment, net	-	0%	0%	-	-	2
Goodwill	-	0%	0%	-	-	4
Intangibles	-	0%	0%	-	-	4
Investments in subsidiaries	-	0%	nm	-	480,366	5
Restricted cash	-	0%	0%	-	-	4
Other assets	-	0%	0%	-	-	
STATEMENT OF ASSETS - CASINO SALE						
Casino	-	0%	0%	-	-	6
Interim cash flow	-	0%	0%	-	-	7
Total Assets / Gross Recovery	\$ 11,145	0%	100%+	\$ -	\$ 482,501	
A1. ENCUMBERED COLLATERAL						
Cash and equivalents	\$ -	0%	0%	\$ -	\$ -	1
Accounts receivable	-	0%	0%	-	-	2
Other current assets	-	0%	0%	-	-	2
Inventory	-	0%	0%	-	-	2
Due from subsidiaries/affiliates	11,145	0%	19%	-	2,136	3
Property and equipment, net	-	0%	0%	-	-	2
Goodwill	-	0%	0%	-	-	4
Intangibles	-	0%	0%	-	-	4
Investments in subsidiaries	-	0%	nm	-	220,315	5
Restricted cash	-	0%	0%	-	-	4
Other assets	-	0%	0%	-	-	
Casino value and encumbered interim cash flow	-	0%	0%	-	-	6,7
Total Encumbered Collateral / Gross Recovery	\$ 11,145	0%	100%+	\$ -	\$ 222,451	
A2. UNENCUMBERED ASSETS						
Cash and equivalents	\$ -	0%	0%	\$ -	\$ -	1
Accounts receivable	-	0%	0%	-	-	2
Other current assets	-	0%	0%	-	-	2
Inventory	-	0%	0%	-	-	2
Due from subsidiaries/affiliates	-	0%	0%	-	-	3
Property and equipment, net	-	0%	0%	-	-	2
Goodwill	-	0%	0%	-	-	4
Intangibles	-	0%	0%	-	-	4
Investments in subsidiaries	-	0%	nm	-	260,050	5
Restricted cash	-	0%	0%	-	-	4
Other assets	-	0%	0%	-	-	
Unencumbered interim cash flow	-	0%	0%	-	-	7
Total Unencumbered Assets / Gross Recovery	\$ -	0%	nm	\$ -	\$ 260,050	
B. LITIGATION RECOVERIES						
B1. Encumbered Causes of Action				-	-	8
B2. Unencumbered Causes of Action, including Preferences				-	-	8
B3. Total Litigation Recoveries				\$ -	\$ -	
C. SUMMARY OF GROSS PROCEEDS						
C1. Encumbered Collateral Recovery (A1 + B1)				\$ -	\$ 222,451	
C2. Unencumbered Assets Recovery (A2 + B2)				-	260,050	
C3. Total Gross Recovery Proceeds Available for Distribution				\$ -	\$ 482,501	

II. ALLOCATION OF PROCEEDS FROM ENCUMBERED COLLATERAL AVAILABLE FOR DISTRIBUTION

	Estimated Allowed Claims		Estimated Recovery (%)		Estimated Recovery on Secured Claims		See Note
	Lower	Higher	Lower	Higher	Lower	Higher	
Encumbered Gross Collateral Proceeds Available					\$ -	\$ 222,451	
A. LESS: Section 506(c) Surcharges	\$ -	\$ -			\$ -	\$ -	9
B. Carve-Out Allocation	-	-			-	-	10
Proceeds Available to Secured Claims					\$ -	\$ 222,451	
SECURED CLAIMS							
C. PLUS: Proceeds From Subsidiary Guaranteed Notes Turnover					-	45,193	14
Proceeds Available to Satisfy First Lien Secured Claims					\$ -	\$ 267,644	
D. First Lien Secured Claims							
D1. First Lien Bank Claims	\$ -	\$ 143,612	na	100.0%	-	143,612	11
D2. First Lien Bond Claims	-	122,873	na	100.0%	-	122,873	11
D3. First Lien Swap Claims	-	1,160	na	100.0%	-	1,160	11
D4. Other First Lien Secured Claims	-	-	na	na	-	-	11
Total First Lien Claims & Recovery	\$ -	\$ 267,644	na	100.0%	\$ -	\$ 267,644	
Proceeds Available to Satisfy Second Lien Secured Claims					\$ -	\$ -	
E. Second Lien Bond Claims	\$ -	\$ -	na	na	-	-	11
Total Second Lien Claims & Recovery	\$ -	\$ -	na	na	\$ -	\$ -	
F. Other Secured Claims	-	-			\$ -	\$ -	11
Total Secured Claims and Distributions	\$ -	\$ 267,644	0.0%	100.0%	\$ -	\$ 267,644	
Proceeds Available from Encumbered Collateral to Satisfy Administrative, Priority and Unsecured Claims					\$ -	\$ -	
Secured Lender Deficiency Claims (General Unsecured Claim)	\$ -	\$ -					

III. ALLOCATION OF PROCEEDS AVAILABLE TO SATISFY ADMINISTRATIVE, PRIORITY AND UNSECURED CLAIMS

	Estimated Allowed Claims		Estimated Recovery (%)		Estimated Recovery on Administrative, Priority and Unsecured Claims		See Note
	Lower	Higher	Lower	Higher	Lower	Higher	
	Proceeds Available from Unencumbered Assets					\$ -	
Section 506(c) Surcharges					-	-	
Proceeds Available from Encumbered Collateral					-	-	
Proceeds Available to Satisfy Administrative, Priority and Unsecured Claims					\$ -	\$ 260,050	
A. LESS: Carve-Out Allocation	\$ -	\$ 1,518	na	100.0%	\$ -	\$ 1,518	10
Proceeds Available for Administrative Claims					\$ -	\$ 258,532	
ADMINISTRATIVE CLAIMS							
B. Subsidiaries' Superpriority Admin Claims against CEOC	\$ -	\$ -	na	na	\$ -	\$ -	12
C. Chapter 7 Administrative Claims	-	5,599	na	100.0%	-	5,599	12
D. Chapter 11 Administrative Claims	-	-	na	na	-	-	12
Proceeds Available for Priority Claims					\$ -	\$ 252,933	
PRIORITY CLAIMS							
E. Employee Priority Claims	\$ 68	\$ 68	0.0%	100.0%	\$ -	\$ 68	13
F. Priority Tax Claims	-	-	na	na	-	-	13
G. Other Priority Claims	-	-	na	na	-	-	13
Proceeds Available for Unsecured Claims					\$ -	\$ 252,865	
UNSECURED CLAIMS							
H1. First Lien Deficiency Claims	\$ -	\$ -	na	na	\$ -	\$ -	14
H2. Second Lien Deficiency Claims	-	-	na	na	-	-	14
H3. Other Secured Deficiency Claims	-	-	na	na	-	-	14
H4. Senior Unsecured Notes Claims	-	-	na	na	-	-	14
H5. Subsidiary Guaranteed Notes Claims	502,019	502,019	0.0%	0.7%	-	3,697	14
H5a. Subsidiary Guaranteed Notes Turnover to First Lien Claimants	-	-	na	na	-	45,193	14
H6. General Unsecured Claims	2,219	2,219	0.0%	100.0%	-	2,219	14
H7. Pension Claims	446,123	223,061	0.0%	1.9%	-	4,207	14
H8. Intercompany Notes Payable	-	-	na	na	-	-	14
H9. Intercompany Claims - Prepetition	-	-	na	na	-	-	14
Total Unsecured Claims	\$ 950,361	\$ 727,299	0.0%	7.6%	\$ -	\$ 55,316	
Total Admin, Priority, Unsecured Claims & Distributions	\$ 950,429	\$ 734,485	0.0%	8.5%	\$ -	\$ 62,501	
Value Available for Equity Interests					\$ -	\$ 197,549	15

Chapter 11
 Hypothetical Liquidation Analysis Schedule 2
 (\$ in thousands)

I. TOTAL PROCEEDS AVAILABLE FOR DISTRIBUTION

	Net Book Value	Estimated Recovery (%)		Estimated Liquidation Value		See Note
		Lower	Higher	Lower	Higher	
A. STATEMENT OF ASSETS						
Cash and equivalents	\$ -	0%	0%	\$ -	\$ -	1
Accounts receivable	-	0%	0%	-	-	2
Other current assets	-	0%	0%	-	-	2
Inventory	-	0%	0%	-	-	2
Due from subsidiaries/affiliates	-	0%	0%	-	-	3
Property and equipment, net	-	0%	0%	-	-	2
Goodwill	-	0%	0%	-	-	4
Intangibles	-	0%	0%	-	-	4
Investments in subsidiaries	-	0%	nm	-	95,683	5
Restricted cash	-	0%	0%	-	-	4
Other assets	-	0%	0%	-	-	
STATEMENT OF ASSETS - CASINO SALE						
Casino	-	0%	0%	-	-	6
Interim cash flow	-	0%	0%	-	-	7
Total Assets / Gross Recovery	\$ -	0%	nm	\$ -	\$ 95,683	
A1. ENCUMBERED COLLATERAL						
Cash and equivalents	\$ -	0%	0%	\$ -	\$ -	1
Accounts receivable	-	0%	0%	-	-	2
Other current assets	-	0%	0%	-	-	2
Inventory	-	0%	0%	-	-	2
Due from subsidiaries/affiliates	-	0%	0%	-	-	3
Property and equipment, net	-	0%	0%	-	-	2
Goodwill	-	0%	0%	-	-	4
Intangibles	-	0%	0%	-	-	4
Investments in subsidiaries	-	0%	0%	-	-	5
Restricted cash	-	0%	0%	-	-	4
Other assets	-	0%	0%	-	-	
Casino value and encumbered interim cash flow	-	0%	0%	-	-	6,7
Total Encumbered Collateral / Gross Recovery	\$ -	0%	0%	\$ -	\$ -	
A2. UNENCUMBERED ASSETS						
Cash and equivalents	\$ -	0%	0%	\$ -	\$ -	1
Accounts receivable	-	0%	0%	-	-	2
Other current assets	-	0%	0%	-	-	2
Inventory	-	0%	0%	-	-	2
Due from subsidiaries/affiliates	-	0%	0%	-	-	3
Property and equipment, net	-	0%	0%	-	-	2
Goodwill	-	0%	0%	-	-	4
Intangibles	-	0%	0%	-	-	4
Investments in subsidiaries	-	0%	nm	-	95,683	5
Restricted cash	-	0%	0%	-	-	4
Other assets	-	0%	0%	-	-	
Unencumbered interim cash flow	-	0%	0%	-	-	7
Total Unencumbered Assets / Gross Recovery	\$ -	0%	nm	\$ -	\$ 95,683	
B. LITIGATION RECOVERIES						
B1. Encumbered Causes of Action	-	-	-	-	-	8
B2. Unencumbered Causes of Action, including Preferences	-	-	-	-	-	8
B3. Total Litigation Recoveries	\$ -			\$ -		
C. SUMMARY OF GROSS PROCEEDS						
C1. Encumbered Collateral Recovery (A1 + B1)	-	-	-	\$ -	\$ -	
C2. Unencumbered Assets Recovery (A2 + B2)	-	-	-	-	95,683	
C3. Total Gross Recovery Proceeds Available for Distribution	\$ -			\$ -	\$ 95,683	

II. ALLOCATION OF PROCEEDS FROM ENCUMBERED COLLATERAL AVAILABLE FOR DISTRIBUTION

	Estimated Allowed Claims		Estimated Recovery (%)		Estimated Recovery on Secured Claims		See Note
	Lower	Higher	Lower	Higher	Lower	Higher	
Encumbered Gross Collateral Proceeds Available					\$ -	\$ -	
A. LESS: Section 506(c) Surcharges	\$ -	\$ -			\$ -	\$ -	9
B. Carve-Out Allocation	-	-			-	-	10
Proceeds Available to Secured Claims					<u>\$ -</u>	<u>\$ -</u>	
SECURED CLAIMS							
C. PLUS: Proceeds From Subsidiary Guaranteed Notes Turnover					-	16,706	14
Proceeds Available to Satisfy First Lien Secured Claims					<u>\$ -</u>	<u>\$ 16,706</u>	
D. First Lien Secured Claims							
D1. First Lien Bank Claims	\$ -	\$ 16,572	na	100.0%	-	16,572	11
D2. First Lien Bond Claims	-	-	na	na	-	-	11
D3. First Lien Swap Claims	-	134	na	100.0%	-	134	11
D4. Other First Lien Secured Claims	-	-	na	na	-	-	11
Total First Lien Claims & Recovery	<u>\$ -</u>	<u>\$ 16,706</u>	na	100.0%	<u>\$ -</u>	<u>\$ 16,706</u>	
Proceeds Available to Satisfy Second Lien Secured Claims					<u>\$ -</u>	<u>\$ -</u>	
E. Second Lien Bond Claims	\$ -	\$ -	na	na	-	-	11
Total Second Lien Claims & Recovery	<u>\$ -</u>	<u>\$ -</u>	na	na	<u>\$ -</u>	<u>\$ -</u>	
F. Other Secured Claims	-	-			\$ -	\$ -	11
Total Secured Claims and Distributions	<u>\$ -</u>	<u>\$ 16,706</u>	0.0%	100.0%	<u>\$ -</u>	<u>\$ 16,706</u>	
Proceeds Available from Encumbered Collateral to Satisfy Administrative, Priority and Unsecured Claims					<u>\$ -</u>	<u>\$ -</u>	
Secured Lender Deficiency Claims (General Unsecured Claim)	<u>\$ -</u>	<u>\$ -</u>					

Chapter 11 Liquidation Against Schedule B
 (\$ in thousands)

III. ALLOCATION OF PROCEEDS AVAILABLE TO SATISFY ADMINISTRATIVE, PRIORITY AND UNSECURED CLAIMS

	Estimated Allowed Claims		Estimated Recovery (%)		Estimated Recovery on Administrative, Priority and Unsecured Claims		See Note
	Lower	Higher	Lower	Higher	Lower	Higher	
Proceeds Available from Unencumbered Assets					\$ -	\$ 95,683	
Section 506(c) Surcharges					-	-	9
Proceeds Available from Encumbered Collateral					-	-	
Proceeds Available to Satisfy Administrative, Priority and Unsecured Claims					\$ -	\$ 95,683	
A. LESS: Carve-Out Allocation	\$ -	\$ 559	na	100.0%	\$ -	\$ 559	10
Proceeds Available for Administrative Claims					\$ -	\$ 95,125	
ADMINISTRATIVE CLAIMS							
B. Subsidiaries' Superpriority Admin Claims against CEOC	\$ -	\$ -	na	na	\$ -	\$ -	12
C. Chapter 7 Administrative Claims	-	2,060	na	100.0%	-	2,060	12
D. Chapter 11 Administrative Claims	-	-	na	na	-	-	12
Proceeds Available for Priority Claims					\$ -	\$ 93,064	
PRIORITY CLAIMS							
E. Employee Priority Claims	\$ -	\$ -	na	na	\$ -	\$ -	13
F. Priority Tax Claims	-	-	na	na	-	-	13
G. Other Priority Claims	-	-	na	na	-	-	13
Proceeds Available for Unsecured Claims					\$ -	\$ 93,064	
UNSECURED CLAIMS							
H1. First Lien Deficiency Claims	\$ -	\$ -	na	na	\$ -	\$ -	14
H2. Second Lien Deficiency Claims	-	-	na	na	-	-	14
H3. Other Secured Deficiency Claims	-	-	na	na	-	-	14
H4. Senior Unsecured Notes Claims	-	-	na	na	-	-	14
H5. Subsidiary Guaranteed Notes Claims	502,019	502,019	0.0%	0.3%	-	1,367	14
H5a. Subsidiary Guaranteed Notes Turnover to First Lien Claimants	-	-	na	na	-	16,706	14
H6. General Unsecured Claims	1	1	0.0%	100.0%	-	1	14
H7. Pension Claims	446,123	223,061	0.0%	0.7%	-	1,553	14
H8. Intercompany Notes Payable	-	-	na	na	-	-	14
H9. Intercompany Claims - Prepetition	-	-	na	na	-	-	14
Total Unsecured Claims	\$ 948,143	\$ 725,081	0.0%	2.7%	\$ -	\$ 19,626	
Total Admin, Priority, Unsecured Claims & Distributions	\$ 948,143	\$ 727,700	0.0%	3.1%	\$ -	\$ 22,244	
Value Available for Equity Interests					\$ -	\$ 73,439	15

Chapter 11
 Hypothetical Liquidation Analysis Schedule 2
 (\$ in thousands)

I. TOTAL PROCEEDS AVAILABLE FOR DISTRIBUTION

	Net Book Value	Estimated Recovery (%)		Estimated Liquidation Value		See Note
		Lower	Higher	Lower	Higher	
A. STATEMENT OF ASSETS						
Cash and equivalents	\$ -	0%	0%	\$ -	\$ -	1
Accounts receivable	-	0%	0%	-	-	2
Other current assets	-	0%	0%	-	-	2
Inventory	-	0%	0%	-	-	2
Due from subsidiaries/affiliates	-	0%	0%	-	-	3
Property and equipment, net	-	0%	0%	-	-	2
Goodwill	-	0%	0%	-	-	4
Intangibles	-	0%	0%	-	-	4
Investments in subsidiaries	-	0%	0%	-	-	5
Restricted cash	-	0%	0%	-	-	4
Other assets	-	0%	0%	-	-	
STATEMENT OF ASSETS - CASINO SALE						
Casino	-	0%	0%	-	-	6
Interim cash flow	-	0%	0%	-	-	7
Total Assets / Gross Recovery	\$ -	0%	0%	\$ -	\$ -	
A1. ENCUMBERED COLLATERAL						
Cash and equivalents	\$ -	0%	0%	\$ -	\$ -	1
Accounts receivable	-	0%	0%	-	-	2
Other current assets	-	0%	0%	-	-	2
Inventory	-	0%	0%	-	-	2
Due from subsidiaries/affiliates	-	0%	0%	-	-	3
Property and equipment, net	-	0%	0%	-	-	2
Goodwill	-	0%	0%	-	-	4
Intangibles	-	0%	0%	-	-	4
Investments in subsidiaries	-	0%	0%	-	-	5
Restricted cash	-	0%	0%	-	-	4
Other assets	-	0%	0%	-	-	
Casino value and encumbered interim cash flow	-	0%	0%	-	-	6,7
Total Encumbered Collateral / Gross Recovery	\$ -	0%	0%	\$ -	\$ -	
A2. UNENCUMBERED ASSETS						
Cash and equivalents	\$ -	0%	0%	\$ -	\$ -	1
Accounts receivable	-	0%	0%	-	-	2
Other current assets	-	0%	0%	-	-	2
Inventory	-	0%	0%	-	-	2
Due from subsidiaries/affiliates	-	0%	0%	-	-	3
Property and equipment, net	-	0%	0%	-	-	2
Goodwill	-	0%	0%	-	-	4
Intangibles	-	0%	0%	-	-	4
Investments in subsidiaries	-	0%	0%	-	-	5
Restricted cash	-	0%	0%	-	-	4
Other assets	-	0%	0%	-	-	
Unencumbered interim cash flow	-	0%	0%	-	-	7
Total Unencumbered Assets / Gross Recovery	\$ -	0%	0%	\$ -	\$ -	
B. LITIGATION RECOVERIES						
B1. Encumbered Causes of Action				-	-	8
B2. Unencumbered Causes of Action, including Preferences				-	104,018	8
B3. Total Litigation Recoveries				\$ -	\$ 104,018	
C. SUMMARY OF GROSS PROCEEDS						
C1. Encumbered Collateral Recovery (A1 + B1)				\$ -	\$ -	
C2. Unencumbered Assets Recovery (A2 + B2)				-	104,018	
C3. Total Gross Recovery Proceeds Available for Distribution				\$ -	\$ 104,018	

II. ALLOCATION OF PROCEEDS FROM ENCUMBERED COLLATERAL AVAILABLE FOR DISTRIBUTION

	Estimated Allowed Claims		Estimated Recovery (%)		Estimated Recovery on Secured Claims		See Note
	Lower	Higher	Lower	Higher	Lower	Higher	
Encumbered Gross Collateral Proceeds Available					\$ -	\$ -	
A. LESS: Section 506(c) Surcharges	\$ -	\$ -			\$ -	\$ -	9
B. Carve-Out Allocation	-	-			-	-	10
Proceeds Available to Secured Claims					\$ -	\$ -	
SECURED CLAIMS							
C. PLUS: Proceeds From Subsidiary Guaranteed Notes Turnover					-	-	14
Proceeds Available to Satisfy First Lien Secured Claims					\$ -	\$ -	
D. First Lien Secured Claims							
D1. First Lien Bank Claims	\$ -	\$ -	na	na	-	-	11
D2. First Lien Bond Claims	-	-	na	na	-	-	11
D3. First Lien Swap Claims	-	-	na	na	-	-	11
D4. Other First Lien Secured Claims	-	-	na	na	-	-	11
Total First Lien Claims & Recovery	\$ -	\$ -	na	na	\$ -	\$ -	
Proceeds Available to Satisfy Second Lien Secured Claims					\$ -	\$ -	
E. Second Lien Bond Claims	\$ -	\$ -	na	na	-	-	11
Total Second Lien Claims & Recovery	\$ -	\$ -	na	na	\$ -	\$ -	
F. Other Secured Claims	-	-			\$ -	\$ -	11
Total Secured Claims and Distributions	\$ -	\$ -	0.0%	0.0%	\$ -	\$ -	
Proceeds Available from Encumbered Collateral to Satisfy Administrative, Priority and Unsecured Claims					\$ -	\$ -	
Secured Lender Deficiency Claims (General Unsecured Claim)	\$ -	\$ -					

III. ALLOCATION OF PROCEEDS AVAILABLE TO SATISFY ADMINISTRATIVE, PRIORITY AND UNSECURED CLAIMS

	Estimated Allowed Claims		Estimated Recovery (%)		Estimated Recovery on Administrative, Priority and Unsecured Claims		See Note
	Lower	Higher	Lower	Higher	Lower	Higher	
Proceeds Available from Unencumbered Assets					\$ -	\$ 104,018	
Section 506(c) Surcharges					-	-	9
Proceeds Available from Encumbered Collateral					-	-	
Proceeds Available to Satisfy Administrative, Priority and Unsecured Claims					\$ -	\$ 104,018	
A. LESS: Carve-Out Allocation	\$ -	\$ 607	na	100.0%	\$ -	\$ 607	10
Proceeds Available for Administrative Claims					\$ -	\$ 103,410	
ADMINISTRATIVE CLAIMS							
B. Subsidiaries' Superpriority Admin Claims against CEOC	\$ -	\$ -	na	na	\$ -	\$ -	12
C. Chapter 7 Administrative Claims	-	2,240	na	100.0%	-	2,240	12
D. Chapter 11 Administrative Claims	-	-	na	na	-	-	12
Proceeds Available for Priority Claims					\$ -	\$ 101,171	
PRIORITY CLAIMS							
E. Employee Priority Claims	\$ -	\$ -	na	na	\$ -	\$ -	13
F. Priority Tax Claims	-	-	na	na	-	-	13
G. Other Priority Claims	-	-	na	na	-	-	13
Proceeds Available for Unsecured Claims					\$ -	\$ 101,171	
UNSECURED CLAIMS							
H1. First Lien Deficiency Claims	\$ -	\$ -	na	na	\$ -	\$ -	14
H2. Second Lien Deficiency Claims	-	-	na	na	-	-	14
H3. Other Secured Deficiency Claims	-	-	na	na	-	-	14
H4. Senior Unsecured Notes Claims	-	-	na	na	-	-	14
H5. Subsidiary Guaranteed Notes Claims	-	-	na	na	-	-	14
H5a. Subsidiary Guaranteed Notes Turnover to First Lien Claimants	-	-	na	na	-	-	14
H6. General Unsecured Claims	-	-	na	na	-	-	14
H7. Pension Claims	446,123	223,061	0.0%	2.5%	-	5,488	14
H8. Intercompany Notes Payable	-	-	na	na	-	-	14
H9. Intercompany Claims - Prepetition	-	-	na	na	-	-	14
Total Unsecured Claims	\$ 446,123	\$ 223,061	0.0%	2.5%	\$ -	\$ 5,488	
Total Admin, Priority, Unsecured Claims & Distributions	\$ 446,123	\$ 225,908	0.0%	3.7%	\$ -	\$ 8,334	
Value Available for Equity Interests					\$ -	\$ 95,683	15

I. TOTAL PROCEEDS AVAILABLE FOR DISTRIBUTION

	Net Book Value	Estimated Recovery (%)		Estimated Liquidation Value		See Note
		Lower	Higher	Lower	Higher	
A. STATEMENT OF ASSETS						
Cash and equivalents	\$ -	0%	0%	\$ -	\$ -	1
Accounts receivable	-	0%	0%	-	-	2
Other current assets	20	0%	0%	-	-	2
Inventory	-	0%	0%	-	-	2
Due from subsidiaries/affiliates	1	0%	nm	-	0	3
Property and equipment, net	-	0%	0%	-	-	2
Goodwill	-	0%	0%	-	-	4
Intangibles	-	0%	0%	-	-	4
Investments in subsidiaries	-	0%	nm	-	95,683	5
Restricted cash	-	0%	0%	-	-	4
Other assets	-	0%	0%	-	-	
STATEMENT OF ASSETS - CASINO SALE						
Casino	-	0%	0%	-	-	6
Interim cash flow	-	0%	0%	-	-	7
Total Assets / Gross Recovery	\$ 20	0%	100%+	\$ -	\$ 95,683	
A1. ENCUMBERED COLLATERAL						
Cash and equivalents	\$ -	0%	0%	\$ -	\$ -	1
Accounts receivable	-	0%	0%	-	-	2
Other current assets	20	0%	0%	-	-	2
Inventory	-	0%	0%	-	-	2
Due from subsidiaries/affiliates	1	0%	19%	-	0	3
Property and equipment, net	-	0%	0%	-	-	2
Goodwill	-	0%	0%	-	-	4
Intangibles	-	0%	0%	-	-	4
Investments in subsidiaries	-	0%	0%	-	-	5
Restricted cash	-	0%	0%	-	-	4
Other assets	-	0%	0%	-	-	
Casino value and encumbered interim cash flow	-	0%	0%	-	(0)	6,7
Total Encumbered Collateral / Gross Recovery	\$ 20	0%	0%	\$ -	\$ 0	
A2. UNENCUMBERED ASSETS						
Cash and equivalents	\$ -	0%	0%	\$ -	\$ -	1
Accounts receivable	-	0%	0%	-	-	2
Other current assets	-	0%	0%	-	-	2
Inventory	-	0%	0%	-	-	2
Due from subsidiaries/affiliates	-	0%	0%	-	-	3
Property and equipment, net	-	0%	0%	-	-	2
Goodwill	-	0%	0%	-	-	4
Intangibles	-	0%	0%	-	-	4
Investments in subsidiaries	-	0%	nm	-	95,683	5
Restricted cash	-	0%	0%	-	-	4
Other assets	-	0%	0%	-	-	
Unencumbered interim cash flow	-	0%	0%	-	-	7
Total Unencumbered Assets / Gross Recovery	\$ -	0%	nm	\$ -	\$ 95,683	
B. LITIGATION RECOVERIES						
B1. Encumbered Causes of Action				-	-	8
B2. Unencumbered Causes of Action, including Preferences				-	-	8
B3. Total Litigation Recoveries				\$ -	\$ -	
C. SUMMARY OF GROSS PROCEEDS						
C1. Encumbered Collateral Recovery (A1 + B1)				\$ -	\$ 0	
C2. Unencumbered Assets Recovery (A2 + B2)				-	95,683	
C3. Total Gross Recovery Proceeds Available for Distribution				\$ -	\$ 95,683	

II. ALLOCATION OF PROCEEDS FROM ENCUMBERED COLLATERAL AVAILABLE FOR DISTRIBUTION

	Estimated Allowed Claims		Estimated Recovery (%)		Estimated Recovery on Secured Claims		See Note
	Lower	Higher	Lower	Higher	Lower	Higher	
Encumbered Gross Collateral Proceeds Available					\$ -	\$ 0	
A. LESS: Section 506(c) Surcharges	\$ -	\$ -			\$ -	\$ -	9
B. Carve-Out Allocation	-	-			-	-	10
Proceeds Available to Secured Claims					\$ -	\$ 0	
SECURED CLAIMS							
C. PLUS: Proceeds From Subsidiary Guaranteed Notes Turnover					-	16,706	14
Proceeds Available to Satisfy First Lien Secured Claims					\$ -	\$ 16,706	
D. First Lien Secured Claims							
D1. First Lien Bank Claims	\$ -	\$ 16,572	na	100.0%	-	16,572	11
D2. First Lien Bond Claims	-	0	na	100.0%	-	0	11
D3. First Lien Swap Claims	-	134	na	100.0%	-	134	11
D4. Other First Lien Secured Claims	-	-	na	na	-	-	11
Total First Lien Claims & Recovery	\$ -	\$ 16,706	na	100.0%	\$ -	\$ 16,706	
Proceeds Available to Satisfy Second Lien Secured Claims					\$ -	\$ -	
E. Second Lien Bond Claims	\$ -	\$ -	na	na	-	-	11
Total Second Lien Claims & Recovery	\$ -	\$ -	na	na	\$ -	\$ -	
F. Other Secured Claims	-	-			\$ -	\$ -	11
Total Secured Claims and Distributions	\$ -	\$ 16,706	0.0%	100.0%	\$ -	\$ 16,706	
Proceeds Available from Encumbered Collateral to Satisfy Administrative, Priority and Unsecured Claims					\$ -	\$ -	
Secured Lender Deficiency Claims (General Unsecured Claim)	\$ -	\$ -					

III. ALLOCATION OF PROCEEDS AVAILABLE TO SATISFY ADMINISTRATIVE, PRIORITY AND UNSECURED CLAIMS

	Estimated Allowed Claims		Estimated Recovery (%)		Estimated Recovery on Administrative, Priority and Unsecured Claims		See Note
	Lower	Higher	Lower	Higher	Lower	Higher	
Proceeds Available from Unencumbered Assets					\$ -	\$ 95,683	9
Section 506(c) Surcharges					-	-	
Proceeds Available from Encumbered Collateral					-	-	
Proceeds Available to Satisfy Administrative, Priority and Unsecured Claims					\$ -	\$ 95,683	
A. LESS: Carve-Out Allocation	\$ -	\$ 559	na	100.0%	\$ -	\$ 559	10
Proceeds Available for Administrative Claims					\$ -	\$ 95,125	
ADMINISTRATIVE CLAIMS							
B. Subsidiaries' Superpriority Admin Claims against CEOC	\$ -	\$ -	na	na	\$ -	\$ -	12
C. Chapter 7 Administrative Claims	-	2,060	na	100.0%	-	2,060	12
D. Chapter 11 Administrative Claims	-	-	na	na	-	-	12
Proceeds Available for Priority Claims					\$ -	\$ 93,064	
PRIORITY CLAIMS							
E. Employee Priority Claims	\$ -	\$ -	na	na	\$ -	\$ -	13
F. Priority Tax Claims	-	-	na	na	-	-	13
G. Other Priority Claims	-	-	na	na	-	-	13
Proceeds Available for Unsecured Claims					\$ -	\$ 93,064	
UNSECURED CLAIMS							
H1. First Lien Deficiency Claims	\$ -	\$ -	na	na	\$ -	\$ -	14
H2. Second Lien Deficiency Claims	-	-	na	na	-	-	14
H3. Other Secured Deficiency Claims	-	-	na	na	-	-	14
H4. Senior Unsecured Notes Claims	-	-	na	na	-	-	14
H5. Subsidiary Guaranteed Notes Claims	502,019	502,019	0.0%	0.3%	-	1,367	14
H5a. Subsidiary Guaranteed Notes Turnover to First Lien Claimants	-	-	na	na	-	16,706	14
H6. General Unsecured Claims	-	-	na	na	-	-	14
H7. Pension Claims	446,123	223,061	0.0%	0.7%	-	1,553	14
H8. Intercompany Notes Payable	-	-	na	na	-	-	14
H9. Intercompany Claims - Prepetition	-	-	na	na	-	-	14
Total Unsecured Claims	\$ 948,142	\$ 725,081	0.0%	2.7%	\$ -	\$ 19,625	
Total Admin, Priority, Unsecured Claims & Distributions	\$ 948,142	\$ 727,699	0.0%	3.1%	\$ -	\$ 22,244	
Value Available for Equity Interests					\$ -	\$ 73,439	15

I. TOTAL PROCEEDS AVAILABLE FOR DISTRIBUTION

	Net Book Value	Estimated Recovery (%)		Estimated Liquidation Value		See Note
		Lower	Higher	Lower	Higher	
A. STATEMENT OF ASSETS						
Cash and equivalents	\$ -	0%	0%	\$ -	\$ -	1
Accounts receivable	-	0%	0%	-	-	2
Other current assets	-	0%	0%	-	-	2
Inventory	-	0%	0%	-	-	2
Due from subsidiaries/affiliates	-	0%	0%	-	-	3
Property and equipment, net	-	0%	0%	-	-	2
Goodwill	-	0%	0%	-	-	4
Intangibles	-	0%	0%	-	-	4
Investments in subsidiaries	-	0%	0%	-	-	5
Restricted cash	-	0%	0%	-	-	4
Other assets	-	0%	0%	-	-	
STATEMENT OF ASSETS - CASINO SALE						
Casino	-	0%	0%	-	-	6
Interim cash flow	-	0%	0%	-	-	7
Total Assets / Gross Recovery	\$ -	0%	0%	\$ -	\$ -	
A1. ENCUMBERED COLLATERAL						
Cash and equivalents	\$ -	0%	0%	\$ -	\$ -	1
Accounts receivable	-	0%	0%	-	-	2
Other current assets	-	0%	0%	-	-	2
Inventory	-	0%	0%	-	-	2
Due from subsidiaries/affiliates	-	0%	0%	-	-	3
Property and equipment, net	-	0%	0%	-	-	2
Goodwill	-	0%	0%	-	-	4
Intangibles	-	0%	0%	-	-	4
Investments in subsidiaries	-	0%	0%	-	-	5
Restricted cash	-	0%	0%	-	-	4
Other assets	-	0%	0%	-	-	
Casino value and encumbered interim cash flow	-	0%	0%	-	-	6,7
Total Encumbered Collateral / Gross Recovery	\$ -	0%	0%	\$ -	\$ -	
A2. UNENCUMBERED ASSETS						
Cash and equivalents	\$ -	0%	0%	\$ -	\$ -	1
Accounts receivable	-	0%	0%	-	-	2
Other current assets	-	0%	0%	-	-	2
Inventory	-	0%	0%	-	-	2
Due from subsidiaries/affiliates	-	0%	0%	-	-	3
Property and equipment, net	-	0%	0%	-	-	2
Goodwill	-	0%	0%	-	-	4
Intangibles	-	0%	0%	-	-	4
Investments in subsidiaries	-	0%	0%	-	-	5
Restricted cash	-	0%	0%	-	-	4
Other assets	-	0%	0%	-	-	
Unencumbered interim cash flow	-	0%	0%	-	-	7
Total Unencumbered Assets / Gross Recovery	\$ -	0%	0%	\$ -	\$ -	
B. LITIGATION RECOVERIES						
B1. Encumbered Causes of Action				-	-	8
B2. Unencumbered Causes of Action, including Preferences				-	104,018	8
B3. Total Litigation Recoveries				\$ -	\$ 104,018	
C. SUMMARY OF GROSS PROCEEDS						
C1. Encumbered Collateral Recovery (A1 + B1)				\$ -	\$ -	
C2. Unencumbered Assets Recovery (A2 + B2)				-	104,018	
C3. Total Gross Recovery Proceeds Available for Distribution				\$ -	\$ 104,018	

II. ALLOCATION OF PROCEEDS FROM ENCUMBERED COLLATERAL AVAILABLE FOR DISTRIBUTION

	Estimated Allowed Claims		Estimated Recovery (%)		Estimated Recovery on Secured Claims		See Note
	Lower	Higher	Lower	Higher	Lower	Higher	
Encumbered Gross Collateral Proceeds Available					\$ -	\$ -	
A. LESS: Section 506(c) Surcharges	\$ -	\$ -			\$ -	\$ -	9
B. Carve-Out Allocation	-	-			-	-	10
Proceeds Available to Secured Claims					\$ -	\$ -	
SECURED CLAIMS							
C. PLUS: Proceeds From Subsidiary Guaranteed Notes Turnover					-	-	14
Proceeds Available to Satisfy First Lien Secured Claims					\$ -	\$ -	
D. First Lien Secured Claims							
D1. First Lien Bank Claims	\$ -	\$ -	na	na	-	-	11
D2. First Lien Bond Claims	-	-	na	na	-	-	11
D3. First Lien Swap Claims	-	-	na	na	-	-	11
D4. Other First Lien Secured Claims	-	-	na	na	-	-	11
Total First Lien Claims & Recovery	\$ -	\$ -	na	na	\$ -	\$ -	
Proceeds Available to Satisfy Second Lien Secured Claims					\$ -	\$ -	
E. Second Lien Bond Claims	\$ -	\$ -	na	na	-	-	11
Total Second Lien Claims & Recovery	\$ -	\$ -	na	na	\$ -	\$ -	
F. Other Secured Claims	-	-			\$ -	\$ -	11
Total Secured Claims and Distributions	\$ -	\$ -	0.0%	0.0%	\$ -	\$ -	
Proceeds Available from Encumbered Collateral to Satisfy Administrative, Priority and Unsecured Claims					\$ -	\$ -	
Secured Lender Deficiency Claims (General Unsecured Claim)	\$ -	\$ -					

III. ALLOCATION OF PROCEEDS AVAILABLE TO SATISFY ADMINISTRATIVE, PRIORITY AND UNSECURED CLAIMS

	Estimated Allowed Claims		Estimated Recovery (%)		Estimated Recovery on Administrative, Priority and Unsecured Claims		See Note
	Lower	Higher	Lower	Higher	Lower	Higher	
Proceeds Available from Unencumbered Assets					\$ -	\$ 104,018	
Section 506(c) Surcharges					-	-	9
Proceeds Available from Encumbered Collateral					-	-	
Proceeds Available to Satisfy Administrative, Priority and Unsecured Claims					\$ -	\$ 104,018	
A. LESS: Carve-Out Allocation	\$ -	\$ 607	na	100.0%	\$ -	\$ 607	10
Proceeds Available for Administrative Claims					\$ -	\$ 103,410	
ADMINISTRATIVE CLAIMS							
B. Subsidiaries' Superpriority Admin Claims against CEOC	\$ -	\$ -	na	na	\$ -	\$ -	12
C. Chapter 7 Administrative Claims	-	2,240	na	100.0%	-	2,240	12
D. Chapter 11 Administrative Claims	-	-	na	na	-	-	12
Proceeds Available for Priority Claims					\$ -	\$ 101,171	
PRIORITY CLAIMS							
E. Employee Priority Claims	\$ -	\$ -	na	na	\$ -	\$ -	13
F. Priority Tax Claims	-	-	na	na	-	-	13
G. Other Priority Claims	-	-	na	na	-	-	13
Proceeds Available for Unsecured Claims					\$ -	\$ 101,171	
UNSECURED CLAIMS							
H1. First Lien Deficiency Claims	\$ -	\$ -	na	na	\$ -	\$ -	14
H2. Second Lien Deficiency Claims	-	-	na	na	-	-	14
H3. Other Secured Deficiency Claims	-	-	na	na	-	-	14
H4. Senior Unsecured Notes Claims	-	-	na	na	-	-	14
H5. Subsidiary Guaranteed Notes Claims	-	-	na	na	-	-	14
H5a. Subsidiary Guaranteed Notes Turnover to First Lien Claimants	-	-	na	na	-	-	14
H6. General Unsecured Claims	-	-	na	na	-	-	14
H7. Pension Claims	446,123	223,061	0.0%	2.5%	-	5,488	14
H8. Intercompany Notes Payable	-	-	na	na	-	-	14
H9. Intercompany Claims - Prepetition	-	-	na	na	-	-	14
Total Unsecured Claims	\$ 446,123	\$ 223,061	0.0%	2.5%	\$ -	\$ 5,488	
Total Admin, Priority, Unsecured Claims & Distributions	\$ 446,123	\$ 225,908	0.0%	3.7%	\$ -	\$ 8,334	
Value Available for Equity Interests					\$ -	\$ 95,683	15

I. TOTAL PROCEEDS AVAILABLE FOR DISTRIBUTION

	Net Book Value	Estimated Recovery (%)		Estimated Liquidation Value		See Note
		Lower	Higher	Lower	Higher	
A. STATEMENT OF ASSETS						
Cash and equivalents	\$ -	0%	0%	\$ -	\$ -	1
Accounts receivable	-	0%	0%	-	-	2
Other current assets	18	0%	0%	-	-	2
Inventory	-	0%	0%	-	-	2
Due from subsidiaries/affiliates	-	0%	0%	-	-	3
Property and equipment, net	-	0%	0%	-	-	2
Goodwill	-	0%	0%	-	-	4
Intangibles	-	0%	0%	-	-	4
Investments in subsidiaries	-	0%	nm	-	95,680	5
Restricted cash	-	0%	0%	-	-	4
Other assets	-	0%	0%	-	-	
STATEMENT OF ASSETS - CASINO SALE						
Casino	-	0%	0%	-	-	6
Interim cash flow	-	0%	0%	-	-	7
Total Assets / Gross Recovery	\$ 18	0%	100%+	\$ -	\$ 95,680	
A1. ENCUMBERED COLLATERAL						
Cash and equivalents	\$ -	0%	0%	\$ -	\$ -	1
Accounts receivable	-	0%	0%	-	-	2
Other current assets	18	0%	0%	-	-	2
Inventory	-	0%	0%	-	-	2
Due from subsidiaries/affiliates	-	0%	0%	-	-	3
Property and equipment, net	-	0%	0%	-	-	2
Goodwill	-	0%	0%	-	-	4
Intangibles	-	0%	0%	-	-	4
Investments in subsidiaries	-	0%	0%	-	-	5
Restricted cash	-	0%	0%	-	-	4
Other assets	-	0%	0%	-	-	
Casino value and encumbered interim cash flow	-	0%	0%	-	-	6,7
Total Encumbered Collateral / Gross Recovery	\$ 18	0%	0%	\$ -	\$ -	
A2. UNENCUMBERED ASSETS						
Cash and equivalents	\$ -	0%	0%	\$ -	\$ -	1
Accounts receivable	-	0%	0%	-	-	2
Other current assets	-	0%	0%	-	-	2
Inventory	-	0%	0%	-	-	2
Due from subsidiaries/affiliates	-	0%	0%	-	-	3
Property and equipment, net	-	0%	0%	-	-	2
Goodwill	-	0%	0%	-	-	4
Intangibles	-	0%	0%	-	-	4
Investments in subsidiaries	-	0%	nm	-	95,680	5
Restricted cash	-	0%	0%	-	-	4
Other assets	-	0%	0%	-	-	
Unencumbered interim cash flow	-	0%	0%	-	-	7
Total Unencumbered Assets / Gross Recovery	\$ -	0%	nm	\$ -	\$ 95,680	
B. LITIGATION RECOVERIES						
B1. Encumbered Causes of Action				-	-	8
B2. Unencumbered Causes of Action, including Preferences				-	-	8
B3. Total Litigation Recoveries				\$ -	\$ -	
C. SUMMARY OF GROSS PROCEEDS						
C1. Encumbered Collateral Recovery (A1 + B1)				\$ -	\$ -	
C2. Unencumbered Assets Recovery (A2 + B2)				-	95,680	
C3. Total Gross Recovery Proceeds Available for Distribution				\$ -	\$ 95,680	

II. ALLOCATION OF PROCEEDS FROM ENCUMBERED COLLATERAL AVAILABLE FOR DISTRIBUTION

	Estimated Allowed Claims		Estimated Recovery (%)		Estimated Recovery on Secured Claims		See Note
	Lower	Higher	Lower	Higher	Lower	Higher	
Encumbered Gross Collateral Proceeds Available					\$ -	\$ -	
A. LESS: Section 506(c) Surcharges	\$ -	\$ -			\$ -	\$ -	9
B. Carve-Out Allocation	-	-			-	-	10
Proceeds Available to Secured Claims					\$ -	\$ -	
SECURED CLAIMS							
C. PLUS: Proceeds From Subsidiary Guaranteed Notes Turnover					-	16,705	14
Proceeds Available to Satisfy First Lien Secured Claims					\$ -	\$ 16,705	
D. First Lien Secured Claims							
D1. First Lien Bank Claims	\$ -	\$ 16,571	na	100.0%	-	16,571	11
D2. First Lien Bond Claims	-	-	na	na	-	-	11
D3. First Lien Swap Claims	-	134	na	100.0%	-	134	11
D4. Other First Lien Secured Claims	-	-	na	na	-	-	11
Total First Lien Claims & Recovery	\$ -	\$ 16,705	na	100.0%	\$ -	\$ 16,705	
Proceeds Available to Satisfy Second Lien Secured Claims					\$ -	\$ -	
E. Second Lien Bond Claims	\$ -	\$ -	na	na	-	-	11
Total Second Lien Claims & Recovery	\$ -	\$ -	na	na	\$ -	\$ -	
F. Other Secured Claims	-	-			\$ -	\$ -	11
Total Secured Claims and Distributions	\$ -	\$ 16,705	0.0%	100.0%	\$ -	\$ 16,705	
Proceeds Available from Encumbered Collateral to Satisfy Administrative, Priority and Unsecured Claims					\$ -	\$ -	
Secured Lender Deficiency Claims (General Unsecured Claim)	\$ -	\$ -					

Chapter 11 Liquidation Assets Schedule 2
 (\$ in thousands)

III. ALLOCATION OF PROCEEDS AVAILABLE TO SATISFY ADMINISTRATIVE, PRIORITY AND UNSECURED CLAIMS

	Estimated Allowed Claims		Estimated Recovery (%)		Estimated Recovery on Administrative, Priority and Unsecured Claims		See Note
	Lower	Higher	Lower	Higher	Lower	Higher	
Proceeds Available from Unencumbered Assets					\$ -	\$ 95,680	
Section 506(c) Surcharges					-	-	9
Proceeds Available from Encumbered Collateral					-	-	
Proceeds Available to Satisfy Administrative, Priority and Unsecured Claims					\$ -	\$ 95,680	
A. LESS: Carve-Out Allocation	\$ -	\$ 559	na	100.0%	\$ -	\$ 559	10
Proceeds Available for Administrative Claims					\$ -	\$ 95,122	
ADMINISTRATIVE CLAIMS							
B. Subsidiaries' Superpriority Admin Claims against CEOC	\$ -	\$ -	na	na	\$ -	\$ -	12
C. Chapter 7 Administrative Claims	-	2,060	na	100.0%	-	2,060	12
D. Chapter 11 Administrative Claims	-	-	na	na	-	-	12
Proceeds Available for Priority Claims					\$ -	\$ 93,062	
PRIORITY CLAIMS							
E. Employee Priority Claims	\$ -	\$ -	na	na	\$ -	\$ -	13
F. Priority Tax Claims	-	-	na	na	-	-	13
G. Other Priority Claims	-	-	na	na	-	-	13
Proceeds Available for Unsecured Claims					\$ -	\$ 93,062	
UNSECURED CLAIMS							
H1. First Lien Deficiency Claims	\$ -	\$ -	na	na	\$ -	\$ -	14
H2. Second Lien Deficiency Claims	-	-	na	na	-	-	14
H3. Other Secured Deficiency Claims	-	-	na	na	-	-	14
H4. Senior Unsecured Notes Claims	-	-	na	na	-	-	14
H5. Subsidiary Guaranteed Notes Claims	502,019	502,019	0.0%	0.3%	-	1,367	14
H5a. Subsidiary Guaranteed Notes Turnover to First Lien Claimants	-	-	na	na	-	16,705	14
H6. General Unsecured Claims	-	-	na	na	-	-	14
H7. Pension Claims	446,123	223,061	0.0%	0.7%	-	1,553	14
H8. Intercompany Notes Payable	-	-	na	na	-	-	14
H9. Intercompany Claims - Prepetition	-	-	na	na	-	-	14
Total Unsecured Claims	\$ 948,142	\$ 725,081	0.0%	2.7%	\$ -	\$ 19,624	
Total Admin, Priority, Unsecured Claims & Distributions	\$ 948,142	\$ 727,699	0.0%	3.1%	\$ -	\$ 22,243	
Value Available for Equity Interests					\$ -	\$ 73,437	15

I. TOTAL PROCEEDS AVAILABLE FOR DISTRIBUTION

	Net Book Value	Estimated Recovery (%)		Estimated Liquidation Value		See Note
		Lower	Higher	Lower	Higher	
A. STATEMENT OF ASSETS						
Cash and equivalents	\$ -	0%	0%	\$ -	\$ -	1
Accounts receivable	-	0%	0%	-	-	2
Other current assets	-	0%	0%	-	-	2
Inventory	-	0%	0%	-	-	2
Due from subsidiaries/affiliates	-	0%	0%	-	-	3
Property and equipment, net	-	0%	0%	-	-	2
Goodwill	-	0%	0%	-	-	4
Intangibles	-	0%	0%	-	-	4
Investments in subsidiaries	-	0%	0%	-	-	5
Restricted cash	-	0%	0%	-	-	4
Other assets	-	0%	0%	-	-	
STATEMENT OF ASSETS - CASINO SALE						
Casino	-	0%	0%	-	-	6
Interim cash flow	-	0%	0%	-	-	7
Total Assets / Gross Recovery	\$ -	0%	0%	\$ -	\$ -	
A1. ENCUMBERED COLLATERAL						
Cash and equivalents	\$ -	0%	0%	\$ -	\$ -	1
Accounts receivable	-	0%	0%	-	-	2
Other current assets	-	0%	0%	-	-	2
Inventory	-	0%	0%	-	-	2
Due from subsidiaries/affiliates	-	0%	0%	-	-	3
Property and equipment, net	-	0%	0%	-	-	2
Goodwill	-	0%	0%	-	-	4
Intangibles	-	0%	0%	-	-	4
Investments in subsidiaries	-	0%	0%	-	-	5
Restricted cash	-	0%	0%	-	-	4
Other assets	-	0%	0%	-	-	
Casino value and encumbered interim cash flow	-	0%	0%	-	-	6,7
Total Encumbered Collateral / Gross Recovery	\$ -	0%	0%	\$ -	\$ -	
A2. UNENCUMBERED ASSETS						
Cash and equivalents	\$ -	0%	0%	\$ -	\$ -	1
Accounts receivable	-	0%	0%	-	-	2
Other current assets	-	0%	0%	-	-	2
Inventory	-	0%	0%	-	-	2
Due from subsidiaries/affiliates	-	0%	0%	-	-	3
Property and equipment, net	-	0%	0%	-	-	2
Goodwill	-	0%	0%	-	-	4
Intangibles	-	0%	0%	-	-	4
Investments in subsidiaries	-	0%	0%	-	-	5
Restricted cash	-	0%	0%	-	-	4
Other assets	-	0%	0%	-	-	
Unencumbered interim cash flow	-	0%	0%	-	-	7
Total Unencumbered Assets / Gross Recovery	\$ -	0%	0%	\$ -	\$ -	
B. LITIGATION RECOVERIES						
B1. Encumbered Causes of Action				-	-	8
B2. Unencumbered Causes of Action, including Preferences				-	104,018	8
B3. Total Litigation Recoveries				\$ -	\$ 104,018	
C. SUMMARY OF GROSS PROCEEDS						
C1. Encumbered Collateral Recovery (A1 + B1)				\$ -	\$ -	
C2. Unencumbered Assets Recovery (A2 + B2)				-	104,018	
C3. Total Gross Recovery Proceeds Available for Distribution				\$ -	\$ 104,018	

II. ALLOCATION OF PROCEEDS FROM ENCUMBERED COLLATERAL AVAILABLE FOR DISTRIBUTION

	Estimated Allowed Claims		Estimated Recovery (%)		Estimated Recovery on Secured Claims		See Note
	Lower	Higher	Lower	Higher	Lower	Higher	
Encumbered Gross Collateral Proceeds Available					\$ -	\$ -	
A. LESS: Section 506(c) Surcharges	\$ -	\$ -			\$ -	\$ -	9
B. Carve-Out Allocation	-	-			-	-	10
Proceeds Available to Secured Claims					\$ -	\$ -	
SECURED CLAIMS							
C. PLUS: Proceeds From Subsidiary Guaranteed Notes Turnover					-	-	14
Proceeds Available to Satisfy First Lien Secured Claims					\$ -	\$ -	
D. First Lien Secured Claims							
D1. First Lien Bank Claims	\$ -	\$ -	na	na	-	-	11
D2. First Lien Bond Claims	-	-	na	na	-	-	11
D3. First Lien Swap Claims	-	-	na	na	-	-	11
D4. Other First Lien Secured Claims	-	-	na	na	-	-	11
Total First Lien Claims & Recovery	\$ -	\$ -	na	na	\$ -	\$ -	
Proceeds Available to Satisfy Second Lien Secured Claims					\$ -	\$ -	
E. Second Lien Bond Claims	\$ -	\$ -	na	na	-	-	11
Total Second Lien Claims & Recovery	\$ -	\$ -	na	na	\$ -	\$ -	
F. Other Secured Claims	-	-			\$ -	\$ -	11
Total Secured Claims and Distributions	\$ -	\$ -	0.0%	0.0%	\$ -	\$ -	
Proceeds Available from Encumbered Collateral to Satisfy Administrative, Priority and Unsecured Claims					\$ -	\$ -	
Secured Lender Deficiency Claims (General Unsecured Claim)	\$ -	\$ -					

III. ALLOCATION OF PROCEEDS AVAILABLE TO SATISFY ADMINISTRATIVE, PRIORITY AND UNSECURED CLAIMS

	Estimated Allowed Claims		Estimated Recovery (%)		Estimated Recovery on Administrative, Priority and Unsecured Claims		See Note
	Lower	Higher	Lower	Higher	Lower	Higher	
Proceeds Available from Unencumbered Assets					\$ -	\$ 104,018	
Section 506(c) Surcharges					-	-	9
Proceeds Available from Encumbered Collateral					-	-	
Proceeds Available to Satisfy Administrative, Priority and Unsecured Claims					\$ -	\$ 104,018	
A. LESS: Carve-Out Allocation	\$ -	\$ 607	na	100.0%	\$ -	\$ 607	10
Proceeds Available for Administrative Claims					\$ -	\$ 103,410	
ADMINISTRATIVE CLAIMS							
B. Subsidiaries' Superpriority Admin Claims against CEOC	\$ -	\$ -	na	na	\$ -	\$ -	12
C. Chapter 7 Administrative Claims	-	2,240	na	100.0%	-	2,240	12
D. Chapter 11 Administrative Claims	3	3	0.0%	100.0%	-	3	12
Proceeds Available for Priority Claims					\$ -	\$ 101,168	
PRIORITY CLAIMS							
E. Employee Priority Claims	\$ -	\$ -	na	na	\$ -	\$ -	13
F. Priority Tax Claims	-	-	na	na	-	-	13
G. Other Priority Claims	-	-	na	na	-	-	13
Proceeds Available for Unsecured Claims					\$ -	\$ 101,168	
UNSECURED CLAIMS							
H1. First Lien Deficiency Claims	\$ -	\$ -	na	na	\$ -	\$ -	14
H2. Second Lien Deficiency Claims	-	-	na	na	-	-	14
H3. Other Secured Deficiency Claims	-	-	na	na	-	-	14
H4. Senior Unsecured Notes Claims	-	-	na	na	-	-	14
H5. Subsidiary Guaranteed Notes Claims	-	-	na	na	-	-	14
H5a. Subsidiary Guaranteed Notes Turnover to First Lien Claimants	-	-	na	na	-	-	14
H6. General Unsecured Claims	-	-	na	na	-	-	14
H7. Pension Claims	446,123	223,061	0.0%	2.5%	-	5,488	14
H8. Intercompany Notes Payable	-	-	na	na	-	-	14
H9. Intercompany Claims - Prepetition	-	-	na	na	-	-	14
Total Unsecured Claims	\$ 446,123	\$ 223,061	0.0%	2.5%	\$ -	\$ 5,488	
Total Admin, Priority, Unsecured Claims & Distributions	\$ 446,126	\$ 225,911	0.0%	3.7%	\$ -	\$ 8,337	
Value Available for Equity Interests					\$ -	\$ 95,680	15

I. TOTAL PROCEEDS AVAILABLE FOR DISTRIBUTION

	Net Book Value	Estimated Recovery (%)		Estimated Liquidation Value		See Note
		Lower	Higher	Lower	Higher	
A. STATEMENT OF ASSETS						
Cash and equivalents	\$ -	0%	0%	\$ -	\$ -	1
Accounts receivable	-	0%	0%	-	-	2
Other current assets	-	0%	0%	-	-	2
Inventory	-	0%	0%	-	-	2
Due from subsidiaries/affiliates	-	0%	0%	-	-	3
Property and equipment, net	-	0%	0%	-	-	2
Goodwill	-	0%	0%	-	-	4
Intangibles	-	0%	0%	-	-	4
Investments in subsidiaries	-	0%	0%	-	-	5
Restricted cash	-	0%	0%	-	-	4
Other assets	-	0%	0%	-	-	
STATEMENT OF ASSETS - CASINO SALE						
Casino	-	0%	0%	-	-	6
Interim cash flow	-	0%	0%	-	-	7
Total Assets / Gross Recovery	\$ -	0%	0%	\$ -	\$ -	
A1. ENCUMBERED COLLATERAL						
Cash and equivalents	\$ -	0%	0%	\$ -	\$ -	1
Accounts receivable	-	0%	0%	-	-	2
Other current assets	-	0%	0%	-	-	2
Inventory	-	0%	0%	-	-	2
Due from subsidiaries/affiliates	-	0%	0%	-	-	3
Property and equipment, net	-	0%	0%	-	-	2
Goodwill	-	0%	0%	-	-	4
Intangibles	-	0%	0%	-	-	4
Investments in subsidiaries	-	0%	0%	-	-	5
Restricted cash	-	0%	0%	-	-	4
Other assets	-	0%	0%	-	-	
Casino value and encumbered interim cash flow	-	0%	0%	-	-	6,7
Total Encumbered Collateral / Gross Recovery	\$ -	0%	0%	\$ -	\$ -	
A2. UNENCUMBERED ASSETS						
Cash and equivalents	\$ -	0%	0%	\$ -	\$ -	1
Accounts receivable	-	0%	0%	-	-	2
Other current assets	-	0%	0%	-	-	2
Inventory	-	0%	0%	-	-	2
Due from subsidiaries/affiliates	-	0%	0%	-	-	3
Property and equipment, net	-	0%	0%	-	-	2
Goodwill	-	0%	0%	-	-	4
Intangibles	-	0%	0%	-	-	4
Investments in subsidiaries	-	0%	0%	-	-	5
Restricted cash	-	0%	0%	-	-	4
Other assets	-	0%	0%	-	-	
Unencumbered interim cash flow	-	0%	0%	-	-	7
Total Unencumbered Assets / Gross Recovery	\$ -	0%	0%	\$ -	\$ -	
B. LITIGATION RECOVERIES						
B1. Encumbered Causes of Action				-	-	8
B2. Unencumbered Causes of Action, including Preferences				-	104,018	8
B3. Total Litigation Recoveries				\$ -	\$ 104,018	
C. SUMMARY OF GROSS PROCEEDS						
C1. Encumbered Collateral Recovery (A1 + B1)				\$ -	\$ -	
C2. Unencumbered Assets Recovery (A2 + B2)				-	104,018	
C3. Total Gross Recovery Proceeds Available for Distribution				\$ -	\$ 104,018	

II. ALLOCATION OF PROCEEDS FROM ENCUMBERED COLLATERAL AVAILABLE FOR DISTRIBUTION

	Estimated Allowed Claims		Estimated Recovery (%)		Estimated Recovery on Secured Claims		See Note
	Lower	Higher	Lower	Higher	Lower	Higher	
Encumbered Gross Collateral Proceeds Available					\$ -	\$ -	
A. LESS: Section 506(c) Surcharges	\$ -	\$ -			\$ -	\$ -	9
B. Carve-Out Allocation	-	-			-	-	10
Proceeds Available to Secured Claims					\$ -	\$ -	
SECURED CLAIMS							
C. PLUS: Proceeds From Subsidiary Guaranteed Notes Turnover					-	-	14
Proceeds Available to Satisfy First Lien Secured Claims					\$ -	\$ -	
D. First Lien Secured Claims							
D1. First Lien Bank Claims	\$ -	\$ -	na	na	-	-	11
D2. First Lien Bond Claims	-	-	na	na	-	-	11
D3. First Lien Swap Claims	-	-	na	na	-	-	11
D4. Other First Lien Secured Claims	-	-	na	na	-	-	11
Total First Lien Claims & Recovery	\$ -	\$ -	na	na	\$ -	\$ -	
Proceeds Available to Satisfy Second Lien Secured Claims					\$ -	\$ -	
E. Second Lien Bond Claims	\$ -	\$ -	na	na	-	-	11
Total Second Lien Claims & Recovery	\$ -	\$ -	na	na	\$ -	\$ -	
F. Other Secured Claims	-	-			\$ -	\$ -	11
Total Secured Claims and Distributions	\$ -	\$ -	0.0%	0.0%	\$ -	\$ -	
Proceeds Available from Encumbered Collateral to Satisfy Administrative, Priority and Unsecured Claims					\$ -	\$ -	
Secured Lender Deficiency Claims (General Unsecured Claim)	\$ -	\$ -					

III. ALLOCATION OF PROCEEDS AVAILABLE TO SATISFY ADMINISTRATIVE, PRIORITY AND UNSECURED CLAIMS

	Estimated Allowed Claims		Estimated Recovery (%)		Estimated Recovery on Administrative, Priority and Unsecured Claims		See Note
	Lower	Higher	Lower	Higher	Lower	Higher	
Proceeds Available from Unencumbered Assets					\$ -	\$ 104,018	
Section 506(c) Surcharges					-	-	9
Proceeds Available from Encumbered Collateral					-	-	
Proceeds Available to Satisfy Administrative, Priority and Unsecured Claims					\$ -	\$ 104,018	
A. LESS: Carve-Out Allocation	\$ -	\$ 607	na	100.0%	\$ -	\$ 607	10
Proceeds Available for Administrative Claims					\$ -	\$ 103,410	
ADMINISTRATIVE CLAIMS							
B. Subsidiaries' Superpriority Admin Claims against CEOC	\$ -	\$ -	na	na	\$ -	\$ -	12
C. Chapter 7 Administrative Claims	-	2,240	na	100.0%	-	2,240	12
D. Chapter 11 Administrative Claims	-	-	na	na	-	-	12
Proceeds Available for Priority Claims					\$ -	\$ 101,171	
PRIORITY CLAIMS							
E. Employee Priority Claims	\$ -	\$ -	na	na	\$ -	\$ -	13
F. Priority Tax Claims	-	-	na	na	-	-	13
G. Other Priority Claims	-	-	na	na	-	-	13
Proceeds Available for Unsecured Claims					\$ -	\$ 101,171	
UNSECURED CLAIMS							
H1. First Lien Deficiency Claims	\$ -	\$ -	na	na	\$ -	\$ -	14
H2. Second Lien Deficiency Claims	-	-	na	na	-	-	14
H3. Other Secured Deficiency Claims	-	-	na	na	-	-	14
H4. Senior Unsecured Notes Claims	-	-	na	na	-	-	14
H5. Subsidiary Guaranteed Notes Claims	-	-	na	na	-	-	14
H5a. Subsidiary Guaranteed Notes Turnover to First Lien Claimants	-	-	na	na	-	-	14
H6. General Unsecured Claims	-	-	na	na	-	-	14
H7. Pension Claims	446,123	223,061	0.0%	2.5%	-	5,488	14
H8. Intercompany Notes Payable	-	-	na	na	-	-	14
H9. Intercompany Claims - Prepetition	-	-	na	na	-	-	14
Total Unsecured Claims	\$ 446,123	\$ 223,061	0.0%	2.5%	\$ -	\$ 5,488	
Total Admin, Priority, Unsecured Claims & Distributions	\$ 446,123	\$ 225,908	0.0%	3.7%	\$ -	\$ 8,334	
Value Available for Equity Interests					\$ -	\$ 95,683	15

I. TOTAL PROCEEDS AVAILABLE FOR DISTRIBUTION

	Net Book Value	Estimated Recovery (%)		Estimated Liquidation Value		See Note
		Lower	Higher	Lower	Higher	
A. STATEMENT OF ASSETS						
Cash and equivalents	\$ -	0%	0%	\$ -	\$ -	1
Accounts receivable	-	0%	0%	-	-	2
Other current assets	-	0%	0%	-	-	2
Inventory	-	0%	0%	-	-	2
Due from subsidiaries/affiliates	-	0%	0%	-	-	3
Property and equipment, net	-	0%	0%	-	-	2
Goodwill	-	0%	0%	-	-	4
Intangibles	-	0%	0%	-	-	4
Investments in subsidiaries	-	0%	0%	-	-	5
Restricted cash	-	0%	0%	-	-	4
Other assets	-	0%	0%	-	-	
STATEMENT OF ASSETS - CASINO SALE						
Casino	-	0%	0%	-	-	6
Interim cash flow	-	0%	0%	-	-	7
Total Assets / Gross Recovery	\$ -	0%	0%	\$ -	\$ -	
A1. ENCUMBERED COLLATERAL						
Cash and equivalents	\$ -	0%	0%	\$ -	\$ -	1
Accounts receivable	-	0%	0%	-	-	2
Other current assets	-	0%	0%	-	-	2
Inventory	-	0%	0%	-	-	2
Due from subsidiaries/affiliates	-	0%	0%	-	-	3
Property and equipment, net	-	0%	0%	-	-	2
Goodwill	-	0%	0%	-	-	4
Intangibles	-	0%	0%	-	-	4
Investments in subsidiaries	-	0%	0%	-	-	5
Restricted cash	-	0%	0%	-	-	4
Other assets	-	0%	0%	-	-	
Casino value and encumbered interim cash flow	-	0%	0%	-	-	6,7
Total Encumbered Collateral / Gross Recovery	\$ -	0%	0%	\$ -	\$ -	
A2. UNENCUMBERED ASSETS						
Cash and equivalents	\$ -	0%	0%	\$ -	\$ -	1
Accounts receivable	-	0%	0%	-	-	2
Other current assets	-	0%	0%	-	-	2
Inventory	-	0%	0%	-	-	2
Due from subsidiaries/affiliates	-	0%	0%	-	-	3
Property and equipment, net	-	0%	0%	-	-	2
Goodwill	-	0%	0%	-	-	4
Intangibles	-	0%	0%	-	-	4
Investments in subsidiaries	-	0%	0%	-	-	5
Restricted cash	-	0%	0%	-	-	4
Other assets	-	0%	0%	-	-	
Unencumbered interim cash flow	-	0%	0%	-	-	7
Total Unencumbered Assets / Gross Recovery	\$ -	0%	0%	\$ -	\$ -	
B. LITIGATION RECOVERIES						
B1. Encumbered Causes of Action				-	-	8
B2. Unencumbered Causes of Action, including Preferences				-	178,684	8
B3. Total Litigation Recoveries				\$ -	\$ 178,684	
C. SUMMARY OF GROSS PROCEEDS						
C1. Encumbered Collateral Recovery (A1 + B1)				\$ -	\$ -	
C2. Unencumbered Assets Recovery (A2 + B2)				-	178,684	
C3. Total Gross Recovery Proceeds Available for Distribution				\$ -	\$ 178,684	

II. ALLOCATION OF PROCEEDS FROM ENCUMBERED COLLATERAL AVAILABLE FOR DISTRIBUTION

	Estimated Allowed Claims		Estimated Recovery (%)		Estimated Recovery on Secured Claims		See Note
	Lower	Higher	Lower	Higher	Lower	Higher	
Encumbered Gross Collateral Proceeds Available					\$ -	\$ -	
A. LESS: Section 506(c) Surcharges	\$ -	\$ -			\$ -	\$ -	9
B. Carve-Out Allocation	-	-			-	-	10
Proceeds Available to Secured Claims					\$ -	\$ -	
SECURED CLAIMS							
C. PLUS: Proceeds From Subsidiary Guaranteed Notes Turnover					-	-	14
Proceeds Available to Satisfy First Lien Secured Claims					\$ -	\$ -	
D. First Lien Secured Claims							
D1. First Lien Bank Claims	\$ -	\$ -	na	na	-	-	11
D2. First Lien Bond Claims	-	-	na	na	-	-	11
D3. First Lien Swap Claims	-	-	na	na	-	-	11
D4. Other First Lien Secured Claims	-	-	na	na	-	-	11
Total First Lien Claims & Recovery	\$ -	\$ -	na	na	\$ -	\$ -	
Proceeds Available to Satisfy Second Lien Secured Claims					\$ -	\$ -	
E. Second Lien Bond Claims	\$ -	\$ -	na	na	-	-	11
Total Second Lien Claims & Recovery	\$ -	\$ -	na	na	\$ -	\$ -	
F. Other Secured Claims	-	-			\$ -	\$ -	11
Total Secured Claims and Distributions	\$ -	\$ -	0.0%	0.0%	\$ -	\$ -	
Proceeds Available from Encumbered Collateral to Satisfy Administrative, Priority and Unsecured Claims					\$ -	\$ -	
Secured Lender Deficiency Claims (General Unsecured Claim)	\$ -	\$ -					

III. ALLOCATION OF PROCEEDS AVAILABLE TO SATISFY ADMINISTRATIVE, PRIORITY AND UNSECURED CLAIMS

	Estimated Allowed Claims		Estimated Recovery (%)		Estimated Recovery on Administrative, Priority and Unsecured Claims		See Note
	Lower	Higher	Lower	Higher	Lower	Higher	
	Proceeds Available from Unencumbered Assets					\$ -	
Section 506(c) Surcharges					-	-	
Proceeds Available from Encumbered Collateral					-	-	
Proceeds Available to Satisfy Administrative, Priority and Unsecured Claims					\$ -	\$ 178,684	
A. LESS: Carve-Out Allocation	\$ -	\$ 1,043	na	100.0%	\$ -	\$ 1,043	10
Proceeds Available for Administrative Claims					\$ -	\$ 177,641	
ADMINISTRATIVE CLAIMS							
B. Subsidiaries' Superpriority Admin Claims against CEOC	\$ -	\$ -	na	na	\$ -	\$ -	12
C. Chapter 7 Administrative Claims	-	3,847	na	100.0%	-	3,847	12
D. Chapter 11 Administrative Claims	-	-	na	na	-	-	12
Proceeds Available for Priority Claims					\$ -	\$ 173,794	
PRIORITY CLAIMS							
E. Employee Priority Claims	\$ -	\$ -	na	na	\$ -	\$ -	13
F. Priority Tax Claims	-	-	na	na	-	-	13
G. Other Priority Claims	-	-	na	na	-	-	13
Proceeds Available for Unsecured Claims					\$ -	\$ 173,794	
UNSECURED CLAIMS							
H1. First Lien Deficiency Claims	\$ -	\$ -	na	na	\$ -	\$ -	14
H2. Second Lien Deficiency Claims	-	-	na	na	-	-	14
H3. Other Secured Deficiency Claims	-	-	na	na	-	-	14
H4. Senior Unsecured Notes Claims	-	-	na	na	-	-	14
H5. Subsidiary Guaranteed Notes Claims	-	-	na	na	-	-	14
H5a. Subsidiary Guaranteed Notes Turnover to First Lien Claimants	-	-	na	na	-	-	14
H6. General Unsecured Claims	-	-	na	na	-	-	14
H7. Pension Claims	446,123	223,061	0.0%	4.2%	-	9,427	14
H8. Intercompany Notes Payable	-	-	na	na	-	-	14
H9. Intercompany Claims - Prepetition	-	-	na	na	-	-	14
Total Unsecured Claims	\$ 446,123	\$ 223,061	0.0%	4.2%	\$ -	\$ 9,427	
Total Admin, Priority, Unsecured Claims & Distributions	\$ 446,123	\$ 227,952	0.0%	6.3%	\$ -	\$ 14,317	
Value Available for Equity Interests					\$ -	\$ 164,367	15

I. TOTAL PROCEEDS AVAILABLE FOR DISTRIBUTION

	Net Book Value	Estimated Recovery (%)		Estimated Liquidation Value		See Note
		Lower	Higher	Lower	Higher	
		A. STATEMENT OF ASSETS				
Cash and equivalents	\$ -	0%	0%	\$ -	\$ -	1
Accounts receivable	-	0%	0%	-	-	2
Other current assets	31	0%	0%	-	-	2
Inventory	-	0%	0%	-	-	2
Due from subsidiaries/affiliates	-	0%	0%	-	-	3
Property and equipment, net	-	0%	0%	2,552	2,801	2
Goodwill	-	0%	0%	-	-	4
Intangibles	-	0%	0%	-	-	4
Investments in subsidiaries	-	0%	0%	-	191	5
Restricted cash	-	0%	0%	-	-	4
Other assets	-	0%	0%	-	-	
STATEMENT OF ASSETS - CASINO SALE						
Casino	-	0%	0%	-	-	6
Interim cash flow	-	0%	0%	-	-	7
Total Assets / Gross Recovery	\$ 31	100%+	100%+	\$ 2,552	\$ 2,992	
A1. ENCUMBERED COLLATERAL						
Cash and equivalents	\$ -	0%	0%	\$ -	\$ -	1
Accounts receivable	-	0%	0%	-	-	2
Other current assets	31	0%	0%	-	-	2
Inventory	-	0%	0%	-	-	2
Due from subsidiaries/affiliates	-	0%	0%	-	-	3
Property and equipment, net	-	0%	0%	-	-	2
Goodwill	-	0%	0%	-	-	4
Intangibles	-	0%	0%	-	-	4
Investments in subsidiaries	-	0%	0%	-	191	5
Restricted cash	-	0%	0%	-	-	4
Other assets	-	0%	0%	-	-	
Casino value and encumbered interim cash flow	-	0%	0%	-	-	6,7
Total Encumbered Collateral / Gross Recovery	\$ 31	0%	100%+	\$ -	\$ 191	
A2. UNENCUMBERED ASSETS						
Cash and equivalents	\$ -	0%	0%	\$ -	\$ -	1
Accounts receivable	-	0%	0%	-	-	2
Other current assets	-	0%	0%	-	-	2
Inventory	-	0%	0%	-	-	2
Due from subsidiaries/affiliates	-	0%	0%	-	-	3
Property and equipment, net	-	nm	nm	2,552	2,801	2
Goodwill	-	0%	0%	-	-	4
Intangibles	-	0%	0%	-	-	4
Investments in subsidiaries	-	0%	0%	-	-	5
Restricted cash	-	0%	0%	-	-	4
Other assets	-	0%	0%	-	-	
Unencumbered interim cash flow	-	0%	0%	-	-	7
Total Unencumbered Assets / Gross Recovery	\$ -	nm	nm	\$ 2,552	\$ 2,801	
B. LITIGATION RECOVERIES						
B1. Encumbered Causes of Action	-	-	-	-	-	8
B2. Unencumbered Causes of Action, including Preferences	-	-	-	1	2	8
B3. Total Litigation Recoveries	-	-	-	<u>\$ 1</u>	<u>\$ 2</u>	
C. SUMMARY OF GROSS PROCEEDS						
C1. Encumbered Collateral Recovery (A1 + B1)	-	-	-	\$ -	\$ 191	
C2. Unencumbered Assets Recovery (A2 + B2)	-	-	-	2,553	2,804	
C3. Total Gross Recovery Proceeds Available for Distribution	-	-	-	<u>\$ 2,553</u>	<u>\$ 2,994</u>	

II. ALLOCATION OF PROCEEDS FROM ENCUMBERED COLLATERAL AVAILABLE FOR DISTRIBUTION

	Estimated Allowed Claims		Estimated Recovery (%)		Estimated Recovery on Secured Claims		See Note
	Lower	Higher	Lower	Higher	Lower	Higher	
Encumbered Gross Collateral Proceeds Available					\$ -	\$ 191	
A. LESS: Section 506(c) Surcharges	\$ -	\$ -			\$ -	\$ -	9
B. Carve-Out Allocation	-	-			-	-	10
Proceeds Available to Secured Claims					\$ -	\$ 191	
SECURED CLAIMS							
C. PLUS: Proceeds From Subsidiary Guaranteed Notes Turnover					957	300	14
Proceeds Available to Satisfy First Lien Secured Claims					\$ 957	\$ 490	
D. First Lien Secured Claims							
D1. First Lien Bank Claims	\$ 425	\$ 382	100.0%	100.0%	425	382	11
D2. First Lien Bond Claims	528	105	100.0%	100.0%	528	105	11
D3. First Lien Swap Claims	3	3	100.0%	100.0%	3	3	11
D4. Other First Lien Secured Claims	-	-	na	na	-	-	11
Total First Lien Claims & Recovery	\$ 957	\$ 490	100.0%	100.0%	\$ 957	\$ 490	
Proceeds Available to Satisfy Second Lien Secured Claims					\$ -	\$ -	
E. Second Lien Bond Claims	\$ -	\$ -	na	na	-	-	11
Total Second Lien Claims & Recovery	\$ -	\$ -	na	na	\$ -	\$ -	
F. Other Secured Claims	-	-			\$ -	\$ -	11
Total Secured Claims and Distributions	\$ 957	\$ 490	100.0%	100.0%	\$ 957	\$ 490	
Proceeds Available from Encumbered Collateral to Satisfy Administrative, Priority and Unsecured Claims					\$ -	\$ -	
Secured Lender Deficiency Claims (General Unsecured Claim)	\$ -	\$ -					

III. ALLOCATION OF PROCEEDS AVAILABLE TO SATISFY ADMINISTRATIVE, PRIORITY AND UNSECURED CLAIMS

	Estimated Allowed Claims		Estimated Recovery (%)		Estimated Recovery on Administrative, Priority and Unsecured Claims		See Note
	Lower	Higher	Lower	Higher	Lower	Higher	
Proceeds Available from Unencumbered Assets					\$ 2,553	\$ 2,804	
Section 506(c) Surcharges					-	-	9
Proceeds Available from Encumbered Collateral					-	-	
Proceeds Available to Satisfy Administrative, Priority and Unsecured Claims					\$ 2,553	\$ 2,804	
A. LESS: Carve-Out Allocation	\$ 63	\$ 16	100.0%	100.0%	\$ 63	\$ 16	10
Proceeds Available for Administrative Claims					\$ 2,490	\$ 2,787	
ADMINISTRATIVE CLAIMS							
B. Subsidiaries' Superpriority Admin Claims against CEOC	\$ -	\$ -	na	na	\$ -	\$ -	12
C. Chapter 7 Administrative Claims	339	60	100.0%	100.0%	339	60	12
D. Chapter 11 Administrative Claims	-	-	na	na	-	-	12
Proceeds Available for Priority Claims					\$ 2,150	\$ 2,727	
PRIORITY CLAIMS							
E. Employee Priority Claims	\$ -	\$ -	na	na	\$ -	\$ -	13
F. Priority Tax Claims	-	-	na	na	-	-	13
G. Other Priority Claims	-	-	na	na	-	-	13
Proceeds Available for Unsecured Claims					\$ 2,150	\$ 2,727	
UNSECURED CLAIMS							
H1. First Lien Deficiency Claims	\$ -	\$ -	na	na	\$ -	\$ -	14
H2. Second Lien Deficiency Claims	-	-	na	na	-	-	14
H3. Other Secured Deficiency Claims	-	-	na	na	-	-	14
H4. Senior Unsecured Notes Claims	-	-	na	na	-	-	14
H5. Subsidiary Guaranteed Notes Claims	502,019	502,019	0.0%	0.0%	35	25	14
H5a. Subsidiary Guaranteed Notes Turnover to First Lien Claimants			na	na	957	300	14
H6. General Unsecured Claims	1	3	0.2%	0.7%	0	0	14
H7. Pension Claims	446,123	223,061	0.1%	0.0%	521	31	14
H8. Intercompany Notes Payable	321,012	321,012	0.2%	0.7%	634	2,360	14
H9. Intercompany Claims - Prepetition	1,572	1,572	0.2%	0.7%	3	12	14
Total Unsecured Claims	\$ 1,270,727	\$ 1,047,667	0.2%	0.3%	\$ 2,150	\$ 2,727	
Total Admin, Priority, Unsecured Claims & Distributions	\$ 1,271,130	\$ 1,047,744	0.2%	0.3%	\$ 2,553	\$ 2,804	
Value Available for Equity Interests					\$ -	\$ -	15

I. TOTAL PROCEEDS AVAILABLE FOR DISTRIBUTION

	Net Book Value	Estimated Recovery (%)		Estimated Liquidation Value		See Note
		Lower	Higher	Lower	Higher	
A. STATEMENT OF ASSETS						
Cash and equivalents	\$ -	0%	0%	\$ -	\$ -	1
Accounts receivable	-	0%	0%	-	-	2
Other current assets	-	0%	0%	-	-	2
Inventory	-	0%	0%	-	-	2
Due from subsidiaries/affiliates	-	0%	0%	-	-	3
Property and equipment, net	-	0%	0%	-	-	2
Goodwill	-	0%	0%	-	-	4
Intangibles	-	0%	0%	-	-	4
Investments in subsidiaries	-	0%	0%	-	-	5
Restricted cash	-	0%	0%	-	-	4
Other assets	-	0%	0%	-	-	
STATEMENT OF ASSETS - CASINO SALE						
Casino	-	0%	0%	-	-	6
Interim cash flow	-	0%	0%	-	-	7
Total Assets / Gross Recovery	\$ -	0%	0%	\$ -	\$ -	
A1. ENCUMBERED COLLATERAL						
Cash and equivalents	\$ -	0%	0%	\$ -	\$ -	1
Accounts receivable	-	0%	0%	-	-	2
Other current assets	-	0%	0%	-	-	2
Inventory	-	0%	0%	-	-	2
Due from subsidiaries/affiliates	-	0%	0%	-	-	3
Property and equipment, net	-	0%	0%	-	-	2
Goodwill	-	0%	0%	-	-	4
Intangibles	-	0%	0%	-	-	4
Investments in subsidiaries	-	0%	0%	-	-	5
Restricted cash	-	0%	0%	-	-	4
Other assets	-	0%	0%	-	-	
Casino value and encumbered interim cash flow	-	0%	0%	-	-	6,7
Total Encumbered Collateral / Gross Recovery	\$ -	0%	0%	\$ -	\$ -	
A2. UNENCUMBERED ASSETS						
Cash and equivalents	\$ -	0%	0%	\$ -	\$ -	1
Accounts receivable	-	0%	0%	-	-	2
Other current assets	-	0%	0%	-	-	2
Inventory	-	0%	0%	-	-	2
Due from subsidiaries/affiliates	-	0%	0%	-	-	3
Property and equipment, net	-	0%	0%	-	-	2
Goodwill	-	0%	0%	-	-	4
Intangibles	-	0%	0%	-	-	4
Investments in subsidiaries	-	0%	0%	-	-	5
Restricted cash	-	0%	0%	-	-	4
Other assets	-	0%	0%	-	-	
Unencumbered interim cash flow	-	0%	0%	-	-	7
Total Unencumbered Assets / Gross Recovery	\$ -	0%	0%	\$ -	\$ -	
B. LITIGATION RECOVERIES						
B1. Encumbered Causes of Action				-	-	8
B2. Unencumbered Causes of Action, including Preferences				-	-	8
B3. Total Litigation Recoveries				\$ -	\$ -	
C. SUMMARY OF GROSS PROCEEDS						
C1. Encumbered Collateral Recovery (A1 + B1)				\$ -	\$ -	
C2. Unencumbered Assets Recovery (A2 + B2)				-	-	
C3. Total Gross Recovery Proceeds Available for Distribution				\$ -	\$ -	

II. ALLOCATION OF PROCEEDS FROM ENCUMBERED COLLATERAL AVAILABLE FOR DISTRIBUTION

	Estimated Allowed Claims		Estimated Recovery (%)		Estimated Recovery on Secured Claims		See Note
	Lower	Higher	Lower	Higher	Lower	Higher	
Encumbered Gross Collateral Proceeds Available					\$ -	\$ -	
A. LESS: Section 506(c) Surcharges	\$ -	\$ -			\$ -	\$ -	9
B. Carve-Out Allocation	-	-			-	-	10
Proceeds Available to Secured Claims					<u>\$ -</u>	<u>\$ -</u>	
SECURED CLAIMS							
C. PLUS: Proceeds From Subsidiary Guaranteed Notes Turnover					-	-	14
Proceeds Available to Satisfy First Lien Secured Claims					<u>\$ -</u>	<u>\$ -</u>	
D. First Lien Secured Claims							
D1. First Lien Bank Claims	\$ -	\$ -	na	na	-	-	11
D2. First Lien Bond Claims	-	-	na	na	-	-	11
D3. First Lien Swap Claims	-	-	na	na	-	-	11
D4. Other First Lien Secured Claims	-	-	na	na	-	-	11
Total First Lien Claims & Recovery	<u>\$ -</u>	<u>\$ -</u>	na	na	<u>\$ -</u>	<u>\$ -</u>	
Proceeds Available to Satisfy Second Lien Secured Claims					<u>\$ -</u>	<u>\$ -</u>	
E. Second Lien Bond Claims	\$ -	\$ -	na	na	-	-	11
Total Second Lien Claims & Recovery	<u>\$ -</u>	<u>\$ -</u>	na	na	<u>\$ -</u>	<u>\$ -</u>	
F. Other Secured Claims	-	-			\$ -	\$ -	11
Total Secured Claims and Distributions	<u>\$ -</u>	<u>\$ -</u>	0.0%	0.0%	<u>\$ -</u>	<u>\$ -</u>	
Proceeds Available from Encumbered Collateral to Satisfy Administrative, Priority and Unsecured Claims					<u><u>\$ -</u></u>	<u><u>\$ -</u></u>	
Secured Lender Deficiency Claims (General Unsecured Claim)	<u><u>\$ -</u></u>	<u><u>\$ -</u></u>					

III. ALLOCATION OF PROCEEDS AVAILABLE TO SATISFY ADMINISTRATIVE, PRIORITY AND UNSECURED CLAIMS

	Estimated Allowed Claims		Estimated Recovery (%)		Estimated Recovery on Administrative, Priority and Unsecured Claims		See Note
	Lower	Higher	Lower	Higher	Lower	Higher	
Proceeds Available from Unencumbered Assets					\$ -	\$ -	
Section 506(c) Surcharges					-	-	9
Proceeds Available from Encumbered Collateral					-	-	
Proceeds Available to Satisfy Administrative, Priority and Unsecured Claims					\$ -	\$ -	
A. LESS: Carve-Out Allocation	\$ -	\$ -	na	na	\$ -	\$ -	10
Proceeds Available for Administrative Claims					\$ -	\$ -	
ADMINISTRATIVE CLAIMS							
B. Subsidiaries' Superpriority Admin Claims against CEOC	\$ -	\$ -	na	na	\$ -	\$ -	12
C. Chapter 7 Administrative Claims	-	-	na	na	-	-	12
D. Chapter 11 Administrative Claims	-	-	na	na	-	-	12
Proceeds Available for Priority Claims					\$ -	\$ -	
PRIORITY CLAIMS							
E. Employee Priority Claims	\$ -	\$ -	na	na	\$ -	\$ -	13
F. Priority Tax Claims	-	-	na	na	-	-	13
G. Other Priority Claims	-	-	na	na	-	-	13
Proceeds Available for Unsecured Claims					\$ -	\$ -	
UNSECURED CLAIMS							
H1. First Lien Deficiency Claims	\$ -	\$ -	na	na	\$ -	\$ -	14
H2. Second Lien Deficiency Claims	-	-	na	na	-	-	14
H3. Other Secured Deficiency Claims	-	-	na	na	-	-	14
H4. Senior Unsecured Notes Claims	-	-	na	na	-	-	14
H5. Subsidiary Guaranteed Notes Claims	502,019	502,019	0.0%	0.0%	-	-	14
H5a. Subsidiary Guaranteed Notes Turnover to First Lien Claimants	-	-	na	na	-	-	14
H6. General Unsecured Claims	-	-	na	na	-	-	14
H7. Pension Claims	446,123	223,061	0.0%	0.0%	-	-	14
H8. Intercompany Notes Payable	-	-	na	na	-	-	14
H9. Intercompany Claims - Prepetition	1	1	0.0%	0.0%	-	-	14
Total Unsecured Claims	\$ 948,143	\$ 725,082	0.0%	0.0%	\$ -	\$ -	
Total Admin, Priority, Unsecured Claims & Distributions	\$ 948,143	\$ 725,082	0.0%	0.0%	\$ -	\$ -	
Value Available for Equity Interests					\$ -	\$ -	15

I. TOTAL PROCEEDS AVAILABLE FOR DISTRIBUTION

	Net Book Value	Estimated Recovery (%)		Estimated Liquidation Value		See Note
		Lower	Higher	Lower	Higher	
A. STATEMENT OF ASSETS						
Cash and equivalents	\$ -	0%	0%	\$ -	\$ -	1
Accounts receivable	-	0%	0%	-	-	2
Other current assets	7	0%	0%	-	-	2
Inventory	-	0%	0%	-	-	2
Due from subsidiaries/affiliates	-	0%	0%	-	-	3
Property and equipment, net	570	41%	46%	233	264	2
Goodwill	-	0%	0%	-	-	4
Intangibles	-	0%	0%	-	-	4
Investments in subsidiaries	-	0%	0%	-	-	5
Restricted cash	-	0%	0%	-	-	4
Other assets	-	0%	0%	-	-	
STATEMENT OF ASSETS - CASINO SALE						
Casino	-	0%	0%	-	-	6
Interim cash flow	-	0%	0%	-	-	7
Total Assets / Gross Recovery	\$ 577	40%	46%	\$ 233	\$ 264	
A1. ENCUMBERED COLLATERAL						
Cash and equivalents	\$ -	0%	0%	\$ -	\$ -	1
Accounts receivable	-	0%	0%	-	-	2
Other current assets	7	0%	0%	-	-	2
Inventory	-	0%	0%	-	-	2
Due from subsidiaries/affiliates	-	0%	0%	-	-	3
Property and equipment, net	-	0%	0%	-	-	2
Goodwill	-	0%	0%	-	-	4
Intangibles	-	0%	0%	-	-	4
Investments in subsidiaries	-	0%	0%	-	-	5
Restricted cash	-	0%	0%	-	-	4
Other assets	-	0%	0%	-	-	
Casino value and encumbered interim cash flow	(0)	0%	0%	-	-	6,7
Total Encumbered Collateral / Gross Recovery	\$ 7	0%	0%	\$ -	\$ -	
A2. UNENCUMBERED ASSETS						
Cash and equivalents	\$ -	0%	0%	\$ -	\$ -	1
Accounts receivable	-	0%	0%	-	-	2
Other current assets	-	0%	0%	-	-	2
Inventory	-	0%	0%	-	-	2
Due from subsidiaries/affiliates	-	0%	0%	-	-	3
Property and equipment, net	570	41%	46%	233	264	2
Goodwill	-	0%	0%	-	-	4
Intangibles	-	0%	0%	-	-	4
Investments in subsidiaries	-	0%	0%	-	-	5
Restricted cash	-	0%	0%	-	-	4
Other assets	-	0%	0%	-	-	
Unencumbered interim cash flow	-	0%	0%	-	-	7
Total Unencumbered Assets / Gross Recovery	\$ 570	41%	46%	\$ 233	\$ 264	
B. LITIGATION RECOVERIES						
B1. Encumbered Causes of Action				-	-	8
B2. Unencumbered Causes of Action, including Preferences				-	-	8
B3. Total Litigation Recoveries				\$ -	\$ -	
C. SUMMARY OF GROSS PROCEEDS						
C1. Encumbered Collateral Recovery (A1 + B1)				\$ -	\$ -	
C2. Unencumbered Assets Recovery (A2 + B2)				233	264	
C3. Total Gross Recovery Proceeds Available for Distribution				\$ 233	\$ 264	

II. ALLOCATION OF PROCEEDS FROM ENCUMBERED COLLATERAL AVAILABLE FOR DISTRIBUTION

	Estimated Allowed Claims		Estimated Recovery (%)		Estimated Recovery on Secured Claims		See Note
	Lower	Higher	Lower	Higher	Lower	Higher	
Encumbered Gross Collateral Proceeds Available					\$ -	\$ -	
A. LESS: Section 506(c) Surcharges	\$ -	\$ -			\$ -	\$ -	9
B. Carve-Out Allocation	-	-			-	-	10
Proceeds Available to Secured Claims					\$ -	\$ -	
SECURED CLAIMS							
C. PLUS: Proceeds From Subsidiary Guaranteed Notes Turnover					128	46	14
Proceeds Available to Satisfy First Lien Secured Claims					\$ 128	\$ 46	
D. First Lien Secured Claims							
D1. First Lien Bank Claims	\$ 57	\$ 46	100.0%	100.0%	57	46	11
D2. First Lien Bond Claims	70	-	100.0%	na	70	-	11
D3. First Lien Swap Claims	0	0	100.0%	100.0%	0	0	11
D4. Other First Lien Secured Claims	-	-	na	na	-	-	11
Total First Lien Claims & Recovery	\$ 128	\$ 46	100.0%	100.0%	\$ 128	\$ 46	
Proceeds Available to Satisfy Second Lien Secured Claims					\$ -	\$ -	
E. Second Lien Bond Claims	\$ -	\$ -	na	na	-	-	11
Total Second Lien Claims & Recovery	\$ -	\$ -	na	na	\$ -	\$ -	
F. Other Secured Claims	-	-			\$ -	\$ -	11
Total Secured Claims and Distributions	\$ 128	\$ 46	100.0%	100.0%	\$ 128	\$ 46	
Proceeds Available from Encumbered Collateral to Satisfy Administrative, Priority and Unsecured Claims					\$ -	\$ -	
Secured Lender Deficiency Claims (General Unsecured Claim)	\$ -	\$ -					

III. ALLOCATION OF PROCEEDS AVAILABLE TO SATISFY ADMINISTRATIVE, PRIORITY AND UNSECURED CLAIMS

	Estimated Allowed Claims		Estimated Recovery (%)		Estimated Recovery on Administrative, Priority and Unsecured Claims		See Note
	Lower	Higher	Lower	Higher	Lower	Higher	
	Proceeds Available from Unencumbered Assets					\$ 233	
Section 506(c) Surcharges					-	-	9
Proceeds Available from Encumbered Collateral					-	-	
Proceeds Available to Satisfy Administrative, Priority and Unsecured Claims					\$ 233	\$ 264	
A. LESS: Carve-Out Allocation	\$ 6	\$ 2	100.0%	100.0%	\$ 6	\$ 2	10
Proceeds Available for Administrative Claims					\$ 227	\$ 262	
ADMINISTRATIVE CLAIMS							
B. Subsidiaries' Superpriority Admin Claims against CEOC	\$ -	\$ -	na	na	\$ -	\$ -	12
C. Chapter 7 Administrative Claims	31	6	100.0%	100.0%	31	6	12
D. Chapter 11 Administrative Claims	-	-	na	na	-	-	12
Proceeds Available for Priority Claims					\$ 196	\$ 256	
PRIORITY CLAIMS							
E. Employee Priority Claims	\$ -	\$ -	na	na	\$ -	\$ -	13
F. Priority Tax Claims	-	-	na	na	-	-	13
G. Other Priority Claims	-	-	na	na	-	-	13
Proceeds Available for Unsecured Claims					\$ 196	\$ 256	
UNSECURED CLAIMS							
H1. First Lien Deficiency Claims	\$ -	\$ -	na	na	\$ -	\$ -	14
H2. Second Lien Deficiency Claims	-	-	na	na	-	-	14
H3. Other Secured Deficiency Claims	-	-	na	na	-	-	14
H4. Senior Unsecured Notes Claims	-	-	na	na	-	-	14
H5. Subsidiary Guaranteed Notes Claims	502,019	502,019	0.0%	0.0%	5	4	14
H5a. Subsidiary Guaranteed Notes Turnover to First Lien Claimants	-	-	na	na	128	46	14
H6. General Unsecured Claims	-	-	na	na	-	-	14
H7. Pension Claims	446,123	223,061	0.0%	0.0%	64	4	14
H8. Intercompany Notes Payable	-	-	na	na	-	-	14
H9. Intercompany Claims - Prepetition	12	12	0.0%	100.0%	0	12	14
Total Unsecured Claims	\$ 948,154	\$ 725,092	0.0%	0.0%	\$ 196	\$ 66	
Total Admin, Priority, Unsecured Claims & Distributions	\$ 948,190	\$ 725,099	0.0%	0.0%	\$ 233	\$ 73	
Value Available for Equity Interests					\$ -	\$ 191	15

I. TOTAL PROCEEDS AVAILABLE FOR DISTRIBUTION

	Net Book Value	Estimated Recovery (%)		Estimated Liquidation Value		See Note
		Lower	Higher	Lower	Higher	
A. STATEMENT OF ASSETS						
Cash and equivalents	\$ -	0%	0%	\$ -	\$ -	1
Accounts receivable	-	0%	0%	-	-	2
Other current assets	2,156	3%	6%	59	119	2
Inventory	-	0%	0%	-	-	2
Due from subsidiaries/affiliates	-	0%	0%	-	-	3
Property and equipment, net	14,197	21%	21%	2,976	2,976	2
Goodwill	-	0%	0%	-	-	4
Intangibles	-	0%	0%	-	-	4
Investments in subsidiaries	-	0%	0%	-	-	5
Restricted cash	-	0%	0%	-	-	4
Other assets	117	21%	21%	24	24	(y)
STATEMENT OF ASSETS - CASINO SALE						
Casino	-	0%	0%	-	-	6
Interim cash flow	-	0%	0%	-	-	7
Total Assets / Gross Recovery	\$ 16,470	19%	19%	\$ 3,059	\$ 3,119	
A1. ENCUMBERED COLLATERAL						
Cash and equivalents	\$ -	0%	0%	\$ -	\$ -	1
Accounts receivable	-	0%	0%	-	-	2
Other current assets	2,156	3%	6%	59	119	2
Inventory	-	0%	0%	-	-	2
Due from subsidiaries/affiliates	-	0%	0%	-	-	3
Property and equipment, net	14,197	21%	21%	2,976	2,976	2
Goodwill	-	0%	0%	-	-	4
Intangibles	-	0%	0%	-	-	4
Investments in subsidiaries	-	0%	0%	-	-	5
Restricted cash	-	0%	0%	-	-	4
Other assets	117	21%	21%	24	24	
Casino value and encumbered interim cash flow	-	0%	0%	-	-	6,7
Total Encumbered Collateral / Gross Recovery	\$ 16,470	19%	19%	\$ 3,059	\$ 3,119	
A2. UNENCUMBERED ASSETS						
Cash and equivalents	\$ -	0%	0%	\$ -	\$ -	1
Accounts receivable	-	0%	0%	-	-	2
Other current assets	-	0%	0%	-	-	2
Inventory	-	0%	0%	-	-	2
Due from subsidiaries/affiliates	-	0%	0%	-	-	3
Property and equipment, net	-	0%	0%	-	-	2
Goodwill	-	0%	0%	-	-	4
Intangibles	-	0%	0%	-	-	4
Investments in subsidiaries	-	0%	0%	-	-	5
Restricted cash	-	0%	0%	-	-	4
Other assets	-	0%	0%	-	-	
Unencumbered interim cash flow	-	0%	0%	-	-	7
Total Unencumbered Assets / Gross Recovery	\$ -	0%	0%	\$ -	\$ -	
B. LITIGATION RECOVERIES						
B1. Encumbered Causes of Action				-	-	8
B2. Unencumbered Causes of Action, including Preferences				34	68	8
B3. Total Litigation Recoveries				\$ 34	\$ 68	
C. SUMMARY OF GROSS PROCEEDS						
C1. Encumbered Collateral Recovery (A1 + B1)				\$ 3,059	\$ 3,119	
C2. Unencumbered Assets Recovery (A2 + B2)				34	68	
C3. Total Gross Recovery Proceeds Available for Distribution				\$ 3,094	\$ 3,187	

II. ALLOCATION OF PROCEEDS FROM ENCUMBERED COLLATERAL AVAILABLE FOR DISTRIBUTION

	Estimated Allowed Claims		Estimated Recovery (%)		Estimated Recovery on Secured Claims		See Note
	Lower	Higher	Lower	Higher	Lower	Higher	
Encumbered Gross Collateral Proceeds Available					\$ 3,059	\$ 3,119	
A. LESS: Section 506(c) Surcharges	\$ -	\$ -			\$ -	\$ -	9
B. Carve-Out Allocation	-	-			-	-	10
Proceeds Available to Secured Claims					<u>\$ 3,059</u>	<u>\$ 3,119</u>	
SECURED CLAIMS							
C. PLUS: Proceeds From Subsidiary Guaranteed Notes Turnover					0	6	14
Proceeds Available to Satisfy First Lien Secured Claims					<u>\$ 3,060</u>	<u>\$ 3,125</u>	
D. First Lien Secured Claims							
D1. First Lien Bank Claims	\$ 1,377	\$ 1,391	100.0%	100.0%	1,377	1,391	11
D2. First Lien Bond Claims	1,671	1,723	100.0%	100.0%	1,671	1,723	11
D3. First Lien Swap Claims	11	11	100.0%	100.0%	11	11	11
D4. Other First Lien Secured Claims	-	-	na	na	-	-	11
Total First Lien Claims & Recovery	<u>\$ 3,060</u>	<u>\$ 3,125</u>	100.0%	100.0%	<u>\$ 3,060</u>	<u>\$ 3,125</u>	
Proceeds Available to Satisfy Second Lien Secured Claims					<u>\$ -</u>	<u>\$ -</u>	
E. Second Lien Bond Claims	\$ -	\$ -	na	na	-	-	11
Total Second Lien Claims & Recovery	<u>\$ -</u>	<u>\$ -</u>	na	na	<u>\$ -</u>	<u>\$ -</u>	
F. Other Secured Claims	-	-			\$ -	\$ -	11
Total Secured Claims and Distributions	<u>\$ 3,060</u>	<u>\$ 3,125</u>	100.0%	100.0%	<u>\$ 3,060</u>	<u>\$ 3,125</u>	
Proceeds Available from Encumbered Collateral to Satisfy Administrative, Priority and Unsecured Claims					<u>\$ -</u>	<u>\$ -</u>	
Secured Lender Deficiency Claims (General Unsecured Claim)	<u>\$ -</u>	<u>\$ -</u>					

III. ALLOCATION OF PROCEEDS AVAILABLE TO SATISFY ADMINISTRATIVE, PRIORITY AND UNSECURED CLAIMS

	Estimated Allowed Claims		Estimated Recovery (%)		Estimated Recovery on Administrative, Priority and Unsecured Claims		See Note
	Lower	Higher	Lower	Higher	Lower	Higher	
Proceeds Available from Unencumbered Assets					\$ 34	\$ 68	
Section 506(c) Surcharges					-	-	9
Proceeds Available from Encumbered Collateral					-	-	
Proceeds Available to Satisfy Administrative, Priority and Unsecured Claims					\$ 34	\$ 68	
A. LESS: Carve-Out Allocation	\$ 1	\$ 0	100.0%	100.0%	\$ 1	\$ 0	10
Proceeds Available for Administrative Claims					\$ 33	\$ 68	
ADMINISTRATIVE CLAIMS							
B. Subsidiaries' Superpriority Admin Claims against CEOC	\$ -	\$ -	na	na	\$ -	\$ -	12
C. Chapter 7 Administrative Claims	5	1	100.0%	100.0%	5	1	12
D. Chapter 11 Administrative Claims	25	25	100.0%	100.0%	25	25	12
Proceeds Available for Priority Claims					\$ 4	\$ 41	
PRIORITY CLAIMS							
E. Employee Priority Claims	\$ -	\$ -	na	na	\$ -	\$ -	13
F. Priority Tax Claims	3	3	100.0%	100.0%	3	3	13
G. Other Priority Claims	-	-	na	na	-	-	13
Proceeds Available for Unsecured Claims					\$ 0	\$ 38	
UNSECURED CLAIMS							
H1. First Lien Deficiency Claims	\$ -	\$ -	na	na	\$ -	\$ -	14
H2. Second Lien Deficiency Claims	-	-	na	na	-	-	14
H3. Other Secured Deficiency Claims	-	-	na	na	-	-	14
H4. Senior Unsecured Notes Claims	-	-	na	na	-	-	14
H5. Subsidiary Guaranteed Notes Claims	502,019	502,019	0.0%	0.0%	0	0	14
H5a. Subsidiary Guaranteed Notes Turnover to First Lien Claimants			na	na	0	6	14
H6. General Unsecured Claims	4,733	4,767	0.0%	0.0%	0	2	14
H7. Pension Claims	446,123	223,061	0.0%	0.0%	0	1	14
H8. Intercompany Notes Payable	-	-	na	na	-	-	14
H9. Intercompany Claims - Prepetition	63,147	63,147	0.0%	0.0%	0	29	14
Total Unsecured Claims	\$ 1,016,022	\$ 792,995	0.0%	0.0%	\$ 0	\$ 38	
Total Admin, Priority, Unsecured Claims & Distributions	\$ 1,016,056	\$ 793,025	0.0%	0.0%	\$ 34	\$ 68	
Value Available for Equity Interests					\$ -	\$ -	15

I. TOTAL PROCEEDS AVAILABLE FOR DISTRIBUTION

	Net Book Value	Estimated Recovery (%)		Estimated Liquidation Value		See Note
		Lower	Higher	Lower	Higher	
A. STATEMENT OF ASSETS						
Cash and equivalents	\$ -	0%	0%	\$ -	\$ -	1
Accounts receivable	-	0%	0%	-	-	2
Other current assets	-	0%	0%	-	-	2
Inventory	-	0%	0%	-	-	2
Due from subsidiaries/affiliates	0	0%	19%	-	0	3
Property and equipment, net	-	0%	0%	-	-	2
Goodwill	-	0%	0%	-	-	4
Intangibles	-	0%	0%	-	-	4
Investments in subsidiaries	-	0%	0%	-	-	5
Restricted cash	-	0%	0%	-	-	4
Other assets	-	0%	0%	-	-	
STATEMENT OF ASSETS - CASINO SALE						
Casino	-	0%	0%	-	-	6
Interim cash flow	-	0%	0%	-	-	7
Total Assets / Gross Recovery	\$ 0	0%	19%	\$ -	\$ 0	
A1. ENCUMBERED COLLATERAL						
Cash and equivalents	\$ -	0%	0%	\$ -	\$ -	1
Accounts receivable	-	0%	0%	-	-	2
Other current assets	-	0%	0%	-	-	2
Inventory	-	0%	0%	-	-	2
Due from subsidiaries/affiliates	0	0%	19%	-	0	3
Property and equipment, net	-	0%	0%	-	-	2
Goodwill	-	0%	0%	-	-	4
Intangibles	-	0%	0%	-	-	4
Investments in subsidiaries	-	0%	0%	-	-	5
Restricted cash	-	0%	0%	-	-	4
Other assets	-	0%	0%	-	-	
Casino value and encumbered interim cash flow	-	0%	0%	-	-	6,7
Total Encumbered Collateral / Gross Recovery	\$ 0	0%	19%	\$ -	\$ 0	
A2. UNENCUMBERED ASSETS						
Cash and equivalents	\$ -	0%	0%	\$ -	\$ -	1
Accounts receivable	-	0%	0%	-	-	2
Other current assets	-	0%	0%	-	-	2
Inventory	-	0%	0%	-	-	2
Due from subsidiaries/affiliates	-	0%	0%	-	-	3
Property and equipment, net	-	0%	0%	-	-	2
Goodwill	-	0%	0%	-	-	4
Intangibles	-	0%	0%	-	-	4
Investments in subsidiaries	-	0%	0%	-	-	5
Restricted cash	-	0%	0%	-	-	4
Other assets	-	0%	0%	-	-	
Unencumbered interim cash flow	-	0%	0%	-	-	7
Total Unencumbered Assets / Gross Recovery	\$ -	0%	0%	\$ -	\$ -	
B. LITIGATION RECOVERIES						
B1. Encumbered Causes of Action	-	-	-	-	-	8
B2. Unencumbered Causes of Action, including Preferences	-	-	-	-	-	8
B3. Total Litigation Recoveries	\$ -	\$ -	\$ -	\$ -	\$ -	
C. SUMMARY OF GROSS PROCEEDS						
C1. Encumbered Collateral Recovery (A1 + B1)	-	-	-	\$ -	\$ 0	
C2. Unencumbered Assets Recovery (A2 + B2)	-	-	-	-	-	
C3. Total Gross Recovery Proceeds Available for Distribution	\$ -	\$ -	\$ -	\$ -	\$ 0	

II. ALLOCATION OF PROCEEDS FROM ENCUMBERED COLLATERAL AVAILABLE FOR DISTRIBUTION

	Estimated Allowed Claims		Estimated Recovery (%)		Estimated Recovery on Secured Claims		See Note
	Lower	Higher	Lower	Higher	Lower	Higher	
Encumbered Gross Collateral Proceeds Available					\$ -	\$ 0	
A. LESS: Section 506(c) Surcharges	\$ -	\$ -			\$ -	\$ -	9
B. Carve-Out Allocation	-	-			-	-	10
Proceeds Available to Secured Claims					\$ -	\$ 0	
SECURED CLAIMS							
C. PLUS: Proceeds From Subsidiary Guaranteed Notes Turnover					-	-	14
Proceeds Available to Satisfy First Lien Secured Claims					\$ -	\$ 0	
D. First Lien Secured Claims							
D1. First Lien Bank Claims	\$ -	\$ 0	na	100.0%	-	0	11
D2. First Lien Bond Claims	-	0	na	100.0%	-	0	11
D3. First Lien Swap Claims	-	0	na	100.0%	-	0	11
D4. Other First Lien Secured Claims	-	-	na	na	-	-	11
Total First Lien Claims & Recovery	\$ -	\$ 0	na	100.0%	\$ -	\$ 0	
Proceeds Available to Satisfy Second Lien Secured Claims					\$ -	\$ -	
E. Second Lien Bond Claims	\$ -	\$ -	na	na	-	-	11
Total Second Lien Claims & Recovery	\$ -	\$ -	na	na	\$ -	\$ -	
F. Other Secured Claims	-	-			\$ -	\$ -	11
Total Secured Claims and Distributions	\$ -	\$ 0	0.0%	100.0%	\$ -	\$ 0	
Proceeds Available from Encumbered Collateral to Satisfy Administrative, Priority and Unsecured Claims					\$ -	\$ -	
Secured Lender Deficiency Claims (General Unsecured Claim)	\$ -	\$ -					

I. TOTAL PROCEEDS AVAILABLE FOR DISTRIBUTION

	Net Book Value	Estimated Recovery (%)		Estimated Liquidation Value		See Note
		Lower	Higher	Lower	Higher	
A. STATEMENT OF ASSETS						
Cash and equivalents	\$ -	0%	0%	\$ -	\$ -	1
Accounts receivable	-	0%	0%	-	-	2
Other current assets	-	0%	0%	-	-	2
Inventory	-	0%	0%	-	-	2
Due from subsidiaries/affiliates	-	0%	0%	-	-	3
Property and equipment, net	-	0%	0%	-	-	2
Goodwill	-	0%	0%	-	-	4
Intangibles	-	0%	0%	-	-	4
Investments in subsidiaries	-	0%	0%	-	-	5
Restricted cash	-	0%	0%	-	-	4
Other assets	-	0%	0%	-	-	
STATEMENT OF ASSETS - CASINO SALE						
Casino	144,123	48%	52%	69,380	74,486	6
Interim cash flow	7,487	80%	90%	5,990	6,739	7
Total Assets / Gross Recovery	\$ 151,611	50%	54%	\$ 75,370	\$ 81,224	
A1. ENCUMBERED COLLATERAL						
Cash and equivalents	\$ -	0%	0%	\$ -	\$ -	1
Accounts receivable	-	0%	0%	-	-	2
Other current assets	-	0%	0%	-	-	2
Inventory	-	0%	0%	-	-	2
Due from subsidiaries/affiliates	-	0%	0%	-	-	3
Property and equipment, net	-	0%	0%	-	-	2
Goodwill	-	0%	0%	-	-	4
Intangibles	-	0%	0%	-	-	4
Investments in subsidiaries	-	0%	0%	-	-	5
Restricted cash	-	0%	0%	-	-	4
Other assets	-	0%	0%	-	-	
Casino value and encumbered interim cash flow	145,726	48%	52%	70,662	75,928	6,7
Total Encumbered Collateral / Gross Recovery	\$ 145,726	48%	52%	\$ 70,662	\$ 75,928	
A2. UNENCUMBERED ASSETS						
Cash and equivalents	\$ -	0%	0%	\$ -	\$ -	1
Accounts receivable	-	0%	0%	-	-	2
Other current assets	-	0%	0%	-	-	2
Inventory	-	0%	0%	-	-	2
Due from subsidiaries/affiliates	-	0%	0%	-	-	3
Property and equipment, net	-	0%	0%	-	-	2
Goodwill	-	0%	0%	-	-	4
Intangibles	-	0%	0%	-	-	4
Investments in subsidiaries	-	0%	0%	-	-	5
Restricted cash	-	0%	0%	-	-	4
Other assets	-	0%	0%	-	-	
Unencumbered interim cash flow	5,885	80%	90%	4,708	5,297	7
Total Unencumbered Assets / Gross Recovery	\$ 5,885	80%	90%	\$ 4,708	\$ 5,297	
B. LITIGATION RECOVERIES						
B1. Encumbered Causes of Action				-	-	8
B2. Unencumbered Causes of Action, including Preferences				183	366	8
B3. Total Litigation Recoveries				\$ 183	\$ 366	
C. SUMMARY OF GROSS PROCEEDS						
C1. Encumbered Collateral Recovery (A1 + B1)				\$ 70,662	\$ 75,928	
C2. Unencumbered Assets Recovery (A2 + B2)				4,891	5,662	
C3. Total Gross Recovery Proceeds Available for Distribution				\$ 75,553	\$ 81,590	

II. ALLOCATION OF PROCEEDS FROM ENCUMBERED COLLATERAL AVAILABLE FOR DISTRIBUTION

	Estimated Allowed Claims		Estimated Recovery (%)		Estimated Recovery on Secured Claims		See Note
	Lower	Higher	Lower	Higher	Lower	Higher	
Encumbered Gross Collateral Proceeds Available					\$ 70,662	\$ 75,928	
A. LESS: Section 506(c) Surcharges	\$ 4,076	\$ 12,227			\$ 4,076	\$ 12,227	9
B. Carve-Out Allocation	-	-			-	-	10
Proceeds Available to Secured Claims					\$ 66,586	\$ 63,701	
SECURED CLAIMS							
C. PLUS: Proceeds From Subsidiary Guaranteed Notes Turnover					2,174	1,640	14
Proceeds Available to Satisfy First Lien Secured Claims					\$ 68,760	\$ 65,341	
D. First Lien Secured Claims							
D1. First Lien Bank Claims	\$ 30,935	\$ 29,914	100.0%	100.0%	30,935	29,914	11
D2. First Lien Bond Claims	37,576	35,186	100.0%	100.0%	37,576	35,186	11
D3. First Lien Swap Claims	249	242	100.0%	100.0%	249	242	11
D4. Other First Lien Secured Claims	-	-	na	na	-	-	11
Total First Lien Claims & Recovery	\$ 68,760	\$ 65,341	100.0%	100.0%	\$ 68,760	\$ 65,341	
Proceeds Available to Satisfy Second Lien Secured Claims					\$ -	\$ -	
E. Second Lien Bond Claims	\$ -	\$ -	na	na	-	-	11
Total Second Lien Claims & Recovery	\$ -	\$ -	na	na	\$ -	\$ -	
F. Other Secured Claims	-	-			-	-	11
Total Secured Claims and Distributions	\$ 72,836	\$ 77,568	100.0%	100.0%	\$ 72,836	\$ 77,568	
Proceeds Available from Encumbered Collateral to Satisfy Administrative, Priority and Unsecured Claims					\$ -	\$ -	
Secured Lender Deficiency Claims (General Unsecured Claim)	\$ -	\$ -					

III. ALLOCATION OF PROCEEDS AVAILABLE TO SATISFY ADMINISTRATIVE, PRIORITY AND UNSECURED CLAIMS

	Estimated Allowed Claims		Estimated Recovery (%)		Estimated Recovery on Administrative, Priority and Unsecured Claims		See Note
	Lower	Higher	Lower	Higher	Lower	Higher	
Proceeds Available from Unencumbered Assets					\$ 4,891	\$ 5,662	
Section 506(c) Surcharges					4,076	12,227	9
Proceeds Available from Encumbered Collateral					-	-	
Proceeds Available to Satisfy Administrative, Priority and Unsecured Claims					\$ 8,967	\$ 17,889	
A. LESS: Carve-Out Allocation	\$ 221	\$ 104	100.0%	100.0%	\$ 221	\$ 104	10
Proceeds Available for Administrative Claims					\$ 8,745	\$ 17,785	
ADMINISTRATIVE CLAIMS							
B. Subsidiaries' Superpriority Admin Claims against CEOC	\$ -	\$ -	na	na	\$ -	\$ -	12
C. Chapter 7 Administrative Claims	2,206	1,246	100.0%	100.0%	2,206	1,246	12
D. Chapter 11 Administrative Claims	1,671	1,671	100.0%	100.0%	1,671	1,671	12
Proceeds Available for Priority Claims					\$ 4,868	\$ 14,867	
PRIORITY CLAIMS							
E. Employee Priority Claims	\$ -	\$ -	na	na	\$ -	\$ -	13
F. Priority Tax Claims	-	-	na	na	-	-	13
G. Other Priority Claims	-	-	na	na	-	-	13
Proceeds Available for Unsecured Claims					\$ 4,868	\$ 14,867	
UNSECURED CLAIMS							
H1. First Lien Deficiency Claims	\$ -	\$ -	na	na	\$ -	\$ -	14
H2. Second Lien Deficiency Claims	-	-	na	na	-	-	14
H3. Other Secured Deficiency Claims	-	-	na	na	-	-	14
H4. Senior Unsecured Notes Claims	-	-	na	na	-	-	14
H5. Subsidiary Guaranteed Notes Claims	502,019	502,019	0.0%	0.0%	80	134	14
H5a. Subsidiary Guaranteed Notes Turnover to First Lien Claimants			na	na	2,174	1,640	14
H6. General Unsecured Claims	1,546	1,729	0.4%	4.1%	7	70	14
H7. Pension Claims	446,123	223,061	0.3%	0.1%	1,184	172	14
H8. Intercompany Notes Payable	315,354	315,354	0.4%	4.1%	1,416	12,775	14
H9. Intercompany Claims - Prepetition	1,848	1,848	0.4%	4.1%	8	75	14
Total Unsecured Claims	\$ 1,266,890	\$ 1,044,012	0.4%	1.4%	\$ 4,868	\$ 14,867	
Total Admin, Priority, Unsecured Claims & Distributions	\$ 1,270,989	\$ 1,047,034	0.7%	1.7%	\$ 8,967	\$ 17,889	
Value Available for Equity Interests					\$ -	\$ -	15

I. TOTAL PROCEEDS AVAILABLE FOR DISTRIBUTION

	Net Book Value	Estimated Recovery (%)		Estimated Liquidation Value		See Note
		Lower	Higher	Lower	Higher	
A. STATEMENT OF ASSETS						
Cash and equivalents	\$ 0	100%	100%	\$ 0	\$ 0	1
Accounts receivable	-	0%	0%	-	-	2
Other current assets	32	22%	34%	7	11	2
Inventory	-	0%	0%	-	-	2
Due from subsidiaries/affiliates	16,205	0%	19%	-	3,106	3
Property and equipment, net	284,704	30%	34%	85,983	97,447	2
Goodwill	-	0%	0%	-	-	4
Intangibles	-	0%	0%	-	-	4
Investments in subsidiaries	-	0%	0%	-	-	5
Restricted cash	-	0%	0%	-	-	4
Other assets	-	0%	0%	-	-	
STATEMENT OF ASSETS - CASINO SALE						
Casino	-	0%	0%	-	-	6
Interim cash flow	-	0%	0%	-	-	7
Total Assets / Gross Recovery	\$ 300,942	29%	33%	\$ 85,990	\$ 100,564	
A1. ENCUMBERED COLLATERAL						
Cash and equivalents	\$ -	0%	0%	\$ -	\$ -	1
Accounts receivable	-	0%	0%	-	-	2
Other current assets	32	22%	34%	7	11	2
Inventory	-	0%	0%	-	-	2
Due from subsidiaries/affiliates	16,205	0%	19%	-	3,106	3
Property and equipment, net	284,704	30%	34%	85,983	97,447	2
Goodwill	-	0%	0%	-	-	4
Intangibles	-	0%	0%	-	-	4
Investments in subsidiaries	-	0%	0%	-	-	5
Restricted cash	-	0%	0%	-	-	4
Other assets	-	0%	0%	-	-	
Casino value and encumbered interim cash flow	-	0%	0%	-	-	6,7
Total Encumbered Collateral / Gross Recovery	\$ 300,942	29%	33%	\$ 85,990	\$ 100,564	
A2. UNENCUMBERED ASSETS						
Cash and equivalents	\$ 0	100%	100%	\$ 0	\$ 0	1
Accounts receivable	-	0%	0%	-	-	2
Other current assets	-	0%	0%	-	-	2
Inventory	-	0%	0%	-	-	2
Due from subsidiaries/affiliates	-	0%	0%	-	-	3
Property and equipment, net	-	0%	0%	-	-	2
Goodwill	-	0%	0%	-	-	4
Intangibles	-	0%	0%	-	-	4
Investments in subsidiaries	-	0%	0%	-	-	5
Restricted cash	-	0%	0%	-	-	4
Other assets	-	0%	0%	-	-	
Unencumbered interim cash flow	-	0%	0%	-	-	7
Total Unencumbered Assets / Gross Recovery	\$ 0	100%	100%	\$ 0	\$ 0	
B. LITIGATION RECOVERIES						
B1. Encumbered Causes of Action				-	-	8
B2. Unencumbered Causes of Action, including Preferences				5	9	8
B3. Total Litigation Recoveries				\$ 5	\$ 9	
C. SUMMARY OF GROSS PROCEEDS						
C1. Encumbered Collateral Recovery (A1 + B1)				\$ 85,990	\$ 100,564	
C2. Unencumbered Assets Recovery (A2 + B2)				5	10	
C3. Total Gross Recovery Proceeds Available for Distribution				\$ 85,995	\$ 100,573	

II. ALLOCATION OF PROCEEDS FROM ENCUMBERED COLLATERAL AVAILABLE FOR DISTRIBUTION

	Estimated Allowed Claims		Estimated Recovery (%)		Estimated Recovery on Secured Claims		See Note
	Lower	Higher	Lower	Higher	Lower	Higher	
Encumbered Gross Collateral Proceeds Available					\$ 85,990	\$ 100,564	
A. LESS: Section 506(c) Surcharges	\$ -	\$ -			\$ -	\$ -	9
B. Carve-Out Allocation	-	-			-	-	10
Proceeds Available to Secured Claims					\$ 85,990	\$ 100,564	
SECURED CLAIMS							
C. PLUS: Proceeds From Subsidiary Guaranteed Notes Turnover					-	-	14
Proceeds Available to Satisfy First Lien Secured Claims					\$ 85,990	\$ 100,564	
D. First Lien Secured Claims							
D1. First Lien Bank Claims	\$ 38,703	\$ 44,656	100.0%	100.0%	38,703	44,656	11
D2. First Lien Bond Claims	46,976	55,547	100.0%	100.0%	46,976	55,547	11
D3. First Lien Swap Claims	311	361	100.0%	100.0%	311	361	11
D4. Other First Lien Secured Claims	-	-	na	na	-	-	11
Total First Lien Claims & Recovery	\$ 85,990	\$ 100,564	100.0%	100.0%	\$ 85,990	\$ 100,564	
Proceeds Available to Satisfy Second Lien Secured Claims					\$ -	\$ -	
E. Second Lien Bond Claims	\$ -	\$ -	na	na	-	-	11
Total Second Lien Claims & Recovery	\$ -	\$ -	na	na	\$ -	\$ -	
F. Other Secured Claims	-	-			\$ -	\$ -	11
Total Secured Claims and Distributions	\$ 85,990	\$ 100,564	100.0%	100.0%	\$ 85,990	\$ 100,564	
Proceeds Available from Encumbered Collateral to Satisfy Administrative, Priority and Unsecured Claims					\$ -	\$ -	
Secured Lender Deficiency Claims (General Unsecured Claim)	\$ -	\$ -					

III. ALLOCATION OF PROCEEDS AVAILABLE TO SATISFY ADMINISTRATIVE, PRIORITY AND UNSECURED CLAIMS

	Estimated Allowed Claims		Estimated Recovery (%)		Estimated Recovery on Administrative, Priority and Unsecured Claims		See Note
	Lower	Higher	Lower	Higher	Lower	Higher	
Proceeds Available from Unencumbered Assets					\$ 5	\$ 10	
Section 506(c) Surcharges					-	-	9
Proceeds Available from Encumbered Collateral					-	-	
Proceeds Available to Satisfy Administrative, Priority and Unsecured Claims					\$ 5	\$ 10	
A. LESS: Carve-Out Allocation	\$ 0	\$ 0	100.0%	100.0%	\$ 0	\$ 0	10
Proceeds Available for Administrative Claims					\$ 5	\$ 10	
ADMINISTRATIVE CLAIMS							
B. Subsidiaries' Superpriority Admin Claims against CEOC	\$ -	\$ -	na	na	\$ -	\$ -	12
C. Chapter 7 Administrative Claims	5	10	100.0%	100.0%	5	10	12
D. Chapter 11 Administrative Claims	101	101	0.0%	0.0%	-	-	12
Proceeds Available for Priority Claims					\$ -	\$ -	
PRIORITY CLAIMS							
E. Employee Priority Claims	\$ -	\$ -	na	na	\$ -	\$ -	13
F. Priority Tax Claims	0	0	0.0%	0.0%	-	-	13
G. Other Priority Claims	-	-	na	na	-	-	13
Proceeds Available for Unsecured Claims					\$ -	\$ -	
UNSECURED CLAIMS							
H1. First Lien Deficiency Claims	\$ -	\$ -	na	na	\$ -	\$ -	14
H2. Second Lien Deficiency Claims	-	-	na	na	-	-	14
H3. Other Secured Deficiency Claims	-	-	na	na	-	-	14
H4. Senior Unsecured Notes Claims	-	-	na	na	-	-	14
H5. Subsidiary Guaranteed Notes Claims	502,019	502,019	0.0%	0.0%	-	-	14
H5a. Subsidiary Guaranteed Notes Turnover to First Lien Claimants	-	-	na	na	-	-	14
H6. General Unsecured Claims	371	376	0.0%	0.0%	-	-	14
H7. Pension Claims	446,123	223,061	0.0%	0.0%	-	-	14
H8. Intercompany Notes Payable	190,380	190,380	0.0%	0.0%	-	-	14
H9. Intercompany Claims - Prepetition	-	-	na	na	-	-	14
Total Unsecured Claims	\$ 1,138,892	\$ 915,836	0.0%	0.0%	\$ -	\$ -	
Total Admin, Priority, Unsecured Claims & Distributions	\$ 1,138,999	\$ 915,947	0.0%	0.0%	\$ 5	\$ 10	
Value Available for Equity Interests					\$ -	\$ -	15

I. TOTAL PROCEEDS AVAILABLE FOR DISTRIBUTION

	Net Book Value	Estimated Recovery (%)		Estimated Liquidation Value		See Note
		Lower	Higher	Lower	Higher	
A. STATEMENT OF ASSETS						
Cash and equivalents	\$ -	0%	0%	\$ -	\$ -	1
Accounts receivable	-	0%	0%	-	-	2
Other current assets	-	0%	0%	-	-	2
Inventory	-	0%	0%	-	-	2
Due from subsidiaries/affiliates	-	0%	0%	-	-	3
Property and equipment, net	-	0%	0%	-	-	2
Goodwill	-	0%	0%	-	-	4
Intangibles	-	0%	0%	-	-	4
Investments in subsidiaries	-	0%	0%	-	-	5
Restricted cash	-	0%	0%	-	-	4
Other assets	-	0%	0%	-	-	
STATEMENT OF ASSETS - CASINO SALE						
Casino	-	0%	0%	-	-	6
Interim cash flow	-	0%	0%	-	-	7
Total Assets / Gross Recovery	\$ -	0%	0%	\$ -	\$ -	
A1. ENCUMBERED COLLATERAL						
Cash and equivalents	\$ -	0%	0%	\$ -	\$ -	1
Accounts receivable	-	0%	0%	-	-	2
Other current assets	-	0%	0%	-	-	2
Inventory	-	0%	0%	-	-	2
Due from subsidiaries/affiliates	-	0%	0%	-	-	3
Property and equipment, net	-	0%	0%	-	-	2
Goodwill	-	0%	0%	-	-	4
Intangibles	-	0%	0%	-	-	4
Investments in subsidiaries	-	0%	0%	-	-	5
Restricted cash	-	0%	0%	-	-	4
Other assets	-	0%	0%	-	-	
Casino value and encumbered interim cash flow	-	0%	0%	-	-	6,7
Total Encumbered Collateral / Gross Recovery	\$ -	0%	0%	\$ -	\$ -	
A2. UNENCUMBERED ASSETS						
Cash and equivalents	\$ -	0%	0%	\$ -	\$ -	1
Accounts receivable	-	0%	0%	-	-	2
Other current assets	-	0%	0%	-	-	2
Inventory	-	0%	0%	-	-	2
Due from subsidiaries/affiliates	-	0%	0%	-	-	3
Property and equipment, net	-	0%	0%	-	-	2
Goodwill	-	0%	0%	-	-	4
Intangibles	-	0%	0%	-	-	4
Investments in subsidiaries	-	0%	0%	-	-	5
Restricted cash	-	0%	0%	-	-	4
Other assets	-	0%	0%	-	-	
Unencumbered interim cash flow	-	0%	0%	-	-	7
Total Unencumbered Assets / Gross Recovery	\$ -	0%	0%	\$ -	\$ -	
B. LITIGATION RECOVERIES						
B1. Encumbered Causes of Action				-	-	8
B2. Unencumbered Causes of Action, including Preferences				-	-	8
B3. Total Litigation Recoveries				\$ -	\$ -	
C. SUMMARY OF GROSS PROCEEDS						
C1. Encumbered Collateral Recovery (A1 + B1)				\$ -	\$ -	
C2. Unencumbered Assets Recovery (A2 + B2)				-	-	
C3. Total Gross Recovery Proceeds Available for Distribution				\$ -	\$ -	

II. ALLOCATION OF PROCEEDS FROM ENCUMBERED COLLATERAL AVAILABLE FOR DISTRIBUTION

	Estimated Allowed Claims		Estimated Recovery (%)		Estimated Recovery on Secured Claims		See Note
	Lower	Higher	Lower	Higher	Lower	Higher	
Encumbered Gross Collateral Proceeds Available					\$ -	\$ -	
A. LESS: Section 506(c) Surcharges	\$ -	\$ -			\$ -	\$ -	9
B. Carve-Out Allocation	-	-			-	-	10
Proceeds Available to Secured Claims					\$ -	\$ -	
SECURED CLAIMS							
C. PLUS: Proceeds From Subsidiary Guaranteed Notes Turnover					-	-	14
Proceeds Available to Satisfy First Lien Secured Claims					\$ -	\$ -	
D. First Lien Secured Claims							
D1. First Lien Bank Claims	\$ -	\$ -	na	na	-	-	11
D2. First Lien Bond Claims	-	-	na	na	-	-	11
D3. First Lien Swap Claims	-	-	na	na	-	-	11
D4. Other First Lien Secured Claims	-	-	na	na	-	-	11
Total First Lien Claims & Recovery	\$ -	\$ -	na	na	\$ -	\$ -	
Proceeds Available to Satisfy Second Lien Secured Claims					\$ -	\$ -	
E. Second Lien Bond Claims	\$ -	\$ -	na	na	-	-	11
Total Second Lien Claims & Recovery	\$ -	\$ -	na	na	\$ -	\$ -	
F. Other Secured Claims	-	-			\$ -	\$ -	11
Total Secured Claims and Distributions	\$ -	\$ -	0.0%	0.0%	\$ -	\$ -	
Proceeds Available from Encumbered Collateral to Satisfy Administrative, Priority and Unsecured Claims					\$ -	\$ -	
Secured Lender Deficiency Claims (General Unsecured Claim)	\$ -	\$ -					

III. ALLOCATION OF PROCEEDS AVAILABLE TO SATISFY ADMINISTRATIVE, PRIORITY AND UNSECURED CLAIMS

	Estimated Allowed Claims		Estimated Recovery (%)		Estimated Recovery on Administrative, Priority and Unsecured Claims		See Note
	Lower	Higher	Lower	Higher	Lower	Higher	
Proceeds Available from Unencumbered Assets					\$ -	\$ -	
Section 506(c) Surcharges					-	-	9
Proceeds Available from Encumbered Collateral					-	-	
Proceeds Available to Satisfy Administrative, Priority and Unsecured Claims					\$ -	\$ -	
A. LESS: Carve-Out Allocation	\$ -	\$ -	na	na	\$ -	\$ -	10
Proceeds Available for Administrative Claims					\$ -	\$ -	
ADMINISTRATIVE CLAIMS							
B. Subsidiaries' Superpriority Admin Claims against CEOC	\$ -	\$ -	na	na	\$ -	\$ -	12
C. Chapter 7 Administrative Claims	-	-	na	na	-	-	12
D. Chapter 11 Administrative Claims	-	-	na	na	-	-	12
Proceeds Available for Priority Claims					\$ -	\$ -	
PRIORITY CLAIMS							
E. Employee Priority Claims	\$ -	\$ -	na	na	\$ -	\$ -	13
F. Priority Tax Claims	-	-	na	na	-	-	13
G. Other Priority Claims	-	-	na	na	-	-	13
Proceeds Available for Unsecured Claims					\$ -	\$ -	
UNSECURED CLAIMS							
H1. First Lien Deficiency Claims	\$ -	\$ -	na	na	\$ -	\$ -	14
H2. Second Lien Deficiency Claims	-	-	na	na	-	-	14
H3. Other Secured Deficiency Claims	-	-	na	na	-	-	14
H4. Senior Unsecured Notes Claims	-	-	na	na	-	-	14
H5. Subsidiary Guaranteed Notes Claims	502,019	502,019	0.0%	0.0%	-	-	14
H5a. Subsidiary Guaranteed Notes Turnover to First Lien Claimants	-	-	na	na	-	-	14
H6. General Unsecured Claims	-	-	na	na	-	-	14
H7. Pension Claims	446,123	223,061	0.0%	0.0%	-	-	14
H8. Intercompany Notes Payable	-	-	na	na	-	-	14
H9. Intercompany Claims - Prepetition	-	-	na	na	-	-	14
Total Unsecured Claims	\$ 948,142	\$ 725,081	0.0%	0.0%	\$ -	\$ -	
Total Admin, Priority, Unsecured Claims & Distributions	\$ 948,142	\$ 725,081	0.0%	0.0%	\$ -	\$ -	
Value Available for Equity Interests					\$ -	\$ -	15

I. TOTAL PROCEEDS AVAILABLE FOR DISTRIBUTION

	Net Book Value	Estimated Recovery (%)		Estimated Liquidation Value		See Note
		Lower	Higher	Lower	Higher	
A. STATEMENT OF ASSETS						
Cash and equivalents	\$ -	0%	0%	\$ -	\$ -	1
Accounts receivable	-	0%	0%	-	-	2
Other current assets	-	0%	0%	-	-	2
Inventory	-	0%	0%	-	-	2
Due from subsidiaries/affiliates	-	0%	0%	-	-	3
Property and equipment, net	-	0%	0%	-	-	2
Goodwill	-	0%	0%	-	-	4
Intangibles	-	0%	0%	-	-	4
Investments in subsidiaries	-	0%	0%	-	-	5
Restricted cash	-	0%	0%	-	-	4
Other assets	-	0%	0%	-	-	
STATEMENT OF ASSETS - CASINO SALE						
Casino	-	0%	0%	-	-	6
Interim cash flow	-	0%	0%	-	-	7
Total Assets / Gross Recovery	<u>\$ -</u>	0%	0%	<u>\$ -</u>	<u>\$ -</u>	
A1. ENCUMBERED COLLATERAL						
Cash and equivalents	\$ -	0%	0%	\$ -	\$ -	1
Accounts receivable	-	0%	0%	-	-	2
Other current assets	-	0%	0%	-	-	2
Inventory	-	0%	0%	-	-	2
Due from subsidiaries/affiliates	-	0%	0%	-	-	3
Property and equipment, net	-	0%	0%	-	-	2
Goodwill	-	0%	0%	-	-	4
Intangibles	-	0%	0%	-	-	4
Investments in subsidiaries	-	0%	0%	-	-	5
Restricted cash	-	0%	0%	-	-	4
Other assets	-	0%	0%	-	-	
Casino value and encumbered interim cash flow	-	0%	0%	-	-	6,7
Total Encumbered Collateral / Gross Recovery	<u>\$ -</u>	0%	0%	<u>\$ -</u>	<u>\$ -</u>	
A2. UNENCUMBERED ASSETS						
Cash and equivalents	\$ -	0%	0%	\$ -	\$ -	1
Accounts receivable	-	0%	0%	-	-	2
Other current assets	-	0%	0%	-	-	2
Inventory	-	0%	0%	-	-	2
Due from subsidiaries/affiliates	-	0%	0%	-	-	3
Property and equipment, net	-	0%	0%	-	-	2
Goodwill	-	0%	0%	-	-	4
Intangibles	-	0%	0%	-	-	4
Investments in subsidiaries	-	0%	0%	-	-	5
Restricted cash	-	0%	0%	-	-	4
Other assets	-	0%	0%	-	-	
Unencumbered interim cash flow	-	0%	0%	-	-	7
Total Unencumbered Assets / Gross Recovery	<u>\$ -</u>	0%	0%	<u>\$ -</u>	<u>\$ -</u>	
B. LITIGATION RECOVERIES						
B1. Encumbered Causes of Action				-	-	8
B2. Unencumbered Causes of Action, including Preferences				-	-	8
B3. Total Litigation Recoveries				<u>\$ -</u>	<u>\$ -</u>	
C. SUMMARY OF GROSS PROCEEDS						
C1. Encumbered Collateral Recovery (A1 + B1)				\$ -	\$ -	
C2. Unencumbered Assets Recovery (A2 + B2)				-	-	
C3. Total Gross Recovery Proceeds Available for Distribution				<u>\$ -</u>	<u>\$ -</u>	

II. ALLOCATION OF PROCEEDS FROM ENCUMBERED COLLATERAL AVAILABLE FOR DISTRIBUTION

	Estimated Allowed Claims		Estimated Recovery (%)		Estimated Recovery on Secured Claims		See Note
	Lower	Higher	Lower	Higher	Lower	Higher	
Encumbered Gross Collateral Proceeds Available					\$ -	\$ -	
A. LESS: Section 506(c) Surcharges	\$ -	\$ -			\$ -	\$ -	9
B. Carve-Out Allocation	-	-			-	-	10
Proceeds Available to Secured Claims					\$ -	\$ -	
SECURED CLAIMS							
C. PLUS: Proceeds From Subsidiary Guaranteed Notes Turnover					-	-	14
Proceeds Available to Satisfy First Lien Secured Claims					\$ -	\$ -	
D. First Lien Secured Claims							
D1. First Lien Bank Claims	\$ -	\$ -	na	na	-	-	11
D2. First Lien Bond Claims	-	-	na	na	-	-	11
D3. First Lien Swap Claims	-	-	na	na	-	-	11
D4. Other First Lien Secured Claims	-	-	na	na	-	-	11
Total First Lien Claims & Recovery	\$ -	\$ -	na	na	\$ -	\$ -	
Proceeds Available to Satisfy Second Lien Secured Claims					\$ -	\$ -	
E. Second Lien Bond Claims	\$ -	\$ -	na	na	-	-	11
Total Second Lien Claims & Recovery	\$ -	\$ -	na	na	\$ -	\$ -	
F. Other Secured Claims	-	-			\$ -	\$ -	11
Total Secured Claims and Distributions	\$ -	\$ -	0.0%	0.0%	\$ -	\$ -	
Proceeds Available from Encumbered Collateral to Satisfy Administrative, Priority and Unsecured Claims					\$ -	\$ -	
Secured Lender Deficiency Claims (General Unsecured Claim)	\$ -	\$ -					

III. ALLOCATION OF PROCEEDS AVAILABLE TO SATISFY ADMINISTRATIVE, PRIORITY AND UNSECURED CLAIMS

	Estimated Allowed Claims		Estimated Recovery (%)		Estimated Recovery on Administrative, Priority and Unsecured Claims		See Note
	Lower	Higher	Lower	Higher	Lower	Higher	
Proceeds Available from Unencumbered Assets					\$ -	\$ -	
Section 506(c) Surcharges					-	-	9
Proceeds Available from Encumbered Collateral					-	-	
Proceeds Available to Satisfy Administrative, Priority and Unsecured Claims					\$ -	\$ -	
A. LESS: Carve-Out Allocation	\$ -	\$ -	na	na	\$ -	\$ -	10
Proceeds Available for Administrative Claims					\$ -	\$ -	
ADMINISTRATIVE CLAIMS							
B. Subsidiaries' Superpriority Admin Claims against CEOC	\$ -	\$ -	na	na	\$ -	\$ -	12
C. Diminution in Value claims	-	-	na	na	-	-	
C. Chapter 7 Administrative Claims	-	-	na	na	-	-	12
D. Chapter 11 Administrative Claims	-	-	na	na	-	-	12
Proceeds Available for Priority Claims					\$ -	\$ -	
PRIORITY CLAIMS							
E. Employee Priority Claims	\$ -	\$ -	na	na	\$ -	\$ -	13
F. Priority Tax Claims	-	-	na	na	-	-	13
G. Other Priority Claims	-	-	na	na	-	-	13
Proceeds Available for Unsecured Claims					\$ -	\$ -	
UNSECURED CLAIMS							
H1. First Lien Deficiency Claims	\$ -	\$ -	na	na	\$ -	\$ -	14
H2. Second Lien Deficiency Claims	-	-	na	na	-	-	14
H3. Other Secured Deficiency Claims	-	-	na	na	-	-	14
H4. Senior Unsecured Notes Claims	-	-	na	na	-	-	14
H5. Subsidiary Guaranteed Notes Claims	502,019	502,019	0.0%	0.0%	-	-	14
H5a. Subsidiary Guaranteed Notes Turnover to First Lien Claimants	-	-	na	na	-	-	14
H6. General Unsecured Claims	-	-	na	na	-	-	14
H7. Pension Claims	446,123	223,061	0.0%	0.0%	-	-	14
H8. Intercompany Notes Payable	-	-	na	na	-	-	14
H9. Intercompany Claims - Prepetition	-	-	na	na	-	-	14
Total Unsecured Claims	\$ 948,142	\$ 725,081	0.0%	0.0%	\$ -	\$ -	
Total Admin, Priority, Unsecured Claims & Distributions	\$ 948,142	\$ 725,081	0.0%	0.0%	\$ -	\$ -	
Value Available for Equity Interests					\$ -	\$ -	15

I. TOTAL PROCEEDS AVAILABLE FOR DISTRIBUTION

	Net Book Value	Estimated Recovery (%)		Estimated Liquidation Value		See Note
		Lower	Higher	Lower	Higher	
A. STATEMENT OF ASSETS						
Cash and equivalents	\$ -	0%	0%	\$ -	\$ -	1
Accounts receivable	-	0%	0%	-	-	2
Other current assets	-	0%	0%	-	-	2
Inventory	-	0%	0%	-	-	2
Due from subsidiaries/affiliates	-	0%	0%	-	-	3
Property and equipment, net	-	0%	0%	-	-	2
Goodwill	-	0%	0%	-	-	4
Intangibles	-	0%	0%	-	-	4
Investments in subsidiaries	-	0%	0%	-	37,395	5
Restricted cash	-	0%	0%	-	-	4
Other assets	-	0%	0%	-	-	
STATEMENT OF ASSETS - CASINO SALE						
Casino	-	0%	0%	-	-	6
Interim cash flow	-	0%	0%	-	-	7
Total Assets / Gross Recovery	\$ -	0%	0%	\$ -	\$ 37,395	
A1. ENCUMBERED COLLATERAL						
Cash and equivalents	\$ -	0%	0%	\$ -	\$ -	1
Accounts receivable	-	0%	0%	-	-	2
Other current assets	-	0%	0%	-	-	2
Inventory	-	0%	0%	-	-	2
Due from subsidiaries/affiliates	-	0%	0%	-	-	3
Property and equipment, net	-	0%	0%	-	-	2
Goodwill	-	0%	0%	-	-	4
Intangibles	-	0%	0%	-	-	4
Investments in subsidiaries	-	0%	0%	-	37,395	5
Restricted cash	-	0%	0%	-	-	4
Other assets	-	0%	0%	-	-	
Casino value and encumbered interim cash flow	-	0%	0%	-	-	6,7
Total Encumbered Collateral / Gross Recovery	\$ -	0%	0%	\$ -	\$ 37,395	
A2. UNENCUMBERED ASSETS						
Cash and equivalents	\$ -	0%	0%	\$ -	\$ -	1
Accounts receivable	-	0%	0%	-	-	2
Other current assets	-	0%	0%	-	-	2
Inventory	-	0%	0%	-	-	2
Due from subsidiaries/affiliates	-	0%	0%	-	-	3
Property and equipment, net	-	0%	0%	-	-	2
Goodwill	-	0%	0%	-	-	4
Intangibles	-	0%	0%	-	-	4
Investments in subsidiaries	-	0%	0%	-	-	5
Restricted cash	-	0%	0%	-	-	4
Other assets	-	0%	0%	-	-	
Unencumbered interim cash flow	-	0%	0%	-	-	7
Total Unencumbered Assets / Gross Recovery	\$ -	0%	0%	\$ -	\$ -	
B. LITIGATION RECOVERIES						
B1. Encumbered Causes of Action				-	-	8
B2. Unencumbered Causes of Action, including Preferences				-	-	8
B3. Total Litigation Recoveries				\$ -	\$ -	
C. SUMMARY OF GROSS PROCEEDS						
C1. Encumbered Collateral Recovery (A1 + B1)				\$ -	\$ 37,395	
C2. Unencumbered Assets Recovery (A2 + B2)				-	-	
C3. Total Gross Recovery Proceeds Available for Distribution				\$ -	\$ 37,395	

II. ALLOCATION OF PROCEEDS FROM ENCUMBERED COLLATERAL AVAILABLE FOR DISTRIBUTION

	Estimated Allowed Claims		Estimated Recovery (%)		Estimated Recovery on Secured Claims		See Note
	Lower	Higher	Lower	Higher	Lower	Higher	
Encumbered Gross Collateral Proceeds Available					\$ -	\$ 37,395	
A. LESS: Section 506(c) Surcharges	\$ -	\$ -			\$ -	\$ -	9
B. Carve-Out Allocation	-	-			-	-	10
Proceeds Available to Secured Claims					\$ -	\$ 37,395	
SECURED CLAIMS							
C. PLUS: Proceeds From Subsidiary Guaranteed Notes Turnover					-	-	14
Proceeds Available to Satisfy First Lien Secured Claims					\$ -	\$ 37,395	
D. First Lien Secured Claims							
D1. First Lien Bank Claims	\$ -	\$ 16,606	na	100.0%	-	16,606	11
D2. First Lien Bond Claims	-	20,656	na	100.0%	-	20,656	11
D3. First Lien Swap Claims	-	134	na	100.0%	-	134	11
D4. Other First Lien Secured Claims	-	-	na	na	-	-	11
Total First Lien Claims & Recovery	\$ -	\$ 37,395	na	100.0%	\$ -	\$ 37,395	
Proceeds Available to Satisfy Second Lien Secured Claims					\$ -	\$ -	
E. Second Lien Bond Claims	\$ -	\$ -	na	na	-	-	11
Total Second Lien Claims & Recovery	\$ -	\$ -	na	na	\$ -	\$ -	
F. Other Secured Claims	-	-			\$ -	\$ -	11
Total Secured Claims and Distributions	\$ -	\$ 37,395	0.0%	100.0%	\$ -	\$ 37,395	
Proceeds Available from Encumbered Collateral to Satisfy Administrative, Priority and Unsecured Claims					\$ -	\$ -	
Secured Lender Deficiency Claims (General Unsecured Claim)	\$ -	\$ -					

III. ALLOCATION OF PROCEEDS AVAILABLE TO SATISFY ADMINISTRATIVE, PRIORITY AND UNSECURED CLAIMS

	Estimated Allowed Claims		Estimated Recovery (%)		Estimated Recovery on Administrative, Priority and Unsecured Claims		See Note
	Lower	Higher	Lower	Higher	Lower	Higher	
Proceeds Available from Unencumbered Assets					\$ -	\$ -	
Section 506(c) Surcharges					-	-	9
Proceeds Available from Encumbered Collateral					-	-	
Proceeds Available to Satisfy Administrative, Priority and Unsecured Claims					\$ -	\$ -	
A. LESS: Carve-Out Allocation	\$ -	\$ -	na	na	\$ -	\$ -	10
Proceeds Available for Administrative Claims					\$ -	\$ -	
ADMINISTRATIVE CLAIMS							
B. Subsidiaries' Superpriority Admin Claims against CEOC	\$ -	\$ -	na	na	\$ -	\$ -	12
C. Chapter 7 Administrative Claims	-	-	na	na	-	-	12
D. Chapter 11 Administrative Claims	-	-	na	na	-	-	12
Proceeds Available for Priority Claims					\$ -	\$ -	
PRIORITY CLAIMS							
E. Employee Priority Claims	\$ -	\$ -	na	na	\$ -	\$ -	13
F. Priority Tax Claims	-	-	na	na	-	-	13
G. Other Priority Claims	-	-	na	na	-	-	13
Proceeds Available for Unsecured Claims					\$ -	\$ -	
UNSECURED CLAIMS							
H1. First Lien Deficiency Claims	\$ -	\$ -	na	na	\$ -	\$ -	14
H2. Second Lien Deficiency Claims	-	-	na	na	-	-	14
H3. Other Secured Deficiency Claims	-	-	na	na	-	-	14
H4. Senior Unsecured Notes Claims	-	-	na	na	-	-	14
H5. Subsidiary Guaranteed Notes Claims	502,019	502,019	0.0%	0.0%	-	-	14
H5a. Subsidiary Guaranteed Notes Turnover to First Lien Claimants	-	-	na	na	-	-	14
H6. General Unsecured Claims	-	-	na	na	-	-	14
H7. Pension Claims	446,123	223,061	0.0%	0.0%	-	-	14
H8. Intercompany Notes Payable	-	-	na	na	-	-	14
H9. Intercompany Claims - Prepetition	-	-	na	na	-	-	14
Total Unsecured Claims	\$ 948,142	\$ 725,081	0.0%	0.0%	\$ -	\$ -	
Total Admin, Priority, Unsecured Claims & Distributions	\$ 948,142	\$ 725,081	0.0%	0.0%	\$ -	\$ -	
Value Available for Equity Interests					\$ -	\$ -	15

I. TOTAL PROCEEDS AVAILABLE FOR DISTRIBUTION

	Net Book Value	Estimated Recovery (%)		Estimated Liquidation Value		See Note
		Lower	Higher	Lower	Higher	
A. STATEMENT OF ASSETS						
Cash and equivalents	\$ -	0%	0%	\$ -	\$ -	1
Accounts receivable	-	0%	0%	-	-	2
Other current assets	-	0%	0%	-	-	2
Inventory	-	0%	0%	-	-	2
Due from subsidiaries/affiliates	64,206	37%	70%	23,949	45,064	3
Property and equipment, net	-	0%	0%	-	-	2
Goodwill	-	0%	0%	-	-	4
Intangibles	-	0%	0%	-	-	4
Investments in subsidiaries	-	0%	0%	-	-	5
Restricted cash	-	0%	0%	-	-	4
Other assets	-	0%	0%	-	-	
STATEMENT OF ASSETS - CASINO SALE						
Casino	327,445	63%	68%	207,591	222,568	6
Interim cash flow	33,055	80%	90%	26,444	29,750	7
Total Assets / Gross Recovery	\$ 424,707	61%	70%	\$ 257,984	\$ 297,383	
A1. ENCUMBERED COLLATERAL						
Cash and equivalents	\$ -	0%	0%	\$ -	\$ -	1
Accounts receivable	-	0%	0%	-	-	2
Other current assets	-	0%	0%	-	-	2
Inventory	-	0%	0%	-	-	2
Due from subsidiaries/affiliates	35,097	19%	45%	6,747	15,955	3
Property and equipment, net	-	0%	0%	-	-	2
Goodwill	-	0%	0%	-	-	4
Intangibles	-	0%	0%	-	-	4
Investments in subsidiaries	-	0%	0%	-	-	5
Restricted cash	-	0%	0%	-	-	4
Other assets	-	0%	0%	-	-	
Casino value and encumbered interim cash flow	341,506	63%	68%	215,041	230,949	6,7
Total Encumbered Collateral / Gross Recovery	\$ 376,603	59%	66%	\$ 221,788	\$ 246,904	
A2. UNENCUMBERED ASSETS						
Cash and equivalents	\$ -	0%	0%	\$ -	\$ -	1
Accounts receivable	-	0%	0%	-	-	2
Other current assets	-	0%	0%	-	-	2
Inventory	-	0%	0%	-	-	2
Due from subsidiaries/affiliates	29,109	59%	100%	17,202	29,109	3
Property and equipment, net	-	0%	0%	-	-	2
Goodwill	-	0%	0%	-	-	4
Intangibles	-	0%	0%	-	-	4
Investments in subsidiaries	-	0%	0%	-	-	5
Restricted cash	-	0%	0%	-	-	4
Other assets	-	0%	0%	-	-	
Unencumbered interim cash flow	18,995	100%	100%	18,995	21,369	7
Total Unencumbered Assets / Gross Recovery	\$ 48,104	75%	100%	\$ 36,196	\$ 50,478	
B. LITIGATION RECOVERIES						
B1. Encumbered Causes of Action				-	-	8
B2. Unencumbered Causes of Action, including Preferences				750	1,499	8
B3. Total Litigation Recoveries				\$ 750	\$ 1,499	
C. SUMMARY OF GROSS PROCEEDS						
C1. Encumbered Collateral Recovery (A1 + B1)				\$ 221,788	\$ 246,904	
C2. Unencumbered Assets Recovery (A2 + B2)				36,946	51,977	
C3. Total Gross Recovery Proceeds Available for Distribution				\$ 258,734	\$ 298,882	

II. ALLOCATION OF PROCEEDS FROM ENCUMBERED COLLATERAL AVAILABLE FOR DISTRIBUTION

	Estimated Allowed Claims		Estimated Recovery (%)		Estimated Recovery on Secured Claims		See Note
	Lower	Higher	Lower	Higher	Lower	Higher	
Encumbered Gross Collateral Proceeds Available					\$ 221,788	\$ 246,904	
A. LESS: Section 506(c) Surcharges	\$ 5,333	\$ 16,000			\$ 5,333	\$ 16,000	9
B. Carve-Out Allocation	-	-			-	-	10
Proceeds Available to Secured Claims					\$ 216,454	\$ 230,904	
SECURED CLAIMS							
C. PLUS: Proceeds From Subsidiary Guaranteed Notes Turnover					17,597	10,276	14
Proceeds Available to Satisfy First Lien Secured Claims					\$ 234,052	\$ 241,180	
D. First Lien Secured Claims							
D1. First Lien Bank Claims	\$ 105,238	\$ 112,728	100.0%	100.0%	105,238	112,728	11
D2. First Lien Bond Claims	127,967	127,542	100.0%	100.0%	127,967	127,542	11
D3. First Lien Swap Claims	847	910	100.0%	100.0%	847	910	11
D4. Other First Lien Secured Claims	-	-	na	na	-	-	11
Total First Lien Claims & Recovery	\$ 234,052	\$ 241,180	100.0%	100.0%	\$ 234,052	\$ 241,180	
Proceeds Available to Satisfy Second Lien Secured Claims					\$ -	\$ -	
E. Second Lien Bond Claims	\$ -	\$ -	na	na	-	-	11
Total Second Lien Claims & Recovery	\$ -	\$ -	na	na	\$ -	\$ -	
F. Other Secured Claims	0	0			\$ -	\$ -	11
Total Secured Claims and Distributions	\$ 239,385	\$ 257,180	100.0%	100.0%	\$ 239,385	\$ 257,180	
Proceeds Available from Encumbered Collateral to Satisfy Administrative, Priority and Unsecured Claims					\$ -	\$ -	
Secured Lender Deficiency Claims (General Unsecured Claim)	\$ 0	\$ 0					

I. TOTAL PROCEEDS AVAILABLE FOR DISTRIBUTION

	Net Book Value	Estimated Recovery (%)		Estimated Liquidation Value		See Note
		Lower	Higher	Lower	Higher	
A. STATEMENT OF ASSETS						
Cash and equivalents	\$ -	0%	0%	\$ -	\$ -	1
Accounts receivable	-	0%	0%	-	-	2
Other current assets	2	0%	0%	-	-	2
Inventory	-	0%	0%	-	-	2
Due from subsidiaries/affiliates	-	0%	0%	-	-	3
Property and equipment, net	-	0%	0%	-	-	2
Goodwill	-	0%	0%	-	-	4
Intangibles	-	0%	0%	-	-	4
Investments in subsidiaries	-	0%	0%	-	-	5
Restricted cash	-	0%	0%	-	-	4
Other assets	-	0%	0%	-	-	
STATEMENT OF ASSETS - CASINO SALE						
Casino	-	0%	0%	-	-	6
Interim cash flow	-	0%	0%	-	-	7
Total Assets / Gross Recovery	\$ 2	0%	0%	\$ -	\$ -	
A1. ENCUMBERED COLLATERAL						
Cash and equivalents	\$ -	0%	0%	\$ -	\$ -	1
Accounts receivable	-	0%	0%	-	-	2
Other current assets	2	0%	0%	-	-	2
Inventory	-	0%	0%	-	-	2
Due from subsidiaries/affiliates	-	0%	0%	-	-	3
Property and equipment, net	-	0%	0%	-	-	2
Goodwill	-	0%	0%	-	-	4
Intangibles	-	0%	0%	-	-	4
Investments in subsidiaries	-	0%	0%	-	-	5
Restricted cash	-	0%	0%	-	-	4
Other assets	-	0%	0%	-	-	
Casino value and encumbered interim cash flow	-	0%	0%	-	-	6,7
Total Encumbered Collateral / Gross Recovery	\$ 2	0%	0%	\$ -	\$ -	
A2. UNENCUMBERED ASSETS						
Cash and equivalents	\$ -	0%	0%	\$ -	\$ -	1
Accounts receivable	-	0%	0%	-	-	2
Other current assets	-	0%	0%	-	-	2
Inventory	-	0%	0%	-	-	2
Due from subsidiaries/affiliates	-	0%	0%	-	-	3
Property and equipment, net	-	0%	0%	-	-	2
Goodwill	-	0%	0%	-	-	4
Intangibles	-	0%	0%	-	-	4
Investments in subsidiaries	-	0%	0%	-	-	5
Restricted cash	-	0%	0%	-	-	4
Other assets	-	0%	0%	-	-	
Unencumbered interim cash flow	-	0%	0%	-	-	7
Total Unencumbered Assets / Gross Recovery	\$ -	0%	0%	\$ -	\$ -	
B. LITIGATION RECOVERIES						
B1. Encumbered Causes of Action				-	-	8
B2. Unencumbered Causes of Action, including Preferences				1	2	8
B3. Total Litigation Recoveries				<u>\$ 1</u>	<u>\$ 2</u>	
C. SUMMARY OF GROSS PROCEEDS						
C1. Encumbered Collateral Recovery (A1 + B1)				\$ -	\$ -	
C2. Unencumbered Assets Recovery (A2 + B2)				1	2	
C3. Total Gross Recovery Proceeds Available for Distribution				<u>\$ 1</u>	<u>\$ 2</u>	

HARRINGTON BANK CORPORATION
 Chapter 11 Liquidation Assets Schedule 2
 (\$ in thousands)

II. ALLOCATION OF PROCEEDS FROM ENCUMBERED COLLATERAL AVAILABLE FOR DISTRIBUTION

	Estimated Allowed Claims		Estimated Recovery (%)		Estimated Recovery on Secured Claims		See Note
	Lower	Higher	Lower	Higher	Lower	Higher	
Encumbered Gross Collateral Proceeds Available					\$ -	\$ -	
A. LESS: Section 506(c) Surcharges	\$ -	\$ -			\$ -	\$ -	9
B. Carve-Out Allocation	-	-			-	-	10
Proceeds Available to Secured Claims					\$ -	\$ -	
SECURED CLAIMS							
C. PLUS: Proceeds From Subsidiary Guaranteed Notes Turnover					-	-	14
Proceeds Available to Satisfy First Lien Secured Claims					\$ -	\$ -	
D. First Lien Secured Claims							
D1. First Lien Bank Claims	\$ -	\$ -	na	na	-	-	11
D2. First Lien Bond Claims	-	-	na	na	-	-	11
D3. First Lien Swap Claims	-	-	na	na	-	-	11
D4. Other First Lien Secured Claims	-	-	na	na	-	-	11
Total First Lien Claims & Recovery	\$ -	\$ -	na	na	\$ -	\$ -	
Proceeds Available to Satisfy Second Lien Secured Claims					\$ -	\$ -	
E. Second Lien Bond Claims	\$ -	\$ -	na	na	-	-	11
Total Second Lien Claims & Recovery	\$ -	\$ -	na	na	\$ -	\$ -	
F. Other Secured Claims	-	-			\$ -	\$ -	11
Total Secured Claims and Distributions	\$ -	\$ -	0.0%	0.0%	\$ -	\$ -	
Proceeds Available from Encumbered Collateral to Satisfy Administrative, Priority and Unsecured Claims					\$ -	\$ -	
Secured Lender Deficiency Claims (General Unsecured Claim)	\$ -	\$ -					

III. ALLOCATION OF PROCEEDS AVAILABLE TO SATISFY ADMINISTRATIVE, PRIORITY AND UNSECURED CLAIMS

	Estimated Allowed Claims		Estimated Recovery (%)		Estimated Recovery on Administrative, Priority and Unsecured Claims		See Note
	Lower	Higher	Lower	Higher	Lower	Higher	
Proceeds Available from Unencumbered Assets					\$ 1	\$ 2	
Section 506(c) Surcharges					-	-	9
Proceeds Available from Encumbered Collateral					-	-	
Proceeds Available to Satisfy Administrative, Priority and Unsecured Claims					\$ 1	\$ 2	
A. LESS: Carve-Out Allocation	\$ 0	\$ 0	100.0%	100.0%	\$ 0	\$ 0	10
Proceeds Available for Administrative Claims					\$ 1	\$ 2	
ADMINISTRATIVE CLAIMS							
B. Subsidiaries' Superpriority Admin Claims against CEOC	\$ -	\$ -	na	na	\$ -	\$ -	12
C. Chapter 7 Administrative Claims	0	0	100.0%	100.0%	0	0	12
D. Chapter 11 Administrative Claims	8	8	12.3%	28.5%	1	2	12
Proceeds Available for Priority Claims					\$ -	\$ -	
PRIORITY CLAIMS							
E. Employee Priority Claims	\$ -	\$ -	na	na	\$ -	\$ -	13
F. Priority Tax Claims	22	22	0.0%	0.0%	-	-	13
G. Other Priority Claims	-	-	na	na	-	-	13
Proceeds Available for Unsecured Claims					\$ -	\$ -	
UNSECURED CLAIMS							
H1. First Lien Deficiency Claims	\$ -	\$ -	na	na	\$ -	\$ -	14
H2. Second Lien Deficiency Claims	-	-	na	na	-	-	14
H3. Other Secured Deficiency Claims	-	-	na	na	-	-	14
H4. Senior Unsecured Notes Claims	-	-	na	na	-	-	14
H5. Subsidiary Guaranteed Notes Claims	502,019	502,019	0.0%	0.0%	-	-	14
H5a. Subsidiary Guaranteed Notes Turnover to First Lien Claimants	-	-	na	na	-	-	14
H6. General Unsecured Claims	3	5	0.0%	0.0%	-	-	14
H7. Pension Claims	446,123	223,061	0.0%	0.0%	-	-	14
H8. Intercompany Notes Payable	-	-	na	na	-	-	14
H9. Intercompany Claims - Prepetition	269	269	0.0%	0.0%	-	-	14
Total Unsecured Claims	\$ 948,414	\$ 725,354	0.0%	0.0%	\$ -	\$ -	
Total Admin, Priority, Unsecured Claims & Distributions	\$ 948,444	\$ 725,384	0.0%	0.0%	\$ 1	\$ 2	
Value Available for Equity Interests					\$ -	\$ -	15

I. TOTAL PROCEEDS AVAILABLE FOR DISTRIBUTION

	Net Book Value	Estimated Recovery (%)		Estimated Liquidation Value		See Note
		Lower	Higher	Lower	Higher	
A. STATEMENT OF ASSETS						
Cash and equivalents	\$ -	0%	0%	\$ -	\$ -	1
Accounts receivable	-	0%	0%	-	-	2
Other current assets	-	0%	0%	-	-	2
Inventory	-	0%	0%	-	-	2
Due from subsidiaries/affiliates	-	0%	0%	-	-	3
Property and equipment, net	-	0%	0%	-	-	2
Goodwill	-	0%	0%	-	-	4
Intangibles	-	0%	0%	-	-	4
Investments in subsidiaries	-	0%	0%	-	-	5
Restricted cash	-	0%	0%	-	-	4
Other assets	-	0%	0%	-	-	
STATEMENT OF ASSETS - CASINO SALE						
Casino	-	0%	0%	-	-	6
Interim cash flow	-	0%	0%	-	-	7
Total Assets / Gross Recovery	\$ -	0%	0%	\$ -	\$ -	
A1. ENCUMBERED COLLATERAL						
Cash and equivalents	\$ -	0%	0%	\$ -	\$ -	1
Accounts receivable	-	0%	0%	-	-	2
Other current assets	-	0%	0%	-	-	2
Inventory	-	0%	0%	-	-	2
Due from subsidiaries/affiliates	-	0%	0%	-	-	3
Property and equipment, net	-	0%	0%	-	-	2
Goodwill	-	0%	0%	-	-	4
Intangibles	-	0%	0%	-	-	4
Investments in subsidiaries	-	0%	0%	-	-	5
Restricted cash	-	0%	0%	-	-	4
Other assets	-	0%	0%	-	-	
Casino value and encumbered interim cash flow	-	0%	0%	-	-	6,7
Total Encumbered Collateral / Gross Recovery	\$ -	0%	0%	\$ -	\$ -	
A2. UNENCUMBERED ASSETS						
Cash and equivalents	\$ -	0%	0%	\$ -	\$ -	1
Accounts receivable	-	0%	0%	-	-	2
Other current assets	-	0%	0%	-	-	2
Inventory	-	0%	0%	-	-	2
Due from subsidiaries/affiliates	-	0%	0%	-	-	3
Property and equipment, net	-	0%	0%	-	-	2
Goodwill	-	0%	0%	-	-	4
Intangibles	-	0%	0%	-	-	4
Investments in subsidiaries	-	0%	0%	-	-	5
Restricted cash	-	0%	0%	-	-	4
Other assets	-	0%	0%	-	-	
Unencumbered interim cash flow	-	0%	0%	-	-	7
Total Unencumbered Assets / Gross Recovery	\$ -	0%	0%	\$ -	\$ -	
B. LITIGATION RECOVERIES						
B1. Encumbered Causes of Action	-	-	-	-	-	8
B2. Unencumbered Causes of Action, including Preferences	-	-	-	-	-	8
B3. Total Litigation Recoveries	\$ -			\$ -	\$ -	
C. SUMMARY OF GROSS PROCEEDS						
C1. Encumbered Collateral Recovery (A1 + B1)	-	-	-	\$ -	\$ -	
C2. Unencumbered Assets Recovery (A2 + B2)	-	-	-	-	-	
C3. Total Gross Recovery Proceeds Available for Distribution	\$ -			\$ -	\$ -	

II. ALLOCATION OF PROCEEDS FROM ENCUMBERED COLLATERAL AVAILABLE FOR DISTRIBUTION

	Estimated Allowed Claims		Estimated Recovery (%)		Estimated Recovery on Secured Claims		See Note
	Lower	Higher	Lower	Higher	Lower	Higher	
Encumbered Gross Collateral Proceeds Available					\$ -	\$ -	
A. LESS: Section 506(c) Surcharges	\$ -	\$ -			\$ -	\$ -	9
B. Carve-Out Allocation	-	-			-	-	10
Proceeds Available to Secured Claims					\$ -	\$ -	
SECURED CLAIMS							
C. PLUS: Proceeds From Subsidiary Guaranteed Notes Turnover					-	-	14
Proceeds Available to Satisfy First Lien Secured Claims					\$ -	\$ -	
D. First Lien Secured Claims							
D1. First Lien Bank Claims	\$ -	\$ -	na	na	-	-	11
D2. First Lien Bond Claims	-	-	na	na	-	-	11
D3. First Lien Swap Claims	-	-	na	na	-	-	11
D4. Other First Lien Secured Claims	-	-	na	na	-	-	11
Total First Lien Claims & Recovery	\$ -	\$ -	na	na	\$ -	\$ -	
Proceeds Available to Satisfy Second Lien Secured Claims					\$ -	\$ -	
E. Second Lien Bond Claims	\$ -	\$ -	na	na	-	-	11
Total Second Lien Claims & Recovery	\$ -	\$ -	na	na	\$ -	\$ -	
F. Other Secured Claims	-	-			\$ -	\$ -	11
Total Secured Claims and Distributions	\$ -	\$ -	0.0%	0.0%	\$ -	\$ -	
Proceeds Available from Encumbered Collateral to Satisfy Administrative, Priority and Unsecured Claims					\$ -	\$ -	
Secured Lender Deficiency Claims (General Unsecured Claim)	\$ -	\$ -					

III. ALLOCATION OF PROCEEDS AVAILABLE TO SATISFY ADMINISTRATIVE, PRIORITY AND UNSECURED CLAIMS

	Estimated Allowed Claims		Estimated Recovery (%)		Estimated Recovery on Administrative, Priority and Unsecured Claims		See Note
	Lower	Higher	Lower	Higher	Lower	Higher	
Proceeds Available from Unencumbered Assets					\$ -	\$ -	
Section 506(c) Surcharges					-	-	9
Proceeds Available from Encumbered Collateral					-	-	
Proceeds Available to Satisfy Administrative, Priority and Unsecured Claims					\$ -	\$ -	
A. LESS: Carve-Out Allocation	\$ -	\$ -	na	na	\$ -	\$ -	10
Proceeds Available for Administrative Claims					\$ -	\$ -	
ADMINISTRATIVE CLAIMS							
B. Subsidiaries' Superpriority Admin Claims against CEOC	\$ -	\$ -	na	na	\$ -	\$ -	12
C. Chapter 7 Administrative Claims	-	-	na	na	-	-	12
D. Chapter 11 Administrative Claims	-	-	na	na	-	-	12
Proceeds Available for Priority Claims					\$ -	\$ -	
PRIORITY CLAIMS							
E. Employee Priority Claims	\$ -	\$ -	na	na	\$ -	\$ -	13
F. Priority Tax Claims	-	-	na	na	-	-	13
G. Other Priority Claims	-	-	na	na	-	-	13
Proceeds Available for Unsecured Claims					\$ -	\$ -	
UNSECURED CLAIMS							
H1. First Lien Deficiency Claims	\$ -	\$ -	na	na	\$ -	\$ -	14
H2. Second Lien Deficiency Claims	-	-	na	na	-	-	14
H3. Other Secured Deficiency Claims	-	-	na	na	-	-	14
H4. Senior Unsecured Notes Claims	-	-	na	na	-	-	14
H5. Subsidiary Guaranteed Notes Claims	502,019	502,019	0.0%	0.0%	-	-	14
H5a. Subsidiary Guaranteed Notes Turnover to First Lien Claimants	-	-	na	na	-	-	14
H6. General Unsecured Claims	-	-	na	na	-	-	14
H7. Pension Claims	446,123	223,061	0.0%	0.0%	-	-	14
H8. Intercompany Notes Payable	-	-	na	na	-	-	14
H9. Intercompany Claims - Prepetition	-	-	na	na	-	-	14
Total Unsecured Claims	\$ 948,142	\$ 725,081	0.0%	0.0%	\$ -	\$ -	
Total Admin, Priority, Unsecured Claims & Distributions	\$ 948,142	\$ 725,081	0.0%	0.0%	\$ -	\$ -	
Value Available for Equity Interests					\$ -	\$ -	15

I. TOTAL PROCEEDS AVAILABLE FOR DISTRIBUTION

	Net Book Value	Estimated Recovery (%)		Estimated Liquidation Value		See Note
		Lower	Higher	Lower	Higher	
A. STATEMENT OF ASSETS						
Cash and equivalents	\$ -	0%	0%	\$ -	\$ -	1
Accounts receivable	-	0%	0%	-	-	2
Other current assets	-	0%	0%	-	-	2
Inventory	-	0%	0%	-	-	2
Due from subsidiaries/affiliates	-	0%	0%	-	-	3
Property and equipment, net	-	0%	0%	-	-	2
Goodwill	-	0%	0%	-	-	4
Intangibles	-	0%	0%	-	-	4
Investments in subsidiaries	-	0%	0%	-	-	5
Restricted cash	-	0%	0%	-	-	4
Other assets	-	0%	0%	-	-	
STATEMENT OF ASSETS - CASINO SALE						
Casino	-	0%	0%	-	-	6
Interim cash flow	-	0%	0%	-	-	7
Total Assets / Gross Recovery	\$ -	0%	0%	\$ -	\$ -	
A1. ENCUMBERED COLLATERAL						
Cash and equivalents	\$ -	0%	0%	\$ -	\$ -	1
Accounts receivable	-	0%	0%	-	-	2
Other current assets	-	0%	0%	-	-	2
Inventory	-	0%	0%	-	-	2
Due from subsidiaries/affiliates	-	0%	0%	-	-	3
Property and equipment, net	-	0%	0%	-	-	2
Goodwill	-	0%	0%	-	-	4
Intangibles	-	0%	0%	-	-	4
Investments in subsidiaries	-	0%	0%	-	-	5
Restricted cash	-	0%	0%	-	-	4
Other assets	-	0%	0%	-	-	
Casino value and encumbered interim cash flow	-	0%	0%	-	-	6,7
Total Encumbered Collateral / Gross Recovery	\$ -	0%	0%	\$ -	\$ -	
A2. UNENCUMBERED ASSETS						
Cash and equivalents	\$ -	0%	0%	\$ -	\$ -	1
Accounts receivable	-	0%	0%	-	-	2
Other current assets	-	0%	0%	-	-	2
Inventory	-	0%	0%	-	-	2
Due from subsidiaries/affiliates	-	0%	0%	-	-	3
Property and equipment, net	-	0%	0%	-	-	2
Goodwill	-	0%	0%	-	-	4
Intangibles	-	0%	0%	-	-	4
Investments in subsidiaries	-	0%	0%	-	-	5
Restricted cash	-	0%	0%	-	-	4
Other assets	-	0%	0%	-	-	
Unencumbered interim cash flow	-	0%	0%	-	-	7
Total Unencumbered Assets / Gross Recovery	\$ -	0%	0%	\$ -	\$ -	
B. LITIGATION RECOVERIES						
B1. Encumbered Causes of Action				-	-	8
B2. Unencumbered Causes of Action, including Preferences				-	-	8
B3. Total Litigation Recoveries				\$ -	\$ -	
C. SUMMARY OF GROSS PROCEEDS						
C1. Encumbered Collateral Recovery (A1 + B1)				\$ -	\$ -	
C2. Unencumbered Assets Recovery (A2 + B2)				-	-	
C3. Total Gross Recovery Proceeds Available for Distribution				\$ -	\$ -	

II. ALLOCATION OF PROCEEDS FROM ENCUMBERED COLLATERAL AVAILABLE FOR DISTRIBUTION

	Estimated Allowed Claims		Estimated Recovery (%)		Estimated Recovery on Secured Claims		See Note
	Lower	Higher	Lower	Higher	Lower	Higher	
Encumbered Gross Collateral Proceeds Available					\$ -	\$ -	
A. LESS: Section 506(c) Surcharges	\$ -	\$ -			\$ -	\$ -	9
B. Carve-Out Allocation	-	-			-	-	10
Proceeds Available to Secured Claims					\$ -	\$ -	
SECURED CLAIMS							
C. PLUS: Proceeds From Subsidiary Guaranteed Notes Turnover					-	-	14
Proceeds Available to Satisfy First Lien Secured Claims					\$ -	\$ -	
D. First Lien Secured Claims							
D1. First Lien Bank Claims	\$ -	\$ -	na	na	-	-	11
D2. First Lien Bond Claims	-	-	na	na	-	-	11
D3. First Lien Swap Claims	-	-	na	na	-	-	11
D4. Other First Lien Secured Claims	-	-	na	na	-	-	11
Total First Lien Claims & Recovery	\$ -	\$ -	na	na	\$ -	\$ -	
Proceeds Available to Satisfy Second Lien Secured Claims					\$ -	\$ -	
E. Second Lien Bond Claims	\$ -	\$ -	na	na	-	-	11
Total Second Lien Claims & Recovery	\$ -	\$ -	na	na	\$ -	\$ -	
F. Other Secured Claims	-	-			\$ -	\$ -	11
Total Secured Claims and Distributions	\$ -	\$ -	0.0%	0.0%	\$ -	\$ -	
Proceeds Available from Encumbered Collateral to Satisfy Administrative, Priority and Unsecured Claims					\$ -	\$ -	
Secured Lender Deficiency Claims (General Unsecured Claim)	\$ -	\$ -					

III. ALLOCATION OF PROCEEDS AVAILABLE TO SATISFY ADMINISTRATIVE, PRIORITY AND UNSECURED CLAIMS

	Estimated Allowed Claims		Estimated Recovery (%)		Estimated Recovery on Administrative, Priority and Unsecured Claims		See Note
	Lower	Higher	Lower	Higher	Lower	Higher	
Proceeds Available from Unencumbered Assets					\$ -	\$ -	
Section 506(c) Surcharges					-	-	9
Proceeds Available from Encumbered Collateral					-	-	
Proceeds Available to Satisfy Administrative, Priority and Unsecured Claims					\$ -	\$ -	
A. LESS: Carve-Out Allocation	\$ -	\$ -	na	na	\$ -	\$ -	10
Proceeds Available for Administrative Claims					\$ -	\$ -	
ADMINISTRATIVE CLAIMS							
B. Subsidiaries' Superpriority Admin Claims against CEOC	\$ -	\$ -	na	na	\$ -	\$ -	12
C. Chapter 7 Administrative Claims	-	-	na	na	-	-	12
D. Chapter 11 Administrative Claims	-	-	na	na	-	-	12
Proceeds Available for Priority Claims					\$ -	\$ -	
PRIORITY CLAIMS							
E. Employee Priority Claims	\$ -	\$ -	na	na	\$ -	\$ -	13
F. Priority Tax Claims	-	-	na	na	-	-	13
G. Other Priority Claims	-	-	na	na	-	-	13
Proceeds Available for Unsecured Claims					\$ -	\$ -	
UNSECURED CLAIMS							
H1. First Lien Deficiency Claims	\$ -	\$ -	na	na	\$ -	\$ -	14
H2. Second Lien Deficiency Claims	-	-	na	na	-	-	14
H3. Other Secured Deficiency Claims	-	-	na	na	-	-	14
H4. Senior Unsecured Notes Claims	-	-	na	na	-	-	14
H5. Subsidiary Guaranteed Notes Claims	502,019	502,019	0.0%	0.0%	-	-	14
H5a. Subsidiary Guaranteed Notes Turnover to First Lien Claimants	-	-	na	na	-	-	14
H6. General Unsecured Claims	-	-	na	na	-	-	14
H7. Pension Claims	446,123	223,061	0.0%	0.0%	-	-	14
H8. Intercompany Notes Payable	-	-	na	na	-	-	14
H9. Intercompany Claims - Prepetition	-	-	na	na	-	-	14
Total Unsecured Claims	\$ 948,142	\$ 725,081	0.0%	0.0%	\$ -	\$ -	
Total Admin, Priority, Unsecured Claims & Distributions	\$ 948,142	\$ 725,081	0.0%	0.0%	\$ -	\$ -	
Value Available for Equity Interests					\$ -	\$ -	15

I. TOTAL PROCEEDS AVAILABLE FOR DISTRIBUTION

	Net Book Value	Estimated Recovery (%)		Estimated Liquidation Value		See Note
		Lower	Higher	Lower	Higher	
A. STATEMENT OF ASSETS						
Cash and equivalents	\$ -	0%	0%	\$ -	\$ -	1
Accounts receivable	49	50%	75%	24	36	2
Other current assets	34	80%	100%	27	34	2
Inventory	-	0%	0%	-	-	2
Due from subsidiaries/affiliates	41	17%	42%	7	17	3
Property and equipment, net	213,490	16%	17%	34,936	35,669	2
Goodwill	-	0%	0%	-	-	4
Intangibles	-	0%	0%	-	-	4
Investments in subsidiaries	-	0%	0%	-	-	5
Restricted cash	-	0%	0%	-	-	4
Other assets	-	0%	0%	-	-	
STATEMENT OF ASSETS - CASINO SALE						
Casino	-	0%	0%	-	-	6
Interim cash flow	-	0%	0%	-	-	7
Total Assets / Gross Recovery	\$ 213,614	16%	17%	\$ 34,994	\$ 35,757	
A1. ENCUMBERED COLLATERAL						
Cash and equivalents	\$ -	0%	0%	\$ -	\$ -	1
Accounts receivable	49	50%	75%	24	36	2
Other current assets	34	80%	100%	27	34	2
Inventory	-	0%	0%	-	-	2
Due from subsidiaries/affiliates	41	17%	42%	7	17	3
Property and equipment, net	213,490	16%	17%	34,936	35,669	2
Goodwill	-	0%	0%	-	-	4
Intangibles	-	0%	0%	-	-	4
Investments in subsidiaries	-	0%	0%	-	-	5
Restricted cash	-	0%	0%	-	-	4
Other assets	-	0%	0%	-	-	
Casino value and encumbered interim cash flow	-	0%	0%	-	-	6,7
Total Encumbered Collateral / Gross Recovery	\$ 213,614	16%	17%	\$ 34,994	\$ 35,757	
A2. UNENCUMBERED ASSETS						
Cash and equivalents	\$ -	0%	0%	\$ -	\$ -	1
Accounts receivable	-	0%	0%	-	-	2
Other current assets	-	0%	0%	-	-	2
Inventory	-	0%	0%	-	-	2
Due from subsidiaries/affiliates	-	0%	0%	-	-	3
Property and equipment, net	-	0%	0%	-	-	2
Goodwill	-	0%	0%	-	-	4
Intangibles	-	0%	0%	-	-	4
Investments in subsidiaries	-	0%	0%	-	-	5
Restricted cash	-	0%	0%	-	-	4
Other assets	-	0%	0%	-	-	
Unencumbered interim cash flow	-	0%	0%	-	-	7
Total Unencumbered Assets / Gross Recovery	\$ -	0%	0%	\$ -	\$ -	
B. LITIGATION RECOVERIES						
B1. Encumbered Causes of Action				-	-	8
B2. Unencumbered Causes of Action, including Preferences				-	-	8
B3. Total Litigation Recoveries				\$ -	\$ -	
C. SUMMARY OF GROSS PROCEEDS						
C1. Encumbered Collateral Recovery (A1 + B1)				\$ 34,994	\$ 35,757	
C2. Unencumbered Assets Recovery (A2 + B2)				-	-	
C3. Total Gross Recovery Proceeds Available for Distribution				\$ 34,994	\$ 35,757	

II. ALLOCATION OF PROCEEDS FROM ENCUMBERED COLLATERAL AVAILABLE FOR DISTRIBUTION

	Estimated Allowed Claims		Estimated Recovery (%)		Estimated Recovery on Secured Claims		See Note
	Lower	Higher	Lower	Higher	Lower	Higher	
Encumbered Gross Collateral Proceeds Available					\$ 34,994	\$ 35,757	
A. LESS: Section 506(c) Surcharges	\$ -	\$ -			\$ -	\$ -	9
B. Carve-Out Allocation	-	-			-	-	10
Proceeds Available to Secured Claims					\$ 34,994	\$ 35,757	
SECURED CLAIMS							
C. PLUS: Proceeds From Subsidiary Guaranteed Notes Turnover					-	-	14
Proceeds Available to Satisfy First Lien Secured Claims					\$ 34,994	\$ 35,757	
D. First Lien Secured Claims							
D1. First Lien Bank Claims	\$ 15,750	\$ 15,878	100.0%	100.0%	15,750	15,878	11
D2. First Lien Bond Claims	19,117	19,751	100.0%	100.0%	19,117	19,751	11
D3. First Lien Swap Claims	127	128	100.0%	100.0%	127	128	11
D4. Other First Lien Secured Claims	-	-	na	na	-	-	11
Total First Lien Claims & Recovery	\$ 34,994	\$ 35,757	100.0%	100.0%	\$ 34,994	\$ 35,757	
Proceeds Available to Satisfy Second Lien Secured Claims					\$ -	\$ -	
E. Second Lien Bond Claims	\$ -	\$ -	na	na	-	-	11
Total Second Lien Claims & Recovery	\$ -	\$ -	na	na	\$ -	\$ -	
F. Other Secured Claims	-	-			\$ -	\$ -	11
Total Secured Claims and Distributions	\$ 34,994	\$ 35,757	100.0%	100.0%	\$ 34,994	\$ 35,757	
Proceeds Available from Encumbered Collateral to Satisfy Administrative, Priority and Unsecured Claims					\$ -	\$ -	
Secured Lender Deficiency Claims (General Unsecured Claim)	\$ -	\$ -					

III. ALLOCATION OF PROCEEDS AVAILABLE TO SATISFY ADMINISTRATIVE, PRIORITY AND UNSECURED CLAIMS

	Estimated Allowed Claims		Estimated Recovery (%)		Estimated Recovery on Administrative, Priority and Unsecured Claims		See Note
	Lower	Higher	Lower	Higher	Lower	Higher	
Proceeds Available from Unencumbered Assets					\$ -	\$ -	
Section 506(c) Surcharges					-	-	9
Proceeds Available from Encumbered Collateral					-	-	
Proceeds Available to Satisfy Administrative, Priority and Unsecured Claims					\$ -	\$ -	
A. LESS: Carve-Out Allocation	\$ -	\$ -	na	na	\$ -	\$ -	10
Proceeds Available for Administrative Claims					\$ -	\$ -	
ADMINISTRATIVE CLAIMS							
B. Subsidiaries' Superpriority Admin Claims against CEOC	\$ -	\$ -	na	na	\$ -	\$ -	12
C. Chapter 7 Administrative Claims	-	-	na	na	-	-	12
D. Chapter 11 Administrative Claims	-	-	na	na	-	-	12
Proceeds Available for Priority Claims					\$ -	\$ -	
PRIORITY CLAIMS							
E. Employee Priority Claims	\$ -	\$ -	na	na	\$ -	\$ -	13
F. Priority Tax Claims	-	-	na	na	-	-	13
G. Other Priority Claims	-	-	na	na	-	-	13
Proceeds Available for Unsecured Claims					\$ -	\$ -	
UNSECURED CLAIMS							
H1. First Lien Deficiency Claims	\$ -	\$ -	na	na	\$ -	\$ -	14
H2. Second Lien Deficiency Claims	-	-	na	na	-	-	14
H3. Other Secured Deficiency Claims	-	-	na	na	-	-	14
H4. Senior Unsecured Notes Claims	-	-	na	na	-	-	14
H5. Subsidiary Guaranteed Notes Claims	502,019	502,019	0.0%	0.0%	-	-	14
H5a. Subsidiary Guaranteed Notes Turnover to First Lien Claimants	-	-	na	na	-	-	14
H6. General Unsecured Claims	-	-	na	na	-	-	14
H7. Pension Claims	446,123	223,061	0.0%	0.0%	-	-	14
H8. Intercompany Notes Payable	-	-	na	na	-	-	14
H9. Intercompany Claims - Prepetition	-	-	na	na	-	-	14
Total Unsecured Claims	\$ 948,142	\$ 725,081	0.0%	0.0%	\$ -	\$ -	
Total Admin, Priority, Unsecured Claims & Distributions	\$ 948,142	\$ 725,081	0.0%	0.0%	\$ -	\$ -	
Value Available for Equity Interests					\$ -	\$ -	15

I. TOTAL PROCEEDS AVAILABLE FOR DISTRIBUTION

	Net Book Value	Estimated Recovery (%)		Estimated Liquidation Value		See Note
		Lower	Higher	Lower	Higher	
A. STATEMENT OF ASSETS						
Cash and equivalents	\$ -	0%	0%	\$ -	\$ -	1
Accounts receivable	-	0%	0%	-	-	2
Other current assets	4	0%	0%	-	-	2
Inventory	-	0%	0%	-	-	2
Due from subsidiaries/affiliates	181	0%	19%	-	35	3
Property and equipment, net	-	0%	0%	-	-	2
Goodwill	-	0%	0%	-	-	4
Intangibles	-	0%	0%	-	-	4
Investments in subsidiaries	-	0%	0%	-	-	5
Restricted cash	-	0%	0%	-	-	4
Other assets	-	0%	0%	-	-	
STATEMENT OF ASSETS - CASINO SALE						
Casino	-	0%	0%	-	-	6
Interim cash flow	-	0%	0%	-	-	7
Total Assets / Gross Recovery	\$ 185	0%	19%	\$ -	\$ 35	
A1. ENCUMBERED COLLATERAL						
Cash and equivalents	\$ -	0%	0%	\$ -	\$ -	1
Accounts receivable	-	0%	0%	-	-	2
Other current assets	4	0%	0%	-	-	2
Inventory	-	0%	0%	-	-	2
Due from subsidiaries/affiliates	181	0%	19%	-	35	3
Property and equipment, net	-	0%	0%	-	-	2
Goodwill	-	0%	0%	-	-	4
Intangibles	-	0%	0%	-	-	4
Investments in subsidiaries	-	0%	0%	-	-	5
Restricted cash	-	0%	0%	-	-	4
Other assets	-	0%	0%	-	-	
Casino value and encumbered interim cash flow	-	0%	0%	-	-	6,7
Total Encumbered Collateral / Gross Recovery	\$ 185	0%	19%	\$ -	\$ 35	
A2. UNENCUMBERED ASSETS						
Cash and equivalents	\$ -	0%	0%	\$ -	\$ -	1
Accounts receivable	-	0%	0%	-	-	2
Other current assets	-	0%	0%	-	-	2
Inventory	-	0%	0%	-	-	2
Due from subsidiaries/affiliates	-	0%	0%	-	-	3
Property and equipment, net	-	0%	0%	-	-	2
Goodwill	-	0%	0%	-	-	4
Intangibles	-	0%	0%	-	-	4
Investments in subsidiaries	-	0%	0%	-	-	5
Restricted cash	-	0%	0%	-	-	4
Other assets	-	0%	0%	-	-	
Unencumbered interim cash flow	-	0%	0%	-	-	7
Total Unencumbered Assets / Gross Recovery	\$ -	0%	0%	\$ -	\$ -	
B. LITIGATION RECOVERIES						
B1. Encumbered Causes of Action				-	-	8
B2. Unencumbered Causes of Action, including Preferences				-	-	8
B3. Total Litigation Recoveries				\$ -	\$ -	
C. SUMMARY OF GROSS PROCEEDS						
C1. Encumbered Collateral Recovery (A1 + B1)				\$ -	\$ 35	
C2. Unencumbered Assets Recovery (A2 + B2)				-	-	
C3. Total Gross Recovery Proceeds Available for Distribution				\$ -	\$ 35	

II. ALLOCATION OF PROCEEDS FROM ENCUMBERED COLLATERAL AVAILABLE FOR DISTRIBUTION

	Estimated Allowed Claims		Estimated Recovery (%)		Estimated Recovery on Secured Claims		See Note
	Lower	Higher	Lower	Higher	Lower	Higher	
Encumbered Gross Collateral Proceeds Available					\$ -	\$ 35	
A. LESS: Section 506(c) Surcharges	\$ -	\$ -			\$ -	\$ -	9
B. Carve-Out Allocation	-	-			-	-	10
Proceeds Available to Secured Claims					<u>\$ -</u>	<u>\$ 35</u>	
SECURED CLAIMS							
C. PLUS: Proceeds From Subsidiary Guaranteed Notes Turnover					-	-	14
Proceeds Available to Satisfy First Lien Secured Claims					<u>\$ -</u>	<u>\$ 35</u>	
D. First Lien Secured Claims							
D1. First Lien Bank Claims	\$ -	\$ 15	na	100.0%	-	15	11
D2. First Lien Bond Claims	-	19	na	100.0%	-	19	11
D3. First Lien Swap Claims	-	0	na	100.0%	-	0	11
D4. Other First Lien Secured Claims	-	-	na	na	-	-	11
Total First Lien Claims & Recovery	<u>\$ -</u>	<u>\$ 35</u>	na	100.0%	<u>\$ -</u>	<u>\$ 35</u>	
Proceeds Available to Satisfy Second Lien Secured Claims					<u>\$ -</u>	<u>\$ -</u>	
E. Second Lien Bond Claims	\$ -	\$ -	na	na	-	-	11
Total Second Lien Claims & Recovery	<u>\$ -</u>	<u>\$ -</u>	na	na	<u>\$ -</u>	<u>\$ -</u>	
F. Other Secured Claims	-	-			\$ -	\$ -	11
Total Secured Claims and Distributions	<u>\$ -</u>	<u>\$ 35</u>	0.0%	100.0%	<u>\$ -</u>	<u>\$ 35</u>	
Proceeds Available from Encumbered Collateral to Satisfy Administrative, Priority and Unsecured Claims					<u>\$ -</u>	<u>\$ -</u>	
Secured Lender Deficiency Claims (General Unsecured Claim)	<u>\$ -</u>	<u>\$ -</u>					

III. ALLOCATION OF PROCEEDS AVAILABLE TO SATISFY ADMINISTRATIVE, PRIORITY AND UNSECURED CLAIMS

	Estimated Allowed Claims		Estimated Recovery (%)		Estimated Recovery on Administrative, Priority and Unsecured Claims		See Note
	Lower	Higher	Lower	Higher	Lower	Higher	
Proceeds Available from Unencumbered Assets					\$ -	\$ -	
Section 506(c) Surcharges					-	-	9
Proceeds Available from Encumbered Collateral					-	-	
Proceeds Available to Satisfy Administrative, Priority and Unsecured Claims					\$ -	\$ -	
A. LESS: Carve-Out Allocation	\$ -	\$ -	na	na	\$ -	\$ -	10
Proceeds Available for Administrative Claims					\$ -	\$ -	
ADMINISTRATIVE CLAIMS							
B. Subsidiaries' Superpriority Admin Claims against CEOC	\$ -	\$ -	na	na	\$ -	\$ -	12
C. Chapter 7 Administrative Claims	-	-	na	na	-	-	12
D. Chapter 11 Administrative Claims	-	-	na	na	-	-	12
Proceeds Available for Priority Claims					\$ -	\$ -	
PRIORITY CLAIMS							
E. Employee Priority Claims	\$ -	\$ -	na	na	\$ -	\$ -	13
F. Priority Tax Claims	-	-	na	na	-	-	13
G. Other Priority Claims	-	-	na	na	-	-	13
Proceeds Available for Unsecured Claims					\$ -	\$ -	
UNSECURED CLAIMS							
H1. First Lien Deficiency Claims	\$ -	\$ -	na	na	\$ -	\$ -	14
H2. Second Lien Deficiency Claims	-	-	na	na	-	-	14
H3. Other Secured Deficiency Claims	-	-	na	na	-	-	14
H4. Senior Unsecured Notes Claims	-	-	na	na	-	-	14
H5. Subsidiary Guaranteed Notes Claims	502,019	502,019	0.0%	0.0%	-	-	14
H5a. Subsidiary Guaranteed Notes Turnover to First Lien Claimants	-	-	na	na	-	-	14
H6. General Unsecured Claims	3	3	0.0%	0.0%	-	-	14
H7. Pension Claims	446,123	223,061	0.0%	0.0%	-	-	14
H8. Intercompany Notes Payable	-	-	na	na	-	-	14
H9. Intercompany Claims - Prepetition	-	-	na	na	-	-	14
Total Unsecured Claims	\$ 948,144	\$ 725,083	0.0%	0.0%	\$ -	\$ -	
Total Admin, Priority, Unsecured Claims & Distributions	\$ 948,144	\$ 725,083	0.0%	0.0%	\$ -	\$ -	
Value Available for Equity Interests					\$ -	\$ -	15

I. TOTAL PROCEEDS AVAILABLE FOR DISTRIBUTION

	Net Book Value	Estimated Recovery (%)		Estimated Liquidation Value		See Note
		Lower	Higher	Lower	Higher	
A. STATEMENT OF ASSETS						
Cash and equivalents	\$ -	0%	0%	\$ -	\$ -	1
Accounts receivable	-	0%	0%	-	-	2
Other current assets	-	0%	0%	-	-	2
Inventory	-	0%	0%	-	-	2
Due from subsidiaries/affiliates	1,758,701	1%	6%	26,158	98,293	3
Property and equipment, net	-	0%	0%	-	-	2
Goodwill	-	0%	0%	-	-	4
Intangibles	-	0%	0%	-	-	4
Investments in subsidiaries	-	0%	0%	-	-	5
Restricted cash	-	0%	0%	-	-	4
Other assets	-	0%	0%	-	-	
STATEMENT OF ASSETS - CASINO SALE						
Casino	-	0%	0%	-	-	6
Interim cash flow	-	0%	0%	-	-	7
Total Assets / Gross Recovery	\$ 1,758,701	1%	6%	\$ 26,158	\$ 98,293	
A1. ENCUMBERED COLLATERAL						
Cash and equivalents	\$ -	0%	0%	\$ -	\$ -	1
Accounts receivable	-	0%	0%	-	-	2
Other current assets	-	0%	0%	-	-	2
Inventory	-	0%	0%	-	-	2
Due from subsidiaries/affiliates	1,758,701	1%	6%	26,158	98,293	3
Property and equipment, net	-	0%	0%	-	-	2
Goodwill	-	0%	0%	-	-	4
Intangibles	-	0%	0%	-	-	4
Investments in subsidiaries	-	0%	0%	-	-	5
Restricted cash	-	0%	0%	-	-	4
Other assets	-	0%	0%	-	-	
Casino value and encumbered interim cash flow	-	0%	0%	-	-	6,7
Total Encumbered Collateral / Gross Recovery	\$ 1,758,701	1%	6%	\$ 26,158	\$ 98,293	
A2. UNENCUMBERED ASSETS						
Cash and equivalents	\$ -	0%	0%	\$ -	\$ -	1
Accounts receivable	-	0%	0%	-	-	2
Other current assets	-	0%	0%	-	-	2
Inventory	-	0%	0%	-	-	2
Due from subsidiaries/affiliates	-	0%	0%	-	-	3
Property and equipment, net	-	0%	0%	-	-	2
Goodwill	-	0%	0%	-	-	4
Intangibles	-	0%	0%	-	-	4
Investments in subsidiaries	-	0%	0%	-	-	5
Restricted cash	-	0%	0%	-	-	4
Other assets	-	0%	0%	-	-	
Unencumbered interim cash flow	-	0%	0%	-	-	7
Total Unencumbered Assets / Gross Recovery	\$ -	0%	0%	\$ -	\$ -	
B. LITIGATION RECOVERIES						
B1. Encumbered Causes of Action	-	-	-	-	-	8
B2. Unencumbered Causes of Action, including Preferences	-	-	-	-	-	8
B3. Total Litigation Recoveries	-	-	-	-	-	
C. SUMMARY OF GROSS PROCEEDS						
C1. Encumbered Collateral Recovery (A1 + B1)	-	-	-	\$ 26,158	\$ 98,293	
C2. Unencumbered Assets Recovery (A2 + B2)	-	-	-	-	-	
C3. Total Gross Recovery Proceeds Available for Distribution	-	-	-	\$ 26,158	\$ 98,293	

II. ALLOCATION OF PROCEEDS FROM ENCUMBERED COLLATERAL AVAILABLE FOR DISTRIBUTION

	Estimated Allowed Claims		Estimated Recovery (%)		Estimated Recovery on Secured Claims		See Note
	Lower	Higher	Lower	Higher	Lower	Higher	
Encumbered Gross Collateral Proceeds Available					\$ 26,158	\$ 98,293	
A. LESS: Section 506(c) Surcharges	\$ -	\$ -			\$ -	\$ -	9
B. Carve-Out Allocation	-	-			-	-	10
Proceeds Available to Secured Claims					\$ 26,158	\$ 98,293	
SECURED CLAIMS							
C. PLUS: Proceeds From Subsidiary Guaranteed Notes Turnover					-	-	14
Proceeds Available to Satisfy First Lien Secured Claims					\$ 26,158	\$ 98,293	
D. First Lien Secured Claims							
D1. First Lien Bank Claims	\$ 11,773	\$ 43,648	100.0%	100.0%	11,773	43,648	11
D2. First Lien Bond Claims	14,290	54,293	100.0%	100.0%	14,290	54,293	11
D3. First Lien Swap Claims	95	353	100.0%	100.0%	95	353	11
D4. Other First Lien Secured Claims	-	-	na	na	-	-	11
Total First Lien Claims & Recovery	\$ 26,158	\$ 98,293	100.0%	100.0%	\$ 26,158	\$ 98,293	
Proceeds Available to Satisfy Second Lien Secured Claims					\$ -	\$ -	
E. Second Lien Bond Claims	\$ -	\$ -	na	na	-	-	11
Total Second Lien Claims & Recovery	\$ -	\$ -	na	na	\$ -	\$ -	
F. Other Secured Claims	-	-			\$ -	\$ -	11
Total Secured Claims and Distributions	\$ 26,158	\$ 98,293	100.0%	100.0%	\$ 26,158	\$ 98,293	
Proceeds Available from Encumbered Collateral to Satisfy Administrative, Priority and Unsecured Claims					\$ -	\$ -	
Secured Lender Deficiency Claims (General Unsecured Claim)	\$ -	\$ -					

III. ALLOCATION OF PROCEEDS AVAILABLE TO SATISFY ADMINISTRATIVE, PRIORITY AND UNSECURED CLAIMS

	Estimated Allowed Claims		Estimated Recovery (%)		Estimated Recovery on Administrative, Priority and Unsecured Claims		See Note
	Lower	Higher	Lower	Higher	Lower	Higher	
Proceeds Available from Unencumbered Assets					\$ -	\$ -	
Section 506(c) Surcharges					-	-	9
Proceeds Available from Encumbered Collateral					-	-	
Proceeds Available to Satisfy Administrative, Priority and Unsecured Claims					\$ -	\$ -	
A. LESS: Carve-Out Allocation	\$ -	\$ -	na	na	\$ -	\$ -	10
Proceeds Available for Administrative Claims					\$ -	\$ -	
ADMINISTRATIVE CLAIMS							
B. Subsidiaries' Superpriority Admin Claims against CEOC	\$ -	\$ -	na	na	\$ -	\$ -	12
C. Chapter 7 Administrative Claims	-	-	na	na	-	-	12
D. Chapter 11 Administrative Claims	3	3	0.0%	0.0%	-	-	12
Proceeds Available for Priority Claims					\$ -	\$ -	
PRIORITY CLAIMS							
E. Employee Priority Claims	\$ -	\$ -	na	na	\$ -	\$ -	13
F. Priority Tax Claims	-	-	na	na	-	-	13
G. Other Priority Claims	-	-	na	na	-	-	13
Proceeds Available for Unsecured Claims					\$ -	\$ -	
UNSECURED CLAIMS							
H1. First Lien Deficiency Claims	\$ -	\$ -	na	na	\$ -	\$ -	14
H2. Second Lien Deficiency Claims	-	-	na	na	-	-	14
H3. Other Secured Deficiency Claims	-	-	na	na	-	-	14
H4. Senior Unsecured Notes Claims	-	-	na	na	-	-	14
H5. Subsidiary Guaranteed Notes Claims	502,019	502,019	0.0%	0.0%	-	-	14
H5a. Subsidiary Guaranteed Notes Turnover to First Lien Claimants	-	-	na	na	-	-	14
H6. General Unsecured Claims	24	24	0.0%	0.0%	-	-	14
H7. Pension Claims	446,123	223,061	0.0%	0.0%	-	-	14
H8. Intercompany Notes Payable	-	-	na	na	-	-	14
H9. Intercompany Claims - Prepetition	2	2	0.0%	0.0%	-	-	14
Total Unsecured Claims	\$ 948,168	\$ 725,106	0.0%	0.0%	\$ -	\$ -	
Total Admin, Priority, Unsecured Claims & Distributions	\$ 948,170	\$ 725,109	0.0%	0.0%	\$ -	\$ -	
Value Available for Equity Interests					\$ -	\$ -	15

I. TOTAL PROCEEDS AVAILABLE FOR DISTRIBUTION

	Net Book Value	Estimated Recovery (%)		Estimated Liquidation Value		See Note
		Lower	Higher	Lower	Higher	
A. STATEMENT OF ASSETS						
Cash and equivalents	\$ -	0%	0%	\$ -	\$ -	1
Accounts receivable	-	0%	0%	-	-	2
Other current assets	-	0%	0%	-	-	2
Inventory	-	0%	0%	-	-	2
Due from subsidiaries/affiliates	-	0%	0%	-	-	3
Property and equipment, net	-	0%	0%	-	-	2
Goodwill	-	0%	0%	-	-	4
Intangibles	-	0%	0%	-	-	4
Investments in subsidiaries	-	0%	0%	-	-	5
Restricted cash	-	0%	0%	-	-	4
Other assets	-	0%	0%	-	-	
STATEMENT OF ASSETS - CASINO SALE						
Casino	-	0%	0%	-	-	6
Interim cash flow	-	0%	0%	-	-	7
Total Assets / Gross Recovery	<u>\$ -</u>	0%	0%	<u>\$ -</u>	<u>\$ -</u>	
A1. ENCUMBERED COLLATERAL						
Cash and equivalents	\$ -	0%	0%	\$ -	\$ -	1
Accounts receivable	-	0%	0%	-	-	2
Other current assets	-	0%	0%	-	-	2
Inventory	-	0%	0%	-	-	2
Due from subsidiaries/affiliates	-	0%	0%	-	-	3
Property and equipment, net	-	0%	0%	-	-	2
Goodwill	-	0%	0%	-	-	4
Intangibles	-	0%	0%	-	-	4
Investments in subsidiaries	-	0%	0%	-	-	5
Restricted cash	-	0%	0%	-	-	4
Other assets	-	0%	0%	-	-	
Casino value and encumbered interim cash flow	-	0%	0%	-	-	6,7
Total Encumbered Collateral / Gross Recovery	<u>\$ -</u>	0%	0%	<u>\$ -</u>	<u>\$ -</u>	
A2. UNENCUMBERED ASSETS						
Cash and equivalents	\$ -	0%	0%	\$ -	\$ -	1
Accounts receivable	-	0%	0%	-	-	2
Other current assets	-	0%	0%	-	-	2
Inventory	-	0%	0%	-	-	2
Due from subsidiaries/affiliates	-	0%	0%	-	-	3
Property and equipment, net	-	0%	0%	-	-	2
Goodwill	-	0%	0%	-	-	4
Intangibles	-	0%	0%	-	-	4
Investments in subsidiaries	-	0%	0%	-	-	5
Restricted cash	-	0%	0%	-	-	4
Other assets	-	0%	0%	-	-	
Unencumbered interim cash flow	-	0%	0%	-	-	7
Total Unencumbered Assets / Gross Recovery	<u>\$ -</u>	0%	0%	<u>\$ -</u>	<u>\$ -</u>	
B. LITIGATION RECOVERIES						
B1. Encumbered Causes of Action				-	-	8
B2. Unencumbered Causes of Action, including Preferences				-	-	8
B3. Total Litigation Recoveries				<u>\$ -</u>	<u>\$ -</u>	
C. SUMMARY OF GROSS PROCEEDS						
C1. Encumbered Collateral Recovery (A1 + B1)				\$ -	\$ -	
C2. Unencumbered Assets Recovery (A2 + B2)				-	-	
C3. Total Gross Recovery Proceeds Available for Distribution				<u>\$ -</u>	<u>\$ -</u>	

II. ALLOCATION OF PROCEEDS FROM ENCUMBERED COLLATERAL AVAILABLE FOR DISTRIBUTION

	Estimated Allowed Claims		Estimated Recovery (%)		Estimated Recovery on Secured Claims		See Note
	Lower	Higher	Lower	Higher	Lower	Higher	
Encumbered Gross Collateral Proceeds Available					\$ -	\$ -	
A. LESS: Section 506(c) Surcharges	\$ -	\$ -			\$ -	\$ -	9
B. Carve-Out Allocation	-	-			-	-	10
Proceeds Available to Secured Claims					\$ -	\$ -	
SECURED CLAIMS							
C. PLUS: Proceeds From Subsidiary Guaranteed Notes Turnover					-	-	14
Proceeds Available to Satisfy First Lien Secured Claims					\$ -	\$ -	
D. First Lien Secured Claims							
D1. First Lien Bank Claims	\$ -	\$ -	na	na	-	-	11
D2. First Lien Bond Claims	-	-	na	na	-	-	11
D3. First Lien Swap Claims	-	-	na	na	-	-	11
D4. Other First Lien Secured Claims	-	-	na	na	-	-	11
Total First Lien Claims & Recovery	\$ -	\$ -	na	na	\$ -	\$ -	
Proceeds Available to Satisfy Second Lien Secured Claims					\$ -	\$ -	
E. Second Lien Bond Claims	\$ -	\$ -	na	na	-	-	11
Total Second Lien Claims & Recovery	\$ -	\$ -	na	na	\$ -	\$ -	
F. Other Secured Claims	-	-			\$ -	\$ -	11
Total Secured Claims and Distributions	\$ -	\$ -	0.0%	0.0%	\$ -	\$ -	
Proceeds Available from Encumbered Collateral to Satisfy Administrative, Priority and Unsecured Claims					\$ -	\$ -	
Secured Lender Deficiency Claims (General Unsecured Claim)	\$ -	\$ -					

III. ALLOCATION OF PROCEEDS AVAILABLE TO SATISFY ADMINISTRATIVE, PRIORITY AND UNSECURED CLAIMS

	Estimated Allowed Claims		Estimated Recovery (%)		Estimated Recovery on Administrative, Priority and Unsecured Claims		See Note
	Lower	Higher	Lower	Higher	Lower	Higher	
Proceeds Available from Unencumbered Assets					\$ -	\$ -	
Section 506(c) Surcharges					-	-	9
Proceeds Available from Encumbered Collateral					-	-	
Proceeds Available to Satisfy Administrative, Priority and Unsecured Claims					\$ -	\$ -	
A. LESS: Carve-Out Allocation	\$ -	\$ -	na	na	\$ -	\$ -	10
Proceeds Available for Administrative Claims					\$ -	\$ -	
ADMINISTRATIVE CLAIMS							
B. Subsidiaries' Superpriority Admin Claims against CEOC	\$ -	\$ -	na	na	\$ -	\$ -	12
C. Chapter 7 Administrative Claims	-	-	na	na	-	-	12
D. Chapter 11 Administrative Claims	-	-	na	na	-	-	12
Proceeds Available for Priority Claims					\$ -	\$ -	
PRIORITY CLAIMS							
E. Employee Priority Claims	\$ -	\$ -	na	na	\$ -	\$ -	13
F. Priority Tax Claims	-	-	na	na	-	-	13
G. Other Priority Claims	-	-	na	na	-	-	13
Proceeds Available for Unsecured Claims					\$ -	\$ -	
UNSECURED CLAIMS							
H1. First Lien Deficiency Claims	\$ -	\$ -	na	na	\$ -	\$ -	14
H2. Second Lien Deficiency Claims	-	-	na	na	-	-	14
H3. Other Secured Deficiency Claims	-	-	na	na	-	-	14
H4. Senior Unsecured Notes Claims	-	-	na	na	-	-	14
H5. Subsidiary Guaranteed Notes Claims	502,019	502,019	0.0%	0.0%	-	-	14
H5a. Subsidiary Guaranteed Notes Turnover to First Lien Claimants	-	-	na	na	-	-	14
H6. General Unsecured Claims	-	-	na	na	-	-	14
H7. Pension Claims	446,123	223,061	0.0%	0.0%	-	-	14
H8. Intercompany Notes Payable	-	-	na	na	-	-	14
H9. Intercompany Claims - Prepetition	-	-	na	na	-	-	14
Total Unsecured Claims	\$ 948,142	\$ 725,081	0.0%	0.0%	\$ -	\$ -	
Total Admin, Priority, Unsecured Claims & Distributions	\$ 948,142	\$ 725,081	0.0%	0.0%	\$ -	\$ -	
Value Available for Equity Interests					\$ -	\$ -	15

I. TOTAL PROCEEDS AVAILABLE FOR DISTRIBUTION

	Net Book Value	Estimated Recovery (%)		Estimated Liquidation Value		See Note
		Lower	Higher	Lower	Higher	
A. STATEMENT OF ASSETS						
Cash and equivalents	\$ -	0%	0%	\$ -	\$ -	1
Accounts receivable	-	0%	0%	-	-	2
Other current assets	112	80%	100%	90	112	2
Inventory	-	0%	0%	-	-	2
Due from subsidiaries/affiliates	23,842	5%	26%	1,236	6,260	3
Property and equipment, net	336,814	11%	13%	35,733	43,296	2
Goodwill	-	0%	0%	-	-	4
Intangibles	-	0%	0%	-	-	4
Investments in subsidiaries	-	0%	0%	-	-	5
Restricted cash	-	0%	0%	-	-	4
Other assets	-	0%	0%	-	-	
STATEMENT OF ASSETS - CASINO SALE						
Casino	-	0%	0%	-	-	6
Interim cash flow	-	0%	0%	-	-	7
Total Assets / Gross Recovery	\$ 360,768	10%	14%	\$ 37,059	\$ 49,668	
A1. ENCUMBERED COLLATERAL						
Cash and equivalents	\$ -	0%	0%	\$ -	\$ -	1
Accounts receivable	-	0%	0%	-	-	2
Other current assets	112	80%	100%	90	112	2
Inventory	-	0%	0%	-	-	2
Due from subsidiaries/affiliates	23,842	5%	26%	1,236	6,260	3
Property and equipment, net	336,814	11%	13%	35,733	43,296	2
Goodwill	-	0%	0%	-	-	4
Intangibles	-	0%	0%	-	-	4
Investments in subsidiaries	-	0%	0%	-	-	5
Restricted cash	-	0%	0%	-	-	4
Other assets	-	0%	0%	-	-	
Casino value and encumbered interim cash flow	-	0%	0%	-	-	6,7
Total Encumbered Collateral / Gross Recovery	\$ 360,768	10%	14%	\$ 37,059	\$ 49,668	
A2. UNENCUMBERED ASSETS						
Cash and equivalents	\$ -	0%	0%	\$ -	\$ -	1
Accounts receivable	-	0%	0%	-	-	2
Other current assets	-	0%	0%	-	-	2
Inventory	-	0%	0%	-	-	2
Due from subsidiaries/affiliates	-	0%	0%	-	-	3
Property and equipment, net	-	0%	0%	-	-	2
Goodwill	-	0%	0%	-	-	4
Intangibles	-	0%	0%	-	-	4
Investments in subsidiaries	-	0%	0%	-	-	5
Restricted cash	-	0%	0%	-	-	4
Other assets	-	0%	0%	-	-	
Unencumbered interim cash flow	-	0%	0%	-	-	7
Total Unencumbered Assets / Gross Recovery	\$ -	0%	0%	\$ -	\$ -	
B. LITIGATION RECOVERIES						
B1. Encumbered Causes of Action				-	-	8
B2. Unencumbered Causes of Action, including Preferences				8	16	8
B3. Total Litigation Recoveries				\$ 8	\$ 16	
C. SUMMARY OF GROSS PROCEEDS						
C1. Encumbered Collateral Recovery (A1 + B1)				\$ 37,059	\$ 49,668	
C2. Unencumbered Assets Recovery (A2 + B2)				8	16	
C3. Total Gross Recovery Proceeds Available for Distribution				\$ 37,067	\$ 49,685	

II. ALLOCATION OF PROCEEDS FROM ENCUMBERED COLLATERAL AVAILABLE FOR DISTRIBUTION

	Estimated Allowed Claims		Estimated Recovery (%)		Estimated Recovery on Secured Claims		See Note
	Lower	Higher	Lower	Higher	Lower	Higher	
Encumbered Gross Collateral Proceeds Available					\$ 37,059	\$ 49,668	
A. LESS: Section 506(c) Surcharges	\$ -	\$ -			\$ -	\$ -	9
B. Carve-Out Allocation	-	-			-	-	10
Proceeds Available to Secured Claims					<u>\$ 37,059</u>	<u>\$ 49,668</u>	
SECURED CLAIMS							
C. PLUS: Proceeds From Subsidiary Guaranteed Notes Turnover					4	3	14
Proceeds Available to Satisfy First Lien Secured Claims					<u>\$ 37,063</u>	<u>\$ 49,671</u>	
D. First Lien Secured Claims							
D1. First Lien Bank Claims	\$ 16,682	\$ 22,058	100.0%	100.0%	16,682	22,058	11
D2. First Lien Bond Claims	20,247	27,435	100.0%	100.0%	20,247	27,435	11
D3. First Lien Swap Claims	134	178	100.0%	100.0%	134	178	11
D4. Other First Lien Secured Claims	-	-	na	na	-	-	11
Total First Lien Claims & Recovery	<u>\$ 37,063</u>	<u>\$ 49,671</u>	100.0%	100.0%	<u>\$ 37,063</u>	<u>\$ 49,671</u>	
Proceeds Available to Satisfy Second Lien Secured Claims					<u>\$ -</u>	<u>\$ -</u>	
E. Second Lien Bond Claims	\$ -	\$ -	na	na	-	-	11
Total Second Lien Claims & Recovery	<u>\$ -</u>	<u>\$ -</u>	na	na	<u>\$ -</u>	<u>\$ -</u>	
F. Other Secured Claims	-	-			\$ -	\$ -	11
Total Secured Claims and Distributions	<u>\$ 37,063</u>	<u>\$ 49,671</u>	100.0%	100.0%	<u>\$ 37,063</u>	<u>\$ 49,671</u>	
Proceeds Available from Encumbered Collateral to Satisfy Administrative, Priority and Unsecured Claims					<u>\$ -</u>	<u>\$ -</u>	
Secured Lender Deficiency Claims (General Unsecured Claim)	<u>\$ -</u>	<u>\$ -</u>					

III. ALLOCATION OF PROCEEDS AVAILABLE TO SATISFY ADMINISTRATIVE, PRIORITY AND UNSECURED CLAIMS

	Estimated Allowed Claims		Estimated Recovery (%)		Estimated Recovery on Administrative, Priority and Unsecured Claims		See Note
	Lower	Higher	Lower	Higher	Lower	Higher	
Proceeds Available from Unencumbered Assets					\$ 8	\$ 16	
Section 506(c) Surcharges					-	-	9
Proceeds Available from Encumbered Collateral					-	-	
Proceeds Available to Satisfy Administrative, Priority and Unsecured Claims					\$ 8	\$ 16	
A. LESS: Carve-Out Allocation	\$ 0	\$ 0	100.0%	100.0%	\$ 0	\$ 0	10
Proceeds Available for Administrative Claims					\$ 8	\$ 16	
ADMINISTRATIVE CLAIMS							
B. Subsidiaries' Superpriority Admin Claims against CEOC	\$ -	\$ -	na	na	\$ -	\$ -	12
C. Chapter 7 Administrative Claims	1	0	100.0%	100.0%	1	0	12
D. Chapter 11 Administrative Claims	1	1	100.0%	100.0%	1	1	12
Proceeds Available for Priority Claims					\$ 6	\$ 15	
PRIORITY CLAIMS							
E. Employee Priority Claims	\$ -	\$ -	na	na	\$ -	\$ -	13
F. Priority Tax Claims	-	-	na	na	-	-	13
G. Other Priority Claims	-	-	na	na	-	-	13
Proceeds Available for Unsecured Claims					\$ 6	\$ 15	
UNSECURED CLAIMS							
H1. First Lien Deficiency Claims	\$ -	\$ -	na	na	\$ -	\$ -	14
H2. Second Lien Deficiency Claims	-	-	na	na	-	-	14
H3. Other Secured Deficiency Claims	-	-	na	na	-	-	14
H4. Senior Unsecured Notes Claims	-	-	na	na	-	-	14
H5. Subsidiary Guaranteed Notes Claims	502,019	502,019	0.0%	0.0%	0	0	14
H5a. Subsidiary Guaranteed Notes Turnover to First Lien Claimants			na	na	4	3	14
H6. General Unsecured Claims	10	18	0.0%	66.9%	0	12	14
H7. Pension Claims	446,123	223,061	0.0%	0.0%	2	0	14
H8. Intercompany Notes Payable	-	-	na	na	-	-	14
H9. Intercompany Claims - Prepetition	-	-	na	na	-	-	14
Total Unsecured Claims	\$ 948,152	\$ 725,098	0.0%	0.0%	\$ 6	\$ 15	
Total Admin, Priority, Unsecured Claims & Distributions	\$ 948,154	\$ 725,100	0.0%	0.0%	\$ 8	\$ 16	
Value Available for Equity Interests					\$ -	\$ -	15

I. TOTAL PROCEEDS AVAILABLE FOR DISTRIBUTION

	Net Book Value	Estimated Recovery (%)		Estimated Liquidation Value		See Note
		Lower	Higher	Lower	Higher	
A. STATEMENT OF ASSETS						
Cash and equivalents	\$ -	0%	0%	\$ -	\$ -	1
Accounts receivable	-	0%	0%	-	-	2
Other current assets	-	0%	0%	-	-	2
Inventory	-	0%	0%	-	-	2
Due from subsidiaries/affiliates	133	59%	100%	79	133	3
Property and equipment, net	8,880	22%	29%	1,931	2,581	2
Goodwill	-	0%	0%	-	-	4
Intangibles	-	0%	0%	-	-	4
Investments in subsidiaries	-	0%	0%	-	-	5
Restricted cash	-	0%	0%	-	-	4
Other assets	-	0%	0%	-	-	
STATEMENT OF ASSETS - CASINO SALE						
Casino	-	0%	0%	-	-	6
Interim cash flow	-	0%	0%	-	-	7
Total Assets / Gross Recovery	\$ 9,013	22%	30%	\$ 2,010	\$ 2,714	
A1. ENCUMBERED COLLATERAL						
Cash and equivalents	\$ -	0%	0%	\$ -	\$ -	1
Accounts receivable	-	0%	0%	-	-	2
Other current assets	-	0%	0%	-	-	2
Inventory	-	0%	0%	-	-	2
Due from subsidiaries/affiliates	133	59%	100%	79	133	3
Property and equipment, net	8,880	22%	29%	1,931	2,581	2
Goodwill	-	0%	0%	-	-	4
Intangibles	-	0%	0%	-	-	4
Investments in subsidiaries	-	0%	0%	-	-	5
Restricted cash	-	0%	0%	-	-	4
Other assets	-	0%	0%	-	-	
Casino value and encumbered interim cash flow	-	0%	0%	-	-	6,7
Total Encumbered Collateral / Gross Recovery	\$ 9,013	22%	30%	\$ 2,010	\$ 2,714	
A2. UNENCUMBERED ASSETS						
Cash and equivalents	\$ -	0%	0%	\$ -	\$ -	1
Accounts receivable	-	0%	0%	-	-	2
Other current assets	-	0%	0%	-	-	2
Inventory	-	0%	0%	-	-	2
Due from subsidiaries/affiliates	-	0%	0%	-	-	3
Property and equipment, net	-	0%	0%	-	-	2
Goodwill	-	0%	0%	-	-	4
Intangibles	-	0%	0%	-	-	4
Investments in subsidiaries	-	0%	0%	-	-	5
Restricted cash	-	0%	0%	-	-	4
Other assets	-	0%	0%	-	-	
Unencumbered interim cash flow	-	0%	0%	-	-	7
Total Unencumbered Assets / Gross Recovery	\$ -	0%	0%	\$ -	\$ -	
B. LITIGATION RECOVERIES						
B1. Encumbered Causes of Action	-	-	-	-	-	8
B2. Unencumbered Causes of Action, including Preferences	-	-	-	-	-	8
B3. Total Litigation Recoveries	\$ -			\$ -		
C. SUMMARY OF GROSS PROCEEDS						
C1. Encumbered Collateral Recovery (A1 + B1)				\$ 2,010	\$ 2,714	
C2. Unencumbered Assets Recovery (A2 + B2)				-	-	
C3. Total Gross Recovery Proceeds Available for Distribution				\$ 2,010	\$ 2,714	

II. ALLOCATION OF PROCEEDS FROM ENCUMBERED COLLATERAL AVAILABLE FOR DISTRIBUTION

	Estimated Allowed Claims		Estimated Recovery (%)		Estimated Recovery on Secured Claims		See Note
	Lower	Higher	Lower	Higher	Lower	Higher	
Encumbered Gross Collateral Proceeds Available					\$ 2,010	\$ 2,714	
A. LESS: Section 506(c) Surcharges	\$ -	\$ -			\$ -	\$ -	9
B. Carve-Out Allocation	-	-			-	-	10
Proceeds Available to Secured Claims					<u>\$ 2,010</u>	<u>\$ 2,714</u>	
SECURED CLAIMS							
C. PLUS: Proceeds From Subsidiary Guaranteed Notes Turnover					-	-	14
Proceeds Available to Satisfy First Lien Secured Claims					<u>\$ 2,010</u>	<u>\$ 2,714</u>	
D. First Lien Secured Claims							
D1. First Lien Bank Claims	\$ 904	\$ 1,205	100.0%	100.0%	904	1,205	11
D2. First Lien Bond Claims	1,098	1,499	100.0%	100.0%	1,098	1,499	11
D3. First Lien Swap Claims	7	10	100.0%	100.0%	7	10	11
D4. Other First Lien Secured Claims	-	-	na	na	-	-	11
Total First Lien Claims & Recovery	<u>\$ 2,010</u>	<u>\$ 2,714</u>	100.0%	100.0%	<u>\$ 2,010</u>	<u>\$ 2,714</u>	
Proceeds Available to Satisfy Second Lien Secured Claims					<u>\$ -</u>	<u>\$ -</u>	
E. Second Lien Bond Claims	\$ -	\$ -	na	na	-	-	11
Total Second Lien Claims & Recovery	<u>\$ -</u>	<u>\$ -</u>	na	na	<u>\$ -</u>	<u>\$ -</u>	
F. Other Secured Claims	-	-			\$ -	\$ -	11
Total Secured Claims and Distributions	<u>\$ 2,010</u>	<u>\$ 2,714</u>	100.0%	100.0%	<u>\$ 2,010</u>	<u>\$ 2,714</u>	
Proceeds Available from Encumbered Collateral to Satisfy Administrative, Priority and Unsecured Claims					<u>\$ -</u>	<u>\$ -</u>	
Secured Lender Deficiency Claims (General Unsecured Claim)	<u>\$ -</u>	<u>\$ -</u>					

III. ALLOCATION OF PROCEEDS AVAILABLE TO SATISFY ADMINISTRATIVE, PRIORITY AND UNSECURED CLAIMS

	Estimated Allowed Claims		Estimated Recovery (%)		Estimated Recovery on Administrative, Priority and Unsecured Claims		See Note
	Lower	Higher	Lower	Higher	Lower	Higher	
Proceeds Available from Unencumbered Assets					\$ -	\$ -	
Section 506(c) Surcharges					-	-	9
Proceeds Available from Encumbered Collateral					-	-	
Proceeds Available to Satisfy Administrative, Priority and Unsecured Claims					\$ -	\$ -	
A. LESS: Carve-Out Allocation	\$ -	\$ -	na	na	\$ -	\$ -	10
Proceeds Available for Administrative Claims					\$ -	\$ -	
ADMINISTRATIVE CLAIMS							
B. Subsidiaries' Superpriority Admin Claims against CEOC	\$ -	\$ -	na	na	\$ -	\$ -	12
C. Chapter 7 Administrative Claims	-	-	na	na	-	-	12
D. Chapter 11 Administrative Claims	-	-	na	na	-	-	12
Proceeds Available for Priority Claims					\$ -	\$ -	
PRIORITY CLAIMS							
E. Employee Priority Claims	\$ -	\$ -	na	na	\$ -	\$ -	13
F. Priority Tax Claims	-	-	na	na	-	-	13
G. Other Priority Claims	-	-	na	na	-	-	13
Proceeds Available for Unsecured Claims					\$ -	\$ -	
UNSECURED CLAIMS							
H1. First Lien Deficiency Claims	\$ -	\$ -	na	na	\$ -	\$ -	14
H2. Second Lien Deficiency Claims	-	-	na	na	-	-	14
H3. Other Secured Deficiency Claims	-	-	na	na	-	-	14
H4. Senior Unsecured Notes Claims	-	-	na	na	-	-	14
H5. Subsidiary Guaranteed Notes Claims	502,019	502,019	0.0%	0.0%	-	-	14
H5a. Subsidiary Guaranteed Notes Turnover to First Lien Claimants	-	-	na	na	-	-	14
H6. General Unsecured Claims	-	-	na	na	-	-	14
H7. Pension Claims	446,123	223,061	0.0%	0.0%	-	-	14
H8. Intercompany Notes Payable	-	-	na	na	-	-	14
H9. Intercompany Claims - Prepetition	22,197	22,197	0.0%	0.0%	-	-	14
Total Unsecured Claims	\$ 970,339	\$ 747,278	0.0%	0.0%	\$ -	\$ -	
Total Admin, Priority, Unsecured Claims & Distributions	\$ 970,339	\$ 747,278	0.0%	0.0%	\$ -	\$ -	
Value Available for Equity Interests					\$ -	\$ -	15

I. TOTAL PROCEEDS AVAILABLE FOR DISTRIBUTION

	Net Book Value	Estimated Recovery (%)		Estimated Liquidation Value		See Note
		Lower	Higher	Lower	Higher	
		A. STATEMENT OF ASSETS				
Cash and equivalents	\$ -	0%	0%	\$ -	\$ -	1
Accounts receivable	-	0%	0%	-	-	2
Other current assets	29	0%	0%	-	-	2
Inventory	-	0%	0%	-	-	2
Due from subsidiaries/affiliates	297	0%	19%	-	57	3
Property and equipment, net	-	0%	0%	-	-	2
Goodwill	-	0%	0%	-	-	4
Intangibles	-	0%	0%	-	-	4
Investments in subsidiaries	-	0%	0%	6	12	5
Restricted cash	-	0%	0%	-	-	4
Other assets	-	0%	0%	-	-	
STATEMENT OF ASSETS - CASINO SALE						
Casino	-	0%	0%	-	-	6
Interim cash flow	-	0%	0%	-	-	7
Total Assets / Gross Recovery	\$ 326	2%	21%	\$ 6	\$ 69	
A1. ENCUMBERED COLLATERAL						
Cash and equivalents	\$ -	0%	0%	\$ -	\$ -	1
Accounts receivable	-	0%	0%	-	-	2
Other current assets	29	0%	0%	-	-	2
Inventory	-	0%	0%	-	-	2
Due from subsidiaries/affiliates	297	0%	19%	-	57	3
Property and equipment, net	-	0%	0%	-	-	2
Goodwill	-	0%	0%	-	-	4
Intangibles	-	0%	0%	-	-	4
Investments in subsidiaries	-	0%	0%	-	-	5
Restricted cash	-	0%	0%	-	-	4
Other assets	-	0%	0%	-	-	
Casino value and encumbered interim cash flow	-	0%	0%	-	-	6,7
Total Encumbered Collateral / Gross Recovery	\$ 326	0%	17%	\$ -	\$ 57	
A2. UNENCUMBERED ASSETS						
Cash and equivalents	\$ -	0%	0%	\$ -	\$ -	1
Accounts receivable	-	0%	0%	-	-	2
Other current assets	-	0%	0%	-	-	2
Inventory	-	0%	0%	-	-	2
Due from subsidiaries/affiliates	-	0%	0%	-	-	3
Property and equipment, net	-	0%	0%	-	-	2
Goodwill	-	0%	0%	-	-	4
Intangibles	-	0%	0%	-	-	4
Investments in subsidiaries	-	0%	0%	6	12	5
Restricted cash	-	0%	0%	-	-	4
Other assets	-	0%	0%	-	-	
Unencumbered interim cash flow	-	0%	0%	-	-	7
Total Unencumbered Assets / Gross Recovery	\$ -	0%	0%	\$ 6	\$ 12	
B. LITIGATION RECOVERIES						
B1. Encumbered Causes of Action	-	-	-	-	-	8
B2. Unencumbered Causes of Action, including Preferences	-	-	-	-	-	8
B3. Total Litigation Recoveries	\$ -	\$ -	\$ -	\$ -	\$ -	
C. SUMMARY OF GROSS PROCEEDS						
C1. Encumbered Collateral Recovery (A1 + B1)	-	-	-	\$ -	\$ 57	
C2. Unencumbered Assets Recovery (A2 + B2)	-	-	-	6	12	
C3. Total Gross Recovery Proceeds Available for Distribution	\$ -	\$ -	\$ -	\$ 6	\$ 69	

II. ALLOCATION OF PROCEEDS FROM ENCUMBERED COLLATERAL AVAILABLE FOR DISTRIBUTION

	Estimated Allowed Claims		Estimated Recovery (%)		Estimated Recovery on Secured Claims		See Note
	Lower	Higher	Lower	Higher	Lower	Higher	
Encumbered Gross Collateral Proceeds Available					\$ -	\$ 57	
A. LESS: Section 506(c) Surcharges	\$ -	\$ -			\$ -	\$ -	9
B. Carve-Out Allocation	-	-			-	-	10
Proceeds Available to Secured Claims					\$ -	\$ 57	
SECURED CLAIMS							
C. PLUS: Proceeds From Subsidiary Guaranteed Notes Turnover					-	-	14
Proceeds Available to Satisfy First Lien Secured Claims					\$ -	\$ 57	
D. First Lien Secured Claims							
D1. First Lien Bank Claims	\$ -	\$ 25	na	100.0%	-	25	11
D2. First Lien Bond Claims	-	31	na	100.0%	-	31	11
D3. First Lien Swap Claims	-	0	na	100.0%	-	0	11
D4. Other First Lien Secured Claims	-	-	na	na	-	-	11
Total First Lien Claims & Recovery	\$ -	\$ 57	na	100.0%	\$ -	\$ 57	
Proceeds Available to Satisfy Second Lien Secured Claims					\$ -	\$ -	
E. Second Lien Bond Claims	\$ -	\$ -	na	na	-	-	11
Total Second Lien Claims & Recovery	\$ -	\$ -	na	na	\$ -	\$ -	
F. Other Secured Claims	-	-			\$ -	\$ -	11
Total Secured Claims and Distributions	\$ -	\$ 57	0.0%	100.0%	\$ -	\$ 57	
Proceeds Available from Encumbered Collateral to Satisfy Administrative, Priority and Unsecured Claims					\$ -	\$ -	
Secured Lender Deficiency Claims (General Unsecured Claim)	\$ -	\$ -					

III. ALLOCATION OF PROCEEDS AVAILABLE TO SATISFY ADMINISTRATIVE, PRIORITY AND UNSECURED CLAIMS

	Estimated Allowed Claims		Estimated Recovery (%)		Estimated Recovery on Administrative, Priority and Unsecured Claims		See Note
	Lower	Higher	Lower	Higher	Lower	Higher	
Proceeds Available from Unencumbered Assets					\$ 6	\$ 12	
Section 506(c) Surcharges					-	-	9
Proceeds Available from Encumbered Collateral					-	-	
Proceeds Available to Satisfy Administrative, Priority and Unsecured Claims					\$ 6	\$ 12	
A. LESS: Carve-Out Allocation	\$ 0	\$ 0	100.0%	100.0%	\$ 0	\$ 0	10
Proceeds Available for Administrative Claims					\$ 6	\$ 12	
ADMINISTRATIVE CLAIMS							
B. Subsidiaries' Superpriority Admin Claims against CEOC	\$ -	\$ -	na	na	\$ -	\$ -	12
C. Chapter 7 Administrative Claims	6	12	100.0%	100.0%	6	12	12
D. Chapter 11 Administrative Claims	0	0	0.0%	0.0%	-	-	12
Proceeds Available for Priority Claims					\$ -	\$ -	
PRIORITY CLAIMS							
E. Employee Priority Claims	\$ -	\$ -	na	na	\$ -	\$ -	13
F. Priority Tax Claims	77	77	0.0%	0.0%	-	-	13
G. Other Priority Claims	-	-	na	na	-	-	13
Proceeds Available for Unsecured Claims					\$ -	\$ -	
UNSECURED CLAIMS							
H1. First Lien Deficiency Claims	\$ -	\$ -	na	na	\$ -	\$ -	14
H2. Second Lien Deficiency Claims	-	-	na	na	-	-	14
H3. Other Secured Deficiency Claims	-	-	na	na	-	-	14
H4. Senior Unsecured Notes Claims	-	-	na	na	-	-	14
H5. Subsidiary Guaranteed Notes Claims	502,019	502,019	0.0%	0.0%	-	-	14
H5a. Subsidiary Guaranteed Notes Turnover to First Lien Claimants	-	-	na	na	-	-	14
H6. General Unsecured Claims	0	0	0.0%	0.0%	-	-	14
H7. Pension Claims	446,123	223,061	0.0%	0.0%	-	-	14
H8. Intercompany Notes Payable	-	-	na	na	-	-	14
H9. Intercompany Claims - Prepetition	-	-	na	na	-	-	14
Total Unsecured Claims	\$ 948,142	\$ 725,081	0.0%	0.0%	\$ -	\$ -	
Total Admin, Priority, Unsecured Claims & Distributions	\$ 948,225	\$ 725,170	0.0%	0.0%	\$ 6	\$ 12	
Value Available for Equity Interests					\$ -	\$ -	15

I. TOTAL PROCEEDS AVAILABLE FOR DISTRIBUTION

	Net Book Value	Estimated Recovery (%)		Estimated Liquidation Value		See Note
		Lower	Higher	Lower	Higher	
A. STATEMENT OF ASSETS						
Cash and equivalents	\$ -	0%	0%	\$ -	\$ -	1
Accounts receivable	-	0%	0%	-	-	2
Other current assets	-	0%	0%	-	-	2
Inventory	-	0%	0%	-	-	2
Due from subsidiaries/affiliates	-	0%	0%	-	-	3
Property and equipment, net	-	0%	0%	-	-	2
Goodwill	-	0%	0%	-	-	4
Intangibles	-	0%	0%	-	-	4
Investments in subsidiaries	-	0%	0%	-	-	5
Restricted cash	-	0%	0%	-	-	4
Other assets	-	0%	0%	-	-	
STATEMENT OF ASSETS - CASINO SALE						
Casino	-	0%	0%	-	-	6
Interim cash flow	-	0%	0%	-	-	7
Total Assets / Gross Recovery	\$ -	0%	0%	\$ -	\$ -	
A1. ENCUMBERED COLLATERAL						
Cash and equivalents	\$ -	0%	0%	\$ -	\$ -	1
Accounts receivable	-	0%	0%	-	-	2
Other current assets	-	0%	0%	-	-	2
Inventory	-	0%	0%	-	-	2
Due from subsidiaries/affiliates	-	0%	0%	-	-	3
Property and equipment, net	-	0%	0%	-	-	2
Goodwill	-	0%	0%	-	-	4
Intangibles	-	0%	0%	-	-	4
Investments in subsidiaries	-	0%	0%	-	-	5
Restricted cash	-	0%	0%	-	-	4
Other assets	-	0%	0%	-	-	
Casino value and encumbered interim cash flow	-	0%	0%	-	-	6,7
Total Encumbered Collateral / Gross Recovery	\$ -	0%	0%	\$ -	\$ -	
A2. UNENCUMBERED ASSETS						
Cash and equivalents	\$ -	0%	0%	\$ -	\$ -	1
Accounts receivable	-	0%	0%	-	-	2
Other current assets	-	0%	0%	-	-	2
Inventory	-	0%	0%	-	-	2
Due from subsidiaries/affiliates	-	0%	0%	-	-	3
Property and equipment, net	-	0%	0%	-	-	2
Goodwill	-	0%	0%	-	-	4
Intangibles	-	0%	0%	-	-	4
Investments in subsidiaries	-	0%	0%	-	-	5
Restricted cash	-	0%	0%	-	-	4
Other assets	-	0%	0%	-	-	
Unencumbered interim cash flow	-	0%	0%	-	-	7
Total Unencumbered Assets / Gross Recovery	\$ -	0%	0%	\$ -	\$ -	
B. LITIGATION RECOVERIES						
B1. Encumbered Causes of Action				-	-	8
B2. Unencumbered Causes of Action, including Preferences				-	-	8
B3. Total Litigation Recoveries				\$ -	\$ -	
C. SUMMARY OF GROSS PROCEEDS						
C1. Encumbered Collateral Recovery (A1 + B1)				\$ -	\$ -	
C2. Unencumbered Assets Recovery (A2 + B2)				-	-	
C3. Total Gross Recovery Proceeds Available for Distribution				\$ -	\$ -	

II. ALLOCATION OF PROCEEDS FROM ENCUMBERED COLLATERAL AVAILABLE FOR DISTRIBUTION

	Estimated Allowed Claims		Estimated Recovery (%)		Estimated Recovery on Secured Claims		See Note
	Lower	Higher	Lower	Higher	Lower	Higher	
Encumbered Gross Collateral Proceeds Available					\$ -	\$ -	
A. LESS: Section 506(c) Surcharges	\$ -	\$ -			\$ -	\$ -	9
B. Carve-Out Allocation	-	-			-	-	10
Proceeds Available to Secured Claims					\$ -	\$ -	
SECURED CLAIMS							
C. PLUS: Proceeds From Subsidiary Guaranteed Notes Turnover					-	-	14
Proceeds Available to Satisfy First Lien Secured Claims					\$ -	\$ -	
D. First Lien Secured Claims							
D1. First Lien Bank Claims	\$ -	\$ -	na	na	-	-	11
D2. First Lien Bond Claims	-	-	na	na	-	-	11
D3. First Lien Swap Claims	-	-	na	na	-	-	11
D4. Other First Lien Secured Claims	-	-	na	na	-	-	11
Total First Lien Claims & Recovery	\$ -	\$ -	na	na	\$ -	\$ -	
Proceeds Available to Satisfy Second Lien Secured Claims					\$ -	\$ -	
E. Second Lien Bond Claims	\$ -	\$ -	na	na	-	-	11
Total Second Lien Claims & Recovery	\$ -	\$ -	na	na	\$ -	\$ -	
F. Other Secured Claims	-	-			\$ -	\$ -	11
Total Secured Claims and Distributions	\$ -	\$ -	0.0%	0.0%	\$ -	\$ -	
Proceeds Available from Encumbered Collateral to Satisfy Administrative, Priority and Unsecured Claims					\$ -	\$ -	
Secured Lender Deficiency Claims (General Unsecured Claim)	\$ -	\$ -					

III. ALLOCATION OF PROCEEDS AVAILABLE TO SATISFY ADMINISTRATIVE, PRIORITY AND UNSECURED CLAIMS

	Estimated Allowed Claims		Estimated Recovery (%)		Estimated Recovery on Administrative, Priority and Unsecured Claims		See Note
	Lower	Higher	Lower	Higher	Lower	Higher	
Proceeds Available from Unencumbered Assets					\$ -	\$ -	
Section 506(c) Surcharges					-	-	9
Proceeds Available from Encumbered Collateral					-	-	
Proceeds Available to Satisfy Administrative, Priority and Unsecured Claims					\$ -	\$ -	
A. LESS: Carve-Out Allocation	\$ -	\$ -	na	na	\$ -	\$ -	10
Proceeds Available for Administrative Claims					\$ -	\$ -	
ADMINISTRATIVE CLAIMS							
B. Subsidiaries' Superpriority Admin Claims against CEOC	\$ -	\$ -	na	na	\$ -	\$ -	12
C. Chapter 7 Administrative Claims	-	-	na	na	-	-	12
D. Chapter 11 Administrative Claims	-	-	na	na	-	-	12
Proceeds Available for Priority Claims					\$ -	\$ -	
PRIORITY CLAIMS							
E. Employee Priority Claims	\$ -	\$ -	na	na	\$ -	\$ -	13
F. Priority Tax Claims	-	-	na	na	-	-	13
G. Other Priority Claims	-	-	na	na	-	-	13
Proceeds Available for Unsecured Claims					\$ -	\$ -	
UNSECURED CLAIMS							
H1. First Lien Deficiency Claims	\$ -	\$ -	na	na	\$ -	\$ -	14
H2. Second Lien Deficiency Claims	-	-	na	na	-	-	14
H3. Other Secured Deficiency Claims	-	-	na	na	-	-	14
H4. Senior Unsecured Notes Claims	-	-	na	na	-	-	14
H5. Subsidiary Guaranteed Notes Claims	502,019	502,019	0.0%	0.0%	-	-	14
H5a. Subsidiary Guaranteed Notes Turnover to First Lien Claimants	-	-	na	na	-	-	14
H6. General Unsecured Claims	-	-	na	na	-	-	14
H7. Pension Claims	446,123	223,061	0.0%	0.0%	-	-	14
H8. Intercompany Notes Payable	-	-	na	na	-	-	14
H9. Intercompany Claims - Prepetition	-	-	na	na	-	-	14
Total Unsecured Claims	\$ 948,142	\$ 725,081	0.0%	0.0%	\$ -	\$ -	
Total Admin, Priority, Unsecured Claims & Distributions	\$ 948,142	\$ 725,081	0.0%	0.0%	\$ -	\$ -	
Value Available for Equity Interests					\$ -	\$ -	15

I. TOTAL PROCEEDS AVAILABLE FOR DISTRIBUTION

	Net Book Value	Estimated Recovery (%)		Estimated Liquidation Value		See Note
		Lower	Higher	Lower	Higher	
A. STATEMENT OF ASSETS						
Cash and equivalents	\$ -	0%	0%	\$ -	\$ -	1
Accounts receivable	-	0%	0%	-	-	2
Other current assets	-	0%	0%	-	-	2
Inventory	-	0%	0%	-	-	2
Due from subsidiaries/affiliates	-	0%	0%	-	-	3
Property and equipment, net	-	0%	0%	-	-	2
Goodwill	-	0%	0%	-	-	4
Intangibles	-	0%	0%	-	-	4
Investments in subsidiaries	-	0%	0%	-	-	5
Restricted cash	-	0%	0%	-	-	4
Other assets	-	0%	0%	-	-	
STATEMENT OF ASSETS - CASINO SALE						
Casino	-	0%	0%	-	-	6
Interim cash flow	-	0%	0%	-	-	7
Total Assets / Gross Recovery	\$ -	0%	0%	\$ -	\$ -	
A1. ENCUMBERED COLLATERAL						
Cash and equivalents	\$ -	0%	0%	\$ -	\$ -	1
Accounts receivable	-	0%	0%	-	-	2
Other current assets	-	0%	0%	-	-	2
Inventory	-	0%	0%	-	-	2
Due from subsidiaries/affiliates	-	0%	0%	-	-	3
Property and equipment, net	-	0%	0%	-	-	2
Goodwill	-	0%	0%	-	-	4
Intangibles	-	0%	0%	-	-	4
Investments in subsidiaries	-	0%	0%	-	-	5
Restricted cash	-	0%	0%	-	-	4
Other assets	-	0%	0%	-	-	
Casino value and encumbered interim cash flow	-	0%	0%	-	-	6,7
Total Encumbered Collateral / Gross Recovery	\$ -	0%	0%	\$ -	\$ -	
A2. UNENCUMBERED ASSETS						
Cash and equivalents	\$ -	0%	0%	\$ -	\$ -	1
Accounts receivable	-	0%	0%	-	-	2
Other current assets	-	0%	0%	-	-	2
Inventory	-	0%	0%	-	-	2
Due from subsidiaries/affiliates	-	0%	0%	-	-	3
Property and equipment, net	-	0%	0%	-	-	2
Goodwill	-	0%	0%	-	-	4
Intangibles	-	0%	0%	-	-	4
Investments in subsidiaries	-	0%	0%	-	-	5
Restricted cash	-	0%	0%	-	-	4
Other assets	-	0%	0%	-	-	
Unencumbered interim cash flow	-	0%	0%	-	-	7
Total Unencumbered Assets / Gross Recovery	\$ -	0%	0%	\$ -	\$ -	
B. LITIGATION RECOVERIES						
B1. Encumbered Causes of Action	-			-	-	8
B2. Unencumbered Causes of Action, including Preferences	-			-	115,045	8
B3. Total Litigation Recoveries	-			\$ -	\$ 115,045	
C. SUMMARY OF GROSS PROCEEDS						
C1. Encumbered Collateral Recovery (A1 + B1)	-			\$ -	\$ -	
C2. Unencumbered Assets Recovery (A2 + B2)	-			-	115,045	
C3. Total Gross Recovery Proceeds Available for Distribution	-			\$ -	\$ 115,045	

II. ALLOCATION OF PROCEEDS FROM ENCUMBERED COLLATERAL AVAILABLE FOR DISTRIBUTION

	Estimated Allowed Claims		Estimated Recovery (%)		Estimated Recovery on Secured Claims		See Note
	Lower	Higher	Lower	Higher	Lower	Higher	
Encumbered Gross Collateral Proceeds Available					\$ -	\$ -	
A. LESS: Section 506(c) Surcharges	\$ -	\$ -			\$ -	\$ -	9
B. Carve-Out Allocation	-	-			-	-	10
Proceeds Available to Secured Claims					\$ -	\$ -	
SECURED CLAIMS							
C. PLUS: Proceeds From Subsidiary Guaranteed Notes Turnover					-	-	14
Proceeds Available to Satisfy First Lien Secured Claims					\$ -	\$ -	
D. First Lien Secured Claims							
D1. First Lien Bank Claims	\$ -	\$ -	na	na	-	-	11
D2. First Lien Bond Claims	-	-	na	na	-	-	11
D3. First Lien Swap Claims	-	-	na	na	-	-	11
D4. Other First Lien Secured Claims	-	-	na	na	-	-	11
Total First Lien Claims & Recovery	\$ -	\$ -	na	na	\$ -	\$ -	
Proceeds Available to Satisfy Second Lien Secured Claims					\$ -	\$ -	
E. Second Lien Bond Claims	\$ -	\$ -	na	na	-	-	11
Total Second Lien Claims & Recovery	\$ -	\$ -	na	na	\$ -	\$ -	
F. Other Secured Claims	-	-			\$ -	\$ -	11
Total Secured Claims and Distributions	\$ -	\$ -	0.0%	0.0%	\$ -	\$ -	
Proceeds Available from Encumbered Collateral to Satisfy Administrative, Priority and Unsecured Claims					\$ -	\$ -	
Secured Lender Deficiency Claims (General Unsecured Claim)	\$ -	\$ -					

III. ALLOCATION OF PROCEEDS AVAILABLE TO SATISFY ADMINISTRATIVE, PRIORITY AND UNSECURED CLAIMS

	Estimated Allowed Claims		Estimated Recovery (%)		Estimated Recovery on Administrative, Priority and Unsecured Claims		See Note
	Lower	Higher	Lower	Higher	Lower	Higher	
Proceeds Available from Unencumbered Assets					\$ -	\$ 115,045	
Section 506(c) Surcharges					-	-	9
Proceeds Available from Encumbered Collateral					-	-	
Proceeds Available to Satisfy Administrative, Priority and Unsecured Claims					\$ -	\$ 115,045	
A. LESS: Carve-Out Allocation	\$ -	\$ 672	na	100.0%	\$ -	\$ 672	10
Proceeds Available for Administrative Claims					\$ -	\$ 114,373	
ADMINISTRATIVE CLAIMS							
B. Subsidiaries' Superpriority Admin Claims against CEOC	\$ -	\$ -	na	na	\$ -	\$ -	12
C. Chapter 7 Administrative Claims	-	2,477	na	100.0%	-	2,477	12
D. Chapter 11 Administrative Claims	-	-	na	na	-	-	12
Proceeds Available for Priority Claims					\$ -	\$ 111,896	
PRIORITY CLAIMS							
E. Employee Priority Claims	\$ -	\$ -	na	na	\$ -	\$ -	13
F. Priority Tax Claims	-	-	na	na	-	-	13
G. Other Priority Claims	-	-	na	na	-	-	13
Proceeds Available for Unsecured Claims					\$ -	\$ 111,896	
UNSECURED CLAIMS							
H1. First Lien Deficiency Claims	\$ -	\$ -	na	na	\$ -	\$ -	14
H2. Second Lien Deficiency Claims	-	-	na	na	-	-	14
H3. Other Secured Deficiency Claims	-	-	na	na	-	-	14
H4. Senior Unsecured Notes Claims	-	-	na	na	-	-	14
H5. Subsidiary Guaranteed Notes Claims	-	-	na	na	-	-	14
H5a. Subsidiary Guaranteed Notes Turnover to First Lien Claimants	-	-	na	na	-	-	14
H6. General Unsecured Claims	-	-	na	na	-	-	14
H7. Pension Claims	446,123	223,061	0.0%	2.7%	-	6,070	14
H8. Intercompany Notes Payable	-	-	na	na	-	-	14
H9. Intercompany Claims - Prepetition	-	-	na	na	-	-	14
Total Unsecured Claims	\$ 446,123	\$ 223,061	0.0%	2.7%	\$ -	\$ 6,070	
Total Admin, Priority, Unsecured Claims & Distributions	\$ 446,123	\$ 226,210	0.0%	4.1%	\$ -	\$ 9,218	
Value Available for Equity Interests					\$ -	\$ 105,827	15

I. TOTAL PROCEEDS AVAILABLE FOR DISTRIBUTION

	Net Book Value	Estimated Recovery (%)		Estimated Liquidation Value		See Note
		Lower	Higher	Lower	Higher	
A. STATEMENT OF ASSETS						
Cash and equivalents	\$ -	0%	0%	\$ -	\$ -	1
Accounts receivable	-	0%	0%	-	-	2
Other current assets	-	0%	0%	-	-	2
Inventory	-	0%	0%	-	-	2
Due from subsidiaries/affiliates	-	0%	0%	-	-	3
Property and equipment, net	-	0%	0%	-	-	2
Goodwill	-	0%	0%	-	-	4
Intangibles	-	0%	0%	-	-	4
Investments in subsidiaries	-	0%	0%	-	-	5
Restricted cash	-	0%	0%	-	-	4
Other assets	-	0%	0%	-	-	
STATEMENT OF ASSETS - CASINO SALE						
Casino	-	0%	0%	-	-	6
Interim cash flow	-	0%	0%	-	-	7
Total Assets / Gross Recovery	\$ -	0%	0%	\$ -	\$ -	
A1. ENCUMBERED COLLATERAL						
Cash and equivalents	\$ -	0%	0%	\$ -	\$ -	1
Accounts receivable	-	0%	0%	-	-	2
Other current assets	-	0%	0%	-	-	2
Inventory	-	0%	0%	-	-	2
Due from subsidiaries/affiliates	-	0%	0%	-	-	3
Property and equipment, net	-	0%	0%	-	-	2
Goodwill	-	0%	0%	-	-	4
Intangibles	-	0%	0%	-	-	4
Investments in subsidiaries	-	0%	0%	-	-	5
Restricted cash	-	0%	0%	-	-	4
Other assets	-	0%	0%	-	-	
Casino value and encumbered interim cash flow	-	0%	0%	-	-	6,7
Total Encumbered Collateral / Gross Recovery	\$ -	0%	0%	\$ -	\$ -	
A2. UNENCUMBERED ASSETS						
Cash and equivalents	\$ -	0%	0%	\$ -	\$ -	1
Accounts receivable	-	0%	0%	-	-	2
Other current assets	-	0%	0%	-	-	2
Inventory	-	0%	0%	-	-	2
Due from subsidiaries/affiliates	-	0%	0%	-	-	3
Property and equipment, net	-	0%	0%	-	-	2
Goodwill	-	0%	0%	-	-	4
Intangibles	-	0%	0%	-	-	4
Investments in subsidiaries	-	0%	0%	-	-	5
Restricted cash	-	0%	0%	-	-	4
Other assets	-	0%	0%	-	-	
Unencumbered interim cash flow	-	0%	0%	-	-	7
Total Unencumbered Assets / Gross Recovery	\$ -	0%	0%	\$ -	\$ -	
B. LITIGATION RECOVERIES						
B1. Encumbered Causes of Action				-	-	8
B2. Unencumbered Causes of Action, including Preferences				-	-	8
B3. Total Litigation Recoveries				\$ -	\$ -	
C. SUMMARY OF GROSS PROCEEDS						
C1. Encumbered Collateral Recovery (A1 + B1)				\$ -	\$ -	
C2. Unencumbered Assets Recovery (A2 + B2)				-	-	
C3. Total Gross Recovery Proceeds Available for Distribution				\$ -	\$ -	

II. ALLOCATION OF PROCEEDS FROM ENCUMBERED COLLATERAL AVAILABLE FOR DISTRIBUTION

	Estimated Allowed Claims		Estimated Recovery (%)		Estimated Recovery on Secured Claims		See Note
	Lower	Higher	Lower	Higher	Lower	Higher	
Encumbered Gross Collateral Proceeds Available					\$ -	\$ -	
A. LESS: Section 506(c) Surcharges	\$ -	\$ -			\$ -	\$ -	9
B. Carve-Out Allocation	-	-			-	-	10
Proceeds Available to Secured Claims					\$ -	\$ -	
SECURED CLAIMS							
C. PLUS: Proceeds From Subsidiary Guaranteed Notes Turnover					-	-	14
Proceeds Available to Satisfy First Lien Secured Claims					\$ -	\$ -	
D. First Lien Secured Claims							
D1. First Lien Bank Claims	\$ -	\$ -	na	na	-	-	11
D2. First Lien Bond Claims	-	-	na	na	-	-	11
D3. First Lien Swap Claims	-	-	na	na	-	-	11
D4. Other First Lien Secured Claims	-	-	na	na	-	-	11
Total First Lien Claims & Recovery	\$ -	\$ -	na	na	\$ -	\$ -	
Proceeds Available to Satisfy Second Lien Secured Claims					\$ -	\$ -	
E. Second Lien Bond Claims	\$ -	\$ -	na	na	-	-	11
Total Second Lien Claims & Recovery	\$ -	\$ -	na	na	\$ -	\$ -	
F. Other Secured Claims	-	-			\$ -	\$ -	11
Total Secured Claims and Distributions	\$ -	\$ -	0.0%	0.0%	\$ -	\$ -	
Proceeds Available from Encumbered Collateral to Satisfy Administrative, Priority and Unsecured Claims					\$ -	\$ -	
Secured Lender Deficiency Claims (General Unsecured Claim)	\$ -	\$ -					

Chapter 11 Liquidation Against Schedule 2
 (\$ in thousands)

III. ALLOCATION OF PROCEEDS AVAILABLE TO SATISFY ADMINISTRATIVE, PRIORITY AND UNSECURED CLAIMS

	Estimated Allowed Claims		Estimated Recovery (%)		Estimated Recovery on Administrative, Priority and Unsecured Claims		See Note
	Lower	Higher	Lower	Higher	Lower	Higher	
Proceeds Available from Unencumbered Assets					\$ -	\$ -	
Section 506(c) Surcharges					-	-	9
Proceeds Available from Encumbered Collateral					-	-	
Proceeds Available to Satisfy Administrative, Priority and Unsecured Claims					\$ -	\$ -	
A. LESS: Carve-Out Allocation	\$ -	\$ -	na	na	\$ -	\$ -	10
Proceeds Available for Administrative Claims					\$ -	\$ -	
ADMINISTRATIVE CLAIMS							
B. Subsidiaries' Superpriority Admin Claims against CEOC	\$ -	\$ -	na	na	\$ -	\$ -	12
C. Chapter 7 Administrative Claims	-	-	na	na	-	-	12
D. Chapter 11 Administrative Claims	-	-	na	na	-	-	12
Proceeds Available for Priority Claims					\$ -	\$ -	
PRIORITY CLAIMS							
E. Employee Priority Claims	\$ -	\$ -	na	na	\$ -	\$ -	13
F. Priority Tax Claims	-	-	na	na	-	-	13
G. Other Priority Claims	-	-	na	na	-	-	13
Proceeds Available for Unsecured Claims					\$ -	\$ -	
UNSECURED CLAIMS							
H1. First Lien Deficiency Claims	\$ -	\$ -	na	na	\$ -	\$ -	14
H2. Second Lien Deficiency Claims	-	-	na	na	-	-	14
H3. Other Secured Deficiency Claims	-	-	na	na	-	-	14
H4. Senior Unsecured Notes Claims	-	-	na	na	-	-	14
H5. Subsidiary Guaranteed Notes Claims	502,019	502,019	0.0%	0.0%	-	-	14
H5a. Subsidiary Guaranteed Notes Turnover to First Lien Claimants	-	-	na	na	-	-	14
H6. General Unsecured Claims	-	-	na	na	-	-	14
H7. Pension Claims	446,123	223,061	0.0%	0.0%	-	-	14
H8. Intercompany Notes Payable	-	-	na	na	-	-	14
H9. Intercompany Claims - Prepetition	-	-	na	na	-	-	14
Total Unsecured Claims	\$ 948,142	\$ 725,081	0.0%	0.0%	\$ -	\$ -	
Total Admin, Priority, Unsecured Claims & Distributions	\$ 948,142	\$ 725,081	0.0%	0.0%	\$ -	\$ -	
Value Available for Equity Interests					\$ -	\$ -	15

I. TOTAL PROCEEDS AVAILABLE FOR DISTRIBUTION

	Net Book Value	Estimated Recovery (%)		Estimated Liquidation Value		See Note
		Lower	Higher	Lower	Higher	
A. STATEMENT OF ASSETS						
Cash and equivalents	\$ -	0%	0%	\$ -	\$ -	1
Accounts receivable	-	0%	0%	-	-	2
Other current assets	-	0%	0%	-	-	2
Inventory	-	0%	0%	-	-	2
Due from subsidiaries/affiliates	-	0%	0%	-	-	3
Property and equipment, net	-	0%	0%	-	-	2
Goodwill	-	0%	0%	-	-	4
Intangibles	-	0%	0%	-	-	4
Investments in subsidiaries	-	0%	0%	-	-	5
Restricted cash	-	0%	0%	-	-	4
Other assets	-	0%	0%	-	-	
STATEMENT OF ASSETS - CASINO SALE						
Casino	-	0%	0%	-	-	6
Interim cash flow	-	0%	0%	-	-	7
Total Assets / Gross Recovery	\$ -	0%	0%	\$ -	\$ -	
A1. ENCUMBERED COLLATERAL						
Cash and equivalents	\$ -	0%	0%	\$ -	\$ -	1
Accounts receivable	-	0%	0%	-	-	2
Other current assets	-	0%	0%	-	-	2
Inventory	-	0%	0%	-	-	2
Due from subsidiaries/affiliates	-	0%	0%	-	-	3
Property and equipment, net	-	0%	0%	-	-	2
Goodwill	-	0%	0%	-	-	4
Intangibles	-	0%	0%	-	-	4
Investments in subsidiaries	-	0%	0%	-	-	5
Restricted cash	-	0%	0%	-	-	4
Other assets	-	0%	0%	-	-	
Casino value and encumbered interim cash flow	-	0%	0%	-	-	6,7
Total Encumbered Collateral / Gross Recovery	\$ -	0%	0%	\$ -	\$ -	
A2. UNENCUMBERED ASSETS						
Cash and equivalents	\$ -	0%	0%	\$ -	\$ -	1
Accounts receivable	-	0%	0%	-	-	2
Other current assets	-	0%	0%	-	-	2
Inventory	-	0%	0%	-	-	2
Due from subsidiaries/affiliates	-	0%	0%	-	-	3
Property and equipment, net	-	0%	0%	-	-	2
Goodwill	-	0%	0%	-	-	4
Intangibles	-	0%	0%	-	-	4
Investments in subsidiaries	-	0%	0%	-	-	5
Restricted cash	-	0%	0%	-	-	4
Other assets	-	0%	0%	-	-	
Unencumbered interim cash flow	-	0%	0%	-	-	7
Total Unencumbered Assets / Gross Recovery	\$ -	0%	0%	\$ -	\$ -	
B. LITIGATION RECOVERIES						
B1. Encumbered Causes of Action	-	-	-	-	-	8
B2. Unencumbered Causes of Action, including Preferences	-	-	-	-	-	8
B3. Total Litigation Recoveries	-	-	-	-	-	
C. SUMMARY OF GROSS PROCEEDS						
C1. Encumbered Collateral Recovery (A1 + B1)	-	-	-	-	-	
C2. Unencumbered Assets Recovery (A2 + B2)	-	-	-	-	-	
C3. Total Gross Recovery Proceeds Available for Distribution	\$ -	\$ -	\$ -	\$ -	\$ -	

II. ALLOCATION OF PROCEEDS FROM ENCUMBERED COLLATERAL AVAILABLE FOR DISTRIBUTION

	Estimated Allowed Claims		Estimated Recovery (%)		Estimated Recovery on Secured Claims		See Note
	Lower	Higher	Lower	Higher	Lower	Higher	
Encumbered Gross Collateral Proceeds Available					\$ -	\$ -	
A. LESS: Section 506(c) Surcharges	\$ -	\$ -			\$ -	\$ -	9
B. Carve-Out Allocation	-	-			-	-	10
Proceeds Available to Secured Claims					<u>\$ -</u>	<u>\$ -</u>	
SECURED CLAIMS							
C. PLUS: Proceeds From Subsidiary Guaranteed Notes Turnover					-	-	14
Proceeds Available to Satisfy First Lien Secured Claims					<u>\$ -</u>	<u>\$ -</u>	
D. First Lien Secured Claims							
D1. First Lien Bank Claims	\$ -	\$ -	na	na	-	-	11
D2. First Lien Bond Claims	-	-	na	na	-	-	11
D3. First Lien Swap Claims	-	-	na	na	-	-	11
D4. Other First Lien Secured Claims	-	-	na	na	-	-	11
Total First Lien Claims & Recovery	<u>\$ -</u>	<u>\$ -</u>	na	na	<u>\$ -</u>	<u>\$ -</u>	
Proceeds Available to Satisfy Second Lien Secured Claims					<u>\$ -</u>	<u>\$ -</u>	
E. Second Lien Bond Claims	\$ -	\$ -	na	na	-	-	11
Total Second Lien Claims & Recovery	<u>\$ -</u>	<u>\$ -</u>	na	na	<u>\$ -</u>	<u>\$ -</u>	
F. Other Secured Claims	-	-			\$ -	\$ -	11
Total Secured Claims and Distributions	<u>\$ -</u>	<u>\$ -</u>	0.0%	0.0%	<u>\$ -</u>	<u>\$ -</u>	
Proceeds Available from Encumbered Collateral to Satisfy Administrative, Priority and Unsecured Claims					<u>\$ -</u>	<u>\$ -</u>	
Secured Lender Deficiency Claims (General Unsecured Claim)	<u>\$ -</u>	<u>\$ -</u>					

Chapter 11 Liquidation Against Schedule 2
 (\$ in thousands)

III. ALLOCATION OF PROCEEDS AVAILABLE TO SATISFY ADMINISTRATIVE, PRIORITY AND UNSECURED CLAIMS

	Estimated Allowed Claims		Estimated Recovery (%)		Estimated Recovery on Administrative, Priority and Unsecured Claims		See Note
	Lower	Higher	Lower	Higher	Lower	Higher	
Proceeds Available from Unencumbered Assets					\$ -	\$ -	
Section 506(c) Surcharges					-	-	9
Proceeds Available from Encumbered Collateral					-	-	
Proceeds Available to Satisfy Administrative, Priority and Unsecured Claims					\$ -	\$ -	
A. LESS: Carve-Out Allocation	\$ -	\$ -	na	na	\$ -	\$ -	10
Proceeds Available for Administrative Claims					\$ -	\$ -	
ADMINISTRATIVE CLAIMS							
B. Subsidiaries' Superpriority Admin Claims against CEOC	\$ -	\$ -	na	na	\$ -	\$ -	12
C. Chapter 7 Administrative Claims	-	-	na	na	-	-	12
D. Chapter 11 Administrative Claims	-	-	na	na	-	-	12
Proceeds Available for Priority Claims					\$ -	\$ -	
PRIORITY CLAIMS							
E. Employee Priority Claims	\$ -	\$ -	na	na	\$ -	\$ -	13
F. Priority Tax Claims	-	-	na	na	-	-	13
G. Other Priority Claims	-	-	na	na	-	-	13
Proceeds Available for Unsecured Claims					\$ -	\$ -	
UNSECURED CLAIMS							
H1. First Lien Deficiency Claims	\$ -	\$ -	na	na	\$ -	\$ -	14
H2. Second Lien Deficiency Claims	-	-	na	na	-	-	14
H3. Other Secured Deficiency Claims	-	-	na	na	-	-	14
H4. Senior Unsecured Notes Claims	-	-	na	na	-	-	14
H5. Subsidiary Guaranteed Notes Claims	502,019	502,019	0.0%	0.0%	-	-	14
H5a. Subsidiary Guaranteed Notes Turnover to First Lien Claimants	-	-	na	na	-	-	14
H6. General Unsecured Claims	-	-	na	na	-	-	14
H7. Pension Claims	446,123	223,061	0.0%	0.0%	-	-	14
H8. Intercompany Notes Payable	-	-	na	na	-	-	14
H9. Intercompany Claims - Prepetition	-	-	na	na	-	-	14
Total Unsecured Claims	\$ 948,142	\$ 725,081	0.0%	0.0%	\$ -	\$ -	
Total Admin, Priority, Unsecured Claims & Distributions	\$ 948,142	\$ 725,081	0.0%	0.0%	\$ -	\$ -	
Value Available for Equity Interests					\$ -	\$ -	15

I. TOTAL PROCEEDS AVAILABLE FOR DISTRIBUTION

	Net Book Value	Estimated Recovery (%)		Estimated Liquidation Value		See Note
		Lower	Higher	Lower	Higher	
A. STATEMENT OF ASSETS						
Cash and equivalents	\$ -	0%	0%	\$ -	\$ -	1
Accounts receivable	-	0%	0%	-	-	2
Other current assets	-	0%	0%	-	-	2
Inventory	-	0%	0%	-	-	2
Due from subsidiaries/affiliates	-	0%	0%	-	-	3
Property and equipment, net	-	0%	0%	-	-	2
Goodwill	-	0%	0%	-	-	4
Intangibles	-	0%	0%	-	-	4
Investments in subsidiaries	-	0%	0%	-	-	5
Restricted cash	-	0%	0%	-	-	4
Other assets	-	0%	0%	-	-	
STATEMENT OF ASSETS - CASINO SALE						
Casino	-	0%	0%	-	-	6
Interim cash flow	-	0%	0%	-	-	7
Total Assets / Gross Recovery	\$ -	0%	0%	\$ -	\$ -	
A1. ENCUMBERED COLLATERAL						
Cash and equivalents	\$ -	0%	0%	\$ -	\$ -	1
Accounts receivable	-	0%	0%	-	-	2
Other current assets	-	0%	0%	-	-	2
Inventory	-	0%	0%	-	-	2
Due from subsidiaries/affiliates	-	0%	0%	-	-	3
Property and equipment, net	-	0%	0%	-	-	2
Goodwill	-	0%	0%	-	-	4
Intangibles	-	0%	0%	-	-	4
Investments in subsidiaries	-	0%	0%	-	-	5
Restricted cash	-	0%	0%	-	-	4
Other assets	-	0%	0%	-	-	
Casino value and encumbered interim cash flow	-	0%	0%	-	-	6,7
Total Encumbered Collateral / Gross Recovery	\$ -	0%	0%	\$ -	\$ -	
A2. UNENCUMBERED ASSETS						
Cash and equivalents	\$ -	0%	0%	\$ -	\$ -	1
Accounts receivable	-	0%	0%	-	-	2
Other current assets	-	0%	0%	-	-	2
Inventory	-	0%	0%	-	-	2
Due from subsidiaries/affiliates	-	0%	0%	-	-	3
Property and equipment, net	-	0%	0%	-	-	2
Goodwill	-	0%	0%	-	-	4
Intangibles	-	0%	0%	-	-	4
Investments in subsidiaries	-	0%	0%	-	-	5
Restricted cash	-	0%	0%	-	-	4
Other assets	-	0%	0%	-	-	
Unencumbered interim cash flow	-	0%	0%	-	-	7
Total Unencumbered Assets / Gross Recovery	\$ -	0%	0%	\$ -	\$ -	
B. LITIGATION RECOVERIES						
B1. Encumbered Causes of Action	-	-	-	-	-	8
B2. Unencumbered Causes of Action, including Preferences	-	-	-	-	-	8
B3. Total Litigation Recoveries	\$ -	-	-	\$ -	\$ -	
C. SUMMARY OF GROSS PROCEEDS						
C1. Encumbered Collateral Recovery (A1 + B1)	-	-	-	\$ -	\$ -	
C2. Unencumbered Assets Recovery (A2 + B2)	-	-	-	-	-	
C3. Total Gross Recovery Proceeds Available for Distribution	\$ -	-	-	\$ -	\$ -	

II. ALLOCATION OF PROCEEDS FROM ENCUMBERED COLLATERAL AVAILABLE FOR DISTRIBUTION

	Estimated Allowed Claims		Estimated Recovery (%)		Estimated Recovery on Secured Claims		See Note
	Lower	Higher	Lower	Higher	Lower	Higher	
Encumbered Gross Collateral Proceeds Available					\$ -	\$ -	
A. LESS: Section 506(c) Surcharges	\$ -	\$ -			\$ -	\$ -	9
B. Carve-Out Allocation	-	-			-	-	10
Proceeds Available to Secured Claims					\$ -	\$ -	
SECURED CLAIMS							
C. PLUS: Proceeds From Subsidiary Guaranteed Notes Turnover					-	-	14
Proceeds Available to Satisfy First Lien Secured Claims					\$ -	\$ -	
D. First Lien Secured Claims							
D1. First Lien Bank Claims	\$ -	\$ -	na	na	-	-	11
D2. First Lien Bond Claims	-	-	na	na	-	-	11
D3. First Lien Swap Claims	-	-	na	na	-	-	11
D4. Other First Lien Secured Claims	-	-	na	na	-	-	11
Total First Lien Claims & Recovery	\$ -	\$ -	na	na	\$ -	\$ -	
Proceeds Available to Satisfy Second Lien Secured Claims					\$ -	\$ -	
E. Second Lien Bond Claims	\$ -	\$ -	na	na	-	-	11
Total Second Lien Claims & Recovery	\$ -	\$ -	na	na	\$ -	\$ -	
F. Other Secured Claims	-	-			\$ -	\$ -	11
Total Secured Claims and Distributions	\$ -	\$ -	0.0%	0.0%	\$ -	\$ -	
Proceeds Available from Encumbered Collateral to Satisfy Administrative, Priority and Unsecured Claims					\$ -	\$ -	
Secured Lender Deficiency Claims (General Unsecured Claim)	\$ -	\$ -					

III. ALLOCATION OF PROCEEDS AVAILABLE TO SATISFY ADMINISTRATIVE, PRIORITY AND UNSECURED CLAIMS

	Estimated Allowed Claims		Estimated Recovery (%)		Estimated Recovery on Administrative, Priority and Unsecured Claims		See Note
	Lower	Higher	Lower	Higher	Lower	Higher	
Proceeds Available from Unencumbered Assets					\$ -	\$ -	
Section 506(c) Surcharges					-	-	9
Proceeds Available from Encumbered Collateral					-	-	
Proceeds Available to Satisfy Administrative, Priority and Unsecured Claims					\$ -	\$ -	
A. LESS: Carve-Out Allocation	\$ -	\$ -	na	na	\$ -	\$ -	10
Proceeds Available for Administrative Claims					\$ -	\$ -	
ADMINISTRATIVE CLAIMS							
B. Subsidiaries' Superpriority Admin Claims against CEOC	\$ -	\$ -	na	na	\$ -	\$ -	12
C. Chapter 7 Administrative Claims	-	-	na	na	-	-	12
D. Chapter 11 Administrative Claims	-	-	na	na	-	-	12
Proceeds Available for Priority Claims					\$ -	\$ -	
PRIORITY CLAIMS							
E. Employee Priority Claims	\$ -	\$ -	na	na	\$ -	\$ -	13
F. Priority Tax Claims	-	-	na	na	-	-	13
G. Other Priority Claims	-	-	na	na	-	-	13
Proceeds Available for Unsecured Claims					\$ -	\$ -	
UNSECURED CLAIMS							
H1. First Lien Deficiency Claims	\$ -	\$ -	na	na	\$ -	\$ -	14
H2. Second Lien Deficiency Claims	-	-	na	na	-	-	14
H3. Other Secured Deficiency Claims	-	-	na	na	-	-	14
H4. Senior Unsecured Notes Claims	-	-	na	na	-	-	14
H5. Subsidiary Guaranteed Notes Claims	502,019	502,019	0.0%	0.0%	-	-	14
H5a. Subsidiary Guaranteed Notes Turnover to First Lien Claimants	-	-	na	na	-	-	14
H6. General Unsecured Claims	-	-	na	na	-	-	14
H7. Pension Claims	446,123	223,061	0.0%	0.0%	-	-	14
H8. Intercompany Notes Payable	-	-	na	na	-	-	14
H9. Intercompany Claims - Prepetition	-	-	na	na	-	-	14
Total Unsecured Claims	\$ 948,142	\$ 725,081	0.0%	0.0%	\$ -	\$ -	
Total Admin, Priority, Unsecured Claims & Distributions	\$ 948,142	\$ 725,081	0.0%	0.0%	\$ -	\$ -	
Value Available for Equity Interests					\$ -	\$ -	15

I. TOTAL PROCEEDS AVAILABLE FOR DISTRIBUTION

	Net Book Value	Estimated Recovery (%)		Estimated Liquidation Value		See Note
		Lower	Higher	Lower	Higher	
A. STATEMENT OF ASSETS						
Cash and equivalents	\$ -	0%	0%	\$ -	\$ -	1
Accounts receivable	-	0%	0%	-	-	2
Other current assets	-	0%	0%	-	-	2
Inventory	-	0%	0%	-	-	2
Due from subsidiaries/affiliates	-	0%	0%	-	-	3
Property and equipment, net	-	0%	0%	-	-	2
Goodwill	-	0%	0%	-	-	4
Intangibles	-	0%	0%	-	-	4
Investments in subsidiaries	-	0%	0%	-	-	5
Restricted cash	-	0%	0%	-	-	4
Other assets	-	0%	0%	-	-	
STATEMENT OF ASSETS - CASINO SALE						
Casino	-	0%	0%	-	-	6
Interim cash flow	-	0%	0%	-	-	7
Total Assets / Gross Recovery	\$ -	0%	0%	\$ -	\$ -	
A1. ENCUMBERED COLLATERAL						
Cash and equivalents	\$ -	0%	0%	\$ -	\$ -	1
Accounts receivable	-	0%	0%	-	-	2
Other current assets	-	0%	0%	-	-	2
Inventory	-	0%	0%	-	-	2
Due from subsidiaries/affiliates	-	0%	0%	-	-	3
Property and equipment, net	-	0%	0%	-	-	2
Goodwill	-	0%	0%	-	-	4
Intangibles	-	0%	0%	-	-	4
Investments in subsidiaries	-	0%	0%	-	-	5
Restricted cash	-	0%	0%	-	-	4
Other assets	-	0%	0%	-	-	
Casino value and encumbered interim cash flow	-	0%	0%	-	-	6,7
Total Encumbered Collateral / Gross Recovery	\$ -	0%	0%	\$ -	\$ -	
A2. UNENCUMBERED ASSETS						
Cash and equivalents	\$ -	0%	0%	\$ -	\$ -	1
Accounts receivable	-	0%	0%	-	-	2
Other current assets	-	0%	0%	-	-	2
Inventory	-	0%	0%	-	-	2
Due from subsidiaries/affiliates	-	0%	0%	-	-	3
Property and equipment, net	-	0%	0%	-	-	2
Goodwill	-	0%	0%	-	-	4
Intangibles	-	0%	0%	-	-	4
Investments in subsidiaries	-	0%	0%	-	-	5
Restricted cash	-	0%	0%	-	-	4
Other assets	-	0%	0%	-	-	
Unencumbered interim cash flow	-	0%	0%	-	-	7
Total Unencumbered Assets / Gross Recovery	\$ -	0%	0%	\$ -	\$ -	
B. LITIGATION RECOVERIES						
B1. Encumbered Causes of Action				-	-	8
B2. Unencumbered Causes of Action, including Preferences				-	-	8
B3. Total Litigation Recoveries				\$ -	\$ -	
C. SUMMARY OF GROSS PROCEEDS						
C1. Encumbered Collateral Recovery (A1 + B1)				\$ -	\$ -	
C2. Unencumbered Assets Recovery (A2 + B2)				-	-	
C3. Total Gross Recovery Proceeds Available for Distribution				\$ -	\$ -	

II. ALLOCATION OF PROCEEDS FROM ENCUMBERED COLLATERAL AVAILABLE FOR DISTRIBUTION

	Estimated Allowed Claims		Estimated Recovery (%)		Estimated Recovery on Secured Claims		See Note
	Lower	Higher	Lower	Higher	Lower	Higher	
Encumbered Gross Collateral Proceeds Available					\$ -	\$ -	
A. LESS: Section 506(c) Surcharges	\$ -	\$ -			\$ -	\$ -	9
B. Carve-Out Allocation	-	-			-	-	10
Proceeds Available to Secured Claims					\$ -	\$ -	
SECURED CLAIMS							
C. PLUS: Proceeds From Subsidiary Guaranteed Notes Turnover					-	-	14
Proceeds Available to Satisfy First Lien Secured Claims					\$ -	\$ -	
D. First Lien Secured Claims							
D1. First Lien Bank Claims	\$ -	\$ -	na	na	-	-	11
D2. First Lien Bond Claims	-	-	na	na	-	-	11
D3. First Lien Swap Claims	-	-	na	na	-	-	11
D4. Other First Lien Secured Claims	-	-	na	na	-	-	11
Total First Lien Claims & Recovery	\$ -	\$ -	na	na	\$ -	\$ -	
Proceeds Available to Satisfy Second Lien Secured Claims					\$ -	\$ -	
E. Second Lien Bond Claims	\$ -	\$ -	na	na	-	-	11
Total Second Lien Claims & Recovery	\$ -	\$ -	na	na	\$ -	\$ -	
F. Other Secured Claims	-	-			\$ -	\$ -	11
Total Secured Claims and Distributions	\$ -	\$ -	0.0%	0.0%	\$ -	\$ -	
Proceeds Available from Encumbered Collateral to Satisfy Administrative, Priority and Unsecured Claims					\$ -	\$ -	
Secured Lender Deficiency Claims (General Unsecured Claim)	\$ -	\$ -					

III. ALLOCATION OF PROCEEDS AVAILABLE TO SATISFY ADMINISTRATIVE, PRIORITY AND UNSECURED CLAIMS

	Estimated Allowed Claims		Estimated Recovery (%)		Estimated Recovery on Administrative, Priority and Unsecured Claims		See Note
	Lower	Higher	Lower	Higher	Lower	Higher	
Proceeds Available from Unencumbered Assets					\$ -	\$ -	
Section 506(c) Surcharges					-	-	9
Proceeds Available from Encumbered Collateral					-	-	
Proceeds Available to Satisfy Administrative, Priority and Unsecured Claims					\$ -	\$ -	
A. LESS: Carve-Out Allocation	\$ -	\$ -	na	na	\$ -	\$ -	10
Proceeds Available for Administrative Claims					\$ -	\$ -	
ADMINISTRATIVE CLAIMS							
B. Subsidiaries' Superpriority Admin Claims against CEOC	\$ -	\$ -	na	na	\$ -	\$ -	12
C. Chapter 7 Administrative Claims	-	-	na	na	-	-	12
D. Chapter 11 Administrative Claims	-	-	na	na	-	-	12
Proceeds Available for Priority Claims					\$ -	\$ -	
PRIORITY CLAIMS							
E. Employee Priority Claims	\$ -	\$ -	na	na	\$ -	\$ -	13
F. Priority Tax Claims	-	-	na	na	-	-	13
G. Other Priority Claims	-	-	na	na	-	-	13
Proceeds Available for Unsecured Claims					\$ -	\$ -	
UNSECURED CLAIMS							
H1. First Lien Deficiency Claims	\$ -	\$ -	na	na	\$ -	\$ -	14
H2. Second Lien Deficiency Claims	-	-	na	na	-	-	14
H3. Other Secured Deficiency Claims	-	-	na	na	-	-	14
H4. Senior Unsecured Notes Claims	-	-	na	na	-	-	14
H5. Subsidiary Guaranteed Notes Claims	-	-	na	na	-	-	14
H5a. Subsidiary Guaranteed Notes Turnover to First Lien Claimants	-	-	na	na	-	-	14
H6. General Unsecured Claims	-	-	na	na	-	-	14
H7. Pension Claims	446,123	223,061	0.0%	0.0%	-	-	14
H8. Intercompany Notes Payable	-	-	na	na	-	-	14
H9. Intercompany Claims - Prepetition	20,854	20,854	0.0%	0.0%	-	-	14
Total Unsecured Claims	\$ 466,977	\$ 243,915	0.0%	0.0%	\$ -	\$ -	
Total Admin, Priority, Unsecured Claims & Distributions	\$ 466,977	\$ 243,915	0.0%	0.0%	\$ -	\$ -	
Value Available for Equity Interests					\$ -	\$ -	15

Chapter 11 Reorganization
 Hypothetical Liquidation Analysis Schedule 2
 (\$ in thousands)

I. TOTAL PROCEEDS AVAILABLE FOR DISTRIBUTION

	Net Book Value	Estimated Recovery (%)		Estimated Liquidation Value		See Note
		Lower	Higher	Lower	Higher	
A. STATEMENT OF ASSETS						
Cash and equivalents	\$ -	0%	0%	\$ -	\$ -	1
Accounts receivable	-	0%	0%	-	-	2
Other current assets	-	0%	0%	-	-	2
Inventory	-	0%	0%	-	-	2
Due from subsidiaries/affiliates	-	0%	0%	-	-	3
Property and equipment, net	-	0%	0%	-	-	2
Goodwill	-	0%	0%	-	-	4
Intangibles	-	0%	0%	-	-	4
Investments in subsidiaries	-	0%	0%	-	-	5
Restricted cash	-	0%	0%	-	-	4
Other assets	-	0%	0%	-	-	
STATEMENT OF ASSETS - CASINO SALE						
Casino	-	0%	0%	-	-	6
Interim cash flow	-	0%	0%	-	-	7
Total Assets / Gross Recovery	\$ -	0%	0%	\$ -	\$ -	
A1. ENCUMBERED COLLATERAL						
Cash and equivalents	\$ -	0%	0%	\$ -	\$ -	1
Accounts receivable	-	0%	0%	-	-	2
Other current assets	-	0%	0%	-	-	2
Inventory	-	0%	0%	-	-	2
Due from subsidiaries/affiliates	-	0%	0%	-	-	3
Property and equipment, net	-	0%	0%	-	-	2
Goodwill	-	0%	0%	-	-	4
Intangibles	-	0%	0%	-	-	4
Investments in subsidiaries	-	0%	0%	-	-	5
Restricted cash	-	0%	0%	-	-	4
Other assets	-	0%	0%	-	-	
Casino value and encumbered interim cash flow	-	0%	0%	-	-	6,7
Total Encumbered Collateral / Gross Recovery	\$ -	0%	0%	\$ -	\$ -	
A2. UNENCUMBERED ASSETS						
Cash and equivalents	\$ -	0%	0%	\$ -	\$ -	1
Accounts receivable	-	0%	0%	-	-	2
Other current assets	-	0%	0%	-	-	2
Inventory	-	0%	0%	-	-	2
Due from subsidiaries/affiliates	-	0%	0%	-	-	3
Property and equipment, net	-	0%	0%	-	-	2
Goodwill	-	0%	0%	-	-	4
Intangibles	-	0%	0%	-	-	4
Investments in subsidiaries	-	0%	0%	-	-	5
Restricted cash	-	0%	0%	-	-	4
Other assets	-	0%	0%	-	-	
Unencumbered interim cash flow	-	0%	0%	-	-	7
Total Unencumbered Assets / Gross Recovery	\$ -	0%	0%	\$ -	\$ -	
B. LITIGATION RECOVERIES						
B1. Encumbered Causes of Action				-	-	8
B2. Unencumbered Causes of Action, including Preferences				-	-	8
B3. Total Litigation Recoveries				\$ -	\$ -	
C. SUMMARY OF GROSS PROCEEDS						
C1. Encumbered Collateral Recovery (A1 + B1)				\$ -	\$ -	
C2. Unencumbered Assets Recovery (A2 + B2)				-	-	
C3. Total Gross Recovery Proceeds Available for Distribution				\$ -	\$ -	

Class of Equity or Obligation
 Hypothetical Liquidation Analysis Schedule 2
 (\$ in thousands)

II. ALLOCATION OF PROCEEDS FROM ENCUMBERED COLLATERAL AVAILABLE FOR DISTRIBUTION

	Estimated Allowed Claims		Estimated Recovery (%)		Estimated Recovery on Secured Claims		See Note
	Lower	Higher	Lower	Higher	Lower	Higher	
Encumbered Gross Collateral Proceeds Available					\$ -	\$ -	
A. LESS: Section 506(c) Surcharges	\$ -	\$ -			\$ -	\$ -	9
B. Carve-Out Allocation	-	-			-	-	10
Proceeds Available to Secured Claims					\$ -	\$ -	
SECURED CLAIMS							
C. PLUS: Proceeds From Subsidiary Guaranteed Notes Turnover					-	-	14
Proceeds Available to Satisfy First Lien Secured Claims					\$ -	\$ -	
D. First Lien Secured Claims							
D1. First Lien Bank Claims	\$ -	\$ -	na	na	-	-	11
D2. First Lien Bond Claims	-	-	na	na	-	-	11
D3. First Lien Swap Claims	-	-	na	na	-	-	11
D4. Other First Lien Secured Claims	-	-	na	na	-	-	11
Total First Lien Claims & Recovery	\$ -	\$ -	na	na	\$ -	\$ -	
Proceeds Available to Satisfy Second Lien Secured Claims					\$ -	\$ -	
E. Second Lien Bond Claims	\$ -	\$ -	na	na	-	-	11
Total Second Lien Claims & Recovery	\$ -	\$ -	na	na	\$ -	\$ -	
F. Other Secured Claims	-	-			\$ -	\$ -	11
Total Secured Claims and Distributions	\$ -	\$ -	0.0%	0.0%	\$ -	\$ -	
Proceeds Available from Encumbered Collateral to Satisfy Administrative, Priority and Unsecured Claims					\$ -	\$ -	
Secured Lender Deficiency Claims (General Unsecured Claim)	\$ -	\$ -					

III. ALLOCATION OF PROCEEDS AVAILABLE TO SATISFY ADMINISTRATIVE, PRIORITY AND UNSECURED CLAIMS

	Estimated Allowed Claims		Estimated Recovery (%)		Estimated Recovery on Administrative, Priority and Unsecured Claims		See Note
	Lower	Higher	Lower	Higher	Lower	Higher	
Proceeds Available from Unencumbered Assets					\$ -	\$ -	
Section 506(c) Surcharges					-	-	9
Proceeds Available from Encumbered Collateral					-	-	
Proceeds Available to Satisfy Administrative, Priority and Unsecured Claims					\$ -	\$ -	
A. LESS: Carve-Out Allocation	\$ -	\$ -	na	na	\$ -	\$ -	10
Proceeds Available for Administrative Claims					\$ -	\$ -	
ADMINISTRATIVE CLAIMS							
B. Subsidiaries' Superpriority Admin Claims against CEOC	\$ -	\$ -	na	na	\$ -	\$ -	12
C. Chapter 7 Administrative Claims	-	-	na	na	-	-	12
D. Chapter 11 Administrative Claims	-	-	na	na	-	-	12
Proceeds Available for Priority Claims					\$ -	\$ -	
PRIORITY CLAIMS							
E. Employee Priority Claims	\$ -	\$ -	na	na	\$ -	\$ -	13
F. Priority Tax Claims	-	-	na	na	-	-	13
G. Other Priority Claims	-	-	na	na	-	-	13
Proceeds Available for Unsecured Claims					\$ -	\$ -	
UNSECURED CLAIMS							
H1. First Lien Deficiency Claims	\$ -	\$ -	na	na	\$ -	\$ -	14
H2. Second Lien Deficiency Claims	-	-	na	na	-	-	14
H3. Other Secured Deficiency Claims	-	-	na	na	-	-	14
H4. Senior Unsecured Notes Claims	-	-	na	na	-	-	14
H5. Subsidiary Guaranteed Notes Claims	-	-	na	na	-	-	14
H5a. Subsidiary Guaranteed Notes Turnover to First Lien Claimants	-	-	na	na	-	-	14
H6. General Unsecured Claims	-	-	na	na	-	-	14
H7. Pension Claims	446,123	223,061	0.0%	0.0%	-	-	14
H8. Intercompany Notes Payable	-	-	na	na	-	-	14
H9. Intercompany Claims - Prepetition	-	-	na	na	-	-	14
Total Unsecured Claims	\$ 446,123	\$ 223,061	0.0%	0.0%	\$ -	\$ -	
Total Admin, Priority, Unsecured Claims & Distributions	\$ 446,123	\$ 223,061	0.0%	0.0%	\$ -	\$ -	
Value Available for Equity Interests					\$ -	\$ -	15

I. TOTAL PROCEEDS AVAILABLE FOR DISTRIBUTION

	Net Book Value	Estimated Recovery (%)		Estimated Liquidation Value		See Note
		Lower	Higher	Lower	Higher	
A. STATEMENT OF ASSETS						
Cash and equivalents	\$ -	0%	0%	\$ -	\$ -	1
Accounts receivable	-	0%	0%	-	-	2
Other current assets	820	0%	0%	-	-	2
Inventory	-	0%	0%	-	-	2
Due from subsidiaries/affiliates	72,669	23%	50%	16,543	36,556	3
Property and equipment, net	89,450	0%	0%	-	-	2
Goodwill	78,493	0%	0%	-	-	4
Intangibles	147,440	0%	0%	-	-	4
Investments in subsidiaries	3,705	100%+	100%+	68,469	300,906	5
Restricted cash	-	0%	0%	-	-	4
Other assets	-	0%	0%	-	-	
STATEMENT OF ASSETS - CASINO SALE						
Casino	-	0%	0%	-	-	6
Interim cash flow	-	0%	0%	-	-	7
Total Assets / Gross Recovery	\$ 392,577	22%	86%	\$ 85,012	\$ 337,462	
A1. ENCUMBERED COLLATERAL						
Cash and equivalents	\$ -	0%	0%	\$ -	\$ -	1
Accounts receivable	-	0%	0%	-	-	2
Other current assets	820	0%	0%	-	-	2
Inventory	-	0%	0%	-	-	2
Due from subsidiaries/affiliates	46,622	2%	23%	1,151	10,509	3
Property and equipment, net	89,450	0%	0%	-	-	2
Goodwill	78,493	0%	0%	-	-	4
Intangibles	147,440	0%	0%	-	-	4
Investments in subsidiaries	3,705	100%+	100%+	68,469	300,906	5
Restricted cash	-	0%	0%	-	-	4
Other assets	-	0%	0%	-	-	
Casino value and encumbered interim cash flow	-	0%	0%	-	-	6,7
Total Encumbered Collateral / Gross Recovery	\$ 366,530	19%	85%	\$ 69,620	\$ 311,415	
A2. UNENCUMBERED ASSETS						
Cash and equivalents	\$ -	0%	0%	\$ -	\$ -	1
Accounts receivable	-	0%	0%	-	-	2
Other current assets	-	0%	0%	-	-	2
Inventory	-	0%	0%	-	-	2
Due from subsidiaries/affiliates	26,047	59%	100%	15,392	26,047	3
Property and equipment, net	-	0%	0%	-	-	2
Goodwill	-	0%	0%	-	-	4
Intangibles	-	0%	0%	-	-	4
Investments in subsidiaries	-	0%	0%	-	-	5
Restricted cash	-	0%	0%	-	-	4
Other assets	-	0%	0%	-	-	
Unencumbered interim cash flow	-	0%	0%	-	-	7
Total Unencumbered Assets / Gross Recovery	\$ 26,047	59%	100%	\$ 15,392	\$ 26,047	
B. LITIGATION RECOVERIES						
B1. Encumbered Causes of Action	-	-	-	-	-	8
B2. Unencumbered Causes of Action, including Preferences	-	-	-	-	-	8
B3. Total Litigation Recoveries	-	-	-	-	-	
C. SUMMARY OF GROSS PROCEEDS						
C1. Encumbered Collateral Recovery (A1 + B1)	-	-	-	\$ 69,620	\$ 311,415	
C2. Unencumbered Assets Recovery (A2 + B2)	-	-	-	15,392	26,047	
C3. Total Gross Recovery Proceeds Available for Distribution	-	-	-	\$ 85,012	\$ 337,462	

II. ALLOCATION OF PROCEEDS FROM ENCUMBERED COLLATERAL AVAILABLE FOR DISTRIBUTION

	Estimated Allowed Claims		Estimated Recovery (%)		Estimated Recovery on Secured Claims		See Note
	Lower	Higher	Lower	Higher	Lower	Higher	
Encumbered Gross Collateral Proceeds Available					\$ 69,620	\$ 311,415	
A. LESS: Section 506(c) Surcharges	\$ -	\$ -			\$ -	\$ -	9
B. Carve-Out Allocation	-	-			-	-	10
Proceeds Available to Secured Claims					<u>\$ 69,620</u>	<u>\$ 311,415</u>	
SECURED CLAIMS							
C. PLUS: Proceeds From Subsidiary Guaranteed Notes Turnover					8,419	4,530	14
Proceeds Available to Satisfy First Lien Secured Claims					<u>\$ 78,038</u>	<u>\$ 315,945</u>	
D. First Lien Secured Claims							
D1. First Lien Bank Claims	\$ 35,073	\$ 142,779	100.0%	100.0%	35,073	142,779	11
D2. First Lien Bond Claims	42,683	172,012	100.0%	100.0%	42,683	172,012	11
D3. First Lien Swap Claims	282	1,153	100.0%	100.0%	282	1,153	11
D4. Other First Lien Secured Claims	-	-	na	na	-	-	11
Total First Lien Claims & Recovery	<u>\$ 78,038</u>	<u>\$ 315,945</u>	100.0%	100.0%	<u>\$ 78,038</u>	<u>\$ 315,945</u>	
Proceeds Available to Satisfy Second Lien Secured Claims					<u>\$ -</u>	<u>\$ -</u>	
E. Second Lien Bond Claims	\$ -	\$ -	na	na	-	-	11
Total Second Lien Claims & Recovery	<u>\$ -</u>	<u>\$ -</u>	na	na	<u>\$ -</u>	<u>\$ -</u>	
F. Other Secured Claims	-	-			\$ -	\$ -	11
Total Secured Claims and Distributions	<u>\$ 78,038</u>	<u>\$ 315,945</u>	100.0%	100.0%	<u>\$ 78,038</u>	<u>\$ 315,945</u>	
Proceeds Available from Encumbered Collateral to Satisfy Administrative, Priority and Unsecured Claims					<u>\$ -</u>	<u>\$ -</u>	
Secured Lender Deficiency Claims (General Unsecured Claim)	<u>\$ -</u>	<u>\$ -</u>					

III. ALLOCATION OF PROCEEDS AVAILABLE TO SATISFY ADMINISTRATIVE, PRIORITY AND UNSECURED CLAIMS

	Estimated Allowed Claims		Estimated Recovery (%)		Estimated Recovery on Administrative, Priority and Unsecured Claims		See Note
	Lower	Higher	Lower	Higher	Lower	Higher	
Proceeds Available from Unencumbered Assets					\$ 15,392	\$ 26,047	
Section 506(c) Surcharges					-	-	9
Proceeds Available from Encumbered Collateral					-	-	
Proceeds Available to Satisfy Administrative, Priority and Unsecured Claims					\$ 15,392	\$ 26,047	
A. LESS: Carve-Out Allocation	\$ 380	\$ 152	100.0%	100.0%	\$ 380	\$ 152	10
Proceeds Available for Administrative Claims					\$ 15,013	\$ 25,895	
ADMINISTRATIVE CLAIMS							
B. Subsidiaries' Superpriority Admin Claims against CEOC	\$ -	\$ -	na	na	\$ -	\$ -	12
C. Chapter 7 Administrative Claims	2,047	561	100.0%	100.0%	2,047	561	12
D. Chapter 11 Administrative Claims	-	-	na	na	-	-	12
Proceeds Available for Priority Claims					\$ 12,966	\$ 25,334	
PRIORITY CLAIMS							
E. Employee Priority Claims	\$ -	\$ -	na	na	\$ -	\$ -	13
F. Priority Tax Claims	-	-	na	na	-	-	13
G. Other Priority Claims	-	-	na	na	-	-	13
Proceeds Available for Unsecured Claims					\$ 12,966	\$ 25,334	
UNSECURED CLAIMS							
H1. First Lien Deficiency Claims	\$ -	\$ -	na	na	\$ -	\$ -	14
H2. Second Lien Deficiency Claims	-	-	na	na	-	-	14
H3. Other Secured Deficiency Claims	-	-	na	na	-	-	14
H4. Senior Unsecured Notes Claims	-	-	na	na	-	-	14
H5. Subsidiary Guaranteed Notes Claims	502,019	502,019	0.1%	0.1%	308	371	14
H5a. Subsidiary Guaranteed Notes Turnover to First Lien Claimants	-	-	na	na	8,419	4,530	14
H6. General Unsecured Claims	2,003	2,003	1.7%	100.0%	35	2,003	14
H7. Pension Claims	446,123	223,061	0.9%	0.2%	4,204	422	14
H8. Intercompany Notes Payable	-	-	na	na	-	-	14
H9. Intercompany Claims - Prepetition	-	-	na	na	-	-	14
Total Unsecured Claims	\$ 950,145	\$ 727,083	1.4%	1.0%	\$ 12,966	\$ 7,325	
Total Admin, Priority, Unsecured Claims & Distributions	\$ 952,571	\$ 727,796	1.6%	1.1%	\$ 15,392	\$ 8,037	
Value Available for Equity Interests					\$ -	\$ 18,010	15

I. TOTAL PROCEEDS AVAILABLE FOR DISTRIBUTION

	Net Book Value	Estimated Recovery (%)		Estimated Liquidation Value		See Note
		Lower	Higher	Lower	Higher	
A. STATEMENT OF ASSETS						
Cash and equivalents	\$ -	0%	0%	\$ -	\$ -	1
Accounts receivable	-	0%	0%	-	-	2
Other current assets	-	0%	0%	-	-	2
Inventory	-	0%	0%	-	-	2
Due from subsidiaries/affiliates	46,380	59%	100%	27,408	46,380	3
Property and equipment, net	-	0%	0%	-	-	2
Goodwill	-	0%	0%	-	-	4
Intangibles	-	0%	0%	-	-	4
Investments in subsidiaries	-	0%	0%	-	-	5
Restricted cash	-	0%	0%	-	-	4
Other assets	-	0%	0%	-	-	
STATEMENT OF ASSETS - CASINO SALE						
Casino	105,289	100%+	100%+	309,878	354,190	6
Interim cash flow	26,010	80%	90%	20,808	23,409	7
Total Assets / Gross Recovery	\$ 177,679	100%+	100%+	\$ 358,094	\$ 423,978	
A1. ENCUMBERED COLLATERAL						
Cash and equivalents	\$ -	0%	0%	\$ -	\$ -	1
Accounts receivable	-	0%	0%	-	-	2
Other current assets	-	0%	0%	-	-	2
Inventory	-	0%	0%	-	-	2
Due from subsidiaries/affiliates	-	0%	0%	-	-	3
Property and equipment, net	-	0%	0%	-	-	2
Goodwill	-	0%	0%	-	-	4
Intangibles	-	0%	0%	-	-	4
Investments in subsidiaries	-	0%	0%	-	-	5
Restricted cash	-	0%	0%	-	-	4
Other assets	-	0%	0%	-	-	
Casino value and encumbered interim cash flow	0	0%	0%	-	-	6,7
Total Encumbered Collateral / Gross Recovery	\$ 0	0%	0%	\$ -	\$ -	
A2. UNENCUMBERED ASSETS						
Cash and equivalents	\$ -	0%	0%	\$ -	\$ -	1
Accounts receivable	-	0%	0%	-	-	2
Other current assets	-	0%	0%	-	-	2
Inventory	-	0%	0%	-	-	2
Due from subsidiaries/affiliates	46,380	59%	100%	27,408	46,380	3
Property and equipment, net	-	0%	0%	-	-	2
Goodwill	-	0%	0%	-	-	4
Intangibles	-	0%	0%	-	-	4
Investments in subsidiaries	-	0%	0%	-	-	5
Restricted cash	-	0%	0%	-	-	4
Other assets	-	0%	0%	-	-	
Unencumbered interim cash flow	131,299	100%+	100%+	330,686	377,598	7
Total Unencumbered Assets / Gross Recovery	\$ 177,679	100%+	100%+	\$ 358,094	\$ 423,978	
B. LITIGATION RECOVERIES						
B1. Encumbered Causes of Action				-	-	8
B2. Unencumbered Causes of Action, including Preferences				163	326	8
B3. Total Litigation Recoveries				\$ 163	\$ 326	
C. SUMMARY OF GROSS PROCEEDS						
C1. Encumbered Collateral Recovery (A1 + B1)				\$ -	\$ -	
C2. Unencumbered Assets Recovery (A2 + B2)				358,257	424,304	
C3. Total Gross Recovery Proceeds Available for Distribution				\$ 358,257	\$ 424,304	

II. ALLOCATION OF PROCEEDS FROM ENCUMBERED COLLATERAL AVAILABLE FOR DISTRIBUTION

	Estimated Allowed Claims		Estimated Recovery (%)		Estimated Recovery on Secured Claims		See Note
	Lower	Higher	Lower	Higher	Lower	Higher	
Encumbered Gross Collateral Proceeds Available					\$ -	\$ -	
A. LESS: Section 506(c) Surcharges	\$ 1,910	\$ 5,731			\$ -	\$ -	9
B. Carve-Out Allocation	-	-			-	-	10
Proceeds Available to Secured Claims					\$ -	\$ -	
SECURED CLAIMS							
C. PLUS: Proceeds From Subsidiary Guaranteed Notes Turnover					-	-	14
Proceeds Available to Satisfy First Lien Secured Claims					\$ -	\$ -	
D. First Lien Secured Claims							
D1. First Lien Bank Claims	\$ -	\$ -	na	na	-	-	11
D2. First Lien Bond Claims	-	-	na	na	-	-	11
D3. First Lien Swap Claims	-	-	na	na	-	-	11
D4. Other First Lien Secured Claims	-	-	na	na	-	-	11
Total First Lien Claims & Recovery	\$ -	\$ -	na	na	\$ -	\$ -	
Proceeds Available to Satisfy Second Lien Secured Claims					\$ -	\$ -	
E. Second Lien Bond Claims	\$ -	\$ -	na	na	-	-	11
Total Second Lien Claims & Recovery	\$ -	\$ -	na	na	\$ -	\$ -	
F. Other Secured Claims	-	-			\$ -	\$ -	11
Total Secured Claims and Distributions	\$ 1,910	\$ 5,731	0.0%	0.0%	\$ -	\$ -	
Proceeds Available from Encumbered Collateral to Satisfy Administrative, Priority and Unsecured Claims					\$ -	\$ -	
Secured Lender Deficiency Claims (General Unsecured Claim)	\$ -	\$ -					

Does Plaintiff's Complaint Exclude Other Parties?
 Hypothetical Liquidation Analysis Schedule 2
 (\$ in thousands)

III. ALLOCATION OF PROCEEDS AVAILABLE TO SATISFY ADMINISTRATIVE, PRIORITY AND UNSECURED CLAIMS

	Estimated Allowed Claims		Estimated Recovery (%)		Estimated Recovery on Administrative, Priority and Unsecured Claims		See Note
	Lower	Higher	Lower	Higher	Lower	Higher	
Proceeds Available from Unencumbered Assets					\$ 358,257	\$ 424,304	
Section 506(c) Surcharges					-	-	9
Proceeds Available from Encumbered Collateral					-	-	
Proceeds Available to Satisfy Administrative, Priority and Unsecured Claims					\$ 358,257	\$ 424,304	
A. LESS: Carve-Out Allocation	\$ 8,835	\$ 2,477	100.0%	100.0%	\$ 8,835	\$ 2,477	10
Proceeds Available for Administrative Claims					\$ 349,422	\$ 421,828	
ADMINISTRATIVE CLAIMS							
B. Subsidiaries' Superpriority Admin Claims against CEOC	\$ -	\$ -	na	na	\$ -	\$ -	12
C. Chapter 7 Administrative Claims	48,891	10,196	100.0%	100.0%	48,891	10,196	12
D. Chapter 11 Administrative Claims	1,874	1,874	100.0%	100.0%	1,874	1,874	12
Proceeds Available for Priority Claims					\$ 298,656	\$ 409,758	
PRIORITY CLAIMS							
E. Employee Priority Claims	\$ -	\$ -	na	na	\$ -	\$ -	13
F. Priority Tax Claims	-	-	na	na	-	-	13
G. Other Priority Claims	-	-	na	na	-	-	13
Proceeds Available for Unsecured Claims					\$ 298,656	\$ 409,758	
UNSECURED CLAIMS							
H1. First Lien Deficiency Claims	\$ -	\$ -	na	na	\$ -	\$ -	14
H2. Second Lien Deficiency Claims	-	-	na	na	-	-	14
H3. Other Secured Deficiency Claims	-	-	na	na	-	-	14
H4. Senior Unsecured Notes Claims	-	-	na	na	-	-	14
H5. Subsidiary Guaranteed Notes Claims	-	-	na	na	-	-	14
H5a. Subsidiary Guaranteed Notes Turnover to First Lien Claimants	-	-	na	na	-	-	14
H6. General Unsecured Claims	1,091	1,254	100.0%	100.0%	1,091	1,254	14
H7. Pension Claims	446,123	223,061	45.0%	9.4%	200,646	21,039	14
H8. Intercompany Notes Payable	-	-	na	na	-	-	14
H9. Intercompany Claims - Prepetition	11,333	11,333	100.0%	100.0%	11,333	11,333	14
Total Unsecured Claims	\$ 458,547	\$ 235,648	46.5%	14.3%	\$ 213,071	\$ 33,626	
Total Admin, Priority, Unsecured Claims & Distributions	\$ 518,147	\$ 250,195	52.6%	19.3%	\$ 272,671	\$ 48,173	
Value Available for Equity Interests					\$ 85,586	\$ 376,132	15

I. TOTAL PROCEEDS AVAILABLE FOR DISTRIBUTION

	Net Book Value	Estimated Recovery (%)		Estimated Liquidation Value		See Note
		Lower	Higher	Lower	Higher	
A. STATEMENT OF ASSETS						
Cash and equivalents	\$ -	0%	0%	\$ -	\$ -	1
Accounts receivable	-	0%	0%	-	-	2
Other current assets	0	0%	0%	-	-	2
Inventory	-	0%	0%	-	-	2
Due from subsidiaries/affiliates	-	0%	0%	-	-	3
Property and equipment, net	-	0%	0%	-	-	2
Goodwill	-	0%	0%	-	-	4
Intangibles	-	0%	0%	-	-	4
Investments in subsidiaries	-	0%	0%	-	309,394	5
Restricted cash	-	0%	0%	-	-	4
Other assets	-	0%	0%	-	-	
STATEMENT OF ASSETS - CASINO SALE						
Casino	-	0%	0%	-	-	6
Interim cash flow	-	0%	0%	-	-	7
Total Assets / Gross Recovery	\$ 0	0%	100%+	\$ -	\$ 309,394	
A1. ENCUMBERED COLLATERAL						
Cash and equivalents	\$ -	0%	0%	\$ -	\$ -	1
Accounts receivable	-	0%	0%	-	-	2
Other current assets	0	0%	0%	-	-	2
Inventory	-	0%	0%	-	-	2
Due from subsidiaries/affiliates	-	0%	0%	-	-	3
Property and equipment, net	-	0%	0%	-	-	2
Goodwill	-	0%	0%	-	-	4
Intangibles	-	0%	0%	-	-	4
Investments in subsidiaries	-	0%	0%	-	-	5
Restricted cash	-	0%	0%	-	-	4
Other assets	-	0%	0%	-	-	
Casino value and encumbered interim cash flow	-	0%	0%	-	-	6,7
Total Encumbered Collateral / Gross Recovery	\$ 0	0%	0%	\$ -	\$ -	
A2. UNENCUMBERED ASSETS						
Cash and equivalents	\$ -	0%	0%	\$ -	\$ -	1
Accounts receivable	-	0%	0%	-	-	2
Other current assets	-	0%	0%	-	-	2
Inventory	-	0%	0%	-	-	2
Due from subsidiaries/affiliates	-	0%	0%	-	-	3
Property and equipment, net	-	0%	0%	-	-	2
Goodwill	-	0%	0%	-	-	4
Intangibles	-	0%	0%	-	-	4
Investments in subsidiaries	-	0%	0%	-	309,394	5
Restricted cash	-	0%	0%	-	-	4
Other assets	-	0%	0%	-	-	
Unencumbered interim cash flow	-	0%	0%	-	-	7
Total Unencumbered Assets / Gross Recovery	\$ -	0%	0%	\$ -	\$ 309,394	
B. LITIGATION RECOVERIES						
B1. Encumbered Causes of Action				-	-	8
B2. Unencumbered Causes of Action, including Preferences				-	-	8
B3. Total Litigation Recoveries				\$ -	\$ -	
C. SUMMARY OF GROSS PROCEEDS						
C1. Encumbered Collateral Recovery (A1 + B1)				\$ -	\$ -	
C2. Unencumbered Assets Recovery (A2 + B2)				-	309,394	
C3. Total Gross Recovery Proceeds Available for Distribution				\$ -	\$ 309,394	

II. ALLOCATION OF PROCEEDS FROM ENCUMBERED COLLATERAL AVAILABLE FOR DISTRIBUTION

	Estimated Allowed Claims		Estimated Recovery (%)		Estimated Recovery on Secured Claims		See Note
	Lower	Higher	Lower	Higher	Lower	Higher	
Encumbered Gross Collateral Proceeds Available					\$ -	\$ -	
A. LESS: Section 506(c) Surcharges	\$ -	\$ -			\$ -	\$ -	9
B. Carve-Out Allocation	-	-			-	-	10
Proceeds Available to Secured Claims					\$ -	\$ -	
SECURED CLAIMS							
C. PLUS: Proceeds From Subsidiary Guaranteed Notes Turnover					-	54,018	14
Proceeds Available to Satisfy First Lien Secured Claims					\$ -	\$ 54,018	
D. First Lien Secured Claims							
D1. First Lien Bank Claims	\$ -	\$ 53,585	na	100.0%	-	53,585	11
D2. First Lien Bond Claims	-	-	na	na	-	-	11
D3. First Lien Swap Claims	-	433	na	100.0%	-	433	11
D4. Other First Lien Secured Claims	-	-	na	na	-	-	11
Total First Lien Claims & Recovery	\$ -	\$ 54,018	na	100.0%	\$ -	\$ 54,018	
Proceeds Available to Satisfy Second Lien Secured Claims					\$ -	\$ -	
E. Second Lien Bond Claims	\$ -	\$ -	na	na	-	-	11
Total Second Lien Claims & Recovery	\$ -	\$ -	na	na	\$ -	\$ -	
F. Other Secured Claims	-	-			\$ -	\$ -	11
Total Secured Claims and Distributions	\$ -	\$ 54,018	0.0%	100.0%	\$ -	\$ 54,018	
Proceeds Available from Encumbered Collateral to Satisfy Administrative, Priority and Unsecured Claims					\$ -	\$ -	
Secured Lender Deficiency Claims (General Unsecured Claim)	\$ -	\$ -					

Case No. 15-01145
 Hypothetical Liquidation Analysis - Schedule 2
 (\$ in thousands)

III. ALLOCATION OF PROCEEDS AVAILABLE TO SATISFY ADMINISTRATIVE, PRIORITY AND UNSECURED CLAIMS

	Estimated Allowed Claims		Estimated Recovery (%)		Estimated Recovery on Administrative, Priority and Unsecured Claims		See Note
	Lower	Higher	Lower	Higher	Lower	Higher	
Proceeds Available from Unencumbered Assets					\$ -	\$ 309,394	
Section 506(c) Surcharges					-	-	9
Proceeds Available from Encumbered Collateral					-	-	
Proceeds Available to Satisfy Administrative, Priority and Unsecured Claims					\$ -	\$ 309,394	
A. LESS: Carve-Out Allocation	\$ -	\$ 1,806	na	100.0%	\$ -	\$ 1,806	10
Proceeds Available for Administrative Claims					\$ -	\$ 307,588	
ADMINISTRATIVE CLAIMS							
B. Subsidiaries' Superpriority Admin Claims against CEOC	\$ -	\$ -	na	na	\$ -	\$ -	12
C. Chapter 7 Administrative Claims	-	6,661	na	100.0%	-	6,661	12
D. Chapter 11 Administrative Claims	-	-	na	na	-	-	12
Proceeds Available for Priority Claims					\$ -	\$ 300,927	
PRIORITY CLAIMS							
E. Employee Priority Claims	\$ -	\$ -	na	na	\$ -	\$ -	13
F. Priority Tax Claims	-	-	na	na	-	-	13
G. Other Priority Claims	-	-	na	na	-	-	13
Proceeds Available for Unsecured Claims					\$ -	\$ 300,927	
UNSECURED CLAIMS							
H1. First Lien Deficiency Claims	\$ -	\$ -	na	na	\$ -	\$ -	14
H2. Second Lien Deficiency Claims	-	-	na	na	-	-	14
H3. Other Secured Deficiency Claims	-	-	na	na	-	-	14
H4. Senior Unsecured Notes Claims	-	-	na	na	-	-	14
H5. Subsidiary Guaranteed Notes Claims	502,019	502,019	0.0%	0.9%	-	4,419	14
H5a. Subsidiary Guaranteed Notes Turnover to First Lien Claimants			na	na	-	54,018	14
H6. General Unsecured Claims	0	0	0.0%	100.0%	-	0	14
H7. Pension Claims	446,123	223,061	0.0%	2.3%	-	5,022	14
H8. Intercompany Notes Payable	-	-	na	na	-	-	14
H9. Intercompany Claims - Prepetition	-	-	na	na	-	-	14
Total Unsecured Claims	\$ 948,142	\$ 725,081	0.0%	8.8%	\$ -	\$ 63,458	
Total Admin, Priority, Unsecured Claims & Distributions	\$ 948,142	\$ 733,548	0.0%	9.8%	\$ -	\$ 71,926	
Value Available for Equity Interests					\$ -	\$ 237,468	15

I. TOTAL PROCEEDS AVAILABLE FOR DISTRIBUTION

	Net Book Value	Estimated Recovery (%)		Estimated Liquidation Value		See Note
		Lower	Higher	Lower	Higher	
A. STATEMENT OF ASSETS						
Cash and equivalents	\$ -	0%	0%	\$ -	\$ -	1
Accounts receivable	-	0%	0%	-	-	2
Other current assets	-	0%	0%	-	-	2
Inventory	-	0%	0%	-	-	2
Due from subsidiaries/affiliates	-	0%	0%	-	-	3
Property and equipment, net	-	0%	0%	-	-	2
Goodwill	-	0%	0%	-	-	4
Intangibles	-	0%	0%	-	-	4
Investments in subsidiaries	-	0%	0%	-	-	5
Restricted cash	-	0%	0%	-	-	4
Other assets	-	0%	0%	-	-	
STATEMENT OF ASSETS - CASINO SALE						
Casino	-	0%	0%	-	-	6
Interim cash flow	-	0%	0%	-	-	7
Total Assets / Gross Recovery	\$ -	0%	0%	\$ -	\$ -	
A1. ENCUMBERED COLLATERAL						
Cash and equivalents	\$ -	0%	0%	\$ -	\$ -	1
Accounts receivable	-	0%	0%	-	-	2
Other current assets	-	0%	0%	-	-	2
Inventory	-	0%	0%	-	-	2
Due from subsidiaries/affiliates	-	0%	0%	-	-	3
Property and equipment, net	-	0%	0%	-	-	2
Goodwill	-	0%	0%	-	-	4
Intangibles	-	0%	0%	-	-	4
Investments in subsidiaries	-	0%	0%	-	-	5
Restricted cash	-	0%	0%	-	-	4
Other assets	-	0%	0%	-	-	
Casino value and encumbered interim cash flow	-	0%	0%	-	-	6,7
Total Encumbered Collateral / Gross Recovery	\$ -	0%	0%	\$ -	\$ -	
A2. UNENCUMBERED ASSETS						
Cash and equivalents	\$ -	0%	0%	\$ -	\$ -	1
Accounts receivable	-	0%	0%	-	-	2
Other current assets	-	0%	0%	-	-	2
Inventory	-	0%	0%	-	-	2
Due from subsidiaries/affiliates	-	0%	0%	-	-	3
Property and equipment, net	-	0%	0%	-	-	2
Goodwill	-	0%	0%	-	-	4
Intangibles	-	0%	0%	-	-	4
Investments in subsidiaries	-	0%	0%	-	-	5
Restricted cash	-	0%	0%	-	-	4
Other assets	-	0%	0%	-	-	
Unencumbered interim cash flow	-	0%	0%	-	-	7
Total Unencumbered Assets / Gross Recovery	\$ -	0%	0%	\$ -	\$ -	
B. LITIGATION RECOVERIES						
B1. Encumbered Causes of Action	-			-	-	8
B2. Unencumbered Causes of Action, including Preferences	-			-	336,344	8
B3. Total Litigation Recoveries	-			\$ -	\$ 336,344	
C. SUMMARY OF GROSS PROCEEDS						
C1. Encumbered Collateral Recovery (A1 + B1)	-			\$ -	\$ -	
C2. Unencumbered Assets Recovery (A2 + B2)	-			-	336,344	
C3. Total Gross Recovery Proceeds Available for Distribution	-			\$ -	\$ 336,344	

II. ALLOCATION OF PROCEEDS FROM ENCUMBERED COLLATERAL AVAILABLE FOR DISTRIBUTION

	Estimated Allowed Claims		Estimated Recovery (%)		Estimated Recovery on Secured Claims		See Note
	Lower	Higher	Lower	Higher	Lower	Higher	
Encumbered Gross Collateral Proceeds Available					\$ -	\$ -	
A. LESS: Section 506(c) Surcharges	\$ -	\$ -			\$ -	\$ -	9
B. Carve-Out Allocation	-	-			-	-	10
Proceeds Available to Secured Claims					\$ -	\$ -	
SECURED CLAIMS							
C. PLUS: Proceeds From Subsidiary Guaranteed Notes Turnover					-	-	14
Proceeds Available to Satisfy First Lien Secured Claims					\$ -	\$ -	
D. First Lien Secured Claims							
D1. First Lien Bank Claims	\$ -	\$ -	na	na	-	-	11
D2. First Lien Bond Claims	-	-	na	na	-	-	11
D3. First Lien Swap Claims	-	-	na	na	-	-	11
D4. Other First Lien Secured Claims	-	-	na	na	-	-	11
Total First Lien Claims & Recovery	\$ -	\$ -	na	na	\$ -	\$ -	
Proceeds Available to Satisfy Second Lien Secured Claims					\$ -	\$ -	
E. Second Lien Bond Claims	\$ -	\$ -	na	na	-	-	11
Total Second Lien Claims & Recovery	\$ -	\$ -	na	na	\$ -	\$ -	
F. Other Secured Claims	-	-			\$ -	\$ -	11
Total Secured Claims and Distributions	\$ -	\$ -	0.0%	0.0%	\$ -	\$ -	
Proceeds Available from Encumbered Collateral to Satisfy Administrative, Priority and Unsecured Claims					\$ -	\$ -	
Secured Lender Deficiency Claims (General Unsecured Claim)	\$ -	\$ -					

III. ALLOCATION OF PROCEEDS AVAILABLE TO SATISFY ADMINISTRATIVE, PRIORITY AND UNSECURED CLAIMS

	Estimated Allowed Claims		Estimated Recovery (%)		Estimated Recovery on Administrative, Priority and Unsecured Claims		See Note
	Lower	Higher	Lower	Higher	Lower	Higher	
Proceeds Available from Unencumbered Assets					\$ -	\$ 336,344	
Section 506(c) Surcharges					-	-	9
Proceeds Available from Encumbered Collateral					-	-	
Proceeds Available to Satisfy Administrative, Priority and Unsecured Claims					\$ -	\$ 336,344	
A. LESS: Carve-Out Allocation	\$ -	\$ 1,963	na	100.0%	\$ -	\$ 1,963	10
Proceeds Available for Administrative Claims					\$ -	\$ 334,381	
ADMINISTRATIVE CLAIMS							
B. Subsidiaries' Superpriority Admin Claims against CEOC	\$ -	\$ -	na	na	\$ -	\$ -	12
C. Chapter 7 Administrative Claims	-	7,242	na	100.0%	-	7,242	12
D. Chapter 11 Administrative Claims	-	-	na	na	-	-	12
Proceeds Available for Priority Claims					\$ -	\$ 327,139	
PRIORITY CLAIMS							
E. Employee Priority Claims	\$ -	\$ -	na	na	\$ -	\$ -	13
F. Priority Tax Claims	-	-	na	na	-	-	13
G. Other Priority Claims	-	-	na	na	-	-	13
Proceeds Available for Unsecured Claims					\$ -	\$ 327,139	
UNSECURED CLAIMS							
H1. First Lien Deficiency Claims	\$ -	\$ -	na	na	\$ -	\$ -	14
H2. Second Lien Deficiency Claims	-	-	na	na	-	-	14
H3. Other Secured Deficiency Claims	-	-	na	na	-	-	14
H4. Senior Unsecured Notes Claims	-	-	na	na	-	-	14
H5. Subsidiary Guaranteed Notes Claims	-	-	na	na	-	-	14
H5a. Subsidiary Guaranteed Notes Turnover to First Lien Claimants	-	-	na	na	-	-	14
H6. General Unsecured Claims	-	-	na	na	-	-	14
H7. Pension Claims	446,123	223,061	0.0%	8.0%	-	17,745	14
H8. Intercompany Notes Payable	-	-	na	na	-	-	14
H9. Intercompany Claims - Prepetition	-	-	na	na	-	-	14
Total Unsecured Claims	\$ 446,123	\$ 223,061	0.0%	8.0%	\$ -	\$ 17,745	
Total Admin, Priority, Unsecured Claims & Distributions	\$ 446,123	\$ 232,266	0.0%	11.6%	\$ -	\$ 26,950	
Value Available for Equity Interests					\$ -	\$ 309,394	15

I. TOTAL PROCEEDS AVAILABLE FOR DISTRIBUTION

	Net Book Value	Estimated Recovery (%)		Estimated Liquidation Value		See Note
		Lower	Higher	Lower	Higher	
A. STATEMENT OF ASSETS						
Cash and equivalents	\$ -	0%	0%	\$ -	\$ -	1
Accounts receivable	2	75%	100%	2	2	2
Other current assets	2	0%	0%	-	-	2
Inventory	-	0%	0%	-	-	2
Due from subsidiaries/affiliates	-	0%	0%	-	-	3
Property and equipment, net	-	0%	0%	-	-	2
Goodwill	-	0%	0%	-	-	4
Intangibles	-	0%	0%	-	-	4
Investments in subsidiaries	-	0%	0%	-	-	5
Restricted cash	-	0%	0%	-	-	4
Other assets	-	0%	0%	-	-	
STATEMENT OF ASSETS - CASINO SALE						
Casino	-	0%	0%	-	-	6
Interim cash flow	-	0%	0%	-	-	7
Total Assets / Gross Recovery	\$ 5	35%	47%	\$ 2	\$ 2	
A1. ENCUMBERED COLLATERAL						
Cash and equivalents	\$ -	0%	0%	\$ -	\$ -	1
Accounts receivable	2	75%	100%	2	2	2
Other current assets	2	0%	0%	-	-	2
Inventory	-	0%	0%	-	-	2
Due from subsidiaries/affiliates	-	0%	0%	-	-	3
Property and equipment, net	-	0%	0%	-	-	2
Goodwill	-	0%	0%	-	-	4
Intangibles	-	0%	0%	-	-	4
Investments in subsidiaries	-	0%	0%	-	-	5
Restricted cash	-	0%	0%	-	-	4
Other assets	-	0%	0%	-	-	
Casino value and encumbered interim cash flow	-	0%	0%	-	-	6,7
Total Encumbered Collateral / Gross Recovery	\$ 5	35%	47%	\$ 2	\$ 2	
A2. UNENCUMBERED ASSETS						
Cash and equivalents	\$ -	0%	0%	\$ -	\$ -	1
Accounts receivable	-	0%	0%	-	-	2
Other current assets	-	0%	0%	-	-	2
Inventory	-	0%	0%	-	-	2
Due from subsidiaries/affiliates	-	0%	0%	-	-	3
Property and equipment, net	-	0%	0%	-	-	2
Goodwill	-	0%	0%	-	-	4
Intangibles	-	0%	0%	-	-	4
Investments in subsidiaries	-	0%	0%	-	-	5
Restricted cash	-	0%	0%	-	-	4
Other assets	-	0%	0%	-	-	
Unencumbered interim cash flow	-	0%	0%	-	-	7
Total Unencumbered Assets / Gross Recovery	\$ -	0%	0%	\$ -	\$ -	
B. LITIGATION RECOVERIES						
B1. Encumbered Causes of Action				-	-	8
B2. Unencumbered Causes of Action, including Preferences				-	-	8
B3. Total Litigation Recoveries				\$ -	\$ -	
C. SUMMARY OF GROSS PROCEEDS						
C1. Encumbered Collateral Recovery (A1 + B1)				\$ 2	\$ 2	
C2. Unencumbered Assets Recovery (A2 + B2)				-	-	
C3. Total Gross Recovery Proceeds Available for Distribution				\$ 2	\$ 2	

Harris Companies, Inc. Company
 Hypothetical Liquidation Analysis Schedule 2
 (\$ in thousands)

II. ALLOCATION OF PROCEEDS FROM ENCUMBERED COLLATERAL AVAILABLE FOR DISTRIBUTION

	Estimated Allowed Claims		Estimated Recovery (%)		Estimated Recovery on Secured Claims		See Note
	Lower	Higher	Lower	Higher	Lower	Higher	
Encumbered Gross Collateral Proceeds Available					\$ 2	\$ 2	
A. LESS: Section 506(c) Surcharges	\$ -	\$ -			\$ -	\$ -	9
B. Carve-Out Allocation	-	-			-	-	10
Proceeds Available to Secured Claims					<u>\$ 2</u>	<u>\$ 2</u>	
SECURED CLAIMS							
C. PLUS: Proceeds From Subsidiary Guaranteed Notes Turnover					-	-	14
Proceeds Available to Satisfy First Lien Secured Claims					<u>\$ 2</u>	<u>\$ 2</u>	
D. First Lien Secured Claims							
D1. First Lien Bank Claims	\$ 1	\$ 1	100.0%	100.0%	1	1	11
D2. First Lien Bond Claims	1	1	100.0%	100.0%	1	1	11
D3. First Lien Swap Claims	0	0	100.0%	100.0%	0	0	11
D4. Other First Lien Secured Claims	-	-	na	na	-	-	11
Total First Lien Claims & Recovery	<u>\$ 2</u>	<u>\$ 2</u>	100.0%	100.0%	<u>\$ 2</u>	<u>\$ 2</u>	
Proceeds Available to Satisfy Second Lien Secured Claims					<u>\$ -</u>	<u>\$ -</u>	
E. Second Lien Bond Claims	\$ -	\$ -	na	na	-	-	11
Total Second Lien Claims & Recovery	<u>\$ -</u>	<u>\$ -</u>	na	na	<u>\$ -</u>	<u>\$ -</u>	
F. Other Secured Claims	-	-			\$ -	\$ -	11
Total Secured Claims and Distributions	<u>\$ 2</u>	<u>\$ 2</u>	100.0%	100.0%	<u>\$ 2</u>	<u>\$ 2</u>	
Proceeds Available from Encumbered Collateral to Satisfy Administrative, Priority and Unsecured Claims					<u>\$ -</u>	<u>\$ -</u>	
Secured Lender Deficiency Claims (General Unsecured Claim)	<u>\$ -</u>	<u>\$ -</u>					

III. ALLOCATION OF PROCEEDS AVAILABLE TO SATISFY ADMINISTRATIVE, PRIORITY AND UNSECURED CLAIMS

	Estimated Allowed Claims		Estimated Recovery (%)		Estimated Recovery on Administrative, Priority and Unsecured Claims		See Note
	Lower	Higher	Lower	Higher	Lower	Higher	
Proceeds Available from Unencumbered Assets					\$ -	\$ -	
Section 506(c) Surcharges					-	-	9
Proceeds Available from Encumbered Collateral					-	-	
Proceeds Available to Satisfy Administrative, Priority and Unsecured Claims					\$ -	\$ -	
A. LESS: Carve-Out Allocation	\$ -	\$ -	na	na	\$ -	\$ -	10
Proceeds Available for Administrative Claims					\$ -	\$ -	
ADMINISTRATIVE CLAIMS							
B. Subsidiaries' Superpriority Admin Claims against CEOC	\$ -	\$ -	na	na	\$ -	\$ -	12
C. Chapter 7 Administrative Claims	-	-	na	na	-	-	12
D. Chapter 11 Administrative Claims	-	-	na	na	-	-	12
Proceeds Available for Priority Claims					\$ -	\$ -	
PRIORITY CLAIMS							
E. Employee Priority Claims	\$ -	\$ -	na	na	\$ -	\$ -	13
F. Priority Tax Claims	-	-	na	na	-	-	13
G. Other Priority Claims	-	-	na	na	-	-	13
Proceeds Available for Unsecured Claims					\$ -	\$ -	
UNSECURED CLAIMS							
H1. First Lien Deficiency Claims	\$ -	\$ -	na	na	\$ -	\$ -	14
H2. Second Lien Deficiency Claims	-	-	na	na	-	-	14
H3. Other Secured Deficiency Claims	-	-	na	na	-	-	14
H4. Senior Unsecured Notes Claims	-	-	na	na	-	-	14
H5. Subsidiary Guaranteed Notes Claims	502,019	502,019	0.0%	0.0%	-	-	14
H5a. Subsidiary Guaranteed Notes Turnover to First Lien Claimants	-	-	na	na	-	-	14
H6. General Unsecured Claims	67	67	0.0%	0.0%	-	-	14
H7. Pension Claims	446,123	223,061	0.0%	0.0%	-	-	14
H8. Intercompany Notes Payable	-	-	na	na	-	-	14
H9. Intercompany Claims - Prepetition	8	8	0.0%	0.0%	-	-	14
Total Unsecured Claims	\$ 948,217	\$ 725,155	0.0%	0.0%	\$ -	\$ -	
Total Admin, Priority, Unsecured Claims & Distributions	\$ 948,217	\$ 725,155	0.0%	0.0%	\$ -	\$ -	
Value Available for Equity Interests					\$ -	\$ -	15

Harpur LLC, a Delaware Limited Liability Company, LLC
 Hypothetical Liquidation Analysis, Schedule 2
 (\$ in thousands)

I. TOTAL PROCEEDS AVAILABLE FOR DISTRIBUTION

	Net Book Value	Estimated Recovery (%)		Estimated Liquidation Value		See Note
		Lower	Higher	Lower	Higher	
A. STATEMENT OF ASSETS						
Cash and equivalents	\$ -	0%	0%	\$ -	\$ -	1
Accounts receivable	7,567	50%	75%	3,784	5,675	2
Other current assets	-	0%	0%	-	-	2
Inventory	-	0%	0%	-	-	2
Due from subsidiaries/affiliates	14,882	46%	83%	6,895	12,284	3
Property and equipment, net	0	0%	0%	-	-	2
Goodwill	-	0%	0%	-	-	4
Intangibles	-	0%	0%	-	-	4
Investments in subsidiaries	-	0%	0%	-	-	5
Restricted cash	-	0%	0%	-	-	4
Other assets	496	0%	0%	-	-	
STATEMENT OF ASSETS - CASINO SALE						
Casino	-	0%	0%	-	-	6
Interim cash flow	-	0%	0%	-	-	7
Total Assets / Gross Recovery	\$ 22,946	47%	78%	\$ 10,679	\$ 17,959	
A1. ENCUMBERED COLLATERAL						
Cash and equivalents	\$ -	0%	0%	\$ -	\$ -	1
Accounts receivable	7,567	50%	75%	3,784	5,675	2
Other current assets	-	0%	0%	-	-	2
Inventory	-	0%	0%	-	-	2
Due from subsidiaries/affiliates	14,882	46%	83%	6,895	12,284	3
Property and equipment, net	0	0%	0%	-	-	2
Goodwill	-	0%	0%	-	-	4
Intangibles	-	0%	0%	-	-	4
Investments in subsidiaries	-	0%	0%	-	-	5
Restricted cash	-	0%	0%	-	-	4
Other assets	496	0%	0%	-	-	
Casino value and encumbered interim cash flow	-	0%	0%	-	-	6,7
Total Encumbered Collateral / Gross Recovery	\$ 22,946	47%	78%	\$ 10,679	\$ 17,959	
A2. UNENCUMBERED ASSETS						
Cash and equivalents	\$ -	0%	0%	\$ -	\$ -	1
Accounts receivable	-	0%	0%	-	-	2
Other current assets	-	0%	0%	-	-	2
Inventory	-	0%	0%	-	-	2
Due from subsidiaries/affiliates	-	0%	0%	-	-	3
Property and equipment, net	-	0%	0%	-	-	2
Goodwill	-	0%	0%	-	-	4
Intangibles	-	0%	0%	-	-	4
Investments in subsidiaries	-	0%	0%	-	-	5
Restricted cash	-	0%	0%	-	-	4
Other assets	-	0%	0%	-	-	
Unencumbered interim cash flow	-	0%	0%	-	-	7
Total Unencumbered Assets / Gross Recovery	\$ -	0%	0%	\$ -	\$ -	
B. LITIGATION RECOVERIES						
B1. Encumbered Causes of Action				-	-	8
B2. Unencumbered Causes of Action, including Preferences				40	81	8
B3. Total Litigation Recoveries				\$ 40	\$ 81	
C. SUMMARY OF GROSS PROCEEDS						
C1. Encumbered Collateral Recovery (A1 + B1)				\$ 10,679	\$ 17,959	
C2. Unencumbered Assets Recovery (A2 + B2)				40	81	
C3. Total Gross Recovery Proceeds Available for Distribution				\$ 10,719	\$ 18,040	

II. ALLOCATION OF PROCEEDS FROM ENCUMBERED COLLATERAL AVAILABLE FOR DISTRIBUTION

	Estimated Allowed Claims		Estimated Recovery (%)		Estimated Recovery on Secured Claims		See Note
	Lower	Higher	Lower	Higher	Lower	Higher	
Encumbered Gross Collateral Proceeds Available					\$ 10,679	\$ 17,959	
A. LESS: Section 506(c) Surcharges	\$ -	\$ -			\$ -	\$ -	9
B. Carve-Out Allocation	-	-			-	-	10
Proceeds Available to Secured Claims					\$ 10,679	\$ 17,959	
SECURED CLAIMS							
C. PLUS: Proceeds From Subsidiary Guaranteed Notes Turnover					-	-	14
Proceeds Available to Satisfy First Lien Secured Claims					\$ 10,679	\$ 17,959	
D. First Lien Secured Claims							
D1. First Lien Bank Claims	\$ 4,806	\$ 7,975	100.0%	100.0%	4,806	7,975	11
D2. First Lien Bond Claims	5,834	9,920	100.0%	100.0%	5,834	9,920	11
D3. First Lien Swap Claims	39	64	100.0%	100.0%	39	64	11
D4. Other First Lien Secured Claims	-	-	na	na	-	-	11
Total First Lien Claims & Recovery	\$ 10,679	\$ 17,959	100.0%	100.0%	\$ 10,679	\$ 17,959	
Proceeds Available to Satisfy Second Lien Secured Claims					\$ -	\$ -	
E. Second Lien Bond Claims	\$ -	\$ -	na	na	-	-	11
Total Second Lien Claims & Recovery	\$ -	\$ -	na	na	\$ -	\$ -	
F. Other Secured Claims	-	-			\$ -	\$ -	11
Total Secured Claims and Distributions	\$ 10,679	\$ 17,959	100.0%	100.0%	\$ 10,679	\$ 17,959	
Proceeds Available from Encumbered Collateral to Satisfy Administrative, Priority and Unsecured Claims					\$ -	\$ -	
Secured Lender Deficiency Claims (General Unsecured Claim)	\$ -	\$ -					

I. TOTAL PROCEEDS AVAILABLE FOR DISTRIBUTION

	Net Book Value	Estimated Recovery (%)		Estimated Liquidation Value		See Note
		Lower	Higher	Lower	Higher	
A. STATEMENT OF ASSETS						
Cash and equivalents	\$ -	0%	0%	\$ -	\$ -	1
Accounts receivable	-	0%	0%	-	-	2
Other current assets	-	0%	0%	-	-	2
Inventory	-	0%	0%	-	-	2
Due from subsidiaries/affiliates	2,586	0%	19%	-	496	3
Property and equipment, net	-	0%	0%	-	-	2
Goodwill	-	0%	0%	-	-	4
Intangibles	-	0%	0%	-	-	4
Investments in subsidiaries	-	0%	0%	-	-	5
Restricted cash	-	0%	0%	-	-	4
Other assets	-	0%	0%	-	-	
STATEMENT OF ASSETS - CASINO SALE						
Casino	-	0%	0%	-	-	6
Interim cash flow	-	0%	0%	-	-	7
Total Assets / Gross Recovery	\$ 2,586	0%	19%	\$ -	\$ 496	
A1. ENCUMBERED COLLATERAL						
Cash and equivalents	\$ -	0%	0%	\$ -	\$ -	1
Accounts receivable	-	0%	0%	-	-	2
Other current assets	-	0%	0%	-	-	2
Inventory	-	0%	0%	-	-	2
Due from subsidiaries/affiliates	2,586	0%	19%	-	496	3
Property and equipment, net	-	0%	0%	-	-	2
Goodwill	-	0%	0%	-	-	4
Intangibles	-	0%	0%	-	-	4
Investments in subsidiaries	-	0%	0%	-	-	5
Restricted cash	-	0%	0%	-	-	4
Other assets	-	0%	0%	-	-	
Casino value and encumbered interim cash flow	-	0%	0%	-	-	6,7
Total Encumbered Collateral / Gross Recovery	\$ 2,586	0%	19%	\$ -	\$ 496	
A2. UNENCUMBERED ASSETS						
Cash and equivalents	\$ -	0%	0%	\$ -	\$ -	1
Accounts receivable	-	0%	0%	-	-	2
Other current assets	-	0%	0%	-	-	2
Inventory	-	0%	0%	-	-	2
Due from subsidiaries/affiliates	-	0%	0%	-	-	3
Property and equipment, net	-	0%	0%	-	-	2
Goodwill	-	0%	0%	-	-	4
Intangibles	-	0%	0%	-	-	4
Investments in subsidiaries	-	0%	0%	-	-	5
Restricted cash	-	0%	0%	-	-	4
Other assets	-	0%	0%	-	-	
Unencumbered interim cash flow	-	0%	0%	-	-	7
Total Unencumbered Assets / Gross Recovery	\$ -	0%	0%	\$ -	\$ -	
B. LITIGATION RECOVERIES						
B1. Encumbered Causes of Action	-	-	-	-	-	8
B2. Unencumbered Causes of Action, including Preferences	-	-	-	-	-	8
B3. Total Litigation Recoveries	\$ -			\$ -		
C. SUMMARY OF GROSS PROCEEDS						
C1. Encumbered Collateral Recovery (A1 + B1)	-	-	-	\$ -	\$ 496	
C2. Unencumbered Assets Recovery (A2 + B2)	-	-	-	-	-	
C3. Total Gross Recovery Proceeds Available for Distribution	\$ -			\$ -	\$ 496	

II. ALLOCATION OF PROCEEDS FROM ENCUMBERED COLLATERAL AVAILABLE FOR DISTRIBUTION

	Estimated Allowed Claims		Estimated Recovery (%)		Estimated Recovery on Secured Claims		See Note
	Lower	Higher	Lower	Higher	Lower	Higher	
Encumbered Gross Collateral Proceeds Available					\$ -	\$ 496	
A. LESS: Section 506(c) Surcharges	\$ -	\$ -			\$ -	\$ -	9
B. Carve-Out Allocation	-	-			-	-	10
Proceeds Available to Secured Claims					\$ -	\$ 496	
SECURED CLAIMS							
C. PLUS: Proceeds From Subsidiary Guaranteed Notes Turnover					-	-	14
Proceeds Available to Satisfy First Lien Secured Claims					\$ -	\$ 496	
D. First Lien Secured Claims							
D1. First Lien Bank Claims	\$ -	\$ -	na	na	-	-	11
D2. First Lien Bond Claims	-	-	na	na	-	-	11
D3. First Lien Swap Claims	-	-	na	na	-	-	11
D4. Other First Lien Secured Claims	-	-	na	na	-	-	11
Total First Lien Claims & Recovery	\$ -	\$ -	na	na	\$ -	\$ -	
Proceeds Available to Satisfy Second Lien Secured Claims					\$ -	\$ 496	
E. Second Lien Bond Claims	\$ -	\$ -	na	na	-	-	11
Total Second Lien Claims & Recovery	\$ -	\$ -	na	na	\$ -	\$ -	
F. Other Secured Claims	-	-			\$ -	\$ -	11
Total Secured Claims and Distributions	\$ -	\$ -	0.0%	0.0%	\$ -	\$ -	
Proceeds Available from Encumbered Collateral to Satisfy Administrative, Priority and Unsecured Claims					\$ -	\$ 496	
Secured Lender Deficiency Claims (General Unsecured Claim)	\$ -	\$ -					

III. ALLOCATION OF PROCEEDS AVAILABLE TO SATISFY ADMINISTRATIVE, PRIORITY AND UNSECURED CLAIMS

	Estimated Allowed Claims		Estimated Recovery (%)		Estimated Recovery on Administrative, Priority and Unsecured Claims		See Note
	Lower	Higher	Lower	Higher	Lower	Higher	
Proceeds Available from Unencumbered Assets					\$ -	\$ -	
Section 506(c) Surcharges					-	-	9
Proceeds Available from Encumbered Collateral					-	496	
Proceeds Available to Satisfy Administrative, Priority and Unsecured Claims					\$ -	\$ 496	
A. LESS: Carve-Out Allocation	\$ -	\$ 3	na	100.0%	\$ -	\$ 3	10
Proceeds Available for Administrative Claims					\$ -	\$ 493	
ADMINISTRATIVE CLAIMS							
B. Subsidiaries' Superpriority Admin Claims against CEOC	\$ -	\$ -	na	na	\$ -	\$ -	12
C. Chapter 7 Administrative Claims	-	11	na	100.0%	-	11	12
D. Chapter 11 Administrative Claims	-	-	na	na	-	-	12
Proceeds Available for Priority Claims					\$ -	\$ 482	
PRIORITY CLAIMS							
E. Employee Priority Claims	\$ -	\$ -	na	na	\$ -	\$ -	13
F. Priority Tax Claims	-	-	na	na	-	-	13
G. Other Priority Claims	-	-	na	na	-	-	13
Proceeds Available for Unsecured Claims					\$ -	\$ 482	
UNSECURED CLAIMS							
H1. First Lien Deficiency Claims	\$ -	\$ -	na	na	\$ -	\$ -	14
H2. Second Lien Deficiency Claims	-	-	na	na	-	-	14
H3. Other Secured Deficiency Claims	-	-	na	na	-	-	14
H4. Senior Unsecured Notes Claims	-	-	na	na	-	-	14
H5. Subsidiary Guaranteed Notes Claims	-	-	na	na	-	-	14
H5a. Subsidiary Guaranteed Notes Turnover to First Lien Claimants	-	-	na	na	-	-	14
H6. General Unsecured Claims	3,885	3,885	0.0%	11.7%	-	456	14
H7. Pension Claims	446,123	223,061	0.0%	0.0%	-	26	14
H8. Intercompany Notes Payable	-	-	na	na	-	-	14
H9. Intercompany Claims - Prepetition	-	-	na	na	-	-	14
Total Unsecured Claims	\$ 450,007	\$ 226,946	0.0%	0.2%	\$ -	\$ 482	
Total Admin, Priority, Unsecured Claims & Distributions	\$ 450,007	\$ 226,960	0.0%	0.2%	\$ -	\$ 496	
Value Available for Equity Interests					\$ -	\$ -	15

I. TOTAL PROCEEDS AVAILABLE FOR DISTRIBUTION

	Net Book Value	Estimated Recovery (%)		Estimated Liquidation Value		See Note
		Lower	Higher	Lower	Higher	
A. STATEMENT OF ASSETS						
Cash and equivalents	\$ -	0%	0%	\$ -	\$ -	1
Accounts receivable	-	0%	0%	-	-	2
Other current assets	0	0%	0%	-	-	2
Inventory	-	0%	0%	-	-	2
Due from subsidiaries/affiliates	22,825	39%	73%	8,935	16,597	3
Property and equipment, net	-	0%	0%	-	-	2
Goodwill	-	0%	0%	-	-	4
Intangibles	-	0%	0%	-	-	4
Investments in subsidiaries	-	0%	0%	-	-	5
Restricted cash	-	0%	0%	-	-	4
Other assets	-	0%	0%	-	-	
STATEMENT OF ASSETS - CASINO SALE						
Casino	-	0%	0%	-	-	6
Interim cash flow	-	0%	0%	-	-	7
Total Assets / Gross Recovery	\$ 22,825	39%	73%	\$ 8,935	\$ 16,597	
A1. ENCUMBERED COLLATERAL						
Cash and equivalents	\$ -	0%	0%	\$ -	\$ -	1
Accounts receivable	-	0%	0%	-	-	2
Other current assets	0	0%	0%	-	-	2
Inventory	-	0%	0%	-	-	2
Due from subsidiaries/affiliates	22,825	39%	73%	8,935	16,597	3
Property and equipment, net	-	0%	0%	-	-	2
Goodwill	-	0%	0%	-	-	4
Intangibles	-	0%	0%	-	-	4
Investments in subsidiaries	-	0%	0%	-	-	5
Restricted cash	-	0%	0%	-	-	4
Other assets	-	0%	0%	-	-	
Casino value and encumbered interim cash flow	-	0%	0%	-	-	6,7
Total Encumbered Collateral / Gross Recovery	\$ 22,825	39%	73%	\$ 8,935	\$ 16,597	
A2. UNENCUMBERED ASSETS						
Cash and equivalents	\$ -	0%	0%	\$ -	\$ -	1
Accounts receivable	-	0%	0%	-	-	2
Other current assets	-	0%	0%	-	-	2
Inventory	-	0%	0%	-	-	2
Due from subsidiaries/affiliates	-	0%	0%	-	-	3
Property and equipment, net	-	0%	0%	-	-	2
Goodwill	-	0%	0%	-	-	4
Intangibles	-	0%	0%	-	-	4
Investments in subsidiaries	-	0%	0%	-	-	5
Restricted cash	-	0%	0%	-	-	4
Other assets	-	0%	0%	-	-	
Unencumbered interim cash flow	-	0%	0%	-	-	7
Total Unencumbered Assets / Gross Recovery	\$ -	0%	0%	\$ -	\$ -	
B. LITIGATION RECOVERIES						
B1. Encumbered Causes of Action	-	-	-	-	-	8
B2. Unencumbered Causes of Action, including Preferences	-	-	-	-	-	8
B3. Total Litigation Recoveries	\$ -			\$ -		
C. SUMMARY OF GROSS PROCEEDS						
C1. Encumbered Collateral Recovery (A1 + B1)				\$ 8,935	\$ 16,597	
C2. Unencumbered Assets Recovery (A2 + B2)				-	-	
C3. Total Gross Recovery Proceeds Available for Distribution				\$ 8,935	\$ 16,597	

II. ALLOCATION OF PROCEEDS FROM ENCUMBERED COLLATERAL AVAILABLE FOR DISTRIBUTION

	Estimated Allowed Claims		Estimated Recovery (%)		Estimated Recovery on Secured Claims		See Note
	Lower	Higher	Lower	Higher	Lower	Higher	
Encumbered Gross Collateral Proceeds Available					\$ 8,935	\$ 16,597	
A. LESS: Section 506(c) Surcharges	\$ -	\$ -			\$ -	\$ -	9
B. Carve-Out Allocation	-	-			-	-	10
Proceeds Available to Secured Claims					\$ 8,935	\$ 16,597	
SECURED CLAIMS							
C. PLUS: Proceeds From Subsidiary Guaranteed Notes Turnover					-	-	14
Proceeds Available to Satisfy First Lien Secured Claims					\$ 8,935	\$ 16,597	
D. First Lien Secured Claims							
D1. First Lien Bank Claims	\$ 4,022	\$ 7,370	100.0%	100.0%	4,022	7,370	11
D2. First Lien Bond Claims	4,881	9,167	100.0%	100.0%	4,881	9,167	11
D3. First Lien Swap Claims	32	60	100.0%	100.0%	32	60	11
D4. Other First Lien Secured Claims	-	-	na	na	-	-	11
Total First Lien Claims & Recovery	\$ 8,935	\$ 16,597	100.0%	100.0%	\$ 8,935	\$ 16,597	
Proceeds Available to Satisfy Second Lien Secured Claims					\$ -	\$ -	
E. Second Lien Bond Claims	\$ -	\$ -	na	na	-	-	11
Total Second Lien Claims & Recovery	\$ -	\$ -	na	na	\$ -	\$ -	
F. Other Secured Claims	-	-			\$ -	\$ -	11
Total Secured Claims and Distributions	\$ 8,935	\$ 16,597	100.0%	100.0%	\$ 8,935	\$ 16,597	
Proceeds Available from Encumbered Collateral to Satisfy Administrative, Priority and Unsecured Claims					\$ -	\$ -	
Secured Lender Deficiency Claims (General Unsecured Claim)	\$ -	\$ -					

III. ALLOCATION OF PROCEEDS AVAILABLE TO SATISFY ADMINISTRATIVE, PRIORITY AND UNSECURED CLAIMS

	Estimated Allowed Claims		Estimated Recovery (%)		Estimated Recovery on Administrative, Priority and Unsecured Claims		See Note
	Lower	Higher	Lower	Higher	Lower	Higher	
Proceeds Available from Unencumbered Assets					\$ -	\$ -	
Section 506(c) Surcharges					-	-	9
Proceeds Available from Encumbered Collateral					-	-	
Proceeds Available to Satisfy Administrative, Priority and Unsecured Claims					\$ -	\$ -	
A. LESS: Carve-Out Allocation	\$ -	\$ -	na	na	\$ -	\$ -	10
Proceeds Available for Administrative Claims					\$ -	\$ -	
ADMINISTRATIVE CLAIMS							
B. Subsidiaries' Superpriority Admin Claims against CEOC	\$ -	\$ -	na	na	\$ -	\$ -	12
C. Chapter 7 Administrative Claims	-	-	na	na	-	-	12
D. Chapter 11 Administrative Claims	-	-	na	na	-	-	12
Proceeds Available for Priority Claims					\$ -	\$ -	
PRIORITY CLAIMS							
E. Employee Priority Claims	\$ -	\$ -	na	na	\$ -	\$ -	13
F. Priority Tax Claims	-	-	na	na	-	-	13
G. Other Priority Claims	-	-	na	na	-	-	13
Proceeds Available for Unsecured Claims					\$ -	\$ -	
UNSECURED CLAIMS							
H1. First Lien Deficiency Claims	\$ -	\$ -	na	na	\$ -	\$ -	14
H2. Second Lien Deficiency Claims	-	-	na	na	-	-	14
H3. Other Secured Deficiency Claims	-	-	na	na	-	-	14
H4. Senior Unsecured Notes Claims	-	-	na	na	-	-	14
H5. Subsidiary Guaranteed Notes Claims	-	-	na	na	-	-	14
H5a. Subsidiary Guaranteed Notes Turnover to First Lien Claimants	-	-	na	na	-	-	14
H6. General Unsecured Claims	608	608	0.0%	0.0%	-	-	14
H7. Pension Claims	446,123	223,061	0.0%	0.0%	-	-	14
H8. Intercompany Notes Payable	-	-	na	na	-	-	14
H9. Intercompany Claims - Prepetition	-	-	na	na	-	-	14
Total Unsecured Claims	\$ 446,730	\$ 223,669	0.0%	0.0%	\$ -	\$ -	
Total Admin, Priority, Unsecured Claims & Distributions	\$ 446,730	\$ 223,669	0.0%	0.0%	\$ -	\$ -	
Value Available for Equity Interests					\$ -	\$ -	15

I. TOTAL PROCEEDS AVAILABLE FOR DISTRIBUTION

	Net Book Value	Estimated Recovery (%)		Estimated Liquidation Value		See Note
		Lower	Higher	Lower	Higher	
A. STATEMENT OF ASSETS						
Cash and equivalents	\$ -	0%	0%	\$ -	\$ -	1
Accounts receivable	-	0%	0%	-	-	2
Other current assets	0	0%	0%	-	-	2
Inventory	-	0%	0%	-	-	2
Due from subsidiaries/affiliates	-	0%	0%	-	-	3
Property and equipment, net	-	0%	0%	-	-	2
Goodwill	-	0%	0%	-	-	4
Intangibles	-	0%	0%	-	-	4
Investments in subsidiaries	-	0%	0%	-	-	5
Restricted cash	-	0%	0%	-	-	4
Other assets	-	0%	0%	-	-	
STATEMENT OF ASSETS - CASINO SALE						
Casino	-	0%	0%	-	-	6
Interim cash flow	-	0%	0%	-	-	7
Total Assets / Gross Recovery	\$ 0	0%	0%	\$ -	\$ -	
A1. ENCUMBERED COLLATERAL						
Cash and equivalents	\$ -	0%	0%	\$ -	\$ -	1
Accounts receivable	-	0%	0%	-	-	2
Other current assets	0	0%	0%	-	-	2
Inventory	-	0%	0%	-	-	2
Due from subsidiaries/affiliates	-	0%	0%	-	-	3
Property and equipment, net	-	0%	0%	-	-	2
Goodwill	-	0%	0%	-	-	4
Intangibles	-	0%	0%	-	-	4
Investments in subsidiaries	-	0%	0%	-	-	5
Restricted cash	-	0%	0%	-	-	4
Other assets	-	0%	0%	-	-	
Casino value and encumbered interim cash flow	-	0%	0%	-	-	6,7
Total Encumbered Collateral / Gross Recovery	\$ 0	0%	0%	\$ -	\$ -	
A2. UNENCUMBERED ASSETS						
Cash and equivalents	\$ -	0%	0%	\$ -	\$ -	1
Accounts receivable	-	0%	0%	-	-	2
Other current assets	-	0%	0%	-	-	2
Inventory	-	0%	0%	-	-	2
Due from subsidiaries/affiliates	-	0%	0%	-	-	3
Property and equipment, net	-	0%	0%	-	-	2
Goodwill	-	0%	0%	-	-	4
Intangibles	-	0%	0%	-	-	4
Investments in subsidiaries	-	0%	0%	-	-	5
Restricted cash	-	0%	0%	-	-	4
Other assets	-	0%	0%	-	-	
Unencumbered interim cash flow	-	0%	0%	-	-	7
Total Unencumbered Assets / Gross Recovery	\$ -	0%	0%	\$ -	\$ -	
B. LITIGATION RECOVERIES						
B1. Encumbered Causes of Action				-	-	8
B2. Unencumbered Causes of Action, including Preferences				-	615,739	8
B3. Total Litigation Recoveries				\$ -	\$ 615,739	
C. SUMMARY OF GROSS PROCEEDS						
C1. Encumbered Collateral Recovery (A1 + B1)				\$ -	\$ -	
C2. Unencumbered Assets Recovery (A2 + B2)				-	615,739	
C3. Total Gross Recovery Proceeds Available for Distribution				\$ -	\$ 615,739	

II. ALLOCATION OF PROCEEDS FROM ENCUMBERED COLLATERAL AVAILABLE FOR DISTRIBUTION

	Estimated Allowed Claims		Estimated Recovery (%)		Estimated Recovery on Secured Claims		See Note
	Lower	Higher	Lower	Higher	Lower	Higher	
Encumbered Gross Collateral Proceeds Available					\$ -	\$ -	
A. LESS: Section 506(c) Surcharges	\$ -	\$ -			\$ -	\$ -	9
B. Carve-Out Allocation	-	-			-	-	10
Proceeds Available to Secured Claims					<u>\$ -</u>	<u>\$ -</u>	
SECURED CLAIMS							
C. PLUS: Proceeds From Subsidiary Guaranteed Notes Turnover					-	-	14
Proceeds Available to Satisfy First Lien Secured Claims					<u>\$ -</u>	<u>\$ -</u>	
D. First Lien Secured Claims							
D1. First Lien Bank Claims	\$ -	\$ -	na	na	-	-	11
D2. First Lien Bond Claims	-	-	na	na	-	-	11
D3. First Lien Swap Claims	-	-	na	na	-	-	11
D4. Other First Lien Secured Claims	-	-	na	na	-	-	11
Total First Lien Claims & Recovery	<u>\$ -</u>	<u>\$ -</u>	na	na	<u>\$ -</u>	<u>\$ -</u>	
Proceeds Available to Satisfy Second Lien Secured Claims					<u>\$ -</u>	<u>\$ -</u>	
E. Second Lien Bond Claims	\$ -	\$ -	na	na	-	-	11
Total Second Lien Claims & Recovery	<u>\$ -</u>	<u>\$ -</u>	na	na	<u>\$ -</u>	<u>\$ -</u>	
F. Other Secured Claims	-	-			\$ -	\$ -	11
Total Secured Claims and Distributions	<u>\$ -</u>	<u>\$ -</u>	0.0%	0.0%	<u>\$ -</u>	<u>\$ -</u>	
Proceeds Available from Encumbered Collateral to Satisfy Administrative, Priority and Unsecured Claims					<u>\$ -</u>	<u>\$ -</u>	
Secured Lender Deficiency Claims (General Unsecured Claim)	<u>\$ -</u>	<u>\$ -</u>					

III. ALLOCATION OF PROCEEDS AVAILABLE TO SATISFY ADMINISTRATIVE, PRIORITY AND UNSECURED CLAIMS

	Estimated Allowed Claims		Estimated Recovery (%)		Estimated Recovery on Administrative, Priority and Unsecured Claims		See Note
	Lower	Higher	Lower	Higher	Lower	Higher	
Proceeds Available from Unencumbered Assets					\$ -	\$ 615,739	
Section 506(c) Surcharges					-	-	9
Proceeds Available from Encumbered Collateral					-	-	
Proceeds Available to Satisfy Administrative, Priority and Unsecured Claims					\$ -	\$ 615,739	
A. LESS: Carve-Out Allocation	\$ -	\$ 3,594	na	100.0%	\$ -	\$ 3,594	10
Proceeds Available for Administrative Claims					\$ -	\$ 612,145	
ADMINISTRATIVE CLAIMS							
B. Subsidiaries' Superpriority Admin Claims against CEOC	\$ -	\$ -	na	na	\$ -	\$ -	12
C. Chapter 7 Administrative Claims	-	13,257	na	100.0%	-	13,257	12
D. Chapter 11 Administrative Claims	-	-	na	na	-	-	12
Proceeds Available for Priority Claims					\$ -	\$ 598,887	
PRIORITY CLAIMS							
E. Employee Priority Claims	\$ -	\$ -	na	na	\$ -	\$ -	13
F. Priority Tax Claims	-	-	na	na	-	-	13
G. Other Priority Claims	-	-	na	na	-	-	13
Proceeds Available for Unsecured Claims					\$ -	\$ 598,887	
UNSECURED CLAIMS							
H1. First Lien Deficiency Claims	\$ -	\$ -	na	na	\$ -	\$ -	14
H2. Second Lien Deficiency Claims	-	-	na	na	-	-	14
H3. Other Secured Deficiency Claims	-	-	na	na	-	-	14
H4. Senior Unsecured Notes Claims	-	-	na	na	-	-	14
H5. Subsidiary Guaranteed Notes Claims	-	-	na	na	-	-	14
H5a. Subsidiary Guaranteed Notes Turnover to First Lien Claimants	-	-	na	na	-	-	14
H6. General Unsecured Claims	54	54	0.0%	100.0%	-	54	14
H7. Pension Claims	446,123	223,061	0.0%	14.6%	-	32,477	14
H8. Intercompany Notes Payable	-	-	na	na	-	-	14
H9. Intercompany Claims - Prepetition	-	-	na	na	-	-	14
Total Unsecured Claims	\$ 446,177	\$ 223,116	0.0%	14.6%	\$ -	\$ 32,532	
Total Admin, Priority, Unsecured Claims & Distributions	\$ 446,177	\$ 239,967	0.0%	20.6%	\$ -	\$ 49,383	
Value Available for Equity Interests					\$ -	\$ 566,356	15

I. TOTAL PROCEEDS AVAILABLE FOR DISTRIBUTION

	Net Book Value	Estimated Recovery (%)		Estimated Liquidation Value		See Note
		Lower	Higher	Lower	Higher	
A. STATEMENT OF ASSETS						
Cash and equivalents	\$ -	0%	0%	\$ -	\$ -	1
Accounts receivable	-	0%	0%	-	-	2
Other current assets	-	0%	0%	-	-	2
Inventory	-	0%	0%	-	-	2
Due from subsidiaries/affiliates	-	0%	0%	-	-	3
Property and equipment, net	-	0%	0%	-	-	2
Goodwill	-	0%	0%	-	-	4
Intangibles	-	0%	0%	-	-	4
Investments in subsidiaries	-	0%	0%	-	-	5
Restricted cash	-	0%	0%	-	-	4
Other assets	-	0%	0%	-	-	
STATEMENT OF ASSETS - CASINO SALE						
Casino	-	0%	0%	-	-	6
Interim cash flow	-	0%	0%	-	-	7
Total Assets / Gross Recovery	\$ -	0%	0%	\$ -	\$ -	
A1. ENCUMBERED COLLATERAL						
Cash and equivalents	\$ -	0%	0%	\$ -	\$ -	1
Accounts receivable	-	0%	0%	-	-	2
Other current assets	-	0%	0%	-	-	2
Inventory	-	0%	0%	-	-	2
Due from subsidiaries/affiliates	-	0%	0%	-	-	3
Property and equipment, net	-	0%	0%	-	-	2
Goodwill	-	0%	0%	-	-	4
Intangibles	-	0%	0%	-	-	4
Investments in subsidiaries	-	0%	0%	-	-	5
Restricted cash	-	0%	0%	-	-	4
Other assets	-	0%	0%	-	-	
Casino value and encumbered interim cash flow	-	0%	0%	-	-	6,7
Total Encumbered Collateral / Gross Recovery	\$ -	0%	0%	\$ -	\$ -	
A2. UNENCUMBERED ASSETS						
Cash and equivalents	\$ -	0%	0%	\$ -	\$ -	1
Accounts receivable	-	0%	0%	-	-	2
Other current assets	-	0%	0%	-	-	2
Inventory	-	0%	0%	-	-	2
Due from subsidiaries/affiliates	-	0%	0%	-	-	3
Property and equipment, net	-	0%	0%	-	-	2
Goodwill	-	0%	0%	-	-	4
Intangibles	-	0%	0%	-	-	4
Investments in subsidiaries	-	0%	0%	-	-	5
Restricted cash	-	0%	0%	-	-	4
Other assets	-	0%	0%	-	-	
Unencumbered interim cash flow	-	0%	0%	-	-	7
Total Unencumbered Assets / Gross Recovery	\$ -	0%	0%	\$ -	\$ -	
B. LITIGATION RECOVERIES						
B1. Encumbered Causes of Action				-	-	8
B2. Unencumbered Causes of Action, including Preferences				-	-	8
B3. Total Litigation Recoveries				\$ -	\$ -	
C. SUMMARY OF GROSS PROCEEDS						
C1. Encumbered Collateral Recovery (A1 + B1)				\$ -	\$ -	
C2. Unencumbered Assets Recovery (A2 + B2)				-	-	
C3. Total Gross Recovery Proceeds Available for Distribution				\$ -	\$ -	

II. ALLOCATION OF PROCEEDS FROM ENCUMBERED COLLATERAL AVAILABLE FOR DISTRIBUTION

	Estimated Allowed Claims		Estimated Recovery (%)		Estimated Recovery on Secured Claims		See Note
	Lower	Higher	Lower	Higher	Lower	Higher	
Encumbered Gross Collateral Proceeds Available					\$ -	\$ -	
A. LESS: Section 506(c) Surcharges	\$ -	\$ -			\$ -	\$ -	9
B. Carve-Out Allocation	-	-			-	-	10
Proceeds Available to Secured Claims					\$ -	\$ -	
SECURED CLAIMS							
C. PLUS: Proceeds From Subsidiary Guaranteed Notes Turnover					-	-	14
Proceeds Available to Satisfy First Lien Secured Claims					\$ -	\$ -	
D. First Lien Secured Claims							
D1. First Lien Bank Claims	\$ -	\$ -	na	na	-	-	11
D2. First Lien Bond Claims	-	-	na	na	-	-	11
D3. First Lien Swap Claims	-	-	na	na	-	-	11
D4. Other First Lien Secured Claims	-	-	na	na	-	-	11
Total First Lien Claims & Recovery	\$ -	\$ -	na	na	\$ -	\$ -	
Proceeds Available to Satisfy Second Lien Secured Claims					\$ -	\$ -	
E. Second Lien Bond Claims	\$ -	\$ -	na	na	-	-	11
Total Second Lien Claims & Recovery	\$ -	\$ -	na	na	\$ -	\$ -	
F. Other Secured Claims	-	-			\$ -	\$ -	11
Total Secured Claims and Distributions	\$ -	\$ -	0.0%	0.0%	\$ -	\$ -	
Proceeds Available from Encumbered Collateral to Satisfy Administrative, Priority and Unsecured Claims					\$ -	\$ -	
Secured Lender Deficiency Claims (General Unsecured Claim)	\$ -	\$ -					

III. ALLOCATION OF PROCEEDS AVAILABLE TO SATISFY ADMINISTRATIVE, PRIORITY AND UNSECURED CLAIMS

	Estimated Allowed Claims		Estimated Recovery (%)		Estimated Recovery on Administrative, Priority and Unsecured Claims		See Note
	Lower	Higher	Lower	Higher	Lower	Higher	
Proceeds Available from Unencumbered Assets					\$ -	\$ -	
Section 506(c) Surcharges					-	-	9
Proceeds Available from Encumbered Collateral					-	-	
Proceeds Available to Satisfy Administrative, Priority and Unsecured Claims					\$ -	\$ -	
A. LESS: Carve-Out Allocation	\$ -	\$ -	na	na	\$ -	\$ -	10
Proceeds Available for Administrative Claims					\$ -	\$ -	
ADMINISTRATIVE CLAIMS							
B. Subsidiaries' Superpriority Admin Claims against CEOC	\$ -	\$ -	na	na	\$ -	\$ -	12
C. Chapter 7 Administrative Claims	-	-	na	na	-	-	12
D. Chapter 11 Administrative Claims	-	-	na	na	-	-	12
Proceeds Available for Priority Claims					\$ -	\$ -	
PRIORITY CLAIMS							
E. Employee Priority Claims	\$ -	\$ -	na	na	\$ -	\$ -	13
F. Priority Tax Claims	-	-	na	na	-	-	13
G. Other Priority Claims	-	-	na	na	-	-	13
Proceeds Available for Unsecured Claims					\$ -	\$ -	
UNSECURED CLAIMS							
H1. First Lien Deficiency Claims	\$ -	\$ -	na	na	\$ -	\$ -	14
H2. Second Lien Deficiency Claims	-	-	na	na	-	-	14
H3. Other Secured Deficiency Claims	-	-	na	na	-	-	14
H4. Senior Unsecured Notes Claims	-	-	na	na	-	-	14
H5. Subsidiary Guaranteed Notes Claims	-	-	na	na	-	-	14
H5a. Subsidiary Guaranteed Notes Turnover to First Lien Claimants	-	-	na	na	-	-	14
H6. General Unsecured Claims	-	-	na	na	-	-	14
H7. Pension Claims	446,123	223,061	0.0%	0.0%	-	-	14
H8. Intercompany Notes Payable	-	-	na	na	-	-	14
H9. Intercompany Claims - Prepetition	-	-	na	na	-	-	14
Total Unsecured Claims	\$ 446,123	\$ 223,061	0.0%	0.0%	\$ -	\$ -	
Total Admin, Priority, Unsecured Claims & Distributions	\$ 446,123	\$ 223,061	0.0%	0.0%	\$ -	\$ -	
Value Available for Equity Interests					\$ -	\$ -	15

Filed 06/06/16
 Hypothetical Liquidation Analysis Schedule 2
 (\$ in thousands)

I. TOTAL PROCEEDS AVAILABLE FOR DISTRIBUTION

	Net Book Value	Estimated Recovery (%)		Estimated Liquidation Value		See Note
		Lower	Higher	Lower	Higher	
A. STATEMENT OF ASSETS						
Cash and equivalents	\$ -	0%	0%	\$ -	\$ -	1
Accounts receivable	-	0%	0%	-	-	2
Other current assets	-	0%	0%	-	-	2
Inventory	-	0%	0%	-	-	2
Due from subsidiaries/affiliates	12,417	0%	19%	-	2,380	3
Property and equipment, net	-	0%	0%	-	-	2
Goodwill	-	0%	0%	-	-	4
Intangibles	-	0%	0%	-	-	4
Investments in subsidiaries	-	0%	0%	-	-	5
Restricted cash	-	0%	0%	-	-	4
Other assets	15,000	0%	100%	-	15,000	
STATEMENT OF ASSETS - CASINO SALE						
Casino	-	0%	0%	-	-	6
Interim cash flow	-	0%	0%	-	-	7
Total Assets / Gross Recovery	\$ 27,417	0%	63%	\$ -	\$ 17,380	
A1. ENCUMBERED COLLATERAL						
Cash and equivalents	\$ -	0%	0%	\$ -	\$ -	1
Accounts receivable	-	0%	0%	-	-	2
Other current assets	-	0%	0%	-	-	2
Inventory	-	0%	0%	-	-	2
Due from subsidiaries/affiliates	-	0%	0%	-	-	3
Property and equipment, net	-	0%	0%	-	-	2
Goodwill	-	0%	0%	-	-	4
Intangibles	-	0%	0%	-	-	4
Investments in subsidiaries	-	0%	0%	-	-	5
Restricted cash	-	0%	0%	-	-	4
Other assets	-	0%	0%	-	-	
Casino value and encumbered interim cash flow	-	0%	0%	-	-	6,7
Total Encumbered Collateral / Gross Recovery	\$ -	0%	0%	\$ -	\$ -	
A2. UNENCUMBERED ASSETS						
Cash and equivalents	\$ -	0%	0%	\$ -	\$ -	1
Accounts receivable	-	0%	0%	-	-	2
Other current assets	-	0%	0%	-	-	2
Inventory	-	0%	0%	-	-	2
Due from subsidiaries/affiliates	12,417	0%	19%	-	2,380	3
Property and equipment, net	-	0%	0%	-	-	2
Goodwill	-	0%	0%	-	-	4
Intangibles	-	0%	0%	-	-	4
Investments in subsidiaries	-	0%	0%	-	-	5
Restricted cash	-	0%	0%	-	-	4
Other assets	15,000	0%	100%	-	15,000	
Unencumbered interim cash flow	-	0%	0%	-	-	7
Total Unencumbered Assets / Gross Recovery	\$ 27,417	0%	63%	\$ -	\$ 17,380	
B. LITIGATION RECOVERIES						
B1. Encumbered Causes of Action				-	-	8
B2. Unencumbered Causes of Action, including Preferences				-	-	8
B3. Total Litigation Recoveries				\$ -	\$ -	
C. SUMMARY OF GROSS PROCEEDS						
C1. Encumbered Collateral Recovery (A1 + B1)				\$ -	\$ -	
C2. Unencumbered Assets Recovery (A2 + B2)				-	17,380	
C3. Total Gross Recovery Proceeds Available for Distribution				\$ -	\$ 17,380	

II. ALLOCATION OF PROCEEDS FROM ENCUMBERED COLLATERAL AVAILABLE FOR DISTRIBUTION

	Estimated Allowed Claims		Estimated Recovery (%)		Estimated Recovery on Secured Claims		See Note
	Lower	Higher	Lower	Higher	Lower	Higher	
Encumbered Gross Collateral Proceeds Available					\$ -	\$ -	
A. LESS: Section 506(c) Surcharges	\$ -	\$ -			\$ -	\$ -	9
B. Carve-Out Allocation	-	-			-	-	10
Proceeds Available to Secured Claims					\$ -	\$ -	
SECURED CLAIMS							
C. PLUS: Proceeds From Subsidiary Guaranteed Notes Turnover					-	-	14
Proceeds Available to Satisfy First Lien Secured Claims					\$ -	\$ -	
D. First Lien Secured Claims							
D1. First Lien Bank Claims	\$ -	\$ -	na	na	-	-	11
D2. First Lien Bond Claims	-	-	na	na	-	-	11
D3. First Lien Swap Claims	-	-	na	na	-	-	11
D4. Other First Lien Secured Claims	-	-	na	na	-	-	11
Total First Lien Claims & Recovery	\$ -	\$ -	na	na	\$ -	\$ -	
Proceeds Available to Satisfy Second Lien Secured Claims					\$ -	\$ -	
E. Second Lien Bond Claims	\$ -	\$ -	na	na	-	-	11
Total Second Lien Claims & Recovery	\$ -	\$ -	na	na	\$ -	\$ -	
F. Other Secured Claims	-	-			\$ -	\$ -	11
Total Secured Claims and Distributions	\$ -	\$ -	0.0%	0.0%	\$ -	\$ -	
Proceeds Available from Encumbered Collateral to Satisfy Administrative, Priority and Unsecured Claims					\$ -	\$ -	
Secured Lender Deficiency Claims (General Unsecured Claim)	\$ -	\$ -					

III. ALLOCATION OF PROCEEDS AVAILABLE TO SATISFY ADMINISTRATIVE, PRIORITY AND UNSECURED CLAIMS

	Estimated Allowed Claims		Estimated Recovery (%)		Estimated Recovery on Administrative, Priority and Unsecured Claims		See Note
	Lower	Higher	Lower	Higher	Lower	Higher	
Proceeds Available from Unencumbered Assets					\$ -	\$ 17,380	
Section 506(c) Surcharges					-	-	9
Proceeds Available from Encumbered Collateral					-	-	
Proceeds Available to Satisfy Administrative, Priority and Unsecured Claims					\$ -	\$ 17,380	
A. LESS: Carve-Out Allocation	\$ -	\$ 101	na	100.0%	\$ -	\$ 101	10
Proceeds Available for Administrative Claims					\$ -	\$ 17,278	
ADMINISTRATIVE CLAIMS							
B. Subsidiaries' Superpriority Admin Claims against CEOC	\$ -	\$ -	na	na	\$ -	\$ -	12
C. Chapter 7 Administrative Claims	-	374	na	100.0%	-	374	12
D. Chapter 11 Administrative Claims	-	-	na	na	-	-	12
Proceeds Available for Priority Claims					\$ -	\$ 16,904	
PRIORITY CLAIMS							
E. Employee Priority Claims	\$ -	\$ -	na	na	\$ -	\$ -	13
F. Priority Tax Claims	-	-	na	na	-	-	13
G. Other Priority Claims	-	-	na	na	-	-	13
Proceeds Available for Unsecured Claims					\$ -	\$ 16,904	
UNSECURED CLAIMS							
H1. First Lien Deficiency Claims	\$ -	\$ -	na	na	\$ -	\$ -	14
H2. Second Lien Deficiency Claims	-	-	na	na	-	-	14
H3. Other Secured Deficiency Claims	-	-	na	na	-	-	14
H4. Senior Unsecured Notes Claims	-	-	na	na	-	-	14
H5. Subsidiary Guaranteed Notes Claims	-	-	na	na	-	-	14
H5a. Subsidiary Guaranteed Notes Turnover to First Lien Claimants	-	-	na	na	-	-	14
H6. General Unsecured Claims	-	-	na	na	-	-	14
H7. Pension Claims	446,123	223,061	0.0%	0.4%	-	917	14
H8. Intercompany Notes Payable	-	-	na	na	-	-	14
H9. Intercompany Claims - Prepetition	-	-	na	na	-	-	14
Total Unsecured Claims	\$ 446,123	\$ 223,061	0.0%	0.4%	\$ -	\$ 917	
Total Admin, Priority, Unsecured Claims & Distributions	\$ 446,123	\$ 223,537	0.0%	0.6%	\$ -	\$ 1,393	
Value Available for Equity Interests					\$ -	\$ 15,987	15

I. TOTAL PROCEEDS AVAILABLE FOR DISTRIBUTION

	Net Book Value	Estimated Recovery (%)		Estimated Liquidation Value		See Note
		Lower	Higher	Lower	Higher	
A. STATEMENT OF ASSETS						
Cash and equivalents	\$ -	0%	0%	\$ -	\$ -	1
Accounts receivable	-	0%	0%	-	-	2
Other current assets	-	0%	0%	-	-	2
Inventory	-	0%	0%	-	-	2
Due from subsidiaries/affiliates	-	0%	0%	-	-	3
Property and equipment, net	-	0%	0%	-	-	2
Goodwill	-	0%	0%	-	-	4
Intangibles	-	0%	0%	-	-	4
Investments in subsidiaries	-	0%	0%	-	-	5
Restricted cash	-	0%	0%	-	-	4
Other assets	-	0%	0%	-	-	
STATEMENT OF ASSETS - CASINO SALE						
Casino	-	0%	0%	-	-	6
Interim cash flow	-	0%	0%	-	-	7
Total Assets / Gross Recovery	<u>\$ -</u>	0%	0%	<u>\$ -</u>	<u>\$ -</u>	
A1. ENCUMBERED COLLATERAL						
Cash and equivalents	\$ -	0%	0%	\$ -	\$ -	1
Accounts receivable	-	0%	0%	-	-	2
Other current assets	-	0%	0%	-	-	2
Inventory	-	0%	0%	-	-	2
Due from subsidiaries/affiliates	-	0%	0%	-	-	3
Property and equipment, net	-	0%	0%	-	-	2
Goodwill	-	0%	0%	-	-	4
Intangibles	-	0%	0%	-	-	4
Investments in subsidiaries	-	0%	0%	-	-	5
Restricted cash	-	0%	0%	-	-	4
Other assets	-	0%	0%	-	-	
Casino value and encumbered interim cash flow	-	0%	0%	-	-	6,7
Total Encumbered Collateral / Gross Recovery	<u>\$ -</u>	0%	0%	<u>\$ -</u>	<u>\$ -</u>	
A2. UNENCUMBERED ASSETS						
Cash and equivalents	\$ -	0%	0%	\$ -	\$ -	1
Accounts receivable	-	0%	0%	-	-	2
Other current assets	-	0%	0%	-	-	2
Inventory	-	0%	0%	-	-	2
Due from subsidiaries/affiliates	-	0%	0%	-	-	3
Property and equipment, net	-	0%	0%	-	-	2
Goodwill	-	0%	0%	-	-	4
Intangibles	-	0%	0%	-	-	4
Investments in subsidiaries	-	0%	0%	-	-	5
Restricted cash	-	0%	0%	-	-	4
Other assets	-	0%	0%	-	-	
Unencumbered interim cash flow	-	0%	0%	-	-	7
Total Unencumbered Assets / Gross Recovery	<u>\$ -</u>	0%	0%	<u>\$ -</u>	<u>\$ -</u>	
B. LITIGATION RECOVERIES						
B1. Encumbered Causes of Action				-	-	8
B2. Unencumbered Causes of Action, including Preferences				-	-	8
B3. Total Litigation Recoveries				<u>\$ -</u>	<u>\$ -</u>	
C. SUMMARY OF GROSS PROCEEDS						
C1. Encumbered Collateral Recovery (A1 + B1)				\$ -	\$ -	
C2. Unencumbered Assets Recovery (A2 + B2)				-	-	
C3. Total Gross Recovery Proceeds Available for Distribution				<u>\$ -</u>	<u>\$ -</u>	

II. ALLOCATION OF PROCEEDS FROM ENCUMBERED COLLATERAL AVAILABLE FOR DISTRIBUTION

	Estimated Allowed Claims		Estimated Recovery (%)		Estimated Recovery on Secured Claims		See Note
	Lower	Higher	Lower	Higher	Lower	Higher	
Encumbered Gross Collateral Proceeds Available					\$ -	\$ -	
A. LESS: Section 506(c) Surcharges	\$ -	\$ -			\$ -	\$ -	9
B. Carve-Out Allocation	-	-			-	-	10
Proceeds Available to Secured Claims					\$ -	\$ -	
SECURED CLAIMS							
C. PLUS: Proceeds From Subsidiary Guaranteed Notes Turnover					-	-	14
Proceeds Available to Satisfy First Lien Secured Claims					\$ -	\$ -	
D. First Lien Secured Claims							
D1. First Lien Bank Claims	\$ -	\$ -	na	na	-	-	11
D2. First Lien Bond Claims	-	-	na	na	-	-	11
D3. First Lien Swap Claims	-	-	na	na	-	-	11
D4. Other First Lien Secured Claims	-	-	na	na	-	-	11
Total First Lien Claims & Recovery	\$ -	\$ -	na	na	\$ -	\$ -	
Proceeds Available to Satisfy Second Lien Secured Claims					\$ -	\$ -	
E. Second Lien Bond Claims	\$ -	\$ -	na	na	-	-	11
Total Second Lien Claims & Recovery	\$ -	\$ -	na	na	\$ -	\$ -	
F. Other Secured Claims	-	-			\$ -	\$ -	11
Total Secured Claims and Distributions	\$ -	\$ -	0.0%	0.0%	\$ -	\$ -	
Proceeds Available from Encumbered Collateral to Satisfy Administrative, Priority and Unsecured Claims					\$ -	\$ -	
Secured Lender Deficiency Claims (General Unsecured Claim)	\$ -	\$ -					

III. ALLOCATION OF PROCEEDS AVAILABLE TO SATISFY ADMINISTRATIVE, PRIORITY AND UNSECURED CLAIMS

	Estimated Allowed Claims		Estimated Recovery (%)		Estimated Recovery on Administrative, Priority and Unsecured Claims		See Note
	Lower	Higher	Lower	Higher	Lower	Higher	
Proceeds Available from Unencumbered Assets					\$ -	\$ -	
Section 506(c) Surcharges					-	-	9
Proceeds Available from Encumbered Collateral					-	-	
Proceeds Available to Satisfy Administrative, Priority and Unsecured Claims					\$ -	\$ -	
A. LESS: Carve-Out Allocation	\$ -	\$ -	na	na	\$ -	\$ -	10
Proceeds Available for Administrative Claims					\$ -	\$ -	
ADMINISTRATIVE CLAIMS							
B. Subsidiaries' Superpriority Admin Claims against CEOC	\$ -	\$ -	na	na	\$ -	\$ -	12
C. Chapter 7 Administrative Claims	-	-	na	na	-	-	12
D. Chapter 11 Administrative Claims	-	-	na	na	-	-	12
Proceeds Available for Priority Claims					\$ -	\$ -	
PRIORITY CLAIMS							
E. Employee Priority Claims	\$ -	\$ -	na	na	\$ -	\$ -	13
F. Priority Tax Claims	-	-	na	na	-	-	13
G. Other Priority Claims	-	-	na	na	-	-	13
Proceeds Available for Unsecured Claims					\$ -	\$ -	
UNSECURED CLAIMS							
H1. First Lien Deficiency Claims	\$ -	\$ -	na	na	\$ -	\$ -	14
H2. Second Lien Deficiency Claims	-	-	na	na	-	-	14
H3. Other Secured Deficiency Claims	-	-	na	na	-	-	14
H4. Senior Unsecured Notes Claims	-	-	na	na	-	-	14
H5. Subsidiary Guaranteed Notes Claims	502,019	502,019	0.0%	0.0%	-	-	14
H5a. Subsidiary Guaranteed Notes Turnover to First Lien Claimants	-	-	na	na	-	-	14
H6. General Unsecured Claims	-	-	na	na	-	-	14
H7. Pension Claims	446,123	223,061	0.0%	0.0%	-	-	14
H8. Intercompany Notes Payable	-	-	na	na	-	-	14
H9. Intercompany Claims - Prepetition	-	-	na	na	-	-	14
Total Unsecured Claims	\$ 948,142	\$ 725,081	0.0%	0.0%	\$ -	\$ -	
Total Admin, Priority, Unsecured Claims & Distributions	\$ 948,142	\$ 725,081	0.0%	0.0%	\$ -	\$ -	
Value Available for Equity Interests					\$ -	\$ -	15

I. TOTAL PROCEEDS AVAILABLE FOR DISTRIBUTION

	Net Book Value	Estimated Recovery (%)		Estimated Liquidation Value		See Note
		Lower	Higher	Lower	Higher	
A. STATEMENT OF ASSETS						
Cash and equivalents	\$ -	0%	0%	\$ -	\$ -	1
Accounts receivable	-	0%	0%	-	-	2
Other current assets	-	0%	0%	-	-	2
Inventory	-	0%	0%	-	-	2
Due from subsidiaries/affiliates	-	0%	0%	-	-	3
Property and equipment, net	-	0%	0%	-	-	2
Goodwill	-	0%	0%	-	-	4
Intangibles	-	0%	0%	-	-	4
Investments in subsidiaries	-	0%	0%	-	-	5
Restricted cash	-	0%	0%	-	-	4
Other assets	-	0%	0%	-	-	
STATEMENT OF ASSETS - CASINO SALE						
Casino	-	0%	0%	-	-	6
Interim cash flow	-	0%	0%	-	-	7
Total Assets / Gross Recovery	\$ -	0%	0%	\$ -	\$ -	
A1. ENCUMBERED COLLATERAL						
Cash and equivalents	\$ -	0%	0%	\$ -	\$ -	1
Accounts receivable	-	0%	0%	-	-	2
Other current assets	-	0%	0%	-	-	2
Inventory	-	0%	0%	-	-	2
Due from subsidiaries/affiliates	-	0%	0%	-	-	3
Property and equipment, net	-	0%	0%	-	-	2
Goodwill	-	0%	0%	-	-	4
Intangibles	-	0%	0%	-	-	4
Investments in subsidiaries	-	0%	0%	-	-	5
Restricted cash	-	0%	0%	-	-	4
Other assets	-	0%	0%	-	-	
Casino value and encumbered interim cash flow	-	0%	0%	-	-	6,7
Total Encumbered Collateral / Gross Recovery	\$ -	0%	0%	\$ -	\$ -	
A2. UNENCUMBERED ASSETS						
Cash and equivalents	\$ -	0%	0%	\$ -	\$ -	1
Accounts receivable	-	0%	0%	-	-	2
Other current assets	-	0%	0%	-	-	2
Inventory	-	0%	0%	-	-	2
Due from subsidiaries/affiliates	-	0%	0%	-	-	3
Property and equipment, net	-	0%	0%	-	-	2
Goodwill	-	0%	0%	-	-	4
Intangibles	-	0%	0%	-	-	4
Investments in subsidiaries	-	0%	0%	-	-	5
Restricted cash	-	0%	0%	-	-	4
Other assets	-	0%	0%	-	-	
Unencumbered interim cash flow	-	0%	0%	-	-	7
Total Unencumbered Assets / Gross Recovery	\$ -	0%	0%	\$ -	\$ -	
B. LITIGATION RECOVERIES						
B1. Encumbered Causes of Action	-	-	-	-	-	8
B2. Unencumbered Causes of Action, including Preferences	-	-	-	-	-	8
B3. Total Litigation Recoveries	-	-	-	-	-	
C. SUMMARY OF GROSS PROCEEDS						
C1. Encumbered Collateral Recovery (A1 + B1)	-	-	-	-	-	
C2. Unencumbered Assets Recovery (A2 + B2)	-	-	-	-	-	
C3. Total Gross Recovery Proceeds Available for Distribution	\$ -	\$ -	\$ -	\$ -	\$ -	

II. ALLOCATION OF PROCEEDS FROM ENCUMBERED COLLATERAL AVAILABLE FOR DISTRIBUTION

	Estimated Allowed Claims		Estimated Recovery (%)		Estimated Recovery on Secured Claims		See Note
	Lower	Higher	Lower	Higher	Lower	Higher	
Encumbered Gross Collateral Proceeds Available					\$ -	\$ -	
A. LESS: Section 506(c) Surcharges	\$ -	\$ -			\$ -	\$ -	9
B. Carve-Out Allocation	-	-			-	-	10
Proceeds Available to Secured Claims					\$ -	\$ -	
SECURED CLAIMS							
C. PLUS: Proceeds From Subsidiary Guaranteed Notes Turnover					-	-	14
Proceeds Available to Satisfy First Lien Secured Claims					\$ -	\$ -	
D. First Lien Secured Claims							
D1. First Lien Bank Claims	\$ -	\$ -	na	na	-	-	11
D2. First Lien Bond Claims	-	-	na	na	-	-	11
D3. First Lien Swap Claims	-	-	na	na	-	-	11
D4. Other First Lien Secured Claims	-	-	na	na	-	-	11
Total First Lien Claims & Recovery	\$ -	\$ -	na	na	\$ -	\$ -	
Proceeds Available to Satisfy Second Lien Secured Claims					\$ -	\$ -	
E. Second Lien Bond Claims	\$ -	\$ -	na	na	-	-	11
Total Second Lien Claims & Recovery	\$ -	\$ -	na	na	\$ -	\$ -	
F. Other Secured Claims	-	-			\$ -	\$ -	11
Total Secured Claims and Distributions	\$ -	\$ -	0.0%	0.0%	\$ -	\$ -	
Proceeds Available from Encumbered Collateral to Satisfy Administrative, Priority and Unsecured Claims					\$ -	\$ -	
Secured Lender Deficiency Claims (General Unsecured Claim)	\$ -	\$ -					

III. ALLOCATION OF PROCEEDS AVAILABLE TO SATISFY ADMINISTRATIVE, PRIORITY AND UNSECURED CLAIMS

	Estimated Allowed Claims		Estimated Recovery (%)		Estimated Recovery on Administrative, Priority and Unsecured Claims		See Note
	Lower	Higher	Lower	Higher	Lower	Higher	
Proceeds Available from Unencumbered Assets					\$ -	\$ -	
Section 506(c) Surcharges					-	-	9
Proceeds Available from Encumbered Collateral					-	-	
Proceeds Available to Satisfy Administrative, Priority and Unsecured Claims					\$ -	\$ -	
A. LESS: Carve-Out Allocation	\$ -	\$ -	na	na	\$ -	\$ -	10
Proceeds Available for Administrative Claims					\$ -	\$ -	
ADMINISTRATIVE CLAIMS							
B. Subsidiaries' Superpriority Admin Claims against CEOC	\$ -	\$ -	na	na	\$ -	\$ -	12
C. Chapter 7 Administrative Claims	-	-	na	na	-	-	12
D. Chapter 11 Administrative Claims	-	-	na	na	-	-	12
Proceeds Available for Priority Claims					\$ -	\$ -	
PRIORITY CLAIMS							
E. Employee Priority Claims	\$ -	\$ -	na	na	\$ -	\$ -	13
F. Priority Tax Claims	-	-	na	na	-	-	13
G. Other Priority Claims	-	-	na	na	-	-	13
Proceeds Available for Unsecured Claims					\$ -	\$ -	
UNSECURED CLAIMS							
H1. First Lien Deficiency Claims	\$ -	\$ -	na	na	\$ -	\$ -	14
H2. Second Lien Deficiency Claims	-	-	na	na	-	-	14
H3. Other Secured Deficiency Claims	-	-	na	na	-	-	14
H4. Senior Unsecured Notes Claims	-	-	na	na	-	-	14
H5. Subsidiary Guaranteed Notes Claims	502,019	502,019	0.0%	0.0%	-	-	14
H5a. Subsidiary Guaranteed Notes Turnover to First Lien Claimants	-	-	na	na	-	-	14
H6. General Unsecured Claims	-	-	na	na	-	-	14
H7. Pension Claims	446,123	223,061	0.0%	0.0%	-	-	14
H8. Intercompany Notes Payable	-	-	na	na	-	-	14
H9. Intercompany Claims - Prepetition	-	-	na	na	-	-	14
Total Unsecured Claims	\$ 948,142	\$ 725,081	0.0%	0.0%	\$ -	\$ -	
Total Admin, Priority, Unsecured Claims & Distributions	\$ 948,142	\$ 725,081	0.0%	0.0%	\$ -	\$ -	
Value Available for Equity Interests					\$ -	\$ -	15

I. TOTAL PROCEEDS AVAILABLE FOR DISTRIBUTION

	Net Book Value	Estimated Recovery (%)		Estimated Liquidation Value		See Note
		Lower	Higher	Lower	Higher	
		A. STATEMENT OF ASSETS				
Cash and equivalents	\$ -	0%	0%	\$ -	\$ -	1
Accounts receivable	-	0%	0%	-	-	2
Other current assets	212	0%	0%	-	-	2
Inventory	-	0%	0%	-	-	2
Due from subsidiaries/affiliates	1,527	25%	54%	388	824	3
Property and equipment, net	-	0%	0%	-	-	2
Goodwill	-	0%	0%	-	-	4
Intangibles	1,026,210	19%	24%	199,400	245,300	4
Investments in subsidiaries	-	0%	0%	-	-	5
Restricted cash	-	0%	0%	-	-	4
Other assets	-	0%	0%	-	-	
STATEMENT OF ASSETS - CASINO SALE						
Casino	-	0%	0%	-	-	6
Interim cash flow	-	0%	0%	-	-	7
Total Assets / Gross Recovery	\$ 1,027,949	19%	24%	\$ 199,788	\$ 246,124	
A1. ENCUMBERED COLLATERAL						
Cash and equivalents	\$ -	0%	0%	\$ -	\$ -	1
Accounts receivable	-	0%	0%	-	-	2
Other current assets	212	0%	0%	-	-	2
Inventory	-	0%	0%	-	-	2
Due from subsidiaries/affiliates	1,527	25%	54%	388	824	3
Property and equipment, net	-	0%	0%	-	-	2
Goodwill	-	0%	0%	-	-	4
Intangibles	1,026,210	19%	24%	199,400	245,300	4
Investments in subsidiaries	-	0%	0%	-	-	5
Restricted cash	-	0%	0%	-	-	4
Other assets	-	0%	0%	-	-	
Casino value and encumbered interim cash flow	-	0%	0%	-	-	6,7
Total Encumbered Collateral / Gross Recovery	\$ 1,027,949	19%	24%	\$ 199,788	\$ 246,124	
A2. UNENCUMBERED ASSETS						
Cash and equivalents	\$ -	0%	0%	\$ -	\$ -	1
Accounts receivable	-	0%	0%	-	-	2
Other current assets	-	0%	0%	-	-	2
Inventory	-	0%	0%	-	-	2
Due from subsidiaries/affiliates	-	0%	0%	-	-	3
Property and equipment, net	-	0%	0%	-	-	2
Goodwill	-	0%	0%	-	-	4
Intangibles	-	0%	0%	-	-	4
Investments in subsidiaries	-	0%	0%	-	-	5
Restricted cash	-	0%	0%	-	-	4
Other assets	-	0%	0%	-	-	
Unencumbered interim cash flow	-	0%	0%	-	-	7
Total Unencumbered Assets / Gross Recovery	\$ -	0%	0%	\$ -	\$ -	
B. LITIGATION RECOVERIES						
B1. Encumbered Causes of Action	-	-	-	-	-	8
B2. Unencumbered Causes of Action, including Preferences	-	-	-	43,000	60,000	8
B3. Total Litigation Recoveries	-	-	-	\$ 43,000	\$ 60,000	
C. SUMMARY OF GROSS PROCEEDS						
C1. Encumbered Collateral Recovery (A1 + B1)	-	-	-	\$ 199,788	\$ 246,124	
C2. Unencumbered Assets Recovery (A2 + B2)	-	-	-	43,000	60,000	
C3. Total Gross Recovery Proceeds Available for Distribution	-	-	-	\$ 242,788	\$ 306,124	

II. ALLOCATION OF PROCEEDS FROM ENCUMBERED COLLATERAL AVAILABLE FOR DISTRIBUTION

	Estimated Allowed Claims		Estimated Recovery (%)		Estimated Recovery on Secured Claims		See Note
	Lower	Higher	Lower	Higher	Lower	Higher	
Encumbered Gross Collateral Proceeds Available					\$ 199,788	\$ 246,124	
A. LESS: Section 506(c) Surcharges	\$ -	\$ -			\$ -	\$ -	9
B. Carve-Out Allocation	-	-			-	-	10
Proceeds Available to Secured Claims					\$ 199,788	\$ 246,124	
SECURED CLAIMS							
C. PLUS: Proceeds From Subsidiary Guaranteed Notes Turnover					23,587	10,475	14
Proceeds Available to Satisfy First Lien Secured Claims					\$ 223,375	\$ 256,598	
D. First Lien Secured Claims							
D1. First Lien Bank Claims	\$ 100,396	\$ 119,684	100.0%	100.0%	100,396	119,684	11
D2. First Lien Bond Claims	122,171	135,948	100.0%	100.0%	122,171	135,948	11
D3. First Lien Swap Claims	808	967	100.0%	100.0%	808	967	11
D4. Other First Lien Secured Claims	-	-	na	na	-	-	11
Total First Lien Claims & Recovery	\$ 223,375	\$ 256,598	100.0%	100.0%	\$ 223,375	\$ 256,598	
Proceeds Available to Satisfy Second Lien Secured Claims					\$ -	\$ -	
E. Second Lien Bond Claims	\$ -	\$ -	na	na	-	-	11
Total Second Lien Claims & Recovery	\$ -	\$ -	na	na	\$ -	\$ -	
F. Other Secured Claims	-	-			\$ -	\$ -	11
Total Secured Claims and Distributions	\$ 223,375	\$ 256,598	100.0%	100.0%	\$ 223,375	\$ 256,598	
Proceeds Available from Encumbered Collateral to Satisfy Administrative, Priority and Unsecured Claims					\$ -	\$ -	
Secured Lender Deficiency Claims (General Unsecured Claim)	\$ -	\$ -					

III. ALLOCATION OF PROCEEDS AVAILABLE TO SATISFY ADMINISTRATIVE, PRIORITY AND UNSECURED CLAIMS

	Estimated Allowed Claims		Estimated Recovery (%)		Estimated Recovery on Administrative, Priority and Unsecured Claims		See Note
	Lower	Higher	Lower	Higher	Lower	Higher	
	Proceeds Available from Unencumbered Assets Section 506(c) Surcharges					\$ 43,000	
Proceeds Available from Encumbered Collateral					-	-	
Proceeds Available to Satisfy Administrative, Priority and Unsecured Claims					\$ 43,000	\$ 60,000	
A. LESS: Carve-Out Allocation	\$ 1,060	\$ 350	100.0%	100.0%	\$ 1,060	\$ 350	10
Proceeds Available for Administrative Claims					\$ 41,940	\$ 59,650	
ADMINISTRATIVE CLAIMS							
B. Subsidiaries' Superpriority Admin Claims against CEOC	\$ -	\$ -	na	na	\$ -	\$ -	12
C. Chapter 7 Administrative Claims	5,718	1,292	100.0%	100.0%	5,718	1,292	12
D. Chapter 11 Administrative Claims	-	-	na	na	-	-	12
Proceeds Available for Priority Claims					\$ 36,221	\$ 58,358	
PRIORITY CLAIMS							
E. Employee Priority Claims	\$ -	\$ -	na	na	\$ -	\$ -	13
F. Priority Tax Claims	-	-	na	na	-	-	13
G. Other Priority Claims	-	-	na	na	-	-	13
Proceeds Available for Unsecured Claims					\$ 36,221	\$ 58,358	
UNSECURED CLAIMS							
H1. First Lien Deficiency Claims	\$ -	\$ -	na	na	\$ -	\$ -	14
H2. Second Lien Deficiency Claims	-	-	na	na	-	-	14
H3. Other Secured Deficiency Claims	-	-	na	na	-	-	14
H4. Senior Unsecured Notes Claims	-	-	na	na	-	-	14
H5. Subsidiary Guaranteed Notes Claims	502,019	502,019	0.2%	0.2%	864	857	14
H5a. Subsidiary Guaranteed Notes Turnover to First Lien Claimants	-	-	na	na	23,587	10,475	14
H6. General Unsecured Claims	34	34	4.9%	100.0%	2	34	14
H7. Pension Claims	446,123	223,061	2.6%	0.4%	11,768	974	14
H8. Intercompany Notes Payable	-	-	na	na	-	-	14
H9. Intercompany Claims - Prepetition	-	-	na	na	-	-	14
Total Unsecured Claims	\$ 948,176	\$ 725,115	3.8%	1.7%	\$ 36,221	\$ 12,340	
Total Admin, Priority, Unsecured Claims & Distributions	\$ 954,955	\$ 726,757	4.5%	1.9%	\$ 43,000	\$ 13,982	
Value Available for Equity Interests					\$ -	\$ 46,018	15

I. TOTAL PROCEEDS AVAILABLE FOR DISTRIBUTION

	Net Book Value	Estimated Recovery (%)		Estimated Liquidation Value		See Note
		Lower	Higher	Lower	Higher	
A. STATEMENT OF ASSETS						
Cash and equivalents	\$ -	0%	0%	\$ -	\$ -	1
Accounts receivable	-	0%	0%	-	-	2
Other current assets	-	0%	0%	-	-	2
Inventory	-	0%	0%	-	-	2
Due from subsidiaries/affiliates	2,661	59%	100%	1,573	2,661	3
Property and equipment, net	-	nm	nm	38,106	50,927	2
Goodwill	-	0%	0%	-	-	4
Intangibles	-	0%	0%	-	-	4
Investments in subsidiaries	-	0%	0%	-	-	5
Restricted cash	-	0%	0%	-	-	4
Other assets	-	0%	0%	-	-	
STATEMENT OF ASSETS - CASINO SALE						
Casino	-	0%	0%	-	-	6
Interim cash flow	-	0%	0%	-	-	7
Total Assets / Gross Recovery	\$ 2,661	100%+	100%+	\$ 39,678	\$ 53,588	
A1. ENCUMBERED COLLATERAL						
Cash and equivalents	\$ -	0%	0%	\$ -	\$ -	1
Accounts receivable	-	0%	0%	-	-	2
Other current assets	-	0%	0%	-	-	2
Inventory	-	0%	0%	-	-	2
Due from subsidiaries/affiliates	2,661	59%	100%	1,573	2,661	3
Property and equipment, net	-	nm	nm	38,106	50,927	2
Goodwill	-	0%	0%	-	-	4
Intangibles	-	0%	0%	-	-	4
Investments in subsidiaries	-	0%	0%	-	-	5
Restricted cash	-	0%	0%	-	-	4
Other assets	-	0%	0%	-	-	
Casino value and encumbered interim cash flow	-	0%	0%	-	-	6,7
Total Encumbered Collateral / Gross Recovery	\$ 2,661	100%+	100%+	\$ 39,678	\$ 53,588	
A2. UNENCUMBERED ASSETS						
Cash and equivalents	\$ -	0%	0%	\$ -	\$ -	1
Accounts receivable	-	0%	0%	-	-	2
Other current assets	-	0%	0%	-	-	2
Inventory	-	0%	0%	-	-	2
Due from subsidiaries/affiliates	-	0%	0%	-	-	3
Property and equipment, net	-	0%	0%	-	-	2
Goodwill	-	0%	0%	-	-	4
Intangibles	-	0%	0%	-	-	4
Investments in subsidiaries	-	0%	0%	-	-	5
Restricted cash	-	0%	0%	-	-	4
Other assets	-	0%	0%	-	-	
Unencumbered interim cash flow	-	0%	0%	-	-	7
Total Unencumbered Assets / Gross Recovery	\$ -	0%	0%	\$ -	\$ -	
B. LITIGATION RECOVERIES						
B1. Encumbered Causes of Action	-	-	-	-	-	8
B2. Unencumbered Causes of Action, including Preferences	-	-	-	-	-	8
B3. Total Litigation Recoveries	-	-	-	-	-	
C. SUMMARY OF GROSS PROCEEDS						
C1. Encumbered Collateral Recovery (A1 + B1)	-	-	-	\$ 39,678	\$ 53,588	
C2. Unencumbered Assets Recovery (A2 + B2)	-	-	-	-	-	
C3. Total Gross Recovery Proceeds Available for Distribution	-	-	-	\$ 39,678	\$ 53,588	

II. ALLOCATION OF PROCEEDS FROM ENCUMBERED COLLATERAL AVAILABLE FOR DISTRIBUTION

	Estimated Allowed Claims		Estimated Recovery (%)		Estimated Recovery on Secured Claims		See Note
	Lower	Higher	Lower	Higher	Lower	Higher	
Encumbered Gross Collateral Proceeds Available					\$ 39,678	\$ 53,588	
A. LESS: Section 506(c) Surcharges	\$ -	\$ -			\$ -	\$ -	9
B. Carve-Out Allocation	-	-			-	-	10
Proceeds Available to Secured Claims					\$ 39,678	\$ 53,588	
SECURED CLAIMS							
C. PLUS: Proceeds From Subsidiary Guaranteed Notes Turnover					-	-	14
Proceeds Available to Satisfy First Lien Secured Claims					\$ 39,678	\$ 53,588	
D. First Lien Secured Claims							
D1. First Lien Bank Claims	\$ 17,859	\$ 23,796	100.0%	100.0%	17,859	23,796	11
D2. First Lien Bond Claims	21,676	29,600	100.0%	100.0%	21,676	29,600	11
D3. First Lien Swap Claims	144	192	100.0%	100.0%	144	192	11
D4. Other First Lien Secured Claims	-	-	na	na	-	-	11
Total First Lien Claims & Recovery	\$ 39,678	\$ 53,588	100.0%	100.0%	\$ 39,678	\$ 53,588	
Proceeds Available to Satisfy Second Lien Secured Claims					\$ -	\$ -	
E. Second Lien Bond Claims	\$ -	\$ -	na	na	-	-	11
Total Second Lien Claims & Recovery	\$ -	\$ -	na	na	\$ -	\$ -	
F. Other Secured Claims	-	-			\$ -	\$ -	11
Total Secured Claims and Distributions	\$ 39,678	\$ 53,588	100.0%	100.0%	\$ 39,678	\$ 53,588	
Proceeds Available from Encumbered Collateral to Satisfy Administrative, Priority and Unsecured Claims					\$ -	\$ -	
Secured Lender Deficiency Claims (General Unsecured Claim)	\$ -	\$ -					

III. ALLOCATION OF PROCEEDS AVAILABLE TO SATISFY ADMINISTRATIVE, PRIORITY AND UNSECURED CLAIMS

	Estimated Allowed Claims		Estimated Recovery (%)		Estimated Recovery on Administrative, Priority and Unsecured Claims		See Note
	Lower	Higher	Lower	Higher	Lower	Higher	
Proceeds Available from Unencumbered Assets					\$ -	\$ -	
Section 506(c) Surcharges					-	-	9
Proceeds Available from Encumbered Collateral					-	-	
Proceeds Available to Satisfy Administrative, Priority and Unsecured Claims					\$ -	\$ -	
A. LESS: Carve-Out Allocation	\$ -	\$ -	na	na	\$ -	\$ -	10
Proceeds Available for Administrative Claims					\$ -	\$ -	
ADMINISTRATIVE CLAIMS							
B. Subsidiaries' Superpriority Admin Claims against CEOC	\$ -	\$ -	na	na	\$ -	\$ -	12
C. Chapter 7 Administrative Claims	-	-	na	na	-	-	12
D. Chapter 11 Administrative Claims	-	-	na	na	-	-	12
Proceeds Available for Priority Claims					\$ -	\$ -	
PRIORITY CLAIMS							
E. Employee Priority Claims	\$ -	\$ -	na	na	\$ -	\$ -	13
F. Priority Tax Claims	-	-	na	na	-	-	13
G. Other Priority Claims	-	-	na	na	-	-	13
Proceeds Available for Unsecured Claims					\$ -	\$ -	
UNSECURED CLAIMS							
H1. First Lien Deficiency Claims	\$ -	\$ -	na	na	\$ -	\$ -	14
H2. Second Lien Deficiency Claims	-	-	na	na	-	-	14
H3. Other Secured Deficiency Claims	-	-	na	na	-	-	14
H4. Senior Unsecured Notes Claims	-	-	na	na	-	-	14
H5. Subsidiary Guaranteed Notes Claims	502,019	502,019	0.0%	0.0%	-	-	14
H5a. Subsidiary Guaranteed Notes Turnover to First Lien Claimants	-	-	na	na	-	-	14
H6. General Unsecured Claims	-	-	na	na	-	-	14
H7. Pension Claims	446,123	223,061	0.0%	0.0%	-	-	14
H8. Intercompany Notes Payable	-	-	na	na	-	-	14
H9. Intercompany Claims - Prepetition	-	-	na	na	-	-	14
Total Unsecured Claims	\$ 948,142	\$ 725,081	0.0%	0.0%	\$ -	\$ -	
Total Admin, Priority, Unsecured Claims & Distributions	\$ 948,142	\$ 725,081	0.0%	0.0%	\$ -	\$ -	
Value Available for Equity Interests					\$ -	\$ -	15

I. TOTAL PROCEEDS AVAILABLE FOR DISTRIBUTION

	Net Book Value	Estimated Recovery (%)		Estimated Liquidation Value		See Note
		Lower	Higher	Lower	Higher	
A. STATEMENT OF ASSETS						
Cash and equivalents	\$ -	0%	0%	\$ -	\$ -	1
Accounts receivable	212	50%	75%	106	159	2
Other current assets	-	0%	0%	-	-	2
Inventory	-	0%	0%	-	-	2
Due from subsidiaries/affiliates	1,638	59%	100%	968	1,638	3
Property and equipment, net	-	0%	0%	-	-	2
Goodwill	-	0%	0%	-	-	4
Intangibles	-	0%	0%	-	-	4
Investments in subsidiaries	-	0%	0%	-	-	5
Restricted cash	-	0%	0%	-	-	4
Other assets	-	0%	0%	-	-	
STATEMENT OF ASSETS - CASINO SALE						
Casino	-	0%	0%	-	-	6
Interim cash flow	-	0%	0%	-	-	7
Total Assets / Gross Recovery	\$ 1,849	58%	97%	\$ 1,074	\$ 1,796	
A1. ENCUMBERED COLLATERAL						
Cash and equivalents	\$ -	0%	0%	\$ -	\$ -	1
Accounts receivable	212	50%	75%	106	159	2
Other current assets	-	0%	0%	-	-	2
Inventory	-	0%	0%	-	-	2
Due from subsidiaries/affiliates	1,638	59%	100%	968	1,638	3
Property and equipment, net	-	0%	0%	-	-	2
Goodwill	-	0%	0%	-	-	4
Intangibles	-	0%	0%	-	-	4
Investments in subsidiaries	-	0%	0%	-	-	5
Restricted cash	-	0%	0%	-	-	4
Other assets	-	0%	0%	-	-	
Casino value and encumbered interim cash flow	-	0%	0%	-	-	6,7
Total Encumbered Collateral / Gross Recovery	\$ 1,849	58%	97%	\$ 1,074	\$ 1,796	
A2. UNENCUMBERED ASSETS						
Cash and equivalents	\$ -	0%	0%	\$ -	\$ -	1
Accounts receivable	-	0%	0%	-	-	2
Other current assets	-	0%	0%	-	-	2
Inventory	-	0%	0%	-	-	2
Due from subsidiaries/affiliates	-	0%	0%	-	-	3
Property and equipment, net	-	0%	0%	-	-	2
Goodwill	-	0%	0%	-	-	4
Intangibles	-	0%	0%	-	-	4
Investments in subsidiaries	-	0%	0%	-	-	5
Restricted cash	-	0%	0%	-	-	4
Other assets	-	0%	0%	-	-	
Unencumbered interim cash flow	-	0%	0%	-	-	7
Total Unencumbered Assets / Gross Recovery	\$ -	0%	0%	\$ -	\$ -	
B. LITIGATION RECOVERIES						
B1. Encumbered Causes of Action	-	-	-	-	-	8
B2. Unencumbered Causes of Action, including Preferences	-	-	-	-	-	8
B3. Total Litigation Recoveries	\$ -			\$ -		
C. SUMMARY OF GROSS PROCEEDS						
C1. Encumbered Collateral Recovery (A1 + B1)				\$ 1,074	\$ 1,796	
C2. Unencumbered Assets Recovery (A2 + B2)				-	-	
C3. Total Gross Recovery Proceeds Available for Distribution				\$ 1,074	\$ 1,796	

II. ALLOCATION OF PROCEEDS FROM ENCUMBERED COLLATERAL AVAILABLE FOR DISTRIBUTION

	Estimated Allowed Claims		Estimated Recovery (%)		Estimated Recovery on Secured Claims		See Note
	Lower	Higher	Lower	Higher	Lower	Higher	
Encumbered Gross Collateral Proceeds Available					\$ 1,074	\$ 1,796	
A. LESS: Section 506(c) Surcharges	\$ -	\$ -			\$ -	\$ -	9
B. Carve-Out Allocation	-	-			-	-	10
Proceeds Available to Secured Claims					<u>\$ 1,074</u>	<u>\$ 1,796</u>	
SECURED CLAIMS							
C. PLUS: Proceeds From Subsidiary Guaranteed Notes Turnover					-	-	14
Proceeds Available to Satisfy First Lien Secured Claims					<u>\$ 1,074</u>	<u>\$ 1,796</u>	
D. First Lien Secured Claims							
D1. First Lien Bank Claims	\$ 483	\$ 798	100.0%	100.0%	483	798	11
D2. First Lien Bond Claims	586	992	100.0%	100.0%	586	992	11
D3. First Lien Swap Claims	4	6	100.0%	100.0%	4	6	11
D4. Other First Lien Secured Claims	-	-	na	na	-	-	11
Total First Lien Claims & Recovery	<u>\$ 1,074</u>	<u>\$ 1,796</u>	100.0%	100.0%	<u>\$ 1,074</u>	<u>\$ 1,796</u>	
Proceeds Available to Satisfy Second Lien Secured Claims					<u>\$ -</u>	<u>\$ -</u>	
E. Second Lien Bond Claims	\$ -	\$ -	na	na	-	-	11
Total Second Lien Claims & Recovery	<u>\$ -</u>	<u>\$ -</u>	na	na	<u>\$ -</u>	<u>\$ -</u>	
F. Other Secured Claims	-	-			\$ -	\$ -	11
Total Secured Claims and Distributions	<u>\$ 1,074</u>	<u>\$ 1,796</u>	100.0%	100.0%	<u>\$ 1,074</u>	<u>\$ 1,796</u>	
Proceeds Available from Encumbered Collateral to Satisfy Administrative, Priority and Unsecured Claims					<u>\$ -</u>	<u>\$ -</u>	
Secured Lender Deficiency Claims (General Unsecured Claim)	<u>\$ -</u>	<u>\$ -</u>					

III. ALLOCATION OF PROCEEDS AVAILABLE TO SATISFY ADMINISTRATIVE, PRIORITY AND UNSECURED CLAIMS

	Estimated Allowed Claims		Estimated Recovery (%)		Estimated Recovery on Administrative, Priority and Unsecured Claims		See Note
	Lower	Higher	Lower	Higher	Lower	Higher	
Proceeds Available from Unencumbered Assets					\$ -	\$ -	
Section 506(c) Surcharges					-	-	9
Proceeds Available from Encumbered Collateral					-	-	
Proceeds Available to Satisfy Administrative, Priority and Unsecured Claims					\$ -	\$ -	
A. LESS: Carve-Out Allocation	\$ -	\$ -	na	na	\$ -	\$ -	10
Proceeds Available for Administrative Claims					\$ -	\$ -	
ADMINISTRATIVE CLAIMS							
B. Subsidiaries' Superpriority Admin Claims against CEOC	\$ -	\$ -	na	na	\$ -	\$ -	12
C. Chapter 7 Administrative Claims	-	-	na	na	-	-	12
D. Chapter 11 Administrative Claims	-	-	na	na	-	-	12
Proceeds Available for Priority Claims					\$ -	\$ -	
PRIORITY CLAIMS							
E. Employee Priority Claims	\$ -	\$ -	na	na	\$ -	\$ -	13
F. Priority Tax Claims	-	-	na	na	-	-	13
G. Other Priority Claims	-	-	na	na	-	-	13
Proceeds Available for Unsecured Claims					\$ -	\$ -	
UNSECURED CLAIMS							
H1. First Lien Deficiency Claims	\$ -	\$ -	na	na	\$ -	\$ -	14
H2. Second Lien Deficiency Claims	-	-	na	na	-	-	14
H3. Other Secured Deficiency Claims	-	-	na	na	-	-	14
H4. Senior Unsecured Notes Claims	-	-	na	na	-	-	14
H5. Subsidiary Guaranteed Notes Claims	502,019	502,019	0.0%	0.0%	-	-	14
H5a. Subsidiary Guaranteed Notes Turnover to First Lien Claimants	-	-	na	na	-	-	14
H6. General Unsecured Claims	-	-	na	na	-	-	14
H7. Pension Claims	446,123	223,061	0.0%	0.0%	-	-	14
H8. Intercompany Notes Payable	-	-	na	na	-	-	14
H9. Intercompany Claims - Prepetition	79	79	0.0%	0.0%	-	-	14
Total Unsecured Claims	\$ 948,221	\$ 725,159	0.0%	0.0%	\$ -	\$ -	
Total Admin, Priority, Unsecured Claims & Distributions	\$ 948,221	\$ 725,159	0.0%	0.0%	\$ -	\$ -	
Value Available for Equity Interests					\$ -	\$ -	15

I. TOTAL PROCEEDS AVAILABLE FOR DISTRIBUTION

	Net Book Value	Estimated Recovery (%)		Estimated Liquidation Value		See Note
		Lower	Higher	Lower	Higher	
A. STATEMENT OF ASSETS						
Cash and equivalents	\$ -	0%	0%	\$ -	\$ -	1
Accounts receivable	3	50%	75%	2	3	2
Other current assets	13	21%	26%	3	3	2
Inventory	-	0%	0%	-	-	2
Due from subsidiaries/affiliates	309	34%	66%	107	205	3
Property and equipment, net	7,590	30%	30%	2,260	2,260	2
Goodwill	-	0%	0%	-	-	4
Intangibles	-	0%	0%	-	-	4
Investments in subsidiaries	-	0%	0%	-	-	5
Restricted cash	-	0%	0%	-	-	4
Other assets	-	0%	0%	-	-	
STATEMENT OF ASSETS - CASINO SALE						
Casino	-	0%	0%	-	-	6
Interim cash flow	-	0%	0%	-	-	7
Total Assets / Gross Recovery	\$ 7,916	30%	31%	\$ 2,371	\$ 2,471	
A1. ENCUMBERED COLLATERAL						
Cash and equivalents	\$ -	0%	0%	\$ -	\$ -	1
Accounts receivable	3	50%	75%	2	3	2
Other current assets	13	21%	26%	3	3	2
Inventory	-	0%	0%	-	-	2
Due from subsidiaries/affiliates	309	34%	66%	107	205	3
Property and equipment, net	-	0%	0%	-	-	2
Goodwill	-	0%	0%	-	-	4
Intangibles	-	0%	0%	-	-	4
Investments in subsidiaries	-	0%	0%	-	-	5
Restricted cash	-	0%	0%	-	-	4
Other assets	-	0%	0%	-	-	
Casino value and encumbered interim cash flow	0	-47%	0%	(0)	-	6,7
Total Encumbered Collateral / Gross Recovery	\$ 326	34%	65%	\$ 111	\$ 211	
A2. UNENCUMBERED ASSETS						
Cash and equivalents	\$ -	0%	0%	\$ -	\$ -	1
Accounts receivable	-	0%	0%	-	-	2
Other current assets	-	0%	0%	-	-	2
Inventory	-	0%	0%	-	-	2
Due from subsidiaries/affiliates	-	0%	0%	-	-	3
Property and equipment, net	7,590	30%	30%	2,260	2,260	2
Goodwill	-	0%	0%	-	-	4
Intangibles	-	0%	0%	-	-	4
Investments in subsidiaries	-	0%	0%	-	-	5
Restricted cash	-	0%	0%	-	-	4
Other assets	-	0%	0%	-	-	
Unencumbered interim cash flow	-	0%	0%	-	-	7
Total Unencumbered Assets / Gross Recovery	\$ 7,590	30%	30%	\$ 2,260	\$ 2,260	
B. LITIGATION RECOVERIES						
B1. Encumbered Causes of Action				-	-	8
B2. Unencumbered Causes of Action, including Preferences				-	-	8
B3. Total Litigation Recoveries				\$ -	\$ -	
C. SUMMARY OF GROSS PROCEEDS						
C1. Encumbered Collateral Recovery (A1 + B1)				\$ 111	\$ 211	
C2. Unencumbered Assets Recovery (A2 + B2)				2,260	2,260	
C3. Total Gross Recovery Proceeds Available for Distribution				\$ 2,371	\$ 2,471	

II. ALLOCATION OF PROCEEDS FROM ENCUMBERED COLLATERAL AVAILABLE FOR DISTRIBUTION

	Estimated Allowed Claims		Estimated Recovery (%)		Estimated Recovery on Secured Claims		See Note
	Lower	Higher	Lower	Higher	Lower	Higher	
Encumbered Gross Collateral Proceeds Available					\$ 111	\$ 211	
A. LESS: Section 506(c) Surcharges	\$ -	\$ -			\$ -	\$ -	9
B. Carve-Out Allocation	-	-			-	-	10
Proceeds Available to Secured Claims					\$ 111	\$ 211	
SECURED CLAIMS							
C. PLUS: Proceeds From Subsidiary Guaranteed Notes Turnover					1,239	394	14
Proceeds Available to Satisfy First Lien Secured Claims					\$ 1,350	\$ 605	
D. First Lien Secured Claims							
D1. First Lien Bank Claims	\$ 600	\$ 485	100.0%	100.0%	600	485	11
D2. First Lien Bond Claims	745	117	100.0%	100.0%	745	117	11
D3. First Lien Swap Claims	5	4	100.0%	100.0%	5	4	11
D4. Other First Lien Secured Claims	-	-	na	na	-	-	11
Total First Lien Claims & Recovery	\$ 1,350	\$ 605	100.0%	100.0%	\$ 1,350	\$ 605	
Proceeds Available to Satisfy Second Lien Secured Claims					\$ -	\$ -	
E. Second Lien Bond Claims	\$ -	\$ -	na	na	-	-	11
Total Second Lien Claims & Recovery	\$ -	\$ -	na	na	\$ -	\$ -	
F. Other Secured Claims	-	-			\$ -	\$ -	11
Total Secured Claims and Distributions	\$ 1,350	\$ 605	100.0%	100.0%	\$ 1,350	\$ 605	
Proceeds Available from Encumbered Collateral to Satisfy Administrative, Priority and Unsecured Claims					\$ -	\$ -	
Secured Lender Deficiency Claims (General Unsecured Claim)	\$ -	\$ -					

III. ALLOCATION OF PROCEEDS AVAILABLE TO SATISFY ADMINISTRATIVE, PRIORITY AND UNSECURED CLAIMS

	Estimated Allowed Claims		Estimated Recovery (%)		Estimated Recovery on Administrative, Priority and Unsecured Claims		See Note
	Lower	Higher	Lower	Higher	Lower	Higher	
	Proceeds Available from Unencumbered Assets					\$ 2,260	
Section 506(c) Surcharges					-	-	
Proceeds Available from Encumbered Collateral					-	-	
Proceeds Available to Satisfy Administrative, Priority and Unsecured Claims					\$ 2,260	\$ 2,260	
A. LESS: Carve-Out Allocation	\$ 56	\$ 13	100.0%	100.0%	\$ 56	\$ 13	10
Proceeds Available for Administrative Claims					\$ 2,204	\$ 2,247	
ADMINISTRATIVE CLAIMS							
B. Subsidiaries' Superpriority Admin Claims against CEOC	\$ -	\$ -	na	na	\$ -	\$ -	12
C. Chapter 7 Administrative Claims	301	49	100.0%	100.0%	301	49	12
D. Chapter 11 Administrative Claims	-	-	na	na	-	-	12
Proceeds Available for Priority Claims					\$ 1,904	\$ 2,198	
PRIORITY CLAIMS							
E. Employee Priority Claims	\$ -	\$ -	na	na	\$ -	\$ -	13
F. Priority Tax Claims	-	-	na	na	-	-	13
G. Other Priority Claims	-	-	na	na	-	-	13
Proceeds Available for Unsecured Claims					\$ 1,904	\$ 2,198	
UNSECURED CLAIMS							
H1. First Lien Deficiency Claims	\$ -	\$ -	na	na	\$ -	\$ -	14
H2. Second Lien Deficiency Claims	-	-	na	na	-	-	14
H3. Other Secured Deficiency Claims	-	-	na	na	-	-	14
H4. Senior Unsecured Notes Claims	-	-	na	na	-	-	14
H5. Subsidiary Guaranteed Notes Claims	502,019	502,019	0.0%	0.0%	45	32	14
H5a. Subsidiary Guaranteed Notes Turnover to First Lien Claimants			na	na	1,239	394	14
H6. General Unsecured Claims	612	612	0.3%	100.0%	2	612	14
H7. Pension Claims	446,123	223,061	0.1%	0.0%	618	37	14
H8. Intercompany Notes Payable	-	-	na	na	-	-	14
H9. Intercompany Claims - Prepetition	-	-	na	na	-	-	14
Total Unsecured Claims	\$ 948,754	\$ 725,692	0.2%	0.1%	\$ 1,904	\$ 1,075	
Total Admin, Priority, Unsecured Claims & Distributions	\$ 949,110	\$ 725,754	0.2%	0.2%	\$ 2,260	\$ 1,137	
Value Available for Equity Interests					\$ -	\$ 1,123	15

I. TOTAL PROCEEDS AVAILABLE FOR DISTRIBUTION

	Net Book Value	Estimated Recovery (%)		Estimated Liquidation Value		See Note
		Lower	Higher	Lower	Higher	
A. STATEMENT OF ASSETS						
Cash and equivalents	\$ -	0%	0%	\$ -	\$ -	1
Accounts receivable	-	0%	0%	-	-	2
Other current assets	21	80%	100%	17	21	2
Inventory	-	0%	0%	-	-	2
Due from subsidiaries/affiliates	1,498	59%	100%	885	1,498	3
Property and equipment, net	109,129	19%	26%	21,048	28,130	2
Goodwill	-	0%	0%	-	-	4
Intangibles	-	0%	0%	-	-	4
Investments in subsidiaries	-	0%	0%	-	-	5
Restricted cash	-	0%	0%	-	-	4
Other assets	-	0%	0%	-	-	
STATEMENT OF ASSETS - CASINO SALE						
Casino	-	0%	0%	-	-	6
Interim cash flow	-	0%	0%	-	-	7
Total Assets / Gross Recovery	\$ 110,648	20%	27%	\$ 21,951	\$ 29,650	
A1. ENCUMBERED COLLATERAL						
Cash and equivalents	\$ -	0%	0%	\$ -	\$ -	1
Accounts receivable	-	0%	0%	-	-	2
Other current assets	21	80%	100%	17	21	2
Inventory	-	0%	0%	-	-	2
Due from subsidiaries/affiliates	1,498	59%	100%	885	1,498	3
Property and equipment, net	109,129	19%	26%	21,048	28,130	2
Goodwill	-	0%	0%	-	-	4
Intangibles	-	0%	0%	-	-	4
Investments in subsidiaries	-	0%	0%	-	-	5
Restricted cash	-	0%	0%	-	-	4
Other assets	-	0%	0%	-	-	
Casino value and encumbered interim cash flow	-	0%	0%	-	-	6,7
Total Encumbered Collateral / Gross Recovery	\$ 110,648	20%	27%	\$ 21,951	\$ 29,650	
A2. UNENCUMBERED ASSETS						
Cash and equivalents	\$ -	0%	0%	\$ -	\$ -	1
Accounts receivable	-	0%	0%	-	-	2
Other current assets	-	0%	0%	-	-	2
Inventory	-	0%	0%	-	-	2
Due from subsidiaries/affiliates	-	0%	0%	-	-	3
Property and equipment, net	-	0%	0%	-	-	2
Goodwill	-	0%	0%	-	-	4
Intangibles	-	0%	0%	-	-	4
Investments in subsidiaries	-	0%	0%	-	-	5
Restricted cash	-	0%	0%	-	-	4
Other assets	-	0%	0%	-	-	
Unencumbered interim cash flow	-	0%	0%	-	-	7
Total Unencumbered Assets / Gross Recovery	\$ -	0%	0%	\$ -	\$ -	
B. LITIGATION RECOVERIES						
B1. Encumbered Causes of Action	-	-	-	-	-	8
B2. Unencumbered Causes of Action, including Preferences	-	-	-	-	-	8
B3. Total Litigation Recoveries	\$ -			\$ -		
C. SUMMARY OF GROSS PROCEEDS						
C1. Encumbered Collateral Recovery (A1 + B1)				\$ 21,951	\$ 29,650	
C2. Unencumbered Assets Recovery (A2 + B2)				-	-	
C3. Total Gross Recovery Proceeds Available for Distribution				\$ 21,951	\$ 29,650	

II. ALLOCATION OF PROCEEDS FROM ENCUMBERED COLLATERAL AVAILABLE FOR DISTRIBUTION

	Estimated Allowed Claims		Estimated Recovery (%)		Estimated Recovery on Secured Claims		See Note
	Lower	Higher	Lower	Higher	Lower	Higher	
Encumbered Gross Collateral Proceeds Available					\$ 21,951	\$ 29,650	
A. LESS: Section 506(c) Surcharges	\$ -	\$ -			\$ -	\$ -	9
B. Carve-Out Allocation	-	-			-	-	10
Proceeds Available to Secured Claims					\$ 21,951	\$ 29,650	
SECURED CLAIMS							
C. PLUS: Proceeds From Subsidiary Guaranteed Notes Turnover					-	-	14
Proceeds Available to Satisfy First Lien Secured Claims					\$ 21,951	\$ 29,650	
D. First Lien Secured Claims							
D1. First Lien Bank Claims	\$ 9,880	\$ 13,166	100.0%	100.0%	9,880	13,166	11
D2. First Lien Bond Claims	11,991	16,377	100.0%	100.0%	11,991	16,377	11
D3. First Lien Swap Claims	79	106	100.0%	100.0%	79	106	11
D4. Other First Lien Secured Claims	-	-	na	na	-	-	11
Total First Lien Claims & Recovery	\$ 21,951	\$ 29,650	100.0%	100.0%	\$ 21,951	\$ 29,650	
Proceeds Available to Satisfy Second Lien Secured Claims					\$ -	\$ -	
E. Second Lien Bond Claims	\$ -	\$ -	na	na	-	-	11
Total Second Lien Claims & Recovery	\$ -	\$ -	na	na	\$ -	\$ -	
F. Other Secured Claims	-	-			\$ -	\$ -	11
Total Secured Claims and Distributions	\$ 21,951	\$ 29,650	100.0%	100.0%	\$ 21,951	\$ 29,650	
Proceeds Available from Encumbered Collateral to Satisfy Administrative, Priority and Unsecured Claims					\$ -	\$ -	
Secured Lender Deficiency Claims (General Unsecured Claim)	\$ -	\$ -					

III. ALLOCATION OF PROCEEDS AVAILABLE TO SATISFY ADMINISTRATIVE, PRIORITY AND UNSECURED CLAIMS

	Estimated Allowed Claims		Estimated Recovery (%)		Estimated Recovery on Administrative, Priority and Unsecured Claims		See Note
	Lower	Higher	Lower	Higher	Lower	Higher	
Proceeds Available from Unencumbered Assets					\$ -	\$ -	
Section 506(c) Surcharges					-	-	9
Proceeds Available from Encumbered Collateral					-	-	
Proceeds Available to Satisfy Administrative, Priority and Unsecured Claims					\$ -	\$ -	
A. LESS: Carve-Out Allocation	\$ -	\$ -	na	na	\$ -	\$ -	10
Proceeds Available for Administrative Claims					\$ -	\$ -	
ADMINISTRATIVE CLAIMS							
B. Subsidiaries' Superpriority Admin Claims against CEOC	\$ -	\$ -	na	na	\$ -	\$ -	12
C. Chapter 7 Administrative Claims	-	-	na	na	-	-	12
D. Chapter 11 Administrative Claims	2	2	0.0%	0.0%	-	-	12
Proceeds Available for Priority Claims					\$ -	\$ -	
PRIORITY CLAIMS							
E. Employee Priority Claims	\$ -	\$ -	na	na	\$ -	\$ -	13
F. Priority Tax Claims	-	-	na	na	-	-	13
G. Other Priority Claims	-	-	na	na	-	-	13
Proceeds Available for Unsecured Claims					\$ -	\$ -	
UNSECURED CLAIMS							
H1. First Lien Deficiency Claims	\$ -	\$ -	na	na	\$ -	\$ -	14
H2. Second Lien Deficiency Claims	-	-	na	na	-	-	14
H3. Other Secured Deficiency Claims	-	-	na	na	-	-	14
H4. Senior Unsecured Notes Claims	-	-	na	na	-	-	14
H5. Subsidiary Guaranteed Notes Claims	502,019	502,019	0.0%	0.0%	-	-	14
H5a. Subsidiary Guaranteed Notes Turnover to First Lien Claimants	-	-	na	na	-	-	14
H6. General Unsecured Claims	-	-	na	na	-	-	14
H7. Pension Claims	446,123	223,061	0.0%	0.0%	-	-	14
H8. Intercompany Notes Payable	-	-	na	na	-	-	14
H9. Intercompany Claims - Prepetition	60	60	0.0%	0.0%	-	-	14
Total Unsecured Claims	\$ 948,202	\$ 725,141	0.0%	0.0%	\$ -	\$ -	
Total Admin, Priority, Unsecured Claims & Distributions	\$ 948,204	\$ 725,143	0.0%	0.0%	\$ -	\$ -	
Value Available for Equity Interests					\$ -	\$ -	15

I. TOTAL PROCEEDS AVAILABLE FOR DISTRIBUTION

	Net Book Value	Estimated Recovery (%)		Estimated Liquidation Value		See Note
		Lower	Higher	Lower	Higher	
A. STATEMENT OF ASSETS						
Cash and equivalents	\$ -	0%	0%	\$ -	\$ -	1
Accounts receivable	-	0%	0%	-	-	2
Other current assets	-	0%	0%	-	-	2
Inventory	-	0%	0%	-	-	2
Due from subsidiaries/affiliates	-	0%	0%	-	-	3
Property and equipment, net	-	0%	0%	-	-	2
Goodwill	-	0%	0%	-	-	4
Intangibles	-	0%	0%	-	-	4
Investments in subsidiaries	-	0%	0%	-	-	5
Restricted cash	-	0%	0%	-	-	4
Other assets	-	0%	0%	-	-	
STATEMENT OF ASSETS - CASINO SALE						
Casino	-	0%	0%	-	-	6
Interim cash flow	-	0%	0%	-	-	7
Total Assets / Gross Recovery	\$ -	0%	0%	\$ -	\$ -	
A1. ENCUMBERED COLLATERAL						
Cash and equivalents	\$ -	0%	0%	\$ -	\$ -	1
Accounts receivable	-	0%	0%	-	-	2
Other current assets	-	0%	0%	-	-	2
Inventory	-	0%	0%	-	-	2
Due from subsidiaries/affiliates	-	0%	0%	-	-	3
Property and equipment, net	-	0%	0%	-	-	2
Goodwill	-	0%	0%	-	-	4
Intangibles	-	0%	0%	-	-	4
Investments in subsidiaries	-	0%	0%	-	-	5
Restricted cash	-	0%	0%	-	-	4
Other assets	-	0%	0%	-	-	
Casino value and encumbered interim cash flow	-	0%	0%	-	-	6,7
Total Encumbered Collateral / Gross Recovery	\$ -	0%	0%	\$ -	\$ -	
A2. UNENCUMBERED ASSETS						
Cash and equivalents	\$ -	0%	0%	\$ -	\$ -	1
Accounts receivable	-	0%	0%	-	-	2
Other current assets	-	0%	0%	-	-	2
Inventory	-	0%	0%	-	-	2
Due from subsidiaries/affiliates	-	0%	0%	-	-	3
Property and equipment, net	-	0%	0%	-	-	2
Goodwill	-	0%	0%	-	-	4
Intangibles	-	0%	0%	-	-	4
Investments in subsidiaries	-	0%	0%	-	-	5
Restricted cash	-	0%	0%	-	-	4
Other assets	-	0%	0%	-	-	
Unencumbered interim cash flow	-	0%	0%	-	-	7
Total Unencumbered Assets / Gross Recovery	\$ -	0%	0%	\$ -	\$ -	
B. LITIGATION RECOVERIES						
B1. Encumbered Causes of Action				-	-	8
B2. Unencumbered Causes of Action, including Preferences				-	-	8
B3. Total Litigation Recoveries				\$ -	\$ -	
C. SUMMARY OF GROSS PROCEEDS						
C1. Encumbered Collateral Recovery (A1 + B1)				\$ -	\$ -	
C2. Unencumbered Assets Recovery (A2 + B2)				-	-	
C3. Total Gross Recovery Proceeds Available for Distribution				\$ -	\$ -	

II. ALLOCATION OF PROCEEDS FROM ENCUMBERED COLLATERAL AVAILABLE FOR DISTRIBUTION

	Estimated Allowed Claims		Estimated Recovery (%)		Estimated Recovery on Secured Claims		See Note
	Lower	Higher	Lower	Higher	Lower	Higher	
Encumbered Gross Collateral Proceeds Available					\$ -	\$ -	
A. LESS: Section 506(c) Surcharges	\$ -	\$ -			\$ -	\$ -	9
B. Carve-Out Allocation	-	-			-	-	10
Proceeds Available to Secured Claims					\$ -	\$ -	
SECURED CLAIMS							
C. PLUS: Proceeds From Subsidiary Guaranteed Notes Turnover					-	-	14
Proceeds Available to Satisfy First Lien Secured Claims					\$ -	\$ -	
D. First Lien Secured Claims							
D1. First Lien Bank Claims	\$ -	\$ -	na	na	-	-	11
D2. First Lien Bond Claims	-	-	na	na	-	-	11
D3. First Lien Swap Claims	-	-	na	na	-	-	11
D4. Other First Lien Secured Claims	-	-	na	na	-	-	11
Total First Lien Claims & Recovery	\$ -	\$ -	na	na	\$ -	\$ -	
Proceeds Available to Satisfy Second Lien Secured Claims					\$ -	\$ -	
E. Second Lien Bond Claims	\$ -	\$ -	na	na	-	-	11
Total Second Lien Claims & Recovery	\$ -	\$ -	na	na	\$ -	\$ -	
F. Other Secured Claims	-	-			\$ -	\$ -	11
Total Secured Claims and Distributions	\$ -	\$ -	0.0%	0.0%	\$ -	\$ -	
Proceeds Available from Encumbered Collateral to Satisfy Administrative, Priority and Unsecured Claims					\$ -	\$ -	
Secured Lender Deficiency Claims (General Unsecured Claim)	\$ -	\$ -					

III. ALLOCATION OF PROCEEDS AVAILABLE TO SATISFY ADMINISTRATIVE, PRIORITY AND UNSECURED CLAIMS

	Estimated Allowed Claims		Estimated Recovery (%)		Estimated Recovery on Administrative, Priority and Unsecured Claims		See Note
	Lower	Higher	Lower	Higher	Lower	Higher	
Proceeds Available from Unencumbered Assets					\$ -	\$ -	
Section 506(c) Surcharges					-	-	9
Proceeds Available from Encumbered Collateral					-	-	
Proceeds Available to Satisfy Administrative, Priority and Unsecured Claims					\$ -	\$ -	
A. LESS: Carve-Out Allocation	\$ -	\$ -	na	na	\$ -	\$ -	10
Proceeds Available for Administrative Claims					\$ -	\$ -	
ADMINISTRATIVE CLAIMS							
B. Subsidiaries' Superpriority Admin Claims against CEOC	\$ -	\$ -	na	na	\$ -	\$ -	12
C. Chapter 7 Administrative Claims	-	-	na	na	-	-	12
D. Chapter 11 Administrative Claims	-	-	na	na	-	-	12
Proceeds Available for Priority Claims					\$ -	\$ -	
PRIORITY CLAIMS							
E. Employee Priority Claims	\$ -	\$ -	na	na	\$ -	\$ -	13
F. Priority Tax Claims	-	-	na	na	-	-	13
G. Other Priority Claims	-	-	na	na	-	-	13
Proceeds Available for Unsecured Claims					\$ -	\$ -	
UNSECURED CLAIMS							
H1. First Lien Deficiency Claims	\$ -	\$ -	na	na	\$ -	\$ -	14
H2. Second Lien Deficiency Claims	-	-	na	na	-	-	14
H3. Other Secured Deficiency Claims	-	-	na	na	-	-	14
H4. Senior Unsecured Notes Claims	-	-	na	na	-	-	14
H5. Subsidiary Guaranteed Notes Claims	502,019	502,019	0.0%	0.0%	-	-	14
H5a. Subsidiary Guaranteed Notes Turnover to First Lien Claimants	-	-	na	na	-	-	14
H6. General Unsecured Claims	-	-	na	na	-	-	14
H7. Pension Claims	446,123	223,061	0.0%	0.0%	-	-	14
H8. Intercompany Notes Payable	-	-	na	na	-	-	14
H9. Intercompany Claims - Prepetition	-	-	na	na	-	-	14
Total Unsecured Claims	\$ 948,142	\$ 725,081	0.0%	0.0%	\$ -	\$ -	
Total Admin, Priority, Unsecured Claims & Distributions	\$ 948,142	\$ 725,081	0.0%	0.0%	\$ -	\$ -	
Value Available for Equity Interests					\$ -	\$ -	15

I. TOTAL PROCEEDS AVAILABLE FOR DISTRIBUTION

	Net Book Value	Estimated Recovery (%)		Estimated Liquidation Value		See Note
		Lower	Higher	Lower	Higher	
A. STATEMENT OF ASSETS						
Cash and equivalents	\$ -	0%	0%	\$ -	\$ -	1
Accounts receivable	-	0%	0%	-	-	2
Other current assets	-	0%	0%	-	-	2
Inventory	-	0%	0%	-	-	2
Due from subsidiaries/affiliates	110,474	44%	80%	48,920	88,090	3
Property and equipment, net	-	0%	0%	-	-	2
Goodwill	-	0%	0%	-	-	4
Intangibles	-	0%	0%	-	-	4
Investments in subsidiaries	-	0%	0%	-	-	5
Restricted cash	-	0%	0%	-	-	4
Other assets	-	0%	0%	-	-	
STATEMENT OF ASSETS - CASINO SALE						
Casino	221,355	100%+	100%+	305,405	349,034	6
Interim cash flow	28,789	80%	90%	23,031	25,910	7
Total Assets / Gross Recovery	\$ 360,618	100%+	100%+	\$ 377,356	\$ 463,034	
A1. ENCUMBERED COLLATERAL						
Cash and equivalents	\$ -	0%	0%	\$ -	\$ -	1
Accounts receivable	-	0%	0%	-	-	2
Other current assets	-	0%	0%	-	-	2
Inventory	-	0%	0%	-	-	2
Due from subsidiaries/affiliates	35,456	13%	37%	4,589	13,072	3
Property and equipment, net	-	0%	0%	-	-	2
Goodwill	-	0%	0%	-	-	4
Intangibles	-	0%	0%	-	-	4
Investments in subsidiaries	-	0%	0%	-	-	5
Restricted cash	-	0%	0%	-	-	4
Other assets	-	0%	0%	-	-	
Casino value and encumbered interim cash flow	229,273	100%+	100%+	307,565	351,465	6,7
Total Encumbered Collateral / Gross Recovery	\$ 264,729	100%+	100%+	\$ 312,154	\$ 364,537	
A2. UNENCUMBERED ASSETS						
Cash and equivalents	\$ -	0%	0%	\$ -	\$ -	1
Accounts receivable	-	0%	0%	-	-	2
Other current assets	-	0%	0%	-	-	2
Inventory	-	0%	0%	-	-	2
Due from subsidiaries/affiliates	75,018	59%	100%	44,331	75,018	3
Property and equipment, net	-	0%	0%	-	-	2
Goodwill	-	0%	0%	-	-	4
Intangibles	-	0%	0%	-	-	4
Investments in subsidiaries	-	0%	0%	-	-	5
Restricted cash	-	0%	0%	-	-	4
Other assets	-	0%	0%	-	-	
Unencumbered interim cash flow	20,871	100%	100%	20,871	23,480	7
Total Unencumbered Assets / Gross Recovery	\$ 95,889	68%	100%	\$ 65,202	\$ 98,498	
B. LITIGATION RECOVERIES						
B1. Encumbered Causes of Action				-	-	8
B2. Unencumbered Causes of Action, including Preferences				231	461	8
B3. Total Litigation Recoveries				\$ 231	\$ 461	
C. SUMMARY OF GROSS PROCEEDS						
C1. Encumbered Collateral Recovery (A1 + B1)				\$ 312,154	\$ 364,537	
C2. Unencumbered Assets Recovery (A2 + B2)				65,433	98,959	
C3. Total Gross Recovery Proceeds Available for Distribution				\$ 377,587	\$ 463,496	

II. ALLOCATION OF PROCEEDS FROM ENCUMBERED COLLATERAL AVAILABLE FOR DISTRIBUTION

	Estimated Allowed Claims		Estimated Recovery (%)		Estimated Recovery on Secured Claims		See Note
	Lower	Higher	Lower	Higher	Lower	Higher	
Encumbered Gross Collateral Proceeds Available					\$ 312,154	\$ 364,537	
A. LESS: Section 506(c) Surcharges	\$ 2,041	\$ 6,124			\$ 2,041	\$ 6,124	9
B. Carve-Out Allocation	-	-			-	-	10
Proceeds Available to Secured Claims					<u>\$ 310,113</u>	<u>\$ 358,413</u>	
SECURED CLAIMS							
C. PLUS: Proceeds From Subsidiary Guaranteed Notes Turnover					33,774	17,408	14
Proceeds Available to Satisfy First Lien Secured Claims					<u>\$ 343,887</u>	<u>\$ 375,821</u>	
D. First Lien Secured Claims							
D1. First Lien Bank Claims	\$ 154,576	\$ 176,424	100.0%	100.0%	154,576	176,424	11
D2. First Lien Bond Claims	188,068	197,972	100.0%	100.0%	188,068	197,972	11
D3. First Lien Swap Claims	1,244	1,425	100.0%	100.0%	1,244	1,425	11
D4. Other First Lien Secured Claims	-	-	na	na	-	-	11
Total First Lien Claims & Recovery	<u>\$ 343,887</u>	<u>\$ 375,821</u>	100.0%	100.0%	<u>\$ 343,887</u>	<u>\$ 375,821</u>	
Proceeds Available to Satisfy Second Lien Secured Claims					<u>\$ -</u>	<u>\$ -</u>	
E. Second Lien Bond Claims	\$ -	\$ -	na	na	-	-	11
Total Second Lien Claims & Recovery	<u>\$ -</u>	<u>\$ -</u>	na	na	<u>\$ -</u>	<u>\$ -</u>	
F. Other Secured Claims	5	5			\$ -	\$ -	11
Total Secured Claims and Distributions	<u>\$ 345,933</u>	<u>\$ 381,949</u>	100.0%	100.0%	<u>\$ 345,928</u>	<u>\$ 381,945</u>	
Proceeds Available from Encumbered Collateral to Satisfy Administrative, Priority and Unsecured Claims					<u>\$ -</u>	<u>\$ -</u>	
Secured Lender Deficiency Claims (General Unsecured Claim)	<u>\$ 5</u>	<u>\$ 5</u>					

III. ALLOCATION OF PROCEEDS AVAILABLE TO SATISFY ADMINISTRATIVE, PRIORITY AND UNSECURED CLAIMS

	Estimated Allowed Claims		Estimated Recovery (%)		Estimated Recovery on Administrative, Priority and Unsecured Claims		See Note
	Lower	Higher	Lower	Higher	Lower	Higher	
Proceeds Available from Unencumbered Assets					\$ 65,433	\$ 98,959	
Section 506(c) Surcharges					2,041	6,124	9
Proceeds Available from Encumbered Collateral					-	-	
Proceeds Available to Satisfy Administrative, Priority and Unsecured Claims					\$ 67,474	\$ 105,083	
A. LESS: Carve-Out Allocation	\$ 1,664	\$ 613	100.0%	100.0%	\$ 1,664	\$ 613	10
Proceeds Available for Administrative Claims					\$ 65,810	\$ 104,469	
ADMINISTRATIVE CLAIMS							
B. Subsidiaries' Superpriority Admin Claims against CEOC	\$ -	\$ -	na	na	\$ -	\$ -	12
C. Chapter 7 Administrative Claims	10,407	3,481	100.0%	100.0%	10,407	3,481	12
D. Chapter 11 Administrative Claims	3,253	3,253	100.0%	100.0%	3,253	3,253	12
Proceeds Available for Priority Claims					\$ 52,150	\$ 97,736	
PRIORITY CLAIMS							
E. Employee Priority Claims	\$ -	\$ -	na	na	\$ -	\$ -	13
F. Priority Tax Claims	-	-	na	na	-	-	13
G. Other Priority Claims	-	-	na	na	-	-	13
Proceeds Available for Unsecured Claims					\$ 52,150	\$ 97,736	
UNSECURED CLAIMS							
H1. First Lien Deficiency Claims	\$ -	\$ -	na	na	\$ -	\$ -	14
H2. Second Lien Deficiency Claims	-	-	na	na	-	-	14
H3. Other Secured Deficiency Claims	5	5	7.0%	100.0%	0	5	14
H4. Senior Unsecured Notes Claims	-	-	na	na	-	-	14
H5. Subsidiary Guaranteed Notes Claims	502,019	502,019	0.2%	0.3%	1,237	1,424	14
H5a. Subsidiary Guaranteed Notes Turnover to First Lien Claimants			na	na	33,774	17,408	14
H6. General Unsecured Claims	3,721	3,952	7.0%	100.0%	260	3,952	14
H7. Pension Claims	446,123	223,061	3.8%	0.7%	16,878	1,622	14
H8. Intercompany Notes Payable	-	-	na	na	-	-	14
H9. Intercompany Claims - Prepetition	17	17	7.0%	100.0%	1	17	14
Total Unsecured Claims	\$ 951,885	\$ 729,054	5.5%	3.4%	\$ 52,150	\$ 24,427	
Total Admin, Priority, Unsecured Claims & Distributions	\$ 967,209	\$ 736,401	7.0%	4.3%	\$ 67,474	\$ 31,775	
Value Available for Equity Interests					\$ -	\$ 73,308	15

II. ALLOCATION OF PROCEEDS FROM ENCUMBERED COLLATERAL AVAILABLE FOR DISTRIBUTION

	Estimated Allowed Claims		Estimated Recovery (%)		Estimated Recovery on Secured Claims		See Note
	Lower	Higher	Lower	Higher	Lower	Higher	
Encumbered Gross Collateral Proceeds Available					\$ -	\$ -	
A. LESS: Section 506(c) Surcharges	\$ -	\$ -			\$ -	\$ -	9
B. Carve-Out Allocation	-	-			-	-	10
Proceeds Available to Secured Claims					\$ -	\$ -	
SECURED CLAIMS							
C. PLUS: Proceeds From Subsidiary Guaranteed Notes Turnover					-	-	14
Proceeds Available to Satisfy First Lien Secured Claims					\$ -	\$ -	
D. First Lien Secured Claims							
D1. First Lien Bank Claims	\$ -	\$ -	na	na	-	-	11
D2. First Lien Bond Claims	-	-	na	na	-	-	11
D3. First Lien Swap Claims	-	-	na	na	-	-	11
D4. Other First Lien Secured Claims	-	-	na	na	-	-	11
Total First Lien Claims & Recovery	\$ -	\$ -	na	na	\$ -	\$ -	
Proceeds Available to Satisfy Second Lien Secured Claims					\$ -	\$ -	
E. Second Lien Bond Claims	\$ -	\$ -	na	na	-	-	11
Total Second Lien Claims & Recovery	\$ -	\$ -	na	na	\$ -	\$ -	
F. Other Secured Claims	-	-			\$ -	\$ -	11
Total Secured Claims and Distributions	\$ -	\$ -	0.0%	0.0%	\$ -	\$ -	
Proceeds Available from Encumbered Collateral to Satisfy Administrative, Priority and Unsecured Claims					\$ -	\$ -	
Secured Lender Deficiency Claims (General Unsecured Claim)	\$ -	\$ -					

III. ALLOCATION OF PROCEEDS AVAILABLE TO SATISFY ADMINISTRATIVE, PRIORITY AND UNSECURED CLAIMS

	Estimated Allowed Claims		Estimated Recovery (%)		Estimated Recovery on Administrative, Priority and Unsecured Claims		See Note
	Lower	Higher	Lower	Higher	Lower	Higher	
Proceeds Available from Unencumbered Assets					\$ -	\$ -	
Section 506(c) Surcharges					-	-	9
Proceeds Available from Encumbered Collateral					-	-	
Proceeds Available to Satisfy Administrative, Priority and Unsecured Claims					\$ -	\$ -	
A. LESS: Carve-Out Allocation	\$ -	\$ -	na	na	\$ -	\$ -	10
Proceeds Available for Administrative Claims					\$ -	\$ -	
ADMINISTRATIVE CLAIMS							
B. Subsidiaries' Superpriority Admin Claims against CEOC	\$ -	\$ -	na	na	\$ -	\$ -	12
C. Chapter 7 Administrative Claims	-	-	na	na	-	-	12
D. Chapter 11 Administrative Claims	-	-	na	na	-	-	12
Proceeds Available for Priority Claims					\$ -	\$ -	
PRIORITY CLAIMS							
E. Employee Priority Claims	\$ -	\$ -	na	na	\$ -	\$ -	13
F. Priority Tax Claims	-	-	na	na	-	-	13
G. Other Priority Claims	-	-	na	na	-	-	13
Proceeds Available for Unsecured Claims					\$ -	\$ -	
UNSECURED CLAIMS							
H1. First Lien Deficiency Claims	\$ -	\$ -	na	na	\$ -	\$ -	14
H2. Second Lien Deficiency Claims	-	-	na	na	-	-	14
H3. Other Secured Deficiency Claims	-	-	na	na	-	-	14
H4. Senior Unsecured Notes Claims	-	-	na	na	-	-	14
H5. Subsidiary Guaranteed Notes Claims	502,019	502,019	0.0%	0.0%	-	-	14
H5a. Subsidiary Guaranteed Notes Turnover to First Lien Claimants	-	-	na	na	-	-	14
H6. General Unsecured Claims	-	-	na	na	-	-	14
H7. Pension Claims	446,123	223,061	0.0%	0.0%	-	-	14
H8. Intercompany Notes Payable	-	-	na	na	-	-	14
H9. Intercompany Claims - Prepetition	-	-	na	na	-	-	14
Total Unsecured Claims	\$ 948,142	\$ 725,081	0.0%	0.0%	\$ -	\$ -	
Total Admin, Priority, Unsecured Claims & Distributions	\$ 948,142	\$ 725,081	0.0%	0.0%	\$ -	\$ -	
Value Available for Equity Interests					\$ -	\$ -	15

Receivable, LLC
 Hypothetical Liquidation Analysis, Schedule 2
 (\$ in thousands)

I. TOTAL PROCEEDS AVAILABLE FOR DISTRIBUTION

	Net Book Value	Estimated Recovery (%)		Estimated Liquidation Value		See Note
		Lower	Higher	Lower	Higher	
A. STATEMENT OF ASSETS						
Cash and equivalents	\$ -	0%	0%	\$ -	\$ -	1
Accounts receivable	-	0%	0%	-	-	2
Other current assets	-	0%	0%	-	-	2
Inventory	-	0%	0%	-	-	2
Due from subsidiaries/affiliates	-	0%	0%	-	-	3
Property and equipment, net	-	0%	0%	-	-	2
Goodwill	-	0%	0%	-	-	4
Intangibles	-	0%	0%	-	-	4
Investments in subsidiaries	-	0%	0%	-	-	5
Restricted cash	-	0%	0%	-	-	4
Other assets	-	0%	0%	-	-	
STATEMENT OF ASSETS - CASINO SALE						
Casino	-	0%	0%	-	-	6
Interim cash flow	-	0%	0%	-	-	7
Total Assets / Gross Recovery	\$ -	0%	0%	\$ -	\$ -	
A1. ENCUMBERED COLLATERAL						
Cash and equivalents	\$ -	0%	0%	\$ -	\$ -	1
Accounts receivable	-	0%	0%	-	-	2
Other current assets	-	0%	0%	-	-	2
Inventory	-	0%	0%	-	-	2
Due from subsidiaries/affiliates	-	0%	0%	-	-	3
Property and equipment, net	-	0%	0%	-	-	2
Goodwill	-	0%	0%	-	-	4
Intangibles	-	0%	0%	-	-	4
Investments in subsidiaries	-	0%	0%	-	-	5
Restricted cash	-	0%	0%	-	-	4
Other assets	-	0%	0%	-	-	
Casino value and encumbered interim cash flow	-	0%	0%	-	-	6,7
Total Encumbered Collateral / Gross Recovery	\$ -	0%	0%	\$ -	\$ -	
A2. UNENCUMBERED ASSETS						
Cash and equivalents	\$ -	0%	0%	\$ -	\$ -	1
Accounts receivable	-	0%	0%	-	-	2
Other current assets	-	0%	0%	-	-	2
Inventory	-	0%	0%	-	-	2
Due from subsidiaries/affiliates	-	0%	0%	-	-	3
Property and equipment, net	-	0%	0%	-	-	2
Goodwill	-	0%	0%	-	-	4
Intangibles	-	0%	0%	-	-	4
Investments in subsidiaries	-	0%	0%	-	-	5
Restricted cash	-	0%	0%	-	-	4
Other assets	-	0%	0%	-	-	
Unencumbered interim cash flow	-	0%	0%	-	-	7
Total Unencumbered Assets / Gross Recovery	\$ -	0%	0%	\$ -	\$ -	
B. LITIGATION RECOVERIES						
B1. Encumbered Causes of Action				-	-	8
B2. Unencumbered Causes of Action, including Preferences				-	-	8
B3. Total Litigation Recoveries				\$ -	\$ -	
C. SUMMARY OF GROSS PROCEEDS						
C1. Encumbered Collateral Recovery (A1 + B1)				\$ -	\$ -	
C2. Unencumbered Assets Recovery (A2 + B2)				-	-	
C3. Total Gross Recovery Proceeds Available for Distribution				\$ -	\$ -	

Reclamation, LLC
 Hypothetical Liquidation Analysis - Schedule 2
 (\$ in thousands)

II. ALLOCATION OF PROCEEDS FROM ENCUMBERED COLLATERAL AVAILABLE FOR DISTRIBUTION

	Estimated Allowed Claims		Estimated Recovery (%)		Estimated Recovery on Secured Claims		See Note
	Lower	Higher	Lower	Higher	Lower	Higher	
Encumbered Gross Collateral Proceeds Available					\$ -	\$ -	
A. LESS: Section 506(c) Surcharges	\$ -	\$ -			\$ -	\$ -	9
B. Carve-Out Allocation	-	-			-	-	10
Proceeds Available to Secured Claims					\$ -	\$ -	
SECURED CLAIMS							
C. PLUS: Proceeds From Subsidiary Guaranteed Notes Turnover					-	-	14
Proceeds Available to Satisfy First Lien Secured Claims					\$ -	\$ -	
D. First Lien Secured Claims							
D1. First Lien Bank Claims	\$ -	\$ -	na	na	-	-	11
D2. First Lien Bond Claims	-	-	na	na	-	-	11
D3. First Lien Swap Claims	-	-	na	na	-	-	11
D4. Other First Lien Secured Claims	-	-	na	na	-	-	11
Total First Lien Claims & Recovery	\$ -	\$ -	na	na	\$ -	\$ -	
Proceeds Available to Satisfy Second Lien Secured Claims					\$ -	\$ -	
E. Second Lien Bond Claims	\$ -	\$ -	na	na	-	-	11
Total Second Lien Claims & Recovery	\$ -	\$ -	na	na	\$ -	\$ -	
F. Other Secured Claims	-	-			\$ -	\$ -	11
Total Secured Claims and Distributions	\$ -	\$ -	0.0%	0.0%	\$ -	\$ -	
Proceeds Available from Encumbered Collateral to Satisfy Administrative, Priority and Unsecured Claims					\$ -	\$ -	
Secured Lender Deficiency Claims (General Unsecured Claim)	\$ -	\$ -					

III. ALLOCATION OF PROCEEDS AVAILABLE TO SATISFY ADMINISTRATIVE, PRIORITY AND UNSECURED CLAIMS

	Estimated Allowed Claims		Estimated Recovery (%)		Estimated Recovery on Administrative, Priority and Unsecured Claims		See Note
	Lower	Higher	Lower	Higher	Lower	Higher	
Proceeds Available from Unencumbered Assets					\$ -	\$ -	
Section 506(c) Surcharges					-	-	9
Proceeds Available from Encumbered Collateral					-	-	
Proceeds Available to Satisfy Administrative, Priority and Unsecured Claims					\$ -	\$ -	
A. LESS: Carve-Out Allocation	\$ -	\$ -	na	na	\$ -	\$ -	10
Proceeds Available for Administrative Claims					\$ -	\$ -	
ADMINISTRATIVE CLAIMS							
B. Subsidiaries' Superpriority Admin Claims against CEOC	\$ -	\$ -	na	na	\$ -	\$ -	12
C. Chapter 7 Administrative Claims	-	-	na	na	-	-	12
D. Chapter 11 Administrative Claims	-	-	na	na	-	-	12
Proceeds Available for Priority Claims					\$ -	\$ -	
PRIORITY CLAIMS							
E. Employee Priority Claims	\$ -	\$ -	na	na	\$ -	\$ -	13
F. Priority Tax Claims	-	-	na	na	-	-	13
G. Other Priority Claims	-	-	na	na	-	-	13
Proceeds Available for Unsecured Claims					\$ -	\$ -	
UNSECURED CLAIMS							
H1. First Lien Deficiency Claims	\$ -	\$ -	na	na	\$ -	\$ -	14
H2. Second Lien Deficiency Claims	-	-	na	na	-	-	14
H3. Other Secured Deficiency Claims	-	-	na	na	-	-	14
H4. Senior Unsecured Notes Claims	-	-	na	na	-	-	14
H5. Subsidiary Guaranteed Notes Claims	502,019	502,019	0.0%	0.0%	-	-	14
H5a. Subsidiary Guaranteed Notes Turnover to First Lien Claimants	-	-	na	na	-	-	14
H6. General Unsecured Claims	-	-	na	na	-	-	14
H7. Pension Claims	446,123	223,061	0.0%	0.0%	-	-	14
H8. Intercompany Notes Payable	-	-	na	na	-	-	14
H9. Intercompany Claims - Prepetition	-	-	na	na	-	-	14
Total Unsecured Claims	\$ 948,142	\$ 725,081	0.0%	0.0%	\$ -	\$ -	
Total Admin, Priority, Unsecured Claims & Distributions	\$ 948,142	\$ 725,081	0.0%	0.0%	\$ -	\$ -	
Value Available for Equity Interests					\$ -	\$ -	15

I. TOTAL PROCEEDS AVAILABLE FOR DISTRIBUTION

	Net Book Value	Estimated Recovery (%)		Estimated Liquidation Value		See Note
		Lower	Higher	Lower	Higher	
A. STATEMENT OF ASSETS						
Cash and equivalents	\$ -	0%	0%	\$ -	\$ -	1
Accounts receivable	559	50%	75%	279	419	2
Other current assets	2	0%	0%	-	-	2
Inventory	-	0%	0%	-	-	2
Due from subsidiaries/affiliates	15,057	39%	73%	5,922	10,986	3
Property and equipment, net	-	0%	0%	-	-	2
Goodwill	-	0%	0%	-	-	4
Intangibles	-	0%	0%	-	-	4
Investments in subsidiaries	-	0%	0%	-	-	5
Restricted cash	-	0%	0%	-	-	4
Other assets	-	0%	0%	-	-	
STATEMENT OF ASSETS - CASINO SALE						
Casino	-	0%	0%	-	-	6
Interim cash flow	-	0%	0%	-	-	7
Total Assets / Gross Recovery	\$ 15,617	40%	73%	\$ 6,201	\$ 11,405	
A1. ENCUMBERED COLLATERAL						
Cash and equivalents	\$ -	0%	0%	\$ -	\$ -	1
Accounts receivable	559	50%	75%	279	419	2
Other current assets	2	0%	0%	-	-	2
Inventory	-	0%	0%	-	-	2
Due from subsidiaries/affiliates	15,057	39%	73%	5,922	10,986	3
Property and equipment, net	-	0%	0%	-	-	2
Goodwill	-	0%	0%	-	-	4
Intangibles	-	0%	0%	-	-	4
Investments in subsidiaries	-	0%	0%	-	-	5
Restricted cash	-	0%	0%	-	-	4
Other assets	-	0%	0%	-	-	
Casino value and encumbered interim cash flow	-	0%	0%	-	-	6,7
Total Encumbered Collateral / Gross Recovery	\$ 15,617	40%	73%	\$ 6,201	\$ 11,405	
A2. UNENCUMBERED ASSETS						
Cash and equivalents	\$ -	0%	0%	\$ -	\$ -	1
Accounts receivable	-	0%	0%	-	-	2
Other current assets	-	0%	0%	-	-	2
Inventory	-	0%	0%	-	-	2
Due from subsidiaries/affiliates	-	0%	0%	-	-	3
Property and equipment, net	-	0%	0%	-	-	2
Goodwill	-	0%	0%	-	-	4
Intangibles	-	0%	0%	-	-	4
Investments in subsidiaries	-	0%	0%	-	-	5
Restricted cash	-	0%	0%	-	-	4
Other assets	-	0%	0%	-	-	
Unencumbered interim cash flow	-	0%	0%	-	-	7
Total Unencumbered Assets / Gross Recovery	\$ -	0%	0%	\$ -	\$ -	
B. LITIGATION RECOVERIES						
B1. Encumbered Causes of Action				-	-	8
B2. Unencumbered Causes of Action, including Preferences				-	-	8
B3. Total Litigation Recoveries				\$ -	\$ -	
C. SUMMARY OF GROSS PROCEEDS						
C1. Encumbered Collateral Recovery (A1 + B1)				\$ 6,201	\$ 11,405	
C2. Unencumbered Assets Recovery (A2 + B2)				-	-	
C3. Total Gross Recovery Proceeds Available for Distribution				\$ 6,201	\$ 11,405	

II. ALLOCATION OF PROCEEDS FROM ENCUMBERED COLLATERAL AVAILABLE FOR DISTRIBUTION

	Estimated Allowed Claims		Estimated Recovery (%)		Estimated Recovery on Secured Claims		See Note
	Lower	Higher	Lower	Higher	Lower	Higher	
Encumbered Gross Collateral Proceeds Available					\$ 6,201	\$ 11,405	
A. LESS: Section 506(c) Surcharges	\$ -	\$ -			\$ -	\$ -	9
B. Carve-Out Allocation	-	-			-	-	10
Proceeds Available to Secured Claims					\$ 6,201	\$ 11,405	
SECURED CLAIMS							
C. PLUS: Proceeds From Subsidiary Guaranteed Notes Turnover					-	-	14
Proceeds Available to Satisfy First Lien Secured Claims					\$ 6,201	\$ 11,405	
D. First Lien Secured Claims							
D1. First Lien Bank Claims	\$ 2,791	\$ 5,064	100.0%	100.0%	2,791	5,064	11
D2. First Lien Bond Claims	3,388	6,300	100.0%	100.0%	3,388	6,300	11
D3. First Lien Swap Claims	22	41	100.0%	100.0%	22	41	11
D4. Other First Lien Secured Claims	-	-	na	na	-	-	11
Total First Lien Claims & Recovery	\$ 6,201	\$ 11,405	100.0%	100.0%	\$ 6,201	\$ 11,405	
Proceeds Available to Satisfy Second Lien Secured Claims					\$ -	\$ -	
E. Second Lien Bond Claims	\$ -	\$ -	na	na	-	-	11
Total Second Lien Claims & Recovery	\$ -	\$ -	na	na	\$ -	\$ -	
F. Other Secured Claims	-	-			\$ -	\$ -	11
Total Secured Claims and Distributions	\$ 6,201	\$ 11,405	100.0%	100.0%	\$ 6,201	\$ 11,405	
Proceeds Available from Encumbered Collateral to Satisfy Administrative, Priority and Unsecured Claims					\$ -	\$ -	
Secured Lender Deficiency Claims (General Unsecured Claim)	\$ -	\$ -					

III. ALLOCATION OF PROCEEDS AVAILABLE TO SATISFY ADMINISTRATIVE, PRIORITY AND UNSECURED CLAIMS

	Estimated Allowed Claims		Estimated Recovery (%)		Estimated Recovery on Administrative, Priority and Unsecured Claims		See Note
	Lower	Higher	Lower	Higher	Lower	Higher	
Proceeds Available from Unencumbered Assets					\$ -	\$ -	
Section 506(c) Surcharges					-	-	9
Proceeds Available from Encumbered Collateral					-	-	
Proceeds Available to Satisfy Administrative, Priority and Unsecured Claims					\$ -	\$ -	
A. LESS: Carve-Out Allocation	\$ -	\$ -	na	na	\$ -	\$ -	10
Proceeds Available for Administrative Claims					\$ -	\$ -	
ADMINISTRATIVE CLAIMS							
B. Subsidiaries' Superpriority Admin Claims against CEOC	\$ -	\$ -	na	na	\$ -	\$ -	12
C. Chapter 7 Administrative Claims	-	-	na	na	-	-	12
D. Chapter 11 Administrative Claims	-	-	na	na	-	-	12
Proceeds Available for Priority Claims					\$ -	\$ -	
PRIORITY CLAIMS							
E. Employee Priority Claims	\$ -	\$ -	na	na	\$ -	\$ -	13
F. Priority Tax Claims	-	-	na	na	-	-	13
G. Other Priority Claims	-	-	na	na	-	-	13
Proceeds Available for Unsecured Claims					\$ -	\$ -	
UNSECURED CLAIMS							
H1. First Lien Deficiency Claims	\$ -	\$ -	na	na	\$ -	\$ -	14
H2. Second Lien Deficiency Claims	-	-	na	na	-	-	14
H3. Other Secured Deficiency Claims	-	-	na	na	-	-	14
H4. Senior Unsecured Notes Claims	-	-	na	na	-	-	14
H5. Subsidiary Guaranteed Notes Claims	502,019	502,019	0.0%	0.0%	-	-	14
H5a. Subsidiary Guaranteed Notes Turnover to First Lien Claimants	-	-	na	na	-	-	14
H6. General Unsecured Claims	-	-	na	na	-	-	14
H7. Pension Claims	446,123	223,061	0.0%	0.0%	-	-	14
H8. Intercompany Notes Payable	-	-	na	na	-	-	14
H9. Intercompany Claims - Prepetition	-	-	na	na	-	-	14
Total Unsecured Claims	\$ 948,142	\$ 725,081	0.0%	0.0%	\$ -	\$ -	
Total Admin, Priority, Unsecured Claims & Distributions	\$ 948,142	\$ 725,081	0.0%	0.0%	\$ -	\$ -	
Value Available for Equity Interests					\$ -	\$ -	15

I. TOTAL PROCEEDS AVAILABLE FOR DISTRIBUTION

	Net Book Value	Estimated Recovery (%)		Estimated Liquidation Value		See Note
		Lower	Higher	Lower	Higher	
A. STATEMENT OF ASSETS						
Cash and equivalents	\$ -	0%	0%	\$ -	\$ -	1
Accounts receivable	1,495	50%	75%	748	1,121	2
Other current assets	-	0%	0%	-	-	2
Inventory	-	0%	0%	-	-	2
Due from subsidiaries/affiliates	33,636	36%	68%	12,057	22,939	3
Property and equipment, net	-	0%	0%	-	-	2
Goodwill	-	0%	0%	-	-	4
Intangibles	-	0%	0%	-	-	4
Investments in subsidiaries	-	0%	0%	-	-	5
Restricted cash	-	0%	0%	-	-	4
Other assets	-	0%	0%	-	-	
STATEMENT OF ASSETS - CASINO SALE						
Casino	-	0%	0%	-	-	6
Interim cash flow	-	0%	0%	-	-	7
Total Assets / Gross Recovery	\$ 35,131	36%	68%	\$ 12,805	\$ 24,060	
A1. ENCUMBERED COLLATERAL						
Cash and equivalents	\$ -	0%	0%	\$ -	\$ -	1
Accounts receivable	1,495	50%	75%	748	1,121	2
Other current assets	-	0%	0%	-	-	2
Inventory	-	0%	0%	-	-	2
Due from subsidiaries/affiliates	33,636	36%	68%	12,057	22,939	3
Property and equipment, net	-	0%	0%	-	-	2
Goodwill	-	0%	0%	-	-	4
Intangibles	-	0%	0%	-	-	4
Investments in subsidiaries	-	0%	0%	-	-	5
Restricted cash	-	0%	0%	-	-	4
Other assets	-	0%	0%	-	-	
Casino value and encumbered interim cash flow	-	0%	0%	-	-	6,7
Total Encumbered Collateral / Gross Recovery	\$ 35,131	36%	68%	\$ 12,805	\$ 24,060	
A2. UNENCUMBERED ASSETS						
Cash and equivalents	\$ -	0%	0%	\$ -	\$ -	1
Accounts receivable	-	0%	0%	-	-	2
Other current assets	-	0%	0%	-	-	2
Inventory	-	0%	0%	-	-	2
Due from subsidiaries/affiliates	-	0%	0%	-	-	3
Property and equipment, net	-	0%	0%	-	-	2
Goodwill	-	0%	0%	-	-	4
Intangibles	-	0%	0%	-	-	4
Investments in subsidiaries	-	0%	0%	-	-	5
Restricted cash	-	0%	0%	-	-	4
Other assets	-	0%	0%	-	-	
Unencumbered interim cash flow	-	0%	0%	-	-	7
Total Unencumbered Assets / Gross Recovery	\$ -	0%	0%	\$ -	\$ -	
B. LITIGATION RECOVERIES						
B1. Encumbered Causes of Action	-	-	-	-	-	8
B2. Unencumbered Causes of Action, including Preferences	-	-	-	-	-	8
B3. Total Litigation Recoveries	\$ -	\$ -	\$ -	\$ -	\$ -	
C. SUMMARY OF GROSS PROCEEDS						
C1. Encumbered Collateral Recovery (A1 + B1)	-	-	-	\$ 12,805	\$ 24,060	
C2. Unencumbered Assets Recovery (A2 + B2)	-	-	-	-	-	
C3. Total Gross Recovery Proceeds Available for Distribution	\$ -	\$ -	\$ -	\$ 12,805	\$ 24,060	

II. ALLOCATION OF PROCEEDS FROM ENCUMBERED COLLATERAL AVAILABLE FOR DISTRIBUTION

	Estimated Allowed Claims		Estimated Recovery (%)		Estimated Recovery on Secured Claims		See Note
	Lower	Higher	Lower	Higher	Lower	Higher	
Encumbered Gross Collateral Proceeds Available					\$ 12,805	\$ 24,060	
A. LESS: Section 506(c) Surcharges	\$ -	\$ -			\$ -	\$ -	9
B. Carve-Out Allocation	-	-			-	-	10
Proceeds Available to Secured Claims					<u>\$ 12,805</u>	<u>\$ 24,060</u>	
SECURED CLAIMS							
C. PLUS: Proceeds From Subsidiary Guaranteed Notes Turnover					-	-	14
Proceeds Available to Satisfy First Lien Secured Claims					<u>\$ 12,805</u>	<u>\$ 24,060</u>	
D. First Lien Secured Claims							
D1. First Lien Bank Claims	\$ 5,763	\$ 10,684	100.0%	100.0%	5,763	10,684	11
D2. First Lien Bond Claims	6,995	13,290	100.0%	100.0%	6,995	13,290	11
D3. First Lien Swap Claims	46	86	100.0%	100.0%	46	86	11
D4. Other First Lien Secured Claims	-	-	na	na	-	-	11
Total First Lien Claims & Recovery	<u>\$ 12,805</u>	<u>\$ 24,060</u>	100.0%	100.0%	<u>\$ 12,805</u>	<u>\$ 24,060</u>	
Proceeds Available to Satisfy Second Lien Secured Claims					<u>\$ -</u>	<u>\$ -</u>	
E. Second Lien Bond Claims	\$ -	\$ -	na	na	-	-	11
Total Second Lien Claims & Recovery	<u>\$ -</u>	<u>\$ -</u>	na	na	<u>\$ -</u>	<u>\$ -</u>	
F. Other Secured Claims	-	-			\$ -	\$ -	11
Total Secured Claims and Distributions	<u>\$ 12,805</u>	<u>\$ 24,060</u>	100.0%	100.0%	<u>\$ 12,805</u>	<u>\$ 24,060</u>	
Proceeds Available from Encumbered Collateral to Satisfy Administrative, Priority and Unsecured Claims					<u>\$ -</u>	<u>\$ -</u>	
Secured Lender Deficiency Claims (General Unsecured Claim)	<u>\$ -</u>	<u>\$ -</u>					

III. ALLOCATION OF PROCEEDS AVAILABLE TO SATISFY ADMINISTRATIVE, PRIORITY AND UNSECURED CLAIMS

	Estimated Allowed Claims		Estimated Recovery (%)		Estimated Recovery on Administrative, Priority and Unsecured Claims		See Note
	Lower	Higher	Lower	Higher	Lower	Higher	
Proceeds Available from Unencumbered Assets					\$ -	\$ -	
Section 506(c) Surcharges					-	-	9
Proceeds Available from Encumbered Collateral					-	-	
Proceeds Available to Satisfy Administrative, Priority and Unsecured Claims					\$ -	\$ -	
A. LESS: Carve-Out Allocation	\$ -	\$ -	na	na	\$ -	\$ -	10
Proceeds Available for Administrative Claims					\$ -	\$ -	
ADMINISTRATIVE CLAIMS							
B. Subsidiaries' Superpriority Admin Claims against CEOC	\$ -	\$ -	na	na	\$ -	\$ -	12
C. Chapter 7 Administrative Claims	-	-	na	na	-	-	12
D. Chapter 11 Administrative Claims	-	-	na	na	-	-	12
Proceeds Available for Priority Claims					\$ -	\$ -	
PRIORITY CLAIMS							
E. Employee Priority Claims	\$ -	\$ -	na	na	\$ -	\$ -	13
F. Priority Tax Claims	-	-	na	na	-	-	13
G. Other Priority Claims	-	-	na	na	-	-	13
Proceeds Available for Unsecured Claims					\$ -	\$ -	
UNSECURED CLAIMS							
H1. First Lien Deficiency Claims	\$ -	\$ -	na	na	\$ -	\$ -	14
H2. Second Lien Deficiency Claims	-	-	na	na	-	-	14
H3. Other Secured Deficiency Claims	-	-	na	na	-	-	14
H4. Senior Unsecured Notes Claims	-	-	na	na	-	-	14
H5. Subsidiary Guaranteed Notes Claims	502,019	502,019	0.0%	0.0%	-	-	14
H5a. Subsidiary Guaranteed Notes Turnover to First Lien Claimants	-	-	na	na	-	-	14
H6. General Unsecured Claims	98	98	0.0%	0.0%	-	-	14
H7. Pension Claims	446,123	223,061	0.0%	0.0%	-	-	14
H8. Intercompany Notes Payable	-	-	na	na	-	-	14
H9. Intercompany Claims - Prepetition	-	-	na	na	-	-	14
Total Unsecured Claims	\$ 948,240	\$ 725,179	0.0%	0.0%	\$ -	\$ -	
Total Admin, Priority, Unsecured Claims & Distributions	\$ 948,240	\$ 725,179	0.0%	0.0%	\$ -	\$ -	
Value Available for Equity Interests					\$ -	\$ -	15

Harrah's Entertainment Operating Company
 Hypothetical Liquidation Analysis Schedule 7
 (\$ in thousands)

II. ALLOCATION OF PROCEEDS FROM ENCUMBERED COLLATERAL AVAILABLE FOR DISTRIBUTION

	Estimated Allowed Claims		Estimated Recovery (%)		Estimated Recovery on Secured Claims		See Note
	Lower	Higher	Lower	Higher	Lower	Higher	
Encumbered Gross Collateral Proceeds Available					\$ -	\$ 1,015	
A. LESS: Section 506(c) Surcharges	\$ -	\$ -			\$ -	\$ -	9
B. Carve-Out Allocation	-	-			-	-	10
Proceeds Available to Secured Claims					\$ -	\$ 1,015	
SECURED CLAIMS							
C. PLUS: Proceeds From Subsidiary Guaranteed Notes Turnover					-	-	14
Proceeds Available to Satisfy First Lien Secured Claims					\$ -	\$ 1,015	
D. First Lien Secured Claims							
D1. First Lien Bank Claims	\$ -	\$ -	na	na	-	-	11
D2. First Lien Bond Claims	-	-	na	na	-	-	11
D3. First Lien Swap Claims	-	-	na	na	-	-	11
D4. Other First Lien Secured Claims	-	-	na	na	-	-	11
Total First Lien Claims & Recovery	\$ -	\$ -	na	na	\$ -	\$ -	
Proceeds Available to Satisfy Second Lien Secured Claims					\$ -	\$ 1,015	
E. Second Lien Bond Claims	\$ -	\$ -	na	na	-	-	11
Total Second Lien Claims & Recovery	\$ -	\$ -	na	na	\$ -	\$ -	
F. Other Secured Claims	-	-			\$ -	\$ -	11
Total Secured Claims and Distributions	\$ -	\$ -	0.0%	0.0%	\$ -	\$ -	
Proceeds Available from Encumbered Collateral to Satisfy Administrative, Priority and Unsecured Claims					\$ -	\$ 1,015	
Secured Lender Deficiency Claims (General Unsecured Claim)	\$ -	\$ -					

I. TOTAL PROCEEDS AVAILABLE FOR DISTRIBUTION

	Net Book Value	Estimated Recovery (%)		Estimated Liquidation Value		See Note
		Lower	Higher	Lower	Higher	
A. STATEMENT OF ASSETS						
Cash and equivalents	\$ -	0%	0%	\$ -	\$ -	1
Accounts receivable	-	0%	0%	-	-	2
Other current assets	-	0%	0%	-	-	2
Inventory	-	0%	0%	-	-	2
Due from subsidiaries/affiliates	-	0%	0%	-	-	3
Property and equipment, net	-	0%	0%	-	-	2
Goodwill	-	0%	0%	-	-	4
Intangibles	-	0%	0%	-	-	4
Investments in subsidiaries	-	0%	0%	-	-	5
Restricted cash	-	0%	0%	-	-	4
Other assets	-	0%	0%	-	-	
STATEMENT OF ASSETS - CASINO SALE						
Casino	-	0%	0%	-	-	6
Interim cash flow	-	0%	0%	-	-	7
Total Assets / Gross Recovery	\$ -	0%	0%	\$ -	\$ -	
A1. ENCUMBERED COLLATERAL						
Cash and equivalents	\$ -	0%	0%	\$ -	\$ -	1
Accounts receivable	-	0%	0%	-	-	2
Other current assets	-	0%	0%	-	-	2
Inventory	-	0%	0%	-	-	2
Due from subsidiaries/affiliates	-	0%	0%	-	-	3
Property and equipment, net	-	0%	0%	-	-	2
Goodwill	-	0%	0%	-	-	4
Intangibles	-	0%	0%	-	-	4
Investments in subsidiaries	-	0%	0%	-	-	5
Restricted cash	-	0%	0%	-	-	4
Other assets	-	0%	0%	-	-	
Casino value and encumbered interim cash flow	-	0%	0%	-	-	6,7
Total Encumbered Collateral / Gross Recovery	\$ -	0%	0%	\$ -	\$ -	
A2. UNENCUMBERED ASSETS						
Cash and equivalents	\$ -	0%	0%	\$ -	\$ -	1
Accounts receivable	-	0%	0%	-	-	2
Other current assets	-	0%	0%	-	-	2
Inventory	-	0%	0%	-	-	2
Due from subsidiaries/affiliates	-	0%	0%	-	-	3
Property and equipment, net	-	0%	0%	-	-	2
Goodwill	-	0%	0%	-	-	4
Intangibles	-	0%	0%	-	-	4
Investments in subsidiaries	-	0%	0%	-	-	5
Restricted cash	-	0%	0%	-	-	4
Other assets	-	0%	0%	-	-	
Unencumbered interim cash flow	-	0%	0%	-	-	7
Total Unencumbered Assets / Gross Recovery	\$ -	0%	0%	\$ -	\$ -	
B. LITIGATION RECOVERIES						
B1. Encumbered Causes of Action	-	-	-	-	-	8
B2. Unencumbered Causes of Action, including Preferences	-	-	-	-	-	8
B3. Total Litigation Recoveries	\$ -			\$ -	\$ -	
C. SUMMARY OF GROSS PROCEEDS						
C1. Encumbered Collateral Recovery (A1 + B1)	-	-	-	\$ -	\$ -	
C2. Unencumbered Assets Recovery (A2 + B2)	-	-	-	-	-	
C3. Total Gross Recovery Proceeds Available for Distribution	\$ -			\$ -	\$ -	

II. ALLOCATION OF PROCEEDS FROM ENCUMBERED COLLATERAL AVAILABLE FOR DISTRIBUTION

	Estimated Allowed Claims		Estimated Recovery (%)		Estimated Recovery on Secured Claims		See Note
	Lower	Higher	Lower	Higher	Lower	Higher	
Encumbered Gross Collateral Proceeds Available					\$ -	\$ -	
A. LESS: Section 506(c) Surcharges	\$ -	\$ -			\$ -	\$ -	9
B. Carve-Out Allocation	-	-			-	-	10
Proceeds Available to Secured Claims					<u>\$ -</u>	<u>\$ -</u>	
SECURED CLAIMS							
C. PLUS: Proceeds From Subsidiary Guaranteed Notes Turnover					-	-	14
Proceeds Available to Satisfy First Lien Secured Claims					<u>\$ -</u>	<u>\$ -</u>	
D. First Lien Secured Claims							
D1. First Lien Bank Claims	\$ -	\$ -	na	na	-	-	11
D2. First Lien Bond Claims	-	-	na	na	-	-	11
D3. First Lien Swap Claims	-	-	na	na	-	-	11
D4. Other First Lien Secured Claims	-	-	na	na	-	-	11
Total First Lien Claims & Recovery	<u>\$ -</u>	<u>\$ -</u>	na	na	<u>\$ -</u>	<u>\$ -</u>	
Proceeds Available to Satisfy Second Lien Secured Claims					<u>\$ -</u>	<u>\$ -</u>	
E. Second Lien Bond Claims	\$ -	\$ -	na	na	-	-	11
Total Second Lien Claims & Recovery	<u>\$ -</u>	<u>\$ -</u>	na	na	<u>\$ -</u>	<u>\$ -</u>	
F. Other Secured Claims	-	-			\$ -	\$ -	11
Total Secured Claims and Distributions	<u>\$ -</u>	<u>\$ -</u>	0.0%	0.0%	<u>\$ -</u>	<u>\$ -</u>	
Proceeds Available from Encumbered Collateral to Satisfy Administrative, Priority and Unsecured Claims					<u><u>\$ -</u></u>	<u><u>\$ -</u></u>	
Secured Lender Deficiency Claims (General Unsecured Claim)	<u><u>\$ -</u></u>	<u><u>\$ -</u></u>					

Filed Pursuant to Chapter 11
 Reorganization of the Debtor
 Under the U.S. Bankruptcy Code
 (in thousands)

III. ALLOCATION OF PROCEEDS AVAILABLE TO SATISFY ADMINISTRATIVE, PRIORITY AND UNSECURED CLAIMS

	Estimated Allowed Claims		Estimated Recovery (%)		Estimated Recovery on Administrative, Priority and Unsecured Claims		See Note
	Lower	Higher	Lower	Higher	Lower	Higher	
Proceeds Available from Unencumbered Assets					\$ -	\$ -	
Section 506(c) Surcharges					-	-	9
Proceeds Available from Encumbered Collateral					-	-	
Proceeds Available to Satisfy Administrative, Priority and Unsecured Claims					\$ -	\$ -	
A. LESS: Carve-Out Allocation	\$ -	\$ -	na	na	\$ -	\$ -	10
Proceeds Available for Administrative Claims					\$ -	\$ -	
ADMINISTRATIVE CLAIMS							
B. Subsidiaries' Superpriority Admin Claims against CEOC	\$ -	\$ -	na	na	\$ -	\$ -	12
C. Chapter 7 Administrative Claims	-	-	na	na	-	-	12
D. Chapter 11 Administrative Claims	-	-	na	na	-	-	12
Proceeds Available for Priority Claims					\$ -	\$ -	
PRIORITY CLAIMS							
E. Employee Priority Claims	\$ -	\$ -	na	na	\$ -	\$ -	13
F. Priority Tax Claims	-	-	na	na	-	-	13
G. Other Priority Claims	-	-	na	na	-	-	13
Proceeds Available for Unsecured Claims					\$ -	\$ -	
UNSECURED CLAIMS							
H1. First Lien Deficiency Claims	\$ -	\$ -	na	na	\$ -	\$ -	14
H2. Second Lien Deficiency Claims	-	-	na	na	-	-	14
H3. Other Secured Deficiency Claims	-	-	na	na	-	-	14
H4. Senior Unsecured Notes Claims	-	-	na	na	-	-	14
H5. Subsidiary Guaranteed Notes Claims	502,019	502,019	0.0%	0.0%	-	-	14
H5a. Subsidiary Guaranteed Notes Turnover to First Lien Claimants	-	-	na	na	-	-	14
H6. General Unsecured Claims	-	-	na	na	-	-	14
H7. Pension Claims	446,123	223,061	0.0%	0.0%	-	-	14
H8. Intercompany Notes Payable	-	-	na	na	-	-	14
H9. Intercompany Claims - Prepetition	0	0	0.0%	0.0%	-	-	14
Total Unsecured Claims	\$ 948,142	\$ 725,081	0.0%	0.0%	\$ -	\$ -	
Total Admin, Priority, Unsecured Claims & Distributions	\$ 948,142	\$ 725,081	0.0%	0.0%	\$ -	\$ -	
Value Available for Equity Interests					\$ -	\$ -	15

I. TOTAL PROCEEDS AVAILABLE FOR DISTRIBUTION

	Net Book Value	Estimated Recovery (%)		Estimated Liquidation Value		See Note
		Lower	Higher	Lower	Higher	
A. STATEMENT OF ASSETS						
Cash and equivalents	\$ -	0%	0%	\$ -	\$ -	1
Accounts receivable	-	0%	0%	-	-	2
Other current assets	-	0%	0%	-	-	2
Inventory	-	0%	0%	-	-	2
Due from subsidiaries/affiliates	18,664	4%	24%	656	4,474	3
Property and equipment, net	-	0%	0%	-	-	2
Goodwill	-	0%	0%	-	-	4
Intangibles	-	0%	0%	-	-	4
Investments in subsidiaries	-	0%	0%	-	-	5
Restricted cash	-	0%	0%	-	-	4
Other assets	-	0%	0%	-	-	
STATEMENT OF ASSETS - CASINO SALE						
Casino	-	0%	0%	-	-	6
Interim cash flow	-	0%	0%	-	-	7
Total Assets / Gross Recovery	\$ 18,664	4%	24%	\$ 656	\$ 4,474	
A1. ENCUMBERED COLLATERAL						
Cash and equivalents	\$ -	0%	0%	\$ -	\$ -	1
Accounts receivable	-	0%	0%	-	-	2
Other current assets	-	0%	0%	-	-	2
Inventory	-	0%	0%	-	-	2
Due from subsidiaries/affiliates	-	0%	0%	-	-	3
Property and equipment, net	-	0%	0%	-	-	2
Goodwill	-	0%	0%	-	-	4
Intangibles	-	0%	0%	-	-	4
Investments in subsidiaries	-	0%	0%	-	-	5
Restricted cash	-	0%	0%	-	-	4
Other assets	-	0%	0%	-	-	
Casino value and encumbered interim cash flow	-	0%	0%	-	-	6,7
Total Encumbered Collateral / Gross Recovery	\$ -	0%	0%	\$ -	\$ -	
A2. UNENCUMBERED ASSETS						
Cash and equivalents	\$ -	0%	0%	\$ -	\$ -	1
Accounts receivable	-	0%	0%	-	-	2
Other current assets	-	0%	0%	-	-	2
Inventory	-	0%	0%	-	-	2
Due from subsidiaries/affiliates	18,664	4%	24%	656	4,474	3
Property and equipment, net	-	0%	0%	-	-	2
Goodwill	-	0%	0%	-	-	4
Intangibles	-	0%	0%	-	-	4
Investments in subsidiaries	-	0%	0%	-	-	5
Restricted cash	-	0%	0%	-	-	4
Other assets	-	0%	0%	-	-	
Unencumbered interim cash flow	-	0%	0%	-	-	7
Total Unencumbered Assets / Gross Recovery	\$ 18,664	4%	24%	\$ 656	\$ 4,474	
B. LITIGATION RECOVERIES						
B1. Encumbered Causes of Action				-	-	8
B2. Unencumbered Causes of Action, including Preferences				-	-	8
B3. Total Litigation Recoveries				\$ -	\$ -	
C. SUMMARY OF GROSS PROCEEDS						
C1. Encumbered Collateral Recovery (A1 + B1)				\$ -	\$ -	
C2. Unencumbered Assets Recovery (A2 + B2)				656	4,474	
C3. Total Gross Recovery Proceeds Available for Distribution				\$ 656	\$ 4,474	

II. ALLOCATION OF PROCEEDS FROM ENCUMBERED COLLATERAL AVAILABLE FOR DISTRIBUTION

	Estimated Allowed Claims		Estimated Recovery (%)		Estimated Recovery on Secured Claims		See Note
	Lower	Higher	Lower	Higher	Lower	Higher	
Encumbered Gross Collateral Proceeds Available					\$ -	\$ -	
A. LESS: Section 506(c) Surcharges	\$ -	\$ -			\$ -	\$ -	9
B. Carve-Out Allocation	-	-			-	-	10
Proceeds Available to Secured Claims					\$ -	\$ -	
SECURED CLAIMS							
C. PLUS: Proceeds From Subsidiary Guaranteed Notes Turnover					-	-	14
Proceeds Available to Satisfy First Lien Secured Claims					\$ -	\$ -	
D. First Lien Secured Claims							
D1. First Lien Bank Claims	\$ -	\$ -	na	na	-	-	11
D2. First Lien Bond Claims	-	-	na	na	-	-	11
D3. First Lien Swap Claims	-	-	na	na	-	-	11
D4. Other First Lien Secured Claims	-	-	na	na	-	-	11
Total First Lien Claims & Recovery	\$ -	\$ -	na	na	\$ -	\$ -	
Proceeds Available to Satisfy Second Lien Secured Claims					\$ -	\$ -	
E. Second Lien Bond Claims	\$ -	\$ -	na	na	-	-	11
Total Second Lien Claims & Recovery	\$ -	\$ -	na	na	\$ -	\$ -	
F. Other Secured Claims	-	-			\$ -	\$ -	11
Total Secured Claims and Distributions	\$ -	\$ -	0.0%	0.0%	\$ -	\$ -	
Proceeds Available from Encumbered Collateral to Satisfy Administrative, Priority and Unsecured Claims					\$ -	\$ -	
Secured Lender Deficiency Claims (General Unsecured Claim)	\$ -	\$ -					

Revised 06/06/16
 Hypothetical Liquidation Analysis - Schedule 2
 (\$ in thousands)

III. ALLOCATION OF PROCEEDS AVAILABLE TO SATISFY ADMINISTRATIVE, PRIORITY AND UNSECURED CLAIMS

	Estimated Allowed Claims		Estimated Recovery (%)		Estimated Recovery on Administrative, Priority and Unsecured Claims		See Note
	Lower	Higher	Lower	Higher	Lower	Higher	
Proceeds Available from Unencumbered Assets					\$ 656	\$ 4,474	
Section 506(c) Surcharges					-	-	9
Proceeds Available from Encumbered Collateral					-	-	
Proceeds Available to Satisfy Administrative, Priority and Unsecured Claims					\$ 656	\$ 4,474	
A. LESS: Carve-Out Allocation	\$ 16	\$ 26	100.0%	100.0%	\$ 16	\$ 26	10
Proceeds Available for Administrative Claims					\$ 640	\$ 4,448	
ADMINISTRATIVE CLAIMS							
B. Subsidiaries' Superpriority Admin Claims against CEOC	\$ -	\$ -	na	na	\$ -	\$ -	12
C. Chapter 7 Administrative Claims	87	96	100.0%	100.0%	87	96	12
D. Chapter 11 Administrative Claims	-	-	na	na	-	-	12
Proceeds Available for Priority Claims					\$ 553	\$ 4,352	
PRIORITY CLAIMS							
E. Employee Priority Claims	\$ -	\$ -	na	na	\$ -	\$ -	13
F. Priority Tax Claims	-	-	na	na	-	-	13
G. Other Priority Claims	-	-	na	na	-	-	13
Proceeds Available for Unsecured Claims					\$ 553	\$ 4,352	
UNSECURED CLAIMS							
H1. First Lien Deficiency Claims	\$ -	\$ -	na	na	\$ -	\$ -	14
H2. Second Lien Deficiency Claims	-	-	na	na	-	-	14
H3. Other Secured Deficiency Claims	-	-	na	na	-	-	14
H4. Senior Unsecured Notes Claims	-	-	na	na	-	-	14
H5. Subsidiary Guaranteed Notes Claims	-	-	na	na	-	-	14
H5a. Subsidiary Guaranteed Notes Turnover to First Lien Claimants	-	-	na	na	-	-	14
H6. General Unsecured Claims	0	0	100.0%	100.0%	0	0	14
H7. Pension Claims	446,123	223,061	0.1%	0.1%	382	236	14
H8. Intercompany Notes Payable	-	-	na	na	-	-	14
H9. Intercompany Claims - Prepetition	-	-	na	na	-	-	14
Total Unsecured Claims	\$ 446,123	\$ 223,061	0.1%	0.1%	\$ 382	\$ 236	
Total Admin, Priority, Unsecured Claims & Distributions	\$ 446,226	\$ 223,184	0.1%	0.2%	\$ 485	\$ 359	
Value Available for Equity Interests					\$ 171	\$ 4,116	15

I. TOTAL PROCEEDS AVAILABLE FOR DISTRIBUTION

	Net Book Value	Estimated Recovery (%)		Estimated Liquidation Value		See Note
		Lower	Higher	Lower	Higher	
A. STATEMENT OF ASSETS						
Cash and equivalents	\$ -	0%	0%	\$ -	\$ -	1
Accounts receivable	-	0%	0%	-	-	2
Other current assets	-	0%	0%	-	-	2
Inventory	-	0%	0%	-	-	2
Due from subsidiaries/affiliates	-	0%	0%	-	-	3
Property and equipment, net	-	0%	0%	-	-	2
Goodwill	-	0%	0%	-	-	4
Intangibles	-	0%	0%	-	-	4
Investments in subsidiaries	-	0%	0%	-	-	5
Restricted cash	-	0%	0%	-	-	4
Other assets	-	0%	0%	-	-	
STATEMENT OF ASSETS - CASINO SALE						
Casino	-	0%	0%	-	-	6
Interim cash flow	-	0%	0%	-	-	7
Total Assets / Gross Recovery	\$ -	0%	0%	\$ -	\$ -	
A1. ENCUMBERED COLLATERAL						
Cash and equivalents	\$ -	0%	0%	\$ -	\$ -	1
Accounts receivable	-	0%	0%	-	-	2
Other current assets	-	0%	0%	-	-	2
Inventory	-	0%	0%	-	-	2
Due from subsidiaries/affiliates	-	0%	0%	-	-	3
Property and equipment, net	-	0%	0%	-	-	2
Goodwill	-	0%	0%	-	-	4
Intangibles	-	0%	0%	-	-	4
Investments in subsidiaries	-	0%	0%	-	-	5
Restricted cash	-	0%	0%	-	-	4
Other assets	-	0%	0%	-	-	
Casino value and encumbered interim cash flow	-	0%	0%	-	-	6,7
Total Encumbered Collateral / Gross Recovery	\$ -	0%	0%	\$ -	\$ -	
A2. UNENCUMBERED ASSETS						
Cash and equivalents	\$ -	0%	0%	\$ -	\$ -	1
Accounts receivable	-	0%	0%	-	-	2
Other current assets	-	0%	0%	-	-	2
Inventory	-	0%	0%	-	-	2
Due from subsidiaries/affiliates	-	0%	0%	-	-	3
Property and equipment, net	-	0%	0%	-	-	2
Goodwill	-	0%	0%	-	-	4
Intangibles	-	0%	0%	-	-	4
Investments in subsidiaries	-	0%	0%	-	-	5
Restricted cash	-	0%	0%	-	-	4
Other assets	-	0%	0%	-	-	
Unencumbered interim cash flow	-	0%	0%	-	-	7
Total Unencumbered Assets / Gross Recovery	\$ -	0%	0%	\$ -	\$ -	
B. LITIGATION RECOVERIES						
B1. Encumbered Causes of Action	-	-	-	-	-	8
B2. Unencumbered Causes of Action, including Preferences	-	-	-	-	-	8
B3. Total Litigation Recoveries	\$ -			\$ -	\$ -	
C. SUMMARY OF GROSS PROCEEDS						
C1. Encumbered Collateral Recovery (A1 + B1)	-	-	-	\$ -	\$ -	
C2. Unencumbered Assets Recovery (A2 + B2)	-	-	-	-	-	
C3. Total Gross Recovery Proceeds Available for Distribution	\$ -			\$ -	\$ -	

II. ALLOCATION OF PROCEEDS FROM ENCUMBERED COLLATERAL AVAILABLE FOR DISTRIBUTION

	Estimated Allowed Claims		Estimated Recovery (%)		Estimated Recovery on Secured Claims		See Note
	Lower	Higher	Lower	Higher	Lower	Higher	
Encumbered Gross Collateral Proceeds Available					\$ -	\$ -	
A. LESS: Section 506(c) Surcharges	\$ -	\$ -			\$ -	\$ -	9
B. Carve-Out Allocation	-	-			-	-	10
Proceeds Available to Secured Claims					\$ -	\$ -	
SECURED CLAIMS							
C. PLUS: Proceeds From Subsidiary Guaranteed Notes Turnover					-	-	14
Proceeds Available to Satisfy First Lien Secured Claims					\$ -	\$ -	
D. First Lien Secured Claims							
D1. First Lien Bank Claims	\$ -	\$ -	na	na	-	-	11
D2. First Lien Bond Claims	-	-	na	na	-	-	11
D3. First Lien Swap Claims	-	-	na	na	-	-	11
D4. Other First Lien Secured Claims	-	-	na	na	-	-	11
Total First Lien Claims & Recovery	\$ -	\$ -	na	na	\$ -	\$ -	
Proceeds Available to Satisfy Second Lien Secured Claims					\$ -	\$ -	
E. Second Lien Bond Claims	\$ -	\$ -	na	na	-	-	11
Total Second Lien Claims & Recovery	\$ -	\$ -	na	na	\$ -	\$ -	
F. Other Secured Claims	-	-			\$ -	\$ -	11
Total Secured Claims and Distributions	\$ -	\$ -	0.0%	0.0%	\$ -	\$ -	
Proceeds Available from Encumbered Collateral to Satisfy Administrative, Priority and Unsecured Claims					\$ -	\$ -	
Secured Lender Deficiency Claims (General Unsecured Claim)	\$ -	\$ -					

III. ALLOCATION OF PROCEEDS AVAILABLE TO SATISFY ADMINISTRATIVE, PRIORITY AND UNSECURED CLAIMS

	Estimated Allowed Claims		Estimated Recovery (%)		Estimated Recovery on Administrative, Priority and Unsecured Claims		See Note
	Lower	Higher	Lower	Higher	Lower	Higher	
Proceeds Available from Unencumbered Assets					\$ -	\$ -	
Section 506(c) Surcharges					-	-	9
Proceeds Available from Encumbered Collateral					-	-	
Proceeds Available to Satisfy Administrative, Priority and Unsecured Claims					\$ -	\$ -	
A. LESS: Carve-Out Allocation	\$ -	\$ -	na	na	\$ -	\$ -	10
Proceeds Available for Administrative Claims					\$ -	\$ -	
ADMINISTRATIVE CLAIMS							
B. Subsidiaries' Superpriority Admin Claims against CEOC	\$ -	\$ -	na	na	\$ -	\$ -	12
C. Chapter 7 Administrative Claims	-	-	na	na	-	-	12
D. Chapter 11 Administrative Claims	-	-	na	na	-	-	12
Proceeds Available for Priority Claims					\$ -	\$ -	
PRIORITY CLAIMS							
E. Employee Priority Claims	\$ -	\$ -	na	na	\$ -	\$ -	13
F. Priority Tax Claims	-	-	na	na	-	-	13
G. Other Priority Claims	-	-	na	na	-	-	13
Proceeds Available for Unsecured Claims					\$ -	\$ -	
UNSECURED CLAIMS							
H1. First Lien Deficiency Claims	\$ -	\$ -	na	na	\$ -	\$ -	14
H2. Second Lien Deficiency Claims	-	-	na	na	-	-	14
H3. Other Secured Deficiency Claims	-	-	na	na	-	-	14
H4. Senior Unsecured Notes Claims	-	-	na	na	-	-	14
H5. Subsidiary Guaranteed Notes Claims	502,019	502,019	0.0%	0.0%	-	-	14
H5a. Subsidiary Guaranteed Notes Turnover to First Lien Claimants	-	-	na	na	-	-	14
H6. General Unsecured Claims	-	-	na	na	-	-	14
H7. Pension Claims	446,123	223,061	0.0%	0.0%	-	-	14
H8. Intercompany Notes Payable	-	-	na	na	-	-	14
H9. Intercompany Claims - Prepetition	0	0	0.0%	0.0%	-	-	14
Total Unsecured Claims	\$ 948,142	\$ 725,081	0.0%	0.0%	\$ -	\$ -	
Total Admin, Priority, Unsecured Claims & Distributions	\$ 948,142	\$ 725,081	0.0%	0.0%	\$ -	\$ -	
Value Available for Equity Interests					\$ -	\$ -	15

II. ALLOCATION OF PROCEEDS FROM ENCUMBERED COLLATERAL AVAILABLE FOR DISTRIBUTION

	Estimated Allowed Claims		Estimated Recovery (%)		Estimated Recovery on Secured Claims		See Note
	Lower	Higher	Lower	Higher	Lower	Higher	
Encumbered Gross Collateral Proceeds Available					\$ -	\$ -	
A. LESS: Section 506(c) Surcharges	\$ -	\$ -			\$ -	\$ -	9
B. Carve-Out Allocation	-	-			-	-	10
Proceeds Available to Secured Claims					\$ -	\$ -	
SECURED CLAIMS							
C. PLUS: Proceeds From Subsidiary Guaranteed Notes Turnover					-	-	14
Proceeds Available to Satisfy First Lien Secured Claims					\$ -	\$ -	
D. First Lien Secured Claims							
D1. First Lien Bank Claims	\$ -	\$ -	na	na	-	-	11
D2. First Lien Bond Claims	-	-	na	na	-	-	11
D3. First Lien Swap Claims	-	-	na	na	-	-	11
D4. Other First Lien Secured Claims	-	-	na	na	-	-	11
Total First Lien Claims & Recovery	\$ -	\$ -	na	na	\$ -	\$ -	
Proceeds Available to Satisfy Second Lien Secured Claims					\$ -	\$ -	
E. Second Lien Bond Claims	\$ -	\$ -	na	na	-	-	11
Total Second Lien Claims & Recovery	\$ -	\$ -	na	na	\$ -	\$ -	
F. Other Secured Claims	-	-			\$ -	\$ -	11
Total Secured Claims and Distributions	\$ -	\$ -	0.0%	0.0%	\$ -	\$ -	
Proceeds Available from Encumbered Collateral to Satisfy Administrative, Priority and Unsecured Claims					\$ -	\$ -	
Secured Lender Deficiency Claims (General Unsecured Claim)	\$ -	\$ -					

the Liquidation Analysis
 Hypothetical Liquidation Analysis Schedule 2
 (\$ in thousands)

I. TOTAL PROCEEDS AVAILABLE FOR DISTRIBUTION

	Net Book Value	Estimated Recovery (%)		Estimated Liquidation Value		See Note
		Lower	Higher	Lower	Higher	
		A. STATEMENT OF ASSETS				
Cash and equivalents	\$ -	0%	0%	\$ -	\$ -	1
Accounts receivable	-	0%	0%	-	-	2
Other current assets	-	0%	0%	-	-	2
Inventory	-	0%	0%	-	-	2
Due from subsidiaries/affiliates	32,438	5%	26%	1,673	8,505	3
Property and equipment, net	-	0%	0%	-	-	2
Goodwill	-	0%	0%	-	-	4
Intangibles	-	0%	0%	-	-	4
Investments in subsidiaries	-	0%	0%	-	-	5
Restricted cash	-	0%	0%	-	-	4
Other assets	-	0%	0%	-	-	
STATEMENT OF ASSETS - CASINO SALE						
Casino	-	0%	0%	-	-	6
Interim cash flow	-	0%	0%	-	-	7
Total Assets / Gross Recovery	\$ 32,438	5%	26%	\$ 1,673	\$ 8,505	
A1. ENCUMBERED COLLATERAL						
Cash and equivalents	\$ -	0%	0%	\$ -	\$ -	1
Accounts receivable	-	0%	0%	-	-	2
Other current assets	-	0%	0%	-	-	2
Inventory	-	0%	0%	-	-	2
Due from subsidiaries/affiliates	-	0%	0%	-	-	3
Property and equipment, net	-	0%	0%	-	-	2
Goodwill	-	0%	0%	-	-	4
Intangibles	-	0%	0%	-	-	4
Investments in subsidiaries	-	0%	0%	-	-	5
Restricted cash	-	0%	0%	-	-	4
Other assets	-	0%	0%	-	-	
Casino value and encumbered interim cash flow	-	0%	0%	-	-	6,7
Total Encumbered Collateral / Gross Recovery	\$ -	0%	0%	\$ -	\$ -	
A2. UNENCUMBERED ASSETS						
Cash and equivalents	\$ -	0%	0%	\$ -	\$ -	1
Accounts receivable	-	0%	0%	-	-	2
Other current assets	-	0%	0%	-	-	2
Inventory	-	0%	0%	-	-	2
Due from subsidiaries/affiliates	32,438	5%	26%	1,673	8,505	3
Property and equipment, net	-	0%	0%	-	-	2
Goodwill	-	0%	0%	-	-	4
Intangibles	-	0%	0%	-	-	4
Investments in subsidiaries	-	0%	0%	-	-	5
Restricted cash	-	0%	0%	-	-	4
Other assets	-	0%	0%	-	-	
Unencumbered interim cash flow	-	0%	0%	-	-	7
Total Unencumbered Assets / Gross Recovery	\$ 32,438	5%	26%	\$ 1,673	\$ 8,505	
B. LITIGATION RECOVERIES						
B1. Encumbered Causes of Action	-	-	-	-	-	8
B2. Unencumbered Causes of Action, including Preferences	-	-	-	-	-	8
B3. Total Litigation Recoveries	-	-	-	-	-	
C. SUMMARY OF GROSS PROCEEDS						
C1. Encumbered Collateral Recovery (A1 + B1)	-	-	-	-	-	
C2. Unencumbered Assets Recovery (A2 + B2)	-	-	-	1,673	8,505	
C3. Total Gross Recovery Proceeds Available for Distribution	-	-	-	\$ 1,673	\$ 8,505	

II. ALLOCATION OF PROCEEDS FROM ENCUMBERED COLLATERAL AVAILABLE FOR DISTRIBUTION

	Estimated Allowed Claims		Estimated Recovery (%)		Estimated Recovery on Secured Claims		See Note
	Lower	Higher	Lower	Higher	Lower	Higher	
Encumbered Gross Collateral Proceeds Available					\$ -	\$ -	
A. LESS: Section 506(c) Surcharges	\$ -	\$ -			\$ -	\$ -	9
B. Carve-Out Allocation	-	-			-	-	10
Proceeds Available to Secured Claims					\$ -	\$ -	
SECURED CLAIMS							
C. PLUS: Proceeds From Subsidiary Guaranteed Notes Turnover					-	-	14
Proceeds Available to Satisfy First Lien Secured Claims					\$ -	\$ -	
D. First Lien Secured Claims							
D1. First Lien Bank Claims	\$ -	\$ -	na	na	-	-	11
D2. First Lien Bond Claims	-	-	na	na	-	-	11
D3. First Lien Swap Claims	-	-	na	na	-	-	11
D4. Other First Lien Secured Claims	-	-	na	na	-	-	11
Total First Lien Claims & Recovery	\$ -	\$ -	na	na	\$ -	\$ -	
Proceeds Available to Satisfy Second Lien Secured Claims					\$ -	\$ -	
E. Second Lien Bond Claims	\$ -	\$ -	na	na	-	-	11
Total Second Lien Claims & Recovery	\$ -	\$ -	na	na	\$ -	\$ -	
F. Other Secured Claims	-	-			\$ -	\$ -	11
Total Secured Claims and Distributions	\$ -	\$ -	0.0%	0.0%	\$ -	\$ -	
Proceeds Available from Encumbered Collateral to Satisfy Administrative, Priority and Unsecured Claims					\$ -	\$ -	
Secured Lender Deficiency Claims (General Unsecured Claim)	\$ -	\$ -					

III. ALLOCATION OF PROCEEDS AVAILABLE TO SATISFY ADMINISTRATIVE, PRIORITY AND UNSECURED CLAIMS

	Estimated Allowed Claims		Estimated Recovery (%)		Estimated Recovery on Administrative, Priority and Unsecured Claims		See Note
	Lower	Higher	Lower	Higher	Lower	Higher	
Proceeds Available from Unencumbered Assets					\$ 1,673	\$ 8,505	
Section 506(c) Surcharges					-	-	9
Proceeds Available from Encumbered Collateral					-	-	
Proceeds Available to Satisfy Administrative, Priority and Unsecured Claims					\$ 1,673	\$ 8,505	
A. LESS: Carve-Out Allocation	\$ 41	\$ 50	100.0%	100.0%	\$ 41	\$ 50	10
Proceeds Available for Administrative Claims					\$ 1,632	\$ 8,455	
ADMINISTRATIVE CLAIMS							
B. Subsidiaries' Superpriority Admin Claims against CEOC	\$ -	\$ -	na	na	\$ -	\$ -	12
C. Chapter 7 Administrative Claims	222	183	100.0%	100.0%	222	183	12
D. Chapter 11 Administrative Claims	-	-	na	na	-	-	12
Proceeds Available for Priority Claims					\$ 1,409	\$ 8,272	
PRIORITY CLAIMS							
E. Employee Priority Claims	\$ -	\$ -	na	na	\$ -	\$ -	13
F. Priority Tax Claims	-	-	na	na	-	-	13
G. Other Priority Claims	-	-	na	na	-	-	13
Proceeds Available for Unsecured Claims					\$ 1,409	\$ 8,272	
UNSECURED CLAIMS							
H1. First Lien Deficiency Claims	\$ -	\$ -	na	na	\$ -	\$ -	14
H2. Second Lien Deficiency Claims	-	-	na	na	-	-	14
H3. Other Secured Deficiency Claims	-	-	na	na	-	-	14
H4. Senior Unsecured Notes Claims	-	-	na	na	-	-	14
H5. Subsidiary Guaranteed Notes Claims	-	-	na	na	-	-	14
H5a. Subsidiary Guaranteed Notes Turnover to First Lien Claimants	-	-	na	na	-	-	14
H6. General Unsecured Claims	1	1	100.0%	100.0%	1	1	14
H7. Pension Claims	446,123	223,061	0.2%	0.2%	973	449	14
H8. Intercompany Notes Payable	-	-	na	na	-	-	14
H9. Intercompany Claims - Prepetition	-	-	na	na	-	-	14
Total Unsecured Claims	\$ 446,124	\$ 223,062	0.2%	0.2%	\$ 974	\$ 450	
Total Admin, Priority, Unsecured Claims & Distributions	\$ 446,387	\$ 223,295	0.3%	0.3%	\$ 1,238	\$ 682	
Value Available for Equity Interests					\$ 435	\$ 7,822	15

I. TOTAL PROCEEDS AVAILABLE FOR DISTRIBUTION

	Net Book Value	Estimated Recovery (%)		Estimated Liquidation Value		See Note
		Lower	Higher	Lower	Higher	
A. STATEMENT OF ASSETS						
Cash and equivalents	\$ -	0%	0%	\$ -	\$ -	1
Accounts receivable	-	0%	0%	-	-	2
Other current assets	-	0%	0%	-	-	2
Inventory	-	0%	0%	-	-	2
Due from subsidiaries/affiliates	-	0%	0%	-	-	3
Property and equipment, net	6,467	98%	98%	6,330	6,330	2
Goodwill	-	0%	0%	-	-	4
Intangibles	-	0%	0%	-	-	4
Investments in subsidiaries	-	0%	0%	-	-	5
Restricted cash	-	0%	0%	-	-	4
Other assets	-	0%	0%	-	-	
STATEMENT OF ASSETS - CASINO SALE						
Casino	-	0%	0%	-	-	6
Interim cash flow	-	0%	0%	-	-	7
Total Assets / Gross Recovery	\$ 6,467	98%	98%	\$ 6,330	\$ 6,330	
A1. ENCUMBERED COLLATERAL						
Cash and equivalents	\$ -	0%	0%	\$ -	\$ -	1
Accounts receivable	-	0%	0%	-	-	2
Other current assets	-	0%	0%	-	-	2
Inventory	-	0%	0%	-	-	2
Due from subsidiaries/affiliates	-	0%	0%	-	-	3
Property and equipment, net	-	0%	0%	-	-	2
Goodwill	-	0%	0%	-	-	4
Intangibles	-	0%	0%	-	-	4
Investments in subsidiaries	-	0%	0%	-	-	5
Restricted cash	-	0%	0%	-	-	4
Other assets	-	0%	0%	-	-	
Casino value and encumbered interim cash flow	-	0%	0%	-	-	6,7
Total Encumbered Collateral / Gross Recovery	\$ -	0%	0%	\$ -	\$ -	
A2. UNENCUMBERED ASSETS						
Cash and equivalents	\$ -	0%	0%	\$ -	\$ -	1
Accounts receivable	-	0%	0%	-	-	2
Other current assets	-	0%	0%	-	-	2
Inventory	-	0%	0%	-	-	2
Due from subsidiaries/affiliates	-	0%	0%	-	-	3
Property and equipment, net	6,467	98%	167%	6,330	6,330	2
Goodwill	-	0%	0%	-	-	4
Intangibles	-	0%	0%	-	-	4
Investments in subsidiaries	-	0%	0%	-	-	5
Restricted cash	-	0%	0%	-	-	4
Other assets	-	0%	0%	-	-	
Unencumbered interim cash flow	-	0%	0%	-	-	7
Total Unencumbered Assets / Gross Recovery	\$ 6,467	98%	98%	\$ 6,330	\$ 6,330	
B. LITIGATION RECOVERIES						
B1. Encumbered Causes of Action				-	-	8
B2. Unencumbered Causes of Action, including Preferences				1	1	8
B3. Total Litigation Recoveries				<u>\$ 1</u>	<u>\$ 1</u>	
C. SUMMARY OF GROSS PROCEEDS						
C1. Encumbered Collateral Recovery (A1 + B1)				\$ -	\$ -	
C2. Unencumbered Assets Recovery (A2 + B2)				6,331	6,331	
C3. Total Gross Recovery Proceeds Available for Distribution				<u>\$ 6,331</u>	<u>\$ 6,331</u>	

Table G-10: Collateral Liquidation
 Hypothetical Liquidation Analysis - Schedule 2
 (\$ in thousands)

II. ALLOCATION OF PROCEEDS FROM ENCUMBERED COLLATERAL AVAILABLE FOR DISTRIBUTION

	Estimated Allowed Claims		Estimated Recovery (%)		Estimated Recovery on Secured Claims		See Note
	Lower	Higher	Lower	Higher	Lower	Higher	
Encumbered Gross Collateral Proceeds Available					\$ -	\$ -	
A. LESS: Section 506(c) Surcharges	\$ -	\$ -			\$ -	\$ -	9
B. Carve-Out Allocation	-	-			-	-	10
Proceeds Available to Secured Claims					\$ -	\$ -	
SECURED CLAIMS							
C. PLUS: Proceeds From Subsidiary Guaranteed Notes Turnover					3,472	1,105	14
Proceeds Available to Satisfy First Lien Secured Claims					\$ 3,472	\$ 1,105	
D. First Lien Secured Claims							
D1. First Lien Bank Claims	\$ 1,542	\$ 1,096	100.0%	100.0%	1,542	1,096	11
D2. First Lien Bond Claims	1,918	-	100.0%	na	1,918	-	11
D3. First Lien Swap Claims	12	9	100.0%	100.0%	12	9	11
D4. Other First Lien Secured Claims	-	-	na	na	-	-	11
Total First Lien Claims & Recovery	\$ 3,472	\$ 1,105	100.0%	100.0%	\$ 3,472	\$ 1,105	
Proceeds Available to Satisfy Second Lien Secured Claims					\$ -	\$ -	
E. Second Lien Bond Claims	\$ -	\$ -	na	na	-	-	11
Total Second Lien Claims & Recovery	\$ -	\$ -	na	na	\$ -	\$ -	
F. Other Secured Claims	-	-			\$ -	\$ -	11
Total Secured Claims and Distributions	\$ 3,472	\$ 1,105	100.0%	100.0%	\$ 3,472	\$ 1,105	
Proceeds Available from Encumbered Collateral to Satisfy Administrative, Priority and Unsecured Claims					\$ -	\$ -	
Secured Lender Deficiency Claims (General Unsecured Claim)	\$ -	\$ -					

III. ALLOCATION OF PROCEEDS AVAILABLE TO SATISFY ADMINISTRATIVE, PRIORITY AND UNSECURED CLAIMS

	Estimated Allowed Claims		Estimated Recovery (%)		Estimated Recovery on Administrative, Priority and Unsecured Claims		See Note
	Lower	Higher	Lower	Higher	Lower	Higher	
Proceeds Available from Unencumbered Assets					\$ 6,331	\$ 6,331	
Section 506(c) Surcharges					-	-	9
Proceeds Available from Encumbered Collateral					-	-	
Proceeds Available to Satisfy Administrative, Priority and Unsecured Claims					\$ 6,331	\$ 6,331	
A. LESS: Carve-Out Allocation	\$ 156	\$ 37	100.0%	100.0%	\$ 156	\$ 37	10
Proceeds Available for Administrative Claims					\$ 6,175	\$ 6,294	
ADMINISTRATIVE CLAIMS							
B. Subsidiaries' Superpriority Admin Claims against CEOC	\$ -	\$ -	na	na	\$ -	\$ -	12
C. Chapter 7 Administrative Claims	842	136	100.0%	100.0%	842	136	12
D. Chapter 11 Administrative Claims	-	-	na	na	-	-	12
Proceeds Available for Priority Claims					\$ 5,333	\$ 6,158	
PRIORITY CLAIMS							
E. Employee Priority Claims	\$ -	\$ -	na	na	\$ -	\$ -	13
F. Priority Tax Claims	-	-	na	na	-	-	13
G. Other Priority Claims	-	-	na	na	-	-	13
Proceeds Available for Unsecured Claims					\$ 5,333	\$ 6,158	
UNSECURED CLAIMS							
H1. First Lien Deficiency Claims	\$ -	\$ -	na	na	\$ -	\$ -	14
H2. Second Lien Deficiency Claims	-	-	na	na	-	-	14
H3. Other Secured Deficiency Claims	-	-	na	na	-	-	14
H4. Senior Unsecured Notes Claims	-	-	na	na	-	-	14
H5. Subsidiary Guaranteed Notes Claims	502,019	502,019	0.0%	0.0%	127	90	14
H5a. Subsidiary Guaranteed Notes Turnover to First Lien Claimants			na	na	3,472	1,105	14
H6. General Unsecured Claims	4	5	0.7%	100.0%	0	5	14
H7. Pension Claims	446,123	223,061	0.4%	0.0%	1,732	103	14
H8. Intercompany Notes Payable	-	-	na	na	-	-	14
H9. Intercompany Claims - Prepetition	173	173	0.7%	100.0%	1	173	14
Total Unsecured Claims	\$ 948,319	\$ 725,258	0.6%	0.2%	\$ 5,333	\$ 1,476	
Total Admin, Priority, Unsecured Claims & Distributions	\$ 949,317	\$ 725,432	0.7%	0.2%	\$ 6,331	\$ 1,649	
Value Available for Equity Interests					\$ -	\$ 4,682	15

I. TOTAL PROCEEDS AVAILABLE FOR DISTRIBUTION

	Net Book Value	Estimated Recovery (%)		Estimated Liquidation Value		See Note
		Lower	Higher	Lower	Higher	
A. STATEMENT OF ASSETS						
Cash and equivalents	\$ -	0%	0%	\$ -	\$ -	1
Accounts receivable	-	0%	0%	-	-	2
Other current assets	0	0%	0%	-	-	2
Inventory	-	0%	0%	-	-	2
Due from subsidiaries/affiliates	-	0%	0%	-	-	3
Property and equipment, net	-	0%	0%	-	-	2
Goodwill	-	0%	0%	-	-	4
Intangibles	-	0%	0%	-	-	4
Investments in subsidiaries	-	0%	0%	-	-	5
Restricted cash	-	0%	0%	-	-	4
Other assets	-	0%	0%	-	-	
STATEMENT OF ASSETS - CASINO SALE						
Casino	-	0%	0%	-	-	6
Interim cash flow	-	0%	0%	-	-	7
Total Assets / Gross Recovery	\$ 0	0%	0%	\$ -	\$ -	
A1. ENCUMBERED COLLATERAL						
Cash and equivalents	\$ -	0%	0%	\$ -	\$ -	1
Accounts receivable	-	0%	0%	-	-	2
Other current assets	0	0%	0%	-	-	2
Inventory	-	0%	0%	-	-	2
Due from subsidiaries/affiliates	-	0%	0%	-	-	3
Property and equipment, net	-	0%	0%	-	-	2
Goodwill	-	0%	0%	-	-	4
Intangibles	-	0%	0%	-	-	4
Investments in subsidiaries	-	0%	0%	-	-	5
Restricted cash	-	0%	0%	-	-	4
Other assets	-	0%	0%	-	-	
Casino value and encumbered interim cash flow	-	0%	0%	-	-	6,7
Total Encumbered Collateral / Gross Recovery	\$ 0	0%	0%	\$ -	\$ -	
A2. UNENCUMBERED ASSETS						
Cash and equivalents	\$ -	0%	0%	\$ -	\$ -	1
Accounts receivable	-	0%	0%	-	-	2
Other current assets	-	0%	0%	-	-	2
Inventory	-	0%	0%	-	-	2
Due from subsidiaries/affiliates	-	0%	0%	-	-	3
Property and equipment, net	-	0%	0%	-	-	2
Goodwill	-	0%	0%	-	-	4
Intangibles	-	0%	0%	-	-	4
Investments in subsidiaries	-	0%	0%	-	-	5
Restricted cash	-	0%	0%	-	-	4
Other assets	-	0%	0%	-	-	
Unencumbered interim cash flow	-	0%	0%	-	-	7
Total Unencumbered Assets / Gross Recovery	\$ -	0%	0%	\$ -	\$ -	
B. LITIGATION RECOVERIES						
B1. Encumbered Causes of Action				-	-	8
B2. Unencumbered Causes of Action, including Preferences				0	1	8
B3. Total Litigation Recoveries				\$ 0	\$ 1	
C. SUMMARY OF GROSS PROCEEDS						
C1. Encumbered Collateral Recovery (A1 + B1)				\$ -	\$ -	
C2. Unencumbered Assets Recovery (A2 + B2)				0	1	
C3. Total Gross Recovery Proceeds Available for Distribution				\$ 0	\$ 1	

II. ALLOCATION OF PROCEEDS FROM ENCUMBERED COLLATERAL AVAILABLE FOR DISTRIBUTION

	Estimated Allowed Claims		Estimated Recovery (%)		Estimated Recovery on Secured Claims		See Note
	Lower	Higher	Lower	Higher	Lower	Higher	
Encumbered Gross Collateral Proceeds Available					\$ -	\$ -	
A. LESS: Section 506(c) Surcharges	\$ -	\$ -			\$ -	\$ -	9
B. Carve-Out Allocation	-	-			-	-	10
Proceeds Available to Secured Claims					\$ -	\$ -	
SECURED CLAIMS							
C. PLUS: Proceeds From Subsidiary Guaranteed Notes Turnover					0	0	14
Proceeds Available to Satisfy First Lien Secured Claims					\$ 0	\$ 0	
D. First Lien Secured Claims							
D1. First Lien Bank Claims	\$ 0	\$ 0	100.0%	100.0%	0	0	11
D2. First Lien Bond Claims	0	-	100.0%	na	0	-	11
D3. First Lien Swap Claims	0	0	100.0%	100.0%	0	0	11
D4. Other First Lien Secured Claims	-	-	na	na	-	-	11
Total First Lien Claims & Recovery	\$ 0	\$ 0	100.0%	100.0%	\$ 0	\$ 0	
Proceeds Available to Satisfy Second Lien Secured Claims					\$ -	\$ -	
E. Second Lien Bond Claims	\$ -	\$ -	na	na	-	-	11
Total Second Lien Claims & Recovery	\$ -	\$ -	na	na	\$ -	\$ -	
F. Other Secured Claims	-	-			\$ -	\$ -	11
Total Secured Claims and Distributions	\$ 0	\$ 0	100.0%	100.0%	\$ 0	\$ 0	
Proceeds Available from Encumbered Collateral to Satisfy Administrative, Priority and Unsecured Claims					\$ -	\$ -	
Secured Lender Deficiency Claims (General Unsecured Claim)	\$ -	\$ -					

Chapter 11 Liquidation Against Schedule 2
 (\$ in thousands)

III. ALLOCATION OF PROCEEDS AVAILABLE TO SATISFY ADMINISTRATIVE, PRIORITY AND UNSECURED CLAIMS

	Estimated Allowed Claims		Estimated Recovery (%)		Estimated Recovery on Administrative, Priority and Unsecured Claims		See Note
	Lower	Higher	Lower	Higher	Lower	Higher	
Proceeds Available from Unencumbered Assets					\$ 0	\$ 1	
Section 506(c) Surcharges					-	-	9
Proceeds Available from Encumbered Collateral					-	-	
Proceeds Available to Satisfy Administrative, Priority and Unsecured Claims					\$ 0	\$ 1	
A. LESS: Carve-Out Allocation	\$ 0	\$ 0	100.0%	100.0%	\$ 0	\$ 0	10
Proceeds Available for Administrative Claims					\$ 0	\$ 1	
ADMINISTRATIVE CLAIMS							
B. Subsidiaries' Superpriority Admin Claims against CEOC	\$ -	\$ -	na	na	\$ -	\$ -	12
C. Chapter 7 Administrative Claims	0	0	100.0%	100.0%	0	0	12
D. Chapter 11 Administrative Claims	-	-	na	na	-	-	12
Proceeds Available for Priority Claims					\$ 0	\$ 1	
PRIORITY CLAIMS							
E. Employee Priority Claims	\$ -	\$ -	na	na	\$ -	\$ -	13
F. Priority Tax Claims	-	-	na	na	-	-	13
G. Other Priority Claims	-	-	na	na	-	-	13
Proceeds Available for Unsecured Claims					\$ 0	\$ 1	
UNSECURED CLAIMS							
H1. First Lien Deficiency Claims	\$ -	\$ -	na	na	\$ -	\$ -	14
H2. Second Lien Deficiency Claims	-	-	na	na	-	-	14
H3. Other Secured Deficiency Claims	-	-	na	na	-	-	14
H4. Senior Unsecured Notes Claims	-	-	na	na	-	-	14
H5. Subsidiary Guaranteed Notes Claims	502,019	502,019	0.0%	0.0%	0	0	14
H5a. Subsidiary Guaranteed Notes Turnover to First Lien Claimants			na	na	0	0	14
H6. General Unsecured Claims	0	1	0.0%	15.4%	0	0	14
H7. Pension Claims	446,123	223,061	0.0%	0.0%	0	0	14
H8. Intercompany Notes Payable	-	-	na	na	-	-	14
H9. Intercompany Claims - Prepetition	4	4	0.0%	15.4%	0	1	14
Total Unsecured Claims	\$ 948,146	\$ 725,085	0.0%	0.0%	\$ 0	\$ 1	
Total Admin, Priority, Unsecured Claims & Distributions	\$ 948,146	\$ 725,085	0.0%	0.0%	\$ 0	\$ 1	
Value Available for Equity Interests					\$ -	\$ -	15

I. TOTAL PROCEEDS AVAILABLE FOR DISTRIBUTION

	Net Book Value	Estimated Recovery (%)		Estimated Liquidation Value		See Note
		Lower	Higher	Lower	Higher	
		A. STATEMENT OF ASSETS				
Cash and equivalents	\$ 6	100%	100%	\$ 6	\$ 6	1
Accounts receivable	-	0%	0%	-	-	2
Other current assets	15	66%	82%	10	12	2
Inventory	-	0%	0%	-	-	2
Due from subsidiaries/affiliates	1,957	46%	82%	897	1,602	3
Property and equipment, net	39,249	14%	16%	5,600	6,160	2
Goodwill	-	0%	0%	-	-	4
Intangibles	-	0%	0%	-	-	4
Investments in subsidiaries	-	0%	0%	-	-	5
Restricted cash	-	0%	0%	-	-	4
Other assets	-	0%	0%	-	-	
STATEMENT OF ASSETS - CASINO SALE						
Casino	-	0%	0%	-	-	6
Interim cash flow	-	0%	0%	-	-	7
Total Assets / Gross Recovery	\$ 41,226	16%	19%	\$ 6,512	\$ 7,780	
A1. ENCUMBERED COLLATERAL						
Cash and equivalents	\$ -	0%	0%	\$ -	\$ -	1
Accounts receivable	-	0%	0%	-	-	2
Other current assets	15	66%	82%	10	12	2
Inventory	-	0%	0%	-	-	2
Due from subsidiaries/affiliates	1,957	46%	82%	897	1,602	3
Property and equipment, net	39,249	14%	16%	5,600	6,160	2
Goodwill	-	0%	0%	-	-	4
Intangibles	-	0%	0%	-	-	4
Investments in subsidiaries	-	0%	0%	-	-	5
Restricted cash	-	0%	0%	-	-	4
Other assets	-	0%	0%	-	-	
Casino value and encumbered interim cash flow	-	0%	0%	-	-	6,7
Total Encumbered Collateral / Gross Recovery	\$ 41,221	16%	19%	\$ 6,507	\$ 7,774	
A2. UNENCUMBERED ASSETS						
Cash and equivalents	\$ 6	100%	100%	\$ 6	\$ 6	1
Accounts receivable	-	0%	0%	-	-	2
Other current assets	-	0%	0%	-	-	2
Inventory	-	0%	0%	-	-	2
Due from subsidiaries/affiliates	-	0%	0%	-	-	3
Property and equipment, net	-	0%	0%	-	-	2
Goodwill	-	0%	0%	-	-	4
Intangibles	-	0%	0%	-	-	4
Investments in subsidiaries	-	0%	0%	-	-	5
Restricted cash	-	0%	0%	-	-	4
Other assets	-	0%	0%	-	-	
Unencumbered interim cash flow	-	0%	0%	-	-	7
Total Unencumbered Assets / Gross Recovery	\$ 6	100%	100%	\$ 6	\$ 6	
B. LITIGATION RECOVERIES						
B1. Encumbered Causes of Action	-	-	-	-	-	8
B2. Unencumbered Causes of Action, including Preferences	-	-	-	7	14	8
B3. Total Litigation Recoveries	-	-	-	\$ 7	\$ 14	
C. SUMMARY OF GROSS PROCEEDS						
C1. Encumbered Collateral Recovery (A1 + B1)	-	-	-	\$ 6,507	\$ 7,774	
C2. Unencumbered Assets Recovery (A2 + B2)	-	-	-	13	20	
C3. Total Gross Recovery Proceeds Available for Distribution	-	-	-	\$ 6,520	\$ 7,794	

II. ALLOCATION OF PROCEEDS FROM ENCUMBERED COLLATERAL AVAILABLE FOR DISTRIBUTION

	Estimated Allowed Claims		Estimated Recovery (%)		Estimated Recovery on Secured Claims		See Note
	Lower	Higher	Lower	Higher	Lower	Higher	
Encumbered Gross Collateral Proceeds Available					\$ 6,507	\$ 7,774	
A. LESS: Section 506(c) Surcharges	\$ -	\$ -			\$ -	\$ -	9
B. Carve-Out Allocation	-	-			-	-	10
Proceeds Available to Secured Claims					\$ 6,507	\$ 7,774	
SECURED CLAIMS							
C. PLUS: Proceeds From Subsidiary Guaranteed Notes Turnover					-	-	14
Proceeds Available to Satisfy First Lien Secured Claims					\$ 6,507	\$ 7,774	
D. First Lien Secured Claims							
D1. First Lien Bank Claims	\$ 2,929	\$ 3,452	100.0%	100.0%	2,929	3,452	11
D2. First Lien Bond Claims	3,554	4,294	100.0%	100.0%	3,554	4,294	11
D3. First Lien Swap Claims	24	28	100.0%	100.0%	24	28	11
D4. Other First Lien Secured Claims	-	-	na	na	-	-	11
Total First Lien Claims & Recovery	\$ 6,507	\$ 7,774	100.0%	100.0%	\$ 6,507	\$ 7,774	
Proceeds Available to Satisfy Second Lien Secured Claims					\$ -	\$ -	
E. Second Lien Bond Claims	\$ -	\$ -	na	na	-	-	11
Total Second Lien Claims & Recovery	\$ -	\$ -	na	na	\$ -	\$ -	
F. Other Secured Claims	-	-			\$ -	\$ -	11
Total Secured Claims and Distributions	\$ 6,507	\$ 7,774	100.0%	100.0%	\$ 6,507	\$ 7,774	
Proceeds Available from Encumbered Collateral to Satisfy Administrative, Priority and Unsecured Claims					\$ -	\$ -	
Secured Lender Deficiency Claims (General Unsecured Claim)	\$ -	\$ -					

III. ALLOCATION OF PROCEEDS AVAILABLE TO SATISFY ADMINISTRATIVE, PRIORITY AND UNSECURED CLAIMS

	Estimated Allowed Claims		Estimated Recovery (%)		Estimated Recovery on Administrative, Priority and Unsecured Claims		See Note
	Lower	Higher	Lower	Higher	Lower	Higher	
Proceeds Available from Unencumbered Assets					\$ 13	\$ 20	
Section 506(c) Surcharges					-	-	9
Proceeds Available from Encumbered Collateral					-	-	
Proceeds Available to Satisfy Administrative, Priority and Unsecured Claims					\$ 13	\$ 20	
A. LESS: Carve-Out Allocation	\$ 0	\$ 0	100.0%	100.0%	\$ 0	\$ 0	10
Proceeds Available for Administrative Claims					\$ 13	\$ 20	
ADMINISTRATIVE CLAIMS							
B. Subsidiaries' Superpriority Admin Claims against CEOC	\$ -	\$ -	na	na	\$ -	\$ -	12
C. Chapter 7 Administrative Claims	2	0	100.0%	100.0%	2	0	12
D. Chapter 11 Administrative Claims	123	123	8.9%	16.0%	11	20	12
Proceeds Available for Priority Claims					\$ -	\$ -	
PRIORITY CLAIMS							
E. Employee Priority Claims	\$ -	\$ -	na	na	\$ -	\$ -	13
F. Priority Tax Claims	-	-	na	na	-	-	13
G. Other Priority Claims	-	-	na	na	-	-	13
Proceeds Available for Unsecured Claims					\$ -	\$ -	
UNSECURED CLAIMS							
H1. First Lien Deficiency Claims	\$ -	\$ -	na	na	\$ -	\$ -	14
H2. Second Lien Deficiency Claims	-	-	na	na	-	-	14
H3. Other Secured Deficiency Claims	-	-	na	na	-	-	14
H4. Senior Unsecured Notes Claims	-	-	na	na	-	-	14
H5. Subsidiary Guaranteed Notes Claims	502,019	502,019	0.0%	0.0%	-	-	14
H5a. Subsidiary Guaranteed Notes Turnover to First Lien Claimants	-	-	na	na	-	-	14
H6. General Unsecured Claims	66	74	0.0%	0.0%	-	-	14
H7. Pension Claims	446,123	223,061	0.0%	0.0%	-	-	14
H8. Intercompany Notes Payable	-	-	na	na	-	-	14
H9. Intercompany Claims - Prepetition	-	-	na	na	-	-	14
Total Unsecured Claims	\$ 948,208	\$ 725,154	0.0%	0.0%	\$ -	\$ -	
Total Admin, Priority, Unsecured Claims & Distributions	\$ 948,333	\$ 725,277	0.0%	0.0%	\$ 13	\$ 20	
Value Available for Equity Interests					\$ -	\$ -	15

I. TOTAL PROCEEDS AVAILABLE FOR DISTRIBUTION

	Net Book Value	Estimated Recovery (%)		Estimated Liquidation Value		See Note
		Lower	Higher	Lower	Higher	
A. STATEMENT OF ASSETS						
Cash and equivalents	\$ 164	100%	100%	\$ 164	\$ 164	1
Accounts receivable	-	0%	0%	-	-	2
Other current assets	36	16%	26%	6	9	2
Inventory	52	0%	25%	-	13	2
Due from subsidiaries/affiliates	-	0%	0%	-	-	3
Property and equipment, net	22,347	40%	40%	8,830	8,830	2
Goodwill	-	0%	0%	-	-	4
Intangibles	-	0%	0%	-	-	4
Investments in subsidiaries	-	0%	0%	-	-	5
Restricted cash	-	0%	0%	-	-	4
Other assets	-	0%	0%	-	-	
STATEMENT OF ASSETS - CASINO SALE						
Casino	-	0%	0%	-	-	6
Interim cash flow	-	0%	0%	-	-	7
Total Assets / Gross Recovery	\$ 22,599	40%	40%	\$ 9,000	\$ 9,017	
A1. ENCUMBERED COLLATERAL						
Cash and equivalents	\$ -	0%	0%	\$ -	\$ -	1
Accounts receivable	-	0%	0%	-	-	2
Other current assets	36	16%	26%	6	9	2
Inventory	52	0%	25%	-	13	2
Due from subsidiaries/affiliates	-	0%	0%	-	-	3
Property and equipment, net	-	0%	0%	-	-	2
Goodwill	-	0%	0%	-	-	4
Intangibles	-	0%	0%	-	-	4
Investments in subsidiaries	-	0%	0%	-	-	5
Restricted cash	-	0%	0%	-	-	4
Other assets	-	0%	0%	-	-	
Casino value and encumbered interim cash flow	0	0%	0%	-	-	6,7
Total Encumbered Collateral / Gross Recovery	\$ 88	7%	26%	\$ 6	\$ 23	
A2. UNENCUMBERED ASSETS						
Cash and equivalents	\$ 164	100%	100%	\$ 164	\$ 164	1
Accounts receivable	-	0%	0%	-	-	2
Other current assets	-	0%	0%	-	-	2
Inventory	-	0%	0%	-	-	2
Due from subsidiaries/affiliates	-	0%	0%	-	-	3
Property and equipment, net	22,347	40%	40%	8,830	8,830	2
Goodwill	-	0%	0%	-	-	4
Intangibles	-	0%	0%	-	-	4
Investments in subsidiaries	-	0%	0%	-	-	5
Restricted cash	-	0%	0%	-	-	4
Other assets	-	0%	0%	-	-	
Unencumbered interim cash flow	-	0%	0%	-	-	7
Total Unencumbered Assets / Gross Recovery	\$ 22,512	40%	40%	\$ 8,994	\$ 8,994	
B. LITIGATION RECOVERIES						
B1. Encumbered Causes of Action				-	-	8
B2. Unencumbered Causes of Action, including Preferences				14	29	8
B3. Total Litigation Recoveries				\$ 14	\$ 29	
C. SUMMARY OF GROSS PROCEEDS						
C1. Encumbered Collateral Recovery (A1 + B1)				\$ 6	\$ 23	
C2. Unencumbered Assets Recovery (A2 + B2)				9,009	9,023	
C3. Total Gross Recovery Proceeds Available for Distribution				\$ 9,014	\$ 9,045	

II. ALLOCATION OF PROCEEDS FROM ENCUMBERED COLLATERAL AVAILABLE FOR DISTRIBUTION

	Estimated Allowed Claims		Estimated Recovery (%)		Estimated Recovery on Secured Claims		See Note
	Lower	Higher	Lower	Higher	Lower	Higher	
Encumbered Gross Collateral Proceeds Available					\$ 6	\$ 23	
A. LESS: Section 506(c) Surcharges	\$ -	\$ -			\$ -	\$ -	9
B. Carve-Out Allocation	-	-			-	-	10
Proceeds Available to Secured Claims					<u>\$ 6</u>	<u>\$ 23</u>	
SECURED CLAIMS							
C. PLUS: Proceeds From Subsidiary Guaranteed Notes Turnover					4,841	1,547	14
Proceeds Available to Satisfy First Lien Secured Claims					<u>\$ 4,846</u>	<u>\$ 1,570</u>	
D. First Lien Secured Claims							
D1. First Lien Bank Claims	\$ 2,152	\$ 1,545	100.0%	100.0%	2,152	1,545	11
D2. First Lien Bond Claims	2,677	12	100.0%	100.0%	2,677	12	11
D3. First Lien Swap Claims	17	12	100.0%	100.0%	17	12	11
D4. Other First Lien Secured Claims	-	-	na	na	-	-	11
Total First Lien Claims & Recovery	<u>\$ 4,846</u>	<u>\$ 1,570</u>	100.0%	100.0%	<u>\$ 4,846</u>	<u>\$ 1,570</u>	
Proceeds Available to Satisfy Second Lien Secured Claims					<u>\$ -</u>	<u>\$ -</u>	
E. Second Lien Bond Claims	\$ -	\$ -	na	na	-	-	11
Total Second Lien Claims & Recovery	<u>\$ -</u>	<u>\$ -</u>	na	na	<u>\$ -</u>	<u>\$ -</u>	
F. Other Secured Claims	-	-			\$ -	\$ -	11
Total Secured Claims and Distributions	<u>\$ 4,846</u>	<u>\$ 1,570</u>	100.0%	100.0%	<u>\$ 4,846</u>	<u>\$ 1,570</u>	
Proceeds Available from Encumbered Collateral to Satisfy Administrative, Priority and Unsecured Claims					<u>\$ -</u>	<u>\$ -</u>	
Secured Lender Deficiency Claims (General Unsecured Claim)	<u>\$ -</u>	<u>\$ -</u>					

III. ALLOCATION OF PROCEEDS AVAILABLE TO SATISFY ADMINISTRATIVE, PRIORITY AND UNSECURED CLAIMS

	Estimated Allowed Claims		Estimated Recovery (%)		Estimated Recovery on Administrative, Priority and Unsecured Claims		See Note
	Lower	Higher	Lower	Higher	Lower	Higher	
Proceeds Available from Unencumbered Assets					\$ 9,009	\$ 9,023	
Section 506(c) Surcharges					-	-	9
Proceeds Available from Encumbered Collateral					-	-	
Proceeds Available to Satisfy Administrative, Priority and Unsecured Claims					\$ 9,009	\$ 9,023	
A. LESS: Carve-Out Allocation	\$ 222	\$ 53	100.0%	100.0%	\$ 222	\$ 53	10
Proceeds Available for Administrative Claims					\$ 8,786	\$ 8,970	
ADMINISTRATIVE CLAIMS							
B. Subsidiaries' Superpriority Admin Claims against CEOC	\$ -	\$ -	na	na	\$ -	\$ -	12
C. Chapter 7 Administrative Claims	1,198	194	100.0%	100.0%	1,198	194	12
D. Chapter 11 Administrative Claims	155	155	100.0%	100.0%	155	155	12
Proceeds Available for Priority Claims					\$ 7,434	\$ 8,621	
PRIORITY CLAIMS							
E. Employee Priority Claims	\$ -	\$ -	na	na	\$ -	\$ -	13
F. Priority Tax Claims	-	-	na	na	-	-	13
G. Other Priority Claims	-	-	na	na	-	-	13
Proceeds Available for Unsecured Claims					\$ 7,434	\$ 8,621	
UNSECURED CLAIMS							
H1. First Lien Deficiency Claims	\$ -	\$ -	na	na	\$ -	\$ -	14
H2. Second Lien Deficiency Claims	-	-	na	na	-	-	14
H3. Other Secured Deficiency Claims	-	-	na	na	-	-	14
H4. Senior Unsecured Notes Claims	-	-	na	na	-	-	14
H5. Subsidiary Guaranteed Notes Claims	502,019	502,019	0.0%	0.0%	177	127	14
H5a. Subsidiary Guaranteed Notes Turnover to First Lien Claimants			na	na	4,841	1,547	14
H6. General Unsecured Claims	18	33	1.0%	100.0%	0	33	14
H7. Pension Claims	446,123	223,061	0.5%	0.1%	2,415	144	14
H8. Intercompany Notes Payable	-	-	na	na	-	-	14
H9. Intercompany Claims - Prepetition	32	32	1.0%	100.0%	0	32	14
Total Unsecured Claims	\$ 948,192	\$ 725,145	0.8%	0.3%	\$ 7,434	\$ 1,882	
Total Admin, Priority, Unsecured Claims & Distributions	\$ 949,767	\$ 725,547	0.9%	0.3%	\$ 9,009	\$ 2,284	
Value Available for Equity Interests					\$ -	\$ 6,739	15

II. ALLOCATION OF PROCEEDS FROM ENCUMBERED COLLATERAL AVAILABLE FOR DISTRIBUTION

	Estimated Allowed Claims		Estimated Recovery (%)		Estimated Recovery on Secured Claims		See Note
	Lower	Higher	Lower	Higher	Lower	Higher	
Encumbered Gross Collateral Proceeds Available					\$ 54,581	\$ 115,064	
A. LESS: Section 506(c) Surcharges	\$ -	\$ -			\$ -	\$ -	9
B. Carve-Out Allocation	-	-			-	-	10
Proceeds Available to Secured Claims					<u>\$ 54,581</u>	<u>\$ 115,064</u>	
SECURED CLAIMS							
C. PLUS: Proceeds From Subsidiary Guaranteed Notes Turnover					-	-	14
Proceeds Available to Satisfy First Lien Secured Claims					<u>\$ 54,581</u>	<u>\$ 115,064</u>	
D. First Lien Secured Claims							
D1. First Lien Bank Claims	\$ 24,566	\$ 51,095	100.0%	100.0%	24,566	51,095	11
D2. First Lien Bond Claims	29,817	63,556	100.0%	100.0%	29,817	63,556	11
D3. First Lien Swap Claims	198	413	100.0%	100.0%	198	413	11
D4. Other First Lien Secured Claims	-	-	na	na	-	-	11
Total First Lien Claims & Recovery	<u>\$ 54,581</u>	<u>\$ 115,064</u>	100.0%	100.0%	<u>\$ 54,581</u>	<u>\$ 115,064</u>	
Proceeds Available to Satisfy Second Lien Secured Claims					<u>\$ -</u>	<u>\$ -</u>	
E. Second Lien Bond Claims	\$ -	\$ -	na	na	-	-	11
Total Second Lien Claims & Recovery	<u>\$ -</u>	<u>\$ -</u>	na	na	<u>\$ -</u>	<u>\$ -</u>	
F. Other Secured Claims	-	-			\$ -	\$ -	11
Total Secured Claims and Distributions	<u>\$ 54,581</u>	<u>\$ 115,064</u>	100.0%	100.0%	<u>\$ 54,581</u>	<u>\$ 115,064</u>	
Proceeds Available from Encumbered Collateral to Satisfy Administrative, Priority and Unsecured Claims					<u>\$ -</u>	<u>\$ -</u>	
Secured Lender Deficiency Claims (General Unsecured Claim)	<u>\$ -</u>	<u>\$ -</u>					

III. ALLOCATION OF PROCEEDS AVAILABLE TO SATISFY ADMINISTRATIVE, PRIORITY AND UNSECURED CLAIMS

	Estimated Allowed Claims		Estimated Recovery (%)		Estimated Recovery on Administrative, Priority and Unsecured Claims		See Note
	Lower	Higher	Lower	Higher	Lower	Higher	
Proceeds Available from Unencumbered Assets					\$ 1,768	\$ 3,496	
Section 506(c) Surcharges					-	-	9
Proceeds Available from Encumbered Collateral					-	-	
Proceeds Available to Satisfy Administrative, Priority and Unsecured Claims					\$ 1,768	\$ 3,496	
A. LESS: Carve-Out Allocation	\$ 44	\$ 20	100.0%	100.0%	\$ 44	\$ 20	10
Proceeds Available for Administrative Claims					\$ 1,724	\$ 3,476	
ADMINISTRATIVE CLAIMS							
B. Subsidiaries' Superpriority Admin Claims against CEOC	\$ -	\$ -	na	na	\$ -	\$ -	12
C. Chapter 7 Administrative Claims	235	75	100.0%	100.0%	235	75	12
D. Chapter 11 Administrative Claims	3,633	3,633	41.0%	93.6%	1,489	3,400	12
Proceeds Available for Priority Claims					\$ -	\$ -	
PRIORITY CLAIMS							
E. Employee Priority Claims	\$ -	\$ -	na	na	\$ -	\$ -	13
F. Priority Tax Claims	7	7	0.0%	0.0%	-	-	13
G. Other Priority Claims	-	-	na	na	-	-	13
Proceeds Available for Unsecured Claims					\$ -	\$ -	
UNSECURED CLAIMS							
H1. First Lien Deficiency Claims	\$ -	\$ -	na	na	\$ -	\$ -	14
H2. Second Lien Deficiency Claims	-	-	na	na	-	-	14
H3. Other Secured Deficiency Claims	-	-	na	na	-	-	14
H4. Senior Unsecured Notes Claims	-	-	na	na	-	-	14
H5. Subsidiary Guaranteed Notes Claims	502,019	502,019	0.0%	0.0%	-	-	14
H5a. Subsidiary Guaranteed Notes Turnover to First Lien Claimants	-	-	na	na	-	-	14
H6. General Unsecured Claims	11,011	12,739	0.0%	0.0%	-	-	14
H7. Pension Claims	446,123	223,061	0.0%	0.0%	-	-	14
H8. Intercompany Notes Payable	-	-	na	na	-	-	14
H9. Intercompany Claims - Prepetition	123,110	123,110	0.0%	0.0%	-	-	14
Total Unsecured Claims	\$ 1,082,263	\$ 860,930	0.0%	0.0%	\$ -	\$ -	
Total Admin, Priority, Unsecured Claims & Distributions	\$ 1,086,182	\$ 864,665	0.2%	0.4%	\$ 1,768	\$ 3,496	
Value Available for Equity Interests					\$ -	\$ -	15

I. TOTAL PROCEEDS AVAILABLE FOR DISTRIBUTION

	Net Book Value	Estimated Recovery (%)		Estimated Liquidation Value		See Note
		Lower	Higher	Lower	Higher	
A. STATEMENT OF ASSETS						
Cash and equivalents	\$ -	0%	0%	\$ -	\$ -	1
Accounts receivable	-	0%	0%	-	-	2
Other current assets	-	0%	0%	-	-	2
Inventory	-	0%	0%	-	-	2
Due from subsidiaries/affiliates	1	59%	100%	0	1	3
Property and equipment, net	-	0%	0%	-	-	2
Goodwill	-	0%	0%	-	-	4
Intangibles	-	0%	0%	-	-	4
Investments in subsidiaries	-	0%	0%	-	-	5
Restricted cash	-	0%	0%	-	-	4
Other assets	-	0%	0%	-	-	
STATEMENT OF ASSETS - CASINO SALE						
Casino	-	0%	0%	-	-	6
Interim cash flow	-	0%	0%	-	-	7
Total Assets / Gross Recovery	\$ 1	59%	100%	\$ 0	\$ 1	
A1. ENCUMBERED COLLATERAL						
Cash and equivalents	\$ -	0%	0%	\$ -	\$ -	1
Accounts receivable	-	0%	0%	-	-	2
Other current assets	-	0%	0%	-	-	2
Inventory	-	0%	0%	-	-	2
Due from subsidiaries/affiliates	-	0%	0%	-	-	3
Property and equipment, net	-	0%	0%	-	-	2
Goodwill	-	0%	0%	-	-	4
Intangibles	-	0%	0%	-	-	4
Investments in subsidiaries	-	0%	0%	-	-	5
Restricted cash	-	0%	0%	-	-	4
Other assets	-	0%	0%	-	-	
Casino value and encumbered interim cash flow	-	0%	0%	-	-	6,7
Total Encumbered Collateral / Gross Recovery	\$ -	0%	0%	\$ -	\$ -	
A2. UNENCUMBERED ASSETS						
Cash and equivalents	\$ -	0%	0%	\$ -	\$ -	1
Accounts receivable	-	0%	0%	-	-	2
Other current assets	-	0%	0%	-	-	2
Inventory	-	0%	0%	-	-	2
Due from subsidiaries/affiliates	1	59%	100%	0	1	3
Property and equipment, net	-	0%	0%	-	-	2
Goodwill	-	0%	0%	-	-	4
Intangibles	-	0%	0%	-	-	4
Investments in subsidiaries	-	0%	0%	-	-	5
Restricted cash	-	0%	0%	-	-	4
Other assets	-	0%	0%	-	-	
Unencumbered interim cash flow	-	0%	0%	-	-	7
Total Unencumbered Assets / Gross Recovery	\$ 1	59%	100%	\$ 0	\$ 1	
B. LITIGATION RECOVERIES						
B1. Encumbered Causes of Action				-	-	8
B2. Unencumbered Causes of Action, including Preferences				-	-	8
B3. Total Litigation Recoveries				\$ -	\$ -	
C. SUMMARY OF GROSS PROCEEDS						
C1. Encumbered Collateral Recovery (A1 + B1)				\$ -	\$ -	
C2. Unencumbered Assets Recovery (A2 + B2)				0	1	
C3. Total Gross Recovery Proceeds Available for Distribution				\$ 0	\$ 1	

II. ALLOCATION OF PROCEEDS FROM ENCUMBERED COLLATERAL AVAILABLE FOR DISTRIBUTION

	Estimated Allowed Claims		Estimated Recovery (%)		Estimated Recovery on Secured Claims		See Note
	Lower	Higher	Lower	Higher	Lower	Higher	
Encumbered Gross Collateral Proceeds Available					\$ -	\$ -	
A. LESS: Section 506(c) Surcharges	\$ -	\$ -			\$ -	\$ -	9
B. Carve-Out Allocation	-	-			-	-	10
Proceeds Available to Secured Claims					<u>\$ -</u>	<u>\$ -</u>	
SECURED CLAIMS							
C. PLUS: Proceeds From Subsidiary Guaranteed Notes Turnover					-	-	14
Proceeds Available to Satisfy First Lien Secured Claims					<u>\$ -</u>	<u>\$ -</u>	
D. First Lien Secured Claims							
D1. First Lien Bank Claims	\$ -	\$ -	na	na	-	-	11
D2. First Lien Bond Claims	-	-	na	na	-	-	11
D3. First Lien Swap Claims	-	-	na	na	-	-	11
D4. Other First Lien Secured Claims	-	-	na	na	-	-	11
Total First Lien Claims & Recovery	<u>\$ -</u>	<u>\$ -</u>	na	na	<u>\$ -</u>	<u>\$ -</u>	
Proceeds Available to Satisfy Second Lien Secured Claims					<u>\$ -</u>	<u>\$ -</u>	
E. Second Lien Bond Claims	\$ -	\$ -	na	na	-	-	11
Total Second Lien Claims & Recovery	<u>\$ -</u>	<u>\$ -</u>	na	na	<u>\$ -</u>	<u>\$ -</u>	
F. Other Secured Claims	-	-			\$ -	\$ -	11
Total Secured Claims and Distributions	<u>\$ -</u>	<u>\$ -</u>	0.0%	0.0%	<u>\$ -</u>	<u>\$ -</u>	
Proceeds Available from Encumbered Collateral to Satisfy Administrative, Priority and Unsecured Claims					<u>\$ -</u>	<u>\$ -</u>	
Secured Lender Deficiency Claims (General Unsecured Claim)	<u>\$ -</u>	<u>\$ -</u>					

III. ALLOCATION OF PROCEEDS AVAILABLE TO SATISFY ADMINISTRATIVE, PRIORITY AND UNSECURED CLAIMS

	Estimated Allowed Claims		Estimated Recovery (%)		Estimated Recovery on Administrative, Priority and Unsecured Claims		See Note
	Lower	Higher	Lower	Higher	Lower	Higher	
Proceeds Available from Unencumbered Assets					\$ 0	\$ 1	
Section 506(c) Surcharges					-	-	9
Proceeds Available from Encumbered Collateral					-	-	
Proceeds Available to Satisfy Administrative, Priority and Unsecured Claims					\$ 0	\$ 1	
A. LESS: Carve-Out Allocation	\$ 0	\$ 0	100.0%	100.0%	\$ 0	\$ 0	10
Proceeds Available for Administrative Claims					\$ 0	\$ 1	
ADMINISTRATIVE CLAIMS							
B. Subsidiaries' Superpriority Admin Claims against CEOC	\$ -	\$ -	na	na	\$ -	\$ -	12
C. Chapter 7 Administrative Claims	0	0	100.0%	100.0%	0	0	12
D. Chapter 11 Administrative Claims	-	-	na	na	-	-	12
Proceeds Available for Priority Claims					\$ 0	\$ 1	
PRIORITY CLAIMS							
E. Employee Priority Claims	\$ -	\$ -	na	na	\$ -	\$ -	13
F. Priority Tax Claims	-	-	na	na	-	-	13
G. Other Priority Claims	-	-	na	na	-	-	13
Proceeds Available for Unsecured Claims					\$ 0	\$ 1	
UNSECURED CLAIMS							
H1. First Lien Deficiency Claims	\$ -	\$ -	na	na	\$ -	\$ -	14
H2. Second Lien Deficiency Claims	-	-	na	na	-	-	14
H3. Other Secured Deficiency Claims	-	-	na	na	-	-	14
H4. Senior Unsecured Notes Claims	-	-	na	na	-	-	14
H5. Subsidiary Guaranteed Notes Claims	-	-	na	na	-	-	14
H5a. Subsidiary Guaranteed Notes Turnover to First Lien Claimants	-	-	na	na	-	-	14
H6. General Unsecured Claims	2	2	5.6%	33.6%	0	1	14
H7. Pension Claims	446,123	223,061	0.0%	0.0%	0	0	14
H8. Intercompany Notes Payable	-	-	na	na	-	-	14
H9. Intercompany Claims - Prepetition	0	0	5.6%	33.6%	0	0	14
Total Unsecured Claims	\$ 446,125	\$ 223,064	0.0%	0.0%	\$ 0	\$ 1	
Total Admin, Priority, Unsecured Claims & Distributions	\$ 446,125	\$ 223,064	0.0%	0.0%	\$ 0	\$ 1	
Value Available for Equity Interests					\$ -	\$ -	15

I. TOTAL PROCEEDS AVAILABLE FOR DISTRIBUTION

	Net Book Value	Estimated Recovery (%)		Estimated Liquidation Value		See Note
		Lower	Higher	Lower	Higher	
A. STATEMENT OF ASSETS						
Cash and equivalents	\$ -	0%	0%	\$ -	\$ -	1
Accounts receivable	-	0%	0%	-	-	2
Other current assets	-	0%	0%	-	-	2
Inventory	-	0%	0%	-	-	2
Due from subsidiaries/affiliates	48,608	41%	75%	19,859	36,480	3
Property and equipment, net	15,057	16%	24%	2,396	3,594	2
Goodwill	-	0%	0%	-	-	4
Intangibles	-	0%	0%	-	-	4
Investments in subsidiaries	-	0%	0%	-	-	5
Restricted cash	-	0%	0%	-	-	4
Other assets	-	0%	0%	-	-	
STATEMENT OF ASSETS - CASINO SALE						
Casino	94,990	100%+	100%+	123,141	131,372	6
Interim cash flow	12,293	80%	90%	9,835	11,064	7
Total Assets / Gross Recovery	\$ 170,948	91%	100%+	\$ 155,230	\$ 182,510	
A1. ENCUMBERED COLLATERAL						
Cash and equivalents	\$ -	0%	0%	\$ -	\$ -	1
Accounts receivable	-	0%	0%	-	-	2
Other current assets	-	0%	0%	-	-	2
Inventory	-	0%	0%	-	-	2
Due from subsidiaries/affiliates	19,948	15%	39%	2,922	7,820	3
Property and equipment, net	15,057	16%	16%	2,396	2,396	2
Goodwill	-	0%	0%	-	-	4
Intangibles	-	0%	0%	-	-	4
Investments in subsidiaries	-	0%	0%	-	-	5
Restricted cash	-	0%	0%	-	-	4
Other assets	-	0%	0%	-	-	
Casino value and encumbered interim cash flow	98,896	100%+	100%+	124,589	133,000	6,7
Total Encumbered Collateral / Gross Recovery	\$ 133,901	97%	100%+	\$ 129,907	\$ 143,216	
A2. UNENCUMBERED ASSETS						
Cash and equivalents	\$ -	0%	0%	\$ -	\$ -	1
Accounts receivable	-	0%	0%	-	-	2
Other current assets	-	0%	0%	-	-	2
Inventory	-	0%	0%	-	-	2
Due from subsidiaries/affiliates	28,660	59%	100%	16,936	28,660	3
Property and equipment, net	-	0%	0%	-	1,198	2
Goodwill	-	0%	0%	-	-	4
Intangibles	-	0%	0%	-	-	4
Investments in subsidiaries	-	0%	0%	-	-	5
Restricted cash	-	0%	0%	-	-	4
Other assets	-	0%	0%	-	-	
Unencumbered interim cash flow	8,387	100%	100%	8,387	9,436	7
Total Unencumbered Assets / Gross Recovery	\$ 37,047	68%	100%+	\$ 25,324	\$ 39,294	
B. LITIGATION RECOVERIES						
B1. Encumbered Causes of Action				-	-	8
B2. Unencumbered Causes of Action, including Preferences				90	180	8
B3. Total Litigation Recoveries				\$ 90	\$ 180	
C. SUMMARY OF GROSS PROCEEDS						
C1. Encumbered Collateral Recovery (A1 + B1)				\$ 129,907	\$ 143,216	
C2. Unencumbered Assets Recovery (A2 + B2)				25,414	39,473	
C3. Total Gross Recovery Proceeds Available for Distribution				\$ 155,320	\$ 182,689	

II. ALLOCATION OF PROCEEDS FROM ENCUMBERED COLLATERAL AVAILABLE FOR DISTRIBUTION

	Estimated Allowed Claims		Estimated Recovery (%)		Estimated Recovery on Secured Claims		See Note
	Lower	Higher	Lower	Higher	Lower	Higher	
Encumbered Gross Collateral Proceeds Available					\$ 129,907	\$ 143,216	
A. LESS: Section 506(c) Surcharges	\$ 690	\$ 2,070			\$ 690	\$ 2,070	9
B. Carve-Out Allocation	-	-			-	-	10
Proceeds Available to Secured Claims					\$ 129,217	\$ 141,146	
SECURED CLAIMS							
C. PLUS: Proceeds From Subsidiary Guaranteed Notes Turnover					13,126	6,931	14
Proceeds Available to Satisfy First Lien Secured Claims					\$ 142,343	\$ 148,077	
D. First Lien Secured Claims							
D1. First Lien Bank Claims	\$ 63,988	\$ 69,552	100.0%	100.0%	63,988	69,552	11
D2. First Lien Bond Claims	77,840	77,963	100.0%	100.0%	77,840	77,963	11
D3. First Lien Swap Claims	515	562	100.0%	100.0%	515	562	11
D4. Other First Lien Secured Claims	-	-	na	na	-	-	11
Total First Lien Claims & Recovery	\$ 142,343	\$ 148,077	100.0%	100.0%	\$ 142,343	\$ 148,077	
Proceeds Available to Satisfy Second Lien Secured Claims					\$ -	\$ -	
E. Second Lien Bond Claims	\$ -	\$ -	na	na	-	-	11
Total Second Lien Claims & Recovery	\$ -	\$ -	na	na	\$ -	\$ -	
F. Other Secured Claims	20	20			\$ -	\$ -	11
Total Secured Claims and Distributions	\$ 143,052	\$ 150,167	100.0%	100.0%	\$ 143,033	\$ 150,147	
Proceeds Available from Encumbered Collateral to Satisfy Administrative, Priority and Unsecured Claims					\$ -	\$ -	
Secured Lender Deficiency Claims (General Unsecured Claim)	\$ 20	\$ 20					

III. ALLOCATION OF PROCEEDS AVAILABLE TO SATISFY ADMINISTRATIVE, PRIORITY AND UNSECURED CLAIMS

	Estimated Allowed Claims		Estimated Recovery (%)		Estimated Recovery on Administrative, Priority and Unsecured Claims		See Note
	Lower	Higher	Lower	Higher	Lower	Higher	
	Proceeds Available from Unencumbered Assets					\$ 25,414	
Section 506(c) Surcharges					690	2,070	9
Proceeds Available from Encumbered Collateral					-	-	
Proceeds Available to Satisfy Administrative, Priority and Unsecured Claims					\$ 26,104	\$ 41,543	
A. LESS: Carve-Out Allocation	\$ 644	\$ 242	100.0%	100.0%	\$ 644	\$ 242	10
Proceeds Available for Administrative Claims					\$ 25,460	\$ 41,301	
ADMINISTRATIVE CLAIMS							
B. Subsidiaries' Superpriority Admin Claims against CEOC	\$ -	\$ -	na	na	\$ -	\$ -	12
C. Chapter 7 Administrative Claims	4,223	1,533	100.0%	100.0%	4,223	1,533	12
D. Chapter 11 Administrative Claims	1,037	1,037	100.0%	100.0%	1,037	1,037	12
Proceeds Available for Priority Claims					\$ 20,200	\$ 38,731	
PRIORITY CLAIMS							
E. Employee Priority Claims	\$ -	\$ -	na	na	\$ -	\$ -	13
F. Priority Tax Claims	-	-	na	na	-	-	13
G. Other Priority Claims	-	-	na	na	-	-	13
Proceeds Available for Unsecured Claims					\$ 20,200	\$ 38,731	
UNSECURED CLAIMS							
H1. First Lien Deficiency Claims	\$ -	\$ -	na	na	\$ -	\$ -	14
H2. Second Lien Deficiency Claims	-	-	na	na	-	-	14
H3. Other Secured Deficiency Claims	20	20	2.7%	100.0%	1	20	14
H4. Senior Unsecured Notes Claims	-	-	na	na	-	-	14
H5. Subsidiary Guaranteed Notes Claims	502,019	502,019	0.1%	0.1%	481	567	14
H5a. Subsidiary Guaranteed Notes Turnover to First Lien Claimants			na	na	13,126	6,931	14
H6. General Unsecured Claims	1,455	1,545	2.7%	100.0%	39	1,545	14
H7. Pension Claims	446,123	223,061	1.5%	0.3%	6,553	645	14
H8. Intercompany Notes Payable	-	-	na	na	-	-	14
H9. Intercompany Claims - Prepetition	1	1	2.7%	100.0%	0	1	14
Total Unsecured Claims	\$ 949,617	\$ 726,646	2.1%	1.3%	\$ 20,200	\$ 9,708	
Total Admin, Priority, Unsecured Claims & Distributions	\$ 955,521	\$ 729,458	2.7%	1.7%	\$ 26,104	\$ 12,521	
Value Available for Equity Interests					\$ -	\$ 29,023	15

I. TOTAL PROCEEDS AVAILABLE FOR DISTRIBUTION

	Net Book Value	Estimated Recovery (%)		Estimated Liquidation Value		See Note
		Lower	Higher	Lower	Higher	
A. STATEMENT OF ASSETS						
Cash and equivalents	\$ -	0%	0%	\$ -	\$ -	1
Accounts receivable	-	0%	0%	-	-	2
Other current assets	-	0%	0%	-	-	2
Inventory	-	0%	0%	-	-	2
Due from subsidiaries/affiliates	-	0%	0%	-	-	3
Property and equipment, net	-	0%	0%	-	-	2
Goodwill	-	0%	0%	-	-	4
Intangibles	-	0%	0%	-	-	4
Investments in subsidiaries	-	0%	0%	-	-	5
Restricted cash	-	0%	0%	-	-	4
Other assets	-	0%	0%	-	-	
STATEMENT OF ASSETS - CASINO SALE						
Casino	-	0%	0%	-	-	6
Interim cash flow	-	0%	0%	-	-	7
Total Assets / Gross Recovery	\$ -	0%	0%	\$ -	\$ -	
A1. ENCUMBERED COLLATERAL						
Cash and equivalents	\$ -	0%	0%	\$ -	\$ -	1
Accounts receivable	-	0%	0%	-	-	2
Other current assets	-	0%	0%	-	-	2
Inventory	-	0%	0%	-	-	2
Due from subsidiaries/affiliates	-	0%	0%	-	-	3
Property and equipment, net	-	0%	0%	-	-	2
Goodwill	-	0%	0%	-	-	4
Intangibles	-	0%	0%	-	-	4
Investments in subsidiaries	-	0%	0%	-	-	5
Restricted cash	-	0%	0%	-	-	4
Other assets	-	0%	0%	-	-	
Casino value and encumbered interim cash flow	-	0%	0%	-	-	6,7
Total Encumbered Collateral / Gross Recovery	\$ -	0%	0%	\$ -	\$ -	
A2. UNENCUMBERED ASSETS						
Cash and equivalents	\$ -	0%	0%	\$ -	\$ -	1
Accounts receivable	-	0%	0%	-	-	2
Other current assets	-	0%	0%	-	-	2
Inventory	-	0%	0%	-	-	2
Due from subsidiaries/affiliates	-	0%	0%	-	-	3
Property and equipment, net	-	0%	0%	-	-	2
Goodwill	-	0%	0%	-	-	4
Intangibles	-	0%	0%	-	-	4
Investments in subsidiaries	-	0%	0%	-	-	5
Restricted cash	-	0%	0%	-	-	4
Other assets	-	0%	0%	-	-	
Unencumbered interim cash flow	-	0%	0%	-	-	7
Total Unencumbered Assets / Gross Recovery	\$ -	0%	0%	\$ -	\$ -	
B. LITIGATION RECOVERIES						
B1. Encumbered Causes of Action				-	-	8
B2. Unencumbered Causes of Action, including Preferences				-	-	8
B3. Total Litigation Recoveries				\$ -	\$ -	
C. SUMMARY OF GROSS PROCEEDS						
C1. Encumbered Collateral Recovery (A1 + B1)				\$ -	\$ -	
C2. Unencumbered Assets Recovery (A2 + B2)				-	-	
C3. Total Gross Recovery Proceeds Available for Distribution				\$ -	\$ -	

II. ALLOCATION OF PROCEEDS FROM ENCUMBERED COLLATERAL AVAILABLE FOR DISTRIBUTION

	Estimated Allowed Claims		Estimated Recovery (%)		Estimated Recovery on Secured Claims		See Note
	Lower	Higher	Lower	Higher	Lower	Higher	
Encumbered Gross Collateral Proceeds Available					\$ -	\$ -	
A. LESS: Section 506(c) Surcharges	\$ -	\$ -			\$ -	\$ -	9
B. Carve-Out Allocation	-	-			-	-	10
Proceeds Available to Secured Claims					\$ -	\$ -	
SECURED CLAIMS							
C. PLUS: Proceeds From Subsidiary Guaranteed Notes Turnover					-	-	14
Proceeds Available to Satisfy First Lien Secured Claims					\$ -	\$ -	
D. First Lien Secured Claims							
D1. First Lien Bank Claims	\$ -	\$ -	na	na	-	-	11
D2. First Lien Bond Claims	-	-	na	na	-	-	11
D3. First Lien Swap Claims	-	-	na	na	-	-	11
D4. Other First Lien Secured Claims	-	-	na	na	-	-	11
Total First Lien Claims & Recovery	\$ -	\$ -	na	na	\$ -	\$ -	
Proceeds Available to Satisfy Second Lien Secured Claims					\$ -	\$ -	
E. Second Lien Bond Claims	\$ -	\$ -	na	na	-	-	11
Total Second Lien Claims & Recovery	\$ -	\$ -	na	na	\$ -	\$ -	
F. Other Secured Claims	-	-			\$ -	\$ -	11
Total Secured Claims and Distributions	\$ -	\$ -	0.0%	0.0%	\$ -	\$ -	
Proceeds Available from Encumbered Collateral to Satisfy Administrative, Priority and Unsecured Claims					\$ -	\$ -	
Secured Lender Deficiency Claims (General Unsecured Claim)	\$ -	\$ -					

III. ALLOCATION OF PROCEEDS AVAILABLE TO SATISFY ADMINISTRATIVE, PRIORITY AND UNSECURED CLAIMS

	Estimated Allowed Claims		Estimated Recovery (%)		Estimated Recovery on Administrative, Priority and Unsecured Claims		See Note
	Lower	Higher	Lower	Higher	Lower	Higher	
Proceeds Available from Unencumbered Assets					\$ -	\$ -	
Section 506(c) Surcharges					-	-	9
Proceeds Available from Encumbered Collateral					-	-	
Proceeds Available to Satisfy Administrative, Priority and Unsecured Claims					\$ -	\$ -	
A. LESS: Carve-Out Allocation	\$ -	\$ -	na	na	\$ -	\$ -	10
Proceeds Available for Administrative Claims					\$ -	\$ -	
ADMINISTRATIVE CLAIMS							
B. Subsidiaries' Superpriority Admin Claims against CEOC	\$ -	\$ -	na	na	\$ -	\$ -	12
C. Chapter 7 Administrative Claims	-	-	na	na	-	-	12
D. Chapter 11 Administrative Claims	-	-	na	na	-	-	12
Proceeds Available for Priority Claims					\$ -	\$ -	
PRIORITY CLAIMS							
E. Employee Priority Claims	\$ -	\$ -	na	na	\$ -	\$ -	13
F. Priority Tax Claims	-	-	na	na	-	-	13
G. Other Priority Claims	-	-	na	na	-	-	13
Proceeds Available for Unsecured Claims					\$ -	\$ -	
UNSECURED CLAIMS							
H1. First Lien Deficiency Claims	\$ -	\$ -	na	na	\$ -	\$ -	14
H2. Second Lien Deficiency Claims	-	-	na	na	-	-	14
H3. Other Secured Deficiency Claims	-	-	na	na	-	-	14
H4. Senior Unsecured Notes Claims	-	-	na	na	-	-	14
H5. Subsidiary Guaranteed Notes Claims	502,019	502,019	0.0%	0.0%	-	-	14
H5a. Subsidiary Guaranteed Notes Turnover to First Lien Claimants	-	-	na	na	-	-	14
H6. General Unsecured Claims	-	-	na	na	-	-	14
H7. Pension Claims	446,123	223,061	0.0%	0.0%	-	-	14
H8. Intercompany Notes Payable	-	-	na	na	-	-	14
H9. Intercompany Claims - Prepetition	-	-	na	na	-	-	14
Total Unsecured Claims	\$ 948,142	\$ 725,081	0.0%	0.0%	\$ -	\$ -	
Total Admin, Priority, Unsecured Claims & Distributions	\$ 948,142	\$ 725,081	0.0%	0.0%	\$ -	\$ -	
Value Available for Equity Interests					\$ -	\$ -	15

I. TOTAL PROCEEDS AVAILABLE FOR DISTRIBUTION

	Net Book Value	Estimated Recovery (%)		Estimated Liquidation Value		See Note
		Lower	Higher	Lower	Higher	
A. STATEMENT OF ASSETS						
Cash and equivalents	\$ -	0%	0%	\$ -	\$ -	1
Accounts receivable	-	0%	0%	-	-	2
Other current assets	-	0%	0%	-	-	2
Inventory	-	0%	0%	-	-	2
Due from subsidiaries/affiliates	12,286	0%	19%	-	2,355	3
Property and equipment, net	-	0%	0%	-	-	2
Goodwill	-	0%	0%	-	-	4
Intangibles	-	0%	0%	-	-	4
Investments in subsidiaries	-	0%	0%	-	-	5
Restricted cash	-	0%	0%	-	-	4
Other assets	-	0%	0%	-	-	
STATEMENT OF ASSETS - CASINO SALE						
Casino	65,655	100%+	100%+	451,392	480,515	6
Interim cash flow	-	0%	0%	-	-	7
Total Assets / Gross Recovery	\$ 77,941	100%+	100%+	\$ 451,392	\$ 482,869	
A1. ENCUMBERED COLLATERAL						
Cash and equivalents	\$ -	0%	0%	\$ -	\$ -	1
Accounts receivable	-	0%	0%	-	-	2
Other current assets	-	0%	0%	-	-	2
Inventory	-	0%	0%	-	-	2
Due from subsidiaries/affiliates	12,286	0%	19%	-	2,355	3
Property and equipment, net	-	0%	0%	-	-	2
Goodwill	-	0%	0%	-	-	4
Intangibles	-	0%	0%	-	-	4
Investments in subsidiaries	-	0%	0%	-	-	5
Restricted cash	-	0%	0%	-	-	4
Other assets	-	0%	0%	-	-	
Casino value and encumbered interim cash flow	65,655	100%+	100%+	451,392	480,515	6,7
Total Encumbered Collateral / Gross Recovery	\$ 77,941	100%+	100%+	\$ 451,392	\$ 482,869	
A2. UNENCUMBERED ASSETS						
Cash and equivalents	\$ -	0%	0%	\$ -	\$ -	1
Accounts receivable	-	0%	0%	-	-	2
Other current assets	-	0%	0%	-	-	2
Inventory	-	0%	0%	-	-	2
Due from subsidiaries/affiliates	-	0%	0%	-	-	3
Property and equipment, net	-	0%	0%	-	-	2
Goodwill	-	0%	0%	-	-	4
Intangibles	-	0%	0%	-	-	4
Investments in subsidiaries	-	0%	0%	-	-	5
Restricted cash	-	0%	0%	-	-	4
Other assets	-	0%	0%	-	-	
Unencumbered interim cash flow	-	0%	0%	-	-	7
Total Unencumbered Assets / Gross Recovery	\$ -	0%	0%	\$ -	\$ -	
B. LITIGATION RECOVERIES						
B1. Encumbered Causes of Action				-	-	8
B2. Unencumbered Causes of Action, including Preferences				7	15	8
B3. Total Litigation Recoveries				<u>\$ 7</u>	<u>\$ 15</u>	
C. SUMMARY OF GROSS PROCEEDS						
C1. Encumbered Collateral Recovery (A1 + B1)				\$ 451,392	\$ 482,869	
C2. Unencumbered Assets Recovery (A2 + B2)				7	15	
C3. Total Gross Recovery Proceeds Available for Distribution				<u>\$ 451,400</u>	<u>\$ 482,884</u>	

II. ALLOCATION OF PROCEEDS FROM ENCUMBERED COLLATERAL AVAILABLE FOR DISTRIBUTION

	Estimated Allowed Claims		Estimated Recovery (%)		Estimated Recovery on Secured Claims		See Note
	Lower	Higher	Lower	Higher	Lower	Higher	
Encumbered Gross Collateral Proceeds Available					\$ 451,392	\$ 482,869	
A. LESS: Section 506(c) Surcharges	\$ 1,550	\$ 4,650			\$ 1,550	\$ 4,650	9
B. Carve-Out Allocation	-	-			-	-	10
Proceeds Available to Secured Claims					\$ 449,842	\$ 478,219	
SECURED CLAIMS							
C. PLUS: Proceeds From Subsidiary Guaranteed Notes Turnover					755	787	14
Proceeds Available to Satisfy First Lien Secured Claims					\$ 450,598	\$ 479,006	
D. First Lien Secured Claims							
D1. First Lien Bank Claims	\$ 202,804	\$ 213,137	100.0%	100.0%	202,804	213,137	11
D2. First Lien Bond Claims	246,162	264,148	100.0%	100.0%	246,162	264,148	11
D3. First Lien Swap Claims	1,631	1,721	100.0%	100.0%	1,631	1,721	11
D4. Other First Lien Secured Claims	-	-	na	na	-	-	11
Total First Lien Claims & Recovery	\$ 450,598	\$ 479,006	100.0%	100.0%	\$ 450,598	\$ 479,006	
Proceeds Available to Satisfy Second Lien Secured Claims					\$ -	\$ -	
E. Second Lien Bond Claims	\$ -	\$ -	na	na	-	-	11
Total Second Lien Claims & Recovery	\$ -	\$ -	na	na	\$ -	\$ -	
F. Other Secured Claims	-	-			-	-	11
Total Secured Claims and Distributions	\$ 452,148	\$ 483,656	100.0%	100.0%	\$ 452,148	\$ 483,656	
Proceeds Available from Encumbered Collateral to Satisfy Administrative, Priority and Unsecured Claims					\$ -	\$ -	
Secured Lender Deficiency Claims (General Unsecured Claim)	\$ -	\$ -					

III. ALLOCATION OF PROCEEDS AVAILABLE TO SATISFY ADMINISTRATIVE, PRIORITY AND UNSECURED CLAIMS

	Estimated Allowed Claims		Estimated Recovery (%)		Estimated Recovery on Administrative, Priority and Unsecured Claims		See Note
	Lower	Higher	Lower	Higher	Lower	Higher	
	Proceeds Available from Unencumbered Assets Section 506(c) Surcharges					\$ 7	
Proceeds Available from Encumbered Collateral					-	-	
Proceeds Available to Satisfy Administrative, Priority and Unsecured Claims					\$ 1,557	\$ 4,665	
A. LESS: Carve-Out Allocation	\$ 38	\$ 27	100.0%	100.0%	\$ 38	\$ 27	10
Proceeds Available for Administrative Claims					\$ 1,519	\$ 4,638	
ADMINISTRATIVE CLAIMS							
B. Subsidiaries' Superpriority Admin Claims against CEOC	\$ -	\$ -	na	na	\$ -	\$ -	12
C. Chapter 7 Administrative Claims	207	100	100.0%	100.0%	207	100	12
D. Chapter 11 Administrative Claims	152	152	100.0%	100.0%	152	152	12
Proceeds Available for Priority Claims					\$ 1,159	\$ 4,385	
PRIORITY CLAIMS							
E. Employee Priority Claims	\$ -	\$ -	na	na	\$ -	\$ -	13
F. Priority Tax Claims	-	-	na	na	-	-	13
G. Other Priority Claims	-	-	na	na	-	-	13
Proceeds Available for Unsecured Claims					\$ 1,159	\$ 4,385	
UNSECURED CLAIMS							
H1. First Lien Deficiency Claims	\$ -	\$ -	na	na	\$ -	\$ -	14
H2. Second Lien Deficiency Claims	-	-	na	na	-	-	14
H3. Other Secured Deficiency Claims	-	-	na	na	-	-	14
H4. Senior Unsecured Notes Claims	-	-	na	na	-	-	14
H5. Subsidiary Guaranteed Notes Claims	502,019	502,019	0.0%	0.0%	28	64	14
H5a. Subsidiary Guaranteed Notes Turnover to First Lien Claimants			na	na	755	787	14
H6. General Unsecured Claims	48	55	0.2%	100.0%	0	55	14
H7. Pension Claims	446,123	223,061	0.1%	0.0%	377	73	14
H8. Intercompany Notes Payable	-	-	na	na	-	-	14
H9. Intercompany Claims - Prepetition	-	-	na	na	-	-	14
Total Unsecured Claims	\$ 948,190	\$ 725,136	0.1%	0.1%	\$ 1,159	\$ 980	
Total Admin, Priority, Unsecured Claims & Distributions	\$ 948,588	\$ 725,416	0.2%	0.2%	\$ 1,557	\$ 1,260	
Value Available for Equity Interests					\$ -	\$ 3,405	15

I. TOTAL PROCEEDS AVAILABLE FOR DISTRIBUTION

	Net Book Value	Estimated Recovery (%)		Estimated Liquidation Value		See Note
		Lower	Higher	Lower	Higher	
A. STATEMENT OF ASSETS						
Cash and equivalents	\$ -	0%	0%	\$ -	\$ -	1
Accounts receivable	-	0%	0%	-	-	2
Other current assets	-	0%	0%	-	-	2
Inventory	-	0%	0%	-	-	2
Due from subsidiaries/affiliates	219,975	29%	59%	64,597	130,519	3
Property and equipment, net	-	0%	0%	-	-	2
Goodwill	-	0%	0%	-	-	4
Intangibles	-	0%	0%	-	-	4
Investments in subsidiaries	-	0%	0%	-	-	5
Restricted cash	-	0%	0%	-	-	4
Other assets	-	0%	0%	-	-	
STATEMENT OF ASSETS - CASINO SALE						
Casino	551,050	11%	11%	59,963	62,461	6
Interim cash flow	33,081	100%	100%	33,081	37,216	7
Total Assets / Gross Recovery	\$ 804,106	20%	28%	\$ 157,641	\$ 230,196	
A1. ENCUMBERED COLLATERAL						
Cash and equivalents	\$ -	0%	0%	\$ -	\$ -	1
Accounts receivable	-	0%	0%	-	-	2
Other current assets	-	0%	0%	-	-	2
Inventory	-	0%	0%	-	-	2
Due from subsidiaries/affiliates	112,817	1%	21%	1,273	23,362	3
Property and equipment, net	-	0%	0%	-	-	2
Goodwill	-	0%	0%	-	-	4
Intangibles	-	0%	0%	-	-	4
Investments in subsidiaries	-	0%	0%	-	-	5
Restricted cash	-	0%	0%	-	-	4
Other assets	-	0%	0%	-	-	
Casino value and encumbered interim cash flow	551,702	11%	11%	60,615	63,194	6,7
Total Encumbered Collateral / Gross Recovery	\$ 664,519	9%	13%	\$ 61,888	\$ 86,556	
A2. UNENCUMBERED ASSETS						
Cash and equivalents	\$ -	0%	0%	\$ -	\$ -	1
Accounts receivable	-	0%	0%	-	-	2
Other current assets	-	0%	0%	-	-	2
Inventory	-	0%	0%	-	-	2
Due from subsidiaries/affiliates	107,158	59%	100%	63,324	107,158	3
Property and equipment, net	-	0%	0%	-	-	2
Goodwill	-	0%	0%	-	-	4
Intangibles	-	0%	0%	-	-	4
Investments in subsidiaries	-	0%	0%	-	-	5
Restricted cash	-	0%	0%	-	-	4
Other assets	-	0%	0%	-	-	
Assets held for sale	-	0%	0%	-	-	
Unencumbered interim cash flow	32,429	100%	100%	32,429	36,483	7
Total Unencumbered Assets / Gross Recovery	\$ 139,587	69%	100%	\$ 95,753	\$ 143,641	
B. LITIGATION RECOVERIES						
B1. Encumbered Causes of Action				-	-	8
B2. Unencumbered Causes of Action, including Preferences				189	378	8
B3. Total Litigation Recoveries				\$ 189	\$ 378	
C. SUMMARY OF GROSS PROCEEDS						
C1. Encumbered Collateral Recovery (A1 + B1)				\$ 61,888	\$ 86,556	
C2. Unencumbered Assets Recovery (A2 + B2)				95,942	144,019	
C3. Total Gross Recovery Proceeds Available for Distribution				\$ 157,830	\$ 230,574	

II. ALLOCATION OF PROCEEDS FROM ENCUMBERED COLLATERAL AVAILABLE FOR DISTRIBUTION

	Estimated Allowed Claims		Estimated Recovery (%)		Estimated Recovery on Secured Claims		See Note
	Lower	Higher	Lower	Higher	Lower	Higher	
Encumbered Gross Collateral Proceeds Available					\$ 61,888	\$ 86,556	
A. LESS: Section 506(c) Surcharges	\$ -	\$ -			\$ -	\$ -	9
B. Carve-Out Allocation	-	-			-	-	10
Proceeds Available to Secured Claims					\$ 61,888	\$ 86,556	
SECURED CLAIMS							
C. PLUS: Proceeds From Subsidiary Guaranteed Notes Turnover					50,209	24,424	14
Proceeds Available to Satisfy First Lien Secured Claims					\$ 112,097	\$ 110,979	
D. First Lien Secured Claims							
D1. First Lien Bank Claims	\$ 50,151	\$ 62,664	100.0%	100.0%	50,151	62,664	11
D2. First Lien Bond Claims	61,542	47,810	100.0%	100.0%	61,542	47,810	11
D3. First Lien Swap Claims	404	506	100.0%	100.0%	404	506	11
D4. Other First Lien Secured Claims	-	-	na	na	-	-	11
Total First Lien Claims & Recovery	\$ 112,097	\$ 110,979	100.0%	100.0%	\$ 112,097	\$ 110,979	
Proceeds Available to Satisfy Second Lien Secured Claims					\$ -	\$ -	
E. Second Lien Bond Claims	\$ -	\$ -	na	na	-	-	11
Total Second Lien Claims & Recovery	\$ -	\$ -	na	na	\$ -	\$ -	
F. Other Secured Claims	-	-			\$ -	\$ -	11
Total Secured Claims and Distributions	\$ 112,097	\$ 110,979	100.0%	100.0%	\$ 112,097	\$ 110,979	
Proceeds Available from Encumbered Collateral to Satisfy Administrative, Priority and Unsecured Claims					\$ -	\$ -	
Secured Lender Deficiency Claims (General Unsecured Claim)	\$ -	\$ -					

I. TOTAL PROCEEDS AVAILABLE FOR DISTRIBUTION

	Net Book Value	Estimated Recovery (%)		Estimated Liquidation Value		See Note
		Lower	Higher	Lower	Higher	
A. STATEMENT OF ASSETS						
Cash and equivalents	\$ -	0%	0%	\$ -	\$ -	1
Accounts receivable	-	0%	0%	-	-	2
Other current assets	-	0%	0%	-	-	2
Inventory	-	0%	0%	-	-	2
Due from subsidiaries/affiliates	14,310	34%	65%	4,834	9,354	3
Property and equipment, net	-	0%	0%	-	-	2
Goodwill	-	0%	0%	-	-	4
Intangibles	-	0%	0%	-	-	4
Investments in subsidiaries	-	0%	0%	-	-	5
Restricted cash	-	0%	0%	-	-	4
Other assets	3,739	25%	50%	935	1,870	
STATEMENT OF ASSETS - CASINO SALE						
Casino	-	0%	0%	-	-	6
Interim cash flow	-	0%	0%	-	-	7
Total Assets / Gross Recovery	\$ 18,049	32%	62%	\$ 5,768	\$ 11,224	
A1. ENCUMBERED COLLATERAL						
Cash and equivalents	\$ -	0%	0%	\$ -	\$ -	1
Accounts receivable	-	0%	0%	-	-	2
Other current assets	-	0%	0%	-	-	2
Inventory	-	0%	0%	-	-	2
Due from subsidiaries/affiliates	14,310	34%	65%	4,834	9,354	3
Property and equipment, net	-	0%	0%	-	-	2
Goodwill	-	0%	0%	-	-	4
Intangibles	-	0%	0%	-	-	4
Investments in subsidiaries	-	0%	0%	-	-	5
Restricted cash	-	0%	0%	-	-	4
Other assets	3,739	25%	50%	935	1,870	
Casino value and encumbered interim cash flow	-	0%	0%	-	-	6,7
Total Encumbered Collateral / Gross Recovery	\$ 18,049	32%	62%	\$ 5,768	\$ 11,224	
A2. UNENCUMBERED ASSETS						
Cash and equivalents	\$ -	0%	0%	\$ -	\$ -	1
Accounts receivable	-	0%	0%	-	-	2
Other current assets	-	0%	0%	-	-	2
Inventory	-	0%	0%	-	-	2
Due from subsidiaries/affiliates	-	0%	0%	-	-	3
Property and equipment, net	-	0%	0%	-	-	2
Goodwill	-	0%	0%	-	-	4
Intangibles	-	0%	0%	-	-	4
Investments in subsidiaries	-	0%	0%	-	-	5
Restricted cash	-	0%	0%	-	-	4
Other assets	-	0%	0%	-	-	
Unencumbered interim cash flow	-	0%	0%	-	-	7
Total Unencumbered Assets / Gross Recovery	\$ -	0%	0%	\$ -	\$ -	
B. LITIGATION RECOVERIES						
B1. Encumbered Causes of Action	-	-	-	-	-	8
B2. Unencumbered Causes of Action, including Preferences	-	-	-	-	-	8
B3. Total Litigation Recoveries	\$ -			\$ -		
C. SUMMARY OF GROSS PROCEEDS						
C1. Encumbered Collateral Recovery (A1 + B1)				\$ 5,768	\$ 11,224	
C2. Unencumbered Assets Recovery (A2 + B2)				-	-	
C3. Total Gross Recovery Proceeds Available for Distribution				\$ 5,768	\$ 11,224	

II. ALLOCATION OF PROCEEDS FROM ENCUMBERED COLLATERAL AVAILABLE FOR DISTRIBUTION

	Estimated Allowed Claims		Estimated Recovery (%)		Estimated Recovery on Secured Claims		See Note
	Lower	Higher	Lower	Higher	Lower	Higher	
Encumbered Gross Collateral Proceeds Available					\$ 5,768	\$ 11,224	
A. LESS: Section 506(c) Surcharges	\$ -	\$ -			\$ -	\$ -	9
B. Carve-Out Allocation	-	-			-	-	10
Proceeds Available to Secured Claims					\$ 5,768	\$ 11,224	
SECURED CLAIMS							
C. PLUS: Proceeds From Subsidiary Guaranteed Notes Turnover					-	-	14
Proceeds Available to Satisfy First Lien Secured Claims					\$ 5,768	\$ 11,224	
D. First Lien Secured Claims							
D1. First Lien Bank Claims	\$ 2,596	\$ 4,984	100.0%	100.0%	2,596	4,984	11
D2. First Lien Bond Claims	3,151	6,200	100.0%	100.0%	3,151	6,200	11
D3. First Lien Swap Claims	21	40	100.0%	100.0%	21	40	11
D4. Other First Lien Secured Claims	-	-	na	na	-	-	11
Total First Lien Claims & Recovery	\$ 5,768	\$ 11,224	100.0%	100.0%	\$ 5,768	\$ 11,224	
Proceeds Available to Satisfy Second Lien Secured Claims					\$ -	\$ -	
E. Second Lien Bond Claims	\$ -	\$ -	na	na	-	-	11
Total Second Lien Claims & Recovery	\$ -	\$ -	na	na	\$ -	\$ -	
F. Other Secured Claims	-	-			\$ -	\$ -	11
Total Secured Claims and Distributions	\$ 5,768	\$ 11,224	100.0%	100.0%	\$ 5,768	\$ 11,224	
Proceeds Available from Encumbered Collateral to Satisfy Administrative, Priority and Unsecured Claims					\$ -	\$ -	
Secured Lender Deficiency Claims (General Unsecured Claim)	\$ -	\$ -					

III. ALLOCATION OF PROCEEDS AVAILABLE TO SATISFY ADMINISTRATIVE, PRIORITY AND UNSECURED CLAIMS

	Estimated Allowed Claims		Estimated Recovery (%)		Estimated Recovery on Administrative, Priority and Unsecured Claims		See Note
	Lower	Higher	Lower	Higher	Lower	Higher	
Proceeds Available from Unencumbered Assets					\$ -	\$ -	
Section 506(c) Surcharges					-	-	9
Proceeds Available from Encumbered Collateral					-	-	
Proceeds Available to Satisfy Administrative, Priority and Unsecured Claims					\$ -	\$ -	
A. LESS: Carve-Out Allocation	\$ -	\$ -	na	na	\$ -	\$ -	10
Proceeds Available for Administrative Claims					\$ -	\$ -	
ADMINISTRATIVE CLAIMS							
B. Subsidiaries' Superpriority Admin Claims against CEOC	\$ -	\$ -	na	na	\$ -	\$ -	12
C. Chapter 7 Administrative Claims	-	-	na	na	-	-	12
D. Chapter 11 Administrative Claims	-	-	na	na	-	-	12
Proceeds Available for Priority Claims					\$ -	\$ -	
PRIORITY CLAIMS							
E. Employee Priority Claims	\$ -	\$ -	na	na	\$ -	\$ -	13
F. Priority Tax Claims	-	-	na	na	-	-	13
G. Other Priority Claims	-	-	na	na	-	-	13
Proceeds Available for Unsecured Claims					\$ -	\$ -	
UNSECURED CLAIMS							
H1. First Lien Deficiency Claims	\$ -	\$ -	na	na	\$ -	\$ -	14
H2. Second Lien Deficiency Claims	-	-	na	na	-	-	14
H3. Other Secured Deficiency Claims	-	-	na	na	-	-	14
H4. Senior Unsecured Notes Claims	-	-	na	na	-	-	14
H5. Subsidiary Guaranteed Notes Claims	502,019	502,019	0.0%	0.0%	-	-	14
H5a. Subsidiary Guaranteed Notes Turnover to First Lien Claimants	-	-	na	na	-	-	14
H6. General Unsecured Claims	-	-	na	na	-	-	14
H7. Pension Claims	446,123	223,061	0.0%	0.0%	-	-	14
H8. Intercompany Notes Payable	-	-	na	na	-	-	14
H9. Intercompany Claims - Prepetition	-	-	na	na	-	-	14
Total Unsecured Claims	\$ 948,142	\$ 725,081	0.0%	0.0%	\$ -	\$ -	
Total Admin, Priority, Unsecured Claims & Distributions	\$ 948,142	\$ 725,081	0.0%	0.0%	\$ -	\$ -	
Value Available for Equity Interests					\$ -	\$ -	15

and Other
 Hypothetical Liquidation Analysis Schedule 2
 (\$ in thousands)

I. TOTAL PROCEEDS AVAILABLE FOR DISTRIBUTION

	Net Book Value	Estimated Recovery (%)		Estimated Liquidation Value		See Note
		Lower	Higher	Lower	Higher	
		A. STATEMENT OF ASSETS				
Cash and equivalents	\$ -	0%	0%	\$ -	\$ -	1
Accounts receivable	-	0%	0%	-	-	2
Other current assets	-	0%	0%	-	-	2
Inventory	-	0%	0%	-	-	2
Due from subsidiaries/affiliates	-	0%	0%	-	-	3
Property and equipment, net	215	100%+	nm	260	400	2
Goodwill	-	0%	0%	-	-	4
Intangibles	-	0%	0%	-	-	4
Investments in subsidiaries	-	0%	0%	-	-	5
Restricted cash	-	0%	0%	-	-	4
Other assets	-	0%	0%	-	-	
STATEMENT OF ASSETS - CASINO SALE						
Casino	-	0%	0%	-	-	6
Interim cash flow	-	0%	0%	-	-	7
Total Assets / Gross Recovery	\$ 215	121%	186%	\$ 260	\$ 400	
A1. ENCUMBERED COLLATERAL						
Cash and equivalents	\$ -	0%	0%	\$ -	\$ -	1
Accounts receivable	-	0%	0%	-	-	2
Other current assets	-	0%	0%	-	-	2
Inventory	-	0%	0%	-	-	2
Due from subsidiaries/affiliates	-	0%	0%	-	-	3
Property and equipment, net	-	0%	0%	-	-	2
Goodwill	-	0%	0%	-	-	4
Intangibles	-	0%	0%	-	-	4
Investments in subsidiaries	-	0%	0%	-	-	5
Restricted cash	-	0%	0%	-	-	4
Other assets	-	0%	0%	-	-	
Casino value and encumbered interim cash flow	-	0%	0%	-	-	6,7
Total Encumbered Collateral / Gross Recovery	\$ -	0%	0%	\$ -	\$ -	
A2. UNENCUMBERED ASSETS						
Cash and equivalents	\$ -	0%	0%	\$ -	\$ -	1
Accounts receivable	-	0%	0%	-	-	2
Other current assets	-	0%	0%	-	-	2
Inventory	-	0%	0%	-	-	2
Due from subsidiaries/affiliates	-	0%	0%	-	-	3
Property and equipment, net	215	100%+	100%+	260	400	2
Goodwill	-	0%	0%	-	-	4
Intangibles	-	0%	0%	-	-	4
Investments in subsidiaries	-	0%	0%	-	-	5
Restricted cash	-	0%	0%	-	-	4
Other assets	-	0%	0%	-	-	
Unencumbered interim cash flow	-	0%	0%	-	-	7
Total Unencumbered Assets / Gross Recovery	\$ 215	100%+	100%+	\$ 260	\$ 400	
B. LITIGATION RECOVERIES						
B1. Encumbered Causes of Action				-	-	8
B2. Unencumbered Causes of Action, including Preferences				-	-	8
B3. Total Litigation Recoveries				\$ -	\$ -	
C. SUMMARY OF GROSS PROCEEDS						
C1. Encumbered Collateral Recovery (A1 + B1)				\$ -	\$ -	
C2. Unencumbered Assets Recovery (A2 + B2)				260	400	
C3. Total Gross Recovery Proceeds Available for Distribution				\$ 260	\$ 400	

II. ALLOCATION OF PROCEEDS FROM ENCUMBERED COLLATERAL AVAILABLE FOR DISTRIBUTION

	Estimated Allowed Claims		Estimated Recovery (%)		Estimated Recovery on Secured Claims		See Note
	Lower	Higher	Lower	Higher	Lower	Higher	
Encumbered Gross Collateral Proceeds Available					\$ -	\$ -	
A. LESS: Section 506(c) Surcharges	\$ -	\$ -			\$ -	\$ -	9
B. Carve-Out Allocation	-	-			-	-	10
Proceeds Available to Secured Claims					\$ -	\$ -	
SECURED CLAIMS							
C. PLUS: Proceeds From Subsidiary Guaranteed Notes Turnover					143	70	14
Proceeds Available to Satisfy First Lien Secured Claims					\$ 143	\$ 70	
D. First Lien Secured Claims							
D1. First Lien Bank Claims	\$ 63	\$ 69	100.0%	100.0%	63	69	11
D2. First Lien Bond Claims	79	-	100.0%	na	79	-	11
D3. First Lien Swap Claims	1	1	100.0%	100.0%	1	1	11
D4. Other First Lien Secured Claims	-	-	na	na	-	-	11
Total First Lien Claims & Recovery	\$ 143	\$ 70	100.0%	100.0%	\$ 143	\$ 70	
Proceeds Available to Satisfy Second Lien Secured Claims					\$ -	\$ -	
E. Second Lien Bond Claims	\$ -	\$ -	na	na	-	-	11
Total Second Lien Claims & Recovery	\$ -	\$ -	na	na	\$ -	\$ -	
F. Other Secured Claims	-	-			\$ -	\$ -	11
Total Secured Claims and Distributions	\$ 143	\$ 70	100.0%	100.0%	\$ 143	\$ 70	
Proceeds Available from Encumbered Collateral to Satisfy Administrative, Priority and Unsecured Claims					\$ -	\$ -	
Secured Lender Deficiency Claims (General Unsecured Claim)	\$ -	\$ -					

III. ALLOCATION OF PROCEEDS AVAILABLE TO SATISFY ADMINISTRATIVE, PRIORITY AND UNSECURED CLAIMS

	Estimated Allowed Claims		Estimated Recovery (%)		Estimated Recovery on Administrative, Priority and Unsecured Claims		See Note
	Lower	Higher	Lower	Higher	Lower	Higher	
Proceeds Available from Unencumbered Assets					\$ 260	\$ 400	
Section 506(c) Surcharges					-	-	9
Proceeds Available from Encumbered Collateral					-	-	
Proceeds Available to Satisfy Administrative, Priority and Unsecured Claims					\$ 260	\$ 400	
A. LESS: Carve-Out Allocation	\$ 6	\$ 2	100.0%	100.0%	\$ 6	\$ 2	10
Proceeds Available for Administrative Claims					\$ 253	\$ 398	
ADMINISTRATIVE CLAIMS							
B. Subsidiaries' Superpriority Admin Claims against CEOC	\$ -	\$ -	na	na	\$ -	\$ -	12
C. Chapter 7 Administrative Claims	35	9	100.0%	100.0%	35	9	12
D. Chapter 11 Administrative Claims	-	-	na	na	-	-	12
Proceeds Available for Priority Claims					\$ 219	\$ 389	
PRIORITY CLAIMS							
E. Employee Priority Claims	\$ -	\$ -	na	na	\$ -	\$ -	13
F. Priority Tax Claims	-	-	na	na	-	-	13
G. Other Priority Claims	-	-	na	na	-	-	13
Proceeds Available for Unsecured Claims					\$ 219	\$ 389	
UNSECURED CLAIMS							
H1. First Lien Deficiency Claims	\$ -	\$ -	na	na	\$ -	\$ -	14
H2. Second Lien Deficiency Claims	-	-	na	na	-	-	14
H3. Other Secured Deficiency Claims	-	-	na	na	-	-	14
H4. Senior Unsecured Notes Claims	-	-	na	na	-	-	14
H5. Subsidiary Guaranteed Notes Claims	502,019	502,019	0.0%	0.0%	5	6	14
H5a. Subsidiary Guaranteed Notes Turnover to First Lien Claimants			na	na	143	70	14
H6. General Unsecured Claims	37	37	0.0%	100.0%	0	37	14
H7. Pension Claims	446,123	223,061	0.0%	0.0%	71	6	14
H8. Intercompany Notes Payable	-	-	na	na	-	-	14
H9. Intercompany Claims - Prepetition	0	0	0.0%	100.0%	0	0	14
Total Unsecured Claims	\$ 948,180	\$ 725,118	0.0%	0.0%	\$ 219	\$ 120	
Total Admin, Priority, Unsecured Claims & Distributions	\$ 948,221	\$ 725,129	0.0%	0.0%	\$ 260	\$ 131	
Value Available for Equity Interests					\$ -	\$ 269	15

I. TOTAL PROCEEDS AVAILABLE FOR DISTRIBUTION

	Net Book Value	Estimated Recovery (%)		Estimated Liquidation Value		See Note
		Lower	Higher	Lower	Higher	
A. STATEMENT OF ASSETS						
Cash and equivalents	\$ -	0%	0%	\$ -	\$ -	1
Accounts receivable	249	50%	75%	125	187	2
Other current assets	-	0%	0%	-	-	2
Inventory	-	0%	0%	-	-	2
Due from subsidiaries/affiliates	493	0%	19%	-	94	3
Property and equipment, net	-	0%	0%	-	-	2
Goodwill	-	0%	0%	-	-	4
Intangibles	-	0%	0%	-	-	4
Investments in subsidiaries	-	0%	0%	-	-	5
Restricted cash	-	0%	0%	-	-	4
Other assets	-	0%	0%	-	-	
STATEMENT OF ASSETS - CASINO SALE						
Casino	-	0%	0%	-	-	6
Interim cash flow	-	0%	0%	-	-	7
Total Assets / Gross Recovery	\$ 742	17%	38%	\$ 125	\$ 281	
A1. ENCUMBERED COLLATERAL						
Cash and equivalents	\$ -	0%	0%	\$ -	\$ -	1
Accounts receivable	249	50%	75%	125	187	2
Other current assets	-	0%	0%	-	-	2
Inventory	-	0%	0%	-	-	2
Due from subsidiaries/affiliates	493	0%	19%	-	94	3
Property and equipment, net	-	0%	0%	-	-	2
Goodwill	-	0%	0%	-	-	4
Intangibles	-	0%	0%	-	-	4
Investments in subsidiaries	-	0%	0%	-	-	5
Restricted cash	-	0%	0%	-	-	4
Other assets	-	0%	0%	-	-	
Casino value and encumbered interim cash flow	-	0%	0%	-	-	6,7
Total Encumbered Collateral / Gross Recovery	\$ 742	17%	38%	\$ 125	\$ 281	
A2. UNENCUMBERED ASSETS						
Cash and equivalents	\$ -	0%	0%	\$ -	\$ -	1
Accounts receivable	-	0%	0%	-	-	2
Other current assets	-	0%	0%	-	-	2
Inventory	-	0%	0%	-	-	2
Due from subsidiaries/affiliates	-	0%	0%	-	-	3
Property and equipment, net	-	0%	0%	-	-	2
Goodwill	-	0%	0%	-	-	4
Intangibles	-	0%	0%	-	-	4
Investments in subsidiaries	-	0%	0%	-	-	5
Restricted cash	-	0%	0%	-	-	4
Other assets	-	0%	0%	-	-	
Unencumbered interim cash flow	-	0%	0%	-	-	7
Total Unencumbered Assets / Gross Recovery	\$ -	0%	0%	\$ -	\$ -	
B. LITIGATION RECOVERIES						
B1. Encumbered Causes of Action	-	-	-	-	-	8
B2. Unencumbered Causes of Action, including Preferences	-	-	-	-	-	8
B3. Total Litigation Recoveries	\$ -	\$ -	\$ -	\$ -	\$ -	
C. SUMMARY OF GROSS PROCEEDS						
C1. Encumbered Collateral Recovery (A1 + B1)	-	-	-	\$ 125	\$ 281	
C2. Unencumbered Assets Recovery (A2 + B2)	-	-	-	-	-	
C3. Total Gross Recovery Proceeds Available for Distribution	\$ -	\$ -	\$ -	\$ 125	\$ 281	

II. ALLOCATION OF PROCEEDS FROM ENCUMBERED COLLATERAL AVAILABLE FOR DISTRIBUTION

	Estimated Allowed Claims		Estimated Recovery (%)		Estimated Recovery on Secured Claims		See Note
	Lower	Higher	Lower	Higher	Lower	Higher	
Encumbered Gross Collateral Proceeds Available					\$ 125	\$ 281	
A. LESS: Section 506(c) Surcharges	\$ -	\$ -			\$ -	\$ -	9
B. Carve-Out Allocation	-	-			-	-	10
Proceeds Available to Secured Claims					\$ 125	\$ 281	
SECURED CLAIMS							
C. PLUS: Proceeds From Subsidiary Guaranteed Notes Turnover					-	-	14
Proceeds Available to Satisfy First Lien Secured Claims					\$ 125	\$ 281	
D. First Lien Secured Claims							
D1. First Lien Bank Claims	\$ 56	\$ 125	100.0%	100.0%	56	125	11
D2. First Lien Bond Claims	68	155	100.0%	100.0%	68	155	11
D3. First Lien Swap Claims	0	1	100.0%	100.0%	0	1	11
D4. Other First Lien Secured Claims	-	-	na	na	-	-	11
Total First Lien Claims & Recovery	\$ 125	\$ 281	100.0%	100.0%	\$ 125	\$ 281	
Proceeds Available to Satisfy Second Lien Secured Claims					\$ -	\$ -	
E. Second Lien Bond Claims	\$ -	\$ -	na	na	-	-	11
Total Second Lien Claims & Recovery	\$ -	\$ -	na	na	\$ -	\$ -	
F. Other Secured Claims	-	-			\$ -	\$ -	11
Total Secured Claims and Distributions	\$ 125	\$ 281	100.0%	100.0%	\$ 125	\$ 281	
Proceeds Available from Encumbered Collateral to Satisfy Administrative, Priority and Unsecured Claims					\$ -	\$ -	
Secured Lender Deficiency Claims (General Unsecured Claim)	\$ -	\$ -					

Harrington Bankruptcy Management, L.P.
 Hypothetical Liquidation Analysis - Schedule 2
 (\$ in thousands)

III. ALLOCATION OF PROCEEDS AVAILABLE TO SATISFY ADMINISTRATIVE, PRIORITY AND UNSECURED CLAIMS

	Estimated Allowed Claims		Estimated Recovery (%)		Estimated Recovery on Administrative, Priority and Unsecured Claims		See Note
	Lower	Higher	Lower	Higher	Lower	Higher	
Proceeds Available from Unencumbered Assets					\$ -	\$ -	
Section 506(c) Surcharges					-	-	9
Proceeds Available from Encumbered Collateral					-	-	
Proceeds Available to Satisfy Administrative, Priority and Unsecured Claims					\$ -	\$ -	
A. LESS: Carve-Out Allocation	\$ -	\$ -	na	na	\$ -	\$ -	10
Proceeds Available for Administrative Claims					\$ -	\$ -	
ADMINISTRATIVE CLAIMS							
B. Subsidiaries' Superpriority Admin Claims against CEOC	\$ -	\$ -	na	na	\$ -	\$ -	12
C. Chapter 7 Administrative Claims	-	-	na	na	-	-	12
D. Chapter 11 Administrative Claims	-	-	na	na	-	-	12
Proceeds Available for Priority Claims					\$ -	\$ -	
PRIORITY CLAIMS							
E. Employee Priority Claims	\$ -	\$ -	na	na	\$ -	\$ -	13
F. Priority Tax Claims	-	-	na	na	-	-	13
G. Other Priority Claims	-	-	na	na	-	-	13
Proceeds Available for Unsecured Claims					\$ -	\$ -	
UNSECURED CLAIMS							
H1. First Lien Deficiency Claims	\$ -	\$ -	na	na	\$ -	\$ -	14
H2. Second Lien Deficiency Claims	-	-	na	na	-	-	14
H3. Other Secured Deficiency Claims	-	-	na	na	-	-	14
H4. Senior Unsecured Notes Claims	-	-	na	na	-	-	14
H5. Subsidiary Guaranteed Notes Claims	-	-	na	na	-	-	14
H5a. Subsidiary Guaranteed Notes Turnover to First Lien Claimants	-	-	na	na	-	-	14
H6. General Unsecured Claims	-	-	na	na	-	-	14
H7. Pension Claims	446,123	223,061	0.0%	0.0%	-	-	14
H8. Intercompany Notes Payable	-	-	na	na	-	-	14
H9. Intercompany Claims - Prepetition	-	-	na	na	-	-	14
Total Unsecured Claims	\$ 446,123	\$ 223,061	0.0%	0.0%	\$ -	\$ -	
Total Admin, Priority, Unsecured Claims & Distributions	\$ 446,123	\$ 223,061	0.0%	0.0%	\$ -	\$ -	
Value Available for Equity Interests					\$ -	\$ -	15

I. TOTAL PROCEEDS AVAILABLE FOR DISTRIBUTION

	Net Book Value	Estimated Recovery (%)		Estimated Liquidation Value		See Note
		Lower	Higher	Lower	Higher	
A. STATEMENT OF ASSETS						
Cash and equivalents	\$ -	0%	0%	\$ -	\$ -	1
Accounts receivable	-	0%	0%	-	-	2
Other current assets	-	0%	0%	-	-	2
Inventory	-	0%	0%	-	-	2
Due from subsidiaries/affiliates	-	0%	0%	-	-	3
Property and equipment, net	-	0%	0%	-	-	2
Goodwill	-	0%	0%	-	-	4
Intangibles	-	0%	0%	-	-	4
Investments in subsidiaries	-	0%	0%	-	-	5
Restricted cash	-	0%	0%	-	-	4
Other assets	-	0%	0%	-	-	
STATEMENT OF ASSETS - CASINO SALE						
Casino	-	0%	0%	-	-	6
Interim cash flow	-	0%	0%	-	-	7
Total Assets / Gross Recovery	\$ -	0%	0%	\$ -	\$ -	
A1. ENCUMBERED COLLATERAL						
Cash and equivalents	\$ -	0%	0%	\$ -	\$ -	1
Accounts receivable	-	0%	0%	-	-	2
Other current assets	-	0%	0%	-	-	2
Inventory	-	0%	0%	-	-	2
Due from subsidiaries/affiliates	-	0%	0%	-	-	3
Property and equipment, net	-	0%	0%	-	-	2
Goodwill	-	0%	0%	-	-	4
Intangibles	-	0%	0%	-	-	4
Investments in subsidiaries	-	0%	0%	-	-	5
Restricted cash	-	0%	0%	-	-	4
Other assets	-	0%	0%	-	-	
Casino value and encumbered interim cash flow	-	0%	0%	-	-	6,7
Total Encumbered Collateral / Gross Recovery	\$ -	0%	0%	\$ -	\$ -	
A2. UNENCUMBERED ASSETS						
Cash and equivalents	\$ -	0%	0%	\$ -	\$ -	1
Accounts receivable	-	0%	0%	-	-	2
Other current assets	-	0%	0%	-	-	2
Inventory	-	0%	0%	-	-	2
Due from subsidiaries/affiliates	-	0%	0%	-	-	3
Property and equipment, net	-	0%	0%	-	-	2
Goodwill	-	0%	0%	-	-	4
Intangibles	-	0%	0%	-	-	4
Investments in subsidiaries	-	0%	0%	-	-	5
Restricted cash	-	0%	0%	-	-	4
Other assets	-	0%	0%	-	-	
Unencumbered interim cash flow	-	0%	0%	-	-	7
Total Unencumbered Assets / Gross Recovery	\$ -	0%	0%	\$ -	\$ -	
B. LITIGATION RECOVERIES						
B1. Encumbered Causes of Action				-	-	8
B2. Unencumbered Causes of Action, including Preferences				-	-	8
B3. Total Litigation Recoveries				\$ -	\$ -	
C. SUMMARY OF GROSS PROCEEDS						
C1. Encumbered Collateral Recovery (A1 + B1)				\$ -	\$ -	
C2. Unencumbered Assets Recovery (A2 + B2)				-	-	
C3. Total Gross Recovery Proceeds Available for Distribution				\$ -	\$ -	

Consolidated Supplemental Proxies and Systematic
 Hypothetical Liquidation Analysis Schedule 2
 (\$ in thousands)

II. ALLOCATION OF PROCEEDS FROM ENCUMBERED COLLATERAL AVAILABLE FOR DISTRIBUTION

	Estimated Allowed Claims		Estimated Recovery (%)		Estimated Recovery on Secured Claims		See Note
	Lower	Higher	Lower	Higher	Lower	Higher	
Encumbered Gross Collateral Proceeds Available					\$ -	\$ -	
A. LESS: Section 506(c) Surcharges	\$ -	\$ -			\$ -	\$ -	9
B. Carve-Out Allocation	-	-			-	-	10
Proceeds Available to Secured Claims					\$ -	\$ -	
SECURED CLAIMS							
C. PLUS: Proceeds From Subsidiary Guaranteed Notes Turnover					-	-	14
Proceeds Available to Satisfy First Lien Secured Claims					\$ -	\$ -	
D. First Lien Secured Claims							
D1. First Lien Bank Claims	\$ -	\$ -	na	na	-	-	11
D2. First Lien Bond Claims	-	-	na	na	-	-	11
D3. First Lien Swap Claims	-	-	na	na	-	-	11
D4. Other First Lien Secured Claims	-	-	na	na	-	-	11
Total First Lien Claims & Recovery	\$ -	\$ -	na	na	\$ -	\$ -	
Proceeds Available to Satisfy Second Lien Secured Claims					\$ -	\$ -	
E. Second Lien Bond Claims	\$ -	\$ -	na	na	-	-	11
Total Second Lien Claims & Recovery	\$ -	\$ -	na	na	\$ -	\$ -	
F. Other Secured Claims	-	-			\$ -	\$ -	11
Total Secured Claims and Distributions	\$ -	\$ -	0.0%	0.0%	\$ -	\$ -	
Proceeds Available from Encumbered Collateral to Satisfy Administrative, Priority and Unsecured Claims					\$ -	\$ -	
Secured Lender Deficiency Claims (General Unsecured Claim)	\$ -	\$ -					

Consolidated Supplemental Proxies and Systematic
 Hypothetical Liquidation Analysis Schedule 2
 (\$ in thousands)

III. ALLOCATION OF PROCEEDS AVAILABLE TO SATISFY ADMINISTRATIVE, PRIORITY AND UNSECURED CLAIMS

	Estimated Allowed Claims		Estimated Recovery (%)		Estimated Recovery on Administrative, Priority and Unsecured Claims		See Note
	Lower	Higher	Lower	Higher	Lower	Higher	
Proceeds Available from Unencumbered Assets					\$ -	\$ -	
Section 506(c) Surcharges					-	-	9
Proceeds Available from Encumbered Collateral					-	-	
Proceeds Available to Satisfy Administrative, Priority and Unsecured Claims					\$ -	\$ -	
A. LESS: Carve-Out Allocation	\$ -	\$ -	na	na	\$ -	\$ -	10
Proceeds Available for Administrative Claims					\$ -	\$ -	
ADMINISTRATIVE CLAIMS							
B. Subsidiaries' Superpriority Admin Claims against CEOC	\$ -	\$ -	na	na	\$ -	\$ -	12
C. Chapter 7 Administrative Claims	-	-	na	na	-	-	12
D. Chapter 11 Administrative Claims	-	-	na	na	-	-	12
Proceeds Available for Priority Claims					\$ -	\$ -	
PRIORITY CLAIMS							
E. Employee Priority Claims	\$ -	\$ -	na	na	\$ -	\$ -	13
F. Priority Tax Claims	-	-	na	na	-	-	13
G. Other Priority Claims	-	-	na	na	-	-	13
Proceeds Available for Unsecured Claims					\$ -	\$ -	
UNSECURED CLAIMS							
H1. First Lien Deficiency Claims	\$ -	\$ -	na	na	\$ -	\$ -	14
H2. Second Lien Deficiency Claims	-	-	na	na	-	-	14
H3. Other Secured Deficiency Claims	-	-	na	na	-	-	14
H4. Senior Unsecured Notes Claims	-	-	na	na	-	-	14
H5. Subsidiary Guaranteed Notes Claims	502,019	502,019	0.0%	0.0%	-	-	14
H5a. Subsidiary Guaranteed Notes Turnover to First Lien Claimants	-	-	na	na	-	-	14
H6. General Unsecured Claims	-	-	na	na	-	-	14
H7. Pension Claims	446,123	223,061	0.0%	0.0%	-	-	14
H8. Intercompany Notes Payable	-	-	na	na	-	-	14
H9. Intercompany Claims - Prepetition	-	-	na	na	-	-	14
Total Unsecured Claims	\$ 948,142	\$ 725,081	0.0%	0.0%	\$ -	\$ -	
Total Admin, Priority, Unsecured Claims & Distributions	\$ 948,142	\$ 725,081	0.0%	0.0%	\$ -	\$ -	
Value Available for Equity Interests					\$ -	\$ -	15

I. TOTAL PROCEEDS AVAILABLE FOR DISTRIBUTION

	Net Book Value	Estimated Recovery (%)		Estimated Liquidation Value		See Note
		Lower	Higher	Lower	Higher	
A. STATEMENT OF ASSETS						
Cash and equivalents	\$ -	0%	0%	\$ -	\$ -	1
Accounts receivable	-	0%	0%	-	-	2
Other current assets	-	0%	0%	-	-	2
Inventory	-	0%	0%	-	-	2
Due from subsidiaries/affiliates	11,684	56%	96%	6,532	11,175	3
Property and equipment, net	-	0%	0%	-	-	2
Goodwill	-	0%	0%	-	-	4
Intangibles	-	0%	0%	-	-	4
Investments in subsidiaries	-	0%	0%	-	-	5
Restricted cash	-	0%	0%	-	-	4
Other assets	-	0%	0%	-	-	
STATEMENT OF ASSETS - CASINO SALE						
Casino	50,236	46%	49%	23,289	24,851	6
Interim cash flow	2,907	80%	90%	2,326	2,616	7
Total Assets / Gross Recovery	\$ 64,828	50%	60%	\$ 32,147	\$ 38,642	
A1. ENCUMBERED COLLATERAL						
Cash and equivalents	\$ -	0%	0%	\$ -	\$ -	1
Accounts receivable	-	0%	0%	-	-	2
Other current assets	-	0%	0%	-	-	2
Inventory	-	0%	0%	-	-	2
Due from subsidiaries/affiliates	1,726	38%	70%	648	1,217	3
Property and equipment, net	-	0%	0%	-	-	2
Goodwill	-	0%	0%	-	-	4
Intangibles	-	0%	0%	-	-	4
Investments in subsidiaries	-	0%	0%	-	-	5
Restricted cash	-	0%	0%	-	-	4
Other assets	-	0%	0%	-	-	
Casino value and encumbered interim cash flow	51,048	46%	49%	23,520	25,110	6,7
Total Encumbered Collateral / Gross Recovery	\$ 52,775	46%	50%	\$ 24,168	\$ 26,327	
A2. UNENCUMBERED ASSETS						
Cash and equivalents	\$ -	0%	0%	\$ -	\$ -	1
Accounts receivable	-	0%	0%	-	-	2
Other current assets	-	0%	0%	-	-	2
Inventory	-	0%	0%	-	-	2
Due from subsidiaries/affiliates	9,958	59%	100%	5,884	9,958	3
Property and equipment, net	-	0%	0%	-	-	2
Goodwill	-	0%	0%	-	-	4
Intangibles	-	0%	0%	-	-	4
Investments in subsidiaries	-	0%	0%	-	-	5
Restricted cash	-	0%	0%	-	-	4
Other assets	-	0%	0%	-	-	
Unencumbered interim cash flow	2,095	100%	100%	2,095	2,357	7
Total Unencumbered Assets / Gross Recovery	\$ 12,053	66%	100%	\$ 7,979	\$ 12,315	
B. LITIGATION RECOVERIES						
B1. Encumbered Causes of Action				-	-	8
B2. Unencumbered Causes of Action, including Preferences				33	66	8
B3. Total Litigation Recoveries				\$ 33	\$ 66	
C. SUMMARY OF GROSS PROCEEDS						
C1. Encumbered Collateral Recovery (A1 + B1)				\$ 24,168	\$ 26,327	
C2. Unencumbered Assets Recovery (A2 + B2)				8,013	12,381	
C3. Total Gross Recovery Proceeds Available for Distribution				\$ 32,180	\$ 38,708	

II. ALLOCATION OF PROCEEDS FROM ENCUMBERED COLLATERAL AVAILABLE FOR DISTRIBUTION

	Estimated Allowed Claims		Estimated Recovery (%)		Estimated Recovery on Secured Claims		See Note
	Lower	Higher	Lower	Higher	Lower	Higher	
Encumbered Gross Collateral Proceeds Available					\$ 24,168	\$ 26,327	
A. LESS: Section 506(c) Surcharges	\$ 243	\$ 729			\$ 243	\$ 729	9
B. Carve-Out Allocation	-	-			-	-	10
Proceeds Available to Secured Claims					\$ 23,925	\$ 25,598	
SECURED CLAIMS							
C. PLUS: Proceeds From Subsidiary Guaranteed Notes Turnover					2,989	1,552	14
Proceeds Available to Satisfy First Lien Secured Claims					\$ 26,914	\$ 27,150	
D. First Lien Secured Claims							
D1. First Lien Bank Claims	\$ 12,095	\$ 12,907	100.0%	100.0%	12,095	12,907	11
D2. First Lien Bond Claims	14,721	14,139	100.0%	100.0%	14,721	14,139	11
D3. First Lien Swap Claims	97	104	100.0%	100.0%	97	104	11
D4. Other First Lien Secured Claims	-	-	na	na	-	-	11
Total First Lien Claims & Recovery	\$ 26,914	\$ 27,150	100.0%	100.0%	\$ 26,914	\$ 27,150	
Proceeds Available to Satisfy Second Lien Secured Claims					\$ -	\$ -	
E. Second Lien Bond Claims	\$ -	\$ -	na	na	-	-	11
Total Second Lien Claims & Recovery	\$ -	\$ -	na	na	\$ -	\$ -	
F. Other Secured Claims	-	-			\$ -	\$ -	11
Total Secured Claims and Distributions	\$ 27,157	\$ 27,879	100.0%	100.0%	\$ 27,157	\$ 27,879	
Proceeds Available from Encumbered Collateral to Satisfy Administrative, Priority and Unsecured Claims					\$ -	\$ -	
Secured Lender Deficiency Claims (General Unsecured Claim)	\$ -	\$ -					

III. ALLOCATION OF PROCEEDS AVAILABLE TO SATISFY ADMINISTRATIVE, PRIORITY AND UNSECURED CLAIMS

	Estimated Allowed Claims		Estimated Recovery (%)		Estimated Recovery on Administrative, Priority and Unsecured Claims		See Note
	Lower	Higher	Lower	Higher	Lower	Higher	
Proceeds Available from Unencumbered Assets					\$ 8,013	\$ 12,381	
Section 506(c) Surcharges					243	729	9
Proceeds Available from Encumbered Collateral					-	-	
Proceeds Available to Satisfy Administrative, Priority and Unsecured Claims					\$ 8,256	\$ 13,110	
A. LESS: Carve-Out Allocation	\$ 204	\$ 77	100.0%	100.0%	\$ 204	\$ 77	10
Proceeds Available for Administrative Claims					\$ 8,052	\$ 13,034	
ADMINISTRATIVE CLAIMS							
B. Subsidiaries' Superpriority Admin Claims against CEOC	\$ -	\$ -	na	na	\$ -	\$ -	12
C. Chapter 7 Administrative Claims	1,438	571	100.0%	100.0%	1,438	571	12
D. Chapter 11 Administrative Claims	866	866	100.0%	100.0%	866	866	12
Proceeds Available for Priority Claims					\$ 5,748	\$ 11,597	
PRIORITY CLAIMS							
E. Employee Priority Claims	\$ -	\$ -	na	na	\$ -	\$ -	13
F. Priority Tax Claims	-	-	na	na	-	-	13
G. Other Priority Claims	-	-	na	na	-	-	13
Proceeds Available for Unsecured Claims					\$ 5,748	\$ 11,597	
UNSECURED CLAIMS							
H1. First Lien Deficiency Claims	\$ -	\$ -	na	na	\$ -	\$ -	14
H2. Second Lien Deficiency Claims	-	-	na	na	-	-	14
H3. Other Secured Deficiency Claims	-	-	na	na	-	-	14
H4. Senior Unsecured Notes Claims	-	-	na	na	-	-	14
H5. Subsidiary Guaranteed Notes Claims	502,019	502,019	0.0%	0.0%	109	127	14
H5a. Subsidiary Guaranteed Notes Turnover to First Lien Claimants			na	na	2,989	1,552	14
H6. General Unsecured Claims	1,463	1,496	0.6%	5.6%	9	84	14
H7. Pension Claims	446,123	223,061	0.4%	0.1%	1,579	156	14
H8. Intercompany Notes Payable	172,040	172,040	0.6%	5.6%	1,062	9,677	14
H9. Intercompany Claims - Prepetition	6	6	0.6%	5.6%	0	0	14
Total Unsecured Claims	\$ 1,121,650	\$ 898,622	0.5%	1.3%	\$ 5,748	\$ 11,597	
Total Admin, Priority, Unsecured Claims & Distributions	\$ 1,124,158	\$ 900,136	0.7%	1.5%	\$ 8,256	\$ 13,110	
Value Available for Equity Interests					\$ -	\$ -	15

I. TOTAL PROCEEDS AVAILABLE FOR DISTRIBUTION

	Net Book Value	Estimated Recovery (%)		Estimated Liquidation Value		See Note
		Lower	Higher	Lower	Higher	
A. STATEMENT OF ASSETS						
Cash and equivalents	\$ -	0%	0%	\$ -	\$ -	1
Accounts receivable	-	0%	0%	-	-	2
Other current assets	-	0%	0%	-	-	2
Inventory	-	0%	0%	-	-	2
Due from subsidiaries/affiliates	8,877	0%	19%	-	1,701	3
Property and equipment, net	4,906	10%	17%	488	814	2
Goodwill	-	0%	0%	-	-	4
Intangibles	-	0%	0%	-	-	4
Investments in subsidiaries	-	0%	0%	-	-	5
Restricted cash	-	0%	0%	-	-	4
Other assets	-	0%	0%	-	-	
STATEMENT OF ASSETS - CASINO SALE						
Casino	-	0%	0%	-	-	6
Interim cash flow	-	0%	0%	-	-	7
Total Assets / Gross Recovery	\$ 13,782	4%	18%	\$ 488	\$ 2,515	
A1. ENCUMBERED COLLATERAL						
Cash and equivalents	\$ -	0%	0%	\$ -	\$ -	1
Accounts receivable	-	0%	0%	-	-	2
Other current assets	-	0%	0%	-	-	2
Inventory	-	0%	0%	-	-	2
Due from subsidiaries/affiliates	8,877	0%	19%	-	1,701	3
Property and equipment, net	4,906	10%	17%	488	814	2
Goodwill	-	0%	0%	-	-	4
Intangibles	-	0%	0%	-	-	4
Investments in subsidiaries	-	0%	0%	-	-	5
Restricted cash	-	0%	0%	-	-	4
Other assets	-	0%	0%	-	-	
Casino value and encumbered interim cash flow	-	0%	0%	-	-	6,7
Total Encumbered Collateral / Gross Recovery	\$ 13,782	4%	18%	\$ 488	\$ 2,515	
A2. UNENCUMBERED ASSETS						
Cash and equivalents	\$ -	0%	0%	\$ -	\$ -	1
Accounts receivable	-	0%	0%	-	-	2
Other current assets	-	0%	0%	-	-	2
Inventory	-	0%	0%	-	-	2
Due from subsidiaries/affiliates	-	0%	0%	-	-	3
Property and equipment, net	-	0%	0%	-	-	2
Goodwill	-	0%	0%	-	-	4
Intangibles	-	0%	0%	-	-	4
Investments in subsidiaries	-	0%	0%	-	-	5
Restricted cash	-	0%	0%	-	-	4
Other assets	-	0%	0%	-	-	
Unencumbered interim cash flow	-	0%	0%	-	-	7
Total Unencumbered Assets / Gross Recovery	\$ -	0%	0%	\$ -	\$ -	
B. LITIGATION RECOVERIES						
B1. Encumbered Causes of Action				-	-	8
B2. Unencumbered Causes of Action, including Preferences				-	-	8
B3. Total Litigation Recoveries				\$ -	\$ -	
C. SUMMARY OF GROSS PROCEEDS						
C1. Encumbered Collateral Recovery (A1 + B1)				\$ 488	\$ 2,515	
C2. Unencumbered Assets Recovery (A2 + B2)				-	-	
C3. Total Gross Recovery Proceeds Available for Distribution				\$ 488	\$ 2,515	

II. ALLOCATION OF PROCEEDS FROM ENCUMBERED COLLATERAL AVAILABLE FOR DISTRIBUTION

	Estimated Allowed Claims		Estimated Recovery (%)		Estimated Recovery on Secured Claims		See Note
	Lower	Higher	Lower	Higher	Lower	Higher	
Encumbered Gross Collateral Proceeds Available					\$ 488	\$ 2,515	
A. LESS: Section 506(c) Surcharges	\$ -	\$ -			\$ -	\$ -	9
B. Carve-Out Allocation	-	-			-	-	10
Proceeds Available to Secured Claims					\$ 488	\$ 2,515	
SECURED CLAIMS							
C. PLUS: Proceeds From Subsidiary Guaranteed Notes Turnover					-	-	14
Proceeds Available to Satisfy First Lien Secured Claims					\$ 488	\$ 2,515	
D. First Lien Secured Claims							
D1. First Lien Bank Claims	\$ 220	\$ 1,117	100.0%	100.0%	220	1,117	11
D2. First Lien Bond Claims	267	1,389	100.0%	100.0%	267	1,389	11
D3. First Lien Swap Claims	2	9	100.0%	100.0%	2	9	11
D4. Other First Lien Secured Claims	-	-	na	na	-	-	11
Total First Lien Claims & Recovery	\$ 488	\$ 2,515	100.0%	100.0%	\$ 488	\$ 2,515	
Proceeds Available to Satisfy Second Lien Secured Claims					\$ -	\$ -	
E. Second Lien Bond Claims	\$ -	\$ -	na	na	-	-	11
Total Second Lien Claims & Recovery	\$ -	\$ -	na	na	\$ -	\$ -	
F. Other Secured Claims	-	-			\$ -	\$ -	11
Total Secured Claims and Distributions	\$ 488	\$ 2,515	100.0%	100.0%	\$ 488	\$ 2,515	
Proceeds Available from Encumbered Collateral to Satisfy Administrative, Priority and Unsecured Claims					\$ -	\$ -	
Secured Lender Deficiency Claims (General Unsecured Claim)	\$ -	\$ -					

III. ALLOCATION OF PROCEEDS AVAILABLE TO SATISFY ADMINISTRATIVE, PRIORITY AND UNSECURED CLAIMS

	Estimated Allowed Claims		Estimated Recovery (%)		Estimated Recovery on Administrative, Priority and Unsecured Claims		See Note
	Lower	Higher	Lower	Higher	Lower	Higher	
Proceeds Available from Unencumbered Assets					\$ -	\$ -	
Section 506(c) Surcharges					-	-	9
Proceeds Available from Encumbered Collateral					-	-	
Proceeds Available to Satisfy Administrative, Priority and Unsecured Claims					\$ -	\$ -	
A. LESS: Carve-Out Allocation	\$ -	\$ -	na	na	\$ -	\$ -	10
Proceeds Available for Administrative Claims					\$ -	\$ -	
ADMINISTRATIVE CLAIMS							
B. Subsidiaries' Superpriority Admin Claims against CEOC	\$ -	\$ -	na	na	\$ -	\$ -	12
C. Chapter 7 Administrative Claims	-	-	na	na	-	-	12
D. Chapter 11 Administrative Claims	-	-	na	na	-	-	12
Proceeds Available for Priority Claims					\$ -	\$ -	
PRIORITY CLAIMS							
E. Employee Priority Claims	\$ -	\$ -	na	na	\$ -	\$ -	13
F. Priority Tax Claims	-	-	na	na	-	-	13
G. Other Priority Claims	-	-	na	na	-	-	13
Proceeds Available for Unsecured Claims					\$ -	\$ -	
UNSECURED CLAIMS							
H1. First Lien Deficiency Claims	\$ -	\$ -	na	na	\$ -	\$ -	14
H2. Second Lien Deficiency Claims	-	-	na	na	-	-	14
H3. Other Secured Deficiency Claims	-	-	na	na	-	-	14
H4. Senior Unsecured Notes Claims	-	-	na	na	-	-	14
H5. Subsidiary Guaranteed Notes Claims	502,019	502,019	0.0%	0.0%	-	-	14
H5a. Subsidiary Guaranteed Notes Turnover to First Lien Claimants	-	-	na	na	-	-	14
H6. General Unsecured Claims	-	-	na	na	-	-	14
H7. Pension Claims	446,123	223,061	0.0%	0.0%	-	-	14
H8. Intercompany Notes Payable	-	-	na	na	-	-	14
H9. Intercompany Claims - Prepetition	-	-	na	na	-	-	14
Total Unsecured Claims	\$ 948,142	\$ 725,081	0.0%	0.0%	\$ -	\$ -	
Total Admin, Priority, Unsecured Claims & Distributions	\$ 948,142	\$ 725,081	0.0%	0.0%	\$ -	\$ -	
Value Available for Equity Interests					\$ -	\$ -	15

I. TOTAL PROCEEDS AVAILABLE FOR DISTRIBUTION

	Net Book Value	Estimated Recovery (%)		Estimated Liquidation Value		See Note
		Lower	Higher	Lower	Higher	
A. STATEMENT OF ASSETS						
Cash and equivalents	\$ -	0%	0%	\$ -	\$ -	1
Accounts receivable	-	0%	0%	-	-	2
Other current assets	-	0%	0%	-	-	2
Inventory	-	0%	0%	-	-	2
Due from subsidiaries/affiliates	-	0%	0%	-	-	3
Property and equipment, net	-	0%	0%	-	-	2
Goodwill	-	0%	0%	-	-	4
Intangibles	-	0%	0%	-	-	4
Investments in subsidiaries	-	0%	0%	-	-	5
Restricted cash	-	0%	0%	-	-	4
Other assets	-	0%	0%	-	-	
STATEMENT OF ASSETS - CASINO SALE						
Casino	-	0%	0%	-	-	6
Interim cash flow	-	0%	0%	-	-	7
Total Assets / Gross Recovery	\$ -	0%	0%	\$ -	\$ -	
A1. ENCUMBERED COLLATERAL						
Cash and equivalents	\$ -	0%	0%	\$ -	\$ -	1
Accounts receivable	-	0%	0%	-	-	2
Other current assets	-	0%	0%	-	-	2
Inventory	-	0%	0%	-	-	2
Due from subsidiaries/affiliates	-	0%	0%	-	-	3
Property and equipment, net	-	0%	0%	-	-	2
Goodwill	-	0%	0%	-	-	4
Intangibles	-	0%	0%	-	-	4
Investments in subsidiaries	-	0%	0%	-	-	5
Restricted cash	-	0%	0%	-	-	4
Other assets	-	0%	0%	-	-	
Casino value and encumbered interim cash flow	-	0%	0%	-	-	6,7
Total Encumbered Collateral / Gross Recovery	\$ -	0%	0%	\$ -	\$ -	
A2. UNENCUMBERED ASSETS						
Cash and equivalents	\$ -	0%	0%	\$ -	\$ -	1
Accounts receivable	-	0%	0%	-	-	2
Other current assets	-	0%	0%	-	-	2
Inventory	-	0%	0%	-	-	2
Due from subsidiaries/affiliates	-	0%	0%	-	-	3
Property and equipment, net	-	0%	0%	-	-	2
Goodwill	-	0%	0%	-	-	4
Intangibles	-	0%	0%	-	-	4
Investments in subsidiaries	-	0%	0%	-	-	5
Restricted cash	-	0%	0%	-	-	4
Other assets	-	0%	0%	-	-	
Unencumbered interim cash flow	-	0%	0%	-	-	7
Total Unencumbered Assets / Gross Recovery	\$ -	0%	0%	\$ -	\$ -	
B. LITIGATION RECOVERIES						
B1. Encumbered Causes of Action				-	-	8
B2. Unencumbered Causes of Action, including Preferences				-	-	8
B3. Total Litigation Recoveries				\$ -	\$ -	
C. SUMMARY OF GROSS PROCEEDS						
C1. Encumbered Collateral Recovery (A1 + B1)				\$ -	\$ -	
C2. Unencumbered Assets Recovery (A2 + B2)				-	-	
C3. Total Gross Recovery Proceeds Available for Distribution				\$ -	\$ -	

II. ALLOCATION OF PROCEEDS FROM ENCUMBERED COLLATERAL AVAILABLE FOR DISTRIBUTION

	Estimated Allowed Claims		Estimated Recovery (%)		Estimated Recovery on Secured Claims		See Note
	Lower	Higher	Lower	Higher	Lower	Higher	
Encumbered Gross Collateral Proceeds Available					\$ -	\$ -	
A. LESS: Section 506(c) Surcharges	\$ -	\$ -			\$ -	\$ -	9
B. Carve-Out Allocation	-	-			-	-	10
Proceeds Available to Secured Claims					\$ -	\$ -	
SECURED CLAIMS							
C. PLUS: Proceeds From Subsidiary Guaranteed Notes Turnover					-	-	14
Proceeds Available to Satisfy First Lien Secured Claims					\$ -	\$ -	
D. First Lien Secured Claims							
D1. First Lien Bank Claims	\$ -	\$ -	na	na	-	-	11
D2. First Lien Bond Claims	-	-	na	na	-	-	11
D3. First Lien Swap Claims	-	-	na	na	-	-	11
D4. Other First Lien Secured Claims	-	-	na	na	-	-	11
Total First Lien Claims & Recovery	\$ -	\$ -	na	na	\$ -	\$ -	
Proceeds Available to Satisfy Second Lien Secured Claims					\$ -	\$ -	
E. Second Lien Bond Claims	\$ -	\$ -	na	na	-	-	11
Total Second Lien Claims & Recovery	\$ -	\$ -	na	na	\$ -	\$ -	
F. Other Secured Claims	-	-			\$ -	\$ -	11
Total Secured Claims and Distributions	\$ -	\$ -	0.0%	0.0%	\$ -	\$ -	
Proceeds Available from Encumbered Collateral to Satisfy Administrative, Priority and Unsecured Claims					\$ -	\$ -	
Secured Lender Deficiency Claims (General Unsecured Claim)	\$ -	\$ -					

III. ALLOCATION OF PROCEEDS AVAILABLE TO SATISFY ADMINISTRATIVE, PRIORITY AND UNSECURED CLAIMS

	Estimated Allowed Claims		Estimated Recovery (%)		Estimated Recovery on Administrative, Priority and Unsecured Claims		See Note
	Lower	Higher	Lower	Higher	Lower	Higher	
Proceeds Available from Unencumbered Assets					\$ -	\$ -	
Section 506(c) Surcharges					-	-	9
Proceeds Available from Encumbered Collateral					-	-	
Proceeds Available to Satisfy Administrative, Priority and Unsecured Claims					\$ -	\$ -	
A. LESS: Carve-Out Allocation	\$ -	\$ -	na	na	\$ -	\$ -	10
Proceeds Available for Administrative Claims					\$ -	\$ -	
ADMINISTRATIVE CLAIMS							
B. Subsidiaries' Superpriority Admin Claims against CEOC	\$ -	\$ -	na	na	\$ -	\$ -	12
C. Chapter 7 Administrative Claims	-	-	na	na	-	-	12
D. Chapter 11 Administrative Claims	-	-	na	na	-	-	12
Proceeds Available for Priority Claims					\$ -	\$ -	
PRIORITY CLAIMS							
E. Employee Priority Claims	\$ -	\$ -	na	na	\$ -	\$ -	13
F. Priority Tax Claims	-	-	na	na	-	-	13
G. Other Priority Claims	-	-	na	na	-	-	13
Proceeds Available for Unsecured Claims					\$ -	\$ -	
UNSECURED CLAIMS							
H1. First Lien Deficiency Claims	\$ -	\$ -	na	na	\$ -	\$ -	14
H2. Second Lien Deficiency Claims	-	-	na	na	-	-	14
H3. Other Secured Deficiency Claims	-	-	na	na	-	-	14
H4. Senior Unsecured Notes Claims	-	-	na	na	-	-	14
H5. Subsidiary Guaranteed Notes Claims	502,019	502,019	0.0%	0.0%	-	-	14
H5a. Subsidiary Guaranteed Notes Turnover to First Lien Claimants	-	-	na	na	-	-	14
H6. General Unsecured Claims	-	-	na	na	-	-	14
H7. Pension Claims	446,123	223,061	0.0%	0.0%	-	-	14
H8. Intercompany Notes Payable	-	-	na	na	-	-	14
H9. Intercompany Claims - Prepetition	-	-	na	na	-	-	14
Total Unsecured Claims	\$ 948,142	\$ 725,081	0.0%	0.0%	\$ -	\$ -	
Total Admin, Priority, Unsecured Claims & Distributions	\$ 948,142	\$ 725,081	0.0%	0.0%	\$ -	\$ -	
Value Available for Equity Interests					\$ -	\$ -	15

I. TOTAL PROCEEDS AVAILABLE FOR DISTRIBUTION

	Net Book Value	Estimated Recovery (%)		Estimated Liquidation Value		See Note
		Lower	Higher	Lower	Higher	
A. STATEMENT OF ASSETS						
Cash and equivalents	\$ -	0%	0%	\$ -	\$ -	1
Accounts receivable	-	0%	0%	-	-	2
Other current assets	30	50%	75%	15	23	2
Inventory	-	0%	0%	-	-	2
Due from subsidiaries/affiliates	900	59%	100%	532	900	3
Property and equipment, net	-	0%	0%	10	12	2
Goodwill	-	0%	0%	-	-	4
Intangibles	-	0%	0%	-	-	4
Investments in subsidiaries	-	0%	0%	-	-	5
Restricted cash	-	0%	0%	-	-	4
Other assets	-	0%	0%	-	-	
STATEMENT OF ASSETS - CASINO SALE						
Casino	-	0%	0%	-	-	6
Interim cash flow	-	0%	0%	-	-	7
Total Assets / Gross Recovery	\$ 930	60%	100%	\$ 557	\$ 934	
A1. ENCUMBERED COLLATERAL						
Cash and equivalents	\$ -	0%	0%	\$ -	\$ -	1
Accounts receivable	-	0%	0%	-	-	2
Other current assets	30	50%	75%	15	23	2
Inventory	-	0%	0%	-	-	2
Due from subsidiaries/affiliates	900	59%	100%	532	900	3
Property and equipment, net	-	0%	0%	-	-	2
Goodwill	-	0%	0%	-	-	4
Intangibles	-	0%	0%	-	-	4
Investments in subsidiaries	-	0%	0%	-	-	5
Restricted cash	-	0%	0%	-	-	4
Other assets	-	0%	0%	-	-	
Casino value and encumbered interim cash flow	-	0%	0%	-	-	6,7
Total Encumbered Collateral / Gross Recovery	\$ 930	59%	99%	\$ 547	\$ 922	
A2. UNENCUMBERED ASSETS						
Cash and equivalents	\$ -	0%	0%	\$ -	\$ -	1
Accounts receivable	-	0%	0%	-	-	2
Other current assets	-	0%	0%	-	-	2
Inventory	-	0%	0%	-	-	2
Due from subsidiaries/affiliates	-	0%	0%	-	-	3
Property and equipment, net	-	0%	0%	10	12	2
Goodwill	-	0%	0%	-	-	4
Intangibles	-	0%	0%	-	-	4
Investments in subsidiaries	-	0%	0%	-	-	5
Restricted cash	-	0%	0%	-	-	4
Other assets	-	0%	0%	-	-	
Unencumbered interim cash flow	-	0%	0%	-	-	7
Total Unencumbered Assets / Gross Recovery	\$ -	0%	0%	\$ 10	\$ 12	
B. LITIGATION RECOVERIES						
B1. Encumbered Causes of Action				-	-	8
B2. Unencumbered Causes of Action, including Preferences				8	16	8
B3. Total Litigation Recoveries				\$ 8	\$ 16	
C. SUMMARY OF GROSS PROCEEDS						
C1. Encumbered Collateral Recovery (A1 + B1)				\$ 547	\$ 922	
C2. Unencumbered Assets Recovery (A2 + B2)				18	27	
C3. Total Gross Recovery Proceeds Available for Distribution				\$ 565	\$ 950	

II. ALLOCATION OF PROCEEDS FROM ENCUMBERED COLLATERAL AVAILABLE FOR DISTRIBUTION

	Estimated Allowed Claims		Estimated Recovery (%)		Estimated Recovery on Secured Claims		See Note
	Lower	Higher	Lower	Higher	Lower	Higher	
Encumbered Gross Collateral Proceeds Available					\$ 547	\$ 922	
A. LESS: Section 506(c) Surcharges	\$ -	\$ -			\$ -	\$ -	9
B. Carve-Out Allocation	-	-			-	-	10
Proceeds Available to Secured Claims					\$ 547	\$ 922	
SECURED CLAIMS							
C. PLUS: Proceeds From Subsidiary Guaranteed Notes Turnover					8	4	14
Proceeds Available to Satisfy First Lien Secured Claims					\$ 555	\$ 927	
D. First Lien Secured Claims							
D1. First Lien Bank Claims	\$ 250	\$ 414	100.0%	100.0%	250	414	11
D2. First Lien Bond Claims	303	509	100.0%	100.0%	303	509	11
D3. First Lien Swap Claims	2	3	100.0%	100.0%	2	3	11
D4. Other First Lien Secured Claims	-	-	na	na	-	-	11
Total First Lien Claims & Recovery	\$ 555	\$ 927	100.0%	100.0%	\$ 555	\$ 927	
Proceeds Available to Satisfy Second Lien Secured Claims					\$ -	\$ -	
E. Second Lien Bond Claims	\$ -	\$ -	na	na	-	-	11
Total Second Lien Claims & Recovery	\$ -	\$ -	na	na	\$ -	\$ -	
F. Other Secured Claims	-	-			\$ -	\$ -	11
Total Secured Claims and Distributions	\$ 555	\$ 927	100.0%	100.0%	\$ 555	\$ 927	
Proceeds Available from Encumbered Collateral to Satisfy Administrative, Priority and Unsecured Claims					\$ -	\$ -	
Secured Lender Deficiency Claims (General Unsecured Claim)	\$ -	\$ -					

Hypothetical Liquidation Analysis - Schedule 2
 (\$ in thousands)

III. ALLOCATION OF PROCEEDS AVAILABLE TO SATISFY ADMINISTRATIVE, PRIORITY AND UNSECURED CLAIMS

	Estimated Allowed Claims		Estimated Recovery (%)		Estimated Recovery on Administrative, Priority and Unsecured Claims		See Note
	Lower	Higher	Lower	Higher	Lower	Higher	
Proceeds Available from Unencumbered Assets					\$ 18	\$ 27	
Section 506(c) Surcharges					-	-	9
Proceeds Available from Encumbered Collateral					-	-	
Proceeds Available to Satisfy Administrative, Priority and Unsecured Claims					\$ 18	\$ 27	
A. LESS: Carve-Out Allocation	\$ 0	\$ 0	100.0%	100.0%	\$ 0	\$ 0	10
Proceeds Available for Administrative Claims					\$ 18	\$ 27	
ADMINISTRATIVE CLAIMS							
B. Subsidiaries' Superpriority Admin Claims against CEOC	\$ -	\$ -	na	na	\$ -	\$ -	12
C. Chapter 7 Administrative Claims	2	1	100.0%	100.0%	2	1	12
D. Chapter 11 Administrative Claims	0	0	100.0%	100.0%	0	0	12
Proceeds Available for Priority Claims					\$ 15	\$ 26	
PRIORITY CLAIMS							
E. Employee Priority Claims	\$ -	\$ -	na	na	\$ -	\$ -	13
F. Priority Tax Claims	2	2	100.0%	100.0%	2	2	13
G. Other Priority Claims	-	-	na	na	-	-	13
Proceeds Available for Unsecured Claims					\$ 13	\$ 24	
UNSECURED CLAIMS							
H1. First Lien Deficiency Claims	\$ -	\$ -	na	na	\$ -	\$ -	14
H2. Second Lien Deficiency Claims	-	-	na	na	-	-	14
H3. Other Secured Deficiency Claims	-	-	na	na	-	-	14
H4. Senior Unsecured Notes Claims	-	-	na	na	-	-	14
H5. Subsidiary Guaranteed Notes Claims	502,019	502,019	0.0%	0.0%	0	0	14
H5a. Subsidiary Guaranteed Notes Turnover to First Lien Claimants			na	na	8	4	14
H6. General Unsecured Claims	16	24	0.0%	15.8%	0	4	14
H7. Pension Claims	446,123	223,061	0.0%	0.0%	4	0	14
H8. Intercompany Notes Payable	-	-	na	na	-	-	14
H9. Intercompany Claims - Prepetition	96	96	0.0%	15.8%	0	15	14
Total Unsecured Claims	\$ 948,254	\$ 725,201	0.0%	0.0%	\$ 13	\$ 24	
Total Admin, Priority, Unsecured Claims & Distributions	\$ 948,260	\$ 725,204	0.0%	0.0%	\$ 18	\$ 27	
Value Available for Equity Interests					\$ -	\$ -	15

I. TOTAL PROCEEDS AVAILABLE FOR DISTRIBUTION

	Net Book Value	Estimated Recovery (%)		Estimated Liquidation Value		See Note
		Lower	Higher	Lower	Higher	
A. STATEMENT OF ASSETS						
Cash and equivalents	\$ -	0%	0%	\$ -	\$ -	1
Accounts receivable	-	0%	0%	-	-	2
Other current assets	-	0%	0%	-	-	2
Inventory	-	0%	0%	-	-	2
Due from subsidiaries/affiliates	-	0%	0%	-	-	3
Property and equipment, net	-	0%	0%	-	-	2
Goodwill	-	0%	0%	-	-	4
Intangibles	-	0%	0%	-	-	4
Investments in subsidiaries	-	0%	0%	-	-	5
Restricted cash	-	0%	0%	-	-	4
Other assets	-	0%	0%	-	-	
STATEMENT OF ASSETS - CASINO SALE						
Casino	-	0%	0%	-	-	6
Interim cash flow	-	0%	0%	-	-	7
Total Assets / Gross Recovery	\$ -	0%	0%	\$ -	\$ -	
A1. ENCUMBERED COLLATERAL						
Cash and equivalents	\$ -	0%	0%	\$ -	\$ -	1
Accounts receivable	-	0%	0%	-	-	2
Other current assets	-	0%	0%	-	-	2
Inventory	-	0%	0%	-	-	2
Due from subsidiaries/affiliates	-	0%	0%	-	-	3
Property and equipment, net	-	0%	0%	-	-	2
Goodwill	-	0%	0%	-	-	4
Intangibles	-	0%	0%	-	-	4
Investments in subsidiaries	-	0%	0%	-	-	5
Restricted cash	-	0%	0%	-	-	4
Other assets	-	0%	0%	-	-	
Casino value and encumbered interim cash flow	-	0%	0%	-	-	6,7
Total Encumbered Collateral / Gross Recovery	\$ -	0%	0%	\$ -	\$ -	
A2. UNENCUMBERED ASSETS						
Cash and equivalents	\$ -	0%	0%	\$ -	\$ -	1
Accounts receivable	-	0%	0%	-	-	2
Other current assets	-	0%	0%	-	-	2
Inventory	-	0%	0%	-	-	2
Due from subsidiaries/affiliates	-	0%	0%	-	-	3
Property and equipment, net	-	0%	0%	-	-	2
Goodwill	-	0%	0%	-	-	4
Intangibles	-	0%	0%	-	-	4
Investments in subsidiaries	-	0%	0%	-	-	5
Restricted cash	-	0%	0%	-	-	4
Other assets	-	0%	0%	-	-	
Unencumbered interim cash flow	-	0%	0%	-	-	7
Total Unencumbered Assets / Gross Recovery	\$ -	0%	0%	\$ -	\$ -	
B. LITIGATION RECOVERIES						
B1. Encumbered Causes of Action				-	-	8
B2. Unencumbered Causes of Action, including Preferences				-	-	8
B3. Total Litigation Recoveries				\$ -	\$ -	
C. SUMMARY OF GROSS PROCEEDS						
C1. Encumbered Collateral Recovery (A1 + B1)				\$ -	\$ -	
C2. Unencumbered Assets Recovery (A2 + B2)				-	-	
C3. Total Gross Recovery Proceeds Available for Distribution				\$ -	\$ -	

II. ALLOCATION OF PROCEEDS FROM ENCUMBERED COLLATERAL AVAILABLE FOR DISTRIBUTION

	Estimated Allowed Claims		Estimated Recovery (%)		Estimated Recovery on Secured Claims		See Note
	Lower	Higher	Lower	Higher	Lower	Higher	
Encumbered Gross Collateral Proceeds Available					\$ -	\$ -	
A. LESS: Section 506(c) Surcharges	\$ -	\$ -			\$ -	\$ -	9
B. Carve-Out Allocation	-	-			-	-	10
Proceeds Available to Secured Claims					<u>\$ -</u>	<u>\$ -</u>	
SECURED CLAIMS							
C. PLUS: Proceeds From Subsidiary Guaranteed Notes Turnover					-	-	14
Proceeds Available to Satisfy First Lien Secured Claims					<u>\$ -</u>	<u>\$ -</u>	
D. First Lien Secured Claims							
D1. First Lien Bank Claims	\$ -	\$ -	na	na	-	-	11
D2. First Lien Bond Claims	-	-	na	na	-	-	11
D3. First Lien Swap Claims	-	-	na	na	-	-	11
D4. Other First Lien Secured Claims	-	-	na	na	-	-	11
Total First Lien Claims & Recovery	<u>\$ -</u>	<u>\$ -</u>	na	na	<u>\$ -</u>	<u>\$ -</u>	
Proceeds Available to Satisfy Second Lien Secured Claims					<u>\$ -</u>	<u>\$ -</u>	
E. Second Lien Bond Claims	\$ -	\$ -	na	na	-	-	11
Total Second Lien Claims & Recovery	<u>\$ -</u>	<u>\$ -</u>	na	na	<u>\$ -</u>	<u>\$ -</u>	
F. Other Secured Claims	-	-			\$ -	\$ -	11
Total Secured Claims and Distributions	<u>\$ -</u>	<u>\$ -</u>	0.0%	0.0%	<u>\$ -</u>	<u>\$ -</u>	
Proceeds Available from Encumbered Collateral to Satisfy Administrative, Priority and Unsecured Claims					<u>\$ -</u>	<u>\$ -</u>	
Secured Lender Deficiency Claims (General Unsecured Claim)	<u>\$ -</u>	<u>\$ -</u>					

Case: 15-01145
 Document: 3952-1
 Filed: 06/06/16
 Entered: 06/06/16 19:14:05
 Desc: Exhibit 1 - Revised Disclosure Statement
 Page: 603 of 985

III. ALLOCATION OF PROCEEDS AVAILABLE TO SATISFY ADMINISTRATIVE, PRIORITY AND UNSECURED CLAIMS

	Estimated Allowed Claims		Estimated Recovery (%)		Estimated Recovery on Administrative, Priority and Unsecured Claims		See Note
	Lower	Higher	Lower	Higher	Lower	Higher	
Proceeds Available from Unencumbered Assets					\$ -	\$ -	
Section 506(c) Surcharges					-	-	9
Proceeds Available from Encumbered Collateral					-	-	
Proceeds Available to Satisfy Administrative, Priority and Unsecured Claims					\$ -	\$ -	
A. LESS: Carve-Out Allocation	\$ -	\$ -	na	na	\$ -	\$ -	10
Proceeds Available for Administrative Claims					\$ -	\$ -	
ADMINISTRATIVE CLAIMS							
B. Subsidiaries' Superpriority Admin Claims against CEOC	\$ -	\$ -	na	na	\$ -	\$ -	12
C. Chapter 7 Administrative Claims	-	-	na	na	-	-	12
D. Chapter 11 Administrative Claims	8	8	0.0%	0.0%	-	-	12
Proceeds Available for Priority Claims					\$ -	\$ -	
PRIORITY CLAIMS							
E. Employee Priority Claims	\$ -	\$ -	na	na	\$ -	\$ -	13
F. Priority Tax Claims	-	-	na	na	-	-	13
G. Other Priority Claims	-	-	na	na	-	-	13
Proceeds Available for Unsecured Claims					\$ -	\$ -	
UNSECURED CLAIMS							
H1. First Lien Deficiency Claims	\$ -	\$ -	na	na	\$ -	\$ -	14
H2. Second Lien Deficiency Claims	-	-	na	na	-	-	14
H3. Other Secured Deficiency Claims	-	-	na	na	-	-	14
H4. Senior Unsecured Notes Claims	-	-	na	na	-	-	14
H5. Subsidiary Guaranteed Notes Claims	502,019	502,019	0.0%	0.0%	-	-	14
H5a. Subsidiary Guaranteed Notes Turnover to First Lien Claimants	-	-	na	na	-	-	14
H6. General Unsecured Claims	8	8	0.0%	0.0%	-	-	14
H7. Pension Claims	446,123	223,061	0.0%	0.0%	-	-	14
H8. Intercompany Notes Payable	-	-	na	na	-	-	14
H9. Intercompany Claims - Prepetition	-	-	na	na	-	-	14
Total Unsecured Claims	\$ 948,150	\$ 725,089	0.0%	0.0%	\$ -	\$ -	
Total Admin, Priority, Unsecured Claims & Distributions	\$ 948,158	\$ 725,097	0.0%	0.0%	\$ -	\$ -	
Value Available for Equity Interests					\$ -	\$ -	15

I. TOTAL PROCEEDS AVAILABLE FOR DISTRIBUTION

	Net Book Value	Estimated Recovery (%)		Estimated Liquidation Value		See Note
		Lower	Higher	Lower	Higher	
A. STATEMENT OF ASSETS						
Cash and equivalents	\$ -	0%	0%	\$ -	\$ -	1
Accounts receivable	-	0%	0%	-	-	2
Other current assets	239	0%	0%	-	-	2
Inventory	-	0%	0%	-	-	2
Due from subsidiaries/affiliates	-	0%	0%	-	-	3
Property and equipment, net	5,086	29%	32%	1,478	1,621	2
Goodwill	-	0%	0%	-	-	4
Intangibles	-	0%	0%	-	-	4
Investments in subsidiaries	-	0%	0%	-	-	5
Restricted cash	-	0%	0%	-	-	4
Other assets	-	0%	0%	-	-	
STATEMENT OF ASSETS - CASINO SALE						
Casino	-	0%	0%	-	-	6
Interim cash flow	-	0%	0%	-	-	7
Total Assets / Gross Recovery	\$ 5,325	28%	30%	\$ 1,478	\$ 1,621	
A1. ENCUMBERED COLLATERAL						
Cash and equivalents	\$ -	0%	0%	\$ -	\$ -	1
Accounts receivable	-	0%	0%	-	-	2
Other current assets	239	0%	0%	-	-	2
Inventory	-	0%	0%	-	-	2
Due from subsidiaries/affiliates	-	0%	0%	-	-	3
Property and equipment, net	-	0%	0%	-	-	2
Goodwill	-	0%	0%	-	-	4
Intangibles	-	0%	0%	-	-	4
Investments in subsidiaries	-	0%	0%	-	-	5
Restricted cash	-	0%	0%	-	-	4
Other assets	-	0%	0%	-	-	
Casino value and encumbered interim cash flow	(0)	0%	0%	-	-	6,7
Total Encumbered Collateral / Gross Recovery	\$ 239	0%	0%	\$ -	\$ -	
A2. UNENCUMBERED ASSETS						
Cash and equivalents	\$ -	0%	0%	\$ -	\$ -	1
Accounts receivable	-	0%	0%	-	-	2
Other current assets	-	0%	0%	-	-	2
Inventory	-	0%	0%	-	-	2
Due from subsidiaries/affiliates	-	0%	0%	-	-	3
Property and equipment, net	5,086	29%	32%	1,478	1,621	2
Goodwill	-	0%	0%	-	-	4
Intangibles	-	0%	0%	-	-	4
Investments in subsidiaries	-	0%	0%	-	-	5
Restricted cash	-	0%	0%	-	-	4
Other assets	-	0%	0%	-	-	
Unencumbered interim cash flow	-	0%	0%	-	-	7
Total Unencumbered Assets / Gross Recovery	\$ 5,086	29%	32%	\$ 1,478	\$ 1,621	
B. LITIGATION RECOVERIES						
B1. Encumbered Causes of Action				-	-	8
B2. Unencumbered Causes of Action, including Preferences				-	-	8
B3. Total Litigation Recoveries				\$ -	\$ -	
C. SUMMARY OF GROSS PROCEEDS						
C1. Encumbered Collateral Recovery (A1 + B1)				\$ -	\$ -	
C2. Unencumbered Assets Recovery (A2 + B2)				1,478	1,621	
C3. Total Gross Recovery Proceeds Available for Distribution				\$ 1,478	\$ 1,621	

Eas. Banc. Corp. or its Subsidiaries
 Hypothetical Liquidation Analysis Schedule 2
 (\$ in thousands)

II. ALLOCATION OF PROCEEDS FROM ENCUMBERED COLLATERAL AVAILABLE FOR DISTRIBUTION

	Estimated Allowed Claims		Estimated Recovery (%)		Estimated Recovery on Secured Claims		See Note
	Lower	Higher	Lower	Higher	Lower	Higher	
Encumbered Gross Collateral Proceeds Available					\$ -	\$ -	
A. LESS: Section 506(c) Surcharges	\$ -	\$ -			\$ -	\$ -	9
B. Carve-Out Allocation	-	-			-	-	10
Proceeds Available to Secured Claims					\$ -	\$ -	
SECURED CLAIMS							
C. PLUS: Proceeds From Subsidiary Guaranteed Notes Turnover					811	283	14
Proceeds Available to Satisfy First Lien Secured Claims					\$ 811	\$ 283	
D. First Lien Secured Claims							
D1. First Lien Bank Claims	\$ 360	\$ 281	100.0%	100.0%	360	281	11
D2. First Lien Bond Claims	448	-	100.0%	na	448	-	11
D3. First Lien Swap Claims	3	2	100.0%	100.0%	3	2	11
D4. Other First Lien Secured Claims	-	-	na	na	-	-	11
Total First Lien Claims & Recovery	\$ 811	\$ 283	100.0%	100.0%	\$ 811	\$ 283	
Proceeds Available to Satisfy Second Lien Secured Claims					\$ -	\$ -	
E. Second Lien Bond Claims	\$ -	\$ -	na	na	-	-	11
Total Second Lien Claims & Recovery	\$ -	\$ -	na	na	\$ -	\$ -	
F. Other Secured Claims	-	-			\$ -	\$ -	11
Total Secured Claims and Distributions	\$ 811	\$ 283	100.0%	100.0%	\$ 811	\$ 283	
Proceeds Available from Encumbered Collateral to Satisfy Administrative, Priority and Unsecured Claims					\$ -	\$ -	
Secured Lender Deficiency Claims (General Unsecured Claim)	\$ -	\$ -					

III. ALLOCATION OF PROCEEDS AVAILABLE TO SATISFY ADMINISTRATIVE, PRIORITY AND UNSECURED CLAIMS

	Estimated Allowed Claims		Estimated Recovery (%)		Estimated Recovery on Administrative, Priority and Unsecured Claims		See Note
	Lower	Higher	Lower	Higher	Lower	Higher	
	Proceeds Available from Unencumbered Assets Section 506(c) Surcharges					\$ 1,478	
Proceeds Available from Encumbered Collateral					-	-	
Proceeds Available to Satisfy Administrative, Priority and Unsecured Claims					\$ 1,478	\$ 1,621	
A. LESS: Carve-Out Allocation	\$ 36	\$ 9	100.0%	100.0%	\$ 36	\$ 9	10
Proceeds Available for Administrative Claims					\$ 1,442	\$ 1,612	
ADMINISTRATIVE CLAIMS							
B. Subsidiaries' Superpriority Admin Claims against CEOC	\$ -	\$ -	na	na	\$ -	\$ -	12
C. Chapter 7 Administrative Claims	197	35	100.0%	100.0%	197	35	12
D. Chapter 11 Administrative Claims	-	-	na	na	-	-	12
Proceeds Available for Priority Claims					\$ 1,245	\$ 1,577	
PRIORITY CLAIMS							
E. Employee Priority Claims	\$ -	\$ -	na	na	\$ -	\$ -	13
F. Priority Tax Claims	-	-	na	na	-	-	13
G. Other Priority Claims	-	-	na	na	-	-	13
Proceeds Available for Unsecured Claims					\$ 1,245	\$ 1,577	
UNSECURED CLAIMS							
H1. First Lien Deficiency Claims	\$ -	\$ -	na	na	\$ -	\$ -	14
H2. Second Lien Deficiency Claims	-	-	na	na	-	-	14
H3. Other Secured Deficiency Claims	-	-	na	na	-	-	14
H4. Senior Unsecured Notes Claims	-	-	na	na	-	-	14
H5. Subsidiary Guaranteed Notes Claims	502,019	502,019	0.0%	0.0%	30	23	14
H5a. Subsidiary Guaranteed Notes Turnover to First Lien Claimants	-	-	na	na	811	283	14
H6. General Unsecured Claims	-	-	na	na	-	-	14
H7. Pension Claims	446,123	223,061	0.1%	0.0%	405	26	14
H8. Intercompany Notes Payable	-	-	na	na	-	-	14
H9. Intercompany Claims - Prepetition	14	14	0.2%	100.0%	0	14	14
Total Unsecured Claims	\$ 948,156	\$ 725,095	0.1%	0.0%	\$ 1,245	\$ 347	
Total Admin, Priority, Unsecured Claims & Distributions	\$ 948,389	\$ 725,139	0.2%	0.1%	\$ 1,478	\$ 391	
Value Available for Equity Interests					\$ -	\$ 1,230	15

I. TOTAL PROCEEDS AVAILABLE FOR DISTRIBUTION

	Net Book Value	Estimated Recovery (%)		Estimated Liquidation Value		See Note
		Lower	Higher	Lower	Higher	
A. STATEMENT OF ASSETS						
Cash and equivalents	\$ -	0%	0%	\$ -	\$ -	1
Accounts receivable	-	0%	0%	-	-	2
Other current assets	10	174%	218%	17	22	2
Inventory	11	50%	100%	5	11	2
Due from subsidiaries/affiliates	3,484	36%	69%	1,271	2,407	3
Property and equipment, net	36,177	12%	13%	4,382	4,869	2
Goodwill	-	0%	0%	-	-	4
Intangibles	-	0%	0%	-	-	4
Investments in subsidiaries	-	0%	0%	-	-	5
Restricted cash	-	0%	0%	-	-	4
Other assets	-	0%	0%	-	-	
STATEMENT OF ASSETS - CASINO SALE						
Casino	-	0%	0%	-	-	6
Interim cash flow	-	0%	0%	-	-	7
Total Assets / Gross Recovery	\$ 39,682	14%	18%	\$ 5,676	\$ 7,308	
A1. ENCUMBERED COLLATERAL						
Cash and equivalents	\$ -	0%	0%	\$ -	\$ -	1
Accounts receivable	-	0%	0%	-	-	2
Other current assets	10	174%	218%	17	22	2
Inventory	11	50%	100%	5	11	2
Due from subsidiaries/affiliates	3,484	36%	69%	1,271	2,407	3
Property and equipment, net	-	0%	0%	-	-	2
Goodwill	-	0%	0%	-	-	4
Intangibles	-	0%	0%	-	-	4
Investments in subsidiaries	-	0%	0%	-	-	5
Restricted cash	-	0%	0%	-	-	4
Other assets	-	0%	0%	-	-	
Casino value and encumbered interim cash flow	-	0%	0%	-	-	6,7
Total Encumbered Collateral / Gross Recovery	\$ 3,505	37%	70%	\$ 1,294	\$ 2,439	
A2. UNENCUMBERED ASSETS						
Cash and equivalents	\$ -	0%	0%	\$ -	\$ -	1
Accounts receivable	-	0%	0%	-	-	2
Other current assets	-	0%	0%	-	-	2
Inventory	-	0%	0%	-	-	2
Due from subsidiaries/affiliates	-	0%	0%	-	-	3
Property and equipment, net	36,177	12%	13%	4,382	4,869	2
Goodwill	-	0%	0%	-	-	4
Intangibles	-	0%	0%	-	-	4
Investments in subsidiaries	-	0%	0%	-	-	5
Restricted cash	-	0%	0%	-	-	4
Other assets	-	0%	0%	-	-	
Unencumbered interim cash flow	-	0%	0%	-	-	7
Total Unencumbered Assets / Gross Recovery	\$ 36,177	12%	13%	\$ 4,382	\$ 4,869	
B. LITIGATION RECOVERIES						
B1. Encumbered Causes of Action				-	-	8
B2. Unencumbered Causes of Action, including Preferences				7	14	8
B3. Total Litigation Recoveries				\$ 7	\$ 14	
C. SUMMARY OF GROSS PROCEEDS						
C1. Encumbered Collateral Recovery (A1 + B1)				\$ 1,294	\$ 2,439	
C2. Unencumbered Assets Recovery (A2 + B2)				4,389	4,883	
C3. Total Gross Recovery Proceeds Available for Distribution				\$ 5,683	\$ 7,322	

II. ALLOCATION OF PROCEEDS FROM ENCUMBERED COLLATERAL AVAILABLE FOR DISTRIBUTION

	Estimated Allowed Claims		Estimated Recovery (%)		Estimated Recovery on Secured Claims		See Note
	Lower	Higher	Lower	Higher	Lower	Higher	
Encumbered Gross Collateral Proceeds Available					\$ 1,294	\$ 2,439	
A. LESS: Section 506(c) Surcharges	\$ -	\$ -			\$ -	\$ -	9
B. Carve-Out Allocation	-	-			-	-	10
Proceeds Available to Secured Claims					\$ 1,294	\$ 2,439	
SECURED CLAIMS							
C. PLUS: Proceeds From Subsidiary Guaranteed Notes Turnover					2,231	807	14
Proceeds Available to Satisfy First Lien Secured Claims					\$ 3,525	\$ 3,247	
D. First Lien Secured Claims							
D1. First Lien Bank Claims	\$ 1,573	\$ 1,884	100.0%	100.0%	1,573	1,884	11
D2. First Lien Bond Claims	1,939	1,347	100.0%	100.0%	1,939	1,347	11
D3. First Lien Swap Claims	13	15	100.0%	100.0%	13	15	11
D4. Other First Lien Secured Claims	-	-	na	na	-	-	11
Total First Lien Claims & Recovery	\$ 3,525	\$ 3,247	100.0%	100.0%	\$ 3,525	\$ 3,247	
Proceeds Available to Satisfy Second Lien Secured Claims					\$ -	\$ -	
E. Second Lien Bond Claims	\$ -	\$ -	na	na	-	-	11
Total Second Lien Claims & Recovery	\$ -	\$ -	na	na	\$ -	\$ -	
F. Other Secured Claims	-	-			\$ -	\$ -	11
Total Secured Claims and Distributions	\$ 3,525	\$ 3,247	100.0%	100.0%	\$ 3,525	\$ 3,247	
Proceeds Available from Encumbered Collateral to Satisfy Administrative, Priority and Unsecured Claims					\$ -	\$ -	
Secured Lender Deficiency Claims (General Unsecured Claim)	\$ -	\$ -					

III. ALLOCATION OF PROCEEDS AVAILABLE TO SATISFY ADMINISTRATIVE, PRIORITY AND UNSECURED CLAIMS

	Estimated Allowed Claims		Estimated Recovery (%)		Estimated Recovery on Administrative, Priority and Unsecured Claims		See Note
	Lower	Higher	Lower	Higher	Lower	Higher	
Proceeds Available from Unencumbered Assets					\$ 4,389	\$ 4,883	
Section 506(c) Surcharges					-	-	9
Proceeds Available from Encumbered Collateral					-	-	
Proceeds Available to Satisfy Administrative, Priority and Unsecured Claims					\$ 4,389	\$ 4,883	
A. LESS: Carve-Out Allocation	\$ 108	\$ 29	100.0%	100.0%	\$ 108	\$ 29	10
Proceeds Available for Administrative Claims					\$ 4,281	\$ 4,854	
ADMINISTRATIVE CLAIMS							
B. Subsidiaries' Superpriority Admin Claims against CEOC	\$ -	\$ -	na	na	\$ -	\$ -	12
C. Chapter 7 Administrative Claims	717	219	100.0%	100.0%	717	219	12
D. Chapter 11 Administrative Claims	136	136	100.0%	100.0%	136	136	12
Proceeds Available for Priority Claims					\$ 3,427	\$ 4,499	
PRIORITY CLAIMS							
E. Employee Priority Claims	\$ -	\$ -	na	na	\$ -	\$ -	13
F. Priority Tax Claims	0	0	100.0%	100.0%	0	0	13
G. Other Priority Claims	-	-	na	na	-	-	13
Proceeds Available for Unsecured Claims					\$ 3,427	\$ 4,499	
UNSECURED CLAIMS							
H1. First Lien Deficiency Claims	\$ -	\$ -	na	na	\$ -	\$ -	14
H2. Second Lien Deficiency Claims	-	-	na	na	-	-	14
H3. Other Secured Deficiency Claims	-	-	na	na	-	-	14
H4. Senior Unsecured Notes Claims	-	-	na	na	-	-	14
H5. Subsidiary Guaranteed Notes Claims	502,019	502,019	0.0%	0.0%	82	66	14
H5a. Subsidiary Guaranteed Notes Turnover to First Lien Claimants			na	na	2,231	807	14
H6. General Unsecured Claims	240	247	0.5%	100.0%	1	247	14
H7. Pension Claims	446,123	223,061	0.2%	0.0%	1,113	75	14
H8. Intercompany Notes Payable	-	-	na	na	-	-	14
H9. Intercompany Claims - Prepetition	-	-	na	na	-	-	14
Total Unsecured Claims	\$ 948,382	\$ 725,328	0.4%	0.2%	\$ 3,427	\$ 1,196	
Total Admin, Priority, Unsecured Claims & Distributions	\$ 949,344	\$ 725,712	0.5%	0.2%	\$ 4,389	\$ 1,579	
Value Available for Equity Interests					\$ -	\$ 3,303	15

I. TOTAL PROCEEDS AVAILABLE FOR DISTRIBUTION

	Net Book Value	Estimated Recovery (%)		Estimated Liquidation Value		See Note
		Lower	Higher	Lower	Higher	
A. STATEMENT OF ASSETS						
Cash and equivalents	\$ -	0%	0%	\$ -	\$ -	1
Accounts receivable	-	0%	0%	-	-	2
Other current assets	-	0%	0%	-	-	2
Inventory	-	0%	0%	-	-	2
Due from subsidiaries/affiliates	56,824	6%	28%	3,587	15,797	3
Property and equipment, net	-	0%	0%	-	-	2
Goodwill	-	0%	0%	-	-	4
Intangibles	-	0%	0%	-	-	4
Investments in subsidiaries	-	0%	0%	-	-	5
Restricted cash	-	0%	0%	-	-	4
Other assets	-	0%	0%	-	-	
STATEMENT OF ASSETS - CASINO SALE						
Casino	-	0%	0%	-	-	6
Interim cash flow	-	0%	0%	-	-	7
Total Assets / Gross Recovery	\$ 56,824	6%	28%	\$ 3,587	\$ 15,797	
A1. ENCUMBERED COLLATERAL						
Cash and equivalents	\$ -	0%	0%	\$ -	\$ -	1
Accounts receivable	-	0%	0%	-	-	2
Other current assets	-	0%	0%	-	-	2
Inventory	-	0%	0%	-	-	2
Due from subsidiaries/affiliates	-	0%	0%	-	-	3
Property and equipment, net	-	0%	0%	-	-	2
Goodwill	-	0%	0%	-	-	4
Intangibles	-	0%	0%	-	-	4
Investments in subsidiaries	-	0%	0%	-	-	5
Restricted cash	-	0%	0%	-	-	4
Other assets	-	0%	0%	-	-	
Casino value and encumbered interim cash flow	-	0%	0%	-	-	6,7
Total Encumbered Collateral / Gross Recovery	\$ -	0%	0%	\$ -	\$ -	
A2. UNENCUMBERED ASSETS						
Cash and equivalents	\$ -	0%	0%	\$ -	\$ -	1
Accounts receivable	-	0%	0%	-	-	2
Other current assets	-	0%	0%	-	-	2
Inventory	-	0%	0%	-	-	2
Due from subsidiaries/affiliates	56,824	6%	28%	3,587	15,797	3
Property and equipment, net	-	0%	0%	-	-	2
Goodwill	-	0%	0%	-	-	4
Intangibles	-	0%	0%	-	-	4
Investments in subsidiaries	-	0%	0%	-	-	5
Restricted cash	-	0%	0%	-	-	4
Other assets	-	0%	0%	-	-	
Unencumbered interim cash flow	-	0%	0%	-	-	7
Total Unencumbered Assets / Gross Recovery	\$ 56,824	6%	28%	\$ 3,587	\$ 15,797	
B. LITIGATION RECOVERIES						
B1. Encumbered Causes of Action				-	-	8
B2. Unencumbered Causes of Action, including Preferences				-	-	8
B3. Total Litigation Recoveries				\$ -	\$ -	
C. SUMMARY OF GROSS PROCEEDS						
C1. Encumbered Collateral Recovery (A1 + B1)				\$ -	\$ -	
C2. Unencumbered Assets Recovery (A2 + B2)				3,587	15,797	
C3. Total Gross Recovery Proceeds Available for Distribution				\$ 3,587	\$ 15,797	

Home Plus 0-20 ARM Mortgage LLC
 Hypothetical Liquidation Analysis - Schedule 2
 (\$ in thousands)

II. ALLOCATION OF PROCEEDS FROM ENCUMBERED COLLATERAL AVAILABLE FOR DISTRIBUTION

	Estimated Allowed Claims		Estimated Recovery (%)		Estimated Recovery on Secured Claims		See Note
	Lower	Higher	Lower	Higher	Lower	Higher	
Encumbered Gross Collateral Proceeds Available					\$ -	\$ -	
A. LESS: Section 506(c) Surcharges	\$ -	\$ -			\$ -	\$ -	9
B. Carve-Out Allocation	-	-			-	-	10
Proceeds Available to Secured Claims					\$ -	\$ -	
SECURED CLAIMS							
C. PLUS: Proceeds From Subsidiary Guaranteed Notes Turnover					-	-	14
Proceeds Available to Satisfy First Lien Secured Claims					\$ -	\$ -	
D. First Lien Secured Claims							
D1. First Lien Bank Claims	\$ -	\$ -	na	na	-	-	11
D2. First Lien Bond Claims	-	-	na	na	-	-	11
D3. First Lien Swap Claims	-	-	na	na	-	-	11
D4. Other First Lien Secured Claims	-	-	na	na	-	-	11
Total First Lien Claims & Recovery	\$ -	\$ -	na	na	\$ -	\$ -	
Proceeds Available to Satisfy Second Lien Secured Claims					\$ -	\$ -	
E. Second Lien Bond Claims	\$ -	\$ -	na	na	-	-	11
Total Second Lien Claims & Recovery	\$ -	\$ -	na	na	\$ -	\$ -	
F. Other Secured Claims	-	-			\$ -	\$ -	11
Total Secured Claims and Distributions	\$ -	\$ -	0.0%	0.0%	\$ -	\$ -	
Proceeds Available from Encumbered Collateral to Satisfy Administrative, Priority and Unsecured Claims					\$ -	\$ -	
Secured Lender Deficiency Claims (General Unsecured Claim)	\$ -	\$ -					

III. ALLOCATION OF PROCEEDS AVAILABLE TO SATISFY ADMINISTRATIVE, PRIORITY AND UNSECURED CLAIMS

	Estimated Allowed Claims		Estimated Recovery (%)		Estimated Recovery on Administrative, Priority and Unsecured Claims		See Note
	Lower	Higher	Lower	Higher	Lower	Higher	
Proceeds Available from Unencumbered Assets					\$ 3,587	\$ 15,797	
Section 506(c) Surcharges					-	-	9
Proceeds Available from Encumbered Collateral					-	-	
Proceeds Available to Satisfy Administrative, Priority and Unsecured Claims					\$ 3,587	\$ 15,797	
A. LESS: Carve-Out Allocation	\$ 88	\$ 92	100.0%	100.0%	\$ 88	\$ 92	10
Proceeds Available for Administrative Claims					\$ 3,499	\$ 15,705	
ADMINISTRATIVE CLAIMS							
B. Subsidiaries' Superpriority Admin Claims against CEOC	\$ -	\$ -	na	na	\$ -	\$ -	12
C. Chapter 7 Administrative Claims	477	340	100.0%	100.0%	477	340	12
D. Chapter 11 Administrative Claims	1	1	100.0%	100.0%	1	1	12
Proceeds Available for Priority Claims					\$ 3,021	\$ 15,364	
PRIORITY CLAIMS							
E. Employee Priority Claims	\$ -	\$ -	na	na	\$ -	\$ -	13
F. Priority Tax Claims	-	-	na	na	-	-	13
G. Other Priority Claims	-	-	na	na	-	-	13
Proceeds Available for Unsecured Claims					\$ 3,021	\$ 15,364	
UNSECURED CLAIMS							
H1. First Lien Deficiency Claims	\$ -	\$ -	na	na	\$ -	\$ -	14
H2. Second Lien Deficiency Claims	-	-	na	na	-	-	14
H3. Other Secured Deficiency Claims	-	-	na	na	-	-	14
H4. Senior Unsecured Notes Claims	-	-	na	na	-	-	14
H5. Subsidiary Guaranteed Notes Claims	-	-	na	na	-	-	14
H5a. Subsidiary Guaranteed Notes Turnover to First Lien Claimants	-	-	na	na	-	-	14
H6. General Unsecured Claims	5	5	100.0%	100.0%	5	5	14
H7. Pension Claims	446,123	223,061	0.5%	0.4%	2,086	833	14
H8. Intercompany Notes Payable	-	-	na	na	-	-	14
H9. Intercompany Claims - Prepetition	-	-	na	na	-	-	14
Total Unsecured Claims	\$ 446,128	\$ 223,066	0.5%	0.4%	\$ 2,091	\$ 838	
Total Admin, Priority, Unsecured Claims & Distributions	\$ 446,694	\$ 223,499	0.6%	0.6%	\$ 2,657	\$ 1,271	
Value Available for Equity Interests					\$ 930	\$ 14,525	15

I. TOTAL PROCEEDS AVAILABLE FOR DISTRIBUTION

	Net Book Value	Estimated Recovery (%)		Estimated Liquidation Value		See Note
		Lower	Higher	Lower	Higher	
A. STATEMENT OF ASSETS						
Cash and equivalents	\$ -	0%	0%	\$ -	\$ -	1
Accounts receivable	-	0%	0%	-	-	2
Other current assets	-	0%	0%	-	-	2
Inventory	-	0%	0%	-	-	2
Due from subsidiaries/affiliates	-	0%	0%	-	-	3
Property and equipment, net	-	0%	0%	-	-	2
Goodwill	-	0%	0%	-	-	4
Intangibles	-	0%	0%	-	-	4
Investments in subsidiaries	-	0%	0%	-	-	5
Restricted cash	-	0%	0%	-	-	4
Other assets	-	0%	0%	-	-	
STATEMENT OF ASSETS - CASINO SALE						
Casino	-	0%	0%	-	-	6
Interim cash flow	-	0%	0%	-	-	7
Total Assets / Gross Recovery	\$ -	0%	0%	\$ -	\$ -	
A1. ENCUMBERED COLLATERAL						
Cash and equivalents	\$ -	0%	0%	\$ -	\$ -	1
Accounts receivable	-	0%	0%	-	-	2
Other current assets	-	0%	0%	-	-	2
Inventory	-	0%	0%	-	-	2
Due from subsidiaries/affiliates	-	0%	0%	-	-	3
Property and equipment, net	-	0%	0%	-	-	2
Goodwill	-	0%	0%	-	-	4
Intangibles	-	0%	0%	-	-	4
Investments in subsidiaries	-	0%	0%	-	-	5
Restricted cash	-	0%	0%	-	-	4
Other assets	-	0%	0%	-	-	
Casino value and encumbered interim cash flow	-	0%	0%	-	-	6,7
Total Encumbered Collateral / Gross Recovery	\$ -	0%	0%	\$ -	\$ -	
A2. UNENCUMBERED ASSETS						
Cash and equivalents	\$ -	0%	0%	\$ -	\$ -	1
Accounts receivable	-	0%	0%	-	-	2
Other current assets	-	0%	0%	-	-	2
Inventory	-	0%	0%	-	-	2
Due from subsidiaries/affiliates	-	0%	0%	-	-	3
Property and equipment, net	-	0%	0%	-	-	2
Goodwill	-	0%	0%	-	-	4
Intangibles	-	0%	0%	-	-	4
Investments in subsidiaries	-	0%	0%	-	-	5
Restricted cash	-	0%	0%	-	-	4
Other assets	-	0%	0%	-	-	
Unencumbered interim cash flow	-	0%	0%	-	-	7
Total Unencumbered Assets / Gross Recovery	\$ -	0%	0%	\$ -	\$ -	
B. LITIGATION RECOVERIES						
B1. Encumbered Causes of Action				-	-	8
B2. Unencumbered Causes of Action, including Preferences				-	-	8
B3. Total Litigation Recoveries				\$ -	\$ -	
C. SUMMARY OF GROSS PROCEEDS						
C1. Encumbered Collateral Recovery (A1 + B1)				\$ -	\$ -	
C2. Unencumbered Assets Recovery (A2 + B2)				-	-	
C3. Total Gross Recovery Proceeds Available for Distribution				\$ -	\$ -	

II. ALLOCATION OF PROCEEDS FROM ENCUMBERED COLLATERAL AVAILABLE FOR DISTRIBUTION

	Estimated Allowed Claims		Estimated Recovery (%)		Estimated Recovery on Secured Claims		See Note
	Lower	Higher	Lower	Higher	Lower	Higher	
Encumbered Gross Collateral Proceeds Available					\$ -	\$ -	
A. LESS: Section 506(c) Surcharges	\$ -	\$ -			\$ -	\$ -	9
B. Carve-Out Allocation	-	-			-	-	10
Proceeds Available to Secured Claims					\$ -	\$ -	
SECURED CLAIMS							
C. PLUS: Proceeds From Subsidiary Guaranteed Notes Turnover					-	-	14
Proceeds Available to Satisfy First Lien Secured Claims					\$ -	\$ -	
D. First Lien Secured Claims							
D1. First Lien Bank Claims	\$ -	\$ -	na	na	-	-	11
D2. First Lien Bond Claims	-	-	na	na	-	-	11
D3. First Lien Swap Claims	-	-	na	na	-	-	11
D4. Other First Lien Secured Claims	-	-	na	na	-	-	11
Total First Lien Claims & Recovery	\$ -	\$ -	na	na	\$ -	\$ -	
Proceeds Available to Satisfy Second Lien Secured Claims					\$ -	\$ -	
E. Second Lien Bond Claims	\$ -	\$ -	na	na	-	-	11
Total Second Lien Claims & Recovery	\$ -	\$ -	na	na	\$ -	\$ -	
F. Other Secured Claims	-	-			\$ -	\$ -	11
Total Secured Claims and Distributions	\$ -	\$ -	0.0%	0.0%	\$ -	\$ -	
Proceeds Available from Encumbered Collateral to Satisfy Administrative, Priority and Unsecured Claims					\$ -	\$ -	
Secured Lender Deficiency Claims (General Unsecured Claim)	\$ -	\$ -					

Case 15-01145
 Hypothetical Liquidation Analysis - Schedule 2
 (\$ in thousands)

III. ALLOCATION OF PROCEEDS AVAILABLE TO SATISFY ADMINISTRATIVE, PRIORITY AND UNSECURED CLAIMS

	Estimated Allowed Claims		Estimated Recovery (%)		Estimated Recovery on Administrative, Priority and Unsecured Claims		See Note
	Lower	Higher	Lower	Higher	Lower	Higher	
Proceeds Available from Unencumbered Assets					\$ -	\$ -	
Section 506(c) Surcharges					-	-	9
Proceeds Available from Encumbered Collateral					-	-	
Proceeds Available to Satisfy Administrative, Priority and Unsecured Claims					\$ -	\$ -	
A. LESS: Carve-Out Allocation	\$ -	\$ -	na	na	\$ -	\$ -	10
Proceeds Available for Administrative Claims					\$ -	\$ -	
ADMINISTRATIVE CLAIMS							
B. Subsidiaries' Superpriority Admin Claims against CEOC	\$ -	\$ -	na	na	\$ -	\$ -	12
C. Chapter 7 Administrative Claims	-	-	na	na	-	-	12
D. Chapter 11 Administrative Claims	-	-	na	na	-	-	12
Proceeds Available for Priority Claims					\$ -	\$ -	
PRIORITY CLAIMS							
E. Employee Priority Claims	\$ -	\$ -	na	na	\$ -	\$ -	13
F. Priority Tax Claims	-	-	na	na	-	-	13
G. Other Priority Claims	-	-	na	na	-	-	13
Proceeds Available for Unsecured Claims					\$ -	\$ -	
UNSECURED CLAIMS							
H1. First Lien Deficiency Claims	\$ -	\$ -	na	na	\$ -	\$ -	14
H2. Second Lien Deficiency Claims	-	-	na	na	-	-	14
H3. Other Secured Deficiency Claims	-	-	na	na	-	-	14
H4. Senior Unsecured Notes Claims	-	-	na	na	-	-	14
H5. Subsidiary Guaranteed Notes Claims	-	-	na	na	-	-	14
H5a. Subsidiary Guaranteed Notes Turnover to First Lien Claimants	-	-	na	na	-	-	14
H6. General Unsecured Claims	-	-	na	na	-	-	14
H7. Pension Claims	446,123	223,061	0.0%	0.0%	-	-	14
H8. Intercompany Notes Payable	-	-	na	na	-	-	14
H9. Intercompany Claims - Prepetition	-	-	na	na	-	-	14
Total Unsecured Claims	\$ 446,123	\$ 223,061	0.0%	0.0%	\$ -	\$ -	
Total Admin, Priority, Unsecured Claims & Distributions	\$ 446,123	\$ 223,061	0.0%	0.0%	\$ -	\$ -	
Value Available for Equity Interests					\$ -	\$ -	15

I. TOTAL PROCEEDS AVAILABLE FOR DISTRIBUTION

	Net Book Value	Estimated Recovery (%)		Estimated Liquidation Value		See Note
		Lower	Higher	Lower	Higher	
A. STATEMENT OF ASSETS						
Cash and equivalents	\$ -	0%	0%	\$ -	\$ -	1
Accounts receivable	-	0%	0%	-	-	2
Other current assets	-	0%	0%	-	-	2
Inventory	-	0%	0%	-	-	2
Due from subsidiaries/affiliates	-	0%	0%	-	-	3
Property and equipment, net	-	0%	0%	-	-	2
Goodwill	-	0%	0%	-	-	4
Intangibles	-	0%	0%	-	-	4
Investments in subsidiaries	-	0%	0%	-	-	5
Restricted cash	-	0%	0%	-	-	4
Other assets	-	0%	0%	-	-	
STATEMENT OF ASSETS - CASINO SALE						
Casino	-	0%	0%	-	-	6
Interim cash flow	-	0%	0%	-	-	7
Total Assets / Gross Recovery	\$ -	0%	0%	\$ -	\$ -	
A1. ENCUMBERED COLLATERAL						
Cash and equivalents	\$ -	0%	0%	\$ -	\$ -	1
Accounts receivable	-	0%	0%	-	-	2
Other current assets	-	0%	0%	-	-	2
Inventory	-	0%	0%	-	-	2
Due from subsidiaries/affiliates	-	0%	0%	-	-	3
Property and equipment, net	-	0%	0%	-	-	2
Goodwill	-	0%	0%	-	-	4
Intangibles	-	0%	0%	-	-	4
Investments in subsidiaries	-	0%	0%	-	-	5
Restricted cash	-	0%	0%	-	-	4
Other assets	-	0%	0%	-	-	
Casino value and encumbered interim cash flow	-	0%	0%	-	-	6,7
Total Encumbered Collateral / Gross Recovery	\$ -	0%	0%	\$ -	\$ -	
A2. UNENCUMBERED ASSETS						
Cash and equivalents	\$ -	0%	0%	\$ -	\$ -	1
Accounts receivable	-	0%	0%	-	-	2
Other current assets	-	0%	0%	-	-	2
Inventory	-	0%	0%	-	-	2
Due from subsidiaries/affiliates	-	0%	0%	-	-	3
Property and equipment, net	-	0%	0%	-	-	2
Goodwill	-	0%	0%	-	-	4
Intangibles	-	0%	0%	-	-	4
Investments in subsidiaries	-	0%	0%	-	-	5
Restricted cash	-	0%	0%	-	-	4
Other assets	-	0%	0%	-	-	
Unencumbered interim cash flow	-	0%	0%	-	-	7
Total Unencumbered Assets / Gross Recovery	\$ -	0%	0%	\$ -	\$ -	
B. LITIGATION RECOVERIES						
B1. Encumbered Causes of Action				-	-	8
B2. Unencumbered Causes of Action, including Preferences				-	-	8
B3. Total Litigation Recoveries				\$ -	\$ -	
C. SUMMARY OF GROSS PROCEEDS						
C1. Encumbered Collateral Recovery (A1 + B1)				\$ -	\$ -	
C2. Unencumbered Assets Recovery (A2 + B2)				-	-	
C3. Total Gross Recovery Proceeds Available for Distribution				\$ -	\$ -	

II. ALLOCATION OF PROCEEDS FROM ENCUMBERED COLLATERAL AVAILABLE FOR DISTRIBUTION

	Estimated Allowed Claims		Estimated Recovery (%)		Estimated Recovery on Secured Claims		See Note
	Lower	Higher	Lower	Higher	Lower	Higher	
Encumbered Gross Collateral Proceeds Available					\$ -	\$ -	
A. LESS: Section 506(c) Surcharges	\$ -	\$ -			\$ -	\$ -	9
B. Carve-Out Allocation	-	-			-	-	10
Proceeds Available to Secured Claims					\$ -	\$ -	
SECURED CLAIMS							
C. PLUS: Proceeds From Subsidiary Guaranteed Notes Turnover					-	-	14
Proceeds Available to Satisfy First Lien Secured Claims					\$ -	\$ -	
D. First Lien Secured Claims							
D1. First Lien Bank Claims	\$ -	\$ -	na	na	-	-	11
D2. First Lien Bond Claims	-	-	na	na	-	-	11
D3. First Lien Swap Claims	-	-	na	na	-	-	11
D4. Other First Lien Secured Claims	-	-	na	na	-	-	11
Total First Lien Claims & Recovery	\$ -	\$ -	na	na	\$ -	\$ -	
Proceeds Available to Satisfy Second Lien Secured Claims					\$ -	\$ -	
E. Second Lien Bond Claims	\$ -	\$ -	na	na	-	-	11
Total Second Lien Claims & Recovery	\$ -	\$ -	na	na	\$ -	\$ -	
F. Other Secured Claims	-	-			\$ -	\$ -	11
Total Secured Claims and Distributions	\$ -	\$ -	0.0%	0.0%	\$ -	\$ -	
Proceeds Available from Encumbered Collateral to Satisfy Administrative, Priority and Unsecured Claims					\$ -	\$ -	
Secured Lender Deficiency Claims (General Unsecured Claim)	\$ -	\$ -					

III. ALLOCATION OF PROCEEDS AVAILABLE TO SATISFY ADMINISTRATIVE, PRIORITY AND UNSECURED CLAIMS

	Estimated Allowed Claims		Estimated Recovery (%)		Estimated Recovery on Administrative, Priority and Unsecured Claims		See Note
	Lower	Higher	Lower	Higher	Lower	Higher	
Proceeds Available from Unencumbered Assets					\$ -	\$ -	
Section 506(c) Surcharges					-	-	9
Proceeds Available from Encumbered Collateral					-	-	
Proceeds Available to Satisfy Administrative, Priority and Unsecured Claims					\$ -	\$ -	
A. LESS: Carve-Out Allocation	\$ -	\$ -	na	na	\$ -	\$ -	10
Proceeds Available for Administrative Claims					\$ -	\$ -	
ADMINISTRATIVE CLAIMS							
B. Subsidiaries' Superpriority Admin Claims against CEOC	\$ -	\$ -	na	na	\$ -	\$ -	12
C. Chapter 7 Administrative Claims	-	-	na	na	-	-	12
D. Chapter 11 Administrative Claims	-	-	na	na	-	-	12
Proceeds Available for Priority Claims					\$ -	\$ -	
PRIORITY CLAIMS							
E. Employee Priority Claims	\$ -	\$ -	na	na	\$ -	\$ -	13
F. Priority Tax Claims	-	-	na	na	-	-	13
G. Other Priority Claims	-	-	na	na	-	-	13
Proceeds Available for Unsecured Claims					\$ -	\$ -	
UNSECURED CLAIMS							
H1. First Lien Deficiency Claims	\$ -	\$ -	na	na	\$ -	\$ -	14
H2. Second Lien Deficiency Claims	-	-	na	na	-	-	14
H3. Other Secured Deficiency Claims	-	-	na	na	-	-	14
H4. Senior Unsecured Notes Claims	-	-	na	na	-	-	14
H5. Subsidiary Guaranteed Notes Claims	-	-	na	na	-	-	14
H5a. Subsidiary Guaranteed Notes Turnover to First Lien Claimants	-	-	na	na	-	-	14
H6. General Unsecured Claims	-	-	na	na	-	-	14
H7. Pension Claims	446,123	223,061	0.0%	0.0%	-	-	14
H8. Intercompany Notes Payable	-	-	na	na	-	-	14
H9. Intercompany Claims - Prepetition	-	-	na	na	-	-	14
Total Unsecured Claims	\$ 446,123	\$ 223,061	0.0%	0.0%	\$ -	\$ -	
Total Admin, Priority, Unsecured Claims & Distributions	\$ 446,123	\$ 223,061	0.0%	0.0%	\$ -	\$ -	
Value Available for Equity Interests					\$ -	\$ -	15

I. TOTAL PROCEEDS AVAILABLE FOR DISTRIBUTION

	Net Book Value	Estimated Recovery (%)		Estimated Liquidation Value		See Note
		Lower	Higher	Lower	Higher	
A. STATEMENT OF ASSETS						
Cash and equivalents	\$ -	0%	0%	\$ -	\$ -	1
Accounts receivable	-	0%	0%	-	-	2
Other current assets	-	0%	0%	-	-	2
Inventory	-	0%	0%	-	-	2
Due from subsidiaries/affiliates	-	0%	0%	-	-	3
Property and equipment, net	-	0%	0%	-	-	2
Goodwill	-	0%	0%	-	-	4
Intangibles	-	0%	0%	-	-	4
Investments in subsidiaries	-	0%	0%	-	-	5
Restricted cash	-	0%	0%	-	-	4
Other assets	-	0%	0%	-	-	
STATEMENT OF ASSETS - CASINO SALE						
Casino	-	0%	0%	-	-	6
Interim cash flow	-	0%	0%	-	-	7
Total Assets / Gross Recovery	<u>\$ -</u>	0%	0%	<u>\$ -</u>	<u>\$ -</u>	
A1. ENCUMBERED COLLATERAL						
Cash and equivalents	\$ -	0%	0%	\$ -	\$ -	1
Accounts receivable	-	0%	0%	-	-	2
Other current assets	-	0%	0%	-	-	2
Inventory	-	0%	0%	-	-	2
Due from subsidiaries/affiliates	-	0%	0%	-	-	3
Property and equipment, net	-	0%	0%	-	-	2
Goodwill	-	0%	0%	-	-	4
Intangibles	-	0%	0%	-	-	4
Investments in subsidiaries	-	0%	0%	-	-	5
Restricted cash	-	0%	0%	-	-	4
Other assets	-	0%	0%	-	-	
Casino value and encumbered interim cash flow	-	0%	0%	-	-	6,7
Total Encumbered Collateral / Gross Recovery	<u>\$ -</u>	0%	0%	<u>\$ -</u>	<u>\$ -</u>	
A2. UNENCUMBERED ASSETS						
Cash and equivalents	\$ -	0%	0%	\$ -	\$ -	1
Accounts receivable	-	0%	0%	-	-	2
Other current assets	-	0%	0%	-	-	2
Inventory	-	0%	0%	-	-	2
Due from subsidiaries/affiliates	-	0%	0%	-	-	3
Property and equipment, net	-	0%	0%	-	-	2
Goodwill	-	0%	0%	-	-	4
Intangibles	-	0%	0%	-	-	4
Investments in subsidiaries	-	0%	0%	-	-	5
Restricted cash	-	0%	0%	-	-	4
Other assets	-	0%	0%	-	-	
Unencumbered interim cash flow	-	0%	0%	-	-	7
Total Unencumbered Assets / Gross Recovery	<u>\$ -</u>	0%	0%	<u>\$ -</u>	<u>\$ -</u>	
B. LITIGATION RECOVERIES						
B1. Encumbered Causes of Action				-	-	8
B2. Unencumbered Causes of Action, including Preferences				-	-	8
B3. Total Litigation Recoveries				<u>\$ -</u>	<u>\$ -</u>	
C. SUMMARY OF GROSS PROCEEDS						
C1. Encumbered Collateral Recovery (A1 + B1)				\$ -	\$ -	
C2. Unencumbered Assets Recovery (A2 + B2)				-	-	
C3. Total Gross Recovery Proceeds Available for Distribution				<u>\$ -</u>	<u>\$ -</u>	

II. ALLOCATION OF PROCEEDS FROM ENCUMBERED COLLATERAL AVAILABLE FOR DISTRIBUTION

	Estimated Allowed Claims		Estimated Recovery (%)		Estimated Recovery on Secured Claims		See Note
	Lower	Higher	Lower	Higher	Lower	Higher	
Encumbered Gross Collateral Proceeds Available					\$ -	\$ -	
A. LESS: Section 506(c) Surcharges	\$ -	\$ -			\$ -	\$ -	9
B. Carve-Out Allocation	-	-			-	-	10
Proceeds Available to Secured Claims					\$ -	\$ -	
SECURED CLAIMS							
C. PLUS: Proceeds From Subsidiary Guaranteed Notes Turnover					-	-	14
Proceeds Available to Satisfy First Lien Secured Claims					\$ -	\$ -	
D. First Lien Secured Claims							
D1. First Lien Bank Claims	\$ -	\$ -	na	na	-	-	11
D2. First Lien Bond Claims	-	-	na	na	-	-	11
D3. First Lien Swap Claims	-	-	na	na	-	-	11
D4. Other First Lien Secured Claims	-	-	na	na	-	-	11
Total First Lien Claims & Recovery	\$ -	\$ -	na	na	\$ -	\$ -	
Proceeds Available to Satisfy Second Lien Secured Claims					\$ -	\$ -	
E. Second Lien Bond Claims	\$ -	\$ -	na	na	-	-	11
Total Second Lien Claims & Recovery	\$ -	\$ -	na	na	\$ -	\$ -	
F. Other Secured Claims	-	-			\$ -	\$ -	11
Total Secured Claims and Distributions	\$ -	\$ -	0.0%	0.0%	\$ -	\$ -	
Proceeds Available from Encumbered Collateral to Satisfy Administrative, Priority and Unsecured Claims					\$ -	\$ -	
Secured Lender Deficiency Claims (General Unsecured Claim)	\$ -	\$ -					

III. ALLOCATION OF PROCEEDS AVAILABLE TO SATISFY ADMINISTRATIVE, PRIORITY AND UNSECURED CLAIMS

	Estimated Allowed Claims		Estimated Recovery (%)		Estimated Recovery on Administrative, Priority and Unsecured Claims		See Note
	Lower	Higher	Lower	Higher	Lower	Higher	
Proceeds Available from Unencumbered Assets					\$ -	\$ -	
Section 506(c) Surcharges					-	-	9
Proceeds Available from Encumbered Collateral					-	-	
Proceeds Available to Satisfy Administrative, Priority and Unsecured Claims					\$ -	\$ -	
A. LESS: Carve-Out Allocation	\$ -	\$ -	na	na	\$ -	\$ -	10
Proceeds Available for Administrative Claims					\$ -	\$ -	
ADMINISTRATIVE CLAIMS							
B. Subsidiaries' Superpriority Admin Claims against CEOC	\$ -	\$ -	na	na	\$ -	\$ -	12
C. Chapter 7 Administrative Claims	-	-	na	na	-	-	12
D. Chapter 11 Administrative Claims	-	-	na	na	-	-	12
Proceeds Available for Priority Claims					\$ -	\$ -	
PRIORITY CLAIMS							
E. Employee Priority Claims	\$ -	\$ -	na	na	\$ -	\$ -	13
F. Priority Tax Claims	-	-	na	na	-	-	13
G. Other Priority Claims	-	-	na	na	-	-	13
Proceeds Available for Unsecured Claims					\$ -	\$ -	
UNSECURED CLAIMS							
H1. First Lien Deficiency Claims	\$ -	\$ -	na	na	\$ -	\$ -	14
H2. Second Lien Deficiency Claims	-	-	na	na	-	-	14
H3. Other Secured Deficiency Claims	-	-	na	na	-	-	14
H4. Senior Unsecured Notes Claims	-	-	na	na	-	-	14
H5. Subsidiary Guaranteed Notes Claims	-	-	na	na	-	-	14
H5a. Subsidiary Guaranteed Notes Turnover to First Lien Claimants	-	-	na	na	-	-	14
H6. General Unsecured Claims	-	-	na	na	-	-	14
H7. Pension Claims	446,123	223,061	0.0%	0.0%	-	-	14
H8. Intercompany Notes Payable	-	-	na	na	-	-	14
H9. Intercompany Claims - Prepetition	-	-	na	na	-	-	14
Total Unsecured Claims	\$ 446,123	\$ 223,061	0.0%	0.0%	\$ -	\$ -	
Total Admin, Priority, Unsecured Claims & Distributions	\$ 446,123	\$ 223,061	0.0%	0.0%	\$ -	\$ -	
Value Available for Equity Interests					\$ -	\$ -	15

I. TOTAL PROCEEDS AVAILABLE FOR DISTRIBUTION

	Net Book Value	Estimated Recovery (%)		Estimated Liquidation Value		See Note
		Lower	Higher	Lower	Higher	
A. STATEMENT OF ASSETS						
Cash and equivalents	\$ -	0%	0%	\$ -	\$ -	1
Accounts receivable	-	0%	0%	-	-	2
Other current assets	-	0%	0%	-	-	2
Inventory	-	0%	0%	-	-	2
Due from subsidiaries/affiliates	-	0%	0%	-	-	3
Property and equipment, net	-	0%	0%	-	-	2
Goodwill	-	0%	0%	-	-	4
Intangibles	-	0%	0%	-	-	4
Investments in subsidiaries	-	0%	0%	-	-	5
Restricted cash	-	0%	0%	-	-	4
Other assets	-	0%	0%	-	-	
STATEMENT OF ASSETS - CASINO SALE						
Casino	-	0%	0%	-	-	6
Interim cash flow	-	0%	0%	-	-	7
Total Assets / Gross Recovery	\$ -	0%	0%	\$ -	\$ -	
A1. ENCUMBERED COLLATERAL						
Cash and equivalents	\$ -	0%	0%	\$ -	\$ -	1
Accounts receivable	-	0%	0%	-	-	2
Other current assets	-	0%	0%	-	-	2
Inventory	-	0%	0%	-	-	2
Due from subsidiaries/affiliates	-	0%	0%	-	-	3
Property and equipment, net	-	0%	0%	-	-	2
Goodwill	-	0%	0%	-	-	4
Intangibles	-	0%	0%	-	-	4
Investments in subsidiaries	-	0%	0%	-	-	5
Restricted cash	-	0%	0%	-	-	4
Other assets	-	0%	0%	-	-	
Casino value and encumbered interim cash flow	-	0%	0%	-	-	6,7
Total Encumbered Collateral / Gross Recovery	\$ -	0%	0%	\$ -	\$ -	
A2. UNENCUMBERED ASSETS						
Cash and equivalents	\$ -	0%	0%	\$ -	\$ -	1
Accounts receivable	-	0%	0%	-	-	2
Other current assets	-	0%	0%	-	-	2
Inventory	-	0%	0%	-	-	2
Due from subsidiaries/affiliates	-	0%	0%	-	-	3
Property and equipment, net	-	0%	0%	-	-	2
Goodwill	-	0%	0%	-	-	4
Intangibles	-	0%	0%	-	-	4
Investments in subsidiaries	-	0%	0%	-	-	5
Restricted cash	-	0%	0%	-	-	4
Other assets	-	0%	0%	-	-	
Unencumbered interim cash flow	-	0%	0%	-	-	7
Total Unencumbered Assets / Gross Recovery	\$ -	0%	0%	\$ -	\$ -	
B. LITIGATION RECOVERIES						
B1. Encumbered Causes of Action	-			-	-	8
B2. Unencumbered Causes of Action, including Preferences	-			-	-	8
B3. Total Litigation Recoveries	\$ -			\$ -	\$ -	
C. SUMMARY OF GROSS PROCEEDS						
C1. Encumbered Collateral Recovery (A1 + B1)	-			\$ -	\$ -	
C2. Unencumbered Assets Recovery (A2 + B2)	-			-	-	
C3. Total Gross Recovery Proceeds Available for Distribution	\$ -			\$ -	\$ -	

II. ALLOCATION OF PROCEEDS FROM ENCUMBERED COLLATERAL AVAILABLE FOR DISTRIBUTION

	Estimated Allowed Claims		Estimated Recovery (%)		Estimated Recovery on Secured Claims		See Note
	Lower	Higher	Lower	Higher	Lower	Higher	
Encumbered Gross Collateral Proceeds Available					\$ -	\$ -	
A. LESS: Section 506(c) Surcharges	\$ -	\$ -			\$ -	\$ -	9
B. Carve-Out Allocation	-	-			-	-	10
Proceeds Available to Secured Claims					\$ -	\$ -	
SECURED CLAIMS							
C. PLUS: Proceeds From Subsidiary Guaranteed Notes Turnover					-	-	14
Proceeds Available to Satisfy First Lien Secured Claims					\$ -	\$ -	
D. First Lien Secured Claims							
D1. First Lien Bank Claims	\$ -	\$ -	na	na	-	-	11
D2. First Lien Bond Claims	-	-	na	na	-	-	11
D3. First Lien Swap Claims	-	-	na	na	-	-	11
D4. Other First Lien Secured Claims	-	-	na	na	-	-	11
Total First Lien Claims & Recovery	\$ -	\$ -	na	na	\$ -	\$ -	
Proceeds Available to Satisfy Second Lien Secured Claims					\$ -	\$ -	
E. Second Lien Bond Claims	\$ -	\$ -	na	na	-	-	11
Total Second Lien Claims & Recovery	\$ -	\$ -	na	na	\$ -	\$ -	
F. Other Secured Claims	-	-			\$ -	\$ -	11
Total Secured Claims and Distributions	\$ -	\$ -	0.0%	0.0%	\$ -	\$ -	
Proceeds Available from Encumbered Collateral to Satisfy Administrative, Priority and Unsecured Claims					\$ -	\$ -	
Secured Lender Deficiency Claims (General Unsecured Claim)	\$ -	\$ -					

III. ALLOCATION OF PROCEEDS AVAILABLE TO SATISFY ADMINISTRATIVE, PRIORITY AND UNSECURED CLAIMS

	Estimated Allowed Claims		Estimated Recovery (%)		Estimated Recovery on Administrative, Priority and Unsecured Claims		See Note
	Lower	Higher	Lower	Higher	Lower	Higher	
Proceeds Available from Unencumbered Assets					\$ -	\$ -	
Section 506(c) Surcharges					-	-	9
Proceeds Available from Encumbered Collateral					-	-	
Proceeds Available to Satisfy Administrative, Priority and Unsecured Claims					\$ -	\$ -	
A. LESS: Carve-Out Allocation	\$ -	\$ -	na	na	\$ -	\$ -	10
Proceeds Available for Administrative Claims					\$ -	\$ -	
ADMINISTRATIVE CLAIMS							
B. Subsidiaries' Superpriority Admin Claims against CEOC	\$ -	\$ -	na	na	\$ -	\$ -	12
C. Chapter 7 Administrative Claims	-	-	na	na	-	-	12
D. Chapter 11 Administrative Claims	-	-	na	na	-	-	12
Proceeds Available for Priority Claims					\$ -	\$ -	
PRIORITY CLAIMS							
E. Employee Priority Claims	\$ -	\$ -	na	na	\$ -	\$ -	13
F. Priority Tax Claims	-	-	na	na	-	-	13
G. Other Priority Claims	-	-	na	na	-	-	13
Proceeds Available for Unsecured Claims					\$ -	\$ -	
UNSECURED CLAIMS							
H1. First Lien Deficiency Claims	\$ -	\$ -	na	na	\$ -	\$ -	14
H2. Second Lien Deficiency Claims	-	-	na	na	-	-	14
H3. Other Secured Deficiency Claims	-	-	na	na	-	-	14
H4. Senior Unsecured Notes Claims	-	-	na	na	-	-	14
H5. Subsidiary Guaranteed Notes Claims	-	-	na	na	-	-	14
H5a. Subsidiary Guaranteed Notes Turnover to First Lien Claimants	-	-	na	na	-	-	14
H6. General Unsecured Claims	-	-	na	na	-	-	14
H7. Pension Claims	446,123	223,061	0.0%	0.0%	-	-	14
H8. Intercompany Notes Payable	-	-	na	na	-	-	14
H9. Intercompany Claims - Prepetition	-	-	na	na	-	-	14
Total Unsecured Claims	\$ 446,123	\$ 223,061	0.0%	0.0%	\$ -	\$ -	
Total Admin, Priority, Unsecured Claims & Distributions	\$ 446,123	\$ 223,061	0.0%	0.0%	\$ -	\$ -	
Value Available for Equity Interests					\$ -	\$ -	15

I. TOTAL PROCEEDS AVAILABLE FOR DISTRIBUTION

	Net Book Value	Estimated Recovery (%)		Estimated Liquidation Value		See Note
		Lower	Higher	Lower	Higher	
A. STATEMENT OF ASSETS						
Cash and equivalents	\$ -	0%	0%	\$ -	\$ -	1
Accounts receivable	-	0%	0%	-	-	2
Other current assets	-	0%	0%	-	-	2
Inventory	-	0%	0%	-	-	2
Due from subsidiaries/affiliates	-	0%	0%	-	-	3
Property and equipment, net	-	0%	0%	-	-	2
Goodwill	-	0%	0%	-	-	4
Intangibles	-	0%	0%	-	-	4
Investments in subsidiaries	-	0%	0%	-	-	5
Restricted cash	-	0%	0%	-	-	4
Other assets	-	0%	0%	-	-	
STATEMENT OF ASSETS - CASINO SALE						
Casino	-	0%	0%	-	-	6
Interim cash flow	-	0%	0%	-	-	7
Total Assets / Gross Recovery	\$ -	0%	0%	\$ -	\$ -	
A1. ENCUMBERED COLLATERAL						
Cash and equivalents	\$ -	0%	0%	\$ -	\$ -	1
Accounts receivable	-	0%	0%	-	-	2
Other current assets	-	0%	0%	-	-	2
Inventory	-	0%	0%	-	-	2
Due from subsidiaries/affiliates	-	0%	0%	-	-	3
Property and equipment, net	-	0%	0%	-	-	2
Goodwill	-	0%	0%	-	-	4
Intangibles	-	0%	0%	-	-	4
Investments in subsidiaries	-	0%	0%	-	-	5
Restricted cash	-	0%	0%	-	-	4
Other assets	-	0%	0%	-	-	
Casino value and encumbered interim cash flow	-	0%	0%	-	-	6,7
Total Encumbered Collateral / Gross Recovery	\$ -	0%	0%	\$ -	\$ -	
A2. UNENCUMBERED ASSETS						
Cash and equivalents	\$ -	0%	0%	\$ -	\$ -	1
Accounts receivable	-	0%	0%	-	-	2
Other current assets	-	0%	0%	-	-	2
Inventory	-	0%	0%	-	-	2
Due from subsidiaries/affiliates	-	0%	0%	-	-	3
Property and equipment, net	-	0%	0%	-	-	2
Goodwill	-	0%	0%	-	-	4
Intangibles	-	0%	0%	-	-	4
Investments in subsidiaries	-	0%	0%	-	-	5
Restricted cash	-	0%	0%	-	-	4
Other assets	-	0%	0%	-	-	
Unencumbered interim cash flow	-	0%	0%	-	-	7
Total Unencumbered Assets / Gross Recovery	\$ -	0%	0%	\$ -	\$ -	
B. LITIGATION RECOVERIES						
B1. Encumbered Causes of Action				-	-	8
B2. Unencumbered Causes of Action, including Preferences				-	-	8
B3. Total Litigation Recoveries				\$ -	\$ -	
C. SUMMARY OF GROSS PROCEEDS						
C1. Encumbered Collateral Recovery (A1 + B1)				\$ -	\$ -	
C2. Unencumbered Assets Recovery (A2 + B2)				-	-	
C3. Total Gross Recovery Proceeds Available for Distribution				\$ -	\$ -	

II. ALLOCATION OF PROCEEDS FROM ENCUMBERED COLLATERAL AVAILABLE FOR DISTRIBUTION

	Estimated Allowed Claims		Estimated Recovery (%)		Estimated Recovery on Secured Claims		See Note
	Lower	Higher	Lower	Higher	Lower	Higher	
Encumbered Gross Collateral Proceeds Available					\$ -	\$ -	
A. LESS: Section 506(c) Surcharges	\$ -	\$ -			\$ -	\$ -	9
B. Carve-Out Allocation	-	-			-	-	10
Proceeds Available to Secured Claims					\$ -	\$ -	
SECURED CLAIMS							
C. PLUS: Proceeds From Subsidiary Guaranteed Notes Turnover					-	-	14
Proceeds Available to Satisfy First Lien Secured Claims					\$ -	\$ -	
D. First Lien Secured Claims							
D1. First Lien Bank Claims	\$ -	\$ -	na	na	-	-	11
D2. First Lien Bond Claims	-	-	na	na	-	-	11
D3. First Lien Swap Claims	-	-	na	na	-	-	11
D4. Other First Lien Secured Claims	-	-	na	na	-	-	11
Total First Lien Claims & Recovery	\$ -	\$ -	na	na	\$ -	\$ -	
Proceeds Available to Satisfy Second Lien Secured Claims					\$ -	\$ -	
E. Second Lien Bond Claims	\$ -	\$ -	na	na	-	-	11
Total Second Lien Claims & Recovery	\$ -	\$ -	na	na	\$ -	\$ -	
F. Other Secured Claims	-	-			\$ -	\$ -	11
Total Secured Claims and Distributions	\$ -	\$ -	0.0%	0.0%	\$ -	\$ -	
Proceeds Available from Encumbered Collateral to Satisfy Administrative, Priority and Unsecured Claims					\$ -	\$ -	
Secured Lender Deficiency Claims (General Unsecured Claim)	\$ -	\$ -					

III. ALLOCATION OF PROCEEDS AVAILABLE TO SATISFY ADMINISTRATIVE, PRIORITY AND UNSECURED CLAIMS

	Estimated Allowed Claims		Estimated Recovery (%)		Estimated Recovery on Administrative, Priority and Unsecured Claims		See Note
	Lower	Higher	Lower	Higher	Lower	Higher	
Proceeds Available from Unencumbered Assets					\$ -	\$ -	
Section 506(c) Surcharges					-	-	9
Proceeds Available from Encumbered Collateral					-	-	
Proceeds Available to Satisfy Administrative, Priority and Unsecured Claims					\$ -	\$ -	
A. LESS: Carve-Out Allocation	\$ -	\$ -	na	na	\$ -	\$ -	10
Proceeds Available for Administrative Claims					\$ -	\$ -	
ADMINISTRATIVE CLAIMS							
B. Subsidiaries' Superpriority Admin Claims against CEOC	\$ -	\$ -	na	na	\$ -	\$ -	12
C. Chapter 7 Administrative Claims	-	-	na	na	-	-	12
D. Chapter 11 Administrative Claims	-	-	na	na	-	-	12
Proceeds Available for Priority Claims					\$ -	\$ -	
PRIORITY CLAIMS							
E. Employee Priority Claims	\$ -	\$ -	na	na	\$ -	\$ -	13
F. Priority Tax Claims	-	-	na	na	-	-	13
G. Other Priority Claims	-	-	na	na	-	-	13
Proceeds Available for Unsecured Claims					\$ -	\$ -	
UNSECURED CLAIMS							
H1. First Lien Deficiency Claims	\$ -	\$ -	na	na	\$ -	\$ -	14
H2. Second Lien Deficiency Claims	-	-	na	na	-	-	14
H3. Other Secured Deficiency Claims	-	-	na	na	-	-	14
H4. Senior Unsecured Notes Claims	-	-	na	na	-	-	14
H5. Subsidiary Guaranteed Notes Claims	502,019	502,019	0.0%	0.0%	-	-	14
H5a. Subsidiary Guaranteed Notes Turnover to First Lien Claimants	-	-	na	na	-	-	14
H6. General Unsecured Claims	-	-	na	na	-	-	14
H7. Pension Claims	446,123	223,061	0.0%	0.0%	-	-	14
H8. Intercompany Notes Payable	-	-	na	na	-	-	14
H9. Intercompany Claims - Prepetition	-	-	na	na	-	-	14
Total Unsecured Claims	\$ 948,142	\$ 725,081	0.0%	0.0%	\$ -	\$ -	
Total Admin, Priority, Unsecured Claims & Distributions	\$ 948,142	\$ 725,081	0.0%	0.0%	\$ -	\$ -	
Value Available for Equity Interests					\$ -	\$ -	15

I. TOTAL PROCEEDS AVAILABLE FOR DISTRIBUTION

	Net Book Value	Estimated Recovery (%)		Estimated Liquidation Value		See Note
		Lower	Higher	Lower	Higher	
A. STATEMENT OF ASSETS						
Cash and equivalents	\$ -	0%	0%	\$ -	\$ -	1
Accounts receivable	-	0%	0%	-	-	2
Other current assets	-	0%	0%	-	-	2
Inventory	-	0%	0%	-	-	2
Due from subsidiaries/affiliates	-	0%	0%	-	-	3
Property and equipment, net	-	0%	0%	-	-	2
Goodwill	-	0%	0%	-	-	4
Intangibles	-	0%	0%	-	-	4
Investments in subsidiaries	-	0%	0%	-	-	5
Restricted cash	-	0%	0%	-	-	4
Other assets	-	0%	0%	-	-	
STATEMENT OF ASSETS - CASINO SALE						
Casino	-	0%	0%	-	-	6
Interim cash flow	-	0%	0%	-	-	7
Total Assets / Gross Recovery	\$ -	0%	0%	\$ -	\$ -	
A1. ENCUMBERED COLLATERAL						
Cash and equivalents	\$ -	0%	0%	\$ -	\$ -	1
Accounts receivable	-	0%	0%	-	-	2
Other current assets	-	0%	0%	-	-	2
Inventory	-	0%	0%	-	-	2
Due from subsidiaries/affiliates	-	0%	0%	-	-	3
Property and equipment, net	-	0%	0%	-	-	2
Goodwill	-	0%	0%	-	-	4
Intangibles	-	0%	0%	-	-	4
Investments in subsidiaries	-	0%	0%	-	-	5
Restricted cash	-	0%	0%	-	-	4
Other assets	-	0%	0%	-	-	
Casino value and encumbered interim cash flow	-	0%	0%	-	-	6,7
Total Encumbered Collateral / Gross Recovery	\$ -	0%	0%	\$ -	\$ -	
A2. UNENCUMBERED ASSETS						
Cash and equivalents	\$ -	0%	0%	\$ -	\$ -	1
Accounts receivable	-	0%	0%	-	-	2
Other current assets	-	0%	0%	-	-	2
Inventory	-	0%	0%	-	-	2
Due from subsidiaries/affiliates	-	0%	0%	-	-	3
Property and equipment, net	-	0%	0%	-	-	2
Goodwill	-	0%	0%	-	-	4
Intangibles	-	0%	0%	-	-	4
Investments in subsidiaries	-	0%	0%	-	-	5
Restricted cash	-	0%	0%	-	-	4
Other assets	-	0%	0%	-	-	
Unencumbered interim cash flow	-	0%	0%	-	-	7
Total Unencumbered Assets / Gross Recovery	\$ -	0%	0%	\$ -	\$ -	
B. LITIGATION RECOVERIES						
B1. Encumbered Causes of Action				-	-	8
B2. Unencumbered Causes of Action, including Preferences				-	-	8
B3. Total Litigation Recoveries				\$ -	\$ -	
C. SUMMARY OF GROSS PROCEEDS						
C1. Encumbered Collateral Recovery (A1 + B1)				\$ -	\$ -	
C2. Unencumbered Assets Recovery (A2 + B2)				-	-	
C3. Total Gross Recovery Proceeds Available for Distribution				\$ -	\$ -	

II. ALLOCATION OF PROCEEDS FROM ENCUMBERED COLLATERAL AVAILABLE FOR DISTRIBUTION

	Estimated Allowed Claims		Estimated Recovery (%)		Estimated Recovery on Secured Claims		See Note
	Lower	Higher	Lower	Higher	Lower	Higher	
Encumbered Gross Collateral Proceeds Available					\$ -	\$ -	
A. LESS: Section 506(c) Surcharges	\$ -	\$ -			\$ -	\$ -	9
B. Carve-Out Allocation	-	-			-	-	10
Proceeds Available to Secured Claims					\$ -	\$ -	
SECURED CLAIMS							
C. PLUS: Proceeds From Subsidiary Guaranteed Notes Turnover					-	-	14
Proceeds Available to Satisfy First Lien Secured Claims					\$ -	\$ -	
D. First Lien Secured Claims							
D1. First Lien Bank Claims	\$ -	\$ -	na	na	-	-	11
D2. First Lien Bond Claims	-	-	na	na	-	-	11
D3. First Lien Swap Claims	-	-	na	na	-	-	11
D4. Other First Lien Secured Claims	-	-	na	na	-	-	11
Total First Lien Claims & Recovery	\$ -	\$ -	na	na	\$ -	\$ -	
Proceeds Available to Satisfy Second Lien Secured Claims					\$ -	\$ -	
E. Second Lien Bond Claims	\$ -	\$ -	na	na	-	-	11
Total Second Lien Claims & Recovery	\$ -	\$ -	na	na	\$ -	\$ -	
F. Other Secured Claims	-	-			\$ -	\$ -	11
Total Secured Claims and Distributions	\$ -	\$ -	0.0%	0.0%	\$ -	\$ -	
Proceeds Available from Encumbered Collateral to Satisfy Administrative, Priority and Unsecured Claims					\$ -	\$ -	
Secured Lender Deficiency Claims (General Unsecured Claim)	\$ -	\$ -					

III. ALLOCATION OF PROCEEDS AVAILABLE TO SATISFY ADMINISTRATIVE, PRIORITY AND UNSECURED CLAIMS

	Estimated Allowed Claims		Estimated Recovery (%)		Estimated Recovery on Administrative, Priority and Unsecured Claims		See Note
	Lower	Higher	Lower	Higher	Lower	Higher	
Proceeds Available from Unencumbered Assets					\$ -	\$ -	
Section 506(c) Surcharges					-	-	9
Proceeds Available from Encumbered Collateral					-	-	
Proceeds Available to Satisfy Administrative, Priority and Unsecured Claims					\$ -	\$ -	
A. LESS: Carve-Out Allocation	\$ -	\$ -	na	na	\$ -	\$ -	10
Proceeds Available for Administrative Claims					\$ -	\$ -	
ADMINISTRATIVE CLAIMS							
B. Subsidiaries' Superpriority Admin Claims against CEOC	\$ -	\$ -	na	na	\$ -	\$ -	12
C. Chapter 7 Administrative Claims	-	-	na	na	-	-	12
D. Chapter 11 Administrative Claims	-	-	na	na	-	-	12
Proceeds Available for Priority Claims					\$ -	\$ -	
PRIORITY CLAIMS							
E. Employee Priority Claims	\$ -	\$ -	na	na	\$ -	\$ -	13
F. Priority Tax Claims	-	-	na	na	-	-	13
G. Other Priority Claims	-	-	na	na	-	-	13
Proceeds Available for Unsecured Claims					\$ -	\$ -	
UNSECURED CLAIMS							
H1. First Lien Deficiency Claims	\$ -	\$ -	na	na	\$ -	\$ -	14
H2. Second Lien Deficiency Claims	-	-	na	na	-	-	14
H3. Other Secured Deficiency Claims	-	-	na	na	-	-	14
H4. Senior Unsecured Notes Claims	-	-	na	na	-	-	14
H5. Subsidiary Guaranteed Notes Claims	502,019	502,019	0.0%	0.0%	-	-	14
H5a. Subsidiary Guaranteed Notes Turnover to First Lien Claimants	-	-	na	na	-	-	14
H6. General Unsecured Claims	9	9	0.0%	0.0%	-	-	14
H7. Pension Claims	446,123	223,061	0.0%	0.0%	-	-	14
H8. Intercompany Notes Payable	-	-	na	na	-	-	14
H9. Intercompany Claims - Prepetition	-	-	na	na	-	-	14
Total Unsecured Claims	\$ 948,150	\$ 725,089	0.0%	0.0%	\$ -	\$ -	
Total Admin, Priority, Unsecured Claims & Distributions	\$ 948,150	\$ 725,089	0.0%	0.0%	\$ -	\$ -	
Value Available for Equity Interests					\$ -	\$ -	15

I. TOTAL PROCEEDS AVAILABLE FOR DISTRIBUTION

	Net Book Value	Estimated Recovery (%)		Estimated Liquidation Value		See Note
		Lower	Higher	Lower	Higher	
A. STATEMENT OF ASSETS						
Cash and equivalents	\$ -	0%	0%	\$ -	\$ -	1
Accounts receivable	-	0%	0%	-	-	2
Other current assets	-	0%	0%	-	-	2
Inventory	-	0%	0%	-	-	2
Due from subsidiaries/affiliates	-	0%	0%	-	-	3
Property and equipment, net	-	0%	0%	-	-	2
Goodwill	-	0%	0%	-	-	4
Intangibles	-	0%	0%	-	-	4
Investments in subsidiaries	-	0%	0%	-	-	5
Restricted cash	-	0%	0%	-	-	4
Other assets	-	0%	0%	-	-	
STATEMENT OF ASSETS - CASINO SALE						
Casino	-	0%	0%	-	-	6
Interim cash flow	-	0%	0%	-	-	7
Total Assets / Gross Recovery	\$ -	0%	0%	\$ -	\$ -	
A1. ENCUMBERED COLLATERAL						
Cash and equivalents	\$ -	0%	0%	\$ -	\$ -	1
Accounts receivable	-	0%	0%	-	-	2
Other current assets	-	0%	0%	-	-	2
Inventory	-	0%	0%	-	-	2
Due from subsidiaries/affiliates	-	0%	0%	-	-	3
Property and equipment, net	-	0%	0%	-	-	2
Goodwill	-	0%	0%	-	-	4
Intangibles	-	0%	0%	-	-	4
Investments in subsidiaries	-	0%	0%	-	-	5
Restricted cash	-	0%	0%	-	-	4
Other assets	-	0%	0%	-	-	
Casino value and encumbered interim cash flow	-	0%	0%	-	-	6,7
Total Encumbered Collateral / Gross Recovery	\$ -	0%	0%	\$ -	\$ -	
A2. UNENCUMBERED ASSETS						
Cash and equivalents	\$ -	0%	0%	\$ -	\$ -	1
Accounts receivable	-	0%	0%	-	-	2
Other current assets	-	0%	0%	-	-	2
Inventory	-	0%	0%	-	-	2
Due from subsidiaries/affiliates	-	0%	0%	-	-	3
Property and equipment, net	-	0%	0%	-	-	2
Goodwill	-	0%	0%	-	-	4
Intangibles	-	0%	0%	-	-	4
Investments in subsidiaries	-	0%	0%	-	-	5
Restricted cash	-	0%	0%	-	-	4
Other assets	-	0%	0%	-	-	
Unencumbered interim cash flow	-	0%	0%	-	-	7
Total Unencumbered Assets / Gross Recovery	\$ -	0%	0%	\$ -	\$ -	
B. LITIGATION RECOVERIES						
B1. Encumbered Causes of Action				-	-	8
B2. Unencumbered Causes of Action, including Preferences				-	-	8
B3. Total Litigation Recoveries				\$ -	\$ -	
C. SUMMARY OF GROSS PROCEEDS						
C1. Encumbered Collateral Recovery (A1 + B1)				\$ -	\$ -	
C2. Unencumbered Assets Recovery (A2 + B2)				-	-	
C3. Total Gross Recovery Proceeds Available for Distribution				\$ -	\$ -	

II. ALLOCATION OF PROCEEDS FROM ENCUMBERED COLLATERAL AVAILABLE FOR DISTRIBUTION

	Estimated Allowed Claims		Estimated Recovery (%)		Estimated Recovery on Secured Claims		See Note
	Lower	Higher	Lower	Higher	Lower	Higher	
Encumbered Gross Collateral Proceeds Available					\$ -	\$ -	
A. LESS: Section 506(c) Surcharges	\$ -	\$ -			\$ -	\$ -	9
B. Carve-Out Allocation	-	-			-	-	10
Proceeds Available to Secured Claims					\$ -	\$ -	
SECURED CLAIMS							
C. PLUS: Proceeds From Subsidiary Guaranteed Notes Turnover					-	-	14
Proceeds Available to Satisfy First Lien Secured Claims					\$ -	\$ -	
D. First Lien Secured Claims							
D1. First Lien Bank Claims	\$ -	\$ -	na	na	-	-	11
D2. First Lien Bond Claims	-	-	na	na	-	-	11
D3. First Lien Swap Claims	-	-	na	na	-	-	11
D4. Other First Lien Secured Claims	-	-	na	na	-	-	11
Total First Lien Claims & Recovery	\$ -	\$ -	na	na	\$ -	\$ -	
Proceeds Available to Satisfy Second Lien Secured Claims					\$ -	\$ -	
E. Second Lien Bond Claims	\$ -	\$ -	na	na	-	-	11
Total Second Lien Claims & Recovery	\$ -	\$ -	na	na	\$ -	\$ -	
F. Other Secured Claims	-	-			\$ -	\$ -	11
Total Secured Claims and Distributions	\$ -	\$ -	0.0%	0.0%	\$ -	\$ -	
Proceeds Available from Encumbered Collateral to Satisfy Administrative, Priority and Unsecured Claims					\$ -	\$ -	
Secured Lender Deficiency Claims (General Unsecured Claim)	\$ -	\$ -					

Chapter 7
 Horizontal Liquidation Against Schedule 2
 (\$ in thousands)

III. ALLOCATION OF PROCEEDS AVAILABLE TO SATISFY ADMINISTRATIVE, PRIORITY AND UNSECURED CLAIMS

	Estimated Allowed Claims		Estimated Recovery (%)		Estimated Recovery on Administrative, Priority and Unsecured Claims		See Note
	Lower	Higher	Lower	Higher	Lower	Higher	
Proceeds Available from Unencumbered Assets					\$ -	\$ -	
Section 506(c) Surcharges					-	-	9
Proceeds Available from Encumbered Collateral					-	-	
Proceeds Available to Satisfy Administrative, Priority and Unsecured Claims					\$ -	\$ -	
A. LESS: Carve-Out Allocation	\$ -	\$ -	na	na	\$ -	\$ -	10
Proceeds Available for Administrative Claims					\$ -	\$ -	
ADMINISTRATIVE CLAIMS							
B. Subsidiaries' Superpriority Admin Claims against CEOC	\$ -	\$ -	na	na	\$ -	\$ -	12
C. Chapter 7 Administrative Claims	-	-	na	na	-	-	12
D. Chapter 11 Administrative Claims	-	-	na	na	-	-	12
Proceeds Available for Priority Claims					\$ -	\$ -	
PRIORITY CLAIMS							
E. Employee Priority Claims	\$ -	\$ -	na	na	\$ -	\$ -	13
F. Priority Tax Claims	-	-	na	na	-	-	13
G. Other Priority Claims	-	-	na	na	-	-	13
Proceeds Available for Unsecured Claims					\$ -	\$ -	
UNSECURED CLAIMS							
H1. First Lien Deficiency Claims	\$ -	\$ -	na	na	\$ -	\$ -	14
H2. Second Lien Deficiency Claims	-	-	na	na	-	-	14
H3. Other Secured Deficiency Claims	-	-	na	na	-	-	14
H4. Senior Unsecured Notes Claims	-	-	na	na	-	-	14
H5. Subsidiary Guaranteed Notes Claims	502,019	502,019	0.0%	0.0%	-	-	14
H5a. Subsidiary Guaranteed Notes Turnover to First Lien Claimants	-	-	na	na	-	-	14
H6. General Unsecured Claims	-	-	na	na	-	-	14
H7. Pension Claims	446,123	223,061	0.0%	0.0%	-	-	14
H8. Intercompany Notes Payable	-	-	na	na	-	-	14
H9. Intercompany Claims - Prepetition	-	-	na	na	-	-	14
Total Unsecured Claims	\$ 948,142	\$ 725,081	0.0%	0.0%	\$ -	\$ -	
Total Admin, Priority, Unsecured Claims & Distributions	\$ 948,142	\$ 725,081	0.0%	0.0%	\$ -	\$ -	
Value Available for Equity Interests					\$ -	\$ -	15

I. TOTAL PROCEEDS AVAILABLE FOR DISTRIBUTION

	Net Book Value	Estimated Recovery (%)		Estimated Liquidation Value		See Note
		Lower	Higher	Lower	Higher	
A. STATEMENT OF ASSETS						
Cash and equivalents	\$ -	0%	0%	\$ -	\$ -	1
Accounts receivable	-	0%	0%	-	-	2
Other current assets	129	0%	0%	-	-	2
Inventory	-	0%	0%	-	-	2
Due from subsidiaries/affiliates	-	0%	0%	-	-	3
Property and equipment, net	-	0%	0%	-	-	2
Goodwill	-	0%	0%	-	-	4
Intangibles	-	0%	0%	-	-	4
Investments in subsidiaries	-	0%	0%	-	-	5
Restricted cash	-	0%	0%	-	-	4
Other assets	-	0%	0%	-	-	
STATEMENT OF ASSETS - CASINO SALE						
Casino	-	0%	0%	-	-	6
Interim cash flow	-	0%	0%	-	-	7
Total Assets / Gross Recovery	\$ 129	0%	0%	\$ -	\$ -	
A1. ENCUMBERED COLLATERAL						
Cash and equivalents	\$ -	0%	0%	\$ -	\$ -	1
Accounts receivable	-	0%	0%	-	-	2
Other current assets	129	0%	0%	-	-	2
Inventory	-	0%	0%	-	-	2
Due from subsidiaries/affiliates	-	0%	0%	-	-	3
Property and equipment, net	-	0%	0%	-	-	2
Goodwill	-	0%	0%	-	-	4
Intangibles	-	0%	0%	-	-	4
Investments in subsidiaries	-	0%	0%	-	-	5
Restricted cash	-	0%	0%	-	-	4
Other assets	-	0%	0%	-	-	
Casino value and encumbered interim cash flow	-	0%	0%	-	-	6,7
Total Encumbered Collateral / Gross Recovery	\$ 129	0%	0%	\$ -	\$ -	
A2. UNENCUMBERED ASSETS						
Cash and equivalents	\$ -	0%	0%	\$ -	\$ -	1
Accounts receivable	-	0%	0%	-	-	2
Other current assets	-	0%	0%	-	-	2
Inventory	-	0%	0%	-	-	2
Due from subsidiaries/affiliates	-	0%	0%	-	-	3
Property and equipment, net	-	0%	0%	-	-	2
Goodwill	-	0%	0%	-	-	4
Intangibles	-	0%	0%	-	-	4
Investments in subsidiaries	-	0%	0%	-	-	5
Restricted cash	-	0%	0%	-	-	4
Other assets	-	0%	0%	-	-	
Unencumbered interim cash flow	-	0%	0%	-	-	7
Total Unencumbered Assets / Gross Recovery	\$ -	0%	0%	\$ -	\$ -	
B. LITIGATION RECOVERIES						
B1. Encumbered Causes of Action	-	-	-	-	-	8
B2. Unencumbered Causes of Action, including Preferences	-	-	-	-	-	8
B3. Total Litigation Recoveries	\$ -	\$ -	\$ -	\$ -	\$ -	
C. SUMMARY OF GROSS PROCEEDS						
C1. Encumbered Collateral Recovery (A1 + B1)	-	-	-	\$ -	\$ -	
C2. Unencumbered Assets Recovery (A2 + B2)	-	-	-	-	-	
C3. Total Gross Recovery Proceeds Available for Distribution	\$ -	\$ -	\$ -	\$ -	\$ -	

II. ALLOCATION OF PROCEEDS FROM ENCUMBERED COLLATERAL AVAILABLE FOR DISTRIBUTION

	Estimated Allowed Claims		Estimated Recovery (%)		Estimated Recovery on Secured Claims		See Note
	Lower	Higher	Lower	Higher	Lower	Higher	
Encumbered Gross Collateral Proceeds Available					\$ -	\$ -	
A. LESS: Section 506(c) Surcharges	\$ -	\$ -			\$ -	\$ -	9
B. Carve-Out Allocation	-	-			-	-	10
Proceeds Available to Secured Claims					\$ -	\$ -	
SECURED CLAIMS							
C. PLUS: Proceeds From Subsidiary Guaranteed Notes Turnover					-	-	14
Proceeds Available to Satisfy First Lien Secured Claims					\$ -	\$ -	
D. First Lien Secured Claims							
D1. First Lien Bank Claims	\$ -	\$ -	na	na	-	-	11
D2. First Lien Bond Claims	-	-	na	na	-	-	11
D3. First Lien Swap Claims	-	-	na	na	-	-	11
D4. Other First Lien Secured Claims	-	-	na	na	-	-	11
Total First Lien Claims & Recovery	\$ -	\$ -	na	na	\$ -	\$ -	
Proceeds Available to Satisfy Second Lien Secured Claims					\$ -	\$ -	
E. Second Lien Bond Claims	\$ -	\$ -	na	na	-	-	11
Total Second Lien Claims & Recovery	\$ -	\$ -	na	na	\$ -	\$ -	
F. Other Secured Claims	-	-			\$ -	\$ -	11
Total Secured Claims and Distributions	\$ -	\$ -	0.0%	0.0%	\$ -	\$ -	
Proceeds Available from Encumbered Collateral to Satisfy Administrative, Priority and Unsecured Claims					\$ -	\$ -	
Secured Lender Deficiency Claims (General Unsecured Claim)	\$ -	\$ -					

III. ALLOCATION OF PROCEEDS AVAILABLE TO SATISFY ADMINISTRATIVE, PRIORITY AND UNSECURED CLAIMS

	Estimated Allowed Claims		Estimated Recovery (%)		Estimated Recovery on Administrative, Priority and Unsecured Claims		See Note
	Lower	Higher	Lower	Higher	Lower	Higher	
Proceeds Available from Unencumbered Assets					\$ -	\$ -	
Section 506(c) Surcharges					-	-	9
Proceeds Available from Encumbered Collateral					-	-	
Proceeds Available to Satisfy Administrative, Priority and Unsecured Claims					\$ -	\$ -	
A. LESS: Carve-Out Allocation	\$ -	\$ -	na	na	\$ -	\$ -	10
Proceeds Available for Administrative Claims					\$ -	\$ -	
ADMINISTRATIVE CLAIMS							
B. Subsidiaries' Superpriority Admin Claims against CEOC	\$ -	\$ -	na	na	\$ -	\$ -	12
C. Chapter 7 Administrative Claims	-	-	na	na	-	-	12
D. Chapter 11 Administrative Claims	-	-	na	na	-	-	12
Proceeds Available for Priority Claims					\$ -	\$ -	
PRIORITY CLAIMS							
E. Employee Priority Claims	\$ -	\$ -	na	na	\$ -	\$ -	13
F. Priority Tax Claims	-	-	na	na	-	-	13
G. Other Priority Claims	-	-	na	na	-	-	13
Proceeds Available for Unsecured Claims					\$ -	\$ -	
UNSECURED CLAIMS							
H1. First Lien Deficiency Claims	\$ -	\$ -	na	na	\$ -	\$ -	14
H2. Second Lien Deficiency Claims	-	-	na	na	-	-	14
H3. Other Secured Deficiency Claims	-	-	na	na	-	-	14
H4. Senior Unsecured Notes Claims	-	-	na	na	-	-	14
H5. Subsidiary Guaranteed Notes Claims	502,019	502,019	0.0%	0.0%	-	-	14
H5a. Subsidiary Guaranteed Notes Turnover to First Lien Claimants	-	-	na	na	-	-	14
H6. General Unsecured Claims	-	-	na	na	-	-	14
H7. Pension Claims	446,123	223,061	0.0%	0.0%	-	-	14
H8. Intercompany Notes Payable	-	-	na	na	-	-	14
H9. Intercompany Claims - Prepetition	-	-	na	na	-	-	14
Total Unsecured Claims	\$ 948,142	\$ 725,081	0.0%	0.0%	\$ -	\$ -	
Total Admin, Priority, Unsecured Claims & Distributions	\$ 948,142	\$ 725,081	0.0%	0.0%	\$ -	\$ -	
Value Available for Equity Interests					\$ -	\$ -	15

I. TOTAL PROCEEDS AVAILABLE FOR DISTRIBUTION

	Net Book Value	Estimated Recovery (%)		Estimated Liquidation Value		See Note
		Lower	Higher	Lower	Higher	
A. STATEMENT OF ASSETS						
Cash and equivalents	\$ -	0%	0%	\$ -	\$ -	1
Accounts receivable	-	0%	0%	-	-	2
Other current assets	1,112	0%	0%	-	-	2
Inventory	-	0%	0%	-	-	2
Due from subsidiaries/affiliates	-	0%	0%	-	-	3
Property and equipment, net	-	0%	0%	-	-	2
Goodwill	-	0%	0%	-	-	4
Intangibles	-	0%	0%	-	-	4
Investments in subsidiaries	-	0%	0%	-	-	5
Restricted cash	-	0%	0%	-	-	4
Other assets	-	0%	0%	-	-	
STATEMENT OF ASSETS - CASINO SALE						
Casino	-	0%	0%	-	-	6
Interim cash flow	-	0%	0%	-	-	7
Total Assets / Gross Recovery	\$ 1,112	0%	0%	\$ -	\$ -	
A1. ENCUMBERED COLLATERAL						
Cash and equivalents	\$ -	0%	0%	\$ -	\$ -	1
Accounts receivable	-	0%	0%	-	-	2
Other current assets	1,112	0%	0%	-	-	2
Inventory	-	0%	0%	-	-	2
Due from subsidiaries/affiliates	-	0%	0%	-	-	3
Property and equipment, net	-	0%	0%	-	-	2
Goodwill	-	0%	0%	-	-	4
Intangibles	-	0%	0%	-	-	4
Investments in subsidiaries	-	0%	0%	-	-	5
Restricted cash	-	0%	0%	-	-	4
Other assets	-	0%	0%	-	-	
Casino value and encumbered interim cash flow	-	0%	0%	-	-	6,7
Total Encumbered Collateral / Gross Recovery	\$ 1,112	0%	0%	\$ -	\$ -	
A2. UNENCUMBERED ASSETS						
Cash and equivalents	\$ -	0%	0%	\$ -	\$ -	1
Accounts receivable	-	0%	0%	-	-	2
Other current assets	-	0%	0%	-	-	2
Inventory	-	0%	0%	-	-	2
Due from subsidiaries/affiliates	-	0%	0%	-	-	3
Property and equipment, net	-	0%	0%	-	-	2
Goodwill	-	0%	0%	-	-	4
Intangibles	-	0%	0%	-	-	4
Investments in subsidiaries	-	0%	0%	-	-	5
Restricted cash	-	0%	0%	-	-	4
Other assets	-	0%	0%	-	-	
Unencumbered interim cash flow	-	0%	0%	-	-	7
Total Unencumbered Assets / Gross Recovery	\$ -	0%	0%	\$ -	\$ -	
B. LITIGATION RECOVERIES						
B1. Encumbered Causes of Action	-	-	-	-	-	8
B2. Unencumbered Causes of Action, including Preferences	-	-	-	-	-	8
B3. Total Litigation Recoveries	-	-	-	-	-	
C. SUMMARY OF GROSS PROCEEDS						
C1. Encumbered Collateral Recovery (A1 + B1)	-	-	-	-	-	
C2. Unencumbered Assets Recovery (A2 + B2)	-	-	-	-	-	
C3. Total Gross Recovery Proceeds Available for Distribution	\$ -	\$ -	\$ -	\$ -	\$ -	

II. ALLOCATION OF PROCEEDS FROM ENCUMBERED COLLATERAL AVAILABLE FOR DISTRIBUTION

	Estimated Allowed Claims		Estimated Recovery (%)		Estimated Recovery on Secured Claims		See Note
	Lower	Higher	Lower	Higher	Lower	Higher	
Encumbered Gross Collateral Proceeds Available					\$ -	\$ -	
A. LESS: Section 506(c) Surcharges	\$ -	\$ -			\$ -	\$ -	9
B. Carve-Out Allocation	-	-			-	-	10
Proceeds Available to Secured Claims					\$ -	\$ -	
SECURED CLAIMS							
C. PLUS: Proceeds From Subsidiary Guaranteed Notes Turnover					-	-	14
Proceeds Available to Satisfy First Lien Secured Claims					\$ -	\$ -	
D. First Lien Secured Claims							
D1. First Lien Bank Claims	\$ -	\$ -	na	na	-	-	11
D2. First Lien Bond Claims	-	-	na	na	-	-	11
D3. First Lien Swap Claims	-	-	na	na	-	-	11
D4. Other First Lien Secured Claims	-	-	na	na	-	-	11
Total First Lien Claims & Recovery	\$ -	\$ -	na	na	\$ -	\$ -	
Proceeds Available to Satisfy Second Lien Secured Claims					\$ -	\$ -	
E. Second Lien Bond Claims	\$ -	\$ -	na	na	-	-	11
Total Second Lien Claims & Recovery	\$ -	\$ -	na	na	\$ -	\$ -	
F. Other Secured Claims	-	-			\$ -	\$ -	11
Total Secured Claims and Distributions	\$ -	\$ -	0.0%	0.0%	\$ -	\$ -	
Proceeds Available from Encumbered Collateral to Satisfy Administrative, Priority and Unsecured Claims					\$ -	\$ -	
Secured Lender Deficiency Claims (General Unsecured Claim)	\$ -	\$ -					

III. ALLOCATION OF PROCEEDS AVAILABLE TO SATISFY ADMINISTRATIVE, PRIORITY AND UNSECURED CLAIMS

	Estimated Allowed Claims		Estimated Recovery (%)		Estimated Recovery on Administrative, Priority and Unsecured Claims		See Note
	Lower	Higher	Lower	Higher	Lower	Higher	
Proceeds Available from Unencumbered Assets					\$ -	\$ -	
Section 506(c) Surcharges					-	-	9
Proceeds Available from Encumbered Collateral					-	-	
Proceeds Available to Satisfy Administrative, Priority and Unsecured Claims					\$ -	\$ -	
A. LESS: Carve-Out Allocation	\$ -	\$ -	na	na	\$ -	\$ -	10
Proceeds Available for Administrative Claims					\$ -	\$ -	
ADMINISTRATIVE CLAIMS							
B. Subsidiaries' Superpriority Admin Claims against CEOC	\$ -	\$ -	na	na	\$ -	\$ -	12
C. Chapter 7 Administrative Claims	-	-	na	na	-	-	12
D. Chapter 11 Administrative Claims	-	-	na	na	-	-	12
Proceeds Available for Priority Claims					\$ -	\$ -	
PRIORITY CLAIMS							
E. Employee Priority Claims	\$ -	\$ -	na	na	\$ -	\$ -	13
F. Priority Tax Claims	-	-	na	na	-	-	13
G. Other Priority Claims	-	-	na	na	-	-	13
Proceeds Available for Unsecured Claims					\$ -	\$ -	
UNSECURED CLAIMS							
H1. First Lien Deficiency Claims	\$ -	\$ -	na	na	\$ -	\$ -	14
H2. Second Lien Deficiency Claims	-	-	na	na	-	-	14
H3. Other Secured Deficiency Claims	-	-	na	na	-	-	14
H4. Senior Unsecured Notes Claims	-	-	na	na	-	-	14
H5. Subsidiary Guaranteed Notes Claims	502,019	502,019	0.0%	0.0%	-	-	14
H5a. Subsidiary Guaranteed Notes Turnover to First Lien Claimants	-	-	na	na	-	-	14
H6. General Unsecured Claims	-	-	na	na	-	-	14
H7. Pension Claims	446,123	223,061	0.0%	0.0%	-	-	14
H8. Intercompany Notes Payable	-	-	na	na	-	-	14
H9. Intercompany Claims - Prepetition	-	-	na	na	-	-	14
Total Unsecured Claims	\$ 948,142	\$ 725,081	0.0%	0.0%	\$ -	\$ -	
Total Admin, Priority, Unsecured Claims & Distributions	\$ 948,142	\$ 725,081	0.0%	0.0%	\$ -	\$ -	
Value Available for Equity Interests					\$ -	\$ -	15

I. TOTAL PROCEEDS AVAILABLE FOR DISTRIBUTION

	Net Book Value	Estimated Recovery (%)		Estimated Liquidation Value		See Note
		Lower	Higher	Lower	Higher	
A. STATEMENT OF ASSETS						
Cash and equivalents	\$ -	0%	0%	\$ -	\$ -	1
Accounts receivable	-	0%	0%	-	-	2
Other current assets	-	0%	0%	-	-	2
Inventory	-	0%	0%	-	-	2
Due from subsidiaries/affiliates	-	0%	0%	-	-	3
Property and equipment, net	-	0%	0%	-	-	2
Goodwill	-	0%	0%	-	-	4
Intangibles	-	0%	0%	-	-	4
Investments in subsidiaries	-	0%	0%	-	-	5
Restricted cash	-	0%	0%	-	-	4
Other assets	-	0%	0%	-	-	
STATEMENT OF ASSETS - CASINO SALE						
Casino	-	0%	0%	-	-	6
Interim cash flow	-	0%	0%	-	-	7
Total Assets / Gross Recovery	\$ -	0%	0%	\$ -	\$ -	
A1. ENCUMBERED COLLATERAL						
Cash and equivalents	\$ -	0%	0%	\$ -	\$ -	1
Accounts receivable	-	0%	0%	-	-	2
Other current assets	-	0%	0%	-	-	2
Inventory	-	0%	0%	-	-	2
Due from subsidiaries/affiliates	-	0%	0%	-	-	3
Property and equipment, net	-	0%	0%	-	-	2
Goodwill	-	0%	0%	-	-	4
Intangibles	-	0%	0%	-	-	4
Investments in subsidiaries	-	0%	0%	-	-	5
Restricted cash	-	0%	0%	-	-	4
Other assets	-	0%	0%	-	-	
Casino value and encumbered interim cash flow	-	0%	0%	-	-	6,7
Total Encumbered Collateral / Gross Recovery	\$ -	0%	0%	\$ -	\$ -	
A2. UNENCUMBERED ASSETS						
Cash and equivalents	\$ -	0%	0%	\$ -	\$ -	1
Accounts receivable	-	0%	0%	-	-	2
Other current assets	-	0%	0%	-	-	2
Inventory	-	0%	0%	-	-	2
Due from subsidiaries/affiliates	-	0%	0%	-	-	3
Property and equipment, net	-	0%	0%	-	-	2
Goodwill	-	0%	0%	-	-	4
Intangibles	-	0%	0%	-	-	4
Investments in subsidiaries	-	0%	0%	-	-	5
Restricted cash	-	0%	0%	-	-	4
Other assets	-	0%	0%	-	-	
Unencumbered interim cash flow	-	0%	0%	-	-	7
Total Unencumbered Assets / Gross Recovery	\$ -	0%	0%	\$ -	\$ -	
B. LITIGATION RECOVERIES						
B1. Encumbered Causes of Action	-			-	-	8
B2. Unencumbered Causes of Action, including Preferences	-			-	455,408	8
B3. Total Litigation Recoveries	-			\$ -	\$ 455,408	
C. SUMMARY OF GROSS PROCEEDS						
C1. Encumbered Collateral Recovery (A1 + B1)	-			\$ -	\$ -	
C2. Unencumbered Assets Recovery (A2 + B2)	-			-	455,408	
C3. Total Gross Recovery Proceeds Available for Distribution	-			\$ -	\$ 455,408	

II. ALLOCATION OF PROCEEDS FROM ENCUMBERED COLLATERAL AVAILABLE FOR DISTRIBUTION

	Estimated Allowed Claims		Estimated Recovery (%)		Estimated Recovery on Secured Claims		See Note
	Lower	Higher	Lower	Higher	Lower	Higher	
Encumbered Gross Collateral Proceeds Available					\$ -	\$ -	
A. LESS: Section 506(c) Surcharges	\$ -	\$ -			\$ -	\$ -	9
B. Carve-Out Allocation	-	-			-	-	10
Proceeds Available to Secured Claims					\$ -	\$ -	
SECURED CLAIMS							
C. PLUS: Proceeds From Subsidiary Guaranteed Notes Turnover					-	-	14
Proceeds Available to Satisfy First Lien Secured Claims					\$ -	\$ -	
D. First Lien Secured Claims							
D1. First Lien Bank Claims	\$ -	\$ -	na	na	-	-	11
D2. First Lien Bond Claims	-	-	na	na	-	-	11
D3. First Lien Swap Claims	-	-	na	na	-	-	11
D4. Other First Lien Secured Claims	-	-	na	na	-	-	11
Total First Lien Claims & Recovery	\$ -	\$ -	na	na	\$ -	\$ -	
Proceeds Available to Satisfy Second Lien Secured Claims					\$ -	\$ -	
E. Second Lien Bond Claims	\$ -	\$ -	na	na	-	-	11
Total Second Lien Claims & Recovery	\$ -	\$ -	na	na	\$ -	\$ -	
F. Other Secured Claims	-	-			\$ -	\$ -	11
Total Secured Claims and Distributions	\$ -	\$ -	0.0%	0.0%	\$ -	\$ -	
Proceeds Available from Encumbered Collateral to Satisfy Administrative, Priority and Unsecured Claims					\$ -	\$ -	
Secured Lender Deficiency Claims (General Unsecured Claim)	\$ -	\$ -					

JCC Holding Company, LLC
 Chapter 11 Liquidation Against Schedule 2
 (\$ in thousands)

III. ALLOCATION OF PROCEEDS AVAILABLE TO SATISFY ADMINISTRATIVE, PRIORITY AND UNSECURED CLAIMS

	Estimated Allowed Claims		Estimated Recovery (%)		Estimated Recovery on Administrative, Priority and Unsecured Claims		See Note
	Lower	Higher	Lower	Higher	Lower	Higher	
	Proceeds Available from Unencumbered Assets					\$ -	
Section 506(c) Surcharges					-	-	
Proceeds Available from Encumbered Collateral					-	-	
Proceeds Available to Satisfy Administrative, Priority and Unsecured Claims					\$ -	\$ 455,408	
A. LESS: Carve-Out Allocation	\$ -	\$ 2,658	na	100.0%	\$ -	\$ 2,658	10
Proceeds Available for Administrative Claims					\$ -	\$ 452,750	
ADMINISTRATIVE CLAIMS							
B. Subsidiaries' Superpriority Admin Claims against CEOC	\$ -	\$ -	na	na	\$ -	\$ -	12
C. Chapter 7 Administrative Claims	-	9,805	na	100.0%	-	9,805	12
D. Chapter 11 Administrative Claims	-	-	na	na	-	-	12
Proceeds Available for Priority Claims					\$ -	\$ 442,945	
PRIORITY CLAIMS							
E. Employee Priority Claims	\$ -	\$ -	na	na	\$ -	\$ -	13
F. Priority Tax Claims	-	-	na	na	-	-	13
G. Other Priority Claims	-	-	na	na	-	-	13
Proceeds Available for Unsecured Claims					\$ -	\$ 442,945	
UNSECURED CLAIMS							
H1. First Lien Deficiency Claims	\$ -	\$ -	na	na	\$ -	\$ -	14
H2. Second Lien Deficiency Claims	-	-	na	na	-	-	14
H3. Other Secured Deficiency Claims	-	-	na	na	-	-	14
H4. Senior Unsecured Notes Claims	-	-	na	na	-	-	14
H5. Subsidiary Guaranteed Notes Claims	-	-	na	na	-	-	14
H5a. Subsidiary Guaranteed Notes Turnover to First Lien Claimants	-	-	na	na	-	-	14
H6. General Unsecured Claims	24	24	0.0%	100.0%	-	24	14
H7. Pension Claims	446,123	223,061	0.0%	10.8%	-	24,024	14
H8. Intercompany Notes Payable	-	-	na	na	-	-	14
H9. Intercompany Claims - Prepetition	-	-	na	na	-	-	14
Total Unsecured Claims	\$ 446,146	\$ 223,085	0.0%	10.8%	\$ -	\$ 24,047	
Total Admin, Priority, Unsecured Claims & Distributions	\$ 446,146	\$ 235,548	0.0%	15.5%	\$ -	\$ 36,511	
Value Available for Equity Interests					\$ -	\$ 418,897	15

Falah's and GRT's Joint Chapter 11 Reorganization Plan
 Hypothetical Liquidation Analysis Schedule 2
 (\$ in thousands)

I. TOTAL PROCEEDS AVAILABLE FOR DISTRIBUTION

	Net Book Value	Estimated Recovery (%)		Estimated Liquidation Value		See Note
		Lower	Higher	Lower	Higher	
A. STATEMENT OF ASSETS						
Cash and equivalents	\$ -	0%	0%	\$ -	\$ -	1
Accounts receivable	-	0%	0%	-	-	2
Other current assets	12	0%	0%	-	-	2
Inventory	-	0%	0%	-	-	2
Due from subsidiaries/affiliates	-	0%	0%	-	-	3
Property and equipment, net	-	0%	0%	-	-	2
Goodwill	-	0%	0%	-	-	4
Intangibles	-	0%	0%	-	-	4
Investments in subsidiaries	-	0%	0%	-	-	5
Restricted cash	-	0%	0%	-	-	4
Other assets	-	0%	0%	-	-	
STATEMENT OF ASSETS - CASINO SALE						
Casino	-	0%	0%	-	-	6
Interim cash flow	-	0%	0%	-	-	7
Total Assets / Gross Recovery	\$ 12	0%	0%	\$ -	\$ -	
A1. ENCUMBERED COLLATERAL						
Cash and equivalents	\$ -	0%	0%	\$ -	\$ -	1
Accounts receivable	-	0%	0%	-	-	2
Other current assets	12	0%	0%	-	-	2
Inventory	-	0%	0%	-	-	2
Due from subsidiaries/affiliates	-	0%	0%	-	-	3
Property and equipment, net	-	0%	0%	-	-	2
Goodwill	-	0%	0%	-	-	4
Intangibles	-	0%	0%	-	-	4
Investments in subsidiaries	-	0%	0%	-	-	5
Restricted cash	-	0%	0%	-	-	4
Other assets	-	0%	0%	-	-	
Casino value and encumbered interim cash flow	-	0%	0%	-	-	6,7
Total Encumbered Collateral / Gross Recovery	\$ 12	0%	0%	\$ -	\$ -	
A2. UNENCUMBERED ASSETS						
Cash and equivalents	\$ -	0%	0%	\$ -	\$ -	1
Accounts receivable	-	0%	0%	-	-	2
Other current assets	-	0%	0%	-	-	2
Inventory	-	0%	0%	-	-	2
Due from subsidiaries/affiliates	-	0%	0%	-	-	3
Property and equipment, net	-	0%	0%	-	-	2
Goodwill	-	0%	0%	-	-	4
Intangibles	-	0%	0%	-	-	4
Investments in subsidiaries	-	0%	0%	-	-	5
Restricted cash	-	0%	0%	-	-	4
Other assets	-	0%	0%	-	-	
Unencumbered interim cash flow	-	0%	0%	-	-	7
Total Unencumbered Assets / Gross Recovery	\$ -	0%	0%	\$ -	\$ -	
B. LITIGATION RECOVERIES						
B1. Encumbered Causes of Action	-	-	-	-	-	8
B2. Unencumbered Causes of Action, including Preferences	-	-	-	-	-	8
B3. Total Litigation Recoveries	-	-	-	-	-	
C. SUMMARY OF GROSS PROCEEDS						
C1. Encumbered Collateral Recovery (A1 + B1)	-	-	-	\$ -	\$ -	
C2. Unencumbered Assets Recovery (A2 + B2)	-	-	-	-	-	
C3. Total Gross Recovery Proceeds Available for Distribution	\$ -	\$ -	\$ -	\$ -	\$ -	

II. ALLOCATION OF PROCEEDS FROM ENCUMBERED COLLATERAL AVAILABLE FOR DISTRIBUTION

	Estimated Allowed Claims		Estimated Recovery (%)		Estimated Recovery on Secured Claims		See Note
	Lower	Higher	Lower	Higher	Lower	Higher	
Encumbered Gross Collateral Proceeds Available					\$ -	\$ -	
A. LESS: Section 506(c) Surcharges	\$ -	\$ -			\$ -	\$ -	9
B. Carve-Out Allocation	-	-			-	-	10
Proceeds Available to Secured Claims					\$ -	\$ -	
SECURED CLAIMS							
C. PLUS: Proceeds From Subsidiary Guaranteed Notes Turnover					-	-	14
Proceeds Available to Satisfy First Lien Secured Claims					\$ -	\$ -	
D. First Lien Secured Claims							
D1. First Lien Bank Claims	\$ -	\$ -	na	na	-	-	11
D2. First Lien Bond Claims	-	-	na	na	-	-	11
D3. First Lien Swap Claims	-	-	na	na	-	-	11
D4. Other First Lien Secured Claims	-	-	na	na	-	-	11
Total First Lien Claims & Recovery	\$ -	\$ -	na	na	\$ -	\$ -	
Proceeds Available to Satisfy Second Lien Secured Claims					\$ -	\$ -	
E. Second Lien Bond Claims	\$ -	\$ -	na	na	-	-	11
Total Second Lien Claims & Recovery	\$ -	\$ -	na	na	\$ -	\$ -	
F. Other Secured Claims	-	-			\$ -	\$ -	11
Total Secured Claims and Distributions	\$ -	\$ -	0.0%	0.0%	\$ -	\$ -	
Proceeds Available from Encumbered Collateral to Satisfy Administrative, Priority and Unsecured Claims					\$ -	\$ -	
Secured Lender Deficiency Claims (General Unsecured Claim)	\$ -	\$ -					

III. ALLOCATION OF PROCEEDS AVAILABLE TO SATISFY ADMINISTRATIVE, PRIORITY AND UNSECURED CLAIMS

	Estimated Allowed Claims		Estimated Recovery (%)		Estimated Recovery on Administrative, Priority and Unsecured Claims		See Note
	Lower	Higher	Lower	Higher	Lower	Higher	
Proceeds Available from Unencumbered Assets					\$ -	\$ -	
Section 506(c) Surcharges					-	-	9
Proceeds Available from Encumbered Collateral					-	-	
Proceeds Available to Satisfy Administrative, Priority and Unsecured Claims					\$ -	\$ -	
A. LESS: Carve-Out Allocation	\$ -	\$ -	na	na	\$ -	\$ -	10
Proceeds Available for Administrative Claims					\$ -	\$ -	
ADMINISTRATIVE CLAIMS							
B. Subsidiaries' Superpriority Admin Claims against CEOC	\$ -	\$ -	na	na	\$ -	\$ -	12
C. Chapter 7 Administrative Claims	-	-	na	na	-	-	12
D. Chapter 11 Administrative Claims	-	-	na	na	-	-	12
Proceeds Available for Priority Claims					\$ -	\$ -	
PRIORITY CLAIMS							
E. Employee Priority Claims	\$ -	\$ -	na	na	\$ -	\$ -	13
F. Priority Tax Claims	-	-	na	na	-	-	13
G. Other Priority Claims	-	-	na	na	-	-	13
Proceeds Available for Unsecured Claims					\$ -	\$ -	
UNSECURED CLAIMS							
H1. First Lien Deficiency Claims	\$ -	\$ -	na	na	\$ -	\$ -	14
H2. Second Lien Deficiency Claims	-	-	na	na	-	-	14
H3. Other Secured Deficiency Claims	-	-	na	na	-	-	14
H4. Senior Unsecured Notes Claims	-	-	na	na	-	-	14
H5. Subsidiary Guaranteed Notes Claims	502,019	502,019	0.0%	0.0%	-	-	14
H5a. Subsidiary Guaranteed Notes Turnover to First Lien Claimants	-	-	na	na	-	-	14
H6. General Unsecured Claims	-	-	na	na	-	-	14
H7. Pension Claims	446,123	223,061	0.0%	0.0%	-	-	14
H8. Intercompany Notes Payable	-	-	na	na	-	-	14
H9. Intercompany Claims - Prepetition	-	-	na	na	-	-	14
Total Unsecured Claims	\$ 948,142	\$ 725,081	0.0%	0.0%	\$ -	\$ -	
Total Admin, Priority, Unsecured Claims & Distributions	\$ 948,142	\$ 725,081	0.0%	0.0%	\$ -	\$ -	
Value Available for Equity Interests					\$ -	\$ -	15

I. TOTAL PROCEEDS AVAILABLE FOR DISTRIBUTION

	Net Book Value	Estimated Recovery (%)		Estimated Liquidation Value		See Note
		Lower	Higher	Lower	Higher	
A. STATEMENT OF ASSETS						
Cash and equivalents	\$ -	0%	0%	\$ -	\$ -	1
Accounts receivable	-	0%	0%	-	-	2
Other current assets	66	0%	0%	-	-	2
Inventory	-	0%	0%	-	-	2
Due from subsidiaries/affiliates	53,691	7%	29%	3,873	15,588	3
Property and equipment, net	-	0%	0%	-	-	2
Goodwill	-	0%	0%	-	-	4
Intangibles	-	0%	0%	-	-	4
Investments in subsidiaries	-	0%	0%	-	-	5
Restricted cash	-	0%	0%	-	-	4
Other assets	-	0%	0%	-	-	
STATEMENT OF ASSETS - CASINO SALE						
Casino	-	0%	0%	-	-	6
Interim cash flow	-	0%	0%	-	-	7
Total Assets / Gross Recovery	\$ 53,756	7%	29%	\$ 3,873	\$ 15,588	
A1. ENCUMBERED COLLATERAL						
Cash and equivalents	\$ -	0%	0%	\$ -	\$ -	1
Accounts receivable	-	0%	0%	-	-	2
Other current assets	66	0%	0%	-	-	2
Inventory	-	0%	0%	-	-	2
Due from subsidiaries/affiliates	53,691	7%	29%	3,873	15,588	3
Property and equipment, net	-	0%	0%	-	-	2
Goodwill	-	0%	0%	-	-	4
Intangibles	-	0%	0%	-	-	4
Investments in subsidiaries	-	0%	0%	-	-	5
Restricted cash	-	0%	0%	-	-	4
Other assets	-	0%	0%	-	-	
Casino value and encumbered interim cash flow	-	0%	0%	-	-	6,7
Total Encumbered Collateral / Gross Recovery	\$ 53,756	7%	29%	\$ 3,873	\$ 15,588	
A2. UNENCUMBERED ASSETS						
Cash and equivalents	\$ -	0%	0%	\$ -	\$ -	1
Accounts receivable	-	0%	0%	-	-	2
Other current assets	-	0%	0%	-	-	2
Inventory	-	0%	0%	-	-	2
Due from subsidiaries/affiliates	-	0%	0%	-	-	3
Property and equipment, net	-	0%	0%	-	-	2
Goodwill	-	0%	0%	-	-	4
Intangibles	-	0%	0%	-	-	4
Investments in subsidiaries	-	0%	0%	-	-	5
Restricted cash	-	0%	0%	-	-	4
Other assets	-	0%	0%	-	-	
Unencumbered interim cash flow	-	0%	0%	-	-	7
Total Unencumbered Assets / Gross Recovery	\$ -	0%	0%	\$ -	\$ -	
B. LITIGATION RECOVERIES						
B1. Encumbered Causes of Action				-	-	8
B2. Unencumbered Causes of Action, including Preferences				-	-	8
B3. Total Litigation Recoveries				\$ -	\$ -	
C. SUMMARY OF GROSS PROCEEDS						
C1. Encumbered Collateral Recovery (A1 + B1)				\$ 3,873	\$ 15,588	
C2. Unencumbered Assets Recovery (A2 + B2)				-	-	
C3. Total Gross Recovery Proceeds Available for Distribution				\$ 3,873	\$ 15,588	

II. ALLOCATION OF PROCEEDS FROM ENCUMBERED COLLATERAL AVAILABLE FOR DISTRIBUTION

	Estimated Allowed Claims		Estimated Recovery (%)		Estimated Recovery on Secured Claims		See Note
	Lower	Higher	Lower	Higher	Lower	Higher	
Encumbered Gross Collateral Proceeds Available					\$ 3,873	\$ 15,588	
A. LESS: Section 506(c) Surcharges	\$ -	\$ -			\$ -	\$ -	9
B. Carve-Out Allocation	-	-			-	-	10
Proceeds Available to Secured Claims					\$ 3,873	\$ 15,588	
SECURED CLAIMS							
C. PLUS: Proceeds From Subsidiary Guaranteed Notes Turnover					-	-	14
Proceeds Available to Satisfy First Lien Secured Claims					\$ 3,873	\$ 15,588	
D. First Lien Secured Claims							
D1. First Lien Bank Claims	\$ 1,743	\$ 6,922	100.0%	100.0%	1,743	6,922	11
D2. First Lien Bond Claims	2,116	8,610	100.0%	100.0%	2,116	8,610	11
D3. First Lien Swap Claims	14	56	100.0%	100.0%	14	56	11
D4. Other First Lien Secured Claims	-	-	na	na	-	-	11
Total First Lien Claims & Recovery	\$ 3,873	\$ 15,588	100.0%	100.0%	\$ 3,873	\$ 15,588	
Proceeds Available to Satisfy Second Lien Secured Claims					\$ -	\$ -	
E. Second Lien Bond Claims	\$ -	\$ -	na	na	-	-	11
Total Second Lien Claims & Recovery	\$ -	\$ -	na	na	\$ -	\$ -	
F. Other Secured Claims	-	-			\$ -	\$ -	11
Total Secured Claims and Distributions	\$ 3,873	\$ 15,588	100.0%	100.0%	\$ 3,873	\$ 15,588	
Proceeds Available from Encumbered Collateral to Satisfy Administrative, Priority and Unsecured Claims					\$ -	\$ -	
Secured Lender Deficiency Claims (General Unsecured Claim)	\$ -	\$ -					

III. ALLOCATION OF PROCEEDS AVAILABLE TO SATISFY ADMINISTRATIVE, PRIORITY AND UNSECURED CLAIMS

	Estimated Allowed Claims		Estimated Recovery (%)		Estimated Recovery on Administrative, Priority and Unsecured Claims		See Note
	Lower	Higher	Lower	Higher	Lower	Higher	
Proceeds Available from Unencumbered Assets					\$ -	\$ -	
Section 506(c) Surcharges					-	-	9
Proceeds Available from Encumbered Collateral					-	-	
Proceeds Available to Satisfy Administrative, Priority and Unsecured Claims					\$ -	\$ -	
A. LESS: Carve-Out Allocation	\$ -	\$ -	na	na	\$ -	\$ -	10
Proceeds Available for Administrative Claims					\$ -	\$ -	
ADMINISTRATIVE CLAIMS							
B. Subsidiaries' Superpriority Admin Claims against CEOC	\$ -	\$ -	na	na	\$ -	\$ -	12
C. Chapter 7 Administrative Claims	-	-	na	na	-	-	12
D. Chapter 11 Administrative Claims	0	0	0.0%	0.0%	-	-	12
Proceeds Available for Priority Claims					\$ -	\$ -	
PRIORITY CLAIMS							
E. Employee Priority Claims	\$ -	\$ -	na	na	\$ -	\$ -	13
F. Priority Tax Claims	-	-	na	na	-	-	13
G. Other Priority Claims	-	-	na	na	-	-	13
Proceeds Available for Unsecured Claims					\$ -	\$ -	
UNSECURED CLAIMS							
H1. First Lien Deficiency Claims	\$ -	\$ -	na	na	\$ -	\$ -	14
H2. Second Lien Deficiency Claims	-	-	na	na	-	-	14
H3. Other Secured Deficiency Claims	-	-	na	na	-	-	14
H4. Senior Unsecured Notes Claims	-	-	na	na	-	-	14
H5. Subsidiary Guaranteed Notes Claims	502,019	502,019	0.0%	0.0%	-	-	14
H5a. Subsidiary Guaranteed Notes Turnover to First Lien Claimants	-	-	na	na	-	-	14
H6. General Unsecured Claims	436	436	0.0%	0.0%	-	-	14
H7. Pension Claims	446,123	223,061	0.0%	0.0%	-	-	14
H8. Intercompany Notes Payable	-	-	na	na	-	-	14
H9. Intercompany Claims - Prepetition	-	-	na	na	-	-	14
Total Unsecured Claims	\$ 948,578	\$ 725,517	0.0%	0.0%	\$ -	\$ -	
Total Admin, Priority, Unsecured Claims & Distributions	\$ 948,579	\$ 725,517	0.0%	0.0%	\$ -	\$ -	
Value Available for Equity Interests					\$ -	\$ -	15

I. TOTAL PROCEEDS AVAILABLE FOR DISTRIBUTION

	Net Book Value	Estimated Recovery (%)		Estimated Liquidation Value		See Note
		Lower	Higher	Lower	Higher	
A. STATEMENT OF ASSETS						
Cash and equivalents	\$ -	0%	0%	\$ -	\$ -	1
Accounts receivable	-	0%	0%	-	-	2
Other current assets	-	0%	0%	-	-	2
Inventory	-	0%	0%	-	-	2
Due from subsidiaries/affiliates	-	0%	0%	-	-	3
Property and equipment, net	-	0%	0%	-	-	2
Goodwill	-	0%	0%	-	-	4
Intangibles	-	0%	0%	-	-	4
Investments in subsidiaries	-	0%	0%	-	-	5
Restricted cash	-	0%	0%	-	-	4
Other assets	-	0%	0%	-	-	
STATEMENT OF ASSETS - CASINO SALE						
Casino	-	0%	0%	-	-	6
Interim cash flow	-	0%	0%	-	-	7
Total Assets / Gross Recovery	\$ -	0%	0%	\$ -	\$ -	
A1. ENCUMBERED COLLATERAL						
Cash and equivalents	\$ -	0%	0%	\$ -	\$ -	1
Accounts receivable	-	0%	0%	-	-	2
Other current assets	-	0%	0%	-	-	2
Inventory	-	0%	0%	-	-	2
Due from subsidiaries/affiliates	-	0%	0%	-	-	3
Property and equipment, net	-	0%	0%	-	-	2
Goodwill	-	0%	0%	-	-	4
Intangibles	-	0%	0%	-	-	4
Investments in subsidiaries	-	0%	0%	-	-	5
Restricted cash	-	0%	0%	-	-	4
Other assets	-	0%	0%	-	-	
Casino value and encumbered interim cash flow	-	0%	0%	-	-	6,7
Total Encumbered Collateral / Gross Recovery	\$ -	0%	0%	\$ -	\$ -	
A2. UNENCUMBERED ASSETS						
Cash and equivalents	\$ -	0%	0%	\$ -	\$ -	1
Accounts receivable	-	0%	0%	-	-	2
Other current assets	-	0%	0%	-	-	2
Inventory	-	0%	0%	-	-	2
Due from subsidiaries/affiliates	-	0%	0%	-	-	3
Property and equipment, net	-	0%	0%	-	-	2
Goodwill	-	0%	0%	-	-	4
Intangibles	-	0%	0%	-	-	4
Investments in subsidiaries	-	0%	0%	-	-	5
Restricted cash	-	0%	0%	-	-	4
Other assets	-	0%	0%	-	-	
Unencumbered interim cash flow	-	0%	0%	-	-	7
Total Unencumbered Assets / Gross Recovery	\$ -	0%	0%	\$ -	\$ -	
B. LITIGATION RECOVERIES						
B1. Encumbered Causes of Action				-	-	8
B2. Unencumbered Causes of Action, including Preferences				-	-	8
B3. Total Litigation Recoveries				\$ -	\$ -	
C. SUMMARY OF GROSS PROCEEDS						
C1. Encumbered Collateral Recovery (A1 + B1)				\$ -	\$ -	
C2. Unencumbered Assets Recovery (A2 + B2)				-	-	
C3. Total Gross Recovery Proceeds Available for Distribution				\$ -	\$ -	

Ennah's Home City of Orange County, Inc.
 Home City Liquidation Analysis Schedule 2
 (\$ in thousands)

II. ALLOCATION OF PROCEEDS FROM ENCUMBERED COLLATERAL AVAILABLE FOR DISTRIBUTION

	Estimated Allowed Claims		Estimated Recovery (%)		Estimated Recovery on Secured Claims		See Note
	Lower	Higher	Lower	Higher	Lower	Higher	
Encumbered Gross Collateral Proceeds Available					\$ -	\$ -	
A. LESS: Section 506(c) Surcharges	\$ -	\$ -			\$ -	\$ -	9
B. Carve-Out Allocation	-	-			-	-	10
Proceeds Available to Secured Claims					\$ -	\$ -	
SECURED CLAIMS							
C. PLUS: Proceeds From Subsidiary Guaranteed Notes Turnover					-	-	14
Proceeds Available to Satisfy First Lien Secured Claims					\$ -	\$ -	
D. First Lien Secured Claims							
D1. First Lien Bank Claims	\$ -	\$ -	na	na	-	-	11
D2. First Lien Bond Claims	-	-	na	na	-	-	11
D3. First Lien Swap Claims	-	-	na	na	-	-	11
D4. Other First Lien Secured Claims	-	-	na	na	-	-	11
Total First Lien Claims & Recovery	\$ -	\$ -	na	na	\$ -	\$ -	
Proceeds Available to Satisfy Second Lien Secured Claims					\$ -	\$ -	
E. Second Lien Bond Claims	\$ -	\$ -	na	na	-	-	11
Total Second Lien Claims & Recovery	\$ -	\$ -	na	na	\$ -	\$ -	
F. Other Secured Claims	-	-			\$ -	\$ -	11
Total Secured Claims and Distributions	\$ -	\$ -	0.0%	0.0%	\$ -	\$ -	
Proceeds Available from Encumbered Collateral to Satisfy Administrative, Priority and Unsecured Claims					\$ -	\$ -	
Secured Lender Deficiency Claims (General Unsecured Claim)	\$ -	\$ -					

III. ALLOCATION OF PROCEEDS AVAILABLE TO SATISFY ADMINISTRATIVE, PRIORITY AND UNSECURED CLAIMS

	Estimated Allowed Claims		Estimated Recovery (%)		Estimated Recovery on Administrative, Priority and Unsecured Claims		See Note
	Lower	Higher	Lower	Higher	Lower	Higher	
Proceeds Available from Unencumbered Assets					\$ -	\$ -	
Section 506(c) Surcharges					-	-	9
Proceeds Available from Encumbered Collateral					-	-	
Proceeds Available to Satisfy Administrative, Priority and Unsecured Claims					\$ -	\$ -	
A. LESS: Carve-Out Allocation	\$ -	\$ -	na	na	\$ -	\$ -	10
Proceeds Available for Administrative Claims					\$ -	\$ -	
ADMINISTRATIVE CLAIMS							
B. Subsidiaries' Superpriority Admin Claims against CEOC	\$ -	\$ -	na	na	\$ -	\$ -	12
C. Chapter 7 Administrative Claims	-	-	na	na	-	-	12
D. Chapter 11 Administrative Claims	-	-	na	na	-	-	12
Proceeds Available for Priority Claims					\$ -	\$ -	
PRIORITY CLAIMS							
E. Employee Priority Claims	\$ -	\$ -	na	na	\$ -	\$ -	13
F. Priority Tax Claims	-	-	na	na	-	-	13
G. Other Priority Claims	-	-	na	na	-	-	13
Proceeds Available for Unsecured Claims					\$ -	\$ -	
UNSECURED CLAIMS							
H1. First Lien Deficiency Claims	\$ -	\$ -	na	na	\$ -	\$ -	14
H2. Second Lien Deficiency Claims	-	-	na	na	-	-	14
H3. Other Secured Deficiency Claims	-	-	na	na	-	-	14
H4. Senior Unsecured Notes Claims	-	-	na	na	-	-	14
H5. Subsidiary Guaranteed Notes Claims	502,019	502,019	0.0%	0.0%	-	-	14
H5a. Subsidiary Guaranteed Notes Turnover to First Lien Claimants	-	-	na	na	-	-	14
H6. General Unsecured Claims	56	56	0.0%	0.0%	-	-	14
H7. Pension Claims	446,123	223,061	0.0%	0.0%	-	-	14
H8. Intercompany Notes Payable	-	-	na	na	-	-	14
H9. Intercompany Claims - Prepetition	-	-	na	na	-	-	14
Total Unsecured Claims	\$ 948,198	\$ 725,136	0.0%	0.0%	\$ -	\$ -	
Total Admin, Priority, Unsecured Claims & Distributions	\$ 948,198	\$ 725,136	0.0%	0.0%	\$ -	\$ -	
Value Available for Equity Interests					\$ -	\$ -	15

I. TOTAL PROCEEDS AVAILABLE FOR DISTRIBUTION

	Net Book Value	Estimated Recovery (%)		Estimated Liquidation Value		See Note
		Lower	Higher	Lower	Higher	
A. STATEMENT OF ASSETS						
Cash and equivalents	\$ -	0%	0%	\$ -	\$ -	1
Accounts receivable	-	0%	0%	-	-	2
Other current assets	-	0%	0%	-	-	2
Inventory	-	0%	0%	-	-	2
Due from subsidiaries/affiliates	-	0%	0%	-	-	3
Property and equipment, net	-	0%	0%	-	-	2
Goodwill	-	0%	0%	-	-	4
Intangibles	-	0%	0%	-	-	4
Investments in subsidiaries	-	0%	0%	-	-	5
Restricted cash	-	0%	0%	-	-	4
Other assets	-	0%	0%	-	-	
STATEMENT OF ASSETS - CASINO SALE						
Casino	-	0%	0%	-	-	6
Interim cash flow	-	0%	0%	-	-	7
Total Assets / Gross Recovery	\$ -	0%	0%	\$ -	\$ -	
A1. ENCUMBERED COLLATERAL						
Cash and equivalents	\$ -	0%	0%	\$ -	\$ -	1
Accounts receivable	-	0%	0%	-	-	2
Other current assets	-	0%	0%	-	-	2
Inventory	-	0%	0%	-	-	2
Due from subsidiaries/affiliates	-	0%	0%	-	-	3
Property and equipment, net	-	0%	0%	-	-	2
Goodwill	-	0%	0%	-	-	4
Intangibles	-	0%	0%	-	-	4
Investments in subsidiaries	-	0%	0%	-	-	5
Restricted cash	-	0%	0%	-	-	4
Other assets	-	0%	0%	-	-	
Casino value and encumbered interim cash flow	-	0%	0%	-	-	6,7
Total Encumbered Collateral / Gross Recovery	\$ -	0%	0%	\$ -	\$ -	
A2. UNENCUMBERED ASSETS						
Cash and equivalents	\$ -	0%	0%	\$ -	\$ -	1
Accounts receivable	-	0%	0%	-	-	2
Other current assets	-	0%	0%	-	-	2
Inventory	-	0%	0%	-	-	2
Due from subsidiaries/affiliates	-	0%	0%	-	-	3
Property and equipment, net	-	0%	0%	-	-	2
Goodwill	-	0%	0%	-	-	4
Intangibles	-	0%	0%	-	-	4
Investments in subsidiaries	-	0%	0%	-	-	5
Restricted cash	-	0%	0%	-	-	4
Other assets	-	0%	0%	-	-	
Unencumbered interim cash flow	-	0%	0%	-	-	7
Total Unencumbered Assets / Gross Recovery	\$ -	0%	0%	\$ -	\$ -	
B. LITIGATION RECOVERIES						
B1. Encumbered Causes of Action				-	-	8
B2. Unencumbered Causes of Action, including Preferences				-	-	8
B3. Total Litigation Recoveries				\$ -	\$ -	
C. SUMMARY OF GROSS PROCEEDS						
C1. Encumbered Collateral Recovery (A1 + B1)				\$ -	\$ -	
C2. Unencumbered Assets Recovery (A2 + B2)				-	-	
C3. Total Gross Recovery Proceeds Available for Distribution				\$ -	\$ -	

II. ALLOCATION OF PROCEEDS FROM ENCUMBERED COLLATERAL AVAILABLE FOR DISTRIBUTION

	Estimated Allowed Claims		Estimated Recovery (%)		Estimated Recovery on Secured Claims		See Note
	Lower	Higher	Lower	Higher	Lower	Higher	
Encumbered Gross Collateral Proceeds Available					\$ -	\$ -	
A. LESS: Section 506(c) Surcharges	\$ -	\$ -			\$ -	\$ -	9
B. Carve-Out Allocation	-	-			-	-	10
Proceeds Available to Secured Claims					\$ -	\$ -	
SECURED CLAIMS							
C. PLUS: Proceeds From Subsidiary Guaranteed Notes Turnover					-	-	14
Proceeds Available to Satisfy First Lien Secured Claims					\$ -	\$ -	
D. First Lien Secured Claims							
D1. First Lien Bank Claims	\$ -	\$ -	na	na	-	-	11
D2. First Lien Bond Claims	-	-	na	na	-	-	11
D3. First Lien Swap Claims	-	-	na	na	-	-	11
D4. Other First Lien Secured Claims	-	-	na	na	-	-	11
Total First Lien Claims & Recovery	\$ -	\$ -	na	na	\$ -	\$ -	
Proceeds Available to Satisfy Second Lien Secured Claims					\$ -	\$ -	
E. Second Lien Bond Claims	\$ -	\$ -	na	na	-	-	11
Total Second Lien Claims & Recovery	\$ -	\$ -	na	na	\$ -	\$ -	
F. Other Secured Claims	-	-			\$ -	\$ -	11
Total Secured Claims and Distributions	\$ -	\$ -	0.0%	0.0%	\$ -	\$ -	
Proceeds Available from Encumbered Collateral to Satisfy Administrative, Priority and Unsecured Claims					\$ -	\$ -	
Secured Lender Deficiency Claims (General Unsecured Claim)	\$ -	\$ -					

III. ALLOCATION OF PROCEEDS AVAILABLE TO SATISFY ADMINISTRATIVE, PRIORITY AND UNSECURED CLAIMS

	Estimated Allowed Claims		Estimated Recovery (%)		Estimated Recovery on Administrative, Priority and Unsecured Claims		See Note
	Lower	Higher	Lower	Higher	Lower	Higher	
Proceeds Available from Unencumbered Assets					\$ -	\$ -	
Section 506(c) Surcharges					-	-	9
Proceeds Available from Encumbered Collateral					-	-	
Proceeds Available to Satisfy Administrative, Priority and Unsecured Claims					\$ -	\$ -	
A. LESS: Carve-Out Allocation	\$ -	\$ -	na	na	\$ -	\$ -	10
Proceeds Available for Administrative Claims					\$ -	\$ -	
ADMINISTRATIVE CLAIMS							
B. Subsidiaries' Superpriority Admin Claims against CEOC	\$ -	\$ -	na	na	\$ -	\$ -	12
C. Chapter 7 Administrative Claims	-	-	na	na	-	-	12
D. Chapter 11 Administrative Claims	-	-	na	na	-	-	12
Proceeds Available for Priority Claims					\$ -	\$ -	
PRIORITY CLAIMS							
E. Employee Priority Claims	\$ -	\$ -	na	na	\$ -	\$ -	13
F. Priority Tax Claims	-	-	na	na	-	-	13
G. Other Priority Claims	-	-	na	na	-	-	13
Proceeds Available for Unsecured Claims					\$ -	\$ -	
UNSECURED CLAIMS							
H1. First Lien Deficiency Claims	\$ -	\$ -	na	na	\$ -	\$ -	14
H2. Second Lien Deficiency Claims	-	-	na	na	-	-	14
H3. Other Secured Deficiency Claims	-	-	na	na	-	-	14
H4. Senior Unsecured Notes Claims	-	-	na	na	-	-	14
H5. Subsidiary Guaranteed Notes Claims	502,019	502,019	0.0%	0.0%	-	-	14
H5a. Subsidiary Guaranteed Notes Turnover to First Lien Claimants	-	-	na	na	-	-	14
H6. General Unsecured Claims	-	-	na	na	-	-	14
H7. Pension Claims	446,123	223,061	0.0%	0.0%	-	-	14
H8. Intercompany Notes Payable	-	-	na	na	-	-	14
H9. Intercompany Claims - Prepetition	270,999	270,999	0.0%	0.0%	-	-	14
Total Unsecured Claims	\$ 1,219,141	\$ 996,080	0.0%	0.0%	\$ -	\$ -	
Total Admin, Priority, Unsecured Claims & Distributions	\$ 1,219,141	\$ 996,080	0.0%	0.0%	\$ -	\$ -	
Value Available for Equity Interests					\$ -	\$ -	15

I. TOTAL PROCEEDS AVAILABLE FOR DISTRIBUTION

	Net Book Value	Estimated Recovery (%)		Estimated Liquidation Value		See Note
		Lower	Higher	Lower	Higher	
A. STATEMENT OF ASSETS						
Cash and equivalents	\$ 7,935	100%	100%	\$ 7,935	\$ 7,935	1
Accounts receivable	-	0%	0%	-	-	2
Other current assets	-	0%	0%	-	-	2
Inventory	-	0%	0%	-	-	2
Due from subsidiaries/affiliates	4,474	0%	19%	-	857	3
Property and equipment, net	-	0%	0%	-	-	2
Goodwill	-	0%	0%	-	-	4
Intangibles	-	0%	0%	-	-	4
Investments in subsidiaries	-	0%	0%	-	-	5
Restricted cash	-	0%	0%	-	-	4
Other assets	-	0%	0%	-	-	
STATEMENT OF ASSETS - CASINO SALE						
Casino	15,623	100%+	100%+	16,995	18,361	6
Interim cash flow	1,773	80%	90%	1,419	1,596	7
Total Assets / Gross Recovery	\$ 29,805	88%	96%	\$ 26,348	\$ 28,749	
A1. ENCUMBERED COLLATERAL						
Cash and equivalents	\$ -	0%	0%	\$ -	\$ -	1
Accounts receivable	-	0%	0%	-	-	2
Other current assets	-	0%	0%	-	-	2
Inventory	-	0%	0%	-	-	2
Due from subsidiaries/affiliates	4,474	0%	19%	-	857	3
Property and equipment, net	-	0%	0%	-	-	2
Goodwill	-	0%	0%	-	-	4
Intangibles	-	0%	0%	-	-	4
Investments in subsidiaries	-	0%	0%	-	-	5
Restricted cash	-	0%	0%	-	-	4
Other assets	-	0%	0%	-	-	
Casino value and encumbered interim cash flow	16,021	100%+	100%+	17,038	18,410	6,7
Total Encumbered Collateral / Gross Recovery	\$ 20,495	83%	95%	\$ 17,038	\$ 19,267	
A2. UNENCUMBERED ASSETS						
Cash and equivalents	\$ 7,935	100%	100%	\$ 7,935	\$ 7,935	1
Accounts receivable	-	0%	0%	-	-	2
Other current assets	-	0%	0%	-	-	2
Inventory	-	0%	0%	-	-	2
Due from subsidiaries/affiliates	-	0%	0%	-	-	3
Property and equipment, net	-	0%	0%	-	-	2
Goodwill	-	0%	0%	-	-	4
Intangibles	-	0%	0%	-	-	4
Investments in subsidiaries	-	0%	0%	-	-	5
Restricted cash	-	0%	0%	-	-	4
Other assets	-	0%	0%	-	-	
Unencumbered interim cash flow	1,375	100%+	100%+	1,375	1,547	7
Total Unencumbered Assets / Gross Recovery	\$ 9,310	100%	100%+	\$ 9,310	\$ 9,482	
B. LITIGATION RECOVERIES						
B1. Encumbered Causes of Action				-	-	8
B2. Unencumbered Causes of Action, including Preferences				127	255	8
B3. Total Litigation Recoveries				\$ 127	\$ 255	
C. SUMMARY OF GROSS PROCEEDS						
C1. Encumbered Collateral Recovery (A1 + B1)				\$ 17,038	\$ 19,267	
C2. Unencumbered Assets Recovery (A2 + B2)				9,437	9,737	
C3. Total Gross Recovery Proceeds Available for Distribution				\$ 26,475	\$ 29,004	

Enbridge's Bridge City Holding Company, Inc.
 Hydraulic Fracturing Litigation Analysis Schedule 2
 (\$ in thousands)

II. ALLOCATION OF PROCEEDS FROM ENCUMBERED COLLATERAL AVAILABLE FOR DISTRIBUTION

	Estimated Allowed Claims		Estimated Recovery (%)		Estimated Recovery on Secured Claims		See Note
	Lower	Higher	Lower	Higher	Lower	Higher	
Encumbered Gross Collateral Proceeds Available					\$ 17,038	\$ 19,267	
A. LESS: Section 506(c) Surcharges	\$ 551	\$ 1,652			\$ 551	\$ 1,652	9
B. Carve-Out Allocation	-	-			-	-	10
Proceeds Available to Secured Claims					\$ 16,487	\$ 17,615	
SECURED CLAIMS							
C. PLUS: Proceeds From Subsidiary Guaranteed Notes Turnover					4,580	1,692	14
Proceeds Available to Satisfy First Lien Secured Claims					\$ 21,067	\$ 19,307	
D. First Lien Secured Claims							
D1. First Lien Bank Claims	\$ 9,454	\$ 9,500	100.0%	100.0%	9,454	9,500	11
D2. First Lien Bond Claims	11,537	9,730	100.0%	100.0%	11,537	9,730	11
D3. First Lien Swap Claims	76	77	100.0%	100.0%	76	77	11
D4. Other First Lien Secured Claims	-	-	na	na	-	-	11
Total First Lien Claims & Recovery	\$ 21,067	\$ 19,307	100.0%	100.0%	\$ 21,067	\$ 19,307	
Proceeds Available to Satisfy Second Lien Secured Claims					\$ -	\$ -	
E. Second Lien Bond Claims	\$ -	\$ -	na	na	-	-	11
Total Second Lien Claims & Recovery	\$ -	\$ -	na	na	\$ -	\$ -	
F. Other Secured Claims	-	-			\$ -	\$ -	11
Total Secured Claims and Distributions	\$ 21,618	\$ 20,959	100.0%	100.0%	\$ 21,618	\$ 20,959	
Proceeds Available from Encumbered Collateral to Satisfy Administrative, Priority and Unsecured Claims					\$ -	\$ -	
Secured Lender Deficiency Claims (General Unsecured Claim)	\$ -	\$ -					

Arabia's Home City of London Company
 Heretofore Liquidation Assets Schedule 2
 (\$ in thousands)

III. ALLOCATION OF PROCEEDS AVAILABLE TO SATISFY ADMINISTRATIVE, PRIORITY AND UNSECURED CLAIMS

	Estimated Allowed Claims		Estimated Recovery (%)		Estimated Recovery on Administrative, Priority and Unsecured Claims		See Note
	Lower	Higher	Lower	Higher	Lower	Higher	
Proceeds Available from Unencumbered Assets					\$ 9,437	\$ 9,737	
Section 506(c) Surcharges					551	1,652	9
Proceeds Available from Encumbered Collateral					-	-	
Proceeds Available to Satisfy Administrative, Priority and Unsecured Claims					\$ 9,988	\$ 11,389	
A. LESS: Carve-Out Allocation	\$ 246	\$ 66	100.0%	100.0%	\$ 246	\$ 66	10
Proceeds Available for Administrative Claims					\$ 9,742	\$ 11,322	
ADMINISTRATIVE CLAIMS							
B. Subsidiaries' Superpriority Admin Claims against CEOC	\$ -	\$ -	na	na	\$ -	\$ -	12
C. Chapter 7 Administrative Claims	1,677	541	100.0%	100.0%	1,677	541	12
D. Chapter 11 Administrative Claims	624	624	100.0%	100.0%	624	624	12
Proceeds Available for Priority Claims					\$ 7,441	\$ 10,157	
PRIORITY CLAIMS							
E. Employee Priority Claims	\$ -	\$ -	na	na	\$ -	\$ -	13
F. Priority Tax Claims	-	-	na	na	-	-	13
G. Other Priority Claims	-	-	na	na	-	-	13
Proceeds Available for Unsecured Claims					\$ 7,441	\$ 10,157	
UNSECURED CLAIMS							
H1. First Lien Deficiency Claims	\$ -	\$ -	na	na	\$ -	\$ -	14
H2. Second Lien Deficiency Claims	-	-	na	na	-	-	14
H3. Other Secured Deficiency Claims	-	-	na	na	-	-	14
H4. Senior Unsecured Notes Claims	-	-	na	na	-	-	14
H5. Subsidiary Guaranteed Notes Claims	502,019	502,019	0.0%	0.0%	168	138	14
H5a. Subsidiary Guaranteed Notes Turnover to First Lien Claimants	-	-	na	na	4,580	1,692	14
H6. General Unsecured Claims	39,327	39,454	0.9%	20.7%	372	8,166	14
H7. Pension Claims	446,123	223,061	0.5%	0.1%	2,321	161	14
H8. Intercompany Notes Payable	-	-	na	na	-	-	14
H9. Intercompany Claims - Prepetition	-	-	na	na	-	-	14
Total Unsecured Claims	\$ 987,469	\$ 764,535	0.8%	1.3%	\$ 7,441	\$ 10,157	
Total Admin, Priority, Unsecured Claims & Distributions	\$ 990,016	\$ 765,767	1.0%	1.5%	\$ 9,988	\$ 11,389	
Value Available for Equity Interests					\$ -	\$ -	15

HOMERUN GAMING HOLDING LLC
 Hypothetical Liquidation Analysis Schedule 2
 (\$ in thousands)

I. TOTAL PROCEEDS AVAILABLE FOR DISTRIBUTION

	Net Book Value	Estimated Recovery (%)		Estimated Liquidation Value		See Note
		Lower	Higher	Lower	Higher	
A. STATEMENT OF ASSETS						
Cash and equivalents	\$ -	0%	0%	\$ -	\$ -	1
Accounts receivable	-	0%	0%	-	-	2
Other current assets	-	0%	0%	-	-	2
Inventory	-	0%	0%	-	-	2
Due from subsidiaries/affiliates	279,900	3%	21%	9,383	58,252	3
Property and equipment, net	-	0%	0%	-	-	2
Goodwill	-	0%	0%	-	-	4
Intangibles	-	0%	0%	-	-	4
Investments in subsidiaries	-	0%	0%	-	159,415	5
Restricted cash	-	0%	0%	-	-	4
Other assets	-	0%	0%	-	-	
STATEMENT OF ASSETS - CASINO SALE						
Casino	-	0%	0%	-	-	6
Interim cash flow	-	0%	0%	-	-	7
Total Assets / Gross Recovery	\$ 279,900	3%	78%	\$ 9,383	\$ 217,668	
A1. ENCUMBERED COLLATERAL						
Cash and equivalents	\$ -	0%	0%	\$ -	\$ -	1
Accounts receivable	-	0%	0%	-	-	2
Other current assets	-	0%	0%	-	-	2
Inventory	-	0%	0%	-	-	2
Due from subsidiaries/affiliates	279,900	3%	21%	9,383	58,252	3
Property and equipment, net	-	0%	0%	-	-	2
Goodwill	-	0%	0%	-	-	4
Intangibles	-	0%	0%	-	-	4
Investments in subsidiaries	-	0%	0%	-	159,415	5
Restricted cash	-	0%	0%	-	-	4
Other assets	-	0%	0%	-	-	
Casino value and encumbered interim cash flow	-	0%	0%	-	-	6,7
Total Encumbered Collateral / Gross Recovery	\$ 279,900	3%	78%	\$ 9,383	\$ 217,668	
A2. UNENCUMBERED ASSETS						
Cash and equivalents	\$ -	0%	0%	\$ -	\$ -	1
Accounts receivable	-	0%	0%	-	-	2
Other current assets	-	0%	0%	-	-	2
Inventory	-	0%	0%	-	-	2
Due from subsidiaries/affiliates	-	0%	0%	-	-	3
Property and equipment, net	-	0%	0%	-	-	2
Goodwill	-	0%	0%	-	-	4
Intangibles	-	0%	0%	-	-	4
Investments in subsidiaries	-	0%	0%	-	-	5
Restricted cash	-	0%	0%	-	-	4
Other assets	-	0%	0%	-	-	
Unencumbered interim cash flow	-	0%	0%	-	-	7
Total Unencumbered Assets / Gross Recovery	\$ -	0%	0%	\$ -	\$ -	
B. LITIGATION RECOVERIES						
B1. Encumbered Causes of Action				-	-	8
B2. Unencumbered Causes of Action, including Preferences				-	-	8
B3. Total Litigation Recoveries				\$ -	\$ -	
C. SUMMARY OF GROSS PROCEEDS						
C1. Encumbered Collateral Recovery (A1 + B1)				\$ 9,383	\$ 217,668	
C2. Unencumbered Assets Recovery (A2 + B2)				-	-	
C3. Total Gross Recovery Proceeds Available for Distribution				\$ 9,383	\$ 217,668	

II. ALLOCATION OF PROCEEDS FROM ENCUMBERED COLLATERAL AVAILABLE FOR DISTRIBUTION

	Estimated Allowed Claims		Estimated Recovery (%)		Estimated Recovery on Secured Claims		See Note
	Lower	Higher	Lower	Higher	Lower	Higher	
Encumbered Gross Collateral Proceeds Available					\$ 9,383	\$ 217,668	
A. LESS: Section 506(c) Surcharges	\$ -	\$ -			\$ -	\$ -	9
B. Carve-Out Allocation	-	-			-	-	10
Proceeds Available to Secured Claims					<u>\$ 9,383</u>	<u>\$ 217,668</u>	
SECURED CLAIMS							
C. PLUS: Proceeds From Subsidiary Guaranteed Notes Turnover					-	-	14
Proceeds Available to Satisfy First Lien Secured Claims					<u>\$ 9,383</u>	<u>\$ 217,668</u>	
D. First Lien Secured Claims							
D1. First Lien Bank Claims	\$ 4,223	\$ 96,657	100.0%	100.0%	4,223	96,657	11
D2. First Lien Bond Claims	5,126	120,230	100.0%	100.0%	5,126	120,230	11
D3. First Lien Swap Claims	34	781	100.0%	100.0%	34	781	11
D4. Other First Lien Secured Claims	-	-	na	na	-	-	11
Total First Lien Claims & Recovery	<u>\$ 9,383</u>	<u>\$ 217,668</u>	100.0%	100.0%	<u>\$ 9,383</u>	<u>\$ 217,668</u>	
Proceeds Available to Satisfy Second Lien Secured Claims					<u>\$ -</u>	<u>\$ -</u>	
E. Second Lien Bond Claims	\$ -	\$ -	na	na	-	-	11
Total Second Lien Claims & Recovery	<u>\$ -</u>	<u>\$ -</u>	na	na	<u>\$ -</u>	<u>\$ -</u>	
F. Other Secured Claims	-	-			\$ -	\$ -	11
Total Secured Claims and Distributions	<u>\$ 9,383</u>	<u>\$ 217,668</u>	100.0%	100.0%	<u>\$ 9,383</u>	<u>\$ 217,668</u>	
Proceeds Available from Encumbered Collateral to Satisfy Administrative, Priority and Unsecured Claims					<u>\$ -</u>	<u>\$ -</u>	
Secured Lender Deficiency Claims (General Unsecured Claim)	<u>\$ -</u>	<u>\$ -</u>					

III. ALLOCATION OF PROCEEDS AVAILABLE TO SATISFY ADMINISTRATIVE, PRIORITY AND UNSECURED CLAIMS

	Estimated Allowed Claims		Estimated Recovery (%)		Estimated Recovery on Administrative, Priority and Unsecured Claims		See Note
	Lower	Higher	Lower	Higher	Lower	Higher	
Proceeds Available from Unencumbered Assets					\$ -	\$ -	
Section 506(c) Surcharges					-	-	9
Proceeds Available from Encumbered Collateral					-	-	
Proceeds Available to Satisfy Administrative, Priority and Unsecured Claims					\$ -	\$ -	
A. LESS: Carve-Out Allocation	\$ -	\$ -	na	na	\$ -	\$ -	10
Proceeds Available for Administrative Claims					\$ -	\$ -	
ADMINISTRATIVE CLAIMS							
B. Subsidiaries' Superpriority Admin Claims against CEOC	\$ -	\$ -	na	na	\$ -	\$ -	12
C. Chapter 7 Administrative Claims	-	-	na	na	-	-	12
D. Chapter 11 Administrative Claims	-	-	na	na	-	-	12
Proceeds Available for Priority Claims					\$ -	\$ -	
PRIORITY CLAIMS							
E. Employee Priority Claims	\$ -	\$ -	na	na	\$ -	\$ -	13
F. Priority Tax Claims	-	-	na	na	-	-	13
G. Other Priority Claims	-	-	na	na	-	-	13
Proceeds Available for Unsecured Claims					\$ -	\$ -	
UNSECURED CLAIMS							
H1. First Lien Deficiency Claims	\$ -	\$ -	na	na	\$ -	\$ -	14
H2. Second Lien Deficiency Claims	-	-	na	na	-	-	14
H3. Other Secured Deficiency Claims	-	-	na	na	-	-	14
H4. Senior Unsecured Notes Claims	-	-	na	na	-	-	14
H5. Subsidiary Guaranteed Notes Claims	502,019	502,019	0.0%	0.0%	-	-	14
H5a. Subsidiary Guaranteed Notes Turnover to First Lien Claimants			na	na	-	-	14
H6. General Unsecured Claims	367	367	0.0%	0.0%	-	-	14
H7. Pension Claims	446,123	223,061	0.0%	0.0%	-	-	14
H8. Intercompany Notes Payable	-	-	na	na	-	-	14
H9. Intercompany Claims - Prepetition	1	1	0.0%	0.0%	-	-	14
Total Unsecured Claims	\$ 948,509	\$ 725,448	0.0%	0.0%	\$ -	\$ -	
Total Admin, Priority, Unsecured Claims & Distributions	\$ 948,509	\$ 725,448	0.0%	0.0%	\$ -	\$ -	
Value Available for Equity Interests					\$ -	\$ -	15

I. TOTAL PROCEEDS AVAILABLE FOR DISTRIBUTION

	Net Book Value	Estimated Recovery (%)		Estimated Liquidation Value		See Note
		Lower	Higher	Lower	Higher	
A. STATEMENT OF ASSETS						
Cash and equivalents	\$ -	0%	0%	\$ -	\$ -	1
Accounts receivable	-	0%	0%	-	-	2
Other current assets	-	0%	0%	-	-	2
Inventory	-	0%	0%	-	-	2
Due from subsidiaries/affiliates	227,379	45%	80%	101,222	182,039	3
Property and equipment, net	-	0%	0%	-	-	2
Goodwill	-	0%	0%	-	-	4
Intangibles	-	0%	0%	-	-	4
Investments in subsidiaries	-	0%	0%	-	-	5
Restricted cash	-	0%	0%	-	-	4
Other assets	-	0%	0%	-	-	
STATEMENT OF ASSETS - CASINO SALE						
Casino	350,301	100%+	100%+	552,457	624,978	6
Interim cash flow	46,234	80%	90%	36,987	41,611	7
Total Assets / Gross Recovery	\$ 623,914	100%+	100%+	\$ 690,666	\$ 848,627	
A1. ENCUMBERED COLLATERAL						
Cash and equivalents	\$ -	0%	0%	\$ -	\$ -	1
Accounts receivable	-	0%	0%	-	-	2
Other current assets	-	0%	0%	-	-	2
Inventory	-	0%	0%	-	-	2
Due from subsidiaries/affiliates	62,661	6%	28%	3,884	17,322	3
Property and equipment, net	-	0%	0%	-	-	2
Goodwill	-	0%	0%	-	-	4
Intangibles	-	0%	0%	-	-	4
Investments in subsidiaries	-	0%	0%	-	-	5
Restricted cash	-	0%	0%	-	-	4
Other assets	-	0%	0%	-	-	
Casino value and encumbered interim cash flow	360,967	100%+	100%+	553,876	626,574	6,7
Total Encumbered Collateral / Gross Recovery	\$ 423,629	100%+	100%+	\$ 557,760	\$ 643,896	
A2. UNENCUMBERED ASSETS						
Cash and equivalents	\$ -	0%	0%	\$ -	\$ -	1
Accounts receivable	-	0%	0%	-	-	2
Other current assets	-	0%	0%	-	-	2
Inventory	-	0%	0%	-	-	2
Due from subsidiaries/affiliates	164,717	59%	100%	97,338	164,717	3
Property and equipment, net	-	0%	0%	-	-	2
Goodwill	-	0%	0%	-	-	4
Intangibles	-	0%	0%	-	-	4
Investments in subsidiaries	-	0%	0%	-	-	5
Restricted cash	-	0%	0%	-	-	4
Other assets	-	0%	0%	-	-	
Unencumbered interim cash flow	35,568	100%	100%	35,568	40,014	7
Total Unencumbered Assets / Gross Recovery	\$ 200,285	66%	100%	\$ 132,906	\$ 204,731	
B. LITIGATION RECOVERIES						
B1. Encumbered Causes of Action				-	-	8
B2. Unencumbered Causes of Action, including Preferences				682	1,363	8
B3. Total Litigation Recoveries				\$ 682	\$ 1,363	
C. SUMMARY OF GROSS PROCEEDS						
C1. Encumbered Collateral Recovery (A1 + B1)				\$ 557,760	\$ 643,896	
C2. Unencumbered Assets Recovery (A2 + B2)				133,588	206,095	
C3. Total Gross Recovery Proceeds Available for Distribution				\$ 691,348	\$ 849,991	

II. ALLOCATION OF PROCEEDS FROM ENCUMBERED COLLATERAL AVAILABLE FOR DISTRIBUTION

	Estimated Allowed Claims		Estimated Recovery (%)		Estimated Recovery on Secured Claims		See Note
	Lower	Higher	Lower	Higher	Lower	Higher	
Encumbered Gross Collateral Proceeds Available					\$ 557,760	\$ 643,896	
A. LESS: Section 506(c) Surcharges	\$ 4,842	\$ 14,526			\$ 4,842	\$ 14,526	9
B. Carve-Out Allocation	-	-			-	-	10
Proceeds Available to Secured Claims					<u>\$ 552,918</u>	<u>\$ 629,370</u>	
SECURED CLAIMS							
C. PLUS: Proceeds From Subsidiary Guaranteed Notes Turnover					71,433	37,067	14
Proceeds Available to Satisfy First Lien Secured Claims					<u>\$ 624,352</u>	<u>\$ 666,437</u>	
D. First Lien Secured Claims							
D1. First Lien Bank Claims	\$ 280,582	\$ 316,245	100.0%	100.0%	280,582	316,245	11
D2. First Lien Bond Claims	341,512	347,637	100.0%	100.0%	341,512	347,637	11
D3. First Lien Swap Claims	2,258	2,554	100.0%	100.0%	2,258	2,554	11
D4. Other First Lien Secured Claims	-	-	na	na	-	-	11
Total First Lien Claims & Recovery	<u>\$ 624,352</u>	<u>\$ 666,437</u>	100.0%	100.0%	<u>\$ 624,352</u>	<u>\$ 666,437</u>	
Proceeds Available to Satisfy Second Lien Secured Claims					<u>\$ -</u>	<u>\$ -</u>	
E. Second Lien Bond Claims	\$ -	\$ -	na	na	-	-	11
Total Second Lien Claims & Recovery	<u>\$ -</u>	<u>\$ -</u>	na	na	<u>\$ -</u>	<u>\$ -</u>	
F. Other Secured Claims	-	-			\$ -	\$ -	11
Total Secured Claims and Distributions	<u>\$ 629,194</u>	<u>\$ 680,963</u>	100.0%	100.0%	<u>\$ 629,194</u>	<u>\$ 680,963</u>	
Proceeds Available from Encumbered Collateral to Satisfy Administrative, Priority and Unsecured Claims					<u>\$ -</u>	<u>\$ -</u>	
Secured Lender Deficiency Claims (General Unsecured Claim)	<u>\$ -</u>	<u>\$ -</u>					

III. ALLOCATION OF PROCEEDS AVAILABLE TO SATISFY ADMINISTRATIVE, PRIORITY AND UNSECURED CLAIMS

	Estimated Allowed Claims		Estimated Recovery (%)		Estimated Recovery on Administrative, Priority and Unsecured Claims		See Note
	Lower	Higher	Lower	Higher	Lower	Higher	
Proceeds Available from Unencumbered Assets					\$ 133,588	\$ 206,095	
Section 506(c) Surcharges					4,842	14,526	9
Proceeds Available from Encumbered Collateral					-	-	
Proceeds Available to Satisfy Administrative, Priority and Unsecured Claims					\$ 138,430	\$ 220,621	
A. LESS: Carve-Out Allocation	\$ 3,414	\$ 1,288	100.0%	100.0%	\$ 3,414	\$ 1,288	10
Proceeds Available for Administrative Claims					\$ 135,016	\$ 219,333	
ADMINISTRATIVE CLAIMS							
B. Subsidiaries' Superpriority Admin Claims against CEOC	\$ -	\$ -	na	na	\$ -	\$ -	12
C. Chapter 7 Administrative Claims	20,986	6,939	100.0%	100.0%	20,986	6,939	12
D. Chapter 11 Administrative Claims	3,251	3,251	100.0%	100.0%	3,251	3,251	12
Proceeds Available for Priority Claims					\$ 110,779	\$ 209,143	
PRIORITY CLAIMS							
E. Employee Priority Claims	\$ -	\$ -	na	na	\$ -	\$ -	13
F. Priority Tax Claims	236	236	100.0%	100.0%	236	236	13
G. Other Priority Claims	-	-	na	na	-	-	13
Proceeds Available for Unsecured Claims					\$ 110,543	\$ 208,907	
UNSECURED CLAIMS							
H1. First Lien Deficiency Claims	\$ -	\$ -	na	na	\$ -	\$ -	14
H2. Second Lien Deficiency Claims	-	-	na	na	-	-	14
H3. Other Secured Deficiency Claims	-	-	na	na	-	-	14
H4. Senior Unsecured Notes Claims	-	-	na	na	-	-	14
H5. Subsidiary Guaranteed Notes Claims	502,019	502,019	0.5%	0.6%	2,616	3,032	14
H5a. Subsidiary Guaranteed Notes Turnover to First Lien Claimants			na	na	71,433	37,067	14
H6. General Unsecured Claims	5,243	5,925	14.8%	100.0%	773	5,925	14
H7. Pension Claims	446,123	223,061	8.0%	1.6%	35,719	3,458	14
H8. Intercompany Notes Payable	-	-	na	na	-	-	14
H9. Intercompany Claims - Prepetition	10	10	14.8%	100.0%	2	10	14
Total Unsecured Claims	\$ 953,395	\$ 731,016	11.6%	6.8%	\$ 110,543	\$ 49,492	
Total Admin, Priority, Unsecured Claims & Distributions	\$ 981,282	\$ 742,729	14.1%	8.2%	\$ 138,430	\$ 61,205	
Value Available for Equity Interests					\$ -	\$ 159,415	15

16-Casino-2016-06-06-01-01-01
 Hypothetical Liquidation Analysis Schedule 2
 (\$ in thousands)

I. TOTAL PROCEEDS AVAILABLE FOR DISTRIBUTION

	Net Book Value	Estimated Recovery (%)		Estimated Liquidation Value		See Note
		Lower	Higher	Lower	Higher	
A. STATEMENT OF ASSETS						
Cash and equivalents	\$ -	0%	0%	\$ -	\$ -	1
Accounts receivable	-	0%	0%	-	-	2
Other current assets	-	0%	0%	-	-	2
Inventory	-	0%	0%	-	-	2
Due from subsidiaries/affiliates	80,238	46%	82%	36,734	65,625	3
Property and equipment, net	-	0%	0%	-	-	2
Goodwill	-	0%	0%	-	-	4
Intangibles	-	0%	0%	-	-	4
Investments in subsidiaries	-	0%	0%	-	-	5
Restricted cash	-	0%	0%	-	-	4
Other assets	-	0%	0%	-	-	
STATEMENT OF ASSETS - CASINO SALE						
Casino	218,015	94%	100%+	204,579	234,133	6
Interim cash flow	18,044	80%	90%	14,435	16,240	7
Total Assets / Gross Recovery	\$ 316,298	81%	100%	\$ 255,748	\$ 315,999	
A1. ENCUMBERED COLLATERAL						
Cash and equivalents	\$ -	0%	0%	\$ -	\$ -	1
Accounts receivable	-	0%	0%	-	-	2
Other current assets	-	0%	0%	-	-	2
Inventory	-	0%	0%	-	-	2
Due from subsidiaries/affiliates	24,983	16%	42%	4,081	10,371	3
Property and equipment, net	-	0%	0%	-	-	2
Goodwill	-	0%	0%	-	-	4
Intangibles	-	0%	0%	-	-	4
Investments in subsidiaries	-	0%	0%	-	-	5
Restricted cash	-	0%	0%	-	-	4
Other assets	-	0%	0%	-	-	
Casino value and encumbered interim cash flow	223,228	92%	100%+	206,183	235,938	6,7
Total Encumbered Collateral / Gross Recovery	\$ 248,211	85%	100%	\$ 210,264	\$ 246,308	
A2. UNENCUMBERED ASSETS						
Cash and equivalents	\$ -	0%	0%	\$ -	\$ -	1
Accounts receivable	-	0%	0%	-	-	2
Other current assets	-	0%	0%	-	-	2
Inventory	-	0%	0%	-	-	2
Due from subsidiaries/affiliates	55,255	59%	100%	32,652	55,255	3
Property and equipment, net	-	0%	0%	-	-	2
Goodwill	-	0%	0%	-	-	4
Intangibles	-	0%	0%	-	-	4
Investments in subsidiaries	-	0%	0%	-	-	5
Restricted cash	-	0%	0%	-	-	4
Other assets	-	0%	0%	-	-	
Unencumbered interim cash flow	12,832	100%	100%	12,832	14,436	7
Total Unencumbered Assets / Gross Recovery	\$ 68,086	67%	100%	\$ 45,484	\$ 69,690	
B. LITIGATION RECOVERIES						
B1. Encumbered Causes of Action				-	-	8
B2. Unencumbered Causes of Action, including Preferences				456	912	8
B3. Total Litigation Recoveries				\$ 456	\$ 912	
C. SUMMARY OF GROSS PROCEEDS						
C1. Encumbered Collateral Recovery (A1 + B1)				\$ 210,264	\$ 246,308	
C2. Unencumbered Assets Recovery (A2 + B2)				45,940	70,603	
C3. Total Gross Recovery Proceeds Available for Distribution				\$ 256,204	\$ 316,911	

16 Cash Flow Statement
 Hypothetical Liquidation Analysis Schedule 2
 (\$ in thousands)

II. ALLOCATION OF PROCEEDS FROM ENCUMBERED COLLATERAL AVAILABLE FOR DISTRIBUTION

	Estimated Allowed Claims		Estimated Recovery (%)		Estimated Recovery on Secured Claims		See Note
	Lower	Higher	Lower	Higher	Lower	Higher	
Encumbered Gross Collateral Proceeds Available					\$ 210,264	\$ 246,308	
A. LESS: Section 506(c) Surcharges	\$ 1,612	\$ 4,836			\$ 1,612	\$ 4,836	9
B. Carve-Out Allocation	-	-			-	-	10
Proceeds Available to Secured Claims					\$ 208,652	\$ 241,472	
SECURED CLAIMS							
C. PLUS: Proceeds From Subsidiary Guaranteed Notes Turnover					16,234	7,903	14
Proceeds Available to Satisfy First Lien Secured Claims					\$ 224,886	\$ 249,376	
D. First Lien Secured Claims							
D1. First Lien Bank Claims	\$ 101,121	\$ 115,067	100.0%	100.0%	101,121	115,067	11
D2. First Lien Bond Claims	122,952	133,379	100.0%	100.0%	122,952	133,379	11
D3. First Lien Swap Claims	814	929	100.0%	100.0%	814	929	11
D4. Other First Lien Secured Claims	-	-	na	na	-	-	11
Total First Lien Claims & Recovery	\$ 224,886	\$ 249,376	100.0%	100.0%	\$ 224,886	\$ 249,376	
Proceeds Available to Satisfy Second Lien Secured Claims					\$ -	\$ -	
E. Second Lien Bond Claims	\$ -	\$ -	na	na	-	-	11
Total Second Lien Claims & Recovery	\$ -	\$ -	na	na	\$ -	\$ -	
F. Other Secured Claims	-	-			\$ -	\$ -	11
Total Secured Claims and Distributions	\$ 226,498	\$ 254,212	100.0%	100.0%	\$ 226,498	\$ 254,212	
Proceeds Available from Encumbered Collateral to Satisfy Administrative, Priority and Unsecured Claims					\$ -	\$ -	
Secured Lender Deficiency Claims (General Unsecured Claim)	\$ -	\$ -					

III. ALLOCATION OF PROCEEDS AVAILABLE TO SATISFY ADMINISTRATIVE, PRIORITY AND UNSECURED CLAIMS

	Estimated Allowed Claims		Estimated Recovery (%)		Estimated Recovery on Administrative, Priority and Unsecured Claims		See Note
	Lower	Higher	Lower	Higher	Lower	Higher	
Proceeds Available from Unencumbered Assets					\$ 45,940	\$ 70,603	
Section 506(c) Surcharges					1,612	4,836	9
Proceeds Available from Encumbered Collateral					-	-	
Proceeds Available to Satisfy Administrative, Priority and Unsecured Claims					\$ 47,552	\$ 75,438	
A. LESS: Carve-Out Allocation	\$ 1,173	\$ 440	100.0%	100.0%	\$ 1,173	\$ 440	10
Proceeds Available for Administrative Claims					\$ 46,379	\$ 74,998	
ADMINISTRATIVE CLAIMS							
B. Subsidiaries' Superpriority Admin Claims against CEOC	\$ -	\$ -	na	na	\$ -	\$ -	12
C. Chapter 7 Administrative Claims	7,848	2,919	100.0%	100.0%	7,848	2,919	12
D. Chapter 11 Administrative Claims	3,378	3,378	100.0%	100.0%	3,378	3,378	12
Proceeds Available for Priority Claims					\$ 35,154	\$ 68,702	
PRIORITY CLAIMS							
E. Employee Priority Claims	\$ -	\$ -	na	na	\$ -	\$ -	13
F. Priority Tax Claims	-	-	na	na	-	-	13
G. Other Priority Claims	-	-	na	na	-	-	13
Proceeds Available for Unsecured Claims					\$ 35,154	\$ 68,702	
UNSECURED CLAIMS							
H1. First Lien Deficiency Claims	\$ -	\$ -	na	na	\$ -	\$ -	14
H2. Second Lien Deficiency Claims	-	-	na	na	-	-	14
H3. Other Secured Deficiency Claims	-	-	na	na	-	-	14
H4. Senior Unsecured Notes Claims	-	-	na	na	-	-	14
H5. Subsidiary Guaranteed Notes Claims	502,019	502,019	0.1%	0.1%	594	647	14
H5a. Subsidiary Guaranteed Notes Turnover to First Lien Claimants			na	na	16,234	7,903	14
H6. General Unsecured Claims	4,716	5,172	3.4%	20.8%	158	1,076	14
H7. Pension Claims	446,123	223,061	2.0%	0.4%	8,785	823	14
H8. Intercompany Notes Payable	279,900	279,900	3.4%	20.8%	9,383	58,252	14
H9. Intercompany Claims - Prepetition	-	-	na	na	-	-	14
Total Unsecured Claims	\$ 1,232,758	\$ 1,010,153	2.9%	6.8%	\$ 35,154	\$ 68,702	
Total Admin, Priority, Unsecured Claims & Distributions	\$ 1,245,156	\$ 1,016,890	3.8%	7.4%	\$ 47,552	\$ 75,438	
Value Available for Equity Interests					\$ -	\$ -	15

I. TOTAL PROCEEDS AVAILABLE FOR DISTRIBUTION

	Net Book Value	Estimated Recovery (%)		Estimated Liquidation Value		See Note
		Lower	Higher	Lower	Higher	
A. STATEMENT OF ASSETS						
Cash and equivalents	\$ -	0%	0%	\$ -	\$ -	1
Accounts receivable	-	0%	0%	-	-	2
Other current assets	-	0%	0%	-	-	2
Inventory	-	0%	0%	-	-	2
Due from subsidiaries/affiliates	-	0%	0%	-	-	3
Property and equipment, net	-	0%	0%	-	-	2
Goodwill	-	0%	0%	-	-	4
Intangibles	-	0%	0%	-	-	4
Investments in subsidiaries	-	0%	0%	-	-	5
Restricted cash	-	0%	0%	-	-	4
Other assets	-	0%	0%	-	-	
STATEMENT OF ASSETS - CASINO SALE						
Casino	-	0%	0%	-	-	6
Interim cash flow	-	0%	0%	-	-	7
Total Assets / Gross Recovery	\$ -	0%	0%	\$ -	\$ -	
A1. ENCUMBERED COLLATERAL						
Cash and equivalents	\$ -	0%	0%	\$ -	\$ -	1
Accounts receivable	-	0%	0%	-	-	2
Other current assets	-	0%	0%	-	-	2
Inventory	-	0%	0%	-	-	2
Due from subsidiaries/affiliates	-	0%	0%	-	-	3
Property and equipment, net	-	0%	0%	-	-	2
Goodwill	-	0%	0%	-	-	4
Intangibles	-	0%	0%	-	-	4
Investments in subsidiaries	-	0%	0%	-	-	5
Restricted cash	-	0%	0%	-	-	4
Other assets	-	0%	0%	-	-	
Casino value and encumbered interim cash flow	-	0%	0%	-	-	6,7
Total Encumbered Collateral / Gross Recovery	\$ -	0%	0%	\$ -	\$ -	
A2. UNENCUMBERED ASSETS						
Cash and equivalents	\$ -	0%	0%	\$ -	\$ -	1
Accounts receivable	-	0%	0%	-	-	2
Other current assets	-	0%	0%	-	-	2
Inventory	-	0%	0%	-	-	2
Due from subsidiaries/affiliates	-	0%	0%	-	-	3
Property and equipment, net	-	0%	0%	-	-	2
Goodwill	-	0%	0%	-	-	4
Intangibles	-	0%	0%	-	-	4
Investments in subsidiaries	-	0%	0%	-	-	5
Restricted cash	-	0%	0%	-	-	4
Other assets	-	0%	0%	-	-	
Unencumbered interim cash flow	-	0%	0%	-	-	7
Total Unencumbered Assets / Gross Recovery	\$ -	0%	0%	\$ -	\$ -	
B. LITIGATION RECOVERIES						
B1. Encumbered Causes of Action				-	-	8
B2. Unencumbered Causes of Action, including Preferences				-	-	8
B3. Total Litigation Recoveries				\$ -	\$ -	
C. SUMMARY OF GROSS PROCEEDS						
C1. Encumbered Collateral Recovery (A1 + B1)				\$ -	\$ -	
C2. Unencumbered Assets Recovery (A2 + B2)				-	-	
C3. Total Gross Recovery Proceeds Available for Distribution				\$ -	\$ -	

New England Capital Partnership
 Hypothetical Liquidation Analysis - Schedule 2
 (\$ in thousands)

II. ALLOCATION OF PROCEEDS FROM ENCUMBERED COLLATERAL AVAILABLE FOR DISTRIBUTION

	Estimated Allowed Claims		Estimated Recovery (%)		Estimated Recovery on Secured Claims		See Note
	Lower	Higher	Lower	Higher	Lower	Higher	
Encumbered Gross Collateral Proceeds Available					\$ -	\$ -	
A. LESS: Section 506(c) Surcharges	\$ -	\$ -			\$ -	\$ -	9
B. Carve-Out Allocation	-	-			-	-	10
Proceeds Available to Secured Claims					\$ -	\$ -	
SECURED CLAIMS							
C. PLUS: Proceeds From Subsidiary Guaranteed Notes Turnover					-	-	14
Proceeds Available to Satisfy First Lien Secured Claims					\$ -	\$ -	
D. First Lien Secured Claims							
D1. First Lien Bank Claims	\$ -	\$ -	na	na	-	-	11
D2. First Lien Bond Claims	-	-	na	na	-	-	11
D3. First Lien Swap Claims	-	-	na	na	-	-	11
D4. Other First Lien Secured Claims	-	-	na	na	-	-	11
Total First Lien Claims & Recovery	\$ -	\$ -	na	na	\$ -	\$ -	
Proceeds Available to Satisfy Second Lien Secured Claims					\$ -	\$ -	
E. Second Lien Bond Claims	\$ -	\$ -	na	na	-	-	11
Total Second Lien Claims & Recovery	\$ -	\$ -	na	na	\$ -	\$ -	
F. Other Secured Claims	-	-			\$ -	\$ -	11
Total Secured Claims and Distributions	\$ -	\$ -	0.0%	0.0%	\$ -	\$ -	
Proceeds Available from Encumbered Collateral to Satisfy Administrative, Priority and Unsecured Claims					\$ -	\$ -	
Secured Lender Deficiency Claims (General Unsecured Claim)	\$ -	\$ -					

III. ALLOCATION OF PROCEEDS AVAILABLE TO SATISFY ADMINISTRATIVE, PRIORITY AND UNSECURED CLAIMS

	Estimated Allowed Claims		Estimated Recovery (%)		Estimated Recovery on Administrative, Priority and Unsecured Claims		See Note
	Lower	Higher	Lower	Higher	Lower	Higher	
Proceeds Available from Unencumbered Assets					\$ -	\$ -	
Section 506(c) Surcharges					-	-	9
Proceeds Available from Encumbered Collateral					-	-	
Proceeds Available to Satisfy Administrative, Priority and Unsecured Claims					\$ -	\$ -	
A. LESS: Carve-Out Allocation	\$ -	\$ -	na	na	\$ -	\$ -	10
Proceeds Available for Administrative Claims					\$ -	\$ -	
ADMINISTRATIVE CLAIMS							
B. Subsidiaries' Superpriority Admin Claims against CEOC	\$ -	\$ -	na	na	\$ -	\$ -	12
C. Chapter 7 Administrative Claims	-	-	na	na	-	-	12
D. Chapter 11 Administrative Claims	-	-	na	na	-	-	12
Proceeds Available for Priority Claims					\$ -	\$ -	
PRIORITY CLAIMS							
E. Employee Priority Claims	\$ -	\$ -	na	na	\$ -	\$ -	13
F. Priority Tax Claims	-	-	na	na	-	-	13
G. Other Priority Claims	-	-	na	na	-	-	13
Proceeds Available for Unsecured Claims					\$ -	\$ -	
UNSECURED CLAIMS							
H1. First Lien Deficiency Claims	\$ -	\$ -	na	na	\$ -	\$ -	14
H2. Second Lien Deficiency Claims	-	-	na	na	-	-	14
H3. Other Secured Deficiency Claims	-	-	na	na	-	-	14
H4. Senior Unsecured Notes Claims	-	-	na	na	-	-	14
H5. Subsidiary Guaranteed Notes Claims	502,019	502,019	0.0%	0.0%	-	-	14
H5a. Subsidiary Guaranteed Notes Turnover to First Lien Claimants	-	-	na	na	-	-	14
H6. General Unsecured Claims	-	-	na	na	-	-	14
H7. Pension Claims	446,123	223,061	0.0%	0.0%	-	-	14
H8. Intercompany Notes Payable	-	-	na	na	-	-	14
H9. Intercompany Claims - Prepetition	0	0	0.0%	0.0%	-	-	14
Total Unsecured Claims	\$ 948,142	\$ 725,081	0.0%	0.0%	\$ -	\$ -	
Total Admin, Priority, Unsecured Claims & Distributions	\$ 948,142	\$ 725,081	0.0%	0.0%	\$ -	\$ -	
Value Available for Equity Interests					\$ -	\$ -	15

I. TOTAL PROCEEDS AVAILABLE FOR DISTRIBUTION

	Net Book Value	Estimated Recovery (%)		Estimated Liquidation Value		See Note
		Lower	Higher	Lower	Higher	
A. STATEMENT OF ASSETS						
Cash and equivalents	\$ -	0%	0%	\$ -	\$ -	1
Accounts receivable	-	0%	0%	-	-	2
Other current assets	-	0%	0%	-	-	2
Inventory	-	0%	0%	-	-	2
Due from subsidiaries/affiliates	-	0%	0%	-	-	3
Property and equipment, net	-	0%	0%	-	-	2
Goodwill	-	0%	0%	-	-	4
Intangibles	-	0%	0%	-	-	4
Investments in subsidiaries	-	0%	0%	-	-	5
Restricted cash	-	0%	0%	-	-	4
Other assets	-	0%	0%	-	-	
STATEMENT OF ASSETS - CASINO SALE						
Casino	-	0%	0%	-	-	6
Interim cash flow	-	0%	0%	-	-	7
Total Assets / Gross Recovery	\$ -	0%	0%	\$ -	\$ -	
A1. ENCUMBERED COLLATERAL						
Cash and equivalents	\$ -	0%	0%	\$ -	\$ -	1
Accounts receivable	-	0%	0%	-	-	2
Other current assets	-	0%	0%	-	-	2
Inventory	-	0%	0%	-	-	2
Due from subsidiaries/affiliates	-	0%	0%	-	-	3
Property and equipment, net	-	0%	0%	-	-	2
Goodwill	-	0%	0%	-	-	4
Intangibles	-	0%	0%	-	-	4
Investments in subsidiaries	-	0%	0%	-	-	5
Restricted cash	-	0%	0%	-	-	4
Other assets	-	0%	0%	-	-	
Casino value and encumbered interim cash flow	-	0%	0%	-	-	6,7
Total Encumbered Collateral / Gross Recovery	\$ -	0%	0%	\$ -	\$ -	
A2. UNENCUMBERED ASSETS						
Cash and equivalents	\$ -	0%	0%	\$ -	\$ -	1
Accounts receivable	-	0%	0%	-	-	2
Other current assets	-	0%	0%	-	-	2
Inventory	-	0%	0%	-	-	2
Due from subsidiaries/affiliates	-	0%	0%	-	-	3
Property and equipment, net	-	0%	0%	-	-	2
Goodwill	-	0%	0%	-	-	4
Intangibles	-	0%	0%	-	-	4
Investments in subsidiaries	-	0%	0%	-	-	5
Restricted cash	-	0%	0%	-	-	4
Other assets	-	0%	0%	-	-	
Unencumbered interim cash flow	-	0%	0%	-	-	7
Total Unencumbered Assets / Gross Recovery	\$ -	0%	0%	\$ -	\$ -	
B. LITIGATION RECOVERIES						
B1. Encumbered Causes of Action				-	-	8
B2. Unencumbered Causes of Action, including Preferences				-	-	8
B3. Total Litigation Recoveries				\$ -	\$ -	
C. SUMMARY OF GROSS PROCEEDS						
C1. Encumbered Collateral Recovery (A1 + B1)				\$ -	\$ -	
C2. Unencumbered Assets Recovery (A2 + B2)				-	-	
C3. Total Gross Recovery Proceeds Available for Distribution				\$ -	\$ -	

II. ALLOCATION OF PROCEEDS FROM ENCUMBERED COLLATERAL AVAILABLE FOR DISTRIBUTION

	Estimated Allowed Claims		Estimated Recovery (%)		Estimated Recovery on Secured Claims		See Note
	Lower	Higher	Lower	Higher	Lower	Higher	
Encumbered Gross Collateral Proceeds Available					\$ -	\$ -	
A. LESS: Section 506(c) Surcharges	\$ -	\$ -			\$ -	\$ -	9
B. Carve-Out Allocation	-	-			-	-	10
Proceeds Available to Secured Claims					\$ -	\$ -	
SECURED CLAIMS							
C. PLUS: Proceeds From Subsidiary Guaranteed Notes Turnover					-	-	14
Proceeds Available to Satisfy First Lien Secured Claims					\$ -	\$ -	
D. First Lien Secured Claims							
D1. First Lien Bank Claims	\$ -	\$ -	na	na	-	-	11
D2. First Lien Bond Claims	-	-	na	na	-	-	11
D3. First Lien Swap Claims	-	-	na	na	-	-	11
D4. Other First Lien Secured Claims	-	-	na	na	-	-	11
Total First Lien Claims & Recovery	\$ -	\$ -	na	na	\$ -	\$ -	
Proceeds Available to Satisfy Second Lien Secured Claims					\$ -	\$ -	
E. Second Lien Bond Claims	\$ -	\$ -	na	na	-	-	11
Total Second Lien Claims & Recovery	\$ -	\$ -	na	na	\$ -	\$ -	
F. Other Secured Claims	-	-			\$ -	\$ -	11
Total Secured Claims and Distributions	\$ -	\$ -	0.0%	0.0%	\$ -	\$ -	
Proceeds Available from Encumbered Collateral to Satisfy Administrative, Priority and Unsecured Claims					\$ -	\$ -	
Secured Lender Deficiency Claims (General Unsecured Claim)	\$ -	\$ -					

III. ALLOCATION OF PROCEEDS AVAILABLE TO SATISFY ADMINISTRATIVE, PRIORITY AND UNSECURED CLAIMS

	Estimated Allowed Claims		Estimated Recovery (%)		Estimated Recovery on Administrative, Priority and Unsecured Claims		See Note
	Lower	Higher	Lower	Higher	Lower	Higher	
Proceeds Available from Unencumbered Assets					\$ -	\$ -	
Section 506(c) Surcharges					-	-	9
Proceeds Available from Encumbered Collateral					-	-	
Proceeds Available to Satisfy Administrative, Priority and Unsecured Claims					\$ -	\$ -	
A. LESS: Carve-Out Allocation	\$ -	\$ -	na	na	\$ -	\$ -	10
Proceeds Available for Administrative Claims					\$ -	\$ -	
ADMINISTRATIVE CLAIMS							
B. Subsidiaries' Superpriority Admin Claims against CEOC	\$ -	\$ -	na	na	\$ -	\$ -	12
C. Chapter 7 Administrative Claims	-	-	na	na	-	-	12
D. Chapter 11 Administrative Claims	-	-	na	na	-	-	12
Proceeds Available for Priority Claims					\$ -	\$ -	
PRIORITY CLAIMS							
E. Employee Priority Claims	\$ -	\$ -	na	na	\$ -	\$ -	13
F. Priority Tax Claims	-	-	na	na	-	-	13
G. Other Priority Claims	-	-	na	na	-	-	13
Proceeds Available for Unsecured Claims					\$ -	\$ -	
UNSECURED CLAIMS							
H1. First Lien Deficiency Claims	\$ -	\$ -	na	na	\$ -	\$ -	14
H2. Second Lien Deficiency Claims	-	-	na	na	-	-	14
H3. Other Secured Deficiency Claims	-	-	na	na	-	-	14
H4. Senior Unsecured Notes Claims	-	-	na	na	-	-	14
H5. Subsidiary Guaranteed Notes Claims	502,019	502,019	0.0%	0.0%	-	-	14
H5a. Subsidiary Guaranteed Notes Turnover to First Lien Claimants	-	-	na	na	-	-	14
H6. General Unsecured Claims	-	-	na	na	-	-	14
H7. Pension Claims	446,123	223,061	0.0%	0.0%	-	-	14
H8. Intercompany Notes Payable	-	-	na	na	-	-	14
H9. Intercompany Claims - Prepetition	0	0	0.0%	0.0%	-	-	14
Total Unsecured Claims	\$ 948,142	\$ 725,081	0.0%	0.0%	\$ -	\$ -	
Total Admin, Priority, Unsecured Claims & Distributions	\$ 948,142	\$ 725,081	0.0%	0.0%	\$ -	\$ -	
Value Available for Equity Interests					\$ -	\$ -	15

I. TOTAL PROCEEDS AVAILABLE FOR DISTRIBUTION

	Net Book Value	Estimated Recovery (%)		Estimated Liquidation Value		See Note
		Lower	Higher	Lower	Higher	
		A. STATEMENT OF ASSETS				
Cash and equivalents	\$ -	0%	0%	\$ -	\$ -	1
Accounts receivable	-	0%	0%	-	-	2
Other current assets	-	0%	0%	-	-	2
Inventory	-	0%	0%	-	-	2
Due from subsidiaries/affiliates	130,679	43%	79%	56,697	102,601	3
Property and equipment, net	-	0%	0%	-	-	2
Goodwill	-	0%	0%	-	-	4
Intangibles	-	0%	0%	-	-	4
Investments in subsidiaries	-	0%	0%	-	-	5
Restricted cash	-	0%	0%	-	-	4
Other assets	-	0%	0%	-	-	
STATEMENT OF ASSETS - CASINO SALE						
Casino	341,547	100%+	100%+	371,951	399,689	6
Interim cash flow	27,262	80%	90%	21,809	24,536	7
Total Assets / Gross Recovery	\$ 499,487	90%	100%+	\$ 450,457	\$ 526,825	
A1. ENCUMBERED COLLATERAL						
Cash and equivalents	\$ -	0%	0%	\$ -	\$ -	1
Accounts receivable	-	0%	0%	-	-	2
Other current assets	-	0%	0%	-	-	2
Inventory	-	0%	0%	-	-	2
Due from subsidiaries/affiliates	44,806	13%	37%	5,952	16,728	3
Property and equipment, net	-	0%	0%	-	-	2
Goodwill	-	0%	0%	-	-	4
Intangibles	-	0%	0%	-	-	4
Investments in subsidiaries	-	0%	0%	-	-	5
Restricted cash	-	0%	0%	-	-	4
Other assets	-	0%	0%	-	-	
Casino value and encumbered interim cash flow	349,289	100%+	100%+	374,240	402,265	6,7
Total Encumbered Collateral / Gross Recovery	\$ 394,095	96%	100%+	\$ 380,192	\$ 418,993	
A2. UNENCUMBERED ASSETS						
Cash and equivalents	\$ -	0%	0%	\$ -	\$ -	1
Accounts receivable	-	0%	0%	-	-	2
Other current assets	-	0%	0%	-	-	2
Inventory	-	0%	0%	-	-	2
Due from subsidiaries/affiliates	85,872	59%	100%	50,745	85,872	3
Property and equipment, net	-	0%	0%	-	-	2
Goodwill	-	0%	0%	-	-	4
Intangibles	-	0%	0%	-	-	4
Investments in subsidiaries	-	0%	0%	-	-	5
Restricted cash	-	0%	0%	-	-	4
Other assets	-	0%	0%	-	-	
Unencumbered interim cash flow	19,520	100%	100%	19,520	21,960	7
Total Unencumbered Assets / Gross Recovery	\$ 105,392	67%	100%	\$ 70,265	\$ 107,832	
B. LITIGATION RECOVERIES						
B1. Encumbered Causes of Action				-	-	8
B2. Unencumbered Causes of Action, including Preferences				632	1,263	8
B3. Total Litigation Recoveries				\$ 632	\$ 1,263	
C. SUMMARY OF GROSS PROCEEDS						
C1. Encumbered Collateral Recovery (A1 + B1)				\$ 380,192	\$ 418,993	
C2. Unencumbered Assets Recovery (A2 + B2)				70,897	109,095	
C3. Total Gross Recovery Proceeds Available for Distribution				\$ 451,089	\$ 528,088	

II. ALLOCATION OF PROCEEDS FROM ENCUMBERED COLLATERAL AVAILABLE FOR DISTRIBUTION

	Estimated Allowed Claims		Estimated Recovery (%)		Estimated Recovery on Secured Claims		See Note
	Lower	Higher	Lower	Higher	Lower	Higher	
Encumbered Gross Collateral Proceeds Available					\$ 380,192	\$ 418,993	
A. LESS: Section 506(c) Surcharges	\$ 2,690	\$ 8,071			\$ 2,690	\$ 8,071	9
B. Carve-Out Allocation	-	-			-	-	10
Proceeds Available to Secured Claims					\$ 377,502	\$ 410,922	
SECURED CLAIMS							
C. PLUS: Proceeds From Subsidiary Guaranteed Notes Turnover					17,278	7,617	14
Proceeds Available to Satisfy First Lien Secured Claims					\$ 394,780	\$ 418,539	
D. First Lien Secured Claims							
D1. First Lien Bank Claims	\$ 177,581	\$ 190,028	100.0%	100.0%	177,581	190,028	11
D2. First Lien Bond Claims	215,770	226,976	100.0%	100.0%	215,770	226,976	11
D3. First Lien Swap Claims	1,429	1,535	100.0%	100.0%	1,429	1,535	11
D4. Other First Lien Secured Claims	-	-	na	na	-	-	11
Total First Lien Claims & Recovery	\$ 394,780	\$ 418,539	100.0%	100.0%	\$ 394,780	\$ 418,539	
Proceeds Available to Satisfy Second Lien Secured Claims					\$ -	\$ -	
E. Second Lien Bond Claims	\$ -	\$ -	na	na	-	-	11
Total Second Lien Claims & Recovery	\$ -	\$ -	na	na	\$ -	\$ -	
F. Other Secured Claims	-	-			\$ -	\$ -	11
Total Secured Claims and Distributions	\$ 397,470	\$ 426,610	100.0%	100.0%	\$ 397,470	\$ 426,610	
Proceeds Available from Encumbered Collateral to Satisfy Administrative, Priority and Unsecured Claims					\$ -	\$ -	
Secured Lender Deficiency Claims (General Unsecured Claim)	\$ -	\$ -					

III. ALLOCATION OF PROCEEDS AVAILABLE TO SATISFY ADMINISTRATIVE, PRIORITY AND UNSECURED CLAIMS

	Estimated Allowed Claims		Estimated Recovery (%)		Estimated Recovery on Administrative, Priority and Unsecured Claims		See Note
	Lower	Higher	Lower	Higher	Lower	Higher	
Proceeds Available from Unencumbered Assets					\$ 70,897	\$ 109,095	9
Section 506(c) Surcharges					2,690	8,071	
Proceeds Available from Encumbered Collateral					-	-	
Proceeds Available to Satisfy Administrative, Priority and Unsecured Claims					\$ 73,587	\$ 117,166	
A. LESS: Carve-Out Allocation	\$ 1,815	\$ 684	100.0%	100.0%	\$ 1,815	\$ 684	10
Proceeds Available for Administrative Claims					\$ 71,772	\$ 116,482	
ADMINISTRATIVE CLAIMS							
B. Subsidiaries' Superpriority Admin Claims against CEOC	\$ -	\$ -	na	na	\$ -	\$ -	12
C. Chapter 7 Administrative Claims	11,607	4,069	100.0%	100.0%	11,607	4,069	12
D. Chapter 11 Administrative Claims	4,160	4,160	100.0%	100.0%	4,160	4,160	12
Proceeds Available for Priority Claims					\$ 56,006	\$ 108,253	
PRIORITY CLAIMS							
E. Employee Priority Claims	\$ -	\$ -	na	na	\$ -	\$ -	13
F. Priority Tax Claims	-	-	na	na	-	-	13
G. Other Priority Claims	-	-	na	na	-	-	13
Proceeds Available for Unsecured Claims					\$ 56,006	\$ 108,253	
UNSECURED CLAIMS							
H1. First Lien Deficiency Claims	\$ -	\$ -	na	na	\$ -	\$ -	14
H2. Second Lien Deficiency Claims	-	-	na	na	-	-	14
H3. Other Secured Deficiency Claims	-	-	na	na	-	-	14
H4. Senior Unsecured Notes Claims	-	-	na	na	-	-	14
H5. Subsidiary Guaranteed Notes Claims	502,019	502,019	0.1%	0.1%	633	623	14
H5a. Subsidiary Guaranteed Notes Turnover to First Lien Claimants			na	na	17,278	7,617	14
H6. General Unsecured Claims	3,466	4,098	3.6%	12.5%	124	514	14
H7. Pension Claims	446,123	223,061	2.2%	0.4%	9,930	864	14
H8. Intercompany Notes Payable	785,951	785,951	3.6%	12.5%	28,041	98,633	14
H9. Intercompany Claims - Prepetition	6	6	3.6%	12.5%	0	1	14
Total Unsecured Claims	\$ 1,737,565	\$ 1,515,135	3.2%	7.1%	\$ 56,006	\$ 108,253	
Total Admin, Priority, Unsecured Claims & Distributions	\$ 1,755,147	\$ 1,524,049	4.2%	7.7%	\$ 73,587	\$ 117,166	
Value Available for Equity Interests					\$ -	\$ -	15

I. TOTAL PROCEEDS AVAILABLE FOR DISTRIBUTION

	Net Book Value	Estimated Recovery (%)		Estimated Liquidation Value		See Note
		Lower	Higher	Lower	Higher	
A. STATEMENT OF ASSETS						
Cash and equivalents	\$ -	0%	0%	\$ -	\$ -	1
Accounts receivable	-	0%	0%	-	-	2
Other current assets	-	0%	0%	-	-	2
Inventory	-	0%	0%	-	-	2
Due from subsidiaries/affiliates	-	0%	0%	-	-	3
Property and equipment, net	-	0%	0%	-	-	2
Goodwill	-	0%	0%	-	-	4
Intangibles	-	0%	0%	-	-	4
Investments in subsidiaries	-	0%	0%	-	-	5
Restricted cash	-	0%	0%	-	-	4
Other assets	-	0%	0%	-	-	
STATEMENT OF ASSETS - CASINO SALE						
Casino	-	0%	0%	-	-	6
Interim cash flow	-	0%	0%	-	-	7
Total Assets / Gross Recovery	\$ -	0%	0%	\$ -	\$ -	
A1. ENCUMBERED COLLATERAL						
Cash and equivalents	\$ -	0%	0%	\$ -	\$ -	1
Accounts receivable	-	0%	0%	-	-	2
Other current assets	-	0%	0%	-	-	2
Inventory	-	0%	0%	-	-	2
Due from subsidiaries/affiliates	-	0%	0%	-	-	3
Property and equipment, net	-	0%	0%	-	-	2
Goodwill	-	0%	0%	-	-	4
Intangibles	-	0%	0%	-	-	4
Investments in subsidiaries	-	0%	0%	-	-	5
Restricted cash	-	0%	0%	-	-	4
Other assets	-	0%	0%	-	-	
Casino value and encumbered interim cash flow	-	0%	0%	-	-	6,7
Total Encumbered Collateral / Gross Recovery	\$ -	0%	0%	\$ -	\$ -	
A2. UNENCUMBERED ASSETS						
Cash and equivalents	\$ -	0%	0%	\$ -	\$ -	1
Accounts receivable	-	0%	0%	-	-	2
Other current assets	-	0%	0%	-	-	2
Inventory	-	0%	0%	-	-	2
Due from subsidiaries/affiliates	-	0%	0%	-	-	3
Property and equipment, net	-	0%	0%	-	-	2
Goodwill	-	0%	0%	-	-	4
Intangibles	-	0%	0%	-	-	4
Investments in subsidiaries	-	0%	0%	-	-	5
Restricted cash	-	0%	0%	-	-	4
Other assets	-	0%	0%	-	-	
Unencumbered interim cash flow	-	0%	0%	-	-	7
Total Unencumbered Assets / Gross Recovery	\$ -	0%	0%	\$ -	\$ -	
B. LITIGATION RECOVERIES						
B1. Encumbered Causes of Action				-	-	8
B2. Unencumbered Causes of Action, including Preferences				-	-	8
B3. Total Litigation Recoveries				\$ -	\$ -	
C. SUMMARY OF GROSS PROCEEDS						
C1. Encumbered Collateral Recovery (A1 + B1)				\$ -	\$ -	
C2. Unencumbered Assets Recovery (A2 + B2)				-	-	
C3. Total Gross Recovery Proceeds Available for Distribution				\$ -	\$ -	

II. ALLOCATION OF PROCEEDS FROM ENCUMBERED COLLATERAL AVAILABLE FOR DISTRIBUTION

	Estimated Allowed Claims		Estimated Recovery (%)		Estimated Recovery on Secured Claims		See Note
	Lower	Higher	Lower	Higher	Lower	Higher	
Encumbered Gross Collateral Proceeds Available					\$ -	\$ -	
A. LESS: Section 506(c) Surcharges	\$ -	\$ -			\$ -	\$ -	9
B. Carve-Out Allocation	-	-			-	-	10
Proceeds Available to Secured Claims					\$ -	\$ -	
SECURED CLAIMS							
Proceeds Available to Satisfy First Lien Secured Claims					\$ -	\$ -	
D. First Lien Secured Claims							
D1. First Lien Bank Claims	\$ -	\$ -	na	na	-	-	11
D2. First Lien Bond Claims	-	-	na	na	-	-	11
D3. First Lien Swap Claims	-	-	na	na	-	-	11
D4. Other First Lien Secured Claims	-	-	na	na	-	-	11
Total First Lien Claims & Recovery	\$ -	\$ -	na	na	\$ -	\$ -	
Proceeds Available to Satisfy Second Lien Secured Claims					\$ -	\$ -	
E. Second Lien Bond Claims	\$ -	\$ -	na	na	-	-	11
Total Second Lien Claims & Recovery	\$ -	\$ -	na	na	\$ -	\$ -	
F. Other Secured Claims	-	-			\$ -	\$ -	11
Total Secured Claims and Distributions	\$ -	\$ -	0.0%	0.0%	\$ -	\$ -	
Proceeds Available from Encumbered Collateral to Satisfy Administrative, Priority and Unsecured Claims					\$ -	\$ -	
Secured Lender Deficiency Claims (General Unsecured Claim)	\$ -	\$ -					

III. ALLOCATION OF PROCEEDS AVAILABLE TO SATISFY ADMINISTRATIVE, PRIORITY AND UNSECURED CLAIMS

	Estimated Allowed Claims		Estimated Recovery (%)		Estimated Recovery on Administrative, Priority and Unsecured Claims		See Note
	Lower	Higher	Lower	Higher	Lower	Higher	
Proceeds Available from Unencumbered Assets					\$ -	\$ -	
Section 506(c) Surcharges					-	-	9
Proceeds Available from Encumbered Collateral					-	-	
Proceeds Available to Satisfy Administrative, Priority and Unsecured Claims					\$ -	\$ -	
A. LESS: Carve-Out Allocation	\$ -	\$ -	na	na	\$ -	\$ -	10
Proceeds Available for Administrative Claims					\$ -	\$ -	
ADMINISTRATIVE CLAIMS							
B. Subsidiaries' Superpriority Admin Claims against CEOC	\$ -	\$ -	na	na	\$ -	\$ -	12
C. Chapter 7 Administrative Claims	-	-	na	na	-	-	12
D. Chapter 11 Administrative Claims	-	-	na	na	-	-	12
Proceeds Available for Priority Claims					\$ -	\$ -	
PRIORITY CLAIMS							
E. Employee Priority Claims	\$ -	\$ -	na	na	\$ -	\$ -	13
F. Priority Tax Claims	-	-	na	na	-	-	13
G. Other Priority Claims	-	-	na	na	-	-	13
Proceeds Available for Unsecured Claims					\$ -	\$ -	
UNSECURED CLAIMS							
H1. First Lien Deficiency Claims	\$ -	\$ -	na	na	\$ -	\$ -	14
H2. Second Lien Deficiency Claims	-	-	na	na	-	-	14
H3. Other Secured Deficiency Claims	-	-	na	na	-	-	14
H4. Senior Unsecured Notes Claims	-	-	na	na	-	-	14
H5. Subsidiary Guaranteed Notes Claims	502,019	502,019	0.0%	0.0%	-	-	14
H5a. Subsidiary Guaranteed Notes Turnover to First Lien Claimants	-	-	na	na	-	-	14
H6. General Unsecured Claims	5	5	0.0%	0.0%	-	-	14
H7. Pension Claims	446,123	223,061	0.0%	0.0%	-	-	14
H8. Intercompany Notes Payable	-	-	na	na	-	-	14
H9. Intercompany Claims - Prepetition	-	-	na	na	-	-	14
Total Unsecured Claims	\$ 948,147	\$ 725,085	0.0%	0.0%	\$ -	\$ -	
Total Admin, Priority, Unsecured Claims & Distributions	\$ 948,147	\$ 725,085	0.0%	0.0%	\$ -	\$ -	
Value Available for Equity Interests					\$ -	\$ -	15

I. TOTAL PROCEEDS AVAILABLE FOR DISTRIBUTION

	Net Book Value	Estimated Recovery (%)		Estimated Liquidation Value		See Note
		Lower	Higher	Lower	Higher	
A. STATEMENT OF ASSETS						
Cash and equivalents	\$ -	0%	0%	\$ -	\$ -	1
Accounts receivable	-	0%	0%	-	-	2
Other current assets	-	0%	0%	-	-	2
Inventory	-	0%	0%	-	-	2
Due from subsidiaries/affiliates	-	0%	0%	-	-	3
Property and equipment, net	-	0%	0%	-	-	2
Goodwill	-	0%	0%	-	-	4
Intangibles	-	0%	0%	-	-	4
Investments in subsidiaries	-	0%	0%	-	-	5
Restricted cash	-	0%	0%	-	-	4
Other assets	-	0%	0%	-	-	
STATEMENT OF ASSETS - CASINO SALE						
Casino	-	0%	0%	-	-	6
Interim cash flow	-	0%	0%	-	-	7
Total Assets / Gross Recovery	\$ -	0%	0%	\$ -	\$ -	
A1. ENCUMBERED COLLATERAL						
Cash and equivalents	\$ -	0%	0%	\$ -	\$ -	1
Accounts receivable	-	0%	0%	-	-	2
Other current assets	-	0%	0%	-	-	2
Inventory	-	0%	0%	-	-	2
Due from subsidiaries/affiliates	-	0%	0%	-	-	3
Property and equipment, net	-	0%	0%	-	-	2
Goodwill	-	0%	0%	-	-	4
Intangibles	-	0%	0%	-	-	4
Investments in subsidiaries	-	0%	0%	-	-	5
Restricted cash	-	0%	0%	-	-	4
Other assets	-	0%	0%	-	-	
Casino value and encumbered interim cash flow	-	0%	0%	-	-	6,7
Total Encumbered Collateral / Gross Recovery	\$ -	0%	0%	\$ -	\$ -	
A2. UNENCUMBERED ASSETS						
Cash and equivalents	\$ -	0%	0%	\$ -	\$ -	1
Accounts receivable	-	0%	0%	-	-	2
Other current assets	-	0%	0%	-	-	2
Inventory	-	0%	0%	-	-	2
Due from subsidiaries/affiliates	-	0%	0%	-	-	3
Property and equipment, net	-	0%	0%	-	-	2
Goodwill	-	0%	0%	-	-	4
Intangibles	-	0%	0%	-	-	4
Investments in subsidiaries	-	0%	0%	-	-	5
Restricted cash	-	0%	0%	-	-	4
Other assets	-	0%	0%	-	-	
Unencumbered interim cash flow	-	0%	0%	-	-	7
Total Unencumbered Assets / Gross Recovery	\$ -	0%	0%	\$ -	\$ -	
B. LITIGATION RECOVERIES						
B1. Encumbered Causes of Action				-	-	8
B2. Unencumbered Causes of Action, including Preferences				-	-	8
B3. Total Litigation Recoveries				\$ -	\$ -	
C. SUMMARY OF GROSS PROCEEDS						
C1. Encumbered Collateral Recovery (A1 + B1)				\$ -	\$ -	
C2. Unencumbered Assets Recovery (A2 + B2)				-	-	
C3. Total Gross Recovery Proceeds Available for Distribution				\$ -	\$ -	

II. ALLOCATION OF PROCEEDS FROM ENCUMBERED COLLATERAL AVAILABLE FOR DISTRIBUTION

	Estimated Allowed Claims		Estimated Recovery (%)		Estimated Recovery on Secured Claims		See Note
	Lower	Higher	Lower	Higher	Lower	Higher	
Encumbered Gross Collateral Proceeds Available					\$ -	\$ -	
A. LESS: Section 506(c) Surcharges	\$ -	\$ -			\$ -	\$ -	9
B. Carve-Out Allocation	-	-			-	-	10
Proceeds Available to Secured Claims					\$ -	\$ -	
SECURED CLAIMS							
C. PLUS: Proceeds From Subsidiary Guaranteed Notes Turnover					-	-	14
Proceeds Available to Satisfy First Lien Secured Claims					\$ -	\$ -	
D. First Lien Secured Claims							
D1. First Lien Bank Claims	\$ -	\$ -	na	na	-	-	11
D2. First Lien Bond Claims	-	-	na	na	-	-	11
D3. First Lien Swap Claims	-	-	na	na	-	-	11
D4. Other First Lien Secured Claims	-	-	na	na	-	-	11
Total First Lien Claims & Recovery	\$ -	\$ -	na	na	\$ -	\$ -	
Proceeds Available to Satisfy Second Lien Secured Claims					\$ -	\$ -	
E. Second Lien Bond Claims	\$ -	\$ -	na	na	-	-	11
Total Second Lien Claims & Recovery	\$ -	\$ -	na	na	\$ -	\$ -	
F. Other Secured Claims	-	-			\$ -	\$ -	11
Total Secured Claims and Distributions	\$ -	\$ -	0.0%	0.0%	\$ -	\$ -	
Proceeds Available from Encumbered Collateral to Satisfy Administrative, Priority and Unsecured Claims					\$ -	\$ -	
Secured Lender Deficiency Claims (General Unsecured Claim)	\$ -	\$ -					

III. ALLOCATION OF PROCEEDS AVAILABLE TO SATISFY ADMINISTRATIVE, PRIORITY AND UNSECURED CLAIMS

	Estimated Allowed Claims		Estimated Recovery (%)		Estimated Recovery on Administrative, Priority and Unsecured Claims		See Note
	Lower	Higher	Lower	Higher	Lower	Higher	
Proceeds Available from Unencumbered Assets					\$ -	\$ -	
Section 506(c) Surcharges					-	-	9
Proceeds Available from Encumbered Collateral					-	-	
Proceeds Available to Satisfy Administrative, Priority and Unsecured Claims					\$ -	\$ -	
A. LESS: Carve-Out Allocation	\$ -	\$ -	na	na	\$ -	\$ -	10
Proceeds Available for Administrative Claims					\$ -	\$ -	
ADMINISTRATIVE CLAIMS							
B. Subsidiaries' Superpriority Admin Claims against CEOC	\$ -	\$ -	na	na	\$ -	\$ -	12
C. Chapter 7 Administrative Claims	-	-	na	na	-	-	12
D. Chapter 11 Administrative Claims	-	-	na	na	-	-	12
Proceeds Available for Priority Claims					\$ -	\$ -	
PRIORITY CLAIMS							
E. Employee Priority Claims	\$ -	\$ -	na	na	\$ -	\$ -	13
F. Priority Tax Claims	-	-	na	na	-	-	13
G. Other Priority Claims	-	-	na	na	-	-	13
Proceeds Available for Unsecured Claims					\$ -	\$ -	
UNSECURED CLAIMS							
H1. First Lien Deficiency Claims	\$ -	\$ -	na	na	\$ -	\$ -	14
H2. Second Lien Deficiency Claims	-	-	na	na	-	-	14
H3. Other Secured Deficiency Claims	-	-	na	na	-	-	14
H4. Senior Unsecured Notes Claims	-	-	na	na	-	-	14
H5. Subsidiary Guaranteed Notes Claims	502,019	502,019	0.0%	0.0%	-	-	14
H5a. Subsidiary Guaranteed Notes Turnover to First Lien Claimants	-	-	na	na	-	-	14
H6. General Unsecured Claims	-	-	na	na	-	-	14
H7. Pension Claims	446,123	223,061	0.0%	0.0%	-	-	14
H8. Intercompany Notes Payable	-	-	na	na	-	-	14
H9. Intercompany Claims - Prepetition	-	-	na	na	-	-	14
Total Unsecured Claims	\$ 948,142	\$ 725,081	0.0%	0.0%	\$ -	\$ -	
Total Admin, Priority, Unsecured Claims & Distributions	\$ 948,142	\$ 725,081	0.0%	0.0%	\$ -	\$ -	
Value Available for Equity Interests					\$ -	\$ -	15

I. TOTAL PROCEEDS AVAILABLE FOR DISTRIBUTION

	Net Book Value	Estimated Recovery (%)		Estimated Liquidation Value		See Note
		Lower	Higher	Lower	Higher	
A. STATEMENT OF ASSETS						
Cash and equivalents	\$ -	0%	0%	\$ -	\$ -	1
Accounts receivable	1	50%	75%	0	1	2
Other current assets	268	0%	0%	-	-	2
Inventory	-	0%	0%	-	-	2
Due from subsidiaries/affiliates	196,000	0%	0%	-	-	3
Property and equipment, net	-	0%	0%	-	-	2
Goodwill	-	0%	0%	-	-	4
Intangibles	-	0%	0%	-	-	4
Investments in subsidiaries	-	0%	0%	-	-	5
Restricted cash	-	0%	0%	-	-	4
Other assets	694	0%	50%	-	347	
STATEMENT OF ASSETS - CASINO SALE						
Casino	-	0%	0%	-	-	6
Interim cash flow	-	0%	0%	-	-	7
Total Assets / Gross Recovery	\$ 196,963	0%	0%	\$ 0	\$ 348	
A1. ENCUMBERED COLLATERAL						
Cash and equivalents	\$ -	0%	0%	\$ -	\$ -	1
Accounts receivable	1	50%	75%	0	1	2
Other current assets	268	0%	0%	-	-	2
Inventory	-	0%	0%	-	-	2
Due from subsidiaries/affiliates	196,000	0%	0%	-	-	3
Property and equipment, net	-	0%	0%	-	-	2
Goodwill	-	0%	0%	-	-	4
Intangibles	-	0%	0%	-	-	4
Investments in subsidiaries	-	0%	0%	-	-	5
Restricted cash	-	0%	0%	-	-	4
Other assets	694	0%	50%	-	347	
Casino value and encumbered interim cash flow	-	0%	0%	-	-	6,7
Total Encumbered Collateral / Gross Recovery	\$ 196,963	0%	0%	\$ 0	\$ 348	
A2. UNENCUMBERED ASSETS						
Cash and equivalents	\$ -	0%	0%	\$ -	\$ -	1
Accounts receivable	-	0%	0%	-	-	2
Other current assets	-	0%	0%	-	-	2
Inventory	-	0%	0%	-	-	2
Due from subsidiaries/affiliates	-	0%	0%	-	-	3
Property and equipment, net	-	0%	0%	-	-	2
Goodwill	-	0%	0%	-	-	4
Intangibles	-	0%	0%	-	-	4
Investments in subsidiaries	-	0%	0%	-	-	5
Restricted cash	-	0%	0%	-	-	4
Other assets	-	0%	0%	-	-	
Unencumbered interim cash flow	-	0%	0%	-	-	7
Total Unencumbered Assets / Gross Recovery	\$ -	0%	0%	\$ -	\$ -	
B. LITIGATION RECOVERIES						
B1. Encumbered Causes of Action	-	-	-	-	-	8
B2. Unencumbered Causes of Action, including Preferences	-	-	-	-	-	8
B3. Total Litigation Recoveries	\$ -	\$ -	\$ -	\$ -	\$ -	
C. SUMMARY OF GROSS PROCEEDS						
C1. Encumbered Collateral Recovery (A1 + B1)	-	-	-	\$ 0	\$ 348	
C2. Unencumbered Assets Recovery (A2 + B2)	-	-	-	-	-	
C3. Total Gross Recovery Proceeds Available for Distribution	\$ -	\$ -	\$ -	\$ 0	\$ 348	

II. ALLOCATION OF PROCEEDS FROM ENCUMBERED COLLATERAL AVAILABLE FOR DISTRIBUTION

	Estimated Allowed Claims		Estimated Recovery (%)		Estimated Recovery on Secured Claims		See Note
	Lower	Higher	Lower	Higher	Lower	Higher	
Encumbered Gross Collateral Proceeds Available					\$ 0	\$ 348	
A. LESS: Section 506(c) Surcharges	\$ -	\$ -			\$ -	\$ -	9
B. Carve-Out Allocation	-	-			-	-	10
Proceeds Available to Secured Claims					<u>\$ 0</u>	<u>\$ 348</u>	
SECURED CLAIMS							
C. PLUS: Proceeds From Subsidiary Guaranteed Notes Turnover					-	-	14
Proceeds Available to Satisfy First Lien Secured Claims					<u>\$ 0</u>	<u>\$ 348</u>	
D. First Lien Secured Claims							
D1. First Lien Bank Claims	\$ 0	\$ 154	100.0%	100.0%	0	154	11
D2. First Lien Bond Claims	0	192	100.0%	100.0%	0	192	11
D3. First Lien Swap Claims	0	1	100.0%	100.0%	0	1	11
D4. Other First Lien Secured Claims	-	-	na	na	-	-	11
Total First Lien Claims & Recovery	<u>\$ 0</u>	<u>\$ 348</u>	100.0%	100.0%	<u>\$ 0</u>	<u>\$ 348</u>	
Proceeds Available to Satisfy Second Lien Secured Claims					<u>\$ -</u>	<u>\$ -</u>	
E. Second Lien Bond Claims	\$ -	\$ -	na	na	-	-	11
Total Second Lien Claims & Recovery	<u>\$ -</u>	<u>\$ -</u>	na	na	<u>\$ -</u>	<u>\$ -</u>	
F. Other Secured Claims	-	-			\$ -	\$ -	11
Total Secured Claims and Distributions	<u>\$ 0</u>	<u>\$ 348</u>	100.0%	100.0%	<u>\$ 0</u>	<u>\$ 348</u>	
Proceeds Available from Encumbered Collateral to Satisfy Administrative, Priority and Unsecured Claims					<u>\$ -</u>	<u>\$ -</u>	
Secured Lender Deficiency Claims (General Unsecured Claim)	<u>\$ -</u>	<u>\$ -</u>					

III. ALLOCATION OF PROCEEDS AVAILABLE TO SATISFY ADMINISTRATIVE, PRIORITY AND UNSECURED CLAIMS

	Estimated Allowed Claims		Estimated Recovery (%)		Estimated Recovery on Administrative, Priority and Unsecured Claims		See Note
	Lower	Higher	Lower	Higher	Lower	Higher	
Proceeds Available from Unencumbered Assets					\$ -	\$ -	
Section 506(c) Surcharges					-	-	9
Proceeds Available from Encumbered Collateral					-	-	
Proceeds Available to Satisfy Administrative, Priority and Unsecured Claims					\$ -	\$ -	
A. LESS: Carve-Out Allocation	\$ -	\$ -	na	na	\$ -	\$ -	10
Proceeds Available for Administrative Claims					\$ -	\$ -	
ADMINISTRATIVE CLAIMS							
B. Subsidiaries' Superpriority Admin Claims against CEOC	\$ -	\$ -	na	na	\$ -	\$ -	12
C. Chapter 7 Administrative Claims	-	-	na	na	-	-	12
D. Chapter 11 Administrative Claims	-	-	na	na	-	-	12
Proceeds Available for Priority Claims					\$ -	\$ -	
PRIORITY CLAIMS							
E. Employee Priority Claims	\$ -	\$ -	na	na	\$ -	\$ -	13
F. Priority Tax Claims	-	-	na	na	-	-	13
G. Other Priority Claims	-	-	na	na	-	-	13
Proceeds Available for Unsecured Claims					\$ -	\$ -	
UNSECURED CLAIMS							
H1. First Lien Deficiency Claims	\$ -	\$ -	na	na	\$ -	\$ -	14
H2. Second Lien Deficiency Claims	-	-	na	na	-	-	14
H3. Other Secured Deficiency Claims	-	-	na	na	-	-	14
H4. Senior Unsecured Notes Claims	-	-	na	na	-	-	14
H5. Subsidiary Guaranteed Notes Claims	502,019	502,019	0.0%	0.0%	-	-	14
H5a. Subsidiary Guaranteed Notes Turnover to First Lien Claimants	-	-	na	na	-	-	14
H6. General Unsecured Claims	-	-	na	na	-	-	14
H7. Pension Claims	446,123	223,061	0.0%	0.0%	-	-	14
H8. Intercompany Notes Payable	-	-	na	na	-	-	14
H9. Intercompany Claims - Prepetition	1	1	0.0%	0.0%	-	-	14
Total Unsecured Claims	\$ 948,142	\$ 725,081	0.0%	0.0%	\$ -	\$ -	
Total Admin, Priority, Unsecured Claims & Distributions	\$ 948,142	\$ 725,081	0.0%	0.0%	\$ -	\$ -	
Value Available for Equity Interests					\$ -	\$ -	15

I. TOTAL PROCEEDS AVAILABLE FOR DISTRIBUTION

	Net Book Value	Estimated Recovery (%)		Estimated Liquidation Value		See Note
		Lower	Higher	Lower	Higher	
A. STATEMENT OF ASSETS						
Cash and equivalents	\$ -	0%	0%	\$ -	\$ -	1
Accounts receivable	-	0%	0%	-	-	2
Other current assets	-	0%	0%	-	-	2
Inventory	-	0%	0%	-	-	2
Due from subsidiaries/affiliates	-	0%	0%	-	-	3
Property and equipment, net	-	0%	0%	-	-	2
Goodwill	-	0%	0%	-	-	4
Intangibles	-	0%	0%	-	-	4
Investments in subsidiaries	-	0%	0%	-	-	5
Restricted cash	-	0%	0%	-	-	4
Other assets	-	0%	0%	-	-	
STATEMENT OF ASSETS - CASINO SALE						
Casino	-	0%	0%	-	-	6
Interim cash flow	-	0%	0%	-	-	7
Total Assets / Gross Recovery	\$ -	0%	0%	\$ -	\$ -	
A1. ENCUMBERED COLLATERAL						
Cash and equivalents	\$ -	0%	0%	\$ -	\$ -	1
Accounts receivable	-	0%	0%	-	-	2
Other current assets	-	0%	0%	-	-	2
Inventory	-	0%	0%	-	-	2
Due from subsidiaries/affiliates	-	0%	0%	-	-	3
Property and equipment, net	-	0%	0%	-	-	2
Goodwill	-	0%	0%	-	-	4
Intangibles	-	0%	0%	-	-	4
Investments in subsidiaries	-	0%	0%	-	-	5
Restricted cash	-	0%	0%	-	-	4
Other assets	-	0%	0%	-	-	
Casino value and encumbered interim cash flow	-	0%	0%	-	-	6,7
Total Encumbered Collateral / Gross Recovery	\$ -	0%	0%	\$ -	\$ -	
A2. UNENCUMBERED ASSETS						
Cash and equivalents	\$ -	0%	0%	\$ -	\$ -	1
Accounts receivable	-	0%	0%	-	-	2
Other current assets	-	0%	0%	-	-	2
Inventory	-	0%	0%	-	-	2
Due from subsidiaries/affiliates	-	0%	0%	-	-	3
Property and equipment, net	-	0%	0%	-	-	2
Goodwill	-	0%	0%	-	-	4
Intangibles	-	0%	0%	-	-	4
Investments in subsidiaries	-	0%	0%	-	-	5
Restricted cash	-	0%	0%	-	-	4
Other assets	-	0%	0%	-	-	
Unencumbered interim cash flow	-	0%	0%	-	-	7
Total Unencumbered Assets / Gross Recovery	\$ -	0%	0%	\$ -	\$ -	
B. LITIGATION RECOVERIES						
B1. Encumbered Causes of Action				-	-	8
B2. Unencumbered Causes of Action, including Preferences				-	-	8
B3. Total Litigation Recoveries				\$ -	\$ -	
C. SUMMARY OF GROSS PROCEEDS						
C1. Encumbered Collateral Recovery (A1 + B1)				\$ -	\$ -	
C2. Unencumbered Assets Recovery (A2 + B2)				-	-	
C3. Total Gross Recovery Proceeds Available for Distribution				\$ -	\$ -	

II. ALLOCATION OF PROCEEDS FROM ENCUMBERED COLLATERAL AVAILABLE FOR DISTRIBUTION

	Estimated Allowed Claims		Estimated Recovery (%)		Estimated Recovery on Secured Claims		See Note
	Lower	Higher	Lower	Higher	Lower	Higher	
Encumbered Gross Collateral Proceeds Available					\$ -	\$ -	
A. LESS: Section 506(c) Surcharges	\$ -	\$ -			\$ -	\$ -	9
B. Carve-Out Allocation	-	-			-	-	10
Proceeds Available to Secured Claims					\$ -	\$ -	
SECURED CLAIMS							
C. PLUS: Proceeds From Subsidiary Guaranteed Notes Turnover					-	-	14
Proceeds Available to Satisfy First Lien Secured Claims					\$ -	\$ -	
D. First Lien Secured Claims							
D1. First Lien Bank Claims	\$ -	\$ -	na	na	-	-	11
D2. First Lien Bond Claims	-	-	na	na	-	-	11
D3. First Lien Swap Claims	-	-	na	na	-	-	11
D4. Other First Lien Secured Claims	-	-	na	na	-	-	11
Total First Lien Claims & Recovery	\$ -	\$ -	na	na	\$ -	\$ -	
Proceeds Available to Satisfy Second Lien Secured Claims					\$ -	\$ -	
E. Second Lien Bond Claims	\$ -	\$ -	na	na	-	-	11
Total Second Lien Claims & Recovery	\$ -	\$ -	na	na	\$ -	\$ -	
F. Other Secured Claims	-	-			\$ -	\$ -	11
Total Secured Claims and Distributions	\$ -	\$ -	0.0%	0.0%	\$ -	\$ -	
Proceeds Available from Encumbered Collateral to Satisfy Administrative, Priority and Unsecured Claims					\$ -	\$ -	
Secured Lender Deficiency Claims (General Unsecured Claim)	\$ -	\$ -					

III. ALLOCATION OF PROCEEDS AVAILABLE TO SATISFY ADMINISTRATIVE, PRIORITY AND UNSECURED CLAIMS

	Estimated Allowed Claims		Estimated Recovery (%)		Estimated Recovery on Administrative, Priority and Unsecured Claims		See Note
	Lower	Higher	Lower	Higher	Lower	Higher	
Proceeds Available from Unencumbered Assets					\$ -	\$ -	
Section 506(c) Surcharges					-	-	9
Proceeds Available from Encumbered Collateral					-	-	
Proceeds Available to Satisfy Administrative, Priority and Unsecured Claims					\$ -	\$ -	
A. LESS: Carve-Out Allocation	\$ -	\$ -	na	na	\$ -	\$ -	10
Proceeds Available for Administrative Claims					\$ -	\$ -	
ADMINISTRATIVE CLAIMS							
B. Subsidiaries' Superpriority Admin Claims against CEOC	\$ -	\$ -	na	na	\$ -	\$ -	12
C. Chapter 7 Administrative Claims	-	-	na	na	-	-	12
D. Chapter 11 Administrative Claims	-	-	na	na	-	-	12
Proceeds Available for Priority Claims					\$ -	\$ -	
PRIORITY CLAIMS							
E. Employee Priority Claims	\$ -	\$ -	na	na	\$ -	\$ -	13
F. Priority Tax Claims	-	-	na	na	-	-	13
G. Other Priority Claims	-	-	na	na	-	-	13
Proceeds Available for Unsecured Claims					\$ -	\$ -	
UNSECURED CLAIMS							
H1. First Lien Deficiency Claims	\$ -	\$ -	na	na	\$ -	\$ -	14
H2. Second Lien Deficiency Claims	-	-	na	na	-	-	14
H3. Other Secured Deficiency Claims	-	-	na	na	-	-	14
H4. Senior Unsecured Notes Claims	-	-	na	na	-	-	14
H5. Subsidiary Guaranteed Notes Claims	502,019	502,019	0.0%	0.0%	-	-	14
H5a. Subsidiary Guaranteed Notes Turnover to First Lien Claimants	-	-	na	na	-	-	14
H6. General Unsecured Claims	-	-	na	na	-	-	14
H7. Pension Claims	446,123	223,061	0.0%	0.0%	-	-	14
H8. Intercompany Notes Payable	-	-	na	na	-	-	14
H9. Intercompany Claims - Prepetition	2	2	0.0%	0.0%	-	-	14
Total Unsecured Claims	\$ 948,144	\$ 725,083	0.0%	0.0%	\$ -	\$ -	
Total Admin, Priority, Unsecured Claims & Distributions	\$ 948,144	\$ 725,083	0.0%	0.0%	\$ -	\$ -	
Value Available for Equity Interests					\$ -	\$ -	15

I. TOTAL PROCEEDS AVAILABLE FOR DISTRIBUTION

	Net Book Value	Estimated Recovery (%)		Estimated Liquidation Value		See Note
		Lower	Higher	Lower	Higher	
A. STATEMENT OF ASSETS						
Cash and equivalents	\$ -	0%	0%	\$ -	\$ -	1
Accounts receivable	-	0%	0%	-	-	2
Other current assets	-	0%	0%	-	-	2
Inventory	-	0%	0%	-	-	2
Due from subsidiaries/affiliates	-	0%	0%	-	-	3
Property and equipment, net	-	0%	0%	-	-	2
Goodwill	-	0%	0%	-	-	4
Intangibles	-	0%	0%	-	-	4
Investments in subsidiaries	-	0%	0%	-	-	5
Restricted cash	-	0%	0%	-	-	4
Other assets	-	0%	0%	-	-	
STATEMENT OF ASSETS - CASINO SALE						
Casino	-	0%	0%	-	-	6
Interim cash flow	-	0%	0%	-	-	7
Total Assets / Gross Recovery	\$ -	0%	0%	\$ -	\$ -	
A1. ENCUMBERED COLLATERAL						
Cash and equivalents	\$ -	0%	0%	\$ -	\$ -	1
Accounts receivable	-	0%	0%	-	-	2
Other current assets	-	0%	0%	-	-	2
Inventory	-	0%	0%	-	-	2
Due from subsidiaries/affiliates	-	0%	0%	-	-	3
Property and equipment, net	-	0%	0%	-	-	2
Goodwill	-	0%	0%	-	-	4
Intangibles	-	0%	0%	-	-	4
Investments in subsidiaries	-	0%	0%	-	-	5
Restricted cash	-	0%	0%	-	-	4
Other assets	-	0%	0%	-	-	
Casino value and encumbered interim cash flow	-	0%	0%	-	-	6,7
Total Encumbered Collateral / Gross Recovery	\$ -	0%	0%	\$ -	\$ -	
A2. UNENCUMBERED ASSETS						
Cash and equivalents	\$ -	0%	0%	\$ -	\$ -	1
Accounts receivable	-	0%	0%	-	-	2
Other current assets	-	0%	0%	-	-	2
Inventory	-	0%	0%	-	-	2
Due from subsidiaries/affiliates	-	0%	0%	-	-	3
Property and equipment, net	-	0%	0%	-	-	2
Goodwill	-	0%	0%	-	-	4
Intangibles	-	0%	0%	-	-	4
Investments in subsidiaries	-	0%	0%	-	-	5
Restricted cash	-	0%	0%	-	-	4
Other assets	-	0%	0%	-	-	
Unencumbered interim cash flow	-	0%	0%	-	-	7
Total Unencumbered Assets / Gross Recovery	\$ -	0%	0%	\$ -	\$ -	
B. LITIGATION RECOVERIES						
B1. Encumbered Causes of Action				-	-	8
B2. Unencumbered Causes of Action, including Preferences				-	-	8
B3. Total Litigation Recoveries				\$ -	\$ -	
C. SUMMARY OF GROSS PROCEEDS						
C1. Encumbered Collateral Recovery (A1 + B1)				\$ -	\$ -	
C2. Unencumbered Assets Recovery (A2 + B2)				-	-	
C3. Total Gross Recovery Proceeds Available for Distribution				\$ -	\$ -	

II. ALLOCATION OF PROCEEDS FROM ENCUMBERED COLLATERAL AVAILABLE FOR DISTRIBUTION

	Estimated Allowed Claims		Estimated Recovery (%)		Estimated Recovery on Secured Claims		See Note
	Lower	Higher	Lower	Higher	Lower	Higher	
Encumbered Gross Collateral Proceeds Available					\$ -	\$ -	
A. LESS: Section 506(c) Surcharges	\$ -	\$ -			\$ -	\$ -	9
B. Carve-Out Allocation	-	-			-	-	10
Proceeds Available to Secured Claims					\$ -	\$ -	
SECURED CLAIMS							
C. PLUS: Proceeds From Subsidiary Guaranteed Notes Turnover					-	-	14
Proceeds Available to Satisfy First Lien Secured Claims					\$ -	\$ -	
D. First Lien Secured Claims							
D1. First Lien Bank Claims	\$ -	\$ -	na	na	-	-	11
D2. First Lien Bond Claims	-	-	na	na	-	-	11
D3. First Lien Swap Claims	-	-	na	na	-	-	11
D4. Other First Lien Secured Claims	-	-	na	na	-	-	11
Total First Lien Claims & Recovery	\$ -	\$ -	na	na	\$ -	\$ -	
Proceeds Available to Satisfy Second Lien Secured Claims					\$ -	\$ -	
E. Second Lien Bond Claims	\$ -	\$ -	na	na	-	-	11
Total Second Lien Claims & Recovery	\$ -	\$ -	na	na	\$ -	\$ -	
F. Other Secured Claims	-	-			\$ -	\$ -	11
Total Secured Claims and Distributions	\$ -	\$ -	0.0%	0.0%	\$ -	\$ -	
Proceeds Available from Encumbered Collateral to Satisfy Administrative, Priority and Unsecured Claims					\$ -	\$ -	
Secured Lender Deficiency Claims (General Unsecured Claim)	\$ -	\$ -					

III. ALLOCATION OF PROCEEDS AVAILABLE TO SATISFY ADMINISTRATIVE, PRIORITY AND UNSECURED CLAIMS

	Estimated Allowed Claims		Estimated Recovery (%)		Estimated Recovery on Administrative, Priority and Unsecured Claims		See Note
	Lower	Higher	Lower	Higher	Lower	Higher	
Proceeds Available from Unencumbered Assets					\$ -	\$ -	
Section 506(c) Surcharges					-	-	9
Proceeds Available from Encumbered Collateral					-	-	
Proceeds Available to Satisfy Administrative, Priority and Unsecured Claims					\$ -	\$ -	
A. LESS: Carve-Out Allocation	\$ -	\$ -	na	na	\$ -	\$ -	10
Proceeds Available for Administrative Claims					\$ -	\$ -	
ADMINISTRATIVE CLAIMS							
B. Subsidiaries' Superpriority Admin Claims against CEOC	\$ -	\$ -	na	na	\$ -	\$ -	12
C. Chapter 7 Administrative Claims	-	-	na	na	-	-	12
D. Chapter 11 Administrative Claims	-	-	na	na	-	-	12
Proceeds Available for Priority Claims					\$ -	\$ -	
PRIORITY CLAIMS							
E. Employee Priority Claims	\$ -	\$ -	na	na	\$ -	\$ -	13
F. Priority Tax Claims	-	-	na	na	-	-	13
G. Other Priority Claims	-	-	na	na	-	-	13
Proceeds Available for Unsecured Claims					\$ -	\$ -	
UNSECURED CLAIMS							
H1. First Lien Deficiency Claims	\$ -	\$ -	na	na	\$ -	\$ -	14
H2. Second Lien Deficiency Claims	-	-	na	na	-	-	14
H3. Other Secured Deficiency Claims	-	-	na	na	-	-	14
H4. Senior Unsecured Notes Claims	-	-	na	na	-	-	14
H5. Subsidiary Guaranteed Notes Claims	502,019	502,019	0.0%	0.0%	-	-	14
H5a. Subsidiary Guaranteed Notes Turnover to First Lien Claimants	-	-	na	na	-	-	14
H6. General Unsecured Claims	-	-	na	na	-	-	14
H7. Pension Claims	446,123	223,061	0.0%	0.0%	-	-	14
H8. Intercompany Notes Payable	196,000	196,000	0.0%	0.0%	-	-	14
H9. Intercompany Claims - Prepetition	0	0	0.0%	0.0%	-	-	14
Total Unsecured Claims	\$ 1,144,142	\$ 921,081	0.0%	0.0%	\$ -	\$ -	
Total Admin, Priority, Unsecured Claims & Distributions	\$ 1,144,142	\$ 921,081	0.0%	0.0%	\$ -	\$ -	
Value Available for Equity Interests					\$ -	\$ -	15

I. TOTAL PROCEEDS AVAILABLE FOR DISTRIBUTION

	Net Book Value	Estimated Recovery (%)		Estimated Liquidation Value		See Note
		Lower	Higher	Lower	Higher	
A. STATEMENT OF ASSETS						
Cash and equivalents	\$ -	0%	0%	\$ -	\$ -	1
Accounts receivable	-	0%	0%	-	-	2
Other current assets	-	0%	0%	-	-	2
Inventory	-	0%	0%	-	-	2
Due from subsidiaries/affiliates	-	0%	0%	-	-	3
Property and equipment, net	-	0%	0%	-	-	2
Goodwill	-	0%	0%	-	-	4
Intangibles	-	0%	0%	-	-	4
Investments in subsidiaries	-	0%	0%	-	-	5
Restricted cash	-	0%	0%	-	-	4
Other assets	-	0%	0%	-	-	
STATEMENT OF ASSETS - CASINO SALE						
Casino	-	0%	0%	-	-	6
Interim cash flow	-	0%	0%	-	-	7
Total Assets / Gross Recovery	\$ -	0%	0%	\$ -	\$ -	
A1. ENCUMBERED COLLATERAL						
Cash and equivalents	\$ -	0%	0%	\$ -	\$ -	1
Accounts receivable	-	0%	0%	-	-	2
Other current assets	-	0%	0%	-	-	2
Inventory	-	0%	0%	-	-	2
Due from subsidiaries/affiliates	-	0%	0%	-	-	3
Property and equipment, net	-	0%	0%	-	-	2
Goodwill	-	0%	0%	-	-	4
Intangibles	-	0%	0%	-	-	4
Investments in subsidiaries	-	0%	0%	-	-	5
Restricted cash	-	0%	0%	-	-	4
Other assets	-	0%	0%	-	-	
Casino value and encumbered interim cash flow	-	0%	0%	-	-	6,7
Total Encumbered Collateral / Gross Recovery	\$ -	0%	0%	\$ -	\$ -	
A2. UNENCUMBERED ASSETS						
Cash and equivalents	\$ -	0%	0%	\$ -	\$ -	1
Accounts receivable	-	0%	0%	-	-	2
Other current assets	-	0%	0%	-	-	2
Inventory	-	0%	0%	-	-	2
Due from subsidiaries/affiliates	-	0%	0%	-	-	3
Property and equipment, net	-	0%	0%	-	-	2
Goodwill	-	0%	0%	-	-	4
Intangibles	-	0%	0%	-	-	4
Investments in subsidiaries	-	0%	0%	-	-	5
Restricted cash	-	0%	0%	-	-	4
Other assets	-	0%	0%	-	-	
Unencumbered interim cash flow	-	0%	0%	-	-	7
Total Unencumbered Assets / Gross Recovery	\$ -	0%	0%	\$ -	\$ -	
B. LITIGATION RECOVERIES						
B1. Encumbered Causes of Action				-	-	8
B2. Unencumbered Causes of Action, including Preferences				-	-	8
B3. Total Litigation Recoveries				\$ -	\$ -	
C. SUMMARY OF GROSS PROCEEDS						
C1. Encumbered Collateral Recovery (A1 + B1)				\$ -	\$ -	
C2. Unencumbered Assets Recovery (A2 + B2)				-	-	
C3. Total Gross Recovery Proceeds Available for Distribution				\$ -	\$ -	

II. ALLOCATION OF PROCEEDS FROM ENCUMBERED COLLATERAL AVAILABLE FOR DISTRIBUTION

	Estimated Allowed Claims		Estimated Recovery (%)		Estimated Recovery on Secured Claims		See Note
	Lower	Higher	Lower	Higher	Lower	Higher	
Encumbered Gross Collateral Proceeds Available					\$ -	\$ -	
A. LESS: Section 506(c) Surcharges	\$ -	\$ -			\$ -	\$ -	9
B. Carve-Out Allocation	-	-			-	-	10
Proceeds Available to Secured Claims					\$ -	\$ -	
SECURED CLAIMS							
C. PLUS: Proceeds From Subsidiary Guaranteed Notes Turnover					-	-	14
Proceeds Available to Satisfy First Lien Secured Claims					\$ -	\$ -	
D. First Lien Secured Claims							
D1. First Lien Bank Claims	\$ -	\$ -	na	na	-	-	11
D2. First Lien Bond Claims	-	-	na	na	-	-	11
D3. First Lien Swap Claims	-	-	na	na	-	-	11
D4. Other First Lien Secured Claims	-	-	na	na	-	-	11
Total First Lien Claims & Recovery	\$ -	\$ -	na	na	\$ -	\$ -	
Proceeds Available to Satisfy Second Lien Secured Claims					\$ -	\$ -	
E. Second Lien Bond Claims	\$ -	\$ -	na	na	-	-	11
Total Second Lien Claims & Recovery	\$ -	\$ -	na	na	\$ -	\$ -	
F. Other Secured Claims	-	-			\$ -	\$ -	11
Total Secured Claims and Distributions	\$ -	\$ -	0.0%	0.0%	\$ -	\$ -	
Proceeds Available from Encumbered Collateral to Satisfy Administrative, Priority and Unsecured Claims					\$ -	\$ -	
Secured Lender Deficiency Claims (General Unsecured Claim)	\$ -	\$ -					

III. ALLOCATION OF PROCEEDS AVAILABLE TO SATISFY ADMINISTRATIVE, PRIORITY AND UNSECURED CLAIMS

	Estimated Allowed Claims		Estimated Recovery (%)		Estimated Recovery on Administrative, Priority and Unsecured Claims		See Note
	Lower	Higher	Lower	Higher	Lower	Higher	
Proceeds Available from Unencumbered Assets					\$ -	\$ -	
Section 506(c) Surcharges					-	-	9
Proceeds Available from Encumbered Collateral					-	-	
Proceeds Available to Satisfy Administrative, Priority and Unsecured Claims					\$ -	\$ -	
A. LESS: Carve-Out Allocation	\$ -	\$ -	na	na	\$ -	\$ -	10
Proceeds Available for Administrative Claims					\$ -	\$ -	
ADMINISTRATIVE CLAIMS							
B. Subsidiaries' Superpriority Admin Claims against CEOC	\$ -	\$ -	na	na	\$ -	\$ -	12
C. Chapter 7 Administrative Claims	-	-	na	na	-	-	12
D. Chapter 11 Administrative Claims	-	-	na	na	-	-	12
Proceeds Available for Priority Claims					\$ -	\$ -	
PRIORITY CLAIMS							
E. Employee Priority Claims	\$ -	\$ -	na	na	\$ -	\$ -	13
F. Priority Tax Claims	-	-	na	na	-	-	13
G. Other Priority Claims	-	-	na	na	-	-	13
Proceeds Available for Unsecured Claims					\$ -	\$ -	
UNSECURED CLAIMS							
H1. First Lien Deficiency Claims	\$ -	\$ -	na	na	\$ -	\$ -	14
H2. Second Lien Deficiency Claims	-	-	na	na	-	-	14
H3. Other Secured Deficiency Claims	-	-	na	na	-	-	14
H4. Senior Unsecured Notes Claims	-	-	na	na	-	-	14
H5. Subsidiary Guaranteed Notes Claims	502,019	502,019	0.0%	0.0%	-	-	14
H5a. Subsidiary Guaranteed Notes Turnover to First Lien Claimants	-	-	na	na	-	-	14
H6. General Unsecured Claims	-	-	na	na	-	-	14
H7. Pension Claims	446,123	223,061	0.0%	0.0%	-	-	14
H8. Intercompany Notes Payable	-	-	na	na	-	-	14
H9. Intercompany Claims - Prepetition	-	-	na	na	-	-	14
Total Unsecured Claims	\$ 948,142	\$ 725,081	0.0%	0.0%	\$ -	\$ -	
Total Admin, Priority, Unsecured Claims & Distributions	\$ 948,142	\$ 725,081	0.0%	0.0%	\$ -	\$ -	
Value Available for Equity Interests					\$ -	\$ -	15

I. TOTAL PROCEEDS AVAILABLE FOR DISTRIBUTION

	Net Book Value	Estimated Recovery (%)		Estimated Liquidation Value		See Note
		Lower	Higher	Lower	Higher	
A. STATEMENT OF ASSETS						
Cash and equivalents	\$ -	0%	0%	\$ -	\$ -	1
Accounts receivable	-	0%	0%	-	-	2
Other current assets	-	0%	0%	-	-	2
Inventory	-	0%	0%	-	-	2
Due from subsidiaries/affiliates	-	0%	0%	-	-	3
Property and equipment, net	-	0%	0%	-	-	2
Goodwill	-	0%	0%	-	-	4
Intangibles	-	0%	0%	-	-	4
Investments in subsidiaries	-	0%	0%	-	29,990	5
Restricted cash	-	0%	0%	-	-	4
Other assets	-	0%	0%	-	-	
STATEMENT OF ASSETS - CASINO SALE						
Casino	-	0%	0%	-	-	6
Interim cash flow	-	0%	0%	-	-	7
Total Assets / Gross Recovery	\$ -	0%	0%	\$ -	\$ 29,990	
A1. ENCUMBERED COLLATERAL						
Cash and equivalents	\$ -	0%	0%	\$ -	\$ -	1
Accounts receivable	-	0%	0%	-	-	2
Other current assets	-	0%	0%	-	-	2
Inventory	-	0%	0%	-	-	2
Due from subsidiaries/affiliates	-	0%	0%	-	-	3
Property and equipment, net	-	0%	0%	-	-	2
Goodwill	-	0%	0%	-	-	4
Intangibles	-	0%	0%	-	-	4
Investments in subsidiaries	-	0%	0%	-	29,990	5
Restricted cash	-	0%	0%	-	-	4
Other assets	-	0%	0%	-	-	
Casino value and encumbered interim cash flow	-	0%	0%	-	-	6,7
Total Encumbered Collateral / Gross Recovery	\$ -	0%	0%	\$ -	\$ 29,990	
A2. UNENCUMBERED ASSETS						
Cash and equivalents	\$ -	0%	0%	\$ -	\$ -	1
Accounts receivable	-	0%	0%	-	-	2
Other current assets	-	0%	0%	-	-	2
Inventory	-	0%	0%	-	-	2
Due from subsidiaries/affiliates	-	0%	0%	-	-	3
Property and equipment, net	-	0%	0%	-	-	2
Goodwill	-	0%	0%	-	-	4
Intangibles	-	0%	0%	-	-	4
Investments in subsidiaries	-	0%	0%	-	-	5
Restricted cash	-	0%	0%	-	-	4
Other assets	-	0%	0%	-	-	
Unencumbered interim cash flow	-	0%	0%	-	-	7
Total Unencumbered Assets / Gross Recovery	\$ -	0%	0%	\$ -	\$ -	
B. LITIGATION RECOVERIES						
B1. Encumbered Causes of Action				-	-	8
B2. Unencumbered Causes of Action, including Preferences				-	-	8
B3. Total Litigation Recoveries				\$ -	\$ -	
C. SUMMARY OF GROSS PROCEEDS						
C1. Encumbered Collateral Recovery (A1 + B1)				\$ -	\$ 29,990	
C2. Unencumbered Assets Recovery (A2 + B2)				-	-	
C3. Total Gross Recovery Proceeds Available for Distribution				\$ -	\$ 29,990	

II. ALLOCATION OF PROCEEDS FROM ENCUMBERED COLLATERAL AVAILABLE FOR DISTRIBUTION

	Estimated Allowed Claims		Estimated Recovery (%)		Estimated Recovery on Secured Claims		See Note
	Lower	Higher	Lower	Higher	Lower	Higher	
Encumbered Gross Collateral Proceeds Available					\$ -	\$ 29,990	
A. LESS: Section 506(c) Surcharges	\$ -	\$ -			\$ -	\$ -	9
B. Carve-Out Allocation	-	-			-	-	10
Proceeds Available to Secured Claims					\$ -	\$ 29,990	
SECURED CLAIMS							
C. PLUS: Proceeds From Subsidiary Guaranteed Notes Turnover					-	-	14
Proceeds Available to Satisfy First Lien Secured Claims					\$ -	\$ 29,990	
D. First Lien Secured Claims							
D1. First Lien Bank Claims	\$ -	\$ 13,317	na	100.0%	-	13,317	11
D2. First Lien Bond Claims	-	16,565	na	100.0%	-	16,565	11
D3. First Lien Swap Claims	-	108	na	100.0%	-	108	11
D4. Other First Lien Secured Claims	-	-	na	na	-	-	11
Total First Lien Claims & Recovery	\$ -	\$ 29,990	na	100.0%	\$ -	\$ 29,990	
Proceeds Available to Satisfy Second Lien Secured Claims					\$ -	\$ -	
E. Second Lien Bond Claims	\$ -	\$ -	na	na	-	-	11
Total Second Lien Claims & Recovery	\$ -	\$ -	na	na	\$ -	\$ -	
F. Other Secured Claims	-	-			\$ -	\$ -	11
Total Secured Claims and Distributions	\$ -	\$ 29,990	0.0%	100.0%	\$ -	\$ 29,990	
Proceeds Available from Encumbered Collateral to Satisfy Administrative, Priority and Unsecured Claims					\$ -	\$ -	
Secured Lender Deficiency Claims (General Unsecured Claim)	\$ -	\$ -					

III. ALLOCATION OF PROCEEDS AVAILABLE TO SATISFY ADMINISTRATIVE, PRIORITY AND UNSECURED CLAIMS

	Estimated Allowed Claims		Estimated Recovery (%)		Estimated Recovery on Administrative, Priority and Unsecured Claims		See Note
	Lower	Higher	Lower	Higher	Lower	Higher	
Proceeds Available from Unencumbered Assets					\$ -	\$ -	
Section 506(c) Surcharges					-	-	9
Proceeds Available from Encumbered Collateral					-	-	
Proceeds Available to Satisfy Administrative, Priority and Unsecured Claims					\$ -	\$ -	
A. LESS: Carve-Out Allocation	\$ -	\$ -	na	na	\$ -	\$ -	10
Proceeds Available for Administrative Claims					\$ -	\$ -	
ADMINISTRATIVE CLAIMS							
B. Subsidiaries' Superpriority Admin Claims against CEOC	\$ -	\$ -	na	na	\$ -	\$ -	12
C. Chapter 7 Administrative Claims	-	-	na	na	-	-	12
D. Chapter 11 Administrative Claims	-	-	na	na	-	-	12
Proceeds Available for Priority Claims					\$ -	\$ -	
PRIORITY CLAIMS							
E. Employee Priority Claims	\$ -	\$ -	na	na	\$ -	\$ -	13
F. Priority Tax Claims	-	-	na	na	-	-	13
G. Other Priority Claims	-	-	na	na	-	-	13
Proceeds Available for Unsecured Claims					\$ -	\$ -	
UNSECURED CLAIMS							
H1. First Lien Deficiency Claims	\$ -	\$ -	na	na	\$ -	\$ -	14
H2. Second Lien Deficiency Claims	-	-	na	na	-	-	14
H3. Other Secured Deficiency Claims	-	-	na	na	-	-	14
H4. Senior Unsecured Notes Claims	-	-	na	na	-	-	14
H5. Subsidiary Guaranteed Notes Claims	502,019	502,019	0.0%	0.0%	-	-	14
H5a. Subsidiary Guaranteed Notes Turnover to First Lien Claimants	-	-	na	na	-	-	14
H6. General Unsecured Claims	-	-	na	na	-	-	14
H7. Pension Claims	446,123	223,061	0.0%	0.0%	-	-	14
H8. Intercompany Notes Payable	-	-	na	na	-	-	14
H9. Intercompany Claims - Prepetition	1	1	0.0%	0.0%	-	-	14
Total Unsecured Claims	\$ 948,143	\$ 725,082	0.0%	0.0%	\$ -	\$ -	
Total Admin, Priority, Unsecured Claims & Distributions	\$ 948,143	\$ 725,082	0.0%	0.0%	\$ -	\$ -	
Value Available for Equity Interests					\$ -	\$ -	15

I. TOTAL PROCEEDS AVAILABLE FOR DISTRIBUTION

	Net Book Value	Estimated Recovery (%)		Estimated Liquidation Value		See Note
		Lower	Higher	Lower	Higher	
A. STATEMENT OF ASSETS						
Cash and equivalents	\$ -	0%	0%	\$ -	\$ -	1
Accounts receivable	-	0%	0%	-	-	2
Other current assets	-	0%	0%	-	-	2
Inventory	-	0%	0%	-	-	2
Due from subsidiaries/affiliates	-	0%	0%	-	-	3
Property and equipment, net	-	0%	0%	-	-	2
Goodwill	-	0%	0%	-	-	4
Intangibles	-	0%	0%	-	-	4
Investments in subsidiaries	-	0%	0%	-	-	5
Restricted cash	-	0%	0%	-	-	4
Other assets	-	0%	0%	-	-	
STATEMENT OF ASSETS - CASINO SALE						
Casino	-	0%	0%	-	-	6
Interim cash flow	-	0%	0%	-	-	7
Total Assets / Gross Recovery	\$ -	0%	0%	\$ -	\$ -	
A1. ENCUMBERED COLLATERAL						
Cash and equivalents	\$ -	0%	0%	\$ -	\$ -	1
Accounts receivable	-	0%	0%	-	-	2
Other current assets	-	0%	0%	-	-	2
Inventory	-	0%	0%	-	-	2
Due from subsidiaries/affiliates	-	0%	0%	-	-	3
Property and equipment, net	-	0%	0%	-	-	2
Goodwill	-	0%	0%	-	-	4
Intangibles	-	0%	0%	-	-	4
Investments in subsidiaries	-	0%	0%	-	-	5
Restricted cash	-	0%	0%	-	-	4
Other assets	-	0%	0%	-	-	
Casino value and encumbered interim cash flow	-	0%	0%	-	-	6,7
Total Encumbered Collateral / Gross Recovery	\$ -	0%	0%	\$ -	\$ -	
A2. UNENCUMBERED ASSETS						
Cash and equivalents	\$ -	0%	0%	\$ -	\$ -	1
Accounts receivable	-	0%	0%	-	-	2
Other current assets	-	0%	0%	-	-	2
Inventory	-	0%	0%	-	-	2
Due from subsidiaries/affiliates	-	0%	0%	-	-	3
Property and equipment, net	-	0%	0%	-	-	2
Goodwill	-	0%	0%	-	-	4
Intangibles	-	0%	0%	-	-	4
Investments in subsidiaries	-	0%	0%	-	-	5
Restricted cash	-	0%	0%	-	-	4
Other assets	-	0%	0%	-	-	
Unencumbered interim cash flow	-	0%	0%	-	-	7
Total Unencumbered Assets / Gross Recovery	\$ -	0%	0%	\$ -	\$ -	
B. LITIGATION RECOVERIES						
B1. Encumbered Causes of Action	-	-	-	-	-	8
B2. Unencumbered Causes of Action, including Preferences	-	-	-	-	-	8
B3. Total Litigation Recoveries	\$ -			\$ -	\$ -	
C. SUMMARY OF GROSS PROCEEDS						
C1. Encumbered Collateral Recovery (A1 + B1)	-	-	-	\$ -	\$ -	
C2. Unencumbered Assets Recovery (A2 + B2)	-	-	-	-	-	
C3. Total Gross Recovery Proceeds Available for Distribution	\$ -			\$ -	\$ -	

II. ALLOCATION OF PROCEEDS FROM ENCUMBERED COLLATERAL AVAILABLE FOR DISTRIBUTION

	Estimated Allowed Claims		Estimated Recovery (%)		Estimated Recovery on Secured Claims		See Note
	Lower	Higher	Lower	Higher	Lower	Higher	
Encumbered Gross Collateral Proceeds Available					\$ -	\$ -	
A. LESS: Section 506(c) Surcharges	\$ -	\$ -			\$ -	\$ -	9
B. Carve-Out Allocation	-	-			-	-	10
Proceeds Available to Secured Claims					<u>\$ -</u>	<u>\$ -</u>	
SECURED CLAIMS							
C. PLUS: Proceeds From Subsidiary Guaranteed Notes Turnover					-	-	14
Proceeds Available to Satisfy First Lien Secured Claims					<u>\$ -</u>	<u>\$ -</u>	
D. First Lien Secured Claims							
D1. First Lien Bank Claims	\$ -	\$ -	na	na	-	-	11
D2. First Lien Bond Claims	-	-	na	na	-	-	11
D3. First Lien Swap Claims	-	-	na	na	-	-	11
D4. Other First Lien Secured Claims	-	-	na	na	-	-	11
Total First Lien Claims & Recovery	<u>\$ -</u>	<u>\$ -</u>	na	na	<u>\$ -</u>	<u>\$ -</u>	
Proceeds Available to Satisfy Second Lien Secured Claims					<u>\$ -</u>	<u>\$ -</u>	
E. Second Lien Bond Claims	\$ -	\$ -	na	na	-	-	11
Total Second Lien Claims & Recovery	<u>\$ -</u>	<u>\$ -</u>	na	na	<u>\$ -</u>	<u>\$ -</u>	
F. Other Secured Claims	-	-			\$ -	\$ -	11
Total Secured Claims and Distributions	<u>\$ -</u>	<u>\$ -</u>	0.0%	0.0%	<u>\$ -</u>	<u>\$ -</u>	
Proceeds Available from Encumbered Collateral to Satisfy Administrative, Priority and Unsecured Claims					<u><u>\$ -</u></u>	<u><u>\$ -</u></u>	
Secured Lender Deficiency Claims (General Unsecured Claim)	<u><u>\$ -</u></u>	<u><u>\$ -</u></u>					

III. ALLOCATION OF PROCEEDS AVAILABLE TO SATISFY ADMINISTRATIVE, PRIORITY AND UNSECURED CLAIMS

	Estimated Allowed Claims		Estimated Recovery (%)		Estimated Recovery on Administrative, Priority and Unsecured Claims		See Note
	Lower	Higher	Lower	Higher	Lower	Higher	
Proceeds Available from Unencumbered Assets					\$ -	\$ -	
Section 506(c) Surcharges					-	-	9
Proceeds Available from Encumbered Collateral					-	-	
Proceeds Available to Satisfy Administrative, Priority and Unsecured Claims					\$ -	\$ -	
A. LESS: Carve-Out Allocation	\$ -	\$ -	na	na	\$ -	\$ -	10
Proceeds Available for Administrative Claims					\$ -	\$ -	
ADMINISTRATIVE CLAIMS							
B. Subsidiaries' Superpriority Admin Claims against CEOC	\$ -	\$ -	na	na	\$ -	\$ -	12
C. Chapter 7 Administrative Claims	-	-	na	na	-	-	12
D. Chapter 11 Administrative Claims	-	-	na	na	-	-	12
Proceeds Available for Priority Claims					\$ -	\$ -	
PRIORITY CLAIMS							
E. Employee Priority Claims	\$ -	\$ -	na	na	\$ -	\$ -	13
F. Priority Tax Claims	-	-	na	na	-	-	13
G. Other Priority Claims	-	-	na	na	-	-	13
Proceeds Available for Unsecured Claims					\$ -	\$ -	
UNSECURED CLAIMS							
H1. First Lien Deficiency Claims	\$ -	\$ -	na	na	\$ -	\$ -	14
H2. Second Lien Deficiency Claims	-	-	na	na	-	-	14
H3. Other Secured Deficiency Claims	-	-	na	na	-	-	14
H4. Senior Unsecured Notes Claims	-	-	na	na	-	-	14
H5. Subsidiary Guaranteed Notes Claims	502,019	502,019	0.0%	0.0%	-	-	14
H5a. Subsidiary Guaranteed Notes Turnover to First Lien Claimants	-	-	na	na	-	-	14
H6. General Unsecured Claims	-	-	na	na	-	-	14
H7. Pension Claims	446,123	223,061	0.0%	0.0%	-	-	14
H8. Intercompany Notes Payable	-	-	na	na	-	-	14
H9. Intercompany Claims - Prepetition	-	-	na	na	-	-	14
Total Unsecured Claims	\$ 948,142	\$ 725,081	0.0%	0.0%	\$ -	\$ -	
Total Admin, Priority, Unsecured Claims & Distributions	\$ 948,142	\$ 725,081	0.0%	0.0%	\$ -	\$ -	
Value Available for Equity Interests					\$ -	\$ -	15

I. TOTAL PROCEEDS AVAILABLE FOR DISTRIBUTION

	Net Book Value	Estimated Recovery (%)		Estimated Liquidation Value		See Note
		Lower	Higher	Lower	Higher	
A. STATEMENT OF ASSETS						
Cash and equivalents	\$ -	0%	0%	\$ -	\$ -	1
Accounts receivable	-	0%	0%	-	-	2
Other current assets	-	0%	0%	-	-	2
Inventory	-	0%	0%	-	-	2
Due from subsidiaries/affiliates	-	0%	0%	-	-	3
Property and equipment, net	-	0%	0%	-	-	2
Goodwill	-	0%	0%	-	-	4
Intangibles	-	0%	0%	-	-	4
Investments in subsidiaries	-	0%	0%	-	-	5
Restricted cash	-	0%	0%	-	-	4
Other assets	-	0%	0%	-	-	
STATEMENT OF ASSETS - CASINO SALE						
Casino	-	0%	0%	-	-	6
Interim cash flow	-	0%	0%	-	-	7
Total Assets / Gross Recovery	\$ -	0%	0%	\$ -	\$ -	
A1. ENCUMBERED COLLATERAL						
Cash and equivalents	\$ -	0%	0%	\$ -	\$ -	1
Accounts receivable	-	0%	0%	-	-	2
Other current assets	-	0%	0%	-	-	2
Inventory	-	0%	0%	-	-	2
Due from subsidiaries/affiliates	-	0%	0%	-	-	3
Property and equipment, net	-	0%	0%	-	-	2
Goodwill	-	0%	0%	-	-	4
Intangibles	-	0%	0%	-	-	4
Investments in subsidiaries	-	0%	0%	-	-	5
Restricted cash	-	0%	0%	-	-	4
Other assets	-	0%	0%	-	-	
Casino value and encumbered interim cash flow	-	0%	0%	-	-	6,7
Total Encumbered Collateral / Gross Recovery	\$ -	0%	0%	\$ -	\$ -	
A2. UNENCUMBERED ASSETS						
Cash and equivalents	\$ -	0%	0%	\$ -	\$ -	1
Accounts receivable	-	0%	0%	-	-	2
Other current assets	-	0%	0%	-	-	2
Inventory	-	0%	0%	-	-	2
Due from subsidiaries/affiliates	-	0%	0%	-	-	3
Property and equipment, net	-	0%	0%	-	-	2
Goodwill	-	0%	0%	-	-	4
Intangibles	-	0%	0%	-	-	4
Investments in subsidiaries	-	0%	0%	-	-	5
Restricted cash	-	0%	0%	-	-	4
Other assets	-	0%	0%	-	-	
Unencumbered interim cash flow	-	0%	0%	-	-	7
Total Unencumbered Assets / Gross Recovery	\$ -	0%	0%	\$ -	\$ -	
B. LITIGATION RECOVERIES						
B1. Encumbered Causes of Action				-	-	8
B2. Unencumbered Causes of Action, including Preferences				-	-	8
B3. Total Litigation Recoveries				\$ -	\$ -	
C. SUMMARY OF GROSS PROCEEDS						
C1. Encumbered Collateral Recovery (A1 + B1)				\$ -	\$ -	
C2. Unencumbered Assets Recovery (A2 + B2)				-	-	
C3. Total Gross Recovery Proceeds Available for Distribution				\$ -	\$ -	

II. ALLOCATION OF PROCEEDS FROM ENCUMBERED COLLATERAL AVAILABLE FOR DISTRIBUTION

	Estimated Allowed Claims		Estimated Recovery (%)		Estimated Recovery on Secured Claims		See Note
	Lower	Higher	Lower	Higher	Lower	Higher	
Encumbered Gross Collateral Proceeds Available					\$ -	\$ -	
A. LESS: Section 506(c) Surcharges	\$ -	\$ -			\$ -	\$ -	9
B. Carve-Out Allocation	-	-			-	-	10
Proceeds Available to Secured Claims					\$ -	\$ -	
SECURED CLAIMS							
C. PLUS: Proceeds From Subsidiary Guaranteed Notes Turnover					-	-	14
Proceeds Available to Satisfy First Lien Secured Claims					\$ -	\$ -	
D. First Lien Secured Claims							
D1. First Lien Bank Claims	\$ -	\$ -	na	na	-	-	11
D2. First Lien Bond Claims	-	-	na	na	-	-	11
D3. First Lien Swap Claims	-	-	na	na	-	-	11
D4. Other First Lien Secured Claims	-	-	na	na	-	-	11
Total First Lien Claims & Recovery	\$ -	\$ -	na	na	\$ -	\$ -	
Proceeds Available to Satisfy Second Lien Secured Claims					\$ -	\$ -	
E. Second Lien Bond Claims	\$ -	\$ -	na	na	-	-	11
Total Second Lien Claims & Recovery	\$ -	\$ -	na	na	\$ -	\$ -	
F. Other Secured Claims	-	-			\$ -	\$ -	11
Total Secured Claims and Distributions	\$ -	\$ -	0.0%	0.0%	\$ -	\$ -	
Proceeds Available from Encumbered Collateral to Satisfy Administrative, Priority and Unsecured Claims					\$ -	\$ -	
Secured Lender Deficiency Claims (General Unsecured Claim)	\$ -	\$ -					

III. ALLOCATION OF PROCEEDS AVAILABLE TO SATISFY ADMINISTRATIVE, PRIORITY AND UNSECURED CLAIMS

	Estimated Allowed Claims		Estimated Recovery (%)		Estimated Recovery on Administrative, Priority and Unsecured Claims		See Note
	Lower	Higher	Lower	Higher	Lower	Higher	
Proceeds Available from Unencumbered Assets					\$ -	\$ -	
Section 506(c) Surcharges					-	-	9
Proceeds Available from Encumbered Collateral					-	-	
Proceeds Available to Satisfy Administrative, Priority and Unsecured Claims					\$ -	\$ -	
A. LESS: Carve-Out Allocation	\$ -	\$ -	na	na	\$ -	\$ -	10
Proceeds Available for Administrative Claims					\$ -	\$ -	
ADMINISTRATIVE CLAIMS							
B. Subsidiaries' Superpriority Admin Claims against CEOC	\$ -	\$ -	na	na	\$ -	\$ -	12
C. Chapter 7 Administrative Claims	-	-	na	na	-	-	12
D. Chapter 11 Administrative Claims	-	-	na	na	-	-	12
Proceeds Available for Priority Claims					\$ -	\$ -	
PRIORITY CLAIMS							
E. Employee Priority Claims	\$ -	\$ -	na	na	\$ -	\$ -	13
F. Priority Tax Claims	-	-	na	na	-	-	13
G. Other Priority Claims	-	-	na	na	-	-	13
Proceeds Available for Unsecured Claims					\$ -	\$ -	
UNSECURED CLAIMS							
H1. First Lien Deficiency Claims	\$ -	\$ -	na	na	\$ -	\$ -	14
H2. Second Lien Deficiency Claims	-	-	na	na	-	-	14
H3. Other Secured Deficiency Claims	-	-	na	na	-	-	14
H4. Senior Unsecured Notes Claims	-	-	na	na	-	-	14
H5. Subsidiary Guaranteed Notes Claims	502,019	502,019	0.0%	0.0%	-	-	14
H5a. Subsidiary Guaranteed Notes Turnover to First Lien Claimants	-	-	na	na	-	-	14
H6. General Unsecured Claims	-	-	na	na	-	-	14
H7. Pension Claims	446,123	223,061	0.0%	0.0%	-	-	14
H8. Intercompany Notes Payable	-	-	na	na	-	-	14
H9. Intercompany Claims - Prepetition	-	-	na	na	-	-	14
Total Unsecured Claims	\$ 948,142	\$ 725,081	0.0%	0.0%	\$ -	\$ -	
Total Admin, Priority, Unsecured Claims & Distributions	\$ 948,142	\$ 725,081	0.0%	0.0%	\$ -	\$ -	
Value Available for Equity Interests					\$ -	\$ -	15

I. TOTAL PROCEEDS AVAILABLE FOR DISTRIBUTION

	Net Book Value	Estimated Recovery (%)		Estimated Liquidation Value		See Note
		Lower	Higher	Lower	Higher	
A. STATEMENT OF ASSETS						
Cash and equivalents	\$ -	0%	0%	\$ -	\$ -	1
Accounts receivable	-	0%	0%	-	-	2
Other current assets	-	0%	0%	-	-	2
Inventory	-	0%	0%	-	-	2
Due from subsidiaries/affiliates	-	0%	0%	-	-	3
Property and equipment, net	-	0%	0%	-	-	2
Goodwill	-	0%	0%	-	-	4
Intangibles	-	0%	0%	-	-	4
Investments in subsidiaries	-	0%	0%	-	-	5
Restricted cash	-	0%	0%	-	-	4
Other assets	-	0%	0%	-	-	
STATEMENT OF ASSETS - CASINO SALE						
Casino	-	0%	0%	-	-	6
Interim cash flow	-	0%	0%	-	-	7
Total Assets / Gross Recovery	\$ -	0%	0%	\$ -	\$ -	
A1. ENCUMBERED COLLATERAL						
Cash and equivalents	\$ -	0%	0%	\$ -	\$ -	1
Accounts receivable	-	0%	0%	-	-	2
Other current assets	-	0%	0%	-	-	2
Inventory	-	0%	0%	-	-	2
Due from subsidiaries/affiliates	-	0%	0%	-	-	3
Property and equipment, net	-	0%	0%	-	-	2
Goodwill	-	0%	0%	-	-	4
Intangibles	-	0%	0%	-	-	4
Investments in subsidiaries	-	0%	0%	-	-	5
Restricted cash	-	0%	0%	-	-	4
Other assets	-	0%	0%	-	-	
Casino value and encumbered interim cash flow	-	0%	0%	-	-	6,7
Total Encumbered Collateral / Gross Recovery	\$ -	0%	0%	\$ -	\$ -	
A2. UNENCUMBERED ASSETS						
Cash and equivalents	\$ -	0%	0%	\$ -	\$ -	1
Accounts receivable	-	0%	0%	-	-	2
Other current assets	-	0%	0%	-	-	2
Inventory	-	0%	0%	-	-	2
Due from subsidiaries/affiliates	-	0%	0%	-	-	3
Property and equipment, net	-	0%	0%	-	-	2
Goodwill	-	0%	0%	-	-	4
Intangibles	-	0%	0%	-	-	4
Investments in subsidiaries	-	0%	0%	-	-	5
Restricted cash	-	0%	0%	-	-	4
Other assets	-	0%	0%	-	-	
Unencumbered interim cash flow	-	0%	0%	-	-	7
Total Unencumbered Assets / Gross Recovery	\$ -	0%	0%	\$ -	\$ -	
B. LITIGATION RECOVERIES						
B1. Encumbered Causes of Action	-	-	-	-	-	8
B2. Unencumbered Causes of Action, including Preferences	-	-	-	-	-	8
B3. Total Litigation Recoveries	\$ -			\$ -	\$ -	
C. SUMMARY OF GROSS PROCEEDS						
C1. Encumbered Collateral Recovery (A1 + B1)	-	-	-	\$ -	\$ -	
C2. Unencumbered Assets Recovery (A2 + B2)	-	-	-	-	-	
C3. Total Gross Recovery Proceeds Available for Distribution	\$ -			\$ -	\$ -	

II. ALLOCATION OF PROCEEDS FROM ENCUMBERED COLLATERAL AVAILABLE FOR DISTRIBUTION

	Estimated Allowed Claims		Estimated Recovery (%)		Estimated Recovery on Secured Claims		See Note
	Lower	Higher	Lower	Higher	Lower	Higher	
Encumbered Gross Collateral Proceeds Available					\$ -	\$ -	
A. LESS: Section 506(c) Surcharges	\$ -	\$ -			\$ -	\$ -	9
B. Carve-Out Allocation	-	-			-	-	10
Proceeds Available to Secured Claims					\$ -	\$ -	
SECURED CLAIMS							
C. PLUS: Proceeds From Subsidiary Guaranteed Notes Turnover					-	-	14
Proceeds Available to Satisfy First Lien Secured Claims					\$ -	\$ -	
D. First Lien Secured Claims							
D1. First Lien Bank Claims	\$ -	\$ -	na	na	-	-	11
D2. First Lien Bond Claims	-	-	na	na	-	-	11
D3. First Lien Swap Claims	-	-	na	na	-	-	11
D4. Other First Lien Secured Claims	-	-	na	na	-	-	11
Total First Lien Claims & Recovery	\$ -	\$ -	na	na	\$ -	\$ -	
Proceeds Available to Satisfy Second Lien Secured Claims					\$ -	\$ -	
E. Second Lien Bond Claims	\$ -	\$ -	na	na	-	-	11
Total Second Lien Claims & Recovery	\$ -	\$ -	na	na	\$ -	\$ -	
F. Other Secured Claims	-	-			\$ -	\$ -	11
Total Secured Claims and Distributions	\$ -	\$ -	0.0%	0.0%	\$ -	\$ -	
Proceeds Available from Encumbered Collateral to Satisfy Administrative, Priority and Unsecured Claims					\$ -	\$ -	
Secured Lender Deficiency Claims (General Unsecured Claim)	\$ -	\$ -					

III. ALLOCATION OF PROCEEDS AVAILABLE TO SATISFY ADMINISTRATIVE, PRIORITY AND UNSECURED CLAIMS

	Estimated Allowed Claims		Estimated Recovery (%)		Estimated Recovery on Administrative, Priority and Unsecured Claims		See Note
	Lower	Higher	Lower	Higher	Lower	Higher	
Proceeds Available from Unencumbered Assets					\$ -	\$ -	
Section 506(c) Surcharges					-	-	9
Proceeds Available from Encumbered Collateral					-	-	
Proceeds Available to Satisfy Administrative, Priority and Unsecured Claims					\$ -	\$ -	
A. LESS: Carve-Out Allocation	\$ -	\$ -	na	na	\$ -	\$ -	10
Proceeds Available for Administrative Claims					\$ -	\$ -	
ADMINISTRATIVE CLAIMS							
B. Subsidiaries' Superpriority Admin Claims against CEOC	\$ -	\$ -	na	na	\$ -	\$ -	12
C. Chapter 7 Administrative Claims	-	-	na	na	-	-	12
D. Chapter 11 Administrative Claims	-	-	na	na	-	-	12
Proceeds Available for Priority Claims					\$ -	\$ -	
PRIORITY CLAIMS							
E. Employee Priority Claims	\$ -	\$ -	na	na	\$ -	\$ -	13
F. Priority Tax Claims	-	-	na	na	-	-	13
G. Other Priority Claims	-	-	na	na	-	-	13
Proceeds Available for Unsecured Claims					\$ -	\$ -	
UNSECURED CLAIMS							
H1. First Lien Deficiency Claims	\$ -	\$ -	na	na	\$ -	\$ -	14
H2. Second Lien Deficiency Claims	-	-	na	na	-	-	14
H3. Other Secured Deficiency Claims	-	-	na	na	-	-	14
H4. Senior Unsecured Notes Claims	-	-	na	na	-	-	14
H5. Subsidiary Guaranteed Notes Claims	502,019	502,019	0.0%	0.0%	-	-	14
H5a. Subsidiary Guaranteed Notes Turnover to First Lien Claimants	-	-	na	na	-	-	14
H6. General Unsecured Claims	-	-	na	na	-	-	14
H7. Pension Claims	446,123	223,061	0.0%	0.0%	-	-	14
H8. Intercompany Notes Payable	-	-	na	na	-	-	14
H9. Intercompany Claims - Prepetition	-	-	na	na	-	-	14
Total Unsecured Claims	\$ 948,142	\$ 725,081	0.0%	0.0%	\$ -	\$ -	
Total Admin, Priority, Unsecured Claims & Distributions	\$ 948,142	\$ 725,081	0.0%	0.0%	\$ -	\$ -	
Value Available for Equity Interests					\$ -	\$ -	15

I. TOTAL PROCEEDS AVAILABLE FOR DISTRIBUTION

	Net Book Value	Estimated Recovery (%)		Estimated Liquidation Value		See Note
		Lower	Higher	Lower	Higher	
A. STATEMENT OF ASSETS						
Cash and equivalents	\$ -	0%	0%	\$ -	\$ -	1
Accounts receivable	-	0%	0%	-	-	2
Other current assets	-	0%	0%	-	-	2
Inventory	-	0%	0%	-	-	2
Due from subsidiaries/affiliates	-	0%	0%	-	-	3
Property and equipment, net	-	0%	0%	-	-	2
Goodwill	-	0%	0%	-	-	4
Intangibles	-	0%	0%	-	-	4
Investments in subsidiaries	-	0%	0%	-	-	5
Restricted cash	-	0%	0%	-	-	4
Other assets	-	0%	0%	-	-	
STATEMENT OF ASSETS - CASINO SALE						
Casino	-	0%	0%	-	-	6
Interim cash flow	-	0%	0%	-	-	7
Total Assets / Gross Recovery	\$ -	0%	0%	\$ -	\$ -	
A1. ENCUMBERED COLLATERAL						
Cash and equivalents	\$ -	0%	0%	\$ -	\$ -	1
Accounts receivable	-	0%	0%	-	-	2
Other current assets	-	0%	0%	-	-	2
Inventory	-	0%	0%	-	-	2
Due from subsidiaries/affiliates	-	0%	0%	-	-	3
Property and equipment, net	-	0%	0%	-	-	2
Goodwill	-	0%	0%	-	-	4
Intangibles	-	0%	0%	-	-	4
Investments in subsidiaries	-	0%	0%	-	-	5
Restricted cash	-	0%	0%	-	-	4
Other assets	-	0%	0%	-	-	
Casino value and encumbered interim cash flow	-	0%	0%	-	-	6,7
Total Encumbered Collateral / Gross Recovery	\$ -	0%	0%	\$ -	\$ -	
A2. UNENCUMBERED ASSETS						
Cash and equivalents	\$ -	0%	0%	\$ -	\$ -	1
Accounts receivable	-	0%	0%	-	-	2
Other current assets	-	0%	0%	-	-	2
Inventory	-	0%	0%	-	-	2
Due from subsidiaries/affiliates	-	0%	0%	-	-	3
Property and equipment, net	-	0%	0%	-	-	2
Goodwill	-	0%	0%	-	-	4
Intangibles	-	0%	0%	-	-	4
Investments in subsidiaries	-	0%	0%	-	-	5
Restricted cash	-	0%	0%	-	-	4
Other assets	-	0%	0%	-	-	
Unencumbered interim cash flow	-	0%	0%	-	-	7
Total Unencumbered Assets / Gross Recovery	\$ -	0%	0%	\$ -	\$ -	
B. LITIGATION RECOVERIES						
B1. Encumbered Causes of Action	-	-	-	-	-	8
B2. Unencumbered Causes of Action, including Preferences	-	-	-	-	-	8
B3. Total Litigation Recoveries	\$ -			\$ -	\$ -	
C. SUMMARY OF GROSS PROCEEDS						
C1. Encumbered Collateral Recovery (A1 + B1)	-	-	-	\$ -	\$ -	
C2. Unencumbered Assets Recovery (A2 + B2)	-	-	-	-	-	
C3. Total Gross Recovery Proceeds Available for Distribution	\$ -			\$ -	\$ -	

II. ALLOCATION OF PROCEEDS FROM ENCUMBERED COLLATERAL AVAILABLE FOR DISTRIBUTION

	Estimated Allowed Claims		Estimated Recovery (%)		Estimated Recovery on Secured Claims		See Note
	Lower	Higher	Lower	Higher	Lower	Higher	
Encumbered Gross Collateral Proceeds Available					\$ -	\$ -	
A. LESS: Section 506(c) Surcharges	\$ -	\$ -			\$ -	\$ -	9
B. Carve-Out Allocation	-	-			-	-	10
Proceeds Available to Secured Claims					\$ -	\$ -	
SECURED CLAIMS							
C. PLUS: Proceeds From Subsidiary Guaranteed Notes Turnover					-	-	14
Proceeds Available to Satisfy First Lien Secured Claims					\$ -	\$ -	
D. First Lien Secured Claims							
D1. First Lien Bank Claims	\$ -	\$ -	na	na	-	-	11
D2. First Lien Bond Claims	-	-	na	na	-	-	11
D3. First Lien Swap Claims	-	-	na	na	-	-	11
D4. Other First Lien Secured Claims	-	-	na	na	-	-	11
Total First Lien Claims & Recovery	\$ -	\$ -	na	na	\$ -	\$ -	
Proceeds Available to Satisfy Second Lien Secured Claims					\$ -	\$ -	
E. Second Lien Bond Claims	\$ -	\$ -	na	na	-	-	11
Total Second Lien Claims & Recovery	\$ -	\$ -	na	na	\$ -	\$ -	
F. Other Secured Claims	-	-			\$ -	\$ -	11
Total Secured Claims and Distributions	\$ -	\$ -	0.0%	0.0%	\$ -	\$ -	
Proceeds Available from Encumbered Collateral to Satisfy Administrative, Priority and Unsecured Claims					\$ -	\$ -	
Secured Lender Deficiency Claims (General Unsecured Claim)	\$ -	\$ -					

III. ALLOCATION OF PROCEEDS AVAILABLE TO SATISFY ADMINISTRATIVE, PRIORITY AND UNSECURED CLAIMS

	Estimated Allowed Claims		Estimated Recovery (%)		Estimated Recovery on Administrative, Priority and Unsecured Claims		See Note
	Lower	Higher	Lower	Higher	Lower	Higher	
Proceeds Available from Unencumbered Assets					\$ -	\$ -	
Section 506(c) Surcharges					-	-	9
Proceeds Available from Encumbered Collateral					-	-	
Proceeds Available to Satisfy Administrative, Priority and Unsecured Claims					\$ -	\$ -	
A. LESS: Carve-Out Allocation	\$ -	\$ -	na	na	\$ -	\$ -	10
Proceeds Available for Administrative Claims					\$ -	\$ -	
ADMINISTRATIVE CLAIMS							
B. Subsidiaries' Superpriority Admin Claims against CEOC	\$ -	\$ -	na	na	\$ -	\$ -	12
C. Chapter 7 Administrative Claims	-	-	na	na	-	-	12
D. Chapter 11 Administrative Claims	-	-	na	na	-	-	12
Proceeds Available for Priority Claims					\$ -	\$ -	
PRIORITY CLAIMS							
E. Employee Priority Claims	\$ -	\$ -	na	na	\$ -	\$ -	13
F. Priority Tax Claims	-	-	na	na	-	-	13
G. Other Priority Claims	-	-	na	na	-	-	13
Proceeds Available for Unsecured Claims					\$ -	\$ -	
UNSECURED CLAIMS							
H1. First Lien Deficiency Claims	\$ -	\$ -	na	na	\$ -	\$ -	14
H2. Second Lien Deficiency Claims	-	-	na	na	-	-	14
H3. Other Secured Deficiency Claims	-	-	na	na	-	-	14
H4. Senior Unsecured Notes Claims	-	-	na	na	-	-	14
H5. Subsidiary Guaranteed Notes Claims	502,019	502,019	0.0%	0.0%	-	-	14
H5a. Subsidiary Guaranteed Notes Turnover to First Lien Claimants	-	-	na	na	-	-	14
H6. General Unsecured Claims	-	-	na	na	-	-	14
H7. Pension Claims	446,123	223,061	0.0%	0.0%	-	-	14
H8. Intercompany Notes Payable	-	-	na	na	-	-	14
H9. Intercompany Claims - Prepetition	0	0	0.0%	0.0%	-	-	14
Total Unsecured Claims	\$ 948,142	\$ 725,081	0.0%	0.0%	\$ -	\$ -	
Total Admin, Priority, Unsecured Claims & Distributions	\$ 948,142	\$ 725,081	0.0%	0.0%	\$ -	\$ -	
Value Available for Equity Interests					\$ -	\$ -	15

I. TOTAL PROCEEDS AVAILABLE FOR DISTRIBUTION

	Net Book Value	Estimated Recovery (%)		Estimated Liquidation Value		See Note
		Lower	Higher	Lower	Higher	
A. STATEMENT OF ASSETS						
Cash and equivalents	\$ -	0%	0%	\$ -	\$ -	1
Accounts receivable	-	0%	0%	-	-	2
Other current assets	-	0%	0%	-	-	2
Inventory	-	0%	0%	-	-	2
Due from subsidiaries/affiliates	31,710	57%	98%	18,183	30,949	3
Property and equipment, net	-	0%	0%	-	-	2
Goodwill	-	0%	0%	-	-	4
Intangibles	-	0%	0%	-	-	4
Investments in subsidiaries	-	0%	0%	-	-	5
Restricted cash	-	0%	0%	-	-	4
Other assets	-	0%	0%	-	-	
STATEMENT OF ASSETS - CASINO SALE						
Casino	90,944	100%+	100%+	95,745	110,691	6
Interim cash flow	10,680	80%	90%	8,544	9,612	7
Total Assets / Gross Recovery	\$ 133,334	92%	100%+	\$ 122,471	\$ 151,251	
A1. ENCUMBERED COLLATERAL						
Cash and equivalents	\$ -	0%	0%	\$ -	\$ -	1
Accounts receivable	-	0%	0%	-	-	2
Other current assets	-	0%	0%	-	-	2
Inventory	-	0%	0%	-	-	2
Due from subsidiaries/affiliates	3,487	43%	78%	1,504	2,726	3
Property and equipment, net	-	0%	0%	-	-	2
Goodwill	-	0%	0%	-	-	4
Intangibles	-	0%	0%	-	-	4
Investments in subsidiaries	-	0%	0%	-	-	5
Restricted cash	-	0%	0%	-	-	4
Other assets	-	0%	0%	-	-	
Casino value and encumbered interim cash flow	93,787	100%+	100%+	96,452	111,486	6,7
Total Encumbered Collateral / Gross Recovery	\$ 97,274	100%+	100%+	\$ 97,956	\$ 114,212	
A2. UNENCUMBERED ASSETS						
Cash and equivalents	\$ -	0%	0%	\$ -	\$ -	1
Accounts receivable	-	0%	0%	-	-	2
Other current assets	-	0%	0%	-	-	2
Inventory	-	0%	0%	-	-	2
Due from subsidiaries/affiliates	28,223	59%	100%	16,678	28,223	3
Property and equipment, net	-	0%	0%	-	-	2
Goodwill	-	0%	0%	-	-	4
Intangibles	-	0%	0%	-	-	4
Investments in subsidiaries	-	0%	0%	-	-	5
Restricted cash	-	0%	0%	-	-	4
Other assets	-	0%	0%	-	-	
Unencumbered interim cash flow	7,837	100%	100%	7,837	8,817	7
Total Unencumbered Assets / Gross Recovery	\$ 36,060	68%	100%	\$ 24,515	\$ 37,040	
B. LITIGATION RECOVERIES						
B1. Encumbered Causes of Action				-	-	8
B2. Unencumbered Causes of Action, including Preferences				305	609	8
B3. Total Litigation Recoveries				\$ 305	\$ 609	
C. SUMMARY OF GROSS PROCEEDS						
C1. Encumbered Collateral Recovery (A1 + B1)				\$ 97,956	\$ 114,212	
C2. Unencumbered Assets Recovery (A2 + B2)				24,820	37,649	
C3. Total Gross Recovery Proceeds Available for Distribution				\$ 122,776	\$ 151,861	

II. ALLOCATION OF PROCEEDS FROM ENCUMBERED COLLATERAL AVAILABLE FOR DISTRIBUTION

	Estimated Allowed Claims		Estimated Recovery (%)		Estimated Recovery on Secured Claims		See Note
	Lower	Higher	Lower	Higher	Lower	Higher	
Encumbered Gross Collateral Proceeds Available					\$ 97,956	\$ 114,212	
A. LESS: Section 506(c) Surcharges	\$ 1,081	\$ 3,244			\$ 1,081	\$ 3,244	9
B. Carve-Out Allocation	-	-			-	-	10
Proceeds Available to Secured Claims					\$ 96,875	\$ 110,968	
SECURED CLAIMS							
C. PLUS: Proceeds From Subsidiary Guaranteed Notes Turnover					12,950	6,793	14
Proceeds Available to Satisfy First Lien Secured Claims					\$ 109,825	\$ 117,761	
D. First Lien Secured Claims							
D1. First Lien Bank Claims	\$ 49,353	\$ 56,015	100.0%	100.0%	49,353	56,015	11
D2. First Lien Bond Claims	60,075	61,294	100.0%	100.0%	60,075	61,294	11
D3. First Lien Swap Claims	397	452	100.0%	100.0%	397	452	11
D4. Other First Lien Secured Claims	-	-	na	na	-	-	11
Total First Lien Claims & Recovery	\$ 109,825	\$ 117,761	100.0%	100.0%	\$ 109,825	\$ 117,761	
Proceeds Available to Satisfy Second Lien Secured Claims					\$ -	\$ -	
E. Second Lien Bond Claims	\$ -	\$ -	na	na	-	-	11
Total Second Lien Claims & Recovery	\$ -	\$ -	na	na	\$ -	\$ -	
F. Other Secured Claims	1	1			\$ -	\$ -	11
Total Secured Claims and Distributions	\$ 110,907	\$ 121,006	100.0%	100.0%	\$ 110,906	\$ 121,005	
Proceeds Available from Encumbered Collateral to Satisfy Administrative, Priority and Unsecured Claims					\$ -	\$ -	
Secured Lender Deficiency Claims (General Unsecured Claim)	\$ 1	\$ 1					

Southern Wine & Spirits, Inc. / CruiseCruises, Inc.
 Chapter 11 Liquidation Assets Schedule 2
 (\$ in thousands)

III. ALLOCATION OF PROCEEDS AVAILABLE TO SATISFY ADMINISTRATIVE, PRIORITY AND UNSECURED CLAIMS

	Estimated Allowed Claims		Estimated Recovery (%)		Estimated Recovery on Administrative, Priority and Unsecured Claims		See Note
	Lower	Higher	Lower	Higher	Lower	Higher	
Proceeds Available from Unencumbered Assets					\$ 24,820	\$ 37,649	
Section 506(c) Surcharges					1,081	3,244	9
Proceeds Available from Encumbered Collateral					-	-	
Proceeds Available to Satisfy Administrative, Priority and Unsecured Claims					\$ 25,901	\$ 40,893	
A. LESS: Carve-Out Allocation	\$ 639	\$ 239	100.0%	100.0%	\$ 639	\$ 239	10
Proceeds Available for Administrative Claims					\$ 25,262	\$ 40,654	
ADMINISTRATIVE CLAIMS							
B. Subsidiaries' Superpriority Admin Claims against CEOC	\$ -	\$ -	na	na	\$ -	\$ -	12
C. Chapter 7 Administrative Claims	4,260	1,573	100.0%	100.0%	4,260	1,573	12
D. Chapter 11 Administrative Claims	1,055	1,055	100.0%	100.0%	1,055	1,055	12
Proceeds Available for Priority Claims					\$ 19,948	\$ 38,027	
PRIORITY CLAIMS							
E. Employee Priority Claims	\$ -	\$ -	na	na	\$ -	\$ -	13
F. Priority Tax Claims	-	-	na	na	-	-	13
G. Other Priority Claims	-	-	na	na	-	-	13
Proceeds Available for Unsecured Claims					\$ 19,948	\$ 38,027	
UNSECURED CLAIMS							
H1. First Lien Deficiency Claims	\$ -	\$ -	na	na	\$ -	\$ -	14
H2. Second Lien Deficiency Claims	-	-	na	na	-	-	14
H3. Other Secured Deficiency Claims	1	1	2.7%	100.0%	0	1	14
H4. Senior Unsecured Notes Claims	-	-	na	na	-	-	14
H5. Subsidiary Guaranteed Notes Claims	502,019	502,019	0.1%	0.1%	474	556	14
H5a. Subsidiary Guaranteed Notes Turnover to First Lien Claimants			na	na	12,950	6,793	14
H6. General Unsecured Claims	2,104	2,409	2.7%	100.0%	56	2,409	14
H7. Pension Claims	446,123	223,061	1.4%	0.3%	6,467	632	14
H8. Intercompany Notes Payable	-	-	na	na	-	-	14
H9. Intercompany Claims - Prepetition	21	21	2.7%	100.0%	1	21	14
Total Unsecured Claims	\$ 950,267	\$ 727,511	2.1%	1.4%	\$ 19,948	\$ 10,412	
Total Admin, Priority, Unsecured Claims & Distributions	\$ 956,221	\$ 730,377	2.7%	1.8%	\$ 25,901	\$ 13,278	
Value Available for Equity Interests					\$ -	\$ 27,615	15

I. TOTAL PROCEEDS AVAILABLE FOR DISTRIBUTION

	Net Book Value	Estimated Recovery (%)		Estimated Liquidation Value		See Note
		Lower	Higher	Lower	Higher	
		A. STATEMENT OF ASSETS				
Cash and equivalents	\$ 232	100%	100%	\$ 232	\$ 232	1
Accounts receivable	25	50%	75%	12	18	2
Other current assets	6	16%	32%	1	2	2
Inventory	9	0%	25%	-	2	2
Due from subsidiaries/affiliates	-	0%	0%	-	-	3
Property and equipment, net	475	100%+	100%+	3,574	3,574	2
Goodwill	-	0%	0%	-	-	4
Intangibles	-	0%	0%	-	-	4
Investments in subsidiaries	-	0%	0%	-	-	5
Restricted cash	-	0%	0%	-	-	4
Other assets	-	0%	0%	-	-	
STATEMENT OF ASSETS - CASINO SALE						
Casino	-	0%	0%	-	-	6
Interim cash flow	-	0%	0%	-	-	7
Total Assets / Gross Recovery	\$ 746	100%+	100%+	\$ 3,819	\$ 3,828	
A1. ENCUMBERED COLLATERAL						
Cash and equivalents	\$ -	0%	0%	\$ -	\$ -	1
Accounts receivable	25	50%	75%	12	18	2
Other current assets	6	16%	32%	1	2	2
Inventory	9	0%	25%	-	2	2
Due from subsidiaries/affiliates	-	0%	0%	-	-	3
Property and equipment, net	-	0%	0%	-	-	2
Goodwill	-	0%	0%	-	-	4
Intangibles	-	0%	0%	-	-	4
Investments in subsidiaries	-	0%	0%	-	-	5
Restricted cash	-	0%	0%	-	-	4
Other assets	-	0%	0%	-	-	
Casino value and encumbered interim cash flow	-	0%	0%	-	-	6,7
Total Encumbered Collateral / Gross Recovery	\$ 39	34%	57%	\$ 13	\$ 23	
A2. UNENCUMBERED ASSETS						
Cash and equivalents	\$ 232	100%	100%	\$ 232	\$ 232	1
Accounts receivable	-	0%	0%	-	-	2
Other current assets	-	0%	0%	-	-	2
Inventory	-	0%	0%	-	-	2
Due from subsidiaries/affiliates	-	0%	0%	-	-	3
Property and equipment, net	475	100%+	100%+	3,574	3,574	2
Goodwill	-	0%	0%	-	-	4
Intangibles	-	0%	0%	-	-	4
Investments in subsidiaries	-	0%	0%	-	-	5
Restricted cash	-	0%	0%	-	-	4
Other assets	-	0%	0%	-	-	
Unencumbered interim cash flow	-	0%	0%	-	-	7
Total Unencumbered Assets / Gross Recovery	\$ 707	100%+	100%+	\$ 3,805	\$ 3,805	
B. LITIGATION RECOVERIES						
B1. Encumbered Causes of Action				-	-	8
B2. Unencumbered Causes of Action, including Preferences				13	25	8
B3. Total Litigation Recoveries				\$ 13	\$ 25	
C. SUMMARY OF GROSS PROCEEDS						
C1. Encumbered Collateral Recovery (A1 + B1)				\$ 13	\$ 23	
C2. Unencumbered Assets Recovery (A2 + B2)				3,818	3,831	
C3. Total Gross Recovery Proceeds Available for Distribution				\$ 3,831	\$ 3,853	

II. ALLOCATION OF PROCEEDS FROM ENCUMBERED COLLATERAL AVAILABLE FOR DISTRIBUTION

	Estimated Allowed Claims		Estimated Recovery (%)		Estimated Recovery on Secured Claims		See Note
	Lower	Higher	Lower	Higher	Lower	Higher	
Encumbered Gross Collateral Proceeds Available					\$ 13	\$ 23	
A. LESS: Section 506(c) Surcharges	\$ -	\$ -			\$ -	\$ -	9
B. Carve-Out Allocation	-	-			-	-	10
Proceeds Available to Secured Claims					\$ 13	\$ 23	
SECURED CLAIMS							
C. PLUS: Proceeds From Subsidiary Guaranteed Notes Turnover					1,918	621	14
Proceeds Available to Satisfy First Lien Secured Claims					\$ 1,931	\$ 644	
D. First Lien Secured Claims							
D1. First Lien Bank Claims	\$ 858	\$ 626	100.0%	100.0%	858	626	11
D2. First Lien Bond Claims	1,067	12	100.0%	100.0%	1,067	12	11
D3. First Lien Swap Claims	7	5	100.0%	100.0%	7	5	11
D4. Other First Lien Secured Claims	-	-	na	na	-	-	11
Total First Lien Claims & Recovery	\$ 1,931	\$ 644	100.0%	100.0%	\$ 1,931	\$ 644	
Proceeds Available to Satisfy Second Lien Secured Claims					\$ -	\$ -	
E. Second Lien Bond Claims	\$ -	\$ -	na	na	-	-	11
Total Second Lien Claims & Recovery	\$ -	\$ -	na	na	\$ -	\$ -	
F. Other Secured Claims	-	-			\$ -	\$ -	11
Total Secured Claims and Distributions	\$ 1,931	\$ 644	100.0%	100.0%	\$ 1,931	\$ 644	
Proceeds Available from Encumbered Collateral to Satisfy Administrative, Priority and Unsecured Claims					\$ -	\$ -	
Secured Lender Deficiency Claims (General Unsecured Claim)	\$ -	\$ -					

III. ALLOCATION OF PROCEEDS AVAILABLE TO SATISFY ADMINISTRATIVE, PRIORITY AND UNSECURED CLAIMS

	Estimated Allowed Claims		Estimated Recovery (%)		Estimated Recovery on Administrative, Priority and Unsecured Claims		See Note
	Lower	Higher	Lower	Higher	Lower	Higher	
Proceeds Available from Unencumbered Assets					\$ 3,818	\$ 3,831	
Section 506(c) Surcharges					-	-	9
Proceeds Available from Encumbered Collateral					-	-	
Proceeds Available to Satisfy Administrative, Priority and Unsecured Claims					\$ 3,818	\$ 3,831	
A. LESS: Carve-Out Allocation	\$ 94	\$ 22	100.0%	100.0%	\$ 94	\$ 22	10
Proceeds Available for Administrative Claims					\$ 3,724	\$ 3,808	
ADMINISTRATIVE CLAIMS							
B. Subsidiaries' Superpriority Admin Claims against CEOC	\$ -	\$ -	na	na	\$ -	\$ -	12
C. Chapter 7 Administrative Claims	544	113	100.0%	100.0%	544	113	12
D. Chapter 11 Administrative Claims	233	233	100.0%	100.0%	233	233	12
Proceeds Available for Priority Claims					\$ 2,947	\$ 3,462	
PRIORITY CLAIMS							
E. Employee Priority Claims	\$ -	\$ -	na	na	\$ -	\$ -	13
F. Priority Tax Claims	-	-	na	na	-	-	13
G. Other Priority Claims	-	-	na	na	-	-	13
Proceeds Available for Unsecured Claims					\$ 2,947	\$ 3,462	
UNSECURED CLAIMS							
H1. First Lien Deficiency Claims	\$ -	\$ -	na	na	\$ -	\$ -	14
H2. Second Lien Deficiency Claims	-	-	na	na	-	-	14
H3. Other Secured Deficiency Claims	-	-	na	na	-	-	14
H4. Senior Unsecured Notes Claims	-	-	na	na	-	-	14
H5. Subsidiary Guaranteed Notes Claims	502,019	502,019	0.0%	0.0%	70	51	14
H5a. Subsidiary Guaranteed Notes Turnover to First Lien Claimants			na	na	1,918	621	14
H6. General Unsecured Claims	30	43	0.4%	100.0%	0	43	14
H7. Pension Claims	446,123	223,061	0.2%	0.0%	957	58	14
H8. Intercompany Notes Payable	-	-	na	na	-	-	14
H9. Intercompany Claims - Prepetition	314	314	0.4%	100.0%	1	314	14
Total Unsecured Claims	\$ 948,486	\$ 725,438	0.3%	0.1%	\$ 2,947	\$ 1,087	
Total Admin, Priority, Unsecured Claims & Distributions	\$ 949,358	\$ 725,807	0.4%	0.2%	\$ 3,818	\$ 1,456	
Value Available for Equity Interests					\$ -	\$ 2,375	15

I. TOTAL PROCEEDS AVAILABLE FOR DISTRIBUTION

	Net Book Value	Estimated Recovery (%)		Estimated Liquidation Value		See Note
		Lower	Higher	Lower	Higher	
A. STATEMENT OF ASSETS						
Cash and equivalents	\$ -	0%	0%	\$ -	\$ -	1
Accounts receivable	-	0%	0%	-	-	2
Other current assets	-	0%	0%	-	-	2
Inventory	-	0%	0%	-	-	2
Due from subsidiaries/affiliates	-	0%	0%	-	-	3
Property and equipment, net	-	0%	0%	-	-	2
Goodwill	-	0%	0%	-	-	4
Intangibles	-	0%	0%	-	-	4
Investments in subsidiaries	-	0%	0%	-	-	5
Restricted cash	-	0%	0%	-	-	4
Other assets	-	0%	0%	-	-	
STATEMENT OF ASSETS - CASINO SALE						
Casino	-	0%	0%	-	-	6
Interim cash flow	-	0%	0%	-	-	7
Total Assets / Gross Recovery	\$ -	0%	0%	\$ -	\$ -	
A1. ENCUMBERED COLLATERAL						
Cash and equivalents	\$ -	0%	0%	\$ -	\$ -	1
Accounts receivable	-	0%	0%	-	-	2
Other current assets	-	0%	0%	-	-	2
Inventory	-	0%	0%	-	-	2
Due from subsidiaries/affiliates	-	0%	0%	-	-	3
Property and equipment, net	-	0%	0%	-	-	2
Goodwill	-	0%	0%	-	-	4
Intangibles	-	0%	0%	-	-	4
Investments in subsidiaries	-	0%	0%	-	-	5
Restricted cash	-	0%	0%	-	-	4
Other assets	-	0%	0%	-	-	
Casino value and encumbered interim cash flow	-	0%	0%	-	-	6,7
Total Encumbered Collateral / Gross Recovery	\$ -	0%	0%	\$ -	\$ -	
A2. UNENCUMBERED ASSETS						
Cash and equivalents	\$ -	0%	0%	\$ -	\$ -	1
Accounts receivable	-	0%	0%	-	-	2
Other current assets	-	0%	0%	-	-	2
Inventory	-	0%	0%	-	-	2
Due from subsidiaries/affiliates	-	0%	0%	-	-	3
Property and equipment, net	-	0%	0%	-	-	2
Goodwill	-	0%	0%	-	-	4
Intangibles	-	0%	0%	-	-	4
Investments in subsidiaries	-	0%	0%	-	-	5
Restricted cash	-	0%	0%	-	-	4
Other assets	-	0%	0%	-	-	
Unencumbered interim cash flow	-	0%	0%	-	-	7
Total Unencumbered Assets / Gross Recovery	\$ -	0%	0%	\$ -	\$ -	
B. LITIGATION RECOVERIES						
B1. Encumbered Causes of Action				-	-	8
B2. Unencumbered Causes of Action, including Preferences				-	-	8
B3. Total Litigation Recoveries				\$ -	\$ -	
C. SUMMARY OF GROSS PROCEEDS						
C1. Encumbered Collateral Recovery (A1 + B1)				\$ -	\$ -	
C2. Unencumbered Assets Recovery (A2 + B2)				-	-	
C3. Total Gross Recovery Proceeds Available for Distribution				\$ -	\$ -	

II. ALLOCATION OF PROCEEDS FROM ENCUMBERED COLLATERAL AVAILABLE FOR DISTRIBUTION

	Estimated Allowed Claims		Estimated Recovery (%)		Estimated Recovery on Secured Claims		See Note
	Lower	Higher	Lower	Higher	Lower	Higher	
Encumbered Gross Collateral Proceeds Available					\$ -	\$ -	
A. LESS: Section 506(c) Surcharges	\$ -	\$ -			\$ -	\$ -	9
B. Carve-Out Allocation	-	-			-	-	10
Proceeds Available to Secured Claims					\$ -	\$ -	
SECURED CLAIMS							
C. PLUS: Proceeds From Subsidiary Guaranteed Notes Turnover					-	-	14
Proceeds Available to Satisfy First Lien Secured Claims					\$ -	\$ -	
D. First Lien Secured Claims							
D1. First Lien Bank Claims	\$ -	\$ -	na	na	-	-	11
D2. First Lien Bond Claims	-	-	na	na	-	-	11
D3. First Lien Swap Claims	-	-	na	na	-	-	11
D4. Other First Lien Secured Claims	-	-	na	na	-	-	11
Total First Lien Claims & Recovery	\$ -	\$ -	na	na	\$ -	\$ -	
Proceeds Available to Satisfy Second Lien Secured Claims					\$ -	\$ -	
E. Second Lien Bond Claims	\$ -	\$ -	na	na	-	-	11
Total Second Lien Claims & Recovery	\$ -	\$ -	na	na	\$ -	\$ -	
F. Other Secured Claims	-	-			\$ -	\$ -	11
Total Secured Claims and Distributions	\$ -	\$ -	0.0%	0.0%	\$ -	\$ -	
Proceeds Available from Encumbered Collateral to Satisfy Administrative, Priority and Unsecured Claims					\$ -	\$ -	
Secured Lender Deficiency Claims (General Unsecured Claim)	\$ -	\$ -					

III. ALLOCATION OF PROCEEDS AVAILABLE TO SATISFY ADMINISTRATIVE, PRIORITY AND UNSECURED CLAIMS

	Estimated Allowed Claims		Estimated Recovery (%)		Estimated Recovery on Administrative, Priority and Unsecured Claims		See Note
	Lower	Higher	Lower	Higher	Lower	Higher	
Proceeds Available from Unencumbered Assets					\$ -	\$ -	
Section 506(c) Surcharges					-	-	9
Proceeds Available from Encumbered Collateral					-	-	
Proceeds Available to Satisfy Administrative, Priority and Unsecured Claims					\$ -	\$ -	
A. LESS: Carve-Out Allocation	\$ -	\$ -	na	na	\$ -	\$ -	10
Proceeds Available for Administrative Claims					\$ -	\$ -	
ADMINISTRATIVE CLAIMS							
B. Subsidiaries' Superpriority Admin Claims against CEOC	\$ -	\$ -	na	na	\$ -	\$ -	12
C. Chapter 7 Administrative Claims	-	-	na	na	-	-	12
D. Chapter 11 Administrative Claims	-	-	na	na	-	-	12
Proceeds Available for Priority Claims					\$ -	\$ -	
PRIORITY CLAIMS							
E. Employee Priority Claims	\$ -	\$ -	na	na	\$ -	\$ -	13
F. Priority Tax Claims	-	-	na	na	-	-	13
G. Other Priority Claims	-	-	na	na	-	-	13
Proceeds Available for Unsecured Claims					\$ -	\$ -	
UNSECURED CLAIMS							
H1. First Lien Deficiency Claims	\$ -	\$ -	na	na	\$ -	\$ -	14
H2. Second Lien Deficiency Claims	-	-	na	na	-	-	14
H3. Other Secured Deficiency Claims	-	-	na	na	-	-	14
H4. Senior Unsecured Notes Claims	-	-	na	na	-	-	14
H5. Subsidiary Guaranteed Notes Claims	502,019	502,019	0.0%	0.0%	-	-	14
H5a. Subsidiary Guaranteed Notes Turnover to First Lien Claimants	-	-	na	na	-	-	14
H6. General Unsecured Claims	-	-	na	na	-	-	14
H7. Pension Claims	446,123	223,061	0.0%	0.0%	-	-	14
H8. Intercompany Notes Payable	-	-	na	na	-	-	14
H9. Intercompany Claims - Prepetition	-	-	na	na	-	-	14
Total Unsecured Claims	\$ 948,142	\$ 725,081	0.0%	0.0%	\$ -	\$ -	
Total Admin, Priority, Unsecured Claims & Distributions	\$ 948,142	\$ 725,081	0.0%	0.0%	\$ -	\$ -	
Value Available for Equity Interests					\$ -	\$ -	15

I. TOTAL PROCEEDS AVAILABLE FOR DISTRIBUTION

	Net Book Value	Estimated Recovery (%)		Estimated Liquidation Value		See Note
		Lower	Higher	Lower	Higher	
A. STATEMENT OF ASSETS						
Cash and equivalents	\$ -	0%	0%	\$ -	\$ -	1
Accounts receivable	-	0%	0%	-	-	2
Other current assets	-	0%	0%	-	-	2
Inventory	-	0%	0%	-	-	2
Due from subsidiaries/affiliates	6,925	38%	71%	2,632	4,927	3
Property and equipment, net	-	0%	0%	-	-	2
Goodwill	-	0%	0%	-	-	4
Intangibles	293,800	48%	57%	141,700	166,200	4
Investments in subsidiaries	-	0%	0%	5,991	24,482	5
Restricted cash	-	0%	0%	-	-	4
Other assets	-	0%	0%	-	-	
STATEMENT OF ASSETS - CASINO SALE						
Casino	-	0%	0%	-	-	6
Interim cash flow	-	0%	0%	-	-	7
Total Assets / Gross Recovery	\$ 300,725	50%	65%	\$ 150,323	\$ 195,609	
A1. ENCUMBERED COLLATERAL						
Cash and equivalents	\$ -	0%	0%	\$ -	\$ -	1
Accounts receivable	-	0%	0%	-	-	2
Other current assets	-	0%	0%	-	-	2
Inventory	-	0%	0%	-	-	2
Due from subsidiaries/affiliates	6,925	38%	71%	2,632	4,927	3
Property and equipment, net	-	0%	0%	-	-	2
Goodwill	-	0%	0%	-	-	4
Intangibles	293,800	48%	57%	141,700	166,200	4
Investments in subsidiaries	-	0%	0%	5,991	24,482	5
Restricted cash	-	0%	0%	-	-	4
Other assets	-	0%	0%	-	-	
Casino value and encumbered interim cash flow	-	0%	0%	-	-	6,7
Total Encumbered Collateral / Gross Recovery	\$ 300,725	50%	65%	\$ 150,323	\$ 195,609	
A2. UNENCUMBERED ASSETS						
Cash and equivalents	\$ -	0%	0%	\$ -	\$ -	1
Accounts receivable	-	0%	0%	-	-	2
Other current assets	-	0%	0%	-	-	2
Inventory	-	0%	0%	-	-	2
Due from subsidiaries/affiliates	-	0%	0%	-	-	3
Property and equipment, net	-	0%	0%	-	-	2
Goodwill	-	0%	0%	-	-	4
Intangibles	-	0%	0%	-	-	4
Investments in subsidiaries	-	0%	0%	-	-	5
Restricted cash	-	0%	0%	-	-	4
Other assets	-	0%	0%	-	-	
Unencumbered interim cash flow	-	0%	0%	-	-	7
Total Unencumbered Assets / Gross Recovery	\$ -	0%	0%	\$ -	\$ -	
B. LITIGATION RECOVERIES						
B1. Encumbered Causes of Action	-	-	-	-	-	8
B2. Unencumbered Causes of Action, including Preferences	-	-	-	-	-	8
B3. Total Litigation Recoveries	-	-	-	-	-	
C. SUMMARY OF GROSS PROCEEDS						
C1. Encumbered Collateral Recovery (A1 + B1)	-	-	-	\$ 150,323	\$ 195,609	
C2. Unencumbered Assets Recovery (A2 + B2)	-	-	-	-	-	
C3. Total Gross Recovery Proceeds Available for Distribution	-	-	-	\$ 150,323	\$ 195,609	

II. ALLOCATION OF PROCEEDS FROM ENCUMBERED COLLATERAL AVAILABLE FOR DISTRIBUTION

	Estimated Allowed Claims		Estimated Recovery (%)		Estimated Recovery on Secured Claims		See Note
	Lower	Higher	Lower	Higher	Lower	Higher	
Encumbered Gross Collateral Proceeds Available					\$ 150,323	\$ 195,609	
A. LESS: Section 506(c) Surcharges	\$ -	\$ -			\$ -	\$ -	9
B. Carve-Out Allocation	-	-			-	-	10
Proceeds Available to Secured Claims					\$ 150,323	\$ 195,609	
SECURED CLAIMS							
C. PLUS: Proceeds From Subsidiary Guaranteed Notes Turnover					-	-	14
Proceeds Available to Satisfy First Lien Secured Claims					\$ 150,323	\$ 195,609	
D. First Lien Secured Claims							
D1. First Lien Bank Claims	\$ 67,659	\$ 86,861	100.0%	100.0%	67,659	86,861	11
D2. First Lien Bond Claims	82,120	108,046	100.0%	100.0%	82,120	108,046	11
D3. First Lien Swap Claims	544	702	100.0%	100.0%	544	702	11
D4. Other First Lien Secured Claims	-	-	na	na	-	-	11
Total First Lien Claims & Recovery	\$ 150,323	\$ 195,609	100.0%	100.0%	\$ 150,323	\$ 195,609	
Proceeds Available to Satisfy Second Lien Secured Claims					\$ -	\$ -	
E. Second Lien Bond Claims	\$ -	\$ -	na	na	-	-	11
Total Second Lien Claims & Recovery	\$ -	\$ -	na	na	\$ -	\$ -	
F. Other Secured Claims	-	-			\$ -	\$ -	11
Total Secured Claims and Distributions	\$ 150,323	\$ 195,609	100.0%	100.0%	\$ 150,323	\$ 195,609	
Proceeds Available from Encumbered Collateral to Satisfy Administrative, Priority and Unsecured Claims					\$ -	\$ -	
Secured Lender Deficiency Claims (General Unsecured Claim)	\$ -	\$ -					

III. ALLOCATION OF PROCEEDS AVAILABLE TO SATISFY ADMINISTRATIVE, PRIORITY AND UNSECURED CLAIMS

	Estimated Allowed Claims		Estimated Recovery (%)		Estimated Recovery on Administrative, Priority and Unsecured Claims		See Note
	Lower	Higher	Lower	Higher	Lower	Higher	
Proceeds Available from Unencumbered Assets					\$ -	\$ -	
Section 506(c) Surcharges					-	-	9
Proceeds Available from Encumbered Collateral					-	-	
Proceeds Available to Satisfy Administrative, Priority and Unsecured Claims					\$ -	\$ -	
A. LESS: Carve-Out Allocation	\$ -	\$ -	na	na	\$ -	\$ -	10
Proceeds Available for Administrative Claims					\$ -	\$ -	
ADMINISTRATIVE CLAIMS							
B. Subsidiaries' Superpriority Admin Claims against CEOC	\$ -	\$ -	na	na	\$ -	\$ -	12
C. Chapter 7 Administrative Claims	-	-	na	na	-	-	12
D. Chapter 11 Administrative Claims	-	-	na	na	-	-	12
Proceeds Available for Priority Claims					\$ -	\$ -	
PRIORITY CLAIMS							
E. Employee Priority Claims	\$ -	\$ -	na	na	\$ -	\$ -	13
F. Priority Tax Claims	-	-	na	na	-	-	13
G. Other Priority Claims	-	-	na	na	-	-	13
Proceeds Available for Unsecured Claims					\$ -	\$ -	
UNSECURED CLAIMS							
H1. First Lien Deficiency Claims	\$ -	\$ -	na	na	\$ -	\$ -	14
H2. Second Lien Deficiency Claims	-	-	na	na	-	-	14
H3. Other Secured Deficiency Claims	-	-	na	na	-	-	14
H4. Senior Unsecured Notes Claims	-	-	na	na	-	-	14
H5. Subsidiary Guaranteed Notes Claims	502,019	502,019	0.0%	0.0%	-	-	14
H5a. Subsidiary Guaranteed Notes Turnover to First Lien Claimants	-	-	na	na	-	-	14
H6. General Unsecured Claims	2	2	0.0%	0.0%	-	-	14
H7. Pension Claims	446,123	223,061	0.0%	0.0%	-	-	14
H8. Intercompany Notes Payable	-	-	na	na	-	-	14
H9. Intercompany Claims - Prepetition	-	-	na	na	-	-	14
Total Unsecured Claims	\$ 948,144	\$ 725,082	0.0%	0.0%	\$ -	\$ -	
Total Admin, Priority, Unsecured Claims & Distributions	\$ 948,144	\$ 725,082	0.0%	0.0%	\$ -	\$ -	
Value Available for Equity Interests					\$ -	\$ -	15

I. TOTAL PROCEEDS AVAILABLE FOR DISTRIBUTION

	Net Book Value	Estimated Recovery (%)		Estimated Liquidation Value		See Note
		Lower	Higher	Lower	Higher	
A. STATEMENT OF ASSETS						
Cash and equivalents	\$ 14,953	100%	100%	\$ 14,953	\$ 14,953	1
Accounts receivable	2,256	42%	68%	946	1,541	2
Other current assets	43	50%	75%	22	33	2
Inventory	-	0%	0%	-	-	2
Due from subsidiaries/affiliates	118	0%	19%	-	23	3
Property and equipment, net	-	0%	0%	-	-	2
Goodwill	-	0%	0%	-	-	4
Intangibles	-	0%	0%	-	-	4
Investments in subsidiaries	-	0%	0%	7,076	10,073	5
Restricted cash	-	0%	0%	-	-	4
Other assets	-	0%	0%	-	-	
STATEMENT OF ASSETS - CASINO SALE						
Casino	-	0%	0%	-	-	6
Interim cash flow	-	0%	0%	-	-	7
Total Assets / Gross Recovery	\$ 17,370	132%	153%	\$ 22,997	\$ 26,622	
A1. ENCUMBERED COLLATERAL						
Cash and equivalents	\$ -	0%	0%	\$ -	\$ -	1
Accounts receivable	-	0%	0%	-	-	2
Other current assets	-	0%	0%	-	-	2
Inventory	-	0%	0%	-	-	2
Due from subsidiaries/affiliates	-	0%	0%	-	-	3
Property and equipment, net	-	0%	0%	-	-	2
Goodwill	-	0%	0%	-	-	4
Intangibles	-	0%	0%	-	-	4
Investments in subsidiaries	-	0%	0%	-	-	5
Restricted cash	-	0%	0%	-	-	4
Other assets	-	0%	0%	-	-	
Casino value and encumbered interim cash flow	-	0%	0%	-	-	6,7
Total Encumbered Collateral / Gross Recovery	\$ -	0%	0%	\$ -	\$ -	
A2. UNENCUMBERED ASSETS						
Cash and equivalents	\$ 14,953	100%	100%	\$ 14,953	\$ 14,953	1
Accounts receivable	2,256	42%	68%	946	1,541	2
Other current assets	43	50%	75%	22	33	2
Inventory	-	0%	0%	-	-	2
Due from subsidiaries/affiliates	118	0%	19%	-	23	3
Property and equipment, net	-	0%	0%	-	-	2
Goodwill	-	0%	0%	-	-	4
Intangibles	-	0%	0%	-	-	4
Investments in subsidiaries	-	0%	0%	7,076	10,073	5
Restricted cash	-	0%	0%	-	-	4
Other assets	-	0%	0%	-	-	
Unencumbered interim cash flow	-	0%	0%	-	-	7
Total Unencumbered Assets / Gross Recovery	\$ 17,370	132%	153%	\$ 22,997	\$ 26,622	
B. LITIGATION RECOVERIES						
B1. Encumbered Causes of Action				-	-	8
B2. Unencumbered Causes of Action, including Preferences				-	-	8
B3. Total Litigation Recoveries				\$ -	\$ -	
C. SUMMARY OF GROSS PROCEEDS						
C1. Encumbered Collateral Recovery (A1 + B1)				\$ -	\$ -	
C2. Unencumbered Assets Recovery (A2 + B2)				22,997	26,622	
C3. Total Gross Recovery Proceeds Available for Distribution				\$ 22,997	\$ 26,622	

II. ALLOCATION OF PROCEEDS FROM ENCUMBERED COLLATERAL AVAILABLE FOR DISTRIBUTION

	Estimated Allowed Claims		Estimated Recovery (%)		Estimated Recovery on Secured Claims		See Note
	Lower	Higher	Lower	Higher	Lower	Higher	
Encumbered Gross Collateral Proceeds Available					\$ -	\$ -	
A. LESS: Section 506(c) Surcharges	\$ -	\$ -			\$ -	\$ -	9
B. Carve-Out Allocation	-	-			-	-	10
Proceeds Available to Secured Claims					\$ -	\$ -	
SECURED CLAIMS							
C. PLUS: Proceeds From Subsidiary Guaranteed Notes Turnover					-	-	14
Proceeds Available to Satisfy First Lien Secured Claims					\$ -	\$ -	
D. First Lien Secured Claims							
D1. First Lien Bank Claims	\$ -	\$ -	na	na	-	-	11
D2. First Lien Bond Claims	-	-	na	na	-	-	11
D3. First Lien Swap Claims	-	-	na	na	-	-	11
D4. Other First Lien Secured Claims	-	-	na	na	-	-	11
Total First Lien Claims & Recovery	\$ -	\$ -	na	na	\$ -	\$ -	
Proceeds Available to Satisfy Second Lien Secured Claims					\$ -	\$ -	
E. Second Lien Bond Claims	\$ -	\$ -	na	na	-	-	11
Total Second Lien Claims & Recovery	\$ -	\$ -	na	na	\$ -	\$ -	
F. Other Secured Claims	-	-			\$ -	\$ -	11
Total Secured Claims and Distributions	\$ -	\$ -	0.0%	0.0%	\$ -	\$ -	
Proceeds Available from Encumbered Collateral to Satisfy Administrative, Priority and Unsecured Claims					\$ -	\$ -	
Secured Lender Deficiency Claims (General Unsecured Claim)	\$ -	\$ -					

Caesars Entertainment World Limited
 Chapter 11 Liquidation Assets Schedule 2
 (\$ in thousands)

III. ALLOCATION OF PROCEEDS AVAILABLE TO SATISFY ADMINISTRATIVE, PRIORITY AND UNSECURED CLAIMS

	Estimated Allowed Claims		Estimated Recovery (%)		Estimated Recovery on Administrative, Priority and Unsecured Claims		See Note
	Lower	Higher	Lower	Higher	Lower	Higher	
Proceeds Available from Unencumbered Assets					\$ 22,997	\$ 26,622	
Section 506(c) Surcharges					-	-	9
Proceeds Available from Encumbered Collateral					-	-	
Proceeds Available to Satisfy Administrative, Priority and Unsecured Claims					\$ 22,997	\$ 26,622	
A. LESS: Carve-Out Allocation	\$ 567	\$ 155	100.0%	100.0%	\$ 567	\$ 155	10
Proceeds Available for Administrative Claims					\$ 22,430	\$ 26,466	
ADMINISTRATIVE CLAIMS							
B. Subsidiaries' Superpriority Admin Claims against CEOC	\$ -	\$ -	na	na	\$ -	\$ -	12
C. Chapter 7 Administrative Claims	3,058	573	100.0%	100.0%	3,058	573	12
D. Chapter 11 Administrative Claims	5	5	100.0%	100.0%	5	5	12
Proceeds Available for Priority Claims					\$ 19,366	\$ 25,888	
PRIORITY CLAIMS							
E. Employee Priority Claims	\$ -	\$ -	na	na	\$ -	\$ -	13
F. Priority Tax Claims	-	-	na	na	-	-	13
G. Other Priority Claims	-	-	na	na	-	-	13
Proceeds Available for Unsecured Claims					\$ 19,366	\$ 25,888	
UNSECURED CLAIMS							
H1. First Lien Deficiency Claims	\$ -	\$ -	na	na	\$ -	\$ -	14
H2. Second Lien Deficiency Claims	-	-	na	na	-	-	14
H3. Other Secured Deficiency Claims	-	-	na	na	-	-	14
H4. Senior Unsecured Notes Claims	-	-	na	na	-	-	14
H5. Subsidiary Guaranteed Notes Claims	-	-	na	na	-	-	14
H5a. Subsidiary Guaranteed Notes Turnover to First Lien Claimants	-	-	na	na	-	-	14
H6. General Unsecured Claims	2	2	100.0%	100.0%	2	2	14
H7. Pension Claims	446,123	223,061	3.0%	0.6%	13,373	1,404	14
H8. Intercompany Notes Payable	-	-	na	na	-	-	14
H9. Intercompany Claims - Prepetition	-	-	na	na	-	-	14
Total Unsecured Claims	\$ 446,125	\$ 223,063	3.0%	0.6%	\$ 13,375	\$ 1,406	
Total Admin, Priority, Unsecured Claims & Distributions	\$ 449,755	\$ 223,797	3.8%	1.0%	\$ 17,006	\$ 2,140	
Value Available for Equity Interests					\$ 5,991	\$ 24,482	15

I. TOTAL PROCEEDS AVAILABLE FOR DISTRIBUTION

	Net Book Value	Estimated Recovery (%)		Estimated Liquidation Value		See Note
		Lower	Higher	Lower	Higher	
A. STATEMENT OF ASSETS						
Cash and equivalents	\$ -	0%	0%	\$ -	\$ -	1
Accounts receivable	-	0%	0%	-	-	2
Other current assets	-	0%	0%	-	-	2
Inventory	-	0%	0%	-	-	2
Due from subsidiaries/affiliates	-	0%	0%	-	-	3
Property and equipment, net	-	0%	0%	-	-	2
Goodwill	-	0%	0%	-	-	4
Intangibles	-	0%	0%	-	-	4
Investments in subsidiaries	-	0%	0%	-	-	5
Restricted cash	-	0%	0%	-	-	4
Other assets	-	0%	0%	-	-	
STATEMENT OF ASSETS - CASINO SALE						
Casino	-	0%	0%	-	-	6
Interim cash flow	-	0%	0%	-	-	7
Total Assets / Gross Recovery	\$ -	0%	0%	\$ -	\$ -	
A1. ENCUMBERED COLLATERAL						
Cash and equivalents	\$ -	0%	0%	\$ -	\$ -	1
Accounts receivable	-	0%	0%	-	-	2
Other current assets	-	0%	0%	-	-	2
Inventory	-	0%	0%	-	-	2
Due from subsidiaries/affiliates	-	0%	0%	-	-	3
Property and equipment, net	-	0%	0%	-	-	2
Goodwill	-	0%	0%	-	-	4
Intangibles	-	0%	0%	-	-	4
Investments in subsidiaries	-	0%	0%	-	-	5
Restricted cash	-	0%	0%	-	-	4
Other assets	-	0%	0%	-	-	
Casino value and encumbered interim cash flow	-	0%	0%	-	-	6,7
Total Encumbered Collateral / Gross Recovery	\$ -	0%	0%	\$ -	\$ -	
A2. UNENCUMBERED ASSETS						
Cash and equivalents	\$ -	0%	0%	\$ -	\$ -	1
Accounts receivable	-	0%	0%	-	-	2
Other current assets	-	0%	0%	-	-	2
Inventory	-	0%	0%	-	-	2
Due from subsidiaries/affiliates	-	0%	0%	-	-	3
Property and equipment, net	-	0%	0%	-	-	2
Goodwill	-	0%	0%	-	-	4
Intangibles	-	0%	0%	-	-	4
Investments in subsidiaries	-	0%	0%	-	-	5
Restricted cash	-	0%	0%	-	-	4
Other assets	-	0%	0%	-	-	
Unencumbered interim cash flow	-	0%	0%	-	-	7
Total Unencumbered Assets / Gross Recovery	\$ -	0%	0%	\$ -	\$ -	
B. LITIGATION RECOVERIES						
B1. Encumbered Causes of Action				-	-	8
B2. Unencumbered Causes of Action, including Preferences				-	-	8
B3. Total Litigation Recoveries				\$ -	\$ -	
C. SUMMARY OF GROSS PROCEEDS						
C1. Encumbered Collateral Recovery (A1 + B1)				\$ -	\$ -	
C2. Unencumbered Assets Recovery (A2 + B2)				-	-	
C3. Total Gross Recovery Proceeds Available for Distribution				\$ -	\$ -	

II. ALLOCATION OF PROCEEDS FROM ENCUMBERED COLLATERAL AVAILABLE FOR DISTRIBUTION

	Estimated Allowed Claims		Estimated Recovery (%)		Estimated Recovery on Secured Claims		See Note
	Lower	Higher	Lower	Higher	Lower	Higher	
Encumbered Gross Collateral Proceeds Available					\$ -	\$ -	
A. LESS: Section 506(c) Surcharges	\$ -	\$ -			\$ -	\$ -	9
B. Carve-Out Allocation	-	-			-	-	10
Proceeds Available to Secured Claims					\$ -	\$ -	
SECURED CLAIMS							
C. PLUS: Proceeds From Subsidiary Guaranteed Notes Turnover					-	-	14
Proceeds Available to Satisfy First Lien Secured Claims					\$ -	\$ -	
D. First Lien Secured Claims							
D1. First Lien Bank Claims	\$ -	\$ -	na	na	-	-	11
D2. First Lien Bond Claims	-	-	na	na	-	-	11
D3. First Lien Swap Claims	-	-	na	na	-	-	11
D4. Other First Lien Secured Claims	-	-	na	na	-	-	11
Total First Lien Claims & Recovery	\$ -	\$ -	na	na	\$ -	\$ -	
Proceeds Available to Satisfy Second Lien Secured Claims					\$ -	\$ -	
E. Second Lien Bond Claims	\$ -	\$ -	na	na	-	-	11
Total Second Lien Claims & Recovery	\$ -	\$ -	na	na	\$ -	\$ -	
F. Other Secured Claims	-	-			\$ -	\$ -	11
Total Secured Claims and Distributions	\$ -	\$ -	0.0%	0.0%	\$ -	\$ -	
Proceeds Available from Encumbered Collateral to Satisfy Administrative, Priority and Unsecured Claims					\$ -	\$ -	
Secured Lender Deficiency Claims (General Unsecured Claim)	\$ -	\$ -					

III. ALLOCATION OF PROCEEDS AVAILABLE TO SATISFY ADMINISTRATIVE, PRIORITY AND UNSECURED CLAIMS

	Estimated Allowed Claims		Estimated Recovery (%)		Estimated Recovery on Administrative, Priority and Unsecured Claims		See Note
	Lower	Higher	Lower	Higher	Lower	Higher	
Proceeds Available from Unencumbered Assets					\$ -	\$ -	
Section 506(c) Surcharges					-	-	9
Proceeds Available from Encumbered Collateral					-	-	
Proceeds Available to Satisfy Administrative, Priority and Unsecured Claims					\$ -	\$ -	
A. LESS: Carve-Out Allocation	\$ -	\$ -	na	na	\$ -	\$ -	10
Proceeds Available for Administrative Claims					\$ -	\$ -	
ADMINISTRATIVE CLAIMS							
B. Subsidiaries' Superpriority Admin Claims against CEOC	\$ -	\$ -	na	na	\$ -	\$ -	12
C. Chapter 7 Administrative Claims	-	-	na	na	-	-	12
D. Chapter 11 Administrative Claims	-	-	na	na	-	-	12
Proceeds Available for Priority Claims					\$ -	\$ -	
PRIORITY CLAIMS							
E. Employee Priority Claims	\$ -	\$ -	na	na	\$ -	\$ -	13
F. Priority Tax Claims	-	-	na	na	-	-	13
G. Other Priority Claims	-	-	na	na	-	-	13
Proceeds Available for Unsecured Claims					\$ -	\$ -	
UNSECURED CLAIMS							
H1. First Lien Deficiency Claims	\$ -	\$ -	na	na	\$ -	\$ -	14
H2. Second Lien Deficiency Claims	-	-	na	na	-	-	14
H3. Other Secured Deficiency Claims	-	-	na	na	-	-	14
H4. Senior Unsecured Notes Claims	-	-	na	na	-	-	14
H5. Subsidiary Guaranteed Notes Claims	502,019	502,019	0.0%	0.0%	-	-	14
H5a. Subsidiary Guaranteed Notes Turnover to First Lien Claimants	-	-	na	na	-	-	14
H6. General Unsecured Claims	-	-	na	na	-	-	14
H7. Pension Claims	446,123	223,061	0.0%	0.0%	-	-	14
H8. Intercompany Notes Payable	-	-	na	na	-	-	14
H9. Intercompany Claims - Prepetition	1	1	0.0%	0.0%	-	-	14
Total Unsecured Claims	\$ 948,143	\$ 725,082	0.0%	0.0%	\$ -	\$ -	
Total Admin, Priority, Unsecured Claims & Distributions	\$ 948,143	\$ 725,082	0.0%	0.0%	\$ -	\$ -	
Value Available for Equity Interests					\$ -	\$ -	15

I. TOTAL PROCEEDS AVAILABLE FOR DISTRIBUTION

	Net Book Value	Estimated Recovery (%)		Estimated Liquidation Value		See Note
		Lower	Higher	Lower	Higher	
A. STATEMENT OF ASSETS						
Cash and equivalents	\$ -	0%	0%	\$ -	\$ -	1
Accounts receivable	227	50%	75%	114	171	2
Other current assets	267	50%	100%	133	266	2
Inventory	14,314	0%	40%	-	5,725	2
Due from subsidiaries/affiliates	5,430	59%	100%	3,209	5,430	3
Property and equipment, net	17	20%	50%	3	9	2
Goodwill	-	0%	0%	-	-	4
Intangibles	-	0%	0%	-	-	4
Investments in subsidiaries	-	0%	0%	-	-	5
Restricted cash	-	0%	0%	-	-	4
Other assets	-	0%	0%	-	-	
STATEMENT OF ASSETS - CASINO SALE						
Casino	-	0%	0%	-	-	6
Interim cash flow	-	0%	0%	-	-	7
Total Assets / Gross Recovery	\$ 20,255	17%	57%	\$ 3,459	\$ 11,600	
A1. ENCUMBERED COLLATERAL						
Cash and equivalents	\$ -	0%	0%	\$ -	\$ -	1
Accounts receivable	227	50%	75%	114	171	2
Other current assets	267	50%	100%	133	266	2
Inventory	14,314	0%	40%	-	5,725	2
Due from subsidiaries/affiliates	5,430	59%	100%	3,209	5,430	3
Property and equipment, net	17	20%	50%	3	9	2
Goodwill	-	0%	0%	-	-	4
Intangibles	-	0%	0%	-	-	4
Investments in subsidiaries	-	0%	0%	-	-	5
Restricted cash	-	0%	0%	-	-	4
Other assets	-	0%	0%	-	-	
Casino value and encumbered interim cash flow	-	0%	0%	-	-	6,7
Total Encumbered Collateral / Gross Recovery	\$ 20,255	17%	57%	\$ 3,459	\$ 11,600	
A2. UNENCUMBERED ASSETS						
Cash and equivalents	\$ -	0%	0%	\$ -	\$ -	1
Accounts receivable	-	0%	0%	-	-	2
Other current assets	-	0%	0%	-	-	2
Inventory	-	0%	0%	-	-	2
Due from subsidiaries/affiliates	-	0%	0%	-	-	3
Property and equipment, net	-	0%	0%	-	-	2
Goodwill	-	0%	0%	-	-	4
Intangibles	-	0%	0%	-	-	4
Investments in subsidiaries	-	0%	0%	-	-	5
Restricted cash	-	0%	0%	-	-	4
Other assets	-	0%	0%	-	-	
Unencumbered interim cash flow	-	0%	0%	-	-	7
Total Unencumbered Assets / Gross Recovery	\$ -	0%	0%	\$ -	\$ -	
B. LITIGATION RECOVERIES						
B1. Encumbered Causes of Action				-	-	8
B2. Unencumbered Causes of Action, including Preferences				467	934	8
B3. Total Litigation Recoveries				\$ 467	\$ 934	
C. SUMMARY OF GROSS PROCEEDS						
C1. Encumbered Collateral Recovery (A1 + B1)				\$ 3,459	\$ 11,600	
C2. Unencumbered Assets Recovery (A2 + B2)				467	934	
C3. Total Gross Recovery Proceeds Available for Distribution				\$ 3,926	\$ 12,534	

II. ALLOCATION OF PROCEEDS FROM ENCUMBERED COLLATERAL AVAILABLE FOR DISTRIBUTION

	Estimated Allowed Claims		Estimated Recovery (%)		Estimated Recovery on Secured Claims		See Note
	Lower	Higher	Lower	Higher	Lower	Higher	
Encumbered Gross Collateral Proceeds Available					\$ 3,459	\$ 11,600	
A. LESS: Section 506(c) Surcharges	\$ -	\$ -			\$ -	\$ -	9
B. Carve-Out Allocation	-	-			-	-	10
Proceeds Available to Secured Claims					<u>\$ 3,459</u>	<u>\$ 11,600</u>	
SECURED CLAIMS							
C. PLUS: Proceeds From Subsidiary Guaranteed Notes Turnover					-	-	14
Proceeds Available to Satisfy First Lien Secured Claims					<u>\$ 3,459</u>	<u>\$ 11,600</u>	
D. First Lien Secured Claims							
D1. First Lien Bank Claims	\$ 1,557	\$ 5,151	100.0%	100.0%	1,557	5,151	11
D2. First Lien Bond Claims	1,890	6,407	100.0%	100.0%	1,890	6,407	11
D3. First Lien Swap Claims	13	42	100.0%	100.0%	13	42	11
D4. Other First Lien Secured Claims	-	-	na	na	-	-	11
Total First Lien Claims & Recovery	<u>\$ 3,459</u>	<u>\$ 11,600</u>	100.0%	100.0%	<u>\$ 3,459</u>	<u>\$ 11,600</u>	
Proceeds Available to Satisfy Second Lien Secured Claims					<u>\$ -</u>	<u>\$ -</u>	
E. Second Lien Bond Claims	\$ -	\$ -	na	na	-	-	11
Total Second Lien Claims & Recovery	<u>\$ -</u>	<u>\$ -</u>	na	na	<u>\$ -</u>	<u>\$ -</u>	
F. Other Secured Claims	-	-			\$ -	\$ -	11
Total Secured Claims and Distributions	<u>\$ 3,459</u>	<u>\$ 11,600</u>	100.0%	100.0%	<u>\$ 3,459</u>	<u>\$ 11,600</u>	
Proceeds Available from Encumbered Collateral to Satisfy Administrative, Priority and Unsecured Claims					<u>\$ -</u>	<u>\$ -</u>	
Secured Lender Deficiency Claims (General Unsecured Claim)	<u>\$ -</u>	<u>\$ -</u>					

III. ALLOCATION OF PROCEEDS AVAILABLE TO SATISFY ADMINISTRATIVE, PRIORITY AND UNSECURED CLAIMS

	Estimated Allowed Claims		Estimated Recovery (%)		Estimated Recovery on Administrative, Priority and Unsecured Claims		See Note
	Lower	Higher	Lower	Higher	Lower	Higher	
Proceeds Available from Unencumbered Assets					\$ 467	\$ 934	
Section 506(c) Surcharges					-	-	9
Proceeds Available from Encumbered Collateral					-	-	
Proceeds Available to Satisfy Administrative, Priority and Unsecured Claims					\$ 467	\$ 934	
A. LESS: Carve-Out Allocation	\$ 12	\$ 5	100.0%	100.0%	\$ 12	\$ 5	10
Proceeds Available for Administrative Claims					\$ 455	\$ 929	
ADMINISTRATIVE CLAIMS							
B. Subsidiaries' Superpriority Admin Claims against CEOC	\$ -	\$ -	na	na	\$ -	\$ -	12
C. Chapter 7 Administrative Claims	62	20	100.0%	100.0%	62	20	12
D. Chapter 11 Administrative Claims	3,943	3,943	10.0%	23.0%	393	908	12
Proceeds Available for Priority Claims					\$ -	\$ -	
PRIORITY CLAIMS							
E. Employee Priority Claims	\$ -	\$ -	na	na	\$ -	\$ -	13
F. Priority Tax Claims	27	27	0.0%	0.0%	-	-	13
G. Other Priority Claims	-	-	na	na	-	-	13
Proceeds Available for Unsecured Claims					\$ -	\$ -	
UNSECURED CLAIMS							
H1. First Lien Deficiency Claims	\$ -	\$ -	na	na	\$ -	\$ -	14
H2. Second Lien Deficiency Claims	-	-	na	na	-	-	14
H3. Other Secured Deficiency Claims	-	-	na	na	-	-	14
H4. Senior Unsecured Notes Claims	-	-	na	na	-	-	14
H5. Subsidiary Guaranteed Notes Claims	502,019	502,019	0.0%	0.0%	-	-	14
H5a. Subsidiary Guaranteed Notes Turnover to First Lien Claimants	-	-	na	na	-	-	14
H6. General Unsecured Claims	910	1,377	0.0%	0.0%	-	-	14
H7. Pension Claims	446,123	223,061	0.0%	0.0%	-	-	14
H8. Intercompany Notes Payable	-	-	na	na	-	-	14
H9. Intercompany Claims - Prepetition	3,822	3,822	0.0%	0.0%	-	-	14
Total Unsecured Claims	\$ 952,874	\$ 730,280	0.0%	0.0%	\$ -	\$ -	
Total Admin, Priority, Unsecured Claims & Distributions	\$ 956,918	\$ 734,275	0.0%	0.1%	\$ 467	\$ 934	
Value Available for Equity Interests					\$ -	\$ -	15

I. TOTAL PROCEEDS AVAILABLE FOR DISTRIBUTION

	Net Book Value	Estimated Recovery (%)		Estimated Liquidation Value		See Note
		Lower	Higher	Lower	Higher	
A. STATEMENT OF ASSETS						
Cash and equivalents	\$ -	0%	0%	\$ -	\$ -	1
Accounts receivable	-	0%	0%	-	-	2
Other current assets	520	0%	0%	-	-	2
Inventory	-	0%	0%	-	-	2
Due from subsidiaries/affiliates	140,080	6%	66%	8,485	93,120	3
Property and equipment, net	-	0%	0%	-	-	2
Goodwill	-	0%	0%	-	-	4
Intangibles	-	0%	0%	-	-	4
Investments in subsidiaries	-	0%	0%	-	-	5
Restricted cash	-	0%	0%	-	-	4
Other assets	-	0%	0%	-	-	
STATEMENT OF ASSETS - CASINO SALE						
Casino	-	0%	0%	-	-	6
Interim cash flow	-	0%	0%	-	-	7
Total Assets / Gross Recovery	\$ 140,600	6%	66%	\$ 8,485	\$ 93,120	
A1. ENCUMBERED COLLATERAL						
Cash and equivalents	\$ -	0%	0%	\$ -	\$ -	1
Accounts receivable	-	0%	0%	-	-	2
Other current assets	520	0%	0%	-	-	2
Inventory	-	0%	0%	-	-	2
Due from subsidiaries/affiliates	140,080	6%	66%	8,485	93,120	3
Property and equipment, net	-	0%	0%	-	-	2
Goodwill	-	0%	0%	-	-	4
Intangibles	-	0%	0%	-	-	4
Investments in subsidiaries	-	0%	0%	-	-	5
Restricted cash	-	0%	0%	-	-	4
Other assets	-	0%	0%	-	-	
Casino value and encumbered interim cash flow	-	0%	0%	-	-	6,7
Total Encumbered Collateral / Gross Recovery	\$ 140,600	6%	66%	\$ 8,485	\$ 93,120	
A2. UNENCUMBERED ASSETS						
Cash and equivalents	\$ -	0%	0%	\$ -	\$ -	1
Accounts receivable	-	0%	0%	-	-	2
Other current assets	-	0%	0%	-	-	2
Inventory	-	0%	0%	-	-	2
Due from subsidiaries/affiliates	-	0%	0%	-	-	3
Property and equipment, net	-	0%	0%	-	-	2
Goodwill	-	0%	0%	-	-	4
Intangibles	-	0%	0%	-	-	4
Investments in subsidiaries	-	0%	0%	-	-	5
Restricted cash	-	0%	0%	-	-	4
Other assets	-	0%	0%	-	-	
Unencumbered interim cash flow	-	0%	0%	-	-	7
Total Unencumbered Assets / Gross Recovery	\$ -	0%	0%	\$ -	\$ -	
B. LITIGATION RECOVERIES						
B1. Encumbered Causes of Action	-			-	-	8
B2. Unencumbered Causes of Action, including Preferences	-			-	-	8
B3. Total Litigation Recoveries	\$ -			\$ -	\$ -	
C. SUMMARY OF GROSS PROCEEDS						
C1. Encumbered Collateral Recovery (A1 + B1)				\$ 8,485	\$ 93,120	
C2. Unencumbered Assets Recovery (A2 + B2)				-	-	
C3. Total Gross Recovery Proceeds Available for Distribution				\$ 8,485	\$ 93,120	

II. ALLOCATION OF PROCEEDS FROM ENCUMBERED COLLATERAL AVAILABLE FOR DISTRIBUTION

	Estimated Allowed Claims		Estimated Recovery (%)		Estimated Recovery on Secured Claims		See Note
	Lower	Higher	Lower	Higher	Lower	Higher	
Encumbered Gross Collateral Proceeds Available					\$ 8,485	\$ 93,120	
A. LESS: Section 506(c) Surcharges	\$ -	\$ -			\$ -	\$ -	9
B. Carve-Out Allocation	-	-			-	-	10
Proceeds Available to Secured Claims					<u>\$ 8,485</u>	<u>\$ 93,120</u>	
SECURED CLAIMS							
C. PLUS: Proceeds From Subsidiary Guaranteed Notes Turnover					-	-	14
Proceeds Available to Satisfy First Lien Secured Claims					<u>\$ 8,485</u>	<u>\$ 93,120</u>	
D. First Lien Secured Claims							
D1. First Lien Bank Claims	\$ 3,819	\$ 41,351	100.0%	100.0%	3,819	41,351	11
D2. First Lien Bond Claims	4,635	51,436	100.0%	100.0%	4,635	51,436	11
D3. First Lien Swap Claims	31	334	100.0%	100.0%	31	334	11
D4. Other First Lien Secured Claims	-	-	na	na	-	-	11
Total First Lien Claims & Recovery	<u>\$ 8,485</u>	<u>\$ 93,120</u>	100.0%	100.0%	<u>\$ 8,485</u>	<u>\$ 93,120</u>	
Proceeds Available to Satisfy Second Lien Secured Claims					<u>\$ -</u>	<u>\$ -</u>	
E. Second Lien Bond Claims	\$ -	\$ -	na	na	-	-	11
Total Second Lien Claims & Recovery	<u>\$ -</u>	<u>\$ -</u>	na	na	<u>\$ -</u>	<u>\$ -</u>	
F. Other Secured Claims	-	-			\$ -	\$ -	11
Total Secured Claims and Distributions	<u>\$ 8,485</u>	<u>\$ 93,120</u>	100.0%	100.0%	<u>\$ 8,485</u>	<u>\$ 93,120</u>	
Proceeds Available from Encumbered Collateral to Satisfy Administrative, Priority and Unsecured Claims					<u>\$ -</u>	<u>\$ -</u>	
Secured Lender Deficiency Claims (General Unsecured Claim)	<u>\$ -</u>	<u>\$ -</u>					

III. ALLOCATION OF PROCEEDS AVAILABLE TO SATISFY ADMINISTRATIVE, PRIORITY AND UNSECURED CLAIMS

	Estimated Allowed Claims		Estimated Recovery (%)		Estimated Recovery on Administrative, Priority and Unsecured Claims		See Note
	Lower	Higher	Lower	Higher	Lower	Higher	
Proceeds Available from Unencumbered Assets					\$ -	\$ -	
Section 506(c) Surcharges					-	-	9
Proceeds Available from Encumbered Collateral					-	-	
Proceeds Available to Satisfy Administrative, Priority and Unsecured Claims					\$ -	\$ -	
A. LESS: Carve-Out Allocation	\$ -	\$ -	na	na	\$ -	\$ -	10
Proceeds Available for Administrative Claims					\$ -	\$ -	
ADMINISTRATIVE CLAIMS							
B. Subsidiaries' Superpriority Admin Claims against CEOC	\$ -	\$ -	na	na	\$ -	\$ -	12
C. Chapter 7 Administrative Claims	-	-	na	na	-	-	12
D. Chapter 11 Administrative Claims	-	-	na	na	-	-	12
Proceeds Available for Priority Claims					\$ -	\$ -	
PRIORITY CLAIMS							
E. Employee Priority Claims	\$ -	\$ -	na	na	\$ -	\$ -	13
F. Priority Tax Claims	-	-	na	na	-	-	13
G. Other Priority Claims	-	-	na	na	-	-	13
Proceeds Available for Unsecured Claims					\$ -	\$ -	
UNSECURED CLAIMS							
H1. First Lien Deficiency Claims	\$ -	\$ -	na	na	\$ -	\$ -	14
H2. Second Lien Deficiency Claims	-	-	na	na	-	-	14
H3. Other Secured Deficiency Claims	-	-	na	na	-	-	14
H4. Senior Unsecured Notes Claims	-	-	na	na	-	-	14
H5. Subsidiary Guaranteed Notes Claims	502,019	502,019	0.0%	0.0%	-	-	14
H5a. Subsidiary Guaranteed Notes Turnover to First Lien Claimants	-	-	na	na	-	-	14
H6. General Unsecured Claims	-	-	na	na	-	-	14
H7. Pension Claims	446,123	223,061	0.0%	0.0%	-	-	14
H8. Intercompany Notes Payable	-	-	na	na	-	-	14
H9. Intercompany Claims - Prepetition	-	-	na	na	-	-	14
Total Unsecured Claims	\$ 948,142	\$ 725,081	0.0%	0.0%	\$ -	\$ -	
Total Admin, Priority, Unsecured Claims & Distributions	\$ 948,142	\$ 725,081	0.0%	0.0%	\$ -	\$ -	
Value Available for Equity Interests					\$ -	\$ -	15

I. TOTAL PROCEEDS AVAILABLE FOR DISTRIBUTION

	Net Book Value	Estimated Recovery (%)		Estimated Liquidation Value		See Note
		Lower	Higher	Lower	Higher	
A. STATEMENT OF ASSETS						
Cash and equivalents	\$ -	0%	0%	\$ -	\$ -	1
Accounts receivable	-	0%	0%	-	-	2
Other current assets	-	0%	0%	-	-	2
Inventory	-	0%	0%	-	-	2
Due from subsidiaries/affiliates	132,447	43%	78%	57,370	103,860	3
Property and equipment, net	-	0%	0%	-	-	2
Goodwill	-	0%	0%	-	-	4
Intangibles	-	0%	0%	-	-	4
Investments in subsidiaries	-	0%	0%	-	-	5
Restricted cash	-	0%	0%	-	-	4
Other assets	-	0%	0%	-	-	
STATEMENT OF ASSETS - CASINO SALE						
Casino	464,971	69%	80%	320,479	370,038	6
Interim cash flow	32,174	80%	90%	25,739	28,956	7
Total Assets / Gross Recovery	\$ 629,592	64%	80%	\$ 403,588	\$ 502,854	
A1. ENCUMBERED COLLATERAL						
Cash and equivalents	\$ -	0%	0%	\$ -	\$ -	1
Accounts receivable	-	0%	0%	-	-	2
Other current assets	-	0%	0%	-	-	2
Inventory	-	0%	0%	-	-	2
Due from subsidiaries/affiliates	45,064	13%	37%	5,732	16,477	3
Property and equipment, net	-	0%	0%	-	-	2
Goodwill	-	0%	0%	-	-	4
Intangibles	-	0%	0%	-	-	4
Investments in subsidiaries	-	0%	0%	-	-	5
Restricted cash	-	0%	0%	-	-	4
Other assets	-	0%	0%	-	-	
Casino value and encumbered interim cash flow	473,978	68%	79%	323,051	372,931	6,7
Total Encumbered Collateral / Gross Recovery	\$ 519,042	63%	75%	\$ 328,783	\$ 389,408	
A2. UNENCUMBERED ASSETS						
Cash and equivalents	\$ -	0%	0%	\$ -	\$ -	1
Accounts receivable	-	0%	0%	-	-	2
Other current assets	-	0%	0%	-	-	2
Inventory	-	0%	0%	-	-	2
Due from subsidiaries/affiliates	87,383	59%	100%	51,638	87,383	3
Property and equipment, net	-	0%	0%	-	-	2
Goodwill	-	0%	0%	-	-	4
Intangibles	-	0%	0%	-	-	4
Investments in subsidiaries	-	0%	0%	-	-	5
Restricted cash	-	0%	0%	-	-	4
Other assets	-	0%	0%	-	-	
Unencumbered interim cash flow	23,167	100%	100%	23,167	26,063	7
Total Unencumbered Assets / Gross Recovery	\$ 110,550	68%	100%	\$ 74,805	\$ 113,446	
B. LITIGATION RECOVERIES						
B1. Encumbered Causes of Action				-	-	8
B2. Unencumbered Causes of Action, including Preferences				313	627	8
B3. Total Litigation Recoveries				\$ 313	\$ 627	
C. SUMMARY OF GROSS PROCEEDS						
C1. Encumbered Collateral Recovery (A1 + B1)				\$ 328,783	\$ 389,408	
C2. Unencumbered Assets Recovery (A2 + B2)				75,119	114,073	
C3. Total Gross Recovery Proceeds Available for Distribution				\$ 403,902	\$ 503,481	

II. ALLOCATION OF PROCEEDS FROM ENCUMBERED COLLATERAL AVAILABLE FOR DISTRIBUTION

	Estimated Allowed Claims		Estimated Recovery (%)		Estimated Recovery on Secured Claims		See Note
	Lower	Higher	Lower	Higher	Lower	Higher	
Encumbered Gross Collateral Proceeds Available					\$ 328,783	\$ 389,408	
A. LESS: Section 506(c) Surcharges	\$ 2,951	\$ 8,852			\$ 2,951	\$ 8,852	9
B. Carve-Out Allocation	-	-			-	-	10
Proceeds Available to Secured Claims					\$ 325,832	\$ 380,556	
SECURED CLAIMS							
C. PLUS: Proceeds From Subsidiary Guaranteed Notes Turnover					31,991	16,041	14
Proceeds Available to Satisfy First Lien Secured Claims					\$ 357,824	\$ 396,597	
D. First Lien Secured Claims							
D1. First Lien Bank Claims	\$ 160,859	\$ 184,900	100.0%	100.0%	160,859	184,900	11
D2. First Lien Bond Claims	195,670	210,203	100.0%	100.0%	195,670	210,203	11
D3. First Lien Swap Claims	1,294	1,493	100.0%	100.0%	1,294	1,493	11
D4. Other First Lien Secured Claims	-	-	na	na	-	-	11
Total First Lien Claims & Recovery	\$ 357,824	\$ 396,597	100.0%	100.0%	\$ 357,824	\$ 396,597	
Proceeds Available to Satisfy Second Lien Secured Claims					\$ -	\$ -	
E. Second Lien Bond Claims	\$ -	\$ -	na	na	-	-	11
Total Second Lien Claims & Recovery	\$ -	\$ -	na	na	\$ -	\$ -	
F. Other Secured Claims	-	-			-	-	11
Total Secured Claims and Distributions	\$ 360,774	\$ 405,449	100.0%	100.0%	\$ 360,774	\$ 405,449	
Proceeds Available from Encumbered Collateral to Satisfy Administrative, Priority and Unsecured Claims					\$ -	\$ -	
Secured Lender Deficiency Claims (General Unsecured Claim)	\$ -	\$ -					

III. ALLOCATION OF PROCEEDS AVAILABLE TO SATISFY ADMINISTRATIVE, PRIORITY AND UNSECURED CLAIMS

	Estimated Allowed Claims		Estimated Recovery (%)		Estimated Recovery on Administrative, Priority and Unsecured Claims		See Note
	Lower	Higher	Lower	Higher	Lower	Higher	
Proceeds Available from Unencumbered Assets					\$ 75,119	\$ 114,073	
Section 506(c) Surcharges					2,951	8,852	9
Proceeds Available from Encumbered Collateral					-	-	
Proceeds Available to Satisfy Administrative, Priority and Unsecured Claims					\$ 78,069	\$ 122,925	
A. LESS: Carve-Out Allocation	\$ 1,925	\$ 718	100.0%	100.0%	\$ 1,925	\$ 718	10
Proceeds Available for Administrative Claims					\$ 76,144	\$ 122,207	
ADMINISTRATIVE CLAIMS							
B. Subsidiaries' Superpriority Admin Claims against CEOC	\$ -	\$ -	na	na	\$ -	\$ -	12
C. Chapter 7 Administrative Claims	11,952	3,981	100.0%	100.0%	11,952	3,981	12
D. Chapter 11 Administrative Claims	5,591	5,591	100.0%	100.0%	5,591	5,591	12
Proceeds Available for Priority Claims					\$ 58,601	\$ 112,635	
PRIORITY CLAIMS							
E. Employee Priority Claims	\$ -	\$ -	na	na	\$ -	\$ -	13
F. Priority Tax Claims	-	-	na	na	-	-	13
G. Other Priority Claims	-	-	na	na	-	-	13
Proceeds Available for Unsecured Claims					\$ 58,601	\$ 112,635	
UNSECURED CLAIMS							
H1. First Lien Deficiency Claims	\$ -	\$ -	na	na	\$ -	\$ -	14
H2. Second Lien Deficiency Claims	-	-	na	na	-	-	14
H3. Other Secured Deficiency Claims	-	-	na	na	-	-	14
H4. Senior Unsecured Notes Claims	-	-	na	na	-	-	14
H5. Subsidiary Guaranteed Notes Claims	502,019	502,019	0.2%	0.3%	1,171	1,312	14
H5a. Subsidiary Guaranteed Notes Turnover to First Lien Claimants			na	na	31,991	16,041	14
H6. General Unsecured Claims	3,650	3,963	6.6%	70.8%	241	2,805	14
H7. Pension Claims	446,123	223,061	3.7%	0.7%	16,712	1,589	14
H8. Intercompany Notes Payable	128,434	128,434	6.6%	70.8%	8,484	90,881	14
H9. Intercompany Claims - Prepetition	10	10	6.6%	70.8%	1	7	14
Total Unsecured Claims	\$ 1,080,236	\$ 857,488	5.4%	13.1%	\$ 58,601	\$ 112,635	
Total Admin, Priority, Unsecured Claims & Distributions	\$ 1,099,705	\$ 867,778	7.1%	14.2%	\$ 78,069	\$ 122,925	
Value Available for Equity Interests					\$ -	\$ -	15

I. TOTAL PROCEEDS AVAILABLE FOR DISTRIBUTION

	Net Book Value	Estimated Recovery (%)		Estimated Liquidation Value		See Note
		Lower	Higher	Lower	Higher	
A. STATEMENT OF ASSETS						
Cash and equivalents	\$ -	0%	0%	\$ -	\$ -	1
Accounts receivable	-	0%	0%	-	-	2
Other current assets	-	0%	0%	-	-	2
Inventory	-	0%	0%	-	-	2
Due from subsidiaries/affiliates	1,003	0%	19%	-	192	3
Property and equipment, net	-	0%	0%	-	-	2
Goodwill	-	0%	0%	-	-	4
Intangibles	-	0%	0%	-	-	4
Investments in subsidiaries	-	0%	0%	-	-	5
Restricted cash	-	0%	0%	-	-	4
Other assets	-	0%	0%	-	-	
STATEMENT OF ASSETS - CASINO SALE						
Casino	-	0%	0%	-	-	6
Interim cash flow	-	0%	0%	-	-	7
Total Assets / Gross Recovery	\$ 1,003	0%	19%	\$ -	\$ 192	
A1. ENCUMBERED COLLATERAL						
Cash and equivalents	\$ -	0%	0%	\$ -	\$ -	1
Accounts receivable	-	0%	0%	-	-	2
Other current assets	-	0%	0%	-	-	2
Inventory	-	0%	0%	-	-	2
Due from subsidiaries/affiliates	1,003	0%	19%	-	192	3
Property and equipment, net	-	0%	0%	-	-	2
Goodwill	-	0%	0%	-	-	4
Intangibles	-	0%	0%	-	-	4
Investments in subsidiaries	-	0%	0%	-	-	5
Restricted cash	-	0%	0%	-	-	4
Other assets	-	0%	0%	-	-	
Casino value and encumbered interim cash flow	-	0%	0%	-	-	6,7
Total Encumbered Collateral / Gross Recovery	\$ 1,003	0%	19%	\$ -	\$ 192	
A2. UNENCUMBERED ASSETS						
Cash and equivalents	\$ -	0%	0%	\$ -	\$ -	1
Accounts receivable	-	0%	0%	-	-	2
Other current assets	-	0%	0%	-	-	2
Inventory	-	0%	0%	-	-	2
Due from subsidiaries/affiliates	-	0%	0%	-	-	3
Property and equipment, net	-	0%	0%	-	-	2
Goodwill	-	0%	0%	-	-	4
Intangibles	-	0%	0%	-	-	4
Investments in subsidiaries	-	0%	0%	-	-	5
Restricted cash	-	0%	0%	-	-	4
Other assets	-	0%	0%	-	-	
Unencumbered interim cash flow	-	0%	0%	-	-	7
Total Unencumbered Assets / Gross Recovery	\$ -	0%	0%	\$ -	\$ -	
B. LITIGATION RECOVERIES						
B1. Encumbered Causes of Action	-	-	-	-	-	8
B2. Unencumbered Causes of Action, including Preferences	-	-	-	-	-	8
B3. Total Litigation Recoveries	\$ -			\$ -	\$ -	
C. SUMMARY OF GROSS PROCEEDS						
C1. Encumbered Collateral Recovery (A1 + B1)	-	-	-	\$ -	\$ 192	
C2. Unencumbered Assets Recovery (A2 + B2)	-	-	-	-	-	
C3. Total Gross Recovery Proceeds Available for Distribution	\$ -			\$ -	\$ 192	

-Roman Enterprise Group Corporation of Indiana
 Hypothetical Liquidation Analysis Schedule 2
 (\$ in thousands)

II. ALLOCATION OF PROCEEDS FROM ENCUMBERED COLLATERAL AVAILABLE FOR DISTRIBUTION

	Estimated Allowed Claims		Estimated Recovery (%)		Estimated Recovery on Secured Claims		See Note
	Lower	Higher	Lower	Higher	Lower	Higher	
Encumbered Gross Collateral Proceeds Available					\$ -	\$ 192	
A. LESS: Section 506(c) Surcharges	\$ -	\$ -			\$ -	\$ -	9
B. Carve-Out Allocation	-	-			-	-	10
Proceeds Available to Secured Claims					\$ -	\$ 192	
SECURED CLAIMS							
C. PLUS: Proceeds From Subsidiary Guaranteed Notes Turnover					-	-	14
Proceeds Available to Satisfy First Lien Secured Claims					\$ -	\$ 192	
D. First Lien Secured Claims							
D1. First Lien Bank Claims	\$ -	\$ 85	na	100.0%	-	85	11
D2. First Lien Bond Claims	-	106	na	100.0%	-	106	11
D3. First Lien Swap Claims	-	1	na	100.0%	-	1	11
D4. Other First Lien Secured Claims	-	-	na	na	-	-	11
Total First Lien Claims & Recovery	\$ -	\$ 192	na	100.0%	\$ -	\$ 192	
Proceeds Available to Satisfy Second Lien Secured Claims					\$ -	\$ -	
E. Second Lien Bond Claims	\$ -	\$ -	na	na	-	-	11
Total Second Lien Claims & Recovery	\$ -	\$ -	na	na	\$ -	\$ -	
F. Other Secured Claims	-	-			\$ -	\$ -	11
Total Secured Claims and Distributions	\$ -	\$ 192	0.0%	100.0%	\$ -	\$ 192	
Proceeds Available from Encumbered Collateral to Satisfy Administrative, Priority and Unsecured Claims					\$ -	\$ -	
Secured Lender Deficiency Claims (General Unsecured Claim)	\$ -	\$ -					

III. ALLOCATION OF PROCEEDS AVAILABLE TO SATISFY ADMINISTRATIVE, PRIORITY AND UNSECURED CLAIMS

	Estimated Allowed Claims		Estimated Recovery (%)		Estimated Recovery on Administrative, Priority and Unsecured Claims		See Note
	Lower	Higher	Lower	Higher	Lower	Higher	
Proceeds Available from Unencumbered Assets					\$ -	\$ -	
Section 506(c) Surcharges					-	-	9
Proceeds Available from Encumbered Collateral					-	-	
Proceeds Available to Satisfy Administrative, Priority and Unsecured Claims					\$ -	\$ -	
A. LESS: Carve-Out Allocation	\$ -	\$ -	na	na	\$ -	\$ -	10
Proceeds Available for Administrative Claims					\$ -	\$ -	
ADMINISTRATIVE CLAIMS							
B. Subsidiaries' Superpriority Admin Claims against CEOC	\$ -	\$ -	na	na	\$ -	\$ -	12
C. Chapter 7 Administrative Claims	-	-	na	na	-	-	12
D. Chapter 11 Administrative Claims	-	-	na	na	-	-	12
Proceeds Available for Priority Claims					\$ -	\$ -	
PRIORITY CLAIMS							
E. Employee Priority Claims	\$ -	\$ -	na	na	\$ -	\$ -	13
F. Priority Tax Claims	-	-	na	na	-	-	13
G. Other Priority Claims	-	-	na	na	-	-	13
Proceeds Available for Unsecured Claims					\$ -	\$ -	
UNSECURED CLAIMS							
H1. First Lien Deficiency Claims	\$ -	\$ -	na	na	\$ -	\$ -	14
H2. Second Lien Deficiency Claims	-	-	na	na	-	-	14
H3. Other Secured Deficiency Claims	-	-	na	na	-	-	14
H4. Senior Unsecured Notes Claims	-	-	na	na	-	-	14
H5. Subsidiary Guaranteed Notes Claims	502,019	502,019	0.0%	0.0%	-	-	14
H5a. Subsidiary Guaranteed Notes Turnover to First Lien Claimants	-	-	na	na	-	-	14
H6. General Unsecured Claims	-	-	na	na	-	-	14
H7. Pension Claims	446,123	223,061	0.0%	0.0%	-	-	14
H8. Intercompany Notes Payable	-	-	na	na	-	-	14
H9. Intercompany Claims - Prepetition	-	-	na	na	-	-	14
Total Unsecured Claims	\$ 948,142	\$ 725,081	0.0%	0.0%	\$ -	\$ -	
Total Admin, Priority, Unsecured Claims & Distributions	\$ 948,142	\$ 725,081	0.0%	0.0%	\$ -	\$ -	
Value Available for Equity Interests					\$ -	\$ -	15

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Hypothetical Liquidation Analysis Schedule 2
(\$ in thousands)

I. TOTAL PROCEEDS AVAILABLE FOR DISTRIBUTION

	Net Book Value	Estimated Recovery (%)		Estimated Liquidation Value		See Note
		Lower	Higher	Lower	Higher	
A. STATEMENT OF ASSETS						
Cash and equivalents	\$ -	0%	0%	\$ -	\$ -	1
Accounts receivable	-	0%	0%	-	-	2
Other current assets	-	0%	0%	-	-	2
Inventory	-	0%	0%	-	-	2
Due from subsidiaries/affiliates	-	0%	0%	-	-	3
Property and equipment, net	-	0%	0%	-	-	2
Goodwill	-	0%	0%	-	-	4
Intangibles	-	0%	0%	-	-	4
Investments in subsidiaries	-	0%	0%	-	-	5
Restricted cash	-	0%	0%	-	-	4
Other assets	-	0%	0%	-	-	
STATEMENT OF ASSETS - CASINO SALE						
Casino	-	0%	0%	-	-	6
Interim cash flow	-	0%	0%	-	-	7
Total Assets / Gross Recovery	\$ -	0%	0%	\$ -	\$ -	
A1. ENCUMBERED COLLATERAL						
Cash and equivalents	\$ -	0%	0%	\$ -	\$ -	1
Accounts receivable	-	0%	0%	-	-	2
Other current assets	-	0%	0%	-	-	2
Inventory	-	0%	0%	-	-	2
Due from subsidiaries/affiliates	-	0%	0%	-	-	3
Property and equipment, net	-	0%	0%	-	-	2
Goodwill	-	0%	0%	-	-	4
Intangibles	-	0%	0%	-	-	4
Investments in subsidiaries	-	0%	0%	-	-	5
Restricted cash	-	0%	0%	-	-	4
Other assets	-	0%	0%	-	-	
Casino value and encumbered interim cash flow	-	0%	0%	-	-	6,7
Total Encumbered Collateral / Gross Recovery	\$ -	0%	0%	\$ -	\$ -	
A2. UNENCUMBERED ASSETS						
Cash and equivalents	\$ -	0%	0%	\$ -	\$ -	1
Accounts receivable	-	0%	0%	-	-	2
Other current assets	-	0%	0%	-	-	2
Inventory	-	0%	0%	-	-	2
Due from subsidiaries/affiliates	-	0%	0%	-	-	3
Property and equipment, net	-	0%	0%	-	-	2
Goodwill	-	0%	0%	-	-	4
Intangibles	-	0%	0%	-	-	4
Investments in subsidiaries	-	0%	0%	-	-	5
Restricted cash	-	0%	0%	-	-	4
Other assets	-	0%	0%	-	-	
Unencumbered interim cash flow	-	0%	0%	-	-	7
Total Unencumbered Assets / Gross Recovery	\$ -	0%	0%	\$ -	\$ -	
B. LITIGATION RECOVERIES						
B1. Encumbered Causes of Action				-	-	8
B2. Unencumbered Causes of Action, including Preferences				-	-	8
B3. Total Litigation Recoveries				\$ -	\$ -	
C. SUMMARY OF GROSS PROCEEDS						
C1. Encumbered Collateral Recovery (A1 + B1)				\$ -	\$ -	
C2. Unencumbered Assets Recovery (A2 + B2)				-	-	
C3. Total Gross Recovery Proceeds Available for Distribution				\$ -	\$ -	

II. ALLOCATION OF PROCEEDS FROM ENCUMBERED COLLATERAL AVAILABLE FOR DISTRIBUTION

	Estimated Allowed Claims		Estimated Recovery (%)		Estimated Recovery on Secured Claims		See Note
	Lower	Higher	Lower	Higher	Lower	Higher	
Encumbered Gross Collateral Proceeds Available					\$ -	\$ -	
A. LESS: Section 506(c) Surcharges	\$ -	\$ -			\$ -	\$ -	9
B. Carve-Out Allocation	-	-			-	-	10
Proceeds Available to Secured Claims					\$ -	\$ -	
SECURED CLAIMS							
C. PLUS: Proceeds From Subsidiary Guaranteed Notes Turnover					-	-	14
Proceeds Available to Satisfy First Lien Secured Claims					\$ -	\$ -	
D. First Lien Secured Claims							
D1. First Lien Bank Claims	\$ -	\$ -	na	na	-	-	11
D2. First Lien Bond Claims	-	-	na	na	-	-	11
D3. First Lien Swap Claims	-	-	na	na	-	-	11
D4. Other First Lien Secured Claims	-	-	na	na	-	-	11
Total First Lien Claims & Recovery	\$ -	\$ -	na	na	\$ -	\$ -	
Proceeds Available to Satisfy Second Lien Secured Claims					\$ -	\$ -	
E. Second Lien Bond Claims	\$ -	\$ -	na	na	-	-	11
Total Second Lien Claims & Recovery	\$ -	\$ -	na	na	\$ -	\$ -	
F. Other Secured Claims	-	-			\$ -	\$ -	11
Total Secured Claims and Distributions	\$ -	\$ -	0.0%	0.0%	\$ -	\$ -	
Proceeds Available from Encumbered Collateral to Satisfy Administrative, Priority and Unsecured Claims					\$ -	\$ -	
Secured Lender Deficiency Claims (General Unsecured Claim)	\$ -	\$ -					

III. ALLOCATION OF PROCEEDS AVAILABLE TO SATISFY ADMINISTRATIVE, PRIORITY AND UNSECURED CLAIMS

	Estimated Allowed Claims		Estimated Recovery (%)		Estimated Recovery on Administrative, Priority and Unsecured Claims		See Note
	Lower	Higher	Lower	Higher	Lower	Higher	
Proceeds Available from Unencumbered Assets					\$ -	\$ -	
Section 506(c) Surcharges					-	-	9
Proceeds Available from Encumbered Collateral					-	-	
Proceeds Available to Satisfy Administrative, Priority and Unsecured Claims					\$ -	\$ -	
A. LESS: Carve-Out Allocation	\$ -	\$ -	na	na	\$ -	\$ -	10
Proceeds Available for Administrative Claims					\$ -	\$ -	
ADMINISTRATIVE CLAIMS							
B. Subsidiaries' Superpriority Admin Claims against CEOC	\$ -	\$ -	na	na	\$ -	\$ -	12
C. Chapter 7 Administrative Claims	-	-	na	na	-	-	12
D. Chapter 11 Administrative Claims	1	1	0.0%	0.0%	-	-	12
Proceeds Available for Priority Claims					\$ -	\$ -	
PRIORITY CLAIMS							
E. Employee Priority Claims	\$ -	\$ -	na	na	\$ -	\$ -	13
F. Priority Tax Claims	-	-	na	na	-	-	13
G. Other Priority Claims	-	-	na	na	-	-	13
Proceeds Available for Unsecured Claims					\$ -	\$ -	
UNSECURED CLAIMS							
H1. First Lien Deficiency Claims	\$ -	\$ -	na	na	\$ -	\$ -	14
H2. Second Lien Deficiency Claims	-	-	na	na	-	-	14
H3. Other Secured Deficiency Claims	-	-	na	na	-	-	14
H4. Senior Unsecured Notes Claims	-	-	na	na	-	-	14
H5. Subsidiary Guaranteed Notes Claims	502,019	502,019	0.0%	0.0%	-	-	14
H5a. Subsidiary Guaranteed Notes Turnover to First Lien Claimants	-	-	na	na	-	-	14
H6. General Unsecured Claims	16	16	0.0%	0.0%	-	-	14
H7. Pension Claims	446,123	223,061	0.0%	0.0%	-	-	14
H8. Intercompany Notes Payable	-	-	na	na	-	-	14
H9. Intercompany Claims - Prepetition	-	-	na	na	-	-	14
Total Unsecured Claims	\$ 948,158	\$ 725,096	0.0%	0.0%	\$ -	\$ -	
Total Admin, Priority, Unsecured Claims & Distributions	\$ 948,158	\$ 725,097	0.0%	0.0%	\$ -	\$ -	
Value Available for Equity Interests					\$ -	\$ -	15

I. TOTAL PROCEEDS AVAILABLE FOR DISTRIBUTION

	Net Book Value	Estimated Recovery (%)		Estimated Liquidation Value		See Note
		Lower	Higher	Lower	Higher	
		A. STATEMENT OF ASSETS				
Cash and equivalents	\$ -	0%	0%	\$ -	\$ -	1
Accounts receivable	-	0%	0%	-	-	2
Other current assets	-	0%	0%	-	-	2
Inventory	-	0%	0%	-	-	2
Due from subsidiaries/affiliates	79,375	46%	82%	36,694	65,405	3
Property and equipment, net	-	0%	0%	-	-	2
Goodwill	-	0%	0%	-	-	4
Intangibles	-	0%	0%	-	-	4
Investments in subsidiaries	-	0%	0%	-	-	5
Restricted cash	-	0%	0%	-	-	4
Other assets	-	0%	0%	-	-	
STATEMENT OF ASSETS - CASINO SALE						
Casino	119,996	100%+	100%+	154,442	172,659	6
Interim cash flow	20,387	80%	90%	16,309	18,348	7
Total Assets / Gross Recovery	\$ 219,758	94%	100%+	\$ 207,445	\$ 256,412	
A1. ENCUMBERED COLLATERAL						
Cash and equivalents	\$ -	0%	0%	\$ -	\$ -	1
Accounts receivable	-	0%	0%	-	-	2
Other current assets	-	0%	0%	-	-	2
Inventory	-	0%	0%	-	-	2
Due from subsidiaries/affiliates	27,984	23%	50%	6,325	14,014	3
Property and equipment, net	-	0%	0%	-	-	2
Goodwill	-	0%	0%	-	-	4
Intangibles	-	0%	0%	-	-	4
Investments in subsidiaries	-	0%	0%	-	-	5
Restricted cash	-	0%	0%	-	-	4
Other assets	-	0%	0%	-	-	
Casino value and encumbered interim cash flow	125,198	100%+	100%+	152,829	172,763	6,7
Total Encumbered Collateral / Gross Recovery	\$ 153,181	100%+	100%+	\$ 159,154	\$ 186,777	
A2. UNENCUMBERED ASSETS						
Cash and equivalents	\$ -	0%	0%	\$ -	\$ -	1
Accounts receivable	-	0%	0%	-	-	2
Other current assets	-	0%	0%	-	-	2
Inventory	-	0%	0%	-	-	2
Due from subsidiaries/affiliates	51,391	59%	100%	30,369	51,391	3
Property and equipment, net	-	0%	0%	-	-	2
Goodwill	-	0%	0%	-	-	4
Intangibles	-	0%	0%	-	-	4
Investments in subsidiaries	-	0%	0%	-	-	5
Restricted cash	-	0%	0%	-	-	4
Other assets	-	0%	0%	-	-	
Unencumbered interim cash flow	15,185	100%+	100%+	17,922	18,244	7
Total Unencumbered Assets / Gross Recovery	\$ 66,577	73%	100%+	\$ 48,291	\$ 69,635	
B. LITIGATION RECOVERIES						
B1. Encumbered Causes of Action				-	-	8
B2. Unencumbered Causes of Action, including Preferences				645	1,289	8
B3. Total Litigation Recoveries				\$ 645	\$ 1,289	
C. SUMMARY OF GROSS PROCEEDS						
C1. Encumbered Collateral Recovery (A1 + B1)				\$ 159,154	\$ 186,777	
C2. Unencumbered Assets Recovery (A2 + B2)				48,936	70,924	
C3. Total Gross Recovery Proceeds Available for Distribution				\$ 208,090	\$ 257,701	

II. ALLOCATION OF PROCEEDS FROM ENCUMBERED COLLATERAL AVAILABLE FOR DISTRIBUTION

	Estimated Allowed Claims		Estimated Recovery (%)		Estimated Recovery on Secured Claims		See Note
	Lower	Higher	Lower	Higher	Lower	Higher	
Encumbered Gross Collateral Proceeds Available					\$ 159,154	\$ 186,777	
A. LESS: Section 506(c) Surcharges	\$ 7,136	\$ 21,409			\$ 7,136	\$ 21,409	9
B. Carve-Out Allocation	-	-			-	-	10
Proceeds Available to Secured Claims					<u>\$ 152,017</u>	<u>\$ 165,368</u>	
SECURED CLAIMS							
C. PLUS: Proceeds From Subsidiary Guaranteed Notes Turnover					11,389	5,509	14
Proceeds Available to Satisfy First Lien Secured Claims					<u>\$ 163,406</u>	<u>\$ 170,877</u>	
D. First Lien Secured Claims							
D1. First Lien Bank Claims	\$ 73,479	\$ 78,898	100.0%	100.0%	73,479	78,898	11
D2. First Lien Bond Claims	89,337	91,342	100.0%	100.0%	89,337	91,342	11
D3. First Lien Swap Claims	591	637	100.0%	100.0%	591	637	11
D4. Other First Lien Secured Claims	-	-	na	na	-	-	11
Total First Lien Claims & Recovery	<u>\$ 163,406</u>	<u>\$ 170,877</u>	100.0%	100.0%	<u>\$ 163,406</u>	<u>\$ 170,877</u>	
Proceeds Available to Satisfy Second Lien Secured Claims					<u>\$ -</u>	<u>\$ -</u>	
E. Second Lien Bond Claims	\$ -	\$ -	na	na	-	-	11
Total Second Lien Claims & Recovery	<u>\$ -</u>	<u>\$ -</u>	na	na	<u>\$ -</u>	<u>\$ -</u>	
F. Other Secured Claims	-	-			\$ -	\$ -	11
Total Secured Claims and Distributions	<u>\$ 170,543</u>	<u>\$ 192,286</u>	100.0%	100.0%	<u>\$ 170,543</u>	<u>\$ 192,286</u>	
Proceeds Available from Encumbered Collateral to Satisfy Administrative, Priority and Unsecured Claims					<u>\$ -</u>	<u>\$ -</u>	
Secured Lender Deficiency Claims (General Unsecured Claim)	<u>\$ -</u>	<u>\$ -</u>					

III. ALLOCATION OF PROCEEDS AVAILABLE TO SATISFY ADMINISTRATIVE, PRIORITY AND UNSECURED CLAIMS

	Estimated Allowed Claims		Estimated Recovery (%)		Estimated Recovery on Administrative, Priority and Unsecured Claims		See Note
	Lower	Higher	Lower	Higher	Lower	Higher	
Proceeds Available from Unencumbered Assets					\$ 48,936	\$ 70,924	
Section 506(c) Surcharges					7,136	21,409	9
Proceeds Available from Encumbered Collateral					-	-	
Proceeds Available to Satisfy Administrative, Priority and Unsecured Claims					\$ 56,072	\$ 92,333	
A. LESS: Carve-Out Allocation	\$ 1,383	\$ 539	100.0%	100.0%	\$ 1,383	\$ 539	10
Proceeds Available for Administrative Claims					\$ 54,689	\$ 91,794	
ADMINISTRATIVE CLAIMS							
B. Subsidiaries' Superpriority Admin Claims against CEOC	\$ -	\$ -	na	na	\$ -	\$ -	12
C. Chapter 7 Administrative Claims	10,546	4,612	100.0%	100.0%	10,546	4,612	12
D. Chapter 11 Administrative Claims	6,130	6,130	100.0%	100.0%	6,130	6,130	12
Proceeds Available for Priority Claims					\$ 38,014	\$ 81,052	
PRIORITY CLAIMS							
E. Employee Priority Claims	\$ -	\$ -	na	na	\$ -	\$ -	13
F. Priority Tax Claims	-	-	na	na	-	-	13
G. Other Priority Claims	-	-	na	na	-	-	13
Proceeds Available for Unsecured Claims					\$ 38,014	\$ 81,052	
UNSECURED CLAIMS							
H1. First Lien Deficiency Claims	\$ -	\$ -	na	na	\$ -	\$ -	14
H2. Second Lien Deficiency Claims	-	-	na	na	-	-	14
H3. Other Secured Deficiency Claims	-	-	na	na	-	-	14
H4. Senior Unsecured Notes Claims	-	-	na	na	-	-	14
H5. Subsidiary Guaranteed Notes Claims	502,019	502,019	0.1%	0.1%	417	451	14
H5a. Subsidiary Guaranteed Notes Turnover to First Lien Claimants			na	na	11,389	5,509	14
H6. General Unsecured Claims	8,264	8,908	2.4%	8.9%	194	794	14
H7. Pension Claims	446,123	223,061	1.5%	0.3%	6,567	628	14
H8. Intercompany Notes Payable	826,909	826,909	2.4%	8.9%	19,446	73,670	14
H9. Intercompany Claims - Prepetition	-	-	na	na	-	-	14
Total Unsecured Claims	\$ 1,783,314	\$ 1,560,898	2.1%	5.2%	\$ 38,014	\$ 81,052	
Total Admin, Priority, Unsecured Claims & Distributions	\$ 1,801,373	\$ 1,572,179	3.1%	5.9%	\$ 56,072	\$ 92,333	
Value Available for Equity Interests					\$ -	\$ -	15

I. TOTAL PROCEEDS AVAILABLE FOR DISTRIBUTION

	Net Book Value	Estimated Recovery (%)		Estimated Liquidation Value		See Note
		Lower	Higher	Lower	Higher	
A. STATEMENT OF ASSETS						
Cash and equivalents	\$ -	0%	0%	\$ -	\$ -	1
Accounts receivable	-	0%	0%	-	-	2
Other current assets	-	0%	0%	-	-	2
Inventory	-	0%	0%	-	-	2
Due from subsidiaries/affiliates	-	0%	0%	-	-	3
Property and equipment, net	-	0%	0%	-	-	2
Goodwill	-	0%	0%	-	-	4
Intangibles	-	0%	0%	-	-	4
Investments in subsidiaries	-	0%	0%	-	-	5
Restricted cash	-	0%	0%	-	-	4
Other assets	-	0%	0%	-	-	
STATEMENT OF ASSETS - CASINO SALE						
Casino	-	0%	0%	-	-	6
Interim cash flow	-	0%	0%	-	-	7
Total Assets / Gross Recovery	\$ -	0%	0%	\$ -	\$ -	
A1. ENCUMBERED COLLATERAL						
Cash and equivalents	\$ -	0%	0%	\$ -	\$ -	1
Accounts receivable	-	0%	0%	-	-	2
Other current assets	-	0%	0%	-	-	2
Inventory	-	0%	0%	-	-	2
Due from subsidiaries/affiliates	-	0%	0%	-	-	3
Property and equipment, net	-	0%	0%	-	-	2
Goodwill	-	0%	0%	-	-	4
Intangibles	-	0%	0%	-	-	4
Investments in subsidiaries	-	0%	0%	-	-	5
Restricted cash	-	0%	0%	-	-	4
Other assets	-	0%	0%	-	-	
Casino value and encumbered interim cash flow	-	0%	0%	-	-	6,7
Total Encumbered Collateral / Gross Recovery	\$ -	0%	0%	\$ -	\$ -	
A2. UNENCUMBERED ASSETS						
Cash and equivalents	\$ -	0%	0%	\$ -	\$ -	1
Accounts receivable	-	0%	0%	-	-	2
Other current assets	-	0%	0%	-	-	2
Inventory	-	0%	0%	-	-	2
Due from subsidiaries/affiliates	-	0%	0%	-	-	3
Property and equipment, net	-	0%	0%	-	-	2
Goodwill	-	0%	0%	-	-	4
Intangibles	-	0%	0%	-	-	4
Investments in subsidiaries	-	0%	0%	-	-	5
Restricted cash	-	0%	0%	-	-	4
Other assets	-	0%	0%	-	-	
Unencumbered interim cash flow	-	0%	0%	-	-	7
Total Unencumbered Assets / Gross Recovery	\$ -	0%	0%	\$ -	\$ -	
B. LITIGATION RECOVERIES						
B1. Encumbered Causes of Action				-	-	8
B2. Unencumbered Causes of Action, including Preferences				-	-	8
B3. Total Litigation Recoveries				\$ -	\$ -	
C. SUMMARY OF GROSS PROCEEDS						
C1. Encumbered Collateral Recovery (A1 + B1)				\$ -	\$ -	
C2. Unencumbered Assets Recovery (A2 + B2)				-	-	
C3. Total Gross Recovery Proceeds Available for Distribution				\$ -	\$ -	

II. ALLOCATION OF PROCEEDS FROM ENCUMBERED COLLATERAL AVAILABLE FOR DISTRIBUTION

	Estimated Allowed Claims		Estimated Recovery (%)		Estimated Recovery on Secured Claims		See Note
	Lower	Higher	Lower	Higher	Lower	Higher	
Encumbered Gross Collateral Proceeds Available					\$ -	\$ -	
A. LESS: Section 506(c) Surcharges	\$ -	\$ -			\$ -	\$ -	9
B. Carve-Out Allocation	-	-			-	-	10
Proceeds Available to Secured Claims					\$ -	\$ -	
SECURED CLAIMS							
C. PLUS: Proceeds From Subsidiary Guaranteed Notes Turnover					-	-	14
Proceeds Available to Satisfy First Lien Secured Claims					\$ -	\$ -	
D. First Lien Secured Claims							
D1. First Lien Bank Claims	\$ -	\$ -	na	na	-	-	11
D2. First Lien Bond Claims	-	-	na	na	-	-	11
D3. First Lien Swap Claims	-	-	na	na	-	-	11
D4. Other First Lien Secured Claims	-	-	na	na	-	-	11
Total First Lien Claims & Recovery	\$ -	\$ -	na	na	\$ -	\$ -	
Proceeds Available to Satisfy Second Lien Secured Claims					\$ -	\$ -	
E. Second Lien Bond Claims	\$ -	\$ -	na	na	-	-	11
Total Second Lien Claims & Recovery	\$ -	\$ -	na	na	\$ -	\$ -	
F. Other Secured Claims	-	-			\$ -	\$ -	11
Total Secured Claims and Distributions	\$ -	\$ -	0.0%	0.0%	\$ -	\$ -	
Proceeds Available from Encumbered Collateral to Satisfy Administrative, Priority and Unsecured Claims					\$ -	\$ -	
Secured Lender Deficiency Claims (General Unsecured Claim)	\$ -	\$ -					

III. ALLOCATION OF PROCEEDS AVAILABLE TO SATISFY ADMINISTRATIVE, PRIORITY AND UNSECURED CLAIMS

	Estimated Allowed Claims		Estimated Recovery (%)		Estimated Recovery on Administrative, Priority and Unsecured Claims		See Note
	Lower	Higher	Lower	Higher	Lower	Higher	
Proceeds Available from Unencumbered Assets					\$ -	\$ -	
Section 506(c) Surcharges					-	-	9
Proceeds Available from Encumbered Collateral					-	-	
Proceeds Available to Satisfy Administrative, Priority and Unsecured Claims					\$ -	\$ -	
A. LESS: Carve-Out Allocation	\$ -	\$ -	na	na	\$ -	\$ -	10
Proceeds Available for Administrative Claims					\$ -	\$ -	
ADMINISTRATIVE CLAIMS							
B. Subsidiaries' Superpriority Admin Claims against CEOC	\$ -	\$ -	na	na	\$ -	\$ -	12
C. Chapter 7 Administrative Claims	-	-	na	na	-	-	12
D. Chapter 11 Administrative Claims	-	-	na	na	-	-	12
Proceeds Available for Priority Claims					\$ -	\$ -	
PRIORITY CLAIMS							
E. Employee Priority Claims	\$ -	\$ -	na	na	\$ -	\$ -	13
F. Priority Tax Claims	-	-	na	na	-	-	13
G. Other Priority Claims	-	-	na	na	-	-	13
Proceeds Available for Unsecured Claims					\$ -	\$ -	
UNSECURED CLAIMS							
H1. First Lien Deficiency Claims	\$ -	\$ -	na	na	\$ -	\$ -	14
H2. Second Lien Deficiency Claims	-	-	na	na	-	-	14
H3. Other Secured Deficiency Claims	-	-	na	na	-	-	14
H4. Senior Unsecured Notes Claims	-	-	na	na	-	-	14
H5. Subsidiary Guaranteed Notes Claims	502,019	502,019	0.0%	0.0%	-	-	14
H5a. Subsidiary Guaranteed Notes Turnover to First Lien Claimants	-	-	na	na	-	-	14
H6. General Unsecured Claims	-	-	na	na	-	-	14
H7. Pension Claims	446,123	223,061	0.0%	0.0%	-	-	14
H8. Intercompany Notes Payable	-	-	na	na	-	-	14
H9. Intercompany Claims - Prepetition	-	-	na	na	-	-	14
Total Unsecured Claims	\$ 948,142	\$ 725,081	0.0%	0.0%	\$ -	\$ -	
Total Admin, Priority, Unsecured Claims & Distributions	\$ 948,142	\$ 725,081	0.0%	0.0%	\$ -	\$ -	
Value Available for Equity Interests					\$ -	\$ -	15

I. TOTAL PROCEEDS AVAILABLE FOR DISTRIBUTION

	Net Book Value	Estimated Recovery (%)		Estimated Liquidation Value		See Note
		Lower	Higher	Lower	Higher	
A. STATEMENT OF ASSETS						
Cash and equivalents	\$ -	0%	0%	\$ -	\$ -	1
Accounts receivable	-	0%	0%	-	-	2
Other current assets	-	0%	0%	-	-	2
Inventory	-	0%	0%	-	-	2
Due from subsidiaries/affiliates	-	0%	0%	-	-	3
Property and equipment, net	-	0%	0%	-	-	2
Goodwill	-	0%	0%	-	-	4
Intangibles	-	0%	0%	-	-	4
Investments in subsidiaries	-	0%	0%	1	1	5
Restricted cash	-	0%	0%	-	-	4
Other assets	-	0%	0%	-	-	
STATEMENT OF ASSETS - CASINO SALE						
Casino	-	0%	0%	-	-	6
Interim cash flow	-	0%	0%	-	-	7
Total Assets / Gross Recovery	\$ -	0%	0%	\$ 1	\$ 1	
A1. ENCUMBERED COLLATERAL						
Cash and equivalents	\$ -	0%	0%	\$ -	\$ -	1
Accounts receivable	-	0%	0%	-	-	2
Other current assets	-	0%	0%	-	-	2
Inventory	-	0%	0%	-	-	2
Due from subsidiaries/affiliates	-	0%	0%	-	-	3
Property and equipment, net	-	0%	0%	-	-	2
Goodwill	-	0%	0%	-	-	4
Intangibles	-	0%	0%	-	-	4
Investments in subsidiaries	-	0%	0%	1	1	5
Restricted cash	-	0%	0%	-	-	4
Other assets	-	0%	0%	-	-	
Casino value and encumbered interim cash flow	-	0%	0%	-	-	6,7
Total Encumbered Collateral / Gross Recovery	\$ -	0%	0%	\$ 1	\$ 1	
A2. UNENCUMBERED ASSETS						
Cash and equivalents	\$ -	0%	0%	\$ -	\$ -	1
Accounts receivable	-	0%	0%	-	-	2
Other current assets	-	0%	0%	-	-	2
Inventory	-	0%	0%	-	-	2
Due from subsidiaries/affiliates	-	0%	0%	-	-	3
Property and equipment, net	-	0%	0%	-	-	2
Goodwill	-	0%	0%	-	-	4
Intangibles	-	0%	0%	-	-	4
Investments in subsidiaries	-	0%	0%	-	-	5
Restricted cash	-	0%	0%	-	-	4
Other assets	-	0%	0%	-	-	
Unencumbered interim cash flow	-	0%	0%	-	-	7
Total Unencumbered Assets / Gross Recovery	\$ -	0%	0%	\$ -	\$ -	
B. LITIGATION RECOVERIES						
B1. Encumbered Causes of Action				-	-	8
B2. Unencumbered Causes of Action, including Preferences				-	-	8
B3. Total Litigation Recoveries				\$ -	\$ -	
C. SUMMARY OF GROSS PROCEEDS						
C1. Encumbered Collateral Recovery (A1 + B1)				\$ 1	\$ 1	
C2. Unencumbered Assets Recovery (A2 + B2)				-	-	
C3. Total Gross Recovery Proceeds Available for Distribution				\$ 1	\$ 1	

II. ALLOCATION OF PROCEEDS FROM ENCUMBERED COLLATERAL AVAILABLE FOR DISTRIBUTION

	Estimated Allowed Claims		Estimated Recovery (%)		Estimated Recovery on Secured Claims		See Note
	Lower	Higher	Lower	Higher	Lower	Higher	
Encumbered Gross Collateral Proceeds Available					\$ 1	\$ 1	
A. LESS: Section 506(c) Surcharges	\$ -	\$ -			\$ -	\$ -	9
B. Carve-Out Allocation	-	-			-	-	10
Proceeds Available to Secured Claims					<u>\$ 1</u>	<u>\$ 1</u>	
SECURED CLAIMS							
C. PLUS: Proceeds From Subsidiary Guaranteed Notes Turnover					-	-	14
Proceeds Available to Satisfy First Lien Secured Claims					<u>\$ 1</u>	<u>\$ 1</u>	
D. First Lien Secured Claims							
D1. First Lien Bank Claims	\$ 0	\$ 0	100.0%	100.0%	0	0	11
D2. First Lien Bond Claims	0	1	100.0%	100.0%	0	1	11
D3. First Lien Swap Claims	0	0	100.0%	100.0%	0	0	11
D4. Other First Lien Secured Claims	-	-	na	na	-	-	11
Total First Lien Claims & Recovery	<u>\$ 1</u>	<u>\$ 1</u>	100.0%	100.0%	<u>\$ 1</u>	<u>\$ 1</u>	
Proceeds Available to Satisfy Second Lien Secured Claims					<u>\$ -</u>	<u>\$ -</u>	
E. Second Lien Bond Claims	\$ -	\$ -	na	na	-	-	11
Total Second Lien Claims & Recovery	<u>\$ -</u>	<u>\$ -</u>	na	na	<u>\$ -</u>	<u>\$ -</u>	
F. Other Secured Claims	-	-			\$ -	\$ -	11
Total Secured Claims and Distributions	<u>\$ 1</u>	<u>\$ 1</u>	100.0%	100.0%	<u>\$ 1</u>	<u>\$ 1</u>	
Proceeds Available from Encumbered Collateral to Satisfy Administrative, Priority and Unsecured Claims					<u>\$ -</u>	<u>\$ -</u>	
Secured Lender Deficiency Claims (General Unsecured Claim)	<u>\$ -</u>	<u>\$ -</u>					

III. ALLOCATION OF PROCEEDS AVAILABLE TO SATISFY ADMINISTRATIVE, PRIORITY AND UNSECURED CLAIMS

	Estimated Allowed Claims		Estimated Recovery (%)		Estimated Recovery on Administrative, Priority and Unsecured Claims		See Note
	Lower	Higher	Lower	Higher	Lower	Higher	
Proceeds Available from Unencumbered Assets					\$ -	\$ -	
Section 506(c) Surcharges					-	-	9
Proceeds Available from Encumbered Collateral					-	-	
Proceeds Available to Satisfy Administrative, Priority and Unsecured Claims					\$ -	\$ -	
A. LESS: Carve-Out Allocation	\$ -	\$ -	na	na	\$ -	\$ -	10
Proceeds Available for Administrative Claims					\$ -	\$ -	
ADMINISTRATIVE CLAIMS							
B. Subsidiaries' Superpriority Admin Claims against CEOC	\$ -	\$ -	na	na	\$ -	\$ -	12
C. Chapter 7 Administrative Claims	-	-	na	na	-	-	12
D. Chapter 11 Administrative Claims	-	-	na	na	-	-	12
Proceeds Available for Priority Claims					\$ -	\$ -	
PRIORITY CLAIMS							
E. Employee Priority Claims	\$ -	\$ -	na	na	\$ -	\$ -	13
F. Priority Tax Claims	-	-	na	na	-	-	13
G. Other Priority Claims	-	-	na	na	-	-	13
Proceeds Available for Unsecured Claims					\$ -	\$ -	
UNSECURED CLAIMS							
H1. First Lien Deficiency Claims	\$ -	\$ -	na	na	\$ -	\$ -	14
H2. Second Lien Deficiency Claims	-	-	na	na	-	-	14
H3. Other Secured Deficiency Claims	-	-	na	na	-	-	14
H4. Senior Unsecured Notes Claims	-	-	na	na	-	-	14
H5. Subsidiary Guaranteed Notes Claims	502,019	502,019	0.0%	0.0%	-	-	14
H5a. Subsidiary Guaranteed Notes Turnover to First Lien Claimants	-	-	na	na	-	-	14
H6. General Unsecured Claims	-	-	na	na	-	-	14
H7. Pension Claims	446,123	223,061	0.0%	0.0%	-	-	14
H8. Intercompany Notes Payable	-	-	na	na	-	-	14
H9. Intercompany Claims - Prepetition	-	-	na	na	-	-	14
Total Unsecured Claims	\$ 948,142	\$ 725,081	0.0%	0.0%	\$ -	\$ -	
Total Admin, Priority, Unsecured Claims & Distributions	\$ 948,142	\$ 725,081	0.0%	0.0%	\$ -	\$ -	
Value Available for Equity Interests					\$ -	\$ -	15

I. TOTAL PROCEEDS AVAILABLE FOR DISTRIBUTION

	Net Book Value	Estimated Recovery (%)		Estimated Liquidation Value		See Note
		Lower	Higher	Lower	Higher	
A. STATEMENT OF ASSETS						
Cash and equivalents	\$ -	0%	0%	\$ -	\$ -	1
Accounts receivable	-	0%	0%	-	-	2
Other current assets	-	0%	0%	-	-	2
Inventory	-	0%	0%	-	-	2
Due from subsidiaries/affiliates	-	0%	0%	-	-	3
Property and equipment, net	-	0%	0%	-	-	2
Goodwill	-	0%	0%	-	-	4
Intangibles	-	0%	0%	-	-	4
Investments in subsidiaries	-	0%	0%	-	705,204	5
Restricted cash	-	0%	0%	-	-	4
Other assets	-	0%	0%	-	-	
STATEMENT OF ASSETS - CASINO SALE						
Casino	-	0%	0%	-	-	6
Interim cash flow	-	0%	0%	-	-	7
Total Assets / Gross Recovery	\$ -	0%	0%	\$ -	\$ 705,204	
A1. ENCUMBERED COLLATERAL						
Cash and equivalents	\$ -	0%	0%	\$ -	\$ -	1
Accounts receivable	-	0%	0%	-	-	2
Other current assets	-	0%	0%	-	-	2
Inventory	-	0%	0%	-	-	2
Due from subsidiaries/affiliates	-	0%	0%	-	-	3
Property and equipment, net	-	0%	0%	-	-	2
Goodwill	-	0%	0%	-	-	4
Intangibles	-	0%	0%	-	-	4
Investments in subsidiaries	-	0%	0%	-	705,204	5
Restricted cash	-	0%	0%	-	-	4
Other assets	-	0%	0%	-	-	
Casino value and encumbered interim cash flow	-	0%	0%	-	-	6,7
Total Encumbered Collateral / Gross Recovery	\$ -	0%	0%	\$ -	\$ 705,204	
A2. UNENCUMBERED ASSETS						
Cash and equivalents	\$ -	0%	0%	\$ -	\$ -	1
Accounts receivable	-	0%	0%	-	-	2
Other current assets	-	0%	0%	-	-	2
Inventory	-	0%	0%	-	-	2
Due from subsidiaries/affiliates	-	0%	0%	-	-	3
Property and equipment, net	-	0%	0%	-	-	2
Goodwill	-	0%	0%	-	-	4
Intangibles	-	0%	0%	-	-	4
Investments in subsidiaries	-	0%	0%	-	-	5
Restricted cash	-	0%	0%	-	-	4
Other assets	-	0%	0%	-	-	
Unencumbered interim cash flow	-	0%	0%	-	-	7
Total Unencumbered Assets / Gross Recovery	\$ -	0%	0%	\$ -	\$ -	
B. LITIGATION RECOVERIES						
B1. Encumbered Causes of Action	-			-	-	8
B2. Unencumbered Causes of Action, including Preferences	-			-	-	8
B3. Total Litigation Recoveries	\$ -			\$ -	\$ -	
C. SUMMARY OF GROSS PROCEEDS						
C1. Encumbered Collateral Recovery (A1 + B1)	-			\$ -	\$ 705,204	
C2. Unencumbered Assets Recovery (A2 + B2)	-			-	-	
C3. Total Gross Recovery Proceeds Available for Distribution	\$ -			\$ -	\$ 705,204	

U.S. Trustee
 Hypothetical Liquidation Analysis Schedule 2
 (\$ in thousands)

II. ALLOCATION OF PROCEEDS FROM ENCUMBERED COLLATERAL AVAILABLE FOR DISTRIBUTION

	Estimated Allowed Claims		Estimated Recovery (%)		Estimated Recovery on Secured Claims		See Note
	Lower	Higher	Lower	Higher	Lower	Higher	
Encumbered Gross Collateral Proceeds Available					\$ -	\$ 705,204	
A. LESS: Section 506(c) Surcharges	\$ -	\$ -			\$ -	\$ -	9
B. Carve-Out Allocation	-	-			-	-	10
Proceeds Available to Secured Claims					\$ -	\$ 705,204	
SECURED CLAIMS							
C. PLUS: Proceeds From Subsidiary Guaranteed Notes Turnover					-	-	14
Proceeds Available to Satisfy First Lien Secured Claims					\$ -	\$ 705,204	
D. First Lien Secured Claims							
D1. First Lien Bank Claims	\$ -	\$ 313,150	na	100.0%	-	313,150	11
D2. First Lien Bond Claims	-	389,525	na	100.0%	-	389,525	11
D3. First Lien Swap Claims	-	2,529	na	100.0%	-	2,529	11
D4. Other First Lien Secured Claims	-	-	na	na	-	-	11
Total First Lien Claims & Recovery	\$ -	\$ 705,204	na	100.0%	\$ -	\$ 705,204	
Proceeds Available to Satisfy Second Lien Secured Claims					\$ -	\$ -	
E. Second Lien Bond Claims	\$ -	\$ -	na	na	-	-	11
Total Second Lien Claims & Recovery	\$ -	\$ -	na	na	\$ -	\$ -	
F. Other Secured Claims	-	-			\$ -	\$ -	11
Total Secured Claims and Distributions	\$ -	\$ 705,204	0.0%	100.0%	\$ -	\$ 705,204	
Proceeds Available from Encumbered Collateral to Satisfy Administrative, Priority and Unsecured Claims					\$ -	\$ -	
Secured Lender Deficiency Claims (General Unsecured Claim)	\$ -	\$ -					

III. ALLOCATION OF PROCEEDS AVAILABLE TO SATISFY ADMINISTRATIVE, PRIORITY AND UNSECURED CLAIMS

	Estimated Allowed Claims		Estimated Recovery (%)		Estimated Recovery on Administrative, Priority and Unsecured Claims		See Note
	Lower	Higher	Lower	Higher	Lower	Higher	
Proceeds Available from Unencumbered Assets					\$ -	\$ -	
Section 506(c) Surcharges					-	-	9
Proceeds Available from Encumbered Collateral					-	-	
Proceeds Available to Satisfy Administrative, Priority and Unsecured Claims					\$ -	\$ -	
A. LESS: Carve-Out Allocation	\$ -	\$ -	na	na	\$ -	\$ -	10
Proceeds Available for Administrative Claims					\$ -	\$ -	
ADMINISTRATIVE CLAIMS							
B. Subsidiaries' Superpriority Admin Claims against CEOC	\$ -	\$ -	na	na	\$ -	\$ -	12
C. Chapter 7 Administrative Claims	-	-	na	na	-	-	12
D. Chapter 11 Administrative Claims	3	3	0.0%	0.0%	-	-	12
Proceeds Available for Priority Claims					\$ -	\$ -	
PRIORITY CLAIMS							
E. Employee Priority Claims	\$ -	\$ -	na	na	\$ -	\$ -	13
F. Priority Tax Claims	-	-	na	na	-	-	13
G. Other Priority Claims	-	-	na	na	-	-	13
Proceeds Available for Unsecured Claims					\$ -	\$ -	
UNSECURED CLAIMS							
H1. First Lien Deficiency Claims	\$ -	\$ -	na	na	\$ -	\$ -	14
H2. Second Lien Deficiency Claims	-	-	na	na	-	-	14
H3. Other Secured Deficiency Claims	-	-	na	na	-	-	14
H4. Senior Unsecured Notes Claims	-	-	na	na	-	-	14
H5. Subsidiary Guaranteed Notes Claims	502,019	502,019	0.0%	0.0%	-	-	14
H5a. Subsidiary Guaranteed Notes Turnover to First Lien Claimants	-	-	na	na	-	-	14
H6. General Unsecured Claims	131	131	0.0%	0.0%	-	-	14
H7. Pension Claims	446,123	223,061	0.0%	0.0%	-	-	14
H8. Intercompany Notes Payable	-	-	na	na	-	-	14
H9. Intercompany Claims - Prepetition	1	1	0.0%	0.0%	-	-	14
Total Unsecured Claims	\$ 948,274	\$ 725,212	0.0%	0.0%	\$ -	\$ -	
Total Admin, Priority, Unsecured Claims & Distributions	\$ 948,277	\$ 725,216	0.0%	0.0%	\$ -	\$ -	
Value Available for Equity Interests					\$ -	\$ -	15

Case 15-01145
 Hypothetical Liquidation Analysis Schedule 2
 (\$ in thousands)

I. TOTAL PROCEEDS AVAILABLE FOR DISTRIBUTION

	Net Book Value	Estimated Recovery (%)		Estimated Liquidation Value		See Note
		Lower	Higher	Lower	Higher	
A. STATEMENT OF ASSETS						
Cash and equivalents	\$ -	0%	0%	\$ -	\$ -	1
Accounts receivable	-	0%	0%	-	-	2
Other current assets	-	0%	0%	-	-	2
Inventory	-	0%	0%	-	-	2
Due from subsidiaries/affiliates	427,241	38%	71%	161,364	302,611	3
Property and equipment, net	-	0%	0%	-	-	2
Goodwill	-	0%	0%	-	-	4
Intangibles	-	0%	0%	-	-	4
Investments in subsidiaries	-	0%	0%	-	-	5
Restricted cash	-	0%	0%	-	-	4
Other assets	-	0%	0%	-	-	
STATEMENT OF ASSETS - CASINO SALE						
Casino	673,038	83%	88%	557,745	592,140	6
Interim cash flow	134,023	80%	90%	107,219	120,621	7
Total Assets / Gross Recovery	\$ 1,234,303	67%	82%	\$ 826,328	\$ 1,015,371	
A1. ENCUMBERED COLLATERAL						
Cash and equivalents	\$ -	0%	0%	\$ -	\$ -	1
Accounts receivable	-	0%	0%	-	-	2
Other current assets	-	0%	0%	-	-	2
Inventory	-	0%	0%	-	-	2
Due from subsidiaries/affiliates	244,763	22%	49%	53,531	120,133	3
Property and equipment, net	-	0%	0%	-	-	2
Goodwill	-	0%	0%	-	-	4
Intangibles	-	0%	0%	-	-	4
Investments in subsidiaries	-	0%	0%	-	-	5
Restricted cash	-	0%	0%	-	-	4
Other assets	-	0%	0%	-	-	
Casino value and encumbered interim cash flow	717,499	83%	88%	593,313	632,155	6,7
Total Encumbered Collateral / Gross Recovery	\$ 962,262	67%	78%	\$ 646,844	\$ 752,287	
A2. UNENCUMBERED ASSETS						
Cash and equivalents	\$ -	0%	0%	\$ -	\$ -	1
Accounts receivable	-	0%	0%	-	-	2
Other current assets	-	0%	0%	-	-	2
Inventory	-	0%	0%	-	-	2
Due from subsidiaries/affiliates	182,478	59%	100%	107,834	182,478	3
Property and equipment, net	-	0%	0%	-	-	2
Goodwill	-	0%	0%	-	-	4
Intangibles	-	0%	0%	-	-	4
Investments in subsidiaries	-	0%	0%	-	-	5
Restricted cash	-	0%	0%	-	-	4
Other assets	-	0%	0%	-	-	
Unencumbered interim cash flow	89,563	80%	90%	71,650	80,606	7
Total Unencumbered Assets / Gross Recovery	\$ 272,040	66%	97%	\$ 179,484	\$ 263,084	
B. LITIGATION RECOVERIES						
B1. Encumbered Causes of Action				-	-	8
B2. Unencumbered Causes of Action, including Preferences				2,484	4,967	8
B3. Total Litigation Recoveries				\$ 2,484	\$ 4,967	
C. SUMMARY OF GROSS PROCEEDS						
C1. Encumbered Collateral Recovery (A1 + B1)				\$ 646,844	\$ 752,287	
C2. Unencumbered Assets Recovery (A2 + B2)				181,967	268,051	
C3. Total Gross Recovery Proceeds Available for Distribution				\$ 828,811	\$ 1,020,339	

II. ALLOCATION OF PROCEEDS FROM ENCUMBERED COLLATERAL AVAILABLE FOR DISTRIBUTION

	Estimated Allowed Claims		Estimated Recovery (%)		Estimated Recovery on Secured Claims		See Note
	Lower	Higher	Lower	Higher	Lower	Higher	
Encumbered Gross Collateral Proceeds Available					\$ 646,844	\$ 752,287	
A. LESS: Section 506(c) Surcharges	\$ -	\$ -			\$ -	\$ -	9
B. Carve-Out Allocation	-	-			-	-	10
Proceeds Available to Secured Claims					\$ 646,844	\$ 752,287	
SECURED CLAIMS							
C. PLUS: Proceeds From Subsidiary Guaranteed Notes Turnover					74,769	38,570	14
Proceeds Available to Satisfy First Lien Secured Claims					\$ 721,613	\$ 790,858	
D. First Lien Secured Claims							
D1. First Lien Bank Claims	\$ 324,338	\$ 372,319	100.0%	100.0%	324,338	372,319	11
D2. First Lien Bond Claims	394,665	415,531	100.0%	100.0%	394,665	415,531	11
D3. First Lien Swap Claims	2,610	3,007	100.0%	100.0%	2,610	3,007	11
D4. Other First Lien Secured Claims	-	-	na	na	-	-	11
Total First Lien Claims & Recovery	\$ 721,613	\$ 790,858	100.0%	100.0%	\$ 721,613	\$ 790,858	
Proceeds Available to Satisfy Second Lien Secured Claims					\$ -	\$ -	
E. Second Lien Bond Claims	\$ -	\$ -	na	na	-	-	11
Total Second Lien Claims & Recovery	\$ -	\$ -	na	na	\$ -	\$ -	
F. Other Secured Claims	83	83			\$ -	\$ -	11
Total Secured Claims and Distributions	\$ 721,696	\$ 790,941	100.0%	100.0%	\$ 721,613	\$ 790,858	
Proceeds Available from Encumbered Collateral to Satisfy Administrative, Priority and Unsecured Claims					\$ -	\$ -	
Secured Lender Deficiency Claims (General Unsecured Claim)	\$ 83	\$ 83					

III. ALLOCATION OF PROCEEDS AVAILABLE TO SATISFY ADMINISTRATIVE, PRIORITY AND UNSECURED CLAIMS

	Estimated Allowed Claims		Estimated Recovery (%)		Estimated Recovery on Administrative, Priority and Unsecured Claims		See Note
	Lower	Higher	Lower	Higher	Lower	Higher	
	Proceeds Available from Unencumbered Assets Section 506(c) Surcharges					\$ 181,967	
Proceeds Available from Encumbered Collateral					-	-	
Proceeds Available to Satisfy Administrative, Priority and Unsecured Claims					\$ 181,967	\$ 268,051	
A. LESS: Carve-Out Allocation	\$ 4,488	\$ 1,565	100.0%	100.0%	\$ 4,488	\$ 1,565	10
Proceeds Available for Administrative Claims					\$ 177,480	\$ 266,487	
ADMINISTRATIVE CLAIMS							
B. Subsidiaries' Superpriority Admin Claims against CEOC	\$ -	\$ -	na	na	\$ -	\$ -	12
C. Chapter 7 Administrative Claims	34,993	14,941	100.0%	100.0%	34,993	14,941	12
D. Chapter 11 Administrative Claims	21,350	21,350	100.0%	100.0%	21,350	21,350	12
Proceeds Available for Priority Claims					\$ 121,137	\$ 230,196	
PRIORITY CLAIMS							
E. Employee Priority Claims	\$ 14	\$ 14	100.0%	100.0%	\$ 14	\$ 14	13
F. Priority Tax Claims	10	10	100.0%	100.0%	10	10	13
G. Other Priority Claims	978	978	100.0%	100.0%	978	978	13
Proceeds Available for Unsecured Claims					\$ 120,136	\$ 229,195	
UNSECURED CLAIMS							
H1. First Lien Deficiency Claims	\$ -	\$ -	na	na	\$ -	\$ -	14
H2. Second Lien Deficiency Claims	-	-	na	na	-	-	14
H3. Other Secured Deficiency Claims	83	83	15.4%	100.0%	13	83	14
H4. Senior Unsecured Notes Claims	-	-	na	na	-	-	14
H5. Subsidiary Guaranteed Notes Claims	502,019	502,019	0.5%	0.6%	2,738	3,155	14
H5a. Subsidiary Guaranteed Notes Turnover to First Lien Claimants			na	na	74,769	38,570	14
H6. General Unsecured Claims	31,304	33,787	15.4%	100.0%	4,833	33,787	14
H7. Pension Claims	446,123	223,061	8.5%	1.6%	37,783	3,654	14
H8. Intercompany Notes Payable	-	-	na	na	-	-	14
H9. Intercompany Claims - Prepetition	-	-	na	na	-	-	14
Total Unsecured Claims	\$ 979,529	\$ 758,951	12.3%	10.4%	\$ 120,136	\$ 79,250	
Total Admin, Priority, Unsecured Claims & Distributions	\$ 1,040,382	\$ 796,830	17.5%	14.8%	\$ 181,967	\$ 118,107	
Value Available for Equity Interests					\$ -	\$ 149,944	15

I. TOTAL PROCEEDS AVAILABLE FOR DISTRIBUTION

	Net Book Value	Estimated Recovery (%)		Estimated Liquidation Value		See Note
		Lower	Higher	Lower	Higher	
A. STATEMENT OF ASSETS						
Cash and equivalents	\$ -	0%	0%	\$ -	\$ -	1
Accounts receivable	-	0%	0%	-	-	2
Other current assets	-	0%	0%	-	-	2
Inventory	-	0%	0%	-	-	2
Due from subsidiaries/affiliates	-	0%	0%	-	-	3
Property and equipment, net	-	0%	0%	-	-	2
Goodwill	-	0%	0%	-	-	4
Intangibles	-	0%	0%	-	-	4
Investments in subsidiaries	-	0%	0%	-	499,830	5
Restricted cash	-	0%	0%	-	-	4
Other assets	-	0%	0%	-	-	
STATEMENT OF ASSETS - CASINO SALE						
Casino	2,224,071	89%	96%	1,980,717	2,145,776	6
Interim cash flow	-	0%	0%	-	-	7
Total Assets / Gross Recovery	\$ 2,224,071	89%	119%	\$ 1,980,717	\$ 2,645,607	
A1. ENCUMBERED COLLATERAL						
Cash and equivalents	\$ -	0%	0%	\$ -	\$ -	1
Accounts receivable	-	0%	0%	-	-	2
Other current assets	-	0%	0%	-	-	2
Inventory	-	0%	0%	-	-	2
Due from subsidiaries/affiliates	-	0%	0%	-	-	3
Property and equipment, net	-	0%	0%	-	-	2
Goodwill	-	0%	0%	-	-	4
Intangibles	-	0%	0%	-	-	4
Investments in subsidiaries	-	0%	0%	-	-	5
Restricted cash	-	0%	0%	-	-	4
Other assets	-	0%	0%	-	-	
Casino value and encumbered interim cash flow	2,224,071	89%	96%	1,980,717	2,145,776	6,7
Total Encumbered Collateral / Gross Recovery	\$ 2,224,071	89%	96%	\$ 1,980,717	\$ 2,145,776	
A2. UNENCUMBERED ASSETS						
Cash and equivalents	\$ -	0%	0%	\$ -	\$ -	1
Accounts receivable	-	0%	0%	-	-	2
Other current assets	-	0%	0%	-	-	2
Inventory	-	0%	0%	-	-	2
Due from subsidiaries/affiliates	-	0%	0%	-	-	3
Property and equipment, net	-	0%	0%	-	-	2
Goodwill	-	0%	0%	-	-	4
Intangibles	-	0%	0%	-	-	4
Investments in subsidiaries	-	0%	0%	-	499,830	5
Restricted cash	-	0%	0%	-	-	4
Other assets	-	0%	0%	-	-	
Unencumbered interim cash flow	-	0%	0%	-	-	7
Total Unencumbered Assets / Gross Recovery	\$ -	0%	0%	\$ -	\$ 499,830	
B. LITIGATION RECOVERIES						
B1. Encumbered Causes of Action				-	-	8
B2. Unencumbered Causes of Action, including Preferences				-	-	8
B3. Total Litigation Recoveries				\$ -	\$ -	
C. SUMMARY OF GROSS PROCEEDS						
C1. Encumbered Collateral Recovery (A1 + B1)				\$ 1,980,717	\$ 2,145,776	
C2. Unencumbered Assets Recovery (A2 + B2)				-	499,830	
C3. Total Gross Recovery Proceeds Available for Distribution				\$ 1,980,717	\$ 2,645,607	

II. ALLOCATION OF PROCEEDS FROM ENCUMBERED COLLATERAL AVAILABLE FOR DISTRIBUTION

	Estimated Allowed Claims		Estimated Recovery (%)		Estimated Recovery on Secured Claims		See Note
	Lower	Higher	Lower	Higher	Lower	Higher	
Encumbered Gross Collateral Proceeds Available					\$ 1,980,717	\$ 2,145,776	
A. LESS: Section 506(c) Surcharges	\$ 65,154	\$ 195,461			\$ 65,154	\$ 195,461	9
B. Carve-Out Allocation	-	-			-	-	10
Proceeds Available to Secured Claims					\$ 1,915,563	\$ 1,950,316	
SECURED CLAIMS							
Other Secured Claims with Priority Above First Lien Claims	45,703	45,703	100.0%	100.0%	45,703	45,703	11
C. PLUS: Proceeds From Subsidiary Guaranteed Notes Turnover					35,181	91,644	14
Proceeds Available to Satisfy First Lien Secured Claims					\$ 1,905,041	\$ 1,996,257	
D. First Lien Secured Claims							
D1. First Lien Bank Claims	\$ 857,224	\$ 936,665	100.0%	100.0%	857,224	936,665	11
D2. First Lien Bond Claims	1,040,922	1,052,027	100.0%	100.0%	1,040,922	1,052,027	11
D3. First Lien Swap Claims	6,896	7,565	100.0%	100.0%	6,896	7,565	11
D4. Other First Lien Secured Claims	-	-	na	na	-	-	11
Total First Lien Claims & Recovery	\$ 1,905,041	\$ 1,996,257	100.0%	100.0%	\$ 1,905,041	\$ 1,996,257	
Proceeds Available to Satisfy Second Lien Secured Claims					\$ -	\$ -	
E. Second Lien Bond Claims	\$ -	\$ -	na	na	-	-	11
Total Second Lien Claims & Recovery	\$ -	\$ -	na	na	\$ -	\$ -	
F. Other Secured Claims	-	-			\$ -	\$ -	11
Total Secured Claims and Distributions	\$ 2,015,898	\$ 2,237,420	100.0%	100.0%	\$ 2,015,898	\$ 2,237,420	
Proceeds Available from Encumbered Collateral to Satisfy Administrative, Priority and Unsecured Claims					\$ -	\$ -	
Secured Lender Deficiency Claims (General Unsecured Claim)	\$ -	\$ -					

Filed Pursuant to Chapter 11 of the U.S. Bankruptcy Code
 Hypothetical Liquidation Analysis - Schedule 2
 (\$ in thousands)

III. ALLOCATION OF PROCEEDS AVAILABLE TO SATISFY ADMINISTRATIVE, PRIORITY AND UNSECURED CLAIMS

	Estimated Allowed Claims		Estimated Recovery (%)		Estimated Recovery on Administrative, Priority and Unsecured Claims		See Note
	Lower	Higher	Lower	Higher	Lower	Higher	
	Proceeds Available from Unencumbered Assets					\$ -	
Section 506(c) Surcharges					65,154	195,461	9
Proceeds Available from Encumbered Collateral					-	-	
Proceeds Available to Satisfy Administrative, Priority and Unsecured Claims					\$ 65,154	\$ 695,291	
A. LESS: Carve-Out Allocation	\$ 1,607	\$ 4,059	100.0%	100.0%	\$ 1,607	\$ 4,059	10
Proceeds Available for Administrative Claims					\$ 63,547	\$ 691,232	
ADMINISTRATIVE CLAIMS							
B. Subsidiaries' Superpriority Admin Claims against CEOC	\$ -	\$ -	na	na	\$ -	\$ -	12
C. Chapter 7 Administrative Claims	8,665	14,970	100.0%	100.0%	8,665	14,970	12
D. Chapter 11 Administrative Claims	-	-	na	na	-	-	12
Proceeds Available for Priority Claims					\$ 54,882	\$ 676,262	
PRIORITY CLAIMS							
E. Employee Priority Claims	\$ -	\$ -	na	na	\$ -	\$ -	13
F. Priority Tax Claims	-	-	na	na	-	-	13
G. Other Priority Claims	-	-	na	na	-	-	13
Proceeds Available for Unsecured Claims					\$ 54,882	\$ 676,262	
UNSECURED CLAIMS							
H1. First Lien Deficiency Claims	\$ -	\$ -	na	na	\$ -	\$ -	14
H2. Second Lien Deficiency Claims	-	-	na	na	-	-	14
H3. Other Secured Deficiency Claims	-	-	na	na	-	-	14
H4. Senior Unsecured Notes Claims	-	-	na	na	-	-	14
H5. Subsidiary Guaranteed Notes Claims	502,019	502,019	0.3%	1.5%	1,288	7,497	14
H5a. Subsidiary Guaranteed Notes Turnover to First Lien Claimants	-	-	na	na	35,181	91,644	14
H6. General Unsecured Claims	-	-	na	na	-	-	14
H7. Pension Claims	446,123	223,061	4.0%	5.0%	17,632	11,120	14
H8. Intercompany Notes Payable	-	-	na	na	-	-	14
H9. Intercompany Claims - Prepetition	10,741	10,741	7.3%	100.0%	780	10,741	14
Total Unsecured Claims	\$ 958,883	\$ 735,822	5.7%	16.4%	\$ 54,882	\$ 121,002	
Total Admin, Priority, Unsecured Claims & Distributions	\$ 969,155	\$ 754,850	6.7%	18.6%	\$ 65,154	\$ 140,031	
Value Available for Equity Interests					\$ -	\$ 555,260	15

I. TOTAL PROCEEDS AVAILABLE FOR DISTRIBUTION

	Net Book Value	Estimated Recovery (%)		Estimated Liquidation Value		See Note
		Lower	Higher	Lower	Higher	
A. STATEMENT OF ASSETS						
Cash and equivalents	\$ -	0%	0%	\$ -	\$ -	1
Accounts receivable	-	0%	0%	-	-	2
Other current assets	-	0%	0%	-	-	2
Inventory	-	0%	0%	-	-	2
Due from subsidiaries/affiliates	-	0%	0%	-	-	3
Property and equipment, net	-	0%	0%	-	-	2
Goodwill	-	0%	0%	-	-	4
Intangibles	-	0%	0%	-	-	4
Investments in subsidiaries	-	0%	0%	-	-	5
Restricted cash	-	0%	0%	-	-	4
Other assets	-	0%	0%	-	-	
STATEMENT OF ASSETS - CASINO SALE						
Casino	-	0%	0%	-	-	6
Interim cash flow	-	0%	0%	-	-	7
Total Assets / Gross Recovery	\$ -	0%	0%	\$ -	\$ -	
A1. ENCUMBERED COLLATERAL						
Cash and equivalents	\$ -	0%	0%	\$ -	\$ -	1
Accounts receivable	-	0%	0%	-	-	2
Other current assets	-	0%	0%	-	-	2
Inventory	-	0%	0%	-	-	2
Due from subsidiaries/affiliates	-	0%	0%	-	-	3
Property and equipment, net	-	0%	0%	-	-	2
Goodwill	-	0%	0%	-	-	4
Intangibles	-	0%	0%	-	-	4
Investments in subsidiaries	-	0%	0%	-	-	5
Restricted cash	-	0%	0%	-	-	4
Other assets	-	0%	0%	-	-	
Casino value and encumbered interim cash flow	-	0%	0%	-	-	6,7
Total Encumbered Collateral / Gross Recovery	\$ -	0%	0%	\$ -	\$ -	
A2. UNENCUMBERED ASSETS						
Cash and equivalents	\$ -	0%	0%	\$ -	\$ -	1
Accounts receivable	-	0%	0%	-	-	2
Other current assets	-	0%	0%	-	-	2
Inventory	-	0%	0%	-	-	2
Due from subsidiaries/affiliates	-	0%	0%	-	-	3
Property and equipment, net	-	0%	0%	-	-	2
Goodwill	-	0%	0%	-	-	4
Intangibles	-	0%	0%	-	-	4
Investments in subsidiaries	-	0%	0%	-	-	5
Restricted cash	-	0%	0%	-	-	4
Other assets	-	0%	0%	-	-	
Unencumbered interim cash flow	-	0%	0%	-	-	7
Total Unencumbered Assets / Gross Recovery	\$ -	0%	0%	\$ -	\$ -	
B. LITIGATION RECOVERIES						
B1. Encumbered Causes of Action	-			-	-	8
B2. Unencumbered Causes of Action, including Preferences	-			-	546,030	8
B3. Total Litigation Recoveries	\$ -			\$ -	546,030	
C. SUMMARY OF GROSS PROCEEDS						
C1. Encumbered Collateral Recovery (A1 + B1)	-			\$ -	\$ -	
C2. Unencumbered Assets Recovery (A2 + B2)	-			-	546,030	
C3. Total Gross Recovery Proceeds Available for Distribution	\$ -			\$ -	546,030	

II. ALLOCATION OF PROCEEDS FROM ENCUMBERED COLLATERAL AVAILABLE FOR DISTRIBUTION

	Estimated Allowed Claims		Estimated Recovery (%)		Estimated Recovery on Secured Claims		See Note
	Lower	Higher	Lower	Higher	Lower	Higher	
Encumbered Gross Collateral Proceeds Available					\$ -	\$ -	
A. LESS: Section 506(c) Surcharges	\$ -	\$ -			\$ -	\$ -	9
B. Carve-Out Allocation	-	-			-	-	10
Proceeds Available to Secured Claims					\$ -	\$ -	
SECURED CLAIMS							
C. PLUS: Proceeds From Subsidiary Guaranteed Notes Turnover					-	-	14
Proceeds Available to Satisfy First Lien Secured Claims					\$ -	\$ -	
D. First Lien Secured Claims							
D1. First Lien Bank Claims	\$ -	\$ -	na	na	-	-	11
D2. First Lien Bond Claims	-	-	na	na	-	-	11
D3. First Lien Swap Claims	-	-	na	na	-	-	11
D4. Other First Lien Secured Claims	-	-	na	na	-	-	11
Total First Lien Claims & Recovery	\$ -	\$ -	na	na	\$ -	\$ -	
E. Other Secured Claims with Priority Above Second Lien Claims	-	-			-	-	
Proceeds Available to Satisfy Second Lien Secured Claims					\$ -	\$ -	
E. Second Lien Bond Claims	\$ -	\$ -	na	na	-	-	11
Total Second Lien Claims & Recovery	\$ -	\$ -	na	na	\$ -	\$ -	
F. Other Secured Claims	-	-			\$ -	\$ -	11
Total Secured Claims and Distributions	\$ -	\$ -	0.0%	0.0%	\$ -	\$ -	
Proceeds Available from Encumbered Collateral to Satisfy Administrative, Priority and Unsecured Claims					\$ -	\$ -	
Secured Lender Deficiency Claims (General Unsecured Claim)	\$ -	\$ -					

III. ALLOCATION OF PROCEEDS AVAILABLE TO SATISFY ADMINISTRATIVE, PRIORITY AND UNSECURED CLAIMS

	Estimated Allowed Claims		Estimated Recovery (%)		Estimated Recovery on Administrative, Priority and Unsecured Claims		See Note
	Lower	Higher	Lower	Higher	Lower	Higher	
	Proceeds Available from Unencumbered Assets					\$ -	
Section 506(c) Surcharges					-	-	9
Proceeds Available from Encumbered Collateral					-	-	
Proceeds Available to Satisfy Administrative, Priority and Unsecured Claims					\$ -	\$ 546,030	
A. LESS: Carve-Out Allocation	\$ -	\$ 3,187	na	100.0%	\$ -	\$ 3,187	10
Proceeds Available for Administrative Claims					\$ -	\$ 542,843	
ADMINISTRATIVE CLAIMS							
B. Subsidiaries' Superpriority Admin Claims against CEOC	\$ -	\$ -	na	na	\$ -	\$ -	12
C. Chapter 7 Administrative Claims	-	11,756	na	100.0%	-	11,756	12
D. Chapter 11 Administrative Claims	2,459	2,459	0.0%	100.0%	-	2,459	12
Proceeds Available for Priority Claims					\$ -	\$ 528,627	
PRIORITY CLAIMS							
E. Employee Priority Claims	\$ -	\$ -	na	na	\$ -	\$ -	13
F. Priority Tax Claims	-	-	na	na	-	-	13
G. Other Priority Claims	-	-	na	na	-	-	13
Proceeds Available for Unsecured Claims					\$ -	\$ 528,627	
UNSECURED CLAIMS							
H1. First Lien Deficiency Claims	\$ -	\$ -	na	na	\$ -	\$ -	14
H2. Second Lien Deficiency Claims	-	-	na	na	-	-	14
H3. Other Secured Deficiency Claims	-	-	na	na	-	-	14
H4. Senior Unsecured Notes Claims	-	-	na	na	-	-	14
H5. Subsidiary Guaranteed Notes Claims	-	-	na	na	-	-	14
H5a. Subsidiary Guaranteed Notes Turnover to First Lien Claimants	-	-	na	na	-	-	14
H6. General Unsecured Claims	141	141	0.0%	100.0%	-	141	14
H7. Pension Claims	446,123	223,061	0.0%	12.8%	-	28,656	14
H8. Intercompany Notes Payable	-	-	na	na	-	-	14
H9. Intercompany Claims - Prepetition	-	-	na	na	-	-	14
Total Unsecured Claims	\$ 446,263	\$ 223,202	0.0%	12.9%	\$ -	\$ 28,797	
Total Admin, Priority, Unsecured Claims & Distributions	\$ 448,723	\$ 240,605	0.0%	19.2%	\$ -	\$ 46,200	
Value Available for Equity Interests					\$ -	\$ 499,830	15

I. TOTAL PROCEEDS AVAILABLE FOR DISTRIBUTION

	Net Book Value	Estimated Recovery (%)		Estimated Liquidation Value		See Note
		Lower	Higher	Lower	Higher	
A. STATEMENT OF ASSETS						
Cash and equivalents	\$ -	0%	0%	\$ -	\$ -	1
Accounts receivable	-	0%	0%	-	-	2
Other current assets	-	0%	0%	-	-	2
Inventory	-	0%	0%	-	-	2
Due from subsidiaries/affiliates	-	0%	0%	-	-	3
Property and equipment, net	-	0%	0%	-	-	2
Goodwill	-	0%	0%	-	-	4
Intangibles	-	0%	0%	-	-	4
Investments in subsidiaries	-	0%	0%	-	-	5
Restricted cash	-	0%	0%	-	-	4
Other assets	-	0%	0%	-	-	
STATEMENT OF ASSETS - CASINO SALE						
Casino	-	0%	0%	-	-	6
Interim cash flow	-	0%	0%	-	-	7
Total Assets / Gross Recovery	\$ -	0%	0%	\$ -	\$ -	
A1. ENCUMBERED COLLATERAL						
Cash and equivalents	\$ -	0%	0%	\$ -	\$ -	1
Accounts receivable	-	0%	0%	-	-	2
Other current assets	-	0%	0%	-	-	2
Inventory	-	0%	0%	-	-	2
Due from subsidiaries/affiliates	-	0%	0%	-	-	3
Property and equipment, net	-	0%	0%	-	-	2
Goodwill	-	0%	0%	-	-	4
Intangibles	-	0%	0%	-	-	4
Investments in subsidiaries	-	0%	0%	-	-	5
Restricted cash	-	0%	0%	-	-	4
Other assets	-	0%	0%	-	-	
Casino value and encumbered interim cash flow	-	0%	0%	-	-	6,7
Total Encumbered Collateral / Gross Recovery	\$ -	0%	0%	\$ -	\$ -	
A2. UNENCUMBERED ASSETS						
Cash and equivalents	\$ -	0%	0%	\$ -	\$ -	1
Accounts receivable	-	0%	0%	-	-	2
Other current assets	-	0%	0%	-	-	2
Inventory	-	0%	0%	-	-	2
Due from subsidiaries/affiliates	-	0%	0%	-	-	3
Property and equipment, net	-	0%	0%	-	-	2
Goodwill	-	0%	0%	-	-	4
Intangibles	-	0%	0%	-	-	4
Investments in subsidiaries	-	0%	0%	-	-	5
Restricted cash	-	0%	0%	-	-	4
Other assets	-	0%	0%	-	-	
Unencumbered interim cash flow	-	0%	0%	-	-	7
Total Unencumbered Assets / Gross Recovery	\$ -	0%	0%	\$ -	\$ -	
B. LITIGATION RECOVERIES						
B1. Encumbered Causes of Action				-	-	8
B2. Unencumbered Causes of Action, including Preferences				-	-	8
B3. Total Litigation Recoveries				\$ -	\$ -	
C. SUMMARY OF GROSS PROCEEDS						
C1. Encumbered Collateral Recovery (A1 + B1)				\$ -	\$ -	
C2. Unencumbered Assets Recovery (A2 + B2)				-	-	
C3. Total Gross Recovery Proceeds Available for Distribution				\$ -	\$ -	

II. ALLOCATION OF PROCEEDS FROM ENCUMBERED COLLATERAL AVAILABLE FOR DISTRIBUTION

	Estimated Allowed Claims		Estimated Recovery (%)		Estimated Recovery on Secured Claims		See Note
	Lower	Higher	Lower	Higher	Lower	Higher	
Encumbered Gross Collateral Proceeds Available					\$ -	\$ -	
A. LESS: Section 506(c) Surcharges	\$ -	\$ -			\$ -	\$ -	9
B. Carve-Out Allocation	-	-			-	-	10
Proceeds Available to Secured Claims					\$ -	\$ -	
SECURED CLAIMS							
C. PLUS: Proceeds From Subsidiary Guaranteed Notes Turnover					-	-	14
Proceeds Available to Satisfy First Lien Secured Claims					\$ -	\$ -	
D. First Lien Secured Claims							
D1. First Lien Bank Claims	\$ -	\$ -	na	na	-	-	11
D2. First Lien Bond Claims	-	-	na	na	-	-	11
D3. First Lien Swap Claims	-	-	na	na	-	-	11
D4. Other First Lien Secured Claims	-	-	na	na	-	-	11
Total First Lien Claims & Recovery	\$ -	\$ -	na	na	\$ -	\$ -	
Proceeds Available to Satisfy Second Lien Secured Claims					\$ -	\$ -	
E. Second Lien Bond Claims	\$ -	\$ -	na	na	-	-	11
Total Second Lien Claims & Recovery	\$ -	\$ -	na	na	\$ -	\$ -	
F. Other Secured Claims	-	-			\$ -	\$ -	11
Total Secured Claims and Distributions	\$ -	\$ -	0.0%	0.0%	\$ -	\$ -	
Proceeds Available from Encumbered Collateral to Satisfy Administrative, Priority and Unsecured Claims					\$ -	\$ -	
Secured Lender Deficiency Claims (General Unsecured Claim)	\$ -	\$ -					

III. ALLOCATION OF PROCEEDS AVAILABLE TO SATISFY ADMINISTRATIVE, PRIORITY AND UNSECURED CLAIMS

	Estimated Allowed Claims		Estimated Recovery (%)		Estimated Recovery on Administrative, Priority and Unsecured Claims		See Note
	Lower	Higher	Lower	Higher	Lower	Higher	
Proceeds Available from Unencumbered Assets					\$ -	\$ -	
Section 506(c) Surcharges					-	-	9
Proceeds Available from Encumbered Collateral					-	-	
Proceeds Available to Satisfy Administrative, Priority and Unsecured Claims					\$ -	\$ -	
A. LESS: Carve-Out Allocation	\$ -	\$ -	na	na	\$ -	\$ -	10
Proceeds Available for Administrative Claims					\$ -	\$ -	
ADMINISTRATIVE CLAIMS							
B. Subsidiaries' Superpriority Admin Claims against CEOC	\$ -	\$ -	na	na	\$ -	\$ -	12
C. Chapter 7 Administrative Claims	-	-	na	na	-	-	12
D. Chapter 11 Administrative Claims	-	-	na	na	-	-	12
Proceeds Available for Priority Claims					\$ -	\$ -	
PRIORITY CLAIMS							
E. Employee Priority Claims	\$ -	\$ -	na	na	\$ -	\$ -	13
F. Priority Tax Claims	-	-	na	na	-	-	13
G. Other Priority Claims	-	-	na	na	-	-	13
Proceeds Available for Unsecured Claims					\$ -	\$ -	
UNSECURED CLAIMS							
H1. First Lien Deficiency Claims	\$ -	\$ -	na	na	\$ -	\$ -	14
H2. Second Lien Deficiency Claims	-	-	na	na	-	-	14
H3. Other Secured Deficiency Claims	-	-	na	na	-	-	14
H4. Senior Unsecured Notes Claims	-	-	na	na	-	-	14
H5. Subsidiary Guaranteed Notes Claims	502,019	502,019	0.0%	0.0%	-	-	14
H5a. Subsidiary Guaranteed Notes Turnover to First Lien Claimants	-	-	na	na	-	-	14
H6. General Unsecured Claims	-	-	na	na	-	-	14
H7. Pension Claims	446,123	223,061	0.0%	0.0%	-	-	14
H8. Intercompany Notes Payable	-	-	na	na	-	-	14
H9. Intercompany Claims - Prepetition	0	0	0.0%	0.0%	-	-	14
Total Unsecured Claims	\$ 948,142	\$ 725,081	0.0%	0.0%	\$ -	\$ -	
Total Admin, Priority, Unsecured Claims & Distributions	\$ 948,142	\$ 725,081	0.0%	0.0%	\$ -	\$ -	
Value Available for Equity Interests					\$ -	\$ -	15

I. TOTAL PROCEEDS AVAILABLE FOR DISTRIBUTION

	Net Book Value	Estimated Recovery (%)		Estimated Liquidation Value		See Note
		Lower	Higher	Lower	Higher	
A. STATEMENT OF ASSETS						
Cash and equivalents	\$ -	0%	0%	\$ -	\$ -	1
Accounts receivable	-	0%	0%	-	-	2
Other current assets	-	0%	0%	-	-	2
Inventory	-	0%	0%	-	-	2
Due from subsidiaries/affiliates	-	0%	0%	-	-	3
Property and equipment, net	-	0%	0%	-	-	2
Goodwill	-	0%	0%	-	-	4
Intangibles	-	0%	0%	-	-	4
Investments in subsidiaries	-	0%	0%	-	-	5
Restricted cash	-	0%	0%	-	-	4
Other assets	-	0%	0%	-	-	
STATEMENT OF ASSETS - CASINO SALE						
Casino	-	0%	0%	-	-	6
Interim cash flow	-	0%	0%	-	-	7
Total Assets / Gross Recovery	\$ -	0%	0%	\$ -	\$ -	
A1. ENCUMBERED COLLATERAL						
Cash and equivalents	\$ -	0%	0%	\$ -	\$ -	1
Accounts receivable	-	0%	0%	-	-	2
Other current assets	-	0%	0%	-	-	2
Inventory	-	0%	0%	-	-	2
Due from subsidiaries/affiliates	-	0%	0%	-	-	3
Property and equipment, net	-	0%	0%	-	-	2
Goodwill	-	0%	0%	-	-	4
Intangibles	-	0%	0%	-	-	4
Investments in subsidiaries	-	0%	0%	-	-	5
Restricted cash	-	0%	0%	-	-	4
Other assets	-	0%	0%	-	-	
Casino value and encumbered interim cash flow	-	0%	0%	-	-	6,7
Total Encumbered Collateral / Gross Recovery	\$ -	0%	0%	\$ -	\$ -	
A2. UNENCUMBERED ASSETS						
Cash and equivalents	\$ -	0%	0%	\$ -	\$ -	1
Accounts receivable	-	0%	0%	-	-	2
Other current assets	-	0%	0%	-	-	2
Inventory	-	0%	0%	-	-	2
Due from subsidiaries/affiliates	-	0%	0%	-	-	3
Property and equipment, net	-	0%	0%	-	-	2
Goodwill	-	0%	0%	-	-	4
Intangibles	-	0%	0%	-	-	4
Investments in subsidiaries	-	0%	0%	-	-	5
Restricted cash	-	0%	0%	-	-	4
Other assets	-	0%	0%	-	-	
Unencumbered interim cash flow	-	0%	0%	-	-	7
Total Unencumbered Assets / Gross Recovery	\$ -	0%	0%	\$ -	\$ -	
B. LITIGATION RECOVERIES						
B1. Encumbered Causes of Action				-	-	8
B2. Unencumbered Causes of Action, including Preferences				-	-	8
B3. Total Litigation Recoveries				\$ -	\$ -	
C. SUMMARY OF GROSS PROCEEDS						
C1. Encumbered Collateral Recovery (A1 + B1)				\$ -	\$ -	
C2. Unencumbered Assets Recovery (A2 + B2)				-	-	
C3. Total Gross Recovery Proceeds Available for Distribution				\$ -	\$ -	

II. ALLOCATION OF PROCEEDS FROM ENCUMBERED COLLATERAL AVAILABLE FOR DISTRIBUTION

	Estimated Allowed Claims		Estimated Recovery (%)		Estimated Recovery on Secured Claims		See Note
	Lower	Higher	Lower	Higher	Lower	Higher	
Encumbered Gross Collateral Proceeds Available					\$ -	\$ -	
A. LESS: Section 506(c) Surcharges	\$ -	\$ -			\$ -	\$ -	9
B. Carve-Out Allocation	-	-			-	-	10
Proceeds Available to Secured Claims					\$ -	\$ -	
SECURED CLAIMS							
C. PLUS: Proceeds From Subsidiary Guaranteed Notes Turnover					-	-	14
Proceeds Available to Satisfy First Lien Secured Claims					\$ -	\$ -	
D. First Lien Secured Claims							
D1. First Lien Bank Claims	\$ -	\$ -	na	na	-	-	11
D2. First Lien Bond Claims	-	-	na	na	-	-	11
D3. First Lien Swap Claims	-	-	na	na	-	-	11
D4. Other First Lien Secured Claims	-	-	na	na	-	-	11
Total First Lien Claims & Recovery	\$ -	\$ -	na	na	\$ -	\$ -	
Proceeds Available to Satisfy Second Lien Secured Claims					\$ -	\$ -	
E. Second Lien Bond Claims	\$ -	\$ -	na	na	-	-	11
Total Second Lien Claims & Recovery	\$ -	\$ -	na	na	\$ -	\$ -	
F. Other Secured Claims	-	-			\$ -	\$ -	11
Total Secured Claims and Distributions	\$ -	\$ -	0.0%	0.0%	\$ -	\$ -	
Proceeds Available from Encumbered Collateral to Satisfy Administrative, Priority and Unsecured Claims					\$ -	\$ -	
Secured Lender Deficiency Claims (General Unsecured Claim)	\$ -	\$ -					

III. ALLOCATION OF PROCEEDS AVAILABLE TO SATISFY ADMINISTRATIVE, PRIORITY AND UNSECURED CLAIMS

	Estimated Allowed Claims		Estimated Recovery (%)		Estimated Recovery on Administrative, Priority and Unsecured Claims		See Note
	Lower	Higher	Lower	Higher	Lower	Higher	
Proceeds Available from Unencumbered Assets					\$ -	\$ -	
Section 506(c) Surcharges					-	-	9
Proceeds Available from Encumbered Collateral					-	-	
Proceeds Available to Satisfy Administrative, Priority and Unsecured Claims					\$ -	\$ -	
A. LESS: Carve-Out Allocation	\$ -	\$ -	na	na	\$ -	\$ -	10
Proceeds Available for Administrative Claims					\$ -	\$ -	
ADMINISTRATIVE CLAIMS							
B. Subsidiaries' Superpriority Admin Claims against CEOC	\$ -	\$ -	na	na	\$ -	\$ -	12
C. Chapter 7 Administrative Claims	-	-	na	na	-	-	12
D. Chapter 11 Administrative Claims	-	-	na	na	-	-	12
Proceeds Available for Priority Claims					\$ -	\$ -	
PRIORITY CLAIMS							
E. Employee Priority Claims	\$ -	\$ -	na	na	\$ -	\$ -	13
F. Priority Tax Claims	-	-	na	na	-	-	13
G. Other Priority Claims	-	-	na	na	-	-	13
Proceeds Available for Unsecured Claims					\$ -	\$ -	
UNSECURED CLAIMS							
H1. First Lien Deficiency Claims	\$ -	\$ -	na	na	\$ -	\$ -	14
H2. Second Lien Deficiency Claims	-	-	na	na	-	-	14
H3. Other Secured Deficiency Claims	-	-	na	na	-	-	14
H4. Senior Unsecured Notes Claims	-	-	na	na	-	-	14
H5. Subsidiary Guaranteed Notes Claims	502,019	502,019	0.0%	0.0%	-	-	14
H5a. Subsidiary Guaranteed Notes Turnover to First Lien Claimants	-	-	na	na	-	-	14
H6. General Unsecured Claims	-	-	na	na	-	-	14
H7. Pension Claims	446,123	223,061	0.0%	0.0%	-	-	14
H8. Intercompany Notes Payable	-	-	na	na	-	-	14
H9. Intercompany Claims - Prepetition	-	-	na	na	-	-	14
Total Unsecured Claims	\$ 948,142	\$ 725,081	0.0%	0.0%	\$ -	\$ -	
Total Admin, Priority, Unsecured Claims & Distributions	\$ 948,142	\$ 725,081	0.0%	0.0%	\$ -	\$ -	
Value Available for Equity Interests					\$ -	\$ -	15

I. TOTAL PROCEEDS AVAILABLE FOR DISTRIBUTION

	Net Book Value	Estimated Recovery (%)		Estimated Liquidation Value		See Note
		Lower	Higher	Lower	Higher	
A. STATEMENT OF ASSETS						
Cash and equivalents	\$ -	0%	0%	\$ -	\$ -	1
Accounts receivable	-	0%	0%	-	-	2
Other current assets	-	0%	0%	-	-	2
Inventory	-	0%	0%	-	-	2
Due from subsidiaries/affiliates	-	0%	0%	-	-	3
Property and equipment, net	-	0%	0%	-	-	2
Goodwill	-	0%	0%	-	-	4
Intangibles	-	0%	0%	-	-	4
Investments in subsidiaries	-	0%	0%	-	-	5
Restricted cash	-	0%	0%	-	-	4
Other assets	-	0%	0%	-	-	
STATEMENT OF ASSETS - CASINO SALE						
Casino	-	0%	0%	-	-	6
Interim cash flow	-	0%	0%	-	-	7
Total Assets / Gross Recovery	\$ -	0%	0%	\$ -	\$ -	
A1. ENCUMBERED COLLATERAL						
Cash and equivalents	\$ -	0%	0%	\$ -	\$ -	1
Accounts receivable	-	0%	0%	-	-	2
Other current assets	-	0%	0%	-	-	2
Inventory	-	0%	0%	-	-	2
Due from subsidiaries/affiliates	-	0%	0%	-	-	3
Property and equipment, net	-	0%	0%	-	-	2
Goodwill	-	0%	0%	-	-	4
Intangibles	-	0%	0%	-	-	4
Investments in subsidiaries	-	0%	0%	-	-	5
Restricted cash	-	0%	0%	-	-	4
Other assets	-	0%	0%	-	-	
Casino value and encumbered interim cash flow	-	0%	0%	-	-	6,7
Total Encumbered Collateral / Gross Recovery	\$ -	0%	0%	\$ -	\$ -	
A2. UNENCUMBERED ASSETS						
Cash and equivalents	\$ -	0%	0%	\$ -	\$ -	1
Accounts receivable	-	0%	0%	-	-	2
Other current assets	-	0%	0%	-	-	2
Inventory	-	0%	0%	-	-	2
Due from subsidiaries/affiliates	-	0%	0%	-	-	3
Property and equipment, net	-	0%	0%	-	-	2
Goodwill	-	0%	0%	-	-	4
Intangibles	-	0%	0%	-	-	4
Investments in subsidiaries	-	0%	0%	-	-	5
Restricted cash	-	0%	0%	-	-	4
Other assets	-	0%	0%	-	-	
Unencumbered interim cash flow	-	0%	0%	-	-	7
Total Unencumbered Assets / Gross Recovery	\$ -	0%	0%	\$ -	\$ -	
B. LITIGATION RECOVERIES						
B1. Encumbered Causes of Action				-	-	8
B2. Unencumbered Causes of Action, including Preferences				-	-	8
B3. Total Litigation Recoveries				\$ -	\$ -	
C. SUMMARY OF GROSS PROCEEDS						
C1. Encumbered Collateral Recovery (A1 + B1)				\$ -	\$ -	
C2. Unencumbered Assets Recovery (A2 + B2)				-	-	
C3. Total Gross Recovery Proceeds Available for Distribution				\$ -	\$ -	

II. ALLOCATION OF PROCEEDS FROM ENCUMBERED COLLATERAL AVAILABLE FOR DISTRIBUTION

	Estimated Allowed Claims		Estimated Recovery (%)		Estimated Recovery on Secured Claims		See Note
	Lower	Higher	Lower	Higher	Lower	Higher	
Encumbered Gross Collateral Proceeds Available					\$ -	\$ -	
A. LESS: Section 506(c) Surcharges	\$ -	\$ -			\$ -	\$ -	9
B. Carve-Out Allocation	-	-			-	-	10
Proceeds Available to Secured Claims					\$ -	\$ -	
SECURED CLAIMS							
C. PLUS: Proceeds From Subsidiary Guaranteed Notes Turnover					-	-	14
Proceeds Available to Satisfy First Lien Secured Claims					\$ -	\$ -	
D. First Lien Secured Claims							
D1. First Lien Bank Claims	\$ -	\$ -	na	na	-	-	11
D2. First Lien Bond Claims	-	-	na	na	-	-	11
D3. First Lien Swap Claims	-	-	na	na	-	-	11
D4. Other First Lien Secured Claims	-	-	na	na	-	-	11
Total First Lien Claims & Recovery	\$ -	\$ -	na	na	\$ -	\$ -	
Proceeds Available to Satisfy Second Lien Secured Claims					\$ -	\$ -	
E. Second Lien Bond Claims	\$ -	\$ -	na	na	-	-	11
Total Second Lien Claims & Recovery	\$ -	\$ -	na	na	\$ -	\$ -	
F. Other Secured Claims	-	-			\$ -	\$ -	11
Total Secured Claims and Distributions	\$ -	\$ -	0.0%	0.0%	\$ -	\$ -	
Proceeds Available from Encumbered Collateral to Satisfy Administrative, Priority and Unsecured Claims					\$ -	\$ -	
Secured Lender Deficiency Claims (General Unsecured Claim)	\$ -	\$ -					

III. ALLOCATION OF PROCEEDS AVAILABLE TO SATISFY ADMINISTRATIVE, PRIORITY AND UNSECURED CLAIMS

	Estimated Allowed Claims		Estimated Recovery (%)		Estimated Recovery on Administrative, Priority and Unsecured Claims		See Note
	Lower	Higher	Lower	Higher	Lower	Higher	
Proceeds Available from Unencumbered Assets					\$ -	\$ -	
Section 506(c) Surcharges					-	-	9
Proceeds Available from Encumbered Collateral					-	-	
Proceeds Available to Satisfy Administrative, Priority and Unsecured Claims					\$ -	\$ -	
A. LESS: Carve-Out Allocation	\$ -	\$ -	na	na	\$ -	\$ -	10
Proceeds Available for Administrative Claims					\$ -	\$ -	
ADMINISTRATIVE CLAIMS							
B. Subsidiaries' Superpriority Admin Claims against CEOC	\$ -	\$ -	na	na	\$ -	\$ -	12
C. Chapter 7 Administrative Claims	-	-	na	na	-	-	12
D. Chapter 11 Administrative Claims	-	-	na	na	-	-	12
Proceeds Available for Priority Claims					\$ -	\$ -	
PRIORITY CLAIMS							
E. Employee Priority Claims	\$ -	\$ -	na	na	\$ -	\$ -	13
F. Priority Tax Claims	-	-	na	na	-	-	13
G. Other Priority Claims	-	-	na	na	-	-	13
Proceeds Available for Unsecured Claims					\$ -	\$ -	
UNSECURED CLAIMS							
H1. First Lien Deficiency Claims	\$ -	\$ -	na	na	\$ -	\$ -	14
H2. Second Lien Deficiency Claims	-	-	na	na	-	-	14
H3. Other Secured Deficiency Claims	-	-	na	na	-	-	14
H4. Senior Unsecured Notes Claims	-	-	na	na	-	-	14
H5. Subsidiary Guaranteed Notes Claims	502,019	502,019	0.0%	0.0%	-	-	14
H5a. Subsidiary Guaranteed Notes Turnover to First Lien Claimants	-	-	na	na	-	-	14
H6. General Unsecured Claims	-	-	na	na	-	-	14
H7. Pension Claims	446,123	223,061	0.0%	0.0%	-	-	14
H8. Intercompany Notes Payable	-	-	na	na	-	-	14
H9. Intercompany Claims - Prepetition	-	-	na	na	-	-	14
Total Unsecured Claims	\$ 948,142	\$ 725,081	0.0%	0.0%	\$ -	\$ -	
Total Admin, Priority, Unsecured Claims & Distributions	\$ 948,142	\$ 725,081	0.0%	0.0%	\$ -	\$ -	
Value Available for Equity Interests					\$ -	\$ -	15

II. ALLOCATION OF PROCEEDS FROM ENCUMBERED COLLATERAL AVAILABLE FOR DISTRIBUTION

	Estimated Allowed Claims		Estimated Recovery (%)		Estimated Recovery on Secured Claims		See Note
	Lower	Higher	Lower	Higher	Lower	Higher	
Encumbered Gross Collateral Proceeds Available					\$ 93,066	\$ 133,911	
A. LESS: Section 506(c) Surcharges	\$ -	\$ -			\$ -	\$ -	9
B. Carve-Out Allocation	-	-			-	-	10
Proceeds Available to Secured Claims					\$ 93,066	\$ 133,911	
SECURED CLAIMS							
C. PLUS: Proceeds From Subsidiary Guaranteed Notes Turnover					-	-	14
Proceeds Available to Satisfy First Lien Secured Claims					\$ 93,066	\$ 133,911	
D. First Lien Secured Claims							
D1. First Lien Bank Claims	\$ 41,888	\$ 59,464	100.0%	100.0%	41,888	59,464	11
D2. First Lien Bond Claims	50,841	73,967	100.0%	100.0%	50,841	73,967	11
D3. First Lien Swap Claims	337	480	100.0%	100.0%	337	480	11
D4. Other First Lien Secured Claims	-	-	na	na	-	-	11
Total First Lien Claims & Recovery	\$ 93,066	\$ 133,911	100.0%	100.0%	\$ 93,066	\$ 133,911	
Proceeds Available to Satisfy Second Lien Secured Claims					\$ -	\$ -	
E. Second Lien Bond Claims	\$ -	\$ -	na	na	-	-	11
Total Second Lien Claims & Recovery	\$ -	\$ -	na	na	\$ -	\$ -	
F. Other Secured Claims	-	-			\$ -	\$ -	11
Total Secured Claims and Distributions	\$ 93,066	\$ 133,911	100.0%	100.0%	\$ 93,066	\$ 133,911	
Proceeds Available from Encumbered Collateral to Satisfy Administrative, Priority and Unsecured Claims					\$ -	\$ -	
Secured Lender Deficiency Claims (General Unsecured Claim)	\$ -	\$ -					

III. ALLOCATION OF PROCEEDS AVAILABLE TO SATISFY ADMINISTRATIVE, PRIORITY AND UNSECURED CLAIMS

	Estimated Allowed Claims		Estimated Recovery (%)		Estimated Recovery on Administrative, Priority and Unsecured Claims		See Note
	Lower	Higher	Lower	Higher	Lower	Higher	
Proceeds Available from Unencumbered Assets					\$ -	\$ -	
Section 506(c) Surcharges					-	-	9
Proceeds Available from Encumbered Collateral					-	-	
Proceeds Available to Satisfy Administrative, Priority and Unsecured Claims					\$ -	\$ -	
A. LESS: Carve-Out Allocation	\$ -	\$ -	na	na	\$ -	\$ -	10
Proceeds Available for Administrative Claims					\$ -	\$ -	
ADMINISTRATIVE CLAIMS							
B. Subsidiaries' Superpriority Admin Claims against CEOC	\$ -	\$ -	na	na	\$ -	\$ -	12
C. Chapter 7 Administrative Claims	-	-	na	na	-	-	12
D. Chapter 11 Administrative Claims	-	-	na	na	-	-	12
Proceeds Available for Priority Claims					\$ -	\$ -	
PRIORITY CLAIMS							
E. Employee Priority Claims	\$ -	\$ -	na	na	\$ -	\$ -	13
F. Priority Tax Claims	-	-	na	na	-	-	13
G. Other Priority Claims	-	-	na	na	-	-	13
Proceeds Available for Unsecured Claims					\$ -	\$ -	
UNSECURED CLAIMS							
H1. First Lien Deficiency Claims	\$ -	\$ -	na	na	\$ -	\$ -	14
H2. Second Lien Deficiency Claims	-	-	na	na	-	-	14
H3. Other Secured Deficiency Claims	-	-	na	na	-	-	14
H4. Senior Unsecured Notes Claims	-	-	na	na	-	-	14
H5. Subsidiary Guaranteed Notes Claims	502,019	502,019	0.0%	0.0%	-	-	14
H5a. Subsidiary Guaranteed Notes Turnover to First Lien Claimants	-	-	na	na	-	-	14
H6. General Unsecured Claims	-	-	na	na	-	-	14
H7. Pension Claims	446,123	223,061	0.0%	0.0%	-	-	14
H8. Intercompany Notes Payable	-	-	na	na	-	-	14
H9. Intercompany Claims - Prepetition	-	-	na	na	-	-	14
Total Unsecured Claims	\$ 948,142	\$ 725,081	0.0%	0.0%	\$ -	\$ -	
Total Admin, Priority, Unsecured Claims & Distributions	\$ 948,142	\$ 725,081	0.0%	0.0%	\$ -	\$ -	
Value Available for Equity Interests					\$ -	\$ -	15

I. TOTAL PROCEEDS AVAILABLE FOR DISTRIBUTION

	Net Book Value	Estimated Recovery (%)		Estimated Liquidation Value		See Note
		Lower	Higher	Lower	Higher	
		A. STATEMENT OF ASSETS				
Cash and equivalents	\$ -	0%	0%	\$ -	\$ -	1
Accounts receivable	922	50%	75%	461	691	2
Other current assets	-	0%	0%	-	-	2
Inventory	-	0%	0%	-	-	2
Due from subsidiaries/affiliates	461	0%	19%	-	88	3
Property and equipment, net	-	0%	0%	-	-	2
Goodwill	-	0%	0%	-	-	4
Intangibles	-	0%	0%	-	-	4
Investments in subsidiaries	-	nm	nm	12,693	18,265	5
Restricted cash	-	0%	0%	-	-	4
Other assets	-	0%	0%	-	-	
STATEMENT OF ASSETS - CASINO SALE						
Casino	-	0%	0%	-	-	6
Interim cash flow	-	0%	0%	-	-	7
Total Assets / Gross Recovery	\$ 1,382	100%+	100%+	\$ 13,154	\$ 19,045	
A1. ENCUMBERED COLLATERAL						
Cash and equivalents	\$ -	0%	0%	\$ -	\$ -	1
Accounts receivable	922	50%	75%	461	691	2
Other current assets	-	0%	0%	-	-	2
Inventory	-	0%	0%	-	-	2
Due from subsidiaries/affiliates	461	0%	19%	-	88	3
Property and equipment, net	-	0%	0%	-	-	2
Goodwill	-	0%	0%	-	-	4
Intangibles	-	0%	0%	-	-	4
Investments in subsidiaries	-	nm	nm	12,693	18,265	5
Restricted cash	-	0%	0%	-	-	4
Other assets	-	0%	0%	-	-	
Casino value and encumbered interim cash flow	-	0%	0%	-	-	6,7
Total Encumbered Collateral / Gross Recovery	\$ 1,382	100%+	100%+	\$ 13,154	\$ 19,045	
A2. UNENCUMBERED ASSETS						
Cash and equivalents	\$ -	0%	0%	\$ -	\$ -	1
Accounts receivable	-	0%	0%	-	-	2
Other current assets	-	0%	0%	-	-	2
Inventory	-	0%	0%	-	-	2
Due from subsidiaries/affiliates	-	0%	0%	-	-	3
Property and equipment, net	-	0%	0%	-	-	2
Goodwill	-	0%	0%	-	-	4
Intangibles	-	0%	0%	-	-	4
Investments in subsidiaries	-	0%	0%	-	-	5
Restricted cash	-	0%	0%	-	-	4
Other assets	-	0%	0%	-	-	
Unencumbered interim cash flow	-	0%	0%	-	-	7
Total Unencumbered Assets / Gross Recovery	\$ -	0%	0%	\$ -	\$ -	
B. LITIGATION RECOVERIES						
B1. Encumbered Causes of Action	-	-	-	-	-	8
B2. Unencumbered Causes of Action, including Preferences	-	-	-	-	-	8
B3. Total Litigation Recoveries	-	-	-	\$ -	\$ -	
C. SUMMARY OF GROSS PROCEEDS						
C1. Encumbered Collateral Recovery (A1 + B1)	-	-	-	\$ 13,154	\$ 19,045	
C2. Unencumbered Assets Recovery (A2 + B2)	-	-	-	-	-	
C3. Total Gross Recovery Proceeds Available for Distribution	\$ -	-	-	\$ 13,154	\$ 19,045	

II. ALLOCATION OF PROCEEDS FROM ENCUMBERED COLLATERAL AVAILABLE FOR DISTRIBUTION

	Estimated Allowed Claims		Estimated Recovery (%)		Estimated Recovery on Secured Claims		See Note
	Lower	Higher	Lower	Higher	Lower	Higher	
Encumbered Gross Collateral Proceeds Available					\$ 13,154	\$ 19,045	
A. LESS: Section 506(c) Surcharges	\$ -	\$ -			\$ -	\$ -	9
B. Carve-Out Allocation	-	-			-	-	10
Proceeds Available to Secured Claims					\$ 13,154	\$ 19,045	
SECURED CLAIMS							
C. PLUS: Proceeds From Subsidiary Guaranteed Notes Turnover					-	-	14
Proceeds Available to Satisfy First Lien Secured Claims					\$ 13,154	\$ 19,045	
D. First Lien Secured Claims							
D1. First Lien Bank Claims	\$ 5,920	\$ 8,457	100.0%	100.0%	5,920	8,457	11
D2. First Lien Bond Claims	7,186	10,519	100.0%	100.0%	7,186	10,519	11
D3. First Lien Swap Claims	48	68	100.0%	100.0%	48	68	11
D4. Other First Lien Secured Claims	-	-	na	na	-	-	11
Total First Lien Claims & Recovery	\$ 13,154	\$ 19,045	100.0%	100.0%	\$ 13,154	\$ 19,045	
Proceeds Available to Satisfy Second Lien Secured Claims					\$ -	\$ -	
E. Second Lien Bond Claims	\$ -	\$ -	na	na	-	-	11
Total Second Lien Claims & Recovery	\$ -	\$ -	na	na	\$ -	\$ -	
F. Other Secured Claims	-	-			\$ -	\$ -	11
Total Secured Claims and Distributions	\$ 13,154	\$ 19,045	100.0%	100.0%	\$ 13,154	\$ 19,045	
Proceeds Available from Encumbered Collateral to Satisfy Administrative, Priority and Unsecured Claims					\$ -	\$ -	
Secured Lender Deficiency Claims (General Unsecured Claim)	\$ -	\$ -					

III. ALLOCATION OF PROCEEDS AVAILABLE TO SATISFY ADMINISTRATIVE, PRIORITY AND UNSECURED CLAIMS

	Estimated Allowed Claims		Estimated Recovery (%)		Estimated Recovery on Administrative, Priority and Unsecured Claims		See Note
	Lower	Higher	Lower	Higher	Lower	Higher	
Proceeds Available from Unencumbered Assets					\$ -	\$ -	
Section 506(c) Surcharges					-	-	9
Proceeds Available from Encumbered Collateral					-	-	
Proceeds Available to Satisfy Administrative, Priority and Unsecured Claims					\$ -	\$ -	
A. LESS: Carve-Out Allocation	\$ -	\$ -	na	na	\$ -	\$ -	10
Proceeds Available for Administrative Claims					\$ -	\$ -	
ADMINISTRATIVE CLAIMS							
B. Subsidiaries' Superpriority Admin Claims against CEOC	\$ -	\$ -	na	na	\$ -	\$ -	12
C. Chapter 7 Administrative Claims	-	-	na	na	-	-	12
D. Chapter 11 Administrative Claims	-	-	na	na	-	-	12
Proceeds Available for Priority Claims					\$ -	\$ -	
PRIORITY CLAIMS							
E. Employee Priority Claims	\$ -	\$ -	na	na	\$ -	\$ -	13
F. Priority Tax Claims	-	-	na	na	-	-	13
G. Other Priority Claims	-	-	na	na	-	-	13
Proceeds Available for Unsecured Claims					\$ -	\$ -	
UNSECURED CLAIMS							
H1. First Lien Deficiency Claims	\$ -	\$ -	na	na	\$ -	\$ -	14
H2. Second Lien Deficiency Claims	-	-	na	na	-	-	14
H3. Other Secured Deficiency Claims	-	-	na	na	-	-	14
H4. Senior Unsecured Notes Claims	-	-	na	na	-	-	14
H5. Subsidiary Guaranteed Notes Claims	502,019	502,019	0.0%	0.0%	-	-	14
H5a. Subsidiary Guaranteed Notes Turnover to First Lien Claimants	-	-	na	na	-	-	14
H6. General Unsecured Claims	-	-	na	na	-	-	14
H7. Pension Claims	446,123	223,061	0.0%	0.0%	-	-	14
H8. Intercompany Notes Payable	-	-	na	na	-	-	14
H9. Intercompany Claims - Prepetition	-	-	na	na	-	-	14
Total Unsecured Claims	\$ 948,142	\$ 725,081	0.0%	0.0%	\$ -	\$ -	
Total Admin, Priority, Unsecured Claims & Distributions	\$ 948,142	\$ 725,081	0.0%	0.0%	\$ -	\$ -	
Value Available for Equity Interests					\$ -	\$ -	15

I. TOTAL PROCEEDS AVAILABLE FOR DISTRIBUTION

	Net Book Value	Estimated Recovery (%)		Estimated Liquidation Value		See Note
		Lower	Higher	Lower	Higher	
A. STATEMENT OF ASSETS						
Cash and equivalents	\$ -	0%	0%	\$ -	\$ -	1
Accounts receivable	-	0%	0%	-	-	2
Other current assets	-	0%	0%	-	-	2
Inventory	-	0%	0%	-	-	2
Due from subsidiaries/affiliates	-	0%	0%	-	-	3
Property and equipment, net	-	0%	0%	-	-	2
Goodwill	-	0%	0%	-	-	4
Intangibles	-	0%	0%	-	-	4
Investments in subsidiaries	-	0%	0%	4	5	5
Restricted cash	-	0%	0%	-	-	4
Other assets	-	0%	0%	-	-	
STATEMENT OF ASSETS - CASINO SALE						
Casino	-	0%	0%	-	-	6
Interim cash flow	-	0%	0%	-	-	7
Total Assets / Gross Recovery	\$ -	0%	0%	\$ 4	\$ 5	
A1. ENCUMBERED COLLATERAL						
Cash and equivalents	\$ -	0%	0%	\$ -	\$ -	1
Accounts receivable	-	0%	0%	-	-	2
Other current assets	-	0%	0%	-	-	2
Inventory	-	0%	0%	-	-	2
Due from subsidiaries/affiliates	-	0%	0%	-	-	3
Property and equipment, net	-	0%	0%	-	-	2
Goodwill	-	0%	0%	-	-	4
Intangibles	-	0%	0%	-	-	4
Investments in subsidiaries	-	0%	0%	-	-	5
Restricted cash	-	0%	0%	-	-	4
Other assets	-	0%	0%	-	-	
Casino value and encumbered interim cash flow	-	0%	0%	-	-	6,7
Total Encumbered Collateral / Gross Recovery	\$ -	0%	0%	\$ -	\$ -	
A2. UNENCUMBERED ASSETS						
Cash and equivalents	\$ -	0%	0%	\$ -	\$ -	1
Accounts receivable	-	0%	0%	-	-	2
Other current assets	-	0%	0%	-	-	2
Inventory	-	0%	0%	-	-	2
Due from subsidiaries/affiliates	-	0%	0%	-	-	3
Property and equipment, net	-	0%	0%	-	-	2
Goodwill	-	0%	0%	-	-	4
Intangibles	-	0%	0%	-	-	4
Investments in subsidiaries	-	0%	0%	4	5	5
Restricted cash	-	0%	0%	-	-	4
Other assets	-	0%	0%	-	-	
Unencumbered interim cash flow	-	0%	0%	-	-	7
Total Unencumbered Assets / Gross Recovery	\$ -	0%	0%	\$ 4	\$ 5	
B. LITIGATION RECOVERIES						
B1. Encumbered Causes of Action				-	-	8
B2. Unencumbered Causes of Action, including Preferences				-	-	8
B3. Total Litigation Recoveries				\$ -	\$ -	
C. SUMMARY OF GROSS PROCEEDS						
C1. Encumbered Collateral Recovery (A1 + B1)				\$ -	\$ -	
C2. Unencumbered Assets Recovery (A2 + B2)				4	5	
C3. Total Gross Recovery Proceeds Available for Distribution				\$ 4	\$ 5	

II. ALLOCATION OF PROCEEDS FROM ENCUMBERED COLLATERAL AVAILABLE FOR DISTRIBUTION

	Estimated Allowed Claims		Estimated Recovery (%)		Estimated Recovery on Secured Claims		See Note
	Lower	Higher	Lower	Higher	Lower	Higher	
Encumbered Gross Collateral Proceeds Available					\$ -	\$ -	
A. LESS: Section 506(c) Surcharges	\$ -	\$ -			\$ -	\$ -	9
B. Carve-Out Allocation	-	-			-	-	10
Proceeds Available to Secured Claims					\$ -	\$ -	
SECURED CLAIMS							
C. PLUS: Proceeds From Subsidiary Guaranteed Notes Turnover					2	1	14
Proceeds Available to Satisfy First Lien Secured Claims					\$ 2	\$ 1	
D. First Lien Secured Claims							
D1. First Lien Bank Claims	\$ 1	\$ 1	100.0%	100.0%	1	1	11
D2. First Lien Bond Claims	1	-	100.0%	na	1	-	11
D3. First Lien Swap Claims	0	0	100.0%	100.0%	0	0	11
D4. Other First Lien Secured Claims	-	-		na	-	-	11
Total First Lien Claims & Recovery	\$ 2	\$ 1	100.0%	100.0%	\$ 2	\$ 1	
Proceeds Available to Satisfy Second Lien Secured Claims					\$ -	\$ -	
E. Second Lien Bond Claims	\$ -	\$ -	na	na	-	-	11
Total Second Lien Claims & Recovery	\$ -	\$ -	na	na	\$ -	\$ -	
F. Other Secured Claims	-	-			\$ -	\$ -	11
Total Secured Claims and Distributions	\$ 2	\$ 1	100.0%	100.0%	\$ 2	\$ 1	
Proceeds Available from Encumbered Collateral to Satisfy Administrative, Priority and Unsecured Claims					\$ -	\$ -	
Secured Lender Deficiency Claims (General Unsecured Claim)	\$ -	\$ -					

III. ALLOCATION OF PROCEEDS AVAILABLE TO SATISFY ADMINISTRATIVE, PRIORITY AND UNSECURED CLAIMS

	Estimated Allowed Claims		Estimated Recovery (%)		Estimated Recovery on Administrative, Priority and Unsecured Claims		See Note
	Lower	Higher	Lower	Higher	Lower	Higher	
Proceeds Available from Unencumbered Assets					\$ 4	\$ 5	
Section 506(c) Surcharges					-	-	9
Proceeds Available from Encumbered Collateral					-	-	
Proceeds Available to Satisfy Administrative, Priority and Unsecured Claims					\$ 4	\$ 5	
A. LESS: Carve-Out Allocation	\$ 0	\$ 0	100.0%	100.0%	\$ 0	\$ 0	10
Proceeds Available for Administrative Claims					\$ 3	\$ 5	
ADMINISTRATIVE CLAIMS							
B. Subsidiaries' Superpriority Admin Claims against CEOC	\$ -	\$ -	na	na	\$ -	\$ -	12
C. Chapter 7 Administrative Claims	0	0	100.0%	100.0%	0	0	12
D. Chapter 11 Administrative Claims	-	-	na	na	-	-	12
Proceeds Available for Priority Claims					\$ 3	\$ 5	
PRIORITY CLAIMS							
E. Employee Priority Claims	\$ -	\$ -	na	na	\$ -	\$ -	13
F. Priority Tax Claims	-	-	na	na	-	-	13
G. Other Priority Claims	-	-	na	na	-	-	13
Proceeds Available for Unsecured Claims					\$ 3	\$ 5	
UNSECURED CLAIMS							
H1. First Lien Deficiency Claims	\$ -	\$ -	na	na	\$ -	\$ -	14
H2. Second Lien Deficiency Claims	-	-	na	na	-	-	14
H3. Other Secured Deficiency Claims	-	-	na	na	-	-	14
H4. Senior Unsecured Notes Claims	-	-	na	na	-	-	14
H5. Subsidiary Guaranteed Notes Claims	502,019	502,019	0.0%	0.0%	0	0	14
H5a. Subsidiary Guaranteed Notes Turnover to First Lien Claimants	-	-	na	na	2	1	14
H6. General Unsecured Claims	-	-	na	na	-	-	14
H7. Pension Claims	446,123	223,061	0.0%	0.0%	1	0	14
H8. Intercompany Notes Payable	-	-	na	na	-	-	14
H9. Intercompany Claims - Prepetition	0	0	0.0%	100.0%	0	0	14
Total Unsecured Claims	\$ 948,142	\$ 725,081	0.0%	0.0%	\$ 3	\$ 1	
Total Admin, Priority, Unsecured Claims & Distributions	\$ 948,143	\$ 725,081	0.0%	0.0%	\$ 4	\$ 2	
Value Available for Equity Interests					\$ -	\$ 4	15

I. TOTAL PROCEEDS AVAILABLE FOR DISTRIBUTION

	Net Book Value	Estimated Recovery (%)		Estimated Liquidation Value		See Note
		Lower	Higher	Lower	Higher	
A. STATEMENT OF ASSETS						
Cash and equivalents	\$ -	0%	0%	\$ -	\$ -	1
Accounts receivable	-	0%	0%	-	-	2
Other current assets	-	0%	0%	-	-	2
Inventory	-	0%	0%	-	-	2
Due from subsidiaries/affiliates	724,506	0%	0%	350	525	3
Property and equipment, net	-	0%	0%	-	-	2
Goodwill	-	0%	0%	-	-	4
Intangibles	-	0%	0%	-	-	4
Investments in subsidiaries	-	0%	0%	-	-	5
Restricted cash	-	0%	0%	-	-	4
Other assets	-	0%	0%	-	-	
STATEMENT OF ASSETS - CASINO SALE						
Casino	-	0%	0%	-	-	6
Interim cash flow	-	0%	0%	-	-	7
Total Assets / Gross Recovery	\$ 724,506	0%	0%	\$ 350	\$ 525	
A1. ENCUMBERED COLLATERAL						
Cash and equivalents	\$ -	0%	0%	\$ -	\$ -	1
Accounts receivable	-	0%	0%	-	-	2
Other current assets	-	0%	0%	-	-	2
Inventory	-	0%	0%	-	-	2
Due from subsidiaries/affiliates	724,506	0%	0%	350	525	3
Property and equipment, net	-	0%	0%	-	-	2
Goodwill	-	0%	0%	-	-	4
Intangibles	-	0%	0%	-	-	4
Investments in subsidiaries	-	0%	0%	-	-	5
Restricted cash	-	0%	0%	-	-	4
Other assets	-	0%	0%	-	-	
Casino value and encumbered interim cash flow	-	0%	0%	-	-	6,7
Total Encumbered Collateral / Gross Recovery	\$ 724,506	0%	0%	\$ 350	\$ 525	
A2. UNENCUMBERED ASSETS						
Cash and equivalents	\$ -	0%	0%	\$ -	\$ -	1
Accounts receivable	-	0%	0%	-	-	2
Other current assets	-	0%	0%	-	-	2
Inventory	-	0%	0%	-	-	2
Due from subsidiaries/affiliates	-	0%	0%	-	-	3
Property and equipment, net	-	0%	0%	-	-	2
Goodwill	-	0%	0%	-	-	4
Intangibles	-	0%	0%	-	-	4
Investments in subsidiaries	-	0%	0%	-	-	5
Restricted cash	-	0%	0%	-	-	4
Other assets	-	0%	0%	-	-	
Unencumbered interim cash flow	-	0%	0%	-	-	7
Total Unencumbered Assets / Gross Recovery	\$ -	0%	0%	\$ -	\$ -	
B. LITIGATION RECOVERIES						
B1. Encumbered Causes of Action	-	-	-	-	-	8
B2. Unencumbered Causes of Action, including Preferences	-	-	-	-	-	8
B3. Total Litigation Recoveries	-	-	-	-	-	
C. SUMMARY OF GROSS PROCEEDS						
C1. Encumbered Collateral Recovery (A1 + B1)	-	-	-	\$ 350	\$ 525	
C2. Unencumbered Assets Recovery (A2 + B2)	-	-	-	-	-	
C3. Total Gross Recovery Proceeds Available for Distribution	-	-	-	\$ 350	\$ 525	

II. ALLOCATION OF PROCEEDS FROM ENCUMBERED COLLATERAL AVAILABLE FOR DISTRIBUTION

	Estimated Allowed Claims		Estimated Recovery (%)		Estimated Recovery on Secured Claims		See Note
	Lower	Higher	Lower	Higher	Lower	Higher	
Encumbered Gross Collateral Proceeds Available					\$ 350	\$ 525	
A. LESS: Section 506(c) Surcharges	\$ -	\$ -			\$ -	\$ -	9
B. Carve-Out Allocation	-	-			-	-	10
Proceeds Available to Secured Claims					\$ 350	\$ 525	
SECURED CLAIMS							
C. PLUS: Proceeds From Subsidiary Guaranteed Notes Turnover					-	-	14
Proceeds Available to Satisfy First Lien Secured Claims					\$ 350	\$ 525	
D. First Lien Secured Claims							
D1. First Lien Bank Claims	\$ 158	\$ 233	100.0%	100.0%	158	233	11
D2. First Lien Bond Claims	191	290	100.0%	100.0%	191	290	11
D3. First Lien Swap Claims	1	2	100.0%	100.0%	1	2	11
D4. Other First Lien Secured Claims	-	-	na	na	-	-	11
Total First Lien Claims & Recovery	\$ 350	\$ 525	100.0%	100.0%	\$ 350	\$ 525	
Proceeds Available to Satisfy Second Lien Secured Claims					\$ -	\$ -	
E. Second Lien Bond Claims	\$ -	\$ -	na	na	-	-	11
Total Second Lien Claims & Recovery	\$ -	\$ -	na	na	\$ -	\$ -	
F. Other Secured Claims	-	-			\$ -	\$ -	11
Total Secured Claims and Distributions	\$ 350	\$ 525	100.0%	100.0%	\$ 350	\$ 525	
Proceeds Available from Encumbered Collateral to Satisfy Administrative, Priority and Unsecured Claims					\$ -	\$ -	
Secured Lender Deficiency Claims (General Unsecured Claim)	\$ -	\$ -					

III. ALLOCATION OF PROCEEDS AVAILABLE TO SATISFY ADMINISTRATIVE, PRIORITY AND UNSECURED CLAIMS

	Estimated Allowed Claims		Estimated Recovery (%)		Estimated Recovery on Administrative, Priority and Unsecured Claims		See Note
	Lower	Higher	Lower	Higher	Lower	Higher	
Proceeds Available from Unencumbered Assets					\$ -	\$ -	
Section 506(c) Surcharges					-	-	9
Proceeds Available from Encumbered Collateral					-	-	
Proceeds Available to Satisfy Administrative, Priority and Unsecured Claims					\$ -	\$ -	
A. LESS: Carve-Out Allocation	\$ -	\$ -	na	na	\$ -	\$ -	10
Proceeds Available for Administrative Claims					\$ -	\$ -	
ADMINISTRATIVE CLAIMS							
B. Subsidiaries' Superpriority Admin Claims against CEOC	\$ -	\$ -	na	na	\$ -	\$ -	12
C. Chapter 7 Administrative Claims	-	-	na	na	-	-	12
D. Chapter 11 Administrative Claims	-	-	na	na	-	-	12
Proceeds Available for Priority Claims					\$ -	\$ -	
PRIORITY CLAIMS							
E. Employee Priority Claims	\$ -	\$ -	na	na	\$ -	\$ -	13
F. Priority Tax Claims	-	-	na	na	-	-	13
G. Other Priority Claims	-	-	na	na	-	-	13
Proceeds Available for Unsecured Claims					\$ -	\$ -	
UNSECURED CLAIMS							
H1. First Lien Deficiency Claims	\$ -	\$ -	na	na	\$ -	\$ -	14
H2. Second Lien Deficiency Claims	-	-	na	na	-	-	14
H3. Other Secured Deficiency Claims	-	-	na	na	-	-	14
H4. Senior Unsecured Notes Claims	-	-	na	na	-	-	14
H5. Subsidiary Guaranteed Notes Claims	502,019	502,019	0.0%	0.0%	-	-	14
H5a. Subsidiary Guaranteed Notes Turnover to First Lien Claimants	-	-	na	na	-	-	14
H6. General Unsecured Claims	-	-	na	na	-	-	14
H7. Pension Claims	446,123	223,061	0.0%	0.0%	-	-	14
H8. Intercompany Notes Payable	746,595	746,595	0.0%	0.0%	-	-	14
H9. Intercompany Claims - Prepetition	-	-	na	na	-	-	14
Total Unsecured Claims	\$ 1,694,737	\$ 1,471,675	0.0%	0.0%	\$ -	\$ -	
Total Admin, Priority, Unsecured Claims & Distributions	\$ 1,694,737	\$ 1,471,675	0.0%	0.0%	\$ -	\$ -	
Value Available for Equity Interests					\$ -	\$ -	15

I. TOTAL PROCEEDS AVAILABLE FOR DISTRIBUTION

	Net Book Value	Estimated Recovery (%)		Estimated Liquidation Value		See Note
		Lower	Higher	Lower	Higher	
A. STATEMENT OF ASSETS						
Cash and equivalents	\$ -	0%	0%	\$ -	\$ -	1
Accounts receivable	0	50%	75%	0	0	2
Other current assets	-	0%	0%	-	-	2
Inventory	-	0%	0%	-	-	2
Due from subsidiaries/affiliates	1,000	0%	19%	-	192	3
Property and equipment, net	-	0%	0%	-	-	2
Goodwill	-	0%	0%	-	-	4
Intangibles	-	0%	0%	-	-	4
Investments in subsidiaries	-	0%	0%	105	687	5
Restricted cash	-	0%	0%	-	-	4
Other assets	-	0%	0%	-	-	
STATEMENT OF ASSETS - CASINO SALE						
Casino	-	0%	0%	-	-	6
Interim cash flow	-	0%	0%	-	-	7
Total Assets / Gross Recovery	\$ 1,000	11%	88%	\$ 105	\$ 879	
A1. ENCUMBERED COLLATERAL						
Cash and equivalents	\$ -	0%	0%	\$ -	\$ -	1
Accounts receivable	-	0%	0%	-	-	2
Other current assets	-	0%	0%	-	-	2
Inventory	-	0%	0%	-	-	2
Due from subsidiaries/affiliates	-	0%	0%	-	-	3
Property and equipment, net	-	0%	0%	-	-	2
Goodwill	-	0%	0%	-	-	4
Intangibles	-	0%	0%	-	-	4
Investments in subsidiaries	-	0%	0%	-	-	5
Restricted cash	-	0%	0%	-	-	4
Other assets	-	0%	0%	-	-	
Casino value and encumbered interim cash flow	-	0%	0%	-	-	6,7
Total Encumbered Collateral / Gross Recovery	\$ -	0%	0%	\$ -	\$ -	
A2. UNENCUMBERED ASSETS						
Cash and equivalents	\$ -	0%	0%	\$ -	\$ -	1
Accounts receivable	0	50%	75%	0	0	2
Other current assets	-	0%	0%	-	-	2
Inventory	-	0%	0%	-	-	2
Due from subsidiaries/affiliates	1,000	0%	19%	-	192	3
Property and equipment, net	-	0%	0%	-	-	2
Goodwill	-	0%	0%	-	-	4
Intangibles	-	0%	0%	-	-	4
Investments in subsidiaries	-	0%	0%	105	687	5
Restricted cash	-	0%	0%	-	-	4
Other assets	-	0%	0%	-	-	
Unencumbered interim cash flow	-	0%	0%	-	-	7
Total Unencumbered Assets / Gross Recovery	\$ 1,000	11%	88%	\$ 105	\$ 879	
B. LITIGATION RECOVERIES						
B1. Encumbered Causes of Action				-	-	8
B2. Unencumbered Causes of Action, including Preferences				-	202,679	8
B3. Total Litigation Recoveries				\$ -	\$ 202,679	
C. SUMMARY OF GROSS PROCEEDS						
C1. Encumbered Collateral Recovery (A1 + B1)				\$ -	\$ -	
C2. Unencumbered Assets Recovery (A2 + B2)				105	203,557	
C3. Total Gross Recovery Proceeds Available for Distribution				\$ 105	\$ 203,557	

II. ALLOCATION OF PROCEEDS FROM ENCUMBERED COLLATERAL AVAILABLE FOR DISTRIBUTION

	Estimated Allowed Claims		Estimated Recovery (%)		Estimated Recovery on Secured Claims		See Note
	Lower	Higher	Lower	Higher	Lower	Higher	
Encumbered Gross Collateral Proceeds Available					\$ -	\$ -	
A. LESS: Section 506(c) Surcharges	\$ -	\$ -			\$ -	\$ -	9
B. Carve-Out Allocation	-	-			-	-	10
Proceeds Available to Secured Claims					\$ -	\$ -	
SECURED CLAIMS							
C. PLUS: Proceeds From Subsidiary Guaranteed Notes Turnover					-	-	14
Proceeds Available to Satisfy First Lien Secured Claims					\$ -	\$ -	
D. First Lien Secured Claims							
D1. First Lien Bank Claims	\$ -	\$ -	na	na	-	-	11
D2. First Lien Bond Claims	-	-	na	na	-	-	11
D3. First Lien Swap Claims	-	-	na	na	-	-	11
D4. Other First Lien Secured Claims	-	-	na	na	-	-	11
Total First Lien Claims & Recovery	\$ -	\$ -	na	na	\$ -	\$ -	
Proceeds Available to Satisfy Second Lien Secured Claims					\$ -	\$ -	
E. Second Lien Bond Claims	\$ -	\$ -	na	na	-	-	11
Total Second Lien Claims & Recovery	\$ -	\$ -	na	na	\$ -	\$ -	
F. Other Secured Claims	-	-			\$ -	\$ -	11
Total Secured Claims and Distributions	\$ -	\$ -	0.0%	0.0%	\$ -	\$ -	
Proceeds Available from Encumbered Collateral to Satisfy Administrative, Priority and Unsecured Claims					\$ -	\$ -	
Secured Lender Deficiency Claims (General Unsecured Claim)	\$ -	\$ -					

III. ALLOCATION OF PROCEEDS AVAILABLE TO SATISFY ADMINISTRATIVE, PRIORITY AND UNSECURED CLAIMS

	Estimated Allowed Claims		Estimated Recovery (%)		Estimated Recovery on Administrative, Priority and Unsecured Claims		See Note
	Lower	Higher	Lower	Higher	Lower	Higher	
Proceeds Available from Unencumbered Assets					\$ 105	\$ 203,557	
Section 506(c) Surcharges					-	-	9
Proceeds Available from Encumbered Collateral					-	-	
Proceeds Available to Satisfy Administrative, Priority and Unsecured Claims					\$ 105	\$ 203,557	
A. LESS: Carve-Out Allocation	\$ 3	\$ 1,188	100.0%	100.0%	\$ 3	\$ 1,188	10
Proceeds Available for Administrative Claims					\$ 103	\$ 202,369	
ADMINISTRATIVE CLAIMS							
B. Subsidiaries' Superpriority Admin Claims against CEOC	\$ -	\$ -	na	na	\$ -	\$ -	12
C. Chapter 7 Administrative Claims	14	4,383	100.0%	100.0%	14	4,383	12
D. Chapter 11 Administrative Claims	0	0	100.0%	100.0%	0	0	12
Proceeds Available for Priority Claims					\$ 88	\$ 197,986	
PRIORITY CLAIMS							
E. Employee Priority Claims	\$ -	\$ -	na	na	\$ -	\$ -	13
F. Priority Tax Claims	-	-	na	na	-	-	13
G. Other Priority Claims	-	-	na	na	-	-	13
Proceeds Available for Unsecured Claims					\$ 88	\$ 197,986	
UNSECURED CLAIMS							
H1. First Lien Deficiency Claims	\$ -	\$ -	na	na	\$ -	\$ -	14
H2. Second Lien Deficiency Claims	-	-	na	na	-	-	14
H3. Other Secured Deficiency Claims	-	-	na	na	-	-	14
H4. Senior Unsecured Notes Claims	-	-	na	na	-	-	14
H5. Subsidiary Guaranteed Notes Claims	-	-	na	na	-	-	14
H5a. Subsidiary Guaranteed Notes Turnover to First Lien Claimants	-	-	na	na	-	-	14
H6. General Unsecured Claims	4	4	100.0%	100.0%	4	4	14
H7. Pension Claims	446,123	223,061	0.0%	4.8%	61	10,739	14
H8. Intercompany Notes Payable	-	-	na	na	-	-	14
H9. Intercompany Claims - Prepetition	-	-	na	na	-	-	14
Total Unsecured Claims	\$ 446,126	\$ 223,065	0.0%	4.8%	\$ 65	\$ 10,743	
Total Admin, Priority, Unsecured Claims & Distributions	\$ 446,143	\$ 228,636	0.0%	7.1%	\$ 82	\$ 16,314	
Value Available for Equity Interests					\$ 24	\$ 187,243	15

I. TOTAL PROCEEDS AVAILABLE FOR DISTRIBUTION

	Net Book Value	Estimated Recovery (%)		Estimated Liquidation Value		See Note
		Lower	Higher	Lower	Higher	
A. STATEMENT OF ASSETS						
Cash and equivalents	\$ -	0%	0%	\$ -	\$ -	1
Accounts receivable	-	0%	0%	-	-	2
Other current assets	-	0%	0%	-	-	2
Inventory	-	0%	0%	-	-	2
Due from subsidiaries/affiliates	-	0%	0%	-	-	3
Property and equipment, net	-	0%	0%	-	-	2
Goodwill	-	0%	0%	-	-	4
Intangibles	-	0%	0%	-	-	4
Investments in subsidiaries	-	0%	0%	-	-	5
Restricted cash	-	0%	0%	-	-	4
Other assets	-	0%	0%	-	-	
STATEMENT OF ASSETS - CASINO SALE						
Casino	-	0%	0%	-	-	6
Interim cash flow	-	0%	0%	-	-	7
Total Assets / Gross Recovery	\$ -	0%	0%	\$ -	\$ -	
A1. ENCUMBERED COLLATERAL						
Cash and equivalents	\$ -	0%	0%	\$ -	\$ -	1
Accounts receivable	-	0%	0%	-	-	2
Other current assets	-	0%	0%	-	-	2
Inventory	-	0%	0%	-	-	2
Due from subsidiaries/affiliates	-	0%	0%	-	-	3
Property and equipment, net	-	0%	0%	-	-	2
Goodwill	-	0%	0%	-	-	4
Intangibles	-	0%	0%	-	-	4
Investments in subsidiaries	-	0%	0%	-	-	5
Restricted cash	-	0%	0%	-	-	4
Other assets	-	0%	0%	-	-	
Casino value and encumbered interim cash flow	-	0%	0%	-	-	6,7
Total Encumbered Collateral / Gross Recovery	\$ -	0%	0%	\$ -	\$ -	
A2. UNENCUMBERED ASSETS						
Cash and equivalents	\$ -	0%	0%	\$ -	\$ -	1
Accounts receivable	-	0%	0%	-	-	2
Other current assets	-	0%	0%	-	-	2
Inventory	-	0%	0%	-	-	2
Due from subsidiaries/affiliates	-	0%	0%	-	-	3
Property and equipment, net	-	0%	0%	-	-	2
Goodwill	-	0%	0%	-	-	4
Intangibles	-	0%	0%	-	-	4
Investments in subsidiaries	-	0%	0%	-	-	5
Restricted cash	-	0%	0%	-	-	4
Other assets	-	0%	0%	-	-	
Unencumbered interim cash flow	-	0%	0%	-	-	7
Total Unencumbered Assets / Gross Recovery	\$ -	0%	0%	\$ -	\$ -	
B. LITIGATION RECOVERIES						
B1. Encumbered Causes of Action				-	-	8
B2. Unencumbered Causes of Action, including Preferences				-	-	8
B3. Total Litigation Recoveries				\$ -	\$ -	
C. SUMMARY OF GROSS PROCEEDS						
C1. Encumbered Collateral Recovery (A1 + B1)				\$ -	\$ -	
C2. Unencumbered Assets Recovery (A2 + B2)				-	-	
C3. Total Gross Recovery Proceeds Available for Distribution				\$ -	\$ -	

II. ALLOCATION OF PROCEEDS FROM ENCUMBERED COLLATERAL AVAILABLE FOR DISTRIBUTION

	Estimated Allowed Claims		Estimated Recovery (%)		Estimated Recovery on Secured Claims		See Note
	Lower	Higher	Lower	Higher	Lower	Higher	
Encumbered Gross Collateral Proceeds Available					\$ -	\$ -	
A. LESS: Section 506(c) Surcharges	\$ -	\$ -			\$ -	\$ -	9
B. Carve-Out Allocation	-	-			-	-	10
Proceeds Available to Secured Claims					\$ -	\$ -	
SECURED CLAIMS							
C. PLUS: Proceeds From Subsidiary Guaranteed Notes Turnover					-	-	14
Proceeds Available to Satisfy First Lien Secured Claims					\$ -	\$ -	
D. First Lien Secured Claims							
D1. First Lien Bank Claims	\$ -	\$ -	na	na	-	-	11
D2. First Lien Bond Claims	-	-	na	na	-	-	11
D3. First Lien Swap Claims	-	-	na	na	-	-	11
D4. Other First Lien Secured Claims	-	-	na	na	-	-	11
Total First Lien Claims & Recovery	\$ -	\$ -	na	na	\$ -	\$ -	
Proceeds Available to Satisfy Second Lien Secured Claims					\$ -	\$ -	
E. Second Lien Bond Claims	\$ -	\$ -	na	na	-	-	11
Total Second Lien Claims & Recovery	\$ -	\$ -	na	na	\$ -	\$ -	
F. Other Secured Claims	-	-			\$ -	\$ -	11
Total Secured Claims and Distributions	\$ -	\$ -	0.0%	0.0%	\$ -	\$ -	
Proceeds Available from Encumbered Collateral to Satisfy Administrative, Priority and Unsecured Claims					\$ -	\$ -	
Secured Lender Deficiency Claims (General Unsecured Claim)	\$ -	\$ -					

III. ALLOCATION OF PROCEEDS AVAILABLE TO SATISFY ADMINISTRATIVE, PRIORITY AND UNSECURED CLAIMS

	Estimated Allowed Claims		Estimated Recovery (%)		Estimated Recovery on Administrative, Priority and Unsecured Claims		See Note
	Lower	Higher	Lower	Higher	Lower	Higher	
Proceeds Available from Unencumbered Assets					\$ -	\$ -	
Section 506(c) Surcharges					-	-	9
Proceeds Available from Encumbered Collateral					-	-	
Proceeds Available to Satisfy Administrative, Priority and Unsecured Claims					\$ -	\$ -	
A. LESS: Carve-Out Allocation	\$ -	\$ -	na	na	\$ -	\$ -	10
Proceeds Available for Administrative Claims					\$ -	\$ -	
ADMINISTRATIVE CLAIMS							
B. Subsidiaries' Superpriority Admin Claims against CEOC	\$ -	\$ -	na	na	\$ -	\$ -	12
C. Chapter 7 Administrative Claims	-	-	na	na	-	-	12
D. Chapter 11 Administrative Claims	-	-	na	na	-	-	12
Proceeds Available for Priority Claims					\$ -	\$ -	
PRIORITY CLAIMS							
E. Employee Priority Claims	\$ -	\$ -	na	na	\$ -	\$ -	13
F. Priority Tax Claims	-	-	na	na	-	-	13
G. Other Priority Claims	-	-	na	na	-	-	13
Proceeds Available for Unsecured Claims					\$ -	\$ -	
UNSECURED CLAIMS							
H1. First Lien Deficiency Claims	\$ -	\$ -	na	na	\$ -	\$ -	14
H2. Second Lien Deficiency Claims	-	-	na	na	-	-	14
H3. Other Secured Deficiency Claims	-	-	na	na	-	-	14
H4. Senior Unsecured Notes Claims	-	-	na	na	-	-	14
H5. Subsidiary Guaranteed Notes Claims	-	-	na	na	-	-	14
H5a. Subsidiary Guaranteed Notes Turnover to First Lien Claimants	-	-	na	na	-	-	14
H6. General Unsecured Claims	-	-	na	na	-	-	14
H7. Pension Claims	446,123	223,061	0.0%	0.0%	-	-	14
H8. Intercompany Notes Payable	-	-	na	na	-	-	14
H9. Intercompany Claims - Prepetition	0	0	0.0%	0.0%	-	-	14
Total Unsecured Claims	\$ 446,123	\$ 223,062	0.0%	0.0%	\$ -	\$ -	
Total Admin, Priority, Unsecured Claims & Distributions	\$ 446,123	\$ 223,062	0.0%	0.0%	\$ -	\$ -	
Value Available for Equity Interests					\$ -	\$ -	15

I. TOTAL PROCEEDS AVAILABLE FOR DISTRIBUTION

	Net Book Value	Estimated Recovery (%)		Estimated Liquidation Value		See Note
		Lower	Higher	Lower	Higher	
A. STATEMENT OF ASSETS						
Cash and equivalents	\$ -	0%	0%	\$ -	\$ -	1
Accounts receivable	-	0%	0%	-	-	2
Other current assets	-	0%	0%	-	-	2
Inventory	-	0%	0%	-	-	2
Due from subsidiaries/affiliates	1,017	40%	73%	403	747	3
Property and equipment, net	-	0%	0%	-	-	2
Goodwill	-	0%	0%	-	-	4
Intangibles	-	0%	0%	-	-	4
Investments in subsidiaries	-	0%	0%	-	-	5
Restricted cash	-	0%	0%	-	-	4
Other assets	-	0%	0%	-	-	
STATEMENT OF ASSETS - CASINO SALE						
Casino	-	0%	0%	-	-	6
Interim cash flow	-	0%	0%	-	-	7
Total Assets / Gross Recovery	\$ 1,017	40%	73%	\$ 403	\$ 747	
A1. ENCUMBERED COLLATERAL						
Cash and equivalents	\$ -	0%	0%	\$ -	\$ -	1
Accounts receivable	-	0%	0%	-	-	2
Other current assets	-	0%	0%	-	-	2
Inventory	-	0%	0%	-	-	2
Due from subsidiaries/affiliates	-	0%	0%	-	-	3
Property and equipment, net	-	0%	0%	-	-	2
Goodwill	-	0%	0%	-	-	4
Intangibles	-	0%	0%	-	-	4
Investments in subsidiaries	-	0%	0%	-	-	5
Restricted cash	-	0%	0%	-	-	4
Other assets	-	0%	0%	-	-	
Casino value and encumbered interim cash flow	-	0%	0%	-	-	6,7
Total Encumbered Collateral / Gross Recovery	\$ -	0%	0%	\$ -	\$ -	
A2. UNENCUMBERED ASSETS						
Cash and equivalents	\$ -	0%	0%	\$ -	\$ -	1
Accounts receivable	-	0%	0%	-	-	2
Other current assets	-	0%	0%	-	-	2
Inventory	-	0%	0%	-	-	2
Due from subsidiaries/affiliates	1,017	40%	73%	403	747	3
Property and equipment, net	-	0%	0%	-	-	2
Goodwill	-	0%	0%	-	-	4
Intangibles	-	0%	0%	-	-	4
Investments in subsidiaries	-	0%	0%	-	-	5
Restricted cash	-	0%	0%	-	-	4
Other assets	-	0%	0%	-	-	
Unencumbered interim cash flow	-	0%	0%	-	-	7
Total Unencumbered Assets / Gross Recovery	\$ 1,017	40%	73%	\$ 403	\$ 747	
B. LITIGATION RECOVERIES						
B1. Encumbered Causes of Action				-	-	8
B2. Unencumbered Causes of Action, including Preferences				-	-	8
B3. Total Litigation Recoveries				\$ -	\$ -	
C. SUMMARY OF GROSS PROCEEDS						
C1. Encumbered Collateral Recovery (A1 + B1)				\$ -	\$ -	
C2. Unencumbered Assets Recovery (A2 + B2)				403	747	
C3. Total Gross Recovery Proceeds Available for Distribution				\$ 403	\$ 747	

II. ALLOCATION OF PROCEEDS FROM ENCUMBERED COLLATERAL AVAILABLE FOR DISTRIBUTION

	Estimated Allowed Claims		Estimated Recovery (%)		Estimated Recovery on Secured Claims		See Note
	Lower	Higher	Lower	Higher	Lower	Higher	
Encumbered Gross Collateral Proceeds Available					\$ -	\$ -	
A. LESS: Section 506(c) Surcharges	\$ -	\$ -			\$ -	\$ -	9
B. Carve-Out Allocation	-	-			-	-	10
Proceeds Available to Secured Claims					\$ -	\$ -	
SECURED CLAIMS							
C. PLUS: Proceeds From Subsidiary Guaranteed Notes Turnover					-	-	14
Proceeds Available to Satisfy First Lien Secured Claims					\$ -	\$ -	
D. First Lien Secured Claims							
D1. First Lien Bank Claims	\$ -	\$ -	na	na	-	-	11
D2. First Lien Bond Claims	-	-	na	na	-	-	11
D3. First Lien Swap Claims	-	-	na	na	-	-	11
D4. Other First Lien Secured Claims	-	-	na	na	-	-	11
Total First Lien Claims & Recovery	\$ -	\$ -	na	na	\$ -	\$ -	
Proceeds Available to Satisfy Second Lien Secured Claims					\$ -	\$ -	
E. Second Lien Bond Claims	\$ -	\$ -	na	na	-	-	11
Total Second Lien Claims & Recovery	\$ -	\$ -	na	na	\$ -	\$ -	
F. Other Secured Claims	-	-			\$ -	\$ -	11
Total Secured Claims and Distributions	\$ -	\$ -	0.0%	0.0%	\$ -	\$ -	
Proceeds Available from Encumbered Collateral to Satisfy Administrative, Priority and Unsecured Claims					\$ -	\$ -	
Secured Lender Deficiency Claims (General Unsecured Claim)	\$ -	\$ -					

III. ALLOCATION OF PROCEEDS AVAILABLE TO SATISFY ADMINISTRATIVE, PRIORITY AND UNSECURED CLAIMS

	Estimated Allowed Claims		Estimated Recovery (%)		Estimated Recovery on Administrative, Priority and Unsecured Claims		See Note
	Lower	Higher	Lower	Higher	Lower	Higher	
Proceeds Available from Unencumbered Assets					\$ 403	\$ 747	
Section 506(c) Surcharges					-	-	9
Proceeds Available from Encumbered Collateral					-	-	
Proceeds Available to Satisfy Administrative, Priority and Unsecured Claims					\$ 403	\$ 747	
A. LESS: Carve-Out Allocation	\$ 10	\$ 4	100.0%	100.0%	\$ 10	\$ 4	10
Proceeds Available for Administrative Claims					\$ 393	\$ 742	
ADMINISTRATIVE CLAIMS							
B. Subsidiaries' Superpriority Admin Claims against CEOC	\$ -	\$ -	na	na	\$ -	\$ -	12
C. Chapter 7 Administrative Claims	54	16	100.0%	100.0%	54	16	12
D. Chapter 11 Administrative Claims	-	-	na	na	-	-	12
Proceeds Available for Priority Claims					\$ 340	\$ 726	
PRIORITY CLAIMS							
E. Employee Priority Claims	\$ -	\$ -	na	na	\$ -	\$ -	13
F. Priority Tax Claims	-	-	na	na	-	-	13
G. Other Priority Claims	-	-	na	na	-	-	13
Proceeds Available for Unsecured Claims					\$ 340	\$ 726	
UNSECURED CLAIMS							
H1. First Lien Deficiency Claims	\$ -	\$ -	na	na	\$ -	\$ -	14
H2. Second Lien Deficiency Claims	-	-	na	na	-	-	14
H3. Other Secured Deficiency Claims	-	-	na	na	-	-	14
H4. Senior Unsecured Notes Claims	-	-	na	na	-	-	14
H5. Subsidiary Guaranteed Notes Claims	-	-	na	na	-	-	14
H5a. Subsidiary Guaranteed Notes Turnover to First Lien Claimants	-	-	na	na	-	-	14
H6. General Unsecured Claims	-	-	na	na	-	-	14
H7. Pension Claims	446,123	223,061	0.1%	0.0%	235	39	14
H8. Intercompany Notes Payable	-	-	na	na	-	-	14
H9. Intercompany Claims - Prepetition	-	-	na	na	-	-	14
Total Unsecured Claims	\$ 446,123	\$ 223,061	0.1%	0.0%	\$ 235	\$ 39	
Total Admin, Priority, Unsecured Claims & Distributions	\$ 446,186	\$ 223,082	0.1%	0.0%	\$ 298	\$ 60	
Value Available for Equity Interests					\$ 105	\$ 687	15

Exhibit E

Financial Projections

A. Introduction

In connection with developing the Plan, the Debtors have prepared the following financial projections for OpCo, PropCo, and CPLV Sub (the “**Projections**”).¹ The Projections were prepared to, among other things, support the feasibility of the Plan and provide holders of Claims or equity interests with adequate information regarding the expected financial performance of OpCo, PropCo, and CPLV Sub for purposes of voting on the Plan. In connection therewith, the Debtors have analyzed the ability of OpCo, PropCo, and CPLV Sub to satisfy their post-confirmation financial obligations while maintaining sufficient liquidity and capital resources.

The Projections reflect the Debtors’ judgment of expected future operating and business conditions, which are subject to change. Although the Debtors and their advisors have prepared the Projections in good faith and believe the assumptions disclosed herein to be reasonable, it is important to note that the Debtors and their advisors can provide no assurance that such assumptions will be realized. The Debtors’ advisors have relied upon the accuracy and completeness of financial and other information furnished by the Debtors and did not attempt to independently audit or verify such information.

Furthermore, the Debtors do not, as a matter of course, publish their forecasts, strategies, or forward-looking projections of their financial position, results of operations, and cash flows. Accordingly, the Debtors do not anticipate that they will, and disclaim any obligation to, furnish updated Projections to the holders of Claims or equity interests after the date of this Disclosure Statement, or to include such information in documents required to be filed with the Securities and Exchange Commission or to otherwise make such information public. The assumptions disclosed herein are those that the Debtors believe to be significant to the Projections and are “forward looking statements” within the meaning of the Private Securities Litigation Reform Act of 1995.

The Projections were not prepared with a view toward compliance with the guidelines established by the American Institute of Certified Public Accountants or the Financial Accounting Standards Board (“**FASB**”), or in accordance with Generally Accepted Accounting Principles in the United States (“**U.S. GAAP**”) or the rules and regulations of the Securities and Exchange Commission regarding projections. Furthermore, the Projections have not been audited or reviewed by the Debtors’ independent registered public accounting firm. While presented with numerical specificity, the Projections are based on a variety of assumptions, which may not be realized, and are subject to significant business, economic and competitive uncertainties and contingencies, which are beyond the control of the Debtors. Consequently, the Projections should not be regarded as a representation or warranty by any of the Debtors, or any other person, that the Projections will be realized. Actual results may vary materially from those presented in the Projections. Holders of Claims and interests must make their own determinations as to the reasonableness of such assumptions and the reliability of the Projections

¹ Unless otherwise noted, references to PropCo exclude the assets, liabilities, and operations attributable to CPLV Sub, which are referred to separately in this document.

in reaching their determinations of whether to accept or reject the Plan. Neither the Debtors' independent auditors nor their financial and restructuring advisors have expressed an opinion on or made any representations regarding the achievability of the Projections.

Under the terms of the Plan, the Debtors will convert their corporate structure by separating their U.S.-based gaming operations and related operating assets and real property assets into an OpCo and a REIT, as follows:

- An operating entity referred to as OpCo will operate the real property assets to be held in the REIT. It is anticipated that OpCo will retain ownership in the following:²
 - All intangible assets;
 - All furniture, fixtures and equipment;
 - All working capital assets of the Debtors;
 - All assets attributable to the international non-debtor entities; and
 - All assets attributable to domestic non-debtor Chester Downs.
- A REIT will own a newly formed property company (PropCo, to hold the land, buildings, riverboats, barges, and associated permanent fixtures, with the exception of the real property assets attributable to non-debtor Chester Downs and international non-debtor entities) and a taxable REIT subsidiary (TRS, to own and operate the Debtors' golf courses). A separate subsidiary of PropCo (CPLV Sub) will also be created in connection with the transaction and will hold the land, buildings, and associated permanent fixtures attributable to Caesars Palace Las Vegas.³

Upon the consummation of the transactions contemplated by the Plan, PropCo and CPLV Sub will lease the land, buildings, riverboats, barges, and associated permanent fixtures to OpCo pursuant to the terms of a master lease.

The Projections assume the consummation of the transactions contemplated by the Plan on December 31, 2016 (the "**Assumed Effective Date**"), and reflect, to the best of the Debtors' knowledge and belief, the projected financial position, results of operations, and cash flows for OpCo, PropCo, and CPLV Sub for the calendar years ending December 31, 2017 - 2020 (the "**Projection Period**"). Although the Debtors are of the opinion that the assumptions used in the development of the Projections are reasonable under current circumstances, such assumptions are subject to inherent uncertainties, including but not limited to material changes to the general economic environment, changes in gaming-related regulatory requirements, the underlying cost of providing services (includes changes in wages and benefit costs), consumer tastes driving the demand for the Debtors' services and products, the competitive environment, and other factors affecting the Debtors' businesses. The likelihood, and related financial impact, of a change in any of these factors cannot be predicted with certainty. Consequently, actual financial results could differ materially from the Projections. The Projections assume the Plan will be

² The list below is for informational purposes and is not intended to be exhaustive.

³ Either the TRS or PropCo are expected to hold the newly acquired G550 Aircraft.

implemented in accordance with its stated terms; any changes to these terms could materially impact the amounts set forth herein. The Projections should be read in conjunction with the assumptions and qualifications contained herein. Capitalized terms not otherwise defined herein shall have the meanings ascribed to such terms in either the Disclosure Statement or the Plan, as applicable.

Basis of Presentation

Elections and Contingencies

The economics of certain terms in the Plan are dependent on variables such as the timing of emergence and participation rates by creditor groups. For purposes of the Projections, the following assumptions have been made:

- The RSA Forbearance Fee amount assumes approximately 85% participation by the First Lien Noteholders.
- Holders of Allowed Ongoing Business Unsecured Claims elect to receive cash recoveries to the extent permitted under the Plan.

Except as explicitly noted above, the exercise of elective or contingent deal terms in the Plan (e.g., PropCo purchase-leaseback of Harrah's Laughlin, Harrah's Atlantic City, and Harrah's New Orleans) are not reflected in the Projections.

Accounting for Operating Leases

In November 2015, the FASB voted to proceed with a new accounting standard that requires companies to include lease obligations on their balance sheets. This accounting standards update ("ASU No. 2016-02") was published in February 2016 and will become effective for public companies for fiscal years beginning after December 15, 2018 (December 15, 2019 for private companies).

The Debtors anticipate that the new accounting standard will impact the presentation of future OpCo financial statements. Pro forma financial statement adjustments related to the adoption of ASU No. 2016-02 have not been reflected herein.

Failed Sale

The restructuring transaction may not qualify for treatment as a sale under U.S. GAAP because of OpCo's continuing involvement with PropCo and CPLV Sub. For financial reporting purposes, this would result in OpCo not derecognizing the net assets related to the transaction, and in the recording of a financing liability on OpCo's financial statements in an as-yet undetermined amount.

In an effort to clearly portray the anticipated economic impact of the proposed restructuring transaction, the Projections do not reflect the treatment of the transaction as a failed sale by OpCo, or the potential consolidation of PropCo and CPLV Sub into OpCo's financial statements as may be required per U.S. GAAP.

Fresh Start Accounting

The Projections assume that fresh start accounting is applied at the Effective Date. The valuation and determination of the fair value of OpCo, PropCo and CPLV Sub's assets and liabilities will be made as of the Effective Date. Differences between the amounts reflected in the Projections and the actual amounts as of the Effective Date may be material.

B. Overview of Transaction - Debtors to OpCo

Debtors 12/31/2016	New CEC Contrib.	OpCo Pur. Equity	New OpCo Debt	PropCo Asst. Tran.	CPLV Sub Asst. Tran.	Plan Stmnt.	Other Pyt. At Emerg.	Cancel. of Debt	Fresh Start	OpCo 1/1/2017	
	1	2	3	4	5	6	7	8	9		
<i>(Amounts in Millions)</i>											
Assets											
Current assets											
Available cash and cash equivalents	\$ 1,523	\$ 318	\$ 700	\$ 1,735	\$ 367	\$ 1,800	\$ (5,850)	\$ (193)		\$ 400	
Foreign, non-debtor and customer cash	225									225	
Restricted cash	1									1	
Receivables, net	317									317	
Prepayments and other current assets	73									73	
Inventories	29									29	
Due from affiliates	15									15	
Total current assets	\$ 2,183	\$ 318	\$ 700	\$ 1,735	\$ 367	\$ 1,800	\$ (5,850)	\$ (193)	\$ -	\$ 1,061	
Property and equipment, net	5,997				(2,593)	(2,546)				851	
Goodwill and other intangible assets	2,987								(6)	953	
Investments in affiliates	124								(2,034)	124	
Restricted cash	11									11	
Deferred charges and other	295						105			400	
New CEC Common Equity	-	2,361					(2,361)			-	
New CEC Convertible Notes (at face value)	-	1,000					(1,000)			-	
Notes held for distribution	-				4,150	100	(4,250)			-	
PropCo Common Equity (at implied plan value)	-				1,744		(1,744)			-	
Total Assets	\$ 11,598	\$ 3,679	\$ 700	\$ 1,735	\$ 3,667	\$ (646)	\$ (15,204)	\$ (88)	\$ -	\$ (2,040)	\$ 3,400
Liabilities and S.E. (Deficit)											
Current liabilities											
Accounts payable	\$ 118									\$ 118	
Due to affiliate	34									34	
Accrued expenses	564									564	
Total current liabilities	\$ 716	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 716	
Chester Downs Senior Secured Notes	330									330	
Accrued and unpaid interest for Chester Downs Notes	13									13	
Liabilities Subject to Compromise											
Admn / Priority / Secured / Non-Obligor Unsec. Claims	25						(25)			-	
General Unsecured Claims (incl. Trade Claims)	352						(116)	(236)		(10)	
Accrued interest and other liabilities	1,800						(1,239)	(561)		(11)	
Financed debt:											
Bank debt	5,425						(5,425)			-	
First Lien Notes	6,529						(6,529)			-	
Second Lien Notes	5,523						(1,334)	(4,188)		-	
10.75% Subsidiary-Guaranteed Notes	502						(427)	(75)		-	
6.5% and 5.75% Senior Unsecured Notes	536						(60)	(476)		(12)	
Capitalized lease obligations	11									11	
Other financed debt	75							(30)		44	
OpCo First Lien Debt	-			1,188						1,188	
OpCo Second Lien Debt	-			547						547	
Total liabilities subject to compromise	20,777			1,735			(15,154)		(5,567)	1,791	
Total Liabilities	\$ 21,835	\$ -	\$ -	\$ 1,735	\$ -	\$ -	\$ (15,154)	\$ -	\$ (5,567)	\$ -	\$ 2,849
Stockholders' Equity (Deficit)											
Existing stockholders' equity (deficit)	(10,237)	3,679	-	-	3,667	(646)	(50)	(88)	5,567	(1,891)	-
New stockholders' equity	-	-	700	-	-	-	-	-	-	(149)	551
Total Stockholders' Equity (Deficit)	\$ (10,237)	\$ 3,679	\$ 700	\$ -	\$ 3,667	\$ (646)	\$ (50)	\$ (88)	\$ 5,567	\$ (2,040)	\$ 551
Total Liabilities and Stockholders' Equity (Deficit)	\$ 11,598	\$ 3,679	\$ 700	\$ 1,735	\$ 3,667	\$ (646)	\$ (15,204)	\$ (88)	\$ -	\$ (2,040)	\$ 3,400

Notes to Overview of Transaction

The chart above has been developed to provide an economic view of the components to the proposed restructuring transaction and its anticipated effect on the Debtors at the Assumed Effective Date. The mechanisms for transferring assets and distributing new securities and cash to creditors will differ from the presentation above.

Plan settlement amounts reflected above are estimates, and do not capture the anticipated market / trading value of securities to be issued in connection with the Plan. Please see the body of the Disclosure Statement for further information regarding recoveries by Class.

1. New CEC contributes cash, New CEC Common Equity and New CEC Convertible Notes pursuant to the Plan. The cash contribution amount is net of RSA Forbearance Fees paid prior to emergence. The New CEC Common Equity contribution amount is based on a

New CEC Common Equity value of \$7.5 billion (fully diluted, post-new money) and contemplates pro-rata participation in an assumed \$500 million New CEC Capital Raise.

2. New CEC completes the New CEC OpCo Stock Purchase, per the Plan.
3. OpCo issues new OpCo First Lien Debt and OpCo Second Lien Debt, which is syndicated. Syndicated debt necessary to consummate the restructuring is assumed to be raised on terms set forth in the Plan and Disclosure Statement.
4. OpCo transfers to PropCo and the TRS the real property assets attributable to the Non-CPLV Lease counterparties and the assets associated with the golf course business. PropCo transfers cash, debt and common equity to OpCo, for distribution to creditors.
5. OpCo transfers to CPLV Sub the real property assets attributable to the CPLV Lease counterparties. CPLV Sub transfers cash and debt to OpCo, for distribution to creditors.
6. Plan settlement occurs.
7. Cash payments are made for estimated RSA Forbearance Fees and transaction costs.
8. Cancellation of pre-petition debt.
9. Fresh start adjustments assume an estimated \$3.4 billion OpCo reorganization value.
Property and equipment is adjusted to reflect estimated fair value at the Assumed Effective Date, with reorganization value below or in excess of amounts allocable to identifiable assets booked to goodwill.
Additional adjustments are made to reflect (i) the elimination of existing stockholders' equity and (ii) additional value attributable to new stockholders' equity.
10. Assumes aggregate general unsecured claims of \$352 million based on the Debtors' continuing review of Claims filed in these chapter 11 cases, the Debtors' books and records, and the Debtors' Schedules and Statements.
11. Amount in plan settlement column reflects consideration to First Lien Bank Lenders and First Lien Noteholders in excess of stated claim amount.
12. Recoveries to be received by CAC on account of Claims under the 6.5% and 5.75% Unsecured Notes will be contributed to holders of Non-First Lien Claims.

C. OpCo Projections

OpCo Projected Consolidated Statement of Operations

	Year Ending December 31,			
	2017	2018	2019	2020
<i>(Amounts in Millions)</i>				
Revenues:				
Gaming	\$ 3,463	\$ 3,530	\$ 3,611	\$ 3,696
Food	499	512	525	539
Beverage	269	275	282	289
Lodging	515	533	567	584
Other	215	220	225	231
Managed / Corporate revenues	303	306	309	313
Less: Total promo allowance	(557)	(569)	(582)	(596)
Net revenues	\$ 4,708	\$ 4,806	\$ 4,938	\$ 5,055
Operating expenses:				
Direct expenses				
Gaming	1,671	1,700	1,736	1,774
Food	433	441	451	460
Beverage	133	135	138	141
Lodging	176	180	187	191
Rent payment to REIT	640	643	647	650
Other	103	105	108	110
Total direct expenses	\$ 3,155	\$ 3,205	\$ 3,267	\$ 3,327
G&A, facilities and other costs	832	846	863	880
Managed / Corporate expenses	241	241	242	244
Depreciation and amortization	206	217	228	240
Other expense	50	49	49	49
Income from operations	\$ 225	\$ 247	\$ 289	\$ 315
Interest expense	157	155	151	144
Reorganization items	45	-	-	-
Provision for income tax expense (benefit)	(109)	40	56	73
Net income	\$ 132	\$ 52	\$ 82	\$ 99
Adjustments				
Interest expense	157	155	151	144
Provision for income tax expense (benefit)	(109)	40	56	73
Depreciation and amortization	206	217	228	240
Reorganization items	45	-	-	-
Stock-based compensation expense	21	22	22	23
Other items	29	28	27	27
Adjustment for Baluma Holdings	30	31	32	32
Rent payment to REIT	640	643	647	650
Adjusted EBITDA (Before Rent Payment to REIT)	\$ 1,151	\$ 1,188	\$ 1,244	\$ 1,287

Summary of Significant OpCo Projection Assumptions

The Projections were developed by the Debtors' management using detailed assumptions for revenues and expenses at each of the Debtors' properties. The following factors were considered in developing the Projections:

1. Current and projected conditions in each of its respective regions;
2. Capital expenditure levels required to properly maintain the properties and facilities;
3. No material acquisitions;
4. Continuation of the CES Shared Services Agreement; and
5. Assumed Effective Date of December 31, 2016.

The Projections have been prepared using accounting policies consistent with those applied in the Debtors' historical financial statements. Such accounting policies include, but are not limited to, the following:

1. Casino revenues are measured by the aggregate net difference between gaming wins and losses, with liabilities recognized for funds deposited by customers before gaming play occurs and for chips in customers' possession. Food and beverage, rooms, and other operating revenues are recognized when services are rendered. Advance deposits on rooms and advance ticket sales are recorded as customer deposit liabilities until services are provided to the customer.

The retail value of accommodations, food and beverage, and other services furnished to guests without charge as promotional items are referred to as promotional allowances and are included in gross revenues. Promotional allowances are then deducted to arrive at net revenues.

2. The Projections assume that cancellation of debt income resulting from the implementation of the Plan will result in the extinguishment of significant net operating loss carryforwards and other tax attributes.
3. Cash and cash equivalents are highly liquid investments with original maturities of three months or less from the date of purchase and are stated at the lower of cost or market value.

4. Accounts receivable are typically non-interest bearing and consist primarily of credit issued to casino customers following background checks and investigations of creditworthiness. Amounts are presented net of allowance for doubtful accounts.
5. Fixed assets are stated at estimated fair value at emergence and reflect the anticipated impact of the contemplated restructuring transaction. Depreciation is calculated using the straight-line method over the shorter of the estimated useful life. Assets under capital leases are amortized over the lesser of their useful life or the lease term. Costs of improvements that extend the life of an asset are capitalized. Maintenance and repair costs are expensed as incurred.

USEFUL LIVES

Land improvements	12 years
Buildings	30 to 40 years
Leasehold improvements	5 to 15 years
Riverboats and barges	30 years
Furniture, fixtures and equipment	2.5 to 20 years

6. OpCo is insured for workers' compensation, property, general liability, and other insurance coverage through its parent, CEC, and is charged premiums based on its claims activity.

OpCo is self-insured for employee health, dental, vision, and other insurance. Its insurance claims and reserves include accruals of estimated settlements for known claims, as well as accruals of actuarial estimates of incurred but not reported claims. CERP and CGP properties also participate in OpCo's self-insured employee health programs. Accordingly, OpCo's liabilities include estimates for claims and reserves attributable to CERP and CGP employees. CERP and CGP are charged through payroll on a per employee basis, based on their individual coverage elections.

7. OpCo's continued ownership interest in Baluma S.A., which owns and operates the Conrad Punta del Este Resort and Casino in Uruguay, is accounted for as an investment in non-consolidated affiliates under the equity method of accounting.
8. Pursuant to Accounting Standards Codification Topic 852, "Reorganizations," OpCo will be required to determine the amount by which their reorganization value as of the Effective Date exceeds, or is less than, the fair value of their assets as of the Effective Date. Such determination will be based upon the fair values as of that time, which could be materially higher or lower than the values assumed in the foregoing computations and may be based on, among other things, a different methodology with respect to the valuation of OpCo's reorganization value. In all events, such valuation, as well as the determination of the fair value of OpCo's assets and the determination of their actual liabilities, will be made as of the Effective Date, and the changes between the amounts of any or all of the foregoing items as assumed in the Projections and the actual amounts thereof as of the Effective Date may be material.

OpCo Income Statement Assumptions – Revenue

1. Development of 2017 - 2020 Revenue Assumptions

The Debtors established discrete revenue growth assumptions based upon anticipated trends at regional levels. Growth rates were developed based upon the Debtors’ detailed assessment of the regions in which they operate, with additional refinement for property-specific impacts.

Key factors considered in the development of each property’s revenue projection included assessments of: (i) general economic conditions within the regions in which properties are located; (ii) competitive factors including, but not limited to, the opening of new casinos or the closure of existing casinos near a property location; and (iii) recent trends specific to local customer spending habits as they pertain to gaming. Because of the Debtors’ vast and varied geographical footprint, revenue growth assumptions by region reflect significant variation. The above factors were considered in determining whether a property’s revenue growth was forecasted at, above, or below the U.S. target inflation rate of 2.0%.

Weighted average growth rates assumed in the Projections are as follows:

<i>Region</i>	Net Revenue Growth Rate			
	2017	2018	2019	2020
Las Vegas (CPLV Only)	4.2%	3.5%	5.0%	3.2%
Atlantic City / Philadelphia	-0.3%	0.2%	2.0%	2.0%
Chicagoland Region	2.8%	2.5%	2.5%	2.5%
So. Indiana / So. Illinois Region	2.4%	2.4%	2.4%	2.4%
Northern Nevada Region	1.9%	2.0%	2.0%	2.4%
Iowa Region	2.5%	2.5%	2.5%	2.5%
NW Louisiana Region	2.0%	2.0%	2.0%	2.0%
Tunica Region	1.3%	2.0%	2.0%	2.0%
Other Owned / Operated Locations	2.3%	2.1%	2.1%	2.1%

Note: 2017 growth rates are based on budgeted 2016 revenues.

2. Managed / Corporate Revenues

The anticipated management fees received by OpCo are computed based on unique terms specified in each of the management agreements associated with the managed (but not owned) casinos. With the exception of the locations involved in the ROC Settlement Agreement, OpCo is assumed to continue to manage these properties throughout the Projection Period.

Also captured in this line item is the impact of reimbursed expenses stemming from OpCo’s involvement with the managed properties, which are fully offset by reimbursable expenses included in the expense portion of OpCo’s income statement.

OpCo Income Statement Assumptions – Expenses and Other Items

1. Direct Expenses

Direct expenses are comprised of both fixed and variable costs tied to the generation of OpCo’s gaming, food, beverage, lodging, and other revenues. Direct expenses as a percentage of net revenue for the period 2017 - 2020 begin to trend gradually downward, driven by the leveraging of OpCo’s fixed cost base during this portion of the forecast period.

2. Rent

OpCo will enter into two leases: one for the real property associated with Caesars Palace Las Vegas (the “**CPLV Lease**”) and one for other owned and operated properties, excluding Harrah’s Philadelphia⁴ and international locations⁵ (the “**Non-CPLV Lease**”). Rent expense for properties leased from PropCo has been computed in a manner consistent with the Plan. As discussed in Section D, a portion of the rent paid by OpCo under the non-CPLV lease will be used to fund golf course membership fees. The golf courses are contemplated to become part of the TRS post-emergence.

	2017	2018	2019	2020
CPLV Base Rent	\$ 165	\$ 168	\$ 172	\$ 175
<i>Annual Escalator</i>	<i>N/A</i>	<i>2.0%</i>	<i>2.0%</i>	<i>2.0%</i>
Non-CPLV Base Rent	465	465	465	465
<i>Annual Escalator</i>	<i>N/A</i>	<i>0.0%</i>	<i>0.0%</i>	<i>0.0%</i>
TRS Golf Course Membership Fees	10	10	10	10
<i>Annual Escalator</i>	<i>N/A</i>	<i>0.0%</i>	<i>0.0%</i>	<i>0.0%</i>
Total	\$ 640	\$ 643	\$ 647	\$ 650

3. G&A, Facilities and Other Costs

These costs include, but are not limited to, advertising costs, certain corporate, regional and property-level employee wages and benefits, insurance, office expenses, and other overhead including various CES expenses allocated to OpCo.

Many of these expenses are fixed in nature over a relevant range of revenue. The Projections assume year-over-year fixed cost increases of approximately 1.75% per annum during the Projection Period, driven by anticipated pressure in areas including wages, benefits and medical costs.

⁴ Chester Downs and Marina LLC, which owns Harrah’s Philadelphia, is not a part of these chapter 11 cases, and the property associated therewith is not contemplated as part of the Non-CPLV Lease.

⁵ The real property associated with Alea Glasgow, Alea Nottingham, The Casino at the Empire, Emerald Safari, Manchester 235, Playboy Club London, Rendezvous Brighton, Rendezvous Southend-on-Sea, The Sportsman and Conrad Punta del Este Resort and Casino is not expected to be transferred to PropCo, or to be part of the Non-CPLV Lease.

Also included in this line item is the Octavius Lease payment, totaling approximately \$34 million per annum.⁶

4. Managed / Corporate Expenses

This line item pertains primarily to reimbursable expenses incurred by OpCo in the operation of the managed properties which are fully offset by the reimbursed expenses captured in the revenue portion of the income statement.

5. Depreciation and Amortization

Depreciable furniture, fixtures, and equipment, along with amortizing and non-amortizing intangible assets, will reside on OpCo’s balance sheet upon emergence.

Depreciation and amortization expense is comprised of recurring depreciation expense using straight-line depreciation methods for fixed assets employed during the Projection Period. In addition, expenses related to the amortization of intangible assets (other than goodwill) are recorded on a straight-line basis in conjunction with the implementation of fresh start accounting.

6. Other Expense

Consist of amounts set forth in the table below:

	2017	2018	2019	2020
Stock-Based Compensation	\$ 21	\$ 22	\$ 22	\$ 23
Atlantic City CRDA Obligations	8	8	8	8
Horseshoe Council Bluffs Settlements	4	3	3	3
Harrah's Gulf Coast Below-The-Line Costs	4	4	4	4
Other	12	12	12	12
Total	\$ 50	\$ 49	\$ 49	\$ 49

7. Interest Expense

Interest expense is based upon projected debt levels and anticipated interest rates for the debt obligations as outlined in the Plan. Amortization of deferred financing costs to be incurred in connection with the restructuring are included as part of interest expense.

8. Reorganization Items

The Projections assume \$5 million per month in wind-down professional fees post-emergence for the period January – June 2017, tapering to \$2.5 million per month for the period July – December 2017.

⁶ Through a wholly owned subsidiary, the Debtors lease the Octavius Tower from CERP.

9. Income Taxes⁷

A federal income tax rate of 35% is assumed for purposes of computing income tax expense during the Projection Period.⁸ However, assumptions regarding cash payments for income taxes differ, and are discussed in further detail in the notes to the OpCo projected balance sheet.

The 2017 projection reflects the conversion of favorable tax attributes which are assumed to survive the restructuring, reflected in the income statement as a \$140 million favorable impact to provision for income taxes. This amount is partially offset by approximately \$31 million of federal income tax expense assumed to be incurred in the normal course of business during 2017.

Except as otherwise noted, the Projections assume that book income and taxable income are equivalent.

10. Adjustment for Baluma Holdings

The terms of the indentures governing the Debtors' existing notes and the credit agreement governing the Debtors' senior secured credit facilities permit the inclusion of 100% of Adjusted EBITDA attributable to Baluma S.A.⁹ The anticipated amount of this adjustment is set forth in the reconciliation of Adjusted EBITDAR.

⁷ The Projections do not account for potential tax-related implications of the CEOC Merger.

⁸ Reorganization items and stock-based compensation expense are excluded from the computation of OpCo taxable income. Under the current set of assumptions, OpCo state income tax expenses are not expected to be material during the Projection Period.

⁹ Baluma S.A. owns Conrad Punta del Este.

OpCo Projected Consolidated Balance Sheet

	As of December 31,				
	Opening 1/1/2017	2017	2018	2019	2020
<i>(Amounts in Millions)</i>					
Assets					
Current Assets					
Cash and cash equivalents	\$ 625	\$ 625	\$ 625	\$ 625	\$ 625
Restricted cash	1	1	1	1	1
Receivables, net	317	323	333	342	353
Prepayments and other current assets	73	74	76	78	80
Inventories	29	30	30	31	32
Due from affiliates	15	15	15	15	15
Total Current Assets	\$ 1,061	\$ 1,068	\$ 1,081	\$ 1,092	\$ 1,105
Property and equipment, net	851	887	922	945	957
Goodwill and other intangible assets	953	932	912	891	870
Investments in affiliates	124	124	124	124	124
Restricted cash	11	11	11	11	11
Deferred charges and other	400	384	367	349	338
Deferred tax asset	-	109	71	18	-
Total Assets	\$ 3,400	\$ 3,515	\$ 3,487	\$ 3,430	\$ 3,405
Liabilities and Stockholders' Equity					
Current Liabilities					
Accounts payable	\$ 118	\$ 126	\$ 135	\$ 138	\$ 141
Due to affiliate	34	34	34	34	34
Accrued expenses	564	566	570	572	575
Interest payable	13	22	21	21	20
Total Current Liabilities	\$ 728	\$ 747	\$ 761	\$ 765	\$ 771
Chester Downs Senior Secured Notes	330	330	330	330	330
Capitalized lease obligations	11	11	11	11	11
Other financed debt	44	43	42	40	39
OpCo First Lien Debt	1,188	1,132	1,018	854	704
OpCo Second Lien Debt	547	547	547	547	547
Total Liabilities	\$ 2,849	\$ 2,811	\$ 2,709	\$ 2,548	\$ 2,402
Stockholders' Equity	\$ 551	\$ 704	\$ 778	\$ 882	\$ 1,004
Total Liabilities and Stockholders' Equity	\$ 3,400	\$ 3,515	\$ 3,487	\$ 3,430	\$ 3,405

OpCo Balance Sheet Assumptions

1. Cash and Cash Equivalents

The Projections assume an opening cash balance of approximately \$625 million, comprised of \$400 million minimum cash, plus an assumed \$225 million of (i) cash held by non-debtor Chester Downs, (ii) cash held by international entities, and (iii) customer cash held in OpCo's custody (front money). At the end of each year, excess cash generated during the preceding 12-month period is assumed to pay down OpCo First Lien Debt.

2. Receivables, Net

Receivables consist primarily of credit issued to casino customers. The Projections assume that receivables balances during the Projection Period track revenue growth, with balances as a percentage of net revenue remaining consistent with historical levels.

3. Prepayments and Other Current Assets

The increase in prepayments and other current assets during the Projection Period is consistent with the increase in net revenue.

4. Inventories

The increase in inventories during the Projection Period is consistent with the increase in net revenue.

5. Due from Affiliates

These amounts relate primarily to costs incurred by OpCo for the benefit of CERP and CGP.¹⁰ This balance is assumed to remain static over the course of the Projection Period.

6. Property and Equipment, Net

Furniture, fixtures, and equipment assets are presented at estimated fair values, adjusted to reflect the transfer of certain real property assets to PropCo and CPLV Sub contemplated in the Plan.

7. Goodwill and Other Intangible Assets

Goodwill and other intangible assets were determined by subtracting the estimated fair value of OpCo's identifiable tangible assets at the Assumed Effective Date from the projected total enterprise value upon emergence.

8. Investments in Affiliates

Investments in affiliates relates primarily to OpCo's investment in Baluma S.A. This account balance is assumed to remain static over the course of the Projection Period.

9. Long-Term Restricted Cash

Amounts relate primarily to deposits made in support of OpCo's Purchasing Card program. Restricted cash is assumed to remain static throughout the Projection Period.

¹⁰ For example, CERP and CGP properties also participate in OpCo's self-insured employee health programs. Accordingly, OpCo records liabilities for claims and reserves attributable to CERP and CGP employees, and receives reimbursement thereafter.

10. Deferred Charges and Other

Change in value of deferred charges and other during the Projection Period relates to amortization of transaction costs incurred in connection to the restructuring. Financing costs are assumed to be amortized over a six year period.

11. Deferred Tax Assets

The Projections assume that cancellation of debt income resulting from the consummation of the transactions contemplated by the Plan will result in the extinguishment of significant net operating loss carryforwards and other tax attributes at emergence.

The Projections assume that OpCo is able to convert favorable tax attributes associated with certain real property following the Assumed Effective Date. This is assumed to create a tax asset in the amount of approximately \$140 million, which is used to reduce cash payments for income taxes during the Projection Period. For the purposes of the Projections, this conversion is assumed to occur in 2017.

Cash payments equal to 2% of estimated taxable income are assumed in 2018, 2019 and 1H 2020, and represent the anticipated impact of alternative minimum taxes during these time periods.

Under the current set of assumptions, OpCo is projected to use the full benefit of its favorable tax attributes by 3Q 2020. The Projections assume that OpCo is subject to effective Federal and State income tax rates of 35% and 3%, respectively, for the remaining portion of the Projection Period.

12. Accounts Payable

The Projections reflect the improvement of OpCo's days payable from approximately 17 days at the Assumed Effective Date to approximately 19 days at the end of the Projection Period.¹¹

13. Due to Affiliate

Consist primarily of amounts owed to CES, relating to disbursements made on behalf of OpCo but for which CES has yet to receive reimbursement. This amount is expected to remain static throughout the Projection Period.

14. Accrued Expenses

Accrued expenses are comprised of employee payroll obligations, self-insurance claims and other employee benefit obligations, customer deposits, accrued taxes, Total Rewards liability, and other items.

¹¹ For purposes of this demonstrative, days payable computed as accounts payable divided by non-rent direct expenses times the number of days in the measurement period.

15. Financed Debt

Upon consummation, OpCo is assumed to have the following financed debt obligations:

- \$330 million Chester Downs Senior Secured Notes (unaffected by restructuring)
- \$11 million principal amount of capital lease obligation (assumed to be reinstated)
- \$44 million principal amount of special financings and other debt associated with the Clark County, NV, Special Improvement District Bonds (assumed to be reinstated)
- \$1,188 million First Lien Notes at LIBOR + 4.0% interest rate (1.0% LIBOR floor)
- \$547 million Second Lien Notes at 8.5% interest rate

OpCo Projected Consolidated Statement of Cash Flows

	Year Ending December 31,			
	2017	2018	2019	2020
<i>(Amounts in Millions)</i>				
<i>Cash Flow From Operating Activities</i>				
Net income	\$ 132	\$ 52	\$ 82	\$ 99
Non-cash expenses included in net income:				
Stock-based compensation	21	22	22	23
Change in interest payable	9	(0)	(0)	(1)
Change in deferred tax asset	(109)	38	53	18
Depreciation and amortization	206	217	228	240
Amortization of debt discounts	16	17	17	18
Relief of accrued dog racing liability	(5)	(6)	(7)	(7)
Changes in working capital	9	6	0	(0)
Net Cash Flow From Operating Activities	\$ 278	\$ 346	\$ 396	\$ 390
<i>Cash Flow From Investing Activities</i>				
Capital expenditures	(225)	(225)	(225)	(225)
Asset sale proceeds, net	10	-	-	-
Net Cash Flow From Investing Activities	\$ (215)	\$ (225)	\$ (225)	\$ (225)
<i>Cash Flow From Financing Activities</i>				
Principal payments and other financing activities	(63)	(121)	(171)	(165)
Net Cash Flow From Financing Activities	\$ (63)	\$ (121)	\$ (171)	\$ (165)
Net Increase (Decrease) in Cash	\$ 0	\$ 0	\$ 0	\$ -
Opening Balance	625	625	625	625
Ending Balance	\$ 625	\$ 625	\$ 625	\$ 625

OpCo Cash Flow Assumptions

1. Cash Flows from Operating Activities

Operating cash flows are projected at approximately \$280 million for the first full year post-emergence, and increasing each year thereafter in a manner consistent with OpCo's earnings growth during the Projection Period.

2. Cash Flows from Investing Activities

Cash flows from investing activities consist of anticipated capital expenditures, forecasted at \$225 million per year.

3. Cash Flows from Financing Activities

OpCo's cash flows from financing activities during the Projection Period include mandatory amortization payments, voluntary prepayments from excess cash flows, and fees anticipated in connection with an assumed refinancing of the Chester Downs Senior Secured Notes (maturing in February 2020).

D. PropCo / CPLV Sub Projections

PropCo / CPLV Sub Projected Statements of Operations

CONSOLIDATED PROPCO & CPLV SUB (Includes TRS operating activity) (Amounts in Millions)	Year Ending December 31,			
	2017	2018	2019	2020
Revenues				
Fixed rental income	\$ 630	\$ 633	\$ 637	\$ 640
Real estate tax reimbursement from tenant	116	118	121	123
Golf	26	26	26	27
Total revenues	\$ 772	\$ 778	\$ 784	\$ 790
Direct expenses				
Compensation	17	18	18	18
Real estate taxes	116	118	121	123
Other operating expenses	14	14	14	15
Golf	16	16	16	17
Total direct expenses	\$ 163	\$ 166	\$ 169	\$ 173
EBITDA	\$ 609	\$ 611	\$ 614	\$ 617
Depreciation expense	156	156	156	156
EBIT	\$ 453	\$ 456	\$ 458	\$ 461
Interest expense	356	355	356	358
PropCo Preferred discount amortization	12	12	12	12
Income taxes - Golf (TRS) only	4	4	4	4
Net income	\$ 81	\$ 85	\$ 86	\$ 87

PROPCO (Includes TRS operating activity) (Amounts in Millions)	Year Ending December 31,			
	2017	2018	2019	2020
Revenues				
Fixed rental income	\$ 465	\$ 465	\$ 465	\$ 465
Real estate tax reimbursement from tenant	105	107	110	112
Golf	26	26	26	27
Total revenues	\$ 596	\$ 598	\$ 601	\$ 603
Direct expenses				
Compensation	13	13	13	14
Real estate taxes	105	107	110	112
Other operating expenses	10	10	10	10
Golf	16	16	16	17
Total direct expenses	\$ 144	\$ 147	\$ 149	\$ 152
EBITDA	\$ 452	\$ 452	\$ 451	\$ 451
Depreciation expense	126	126	126	126
EBIT	\$ 326	\$ 325	\$ 325	\$ 325
Interest expense	250	249	250	252
PropCo Preferred discount amortization	12	12	12	12
Income taxes - Golf (TRS) only	4	4	4	4
Net income	\$ 60	\$ 61	\$ 59	\$ 57

CPLV SUB (Amounts in Millions)	Year Ending December 31,			
	2017	2018	2019	2020
Revenues				
Fixed rental income	\$ 165	\$ 168	\$ 172	\$ 175
Real estate tax reimbursement from tenant	11	11	11	11
Total revenues	\$ 176	\$ 179	\$ 183	\$ 186
Direct expenses				
Compensation	4	5	5	5
Real estate taxes	11	11	11	11
Other operating expenses	4	4	4	4
Total direct expenses	\$ 19	\$ 20	\$ 20	\$ 21
EBITDA	\$ 157	\$ 160	\$ 163	\$ 166
Depreciation expense	30	30	30	30
EBIT	\$ 127	\$ 130	\$ 133	\$ 136
Interest expense	106	106	106	106
Net income	\$ 21	\$ 24	\$ 27	\$ 30

PropCo / CPLV Sub Income Statement Assumptions - Revenue

1. Rental Income

Post-transaction rent has been computed in a manner consistent with the terms set forth in the Plan.

2. Golf Revenues

Revenues associated with the golf courses (Rio Secco, Cascata, Chariot Run, and Grand Bear), which will be part of the TRS, are incorporated into the PropCo income statement.

Included as part of golf revenues are \$10 million worth of annual membership fees, described in further detail in the Lease Term Sheet.

PropCo / CPLV Sub Income Statement Assumptions – Expenses and Other Items

1. Compensation

Represents anticipated salaries, bonuses, benefits, and related employment taxes associated with newly established PropCo structure.

2. Other Operating Expenses

Represents all non-employee, non-golf related operating expenses of PropCo, including licenses, professional services, legal fees, travel and entertainment, board-related costs, and other normal-course operating expenses.

3. Golf Expenses

Expenses associated with the golf courses, which will be part of the TRS, are incorporated into the PropCo income statement.

4. Depreciation Expense

Depreciation and amortization expense is comprised of recurring depreciation expense using straight-line depreciation methods for fixed assets employed during the Projection Period.

5. Interest Expense

Interest expense, including the amortization of the preferred equity issuance discount, is based upon projected debt levels and applicable interest rates for the debt obligations as outlined in the Plan. See PropCo / CPLV Sub Balance Sheet assumptions for additional information on financed debt and stockholder's equity.

6. Income Taxes

The REIT, which will emerge as a majority owner of PropCo and CPLV Sub following consummation of the restructuring transaction, is assumed to distribute a sufficient amount of its earnings to meet applicable IRS requirements to obtain and maintain REIT status.

The Projections assume effective Federal and State income tax rates of 35% and 3%, respectively, for taxable income attributable to the TRS.

PropCo / CPLV Sub Projected Balance Sheet

CONSOLIDATED PROPCO & CPLV SUB (Includes TRS assets and liabilities) (Amounts in Millions)	As of December 31,				
	Opening 1/1/2017	2017	2018	2019	2020
<i>Assets</i>					
Current assets					
Cash and cash equivalents	\$ 50	\$ 80	\$ 80	\$ 80	\$ 80
Total current assets	\$ 50	\$ 80	\$ 80	\$ 80	\$ 80
Land and buildings, net	7,950	7,794	7,638	7,482	7,326
Total Assets	\$ 8,000	\$ 7,874	\$ 7,718	\$ 7,562	\$ 7,406
<i>Liabilities and S.E. (Deficit)</i>					
Accrued interest	\$ -	\$ 30	\$ 30	\$ 30	\$ 30
PropCo First Lien Debt	2,392	2,374	2,350	2,326	2,302
PropCo Second Lien Notes	1,758	1,758	1,758	1,758	1,758
CPLV Market Debt	1,800	1,800	1,800	1,800	1,800
CPLV Mezzanine Debt	100	100	100	100	100
Total Liabilities	\$ 6,050	\$ 6,062	\$ 6,038	\$ 6,014	\$ 5,990
Common equity (deficit)	1,583	1,370	1,154	928	690
Preferred equity	367	442	526	620	726
Total S.E. (Deficit)	\$ 1,950	\$ 1,812	\$ 1,680	\$ 1,548	\$ 1,416
Total Liabilities and S.E. (Deficit)	\$ 8,000	\$ 7,874	\$ 7,718	\$ 7,562	\$ 7,406

PropCo / CPLV Sub Balance Sheet Assumptions

1. Cash and Cash Equivalents

OpCo is assumed to contribute \$50 million on the Effective Date to fund the initial balance sheet of PropCo / CPLV Sub. From inception, PropCo and CPLV Sub are projected to distribute substantially all of their free cash flow to holders.

2. Land and Buildings, net

On the Assumed Effective Date PropCo, CPLV Sub and the TRS will receive land and building assets from CEOC.

3. Accrued Interest

Amounts represent interest accrued but unpaid at year-end. The Projections assume that PropCo / CPLV Sub interest payments are made on the first day of every March, June, September and December.

4. Financed Debt

PropCo and CPLV Sub are assumed to have the following financed debt obligations at their inception:

- \$2,392 million of PropCo First Lien Debt at LIBOR + 3.5% interest rate (1.0% LIBOR floor)
- \$1,758 million of PropCo Second Lien Debt at 8.0% interest rate
- \$1,800 million of CPLV Market Debt at interest rate of approximately 5.4%
- \$100 million of CPLV Mezzanine Debt at 8.0% interest rate

5. Stockholders' Equity (Deficit)

Included in Stockholder's Equity are the PropCo Preferred Equity shares. Key terms of the PropCo preferred equity are as follows:

- \$440 million face value
- \$367 million cash proceeds / initial book value
- Dividends are PIK with additional shares of PropCo Preferred equity, at a rate of the greater of (x) 5% of the original issue price and (y) the dividend rate per annum resulting from (i) the aggregate amount of dividends to PropCo Common Stock as of the applicable record date divided by (ii) assumed plan equity value of the PropCo Common Stock at the Effective Date of \$1,744 million.

PropCo / CPLV Sub Projected Statement of Cash Flow

CONSOLIDATED PROPCO & CPLV SUB (Includes TRS cash flows) (Amounts in Millions)	Year Ending December 31,			
	2017	2018	2019	2020
Cash Flow From Operations				
Net income	\$ 81	\$ 85	\$ 86	\$ 87
Non-cash expenses in net income:				
Depreciation	156	156	156	156
Stock-based compensation	6	6	7	7
Interest accrued but not paid	30	(0)	0	0
Other non-cash charges	12	12	12	12
Net Cash Flow From Operations	\$ 286	\$ 260	\$ 261	\$ 262
Cash Flow From Financing Activities				
Principal repayments	(18)	(24)	(24)	(24)
Dividends	(238)	(236)	(237)	(238)
Net Cash Flow From Financing Activities	\$ (256)	\$ (260)	\$ (261)	\$ (262)
Net Increase (Decrease) in Cash	\$ 30	\$ (0)	\$ 0	\$ 0
Opening Balance	50	80	80	80
Ending Balance	\$ 80	\$ 80	\$ 80	\$ 80

PropCo / CPLV Sub Cash Flow Assumptions

1. Cash Flows from Operating Activities

PropCo and CPLV Sub are projected to generate operating cash flows of approximately \$285 million for the first full year post-emergence, partially enhanced by the impact of assumed timing of cash interest payments. Operating cash flows in 2018 are projected to decline to approximately \$260 million, increasing gradually thereafter driven by modest growth in rental income at CPLV Sub.

2. Cash Flows from Investing Activities

No significant cash flows from investing activities are assumed during the Projection Period.

3. Cash Flows from Financing Activities

Financing cash flows during the Projection Period are driven primarily by debt principal repayments at PropCo (currently estimated at approximately \$24 million per annum) and dividends / distributions to members.

The Projections assume that PropCo and CPLV Sub distribute a significant portion of their free cash flow (including after-tax TRS earnings) to holders.¹² A computation of the dividend amounts incorporated into the Projections is set forth below.

Computation of Assumed Dividend Amount	2017	2018	2019	2020
Net Income	\$ 81	\$ 85	\$ 86	\$ 87
Add back: Depr. and Amort.	156	156	156	156
Add back: Preferred Discount Amortization	12	12	12	12
Add back: Other Non-Cash Charges	6	6	7	7
Less: Principal Repayments	(18)	(24)	(24)	(24)
Assumed Dividend Amount	\$ 238	\$ 236	\$ 237	\$ 238

¹² If the Spin Structure is implemented, a portion of the cash flow generated by the REIT will be used to pay an E&P Purging Dividend to stockholders. The payment of an E&P Purging Dividend will reduce cash available for distribution of REIT income. As a result, to continue to qualify as a REIT, the issuance of taxable REIT stock dividends to shareholders (in addition to cash) may be required.

Exhibit F

Valuation Analysis

Valuation of the Reorganized Companies¹

At the Debtors' request, Millstein & Co. ("Millstein") performed a valuation analysis of the reorganized Debtors, which reflects the separation of the Debtors into the OpCo/PropCo structure contemplated by the Plan (collectively, the "Reorganized Companies"). Based upon and subject to the review and analysis described herein, and subject to the assumptions, limitations, and qualifications described herein, Millstein's view, as of June 6, 2016, (the "Valuation Date"), was that the estimated going concern enterprise value of the Reorganized Companies, as of an assumed Effective Date of December 31, 2016, would be in a range between \$10.2 billion and \$12.6 billion, with a midpoint of \$11.4 billion. The estimated going concern enterprise value was calculated as a sum of total enterprise value ranges for OpCo (\$2.8 billion to \$4.0 billion) and PropCo (\$7.4 billion to \$8.6 billion). Millstein's views are necessarily based on economic, market, and other conditions as in effect on, and the information made available to Millstein as of, the date of its analysis. Although subsequent developments may affect Millstein's views, Millstein is not obligated to update, revise, or reaffirm its estimate.

Millstein's analysis is based on a number of assumptions; they include, among other assumptions, that (1) the Debtors will be reorganized in accordance with the Plan, which will become effective on December 31, 2016, (2) the Reorganized Companies will implement their long-range business plan for the years 2017 to 2020 as set forth in **Exhibit E** of the Disclosure Statement and underlying financial projections (the "Financial Projections"), (3) the Reorganized Companies will achieve the Financial Projections, (4) the Reorganized Companies' capitalization and balance sheets will be as set forth in the Financial Projections, and (5) all other assumptions as set forth in the Financial Projections. Millstein makes no representation as to the achievability or reasonableness of such assumptions. In addition, Millstein assumed that there will be no material change in economic, market, and other conditions from those existing as of the Valuation Date.

Millstein assumed, at the Debtors' direction, that the Financial Projections prepared by the Debtors' management and advisors were reasonably prepared and reflected the best currently available estimates and judgments of the Debtors' management as to the future financial and operating performance of the Reorganized Companies. The future results of the Reorganized Companies are dependent upon various factors, many of which are beyond the control or knowledge of the Debtors, and consequently are inherently difficult to project. The Reorganized Companies' actual future results may differ materially (positively or negatively) from the Financial Projections and, as a result, the actual enterprise value of the Reorganized Companies may be significantly higher or lower than the estimated range herein. Among other things, failure to consummate the Plan in a timely manner may have a materially negative impact on the enterprise value of the Reorganized Companies.

¹ Terms used but not otherwise defined herein shall have the meanings ascribed to such terms the Debtors' *Second Amended Joint Plan of Reorganization Pursuant to Chapter 11 of the Bankruptcy Code* (as may be amended, modified, or supplemented from time to time and including all exhibits and supplements thereto, the "Plan") or the *Disclosure Statement for the Debtors' Second Amended Joint Plan of Reorganization Pursuant to Chapter 11 of the Bankruptcy Code* (including all exhibits thereto, the "Disclosure Statement").

The estimated enterprise value in this section represents a hypothetical enterprise value of the Reorganized Companies as the continuing operators and owners of the business and assets of the Debtors, after giving effect to the Plan, based on certain valuation methodologies as described below. The estimated enterprise value in this section does not purport to constitute an appraisal or necessarily reflect the actual market value that might be realized through a sale or liquidation of the Reorganized Companies, their securities, or their assets, which may be significantly higher or lower than the estimated enterprise value range herein. The actual value of an operating business such as the Reorganized Companies' business is subject to uncertainties and contingencies that are difficult to predict and will fluctuate with changes in various factors affecting the financial condition and prospects of such a business.

In conducting its analysis, Millstein, among other things: (1) reviewed certain publicly available business and financial information relating to the Reorganized Companies that Millstein deemed relevant; (2) reviewed certain internal information relating to the business, earnings, cash flow, capital expenditures, assets, liabilities, and prospects of the Reorganized Companies, including the Financial Projections, furnished to Millstein by the Debtors; (3) conducted discussions with members of senior management and representatives of the Debtors concerning the matters described in clauses (1) and (2) of this paragraph, as well as their views concerning the Debtors' business and prospects before and after giving effect to the Plan; (4) reviewed relevant publicly available information concerning the Debtors, as well as the Debtors' markets and competitors; and (5) conducted such other financial studies and analyses and took into account such other information as Millstein deemed appropriate. In connection with its review, Millstein did not assume any responsibility for independent verification of any of the information supplied to, discussed with, or reviewed by Millstein and, with the consent of the Debtors, relied on such information being complete and accurate in all material respects. In addition, at the direction of the Debtors, Millstein did not make any independent evaluation or appraisal of any of the assets or liabilities of the Reorganized Companies. Millstein also assumed, with the Debtors' consent, that the final form of the Plan does not differ in any respect material to its analysis from the draft that Millstein reviewed.

The estimated enterprise value in this section does not constitute a recommendation to any Holder of a Claim as to how such person should vote or otherwise act with respect to the Plan. Millstein has not been asked to and does not express any view as to what the trading value of the Reorganized Companies' securities would be when issued pursuant to the Plan or the prices at which they may trade in the future. The estimated enterprise value set forth herein does not constitute an opinion as to the fairness from a financial point of view to any person of the consideration to be received by such person under the Plan or of the terms and provisions of the Plan.

Valuation Methodologies

In preparing its valuation, Millstein performed a variety of financial analyses and considered a variety of factors. The following is a brief summary of the material financial analyses performed by Millstein, which consisted of (1) a comparable public company methodology and (2) a discounted cash flow methodology. Millstein considered but did not include precedent transactions in its financial analysis in light of the lack of recent comparable precedent transactions. This summary does not purport to be a complete description of the analyses

performed and factors considered by Millstein. The preparation of a valuation analysis is a complex analytical process involving various judgmental determinations as to the most appropriate and relevant methods of financial analysis and the application of those methods to particular facts and circumstances, and such analyses and judgments are not readily susceptible to summary description.

A. Comparable Public Company Methodology. The comparable public company methodology is based on the enterprise values of selected publicly traded companies that have operating and financial characteristics comparable in certain respects to the Reorganized Companies, such as comparable lines of business, business risks, growth prospects, market presence, and size and scale of operations. Under this methodology, certain financial multiples and ratios that measure financial performance and value are calculated for each selected company and then applied to the Reorganized Companies' financial information to imply an enterprise value for the Reorganized Companies. Millstein used, among other measures, enterprise value for each selected company as a multiple of such company's publicly available forward projected EBITDA ("EV/EBITDA"). Millstein utilized EV/EBITDA multiples in the comparable company methodology for both OpCo and PropCo. For the purposes of OpCo valuation, Millstein also utilized enterprise value for each selected company, adjusted to capitalize any property rental expense, as a multiple of such company's publicly available forward projected EBITDAR ("EV/EBITDAR"). For the purposes of PropCo valuation, Millstein also utilized forward projected adjusted funds from operations ("AFFO", a metric commonly used by real estate investment trusts and defined as net income plus real estate depreciation, less recurring capital expenditures, adjusted for property sales and other non-recurring items) as a percentage of market value of equity (common equity market capitalization plus market value of preferred equity, where applicable) ("AFFO Yield"). Although the selected companies were used for comparison purposes, no selected company is either identical or directly comparable to the business of the Reorganized Companies. Accordingly, Millstein's comparison of the selected companies to the business of the Reorganized Companies and analysis of the results of such comparisons was not purely mathematical, but instead necessarily involved complex considerations and judgments concerning differences in financial and operating characteristics and other factors that could affect the relative values of the selected companies and the Reorganized Companies. The selection of appropriate companies for analysis is a matter of judgment and subject to limitations due to sample size and the public availability of meaningful market-based information. In performing this analysis, Millstein applied the foregoing multiples to the Debtors Financial Projections for fiscal year 2017.

B. Discounted Cash Flow Methodology. The discounted cash flow ("DCF") analysis is a forward-looking enterprise valuation methodology that estimates the value of an asset or business by calculating the present value of expected future cash flows to be generated by that asset or business. Millstein's DCF analyses used the Financial Projections of its after-tax cash flows for the period covered by the Financial Projections and estimated a terminal value at the end of the Financial Projection period. These cash flows and estimated terminal value were then discounted at a range of appropriate costs of capital, which are determined by reference to, among other things, the costs of debt and equity of selected publicly traded companies. The DCF analysis of OpCo utilized projected unlevered free cash flow assuming an estimated statutory tax rate, derived a terminal enterprise value using a

range of EV/EBITDA multiples, and discounted these values to December 31, 2016, using OpCo's estimated weighted average cost of capital. The DCF analysis of PropCo utilized projected AFFO and a range of AFFO yields to calculate terminal equity value, as well as present value as of December 31, 2016. The DCF analysis involves complex considerations and judgments concerning appropriate terminal values and discount rates and also relies upon the Financial Projections.

Valuation Considerations

As a result of the foregoing, the estimated enterprise values in this section are not necessarily indicative of actual value, which may be significantly higher or lower than the estimate herein. Accordingly, none of the Debtors, Millstein, or any other person assumes responsibility for the accuracy of such estimated enterprise values. Depending on the actual financial results of the Debtors, changes in the economy, or changes in the financial markets, the enterprise value of the Reorganized Companies as of the Effective Date may differ from the estimated enterprise value set forth herein as of an assumed Effective Date of December 31, 2016. In addition, the market prices, to the extent there is a market, of the Reorganized Companies' securities will depend upon, among other things, prevailing interest rates, conditions in the financial markets, the investment decisions of prepetition creditors receiving such securities under the Plan (some of whom may prefer to liquidate their investments rather than hold them on a long-term basis), and other factors that generally influence the prices of securities.

Finally, the Debtors commenced a process to market test the Plan in November 2015. Through the marketing process, which is ongoing, the Debtors have solicited proposals for a potential transaction to acquire the Debtors and their controlled non-Debtor subsidiaries. To date, the Debtors have not received any bids for the entire company (either CEOC's equity or a sale of all assets). The Debtors have received offers for certain assets; however, none of these offers to date have offered greater value than the values outlined herein.

* * * * *

Valuation of NewCEC

Separate from the valuation of the Reorganized Companies, Millstein has estimated a valuation of new Caesars Entertainment Corporation ("NewCEC") on a pro forma basis, reflecting the Plan contributions and a merger with Caesars Acquisition Company. NewCEC will be a holding company with assets consisting principally of: (a) a 100% equity interest in Caesars Entertainment Resort Properties ("CERP"), (b) a 100% equity interest in the gaming, lodging, and hospitality assets of Caesars Growth Properties ("CGP Casinos"), (c) a 76% equity interest in Caesars Interactive Entertainment ("CIE"), and (d) a 100% equity interest in reorganized OpCo.

The estimated enterprise value in this section represents a hypothetical enterprise value of NewCEC and the resulting hypothetical equity value of NewCEC, after giving effect to the Plan, based on certain valuation methodologies as described below. The estimated enterprise value in this section does not purport to constitute an appraisal or necessarily reflect the actual market value that might be realized through a sale or liquidation of NewCEC, its securities, or its assets, which may be significantly higher or lower than the estimated enterprise value range herein. The actual value of an operating business such as NewCEC's business is subject to uncertainties and contingencies that are difficult to predict and will fluctuate with changes in various factors affecting the financial condition and prospects of such a business.

In conducting its analysis, Millstein, among other things: (1) reviewed certain publicly available business and financial information relating to the NewCEC that Millstein deemed relevant; (2) reviewed certain internal information relating to the business, earnings, cash flow, capital expenditures, assets, liabilities, and prospects of the NewCEC, including NewCEC's financial projections set forth on Exhibit [] (the "NewCEC Projections"); (3) conducted discussions with members of senior management and representatives of NewCEC concerning the matters described in clauses (1) and (2) of this paragraph, as well as their views concerning NewCEC's business and prospects before and after giving effect to the Plan; (4) reviewed relevant publicly available information concerning NewCEC, as well as NewCEC's markets and competitors; and (5) conducted such other financial studies and analyses and took into account such other information as Millstein deemed appropriate. In connection with its review, Millstein did not assume any responsibility for independent verification of any of the information supplied to, discussed with, or reviewed by Millstein and relied on such information being complete and accurate in all material respects. In addition, Millstein did not make any independent evaluation or appraisal of any of the assets or liabilities of NewCEC's subsidiaries.

The estimated enterprise value and resulting equity value ranges in this section does not constitute a recommendation to any Holder of a Claim as to how such person should vote or otherwise act with respect to the Plan. Millstein has not been asked to and does not express any view as to what the trading value of NewCEC's securities would be when issued pursuant to the Plan or the prices at which they may trade in the future. The estimated enterprise value and equity value ranges set forth herein does not constitute an opinion as to the fairness from a financial point of view to any person of the consideration to be received by such person under the Plan or of the terms and provisions of the Plan.

Millstein separately valued each of NewCEC's assets, using the methodologies described below, to arrive at separately estimated total enterprise values for each of those assets. Millstein then subtracted the underlying pro forma estimated net debt for each entity to arrive at separately estimated equity value ranges for the entities. Finally, Millstein aggregated these calculations in regards to NewCEC's ownership of each of the equity interests and subtracted the estimated net debt of the NewCEC holding company to arrive at an estimated range of consolidated NewCEC equity values. For the purposes of valuing the contributions being made by NewCEC to the Debtors, Millstein has estimated the value of NewCEC as of the Valuation Date. The estimated going concern fully diluted equity value of NewCEC (including the NewCEC Convertible Notes on an as-converted basis, but before incorporating the proceeds of any New CEC Capital Raise), as of an assumed Effective Date of December 31, 2016, would be in a range between \$5 billion and \$9 billion, with a midpoint of \$7 billion.

Millstein's analysis is based on a number of assumptions; they include, among other assumptions, that (1) the Debtors will be reorganized in accordance with the Plan, which will become effective on December 31, 2016, (2) NewCEC will achieve the NewCEC Projections set forth in Exhibit [x] (3) NewCEC's capitalization and balance sheets will be as set forth in the NewCEC Projections, (4) NewCEC will make the contributions incorporated in the Plan, (5) NewCEC will raise the capital contemplated in the New CEC Capital Raise, and (6) all other assumptions as set forth in Exhibit [x]. Millstein makes no representation as to the achievability or reasonableness of such assumptions. In addition, Millstein assumed that there will be no material change in economic, market, and other conditions from those existing as of the Valuation Date. The projections utilized by Millstein in formulating the valuation of NewCEC relied upon projections prepared by CEC management and advisors. Millstein made no effort to independently verify the reasonableness of such projections or the assumptions utilized therein.

NewCEC Valuation Methodologies

In preparing its valuation, Millstein performed a variety of financial analyses and considered a variety of factors. The following is a brief summary of the material financial analyses performed by Millstein, which consisted of (1) a comparable public company methodology and (2) a discounted cash flow methodology. Additionally, Millstein examined precedent transactions when estimating the total enterprise value of CIE. For the remaining assets, Millstein considered but did not include an analysis of precedent transactions in light of the lack of recent comparable precedent transactions. This summary does not purport to be a complete description of the analyses performed and factors considered by Millstein. The preparation of a valuation analysis is a complex analytical process involving various judgmental determinations as to the most appropriate and relevant methods of financial analysis and the application of those methods to particular facts and circumstances, and such analyses and judgments are not readily susceptible to summary description.

A. **Comparable Public Company Methodology.** The comparable public company methodology is based on the enterprise values of selected publicly traded companies that have operating and financial characteristics comparable in certain respects to the Reorganized Companies, such as comparable lines of business, business risks, growth prospects, market presence, and size and scale of operations. Under this methodology, certain financial multiples and ratios that measure financial performance and value are calculated for each selected company and then applied to NewCEC's financial information to imply an enterprise value for NewCEC. Millstein used, among other measures, enterprise value for each selected company as a multiple of such company's publicly available forward projected EBITDA ("EV/EBITDA"). Although the selected companies were used for comparison purposes, no selected company is either identical or directly comparable to the separate businesses that underlie NewCEC. Accordingly, Millstein's comparison of the selected companies to the business segments of NewCEC and analysis of the results of such comparisons was not purely mathematical, but instead necessarily involved complex considerations and judgments concerning differences in financial and operating characteristics and other factors that could affect the relative values of the selected companies and the Reorganized Companies. The selection of appropriate companies for analysis is a matter of judgment and subject to limitations due to sample size

and the public availability of meaningful market-based information. In performing this analysis, Millstein applied the foregoing multiples to NewCEC's financial projections for fiscal year 2017.

- B. Discounted Cash Flow Methodology. The discounted cash flow (“DCF”) analysis is a forward-looking enterprise valuation methodology that estimates the value of an asset or business by calculating the present value of expected future cash flows to be generated by that asset or business. Millstein's DCF analyses used the financial projections of after-tax cash flows for each of NewCEC's assets for 2017 through 2020 and estimated a terminal value at the end of 2020. These cash flows and estimated terminal values were then discounted at a range of distinct appropriate costs of capital for each of the assets, which are determined by reference to, among other things, the costs of debt and equity of selected publicly traded companies.
- C. Precedent Transactions Analysis. The precedent transactions analysis utilized for the valuation of CIE is based on the enterprise values of companies involved in publicly disclosed merger and acquisition transactions that have operating and financial characteristics comparable in certain respects to CIE. Under this methodology, the enterprise value of each such company is determined by an analysis of the consideration paid and the debt assumed in the merger or acquisition transaction. The enterprise value is then applied to the target's forward consensus projected EBITDA, where available, or the last twelve month EBITDA prior to the transaction announcement date to calculate an EBITDA multiple. In performing this analysis, Millstein applied the foregoing multiples to CIE's projected EBITDA for fiscal year 2017. Unlike the comparable companies analysis, the enterprise valuation derived using this methodology reflects a “control” premium (i.e., a premium paid to purchase a majority or controlling position in a company's assets). Thus, this methodology generally may produce higher valuations than the comparable companies analysis. In addition, other factors not directly related to a company's business operations can affect a valuation in a transaction, including, among others factors: (a) circumstances surrounding a merger transaction may introduce “diffusive quantitative results” into the analysis (i.e., a buyer may pay an additional premium for reasons that are not solely related to competitive bidding); (b) the market environment is not identical for transactions occurring at different periods of time; (c) the sale of a discrete asset or segment may warrant a discount or premium to the sale of an entire company depending on the specific operational circumstances of the seller and acquirer; and (d) circumstances pertaining to the financial position of the company may have an impact on the resulting purchase price (i.e., a company in financial distress may receive a lower price due to perceived weakness in its bargaining leverage).

Exhibit G

Debtors' Consolidated Annual Financial Statements

CAESARS ENTERTAINMENT OPERATING COMPANY, INC.
(DEBTOR-IN-POSSESSION)
CONSOLIDATED BALANCE SHEETS
(In millions, except par value)

	As of December 31,	
	2015	2014
Assets		
Current assets		
Cash and cash equivalents	\$ 1,239.4	\$ 1,194.0
Short-term investments	250.0	—
Restricted cash	0.9	18.8
Receivables, net	314.3	360.3
Prepayments and other current assets	58.2	82.7
Inventories	31.7	30.2
Due from affiliates, net	14.8	23.1
Total current assets	1,909.3	1,709.1
Property and equipment, net	6,009.6	6,190.4
Goodwill	673.9	673.9
Intangible assets other than goodwill	2,350.1	2,519.2
Investments in and advances to non-consolidated affiliates	134.2	140.1
Restricted cash	19.1	7.5
Deferred charges and other	291.0	247.6
Assets held for sale	6.1	20.7
Total assets	\$ 11,393.3	\$ 11,508.5
Liabilities and Stockholders' Deficit		
Current liabilities		
Accounts payable	\$ 118.4	\$ 130.5
Due to affiliate	32.4	37.0
Accrued expenses	581.2	648.9
Interest payable	14.1	600.9
Current portion of long-term debt	2.1	15,619.9
Total current liabilities	748.2	17,037.2
Long-term debt	369.6	387.8
Deferred income taxes	1,451.2	1,484.4
Deferred credits and other	517.0	717.9
Liabilities subject to compromise	18,869.3	—
Total liabilities	21,955.3	19,627.3
Commitments and contingencies		
Stockholders' equity/(deficit)		
Common stock: voting; \$0.001 par value; 1.4 shares issued and outstanding	—	—
Additional paid-in capital	3,425.1	3,412.6
Accumulated deficit	(13,958.6)	(11,516.7)
Accumulated other comprehensive loss	(52.1)	(38.8)
Total CEOC stockholders' deficit	(10,585.6)	(8,142.9)
Noncontrolling interests	23.6	24.1
Total stockholders' deficit	(10,562.0)	(8,118.8)
Total liabilities and stockholders' deficit	\$ 11,393.3	\$ 11,508.5

CAESARS ENTERTAINMENT OPERATING COMPANY, INC.
(DEBTOR-IN-POSSESSION)
CONSOLIDATED STATEMENTS OF OPERATIONS
(In millions)

	Year Ended December 31,		
	2015	2014	2013
Revenues			
Casino	\$ 3,416.3	\$ 3,677.9	\$ 4,350.6
Food and beverage	735.4	793.8	936.5
Rooms	469.3	511.6	689.3
Management fees	105.6	92.7	59.2
Other	240.6	265.6	335.6
Reimbursed management costs	290.6	388.8	324.7
Less: casino promotional allowances	(543.3)	(637.6)	(756.0)
Net revenues	<u>4,714.5</u>	<u>5,092.8</u>	<u>5,939.9</u>
Operating expenses			
Direct			
Casino	1,980.8	2,273.9	2,511.0
Food and beverage	312.1	326.6	393.0
Rooms	99.9	120.2	164.8
Property, general, administrative, and other	856.6	1,068.4	1,257.9
Reimbursable management costs	290.6	388.8	324.7
Depreciation and amortization	295.4	306.1	411.0
Write-downs, reserves, and project opening costs, net of recoveries	81.0	56.6	91.4
Impairment of goodwill	—	260.9	101.2
Impairment of tangible and other intangible assets	130.4	271.4	1,707.6
(Gain)/loss on interests in non-consolidated affiliates	(0.7)	13.7	20.7
Corporate expense	118.5	185.1	98.1
Acquisition and integration costs	6.2	37.9	13.4
Amortization of intangible assets	39.1	49.0	88.5
Total operating expenses	<u>4,209.9</u>	<u>5,358.6</u>	<u>7,183.3</u>
Income/(loss) from operations	504.6	(265.8)	(1,243.4)
Interest expense and other (2015 contractual interest was \$1,714.0)	(343.5)	(2,216.0)	(2,145.2)
Loss on early extinguishment of debt	—	(114.6)	(32.1)
Gain/(loss) on partial sale of subsidiary	—	(3.1)	44.1
Other income, including interest income	7.9	18.2	15.2
Reorganization items	(2,615.2)	—	—
Loss from continuing operations, before income taxes	(2,446.2)	(2,581.3)	(3,361.4)
Income tax benefit	25.9	493.6	517.3
Loss from continuing operations, net of income taxes	(2,420.3)	(2,087.7)	(2,844.1)
Discontinued operations			
Loss from discontinued operations	(13.2)	(193.5)	(222.4)
Income tax benefit	—	21.1	4.5
Loss from discontinued operations, net of income taxes	(13.2)	(172.4)	(217.9)
Net loss	<u>(2,433.5)</u>	<u>(2,260.1)</u>	<u>(3,062.0)</u>
Less: net income attributable to noncontrolling interests	(8.4)	(7.7)	(4.3)
Net loss attributable to CEOC	<u>\$ (2,441.9)</u>	<u>\$ (2,267.8)</u>	<u>\$ (3,066.3)</u>

CAESARS ENTERTAINMENT OPERATING COMPANY, INC.
(DEBTOR-IN-POSSESSION)
CONSOLIDATED STATEMENTS OF COMPREHENSIVE LOSS
(In millions)

	Year Ended December 31,		
	2015	2014	2013
Net loss	\$ (2,433.5)	\$ (2,260.1)	\$ (3,062.0)
Other comprehensive income/(loss):			
Benefit plan adjustments	1.5	(3.3)	2.2
Foreign currency translation adjustments	(11.5)	4.4	(15.3)
Change in fair market value of investment	(3.9)	(3.1)	(4.7)
Reclassification of loss on derivative instruments from other comprehensive loss to interest expense	—	—	2.5
Total other comprehensive loss, before income taxes	(13.9)	(2.0)	(15.3)
Income tax provision related to items of other comprehensive loss	0.8	0.3	(21.5)
Total other comprehensive loss, net of income taxes	(13.1)	(1.7)	(36.8)
Total comprehensive loss	(2,446.6)	(2,261.8)	(3,098.8)
Less: amounts attributable to non-controlling interests:			
Net income	(8.4)	(7.7)	(4.3)
Foreign currency translation adjustments	(0.2)	—	0.1
Total amounts attributable to noncontrolling interests	(8.6)	(7.7)	(4.2)
Comprehensive loss attributable to CEOC	\$ (2,455.2)	\$ (2,269.5)	\$ (3,103.0)

CAESARS ENTERTAINMENT OPERATING COMPANY, INC.
(DEBTOR-IN-POSSESSION)
CONSOLIDATED STATEMENTS OF STOCKHOLDERS' EQUITY/(DEFICIT)
(In millions)

	CEOC Stockholders						
	Common Stock	Additional Paid-in- Capital	Accumulated Deficit	Accumulated Other Comprehensive Loss	Total CEOC Stockholders' Equity/ (Deficit)	Non- controlling Interests	Total Equity/ (Deficit)
Balance as of January 1, 2013	\$ —	\$ 3,418.1	\$ (6,182.6)	\$ (0.4)	\$ (2,764.9)	\$ 42.2	\$ (2,722.7)
Net income/(loss)	—	—	(3,066.3)	—	(3,066.3)	4.3	(3,062.0)
Share-based compensation	—	35.2	—	—	35.2	—	35.2
Other comprehensive loss, net of tax	—	—	—	(36.7)	(36.7)	(0.1)	(36.8)
Transactions with entities under common control	—	105.2	—	—	105.2	(41.7)	63.5
Contributions from noncontrolling interests	—	—	—	—	—	35.3	35.3
Distributions to noncontrolling interests	—	—	—	—	—	(13.3)	(13.3)
Other	—	(8.2)	8.1	—	(0.1)	(1.1)	(1.2)
Balance as of December 31, 2013	\$ —	\$ 3,550.3	\$ (9,240.8)	\$ (37.1)	\$ (5,727.6)	\$ 25.6	\$ (5,702.0)
Net income/(loss)	—	—	(2,267.8)	—	(2,267.8)	7.7	(2,260.1)
Share-based compensation	—	33.0	—	—	33.0	—	33.0
Other comprehensive loss, net of tax	—	—	—	(1.7)	(1.7)	—	(1.7)
Impact of derecognition of LINQ net assets	—	(294.4)	—	—	(294.4)	—	(294.4)
Impact of sale of properties to affiliate	—	(341.8)	—	—	(341.8)	—	(341.8)
Distributions to noncontrolling interests	—	—	—	—	—	(9.2)	(9.2)
Contribution from parent for purchase of notes	—	445.7	—	—	445.7	—	445.7
Other	—	19.8	(8.1)	—	11.7	—	11.7
Balance as of December 31, 2014	\$ —	\$ 3,412.6	\$ (11,516.7)	\$ (38.8)	\$ (8,142.9)	\$ 24.1	\$ (8,118.8)
Net income/(loss)	—	—	(2,441.9)	—	(2,441.9)	8.4	(2,433.5)
Other comprehensive income/(loss), net of tax	—	—	—	(13.3)	(13.3)	0.2	(13.1)
Distributions to noncontrolling interests	—	—	—	—	—	(9.1)	(9.1)
Other	—	12.5	—	—	12.5	—	12.5
Balance as of December 31, 2015	\$ —	\$ 3,425.1	\$ (13,958.6)	\$ (52.1)	\$ (10,585.6)	\$ 23.6	\$ (10,562.0)

CAESARS ENTERTAINMENT OPERATING COMPANY, INC.
(DEBTOR-IN-POSSESSION)
CONSOLIDATED STATEMENTS OF CASH FLOWS
(In millions)

	Year Ended December 31,		
	2015	2014	2013
Cash flows from operating activities			
Net loss	\$ (2,433.5)	\$ (2,260.1)	\$ (3,062.0)
Adjustments to reconcile net loss to cash flows provided by/(used in) operating activities:			
Loss from discontinued operations	13.2	172.4	217.9
Loss on early extinguishments of debt	—	114.2	32.1
Depreciation and amortization	386.1	404.7	496.3
Amortization of deferred finance costs and debt discount/premium	18.0	409.9	383.9
Pension expense/(benefit), net	(15.6)	20.7	14.1
Non-cash write-downs and reserves, net of recoveries	67.7	45.9	46.6
Non-cash reorganization costs	2,396.8	—	—
Provision for bad debts	41.8	34.9	27.8
(Gain)/loss on partial sale of subsidiary	—	3.1	(44.1)
Impairment of intangible and tangible assets	130.4	532.3	1,808.8
(Gain)/loss on interests in non-consolidated affiliates	(0.7)	13.7	20.7
Share-based compensation expense	1.2	31.6	33.8
Deferred income taxes	(33.4)	(397.3)	(441.1)
Change in deferred charges and other	(65.1)	(6.9)	(25.9)
Change in deferred credits and other	(17.7)	(1.4)	77.1
Change in current assets and liabilities, net of sale of properties to affiliate:			
Accounts receivable	4.4	78.2	(87.1)
Due from affiliates, net	8.4	53.2	(38.8)
Prepayments and other current assets	26.3	17.9	(4.0)
Accounts payable	(7.4)	(128.5)	76.9
Due to affiliate	1.1	37.5	—
Inventory	(1.4)	(2.0)	3.9
Interest payable	(29.2)	302.6	24.9
Accrued expenses	(4.4)	(257.1)	81.3
Other	12.0	8.9	(27.3)
Cash flows provided by/(used in) operating activities	499.0	(771.6)	(384.2)
Cash flows from investing activities			
Acquisitions of property and equipment, net of change in related payables	(157.3)	(352.0)	(638.5)
Change in restricted cash	(11.7)	53.9	743.9
Short-term investment purchases	(250.0)	—	—
Proceeds from settlement of corporate-owned life insurance policies	6.7	3.6	1.9
Investments in/advances to non-consolidated affiliates and other	(23.3)	(1.8)	(13.6)
Proceeds received from partial sale of subsidiary	—	31.9	50.4
Proceeds from sale of assets	0.5	33.1	29.2
Proceeds received for sale of subsidiaries, net	—	1,591.5	128.5
Proceeds from sale of investment	1.7	—	—
Other	4.6	5.9	(8.9)

CAESARS ENTERTAINMENT OPERATING COMPANY, INC.
CONSOLIDATED STATEMENTS OF CASH FLOWS (continued)
(In millions)

Cash flows provided by/(used in) investing activities	(428.8)	1,366.1	292.9
Cash flows from financing activities			
Debt repayments	(16.0)	(108.5)	(92.8)
Distributions to noncontrolling interest owners	(9.1)	(9.2)	(13.3)
Proceeds from the issuance of long-term debt	—	1,528.3	1,803.6
Debt issuance costs and fees	—	(175.8)	(58.1)
Cash paid for early extinguishments of debt	—	(1,719.2)	(1,790.9)
Contributions from noncontrolling interest owners	—	—	35.3
Borrowings of long-term debt from affiliates	—	—	15.4
Repayments of long-term debt to affiliates	—	(300.8)	(266.4)
Other	—	18.1	(10.6)
Cash flows used in financing activities	(25.1)	(767.1)	(377.8)
Cash flows from discontinued operations			
Cash flows used in operating activities	(3.1)	(72.8)	(50.0)
Cash flows provided by investing activities	3.4	0.7	406.5
Cash flows from financing activities	—	—	—
Cash flows provided by/(used in) discontinued operations	0.3	(72.1)	356.5
Net increase/(decrease) in cash and cash equivalents	45.4	(244.7)	(112.6)
Change in cash classified as assets held for sale	—	—	4.7
Cash and cash equivalents, beginning of period	1,194.0	1,438.7	1,546.6
Cash and cash equivalents, end of period	<u>\$ 1,239.4</u>	<u>\$ 1,194.0</u>	<u>\$ 1,438.7</u>

Supplemental Cash Flow Information:

Cash paid for reorganization items - operating activities	\$ 165.9	\$ —	\$ —
Cash paid for interest, including adequate protection payments	345.9	1,671.3	1,837.7
Cash paid for income taxes	5.5	5.6	8.8
Non-cash investing and financing activities:			
Change in accrued capital expenditures	21.8	(45.4)	(24.9)
Change in assets acquired through financing activities and capital leases	—	17.2	49.2

Exhibit H

Examiner Report Introduction and Executive Summary

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

-----)
In re:) Chapter 11
)
CAESARS ENTERTAINMENT) **Case No. 15-01145 (ABG)**
OPERATING COMPANY, INC. *et al.*,) (Jointly Administered)
)
Debtors.) Hon. A. Benjamin Goldgar
)
-----) Re: Docket Nos. 3401 & 3406

**FINAL REPORT OF EXAMINER, RICHARD J. DAVIS
(Substantially Unredacted)**

**May 16, 2016
(initially filed March 15, 2016)**

UNITED STATES BANKRUPTCY COURT
NORTHERN DISTRICT OF ILLINOIS
EASTERN DIVISION

-----)
In re:) Chapter 11
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CAESARS ENTERTAINMENT) Case No. 15-01145 (ABG)
OPERATING COMPANY, INC. et al.,) (Jointly Administered)
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Debtors.) Hon. A. Benjamin Goldgar
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FINAL REPORT OF EXAMINER, RICHARD J. DAVIS
(Substantially Unredacted)

May 16, 2016
(initially filed March 15, 2016)

VOLUME I
(Table of Contents, Table of Charts and Figures)
(Introduction and Executive Summary)

INTRODUCTION

The Examiner investigated over fifteen sometimes related transactions between CEOC (the Debtor)¹ and other entities controlled by CEC (its parent) and the LBO Sponsors (Apollo and TPG). These transactions took place over a more than five-year period and continued through 2014. The principal question being investigated was whether in structuring and implementing these transactions assets were removed from CEOC to the detriment of CEOC and its creditors.

The simple answer to this question is “yes.” As a result, claims of varying strength arise out of these transactions for constructive fraudulent transfers, actual fraudulent transfers (based on intent to hinder or delay creditors) and breaches of fiduciary duty by CEOC directors and officers and CEC. Aiding and abetting breach of fiduciary duty claims, again of varying strength, exist against the Sponsors and certain of CEC’s directors.² None of these claims involve criminal or common law fraud.

The potential damages from those claims considered reasonable or strong³ range from \$3.6 billion to \$5.1 billion. Monetary damages are the most common remedy in fraudulent transfer cases, but in certain cases the Court could require that the property that was subject to transfer be returned to CEOC, particularly where damages are difficult to calculate.⁴ In addition, one uncertainty of potentially significant magnitude is the ability of CEOC to recover all or some of the value of the social gaming business of CIE, an entity created in 2009 in connection with the transfer of the World Series of Poker trademark (WSOP) out of CEOC. A potential recovery of these damages is not included in the above numbers. Also excluded from the above numbers

¹ References to CEOC or the Debtor should be read to include debtor subsidiaries and affiliates.

² In reaching these conclusions the Examiner is not opining on regulatory issues in any jurisdiction or whether any regulatory inquiries are appropriate. Indeed, his findings are largely based on bankruptcy related issues where the issues do not necessarily correspond to regulatory requirements. For example, as discussed below, conduct which might involve no claims if CEOC was solvent become the basis for claims in large part because CEOC was insolvent. Neither the allegations investigated nor conduct giving rise to claims set forth in this Report had any adverse impact on the day-to-day operation of the casinos. Moreover, none of these findings apply to purely operational executives (*e.g.*, John Payne, the current CEO of CEOC) who played no material role in the transactions at issue.

³ Claims are being characterized as strong (a claim having a high likelihood of success), reasonable (a claim having a reasonable, or better than 50/50, chance of success), plausible (a claim likely to survive a motion to dismiss but having less than a 50/50 chance of success), weak (a claim with a reasonable chance of surviving a motion to dismiss but unlikely to succeed) or not viable (either likely to be dismissed on motion or highly unlikely to succeed if litigated).

⁴ If the transferee cannot establish its good faith, the transferee will only be entitled to an unsecured claim for the amount of the consideration it paid. Where good faith is not established and monetary damages are awarded, the damage award thus would be based on the value of the asset transferred and the transferee would not be entitled to an offset in the amount of the consideration.

other affiliated companies controlled by CEC and the Sponsors. Indeed, it appears that the Sponsors' past success in successfully negotiating resolutions involving financially troubled companies was a factor in their assuming they could do so here without the need to pay adequate attention to the requirements associated with being fiduciaries of an insolvent entity.

Analysis of the solvency of CEOC and the valuation of assets transferred in connection with the transactions that were investigated are central to the conclusions in this Report. Since it therefore is important for everyone to have a clear understanding of the underlying analyses relied on by the Examiner, the main body of the report contains an extensive discussion of these subjects. Moreover, Appendix 7 provides a detailed explanation of how the Examiner arrived at his conclusions about both the value of the assets transferred and his disagreements with the opinions provided in connection with these transactions by various financial advisors.

In reaching these conclusions the Examiner and his Advisors reviewed over 8.8 million pages of documents and conducted interviews of 92 individuals, with some individuals being interviewed on multiple occasions.⁶ The interviews of 74 individuals were transcribed. Of great value to the Examiner also was the input – both at meetings and through written presentations – received from various key parties, including CEC, the Sponsors, the two Official Committees, CAC and the Ad Hoc Committees of First Lien Note Holders and First Lien Bank Debt, and their advisors. Some of this input was through frequent interaction between the Examiner's professionals and those retained by these groups. The Examiner also, however, met personally with these constituencies on multiple occasions. In late 2015 he also made detailed presentations of his preliminary views to each of these groups so that he could receive their further input. In response he had follow-up meetings with key interested parties, and received extensive written and oral submissions on a wide range of factual and legal issues. The Examiner found this process to be extremely helpful in assisting him in understanding and analyzing the critical issues being investigated. At the same time, the extensive presentations received from interested parties, as well as the volume and delays in the production of documents, undoubtedly lengthened the investigative process.

⁶ One reason individuals had to be interviewed a second time was that document production took far longer than expected.

A. Solvency

There are three aspects to the analysis of CEOC's solvency. First, is a determination of whether at the relevant time CEOC was insolvent or failed the other tests discussed below for measuring financial condition. Second, is what the principal participants said about the issue of CEOC's insolvency, and third, what information was available to them at the time which should have informed their judgment on this subject.

Before discussing the solvency of CEOC, however, it is necessary to understand why whether a company is solvent is important, particularly for a highly leveraged entity like CEOC, whose leverage increased from 8.8x EBITDA at the time of the LBO to, according to a June 27, 2014 Caesars' analysis, 16.9x EBITDA. Once an entity is insolvent the fiduciary obligations of officers, directors and controlling shareholders change. While their obligation remains to the entity, the residual beneficiaries of an insolvent entity are no longer limited to its equity holders, but also include its creditors. Thus, how particular actions impact creditors should become a core consideration. As discussed below, this change of obligations was explained to the CEC Board in April 2009 by O'Melveny & Myers in connection with the initial World Series of Poker transaction and by Kirkland & Ellis to the independent directors of CEOC in August 2014.

Once CEOC became insolvent there thus was the potential for conflict between CEC, the equity owner of CEOC, and CEOC itself. CEC, and its officers and directors, owed their duties to CEC's equity holders, but that was not the case for CEOC's officers and directors. Actions that might have been beneficial to CEC might have been less clearly, or potentially not, in the interest of CEOC and its creditors. Those who were officers and directors of both entities were in an inherently conflicted position. CEC, the Sponsors and their advisors, however, at least until late June 2014, never acted as if this were the case. Decisions on behalf of CEOC were effectively made by CEC and the Sponsors, and in none of the investigated transactions prior to August 2014 did CEOC have independent directors or advisors looking out for its interests. As Eric Hession, the current CEC CFO, testified in a recent deposition in a related case, for so long as CEOC was wholly owned by CEC (until May 2014) decisions on behalf of CEOC were made at the CEC level:⁹

Q: Was there a period of time when decisions for CEOC were made at the CEC level?

A: Yes.

Q: When was that time period?

A: That would have been the time period during which CEOC was a wholly-owned subsidiary.

⁹ *Wilmington Savs. Fund Society FSB v. Caesars Entm't Corp. et al.*, C.A. No. 10004-VCG (Del.) ("*Wilmington Savs.*"), E. Hession Sept. 17, 2015 Tr. at 63: 25-64:7.

Instead, CEOC should have had its own independent directors and advisors in connection with each of the challenged transactions. The need for such independent directors and advisors was particularly clear for those transactions that took place in 2013-14.

In assessing the financial condition of a company for purposes of fraudulent transfer, preference and breach of fiduciary duty, courts engage in three separate inquiries. While often lumped together as all relating to the solvency of an entity, they are, in reality, different tests. Failing any one of these tests is the predicate for a variety of claims. The tests are:

1. Balance Sheet Test – This test measures solvency and asks: Is the fair value of CEOC’s assets in excess of its debts?
2. Cash Flow Test – Did CEOC have the ability to pay its debts as they came due? This test has both an objective component which focuses more on whether obligations are being paid in the short term, and a subjective component which focuses on the longer term ability of a company to pay its debts when they mature. Failing either the subjective or the objective aspects of the test forms the basis for potential liability.¹⁰
3. Capital Adequacy – Did CEOC have adequate capital for the business in which it was engaged?

As reflected in ES Figure 1 below, there is a strong case that CEOC was insolvent at the end of 2008, 2009, 2010, 2011, 2012, 2013, and 2014 under the Balance Sheet Test, a strong case that it failed the capital adequacy test in each of those years, a reasonable case that it failed the cash flow test through year end 2011, and a strong case that it failed that test in all subsequent years.¹¹

¹⁰ For breach of fiduciary duty claims, Delaware courts will apply only the balance sheet or cash flow tests.

¹¹ By definition a solvency analysis cannot make specific determinations at every point in time over a lengthy period during which challenged transactions may occur. Accordingly, a concept termed “retrojection” is used to evaluate the intermediate points in time subject to a solvency analysis. The retrojection rule provides that where a debtor is shown to be insolvent on the first known date and the last relevant date then, absent any substantial or radical changes in the assets or liabilities of the debtor between the two dates, the debtor is deemed to be insolvent at all intermediate times. In the case of CEOC, solvency was determined as of each of the Solvency Dates, and retrojection was used to determine solvency as of various intermediate dates.

ES Figure 1: Results of Balance Sheet, Cash Flow and Adequate Capital Tests

	LBO	YE2008	YE2009	YE2010	YE2011	YE2012	YE2013	YE2014
Balance Sheet	Remote	Insolvent						
Cash Flow	Remote	Probable	Probable	Probable	Probable	Insolvent	Insolvent	Insolvent
Adequate Capital	Remote	Insolvent						

The details supporting these conclusions are set forth in Section V, *infra*. For the Balance Sheet Test, as set forth in the following chart, for every year-end beginning December 31, 2008 the fair market value of CEOC’s assets was materially less than CEOC’s debt, as reflected in ES Figure 2 below:

ES Figure 2: Results of Solvency Analysis

<i>amounts in millions</i>	2008	2009	2010	2011	2012	2013	2014
Enterprise Value of CEOC	\$14,629	\$14,480	\$14,072	\$11,994	\$12,179	\$11,980	\$6,059
Face Value of Interest-Bearing Debt (a) (b)	17,885	17,354	17,795	18,766	20,529	19,288	18,371
Solvent / (Insolvent)	(\$3,256)	(\$2,874)	(\$3,722)	(\$6,772)	(\$8,350)	(\$7,308)	(\$12,312)

Sources:

- Ex. 99.1, Supplemental Discussion of Operating Company Results, CEC Form 10-K, 2008-2013.
- CEOC Selected Financial Information as of Dec. 2014.

Notes:

- (a) Excludes intercompany debt.
- (b) The face value of Interest Bearing Debt is the stated amount of debt that must be repaid at maturity. The face value may differ from the book value.

CEC has maintained that CEOC was solvent under the Balance Sheet Test, at least through early 2011. In its analysis under the Balance Sheet Test presented to the Examiner, however, it deducts from CEOC’s debt 100% of the cash held by CEOC at the relevant date. Doing so, however, is inappropriate as CEOC could not operate without cash to pay trade debt and other expenses (including having the required amount of “cage cash”). As discussed in Section V, *infra*, the evidence does not show that CEOC had excess cash during this period. To compute enterprise value, CEC’s analysis also used EBITDA numbers higher than reported in their 10-Ks, and then applied multiples to that EBITDA ranging from 9.3x to as high as 17.2x, while in other contexts they relied on the lower multiples for Las Vegas strip properties (ranging from 6x-10x) used by the financial advisors in the various transactions.

The CEC and Sponsor witnesses uniformly took the position that they did not believe CEOC was insolvent because it was paying its debts, had not defaulted and had created “runway” by extending maturities on its debt.¹² This view ignores everything but the objective aspect of the cash flow test and bears no relationship to the actual solvency test. Also, in many cases CEC and the Sponsors either indicated ignorance of the relevant legal tests or simply seemed to ignore them based on their view that they believed CEOC’s long-term debt could be addressed over time, although as discussed above during the relevant time, and particularly in 2013-2014, there was no realistic possibility that the debt could ever be repaid at anything close to face value.

Examples of the positions taken are:

- Marc Rowan of Apollo, a CEC director, stated that while he understood that a company could be a going concern and still be insolvent, he looked at the solvency issue as being whether in the future a company had the “opportunity to have assets equal or exceed liabilities.”
- David Sambur, another Apollo CEC director, thought the issue was addressed by the existence of current liquidity and the creation of “runway.”
- David Bonderman of TPG, a CEC director, articulated a lay understanding of solvency as being an ability to pay bills on time, while also acknowledging that even in that circumstance an entity could be insolvent if its debts exceeded its assets.
- Chris Williams, an independent CEC Director and Chair of the Audit Committee, viewed solvency as being essentially the same as “going concern” so that an entity would be solvent if it had an ability to meet obligations over a defined period of time, and he focused on the fact that CEOC was current on its debt obligation and current on its payments to creditors.
- Gary Loveman, CEO and Chairman of the Board of CEC and CEOC, thought both that the issue was what alternatives were available to address the Company’s

¹² They have also claimed that CEOC’s solvency was evidenced by the willingness of new lenders to participate in the B-7 financing in 2014, the positive equity value in CEC stock and the willingness of the Sponsors, their co-investors and other CEC Shareholders to contribute more than \$1 billion in new capital when CAC and Growth were formed. The Examiner, however, did not find these arguments particularly persuasive or probative on the issue of insolvency. The B-7 financing was first lien debt, the value of CEC stock was described by many as premised on the value of its investment in Growth, the Sponsors’ own contemporaneous analyses showed CEOC had no equity value and the investment in CAC and Growth was part of an attempt to salvage value in their Caesars’ investment given the dire financial condition of CEOC. The new investment also was in a new entity – CAC – which was not burdened by either CEOC’s or CEC’s historical debt. Moreover, as structured, CAC had priority over CEC in connection with recoveries from Growth, which was jointly owned by CEC and CAC.

problem in the future while it met its current obligations, and that in calculating solvency you looked at the market value, not the face value, of the debt.¹³

A fact finder would not, however, find these positions to be credible, particularly given that in an April 2009 presentation the CEC Board was explicitly advised about the legal definition of insolvency and, more importantly, the numerous facts available to CEC, its Board and the Sponsors which were clear signs of insolvency. For example:

- During the years after the LBO (2008-14), EBITDA at CEOC was only able to fund an average of 62¢ of every dollar of interest expense, a sure sign that it would not be able to refinance or pay its non-trade debt at maturity. Apollo and CEC analyses and Board presentations also described CEOC as being free cash flow negative by a wide margin for the foreseeable future absent extraordinary – and wholly unrealistic – increases in CEOC EBITDA, even without considering repayment of principal.
- From 2008-14 the ratio of liabilities to assets (net of goodwill which cannot be sold or used as collateral) increased every year and averaged 128% compared to CEOC’s peer group, which averaged 83%. In effect, this means that for every \$1.00 of assets CEOC owed \$1.28 to creditors. CEOC thus was not only in worse financial condition than its peers; it was in extremely poor condition on an absolute basis.
- The Sponsors and Caesars created numerous analyses which described the dire financial condition of CEOC. For example, a June 2012 Apollo analysis demonstrated that CEOC would be billions of dollars short if it paid debts as they became due.¹⁴ Moreover, the stated rationale for the creation of Growth was that CEOC lacked the financial resources to develop new opportunities and invest the necessary capital in its existing properties.
- Certain of CEOC’s debt instruments were trading at a significant discount, and commentators regularly discussed the lack of equity value of CEOC.¹⁵ CEC also regularly captured discounts *via* open market purchases or exchange offers in CEOC/CMBS debt since the holders of that debt understood it could not be refinanced at par.¹⁶

¹³ If this was true, the worse the financial condition of a company, the less likely it would be insolvent since such a company’s debt would be trading at an ever increasing discount. Mr. Loveman was plainly wrong.

¹⁴ See “Caesars Entertainment Model and Capital Planning Considerations” (June 2012), at APOLLO_Examiner_0019594-646 [0019594].

¹⁵ See Section V, *infra*.

¹⁶ See Section IX.B, *infra*.

- Beginning with securities filings in early 2012, CEC stated that cash flow from operations would not be sufficient to repay indebtedness maturing in 2015.
- CEC and the Sponsors understood by no later than late 2013 that CEOC would need to sell significant assets simply to avoid running out of cash by the end of 2014, even without paying principal on its debt, a clear sign of insolvency.
- An October 2013 analysis showed that under all remotely realistic scenarios CEOC's creditors would not come close to being paid in full on maturity.
- Potential transactions were regularly analyzed from the perspective of what would happen in a CEOC bankruptcy.
- In the late Fall of 2013/early Winter of 2014, Apollo began actively planning the creation of a new entity to take over CEOC's management responsibilities and Total Rewards because of concerns about a CEOC bankruptcy and a belief that CAC would want such an entity to be created because of similar concerns.
- In late 2013 or very early 2014, the Sponsors began to consider the need for independent directors at CEOC because of a recognition that CEOC likely would need a major restructuring or a bankruptcy filing.
- In the Four Properties Transaction, CEC refused to provide a solvency representation as to CEOC requested by CAC.

The issue is not whether the Sponsors and CEC should have commissioned some form of solvency analysis, although that certainly would have been prudent. Rather, given all the available information, they – among the most sophisticated investors in the country – should have understood the reality of CEOC's financial condition, and acted on that basis. As one of the independent directors appointed to the CEOC Board in late June 2014 said in his interview, he did not need a formal solvency analysis; he just looked at the available information and concluded that his operating assumption had to be that CEOC was insolvent. If the Sponsors and CEC did not want to undertake some more complete analysis of solvency, they, at a minimum, should have followed the same approach. Instead, the governance implications of CEOC being insolvent were ignored.

B. Financial Advisors and Contemporary Valuations

In most of the challenged transactions CEC, Apollo or CEC Special Board Committees retained financial advisors to provide “fairness” opinions¹⁷ to the CEC Board and, in some cases

¹⁷ The language of the opinions obtained was not uniform. In some instances, financial advisors opined on the “fairness” of the consideration received “from a financial point of view,” which is standard terminology for investment banker fairness opinions. In other instances, financial advisors were retained to render opinions as to whether the value of the consideration represented “reasonably equivalent value” or was consistent with the value a hypothetical buyer would have paid in an arm's-length transaction negotiated between unrelated parties. In some

as well as expected, and that how they have performed should be considered in analyzing whether adequate consideration was paid at the time of the transactions. First, it is too early to assess the long-term performance of these properties as the value of a long-lived asset is not predicated on one or two years' financial performance. Indeed, the performance of some of them has improved in 2015. Others involve the type of new investments (*e.g.*, the Wheel and LINQ retail) which may well require a trial and error period before their success can be evaluated. More importantly, while there may be some limited exceptions in special circumstances, the general rule is that in performing a retrospective valuation and in assessing prior valuations, one looks at what was "known or knowable" at the time. Later performance may have some value as an equitable argument; it is not the legal test. This issue is discussed in more detail in Section V, Solvency, *infra*, and in Appendix 7, Valuation at Section I.B.

- Generally speaking, the projections that should be used in valuations are the most recently available ordinary course company projections, and not projections created solely for the purpose of securing a fairness opinion.¹⁸ That was not always the case in the transactions investigated. In one instance the financial advisor did not use the most recent projections because the company did not provide them despite being requested to do so (*see* Section VIII.B, *infra*). In a 2014 transaction, the financial advisors were told to rely on revised projections created solely for their use because the company's budget numbers were considered too optimistic (*see* Section VIII.D, *infra*). The company's ordinary course numbers, however, continued to be used for all other purposes, including with lenders, with auditors for impairment analyses and in ongoing presentations to the CEC Board. In addition, in 2013 management made a concerted effort to reduce long-term projections and make them more reasonable and achievable. Thus, while Caesars' auditors had in earlier years raised some questions about the company's projection process, at the time of this transaction the auditors had endorsed the quality of the process by which projections were developed.
- CEC has offered the opinion of Professor Lehn that rather than undervaluing the casinos transferred in these various transactions, the relevant financial advisors overvalued them by almost \$700 million.¹⁹ The Examiner has reviewed this analysis and it is not persuasive. For example, Professor Lehn's conclusion is largely based on his view that the terminal values estimated by the financial advisors retained by CEC and the Valuation and Special Committees of the CEC Board were artificially inflated because they assumed that capital expenditures would equal depreciation in perpetuity. Not only does Professor Lehn's view contradict (and thus undermine) the very analyses that were performed by CEC's own financial advisors – on which CEC and the Sponsors rely to support their argument that CEOC received fair or reasonably equivalent value for the assets transferred – it is inconsistent with widely accepted business valuation theory and

¹⁸ *See* Section VI, *infra*, for a detailed discussion concerning projections.

¹⁹ They offered his opinion initially in a July 2015 meeting and in a February 2016 submission.

practice. Moreover, his underlying assumption seems to be that matching anticipated capital expenditures to depreciation means no new investment will be made. That does not appear to be accurate. Rather, it means that the level of new investment going forward will be at the same level as in the past. In any event, in performing his own valuations, the Examiner increased the capital expenditure projections used by CEC's original financial advisors as appropriate. Deloitte, CEC's auditors, also has explicitly stated that CEC's use of the depreciation amount as the amount for projected capital expenses in its own valuations was appropriate. Professor Lehn also advocates reliance on only one method of valuation – the discounted cash flow (DCF) method – while customary valuation methodology considers three valuation methodologies, including the DCF method. If that approach was followed by the financial advisors retained by CEC in connection with the valuations they performed, in a number of the challenged transactions the advisors would not have been able to opine that the consideration met the applicable “fairness” or “reasonably equivalent value” standard since the DCF calculations yielded the highest valuation numbers among the three methods.

C. Attorneys

Prior to July 2011 CEOC had been represented by O'Melveny & Myers LLP (OMM), who had represented the Sponsors in the LBO. The lawyers involved in that representation moved to Paul, Weiss, Rifkind, Wharton & Garrison LLP (Paul Weiss) in late spring 2011, and since that time Paul Weiss represented CEOC in virtually every transaction investigated by the Examiner. In each of these transactions, first OMM, and then Paul Weiss, also represented CEC, CEOC's then 100% shareholder. During this entire period Apollo also was a very significant client of Paul Weiss on matters unrelated to Caesars. This fact was not known to the independent directors of CEC. The Caesars General Counsel was aware of this, and believed that Paul Weiss was more responsive to the Apollo (and TPG) directors than they were to him. Neither OMM nor Paul Weiss has identified any retention letter relating to its representation of CEOC, and it appears that none exists.

Certain creditors raised questions about the role of Paul Weiss in various of the transactions which were investigated. In analyzing the relevant transactions, the Examiner thus considered whether there are any claims that CEOC has against Paul Weiss.²⁰ In this regard, issues of conflict of interest, malpractice and aiding and abetting breach of fiduciary duty were analyzed. While the Examiner has concluded that probably by the Fall of 2012 and more clearly by the Fall of 2013 Paul Weiss did have a conflict of interest in representing both CEOC and CEC in at least some of the relevant transactions, for the reasons discussed below the Examiner believes that any claim by CEOC against Paul Weiss would be weak.

It is important to understand that it is not unusual for lawyers to represent portfolio companies of their private equity clients, although doing so can raise some ethical issues once there are public shareholders. Nor is it unusual for the same law firm to represent a parent

²⁰ Given when their representation ended, the Examiner does not believe there are any potential claims against OMM.

corporation and its 100% owned subsidiary. In each of these circumstances, however, the situation changes once the company being represented becomes insolvent.

Once insolvent, a company's residual beneficiaries change from its equity holders to its creditors. When the subsidiary is insolvent, actions that may be in the interest of the parent may not be in interest of the subsidiary. Nonetheless, there certainly are circumstances where a parent and its insolvent subsidiary can be represented by the same counsel, such as when they are litigating against a common defendant. The situation is different, however, when the parent and insolvent subsidiary are on opposite sides of the same transaction and the same law firm purports to represent both entities. In that case the interests of the two entities diverge. And, once such a divergence of interest occurs, a lawyer can only undertake or continue representing multiple clients if it is clear that the lawyer can competently represent both clients and if both clients provide informed consent based on a full disclosure by the lawyer of the issues involved in the simultaneous representation.²¹ Here it does not seem that either requirement was satisfied. The issues then are when was Paul Weiss adequately on notice of CEOC's potential insolvency, and in what transactions did such a divergence of interest occur.

The two instances where the interests of CEC and CEOC most clearly diverged were in the negotiations over the CERP transaction and in the creation of CES. As to CERP, the transaction involved the sale of assets by CEOC to CEC which then transferred them to the new CERP entity, a 100% owned CEC subsidiary. Thus by representing both CEC and CEOC, Paul Weiss was representing both the buyer and the seller in this transaction. A seller's counsel might have considered a variety of issues. One mixed legal and business issue involved in the transaction was the extent to which certain purported indirect benefits to CEOC from the transaction could or should be counted as consideration. These indirect benefits accounted for over 70% of the consideration received by CEOC. While whether to consider these indirect benefits as consideration was ultimately a judgment made by Perella Weinberg, the financial advisor involved in the transaction, whether on the facts of this case it was appropriate to do so also involved a legal issue (which Paul Weiss in fact analyzed). A zealous advocate for CEC would argue that including these benefits as consideration was legally justified. A zealous advocate for CEOC could well have taken the opposite position. This issue is discussed at length in Section VIII.C, *infra*.

The creation of CES in the Spring of 2014 involved the transfer to CES by CEOC of a broad license to Caesars' unique loyalty program, Total Rewards, as well as its enterprise-wide management responsibilities. CES then licensed Total Rewards to CERP and Growth. *See* Sections VIII.D & F, *infra*. The expressed reason for the creation of CES was concern over a possible CEOC bankruptcy. How to structure the rights of CEOC, CERP and Growth under this structure was a complex task involving competing interests of CEC (which owned CERP and had a 58% interest in Growth) and CEOC. Paul Weiss represented CEC and CEOC in these negotiations; the negotiations also included counsel for a special committee of outside CEC directors and counsel for a similar committee of CAC directors. Paul Weiss thus represented both the licensor and the owner of the sublicensee. A clear example of the adversity of CEC and CEOC in this transaction was the inclusion in the CES Agreements of provisions under which

²¹ *See* N.Y.R. Prof'l Conduct 1.7.

CEOC would forfeit all its governance rights in CES should it file for bankruptcy, which was then a known risk, and indeed the rationale for the transaction. A zealous advocate for CEOC most likely would have resisted such a provision. The Paul Weiss partner involved in the transaction explained the rationale for its inclusion as being the “penalty” “they” felt needed to be imposed on CEOC should there be a bankruptcy risking CEOC’s ability to perform under the agreement because otherwise that would be unfair to the other CES members.²²

The extent of the adversity in the Growth, Four Properties and B-7 Transactions is somewhat less pronounced. In the first two cases, properties owned by CEOC were being sold to Growth, in which CEC had a majority ownership interest, and where CEC special board committees were purportedly acting on behalf of CEOC. Similarly, in the B-7 related transactions, CEC and Apollo negotiated the terms of new CEOC loans and the modification of the terms of existing loans, including the release by CEC of its guarantee of certain CEOC debt. (See Section IX.B, *infra*.) While CEC and CEOC shared a common interest in aspects of these transactions, their interests were not completely aligned and a separate CEOC counsel could have considered whether independent directors at CEOC were required to evaluate whether proceeding with these transactions was in the interest of CEOC and its creditors. Moreover, in the B-7 Transaction a significant issue was the release of CEC’s guarantee of CEOC’s bond debt where the interests of CEC and an insolvent CEOC could easily have diverged. While the divergence of interest in these transactions is less clear, the fact remains that in those transactions no one was focused on CEOC’s interest alone as opposed to how transactions impacted Caesars as a whole.

Since, as discussed above, CEOC had been insolvent since December 31, 2008, the real issue is when did, or should have, Paul Weiss recognized that there was a sufficient risk of CEOC being insolvent to trigger any of the above potential conflicts. Lawyers, after all, are not financial advisors and have neither the responsibility, nor likely the skill, to perform solvency analyses themselves. But whether an entity is solvent is a mixed question of law and fact.

Here Paul Weiss has argued first that it did not believe a conflict existed because CEC and the Sponsors were proposing transactions which were designed to benefit CEOC as well as CEC, and CEOC was paying its bills as they came due. A conflict, they argued, would only arise when they understood that a bankruptcy was sufficiently probable which, they say, was not the case at the time of any of these transactions. Paying current bills, however, is not the legal definition of solvency, and saying transactions were in the interests of creditors begs the real question since an independent counsel might have assessed the merits of these transactions, from CEOC’s perspective, differently. Moreover, insolvency creates a potential conflict before a bankruptcy becomes probable.

Paul Weiss also argues that it was not on notice of CEOC’s insolvency. Assessing when it was on notice of CEOC’s potential insolvency is a complex issue. Based on the following, the earliest there is a reasonable case that it was on such notice is in the Summer/Fall of 2012 and a stronger case exists it was on notice in the Fall of 2013:

²² This provision was amended on the eve of CEOC’s Chapter 11 filing.

- Paul Weiss was intimately involved since 2011 in all aspects of CEC's response to the financial problems confronting CEC and CEOC, and the OMM partners who joined Paul Weiss in 2011 had been doing so since 2009.
- As discussed above, beginning in 2012 CEC's securities filings explicitly stated it would be unable to pay debts maturing in 2015.
- In June 2012, Paul Weiss was doing analyses of the potential implications of a CEC/CEOC bankruptcy on what became the Growth Transaction. While doing such analyses for a highly levered company is neither unusual nor proof of insolvency, the entire premise of the Growth Transaction was the very weak financial condition of CEOC.
- At least one Paul Weiss partner had in his possession an October 2012 Apollo presentation which made clear that absent an increase in CEOC's EBITDA from \$1.4 billion to \$2.2 billion – an extraordinary leap – CEOC would have negative cash flow every year. That same deck made clear CEOC could not pay maturing debt in the coming years.²³
- In connection with the CERP Transaction, in July 2013 Paul Weiss did research on the implications of a CEOC insolvency.
- Numerous Paul Weiss partners had in their possession an October 2013 Caesars analysis which states that CEOC then was billions of dollars short of being able to pay debt maturities in the coming years.
- In October 2013, Paul Weiss was doing legal analyses of bankruptcy risks associated with transactions being considered by Apollo and advising on the implications of a CEOC insolvency on directors' fiduciary duties.
- In November and December 2013, Paul Weiss was advising Apollo on the potential operational impacts of a CEOC bankruptcy.
- In late 2013 or very early 2014, Paul Weiss was recommending independent directors be considered for CEOC because of the financial challenges relating to CEOC's debt or, potentially, a bankruptcy filing. It is difficult to argue that CEOC would need independent directors, but not its own counsel.

None of these facts may constitute definitive proof that CEOC was insolvent. Absent doing an actual solvency analysis, which Paul Weiss did not recommend, they are, however, plain indicia that CEOC was insolvent. Based on these facts, the Examiner believes there is a reasonable case that a Court would find that a conflict existed in one law firm representing both CEC and CEOC in at least the CERP and the CES transactions, if not all of the 2013-2014 transactions through June 2014.

²³ There are multiple versions of the presentation. The version that was in Paul Weiss' possession was the one that went to Gary Loveman.

The existence of a conflict, however, does not automatically create liability. First, based on the evidence any claim against Paul Weiss for aiding and abetting a breach of fiduciary duty by either CEOC's directors²⁴ or CEC would be weak. For there to be aiding and abetting liability there needs to be a "knowing participation" in the breach.²⁵ A lawyer providing routine legal services does not meet that standard.²⁶ Though difficult, however, pleading such a claim is not theoretically impossible.²⁷ Delaware courts, however, have found lawyers potentially liable for aiding and abetting where they were alleged to have affirmative knowledge of some fraud or where their involvement in the breach went beyond their role as counsel.²⁸ This simply is not the case here.

Even if a disabling conflict did exist, that would not by itself give rise to a claim for malpractice. *Schafrann v. N.V. Famka, Inc.*, 14 A.D.3d 363, 364 (N.Y.A.D. 2005). To establish liability in the non-aiding and abetting context, New York law would require clear proof that the conflict caused non-speculative damages.²⁹ Establishing that in this case would be difficult. For example:

- In the Growth and Four Properties Transactions, special committees were established at the CEC level and it would be speculative to conclude that a different result would have occurred if such committees were created at CEOC;

²⁴ This would be a Delaware law issue.

²⁵ *In re Nine Systems Corp. Shareholders Litig.*, 2014 WL 4383127, at *48 (Del Ch. Sept. 4, 2014).

²⁶ *Heartland Memorial Hosp., LLC v. McGuire Woods, LLP*, 518 B.R. 491, 503-4 (N.D. Ill. 2014); *Sample v. Morgan*, 935 A.2d 1046, 1065 (Del. Ch. 2007) ("[i]n most fiduciary duty cases, it will be exceedingly difficult for plaintiffs to state an aiding and abetting claim against corporate counsel").

²⁷ *Sample*, 935 A.2d at 1065 ("Delaware has no public policy interest in shielding corporate advisors from responsibility for consciously assisting the managers of Delaware corporations in breaching their fiduciary duties. If well-pled facts can be pled that support the inference that a corporate advisor knowingly assisted corporate directors in breaching their fiduciary duties, Delaware has a public policy interest in ensuring that its courts are available to derivative plaintiffs who wish to hold that advisor accountable to the corporation.").

²⁸ *See Sample*, 935 A.2d at 1065 (Del. Ch. 2007); *CMS Inv. Holdings, LLC v. Castle*, C.A. No. 9468-VCP, 2015 WL 3894021, at *21 (Del. Ch. June 23, 2015); *Royal Indemnity Co. v. Pepper Hamilton LLP*, 479 F. Supp. 2d 419, 431 (D. Del. 2007); *but see Zazzali v. Hirschler Fleischer, P.C.*, 482 B.R. 495, 519 (D. Del. Bankr. 2012); *In re Brown Schools*, 368 B.R. 394, 413 (D. Del. Bankr. 2007).

²⁹ To prevail in a malpractice action under New York law, a plaintiff would have to establish that Paul Weiss failed to exercise the ordinary reasonable skill and knowledge commonly possessed by a member of the legal profession, and that the firm's breach of that duty proximately causes the plaintiff to sustain actual and ascertainable damages. *Carrasco v. Pena & Kahn*, 48 A.D.3d 395, 396 (N.Y.A.D. 2008).

- In connection with CES, the “penalty” provision described above was eliminated on the eve of bankruptcy, and concluding that other provisions of the relevant agreement would have been different again requires a fact finder to engage in speculation; and
- In CERP it is difficult to know whether a CEOC attorney advocating that the indirect benefits should not be considered would have impacted the assumptions that were provided to Perella for its opinion or Perella’s conclusions; Perella had its own counsel to consult with on the issue and came to the considered view that they did provide value to CEOC.³⁰

In sum, while a conflict existed which Paul Weiss should have recognized, any claim against Paul Weiss for damages would be weak. Although the conflict was real, and Paul Weiss lawyers should have recognized the need for independent directors and advisors at CEOC by no later than late 2012 – early 2013, and advised its clients accordingly,³¹ the evidence does not support a conclusion that Paul Weiss lawyers knowingly acted at any time to injure or prejudice CEOC or its creditors.

D. Remedies

This Report identifies a number of potential fraudulent transfer claims. The remedy for such a claim can include either an order for a return of the property or money damages. In practice, courts most often award damages but that is in part due to the fact that this is the most common remedy sought by plaintiffs. Where valuing an asset is particularly difficult, that is a factor that could cause a court to order return of the property. In general, this Report identifies the remedies available under particular claims but does not predict how a court would exercise its discretion in crafting a remedy. Where monetary damages can be calculated, the Report does so.

If the value of the property has increased since the time of the fraudulent transfer, the monetary remedy would be for the value of the property at the time of the judgment as opposed to the value at the time of the transfer. A good faith transferee would be entitled to a lien in the amount of the cost of any improvements which contributed to the increase in value. A good faith transferee also is entitled to a lien for any consideration paid.

The Examiner has not computed the current value of the properties subject to fraudulent transfer claims. Instead, his damage calculations are based on the value of the properties at the

³⁰ Perella told the Examiner that it never focused on the 2010 Management and Shared Services Agreements which were relevant to the validity of those assumptions. A separate CEOC counsel might well have brought those agreements to their attention.

³¹ Paul Weiss’ conflict, and failure to advise CEC and CEOC of the need for independent directors and advisors and the fraudulent transfer and other risks arising out of CEOC’s financial condition and unsustainable debt loan sooner, are factors that a court would likely consider in assessing any reliance on advice of counsel defense that may be asserted by or on behalf of CEOC’s directors, CEC or the Sponsors.

was understood to be a major uncertainty. In addition, Marc Rowan of Apollo, a CEC director, has stated that while initially enthusiastic about the potential of an online poker business, by the time of the May 2009 closing he was far less sanguine about the prospects for this business.

When online gaming did not become legal throughout the U.S., CIE in 2011 acquired Playtika, which had a mobile play for fun gaming platform. The CAC-CIE-CEC witnesses referred to the Playtika acquisition (and other later acquisitions) as involving “social gaming” and constituting a major strategic shift from the originally contemplated business plan for CIE. Largely as a result of this acquisition CIE is now hugely successful.³⁵ A December 31, 2014 valuation of CIE by PwC valued CIE at \$ [REDACTED] billion. While certain aspects of this valuation are based on speculative assumptions, including about the potential for online poker in Nevada and New Jersey (where it is now legal) and elsewhere in the U.S. (where it is illegal), \$ [REDACTED] billion of value is attributed to the social gaming business. The WSOP Trademark and IP are used for some of Playtika’s games. While the Examiner has not adopted any aspect of this valuation, it is indicative of the fact that CIE has become a very valuable asset.

Two related issues were investigated by the Examiner in connection with the 2009 WSOP transaction. The first issue was whether there are any claims arising out of this transaction. And second, if such claims by CEOC exist, is there a basis for obtaining all or some of the value associated with the success of CIE outside the real money online poker space?

In considering these issues certain facts provide important background:

- Mitch Garber, a successful entrepreneur, was recruited during the Summer of 2008 to lead the online real money poker venture. While he wanted the venture to be housed in a new standalone entity into which he and his management team could invest, in his interviews he was clear that he was indifferent as to where within the Caesars structure – as a subsidiary of CEC or of CEOC – that entity was placed. In a follow-up interview he added that one of his stated goals was to have an entity where regulatory scrutiny was minimized.
- An October 2008 presentation contemplated the new entity as being a subsidiary of CEOC. By December that was no longer the case. Later presentations contemplated CIE being a direct subsidiary of Hamlet Holdings (the entity through which the Sponsors and their co-investors own CEC), but that concept was abandoned at the last minute. One rationale offered for having the new entity as a Hamlet Holdings subsidiary was that separating CIE out from the “bricks and mortar” business would allow it to trade at a higher multiple. Witnesses did not recall why this structure was not pursued.

³⁵ While Marc Rowan told the Examiner that he considered CIE’s success to be at risk from a legal perspective, Mitch Garber – the CEO of CIE – disagreed. It also is clear that TPG has viewed CIE as a valuable asset warranting added investment. In an October 2012 presentation prepared by Apollo, expanded online poker also continued to be described as one of the “[c]ompelling upside opportunities.”

- In the end, CIE became a subsidiary of CEC. Three reasons were presented for not having CIE as a subsidiary of CEOC: the ongoing costs, the potential pressure near term losses would place on loan agreement covenants, and a desire from a regulatory perspective to have CIE as far removed as possible from the regulated gaming entities. Some contemporaneous documents do reference covenant issues, although it was acknowledged by Caesars' witnesses that these issues could have been avoided by creating CIE as an unrestricted subsidiary of CEOC, and thus free of credit agreement restrictions. It also appears that CEOC could have afforded the then contemplated investment.³⁶ The regulatory explanation was first provided by Marc Rowan in his interview. Other witnesses do not recall this concern, although regulatory references are included in a document created when CIE was planned as a subsidiary of Hamlet Holdings. This regulatory concern may be another reason for the plan to create the new entity as a subsidiary of Hamlet Holdings. A gaming regulatory attorney used by Caesars and who had worked with Marc Rowan prior to 2009, but was not consulted about structuring this transaction, said that he regularly voiced general unease about the whole notion of real money online poker and as a general matter believed that it was preferable to separate that business from a bricks and mortar gaming operating company. Once it no longer was going to be a subsidiary of Hamlet Holdings, there is at least a question, however, as to whether there is a material difference from a regulatory perspective between CIE being a subsidiary of CEC or of CEOC.
- Play for fun online poker was part of the CIE business plan. CEOC previously had licensed the WSOP name for these purposes and was forecasted to receive about \$1.2 million annually in gross profit from this source at the time of this transaction through a series of licensing arrangements with third parties. A January 2008 Booz-Allen report prepared for Caesars contemplated that some meaningful revenue would be earned from play for fun and described the then current business as having 45,000 unique monthly visitors playing an average of 13 games each. As of September 2008, however, it was understood within Caesars that play for fun would primarily be used to market real money online poker. It thus was not expected that play for fun would be a material source of revenue. Despite this assumption, in a post-transaction September 2009 presentation to the CEC Board, CIE contemplated that play for fun could produce \$10-15 million in annual EBITDA after 5 years. While CIE witnesses have asserted that this document was just an attempt to "sell" the CEC Board on its businesses prospects, it is unlikely that CIE management would present to the Board numbers they viewed as meaningless.

³⁶ Between 2008-2014, CEOC funded over \$3.3 billion in capital expenditures. So funding the \$95 million in expenses estimated in an August 2008 CEC presentation to secure legalization of U.S. online real money poker would have been feasible. Also, all of CIE's acquisitions were funded via intercompany credit from CEC.

- No independent directors existed at CEOC to evaluate or negotiate this transaction. Thus, while what would have occurred if such directors had been in place cannot be determined with certainty, their absence meant there was no one to advocate, among other things, for CEOC to receive an equity interest or some other way to capture some of the upside (*e.g.*, an earn-out provision) in the new venture. Indeed, all decisions regarding this transaction were made by the Sponsors and the CEC Board. The two person insider Board of CEOC simply ratified the results by executing a written consent. CEOC also lacked its own counsel for this transaction as the same internal counsel and external counsel (OMM) represented CEC and CEOC. All this took place at a time when CEOC was under significant financial stress.³⁸

As discussed above, there is a strong case that CEOC was insolvent at the time of this transaction under the balance sheet and adequate capital tests and a reasonable argument that it failed the cash flow test. As discussed in Section VII.A, *infra*, it also appears that the reasonably equivalent value for the WSOP Trademark and IP (even without attributing any value for the potential upside from real money online gaming) was between \$66.2 million and \$76.1 million, and (assuming this is the value of the WSOP Trademark and IP) that the preferred stock was only worth between \$9.9 million and \$12 million. Thus, subject to the statute of limitations issue discussed below, there is a strong argument that this transaction was a constructive fraudulent transfer. While CEC did obtain a fairness opinion from Duff & Phelps, that opinion substantially relied on numbers provided by a CEC employee who was going to join CIE, the buyer. Moreover, as discussed in Section VII.A and Appendix 7, Valuation at Sections III.A & D, even without including any potential upside as part of the consideration, the opinion overvalued the preferred shares and undervalued what was transferred.

As discussed at Appendix 5, Legal Standards at Section III.A, for there to be an actual fraudulent transfer there needs to be evidence of an intention to hinder, delay or defraud creditors. That evidence can be provided by direct evidence or circumstantially and, as part of their analysis courts look at the presence of so-called badges of fraud. While an argument can be made that the 2009 WSOP transaction also constituted an actual fraudulent transfer because of the presence of certain badges – insolvency and transfer to a related party under the control of CEC – a claim that the transaction was intended to hinder, delay or defraud creditors would be weak. Among other things, this transaction involved decisions on how to advance a particular line of business and, although creditor groups have argued to the contrary, there is no persuasive evidence of any act intended to impact creditors.

Again subject to the statute of limitations issue, there also is a reasonable breach of fiduciary duty claim against CEOC's Board members and CEC, and a reasonable aiding and abetting breach of fiduciary duty claim against the Sponsors arising out of this transaction. CEOC was insolvent, there was no process to protect the interests of CEOC, and there was no

³⁸ Early 2009 was a difficult period for CEOC and until the completion of an April exchange offer there were concerns about the need for a bankruptcy. And in discussing the proposed creation of CIE as a subsidiary of Hamlet Holdings, Craig Abrahams (a Caesars soon-to-be CIE employee) noted that this structure was a positive from a bankruptcy perspective.

business plan, even though only limited revenue was then expected. As discussed above, play for fun non-poker casino games were at least being considered by Caesars at the time of the acquisition. While the play for fun business as it existed and was contemplated pre-transaction is in many ways different than the business developed through the Playtika acquisition, there is a plausible argument that the later business was a natural evolution from the earlier business. Indeed, Loveman told the Examiner that social games and play for fun games were essentially the same. Under this argument, what really happened is that the original business plan envisioned real money online poker to be the significant source of revenue with play for fun providing immaterial added revenue, but in light of the failure to secure broad based legalization of online poker, the roles of these contemplated revenue sources were reversed.

- There also is another type of difference between the play for fun business as it existed pre-transaction and social gaming. The former involved licensing the WSOP brand to third parties who simply would sell their games to users. Social gaming involves using your own platform to allow people to download the game for free with a relatively small percentage of them then spending money on things like “virtual coins.” These games also can be played with multiple players. There is, however, a plausible argument that the social gaming form of play is part of the evolution of the games business generally, and that a company in the 2009 play for fun business would have naturally transitioned to the “social gaming” style of play along with others in the computer/mobile game industry.⁴¹
- The way this transaction was structured, CEOC transferred the WSOP Trademark and IP to an intermediate entity for the \$15 million in preferred shares and moments later in a later step in this transaction, Holding Company (which then became a subsidiary of CEC) transferred that same WSOP Trademark and IP for 5.5 million shares out of the 9.16 million CIE shares that the Holding Company received. The remaining shares were allocated to Holding because of CEC’s \$10 million investment in CIE. At the time CEOC had the ability to contribute this \$10 million.
- In 2013 CEC contributed all its CIE shares to Growth in return for its interest in Growth. In doing so, CEC retained an equity interest in CIE to capture a portion of the upside. This contribution now amounts to a meaningful interest in Growth.

Based on these facts, an argument exists that CEOC’s directors (who were also the CEO and CFO of CEC) and CEC as controlling shareholder wrongfully allowed this corporate opportunity, and 100% of any upside, to be usurped by CEC at a time when CEOC was insolvent. The Sponsors would then be subject to aiding and abetting claims. Damages under such a theory could be lost profits or, possibly, the current value of CIE. The Examiner has not computed what the resulting damage number would be, but using the most recent PwC valuation

⁴¹ While play for fun in 2009 used a licensing model, there is evidence that at least for on line real money poker, the original plan involved CIE ultimately operating its own platform.

of CIE's social gaming and real money online poker in Nevada and New Jersey businesses, the value would be in excess of the billion dollar plus range.⁴² An alternative under this theory of liability would be to award CEOC a percentage interest in Growth based on what portion of CEC's interest in Growth was attributed to CIE. An offset against any damage claim would, at the minimum, be what was spent by CIE on its social gaming acquisitions and amounts invested by CEC in CIE.⁴³

In sum, there are potential theories under which CEOC could recover the full value of CIE. Doing so, however, will be difficult. For example:

- CEOC would first have to demonstrate that it was a clear corporate opportunity rather than just a speculative bet on U.S. legalization. While there is evidence to support the view that it was a genuine opportunity, as discussed above, there also is evidence that by May 2009 Apollo did not view this as a truly valuable opportunity.
- CEOC would have to prove that it was a corporate opportunity that CEOC was capable of exploiting. While it may have had the financial wherewithal to do so, more importantly it would have to establish that there were no genuine regulatory reasons that justified CIE being established as a subsidiary of CEC rather than CEOC. It might be able to do so, but these are real issues.
- CEOC would have to prove that social gaming was the same as play for fun poker and then that in 2009 play for fun was a meaningful part of the corporate opportunity when the clear driver of future profits was without question then perceived to be real money online poker. Again, CEOC might be able to do so, but these too are real issues.
- CEOC would have to prove that the then existing business of licensing to third parties who sell a WSOP game was sufficiently similar to the current business model involving downloading games for free from CIE's own platform for use by multiple players at the same time. Here too, it may be able to do so, but real issues exist.
- CEOC would have to prove that this claim is not barred by the statute of limitations which again, though possible, will not be easy and would require further fact finding.⁴⁴

⁴² Although the Examiner has not fully analyzed or adopted PwC's numbers, what is clear is that CIE's business is very valuable.

⁴³ Playtika was acquired in two stages in 2011 for a combined amount of approximately \$115 million in cash.

⁴⁴ There are two Bankruptcy Court cases which have construed the misappropriation of a corporate opportunity to be transfers and thus to be fraudulent transfers. *Rajala v. Gardner*, No. 09-2482-EFM, 2012 WL 1189773, at *15 (D. Kan. Apr. 9, 2012); *Smith v. Nicholas/Earth*

- A court also could simply conclude that awarding such large damages to CEOC is an unjustified windfall given that in 2009 the business expected to be the driver of profits was real money online poker.

Given all of these obstacles, the Examiner believes that the claim based on recovering the full value of CIE is between weak and plausible – it likely would withstand a motion to dismiss, but there is less than a 50% chance of succeeding. A claim limited to the value of CIE attributable to real money online poker is more plausible, though still difficult. PwC most recently valued this portion of CIE at \$█ million, but that number is likely too high because it includes aggressive assumptions about the future of the real money on line poker business.

While disputes over recovering the “social gaming” value will be the most strenuously contested, to the extent a court concludes that the value of the transferred WSOP Trademark and IP is too difficult to determine, it could order return of the WSOP Trademark along with damages based on profits earned by CIE from the WSOP Trademark and IP since its transfer. The amount of these profits has not been calculated, but would include all profits associated with the use of the WSOP Trademark and IP on the Playtika platform.

In the end, there is a strong constructive fraudulent transfer claim for the \$54.2 million to \$66.2 million deficiency in value between the value of the consideration paid and the value of the asset transferred – the WSOP – at the time of the transfer. There also is a reasonable argument that CIE would not be able to establish that it was a good faith transferee. Facts militating against it being able to do so are the Sponsors’ (who controlled the decision making) knowledge of CEOC’s financial condition, and the manner in which the price was established without any attempt to secure the best possible price. There was, however, a fairness opinion, although various of the assumptions forming the basis for that opinion were supplied by a Caesars’ employee who was going to join CIE. If good faith is not established, CEOC would be entitled to a judgment in the amount of \$66.2 million to \$76.1 million, and CEC/CIE would only be allowed an unsecured claim for the value of the consideration it paid.⁴⁵

2. 2011 WSOP Transaction

The September 2011 transfer of the hosting rights to CIE was a much more straightforward transaction. The transfer was completed in September 2011 and the consideration was \$20.5 million, which was paid by reducing the then outstanding amount owed by CEOC under the revolving loan from CEC. Once again, while CEOC was likely insolvent, no consideration was given to having independent directors at CEOC and the same law firm –

Printing, L.L.C. (In re Bob Nicholas Enter., Inc.), 358 B.R. 693, 701-02 (Bankr. S.D. Tex. 2007). If CEOC were to prevail on such an argument, which is far from certain, it could attempt to rely on the existence of a Golden Creditor to avoid the statute of limitations argument.

⁴⁵ To the extent the value of what was transferred has increased, CEOC could be entitled to its value as of the time of the judgment. Because computing this value for this and other transactions would involve conducting extensive and time consuming new valuation analyses based on 2015 (or later) results, the Examiner has not undertaken this effort.

Paul Weiss⁴⁶ – represented all the relevant parties. And once again no one acknowledges negotiating the \$20.5 million consideration on behalf of CEOC. Although the Sponsors’ approval was needed for this transaction, they played a less significant role in its structuring than was the case with the 2009 transaction. The motivation behind the transfer was concern by CIE that the tournaments were being operated in a manner which undermined the value of the WSOP brand, something which they continued to believe was an important asset.

As part of this transaction, it was necessary to determine what fee the Rio – the CMBS property where the main tournament was held – would pay to CIE for the right to host the tournament since CEOC had never received any compensation from the Rio.⁴⁷ The fee to be charged was the subject of discussion among, at least, Craig Abrahams of CIE, Eric Hession, CEC Treasurer, and Michael Cohen. What an appropriate fee would be is obviously a significant factor in evaluating the fairness of the price being paid to CEOC, and that was understood by those at Caesars involved in this transaction. The higher the fee CIE could receive, the higher the price it should pay for the hosting rights. In this connection, there is a troubling exchange of e-mails which suggests the fee was reduced in order to hold down the purchase price. In this e-mail exchange Cohen questioned why the then draft VRC fairness opinion still had the fee at \$2 million per year for three years and \$7 million a year for two years. Abrahams responded that it is \$2 million a year for 5 years. Hession then said:

I thought it was \$2M for three and \$5M for two. Why did we change it other than to reduce the purchase price.

Abrahams then responded:

We did it to keep the valuation down and to keep the rights fee below what’s in the valuation in the fairness opinion. I would like to see it grow for various reasons (set precedent for future, etc.) but the fair thing is to keep it at \$2M a year.

While the witnesses offer varying explanations for this exchange (*see* Section VII.B, *infra*), they would not be persuasive to a fact finder in explaining why it was appropriate to reduce the rights fee from what had previously been discussed. Moreover, when CEC was contemplating selling the Rio to a third party and allowing the Rio to still host the tournament, it contemplated a licensing fee of \$2 million a year for three years and \$7 million a year for two years.

There are other problematic aspects to this transaction. VRC, as permitted under its engagement letter, relied on information from Caesars but did little, if any, analysis or meaningful diligence in reaching its opinion. Also, as discussed in Appendix 7, Valuation at

⁴⁶ The lawyers at OMM who worked on the 2009 WSOP transaction moved to Paul Weiss in late spring 2011.

⁴⁷ A small fraudulent transfer claim exists against the Rio for uncharged fees for the years CEOC was insolvent – 2009-11. The ability to pursue such a claim would depend on the existence of a Golden Creditor so as to avoid a statute of limitations defense.

Section V.A, the VRC valuation relies upon a number of flawed or unsupported assumptions,⁴⁸ and reasonably equivalent value for the hosting rights was between \$50.3 million and \$55.9 million, not \$20.5 million.

Consistent with the conclusions concerning the 2009 WSOP Transaction, there appear to be a strong constructive fraudulent transfer claim and a weak actual fraudulent transfer claim with damages being the difference in value between what was transferred and what was received, which is between \$29.8 million and \$35.4 million. Any breach of fiduciary duty claim would be time-barred. In light of the negotiating history, there is a reasonable argument that CIE was not a good faith transferee – it knew that CEOC was in a weak financial position and it knew that the price was set without anyone negotiating on behalf of CEOC and that an important element in that price, the rights fee to be paid by the Rio, was artificially set. While there was a fairness opinion in connection with this transaction, CIE knew, or should have known, that some of the key assumptions underlying that opinion were erroneous. In these circumstances CIE would only receive a \$20.5 million unsecured claim in the CEOC bankruptcy and would not receive a lien or offset against the \$50.3 million to \$55.9 million damage award to CEOC. While damages are the most common remedy, CEOC could also seek a return of the hosting rights.

3. 2010 CMBS Loan Amendment and Trademarks Transfer

The 2009 to mid-2012 period also saw various steps being taken under the leadership of Apollo to address the balance sheet problems at Caesars. In connection with CEOC, those steps principally involved a number of debt exchanges which had the effect of extending maturities and purchasing CEOC debt in the market at discounts and securing amendments to credit facilities. For example, during the first eight months of 2012 CEOC entered into transactions which extended various maturities of its term loan from early 2013 until early 2018. In doing so, it paid down between 40% and 50% of the loans held by participating lenders at par and funded that pay down with \$2 billion of first lien notes due in 2020.⁴⁹

A major effort was also made to extend the maturities for the debt secured by the CMBS properties. This effort, led by Apollo, resulted in the 2010 CMBS Agreement. As background, it is important to remember that CEOC was not an obligor or guarantor under the CMBS loans. The CMBS entities were the obligors and CEC was the guarantor of the lease payments in the CMBS structure. At the same time, as a general proposition, a default on the CMBS debt would undoubtedly have a negative impact on CEOC.

The 2010 Amendment had three primary components. The first was an agreement to extend the maturities on this debt from 2013 to 2015. Second, CEC agreed to a program to use excess cash flow to purchase CMBS debt at negotiated discounts with some protection for the

⁴⁸ For example, it assumed that the tournament would be moved from the Rio to a Las Vegas strip property, when there were no plans to do so, and then inappropriately assumed that such a transfer would reduce the revenue associated with the tournament.

⁴⁹ “Caesars Entertainment Discussion Materials” Presentation (Oct. 2012), at PRIV_INVESTIG_00047921 [PRIV_INVESTIG_00047907].

sellers if circumstances improved. And third, the lenders secured various benefits designed to increase their flexibility in the event of a default on the CMBS debt.

One of the benefits that the CMBS lenders secured was that even in the event of a default, they could require CEOC to continue to manage these properties, either for a transition period or for the longer term. In these circumstances the CMBS properties also would continue to pay their share of allocated and unallocated expenses in addition to a management fee, although that fee was effectively paid to CEC, not CEOC, even though CEOC was providing the services. This ability to stay in the system was valuable, because as Gary Loveman, CEC CEO, stated, the CMBS Las Vegas properties were particularly reliant on Total Rewards, the Caesars loyalty program. The agreement also included a license for the CMBS properties to continue to use Total Rewards.⁵⁰

At the same time, the lenders wanted to enhance their ability to leave the Caesar's system in the event of a default. In the view of the OMM lawyer (now Paul Weiss lawyer) involved in the transaction, the attitude of the lenders at that time, who were largely the original 2008 lenders, was that separating from Caesars in the event of a default was a real possibility. Consistent with wanting to make this option easier, the lenders secured ownership of the property-specific trademarks (Rio, Paris, Flamingo). In 2008, they had received a license to use these trademarks, but by securing title to them, the lenders improved their position. What the CMBS lenders did in 2010 thus was to improve their position, whether or not they chose to allow CEOC upon a default to continue to manage the CMBS properties.

CEOC (and its subsidiary owning the trademarks, CLC) received no consideration for this transfer and no fairness opinion was secured in connection with this transaction. As discussed in Section V, Solvency, *infra*, CLC was likely insolvent on the date of the transfer. As calculated by the Examiner, the value of what was transferred was between \$42.9 million and \$123 million.

The transfer was structured so that CEOC, as sole member of its subsidiary CLC, caused CLC, which owned the trademarks, to make the transfers. CEOC acted at the direction of CEC. Because there is a Golden Creditor as to CEOC, but not as to CLC, in order to avoid a statute of limitations defense a constructive fraudulent transfer claim would need to be structured as a claim by CEOC against CEC for directing the fraudulent transfer through a substantive consolidation or veil piercing theory. The Examiner believes that such an argument would be plausible and thereby would allow the CEOC Golden Creditor to apply to this transaction. Thus while there otherwise would be a strong constructive fraudulent transfer claim based on the transfer of these trademarks, because of the statute of limitations issue this is only a plausible claim. *See* Section VII.C, *infra*.

A statute of limitations defense likely would apply to any breach of fiduciary duty claim. These transfers were discussed in public filings in 2010, and there does not appear to be any viable argument that the statute of limitations should be tolled under equitable tolling or

⁵⁰ The entering into a 2010 Amended Shared Services Agreement and the issuance of this license, and the claims flowing from doing so are discussed in Sections VII.C and VIII.D, *infra*.

fraudulent concealment doctrines. And, as discussed above, the Golden Creditor doctrine does not apply to a breach of fiduciary duty claim.

F. The 2012-2014 Transactions

Following the transactions discussed above, CEOC, acting through CEC and the Sponsors (primarily Apollo), began the process which led to a series of transactions which closed in late 2013 and in the first eight months of 2014. The articulated purpose of these transactions was to provide added liquidity to CEOC and extend debt maturities so as to create additional “runway” while awaiting the expected recovery in the gaming industry, to refinance the CMBS debt and, through the creation of two new entities, to secure new investment into the overall Caesars structure while better positioning that structure to exploit development projects.

The two new entities created were Caesars Acquisition Corporation (CAC), a new public company, and Growth. The concept was that the Sponsors and, to the extent they desired, other shareholders of CEC, would invest new capital into CAC, and CEC and CAC would become the shareholders of Growth. The former would hold a majority economic interest in Growth while CAC would be the managing member of this joint venture. The Sponsors and their co-investors were the majority shareholders of both CEC and CAC. No consideration was ever given to providing CEOC with an equity interest in Growth. The theory was that Growth, with its “clean” balance sheet (*i.e.*, not affected by CEOC’s debt), would both develop new business opportunities and acquire properties from CEOC thereby increasing liquidity at CEOC and eliminating the need for CEOC to expand capital on properties requiring capital investment. Ultimately \$1.1 billion was invested in CAC, with approximately \$458 million coming from the two Sponsors. Marc Rowan of Apollo was credited with developing the concept leading to the creation of Growth. When announced, the market reaction to the creation of CAC and Growth was positive.

While these were the articulated goals in creating Growth, an October 2012 presentation prepared by Apollo provides evidence, strongly contested by Apollo and CEC, that there were other very significant goals as well.

First, this document makes clear that CEC and CEOC were in dire financial condition and that it was understood that a major restructuring of CEOC’s debts was a real possibility. For example, while noting that increased liquidity could allow CEOC to repurchase debt at a discount it also made clear that CEOC would lack sufficient cash to make mandatory debt repayments to third parties through 2015 and that:

\$2.2 billion of CEOC EBITDA need to reach FCF [Free Cash Flow] breakeven (vs \$1.4 billion today).

The presentation in articulating “what are we trying to solve for” goes on to state:

It is too early to tell whether this is a restructuring or we will earn a return on our equity.

- But we do know there is substantial risk and variability around the outcome.

A key goal seemed to be to avoid a bankruptcy in the near term:

Extend Caesars’ runway and ensure no negative events during critical time period over the next 12-24 months.⁵¹

Among other things the new investment would:

Invest equity to buy a controlling stake in strategically valuable unencumbered assets.

At the same time, through the creation of Growth, CEC and the Sponsors would enhance their position should a restructuring become necessary:

The investment would

* * *

Be used to support growth, foster deleveraging, and enhance equity value (could facilitate equity issuance for virtuous deleveraging process)

Have significant downside protection and earn a return

Could have ancillary benefits in the event of a restructuring.

And more:

We want to strengthen our hand in a potential restructuring with as little capital outlay as possible.

* * *

A transaction like this is the only way we see it to “have our cake and eat it too”

Gets cash into Company at a critical time

* * *

If things do not work out, our position is substantially improved vs the status quo.

In describing the advantages of this “partnership solution,” benefits flow to CEC:

CEC maintains ownership and upside participation

Less dilutive to CEC.

⁵¹ Apollo witnesses have said this time period was important to allow for a refinancing of the CMBS debt. Another version of the deck refers to this as allowing time for a “turnaround.”

of new money at CAC which could be used to facilitate a CMBS or CEOC restructuring. Such funds, Rowan stated,⁵³ also could be used for such things as purchasing CMBS or CEOC debt at a discount.

It is true that this document does discuss CEC financial issues, but in the discussion of remaining areas of capital structure concern, covenant breach and liquidity problems at CEOC are two of the three areas discussed. The CMBS maturity was the third area discussed. And while it was widely understood that the CMBS structure would need to be refinanced in a different form, with inevitable difficult negotiations, the Sponsors, as acknowledged by Rowan and Bonderman, believed that it would be refinanced. Indeed, the consolidated financial model included in the presentation assumes the CMBS debt would be refinanced.⁵⁴ Because the CMBS debt maturities were coming due before CEOC's, the Sponsors decided to tackle the former first.

It is also true that there is one reference to the cash invested in Growth becoming a "war chest." In context this appears to be a reference to the hope that by making this investment at that time the value of Growth would increase over time and ultimately create such a "war chest." The operating assumption was that properties transferred to Growth were those that would increase in value. Since any "war chest," however, was not in CEOC, but was in Growth, CEOC's creditors presumably would in any restructuring have to agree to material principal reductions or other concessions before the Sponsors would allow any funds in Growth's "war chest" to be used for the benefit of CEOC. Moreover, since CAC was a public company with independent directors, those directors would have to approve any use of Growth's resources to assist CEOC. There is, moreover, a later reference in the presentation about the benefits flowing from the increasing value of the assets in what became Growth. It was described there not as a "war chest" available to facilitate a restructuring, but as something that "[p]rovides downside protection to capital provided by Apollo, TPG and other shareholders upfront."

As noted above, the concept of a "war chest" is used in only one place in the document, and that is in the discussion of why to undertake this transaction "now." The other language quoted above is contained in the portions of the presentation describing the rationale for proceeding with such a transaction at all. It thus does not seem credible that all the other statements are only intended to repeat the same advantage flowing from the creation of a war chest at Growth. Moreover, others, including the CEO Gary Loveman and the principal internal counsel involved in these transactions, had no understanding that a purpose of creating Growth was to have a "war chest" for use in a possible restructuring. Gary Loveman also stated that the notion of a "war chest" was inconsistent with what he was told at the time about the funds raised in the Growth transaction. Rather than being told that Growth funds should be used potentially to facilitate a restructuring, he was instructed by the Sponsors to find ways to spend the money on investments so that expected returns could be earned for the shareholders. Such investments

⁵³ Sambur also described the benefits of "cash" being available.

⁵⁴ See also discussion in Section VII.C, *infra*, regarding the expectations with regard to the CMBS refinancing – the lenders and sponsors all understood that a refinancing was in everyone's interest.

were expected to be in illiquid development projects, making it unclear how this “war chest” could be used later to do such things as buying CEOC or CMBS debt in material amounts.⁵⁵

The most persuasive reading of this document is that it addressed both CEC and CEOC, that the Sponsors’ and CEC’s positions would be enhanced by having gaming assets and funds at Growth and by giving them a significant equity interest in Growth. This would better position them both in any restructuring negotiations, and if there was a CEC or CEOC bankruptcy (which the Sponsors plainly wanted to avoid), the Sponsors would be better able to preserve some value for their investment by having an equity interest in meaningful assets expected to increase in value, including CIE and whatever assets Growth acquired from CEOC. It was also believed by the Sponsors that the value of the assets acquired by Growth would increase over time.

CEC and the Sponsors have also argued that the creation of CGP and all the subsequent transactions were part of an overarching strategy to provide necessary “runway” so that the business would have time to recover. Rowan contrasted “cyclical” problems, where a business is confronting a down cycle but can be expected to recover, with “secular” problems where a business is in a state of permanent decline. In the former situation, which was what confronted Caesars, buying time by creating “runway,” he argued, helps everyone, and particularly more junior creditors who would be harmed by a premature bankruptcy. In the latter situation, he said, an early bankruptcy may be more desirable.

There is no doubt that as a general proposition creating “runway” and avoiding bankruptcy are both desirable. These, however, are not the issues involved in these transactions. The fact that an entity was confronting a cyclical challenge does not mean that it was not insolvent, and here CEOC was plainly insolvent. Once that is the case, it is independent directors, not heavily conflicted equity holders and Sponsors, who should be making the judgments as to whether the price of creating more runway is justified and, if so, the structure and terms of the transactions designed to secure that added breathing space. Here, for example, as discussed in Sections VIII.A, B and D, *infra*, the cost of creating runway was to materially worsen the prospects of CEOC’s Second Lien and unsecured creditors ultimately getting paid. At a certain point, runway may well have been in the interest of Caesars overall, including CERP and Growth, but may not have been in the interest of a deeply insolvent CEOC and its creditors.

1. The Growth Transaction

The transaction presented to the board in November 2012 had been designed by the Sponsors, including as to which assets were to be contributed and sold to Growth. Gary Loveman told the Examiner that it was the Sponsors who selected the assets to be contributed or sold to Growth, although he agreed with those decisions. Work by Paul Weiss and Apollo had been going on in connection with this potential transaction for months, including work relating to the implications for this transaction of a potential CEC or CEOC bankruptcy. Given that CEOC

⁵⁵ In reality, the contemplated development projects have not materialized and Growth has largely purchased more properties from CEOC and invested in CIE. As of December 31, 2013 it had \$1.09 billion in available cash and as of December 31, 2014 it had \$944 million and cash equivalents, including \$452 million it received from CEOC in July of 2014 in the tender offer transaction discussed below.

was a highly leveraged entity in fragile financial condition, factoring in what would happen to the new entity in the event of a CEC or CEOC bankruptcy is hardly surprising and not proof that such a bankruptcy was then considered desirable or likely to occur in the near term. Nonetheless, the fragile financial condition of CEOC was the motivating factor for the creation of Growth and, as reflected in the October 2012 Apollo presentation, it was understood that there was a real risk that the Sponsors' equity could be wiped out in a bankruptcy or major debt restructuring.

When the potential Growth Transaction was described to the CEC Board on November 12, 2012, the goals of the transaction were more straightforward than those described in the October 2012 presentation:

- We want to continue to extend runway, exploit growth opportunities and improve cap structure
- We want to raise maximum proceeds at minimal cost and dilution, without increasing debt load
- Additional debt would likely be prohibitively expensive (junior or first lien debt)
- Significant common equity raise would likely be extremely dilutive and difficult to achieve in current environment
- We want to balance and manage liquidity through investments in capital projects and development that will grow EBITDA⁵⁶

Neither the written materials nor the script prepared for Gary Loveman, Tim Donovan, the CEC General Counsel, and a Paul Weiss partner, referenced any of the “improve our position in the event of a restructuring” or “war chest” rationales discussed above. And none of the CEC independent directors has indicated that he understood that these goals were part of the rationale for the creation of Growth and the related transactions.

The Board was told that to secure CEC's interest in Growth it would contribute a portfolio of CEOC senior notes (with a face value of \$1.1 billion) and its interest in CIE, and that Growth would purchase from CEOC Planet Hollywood, its interest in a Baltimore joint venture then being developed, and 50% of the management fees associated with these properties.⁵⁷ The presentation's fiduciary duty refresher made no reference to the potential insolvency of CEOC or the implications that would flow from such an insolvency, or to the entire fairness standard of review applicable to related party transactions. Instead, it simply briefly summarized the standard duty of care and duty of loyalty obligations under Delaware law.

⁵⁶ “Venture Partners Transaction and Rights Offering, Presentation to the Board of Directors,” (Nov. 12, 2012) PW_EXAMINER_002334786 [PW_EXAMINER_00233478].

⁵⁷ In early October 2012, in anticipation of the Growth Transaction, Apollo insisted, at the last minute and to the annoyance of Gary Loveman, that the Baltimore joint venture agreement allow CEOC to transfer its interest to an affiliated company.

There were two key components to the negotiations surrounding the Growth Transaction. First, there needed to be a negotiation over the value of the assets being contributed by CEC to Growth, as well as the management fees. The more valuable those assets, the higher the ownership percentage CEC, as opposed to CAC, would have in Growth. And second, there needed to be a negotiation over the price Growth would pay to CEOC for Planet Hollywood and the Baltimore joint venture interest. Moreover, the terms of the rights offering under which CEC shareholders and the Sponsors would be given the opportunity to purchase shares in CAC, CEC's public company partner in Growth, also needed to be finalized. Since CAC did not yet exist, the Sponsors negotiated on its behalf against CEC. Because the Sponsors had financial interests on both sides of the transactions, there were concerns about potential claims by CEC shareholders who might choose not to invest in CAC. A committee of independent directors thus was created at CEC – the Valuation Committee – to interact with the Sponsors. There is no evidence that this committee was created because of any perceived obligation involving or concern about CEOC or its creditors.

Caesars' General Counsel and Associate General Counsel have described certain differences of opinion over whether there was a need to create the Valuation Committee at CEC. Indeed, it was only created after the General Counsel of CEC who, uncomfortable with the advice he was receiving from Paul Weiss, that no such committee was required, sought a second opinion from another firm. There is no evidence, however, that those analyzing this issue considered how an insolvency of CEOC would impact an appropriate process for this transaction, or whether independent directors at CEOC would be required.

The CEC Valuation Committee did not adequately address governance issues, at least from the perspective of an insolvent CEOC. Thus:

- While the directors on the Committee were disinterested from the perspective of CEC, they were not disinterested insofar as CEOC was concerned. CEC was going to have a majority economic interest in Growth, the buyer of assets from CEOC. As such, whatever their subjective intent, CEC directors were not the right individuals to be entrusted with protecting CEOC's interests as the seller. Independent directors should have been put in place at CEOC, but this was not done until late June 2014, after all of the most significant transactions were completed.
- The Valuation Committee had limited authority. While as a result of a change in its original charter it was agreed that the CEC Board would not approve a transaction the Committee did not recommend, the Committee could not consider alternate structures, changes in what Growth would receive or acquire or market any assets to third parties. Thus, for example, it was not in a position, as independent directors at CEOC might have been, to argue that CEOC itself should receive some equity interest in Growth. This, among other things, would have been a way for CEOC to capture some of the value of CIE. There is no evidence that this possibility was ever considered.
- Final approval of the transaction rested with the full CEC Board, including the conflicted Sponsor directors. The Committee only could recommend the

transaction. This weakness was partially mitigated when it was made explicit that the Board would not approve a transaction that the Committee rejected.

The Valuation Committee hired its own professional advisors, Evercore (as financial advisor) and Morrison & Foerster (as legal advisor). Evercore was the primary negotiator with the Sponsors, reporting back to the Valuation Committee. One of the most contentious aspects of the negotiation was over how to value CIE. Negotiating from the perspective of a desire to minimize CEC's interest in the new entity and maximize CAC's interest, the Sponsors argued for a very low valuation for CIE. Its initial proposal valued CIE at \$400 million while at the same time PwC valued it at \$ billion.⁵⁸ In the end, CIE's value was placed at \$525 million plus an earnout of up to another \$225 million of incremental value. The notes contributed (having a face value of \$1.146 billion) were valued at \$749 million.

Ultimately, the price paid to CEOC for Planet Hollywood, the CEOC interest in the Baltimore joint venture and 50% of the management fees for these properties was \$360 million. Based on the Examiner's analysis, that amount is between \$437 million and \$593 million less than what would have been reasonably equivalent value. The principal reasons for this difference are:

- Evercore did not use the most recent projections for Planet Hollywood revenue. It had asked to be provided with them, but management did not do so.
- Evercore treated Planet Hollywood as a regional property. While it may not be the equivalent of the most valuable Las Vegas properties, it was a highly profitable Las Vegas hotel-casino, and should have been valued as such.
- Evercore used an erroneous latest twelve month EBITDA number.
- Evercore did not consider the projected EBITDA increases from Project Songbird, the new Britney Spears-Planet Hollywood contract and the renovation of the Planet Hollywood theatre, although it did deduct the related capital costs. They did so even though they had analyses indicating that the positive impact on the value of Planet Hollywood from Project Songbird could range from \$13 million to \$36 million. As discussed in Section VIII.B, *infra*, TPG had stressed how important it was that this agreement, which was reached after the price for Planet Hollywood was agreed but before closing, not cause the purchase price to increase. Caesars' management understood this concern and, while the evidence is not wholly consistent on this point, spoke to Evercore and convinced them that Project Songbird would not have a material effect on EBITDA or their value. Contemporaneous company analyses, however, projected an annual EBITDA uplift of \$8 million per year from Project Songbird.

⁵⁸ The Examiner has not adopted this valuation and, as discussed above, this valuation may have included unrealistically high values for real money online poker. The social gaming business was valued at \$ million. The PwC valuation was used to calculate the value of stock used to compensate and incentivize top CIE management.

of 2012 through the second quarter of 2013 – the very time when the Growth Transaction was being developed – CEOC repaid before the maturity date over \$400 million to CEC under the Intercompany Revolver, and CEC never re-lent any of that money back to CEOC.⁶⁰ If, for example, \$280 million of the Intercompany Revolver had not been repaid CEOC could have retained Planet Hollywood and its ongoing growing EBITDA and had the same liquidity that the sale of that property provided. *See* Section IX.G, *infra*. Based on all of these considerations, there appears to be a strong actual fraudulent transfer claim based on the Growth Transaction.

The Sponsors, among others, have argued that courts will not find the intent required for an actual fraudulent transfer absent egregious facts, and that if there is a legitimate business purpose for a transaction there cannot be the intent required for an actual fraudulent transfer. As to the latter, the presence of some legitimate business purpose is a factor weighing against a finding that there was an actual fraudulent transfer and, in appropriate circumstances, can offset the presence of badges of fraud. The presence of a legitimate business purpose is not, however, dispositive and does not necessarily offset evidence of an intent to hinder or delay creditors. The Seventh Circuit in addressing the issue of whether the requisite intent is present also looks to what the “natural consequences” were of the actions taken. In sum, it does appear that courts look for something more than the ability to identify a few badges as being present, particularly where there is some legitimate business purpose for the transaction. The evidence here, including the October 2012 deck and the various facts discussed above, along with the presence of a number of badges of fraud, provide support for a finding of the necessary intent and there is a strong claim for an actual fraudulent transfer.⁶¹

There also is a strong breach of fiduciary duty claim against CEOC’s directors and CEC, as well as a reasonable aiding and abetting claim against the Sponsors and certain of CEC’s directors affiliated with Apollo. CEOC was insolvent, the process was inadequate, those making the decisions in designing and approving the transaction (particularly the Sponsors) were conflicted and as discussed in the Legal Standards Appendix, the entire fairness standard would apply this transaction. Given the facts discussed above and the deficiency in the consideration, there is a strong case that this standard would not be met.

The amount of damages associated with these claims is the deficiency in the amount of the consideration – between \$437 million and \$593 million. Monetary damages are the most common remedy although as discussed in the Legal Standards Appendix, a court could order return of the properties. Growth also will have to establish that it was a good faith transferee if it is to get the benefit of Bankruptcy Code section 548(c) and obtain a lien for the amount of the consideration it paid (\$360 million for the assets), and thus an offset to the value of the property

⁶⁰ At the same time, changes in the agreement relating to this Intercompany Revolver were made which would make it more difficult for CEOC ever to re-borrow the money. First, the facility was converted from one where CEC was obligated to lend on request to one where lending was at CEC’s discretion. Second, in order to borrow under the facility CEOC would have to represent that it was solvent.

⁶¹ The Sponsors also argue that the presence of counsel obviates the intent required for an actual fraudulent transfer. Again, while that is relevant to the analysis, it is not dispositive, particularly where, as here, many of the factors supporting this claim did not involve legal advice.

rather than an unsecured claim for that amount. Here, Growth's agents for negotiating the transaction were the Sponsors who, among other things, knew of the dire financial condition of CEOC, understood there was a risk of bankruptcy and included as part of their goals in this transaction was the enhancement of CEC's and their position in a restructuring. At the same time, the fact that the transaction only proceeded once a fairness opinion from a reputable investment bank was provided, after genuine bargaining over the price, is important to the assessment of Growth's good faith. Moreover, the intent of the Sponsors to improve their position *vis à vis* CEC and CEOC's creditors may not be attributable to CAC/Growth since there is a reasonable argument that in doing so they were not acting in their capacities as agents of CAC/Growth. There thus is only a plausible argument that good faith will not be able to be established by Growth with regard to this transaction.

2. CERP Transaction

The October 2012 memorandum contemplated that CEC's and the Sponsors' next priority, apart from the creation of Growth, would be the refinancing of the CMBS debt. That refinancing ultimately closed in October 2013 and involved the creation of a new entity, Caesars Entertainment Resort Properties (CERP), which became the borrower on the debt used to replace the CMBS debt. Apollo, acting principally through Apollo CEC director David Sambur, took the lead in all aspects of this transaction, including negotiations with the lenders, and consulted with TPG on the key decisions.

Prior to the 2013 refinancing, CEC had purchased CMBS debt at a discount as part of a successful strategy to reduce the burden of that debt.⁶² Nonetheless, as of June 2013 approximately \$4.5 billion in CMBS debt remained outstanding and the existing CMBS properties did not have value sufficient to support debt in that amount. This so-called "equity gap" varied in amounts over time and as of June 2013 was estimated at \$840 million. Ultimately, this gap was filled in significant part through the transfer by CEOC of the Octavius Tower (Octavius) and the LINQ project to the new CERP entity.⁶³ The Octavius was a recently completed luxury tower in Caesars Palace designed to cater to high-end guests. The LINQ was an ambitious project designed to create a retail-entertainment strip adjacent to CERP and CEOC Las Vegas properties. It also included a casino and the world's largest "observation wheel." As of the time of the transfer CEOC had spent approximately \$875 million on these projects and it was subject to \$450 million in debt which was ultimately assumed by CERP.

No serious consideration was given to using any non-CEOC assets to fill this "equity gap." This was true even though, as discussed above, CEOC was neither an obligor nor a guarantor of the CMBS debt. Other possible sources of equity – CIE and the bond portfolio of over \$1 billion of CEOC debt – were deemed unavailable for the CERP transaction because CEC had already decided to contribute those assets to Growth in order to purchase CEC's majority interest in that entity. The decision to use the Octavius and the LINQ project to fill this equity

⁶² As discussed in Section IX.G, *infra*, at times CEC required CEOC to repay amounts outstanding under the intercompany loan in order to fund these debt purchases.

⁶³ The remainder of this gap was filled by CMBS lenders agreeing not to be repaid at face value and the contribution of \$200 million in cash by CEC with proceeds from a sale of equity in CEC.

diligence, however, they concluded that some of those costs could be eliminated over time and that the value of this consideration was \$329 million to \$426 million. In reaching this conclusion, Perella stated in its opinion addressed to the CEOC Board of Directors that “At your direction, we have assumed that if the refinancing does not occur, the Propcos will almost certainly default on certain debt obligations upon the maturity of such debt obligations in February 2015 and that such default will result in the prompt separation of the Propcos from CEC with no ongoing shared services or relationship.” In reality, however, the “direction” to make this assumption came from Apollo, not from the CEOC Board. More significantly, these assumptions were each very questionable:

- No witness – not from Perella, CEC or the Sponsors – was able to identify any precedent for including avoidance of these kind of costs as consideration in a transaction or fairness opinion.
- The valuation was being conducted in the context of an overall agreement. Also, everyone recognized that a refinancing was in everyone’s interest and virtually certain to occur. While there undoubtedly were disagreements during the process, testimony and contemporaneous documents make clear that the lenders were constructive during the negotiations and, indeed, the refinancing was described by some witnesses as being lender instigated. Although CEC witnesses told the Examiner that they believed the threat the lenders would foreclose was real, a key lender involved in these negotiations has told the Examiner that it was not a realistic possibility that the CMBS lenders would ever end up foreclosing on the properties and assumed Caesars would continue to manage them no matter what occurred.⁶⁵ Another of the principal lenders told the Examiner the lenders’ focus was not to take over management of the CMBS properties but to negotiate a deal. A Paul Weiss lawyer, describing these negotiations, said he was told by lenders’ counsel that the lenders wanted to reach a consensual refinancing. Internal Apollo analyses assume and TPG and Apollo witnesses acknowledged that they expected the CMBS debt to be refinanced. And Marc Rowan stated that if in 2015 – when the debt matured – CEC continued to make the lease payments, they would not necessarily be in a restructuring. The actual chances of a default thus were far from “almost certain.”
- Perella ignores the fact that while also securing additional rights should they want to leave the Caesars’ system, in 2010 the lenders also negotiated for the right after a default to remain in the Caesars system, with CEOC still managing the properties, either for a transition period or for the long term. These rights were embodied in an Amended Shared Services Agreement and new management agreements. Presumably the lenders wanted the ability to do so because, as the Caesars’ witnesses have uniformly maintained, the value of these properties would be materially diminished without the benefit of Total Rewards. While the Amended Shared Services Agreement was in their files, Perella witnesses told the Examiner they did not focus on it in connection with their valuation. They also

⁶⁵ The holders of the CMBS debt had changed since the 2010 negotiations.

than offset what they computed to be the \$292 million in equity value of the LINQ/Octavius assets being transferred. As discussed above, no value should have been attributed to the reallocated costs. In addition, while the Examiner's analysis attributes less value to the LINQ retail than does Perella, on an overall basis the equity value of the assets transferred as determined by the Examiner was between \$329 million and \$427 million, with a midpoint of \$378 million.⁶⁹ Thus, the Examiner's conclusion is that rather than a net benefit, CEOC suffered a net loss in the CERP Transaction of between \$200 million and \$298 million, with a midpoint loss of \$249 million. As discussed in Section VIII.C, *infra*, there were investor complaints about the adequacy of the consideration at the time this transaction was announced.

Although from the overall Caesars' perspective it was reasonable for CEC to refinance the CMBS debt, the manner in which it was accomplished gives rise to various claims by CEOC. First, there is a strong constructive fraudulent transfer claim arising from this transaction which, due to the way it was structured, does not fall within the section 546(e) safe harbor. There is a strong likelihood that CEOC was insolvent at the time of this transaction and a strong argument that the consideration received by CEOC did not constitute reasonably equivalent value.

There also is a strong actual fraudulent transfer claim arising out of this transaction. First, there are a number of badges of fraud present – inadequacy of consideration, insolvency and transfer to an entity 100% owned by CEOC's parent. Second, like the Growth transaction, this transaction involved removing potentially valuable assets from control of a financially troubled CEOC to a more stable entity controlled by CEC and the Sponsors.⁷⁰ Third, Apollo presented assumptions to Perella involving the allocated costs issue which it knew or should have known were highly questionable. And most importantly, CEC and the Sponsors were on both sides of the transaction – buyer and seller – and actively sought to secure the lowest price for the seller, CEOC, thereby clearly harming CEOC's creditors. Not only did Apollo first propose that no consideration for CEOC was required beyond the purported indirect benefits discussed above, but they bargained down the amount of the consideration that Perella said would be required for it to be able to render an opinion that CEOC was receiving reasonably equivalent value, and provided questionable assumptions which were critical to Perella's opinion. While there may have been a legitimate business purpose from CEC's and CMBS' perspective for this transaction, any such benefit to CEOC was less direct. In any event, any legitimate business purpose was far outweighed by the evidence of intent discussed above.

There also is a strong breach of fiduciary duty claim arising out of this transaction against CEOC directors and CEC as controlling shareholder of CEOC. In addition, strong aiding and abetting claims exist against Apollo and one of the Apollo CEC directors and a weak claim exists against TPG. The corporate governance process surrounding this transaction was more than deficient; it was non-existent. As discussed above, the same people acted for CERP and CEOC and actively sought to minimize the consideration paid to CEOC. The CEOC directors were also

⁶⁹ The Examiner's analysis for example, values the Octavius as worth between \$213 million and \$240 million. Perella valued it at between \$162 million and \$203 million. In August 2013, Apollo valued the Octavius at \$280 million, more than the Examiner's valuation.

⁷⁰ As a result of the refinancing of the CMBS debt, CERP, according to Perella, was in a financially secure position.

officers of or counsel to CEOC. All this occurred at a time when CEOC was insolvent. Moreover, CEOC had no independent advisors. Perella, which provided the opinion to the CEOC Board, was not selected by the Board and its substantive interactions were with Apollo and Paul Weiss, who represented CEC, CEOC and CERP at the same time.⁷¹ There thus is a strong argument that the entire fairness standard would not be satisfied.

The damages arising from this transaction begin at between \$329 million and \$427 million, the value of the property transferred. It has been argued that another aspect of damages to CEOC flowing from this transaction flows from the fact that CEOC no longer owns the most modern and luxurious tower of the hotel which is part of its crown jewel – Caesars Palace in Las Vegas. Instead, it has a 15 year lease for Octavius, with no contractual right to a renewal or certainty as to the terms of any renewal. The economics of this arrangement – Octavius is a critical source of revenue to CEOC, but CERP’s actual investment plus a significant return is earned by CERP within the initial lease term – gives CERP leverage in any actual lease extension negotiation. There thus is a reasonable claim that the substitution of a lease for ownership of the Octavius adversely impacts the value of Caesars Palace. While it may not be practical for CERP to operate Octavius as an independent property, its agreement would necessarily be required in connection with any sale or refinancing of Caesars Palace. Valuing what thus could become a “hold up” right is, however, very difficult, and no monetary value has been ascribed to this “right” in the above damages calculation. Although the difficulty of quantifying this damage might suggest that a court could order as a remedy the return of Octavius instead of awarding damages for the transfer of this asset, returning the Octavius would be problematic from the perspective of the lenders, which expressly bargained for the inclusion of the Octavius as part of their collateral package. While the Examiner has not undertaken an exhaustive investigation of whether the CERP lenders were transferees in good faith, based on the available evidence it appears that they would be good faith transferees entitled to the benefit of their lien.

There also is at least a reasonable case that CERP will not be able to establish that it was a good faith transferee in this transaction given the manner in which the price was determined, including an effort to obtain the lowest price possible, and the fact that the knowledge of the Sponsors and CEC as to the financial condition of CEOC will be attributed to CERP for which they acted. Under these circumstances, CERP would not be entitled to a lien for the consideration it did pay – the cash and bonds valued by the Examiner at \$129 million – and would instead receive an unsecured claim for that amount in CEOC’s chapter 11 proceeding.

3. Four Properties/CES/Total Rewards

While the CERP and Growth transactions were being closed, work was already underway by Apollo on potential additional transactions. Analyses being done in the Fall of 2013 made clear that by the end of 2014 CEOC would effectively run out of money absent additional actions. And, as early as mid-2012, the Sponsors understood that CEOC would face a liquidity crisis by the end of 2014. The amount needed to avoid such a result and ensure liquidity going forward, as described in a CEC Board presentation prepared in November 2013 time frame, was

⁷¹ Perella Weinberg’s contact with CEC/CEOC financial staff was limited to due diligence type issues.

around \$1.9 billion. Given the already existing leverage at CEOC, issuing new debt that did not largely replace existing debt was not considered to be a viable option. Attention thus turned to additional asset sales. During this same period Apollo also was exploring various debt refinancing options, all of which involved releasing all or part of CEC's guarantee of CEOC's bond debt. These potential transactions, and the transactions involving the later release of the bond debt, are discussed below and in Sections IX.A-C, *infra*.

Apollo, apparently with some input from some Caesar's management, identified four properties to be sold – Bally's Las Vegas, Bill's (now the Cromwell), the Quad (now the LINQ) and Harrah's New Orleans. Once again, the CEO of CEC and CEOC has stated that he had no role in the selection of these assets for sale; it was, according to him, a decision made by the Sponsors. Ultimately, this process led to the sale in May 2014 of the Four Properties plus 50% of the management fees that CEOC would otherwise charge to manage these properties to Growth for \$1.815 billion in cash and the assumption of \$185 million in debt. Also part of this transaction was the transfer of 31 acres of undeveloped land and the creation of a services company, CES, to which CEOC transferred a broad irrevocable, royalty free license to Total Rewards and the property and company-wide management services which it previously had provided both to CEOC and non-CEOC properties within the Caesars structure. The details of the CES and Total Rewards aspects of this transaction will be discussed following an analysis of the overall transaction.

a. The Four Properties

The concept of CEOC selling these properties to Growth was presented to the CEC Board on November 26, 2013. Consistent with how the initial Growth Transaction was presented to the Board, it was described as a management proposal, although it was conceived by Apollo, which then secured the agreement of TPG. The CEC Board approved proceeding with this potential transaction, and Gary Loveman then wrote to Mitch Garber, CEO of Growth and CAC inviting a proposal. Each of the CEC and CAC Boards created special committees of independent directors to negotiate the transaction. No independent directors were appointed at CEOC although the subject of having such directors was discussed by Paul Weiss at least with Apollo in late 2013 or very early 2014. Before discussing the ensuing negotiations, some preliminary observations are:

- As with the Growth Transaction, creating a special committee of CEC independent directors did not protect CEOC's interest. While purportedly negotiating to sell CEOC assets, they were directors of a company which was the majority owner of the buyer. And CEOC was an insolvent entity with obligations to its creditors. Thus while the involved CEC directors acted with subjective good faith, as an objective and legal matter they were in a hopelessly conflicted position. Indeed, the lead independent CEC director on this committee acknowledged that while he did not see a conflict between CEOC and CEC, "CEOC and its obligations were not a consideration to the best of my recollection."
- While a few documents, including a December 2013 deck used for presentations to regulators, suggested the sale of these properties could be to third parties, that was not the plan. As with other transactions, the decision was made by CEC and the

CEC to retain an equity interest in these properties through their interest in CAC and Growth, even if there were a CEOC bankruptcy.⁷⁴

The CAC Special Committee retained Lazard as its financial advisor and Skadden Arps as its counsel. The CEC Special Committee retained Centerview as its financial advisor⁷⁵ and Reed Smith as its counsel. Because of the need under certain debt covenants that CEOC, and not just CEC, obtain an opinion that any transaction was on terms no less favorable than would be obtained in a comparable arms-length transaction – an opinion which as a matter of policy Centerview does not provide – Duff & Phelps was also retained by the CEC Special Committee to provide that opinion to the CEC and CEOC Boards.

On January 26, 2014 the CAC Special Committee conveyed an offer of \$1.75 billion less assumption of the \$185 million under the Bill's credit facility. It also conditioned that offer on satisfactory assurances regarding access to Total Rewards, such as by transferring the assets underlying that program to a bankruptcy remote entity. As discussed below in the discussion about CES and Total Rewards, a term sheet for a new services company to take over CEOC's system-wide management responsibilities and Total Rewards had already been created for Apollo prior to this demand being made. The evidence is that Apollo began this process in late 2013 because of concerns about a possible CEOC bankruptcy or in anticipation that CAC would demand that such an entity be created for the same reasons. The CAC Special Committee's offer also required that a solvency representation be provided for CEOC.

The CEC Special Committee considered the CAC offer to be unrealistically low and responded with a counter-offer of \$2.75 billion which it hoped would cause CAC to become more realistic.⁷⁶ At the time of this counter-offer, Centerview, using the January Business Plan which was largely based on the existing Board approved Caesars budget and the existing long range plan numbers, valued the Four Properties and 50% of the management fees as worth between \$1.9 billion to \$3.5 billion. The CEC Special Committee also rejected the request for a solvency representation.

Lazard, on behalf of the buyer, believed that the January Business Plan was premised on unrealistically optimistic projections, and that view was passed on to Centerview with a clear message: that CAC would not likely agree to a transaction at the midpoint between the two offers and that CEC should review the reasonableness of the CEC management projections. At

⁷⁴ It has been argued that if fair market value was paid for the assets then creditors cannot be adversely affected. That may be true if one only considers the financial condition of CEOC at the moment of closing. But since proceeds were quickly used to fund cash shortfalls, the loss of EBITDA means creditors are less likely to be paid back principal although it did allow them to receive some interest.

⁷⁵ While the Sponsors indicated varying degrees of unhappiness over how Evercore performed in connection with the Growth Transaction, there is no evidence that this influenced the decision not to retain them for this transaction.

⁷⁶ The counter-offer also rejected the idea of creating a bankruptcy remote entity to hold the Total Reward assets.

the same time Kleisner⁷⁷ (who says he did this independently from any such communications from Lazard) asked CEC to review its projections. He told the Examiner that he did so because of certain “red flags” he saw upon reviewing the numbers and because of input from fellow committee member, and longer serving CEC Board member, Lynn Swann, that Caesars consistently missed its budgets. Following a review by the CEC finance team, a set of revised projections was created – the February Business Plan – which in the aggregate reduced the EBITDA projections by more than 12%. The February Business Plan was then provided to Lazard, which noted that as a whole it closely approximated Lazard’s own views. Even if a seller lowered its projections for internal use, it would not necessarily provide them to the prospective buyer. Kleisner stated, however, that in these circumstances doing so was just being realistic and would facilitate a negotiated resolution. It is clear that the CEC Special Committee understood that there were time pressures to get a deal done quickly in order to avoid a going concern qualification. While the CAC Special Committee may not have been aware of the going concern issue, they plainly knew that CEOC needed cash and there is evidence in the CAC Special Committee minutes that they knew that CEOC was under time pressure to get a deal completed.

The February Business Plan numbers thereafter formed the basis for the CEC Special Committee’s negotiating position. Moreover, the financial advisors’ opinions relied on them. Indeed, Centerview stated in its Board presentation that it had been directed by CEC to use these numbers. After some back and forth, on February 10, 2014 the two Special Committees agreed on a price of \$1.815 billion plus assumption of the Bill’s debt of \$185 million.

As discussed in Section VIII.D, *infra* and Appendix 7, Valuation at Sections XIII.C-D, the Examiner believes that there are a variety of weaknesses in the Centerview and Duff & Phelps analyses which led to the undervaluing of these properties. A significant cause of their doing so was their reliance on the February Business Plan rather than on the January Business Plan as updated in the ordinary course (which became the March Long Range Plan). CEC and CAC argue (among other things) that it was appropriate for them to do so because Caesars regularly failed to make budgets and the properties have thus far underperformed the ordinary course numbers. CAC particularly stressed that the Lazard numbers have been the most accurate predictor of future performance. The Examiner disagrees for the following reasons, while recognizing that in any litigation this will be a vigorously contested issue.

- As a general proposition, valuations should be based upon a company’s ordinary course numbers, and not on numbers created solely to support a particular valuation or outcome. (*See* Section VI, Projections). This is precisely what happened here. The February Business Plan was used for no other purpose. Whether in dealing with auditors, lenders, regulators or for Caesars’ compensation, it was the January Business Plan as updated in the ordinary course that was used. Indeed, as the January Business Plan was regularly updated, it was those updated numbers, not the February Business Plan, which formed the basis for presentations by CEC management to the CEC Board and which generally reported positive results (except as to Atlantic City).

⁷⁷ Kleisner is an experienced hotel executive.

- While it is true that Caesars as a whole routinely missed budgets, that was in material measure driven by failures to forecast accurately the Atlantic City market collapse, where between 2008 and 2014 EBITDA declined from \$602 million to \$131 million. Over the years 2011-13, the properties being sold met projections in some years and failed to do so in others. In the aggregate the properties missed budgets during this period by 2.8%; the reductions in the February Business Plan were more than 12% in the aggregate.⁷⁸ Further, Caesars had already reduced its revenue and EBITDA projections in Q3 2013, prior to the creation of the January Business Plan.
- While Deloitte had earlier raised questions concerning the Caesars projection process, by 2013-2014 it considered that process to be appropriate and was told by management that the projections process was reasonable.
- As discussed above, generally speaking the test for projections is what is known and knowable at the time, not future performance.⁷⁹ Here this is particularly true, since these properties were transferred in mid-2014 and in 2015 performance as to some of them improved.

Included in this transaction were 31 acres of undeveloped land. CEC has maintained that this land was a necessary component of this transfer because it was needed to satisfy county parking requirements for the transferred properties. But easements for 25.8 acres of land had already been granted for parking for use by the Flamingo, the Quad and the LINQ project.⁸⁰ None of the financial advisors (Centerview, Duff & Phelps and Lazard) knew that the 31 acres were included in the transaction and therefore none of them considered its value in reaching their conclusions. Among the others who were unaware or were unable to recall that this land was part of this transaction were Kleisner (the lead CEC Special Committee negotiator), Beilinson (the lead CAC Special Committee negotiator), and Loveman (the CEO).

⁷⁸ CAC presented an analysis going back to 2009 (based on the long range plan developed in 2008) showing the percentage by which budgets were missed was significantly more than 2.8%. Given the nearly unprecedented collapse in the overall economy during those years, including budget misses from that period, this analysis does not seem to be an appropriate way to measure the general accuracy of management projections.

⁷⁹ A good example of this is the smoking ban that went into effect in April 2015 for New Orleans: it was not known or knowable at the time and has had a negative impact on results there.

⁸⁰ These easements were granted in 2011 in exchange for a payment to CEOC of \$1.7 million a year plus an annual increase of 3%. As discussed in Section VIII.D, *infra*, and Appendix 7, Valuation at Section VIII.G.1, this payment does not constitute payment of reasonably equivalent value with the deficiency being between \$18.7 million and \$59.6 million. Those numbers, however, rely on a number of assumptions. The failure to pay reasonably equivalent value for these easements would constitute a fraudulent transfer, but because of the uncertainty about the valuation related to this easement, the most that can be said is that it involves a plausible claim.

eliminated on the eve of CEOC's bankruptcy, the CES agreement provided that CEOC would lose all its governance rights should it file for bankruptcy. *See* Section VIII.D, *infra*. While CES expenses incurred solely on behalf of a particular property are allocated 100% to that property, other expenses (such as the operating expenses and annual baseline capex for CES) are allocated to the three members pursuant to formulas based on relative Net Revenues or an alternative methodology that is unanimously agreed to by the Steering Committee. The allocation percentages were 70% to CEOC, 24.6% to CERP and 5.4% to Growth.⁸¹

Total Rewards was universally recognized by all the Caesars and Sponsor witnesses as being an extraordinarily successful proprietary and industry leading customer loyalty program. It uses advanced data analytics and behavioral tracking technologies to incentivize customers to use Caesars properties wherever they gamble and thereby to maximize overall enterprise profitability. By treating all of Caesars as a unified entity, without regard to whether a property is part of CEOC, CMBS/CERP or Growth, the philosophy is that all properties perform better.

Customers who play at regional casinos earn points which enable them to have benefits at destination properties (*e.g.*, Las Vegas and, to some extent, New Orleans). This both funnels customers from the regional to the destination casinos and encourages patronage of the regional casinos, as customers know that by doing so they will earn benefits at the destination properties. Caesars also uses the data accumulated through Total Rewards to adjust its business and marketing strategies and target customers with specific marketing promotions, direct mail and social media. One consequence of these efforts is that a significant percentage of the gaming "play" in its casinos is cross-market play, where customers who have a dominant location within the Caesars' network play at other Caesars' properties.

Through Total Rewards Caesars has been able not only to earn more than its "fair share" of revenue in regional and destination markets, but also to significantly increase the amount of its non-gaming revenue in Las Vegas. Because of the impact of Total Rewards, there is evidence – and this is certainly what Caesars and the Sponsors believe – that properties are materially more profitable within the Caesars' system than outside it. Examples have been provided where regional properties have been sold and suffered meaningful EBITDA declines. Planet Hollywood is a good example of a pre-existing property joining the system and then seeing its EBITDA significantly increase.⁸²

The creation of CES raises a number of issues, many of them revolving around Total Rewards. For no consideration beyond that attributed to the value of the Four Properties themselves, CEOC granted an extremely broad license to a very valuable intellectual property

⁸¹ There is a dispute as to whether the 5.4% allocation to Growth (with CERP picking up the other 5.4%) was a one year or permanent commitment.

⁸² Section VIII.F, *infra*, contains a more complete description of Total Rewards and how it compares with other customer loyalty programs.

and, at the same time, lost a degree of control over how that intellectual property could be further developed and used.⁸³

The first issue is whether CEOC should have received compensation for the license. The answer to this question is different for Growth and for CERP. As to the former, the four properties were valued on the assumption that their EBITDA reflected the benefits of Total Rewards, and that they would continue to have access to it. Moreover, it was an explicit condition to the CAC bid that continued access to Total Rewards be ensured. Thus, CEOC, in essence, was compensated through the purchase price⁸⁴ for these properties being able to use Total Rewards in the future. While the negotiations over the sale of Planet Hollywood and Baltimore did not explicitly address access to Total Rewards, it is clear that access to Total Rewards was assumed in determining the purchase prices for those properties. Thus, any claim against Growth relating to its receipt through CES of a license for Total Rewards for these properties is not viable. To the extent Growth seeks to acquire or develop new properties and allow them access to Total Rewards, under the CES operating agreement CEOC has a veto right. It thus can at that time demand that it be paid a fee for allowing that access (although in practice, such a demand may be unlikely). If Growth is a minority owner, the agreement is silent as to the applicability of the veto right, but theoretically there is nothing stopping CEOC from demanding a fee.⁸⁵

The situation as to CERP is different. CEOC never received any compensation for the transfer of those properties to the CMBS entities in 2008. Moreover, it was never compensated for providing management services to those properties beyond receiving reimbursement for allocated and unallocated costs. Analysis of this issue requires consideration of the facts as they existed both before and after the creation of CES. In 2010 the CMBS entities did start to pay management fees, but those payments went to CEC. Given the fact that CEOC was insolvent from December 31, 2008, CEOC should not have been providing either uncompensated management services or free access to Total Rewards. Originally it was doing so based upon an agreement entered into in connection with the LBO when CEOC was solvent. In August 2010, however, it entered into new agreements which required the provision of these services and the access by the CMBS properties to Total Rewards, again without compensation. It is common in the hospitality industry for management agreements to include access to loyalty programs. As discussed in Section VIII.D, *infra*, the Examiner has calculated what an appropriate management fee would be for CEOC to have charged the CMBS/CERP entities. That fee is tied to the performance of the CMBS/CERP properties and includes a base fee of 2% of net revenues and an incentive fee of 5% of EBITDA. Damages from September 2010 through May 20, 2014

⁸³ A license was used instead of simply transferring Total Rewards to avoid potential issues under the CEOC credit agreements.

⁸⁴ This assumes the purchase price was reasonably equivalent value. As noted in Section VIII.D, *infra*, the Examiner has concluded that CEOC should be compensated for the deficiency in that price through fraudulent transfer and breach of fiduciary duty claims.

⁸⁵ See Section VIII.D, *infra*, for a full discussion of CEOC's rights following the creation of CES.

agreement, or in any manner approved by a majority of the CES Steering Committee (*i.e.*, it does not require CEOC's consent). In the past, however, CEOC has not been successful in licensing Total Rewards to third parties.

While CEOC thus has lost some of the attributes of ownership by virtue of the CES agreement and the Total Rewards license, the Examiner has not identified any nonspeculative way to measure any resulting damage. At the same time prior to the creation of CES, CEOC was responsible for advancing 100% of the capital costs associated with Total Rewards improvements⁸⁷ and 100% of the operating costs. After the creation of CES, it is responsible for only 70% of those costs.

It also has been argued that CEOC transferred the intellectual property underlying Total Rewards to CES without compensation. It is true that this intellectual property arguably has its own independent value apart from its contribution to the EBITDA of participating properties. The issue, however, is whether such intellectual property is capable of being sold. Past efforts to license it to non-Caesars properties has not proved successful. Selling it as an overall system for use in someone else's loyalty program is very problematic. Apart from the fact that doing so is not consistent with continuing to operate as an ongoing business, the market of potential buyers for a system so tailored to gaming is really only other gaming companies. And the willingness of those companies to acquire Total Rewards is highly speculative.⁸⁸ Thus, the Examiner does not believe that this aspect of claimed damage produces anything more than a weak claim.

Two other categories of claims have been raised relating to the creation of CES. First, it has been suggested that CEOC in effect transferred a property management business. While it is not clear that CEOC's providing services to other parts of the Caesars' system constitutes a management business, CEOC continues to receive 50% of the management fees for the properties now owned by Growth (even though it is not providing these services) and was compensated for the other 50% in connection with the sales to Growth. As to the CERP properties, any potential loss would be compensated through the combined management services/Total Rewards remedy discussed above.

Second, it has been alleged that by divesting CEOC of general management services and senior property level management, CEOC has been made less saleable. Any strategic buyer would, however, likely want to provide its own centralized services and senior management. While that may not be the case for a financial buyer, any resulting damage is very speculative.

Creditors have also articulated another potential claim for damages arising out of the operation of the Total Rewards system unrelated to the Four Properties Transaction. The claim is based on the fact that over time CEOC properties export more gaming revenue through Cross-Play to non-CEOC properties than they receive. This is true because CERP and Growth

⁸⁷ It would recoup those costs via depreciation deductions.

⁸⁸ CEOC had previously entered into joint marketing agreements with non-gaming companies which used the Total Rewards customer list. Although after the creation of CES they can no longer do so, the Examiner did not analyze any resulting loss, since the amount of such loss is not likely to be material.

have independent directors at CEOC, this transaction will be analyzed under the entire fairness standard. CEOC's non-independent directors approved the transaction without considering whether removing this amount of ongoing revenue would adversely affect CEOC's ability to repay its creditors. CEOC was insolvent, no attempt was made to value the 31 acres or the Total Rewards license, projections were created solely for use in this transaction, and the consideration was significantly deficient. While some process was put in place at CEC (primarily to protect against CEC shareholder claims), no process was put into place at CEOC to protect its creditors. Thus, since this transaction both fails to involve a fair process or a fair price there is a strong breach of fiduciary duty claim against the CEOC directors and CEC, and a reasonable aiding and abetting claim against the Sponsors and the Apollo CEC directors given their central roles and activities on behalf of CEC and Apollo.

Based on the Examiner's analysis discussed above, the fraudulent transfer damages arising out of these claims are between \$592 million and \$968 million for the value shortfall of the properties, plus \$109 million to \$140 million for the undeveloped land, plus the CES related damages. The diminution of the overall value of CEOC would not be recoverable under the fraudulent transfer claims. A reasonable claim exists that CEOC's multiple degradation damages, along with the same damages as would be recoverable under the fraudulent transfer claims, would, however, be recoverable under a breach of fiduciary duty claim. That claim would be based on the Growth, CERP and Four Properties Transactions and is valued at \$516 million. If fair prices had been obtained in these transactions, it is unlikely that a court would award damages for the negative impact of these sales on the value of the remaining enterprise. Once a court finds, however, that this is not the case, and a breach of fiduciary duty has occurred, there is a reasonable argument that (unless the properties are returned) a court would award damages for this diminution in value in order to put CEOC in the position it would have been absent the improper transfers. *See* Section VIII.E, *infra*.

Any claim, however, that CAC/Growth is not a good faith transferee would be weak. It operated through a Special Committee of non-Sponsor directors. While it certainly knew (or had to assume) that CEOC was insolvent and was under some time-pressure to sell, it also knew that (i) the CEC Special Committee had received multiple fairness opinions, (ii) its own financial advisor would not have given them a fairness opinion at a price above (or at least materially above) \$2 billion, and (iii) it was advised that the proceeds of the sale would be used by CEOC to meet liquidity needs, including to pay creditors. While it can be argued that its awareness that new projections were created for this transaction is evidence of bad faith, unlike as to CEC or CEOC, there is no evidence they were aware that the so-called February Business Plan was used for no other purposes, and it relied on Lazard's analysis of, and adjustments to, the January Business Plan (not the February Business Plan) in making its decisions.

4. B-7 and Related Financing Transactions

While the Four Properties Transaction was proceeding, CEC was also working on a series of related financing transactions which provided additional "runway" for CEOC, and also purported to release the guarantee by CEC of certain CEOC notes (the Bond Guarantee). These related transactions ultimately involved the following: the B-7 loan which provided \$1.75 billion under CEOC's term loan; certain tender offers through which proceeds of the term loan were used to pre-pay at par or at a premium over par various categories of debt, including junior debt,

Guarantee was an initial goal of the Sponsors and of CEC in connection with the B-7 loan. What is clear is that by eliminating the Bond Guarantee and by changing the form of the Term Loan guarantee, CEC greatly reduced the risk that it would be dragged into a CEOC bankruptcy. And as discussed above, by the end of 2013 the risk of an unwanted CEOC bankruptcy was perceived to be increasing.

While it is clear that release of Bond Guarantee through the sale of some of CEC's equity in CEOC ultimately became a condition to funding of the \$1.75 billion B-7 loan, the Examiner heard two versions about how that condition came to exist.

According to Sambur, in initial meetings with BlackRock and GSO the most that was said about the Bond Guarantee was that CEC may release it. The two BlackRock and GSO participants, however, each told the Examiner that they were expressly told at the outset that CEC had made the decision to release the Bond Guarantee and that their pricing of the loan was always based on that assumption. Sambur denies that this took place. GSO said that it would have proceeded even without the guarantee release, albeit on different financial terms, but BlackRock was uncertain as to how it ultimately would have proceeded.

The early term sheets did not state that the loan was conditioned on the Bond Guarantee being released. Instead through the use of a Most Favored Nation (MFN) provision they provided, in effect, that the Bank Guarantee only became a guarantee of collection when and if the Bond Guarantee was released. In a communication between counsel in early April, however, counsel to GSO/BlackRock stated that his clients wanted certainty as to the Bond Guarantee release prior to funding. This led to a telephone conference between Apollo (Sambur and a more junior colleague)⁹⁶ and BlackRock/GSO in which Apollo agreed to this request, and to release the Bond Guarantee through the sale by CEC of CEOC equity as a condition to funding. While there is a dispute as to the contents of the earlier conversations it seems clear that this was the conversation where agreement was reached on the condition to funding.

Based on listening to the witnesses and reviewing the documents, the Examiner believes that the most credible version of the events is that in initial conversations with Blackrock and GSO the issue of the guarantee was discussed; that in those conversations Sambur, in some way, made it clear that CEC was going to exercise what it believed to be its right to release the Bond Guarantee; that the lenders plainly understood that this would be beneficial to them; that initially this release was addressed as something which would happen after funding; that the likelihood of that happening was extraordinarily high since the release of the Bond Guarantee was necessary for CEC to achieve another important goal – the conversion of the Bank Guarantee from one of payment to one of collection; that having factored the guarantee release into its pricing and being unable to secure other ways to ensure their priority at least over holders of the existing Bank Guarantee,⁹⁷ BlackRock and GSO insisted that the previously discussed Bond Guarantee release become a condition to funding; and that Sambur then told everyone that the Bond Guarantee

⁹⁶ Alex van Hoek, Sambur's subordinate, was not involved in the initial discussions, but stated that releasing the Bond Guarantee as a condition to funding was not agreed to until April 2014 at the lenders' request.

⁹⁷ They had wanted their guarantee to have some priority over the existing Bank Guarantee.

release as a condition to funding was a lender demand. Among other things supporting this view are the following:

- Releasing the Bond Guarantee was the subject of all the various potential debt exchange and related transactions being considered by Apollo in the Fall of 2013.
- In the November 26, 2013 Board presentation focusing on the Four Properties Transaction, selling stock to release the Bond Guarantee was identified as a potential next step.
- In a December 2013 presentation prepared for regulators, the “Plan” for CEOC included releasing the Bond Guarantee through the sale by CEC of CEOC stock. Rowan said this was intended to be accomplished through debt for CEOC equity exchanges although the document refers to a sale and a separate subsection of the Plan discusses debt for equity exchanges.
- As concern over a possible CEOC bankruptcy increased in the late Fall of 2013, the importance of converting the Bank Guarantee to a guarantee of collection increased.
- Taking steps to avoid CEC to be automatically drawn into a CEOC bankruptcy was important to CEC and the Sponsors and eliminating the Bond Guarantee and modifying the Bank Guarantee were necessary to accomplish this goal.
- Paul Weiss was providing advice in early March 2014 on the topic of potential CEC director liability for release of the Bond Guarantee by selling equity in CEOC.
- The importance to CEC of eliminating the Bond Guarantee was demonstrated by the fact that Apollo later negotiated for CEOC to pay unsecured debt not due until 2017-18 in order to ensure the Bond Guarantee was released under the different language of the indentures relating to that debt. Otherwise the MFN clause also would mean that the Bank Guarantee remained a guarantee of payment.
- As described by CEC’s restructuring advisor, Blackstone, in an April 21, 2014 presentation to the CEC Board, releasing the Bond Guarantee “[c]ontractually releases CEC from liability for approximately \$14.9 billion CEOC debt, protecting approximately \$2.5 billion CEC equity value (current trading value) for all shareholders.”

CEC and Apollo disagree, and argue that the evidence supports the conclusion that CEC did not instigate the demand by the lenders that the Bond Guarantee be released. They particularly focus on GSO and place particular emphasis on evidence that in January 2014 GSO planned to offer \$300-\$400 million in new first lien debt, and references in a GSO document to the upside of having the guarantee stripped from all but the Term Loan. That evidence also makes clear, however, that any stripping of the guarantee should only come after the new Term Loan was funded and their view that Apollo’s goal was to force the value of the second lien debt

lower to facilitate a debt exchange. This evidence is consistent with the early term sheets where the Bond Guarantee is released after the B-7 money is lent in order to enable Apollo then to achieve an important goal in the negotiations – the conversion of the Bank Guarantee to one of collection. This evidence makes clear that at least GSO also wanted the Bond Guarantee released. It does not address whether in the initial meeting CEC made clear that it intended to do so. It also does not address the position of BlackRock, which testified about the initial conversations in a manner consistent with GSO.

Ultimately, the negotiations led to a \$1.75 billion new term loan (the B-7), which had two clear benefits to CEC – the release of the Bond Guarantee through the sale to three investment funds of a total of 5% of CEOC equity (another 6% was distributed to CEOC/CEC employees under a hastily adopted performance incentive plan), and the conversion of the Bank Guarantee to one of collection. The other covenant changes that were being sought by CEC were also secured. Some other key aspects of the B-7 loan were:

- An increase in CEOC’s annual interest expense by approximately \$44 million due to the higher rate.
- In other transactions the Sponsors and CEC had sought, and often received, the benefits of discounts on Caesars’ debt, but in this transaction no apparent effort was made to do so. Instead, the proceeds of new senior Term Loan Debt were used to pay over \$1 billion in more junior debt maturing in 2015 at par plus a premium and accrued interest. Of this amount, \$452 million was paid to Growth for notes that it held and \$420 million was paid to Chatham who at the same time agreed to purchase CEOC equity to facilitate the release of the Bond Guarantee.
- In addition to paying over \$43 million in premium on these more junior notes, CEOC paid fees and expenses associated with this transaction of over \$219 million. BlackRock and GSO alone received almost \$129 million in fees.
- In order to pay these fees and expenses, make the payments on this more junior debt, and redeem over \$795 million in Credit Agreement Debt (\$578 million of which was not due until 2016 and \$187 million of which was not due until 2017) ,over \$315 million of CEOC cash needed to be used in addition to the proceeds of the B-7 loan.
- While deferring the 2015 maturities eliminated the immediate going concern issue for CEC and added “runway” for CEOC, the sale of CEOC equity and release of the Bond Guarantee would require CEOC to file its own audited financial statements. It then was only a matter of time before CEOC would receive a going concern qualification. Indeed, going concern language was added to CEOC’s unaudited financial statements as of September 30, 2014 (filed in November of that year). A going concern qualification in audited financial statements did, however, remain an event of default under certain indentures, which could lead to a cross default under the Term Loan.

The Examiner first considered whether any claims exist based on the B-7 loan itself. Insofar as the lenders are concerned, the Examiner has not identified any viable claim against them. While various lenders knew that more junior creditors would receive some of the proceeds of the loan, that alone is not sufficient to establish that they acted with intent to hinder, delay or defraud creditors. And, while they received liens, they provided \$1.75 billion in consideration for those liens. Any constructive fraud claim also would be precluded by section 546(e).

The issue as to whether breach of fiduciary duty and aiding and abetting claims arising out of the B-7 exist against CEC, CEOC directors and the Sponsors is more complex. First, it is difficult to disaggregate the B-7 loan from the covenant and guarantee changes which occurred and the use of the proceeds from the loans. They were all negotiated at the same time. Looking at the package as a whole, there were clear benefits to CEOC – the elimination of 2015 maturities, the material improvement of the SSLR covenant, and the elimination of a going concern event of default. The latter change, however, was less meaningful since it applied only to the Term Loan and not the indentures, thereby still leaving the potential for a cross default on the Term Loan in the event of a going concern qualification. At the same time these benefits came at a significant cost – increased interest expense, very significant fees and expenses, and over \$1 billion being paid to more junior creditors, including more than \$850 million in the aggregate to an affiliate in which the Sponsors had a majority economic interest and to an entity who at the request of the Sponsors was buying CEOC equity to release the Bond Guarantee. While the Sponsors regularly sought to capture the discount in CEOC debt including, for example, by negotiating for such discounts in the CERP transaction, no apparent effort was made to negotiate a discount here. Indeed, premiums were paid over market price, including to Growth. Also, and most significantly, while paying over \$795 million in debt not maturing until 2016-17, \$315 million of cash was used from a deeply insolvent CEOC which would need to do the impossible – to increase EBITDA to \$2.2 billion in 2015 (a 115% increase) – just to be cash flow break-even. There was no reason from CEOC’s perspective to use this \$315 million to pay 2016-17 maturities. While doing so arguably encouraged lenders to agree to the conversion of the Bank Guarantee to one of collection – this change primarily benefited CEC and its equity holders. And Bonderman told the Examiner that a benefit of releasing the Bond Guarantee was that it increased the leverage on CEOC’s creditors. It has been argued, however, that these changes to the guarantees gave CEC more flexibility in assisting CEOC in resolving its debt issues and the Debtors’ proposed plan of reorganization does include material support from CEC. Releasing the Bond Guarantee also presumably allowed for a lower interest rate than otherwise would have existed, although having the Bank Guarantee become one of collection could have had the opposite effect.

In evaluating whether entering into the B-7 loan and using the proceeds in the manner discussed above give rise to breach of fiduciary duty and aiding and abetting claims, it is clear that if CEOC had independent directors, it is likely no such claims would be viable. That was not the case here. Rather, a Sponsor and CEC director negotiated these agreements and only the CEC Board meaningfully considered them. The CEOC Board approved them through a written consent process. But the Sponsors and CEC were heavily conflicted, particularly given the link of the guarantee provisions to the B-7 loan and the fact that Growth was going to be a major beneficiary of this transaction. Moreover, independent directors were added to the CEOC Board in June 2014 – before these transactions closed – but no effort was made to see if they would ratify these transactions. Based on all the relevant facts, the Examiner has concluded that

facts there are also reasonable breach of fiduciary duty claims against the CEOC directors and CEC and an aiding and abetting claim against Apollo and an Apollo CEC Director for this prepayment of junior debt held by Growth.

The Examiner also considered whether any claims arose out of the CEC sale of the 5% of CEOC equity for \$6.15 million to three investment funds, implying a market capitalization of \$123 million. While CEOC shares were valued at \$90,308 per share for these sales, that value was plainly artificial. Blackstone on April 21, 2014 told the CEC Board that traditional valuation methods produced a negative equity value and in a June e-mail Sambur equated the value of CEOC shares to “pixie dust.” Two of the funds were pre-existing CEC shareholders who stood to benefit from an increase in CEC’s stock price once the Bond Guarantee was eliminated. The third fund was a holder of junior debt maturing in 2015 which was paid from the proceeds of the B-7 loan. Since the sale of CEOC stock was by CEC, however, there can be no fraudulent transfer claim based on the purchase of this stock. The Examiner thus concluded that any estate claims (as opposed to direct creditor claims) focused solely on this sale of CEOC equity to the three investors are not viable.

The issue as to Chatham Asset Management LLC presents a larger more difficult issue. In the same series of conversations Chatman was asked to purchase CEOC stock to release the guarantee on CEOC debt that Chatham held, asked to participate in the B-7 and told, in effect, that by doing so not only would they avoid a loss on the previously guaranteed debt that they held, but that this debt would be redeemed at par plus a premium. While Chatham had owned a significant portion of this debt prior to the B-7 negotiations commencing, some of this debt was purchased in April 2014, shortly before the announcement of the B-7 loan on May 6, 2014. And the Examiner has not been able to determine precisely when the Sambur-Chatham discussions on their participation in these transactions took place. It does appear, however, that generally speaking Chatham was supportive of Apollo’s efforts with regard to Caesars and that they had a cooperative relationship. Based on this evidence, the Examiner believes there is at least a plausible claim against Chatham, and that further investigation of this claim may be warranted, particularly with regard to the debt purchases in April.

In addition to the sale of equity to the three investment funds on May 30, 2014, approximately 6% of CEOC’s equity was transferred to 376 CEC and CEOC employees pursuant to a newly created Performance Incentive Plan (PIP). The evidence strongly suggests that this plan was created solely to provide added support for the release of the Bond Guarantee. The stock was essentially worthless and likely to remain so for an extended period. The idea for PIP was first presented by the Sponsors the day after the announcement of the 5% stock sale and the plan was created with unusual speed – within less than a month – and the shares vested immediately. While aspects of the transaction thus are unusual, the Examiner does not believe there are any viable claims arising from the creation of the PIP and the issuance of additional stock to Caesars employees.

one under certain indentures. Moreover, a CEOC going concern qualification was inevitable and, as discussed above, CEOC’s third quarter financials contained a going concern qualification.

5. Senior Unsecured Notes Transaction

Immediately after the announcement of the sale of 5% of CEOC equity and the release of the Bond Guarantee, a group of holders of Senior Unsecured Noteholders (SUN), maturing in 2016 and 2017, notified CEC that because of different language in its indentures their guarantee had not been released. The notes involved had been issued prior to the LBO. The face amount of the still outstanding notes covered by these indentures was \$1.1 billion; those raising this issue held \$238 million in face amount of the notes (although they were trading at 47 cents on the dollar), and CEC affiliates held \$716 million of these notes.

This complaint led to an Apollo/Paul Weiss-led negotiation with the complaining group of noteholders. During these negotiations Apollo rejected the suggestion that any agreement include all the now affiliated affected noteholders, concluding that broadening those participating in the agreement would be too expensive. Two things are clear about the ultimate agreement. First, it was motivated solely by Apollo's and CEC's desire to ensure that the Bond Guarantee was eliminated on any CEOC debt. If the guarantee relating to these notes was not eliminated then the Bank Guarantee also would remain one of payment. Second, the transaction can only be described as "ugly" with one group of noteholders (constituting a slight majority of the notes held by non-related parties) getting paid at a premium over market in exchange for agreeing to prejudice the remaining noteholders by eliminating the Bond Guarantee from the governing indentures.

As ultimately concluded in August 2015, the SUN agreement included the following key elements:

- The holders of the notes received payment on \$155.4 million of notes at par, with CEC and CEOC each paying \$77.7 million. CEOC also paid \$6.6 million in accrued interest and advisory fees and expenses.
- CEC contributed \$426.6 million of these notes for cancellation.
- The participating noteholders (who controlled slightly over 50% of the outstanding notes held by non-Caesars affiliates under the indentures) approved amendments to the indentures which, among other things, eliminated the CEC guarantee from the indentures. They also agreed to support an overall CEOC restructuring plan.
- CEC agreed to repay CEOC \$35 million if a CEOC restructuring was not completed within 18 months.

What distinguishes this transaction from all the earlier transactions is that by the time it was approved by the CEOC Board in August there were independent directors on the CEOC Board. Those independent directors comprised a Governance Committee, which alone acted for CEOC in approving the transaction and in doing so had the benefit of its own legal and financial advisors. Moreover, the record is clear that the Committee was provided with complete advice as to fiduciary duties of directors of a potentially insolvent company and of the business considerations involved in making a judgment about the proposed transaction. The Committee also had directed its advisors to negotiate with CEC and, among other things, secured CEC's

agreement to the potential \$35 million repayment, the contribution of \$77.7 million, and the cancellation of other notes. While one could argue that they should not have authorized the \$77.7 million payment and agreed to the transaction, they acted well within their business judgment in deciding to proceed. Among other benefits perceived by the independent directors was that in return for paying \$77.7 million (which could later be reduced to \$42.5 million), approximately \$582 million in debt was cancelled with ongoing interest savings of \$36 million a year. Based on this record the Examiner concluded that any breach of fiduciary duty claim would be either not viable or, at best, weak. He also has concluded that any constructive fraudulent transfer would be barred by section 546(e).

6. PIK Notes Transaction

In November 2014, CEOC redeemed approximately \$17.1 million of PIK Notes, including \$4.5 million of such notes held by CEC. While trading at a steep discount, they were redeemed at the full redemption price specified in the indenture well prior to their maturity date in 2018. The Examiner investigated whether there were any claims arising out of the redemption.

Under the indenture, CEOC was able to pay interest in kind until February 1, 2013. Thereafter, CEOC was required to pay interest in cash, but neglected to do so. As a result, in September 2014 the indenture trustee advised CEOC that the majority holders wanted the situation remedied and a redemption was proposed as a possible solution. Ultimately, the decision to redeem was motivated in large part by the threat by the majority holders to commence a lawsuit based on the default. As explained by a Paul Weiss attorney involved in this transaction, the concern was that risking a lawsuit in the fall of 2014 on a default where the company had no defenses, and the amount involved was relatively small, would be an unnecessary complication that could jeopardize ongoing restructuring efforts. Such a lawsuit also could support arguments that CEOC was not paying its debts as they came due, bolstering potential efforts to force CEOC into an involuntary bankruptcy. At the same time, while not acknowledged by the witnesses, an important reason for redeeming these notes would be that they were the beneficiaries of the Bond Guarantee, and so their redemption preserved the conversion of the Bank Guarantee to a guarantee of collection.

The Examiner concluded that any preference or constructive fraud claims would not be viable due to the existence of a defense under section 546(e) of the Bankruptcy Code. The Examiner also concluded that any actual fraudulent transfer claim would be weak due to the existence in this case of a supervening legitimate business purpose – to avoid an unwanted bankruptcy or complicating restructuring negotiations. *See* Section IX.F, *infra*.

The decision to redeem these notes was made by the CEOC Executive Committee comprised of CEC directors; the CEOC independent directors were not consulted. Given CEOC's insolvency and the fact that CEC was a party to the transaction, the "entire fairness" standard thus applies. While there certainly were questionable aspects to how this redemption was implemented, particularly in terms of the price paid and the speed with which it was accomplished, given the overall rationale for the transaction, a breach of fiduciary duty claim is only plausible.

7. Atlantic City Transactions

As referenced above, between 2008 and 2014 Caesars Atlantic City properties experienced a 81% decline in EBITDA. This decline was recognized by Caesars not to be temporary, but instead to be reflective of an eroding customer base as competitive casinos opened in nearby states. During this period, Caesars operated four properties in this market. Three – Bally’s Atlantic City, Caesars and Showboat – were under the CEOC umbrella, and one – Harrah’s – was a CMBS and then a CERP property. Creditors provided a number of submissions to the Examiner asserting claims arising out of efforts by Caesars to address its declining fortunes in Atlantic City. With one exception, these claims were premised on allegations that Caesars favored the one CMBS/CERP property at the expense of the CEOC properties. These claims relate to the building of a conference center at Harrah’s; the closing and sale of the Showboat; the Showboat marketing and customer retention program Caesars put in place; the alleged manipulation of room rates; and the elimination of an intercompany receivable from the Showboat to CEOC. Also within the Examiner’s mandate was CEOC’s purchase and sale of the Atlantic Club.

a. The Conference Center

Beginning in 2008, Caesars began planning a conference center at Harrah’s in an attempt to reverse the decline of midweek traffic to Atlantic City. That conference center opened in September 2015. Two issues have been raised: the selection of Harrah’s as opposed to a CEOC property as the site for the conference center and the use of CEOC assets to facilitate its financing. The Examiner has found no viable claims arising out of either of these decisions.

As to the selection of Harrah’s as the site for the conference center location there is no legal requirement that CEC choose a CEOC property as opposed to a CMBS/CERP property as its location, even if CEOC was insolvent. Moreover:

- Harrah’s was the largest of the Caesars’ Atlantic City properties; its rooms had been updated in 2007-08.
- Harrah’s was the only one of Caesars’ Atlantic City properties with sufficient attached undeveloped land on which to build a conference center. As a result, building a conference center at Caesars or Bally’s would have been significantly more expensive and disruptive.
- Based on the credible testimony of Caesars’ operations executives and the personal observation of the Examiner, Harrah’s was the most attractive of the Caesars Atlantic City properties and its location – the Marina rather than the Boardwalk – was the most logical location for a conference center.

The Conference Center was financed by CEC and through grants from the New Jersey Casino Reinvestment Development Authority (CRDA). In connection with the CRDA grant, Caesars agreed to contribute various assets back to the CRDA. These included CRDA credits that CEOC properties had earned with a book value of \$21.6 million and a strip of land across from Bally’s Atlantic City which had been appraised at \$7.3 million approximately a year earlier.

CEC paid CEOC \$29.2 million for these assets. The Examiner has concluded that the land was appropriately valued and that CEOC received reasonably equivalent value for the assets it contributed. Therefore, there is no viable claim arising from the financing of the Conference Center. *See* Section VIII.G, *infra*.

b. Showboat Closure and Sale

Caesars announced the closure of the Showboat on June 27, 2014. Creditors have challenged that decision, its later sale, and the program implemented to retain Showboat customers for Caesars as a whole, as opposed to for CEOC alone.

The decision to close the Showboat does not create a viable claim for the following reasons:

- The process leading to the decision was a reasonable one involving evaluation of the relevant considerations.
- Along with Bally's, the Showboat was the least profitable of the four Atlantic City properties and was likely to begin to lose money in the near future.
- The Showboat was neither in the center of the Boardwalk nor in the more attractive Marina district, but instead was located in a more remote Boardwalk location surrounded by other properties which were at risk of closing, and did in fact close shortly after the Showboat closed.
- The only other rational choice for closure was Bally's Atlantic City (another CEOC property) whose closure would have negatively impacted Caesars Atlantic City, to which it was attached.
- Harrah's was the best and most profitable Caesars property in Atlantic City.

Closing the Showboat benefitted both CEOC and CERP. Comparing the 12 months before the closing with the 12 months after its closing, CEOC's overall Atlantic City revenues declined by approximately \$141 million, but its Atlantic City EBITDA increased by approximately \$69 million or 72%. Harrah's EBITDA increased by approximately 62% during the same period.

The Examiner also did not identify any viable claims arising from the post-closing sale of the Showboat. After a reasonable sales process the property was sold to Stockton College for \$18 million in a deal promoted by state and local officials. The price was supported by an appraisal conducted through VRC, and the Examiner has identified no issues with the methodology and conclusions in that appraisal. In selecting Stockton College, Caesars considered, among other things, the ability of Stockton College to close quickly (carrying costs for the closed property were approximately \$1.8 million a month) and the desirability of selling it as a non-gaming property. Moreover, other potential bids for the property turned out not to be viable.

c. Showboat Marketing Plan and Customer Retention Plan

The principal issue related to the Showboat closing involves the plan to retain the Showboat customers for Caesars. Three things are clear about that plan. First, while it was a reasonable, well-crafted marketing plan, it focused on retaining customers for Caesars generally, not just CEOC, even though the Showboat was a CEOC property. Second, the plan was designed by executives whose compensation was based (as it had been before the closure) on the performance of all the Caesars Atlantic City properties irrespective of who owned them. Third, as a result of the implementation of this plan a greater percentage of Showboat dominant customers played at Harrah's than had done so prior to the closing.

None of this would be an issue but for the insolvency of CEOC. Given that insolvency, there is a strong fraudulent transfer claim based on the use of the Showboat's customer data to transfer customers and gaming revenue from the Showboat to Harrah's. In effect, a customer list (or customer data) was transferred to Harrah's without any consideration. The Examiner has calculated the value of this claim to be between \$3 million and \$7 million. *See* Appendix 11, Showboat Customer List Analysis.

Certain creditors have valued this claim in the hundreds of millions of dollars. They arrive at this result by arguing that 100% of the increased revenue at Harrah's was, in effect, CEOC property, that this revenue was permanently lost and that a multiple of 11.5 should be placed on this number. The Examiner disagrees with this analysis. Other casinos also closed at around this time and some of their customers likely went to Harrah's; no matter what the marketing plan some percentage of Showboat customers would have spent some gaming dollars at Harrah's and while the marketing plan may have benefitted Harrah's, under pre-existing Shared Services and Marketing Agreements, Harrah's would have been entitled to the benefit of an operating Showboat's customers.

d. Manipulation of Hotel Rates¹⁰⁰

Certain creditors submitted an analysis showing that from May 14, 2015 to October 31, 2015 room rates at Harrah's were materially lower than those at Caesars and Bally's. They argue that this was done to direct business from CEOC properties to Harrah's. The Examiner investigated this claim and determined the following:

- Room rates are set through a complex formula by revenue yield management personnel and the process does not contemplate the owner of each property making any adjustments.
- Caesars and Bally's are on the Boardwalk and thus are more popular during the summer because of access to the beach. Room rates thus were increased during this period to try to capture additional revenue. In fact, during May – September

¹⁰⁰ The Examiner also investigated the removal of an approximately \$250 million receivable shown as due from the Showboat to CEOC on the Showboat's balance sheet. His investigation showed that the receivable was properly eliminated as part of a clean-up or elimination of certain historical equity balances, and gives rise to no viable claims.

2015 Caesars and Bally's were operating at near maximum capacity with occupancy rates averaging approximately 97% and 94% respectively.

- In October 2015 Harrah's rather than Caesars or Bally's had the highest room rates.

Based on this review the Examiner concluded that there is no viable claim that these room rates were improperly manipulated. Based on his interviews and the other evidence reviewed, the Examiner also is not aware of any manipulation of room rates in a broader context.

e. The Atlantic Club

CEOC purchased the non-gaming assets of the Atlantic Club at a bankruptcy auction for \$15 million in December 2013. The property closed the next month, and in May 2014 CEOC sold it for \$15.5 million with a restriction prohibiting its use for gaming activities. While on the original list of transactions to be investigated, the Examiner did not receive creditor submissions on this issue. The Examiner has concluded that the decision to buy, close and sell the Atlantic Club were reasonable business judgments, and that there is thus no viable claim arising out of these decisions.

8. Intercompany Transactions

Among other intercompany transactions, the Examiner investigated fees paid to the Sponsors under the 2008 Sponsor Services Agreement (SSA), the Intercompany Revolver between CEC and CEOC and the CEOC Intercompany Loan to CEC.¹⁰¹

a. Sponsor Fees

In connection with the LBO, CEC and the Sponsors (not CEOC) entered into an agreement under which CEC could later ask the Sponsors to provide "management, advisory and consulting services" to CEC, but the Sponsors would only be obligated to provide those services should they later agree to do so and then only through using the resources that they deemed necessary. Pursuant to this agreement, the Sponsors received an initial payment of \$200 million and \$192.9 million in additional quarterly monitoring and other fees. CEOC was likely allocated 70% of these monitoring fees plus other Sponsor fees – approximately \$157.3 million. Beginning in the third quarter of 2013, the Sponsors agreed to waive payment of the quarterly monitoring fees.

The SSA is, in effect, an "agreement to agree" – in exchange for \$200 million and future monitoring fees, the Sponsors are not bound to do anything unless they later agree to do so. There thus is a strong argument that it is unenforceable. While there might have been claims arising from CEOC's payment of a portion of the monitoring and other Sponsor fees, CEOC was effectively reimbursed for those payments in 2013 through cancellation of a CEOC payable to CEC on account of various expenses that CEC had advanced on behalf of CEOC. Any claim

¹⁰¹ As discussed in Section IX.G, *infra*, the Examiner also investigated certain Intercompany Notes and Project Simplification.

relating to the payment of any portion of the initial \$200 million would not be viable since CEOC was solvent at the time and thus no constructive fraudulent transfer claim exists.

b. Intercompany Revolver

In August 2008, CEC and CEOC entered into the Intercompany Revolver. While originally in the amount of \$200 million, the maximum amount was adjusted over time through a series of amendments. The maximum amount was increased to \$1 billion in 2012, but the maximum amount ever outstanding was \$644.2 million in the fourth quarter of 2012. After that point, no further monies were lent to CEOC. Indeed, from the third quarter of 2012 through the second quarter of 2013 over \$409 million was repaid by CEOC, principally for use by CEC to buy back CMBS debt at a discount or to provide cash for use at the CMBS Properties. Then, in May 2014, the Sponsors requested that the remaining amount outstanding – \$261.8 million – be repaid, and it was on June 3, 2014. At the same time, purportedly at the request of the CEOC Board (Hession and Loveman), the terms of the Intercompany Revolver were amended to require (as opposed to permit) CEC to advance funds in response to a CEOC request. Because, however, in order to draw on the Intercompany Revolver, CEOC, among other things, would have been required to represent that it was solvent (which have previously not been a requirement for borrowing by CEOC), that change ultimately would have prevented CEOC from accessing the Intercompany Revolver, and, indeed, CEOC never did request a draw on the Intercompany Revolver.

In reviewing the lending and repayments under the Intercompany Revolver, the Examiner first considered whether it was a bona fide credit facility or should be recharacterized so that repayments would be treated as dividends voidable as constructive fraudulent transfers. Based largely on the manner in which it was documented, the Examiner concluded that any claim that the Intercompany Revolver should be recharacterized is weak.

Since CEC was an insider of CEOC, there is a strong preference claim relating to the repayments made within 12 months of CEOC's bankruptcy filing – \$289 million, including the June 3, 2014 repayment. There also are reasonable actual fraudulent transfer claims under both the Bankruptcy Code and applicable state law relating to repayments made within the four years prior to the bankruptcy filing. Under the Bankruptcy Code, the claim would be for \$546.5 million, including the \$289 million discussed above (repayments during two years before the bankruptcy filing). Under applicable state law, recovery would go back four years and would be \$662.5 million (which includes interest paid by CEOC), again including the \$289 million, plus interest.

In connection with the actual fraudulent transfer claims, certain badges of fraud are clearly present. CEOC was insolvent and the payments were made to an insider. The repayments also were made before the maturity date and there was no independent process at CEOC to decide whether it was appropriate to do so. The repayments were made beginning in 2012 around the time that the terms of the Intercompany Revolver were changed so that CEC would no longer be required to re-lend the money, and it never did so despite CEOC's liquidity needs and the fact that the interest rate on the Intercompany Revolver was lower than on CEOC's other available credit. Moreover, the liquidity needs of CEOC was one of the purported rationales for the creation of Growth during the same period that over \$409 million was being

repaid by CEOC to CEC. While there may have been a legitimate business reason from CEC's perspective to have the money repaid in order to assist the CMBS properties, that benefited the CMBS properties and does not necessarily mean that there was the same benefit from CEOC's perspective. If Planet Hollywood and Baltimore needed to be sold to provide CEOC with liquidity, that liquidity could have been secured by not prepaying the Intercompany Revolver, thereby preserving the ongoing EBITDA from these properties to pay creditors. And there was no legitimate purpose for the June 2014 repayment.¹⁰² In sum, the actual fraudulent transfer claims are reasonable.

In connection with these repayments, the Examiner also considered whether there are breach of fiduciary claims against CEOC directors and CEC. Given CEOC's insolvency and the absence of any independent directors or officers who were involved in these repayments, a court would apply the entire fairness standard. Based on the facts described above, the Examiner concludes such claims would be strong as to the repayment of the \$289 million and reasonable as to the remainder. The damages from such claims are \$662.5 million, which includes principal and interest payments.¹⁰³ There is a reasonable aiding and abetting claim against the Sponsors for the last repayment.

G. LBO

While not included in the original list of transactions to be investigated, at the request of the Debtor the Examiner commenced a review of the January 2008 LBO transaction through which Caesars was acquired by Apollo, TPG and their co-investors. In connection with the LBO Apollo, TPG and their co-investors invested \$6.1 billion in equity. The primary focus of this review was to determine if claims existed out of the transfer for no consideration from CEOC to the CMBS entities of six properties, including four Las Vegas properties (Harrah's, Paris, Flamingo and the Rio), one Atlantic City property (Harrah's Atlantic City) and Harrah's Laughlin, Nevada.

Since the transaction occurred in 2008, the initial question was whether any LBO related claim was barred by the statute of limitations. In order to address this issue it was necessary to determine if the IRS or another "Golden Creditor" with the ability to avail itself of a longer statute of limitations existed. If such a creditor existed, there is authority that CEOC would be able to take advantage of that longer statute of limitations in connection with a fraudulent transfer claim. It was determined as to CEOC (but only as to some of the subsidiaries) that the IRS was such a creditor – it had claims against CEOC and various of its subsidiaries both at the time of the LBO and on CEOC's bankruptcy petition date in January 2015. Thus, there is a

¹⁰² One Apollo witness said that the rationale was to save interest expense for CEOC given its receipt of the Four Properties proceeds. Given the negative cash flow at CEOC that reason is not credible. More likely is that this "request" was based on a desire not to leave that cash at a CEOC that faced an uncertain future.

¹⁰³ There also is a plausible constructive fraud claim for \$5.8 million based on the failure of CEC to pay interest on the CEOC Intercompany Loan which was repaid in 2010. The ability to pursue this claim depends on the existence of a Golden Creditor.

reasonable argument that a fraudulent transfer claim relating to the LBO would withstand a statute of limitations challenge. *See* Section XI, *infra*.

The Examiner next considered whether CEOC was insolvent at the time of the LBO. An analysis of CEOC's financial condition at that time demonstrated that there was a high likelihood that it was then neither insolvent nor subject to failing the other tests as to its financial condition required to maintain a fraudulent transfer claim. *See* Sections V and XI, *infra*. The Examiner thus concluded that a fraudulent transfer claim based on the LBO would not be viable.

In light of this conclusion, the Examiner determined that no further investigation of the LBO was warranted.¹⁰⁴

H. Tax

The Examiner has also investigated potential claims arising from CEOC's participation in the CEC group tax return. Both issues relate to CEC's utilization of certain net operating losses (NOLs) generated by the Debtors. They are: (i) whether the Debtors are entitled to any additional amounts from CEC with respect to a \$276.6 million federal income tax refund that was received by CEC in 2009 attributable to the carryback of certain Debtor NOLs with respect to the taxable years 2006 and 2008, and (ii) whether the Debtors are entitled to future compensation from CEC arising out of the utilization of the Debtors' NOLs by CEC or other non-debtor Caesars entities from 2005 through the date immediately prior to the date of the Debtors' restructuring pursuant to the RSAs and plan of reorganization. *See* Section XIII, *infra*.

As to the first issue, the Examiner has concluded that there is a reasonable argument that while \$220.8 million of a tax refund was credited to CEOC in March 2011, an additional \$55.8 million of that tax refund also should have been credited to it. The failure to do so gives rise to reasonable claims against CEC for constructive fraudulent transfer, turnover and unjust enrichment.

As to the second issue, there is a reasonable argument that as a result of the use by non-Debtors of NOLs attributable to CEOC losses that CEOC might in the future have a claim should CEOC in future years have income which could have been offset by such NOLs. That is not, however, a claim that can likely be pursued today.

I. The RSAs

A centerpiece of the Debtors' reorganization efforts has been the ongoing discussions with the primary creditor constituencies regarding the form of a restructuring of the Debtors' balance sheet and corporate affairs to be reflected in a plan of reorganization as memorialized in the RSAs. The Examiner Order did not suggest that the Examiner investigate any aspect of the

¹⁰⁴ The Examiner also considered whether LBO related claims would be pursued based on the liens granted by CEOC subsidiaries in connection with the debt used to finance the LBO. This is largely a legal issue and, as discussed in Section XI, *infra*, would be a difficult claim to pursue.

RSAs.¹⁰⁵ Certain parties-in-interest thereafter requested the Examiner to investigate two issues related to the RSAs: (i) the independence of the members of the Governance Committee, Ronen Stauber and Steven Winograd, and, by implication, their role in negotiating and approving the RSAs; and (ii) the value of the consideration being contributed by CEC under the RSAs.

As discussed herein, the Examiner has investigated the independence of the members of the Governance Committee. The Examiner has concluded, however, that he should not investigate or express any views regarding the value of CEC's contribution to the RSAs, given that: (i) the terms of the RSAs have not been finalized and may change materially as a result of ongoing and future negotiations; (ii) certain aspects of the RSAs (*e.g.*, the value of the REIT structure) are extraordinarily difficult to value; and (iii) the value of CEC's contribution will be heavily dependent on the overall enterprise value of CEOC upon plan consummation, which is a valuation exercise that (a) may not be necessary, depending on the outcome of the RSA negotiations, (b) would be expensive and time-consuming, and (c) would significantly delay the issuance of the Examiner's Final Report.

The two independent directors of CEOC – Stauber and Winograd – were appointed as directors of CEOC on June 27, 2014. On July 30, 2014, they became the two members of the CEOC Governance Committee which, among other things, has overseen the investigation by the Debtors of potential claims against CEC, CAC/Growth, CERP and the Sponsors. Each of them is an experienced finance professional and each of them had some prior relationship with individuals associated with Apollo. As a matter of Delaware law, the fact that a director has some past or current business relationship does not compromise that director's independence. Moreover, here the past and current relationships of Stauber and Winograd are also not of a nature that would raise any serious questions about their independence. The Examiner thus has concluded that the directors are independent.¹⁰⁶

J. Summary of Conclusions Regarding Strength of Claims and Value Ranges

ES Figure 3 below sets forth a summary of the Examiner's conclusions regarding the relative strength of the claims that have been investigated, as well as the projected range of damage recoveries the Examiner has calculated for each transaction in which the Examiner has found there are strong or reasonable claims. No values have been included for claims determined to be plausible or weak. In addition, for fraudulent transfer claims, the value ranges take into account liens or offsets to which the transferee may or may not be entitled with respect to the value of any consideration paid to CEOC based on the Examiner's conclusions regarding whether the transferee was a good faith transferee. The values thus have been adjusted upward only in these instances where the Examiner has concluded that a strong or reasonable argument exists that the transferee would not qualify as a good faith transferee. The value ranges contain no adjustments for post-transfer improvements or changes in value, lost profits or pre-judgment interest. Claims are listed as: S (Strong), R (Reasonable), P (Plausible), W (Weak) or NV (Not

¹⁰⁵ The negotiation of and entry into the RSAs are not "Challenged Transactions" or "Insider Transactions" as described in the Examiner Order. Examiner Order at 3.

¹⁰⁶ The Examiner takes no position on what entity under applicable law should pursue any claims against related parties.

Viable). As discussed above, and in further detail in the Report, for certain transactions multiple arguments have been advanced by the parties. In reviewing ES Figure 3 below, a listing of S (Strong) or R (Reasonable) does not mean that the Examiner has concluded that all arguments advanced are Strong or Reasonable, only that at least some aspect of the claim has been found to be strong or reasonable, and the value ranges relate solely to that aspect of the claim. Finally, with regard to certain transactions, the low and high values reflect the Examiner's conclusions regarding the claims assessed as strong versus those assessed as reasonable.

<i>(amounts in millions)</i>							Value Range	
#	Transaction	Constructive Fraudulent Transfer ^[1]	Actual Fraudulent Transfer ^[2]	Breach of Fiduciary Duty ^[3]	Aiding and Abetting ^[4]	Other ^[5]	Low	High
A Asset Transfers								
1	2009 WSOP Transaction	S (CIE)	W	R (but for SOL) ^[6]	R (but for SOL)	None	\$ 66.20	\$ 76.10
2	2011 WSOP Transaction	S (CIE)	W	R (but for SOL)	R (but for SOL)	None	50.30	55.90
3	2010 CMBS Loan Amendments & Trademarks Transfer	P (due to SOL)	W	SOL	SOL	None	0	0
4	Growth Transaction	S (CGP)	S	S	R	None	437.00	593.00
5	CERP Transaction	S (CERP)	S	S	S	None	328.50	426.90
6	Four Properties Transaction	S (CGP)	S	S	R	None	592.00	968.00
	(a) Undeveloped Land	S (CGP)	S	S	R	None	109.00	140.00
	(b) CES/Management/Total Rewards	S (CERP)	S	S	R	None	132.90	592.10
7	CEOC Multiple Degradation	NV	NV	R	W	None	516.00	516.00
8	Easements	P	W	NV	NV	None	0	0
9	CMBS/CERP/Total Rewards Management Fees	S (CERP)	W	R	NV	None	237.30	237.30
10	CES Excess Cost Allocation	S (CEC, CERP)	W	R	N/A	None	14.50	14.50
11	Atlantic City Transactions	S (CERP)	NV	NV	NV	None	3.00	7.00
	Asset Transfers Subtotal						\$ 2,486.70	\$ 3,626.80
B Financial Transactions								
1	B-7 and Tender Offers Transactions	NV	NV	R	R	None	\$ 315.00	\$ 315.00
	(a) CGP	NV	R	R	R	None	452.00	452.00
	(b) Chatham	NV	P	NV	NV	None	0	0
2	5% Stock Sale and Guarantee Release	NV	NV	NV	NV	None	0	0
3	6% PIP	NV	NV	NV	NV	None	0	0
4	Declaratory Judgment Action	NV	NV	NV	NV	None	0	0
5	Senior Unsecured Notes Transaction	NV	NV to W	NV to W	NV to W	None	0	0
6	PIK Notes Transaction	NV	W	W	W	Preference (NV)	0	0
7	Intercompany Transactions	P to W	R	R	R to P	Preference (S) ^[7]	289.00	662.50
	Financial Transactions Subtotal						\$ 1,056.00	\$ 1,429.50
C Tax Issues								
		R	W	NV	NV	Unjust Enrichment (S), Turnover (S)	\$ 55.80	\$ 55.80
D LBO								
		NV	NV	NV	NV	NV	0	0
GRAND TOTAL							\$ 3,598.50	\$ 5,112.10

Notes

- Potential defendants on each claim determined to be strong or reasonable are noted in parenthesis after the strength of the claim. For instances in which the constructive and actual fraudulent transfer claims have the same strength, the defendants are identical and thus not repeated in the actual fraudulent transfer column. The potential defendants for all breach of fiduciary duty claims are CEOC's directors and CEC as controlling shareholder. Aiding and abetting claims where identified would be against the Sponsors and in some cases certain CEC Board members affiliated with the Sponsors.
- Without taking into account potential duplication of recoveries, the range of potential recoveries for constructive or actual fraudulent transfer on claims determined to be strong or reasonable (i) against CAC/CGP/CIE is approximately \$1.71 billion to \$2.29 billion; and (ii) against CERP is approximately \$716 million to \$1.28 billion.
- Without taking into account potential duplication of recoveries, the range of potential recoveries against the CEOC directors and CEC for breach of fiduciary duty on claims determined to be strong or reasonable is approximately \$3.19 billion to \$4.68 billion.
- Without taking into account potential duplication of recoveries, the range of potential recoveries against the Apollo for aiding and abetting a breach of fiduciary duty on claims determined to be strong or reasonable is approximately \$2.63 billion to \$3.77 billion. As to TPG, the range is \$1.56 billion to \$2.58 billion.
- "Other" includes additional claims that were considered by the Examiner.
- "SOL" refers to statute of limitations defense.
- The preference claim only applies to \$289 million, which was the amount repaid during the 12 months prior to the Petition Date. The balance of the Intercompany claim is for amounts paid on the Intercompany Revolver prior to the preferred period. Value range between low and high is based on the varying strength of preference and fraudulent transfer claims, although both claims have at least a reasonable chance of succeeding.

Exhibit I

Standalone Plan Analysis

Standalone Plan Analysis and Description¹

The Debtors, through the Special Governance Committee, have evaluated alternative plan structures, including a standalone plan concept. In a standalone scenario, rather than settle estate causes of action against CEC and its affiliates (the “Estate Claims”), the Debtors would exit bankruptcy as a standalone enterprise and establish a litigation trust or similar vehicle (the “Litigation Trust”) to pursue Estate Claims for the benefit of CEOC’s creditors. Specifically, the standalone plan structure (the “Standalone Plan”) contemplates that CEOC and its subsidiaries separate from and become independent of the broader Caesars enterprise, establishing its own management and back-office operations, while the Litigation Trust pursues the Estate Claims.

At various points throughout the Chapter 11 Cases, certain of the Debtors’ stakeholders have also suggested that Standalone Plan would maximize the value of the Estates and promote the greatest recovery for all stakeholders. After reviewing the Standalone Plan, however, the Debtors have determined (subject to the results of the Marketing Process described in Article IV.G of the Disclosure Statement) that neither the Standalone Plan, nor any other alternative, offers a value-maximizing alternative to the proposed Plan. Specifically, for the reasons described below, the Debtors believe that the inherent and largely unquantifiable business and litigation risks associated with the Standalone Plan will result in lower and more speculative recoveries to all creditors than what would be delivered under the proposed Plan.

Overview of the Standalone Plan and its Implementation

The Standalone Plan envisions the Debtors operating as a standalone entity completely independent of CEC, CAC, and their respective affiliates, including CERP and CGP. For purposes of illustrating the Standalone Plan alternative, the Debtors have made a number of reasonable assumptions reflecting how the separation would occur and how the standalone entity would operate. These assumptions, which the Debtors believe establish a reasonable framework for illustrating this alternative, reflect substantial input and consideration from the Debtors’ management team, advisors, and certain functional and data analytic specialists within CES. The Debtors acknowledge that such an undertaking would be significant. Consequently, there are many potential outcomes and they may be more or less favorable than what is presented here, emphasizing further the uncertainty associated with the Standalone Plan concept. Specifically, the Debtors have assumed the following:

- **Corporate Structure**: The Debtors would reorganize as a REIT (the “Standalone REIT”), with an OpCo/PropCo structure similar to that contemplated under the Plan, to take advantage of favorable tax treatment that directly leads to higher trading multiples and enterprise value. Without a settlement of the Estate Claims, however, the Standalone REIT would no longer benefit from the credit support provided by the larger Caesars enterprise as contemplated under the proposed Plan. Accordingly, OpCo’s capacity to pay rent to the Standalone REIT would be reduced as compared to the proposed Plan, which would unfavorably impact value.

¹ Unless otherwise defined herein, capitalized terms shall have the meanings ascribed to them in the Disclosure Statement or Plan, as applicable.

- **Independent Management and Operations:** Currently, substantially all of the Debtors' non-property-based "back office" and corporate-level support services, such as IT, legal, human resources, accounting, and finance, are provided by personnel employed by CES and through services governed by the CES Agreements. In addition, CES also employs CEOC's senior property management teams.² Under the Standalone Plan, the Debtors' affiliation with CES would end, and the Debtors would establish their own fully independent back-office, property management, and corporate-level support and management teams to provide services comparable to those provided by CES. In the interim, the Debtors and parties to the CES Agreements would need to agree to a temporary shared services arrangement to govern any transition period.
- **Total Rewards:** Because the Debtors own substantially all of the intellectual property associated with Total Rewards,³ the Standalone Plan assumes that Total Rewards will become a "CEOC-only" rewards program, with participation from casinos owned by CERP and CGP terminated as of the Effective Date. In addition to transition and potential litigation costs associated with terminating CGP and CERP's access to the Total Rewards program, the Debtors anticipate that CGP and CERP properties will either develop their own customer loyalty program or affiliate with an alternative existing program to compete with the Debtors and that the Debtors' customers will no longer earn Total Rewards credits at CGP or CERP properties. The result will be incremental gross margin compression in the Las Vegas market, as CEOC and non-CEOC properties compete for existing Total Rewards customers and spend more on marketing to these customers.

As a result of the separation from CES and contraction in the number of properties associated with the CEOC-only Total Rewards program described above, the Debtors expect the following key financial impacts under a Standalone Plan:

- **Revenue-Related Effect.** As the Total Rewards network shrinks in the Standalone Plan scenario, the options available to the Debtors' customers to leverage Total Rewards benefits (earning and redeeming) are also reduced. The Debtors project that customer behavior would be affected by these changes, resulting in an increase of higher-value gaming customers at Caesars Palace (the Debtors' remaining property in Las Vegas), and the reduction in room availability for the Debtors' regional customers visiting Las Vegas and other destination markets. Additionally, the Debtors expect reduced visitation from customers associated with CGP and CERP properties, due to the separation of CGP and CERP from the Total Rewards program. The Debtors would also expect reduced visitation from current CEOC customers as these customers attribute less value to the smaller CEOC-only Total Rewards network and related benefits.
- **Expense-Related Effect.** Through its participation in CES, CEOC enjoys substantial hiring and purchasing leverage resulting from the scale of the entire Caesars enterprise and its large portfolio of properties. As a standalone entity, CEOC would remain a large

² See Article II.B.4 of the Disclosure Statement for a further description of CES.

³ See Article II.A.4 of the Disclosure Statement for a further description of Total Rewards.

operation, but would have a substantially smaller footprint in Las Vegas—the largest U.S. gaming market and the location of its corporate headquarters. Thus, under the Standalone Plan, the Debtors estimate that CEOC would incur increased non-payroll expenses (such as marketing, advertising, insurance, and accounting fees) relative to its current allocated share of such costs borne by CES. For payroll costs, the Debtors forecast that CEOC’s regionally focused operations under the Standalone Plan would require more senior-level full-time employees than CEOC’s current allocation of such payroll expenses under CES and might need to pay slightly higher salaries to attract and retain a similar caliber senior management team, now that the organization will be primarily regionally focused.

- **Capital Expenditure-Related Cash Impact.** The costs of capital expenditure investments made by CES are currently shared by CEOC and other corporate entities. Separated from the wider Caesars enterprise, CEOC will assume 100% of the costs of certain enterprise-wide back-office investments. As systems age, the incremental cost to CEOC is expected to increase.
- **Transition-Related.** There are a number of anticipated one-time costs in connection with the separation from the rest of the existing Caesars enterprise, including costs related to employee retention, asset purchases from CES related to corporate services infrastructure, legal and consulting costs, and likely disruptions during the transition period adversely impacting business performance.
- **Litigation Trust:** As noted above, the Estate Claims are valuable, albeit contingent, assets of the Debtors’ Estates. Unlike the Debtors’ proposed Plan, which will settle these Estate Claims in exchange for CEC’s contributions to the Debtors’ Estates under the Plan, the Standalone Plan contemplates the contribution of the Debtors’ rights to the Estate Claims (both with respect to prosecution and any relief awarded in connection therewith) to the Litigation Trust. Creditors (the “Trust Beneficiaries”) would receive an interest in the Litigation Trust that reflects their interest in the underlying Estate Claims and the Debtors assume that non-first lien creditors would receive nearly all of their recoveries as part of the Litigation Trust.

The Litigation Trust would be governed by a separate trust agreement and, per the terms of that trust agreement, the Trust Beneficiaries would appoint a litigation trustee (the “Litigation Trustee”) to administer the Litigation Trust in collaboration with a steering committee comprised of representatives of the Trust Beneficiaries (the “Steering Committee”). The Steering Committee would retain counsel and, as needed, other professionals on behalf of the Litigation Trust. Although the Debtors would fund the Litigation Trust with a to-be-determined amount of cash on the Effective Date to cover startup costs, it is assumed that the bulk of the Litigation Trust’s expenses would be paid on a contingency basis from the proceeds of any successful litigation, and that the law firm retained by the Litigation Trust to prosecute the Estate Claims would be required to advance all expenses (including expert fees).

As described further in Article IV.D of the Disclosure Statement, the Debtors have estimated that the present value of the litigation proceeds of the Estate Claims, once adjusted for

litigation risk, amounts to between \$3.2 billion and \$5.8 billion—the value of which likely will not be recovered for several years. For purposes of the Standalone Plan, the Debtors have assumed that the full value is recoverable by the Litigation Trust in the Standalone Plan scenario. These value ranges are estimates only, and do not incorporate the potential federal income tax liabilities discussed below in “*Tax-Related Risks.*”⁴

Value Impact of the Standalone Plan

Effect on Financial Performance

The Debtors’ analysis of a Standalone Plan indicates that post-emergence financial performance would be negatively affected relative to performance under the Debtors’ proposed Plan. Under various scenarios, FY2017 projected annual EBITDA is reduced by a range of \$69 million to \$135 million with subsequent years’ reductions generally increasing by inflation.⁵ The additional unfavorable cash flow impact attributable to incremental capital expenditure requirements was estimated to range from \$16 million to \$26 million annually over the initial four years after emergence. The key drivers affecting EBITDA relate to changes in margin and the volume and mix of customers, and to increased expenses identified for payroll and non-payroll costs in the Standalone Plan construct as compared to projected costs under the proposed Plan. This analysis intentionally does not take into account any efficiencies that could be created in the current operating model that would be equally beneficial to the projections under the proposed Plan and Standalone Plan.

Effect on Enterprise Value and Creditor Recoveries

As compared to the proposed Plan, a greater proportion of total income would remain at OpCo. Because OpCo commands a lower valuation multiple than the REIT (a tax advantaged entity), overall distributable value to creditors would be reduced. The Standalone REIT may not be able to support the same amount of leverage as compared to the proposed Plan, and a larger portion of creditor recoveries would therefore be in the form of equity securities instead of debt securities.

The Debtors’ believe as a result of these structural issues and the reduced EBITDA in a Standalone Plan, total enterprise value under the Standalone Plan would be approximately \$8.7 billion to \$11.1 billion. This is approximately \$1.5 billion less than the Debtors’ estimated total enterprise value range (without regard to specific creditor distributions) under the proposed Plan, and is primarily driven by (a) the forecasted reduction in EBITDA and additional capital expenditures, and (b) the reduced proportion of value flowing in the form of rent to the Standalone REIT referenced above. This reduction to total enterprise value, as well as further dilution that would likely occur as a result of the various potential tax implications, would result

⁴ The Debtors recognize that deterioration in the Debtors’ financial performance caused by the separation from CES may increase damages available to the Litigation Trust. Given the inherent uncertainty of the timing and ability to recover enhanced damages on account of the separation, however, the Debtors have not increased their estimate for the range of litigation proceeds for purposes of evaluating the Standalone Plan.

⁵ Reflects pro-forma impact of Standalone Plan on 2017 projections under the Debtors’ Plan, assuming Standalone Plan effective January 1, 2017. For valuation purposes, the 2017 mid-point impact of \$94 million, on a baseline projected EBITDA of over \$1.1 billion, has been assumed and extrapolated through 2020.

in diminished recoveries for the Debtors' creditors. As also noted above, a greater portion of those recoveries would be in the form of equity securities and recoveries on account of creditors' interests in the Litigation Trust that could take years to materialize.

Standalone Plan Execution Risks

Importantly, and as noted above, the Debtors have made a number of simplifying assumptions to develop a baseline Standalone Plan that can serve as a comparison to the proposed Plan. However, the Standalone Plan and associated extraction of CEOC from the broader Caesars' enterprise carries with it significant execution risk both on the business side and with respect to prosecuting the Estate Claims that threaten even the baseline value and recoveries described above. Specifically, the Debtors have identified numerous risk factors associated with the Standalone Plan, including the following:

Tax-Related Risks

The Standalone Plan presents tax consequences that are materially different, and likely to be materially more detrimental to all stakeholders, than the tax consequences that are anticipated from CEC's contributions pursuant to the Plan.

- The Standalone Plan may not be "grandfathered" under the PATH Act, and therefore a Standalone Plan may be unable to enjoy the favorable tax attributes associated with a REIT structure. This would lead to further-depressed creditor recoveries on account of the Debtors' business assets due to lower trading multiples and diminished enterprise value. Although the Debtors believe the better view is that the Spin Request would remain "grandfathered" under the PATH Act in a Standalone Plan, that conclusion is subject to uncertainty.⁶
- There is a significant possibility that the Debtors would, on the Effective Date, incur taxable income equal to the estimated value of the Estate Claims.⁷ Such taxable income would potentially be offset by the CEC Group's net operating loss carryforwards. While CEC would be liable for any tax liability arising from such taxable income under the consolidated return regulations (assuming CEC did not engage in a deconsolidation transaction prior to the Effective Date of the standalone plan, which would not be free from doubt), CEOC would also be liable for such amount, which would likely be an administrative tax claim. Additionally, CEOC may not have access to the CEC Group's net operating losses due to disputes arising in connection with the Standalone Plan, thus increasing CEOC's tax liability.

⁶ See Article V.E of the Plan for further information.

⁷ The precise treatment of the Estate Claims would vary depending on what type of claim was at issue. The treatment outlined here generally relates to fraudulent transfer claims associated with property transfers pursuant to taxable sales. More favorable treatment would likely apply to certain tax-related claims (such as the use of NOLs), to the extent such claims were successful. Ultimately, the tax implications of a Litigation Trust would be subject to a claim-by-claim analysis and significant uncertainty.

- Alternatively, if “open transaction” treatment were successfully sought for the formation of the Litigation Trust, the Debtors would incur taxable income in the future as the Estate Claims are resolved. This taxable income would arise in a period where the Debtors may not have tax attributes available to offset such additional taxable income.
- The Standalone Plan could potentially raise material excess loss account tax considerations. CEC currently has a significant “excess loss account” in CEOC’s stock, which could be triggered in a Standalone Plan. CEOC would arguably have joint and several liability for any taxes arising from such excess loss account, and CEC could attempt to make claims against CEOC for such amounts.

Operational Risks

- Removing the Debtors from the broader Caesars enterprise carries meaningful execution risk. There can be no assurances that the negative EBITDA impact related to customer behavior that has been estimated in this analysis will not be more severe or last longer. The competitive response to a Standalone CEOC may be more significant than anticipated, resulting in greater margin compression in the Las Vegas market, and margin compression in other markets, which is not currently anticipated. Additionally, protracted litigation between CEOC and their now former non-Debtor affiliates could generate negative publicity and disrupt business operations in this customer-driven industry during the post emergence period.
- The estimated cost increases relative to CEOC’s allocated payroll and non-payroll costs under the current arrangement with CES for the provision of back-office services may underestimate the economic benefits of scale and wide geographic footprint associated with being part of the larger Caesars organization.
- CEOC currently leverages the scale and prestige of the wider Caesars enterprise to negotiate commercial partnerships that contribute to EBITDA. The Standalone entity’s bargaining position may be diminished with regard to entertainers, restaurateurs and various other commercial partners.
- CEOC’s annual EBITDA from managed properties is projected to be approximately \$70M in 2017. As a standalone enterprise, with a single Las Vegas property, standalone CEOC may find it more challenging in the future to achieve similar managed property renewal terms and rates relative to the existing management agreements, potentially impacting future EBITDA.
- The Standalone analysis assumes the Debtors successfully negotiate a Transition Services Agreement with their non-Debtor affiliates to achieve an orderly transition to a standalone operation with minimal disruption and costs. If such negotiations are protracted, or if the separation is litigated, further operational disruption, employee attrition, service issues, and potential regulatory scrutiny could increase the costs to transition and adversely affect operations.
- By pursuing a Standalone Plan, the Debtors risk losing the services of many key personnel who currently work for CES. Such individuals may decide to continue their employment

with any new management structure put in place by CGP and CERP, or move to a competitor. The Debtors could therefore lose the benefit of those individuals' decades of experience in the industry and years of institutional knowledge of the Debtors' operations.

- The potential use issues associated with the Debtors' intellectual property, including the grant to CES of an irrevocable, royalty-free license to the Total Rewards intellectual property, could create confusion and potential litigation with CEC to access such intellectual property.
- The Debtors recognize that there are potential opportunities from the Standalone Plan that could also positively impact the Debtors' ultimate financial performance, including, without limitation: (i) the potential to reduce corporate-level costs by shifting to a lower-cost structure over time; (ii) the ability to expand casino property management services to unaffiliated properties; (iii) the adverse impacts reflected herein will not be as severe; and (iv) the opportunity to pursue domestic and international acquisitions and develop new gaming assets in other markets.

Litigation Trust Risks

- Although the Debtors have risk-adjusted the Estate Claims, the actual outcome from litigating those claims is unknown, and could ultimately result in significantly lower recoveries than the value ascribed to such claims in this analysis. As a result, billions of dollars of the Trust Beneficiaries' recovery would be contingent under the Standalone Plan, and subject to material litigation risk.
- CERP and CGP properties may, like the Debtors, experience similar negative impacts on financial performance if the Debtors separate into a standalone organization. A decline in the financial performance of CERP and CGP properties may reduce recoveries on causes of action related to these entities.
- The Estate Claims concern a complicated set of facts and circumstances. It is likely that there will be several years of discovery before trial and that any trial will last at least several months. Even if the Litigation Trust is successful at trial, appeal will likely follow, causing further delay, and increased professional fees and costs that may require funding prior to securing damages awards.
- The Estate Claims will be competing for a pool of assets that overlaps the pool of assets available to satisfy the Third Party Claims, many of which are scheduled to go to trial in the next few months. Recoveries by some creditors on account of the Third Party Claims could therefore materially impair the ability of the Litigation Trust to subsequently recover on account of the Estate Claims.
- There can be no guarantee that creditors will agree over how to control the Litigation Trust, the strategy and tactics to be employed in pursuing the Estate Claims, and when and how to settle versus continue litigation regarding the Estate Claims. Potential disagreements over these issues can result in increased costs and further delays.

- Even if the Litigation Trust obtains a final, non-appealable judgment or brokers a settlement of the Estate Claims, there will potentially be additional disagreement (and even litigation) among the Trust Beneficiaries regarding how such litigation proceeds should be allocated among them. For example, the Estate Claims include multiple and overlapping causes of action—some are the first lien creditors’ collateral, others are unencumbered assets, and others are disputed. A settlement or judgment is unlikely to allocate recoveries by cause of action, instead leaving it to the Trust Beneficiaries to sort out. The potential allocation dispute could itself last several years, resulting in increased costs and further prolonging the Trust Beneficiaries’ receipt of recoveries. *See, e.g., In re Nortel Networks Inc.*, No. 09-10138 (KG) (Bankr. D. Del.).

For all of the reasons set forth above, it is clear that any and all recoveries contemplated by the Standalone Plan are hypothetical and subject to significant risk. Accordingly, the Debtors reiterate that the proposed Plan, which secures substantial contributions to settle Estate Claims and enhances the value of the Debtors’ businesses, provides maximum near-term recoveries coupled with greater certainty and is in the best interests of the Debtors’ estates and stakeholders.

Second Priority Noteholders Standalone Plan Analysis

At the request of the Second Priority Noteholders Committee, the Debtors have included the following analysis below, which describes the viewpoint of the Second Priority Noteholders Committee with regard to the Standalone Plan. The Debtors strongly disagree with the conclusions reached by the Second Priority Noteholders Committee with regard to the Standalone Plan but have included their views here in the interests of full transparency.

The Noteholder Committee believes that the Debtors’ Standalone Plan Analysis is fundamentally flawed because it is premised on the erroneous assumption that a Standalone Plan would require “that CEOC and its subsidiaries separate from and become independent of the broader Caesars enterprise, establishing its own management and back-office operations, while the Litigation Trust pursues the Estate Claims.”

Conspicuously absent from the Debtors’ Analysis is any attempt to explain why, under a Standalone Plan, CEOC must in fact “separate from and become independent of the broader Caesars enterprise,” or whether such a scenario would occur.

In contrast to the Debtors, the Noteholder Committee contemplates a standalone plan under which: 1) the Litigation Trust pursues claims that include, among other remedies, the recovery of Total Rewards from CES and the rescission of the agreements that led to the creation of CES; 2) pending completion of the litigation, CEOC will continue to remain a party to the CES agreements and, in so doing, have access to the Caesars system provided under those CES agreements while the litigation is pursued. Moreover, even if separation from CES were required, the Noteholder Committee believes that CEOC’s analysis exaggerates the negative impact of that separation on the Debtors.

Availability of Legal Remedies to Recover Total Rewards and Rescind CES Agreements

The Examiner concluded in his Report that “strong” claims (i.e., claims with a high likelihood of success, (Rep. at 1 n.3)) exist for constructive fraudulent transfer, intentional fraudulent transfer, and breach of fiduciary duty as a result of the Four Properties Transaction that included the transfer of Total Rewards and the CES agreements. As the Examiner recognized in his Report, certain creditor groups have indicated that, in litigation, they would seek a return of those transferred assets rather than pursue a damages remedy. (Rep. at 651). The Noteholder Committee is among those creditor groups, and it believes that, in connection with the transfer of Total Rewards to CES and the harm resulting from the agreements with CES, the estates should seek to avoid and recover Total Rewards and seek rescission of the agreements with CES and dissolution of CES. Such relief, if granted, would allow CEOC to reassert the control over those assets that it enjoyed prior to the transfers.

A return of the property to the Debtors’ estates would be consistent with the general rule under which “it is clear that courts favor a return of the property itself if at all possible so as to avoid speculation over its value.” *E.g., ASARCO LLC v. Americas Mining Co.*, 404 B.R. 150, 162 (S.D. Tex. 2009) (court ordered return of transferred stock) (internal quotation omitted); *accord In re Taylor*, 599 F.3d 880, 892 (9th Cir. 2010) (“Where the value of the property cannot be easily or readily determined—as is the case here—the correct remedy is to return the property, not award an estimate of the value of the property.”). While the Examiner did express the view in his Report that monetary damages are the most common remedy for fraudulent transfer and breach of fiduciary duty, the Examiner also found that “the sorts of extraordinary circumstances justifying equitable relief may be present here, and it is possible that a court would attempt to impose a remedy by which CEOC’s intellectual property is returned, but access to same for CGP (and CERP) continues through some other mechanism.” (Rep. at 651). Such a remedy is particularly appropriate here, where the Debtors otherwise would seek to implement an inadequate settlement on the grounds that litigation with insiders and other wrongdoers who stripped valuable assets from CEOC might prove detrimental to the business.

The substantial harm to CEOC resulting from the CES transactions, and the difficulty in valuing the damages resulting from those transactions, are demonstrated by the Debtors’ own Standalone Plan Analysis, which asserts that the impact to CEOC if separated from the Caesars’ system would be harmful and substantial. Importantly, the Debtors fail to explain why, if they genuinely believe that CEOC must choose between the pursuit of its valuable claims or the release of those claims on unfavorable terms in order to remain within the Caesars system, they did not prevent the Sponsors from causing the Debtors to implement the CES agreements, something that did not occur in earnest until October 2014, several months after the appointment of the Special Governance Committee that later negotiated the settlement embodied in the Plan.

Either the Debtors and Special Governance Committee did not believe that implementation of the CES agreements would effectively force them to settle the estates' valuable claims with CEC and the Sponsors on unfavorable terms, or they did believe that would be the case but nevertheless did nothing to avoid that outcome. In either case, the Noteholder Committee believes that creditors should give no credence now to the Debtors' warning that creditors and the estates must somehow choose between pursuing valuable litigation or remaining in the Caesars system.

There Is No Reason or Need for CEOC to Separate from the Caesars System While Litigation is Pending or Even After Completion of Litigation

Pending the completion of the litigation, there is no reason to believe that CEOC will not continue to function as a party to the CES agreements. Such a result can be accomplished through a variety of means, such as assumption in CEOC's bankruptcy of the agreements with CES, subject to a reservation of rights if CEOC prevails in litigation, or an injunction issued by the Court to maintain the status quo under the CES agreement pending completion of the litigation.

Moreover, even if CERP and CGP had the legal right to cause CEOC's separation from CES (and the Debtors have not identified or explained the existence of any such legal right in the Disclosure Statement or elsewhere), there is no reason to believe that CERP or CGP will seek to terminate CEOC's participation in the Caesars system. As stated by the Debtors in their own Standalone Plan Analysis, "CERP and CGP properties may, like the Debtors, experience similar negative impacts on financial performance if the Debtors separate into a standalone organization." Indeed, all of the purported "key financial impacts" that would harm CEOC if separate from the Caesars system would apply equally, if not to a greater degree, to CERP and CGP. For example, CEOC currently bears about 65% of the costs associated with the operation of CES, with CERP and CGP bearing the remaining 35%. (Rep. at 634). A separation would mean that CERP and CGP would bear 100% of costs that are currently largely borne by CEOC. Likewise, CERP and CGP would lose much of the revenue that currently results from participation in Total Rewards, including, for example, the funneling of customers from regional to destination casinos as described in the Examiner's Report (e.g., Rep. at 55), which enables the properties owned by CERP and CGP to earn more than their "fair share" of revenue.

Ultimately, in assuming that a separation of CEOC from the Caesars system must and will occur under a Standalone Plan, CEOC makes assertions that echo the arguments made by CEC and the Sponsors in seeking (unsuccessfully) to persuade the Examiner that the CERP transaction was fair. Specifically, CEC and the Sponsors argued to the Examiner that, but for the refinancing that occurred, the CMBS lenders would have been likely to foreclose on the properties and "unplug" them from the Caesars system. CEC and the Sponsors argued that avoiding that scenario was worth \$378 million to CEOC. (Rep. at 45). The Examiner properly rejected that argument, finding that the lenders had negotiated

for the right to remain in the Caesars system and presumably wanted to do so because “the value of the properties would be materially diminished without the benefit of Total Rewards.” (Rep. at 44). Similarly, here, there is no reason to believe CEOC’s unsupported assertion that CERP and CGP would insist upon an immediate separation, even if they had the legal right to do so (which they do not).

To the extent CEOC remains a party to the CES agreements, a standalone plan under which CEC no longer controls CEOC would also provide CEOC with the opportunity to appoint representatives to monitor CES’s operations and policies, in order to ensure that CEOC’s rights and remedies under those agreements are aggressively enforced. To date, that has not occurred. Rather, it is apparent from the Examiner Report that the Sponsors, through their control of CERP, CGP and CEOC, have operated CES in a manner that is abusive and harmful to CEOC. For example, the Examiner found that during the period June 2014 through December 2015 – all of which occurred under the “watch” of the Special Governance Committee – CEOC generated only 52.9% of Net Revenue, but CES allocated a disproportionate share of its total costs to CEOC, in a range during that period between 65.4% to 70%. (Rep. at 631-634). According to the Examiner, this led to an overpayment by CEOC of \$14.5 million during that period, resulting in “strong” constructive fraudulent transfer claims that CEOC can assert against CEC and CERP and “reasonable” breach of fiduciary duty claims. (Rep. at 80). Other potential abuses endemic in the CES structure relate to allocation of marketing expenses and transfers of customers and gaming revenues, as reflected in the Examiner’s findings that a strong fraudulent transfer claim exists as a result of the transfer of customers and gaming revenue from the Showboat (previously owned by CEOC) to Harrah’s Atlantic City (owned by CERP). (Rep. at 73). A representative appointed by CEOC to actually represent CEOC’s interests would, following confirmation of a standalone plan, properly monitor CES to ensure that, to every extent possible, the abuse of CEOC by CERP and CGP through misallocation of total costs, diversion of customers, and other similar conduct comes to an end.

In summary, the Debtors’ Standalone Plan Analysis is constructed upon a false premise that CEOC must separate from the Caesars’ system if it chooses to litigate or seek a fair settlement of the claims against its insiders. Instead, any comparison of a Standalone Plan to the Debtors’ Plan should assume that CEOC will remain in the Caesars system, based on a combination of its remedies in the litigation to be pursued, the rights of CEOC that exist under the CES agreements, and the financial consequences that would befall CERP and CGP if CEOC were to separate from the Caesars system.

Debtors’ Exaggeration of Consequences of Separation in Debtors’ Standalone Plan Analysis

Even if CEOC were required to separate from CES under the terms of a standalone plan, the Noteholder Committee believes that the Debtors have

exaggerated the harm that would befall CEOC under those circumstances. The Debtors' analysis is based on assumptions regarding revenue and expense impacts – such as reduced visitation at the regional properties; increased attrition, payroll, and headcount; increased capital expenditures; increased marketing and advertising expenses; and other assumptions – that the Noteholder Committee regards as artificial and unreasonable. Moreover, CEOC could take a number of actions to mitigate the revenue impact that include partnerships with non-gaming loyalty programs, affiliations with other Las Vegas strip operators, or even CEC on a temporary basis (which would also mitigate the harm to CERP and CGP resulting from CEOC's departure).

For all of the above reasons, and others, the Noteholder Committee urges creditors to disregard the Debtors' Standalone Plan Analysis in its entirety.

Exhibit J

New CEC Financial Projections

Forward-Looking Statements

The New CEC Projections (defined below) are “forward-looking statements” intended to qualify for the safe harbor from liability established by the Private Securities Litigation Reform Act of 1995. These forward-looking statements are based on expectations and projections about future events. Neither CEC, CEOC, nor CAC undertake to update the New CEC Projections in the future or to provide any further projections.

Investors are cautioned that forward-looking statements are not guarantees of future performance or results and involve risks and uncertainties that cannot be predicted or quantified, and, consequently, the actual performance of New CEC may differ materially from those expressed or implied by such forward-looking statements. Such risks and uncertainties include, but are not limited to, the following factors, and other factors described from time to time in CEC’s and CAC’s reports filed with the Securities and Exchange Commission (including the sections entitled “Risk Factors” and “Management’s Discussion and Analysis of Financial Condition and Results of Operations” contained therein):

- The outcome of currently pending or threatened litigation and demands for payment by certain creditors and by the National Retirement Fund against CEC;
- The effects of CEOC’s bankruptcy filing on CEOC and its subsidiaries and affiliates, including CEC and CAC, and the interest of various creditors, equity holders, and other constituents;
- CEC’s limited cash balances and sources of available cash, including CEC’s ability (or inability) to secure additional liquidity to meet its ongoing obligations and its commitments to support the CEOC restructuring as necessary and CEC’s financial obligations exceeding or becoming due earlier than what is currently forecast;
- The ability to retain key employees during the restructuring of CEOC;
- The event that the Restructuring Support and Forbearance Agreements (“RSAs”) may not be consummated in accordance with their terms, or persons not party to the RSAs may successfully challenge the implementation thereof;
- The length of time CEOC will operate in the Chapter 11 cases and CEOC’s failure to comply with the milestones previously provided by the RSAs or that may be included in other agreements relating to the restructuring;
- Risks associated with third party motions in the Chapter 11 cases, which may hinder or delay CEOC’s ability to consummate the restructuring as contemplated by the RSAs;
- Adverse effects of Chapter 11 proceedings on Caesars Entertainment’s liquidity or results of operations;
- The effects of local and national economic, credit, and capital market conditions on the economy, in general, and on the gaming industry, in particular;
- The ability to realize the expense reductions from our cost savings programs;
- The financial results of our consolidated businesses;
- The impact of our substantial indebtedness and the restrictions in our debt agreements;
- Access to available and reasonable financing on a timely basis, including the ability of the company to refinance its indebtedness on acceptable terms;
- The ability of our customer tracking, customer loyalty, and yield management programs to continue to increase customer loyalty and same-store or hotel sales;
- Changes in laws, including increased tax rates, smoking bans, regulations or accounting standards, third-party relations and approvals, and decisions, disciplines and fines of courts, regulators and governmental bodies;
- Our ability to recoup costs of capital investments through higher revenues;
- Abnormal gaming holds (“gaming hold” is the amount of money that is retained by the casino from wagers by customers);
- The effects of competition, including locations of competitors, competition for new licenses, and operating and market competition;

- The ability to timely and cost-effectively integrate companies that we acquire into our operations;
- The potential difficulties in employee retention and recruitment as a result of our substantial indebtedness or any other factor;
- Construction factors, including delays, increased costs of labor and materials, availability of labor and materials, zoning issues, environmental restrictions, soil and water conditions, weather and other hazards, site access matters, and building permit issues;
- Litigation outcomes and judicial and governmental body actions, including gaming legislative action, referenda, regulatory disciplinary actions, and fines and taxation;
- Acts of war or terrorist incidents, severe weather conditions, uprisings or natural disasters, including losses therefrom, losses in revenues and damage to property, and the impact of severe weather conditions on our ability to attract customers to certain of our facilities;
- The effects of environmental and structural building conditions relating to our properties;
- Access to insurance on reasonable terms for our assets; and the impact, if any, of unfunded pension benefits under multi-employer pension plans.

CEC, CEOC, and CAC disclaim any obligation to update the forward-looking statements. You are cautioned not to place undue reliance on these forward-looking statements.

Actual results may differ materially from the information included in this disclosure statement for many reasons, including those risks and uncertainties listed above and those contained in CEC's and CAC's Securities and Exchange Commission filings, including their Annual Reports on Form 10-K for the fiscal year ended December 31, 2015 ("2015 10-K"). For additional information concerning risks and uncertainties that could cause differences between actual results and forward-looking statements, please refer to CEC's and CAC's 2015 10-K.

Introduction

The projections contained below (the "New CEC Projections") represent projections for the CEC entity post-merger and emergence ("New CEC"). The New CEC Projections were developed by CES management with input from CAC, CEOC, and others during the annual budgeting cycle in late 2015 and are consistent with the 2016 annual plan and corresponding long range plan. All projections used for OpCo are consistent with those prepared by the Debtors and contained in Exhibit E. These projections do not incorporate any impact or adjustments to projections based on current 2016 year-to-date performance. Additionally, the projections reflect management's judgment (at the time the projections were prepared) of future operating and business conditions, which are subject to change. Although management believes the assumptions disclosed herein to be reasonable, it is important to note that management can provide no assurance that such assumptions are realized. Projections include a range of outcomes. For this discussion, management has included projections which we believed, at the time of preparation in late 2015, to be the most likely case. We have not included nor do we anticipate including the associated ranges.

The New CEC Projections include certain information that represents non-GAAP measures. We are unable to reconcile these forward-looking non-GAAP measures (Adjusted EBITDA, Adjusted EBITDA margin, Adjusted EBITDAR and Adjusted EBITDAR margin) to their nearest GAAP measures because the nearest GAAP financial measures are not accessible on a forward-looking basis. The New CEC Projections did not include, among other things, the following material items:

- Fair Value adjustments and the related income statement effects required as a result of the reacquisition of OpCo and its consolidation by CEC subsequent to CEOC's emergence from bankruptcy;

- The effect of the adoption of ASU 2014-09, Revenue from Contracts With Customers (Topic 606), which we are required to adopt by January 1, 2018;
- The effect of the adoption of ASU 2016-02, Leases (Topic 842), which we are required to adopt by January 1, 2019;
- Depreciation expense on a GAAP basis as the New CEC Projections are prepared at a much higher level than GAAP would prescribe;
- Stock compensation expense as the New CEC Projections do not include expected future grants;
- Does not reflect adjustments that may be required if future changes are made to consolidation conclusions.

Because the items noted above are expected to have a material effect on the GAAP results, the nearest GAAP financial measure, Net Income, is unavailable without an unreasonable effort.

Adjusted EBITDA is determined on a basis consistent with CEC and CAC periodic earning releases. Management believes that Adjusted EBITDA provides investors with additional information and allows an understanding of the results of operational activities separate from the financial impact of decisions that may be made for the long-term benefit of New CEC. For more information on this non-GAAP measure, how it is calculated and why it is used, please refer to CEC's periodic earnings releases.

Adjusted EBITDAR is Adjusted EBITDA further adjusted to remove the effects of projected rental payments to PropCo. Management believes Adjusted EBITDA will be useful to investors following CEOC's reorganization, as New CEC will have substantial rental obligations that investors could view as a form of financing expense when attempting to compare New CEC results to prior CEC, CEOC, or CAC results.

The New CEC Projections have been adjusted to exclude the ownership percentage attributable to partners and management interest in CIE, Horseshoe Baltimore, and Punta del Este. As such, the projections are reflective of actual ownership economics based on current ownership percentages. Further, the projections will not match GAAP financial statements because they do not follow GAAP consolidation rules. The ownership percentage assumed for CIE is fully diluted based on the treasury method.

New CEC Operating Projections

<i>(\$ in millions)</i>	2017	2018	2019	2020
Net Revenue	9,196	9,620	10,053	10,468
Adjusted EBITDAR	2,512	2,712	2,906	3,076
PropCo Rent	(640)	(643)	(647)	(650)
Adjusted EBITDA	1,872	2,069	2,259	2,425
Adjusted EBITDAR Margin	27.3%	28.2%	28.9%	29.4%
Adjusted EBITDA Margin	20.4%	21.5%	22.5%	23.2%

New CEC Operating Projection Assumptions

The following assumptions were considered in developing the operating projections:

1. Adjusted EBITDA

Definition of Adjusted EBITDA is consistent with the calculation used in CEC and CAC earnings releases.

2. Organic Market Growth:

Organic top line growth assumption ranges from 2.0% – 3.0% across New CEC's portfolio. Key drivers are disposable income, wage growth, and household income with the growth assumption based on expected Federal Reserve targeted inflationary growth rate of 2.0%. Management has included a 50bps premium for regional markets with more favorable market conditions and 100bps premium for the Las Vegas market.

3. Cost Structure:

The projections assume fixed cost increases of approximately 1.75% per annum during the projection period, driven by anticipated pressure in certain areas including wages, benefits, property taxes, cost of sales, and insurance. No cost savings initiatives have been assumed to offset these headwinds.

4. Return on Invested Capital:

Projections contemplate renovation of hotel room product at many of the Company's Las Vegas properties during the period forecasted including Caesars Palace, Harrah's Las Vegas, Paris Las Vegas, Flamingo, Planet Hollywood and Bally's Las Vegas. All returns are assumed to begin after the respective projects' completion dates. Organic growth rates capture capital expenditures required to maintain the current competitive positioning of the facilities.

5. Competitive Impacts:

The New CEC Projections take into account the opening of Live! Hotel and Casino in Philadelphia and MGM National Harbor in Baltimore. However, the impact from potential legislation changes to permit gaming in new jurisdictions has not been contemplated due to the highly speculative and binary nature of such decisions.

6. Other Assumptions

- No material acquisitions or divestitures;
- No new development projects. Although development prospects are regularly evaluated by management, the projections do not include any expenses or associated returns due to the speculative nature of such prospects. One previously disclosed prospect management is evaluating is South Korea;
- Continuation of CES Shared Services Agreement;
- PropCo options to acquire Harrah's Atlantic City, Laughlin or New Orleans are not exercised

New CEC Cash Flow Projections

<i>(\$ in millions)</i>	2017	2018	2019	2020
Adjusted EBITDA	1,872	2,069	2,259	2,425
Capex	(520)	(522)	(491)	(507)
Interest Expense	(695)	(714)	(712)	(711)
Cash Taxes	(55)	(180)	(218)	(299)
Change in Debt	(138)	(164)	(214)	(198)
Non-Operating / WC / Other	(143)	(121)	(143)	(246)
Change in Cash	321	368	482	465
Beginning Cash and Cash Equivalents	1,359	1,680	2,048	2,530
Change in Cash and Cash Equivalents	321	368	482	465
Ending Cash and Cash Equivalents	1,680	2,048	2,530	2,995

Cap Table

Revolver	-	-	-	-
First Lien Term Loan	4,961	4,809	4,607	4,417
First-Lien Notes	1,330	1,330	1,330	1,330
Second-Lien Notes	2,372	2,372	2,372	2,372
Convertible Notes	1,051	1,104	1,161	1,220
Cap Leases / Other	94	88	82	80
Gross Debt	9,808	9,704	9,552	9,419

New CEC Cash Flow Projection Assumptions

The following assumptions were considered in developing the cash flow projections:

1. Adjusted EBITDA

Definition of Adjusted EBITDA is consistent with the calculation used in CEC and CAC earnings releases.

2. Capex

Includes anticipated capital expenditures associated with Las Vegas room renovation projects. Management plans to finish renovating substantially all of its Las Vegas hotel rooms over the next 5-7 years. Projections contemplate approximately ~15K room renovations over the depicted horizon. Additionally, forecast includes spend required to properly maintain the facilities and sustain their current competitive positioning. Overall capex forecast for CEOC OpCo and PropCo totals \$225m annually throughout the horizon, and does not include capital (or other) expenditures related to any potential new development prospects. See above.

3. Interest Expense

Interest expense for existing debt agreements is based upon projected debt levels and contractual interest rates. OpCo interest expense is based on anticipated rates for the debt obligations outlined in the Debtors' Second Amended Joint Plan of Reorganization Pursuant to Chapter 11 of the Bankruptcy Code as filed with the United States Bankruptcy Court for the Northern District of Illinois by Caesars Entertainment Operating Company, Inc. Et. Al on May 18, 2016 (the "Plan"). The New CEC Projections contemplate refinancing maturing debt at similar terms.

4. Cash Taxes

Cash taxes include income taxes paid by CIE for its overseas subsidiaries in Israel and the UK as well as income taxes for US entities where applicable. The 2017 projection reflects the conversion of favorable tax attributes that are assumed to survive the restructuring as well as acceleration of 2018 cancellation of debt income at CERP into 2017. A Federal income tax rate of 35% is assumed for purposes of computing income tax.

5. Change in Debt

Projections include mandatory amortization in accordance with debt agreements and complete pay down of outstanding revolver balances at CERP and CGPH. Additionally, projections for OpCo contemplate voluntary prepayments equal to all excess cash flow each year. Other assumptions include refinancing of debt maturing during the horizon at similar terms and no excess cash flow offers.

6. Non-Operating / WC / Other

Consists of amounts set forth in the table below:

<i>(\$ in millions)</i>	2017	2018	2019	2020
CIE Share Repurchases	(44)	(52)	(62)	(73)
Professional Fees (Post-Emergence Wind-Down)	(45)	-	-	-
Punta Del Este EBITDA	(17)	(17)	(17)	(18)
LCI Pension & Disc Ops	(10)	(10)	(10)	(10)
Iowa Dog Racing Legislation Payment	(9)	(9)	(9)	(9)
Atlantic City CRDA Obligations	(8)	(8)	(8)	(8)
Working Capital	(2)	(7)	(13)	(13)
Debt Refinance Fees	-	-	(4)	(96)
Other Expenses	(8)	(18)	(19)	(20)
Total	(143)	(121)	(143)	(246)

7. Cash and Cash Equivalents

The projections assume an opening cash balance of \$1,359m which includes (i) minimum property cash and cage cash, (ii) cash that cannot be distributed from operating entities pursuant to debt agreements, (iii) cash held by CIE domestically and overseas, (iv) cash at insurance captives, and (v) cash at CES. The forecasted cash balances do not include any taxes that may be incurred for repatriating cash to the US from CIE international subsidiaries.

8. Gross Debt

Upon consummation of the restructuring, New CEC is assumed to have the following financed debt obligations at emergence:

CEOC OpCo

- \$1,188m First Lien Notes at LIBOR + 4.0% interest rate (1.0% LIBOR floor)
- \$547m Second Lien Notes at 8.5% interest rate
- \$330m Chester Downs Senior Secured Notes
- \$56m capital lease obligation and other debt

CERP

- \$25m Revolving Credit Facility at LIBOR + 6.0% interest rate

- \$2,425m Term Loan at LIBOR + 6.0% interest rate (1.0% LIBOR Floor)
- \$1,000m First Lien Notes at 8.0% interest rate
- \$1,150m Second Lien Notes at 11.0% interest rate
- \$14m capital lease obligation and other debt

CGPH Restricted

- \$10m Revolving Credit Facility at LIBOR + 5.25% interest rate
- \$1,146m Term Loan at LIBOR + 5.25% interest rate (1.0% LIBOR Floor)
- \$675m Second Lien Notes at 9.375% interest rate
- \$17m capital lease obligation and other debt

Cromwell

- \$175m Term Loan at LIBOR + 9.75% interest rate (1.25% LIBOR floor)

Baltimore

- \$121m Term Loan at LIBOR + 7.0% interest rate (1.25% LIBOR floor)
- \$9m FF&E Facility at LIBOR + 7.5% interest rate (1.25% LIBOR floor)
- \$2m other debt
- All values represent Caesars 41% share of the total debt outstanding

CEC Parent

- \$1,000m Convertible Notes at 5.0% PIK toggle interest rate. The New CEC Projections assume that interest is paid in-kind

The anticipated debt balance by entity is depicted below:

(\$ in millions)	Opening				
	1/1/2017	2017	2018	2019	2020
CEOC Opco	2,121	2,063	1,948	1,783	1,631
CERP	4,614	4,564	4,539	4,514	4,489
CGPH Restricted	1,848	1,826	1,814	1,802	1,790
Cromwell	175	175	175	175	173
Baltimore	132	129	123	118	117
CIE	-	-	-	-	-
Parent / Other	1,000	1,051	1,104	1,161	1,220
Total	9,890	9,808	9,704	9,552	9,419

Transaction Sources and Uses

In connection with the Plan, New CEC is expected to fund, in cash, several components of consideration to the Debtors and Debtors' creditors. Based upon the Assumed Effective Date of December 31, 2016, the following components of the Plan will require New CEC cash payments:

- \$700 million on account of the New CEC OpCo Stock Purchase;
- \$411 million on account of the Bank Guaranty Accrued Amount, which assumes (i) Monthly Adequate Protection Payments (as defined in the Cash Collateral Order) are received during the

Accrual Period; (ii) \$250 million of Available Cash; (iii) an Upfront Payment (as defined in the Bank RSA) of \$61 million;

- \$234 million on account of the New CEC Cash Payment, which assumes \$172 million of total RSA Forbearance Fees paid by CEC / New CEC;
- \$86 million on account of the RSA Forbearance Fees that remain outstanding and are yet to be paid as of May 22, 2016;
- \$18 million on account of the New CEC Cash Payment, which assumes Class I and Class J vote to accept the Plan and each Class receives 6.0% of their allowed claim;
- In addition to the above cash payments, New CEC will require a minimum of \$15 million in cash on New CEC's balance sheet as of the Assumed Effective Date of December 31, 2016 for general corporate purposes;
- The New CEC cash payments assume that the REIT is formed pursuant to the Spin Structure, and as such, exclude any cash use associated with the New CEC PropCo Common Stock Purchase. In the event the REIT is formed pursuant to the Partnership Contribution Structure, New CEC will have an incremental \$91 million cash obligation associated with the purchase of 5.0% of the PropCo Common Stock.

While the sources and uses depicted below, and projections contained herein, assume that any New CEC funding gap is addressed via the issuance of equity, New CEC will consider various alternatives.

(\$ in millions)

Sources	
CEC Parent Cash	5
Other Available Cash (Subject to Approval)	55
Subtotal CEC Cash	60
CGP Parent Cash	641
CAC Parent Cash	22
New Equity Issuance ⁽¹⁾	740
Total Sources	1,464

Uses	
Purchase of 100% of OpCo Equity	700
Net Bank Guarantee Settlement Payment	411
Guaranteed CEOC balance sheet contribution, excl forbearance fees	234
Remaining Bond Forbearance Fees	86
6.0% Cash to Ongoing Business / General Unsecured Claims	18
Minimum Cash	15
Contingent Purchase of 5.0% of PropCo Equity (Assumes \$0 for Spin Structure)	-
Additional CEOC balance sheet contribution	-
Total Uses	1,464

⁽¹⁾ Although the sources and uses assume that any New CEC funding gap is addressed via the issuance of equity, New CEC will consider various alternatives.

Exhibit K

Second Priority Noteholder Committee Summary of Examiner Report

The following is the position of the Second Priority Noteholders Committee with regard to the Examiner Report and the Challenged Transactions. The Debtors disagree with much of the Second Priority Noteholders Committee's assessment of the Examiner Report and the Challenged Transactions, but have included it here at the Second Priority Noteholders Committee's request.

On March 27, 2015, the U.S. Trustee appointed Richard J. Davis as examiner (the "Examiner") [Docket No. 1010] in accordance with the Bankruptcy Court's *Order Approving Appointment of Examiner* [Docket No. 992], which directed the Examiner to investigate various transactions and potential claims belonging to the Debtors' Estates.

A. The Examiner's Investigation

The Examiner investigated more than 15 pre-petition transactions among CEOC and other entities controlled by CEC. These transactions occurred from 2008 through 2014.

At various points during his investigation, the Examiner met with and received input from a number of the key parties (and their advisors) involved in the transactions and the Chapter 11 Cases, including the Debtors, CEC, the Sponsors, the two Official Committees, CAC, and the Ad Hoc Committees of First Lien Noteholders and First Lien Bank Debt. In late 2015, the Examiner made detailed presentations to each of these groups who, in turn, provided him with feedback on the preliminary views he presented. The Examiner's financial advisors also regularly communicated with the financial advisors for the Debtors, the committees, and CEC.

B. The Examiner's Findings and Conclusions

At the outset of his Report, the Examiner summarized his conclusions about the transactions that he investigated:

The principal question being investigated was whether in structuring and implementing these transactions assets were removed from CEOC to the detriment of CEOC and its creditors.

The simple answer to this question is "yes." As a result, claims of varying strength arise out of these transactions for constructive fraudulent transfers, actual fraudulent transfers (based on intent to hinder or delay creditors) and breaches of fiduciary duty by CEOC directors and officers and CEC. Aiding and abetting breach of fiduciary duty claims, again of varying strength, exist against the Sponsors and certain of CEC's directors.

(Rep. at 1.)

The Examiner concluded that "[t]he potential damages from those claims considered reasonable or strong range from \$3.6 billion to \$5.1 billion." (Rep. at 1.) The Examiner defined "strong" claims as those "having a high likelihood of success" and "reasonable" claims as those "having a reasonable, or better than 50/50, chance of success." (Rep. at 1 n.3.) Notably, the low end of the range of potential damages from those claims considered "reasonable" or "strong" by

the Examiner is in fact about \$4.0 billion, an increase of \$373.5 million. This is because, as alluded to in footnote 7 on page 80 of the version of the Report filed on May 16, 2016, the low end shown on his chart does not reflect a claim that the Examiner found to be reasonable – specifically, for intentional fraudulent transfers arising from repayments of an intercompany loan and dating back four years from the bankruptcy filing.

Importantly, the Examiner’s range of potential damages include several categories of damages that were determined by the Examiner to be available under applicable law on the strong and reasonable claims, but that the Examiner did not quantify, such as claims for lost profits (Rep. at 2, 12-13, 20, 26, 423), the appreciation in the value of transferred properties (Rep., App. 5, at 93), the impairment to Caesars Palace caused by the removal of Octavius Tower (Rep. at 47), the transfer to CES of control over the Total Rewards program (Rep. at 58), and prejudgment interest (Rep. at 412). Moreover, the Examiner’s range of potential damages excluded other claims that were characterized by the Examiner as “plausible” (“a claim likely to survive a motion to dismiss but having less than a 50/50 chance of success”) or “weak” (a claim with a reasonable chance of surviving a motion to dismiss but unlikely to succeed) but nevertheless “viable” (Rep. at 1 n.3), such as claims for the value of Caesars Interactive Entertainment, Inc. (Rep. at 27-28), the transfer of trademarks in 2010, and challenges the Debtors can mount to any “good faith” defense asserted by Caesars Growth Partners (Rep. at 78, 412-13, 651-52).

The Examiner concluded that there is a strong case that CEOC was insolvent by December 31, 2008 and that, by the last quarter of 2013 through 2014 and the bankruptcy filing in early 2015, CEOC was “certainly insolvent.” This finding was key to the Examiner’s analysis because CEOC—as an insolvent subsidiary—should have had independent directors and advisors beginning in 2009, yet none were put in place until late June 2014. As a result, no one was protecting the interests of CEOC and its creditors. Making matters worse, CEOC’s counsel, Paul Weiss, was found by the Examiner to have a conflict of interest in representing both CEC and CEOC. The Examiner went on to find that by sometime in late 2012, the Sponsors adopted and began to implement a strategy that was designed, among other things, to strengthen CEC’s and the Sponsors’ position in a potential restructuring negotiation with creditors and improve their position in the event of a CEC or CEOC bankruptcy. The Examiner further concluded that, by the Fall of 2013, the Sponsors began planning for what would happen in the event of such a bankruptcy. (Rep. at 2).

The Examiner divided the period of time covered by his investigation into three phases: the LBO and its immediate aftermath; the late 2008-mid 2012 period, and the period since mid-2012 leading up to the bankruptcy. The Examiner did not find a basis for challenging the LBO, and the Report therefore focused primarily on the second and third periods.

During the second period, from 2009 until mid-2012, the Examiner found that the Sponsors and CEC focused on transactions and activities that CEC contended were designed to create “runway” that would extend the maturity of CEOC’s debts. The Examiner investigated three transactions that occurred during this time period:

- 2009 WSOP Transaction. In May 2009, a CEOC subsidiary transferred to CIE (a subsidiary of CEC) its WSOP existing sponsorship, media and licensing business

and rights in the WSOP trademarks and related intellectual property in exchange for (a) preferred shares in a holding company with a stated value of \$15 million and (b) a license to continue using the WSOP trademarks and IP for limited purposes. According to the Examiner, no witness that he interviewed acknowledged actually negotiating the consideration of non-participating preferred shares with a stated value of \$15 million, or explained how that number was developed and why it was paid in the form of preferred shares. Notably, an October 2008 presentation contemplated the new entity as being a subsidiary of CEOC, but by December 2008 that was no longer the case. The Examiner concluded that with respect to the 2009 WSOP Transaction, the Debtors have a strong constructive fraudulent transfer claim, and reasonable breach of fiduciary duty and aiding and abetting breach of fiduciary duty claims, though the fiduciary duty based claims may be barred by the statute of limitations. Based on the Examiner's conclusion that it was more likely that not that CIE could not establish that it was a good faith transferee, given his finding that the transfer was "orchestrated" by Caesars individuals who were acting on all sides of the transaction and who knew or should have known that CEOC was insolvent, the Examiner concluded that CEOC would be entitled to a judgment in the amount of \$66.2 million to \$76.1 million (which excludes the value of CIE, discussed further below), and CEC/CIE would only be allowed an unsecured claim for the value of the consideration it paid.

- 2011 WSOP Transaction. In September 2011, a CEOC subsidiary transferred the hosting rights for WSOP live tournaments to CIE for \$20.5 million. As with the 2009 WSOP Transaction, no one acknowledged negotiating the \$20.5 million consideration on behalf of CEOC. The Examiner found that the fee to be paid to CIE for the right to host the main tournament had been reduced, and cited to what he called "a troubling exchange of e-mails which suggests the fee was reduced in order to hold down the purchase price." (Rep. at 29). The Examiner concluded that with respect to the 2011 WSOP Transaction, the Debtors have a strong constructive fraudulent transfer claim, and reasonable breach of fiduciary duty and aiding and abetting breach of fiduciary duty claims, but that the fiduciary duty based claims would be barred by the statute of limitations. The Examiner found there is a reasonable argument that CIE was not a good faith transferee because CIE's executives (a) orchestrated the transfer; (b) knew that the purchase price was negotiated without anyone negotiating on CEOC's behalf; and (c) participated in artificially reducing the fee that a Las Vegas casino would pay to host WSOP tournaments, which thus reduced the consideration CEOC received for the hosting rights. (Rep. at 30). Based on the resulting absence of any offset, the Examiner concluded that CEOC would be entitled to a damage award of \$50.3 million to \$55.9 million or, alternatively CEOC could seek a return of the hosting rights. (Rep. at 30).
- 2010 Trademark Transfer. In connection with the August 2010 amendment to the CMBS loan agreement, a CEOC subsidiary, Caesars License Company (CLC), transferred ownership of property-specific IP (*i.e.*, "Rio," "Paris," and "Flamingo") to the CERP Properties. CEOC acted at the direction of CEC, did not

receive any consideration for the transfer, and no fairness opinion was secured in connection with the transaction. (Rep. at 31). The Examiner found that the value of what was transferred was between \$42.9 million and \$123 million. The Examiner concluded that a strong constructive fraudulent transfer claim would exist based on the transfer of the trademarks, but based on the Examiner's belief that a potential issue existed with respect to statute of limitations, that claim was only "plausible." However, the Examiner did not appear to consider the facts that: 1) the action filed by WSFS in Delaware included a claim based upon the transfer of the trademarks and was commenced prior to the end of the four year limitations period; and 2) CLC is a pledgor of assets under a collateral agreement that secures the claims of WSFS. Absent any statute of limitations issue, and based upon the Examiner's opinion that the constructive fraudulent transfer claim was otherwise strong, the value of that claim would have been included in his aggregate range of damages.

During the third period of time identified by the Examiner, beginning in late 2012 and continuing through the filing of the bankruptcy cases, the Examiner concluded, based on evidence such as an October 2012 presentation prepared by Apollo, that the Sponsors began to implement a strategy intended, with as little capital outlay as possible, to strengthen CEC's and the Sponsors' position in a potential restructuring negotiation with CEOC's creditors or in a CEC or CEOC bankruptcy, such that the Sponsors could, in the words of Apollo, "have our cake and eat it too." (Rep. at 32-24). This led to a series of transactions, the first of which closed in late 2013 and that continued throughout 2014 and until the bankruptcy filing, most of which give rise to substantial claims for damages and potential recovery of property.

- The Growth Transaction. On October 21, 2013, a CEOC subsidiary transferred to CGP (a) a 100% equity interest in Planet Hollywood; (b) a 52% equity interest in the Horseshoe Baltimore joint venture; and (c) 50% of the management fees associated with each property. In exchange, CEOC received \$360 million in cash. The Examiner found that a number of "badges of fraud" evidencing an intentional fraudulent transfer were present, including that the latest projections were not made available to the financial advisor for the Valuation Committee and that, under pressure from the Sponsors, management convinced the financial advisor (Evercore) not to adjust the value to account for a new attraction (and positive source of value) at Planet Hollywood. The Examiner also concluded that the Sponsors designed the transaction and effectively made the key decisions relating to the transaction on everything other than price. (Rep. at 40). In addition, the Examiner found documentary evidence that the goals of the transaction included better positioning CEC and the Sponsors in a restructuring negotiation, improving their position in the event of a bankruptcy, and allowing CEC to maintain ownership of the assets. (Rep. at 40). According to the Examiner, the removal of Planet Hollywood and its earnings from CEOC began the process of making CEOC even less likely to be able to pay its debts as they mature. The Examiner concluded that with respect to the Growth Transaction, the Debtors have a strong constructive fraudulent transfer claim, a strong intentional fraudulent transfer claim, a strong breach of fiduciary duty claim, and a reasonable aiding and abetting breach of fiduciary duty claim. The Examiner found the amount of

damages associated with these claims is the deficiency in the amount of the consideration, which ranges from \$437 million to \$593 million, and that a court could also order a return of the properties. The Examiner also concluded there is a plausible argument that CAC and CGP would not be able to establish good faith. In the absence of good faith, the damages range would increase by an additional \$360 million, and total \$797 million to \$953 million.

- The CERP Transaction. On October 11, 2013, CEOC transferred Octavius Tower and Project Linq to CERP. In exchange, CEOC received \$80.7 million in cash and \$52.9 million in CEOC notes for retirement. CERP also assumed \$450 million of debt associated with the Octavius and Linq properties. As with other transactions, CEOC's directors played no meaningful role in its structuring and negotiation, and there is no evidence that anyone negotiated over the amount of consideration CEOC should receive for these properties. (Rep. at 43). As with the Growth Transaction, the Examiner found that there are a number of badges of fraud present, including that "CEC and the Sponsors were on both sides of the transaction – buyer and seller – and actively sought to secure the lowest price for the seller, CEOC, thereby clearly harming CEOC's creditors." (Rep. at 46). Apollo argued to CEOC's financial advisor, Parella Weinberg, that no monetary consideration was required to be paid to CEOC, based upon the alleged value of certain "indirect benefits" to CEOC. (Rep. at 43). Initially, Parella determined that it would not be able to issue an opinion based solely on the value of the indirect benefits, thus leading to the consideration in cash and bonds worth \$138 million that ultimately was paid. (Rep. at 45). Parella also concluded that the transaction provided a net benefit to CEOC of \$230 million, but it reached that conclusion by attributing \$378 million in value to avoiding certain reallocated costs to CEOC and valuing the contribution of bonds at a number higher than its market value. (Rep. at 45). The Examiner concluded that no value should be attributable to the reallocated costs, finding that the assumption that an absence of a transfer would cause the lenders to foreclose and remove the properties from the Caesars system was "problematic." (Rep. at 44-46). Thus, the Examiner concluded that with respect to the CERP Transaction, the Debtors have a strong constructive fraudulent transfer claim, a strong intentional fraudulent transfer claim, and strong breach of fiduciary duty and aiding and abetting breach of fiduciary duty claims. The Examiner found that the consideration CEOC received was \$328.5 to \$426.9 million less than the value of the assets CEOC transferred to CERP. The Examiner also found the existence of a reasonable case that CERP may not be able to establish that it was a good faith transferee because the Sponsors— who dominated both sides of the transaction—knew or should have known that CEOC was insolvent and provided Parella (the party who provided the fairness opinion) with incomplete or inaccurate assumptions.
- The Four Properties Transaction. According to the Examiner, while the CERP and Growth transactions were being closed, work was already underway by Apollo on potential additional transactions. Apollo, apparently with some input from Caesars' management, identified four properties to be sold, three on the "very valuable Las Vegas strip" (the Quad, now the LINQ; Bally's Las Vegas;

and Bill's, now the Cromwell), and a "super-regional" property in New Orleans (Harrah's New Orleans). (Rep. at 48-49). Those properties were sold by CEOC for approximately \$2 billion in consideration, including \$1.815 billion in cash and \$185 million in assumption of debt. CEOC also transferred away 31 acres of undeveloped land as part of this transaction, but none of the financial advisors who worked on the transaction knew that land was included and none considered its value in reaching their conclusions that the purchase price was fair. (Rep. at 53). Although a special committee was created for CEC, none was created for CEOC, and the Examiner found that CEC's special committee did not protect CEOC's interests. Moreover, the CEC special committee was not given the right to market these properties to third parties and thus had no ability to "market test" the purchase price. Although CEC and the Sponsors tried to justify the transactions, both to the Examiner and to state regulators, on the assertion that the four properties had "capital needs," the Examiner questioned the validity of that assertion. (Rep. at 49). The Examiner also found that CEC created a revised set of projections that reduced projected EBITDA by 12% below what their ordinary course projections forecast, and then shared the lower projections with the buyer (CAC). The Examiner commented that, "as a general proposition, valuations should be based upon a company's ordinary course numbers, and not on numbers created solely to support a particular valuation or outcome," which was "precisely what happened here." (Rep. at 52). That fact and others led him to find that there "plainly are badges of fraud present," (Rep. at 59). The Examiner ultimately concluded that, with respect to the Four Properties Transaction, the Debtors have a strong constructive fraudulent transfer claim, a strong intentional fraudulent transfer claim, a strong breach of fiduciary duty claim, and a reasonable aiding and abetting breach of fiduciary duty claim. The Examiner found potential damages in the range of range \$701 million to \$1,108 million on account of the transfer of the Four Properties, as well as the 31 acres of undeveloped land. The Examiner also found that CGP would likely be able to show that it was a good faith transferee because it had a fairness opinion from Lazard, knew that CEC had a fairness opinion from Centerview, and was told that proceeds from the transaction would be used to pay CEOC creditors.

- Multiple Degradation. The Examiner found that the transfer of Las Vegas-based assets out of CEOC during 2013 and 2014 significantly altered the complexion of CEOC and transformed it into a predominantly regional gaming company. As such, if sold, CEOC would be sold at a lower EBITDA multiple than it would have commanded had it not sold the Las Vegas-based assets, a point that Caesars witnesses acknowledged as true. The Examiner concluded that the Debtors have a reasonable claim for breach of fiduciary duty for \$516 million arising out of the multiple degradation that CEOC suffered when it sold most of its Las Vegas assets and began to derive more of its EBITDA from regional properties. (Rep. at 54).
- CMBS/CERP/Total Rewards Management Fees. As explained in the Report, "Total Rewards was universally recognized by all the Caesars and Sponsor

witnesses as being an extraordinarily successful proprietary and industry leading customer loyalty program,” and there is evidence (which Caesars and the Sponsors believe) that “properties are materially more profitable within the Caesars’ system than outside it.” (Rep. at 55). Given those facts, the Examiner found that CEOC should not have been providing CERP with either uncompensated services or free access to Total Rewards when CEOC entered into a new services agreement with CERP in August 2010. The Examiner also found CERP underpaid for management fees and access to Total Rewards when CES was created in 2014. Consistent with these findings, the Examiner concluded that the Debtors have a reasonable claim for breach of fiduciary duty for \$237.30 million based on management fees that CEOC did not receive from CERP from September 2010 through May 20, 2014. The Examiner also concluded that the Debtors have, against CERP and other defendants, a strong constructive fraudulent transfer claim, a strong intentional fraudulent transfer claim, a strong breach of fiduciary duty claim, and a reasonable aiding and abetting breach of fiduciary duty claim for \$132.9 million to \$592.1 million based on future management fees and access to Total Rewards arising out of the creation of CES. In addition, the Examiner found that the allocation of shared services costs was not consistent with the net revenues between CEOC, CERP, and CGP after the Four Properties Transaction. The Examiner concluded that the Debtors have an additional reasonable claim for breach of fiduciary duty for \$14.5 million based on CEOC’s payment of shared services costs that were not allocated consistent with Caesars’ total net revenues.

- B-7 Refinancing. In May and June 2014, CEOC obtained a new \$1.75 billion B-7 term loan that it used to refinance debt that was set to mature between 2015 and 2018. Although the Examiner found that there were “clear benefits” to the refinancing, those benefits “came at a significant cost – increased interest expense, very significant fees and expenses, and over \$1 billion paid to junior creditors, including more than \$850 million in the aggregate to an affiliate in which the Sponsors had a majority economic interest and to an entity [Chatham Asset Management] who at the request of the Sponsors was buying CEOC equity to release the Bond Guarantee.” (Rep. at 66). (In a June 2015 email, David Sambur, one of the potential defendants, equated the value of CEOC shares at the time to “pixie dust”). (Rep. at 68). The Examiner found that, unlike in past instances where the Sponsors sought to capture the discount in CEOC debt, in this case no apparent effort was made to negotiate a discount, and to the contrary, premiums were paid over market price, including to Growth.” Also, and most significantly according to the Examiner, while paying over \$795 million in debt not maturing until 2016 and 2017, “\$315 million of cash was used from a deeply insolvent CEOC which would need to do the impossible . . . just to be cash flow break-even.” As stated by the Examiner, “there was no reason from CEOC’s perspective to use this \$315 million to pay 2016-17 maturities.” In response to assertions that the refinancing benefitted CEOC by converting the payment guarantee of first lien bank debt into a guarantee of collection, the Examiner found “this change primarily benefitted CEC and its equity holders.” The Examiner concluded that the Debtors have reasonable breach of fiduciary duty and aiding and abetting breach

of fiduciary duty claims for \$315 million based on the cash CEOC paid in connection with the B-7 loan. The Examiner also concluded that the Debtors have reasonable intentional fraudulent transfer, breach of fiduciary duty, and aiding and abetting breach of fiduciary duty claims for \$452 million based on CEOC's use of those proceeds from the B-7 loan to pay CGP." (Rep. at 67-68). It is also noteworthy that, as part of his investigation of the B-7 Refinancing, the Examiner rejected the Sponsors' claim that lenders were responsible for CEC's attempt, through the sale of 5% of its stock in CEOC in early May 2014, to cause a release of its guarantee of more than \$11 million in bonds (the "Bond Guarantee"). The Examiner instead found that David Sambur of Apollo orchestrated the request by the lenders that the Bond Guarantee be released. (Rep. at 63-64). The Examiner did not find the existence of any estate claims focused solely on the sale of CEOC equity, but did find that a plausible claim might exist against Chatham based on its purchase of debt in April 2014 following discussions with CEC. (Rep. at 68).

- Intercompany Transactions. In August 2008, CEC and CEOC entered into an intercompany revolver. From the third quarter of 2012 until the second quarter of 2013, CEOC repaid over \$409 million on the revolver even though it was not set to mature until 2017. On June 3, 2014, at the request of the Sponsors, CEOC repaid the remaining balance of \$261.8 million. Since CEC was an insider of CEOC, the Examiner concluded that there would be a strong preference claim for \$289 million. Finding that "certain badges of fraud are clearly present," the Examiner also concluded that there are reasonable intentional fraudulent transfer claims under both the Bankruptcy Code and applicable state law relating to repayments made within the four years prior to the bankruptcy filing. Under the Bankruptcy Code, the claim would be for \$546.5 million (which includes the \$261.8 million previously discussed), and under state law recovery would go back four years and be \$662.5 million (again including the \$289 million, plus interest). Although the Examiner's chart on page 80 of the Report shows a range of damages from \$289 million to \$662.5 million, that range should have been \$662.5 million on both the low end and high end since he concluded that there were reasonable claims for the entire \$662.5 million. (This correction increases the Examiner's overall range to \$4.0 billion to \$5.1 billion).
- Tax Issues. CEC received a \$276.6 million tax refund that is attributable to the Debtors' net operating losses but provided CEOC with a refund of only \$220.8 million. The Examiner concluded that the Debtors have a strong argument that they are entitled to the full amount of the refund and likely to succeed on a claim for the outstanding \$55.8 million. The Examiner concluded that any claim based on the use of NOLs generated by CEOC by the CEC consolidated tax group would be difficult to pursue.
- Atlantic City Transaction. After CEOC closed the Showboat casino in August 2014, it effectively transferred its customer list to Harrah's Atlantic City (a CERP property) for no consideration. The Examiner concluded that the Debtors have a

strong constructive fraudulent transfer claim for \$3.0 million to \$7.0 million based on the customer information and other data that was transferred to Harrah's.

The Examiner investigated a number of other transactions but concluded that there were no strong or reasonable claims (or in some cases any viable claims) belonging to the estates for constructive fraudulent transfer, fraudulent transfer with actual intent, breach of fiduciary duty, or aiding and abetting breach of fiduciary duty. These include the following:

- The Sponsors' 2008 LBO of Caesars, which was found not to be a source of viable claims.
- The release of CEC's guarantee through the sale of 5% of CEOC equity and distribution of 6% of equity to employees as part of a Performance Incentive Plan, which was found not to generate any claims belonging to the estates.
- CEOC's repurchase of \$17 million of PIK Toggle Notes guaranteed by CEC in December 2014, which resulted in a plausible claim for breach of fiduciary duty.
- The August 2014 Senior Unsecured Notes Transaction where CEOC and CEC purchased \$155 million in CEOC notes and CEC contributed \$427 million of notes to CEOC for cancellation, which the Examiner concluded would result in a breach of fiduciary duty claim that would either be not viable or, at best, weak, and that any constructive fraudulent transfer claims would be barred under section 546(e) of the Bankruptcy Code.
- Easements that Debtors granted in 2011 to Flamingo, Harrah's Imperial Palace Corporation, and Caesars Linq, LLC, which were granted in exchange for a payment of \$1.7 million per year plus an annual increase of 3%. The Examiner found that the payment did not constitute payment of reasonably equivalent value with the deficiency being between \$18.7 million and \$59.6 million, but the Examiner noted that those figures relied on a number of assumptions and, because of uncertainty about the valuation related to the easements, a claim for fraudulent transfer was only plausible.

C. The Noteholder Committee's Adjustments to the Examiner's Range of Potential Damages, Taking Into Account the Examiner's Own Findings and Calculations

Importantly, and as noted previously, the range of potential damages shown on page 80 of the Examiner Report, from \$3.6 billion to \$5.1 billion (which, as corrected using the Examiner's scoring system, should be \$4.0 billion to \$5.1 billion), is only a starting point. The Examiner noted various categories of damages that he did not include or calculate, but as to which the Debtors are or may be entitled to recover based on the Examiner's conclusions and applicable law. Moreover, the Examiner's range of values relates solely to claims considered strong (a high likelihood of success) or reasonable (better than 50/50 chance of success), and as to which the Examiner actually calculated relevant damages.

In fact, the Noteholder Committee believes that the estate claims are, in the aggregate, substantially more valuable than the (as corrected) \$4.0 billion to \$5.1 billion range calculated by the Examiner.

Attached as Exhibit K-1 is a chart prepared by Noteholder Committee showing adjustments that it believes should be made to the Examiner's range of damages. These adjustments, when taken into account, increase likely recoverable damages of the potential defendants to a range of \$8.1 billion to \$12.6 billion. In making those adjustments, the Noteholder Committee used the dollar figures and EBITDA multiples calculated by the Examiner, and focused on: (1) categories of damages not calculated by the Examiner, but as to which the estate is entitled to recover based on the Examiner's conclusions and applicable law; (2) damages recoverable in respect of claims where the Examiner appears to have overlooked certain indisputable facts; and (3) damages resulting from a determination that defendant transferees, in particular CAC and Growth Partners, did not act in good faith.

It is important to note that Exhibit K-1 does not include CEC's potential and significant direct liability to creditors under the Parent Guarantees, which would be released under every version of the Plan filed by the Debtors. Nor does it reflect the fact that the Noteholder Committee's financial advisors attribute even higher value to the transferred properties than the Examiner's professionals, and regard the Examiner's ranges of value as conservative. Exhibit K-1 also does not account for additional causes of action or theories of recovery that may exist.

First, the categories of damages not calculated by the Examiner include the following:

- Lost Profits. Throughout the Report, the Examiner notes that lost profits attributable to transferred properties may be an element of recovery on fraudulent transfer claims or available as damages on claims for breach of fiduciary duty or aiding and abetting breach of fiduciary duty. (Rep. at 12-13, 20, 26, 423; Rep. Appx. 5 at 97, 137-139, 143). The Examiner, however, did not include any lost profits in his summary chart of potential damages. (Rep. at 78-79). Exhibit K-1 shows the Noteholder Committee's estimate of the post-transfer lost profits damages resulting from four of the transactions (Four Properties, CERP, Growth, WSOP), which range from \$204 million to \$826 million. The high end of the range was calculated based on actual EBITDA generated for each property during the relevant time frame. The low end of the range deducts actual capital expenditures.¹
- Value Of Transferred Properties As Of Judgment Date. Although the Examiner recognized that the estate is potentially entitled to damages that include appreciation in value of property that occurs after a fraudulent transfer, (Rep. Appx. 5 at 93), the Examiner calculated potential damages based only on the

¹ In addition, pre-judgment interest can be assessed on the lost profits at the applicable state prejudgment rate, which in Delaware is 5% plus the Federal Reserve Discount Rate. *Asarco LLC v. Americas Mining Corp.*, 404 B.R. 150, 163 (S.D. Tex. 2009), citing Del. Code. Ann., tit. 6, § 2301(a).

value of transferred properties as of the applicable dates of conveyance. The Noteholder Committee has calculated the difference between the value of the properties as of the date of transfer (as determined by the Examiner) and the current value (or highest intermediate value). As shown in Exhibit K-1, applying the Examiner's multiples to the current (or high water) EBITDA for properties involved in just three of the avoidable transactions (Four Properties, CERP, Growth) increases total damages by an aggregate of \$546 million to \$657 million. Because the current value of the properties does not take into account any excess cash generated by the properties, the value of the properties as of the judgment date is not duplicative of the profits generated by the properties between the date of the transfers and the date of judgment.

- Value Of CIE. The Examiner concluded that the Debtors may potentially be entitled to damages of a "significant magnitude" (Rep. at 1) if the Debtors are able to recover all or some of the value of the social gaming business of CIE. Importantly, the Examiner found that play for fun online poker was part of the CIE business plan. (Rep. at 22). The Examiner concluded that "there is a plausible argument to recover the value of CIE related to social gaming," and that while a claim to recover the full value of CIE is "between weak and plausible," a recovery limited to the value of CIE attributable to real-money online poker and the use of the WSOP Trademark & IP is "more plausible." (Rep. at 284). Based on a reasonable, current valuation of CIE and adjusting for the 75.8% ownership stake that was transferred, the cost to maintain real money gaming, and the damages attributable to the WSOP trademarks and hosting rights that are already included in the Examiner's range, the Noteholder Committee calculates an additional potential \$2.3 billion in damages attributable to a remedy that includes the value of CIE.
- Caesars Palace Impairment From Removal Of Octavius Tower. The Examiner recognized that a "reasonable" claim exists for the adverse impact on CEOC resulting from the substitution of a lease for CEOC's previous ownership of Octavius Tower and the resulting "hold up" right now held by CERP. (Rep. at 47). The Examiner, however, concluded that it would be "very difficult" to value that harm and did not attempt to do so. (The Examiner did conclude that the return of the Octavius tower would be an appropriate remedy. (Rep. at 494)). On Exhibit K-1, the Noteholder Committee has quantified the harm by calculating the diminution of the control premium that otherwise would be associated with the value of Caesars Palace. After considering the control premiums of comparable companies, the Noteholder Committee reduced the multiple applicable to Caesars Palace by 0.5x to 1.0x, and applied that reduction to the EBITDA generated by Caesars Palace in 2015. That calculation results in further damages that are estimated by the Noteholder Committee and its professionals to range from \$157 million (using the 0.5x multiple) to \$313 million (using the 1.0x multiple).
- Transfer To CES. The Examiner considered the harm to CEOC caused by its loss of control over Total Rewards but stated that he could not identify any "nonspeculative" way to measure damages resulting from that harm. (Rep. at 58).

The Noteholder Committee has developed a methodology that it asserts is nonspeculative, again based on control premiums of companies that are comparable to CEOC. According to the Noteholder Committee, applying a control premium in the range of 10.4% to 20.9% against the estimated total equity value of CEOC yields additional damages in the range of \$549 million to \$1.1 billion.

- Disgorgement Of Fees Paid By CEOC To Conflicted Counsel. The Examiner concluded that Paul Weiss had a conflict of interest in representing both CEOC and CEC in certain of the transactions but determined that “any claim against Paul Weiss for damages would be weak” because “the evidence does not support a conclusion that Paul Weiss lawyers knowingly acted at any time to injure or prejudice CEOC or its creditors.” (Rep. at 14, 19). Whether or not that is an accurate assessment (the Noteholder Committee does not believe that it is), the Examiner apparently did not consider at least one remedy available to CEOC solely as a result of the conflict, even if other “damages” otherwise could not be established – disgorgement of fees paid by CEOC to Paul Weiss (either directly or indirectly through CEC). The Noteholder Committee estimates that during the relevant period, Paul Weiss received tens of millions of dollars in legal fees (including \$6.1 million from CEOC in the ninety days prior to bankruptcy). To the extent paid by CEOC (directly or indirectly), the Noteholder Committee asserts that those amounts are recoverable. The same reasoning would apply to any amounts paid by CEOC to Friedman Kaplan, which represented both CEC and CEOC in New York state court litigation that sought a declaratory judgment that no fraudulent transfers or breaches of fiduciary duty occurred. (Rep. at 817-20).

Second, there are additional damages on claims where the Examiner did not account for indisputable facts (likely because he was not made aware of those facts). This category includes, for example, the value of the constructive fraudulent transfer claim arising from the transfer of trademarks in connection with the 2010 CMBS Refinancing. The Examiner regarded the merits of the claim as “strong,” Rep. at 31, but reduced the claim to “plausible” based on a potential statute of limitations defense. It does not appear, however, that the Examiner considered the fact that the complaint filed by WSFS in Delaware on August 4, 2014 included a fraudulent transfer claim regarding the same trademarks. Because the complaint was filed prior to the four year anniversary of the transfer, the statute of limitations is not an issue because section 544(b) of the Bankruptcy Code permits the estate to step into the shoes of WSFS as a creditor.² The Examiner concluded that the damages resulting from the transfer of the trademarks ranged from \$43 million to \$123 million.

Third, the Examiner did not include additional damages that could be recovered if the transferees cannot establish their own good faith, which would entitle them to liens on the

² In addition, the Examiner does not appear to have realized that Caesars License Company was and remains a pledgor of its assets under the various collateral agreements that secure CEOC’s debt, meaning that numerous creditors of CLC (“golden” or otherwise) existed then and now.

fraudulently-transferred properties (if returned) or offsets against the amount of damages claimed by the estate. With respect to the CERP transaction, the Examiner found that CEOC would have a reasonable case to assert lack of good faith, and on that basis, included an additional \$129 million in the range of damages for that transfer. Rep. at 46. The Examiner found there to be a plausible case for lack of good faith in connection with the Growth transaction, which would increase damages by \$360 million. Rep. at 42. The Examiner found a weak, but viable, case for lack of good faith with respect to the Four Properties transactions, which would result in an additional \$1.815 billion of damages. Rep. at 61.

The Noteholder Committee believes that the case for lack of good faith as to all of the above transactions is strong or, at a minimum, reasonable. In focusing on whether the actions and knowledge of the Sponsors could be imputed to the transferees, the Examiner appears to have not given full consideration to whether the transferees were on “inquiry notice” of potential claims. Under recent Seventh Circuit law cited by the Examiner, *see* Rep., App. 5 at 35 n.167, a transferee does not act in good faith if it had “inquiry notice,” which the Seventh Circuit defined to be “awareness of suspicious facts that would have led a reasonable firm, acting diligently, to investigate further and by doing so discover wrongdoing.” *Grede v. Bank of New York Mellon (In re Sentinel Mgmt. Grp., Inc.)*, 809 F.3d 958, 961 (7th Cir. 2016). The Examiner identified a number of “suspicious facts” that likely would lead to a finding of a lack of good faith. Rep. at 652. And there are other compelling and undisputed facts that do not appear to have been considered by the Examiner, such as the fact that Growth Partners received a letter on March 21, 2014 (prior to the closing) from Jones Day on behalf of second-lien noteholders asserting that the Four Properties transactions constituted a fraudulent transfer and breach of fiduciary duty. Rather than conduct any diligent investigation of the claims, as required under *Sentinel*, CAC instead issued a Form 8-K on March 26, 2014, just five days later, stating that “CGP strongly believes there is no merit to the Letter’s allegations and will defend itself vigorously and seek appropriate relief should any action be brought.” The Noteholder Committee submits that this response falls far short of the stringent standard for a showing of good faith established by the Seventh Circuit in *Sentinel*.

D. Comparison of Examiner Report and SGC Investigation That Formed the Basis for the Prior Restructuring Support Agreements

Even without the adjustments and corrections to the Examiner’s range of potential damages proposed by the Noteholder Committee, the Examiner’s range is well in excess of the range of damages calculated by the SGC that formed the basis for the terms of the RSAs between CEC and CEOC and certain of CEOC’s creditors. In a presentation to the Noteholder Committee dated March 17, 2015, the Debtors stated that the SGC had estimated potential damages in a range that was very far below the Examiner’s range (as adjusted to include all strong and reasonable claims) of \$4.0 billion to \$5.1 billion.

Moreover, the SGC’s range of damages (determined by Mesirow Financial during the period when it was engaged by the Debtors) that was used to determine the settlement with CEC was based upon only four of the transactions investigated by the Examiner (Growth, CERP, the Four Properties, and repayment of the intercompany loan), even though many others had been identified by creditors in pre-petition lawsuits. While the high end of the SGC’s range for three of the transactions (Growth, CERP, Four Properties) was comparable to the high end of the

Examiner's range for those transactions, the low end of the SGC's original range for those transactions was, in the aggregate, less than half the amount of the low end of the Examiner's range for those transactions (\$725 million estimated by the SGC versus \$1.466 billion estimated by the Examiner). Although the March 17, 2015 presentation to the Noteholder Committee referenced many of the other transactions investigated by the Examiner (the 2009 transfer of the WSOP trademarks, the 2011 transfer of the right to host WSOP tournaments, Caesars Enterprise Services, the B-7 Refinancing, the closure of Showboat in Atlantic City, the Senior Unsecured Notes Transaction, and the PIK Toggle Notes redemption), the SGC apparently concluded that no viable claims were attributable to those transactions.

As the SGC investigation continued during the bankruptcy case, the SGC continued to take the position that the settlement with CEC based on the SGC's initial conclusions was "fair and reasonable." As stated by the Debtors in the version of the disclosure statement filed by the Debtors on October 7, 2015:

In part by relying on the results of the SGC Investigation, the Debtors were able to negotiate for substantial contributions to be made by CEC pursuant to the Plan, which are detailed further in the CEC Contribution Analysis attached here as **Exhibit B**. Unlike litigation, these contributions will immediately inure to the benefit of the Debtors and their estates. In addition, the CEC contributions, worth more than \$[1.5] billion, are significant and well within the range the SGC Investigation contemplated regarding the Challenged Transactions.

Although the Specific Governance Committee continues to monitor and consider new documents productions related to the Examiner's investigation and certain other documents which have not yet been provided, based on the comprehensive 14 month review to date, the Special Governance Committee believes the settlement incorporated in the Plan, including CEC's contribution thereof, is fair and reasonable and in the best interests of the Debtors' estates.

Since October 2015, the SGC has revised its prior conclusions, and now concludes that potential damages against CEC and other defendants exist in the range of \$3.8 billion to \$5.77 billion, assuming that the Debtors were actually to litigate the claims of good faith offsets by CEC and its affiliates.

Although the SGC's newly revised range of damages purports to take into account certain of the adjustments proposed by the Noteholder Committee, such as the post-transfer appreciation in the value of certain of the assets that were fraudulently transferred, the range does not account for other potential damages identified but not quantified by the Examiner, such as lost profits, prejudgment interest, the impairment to Caesars Palace resulting from the transfer of Octavius Tower, and the current value of CIE (unadjusted for litigation risk). Nor does the SGC's range appear to take into account the damages resulting from the Debtors' transfer of control over Total Rewards and enterprise services, or CEOC's right to seek disgorgement of fees paid to conflicted counsel for CEOC. These omissions, among others, account for the differential between the SGC's newly revised but still inadequate damages range, and the Noteholder Committee's estimated range of \$8.1 billion to \$12.6 billion.

Exhibit K-1

Second Priority Noteholder Committee Adjustments to Examiner Report Damages

Total Potential Damages Recoverable by CEOC Under Examiner Report

- This summary outlines the potential damages based upon the findings and conclusions of the Examiner.
- Includes:
 - 1) Potential damages identified but not quantified by the Examiner.
 - 2) Damages on account of claims identified by the Examiner as viable.
 - 3) Claims arising from findings made by the Examiner.
- Potential damages may be higher than the \$8.1 billion to \$12.6 billion shown below.

Summary of Damages

<i>(\$ in millions)</i>	Low	High	Comments
(A) Total Damages per Examiner's Report	\$3,972	\$5,112	Examiner's low end adjusted to include all reasonable and strong claim
(B) Lost Profits ⁽¹⁾	204	826	Low: EBITDA less CapEx; High: EBITDA
(C) Difference between Value at time of Transfer and Present Value or Highest Intermediate Value	546	657	Examiner's selected multiples applied to actual EBITDA of examiner's selected years
(D) Transaction Consideration (Lack of Good Faith) ⁽²⁾	360	2,175	Represents consideration paid for assets involved in the Growth and Four Properties transactions which should not be offset against current value of assets
(E) Additional Damages	3,036	3,842	
Total Damages (excl. Parent Guarantees)	\$8,118	\$12,612	
Sources of Recovery Based Upon Examiner Report			
<u>Transferees of Assets</u>			
CGP	[TBD]	[TBD]	
CERP	[TBD]	[TBD]	
CEC	[TBD]	[TBD]	
Chatham Asset Management	[TBD]	[TBD]	
Others	[TBD]	[TBD]	
<u>Other Non-Transferee Defendants</u>			
Apollo	[TBD]	[TBD]	
TPG	[TBD]	[TBD]	
CEOC Directors			
Gary Loveman	[TBD]	[TBD]	CEC and CEOC director
Michael Cohen	[TBD]	[TBD]	Deputy general counsel, senior VP of CEC, CEOC director, and officer of CAC and CIE
Eric Hession	[TBD]	[TBD]	CEOC director
Marc Rowan	[TBD]	[TBD]	CEC director, Apollo partner, CEOC direction
David Sambur	[TBD]	[TBD]	CEC director, partner at Apollo, director at CEO
CEC Directors & Officers			
Robert Brimmer	[TBD]	[TBD]	CEC officer
Jonathan Halkyard	[TBD]	[TBD]	CEC officer
David Bonderman	[TBD]	[TBD]	CEC director, TPG partner, CEOC director
Kelvin Davis	[TBD]	[TBD]	CEC director, TPG partner, CEOC director
Fred Kleisner	[TBD]	[TBD]	CEC director and Apollo Residential Mortgage director
Legal Advisors			
Paul Weiss	[TBD]	[TBD]	
Friedman Kaplan	[TBD]	[TBD]	
Others	[TBD]	[TBD]	Including but not limited to financial advisors and valuation professiona
Total Other Sources of Value to Satisfy Damages	[TBD]	[TBD]	

Note:

(1) Lost profits from assets transferred out of CEOC, from transaction dates to December 31, 2015. Low: EBITDA less CapEx; High: EBITDA unless otherwise noted.

(2) Comprised of up to \$2,175mm of Strong or Reasonable claims against CGP from the Growth and Four Properties transactions.

Total Potential Damages Recoverable by CEOC Under Examiner Report (cont.)

Breakout of Summary of Damages

(\$ in millions)			Cumulative		Comments
	Low	High	Low	High	
(A) Total Damages per Examiner's Report					
2009 WSOP Transaction	\$66	\$76			
2011 WSOP Transaction	50	56			
2010 CMBS Loan Amendments & Trademarks Transfer	-	-			
Growth Transaction	437	593			
CERP Transaction	329	427			
Four Properties Transaction	592	968			
Undeveloped Land	109	140			
CES/Management/Total Rewards	133	592			
CEOC Multiple Degradation	516	516			
Easements	-	-			Examiner report suggests a preliminary value of \$18.8mm to \$59.6mm (Appendix 7, Exhibit I: Land Analysis)
CMBS/CERP/Total Rewards Management Fees	237	237			
CES Excess Cost Allocation	15	15			
Atlantic City Transactions	3	7			
B-7 and Tender Offers Transactions	315	315			
CGP	452	452			
5% Stock Sale and Guarantee Release	-	-			
6% PIP	-	-			
Declaratory Judgment Action	-	-			
Senior Unsecured Notes Transaction	-	-			
PIK Notes Transaction	-	-			
Intercompany Transactions	663	663			Examiner's low end recovery of \$289 million did not include "reasonable" claims for repayments over 4 year period before Petition Date
Tax issues	56	56			
Total Damages per Examiner's Report	\$3,972	\$5,112	\$3,972	\$5,112	
(B) Lost Profits⁽¹⁾					
WSOP	\$16	\$16			Gross revenue * estimated profit margin
Growth Transaction	135	370			Low: EBITDA less CapEx; High: EBITDA
CERP Transaction	-	149			Low: EBITDA less CapEx; High: EBITDA
Four Properties Transaction	54	291			Low: EBITDA less CapEx; High: EBITDA
Total Lost Profits⁽¹⁾	\$204	\$826	\$4,176	\$5,938	
(C) Greater of Difference between Value at time of Transfer and Present or Highest Intermediate Value					
Growth Transaction	\$193	\$208			Examiner's selected multiples applied to actual EBITDA of examiner's selected years
CERP Transaction	126	152			Accounted for in Examiner's damages valuation
Four Properties Transaction	227	297			Examiner's selected multiples applied to actual EBITDA of examiner's selected years
Total Difference in Value	\$546	\$657	\$4,723	\$6,595	
(D) Transaction Consideration (Lack of Good Faith)⁽²⁾					
Growth Transaction	\$360	\$360			\$360m in cash from CGP, excluding CGP's assumption of \$513m in debt associated with PHW
Four Properties Transaction	-	1,815			Excludes assumed debt of \$185m
Total Transaction Consideration⁽²⁾	\$360	\$2,175	\$5,083	\$8,770	
(E) Additional Damages					
Disgorgement of Fees Paid to Conflicted Counsel	\$15	\$50			
2010 Transfer of Trademarks to CERP Entities	43	123			Claim preserved by WSFS lawsuit filed August 4, 2014, prior to expiration of applicable statute of limitations
Caesars Palace Impairment from Octavius Transfer ⁽³⁾	157	313			Based on HL valuation of impairment due to transfer, estimated as a fraction of a normal control premium
Value of CIE	2,272	2,256			
Transfers to CES ⁽⁴⁾	549	1,099			Based on HL valuation with control premium applied to equity value of CEOC
Easements	[TBD]	[TBD]			See above
Use by Non-debtors of CEOC NOLs	[TBD]	[TBD]			Nondebtors, including CEC, used approximately \$4.02 billion of NOLs generated by Debtors without any compensation to CEOC
Transfers subject to 546(e) defenses that may be recoverable as breach of fiduciary duty claims	[TBD]	[TBD]			
Total Additional Damages	\$3,036	\$3,842	\$8,118	\$12,612	
Total Damages excl. Parent Guarantees	\$8,118	\$12,612	\$8,118	\$12,612	

Note:

- (1) Lost profits from assets transferred out of CEOC, from transaction dates to December 31, 2015. Low: EBITDA less CapEx; High: EBITDA unless otherwise noted.
- (2) Comprised of up to \$2,175mm of Strong or Reasonable claims against CGP from the Growth and Four Properties transactions.
- (3) 0.5x - 1.0x multiple applied to 2015 EBITDA.
- (4) Control premium utilized of 10.4% to 20.9%.

Exhibit L

**March 16, 2016 Hearing Transcript
Pages 12 - 35**

IN THE UNITED STATES BANKRUPTCY COURT
FOR THE NORTHERN DISTRICT OF ILLINOIS
EASTERN DIVISION

4	CAESARS ENTERTAINMENT OPERATING)	
5	COMPANY, INC., et al.,)	No. 15 B 01145
6		Chicago, Illinois
		1:30 p.m.
	Debtor.)	March 16, 2016

TRANSCRIPT OF PROCEEDINGS BEFORE THE
HONORABLE A. BENJAMIN GOLDGAR

APPEARANCES:

11	For the Debtors:	Mr. David Seligman; Mr. David Zott;
12		
13	For the U.S. Trustee:	Mr. Adam Brief;
14	For Hilton Worldwide:	Mr. Brian Audette;
15	For the Unsecured Creditors Committee:	Mr. Philip Abelson;
16	For the Noteholders Committee:	Mr. Bruce Bennett; Mr. Sidney Levinson;
17		
18	For National Retirement Fund:	Mr. Randy Klein;
19	For the Examiner:	Mr. Dan McGuire;
20	For Certain Claimants:	Mr. Kevin Morse;
21	Court Reporter:	Amy Doolin, CSR, RPR U.S. Courthouse 219 South Dearborn Room 661 Chicago, IL 60604.
22		
23		
24		
25		

1 can talk about it at the disclosure statement
2 hearing, I do think it would be helpful to set some
3 dates. And we will try to work with parties to see
4 if we can come up with some agreed form of a
5 schedule, and set dates and stuff like that. But I
6 think setting that kind of framework may be helpful.
7 We just -- I think it would just be helpful in terms
8 of having people know what kind of periods we're
9 talking about --

10 THE COURT: Sure.

11 MR. SELIGMAN: -- for discovery and
12 backing out -- backing up from whatever kind of
13 confirmation hearing we set. So we will work with
14 the parties, and hopefully we can come to Your Honor
15 with some kind of agreement with parties. And if
16 not, we can, I am sure -- we'll all talk about our
17 various views on that.

18 THE COURT: Right. It's a matter to
19 be discussed. And with any luck, by May 9th you
20 won't need a different schedule. It can be a real
21 short hearing. So, you never know.

22 All right. Very good.

23 MR. SELIGMAN: Hopefully, Your Honor.

24 MR. ZOTT: Your Honor, David Zott.

25 Again, this is the debtors' motion to retain Baker

1 Tilly.

2 Your Honor, we have rarely, if ever,
3 been in disagreement with the U.S. Trustee. This is
4 one of the first times. And it's regrettable that
5 it's come up, and we worked to resolve the issues
6 with them. But I still think we have an issue here.
7 We met just yesterday afternoon to try to work it
8 out. I think we worked certain issues out.
9 Fundamentally, my understanding is that they are
10 still objecting to the retention. So with that, Your
11 Honor, I've got a few observations to make, if you
12 would like to hear.

13 THE COURT: Go ahead.

14 MR. ZOTT: The first point is, just to
15 focus on context, there is no claim here that Baker
16 Tilly is not disinterested or that they hold or
17 represent an interest adverse to the estate. There
18 is no claim that any Baker Tilly representative
19 engaged in any failure to disclose or any misconduct
20 while they were at Mesirow. And there is no claim
21 that either Mesirow's work or Baker Tilly's work were
22 in any way impacted by the Knoll issue.

23 The sole basis, as we understand from
24 the objection, is the claim that Ms. Knoll failed to
25 disclose the affair, which she should have disclosed

1 in the original and supplemental declarations, and
2 that that creates a taint that taints then the entire
3 team, and that the Baker Tilly team, the successor in
4 fact, the de facto successor, remains tainted.

5 That's the theory.

6 And there are a lot of problems with
7 that theory. The first is factual. Factually, the
8 U.S. Trustee did an extensive investigation over six
9 months, and they found no evidence -- and I'm quoting
10 from their comment that they submitted to the
11 court -- "no evidence to refute Mesirow's assertion
12 that the nondisclosure was the result of Ms. Knoll's
13 conduct alone."

14 And that is also confirmed by the
15 independent investigation that Mesirow commissioned
16 through Cole Schotz, and they reached the same
17 conclusion, that the sole nondisclosure was the
18 result only of Ms. Knoll's conduct. So that's
19 factually what both parties conclude.

20 Legally, there is also a fundamental
21 problem here, which is you cannot impute in this case
22 the conduct of Ms. Knoll to the rest of the Mesirow
23 team. In particular, the U.S. Trustee in their
24 comment, they argued imputation. They said that Ms.
25 Knoll's conduct, because she knew about the conduct,

1 that you can therefore impute that knowledge, and by
2 extension the lack of disclosure, to the Baker Tilly
3 team. And they relied on a case, First National Bank
4 of Cicero v. the United States. You're familiar with
5 that, Your Honor.

6 THE COURT: I'm familiar with the law
7 in this area and that case.

8 MR. ZOTT: Okay. And that case goes
9 on to say you cannot impute, however, where the agent
10 is acting contrary to the interests of the principal
11 because the --

12 THE COURT: But you're evaluating
13 whether the agent is acting contrary to the interests
14 of the principal by what the agent achieves, and not
15 what the agent's motivation is. If the agent's
16 motivation is to serve the principal, then imputation
17 is in fact appropriate.

18 MR. ZOTT: Well, I think the exception
19 in that case was that if -- the case said there is
20 one exception to the exception, which is if the
21 principal is acting solely through that agent and
22 there was nobody else involved.

23 THE COURT: Ms. Knoll was the only
24 person from Mesirow who submitted a declaration in
25 support of Mesirow's retention.

1 MR. ZOTT: That's correct, but she was
2 not the only person involved in the engagement. And
3 she wasn't the only person that, you know, performed
4 the work. So the question here is whether her
5 knowledge can be imputed to the entire organization.

6 THE COURT: Well, the question for me
7 isn't imputation of knowledge --

8 MR. ZOTT: Right.

9 THE COURT: -- because I think it most
10 certainly can and should be imputed. The question is
11 whether disqualification is a concept that means
12 anything here and whether the disqualification is
13 imputed.

14 If so, then -- I mean, if these were
15 lawyers, this would be a lot easier problem because
16 then I think the argument would be a good one. The
17 problem for the U.S. Trustee, not to cut the
18 discussion short, is that these aren't lawyers. And
19 I'm not sure whether imputed disqualification applies
20 to financial consultants.

21 We don't have any ABA Model Rules that
22 apply to financial consultants, like I'd have
23 available if it was lawyers. There's lots and lots
24 and lots of law on lawyers in situations kind of like
25 this. Not so much with other people, and certainly

1 nothing that involves Section 327 or Rule 2014 that I
2 could find.

3 MR. ZOTT: Well, that was going to be
4 my next point. Before I leave imputation, I
5 understand Your Honor's position, but I just want to
6 note the findings the U.S. Trustee made, which was
7 that Ms. Knoll had a strong personal interest in
8 suppressing the existence of the relationship, and
9 that she suppressed that from everyone else at
10 Mesirow. And I respectfully think it's exactly that
11 situation that you don't -- you do not impute
12 knowledge from the agent to the principal, when they
13 have an interest to suppress --

14 THE COURT: But the misrepresentation
15 was a misrepresentation by an agent of Mesirow, done
16 to further the interests of Mesirow. Okay? So
17 that's Mesirow's misrepresentation. Now, whether
18 that's Baker Tilly's misrepresentation or not --

19 MR. ZOTT: Well --

20 THE COURT: -- is a much harder
21 question. And so on that aspect of it, I agree with
22 you.

23 MR. ZOTT: Okay. And that takes me to
24 your imputation question, which is --

25 THE COURT: I'm not sure we have to go

1 there because I think I'm siding with you.

2 MR. ZOTT: Okay. That's fine, Your
3 Honor.

4 THE COURT: You know, Judge Schwartz
5 used to say when you're winning, sit down.

6 MR. ZOTT: Yes. We do cite that, I
7 think to address to the issue you're focused on,
8 which is the Doctors Hospital case. This is the
9 disqualification imputation.

10 So, anyway, you're there. I'm not
11 going to dwell on it. I understand the rule Your
12 Honor laid out, and it's a wise rule.

13 So, leaving that aside, and the only
14 other point I want to make is the factor of
15 successor. It's clear that Baker Tilly -- the
16 declaration you saw, there's only 10 of the 29 people
17 that worked at Mesirow are even working on the
18 engagement. And then there are additional people
19 that were not involved in the engagement that are on
20 the engagement. So just on that point -- and I'll
21 leave it at that. If you think I'm ahead, I'm going
22 to stop.

23 THE COURT: Well, you're ahead on part
24 of it. I mean, maybe I should just cut to the chase.

25 MR. ZOTT: Maybe you should tell me

1 the part I'm not --

2 THE COURT: Well, I'm going to tell
3 you the problems that I have, and they're not quite
4 the problems the U.S. Trustee has. And I think they
5 can't actually be overcome.

6 But before I get to those, let me ask
7 you this. You offered a couple of times, I don't
8 know if it was your reply or something else, to
9 withdraw this application if it was my position, and
10 it is my position, one I've stated several times in
11 this case, that experts need not be retained under
12 Section 327.

13 MR. ZOTT: Right.

14 THE COURT: Well, that is my position.
15 So, you know, I don't know if you can withdraw the
16 application. I will tell you, though, what my
17 problems are, and there are two.

18 MR. ZOTT: Okay.

19 THE COURT: One is something the U.S.
20 Trustee hints at but does not elaborate on. And that
21 is, while it may be that the personnel from Mesirow
22 were not tainted, I think the SGC's investigation has
23 been, or at the very least we can't know. It's the
24 same point that Judge Bernstein made in the Granite
25 Partners case. We'll never know for sure what

1 happened here. We know from independent counsel that
2 Mesirow retained and that counsel's investigation
3 that there was nothing turned up in the electronic
4 data. And we know that Ms. Knoll asserts that she
5 never said anything to Mr. Lazar about Mesirow's
6 work.

7 But Ms. Knoll has an apparent
8 propensity, at least in this case, not to tell the
9 truth. And so I don't think we can trust her
10 assertion that she never talked to Mr. Lazar. So I
11 think there is a problem with the SGC investigation,
12 and I think there is a good question whether
13 additional work on that investigation is even
14 warranted.

15 The other problem that I have is that
16 the application to employ Baker Tilly is supported
17 with a declaration from Professor Williams. He
18 asserts that Baker Tilly has no connections with any
19 party in interest. But I don't know that that is a
20 assertion that I can believe.

21 Now, you may wonder why not, and I'll
22 tell you why not. In the declarations that Professor
23 Williams filed in the Mesirow matter and in Mesirow's
24 own fee application -- and here I've identified
25 Williams with Mesirow, and I think that's fair under

1 the circumstances, so I'm just going to call them
2 "Williams" for current purposes -- Williams never
3 expressly admitted that there had even been any
4 nondisclosure. He disputed whether the affair
5 between Ms. Knoll and Mr. Lazar was even a connection
6 that had to be disclosed, which is something I find
7 incredible. He denied that the nondisclosure was
8 intentional, something I find equally incredible.
9 And he didn't seem to believe that her misconduct was
10 in any way attributable to Mesirow as her principal.

11 The entire attitude that Professor
12 Williams displayed in his disclosures in connection
13 with the Mesirow application was arrogant, haughty,
14 dismissive, and suggested to me that in his view the
15 infraction was a minor one, and that Mesirow was
16 actually doing far more than it had to to agree even
17 to a partial reduction in its fees. It seems to me
18 that he has an insufficient understanding of and
19 appreciation for Rule 2014, Section 327, and what
20 this whole process is about. To him, apparently,
21 this is all just a big pain. And so given that he
22 has no appreciation for it, at least the Baker Tilly
23 application as it stands, supported by his
24 declaration, is one that I think is insufficient to
25 support it. You have to have something from somebody

1 else, because on this point at least, he has no
2 credibility with me.

3 That takes us back to the question of
4 whether you want to withdraw the application or not.

5 MR. ZOTT: Okay. And, Your Honor, we
6 certainly understand Your Honor's position that they
7 don't need to be retained under Section 327. That's
8 your position on the law --

9 THE COURT: That's correct.

10 MR. ZOTT: -- and we're fine with
11 that. We're withdrawing the application on that
12 basis. The reason we didn't do it is because the
13 U.S. Trustee objected to that last time, so we're
14 trying to -- you know, but we're fine with that, if
15 that's acceptable to them.

16 And then I would just like to, if I
17 could, hit a couple of comments you made just
18 briefly. I appreciate where Your Honor is coming
19 from, but I think that there may be at least in part
20 a little misunderstanding of what Professor Williams
21 was saying in that declaration. I think what he was
22 saying is that as to the nondisclosure, he is saying
23 that there was no nondisclosure as to Mesirov
24 because --

25 THE COURT: Well, that's ridiculous.

1 MR. ZOTT: Hold on a second, Judge.
2 Wait a minute. That's exactly what the court held in
3 Doctors Hospital. That's exactly what the court
4 held. That court held that even though the
5 individual lawyer did not disclose, the organization
6 didn't know, and therefore there was no violation of
7 the nondisclosure --

8 THE COURT: The nondisclosure by Ms.
9 Knoll was done to advance Mesirow's interest because
10 had she disclosed her relationship with Mr. Lazar,
11 it's highly unlikely, and she had to know this as an
12 experienced consultant who deals with bankruptcy all
13 the time, that Mesirow's application to be retained
14 would have been denied. She failed to disclose it
15 not only to preserve her own privacy but to ensure
16 that her employer was retained in the case.

17 MR. ZOTT: But, Your Honor --

18 THE COURT: I don't know that we have
19 to get into this now. And I'm going to talk a little
20 bit about when we might get into it and whether we
21 even have to do that a little later. So let's talk
22 about this withdrawal idea.

23 MR. ZOTT: Okay.

24 THE COURT: I don't understand why the
25 U.S. Trustee is taking the position that you have to

1 retain an expert witness who is going to testify in a
2 hearing.

3 MR. BRIEF: Your Honor, good
4 afternoon. Adam Brief on behalf of the office of the
5 United States Trustee.

6 In the application, there are
7 suggestions that the services that are going to be
8 provided extend beyond the expert arena and would
9 delve into the 327 area, including providing the
10 debtor with guidance in terms of the general
11 reorganization. And to the extent that Baker Tilly
12 is going to provide those services, that would fall
13 under 327, and new retention would be required.

14 We agree that on the expert side if we
15 were just talking about expert services, certainly
16 that doesn't fall within it. But if it goes beyond
17 that, then 327 is required.

18 THE COURT: Well, I think that's
19 probably correct. So I guess it depends on what
20 you're going to have Baker Tilly do.

21 MR. ZOTT: Well --

22 THE COURT: And if it's --

23 MR. ZOTT: Part of what they're going
24 to do is expert work in terms of preparing for what
25 could be a contested confirmation hearing. And the

1 other part is to complete and assist us in completing
2 the governance committee investigation, which they
3 have worked on through 12,000 hours. And we've now
4 gotten a report yesterday, Your Honor, that has a lot
5 of information. And we've got two weeks in order to
6 reach our final conclusions. Obviously, they've been
7 working on it all along the way. Now, if that's
8 interpreted as requiring 327, that's not the position
9 Your Honor took last time when we were here. And
10 that's exactly the scope of work that they were
11 planning on performing.

12 So, they've got to complete that,
13 which is a small amount of work, and then it's
14 largely going to be expert-related work after that.

15 THE COURT: Mr. Bennett, did you want
16 to weigh in on this? I didn't see anything that you
17 filed.

18 MR. BENNETT: We did not, Your Honor.
19 And I originally planned just to reserve rights on
20 the issue, which was your first issue, which is
21 whether or not people really know whether or not
22 anything about this circumstance influenced the
23 report.

24 But I would like to add for Your
25 Honor, because I don't know how much reading you did

1 last night, and I don't know how much access you had
2 to Mesirow's prior work. We've got limited access to
3 Mesirow's prior work. And I feel comfortable telling
4 Your Honor that it was partially the basis for the
5 debtors' settlement that they are now retreating from
6 with CEC.

7 And the numbers that Mesirow produced
8 are dramatically at variance with those contained in
9 the examiner's report. So there is ample reason for
10 concern about these materials. And I think everyone
11 should take a closer look at this later if in fact
12 Dr. Williams and this new firm is a witness in this
13 case.

14 That's all. It's really a matter of
15 the assertion that they did an investigation and
16 somehow someone decided that it wasn't followed here.
17 No party in interest in this case has been privy to
18 that examination, other than the debtors.

19 MR. ZOTT: Your Honor, on that point,
20 you know, a couple of things. I think it's getting a
21 little far afield. The examiner issued his report
22 yesterday. When the report -- the information that
23 Mr. Bennett is referring to was an interim report
24 from a year ago. At the time we had 50,000
25 documents. Now there is 700,000 documents. We got

1 150,000 documents in the last month. And some of
2 those were highly material.

3 And as a result, it's caused us,
4 properly so, to revise. And we said from the
5 beginning that this is an interim report, the
6 investigation continues, and as we get more
7 information, we're going to revise. And that's
8 exactly what we've done, just what we said we were
9 going to do.

10 And it's not -- Your Honor, I know you
11 were a litigator before. It's not at all unusual
12 that all the really important documents come in at
13 the very end, particularly when parties are making
14 claims of privilege. And then they have been beaten
15 back on those claims of privilege.

16 So the fact is it will be revised
17 somewhat, that report. But it doesn't in any way
18 undermine the work that was done before. On the four
19 transactions that Mesirow did originally, that Mr.
20 Bennett referred to, on those four transactions, the
21 results of the examiner are largely consistent with
22 the Mesirow work. They're within the same range and
23 reach a lot of the same conclusions.

24 There are some additional transactions
25 that the examiner has valued that Mesirow hasn't

1 valued based on the information we had at the time
2 that we're working on now. But in terms of whether
3 we, you know -- again, we're withdrawing the
4 application. I told Your Honor what the scope of
5 their work will be, and those are two things that
6 have to get done.

7 Now, I do have to say the notion that
8 the -- and their investigation you said we cannot
9 know whether it was tainted at all --

10 THE COURT: Well, I think it's tainted
11 for that reason. It's tainted because what we can't
12 know is the effect of this relationship on it, and
13 we'll never know that.

14 MR. ZOTT: You know, but that's why
15 the -- you know, again, that's why the Bankruptcy
16 Code doesn't have an imputed disqualification.
17 That's why cases like Doctors Hospital and In re
18 Kaplan, the other case, and there's many more like it
19 rejecting the notion of --

20 THE COURT: But this isn't an imputed
21 disqualification point, Mr. Zott. The point is that
22 because the investigation is tainted in this way,
23 there isn't any point in pursuing it. It wouldn't be
24 sufficiently beneficial to the estate to make Baker
25 Tilly's retention something that is worthwhile. This

1 is not work that they should be paid to do because it
2 won't have sufficient value. This isn't about
3 imputing anything --

4 MR. ZOTT: Well, Your Honor, what
5 we're assuming on that is because there was an
6 undisclosed affair that therefore all of the work
7 that was done by all the other professionals,
8 including the lead professional -- and nobody was
9 even aware at the time of the existence of that
10 affair -- hold on. In fact, the initial report that
11 Mr. Bennett doesn't like, Your Honor -- let me just
12 finish.

13 The initial report, which was in
14 December of 2014, that report which he doesn't like
15 the conclusions of and he suggests is tainted,
16 happened before Jenner & Block was even retained. It
17 happened before we even came here to Chicago. So at
18 the time that that work was done, there wasn't even a
19 conflict yet. There was no reason to disclose
20 anything. Jenner & Block wasn't in the picture. So
21 that work by definition could not have been tainted.

22 THE COURT: But --

23 MR. BENNETT: He's got the dates
24 wrong, Your Honor. It's March 17th was the date of
25 the report. It was after --

1 MR. ZOTT: But the report was
2 submitted first to us.

3 THE COURT: The retention didn't even
4 become relevant until there was a bankruptcy case.
5 What she did when there was no bankruptcy, what she
6 did pre-petition is beside the point, it seems to me,
7 as far as I'm concerned. I mean, my jurisdiction is
8 limited here. I don't get to worry about everybody's
9 morality in --

10 MR. ZOTT: That's fine.

11 THE COURT: -- every circumstance.

12 I mean, let's remember what happened
13 here. She was having an affair that she did not
14 disclose with counsel for the very company that her
15 employer was investigating. She was sleeping with
16 the enemy.

17 MR. ZOTT: I understand that, Your
18 Honor. And it would have been so much better had
19 everyone known it. And we would have had a
20 disclosure on day one. And Your Honor's prediction,
21 they wouldn't have been retained, I don't know
22 whether that's the case or not because, you know,
23 when you get out right in the open, and you wall
24 somebody off. But the fact is we've all been handed
25 a deck of cards. And that was nobody's conduct but

1 her conduct. Nobody else in this case. No other
2 professional, none of these people that went to work
3 at Baker Tilly.

4 But what happened was she said that
5 there was absolutely no impact on the work. We had
6 an independent investigation which said there was no
7 impact the work, including an examination. And,
8 Professor Williams, who I understand you've got
9 issues with, but he spent 150 hours of his time,
10 didn't bill, went through everything.

11 THE COURT: But this isn't a question
12 about time invested by Mesirow, Baker, Williams,
13 anybody else. It's not a matter of imputing anything
14 of anybody at this point. It's a question of whether
15 this work should be pursued or not. And to say that
16 there is no evidence that anything was disclosed
17 doesn't get us very far. There isn't any evidence
18 that anything was not disclosed. I mean, my problem
19 is we just can't know. And so we will never know,
20 and there will be an asterisk next to this report.

21 Given that there will be, the question
22 for me is whether Baker Tilly as a professional
23 should be retained, and whether this is work for
24 which the estate should pay. And I'm not confident
25 that it is, quite frankly. Under the circumstances,

1 I don't know what use this is going to be anymore.

2 MR. ZOTT: Well, Your Honor, let me
3 just say one point. There is no evidence that
4 anything -- you know, you said that anything was not
5 disclosed. And I have to disagree, Your Honor. I
6 mean, when you search electronic information, when
7 you search, you know, not just personal computers and
8 iPhones, and you pull all that data and you examine
9 it from both sides and it shows there was no
10 information exchanged that way, that is evidence.
11 Now, it may not go as far as Your Honor wants to go.

12 THE COURT: Right, it doesn't, because
13 people communicate in other ways. They communicate
14 using their voices. They communicate on paper. Some
15 of us do still. And all we have on that score, we
16 don't have any paper that anybody has found,
17 apparently, but who knows what these folks said to
18 each other. We'll never know.

19 And as I said, all we have on that
20 score is her assertion that she never said anything,
21 which I don't find is something I can credit. You
22 know, we're talking about a declaration here. But,
23 frankly, if I had her on the stand, I don't think we
24 could credit it because we know that she has a
25 history of not telling the truth.

1 MR. ZOTT: I understand what you're
2 saying, Your Honor, but we're in a position now
3 where, you know, we need to complete this
4 investigation.

5 THE COURT: Well, no, but you don't.
6 You don't need to complete it if it's not going to be
7 useful, and I don't think it will be.

8 MR. ZOTT: Well --

9 THE COURT: So what I'm inclined to do
10 then is deny this application for the reasons that
11 I've said. It doesn't stop you from using Professor
12 Williams as an expert witness, if you want. I don't
13 believe, and the U.S. Trustee doesn't believe either
14 that this is something that is subject to Section
15 327.

16 MR. ZOTT: Can I ask Your Honor --

17 THE COURT: Yes, go ahead.

18 MR. ZOTT: Would it be better if we
19 withdrew the application?

20 THE COURT: It's up to you. But if
21 you don't withdraw it, I'll deny it.

22 MR. ZOTT: Well, I think I'd rather
23 withdraw it.

24 THE COURT: Okay. Well, as long as
25 we're talking about withdrawing things, let me make a

1 suggestion. And it's just a suggestion. Let me make
2 the suggestion that you withdraw the Mesirow final
3 fee application as well.

4 If I have to rule on it, as you can
5 probably tell, and as I think I indicated in the
6 order that I issued, I'm quite likely to deny it. If
7 I do that, I'm going to write it up. This is a novel
8 issue. I've not been able to find anything quite
9 like this anywhere else, fortunately. And if I do
10 that, it will probably end up in the Bankruptcy
11 Reporter. I will have to say some very unkind things
12 of the kind I've already said today, that I would
13 rather not say, and that I think we would not, at
14 least at the people involved would not like to see
15 enshrined for all time in a publication by the West
16 Company.

17 So let me just plant the seed. You
18 don't have to tell me now. But if that's something
19 that's going to happen, it would probably be better
20 that it happen sooner rather than later. People have
21 a response deadline coming up. And you know, I will
22 need to devote time to this in addition to the time
23 I've already had to devote.

24 MR. ZOTT: Your Honor, I appreciate
25 what you're saying.

1 THE COURT: Right. You can file a
2 notice of withdrawal if you want to. And if you
3 don't want to, we'll go ahead.

4 MR. ZOTT: I understand.

5 THE COURT: I'll read what comes in
6 and I'll make my decision.

7 MR. ZOTT: We appreciate that.

8 THE COURT: All right. So we'll treat
9 this application as withdrawn.

10 MR. ZOTT: Thank you, Your Honor.

11 MR. BRIEF: Thank you, Judge.

12 MR. SELIGMAN: Dave Seligman again,
13 Your Honor. Your Honor, the next matter on the
14 agenda is the debtors' objection to the Hilton
15 claims.

16 THE COURT: Right.

17 MR. AUDETTE: Good afternoon, Your
18 Honor. Brian Audette on behalf of Hilton.

19 THE COURT: Good afternoon.

20 MR. SELIGMAN: Your Honor, I'm pleased
21 to report that the parties have an agreement in
22 principle with respect to the Hilton claims.

23 THE COURT: Agreement in principle to
24 settle?

25 MR. SELIGMAN: To settle.

Exhibit 2

Redline to Disclosure Statement

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)

DISCLOSURE STATEMENT FOR THE DEBTORS'
SECOND AMENDED JOINT PLAN OF REORGANIZATION
PURSUANT TO CHAPTER 11 OF THE BANKRUPTCY CODE

THIS IS NOT A SOLICITATION OF AN ACCEPTANCE OR REJECTION OF THE PLAN WITHIN THE MEANING OF SECTION 1125 OF THE BANKRUPTCY CODE. ACCEPTANCES OR REJECTIONS OF THE PLAN MAY NOT BE SOLICITED UNTIL A DISCLOSURE STATEMENT HAS BEEN APPROVED BY THE BANKRUPTCY COURT. THIS DRAFT DISCLOSURE STATEMENT HAS NOT BEEN APPROVED BY THE BANKRUPTCY COURT

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| Dated: ~~May 27~~June 6, 2016

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>.

IMPORTANT INFORMATION FOR YOU TO READ

THE DEADLINE TO VOTE ON THE PLAN IS
~~July 8~~[September 16](#)], 2016, at 4:00 p.m. (prevailing Central Time).

FOR YOUR VOTE TO BE COUNTED, YOUR BALLOT MUST BE ACTUALLY RECEIVED BY PRIME CLERK BEFORE THE VOTING DEADLINE AS DESCRIBED HEREIN

This disclosure statement (this “Disclosure Statement”) provides information regarding the Debtors’ Plan,² which the Debtors seek to have confirmed by the Bankruptcy Court. A copy of the Plan is attached hereto as Exhibit A. Unless otherwise noted, all capitalized terms used but not otherwise defined in this Disclosure Statement have the meanings ascribed to them in the Plan. The rules of interpretation set forth in Article I.B of the Plan govern the interpretation of this Disclosure Statement.³

The consummation and effectiveness of the Plan are subject to certain material conditions precedent described herein and set forth in Article IX of the Plan. There is no assurance that the Bankruptcy Court will confirm the Plan or, if the Bankruptcy Court does confirm the Plan, that the conditions necessary for the Plan to go effective will be satisfied or otherwise waived.

You are encouraged to read this Disclosure Statement (including Article IX hereof entitled “Risk Factors”) and the Plan in their entirety before submitting your Ballot to vote on the Plan.

The Bankruptcy Court’s approval of this Disclosure Statement does not constitute a guarantee by the Bankruptcy Court of the accuracy or completeness of the information contained herein or an endorsement by the Bankruptcy Court of the merits of the Plan.

Summaries of the Plan and statements made in this Disclosure Statement are qualified in their entirety by reference to the Plan. The summaries of the financial information and the documents annexed to this Disclosure Statement or otherwise incorporated herein by reference are qualified in their entirety by reference to those documents. The statements contained in this Disclosure Statement are made only as of the date of this Disclosure Statement, and there is no assurance that the statements contained herein will be correct at any time after such date. Except as otherwise provided in the Plan or in accordance with applicable law, the Debtors are under no duty to update or supplement this Disclosure Statement.

The Debtors are providing the information in this Disclosure Statement to Holders of Claims and Interests for purposes of soliciting votes to accept or reject the Debtors’ Second Amended Joint Plan of Reorganization Pursuant to Chapter 11 of the Bankruptcy Code. In the event of any inconsistency between the Disclosure Statement and the Plan, the relevant provisions of the Plan will govern. Nothing in this Disclosure Statement may be relied upon or used by any entity for any other purpose. Before deciding whether to vote for or against the Plan, each Holder entitled to vote should carefully consider all of the information in this Disclosure Statement, including the Risk Factors described in Article IX.

² As used herein, “Plan” means the *Debtors’ Second Amended Joint Plan of Reorganization Pursuant to Chapter 11 of the Bankruptcy Code*, a copy of which is attached as Exhibit A to this Disclosure Statement and incorporated herein by reference, as it may be altered, amended, modified, or supplemented from time to time in accordance with the terms of Article IX thereof, and including all exhibits thereto and the Plan Supplement. Capitalized terms used but not otherwise defined herein have the meanings given to them in the Plan.

³ The Debtors have proprietary rights to a number of trademarks used in this Disclosure Statement that are important to their businesses, including, without limitation, Caesars, Caesars Entertainment, Caesars Palace, Harrah’s, Total Rewards, Horseshoe, Paris Las Vegas, Flamingo, and Bally’s. This Disclosure Statement may omit the registered trademark (®) and trademark (™) symbols for such trademarks named herein.

The Debtors urge each Holder of a Claim or Interest to consult with its own advisors with respect to any legal, financial, securities, tax, or business advice in reviewing this Disclosure Statement, the Plan, and each proposed transaction contemplated by the Plan.

This Disclosure Statement contains, among other things, summaries of the Plan, certain statutory provisions, certain events in the Debtors' Chapter 11 Cases, and certain documents related to the Plan, attached hereto and/or incorporated by reference herein. Although the Debtors believe that these summaries are fair and accurate, they are qualified in their entirety to the extent that they do not set forth the entire text of such documents or statutory provisions or every detail of such events. In the event of any inconsistency or discrepancy between a description in this Disclosure Statement and the terms and provisions of the Plan or any other documents incorporated herein by reference, the Plan or such other documents will govern for all purposes. Factual information contained in this Disclosure Statement has been provided by the Debtors' management except where otherwise specifically noted. The Debtors do not represent or warrant that the information contained herein or attached hereto is without any material inaccuracy or omission.

The Debtors have prepared this Disclosure Statement in accordance with section 1125 of the Bankruptcy Code, Bankruptcy Rule 3016(b), and Local Bankruptcy Rule 3016-1 and is not necessarily prepared in accordance with federal or state securities laws or other similar laws.

The Debtors did not file this Disclosure Statement with the Securities and Exchange Commission (the "SEC") or any state authority. Neither the SEC nor any state authority has passed upon the accuracy or adequacy of this Disclosure Statement or upon the merits of the Plan. The securities to be issued on or after the effective date will not have been the subject of a registration statement filed with the SEC under the Securities Act of 1933, as amended (the "Securities Act") or any securities regulatory authority of any state under any state securities law ("Blue Sky Law"). The securities to be issued will be issued pursuant to the Plan in reliance on section 4(a)(2) of the Securities Act and similar Blue Sky Law provisions, as well as, to the extent applicable, the exemption from the Securities Act and equivalent state law registration requirements provided by section 1145(a)(1) of the Bankruptcy Code, to exempt the offer and the issuance of new securities in connection with the solicitation of the Plan from registration under the Securities Act and Blue Sky Law.

In preparing this Disclosure Statement, the Debtors relied on financial data derived from the Debtors' books and records and on various assumptions regarding the Debtors' businesses. Although the Debtors believe that such financial information fairly reflects the financial condition of the Debtors as of the date hereof and that the assumptions regarding future events reflect reasonable business judgments, the Debtors make no representations or warranties as to the accuracy of the financial information contained in this Disclosure Statement or assumptions regarding the Debtors' businesses and their future results and operations. The Debtors expressly caution readers not to place undue reliance on any forward-looking statements contained herein.

This Disclosure Statement does not constitute, and should not be construed as, an admission of fact, liability, stipulation, or waiver. The Debtors may seek to investigate, file, and prosecute Claims and may object to Claims after the Confirmation or Effective Date of the Plan irrespective of whether this Disclosure Statement identifies such Claims or objections to Claims.

The Debtors are making the statements and providing the financial information contained in this Disclosure Statement as of the date hereof, unless otherwise specifically noted. Although the Debtors may subsequently update the information in this Disclosure Statement, the Debtors have no affirmative duty to do so, and expressly disclaim any duty to publicly update any forward-looking statements, whether as a result of new information, future events, or otherwise. Holders of Claims and Interests reviewing this Disclosure Statement should not infer that, at the time of their review, the facts set forth herein have not changed since this Disclosure Statement was filed. Information contained herein is subject to completion, modification, or amendment. The Debtors reserve the right to file an amended or modified Plan and related Disclosure Statement from time to time, subject to the terms of the Plan.

The Debtors have not authorized any entity to give any information about or concerning the Plan other than that contained in this Disclosure Statement. The Debtors have not authorized any representations concerning the Debtors or the value of their property other than as set forth in this Disclosure Statement.

If the Bankruptcy Court confirms the Plan and the Effective Date occurs, the terms of the Plan and the Restructuring Transactions contemplated by the Plan will bind the Debtors, any person acquiring property under the Plan, all Holders of Claims and Interests (including those Holders of Claims and Interests that do not submit Ballots to accept or reject the Plan or that are not entitled to vote on the Plan), and any other person or entity as may be ordered by the Bankruptcy Court in accordance with the applicable provisions of the Bankruptcy Code.

QUESTIONS AND ADDITIONAL INFORMATION

If you would like to obtain copies of this Disclosure Statement, the Plan, or any other solicitation materials or publicly filed documents in the Chapter 11 Cases, or if you have any questions about the solicitation and voting process or the Chapter 11 Cases generally, please contact the Debtors' Notice and Claims Agent, Prime Clerk LLC by (i) email at ceocballots@primeclerk.com, (ii) calling (855) 842-4123 within the United States or Canada or, outside of the United States or Canada, by calling +1 (646) 795-6969, (iii) visiting <https://cases.primeclerk.com/CEOC>, or (iv) writing to Prime Clerk LLC, 830 Third Avenue, 3rd Floor, New York, New York 10022.

Any Ballot received after the Voting Deadline, or otherwise not in compliance with the Solicitation Procedures set forth in the Solicitation Procedures Order will not be counted.

TABLE OF CONTENTS

	<u>Page</u>
ARTICLE I. EXECUTIVE SUMMARY.....	1
A. Introduction.....	1
B. Development of the Debtors’ Proposed Plan	1 <u>2</u>
C. Plan Overview.....	5
D. Creditor Recoveries.....	7
E. Plan Contingencies.....	11 <u>12</u>
F. Marketing Process.....	12 <u>13</u>
G. Recommendation	12 <u>13</u>
ARTICLE II. BACKGROUND TO THE CHAPTER 11 CASES.....	13<u>14</u>
A. The Debtors’ Businesses.....	13 <u>14</u>
B. The Debtors’ Corporate Structure, Parent, and Affiliates	16 <u>17</u>
C. Management of the Debtors	19 <u>20</u>
D. The Debtors’ Capital Structure	23 <u>24</u>
ARTICLE III. EVENTS LEADING TO THE CHAPTER 11 FILINGS	25<u>26</u>
A. Economic Challenges.....	26 <u>27</u>
B. Certain Prepetition Challenged Transactions.....	27 <u>29</u>
C. Recent and Impending Property Closures.....	28 <u>29</u>
D. Litigation Regarding Challenged Transactions and CEC’s Guarantees.....	28 <u>29</u>
E. Prepetition Restructuring Negotiations and Prepetition RSA	34 <u>32</u>
F. Proposed Merger of CEC and CAC	32 <u>33</u>
G. The Debtors’ Financial Outlook and Business Strategy Going Forward	32 <u>34</u>
ARTICLE IV. MATERIAL EVENTS OF THE CHAPTER 11 CASES.....	33<u>34</u>
A. Involuntary Chapter 11 Proceedings.....	33 <u>34</u>
B. First Day Pleadings and Certain Related Relief.....	34 <u>35</u>
C. Appointment of Official Committees.....	38 <u>40</u>
D. Special Governance Committee Investigation	40 <u>41</u>
E. The Examiner.....	50 <u>52</u>
F. Mesirow Financial Consulting’s Role in the SGC Investigation	55 <u>57</u>
G. Positions of CEC, the Sponsors, and the Second Priority Noteholders Committee, and the <u>Ad Hoc Group of 5.75% and 6.50% Notes</u> Regarding the Challenged Transactions	57 <u>61</u>
H. Value of CEC Contributions	65 <u>70</u>
I. The Second Lien Standing Motion	65 <u>71</u>
J. Development of the Proposed Restructuring and Plan.....	65 <u>71</u>
K. Marketing Process.....	71 <u>77</u>
L. Exclusivity	73 <u>79</u>
M. Mediation	73 <u>80</u>
N. The Lien Standing Challenges	74 <u>80</u>
O. The 1111(b) Claim Objections.....	75 <u>81</u>
<u>P. Debtors’ Objections to Second Lien Notes Claims.....</u>	82 <u>82</u>
<u>P-Q.</u> Claims Bar Date and the Claims Objection Process	75 <u>85</u>
<u>Q-R.</u> Deferred Compensation Plan Issues.....	76 <u>86</u>
<u>R-S.</u> Adversary Proceedings and Contested Matters.....	77 <u>87</u>
<u>S-T.</u> Other Pending Litigation Proceedings	84 <u>94</u>
<u>T-U.</u> Monetizing the Former Harrah’s Tunica Property	85 <u>94</u>

U.V.	Workload Bonus Program.....	8595
V.W.	Rejection and Assumption of Executory Contracts and Unexpired Leases	8595
W.X.	Postpetition Letter of Credit Facility.....	8797
X.Y.	Debtors' Monthly Operating Reports.....	8797
ARTICLE V. SUMMARY OF THE PLAN		8897
A.	Proposed Treatment of Each Class of Claims and Interests.....	8898
B.	Proposed Distributions to Holders of Allowed Claims and Interests	91101
C.	Timing and Calculation of Amounts to Be Distributed	99109
D.	Process for Dealing with Disputed Claims	100109
E.	The Separation Structure.....	100110
F.	Sources of Recovery	100110
G.	Shared Services.....	109119
H.	Master Lease Agreements.....	110120
I.	Management and Lease Support Agreements	110120
J.	Transition Services Agreement.....	110120
K.	Corporate Governance	111120
L.	Right of First Refusal Agreement	112121
M.	PropCo Call Right Agreement	112122
N.	The Bank Guaranty Settlement	112122
O.	Subsidiary-Guaranteed Notes Settlement.....	112122
P.	Adequate Protection and Operating Cash for OpCo and the REIT.....	113122
Q.	General Settlement and Discharge of Claims, Interests, Causes of Action, and Controversies	114124
R.	<u>Ordinary Course of Business Through the Effective Date.....</u>	124
R.S.	The Debtor Release, Third-Party Release, Exculpation, and Injunction.....	114124
S.T.	Retention of Causes of Action	117127
T.U.	Treatment of Executory Contracts and Unexpired Leases.....	118127
ARTICLE VI. SOLICITATION AND VOTING PROCEDURES.....		122132
A.	Solicitation Packages	122132
B.	Voting Rights.....	123133
C.	Voting Procedures.....	124134
D.	Ballots and Master Ballots Not Counted.....	124134
ARTICLE VII. FIRST LIEN NOTEHOLDERCREDITOR ELECTIONS AND PROCEDURES.....		125135
A.	PropCo Preferred Equity Put Election.....	135
A.	First Lien Noteholder Elections Overview.....	125
B.	PropCo Equity Election.....	135
B.	Procedures for Exercising First Lien Noteholder Elections.....	126
C.	First Lien Noteholder Elections Form Not Timely Received.....	127
C.	Plan Supplement.....	136
D.	Disputes, Defects, and Irregularities.....	127
E.	Reservation of Rights.....	127
F.	Inquiries and Transmittal of Documents.....	127
ARTICLE VIII. CONFIRMATION OF THE PLAN		128136
A.	Confirmation Hearing	128136
B.	Requirements for Confirmation of the Plan	128136
C.	Acceptance by Impaired Classes.....	132143
D.	Confirmation without Acceptance by All Impaired Classes	133143

ARTICLE IX. RISK FACTORS	134<u>144</u>
A. Certain Bankruptcy Law Considerations	134 <u>145</u>
B. Risk Factor Regarding the NRF Claim	137 <u>147</u>
C. Risk Factor Regarding the Proposed Merger Between CEC and CAC.....	137 <u>147</u>
D. Second Priority Noteholders Committee Risk Factor Regarding the CEC Considerations	137 <u>147</u>
E. Risk Factors and Considerations Regarding the Companies' Businesses and Operations.....	137 <u>148</u>
F. Risk Factors and Considerations Regarding PropCo's, CPLV Sub's, and the REIT's Businesses and Operations.....	142 <u>152</u>
G. Risk Factors and Considerations Regarding the Companies' Financial Condition.....	143 <u>154</u>
H. Risk Factors and Considerations Regarding the Separation of the Debtors into OpCo, PropCo, and the REIT.....	146 <u>157</u>
I. Risk Factors and Considerations Regarding the Status of the REIT as a Real Estate Investment Trust	148 <u>159</u>
<u>J.</u> Risk Factor Relating to Appeal and Equitable Mootness.....	164 <u>164</u>
J. <u>K.</u> Risks Relating to the New Debt	153 <u>164</u>
K. <u>L.</u> Risks Relating to the New Interests Under the Plan	162 <u>173</u>
L. <u>M.</u> Risks Relating to the New CEC Common Stock and New CEC Convertible Notes	166 <u>176</u>
M. <u>N.</u> Risks Related to the Marketing Process.....	169 <u>179</u>
<u>O.</u> Risk Factor Related to the Deferred Compensation Settlement.....	180 <u>180</u>
N. <u>P.</u> Disclosure Statement Disclaimer	169 <u>180</u>
O. <u>Q.</u> Liquidation Under Chapter 7	170 <u>181</u>
ARTICLE X. CERTAIN SECURITIES LAW MATTERS	171<u>181</u>
A. Issuance of Securities under the Plan Pursuant to the Plan:	171 <u>181</u>
B. Subsequent Transfers of Securities Issued under the Plan	172 <u>183</u>
ARTICLE XI. CERTAIN UNITED STATES INCOME TAX CONSEQUENCES OF THE PLAN	173<u>184</u>
A. Introduction.....	173 <u>184</u>
B. Certain Federal Income Tax Consequences of the Plan to the Debtors	175 <u>186</u>
C. Certain Federal Income Tax Consequences of the Plan to U.S. Holders of Allowed Claims and Interests	176 <u>187</u>
D. Certain Federal Income Tax Consequences of the Plan to Non-U.S. Holders of Allowed Claims and Interests	187 <u>198</u>
E. Certain REIT Tax Considerations, Including Certain Dividend Requirements	189 <u>200</u>
F. Tax Aspects of REITCo's Ownership of PropCo	201 <u>212</u>
G. Ownership and Disposition of the PropCo LP Interests.....	202 <u>213</u>
H. Ownership and Disposition of New CEC Common Equity and New CEC Convertible Notes	204 <u>215</u>
I. Ownership and Disposition of New CEC Convertible Notes and Conversion of New CEC Convertible Notes Into New CEC Common Equity	206 <u>217</u>
J. Constructive Distributions to Holders of New CEC Common Equity and New CEC Convertible Notes	207 <u>218</u>
K. Withholding and Reporting.....	208 <u>219</u>

EXHIBITS

EXHIBIT A	Debtors' Second Amended Joint Plan of Reorganization
EXHIBIT B	Corporate Structure of the Debtors and Certain Non-Debtor Affiliates as of the Petition Date
EXHIBIT C	Contribution Analysis
EXHIBIT D	Liquidation Analysis
EXHIBIT E	Financial Projections
EXHIBIT F	Valuation Analysis
EXHIBIT G	Debtors' Consolidated Annual Financial Statements
EXHIBIT H	Examiner Report Introduction and Executive Summary
EXHIBIT I	Standalone Plan Analysis
EXHIBIT J	New CEC Financial Projections
EXHIBIT K	Second Priority Noteholders Committee Summary of Examiner Report

[EXHIBIT L Excerpt of March 16, 2016 Hearing Transcript](#)

**ARTICLE I.
EXECUTIVE SUMMARY**

A. Introduction

The proposed Plan achieves a complicated but tax-efficient corporate and balance sheet restructuring that maximizes the value of the Debtors' two primary assets: their businesses and the estate causes of action against Caesars Entertainment Corporation ("CEC"), Caesars Acquisition Company ("CAC"), other non-Debtor affiliates, and certain third parties (the "Estate Claims"). Rather than expose the Debtors and their stakeholders to the risks of potentially value-destructive litigation with affiliates, the Plan provides for a global settlement of the Debtors' claims and causes of action against CEC and its affiliates by securing substantial contributions from CEC and its affiliates to support significant near-term recoveries (in both quantum and form of consideration) to all of the Debtors' stakeholders. Importantly, the value-maximizing REIT structure and associated creditor recoveries contemplated by the proposed Plan rely on significant cash and non-cash contributions, as well as ongoing credit support, from CEC and its affiliates, which contributions are conditioned upon, and would not be available without, releases for CEC and its affiliates. In exchange for the releases essential to the proposed global settlement embodied in the Plan, CEC and its affiliates are providing contributions that the Debtors estimate have a midpoint value of \$4 ~~billion.~~ 0 billion, as more fully discussed in the contribution analysis attached hereto as Exhibit C. The Debtors, informed by the conclusions of the investigation conducted by the independent Special Governance Committee of the Board of Directors of CEOC (the "Special Governance Committee") and the findings of the Bankruptcy Court-appointed Examiner's final report, believe these contributions represent a fair and reasonable settlement ~~that~~ is in the best interest of the Debtors and their estates, that sufficient to support the releases included in the Plan, and will be prepared to meet their burden on these issues at confirmation.

The Debtors have evaluated alternative transaction structures, including a standalone reorganization structure that would allow for parallel litigation against CEC and its affiliates through the formation of a litigation trust to pursue the Estate Claims. As set forth more fully in an analysis attached hereto as Exhibit I, however, separating the Debtors from the broader Caesars enterprise involves complicated operational challenges and is likely to result in both decreased financial performance and lower distributable value. Moreover, without the contributions from CEC and its affiliates, the Debtors would have to provide a greater portion of recoveries in equity instead of the significant cash and debt recoveries to first lien creditors contemplated by the Plan, and the Debtors cannot force secured creditors to accept an equity recovery on account of their collateral without their consent. Indeed, after careful analysis, the Debtors and the Special Governance Committee have determined that no alternative provides better value for the Debtors and their Estates, especially on a risk-adjusted basis, than the proposed Plan.

~~Further, after~~ The Debtors have been engaged in extensive negotiations with their stakeholders as part of an ongoing mediation process, ~~the Debtors believe that the~~ The proposed Plan (including the settlements and proposed recoveries provided therein) reflects ~~terms that the current terms of restructuring support agreements being negotiated by several stakeholders in the Chapter 11 Cases. Specifically, the Debtors believe that the Plan will have the support of the First Lien Notes, the Unsecured Creditors Committee, and the Subsidiary-Guaranteed Notes. Because this support is~~ subject to ~~limited~~ ongoing diligence and definitive documentation, ~~have the support of the Unsecured Creditors Committee, however, these parties have not expressly provided their support at this time. Notably, because the Plan contemplates that Holders of Prepetition Credit Agreement Claims and First Lien Notes Claims receive recoveries in equity, to avoid a difficult cramdown fight, the support of such Holders will be important for achieving confirmation of the Plan. See Bankruptcy Code § 1129(b)(2)(A).~~

¹ The Special Governance Committee's investigation ~~and, including~~ its conclusions ~~are~~ the claims of various creditors that the work of the Special Governance Committee is tainted and not credible (and their assertions that the Bankruptcy Court has found it not credible), and the Debtors' view that the work of the Special Governance Committee is valuable and credible, described in ~~more~~ detail in ~~Article IV.D~~ Article IV.D and Article IV.F below.

~~the Ad Hoc Group of First Lien Bank Lenders, the Ad Hoc Group of First Lien Noteholders, and Wilmington Trust, N.A., solely in its capacity as indenture trustee for the Debtors' subsidiary guaranteed unsecured notes.~~

~~As of the date hereof, the Ad Hoc First Lien Groups, the Second Priority Noteholders Committee, BOKE, Frederick Barton Danner, and the Ad Hoc Group of 5.75% and 6.50% Notes do not support the Plan. The Ad Hoc Committee of holders of 12.75% Second Lien Notes, which collectively hold more than the majority of the face amount of such notes, does not support the Plan, and would encourage other holders of the 12.75% Second Lien Notes to vote against the Plan. Additionally the Unsecured Creditors Committee has asserted that the Plan may not be the best plan, but remains in negotiations with the Debtors and CEC over the terms of a plan they can support.~~

Because the proposed Plan maximizes creditor recoveries, meaningfully reduces the Debtors' aggregate debt (by approximately \$10 billion), and best positions the Debtors' businesses for future success, the Debtors encourage you to vote to accept the Plan.

B. Development of the Debtors' Proposed Plan

CEOC is a majority-owned operating subsidiary of CEC; the remaining Debtors are direct and indirect subsidiaries of CEOC. CEC, together with its subsidiaries (including the Debtors) and its affiliates, is the world's most diversified casino-entertainment company (collectively, "Caesars"). Caesars owns and operates or manages 50 casinos in five countries on three continents, with properties in the United States, Canada, the United Kingdom, South Africa, and Egypt. The Debtors, for their part, own and operate or manage 38 gaming and resort properties in fourteen states and five countries, operating primarily under the Caesars[®], Harrahs[®], and Horseshoe[®] brand names. The Debtors employ approximately 32,000 people.

The Debtors' capital structure is the result of a \$30.7 billion leveraged buyout—one of the largest in history (the "2008 LBO")—that was completed just as the global economy took a precipitous downturn. The Debtors' significant debt load following the 2008 LBO hampered their ability to confront the challenges brought on by decreased consumer spending, increased competition in Las Vegas and local geographic markets, and system-wide revenue declines, including significant declines in the Atlantic City market. Despite implementing dozens of cost-cutting initiatives and executing numerous capital markets transactions, the Debtors were unable to achieve an out-of-court solution to their financial distress.

As of the Petition Date, the Debtors' outstanding funded debt obligations totaled approximately \$18 billion (excluding accrued and unpaid interest), and comprise the following classes of claims:

- Four tranches of first lien bank debt totaling approximately \$5.35 billion (the "Prepetition Credit Agreement Claims");²
- Three series of outstanding first lien notes totaling approximately \$6.35 billion (the "First Lien Notes Claims");
- Four series of outstanding second lien notes totaling approximately \$5.25 billion (the "Second Lien Notes Claims");
- One series of subsidiary-guaranteed unsecured notes of approximately \$479 million (the "Subsidiary-Guaranteed Notes Claims"); and
- Two series of senior unsecured notes totaling approximately \$530 million (the "Senior Unsecured Notes Claims").

² CEC has a contractual obligation to guarantee collection (rather than payment) of the Prepetition Credit Agreement Claims.

Additionally, certain of the Debtors' funded debt creditors are party to various intercreditor agreements, which govern, among other things, the payment, priority, rights, and remedies among and available to such creditors. The following table illustrates the Debtors' outstanding funded debt as of the Petition Date, including the applicable maturities and interest rates for each tranche of debt.

<i>As of January 15, 2015</i>			
CEOC Debt (\$ in Millions)	Maturity	Interest Rate	Face Value³
Term Loan B4	2016	10.50%	\$ 376.7
Term Loan B5	2017	5.95%	937.6
Term Loan B6	2017	6.95%	2,298.8
Term Loan B7	2017	9.75%	1,741.3
<i>Prepetition Credit Agreement</i>			5,354.4
11.25% First Lien Notes	2017	11.25%	2,095.0
8.50% First Lien Notes	2020	8.50%	1,250.0
9.00% First Lien Notes	2020	9.00%	3,000.0
<i>First Lien Notes</i>			6,345.0
12.75% Second Lien Notes	2018	12.75%	750.0
10.00% Second Lien Notes due 2018	2018	10.00%	3,680.5
10.00% Second Lien Notes due 2018	2018	10.00%	816.1
10.00% Second Lien Notes due 2015	2015	10.00%	3.7
<i>Second Lien Notes</i>			5,250.3
10.75% Senior Subsidiary-Guaranteed Notes	2016	10.75%	478.6
<i>Subsidiary-Guaranteed Notes</i>			478.6
6.50% Senior Unsecured Notes	2016	6.50%	296.7
5.75% Senior Unsecured Notes	2017	5.75%	233.3
<i>Senior Unsecured Notes</i>			530.0
Capitalized Lease Obligations	to 2017	Various	15.4
Special Improvement District Bonds	2037	5.30%	46.9
Other Unsecured Funded Debt	2016–2021	0–6.00%	24.7
<i>Other General Borrowings</i>			87.0
Total Funded Debt			\$ 18,045.3

The Debtors' significant funded debt obligations are not sustainable. Between 2009 and the Petition Date, the Debtors' annual interest expenses have far exceeded their annual EBITDA; in 2014 alone, the Debtors generated approximately \$800 million of EBITDA compared with more than \$2.2 billion of interest expense. Put simply, although the Debtors' businesses remain operationally strong and cash-flow positive with higher levels of EBITDA

³ These figures do not include accrued and unpaid interest as of January 15, 2015. The total Allowed Claim amounts can be found in Article V.A.

in 2015, they simply cannot service a capital structure with approximately \$18 billion of funded debt. This capital structure must be materially deleveraged to optimize the value of the Debtors' businesses going forward.

The Debtors also have another important asset around which to reorganize: valuable Estate Claims. Specifically, certain of the prepetition transactions executed by Caesars purportedly to assist the Debtors in meeting interest obligations, extending debt maturities, and transferring debt and capital expenditure obligations have been the subject of investigations by the Special Governance Committee and the Bankruptcy Court-appointed Examiner. As described further herein, both the Special Governance Committee and the Examiner have determined that the Debtors' estates have valuable claims and causes of action against CEC and its non-Debtor affiliates related to certain of these transactions—important estate assets that must be maximized through litigation or settlement as part of any restructuring. In developing the Plan, the Debtors have focused on maximizing the value of both the Debtors' business and litigation assets, while also recognizing the complexity of reconciling those two objectives.

On the business side, the Plan contemplates the transformation of the Debtors' business into a real estate investment trust (or REIT) structure that offers tax and other advantages resulting in higher valuations for REITs than comparable non-REIT companies, allowing the Debtors to deliver additional value to their stakeholders. The Debtors believe, and no party other than the Second Priority Noteholders Committee has disputed, that maximizing the benefits of the proposed REIT structure and optimizing the form of consideration distributed to creditors (i.e., greater amounts of cash and debt and equity with a higher overall value) is best achieved through the credit support to be provided by "New CEC" (the new CEC entity created through CEC's merger with CAC) under the Plan. Specifically, the Plan contemplates that New CEC will make substantial contributions to the Debtors' reorganization, including to guarantee OpCo's monetary obligations under the Master Lease Agreements, which underpin the REIT's ability to support the more than \$6 billion of debt contemplated in the Plan. In addition, New CEC will also provide a collection guarantee, if necessary, in respect of the OpCo debt, which will assist the Debtors in syndicating such debt and support any "take-back" debt that would be issued under the Plan if the Debtors' first lien creditors agree to waive the OpCo debt syndication requirement. [New CEC Financial Projections can be found in Exhibit J.](#)

With respect to the Estate Claims, in parallel with the development of the Plan, the Special Governance Committee commenced a comprehensive investigation into the Estate Claims beginning in August 2014. As described further in Article IV.D herein, the SGC Investigation evolved over time as the Special Governance Committee and its advisors obtained more documents and information to consider. In connection with the Debtors' entry into the Prepetition RSA, the Special Governance Committee agreed, based on the preliminary findings of its investigation at that time and subject to the satisfactory conclusion of such investigation after receiving all of the outstanding information it had requested, that the Estate Claims had significant value and that CEC's contributions to the then-proposed plan of reorganization—valued at no less than \$1.5 billion at the time—were sufficient to settle such claims. As discussed further below, subsequent to entering into the Prepetition RSA, based on continued negotiations among CEC, the Special Governance Committee, and the Debtors' senior creditors, CEC agreed to make significant additional contributions while the Special Governance Committee continued its investigation, which were reflected in prior iterations of the Plan. The Plan contemplates contributions from CEC and its affiliates that the Debtors estimate have a midpoint value of ~~\$4-billion~~. [0 billion, as calculated in accordance with the contribution analysis attached hereto as Exhibit C.](#) The Special Governance Committee believes this amount provides for a fair and reasonable settlement that is well within the ranges of values supportive of the releases contemplated by the Plan. [As described in Article IV.F, certain creditors have asserted that the Special Governance Committee's investigation is not credible, but the Debtors strongly disagree.](#)

As described further in [Exhibit I](#), the Debtors, through the Special Governance Committee [and with the assistance of financial advisor and investment banker Millstein & Co., L.P. \("Millstein"\) and AlixPartners](#), also evaluated alternative transaction structures, including standalone reorganization structures that would allow for parallel litigation against CEC through the formation of a litigation trust or otherwise (including a standalone REIT unsupported by CEC's contributions). In evaluating value-maximizing alternatives, the Debtors and their senior stakeholders also recognized that, given the existing enterprise structure, any plan that separates CEOC from the broader Caesars enterprise, or that maintains the enterprise structure while CEOC prosecutes litigation claims against its affiliates, has business and implementation risk that are substantially greater than the risks inherent in the

proposed Plan. A reorganization supported by the Debtors' existing parent, on the other hand, has several business benefits, including (i) minimizing the risk of triggering significant tax obligations that could arise in a deconsolidated scenario, (ii) both increasing the likelihood and accelerating the timing of the Debtors obtaining regulatory approvals for their proposed restructuring transactions, (iii) ensuring the Debtors' continued access to enterprise shared services and experienced gaming employees, and (iv) maintaining the benefits of the Debtors' important Total Rewards[®] loyalty program and inclusion in the broader Caesars property network, which drive enhanced operating and financial performance. For all of these reasons, the Debtors determined that maximizing the value of their business assets can best be achieved by ensuring the continued support of CEC (and its affiliates)—who are also the primary targets of the Estate Claims.

Moreover, none of the extremely valuable CEC contributions to be made pursuant to the Plan will be available to the Debtors in the near term in the absence of either (i) a global settlement resolving both Estate Claims and certain direct claims held by third parties, including claims related to CEC's any purported guaranty of the Debtors' prepetition debt (the "Third-Party Claims"), or (ii) a release of the Estate Claims and the Third-Party Claims through the Plan. For obvious reasons, the cash and credit support contemplated by the proposed Plan simply will not work if claims against the credit parties (i.e., CEC and CAC) are not released. And not surprisingly, CEC and its affiliates have conditioned their substantial financial and credit support for any proposed plan on securing releases of such claims. Put simply, CEC and its affiliates will not voluntarily make a multi-billion dollar contribution to the Debtors' restructuring efforts without obtaining these releases.

The Debtors determined (subject to the market test described below) that there is no value-maximizing alternative to the proposed Plan, under which the Debtors will settle estate litigation claims through significant contributions to these estates, including important credit support for the REIT structure.

C. **Plan Overview**⁵

To effectuate the Plan, the Debtors will, among other things convert their prepetition corporate structure into two companies—OpCo and PropCo. The primary features of the credit-enhanced REIT structure contemplated by the Plan are as follows:

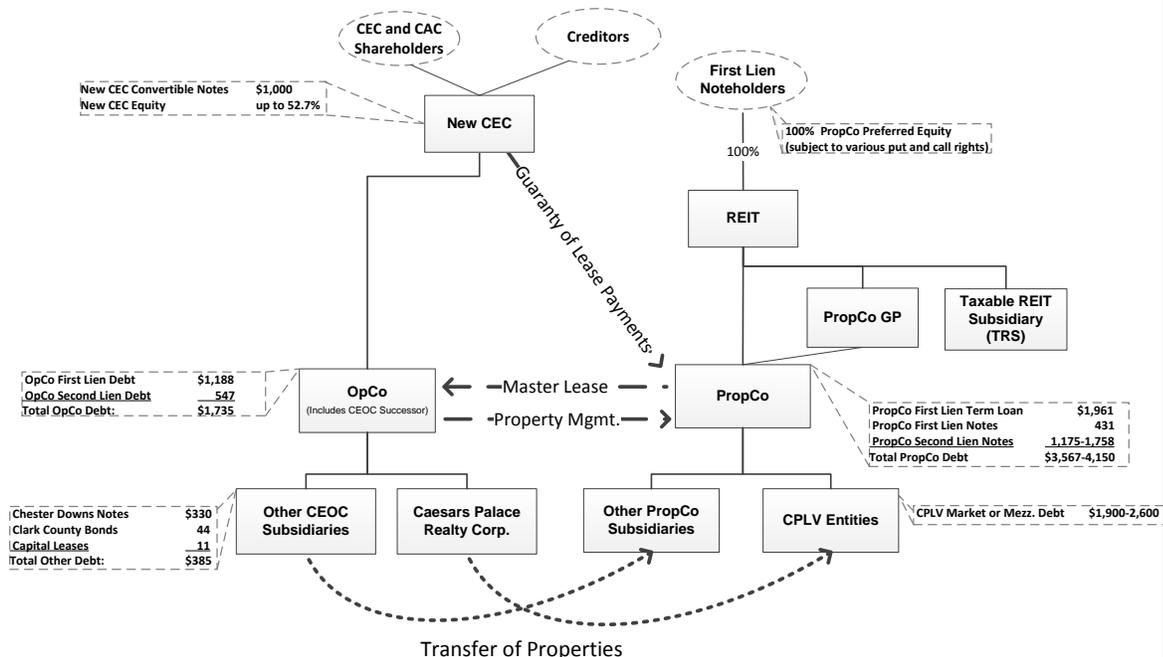
- PropCo, as a subsidiary of a REIT entity, will directly or indirectly own substantially all of the Debtors' real property assets and related fixtures. Caesars Palace Las Vegas will be owned by "CPLV," a separate subsidiary of PropCo.⁶
- OpCo will, other than with respect to certain properties and operations contributed to a taxable REIT subsidiary of the REIT entity, lease the real property and fixtures pursuant to two master lease agreements (the "MLAs"), one with PropCo and one with CPLV, and will manage the Debtors' properties and facilities on an ongoing basis. OpCo will continue to own substantially all operations, gaming licenses, personal property, and other related interests.
- The reorganized Debtors will remain part of the overall Caesars enterprise, and New CEC will provide guarantees of OpCo's payments under the two MLAs and of new OpCo debt issued in connection with the Plan.

⁴ Given the existing structural and operational affiliations among CEOC and CEC, as well as the need for CEC to compensate the Debtors on account of Estate Claims, the Debtors believe that CEC is the best candidate to provide the necessary credit support for the value-maximizing REIT structure. Nevertheless, as discussed in Article I.F and Article IV.K below, the Debtors are conducting a marketing process to, among other things, determine whether there is any other third party whose involvement could result in better recoveries to creditors, both in form and amount.

⁵ The Plan is described more fully herein and this overview of the Plan is qualified in its entirety by reference to the Plan and the more detailed overview provided in this Disclosure Statement.

⁶ CPLV will be a separate entity to facilitate third-party financing.

A combination of new debt, preferred shares, and common shares issued by the REIT, PropCo, OpCo, and the CPLV Entities, as applicable, as well as cash, convertible debt securities and direct equity issued by New CEC, as applicable, will be used to provide distributions to creditors under the Plan. The proposed corporate and capital structure as of the Effective Date is depicted in the chart below, which summarizes the projected total leverage based on projected funded debt obligations of OpCo, PropCo, and the CPLV Entities upon consummation of the Plan.⁹ Before taking into account the PropCo Equity Election, the Debtors estimate that the funded debt across each of OpCo, PropCo, and the CPLV Entities will total approximately \$8,170 million to \$8,287 million. The following illustrative organizational chart summarizes the organizational structure of the reorganized entities, including their new capital structure, on the Effective Date:¹⁰



⁷ References in this executive summary to PropCo equity (both common and preferred) refer to equity that likely will be issued by the REIT as REIT stock, provided that in certain circumstances described in detail below and in the Plan, such equity may instead be issued by PropCo itself as PropCo LP Interests.

⁸ Specifically, creditors will receive preferred shares of CEOC that will be exchanged for shares of New CEC pursuant to a merger of CEOC into a newly-formed subsidiary of New CEC (the “CEOC Merger”).

⁹ The Plan contemplates that certain debt issued by OpCo and the CPLV Entities will be syndicated to third parties for cash, which cash will be distributed to fund creditor recoveries, and that PropCo will issue new debt directly to the Debtors’ creditors on the terms agreed in the RSAs. To the extent that the Debtors are unable to syndicate the entirety of the new OpCo debt, and subject to waivers by the Requisite Consenting Bank Lenders and/or the Requisite Consenting Noteholders, the Plan contemplates OpCo issuing new debt directly to the Debtors’ creditors, for which debt CEC will provide a guaranty of collection. Similarly, to the extent that the Debtors are unable to syndicate the entirety of the new CPLV debt, the Plan contemplates the CPLV Entities issuing new debt directly to the Debtors’ creditors in an amount required to make up the shortfall, subject to certain limitations.

¹⁰ For illustrative purposes only, the following chart reflects pro forma ownership interests under the Spin Structure. The following chart does not reflect PropCo Common LP Interests or PropCo Preferred LP Interests that may be issued to certain Holders of Claims to the extent such Holders would own more than 9.8% of the stock issued by the REIT, subject to certain waiver provisions as discussed in greater detail below. All dollar amounts are in millions.

To achieve the leverage necessary to support distributions under the Plan, the Plan is conditioned upon New CEC making significant contributions to the Debtors' reorganization. These contributions include direct contributions to the estate to settle claims and facilitate the credit-enhanced REIT structure, as well as direct contributions to creditors to enhance recoveries. Specifically, on behalf of itself and its non-Debtor affiliates, the Plan contemplates New CEC making the following contributions:¹¹

- \$406 million in direct cash contributions to fund Plan distributions, other restructuring transactions contemplated by the Plan, and general corporate purposes, and up to an additional \$~~18~~5.3 million to fund distributions to certain classes of the Debtors' unsecured creditors;
- Committing (with no associated fee) to purchase 100% of OpCo common equity and—if the REIT structure is accomplished through the “partnership contribution structure”—5% of PropCo common equity;
- Call rights to PropCo to purchase the Harrah's Laughlin, Harrah's Atlantic City and Harrah's New Orleans properties, which have been extended for five years;
- A guarantee of OpCo's MLA payment obligations, which underpins the value of PropCo and its ability to service the debt it will carry;
- A guarantee of OpCo debt, if necessary, to reduce the syndication risk on such debt;
- \$1 billion of convertible notes issued by New CEC;
- Preemptive rights to participate in the New CEC Capital Raise;
- ~~cash representing 6.0% of total allowed claim amounts in Classes I and J (up to \$18 million) if Classes I and J vote to accept the Plan;~~
- up to 52.7% of New CEC Common Equity (including New CEC Common Equity convertible through the New CEC convertible notes), which will be provided upon exchange of new CEOC preferred stock in connection with the CEOC merger; and
- A waiver by CAC of its recoveries on approximately \$293 million of Senior Unsecured Notes.

In the aggregate, the Debtors, based on an analysis by Millstein more fully explained in Exhibit C, estimate the midpoint value of these contributions at approximately \$4.0 billion if Class F votes to reject the Plan and \$4.3 billion if Class F votes to accept the Plan. Because some of CEC's contributions to the Debtors under the Plan take the form of direct credit support, such as the guarantee of OpCo's operating lease obligations, the Plan is explicitly conditioned upon obtaining (i) a global settlement of all claims the Debtors may have against CEC or certain of its affiliates and (ii) comprehensive releases for CEC and its affiliates for claims or causes of action that the Debtors' creditors may have against CEC and its affiliates, including with respect to any obligations CEC may have related to guarantees of CEOC's debt. The Debtors believe that the value of the contributions is sufficient to support the releases included in the Plan, including the release of Estate and Third-Party Claims, and will be prepared to meet their burden on this issue at confirmation.

The Plan also contains a number of additional provisions not highlighted in this executive summary. Please refer to Article V hereof for a more detailed summary of the Plan.

¹¹ Importantly, CEC will fund contributions under the Plan, in part, from access to cash that it will obtain through the proposed merger with CAC. Certain of the direct and indirect subsidiaries of CAC would also be targets of certain of the Estate Claims.

D. Creditor Recoveries

As discussed more fully herein and in the Plan, the Plan generally provides for the following recoveries to be shared pro rata among the holders of claims in the various classes:¹²

- First Lien Bank Lenders: Approximately \$3,193 million of cash, \$1,961 million of first lien PropCo debt, \$250 million of second lien PropCo debt, and 5% of New CEC Common Equity on a fully diluted basis (subject to reduction to 4% of New CEC Common Equity if the Holders of Second Lien Notes Claims vote to accept the Plan); *provided* that if this class waives the Plan's syndication requirement with respect to the OpCo debt, certain cash recoveries could be replaced by OpCo "take back" debt on the terms specified in the Plan.
- First Lien Noteholders: Approximately \$2,037 million of cash, \$431 million of first lien PropCo debt, \$1,425 million of second lien PropCo debt, preferred equity in PropCo (subject to certain put and call rights), \$100 million of CPLV Mezzanine Debt, 100% of PropCo Common Equity on a fully diluted basis, and 15.8% of New CEC Common Equity (subject to reduction to 12.5% of New CEC Common Equity if the Holders of Second Lien Notes Claims vote to accept the Plan, provided that in that scenario such Holders will receive either Cash in the amount of \$20,000,000 per month and/or OpCo Series A Preferred Stock, which shall be exchanged for New CEC Common Equity equal to \$20,000,000 per month (at a price per share of New CEC Common Equity using an equity value for New CEC of \$6.5 billion), in both instances commencing on May 1, 2017, and ending on the Effective Date, which amount shall be prorated for any partial month); *provided* that if this class waives the Plan's syndication requirement with respect to the OpCo debt, certain cash recoveries could be replaced by OpCo "take back" debt on the terms specified in the Plan.
- Non-First Lien Claimants: The Plan contemplates that the following six groups of Non-First Lien Claims will share recoveries from the same form of consideration: (i) the Second Lien Notes Claims; (ii) the Subsidiary-Guaranteed Notes Claims; (iii) the Senior Unsecured Notes Claims; (iv) ~~General~~Undisputed Unsecured Claims at the non-BIT Debtors; ¹³ (v) ~~General~~Disputed Unsecured Claims at the non-BIT Debtors; and (vi) ~~Ongoing-Business~~General Unsecured Claims at the BIT Debtors.¹⁴ These claims have been separately classified to reflect distinct creditor rights, priorities, or proposed treatment and will thus receive varying amounts of the following (collectively, the "Non-First Lien Recovery Consideration"):

¹² As discussed in detail below and in the Plan, creditor recoveries and the applicable allocation of Plan consideration are subject to, among other things, each voting Class's acceptance of the Plan, various put, call, and other election rights in the Plan as well as the syndication requirements and waivers built into the Plan. For illustrative purposes only, and solely for purposes of this Article I.D, the following descriptions and summaries of recoveries and allocation of Plan consideration assume the following (unless expressly stated otherwise): (a) the Debtors successfully syndicate \$2.0 billion of CPLV Market Debt and all of the OpCo debt to third parties for cash; (b) the First Lien Bank Lenders do not make the CPLV Mezzanine Election, and (c) each Class votes to accept the Plan. Additionally, all recovery percentages value the various components of Plan consideration at Plan value and the amount of debt is shown before taking the PropCo Equity Election into account. Importantly, certain of the securities being issued (particularly the equity securities) could trade at prices above or below Plan value.

¹³ ~~The "BIT Debtors" are those Debtors at which, based on the Liquidation Analysis, the Debtors have determined that Holders of General Unsecured Claims are entitled to higher recoveries than Holders of General Unsecured Claims at other Debtors. The BIT Debtors include (a) the Par Recovery Debtors, (b) Winnick Holdings, LLC, (c) Caesars Riverboat Casino, LLC, and (d) Chester Downs Management Company, LLC.~~

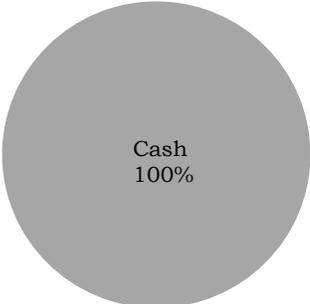
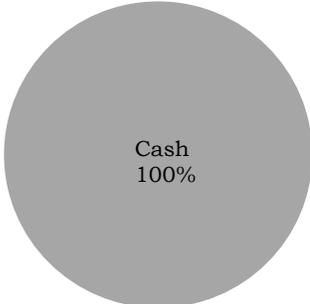
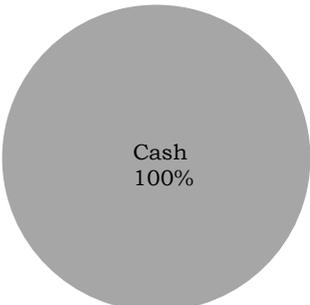
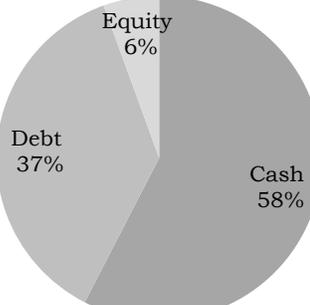
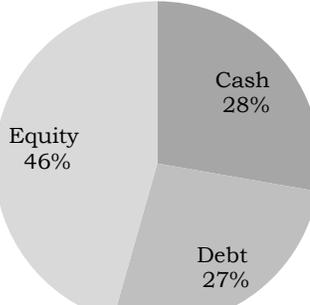
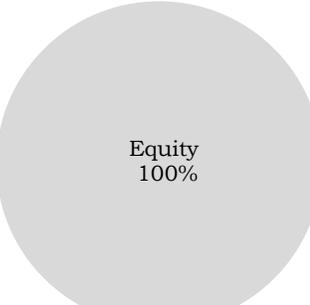
¹⁴ ~~The "BIT Debtors" are those Debtors at which, based on the Liquidation Analysis, the Debtors have determined that Holders of General Unsecured Claims are entitled to higher recoveries than Holders of General Unsecured Claims at other Debtors. The BIT Debtors include (a) the Par Recovery Debtors, (b) Winnick Holdings, LLC, (c) Caesars Riverboat Casino, LLC, and (d) Chester Downs Management Company, LLC.~~

- each applicable class's share, as set forth in the Plan, of \$1.0 billion of New CEC Convertible Notes, which shall be convertible pursuant to the terms of the New CEC Convertible Notes Indenture in the aggregate for up to 12.2% of New CEC Common Equity on a fully diluted basis; and
- OpCo Series A Preferred Stock, which shall be exchanged for up to 24.0% of New CEC Common Equity on a fully diluted basis (after accounting for dilution by the New CEC Convertible Notes but before any New CEC Capital Raise and assuming all Classes vote yes) pursuant to the CEOC Merger.

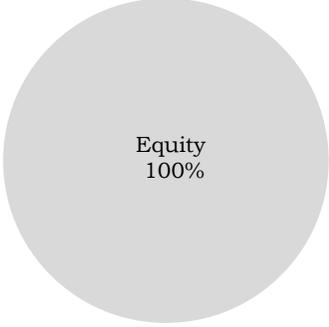
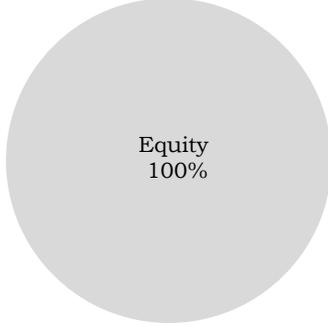
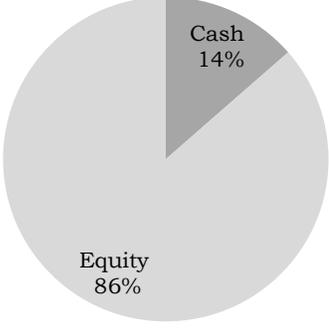
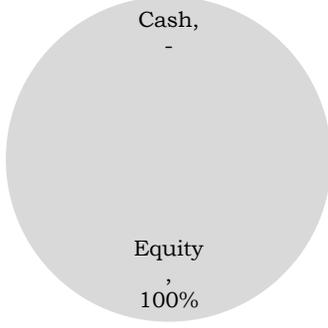
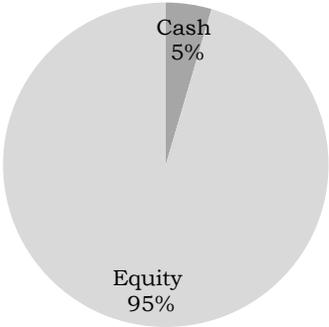
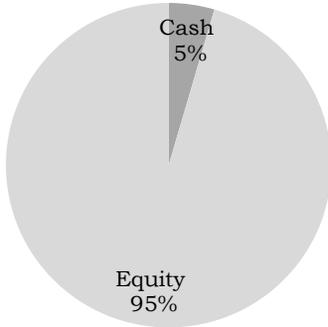
Generally, the Non-First Lien Claimants will share a Pro Rata portion of the Non-First Lien Recovery Consideration. However, Holders of ~~Ongoing Business~~Undisputed Unsecured Claims and Disputed Unsecured Claims, if they vote as a Class to accept the Plan, will also ~~have the option to receive a Cash recovery equal to 46.0% (the equivalent value in Cash of the debt and equity securities otherwise available to General Unsecured Claims) of such Holder's Ongoing Business~~ from the Unsecured ~~Claim instead of the Non-First Lien Recovery Consideration, provided that the total aggregate amount of this Cash Election is capped at \$12-Creditor Cash Pool (which will be comprised of up to approximately \$5.3 million across all Debtors contributed by CEC) on the terms set forth in the Plan. In addition, with respect to the Par Recovery Unsecured Claims, Winnick Unsecured Claims, Caesars Riverboat Casino Unsecured Claims, and Chester Downs Management Unsecured Claims, Holders of such Claims shall receive Non-First Lien Recovery Consideration in an amount equal to 100%, 67%, 71%, and 87%, respectively, of such Holders' Claim.¹⁵ ~~Finally, General~~The Convenience Unsecured Claims ~~at Non~~will receive recoveries from the Convenience Cash Pool, which consists of \$12.5 million, and will not receive any recoveries from the Non-First Lien Recovery Consideration. Additionally, the Non-Obligor ~~Debtors~~Unsecured Claims will receive payment in full in cash due to the fact that the Non-Obligor Debtors are not liable for any of the Debtors' funded debt obligations.~~

The following pie charts illustrate the approximate allocation of the various forms of Plan consideration (cash, debt, and equity) that comprise the recovery of each class of funded debt and unsecured claims:

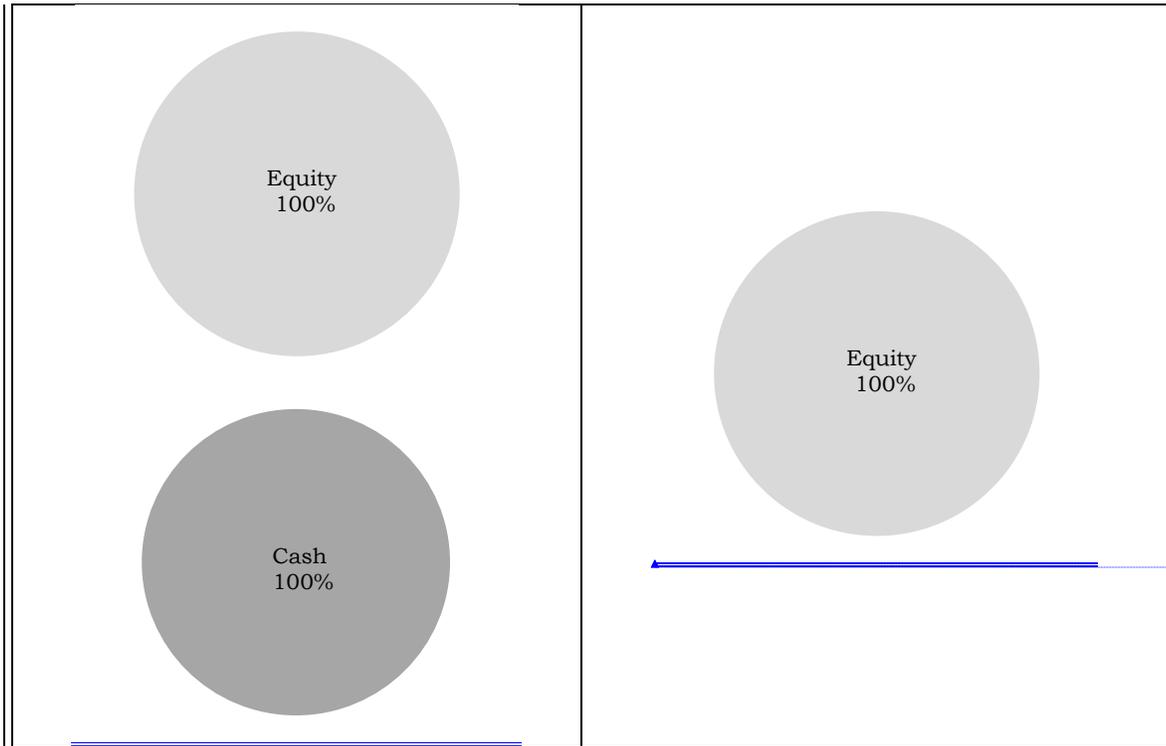
¹⁵ As described more fully in Article VIII.B.2 and Exhibit D, the Debtors have carefully reviewed the result of their Liquidation Analysis and have determined that certain of the Debtor entities, including the Non-Obligor Debtors, the Par Recovery Debtors, Winnick Holdings, LLC, Caesars Riverboat Casino, LLC, and Chester Downs Management Company, LLC are likely to achieve greater recoveries in a liquidation scenario than those otherwise available to Holders of Non-First Lien Claims under the Plan. Recoveries for these Debtors have been adjusted accordingly under the Plan.

Class A – 100% Recovery	Class B – 100% Recovery
 <p>Cash 100%</p>	 <p>Cash 100%</p>
Class C – 100% Recovery	Class D – Prepetition Credit Agreement Claims ¹⁶ Class F Rejects – 113% = 117% Recovery Class F Accepts – 112% = 115% Recovery
 <p>Cash 100%</p>	 <p>Cash 58%</p> <p>Debt 37%</p> <p>Equity 6%</p>
Class E – Secured First Lien Notes Claims ¹ Class F Rejects – 96% = 128% Recovery Class F Accepts – 94% = 124% Recovery	Class F – Second Lien Notes Claims Accept: 29% = 48% Recovery Reject: 22% = 34% Recovery
 <p>Cash 28%</p> <p>Equity 46%</p> <p>Debt 27%</p>	 <p>Equity 100%</p>

¹⁶ Pie chart reflects consideration split in scenario where Class F rejects the Plan

<p>Class G – Subsidiary-Guaranteed Notes Claims Accept: 61% <u>105%</u> Recovery Reject: 11%</p>	<p>Class H – Senior Unsecured Notes Claims Accept: 33% <u>56%</u> Recovery Reject: 22% <u>33%</u> Recovery</p>
 <p>Equity 100%</p>	 <p>Equity 100%</p>
<p>Class I – Ongoing Business <u>Undisputed General</u> Unsecured Claims Accept: 354% <u>54%</u> Recovery Reject: 22% <u>343%</u> Recovery</p>	<p>Class J – <u>Disputed</u> General Unsecured Claims Accept: 35% <u>34%</u> - 54% Recovery Reject: 22% <u>34%</u> Recovery</p>
 <p>Cash 14%</p> <p>Equity 86%</p>	 <p>Cash, -</p> <p>Equity 100%</p>
 <p>Cash 5%</p> <p>Equity 95%</p>	 <p>Cash 5%</p> <p>Equity 95%</p>
<p><u>Classes K – Convenience Class Claims</u> <u>47% Recovery</u></p>	<p>Classes K-NL-O – Unsecured Claims against BIT Debtors 67% <u>100%</u> Recovery</p>

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Importantly, the Plan is a joint plan of reorganization for all Debtors in the Chapter 11 Cases, and the Plan takes into account the different rights and claim priorities at each Debtor in allocating recoveries as well as the various intercreditor arrangements between the Debtors' various funded debt stakeholders. The recoveries described above are improved recoveries based on each respective Class voting to accept the Plan. Recoveries under the Plan may be less for Holders of Claims in a particular Class if that Class does not vote to accept the Plan.

For a further description of the classification, exact proposed treatment, distributions, voting rights, and projected recoveries of Claims against and Interest in the Debtors, as well as the timing and calculation of amounts to be distributed under the Plan, the sources and uses of such distributions, and the process for handling Disputed Claims, please see Article V.D hereof and the Plan.

E. Plan Contingencies

Although, subject to the marketing process described below, the Debtors believe that the settlement and restructuring proposed in the Plan is the best alternative for maximizing stakeholder recoveries, the Plan is subject to a number of conditions and there are certain material risks to the Debtors' ability to implement the Plan and consummate near-term creditor distributions, including the following:

- **Syndication Requirement:** The Plan contains a material financing contingency in that the Debtors have agreed to syndicate OpCo and CPLV debt to third parties so that at least \$3,335 million in Cash proceeds are distributed to first lien creditors. Although requisite holders of the Debtors' first lien debt may waive the syndication requirements with respect to certain debt and agree to accept "take back" paper on the terms specified in the Plan, there are no guarantees that the Debtors will be able to satisfy their syndication obligations or that creditors will waive the syndication requirement.
- **CEC Merger with Caesars Acquisition Company:** CEC has agreed to provide substantial contributions to the Debtors' restructuring through direct contributions to the estate, consideration in the form of cash and securities directly to the Debtors' creditors, and important ongoing credit support for the REIT structure. On December 22, 2014, CEC entered into a merger agreement with CAC, which merger will provide CEC with access to cash necessary to fund its obligations to the Debtors as contemplated by the Plan. Moreover, the combined value of the merged CEC-CAC underlies the value of the CEC securities to be issued in connection with the Plan. This merger of two public companies, however, remains subject to ongoing negotiation. In particular, the Debtors expect that independent committees of the boards of directors of CEC and CAC will review the terms of the CEC-CAC merger to ensure each receives maximum residual value for their respective public shareholders. Put simply, the amount of New CEC ~~equity~~ Common Equity given to CEOC creditors could impact the viability of the merger. The Debtors are focused on ensuring that the Plan obtains the greatest possible consideration from both CEC and CAC on account of the Estate and Third-Party Claims while maintaining the viability of the merger to ensure such contributions. If CEC is unable to complete this merger for any reason, CEC will not be able to meet its funding obligations under the Plan and the feasibility of the Plan would be threatened.
- **Third-Party Releases:** To facilitate the substantial contributions that CEC is making in support of the Debtors' reorganization, the Plan is predicated on, and dependent upon, the settlement of all of the Debtors' claims and causes of action against, among others, the CEC Released Parties,¹⁷ as well as releases of certain claims third parties may have against, among others, the CEC Released Parties. Such releases include, among other things, any claims and causes of action related to CEC's purported guarantees of the Debtors' funded debt obligations, which are subject to the pending Parent Guarantee Litigation.¹⁸ Various third parties, including certain of the parties to the Parent Guarantee Litigation,

¹⁷ The CEC Released Parties include, among others, certain non-Debtors, the Sponsors, and associated individuals.

¹⁸ As discussed more fully in Article IV.RS.1 herein, an injunction staying the commencement of trials in certain of the Parent Guarantee Litigation expired on May 9, 2016; the Debtors reserve the right to seek further injunctions on account of the

have informed the Debtors that as of the date of this Disclosure Statement, they object to the release of their claims against CEC on account of CEC's purported guarantees. If CEC's guarantee obligations are reinstated in the Parent Guarantee Litigation, there is a material risk that CEC may be unwilling or unable to make the contributions contemplated by the Plan. The Parent Guarantee Litigation also poses a material risk to the Debtors' ability to obtain the Third-Party Releases proposed in the Plan.

Although these significant contingencies reflect the fragility of the proposed resolution for these complex cases, the Debtors believe that the Plan provides the Debtors and their creditors with the best option to maximize recoveries and enable the Debtors to exit chapter 11 and encourage you to vote to accept the Plan.

The Second Priority Noteholders Committee has requested that the Debtors include the following as an additional risk factor with regard to the Plan:

CEC is under no obligation to make the contribution on which the Plan is premised. It can walk away from its commitment at any time, without consequence or repercussion. CEC or its affiliate, CAC, also can call off their merger, which is a precondition to CEC's payments under the Plan, at any time. As a result, the Debtors' ability to consummate the Plan depends, in part, on entities and individuals whom the Examiner found to have breached their fiduciary duties (and aided and abetted others in their breaches) to the Debtors.

The Debtors disagree with the Second Priority Noteholders Committee's assessment of CEC's support of the Plan. At this point, CEC's support of the Plan is documented in several places, including the restructuring support agreements described above in Article IV.J. The Debtors also are endeavoring to memorialize CEC's and its affiliates' requirements to support the Plan and further document CEC and its affiliates' contributions under the Plan through a restructuring support and contribution agreement.

F. Marketing Process

Although the Debtors believe that the Plan maximizes recoveries for the Debtors' creditors, CEC will own all of the OpCo equity distributed under the Plan. Accordingly, the Plan is likely to be considered a "new value" plan of reorganization under applicable bankruptcy law. Thus, to market test CEC's investment as required by applicable law—and to otherwise fulfill their obligations as estate fiduciaries by ensuring that there is no better alternative to the existing Plan—the Debtors commenced a process to market test the Plan in November 2015. Through the marketing process, the Debtors ~~have~~ through Millstein, solicited proposals for a potential transaction to acquire the Debtors and their controlled non-Debtor subsidiaries. To date, the Debtors have not received any bids for the entire company (either CEOC's equity or a sale of all assets). The Debtors have received offers for certain assets; however, none of these offers to date have offered greater value and increased recoveries than those recoveries included in the Plan. This marketing process remains ongoing and the Debtors will continue to accept bids from third parties to ensure their ability to maximize value for all stakeholders. To the extent the marketing process results in a higher or otherwise better offer for the Debtors' businesses, the Debtors reserve the right to amend the Plan in accordance with such offer.

G. Recommendation

The Debtors' Special Governance Committee has approved the Plan—including the settlements incorporated therein—and believe the Plan is in the best interests of the Debtors' Estates. As such, the Debtors recommend that all Holders entitled to vote accept the Plan by returning their Ballots and Master Ballots, as applicable, so that Prime Clerk LLC, the Debtors' notice and claims agent ("Prime Clerk"), actually receives such Ballots or Master Ballots by the Voting Deadline. Assuming the Plan receives the requisite acceptances, the Debtors will seek the Bankruptcy Court's approval of the Plan at the Confirmation Hearing.

Parent Guarantee Litigation if the Debtors believe such injunctions would be necessary to protect the Debtors' ability to reorganize in the Chapter 11 Cases.

**ARTICLE II.
 BACKGROUND TO THE CHAPTER 11 CASES.**

Below is a summary of the Debtors’ businesses and operations. For additional details concerning the Debtors and the background to the Chapter 11 Cases, please refer to the Debtors’ *Memorandum in Support of Chapter 11 Petitions* [Docket No. 4] and the *Declaration of Randall S. Eisenberg, Chief Restructuring Officer of Caesars Entertainment Operating Company, Inc., in Support of First Day Pleadings* [Docket No. 6].

A. The Debtors’ Businesses

1. The Debtors’ Owned and Managed Domestic Properties

The Debtors were founded in 1937, when William F. Harrah opened a small bingo hall in Reno, Nevada. That casino, now called Harrah’s Reno, is still owned and operated by the Debtors. Since then, the Debtors have grown their businesses across the country and around the globe. Today, the Debtors’ core casino offerings are spread across the United States—including strong concentrations in Chicagoland, Nevada, and Atlantic City—as well as throughout the world.

In Nevada, the Debtors own and operate four properties, including their flagship Caesars Palace Property located in the heart of the Las Vegas “Strip.” The Debtors’ other Nevada gaming properties are Harrah’s Reno, Harrah’s Lake Tahoe, and Harveys Lake Tahoe. In total, the Debtors operate approximately 270,000 square feet of gaming space and 6,400 hotel rooms in Nevada, including over 3,600 slot machines and 350 table games.

The Debtors’ Chicagoland locations are an important cash flow driver for their business. The Debtors own and operate two casinos in the Chicagoland market: Horseshoe Casino Hammond in Hammond, Indiana—their second-most profitable casino behind Caesars Palace—and Harrah’s Joliet in Joliet, Illinois. Together, these locations include almost 400,000 square feet of gaming space, more than 200 hotel rooms, more than 4,100 slot machines, and more than 130 table games.

The Debtors also have significant operations in Atlantic City. The Debtors’ presence in Atlantic City dates back to 1979—three years after New Jersey authorized legal gambling—when they opened Caesars Atlantic City and Bally’s Atlantic City. The Debtors also owned and operated a third casino in Atlantic City (the Showboat Atlantic City) until August 2014, when that property was closed and then later sold to a New Jersey university. The Debtors currently have more than 240,000 square feet of gaming space and approximately 2,400 hotel rooms in Atlantic City, including approximately 3,700 slot machines and 320 table games.

Finally, the Debtors own and operate or manage 15 gaming properties in other U.S. locations, including managed properties on Native American reservations. These properties are spread throughout the country but are primarily concentrated in the Midwest and South. In total, these locations include more than 1.0 million square feet of gaming space, 5,000 hotel rooms, 23,000 slot machines, and 1,000 table games.

Certain of the material properties that the Debtors own include:

<i>Nevada</i>		<i>Illinois and Indiana</i>	
Caesars Palace Las Vegas	Las Vegas, NV	Harrah’s Joliet	Joliet, IL
Harrah’s Reno	Reno, NV	Harrah’s Metropolis	Metropolis, IL
Harrah’s Lake Tahoe	Lake Tahoe, NV	Horseshoe Hammond	Hammond, IN
Harveys Lake Tahoe	Lake Tahoe, NV	Horseshoe Southern Indiana	Elizabeth, IN
<i>Iowa and Missouri</i>		<i>Louisiana and Mississippi</i>	
Harrah’s Council Bluffs	Council Bluffs, IA	Harrah’s Gulf Coast	Biloxi, MS
	North Kansas City,		
Harrah’s North Kansas City	MO	Harrah’s Louisiana Downs	Bossier City, LA
Horseshoe Council Bluffs	Council Bluffs, IA	Horseshoe Bossier City	Bossier City, LA

	Horseshoe Tunica	Tunica, MS
	Tunica Roadhouse Hotel & Casino	Tunica, MS
<i>New Jersey</i>		
Bally's Atlantic City	Atlantic City, NJ	
Caesars Atlantic City	Atlantic City, NJ	

In addition to owning the properties above, the Debtors receive a portion of the management fees associated with certain casinos owned by Caesars Growth Partners, LLC (“CGP”) and managed by Caesars Enterprise Services, LLC (“CES”), including Planet Hollywood Resort and Casino in Las Vegas, The Cromwell (formerly Bill’s Gamblin’ Hall & Saloon) in Las Vegas, The LINQ Hotel & Casino in Las Vegas, Bally’s in Las Vegas, and Harrah’s New Orleans in Louisiana. See Article II.B.4 hereof for a discussion of the corporate functions performed by CES. The Debtors receive fees for managing the Horseshoe Baltimore in Maryland, which is owned by CGP, and certain other non-Debtor properties, including: Harrah’s Ak-Chin (Phoenix, Arizona); Harrah’s Cherokee (Cherokee, North Carolina); Harrah’s Resort Southern California (San Diego, California); Harrah’s Philadelphia (Chester, Pennsylvania); Horseshoe Cincinnati (Cincinnati, Ohio); Horseshoe Cleveland (Cleveland, Ohio); ThistleDown Racino (Cleveland, Ohio); and Conrad Punta del Este Resort and Casino (Punta del Este, Uruguay). Notably, the Debtors’ non-Debtor subsidiaries Horseshoe Cincinnati Management, LLC, Horseshoe Cleveland Management, LLC, and ThistleDown Management, LLC (collectively, the “ROC Entities”) are winding down their management of Horseshoe Cincinnati, Horseshoe Cleveland, and the ThistleDown Racino, and will no longer be affiliated with these gaming properties as of June 30, 2016. The ROC Entities will receive management fee payments through June 30, 2016, and a termination payment in December 2016 of \$125 million, comprised of \$83.5 million in cash and \$41.5 million as an offset for certain capital contributions the ROC Entities would otherwise be required to make. Lastly, the Debtor Caesars Entertainment Windsor Limited (“CEWL”) operates Caesars Windsor, a casino owned by the Canadian province of Ontario through the Ontario Lottery and Gaming Corporation.

2. The Debtors’ Partnerships, Multiple-Member LLCs, and Other Strategic Relationships

The Debtors and certain of their non-Debtor subsidiaries are partial equity holders in several strategic relationships, many taking the form of partnerships and limited liability companies, including one of the Debtors—Des Plaines Development Limited Partnership, the owner of Harrah’s Joliet. Des Plaines Development Limited Partnership is a partnership between Debtor Harrah’s Illinois Corporation (80 percent equity interest) and non-Debtor Des Plaines Development Corporation (20 percent equity interest). Located in Joliet, Illinois, Harrah’s Joliet primarily draws customers from the surrounding Chicago metropolitan area. Debtor Harrah’s Illinois Corporation manages Harrah’s Joliet for a fee pursuant to a management agreement. Harrah’s Joliet consists of nearly 40,000 square feet of gaming space, including over 1,100 slot machines and approximately 31 table games.

The Debtors and certain of their non-Debtor subsidiaries are also partial equity owners of the following non-Debtor entities:

- Atlantic City Express Service, LLC (approximately 33.3 percent owned by Debtor Boardwalk Regency Corporation);
- Baluma Holdings S.A. (approximately 95.23 percent collectively owned by Debtors Harrah’s International Holding Company, Inc. and B I Gaming Corporation) and Baluma S.A. (approximately 55 percent owned by Baluma Holdings S.A.);
- Caesars Casino Castilla La Mancha S.A. (approximately 60 percent owned by non-Debtor subsidiary Caesars Spain Holdings Limited);
- Chester Downs and Marina LLC (approximately 99.5 percent owned by Debtor Harrah’s Chester Downs Investment Company, LLC);

- Creator Capital Limited (approximately 7.5 percent owned by Debtor Harrah's Interactive Investment Company);
- Emerald Safari Resort (Pty) Limited (approximately 70 percent owned by non-Debtor subsidiary LCI (Overseas) Investments Pty Ltd.);
- LAD Hotel Partners, LLC (approximately 49 percent owned by Debtor Harrah's Bossier City Investment Company, L.L.C.);
- Sterling Suffolk Racecourse, LLC (approximately 4.2 percent owned by Debtor Caesars Massachusetts Investment Company, LLC); and
- Caesars Enterprise Services, LLC (approximately 69 percent owned by Debtor CEOC).¹⁹

3. The Debtors' International Operations

As of the Petition Date, the Debtors and their non-Debtor subsidiaries own and/or operate various non-U.S. casinos. In Windsor, Ontario, Canada, Debtor CEWL operates Caesars Windsor, a casino owned by the province of Ontario through the Ontario Lottery and Gaming Corporation. One day after the Petition Date, on January 16, 2015, CEWL filed an application under section 46 of Canada's Companies' Creditors Arrangement Act, R.S.C. 1985, c. C-36 (as amended, the "CCAA") in the Ontario Superior Court of Justice (the "Canadian Court"), seeking, among other things, recognition of the Chapter 11 Cases as "foreign main proceedings" as such term is defined in section 45 of the CCAA. The Canadian Court granted the relief requested and designated the Chapter 11 Cases as foreign main proceedings on January 19, 2015. As of the date hereof, the CEWL matter remains pending before the Canadian Court.

Additionally, certain of the Debtors' non-Debtor subsidiaries own leasehold interests in and operate three casinos in London: The Sportsman, The Playboy Club London, and The Casino at the Empire. These casinos primarily draw customers from the London metropolitan area, as well as international visitors. The Debtors also own and operate Alea Nottingham, Alea Glasgow, Manchester235, Rendezvous Brighton, and Rendezvous Southend-on-Sea, each of which are located in the United Kingdom, and primarily draw customers from their respective local areas.

In Egypt, certain of the Debtors' non-Debtor subsidiaries manage two casinos: The London Club Cairo (which is located at the Ramses Hilton) and Caesars Cairo (which is located at the Four Seasons Cairo). These two casinos primarily draw their customers from countries in the Middle East. Further, one of the Debtors' non-Debtor subsidiaries maintains a 70 percent ownership interest in and also manages the Emerald Safari casino-resort, which is located in the province of Gauteng in South Africa and primarily draws its customers from South Africa. Lastly, the Debtors and their subsidiaries own approximately 95.23 percent of Baluma Holdings S.A., a non-Debtor entity that in turn owns 55 percent of Conrad Punta del Este Resort and Casino (the "Conrad"). The remaining 45 percent is owned by third-party Enjoy S.A., which is primarily responsible for managing the Conrad.

4. The Total Rewards® Program

One of the Debtors' key competitive advantages is their industry-leading customer loyalty program, Total Rewards®, which has approximately 45 million members. Total Rewards® participants are able to earn "Reward Credits" by spending money at Caesars properties, which they can later redeem for various on-property amenities, merchandise, gift cards, and travel. Customers can also earn status within the Total Rewards® program based on their level of engagement with the Debtors and certain of their non-Debtor affiliates in a calendar year. Total Rewards® tiers are designated as Gold, Platinum, Diamond, or Seven Stars, and each offers an increasing set of customer benefits and privileges. By structuring the program in tiers with increasing benefits on the amount of the

¹⁹ CES is discussed in detail in Article II.B.4 below.

customer's activity, Caesars' customers are incentivized to consolidate their entertainment spending at casinos owned or managed by the Debtors and certain of their non-Debtor affiliates.

Additionally, the Debtors maintain a database containing information about their Total Rewards[®] customers, aspects of their casino gaming play, and their preferred spending choices outside of gaming. The Debtors use this information for marketing promotions, including through direct mail campaigns, the use of electronic mail, their website, mobile devices, social media, and interactive slot machines. Through these marketing promotions, the Debtors are able to generate additional customer play across the properties owned or managed by the Debtors and certain of their non-Debtor affiliates, helping the Debtors capture a growing share of their customers' entertainment spending.

5. Intellectual Property

The development of intellectual property is part of the Debtors' overall business strategy, and the Debtors seek to establish and maintain their proprietary rights in their business operations and technology through the use of patents, copyrights, trademarks, and trade secret laws. Although the Debtors' businesses as a whole are not substantially dependent on any one patent or trademark, the Debtors' portfolio of intellectual property assets will form the bedrock for the Debtors' future success. In particular, Debtors Caesars License Company, LLC and Caesars World, Inc. hold multiple trademarks related to the Debtors' businesses, including Bally's, Caesars, Caesars Palace, Harveys, Total Rewards, Reward Credits, and Horseshoe.

6. Governmental Regulation

The gaming industry is highly regulated, requiring the Debtors to maintain licenses and pay gaming taxes to continue their operations. Each of the Debtors' casinos is subject to extensive regulation under the laws, rules, and regulations of the jurisdiction in which it is located. These laws, rules, and regulations generally concern the responsibility, financial stability, and character of the owners, managers, and persons with financial interests in the gaming operations. Violations of laws in one jurisdiction could result in disciplinary action in other jurisdictions.

Besides laws, rules, and regulations relating to gaming, the Debtors' businesses are also subject to various foreign, federal, state, and local laws and regulations, including restrictions and conditions concerning alcoholic beverages, smoking, environmental matters, employees, currency transactions, taxation, zoning and building codes, construction, land use, and marketing and advertising. Further, because the Debtors deal with significant amounts of cash in the ordinary course of their operations, they are subject to various reporting and anti-money laundering regulations.

B. The Debtors' Corporate Structure, Parent, and Affiliates

The Debtors' corporate organization as of the Petition Date is depicted on the chart attached hereto as **Exhibit B**, which also identifies CEOC's various Debtor and non-Debtor subsidiaries. As set forth on **Exhibit B**, CEOC owns approximately 89 percent of the outstanding shares of CEOC's common stock. Certain institutional investors own approximately 5 percent of CEOC's common stock, and the remaining 6 percent is held by employees who received the stock pursuant to an employee benefit plan that was instituted in May 2014 for CEOC's directors, officers, and other management-level employees. CEOC, in turn, directly or indirectly wholly- or majority-owns its Debtor subsidiaries.

In addition to CEOC, CEOC owns casino-entertainment properties indirectly through Caesars Entertainment Resort Properties, LLC ("**CERP**") and CGP. CERP and CGP are licensed to use Total Rewards[®], the industry-leading customer loyalty program to market promotions and generate customer play across the entire network of Caesars properties.

1. Caesars Entertainment Corporation

On January 28, 2008, investment funds affiliated with Apollo Global Management, LLC and TPG Capital, L.P.,²⁰ together with certain co-investors, acquired CEC for approximately \$30.7 billion through the 2008 LBO. On February 8, 2012, CEC conducted an initial public offering of its common stock, which now actively trades on the NASDAQ under the ticker symbol “CZR.” Funds affiliated with Apollo or TPG, together with certain co-investors, own or control approximately 60 percent of CEC’s common stock, and thus have voting control of the company. CEC’s remaining common stock is held by institutional and retail investors not affiliated with Apollo or TPG. As of the Petition Date, CEC had a market capitalization of \$1.8 billion.

2. Caesars Entertainment Resort Properties, LLC

After the 2008 LBO, CEC operated through two primary groups of wholly owned subsidiaries: (a) CEOC and (b) a group of six subsidiaries financed with real estate loans (the “CMBS Debt”): Harrah’s Atlantic City Holding, LLC; Harrah’s Las Vegas, LLC; Harrah’s Laughlin, LLC; Flamingo Las Vegas Holding, LLC; Paris Las Vegas Holding, LLC; and Rio Properties, LLC (the “CMBS Properties”).

In September 2013, CEC announced that the CMBS Properties would enter into a series of transactions to refinance their outstanding CMBS Debt and reposition them as subsidiaries of CERP, a newly-created direct subsidiary of CEC. As discussed more fully below, the Debtors sold certain properties to CERP in conjunction with this refinancing.

3. Caesars Growth Partners, LLC

CGP is a partnership formed by (a) CAC²¹ and (b) certain subsidiaries of CEC. CAC purchased approximately 42.4 percent of the economic interest and 100 percent of the voting rights in CGP while CEC, through certain subsidiaries, owns the remaining approximately 57.6 percent economic interest (with no voting rights). CAC acquired its stake in CGP in exchange for \$457.8 million in cash while CEC acquired its interest in CGP in exchange for \$1.1 billion in face value of Senior Unsecured Notes and all of CEC’s equity in Caesars Interactive Entertainment (“CIE”).

According to CEC, CGP was designed to be a flexible organization that could raise capital necessary to fund Caesars’ more capital-intensive growth projects, such as online gaming and certain properties in need of significant investment. CIE, now a CGP subsidiary, publishes games on social media and mobile applications. CIE also operates real-money online gaming websites in Nevada and New Jersey, offers “play for fun” versions of these websites in other jurisdictions, and owns the World Series of Poker tournament and brand.

As discussed below, since its formation CGP has purchased several properties and a portion of their associated management fees from CEOC.

4. Caesars Enterprise Services, LLC

CES (sometimes referred to as “ServicesCo”) is a joint venture among CEOC, CERP, and Caesars Growth Properties Holdings, LLC (“CGPH”), an indirect subsidiary of CGP and holding company for the CGP subsidiaries

²⁰ Apollo Global Management, LLC and affiliated funds and management companies are collectively referred to herein as “Apollo”. TPG Capital, L.P. and affiliated funds and management companies are collectively referred to herein as “TPG”. The funds and companies included in these definitions are separate legal entities and the definitions are used here solely for convenience.

²¹ CAC is a publicly-traded company formed by the Sponsors. CAC was established on October 21, 2013, and initially funded with \$457.8 million in cash from the Sponsors. On November 18, 2013, CAC closed a public rights offering, which resulted in another \$700 million in funding from both non-Sponsor and Sponsor investment. After this follow-on offering, the Sponsors owned or controlled approximately 51 percent of CAC’s common shares.

that own Planet Hollywood Resort and Casino, The Cromwell, Horseshoe Baltimore, The LINQ Hotel & Casino in Las Vegas, Bally's Las Vegas, and Harrah's New Orleans. Historically, CEOC and its employees managed and funded centralized corporate functions—such as legal, accounting, payroll, information technology, and other enterprise-wide services—for all Caesars properties. As the company expanded since 2008, including with the formation of CAC and CGP (which did not exist when the initial centralized service structure was put in place), CES was formed in 2014, according to CEC, as a centralized “Services Company” to (a) manage centralized assets, such as certain intellectual property and the Total Rewards[®] loyalty program, (b) employ personnel who provide enterprise-wide services to Caesars branded properties, and (c) ensure an equitable allocation of costs around centralized services, including capital expenditures for shared services and the prioritization of projects.

CERP and CGPH contributed the initial funding needs of CES with \$42.5 million and \$22.5 million in cash, in exchange for which they received 20.2 percent and 10.8 percent ownership of CES, respectively. CEOC owns the remaining 69 percent of CES. Each of CEOC, CERP, and CGPH has equal 33 percent voting control over CES, rather than in accordance with their ownership stakes. CES's management and operations are governed by a steering committee, which consists of one member from each of CEOC, CERP, and CGPH. The steering committee can take action by a majority vote (subject to unanimity requirements for certain material actions) or written consent of the steering committee members.

CES provides the Debtors with substantially all of their corporate, regional, and shared (with CERP, CGPH/CGP, or both) employees, as well as substantially all of their property-level employees at the director level or above. As of the Petition Date, the majority of the approximately 2,000 management-level personnel responsible for running the Debtors' businesses are employed by CES, and CES is responsible for all employment-related obligations associated with these employees, including employment agreements, collective bargaining agreements, and any obligation to bargain and negotiate with a union.

Pursuant to an Omnibus License and Enterprise Services Agreement (the “Omnibus Agreement”), CEOC granted to CES a non-exclusive license to use—but otherwise retained ownership of—certain intellectual property, including Total Rewards[®]. In turn, CES generally grants to each entity that owns a property a license in and to the intellectual property relevant to such entity's property.

CES is a cost-allocation center and is therefore not designed to make profit; all services provided for CEOC, CERP, and CGP are provided on a profit-neutral basis. The corporate overhead expenses incurred by CES in performing centralized services, employing personnel, and managing intellectual property are allocated among CEOC, CERP, and CGPH, and generally reimbursed on a weekly basis, with a monthly true-up.²² Allocation percentages are based on a complex allocation methodology that takes into account each entity's consumption of the specified service or cost.

Prior to the formation of CES, the Debtors also historically managed payroll and accounts payable functions for CEOC, CERP, and CGP and their predecessor entities, with periodic reimbursements from CERP and CGP. The formation of CES has shifted these duties from the Debtors to CES, with CES processing all payroll data for the Debtors and their non-Debtor affiliates, and in substantially all cases acting as a third-party administrator in making payments to the Debtors' employees and remitting any appropriate deductions on account of payroll taxes or other withholdings to taxing authorities and other third-party benefit providers. CES provides the same services for CERP and CGP.

With respect to accounts payable, CES generally manages and funds all accounts payable on behalf of the Debtors and their non-Debtor affiliates. If and when CES makes a payment for any direct expense on behalf of CEOC, CERP, or CGP, CES is reimbursed on a regular basis (usually within 24–48 hours) for those payments.

²² From time to time, CES has and may continue to issue capital calls to CEOC, CERP, and CGPH to ensure that CES meets its working capital requirements.

Finally, CES functions as the governor on all enterprise-wide investments, including capital expenditures. The CES steering committee must approve all such enterprise-wide capital expenditures and cost allocations relating thereto.

C. Management of the Debtors

1. Board of Directors

CEOC's board of directors (the "CEOC Board of Directors") currently consists of six members. Two of the six members are independent directors, as defined in the corporate governance standards of the New York Stock Exchange. On March 18, 2016, Marc Rowan, a co-founder and Senior Managing Director of Apollo Global Management, LLC who had served as a member of the CEOC Board of Directors since June 2014 and as a director at CEC since January 2008, resigned from the CEOC Board of Directors. Set forth below are the directors of the CEOC Board of Directors as of the date of this Disclosure Statement.

<u>Name</u>	<u>Biography</u>
David Bonderman	Mr. Bonderman became a member of the CEOC Board of Directors in June 2014 and has been a director of CEC since January 2008. Mr. Bonderman is a TPG Founding Partner. Prior to forming TPG in 1993, Mr. Bonderman was Chief Operating Officer of the Robert M. Bass Group, Inc. (now doing business as Keystone Group, L.P.) in Fort Worth, Texas. He holds a bachelor's degree from the University of Washington and a law degree from Harvard University. He has previously served on the boards of directors of Gemalto N.V., Burger King Holdings, Inc., Washington Mutual, Inc., IASIS Healthcare LLC, and Univision Communications and Armstrong World Industries, Inc. Mr. Bonderman also currently serves on the boards of directors of JSC VTB Bank, Energy Future Holdings Corp., General Motors Company, CoStar Group, Inc., and Ryanair Holdings PLC, of which he is Chairman.
Kelvin Davis	Mr. Davis became a member of the CEOC Board of Directors in June 2014 and has been a director of CEC since January 2008. Mr. Davis is a TPG Senior Partner and Head of TPG's North American Buyouts Group, incorporating investments in all non-technology industry sectors. He also leads TPG's Real Estate investing activities. Prior to joining TPG in 2000, Mr. Davis was President and Chief Operating Officer of Colony Capital, Inc., a private international real estate-related investment firm which he co-founded in 1991. He holds a bachelor's degree from Stanford University and an M.B.A. from Harvard University. Mr. Davis currently serves on the boards of directors of AV Homes, Inc., Northwest Investments, LLC (which is an affiliate of ST Residential), Parkway Properties, Inc., Taylor Morrison Home Corporation, Univision Communications, Inc., and Catellus Development Corporation. He is a member of the Executive Committee and Human Resources Committee.
Gary Loveman	Mr. Loveman is Chairman of the CEOC Board of Directors, and has also been the Chairman of the Board of CEC since January 1, 2005. Until recently, Mr. Loveman was Chief Executive Officer of Caesars Entertainment, a position he had held since January 2003, and was formerly President of Caesars Entertainment since April 2001. He has over 15 years of experience in retail marketing and service management, and he previously served as an associate professor at the Harvard University Graduate School of Business. He holds a bachelor's degree from Wesleyan University and a Ph.D. in Economics from the Massachusetts Institute of Technology. Mr. Loveman also serves as a director of Coach, Inc. and FedEx Corporation.

Name

Biography

David Sambur

Mr. Sambur became a member of the CEOC Board of Directors in June 2014 and has been a director of CEC since November 2010. Mr. Sambur is a Partner of Apollo Global Management, having joined in 2004. Mr. Sambur has experience in financing, analyzing, investing in, and/or advising public and private companies and their boards of directors. Prior to joining Apollo, Mr. Sambur was a member of the Leveraged Finance Group of Salomon Smith Barney Inc. Mr. Sambur serves on the board of directors of Verso Paper Corp., CEC, CAC, Momentive Performance Materials Holdings, Momentive Specialty Chemical, Inc., and AP Gaming Holdco, Inc. Mr. Sambur graduated summa cum laude and Phi Beta Kappa from Emory University with a BA in Economics. Mr. Sambur is a member of CEOC's Restructuring Committee.

Ronen Stauber

Mr. Stauber became a member of the CEOC Board of Directors in June 2014 and serves as a member of the Special Governance Committee and the Restructuring Committee. He leads the day-to-day activities of Jenro Capital, which provides transaction and consulting services to corporations, private equity firms, and family investment offices. Prior to Jenro, Mr. Stauber was Head of Private Equity at Berggruen Holdings Ltd., an over \$2 billion net asset private investment firm, where he managed over nineteen portfolio companies in the United States and Europe as well as real estate development assets in India, Turkey, and Israel. The portfolio companies were in various industries, including for-profit education, print finishing, furniture, building materials, and car rentals. From 2006 to 2009, Mr. Stauber was an Operating Partner at Pegasus Capital Advisors where he led or participated in over 30 deal teams across a variety of industries and deal sizes. Mr. Stauber was responsible for Pegasus Capital Advisors' investment in ImageSat International, an international satellite-imagery company, where he also served as a board member. From 1997 to 2006, he was an executive with Cendant Corporation. While at Cendant, Mr. Stauber served as president and Chief Executive Officer of Cendant Corporation's Consumer Travel, International Markets business unit, as well as Chief Operating Officer of Gullivers Travel Associates. Mr. Stauber previously led Cendant's strategic development efforts.

<u>Name</u>	<u>Biography</u>
Steven Winograd	<p>Mr. Winograd became a member of the CEOC Board of Directors in June 2014 and serves as a member of the Special Governance Committee and the Restructuring Committee. Since September 2015, Mr. Winograd has been a Managing Director of PennantPark Investment Advisers, a direct lender to, and co-investor in, middle market companies which are, in many cases, affiliated with private equity firms. PennantPark provides financing and invests across a company's entire capital structure, including senior and junior debt, preferred stock and common equity co-investments. Mr. Winograd's responsibilities at PennantPark include originating, structuring and managing new investments, assisting with the firm's fund raising efforts, and working to broaden and deepen its relationships and visibility with private equity firms, intermediaries, and management teams. Prior to joining PennantPark, since August 2011, he had been a managing director in the Financial Sponsors Group of the Investment & Corporate Banking division of BMO Capital Markets, where he was responsible for managing relationships with a number of large-cap and mid-cap private equity clients and their portfolio companies. Prior to joining BMO Capital Markets, from 2004 through 2011, Mr. Winograd was a Managing Director in the Financial Sponsors Group of Merrill Lynch, which was acquired by Bank of America in 2009. Prior to joining Merrill Lynch, Mr. Winograd held senior level positions at a number of other investment banking firms including Deutsche Bank, Bear Sterns, and Drexel Burnham. Mr. Winograd also spent two years as a General Partner of The Blackstone Group where he was involved in investing the firm's private equity fund, as well as two years as a Managing Director of the Argosy Group, a restructuring advisory firm. During over 33 years as an investment banker, Mr. Winograd has completed numerous transactions for a wide variety of public and private companies including mergers and acquisitions, debt and equity financings, and restructurings. Mr. Winograd also serves as a disinterested Authorized Representative (the functional equivalent of an Independent Director) of Linn Acquisition Company LLC, a wholly owned subsidiary of Linn Energy, LLC, where he manages Linn Acquisition's direct subsidiary Berry Petroleum Company, LLC, which along with Linn Energy, is one of the top 20 independent oil and gas exploration and production companies in the United States. Mr. Winograd received a BA from Wesleyan University and an MBA from the Columbia University Graduate School of Business, where he was elected to the Beta Gamma Sigma Honor Society.</p>

2. Executive Officers

Set forth below are the senior executive officers of CEOC as of the date of this Disclosure Statement and each officer's position within CEOC.

<u>Name</u>	<u>Biography</u>
John Payne	<p>Mr. Payne is President and Chief Executive Officer of CEOC. Mr. Payne joined CEC nearly 19 years ago as a President's Associate. Most recently, he served as President, Central Markets & Partnership Development for Caesars Entertainment. Prior to this role, Mr. Payne was President of Enterprise Shared Services from July 2011 to May 2013. Previously, he was Central Division President. Mr. Payne has held general manager roles of several properties, including Harrah's New Orleans.</p>

<u>Name</u>	<u>Biography</u>
Mary Elizabeth Higgins	Ms. Higgins is Chief Financial Officer of CEOC. Ms. Higgins joined CEOC from Global Cash Access Inc., where she served as Chief Financial Officer and Executive Vice President from September 2010 to March 2014 and was responsible for all facets of financial management, including financial controls and reporting, taxation, financial planning, treasury, and investor relations. Prior to this, Ms. Higgins held the Chief Financial Officer role at Herbst Gaming Inc. and Camco Inc., successively. She holds a bachelor's degree in international relations from the University of Southern California and an MBA in finance from Memphis State University.
Timothy Lambert	Mr. Lambert is General Counsel of CEOC. Mr. Lambert joined Empress Entertainment, a predecessor of CEC, in 1995. He was most recently Vice President and Chief Counsel Regional Operations, Regulatory & Compliance for Caesars Entertainment, and continues to retain this position after his appointment as General Counsel. Mr. Lambert graduated Cum Laude from Illinois Wesleyan University with a bachelor's degree in business administration, and received his law degree from the University of Illinois College of Law, where he graduated Magna Cum Laude.
Randall S. Eisenberg	Mr. Eisenberg is Chief Restructuring Officer of CEOC. He is also a Managing Director at AlixPartners. Mr. Eisenberg has over 25 years of experience advising senior management, boards of directors, equity sponsors, and credit constituents in the transformation and restructuring of underperforming companies. Although many of his matters remain confidential, Mr. Eisenberg has been involved with some of the largest and most complex restructurings in the recent past, including Anthracite Capital, Inc., Delphi Corporation, Jackson Hewitt, Kmart Corporation, Momentive Performance Materials, Inc., Planet Hollywood International, Inc., Rotech Healthcare, Inc., RSL Communications, Ltd., Select Staffing, US Airways Group, Inc., Vertis, Inc., and Visteon Corp. Mr. Eisenberg is a fellow in both the American College of Bankruptcy and International Insolvency Institute, and is a past Chairman, President, and Board Member of the Turnaround Management Association.

3. The Special Governance Committee

On June 27, 2014, the Debtors appointed Steven Winograd and Ronen Stauber (both listed above) as independent directors of CEOC. Messrs. Winograd and Stauber then formed the Special Governance Committee on July 30, 2014. As described in greater detail in Article IV.D below, the Special Governance Committee was charged with, among other things, conducting an independent investigation into potential claims that the Debtors and/or their creditors may have against CEC or its affiliates, including claims that eventually formed the bases of filed creditor complaints. [Various creditors including the Second Priority Noteholders Committee believe this investigation is tainted as further described below in Article IV.F; the Debtors strongly disagree.](#) Further, since its formation, the Special Governance Committee has been actively monitoring restructuring negotiations with creditors and has engaged in its own negotiations with CEC to secure substantial contributions by CEC to the restructuring and improved recoveries for all stakeholders.

4. The Restructuring Committee

On January 14, 2015, a Restructuring Committee (the "[Restructuring Committee](#)") of the CEOC Board of Directors was established. The Restructuring Committee is comprised of David Sambur, Steven Winograd, and Ronen Stauber. Randall S. Eisenberg, as CEOC's Chief Restructuring Officer, reports directly to the Restructuring Committee, and the Restructuring Committee has the power and authority to oversee certain of the Debtors' restructuring matters and act on behalf of the CEOC Board of Directors with respect to such matters.

D. The Debtors' Capital Structure

As of the Petition Date, the Debtors have outstanding funded debt for borrowed money in the aggregate principal amount of approximately \$18 billion. These obligations are discussed in turn below.

1. First Lien Debt

(a) Prepetition Credit Agreement Debt

As of the Petition Date, CEOC owed approximately \$5.35 billion under four term loans issued pursuant to the Prepetition Credit Agreement. Under the Prepetition Credit Agreement, CEOC has approximately \$106.1 million of capacity under a revolving credit facility, approximately \$101.3 million of which was committed to outstanding letters of credit as of the Petition Date. In addition, Prepetition Credit Agreement Claims include the Swap and Hedge Claims, which arose pursuant to certain of CEOC's interest rate swap agreements that it uses to manage certain variable and fixed interest rates.

CEC guarantees CEOC's obligations under the Prepetition Credit Agreement pursuant to the terms of that certain Guaranty and Pledge Agreement, dated as of July 25, 2014, made by CEC in favor of Credit Suisse AG, Cayman Islands Branch ("Credit Suisse"), in its capacity as successor agent under the Prepetition Credit Agreement, as amended by that certain Amendment dated August 21, 2015 (as the same may be further amended, restated, or supplemented from time to time) (the "Guaranty and Pledge Agreement").

(b) First Lien Notes

As of the Petition Date, CEOC owed approximately \$6.35 billion in principal amount outstanding to holders of the First Lien Notes (the "First Lien Noteholders") issued by CEOC pursuant to the First Lien Notes Indentures, including the 8.50% First Lien Notes Indenture, the 9.00% First Lien Notes Indentures, and the 11.25% First Lien Notes Indenture (collectively, the "First Lien Notes Indentures"). UMB Bank, N.A. is the indenture trustee for each of the First Lien Notes Indentures (the "First Lien Notes Indenture Trustee" or "UMB").

(c) First Lien Collateral and Intercreditor Agreements

CEOC's prepetition obligations under the Prepetition Credit Agreement and the First Lien Notes (collectively the "First Lien Debt") are secured by first priority liens on the "Collateral," as defined in that certain Amended and Restated Collateral Agreement (as amended, modified, waived, and/or supplemented from time to time, the "First Lien Collateral Agreement"), dated as of June 10, 2009, by and among CEOC, certain CEOC subsidiaries identified therein (together with CEOC, the "First Lien Pledgors"), and the collateral agent under the Prepetition Credit Agreement (the "First Lien Collateral Agent").²³

Pursuant to the First Lien Collateral Agreement, the First Lien Pledgors pledged substantially all of their assets—including, among other things, commercial tort claims and cash—to secure the First Lien Debt. Specifically, section 4.04(b) of the First Lien Collateral Agreement requires the First Lien Pledgors to (a) promptly notify the First Lien Collateral Agent if the First Lien Pledgors at any time hold or acquire any commercial tort claim that the First Lien Pledgors reasonably estimate to be in an amount greater than \$15 million and (b) grant to the First Lien Collateral Agent a security interest in such commercial tort claim and in the proceeds thereof.²⁴ On September 25, 2014, in compliance with their obligations under the First Lien Collateral Agreement, the First Lien Pledgors granted to the First Lien Collateral Agent, for the benefit of creditors under the Prepetition Credit Agreement ("First Lien Lenders") and the First Lien Noteholders (together with the First Lien Lenders, the "First

²³ Bank of America, N.A. was the original administrative agent and collateral agent under the Prepetition Credit Agreement and was replaced in such capacities by Credit Suisse on July 25, 2014.

²⁴ Generally, a categorical description is insufficient to grant a security interest in commercial tort claims. See U.C.C. §§ 9-108(e)(1); 9-204(b)(2).

Lien Creditors”), an interest in and lien on all of the First Lien Pledgors’ rights, title, and interests in certain commercial tort claims (the “Commercial Tort Claims”) and proceeds thereof, to the extent any such claims exist.²⁵

The First Lien Agents,²⁶ and other parties from time to time, entered into that certain First Lien Intercreditor Agreement, dated as of June 10, 2009 (as amended, restated, modified, and supplemented from time to time, the “First Lien Intercreditor Agreement”), which was consented to by CEOC and CEC and governs, among other things: (i) payment and priority with respect to holders of claims related to the First Lien Debt; (ii) rights and remedies of First Lien Creditors with respect to debtor-in-possession financing, use of cash collateral, and adequate protection in a chapter 11 case; and (iii) the relative priority of liens granted to holders of “First Lien Obligations” (as defined in the First Lien Intercreditor Agreement).

2. Second Lien Debt

(a) Second Lien Notes

As of the Petition Date, CEOC owed approximately \$5.24 billion in principal amount outstanding to holders of Second-Priority Senior Secured Notes (the “Second Lien Notes”) issued pursuant to the Second Lien Notes Indentures, including the 10.00% Second Lien Notes Indentures and the 12.75% Second Lien Notes Indentures.

(b) Second Lien Collateral and Intercreditor Agreements

CEOC’s prepetition obligations under the Second Lien Notes (the “Second Lien Debt”) are secured by second priority liens in the “Collateral,” as defined in and subject to the terms of that certain Collateral Agreement (as amended, restated, modified, and supplemented from time to time, the “Second Lien Collateral Agreement” and together with the First Lien Collateral Agreement, the “Collateral Agreements”), dated as of December 24, 2008, by and among CEOC, certain CEOC subsidiaries identified therein (together with CEOC, the “Second Lien Pledgors”), and the Second Lien Agent,²⁷ in its capacity as collateral agent (the “Second Lien Collateral Agent” and collectively with the First Lien Collateral Agent, the “Collateral Agents”). Section 4.01 of the Second Lien Collateral Agreement expressly excludes cash and deposit accounts from the collateral package securing the Second Lien Debt.²⁸

Section 4.04(b) of the Second Lien Collateral Agreement requires the Second Lien Pledgors to (i) promptly notify the Second Lien Collateral Agent if the Second Lien Pledgors at any time hold or acquire any commercial tort claim the Second Lien Pledgors reasonably estimate to be in an amount greater than \$15 million and (ii) grant to the Second Lien Collateral Agent, for the benefit of owners of the Second Lien Notes (the “Second Lien Noteholders”) a security interest in such commercial tort claim and in the proceeds thereof. On November 25, 2014, in compliance with the Second Lien Collateral Agreement, the Second Lien Pledgors granted to the Second Lien Collateral Agent a

²⁵ As described further in Article IV.N and Article IV.O below, the Unsecured Creditors Committee and the Subsidiary-Guaranteed Notes Trustee (as defined herein) have filed motions seeking standing to pursue challenges to certain of the First Lien Creditors’ liens. The Bankruptcy Court has continued that standing request to a hearing on July 22, 2016, and has indicated it is currently prepared to deny the lien challenge standing request at this time. See [Docket Nos. 3403, 3404].

²⁶ As used herein, “First Lien Agents” means, collectively, the First Lien Collateral Agent and the First Lien Notes Indenture Trustee, including any predecessor in such capacity as applicable.

²⁷ As used herein, “Second Lien Agent” means U.S. Bank National Association (“U.S. Bank”) in its capacity as indenture trustee under the Second Lien Notes Indentures and collateral agent under the Second Lien Collateral Agreement, and any successors in such capacities, including Delaware Trust Company.

²⁸ See Second Lien Collateral Agreement § 4.01 (“Notwithstanding anything to the contrary in this Agreement, this Agreement shall not constitute a grant of a security interest in . . . cash, deposit accounts and securities accounts (to the extent that a Lien thereon must be perfected by an action other than the filing of customary financing statements).” Because perfection of a lien on cash or deposit accounts requires control or possession, the Second Lien Collateral Agreement does not provide Second Lien Noteholders with a security interest therein.

security interest in and lien on all of the Second Lien Pledgors' rights, title, and interests in and to the Commercial Tort Claims and proceeds thereof, to the extent any such claims exist.²⁹

The First Lien Agents and the Second Lien Agent entered into that certain Intercreditor Agreement, dated as of December 24, 2008 (as amended, restated, modified, and supplemented from time to time, the "Second Lien Intercreditor Agreement"), which was acknowledged by CEOC. The Second Lien Intercreditor Agreement governs, among other things, the relative priority of the First Lien Debt and the Second Lien Debt and the rights and remedies of First Lien Creditors and Second Lien Noteholders with respect to debtor-in-possession financing, use of cash collateral, and adequate protection.

3. Subsidiary-Guaranteed Debt

(a) Subsidiary-Guaranteed Notes

As of the Petition Date, CEOC owed approximately \$479 million in principal amount outstanding to holders of Subsidiary-Guaranteed Notes issued pursuant to the Subsidiary-Guaranteed Notes Indenture. CEOC's prepetition obligations under the Subsidiary-Guaranteed Notes were guaranteed by the Subsidiary Guarantors—a group comprised of certain of CEOC's direct and indirect subsidiaries, all or substantially all of which pledged assets to the First Lien Collateral Agent to secure the First Lien Debt.

(b) Guarantor Intercreditor Agreement

The First Lien Agents and the Subsidiary-Guaranteed Notes Indenture Trustee, among others, entered into that certain Intercreditor Agreement, dated as of January 28, 2008 (as amended, restated, modified, and supplemented from time to time, the "Guarantor Intercreditor Agreement"). The Guarantor Intercreditor Agreement governs, among other things, the relative priority of the Subsidiary-Guaranteed Notes and the First Lien Creditors, and includes a provision requiring the Holders of Subsidiary-Guaranteed Notes to turnover a portion of the payments made to them by any Subsidiary Guarantor prior to the indefeasible payment in full in cash of Prepetition Credit Agreement Claims and First Lien Notes Claims.

4. Senior Unsecured Notes

As of the Petition Date, CEOC owed approximately \$530 million in principal amount outstanding to holders of Senior Unsecured Notes issued pursuant to the Senior Unsecured Notes Indentures, including the 5.75% Senior Unsecured Notes Indenture and the 6.50% Senior Unsecured Notes Indenture. Certain affiliates of CAC are holders of Senior Unsecured Notes representing approximately \$289 million in principal amount. As set forth in Article IV.D.8, Holders of approximately \$82.4 million of Senior Unsecured Notes entered into a purchase and support agreement with CEOC and CEC in August 2014, pursuant to which they agreed to be deemed to consent to any restructuring of the Senior Unsecured Notes (including the Amended Senior Unsecured Notes, as defined herein) that has been consented to by holders of at least 10 percent of the outstanding 6.50% Senior Unsecured Notes Due 2016 and 5.75% Senior Unsecured Notes Due 2015, as applicable. Approximately \$159 million in principal amount of Senior Unsecured Notes remains outstanding that is not owned by CAC or the August Noteholders (as defined herein).

ARTICLE III. EVENTS LEADING TO THE CHAPTER 11 FILINGS

The Debtors and their non-Debtor affiliates operate one of the largest and most comprehensive portfolios of casino properties in North America. The Debtors' combination of both local and destination options for gaming and

²⁹ As described further in Article IV.N and Article IV.O below, the Unsecured Creditors Committee and the Subsidiary-Guaranteed Notes Trustee have filed motions seeking standing to pursue challenges to certain of the Second Lien Noteholders' liens. The Bankruptcy Court has continued that standing request to a hearing on July 20, 2016, and has indicated it is currently prepared to deny the lien challenge standing request at this time. See [Docket Nos. 3403, 3404].

entertainment offers many patrons a unique opportunity to enjoy a high-quality gaming experience not only on vacation, but throughout the year. Unlike competitors that offer only regional gaming properties, the Debtors have been able to obtain higher than average spending at their regional properties because their industry-leading customer loyalty program, Total Rewards[®], provides customers with entertainment and gaming rewards that can be used in Las Vegas and other destinations. And unlike competitors that offer only destination properties, the Debtors' more frequent interactions with their customers at the local level allows them to fashion personally tailored reward packages that enhance their customers' experiences and encourage trips to destinations such as Las Vegas. This symbiotic relationship between the Debtors' properties promotes higher customer traffic and spending throughout the enterprise, including both regional and destination properties.

A. Economic Challenges

1. The 2008 Recession

The 2008 recession had a significant impact on the Debtors, with enterprise-wide net revenues before promotional allowances falling from \$12.7 billion in 2007 to \$10.3 billion in 2009. In response to the 2008 recession, the Debtors eliminated hundreds of millions of dollars of corporate, marketing, and operational costs. Despite these efforts, CEC's adjusted EBITDA dropped from \$2.1 billion in 2007 to \$1.7 billion in 2009, and ~~has~~ continued to decline ~~thereafter~~ through the Petition Date.³⁰

2. Changing Consumer Spending Habits

The challenges facing the Debtors were not limited to the 2008 recession. Even though the economy has improved, the Debtors are now facing changing consumer preferences. For example, the "Millennial" generation has shown less interest in gaming than previous generations. Thus, although Las Vegas's tourist numbers have largely rebounded to pre-recession rates, visitors, on average, are younger and less willing to gamble. According to the Las Vegas Convention and Visitors Bureau, 47 percent of Las Vegas visitors in 2012 indicated that their primary reasons to visit was for vacation or pleasure instead of gambling, which is up from 39 percent in 2008.³¹ To address this changing dynamic and capture this younger crowd, many of the newest gaming properties provide significant non-gaming entertainment options. The Debtors likewise are pursuing younger customers, including by renovating Caesars Palace's nightclub to drive additional traffic to that property. But nightlife, restaurants, and other entertainment options are not as profitable as gaming.

3. Increased Competition

The Debtors also face increased competition for gaming dollars. Since 2001, nine states have legalized gambling (bringing the total to 18), which has resulted in more local casinos.³² In Ohio, for example, the first casino opened in 2012—now there are eleven. Similarly, over the past five years, Pennsylvania, which had almost no gaming at the time the 2008 LBO was signed, has become the second-largest domestic gaming market outside of

³⁰ After the Petition Date and during the Chapter 11 Cases, the Debtors' business operations have consistently provided strong cash flow. See Article IV.Y.

³¹ Las Vegas Convention & Visitors Auth., *2012 Las Vegas Visitor Profile* [Page 17] (2012), available at http://www.lvcva.com/includes/content/images/MEDIA/docs/2012-Las_Vegas_Visitor_Profile1.pdf.

³² Ryan McCarthy, *The End of a Casino Monopoly, in Three Charts*, Washington Post (Sept. 23, 2014), <http://www.washingtonpost.com/news/storyline/wp/2014/09/23/the-end-of-a-casino-monopoly-in-three-charts/>; Matt Villano, *All In: Gambling Options Proliferate Across USA*, USA Today (Jan. 26, 2013), <http://www.usatoday.com/story/travel/destinations/2013/01/24/gambling-options-casinos-proliferate-across-usa/1861835>.

Nevada.³³ These additional gaming options have added pressure to existing casinos as the total customer population has remained relatively stable.³⁴

Even in Las Vegas, new developments have increased competition for existing casinos. Since 2008, three new developments have opened on the Las Vegas Strip: (a) in December 2008, Wynn Resorts Limited opened the \$2.3 billion Encore Las Vegas, which includes more than 2,000 hotel rooms, approximately 76,000 square feet of gaming space, and approximately 27,000 square feet of retail and entertainment space; (b) in December 2009, MGM Resorts International opened up CityCenter, a \$9.2 billion gaming and residential resort that includes more than 6,000 hotel rooms, approximately 150,000 square feet of gaming space, and 500,000 square feet of retail and restaurant space; and (c) in December 2010, the Cosmopolitan Las Vegas, a \$3.9 billion gaming resort, opened, adding approximately 3,000 hotel rooms, 110,000 square feet of gaming space, and 300,000 square feet of retail and restaurant space. These developments, as well as newly renovated properties by many of Las Vegas's traditional operators, have increased the supply of gaming, hotel, restaurant, and shopping opportunities available to Las Vegas visitors, leading to top-line revenue pressures for Caesars Palace.

4. Challenges in the Atlantic City Market

The Debtors also face significant challenges in the Atlantic City market, where they own Caesars Atlantic City and Bally's Atlantic City. These challenges are the result of, among other things, the effects of Hurricanes Irene and Sandy on the local economy, an oversaturated local market, and increased competition from casinos on the East Coast. As the chair of the New Jersey Casino Control Commission noted in the opening to that body's 2010 annual report:

Over the years, Atlantic City's gaming industry has gone from enjoying a monopoly in the eastern half of the United States to a fiercely competitive situation today with slot machines or full blown casinos in every neighboring state. Gamblers in the New York, Philadelphia and Baltimore metropolitan areas now have places a lot closer to home than Atlantic City is. The so-called "convenience gambler" has found more convenient places to go to gamble. Similarly, development of casino hotels in Macau and Singapore, as well as the new properties in Las Vegas, has made it harder for Atlantic City to attract the real high-end players.³⁵

As a result, Atlantic City has seen several high-profile casino bankruptcies in recent years.³⁶ Four Atlantic City casinos closed in 2014 alone,³⁷ including the Debtors' Showboat Atlantic City property. According to the Atlantic City Gaming Industry Report, prepared by the Office of Communications, State of New Jersey Casino

³³ IBISWorld: Safe Bet: A rise in tourism and personal expenditure will boost demand for casinos, IBISWorld Industry Report 71321: Non-Casino Hotels in the US, 8 (November 2014).

³⁴ Josh Barro, The Strange Case of States' Penchant for Casinos, N.Y. Times (Nov. 5, 2014), <http://www.nytimes.com/2014/11/06/upshot/the-strange-case-of-states-addiction-to-casinos.html?abt=0002&abg=1> ("States have gradually expanded legal gambling over the last four decades as a way to generate revenue without unpopular tax increases. But large parts of the American market are now saturated, with revenue in decline in most major casino markets. A majority of Americans already live relatively near casinos, so opening new ones does more to shift revenue around than to generate new business. As supply has outpaced demand, some casinos are closing, and governments have missed their projections for gambling-related revenue.").

³⁵ State of New Jersey Casino Control Comm'n, 2010 Annual Report (2010), available at <http://www.state.nj.us/casinos/reports>.

³⁶ See, e.g., *In re Trump Entertainment Resorts, Inc.*, No. 14-12103 (KG) (Bankr. D. Del.); *In re Revel AC, Inc.*, No. 14-22654 (GMB) (Bankr. D.N.J.); *In re Revel AC, Inc.*, No. 13-16253 (JHW) (Bankr. D.N.J.).

³⁷ Mark Berman, *Trump Plaza Closes, Making It Official: A Third of Atlantic City's Casinos Have Closed This Year*, Wash. Post (Sept. 16, 2014), <http://www.washingtonpost.com/news/post-nation/wp/2014/09/16/trump-plaza-closes-making-it-official-a-third-of-atlantic-citys-casinos-have-closed-this-year>.

Control Commission, gaming revenues for Atlantic City properties have declined more than 40 percent since the 2008 LBO, from \$5.2 billion in 2006 to \$2.7 billion in 2014.

B. Certain Prepetition Challenged Transactions

Prior to the Petition Date, the Debtors were involved in numerous asset sales, capital market transactions, and other transactions. Certain of these transactions were with affiliates (collectively, the “Challenged Transactions”), including (i) the CIE Transactions, (ii) the 2010 Trademark Transfer, (iii) the CERP Transaction, (iv) the Growth Transaction, (v) the Four Properties Transaction, (vi) the Shared Services Joint Venture, (vii) the B-7 Refinancing, (viii) repayment of an intercompany revolver, and (iv) the August Notes Transaction (each as defined below, as applicable). As discussed more fully in Article IV.D and Article IV.E below, the Challenged Transactions have been the subject of investigation by the Special Governance Committee and the Bankruptcy Court-appointed Examiner. In addition, the Challenged Transactions have been the subject of numerous creditor group lawsuits as discussed more fully in Article III.D below.

C. Recent and Impending Property Closures

The Debtors have considered other options to reduce overhead and improve cash flows. In particular, the Debtors conducted a comprehensive review of their property portfolio to identify their weakest performing casino properties, especially those in markets that are oversupplied with gaming options. As a result of this review, the Debtors closed two U.S. properties in 2014: Harrah’s Tunica, which was closed on June 2, 2014, and Showboat Atlantic City, which was closed on August 31, 2014. Subsequently, the Debtors sold the Showboat Atlantic City property to a New Jersey public university in a transaction that closed on December 12, 2014. As described more fully herein at Article IV.F, the Debtors sold the Harrah’s Tunica property during the Chapter 11 Cases. In addition, the Debtors ceased their greyhound racing activities at the Horseshoe Council Bluffs casino in Council Bluffs, Iowa, effective December 31, 2015, in response to local legislation. The Horseshoe Council Bluffs casino otherwise remains open for business.

D. Litigation Regarding Challenged Transactions and CEC’s Guarantees

The Challenged Transactions are the subject of serious and complicated disputes between CEOC, various of its creditors, and CEC and its affiliates. Generally speaking, the creditors claim that the Challenged Transactions were unlawful and/or violated certain covenants under the applicable indentures. More specifically, the Debtors’ various noteholder groups allege that assets were transferred at below-market prices as part of a scheme by CEC and the Sponsors to transfer valuable assets from CEOC to CEC and its affiliates to remove them from the reach of CEOC’s creditors. The creditors further allege that CEOC’s directors and officers are unavoidably conflicted due to their extensive business and commercial ties to CEC and the Sponsors, and that they violated their fiduciary duties by approving the transactions. Each of these claims and allegations are subject to vigorous dispute by the defendants in such actions. The Special Governance Committee’s investigation into these claims is discussed more fully in Article IV.D below. Similarly, the Examiner’s Report on the Challenged Transactions is discussed in Article IV.E below.

On August 4, 2014, Wilmington Savings Fund Society, FSB, solely in its capacity as indenture trustee under the 10.00% Second Lien Notes Indenture dated as of April 15, 2009 (“WSFS”), commenced an action in the Court of Chancery of the State of Delaware against, among others, CEC, CEOC, CGP, CERP, CEC’s directors, and certain of CEOC’s directors in a case captioned *Wilmington Savings Fund Society, FSB v. Caesars Entertainment Corporation*, C.A. No. 10004-VCG (the “WSFS Delaware Action”). In the WSFS Delaware Action, WSFS alleged claims for, among other things, intentional and constructive fraudulent transfer, breach of fiduciary duty, aiding and abetting breach of fiduciary duty, corporate waste, and breach of contract. On August 3, 2015, WSFS amended its complaint to assert certain claims under the Trust Indenture Act of 1939 (the “TIA”) against CEC related to the release of CEC’s guarantee of the amounts outstanding under the 10.00% Second Lien Notes Indenture [Del. Ch. Court Docket ID. 74742841]. The claims in the WSFS Delaware Action are focused on the CIE, CERP, Growth, and Four Properties Transactions, as well as the Shared Services Joint Venture. During the pendency of the Chapter 11 Cases, the action has been automatically stayed with respect to the Debtors as well as derivative claims

that belong to the Estates against CEC, CGP, CERP, CEC's directors, and certain of CEOC's directors. Vice Chancellor Glasscock denied a motion to dismiss with respect to CEC on March 18, 2015. Plaintiffs have advised the Bankruptcy Court that they agreed their derivative claims are automatically stayed and therefore are only pursuing their independent breach of contract and TIA claims, alleging that CEC remains liable under the parent guarantee formerly applicable to 10.00% Second-Priority Notes due 2018. On March 14, 2016, WSFS moved for partial summary judgment, asking the court to determine that WSFS is entitled to its \$3.6 billion claim because the relevant section of the indenture is unambiguous and an event of default occurred [Del. Ch. Court Docket ID. 76344683]. On April 25, 2016, CEC submitted a cross-motion for partial summary judgment in response. These summary judgment motions are pending as of the date hereof. The parties have stipulated to the following briefing schedule: (a) WSFS must file its reply brief in support of its motion and an opposition brief in response to CEC's motion on or before May 24, 2016; (b) CEC must file its reply brief on or before June 9; and (c) oral argument is scheduled for June 16, 2016. In addition, as described below in Article IV.R.S.1, an injunction staying the commencement of trials in the BOKF SDNY Action (as defined below) expired on May 9, 2016. On June 6, 2016, the Debtors reserved filed an emergency motion seeking a temporary restraining order and preliminary injunction enjoining the right to seek further injunctions on account of the plaintiffs in the Parent Guarantee Litigation, including the WSFS Delaware Action, if from further prosecuting their guaranty lawsuits because the Debtors believe such injunctions would be an injunction is necessary to protect the Debtors' ability to reorganize in the Chapter 11 Cases [Adv. Case No. 15-00149 (ABG), Docket Nos. 24]. An evidentiary hearing is scheduled on the emergency motion on June 8, 2016.

On August 5, 2014, CEC and CEOC commenced a lawsuit in the Supreme Court of New York, County of New York, against certain institutional holders of First and Second Lien Notes, which is captioned *Caesars Entertainment Operating Company, Inc. and Caesars Entertainment Corporation v. Appaloosa Investment Limited Partnership I, et al.*, Index No. 652392/2014 (the "New York State Action"). The members of the Special Governance Committee abstained from the decision to file the New York State Action. In the New York State Action, CEC and CEOC asserted that the defendants tortiously interfered with CEC's and CEOC's businesses in an attempt to improve defendants' credit default swap and other securities positions. CEC and CEOC also sought declarations that no defaults occurred under CEOC's First and Second Lien Notes Indentures and that there have been no breaches of fiduciary duty or fraudulent transfers. Defendants filed motions to dismiss this action in October 2014. On June 29, 2015, the court dismissed the complaint without prejudice, reserving its decision on Count I of the complaint pending a motion by the defendants [Docket No. 155]. On July 20, 2015, the court dismissed Count I of the claim with prejudice [Docket No. 160], so the entire complaint is now dismissed.

On November 25, 2014, the First Lien Notes Indenture Trustee, in its capacity as trustee under the 8.50% First Lien Notes Indenture, commenced an action in the Court of Chancery of the State of Delaware against CEC, CEOC, CGP, CERP, CEC's directors, and all of CEOC's directors in a case captioned *UMB Bank v. Caesars Entertainment Corporation*, C.A. No. 10393-VCG (the "UMB Receiver Action"). In the UMB Receiver Action, the First Lien Notes Indenture Trustee has alleged that CEC engaged in a fraudulent scheme to strip assets from CEOC, and seeks, among other things, to have the Delaware Chancery Court appoint a receiver to manage CEOC's affairs for the benefit of its noteholders. Pursuant to the Prepetition RSA, the UMB Receiver Action was consensually stayed as to all defendants upon the filing of the Chapter 11 Cases.

On September 3 and October 2, 2014, certain Senior Unsecured Noteholders commenced two actions against CEC and CEOC in the United States District Court for the Southern District of New York, which are captioned *MeehanCombs Global Credit Opportunities Master Fund, LP v. Caesars Entertainment Corp. and Caesars Entertainment Operating Co., Inc.*, Case No. 14-cv-07091-SAS (the "MeehanCombs SDNY Action"), and *Danner v. Caesars Entertainment Corp. and Caesars Entertainment Operating Co., Inc.*, Case No. 14-cv-07973-SAS (the "Danner SDNY Action," and together with the MeehanCombs SDNY Action the "Unsecured Noteholder SDNY Actions").³⁸ Through the Unsecured Noteholder SDNY Actions, these Senior Unsecured Noteholders have asserted that the Senior Unsecured Notes Transaction breached the Senior Unsecured Notes Indentures, violated the

³⁸ On March 18, 2016, MeehanCombs Global Credit Opportunities Master Fund, LP withdrew from the MeehanCombs SDNY Action. The other plaintiffs in the MeehanCombs SDNY Action continue to pursue their asserted claims.

TIA, and breached the covenant of good faith and fair dealing. The Unsecured Noteholder SDNY Actions were stayed with respect to CEOC as a result of the automatic stay, but continue to proceed with respect to CEC. On January 15, 2015, CEC's motion to dismiss in the Danner SDNY Action was denied in its entirety and CEC's motion to dismiss in the MeehanCombs SDNY Action was granted in part and denied in part. See *MeehanCombs Global Credit Opportunities Master Funds, LP v. Caesars Entm't Corp.*, 80 F. Supp. 3d 507 (S.D.N.Y. 2015). The plaintiffs in the MeehanCombs SDNY Action filed an amended complaint on January 29, 2015, which, among other changes, added a cause of action against CEC for breaches of contract and guarantees relating to the Debtors' bankruptcy filings. The plaintiff in the Danner SDNY Action filed an amended complaint on February 19, 2015. On October 23, 2015, the Unsecured Noteholders SDNY Action plaintiffs moved for partial summary judgment [Docket No. 67 in the MeehanCombs SDNY Action and Docket No. 60 in the Danner SDNY Action] asserting that the Senior Unsecured Notes Transaction in August 2014 was a violation of the TIA as a matter of law. On December 29, 2015, Judge Scheindlin denied the motion for summary judgment because there were open issues of fact related to certain transactions in May 2014 that also may have resulted in the release of CEC's guaranty of the outstanding obligations under the Senior Unsecured Notes Indentures.³⁹ See *MeehanCombs Global Credit Opportunities Master Funds, LP v. Caesars Entm't Corp.*, 2015 WL 9478240 (S.D.N.Y. Dec. 29, 2015). On January 13, 2016, the Danner and MeehanCombs plaintiffs filed a letter with the court requesting that the trial be consolidated with the trial in the Secured Noteholder SDNY Actions (as defined below) [Docket No. 90 in the MeehanCombs SDNY Action and Docket No. 89 in the Danner SDNY Action], which at that time was scheduled for March 14, 2016. In response, on January 15, 2016, CEC filed a request that each of the Danner SDNY Action, the MeehanCombs SDNY Action, and the Secured Noteholder SDNY Actions be stayed until the Court of Appeals for the Second Circuit issues its ruling in *Marblegate Asset Management, LLC v. Education Management Corp.*, Nos. 15-2124 and 15-2141 (2d. Cir.), filed on July 2, 2015. On January 16, 2016, Judge Scheindlin denied both the request to consolidate and the request to stay.

In March of 2016, Judge Scheindlin announced her resignation from the bench effective April 28, 2016. The Unsecured Noteholder SDNY Actions, the Secured Noteholder SDNY Actions (as defined below), and the Wilmington Trust SDNY Action (as defined below) (collectively, the "SDNY Noteholder Actions") have been reassigned to the Honorable Jed S. Rakoff. At a hearing on April 6, 2016, Judge Rakoff questioned whether, given the close of discovery, there were any disputed issues of material fact that would preclude any of the SDNY Noteholder Actions from being decided on summary judgment or at a bench trial. The parties to all of the SDNY Noteholders Actions agreed to a renewed summary judgment schedule to conclude with oral argument on June 24, 2016, with a decision to be delivered no later than July 22, 2016. If a trial is necessary, a "global" trial on all of the SDNY Noteholder Actions is scheduled to begin on August 22, 2016. In addition, as noted above and described below in Article IV RS.1, an injunction staying the commencement of trials in the BOKF SDNY Action expired on May 9, 2016. On June 6, 2016, the Debtors ~~reserve~~ filed an emergency motion seeking a temporary restraining order and preliminary injunction enjoining the right to seek further injunctions on account of the plaintiffs in the Parent Guaranty Litigation, including the Unsecured Noteholder SDNY Action, if from further prosecuting their guaranty lawsuits because the Debtors believe such ~~injunctions would be an injunction is~~ injunctions would be an injunction is necessary to protect the Debtors' ability to reorganize in the Chapter 11 Cases-⁴⁰ [Adv. Case. No. 15-00149 (ABG), Docket Nos. 241]. An evidentiary hearing is scheduled on the emergency motion on June 8, 2016.

Three additional proceedings have been commenced against CEC subsequent to the Petition Date. Specifically, on March 3, 2015, BOKF, N.A. ("BOKF"), as successor indenture trustee for certain Second Lien Notes, filed an action against CEC in the Southern District of New York, captioned *BOKF, N.A. v. Caesars Entertainment Corporation*, Case No. 15-cv-1561-SAS (the "BOKF SDNY Action"). In the BOKF SDNY Action, BOKF asserted that CEC remains liable under the parent guaranty formerly applicable to the Second Lien Notes and breached the Second Lien Notes Indentures by purportedly releasing such guaranty. BOKF seeks a declaratory

³⁹ BOKF (and other Parent Guaranty litigants) have asserted that the guarantees were "stripped." The Debtors provide this overview of the Parent Guaranty Litigation in the interest of full disclosure and take no position on issues that remain subject to this ongoing litigation.

⁴⁰ On March 18, 2016, MeehanCombs Global Credit Opportunities Master Fund, LP withdrew from the MeehanCombs SDNY Action. The other plaintiffs in the MeehanCombs SDNY Action continue to pursue their asserted claims.

judgment that the guarantee was not released and is still in effect. BOKF also alleges claims for damages resulting from CEC's violation of the TIA, intentional interference with contractual relations, and breach of the duty of good faith and fair dealing. Additionally, on June 16, 2015, the First Lien Notes Indenture Trustee commenced an action in the Southern District of New York, captioned *UMB Bank, N.A. v. Caesars Entertainment Corporation*, Case No. 15-cv-4643-SAS (the "UMB SDNY Action" and collectively with the BOKF SDNY Action, the "Secured Noteholder SDNY Actions"). The UMB SDNY Action seeks to reinstate CEC's guarantee of payment on CEOC's First Lien Notes. On August 27, 2015, Judge Scheindlin denied BOKF's and UMB's motions for partial summary judgment, which sought a declaration that the releases of CEC's guarantee in May 2014 violated section 316(b) of the TIA and certified her own opinion for an appeal to the United States Court of Appeals for the Second Circuit. See *BOKF, N.A. v. Caesars Entm't Corp.*, 2015 WL 5076785 (S.D.N.Y. Aug. 27, 2015). On December 22, 2015, the United States Court of Appeals for the Second Circuit denied CEC's interlocutory appeal. Additionally, on November 20, 2015, BOKF and UMB filed a second partial summary judgment motion in the Secured Noteholder SDNY Actions focusing on contract interpretation issues related to the dispute. On January 5, 2016, Judge Scheindlin denied the second motion for summary judgment because the matter would not be case dispositive, and therefore did not reach the merits of the issue. See *BOKF, N.A. v. Caesars Entm't Corp.*, 2016 WL 67728 (S.D.N.Y. Jan. 5, 2016). As discussed more fully in Article IV.RS.1 below, the BOKF SDNY Action was enjoined by the Bankruptcy Court from February 26, 2016, to May 9, 2016, though pre-trial activity was allowed to continue.⁴¹ That injunction has expired. The Debtors reserve the right to seek further injunctions on account of the Parent Guarantee Litigation, including the BOKF SDNY Action, if the Debtors believe such injunctions would be necessary to protect the Debtors' ability to reorganize in the Chapter 11 Cases. Since the reassignment of the Secured Noteholder SDNY Actions to Judge Rakoff following Judge Scheindlin's resignation, the Secured Noteholder SDNY Actions are following the same summary judgment and trial schedule as the Unsecured Noteholder SDNY Actions set forth above.

The most recent guaranty action to be commenced was on October 21, 2015, when the indenture trustee for the Debtors' 10.75% Subsidiary-Guaranteed Notes (the "Subsidiary-Guaranteed Notes Trustee") filed an action against CEC in the Southern District of New York, captioned *Wilmington Trust, National Association v. Caesars Entertainment Corp.*, Case No. 15-cv-08280-UA (the "Wilmington Trust SDNY Action"), seeking to void the removal of CEC's guarantee of the Subsidiary-Guaranteed Notes and a money judgment against CEC for outstanding interest due and payable under such notes. CEC filed its answer to the complaint on November 23, 2015. The Wilmington Trust SDNY Action was initially assigned to Judge Scheindlin but has been re-assigned to Judge Rakoff. The Wilmington Trust SDNY Action is now following the same summary judgment and trial schedule as the Unsecured Noteholder SDNY Actions set forth above.

E. Prepetition Restructuring Negotiations and Prepetition RSA

The Debtors engaged their stakeholders, including certain First Lien Lenders, certain First Lien Noteholders, and CEC, in extensive, multilateral, arm's-length negotiations regarding the terms of a potential restructuring beginning in late summer 2014.

These negotiations were complicated by a number of factors. First, certain of the Debtors' creditors also held credit default swap positions, which potentially held significant value if the Debtors defaulted on their debts. Parties holding credit default swap positions could therefore be incentivized to seek outcomes that maximized recoveries on those derivative positions rather than their interest in the Debtors' indebtedness while certain other parties held credit default positions that were incentivized to keep the Debtors out of bankruptcy to ensure that such parties would not have to cover such positions. Second, CEC, the Debtors, and certain creditors also were engaged in ongoing, contentious litigation described above. Third, it was critical that CEC support any potential restructuring given gaming regulatory requirements and the fact that the Caesars' businesses are interrelated through shared services and employees as well as the Total Rewards[®] program. Similarly, the Debtors could trigger significant tax obligations—including for the Debtors—by separating from CEC.

⁴¹ UMB agreed to be bound by the Bankruptcy Court's decision and therefore the UMB SDNY Action was also stayed for the same period of time.

The Debtors and certain of their stakeholders examined various structures in an effort to maximize the value of their Estates and creditor recoveries. After significant diligence and hard-fought negotiations, the parties agreed to reorganize the Debtors' businesses as a REIT, which would enhance the value of the Debtors' real estate and allow the Debtors to provide their creditors with improved recoveries through the issuance of more cash and debt. As part of those negotiations, the First Lien Noteholders agreed to, among other things, receive less than a par recovery and to take a significant portion of that recovery in the form of equity. The Debtors also focused on maximizing recoveries for Holders of Non-First Lien Claims, and successfully negotiated for improved recoveries for such creditors from the initial proposals while also maintaining recoveries for Holders of Allowed Prepetition Credit Agreement Claims and Holders of Allowed Secured First Lien Notes Claims.

Despite this substantial progress, certain of the First Lien Noteholders and each of the First Lien Lenders involved in the negotiations withdrew their support on December 11, 2014. The Debtors, CEC, and certain of the First Lien Noteholders, however, continued negotiating and ultimately reached agreement on the terms of a comprehensive restructuring. This proposed restructuring was documented in the Prepetition RSA, which was initially executed on December 19, 2014, by the Debtors, CEC, certain Apollo-affiliated funds, and Holders of approximately 38 percent of Secured First Lien Notes Claims. As of the Petition Date, First Lien Noteholders owning over 80 percent in aggregate principal amount of the First Lien Notes, and approximately 15 percent in aggregate principal amount outstanding under the Prepetition Credit Agreement, had signed the Prepetition RSA.

As described in greater detail below, the Debtors continued to negotiate with their creditors throughout the Chapter 11 Cases. These negotiations led to a further amended Prepetition RSA, other restructuring support agreements with additional constituents (including the Bank RSA (as defined below) with Holders of more than 80 percent of Prepetition Credit Agreement Claims), and enhanced recoveries across the Debtors' capital structure.

F. Proposed Merger of CEC and CAC

On December 22, 2014, CEC and CAC announced that they had entered into a definitive agreement to merge in an all-stock transaction (the "Merger"). The Merger is conditioned on the confirmation and effectiveness of a plan of reorganization on the material terms set forth in the Prepetition RSA. In a press release issued that same day, CEC expressed that it believed the Merger would "position the merged company to support the restructuring of CEOC without the need for any significant outside financing" and would "position it to be a strong guarantor for the restructured CEOC's obligations, including lease payments its 'OpCo' subsidiary will make to 'PropCo.'" See Caesars Entertainment Corporation, Report on Form 8-K, Ex. 99.1 (Dec. 22, 2014). Among other things, the merger will provide CEC with access to cash necessary to fund its obligations to the Debtors as contemplated by the Plan and, if CEC is unable to complete the merger for any reason, there is material risk that CEC will not be able to meet its funding obligations under the Plan and the feasibility of the Plan will be threatened.

Pursuant to the terms of the merger agreement, each outstanding share of CAC class A common stock will be exchanged for 0.664 shares of New CEC Common Equity, subject to adjustments set forth in the merger agreement. As a result, CEC stockholders will own approximately 62 percent of the combined company on a fully diluted basis and CAC stockholders will own approximately 38 percent. The merged company is expected to continue to conduct business as Caesars Entertainment Corporation and is expected to continue trading on the NASDAQ under the ticker "CZR." Because of the New CEC Common Equity to be contributed to the Debtors' Estates pursuant to the Plan (as discussed more fully herein), CEC and CAC are expected to amend their merger documents. The outcome of such amendments is not known at this time.

On December 30, 2014, certain shareholders of CAC commenced a class action lawsuit in the Eighth Judicial District Court of Clark County, Nevada, which is captioned *Nicholas Koskie, on behalf of himself and all others similarly situated, v. Caesars Acquisition Company, Caesars Entertainment Corp., Marc Beilinson, Dhiren Fonseca, Philip Erlanger, Karl Peterson, David Sambur, Mark J. Rowan and Don R. Kornstein*, Case No. A-14-711712-C (the "Merger Class Action"). The plaintiffs to the Merger Class Action allege, among other things, that certain of the defendants breached their fiduciary duties in approving the proposed merger of CEC and CAC. As of the date hereof, the Merger Class Action remains pending and the deadline to respond to the Merger Class Action has been indefinitely extended by agreement of the parties involved. It is unclear at this time whether

the Merger Class Action also seeks to enjoin the Merger. As noted above, any such injunction (or the failure of the proposed merger) would materially impact the Plan.

As discussed more fully in Article V.F.2, the Merger is a necessary condition precedent to the Plan, and the recoveries contemplated by the Plan are expressly conditioned on the value of the merged CEC-CAC.⁴²

G. The Debtors' Financial Outlook and Business Strategy Going Forward

Despite the Debtors' substantial prepetition efforts to reduce the amount of their outstanding funded debt, relax financial covenants, and extend maturities, including through various asset sales and refinancings, the Debtors' balance sheet remained unsustainable in light of both present and expected market conditions. Accordingly, faced with the prospect of a liquidity crisis in late 2015, the Debtors commenced the Chapter 11 Cases to effectuate a restructuring to right size their balance sheet, address operational issues, and monetize claims they hold against CEC and its affiliates. With these issues addressed, the Debtors believe they will be positioned to leverage their core operations, business model, and customer base to return to profitability. Despite the prior downward pressure placed on the Debtors' fundamental business operations, the Debtors remain market leaders in the gaming industry and continue to advantageously leverage the synergies between their regional and destination properties to maximize their share of the gaming market. The continued strength of the Debtors' fundamental operations, coupled with the deleveraging of the Debtors' balance sheet and the structural reorganization of moving most of the Debtors' real property into a real estate investment trust structure that will result under the Plan, will increase the Debtors' competitiveness and maximize the value of the Debtors' businesses as a going concern. The Debtors expect that the efficient and successful consummation of the proposed restructuring will enable the Debtors to profitably operate their business and aggressively pursue opportunities as they arise.

**ARTICLE IV.
MATERIAL EVENTS OF THE CHAPTER 11 CASES**

A. Involuntary Chapter 11 Proceedings

On January 12, 2015, three days before the Debtors' anticipated commencement of the Chapter 11 Cases in the Northern District of Illinois, three petitioning creditors, each a Second Lien Noteholder (the "Petitioning Creditors"), filed an involuntary bankruptcy petition against CEOC, but no other Debtor, in the United States Bankruptcy Court for the District of Delaware (the "Delaware Bankruptcy Court") captioned *In re Caesars Entertainment Operating Company, Inc.*, No. 15-10047 (the "Involuntary Proceeding").

On January 14, 2015, the Petitioning Creditors filed in the Involuntary Proceeding the Motion of Petitioning Creditors, Pursuant to Section 105(a) of the Bankruptcy Code and Bankruptcy Rule 1014(b), for an Order (I) Establishing Venue for the Chapter 11 Cases of Caesars Entertainment Operating Company, Inc. and its Debtor Affiliates in the District of Delaware and (II) Granting Related Relief [Del. Involuntary Docket No. 26] (the "Venue Motion"). On January 15, 2015, the Delaware Bankruptcy Court entered the Order Pursuant to Section 105(a) of the Bankruptcy Code and Bankruptcy Rule 1014(b), Staying Parallel Proceeding [Del. Involuntary Docket No. 47] (the "Stay Order"), which stayed the voluntary Chapter 11 Cases before the Bankruptcy Court pending the Delaware Bankruptcy Court's consideration of the Venue Motion.

On January 26 and 27, 2015, the Delaware Bankruptcy Court held an evidentiary hearing to consider the relief requested by the Venue Motion. On January 28, 2015, the Delaware Bankruptcy Court entered an order in the Involuntary Proceeding [Del. Involuntary Docket No. 220] lifting the stay imposed by the Stay Order and transferring venue of the Involuntary Proceeding to the Northern District of Illinois. The Involuntary Proceeding was re-captioned *In re Caesars Entertainment Operating Company, Inc.*, No. 15-03193.

⁴² For further information regarding CEC and CAC, including recent financial performance, please see Caesars Entertainment Corporation, Report on Form 10-K (Feb. 29, 2016) and Caesars Acquisition Company, Report on Form 10-K (Feb. 29, 2016).

On February 5, 2015, the Petitioning Creditors filed a motion [Involuntary Docket No. 15] (the “Motion to Consolidate”) seeking to (a) consolidate the Involuntary Proceeding and the Chapter 11 Cases and (b) asking the Bankruptcy Court to (i) take judicial notice that an order for relief has been entered with respect to CEOC’s chapter 11 case and (ii) determine that such order for relief applies to all Debtors in the consolidated Chapter 11 Cases in all respects. The Petitioning Creditors argued, among other things, that by filing its voluntary petition for relief under chapter 11 of the Bankruptcy Code, CEOC effectively consented to the Involuntary Proceeding against it and that, as a result, no further litigation regarding the merits of the Involuntary Proceeding was necessary, and that January 12, 2015 should be established as the petition date for the Chapter 11 Cases for each Debtor. After briefing by several parties, including CEOC, the Petitioning Creditors, the Ad Hoc First Lien Groups (as defined herein), the Unsecured Creditors Committee, the Second Priority Noteholders Committee, and the Subsidiary-Guaranteed Notes Indenture Trustee, on March 25, 2015, the Bankruptcy Court announced that it would defer ruling on the Motion to Consolidate pending resolution of a trial on the Involuntary Proceeding.

The Bankruptcy Court held a seven-day evidentiary trial from October 5, 2015, through October 16, 2015, to consider the propriety of the Involuntary Proceeding. The parties completed post-trial briefing on November 20, 2015. The Bankruptcy Court has not issued a decision on the propriety of the Involuntary Proceeding as of the date hereof.

Relatedly, on April 7, 2015, the Unsecured Creditors Committee filed a motion in the voluntary Chapter 11 Cases seeking an order compelling CEOC to consent to the Involuntary Proceeding [Docket No. 1091] (the “Motion to Compel”). In the Motion to Compel, the Unsecured Creditors Committee argued, among other things, that CEOC could not refuse to consent to the Involuntary Proceeding because (i) failure to consent could waive a potential preference action related to certain account control agreements entered into by CEOC with the First Lien Collateral Agent on October 15 and October 16, 2014, (ii) the potential preference action is an estate claim and cause of action that is property of the estate under section 541 of the Bankruptcy Code, and (iii) CEOC may not use property of the estate outside the ordinary course of business without first obtaining the Bankruptcy Court’s approval. After requesting no further briefing on the issue [Docket No. 1117], the Bankruptcy Court denied the Motion to Compel [Docket No. 1351] and the Unsecured Creditors Committee’s subsequent motion to reconsider [Docket No. 1522]. On May 15, 2015, the Unsecured Creditors Committee filed a notice of appeal regarding the Motion to Compel [Docket No. 1564], and such appeal was docketed with the United States District Court for the Northern District of Illinois, Eastern Division (the “District Court”) and captioned *Statutory Unsecured Claimholders’ Committee v. Caesars Entertainment Operating Company, Inc.*, Case No. 1:15-cv-04362 (the “Motion to Compel Appeal”). On October 15, 2015, the appellant Unsecured Creditors Committee filed their opening brief in the Motion to Compel Appeal [Docket No. 24]. On November 16, 2015, the appellees, CEOC, and the intervening Ad Hoc First Lien Groups filed their briefs [Docket Nos. 29, 30, 31] and the appellant filed its reply on November 30, 2015 [Docket No. 43]. The Motion to Compel Appeal remains pending as of the date hereof.

The Unsecured Creditors Committee also filed a motion seeking to intervene in the Involuntary Proceeding for the limited purpose of protecting its rights in the Motion to Compel Appeal on October 2, 2015 [Docket No. 171]. The Bankruptcy Court denied this request at a hearing on October 21, 2015.

B. First Day Pleadings and Certain Related Relief

The Debtors devoted substantial efforts prior to the commencement of the Chapter 11 Cases to prepare to quickly and efficiently stabilize their operations and preserve and restore their relationships with vendors, customers, employees, landlords, and utility providers that could be adversely affected by the commencement of the Chapter 11 Cases. As a result of these efforts, the Debtors were able to minimize any negative effects on their business that otherwise may have resulted from the commencement of the Chapter 11 Cases.

On the Petition Date, in addition to the voluntary petitions for relief filed by the Debtors under chapter 11 of the Bankruptcy Code, the Debtors also filed a number of motions and applications (collectively, the “First Day Motions”) with the Bankruptcy Court. The relief sought in the First Day Motions was necessary to enable the Debtors to preserve value and efficiently implement their proposed restructuring process with minimal disruption

and delay. The relief requested in the First Day Motions, among other things, prevented interruptions to the Debtors' business operations and eased the strain on the Debtors' relationships with certain essential stakeholders.

1. Stabilizing Operations

Recognizing that even a brief interruption to the Debtors' operations would adversely affect customer and supplier relationships, revenues, and profits, the Debtors filed various First Day Motions to minimize the adverse effects that would otherwise be caused by the commencement of the Chapter 11 Cases. Through the First Day Motions, the Debtors sought authority to, among other things, pay certain prepetition claims and obligations and continue certain existing programs. The relief requested by the First Day Motions was essential to facilitating the Debtors' smooth transition into chapter 11, allowed the Debtors to continue their business operations without interruption, and maintained (or even bolstered) confidence among the Debtors' suppliers, customers, and creditors as to the likelihood of the Debtors' successful reorganization. Though certain parties objected to the relief sought by the First Day Motions, the Debtors were able to resolve all such objections consensually.

- **Cash Collateral Motion.** On the Petition Date, the Debtors filed the Debtors' Motion for Entry of Interim and Final Orders (I) Authorizing Use of Cash Collateral, (II) Granting Adequate Protection, (III) Modifying the Automatic Stay to Permit Implementation, (IV) Scheduling a Final Hearing, and (V) Granting Related Relief [Docket No. 22] (the "Cash Collateral Motion"). Prior to the commencement of the Chapter 11 Cases, the Debtors were able to reach an agreement with both an ad hoc group of certain First Lien Lenders (the "Ad Hoc Committee of First Lien Banks") and an ad hoc group of certain First Lien Noteholders (the "Ad Hoc Committee of First Lien Noteholders" and collectively with the Ad Hoc Committee of First Lien Banks, the "Ad Hoc First Lien Groups") regarding the consensual use of cash collateral. On January 15, 2015, the Bankruptcy Court entered an order approving the Cash Collateral Motion on an interim basis [Docket No. 47], which, among other things, describes the terms and conditions for the use of the Debtors' cash collateral and provides adequate protection to the certain prepetition secured creditors. Following entry of the interim order, the Debtors engaged in negotiations with all relevant parties to resolve certain objections that had been filed by the Unsecured Creditors Committee [Docket No. 452] and the Subsidiary-Guaranteed Notes Trustee [Docket No. 487]. The Bankruptcy Court entered a negotiated final order (the "Cash Collateral Order") granting the relief requested on March 26, 2015 [Docket No. 988].
- **Wages Motion.** On the Petition Date, the Debtors filed the *Debtors' Motion for Entry of Interim and Final Orders (I) Authorizing the Debtors to Pay Certain Prepetition (A) Wages, Salaries, and Other Compensation, (B) Reimbursable Employee Expenses, and (C) Obligations Relating to Medical and Other Benefits Programs, and (II) Granting Related Relief* [Docket No. 7] (the "Wages Motion"). On January 15, 2015, the Bankruptcy Court entered an order approving the Wages Motion on an interim basis [Docket No. 54]. Following entry of the interim order, the Debtors engaged in negotiations with all relevant parties to resolve certain informal objections from interested parties and certain formal objections that had been filed by the Second Priority Noteholders Committee [Docket No. 430] and the Unsecured Creditors Committee [Docket No. 443] to the relief sought by the Wages Motion, including with respect to the Debtors' Deferred Compensation Plans, the use of CES to provide the Debtors' payroll services, and the Debtors' ordinary-course rank-and-file employee bonus programs. Following negotiations with these stakeholders, the Debtors filed, and the Bankruptcy Court entered, an agreed final order granting the relief requested on March 4, 2015 [Docket No. 617] (the "Wages Order").
- **Cash Management Motion.** On the Petition Date, the Debtors filed the *Debtors' Motion for Entry of Interim and Final Orders (I) Authorizing the Debtors to (A) Continue Using Their Cash Management System, (B) Maintain Their Existing Bank Accounts and Business Forms, and (C) Continue Intercompany Transactions, and (II) Granting Related Relief* [Docket No. 8] (the "Cash Management Motion"). On January 15, 2015, the Bankruptcy Court entered an order approving the Cash Management Motion on an interim basis [Docket No. 59]. Following entry of the interim order, the Debtors engaged in negotiations with all relevant parties to resolve certain objections that had been filed by the Second Priority Noteholders Committee [Docket No. 440], the Unsecured Creditors

Committee [Docket No. 443], the Ad Hoc Committee of First Lien Banks [Docket No. 468], and the Subsidiary-Guaranteed Notes Trustee [Docket No. 481]. As a result of these negotiations, the Debtors filed an agreed final order which established certain notice and reporting requirements regarding the Debtors use of their bank accounts and intercompany transactions between Debtors and between the Debtors and their non-Debtor affiliates. [Docket No. 968]. The Bankruptcy Court entered the agreed final order granting the relief requested on March 25, 2015 [Docket No. 989] (the "Cash Management Order").

- **Critical Vendors Motion.** On the Petition Date, the Debtors filed the Debtors' Motion for Entry of Interim and Final Orders (I) Authorizing the Payment of Prepetition Claims of Certain Vendors, (II) Approving and Authorizing Procedures Related Thereto, and (III) Granting Related Relief [Docket No. 11] (the "Critical Vendors Motion"). On January 15, 2015, the Bankruptcy Court entered an order approving the Critical Vendors Motion on an interim basis [Docket No. 57]. Following entry of the interim order, the Debtors engaged in discussions with committees for each vendor regarding a formal objection to the Critical Vendors Motion filed by the Unsecured Creditors Committee [Docket No. 443] and informal objections raised by interested parties to the relief sought by the Critical Vendors Motion, including with respect to reporting, notice, and consultation rights. Following negotiations with these stakeholders, the Debtors filed, and the Bankruptcy Court entered, an agreed final order granting the relief requested on March 4, 2015 [Docket No. 620].
- **Lienholders, 503(b)(9), and Foreign Vendors Motion.** On the Petition Date, the Debtors filed the Debtors' Motion for Entry of Interim and Final Orders (I) Authorizing Payment of (A) Prepetition Claims of Certain Lien Claimants, (B) Section 503(b)(9) Claims, and (C) Foreign Vendor Claims, (II) Approving Procedures Related Thereto, and (III) Granting Related Relief [Docket No. 9] (the "Lienholders, 503(b)(9), and Foreign Vendors Motion"). On January 15, 2015, the Bankruptcy Court entered an order approving the Lienholders, 503(b)(9), and Foreign Vendors Motion on an interim basis [Docket No. 55]. Following entry of the interim order, the Debtors engaged in discussions with the Unsecured Creditors Committee regarding its formal objection to the relief sought by the Lienholders, 503(b)(9), and Foreign Vendors Motion [Docket No. 443] as well as certain other interested parties regarding their concerns about the requested relief, including with respect to reporting, notice, and consultation rights. Following negotiations with the Unsecured Creditors Committee and their other stakeholders, the Debtors filed, and the Bankruptcy Court entered, an agreed final order granting the relief requested on March 4, 2015 [Docket No. 618].
- **PACA Motion.** On the Petition Date, the Debtors filed the Debtors' Motion for Entry of Interim and Final Orders (I) Authorizing the Debtors to Pay Claims Arising Under the Perishable Agricultural Commodities Act, and (II) Granting Related Relief [Docket No. 10] (the "PACA Motion"). On January 15, 2015, the Bankruptcy Court entered an order approving the PACA Motion on an interim basis [Docket No. 56]. The Bankruptcy Court entered a final order granting the relief requested on March 4, 2015 [Docket No. 619].
- **Customer Programs Motion.** On the Petition Date, the Debtors filed the Debtors' Motion for Entry of an Order (A) Authorizing the Debtors to Maintain and Administer Their Existing Customer Programs and Honor Certain Prepetition Obligations Related Thereto, and (B) Granting Related Relief [Docket No. 12] (the "Customer Programs Motion"). On January 15, 2015, the Bankruptcy Court entered an order approving the Customer Programs Motion on a final basis [Docket No. 49].
- **Taxes Motion.** On the Petition Date, the Debtors filed the Debtors' Motion for Entry of Interim and Final Orders (I) Authorizing the Debtors to Pay Certain Prepetition Taxes and Fees, and (II) Granting Related Relief [Docket No. 13] (the "Taxes Motion"). On January 15, 2015, the Bankruptcy Court entered an order approving the Taxes Motion on an interim basis [Docket No. 58]. Following entry of the interim order, the Debtors engaged in negotiations with all relevant parties to resolve a formal objections that had been filed by the Unsecured Creditors Committee [Docket No. 443] and certain informal objections to the Taxes Motion. Following negotiations with the representatives of the

Official Committee, the Debtors filed, and the Bankruptcy Court entered, an agreed final order granting the relief requested on March 4, 2015 [Docket No. 621].

- **Insurance Motion.** On the Petition Date, the Debtors filed the *Debtors' Motion for Entry of an Order (I) Authorizing the Debtors to (A) Continue Their Prepetition Insurance Coverage, (B) Satisfy Payment of Prepetition Obligations Related to That Insurance Coverage in the Ordinary Course of Business, and (C) Renew, Supplement, or Enter into New Insurance Coverage in the Ordinary Course of Business, and (III) Granting Related Relief* [Docket No. 14] (the "Insurance Motion"). On January 15, 2015, the Bankruptcy Court entered an order approving the Insurance Motion on an interim basis [Docket No. 91]. Following entry of the interim order, the Debtors engaged in discussions with representatives of the Unsecured Creditors Committee and Second Priority Noteholders Committee regarding their formal objections to the Insurance Motion, including with respect to payment of insurance-coverage allocations between the Debtors and their non-Debtor affiliates and the Debtors ability to enter into new policies. The Debtors filed, and the Bankruptcy Court entered, an agreed final order granting the relief requested on March 4, 2015 [Docket No. 622].
- **Surety Bond Motion.** On the Petition Date, the Debtors filed the *Debtors' Motion for Entry of an Order (I) Approving Continuation of Surety Bond Program, and (II) Granting Related Relief* [Docket No. 15] (the "Surety Bond Motion"). On January 15, 2015, the Bankruptcy Court entered an order approving the Surety Bond Motion on a final basis [Docket No. 50].
- **Utilities Motion.** On February 2, 2015, the Debtors filed the *Debtors' Motion for Entry of an Order (I) Determining Adequate Assurance of Utility Payment, (II) Approving Procedures for Resolving any Disputes Concerning Adequate Assurance, and (III) Granting Related Relief* [Docket No. 204] (the "Utilities Motion"). On February 11, 2015, the Bankruptcy Court entered an order approving the Utilities Motion on an interim basis [Docket No. 341]. Following the resolution of certain formal and informal objections by utility providers, the Bankruptcy Court entered a final order granting the relief requested on February 26, 2015 [Docket No. 502].

2. Procedural and Administrative Motions

To facilitate a smooth and efficient administration of the Chapter 11 Cases and to reduce the administrative burden associated therewith, the Debtors filed the following motions seeking authorization to implement certain procedural and administrative relief:

- **Joint Administration Motion.** On the Petition Date, the Debtors filed the Debtors' Motion for Entry of an Order (I) Directing Joint Administration of Related Chapter 11 Cases, and (II) Granting Related Relief (the "Joint Administration Motion"). On January 15, 2015, the Bankruptcy Court entered an order approving the Joint Administration Motion on a final basis [Docket No. 43].
- **Case Management Motion.** On the Petition Date, the Debtors filed the *Debtors' Motion for Entry of an Order Approving Case Management Procedures* [Docket No. 18] (the "Case Management Motion"). On February 19, 2015, the Bankruptcy Court entered an order approving the Case Management Motion on a final basis [Docket No. 395]. On March 20, 2015, the Debtors filed the *Debtors' Motion for Entry of an Order (A) Modifying Case Management Procedures and (B) Granting Related Relief* [Docket No. 936] (the "Case Management Modification Motion"). On April 15, 2015, the Bankruptcy Court entered an order granting in part and denying in part the Case Management Modification Motion and approving certain amended case management procedures [Docket No. 1165] (the "Case Management Order"). The Bankruptcy Court has further amended the Case Management Order [Docket Nos. 1911, 2059, 3067] waiving the Local Bankruptcy Rule 15-page limit for fee applications, clarifying that the Case Management Order (as amended) applies to adversary cases in the Chapter 11 Cases unless the Bankruptcy Court orders otherwise, and permitting the Debtors to notice claim objections for any day the Bankruptcy Court is hearing chapter 7 or chapter 11 cases

(rather than just as on omnibus hearing dates, as required for all other motions and claim objections filed by non-Debtor parties).

- **Schedules and Statements Extension Motion.** On the Petition Date, the Debtors filed the Debtors' Motion for Entry of an Order (I) Extending Deadline to File Schedules of Assets and Liabilities, Current Income and Expenditures, and Executory Contracts and Unexpired Leases and Statements of Financial Affairs, and (II) Granting Related Relief [Docket No. 19] (the "Schedules and Statements Extension Motion"). On January 15, 2015, the Bankruptcy Court entered an order approving the Schedules and Statements Extension Motion on a final basis [Docket No. 60].

3. Retention of Professionals

To assist the Debtors in carrying out their duties as debtors-in-possession and to otherwise represent the Debtors' interests in the Chapter 11 Cases, the Debtors filed applications and the Bankruptcy Court entered orders for the retention of various professionals:

- Prime Clerk LLC, as Notice and Claims Agent to the Debtors [Docket Nos. 16, 51];
- Kirkland & Ellis LLP, as counsel to the Debtors [Docket Nos. 381, 1713];⁴³
- AP Services, LLC ("AlixPartners"), to provide the Debtors a chief restructuring officer and certain additional personnel [Docket Nos. 382, 616];
- Millstein & Co., L.P. ("Millstein"), as financial advisor and investment banker to the Debtors [Docket Nos. 665, 991];
- DLA Piper LLP, as special conflicts counsel to the Debtors [Docket Nos. 375, 1715];
- Paul Hastings LLP as special conflicts counsel to the Debtors [Docket Nos. 649, 1940];
- KPMG LLP, as tax consultants to the Debtors [Docket Nos. 376, 586]; and
- Mesirow Financial Consulting, LLC ("Mesirow") as independent financial advisor to the Special Governance Committee and as potential expert witness [Docket Nos. 383, 997]. ~~Due to certain organizational changes, Mesirow exited the financial restructuring business. It ultimately decided to withdraw its final fee application [Docket No. 3428].~~⁴⁴
Due to certain organizational changes, Mesirow exited the financial restructuring business and the lead expert responsible for advising the Special Governance Committee on its investigation moved to Baker Tilly Virchow Krause, LLP ("Baker Tilly"). The Debtors filed a retention application for Baker Tilly [Docket No 3198]. Due to an issue of disinterestedness involving a former Mesirow

⁴³ On February 25, 2015, the Second Priority Notes Committee objected to the retention of Kirkland & Ellis LLP as counsel to the Debtors [Docket No. 464]. The Bankruptcy Court approved the retention of Kirkland & Ellis LLP as counsel to the Debtors following extensive discovery and a two-day trial [Docket No. 1713]. On October 21, 2015, the Second Priority Notes Committee filed a motion to reconsider the order granting the retention of Kirkland & Ellis LLP as Debtors' counsel (the "Motion to Reconsider") [Docket No. 2470]. On October 22, 2015, the Bankruptcy Court entered an order denying the Motion to Reconsider without prejudice, because the Second Priority Notes Committee filed redacted documents without first receiving permission from the Bankruptcy Court to do so [Docket No. 2501]. On October 30, 2015, the Second Priority Notes Committee refiled an unredacted version of the Motion to Reconsider [Docket No. 2514]. On November 19, 2015, the Bankruptcy Court entered an order construing the motion as a motion to revoke Kirkland & Ellis LLP's retention as Debtors' counsel, narrowing the scope of the issues presented, and ordering limited discovery related thereto [Docket No. 2636]. The Court has not ruled on the Motion to Reconsider.

⁴⁴ ~~The Debtors' retention of Mesirow is further discussed in Error! Reference source not found.~~

[employee, as more fully described in Article IV.F, Judge Goldgar indicated that he would deny Mesrirow's final fee application and Baker Tilly's retention application. Counsel for Mesrirow and the Debtors, respectively, decided to withdraw the Mesrirow final fee application and the Baker Tilly retention application \[Docket Nos. 3428, 3427\].](#)

On February 18, 2015, the Debtors filed the *Debtors' Motion for Entry of an Order Establishing Procedures for Interim Compensation and Reimbursement of Expenses for Professionals* [Docket No. 377] (the "Interim Compensation Motion"), which provides for procedures for the interim compensation and reimbursement of expenses of retained Professionals in the Chapter 11 Cases. On March 4, 2015, the Bankruptcy Court entered an order approving the Interim Compensation Motion [Docket No. 587] (the "Interim Compensation Order"). The Interim Compensation Order, along with the oversight provided by the Fee Committee, governs the compensation of retained professionals in the Chapter 11 Cases.

C. Appointment of Official Committees

1. Unsecured Creditors Committee

On February 5, 2015, the U.S. Trustee filed the *Notice of Appointment of Official Unsecured Creditors Committee* [Docket No. 264] notifying parties in interest that the U.S. Trustee had appointed a statutory committee of unsecured creditors (the "Unsecured Creditors Committee") in the Chapter 11 Cases. Due to subsequent changes in membership, on February 6, 2015, the U.S. Trustee filed the *Amended Notice of Appointment of Official Unsecured Creditors Committee* [Docket No. 317] and, on September 25, 2015, the U.S. Trustee filed the *Second Amendment Appoint of Unsecured Creditors Committee* [Docket No. 2298]. The Unsecured Creditors Committee is currently comprised of (a) the National Retirement Fund, (b) International Game Technology, (c) US Foods, Inc., (d) Law Debenture Trust Company of New York, solely in its capacity as Senior Unsecured Notes Indenture Trustee, (e) Relative Value-Long/Short Debt, a Series of Underlying Funds Trust, (f) Wilmington Trust, N.A., solely in its capacity as Subsidiary-Guaranteed Notes Indenture Trustee, (g) Hilton Worldwide, Inc., (h) Earl of Sandwich (Atlantic City) LLC, and (i) PepsiCo, Inc.

To assist the Unsecured Creditors Committee in carrying out its duties under the Bankruptcy Code during the Chapter 11 Cases, the Unsecured Creditors Committee filed applications and the Bankruptcy Court entered orders for the retention of the following professionals:

- Proskauer Rose LLP, as counsel to the Unsecured Creditors Committee [Docket Nos. 657, 998];
- FTI Consulting, Inc., as financial advisor to the Unsecured Creditors Committee [Docket Nos. 658, 999];
- Jefferies LLC, as investment banker to the Unsecured Creditors Committee [Docket Nos. 661, 1001];
- G.C. Andersen Partners, LLC, as gaming industry advisor to the Unsecured Creditors Committee [Docket Nos. 660, 1000]; and
- Kurtzman Carson Consultants LLC ("KCC"), as information agent for the Unsecured Creditors Committee [Docket Nos. 649, 994].⁴⁵

2. Second Priority Noteholders Committee

On February 5, 2015, the U.S. Trustee filed the *Notice of Appointment of Official Committee of Second Priority Noteholders* [Docket No. 266] notifying parties in interest that the U.S. Trustee had appointed a statutory committee comprised of certain Second Lien Noteholders (the "Second Priority Noteholders Committee" and

⁴⁵ KCC also serves as the information agent for the Second Priority Noteholders Committee.

together with the Unsecured Creditors Committee, the “Official Committees”) in the Chapter 11 Cases. The Second Priority Noteholders Committee is comprised of (a) Wilmington Savings Fund Society, FSB, (b) BOKF, N.A., (c) Delaware Trust Company, (d) Tennenbaum Opportunities Partner V, LP, (e) Centerbridge Credit Partners Master LP, (f) Palomino Fund Ltd, and (g) Oaktree FF Investment Fund LP.

To assist the Second Priority Noteholders Committee in carrying out its duties under the Bankruptcy Code during the Chapter 11 Cases, the Second Priority Noteholders Committee filed applications and the Bankruptcy Court entered orders for the retention of the following professionals:

- Jones Day, as counsel to the Second Priority Noteholders Committee [Docket Nos. 662, 1002];
- Zolfo Cooper, LLC, as restructuring and forensic advisors to the Second Priority Noteholders Committee [Docket Nos. 659, 1003];
- Houlihan Lokey Capital, Inc., as financial advisor and investment banker to the Second Priority Noteholders Committee [Docket Nos. 656, 1004]; and
- Kurtzman Carson Consultants LLC (“KCC”), as information agent for the Second Priority Noteholders Committee [Docket Nos. 649, 994].

On February 19, 2015, the Debtors filed the Debtors’ Motion for Entry of an Order Disbanding the Official Committee of Second Priority Noteholders, Reconstituting It with the Creditors’ Committee or, Alternatively, Limiting its Scope, Fees and Expenses [Docket No. 384] (the “Motion to Disband”). In the Motion to Disband, the Debtors requested entry of an order disbanding the Second Priority Noteholders Committee or reconstituting the Unsecured Creditors Committee and the Second Priority Noteholders Committee into one committee. Alternatively, if the Second Priority Noteholders Committee remained in existence, the Motion to Disband sought an order limiting its scope. On March 9, 2015, the Bankruptcy Court entered an order [Docket No. 634] and issued a formal written opinion [Docket No. 633] denying the requested relief as being beyond the Bankruptcy Court’s power to grant.

3. Appointment of Fee Committee

Given the size and complexity of the Chapter 11 Cases, on April 8, 2015, the U.S. Trustee proposed, and the Debtors, the Unsecured Creditors Committee, and the Second Priority Noteholders Committee agreed, to recommend that the Bankruptcy Court appoint a committee (the “Fee Committee”) to, among other things, review and report on, as appropriate, monthly invoices submitted in accordance with the Interim Compensation Order and all interim and final fee applications for compensation and reimbursement of expenses filed by professionals paid from the Debtors’ Estates, other than in the ordinary course. On April 27, 2015, the Bankruptcy Court entered an order appointing the Fee Committee [Docket No. 1319]. The Fee Committee is comprised of five members: (a) one independent member (Nancy Rapoport); (b) one member appointed by and representative of the U.S. Trustee (Roman L. Sukley); (c) one member appointed by and representative of the Debtors (Mary E. Higgins); (d) one member appointed by and representative of the Unsecured Creditors Committee (Julie Johnston-Ahlen); and (e) one member appointed by and representative of the Second Priority Noteholders Committee (James Bolin). On August 31, 2015, December 18, 2015, and April 27, 2016, the Fee Committee filed its first, second, and third reports, respectively, related to the three interim compensation applications submitted by the professionals in the Chapter 11 Cases pursuant to the Interim Compensation Order [Docket Nos. 2140, 2750, 3595].

D. Special Governance Committee Investigation

On June 27, 2014, the Debtors appointed Steven Winograd and Ronen Stauber as independent directors of CEOC. Messrs. Winograd and Stauber are each disinterested directors who are not beholden to CEC, its affiliates other than CEOC or the Sponsors. They have no current ties to CEC, its affiliates other than CEOC or the Sponsors that would compromise their impartiality, and their compensation as directors of CEOC is not contingent upon taking or approving any particular action.

Shortly after their appointment, the CEOC Board of Directors formed the Special Governance Committee, which is comprised of Messrs. Winograd and Stauber. Among other things, the Special Governance Committee commenced an independent investigation (the “SGC Investigation”) into potential claims the Debtors and/or their creditors may have against CEC or its affiliates related to various prepetition Challenged Transactions involving the Debtors, including the claims asserted in complaints that various creditors filed before the Petition Date. Nearly all of the Challenged Transactions occurred prior to the appointment of the independent directors and the creation of the Special Governance Committee.

Beginning in August 2014, the Special Governance Committee, assisted by its advisors, issued more than 100 written requests for documents to CEC, its affiliates, and the Sponsors. The Special Governance Committee reviewed and analyzed documents relating to the Challenged Transactions as well as materials prepared by its advisors. Based on its pre-Petition Date investigation, and upon the recommendation of its advisors, the Special Governance Committee determined that it would require significant contributions from CEC and its affiliates to settle and release CEOC’s claims related to the Challenged Transactions. As a result, the Special Governance Committee negotiated for and secured significant contributions under the Prepetition RSA that it believed were sufficient to reasonably settle CEOC’s claims based on the information available at the time.

The Special Governance Committee, however, had received only 35,000 documents from CEC and the Sponsors when it had reached its preliminary conclusions in December 2014, and numerous interviews of key participants in the Challenged Transactions still needed to be scheduled. Moreover, shortly before the Prepetition RSA was executed, counsel for CEC indicated that they needed to re-review thousands of documents that were initially withheld from the Special Governance Committee as privileged to determine that they were in fact privileged. Because of the material outstanding information requests, the Special Governance Committee insisted that the releases of CEC and its affiliates under the RSA be contingent on the Governance Committee receiving all of the requested information and concluding at the end of the SGC Investigation that the consideration CEC and its affiliates was providing towards the Debtors’ restructuring was sufficient in light of the claims being released. The Special Governance Committee also required, as a condition to approval of the Prepetition RSA, an express “fiduciary out” that permitted the Special Governance Committee to terminate the Prepetition RSA if a superior, alternative transaction became available.

Based on the information available at the time, the Special Governance Committee’s preliminary claims assessment had a range of \$1.0 billion to \$2.3 billion assuming CEC and its affiliates were entitled to offsets as good faith transferees for consideration they provided to CEOC and \$3.5 billion to \$4.6 billion assuming no offsets. The Special Governance Committee did not have sufficient information to determine whether fraudulent transfer claims based on an actual intent to delay, hinder or defraud creditors were likely to succeed, or whether CEC or its affiliates would be entitled to offsets as good faith transferees. As contemplated in the Prepetition RSA, the Special Governance Committee continued its SGC Investigation after the Petition Date, including by conducting additional material interviews, requesting, receiving and reviewing other documentation, and analyzing potential additional claims. But additional material requests remained outstanding.

The Debtors asked the Court to appoint an Examiner in February 2015. The Special Governance Committee and its advisors kept abreast of the Examiner’s progress and reviewed the Examiner Report (as defined below), interview transcripts, and additional documents produced to the Examiner. The Special Governance Committee’s advisors reviewed a substantial number of the approximately 1 million documents produced through the Examiner investigation. In addition to the more than 25 interviews conducted as part of the SGC Investigation, the Special Governance Committee’s advisors analyzed the 74 transcripts of interviews conducted by the Examiner.

CEC and the Sponsors, however, produced tens of thousands of documents as Examiner’s Eyes Only on the grounds that they were privileged and therefore the Special Governance Committee could not see them. On December 2, 2015, the Debtors filed a motion to compel CEC to turn over documents that the Special Governance Committee believed were material to the investigation but which CEC claimed were privileged [Docket No. 2683]. The Debtors argued that because CEC and CEOC shared common outside counsel until July 2014, the Debtors were entitled to all relevant documents until CEOC was provided separate independent counsel. After the Debtors and CEC submitted their respective briefs, on January 14, 2016, the parties reached agreement on a form of protective

order pursuant to which CEC agreed to turn over all of the disputed documents subject to certain conditions on the Debtors' use of the documents. [Docket No. 2992] The Court entered the *Stipulation and Agreed Protective Order* that same day and subsequently entered an order withdrawing the Debtors' motion to compel [Docket Nos. 2993, 2994]. As a result of the Debtors' motion to compel, as well as additional document productions to the Examiner, the Debtors received more than 200,000 documents from CEC, Apollo, and TPG since the beginning of 2016. These document productions continued into March 2016. The late-produced documents were material to the Special Governance Committee's views on various issues and materially increased the Special Governance Committee's ranges of the value of the Estate Claims. In particular, the documents revealed numerous facts that caused the Special Governance committee to question the availability of good faith offsets and conclude that additional material claims relating to the financing transactions existed.

Likewise, the Examiner's Final Report [Docket No. 3401] (the "Examiner Report") further refined the Special Governance Committee's views on various issues. The Examiner's thorough 930-page report (plus appendices) was issued on March 15, 2016. The Special Governance Committee reviewed the Examiner's conclusions and analysis to determine the effect, if any, on the SGC Investigation. In many instances, the Examiner Report verified the conclusions of the SGC Investigation. For some transactions, the Examiner Report provided new insights that the Special Governance Committee incorporated into the SGC Investigation.

After an independent analysis of all of the documents and interviews obtained through the SGC Investigation and the Examiner's work, as well as a separate analysis by Kirkland & Ellis LLP of the Examiner Report, the Special Governance Committee assessed the validity of all potential Estate Claims the Debtors and/or their creditors may have against CEC or its affiliates, assessed the probability that such claims could be successfully litigated, and considered the attendant litigation, execution, and business risks associated with pursuing such claims.

Following dozens of calls and meetings between the Special Governance Committee and its advisors from mid-2014 to present, the Special Governance Committee held meetings on March 23 and 24 to assess the results of the SGC Investigation and the Examiner Report. Based on the SGC Investigation, the Special Governance Committee concluded that the Debtors' claims related to the Challenged Transactions were worth approximately \$3.2 billion to \$5.2 billion assuming CEC and its affiliates were entitled to good faith offsets as part of a settlement and \$3.8 billion to \$5.8 billion if the good faith offset issue were actually litigated. The Special Governance Committee also asked Kirkland & Ellis LLP to further analyze the Examiner Report to adjust his headline conclusions of \$3.6 billion to \$5.1 billion for litigation risk and additional issues. Kirkland & Ellis LLP concluded that the Examiner's ranges, once adjusted for litigation risk, would be \$3.6 billion to \$4.5 billion assuming that the value of the claims is determined at the time the assets were transferred or \$4.1 billion to \$5.1 billion assuming the Debtors were entitled to recover estimated reasonable appreciation that has occurred since the transfer dates. The Special Governance Committee concluded these ranges were largely consistent with each other and presented informative indicators of the potential value of the Estate Claims to the Debtors. Certain ranges considered by the Special Governance Committee relied on assessments prepared by its legal and financial advisors, while others relied solely on Kirkland & Ellis LLP's litigation assessment applied to the Examiner's value ranges. Because of the significant delays and costs necessary to monetize these claims and the uncertainty of the outcomes, however, the Special Governance Committee remained focused on achieving a settlement with CEC and its affiliates that fairly compensated the Debtors for these claims while allowing creditors to obtain substantial near-term recoveries now without requiring creditors to take on the risks and delays of litigation. The Special Governance Committee, with the input of its advisors, concluded that successful prosecution of these claims likely would take at least five years and likely would cost at least \$100 million in attorney and expert fees to achieve a final, non-appealable judgment.

Based on its 20-month investigation, and on its careful consideration of the Examiner Report, the Special Governance Committee believes that a settlement premised on securing contributions from CEC and its affiliates is fair, reasonable, and in the best interests of the estates. As noted above, the Plan contemplates contributions from CEC and its affiliates that the Debtors estimate have a midpoint value of \$4 billion. The Special Governance Committee believes this amount is well within the appropriate settlement range. See Fed. R. Bankr. P. 9019. The contribution from CEC and its affiliates contemplated by the Plan is well within ranges of values considered by the

Special Governance Committee for the Estate Claims that are being released under the Plan.⁴⁶ The conclusions of the SGC Investigation are set out below.

1. The CIE Transactions

Before 2009, a CEOC subsidiary owned the World Series of Poker (“WSOP”) trademark and certain associated intellectual property (“IP”). The trade name was used to run branded, in-person poker tournaments around the United States, with the final round held at the Rio Hotel and Casino in Las Vegas. The Rio is owned by Rio Property Holding LLC and Cinderlane Inc., non-Debtor subsidiaries of CEC and CERP. The WSOP IP was associated with multiple revenue streams, including the tournaments themselves, as well as related sponsorship, media, licensing and retail businesses.

In 2009, CEOC transferred the WSOP trademark and certain intellectual property to CIE, a new CEC subsidiary created to pursue online gaming opportunities (the “CIE 2009” transaction). In exchange, CEOC received preferred shares in HIE Holdings Topco, with a stated value of \$15 million, and a perpetual, royalty-free right to use the WSOP trademark and intellectual property in connection with the operation of branded, in-person poker tournaments and the sale of branded products. CEC retained Duff & Phelps, LLC (“Duff & Phelps”) to provide fairness opinions to both the CEOC and CEC Boards of Directors. Duff & Phelps valued the WSOP trademark and IP at \$15 million. It also concluded that the transaction was fair from a financial point of view to CEOC, and the terms were no less favorable to CEOC than those that would have been obtained in an arm’s-length non-affiliate transaction.

In 2011, CEOC transferred the right to host the WSOP-branded poker tournaments (which was not transferred as part of the 2009 transaction). In exchange, CEC forgave \$20.5 million in outstanding principal on an intercompany loan between CEC and CEOC. Following the 2011 transaction, CEC (through its majority ownership of CIE) controlled essentially all aspects of the WSOP, including the trademark, the property where the WSOP tournament finals were held, and the right to host the tournament. The transaction was approved by the CEC board of directors (the “CEC Board of Directors”). Valuation Research Corporation provided a fairness opinion to the CEC Board of Directors concluding, among other things, that the principal economic terms of the transaction were fair from a financial point of view to CEOC and the transaction was on terms that were no less favorable to CEOC than it could obtain in a comparable arm’s-length non-affiliate transaction.

The SGC Investigation concluded that with respect to the CIE 2009 transaction, it is highly likely that the Debtors could recover on a constructive fraudulent transfer claim. But other claims are unlikely to succeed given statute of limitations and other issues. With respect to the constructive fraudulent transfer claim, CEOC was insolvent at the time of the transfer, and did not receive reasonably equivalent value. The consideration shortfall for the WSOP trademark and IP transferred was approximately \$54 million to \$66 million. The SGC Investigation also concluded CIE is unlikely to obtain the good faith offset under section 548(c) for the value of the preferred shares of HIE Holdings Topco that CEOC received as consideration for the WSOP trademark and IP. With respect to fiduciary duty claims, there was insufficient process and inadequate governance to protect CEOC’s interests in the transaction, including no independent directors to evaluate the transaction and negotiate on CEOC’s behalf. However, breach of fiduciary duty claims are likely time-barred.

The SGC Investigation also concluded that a claim to recover any additional value of CIE is unlikely to succeed given the tenuous connection between the WSOP trademark and IP transferred and “social gaming” (which has driven most of CIE’s growth), and because of statute of limitations issues. Nonetheless, the claim would be worth pursuing because there is a good faith basis to assert it, it likely would survive a motion to dismiss and have settlement value, and further fact development may increase the overall likelihood of success.

⁴⁶ ~~The contribution from CEC and its affiliates is not allocated between the settlement of the estate claims and the third party claims that are being released under the Plan. The Special Governance Committee believes that the contribution supports both releases.~~

The SGC Investigation concluded that with respect to the CIE 2011 transaction, it is highly likely that the Debtors could recover on claims for constructive fraudulent transfer. But other claims are unlikely to succeed given the statute of limitations and other issues. With respect to the constructive fraudulent transfer claim, the consideration CEC provided to CEOC in exchange for the tournament rights did not represent reasonably equivalent value, and was deficient by approximately \$20 million to \$54 million. The SGC Investigation likewise concluded that CIE is unlikely to obtain the good faith offset under section 548(c) for the \$20.5 million it paid for the tournament rights. With respect to fiduciary duty claims, there was insufficient process and inadequate governance to protect CEOC's interests in the transaction, including no independent directors to evaluate the transaction and negotiate on CEOC's behalf. However, breach of fiduciary duty claims are likely time-barred.

Because the CIE assets are subject to the Debtors claims for fraudulent transfer and breach of fiduciary duty, the Debtors may seek the return of the CIE assets as a remedy for these claims. Accordingly, the Debtors request and expect that CAC will notify any potential buyer of CIE's assets in writing of these claims and potential remedies. The Debtors also believe that, regardless of such notice, any potential buyer already is on notice of these claims and, if not, is hereby placed on notice of these claims. Further, although CAC contends that it is not subject to the Bankruptcy Court's jurisdiction, the Debtors disagree and believe that CAC is subject to the Bankruptcy Court's jurisdiction.

2. The 2010 Trademark Transfer

In 2008, CEOC subsidiary Caesars License Company ("CLC" f/k/a/ Harrah's License Company) owned the trademarks and other IP used in the Caesars network. In connection with the 2008 LBO and the spin-off of six properties to a CMBS entity that later became CERP (the "CERP Properties"), CLC licensed to the CERP Properties on an exclusive, royalty-free basis the right to use the property-specific trademarks (i.e., "Rio," "Flamingo," and "Paris") in connection with the operation of those properties. CLC retained legal ownership to the trademarks and the right to use them in all other aspects of the business, such as marketing or advertising.

In 2010, the CERP Properties and the lenders amended the terms of the CMBS financing to extend the maturity of the loan. As additional protection in the event of default by CLC or foreclosure by the CMBS lenders, the lenders requested that ownership of the property-specific trademarks be transferred to the CERP Properties. Caesars agreed to assign the property-specific trademarks (i.e., trademarks, domain names, and copyrights) to the CERP Properties. The CERP Properties, in turn, provided CLC with a non-exclusive, royalty-free license to use the trademarks for any purpose other than the operation of the CERP Properties. No consideration was provided for this transfer.

Accounting memos written by both Caesars and Deloitte in late 2011 state that the trademark transfer was not intended to change the relative rights of CLC and the CERP Properties. Before and after the transfer, the CERP Properties had the exclusive, royalty-free right to use the property specific trademarks in connection with the operation of those properties and CEOC could use them in all other aspects of the business. As a result, Caesars concluded that no underlying fair market value related to the trademarks was transferred from CLC to the CERP Properties in 2010, and the only substantive change that resulted from the transfer was the protections provided to the CMBS Properties in the event of a default.

The SGC Investigation concluded that it is highly unlikely that the Debtors could recover on claims for constructive fraudulent transfer, fraudulent transfer with actual intent, breach of fiduciary duty, or aiding and abetting breach of fiduciary duty because the parties' respective use rights in the trademarks did not change materially as a result of the transfer. In addition, fiduciary duty claims are likely time barred and there is no "golden creditor" of CLC that could extend the statute of limitations on any fraudulent transfer claim.

3. The CERP Transaction

In October 2013, a CEOC subsidiary transferred to CERP the equity of Octavius Linq Intermediate Hold Co., which owned the Octavius Tower (which is the newest tower in Caesars Palace) and Project Linq (an entertainment district). In return, CEOC received approximately \$80 million in cash and \$53 million in CEOC notes

for retirement, and CERP assumed \$450 million of debt associated with these properties (these transactions collectively, the “CERP Transaction”). The transfer was done to help CEC effectuate a refinancing of debt that was obtained in connection with the 2008 LBO and secured by the six CERP Properties. Without a refinancing, this debt was set to mature in early 2015. Because of the economic downturn following the 2008 LBO, the value of the six CERP Properties had declined and was no longer sufficient to support the debt. Therefore, CEC formed CERP with the six CERP Properties and transferred the Octavius/Linq properties to CERP to provide additional collateral to close the refinancing.

CEC retained Perella to provide a reasonably equivalent value opinion to CEOC on the CERP Transaction. Perella opined that the value of the consideration CEOC received was reasonably equivalent to the value of the assets CEOC transferred.

The SGC Investigation concluded that with respect to the CERP Transaction, it is highly likely the Debtors could recover on claims for constructive fraudulent transfer and fraudulent transfer with actual intent against CEC, CERP, and Rio Properties, breach of fiduciary duty against CEOC’s directors and CEC, and aiding and abetting breach of fiduciary duty against the Sponsors (particularly Apollo). CEOC was insolvent and the consideration it received did not represent reasonably equivalent value as it was deficient by approximately \$444 million. Many badges of fraud also are present, including that CEOC was insolvent; lack of reasonably equivalent value; transfer to an insider; and transfer of strategic, “crown jewel” assets. In addition, the Sponsors stood on both sides of the transaction and attempted to reduce the price paid to CEOC for the Octavius/Linq assets. The Sponsors likewise provided incomplete and/or inaccurate information to Perella, thus diminishing the relevance of its reasonably equivalent value opinion. Further, there was insufficient process and inadequate governance to protect CEOC’s interests in the transaction, including no independent directors to evaluate the transaction and negotiate on CEOC’s behalf. Finally, the SGC Investigation concluded that CERP is unlikely to obtain the good faith offset under section 548(c) for the approximately \$133 million in cash and retired notes that CEOC received as consideration.

4. The Growth Transaction

In mid-2012, the Sponsors began evaluating potential structures for a new Caesars entity that would acquire growth assets from CEC and CEOC, including whether the structure would be sufficiently “bankruptcy remote” to protect the assets if CEOC or CEC filed for bankruptcy. That entity became known as CGP, which is now a subsidiary of CAC. In October 2013, CEOC subsidiaries transferred the Planet Hollywood Resort & Casino in Las Vegas, CEOC’s interest in the Horseshoe Baltimore project, and 50 percent of the management fees associated with these two properties to CGP in exchange for \$360 million in cash and CGP’s assumption of \$513 million in debt associated with these properties (the “Growth Transaction”).

The Growth Transaction was negotiated over several months among representatives of the Sponsors and an independent Valuation Committee of CEC’s Board (the “CEC Valuation Committee”), which was formed to determine the fair market value of the assets and equity exchanged in the Growth Transaction. The CEC Valuation Committee engaged Morrison & Foerster LLP (“Morrison & Foerster”) as legal counsel and Evercore Partners LLC (“Evercore”) as its financial advisor. Evercore opined, among other things, that the consideration CEOC received in exchange for these assets was not less than the fair market value of such assets. The CEC Valuation Committee likewise concluded that the consideration paid for the assets represented fair market value.

The SGC Investigation concluded that with respect to the Growth Transaction, it is highly likely that the Debtors could recover on claims for constructive fraudulent transfer and fraudulent transfer with actual intent against CGP, and breach of fiduciary duty against the CEOC directors and CEC. It is also likely that the Debtors could recover on aiding and abetting breach of fiduciary duty claims against the Sponsors (particularly Apollo). CEOC was insolvent, and the consideration it received did not represent reasonably equivalent value as it was deficient by approximately \$271 million to \$635 million. Many badges of fraud also are present, including that CEOC was insolvent; lack of reasonably equivalent value; transfer to an insider; CEC and the Sponsors retained access to upside through the transaction; and the desire to move the Growth Transaction assets from the reach of creditors to a “bankruptcy remote” entity. In addition, CEC and the Sponsors did not provide Evercore with updated projections in response to Evercore’s repeated requests, which resulted in Evercore valuing the properties for less

than they were worth. Finally, CEC's contemporaneous requirement for CEOC to repay over \$400 million of the CEC-CEOC intercompany revolver undermines CEC's argument that the Growth Transaction was designed to provide CEOC with much-needed liquidity. Moreover, there was insufficient process and inadequate governance to protect CEOC's interests in the transaction, including no independent directors to evaluate the transaction and negotiate on CEOC's behalf. The SGC Investigation concluded that CGP is likely to obtain the good faith offset under section 548(c) for the \$360 million in cash paid to CEOC because, among other reasons, CAC and CGP did not exist until the Growth Transaction closed, and it is unclear whether the Sponsors' primary goal of gaining leverage over CEOC's creditors in the event of a chapter 11 filing could be attributable to CGP under these circumstances.

5. The Four Properties Transaction

In May 2014, CEOC transferred to CGP four casino properties (The Quad Resort and Casino (renamed the LINQ Hotel & Casino in July 2014), Bally's Las Vegas, The Cromwell, and Harrah's New Orleans) (collectively, the "Four Properties") and 50 percent of the management fees payable by each casino in exchange for approximately \$2.0 billion (the "Four Properties Transaction"). The final purchase price consisted of \$1.815 billion of cash and CGP's assumption of a \$185 million credit facility used to renovate The Cromwell.

The Four Properties Transaction was negotiated and unanimously recommended by special committees of independent members of CEC and CAC's Boards of Directors. The CEC Special Committee engaged Centerview Partners ("Centerview") and Duff & Phelps as financial advisors and Reed Smith LLP ("Reed Smith") as legal advisor. Centerview opined that (a) the purchase price was fair to CEOC from a financial point of view, and (b) the purchase price was reasonably equivalent to the value of the transferred casinos plus 50% of their management fee streams. Duff & Phelps opined that the transaction was on terms that were no less favorable to CEOC than would be obtained in a comparable arm's-length transaction with a non-affiliate.

The SGC Investigation concluded that with respect to the Four Properties Transaction, it is highly likely that the Debtors could recover on claims for constructive fraudulent transfer and fraudulent transfer with actual intent against CGP, and breach of fiduciary duty against the CEOC Board of Directors and CEC. It is also likely the Debtors could recover for aiding and abetting breach of fiduciary duty against the Sponsors. CEOC was insolvent, and the consideration it received did not represent reasonably equivalent value as it was deficient by approximately \$210 million to \$930 million for the Four Properties alone. In addition, CEOC transferred undeveloped land worth approximately \$109 million to \$140 million to CGP as part of the Four Properties Transaction for no additional consideration.

Several badges of fraud are also present, including that CEOC was insolvent; lack of reasonably equivalent value; transfer to an insider; CEC and the Sponsors retained access to upside; and threat of suit before the transaction closed. In addition, the Sponsors planned for and designed the transaction to provide "bankruptcy remote" access to Total Rewards for CGP and CERP. The fairness opinions issued by Centerview and Duff & Phelps are not reliable because CEC provided materially lower projections to the financial advisors than its ordinary-course projections. In fact, these lower projections were used only for the fairness opinions and were not used for other purposes before or after the transaction. There was insufficient process and inadequate governance to protect CEOC's interests in the transaction, including no independent directors to evaluate the transaction and negotiate on CEOC's behalf. The SGC Investigation concluded that CGP is highly likely to obtain the good faith offset under section 548(c) for the \$1.815 billion in cash paid to CEOC in the Four Properties Transaction because, among other reasons, a separate committee of independent CAC directors negotiated the transaction for CGP.

6. The Shared Services Joint Venture

In connection with the Four Properties Transaction, CES was formed in May 2014 as a joint venture among CEOC, CERP, and CGPH to provide centralized property management services and common management of enterprise-wide intellectual property. CEOC owns 69 percent, CERP owns 20.2 percent and CGPH owns 10.8 percent of CES. Each partner has a 33 percent vote. CEOC's primary contribution to CES was a license to certain intellectual property, including Total Rewards.

Pursuant to CES's limited liability company agreement, the vast majority of individuals employed by CEOC and CERP, or their respective subsidiaries, were transferred to CES, and all employment-related obligations associated with these employees were assigned to CES. In addition, the Omnibus Agreement assigned to CES certain duties that CEOC and its subsidiaries historically had performed, such as managing, on a reimbursable basis, the payroll and accounts payable for CEOC, CERP, and CGP and their predecessor entities. Finally, CEOC granted to CES a license to certain intellectual property, including Total Rewards, which CES then licenses to other entities in the Caesars enterprise.

The CEC Special Committee, established for the Four Properties Transaction, approved the terms of the Shared Services Joint Venture, which Duff & Phelps opined were no less favorable to CEOC than would be obtained in a comparable arms-length transaction with a non-affiliate. A CEC ad hoc committee ultimately recommended that the CEC Board of Directors approve the CES Amended and Restated Limited Liability Company Agreement, as well as the Omnibus Agreement. The CEC and CEOC Boards of Directors approved the agreements by unanimous written consents.

The SGC Investigation concluded that with respect to CES, it is highly likely that the Debtors could recover on claims for constructive fraudulent transfer and fraudulent transfer with actual intent against CES and CGP and breach of fiduciary duty against CEOC's Directors and CEC. It is also likely the Debtors could recover for aiding and abetting breach of fiduciary duty against the Sponsors. The SGC Investigation concluded that the value range for claims arising out of the creation of CES is \$0 to \$200 million.

7. The B-7 Refinancing

On May 6, 2014, CEC and CEOC announced a financing plan that, according to CEC, was designed to extend CEOC's near-term maturities and provide it with covenant relief (the "B-7 Refinancing"). Among other things, the B-7 Refinancing included the following components:

- Certain of the First Lien Lenders provided an additional \$1.75 billion to CEOC under the Prepetition Credit Agreement through the B-7 term loan (the "B-7 Term Loan");
- CEC sold 5 percent (68.1 shares) of CEOC's outstanding common shares to institutional investors unaffiliated with CEC for \$6.15 million; and
- The Prepetition Credit Agreement was amended to: (a) relax certain financial covenants; (b) make CEC's guarantee of the Prepetition Credit Agreement obligations a guarantee of collection rather than of payment; and (c) cap the amount of debt that could be guaranteed to the amount outstanding under the Prepetition Credit Agreement plus approximately \$2.9 billion of additional indebtedness.

On July 25, 2014, the B-7 Term Loan was assumed by CEOC after regulatory approvals were obtained and the Prepetition Credit Agreement amendments became effective. CEOC used the proceeds of the B-7 Term Loan to retire (a) 98 percent of the \$214.8 million in aggregate principal amount of the 10.00% Second-Priority Senior Secured Notes due 2015 issued pursuant to that certain Indenture, dated as of December 24, 2008, by and between CEOC, CEC, and the applicable 10.00% Second Lien Notes Indenture Trustee; (b) 99.1 percent of the \$792 million in aggregate principal amount of 5.625% Senior Unsecured Notes due 2015 issued pursuant to that certain Indenture, dated as of May 27, 2005, by and between CEOC, CEC, and U.S. Bank as Trustee, as supplemented from time to time; and (c) 100 percent of the \$29 million in aggregate principal amount of the applicable term loans under the Prepetition Credit Agreement that were due in 2015.

CEC's sale of CEOC stock to the unaffiliated entities resulted in the automatic release of CEC's guarantee of the Debtors' obligations under the First Lien Notes, Second Lien Notes, Subsidiary-Guaranteed Notes, and Senior Unsecured Notes. The B-7 Refinancing modified CEC's guarantee of the obligations under the Prepetition Credit Agreement from a guarantee of payment to a capped guarantee of collection.

The SGC Investigation concluded that with respect to the B-7 Refinancing, it is likely that the Debtors could recover on claims for fraudulent transfer with actual intent against CEC, CERP, and CGP, breach of fiduciary duties against the CEOC Directors and CEC, and aiding and abetting breach of fiduciary duty against the Sponsors, but that it is unlikely that the Debtors can successfully assert a claim for constructive fraudulent transfer. The Debtors likely can recover the approximately \$452 million paid to affiliate CGP to purchase its 2015 notes at a premium in connection with the refinancing. Likewise, the Debtors likely can recover the \$315 million in cash used to pay 2016 and 2017 maturities, which principally benefitted CEC by allowing it to convert its guarantee of payment to a guarantee of collection. The SGC Investigation concluded that it is unlikely that the Debtors could recover the \$420 million paid to Chatham to purchase its 2015 notes at a premium, but that recovery on such a claim may be possible given Chatham's role in connection with the release of the guarantee. The SGC Investigation likewise concluded that a portion of \$219 million in fees for the B-7 refinancing are likely recoverable.

8. The Senior Unsecured Notes Transaction⁴⁷

On August 22, 2014, CEC and CEOC consummated the "Senior Unsecured Notes Transaction" with certain holders of CEOC's outstanding Senior Unsecured Notes, who represented \$237.8 million in aggregate principal amount of the Senior Unsecured Notes and greater than 51 percent of each series of the Senior Unsecured Notes that were then held by non-affiliates of CEC and CEOC (the "August Noteholders"). As part of the Senior Unsecured Notes Transaction, the August Noteholders sold to CEC and CEOC an aggregate principal amount of approximately \$89.4 million of the 6.50% Senior Unsecured Notes Due 2016 and an aggregate principal amount of approximately \$66 million of the 5.75% Senior Unsecured Notes Due 2017. In return, CEC and CEOC each paid the August Noteholders \$77.7 million in cash, and CEOC also paid the August Noteholders accrued and unpaid interest in cash. CEC also contributed Senior Unsecured Notes in the aggregate principal amount of approximately \$426.6 million to CEOC for cancellation. Through the Senior Unsecured Notes Transaction, CEOC reduced its outstanding indebtedness by approximately \$582 million and its annual interest expense by approximately \$34 million.

As part of the Senior Unsecured Notes Transaction, and with the consent of the August Noteholders, CEOC and the Senior Unsecured Notes Trustee entered into supplemental Senior Unsecured Notes indentures to remove provisions relating to CEC's guarantee of the Senior Unsecured Notes and to modify the covenant restricting disposition of "substantially all" of CEOC's assets so that future asset sales would be measured against CEOC's assets as of the date of the supplemental indentures. In addition, with the consent of the August Noteholders, CEOC and the Senior Unsecured Notes Indenture Trustee amended the Senior Unsecured Notes Indentures to modify a ratable amount of the approximately \$82.4 million face amount of the 6.50% Senior Unsecured Notes Due 2016 and 5.75% Senior Unsecured Notes Due 2015 (the "Amended Senior Unsecured Notes") held by the August Noteholders to include provisions that holders of those two series of the Amended Senior Unsecured Notes will be deemed to consent to any restructuring of the Senior Unsecured Notes (including the Amended Senior Unsecured Notes) that has been consented to by holders of at least 10 percent of the outstanding 6.50% Senior Unsecured Notes Due 2016 and 5.75% Senior Unsecured Notes Due 2015, as applicable.

The SGC Investigation concluded that with respect to the Senior Unsecured Notes Transaction, it is unlikely that the Debtors possess any viable claim. Unlike the other transactions, CEOC had independent directors (through the Special Governance Committee) and advisors (Kirkland & Ellis LLP), which negotiated the deal on behalf of CEOC and its stakeholders. Accordingly, as the Examiner concluded, this transaction reflects the valid exercise of the Debtors' business judgment.

⁴⁷ [Certain other parties disagree with the Special Governance Committee's analysis of this transaction, including the Ad Hoc Group of 5.75% and 6.50% Notes and Frederick Barton Danner. The specific perspective of the Ad Hoc Group of 5.75% and 6.50% Notes can be found at Article IV.G.4.](#)

9. The Intercompany Revolver

In 2008, CEC and CEOC established an unsecured revolving credit facility in favor of CEOC. As of late 2012, CEC converted the revolver from a committed to uncommitted facility, required CEOC to make solvency representations to further access the revolver, and did not lend any additional funds to CEOC. Despite the fact that no payments were due until November 2017 (following an amendment in November 2012, which extended the maturity date from January 2014), CEOC repaid more than \$409 million in 2012 and 2013. The majority of these proceeds were used to buy back CMBS Debt at a discount and to provide cash for the CERP Properties. In May 2014, the Sponsors requested repayment of the remaining amount of principal and interest outstanding under the revolver (\$262 million).

The SGC Investigation concluded that with respect to the \$289 million in payments the Debtors made within one year of their bankruptcy filing, the Debtors were highly likely to recover these payments from CEC as avoidable preferences. The SGC Investigation also concluded it is likely that the Debtors could succeed on claims for fraudulent transfer with actual intent against CEC and CERP, breach of fiduciary duty against CEOC's directors and CEC, and aiding and abetting breach of fiduciary duty against the Sponsors to recover \$373 million (the balance of the \$662.5 million CEOC repaid net of the \$289 million preference) since mid-2012. Finally, the SGC Investigation concluded that it is unlikely the Debtors could succeed on a recharacterization and illegal dividends claim.

10. Additional Investigation Transactions and Topics

Multiple Degradation. As a result of the asset transfers described above, more of CEOC's EBITDA is derived from regional properties than from Las Vegas properties. Following the CERP Transaction, Growth Transaction, and Four Properties Transaction, the percentage of CEOC's EBITDA derived from Las Vegas properties declined from 41 percent to 28 percent. Certain creditors have argued this shift has diminished the overall value of the CEOC enterprise beyond the consideration shortfall in the amount paid to CEOC for the assets transferred.

The SGC Investigation concluded that it is unlikely that the Debtors could recover on any legal claim relating to multiple degradation. Should the Debtors be successful in recovering the fair value of the transferred assets as described above, an additional recovery for "multiple degradation" would likely be a duplicative or double recovery.

Showboat Closure and Sale. In August 2014, CEOC closed the Showboat Atlantic City Casino in Atlantic City, New Jersey. In December 2014, CEOC sold the Showboat property to Stockton College for \$18 million. The SGC Investigation concluded that with respect to the Showboat Sale and Closure, it is unlikely that the Debtors could succeed on any legal claim.

After the Showboat closure, however, the Atlantic City marketing plan focused on retaining Showboat's customers generally (rather than directing them to CEOC-owned properties). As a result, a greater percentage of Showboat-dominant customers played at CERP properties than had done so before. CEOC thus effectively transferred its Showboat customer list to CERP without consideration at a time it was insolvent. The SGC Investigation concluded that it is likely that the Debtors could recover on a *de minimis* constructive fraudulent transfer claim against CERP relating to the customer list.

The Atlantic Club Transaction. In December 2013, CEOC purchased the non-gaming assets of the Atlantic Club Casino Hotel ("Atlantic Club") located in Atlantic City, New Jersey, for approximately \$15.5 million for the purpose of putting a deed restriction on the property. In May 2014, CEOC sold the Atlantic Club to TJM Properties for \$15.5 million with a restriction prohibiting its use for gaming activities. The SGC Investigation concluded that with respect to the Atlantic Club Transaction, it is unlikely that the Debtors could succeed on any legal claim.

CERP/Total Rewards and Management Fees. While it was still solvent, CEOC provided management services and access to Total Rewards to the CERP Properties without compensation. CEOC continued to do so after it became insolvent. In 2010, CEOC and CERP entered into a new services agreement through which CEOC continued to provide management services and access to Total Rewards to the CERP Properties at no cost. In 2014, with the formation of CES, CEOC gave up (without compensation) access to the stream of management fees and access to Total Rewards to which it otherwise would have been entitled.

The SGC Investigation concluded that it is highly likely that CEOC could succeed on claims for constructive fraudulent transfer and fraudulent transfer with actual intent against CEC and CERP, and breach of fiduciary duty against the CEOC Directors and CEC. It is also likely that CEOC could succeed on aiding and abetting claims against the Sponsors (particularly Apollo). The services that CEOC provided to CERP for no compensation are valued at approximately \$237 million for the period from 2010 to May 2014 and \$133 million to \$592 million for the period beginning May 2014 (although any recoveries related to the post-May 2014 period would need to be offset against the costs CEOC would incur to provide such services).

CES Allocated Costs. Before CGP was created, CEOC paid 70 percent of unallocated overhead costs and the CERP Properties paid the remaining 30 percent. With the creation of CES, indirect costs (operating expenses and annual baseline capital expenditures) were allocated between CEOC, CERP, and CGP. Following the Four Properties Transaction, CEOC's revenues as a percentage of Caesars' total net revenues declined from 69 percent to 65.65 percent. CEOC, however, continued to pay approximately 69 percent of the shared services costs.

The SGC Investigation concluded it is highly likely that CEOC could succeed on claims for constructive fraudulent transfer and fraudulent transfer with actual intent against CEC and CERP and likely that CEOC could succeed on a breach of fiduciary duty claim against the CEOC Directors and CEC for the \$14.5 million it overpaid in cost allocations. It is highly unlikely that CEOC could succeed on claims for aiding and abetting breach of fiduciary duties against the Sponsors.

Tax Assets. The Special Governance Committee considered whether CEOC has any claims relating to other Caesars entities' use of CEOC's net operating loss ("NOL") carryforwards or because Caesars did not have a tax sharing agreement. The SGC Investigation concluded it is likely that CEOC could succeed on a claim for constructive fraudulent transfer, unjust enrichment, or turnover against CEC relating to a \$56 million 2011 tax refund that should have been provided to CEOC. It is unlikely that the Debtors could recover on a legal claim relating to the lack of a tax sharing agreement and the utilization of CEOC's NOL carryforwards by the CEC consolidated tax group.

Sponsor Fees. The Special Governance Committee considered whether CEOC has any claims relating to sponsor fees. Because CEC reimbursed CEOC for any sponsor fees that CEOC originally paid, the SGC Investigation concluded that CEOC has no viable claims related to sponsor fees.

2008 LBO. The Special Governance Committee considered whether CEOC has any claims related to the 2008 LBO. Because CEOC was solvent at the time of the 2008 LBO, the SGC Investigation concluded that CEOC has no viable claims related to the 2008 LBO.

PIK Toggle Notes Repurchase. The Special Governance Committee considered whether CEOC has any claims relating to CEOC's repurchasing of \$17 million in PIK Toggle Notes guaranteed by CEC in December 2014. Because the transaction falls within the safe harbor under Bankruptcy Code section 546(e), the SGC Investigation concluded that CEOC has no viable claims related to the PIK Toggle Notes.

CEOC Loan to CEC. The Special Governance Committee considered whether CEOC has any claims relating to CEOC's \$235 million loan to CEC in 2009 for which CEOC incurred \$5.8 million in interest expense that CEC did not reimburse. The SGC Investigation concluded it is unlikely that CEOC could recover on a claim for constructive fraudulent transfer against CEC, and highly unlikely that CEOC could recover on any other claim related to this interest expense.

Estimated Post-Transfer Appreciation. The SGC Investigation concluded that it is likely that the Debtors could recover post-transfer appreciation relating to the properties and assets transferred, because courts often credit subsequent appreciation to place the transferor in the same position as if the transfer never had occurred. The appreciation likely would be offset against money spent on improvements, pursuant to Bankruptcy Code section 550(e), to the extent profits from the property did not already exceed the transferee's investment.

E. The Examiner

On January 12, 2015, simultaneously with the commencement of the Involuntary Proceeding, the Petitioning Creditors filed in the Involuntary Proceeding the *Motion for Appointment of Examiner with Access to and Authority to Disclose Privileged Materials* [Docket No. 10] (the "Involuntary Proceeding Examiner Motion").

On February 13, 2015, the Debtors filed in the Chapter 11 Cases the *Debtors' Motion for Entry of an Order (I) Appointing an Examiner and (II) Granting Related Relief* [Docket No. 363] (the "Debtors' Examiner Motion") and on February 17, 2015, the Second Priority Noteholders Committee also filed the *Motion of Official Committee of Second Priority Noteholders for Appointment of Examiner with Access to and Authority to Disclose Privileged Materials* (the "Second Priority Noteholders Committee's Examiner Motion").

On March 12, 2015, the Bankruptcy Court entered an order granting in part and denying in part the Debtors' Examiner Motion and the Second Priority Noteholders Committee's Examiner Motion and directing the U.S. Trustee to appoint an examiner in the Chapter 11 Cases [Docket No. 675] (the "Examiner Order"). On March 27, 2015, the U.S. Trustee appointed Richard J. Davis as examiner (the "Examiner") [Docket No. 1010] in accordance with the Bankruptcy Court's *Order Approving Appointment of Examiner* [Docket No. 992].

To assist the Examiner in carrying out his duties under the Bankruptcy Code during the Chapter 11 Cases, the Examiner filed applications and the Bankruptcy Court entered orders for the retention of the following professionals:

- Winston and Strawn LLP, as counsel to the Examiner [Docket Nos. 1084, 1167];
- Alvarez & Marsal Global Forensic and Dispute Services, LLC, as financial advisor to the Examiner [Docket Nos. 1345, 1476]; and
- Luskin, Stern & Eisler LLP, as special conflicts counsel to the Examiner [Docket Nos. 1085, 1168].

On April 22, 2015, the Examiner filed the *Motion of the Examiner for an Order (I) Approving Protocol and Procedures Governing Examiner Discovery, (II) Approving Establishment of a Document Depository, and (III) Granting Related Relief* [Docket No. 1279] seeking to establish a protocol governing discovery sought in connection with the Examiner's investigation of, among other things, the transactions set forth in Article III.B. On May 18, 2015, the Bankruptcy Court entered the *Order (I) Approving Protocol and Procedures Governing Examiner Discovery, (II) Approving Establishment of a Document Depository, and (III) Granting Related Relief* [Docket No. 1576] (the "Discovery Protocol"). On May 27, 2015, following extensive consultation with interested parties, the Examiner filed the *Amended Motion of the Examiner for Entry of an Agreed Order on Interviews and Depositions by the Examiner* [Docket No. 1709] to establish procedures to govern depositions and witness interviews by the Examiner. On June 25, 2015, the Bankruptcy Court entered the *Agreed Order on Interview and Depositions by the Examiner* [Docket No. 1831], which established the protocol governing the Examiner's interviews and depositions (with the Discovery Protocol, the "Examiner Protocol").

The Examiner Order directs the Examiner to investigate various transactions and potential claims belonging to the Debtors' Estates. Although the Examiner Order does not expressly reference the 2008 LBO and certain subsequent debt issuances and refinancings (collectively, the "LBO and Financing Transactions"), the Debtors believed that the Examiner was permitted to investigate such transactions to the extent they suggest potential claims belonging to the Debtors' Estates. To clarify this issue, the Debtors filed the *Debtors' Motion for an Order Expanding the Scope of the Examiner's Investigation* [Docket No. 1847] (the "Examiner Scope Motion") on

June 30, 2015, seeking to explicitly include the LBO and Financing Transactions within the scope of the Examiner's investigation. The Unsecured Creditors Committee objected to the Examiner Scope Motion. After additional briefing, on August 26, 2015, the Bankruptcy Court entered an order approving the relief sought in the Examiner Scope Motion and making certain related changes to the Examiner Protocol [Docket No. 2131]. As a result, the Examiner has included the LBO and Financing Transactions, including any statute of limitations issues with respect to the foregoing, in his investigation.

The Examiner filed interim reports on May 11, 2015, June 23, 2015, August 7, 2015, September 21, 2015, November 5, 2015, December 21, 2015, and February 4, 2016, updating the Bankruptcy Court and other parties on the status of the investigation [Docket Nos. 1520, 1805, 2022, 2236, 2535, 2758, 3203]. The Examiner also met with all interested parties in December 2015 to provide preliminary views on key issues and to allow the parties to provide information in response to such views. On December 23, 2015, the Examiner filed his *Motion for Order Temporarily Authorizing the Filing of the Examiner's Report and Certain Documents under Seal and Related Procedures* [Docket No. 2834]. On February 2, 2016, the Bankruptcy Court entered an order temporarily authorizing the Examiner to file a redacted report and setting forth procedures for the Examiner to publicly disclose the redacted sections [Docket No. 3187].

On March 15, 2016, the Examiner issued his final report on a partially redacted basis while he works through remaining issues regarding privilege and confidentiality asserted by parties other than the Debtors [Docket No. 3401]. The Examiner Report described the Examiner's investigation and his findings based on that investigation. Attached as **Exhibit H** to the Disclosure Statement is a copy of the Examiner Report Introduction and Executive Summary.

1. The Examiner's Investigation

Pursuant to the Examiner Order, the Examiner investigated more than 15 ~~pre-petition~~prepetition transactions among CEOC and other entities controlled by CEC. These transactions occurred from 2008 through 2014.

During his investigation, the Examiner and his advisors served 55 Rule 2004 subpoenas *duces tecum* seeking documents from 46 parties, including the Debtors, CEC, the Sponsors, other Caesars affiliates, and many of their respective legal and financial advisors. Ultimately, the Examiner received and reviewed more than 1.2 million documents consisting of 8.8 million pages. The document productions included emails, board and committee presentations, transaction documents, fairness opinions, and valuation materials.

From September 15, 2015 through February 25, 2016, the Examiner and his advisors conducted interviews of 92 individuals, including 74 formal interviews. The Examiner also conducted 32 follow-up interviews of 28 witnesses. The Examiner read or attended every formal interview and actively participated in every interview he attended.

At various points during his investigation, the Examiner met with and received input from a number of the key parties (and their advisors) involved in the transactions and the Chapter 11 Cases, including the Debtors, CEC, the Sponsors, the two Official Committees, CAC, and the Ad Hoc Committees of First Lien Noteholders and First Lien Bank Debt. In late 2015, the Examiner made detailed presentations to each of these groups who, in turn, provided him with feedback on the preliminary views he presented. The Examiner's financial advisors also regularly communicated with the financial advisors for the Debtors, the Official Committees, the Ad Hoc Committees of First Lien Noteholders and First Lien Bank Debt, and CEC.

2. The Examiner's Findings

The Examiner concluded that many of the transactions he investigated were structured and implemented in a manner that removed assets from CEOC to the detriment of CEOC and its creditors. As a result of these transactions, the Examiner found the Debtors have claims for constructive fraudulent transfer, fraudulent transfer with actual intent to delay, hinder or defraud creditors, breach of fiduciary duty, and aiding and abetting breach of

fiduciary duty against CEC, CGP, CIE, other Caesars affiliates, CEOC directors, the Sponsors, and certain of CEC's directors. Because these claims vary in their likelihood of success, the Examiner assigned each claim to one of the following categories: strong, reasonable, plausible, weak, and not viable. The Examiner noted, however, that these claims "will be vigorously contested by the affected parties and all of them thus are subject to litigation risk." The Examiner further concluded that potential damages arising from claims on which the Debtors would more likely than not be successful range from \$3.6 billion to \$5.1 billion. The Examiner reached the following conclusions.

The Examiner investigated the Sponsors' 2008 LBO of Caesars but did not find any colorable bases for challenging it. This conclusion was largely based on the Examiner's finding that CEOC was solvent at the time of the 2008 LBO and the 2008 LBO did not render CEOC insolvent.

The Examiner concluded, however, that there is a strong case that CEOC was insolvent by December 31, 2008 and remained insolvent until its bankruptcy filing. This finding was key to the Examiner's analysis because CEOC—as an insolvent subsidiary—should have had independent directors and advisors beginning in 2009, yet none were put in place until late June 2014. Instead, the Sponsors and management took the view that Caesars was one company and no one was protecting the interests of CEOC and its stakeholders.

From late 2008 until mid-2012, the Examiner found that the Sponsors and CEC focused on transactions and activities that CEC contended were designed to create "runway" that would extend the maturity of CEOC's debts. The Examiner investigated three transactions during this time period:

- CIE 2009. In May 2009, a CEOC subsidiary transferred to CIE (a subsidiary of CEC) certain rights in the WSOP trademarks and related intellectual property in exchange for (a) preferred shares in a holding company with a stated value of \$15 million and (b) a license to continue using the WSOP trademarks and IP for limited purposes. The Examiner concluded that with respect to the CIE 2009 transaction, the Debtors have a strong constructive fraudulent transfer claim, a weak fraudulent transfer with actual intent claim, and reasonable breach of fiduciary duty and aiding and abetting breach of fiduciary duty claims, but that the fiduciary duty based claims may be barred by the statute of limitations. The Examiner found the value of the consideration CEOC received was \$54.2 million to \$66.2 million less than the value of the WSOP trademark and other IP CEOC transferred to CIE. The Examiner also found that CIE may not be able to establish that it was a good faith transferee because the transfer was "orchestrated" by Caesars individuals who were acting on all sides of the transaction and who knew or should have known that CEOC was insolvent.
- CIE 2011. In September 2011, a CEOC subsidiary transferred the hosting rights for WSOP live tournaments to CIE for \$20.5 million. The Examiner concluded that with respect to the CIE 2011 transaction, the Debtors have a strong constructive fraudulent transfer claim, a weak fraudulent transfer with actual intent claim, and reasonable breach of fiduciary duty and aiding and abetting breach of fiduciary duty claims, but that the fiduciary duty based claims would be barred by the statute of limitations. The Examiner found the value of the consideration CEOC received was \$29.8 million to \$35.4 million less than the value of the tournament rights CEOC transferred to CIE. The Examiner also found that CIE may not be able to establish that it was a good faith transferee because CIE's executives (a) orchestrated the transfer; (b) knew that the purchase price was negotiated without anyone negotiating on CEOC's behalf; and (c) participated in artificially reducing the fee that a Las Vegas casino would pay to host WSOP tournaments, which thus reduced the consideration CEOC received for the hosting rights.
- 2010 Trademark Transfer. In connection with the August 2010 amendment to the CMBS loan agreement, a CEOC subsidiary transferred ownership of property-specific IP (*i.e.*, "Rio," "Paris," and "Flamingo") to the CERP Properties. CEOC did not receive any consideration for the transfer. The Examiner concluded that with respect to the 2010 Trademark Transfer, the Debtors' claims would be barred by the statute of limitations. The Examiner did not assign any value to those claims.

The Examiner further found that, beginning in late 2012, the Sponsors began to implement a strategy intended to strengthen CEC's and the Sponsors' position in a potential restructuring negotiation with CEOC's creditors or in a CEC or CEOC bankruptcy. This led to a series of transactions that closed in late 2013 and early 2014. The Examiner investigated a series of transactions during this time period:

- The Growth Transaction. On October 21, 2013, a CEOC subsidiary transferred to CGP (a) a 100% equity interest in Planet Hollywood; (b) a 52% equity interest in the Horseshoe Baltimore joint venture; and (c) 50% of the management fees associated with each property. In exchange, CEOC received \$360 million in cash. The Examiner concluded that with respect to the Growth Transaction, the Debtors have a strong constructive fraudulent transfer claim, a strong fraudulent transfer with actual intent claim, a strong breach of fiduciary duty claim, and a reasonable aiding and abetting breach of fiduciary duty claim. The Examiner found the consideration CEOC received was \$437 million to \$593 million less than the value of the assets CEOC transferred to CGP. The Examiner also found that it would be difficult to establish that CAC and CGP were not good faith transferees because, among other reasons, the Sponsors' principal goal of gaining leverage over CEOC creditors in the event of a bankruptcy filing should not be attributable to CAC and CGP.
- The CERP Transaction. On October 11, 2013, a CEOC subsidiary transferred the equity of Octavius Tower and Project Linq to CERP. In exchange, CEOC received \$80.7 million in cash and \$52.9 million in CEOC notes for retirement. CERP also assumed \$450 million of debt associated with the Octavius and Linq properties. The Examiner concluded that with respect to the CERP Transaction, the Debtors have a strong constructive fraudulent transfer claim, a strong actual fraudulent transfer claim, and strong breach of fiduciary duty and aiding and abetting breach of fiduciary duty claims. The Examiner found that the consideration CEOC received was \$328.5 to \$426.9 million less than the value of the assets CEOC transferred to CERP. The Examiner also found that CERP may not be able to establish that it was a good faith transferee because the Sponsors—who dominated both sides of the transaction—knew or should have known that CEOC was insolvent and provided Perella (the party who provided the fairness opinion) with incomplete or inaccurate assumptions.
- The Four Properties Transaction. In May 2014, CEOC subsidiaries transferred to CGP 100% of their interests in the Quad, Bally's Las Vegas, the Cromwell, and Harrah's New Orleans. As part of this transaction, CEOC also transferred 31 acres of undeveloped land. In return, CEOC received approximately \$2 billion in consideration, including \$1.815 billion in cash. The Examiner concluded that with respect to the Four Properties Transaction, the Debtors have a strong constructive fraudulent transfer claim, a strong fraudulent transfer with actual intent claim, a strong breach of fiduciary duty claim, and a reasonable aiding and abetting breach of fiduciary duty claim. The Examiner found the consideration CEOC received was \$701 million to \$1,108 million less than the value of the assets CEOC transferred. The Examiner also found that CGP would likely be able to show that it was a good faith transferee because it had a fairness opinion from Lazard, knew that CEC had a fairness opinion from Centerview, and was told that proceeds from the transaction would be used to pay CEOC creditors.

In addition to the above transactions, the Examiner concluded that additional claims may include the following:

- Multiple Degradation. The Examiner found that the transfer of Las Vegas-based assets out of CEOC during 2013 and 2014 significantly altered the complexion of CEOC and transformed it into a predominantly regional gaming company. As such, if sold, CEOC would be sold at a lower EBITDA multiple than it would have commanded had it not sold the Las Vegas-based assets. The Examiner concluded that the Debtors have a reasonable claim for breach of fiduciary duty for \$516 million arising out of the multiple degradation that CEOC suffered when it sold most of its Las Vegas assets and began to derive more of its EBITDA from regional properties.

- CMBS/CERP/Total Rewards Management Fees. The Examiner found that CEOC should have charged CERP for management fees and access to Total Rewards when CEOC entered into a new services agreement with CERP in August 2010. The Examiner also found CERP underpaid for management fees and access to Total Rewards when CES was created in 2014. Consistent with these findings, the Examiner concluded that the Debtors have a reasonable claim for breach of fiduciary duty for \$237.30 million based on management fees that CEOC did not receive from CERP from September 2010 through May 20, 2014. The Examiner also concluded that the Debtors have a strong constructive fraudulent transfer claim, a strong fraudulent transfer with actual intent claim, a strong breach of fiduciary duty claim, and a reasonable aiding and abetting breach of fiduciary duty claim against CERP for \$132.9 million to \$592.1 million based on future management fees and access to Total Rewards arising out of the creation of CES.
- CES Excess Cost Allocation. The Examiner found that the allocation of shared services costs was not consistent with the net revenues between CEOC, CERP, and CGP after the Four Properties Transaction. The Examiner concluded that the Debtors have a reasonable claim for breach of fiduciary duty for \$14.5 million based on CEOC's payment of shared services costs that were not allocated consistent with Caesars' total net revenues.
- Atlantic City Transaction. After CEOC closed the Showboat casino in August 2014, it effectively transferred its customer list to Harrah's Atlantic City (a CERP property) for no consideration. The Examiner concluded that the Debtors have a strong constructive fraudulent transfer claim for \$3.0 million to \$7.0 million based on the customer information and other data that was transferred to Harrah's.
- B-7 Refinancing. In May and June 2014, CEOC obtained a new \$1.75 billion B-7 term loan that it used to refinance debt that was set to mature between 2015 and 2018. CEOC used \$315 million of the loan proceeds to pay off 2016-2017 maturities and \$452 million of the loan proceeds to pre-pay CGP for notes maturing in 2015. CEOC repurchased the debt at a premium even though it was trading at a discount at the time. The Examiner concluded that the Debtors have reasonable breach of fiduciary duty and aiding and abetting breach of fiduciary duty claims for \$315 million based on the cash CEOC paid in connection with the B-7 loan. The Examiner also concluded that the Debtors have reasonable fraudulent transfer with actual intent, breach of fiduciary duty, and aiding and abetting breach of fiduciary duty claims for \$452 million based on CEOC's use of those proceeds from the B-7 loan to pay CGP.
- Intercompany Transactions. In August 2008, CEC and CEOC entered into an intercompany revolver. From the third quarter of 2012 until the second quarter of 2013, CEOC repaid over \$409 million on the revolver even though it was not set to mature until 2017. On June 3, 2014, CEOC repaid the remaining balance of \$261.8 million at the request of the Sponsors. The Examiner concluded that the Debtors have a reasonable fraudulent transfer with actual intent claim, reasonable breach of fiduciary duty and aiding and abetting breach of fiduciary duty claims, and a strong preference claim for \$289 million to \$662.5 million arising out of payments made under the intercompany revolver.
- Tax Issues. CEC received a \$276.6 million tax refund that is attributable to the Debtors' net operating losses but provided CEOC with a refund of only \$220.8 million. The Examiner concluded that the Debtors have a strong argument that they are entitled to the full amount of the refund and likely to succeed on a claim for the outstanding \$55.8 million. The Examiner concluded that any claim based on the use of NOLs generated by CEOC by the CEC consolidated tax group would be difficult to pursue.

The Examiner investigated a number of other transactions but concluded that there were no strong or reasonable claims (or in some cases any viable claims) for constructive fraudulent transfer, fraudulent transfer with actual intent, breach of fiduciary duty, or aiding and abetting breach of fiduciary duty. These include the following:

- The release of CEC's guarantee through the sale of 5% of CEOC equity and distribution of 6% of equity to employees as part of a Performance Incentive Plan.
- CEOC's repurchase of \$17 million of PIK Toggle Notes guaranteed by CEC in December 2014.
- The August 2014 Senior Unsecured Notes Transaction where CEOC and CEC purchased \$155 million in CEOC notes and CEC contributed \$427 million of notes to CEOC for cancellation.
- Easements that Debtors granted in 2011 to Flamingo, Harrah's Imperial Palace Corporation, and Caesars Linq, LLC.

As noted above, the Examiner did not find that the Debtors had any Estate Claims on account of the Unsecured Notes Transaction. As has been noted by other parties in interest, including counsel to purported class plaintiff Frederick Barton Danner in the Danner SDNY Action, the Examiner's Report states that the Senior Unsecured Notes Transaction "can only be described as 'ugly' with one group of noteholders (constituting a slight majority of the notes held by non-related parties) getting paid at a premium over market in exchange for agreeing to prejudice the remaining noteholders by eliminating the Bond Guarantee from the governing indentures." Examiner Report at 69. As the Examiner explicitly noted, however, the "guarantee release is the subject of a pending litigation by various CEOC creditors. This Report does not address the principal issues in those cases: compliance with the Trust Indenture Act and breach of the Indenture. Instead, it focuses on whether CEOC has claims arising from the release of the guarantee." Examiner Report at 5 n.8. As noted in Article III.D above, the Danner SDNY Action and the MeehanCombs SDNY Action remain pending as to the Unsecured Noteholders Transaction and the purported guarantee of the Unsecured Notes by CEC. No decision has been made by the District Court for the Southern District of New York at this time regarding CEC's liability related to the purported guarantees or arising from the Unsecured Notes Transaction with regards to any third party direct claims against CEC. Any such potential claims and causes of action against CEC would be released pursuant to the Third-Party Release proposed by the Plan. Counsel to purported class plaintiff Frederick Barton Danner in the Danner SDNY Action has informed the Debtors that, at this time, Mr. Danner plans to object to the Third-Party Release.

3. Second Priority Noteholders Committee Summary of Examiner Report

On May 17, 2016, the Second Priority Noteholders Committee filed an objection to the adequacy of information provided by a previous version of the Debtors' proposed Disclosure Statement [Docket No. 3742] (the "2L Disclosure Statement Objection"). Among other things, the Second Priority Noteholders Committee asserted that the foregoing summary of the Examiner's findings "gives short-shrift" to the Examiner's "damning findings" and "downplays the massive value of the causes of action available to the [Debtors'] estate[s]." *Id.* at ¶16. The Second Priority Noteholders Committee included with its objection an alternative summary of the Examiner's findings and requested the Bankruptcy Court to require the Debtors to replace the foregoing summary with the version produced by the Second Priority Noteholders Committee. In the interests of full disclosure, the Debtors have included the summary of the Examiner's findings drafted by the Second Priority Noteholders Committee as **Exhibit K** attached hereto. As set forth in detail above, the Debtors disagree with certain of the allegations, assertions, and valuations set forth in **Exhibit K** (including the tone of certain comments), but have included the summary verbatim in the interests of full disclosure and transparency.

F. Mesirow Financial Consulting's Role in the SGC Investigation

As a result of an undisclosed romantic relationship between a Mesirow employee and an attorney at Jenner & Block (CEC's local counsel), Judge Goldgar ~~expressed~~ indicated at the March 16, 2016 omnibus that he had "problems" with the Debtors' request to retain Baker Tilly as a professional under the Bankruptcy Code for further work on the SGC Investigation. Judge Goldgar stated that "while it may be that ~~the~~ personnel from Mesirow were not tainted, I think the SGC's investigation has been, or at the very least we can't know." (3/16/16 Hr'g at 19.) ~~As a result,~~ Judge Goldgar expressed his view that also stated: "I think there is a problem with the SGC investigation, and I think there is a good question whether additional work on that investigation is even warranted." Id. may have been at 20. Judge Goldgar further stated that the declaration provided by Professor Jack Williams in support of

Baker Tilly's retention application was "insufficient to support it" and that Baker Tilly needed a declaration "from somebody else, because on this point at least, [Professor Williams] has no credibility with me." Id. at 22. Judge Goldgar indicated that experts who intend to testify at trial do not need to complete the SGC Investigation "if it's not going to be useful, and I retained under section 327 of the Bankruptcy Code. Id. at 22. Therefore, although he said he was inclined to deny Baker Tilly's application to be retained under section 327 of the Bankruptcy Code, Judge Goldgar also stated that "[i]t doesn't stop you from using Professor Williams as an expert witness, if you want. I don't think it will be." (believe, and the U.S. Trustee doesn't believe either that this is something that is subject to Section 327." (Id. at 33) Accordingly, the Debtors agreed to withdraw their application to retain Baker Tilly rather than have the Court deny it. (Id.) At that hearing, Judge Goldgar also indicated that he was "quite likely to deny" Mesirow's fee application for work it had done for the SGC during the chapter 11 cases. Id. at 34. Mesirow subsequently withdrew its fee application. The portion of the March 16th transcript relating to Baker Tilly's retention application is attached as Exhibit L. Id. at 33.)

The Debtors take seriously the issues raised by Judge Goldgar. The Debtors do not, however, believe that the romantic relationship or the Mesirow employee's failure to disclose the relationship in any way taints the SGC Investigation for the following reasons:

- Mesirow provided its first interim report to the Special Governance Committee in December 2014. At the time of that report, Mesirow's work could not possibly have been tainted because the Debtors had not decided to file voluntary petitions in Chicago and Jenner & Block had not been retained as local counsel for CEC. Based on Mesirow's first interim report, the Special Governance Committee's preliminary claims assessment had a range of \$1 billion to \$2.3 billion assuming CEC and its affiliates were entitled to offsets as good faith transferees for consideration they provided to CEOC and \$3.5 billion to \$4.6 billion assuming no offsets.
- Once the Mesirow team working on the SGC Investigation and the Debtors became aware of the relationship, the Debtors and Mesirow took prompt action to ensure that none of Mesirow's work was tainted. Mesirow promptly screened the employee involved from further work on the SGC Investigation. Professor Jack Williams, who led the Mesirow team from the outset and continues to lead the Baker Tilly team that is preparing independent analyses to support Professor Williams' potential expert testimony at a confirmation hearing, then spent approximately 150 hours that was not billed to the Debtors personally reviewing the Mesirow employee's work product to ensure it was not biased. Finally, Mesirow retained independent outside counsel at its own expense to investigate whether the Mesirow employee had shared any confidential information with the Jenner & Block attorney. The law firm hired a forensics team to collect all written communications between the Mesirow employee and the Jenner & Block attorney from Mesirow and from the employee's personal email accounts, computers and cell phones (a total of 1,144 GB of data). Based on its review of the data, the law firm concluded: (1) there was no evidence that confidential information about the Debtors' Chapter 11 Cases, Mesirow's engagement, the Special Governance Committee, or Mesirow's efforts on the SGC Investigation was disclosed among the Mesirow employee, the Jenner & Block attorney or the Jenner & Block law firm; and (2) there was no evidence that the Mesirow employee was influenced, biased or impacted in any way by her relationship with the Jenner & Block attorney. The law firm also reviewed Mesirow's internal and external communications with respect to Mesirow's retention, which included 59.5 GB of data. Based upon its document review and interviews of Mesirow employees, the law firm concluded "[t]he only [Mesirow] employee, involved in the [Caesars engagement], with knowledge of the connection/relationship between [the Mesirow employee and the Jenner & Block attorney], prior to May 13, 2015, was the [Mesirow] employee."
- The U.S. Trustee, which is the portion of the U.S. Department of Justice responsible for protecting the integrity of the federal bankruptcy system, conducted a six-month investigation to determine "the nature and extent" of the connection between the Mesirow employee and Jenner & Block attorney; "who had actual knowledge of the connection; whether [Mesirow] had a disqualifying conflict of interest; whether [Mesirow] breached any fiduciary duties to the estate; and whether [Mesirow's] work product was biased." In response to the U.S. Trustee's requests, ~~K&E~~Kirkland & Ellis LLP and

Mesirow produced several thousand pages of documents. The U.S. Trustee also conducted “factual and legal research on its own, and maintained an on-going dialog with various parties to obtain the universe of relevant facts and documents.” In late 2015, the U.S. Trustee deposed the Mesirow employee and the Jenner & Block attorney. Based on its six-month investigation, the UST acknowledged it “has not uncovered any evidence to refute [Mesirow’s] assertion that the non-disclosure was the result of [the Mesirow employee’s] conduct alone. In other words, there are no facts to suggest that anyone at [Mesirow,] other than [the Mesirow employee], had actual knowledge of the connection until mid-May 2015.” The U.S. Trustee also found “noteworthy . . . that [the Mesirow employee] had a strong personal interest in suppressing evidence of the existence of the relationship.” The U.S. Trustee did not find that Mesirow’s work was biased in any way.

- Approximately 30 Mesirow and later Baker Tilly professionals have devoted approximately 12,000 hours to the SGC Investigation. These professionals have developed a deep familiarity with and expertise in the issues presented, and no evidence suggests that their judgment was in any way compromised or affected by the one Mesirow employee’s relationship with the Jenner & Block attorney.
- The Special Governance Committee considered a total of five ranges for the value of potential estate claims. Three of the five ranges were based solely on work performed by the Examiner and [K&E’s Kirkland & Ellis LLP’s](#) assessment of that work. Neither Baker Tilly nor Mesirow had any input on those three ranges.
- As set forth in the chart below, the Special Governance Committee’s conclusions were comparable to, and in many instances resulted in higher value ranges than, the conclusions drawn by the independent Examiner:

<u>Comparison of the SGC Investigation to the Examiner Report</u>			
	<u>SGC / K&E Litigation Investigation</u>		<u>Examiner Report</u>
	SGC/K&E Litigation Adjusted Claims (with offsets)	SGC/K&E Litigation Adjusted Claims (with litigated offsets)	Examiner Headline Numbers
<i>CIE 2009</i>	\$43M – \$53M	\$50M – \$60M	\$66M – \$76M
<i>Social Gaming</i>	\$0 – \$507M	\$0 – \$507M	–
<i>CIE 2011</i>	\$16M – \$43M	\$28M – \$55M	\$50M – \$56M
<i>CMBS TM</i>	\$0	\$0	\$0
<i>CGPI</i>	\$217M – \$508M	\$361M – \$652M	\$437M – \$593M
<i>CERP</i>	\$355M	\$435M	\$329M – \$427M
<i>Four Prop</i>	\$168M – \$744M	\$531M – \$1,107M	\$592M – \$968M
<i>Undev. Land</i>	\$87M – \$112M	\$87M – \$112M	\$109M – \$140M
<i>CES TR</i>	\$0 – \$160M	\$0 – \$160M	–
<i>Multiple Deg</i>	\$103M	\$103M	\$516M
<i>CERP/TR Fees</i>			
• <i>Historical</i>	\$190M	\$190M	\$237M
• <i>Future</i>	\$106M – \$474M	\$106 – \$474M	\$133M – \$592M
<i>CES Costs</i>	\$12M	\$12M	\$15M
<i>AC Cust List</i>	\$2M – \$6M	\$2M – \$6M	\$3M – \$7M
<i>B-7</i>	\$707M	\$707M	\$767M

<u>Comparison of the SGC Investigation to the Examiner Report</u>			
	<u>SGC / K&E Litigation Investigation</u>		<u>Examiner Report</u>
	<u>SGC/K&E Litigation Adjusted Claims (with offsets)</u>	<u>SGC/K&E Litigation Adjusted Claims (with litigated offsets)</u>	<u>Examiner-Headline Numbers</u>
<i>Release of G'tee</i>	\$0	\$0	\$0
<i>Sr Unsec Notes</i>	\$0	\$0	\$0
<i>PIK Notes</i>	\$3M	\$3M	\$0
<i>Sponsor Fees</i>	\$0	\$0	\$0
<i>Revolver</i>	\$578M	\$578M	\$289M – \$663M
<i>CEOC Loan</i>	\$2M	\$2M	\$0
<i>LBO</i>	\$0	\$0	\$0
<i>Tax</i>	\$45M	\$45M	\$56M
<i>Est. Apprec.</i>	\$560M	\$560M	–
Total	\$3,194M – \$5,162M (Midpoint: \$4,178M)	\$3,800M – \$5,768M (Midpoint: \$4,784M)	\$3,599M – \$5,112M (Midpoint: \$4,356M)

Positions of CEC, the Sponsors, and the

The Second Priority Noteholders Committee disagrees with the Debtors' perspective on the SGC Investigation and has asked the Debtors to include the following:

The Bankruptcy Court has concluded that the financial advisor (Mesirow Financial Consulting) retained by the Special Governance Committee to assist with its analysis of the estate causes of action against CEC and other insiders had a disabling conflict of interest. Specifically, during its work for the Special Governance Committee, a lead Mesirow consultant had an affair with a lawyer representing CEC. The Bankruptcy Court found that “[s]he was having an affair that she did not disclose with counsel for the very company that her employer was investigating. She was sleeping with the enemy.” Tr. 3/16/16 at 30:13-16.

Thus, contrary to the Debtors' assertions above regarding the independence and usefulness of the Special Governance Committee and its investigation, the Bankruptcy Court determined that the Special Governance Committee and its investigation are “tainted” because “we’ll never know” what effect the affair had on the advice given to the Special Governance Committee. Id. at 28:10-13. And “because the investigation is tainted in this way, there isn’t any point in pursuing it. It wouldn’t be sufficiently beneficial to the estate” Id. at 28:21-24. “[T]here will always be an asterisk next to this report.” Id. at 31:20.

Moreover, the Bankruptcy Court concluded that Professor Jack Williams, who the Debtors claim to have led the Mesirow team and is now preparing to serve as is preparing to serve as an expert at the confirmation hearing, “was arrogant, haughty, [and] dismissive,” “has an insufficient understanding of and appreciation for Rule 2014, Section 327, and what this whole process is about,” and simply “has no credibility with me.” Id. at 21:13-22:2.

Further, and independent of the taint associated with its reliance on a conflicted financial advisor, the Noteholder Committee believes that the Special Governance Committee was an inappropriate body for considering or negotiating a settlement of the estate claims for a number of reasons. Among other things:

- The members of the Special Governance Committee were appointed by many of the very defendants that the Examiner determined to be most culpable, with the apparent intent that those hand-picked members would then control the claims against the defendants who appointed them;

- Those same defendants have the right to remove at will all members of the CEOC board of directors, including members of the Special Governance Committee;
- Special committees previously appointed by those defendants presided over many of the transactions that the Examiner determined to have resulted in breaches of fiduciary duty and constructive and intentional fraudulent transfers by CEOC, making it grossly inappropriate for another “special” committee appointed by the defendants to opine on or settle the claims arising from those transactions; Before bankruptcy, the Special Governance Committee permitted the Debtors to seek a declaratory judgment in New York litigation that would have resulted in no recoveries whatsoever on estate claims that the Examiner later found to be worth between \$4.0 billion and \$5.1 billion;
- Before bankruptcy, the Special Governance Committee permitted (through action or inaction) the Debtors to transfer substantially all of their management employees to an affiliate of CEC, a transaction that the Debtors now claim has made it practically impossible for them to consummate a “standalone” plan of reorganization without CEC’s cooperation;
- Before and during bankruptcy, the Special Governance Committee agreed to settle the estate claims (via the various Restructuring Support Agreements) for consideration far less than the Examiner’s valuation of the claims; and
- Whether or not legally “independent,” at least one of the two members of the Special Governance Committee has multiple current and prior connections with Apollo and one its principals (Marc Rowan), rendering him incapable of being an impartial, independent arbiter of claims against Apollo.

G. Positions of CEC, the Sponsors, the Second Priority Noteholders Committee, and the Ad Hoc Group of 5.75% and 6.50% Notes Regarding the Challenged Transactions

In an effort to provide adequate information, on March 21, 2016, the Debtors requested comments or inserts to the Disclosure Statement from key creditors and other stakeholders, including as to the Challenged Transactions. CEC and the Sponsors submitted inserts with respect to the Challenged Transactions. In addition, the 2L Disclosure Statement Objection included a discussion regarding the Challenged Transactions, which the Debtors have included in part below (and the entirety can be found in **Exhibit K** attached hereto). As set forth in detail above, the Debtors disagree with some or all of the positions set forth in the inserts below (including the tone of certain comments), but have included the responses verbatim in the interests of full disclosure and transparency.

1. Position of CEC

CEC strongly disputes many of the findings and conclusions of the SGC Investigation and the Examiner Report. It believes it has compelling defenses to any claim the Debtors or any of their creditors may assert and is prepared to litigate any such claims vigorously. Contrary to the assertions made by the Special Governance Committee and the Examiner, the evidence shows that each of the Challenged Transactions was undertaken in good faith and was beneficial to the Debtors and their creditors; that the terms of each of the Challenged Transactions were the result of a fair and appropriate process; and that in each case the Debtors received at least—and in aggregate substantially more than—reasonably equivalent value for the assets sold or transferred.

The Challenged Transactions were part of a years’ long effort, involving more than 45 capital market transactions, to address the impact on the Debtors’ business of the 2008 financial crisis. These transactions provided the Debtors with liquidity, extended maturities, and positioned the Debtors to benefit from an expected turnaround of its business. Through these efforts, the Debtors avoided the defaults and bankruptcies that afflicted other businesses, including gaming businesses, as a result of the financial crisis. The Challenged Transactions in particular provided the Debtors with more than \$2.3 billion in cash and \$1 billion in debt relief, relieved it of the need to fund hundreds of millions in necessary capital expenditures, and put the Debtors in a position to pay billions

of dollars in principal and interest to its creditors. Neither the Special Governance Committee nor the Examiner has suggested that the Debtors' creditors would have been better off with an earlier bankruptcy filing.

Each of the Challenged Transactions was the result of a fair process and resulted in the receipt by the Debtors of at least reasonably equivalent value for the assets they sold. The fairness of every significant asset sale was attested to by major investment banks, and the two largest transactions were negotiated and approved by independent CEC board committees with their own independent legal and financial advisors. By selling operating assets to their affiliates, thereby keeping them in the Caesars system and providing them with continued access to the Total Rewards program, the Debtors received the highest possible sale price. Indeed, CEC believes that the purchase prices exceeded the value of the assets in aggregate by hundreds of millions of dollars. And the transactions have proved even more advantageous to the Debtors in retrospect, as the assets collectively have performed far below expectations. Finally, contrary to the assertions made by the Special Governance Committee and the Examiner, CEC believes that the Debtors were solvent at the relevant times, and is prepared to litigate that issue aggressively.

The CIE 2009 Transactions. In 2009, CEC created a new subsidiary, CIE, to pursue online real-money gaming—a business that the Debtors had neither the resources nor the expertise to pursue. CIE purchased from CEOC the rights to the WSOP trademark, which CIE intended to use to promote online poker if and when it was legalized in the United States, in exchange for a \$15 million preferred note. As part of the same transaction, CIE licensed back to CEOC royalty-free the right to use the WSOP mark in CEOC's offline operations. At the time of the 2009 CIE transactions, online real-money gaming was not legal in any jurisdiction in the United States, and CIE was expected to be a money-losing venture for an indefinite period until legalization became a reality. Two years later, in 2011, CIE purchased from CEOC the rights to host the WSOP tournaments in exchange for \$20.5 million. This transaction was undertaken after CEC's management determined that it would create operational efficiencies for the same entity to own both the WSOP trademark and the tournament hosting rights.

Each of these transactions provided CEOC with reasonably equivalent value for the assets it sold. In each of these transactions, an independent financial advisor was retained to provide a fairness opinion, addressed to CEOC, concerning the material terms of the deal. And in each case the independent advisor concluded that CEOC received fair value and that the terms of the transaction were no less fair than those CEOC could have achieved in a transaction with an unaffiliated party.

The WSOP trademark and tournament rights have generated very limited profits for CIE to date. Online real-money gaming was never legalized on a national scale, and, while a handful of states have permitted such activity, it continues to be a money-losing business for CIE. The Special Governance Committee and the Examiner fail to acknowledge this reality, and their conclusions that CEOC did not receive reasonably equivalent value rest on unrealistic assumptions concerning projected future profits from online gaming that have not been realized.

In 2011 and 2012, CIE acquired new assets that produce online "social games," which now generate the vast majority of CIE's revenues and earnings. As both the Special Governance Committee and the Examiner acknowledge, these social games are not connected to the underlying 2009 and 2011 transactions concerning the WSOP assets. Thus, as the Examiner concluded, any claim by CEOC to recover any additional value relating to CIE is weak and unlikely to succeed.

The CERP Transaction. The CERP Transaction provided substantial benefits to CLC, and CEC has strong defenses to any claims arising from that transaction. CERP was created in late 2013 to enable the refinancing of \$4.5 billion in CMBS Debt on the six CMBS Properties set to mature less than 18 months later. A default on the CMBS Debt would have created a significant risk of foreclosure on the CMBS Properties. It would also have threatened a bankruptcy of CEC itself, which guaranteed the properties' underlying lease obligations. A default by the CMBS borrowers and a CEC bankruptcy would, in turn, have devastated the Debtors. It would have risked the dissolution of the Caesars network and deprived the Debtors of tens of millions of dollars annually in cost-sharing payments by the CMBS Properties and continuing support from CEC. The Special Governance Committee and the Examiner improperly minimize these serious threats to the Debtors.

To avoid these threats and support the refinancing of the CMBS Debt, CEOC sold to the new CERP entity its ownership interest in the Octavius Tower at Caesars Palace, and the new Project Linq retail promenade and observation wheel. In exchange for these assets, CEOC received more than \$140 million in cash and bonds and retained the benefits of its favorable cost-sharing arrangements with the CERP Properties. This was not done to hinder, delay, or defraud creditors, and was not a breach of any fiduciary duty. To the contrary, it was a sale of assets at a fair price that furthered a critical interest of CEOC. Perella, an independent, highly regarded investment bank, was retained to evaluate the fairness of the deal and assure the CEOC Board of Directors that CEOC was receiving reasonably equivalent value for the assets being sold. Perella conducted extensive diligence and, contrary to the assertions by the Special Governance Committee and the Examiner, it was provided with complete and accurate information in response to all requests. Following its diligence, Perella, as an independent advisor to CEOC, insisted that the value being provided to CEOC in the transaction be increased, and it was. Perella concluded that the consideration CEOC received was worth \$230 million more than the properties it sold. In retrospect, the properties CEOC transferred have dramatically underperformed expectations, and are worth hundreds of millions of dollars less today than was thought at the time of the deal.

The CERP Transaction also was well-received by the market. Not a single CEOC creditor objected. On the contrary, substantial CEOC creditors actively participated in the refinancing negotiations and invested in the new CERP debt.

The Growth Transaction. CEC similarly has strong defenses to any claim purportedly arising from the Growth Transaction. In 2012, as CEC's business began to stabilize and show signs of improvement, CEC determined that it was necessary to continue to invest in new developments and to refurbish existing properties. Because the Debtors did not have the capacity to fund these investments, CEC and its shareholders created a new public company, CAC., funded by a new \$500 million investment by the Sponsors and an additional \$700 million from its other shareholders by means of a rights offering, and launched a new joint venture with CAC, CGP. In consideration for its non-voting stake in CGP, CEC contributed two assets: its equity in CIE and a portfolio of \$1 billion of CEOC debt. CGP used a portion of the funds it raised to purchase from CEOC the Planet Hollywood Resort and Casino in Las Vegas and CEOC's interest in a new development, the Horseshoe Baltimore, for an aggregate of \$360 million in cash and the assumption of \$450 million in debt.

Contrary to the assertions by the Special Governance Committee, the goal of the Growth Transaction was to finance growth projects and provide additional liquidity to CEOC, not to gain leverage over CEOC's creditors in the event of a bankruptcy (which CEC neither anticipated nor desired). The factual record as a whole, including the unequivocal testimony of every person involved in the transaction, supports this conclusion.

The Growth Transaction—including the purchase price for the two CEOC properties—was negotiated and approved by the CEC Valuation Committee consisting of CEC's three highly experienced independent directors, assisted by independent legal counsel (Morrison & Foerster) and respected financial advisors (Evercore). The CEC Valuation Committee and its advisors engaged in a months' long, hard-fought negotiation over the terms of the transaction, and these efforts resulted in a substantial increase in the total consideration received by CEOC. At the end of this process, the CEC Valuation Committee concluded that the consideration was fair, and Evercore provided a separate written opinion that the value received for the assets sold by CEOC was reasonably equivalent to their fair market value. Neither the Special Governance Committee nor the Examiner has identified any evidence (and there is none) that the CEC Valuation Committee did anything but aggressively negotiate for the highest possible price for the CEOC assets.

Finally, as with CERP, when the Growth Transaction was announced in April 2013 and closed in October 2013, the markets applauded the deal. Analysts praised it; financial indicators across the CEC capital structure, including CEOC debt, reacted positively; and the CAC rights offering was oversubscribed. Not one CEOC creditor lodged a complaint at the time.

For these reasons and others, CEOC and its creditors have no viable claim arising from the Growth Transaction.

The Four Properties Transaction. Following the closing of the Growth Transaction and CERP Transaction, CEC's business performance declined sharply in late 2013. In early 2014, CEC also faced the threat of a going concern qualification from its auditors, which would have created an immediate, incurable default under CEOC's debt agreements, and led to a costly freefall CEOC bankruptcy.

In May 2014, in an effort to avoid these threats, CEOC sold four properties to CGP in return for \$2 billion in cash and assumed debt, and more than \$200 million in assumed capital expenditures. As with the Growth Transaction, CEC sought to ensure that CEOC's interests were protected and that CEOC received fair value in the deal. The transaction was negotiated and approved by a special committee of two experienced independent CEC directors, assisted by independent counsel (Reed Smith) and highly regarded financial advisors (Centerview and Duff & Phelps). The committee's vigorous negotiations with an independent committee of the CAC board of directors resulted in an increase in cash consideration of more than \$250 million for CEOC. Centerview provided the committee with a written opinion attesting to the fairness of the price CEOC received. Neither the Special Governance Committee nor the Examiner has identified any evidence to suggest that the special committee did not forcefully push to obtain the best possible price for the CEOC assets. In fact, the Examiner concededly found no evidence that CAC would have paid materially more than \$2 billion, and acknowledged that CAC's financial advisor would not have issued a fairness opinion at a materially higher price. That CEOC received top dollar from a knowledgeable buyer with the capacity to pay more is powerful evidence that it received fair value.

The conclusions of the Special Governance Committee and the Examiner that CEOC did not receive full value for these assets are based entirely on their decision to use different projections than those used by the parties to the transaction. But the original management projections used by the Special Governance Committee and the Examiner were unduly optimistic and were not a reliable basis for valuation, while the revised management projections that were actually used in the transaction reflected a far more reasonable assessment of projected performance. Indeed, the properties sold have substantially underperformed the projections used by the Special Governance Committee and the Examiner in 2014 and 2015. Were those properties valued based on their actual performance, they would be worth far less than the \$2 billion that CEOC actually received in the transaction. The original and modified projections, and the reasons for the changes, were fully disclosed to and carefully analyzed by the special committee, with the assistance of its financial and legal advisors, in approving the transaction. For these reasons and others, CEOC is unlikely to prevail on any claims arising from the Four Properties Transaction.

The Shared Services Transaction. As part of the Four Properties Transaction, CAC demanded, and, after arm's-length negotiations, the special committee agreed, that the centralized services that CEOC provided to all properties in the Caesars enterprise, including management, marketing, and access to Total Rewards, would be moved to a new entity, CES. Absent the creation of CES and the concomitant assurance of continued access to Total Rewards, there would be no sale, and CEOC would have faced default and bankruptcy. To avoid these consequences and effectuate the creation of CES, CEOC licensed Total Rewards and other intellectual property to CES, while CGP and CERP contributed more than \$60 million in cash to support important system upgrades that CEOC was unable to fund.

CEOC was in no way injured by the creation of CES. On the contrary, the transaction was a necessary component of the Four Properties Transaction, and thus enabled CEOC to receive over \$2 billion from that transaction. CEOC also retained ownership of its assets, including Total Rewards, continued access to Total Rewards and other management services provided by CES, and the right to continue to receive millions of dollars in annual management fees. CEOC also gained substantial cash flow benefits from no longer having to fund investments in centralized management functions, such as IT upgrades. CEOC and its creditors have no claims arising from this transaction.

The B-7 Refinancing. The B-7 Refinancing was part of CEC's continued effort to support CEOC and provide it with the flexibility and time needed for its underlying operations to recover. As part of this transaction, CEOC raised \$1.75 billion in new term loans, which it used to repay all of its outstanding debt scheduled to mature in 2015 and other debt due in 2016 and 2017. CEOC also obtained favorable amendments to its first lien credit facility, including changes to its financial covenants and the removal of a provision that made the receipt of qualified financial statements a default under that facility.

CEOC received enormous benefits from the B-7 Refinancing. As noted, the proceeds, apart from fees paid to the lenders, were used to repay approximately \$1.8 billion of next maturing and other near term CEOC debt, including almost all debt maturing through the end of 2016. In addition, CEOC was facing an imminent breach of the current financial covenant on its credit facility, which would have resulted in an immediate cross-default on all of its debt and a value-destructive freefall bankruptcy. The amendment of this facility to provide additional covenant headroom and remove the going concern default trigger eliminated the risk to CEOC of future defaults under the facility, coupled with the closing of the Four Properties Transaction, put CEOC in a materially healthier financial position than it had been before the two transactions, with substantial liquidity and no maturing debt for almost two years. For these and other reasons, CEOC is unlikely to prevail on any claims arising from this transaction.

Other Issues. The Special Governance Committee and the Examiner have both indicated that certain other claims may exist against CEC and its affiliates. CEC strongly disputes the viability of such claims and believes that both the SGC Investigation and the Examiner Report are mistaken as a matter of both fact and law. Any such claims that the Debtors or creditors elect to pursue will be aggressively defended in any litigation.

2. Position of the Sponsors

The Sponsors, and associated individuals, dispute the same and other conclusions reached by the SGC and the Examiner, and each of them will vigorously defend any claim asserted against them by CEOC or its creditors. They submit, among other things, that: (a) CEOC received fair and reasonably equivalent value in connection with each of the transactions discussed in this section, all of which were the product of fair processes and negotiations; (b) at all times they acted in good faith, and in accordance with any applicable fiduciary duties, in connection with the relevant transactions; and (c) they did not participate, knowingly or otherwise, in any breach of duty or fraudulent transfer. The conclusions reached by the SGC and the Examiner were based on numerous material errors. Among other things, those conclusions: (a) did not properly account for the contemporaneous analyses and opinions provided by leading investment banks such as Perella, Evercore, Centerview and Duff & Phelps; (b) were based on inaccurate assertions regarding the information available to those investment banks, the role of Sponsor representatives in providing such information and the reasons for each of the transactions at issue; (c) are premised upon, inter alia, a misreading of key documents and a fundamental misunderstanding of certain testimony; (d) depend on flawed and speculative assumptions regarding alternative transactions available to CEOC; (e) did not account for various legal defenses to the relevant claims; and (f) assuming there were any liability, were based on erroneous damage calculations.

The Sponsors and associated individuals dispute that any of them has any liability to the CEOC estate or its creditors and, in any event, believe that the value of the contributions to the Plan is significantly higher than the value of the claims being released by CEOC in exchange for those contributions.

3. Position of the Second Priority Noteholders Committee⁴⁸

Importantly, the range of potential damages shown on page 80 of the Examiner Report, from \$3.6 billion to \$5.1 billion (which, as corrected using the Examiner's scoring system, should be \$4.0 billion to \$5.1 billion), is only a starting point. That range of values relates solely to claims considered strong (a high likelihood of success) or reasonable (better than 50/50 chance of success), and as to which the Examiner actually calculated relevant damages. The Examiner noted various categories of damages that he did not include or calculate, but as to which the Debtors are or may be entitled to recover based on the Examiner's conclusions and applicable law.

In fact, the Noteholder Committee believes that the estate claims are, in the aggregate, substantially more valuable than the (as corrected) \$4.0 billion to \$5.1 billion range calculated by the Examiner.

⁴⁸ The Second Priority Noteholders Committee refers to itself as the "Noteholders Committee" and the Debtors therefore have used this term in including the Second Priority Noteholders Committee's requested language verbatim.

Attached as **Exhibit K-1** is a chart prepared by Noteholder Committee showing adjustments that, according to the Noteholder Committee and its professionals, should be made to the Examiner's range of damages. According to the Noteholder Committee, these adjustments, when taken into account, increase likely recoverable damages of the potential defendants to a range of \$8.1 billion to \$12.6 billion. In making those adjustments, the Noteholder Committee used the dollar figures and EBITDA multiples calculated by the Examiner, and focused on: (1) categories of damages not calculated by the Examiner, but as to which the estate is entitled to recover based on the Examiner's conclusions and applicable law; (2) damages recoverable in respect of claims where the Examiner appears to have overlooked certain indisputable facts; and (3) damages resulting from a determination that defendant transferees, in particular CAC and Growth Partners, did not act in good faith. To be clear, **Exhibit K-1** does not include CEC's potential and significant direct liability to creditors under the Parent Guarantees, which would be released under every version of the Plan filed by the Debtors. Nor does it reflect the fact that the Noteholder Committee's financial advisors attribute even higher value to the transferred properties than the Examiner's professionals, and regard the Examiner's ranges of value as conservative. **Exhibit K-1** also does not account for additional causes of action or theories of recovery that may exist.

First, the categories of damages not calculated by the Examiner include the following:

- **Lost Profits.** Throughout the Report, the Examiner notes that lost profits attributable to transferred properties may be an element of recovery on fraudulent transfer claims or available as damages on claims for breach of fiduciary duty or aiding and abetting breach of fiduciary duty. (Rep. at 12-13, 20, 26, 423; Rep. Appx. 5 at 97, 137-139, 143). The Examiner, however, did not include any lost profits in his summary chart of potential damages. (Rep. at 78-79). **Exhibit K-1** shows the Noteholder Committee's estimate of the post-transfer lost profits damages resulting from four of the transactions (Four Properties, CERP, Growth, WSOP), which range from \$204 million to \$826 million. The high end of the range was calculated based on actual EBITDA generated for each property during the relevant time frame. The low end of the range deducts actual capital expenditures.
- **Value Of Transferred Properties As Of Judgment Date.** Although the Examiner recognized that the estate is potentially entitled to damages that include appreciation in value of property that occurs after a fraudulent transfer, (Rep. Appx. 5 at 93), the Examiner calculated potential damages based only on the value of transferred properties as of the applicable dates of conveyance. The Noteholder Committee has calculated the difference between the value of the properties as of the date of transfer (as determined by the Examiner) and the current value (or highest intermediate value). As shown in **Exhibit K**, applying the Examiner's multiples to the current (or high water) EBITDA for properties involved in just three of the avoidable transactions (Four Properties, CERP, Growth) increases total damages by an aggregate of \$546 million to \$657 million. Because the current value of the properties does not take into account any excess cash generated by the properties, the value of the properties as of the judgment date is not duplicative of the profits generated by the properties between the date of the transfers and the date of judgment.
- **Value Of CIE.** The Examiner concluded that the Debtors may potentially be entitled to damages of a "significant magnitude" (Rep. at 1) if the Debtors are able to recover all or some of the value of the social gaming business of CIE. Importantly, the Examiner found that play for fun online poker was part of the CIE business plan. (Rep. at 22). The Examiner concluded that "there is a plausible argument to recover the value of CIE related to social gaming," and that while a claim to recover the full value of CIE is "between weak and plausible," a recovery limited to the value of CIE attributable to real-money online poker and the use of the WSOP Trademark & IP is "more plausible." (Rep. at 284). Based on a reasonable, current valuation of CIE and adjusting for the 75.8% ownership stake that was transferred, the cost to maintain real money gaming, and the damages attributable to the

⁴⁹ In addition, pre-judgment interest can be assessed on the lost profits at the applicable state prejudgment rate, which in Delaware is 5% plus the Federal Reserve Discount Rate. Asarco LLC v. Americas Mining Corp., 404 B.R. 150, 163 (S.D. Tex. 2009), citing Del. Code. Ann., tit. 6, § 2301(a).

WSOP trademarks and hosting rights that are already included in the Examiner's range, the Noteholder Committee calculates an additional potential \$2.3 billion in damages attributable to a remedy that includes the value of CIE.

- Caesars Palace Impairment From Removal Of Octavius Tower. The Examiner recognized that a "reasonable" claim exists for the adverse impact on CEOC resulting from the substitution of a lease for CEOC's previous ownership of Octavius Tower and the resulting "hold up" right now held by CERP. (Rep. at 47). The Examiner, however, concluded that it would be "very difficult" to value that harm and did not attempt to do so. (The Examiner did conclude that the return of the Octavius tower would be an appropriate remedy. (Rep. at 494)). On Exhibit K-1, the Noteholder Committee has quantified the harm by calculating the diminution of the control premium that otherwise would be associated with the value of Caesars Palace. After considering the control premiums of comparable companies, the Noteholder Committee reduced the multiple applicable to Caesars Palace by 0.5x to 1.0x, and applied that reduction to the EBITDA generated by Caesars Palace in 2015. That calculation results in further damages that are estimated by the Noteholder Committee and its professionals to range from \$157 million (using the 0.5x multiple) to \$313 million (using the 1.0x multiple).
- Transfer To CES. The Examiner considered the harm to CEOC caused by its loss of control over Total Rewards but stated that he could not identify any "nonspeculative" way to measure damages resulting from that harm. (Rep. at 58). The Noteholder Committee has developed a methodology that it asserts is nonspeculative, again based on control premiums of companies that are comparable to CEOC. According to the Noteholder Committee, applying a control premium in the range of 10.4% to 20.9% against the estimated total equity value of CEOC yields additional damages in the range of \$549 million to \$1.1 billion.
- Disgorgement Of Fees Paid By CEOC To Conflicted Counsel. The Examiner concluded that Paul Weiss had a conflict of interest in representing both CEOC and CEC in certain of the transactions but determined that "any claim against Paul Weiss for damages would be weak" because "the evidence does not support a conclusion that Paul Weiss lawyers knowingly acted at any time to injure or prejudice CEOC or its creditors." (Rep. at 14, 19). Whether or not that is an accurate assessment (the Noteholder Committee does not believe that it is), the Examiner apparently did not consider at least one remedy available to CEOC strictly as a result of the conflict, even if other "damages" otherwise could not be established – disgorgement of fees paid by CEOC to Paul Weiss (either directly or indirectly through CEC). The Noteholder Committee estimates that during the relevant period, Paul Weiss received tens of millions of dollars in legal fees (including \$6.1 million from CEOC in the ninety days prior to bankruptcy). To the extent paid by CEOC (directly or indirectly), the Noteholder Committee asserts that those amounts are recoverable. The same reasoning would apply to any amounts paid by CEOC to Friedman Kaplan, which represented both CEC and CEOC in New York state court litigation that sought a declaratory judgment that no fraudulent transfers or breaches of fiduciary duty occurred. (Rep. at 817- 20).

Second, there are additional damages on claims where the Examiner did not account for indisputable facts (likely because he was not made aware of those facts). This category includes, for example, the value of the constructive fraudulent transfer claim arising from the transfer of trademarks in connection with the 2010 CMBS Refinancing. The Examiner regarded the merits of the claim as "strong," Rep. at 31, but reduced the claim to "plausible" based on a potential statute of limitations defense. It does not appear, however, that the Examiner considered the fact that the complaint filed by WSFS in Delaware on August 4, 2014 included a fraudulent transfer claim regarding the same trademarks. Because the complaint was filed prior to the four year anniversary of the transfer, the statute of limitations is not an issue because section 544(b) of the Bankruptcy Code permits the estate to

step into the shoes of WSFS as a creditor.⁵⁰ The Examiner concluded that the damages resulting from the transfer of the trademarks ranged from \$43 million to \$123 million.

Third, the Examiner did not include additional damages that could be recovered if the transferees cannot establish their own good faith, which would entitle them to liens on the fraudulently-transferred properties (if returned) or offsets against the amount of damages claimed by the estate. With respect to the CERP transaction, the Examiner found that CEOC would have a reasonable case to assert lack of good faith, and on that basis, included an additional \$129 million in the range of damages for that transfer. Rep. at 46. The Examiner found there to be a plausible case for lack of good faith in connection with the Growth transaction, which would increase damages by \$360 million. Rep. at 42. The Examiner found a weak, but viable, case for lack of good faith with respect to the Four Properties transactions, which would result in an additional \$1.815 billion of damages. Rep. at 61.

The Noteholder Committee believes that the case for lack of good faith as to all of the above transactions is strong or, at a minimum, reasonable. In focusing on whether the actions and knowledge of the Sponsors could be imputed to the transferees, the Examiner appears to have not given full consideration to whether the transferees were on “inquiry notice” of potential claims. Under recent Seventh Circuit law cited by the Examiner, see Rep., App. 5 at 35 n.167, a transferee does not act in good faith if it had “inquiry notice,” which the Seventh Circuit defined to be “awareness of suspicious facts that would have led a reasonable firm, acting diligently, to investigate further and by doing so discover wrongdoing.” *Grede v. Bank of New York Mellon (In re Sentinel Mgmt. Grp., Inc.)*, 809 F.3d 958, 961 (7th Cir. 2016). The Examiner identified a number of “suspicious facts” that likely would lead to a finding of a lack of good faith. Rep. at 652. And there are other compelling and undisputed facts that do not appear to have been considered by the Examiner, such as the fact that Growth Partners received a letter on March 21, 2014 (prior to the closing) from Jones Day on behalf of second-lien noteholders asserting that the Four Properties transactions constituted a fraudulent transfer and breach of fiduciary duty. Rather than conduct any diligent investigation of the claims, as required under *Sentinel*, CAC instead issued a Form 8-K on March 26, 2014, just five days later, stating that “CGP strongly believes there is no merit to the Letter’s allegations and will defend itself vigorously and seek appropriate relief should any action be brought.” The Noteholder Committee submits that this response falls far short of the stringent standard for a showing of good faith established by the Seventh Circuit in *Sentinel*.

4. [Position of the Ad Hoc Group of 5.75% and 6.50% Notes](#)⁵¹

On September 28, 2005 and June 9, 2006, respectively, Caesars Entertainment Operating Company, Inc.’s (“CEOC”) predecessor, Harrah’s Operating Company, Inc., issued (i) \$750 million of 6.5% senior unsecured notes due 2016 (the “2016 Notes”) and (ii) \$750 million of 5.75% senior unsecured notes due 2017 (the “2017 Notes”) (collectively, the “Senior Unsecured Notes”). The Senior Unsecured Notes were guaranteed by Caesars Entertainment Corporation’s (“CEC”) predecessor. The companies affirmatively chose to issue the Senior Unsecured Notes under a registration statement, which allowed them to sell the notes to a broad array of potential investors, including those investors (such as individual “moms and pops”) that did not qualify as “accredited investors.” Accordingly, the indentures for the Senior Unsecured Notes are governed by and subject to the Trust Indenture Act of 1939, 15 U.S.C. §§ 77aaa-77bbbb (the “Trust Indenture Act”). When issued, the Senior Unsecured Notes were investment grade.

On August 12, 2014, CEOC and CEC entered into a private arrangement (the “Favored Noteholders Transaction”) with Aurelius Capital Management, LP, BlueCrest Capital Management (New York) LP, Angelo Gordon & Co, L.P., and Goldman Sachs & Co. (the “Favored Noteholders”), four large Wall Street players holding a slight majority of the outstanding Senior Unsecured Notes that were then held by non-affiliates of CEC and CEOC. The terms of the Favored Noteholders Transaction were memorialized in a Note Purchase and Support

⁵⁰ In addition, the Examiner does not appear to have realized that Caesars License Company was and remains a pledgor of its assets under the various collateral agreements that secure CEOC’s debt, meaning that numerous creditors of CLC (“golden” or otherwise) existed then and now.

⁵¹ The Ad Hoc Group of 5.75% and 6.50% Notes provides this additional disclosure specifically regarding the Senior Unsecured Notes Transaction. The defined terms herein apply to this section only.

Agreement dated August 12, 2014 (the “Note Purchase Support Agreement”). Other holders of the Senior Unsecured Notes, including individual “retail” investors (collectively, the “Disenfranchised Noteholders”), were not permitted to participate in this transaction.

Pursuant to the Favored Noteholders Transaction, the Favored Noteholders agreed to exchange \$155.4 million principal face amount of the Senior Unsecured Notes at par value for \$155.4 million in cash. CEOC also paid the Favored Noteholders accrued and unpaid interest in cash on those exchanged notes, together with all legal and financial advisory fees and expenses of the Favored Noteholders. Finally, CEOC gave the Favored Noteholders new notes in exchange for any notes held by the Favored Noteholders that were not redeemed at par plus accrued interest. These new notes represented claims against CEOC only, which CEOC asserts will receive approximately 46 cents on the dollar as a recovery in the CEOC bankruptcy case.

Using CEOC’s recovery percentage of 46%, the following table summarizes the recoveries for the Favored Noteholders:

<u>Notes</u>	<u>Notes Held by “Favored Noteholders” before August Transaction</u>	<u>Notes Purchased at Par from “Favored Noteholders” in August Transaction</u>	<u>New Notes Issued to “Favored Noteholders” in August Transaction on Essentially Same Terms But Without Guarantee</u>	<u>Recovery on New Notes from Distribution from CEOC assuming a 46% (i.e. 46 cents on the dollar) Distribution</u>	<u>Aggregate Recovery to “Favored Noteholders”</u>	<u>Percentage Recovery to “Favored Noteholders”</u>
<u>6.50% due 2016</u>	<u>\$130.2 M</u>	<u>\$89.4 M</u>	<u>\$40.8 M</u>	<u>\$18.77 M</u>	<u>\$108.17 M</u>	<u>83.1%</u>
<u>5.75% due 2017</u>	<u>\$107.6 M</u>	<u>\$66.0 M</u>	<u>\$41.6 M</u>	<u>\$19.14 M</u>	<u>\$85.14 M</u>	<u>79.1%</u>

As part of the Favored Noteholders Transaction and in exchange for the consideration set forth above, the Favored Noteholders agreed to, among other things, the purported removal of CEC’s guarantees of the Senior Unsecured Notes. Accordingly, CEOC, CEC and The Law Debenture Trust Company of New York, as successor indenture trustee for all the noteholders, purported to amend the indentures governing the Senior Unsecured Notes to strip the guarantee provided by CEC. If the Favored Noteholders Transaction were to be given effect, the Disenfranchised Noteholders, including all the “mom and pop” retail holders, would be left with notes that had no rights to sue or collect upon the guarantees by CEC, even though they were not offered a chance to participate in the Favored Noteholders Transaction.

Some of the Disenfranchised Noteholders wrote to CEOC and CEC on August 14, 2014—more than a week before the closing of the Favored Noteholders Transaction—stating that “the proposed elimination of the Guarantee without the unanimous consent of all noteholders would constitute a clear violation of the Trust Indenture Act.” CEOC was represented by Kirkland & Ellis LLP in this transaction, the same firm that represents CEOC as proponent of the plan. CEC was represented by Paul Weiss Rifkind Wharton and Garrison LLP (“Paul Weiss”). As the examiner found, Apollo Global Management, LLC (“Apollo”) negotiated this transaction for both CEOC and CEC. With actual knowledge about concerns over the Trust Indenture Act and with the assistance of sophisticated counsel, CEOC and CEC closed the Favored Noteholders Transaction on August 22, 2014.

The Examiner has characterized the Favored Noteholders Transaction as an “ugly transaction,” in which “one group of noteholders (constituting a slight majority of the notes held by non-related parties) [were] paid at a

premium over market in exchange for agreeing to prejudice the remaining noteholders by eliminating the Bond Guarantee from the governing indentures.” Examiner’s Final Report, Vol. 1 at 69 [Docket No. 3406-1]. The Examiner summarized the Favored Noteholders Transaction as follows:

In the Examiner’s view, this was an ugly transaction. The Participating Noteholders—a small group of sophisticated investors—took advantage of the circumstances and purported differences in the indentures governing the Senior Unsecured Notes to cause CEC and CEOC to repurchase their Senior Unsecured Notes at par, which was substantially higher than the market prices available. To make matters worse, the Participating Noteholders agreed as part of the transaction to amend the indentures in ways that saddled the remaining noteholders with no Bond Guarantee and substantially diminished rights. Non-participating noteholders were neither given notice, nor the opportunity to participate in this debt buyback or to agree to the amendment to the note indentures (although the participating note holders were willing to allow others to participate). For their part, the Sponsors (Apollo in particular) negotiated this transaction on behalf of both CEC and CEOC, declined the opportunity to extend the offer to participate to all non-affiliated Senior Unsecured Noteholders, and frankly admitted during interviews that a principal, if not primary, purpose in entering into the transaction was to remove any uncertainty with respect to the release of the Bond Guarantee (as opposed to acting in the best interests of CEOC and its creditors).

Examiner’s Final Report, Vol. 14 at 824 [Docket No. 3401-13].

Following the consummation of the Favored Noteholders Transaction, certain Disenfranchised Noteholders filed suits against CEOC and CEC in the United States District Court for the Southern District of New York (the “SDNY Litigation”). Each suit seeks declarations that the Favored Noteholders Transaction: (1) violated Section 316(b) of the Trust Indenture Act of 1939; (2) breached the terms of the indentures governing the Senior Unsecured Notes; and (3) CEC’s guarantee obligations remain in place. Congress enacted Section 316(b) to prevent “[e]vasion of judicial scrutiny of the fairness of debt-readjustment plans” and to “place a check or control over the majority forcing on the minorities a debt-readjustment plan.” A3274 (1939 House Report No. 76-1016); A3337-38 (1939 Senate Report No. 76-248); A2371 (1938 House Subcommittee Hearings). These are the very rights certain Disenfranchised Noteholders are seeking to vindicate in the SDNY Litigation.

As discussed in Article V.P.2, the proposed Plan’s Third Party Release provides for a broad release of civil liability of certain third parties, including CEC, Apollo, Kirkland & Ellis LLP, Paul Weiss, and others involved in the Preferred Noteholders Transaction. The Third Party Release would, if approved and given effect, release CEC from its guarantee of the Senior Unsecured Notes and moot the SDNY Litigation. Notwithstanding this release, the Plan does not provide for the Disenfranchised Noteholders to receive a recovery greater than other unsecured creditors who did not have guarantee rights against CEC.

In sum, if the Plan is confirmed and given effect, the Favored Noteholders, who are comprised of Aurelius Capital Management, LP, BlueCrest Capital Management (New York) LP, Angelo Gordon & Co, L.P., and Goldman Sachs & Co. will have received a 83.1% or 79.1% recovery, depending on the series of Senior Notes they hold, while the Disenfranchised Noteholders (including retail investors) will receive only 46% on the very same investment.

H. Value of CEC Contributions

Millstein performed an analysis of the aggregate value of the contributions being made by CEC to the Estates under the Plan.⁵² As of May 18, 2016, Millstein estimates that the value of CEC’s contributions to the Plan is in the range of \$1.9 billion to \$6.3 billion, with a midpoint of \$4.0 billion if Class F votes to reject the Plan, and in the range of \$2.1 billion to \$6.7 billion with a midpoint of \$4.3 billion if Class F votes to accept the Plan. A more

⁵² The Debtors’ previous Investment Banker, Perella Weinberg Partners LP (“Perella”), prepared the Debtors’ contribution analysis at the time the Debtors initially entered into the Bond RSA in December 2014.

detailed description of the valuation range and the assumptions used by Millstein to formulate this range can be found in Exhibit C.

CEC believes the value of its contributions to the Estates is at the high end of the Millstein range and, depending on certain assumptions, exceeds Millstein's range. ~~The Debtors expect that certain~~Certain parties in interest ~~will, including the Ad Hoc Committee of Holders of 12.75% Second Priority Senior Secured Notes,~~ assert that the contributions are at the low end of the range, and possibly below. The Debtors disagree and will be prepared to meet their burden to establish the value of the contributions at the confirmation hearing.

The Second Priority Noteholders Committee and Ad Hoc Committee of Holders of 12.75% Second Priority Senior Secured Notes have asserted that the contribution is inadequate because it is not entirely in cash, but instead includes, among other things, cash, securities, and credit support. The Debtors will be prepared to meet their burden on the appropriateness of the settlement at confirmation.

The Second Priority Noteholders Committee disagrees with Millstein's perspective on the contribution and has asked the Debtors to include the following:

The Noteholder Committee disagrees with Millstein's analysis of the aggregate value of the contributions by CEC and its affiliates to the Debtors' estates. As set forth in greater detail in Exhibit C, the Noteholder Committee submits that the value of the contribution by CEC is below the low end of the range of value asserted by Millstein, even without taking into account the substantial value of the benefits that will be realized by CEC if the Plan were confirmed, including: 1) the release of CEC's liabilities to third parties arising from CEC's guaranty of more than \$10 billion in debt issued by CEOC; 2) the tax savings to CEC if it remains in control of the Debtors; and 3) the right of first refusal given to CEC to operate and manage all properties acquired by PropCo. The Noteholder Committee believes that when the additional value to CEC is properly taken into account, the value of CEC's net contribution to the Debtors and their creditors is less than \$1 billion or perhaps even negative, which obviously is not adequate consideration to justify the release of potential claims belonging to the Debtors that, in the opinion of the Noteholder Committee, have a value in a range from \$8.1 billion to \$12.6 billion.

I. The Second Lien Standing Motion

On May 13, 2016, the Second Priority Noteholders Committee filed the *Motion of Noteholder Committee for Order Granting Standing to Commence, Prosecute, and Settle Claims on Behalf of the Debtors' Estate* [Docket No. 3694] (the "Second Lien Standing Motion"). The Second Lien Standing Motion seeks derivative standing to pursue claims for breach of fiduciary duty, aiding and abetting breach of fiduciary duty, and other claims against CEC, certain of CEC's and CEOC's officers and directors, the Sponsors, and others. The Second Lien Standing Motion asserts that the Special Governance Committee lacks sufficient independence to bring or compromise the Estate Claims. The Debtors vigorously dispute, among other things, the Second Priority Noteholders Committee's assertions that the Special Governance Committee and the Debtors have not been faithful stewards of the Estates and will respond accordingly. ~~The Second Priority Noteholders Committee has set the Second Lien Standing Motion for hearing on June 22, 2016, with preliminary objections due on June 15~~On May 19, 2016, the Bankruptcy Court entered an order establishing a briefing schedule on the Second Lien Standing Motion, which culminated with a hearing on the matter on July 20, 2016. On May 23, 2016, the Second Priority Noteholders Committee issued discovery requests to seven different parties, which the Second Priority Noteholders Committee has asserted was in connection with the Second Lien Standing Motion. In connection with this discovery request, the Debtors filed an emergency motion seeking to continue the standing motion until after entry of an order confirming or denying confirmation of the Plan (or such earlier date that the Debtors cease prosecution of the Plan) or, in the alternative, to amend the briefing schedule to result in a hearing on the Second Lien Standing Motion on October 19, 2016 [Docket No. 3837] (the "Continuation Motion"). The Second Priority Noteholders Committee [Docket No. 3929] and the Ad Hoc Group of 5.75% and 6.50% Senior Unsecured Notes [3947] filed objections to the Continuation Motion. A hearing on the Continuation Motion is scheduled for June 7, 2016.

J. Development of the Proposed Restructuring and Plan

Before filing the Chapter 11 Cases, the Debtors worked diligently and tirelessly to reach a consensual restructuring agreement with their creditors. The initial result of these efforts was the Prepetition RSA entered into by the Debtors and a significant portion of the Debtors' creditors on December 19, 2014. The Prepetition RSA, which is described in more detail in Article III.E above, allowed the Debtors to enter the chapter 11 process with the support of a key creditor group and locked in a baseline deal structure to facilitate further negotiations with the Debtors' creditors during the Chapter 11 Cases. Indeed, since the Petition Date, the Debtors, [through Millstein](#), engaged in numerous negotiations with certain holders of the Debtors' first and second lien secured debt in an effort to reach a mutual agreement regarding a consensual resolution of the Chapter 11 Cases. These efforts, described in further detail below, resulted in the RSAs (as defined below) which form the baseline recoveries for the proposed restructuring presented by the Plan.

1. The First Lien Notes RSA

The Prepetition RSA contained various milestones that the Debtors were required to meet. Although the Debtors were unable to meet certain of these milestones during the Chapter 11 Cases, the Prepetition RSA remained effective while discussions among the parties thereto continued apace. These discussions led to certain amendments to the Prepetition RSA, which were embedded in the Fourth Amended and Restated Restructuring Support and Forbearance Agreement, dated as of July 31, 2015, and in a Fifth Amended and Restated Restructuring Support and Forbearance Agreement, dated as of October 7, 2015 (the "[First Lien Notes RSA](#)"). See Caesars Entertainment Corporation, Report on Form 8-K (October 8, 2015). The First Lien Notes RSA is supported by over 80 percent of the First Lien Noteholders (the "[First Lien Consenting Noteholders](#)").

Pursuant to the First Lien Notes RSA, the First Lien Consenting Noteholders have agreed to, among other things, support and vote their claims in favor of the proposed Plan, forbear from exercising certain default-related rights and remedies under the indentures governing the First Lien Notes, and not transfer their Secured First Lien Notes Claims or Prepetition Credit Agreement Claims unless the transferee agrees to be bound by the terms of the First Lien Notes RSA. In addition, any litigation between CEOC, CEC, their respective directors, and any of the First Lien Consenting Noteholders was adjourned, stayed, and/or dismissed without prejudice after January 15, 2015, in accordance with the First Lien Notes RSA. The Debtors must meet or comply with various material milestones under the First Lien Notes RSA relating to the timing of filing motions with the Bankruptcy Court as well as the entry of orders with respect to certain aspects of the Chapter 11 Cases. The First Lien Consenting Noteholders have a right to terminate the First Lien Notes RSA if certain milestones are not met, as modified or amended by forbearance agreements, during the pendency of the Chapter 11 Cases. Although the Debtors have not met all such case milestones, the First Lien Notes RSA has not been terminated as of the date hereof.

Importantly, while the Plan incorporates the proposed structure contemplated by the First Lien Notes RSA as well as many of the distributions contemplated thereby, the Plan does not include all terms of the First Lien Notes RSA. The economic terms of the Plan with respect to First Lien Noteholders are materially improved as compared with those contemplated by the First Lien Notes RSA, but they do not match the First Lien Notes RSA verbatim and therefore that it is possible that the First Lien Consenting Noteholders may terminate the First Lien Notes RSA and choose not to support the Plan.

2. The First Lien Bank RSA

At several points, both before and during the Chapter 11 Cases, the Debtors and certain Holders of Prepetition Credit Agreement Claims met to negotiate terms under which such Holders would support a consensual restructuring transaction in line with that contemplated under the Prepetition RSA. In March and April of 2015, the Debtors and CEC made substantial progress with the First Lien Consenting Bank Lenders, which led to an agreement in principle. The parties, however, were ultimately unable to finalize documentation due to a number of issues. See Caesars Entertainment Corporation, Report on Form 8-K (April 20, 2015).

By the end of summer 2015, however, the Debtors, CEC, and certain Holders of Prepetition Credit Agreement Claims (the “First Lien Consenting Bank Lenders”) reengaged and this time, in the wake of the newly amended First Lien Notes RSA, came to terms on a significant agreement. Specifically, on August 21, 2015, CEOC and CEC entered into a Restructuring Support and Forbearance Agreement (the “Bank RSA,” and, together with the First Lien Notes RSA, the “RSAs”) with the First Lien Consenting Bank Lenders. See Caesars Entertainment Corporation, Report on Form 8-K (August 24, 2015). With few exceptions, the terms of the Bank RSA are consistent with the terms of the First Lien Notes RSA.

Under the Bank RSA, the First Lien Consenting Bank Lenders agreed to, among other things, support and vote their claims in favor of the Plan, forbear from exercising certain default-related rights and remedies under the Prepetition Credit Agreement, not take any actions materially inconsistent with the Plan or the Restructuring Transactions proposed therein, and not transfer their Secured First Lien Notes Claims or Prepetition Credit Agreement Claims unless the transferee agrees to be bound by the terms of the Bank RSA. Additionally, each First Lien Consenting Bank Lender that executes the Bank RSA must sell 100 percent of its respective Prepetition Credit Agreement Claims that survive the effective date of the Plan to CEC in exchange for an amount equal to the “Purchase Price” (as defined in the Bank RSA). Such sale will include consent to the termination and release of CEC’s Guaranty and Pledge Agreement with respect to the Prepetition Credit Agreement and the termination and release of all of CEC’s obligations under the Prepetition Credit Agreement and Guaranty and Pledge Agreement. The release and termination will become effective immediately prior to (but subject to the occurrence of) the effectiveness of the Plan (including the payment of all amounts to be distributed to Holders of Prepetition First Lien Bank Claims under the Plan) and payment of the Purchase Price.

The Bank RSA also contemplated that, on the later of (a) 10:00 a.m., prevailing Eastern Time, on September 8, 2015, and (b) the date that at least two-thirds of Holders of Prepetition Credit Agreement Claims (excluding Swap and Hedge Claims) executed the Bank RSA (or agreed to abide by its material terms), CEC was required to pay the First Lien Consenting Bank Lenders executing the Bank RSA by such date such parties’ pro rata share of a \$62.5 million upfront payment. On September 4, 2015, two-thirds of First Lien Consenting Bank Lenders had executed the Bank RSA, and therefore CEC became obligated to make the payment to all First Lien Consenting Bank Lenders that executed the Bank RSA on or before 10:00 a.m., prevailing Eastern Time, on September 8, 2015. This upfront payment by CEC will be credited against the Purchase Price received by the applicable Holder in connection with a settlement among CEC, CEOC, and the First Lien Consenting Bank Lenders regarding CEC’s guarantees of collection under the Prepetition Credit Agreement.

Additionally, each First Lien Consenting Bank Lender will be entitled to receive the RSA Forbearance Fees (as defined in the First Lien Notes RSA) on account of any First Lien Bond Claims that such First Lien Consenting Bank Lender held at 11:59 p.m., prevailing Eastern Time, on January 15, 2015 (and that were still held by such First Lien Consenting Bank Lender at the time they executed the Bank RSA) as if such First Lien Consenting Bank Lender were a Forbearance Fee Party (as defined in the First Lien Notes RSA).

The Bank RSA is supported by Holders of more than 80 percent of the Prepetition Credit Agreement Claims.

Similar to the First Lien Notes RSA, the Debtors must meet or comply with various material milestones under the Bank RSA relating to the timing of filing motions with the Bankruptcy Court as well as the entry of orders with respect to certain aspects of the Chapter 11 Cases. The First Lien Consenting Bank Lenders have a right to terminate the Bank RSA if certain milestones are not met, as modified or amended by forbearance agreements, during the pendency of the Chapter 11 Cases. Although the Debtors have not met all such case milestones, the Bank RSA has not been terminated as of the date hereof.

Importantly, while the Plan incorporates the proposed structure contemplated by the Bank RSA as well as many of the distributions contemplated thereby, the Plan does not include all terms of the Bank RSA; however, the recoveries to the Holders of Prepetition Credit Agreement Claims remain unchanged with the recoveries contemplated by the Bank RSA. Though the Plan provides for materially enhanced recoveries to Holders of Prepetition Credit Agreement Claims as compared with the economic terms of the Bank RSA, because the terms of

the Plan do not match the Bank RSA verbatim, it is possible that the First Lien Consenting Bank Lenders may terminate the Bank RSA and choose not to support the Plan.

3. The Proposed Second Lien RSA

On July 20, 2015, CEOC and CEC announced a Restructuring Support and Forbearance Agreement (the “Second Lien RSA”) with Holders of a significant amount of the Second Lien Notes Claims (the “Second Lien Consenting Creditors”). The Second Lien RSA provided significantly improved recoveries—driven primarily by enhanced contributions from CEC to the Debtors’ Estates—for Holders of Second Lien Notes Claims (and potentially all Non-First Lien Claims) compared to those set forth in the RSAs. The Second Lien RSA never became effective, however, because Holders of at least 50.1 percent of the Second Lien Notes Claims failed to execute the Second Lien RSA by September 18, 2015—the deadline to do so. Although the Second Lien RSA never became effective, the Debtors have used certain of CEC’s proposed additional contributions to the Debtors’ Estates under the Second Lien RSA as an important point of reference for CEC’s additional contributions and the enhanced creditor recoveries available under the Plan, including the New CEC Convertible Notes to be distributed to creditors pursuant to the terms of the Plan.

4. The Debtors’ Previously Filed Plans of Reorganization

Based on these various restructuring support agreements, the Debtors have filed two prior chapter 11 plans of reorganization. The Debtors filed their original plan of reorganization on March 2, 2015 [Docket No. 555] (the “Original Plan”). The Original Plan was based on the Prepetition RSA, and largely incorporated its terms. In fact, the Original Plan was filed, in part, to meet a milestone under the Prepetition RSA and was meant to ensure that the restructuring contemplated by the Prepetition RSA would be used as a platform for negotiations during the Chapter 11 Cases. Indeed, the Debtors were in active negotiations with certain of their creditor constituents at the time of the filing of the Original Plan in an effort to strengthen support of a plan of reorganization. That platform generally revolved around a global settlement construct, which required significant contributions from CEC to support a near-term creditor recoveries and the Debtors’ business’s separation into a REIT structure—the same framework contemplated by the Plan discussed herein.

After months of arm’s-length, good-faith negotiations that resulted in the Debtors’ agreement with the Consenting First Lien Noteholders on the amendments embodied in the First Lien Notes RSA, the First Lien Bank Lenders on the terms of the Bank RSA, and with Holders of a significant amount of the Second Lien Notes Claims, the Debtors moved quickly to document the revisions to the Original Plan contemplated by these restructuring agreements. Thus, on October 7, 2015, the Debtors filed their first amended chapter 11 plan of reorganization [Docket No. 2402] (the “First Amended Plan,” and together with the Original Plan, the “Previous Plans”). The First Amended Plan was a significant achievement at the time, and it greatly improved stakeholder recoveries and ensured increased contributions from CEC to the Debtors’ Estates. In total, the First Amended Plan locked in commitments by CEC to contribute \$450 million of New CEC Convertible Notes to the Debtors’ restructuring, as well as the waiver of certain recoveries CAC would otherwise be entitled and additional equity or cash contributions to the Debtors’ junior creditors.

Although the Debtors had the support of approximately \$12 billion of their capital structure for the First Amended Plan, the Bankruptcy Court denied the Debtors’ request to move forward with a confirmation process for the First Amended Plan because, among other things, the Examiner had not yet issued the Examiner Report. Given these delays, the Debtors continued to negotiate and discuss plan structures with all stakeholders. These negotiations (including the agreements below)—coupled with the results of the SGC Investigation—have resulted in the currently proposed Plan.

5. Bank Guaranty Settlement Overview

As described above, the Debtors have been engaged in negotiations with certain Holders of Prepetition Credit Agreement Claims since before the Petition Date. The Holders of Prepetition Credit Agreement Claims have asserted distinct rights in the Chapter 11 Cases with respect to the Debtors’ Estates and also CEC. Specifically, the

Holders of Prepetition Credit Agreement Claims have asserted that they are entitled to postpetition interest, which entitlement would depend, in part, on whether the Prepetition Credit Agreement Claims are over- or under-secured. This issue of postpetition interest affects both the Debtors and CEC due to the Guaranty and Pledge Agreement, pursuant to which CEC agreed to a guaranty of collection in favor of the Prepetition Credit Agreement Claims. Moreover, the Holders of Prepetition Credit Agreement Claims also have the ability to enforce the Subsidiary-Guaranteed Notes Intercreditor Agreement and the Second Lien Notes Intercreditor Agreement against the Holders of Subsidiary-Guaranteed Notes Claims and Second Lien Notes Claims, respectively, which has affected the Debtors' ability to reach agreement with junior stakeholders subject to those intercreditor agreements.

Through their ongoing settlement discussions, including those related to the mediation process described in Article IV.M below, the Debtors and CEC have reached agreement with the Consenting First Lien Bank Lenders regarding these postpetition interest and intercreditor issues (the "Bank Guaranty Settlement"). —Under the Bank Guaranty Settlement, which will be approved by Holders of Prepetition Credit Agreement Claims through the affirmative vote of such Holders to accept the Plan, on the Effective Date, the Debtors will pay postpetition interest based on a formula set forth in the Plan (the Bank Guaranty Settlement Purchase Price) to all Holders of Prepetition Credit Agreement Claims. This payment resolves whether postpetition interest is due and whether interest is at the default or contract rate, as well as facilitates the release of the Guaranty and Pledge Agreement and the waiver of the Holders of Prepetition Credit Agreement Claim' turnover rights under the Subsidiary-Guaranteed Notes Intercreditor Agreement and the Second Lien Notes Intercreditor Agreement. To enable this settlement, on the Effective Date, CEC (or New CEC) shall contribute the Bank Guaranty Settlement Purchase Price to the Debtors. Confirmation of the Plan shall constitute the Bankruptcy Court's approval, pursuant to Bankruptcy Rule 9019 and section 1123 of the Bankruptcy Code, of the Bank Guaranty Settlement

The Bank Guaranty Settlement is largely built on the economic terms of the Bank RSA but, unlike the Bank RSA, is available to all Holders of Prepetition Credit Agreement Claims and not just the Consenting First Lien Bank Lenders. The Debtors believe that the Bank Guaranty Settlement benefits the Estates because, among other things, it reduces the Debtors' liability to the Holders of Prepetition Credit Agreement Claims for the benefit of the Debtors' junior creditors, including the Holders of Subsidiary-Guaranteed Notes Claims and the Second Lien Notes Claims (who benefit from the waiver of their respective intercreditor agreements), without requiring additional Cash from the Estates since the Bank Guaranty Settlement Purchase Price is being contributed to the Debtors by CEC (or New CEC).

6. Subsidiary-Guaranteed Notes Settlement Overview

In recent months, CEC, CEOC, each Subsidiary Guarantor, and certain Holders of Subsidiary-Guaranteed Notes Claims have engaged in discussions regarding potential plan treatments for Subsidiary-Guaranteed Notes Claims and a global resolution of certain litigation in connection therewith, including the 1111(b) Claim Objections (as defined herein), the potential existence of unencumbered collateral at certain of the Subsidiary Guarantors, the assertion by the Holders of Subsidiary-Guaranteed Notes Claims that such Claims are entitled to postpetition interest due to the recoveries at certain of the Subsidiary Guarantors with ongoing operations or that hold Estate Claims, and potential litigation related to the Subsidiary-Guaranteed Notes Intercreditor Agreement. The advisors to the Consenting First Lien Bank Lenders and the Consenting First Lien Noteholders were kept apprised of these discussions due to these intercreditor issues. As a result of arm's-length negotiations, the parties reached agreement on the terms of the Subsidiary-Guaranteed Notes Settlement, which resolves these myriad issues among CEOC, each Subsidiary Guarantor, CEC, the Consenting First Lien Bank Lenders, and Consenting First Lien Noteholders.

The Subsidiary-Guaranteed Notes Settlement contemplates the following: (a) the allowance of Subsidiary-Guaranteed Notes Claims at each Subsidiary Guarantor in the aggregate principal amount of approximately \$502.1 million, (b) an approximate recovery equal to 85 percent on account of such Allowed Subsidiary Guaranteed Notes Claims, (c) reimbursement of the reasonable and documented fees and expenses (including attorneys' fees) of the Subsidiary-Guaranteed Notes Indenture Trustee, (d) the waiver by Holders of First Lien Notes Claims and Prepetition Credit Agreement Claims of the turnover provisions of the Subsidiary-Guaranteed Notes Intercreditor Agreement, and (e) the waiver by Holders of Subsidiary-Guaranteed Notes Claims of their objections to the Prepetition Credit Agreement Claims and First Lien Notes Claims, as well as

any asserted rights to postpetition interest on account of their Subsidiary-Guaranteed Notes Claims. The Plan incorporates the terms of the Subsidiary-Guaranteed Notes Settlement. The Subsidiary-Guaranteed Notes Settlement will be approved by Holders of Subsidiary-Guaranteed Notes Claims through the affirmative vote of such Holders to accept the Plan. If the Holders of Subsidiary-Guaranteed Notes Claims vote to reject the Plan, the recovery for such Holders will be equal to the liquidation value (taking into account the turnover provisions of the Subsidiary-Guaranteed Notes Intercreditor Agreement) of the ultimate allowed portion of their Claim, which the Debtors expect would be the subject of material litigation among the parties. Confirmation of the Plan shall constitute the Bankruptcy Court's approval, pursuant to Bankruptcy Rule 9019 and section 1123 of the Bankruptcy Code, of the Subsidiary Guaranteed Notes Settlement.

The Debtors are in discussions regarding the terms of a restructuring support agreement with certain Holders of the Subsidiary-Guaranteed Notes Claims. Depending on the outcome of these negotiations, the recoveries to the Holders of Subsidiary-Guaranteed Notes Claims under the Plan may be adjusted.

7. Unsecured Creditors Committee Support of the Plan

Throughout the Chapter 11 Cases, the Unsecured Creditors Committee has sought to protect the rights of its varied constituents. Among other groups, the Unsecured Creditors Committee represents creditors with ongoing business relations with the Debtors and their non-Debtor Affiliates, personal injury claimants and other litigation counterparties (such as Hilton, as described more fully herein at Article IV.RS.4), contract rejection counterparties, current and former employees with claims on account of the Debtors' Deferred Compensation Plan (as defined herein and discussed more fully below) and the Supplemental Employee Retirement Plan, the National Retirement Fund (the "NRF") and its withdrawal liability claims (as described more fully herein at Article IV.RS.3), the Holders of Subsidiary-Guaranteed Notes Claims, and the Holders of the Senior Unsecured Notes Claims. Certain of these claimants not only have Claims against the Debtors, but also assert claims and Causes of Action against CEC (including on account of the Parent Guaranty Litigation).

During the Chapter 11 Cases, the Unsecured Creditors Committee has argued that its constituents are entitled to greater recoveries on account of the Estate Claims and what the Unsecured Creditors Committee asserts are substantial unencumbered assets (including the Debtors' Cash). The Debtors have engaged in extensive discussions with the Unsecured Creditors Committee regarding its theories as to why certain of the Debtors' assets may or may not be unencumbered and the recovery waterfall for unsecured creditors vis-à-vis other creditors in the Debtors' capital structure. The Unsecured Creditors Committee has been clear in conversations with the Debtors and CEC that it would fight confirmation of any chapter 11 plan that did not account for the arguments raised by the Unsecured Creditors' Committee. Through the Debtors' and CEC's ongoing settlement discussions with the Unsecured Creditors Committee, including those related to the mediation process described in Article IV.M below, the Debtors expect that the Unsecured Creditors Committee would be willing to agree to support the proposed Plan so long as it provides for the following:

- Holders of ~~Ongoing Business~~Undisputed Unsecured Claims, ~~General~~Disputed Unsecured Claims, Convenience Unsecured Claims, and Senior Unsecured Notes Claims will be classified separately to account for different rights of each group of creditors and each will receive a recovery equal to approximately 46% of their Allowed Claim Amount if such Holders vote to accept the Plan and a recovery equal to approximately 30% if it votes to reject the Plan;
- Holders of ~~Ongoing Business~~Undisputed Unsecured Claims, ~~General~~Disputed Unsecured Claims, Convenience Unsecured Claims, and Senior Unsecured Notes Claims shall be granted improved recoveries equal to any ~~recoveries~~improved recovery percentage the Debtors, CEC, ~~and or third parties agree to provide to~~ the Holders of Second Lien Notes Claims ~~agree to~~ that are in excess of current recoveries under the proposed Plan; (whether such recoveries are provided in the Plan or through some other source);
- Holders of Subsidiary-Guaranteed Notes Claims must be treated consistent with the Subsidiary-Guaranteed Notes Settlement;

- The NRF's claims must be settled and all documentation related to such settlement must be in a form and substance acceptable to the NRF;
- The Unsecured Creditors Committee shall have an unconditional "fiduciary out" to remove its support of the Plan;
- No further changes shall be made to securities or recoveries made available to other creditors that will impair the value of securities to be received by Holders of ~~Ongoing Business~~ Undisputed Unsecured Claims, ~~General~~ Disputed Unsecured Claims, Convenience Unsecured Claims, Senior Unsecured Notes Claims, Subsidiary-Guaranteed Notes Claims, and General Unsecured Claims against the BIT Debtors; ~~and~~
- ~~The~~ Subject to the effectiveness of the UCC RSA, the Reorganized Debtors will seek to reimburse the Unsecured Creditors Committee Member's professional fees on account of the Unsecured Creditors Committee Member's substantial contribution to the Chapter 11 Cases based on their representation of a varied creditor constituency; ~~and~~
- Subject to the effectiveness of the UCC RSA, the the Reorganized Debtors will seek to reimburse the Subsidiary-Guaranteed Notes Indenture Trustee and the Senior Unsecured Notes Indenture Trustee's professional fees incurred in connection with the Chapter 11 Cases so long as such fees and expenses were not incurred in respect of the respective claims or rights each indenture trustee had with respect to the Company or CEC.

The Debtors' proposed Plan includes these recoveries and the Debtors have informed the Unsecured Creditors Committee that they will seek to otherwise implement the above conditions. Therefore, the Debtors expect that subject to further diligence and formalizing this agreement through definitive documentation, the Unsecured Creditors Committee will support the Plan.

* * * * *

The Debtors have spent significant time negotiating with their creditors and CEC both before and after the commencement of the Chapter 11 Cases, which has led to the Plan. The proposed Plan calls for greatly increased CEC contributions, including \$1 billion of New CEC Convertible Notes and up to another 35.3 percent of New CEC Common Equity (for a total of 52.7 percent of aggregate New CEC Common Equity available under the Plan after accounting for the potential conversion of New CEC Convertible Notes to New CEC Common Equity), each of which will be distributed to the Debtors' creditors through the transactions contemplated by the Plan. In addition, any Holders that receive New CEC Common Equity pursuant to the Plan will have the right to participate (along with other shareholders of New CEC Common Equity after CEC and CAC consummate the Merger) in any New CEC Capital Raises (if CEC or New CEC choose to sell any New CEC Common Equity to fund New CEC's obligations under the Plan). The proposed Plan also incorporates the Bank Guaranty Settlement, the Subsidiary-Guaranteed Notes Settlement, and the recoveries discussed with the Unsecured Creditors Committee. The Debtors believe that the increased recoveries in the Plan as compared to the Previous Plans inures to the benefit of the Debtors' creditors and, as discussed more fully Exhibit I, provides greater, more certain, and near-term recoveries than a standalone plan with a litigation trust. The Debtors therefore believe the restructuring contemplated by the Plan—which is built on the framework of the RSAs and Previous Plans, inclusive of certain of the terms of the Second Lien RSA, and is subject to the Marketing Process discussed more fully in Article IV.K below—is in the best interests of the Debtors' Estates, maximizes stakeholder recoveries, secures a viable pathway to future growth, and ensures that the Debtors continue to operate on an ongoing basis for the benefit of their customers, vendors, and approximately 32,000 employees.

K. Marketing Process

Shortly after commencing the Chapter 11 Cases, the Debtors informed certain parties in interest of their determination, through the Special Governance Committee, to commence a formal marketing process

(the “Marketing Process”) by soliciting proposals for a potential transaction (a “Proposed Transaction”) to acquire the Debtors and their controlled non-debtor subsidiaries in their entirety (the “Company”) through any structure approved by the Special Governance Committee, including through the acquisition of equity in the Debtors’ REIT structure to be distributed under the Plan. Although the Debtors believe that a sale of the Debtors’ reorganized equity is the most tax efficient structure, the Debtors have not precluded bids for assets, subsidiary equity interests, or any other bid structure that may maximize value for all their constituents, whether under a proposed plan of reorganization or otherwise. The following information about this Marketing Process provides Holders of Claims and Interests important information with regard to the Debtors’ efforts to maximize recoveries for all stakeholders. The Debtors, through the Special Governance Committee, approved a two-stage Marketing Process for the solicitation of third party interest in a Proposed Transaction.

1. Overview

The Debtors commenced the Marketing Process in November 2015. The Debtors, working with their legal and financial advisors in consultation with representatives of the Official Committees and Ad Hoc First Lien Groups, developed a list of prospective buyers including both financial and strategic buyers. The prospective buyers were provided with: (a) a “Teaser” that contains an overview of the Debtors’ businesses based on publicly-available information; (b) a “Bid Letter” that provides the prospective buyers with an overview of the Marketing Process and the timeline and procedures related thereto; and (c) a draft “Confidentiality Agreement,” the execution of which was a prerequisite to participation in the Marketing Process. Those prospective buyers that executed the Confidentiality Agreement were also provided with a Confidential Information Memorandum regarding the Debtors’ and their non-Debtor subsidiaries’ businesses.

2. Receipt of Bids; Development of Proposal

During the first phase of the two-phase Marketing Process, the Debtors invited approximately 90 parties to submit a written, non-binding preliminary proposal (a “Proposal”) with respect to a Proposed Transaction. Any such Proposal was to be submitted to the Debtors’ legal and financial advisors by January 29, 2016 (the “Proposal Deadline”). Following a robust marketing process during which the Debtors’ financial advisors actively solicited potential buyers of the Company, the Debtors ultimately received one offer to purchase the PropCo side of the business and two offers to purchase certain discrete assets, but no offers to purchase all of the Debtors or the reorganized equity in the proposed OpCo entity.

The Special Governance Committee, with the assistance of the Debtors’ legal and financial advisors, conducted a thorough analysis of these proposals, including by seeking input from the Debtors’ core creditor constituencies, including the Official Committees and Ad Hoc First Lien Groups. The Special Governance Committee determined that the one bidder seeking to purchase the PropCo assets (the “PropCo Bidder”) is an acceptable bidder for purposes of proceeding to the final round of the Marketing Process. In addition, although no party officially has submitted a bid to purchase all of the Debtors or the reorganized equity in the proposed OpCo entity, the Debtors will keep open the Marketing Process to accept such bids to ensure their ability to maximize value for all stakeholders.

If the Debtors determine, after consultation with their legal and financial advisors, that the final bid from the PropCo Bidder or another party represents or would be part of a higher or otherwise better transaction as compared with the Plan, the Debtors will, as soon as reasonably practicable and after consultation with representatives of the Official Committees and the Ad Hoc First Lien Groups, endeavor to complete and sign all agreements, contracts, instruments, or other documents evidencing and containing the terms upon which such final successful bid was made (the “Transaction Documents”). Any Proposed Transaction ultimately approved by the Debtors will be subject to all applicable requirements of the Bankruptcy Code and ultimate approval by the Bankruptcy Court, as well as gaming and regulatory approval in a variety of jurisdictions and satisfaction of any other conditions specified in the Transaction Documents.

3. Fiduciary Duties and Plan Amendments

It is unclear at this time whether the Marketing Process will ultimately produce a higher or otherwise better Proposed Transaction as compared with the Restructuring Transactions contemplated by the Plan. Consistent with their fiduciary duty to maximize value for the benefit of all stakeholders, however, the Debtors reserve all rights to amend the Plan, as necessary, to incorporate the terms of any Proposed Transaction, and, to the extent permitted by law, seek confirmation of any such Amended Plan without re-soliciting votes on such Amended Plan. The Debtors also continue to engage with potential third-party buyers who contact them through the Marketing Process regarding a Proposed Transaction. The terms of any Amended Plan may differ materially from the terms proposed herein, or may otherwise materially affect the recovery available to Holders of Claims or Interests described herein.

4. Position of the Second Priority Noteholders Committee Regarding the Marketing Process

The Second Priority Noteholders Committee has asked the Debtors to include the following statement regarding their views of the Marketing Process:

The Noteholder Committee believes that the marketing process did not produce a useable market test for the interests that CEC would acquire under the Plan. As noted above, the only indications of interest received by the Debtors involved assets different from those proposed to be sold to CEC under the Plan. Those indications of interest do not provide any basis to measure the market value of the property CEC will receive under the Plan.

For another thing, the process itself was flawed. The Debtors only invited ninety parties to make non-binding preliminary proposals. Of that cherry-picked group, only 27 expressed interest sufficient even to justify sending a confidentiality agreement, which only 6 prospects even bothered to execute and return. Virtually all of the entities the Debtors deemed fit to invite into the process decided not to invest the time or effort to participate. The Noteholder Committee believes this was likely because interested parties recognized that the interests to be acquired by CEC were not truly up for sale and that bidding simply would be a waste of time and resources.

The Debtors disagree with this characterization of the Marketing Process and will be prepared to meet their burden to demonstrate the appropriateness and thoroughness of the Marketing Process during the Plan confirmation process.

L. Exclusivity

Under the Bankruptcy Code, a debtor has the exclusive right to file and solicit acceptance of a plan or plans of reorganization for an initial period of 120 days from the date on which the debtor filed for voluntary relief (the "Exclusive Filing Period"). If a debtor files a plan during the Exclusive Filing Period, then the debtor has the exclusive right for 180 days from the commencement date to solicit acceptances of the Plan (the "Exclusive Solicitation Period" and, together with the Exclusive Filing Period, the "Exclusive Periods"). During the Exclusive Periods, no other party in interest may file a competing plan of reorganization. Additionally, a court may extend these periods upon the request of a party in interest. The Bankruptcy Code limits extensions of the Exclusive Filing Period to 18 months after the Petition Date, and the Exclusive Solicitation Period to 20 months after the Petition Date.

The Debtors' initial Exclusive Filing Period and Exclusive Solicitation Period were set to expire on May 15, 2015, and July 14, 2015, respectively. On April 15, 2015, the Debtors filed a motion [Docket No. 1173] (the "Exclusivity Motion") seeking a six-month extension of the Exclusive Filing Period and the Exclusive Solicitation Period to November 15, 2015, and January 15, 2015, respectively. On April 22 and 23, 2015, the

Second Priority Noteholders Committee and each of the Ad Hoc First Lien Groups filed preliminary objections to the Exclusivity Motion [Docket Nos. 1243, 1272, 1273]. On April 29, 2015, the Bankruptcy Court entered a bridge order (the “Bridge Order”) extending the Debtors’ Exclusive Filing Period through May 27, 2015. After further briefing by the parties [Docket Nos. 1546, 1547, 1550, 1653], on May 27, 2015, the Bankruptcy Court entered an order extending the Exclusive Filing Period through and including November 15, 2015, and the Exclusive Solicitation Period through and including January 15, 2016 [Docket No. 1690].

On October 7, 2015, the Debtors filed a motion [Docket No. 2404] (the “Second Exclusivity Motion”) seeking to further extend the Exclusive Filing Period and Exclusive Solicitation Period to March 15, 2016, and May 15, 2016, respectively. The Second Priority Noteholders Committee filed an objection to this request on October 14, 2015 [Docket No. 2423]. On October 22, 2015, the Bankruptcy Court overruled that objection and entered an order extending the Exclusive Filing Period through and including March 15, 2016, and the Exclusive Solicitation Period through and including May 15, 2016 [Docket No. 2473].

On February 3, 2016, the Debtors filed a motion [Docket No. 3197] (the “Third Exclusivity Motion”) seeking to further extend the Exclusive Filing Period and Exclusive Solicitation Period to July 15, 2016, and September 15, 2016, respectively. No parties in interest objected to the request to extend the Exclusive Periods, though the Second Priority Noteholders Committee objected to the length of the extension [Docket No. 3217]. On February 17, 2016, the Bankruptcy Court overruled that limited objection and entered an order extending the Exclusive Filing Period through and including July 15, 2016, and the Exclusive Solicitation Period through and including September 15, 2016 [Docket No. 3283]. Because this final extension is through the statutory maximum permitted by section 1121(d)(2) of the Bankruptcy Code, the Debtors cannot request further extensions of the Exclusivity Periods, and other parties will be able to file competing chapter 11 plans on and after September 16, 2016.

M. Mediation

On February 3, 2016, the Debtors filed a motion seeking the appointment of a mediator to mediate issues by and among the parties in interest related to a chapter 11 plan of reorganization [Docket No. 3196] (the “Mediation Motion”). The Mediation Motion sought to appoint a sitting bankruptcy judge as the mediator in these the Chapter 11 Cases if the parties do not reach a consensual resolution to the case prior to the release of the Examiner Report. On February 17, 2016, the Bankruptcy Court denied the Mediation Motion as unnecessary because parties could engage a private mediator without leave of the Bankruptcy Court [Docket No. 3284].

On March 1, 2016, the Debtors announced that the Honorable Joseph J. Farnan, Jr., retired Chief Judge of the United States District Court for the District of Delaware, agreed to serve as the mediator in the Chapter 11 Cases [Docket No. 3329]. After engaging Judge Farnan, the Debtors engaged their stakeholders regarding a mediation protocol and related non-disclosure agreement. On March 28, 2016, the following 20 parties entered into the mediation protocol, agreeing to enter into mediation related to confirmation of a chapter 11 plan of reorganization in the Chapter 11 Cases: (i) the Debtors, (ii) counsel to the Ad Hoc Group of First Lien Bank Lenders, (iii) certain members of the Ad Hoc Group of First Lien Noteholders, (iv) the Second Priority Noteholders Committee, (v) the Unsecured Creditors Committee, (vi) UMB, (vii) BOKF, (viii) the Ad Hoc Committee of 12.75% Second Lien Noteholders, (ix) Paulson & Co, on behalf of funds and accounts under management; (x) Quantum Partners LP; (xi) Canyon Capital Advisors LLC, on behalf of certain participating funds and managed accounts; (xii) Wilmington Trust, N.A., solely in its capacity as Subsidiary-Guaranteed Notes Indenture Trustee, (xiii) Law Debenture Trust Company of New York, solely in its capacity as indenture trustee for the Debtors’ 5.75% and 6.5% senior unsecured notes, (xiv) the Ad Hoc Group of 5.75% and 6.50% Senior Unsecured Notes, (xv) counsel for purported class plaintiff Frederick Barton Danner, (xvi) WSFS, (xvii) Delaware Trust Company, solely in its capacity as collateral agent and as indenture trustee for the Debtors’ 10.00% second-priority senior secured notes due 2015 and 2018, (xviii) CEC, (xix) CAC, and (xx) the Hon. Joseph J. Farnan (Ret.). The mediation remains ongoing at this time.

To date, the mediation’s primary focus has been on building consensus among the Debtors key stakeholders, including the Official Committees, the Ad Hoc Group of First Lien Bank Lenders, the Ad Hoc Group of First Lien Noteholders, CEC, and CAC. Although some of the parties to mediation were not actively involved in

negotiations, the majority of such parties were represented in such negotiations by their trustees or respective committees. In addition, the Debtors remain willing to engage with any party in interest regarding any issues and concerns they may have in these chapter 11 cases as part of, or outside of, the mediation.

N. The Lien Standing Challenges

On August 7, 2015, the Unsecured Creditors Committee filed the *Motion of Statutory Unsecured Claimholders' Committee for an Order, Pursuant to Bankruptcy Code Sections 1103 and 1109, Granting It Derivative Standing to Commence, Prosecute, and Settle Certain Causes of Action on Behalf of Debtors' Estates* [Docket No. 2029] (the "UCC Lien Standing Motion").⁵³ On that same day, the Subsidiary-Guaranteed Notes Indenture Trustee filed the *Motion of the 10.75% Notes Trustee for Entry of an Order Granting Standing and Authority to Commence, Prosecute, and Settle Certain Causes of Action* [Docket No. 2027] (the "Subsidiary-Guaranteed Notes Standing Motion"). Through the UCC Lien Standing Motion and the Subsidiary-Guaranteed Notes Standing Motion, the Unsecured Creditors Committee and Subsidiary-Guaranteed Notes Trustee seek to challenge (either directly or on behalf of the Debtors' Estates to the extent derivative standing must first be obtained) the validity, extent, and enforceability of certain prepetition security interests, mortgages, liens, and claims the Debtors purportedly granted to the Collateral Agents (collectively, the "Formal Challenges") for the benefit of the Holders of Prepetition Credit Agreement Claims, Secured First Lien Notes Claims (and the related First Lien Notes Deficiency Claims), and Holders of Second Lien Notes Claims (collectively, the "Secured Creditors"). The Formal Challenges target: (a) the validity of the Secured Creditors' liens in certain property, including commercial tort claims, insurance policies, gaming and liquor licenses, vessels, real property, equity interests, and intellectual property; (b) certain stipulations agreed to by the Debtors in the Final Cash Collateral Order; and (c) the Secured Creditors' rights to assert deficiency claims under section 1111(b)(1) of the Bankruptcy Code against certain of the Debtors (as further discussed below).

The Bankruptcy Court set a briefing schedule on the UCC Lien Standing Motion at the omnibus hearing on October 21, 2015 [Docket No. 2494]. At that same hearing, the Subsidiary-Guaranteed Notes Indenture Trustee agreed to allow the Unsecured Creditors Committee to litigate the standing issues raised in Subsidiary-Guaranteed Notes Standing Motion, most of which were similar to the issues raised in the UCC Lien Standing Motion. Pursuant to the briefing schedule, the Debtors filed an objection to the UCC Lien Standing Motion on November 20, 2015, arguing that the best and most value creating resolution of the issues is the global settlement proposed by the Debtors' Plan [Docket No. 2654]. The Ad Hoc Committee of First Lien Banks and the Ad Hoc Committee of First Lien Noteholders (and the First Lien Notes Trustee) also filed objections to the UCC Lien Standing Motion [Docket Nos. 2652, 2650]. The Unsecured Creditors Committee filed an omnibus reply on December 16, 2015, arguing that the Unsecured Creditors Committee should have exclusive authority to pursue and settle the Formal Challenges because the asserted Formal Challenges were colorable claims and that the Debtors demonstrated an "unjustifiable refusal" to pursue claims against the First Lien Noteholders, First Lien Lenders, and Second Lien Noteholders [Docket No. 2740]. On January 22, 2016, the Unsecured Creditors Committee filed an amended proposed complaint to the UCC Lien Standing Motion, eliminating and modifying certain counts based on new information received from the Debtors and the Ad Hoc First Lien Groups [Docket No. 3127]. On March 16, 2016, the Bankruptcy Court issued an opinion and order noting that the Debtors' justification for not pursuing the Formal Challenges, namely that the pursuit of a global settlement as part of a comprehensive plan of reorganization is superior to litigation, is a reasonable exercise of the Debtors' business judgment and sufficient grounds for denying the UCC Lien Standing Motion [Docket No. 3403]. The Bankruptcy Court did not deny this motion outright, however, instead continuing the UCC Lien Standing Motion to July 20, 2016, so as to not prejudice the Unsecured Creditors Committee if the comprehensive settlement encompassed in the Plan is not approved for any reason.

In addition, the Unsecured Creditors Committee and other parties have informally raised other challenges regarding liens on certain of the Debtors' property (the "Informal Challenges" and, together with the Formal

⁵³ As discussed in more detail in Article IV.RS.2, contemporaneously with the UCC Lien Standing Motion, the Unsecured Creditors Committee filed the Lien Challenge Adversary (as defined below), which relates to claims for which the Unsecured Creditors Committee believes it does not need to seek standing to pursue.

Challenges, the “Lien Challenges”). These Informal Challenges include issues related to the First Lien Creditors’ lien on a substantial portion of CEOC’s unrestricted cash. The Unsecured Creditors Committee has not sought standing as of the date hereof related to the Informal Challenges.

O. The 1111(b) Claim Objections

Also on August 7, 2015, the Subsidiary-Guaranteed Notes Trustee filed objections [Docket Nos. 2030, 2031] (the “1111(b) Claims Objections”) to proofs of claim filed by the First Lien Collateral Agent and the First Lien Notes Indenture Trustee against 137 of CEOC’s wholly-owned Debtor subsidiaries with respect to assets other than Collateral (as such term is defined in the First Lien Collateral Agreement). The focus of the 1111(b) Claims Objections was the rights of the First Lien Creditors to assert deficiency claims under section 1111(b)(1) of the Bankruptcy Code against the Subsidiary Guarantor Debtors. Specifically, the Subsidiary-Guaranteed Notes Trustee argued that the First Lien Creditors had waived their right to assert claims under section 1111(b) of the Bankruptcy Code when they waived their right to recourse against the Subsidiary Guarantor Debtors under “any law” pursuant to the First Lien Collateral Agreement. If successful, the 1111(b) Claims Objections would eliminate any deficiency claims the First Lien Creditors could assert against the Subsidiary Guarantor Debtors, which the Subsidiary-Guaranteed Notes Trustee and the Unsecured Creditors Committee have asserted would unencumber value that will substantially improve recoveries to all unsecured claimholders at the Subsidiary Guarantor Debtors. The arguments raised in the 1111(b) Claims Objections were substantially similar to certain of the arguments raised in the Subsidiary-Guaranteed Notes Standing Motion. Parties in interest agreed that the Subsidiary-Guaranteed Notes Trustee could pursue the 1111(b) Claims Objections without receiving standing to do so because the objections were claim objections allowed by the Bankruptcy Code. *See* 11 U.S.C. 502(a) (allowing any creditor to file a claim objection); *In re C.P. Hall Co.*, 513 B.R. 540, 543 (Bankr. N.D. Ill. 2014) (Goldgar, J.).

At the omnibus hearing on October 21, 2015, the Bankruptcy Court allowed discovery into the issues raised by the 1111(b) Claims Objections. The Bankruptcy Court entered an agreed scheduling order on November 6, 2015 [Docket No. 2539]. After a brief discovery period, the Subsidiary-Guaranteed Notes Trustee, the Unsecured Creditors Committee, the First Lien Lenders, the First Lien Noteholders, the Second Lien Creditors, and the Debtors each filed pre-trial briefs on January 26, 2016 [Docket Nos. 3138, 3139, 3141, 3142, 3143, 3144]. The Bankruptcy Court held a one-day evidentiary hearing on February 2, 2016, and heard closing arguments on the 1111(b) Claims Objections on February 17, 2016. On May 18, 2016, the Bankruptcy Court overruled the 1111(b) Claims Objections, finding that the First Lien Noteholders may assert unsecured deficiency claims against the Subsidiary Guarantor Debtors. The Bankruptcy Court held that although rights under section 1111(b) can be waived by creditors, (and the First Lien Collateral Agreement, on its own, could be read to provide such waiver), the Subsidiary-Guaranteed Notes Intercreditor Agreement referenced section 1111(b) and to reconcile the First Lien Collateral Agreement with the Subsidiary-Guaranteed Notes Intercreditor Agreement, the First Lien Collateral Agreement could not be read to waive rights under section 1111(b). On May 25, 2016, the Subsidiary-Guaranteed Notes Trustee filed a notice of appeal of the Bankruptcy Court’s decision [Docket No. 3825]. On June 3, 2016, the Second Priority Notes Committee and Unsecured Creditors Committee also filed appeals [Docket Nos. 3925, 3927].

P. Debtors’ Objections to Second Lien Notes Claims

1. The Subsidiary Debtors’ 1111(b) Objection

On June 2, 2016, the Subsidiary Debtors filed an objection to proofs of claim filed by the Second Lien Agent and the indenture trustees for the Debtors’ four series of Second Lien Notes on behalf of the Second Lien Noteholders and themselves (such objection, the “Subsidiary Debtors’ 1111(b) Objection”) [Docket No. 3916]. The focus of this objection is the rights of Holders of Second Lien Notes to assert unsecured deficiency claims under section 1111(b) of the Bankruptcy Code against the subsidiary Debtors (collectively, the “Subsidiary Debtors”). Specifically, the Subsidiary Debtors allege that the Second Lien Creditors waived their unsecured deficiency claims against the Subsidiary Debtors under “any law” pursuant to the non-recourse language in the Second Lien Collateral Agreement. In the event that this objection is sustained, the Second Lien Noteholders recoveries against the Subsidiary Debtors would be limited to the value of the collateral specifically pledged by the Subsidiary Debtors pursuant to the Second Lien Collateral Agreement for the satisfaction of the Second Lien Notes Claims. Therefore,

the resolution of the Subsidiary Debtors' 1111(b) Objection could have a material impact on the recoveries of the Second Lien Noteholders and the unsecured creditors of the Subsidiary Debtors. As noted in the Subsidiary Debtors' 1111(b) Objection, the arguments raised by the Subsidiary Debtors are substantially similar to the waiver argument raised by the Subsidiary-Guaranteed Notes Trustee in its 1111(b) Claims Objections, though the Second Lien Intercreditor Agreements does not have language similar to the First Lien Intercreditor Agreement that was used by the Bankruptcy Court to reconcile the Collateral Agreement and Intercreditor Agreement to find there was no waiver. The Subsidiary Debtors' 1111(b) Objection is scheduled to be heard by the Bankruptcy Court on July 20, 2016.

2. The Original Issue Discount Objection

Also on June 2, 2016, the Debtors filed an objection to the "original issue discount" portion of proofs of claim filed by the Second Lien Agent and the indenture trustees for the Debtors' four series of Second Lien Notes on behalf of the Second Lien Noteholders and themselves [Docket No. 3915] (the "OID Objection"). At the time of their issuance, the Second Lien Notes included varying degrees of "original issue discount" ("OID"). Generally, OID is generated when the actual issue price of a note is less than its face value at issuance. Applicable non-bankruptcy law requires both the issuer and the noteholder to reflect this difference as interest for tax and accounting purposes. The OID is amortized over the life of the note. As of the Petition Date, the Debtors believe approximately \$1.9 billion of OID remained unamortized for the various Second Lien Notes in the aggregate. In the OID Objection, the Debtors argue that the unamortized OID is in the nature of "unmatured interest," as that term is used in section 502(b)(2) of the Bankruptcy Code and, therefore, the Bankruptcy Code requires disallowance of these amounts from the Second Lien Notes Claims. If successful, the OID Objection would reduce the aggregate allowed amount of the Second Lien Notes Claims from approximately \$5.5 billion to approximately \$3.7 billion.

If any portion of the Second Lien Notes Claim is reduced, the Plan provides for a reallocation of the recoveries available to the Holders of Second Lien Notes Claims (through the "Reduced Claim Adjustment") to provide the Holders of Senior Unsecured Notes Claims, Undisputed Unsecured Claims, and Disputed Unsecured Claims (the the "Improved Recovery Event") with recovery percentages equal to the recovery percentages of the Holders of Second Lien Notes Claims. The Reduced Claim Adjustment amounts shown in the tables below assume the current high end of the Allowed Claim range for Class I and J and are subject to adjustment. The tables below show the impact of the reduction and reallocation of the OpCo Series A Preferred Stock allocated to Class F claims in the event of a successful OID Objection under various voting scenarios.

Class F, Class H, Class I Accept

If Classes F, H, and I vote to accept the Plan, the Reduced Claim Adjustment will be 0.877% of New CEC Common Equity, to be distributed to Class H, Class I and Class J pro rata based on claim. The charts below show a comparison of estimated recoveries if the OID Objection is unsuccessful and if it is successful:

<u>Class</u>	<u>Estimated Percent Recovery Under the Plan (OID Objection Unsuccessful)</u>	<u>Estimated Percent Recovery Under the Plan (OID Objection Successful)</u>
<u>Class F (Each Debtor other than Non-Obligor Debtors)</u>	<u>29%-48%</u>	<u>41%-69%</u>
<u>Class H (CEOC)</u>	<u>33% - 56%</u>	<u>41% - 71%</u>
<u>Class I (Each Debtor other than Non-Obligor Debtors and the BIT Debtors)</u>	<u>34% - 54%</u>	<u>42% - 70%</u>

<u>Class</u>	<u>Estimated Percent Recovery Under the Plan (OID Objection Unsuccessful)</u>	<u>Estimated Percent Recovery Under the Plan (OID Objection Successful)</u>
<u>Class J</u> (Each Debtor other than Non-Obligor Debtors and the BIT Debtors)	<u>34% - 54%</u>	<u>42% - 70%</u>

Class F, Class H, Class I Reject

If Classes F, H, and I vote to reject the Plan, the Reduced Claim Adjustment will be 0.641% of New CEC Common Equity, to be distributed to Class H and Class I pro rata based on claim. The charts below show a comparison of estimated recoveries if the OID Objection is unsuccessful and if it is successful:

<u>Class</u>	<u>Estimated Percent Recovery Under the Plan (OID Objection Unsuccessful)</u>	<u>Estimated Percent Recovery Under the Plan (OID Objection Successful)</u>
<u>Class F</u> (Each Debtor other than Non-Obligor Debtors)	<u>22% - 34%</u>	<u>32% - 49%</u>
<u>Class H</u> (CEOC)	<u>22% - 33%</u>	<u>30% - 51%</u>
<u>Class I</u> (Each Debtor other than Non-Obligor Debtors and the BIT Debtors)	<u>22% - 33%</u>	<u>31% - 50%</u>
<u>Class J</u> (Each Debtor other than Non-Obligor Debtors and the BIT Debtors)	<u>34% - 54%</u>	<u>34% - 54%</u>

Class F and Class H Accept, Class I Rejects

If Classes F and H vote to accept the Plan and Class I votes to reject the Plan, the Reduced Claim Adjustment will be 0.735% of Common Equity, to be distributed to Class H and Class J pro rata based on claim. The charts below show a comparison of estimated recoveries if the OID Objection is unsuccessful and if it is successful:

<u>Class</u>	<u>Estimated Percent Recovery Under the Plan (OID Objection Unsuccessful)</u>	<u>Estimated Percent Recovery Under the Plan (OID Objection Successful)</u>
<u>Class F</u> (Each Debtor other than Non-Obligor Debtors)	<u>29% - 48%</u>	<u>42% - 70%</u>
<u>Class H</u> (CEOC)	<u>33% - 56%</u>	<u>41% - 71%</u>
<u>Class I</u> (Each Debtor other than Non-Obligor Debtors and the BIT Debtors)	<u>22% - 33%</u>	<u>22% - 33%</u>

<u>Class</u>	<u>Estimated Percent Recovery Under the Plan (OID Objection Unsuccessful)</u>	<u>Estimated Percent Recovery Under the Plan (OID Objection Successful)</u>
<u>Class J</u> (Each Debtor other than Non-Obligor Debtors and the BIT Debtors)	<u>34% - 54%</u>	<u>42% - 70%</u>

Class F and Class I Accept, Class H Rejects

If Classes F and I vote to accept the Plan and Class H votes to reject the Plan, the Reduced Claim Adjustment will be 0.488% of Common Equity, to be distributed to Class I and Class J pro rata based on claim. The charts below show a comparison of estimated recoveries if the OID Objection is unsuccessful and if it is successful:

<u>Class</u>	<u>Estimated Percent Recovery Under the Plan (OID Objection Unsuccessful)</u>	<u>Estimated Percent Recovery Under the Plan (OID Objection Successful)</u>
<u>Class F</u> (Each Debtor other than Non-Obligor Debtors)	<u>29% - 48%</u>	<u>43% - 70%</u>
<u>Class H</u> (CEOC)	<u>22% - 33%</u>	<u>22% - 33%</u>
<u>Class I</u> (Each Debtor other than Non-Obligor Debtors and the BIT Debtors)	<u>34% - 54%</u>	<u>42% - 71%</u>
<u>Class J</u> (Each Debtor other than Non-Obligor Debtors and the BIT Debtors)	<u>34% - 54%</u>	<u>42% - 71%</u>

P.Q. Claims Bar Date and the Claims Objection Process

On March 17, 2015, the Debtors filed their schedules of assets and liabilities, schedules of current income and expenditures, schedules of executory contracts and unexpired leases, and statement of financial affairs [Docket Nos. 709-36, 738-65, 799-882] (collectively, the "Schedules and Statements"). The Bankruptcy Code allows a bankruptcy court to fix the time within which Proofs of Claim must be Filed in a chapter 11 case. Any creditor whose Claim is not scheduled in the Debtors' Schedules and Statements or whose Claim is scheduled as disputed, contingent, or unliquidated must File a Proof of Claim.

On March 25, 2015, the Bankruptcy Court entered the *Agreed Order (I) Setting Bar Dates for Filing Proofs of Claim, Including Requests for Payment Under Section 503(b)(9) of the Bankruptcy Code, (II) Establishing the Amended Schedules Bar Date and the Rejection Damages Bar Date, (III) Approving the Form and Manner for Filing Proofs of Claim, Including 503(b)(9) Requests, (IV) Approving Notice of Bar Dates, and (V) Granting Related Relief* [Docket No. 1005] (the "Bar Date Order"), which established (a) May 25, 2015, at 5:00 p.m., prevailing Central Time as the deadline for all non-Governmental Units to File Proof of Claims in the Chapter 11 Cases; (b) July 14, 2015, at 5:00 p.m., prevailing Central Time as the deadline for all Governmental Units to File Proof of Claims in the Chapter 11 Cases; (c) procedures for Filing Proofs of Claim; and (d) the form and manner of notice of the bar dates.

To date, approximately 5,600 proofs of claim have been filed against the Debtors in the Chapter 11 Cases totaling more than \$28.9 billion in the aggregate. The Debtors are now in the process of reconciling such claims to the amounts listed by the Debtors in their schedules of assets and liabilities, as amended. Working with their

advisors, the Debtors have already made significant progress in identifying certain duplicate claims, claims that have been filed against the incorrect entity, and claims made on account of equity interests. The Debtors may ask the Bankruptcy Court to disallow claims that the Debtors believe are duplicative, have been later amended or superseded, are without merit, are overstated, or should be disallowed for other reasons. The Debtors have also made substantial progress in reconciling liability amounts estimated by the Debtors and claims filed by creditors and will resolve such differences, including through the filing of objections with the Bankruptcy Court, where appropriate. In addition, as a result of this process, the Debtors may identify additional liabilities that will need to be recorded or reclassified to liabilities subject to compromise.

The Debtors have commenced the claims objection process in the Chapter 11 Cases. Specifically, on September 21, 2015, and in connection with the Hilton Adversary discussed in [Article IV.R.4](#) [Article IV.S.4](#) below, the Debtors filed an objection [Docket No. 2243] (the "[Hilton Claims Objection](#)") to proof of claim number 3031 filed by the Hilton Worldwide, Inc. Global Benefits Administrative Committee (the "[GBAC](#)") and proof of claim number 3063 filed by Hilton Worldwide, Inc. f/k/a Hilton Hotels Corporation ("[Hilton](#)"), which is discussed more fully below. In addition, on November 19, 2015, the Debtors filed their first three omnibus claims objections [Docket Nos. 2645, 2646, 1647], in compliance with Bankruptcy Rule 3007(d). The Bankruptcy Court granted each of these omnibus claims objections after the claimants did not file any objections [Docket Nos. 3010, 3011, 3114]. On December 21, 2015, the Debtors filed 62 individual objections to claims filed by certain claimants [Docket Nos. 2760–2821]. Only one response was received to these objection [Docket No. 3002], and the Bankruptcy Court entered an order granting 59 of the objections (the other three were withdrawn after the creditors withdrew their proofs of claim) [Docket Nos. 3068–3071, 3073–3089, 3091–3113, 3119–3121, 3291–3305].

The Debtors likely will object to further proofs of claim as they continue the claims reconciliation process. [The amounts of distributions to Holders of Second Lien Notes Claims, Undisputed Unsecured Claims, Disputed Unsecured Claims, and Senior Unsecured Notes Claims may vary depending on the outcome of the claims objection process.](#)

Q.R. Deferred Compensation Plan Issues

Historically, as described further in Article II.B.4, CEOC provided shared services and corporate functions for the entire Caesars enterprise, including for properties that are now owned and operated by non-Debtor affiliates. During this period, a number of deferred compensation plans (the "[Deferred Compensation Plans](#)")⁵⁴ were created and funded by either CEC or CEOC for the benefit of employees situated throughout the Caesars enterprise. As of the Petition Date, all of the Deferred Compensation Plans were frozen to new contributions.

Currently, there are a total of approximately 340 active and inactive participants in the Deferred Compensation Plans, with plan balances ranging from a few hundred dollars to several million dollars. The Debtors estimate that, as of the Petition Date, aggregate liabilities under the Deferred Compensation Plans amounted to approximately \$80.0 million. [As of September 30, 2015, aggregate liabilities under the Deferred Compensation Plans amounted to approximately \\$73.3 million.](#) Traditionally, payments related to the Deferred Compensation Plans have been made by CEOC on account of the entire Caesars enterprise. In 2014, for example, CEOC paid approximately \$11.6 million to participants of the Plans. In order to fund liabilities associated with the Deferred Compensation Plans, various corporate-owned life insurance policies (the "[COLIs](#)") have been purchased and contributed into either an escrow account (the "[Escrow Account](#)") or a Rabbi trust (the "[Rabbi Trust](#)," and collectively with the Escrow Account, the "[Asset Vehicles](#)"), which are governed by the Trust Agreement (as defined below) and Escrow Agreement (as defined below), respectively. As of the Petition Date, the Escrow Account held approximately \$56.9 million of assets and the Rabbi Trust held approximately \$65.9 million of assets

⁵⁴ The plans are: (a) Harrah's Entertainment, Inc. Executive Supplemental Savings Plan ("[ESSP](#)"); (b) Harrah's Entertainment, Inc. Executive Supplemental Savings Plan II ("[ESSP II](#)"); (c) Harrah's Entertainment, Inc. Executive Deferred Compensation Plan ("[EDCP](#)"); (d) Harrah's Entertainment, Inc. Deferred Compensation Plan ("[DCP](#)"); and (e) Park Place Entertainment Corporation Executive Deferred Compensation Plan ("[CEDCP](#)").

Shortly after the Petition Date, certain of the Debtors' creditors, including the Unsecured Creditors Committee, sought additional information regarding the Deferred Compensation Plans and the Asset Vehicles, including information regarding which corporate entity is an obligor under the Deferred Compensation Plans and which entity owns the assets held in the Asset Vehicles. Upon agreement with the Unsecured Creditors Committee under the Wages Order, the Debtors suspended payments on account of the Deferred Compensation Plans pending a more thorough review of such plans.

The Debtors are in discussions with CEC to attempt to consensually resolve open issues related to the Deferred Compensation Plan, including an agreement or determination of which entities are liable to plan participants and which entities own the assets in the Asset Vehicles. The material terms of any settlement that may be reached will be memorialized in a formal settlement agreement to be filed as part of the Plan Supplement. Absent such a settlement, CEOC and CEC reserve all of their respective rights as to these matters. Holders of Claims on account of the Deferred Compensation Plans may contact the Debtors' counsel to discuss the status of their Claims.

R.S. Adversary Proceedings and Contested Matters

1. Section 105 Adversary Proceeding

On March 11, 2015, the Debtors commenced an adversary proceeding in the Bankruptcy Court to, among other things, enjoin the continuation of the WSFS Delaware Action, the Unsecured Noteholder SDNY Actions, and the BOKF SDNY Actions (collectively, the "Parent Guarantee Litigation") against CEC pursuant to section 105(a) of the Bankruptcy Code (the "105 Adversary Proceeding"). As further discussed in the Debtors' pleadings in the 105 Adversary Proceeding, the Debtors believe that continuation of the Parent Guarantee Litigation outside of the Chapter 11 Cases imperils the Debtors' ability to reorganize. Specifically, the Debtors believe that their reorganization requires a substantial contribution from CEC, whether through settlement or litigation, to fund recoveries for the Debtors' creditors. Any consideration that CEC pays on account of its purported guarantees of the Debtors' funded debt obligations would reduce CEC's ability to make a contribution to the Debtors under the Plan (or through litigation to the extent that the settlement encompassed in the Plan fails). As has been noted by counsel to purported class plaintiff Frederick Barton Danner in the Danner SDNY Action, CEC's investment banker believed that CEC had sufficient cash as of the date of his testimony (June 4, 2015) to pay the claims in the Danner SDNY Action if plaintiffs in the Danner SDNY Action were successful (and excluding the potential for claims against CEC in the other Parent Guarantee Litigation). See Hr'g Tr. 98:15-100:11, June 4, 2015; see also *id.* 101:11-102:8 (similar testimony as to the claims asserted in the MeehanCombs SDNY Action, again excluding the potential for claims against CEC in the other Parent Guarantee Litigation). But as CEC stated at trial in the 105 Adversary Proceeding, an adverse ruling in any of the actions in the Parent Guarantee Litigation may very well cause CEC to seek protection under the Bankruptcy Code, which would drastically upset the Debtors' reorganization process given the Debtors' own claims against CEC. See, e.g., Hr'g Tr. 207:2-208:21, June 3, 2015; *id.* 208:6-13 ("Given the likely cascading effect of any one litigation leading to the potential—the bad facts related to the other litigation, CEC would likely have to consider, amongst other things, filing for bankruptcy to avoid, you know, having to fund those claims, which it could not fund, nor would it have the resources to likely appeal those claims. So bankruptcy would be a real option."⁵⁵).

Following an evidentiary trial and briefing by the parties, the Bankruptcy Court issued an opinion [Adv. Case. No. 15-00149 (ABG), Docket Nos. 158] (the "Original 105 Opinion") and order [Adversary Case No.-15-00149 (ABG), Docket No. 159] on July 22, 2015, denying the Debtors' request in the 105 Adversary Proceeding. The Bankruptcy Court held that controlling precedent required that "[u]nless the debtor's estate has a claim against the non-debtor, and unless that claim is based on the same acts and would be paid from the same assets

⁵⁵ The Debtors note that they expect that the parties to the Parent Guarantee Litigation will seek additional facts as to CEC's wherewithal to make payments outside of the settlement embodied in the Plan as part of any objections to confirmation of the Plan. At this time, there has been no testimony on CEC's ability as of the date of this Disclosure Statement to make the contributions contemplated by the Plan and pay any of the claims in the Parent Guaranty Litigation.

as the third party's claim against the non-debtor, no relief is possible" from a bankruptcy court to enjoin that non-debtor third party litigation pursuant to section 105." See Original 105 Opinion at 28.

On July 24, 2015, the Debtors appealed this ruling, in an appeal captioned Caesars Entertainment Operating Company, Inc., et al. v. BOKF, N.A. Wilmington Savings Fund Society, FSB, MeehanCombs Global Credit Opportunities Master Fund, LP, Relative Value-Long/Short Debt Portfolio, a Series of Underlying Funds Trust, SB 4 CF LLC, CFIP Ultra Master Fund, LTD., Trilogy Portfolio Company, LLC, and Frederick Barton Danner, Case No. 15-cv-06504 (RWG) (the "105 Appeal"). In the 105 Appeal, the Debtors argued that the Bankruptcy Court's "same acts" requirement is a misapplication of precedent from United States Court of Appeals for the Seventh Circuit (the "Seventh Circuit"), and requested that the District Court enter the requested section 105 injunction to protect the Debtors' interests in CEC's contributions to the Debtors pursuant to the Plan, or remand to the Bankruptcy Court to enter such an order or further consider the requested injunction. The District Court held oral argument in the 105 Appeal on September 29, 2015. On October 8, 2015, the District Court entered an order [Docket No. 42], and memorandum opinion and order [Docket No. 43], affirming the Bankruptcy Court's ruling. On October 9, 2015, the Debtors filed a notice of appeal of the District Court's ruling to the Seventh Circuit [Docket No. 45]. Briefing before the Seventh Circuit concluded on November 30, 2015, and oral argument was held before a panel of Seventh Circuit judges on December 10, 2015. On December 23, 2015, the Seventh Circuit vacated the denial of the injunction and remanded to the Bankruptcy Court on the grounds that the "same acts" requirement was a misapplication of controlling Seventh Circuit case law [Docket No. 46]. On January 11, 2016, certain of the Defendants-Appellees filed a petition for rehearing en banc by the full Seventh Circuit [Docket No. 53]. On January 25, 2016, the Seventh Circuit denied this request for rehearing and on February 2, 2016, the Seventh Circuit issued its mandate, revesting jurisdiction in the Bankruptcy Court.

On remand, the Bankruptcy Court took judicial notice of certain additional facts from the Chapter 11 Cases and the Parent Guarantee Litigation, including a pending trial date in the BOKF SDNY Action set for March 14, 2016, and a pending trial date in the Unsecured Notes SDNY Actions set for May 9, 2016. Based on the factual findings from the trial in the 105 Adversary Proceeding and judicial notice of these additional facts, on February 26, 2016, the Bankruptcy Court issued a ruling [Docket No 214] (the "105 Order"), which enjoined the BOKF SDNY Action until the earlier of (a) 60 days after the Examiner files his final (redacted) report and (b) May 9, 2016. On May 9, 2016, the injunction expired. ~~The Debtors reserve the right to seek further injunctions on account of the Parent Guarantee Litigation if the Debtors believe such injunctions would be necessary to protect the Debtors' ability to reorganize in the Chapter 11 Cases.~~

As discussed in Article III.D above, each of the SDNY Actions (including the BOKF SDNY Action) is currently subject to a summary judgment schedule culminating on June 24, 2016, with oral argument, and a "global" trial starting on August 22, 2016, if necessary. On June 6, 2016, the Debtors filed an emergency motion seeking a temporary restraining order and preliminary injunction enjoining the plaintiffs in the Parent Guarantee Litigation from further prosecuting their guaranty lawsuits because the Debtors believe such an injunction is necessary to protect the Debtors' ability to reorganize in the Chapter 11 Cases [Adv. Case. No. 15-00149 (ABG), Docket Nos. 241]. An evidentiary hearing is scheduled on the emergency motion on June 8, 2016.

2. Unsecured Creditors Committee Lien Challenge Adversary

On August 7, 2015, the Unsecured Creditors Committee filed an adversary complaint out of an abundance of caution against the indenture trustees and Collateral Agents under the First Lien Debt and the Second Lien Debt (the "Lien Challenge Adversary"). See *Statutory Unsecured Claimholders' Committee v. BOKF, N.A., et al.*, Adversary Case No. 15-00571 (ABG) [Docket No. 1]. As discussed in detail above, the Unsecured Creditors Committee filed the Lien Challenge Adversary contemporaneously with the UCC Lien Standing Motion, which separately requested standing to pursue each of the claims alleged in the Lien Challenge Adversary. The Unsecured Creditors Committee contends that although the Cash Collateral Order provides that the filing of a standing motion will toll the deadline to file the challenges set forth in such standing motion until the standing motion is decided by the Bankruptcy Court, such tolling only applies if the standing motion is "necessary" or "required." See Cash Collateral Order ¶ 12(b). Thus, separate from its motion seeking standing to pursue various causes of action on

behalf of the Debtors' Estates, the Lien Challenge Adversary relates to claims for which the Unsecured Creditors Committee believes it already has standing to pursue.

The Lien Challenge Adversary includes claims related to: (a) the "recourse stipulation" in the Cash Collateral Order, which states that each Subsidiary Guarantor is liable for the full amount of the First Lien Debt as of the Petition Date; (b) the lien stipulations in the Cash Collateral Order regarding commercial tort claims, insurance policies, gaming and liquor licenses, equity securities, vessels, real property, and intellectual property; (c) a clarification that at least thirty-two of the Debtors are not pledgors under the Collateral Agreements and are therefore not liable for the First Lien Debt; (d) provisions in the Cash Collateral Order that include "fees, costs, and other charges" in the secured debt claims (the "Fees & Charges Stipulation Count"); and (e) certain of the nonrecourse pledges contained in the Collateral Agreements, which the Unsecured Creditors Committee believes prohibits Holders of Claims related to First Lien Debt and Second Lien Debt from pursuing the First Lien Pledgors and Second Lien Pledgors for payment of the First Lien Debt and Second Lien Debt beyond the value of the pledged First Lien Collateral and Second Lien Collateral (the "1111(b) Count"), which count is similar to the 1111(b) Claim Objections filed by the Subsidiary-Guaranteed Notes Trustee.

On September 8, 2015, the parties to the Lien Challenge Adversary entered into a stipulation providing the defendants therein an additional 30 days to respond to the plaintiff's complaint. On October 21, 2015, the Bankruptcy Court granted the defendants' motion to extend time to respond until January 20, 2016. On January 6, 2016, the Defendants filed another motion to extend the time to respond and on January 15, 2016, the Bankruptcy Court granted the motion, setting March 7, 2016, as the response deadline. On March 2, 2016, the defendants filed another motion to extend the time to respond to the complaint, which was granted by the Bankruptcy Court on March 14, 2016, thereby setting May 13, 2016, as the date by which each of the defendants needed to respond to the complaint. Also on March 2, 2016, the Second Lien Collateral Agent filed a motion to dismiss, seeking dismissal of the 1111(b) Count as to the proofs of claim filed by the Second Lien Collateral Agent and the second lien indenture trustees [Docket No. 19]. On March 7, 2016, the Second Lien Collateral Agent filed a second motion to dismiss, seeking dismissal of the Fees & Charges Stipulation Count as to certain stipulations granted in the Cash Collateral Order to the Second Lien Collateral Agent [Docket No. 23]. On March 22, 2016, the Unsecured Creditors Committee and the Second Lien Collateral Agent entered into a stipulation related to the 1111(b) Count [Docket No. 31], pursuant to which the Unsecured Creditors Committee amended its complaint to dismiss the 1111(b) Count without prejudice to the Unsecured Creditors Committees' rights to later assert such claims [Docket No. 32]. The Lien Challenge Adversary is currently pending before the Bankruptcy Court, and no rulings or briefing schedules have been set on the pending motions to dismiss.

3. The NRF Adversary and Related Litigation in the Southern District of New York

Prior to the Petition Date, certain of the Debtors were employers (the "Employers") within the meaning of the Employee Retirement Income Security Act of 1974, 29 U.S.C. §§ 1001-1461 ("ERISA") and had contractual obligations to make contributions to the National Retirement Fund (the "NRF"), a multiemployer pension fund within the meaning of ERISA, which is also a member of the Unsecured Creditors Committee. In December 2014, the NRF threatened CEOC, CEC, and the other members of the Caesars "controlled group" (as defined in ERISA) with expulsion from the NRF; due to, among other things, the Challenged Transactions. CEOC, CEC, and their affiliates dispute the NRF's ability to do so. However, to protect their interests, on December 21, 2014, CEOC, CEC, and CERP entered into a standstill agreement with the NRF, pursuant to which the NRF agreed not to expel any member of the Caesars controlled group and the members of the controlled group agreed to provide the NRF with five days' notice of certain "insolvency events" defined therein. On January 8, 2015, in light of CEOC's impending voluntary chapter 11 filing, the members of the Caesars controlled group provided the NRF with notice that they were terminating the prepetition standstill agreement and CEC commenced an action against the NRF and its board of trustees in the United States District Court for the Southern District of New York, captioned *Caesars Entertainment Corporation v. Pension Plan of the National Retirement Fund and Board of Trustees of the National Retirement Fund*, Case No. 15-cv-00138 (the "CEC SDNY Action"). Through the CEC SDNY Action, CEC sought a declaratory judgment that the NRF lacks the authority or power to (a) refuse pension fund contributions made to the NRF in accordance with the Debtors' obligations or (b) cause the withdrawal from the NRF of any of the Debtors. The CEC SDNY Action is discussed further below.

On January 12, 2015, notwithstanding the involuntary chapter 11 proceeding commenced against CEOC that morning, the NRF sent a letter to the ~~applicable Debtors (as well as the applicable non-Debtor affiliates)~~ Employers notifying them that, effective immediately, the NRF had terminated their participation in the fund and that the fund would cease accepting their contributions (the “Expulsion”). This letter was purportedly corrected and superseded the following day, January 13, 2015, when the NRF sent a letter asserting that the ~~applicable Debtors and non-Debtor affiliates~~ Employers were only expelled from the Legacy Plan of the NRF, and not from the Adjustable Plan of the NRF.

Further, on February 13, 2015, the NRF sent CEC and CERP a notice of payment demand (the “Payment Demand”) assessing withdrawal liability of approximately \$462 million (as reduced by the “20-year cap” imposed by ERISA) against CEC and CERP on account of the purported Expulsion. The Payment Demand seeks to impose on CEC and CERP the obligation to make quarterly payments of approximately \$6 million for the next twenty years. On May 22, 2015, the Legacy Plan of the NRF (f/k/a the Pension Plan of the NRF) filed proof of claim number 3484 against each of the Debtors for withdrawal liability incurred in connection with the purported Expulsion (the “NRF Claim”), which was filed in the same amount as the Payment Demand.

The Debtors dispute the validity of the NRF’s actions and reserve all of their rights with respect to such actions, including with respect to any rights they may have to contest such actions or any asserted liability as a result of such actions under applicable bankruptcy and non-bankruptcy laws, rules, and regulations. Nevertheless, if the NRF’s actions are determined to constitute the Debtors’ complete withdrawal from the NRF, the Debtors could be subject to withdrawal liability under ERISA exceeding \$300 million, which could materially reduce the Debtors’ estimated recoveries to Holders of Claims in the Chapter 11 Cases.

On March 6, 2015, the Debtors commenced an adversary proceeding in the Chapter 11 Cases captioned *Caesars Entertainment Operating Company, Inc., et al., vs. The Board of Trustees of the National Retirement Fund and The Pension Plan of the National Retirement Fund*, Adv. Case No. 15-00131 (ABG) (the “NRF362 Adversary Proceeding”), asserting, among other things, that the NRF’s Payment Demand to CEC and CERP was a violation of the automatic stay arising under section 362 of the Bankruptcy Code and that such Payment Demand could not be binding upon the Debtors notwithstanding the applicability of ERISA. Also on March 6, the Debtors filed in the voluntary Chapter 11 Cases the *Debtors’ Motion for Entry of an Order (I) Enforcing the Automatic Stay, (II) Voiding Actions Taken in Violation of the Automatic Stay, (III) for Contempt and Sanctions Against the NRF and the NRF Trustees, and (IV) Granting Related Relief* [Docket No. 644] (the “NRF-Expulsion Motion”), asserting that the purported Expulsion by the NRF of the applicable Debtors on January 12, 2015, was a violation of the automatic stay arising in CEOC’s involuntary chapter 11 case on that date. On March 11, 2015, the Debtors filed in the NRF362 Adversary Proceeding the *Debtors’ Motion for Entry of an Order (A) Extending the Automatic Stay to Enjoin Certain Payments and Legal Processes, and (B) Granting Related Relief* [NRF Adversary Docket No. 8] (the “NRF-Injunction Motion”), requesting that the Bankruptcy Court enjoin the continuation of CEC’s and CERP’s payment obligations arising due to the Payment Demand as well as the legal processes required under ERISA due to the Payment Demand. Finally, on March 27, 2015, the Debtors filed the *Debtors’ Motion for Entry of an Order (I) Enforcing the Automatic Stay with Respect to the Demand for Interim Withdrawal Liability Payments By the NRF, (II) Voiding Such Payment Demands Taken in Violation of the Automatic Stay, and (III) Granting Related Relief* [Docket No. 1018] (the “NRF-Payment Demand Motion”), asserting that the NRF’s Payment Demand to CEC and CERP was a violation of the automatic stay, which motion is substantially similar to count one in the NRF362 Adversary Proceeding.

On March 20, 2015, CEOC, the applicable Debtors, CEC, CERP, and the NRF entered into a Standstill Agreement, which stayed the requirement that CEC and CERP make payments to the NRF on account of the Payment Demand and instead deferred such payments until after the Bankruptcy Court had dismissed the NRF Expulsion Motion, the NRF—Payment Demand Motion, and the NRF—Injunction Motion (the “Standstill Agreement”). Under the Standstill Agreement, the Caesars ~~parties also would continue to make controlled group must remit~~ monthly ~~contribution~~ payments to the NRF, ~~with the parties reserving rights with respect to how such payments would be treated if at~~ the ~~purported Expulsion~~ rate and on the same terms that the Caesars controlled group would have been obligated to remit contributions to the NRF had an alleged withdrawal not occurred (the “Monthly Interim Payments”). The portion of each of the Monthly Interim Payments equal to the

amount the Caesars controlled group is ~~determined to obligated to contribute~~ may be allocated and applied to the Adjustable Plan of the NRF for that month and to the Legacy Plan of the NRF in the NRF's discretion. Failure to make any of the Monthly Interim Payments pursuant to the Standstill Agreement will permit the NRF to terminate the Standstill Agreement by written election, on five days' notice, subject to cure within that period, and/or seek whatever other relief may be appropriate.— The Bankruptcy Court entered an order approving the Standstill Agreement and setting a briefing schedule with respect to each of the ~~NRF~~ Expulsion Motion, the ~~NRF~~ Payment Demand Motion, and the ~~NRF~~ Injunction Motion [Docket No. 1020]. The parties completed briefing on those matters pursuant to the Standstill Agreement.

On November 12, 2015, the Bankruptcy Court issued an opinion [Docket No. 2567] and entered an order [Docket No. 2569] denying the ~~NRF~~ Payment Demand Motion and the ~~NRF~~ Expulsion Motion, holding that because the expulsion letter was not addressed to CEOC (as the involuntary debtor on January 12, 2015) and the Payment Demand was sent to non-Debtors CEC and CERP and not to any Debtors, the automatic stay was not violated, notwithstanding the potential implications under ERISA that liability for one member of the Caesars controlled group would be liable for all members of the Caesars controlled group (including the Debtors). The Debtors filed an appeal of the Bankruptcy Court's decision, which is currently pending before the District Court in an appeal captioned *Caesars Entm't Operating Co., Inc. v. The Board of Trustees of the Nat'l Retirement Fund*, Case No. 15-cv-10565 (N.D. Ill) (the "NRF Appeal"). By agreement of the Debtors and the NRF, the briefing in the NRF Appeal has been extended to permit the parties time to negotiate a potential settlement.

On November 19, 2015, the Bankruptcy Court entered an order dismissing Counts I and II of the complaint in the ~~NRF~~³⁶² Adversary Proceeding [NRF Adversary Docket No. 76]. The Bankruptcy Court dismissed Count I with prejudice for failure to state a claim as it was duplicative of the ~~NRF~~ Payment Demand Motion, which the Bankruptcy Court had denied. The Bankruptcy Court dismissed Count II without prejudice for lack of subject matter jurisdiction, ~~finding that because the NRF had stated in its court filings that it would not assert that the Payment Demand applies to the Debtors, there was no controversy.~~ The Bankruptcy Court continued Count III of the complaint and the ~~NRF~~ Injunction Motion for further proceedings. Those matters remain pending at this time.

In addition to the matters with respect to the NRF in the Chapter 11 Cases and the CEC SDNY Action, the NRF commenced an action against CEC and CERP in the United States District Court for the Southern District of New York, captioned *The National Retirement Fund, et al. v. Caesars Entertainment Corporation, et al.*, Civil Action No. 15-CV-02048 (the "NRF SDNY Action"), seeking, among other things, payment of the amounts requested in the Payment Demand. CEC filed a motion to dismiss on July 2, 2015 [Docket No. 12], based on the Standstill Agreement. On November 17, 2015, the magistrate judge overseeing the NRF SDNY Action recommended that Caesars' motion to dismiss be denied [Docket No. 26] because CEC's contractual defense was a matter that must be determined by an arbitrator under the ERISA statutory scheme. The court subsequently adopted the report and recommendations of the magistrate judge, denying CEC's motion to dismiss on December 25, 2015 [Docket No. 29]. Subsequently, on February 26, 2016, the NRF moved for summary judgment seeking interim withdrawal liability payments from CEC and CERP on account of the Payment Demand [Docket No. 41]. On May 5, 2016, the magistrate judge in the CEC SDNY Action issued a report and recommendation [Docket No. 54] which would require CEC to pay any interim amounts now currently due notwithstanding the standstill in place. If adopted by the District Court for the Southern District of New York, this ruling may result in a \$7.9 million liability against CEC and CERP on account of the initial quarterly withdrawal liability payment as well as potentially subsequent interim quarterly payments while the parties arbitrate the propriety of the expulsion and the amount of the withdrawal liability. On May 19, 2016, CEC objected to the report of the magistrate judge, asserting that a material issue of genuine fact exists and the district court should therefore reject the report's recommendation and deny the NRF's summary judgment motion [Docket No. 55]. The parties are awaiting a ruling as of the date hereof.

On November 17, 2015, the magistrate judge overseeing the CEC SDNY Action recommended that the NRF's motion to dismiss the CEC SDNY Action be granted [Docket No. 33] because under the ERISA statutory scheme, the issue of whether the NRF had the statutory or contractual right under its trust agreement to expel the Caesars controlled group is a matter that must be arbitrated in the first instance. The court subsequently adopted the report and recommendations of the magistrate judge, granting the NRF's motion to dismiss on December 25, 2015 [Docket No. 36]. CEC appealed this dismissal, which appeal remains pending as of the date hereof.

Additionally, certain trustees of the Board of Trustees for the NRF commenced an action against the NRF and certain other trustees of the Board of Trustees for the NRF, currently pending in the United States District Court for the Southern District of New York, captioned *Wilhelm, et al. v. Noel Beasley, et al.*, Civil Action No. 15-CV-04029 (the “NRF Trustee SDNY Action”), asserting, among other things, that the NRF did not have the ability to expel the ~~company entities of the Caesars-controlled group (including the applicable Debtors)~~ Employers from the NRF. The defendants in the NRF Trustee SDNY Action filed counterclaims on July 29, 2015 [Docket No. 66]. On February 2, 2016, the court granted a 60-day stay of the NRF Trustee SDNY Actions to allow the parties to focus on settlement discussions [Docket No. 102]. On April 5, 2016, the court issued an order directing the parties in the NRF Trustee SDNY Action to submit a stipulation and order of dismissal by April 15, 2016, that would dismiss the case without prejudice and make clear that the case is subject to reinstatement upon motion by either party by January 31, 2017 [Docket No. 106].

The NRF SDNY Action and the appeal of the dismissal of the CEC SDNY Action are each currently pending and may affect the outcome of the proceedings with the NRF in the Chapter 11 Cases and the NRF’s final claim amount, if any.

As highlighted below in Article V.A.2, recoveries available under the Plan may materially differ from the projected amounts indicated herein if the NRF is found to have an Allowed \$362 million joint and several liability General Unsecured Claim ~~at~~ against each of the Debtors. As noted above in Article IV.J.7, the Unsecured Creditors’ Committee’s support of the Plan (if any) is premised on the Debtors reaching a settlement with the NRF. Those settlement discussions remain ongoing.

4. The Hilton Adversary

In December 1998, Hilton spun-off its gaming operations and related assets and liabilities into Park Place Entertainment Corporation (“Park Place”). In connection with the spin-off, Hilton and Park Place entered into various agreements, including (a) an Employee Benefits and Other Employment Allocation Agreement dated December 31, 1998 (the “Allocation Agreement”), whereby Park Place assumed or retained, as applicable, certain liabilities and excess assets, if any, related to the Hilton Hotels Retirement Plan (the “Hilton Plan”), and (b) a Distribution Agreement by and between Hilton and Park Place dated as of December 31, 1998 (the “Distribution Agreement,” and with the Allocation Agreement, the “Hilton Agreements”), whereby Hilton “spun off” its gaming operations, assets, and liabilities to Park Place. CEOC is the ultimate successor to the Allocation and Distribution Agreements.

In 1998, a class action on behalf of employees participating in the Hilton Plan was commenced against Hilton and the Hilton Plan in the United States District Court for the District of Columbia (the “Kifafi Court”) in a case captioned *Kifafi v. Hilton Hotels Retirement Plan, et al.*, No. 98-cv-01517 (the “Kifafi Litigation”), for alleged violations of ERISA. In 2009, the Kifafi Court granted summary judgment against Hilton and the Hilton Plan with respect to certain of the claims asserted in the Kifafi Litigation. In 2011, the Kifafi Court entered its remedies decision which, among other things, required Hilton and the Hilton Plan to amend the Hilton Plan to address the ERISA violations identified by the Kifafi Court and to make additional contributions to the Hilton Plan consistent with the amendments. In light of the Kifafi Court’s remedies order and the resulting amendments to the Hilton Plan, Hilton asserts that, since 2011, it has made additional contributions to the Hilton Plan totaling approximately \$73,266,881. Of this amount, Hilton and the Hilton Plan allege that Hilton contributed approximately \$23,262,870 with respect to the benefits of the “Park Place Individuals” and is thus subject to payment by CEOC and/or CEC.

None of Park Place, CEC, or CEOC was ever named as defendant in the Kifafi Litigation. CEOC and CEC have asserted that they did not have notice of the Kifafi Litigation until 2009, though Hilton disputes this assertion because the Kifafi Litigation was commenced prior to the Park Place spin-off and Hilton and Park Place had overlapping boards of directors after the spin-off. Despite these positions, it is undisputed that Hilton sent a letter informing Park Place of the Kifafi Court’s summary judgment ruling in 2009. In December 2013, Caesars received a further letter from Hilton notifying it that all final court rulings had been rendered in relation to the Kifafi Litigation. Caesars was subsequently informed that its obligation under the Allocation Agreement was approximately \$54 million, and that approximately \$19 million related to contributions for historical periods and

approximately \$35 million relates to estimated future contributions. Caesars disputed these amounts. On November 21, 2014, in response to a letter from Hilton, Caesars agreed to attempt to mediate a resolution of the matter.

After the Debtors' entry into the Prepetition RSA, on December 24, 2014, Hilton, the GBAC, and Sheldon T. Nelson, as plan administrator for the Hilton Plan (collectively, the "Hilton Plaintiffs"), commenced a lawsuit (the "Hilton Lawsuit") against CEOC and CEC in the United States District Court for the Eastern District of Virginia (the "Virginia Court"). The Hilton Lawsuit relies upon the Hilton Agreements and ERISA and seeks monetary and equitable relief in connection with this ongoing dispute. On January 14, 2015, the Hilton Plaintiffs filed an amended complaint dismissing CEOC as a defendant, in light of the commencement of the Involuntary Proceeding against CEOC on January 12, 2015. On April 14, 2015, the Virginia Court dismissed the unjust enrichment claims asserted in the Hilton Lawsuit and otherwise transferred venue for the remaining claims to the District Court, concluding, among other things, that resolution of the Hilton Lawsuit was "related to" the Chapter 11 Cases. See *Hilton Worldwide, Inc. Global Benefits Admin. Comm. v. Caesars Entm't Corp.*, 532 B.R. 259 (E.D. Va. 2015). On July 30, 2015, the Hilton Lawsuit was referred to this Court in an adversary case captioned *Hilton Worldwide Inc., Global Benefits Administrative Committee, et al. v. Caesars Entm't Corp.*, Adv. No. 15-00545.

On August 10, 2015, the Hilton Plaintiffs filed a motion [Adv. Pro. No. 15-00545 (ABG), Docket No. 15] (the "CEC Motion to Withdraw") seeking to withdraw the reference to the Bankruptcy Court. On August 31, 2015, CEC filed a motion in the Bankruptcy Court seeking to dismiss the Hilton Lawsuit in its entirety pursuant to Rules 12(b)(6) and 12(b)(7) of the Federal Rules of Civil Procedure [Adv. Pro. No. 15-00545 (ABG), Docket No. 22] (the "Motion to Dismiss"). On September 29, 2015, CEC filed its opposition to the CEC Motion to Withdraw [Civ. No. 15-03349 (JLA), Docket Nos. 64 & 65], and on September 30, 2015, Hilton filed its opposition to the Motion to Dismiss [Adv. Pro. No. 15-00545 (ABG), Docket No. 27]. Briefing on both the CEC Motion to Withdraw and the Motion to Dismiss are complete.

As noted above, the Debtors filed the Hilton Claims Objection in the Chapter 11 Cases, which objects to Hilton's and GBAC's claims that are substantially similar to the claims asserted in the Hilton Lawsuit. On October 14, 2015, Hilton and GBAC filed a preliminary objection to the Hilton Claims Objection and a motion to withdraw the reference to the Bankruptcy Court of the Hilton Claims Objection (the "CEOC Motion to Withdraw") [Docket No. 2420]. The CEOC Motion to Withdraw was docketed in the District Court as Case No. 15-cv-09596. No further briefing has occurred on the Hilton Claims Objection of the CEOC Motion to Withdraw as of the date hereof.

The Debtors believe they have reached an agreement in principle with Hilton regarding the issues discussed above. Until the agreement is signed, however, the Debtors are not in a position to comment on or disclose the terms of the potential settlement. Once this agreement is finalized, the Debtors will file a motion seeking approval of such settlement on proper notice. In addition, to ensure notice of any such settlement, the Debtors will include any settlement agreement as part of the Plan Supplement.

Finally, by agreement of CEOC, CEC, and the Hilton Parties, the parties have requested a stay of any ruling related to the CEC Adversary Proceeding (including on either the CEC Motion to Withdraw or the Motion to Dismiss) or on the Hilton Claims Objections while the parties use the time to negotiate a global settlement. These stays currently run through ~~May 27, 2016. The parties have requested to extend these stays to~~ July 29, 2016.

5. Second Lien RSA Adversary

On August 10, 2015, the Second Priority Noteholders Committee commenced an adversary proceeding (the "Second Lien RSA Adversary") and filed a related preliminary injunction motion against CEC seeking to obtain declaratory and injunctive relief against what it termed an "unlawful effort to purchase votes" through the Second Lien RSA. See *The Official Committee of Second Priority Noteholders v. Caesars Entertainment Corporation*, Adversary Case No. 15-00578 (ABG) [Docket Nos. 1, 4]. Preliminary hearings on the matter were held in the Bankruptcy Court on August 12 and 13, 2015. On September 21, 2015, the Second Priority Noteholders Committee and CEC entered into a stipulation dismissing the Second Lien RSA Adversary without prejudice.

6. Intercreditor Litigation

On April 7, 2015, Credit Suisse, solely in its capacity as administrative agent and collateral agent under the Prepetition Credit Agreement and credit agreement agent under the Second Lien Intercreditor Agreement, and at the direction of the “required lenders” as such term is defined in the Prepetition Credit Agreement, filed a complaint (the “Second Lien Intercreditor Lawsuit”) in the Supreme Court of the State of New York, New York County, captioned *Credit Suisse AG, Cayman Islands Branch v. Appaloosa Investment Limited Partnership I, et al.*, against the members of the Second Priority Noteholders Committee and the Petitioning Creditors (collectively, the “Second Lien Defendants”) seeking an end to the Second Lien Defendants’ “past and threatened future violations of the [Second Lien Intercreditor Agreement].” In the Second Lien Intercreditor Lawsuit, Credit Suisse argues, among other things, that (a) the turnover provisions in the Second Lien Intercreditor Agreement provide the First Lien Lenders priority of recovery with respect to collateral, including Common Collateral (as such term is defined in the Second Lien Intercreditor Agreement), (b) the Second Lien Intercreditor Agreement provides the First Lien Lenders with the exclusive right to enforce rights with respect to the Common Collateral until such holders have been paid in full in cash, (c) the Second Lien Intercreditor Agreement expressly prohibits the Second Lien Noteholders from taking any action to challenge or contest the First Lien Lenders’ liens, and (d) the Second Lien Defendants violated these provisions of the Second Lien Intercreditor Agreement by filing the WSFS Delaware Action, initiating the Involuntary Proceeding, and requesting the appointment of an examiner in the Chapter 11 Cases. The Second Lien Intercreditor Lawsuit, among other things, seeks declaratory and injunctive relief, including as to the payment of professional fees as to the Second Priority Noteholders Committee’s professionals.

On May 4, 2015, pursuant to 28 U.S.C. §§ 1334, 1446, 1452, and Bankruptcy Rule 9027, the Second Lien Defendants removed the Second Lien Intercreditor Lawsuit to the United States District Court for the Southern District of New York. On June 6, 2015, Credit Suisse and the Second Lien Defendants filed dueling motions seeking to transfer the Second Lien Intercreditor Lawsuit: Credit Suisse sought return to New York state court, where the Second Lien Intercreditor Lawsuit was originally filed, and the Second Lien Defendants sought transfer to the Bankruptcy Court. On September 9, 2015, the District Court for the Southern District of New York granted the Second Lien Defendants’ motion and transferred the Second Lien Intercreditor Lawsuit to the District Court for referral to the Bankruptcy Court. See *Credit Suisse AG, Cayman Islands Branch v. Appaloosa Investment L.P. I*, 2015 WL 5257003 (S.D.N.Y. Sept. 9, 2015). On September 30, 2015, the Second Lien Intercreditor Lawsuit was referred to the Bankruptcy Court as Adversary Case No. 15-00754. Credit Suisse voluntarily dismissed the case without prejudice on December 23, 2015 [Docket No. 18].

7. The Second Lien Preference Action Adversary

On June 6, 2016, the Debtors commenced an adversary proceeding (the “Second Lien Preference Action Adversary”) against the Second Lien Agent and the indenture trustees for the Debtors’ four series of Second Lien Notes (collectively, the “Second Lien Parties”) to avoid liens on commercial tort claims (“Commercial Tort Claims”) granted to the Second Lien Parties on November 25, 2014, which liens were perfected by the filing of UCC-1 financing statements on November 26, 2014 (the purported granting of a perfected lien in the Commercial Tort Claims referred collectively as the “Transfer”). By the Second Lien Preference Action Adversary, the Debtors assert that the Transfer is a preferential transfer made to a creditor on account of an antecedent debt when the Debtors were insolvent within 90 days of the Petition Date and is an avoidable preference under section 547 of the Bankruptcy Code. See Bankruptcy Code § 547(b). The Second Lien Preference Action Adversary remains pending as of the date hereof.

~~S.T.~~ Other Pending Litigation Proceedings

The Debtors are parties to a number of lawsuits, legal proceedings, collection proceedings, and claims arising out of their business operations, including those lawsuits and other actions described more fully herein. The Debtors cannot predict with certainty the outcome of these lawsuits, legal proceedings, and claims.

With certain exceptions, the filing of the Chapter 11 Cases operates as a stay with respect to the commencement or continuation of litigation against the Debtors that was or could have been commenced

before the commencement of the Chapter 11 Cases. In addition, the Debtors' liability with respect to litigation stayed by the commencement of the Chapter 11 Cases is generally subject to discharge, settlement, and release upon confirmation of a plan under chapter 11, with certain exceptions. Therefore, certain litigation Claims against the Debtors may be subject to discharge in connection with the Chapter 11 Cases.

T.U. Monetizing the Former Harrah's Tunica Property

As more fully disclosed in the Debtors' motion to dismantle the barges that were formerly used to operate the now-closed Harrah's Tunica casino property [Docket No. 599] (the "Dismantlement Motion"), the Debtors have been actively marketing the Harrah's Tunica property since 2012. Shortly after the filing of the Chapter 11 Cases, the Debtors, in their business judgment, embarked on a multi-phase effort to repurpose the Harrah's Tunica property to make it more marketable to potential buyers, including those who were not interested in operating a casino. First, the Debtors obtained entry of an order [Docket No. 1021] approving the Dismantlement Motion, which permitted the Debtors to liquidate the barges housing the former casino at the property. Next, with this property and its attendant costs soon to be removed, the Debtors have been able to focus on the next phase of their process—a formal marketing and sale process with respect to the remainder of the assets located at the former Harrah's Tunica location (the "Tunica Property"). By selling the Tunica Property through a formal marketing and auction process conducted pursuant to section 363 of the Bankruptcy Code, the Debtors believe they can achieve the most value-maximizing result for benefit of all of the Debtors' Estates. Selling the Tunica Property will also unburden the Debtors of significant ongoing carrying costs, which currently total approximately \$1 million per month. After months of negotiations, the Debtors entered into a purchase agreement with TJM Properties, Inc. ("TJM") to sell the Tunica Property for \$3 million, subject to higher or better offers. Importantly, as part of this agreement, TJM agreed to be the stalking horse in a competitive bidding process. On September 5, 2015, the Debtors filed a motion seeking approval of bidding procedures for a formal marketing and auction process for the Tunica Property with the stalking horse bid as the baseline bid [Docket No. 2172] (the "Tunica Sale Motion"). On September 29, 2015, the Bankruptcy Court entered an order [Docket No. 2358] approving the Debtors' proposed bidding procedures and auction process. No qualified bids were submitted on or before the bidding deadline. Accordingly, the Debtors filed a notice of cancellation of the auction and designation of the stalking horse bidder as the successful bidder on October 26, 2015 [Docket No. 2500]. On November 2, 2015, the Bankruptcy Court entered an order authorizing the Debtors to sell the Tunica Property to TJM [Docket No. 2524] (the "Tunica Sale Order"). The Debtors closed the sale of the Tunica Property to TJM on January 20, 2016.

U.V. Workload Bonus Program

On July 1, 2015, the Debtors filed the Debtors' Motion for Entry of an Order (A) Authorizing and Approving the Workload Bonus Program for Certain Non-Insider Employees and (B) Granting Related Relief [Docket No. 1851] (the "Workload Bonus Motion"). Among other things, the Workload Bonus Motion sought the Bankruptcy Court's approval of an award pool totaling approximately \$550,000 to reward 22 key, non-insider CES employees. Under the bonus program outlined in the Workload Bonus Motion, each program participant (depending on position and workload) would be eligible to receive up to 15 or 30 percent of such participant's base salary in additional cash awards. On July 27, 2015, the Bankruptcy Court entered an order [Docket No. 1975] approving the relief sought by the Workload Bonus Motion.

V.W. Rejection and Assumption of Executory Contracts and Unexpired Leases

Prior to the Petition Date and in the ordinary course of business, the Debtors entered into thousands of Executory Contracts and Unexpired Leases. The Debtors have reviewed and will continue to review during the Chapter 11 Cases such Executory Contracts and Unexpired Leases to identify contracts and leases for either assumption or rejection.

To date, the Debtors have filed five omnibus motions (the "Contract Rejection Motions") seeking to reject a total of fifteen Executory Contracts in the aggregate [Docket Nos. 378, 666, 1175, 1755, 1863]. The Bankruptcy Court approved the relief sought in these motions with respect to twelve of these Executory Contracts in several orders [Docket Nos. 641, 990, 1323, 1801, 1928]. The Debtors withdrew the applicable Contract Rejection Motion

with respect to one of the Executory Contracts⁵⁶ following a consensual renegotiation of its terms and conditions. In addition, the Debtors have continued the applicable Contract Rejection Motion [Docket No. 1755] (the “Seibel Rejection Motion”) with respect to two of the Executory Contracts with entities affiliated with Rowen Seibel in connection with the Gordon Ramsay Pub and Grills located at Caesars Palace and Caesars Atlantic City.⁵⁷ The Debtors, FERG, and LLTQ have been engaged in ongoing settlement discussions and discovery related to the Seibel Rejection Motion since its filing in June 2015. FERG and LLTQ have also filed a motion seeking payment of administrative expenses related to the Gordon Ramsay Pub and Grills [Docket No. 2531] (the “Seibel Admin Motion”), which also remains pending as of the date hereof. Relatedly, on January 14, 2016, the Debtors filed a motion seeking to reject two restaurant license agreements with Gordon Ramsey and his affiliated entities and enter into new agreements that provide additional annual savings to the Debtors [Docket No. 3000] (the “Ramsay Motion”). FERG and LLTQ objected to the Ramsay Motion as well. Discovery related to the Seibel Rejection Motion, the Seibel Admin Motion, and the Ramsay Motion are ongoing pursuant to an agreed discovery order entered by the Bankruptcy Court on March 14, 2016 [Docket No. 3393], and each motion is set for status at the omnibus hearing scheduled for July 20, 2016.

On April 15, 2015, the Debtors filed the Debtors’ Motion for Entry of an Order (I) Extending the Time Within Which the Debtors Must Assume or Reject Unexpired Leases of Nonresidential Real Property and (II) Granting Related Relief [Docket No. 1176], whereby the Debtors requested a 90-day extension to assume or reject unexpired leases of nonresidential real property through and including August 13, 2015. On May 7, 2015, the Bankruptcy Court entered an order granting the relief requested therein [Docket No. 1474], which extended the time by which the Debtors must assume or reject such leases until August 13, 2015 (the “Section 365(d)(4) Deadline”).

The Debtors, with the assistance of their advisors, thereafter spent significant time carefully reviewing their unexpired leases which may be subject to the Section 365(d)(4) Deadline. The Debtors identified approximately 53 such leases and considered a variety of factors in determining whether to assume, reject, or seek a further extension with respect to such leases, including whether the lease: (a) is operationally indispensable; (b) generates a net economic benefit for the Debtors’ Estates (*e.g.*, whether the related hotel and/or casino is profitable); (c) contains market or fair and reasonable terms under the circumstances; (d) counterparty has recently renegotiated, or refused to renegotiate, the lease on more favorable terms; (e) is replaceable by another lease, including the costs associated with such replacement; (f) has strategic or intrinsic real estate value; (g) supports services that are standard to, if not necessary to remain competitive in, the gaming industry; and (h) has any defaults to cure and the costs thereof. On July 30, 2015 the Debtors filed the *Debtors’ Motion for the Entry of an Order (I) Authorizing (A) Assumption of Certain Nonresidential Real Property Leases, (B) Rejection of Certain Nonresidential Real Property Leases Nunc Pro Tunc to July 31, 2015, and (C) Consensual Extensions of Time to Assume or Reject of Certain Nonresidential Real Property Leases, and (II) Granting Related Relief* [Docket No. 1984] (the “Unexpired Leases Motion”), which sought to assume thirty-one unexpired leases, reject two unexpired leases, and further extend (with written consent from the applicable lease counterparty) the Section 365(d)(4) Deadline with respect to twenty unexpired leases. On August 12, 2015, the Bankruptcy Court entered an order granting the relief requested in the Unexpired Leases Motion other than with respect to two unexpired leases where the Unexpired Leases Motion was continued by agreement between the Debtors, the Unsecured Creditors Committee, and the Second Priority Noteholders Committee [Docket No. 2056]. The Bankruptcy Court entered an order authorizing the Debtors to assume and assign the remaining two leases on November 17, 2015 [Docket No. 2604]. The Debtors have continued to analyze their unexpired leases and have filed two additional motions related thereto. First, on November 20, 2015, the

⁵⁶ That contract is that certain Development and Operating Agreement, dated as of June 5, 2006, by and between Payard Management, LLC and Desert Palace, Inc. (as amended, restated, or otherwise supplemented from time to time, the “Payard Agreement”).

⁵⁷ These contracts are: (a) that certain Consulting Agreement, dated as of May 16, 2014, by and between FERG, LLC (“FERG”) and Boardwalk Regency Corporation d/b/a Caesars Atlantic City (as amended, restated, or otherwise supplemented from time to time, the “FERG Consulting Agreement”) and (b) that certain Development and Operation Agreement, dated as of April 4, 2012, by and between LLTQ Enterprises, LLC (“LLTQ”) and Desert Palace, Inc. (as amended, restated, or otherwise supplemented from time to time, the “LLTQ Development Agreement,” and together with the FERG Consulting Agreement, the “Restaurant Agreements”).

Debtors filed a motion to assume and assign a nonresidential real property lease to CES [Docket No. 2674], which motion was granted by the Bankruptcy Court on December 14, 2015 [Docket No. 2716]. Second, on January 28, 2016, the Debtors filed a motion to reject a burdensome lease with the Board of Levee Commissioners for the Yazoo-Mississippi Delta related to the former Harrah's Tunica Casino property [Docket No. 3153], which motion was granted by the Bankruptcy Court on February 12, 2016 [Docket No. 3258].

The Debtors estimate they have obtained at least \$15.4 million in annual savings from the various Contract Rejection Motions, through the assignment of certain leases to CES, and through the rejection of certain unexpired nonresidential real property leases.

The Debtors intend to include information in the Plan Supplement regarding the assumption or rejection of the remainder of their Executory Contracts and Unexpired Leases to be carried out as of the Effective Date, but may also elect to file additional discrete motions seeking to assume or reject various of the Debtors' Executory Contracts and Unexpired Leases before such time.

~~W.X.~~ Postpetition Letter of Credit Facility

Like many large companies, the Debtors require letters of credit to comply with certain laws and regulations. As stated above, as of the Petition Date, the Debtors had approximately \$101.3 million in letters of credit (the "LCs") issued by Bank of America, N.A. (as former agent for the Prepetition Credit Agreement) and Credit Suisse (as current agent under the Prepetition Credit Agreement). After the Petition Date, approximately \$36.8 million of the letters of credit issued and outstanding under the Prepetition LC Facility expired and were drawn upon, transferred to non-Debtor CEOC affiliates or property owners, or replaced with cash deposits. Approximately 22 letters of credit totaling approximately \$64.5 million remained outstanding, however, and approximately 88.9 percent of such amount was due to expire before June 30, 2015. As such, and because the applicable regulations generally require the Debtors to maintain letters of credit or replace them upon notice of non-renewal, the Debtors entered into negotiations with Credit Suisse to secure Credit Suisse's agreement to continue issuing letters of credit so that CEOC would remain in compliance with the regulations and agreements.

On May 6, 2015, the Debtors filed the Debtors' Motion for Entry of an Order (I) Authorizing Debtor Caesars Entertainment Operating Company, Inc. to Enter Into a Letter of Credit Agreement, (II) Modifying the Automatic Stay to Permit Implementation of that Agreement, and (III) Granting Related Relief [Docket No. 1471] (the "LC Motion") seeking Bankruptcy Court's authorization to enter into that certain Letter of Credit Reimbursement and Security Agreement (the "LC Agreement"), by and between CEOC and Credit Suisse, attached to the LC Motion. The LC Agreement represented more than a month's worth of good-faith negotiations between the Debtors and Credit Suisse and, as more fully described in the LC Motion, preserved CEOC's flexibility in accommodating the replacement of expiring letters of credit while avoiding disruptions to operations that would unnecessarily distract management and complicate the Debtors' restructuring efforts. After further negotiations between the Debtors and their stakeholders, on May 22, 2015, Bankruptcy Court granted the relief sought in the LC Motion [Docket No. 1671] and CEOC entered into the LC Agreement shortly thereafter. The LC Agreement was amended to extend its maturity date an additional 15 months on May 2, 2016 [Docket No. 3623].

~~X.Y.~~ Debtors' Monthly Operating Reports

The Debtors have filed thirteen monthly operating reports for February 2015 through ~~February~~ April 2016 [Docket Nos. 1039, 1406, 1724, 1853, 1986, 2137, 2373, 2517, 2670, 2849, 3159, 3327, ~~3458, 3614,~~ and ~~3458~~38]. Net revenue for the period from the Petition Date through ~~February 29~~ April 30, 2016 totaled ~~\$4.54~~ 5.23 billion. Operating expenses during this period with respect to the casinos were ~~\$3.93~~ 4.47 billion. The Debtors reported ~~\$610~~ 752 million in income from operations for this period. As of ~~February 29~~ April 30, 2016, the Debtors hold unrestricted cash on the consolidated balance sheet in the amount of ~~\$1.04~~ 07 billion and liabilities subject to compromise were \$18.88 billion.

**ARTICLE V.
SUMMARY OF THE PLAN**

The Debtors believe that the Plan maximizes the value of their two major assets—their business and their estate causes of actions against CEC and certain of its affiliates.

To maximize the value of their businesses, the Debtors will reorganize into a real estate investment trust structure that will enable them to unlock substantial value for the benefit of their stakeholders given the relatively favorable valuations associated with such entities as opposed to traditional gaming companies. Under this structure, the Debtors will be split into two separate companies—OpCo and PropCo. Subject to certain exclusions, the Debtors will contribute substantially all of their U.S.-based real property assets to PropCo (including PropCo subsidiaries) (the “Contributed Properties”), and PropCo will lease back most of those assets to OpCo in exchange for annual lease payments on the terms set forth in the Master Lease Agreements. Preliminary lists of such properties are attached as **Exhibits A–D** to the Lease Term Sheet attached as **Exhibit C** to the Plan. These lists remain subject to revision in all respects and final lists will be included as part of the Plan Supplement. As discussed in greater detail below, the Debtors’ contribution of real property assets to PropCo will be completed through either the Spin Structure or the Partnership Contribution Structure. The REIT will hold and control (either directly or indirectly) the general partnership interest in PropCo, and will also hold limited partnership interests in PropCo.

To maximize the value of their estate causes of action against CEC and certain of its affiliates, and as discussed in greater detail above, the Special Governance Committee undertook a comprehensive independent investigation into the viability of such claims. The Special Governance Committee assessed the merits of multiple potential claims, weighed the probability of successfully litigating such claims, and analyzed the attendant litigation, execution, and business risks and costs. The Special Governance Committee then leveraged this information in negotiations to extract significant contributions from CEC and its affiliates that drive increased recoveries (both cash and noncash) under the Plan and provide important credit support to various OpCo obligations. But this consideration is contingent on a global settlement and release of claims against CEC and its affiliates, including claims held by both Debtors and third parties. The Debtors believe, in light of the foregoing, that the global settlement embodied by the Plan and the related releases are fair, reasonable, and in the best interests of the Debtors’ Estates. Indeed, such releases are necessary for the Debtors’ proposed reorganization because without them there would be no contributions from CEC to drive the significantly enhanced recoveries on which the Plan is premised.

A. Proposed Treatment of Each Class of Claims and Interests

As set forth in Article ~~III~~ III of the Plan and in accordance with sections 1122 and 1123(a)(1) of the Bankruptcy Code, all Claims and Interests (other than Administrative Claims, Priority Tax Claims, and Professional Fee Claims, which are unclassified Claims under the Plan) are classified into Classes for all purposes, including voting, Confirmation, and distributions pursuant to the Plan. A Claim or Interest is classified in a particular Class only to the extent that the Claim or Interest qualifies within the description of that Class. A Claim or Interest is also classified in a particular Class for the purpose of receiving distributions pursuant to the Plan only to the extent that such Claim or Interest is an Allowed Claim or Allowed Interest in that Class and has not been paid, released, or otherwise satisfied prior to the Effective Date.

1. Unclassified Claims

In accordance with section 1123(a)(1) of the Bankruptcy Code, the Plan does not classify Administrative Claims, Priority Tax Claims, or Professional Fee Claims and, thus, Article ~~III~~ III of the Plan does not include such Claims in the Classes of Claims set forth therein. Instead, Article ~~III~~ III of the Plan provides for the satisfaction of these unclassified Claims. The treatment and the projected recoveries under the Plan of these unclassified Claims, which are not entitled to vote on the Plan, are described in summary form below for illustrative purposes only.

Unclassified Claim	Plan Treatment	Estimated Amount and Number of Allowed Claims ⁵⁸	Estimated Percent Recovery Under the Plan
Administrative Claims	Unimpaired	\$0.5–12.9 1800 Claims	100%
Priority Tax Claims ⁵⁹	Unimpaired	\$0.5–1.1 50 Claims	100%
Professional Fee Claims ⁶⁰	Unimpaired	\$58–68 15 Claims	100%

2. Classified Claims

The table below summarizes the classification and treatment of all classified Claims against and Interests in each Debtor (as applicable) under the Plan.⁶¹ The ability of a Holder of Claims or Interests to vote on, and such Holder’s distribution under, the Plan, if any, depends on the type of Claim or Interest held by such Holder (if any) and the treatment afforded any such Claim or Interest. The classification, treatment, voting rights, and projected recoveries of classified Claims are described in summary form below for illustrative purposes only, and are subject to material change.

In particular, recoveries available to the Holders of Claims in Classes ~~F–M–D–O~~ are estimates and actual recoveries may materially differ based on, among other things, whether the amount of Claims actually Allowed against the applicable Debtor exceed the estimates provided below, ~~and the actual market value of non-cash recoveries~~. Furthermore, the following estimated recoveries may be materially reduced ~~altered~~ if: (a) the NRF is found to have an Allowed \$362 million joint and several liability claim at each of the Debtors; (b) the Holders of Subsidiary-Guaranteed Notes Claims are not required to turn over recoveries pursuant to the Subsidiary-Guarantee Notes Intercreditor Agreement; and (c) the Holders of Class ~~E~~ Secured First Lien Notes Claims do not waive their deficiency claims as contemplated by the Plan and the RSAs.

Class	Type of Claim or Interest	Status	Estimated Amount and Number of Allowed Claims or Interests ⁶²	Estimated Percent Recovery Under the Plan
Class A (Each Debtor)	Secured Tax Claims	Unimpaired (Deemed to Accept)	<\$0.1 1 Claim	100%

⁵⁸ All dollar amounts in millions.

⁵⁹ [The Louisiana Department of Revenue disputes this estimate and believes the Priority Tax Claim amount may be higher than estimated.](#)

⁶⁰ The Professional Fee Claims set forth herein and in the Plan constitute the estimated unpaid Professional Fee Claims as of a hypothetical Effective Date of December 31, 2016, and this estimate is nonbinding and is subject to material revision.

⁶¹ The Debtors reserve the right to separately classify Claims to the extent necessary to comply with any requirements under the Bankruptcy Code or applicable law. ~~In connection with continuing negotiations with the Unsecured Creditors Committee, the Debtors are considering Claim classification issues related to disputed, contingent, and unliquidated claims as well as the creation of a potential convenience class.~~

⁶² All dollar amounts in millions.

Class	Type of Claim or Interest	Status	Estimated Amount and Number of Allowed Claims or Interests ⁶²	Estimated Percent Recovery Under the Plan
Class B (Each Debtor)	Other Secured Claims	Unimpaired (Deemed to Accept)	\$45.9 50 Claims	100%
Class C (Each Debtor)	Other Priority Claims	Unimpaired (Deemed to Accept)	\$1.0–1.2 50 Claims	100%
Class D (Each Debtor other than Non-Obligor Debtors)	Prepetition Credit Agreement Claims	Impaired (Entitled to Vote)	\$5,425.3 3 Claims	Class F Rejects: 113% – 0% – 0% 117% Class F Accepts: 112% – 115%
Class E (Each Debtor other than Non-Obligor Debtors)	Secured First Lien Notes Claims	Impaired (Entitled to Vote)	\$6,529.5 1 Claim	Class F Rejects: 96% – 0% – 0% 128% Class F Accepts: 94% – 0% – 0% 124%
Class F (Each Debtor other than Non-Obligor Debtors)	Second Lien Notes Claims	Impaired (Entitled to Vote)	\$5,522.5 ⁶³ 3 Claims	Accept: 29% – 48% Reject: 22% – 34%
Class G (CEOC and Each Subsidiary Guarantor)	Subsidiary-Guaranteed Notes Claims	Impaired (Entitled to Vote)	\$502.0 1 Claim	Accept: 61% – 105% Reject: 11%
Class H (CEOC)	Senior Unsecured Notes Claims ⁶⁴	Impaired (Entitled to Vote)	\$536.2 2 Claims	Accept: 33% – 0% – 56% Recovery Reject: 22% – 0% – 33% Recovery
Class I (Each Debtor other than Non-Obligor Debtors and the BIT Debtors)	Ongoing Business Undisputed Unsecured Claims	Impaired (Entitled to Vote)	\$80.4–84.992.0 2,800 100 Claims	Accept: 35 34% - 54% Recovery Reject: 22% - 34% Recovery 33%
Class J (Each Debtor other than Non-Obligor Debtors and the BIT Debtors)	General Disputed Unsecured Claims	Impaired (Entitled to Vote)	\$172.9– 206.6 137.5–176.1 700 500 Claims	Accept: 35 34% - 54% Recovery Reject: 22% – 34% Recovery
Class K (Each Debtor other than Non-Obligor Debtors and the BIT Debtors)	Convenience Unsecured Claims	Impaired (Entitled to Vote)	\$23.8–26.8 3,000 Claims	47%

⁶³ [As noted above, if the OID Objection is successful it would reduce the aggregate allowed amount of the Second Lien Notes Claims to approximately \\$3.7 billion. See Article IV.P.2.](#)

⁶⁴ The estimated amount of Unsecured Claims included herein includes the amount of Senior Unsecured Notes that CAC will waive pursuant to the terms of the Plan.

Class	Type of Claim or Interest	Status	Estimated Amount and Number of Allowed Claims or Interests ⁶²	Estimated Percent Recovery Under the Plan
Class KL (Each Par Recovery Debtor)	Par Recovery Unsecured Claims	Impaired (Entitled to Vote)	\$43.5–51.0 2,200 Claims	100%
Class LM (Winnick Holdings, LLC)	Winnick Unsecured Claims	Impaired (Entitled to Vote)	<\$0.1 10 Claims	67%
Class MN (Caesars Riverboat Casino, LLC)	Caesars Riverboat Casino Unsecured Casino -Claims	Impaired (Entitled to Vote)	\$2.5–2.9 250 Claims	71%
Class NO (Chester Downs Management Company, LLC)	Chester Downs Management Unsecured Claims	Impaired (Entitled to Vote)	\$1.2-1.5 100 Claims	87%
Class OP (Each Non-Obligor Debtor)	Non-Obligor Unsecured Claims	Unimpaired (Deemed to Accept)	\$4.3–4.9 300 Claims	100%
Class PQ (Each Debtor)	Section 510(b) Claims	Impaired (Deemed to Reject)	\$0.0 0 Claims	0%
Class QR (Each Debtor)	Intercompany Claims	Impaired (Deemed to Reject)	\$0.0–4,894.4 15 Claims	0% ⁶⁵
Class RS (Each Debtor)	Intercompany Interests	Impaired (Deemed to Reject)	\$0.0 0 Claims	0% <u>0–100%</u>
Class ST (CEOC)	CEOC Interests	Impaired (Deemed to Reject)	\$0.0 0 Claims	0%
Class TU (Des Plaines Development Limited Partnership)	Des Plaines Interests	Unimpaired (Deemed to Accept)	\$0.0 0 Claims	100%

B. Proposed Distributions to Holders of Allowed Claims and Interests

The Plan contemplates the following distributions to Holders of Allowed Claims and Interests, among other recoveries:

⁶⁵ The Plan provides that Intercompany Claims will be cancelled and no distributions will be made, but provides the Reorganized Debtors the ability to reconcile such Intercompany Claims as may be advisable in order to avoid the incurrence of any past, present, or future tax or similar liabilities by the Reorganized Debtors.

Claim Holders	Summary of Plan Distributions
Holders of Secured Tax Claims (Class A)	<p><u>Unimpaired</u>. Except <u>Subject to Article VI of the Plan, on the Effective Date, except</u> to the extent a Holder of an Allowed Secured Tax Claim agrees to less favorable treatment, each such Holder will receive, at the option of the Reorganized Debtors: (a) payment in full in Cash of such Holder's Allowed Secured Tax Claim as of the Effective Date or as soon as reasonably practicable thereafter or (b) equal semi-annual Cash payments commencing as of the Effective Date or as soon as reasonably practicable thereafter and continuing for five years, in an aggregate amount equal to such Allowed Secured Tax Claim, together with interest at the applicable non-default contract rate under non-bankruptcy law, subject to the option of the Reorganized Debtors to prepay the entire amount of such Allowed Secured Tax Claim during such time period.</p>
Holders of Other Secured Claims (Class B)	<p><u>Unimpaired</u>. Except <u>Subject to Article VI of the Plan, on the Effective Date, except</u> to the extent a Holder of an Allowed Other Secured Claim agrees to less favorable treatment, each such Holder will receive, at the option of the Reorganized Debtors: (a) payment in full in Cash of such Holder's Allowed Other Secured Claim; (b) Reinstatement of such Holder's Allowed Other Secured Claim; (c) the collateral securing such Holder's Allowed Other Secured Claim; or (d) such other treatment rendering such Holder's Allowed Other Secured Claim Unimpaired.</p>
Holders of Other Priority Claims (Class C)	<p><u>Unimpaired</u>. Except <u>Subject to Article VI of the Plan, on the Effective Date, except</u> to the extent a Holder of an Allowed Other Priority Claim agrees to less favorable treatment, each such Holder will receive, at the option of the Reorganized Debtors: (a) payment in full in Cash on the later of the Effective Date and the date such Other Priority Claim becomes an Allowed Other Priority Claim or as soon as reasonably practicable thereafter; or (b) such other treatment rendering such Holder's Allowed Other Priority Claim Unimpaired.</p>
Holders of Prepetition Credit Agreement Claims (Class D)	<p><u>Impaired</u>. Except <u>On the Effective Date, except</u> to the extent a Holder of an Allowed Prepetition Credit Agreement Claim agrees to less favorable treatment, each such Holder will receive its Pro Rata share of:</p> <ul style="list-style-type: none"> • \$705 million in Cash, minus any Cash amounts up to \$300,000,000 <u>million</u> paid by the Debtors prior to the Effective Date pursuant to an order of the Bankruptcy Court authorizing such earlier payment (<u>provided</u>, for the avoidance of doubt, that such \$300,000,000 <u>million</u> payment shall not be the adequate protection payments authorized pursuant to the Cash Collateral Order); • \$882 million of additional Cash out of the proceeds of the syndication of the OpCo First Lien Debt to third parties, <u>provided</u>, <u>however</u>, that solely to the extent that the OpCo First Lien Debt is not fully syndicated and solely to the extent that the Requisite Consenting Bank Creditors waive such requirement as set forth in Article IX.B <u>IX.B</u> of the Plan, for the unsubscribed portion of the OpCo First Lien Debt such Holder will receive such Holder's Pro Rata share of the OpCo First Lien Term Loan issued in the amount <u>of</u> the unsubscribed portion of the OpCo First Lien Debt in lieu of such Cash; • \$406 million of additional Cash out of the proceeds of the issuance of OpCo Second Lien Debt to third parties, <u>provided</u>, <u>however</u>, that solely to the extent that the OpCo Second Lien Debt is not fully syndicated and solely to the extent that the Requisite Consenting Bank Creditors waive such requirement as set forth in Article IX.B <u>IX.B</u> of the Plan, for the unsubscribed portion of the OpCo Second Lien Debt such Holder will receive such Holder's Pro Rata share of the OpCo Second Lien Notes issued in the amount of the unsubscribed portion of the OpCo

Claim Holders	Summary of Plan Distributions
	<p>Second Lien Debt in lieu of such Cash;</p> <ul style="list-style-type: none"> • \$1,961 million of the PropCo First Lien Term Loan, subject to the right to elect to receive PropCo Common Equity rather than such PropCo First Lien Term Loan pursuant to the PropCo Equity Election; • \$1,450 million of (A) the PropCo Second Lien Upsize Amount (subject to the right to elect to receive PropCo Common Equity rather than the PropCo Second Lien Notes issued pursuant to the PropCo Second Lien Upsize Amount pursuant to the PropCo Equity Election), if any, and (B) additional Cash in the amount of the difference between (I) \$1,450 million <u>minus the sum of</u> (II) the amount of the PropCo Second Lien Upsize Amount; <u>provided that</u> such Holder shall receive an equivalent principal amount of CPLV Mezzanine Loan instead of the PropCo Second Lien Upsize Amount if Class D elects (on the Class D Ballot) as a Class (on majority vote based solely on principal amount of Prepetition Credit Agreements Claims held) to cause the CPLV Mezzanine Election to occur pursuant to the Prepetition Credit Agreement CPLV Option Procedures, and (III) the amount of CPLV Mezzanine Debt issued to the Holders of Prepetition Credit Agreement Claims; <u>and</u> • OpCo Series A Preferred Stock, which shall be exchanged pursuant to the CEOC Merger for either (A) solely if Class F votes to reject the Plan, 5% of New CEC Common Equity or (B) solely if Class F votes to accept the Plan, 4% of New CEC Common Equity, in both instances on a fully diluted basis (giving effect to the issuance of the New CEC Convertible Notes but not taking into account any dilution from any New CEC Capital Raise).
<p>Holders of Secured First Lien Notes Claims (Class E)</p>	<p><u>Impaired</u>. Except <u>On the Effective Date, except</u> to the extent a Holder of an Allowed Secured First Lien Notes Claim agrees to less favorable treatment, each such Holder will receive its Pro Rata share of:</p> <ul style="list-style-type: none"> • \$700 million in Cash, minus any Cash amounts up to \$103,500,000 <u>5 million</u> paid by the Debtors prior to the Effective Date pursuant to an order of the Bankruptcy Court authorizing such earlier payment (<u>provided</u>, for the avoidance of doubt, that such \$103,500,000 <u>5 million</u> payment shall not be the adequate protection payments authorized pursuant to the Cash Collateral Order); • \$306 million of Cash out of the proceeds of the issuance of the OpCo First Lien Debt to third parties, <u>provided, however</u>, that solely to the extent that the OpCo First Lien Debt is not fully syndicated and solely to the extent that the Requisite Consenting Bond Creditors waive such requirement as set forth in Article IX.B <u>IX.B</u> of the Plan, for the unsubscribed portion of the OpCo First Lien Debt such Holder will receive such Holder's Pro Rata share of the OpCo First Lien Notes issued in the amount of the unsubscribed portion of the OpCo First Lien Debt in lieu of such Cash; • \$141 million of Cash out of the proceeds of the issuance of the OpCo Second Lien Debt to third parties, <u>provided, however</u>, that solely to the extent that the OpCo Second Lien Debt is not fully syndicated and solely to the extent that the Requisite Consenting Bond Creditors waive such requirement as set forth in Article IX.B <u>IX.B</u> of the Plan, for the unsubscribed portion of the OpCo Second Lien Debt such Holder will receive such Holder's Pro Rata share of the OpCo Second Lien Notes issued in the amount of the unsubscribed portion of the OpCo

Claim Holders	Summary of Plan Distributions
	<p>Second Lien Debt in lieu of such Cash;</p> <ul style="list-style-type: none"> • \$431 million of the PropCo First Lien Notes, subject to the right to elect to receive PropCo Common Equity rather than such PropCo First Lien Notes pursuant to the PropCo Equity Election; • \$1,425 million, consisting of a combination of (A) PropCo Second Lien Notes (subject to the right to elect to receive PropCo Common Equity rather than such PropCo Second Lien Notes pursuant to the PropCo Equity Election), and (B) Cash equal to the excess (if any) of (I) \$250 million over (II) the amount of CPLV Mezzanine Debt allocated to Holders of Secured First Lien Notes Claims pursuant to Article IV.A. 4(b)³ of the Plan (prior to giving effect to any CPLV Mezzanine Equitized Debt); • the PropCo Preferred Equity Distribution, plus the PropCo Preferred Equity Upsize Shares (if any), subject to the PropCo Preferred Equity Put Right and the PropCo Preferred Equity Call Right; • \$1,107 million of (A) the CPLV Mezzanine Debt (subject to the right to elect to receive PropCo Common Equity rather than such CPLV Mezzanine Debt pursuant to the PropCo Equity Election) and (B) additional Cash in the amount of the difference between (I) \$1,107 million minus (II) the amount of the CPLV Mezzanine Debt (other than any CPLV Mezzanine Debt issued to the holders of Prepetition Credit Agreement Claims pursuant to the CPLV Mezzanine Election) and the PropCo Preferred Equity Upsize Shares; • either (A) if the Spin Structure is used, 100% of PropCo Common Equity on a fully diluted basis (excluding dilution from PropCo Preferred Equity, if any, and the PropCo Equity Election), or (B) if the Partnership Contribution Structure is used, (I) 95% of PropCo Common Equity on a fully diluted basis (excluding dilution from PropCo Preferred Equity, if any, and the PropCo Equity Election) and (II) \$91,000,000 million in Cash; • OpCo Series A Preferred Stock, which shall be exchanged pursuant to the CEOC Merger for either (A) solely if Class F votes to reject the Plan, 15.8% of New CEC Common Equity or (B) solely if Class F votes to accept the Plan, 12.5% of New CEC Common Equity, in both instances on a fully diluted basis (giving effect to the issuance of the New CEC Convertible Notes but not taking into account any dilution from any New CEC Capital Raise); and • solely if Class F votes to accept the Plan, the Additional CEC Consideration (i.e., CEC shall (a) contribute to the Debtors on the Effective Date Cash in the amount of \$20,000,000 million per month and/or (2) issue New CEC Common Equity (at a price per share of New CEC Common Equity using an equity value for New CEC of \$6.5 billion) equal to \$20,000,000 million per month (which shall be issued in exchange for OpCo Series A Preferred Stock pursuant to the CEOC Merger), in both instances commencing on May 1, 2017, and ending on the Effective Date, which amount shall be prorated for any partial month).
<p>Holders of Second Lien Notes Claims</p>	<p><u>Impaired</u>. Except <u>Subject to Article VI of the Plan, on the Effective Date, except</u> to the extent that a Holder of an Allowed Second Lien Notes Claim agrees to a less favorable treatment, in full and final satisfaction, compromise, settlement, release, and discharge of</p>

Claim Holders	Summary of Plan Distributions
(Class F)	<p>and in exchange for each Allowed Second Lien Notes Claim, <u>and subject to any Reduced Claim Adjustment</u> each such Holder shall receive its Pro Rata share of:⁶⁶</p> <ul style="list-style-type: none"> • <u>if Class F votes to accept the Plan</u>, their Pro Rata share of the following: <ul style="list-style-type: none"> • \$790,980,000 of New CEC Convertible Notes, which shall be convertible pursuant to the terms of the New CEC Convertible Notes Indenture in the aggregate for up to 9.646% of New CEC Common Equity on a fully diluted basis (not taking into account any dilution from any New CEC Capital Raise); and • OpCo Series A Preferred Stock, which shall be exchanged pursuant to the CEOC Merger for 17.435% of New CEC Common Equity on a fully diluted basis (giving effect to the issuance of the New CEC Convertible Notes but not taking into account any dilution from any New CEC Capital Raise). • <u>if Class F votes to reject the Plan</u>, their Pro Rata share of the following: <ul style="list-style-type: none"> • \$790,980,000 of New CEC Convertible Notes, which shall be convertible pursuant to the terms of the New CEC Convertible Notes Indenture in the aggregate for up to 9.646% of New CEC Common Equity on a fully diluted basis (not taking into account any dilution from any New CEC Capital Raise); and • OpCo Series A Preferred Stock, which shall be exchanged pursuant to the CEOC Merger for 8.939% of New CEC Common Equity on a fully diluted basis (giving effect to the issuance of the New CEC Convertible Notes but not taking into account any dilution from any New CEC Capital Raise).
<p>Holders of Subsidiary-Guaranteed Notes Claims (Class G)</p>	<p><u>Impaired</u>. Except<u>On the Effective Date, except</u> to the extent that a Holder of an Allowed Subsidiary-Guaranteed Notes Claim agrees to a less favorable treatment, in full and final satisfaction, compromise, settlement, release, and discharge of and in exchange for each Allowed Subsidiary-Guaranteed Notes Claim, each such Holder shall receive:</p> <ul style="list-style-type: none"> • <u>if Class G votes to accept the Plan</u>, its Pro Rata share of the following: <ul style="list-style-type: none"> • \$116,810,000 of New CEC Convertible Notes, which shall be convertible pursuant to the terms of the New CEC Convertible Notes Indenture in the aggregate for up to 1.424% of New CEC Common Equity on a fully diluted basis (not taking into account any dilution from any New CEC Capital Raise);

⁶⁶ As noted above, if the OID Objection is successful it would reduce the aggregate allowed amount of the Second Lien Notes Claims to approximately \$3.7 billion. See Article IV.P.2. The “Reduced Claim Adjustment” means any adjustment to the amount of New CEC Convertible Notes and OpCo Series A Preferred Stock (exchangeable pursuant to the CEOC Merger for New CEC Common Equity) available to the Holders of Second Lien Notes Claims to provide the Holders of Senior Unsecured Notes Claims, Undisputed Unsecured Claims, and Disputed Unsecured Claims in Class H, Class I, and Class J, respectively, with recoveries equal to the improved recovery percentage to be received by the Holders of Second Lien Notes Claims (from any source(s) and in respect of all claims and causes of action of such Holders of Second Lien Notes Claims against any Debtor, Affiliate of a Debtor, or officer, director, and/or advisor to any such entities) in the event that there is an Improved Recovery Event.

Claim Holders	Summary of Plan Distributions
	<p>and</p> <ul style="list-style-type: none"> • OpCo Series A Preferred Stock, which shall be exchanged pursuant to the CEOC Merger for 4.122% of New CEC Common Equity on a fully diluted basis (giving effect to the issuance of the New CEC Convertible Notes but not taking into account any dilution from any New CEC Capital Raise). • if Class G votes to reject the Plan, its Pro Rata share of (a) New CEC Convertible Notes and (b) if necessary, OpCo Series A Preferred Stock, which shall be exchanged pursuant to the CEOC Merger for New CEC Common Equity with an aggregate value equal to the Liquidation Value of such Holder's Subsidiary-Guaranteed Notes Claims, which Liquidation Value shall take into account the enforcement and turnover provisions of the Subsidiary-Guaranteed Notes Intercreditor Agreement.
<p>Holders of Senior Unsecured Notes Claims (Class H)</p>	<p><u>Impaired</u>. Except <u>On the Effective Date, except</u> to the extent that a Holder of an Allowed Senior Unsecured Notes Claim agrees to a less favorable treatment (including as set forth in Article IV.A.8 of the Plan), in full and final satisfaction, compromise, settlement, release, and discharge of and in exchange for each Allowed Senior Unsecured Notes Claim, and subject to <u>the Improved Recovery Agreement⁶⁷ and/or any Improved Recovery Agreement⁶⁸Event</u>, each such Holder shall receive:</p> <ul style="list-style-type: none"> • if Class H votes to accept the Plan, its Pro Rata share of the following: <ul style="list-style-type: none"> • \$34,820,000 of New CEC Convertible Notes, which shall be convertible pursuant to the terms of the New CEC Convertible Notes Indenture in the aggregate for up to 0.425% of New CEC Common Equity on a fully diluted basis (not taking into account any dilution from any New CEC Capital Raise); and • OpCo Series A Preferred Stock, which shall be exchanged pursuant to the CEOC Merger for 0.992% of New CEC Common Equity on a fully diluted basis (giving effect to the issuance of the New CEC Convertible Notes but not taking into account any dilution from any New CEC Capital Raise).

⁶⁷ The "Improved Recovery Agreement" means an agreement among the Unsecured Creditors Committee, CEC, and CEOC to increase the recoveries to the Holders of Senior Unsecured Notes Claims, Undisputed Unsecured Claims, and Disputed Unsecured Claims in Class H, Class I, and Class J, respectively, to equal any improved recovery percentage to be received by the Holders of Second Lien Notes Claims (from any source(s) and in respect of all claims and causes of action of such Holders of Second Lien Notes Claims against any Debtor, Affiliate of a Debtor, or officer, director, and/or advisor to any such entities).

⁶⁸ As noted above, if the OID Objection is successful it would reduce the aggregate allowed amount of the Second Lien Notes Claims to approximately \$3.7 billion. See Article IV.P.2. The "Improved Recovery Event" means an increase in the recoveries to the Holders of Senior Unsecured Notes Claims, Undisputed Unsecured Claims, and Disputed Unsecured Claims in Class H, Class I, and Class J, respectively, to equal the improved recovery percentage to be received by the Holders of Second Lien Notes Claims (from any source(s) and in respect of all claims and causes of action of such Holders of Second Lien Notes Claims against any Debtor, Affiliate of a Debtor, or officer, director, and/or advisor to any such entities) in the event that there is a reduction in the Allowed original principal amount of the Second Lien Notes Claim. For the avoidance of doubt, neither CEC nor New CEC shall fund the Improved Recovery Event but instead such increased recoveries shall come from a reallocation of recoveries available to the Holders of Second Lien Notes Claims on account of a Reduced Claim Adjustment.

Claim Holders	Summary of Plan Distributions
	<ul style="list-style-type: none"> • <u>if Class H votes to reject the Plan</u>, its Pro Rata share of the following: <ul style="list-style-type: none"> • \$34,820,000 of New CEC Convertible Notes, which shall be convertible pursuant to the terms of the New CEC Convertible Notes Indenture in the aggregate for up to 0.425% of New CEC Common Equity on a fully diluted basis (not taking into account any dilution from any New CEC Capital Raise); and • OpCo Series A Preferred Stock, which shall be exchanged pursuant to the CEOC Merger for 0.393% of New CEC Common Equity on a fully diluted basis (giving effect to the issuance of the New CEC Convertible Notes but not taking into account any dilution from any New CEC Capital Raise).
<p>Holdings of Ongoing Business <u>Undisputed Unsecured Claims</u> (Class I)</p>	<p>Except<u>On the Effective Date, except</u> to the extent that a Holder of an Allowed Ongoing Business <u>Undisputed Unsecured Claim</u> agrees to a less favorable treatment, in full and final satisfaction, compromise, settlement, release, and discharge of and in exchange for each Allowed Ongoing Business <u>Undisputed Unsecured Claim</u>, and subject to <u>the Improved Recovery Agreement and/or</u> any Improved Recovery Agreement <u>Event</u>, each such Holder shall receive:</p> <ul style="list-style-type: none"> • <u>if Class I votes to accept the Plan</u>, at such Holder's election (with the default being the treatment set forth as the second option below), either: <ul style="list-style-type: none"> • Election 1: payment of Cash equal to 46.0% of such Holder's Allowed Ongoing Business Claim pursuant to the Cash Election (provided that, if the Cash Election is oversubscribed, Holders of Allowed Ongoing Business Unsecured Claims shall share pro rata in the \$12,500,000 available pursuant to the Cash Election and the remainder of each such Holder's recovery shall be in accordance with Article III.B.9(b)(i)(b) of the Plan (as reduced pro rata by the amount of Cash such Holder received pursuant to the Cash Election); or • Election 2: the following: <ul style="list-style-type: none"> • <u>recovery equal to 2.0% of such Holder's Allowed Undisputed Unsecured Claim in Cash from the Unsecured Creditor Cash Pool; and</u> • recovery equal to 644.0% of such Holder's Allowed Ongoing Business Undisputed Unsecured Claim in Cash contributed to the Debtors by CEC; • its Pro Rata share of \$12,326,713.82 of New CEC Convertible Notes, which shall be convertible pursuant to the terms of the New CEC Convertible Notes Indenture in the aggregate for up to 0.150% of New CEC Common Equity on a fully diluted basis (not taking into account any dilution from any New CEC Capital Raise); and • its Pro Rata share of OpCo Series A Preferred Stock, which shall be exchanged pursuant to the CEOC Merger for 0.271% of New CEC Common Equity on a fully diluted basis (giving effect to the issuance of the New CEC Convertible Notes but not taking into account any dilution

Claim Holders	Summary of Plan Distributions
	<p style="color: red;">from any New CEC Capital Raise).</p> <ul style="list-style-type: none"> • <u>from the Unsecured Creditor Securities Pool.</u> • if Class I votes to reject the Plan, its Pro Rata share of the following: <ul style="list-style-type: none"> • \$12,326,713.82 of New CEC Convertible Notes, which shall be convertible pursuant to the terms of the New CEC Convertible Notes Indenture in the aggregate for up to 0.150% of New CEC Common Equity on a fully diluted basis (not taking into account any dilution from any New CEC Capital Raise); and • <u>recovery equal to 30.0% of such Holder's Allowed Undisputed Unsecured Claim from</u> • OpCo Series A Preferred Stock, which shall be exchanged pursuant to the CEOC Merger for 0.140% of New CEC Common Equity on a fully diluted basis (giving effect to the issuance of the New CEC Convertible Notes but not taking into account any dilution from any New CEC Capital Raise).<u>the Unsecured Creditor Securities Pool</u>

Claim Holders	Summary of Plan Distributions
<p>Holders of GeneralDisputed Unsecured Claims (Class J)</p>	<p>Except<u>Subject to Article VI of the Plan, except</u> to the extent that a Holder of an Allowed GeneralDisputed Unsecured Claim agrees to a less favorable treatment, in full and final satisfaction, compromise, settlement, release, and discharge of and in exchange for each Allowed GeneralDisputed Unsecured Claim, and subject to any Improved Recovery Agreement <u>and/or any Improved Recovery Event</u>, each such Holder shall receive <u>the following</u>:</p> <ul style="list-style-type: none"> • if Class J votes to accept the Plan, the following: <ul style="list-style-type: none"> • recovery equal to 6.0% of such Holder's Allowed General Unsecured Claim in Cash contributed to the Debtors by CEC; • its Pro Rata share of \$29,973,286.17 of New CEC Convertible Notes, which shall be convertible pursuant to the terms of the New CEC Convertible Notes Indenture in the aggregate for up to 0.366% of New CEC Common Equity on a fully diluted basis (not taking into account any dilution from any New CEC Capital Raise); and • its Pro Rata share of OpCo Series A Preferred Stock, which shall be exchanged pursuant to the CEOC Merger for 0.659% of New CEC Common Equity on a fully diluted basis (giving effect to the issuance of the New CEC Convertible Notes but not taking into account any dilution from any New CEC Capital Raise). • if Class J votes to reject the Plan, its Pro Rata share of the following: <ul style="list-style-type: none"> • its Pro Rata share of \$29,973,286.17 of New CEC Convertible Notes, which shall be convertible pursuant to the terms of the New CEC Convertible Notes Indenture in the aggregate for up to 0.366% of New CEC Common Equity on a fully diluted basis (not taking into account any dilution from any New CEC Capital Raise); and • <u>OpCo Series A Preferred Stock, which shall be exchanged pursuant to the CEOC Merger for 0.340% of New CEC Common Equity on a fully diluted basis (giving effect to the issuance of the New CEC Convertible Notes but not taking into account any dilution from any New CEC Capital Raise); its Pro Rata share of Cash from the Unsecured Creditor Cash Pool; and</u> • <u>its Pro Rata share of the Unsecured Creditor Securities Pool.</u>
<p>Holders of Convenience Unsecured Claims (Class K)</p>	<p><u>Subject to Article VI of the Plan, on the Effective Date, except to the extent that a Holder of an Allowed Convenience Unsecured Claim agrees to a less favorable treatment, in full and final satisfaction, compromise, settlement, release, and discharge of and in exchange for each Allowed Convenience Unsecured Claim, each such Holder shall receive its Pro Rata share of the Convenience Cash Pool of \$12,500,000.</u></p>
<p>Par Recovery Unsecured Claims (Class KL)</p>	<p><u>Impaired. ExceptSubject to Article VI of the Plan, on the Effective Date, except</u> to the extent that a Holder of an Allowed Par Recovery Unsecured Claim agrees to a less favorable treatment, in full and final satisfaction, compromise, settlement, release, and discharge of and in exchange for each Allowed Par Recovery Unsecured Claim, each such Holder shall receive payment in full of its Allowed Par Recovery Unsecured Claim, including Post-Petition Interest, from:</p>

Claim Holders	Summary of Plan Distributions
	<ul style="list-style-type: none"> • \$13,620,000 of New CEC Convertible Notes, which shall be convertible pursuant to the terms of the New CEC Convertible Notes Indenture in the aggregate for up to 0.166% of New CEC Common Equity on a fully diluted basis (not taking into account any dilution from any New CEC Capital Raise); and • OpCo Series A Preferred Stock, which shall be exchanged pursuant to the CEOC Merger for 0.500% of New CEC Common Equity on a fully diluted basis (giving effect to the issuance of the New CEC Convertible Notes but not taking into account any dilution from any New CEC Capital Raise).
Winnick Unsecured Claims (Class L <u>M</u>)	<p><u>Impaired.</u> Except<u>Subject to Article VI of the Plan, on the Effective Date, except</u> to the extent that a Holder of an Allowed Winnick Unsecured Claim agrees to a less favorable treatment, in full and final satisfaction, compromise, settlement, release, and discharge of and in exchange for each Allowed Winnick Unsecured Claim, each such Holder shall receive its Pro Rata share of:</p> <ul style="list-style-type: none"> • \$270,000 of New CEC Convertible Notes, which shall be convertible pursuant to the terms of the New CEC Convertible Notes Indenture in the aggregate for up to 0.003% of New CEC Common Equity on a fully diluted basis (not taking into account any dilution from any New CEC Capital Raise); and • OpCo Series A Preferred Stock, which shall be exchanged pursuant to the CEOC Merger for 0.005% of New CEC Common Equity on a fully diluted basis (giving effect to the issuance of the New CEC Convertible Notes but not taking into account any dilution from any New CEC Capital Raise).
Caesars Riverboat Casino Unsecured Claims (Class M <u>N</u>)	<p><u>Impaired.</u> Except<u>Subject to Article VI of the Plan, on the Effective Date, except</u> to the extent that a Holder of an Allowed Caesars Riverboat Casino Unsecured Claim agrees to a less favorable treatment, in full and final satisfaction, compromise, settlement, release, and discharge of and in exchange for each Allowed Caesars Riverboat Casino Unsecured Claim, each such Holder shall receive its Pro Rata share of:</p> <ul style="list-style-type: none"> • \$790,000 of New CEC Convertible Notes, which shall be convertible pursuant to the terms of the New CEC Convertible Notes Indenture in the aggregate for up to 0.010% of New CEC Common Equity on a fully diluted basis (not taking into account any dilution from any New CEC Capital Raise); and • OpCo Series A Preferred Stock, which shall be exchanged pursuant to the CEOC Merger for 0.016% of New CEC Common Equity on a fully diluted basis (giving effect to the issuance of the New CEC Convertible Notes but not taking into account any dilution from any New CEC Capital Raise).
Chester Downs Management Unsecured Claims (Class N <u>O</u>)	<p><u>Impaired.</u> Except<u>Subject to Article VI of the Plan, on the Effective Date, except</u> to the extent that a Holder of an Allowed Chester Downs Management Unsecured Claim agrees to a less favorable treatment, in full and final satisfaction, compromise, settlement, release, and discharge of and in exchange for each Allowed Chester Downs Management Unsecured Claim, each such Holder shall receive its Pro Rata share of:</p> <ul style="list-style-type: none"> • \$410,000 of New CEC Convertible Notes, which shall be convertible pursuant to the terms of the New CEC Convertible Notes Indenture in the aggregate for up to 0.005% of New CEC Common Equity on a fully diluted basis (not taking into account any dilution from any New CEC Capital Raise); and

Claim Holders	Summary of Plan Distributions
	<ul style="list-style-type: none"> OpCo Series A Preferred Stock, which shall be exchanged pursuant to the CEOC Merger for 0.012% of New CEC Common Equity on a fully diluted basis (giving effect to the issuance of the New CEC Convertible Notes but not taking into account any dilution from any New CEC Capital Raise).
Holders of Non-Obligor Unsecured Claims (Class OP)	<u>Unimpaired.</u> Except <u>Subject to Article VI of the Plan, on the Effective Date, except</u> to the extent that a Holder of an Allowed Non-Obligor Unsecured Claim agrees to a less favorable treatment, in full and final satisfaction, compromise, settlement, release, and discharge of and in exchange for each Allowed Non-Obligor Unsecured Claim, each such Holder shall receive payment in full, in Cash, of its Allowed Non-Obligor Unsecured Claim, including Post-Petition Interest from the Non-Obligor Cash Pool.
Holders of Section 510(b) Claims (Class PQ)	<u>Impaired.</u> Each Holder of a Section 510(b) Claim will not receive any distribution on account of such Section 510(b) Claim.
Holders of Intercompany Claims (Class QR)	<u>Impaired.</u> Intercompany Claims shall not receive any distribution on account of such Intercompany Claims. On or after the Effective Date, the Reorganized Debtors may reconcile such Intercompany Claims as may be advisable in order to avoid the incurrence of any past, present, or future tax or similar liabilities by such Reorganized Debtors.
Holders of Intercompany Interests (Class RS)	<u>Impaired.</u> Intercompany Interests shall be, at the option of the Debtors, either (a) Reinstated as of the Effective Date for the benefit of the Holder thereof in exchange for the Reorganized Debtors' agreement to provide management services to certain other Reorganized Debtors, and to use certain funds and assets as set forth in the Plan to satisfy certain obligations of such other Reorganized Debtors or (b) cancelled without any distribution on account of such Interests.
Holders of CEOC Interests (Class ST)	<u>Impaired.</u> CEOC Interests will be discharged, canceled, released, and extinguished as of the Effective Date, and shall be of no further force or effect, and Holders of CEOC Interests will not receive any distribution on account of such CEOC Interests; <u>provided, however,</u> that solely for purposes of effectuating the Plan, the CEOC Interests held by CEC will be Reinstated as OpCo Common Stock.
Holders of Des Plaines Interests (Class TU)	<u>Unimpaired.</u> The legal, equitable, and contractual rights of the Holders of Des Plaines Interests are unaltered by the Plan. The Des Plaines Interests shall be Reinstated upon the Effective Date, and the Des Plaines Interests shall be and continue to be in full force and effect thereafter.

C. Timing and Calculation of Amounts to Be Distributed

Unless otherwise provided in the Plan, on the Initial Distribution Date or as soon as reasonably practicable thereafter (or if a Claim or Interest is not an Allowed Claim or Interest on the Initial Distribution Date, on the next Quarterly Distribution Date after such Claim or Interest becomes, as applicable, an Allowed Claim or Interest, or as soon as reasonably practicable thereafter), and except as otherwise set forth herein, each Holder of an Allowed Claim or Interest shall receive the full amount of the distributions that the Plan provides for Allowed Claims or Interests in the applicable Class from the Disbursing Agent. In the event that any payment or act under the Plan is required to be made or performed on a date that is not a Business Day, then the making of such payment or the performance of such act may be completed on the next succeeding Business Day, but shall be deemed to have been completed as of the required date. If and to the extent that there are Disputed Claims, distributions on account of any such Disputed Claims shall be made pursuant to the provisions set forth in Article VII of the Plan. Except as

otherwise provided in the Plan, Holders of Claims or Interests shall not be entitled to interest, dividends, or accruals on the distributions provided for in the Plan, regardless of whether such distributions are delivered on or at any time after the Initial Distribution Date.

Marble Ridge Capital LP (“Marble Ridge”) has asserted that the Secured First Lien Note Claims are oversecured and entitled to postpetition interest in accordance with the Prepetition Creditor Agreement and the First Lien Note indentures. Therefore, Marble Ridge asserts that the Pro Rata distribution on account of the Allowed Secured First Lien Notes Claims must take into account the accrual of post-Petition Date interest calculated in accordance with the First Lien Note Indentures through the date of distribution to such claimants. The Plan embodies a settlement of whether the Holders of Prepetition Credit Agreement Claims and First Lien Notes Claims are entitled to postpetition interest and the distributions associated with such Claims are currently made on a prepetition pro rata basis. Marble Ridge has asserted that the recoveries in the Plan do not account for the varying contractual interest rates applicable to the three separate series of First Lien Notes; it is possible certain Holders of Prepetition Credit Agreement Claims may raise similar objections. These creditors may seek to object to confirmation of the Plan. The Debtors reserve all rights with respect to this issue.

The Debtors do not concede that the Plan does not properly account for the rights of Holders of Prepetition Credit Agreement Claims and Secured First Lien Notes Claims, and reserve all rights with respect to these issues and expect to meet their burden on these issues in connection with seeking confirmation of the Plan.

The New Interests, the New Debt, the New CEC Convertible Notes, the New CEC Common Equity issued in the CEOC Merger, and ~~the any~~ New CEC Common Equity ~~subscribed to~~ issued in the New CEC Capital Raise (if any) shall be deemed to be issued as of the Effective Date to the Holders of Claims or Interests entitled to receive the New Interests, New Debt, the New CEC Convertible Notes, and the New CEC Common Equity pursuant to Article III of the Plan.

Notwithstanding any provision of the Plan to the contrary, all distributions to be made to Holders of Notes Claims shall be eligible to be distributed through the facilities of DTC.

D. Process for Dealing with Disputed Claims

If and to the extent that there are Disputed Claims, distributions on account of any such Disputed Claims will be made pursuant to the provisions set forth in Article ~~VII~~ VII of the Plan. Except as otherwise provided in the Plan, Holders of Claims or Interests will not be entitled to interest, dividends, or accruals on the distributions provided for in the Plan, regardless of whether such distributions are delivered on or at any time after the Initial Distribution Date.

E. The Separation Structure

The Debtors intend that the Separation Structure will occur through the Spin Structure if certain conditions are satisfied or waived, including (a) the receipt of a favorable Spin Ruling or Spin Opinion; and (b) a determination that the Estimated REIT E&P is equal to or less than \$1.6 billion. If those conditions are not satisfied, the separation will be accomplished by the Partnership Contribution Structure. The separation could also be accomplished by the Partnership Contribution Structure at the election of the Debtors and CEC (subject to certain consent rights). On March 20, 2015, the Debtors submitted a formal request to the IRS seeking the Spin Ruling (the “Spin Request”). In response to the Spin Request, the IRS has requested additional information from the Debtors and the Debtors have provided such information to the IRS. Importantly, the Debtors believe that, because the Spin Request was filed with the IRS prior to December 7, 2015 and has not been subsequently withdrawn (and because no ruling had been issued or denied in its entirety prior to such date), the tax-free spin-off contemplated by the Plan is “grandfathered” from a provision in the Protecting Americans from Tax Hikes Act of 2015 (the “PATH Act”) that prevents companies involved in tax-free spin-offs from electing REIT status. The Spin Request is currently under review by the IRS.

If the Partnership Contribution Structure is used, OpCo will have the option to participate in future issuances, or purchase additional equity from PropCo at fair market value if participation is not feasible, to maintain its percentage ownership interest in PropCo at 5 percent if it would otherwise decrease below that threshold.

In order to meet the requirement that a real estate investment trust have at least 100 shareholders, and notwithstanding anything herein to the contrary, the REIT will have the right to issue, for Cash, up to \$125,000 of the REIT Series B Preferred Stock.

F. Sources of Recovery

Distributions under the Plan will be funded with, or effectuated by, (1) ~~Available~~ Cash on hand on the Effective Date, (2) ~~Cash~~ proceeds from the New ~~CEC~~ Cash Contribution, ~~(3) and New CEC's contribution of the Unsecured Creditors Cash Pool.~~ (3) ~~Cash~~ proceeds from the New ~~CEC~~ OpCo Stock Purchase, (4) ~~Cash~~ proceeds from the New ~~CEC~~ PropCo Common Stock Purchase, (5) ~~the~~ issuance of New CEC Convertible Notes, (6) ~~the~~ issuance of New CEC Common Equity, (7) ~~Cash~~ proceeds from the sale of New CEC Common Equity pursuant to the New CEC Capital Raise (if any), (8) ~~Cash~~ proceeds from and the issuance of the New Debt, (9) ~~the~~ issuance of the PropCo Preferred Equity and Cash proceeds from the PropCo Preferred Equity Put Right, (10) ~~the~~ issuance of the New Interests, (11) ~~the Bank Guaranty Settlement,~~ (12) the waiver by CAC of its recoveries on account of its Senior Unsecured Notes Claims, ~~(1213)~~ the waiver by the Holders of First Lien Notes Claims of any recoveries at the Debtors' direction, or the assignment of any such recoveries at the Debtors' direction, on account of any First Lien Notes Deficiency Claims, and ~~(134)~~ the waiver by the Holders of Prepetition Credit Agreement Claims and First Lien Notes Claims, at the Debtors' direction, of the turnover rights under the Second Lien Intercreditor Agreement and, if Class G votes to ~~the~~ accept the Plan, the Subsidiary ~~Guaranteed~~ Intercreditor Agreement. ~~Because many of the funding sources for recoveries under the Plan will come from New CEC, the Debtors have included, as Exhibit J attached hereto, financial projections for New CEC that have been prepared by CEC and CAC.~~

The tables below show the sources and uses for distributions of funds under the Plan, assuming (a) an Effective Date of 12/31/16 and (b) \$1.8 billion of CPLV Market Debt is raised.

Sources of Funds

Source	Amount	Notes
New CEC Cash Contribution	\$318m	Net of \$88m forbearance fees paid prior to Effective Date
Bank Guaranty Settlement	\$523m	Net of \$61m Upfront Payment paid prior to Effective Date; to be reduced by portion of Excess Cash Sweep granted to Holders of Prepetition Credit Agreement Claims
New CEC OpCo Stock Purchase	\$700m	
CEC Cash Consideration to General Unsecured Claims	\$18m 5m	
Subtotal NewCEC Cash Sources	\$1,55946m	
OpCo First Lien Debt	\$1,188m	Issued for Cash Proceeds
OpCo Second Lien Debt	\$547m	Issued for Cash Proceeds

Source	Amount	Notes
CPLV Market Debt	\$1,800m	Issued for Cash Proceeds
Proceeds of PropCo Preferred Equity Distribution	\$250m	Assumed to be fully funded
PropCo Preferred Equity Upsize Amount	\$117m	Assumed to be fully funded
CEOC Cash	\$875m	
Total Cash Sources	\$6,323m	

Uses of Funds

Source	Amount	Notes
Cash to Holders of Prepetition Credit Agreement Claims	\$705m	Can be reduced by up to \$300m paid by Debtors prior to the Effective Date
Cash to Holders of Secured First Lien Notes Claims	\$207m	
Additional Cash to Holders of Secured First Lien Notes Claims	\$700m	
Additional Cash to Holders of Prepetition Credit Agreement Claims	\$882m	Cash proceeds of OpCo First Lien Debt Syndication
Additional Cash to Holders of Secured First Lien Notes Claims	\$306m	Cash proceeds of OpCo First Lien Debt Syndication
Additional Cash to Holders of Prepetition Credit Agreement Claims	\$406m	Cash proceeds of OpCo Second Lien Debt Syndication
Additional Cash to Holders of Secured First Lien Notes Claims	\$141m	Cash proceeds of OpCo Second Lien Debt Syndication
Additional Cash to Holders of Prepetition Credit Agreement Claims	\$1,117m	Cash proceeds of CPLV Market Debt Syndication
Additional Cash to Holders of Secured First Lien Notes Claims	\$683m	Cash proceeds of CPLV Market Debt Syndication
Cash for Repayment of CPLV Mezzanine Debt held by Holders of Secured First Lien Notes Claims	\$367m	Cash proceeds of PropCo Preferred Equity Distribution and PropCo Preferred Equity Upsize Amount
Subtotal Plan Distributions	\$5,514m	
Remaining Forbearance Fees to Holders of Secured First Lien Notes Claims	\$88m	Net of \$88m paid prior to Effective Date
Estimated Transaction and Backstop Fees	\$105m	Includes OpCo debt syndication fees, CPLV Market Debt syndication fees, PropCo Preferred Equity Backstop fees, incremental legal fees for syndicated debt

Source	Amount	Notes
CEC Cash Consideration to General Unsecured Claims	\$18m5m	
Convenience Cash Election to Classes I and J Pool	\$13m	
Capitalization of PropCo at Inception	\$50m	
Cash Recovery to Admin, Secured, Priority and Non-Obligor Claims	\$25m	
Bank Guaranty Settlement	\$523m	Net of \$61m Upfront Payment paid prior to Effective Date; to be reduced by portion of Excess Cash Sweep granted to Holders of Prepetition Credit Agreement Claims
Total Cash Uses	\$6,3235m	

1. Available Cash

The Debtors currently project that their Available Cash will total approximately \$1,184 million as of a hypothetical Effective Date on December 31, 2016. This estimate is based on the Debtors' existing 2016 budget and certain pro forma adjustments to reflect certain impacts to be caused by consummation of the Plan.

2. CEC-CAC Merger Agreement.

~~On~~ The Plan is conditioned on the merger of CEC and CAC, which will occur on or before the Effective Date, ~~CEC and CAC will consummate their merger pursuant to the~~. It is also a condition of the Plan that the terms of the Merger Agreement, forming merger result in New CEC making available 52.7% of New CEC Common Equity to the Debtors' creditors under the Plan.

(a) New CEC Cash Contribution.

On the Effective Date, New CEC shall pay to the Debtors the New CEC Cash Contribution of ~~up to~~ \$406 million, which shall be used by the Debtors and the Reorganized Debtors, as applicable, to fund general corporate purposes, the Restructuring Transactions, and the distributions under the Plan. ~~In addition, if Class I and/or Class J votes to accept the Plan, New CEC shall pay to the Debtors Cash in an amount equal to 6% of the Allowed Ongoing Business Unsecured Claims (for which such Holder did not receive payment in Cash in accordance with Article III.B.9(b)(i)(a) of the Plan) and General Unsecured Claims, and the Debtors or Reorganized Debtors will distribute such Cash to the Holders of Ongoing Business Unsecured Claims and General Unsecured Claims.~~ In addition, New CEC shall contribute the Unsecured Creditor Cash Pool (of up to approximately \$5.3 million) to the Debtors as contemplated by the Plan.

(b) New CEC OpCo Stock Purchase.

On the Effective Date, New CEC shall make the New CEC OpCo Stock Purchase for \$700 million, at which time New CEC shall own 100% of the OpCo Common Stock.

(c) New CEC PropCo Common Stock Purchase.

If the Partnership Contribution Structure is used, on the Effective Date, New CEC shall make the New CEC PropCo Common Stock Purchase for \$91 million, at which time New CEC shall own 5% of the PropCo Common LP Interests on a fully diluted basis (including dilution in connection with the PropCo Equity Elections but excluding dilution from PropCo Preferred Equity, if any). In all cases, the New CEC PropCo Common Stock Purchase shall be effectuated by a contribution of cash from CEC or New CEC to CEOC, with such cash distributed

to Holders of Claims in exchange for CEOC's retention of the PropCo Common LP Interests. If the PropCo Equity Election described below would materially affect the amount and/or value of PropCo Common Equity New CEC must purchase for the Partnership Contribution Structure, the Debtors will work with CEC and the Consenting Bond Creditors regarding the amount of Cash necessary to purchase 5% of PropCo Common Equity pursuant to the New CEC PropCo Common Stock Purchase. The Debtors and Holders of Claims are continuing to evaluate whether CEOC, CEOC's successor in interest following the CEOC Merger, or New CEC will hold such PropCo Common LP Interests. For the avoidance of doubt, if the Spin Structure is used, New CEC shall not be required to, and shall not, make the New CEC PropCo Common Stock Purchase.

(d) New CEC Convertible Notes.

On the Effective Date, New CEC shall execute and deliver the New CEC Convertible Notes Documents to the New CEC Convertible Notes Trustee, New CEC shall deliver \$1 billion of New CEC Convertible Notes to the Debtors, and the Debtors shall distribute the New CEC Convertible Notes pursuant to the terms of the Plan to the Holders of Non-First Lien Claims, ~~Par Recovery Claims, Caesars Riverboat Casino Unsecured Claims, Chester Downs Management Unsecured Claims, Winnick Unsecured Claims, and Ongoing Business Unsecured Claims (for each such Holder that does not elect the Cash Election).~~

Subject to the occurrence of the Effective Date, the New CEC Convertible Notes Documents shall constitute legal, valid, and binding obligations of New CEC and shall be enforceable in accordance with their respective terms.

(e) New CEC Common Equity.

On the Effective Date, OpCo shall issue OpCo Series A Preferred Stock. As described more fully in the Restructuring Transactions Memorandum, OpCo will merge into a newly formed subsidiary of New CEC (or its predecessors) pursuant to the CEOC Merger. In exchange for the CEOC Merger, on the Effective Date, New CEC shall issue New CEC Common Equity in accordance with the Plan distributions in Article III of the Plan in exchange for the OpCo Series A Preferred Stock to the Holders of Prepetition Credit Agreement Claims, Secured First Lien Notes Claims, and Non-First Lien Claims, ~~Par Recovery Claims, Caesars Riverboat Casino Unsecured Claims, Chester Downs Management Unsecured Claims, Winnick Unsecured Claims, and Ongoing Business Unsecured Claims (for each such Holder that does not elect the Cash Election)~~ pursuant to the terms of the Plan. The percentages of New CEC Common Equity issued pursuant to the Plan will take into account any dilution that would otherwise occur based on the potential conversion of New CEC Convertible Notes to New CEC Common Equity.

All holders of, or persons that will hold, New CEC Common Equity shall have preemptive rights to participate (pro rata based on such holder's actual or anticipated pro forma New CEC Common Equity), and participation shall be on the same terms as the other participants, in any New CEC Capital Raise, ~~which is any transaction involving raising of Cash in connection with the sale of New CEC Common Equity before or concurrent with the Effective Date.~~

(f) New CEC Capital Raise

The New CEC Capital Raise is any transaction by New CEC involving the raising of Cash in connection with the sale of New CEC Common Equity before or concurrent with the Effective Date. Any New CEC Capital Raise transaction may only raise Cash up to an amount sufficient to fund New CEC's sources and uses under the Plan plus \$100 million. All holders of, or persons that will hold, New CEC Common Equity will have preemptive rights to participate in any such New CEC Capital Raise, and such right shall be proportionate to the pro forma amount of New CEC Common Equity such persons will hold upon consummation of the Plan and the CEC-CAC merger. If any Holder of New CEC Common Equity fails to participate in the New CEC Capital Raise, that Holders' equity ownership of New CEC Common Equity will be diluted. Based on the New CEC Projections prepared by CEC and CAC and attached hereto as Exhibit J, any New CEC Capital Raise is currently expected to

raise approximately \$740 million. The final amount of any New CEC Capital Raise, if any, could be materially higher or lower than these projected amounts.

3. PropCo Equity Election.

The CPLV Mezzanine Debt (if any), the PropCo First Lien Notes, the PropCo First Lien Term Loan, and the PropCo Second Lien Notes each may be (but are not required to be) reduced by the PropCo Equity Election. The PropCo Equity Election may not reduce the aggregate amount of CPLV Mezzanine Debt (if any), PropCo First Lien Notes, PropCo First Lien Term Loan, and PropCo Second Lien Notes by no more than ~~\$1,250,000,000~~ million. To the extent that Holders of Allowed Prepetition Credit Agreement Claims and/or Secured First Lien Notes Claims exercise the PropCo Equity Election such that the aggregate amount of the CPLV Mezzanine Debt (if any), PropCo First Lien Notes, PropCo First Lien Term Loan, and PropCo Second Lien Notes issued pursuant to the Plan would be reduced by more than ~~\$1,250,000,000~~ million, the PropCo Equity Election shall reduce first the CPLV Mezzanine Debt (if any), second the PropCo Second Lien Notes, and third, on a Pro Rata basis, the PropCo First Lien Notes and the PropCo First Lien Term Loan, until the aggregate amount of such debt shall only be reduced by ~~\$1,250,000,000~~ million. A Holder making a PropCo Equity Election will receive \$1 face amount of PropCo Common Equity (at a valuation of ~~\$1.620 billion~~ million for 100 percent of PropCo Common Equity on a fully diluted basis) for every \$1 of PropCo First Lien Notes, PropCo First Lien Term Loan, PropCo Second Lien Notes, and CPLV Mezzanine Debt (if any) that such Holder would otherwise receive under the Plan. The PropCo Equity Election Procedures shall be included in the Plan Supplement and the exercise of the PropCo Equity Election shall occur after the entry of the Confirmation Order but before the Effective Date.

The results of the PropCo Equity Election ~~is~~ are subject to the Debtors' sole determination that the PropCo Equity Election will not have negative consequences with respect to the tax treatment of the Spin Structure. In the event the Debtors determine, in their sole discretion, that the results of the PropCo Equity Election would have negative consequences with respect to the tax treatment of the Spin Structure, the elections with respect to the PropCo Equity Election shall be modified or eliminated to the extent necessary to avoid such negative consequences.

4. New Debt

The Plan will eliminate approximately \$10 billion in funded debt from the Debtors' balance sheet. If the Plan is confirmed and consummated, the Debtors project that OpCo, PropCo, and the CPLV Entities will have the following funded debt obligations as of the Effective Date. As described below, certain of this funded debt will be issued to third parties for Cash to fund Cash distributions under the Plan. The other funded debt will be issued to certain Holders of Allowed Claims in accordance with the Plan.

(a) OpCo Funded Debt Obligations

On the Effective Date, OpCo will have funded debt obligations of at least \$1,735 million, comprised of the following.

- **OpCo First Lien Debt.** OpCo First Lien Debt that OpCo will issue to third parties for Cash in the amount equal to \$1,188 million on the Effective Date. If the OpCo First Lien Debt is not fully issued to third parties and the Requisite Consenting Bank Creditors waive the Plan's requirement that OpCo First Lien Debt be issued to third parties, then OpCo may issue up to \$882 million in principal amount of OpCo First Lien Term Loans on a pro rata basis to each Holder of an Allowed Prepetition Credit Agreement Claim. Similarly, if the OpCo First Lien Debt is not fully issued to third parties and the Requisite Consenting Bond Creditors waive the Plan's requirement that OpCo First Lien Debt be issued to third parties, then OpCo may issue up to \$306 million in principal amount of OpCo First Lien Notes on a pro rata basis to each Holder of an Allowed Secured First Lien Notes Claim.
- **OpCo Second Lien Debt.** OpCo Second Lien Debt that OpCo will issue to third parties for Cash in an amount equal to \$547 million on the Effective Date. If the OpCo Second Lien Debt is not fully issued

to third parties and the Requisite Consenting Bank Creditors waive the Plan's requirement that OpCo Second Lien Debt be issued to third parties, then OpCo may issue up to \$406 million in principal amount of OpCo Second Lien Term Loan on a pro rata basis to each Holder of a Prepetition Credit Agreement Claim. Similarly, if the OpCo Second Lien Debt is not fully issued to third parties and the Requisite Consenting Bond Creditors waive the Plan's requirement that OpCo Second Lien Debt be issued to third parties, then OpCo may issue up to \$141 million in principal amount of OpCo Second Lien Notes on a pro rata basis to each Holder of an Allowed Secured First Lien Notes Claim.

Of the \$1,188 million in Cash proceeds from the OpCo First Lien Debt, the Debtors will distribute \$882 million on a pro rata basis to Holders of Allowed Prepetition Credit Agreement Claims and \$306 million on a pro rata basis to Holders of Allowed Secured First Lien Notes Claims. Of the \$547 million in Cash proceeds from the OpCo Second Lien Debt, the Debtors will distribute \$406 million to Holders of Allowed Prepetition Credit Agreement Claims and \$141 million to Holders of Allowed Secured First Lien Notes Claims.

The OpCo First Lien Debt and the OpCo Second Lien Debt will be guaranteed by CEC pursuant to the OpCo Guaranty Agreement, if necessary to ensure syndication thereof to third parties. If not all of the OpCo First Lien Debt or OpCo Second Lien Debt is syndicated and the OpCo First Lien Term Loan, OpCo First Lien Notes, and/or OpCo Second Lien Notes are issued to the Holders of Prepetition Credit Agreement Claims and/or Secured First Lien Notes Claims, CEC shall guarantee such debt pursuant to the OpCo Guarantee Agreement. Such guarantees will be guarantees of collection, not guarantees of payment.

(b) PropCo Funded Debt Obligations

On the Effective Date, and subject to reduction (if any) on account of the PropCo Equity Election, PropCo will have funded debt obligations ranging between approximately \$3,567 million and \$4,150 million, comprised of the following.

- **PropCo First Lien Term Loans.** \$1,961 million in principal amount of PropCo First Lien Term Loans to be issued on a pro rata basis to each Holder of an Allowed Prepetition Credit Agreement Claim.
- **PropCo First Lien Notes.** \$431 million in principal amount of PropCo First Lien Notes to be issued on a pro rata basis to each Holder of an Allowed Secured First Lien Notes Claim.
- **PropCo Second Lien Notes.** \$1,425 million in principal amount of PropCo Second Lien Notes to be issued on a pro rata basis to each Holder of an Allowed Secured First Lien Notes Claim.
- Reduced. The principal amount of PropCo Second Lien Notes to be issued will be reduced by \$250 million on account of the issuance of the PropCo Preferred Equity (excluding the PropCo Preferred Equity Upsize Amount); provided that in the event that the Debtors are to issue CPLV Mezzanine Debt, the \$250 million on account of the issuance of the PropCo Preferred Equity (PropCo Preferred Equity Upsize Amount) will first be used to reduce any such CPLV Mezzanine Debt to be issued to Holders of Allowed Secured First Lien Notes Claims.
- Increased. The principal amount of PropCo Second Lien Notes to be issued may be increased by up to \$333 million on account of the PropCo Second Lien Upsize Amount if, as described below, the CPLV Market Debt is not fully issued to third parties and Holders of Allowed Prepetition Credit Agreement Claims do not vote as a class to make the CPLV Mezzanine Election. Any PropCo Second Lien Notes issued on account of the PropCo Second Lien Upsize Amount will be issued on a pro rata basis to each Holder of an Allowed Prepetition Credit Agreement Claim.

Thus, the Debtors project that between \$1,175 million and \$1,758 million in principal amount of PropCo Second Lien Notes will be issued.

None of the PropCo First Lien Term Loan, the PropCo First Lien Notes, nor the PropCo Second Lien Notes will be guaranteed by CEC. Additionally, the CPLV Entities will not be obligated on such debt, nor will any of the CPLV Entities' assets be pledged in support of such debt.

(c) **CPLV Funded Debt Obligations**

On the Effective Date, and subject to the PropCo Equity Election, the CPLV Entities will have funded debt obligations ranging between approximately \$1,900 million and \$2,600 million, comprised of the following.

- **CPLV Market Debt.** At least \$1,800 million and no more than \$2,600 million in principal amount of CPLV Market Debt that CPLV Sub will issue to third parties for Cash on the Effective Date.
- **CPLV Mezzanine Debt.** If the Debtors, after using commercially reasonable efforts, are able to issue at least \$1,800 million in principal amount of CPLV Market Debt to third parties for Cash, but are unable to issue the full \$2,600 million in principal amount, then CPLV Mezz will issue CPLV Mezzanine Debt in an initial aggregate amount equal to the difference between \$2,600 million and the original aggregate principal amount of CPLV Market Debt.
 - Reduced. The principal amount of the CPLV Mezzanine Debt to be issued (if any) to Holders of Allowed Secured First Lien Notes Claims will be reduced by \$250 million on account of the issuance of the PropCo Preferred Equity (excluding the PropCo Preferred Equity Upsize Amount). As noted above, the PropCo Second Lien Notes that will be issued to Holders of Allowed Secured First Lien Notes Claims will be reduced by any remainder of the \$250 million on account of the issuance of the PropCo Preferred Equity (excluding the PropCo Preferred Equity Upsize Amount).
 - Reduced. In the event that at least \$1,800 million but less than \$2,000 million of CPLV Market Debt is issued, then in lieu of the increased CPLV Mezzanine Debt that would be issued to the Holders of Secured First Lien Notes Claims on account of the difference between \$2,000 million and the original aggregate principal amount of CPLV Market Debt, the Holders of Allowed Secured First Lien Notes Claims will receive Cash in an amount equal to the PropCo Preferred Equity Upsize Amount.
 - Reduced. In the event that Holders of Allowed Prepetition Credit Agreement Claims do not vote as a class to make the CPLV Mezzanine Election, then up to \$333 million of CPLV Mezzanine Debt that would otherwise be issued to Holders of Allowed Prepetition Credit Agreement Claims will instead be issued as PropCo Second Lien Notes in the same principal amount.

If the Debtors are able to issue the full \$2,600 million in principal amount of CPLV Market Debt to third parties for Cash on the Effective Date, then the Debtors will distribute \$1,450 million of such Cash proceeds on a pro rata basis to Holders of Allowed Prepetition Credit Agreement Claims and \$1,150 million of such Cash proceeds on a pro rata basis to Holders of Allowed Secured First Lien Notes Claims. In the event the Debtors, after using commercially reasonable efforts, are unable to issue the full \$2,600 million in principal amount of CPLV Market Debt to third parties for Cash on the Effective Date, the Debtors will distribute CPLV Mezzanine Debt in the amount required to make up for the shortfall to the Holders of the Prepetition Credit Agreement Claims and the Holders of the Secured First Lien Notes Claims pursuant to the following terms.⁶⁹

- The first \$300 million of CPLV Mezzanine Debt (before giving effect to any CPLV Mezzanine Equitized Debt) will be issued one-third to the Holders of Allowed Prepetition Credit Agreement

⁶⁹ If the Holders of Prepetition Credit Agreement Claims do not vote as a Class to exercise the CPLV Mezzanine Election, then any CPLV Mezzanine Debt to be distributed to Holders of Allowed Prepetition Credit Agreement Claims will instead be distributed as PropCo Second Lien Notes in the same principal amount that such Holders would have received in CPLV Mezzanine Debt; provided that such PropCo Second Lien Upsize Amount cannot exceed \$333 million in principal amount.

Claims and two-thirds to the Holders of Allowed Secured First Lien Notes Claims, each to be shared Pro Rata among such Holders thereof.

- Any amounts of CPLV Mezzanine Debt over \$300 million and less than \$600 million (before giving effect to any CPLV Mezzanine Equitized Debt) will be issued equally to the Holders of Allowed Prepetition Credit Agreement Claims and Allowed Secured First Lien Notes Claims to be shared Pro Rata among such Holders thereof.
- Any amounts of CPLV Mezzanine Debt over \$600 million and less than \$800 million (before giving effect to any CPLV Mezzanine Equitized Debt) will be issued 41.7 percent to the Holders of Allowed Prepetition Credit Claims and 58.3 percent to the Holders of Allowed Secured First Lien Notes Claims to be shared Pro Rata among such Holders thereof.

An illustration of these mechanics is outlined in the tables below.

Distributions of Certain Cash and Securities to Holders of Prepetition Credit Agreement Claims

Security	\$1.8b Raise	\$2.0b Raise	\$2.3b Raise	\$2.6b Raise
CPLV Market Debt Proceeds ⁷⁰	\$1,117m	\$1,200m	\$1,350m	\$1,450m
Initial Allocation of CPLV Mezzanine Debt ⁷¹	\$333m	\$250m	\$100m	\$0m
Less: PropCo Second Lien Upsize Amount ⁷²	(\$333m)	(\$250m)	(\$100m)	\$0m
Total CPLV Mezzanine Debt	\$0m	\$0m	\$0m	\$0m
Plus: PropCo Second Lien Upsize Amount	\$333m	\$250m	\$100m	\$0m
Total	\$1,450m	\$1,450m	\$1,450m	\$1,450m

Distributions of Certain Cash and Securities to Holders of Secured First Lien Notes Claims

Security	\$1.8b Raise	\$2.0b Raise	\$2.3b Raise	\$2.6b Raise
CPLV Market Debt Proceeds ⁷³	\$683m	\$800m	\$950m	\$1,150m
Initial Allocation of CPLV Mezzanine Debt ⁷²	\$467m	\$350m	\$200m	\$0m

⁷⁰ See Plan, Art. III.B.4.(b)(v)

⁷¹ See Plan, Art. ~~IV.A.3~~ IV.A.3

⁷² See Plan, Art. I.A.254

⁷³ See Plan, Art. ~~III.B.5~~ III.B.5.(b)(vii); \$1,107 figure cited includes Plan cash of \$207m; is net of proceeds of PropCo Preferred Equity issuance (excluding proceeds of PropCo Preferred Equity Upsize Amount)

Security	\$1.8b Raise	\$2.0b Raise	\$2.3b Raise	\$2.6b Raise
Less: Paydown from Proceeds of PropCo Preferred Equity ⁷⁴	(\$367m)	(\$250m)	(\$200m)	\$0m
Total CPLV Mezzanine Debt	\$100m	\$100m	\$0m	\$0m
Initial Allocation of PropCo Second Lien Debt ⁵	\$1,425m	\$1,425m	\$1,425m	\$1,425m
Less: Paydown from Proceeds of PropCo Preferred Equity ⁵	\$0m	\$0m	(\$50m)	(\$250m)
Total PropCo Second Lien Debt	\$1,425m	\$1,425m	\$1,375m	\$1,175m
PropCo Preferred Equity ⁷⁵	\$440m	\$300m	\$300m	\$300m
Total	\$2,648m	\$2,625m	\$2,625m	\$2,625m

The weighted average yield on the CPLV Market Debt and CPLV Mezzanine Debt will be capped such that the annual debt service shall not exceed \$130 million, which shall be reduced by the product of (a) the sum of (i) every dollar of the PropCo Second Lien Upsize Amount issued to the Holders of Prepetition Credit Agreement Claims and (ii) every dollar of CPLV Mezzanine Debt participating in the PropCo Equity Election, multiplied by (b) 0.072072072, provided that the cap shall not be reduced below ~~\$84106~~ million.

5. Backstop Commitment and PropCo Preferred Equity Put and Call Rights.

On the Effective Date, the PropCo Preferred Backstop Investors shall have the right, pursuant to the PropCo Preferred Equity Call Right and consistent with the Backstop Commitment Agreement, to purchase for Cash from the Holders of Secured First Lien Notes Claims up to 50% of the PropCo Preferred Equity Distribution received by such Holders. Each Holder of Secured First Lien Notes Claims that has exercised its ~~right to put~~ PropCo Preferred Equity ~~by Put Right pursuant to the Voting Deadline~~ PropCo Preferred Subscription Procedures shall have the right to put all, but not less than all, of such Holders' Pro Rata share of the remaining PropCo Preferred Equity Distribution to the PropCo Preferred Backstop Investors for Cash pursuant ~~to the PropCo Preferred Equity Put Right thereto~~ and consistent with the Backstop Commitment Agreement. The PropCo Preferred Subscription Procedures shall be included in the Plan Supplement and the exercise of Put Rights and Call Rights shall occur after the entry of the Confirmation Order but before the Effective Date.

~~As set forth in Article IV.A.3 of the Plan, the PropCo Preferred Equity Upsize Shares (subject to the PropCo Preferred Equity Put Right) shall be distributed to the Holders of Allowed Secured First Lien Notes Claims in lieu of additional CPLV Mezzanine Debt that would otherwise be issued to such Holders of Secured First Lien Notes Claims in the event that at least \$1,800,000,000 but less than \$2,000,000,000 of CPLV Market Debt is issued, subject to the PropCo Preferred Equity Call Right.~~

⁷⁴ See Plan, Art. ~~III~~ III.B.5.(b)(v)

⁷⁵ Represents liquidation preference of 1.2x purchase price; See Plan, Art. I.A.245, Art.I.A.247

6. Issuance of New Interests.

On the Effective Date, CEOC Interests shall be cancelled, and the Reorganized Debtors and New Property Entities shall issue all Securities, notes, instruments, certificates, and other documents required to be issued pursuant to the Plan, including (a) OpCo shall issue the OpCo Common Stock and, as set forth in Article IV.A.1(e) of the Plan, the OpCo Series A Preferred Stock, (b) PropCo shall issue the PropCo LP Interests and, if applicable, PropCo Preferred LP Interests, and (c) the REIT shall issue REIT Common Stock and REIT Preferred Stock; provided that the CEOC Interests held by CEC will be Reinstated as OpCo Common Stock. The issuance of such documents is authorized without the need for any further corporate action or without any further action by the Holders of Claim or Interests.

As set forth in more detail in the Plan Supplement, after taking into account the exercise of all of the PropCo Preferred Equity ~~Puts~~Put Rights and ~~Calls~~all of the PropCo Preferred Equity Call Rights, all PropCo Common Equity and all PropCo Preferred Equity will be issued as REIT Common Stock and REIT Series A Preferred Stock, respectively, except to the extent that an ultimate holder of such PropCo Common Equity or PropCo Preferred Equity would (a) end up owning more than 9.8% of either the REIT Common Stock or the REIT Series A Preferred Stock and (b) is not willing to or permitted to sign an Ownership Limit Waiver Agreement (as defined in the REIT Series A Preferred Stock Articles), in which case such amounts in excess of 9.8% shall be issued as PropCo LP Interests and PropCo Preferred LP Interests as applicable.

7. Waiver of CAC Recovery on Senior Unsecured Notes Claims.

As part of the settlement embodied in the Plan, CAC shall waive the consideration that CAC would otherwise receive under the Plan on account of CAC's Senior Unsecured Notes Claims.

8. Waiver or Assignment of Recoveries on Account of First Lien Notes Deficiency Claims.

On the Effective Date, at the Debtors' direction, the Holders of First Lien Notes Claims shall waive or assign their distributions on account of any First Lien Notes Deficiency Claims.

9. Waiver of Turnover Provisions.

On the Effective Date, at the Debtors' direction, the Holders of First Lien Notes Claims and Prepetition Credit Agreement Claims will waive the turnover rights under the Second Lien Intercreditor Agreement and, if Class G votes to accept the Plan, the Subsidiary-Guaranteed Notes Intercreditor Agreement.

G. Shared Services

On or before the Effective Date, the CES LLC Agreement and the CES Shared Services Agreement shall be amended or modified as necessary or appropriate to reflect the formation of OpCo and PropCo, including: (1) to provide that Total Rewards and other enterprise-wide and property specific resources are allocated, and services provided, in a way that does not discriminate against PropCo, (2) for so long as New CEC or its affiliates manages pursuant to the Management and Lease Support Agreements or otherwise, CES shall ensure that, in the event New CEC or its subsidiaries cease to provide the resources and services provided by such agreements, CES shall provide such resources and services directly to PropCo on equivalent terms to or via an alternative arrangement reasonably acceptable to PropCo; provided that if New CEC or its affiliates are terminated as manager under the applicable management agreement other than by or with the consent of PropCo, CES shall provide such resources and services pursuant to a management agreement on substantially the same terms and conditions, notwithstanding such termination, if so elected by PropCo. In the event PropCo terminates or consents to the termination of the management relationship with New CEC or its affiliates, for so long as the transition period under the applicable management agreement(s) continues, PropCo shall continue to have access to such resources and services on no less favorable terms. The modified documents shall be in form and substance reasonably satisfactory to the Requisite Consenting Bond Creditors (after consultation with the Consenting First Lien Bank Lenders).

CES shall at the request of the REIT New Board have meetings or conference calls once a quarter with a designee of the REIT New Board to discuss, and consult on, the strategic and financial business plans, budgeting (including capital expenditures), and other topics as reasonably requested by the REIT New Board. The REIT shall also have audit and information rights with respect to CES.

H. Master Lease Agreements

On the Effective Date, OpCo (and/or its applicable subsidiaries) and PropCo (and/or its applicable subsidiaries) shall enter into the Master Lease Agreements, and the Master Lease Agreements shall become effective in accordance with their terms and the Plan. The Master Lease Agreements will consist of two (2) separate leases between OpCo (and/or its applicable subsidiaries) and PropCo (and/or its applicable subsidiaries), one relating to the Caesars Palace Las Vegas property and the other relating to the remaining properties. Such bifurcation is necessary because of the CPLV Market Debt and CPLV Mezzanine Debt. The obligations of OpCo (and/or its applicable subsidiaries) under the Master Lease Agreements will be guaranteed by CEC subject to the terms of the Management and Lease Support Agreements described in further detail below. The Master Lease Agreements will have a fifteen (15) year initial term and four (4) optional renewal terms of five years each. Rent payable pursuant to the Master Lease Agreements is a fixed amount for the first seven (7) years of the Master Lease Agreements (subject to an annual escalator applicable to the CPLV lease); however, Rent fluctuates thereafter pursuant to the terms of the Master Lease Agreements. Additionally, pursuant to the terms of the Master Lease Agreements, OpCo (and/or its applicable subsidiaries) is required to make certain annual capital expenditures with respect to the leased properties and, in some circumstances, PropCo (and/or its applicable subsidiaries) will be obligated to make reimbursements therefor. The summary terms of the Master Lease Agreements are included in Exhibit C to the Plan.

I. Management and Lease Support Agreements

On the Effective Date, OpCo, PropCo, Manager, and New CEC shall enter into the Management and Lease Support Agreements, and the Management and Lease Support Agreements will become effective in accordance with their terms and the Plan. Pursuant to the Management and Lease Support Agreements, a wholly owned subsidiary of New CEC will manage the Contributed Properties on behalf of OpCo and CEC will provide a guarantee in respect of OpCo's monetary obligations under the Master Lease Agreements. The Management and Lease Support Agreements shall be included in the Plan Supplement and shall be in form and substance consistent in all material respects with the Restructuring Support Agreements and shall be reasonably acceptable to the Requisite Consenting Bank Creditors and Requisite Consenting Bond Creditors.

J. Transition Services Agreement

On the Effective Date, OpCo (and/or its applicable subsidiaries) and PropCo (and/or its applicable subsidiaries) shall enter into the Transition Services Agreement, and the Transition Services Agreement shall become effective in accordance with its terms and the Plan.

K. Corporate Governance

1. New Directors and Officers of OpCo and the REIT; Corporate Governance of PropCo

(a) OpCo

The OpCo New Board shall consist of three voting members to be designated by CEC (or New CEC), each one of whom ~~must~~ shall be independent and reasonably acceptable to the Requisite Consenting Bond Creditors. The independent director shall be a member of all committees of the OpCo New Board.

There also shall be one non-voting observer, reasonably acceptable to OpCo, to be designated by the Requisite Consenting Bond Creditors. The observer shall be given notice of and an opportunity to attend the portion of all meetings, including applicable committee meetings, of the OpCo New Board concerning business and strategy

session matters and other matters that would have an adverse material economic impact on PropCo (and receive all materials given to OpCo board members in connection with such matters), including with regards to matters related to capital expenditures, budgeting, planning, and construction of capital improvements for existing and new casino, gaming, and related facilities, subject to appropriate limitation in respect of privilege issues.

All members of OpCo's board of directors will be identified in the Plan Supplement.

(b) REIT

The REIT New Board shall consist of seven voting members to be designated by the Requisite Consenting Bond Creditors. At least three voting members must be licensed by the required regulatory authorities by the Effective Date. If there are not at the Effective Date at least three voting members licensed, then to assist with Consummation of the Plan up to two of the independent directors of CEOC shall be designated to the REIT New Board so that there will be three voting members at the Effective Date, with such members being removed as the non-voting members are licensed. Until such time as the CEOC independents are a minority of the New Board, the REIT shall be prohibited from taking major transactions without shareholder approval. To the extent any members are not so licensed by the Effective Date, they shall be non-voting members until so licensed.

The process for selecting members of the REIT New Board is currently underway but has not yet reached any definite conclusions. All members of the REIT's board of directors will be identified in the Plan Supplement.

(c) PropCo

PropCo will not have its own board of directors. Rather, PropCo will be controlled by its PropCo GP, whose sole shareholder will be the REIT.

(d) New CEC

Holders of Prepetition Credit Agreement Claims, Secured First Lien Notes Claims, and Non-First Lien Claims, ~~Par Recovery Claims, Caesars Riverboat Casino Unsecured Claims, Chester Downs Management Unsecured Claims, Winnick Unsecured Claims, and Ongoing Business Unsecured Claims (for each such Holder that does not elect the Cash Election)~~ shall have proportional ~~representation~~ and identical voting rights on the New CEC board of directors, which board shall include nine directors and shall include the Chief Executive Officer of New CEC, commensurate with their ownership of New CEC Common Equity after taking into account the New CEC Common Equity purchased pursuant to the New CEC Capital Raise (if any) but excluding any additional New CEC Common Equity available through the conversion of the New CEC Convertible Notes.

[The Second Priority Noteholders Committee has asked the Debtors to include the following risk factor with regard to the potential New CEC Board:](#)

["\[P\]ersons found likely to have aided and abetted multiple breaches of fiduciary duties to the Debtors may control and govern the entity whose equity is to be distributed under the Amended Plan."](#)

2. Management Equity Incentive Plan

As soon as practicable after the Effective Date, the New Board(s) will adopt the Management Equity Incentive Plan, the form of which shall be included in the Plan Supplement. The amount of New Interests to be set aside for the Management Equity Incentive Plan is currently being negotiated among the Debtors and their stakeholders and shall be finalized and reported by the Debtors prior to the Confirmation Hearing.

L. Right of First Refusal Agreement

On the Effective Date, PropCo and New CEC shall enter into the Right of First Refusal Agreement, and the Right of First Refusal Agreement will become effective in accordance with its terms and the Plan. The Right of First Refusal Agreement will provide, among other things, (a) a grant by New CEC (by and on behalf of itself and all of its majority owned subsidiaries) to PropCo (by and on behalf of itself and all of its majority owned subsidiaries) of a right of first refusal to own and lease to an affiliate of New CEC certain non-Las Vegas domestic real estate that New CEC or its affiliates may have the opportunity to acquire or develop, and (b) a grant by PropCo to New CEC of a right of first refusal to lease and manage certain non-Las Vegas domestic real estate that PropCo may have the opportunity to acquire or develop.

M. PropCo Call Right Agreement

On the Effective Date, PropCo, CEC, CERP, and CGP shall enter into the PropCo Call Right Agreement, and the PropCo Call Right Agreement shall become effective in accordance with its terms and the Plan. The PropCo Call Right Agreement will provide PropCo with the right, for up to five years following the Effective Date, to enter into a binding agreement to purchase and lease back to, as applicable, CERP and/or CGP the real property and all improvements associated with Harrah's Atlantic City, Harrah's Laughlin, and Harrah's New Orleans for a cash purchase price equal to ten times the agreed annual rent for such properties, and on other customary terms and conditions, with the closing of such purchase(s) to occur following regulatory approvals; provided that such right will be subject: (i) in the case of Harrah's Atlantic City and Harrah's Laughlin, to the terms of the CERP debt documents and (ii) in the case of Harrah's New Orleans, to the terms of the CGP debt documents; provided, further, that in no event will such right be dilutive of covenant compliance after CEC's, CERP's, and CGP's commercially reasonable efforts to obtain waivers or amendments to permit such transactions.

N. The Bank Guaranty Settlement

As part of a settlement by and among CEOC, CEC, and the Consenting First Lien Bank Lenders regarding the entitlement of the Holders of Prepetition Credit Agreement Claims to postpetition interest and the rate of any such postpetition interest, and to facilitate a settlement with the Holders of Subsidiary-Guaranteed Notes Claims, on the Effective Date, CEC (or New CEC) shall contribute the Bank Guaranty Purchase Price to the Debtors, and, on the Effective Date, the Debtors shall distribute the Bank Guaranty Purchase Price to the Holders of Prepetition Credit Agreement Claims in compliance with each such Holders' Bank Guaranty Accrued Amount in accordance with the Plan. Confirmation of the Plan shall constitute the Bankruptcy Court's approval, pursuant to Bankruptcy Rule 9019 and section 1123 of the Bankruptcy Code, of the Bank Guaranty Settlement.

O. Subsidiary-Guaranteed Notes Settlement

The Plan recoveries available to the Holders of Subsidiary Guaranteed Notes Claims pursuant to the Plan have been made available pursuant to a settlement by and among CEOC, each Subsidiary Guarantor, the Holders of Subsidiary Guaranteed Notes Claims, CEC, the Consenting First Lien Bank Lenders, and the Consenting First Lien Noteholders (including with respect to the waiver of turnover provisions under the Subsidiary Guaranteed Notes Intercreditor Agreement set forth in Article IV.A.10 of the Plan). By the Subsidiary Guaranteed Notes Settlement, (a) the Holders of Prepetition Credit Agreement Claims and First Lien Notes Claims shall waive the turnover provisions under the Subsidiary Guaranteed Notes Intercreditor Agreement, (b) the Holders of Subsidiary Guaranteed Notes Claims shall waive any objections to the Prepetition Credit Agreements Claims or the First Lien Notes Claims and any asserted rights against to postpetition interest on account of the Subsidiary Guaranteed Notes Claims, and (c) the agreement by the Debtors to reimburse the Subsidiary Guaranteed Notes Indenture Trustee for its reasonable and documented fees and expenses (including attorneys' fees). Confirmation of the Plan shall constitute the Bankruptcy Court's approval, pursuant to Bankruptcy Rule 9019 and section 1123 of the Bankruptcy Code, of the Subsidiary Guaranteed Notes Settlement.

P. Adequate Protection and Operating Cash for OpCo and the REIT

Pursuant to the Cash Collateral Order, on the Effective Date, the Debtors shall pay on a pro rata basis to the Holders of Prepetition Credit Agreement Claims and First Lien Notes Claims all Available Cash remaining on the Effective Date as adequate protection. The Debtors shall contribute \$50,000,000 of Minimum Cash to the REIT to fund the REIT’s initial balance sheet. After accounting for this adequate protection payment and the Debtors’ contribution to the REIT, OpCo shall have \$400,000,000 in Cash on hand and the REIT shall have \$50,000,000 of Cash on hand on the Effective Date.

For illustrative purposes, the Debtors have prepared the following summary of the estimated Available Cash remaining on an assumed Effective Date of December 31, 2016:

Ending Cash at 12/31/15	\$ 1,489
Budgeted Cash Flows from 1/1/16 to 12/31/16	
Plus: Adjusted EBITDA	1,112
Plus: Termination Payment from ROC	84
Less: Change in Working Capital	(30)
Less: Normal Course Debt Service Payments	(40)
Less: Items to Reconcile Adjusted EBITDA to Cash Flow	(82)
Less: Monthly Adequate Protection Payments	(180)
Less: Capital Expenditures	(260)
Less: Restructuring Professional Fees	(345)
Less: Minimum Cash Requirement for OpCo	(400)
Less: Estimate of Chester Downs Cash / International Cash / Customer Cash	(225)
Less: Plan Impact on CEOC Cash Per Sources and Uses Schedule	(875)
<i>Estimated Cash to Fund Additional Adequate Protection Payments at 12/31/16</i>	<i>\$ 248</i>

(Amounts in Millions)

Ending Cash at 12/31/15	\$ 1,489
Budgeted Cash Flows from 1/1/16 to 12/31/16	
Plus: Adjusted EBITDA	1,112
Plus: Termination Payment from ROC	84
Less: Change in Working Capital	(30)
Less: Normal Course Debt Service Payments	(40)
Less: Items to Reconcile Adjusted EBITDA to Cash Flow	(82)
Less: Monthly Adequate Protection Payments	(180)
Less: Capital Expenditures	(260)
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Less: Estimate of Chester Downs Cash / International Cash / Customer Cash	(225)
Less: Plan Impact on CEOC Cash Per Sources and Uses Schedule	(875)
<i>Estimated Cash to Fund Additional Adequate Protection Payments at 12/31/16</i>	<i>\$ 248</i>

Should the Effective Date not occur until June 30, 2017, the Debtors' preliminary estimates contemplate an increase in Available Cash from \$248 million to approximately \$383 ~~-\$~~ \$426 million, based on the following range of projections:

	Higher	Lower
Estimated Cash to Fund Additional Adequate Protection Payments at 12/31/16	\$ 248	\$ 248
Estimated Cash Flows from 1/1/17 to 6/30/17		
Plus: Adjusted EBITDA	555	555
Less: Change in Working Capital	(25)	(35)
Less: Items to Reconcile Adjusted EBITDA to Cash Flow	(30)	(30)
Less: Normal Course Debt Service Payments	(20)	(20)
Less: Monthly Adequate Protection Payments	(90)	(90)
Less: Capital Expenditures (1)	(113)	(125)
Less: Restructuring Professional Fees	(99)	(120)
Estimated Cash to Fund Additional Adequate Protection Payments at 6/30/17	\$ 426	\$ 383
Notes		
(1) Monthly capex forecast not yet available for 2017. Higher case assumes annual capex forecast of \$225MM, and equal spending in 1H17 and 2H17. Lower case assumes the same annual capex forecast amount, with a higher spending run rate in 1H17 (\$125MM) versus 2H17 (\$100MM).		

<i>(Amounts in Millions)</i>	Higher	Lower
Estimated Cash to Fund Additional Adequate Protection Payments at 12/31/16	\$ 248	\$ 248
Estimated Cash Flows from 1/1/17 to 6/30/17		
Plus: Adjusted EBITDA	555	555
Less: Change in Working Capital	(25)	(35)
Less: Items to Reconcile Adjusted EBITDA to Cash Flow	(30)	(30)
Less: Normal Course Debt Service Payments	(20)	(20)
Less: Monthly Adequate Protection Payments	(90)	(90)
Less: Capital Expenditures (1)	(113)	(125)
Less: Restructuring Professional Fees	(99)	(120)
Estimated Cash to Fund Additional Adequate Protection Payments at 6/30/17	\$ 426	\$ 383
Notes		
(1) Monthly capex forecast not yet available for 2017. Higher case assumes annual capex forecast of \$225MM, and equal spending in 1H17 and 2H17. Lower case assumes the same annual capex forecast amount, with a higher spending run rate in 1H17 (\$125MM) versus 2H17 (\$100MM).		

[The Debtors do not anticipate that there will be litigation regarding whether to recharacterize the cash sweep and adequate protection payments as principal payments.](#)

Q. General Settlement and Discharge of Claims, Interests, Causes of Action, and Controversies

Pursuant to section 1123 of the Bankruptcy Code and Bankruptcy Rule 9019, and in consideration for the classification, distributions, releases, and other benefits provided under the Plan, on the Effective Date, the

provisions of the Plan will constitute a good-faith compromise and settlement of the claims, Causes of Action, and controversies released by the Debtor Release and the Third-Party Release pursuant to the Plan.

R. Ordinary Course of Business Through the Effective Date

Between Confirmation and the Effective Date, the Debtors will not use, sale, or lease property of the Estates outside the ordinary course of business without approval by or authorization from the Bankruptcy Court.

R.S. The Debtor Release, Third-Party Release, Exculpation, and Injunction

Article VIII of the Plan provides for: (1) releases of claims and Causes of Action the Debtors may hold against the Released Parties (the “Debtor Release”); (2) releases of claims and Causes of Action the Releasing Parties may hold against the Released Parties (the “Third-Party Release”); (3) exculpation of each Debtor, each Reorganized Debtor, each Estate, and each Exculpated Party for certain acts or omissions taken in connection with the Chapter 11 Cases; and (4) a permanent injunction against Entities who have held, hold, or may hold claims, interests, or Liens that have been discharged or released pursuant to the Plan or are subject to exculpation pursuant to the Plan enjoining them from asserting such claims, interests, or Liens against each Debtor, the Reorganized Debtors, and the Released Parties. Entry of the Confirmation Order shall constitute the Bankruptcy Court’s approval, pursuant to Bankruptcy Rule 9019, of the Debtor Release and the Third-Party Release, which includes by reference each of the related provisions and definitions contained therein, and further, shall constitute the Bankruptcy Court’s finding that the Debtor Release and the Third-Party Release are: (1) in exchange for the good and valuable consideration provided by the Released Parties; (2) a good faith settlement and compromise of the claims released by the Debtor Release and the Third-Party Release; (3) in the best interests of the Debtors and all Holders of Claims and Interests; (4) fair, equitable, and reasonable; (5) given and made after due notice and opportunity for hearing; and (6) a bar to any of the Debtors, the Estates, or the Releasing Parties from asserting any claim or Cause of Action released pursuant to the Debtor Release or the Third-Party Release, as applicable.

1. The Debtor Release

The Plan’s Debtor Release provision provides:

Effective as of the Effective Date, pursuant to section 1123(b) of the Bankruptcy Code, for good and valuable consideration, the adequacy of which is hereby confirmed, on and after the Effective Date, each Released Party is deemed released by each and all of the Debtors, the Estates, and the Reorganized Debtors from any and all claims, interests, obligations, rights, suits, damages, Causes of Action, remedies, and liabilities whatsoever, including any derivative claims, asserted or assertable on behalf of each and all of the Debtors, the Estates, or the Reorganized Debtors, as applicable, whether known or unknown, foreseen or unforeseen, existing or hereinafter arising, in law, equity, or otherwise, that each and all of the Debtors, the Estates, or the Reorganized Debtors would have been legally entitled to assert in its or their own right (whether individually or collectively), or on behalf of the Holder of any Claim or Interest or other Entity, based on or relating to, or in any manner arising from, in whole or in part, any or all of the Debtors, the Debtors’ restructuring, the Chapter 11 Cases, the purchase, sale, transfer, or rescission of the purchase, sale, or transfer of any debt, security, asset, right, or interest of any or all of the Debtors or the Reorganized Debtors, the Restructuring Support Agreements, the Upfront Payment, the RSA Forbearance Fees, the subject matter of, or the transactions or events giving rise to, any Claim or Interest that is treated in the Plan, the business or contractual arrangements between any Debtor and any Released Party, the restructuring of Claims and Interests prior to or in the Chapter 11 Cases, the negotiation, formulation, or preparation of the Restructuring Documents or related agreements, instruments, or other documents (including the Restructuring Support Agreements), any other act or omission, transaction, agreement, event, or other occurrence taking place on or before the Effective Date, including, for the avoidance of doubt, all claims, Causes of Action, or liabilities arising out of or relating to the Challenged Transactions, the Caesars Cases, and the Prepetition CEC

Guarantees; provided that the foregoing Debtor Release shall not operate to waive or release any right, Claim, or Cause of Action (1) in favor of any Debtor or Reorganized Debtors, as applicable, arising under any contractual obligation owed to such Debtor or Reorganized Debtor not satisfied or discharged under the Plan or (2) as expressly set forth in the Plan or the Plan Supplement.

See Article VIII.B of the Plan.

2. The Third-Party Release

The Plan's Third-Party Release provision provides:

Effective as of the Effective Date, each and all of the Releasing Parties (regardless of whether a Releasing Party is a Released Party) conclusively, absolutely, unconditionally, irrevocably, and forever discharges and releases (and each Entity so discharged and released shall be deemed discharged and released by the Releasing Parties) each and all of the Released Parties and their respective property from any and all claims, interests, obligations, rights, suits, damages, Causes of Action, remedies, and liabilities whatsoever, including with respect to any rights or Claims that could have been asserted against any or all of the Released Parties with respect to the Guaranty and Pledge Agreement (but only to the extent released in connection with the Bank Guaranty Settlement), the Upfront Payment, the RSA Forbearance Fees, any derivative claims, asserted or assertable on behalf of any or all of the Debtors, the Estates, or the Reorganized Debtors, as applicable, whether known or unknown, foreseen or unforeseen, existing or hereinafter arising, in law, equity, or otherwise, that such Entity would have been legally entitled to assert (whether individually or collectively), based on or relating to, or in any manner arising from, in whole or in part, any or all of the Debtors, the Debtors' restructuring, the Chapter 11 Cases, the Restructuring Support Agreements, the purchase, sale, transfer, or rescission of the purchase, sale, or transfer of any debt, security, asset, right, or interest of any or all of the Debtors or the Reorganized Debtors, the subject matter of, or the transactions or events giving rise to, any Claim or Interest that is treated in the Plan, the business or contractual arrangements between any Debtor and any Released Party, the restructuring or any alleged restructuring or reorganization of Claims and Interests prior to or in the Chapter 11 Cases, the negotiation, formulation, or preparation of the Restructuring Documents, or related agreements, instruments, or other documents (including the Restructuring Support Agreements and, for the avoidance of doubt, providing any legal opinion requested by any Entity regarding any transaction, contract, instrument, document, or other agreement contemplated by the Plan or the reliance by any Released Party on the Plan or the Confirmation Order in lieu of such legal opinion), any other act or omission, transaction, agreement, event, or other occurrence taking place on or before the Effective Date relating to the Debtors or the Estates, including, for the avoidance of doubt, all claims, Causes of Action, or liabilities arising out of or relating to each and all of the Challenged Transactions, the Caesars Cases, and the Prepetition CEC Guarantees (including but not limited to any claim under any Indenture or under the Trust Indenture Act). Notwithstanding anything to the contrary in the foregoing, the Third-Party Release shall not release any obligation of any party under the Plan or any document, instrument, or agreement (including those set forth in the Plan Supplement) executed to implement the Plan.

See Article VIII.C of the Plan.

3. Exculpation

The Plan's exculpation provision provides:

Effective as of the Effective Date, to the fullest extent permissible under applicable law and without affecting or limiting either of the Debtor Release or Third-Party Release, and except

as otherwise specifically provided in the Plan, each Debtor, each Reorganized Debtor, each Estate, and each Exculpated Party is hereby released and exculpated from any claim, obligation, Cause of Action, or liability for any prepetition or postpetition action taken or omitted to be taken in connection with, or related to formulating, negotiating, soliciting, preparing, disseminating, confirming, administering, or implementing the Plan, or consummating the Plan (including the Restructuring Support Agreements), the Disclosure Statement, the New Governance Documents, the Restructuring Transactions, and/or the Separation Structure or selling or issuing the New Debt, the New Interests, the New CEC Convertible Notes, the New CEC Common Equity, any New CEC Capital Raise, and/or any other Security to be offered, issued, or distributed in connection with the Plan, the Chapter 11 Cases, or any contract, instrument, release, or other agreement or document created or entered into in connection with the Plan (including, for the avoidance of doubt, providing any legal opinion requested by any Entity regarding any transaction, contract, instrument, document, or other agreement contemplated by the Plan or the reliance by any Exculpated Party on the Plan or the Confirmation Order in lieu of such legal opinion) or any other prepetition or postpetition act taken or omitted to be taken in connection with or in contemplation of the restructuring of the Debtors, except for actual fraud, willful misconduct, or gross negligence in connection with the Plan or the Chapter 11 Cases following the Petition Date, each solely to the extent as determined by a Final Order of a court of competent jurisdiction; provided, however, that in all respects such Entities shall be entitled to reasonably rely upon the advice of counsel with respect to their duties and responsibilities pursuant to the Plan. Each of the Debtors, the Reorganized Debtors, the Estates, and each Exculpated Party has, and upon completion of the Plan shall be deemed to have, participated in good faith and in compliance with the applicable laws with regard to the restructuring of Claims and Interests in the Chapter 11 Cases and in connection with the Restructuring Transactions, the negotiation, formulation, or preparation of the Restructuring Documents or related agreements, instruments, or other documents pursuant to the Plan, and the solicitation and distribution of the Plan and, therefore, is not, and on account of such distributions shall not be, liable at any time for the violation of any applicable law, rule, or regulation governing the solicitation of acceptances or rejections of the Plan or such distributions made pursuant to the Plan.

See Article VIII.D of the Plan.

4. Injunction

The Plan's permanent injunction provision provides:

Effective as of the Effective Date, pursuant to section 524(a) of the Bankruptcy Code, to the fullest extent permissible under applicable law, and except as otherwise expressly provided in the Plan or for obligations issued or required to be paid pursuant to the Plan or Confirmation Order, all Entities who have held, hold, or may hold Claims, Interests, or Liens that have been discharged pursuant to Article VIII.A of the Plan, released pursuant to Article VIII.B or Article VIII.C of the Plan, or are subject to exculpation pursuant to Article VIII.D of the Plan are permanently enjoined, from and after the Effective Date, from taking any of the following actions against, as applicable, any or all of the Debtors, the Reorganized Debtors, the New Property Entities, or the Released Parties: (1) commencing or continuing in any manner any action or other proceeding of any kind on account of or in connection with or with respect to any such Claims or Interests; (2) enforcing, attaching, collecting, or recovering by any manner or means any judgment, award, decree, or order against such Entities on account of or in connection with or with respect to any such Claims or Interests; (3) creating, perfecting, or enforcing any encumbrance of any kind against such Entities or the property or the estates of such Entities on account of or in connection with or with respect to any such Claims or Interests; (4) asserting any right of setoff, subrogation, or recoupment of any kind against any obligation due from such Entities or against the property or Estates of such Entities on account of or in connection with or with respect to

any such Claims or Interests unless such Entity has timely asserted such setoff right prior to the Effective Date in a document Filed with the Bankruptcy Court explicitly preserving such setoff, and notwithstanding an indication of a Claim or Interest or otherwise that such Entity asserts, has, or intends to preserve any right of setoff pursuant to applicable law or otherwise; and (5) commencing or continuing in any manner any action or other proceeding of any kind on account of or in connection with or with respect to any such Claims or Interests released or settled pursuant to the Plan.

See Article VIII.E of the Plan.

S.T. Retention of Causes of Action

Under the Plan, the Debtors' Causes of Actions related to the Challenged Transactions are being released pursuant to the Debtor Release and are not being retained. In accordance with section 1123(b) of the Bankruptcy Code, and except where such Causes of Action have been expressly released, the Debtors and the Reorganized Debtors will retain and may enforce all rights to commence and pursue, as appropriate, any and all Causes of Action, whether arising before or after the Petition Date, including any actions specifically enumerated in the Plan Supplement, and the Debtors' and the Reorganized Debtors' rights to commence, prosecute, or settle such Causes of Action shall be preserved notwithstanding the occurrence of the Effective Date. For the avoidance of doubt, CEOC's Cause of Action against CEC on account of the \$35.0 million owed by CEC to CEOC pursuant to that certain Recovery Agreement, dated as of August 12, 2014, by and among CEC and CEOC, is hereby expressly preserved in the Plan.

The Debtors expect that the Plan Supplement containing a schedule of retained Causes of Action will be filed approximately ~~28~~42 days before the Confirmation Objection Deadline.

No Entity may rely on the absence of a specific reference in the Plan, the Plan Supplement, or the Disclosure Statement to any Cause of Action against such Entity as any indication that the Debtors and the Reorganized Debtors will not pursue any and all available Causes of Action against such Entity. The Debtors and the Reorganized Debtors, as applicable, expressly reserve all rights to prosecute any and all Causes of Action, including with respect to rejected Executory Contracts and Unexpired Leases, against any Entity, except as otherwise expressly provided in the Plan. Unless any Causes of Action against an Entity are expressly waived, relinquished, exculpated, released, compromised, or settled in the Plan or a Bankruptcy Court Final Order, the Debtors and the Reorganized Debtors expressly reserve all Causes of Action, for later adjudication, and, therefore, no preclusion doctrine, including the doctrines of res judicata, collateral estoppel, issue preclusion, claim preclusion, estoppel (judicial, equitable, or otherwise), or laches, shall apply to such Causes of Action upon, after, or as a consequence of the Confirmation or Consummation.

F.U. Treatment of Executory Contracts and Unexpired Leases

1. Assumption of Executory Contracts and Unexpired Leases.

On the Effective Date, except as otherwise provided in the Plan or in any contract, instrument, release, indenture, or other agreement or document entered into in connection with the Plan, Executory Contracts and Unexpired Leases will be deemed assumed as of the Effective Date pursuant to sections 365 and 1123 of the Bankruptcy Code, regardless of whether such Executory Contract or Unexpired Lease is identified on the Assumed Executory Contracts and Unexpired Leases Schedule, unless such Executory Contract or Unexpired Lease: (a) was assumed or rejected previously by the Debtors; (b) previously expired or terminated pursuant to its own terms; (c) is the subject of a motion to reject filed on or before the Effective Date; or (d) is identified as an Executory Contract or Unexpired Lease on the Rejected Executory Contracts and Unexpired Leases Schedule, if any. Any motions to assume or reject Executory Contracts or Unexpired Leases pending on the Effective Date will be subject to approval by the Bankruptcy Court on or after the Effective Date by a Final Order.

Entry of the Confirmation Order will constitute a Bankruptcy Court order approving the assumptions, assumption and assignment, or rejections, as applicable, of such Executory Contracts or Unexpired Leases as set forth in the Plan, the Assumed Executory Contract and Unexpired Lease Schedule, and the Rejected Executory Contract and Unexpired Lease Schedule, as applicable, pursuant to sections 365(a) and 1123 of the Bankruptcy Code. Unless otherwise indicated, assumptions or rejections of Executory Contracts and Unexpired Leases pursuant to the Plan are effective as of the Effective Date. Each Executory Contract or Unexpired Lease assumed pursuant to the Plan or by Bankruptcy Court order but not assigned to a third party before the Effective Date will re-vest in and be fully enforceable by the applicable contracting Reorganized Debtor in accordance with its terms, except as such terms may have been modified by the provisions of the Plan or any order of the Bankruptcy Court authorizing and providing for its assumption under applicable federal law.

To the maximum extent permitted by law, to the extent any provision in any Executory Contract or Unexpired Lease assumed pursuant to the Plan restricts or prevents, or purports to restrict or prevent, or is breached or deemed breached by, the assumption of such Executory Contract or Unexpired Lease (including any “change of control” provision), then such provision will be deemed modified such that the transactions contemplated by the Plan will not entitle the non-Debtor party thereto to terminate such Executory Contract or Unexpired Lease or to exercise any other default-related rights with respect thereto. Notwithstanding anything to the contrary in the Plan, the Debtors or the Reorganized Debtors, as applicable, reserve the right to alter, amend, modify, or supplement the Rejected Executory Contract and Unexpired Lease Schedule at any time through and including 45 days after the Effective Date.

The Debtors expect to file the Plan Supplement containing the Rejected Executory Contract and Unexpired Lease Schedule approximately 2842 days before the Confirmation Objection Deadline.

Additionally, the Debtors and Lexon Insurance Company (“Lexon”) have discussed the ability to assume certain surety bonds and related contracts. Lexon (the “Surety”) asserts that the surety bonds and General Agreements of Indemnity between the Surety and the Debtors in place as of the Effective Date may not be assumed by the Debtors pursuant to the Plan unless Lexon consents to such assumption. The Surety asserts that if such consents are required, and the Debtors are unable to obtain such consents or replace such surety bonds, the Debtors may not be able to consummate the Plan. In addition, the Surety and the Debtors each respectively agree to reserve all rights as they relate to the release and exculpation clauses contained in the Plan

2. Preexisting Obligations to the Debtors under Executory Contracts and Unexpired Leases.

Rejection of any Executory Contract or Unexpired Lease pursuant to the Plan or otherwise will not constitute a termination of preexisting obligations owed to the Debtors under such Executory Contract or Unexpired Lease.

3. Rejection of Executory Contracts and Unexpired Leases.

Unless otherwise provided by a Final Order of the Bankruptcy Court, all Proofs of Claim with respect to Claims arising from the rejection of Executory Contracts or Unexpired Leases, pursuant to the Plan or the Confirmation Order, if any, must be Filed with Prime Clerk and served on the Reorganized Debtors no later than thirty days after the effective date of such rejection.

Any Claims arising from the rejection of an Executory Contract or Unexpired Lease not filed with the Bankruptcy Court within such time will be automatically disallowed, forever barred from assertion, and will not be enforceable against the Debtors, the Reorganized Debtors, the New Property Entities, the Estates, or their property, without the need for any objection by the Debtors or Reorganized Debtors, or further notice to, action, order, or approval of the Bankruptcy Court or any other Entity, and any Claim arising out of the rejection of the Executory Contract or Unexpired Lease will be deemed fully satisfied, released, and discharged, and be subject to the permanent injunction set forth in Article VIII.E of the Plan, notwithstanding anything in the Schedules or a Proof of Claim to the contrary.

All Claims arising from the rejection by any Debtor of any Executory Contract or Unexpired Lease pursuant to section 365 of the Bankruptcy Code will be treated as a General Unsecured Claim pursuant to Article III.B of the Plan and may be objected to in accordance with the provisions of Article VI of the Plan and the applicable provisions of the Bankruptcy Code and Bankruptcy Rules.

4. Cure of Defaults for Assumed Executory Contracts and Unexpired Leases.

Any monetary defaults under each Executory Contract and Unexpired Lease to be assumed pursuant to the Plan will be satisfied, pursuant to section 365(b)(1) of the Bankruptcy Code, by payment of the default amount in Cash on the Effective Date, subject to the limitation described below, or on such other terms as the parties to such Executory Contracts or Unexpired Leases may otherwise agree. In the event of a dispute regarding: (1) the amount of any payments to cure such a default; (2) the ability of the Debtors or any assignee to provide "adequate assurance of future performance" (within the meaning of section 365 of the Bankruptcy Code) under the Executory Contract or Unexpired Lease to be assumed; or (3) any other matter pertaining to assumption, the cure amount required by section 365(b)(1) of the Bankruptcy Code will be made following the entry of a Final Order or orders resolving the dispute and approving the assumption; provided that the Reorganized Debtors may settle any dispute regarding the amount of any such cure amount without any further notice to any party or any action, order, or approval of the Bankruptcy Court; provided, further, that, notwithstanding anything to the contrary herein, prior to the entry of a Final Order resolving any dispute and approving the assumption and assignment of such Executory Contract or Unexpired Lease, the Reorganized Debtors reserve the right to reject any Executory Contract or Unexpired Lease that is subject to dispute, whether by amending the Rejected Executory Contract and Unexpired Lease Schedule in accordance with Article V.A of the Plan or otherwise.

At least fourteen days prior to the Confirmation Objection Deadline, the Debtors will provide for notices of proposed assumption and proposed cure amounts to be sent to applicable third parties and for procedures for objecting thereto and resolution of disputes by the Bankruptcy Court; provided that the Debtors reserve all rights with respect to any such proposed assumption and proposed cure amount in the event of an objection or dispute. Any objection by a counterparty to an Executory Contract or Unexpired Lease to a proposed assumption or related cure amount must be filed, served, and actually received by the Debtors no later than thirty days after service of the notice providing for such assumption and related cure amount. Any counterparty to an Executory Contract or Unexpired Lease that fails to timely object to the proposed assumption or cure amount will be deemed to have assented to such assumption or cure amount.

Assumption of any Executory Contract or Unexpired Lease pursuant to the Plan or otherwise will constitute and be deemed to constitute the full release and satisfaction of any Claims or defaults, whether monetary or nonmonetary, including defaults of provisions restricting the change in control or ownership interest composition or other bankruptcy-related defaults, arising under any assumed Executory Contract or Unexpired Lease at any time prior to the effective date of assumption. **Any Proofs of Claim filed with respect to an Executory Contract or Unexpired Lease that has been assumed will be deemed disallowed and expunged, without further notice to, action, order, or approval of the Bankruptcy Court.**

5. Modifications, Amendments, Supplements, Restatements, or Other Agreements.

Unless otherwise provided in the Plan, each assumed or assumed and assigned Executory Contract or Unexpired Lease will include all modifications, amendments, supplements, restatements, or other agreements that in any manner affect such Executory Contract or Unexpired Lease, and all Executory Contracts and Unexpired Leases related thereto, if any, including all easements, licenses, permits, rights, privileges, immunities, options, rights of first refusal, and any other interests, unless any of the foregoing agreements has been previously rejected or is rejected under the Plan.

Modifications, amendments, supplements, and restatements to prepetition Executory Contracts and Unexpired Leases that have been executed by the Debtors during the Chapter 11 Cases will not be deemed to alter the prepetition nature of the Executory Contract or Unexpired Lease, or the validity, priority, or amount of any Claims that may arise in connection therewith.

6. Indemnification Provisions.

On and as of the Effective Date, the Indemnification Provisions will be assumed and irrevocable and will survive the effectiveness of the Plan and the Reorganized Debtors' governance documents will provide for the indemnification, defense, reimbursement, exculpation, and/or limitation of liability of, and advancement of fees and expenses to, the Debtors' and the Reorganized Debtors' current and former directors, officers, employees, or agents to the fullest extent permitted by law and at least to the same extent as the organizational documents of each of the respective Debtors on the Petition Date, against any claims or Causes of Action whether direct or derivative, liquidated or unliquidated, fixed or contingent, disputed or undisputed, matured or unmatured, known or unknown, foreseen or unforeseen, asserted or unasserted, and none of the Reorganized Debtors will amend and/or restate their respective governance documents before or after the Effective Date to terminate or materially adversely affect any of the Reorganized Debtors' obligations to provide such indemnification rights or such directors', officers', employees', or agents' indemnification rights; provided that, for the avoidance of doubt, each of the Reorganized Debtors will be jointly and severally liable for the foregoing obligations to provide such indemnification rights or such directors', officers', employees', or agents' indemnification rights. Entry of the Confirmation Order will constitute the Bankruptcy Court's approval of the Debtors' foregoing assumption of each of the Indemnification Provisions. Notwithstanding anything to the contrary contained herein, (1) Confirmation will not discharge, impair, or otherwise modify any obligations assumed by the foregoing assumption of the Indemnification Provisions, (2) each such obligation will be deemed and treated as an Executory Contract that has been assumed by the Debtors under the Plan as to which no Proof of Claim need be Filed, and (3) as of the Effective Date, the Indemnification Provisions will be binding and enforceable against the Reorganized Debtors. While the Debtors will assume the Indemnification Provisions in accordance with the Plan, confirmation of the Plan is contingent upon, among other things, entry of the Confirmation Order approving the Plan's Debtor Release and Third-Party Release. The Debtors believe these releases will substantially reduce, if not eliminate, any liabilities associated with the Indemnification Provisions.

The New Property Entities' governance documents will provide for the indemnification, defense, reimbursement, exculpation, and/or limitation of liability of, and advancement of fees and expenses to, the New Property Entities' directors, officers, employees, or agents to the fullest extent permitted by law and at least to the same extent as the organizational documents of each of the Debtors on the Petition Date, against any claims or Causes of Action whether direct or derivative, liquidated or unliquidated, fixed or contingent, disputed or undisputed, matured or unmatured, known or unknown, foreseen or unforeseen, asserted or unasserted, and none of the New Property Entities shall amend and/or restate their respective governance documents before the Effective Date to terminate or materially adversely affect any of the New Property Entities' obligations to provide such indemnification rights or such directors', officers', employees', or agents' indemnification rights. Notwithstanding the foregoing, nothing shall impair the ability of the New Property Entities to modify the indemnification obligations (whether in the bylaws, certificates or incorporate or formation, limited liability company agreements, other organizational or formation documents, board resolutions, indemnification agreements, employment contracts, or otherwise) arising after the Effective Date.

7. Treatment of D&O Liability Insurance Policies.

Notwithstanding anything in the Plan to the contrary, CEC will maintain all of its unexpired D&O Liability Insurance Policies for the benefit of the Debtors' directors, members, trustees, officers, and managers, which coverage will be through the Effective Date of the Plan, and all directors, members, trustees, officers, and managers of the Debtors who served in such capacity at any time prior to the Effective Date will be entitled to the full benefits of any such policy for the full term of such policy regardless of whether such directors and officers remain in such positions after the Effective Date. Notwithstanding anything to the contrary contained in the Plan, confirmation of the Plan will not discharge, impair, or otherwise modify any indemnity obligations related to the foregoing D&O Liability Insurance Policies.

The Debtors, and/or the Reorganized Debtors, ~~and/or the New Property Entities~~, as applicable, are authorized to purchase D&O Liability Insurance Policies for the benefit of the Debtors' directors, members, trustees, officers, and managers, which D&O Liability Insurance Policies ~~will be effective as of the Effective Date~~ shall be

effective as of the Effective Date. On and after the Effective Date, each of the Reorganized Debtors and the New Property Entities shall be authorized to purchase D&O Liability Insurance Policies for the benefit of their respective directors, members, trustees, officers, and managers in the ordinary course of business.

8. Insurance Policies.

Each of the Debtors' insurance policies (other than the D&O Liability Insurance Policies, which will receive the treatment set forth in Article V.G of the Plan) and any agreements, documents, or instruments relating thereto, are treated as Executory Contracts under the Plan. Unless otherwise provided in the Plan or the Plan Supplement, on the Effective Date, the Reorganized Debtors will be deemed to have assumed all insurance policies and any agreements, documents, and instruments relating to coverage of all insured Claims.

9. Benefit Programs.

Except and to the extent previously assumed by an order of the Bankruptcy Court on or before the Confirmation Date, and except for (1) Executory Contracts or plans specifically rejected pursuant to the Plan (to the extent such rejection does not violate sections 1114 or 1129(a)(13) of the Bankruptcy Code) and (2) Executory Contracts or plans as have previously been rejected, are the subject of a motion to reject, or have been specifically waived by the beneficiaries of any plans or contracts: all employee compensation and benefit programs of the Debtors, including programs subject to sections 1114 and 1129(a)(13) of the Bankruptcy Code, if any, and all collective bargaining agreements requiring contributions to multiemployer employee benefit plans, if any, entered into before or after the Petition Date and not since terminated, will be deemed to be, and will be treated as though they are, Executory Contracts that are assumed under Article V of the Plan, but only to the extent that rights under such programs are held by the Debtors or Persons who are employees of the Debtors as of the Confirmation Date, and the Debtors' obligations under such programs to Persons who are employees of the Debtors on the Confirmation Date will survive Confirmation of the Plan; provided, however, that the Debtors' obligations, if any, to pay all "retiree benefits" as defined in section 1114(a) of the Bankruptcy Code will continue; provided, further, however, that nothing in the Plan will extend or otherwise modify the duration of such period or prohibit the Debtors or the Reorganized Debtors from modifying the terms and conditions of such employee benefits and retiree benefits as otherwise permitted by such plans and applicable nonbankruptcy law.

The Debtors have estimated that withdrawal liability claims would total approximately \$446 million (including the NRF Claim discussed more fully in Article IV.S.3) based on the Debtors' most recent actuarial estimates of withdrawal liabilities and a review of the Claims filed in the Chapter 11 Cases. The Debtors currently do not expect to move to terminate any of their collective bargaining agreements, and expect that they will continue to comply with the terms and conditions of their collective bargaining agreements absent termination. Other than the NRF Claim, the withdrawal liability Claims are contingent. Counsel for the International Painters and Allied Trades Industry Pension Fund ("IUPAT") has asserted that IUPAT's Claim was filed due to what the IUPAT has asserted is a split in the case law concerning the treatment of the withdrawal liability claims in a reorganization without an actual withdrawal. See e.g., *CPT Holdings, Inc. v. Industrial & Allied Employees Union Pension Plan, Local 73*, 162 F.3d 405 (6th Cir. 1998) (contingent withdrawal liability is not a claim that is affected by a bankruptcy); *contra In re CD Realty Partners*, 205 B.R. 651, 659 (Bankr. D. Mass. 1997) (employer's bankruptcy that preceded the employer's withdrawal from a pension plan discharged the employer's pre-bankruptcy withdrawal liability). IUPAT has also asserted that such claims might also be entitled to priority status at least in part. See *In re Marcal Paper Mills, Inc.*, 650 F.3d 311 (3d Cir. 2011). The Plan does not contemplate a liquidation. Instead, the Debtors expect to reorganize and anticipate no current payment on any contingent withdrawal liability. The Debtors expect to resolve the contingent withdrawal liability claims filed against the Estates as part of the claims process.

10. Contracts and Leases Entered Into After the Petition Date.

Contracts and leases entered into after the Petition Date by any Debtor, including any Executory Contracts and Unexpired Leases assumed by such Debtor, will be performed by the applicable Debtor liable thereunder in the ordinary course of its business (and will be vested in the applicable Reorganized Debtor or New Property Entity).

Accordingly, such contracts and leases (including any assumed Executory Contracts and Unexpired Leases) will survive and remain unaffected by entry of the Confirmation Order.

**ARTICLE VI.
SOLICITATION AND VOTING PROCEDURES**

On [____], 2016, the Bankruptcy Court entered the Solicitation Procedures Order [Docket No. [___]]. For purposes of this Article VI, capitalized terms used but not defined herein shall have the meaning ascribed to such terms in the Solicitation Procedures Order. The procedures and instructions for voting on the Plan are set forth in the exhibits annexed to the Solicitation Procedures Order. **The Solicitation Procedures Order is incorporated herein by reference and should be read in conjunction with this Disclosure Statement and in formulating a decision to vote to accept or reject the Plan.**

**THIS DISCUSSION OF THE SOLICITATION AND VOTING PROCEDURES SET FORTH IN THIS
DISCLOSURE STATEMENT IS ONLY A SUMMARY.**
PLEASE REFER TO THE SOLICITATION PROCEDURES ORDER
[DOCKET NO. [___]] FOR A MORE COMPREHENSIVE
DESCRIPTION OF THE SOLICITATION AND VOTING PROCESS.

A. Solicitation Packages

Pursuant to the Solicitation Procedures Order, Holders of Claims who are eligible to vote to accept or reject the Plan will receive appropriate solicitation materials (the “General Solicitation Package”), including:

- a copy of the Solicitation Procedures;
- the Confirmation Hearing Notice;
- a cover letter, describing the contents of the General Solicitation Package and urging the Holders of Claims in each of the Voting Classes to vote to accept the Plan;
- an appropriate form of Ballot for Holders of Claims;
- the approved Disclosure Statement (with all exhibits attached thereto, including the Plan and the exhibits attached thereto); and
- any supplemental documents the Debtors file with the Bankruptcy Court and any documents that the Bankruptcy Court orders to be made available.

~~Holders of Secured First Lien Notes Claims will be sent, in addition to the General Solicitation Package, the following materials (the “First Lien Noteholder Elections Package”):~~

- ~~• the First Lien Noteholder Elections Procedures; and~~
- ~~• the First Lien Noteholder Elections Form.~~

The Solicitation Packages will provide the Disclosure Statement and Plan in electronic format (i.e., CD-ROM or flash drive) and all other contents of the Solicitation Packages, including Ballots and Master Ballots, in paper format. Any Holder of a Claim or Interest may obtain, at no charge, a paper copy of the documents otherwise provided by (a) accessing Prime Clerk’s website at <https://cases.primeclerk.com/CEOC/>, (b) writing to Prime Clerk, via first-class or overnight mail, at CEOC Ballot Processing, c/o Prime Clerk LLC, 830 Third Avenue, 3rd Floor, New York, New York 10022, (c) calling Prime Clerk at (855) 842-4123 within the United States or Canada or, outside of the United States or Canada, by calling +1 (646) 795-6969, or (d) e-mailing ceocballots@primeclerk.com.

B. Voting Rights

Classes Entitled to Vote. Under the provisions of the Bankruptcy Code, not all Holders of Claims against, or Interests in, a debtor are entitled to vote on a chapter 11 plan. The following Classes (the “Voting Classes”) for each Debtor, as applicable, are the only Classes entitled to vote to accept or reject the Plan. The Holders of Claims in the Voting Classes are Impaired under the Plan and may, in certain circumstances, receive a distribution under the Plan. Accordingly, Holders of Claims in the Voting Classes have the right to vote to accept or reject the Plan. If your Claim or Interest is not included in one of these Classes, you are not entitled to vote and you will not receive a Solicitation Package. Each of the Voting Classes will have accepted the Plan if: (1) the Holders of at least two thirds in dollar amount of the Allowed Claims actually voting in each Class for each Debtor, as applicable, have voted to accept the Plan; and (2) the Holders of more than one half in number of the Allowed Claims actually voting in each Class for each Debtor, as applicable, have voted to accept the Plan. Additionally, if Prime Clerk receives no votes to accept or reject the Plan with respect to any particular Class of Claims, that Class will be deemed to have voted to accept the Plan.

CLASS	CLAIM / INTEREST	STATUS UNDER PLAN	VOTING RIGHTS
D	Prepetition Credit Agreement Claims	Impaired	Entitled to Vote
E	Secured First Lien Notes Claims	Impaired	Entitled to Vote
F	Second Lien Notes Claims	Impaired	Entitled to Vote
G	Subsidiary-Guaranteed Notes Claims	Impaired	Entitled to Vote
H	Senior Unsecured Notes Claims	Impaired	Entitled to Vote
I	Ongoing Business <u>Undisputed</u> Unsecured Claims	Impaired	Entitled to Vote
J	General <u>Disputed</u> Unsecured Claims	Impaired	Entitled to Vote
<u>K</u>	<u>Convenience Unsecured Claims</u>	<u>Impaired</u>	<u>Entitled to Vote</u>
K <u>L</u>	Par Recovery Unsecured Claims	Impaired	Entitled to Vote
L <u>M</u>	Winnick Unsecured Claims	Impaired	Entitled to Vote
M <u>N</u>	Caesars Riverboat Casino Unsecured Claims	Impaired	Entitled to Vote
N <u>O</u>	Chester Downs Management Unsecured Claims	Impaired	Entitled to Vote

Classes Not Entitled to Vote. Under the Bankruptcy Code, Holders of Claims or Interests are not entitled to vote if such Claims or Interests are Unimpaired under the Plan or if they will receive no distribution of property under the Plan. Based on this standard, the following Classes of Claims and Interest for each Debtor, as applicable, will not be entitled to vote on the Plan and the Holders of such Claims will **not** be solicited to vote on the Plan.

CLASS	CLAIM / INTEREST	STATUS UNDER PLAN	VOTING RIGHTS
A	Secured Tax Claims	Unimpaired	Deemed to Accept
B	Other Secured Claims	Unimpaired	Deemed to Accept
C	Other Priority Claims	Unimpaired	Deemed to Accept
P <u>Q</u>	Non-Obligor Unsecured Claims	Unimpaired	Deemed to Accept
Q <u>R</u>	Section 510(b) Claims	Impaired	Deemed to Reject
R <u>S</u>	Intercompany Claims	Impaired	Deemed to Reject

CLASS	CLAIM / INTEREST	STATUS UNDER PLAN	VOTING RIGHTS
RS	Intercompany Interests	Impaired	Deemed to Reject
ST	CEOC Interests	Impaired	Deemed to Reject
FU	Des Plaines Interests	Unimpaired	Deemed to Accept

Additionally, the Solicitation Procedures Order provides that certain Holders of Claims in the Voting Classes, such as those Holders whose Claims have been disallowed or are subject to a pending objection, are not entitled to vote to accept or reject the Plan.

C. Voting Procedures

The Voting Record Date is ~~May 25~~ June 7, 2016. The Solicitation Procedures Order established Voting Record Date for purposes of determining, among other things, which Holders of Claims are eligible to vote on the Plan and whether Claims have been properly assigned or transferred under Bankruptcy Rule 3001(e) such that an assignee can vote as the Holder of a Claim.

The Voting Deadline is ~~July 8~~ September 16, 2016, at [4]:00 p.m. (prevailing Central Time). The Solicitation Procedures Order also established the Voting Deadline as the deadline for submitting Ballots and Master Ballots, as applicable. To have votes to accept or reject the Plan counted, every registered Holder of a Claim, or such Holder’s Nominee, must properly execute, complete, and deliver the Ballot or Master Ballot (as applicable) sent to it by (i) first-class mail, (ii) overnight courier, or (iii) personal delivery, in each case so that Prime Clerk **actually receives** the Ballot or Master Ballot (as applicable) no later than the Voting Deadline. Holders of Claims, or their Nominees, should send their Ballots to Prime Clerk on or before the Voting Deadline, as indicated in the chart below. Delivery of a Ballot to Prime Clerk by facsimile, e-mail, or any other electronic means will render the corresponding vote invalid.⁷⁶ If a Holder received a reply envelope addressed to its Nominee, such Holder should allow sufficient time for its Nominee to receive, process and submit its vote on a Master Ballot that must be actually received by Prime Clerk by the Voting Deadline. It is important to follow the specific instructions provided on each Ballot or Master Ballot. Ballots and Master Ballots should be sent to:

DELIVERY OF BALLOTS AND MASTER BALLOTS
CEOC Ballot Processing c/o Prime Clerk LLC
830 3rd Avenue, 3rd Floor
New York, NY 10022

If you received an envelope addressed to your nominee, please allow enough time when you return your Ballot or Master Ballot, as applicable, for your nominee to cast your vote on a Ballot or Master Ballot before the Voting Deadline.

D. Ballots and Master Ballots Not Counted

Except as otherwise provided by the Solicitation Procedures Order, no Ballot or Master Ballot will be counted toward Confirmation if, among other things: (i) it is illegible or contains insufficient information to permit the identification of the Holder of the Claim; (ii) it was transmitted by facsimile, email, or other electronic means; (iii) it was cast by an entity that is not entitled to vote on the Plan; (iv) it was cast for a Claim listed in the Schedules as contingent, unliquidated, or disputed for which the applicable bar date has passed and no proof of claim was timely filed; (v) it was cast for a Claim that is subject to an objection pending as of the Voting Record Date (unless temporarily allowed in accordance with the Solicitation Procedures Order); (vi) it was sent to the Debtors, the Debtors’ agents (other than Prime Clerk), the Debtors’ financial or legal advisors, the Official Committees, or the Official Committees’ advisors; (vii) it is unsigned; (viii) it is not clearly marked to either accept or reject the Plan or

⁷⁶ Notwithstanding the foregoing, Nominees (or their agents) may submit their Master Ballots via electronic mail to ceocballots@primeclerk.com.

it is marked both to accept and reject the Plan; or (ix) it is not received by Prime Clerk before the Voting Deadline. Please refer to the Solicitation Procedures Order for additional requirements with respect to voting to accept or reject the Plan.

IF YOU HAVE ANY QUESTIONS ABOUT THE SOLICITATION OR VOTING PROCESS, PLEASE CONTACT PRIME CLERK TOLL-FREE AT (855) 842-4123 WITHIN THE UNITED STATES OR CANADA OR, OUTSIDE OF THE UNITED STATES OR CANADA, BY CALLING +1 (646) 795-6969 OR E-MAIL CEOCBALLOTS@PRIMECLERK.COM. ANY BALLOT OR MASTER BALLOT RECEIVED AFTER THE VOTING DEADLINE OR OTHERWISE NOT IN COMPLIANCE WITH THE SOLICITATION PROCEDURES ORDER WILL NOT BE COUNTED.

**ARTICLE VII.
FIRST LIEN ~~NOTEHOLDER~~CREDITOR ELECTIONS ~~AND PROCEDURES~~**

Pursuant to the Plan, Holders of [Prepetition Credit Agreement Claims and Secured First Lien Notes Claims](#) have the right to make ~~a number of certain~~ elections (the “First Lien ~~Noteholder~~Creditor Elections”) with respect to the consideration they are to receive under the Plan. The First Lien ~~Noteholder~~Creditor Elections include: (a) the PropCo Preferred Equity Call and Put Rights and (b) the PropCo Equity Election. ~~For purposes of this Article VII, capitalized terms used but not defined herein shall have the meaning ascribed to such terms in the Solicitation Procedures Order.~~ The procedures and instructions for the First Lien ~~Noteholder~~Creditor Elections ~~are will be~~ set forth in the ~~exhibits annexed to the Solicitation Procedures Order~~Plan Supplement and are summarized below.

THIS DISCUSSION OF THE FIRST LIEN NOTEHOLDER PROCEDURES SET FORTH IN THIS DISCLOSURE STATEMENT IS ONLY A SUMMARY. PLEASE REFER TO THE SOLICITATION PROCEDURES ORDER [DOCKET NO. []] FOR A MORE COMPREHENSIVE DESCRIPTION OF THE PROCEDURES AND PROCESSES.

~~A. First Lien Noteholder Elections Overview.~~

~~A. The Plan provides PropCo Preferred Equity Put Election.~~

~~Under Article III.B.5 of the Plan, all Holders of Secured First Lien Notes Claims with will receive, among other things, certain equity election rights. An overview of each of these First Lien Noteholder Elections is provided below. The procedures for exercising each of these First Lien Noteholder Elections follows below and is detailed in Exhibit 5 to the Solicitation Procedures Order.~~

~~B.A. PropCo Equity Election.~~

~~Under Articles III.B.5 and IV.A.2 of the Plan, each Holder of an Allowed Secured First Lien Notes Claim will receive part of its consideration in the form of PropCo First Lien Notes, PropCo Second Lien Notes, and CPLV Mezzanine Debt. Pursuant to these First Lien Noteholder Elections Procedures, however, each Holder of an Allowed Secured First Lien Notes Claim may elect (each, a “PropCo Equity Election”) to receive PropCo Common Equity in lieu of such Holder’s pro rata share of the PropCo First Lien Notes, PropCo Second Lien Notes, and CPLV Mezzanine Debt. The PropCo Equity Election shall reduce the aggregate amount of CPLV Mezzanine Debt (if any), PropCo First Lien Notes, PropCo First Lien Term Loan, and PropCo Second Lien Notes by no more than \$1.25 billion, and it shall also reduce such debt on a Pro Rata basis pursuant to the elections set forth more fully herein. As discussed above, the PropCo Equity Election shall be subject to certain determinations to be made in the Debtors’ sole discretion.~~

~~C.A. — their PropCo Preferred Equity Put Election.~~

~~Under Article III.B.5 of the Plan, each Holder of an Allowed Secured First Lien Notes Claim will receive its pro rata share of the PropCo Preferred Equity Distribution and the PropCo Preferred Equity Upsize Amount (if any). Pursuant to these First Lien Noteholder Creditor Elections Procedures, however, each Holder of an Allowed Secured First Lien Notes Claim may Claims who is not a PropCo Preferred Backstop Investor will be able to elect (each, a “PropCo Preferred Equity Put Right”) to put its all, but not less than all, of such Holder’s remaining Pro Rata share of such the PropCo Preferred Equity Distribution to the PropCo Preferred Backstop Investors, who will, subject to the terms and conditions of the Backstop Commitment Agreement, purchase such PropCo Preferred Equity on the Effective Date of the Plan for Cash at a rate of \$250 million per \$300 million face amount price per share equal to 83.3% of the liquidation value thereof.~~

~~D. — Procedures for Exercising First Lien Noteholder Elections.~~

~~1. — Commencement and Expiration of the Election Rights.~~

~~As part of the First Lien Noteholder Elections Package, Holders of Secured First Lien Notes Claims will receive a form to exercise the First Lien Noteholder Elections (the “First Lien Noteholder Elections Form”), including instructions for proper completion, and a copy of these First Lien Noteholder Elections Procedures.~~

~~The right to exercise the First Lien Noteholder Elections will commence on the day that the First Lien Noteholder Elections Forms are mailed to Holders of Secured First Lien Notes Claims, which date will be the same date that the Debtors commence the solicitation process for the Plan. The right to exercise the First Lien Noteholder Elections will expire at 4:00 p.m. (prevailing Central Time) on [September 16], 2016 (the “First Lien Noteholder Elections Expiration Date”), which date is the same date as the Voting Deadline.~~

~~2. — Exercising the First Lien Noteholder Elections.~~

~~Any Holder electing to exercise the First Lien Noteholder Elections must affirmatively make binding elections by following the instructions of their Nominees and instructing their Nominee to effectuate their applicable elections by electronically delivering their Secured First Lien Notes Claims via the Automated Tender Offer Program (“ATOP”) at The Depository Trust Company (the “DTC”). Solely with respect to the PropCo Equity Election, in addition to electronically delivering their Secured First Lien Notes Claims via ATOP, holders must also execute and return the First Lien Noteholder Elections Form to Prime Clerk so that Prime Clerk actually receives the original executed First Lien Noteholder Elections Form before the First Lien Noteholder Elections Expiration Date in accordance with these First Lien Noteholder Elections Procedures and those additional instructions set forth on the First Lien Noteholder Elections Form. Delivery of a First Lien Noteholder Elections Form to Prime Clerk by facsimile, e-mail, or any other electronic means will not be valid.~~

~~Each Holder may exercise all or any portion of the First Lien Noteholder Elections in accordance with these First Lien Noteholder Elections Procedures and those additional instructions set forth on the First Lien Noteholder Elections Form. If Prime Clerk receives multiple First Lien Noteholder Elections Forms from the same Holder with respect to the same Claims prior to the First Lien Noteholder Elections Expiration Date, the last properly executed First Lien Noteholder Elections Form timely received will be deemed to reflect that Holder’s intent and will supersede and revoke any prior received First Lien Noteholder Elections Form. After the First Lien Noteholder Elections Expiration Date, no First Lien Noteholder Elections Form may be withdrawn or modified without the prior written consent of the Debtors.~~

~~In order to make your First Lien Noteholder Elections, the bank, broker, nominee or other holder (each a “Nominee”) holding your First Lien Notes must “tender” your First Lien Notes for which you have made an election into the election account established at the DTC for that purpose. First Lien Notes may not be withdrawn from the election account after your Nominee has tendered them to the election account at DTC. Once the First Lien Notes have been “tendered,” no further trading of the First Lien Notes held in the election account will be permitted. If you have any questions regarding this process, please contact Prime Clerk at (855) 842-4123 within the United~~

~~States or Canada or, outside of the United States or Canada, by calling +1 (646) 795-6969, or e-mail ceoballots@primeclerk.com.~~

~~The Debtors will make all documents relevant to the First Lien Noteholder Elections, including the First Lien Noteholder Elections Forms, available for free on the Debtors' restructuring website at <https://eases.primeclerk.com/CEOC>, by calling Prime Clerk at (855) 842-4123 within the United States or Canada or, outside of the United States or Canada, by calling +1 (646) 795-6969, or by e-mailing Prime Clerk at ceoballots@primeclerk.com.~~

~~**E. First Lien Noteholder Elections Form Not Timely Received.**~~

~~Any Holder of a Secured First Lien Notes Claim that does not submit a properly completed First Lien Noteholder Elections Form (if required) and, if applicable, provide evidence of its ownership of such Secured First Lien Notes Claim, so that they are actually received by Prime Clerk by the First Lien Noteholder Elections Expiration Date will not be permitted to exercise any First Lien Noteholder Election or receive the Cash contemplated thereunder unless otherwise agreed to by the Debtors.~~

~~**F. Disputes, Defects, and Irregularities.**~~

~~Any disputes concerning the timeliness, viability, form, and eligibility of any exercise of any First Lien Noteholder Elections will be addressed by the Debtors in good faith, and resulting determinations with respect thereto, if any, will be final and binding. If any First Lien Noteholder Elections Form or any escrow deposit of a PropCo Common Equity Commitment Amount contains any defect or irregularity, the Debtors, in their sole discretion (and within such time as the Debtors determine in their sole discretion to be appropriate), may (i) waive or permit such defect or irregularity to be cured or (ii) reject the purported exercise of the applicable First Lien Noteholder Election(s).~~

~~First Lien Noteholder Elections Forms (if required to be returned) will not be deemed properly completed until any defects or irregularities have been waived or cured within such time as the Debtors determine (in their sole discretion) to be appropriate. Except as otherwise set forth in these First Lien Noteholder Elections Procedures, Holders of Secured First Lien Notes Claims that fail to properly exercise their First Lien Noteholder Elections (and, if required, submit their respective First Lien Noteholder Elections Form) will be deemed to have irrevocably relinquished and waived all rights to exercise any First Lien Noteholder Election (and the Debtors reserve the right to pursue any remedy available at law or equity relating to same).~~

~~Although the Debtors may use commercially reasonable efforts to give notice to a Holder of any defect or irregularity in connection with such Holder's purported exercise of a First Lien Noteholder Election before the First Lien Noteholder Elections Expiration Date, none of the Debtors nor any of their respective officers, directors, employees, agents, or advisors, including Prime Clerk, will have any obligation to provide, or will incur any liability for failing to give, any such notice.~~

~~**G. Reservation of Rights.**~~

~~**B. The Debtors reserve the right to extend the First Lien Noteholder Elections Expiration Date, modify these First Lien Noteholder Elections Procedures, or PropCo Equity Election.**~~

~~Under Articles III.B.5 and IV.A.2 of the Plan, each Holder of an Allowed Prepetition Credit Agreement Claim and Secured First Lien Notes Claim will receive part of its consideration in the form of, as applicable, PropCo First Lien Term Loan, PropCo First Lien Notes, PropCo Second Lien Notes, and CPLV Mezzanine Debt. Pursuant to the First Lien Creditor Elections, however, each Holder of an Allowed Prepetition Credit Agreement Claims and Secured First Lien Notes Claim may elect (each, a "PropCo Equity Election") to receive PropCo Common Equity in lieu of all or a portion of such Holder's pro rata share of, as applicable, the PropCo First Lien Term Loan, the PropCo First Lien Notes, PropCo Second Lien Notes, and CPLV Mezzanine Debt. The PropCo Equity Election shall reduce the aggregate amount of CPLV Mezzanine Debt (if any), PropCo First Lien Notes, PropCo First Lien~~

Term Loan, and PropCo Second Lien Notes by no more than \$1.25 billion. To the extent that Holders of Allowed Prepetition Credit Agreement Claims and/or Secured First Lien Notes Claims exercise the PropCo Equity Election such that the aggregate amount of the CPLV Mezzanine Debt (if any), PropCo First Lien Notes, PropCo First Lien Term Loan, and PropCo Second Lien Notes issued pursuant to the Plan would be reduced by more than \$1,250 million, the PropCo Equity Election shall reduce first the CPLV Mezzanine Debt (if any), second the PropCo Second Lien Notes, and third, on a Pro Rata basis, the PropCo First Lien Notes and the PropCo First Lien Term Loan, until the aggregate amount of such debt shall only be reduced by \$1,250 million. A Holder making a PropCo Equity Election will receive \$1 face amount of PropCo Common Equity (at a valuation of \$1,620 million for 100 percent of PropCo Common Equity on a fully diluted basis) for every \$1 of PropCo First Lien Notes, PropCo First Lien Term Loan, PropCo Second Lien Notes, and CPLV Mezzanine Debt (if any) that such Holder would otherwise receive under the Plan. To the extent the PropCo Equity Election is exercised by such Holders and in such amounts that the Debtors determine, in their sole discretion but in consultation with the Consenting First Lien Noteholders and Consenting First Lien Bank Lenders (in accordance with any applicable restructuring support agreements), that the results of the PropCo Equity Election would have negative consequences with respect to the tax treatment of the Spin Structure, the elections with respect to the PropCo Equity Election shall be modified or eliminated to the extent necessary to avoid such negative consequences.

C. Plan Supplement.

The Debtors will document the PropCo Equity Put Right and PropCo Equity Election in consultation with the Consenting First Lien Noteholders and Consenting First Lien Bank Lenders (in accordance with any applicable restructuring support agreements) and include the First Lien Creditor Elections in the Plan Supplement. The Debtors reserve the right to adopt additional detailed procedures if necessary, in the Debtors' business judgment, to more efficiently administer the distribution and exercise of the First Lien ~~Noteholder~~Creditor Elections or comply with applicable law.

~~H. Inquiries and Transmittal of Documents.~~

~~All questions relating to these First Lien Noteholder Elections Procedures, other documents associated with the First Lien Noteholder Elections, or the requirements for participating in the First Lien Noteholder Elections should be directed to Prime Clerk:~~

**~~CEOC Ballot Processing, c/o Prime Clerk LLC
830 Third Avenue, 3rd Floor
New York, New York 10022~~**

**~~Within the United States or Canada: (855) 842-4123
Outside of the United States or Canada: +1 (646) 795-6969~~**

~~ceocballots@primeclerk.com~~

~~Copies of all documents relating to the First Lien Noteholder Elections, including the First Lien Noteholder Elections Forms, are available free of charge on the Debtors' restructuring website at <https://cases.primeclerk.com/CEOC>.~~

**ARTICLE VIII.
CONFIRMATION OF THE PLAN**

The following is a brief summary of the confirmation process. Holders of Claims and Interests are encouraged to review the relevant provisions of the Bankruptcy Code and to consult their own advisors with respect to the summary provided in the Disclosure Statement.

A. Confirmation Hearing

Section 1128(a) of the Bankruptcy Code requires a bankruptcy court, after notice, to conduct a hearing to consider confirmation of a chapter 11 plan. Section 1128(b) provides that any party in interest may object to confirmation of the Plan. The Bankruptcy Court has scheduled the Confirmation Hearing for **[November 7]**, 2016, at **[10:30]** a.m. (prevailing Central Time). The Bankruptcy Court may adjourn the Confirmation Hearing from time to time without further notice. Objections to Confirmation of the Plan must be filed and served on the Debtors, and certain other parties, by no later than ~~August 19~~September 16, 2016, at 4:00 p.m. (prevailing Central Time) in accordance with the notice of the Confirmation Hearing, attached to the Solicitation Procedures Order as **Exhibit 2** and incorporated herein by reference. Unless an objection to the Plan is timely served and filed, it may not be considered by the Bankruptcy Court.

B. Requirements for Confirmation of the Plan

At the Confirmation Hearing, the Bankruptcy Court will determine whether the Plan satisfies the requirements of section 1129 of the Bankruptcy Code. The Debtors believe that the Plan will satisfy all of the statutory requirements of chapter 11 of the Bankruptcy Code and that they have complied or will have complied with all of the requirements of chapter 11 of the Bankruptcy Code. Specifically, the Debtors believe that the Plan will satisfy the applicable confirmation requirements of section 1129 of the Bankruptcy Code, including those set forth below.

- The Plan complies with the applicable provisions of the Bankruptcy Code.
- The Debtors, as the Plan proponents, have complied with the applicable provisions of the Bankruptcy Code.
- The Plan has been proposed in good faith and not by any means forbidden by law.
- Any payment made or to be made under the Plan for services or for costs and expenses in, or in connection with, the Chapter 11 Cases, or in connection with the Plan and incident to the Chapter 11 Cases, has been or will be disclosed to the Bankruptcy Court, and any such payment: (1) made before the confirmation of the Plan is reasonable; or (2) is subject to the approval of the Bankruptcy Court as reasonable, if it is to be fixed after confirmation of the Plan.
- With respect to each Class of Claims, each Holder of an Impaired Claim has accepted the Plan or will receive or retain under the Plan on account of such Claim property of a value as of the Effective Date of the Plan that is not less than the amount that such Holder would receive or retain if the Debtors were liquidated on that date under chapter 7 of the Bankruptcy Code. With respect to each Class of Interests, each Holder of an Impaired Interest has accepted the Plan or will receive or retain under the Plan on account of such Interest property of a value as of the Effective Date of the Plan that is not less than the amount that such Holder would receive or retain if the Debtors were liquidated on that date under chapter 7 of the Bankruptcy Code.
- Each Class of Claims or Interests that is entitled to vote on the Plan has either accepted the Plan or is not Impaired under the Plan, or the Plan can be confirmed without the approval of such voting Class of Claims or Interests pursuant to section 1129(b) of the Bankruptcy Code.
- Except to the extent that the Holder of a particular Claim will agree to a different treatment of its Claim, the Plan provides that: (1) Holders of Claims specified in sections 507(a)(2) and 507(a)(3) will receive, under different circumstances, Cash equal to the amount of such Claim either on the Effective Date (or as soon as practicable thereafter), no later than 30 days after the Claim becomes Allowed, or pursuant to the terms and conditions of the transaction giving rise to the Claim; (2) Holders of Claims specified in sections 507(a)(1), 507(a)(4), 507(a)(5), 507(a)(6), or 507(a)(7) of the Bankruptcy Code will receive on account of such Claims Cash equal to the Allowed amount of such Claim on the

Effective Date of the Plan (or as soon thereafter as is reasonably practicable) or Cash payable over no more than six months after the Petition Date; and (3) Holders of Claims specified in section 507(a)(8) of the Bankruptcy Code will receive on account of such Claim regular installment payments of Cash of a total value, as of the Effective Date of the Plan, equal to the Allowed amount of such Claim over a period ending not later than five years after the Petition Date.

- At least one Class of Impaired Claims has accepted the Plan, determined without including any acceptance of the Plan by any “insider,” as that term is defined by section 101(31) of the Bankruptcy Code, holding a Claim in that Class.
- Confirmation of the Plan is not likely to be followed by the liquidation or the need for further financial reorganization of the Debtors or any successors thereto under the Plan, unless the Plan contemplates such liquidation or reorganization.
- The Debtors have paid or the Plan provides for the payment of the required filing fees pursuant to 28 U.S.C. § 1930 to the clerk of the Bankruptcy Court.

1. The Debtor Release, Third-Party Release, Exculpation, and Injunction Provisions

Article VIII.B of the Plan provides for releases of certain claims and Causes of Action the Debtors may hold against the Released Parties. The Released Parties are: (a) each Debtor; (b) the Consenting First Lien Noteholders; (c) the Consenting First Lien Bank Lenders; (d) the Prepetition Credit Agreement Agent; (e) the First Lien Notes Indenture Trustee; (f) the DTC; (g) with respect to each of the foregoing identified in subsections (a) through (g) herein, each of such Entities’ respective direct and indirect sponsors, shareholders, affiliates, subsidiaries, officers, directors, employees, managers, agents, attorneys, investment bankers, professionals, advisors, and representatives, each in their capacities as such; and (g) the CEC Released Parties; provided, that, in no event shall a Non-Released Party be a Released Party. The Non-Released Parties (if any) will be identified on the Non-Released Parties Schedule from time to time to be filed as part of the Plan Supplement.

Article VIII.C of the Plan provides for releases of certain claims and Causes of Action against the Released Parties in exchange for the good and valuable consideration and the valuable compromises made by the Released Parties (the “Third-Party Release”). The Holders of Claims and Interests who are releasing certain claims and Causes of Action against non-Debtors under the Third-Party Release include: (a) the Debtors; (b) the CEC Released Parties; (c) the Consenting First Lien Noteholders; (d) the Consenting First Lien Bank Lenders; and (e) all other Persons or Entities holding Claims against, or Interests in, the Debtors. Various third parties, including certain of the parties to the Parent Guarantee Litigation, have informed the Debtors that they object to the release of their third-party direct claims against CEC.

Article VIII.D of the Plan provides for the exculpation of each Exculpated Party for certain acts or omissions taken in connection with the Chapter 11 Cases. Each of the Released Parties is an Exculpated Party. The released and exculpated claims are limited to those claims or Causes of Action that may have arisen in connection with, related to, or arising out of the Plan, this Disclosure Statement, or the Chapter 11 Cases.

Article VIII.E of the Plan permanently enjoins Entities who have held, hold, or may hold claims, interests, or Liens that have been discharged or released pursuant to the Plan or are subject to exculpation pursuant to the Plan from asserting such claims, interests, or Liens against each Debtor, the Reorganized Debtors, and the Released Parties.

Under applicable law, a debtor release of the Released Parties will be analyzed under the rules governing a settlement made pursuant to Bankruptcy Rule 9019(a). *See In re Envirodyne Indus., Inc.*, No. 93 B 310, 1993 WL 566565, at *31 (Bankr. N.D. Ill. Dec. 20, 1993) (“Though the Intended Release is not a settlement under Rule 9019(a) of the Fed.R.Bankr.P., the rules governing the approval of a settlement are instructive and helpful to the court in determining whether the Intended Release should be approved as part of the Plan.”). Courts reviewing such settlements must determine whether the settlement in question is in the best interests of the estate after

comparing, among other things, the terms of the settlement with the probable costs, benefits, degree of success, complexity, and inconvenience of a litigious alternative. *Id.*

Further, a chapter 11 plan may provide for a release of third party claims against non-debtors, such as the Third-Party Release. This includes where such third-party releases are consensual. See *In re Specialty Equip. Cos.*, 3 F.3d 1043, 1046 (7th Cir. 1993) (approving third-party release where “each creditor could choose to grant, or not to grant, the release irrespective of the vote of the class of creditors or interest holders of which he or she is a member”); *In re Conseco, Inc.*, 301 B.R. 525, 528 (Bankr. N.D. Ill. 2003) (approving release by “those creditors who agreed to be bound, either by voting for the Plan or by choosing not to opt out of the release”). In addition, nonconsensual releases of third party claims against non-debtors are also permissible under certain circumstances. See *In re Airadigm Commc'ns, Inc.*, 519 F.3d 640, 657 (7th Cir. 2008) (approving nonconsensual release required by financing source where financing “was itself essential to the reorganization,” release was of claims in connection with restructuring, release had willful misconduct carveout, and the release is “appropriate and not inconsistent with any provision of the bankruptcy code.”); *In re Ingersoll, Inc.*, 562 F.3d 856, 863–65 (7th Cir. 2009) (affirming nonconsensual release of third party litigation by non-creditor against non-debtor where “it was central to the negotiation and ultimate success of the plan,” narrowly-tailored, and supported by “good and valuable consideration [that] will enable unsecured creditors to realize distribution in this case”); *Hotel 71 Mezz Lender LLC v. Nat'l Ret. Fund*, No. 13 C 03306, at *25–29 (N.D. Ill. Aug. 21, 2015) (finding that the nonconsensual third-party release of withdrawal liability under ERISA was “narrowly tailored” because it was limited to claims arising in connection with the restructuring, was not a blanket immunity, and was “essential” to providing any meaningful recovery for general creditors). [The Court of Appeals for the Seventh Circuit in *Ingersoll* echoed the sentiments in *In re Metromedia Fiber Network, Inc.*, 416 F.3d 136 \(2d Cir. 2005\), that although courts have the authority in limited cases to approve third party nonconsensual releases, courts should exercise caution. The Court warned that “\[A\] nondebtor release should only be approved in rare cases . . . because it is a device that lends itself to abuse. This is especially true when the release provides blanket immunity: ‘in form, it is a release; in effect, it may operate as a bankruptcy discharge arranged without a filing and without the safeguards of the Code’” *Ingersoll*, 562 F.3d at 864 \(citing *Metromedia*, 416 F.3d at 141\).](#) The Debtors expect to meet their burden on approval of the Third-Party Release under the standard set forth in *Airadigm*, *Intersoll*, and their progeny, and will address this issue further in their briefing in support of, and at the hearing(s) on, confirmation of the Plan.

Frederick Barton Danner, the plaintiff in the Danner SDNY Action, has informed the Debtors that, as of the date of this Disclosure Statement, he objects to the nonconsensual release of his claims against CEC, including the claims asserted against CEC in the Danner SDNY Action. Mr. Danner asserts that the Third-Party Releases provided in the Plan are not permitted under applicable law. The Debtors expect that certain other creditors, including certain other plaintiffs in the Parent Guarantee Litigation, will take similar positions.

Courts evaluate the appropriateness of exculpation provisions based upon a number of factors, including whether the plan was proposed in good faith, whether liability is limited, and whether the exculpation provision was necessary for plan negotiations. See *Captran Creditors' Trust v. McConnell (In re Captran Creditors' Trust)*, 128 B.R. 469, 476 (M.D. Fla. 1991) (noting that the factors used to evaluate the language of an exculpation provision “include, but are not limited to: how the exculpatory clause limits liability, intent of the parties, and the manner in which the exculpatory clause was made a part of the agreement”); *In re Berwick Black Cattle Co.*, 394 B.R. 448, 459 (Bankr. C.D. Ill. 2008) (“As one court has explained, the now customary exculpation for acts and omissions in connection with the plan and the bankruptcy case requires, in effect, that any claims in connection with the case be raised in the case and not saved for future litigation.”).

Finally, an injunction is appropriate where it is necessary to the reorganization and fair pursuant to section 105(a) of the Bankruptcy Code. See, e.g., *In re Oaks*, 2012 WL 5717940, at *9 (Bankr. N.D. Ill. Nov. 15, 2012) (approving injunction provision that was essential to the plan of reorganization).

[The staff of the Securities & Exchange Commission questions the applicability and enforceability of Plan provisions which purport to provide, among other things, broad, general, non-consensual releases of non-debtor third-parties and the staff may recommend that the Commission object to the confirmation of the debtors' plan of reorganization.](#)

The Second Priority Noteholders Committee has asked the Debtors to include the following statement and chart regarding their views of the Plan’s release provisions:

In addition to CEC itself, the parties to be released under the plan include CEC affiliate Caesars Acquisition Company (“CAC”), each of the “Sponsors” (defined as Apollo Global Management, LLC; Apollo Management VI, L.P.; Apollo Alternative Assets, L.P.; Apollo Hamlet Holdings, LLC; Apollo Hamlet Holdings B, LLC; and Apollo Investment Fund VI, L.P.; TPG Capital, L.P.; TPG Global, LLC; TPG Capital Management, L.P.; TPG Hamlet Holdings, LLC; TPG Hamlet Holdings B, LLC; (c) Hamlet Holdings LLC; Con-Invest Hamlet Holdings, Series LLC; and Co-Invest Hamlet Holdings B, LLC), and all of their “respective direct and indirect current and former shareholders, affiliates (other than the Debtors), subsidiaries (other than the Debtors and their direct and indirect subsidiaries), partners (including general partners and limited partners), investors, managing members, officers, directors, principals, employees, managers, controlling persons, agents, attorneys, other professionals, advisors, and representatives, and each and all of their respective heirs, successors, and legal representatives, each in their capacities as such.”

None of these entities and individuals is contributing anything to the bankruptcy estate in exchange for their release. The Examiner, however, concluded that many of the entities and individuals who would be immunized under the Plan potentially are liable to the estate in respect of billions of dollars of claims and causes of action. This table summarizes the Examiner’s conclusions in this regard:

<u>Released Entity</u>	<u>Nature of Claims</u>	<u>Examiner Range of Claim Values</u>	<u>Examiner Range of Claim Merits</u>	<u>Contribution for Release</u>
<u>Apollo entities</u>	<u>Aiding and abetting breach of fiduciary duty</u>	<u>\$3.210 billion to \$4.742 billion⁷⁷</u>	<u>Strong to reasonable (except claim regarding 2009 WSOP determined to be reasonable but for statute of limitations, claim for multiple degradation determined to be weak, and claim for intercompany transfers determined to be reasonable/plausible)</u>	<u>\$0</u>
<u>TPG entities</u>	<u>Aiding and abetting breach of fiduciary duty</u>	<u>\$2.443 billion to \$3.975 billion</u>	<u>Reasonable (except claim regarding 2009 WSOP determined to be reasonable but for statute of limitations, claim for multiple degradation determined to be weak, claim for intercompany transfers determined to be reasonable/plausible, and claim for CERP transaction determined to be weak as against TPG)</u>	<u>\$0</u>

⁷⁷ This excludes a claim for the value of CIE which the Examiner found to be weak/plausible; the Noteholder Committee estimates that potential claim to equal about \$2.3 billion

<u>Released Entity</u>	<u>Nature of Claims</u>	<u>Examiner Range of Claim Values</u>	<u>Examiner Range of Claim Merits</u>	<u>Contribution for Release</u>
David Sambur	Aiding and abetting breach of fiduciary duty	\$2.882 billion to \$4.003 billion	Strong to reasonable (except aiding and abetting claim for multiple degradation determined to be weak)	\$0
Marc Rowan	Aiding and abetting breach of fiduciary duty	\$1.787 billion to \$2.809 billion	Reasonable (except aiding and abetting claim for multiple degradation determined to be weak)	\$0
CEOC Directors	Breach of fiduciary duty	\$3.489 billion to \$4.993 billion⁷⁸	Strong to reasonable (except 2009 WSOP claim determined to be reasonable but for statute of limitations)	\$0
Caesars Entertainment Resort Properties, LLC	Actual and constructive fraudulent transfer	\$735 million to \$1.337 billion	Strong (except easement claim determined to be plausible)	\$0
Caesars Growth Partners LLC	Actual and constructive fraudulent transfer	\$1.590 billion to \$2.153 billion	Strong (except B-7 claim determined to be reasonable)	\$0
Caesars Interactive Entertainment	Actual and constructive fraudulent transfer	\$117 million to \$132 million⁷⁹	Strong (except actual fraudulent transfer claims found to be weak)	\$0
Other Defendants On Claims Not Valued By The Examiner (e.g., Chatham Asset Mgt., Paul Weiss, Friedman Kaplan)	Actual fraudulent transfer; Disgorgement	Not quantified	Plausible (as to B-7 claim against Chatham); Claims for disgorgement not considered	\$0

⁷⁸ [This excludes a claim for the value of CIE which the Examiner found to be weak/plausible; the Noteholder Committee estimates that potential claim to equal about \\$2.3 billion](#)

⁷⁹ [This excludes a claim for the value of CIE which the Examiner found to be weak/plausible; the Noteholder Committee estimates that potential claim to equal about \\$2.3 billion](#)

2. Best Interests of Creditors/Liquidation Analysis

Often called the “best interests” test, section 1129(a)(7) of the Bankruptcy Code requires that a bankruptcy court find as a condition to confirmation, that a chapter 11 plan provides, with respect to each class, that each holder of a claim or an equity interest in the class either (i) has accepted the plan or (ii) will receive or retain under the plan property of a value that is not less than the amount that the holder would receive or retain if the debtors liquidated under chapter 7.

If no plan can be Confirmed, the Debtors’ Chapter 11 Cases may be converted to cases under chapter 7 of the Bankruptcy Code, pursuant to which a trustee would be elected or appointed to liquidate the assets of the Debtors for distribution in accordance with the priorities established by the Bankruptcy Code. A discussion of the effects that a chapter 7 liquidation would have on the recoveries of Holders of Claims and the Debtors’ Liquidation Analysis is described herein and attached hereto as **Exhibit D**. The Debtors prepared the Liquidation Analysis on a non-consolidated basis for each of the 173 Debtor entities, and it presents a reasonable good-faith estimate of the proceeds that would be available for distribution at each Debtor entity if the Debtors were liquidated in accordance with chapter 7 of the Bankruptcy Code. Based on this analysis, the Debtors have developed the Plan to ensure that Holders of Claims and Interests receive value under the Plan that is not less than the amount such Holders would receive in a chapter 7 liquidation.

In particular, the Debtors separately classified unsecured claims at certain of the Debtor entities, including the Non-Obligor Debtors, the Par Recovery Debtors, Winnick Holdings, LLC, Caesars Riverboat Casino, LLC, and Chester Downs Management Company, LLC, because based upon the Liquidation Analysis, Holders of unsecured claims at such Debtors are entitled to greater recoveries than Holders of Non-First Lien Claims to satisfy the “best interests” test. With respect to Holders of unsecured claims at the Non-Obligor Debtors, because the Non-Obligor Debtors did not pledge their assets in support of the Debtors’ funded debt obligations and have no funded debt obligations of their own, such Holders are expected to improved recoveries as opposed to creditors at other Debtors in a hypothetical liquidation and, therefore, are entitled to enhanced recoveries. Similarly, Holders of unsecured claims at the Par Recovery Debtors, Winnick Holdings, LLC, Caesars Riverboat Casino, LLC, and Chester Downs Management Company, LLC are generally entitled to enhanced recoveries because such Debtor entities could potentially hold significant unencumbered assets (such as avoidance action claims on account of the Challenged Transactions).

3. Impairment

The Debtors believe that Classes D, E, F, G, H, I, J, K, L, M, O, P, Q, and R are Impaired under applicable law because the Plan proposes to alter the asserted legal, equitable, and contractual rights that Holders of the Claims and Interests in such Classes assert against the Debtors.⁸⁰ See *In re Woodbrook Associates*, 19 F.3d 312, 321 n.10 (7th Cir. 1994) (A class is impaired if there is ‘any alteration of a creditor’s rights, no matter how minor.’) (quoting *In re Windsor on the River Assocs., Ltd.*, 7 F.3d 127, 130 (8th Cir.1993)). The Debtors will be prepared to meet their burden to establish the basis for the Impaired treatment of the Holders of such Claims as part of Confirmation of the Plan.

4. Valuation

The Debtors’ investment banker, Millstein & Co., L.P., has prepared an independent valuation analysis, which is attached to this Disclosure Statement as **Exhibit F** and incorporated into this Disclosure Statement by reference (the “Valuation Analysis”). The Valuation Analysis should be considered in conjunction with the Risk Factors discussed in Article IX of this Disclosure Statement. The Valuation Analysis is based on data and

⁸⁰ A class of claims is “impaired” within the meaning of section 1124 of the Bankruptcy Code unless the plan (a) leaves unaltered the legal, equitable and contractual rights to which the claim or equity interest entitles the holder of such claim or equity interest or (b) cures any default, reinstates the original terms of such obligation, compensates the holder for certain damages or losses, as applicable, and does not otherwise alter the legal, equitable or contractual rights to which such claim or equity interest entitles the holder of such claim or equity interest.

information as of May 17, 2016. The Holders of Claims and Interests should carefully review the information in **Exhibit F** in its entirety.

5. Feasibility

Section 1129(a)(11) of the Bankruptcy Code requires that confirmation of a plan of reorganization is not likely to be followed by the liquidation, or the need for further financial reorganization of the debtor, or any successor to the debtor (unless such liquidation or reorganization is proposed in the plan of reorganization). To determine whether the Plan meets this feasibility requirement, the Debtors have analyzed their ability to meet their respective obligations under the Plan. As part of this analysis, the Debtors have prepared certain Financial Projections, which projections and the assumptions upon which they are based are attached hereto as **Exhibit E**. These Financial Projections relate to the expected performance of OpCo, PropCo, and CPLV under the Plan. Based on these Financial Projections and the fact that the Debtors will have sufficient funds upon Confirmation to make all payments required under the Plan, the Debtors believe that the deleveraging contemplated by the Plan meets the feasibility requirement of section 1129(a)(11) of the Bankruptcy Code.

C. Acceptance by Impaired Classes

The Bankruptcy Code requires, as a condition to confirmation, that, except as described in the following section, each class of claims or interests that is impaired under a plan, accept the plan. A class that is not impaired under a plan is presumed to have accepted the plan and, therefore, solicitation of acceptances with respect to such class is not required. Pursuant to section 1124 of the Bankruptcy Code, a class is impaired unless the plan: (1) leaves unaltered the legal, equitable, and contractual rights to which the claim or the equity interest entitles the holder of such claim or equity interest; (2) cures any default, reinstates the original terms of such obligation, and compensates the applicable party in question; or (3) provides that, on the consummation date, the holder of such claim or equity interest receives cash equal to the allowed amount of that claim or, with respect to any equity interest, any fixed liquidation preference to which the holder of such equity interest is entitled to any fixed price at which the debtor may redeem the security.

Section 1126(c) of the Bankruptcy Code defines acceptance of a plan by a class of impaired creditors as acceptance by holders of at least two-thirds in dollar amount and more than one-half in number of claims in that class, but for that purpose counts only those who actually vote to accept or to reject a plan. Thus, a Class of creditor Claims will have voted to accept the Plan only if two-thirds in amount and more than one-half in number actually voting cast their ballots in favor of acceptance, subject to Article III of the Plan.

Section 1126(d) of the Bankruptcy Code defines acceptance of a plan by a class of impaired interests as acceptance by holders of at least two-thirds in dollar amount of those interests who actually vote to accept or to reject a plan. Votes that have been “designated” under section 1126(e) of the Bankruptcy Code are not included in the calculation of acceptance by a class of interests. Thus, a Class of Interests will have voted to accept the Plan only if two-thirds in amount actually voting cast their ballots in favor of acceptance, not counting designated votes, subject to Article III of the Plan.

Article III.E of the Plan provides in full: “If a Class for any Debtor contains Claims or Interests eligible to vote and no Holders of Claims or Interests eligible to vote in such Class vote to accept or reject the Plan, the Plan shall be presumed accepted by the Holders of such Claims or Interests in such Class with respect to such Debtor.” Such “deemed acceptance” by an impaired class in which no class members submit ballots satisfies section 1129(a)(10) of the Bankruptcy Code. *In re Tribune Co.*, 464 B.R. 126, 183 (Bankr. D. Del. 2011) (“Would ‘deemed acceptance’ by a non-voting impaired class, in the absence of objection, constitute the necessary ‘consent’ to a proposed ‘per plan’ scheme? I conclude that it may.” (footnote omitted)); *see In re Adelpia Commc’ns Corp.*, 368 B.R. 140, 259–63 (Bankr. S.D.N.Y. 2007).

D. Confirmation without Acceptance by All Impaired Classes

Section 1129(b) of the Bankruptcy Code allows a bankruptcy court to confirm a plan even if all impaired classes have not accepted it; provided, however, that the plan has been accepted by at least one impaired class. Pursuant to section 1129(b) of the Bankruptcy Code, notwithstanding an impaired class's rejection or deemed rejection of the plan, the plan will be confirmed, at the plan proponent's request, in a procedure commonly known as a "cramdown" so long as the plan does not "discriminate unfairly" and is "fair and equitable" with respect to each class of claims or equity interests that is impaired under, and has not accepted, the plan.

If any Impaired Class rejects the Plan, the Debtors reserve the right to seek to confirm the Plan utilizing the "cramdown" provision of section 1129(b) of the Bankruptcy Code. To the extent that any Impaired Class rejects the Plan or is deemed to have rejected the Plan, the Debtors will request Confirmation of the Plan, as it may be modified from time to time, under section 1129(b) of the Bankruptcy Code.

1. No Unfair Discrimination

The "unfair discrimination" test applies to classes of claims or interests that are of equal priority and are receiving different treatment under a plan. The test does not require that the treatment be the same or equivalent, but that treatment be "fair." In general, bankruptcy courts consider whether a plan discriminates unfairly in its treatment of classes of claims of equal rank (*e.g.*, classes of the same legal character). Bankruptcy courts will take into account a number of factors in determining whether a plan discriminates unfairly. A plan could treat two classes of unsecured creditors differently without unfairly discriminating against either class.

2. Fair and Equitable Test

The "fair and equitable" test applies to classes of different priority and status (*e.g.*, secured versus unsecured) and includes the general requirement that no class of claims receive more than 100 percent of the amount of the allowed claims in the class. As to the dissenting class, the test sets different standards depending upon the type of claims or equity interests in the class.

The Debtors submit that if the Debtors "cramdown" the Plan pursuant to section 1129(b) of the Bankruptcy Code, the Plan will be structured so that it does not "discriminate unfairly" and satisfies the "fair and equitable" requirement. With respect to the unfair discrimination requirement, all Classes under the Plan are provided treatment that is substantially equivalent to the treatment that is provided to other Classes that have equal rank. The Debtors believe that the Plan and the treatment of all Classes of Claims and Interests under the Plan satisfy the foregoing requirements for nonconsensual Confirmation of the Plan.

(a) Secured Claims.

The condition that a plan be "fair and equitable" to a non-accepting class of secured claims may be satisfied, among other things, if a debtor demonstrates that: (i) the holders of such secured claims retain the liens securing such claims to the extent of the allowed amount of the claims, whether the property subject to the liens is retained by the debtor or transferred to another entity under the plan; and (ii) each holder of a secured claim in the class receives deferred cash payments totaling at least the allowed amount of such claim with a present value, as of the effective date of the plan, at least equivalent to the value of the secured claimant's interest in the debtor's property subject to the liens.

(b) Unsecured Claims.

The condition that a plan be "fair and equitable" to a non-accepting class of unsecured claims includes the requirement that either: (i) the plan provides that each holder of a claim of such class receive or retain on account of such claim property of a value, as of the effective date of the plan, equal to the allowed amount of such claim; or (ii) the holder of any claim or any interest that is junior to the claims of such class will not receive or retain under the plan on account of such junior claim or junior interest any property.

(c) **Interests.**

The condition that a plan be “fair and equitable” to a non-accepting class of interests includes the requirements that either: (i) the plan provides that each holder of an interest in that class receives or retains under the plan on account of that interest property of a value, as of the effective date of the plan, equal to the greater of: (1) the allowed amount of any fixed liquidation preference to which such holder is entitled; (2) any fixed redemption price to which such holder is entitled; (ii) the value of such interest; or (iii) if the class does not receive the amount as required under (i) no class of interests junior to the non-accepting class may receive a distribution under the plan.

**ARTICLE IX.
RISK FACTORS**

Holders of Claims and Interests should read and carefully consider the risk factors set forth below before voting to accept or reject the Plan. Although there are many risk factors discussed below, these factors should not be regarded as constituting the only risks present in connection with the Debtors’ businesses or the Plan and its implementation.

A. Certain Bankruptcy Law Considerations

The occurrence or non-occurrence of any or all of the following contingencies, and any others, could affect distributions available to Holders of Allowed Claims under the Plan but will not necessarily affect the validity of the vote of the Impaired Classes to accept or reject the Plan or necessarily require a re-solicitation of the votes of Holders of Claims in such Impaired Classes. If the Plan is not consummated, any settlement, compromise, or release embodied in the Plan (including the fixing or limiting to an amount certain any Claim or Class of Claims), the assumption or rejection of executory contracts or unexpired leases affected by the Plan, and any document or agreement executed pursuant to the Plan, shall be null and void.

1. Parties in Interest May Object to the Plan’s Classification of Claims and Interests

Section 1122 of the Bankruptcy Code provides that a plan may place a claim or an equity interest in a particular class only if such claim or equity interest is substantially similar to the other claims or equity interests in such class. The Debtors believe that the classification of the Claims and Interests under the Plan complies with the requirements set forth in the Bankruptcy Code because the Debtors created Classes of Claims and Interests, each encompassing Claims and Interests that are substantially similar to the other Claims and Interests in each such Class. Nevertheless, there can be no assurance that the Bankruptcy Court will reach the same conclusion.

2. Failure to Satisfy Vote Requirements

If votes are received in number and amount sufficient to enable the Bankruptcy Court to confirm the Plan, the Debtors intend to seek, as promptly as practicable thereafter, Confirmation of the Plan. In the event that sufficient votes are not received, the Debtors may seek to confirm an alternative chapter 11 plan. There can be no assurance that the terms of any such alternative chapter 11 plan would be similar or as favorable to the Holders of Allowed Claims as those proposed in the Plan.

3. The Debtors May Not Be Able to Secure Confirmation of the Plan

Section 1129 of the Bankruptcy Code sets forth the requirements for confirmation of a chapter 11 plan, and requires, among other things, a finding by the Bankruptcy Court that: (a) such plan “does not unfairly discriminate” and is “fair and equitable” with respect to any non-accepting classes; (b) confirmation of such plan is not likely to be followed by a liquidation or a need for further financial reorganization unless such liquidation or reorganization is contemplated by the plan; and (c) the value of distributions to non-accepting holders of claims and equity interests within a particular class under such plan will not be less than the value of distributions such holders would receive if the debtors were liquidated under chapter 7 of the Bankruptcy Code.

There can be no assurance that the requisite acceptances to confirm the Plan will be received. Even if the requisite acceptances are received, there can be no assurance that the Bankruptcy Court will confirm the Plan. A non-accepting Holder of an Allowed Claim or an Allowed Interest might challenge either the adequacy of this Disclosure Statement or whether the balloting procedures and voting results satisfy the requirements of the Bankruptcy Code or Bankruptcy Rules. Even if the Bankruptcy Court determined that this Disclosure Statement, the balloting procedures and voting results were appropriate, the Bankruptcy Court could still decline to confirm the Plan if it found that any of the statutory requirements for Confirmation had not been met. If the Plan is not confirmed, it is unclear what distributions, if any, Holders of Allowed Claims and Allowed Interests would receive with respect to their Allowed Claims and Allowed Interests.

The Debtors, subject to the terms and conditions of the Plan, reserve the right to modify the terms and conditions of the Plan as necessary for Confirmation. Any such modifications could result in a less favorable treatment of any Class than the treatment currently provided in the Plan. Such less favorable treatment could include a distribution of property to the Class affected by the modification of a lesser value than currently provided in the Plan or no distribution of property whatsoever under the Plan. Changes to the Plan may also delay the confirmation of the Plan and the Debtors' emergence from bankruptcy.

4. Nonconsensual Confirmation

In the event that any impaired class of claims or interests does not accept a chapter 11 plan, a bankruptcy court may nevertheless confirm a plan at the proponents' request if at least one impaired class has accepted the plan (with such acceptance being determined without including the vote of any "insider" in such class), and, as to each impaired class that has not accepted the plan, the bankruptcy court determines that the plan "does not discriminate unfairly" and is "fair and equitable" with respect to the dissenting impaired classes. The Debtors believe that the Plan satisfies these requirements, and the Debtors may request such nonconsensual Confirmation in accordance with subsection 1129(b) of the Bankruptcy Code. Nevertheless, there can be no assurance that the Bankruptcy Court will reach this conclusion. In addition, the pursuit of nonconsensual Confirmation of the Plan may result in, among other things, increased expenses and the expiration of any commitment to provide support for the Plan, financially or otherwise.

5. The Debtors May Object to the Amount or Classification of a Claim

Except as otherwise provided in the Plan, the Debtors reserve the right to object to the amount or classification of any Claim under the Plan. The estimates set forth in this Disclosure Statement cannot be relied upon by any Holder of a Claim where such Claim is or may be subject to an objection. Any Holder of a Claim that is or may be subject to an objection thus may not receive its expected share of the estimated distributions described in this Disclosure Statement.

6. Risk of Non-Occurrence of the Effective Date

The Debtors can provide no assurance as to the timing or as to whether the Effective Date will, in fact, occur. The occurrence of the Effective Date is subject to certain conditions precedent as described in Article IX of the Plan, including, among others, those relating to consummation of the Plan, as well as the receipt of certain regulatory approvals. Failure to meet any of these conditions could result in the Plan not being consummated or the Confirmation Order being vacated.

7. Contingencies Could Affect Votes of Impaired Classes to Accept or Reject the Plan

The distributions available to Holders of Allowed Claims under the Plan can be affected by a variety of contingencies, including, without limitation, whether the Bankruptcy Court orders certain Allowed Claims and Allowed Interests to be subordinated to other Allowed Claims and Allowed Interests. The occurrence of any and all such contingencies, which could affect distributions available to Holders of Allowed Claims and Allowed Interests under the Plan, will not affect the validity of the vote taken by the Impaired Classes to accept or reject the Plan or require any sort of revote by the Impaired Classes.

8. The Actual Amount of Allowed Claims May Differ From the Estimated Claims and Adversely Affect the Percentage Recovery of Claims

The estimated Claims and creditor recoveries set forth in this Disclosure Statement are based on various assumptions, and the actual Allowed amounts of Claims may significantly differ from the estimates. Should one or more of the underlying assumptions ultimately prove to be incorrect, the actual Allowed amounts of Claims may vary from the estimated Claims contained in this Disclosure Statement. Moreover, the Debtors cannot determine with any certainty at this time, the number or amount of Claims that will ultimately be Allowed. Such differences may materially and adversely affect, among other things, the percentage recoveries to Holders of Allowed Claims under the Plan.

9. Release, Injunction, and Exculpation Provisions May Not Be Approved

Article XV of the Plan provides for certain releases, injunctions, and exculpations. All of the releases, injunctions, and exculpations provided in the Plan are subject to objection by parties in interest and may not be approved. If they are not approved, the Plan likely cannot be confirmed and likely cannot go effective.

10. Certain Liabilities May Not Be Fully Extinguished as a Result of the Confirmation of the Plan

Although a significant amount of the Debtors' current liabilities will be discharged pursuant to the Plan upon emergence from the Chapter 11 Cases, a number of obligations may remain in effect following the Effective Date. Various agreements and liabilities may remain in place, such as potential employee benefit and pension obligations, potential environmental liabilities related to sites in operation or formerly operated by CEOC, and other contracts or leases that, even if modified during the Chapter 11 Cases, may still subject the Debtors to substantial obligations and liabilities.

11. If the Parent Guarantee Litigation Results in an Adverse Outcome for CEC, CEC May No Longer Be Able to Provide Contributions Under the Plan.

If a court finds that CEC's guarantee of CEOC's secured and unsecured notes was never properly released, there is a material likelihood that CEC will have to seek its own bankruptcy protection. CEC's filing for bankruptcy protection on account of the massive liabilities imposed by an adverse ruling in the Parent Guarantee Litigation would cause material disruption and indefinite delay to the Chapter 11 Cases, render it impossible to effectuate the Plan without substantial and material modifications thereto, jeopardize the status of CEC's contributions under the Plan, and raise uncertainty regarding whether and how the Debtors will be able to reorganize their businesses.

12. New CEC May Not Be Able to Consummate any New CEC Capital Raises or Raise Cash Through any Other Avenue.

New CEC is providing substantial Cash to the Debtors pursuant to the Plan. New CEC's failure to consummate any New CEC Capital Raises or to otherwise obtain sufficient sources of Cash may result in the inability of New CEC to meet its obligations under the Plan, which could threaten the ability of the Debtors to consummate the Plan. The New CEC Capital Raise is not a requirement of the Plan and it is not backstopped by any party.

B. Risk Factor Regarding the NRF Claim

The Plan is premised on the consensual resolution by the Debtors, CEC, and the NRF of the NRF Claim and the NRF Disputes. If the NRF Disputes are not resolved and each of the Debtors is jointly and severally liable for the NRF Claim, recoveries to creditors under the Plan could be materially reduced and the Plan may not become effective. *See* Article IX.A.35 of the Plan.

C. Risk Factor Regarding the Proposed Merger Between CEC and CAC

On December 22, 2014, CEC entered into a merger agreement with CAC, which Merger will provide CEC with access to cash and credit necessary to fund its obligations to the Debtors as contemplated by the Plan. Specifically, the ability of CEC to provide ongoing credit support to the Debtors, such as the guarantee of OpCo's operating lease obligations pursuant to the Management Lease and Support Agreement, as required by the Plan is predicated upon CEC's ability to successfully close the Merger with CAC. If CEC is unable to complete the Merger for any reason, including on account of an adverse ruling in the Merger Class Action, there is material risk that CEC will not be able to meet its funding obligations under the Plan and consummation of the Plan could be indefinitely delayed or made impossible as a result.

D. Second Priority Noteholders Committee Risk Factor Regarding the CEC Considerations

The Second Priority Noteholders Committee has requested that the Debtors include the following as an additional risk factor with regard to the Plan:

CEC is under no obligation to make the contribution on which the Plan is premised. It can walk away from its commitment at any time, without consequence or repercussion. CEC or its affiliate, CAC, also can call off their merger, which is a precondition to CEC's payments under the Plan, at any time. As a result, the Debtors' ability to consummate the Plan depends, in part, on entities and individuals whom the Examiner found to have breached their fiduciary duties (and aided and abetted others in their breaches) to the Debtors.

The Debtors disagree with the Second Priority Noteholders Committee's assessment of CEC's support of the Plan. At this point, CEC's support of the Plan is documented in several places, including the restructuring support agreements described above in Article IV.J. The Debtors also are endeavoring to memorialize CEC's and its affiliates' requirements to support the Plan and further document CEC and its affiliates' contributions under the Plan through a restructuring support and contribution agreement.

E. Risk Factors and Considerations Regarding the Companies'⁸¹ Businesses and Operations

1. Undue Delay May Significantly Disrupt the Companies' Businesses and Operations

Although the Plan is designed to minimize the length of the Chapter 11 Cases, it is not possible to predict the amount of time the Companies may spend in such proceedings or to provide any assurance as to whether or not the Plan will be confirmed or consummated, as further described above. The continuation of the Chapter 11 Cases, particularly if the Plan is not confirmed or consummated in the time frame currently contemplated, could materially and adversely affect the Companies' operations and relationships with their vendors, service providers, employees, regulators, and partners. Also, transactions outside the ordinary course of business may be subject to the prior approval of the Bankruptcy Court. Bankruptcy Court approval of non-ordinary course activities entails preparation and filing of appropriate motions with the Bankruptcy Court, negotiation with various parties-in-interest, including any statutory committees appointed in the Chapter 11 Cases, and one or more hearings. Such committees and parties-in-interest may be heard at any Bankruptcy Court hearing and may raise objections with respect to these motions. This process could delay major transactions and limit the Debtors' ability to quickly respond to opportunities and events in the marketplace. Furthermore, in the event the Bankruptcy Court does not approve a proposed activity or transaction, we could be prevented from engaging in activities and transactions that we believe are beneficial to us.

⁸¹ As used herein, "Companies" means the Debtors prior to the Effective Date and, collectively, OpCo, PropCo, the REIT, and each of their respective subsidiaries after the Effective Date.

Further, if Confirmation and consummation of the Plan do not occur expeditiously, the Chapter 11 Cases could result in, among other things, increased expenses and the expiration of any commitment to provide support for the Plan, financially or otherwise. This could make it more difficult to retain and attract management and other key or high-performing employees or executives and would require senior management to continue to spend a significant amount of time and effort dealing with the Companies' reorganization instead of focusing on the operation of the Companies' businesses.

2. The Chapter 11 Cases May Adversely Affect the Companies' Businesses and Operations Going Forward

The fact that the Companies have been subject to the Chapter 11 Cases may adversely affect the Companies' operations going forward, including their ability to negotiate favorable terms from vendors, suppliers, hedging counterparties, and others. The failure to obtain such favorable terms could adversely affect the Companies' profitability and financial condition and performance.

3. The Companies May Not Achieve the Financial Performance Projected Under the Plan

The financial projections attached hereto as **Exhibit E** (the "**Financial Projections**") are the projections of future performance of the Companies' operations through fiscal year 2020, after giving effect to the Plan and the Restructuring Transactions, and do not purport to represent what the Companies' actual financial position will be upon emergence from the Chapter 11 Cases or represent what the fair value of the Debtors' assets and liabilities will be at the Effective Date. The Financial Projections are based on numerous estimates of values and assumptions including the timing, confirmation, and consummation of the Plan in accordance with its terms, the expected terms of the New Debt obligations, the anticipated future performance of the Companies, industry performance, general business and economic conditions, and other matters, many of which are beyond the Companies' control and some or all of which may not materialize. These estimates and assumptions are based on management's judgment, experience, and perception of historical trends, current conditions, and expected future developments, and are based on facts available and determinations made at the time the Financial Projections were prepared, and over time may turn out to have been incorrect, which could have a material effect on the Companies' ability to meet the Financial Projections. It is also not possible to predict with certainty that the actions taken in connection with the Chapter 11 Cases will result in an improved financial and operating condition that ensures the long-term viability of the Companies.

In addition, unanticipated events and circumstances occurring subsequent to the date hereof may affect the actual financial results of the Companies' operations. Except as otherwise specifically and expressly stated herein, this Disclosure Statement does not reflect any events that may occur subsequent to the date hereof and that may have a material impact on the information contained in this Disclosure Statement. The Debtors do not intend to update the Financial Projections; thus, the Financial Projections will not reflect the effect of any subsequent events not already accounted for in the assumptions underlying the Financial Projections.

4. The Companies Are and Likely Will Continue to Be Subject to Extensive Governmental Regulation and Taxation Policies, the Enforcement of Which Could Adversely Affect Their Businesses, Financial Condition, and Results of Operations

The Companies are and likely will continue to be subject to extensive gaming regulations and political and regulatory uncertainty. Regulatory authorities in the jurisdictions where the Companies operate or hold properties have broad powers with respect to the licensing of casino operations and may revoke, suspend, condition, or limit the Companies' gaming or other licenses, impose substantial fines, or take other actions that could adversely affect the Companies' businesses, financial condition, and results of operations. For example, revenues and income from operations were negatively affected during July 2006 in Atlantic City by a three-day government-imposed casino shutdown. Furthermore, in many jurisdictions where the Companies operate or hold properties, licenses are granted for limited durations and require renewal from time to time. For example, in Iowa, the Companies' ability to continue gaming operations is subject to a referendum every eight years or at any time upon petition of the voters

in the county in which the Companies operate; the most recent referendum, approving the Debtors' ability to continue to operate their casinos, occurred in November 2010. There can be no assurance that continued gaming activity will be approved in any referendum in the future. If the Companies do not obtain the requisite approval in any future referendum, they will be unable to operate their gaming operations in Iowa, which could negatively affect the Companies' future performance.

From time to time, individual jurisdictions have considered legislation or referendums, such as bans on smoking in casinos and other entertainment and dining facilities, which could adversely affect the Companies' operations. For example, the City Council of Atlantic City passed an ordinance in 2007 requiring that the Debtors segregate at least 75 percent of the casino gaming floor as a nonsmoking area, leaving no more than 25 percent of the casino gaming floor as a smoking area. Illinois also passed the Smoke Free Illinois Act, effective January 1, 2008, and bans smoking in nearly all public places, including bars, restaurants, work places, schools, and casinos. The Smoke Free Illinois Act also bans smoking within 15 feet of any entrance, window, or air-intake area of these public places. These smoking bans have adversely affected revenues and operating results at the Companies' properties. The likelihood or outcome of similar legislation in other jurisdictions and referendums in the future cannot be predicted, though the Debtors would expect any smoking ban to negatively impact their financial performance.

Furthermore, because the Companies are subject to regulation in each jurisdiction in which they operate, and because regulatory agencies within each jurisdiction review the Companies' compliance with gaming laws in other jurisdictions, it is possible that gaming compliance issues in one jurisdiction may lead to reviews and compliance issues in other jurisdictions. For example, events in connection with the Debtors' role with the proposed development of a casino gaming facility by Sterling Suffolk Racecourse, LLC ("Sterling Suffolk")—the owner of Suffolk Downs racecourse in East Boston, Massachusetts—have resulted in reviews in several other jurisdictions arising out of a report issued to the Massachusetts Gaming Commission from the Director of the Investigations and Enforcement Bureau for the Massachusetts Gaming Commission (the "Bureau") in October 2013. That report raised certain issues for consideration when evaluating the Debtors' suitability as a qualifier in Massachusetts and made a recommendation that the Debtors had not met their burden by clear and convincing evidence to establish its suitability. Although the Debtors strongly disagreed with the director's recommendation, the Debtors withdrew their application as a qualifier in Massachusetts at the request of Sterling Suffolk. Neither the Debtors nor their affiliates were found unsuitable by any licensing authority, but other gaming regulatory agencies have asked for information about the issues raised in the report from the Bureau, and the Debtors are in the process of providing that information. The Debtors cannot provide assurance that existing or future jurisdictions will not raise similar questions with respect to the Companies' suitability arising out of the Bureau's report or with respect to other matters that may arise in the future, and the Debtors cannot guarantee that such issues will not adversely affect them or their financial condition.

The casino entertainment industry represents a significant source of tax revenues to the various jurisdictions in which casinos operate. From time to time, various state and federal legislators and officials have proposed changes in tax laws or in the administration of these laws, including increases in tax rates, that would affect the industry. If adopted, such changes could adversely affect the Companies' businesses, financial condition, and results of operations.

5. The Loss of the Services of Key Personnel Could Have a Material Adverse Effect on the Companies' Business

The Debtors expect that the leadership of their chief executive officer and other executive officers will be a critical element of the Companies' success. The death or disability of the Debtors' chief executive officer or other executive officers, or other extended or permanent loss of their services, or any negative market or industry perception with respect to them or arising from their loss, could have a material adverse effect on the Companies' businesses. The Debtors' executive officers and other members of senior management have substantial experience and expertise in the Debtors' businesses that the Debtors believe will make significant contributions to the Companies' growth and success. The unexpected loss of services of one or more of these individuals could also adversely affect the Companies. The Debtors do not have key man or similar life insurance policies covering

members of their senior management. The Debtors have employment agreements with their executive officers, but these agreements do not guarantee that any given executive will remain with the Debtors, and there can be no assurance that any such officers will remain with the Debtors.

6. If the Companies Cannot Attract, Retain, and Motivate Employees, the Companies May Be Unable to Compete Effectively, and May Lose the Ability to Improve and Expand Their Businesses

The Companies' success and ability to grow depend, in part, on their ability to hire, retain, and motivate sufficient numbers of talented people with the increasingly diverse skills needed to serve clients and improve the Companies' businesses. The Companies face intense competition for highly qualified, specialized technical, managerial, and consulting personnel. Recruiting, training, retention, and benefit costs place significant demands on the Companies' resources. Additionally, the Companies' substantial indebtedness and the recent downturn in the gaming, travel, and leisure sectors made recruiting executives to the Companies' businesses more difficult. The inability to attract qualified employees in sufficient numbers to meet particular demands or the loss of a significant number of the Companies' employees could have an adverse effect on the Companies.

7. Acts of Terrorism, War, Natural Disasters, Severe Weather, and Political, Economic, and Military Conditions May Impede the Companies' Ability to Operate or May Otherwise Negatively Affect Their Financial Results

Terrorist attacks and other acts of war or hostility have created many economic and political uncertainties. For example, a substantial number of the customers of the Debtors' properties in Las Vegas use air travel. Terrorist acts that occurred in the past have severely disrupted domestic and international travel, which resulted in a decrease in customer visits to the Debtors' Las Vegas properties. The Debtors cannot predict the extent to which disruptions in air or other forms of travel as a result of terrorist acts, security alerts or wars, uprisings, or hostilities in places such as Iraq, Afghanistan, and/or Syria or other countries throughout the world will continue to directly or indirectly affect the Companies' businesses and operating results. For example, the Debtors' operations in Cairo, Egypt were negatively affected from the uprising there in January 2011. As a consequence of the threat of terrorist attacks and other acts of war or hostility in the future, premiums for a variety of insurance products have increased, and some types of insurance are no longer available. If any such event were to occur, the Companies' properties would likely be adversely affected.

In addition, natural and man-made disasters such as major fires, floods, hurricanes, earthquakes, and oil spills could also adversely affect the Companies' businesses and operating results. Such events could lead to the loss of use of one or more of the Companies' properties for an extended period of time and disrupt the Companies' ability to attract customers to certain of their gaming facilities. If any such event affected the Companies' properties, the Companies would likely be adversely affected. Harrah's Atlantic City was closed during a busy summer weekend in August 2011 due to Hurricane Irene and was closed for five days in October and November 2012 due to Hurricane Sandy. The Debtors' results of operations were significantly affected by the closure due to Hurricane Sandy. In addition, Hurricane Sandy substantially affected tourism in New Jersey, including Atlantic City, and the level of tourism has not yet recovered.

In most cases, the Debtors maintain insurance that covers portions of losses from natural disasters, but such insurance remains subject to deductibles and maximum payouts in many cases. Although the Companies may have insurance coverage for natural disasters, the timing of their receipt of insurance proceeds, if any, is out of their control. In some cases, moreover, the Companies may receive no proceeds from insurance such as in connection with the August 2011 closing and the October and November 2012 closings in Atlantic City. Additionally, a natural disaster affecting one or more of the Companies' properties may affect the level and cost of insurance coverage they can obtain in the future, which may adversely affect the Companies' financial position.

Because the Companies' operations depend in part on their customers' ability to travel, severe or inclement weather can also have a negative effect on the Companies' results of operations.

8. The Companies Are or May Become Involved in Legal Proceedings That, If Adversely Adjudicated or Settled, Could Affect Their Financial Condition

From time to time, the Companies have been, currently are, or may become defendants in various lawsuits or other legal proceedings relating to matters incidental to their businesses. The nature of the Companies' businesses subjects the Companies to the risk of lawsuits filed by customers, past and present employees, competitors, business partners, Native American tribes, and others in the ordinary course of business. For example, prior to the Petition Date, the Debtors were party to various lawsuits, some of which were discussed above. As with all legal proceedings, no assurance can be given as to the outcome of these matters and, in general, legal proceedings can be expensive and time consuming. The Companies may not be successful in the defense or prosecution of lawsuits in which they are involved, which could result in settlements or damages that could significantly affect the Companies' businesses, financial condition, and results of operations.

9. The Companies May Be Subject to Material Environmental Liability, Including as A Result of Unknown Environmental Contamination

The casino properties business is subject to certain federal, state, and local environmental laws, regulations, and ordinances that govern activities or operations that may have adverse environmental effects, such as emissions to air, discharges to streams and rivers, and releases of hazardous substances and pollutants into the environment, as well as handling and disposal from municipal/non-hazardous waste, and which also apply to current and previous owners or operators of real estate generally. Federal examples of these laws include the Clean Air Act, the Clean Water Act, the Resource Conservation Recovery Act, the Comprehensive Environmental Response, Compensation and Liability Act and the Oil Pollution Act of 1990. Certain of these environmental laws may impose cleanup responsibility and liability without regard to whether the owner or operator knew of or caused particular contamination or release of hazardous substances. Should unknown contamination be discovered on property owned by the Companies, or should a release of hazardous substances occur on such property, the Companies could be required to investigate and clean up the contamination and could also be held responsible to a governmental entity or third parties for property damage, personal injury, or investigation and cleanup costs incurred in connection with the contamination or release, which may be substantial. Moreover, such contamination may also impair the Companies' ability to use the affected property. Such liability could be joint and several in nature, regardless of fault, and could affect the Companies even if such property is vacated. The potential for substantial costs and an inability to use the property could adversely affect the Companies' businesses.

10. The Companies' Insurance Coverage May Not Be Adequate to Cover All Possible Losses the Companies Could Suffer, and, in the Future, the Companies' Insurance Costs May Increase Significantly or the Companies May Be Unable to Obtain the Same Level of Insurance Coverage

The Companies may suffer damage to their properties caused by a casualty loss (such as fire, natural disasters, and acts of war or terrorism) that could severely disrupt the Companies' businesses or subject them to claims by third parties who are injured or harmed. Although the Companies maintain insurance policies (including property, casualty, terrorism, and business interruption insurance), such insurance may be inadequate or unavailable to cover all of the risks to which the Companies' businesses and assets may be exposed. In several cases the Companies maintain high deductibles or self-insure against specific losses. Should an uninsured loss (including a loss that is less than the deductible) or loss in excess of insured limits occur, it could have a significant adverse effect on the Companies' operations and revenues.

The Companies generally renew their insurance policies on an annual basis. If the cost of coverage becomes too high, the Companies may need to reduce policy limits or agree to certain exclusions from their coverage in order to reduce the premiums to an acceptable amount. Among other factors, homeland security concerns, other catastrophic events, or any change in the current U.S. statutory requirement that insurance carriers offer coverage for certain acts of terrorism could adversely affect available insurance coverage and result in increased premiums on available coverage (which may cause the Companies to elect to reduce their policy limits) and additional exclusions from coverage. Among other potential future adverse changes, in the future the Companies may elect to not, or may be unable to, obtain any coverage for losses due to acts of terrorism.

F. Risk Factors and Considerations Regarding PropCo's, CPLV Sub's, and the REIT's Businesses and Operations

1. PropCo, CPLV Sub, and the REIT Will Be Dependent on OpCo Until PropCo, CPLV Sub, and the REIT Substantially Diversify Their Portfolios, and an Event That Has a Material Adverse Effect on OpCo's Business, Financial Position, or Results of Operations Could Have a Material Adverse Effect on PropCo's, CPLV Sub's, or the REIT's Business, Financial Position, or Results of Operations

Immediately following the Effective Date, PropCo will own a significant portion of the Debtors' properties and OpCo will be the lessee of such properties pursuant to the Master Lease Agreements and account for a significant portion of PropCo's revenues. Additionally, because the Master Lease Agreements are triple-net leases, PropCo will depend on OpCo to pay all insurance, taxes, utilities, and maintenance and repair expenses in connection with these leased properties and to indemnify, defend, and hold PropCo harmless from and against various claims, litigation, and liabilities arising in connection with its businesses. Although CEC will guarantee OpCo's monetary obligations under the Master Lease Agreements, there can be no assurance that OpCo and/or CEC will have sufficient assets, income, and access to financing to enable them to satisfy their payment obligations on account of the Master Lease Agreements. In addition, should an adverse ruling be entered against CEC in the Parent Guarantee Litigation, CEC itself may have to file for bankruptcy protection and would thus likely be unable to perform its obligations on account of the Master Lease Agreements and Management Lease and Support Agreement as planned. Relatedly, a failure to obtain releases of claims against CEC that are being litigated in the Parent Guarantee Litigation could render CEC unable to perform its obligations on account of the Management Lease and Support Agreement.

The inability or unwillingness of OpCo and/or CEC to meet their rent obligations and other obligations under the Master Lease Agreements could materially adversely affect PropCo's and CPLV Sub's business, financial position, or results of operations, including their ability to pay dividends to the REIT to pay to stockholders of the REIT as required to maintain the REIT's status as a real estate investment trust. For these reasons, if OpCo and/or CEC were to experience a material adverse effect on its gaming business, financial position, or results of operations, PropCo's, CPLV Sub's, and the REIT's business, financial position, or results of operations could also be materially adversely affected.

Due to PropCo's and CPLV Sub's dependence on rental payments from OpCo as a primary source of revenues, PropCo and CPLV Sub may be limited in their ability to enforce their rights under the Master Lease Agreements or to terminate the lease with respect to a particular property. Failure by OpCo to comply with the terms of the Master Lease Agreements or to comply with the gaming regulations to which the leased properties are subject could require PropCo or CPLV Sub to find another lessee for such leased property and there could be a decrease or cessation of rental payments by OpCo. In such event, PropCo and CPLV Sub may be unable to locate a suitable lessee at similar rental rates or at all, which would have the effect of reducing PropCo's and CPLV Sub's rental revenues.

2. PropCo or CPLV Sub May Sell or Divest Different Properties or Assets After an Evaluation of Their Portfolio of Businesses. Such Sales or Divestitures Would Affect Their Costs, Revenues, Profitability, and Financial Position

From time to time, PropCo and CPLV Sub may evaluate their properties and portfolio of businesses and may, as a result, sell or attempt to sell, divest, or spin-off different properties or assets. These sales or divestitures would affect PropCo's and CPLV Sub's costs, revenues, profitability, financial position, liquidity, and their ability to comply with debt covenants. Divestitures have inherent risks, including possible delays in closing transactions (including potential difficulties in obtaining regulatory approvals), the risk of lower-than-expected sales proceeds for the divested businesses, and potential post-closing claims for indemnification. In addition, current economic conditions and relatively illiquid real estate markets may result in fewer potential bidders and unsuccessful sales efforts. Expected cost savings, which are offset by revenue losses from divested properties, may also be difficult to achieve or maximize due to PropCo's and CPLV Sub's largely fixed-cost structure.

3. PropCo's, CPLV Sub's, and the REIT's Management Teams May Have Limited Experience Operating as Part of a Real Estate Investment Trust Structure

The requirements for qualifying as a real estate investment trust are highly technical and complex. The Debtors have never operated as a real estate investment trust, and PropCo's, CPLV Sub's, and the REIT's management teams may have limited experience in complying with the income, asset, and other limitations imposed by the real estate investment provisions of the Internal Revenue Code. Any failure to comply with those provisions in a timely manner could prevent the REIT from qualifying as a real estate investment trust or could force PropCo or CPLV Sub to pay unexpected taxes and penalties. In such event, PropCo's, CPLV Sub's, and the REIT's net income could be reduced and PropCo, CPLV Sub, or the REIT could incur a loss, which could materially harm their business, financial position, or results of operations. In addition, there is no assurance that any past experience with the acquisition, development, and disposition of gaming facilities will be sufficient to enable them to successfully manage PropCo's and CPLV Sub's portfolio of properties as required by their business plan or the real estate investment trust provisions of the Internal Revenue Code.

G. Risk Factors and Considerations Regarding the Companies' Financial Condition

1. The Companies Will Require Significant Financing in Order to Emerge from the Chapter 11 Cases

At or prior to the Confirmation Date, the Debtors expect to raise up to \$2,600 million in CPLV Market Debt, \$1,188 million in OpCo First Lien Debt, and \$547 million in OpCo Second Lien Debt. Syndicating the CPLV Market Debt for Cash, as such debt may be reduced or substituted for CPLV Mezzanine Debt under the terms of the Plan, the OpCo First Lien Debt, and the OpCo Second Lien Debt (collectively the "Market Debt") is a condition precedent to consummation of the Plan. There can be no assurance at this time that this financing will be available, or that it will be available on terms that are favorable to the Debtors, in which case the Companies' emergence from the Chapter 11 Cases could be delayed indefinitely or the Debtors may be forced to accept unfavorable terms that could affect the Companies' ability to succeed in the future. As described above, such a delay could have important consequences for creditor recoveries and the Companies' ability to meet the Financial Projections.

Although certain terms and provisions of the Market Debt (including interest rates, maturity dates, amortization schedules, and other significant terms) may be negotiated with prospective lenders, the Market Debt will be subject to conditions in the capital markets and other factors that may affect the availability of such financing. All terms and provisions are likely not to have been definitively determined before the expiration of the Voting Deadline. As a result, the terms and provisions of the Market Debt (if any) may be significantly different from those described in or contemplated by this Disclosure Statement and the Financial Projections. In addition, the Companies' capital structure may differ significantly from that described in or contemplated by this Disclosure Statement and the Financial Projections. Furthermore, the agreed-to terms and provisions of the Market Debt may cause the timing and magnitude of the Companies' interest expense and other debt service obligations to be different from those described in or contemplated by this Disclosure Statement and the Financial Projections, and the Companies may be subject to significant additional covenants or restrictions as a result of negotiations with its prospective lenders or because of market conditions.

The Debtors cannot provide any assurance that the Companies will be able to obtain financing in the future if and when required, or that they will be able to obtain financing on favorable terms. The Companies' profitability and ability to generate cash flow will likely depend on their ability to successfully implement their business strategy and meet or exceed the results forecasted in the Financial Projections, but the Debtors cannot ensure that the Companies will be able to accomplish these results if they do not have the appropriate financing to do so.

The Debtors expect that the Companies' future sources of financing, as well as the New Debt, will likely include covenants and other provisions that will restrict the Companies' ability to engage in certain financing transactions and operating activities, as discussed in great detail below.

2. Covenant Restrictions Under the Companies' Indebtedness May Limit Their Ability to Operate Their Businesses

The Companies are highly leveraged and following the Restructuring Transactions, will continue to have a significant amount of indebtedness. The substantial indebtedness and restrictive covenants under the agreements governing such indebtedness will:

- limit the Companies' ability to borrow money for working capital, capital expenditures, development projects, debt service requirements, strategic initiatives or other purposes;
- require the Companies to dedicate a substantial portion of cash flow from operations to the payment of interest and lease expense and repayment of indebtedness thereby reducing funds available for other purposes;
- limit flexibility in planning for, or reacting to, changes in the Companies' operations or business;
- make the Companies more highly leveraged than some of their competitors, which may place them at a competitive disadvantage;
- make the Companies more vulnerable to downturns in their business or the economy;
- restrict the Companies from making strategic acquisitions, developing new gaming facilities, introducing new technologies, or exploiting business opportunities;
- affect the Companies' ability to renew gaming and other licenses;
- limit, along with the financial and other restrictive covenants in the Companies' indebtedness, among other things, the Companies' ability to borrow additional funds or dispose of assets; and
- expose the Companies to the risk of increased interest rates as certain of their borrowings are, and may be, at variable rates of interest.

These restrictions may affect the Companies' ability to grow in accordance with their plans or adapt to changing business or economic conditions.

In addition, some or all of the agreements governing the New Debt or other indebtedness of the Companies may require the Companies to satisfy and maintain various financial maintenance covenants, such as minimum fixed charge coverage ratios, minimum EBITDA, maximum total leverage ratios, and other similar covenants. The Companies' ability to meet the required financial ratios may be affected by events beyond their control, and the Companies may not be able to meet these ratios. A breach of these covenants could result in defaults under the applicable agreements governing the New Debt.

A breach of the covenants under the New Debt or other indebtedness of the Companies could result in an event of default under the applicable indebtedness. Such default may allow creditors to accelerate the related debt and may result in the acceleration of other debt to which a cross-acceleration or cross-default provision applies. In addition, an event of default under a debt agreement would likely permit the lenders under the agreement to terminate all commitments to extend further credit under the agreement. Furthermore, if the Companies were unable to repay the amounts due and payable under the New Debt or other indebtedness for the Debtors, those creditors could proceed against any collateral granted to them to secure that indebtedness. In the event that creditors accelerate the repayment of any of the Companies' borrowings, the Debtors cannot assure that the Companies and their subsidiaries would have sufficient assets to repay such indebtedness.

3. The Companies' Degree of Leverage upon Emergence May Limit Their Financial and Operating Activities

Although the Debtors are eliminating approximately \$10 billion of funded debt under the Plan, the Companies will collectively still be obligated on approximately \$8 billion of funded debt upon emergence from the Chapter 11 Cases. The amount of funded debt upon emergence may be higher to the extent Holders of Allowed Prepetition Credit Agreement Claims and/or Secured First Lien Notes Claims do not exercise the PropCo Equity Election. Although the Debtors believe that the Companies will be able to meet or exceed the results forecasted in the Financial Projections, which the Debtors believe would allow the Companies to service the New Debt, the Debtors cannot ensure that the Companies will be able to accomplish these results, and thus the Debtors' significant level of post-emergence indebtedness could adversely affect the Companies' financial health and limit their operations. The Debtors' historical capital requirements have been considerable, and the Companies' future capital requirements could vary significantly and may be affected by general economic conditions, currency exchange rates, industry trends, performance, interest rates, and many other factors that are not within the Companies' control. The Debtors' prepetition level of indebtedness had important consequences, including: (a) limiting the Debtors' ability to borrow additional amounts for working capital, capital expenditures, development projects, debt service requirements, strategic initiatives, and other purposes; (b) limiting their ability to use operating cash flow in other areas of their business because they were required to dedicate a substantial portion of these funds to service their debt; (c) increasing their vulnerability to general adverse economic and industry conditions; (d) limiting their ability to capitalize on business opportunities and to react to competitive pressures and adverse changes in government regulation; (e) limiting their ability or increasing the costs to refinance indebtedness; (f) affecting their ability to renew gaming and other licenses; and (g) making them more highly leveraged than some of their competitors, which may have placed them at a competitive disadvantage. These consequences, and others, could similarly affect the Companies' businesses and operations after the Effective Date.

4. Any of the Companies and Their Subsidiaries May Be Able to Incur Substantially More Debt Post-Emergence, Which Could Exacerbate the Risks Associated with the Leverage of Any Such Company upon Emergence

After the Effective Date, the Companies and their subsidiaries may be able to incur substantial additional indebtedness, including additional secured indebtedness. The terms of the New Debt and any other indebtedness of the Companies will likely restrict, but may not completely prohibit, any of the Companies from doing so. If new debt or other liabilities are added to the Companies' post-emergence debt levels, the related risks that they face could intensify.

5. The Companies' Respective Financial Results May Be Volatile and May Not Reflect Historical Trends

Following the Companies' emergence from the Chapter 11 Cases, the Debtors expect that the Companies' financial results may continue to be volatile, as asset impairments, asset dispositions, and restructuring activities (including casino closures), as well as continuing global economic uncertainty, may significantly affect the Financial Projections. As a result, the Debtors' historical financial performance may not be indicative of the Companies' financial performance post-emergence. In addition, upon emergence, the amounts reported in the Companies' subsequent financial statements may materially change relative to the Debtors' historical financial statements, including as a result of revisions to its operating plans and changes in the terms and provisions of the New Debt pursuant to the Plan.

In addition, to the extent the Companies' actual results or conditions differ from the assumptions made by the Debtors in preparing the Financial Projections, the actual results and condition of the Companies may materially differ from those presented in the Financial Projections. Among the factors that may cause actual results or conditions to differ from the assumptions made by the Debtors in preparing the Financial Projections are those risk factors presented in this Article IX.

6. Because the Companies' Financial Statements Will Reflect Fresh Start Accounting Adjustments upon Its Emergence from the Chapter 11 Cases, Information Reflecting the Companies' Results of Operations and Financial Condition Will Not Be Comparable to Prior Periods and May Vary Significantly from the Fresh Start Accounting Adjustments Used to Calculate the Financial Projections

The Companies will apply fresh start accounting when they emerge from the Chapter 11 Cases. As a result, book value of the Debtors' long-lived assets and the related depreciation and amortization schedules, among other things, will likely be different from what is reflected in the Debtors' historical financial statements and may be different from what is reflected in the Financial Projections. Following the Companies' emergence from the Chapter 11 Cases, certain information reflecting the Companies' results of operations and financial condition will not be comparable to that for historical periods prior to emergence from the Chapter 11 Cases.

Under fresh start accounting, the Companies' calculated enterprise value will be allocated to its assets based on their respective fair values. Any portion not attributed to specific tangible or identified intangible assets will be an indefinite-lived intangible asset referred to as "reorganization value in excess of value" and reported as goodwill. Accordingly, if fresh-start reporting rules apply, the financial condition and results of operations following emergence from the Chapter 11 Cases would not be comparable to the financial condition and results of operations reflected in the Companies' historical financial statements.

The Debtors have obtained preliminary valuations of the Companies' tangible and intangible assets at their estimated emergence date, and their reorganization value has been allocated to specific assets in accordance with such preliminary valuations, as reflected in the Financial Projections. However, updates to such preliminary valuations will be completed as of the date the Debtors emerge from the Chapter 11 Cases and, to the extent such updates reflect a valuation different than estimated, the Debtors anticipate that there may be adjustments in the carrying values of certain assets as a result. To the extent actual valuations and allocations differ from those used in calculating the Financial Projections, these differences will be reflected on the Companies' balance sheets upon emergence pursuant to fresh start accounting rules and may also affect the amount of depreciation and amortization expense the Companies recognize on their statements of earnings post-emergence.

H. Risk Factors and Considerations Regarding the Separation of the Debtors into OpCo, PropCo, and the REIT

1. PropCo May Be Unable to Achieve the Benefits That the Debtors Expect to Achieve from the Separation of the Debtors into OpCo and PropCo

The Debtors believe that as a company independent from OpCo, PropCo will have the ability, subject to the Right of First Refusal Agreement, to pursue transactions with other gaming operators that would not pursue transactions with OpCo as a current competitor, to fund acquisitions with its equity on significantly more favorable terms than those that would be available to OpCo, to diversify into different businesses in which OpCo, as a practical matter, could not diversify, and to pursue certain transactions that OpCo otherwise would be disadvantaged by or precluded from pursuing due to regulatory constraints. However, PropCo may not be able to achieve some or all of the benefits that the Debtors expect PropCo to achieve as a company independent from OpCo in the time the Debtors expect, if at all.

2. After the Separation, PropCo and the REIT May Be Unable to Make, on a Timely or Cost-Effective Basis, the Changes Necessary to Operate as a Separate Company Primarily Focused on Owning a Portfolio of Gaming Properties

The REIT and PropCo have no significant historical operations as an independent company and may not, at the time of the separation of the Debtors into OpCo, PropCo, and the REIT (the "Separation"), have the infrastructure and personnel necessary to operate as a separate company without relying on OpCo to provide certain services on a transitional basis. If and when the REIT becomes a public entity, the REIT will be subject to, and responsible for, regulatory compliance, including periodic public filings with the SEC and compliance with the continued listing requirements for a national securities exchange and with applicable state gaming rules and

regulations, as well as compliance with generally applicable tax and accounting rules. Because PropCo's and the REIT's businesses have not operated as a separate publicly traded company, the Debtors cannot ensure that PropCo and the REIT will be able to successfully implement the infrastructure or retain the personnel necessary to operate PropCo and the REIT as a separate publicly traded company or that PropCo and the REIT will not incur costs in excess of anticipated costs to establish such infrastructure and retain such personnel.

3. The Companies May Be Unable to Engage in Desirable Strategic or Capital-Raising Transactions Following the Separation. In Addition, the Companies Could Be Liable for Adverse Tax Consequences Resulting from Engaging in Significant Strategic or Capital-Raising Transactions

To preserve the tax-free treatment of the Separation, the Companies may be prohibited from pursuing certain transactions that may otherwise be value-maximizing. These prohibitions could include, among other things, limitations on entering into certain transactions involving the sale or repurchase of equity, divesting or otherwise ceasing certain business operations, or taking or failing to take any other action that would negatively affect the tax-free treatment of the Separation. In addition, the Companies could be subject to a 100% U.S. federal income tax on any net income derived from certain prohibited transactions.

4. The Debtors' Inability to Obtain All Material Third-Party Approvals in Connection with the Separation May Have a Material Adverse Effect on the Debtors' Ability to Consummate the Separation

There are numerous authorizations, consents, approvals, and clearances of third parties including federal, state, and local governmental agencies (the "Third-Party Approvals") that the Debtors must obtain to consummate the Separation and the restructuring of the Debtors' businesses in connection therewith, including approvals by gaming and racing authorities in various jurisdictions. In some cases, these approvals must be obtained before the Separation can be completed. The Debtors believe that as of the Confirmation Date, they will not yet have all of the necessary Third-Party Approvals, and that obtaining such necessary Third-Party Approvals may take several months. There is no assurance that the Debtors will be able to obtain these Third-Party Approvals. The Debtors do not intend to consummate the Separation if it does not receive all required Third-Party Approvals, unless it believes that the inability to obtain one or more Third-Party Approvals would not reasonably be expected to have a material adverse effect on the Companies. However, there can be no assurance that such a material adverse effect will not occur.

5. The Separation Could Give Rise to Disputes or Other Unfavorable Effects, Which Could Have a Material Adverse Effect on the Business, Financial Position, or Results of Operations of the Companies

Disputes with third parties could arise out of the Separation, and the Companies could experience unfavorable reactions to the Separation from employees, ratings agencies, regulators, or other interested parties. These disputes and reactions of third parties could have a material adverse effect on the business, financial position, or results of operations of the Companies. In addition, following the Separation, disputes between OpCo and PropCo (and their subsidiaries) could arise in connection with any of the Master Lease Agreements, the Management and Lease Support Agreements, the Right of First Refusal Agreement, or other agreements.

6. If the Separation Does Not Qualify as A Transaction that is Generally Tax-Free for U.S. Federal Income Tax Purposes, the Companies Could Be Subject to Significant Tax Liabilities and, in Certain Circumstances, Indemnification Obligations Could Result

The Debtors are seeking to obtain one or more legal opinions with respect to the federal income tax consequences of the Spin Structure (the "Spin Opinion") and the Partnership Contribution Structure (the "Partnership Opinion," and together with the Spin Opinion, the "Tax Opinions"), as applicable, in addition to a private letter ruling from the IRS to confirm that, if the Spin Structure is utilized, certain requirements under sections 355 and 368(a)(1)(G) of the Internal Revenue Code are satisfied. The Debtors expect that the Tax Opinions will conclude that the Separation, regardless of whether it is consummated via the Spin Structure or the Partnership

Contribution Structure, should qualify as a transaction that is generally tax-free for U.S. federal income tax purposes. However, the Spin Ruling will not address certain requirements for tax-free treatment under sections 355 and 368(a)(1)(G) of the Internal Revenue Code, as the IRS has indicated that it will no longer provide a general ruling that a transaction qualifies for tax-free treatment under those sections, and the Spin Ruling and the Tax Opinions will rely on, among other things, certain representations, assumptions, and undertakings, including those relating to the past and future conduct of the Companies.

Even if the Spin Ruling is obtained and notwithstanding the Tax Opinions, the IRS could determine that the Separation is a fully taxable event if, (a) in the case of the Spin Structure, it determines any of the representations, assumptions, or undertakings that were included in the request for the Spin Ruling are false or have been violated, or (b) in both the Spin Structure and the Partnership Contribution Structure, it disagrees with the treatment of any item, including the conclusions in the Tax Opinions, for which no ruling was obtained.

If the Separation fails to generally qualify for tax-free treatment, the Companies would likely incur significant tax liabilities. Certain Holders may also incur significant tax liabilities.

PropCo and OpCo will enter into a tax matters agreement that will generally prohibit certain actions that would pose a significant risk of causing the Separation not to qualify as a transaction that is generally tax-free. Such agreement will also allocate the risks and costs associated with the Separation between PropCo and OpCo. To the extent the provisions of the tax matters agreement are invoked in the future, a party to that agreement could have a substantial contractual liability to the other parties under that agreement.

I. Risk Factors and Considerations Regarding the Status of the REIT as a Real Estate Investment Trust

1. If the REIT Does Not Qualify to Be Taxed as a Real Estate Investment Trust, or Fails to Remain Qualified as a Real Estate Investment Trust, the REIT Will Be Subject to U.S. Federal Income Tax as a Regular Corporation and Could Face a Substantial Tax Liability

The Debtors intend that the REIT will qualify to be taxed as a real estate investment trust and that the REIT will operate in a manner that will allow the REIT to be classified as and taxed as a real estate investment trust for U.S. federal income tax purposes. The validity of the REIT's qualification as a real estate investment trust, however, will depend on the REIT's satisfaction of certain asset, income, organizational, distribution, shareholder ownership, and other requirements on a continuing basis, which will depend on, among other things, the assets of PropCo. The REIT's ability to satisfy the asset tests depends on the characterization and fair market values of PropCo's assets, some of which are not susceptible to a precise determination.

As discussed below, on March 20, 2015, the Debtors submitted a request for a private letter ruling from the IRS with respect to certain issues relevant to the REIT's qualification as a real estate investment trust. If received, the REIT may generally rely upon the ruling. However, no assurance can be given that the IRS will not challenge the REIT's qualification as a real estate investment trust on the basis of other issues or facts outside the scope of the ruling, if provided.

The REIT may not meet the conditions for qualification as a real estate investment trust. If the REIT were to fail to qualify to be taxed as a real estate investment trust in any taxable year, it would be subject to U.S. federal income tax, including any applicable alternative minimum tax, on its taxable income at regular corporate rates, and dividends paid to the REIT's shareholders would not be deductible by the REIT in computing its taxable income. Any resulting corporate liability could be substantial and would reduce the amount of cash available for distribution to holders of REIT stock, which in turn could have an adverse effect on the value of the REIT stock. Unless the REIT were entitled to relief under certain Internal Revenue Code provisions, the REIT also would be disqualified from reelecting to be taxed as a real estate investment trust for the four taxable years following the year in which the REIT failed to qualify to be taxed as a real estate investment trust.

2. The Debtors Have No Operating History as a Real Estate Investment Trust

The Debtors have no operating history as a real estate investment trust. The REIT's board of directors and senior management will have overall responsibility for the REIT's management, including with respect to the implementation of substantial control systems, policies, and procedures in order to maintain the REIT's qualification as a real estate investment trust. There can be no assurance that the past experience of the Debtors' management will be sufficient to successfully implement these systems, policies, and procedures and to operate the REIT. If a failure occurs, the failure could jeopardize the REIT's status as a real estate investment trust, and the loss of such status would materially and adversely affect the REIT.

3. Applicable Real Estate Investment Trust Laws May Restrict Certain Business Activities

The REIT will be subject to various restrictions on its income, assets, and activities, which are discussed in more detail below. Business activities that could be affected by applicable real estate investment trust laws include, but are not limited to, activities such as developing alternative uses of real estate. Due to these restrictions, the Debtors anticipate that the REIT may conduct certain business activities through one or more TRSs. Any such TRSs would be taxable as C corporations and would be subject to federal, state, local, and, if applicable, foreign taxation on their taxable income.

4. Qualifying as a Real Estate Investment Trust Involves the Application of Highly Technical and Complex Provisions of the Internal Revenue Code

Qualification as a real estate investment trust involves the application of highly technical and complex Internal Revenue Code provisions for which only limited judicial and administrative authorities exist, certain of which are discussed in more detail below. Even a technical or inadvertent violation could jeopardize the REIT's real estate investment trust qualification. The REIT's qualification as a real estate investment trust will depend on its satisfaction of certain asset, income, organizational, distribution, shareholder ownership, and other requirements on a continuing basis. In addition, the REIT's ability to satisfy the requirements to qualify to be taxed as a REIT may depend in part on the actions of third parties over which it has no control or only limited influence.

5. Legislative or Other Actions Affecting Real Estate Investment Trusts Could Have a Negative Effect on the REIT

The rules dealing with U.S. federal income taxation are constantly under review by persons involved in the legislative process and by the IRS and the U.S. Department of the Treasury (the "Treasury"). Changes to the tax laws or interpretations thereof by the IRS and the Treasury, with or without retroactive application, could materially and adversely affect the REIT. The Debtors cannot predict how changes in the tax laws might affect the REIT. New legislation, Treasury regulations, administrative interpretations, or court decisions could significantly and negatively affect the REIT's ability to qualify to be taxed as a real estate investment trust or the U.S. federal income tax consequences to the REIT of such qualification.

Importantly, the Debtors believe that, because the Spin Request was filed with the IRS prior to December 7, 2015 and has not been subsequently withdrawn (and because no ruling had been issued or denied in its entirety prior to such date), the tax-free spin-off contemplated by the Plan is "grandfathered" from a provision in the PATH Act that prevents companies involved in tax-free spin-offs from electing REIT status.

6. The REIT Could Fail to Qualify to Be Taxed as a Real Estate Investment Trust If Income it Receives from PropCo or Its Subsidiaries Is Not Treated as Qualifying Income

Under applicable provisions of the Internal Revenue Code, the REIT will not be treated as a real estate investment trust unless it satisfies various requirements, including requirements relating to the sources of its gross income. Rents received or accrued by the REIT from OpCo through PropCo or its subsidiaries will not be treated as qualifying rent for purposes of these requirements if the Master Lease Agreements are not respected as true leases

for U.S. federal income tax purposes and is instead treated as a service contract, joint venture, or some other type of arrangement. If the Master Lease Agreements are not respected as true leases for U.S. federal income tax purposes, the REIT may fail to qualify to be taxed as a real estate investment trust.

In addition, subject to certain exceptions, rents received or accrued by the REIT from a tenant (including OpCo) through PropCo or its subsidiaries will not be treated as qualifying rent for purposes of these requirements if the REIT or an actual or constructive owner of 10 percent or more of the REIT stock actually or constructively owns 10 percent or more of the total combined voting power of all classes of OpCo stock entitled to vote or 10 percent or more of the total value of all classes of such tenant's stock. The REIT's charter will provide for restrictions on ownership and transfer of its shares of stock, including restrictions on such ownership or transfer that would cause the rents received or accrued by the REIT from such tenant through PropCo or its subsidiaries to be treated as non-qualifying rent for purposes of the real estate investment trust gross income requirements. Nevertheless, there can be no assurance that such restrictions will be effective in ensuring that rents received or accrued by the REIT through PropCo or its subsidiaries will be treated as qualifying rent for purposes of real estate investment trust qualification requirements.

7. Dividends Payable by Real Estate Investment Trusts Do Not Qualify for the Reduced Tax Rates Available for Some Dividends

The maximum U.S. federal income tax rate applicable to income from "qualified dividends" payable by U.S. corporations to U.S. shareholders that are individuals, trusts, and estates is currently 20 percent (and an additional 3.8 percent tax on net investment income may also be applicable). Dividends payable by real estate investment trusts, however, generally are not eligible for the reduced rates applicable to "qualified dividends." Although these rules do not adversely affect the taxation of real estate investment trusts, the more favorable rates applicable to regular corporate qualified dividends could cause investors who are individuals, trusts, and estates to perceive investments in real estate investment trusts to be relatively less attractive than investments in the stock of other corporations that pay dividends, which could adversely affect the value of the stock of real estate investment trusts, including the REIT's stock.

8. Real Estate Investment Trust Distribution Requirements Could Adversely Affect the REIT's Ability to Execute Its Business Plan

The REIT generally must distribute annually at least 90 percent of its real estate investment trust taxable income, determined without regard to the dividends-paid deduction and excluding any net capital gains, in order for the REIT to qualify to be taxed as a real estate investment trust (assuming that certain other requirements are also satisfied) so that U.S. federal corporate income tax does not apply to earnings that the REIT distributes. To the extent that the REIT satisfies this distribution requirement and qualifies for taxation as a real estate investment trust but distributes less than 100 percent of its real estate investment trust taxable income, the REIT will be subject to U.S. federal corporate income tax on its undistributed net taxable income. In addition, the REIT will be subject to a 4 percent nondeductible excise tax if the actual amount that the REIT distributes to its shareholders in a calendar year is less than a minimum amount specified under U.S. federal income tax laws. The Debtors intend that the REIT will make distributions to its shareholders to comply with the real estate investment trust requirements of the Internal Revenue Code.

From time to time, the REIT may generate taxable income greater than its cash flow as a result of differences in timing between the recognition of taxable income and the actual receipt of cash or the effect of nondeductible capital expenditures, the creation of reserves, or required debt or amortization payments. If the REIT does not have other funds available in these situations, the REIT could be required to borrow funds on unfavorable terms, sell assets at disadvantageous prices, or distribute amounts that would otherwise be invested in future acquisitions to make distributions sufficient to enable the REIT to pay out enough of its taxable income to satisfy the real estate investment trust distribution requirement and to avoid corporate income tax and the 4 percent excise tax in a particular year. These alternatives could increase the REIT's costs or reduce the value of its equity. Alternatively, and as discussed below, the REIT could elect to satisfy its distribution requirements by making taxable distributions of cash and stock. Thus, compliance with the real estate investment trust requirements may

hinder the REIT's ability to grow, which could adversely affect the value of the REIT's stock, or cause holders of the REIT's stock to incur tax liabilities in excess of cash distributions. Restrictions in the New Debt or any other indebtedness of the Companies following the Separation, including restrictions on the REIT's ability to incur additional indebtedness or make certain distributions, could preclude it from meeting the 90 percent distribution requirement. Decreases in funds from operations due to unfinanced expenditures for acquisitions of properties would adversely affect the ability of the REIT to maintain distributions to its shareholders. Moreover, the failure of OpCo to make rental payments under the Master Lease Agreements would materially impair the ability of the REIT to make distributions. Consequently, there can be no assurance that the REIT will be able to make distributions at the anticipated distribution rate or any other rate.

9. Even If the REIT Remains Qualified as a Real Estate Investment Trust, the REIT May Face Other Tax Liabilities That Reduce Its Cash Flow

Even if the REIT remains qualified for taxation as a real estate investment trust, the REIT may be subject to certain federal, state, and local taxes on its income and assets, including taxes on any undistributed income and state or local income, property, and transfer taxes. For example, the REIT will hold some of its assets or conduct certain of its activities through one or more TRSs or other subsidiary corporations that will be subject to federal, state, and local corporate-level income taxes as regular C corporations as well as state and local gaming taxes. In addition, the REIT may incur a 100 percent excise tax on transactions with a TRS if they are not conducted on an arm's-length basis. Any of these taxes would decrease cash available for distribution to the REIT's shareholders.

10. Complying with Real Estate Investment Trust Requirements May Cause the REIT to Forgo Otherwise Attractive Acquisition Opportunities or Liquidate Otherwise Attractive Investments

To qualify to be taxed as a real estate investment trust for U.S. federal income tax purposes, the REIT must ensure that, at the end of each calendar quarter, at least 75 percent of the value of its assets consists of cash, cash items, government securities, and "real estate assets" (as defined in the Internal Revenue Code), including certain mortgage loans and securities. The remainder of the REIT's investments (other than government securities, qualified real estate assets, and securities issued by a TRS) generally cannot include more than 10 percent of the outstanding voting securities of any one issuer or more than 10 percent of the total value of the outstanding securities of any one issuer. In addition, in general, no more than 5 percent of the value of the REIT's total assets (other than government securities, qualified real estate assets, and securities issued by a TRS) can consist of the securities of any one issuer, and no more than 25 percent of the value of the REIT's total assets can be represented by securities of one or more TRSs (and such limit will be reduced to 20 percent for tax years beginning after December 31, 2017). If the REIT fails to comply with these requirements at the end of any calendar quarter, it must correct the failure within 30 days after the end of the calendar quarter or qualify for certain statutory relief provisions to avoid losing its real estate investment trust qualification and suffering adverse tax consequences. As a result, the REIT may be required to liquidate or forgo otherwise attractive investments. These actions could have the effect of reducing the REIT's income and amounts available for distribution to its shareholders.

In addition to the asset tests set forth above (which are discussed in more detail below), to qualify to be taxed as a real estate investment trust, the REIT must continually satisfy tests concerning, among other things, the sources of its income, the amounts it distributes to its shareholders, and the ownership of REIT stock. The REIT may be unable to pursue investments that would be otherwise advantageous to the REIT in order to satisfy the source-of-income or asset-diversification requirements for qualifying as a real estate investment trust. Thus, compliance with the real estate investment trust requirements may hinder the REIT's ability to make certain attractive investments.

11. Complying with Real Estate Investment Trust Requirements May Limit the REIT's Ability to Effectively Hedge and May Cause the REIT to Incur Tax Liabilities

The real estate investment trust provisions of the Internal Revenue Code substantially limit the REIT's ability to hedge its assets and liabilities. Income from certain hedging transactions that the REIT may enter into to manage risk of interest rate changes with respect to borrowings made or to be made to acquire or carry real estate

assets or from transactions to manage risk of currency fluctuations with respect to any item of income or gain that satisfies the real estate investment trust gross income tests (including gain from the termination of such a transaction) does not constitute “gross income” for purposes of the 75 percent or 95 percent gross income tests that apply to real estate investment trusts, provided that certain identification requirements are met. To the extent that the REIT enters into other types of hedging transactions or fails to properly identify such transaction as a hedge, the income is likely to be treated as non-qualifying income for purposes of both of the gross income tests. As a result of these rules, the REIT may be required to limit its use of advantageous hedging techniques or implement those hedges through a TRS. This could expose the REIT to greater risks associated with changes in interest rates than the REIT would otherwise want to bear or increase the cost of the REIT’s hedging activities because the TRS may be subject to tax on gains. In addition, losses in the TRS will generally not provide any tax benefit, except that such losses could theoretically be carried back or forward against past or future taxable income in the TRS.

12. Even If the REIT Qualifies to Be Taxed as a Real Estate Investment Trust, the REIT Could Be Subject to Tax on Any Unrealized Net Built-In Gains in the Assets Held Before Electing to Be Treated as a Real Estate Investment Trust

The REIT will own appreciated assets that were held by the Debtors before the REIT elected to be treated as a real estate investment trust and were acquired by the REIT in a transaction in which the adjusted tax basis of the assets in the REIT’s hands is determined by reference to the adjusted tax basis of the assets in the hands of the Debtors. If the REIT disposes of any such appreciated assets during the five-year period following the REIT’s acquisition of the assets from the Debtors (*i.e.*, during the five-year period following the REIT’s qualification as a real estate investment trust), the REIT will be subject to tax at the highest corporate tax rates on any gain from such assets to the extent of the excess of the fair market value of the assets on the date that they were acquired by the REIT (*i.e.*, at the time that the REIT became a real estate investment trust) over the adjusted tax basis of such assets on such date, which are referred to as built-in gains. The REIT would be subject to this tax liability even if it qualifies and maintains its status as a real estate investment trust. Any recognized built-in gain will retain its character as ordinary income or capital gain and will be taken into account in determining real estate investment trust taxable income and the REIT’s distribution requirement. Any tax on the recognized built-in gain will reduce real estate investment trust taxable income. The REIT may choose not to sell in a taxable transaction appreciated assets it might otherwise sell during the ten-year period in which the built-in gain tax applies in order to avoid the built-in gain tax. However, there can be no assurances that such a taxable transaction will not occur. If the REIT sells such assets in a taxable transaction, the amount of corporate tax that the REIT will pay will vary depending on the actual amount of net built-in gain or loss present in those assets as of the time the REIT became a real estate investment trust. The amount of tax could be significant.

13. If PropCo Fails To Qualify as a Partnership for U.S. Federal Income Tax Purposes, the REIT Would Cease to Qualify as a Real Estate Investment Trust and Suffer Other Adverse Consequences

The Debtors anticipate that PropCo will be treated as a partnership for U.S. federal income tax purposes. As a partnership, PropCo will not be subject to federal income tax on its income. Instead, each of its partners, including the REIT, will be allocated, and may be required to pay tax with respect to, its allocable share of PropCo’s income. The Debtors cannot assure parties that the IRS will not challenge the status of PropCo or any other subsidiary partnership in which the REIT owns an interest as a partnership for U.S. federal income tax purposes, or that a court would not sustain such a challenge. If the IRS were successful in treating PropCo or any other subsidiary partnership as an entity taxable as a corporation for U.S. federal income tax purposes, it is likely that the REIT would fail to meet the gross income tests and certain of the asset tests applicable to real estate investment trusts, and, accordingly, the REIT would likely cease to qualify as a real estate investment trust. Also, the failure of PropCo or any subsidiary partnership to qualify as a partnership could cause it to become subject to federal and state corporate income tax, which would reduce significantly the amount of cash available for debt service and for distribution to its partners, including the REIT.

14. The REIT Opinion Letter Regarding the REIT's Status as a Real Estate Investment Trust Does Not Guarantee the REIT's Ability to Qualify as a Real Estate Investment Trust

As discussed below, the REIT Opinion Letter will provide that the REIT has been organized in conformity with the requirements for qualification as a real estate investment trust and the REIT's proposed method of operation as represented by the Debtors will enable the REIT to satisfy the requirements for such qualification. The REIT Opinion Letter will be based on representations made by the Debtors as to certain factual matters relating to the REIT's organization and intended or expected manner of operation. In addition, the REIT Opinion Letter will be based on the law existing and in effect on the date of the REIT Opinion Letter. The REIT's qualification and taxation as a real estate investment trust will depend on the REIT's ability to meet on a continuing basis, through actual operating results, asset composition, distribution levels, and diversity of stock ownership, the various qualification tests imposed under the Internal Revenue Code. The party providing the REIT Opinion Letter will not review the REIT's compliance with these tests on a continuing basis. Accordingly, no assurance can be given that the REIT will satisfy such tests on a continuing basis. Also, the REIT Opinion Letter will represent counsel's legal judgment based on the law in effect as of the date of the REIT Opinion Letter, is not binding on the IRS or any court, and could be subject to modification or withdrawal based on future legislative, judicial, or administrative changes to U.S. federal income tax laws, any of which could be applied retroactively. The party providing the REIT Opinion Letter will have no obligation to advise the REIT or Holders of REIT stock of any subsequent change in the matters stated, represented, or assumed in the REIT Opinion Letter or of any subsequent change in applicable law.

J. Risk Factor Relating to Appeal and Equitable Mootness

Pursuant to the terms of the Plan, if the Plan is confirmed, substantial consummation of the Plan will occur on the Effective Date. If a creditor chooses to appeal such confirmation of the Plan, the creditor may need to obtain a stay preventing the Debtors from consummating the Plan because if the Plan goes effective, the creditor's appeal may equitably moot. See, e.g., *Duff v. Cent. Sleep Diagnostics, LLC*, 801 F.3d 833, 840 (7th Cir. 2015).

J.K. Risks Relating to the New Debt

1. Failure to Syndicate the OpCo First Lien Debt, OpCo Second Lien Debt, CPLV Market Debt May Prevent Consummation of the Plan

Pursuant to the terms of the Plan, the Companies must syndicate the OpCo First Lien Debt and the OpCo Second Lien Debt to third parties for Cash. If the Companies are unable to syndicate up to \$882 million of OpCo First Lien Debt and/or up to \$406 million of OpCo Second Lien Debt for Cash, they can seek a waiver by the Requisite Consenting Bank Creditors pursuant to Article IX.B of the Plan and instead issue the OpCo First Lien Term Loan and/or the OpCo Second Lien Notes (as applicable) in the amount of the unsubscribed portion the OpCo First Lien Debt and/or OpCo Second Lien Debt to the Holders of Prepetition Credit Agreement Claims pursuant to the terms of the Plan. If, the Companies are unable to syndicate up to \$306 million of OpCo First Lien Debt and/or up to \$141 million OpCo Second Lien Debt for Cash, they can seek a waiver by the Requisite Consenting Bond Creditors pursuant to Article IX.B of the Plan and instead distribute, as applicable, the OpCo First Lien Notes and/or the OpCo Second Lien Notes in the amount of the unsubscribed portion the OpCo First Lien Debt and/or OpCo Second Lien Debt to the Holders of Secured First Lien Notes Claims pursuant to the terms of the Plan.

Should the Companies fail to syndicate the OpCo First Lien Debt and/or the OpCo Second Lien Debt and fail to obtain a waiver from the Requisite Consenting Bank Creditors, [the Unsecured Creditors Committee](#), and/or the Requisite Consenting Bond Creditors (as applicable and subject to the effectiveness of each party's applicable [Restructuring Support Agreement](#)), the Plan cannot be consummated and the Companies' reorganization efforts will be put at substantial risk. In addition, the Companies are required to syndicate at least \$1.8 billion of the CPLV Market Debt to third parties for cash. If the Companies fail to do so, the Plan cannot be consummate and the Companies' reorganization efforts will be put at substantial risk.

2. The New Debt, as Applicable, of Each of the Companies Is Structurally Subordinated to All Liabilities of Each of Such Company's Subsidiaries That Are Not Asset Pledgors or Guarantors of Such New Debt

The New Debt, as applicable, of each of the Companies will be structurally subordinated to indebtedness and other liabilities of each of such Company's subsidiaries that are not asset pledgors or guarantors of such New Debt, and the claims of creditors of these subsidiaries, including trade creditors, will have priority as to the assets of these subsidiaries. In the event of a bankruptcy, liquidation, or reorganization of any subsidiaries that are not asset pledgors or guarantors of New Debt, as applicable, such subsidiaries will pay the holders of their debts, holders of their preferred equity interests and their trade creditors before they will be able to distribute any of their assets to the applicable Company. In addition, the guarantee of New Debt by a subsidiary will be structurally subordinated to indebtedness of subsidiaries of that subsidiary guarantor, as well as any other indebtedness incurred in the future by subsidiaries of such subsidiaries, in each case that are not also asset pledgors or guarantors.

The New Debt, as applicable, of each of the Companies will not be secured by the assets of each of such Company's non-U.S. subsidiaries, any other subsidiaries that are not wholly owned by such Company, or any subsidiaries designated as unrestricted subsidiaries. CPLV will be designated an unrestricted subsidiary and will not be a pledgor or guarantor with respect to the PropCo debt. These subsidiaries are separate and distinct legal entities and will have no obligation, contingent or otherwise, to pay any amounts due pursuant to the applicable New Debt, or to make any funds available therefore, whether by dividends, loans, distributions, or other payments. Any right that the Companies or the Companies' subsidiaries that are asset pledgors or guarantors with respect to the New Debt have to receive any assets of any of these subsidiaries upon their liquidation or reorganization, and the consequent rights of holders of New Debt, as applicable, to realize proceeds from the sale of any of those subsidiaries' assets, will be effectively subordinated to the claims of those subsidiaries' creditors, including trade creditors and holders of the preferred equity interests of those subsidiaries.

3. Each Tranche of New Debt of Each Company Is Secured Only to the Extent of the Value of the Assets That Will Be Granted as Security for Such Tranche of New Debt, Which May Not Be Sufficient to Satisfy Such Company's Obligations Under Such Tranche of New Debt

No appraisals of any of the collateral will be prepared by or on behalf of the Companies in connection with the issuance of the New Debt. The fair market value of the collateral securing each tranche of New Debt is subject to fluctuations based on factors that include, among others, each such Company's ability to implement its business strategy, the ability to sell the applicable collateral in an orderly sale, general economic conditions, the availability of buyers, and similar factors. In addition, courts could limit recoverability if they apply non-New York law to a proceeding and deem a portion of the interest claim usurious in violation of public policy. The amount to be received upon a sale of any collateral would be dependent on numerous factors, including but not limited to the actual fair market value of the collateral at such time, general market and economic conditions, and the timing and manner of the sale.

In addition, the collateral securing each tranche of New Debt will be subject to liens permitted under the terms of the credit agreements and indentures, as applicable, governing the respective tranches of New Debt, whether such permitted liens arise before, on, or after the date the New Debt is issued. The existence of any permitted liens could adversely affect the value of the collateral securing any tranche of New Debt, as well as the ability of the applicable collateral agent to realize or foreclose on such collateral.

There also can be no assurance that any collateral will be saleable and, even if saleable, the timing of any liquidation is uncertain. To the extent that liens, rights, or easements granted to third parties encumber assets located on property securing each tranche of New Debt, such third parties have or may exercise rights and remedies with respect to such property subject to such liens that could adversely affect the value of such collateral and the ability of the applicable collateral agent to realize or foreclose on such collateral. By its nature, some or all of the collateral securing each tranche of New Debt may be illiquid and may have no readily ascertainable market value. In the event that a bankruptcy case is commenced by or against a Company, if the value of the collateral securing a tranche of such Company's New Debt is less than the amount of such Company's principal and accrued and unpaid

interest on such tranche of New Debt and all other senior secured obligations, interest may cease to accrue on such tranche of New Debt from and after the date the bankruptcy petition is filed. In the event of a foreclosure, liquidation, bankruptcy, or similar proceeding, there can be no assurance that the proceeds from any sale or liquidation of any collateral will be sufficient to pay the obligations due under the applicable Company's applicable tranche of New Debt.

In addition, not all of the Companies' assets will secure their New Debt. For example, the collateral securing the New Debt of each Company will not include, among other things:

- any property or assets owned by any foreign subsidiaries;
- certain real property;
- any vehicles; or
- subject to certain limitations, any assets or any right, title, or interest in any license, contract, or agreement to the extent that taking a security interest in any of them would violate any applicable law or regulation or any enforceable contractual obligation binding on the assets or would violate the terms of any such license, contract, or agreement.

To the extent the claims of the holders of a tranche of New Debt exceed the value of the assets securing such tranche of New Debt and other liabilities, those claims will rank equally with the claims of the holders of the applicable Company's other series of junior lien or unsecured senior indebtedness. As a result, if the value of the assets pledged as security for a tranche of New Debt and other liabilities is less than the value of the claims of the holders of such tranche of New Debt and other liabilities, the claims of the holders of such tranche of New Debt may not be satisfied in full before the claims of the applicable Company's junior lien and unsecured creditors are paid. Furthermore, upon enforcement against any collateral or in insolvency, under the terms of any intercreditor agreement applicable to the New Debt the claims of the holders of the PropCo Second Lien Notes and the OpCo Second Lien Debt and/or OpCo Second Lien Notes (if applicable) to the proceeds of such enforcement will rank behind the claims of the holders of obligations under, respectively the PropCo First Lien Notes, PropCo First Lien Term Loan, and the OpCo First Lien Debt (and OpCo First Lien Notes and/or OpCo First Lien Term Loan, if applicable) which are first-priority obligations and claims of holders of additional secured indebtedness (to the extent permitted to have priority by the applicable intercreditor agreement).

4. A Substantial Portion of the Collateral Will Consist of Real Estate Properties

The New Debt of PropCo will be substantially secured by liens on PropCo's real estate properties located in various states. State laws govern the perfection, enforceability and foreclosure of mortgage liens against real property interests, which secure debt obligations such as the New Debt of PropCo. The laws of those states may limit the ability of holders of New Debt of PropCo to foreclose on the real estate property collateral located in such states as these laws may impose procedural requirements for foreclosure different from and necessitating a longer time period for completion than the requirements for foreclosure of security interests in personal property.

In addition, upon foreclosure, the illiquid nature of real estate investments may limit the ability of holders of New Debt of PropCo to realize on the value of the collateral as there may be a limited number of interested purchasers and the value offered may not reflect the market value of the real estate collateral.

5. The Holders of the PropCo Second Lien Notes Will Receive Proceeds from the Collateral Only After the Debt Owed to the Holders of the PropCo First Lien Term Loan and PropCo First Lien Notes Are Fully Repaid

Substantially all of the assets owned by PropCo and its subsidiary asset pledgors and guarantors for the PropCo Second Lien Notes on the date of the indenture governing the PropCo Second Lien Notes or thereafter acquired, and all proceeds therefrom, will be subject to first-priority liens (subject to permitted liens) in favor of the

holders of the PropCo First Lien Term Loan and PropCo First Lien Notes. PropCo's failure to comply with the terms of the agreements governing the PropCo First Lien Term Loan and PropCo First Lien Notes could entitle such first lien lenders to declare all indebtedness thereunder to be immediately due and payable. If PropCo was unable to service the PropCo First Lien Term Loan and PropCo First Lien Notes, the collateral agent or agents thereunder could foreclose on PropCo's assets that serve as collateral. Pursuant to PropCo's intercreditor agreement, the lenders and holders of the PropCo First Lien Term Loan and PropCo First Lien Notes will vote as a class to control all decisions with respect to the collateral. In addition, the collateral securing the PropCo First Lien Term Loan and PropCo First Lien Notes will also secure the PropCo Second Lien Notes and may additionally secure certain other future parity lien debt that may be issued in compliance with the terms of any credit agreement or indenture governing the PropCo First Lien Term Loan, PropCo First Lien Notes, and PropCo Second Lien Notes. Holders of the PropCo Second Lien Notes generally, subject to certain potential exclusions, will have second priority liens on the assets that will secure the PropCo First Lien Term Loan and PropCo First Lien Notes. As a result, upon any distribution to PropCo's creditors, liquidation, reorganization, or similar proceedings, or following acceleration of PropCo's indebtedness, or an event of default under PropCo's indebtedness, and enforcement of the collateral, the holders of PropCo First Lien Term Loans and PropCo First Lien Notes will be entitled to be repaid in full from the proceeds of all the assets constituting collateral before any payment is made to the holders of the PropCo Second Lien Notes from the proceeds of that collateral.

6. The Rights of Holders of the PropCo Second Lien Notes to the Collateral Securing Such Indebtedness Will Be Governed, and Materially Limited, by the Related Intercreditor Agreement

Pursuant to the terms of the intercreditor agreement relating to the PropCo Second Lien Notes, the lenders and holders of the PropCo First Lien Term Loans, which are obligations secured by the collateral on a first priority basis, will control substantially all matters related to the collateral. Under the related intercreditor agreement, at any time that PropCo First Lien Term Loan and PropCo First Lien Notes remain outstanding, any actions that may be taken in respect of the collateral (including the ability to commence enforcement proceedings against the collateral and to control the conduct of such proceedings, and to approve amendments to, releases of collateral from the lien of, and waivers of past defaults under, the collateral documents) will be at the direction of the holders of the PropCo First Lien Loans and PropCo First Lien Notes. Under such circumstances, the trustee and collateral agent on behalf of the holders of the PropCo Second Lien Notes will not have the ability to control or direct such actions, even if the rights of the holders of the PropCo Second Lien Notes are adversely affected. Any release of all first priority liens upon any collateral approved by the holders of first priority liens will also release the second priority liens securing the PropCo Second Lien Notes on substantially the same collateral, and holders of PropCo Second Lien Notes will have no control over such release.

Furthermore, because the lenders under the PropCo First Lien Term Loans and holders of the PropCo First Lien Notes control the disposition of the collateral securing the PropCo First Lien Term Loans, PropCo First Lien Notes, and PropCo Second Lien Notes, if there were an event of default under the PropCo Second Lien Notes, the lenders under the PropCo First Lien Term Loans and holders of the PropCo First Lien Notes could decide not to proceed against the collateral. In such event, the only remedy available to the holders of PropCo Second Lien Notes would be to sue for payment on the PropCo Second Lien Notes. By virtue of the direction of the administration of the pledges and security interests and the release of collateral, actions may be taken under the collateral documents that may be adverse to the holders of the PropCo Second Lien Notes. Unless and until the discharge of the PropCo First Lien Term Loans and PropCo First Lien Notes has occurred, the sole right of the holders of the PropCo Second Lien Notes in respect of the collateral is to hold a lien on the collateral.

7. The Holders of the OpCo Second Lien Debt and/or OpCo Second Lien Notes (if applicable) Will Receive Proceeds from the Collateral Only After the Debts Owed to the Holders of the OpCo First Lien Debt (and OpCo First Lien Notes and/or OpCo First Lien Term Loan, if applicable) Are Fully Repaid

Substantially all of the assets owned by OpCo and its subsidiary asset pledgors and guarantors for the OpCo Second Lien Debt and/or OpCo Second Lien Notes (if applicable) on the date of the agreement governing the OpCo Second Lien Debt and/or OpCo Second Lien Notes (if applicable) or thereafter acquired, and all proceeds

therefrom, will be subject to first-priority liens in favor of the holders of the OpCo First Lien Debt (and OpCo First Lien Notes and/or OpCo First Lien Term Loan, if applicable). OpCo's failure to comply with the terms of the agreements governing the OpCo First Lien Debt (and OpCo First Lien Notes and/or OpCo First Lien Term Loan, if applicable) could entitle such first lien lenders to declare all indebtedness thereunder to be immediately due and payable. If OpCo was unable to service the OpCo First Lien Debt (and OpCo First Lien Notes and/or OpCo First Lien Term Loan, if applicable), the collateral agent or agents thereunder could foreclose on OpCo's assets that serve as collateral. Pursuant to OpCo's intercreditor agreement, the group of lenders and holders of the OpCo First Lien Debt (and OpCo First Lien Notes and/or OpCo First Lien Term Loan, if applicable) initially controls all decisions with respect to the collateral. In addition, the collateral securing the OpCo First Lien Debt (and OpCo First Lien Notes and/or OpCo First Lien Term Loan, if applicable) also secures the OpCo Second Lien Debt and/or OpCo Second Lien Notes (if applicable) and may additionally secure certain other future parity lien debt that may be issued in compliance with the terms of any credit agreement or indenture governing the OpCo First Lien Debt (and OpCo First Lien Notes and/or OpCo First Lien Term Loan, if applicable) or OpCo Second Lien Debt and/or OpCo Second Lien Notes (if applicable). Holders of the OpCo Second Lien Debt and/or OpCo Second Lien Notes (if applicable) generally, subject to certain potential exclusions, will have second priority liens on the assets generally securing the OpCo First Lien Debt (and OpCo First Lien Notes and/or OpCo First Lien Term Loan, if applicable). As a result, upon any distribution to OpCo's creditors, liquidation, reorganization, or similar proceedings, or following acceleration of OpCo's indebtedness, or an event of default under OpCo's indebtedness, and enforcement of the collateral, the holders of OpCo First Lien Debt (and OpCo First Lien Notes and/or OpCo First Lien Term Loan, if applicable) will be entitled to be repaid in full from the proceeds of all the assets constituting collateral before any payment is made to the holders of the OpCo Second Lien Debt and/or OpCo Second Lien Notes (if applicable) from the proceeds of that collateral.

8. The Rights of Holders of the OpCo Second Lien Notes to the Collateral Securing Such Indebtedness Will Be Governed, and Materially Limited, by the Related Intercreditor Agreement

Pursuant to the terms of the intercreditor agreement relating to the OpCo Second Lien Debt and/or OpCo Second Lien Notes (if applicable), the lenders and holders of the OpCo First Lien Debt (and OpCo First Lien Notes and/or OpCo First Lien Term Loan, if applicable), which are obligations secured by the collateral on a first priority basis, will control substantially all matters related to the collateral. Under the related intercreditor agreement, at any time that OpCo First Lien Debt (and OpCo First Lien Notes and/or OpCo First Lien Term Loan, if applicable) remain outstanding, any actions that may be taken in respect of the collateral (including the ability to commence enforcement proceedings against the collateral and to control the conduct of such proceedings, and to approve amendments to, releases of collateral from the lien of, and waivers of past defaults under, the collateral documents) will be at the direction of the holders of the OpCo First Lien Debt (and OpCo First Lien Notes and/or OpCo First Lien Term Loan, if applicable). Under such circumstances, the trustee and/or collateral agent on behalf of the holders of the OpCo Second Lien Debt and/or OpCo Second Lien Notes (if applicable) will not have the ability to control or direct such actions, even if the rights of the holders of the OpCo Second Lien Debt and/or OpCo Second Lien Notes (if applicable) are adversely affected. Any release of all first priority liens upon any collateral approved by the holders of first priority liens will also release the second priority liens securing the OpCo Second Lien Debt and/or OpCo Second Lien Notes (if applicable) on substantially the same collateral, and holders of OpCo Second Lien Debt and/or OpCo Second Lien Notes (if applicable) will have no control over such release.

Furthermore, because the lenders and issuers under the OpCo First Lien Debt (and OpCo First Lien Notes and/or OpCo First Lien Term Loan, if applicable) control the disposition of the collateral securing the OpCo First Lien Debt (and OpCo First Lien Notes and/or OpCo First Lien Term Loan, if applicable) and OpCo Second Lien Debt and/or OpCo Second Lien Notes (if applicable), if there were an event of default under the OpCo Second Lien Debt and/or OpCo Second Lien Notes (if applicable), the lenders or holders under the OpCo First Lien Debt (and OpCo First Lien Notes and/or OpCo First Lien Term Loan, if applicable) could decide not to proceed against the collateral. In such event, the only remedy available to the holders of OpCo Second Lien Debt and/or OpCo Second Lien Notes (if applicable) would be to sue for payment on the OpCo Second Lien Debt and/or OpCo Second Lien Notes (if applicable). By virtue of the direction of the administration of the pledges and security interests and the release of collateral, actions may be taken under the collateral documents that may be adverse to the holders of the OpCo Second Lien Debt and/or OpCo Second Lien Notes (if applicable). Unless and until the discharge of the

OpCo First Lien Debt (and OpCo First Lien Notes and/or OpCo First Lien Term Loan, if applicable) has occurred, the sole right of the holders of the OpCo Second Lien Debt and/or OpCo Second Lien Notes (if applicable) is to hold a lien on the collateral.

9. Each Company Will in Most Cases Have Control over the Collateral Securing Its New Debt, and the Sale of Particular Assets by Such Company Could Reduce the Pool of Assets Securing Its New Debt

The collateral documents allow each Company to remain in possession of, retain exclusive control over, freely operate, and collect, invest, and dispose of any income from, the collateral securing its New Debt.

In addition, with respect to the PropCo Second Lien Notes and the OpCo Second Lien Debt and/or OpCo Second Lien Notes (if applicable), PropCo and OpCo will not be required to comply with all or any portion of section 314(d) of the TIA if PropCo or OpCo (as the case may be) determines, in good faith based on advice of counsel, that, under the terms of section 314(d) and/or any interpretation or guidance as to the meaning thereof of the SEC and its staff, including “no action” letters or exemptive orders, all or such portion of section 314(d) of the TIA is inapplicable to the released collateral. For example, PropCo or OpCo may, among other things, without any release or consent by the indenture trustee, conduct ordinary course activities with respect to collateral, such as selling, factoring, abandoning, or otherwise disposing of collateral and making ordinary course cash payments (including repayments of indebtedness) so long as in accordance with the provisions of the indentures governing the PropCo Second Lien Notes or the OpCo Second Lien Debt and/or OpCo Second Lien Notes (if applicable) and such transaction would not otherwise violate section 314(d) of the TIA.

10. The Pledge of the Capital Stock, Other Securities, and Similar Items of the Companies Subsidiaries That Secure the New Debt Will Automatically Be Released from the Lien on Them and No Longer Constitute Collateral to the Extent and for so Long as the Pledge of Such Capital Stock or Such Other Securities Would Require the Filing of Separate Financial Statements with the SEC for the Subsidiary

Certain of the New Debt and the related guarantees are secured by pledges of the stock of the Companies and certain of the Companies’ subsidiaries. Under the SEC regulations in effect as of the issue date of the New Debt, if the par value, book value as carried by the respective Company or market value (whichever is greatest) of the capital stock, other securities or similar items of a subsidiary pledged as part of collateral is greater than or equal to 20 percent of the aggregate principal amount of the New Debt it is securing then outstanding, such subsidiary is required to provide separate financial statements to the SEC. Therefore, the respective credit agreements, indentures, and related collateral documents provide that any capital stock and other securities of the respective Companies’ subsidiaries will be excluded from the collateral securing the respective New Debt to the extent and for so long as the pledge of such capital stock or other securities to secure the respective New Debt would cause such subsidiary to be required to file separate financial statements with the SEC pursuant to Rule 3-16 of Regulation S-X (as in effect from time to time).

In addition, the absence of a lien on a portion of the capital stock of any subsidiary pursuant to these provisions in certain circumstances could result in less than a majority of the capital stock of a subsidiary being pledged to secure the respective New Debt, which could impair the ability of the applicable collateral agent, acting on behalf of the holders of the respective New Debt, to sell a controlling interest in such subsidiary or to otherwise realize value on its security interest in such subsidiary’s stock or assets.

As a result, holders of certain of the New Debt could lose a portion or all of their security interest in the capital stock or other securities of those subsidiaries during such period. It may be more difficult, costly, and time-consuming for holders of such New Debt to foreclose on the assets of a subsidiary than to foreclose on its capital stock or other securities, so the proceeds realized upon any such foreclosure could be significantly less than those that would have been received upon any sale of the capital stock or other securities of such subsidiary.

11. There Are Circumstances Other Than Repayment or Discharge of the New Debt Under Which the Collateral Securing Such New Debt Will Be Automatically Released, Without the Consent of the Holders of Such New Debt or the Consent of the Applicable Administrative Agent or Trustee

Under various circumstances, collateral securing the New Debt of each Company will be released automatically, including a sale, transfer or other disposal of such collateral in a transaction not prohibited under the applicable credit agreement or indenture.

The indentures and credit agreements, as applicable, governing the New Debt of each Company permits, subject to certain terms and conditions, that Company to designate one or more of its restricted subsidiaries that is a subsidiary asset pledgor or guarantor as an unrestricted subsidiary.⁸² If a Company designates one of its subsidiary asset pledgors or guarantors as an unrestricted subsidiary for purposes of the applicable indenture or credit agreement governing a tranche of such Company's New Debt, all of the liens on any collateral owned by such subsidiary or any of its subsidiaries will be released under the applicable indenture or credit agreement. Designation of a subsidiary asset pledgor or guarantor as an unrestricted subsidiary will reduce the aggregate value of the collateral securing the applicable tranche of New Debt of the applicable Company to the extent that liens on the assets of such unrestricted subsidiary and its subsidiaries are released. In addition, the creditors of the unrestricted subsidiary and its subsidiaries will have a senior claim on the assets of such unrestricted subsidiary and its subsidiaries.

12. The Rights of Holders of the New Debt to the Collateral Securing the New Debt May Be Adversely Affected by the Failure to Perfect Security Interests in the Collateral and Other Issues Generally Associated with the Realization of Security Interests in Collateral

Applicable law requires that a security interest in certain tangible and intangible assets can only be properly perfected and its priority retained through certain actions undertaken by the secured party. The liens on the collateral securing the New Debt of each Company may not be perfected if the applicable collateral agent is not able to take the actions necessary to perfect any of these liens on or prior to the date of the issuance of the New Debt. The Companies and their respective subsidiary asset pledgors or guarantors have limited obligations to perfect the security interest of the holders of their respective New Debt in certain limited specified collateral. There can be no assurance that the applicable trustee or collateral agent will monitor, or that the Companies will inform their applicable trustee or collateral agent of, the future acquisition of property and rights that constitute collateral, and that the necessary action will be taken to properly perfect the security interest in such after-acquired collateral. The applicable collateral agent for each tranche of New Debt has no obligation to monitor the acquisition of additional property or rights that constitute collateral or the perfection of any security interest. Such failure may result in the loss of the security interest in collateral or the loss the priority of the security interest in favor of the holders of the New Debt against third parties.

In addition, the security interest of each collateral agent will be subject to practical challenges generally associated with the realization of security interests in collateral. For example, each collateral agent may need to obtain the consent of third parties and make additional filings. If a Company is unable to obtain these consents or make these filings, the security interests may be invalid and the holders of the New Debt of such Company will not be entitled to the collateral or any recovery with respect thereto. There can be no assurance that each collateral agent will be able to obtain any such consent. Also, there can be no assurance that the consents of any third parties will be given when required to facilitate a foreclosure on such assets. Accordingly, each collateral agent may not have the ability to foreclose upon those assets and the value of the collateral may significantly decrease.

⁸² Such terms and conditions will be established by the underlying credit documents.

13. In the Event of A Company's Bankruptcy, the Ability of the Holders of the New Debt of Such Company to Realize upon the Collateral Will Be Subject to Certain Bankruptcy Law Limitations

The ability of the holders of the New Debt of each Company to realize upon the collateral will be subject to certain bankruptcy law limitations in the event of such Company's bankruptcy. Under federal bankruptcy law, secured creditors are prohibited from repossessing their security from a debtor in a bankruptcy case, or from disposing of security repossessed from such debtor, without bankruptcy court approval, which may not be given. Moreover, applicable federal bankruptcy laws generally permit debtors to continue to use and expend collateral, including cash collateral, and to provide liens senior to the collateral agent for the New Debt's liens to secure indebtedness incurred after the commencement of a bankruptcy case, provided that the secured creditor either consents or is given "adequate protection." "Adequate protection" could include cash payments or the granting of additional security, if and at such times as the presiding court in its discretion determines, for any diminution in the value of the collateral as a result of the stay of repossession or disposition of the collateral during the pendency of the bankruptcy case, the use of collateral (including cash collateral) and the incurrence of such senior indebtedness. In view of the broad discretionary powers of a bankruptcy court, it is impossible to predict how long payments under the New Debt of a Company could be delayed following commencement of a bankruptcy case, whether or when the collateral agent would repossess or dispose of the collateral, or whether or to what extent holders of the notes would be compensated for any delay in payment or loss of value of the collateral through the requirements of "adequate protection." Furthermore, in the event the bankruptcy court determines that the value of the collateral is not sufficient to repay all amounts due on the New Debt of a Company, the New Debt would be "undersecured" and the holders of such New Debt would have unsecured claims as to the difference. Federal bankruptcy laws do not permit the payment or accrual of interest, costs, and attorneys' fees on undersecured indebtedness during a debtor's bankruptcy case.

Pursuant to the terms of the intercreditor agreements for OpCo and PropCo, the holders of OpCo Second Lien Notes and PropCo Second Lien Notes agree not to seek or accept "adequate protection" consisting of cash payments and not to object to the incurrence of additional indebtedness secured by liens that are senior to the liens granted to the collateral agent for OpCo Second Lien Notes or PropCo Second Lien Notes (as the case may be) in an aggregate principal amount agreed to be agreed to. As a result of the limitations under the intercreditor agreement, the holders of the OpCo Second Lien Notes and PropCo Second Lien Notes will not be compensated for any delay in payment or loss of value of the collateral through the provision of "adequate protection," except to the extent of any grant of additional liens that are junior to, as the case may be, the OpCo First Lien Term Loans, OpCo First Lien Debt, OpCo First Lien Notes, PropCo First Lien Term Loans, PropCo First Lien Notes, and the second-priority obligations.

In addition to the waiver with respect to adequate protection set forth above, under the terms of the intercreditor agreements, the holders of OpCo Second Lien Notes and PropCo Second Lien Notes also waive certain other important rights that secured creditors may be entitled to in a bankruptcy proceeding. These waivers could adversely affect the ability of such holders to recover amounts owed to them in a bankruptcy proceeding.

14. Gaming Laws May Have an Impact in the Companies' Ability to Perfect Security Interests in Certain Collateral and in the Ability of Holders of the New Debt to Realize upon the Collateral

The Companies will not be permitted to create liens on the shares and other ownership interests of subsidiaries that hold gaming licenses in certain jurisdictions, including Nevada, until they receive approval from the applicable gaming authorities. Although the Companies intend to seek such approval, the Companies cannot give any assurance that such approvals will be granted. Even if the Companies obtain such approvals and perfect the liens on such shares and other ownership interests, such liens could be set aside in a bankruptcy proceeding under certain circumstances.

In addition, state gaming laws and licensing processes, along with other laws relating to foreclosure and sale, could substantially delay or prevent the ability of any holder of a tranche of New Debt to obtain the benefit of any collateral securing such indebtedness. For example, if such holder sought to operate, or retain an operator for,

any pledged gaming property, such holder would be required to obtain certain state gaming licenses. Similarly, potential purchasers of any foreclosed gaming properties or the gaming equipment would also be required to obtain certain state gaming licenses. Such requirements could limit the number of potential purchasers in a sale of such gaming properties or gaming equipment, which may delay the sale of and reduce the price paid for the collateral.

15. The Collateral Securing Each Company's New Debt May Be Diluted Under Certain Circumstances

The collateral that secures the New Debt of each Company may secure on a first priority basis additional senior indebtedness that such Company or certain of its subsidiaries incurs in the future, subject to restrictions on their ability to incur debt and liens under the indentures and credit agreements governing the New Debt of such Company. The rights of the holders of the New Debt of each Company to the applicable collateral would be diluted by any increase in the indebtedness secured on a first priority basis and/or second priority basis by such collateral.

16. Delivery of Security Interests in Collateral After the Issue Date of the New Debt Increases the Risk That the Other Security Interests Could Be Avoidable in Bankruptcy

Certain collateral, including mortgages on real property of PropCo and CPLV Sub, will be granted as security after the issue date of the New Debt. If the grantor of such security interest were to become subject to a bankruptcy proceeding, any mortgage or security interest in collateral delivered after the issue date of the New Debt would face a greater risk than security interests in place on the issue date of being avoided by the pledgor (as debtor in possession) or by its trustee in bankruptcy as a preference under bankruptcy law if certain events or circumstances exist or occur, including if the pledgor is insolvent at the time of the pledge, the pledge permits the holders of the New Debt to receive a greater recovery than if the pledge had not been given and a bankruptcy proceeding in respect of the pledgor is commenced within 90 days following the pledge, or, in certain circumstances, a longer period. To the extent that the grant of any such security interest is voided as a preference, the holders of the New Debt whose security interest was voided would lose the benefit of the security interest.

17. OpCo and PropCo May Not Be Able to Repurchase the OpCo First and Second Lien Notes and PropCo First and Second Lien Notes upon a Change of Control

Upon the occurrence of certain specific kinds of change of control events, OpCo and PropCo (as the case may be) will be required to separately offer to repurchase the outstanding OpCo and PropCo First Lien and Second Lien Notes (as the case may be) at 101 percent of the principal amount thereof plus, without duplication, accrued and unpaid interest and additional interest, if any, to the date of repurchase. However, it is possible that OpCo or PropCo (as the case may be) will not have sufficient funds at the time of the change of control to make the required repurchase of such notes. In addition, certain important corporate events, such as leveraged recapitalizations that would increase the level of the indebtedness of OpCo or PropCo executing such transaction, would not constitute a "Change of Control" under the indentures that will govern such notes.

18. Gaming Laws May Impact the Ability to Hold New Debt or New Interests

The Companies are subject to regulation in each jurisdiction in which they operate, and in some of these jurisdictions, gaming laws can require holders of the Companies' debt or equity securities to file an application, be investigated, and qualify or have such holder's suitability determined by gaming authorities. Gaming authorities have very broad discretion in determining whether an applicant should be deemed suitable. Subject to certain administrative proceeding requirements, the gaming regulators have the authority to deny any application or limit, condition, restrict, revoke or suspend any license, registration, finding of suitability or approval, or fine any person licensed, registered or found suitable or approved, for any cause deemed reasonable by the gaming authorities. Any holder of securities that is found unsuitable or unqualified or denied a license, and who holds, directly or indirectly, any beneficial ownership of a gaming entity's securities beyond such period of time as may be prescribed by the applicable gaming authorities may be required to dispose of the securities and may be guilty of a criminal offense. In the event that disqualified holders fail to divest themselves of such securities, gaming authorities have the power to revoke or suspend the casino license or licenses related to the regulated entity that issued the securities.

19. There is No Existing Trading Market for the OpCo and PropCo First and Second Lien Notes or for the New CEC Convertible Notes

There is no existing trading market for the OpCo and PropCo First and Second Lien Notes or for the New CEC Convertible Notes nor is it known with certainty whether or when a trading market will develop. The Debtors do not anticipate applying to list or quote such notes on the NYSE or NASDAQ or to arrange for quotation on any automated dealer quotation system. The possible lack of liquidity for the notes may make it more difficult for the Companies to raise additional capital, if necessary, and it may affect the price volatility of the notes. There can also be no assurance that a holder will be able to sell its notes at a particular time or that the prices such holder receives when it sells will be favorable. Future trading prices of the notes will depend on many factors, including the operating performance and financial condition of the Companies.

The market for non-investment grade debt historically has been subject to disruptions that have caused substantial volatility in the prices of securities similar to the notes. The market for the notes, if any, may be subject to similar disruptions that could adversely affect their value. In addition, subsequent to their initial issuance, the notes may trade at a discount from their initial offering price, depending upon prevailing interest rates, the market for similar notes, our performance and other factors.

K.L. Risks Relating to the New Interests Under the Plan

1. The Plan Exchanges Senior Securities for Equity

If the Plan is confirmed, Holders of certain Allowed Claims and Interests may receive New Interests, including REIT Common Stock, REIT Preferred Stock, PropCo LP Interests, PropCo [GP Interests](#), PropCo Preferred Equity, OpCo Series A Preferred Stock, or New CEC Common Equity. Thus, in agreeing to the Plan, certain of such Holders will be consenting to the exchange of their interests in senior debt, which has, among other things, a stated interest rate, a maturity date, and a liquidation preference over equity securities, for such New Interests and New CEC Common Equity, which will be subordinated to all future creditor and non-equity based claims. While the PropCo Preferred Equity will have a liquidation value and be subject to certain put rights, it will be subordinated to all future creditor and non-equity based claims and will not be secured by any assets of the REIT or PropCo.

2. The REIT May Choose To Pay Dividends With A Combination of Cash and Stock, In Which Case Holders of REIT Stock May Be Required To Pay Income Taxes In Excess of the Cash Dividends They Receive

As discussed in more detail below, the REIT may seek in the future to distribute taxable dividends that are payable in a combination of cash and REIT stock, including with respect to the E&P Purging Dividend (as defined below). Taxable stockholders receiving such dividends will be required to include the full amount of the dividend as ordinary income to the extent of the REIT's current and accumulated earnings and profits for U.S. federal income tax purposes. As a result, holders of REIT stock may be required to pay income taxes with respect to such dividends in excess of the cash dividends received. If a holder of REIT stock sells the REIT stock that it receives as a dividend in order to pay this tax, the sales proceeds may be less than the amount included in income with respect to the dividend, depending on the market price of the REIT stock at the time of the sale. In addition, in such case, a Holder of REIT stock could have a capital loss with respect to the common stock sold that could not be used to offset such dividend income. Furthermore, with respect to certain Non-U.S. Holders of REIT stock, the REIT may be required to withhold U.S. federal income tax with respect to such dividends, including in respect of all or a portion of such dividend that is payable in REIT stock. In addition, such a taxable stock dividend could be viewed as equivalent to a reduction in the REIT's cash distributions, and that factor, as well as the possibility that a significant number of Holders of REIT stock could determine to sell REIT stock in order to pay taxes owed on dividends, may put downward pressure on the market price of the REIT stock.

3. There is no existing trading market for the New Interests

There is no existing trading market for the New Interests nor is it known with certainty whether or when a trading market will develop. The Debtors do not anticipate applying to list or quote certain of the New Interests, including the PropCo Preferred Equity, or the PropCo LP Interests on the NYSE or NASDAQ, and there can be no assurance that even if an application is submitted to NYSE or NASDAQ, shares of New Interests would be accepted for listing by the relevant governing body. The possible lack of liquidity for the New Interests may make it more difficult for the Companies to raise additional capital, if necessary, and it may affect the price volatility of the New Interests. There can also be no assurance that a holder will be able to sell its New Interests at a particular time or that the prices such holder receives when it sells will be favorable. Future trading prices of the New Interests will depend on many factors, including the operating performance and financial condition of the Companies.

4. The Companies' Payment of Dividends, If Any, With Respect to the New Interests Will Be at the Discretion of the Companies' Boards of Directors or Managers

Any future determination by the Companies to pay dividends with respect to any of the New Interests will be at the discretion of the board of directors or managers of the Companies and will be dependent on then-existing conditions, including the financial condition, results of operations, capital requirements, contractual restrictions, business prospects, and other factors that the board of directors or managers of the Companies considers relevant (subject to certain considerations with respect to dividend requirements for real estate investment trusts). As a result, the trading price of the New Interests could be materially and adversely affected.

5. Upon Consummation of the Plan, There May Be Significant Holders of the New Interests

Upon consummation of the Plan, certain Holders of Allowed Claims or Interests may receive distributions of the shares of certain New Interests representing a substantial percentage of outstanding shares of such New Interests. If certain Holders of Allowed Claims or Interests obtain a sufficiently sizeable position of a series of New Interests, such Holders could be in a position to influence the outcome of actions requiring shareholder approval, including, among other things, the election of Companies' board members. This concentration of ownership could also facilitate or hinder a negotiated change of control of the Companies and, consequently, impact the value of the New Interests. Furthermore, the possibility that one or more holders of a significant number of shares of the New Interests may sell all or a large portion of its shares of the New Interests in a short period of time may adversely affect the trading prices of the New Interests, as applicable.

6. The Trading Prices for the New Interests May Be Depressed Following the Effective Date

Following the Effective Date, recipients of the New Interests under the Plan may seek to dispose of such securities to obtain liquidity, which could cause the initial trading prices for these securities to be depressed, particularly in light of the lack of established trading markets for these securities. Further, the possibility that recipients of New Interests may determine to sell all or a large portion of their shares in a short period of time may adversely affect the market price of the New Interests.

7. The Discussion of Enterprise Valuation and the Estimated Recoveries to Holders of Allowed Claims and Interests Are Not Intended to Represent the Trading Value of the New Interests

Any discussion of the Companies' enterprise valuation upon the Effective Date is based on the Financial Projections developed by the Debtors with the assistance of management and its financial advisors, as well as certain generally accepted valuation principles. It is not intended to represent the trading values of the Companies' securities in public or private markets. Any discussion of the Companies' enterprise valuation upon emergence is based on numerous assumptions (the realization of many of which are beyond the Companies' control), including the Companies' successful reorganization, an assumed Effective Date on or about December 31, 2016, the Companies' ability to achieve the operating and financial results included in the Financial Projections, the definitive

allocation, sizing, and terms and provisions of the New Debt, and the Companies' ability to maintain adequate liquidity to fund their respective operations. Even if the Companies realize the Financial Projections, the trading market values for the New Interests could be adversely affected by the lack of trading liquidity for these securities, lack of institutional research coverage, concentrated selling by recipients of these securities, and general market and economic conditions.

8. The New Interests May Be Issued in Odd Lots

Holders of certain Allowed Claims and Interests may receive odd lot distributions (*i.e.*, less than 100 shares or units) of New Interests under the Plan. Such Holders may find it more difficult to dispose of odd lots in the marketplace and may face increased brokerage charges in connection with any such disposition.

9. Upon Consummation of the Plan, There May Be Restrictions on the Transfer of the New Interests

Holders of the New Interests issued pursuant to the Plan who are deemed to be "underwriters" as defined in section 1145(b) of the Bankruptcy Code, and those holders who are deemed to be "affiliates" or "control persons" within the meaning of the Securities Act and the rules promulgated thereunder, will be unable to freely transfer or sell their New Interests except pursuant to (a) "ordinary trading transactions" by a holder that is not an "issuer" within the meaning of section 1145(b), (b) an effective registration of such securities under the Securities Act or under equivalent state securities or "blue sky" laws, or (c) pursuant to the provisions of Rule 144 or Regulation S under the Securities Act or another available exemption from the registration requirements of the Securities Act.

10. The REIT Series A Preferred Stock has Liquidation Preferences and Conversion Rights that May Affect Holders of the REIT Common Stock

In the event of the REIT's dissolution, liquidation, sale, or change of control and certain other deemed liquidation events, the holders of the REIT Series A Preferred Stock would be entitled to receive a liquidation preference paid in cash in priority over the holders of REIT Common Stock, irrespective of whether such dissolution, liquidation, sale, or change of control or other deemed liquidation event resulted in cash proceeds to the REIT. Therefore, it is possible that holders of REIT Common Stock will not obtain any proceeds if any such event occurs. The REIT Series A Preferred Stock is convertible, at any time, at the option of the holders thereof. As a result, conversion of the REIT Series A Preferred Stock to REIT Common Stock will dilute the ownership interest of existing holders of the REIT Common Stock, and any sales in the public market of the REIT Common Stock issuable upon conversion of the REIT Series A Preferred Stock could adversely affect prevailing market prices of the REIT Common Stock. The company anticipates that it will provide registration rights to certain holders of the REIT Series A Preferred Stock for the REIT Common Stock underlying such Series A Preferred Stock. These registration rights would facilitate the resale of such securities into the public market, and any such resale would increase the number of shares of REIT Common Stock available for public trading. Sales of a substantial number of shares of REIT Common Stock in the public market, or the perception that such sales might occur, could have a material adverse effect on the price of the REIT Common Stock.

11. Dividends Paid-in-Kind and the Anti-Dilution Provisions of the REIT Series A Preferred Stock Could Significantly Dilute the Holders of REIT Common Stock Upon the Conversion of REIT Series A Preferred Stock

The holders of the REIT Series A Preferred Stock are entitled to receive cumulative quarterly dividends at a rate of at least 5% per annum, which dividend will be increased in the event the dividends paid on shares of REIT Common Stock is higher than 5% per annum, calculated as aggregate dividends paid on all shares of REIT Common Stock over the fixed implied value of the REIT Common Stock on the Effective Date. Among other things, the amount of aggregate dividends paid on the REIT Common Stock may increase if the number of shares of REIT Common Stock outstanding increases after the Effective Date. The REIT Series A Preferred Stock Articles Dividends on shares of the REIT Series A Preferred Stock will be payable only in newly issued paid-in-kind shares of REIT Series A Preferred Stock. Shares of REIT Series A Preferred Stock are convertible at any time at the option

of the holder into shares of REIT Common Stock at the then applicable conversion rate. The REIT Series A Preferred Stock Articles provides for customary anti-dilution adjustments to the conversion rate such as for stock splits, stock dividends, and distribution of options, warrants, and rights to holders of REIT Common Stock, as well as an adjustment for regular cash dividends paid on REIT Common Stock (with such adjustment considering only the first 5% per annum of such regular cash dividend) and an adjustment for other dividends and distributions that will apply the adjustment to the full extent of such dividends or distributions. These adjustments will increase the conversion rate and result in a larger number of shares of REIT Common Stock being issued for each share of REIT Series A Preferred Stock. Such paid-in-kind dividends and the anti-dilution protections provided under the REIT Series A Preferred Stock may require the REIT to issue a significant number of shares of REIT Common Stock upon the conversion of shares of REIT Series A Preferred Stock, which could result in a significant dilution of the holders of the REIT Common Stock and a reduction in the prevailing market price of a share of REIT Common Stock.

12. Holders of the REIT Series A Preferred Stock Have Significant Voting Rights in Corporate Matters Which May Affect REIT Common Stock Holders

The holders of REIT Series A Preferred Stock will be entitled to vote together with the holders of the REIT Common Stock as a single class upon all matters upon which holders of the REIT Common Stock have the right to vote, and, in connection with such matters, will be entitled to a number of votes equal to the number of shares of REIT Common Stock into which their shares of REIT Series A Preferred Stock would convert as of the record date for the matters to be voted on. This will dilute the vote of holders of REIT Common Stock, which dilution will increase as the number of shares of REIT Series A Preferred Stock increases as a result of paid-in-kind dividends and anti-dilution protections.

Holders of REIT Series A Preferred Stock also have significant supermajority voting rights as a separate class of stock, including, without limitation, with respect to any repeal, amendment, waiver, or other change of any provisions of the REIT Organizational Documents and the REIT Series A Preferred Stock Articles (whether by merger, consolidation, or otherwise) that adversely affects the rights of the REIT Series A Preferred Stock, consummation of a liquidation, deemed liquidation, or similar corporate transaction, amendment of the voting provisions of the REIT Series A Preferred Stock Articles, or creation of any new class or series of stock, any other equity securities, or any debt or other securities convertible into equity securities of the corporation, in each such case having a preference over, or being in parity with, the REIT Series A Preferred Stock. If the REIT consummates a transaction in violation of such voting rights, the holders of the REIT Series A Preferred Stock may require that they be permitted to continue to hold their REIT Series A Preferred Stock, which may act as a disincentive for any other person to enter into a transaction with the REIT that the REIT may deem to be in its best interests. These provisions could deter unsolicited takeovers or delay or prevent changes in the REIT's control or management, including transactions in which holders of the REIT Common Stock might otherwise receive a premium for their shares over then current market prices. These provisions may also limit the ability of holders of the REIT Common Stock to approve transactions that they may deem to be in their best interests.

13. The REIT Series A Preferred Stock Has Significant Redemption and Repayment Rights That Could Have a Material Adverse Effect on the REIT's Liquidity and Available Financing for its Ongoing Operations

The REIT Series A Preferred Stock is redeemable at the option of the holders thereof, in whole or in part, (i) at any time after the tenth anniversary of the Effective Date, (ii) upon a breach of the REIT Series A Preferred Stock Articles, or (iii) upon certain bankruptcy, insolvency proceeding, or reorganization or similar event. If the REIT does not have sufficient funds available to redeem on any redemption date all shares of REIT Series A Preferred Stock requested to be redeemed by the holders thereof, it will be required to redeem a portion of such holder's redeemable shares of such stock out of funds available therefor and to redeem the remaining shares as soon as practicable after it has funds available therefor. Holders of shares of REIT Series A Preferred Stock that were requested to be redeemed and were not so redeemed on the redemption date will be entitled to an additional amount equal to 5% per annum of the redemption price of the shares of REIT Series A Preferred Stock not so redeemed, compounding quarterly and cumulating and accruing on a daily basis during the period from the original redemption date through and including the actual redemption date of such shares of REIT Series A Preferred Stock, payable

only in U.S. dollars. The liquidation preference for such shares will include any such unpaid additional amount. The election of the holders of the REIT Series A Preferred Stock to redeem the REIT Series A Preferred Stock could subject the REIT to decreased liquidity and other negative impacts on its business, results of operations, and financial condition.

L.M. Risks Relating to the New CEC Common Stock and New CEC Convertible Notes

1. New CEC May Not Achieve the Financial Performance Projected Under the Projections Set Forth in this Disclosure Statement

The financial projections for New CEC attached hereto as Exhibit E (the “New CEC Financial Projections”) have been provided by CEC and CAC and are the projections of future performance of New CEC’s operations for each fiscal year through fiscal year 2020, after giving effect to the giving effect to the merger of CEC and CAC, the Plan and the Restructuring Transactions, and do not purport to represent what New CEC’s actual financial position will be following the merger of CEC and CAC and the Debtors’ emergence from the Chapter 11 Cases. The New CEC Financial Projections are based on numerous estimates of values and assumptions including the timing, confirmation, and consummation of the Plan in accordance with its terms, the expected terms of the OpCo New Interests and OpCo New Debt, the New CEC Capital Raise, the anticipated future performance of New CEC, industry performance, general business and economic conditions, and other matters, many of which are beyond New CEC’s control and some or all of which may not materialize. These estimates and assumptions are based on the judgment, experience, and perception of CEC’s and CAC’s management of historical trends, current conditions, and expected future developments, and are based on facts available and determinations made at the time the New CEC Financial Projections were prepared, and over time may turn out to have been incorrect, which could have a material effect on New CEC’s ability to meet the New CEC Financial Projections.

In addition, unanticipated events and circumstances occurring subsequent to the date hereof may affect the actual financial results of New CEC’s operations. Except as otherwise specifically and expressly stated herein, this Disclosure Statement does not reflect any events that may occur subsequent to the date hereof and that may have a material impact on the information contained in this Disclosure Statement. The Debtors do not intend to update the Financial Projections; thus, the Financial Projections will not reflect the effect of any subsequent events not already accounted for in the assumptions underlying the New CEC Financial Projections.

2. There is No Existing Trading Market for the New CEC Common Stock. The Trading Prices for the New CEC Common Stock May Be Depressed Following the Effective Date

There is no existing trading market for the New CEC Common Stock. It is not known with certainty whether or when a trading market will develop in the New CEC Common Stock following the merger of CEC and CAC and the consummation of the Plan. The possible lack of liquidity for the New CEC Common Stock may make it more difficult for New CEC to raise additional capital, if necessary, and it may affect the price and volatility of the New CEC Common Stock. There can also be no assurance that a holder will be able to sell its New CEC Common Stock at a particular time or that the prices such holder receives when it sells will be favorable. Future trading prices of the New CEC Common Stock will depend on many factors, including the operating performance and financial condition of New CEC.

Following the Effective Date, recipients of the New CEC Common Stock under the Plan or in connection with the merger of CEC and CAC may seek to dispose of the New CEC Common Stock to obtain liquidity, which could cause the initial trading prices for these securities to be depressed, particularly in light of the lack of established trading markets for these securities. Further, the possibility that recipients of New CEC Common Stock may determine to sell all or a large portion of their shares in a short period of time may adversely affect the market price of the New CEC Common Stock.

3. The Discussion of Estimated Recoveries to Holders of Allowed Claims and Interests Are Not Intended to Represent the Trading Value of the New CEC Common Stock

Any discussion of the value of the New CEC Common Stock upon the Effective Date is based on the New CEC Financial Projections provided by CEC and CAC. It is not intended to represent the trading values of New CEC's securities in public or private markets. Any discussion of New CEC's enterprise valuation upon emergence is based on numerous assumptions (the realization of many of which are beyond New CEC's control), including an assumed Effective Date on or about December 31, 2016, New CEC's ability to achieve the operating and financial results included in the New CEC Financial Projections, the definitive allocation, sizing, and terms and provisions of OpCo's New Debt, and New CEC's ability to maintain adequate liquidity to fund its operations. Even if New CEC realizes the New CEC Financial Projections, the trading market values for the New CEC Common Stock could be adversely affected by the lack of trading liquidity for these securities, lack of institutional research coverage, concentrated selling by recipients of these securities, and general market and economic conditions.

4. New CEC Will Likely Need to Raise a Substantial Amount of Additional Capital; While There Are Preemptive Rights With Respect to the New CEC Capital Raise, Persons Receiving New CEC Common Stock Pursuant to the Plan Will Not Have Preemptive Rights With Respect to Future Capital Raises

New CEC will be required to provide substantial cash to the Debtors pursuant to the Plan. While the Plan permits New CEC to raise additional capital pursuant to the New CEC Capital Raise to fund its contributions to the Plan, it is likely that New CEC will need to raise additional capital in the future to fund its operations and provide adequate liquidity.

New CEC will have substantial funded debt following consummation of the Chapter 11 Cases, which could adversely affect New CEC's ability to borrow additional amounts for working capital, capital expenditures, debt service requirements, strategic initiatives, and other purposes. If New CEC raises additional capital through the issuance of equity securities, the ownership interests of holders of New CEC Common Stock may be diluted. While there are preemptive rights with respect to the New CEC Capital Raise, persons receiving New CEC Common Stock pursuant to the Plan will not have preemptive rights with respect to future capital raises.

5. The Value and Performance of the New CEC Common Stock Will Be Dependent on the Results of Operations and Financial Condition of New CEC, Which Will Be Subject to All of the Risks And Uncertainties Impacting Their Respective Businesses Following Their Merger

The value and performance of the New CEC Common Stock will be dependent on the results of operations and financial condition of New CEC. New CEC will be subject to a variety of risks and uncertainties relating to its business, many of which will be beyond its control. These risks and uncertainties include those described in the Annual Report on Form 10-K of each of CEC and CAC filed with the SEC, as well as those described in their respective subsequent Exchange Act filings. New CEC will also face risks related to the integration of CEC and CAC's business. New CEC will also 100% of the equity of CEOC following consummation of the Plan. New CEC's financial performance will therefore be subject to all of the risks relating to CEOC's business described in this Disclosure Statement under Article IX.E — Risk Factors and Considerations Regarding the Companies' Businesses and Operations and Article IX.G — Risk Factors and Considerations Regarding the Companies' Financial Condition.

6. New CEC's Payment of Dividends, if Any, With Respect to the New CEC Common Stock Will Be at the Discretion of New CEC's Board of Directors

Any future determination by New CEC to pay dividends with respect to the New CEC Common Stock will be at the discretion of the board of directors of the New CEC and will be dependent on then existing conditions, including the financial condition, results of operations, capital requirements, contractual restrictions, business prospects, and other factors that the board of directors of New CEC considers relevant. As a result, the trading price of the New CEC Common Stock could be materially and adversely affected.

7. Upon Consummation of the Plan, There May Be Significant Holders of New CEC Common Stock

Upon consummation of the Plan and the merger of CEC and CAC, certain existing holders of CEC and CAC and certain holders of Allowed Claims or Interests may receive shares of New CEC Common Stock representing a substantial percentage of outstanding shares of such New CEC Common Stock. If such persons obtain a sufficiently large percentage, such persons could be in a position to influence the outcome of actions requiring shareholder approval, including, among other things, the election of New CEC's board of directors. This concentration of ownership could also facilitate or hinder a negotiated change of control of New CEC and, consequently, impact the value of the New CEC Common Stock. Furthermore, the possibility that one or more holders of a significant number of shares of the New CEC Common Stock may sell all or a large portion of its shares of the New CEC Common Stock in a short period of time may adversely affect the trading prices of the New CEC Common Stock, as applicable.

8. Holders of New CEC Convertible Notes May Not Be Able to Convert Their New CEC Convertible Notes Into Shares of New CEC Common Equity or Upon Conversion They May Receive Less Value Than Anticipated

Though the New CEC Convertible Notes are convertible into shares of New CEC Common Equity at the option of the holders before the six and a half year anniversary of their issuance under certain circumstances and, after such anniversary, at any time, there is no guarantee that holders of New CEC Convertible Notes will be able to convert their New CEC Convertible Notes into New CEC Common Equity. Among other things, CEC could file for bankruptcy and its common stock could be discharged, canceled, released, or extinguished as a result. If the New CEC Convertible Notes are not converted into New CEC Common Equity, holders may receive less than the value of the New CEC Common Equity, cash or combination into which the New CEC Convertible Notes would otherwise be convertible.

In addition, even if holders of New CEC Convertible Notes are able to convert their New CEC Convertible Notes, they may receive less valuable consideration than expected because the value of New CEC Common Equity may decline after the exercise of conversion rights but before CEC settles the conversion obligation. A converting holder will be exposed to fluctuations in the value of New CEC Common Equity during the period from the date such holder surrenders New CEC Convertible Notes for conversion until the date the conversion obligation is settled.

Finally, the New CEC Convertible Notes may be converted into New CEC Common Equity at CEC's option after the fourth anniversary of their issuance. If CEC exercises this option, holders of the New CEC Convertible Notes may lose value on the New CEC Convertible Notes to the extent such notes are trading with higher returns than New CEC Common Equity.

9. Holders of New CEC Convertible Notes Will Not Be Entitled to Any Rights With Respect to New CEC Common Equity, But Will Be Subject to All Changes Made With Respect to It

Holders of New CEC Convertible Notes will not be entitled to any rights with respect to New CEC Common Equity (including, without limitation, voting rights and rights to receive any dividends or other distributions), but will be subject to all changes affecting New CEC Common Equity. For example, if an amendment is proposed to CEC's certificate of incorporation or bylaws requiring stockholder approval and the record date for determining the stockholders of record entitled to vote on the amendment occurs prior to the date a holder receives any shares due upon conversion, such holder will not be entitled to vote on the amendment, although such holder will nevertheless be subject to any changes affecting New CEC Common Equity.

M.N. Risks Related to the Marketing Process

1. The Marketing Process May Not Result In Any Offers

Although the Debtors' Marketing Process will not preclude bids for assets, subsidiary equity interests, or any other bid structure that may maximize value for all their constituents, whether under a proposed plan of reorganization or otherwise, there is no guarantee that the Marketing Process will result in any competing bids to buy the Debtors or their assets.

2. The Marketing Process May Results in a Successful Bid Other Than the Plan, Which Could Significantly Alter the Terms of the Plan.

Because the Marketing Process will be conducted in parallel with the solicitation of votes on the Plan, Holders of Claims and Interests should closely follow the following information about this Marketing Process, as the results thereof could materially affect the transactions, proposed recoveries, and timing contemplated by the Plan.

3. Should the Marketing Process Results in a Successful Bid Other Than the Plan, There Is No Guarantee That the Transaction Contemplated by the Successful Bid Will Close.

Though the Debtors, together their advisors, will consider all aspects of competing Proposed Transactions, including a buyer's ability to close such Proposed Transaction, there can be no guarantee that, should the Debtors decided in their business judgment to select a Proposed Transaction that is different than the Plan, such Proposed Transaction will be completed. Any delay in the process of finalizing and closing a Proposed Transaction, including with respect to delays on account of regulatory approvals, financing conditions, or general market disruption, could materially impact the recoveries of Holders of Claims and Interests. And a Successful Bidder's failure to close on account of regulatory issues, failure to obtain necessary financing, or otherwise, would most likely have a material impact on the recoveries of Holders of Claims and Interests.

O. Risk Factor Related to the Deferred Compensation Settlement

The failure to successfully negotiate a settlement with regard to the Deferred Compensation Plans, as described in Article IV.R, may negatively affect both Allowed Claims for unsecured creditors and the recoveries of Holders of Disputed Unsecured Claims and Convenience Unsecured Claims.

N.P. Disclosure Statement Disclaimer

1. Information Contained Herein Is for Soliciting Votes

The information contained in this Disclosure Statement is for the purposes of soliciting acceptances of the Plan and may not be relied upon for any other purpose.

2. This Disclosure Statement Was Not Approved by the United States Securities and Exchange Commission

This Disclosure Statement was not filed with the SEC under the Securities Act or applicable state securities laws. Neither the SEC nor any state regulatory authority has passed upon the accuracy or adequacy of this Disclosure Statement, or the exhibits or the statements contained herein, and any representation to the contrary is unlawful.

3. Reliance on Exemptions from Registration

This Disclosure Statement has been prepared pursuant to section 1125 of the Bankruptcy Code and Bankruptcy Rule 3016(b) and is not necessarily in accordance with federal or state securities laws or other similar laws.

4. No Legal or Tax Advice Is Provided to You by this Disclosure Statement

This Disclosure Statement is not legal advice to you. The contents of this Disclosure Statement should not be construed as legal, business, or tax advice. Each Holder of a Claim or Interest should consult his or her own legal counsel and accountant with regard to any legal, tax, and other matters concerning his or her Claim or Interest. This Disclosure Statement may not be relied upon for any purpose other than to determine how to vote on the Plan or object to Confirmation of the Plan.

5. No Admissions Made

The information and statements contained in this Disclosure Statement will neither (a) constitute an admission of any fact or liability by the Debtors, nor (b) be deemed evidence of the tax or other legal effects of the Plan on the Companies, Holders of Allowed Claims or Interests, or any other parties in interest, nor (c) be deemed or construed as a finding of fact or conclusion of law with respect to any matter or controversy.

6. Failure to Identify Litigation Claims or Projected Objections

No reliance should be placed on the fact that a particular litigation claim or projected objection to a particular Claim or Interest is, or is not, identified in this Disclosure Statement. The Debtors or Reorganized Debtors, as the case may be, may seek to investigate, file, and prosecute Claims and may object to Claims and Interests after the Confirmation or Effective Date of the Plan irrespective of whether this Disclosure Statement identifies such Claims or Interests or objections to Claims or Interests.

7. Information Was Provided by the Debtors and Was Relied Upon by the Debtors'

Advisors

Counsel to and other advisors retained by the Debtors have relied upon information provided by the Debtors in connection with the preparation of this Disclosure Statement. Although counsel to and other advisors retained by the Debtors have performed certain limited due diligence in connection with the preparation of this Disclosure Statement, they have not independently verified the information contained herein.

8. Potential Exists for Inaccuracies, and the Debtors Have No Duty to Update

The statements contained in this Disclosure Statement are made by the Debtors as of the date hereof, unless otherwise specified herein, and the delivery of this Disclosure Statement after that date does not imply that there has not been a change in the information set forth herein since that date. Although the Debtors have used their reasonable business judgment to ensure the accuracy of all of the information provided in this Disclosure Statement and in the Plan, the Debtors nonetheless cannot, and do not, confirm the current accuracy of all statements appearing in this Disclosure Statement. Further, although the Debtors may subsequently update the information in this Disclosure Statement, the Debtors have no affirmative duty to do so unless ordered to do so by the Bankruptcy Court.

9. No Representations Outside This Disclosure Statement Are Authorized

No representations concerning or relating to the Debtors, the Chapter 11 Cases, or the Plan are authorized by the Bankruptcy Court or the Bankruptcy Code, other than as set forth in this Disclosure Statement. Any representations or inducements made to secure your acceptance or rejection of the Plan that are other than as contained in, or included with, this Disclosure Statement, should not be relied upon by you in arriving at your decision. You should promptly report unauthorized representations or inducements to the counsel to the Debtors, the United States Trustee, counsel to the Unsecured Creditors Committee, and counsel to the Second Priority Noteholders Committee.

9.0. Liquidation Under Chapter 7

If no plan can be Confirmed, the Debtors' Chapter 11 Cases may be converted to cases under chapter 7 of the Bankruptcy Code, pursuant to which a trustee would be elected or appointed to liquidate the assets of the Debtors for distribution in accordance with the priorities established by the Bankruptcy Code. A discussion of the effects that a chapter 7 liquidation would have on the recoveries of Holders of Claims and the Debtors' Liquidation Analysis is described herein and attached hereto as **Exhibit D.**

**ARTICLE X.
CERTAIN SECURITIES LAW MATTERS**

The Debtors will issue New Interests and New Debt, and New CEC will issue New CEC Common Equity, New CEC Convertible Notes, and a guarantee by New CEC pursuant to the OpCo Guaranty Agreement to certain Holders of Allowed Claims in accordance with the terms of the Plan. The Debtors believe the (a) OpCo Common Stock; (b) OpCo Series A Preferred Stock; (c) PropCo Common Equity; (d) PropCo Preferred Equity; (e) REIT Common Stock; (f) REIT Preferred Stock; (g) OpCo First Lien Notes; (h) OpCo Second Lien Notes; (i) PropCo First Lien Notes; (j) PropCo Second Lien Notes; (k) New CEC Common Equity; (l) New CEC Convertible Notes; and (m) the guarantee by CEC pursuant to the OpCo Guaranty Agreement with respect to the OpCo First Lien Notes and the OpCo Second Lien Notes to be "securities," as defined in section 2(a)(1) of the Securities Act, section 101 of the Bankruptcy Code, and any applicable state securities laws.

A. Issuance of Securities under the Plan Pursuant to the Plan:

- Holders of Prepetition Credit Agreement Claims will receive PropCo Second Lien Notes in the event the CPLV Market Debt is not sold for Cash (subject to the CPLV Mezzanine Election) and may receive OpCo First Lien Notes and OpCo Second Lien Notes (in each case, to the extent the OpCo First Lien Notes and the OpCo Second Lien Notes are not sold to third parties for Cash and such Holders of Prepetition Credit Agreement Claims waive the condition that such notes must be sold to third parties for Cash) and PropCo Common Equity pursuant to the PropCo Equity Election;
- Holders of Secured First Lien Notes Claims may receive OpCo First Lien Notes and OpCo Second Lien Notes (in each case, to the extent the OpCo First Lien Notes and the OpCo Second Lien Notes are not sold to third parties for Cash and such Holders of Secured First Lien Notes Claims waive the condition that such notes must be sold to third parties for Cash), PropCo First Lien Notes, and PropCo Second Lien Notes (in each case, subject to the right to convert such securities to PropCo Common Equity pursuant to the PropCo Equity Election), PropCo Common Equity, PropCo Preferred Equity pursuant to the PropCo Preferred Equity Distribution, the PropCo Preferred Equity Upsize Amount, if applicable, and OpCo Series A Preferred Stock to be exchanged for New CEC Common Equity pursuant to the CEOC Merger;
- Holders of ~~Unsecured~~Second Lien Notes Claims, Subsidiary-Guaranteed Notes Claims, ~~General~~Senior Unsecured Notes Claims, Undisputed Unsecured Claims, Disputed Unsecured Claims, Caesars Riverboat Casino Unsecured Claims, Chester Downs Management Unsecured Claims, ~~and Par Recovery Unsecured Claims,~~ Winnick Unsecured Claims, Caesars Riverboat Casino Unsecured Claims, and Chester Downs Management Unsecured Claims will receive New CEC Convertible Notes, and OpCo Series A Preferred Stock to be exchanged for New CEC Common Equity pursuant to the CEOC Merger;
- New CEC will receive OpCo Common Stock in connection with its New CEC OpCo Stock Purchase and PropCo Common Equity in connection with its New CEC PropCo Common Stock Purchase, if applicable;
- PropCo Preferred Backstop Investors will receive PropCo Preferred Equity pursuant to the PropCo Preferred Equity Call Right and/or the PropCo Preferred Equity Put Right; and

- To the extent that Holders of Allowed Prepetition Credit Agreement Claims or Holders of Allowed Secured First Lien Notes Claims receive OpCo First Lien Notes and/or OpCo Second Lien Notes, such Holders will receive the benefit of the guarantee by CEC pursuant to the OpCo Guaranty Agreement with respect to the OpCo First Lien Notes and the OpCo Second Lien Notes.

Section 1145(a)(1) of the Bankruptcy Code exempts the offer and sale of securities under a plan of reorganization from registration under section 5 of the Securities Act and state laws when such securities are to be exchanged for claims or principally in exchange for claims and partly for cash. In general, securities issued under section 1145 of the Bankruptcy Code may be resold without registration unless the recipient is an “underwriter” with respect to those securities.

In reliance upon this exemption, the Debtors believe that the offer and sale, under the Plan:

- of PropCo Second Lien Notes, OpCo First Lien Notes, OpCo Second Lien Notes, and PropCo Common Equity to the Holders of Prepetition Credit Agreement Claims;
- of the OpCo First Lien Notes, OpCo Second Lien Notes, PropCo First Lien Notes, PropCo Second Lien Notes, PropCo Common Equity, PropCo Preferred Equity, New CEC Common Equity, and OpCo Series A Preferred Stock to the Holders of Secured First Lien Notes Claims;
- of New CEC Convertible Notes to be issued to Holders of ~~Unsecured~~Second Lien Notes Claims, ~~Subsidiary-Guaranteed Notes Claims, General~~Senior Unsecured Notes Claims, Undisputed Unsecured Claims, Disputed Unsecured Claims, Caesars Riverboat Casino Unsecured Claims, Chester Downs Management Unsecured Claims, ~~and~~Par Recovery Unsecured Claims, Winnick Unsecured Claims, ~~Caesars Riverboat Casino Unsecured Claims, and Chester Downs Management Unsecured Claims~~ and the New CEC Common Equity to be issued upon conversion of such New CEC Convertible Notes, if any;
- of OpCo Series A Preferred Stock to Holders of ~~Unsecured~~Second Lien Notes Claims, ~~Subsidiary-Guaranteed Notes Claims, General~~Senior Unsecured Notes Claims ~~(to the extent such Holders do not elect the Cash Election)~~, Undisputed Unsecured Claims, Disputed Unsecured Claims, Caesars Riverboat Casino Unsecured Claims, Chester Downs Management Unsecured Claims, ~~and~~Par Recovery Unsecured Claims, Winnick Unsecured Claims, ~~(to the extent such Holders do not elect the Cash Election)~~, Caesars Riverboat Casino Unsecured Claims, and Chester Downs Management Unsecured Claims;
- of New CEC Common Equity exchanged for OpCo Series A Preferred Stock pursuant to the CEOC Merger; and
- of the guarantee by New CEC pursuant to the OpCo Guaranty Agreement to Holders of Allowed Prepetition Credit Agreement Claims or Holders of Allowed Secured First Lien Notes Claims which receive OpCo First Lien Notes or OpCo Second Lien Notes,

will be exempt from registration under the Securities Act and state securities laws with respect to any such Holder who is not deemed to be an “underwriter” as defined in section 1145(b) of the Bankruptcy Code.

Each of the (i) OpCo Common Stock and PropCo Common Equity issued pursuant to the New CEC OpCo Stock Purchase and the CEC PropCo Common Stock Purchase, respectively and (ii) PropCo Common Equity issued to OpCo will be issued without registration in reliance upon the exemption set forth in Section 4(a)(2) of the Securities Act. Section 4(a)(2) of the Securities Act provides that the registration requirements of section 5 of the Securities Act will not apply to the offer and sale of a security in connection with transactions not involving any public offering. The term “issuer,” as used in Section 4(a)(2) of the Securities Act, means, among other things, a person who issues or proposes to issue any security. Any securities issued in reliance on Section 4(a)(2) will be “restricted securities” subject to resale restrictions and may be resold, exchanged, assigned or otherwise transferred

only pursuant to registration, or an applicable exemption from registration under the Securities Act and other applicable law.

B. Subsequent Transfers of Securities Issued under the Plan

Section 1145(b)(1) of the Bankruptcy Code defines an “underwriter” as any person who:

- purchases a claim against, an interest in, or a claim for an administrative expense against the debtor, if that purchase is with a view to distributing any security received in exchange for such a claim or interest;
- offers to sell securities offered under a plan of reorganization for the holders of those securities;
- offers to buy those securities from the holders of the securities, if the offer to buy is (i) with a view to distributing those securities; and (ii) under an agreement made in connection with the plan of reorganization, the completion of the plan of reorganization, or with the offer or sale of securities under the plan of reorganization; or
- is an issuer with respect to the securities, as the term “issuer” is defined in section 2(a)(11) of the Securities Act.

You should confer with your own legal advisors to help determine whether or not you are an “underwriter.”

To the extent that persons who receive the securities issued under the Plan that are exempt from registration under the Securities Act or other applicable law by section 1145 of the Bankruptcy Code are deemed to be “underwriters,” resales by those persons would not be exempted from registration under the Securities Act or other applicable law by section 1145 of the Bankruptcy Code. Securities issued under the Plan that are “restricted securities” may only be sold pursuant to a registration statement or pursuant to exemption therefrom, such as the exemption provided by Rule 144 under the Securities Act.

Persons (i) who receive securities that are exempt under section 1145 of the Bankruptcy Code but who are deemed “underwriters” or (ii) who receive securities issued under the Plan that are “restricted securities” would, however, be permitted to sell such securities without registration if an available resale exemption exists, including the exemptions provided by Rule 144 or Rule 144A under the Securities Act.

PERSONS WHO RECEIVE SECURITIES UNDER THE PLAN ARE URGED TO CONSULT THEIR OWN LEGAL ADVISOR WITH RESPECT TO THE RESTRICTIONS APPLICABLE UNDER THE FEDERAL OR STATE SECURITIES LAWS AND THE CIRCUMSTANCES UNDER WHICH SECURITIES MAY BE SOLD IN RELIANCE ON SUCH LAWS.

THE FOREGOING SUMMARY DISCUSSION IS GENERAL IN NATURE AND HAS BEEN INCLUDED IN THIS DISCLOSURE STATEMENT SOLELY FOR INFORMATIONAL PURPOSES. WE MAKE NO REPRESENTATIONS CONCERNING, AND DO NOT PROVIDE, ANY OPINIONS OR ADVICE WITH RESPECT TO THE SECURITIES OR THE BANKRUPTCY MATTERS DESCRIBED IN THIS DISCLOSURE STATEMENT. IN LIGHT OF THE UNCERTAINTY CONCERNING THE AVAILABILITY OF EXEMPTIONS FROM THE RELEVANT PROVISIONS OF FEDERAL AND STATE SECURITIES LAWS, WE ENCOURAGE EACH HOLDER AND PARTY-IN-INTEREST TO CONSIDER CAREFULLY AND CONSULT WITH ITS OWN LEGAL ADVISORS WITH RESPECT TO ALL SUCH MATTERS. BECAUSE OF THE COMPLEX, SUBJECTIVE NATURE OF THE QUESTION OF WHETHER A SECURITY IS EXEMPT FROM THE REGISTRATION REQUIREMENTS UNDER THE FEDERAL OR STATE SECURITIES LAWS OR WHETHER A PARTICULAR HOLDER MAY BE AN UNDERWRITER, WE MAKE NO REPRESENTATION CONCERNING THE ABILITY OF A PERSON TO DISPOSE OF THE SECURITIES ISSUED UNDER THE PLAN.

ARTICLE XI.
CERTAIN UNITED STATES INCOME TAX CONSEQUENCES OF THE PLAN

A. Introduction

The following discussion is a summary of certain federal income tax consequences of the consummation of the Plan to the Debtors and to certain Holders of Claims. The following summary does not address the federal income tax consequences to Holders of Claims not entitled to vote to accept or reject the Plan. This summary is based on the Internal Revenue Code, the U.S. Treasury Regulations promulgated thereunder, judicial authorities, published administrative positions of the IRS and other applicable authorities, all as in effect on the date of this Disclosure Statement and all of which are subject to change or differing interpretations, possibly with retroactive effect.

As discussed in greater detail herein, pursuant to the Plan, the Debtors will be restructured as a separate operating company (OpCo) and property company (PropCo). PropCo will be majority owned by a newly-formed real estate investment trust (“REIT” or “REITCo,” as the context requires). The separation of the Debtors into OpCo, PropCo, and the REIT (the “Separation Structure”) may be accomplished *either* through (1) a spin-off of the REIT in a transaction intended to generally constitute a tax-free reorganization under section 368(a)(1)(G) of the Internal Revenue Code (the “Spin Structure”) or (2) a contribution of assets to a partnership intended to generally qualify as a tax-free contribution under section 721 of the Internal Revenue Code (the “Partnership Contribution Structure”). In addition, as part of the Plan, CEOC will be merged with and into a newly-created subsidiary of CEC (“CEOC LLC”), with CEOC LLC as the surviving entity (the “CEOC Merger”). CEOC LLC will be treated as a disregarded entity of CEC for federal income tax purposes and, as a result, the CEOC Merger is intended to constitute either (a) a tax-free liquidation under section 332 of the IRC (with respect to CEC) or (b) a tax-free reorganization under section 368(a)(1)(A) or (G) (with respect to other parties that hold CEOC stock and, potentially, CEC).⁸³

Due to the lack of definitive judicial and administrative authority in a number of areas, substantial uncertainty may exist with respect to some of the tax consequences described below. On March 20, 2015, the Debtors submitted a request for rulings from the IRS with respect to certain, but not all, of the federal income tax consequences of the Spin Structure (the “Spin Ruling”) to the Debtors and certain Holders of Claims and with respect to qualification of the REIT as a REIT for federal income tax purposes. The Debtors also plan to obtain (a) a tax opinion that the REIT’s proposed method of operation will enable the REIT to meet the requirements for qualification and taxation as a real estate investment trust under the Internal Revenue Code and (b) the Spin Opinion or the Partnership Opinion, as applicable, which opinion is expected to conclude, at a “should” level, that the Spin Structure or the Partnership Contribution Structure, as applicable, will generally be tax-free. The Tax Opinions will be based on certain representations and assumptions.

The following summary assumes that the intended tax treatment of the Separation Structure is respected by the IRS (or, if not by the IRS, by the courts). Although the Spin Ruling, if obtained, will bind the IRS with respect to the rulings therein to the extent the representations therein are true, the IRS could attempt to assert that matters not ruled upon, or false representations, cause the Spin Structure to be a taxable transaction. Moreover, this summary and the Tax Opinions are not binding upon the IRS or the courts. No assurance can be given that the IRS would not assert, or that a court would not sustain, a different position than any position discussed herein.

This discussion does not purport to address all aspects of federal income taxation that may be relevant to the Debtors or to Holders in light of their individual circumstances. This discussion does not address tax issues with respect to such Holders subject to special treatment under the federal income tax laws (including, for example, banks, governmental authorities or agencies, pass-through entities, subchapter S corporations, dealers and traders in

⁸³ The Debtors do not believe that the characterization of the CEOC Merger as an “A” or “G” reorganization (or as a section 332 liquidation, in the case of CEC) should alter the tax treatment of the CEOC Merger for any party and, accordingly, the Debtors have not and do not expect to express a firm view on the appropriate characterization.

securities, insurance companies, financial institutions, tax-exempt organizations, small business investment companies, foreign taxpayers, Persons who are related to the Debtors within the meaning of the Internal Revenue Code, persons using a mark-to-market method of accounting, regulated investment companies, and Holders of Claims who are themselves in bankruptcy, or who hold or will hold, Claims as part of a hedge, straddle, conversion, or other integrated transaction). No aspect of state, local, estate, gift, or non-U.S. taxation is addressed. Furthermore, this summary assumes that a Holder of a Claim holds only Claims in a single Class and holds a Claim as a “capital asset” (within the meaning of section 1221 of the Internal Revenue Code). This summary also assumes that the various debt and other arrangements to which the Debtors and Reorganized Debtors are a party will be respected for federal income tax purposes in accordance with their form.

For purposes of this discussion, a “U.S. Holder” is a holder that is: (1) an individual citizen or resident of the United States for U.S. federal income tax purposes; (2) a corporation (or other entity treated as a corporation for U.S. federal income tax purposes) created or organized under the laws of the United States, any state thereof or the District of Columbia; (3) an estate the income of which is subject to U.S. federal income taxation regardless of the source of such income; or (4) a trust (a) if a court within the United States is able to exercise primary jurisdiction over the trust’s administration and one or more United States persons have authority to control all substantial decisions of the trust or (b) that has a valid election in effect under applicable Treasury Regulations to be treated as a United States person. For purposes of this discussion, a “Non-U.S. Holder” is any holder that is not a U.S. Holder other than any partnership (or other entity treated as a partnership or disregarded entity for U.S. federal income tax purposes).

If a partnership (or other entity treated as a partnership or other disregarded entity for U.S. federal income tax purposes) is a Holder, the tax treatment of a partner (or other owner) generally will depend upon the status of the partner (or other owner) and the activities of the entity. Partners (or other owners) of partnerships or disregarded entities that are Holders should consult their respective tax advisors regarding the U.S. federal income tax consequences of the Plan.

Accordingly, the following summary of certain federal income tax consequences is for informational purposes only and is not a substitute for careful tax planning and advice based upon the individual circumstances pertaining to a holder of a claim or interest. All holders of claims and interests are urged to consult their own tax advisors for the federal, state, local, and non-U.S. tax consequences of the plan.

B. Certain Federal Income Tax Consequences of the Plan to the Debtors

1. The Debtors’ Tax Attributes and Cancellation of Indebtedness Income

For federal income tax purposes, the Debtors (and certain non-Debtor affiliates) are (a) members of an affiliated group of corporations (or entities disregarded for federal income tax purposes that are wholly owned by members of such group), of which non-Debtor CEC is the common parent (the “CEC Group”), and (b) partnerships. Each of the Debtors is directly or indirectly wholly-owned by Debtor CEOC, with the exception of a small number of partnerships with unaffiliated third-party investors.

As of December 31, 2015, the CEC Group estimates that it has net operating loss (“NOL”) carryforwards of approximately \$2.8 billion.⁸⁴ The CEC Group is projected to generate additional NOLs before the Effective Date.

In general, absent an exception, a taxpayer will realize and recognize cancellation of indebtedness income (“COD Income”) upon satisfaction of its outstanding indebtedness for total consideration less than the amount of such indebtedness. Under section 108 of the Internal Revenue Code, a taxpayer is not required to include COD Income in gross income if the taxpayer is under the jurisdiction of a court in a case under chapter 11 of the Bankruptcy Code and the discharge of debt occurs pursuant to that case (the “Bankruptcy Exception”). Instead, as a

⁸⁴ This figure reflects the expectation that the CEC Group will elect to recognize certain deferred cancellation of indebtedness income and deferred OID deductions in the 2015 tax year.

consequence of such exclusion, a taxpayer-debtor must reduce its tax attributes by the amount of COD Income that it excluded from gross income. In general, tax attributes will be reduced in the following order: (a) NOLs; (b) most tax credits; (c) capital loss carryovers; (d) tax basis in assets (but not below the amount of liabilities to which the debtor remains subject (the "Liability Floor Rule")); (e) passive activity loss and credit carryovers; and (f) foreign tax credits. Alternatively, the taxpayer can elect first to reduce the basis of its depreciable assets pursuant to section 108(b)(5) of the Internal Revenue Code.

The amount of COD Income, in general, is the excess of (a) the adjusted issue price of the indebtedness satisfied, over (b) the sum of (i) the amount of cash paid, (ii) the issue price of any new indebtedness of the taxpayer issued and (iii) the fair market value of any other consideration. The ultimate amount of COD Income will depend on, among other things, the adjusted issue price of new indebtedness, the final amount of cash, and the fair market value of the new equity and other consideration distributed to Holders of Claims. Certain of these figures cannot be known with certainty until after the Effective Date. Accordingly, the amount of COD Income the Debtors may incur is uncertain. However, it is expected that the amount of COD Income arising to CEOC from the Consummation of the Plan will be significant.

The Debtors expect that the amount of COD Income may result in the use and/or elimination of substantially all of the CEC Group's NOL carryforwards. In the event any of the CEC Group's NOL carryforwards were not eliminated by CODI, the transactions contemplated by the Plan may result in an "ownership change" under section 382 of the IRC. If such an ownership change occurs, the CEC Group's ability to utilize any surviving NOL carryforwards in the future may be significantly limited. Additionally, the application of the Liability Floor Rule is unclear in light of the transaction steps being undertaken, including the CEOC Merger, but the Debtors believe that the Liability Floor Rule will be determined on an aggregate basis accounting for all of CEC's assets and CEC's liabilities. Accordingly, it is possible that there may be a reduction in the tax basis of the CEC Group's assets and CEC continues to evaluate the extent of such reduction, if any.

2. The CEOC Merger

On the Effective Date, following the consummation of the Separation Structure, CEC will form CEOC LLC, which will be a disregarded entity for federal income tax purposes, and CEOC will merge with and into CEOC LLC, with CEOC LLC as the surviving entity. As merger consideration, Holders of OpCo Series A Preferred Stock will receive New CEC Common Equity.

CEOC and CEC should not recognize gain or loss as a result of the CEOC Merger. The Debtors currently anticipate that the CEOC Merger should be treated as a liquidation under section 332 of the IRC with respect to CEC, and CEC should be treated as receiving CEOC's assets (such assets shall, for state law purposes, be owned by CEOC LLC, an entity that will be disregarded from CEC for federal income tax purposes) with a tax basis equal to the tax basis of such assets in CEOC's hands prior to the CEOC Merger.

C. Certain Federal Income Tax Consequences of the Plan to U.S. Holders of Allowed Claims and Interests

As discussed below, the tax consequences of the Plan to Holders of Allowed Claims will depend upon a variety of factors. As an initial matter, whether the exchange is fully or partially taxable will depend on whether the debt instruments being surrendered constitute "securities" and whether a particular Holder receives stock of CEOC or the REIT (or, in some circumstances, equity interests of PropCo) or debt instruments that constitute "securities" of CEOC or the REIT. Whether a Claim that is surrendered and debt instruments received pursuant to the Plan constitute "securities" is determined based on all the facts and circumstances. Most authorities have held that the length of the term of a debt instrument at initial issuance is an important factor in determining whether such instrument is a security for United States federal income tax purposes. These authorities have indicated that a term of less than five years is evidence that the instrument is not a security, whereas a term of ten years or more is evidence that it is a security. There are numerous other factors that could be taken into account in determining whether a debt instrument is a security, including the security for payment, the creditworthiness of the obligor, the subordination or lack thereof with respect to other creditors, the right to vote or otherwise participate in the

management of the obligor, convertibility of the instrument into an equity interest in the obligor, whether payments of interest are fixed, variable, or contingent, and whether such payments are made on a current basis or accrued.

The character of any recognized gain as capital gain or ordinary income will be determined by a number of factors, including the tax status of the Holder, the nature of the Claim in such Holder's hands (including whether the Claim constitutes a capital asset), whether the Claim was purchased at a discount, whether and to what extent the U.S. Holder has previously claimed a bad debt deduction with respect to its Claim, and whether any part of the Holder's recovery is treated as being on account of accrued but unpaid interest. Accrued interest and market discount are discussed below.

Additionally, the tax consequences to U.S. Holders of Claims may vary depending on whether the Spin Structure or the Partnership Contribution Structure is utilized. In particular, in the Partnership Contribution Structure, the only consideration received under the Plan that may be treated as stock or "securities" of a party to the reorganization for purposes of section 354 and 356 of the Internal Revenue Code is (1) debt issued by OpCo to discharge Claims against CEOC that are not assumed by PropCo and (2) OpCo Preferred Stock. By contrast, in the Spin Structure, REIT Common Stock, and REIT Preferred Stock will, and PropCo debt and CPLV Mezzanine Debt may, also constitute stock or securities of the REIT for purposes of sections 355 and 356 of the Internal Revenue Code. This is because at the time the Claims against CEOC are discharged and the PropCo debt and the CPLV Mezzanine Debt are received by U.S. Holders, PropCo may be disregarded as an entity separate from the REIT for federal income tax purposes. However, if PropCo is a partnership for federal income tax purposes at the time the Claims against CEOC are discharged, PropCo debt and the CPLV Mezzanine Debt would not constitute securities of the REIT for purposes of sections 355 and 356 of the Internal Revenue Code. Importantly, however, although these sources of consideration may be treated as "securities," they may also not be treated as "securities." These considerations are discussed on a Class-by-Class basis below.

Finally, the tax consequences to U.S. Holders of Claims may vary depending on whether the PropCo Common Equity or PropCo Preferred Equity received consists of PropCo LP Interests and PropCo Preferred LP Interests or REIT Common Stock and REIT Preferred Stock. Under the Plan, PropCo Common Equity will consist, in the first instance, of REIT Common Stock and PropCo Preferred Equity will consist of REIT Preferred Stock. However if a given Holder (including a Backstop Party that acquires PropCo Preferred Equity pursuant to the PropCo Preferred Equity Puts or Calls) would receive more than 9.8% of either class of REIT stock, such Holder will receive PropCo LP interests or PropCo Preferred LP Interests in lieu of any REIT Common Stock or REIT Preferred Stock, respectively, in excess of 9.8% of such class that such Holder would otherwise receive, unless such Holder enters into an Ownership Limit Waiver Agreement.

1. Consequences to U.S. Holders of Prepetition Credit Agreement Claims

Pursuant to the Plan, in full satisfaction and discharge of their Claims, the Holders of Allowed Class D Claims will exchange such Claims (subject to certain elections and conditions) for their pro rata share of (a) Cash; (b) the OpCo First Lien Debt (if not fully syndicated); (c) the OpCo Second Lien Debt (if not fully syndicated); (d) the PropCo First Lien Term Loans; (e) the PropCo Second Lien Notes; (f) the CPLV Mezzanine Debt; (g) the PropCo Common Equity; (h) the OpCo Series A Preferred Stock (which shall be exchanged for New CEC Common Equity pursuant to the CEOC Merger); and (i) to the extent it is treated as a separate and distinct recovery from the New CEC Common Stock for U.S. federal income tax purposes, the preemptive right to participate in the CEC Capital Raise.⁸⁵

⁸⁵ Because the form of the CEC Capital Raise (if any) has not been determined at this time, it is unclear that the preemptive right to participate in the CEC Capital Raise will be treated as a recovery pursuant to the Plan on account of such Holders' Claims. Moreover, the quantum, but not kind, of consideration received will depend on whether Class F votes to accept or reject the Plan.

a. Spin Structure

i. Treatment if Prepetition Credit Agreement Claims Are “Securities” and At Least Some of the Consideration Received Under the Plan Constitute Stock or Securities of CEOC or the REIT

If a Prepetition Credit Agreement Claim is determined to be a “security,” and at least some of the consideration received is also determined to be stock or a “security” of CEOC or the REIT, then the exchange of such Claim for the property described above should be treated as a reorganization under the Internal Revenue Code. Other than with respect to any amounts received that are attributable to accrued but untaxed interest (or original issue discount), a U.S. Holder of such Claim will recognize gain (but not loss) to the extent of the lesser of (a) the amount of gain realized from the exchange (generally equal to the fair market value (or issue price, in the case of debt) of all of the consideration received minus the Holder’s adjusted basis, if any, in the Allowed Claim) or (b) the cash or “other property” (including any non-Cash consideration not treated as stock or “securities” of CEOC or the REIT) received in the distribution that is not permitted to be received under section 355 of the Internal Revenue Code without the recognition of gain.

With respect to non-Cash consideration that is determined to be stock or a “security” of CEOC or the REIT received in exchange for a Prepetition Credit Agreement Claim, U.S. Holders should obtain an aggregate tax basis in such property, other than any such amounts treated as received in satisfaction of accrued but untaxed interest (or original issue discount), equal to (1) the tax basis of the surrendered Claim, less (2) cash and the fair market value (or issue price, in the case of debt) of “other property” (if any) received, plus (3) gain recognized (if any). The holding period for such non-Cash consideration should include the holding period for the surrendered Claims.

With respect to non-Cash consideration that is determined not to be stock or a “security” of CEOC or the REIT, U.S. Holders should obtain a tax basis in such property, other than any such amounts treated as received in satisfaction of accrued but untaxed interest (or original issue discount), equal to such property’s fair market value (or issue price, in the case of debt) as of the date such property is distributed to the U.S. Holder. The holding period for any such non-Cash consideration should begin on the day following the Effective Date.

The tax basis of any non-Cash consideration determined to be received in satisfaction of accrued but untaxed interest (or original issue discount) should equal the amount of such accrued but untaxed interest (or original issue discount), but in no event should such basis exceed the fair market value (or issue price, in the case of debt) of the non-Cash consideration received in satisfaction of accrued but untaxed interest (or original issue discount). The holding period for any such non-Cash consideration should begin on the day following the Effective Date.

ii. Treatment if Prepetition Credit Agreement Claims Are Not Securities or None of the Consideration Received Under the Plan Constitute Stock or Securities of CEOC or the REIT

If a Prepetition Credit Agreement Claim is determined not to be a “security” or none of the non-Cash consideration received by a U.S. Holder of such Claim is determined to be stock or a “security” of CEOC or the REIT, then a U.S. Holder of such Claim will be treated as receiving its distributions under the Plan in a taxable exchange under section 1001 of the Internal Revenue Code. Other than with respect to any amounts received that are attributable to accrued but untaxed interest (or original issue discount), each U.S. Holder of such Claim should recognize gain or loss equal to the difference between (a) the sum of the cash, the issue price of any debt instruments, and the fair market value (or issue price, in the case of debt) of the other property received in exchange for the Claim and (b) such U.S. Holder’s adjusted basis, if any, in such Claim.

U.S. Holders of such Claims should obtain a tax basis in the non-Cash consideration received, other than any such amounts treated as received in satisfaction of accrued but untaxed interest (or original issue discount), equal to such property’s fair market value (or issue price, in the case of debt) as of the date such property is

distributed to the U.S. Holder. The holding period for any such non-Cash consideration should begin on the day following the Effective Date.

The tax basis of any non-Cash consideration determined to be received in satisfaction of accrued but untaxed interest (or original issue discount) should equal the amount of such accrued but untaxed interest (or original issue discount), but in no event should such basis exceed the fair market value (or issue price, in the case of debt) of the non-Cash consideration received in satisfaction of accrued but untaxed interest (or original issue discount). The holding period for any such non-Cash consideration should begin on the day following the Effective Date.

b. Partnership Contribution Structure

- i. Treatment if Prepetition Credit Agreement Claims Are "Securities" and At Least Some of the Consideration Received Under the Plan Constitute Stock or Securities of CEOC*

If a Prepetition Credit Agreement Claim is determined to be a "security" and at least some of the non-Cash consideration received is also determined to be stock or a "security" of CEOC, then the exchange of such Claims pursuant to the Plan should be treated as a reorganization under the Internal Revenue Code. The treatment of a U.S. Holder of such Claim should be substantially identical to the treatment of a U.S. Holder of such Claim in the Spin Structure, except that a greater portion of the consideration received under the Plan in exchange for such Claim may be treated as "other property" under sections 354 and 356 of the Internal Revenue Code.

- ii. Treatment if Prepetition Credit Agreement Claims Are Not Securities or None of the Consideration Received Under the Plan Constitute Stock or Securities of CEOC*

If a Prepetition Credit Agreement Claim is determined not to be a "security" or none of the non-Cash consideration received by a U.S. Holder of such Claim is determined to be stock or a "security" of CEOC, then the exchange of such Claim pursuant to the Plan should be subject to the same treatment as such Claims that are not treated as "securities" of CEOC or the REIT in the Spin Structure.

c. Treatment of Preemptive Right Under CEC Capital Raise

If the preemptive right to participate in the CEC Capital Raise is treated as a separate and distinct recovery, such right may be treated as an option (like participation in a rights offering) for U.S. federal income tax purposes. In such case, a U.S. Holder that elects not to exercise their preemptive participation right may be entitled to claim a loss equal to the amount of tax basis in the preemptive participation right, subject to any limitations on such U.S. Holder's ability to utilize capital losses. Such U.S. Holders are urged to consult with their own tax advisors as to the tax consequences of electing not to exercise the preemptive participation right.

A U.S. Holder that elects to exercise the preemptive participation right should be treated as purchasing New CEC Common Equity, in exchange for its preemptive participation right and the exercise price. Such a purchase should generally be treated as the exercise of an option under general tax principles. Accordingly, such a U.S. Holder should not recognize income, gain, or loss for U.S. federal income tax purposes when it exercises the preemptive participation right. A U.S. Holder's aggregate tax basis in the New CEC Common Equity should equal the sum of (a) the amount of cash paid by the U.S. Holder to exercise its preemptive participation right plus (b) such U.S. Holder's tax basis in its preemptive participation right immediately before the option is exercised. A U.S. Holder's holding period for the New CEC Common Equity received pursuant to the exercise of the preemptive participation right should begin on the day following such exercise.

d. Treatment of OpCo Series A Preferred Stock in the CEOC Merger

As noted above, the CEOC Merger is intended to constitute a tax-free reorganization under section 368(a)(1)(A) or (G) of the IRC for parties other than CEC. The OpCo Series A Preferred Stock should be treated as “stock” of CEOC for purpose of the CEOC Merger. Accordingly, U.S. Holders should not recognize gain or loss as a result of the CEOC Merger, and should receive New CEC Common Equity with a tax basis and holding period equal to the tax basis and holding period in such U.S. Holder’s OpCo Series A Preferred Stock.

2. Consequences to U.S. Holders of Secured First Lien Notes Claims

Pursuant to the Plan, in full satisfaction and discharge of their Claims, the Holders of Allowed Class E Claims will exchange such Claims (subject to certain elections and conditions) for their pro rata share of (a) Cash; (b) the OpCo First Lien Debt (if not syndicated); (c) the OpCo Second Lien Debt (if not syndicated); (d) the PropCo First Lien Notes; (e) the PropCo Second Lien Notes; (f) the PropCo Common Equity; (g) the PropCo Preferred Equity; (h) the CPLV Mezzanine Debt; (i) the OpCo Series A Preferred Stock (which shall be exchanged for New CEC Common Equity pursuant to the CEOC Merger); and (k) to the extent it is treated as a separate and distinct recovery from the New CEC Common Stock for U.S. federal income tax purposes, the preemptive right to participate in the CEC Capital Raise.⁸⁶

a. Spin Structure

i. Treatment if Secured First Lien Notes Claims Are “Securities” and At Least Some of the Consideration Received Under the Plan Constitute Stock or Securities of CEOC or the REIT

If a Secured First Lien Notes Claim is determined to be a “security,” and at least some of the non-Cash consideration received is also determined to be stock or a “security” of CEOC or the REIT, then the exchange of such Claim for the property described above should be treated as a reorganization under the Internal Revenue Code. Other than with respect to any amounts received that are attributable to accrued but untaxed interest (or original issue discount), a U.S. Holder of such Claim will recognize gain (but not loss) to the extent of the lesser of (a) the amount of gain realized from the exchange (generally equal to the fair market value (or issue price, in the case of debt) of all of the consideration received minus the Holder’s adjusted basis, if any, in the Allowed Claim) or (b) the cash or “other property” (including any non-Cash consideration not treated as stock or “securities” of CEOC or the REIT) received in the distribution that is not permitted to be received under section 355 of the Internal Revenue Code without the recognition of gain.

With respect to non-Cash consideration that is determined to be stock or a “security” of CEOC or the REIT received in exchange for a Secured First Lien Notes Claim, U.S. Holders should obtain an aggregate tax basis in such property, other than any such amounts treated as received in satisfaction of accrued but untaxed interest (or original issue discount), equal to (1) the tax basis of the surrendered Claim, less (2) cash and the fair market value (or issue price, in the case of debt) of “other property” (if any) received, plus (3) gain recognized (if any). The holding period for such non-Cash consideration should include the holding period for the surrendered Claims.

With respect to non-Cash consideration that is determined not to be stock or a “security” of CEOC or the REIT, a U.S. Holder should obtain a tax basis in such property, other than any such amounts treated as received in satisfaction of accrued but untaxed interest (or original issue discount), equal to such property’s fair market value (or issue price, in the case of debt) as of the date such property is distributed to the U.S. Holder. The holding period for any such non-Cash consideration should begin on the day following the Effective Date.

⁸⁶ Because the form of the CEC Capital Raise (if any) has not been determined at this time, it is unclear that the preemptive right to participate in the CEC Capital Raise will be treated as a recovery pursuant to the Plan on account of such Holders’ Claims. Moreover, the quantum, but not kind of consideration received will depend on whether Class F votes to accept or reject the Plan.

The tax basis of any non-Cash consideration determined to be received in satisfaction of accrued but untaxed interest (or original issue discount) should equal the amount of such accrued but untaxed interest (or original issue discount), but in no event should such basis exceed the fair market value (or issue price, in the case of debt) of the non-Cash consideration received in satisfaction of accrued but untaxed interest (or original issue discount). The holding period for any such non-Cash consideration should begin on the day following the Effective Date.

ii. *Treatment if Secured First Lien Notes Claims Are Not Securities or None of the Consideration Received Under the Plan Constitute Stock or Securities of CEOC or the REIT*

If a Secured First Lien Notes Claim is determined not to be a “security” or none of the non-Cash consideration received by a U.S. Holder of such Claim is determined to be stock or a “security” of CEOC or the REIT, then U.S. Holders of such Claims will be treated as receiving their distributions under the Plan in a taxable exchange under section 1001 of the Internal Revenue Code. Other than with respect to any amounts received that are attributable to accrued but untaxed interest (or original issue discount), each U.S. Holder of such Claim should recognize gain or loss equal to the difference between (a) the sum of the cash, the issue price of any debt instruments, and the fair market value (or issue price, in the case of debt) of the other property received in exchange for the Claim and (b) such U.S. Holder’s adjusted basis, if any, in such Claim.

U.S. Holders of such Claims should obtain a tax basis in the non-Cash consideration received, other than any such amounts treated as received in satisfaction of accrued but untaxed interest (or original issue discount), equal to such property’s fair market value (or issue price, in the case of debt) as of the date such property is distributed to the U.S. Holder. The holding period for any such non-Cash consideration should begin on the day following the Effective Date.

The tax basis of any non-Cash consideration determined to be received in satisfaction of accrued but untaxed interest (or original issue discount) should equal the amount of such accrued but untaxed interest (or original issue discount), but in no event should such basis exceed the fair market value (or issue price, in the case of debt) of the non-Cash consideration received in satisfaction of accrued but untaxed interest (or original issue discount). The holding period for any such non-Cash consideration should begin on the day following the Effective Date.

b. Partnership Contribution Structure

i. *Treatment if Secured First Lien Notes Claims Are “Securities” and At Least Some of the Consideration Received Under the Plan Constitute Stock or Securities of CEOC*

If a Secured First Lien Notes Claim is determined to be a “security” and at least some of the non-Cash consideration received is also determined to be stock or a “security” of CEOC, then the exchange of such Claims pursuant to the Plan should be treated as a reorganization under the Internal Revenue Code. The treatment of a U.S. Holder of such Claim should be substantially identical to the treatment of a U.S. Holder of such Claim in the Spin Structure, except that a greater portion of the consideration received under the Plan in exchange for such Claim will likely be treated as “other property” under sections 354 and 356 of the Internal Revenue Code.

ii. *Treatment if Secured First Lien Notes Claims or None of the Consideration Received Under the Plan Constitute Stock or Securities of CEOC*

If a Secured First Lien Notes Claim is determined not to be a “security” or none of the non-Cash consideration received by a U.S. Holder of such Claim is determined to be stock or a “security” of CEOC, then the exchange of such Claims pursuant to the Plan should be subject to the same treatment as such Claims that are determined not to be “securities” in the Spin Structure.

c. Sale of PropCo Preferred Equity Pursuant to the Plan

In the event a U.S. Holder of a Secured First Lien Notes Claim sells any or all of its PropCo Preferred Equity pursuant to (i) the PropCo Preferred Equity Call Right; and/or (ii) the PropCo Preferred Equity Put Right, such U.S. Holder will recognize gain or loss equal to the difference between (i) the sum of the cash received in exchange for such PropCo Preferred Equity and (ii) such U.S. Holder's adjusted basis in such PropCo Preferred Equity.

d. Treatment of Preemptive Right Under CEC Capital Raise

If the preemptive right to participate in the CEC Capital Raise is treated as a separate and distinct recovery, such right may be treated as an option (like participation in a rights offering) for U.S. federal income tax purposes. In such case, a U.S. Holder that elects not to exercise their preemptive participation right may be entitled to claim a loss equal to the amount of tax basis in the preemptive participation right, subject to any limitations on such U.S. Holder's ability to utilize capital losses. Such U.S. Holders are urged to consult with their own tax advisors as to the tax consequences of electing not to exercise the preemptive participation right.

A U.S. Holder that elects to exercise the preemptive participation right should be treated as purchasing New CEC Common Equity, in exchange for its preemptive participation right and the exercise price. Such a purchase should generally be treated as the exercise of an option under general tax principles. Accordingly, such a U.S. Holder should not recognize income, gain, or loss for U.S. federal income tax purposes when it exercises the preemptive participation right. A U.S. Holder's aggregate tax basis in the New CEC Common Equity should equal the sum of (a) the amount of cash paid by the U.S. Holder to exercise its preemptive participation right plus (b) such U.S. Holder's tax basis in its preemptive participation right immediately before the option is exercised. A U.S. Holder's holding period for the New CEC Common Equity received pursuant to the exercise of the preemptive participation right should begin on the day following such exercise.

e. Treatment of OpCo Series A Preferred Stock in the CEOC Merger

As noted above, the CEOC Merger is intended to constitute a tax-free reorganization under section 368(a)(1)(A) or (G) of the IRC for parties other than CEC. The OpCo Series A Preferred Stock should be treated as "stock" of CEOC for purpose of the CEOC Merger. Accordingly, U.S. Holders should not recognize gain or loss as a result of the CEOC Merger, and should receive New CEC Common Equity with a tax basis and holding period equal to the tax basis and holding period in such U.S. Holder's OpCo Series A Preferred Stock.

3. Consequences to U.S. Holders of Second Lien Notes Claims

Pursuant to the Plan, in full satisfaction and discharge of their Claims, the Holders of Allowed Class F Claims will (subject to certain elections and conditions) exchange such Claims for their pro rata share of (a) OpCo Series A Preferred Stock (which shall be exchanged for New CEC Common Equity pursuant to the CEOC Merger); (b) to the extent it is treated as a separate and distinct recovery from the New CEC Common Stock for U.S. federal income tax purposes, the preemptive right to participate in the CEC Capital Raise;⁸⁷ and (c) New CEC Convertible Notes.⁸⁸

⁸⁷ Because the form of the CEC Capital Raise (if any) has not been determined at this time, it is unclear that the preemptive right to participate in the CEC Capital Raise will be treated as a recovery pursuant to the Plan on account of such Holders' Claims.

⁸⁸ The quantum, but not kind, of consideration received will depend on whether Class F votes to accept or reject the Plan.

a. Spin Structure

i. Treatment if Second Lien Notes Claims Are “Securities” and At Least Some of the Consideration Received Under the Plan Constitute Stock or Securities of CEOC or the REIT

If a Second Lien Notes Claim is determined to be a “security,” and at least some of the non-Cash consideration received is also determined to be stock or a “security” of CEOC or the REIT, then the exchange of such Claim for the property described above should be treated as a reorganization under the Internal Revenue Code. Other than with respect to any amounts received that are attributable to accrued but untaxed interest (or original issue discount), a U.S. Holder of such Claim will recognize gain (but not loss) to the extent of the lesser of (a) the amount of gain realized from the exchange (generally equal to the fair market value of all of the consideration received minus the Holder’s adjusted basis, if any, in the Allowed Claim) or (b) the cash or “other property” (including any non-Cash consideration not treated as stock or “securities” of CEOC or the REIT) received in the distribution that is not permitted to be received under section 355 of the Internal Revenue Code without the recognition of gain.

With respect to non-Cash consideration that is determined to be stock or a “security” of CEOC or the REIT received in exchange for a Non-First Lien Claim, U.S. Holders should obtain an aggregate tax basis in such property, other than any such amounts treated as received in satisfaction of accrued but untaxed interest (or original issue discount), equal to (1) the tax basis of the surrendered Claim, less (2) cash and the fair market value of “other property” (if any) received, plus (3) gain recognized (if any). The holding period for such non-Cash consideration should include the holding period for the surrendered Claims.

With respect to non-Cash consideration that is determined not to be stock or a “security” of CEOC or the REIT, a U.S. Holder should obtain a tax basis in such property, other than any such amounts treated as received in satisfaction of accrued but untaxed interest (or original issue discount), equal to such property’s fair market value as of the date such property is distributed to the U.S. Holder. The holding period for any such non-Cash consideration should begin on the day following the Effective Date.

The tax basis of any non-Cash consideration determined to be received in satisfaction of accrued but untaxed interest (or original issue discount) should equal the amount of such accrued but untaxed interest (or original issue discount), but in no event should such basis exceed the fair market value of the non-Cash consideration received in satisfaction of accrued but untaxed interest (or original issue discount). The holding period for such property should begin on the day following the Effective Date.

ii. Treatment if Second Lien Notes Claims Are Not Securities or None of the Consideration Received Under the Plan Constitute Stock or Securities of CEOC

If a Second Lien Notes Claim is determined not to be a “security” or none of the non-Cash consideration received by a U.S. Holder of such Claim is determined to be stock or a “security” of CEOC, then, a U.S. Holder of such Claims will be treated as receiving its distributions under the Plan in a taxable exchange under section 1001 of the Internal Revenue Code. Other than with respect to any amounts received that are attributable to accrued but untaxed interest (or original issue discount), each U.S. Holder of such Claim should recognize gain or loss equal to the difference between (a) the sum of the cash, the issue price of the New CEC Convertible Notes, and the fair market value of the PropCo Common Equity and (b) such U.S. Holder’s adjusted basis, if any, in such Claim.

U.S. Holders of such Claims should obtain a tax basis in the non-Cash consideration received, other than any such amounts treated as received in satisfaction of accrued but untaxed interest (or original issue discount), equal to the fair market value of such property as of the date such property is distributed to the U.S. Holder. The holding period for any such property should begin on the day following the Effective Date.

The tax basis of any non-Cash consideration determined to be received in satisfaction of accrued but untaxed interest (or original issue discount) should equal the amount of such accrued but untaxed interest (or original issue discount), but in no event should such basis exceed the fair market value of the non-Cash consideration received in satisfaction of accrued but untaxed interest (or original issue discount). The holding period for any such property should begin on the day following the Effective Date.

b. Partnership Contribution Structure

- i. Treatment if Second Lien Notes Claims Are “Securities” and At Least Some of the Consideration Received Under the Plan Constitute Stock or Securities of CEOC*

If a Second Lien Notes Claim is determined to be a “security” and at least some of the non-Cash consideration received is also determined to be stock or a “security” of CEOC then the exchange of such Claims pursuant to the Plan should be treated as a reorganization under the Internal Revenue Code. The treatment of a U.S. Holder of such Claim should be substantially identical to the treatment of a U.S. Holder of such Claim in the Spin Structure, except that a greater portion of the consideration received under the Plan in exchange for such Claim will likely be treated as “other property” under sections 354 and 356 of the Internal Revenue Code.

- ii. Treatment if Second Lien Notes Claims Are Not “Securities” or None of the Consideration Received Under the Plan Constitute Stock or Securities of CEOC*

If a Second Lien Notes Claim is determined not to be a “security” or none of the non-Cash consideration received by a U.S. Holder of such Claim is determined to be stock or a “security” of CEOC, then the exchange of such Claims pursuant to the Plan should be subject to the same treatment as such Claims that are determined not to be “securities” in the Spin Structure.

c. Treatment of Preemptive Right Under CEC Capital Raise

If the preemptive right to participate in the CEC Capital Raise is treated as a separate and distinct recovery, such right may be treated as an option (like participation in a rights offering) for U.S. federal income tax purposes. In such case, a U.S. Holder that elects not to exercise their preemptive participation right may be entitled to claim a loss equal to the amount of tax basis in the preemptive participation right, subject to any limitations on such U.S. Holder’s ability to utilize capital losses. Such U.S. Holders are urged to consult with their own tax advisors as to the tax consequences of electing not to exercise the preemptive participation right.

A U.S. Holder that elects to exercise the preemptive participation right should be treated as purchasing New CEC Common Equity, in exchange for its preemptive participation right and the exercise price. Such a purchase should generally be treated as the exercise of an option under general tax principles. Accordingly, such a U.S. Holder should not recognize income, gain, or loss for U.S. federal income tax purposes when it exercises the preemptive participation right. A U.S. Holder’s aggregate tax basis in the New CEC Common Equity should equal the sum of (a) the amount of cash paid by the U.S. Holder to exercise its preemptive participation right plus (b) such U.S. Holder’s tax basis in its preemptive participation right immediately before the option is exercised. A U.S. Holder’s holding period for the New CEC Common Equity received pursuant to the exercise of the preemptive participation right should begin on the day following such exercise.

d. Treatment of OpCo Series A Preferred Stock in the CEOC Merger

As noted above, the CEOC Merger is intended to constitute a tax-free reorganization under section 368(a)(1)(A) or (G) of the IRC for parties other than CEC. The OpCo Series A Preferred Stock should be treated as “stock” of CEOC for purpose of the CEOC Merger. Accordingly, U.S. Holders should not recognize gain or loss as a result of the CEOC Merger, and should receive New CEC Common Equity with a tax basis and holding period equal to the tax basis and holding period in such U.S. Holder’s OpCo Series A Preferred Stock.

4. Consequences to U.S. Holders of Unsecured Claims

Pursuant to the Plan, in full satisfaction and discharge of their Claims, the Holders of Allowed Class G, H, I, J, K, L, M, N, and ~~NO~~ Claims (collectively, the “Unsecured Claims”) will (subject to certain elections and conditions) exchange such Claims for their pro rata share of (a) Cash (in the case of certain Allowed Class I, J, or ~~JK~~ Claims, ~~at Holders’ election~~); (b) OpCo Series A Preferred Stock (which shall be exchanged for New CEC Common Equity pursuant to the CEOC Merger); (c) to the extent it is treated as a separate and distinct recovery from the New CEC Common Stock for U.S. federal income tax purposes, the preemptive right to participate in the CEC Capital Raise;⁸⁹ and (d) New CEC Convertible Notes;⁹⁰ provided, however, that Allowed Claims in Class K (Convenience Unsecured Claims) shall only receive Cash.

a. Spin Structure

- i. *Treatment if Unsecured Claims Are “Securities” of CEOC and At Least Some of the Consideration Received Under the Plan Constitute Stock or Securities of CEOC or the REIT*

If an Unsecured Claim is determined to be a “security” of CEOC,⁹¹ and at least some of the non-Cash consideration received is also determined to be stock or a “security” of CEOC or the REIT, then the exchange of such Claim for the property described above should be treated as a reorganization under the Internal Revenue Code. Other than with respect to any amounts received that are attributable to accrued but untaxed interest (or original issue discount), a U.S. Holder of such Claim will recognize gain (but not loss) to the extent of the lesser of (a) the amount of gain realized from the exchange (generally equal to the fair market value of all of the consideration received minus the Holder’s adjusted basis, if any, in the Allowed Claim) or (b) the cash or “other property” (including any non-Cash consideration not treated as stock or “securities” of CEOC or the REIT) received in the distribution that is not permitted to be received under section 355 of the Internal Revenue Code without the recognition of gain.

With respect to non-Cash consideration that is determined to be stock or a “security” of CEOC or the REIT received in exchange for a Non-First Lien Claim, U.S. Holders should obtain an aggregate tax basis in such property, other than any such amounts treated as received in satisfaction of accrued but untaxed interest (or original issue discount), equal to (1) the tax basis of the surrendered Claim, less (2) cash and the fair market value of “other property” (if any) received, plus (3) gain recognized (if any). The holding period for such non-Cash consideration should include the holding period for the surrendered Claims.

With respect to non-Cash consideration that is determined not to be stock or a “security” of CEOC or the REIT, a U.S. Holder should obtain a tax basis in such property, other than any such amounts treated as received in satisfaction of accrued but untaxed interest (or original issue discount), equal to such property’s fair market value as of the date such property is distributed to the U.S. Holder. The holding period for any such non-Cash consideration should begin on the day following the Effective Date.

⁸⁹ Because the form of the CEC Capital Raise (if any) has not been determined at this time, it is unclear that the preemptive right to participate in the CEC Capital Raise will be treated as a recovery pursuant to the Plan on account of such Holders’ Claims. Moreover, the quantum, but not kind of consideration received will depend on whether Class F votes to accept or reject the Plan.

⁹⁰ Other than with respect to Classes I and J, the quantum, but not kind, of consideration received will depend on whether each Class of Unsecured Claims votes to accept or reject the Plan. If Class I or J votes to reject the Plan, the Holders of Class I or J Claims, as applicable, will not receive Cash.

⁹¹ Certain Unsecured Claims are held solely against subsidiaries of CEOC, and, if such claims are held against an entity that is not disregarded from CEOC for U.S. federal income tax purposes, such Unsecured Claim will not be treated as a “security” of CEOC.

The tax basis of any non-Cash consideration determined to be received in satisfaction of accrued but untaxed interest (or original issue discount) should equal the amount of such accrued but untaxed interest (or original issue discount), but in no event should such basis exceed the fair market value of the non-Cash consideration received in satisfaction of accrued but untaxed interest (or original issue discount). The holding period for such property should begin on the day following the Effective Date.

ii. Treatment if Unsecured Claims Are Not Securities of CEOC or None of the Consideration Received Under the Plan Constitute Stock or Securities of CEOC

If an Unsecured Claim is determined not to be a “security” of CEOC or none of the non-Cash consideration received by a U.S. Holder of such Claim is determined to be stock or a “security” of CEOC, then, a U.S. Holder of such Claims will be treated as receiving its distributions under the Plan in a taxable exchange under section 1001 of the Internal Revenue Code. Other than with respect to any amounts received that are attributable to accrued but untaxed interest (or original issue discount), each U.S. Holder of such Claim should recognize gain or loss equal to the difference between (a) the sum of the cash, the issue price of the New CEC Convertible Notes, and the fair market value of the PropCo Common Equity and (b) such U.S. Holder’s adjusted basis, if any, in such Claim.

U.S. Holders of such Claims should obtain a tax basis in the non-Cash consideration received, other than any such amounts treated as received in satisfaction of accrued but untaxed interest (or original issue discount), equal to the fair market value of such property as of the date such property is distributed to the U.S. Holder. The holding period for any such property should begin on the day following the Effective Date.

The tax basis of any non-Cash consideration determined to be received in satisfaction of accrued but untaxed interest (or original issue discount) should equal the amount of such accrued but untaxed interest (or original issue discount), but in no event should such basis exceed the fair market value of the non-Cash consideration received in satisfaction of accrued but untaxed interest (or original issue discount). The holding period for any such property should begin on the day following the Effective Date.

b. Partnership Contribution Structure

i. Treatment if Unsecured Lien Claims Are “Securities” of CEOC and At Least Some of the Consideration Received Under the Plan Constitute Stock or Securities of CEOC

If an Unsecured Claim is determined to be a “security” of CEOC and at least some of the non-Cash consideration received is also determined to be stock or a “security” of CEOC then the exchange of such Claims pursuant to the Plan should be treated as a reorganization under the Internal Revenue Code. The treatment of a U.S. Holder of such Claim should be substantially identical to the treatment of a U.S. Holder of such Claim in the Spin Structure, except that a greater portion of the consideration received under the Plan in exchange for such Claim will likely be treated as “other property” under sections 354 and 356 of the Internal Revenue Code.

ii. Treatment if Unsecured Claims Are Not “Securities” of CEOC or None of the Consideration Received Under the Plan Constitute Stock or Securities of CEOC

If an Unsecured Claim is determined not to be a “security” of CEOC or none of the non-Cash consideration received by a U.S. Holder of such Claim is determined to be stock or a “security” of CEOC, then the exchange of such Claims pursuant to the Plan should be subject to the same treatment as such Claims that are determined not to be “securities” in the Spin Structure.

c. Treatment of Preemptive Right Under CEC Capital Raise

If the preemptive right to participate in the CEC Capital Raise is treated as a separate and distinct recovery, such right may be treated as an option (like participation in a rights offering) for U.S. federal income tax purposes. In such case, a U.S. Holder that elects not to exercise their preemptive participation right may be entitled to claim a loss equal to the amount of tax basis in the preemptive participation right, subject to any limitations on such U.S. Holder's ability to utilize capital losses. Such U.S. Holders are urged to consult with their own tax advisors as to the tax consequences of electing not to exercise the preemptive participation right.

A U.S. Holder that elects to exercise the preemptive participation right should be treated as purchasing New CEC Common Equity, in exchange for its preemptive participation right and the exercise price. Such a purchase should generally be treated as the exercise of an option under general tax principles. Accordingly, such a U.S. Holder should not recognize income, gain, or loss for U.S. federal income tax purposes when it exercises the preemptive participation right. A U.S. Holder's aggregate tax basis in the New CEC Common Equity should equal the sum of (a) the amount of cash paid by the U.S. Holder to exercise its preemptive participation right plus (b) such U.S. Holder's tax basis in its preemptive participation right immediately before the option is exercised. A U.S. Holder's holding period for the New CEC Common Equity received pursuant to the exercise of the preemptive participation right should begin on the day following such exercise.

d. Treatment of OpCo Series A Preferred Stock in the CEOC Merger

As noted above, the CEOC Merger is intended to constitute a tax-free reorganization under section 368(a)(1)(A) or (G) of the IRC for parties other than CEC. The OpCo Series A Preferred Stock should be treated as "stock" of CEOC for purpose of the CEOC Merger. Accordingly, U.S. Holders should not recognize gain or loss as a result of the CEOC Merger, and should receive New CEC Common Equity with a tax basis and holding period equal to the tax basis and holding period in such U.S. Holder's OpCo Series A Preferred Stock.

5. Accrued Interest

To the extent that any amount received by a Holder of a surrendered Allowed Claim under the Plan is attributable to accrued but unpaid interest (or original issue discount) and such amount has not previously been included in the Holder's gross income, such amount should be taxable to the Holder as ordinary interest income. Conversely, a Holder of a surrendered Allowed Claim may be able to recognize a deductible loss to the extent that any accrued interest (or original issue discount) on the debt instruments constituting such Claim was previously included in the Holder's gross income, but was not paid in full by the Debtors.

The extent to which the consideration received by a Holder of a surrendered Allowed Claim will be attributable to accrued interest (or original issue discount) on the debts constituting the surrendered Allowed Claim is unclear. The Plan provides that distributions in respect of Allowed Claims will first be allocated to the principal amount of such Claims, and then, to the extent the consideration exceeds the principal amount of the Claims, to any portion of such Claims for accrued but unpaid interest. Holders of Claims with accrued interest (or original issue discount) should consult with their tax advisors regarding the allocation of the consideration.

6. Market Discount

Under the "market discount" provisions of sections 1276 through 1278 of the Internal Revenue Code, some or all of any gain realized by a Holder exchanging the debt instruments constituting its Allowed Claim may be treated as ordinary income (instead of capital gain), to the extent of the amount of accrued "market discount" on the debt constituting the surrendered Allowed Claim.

In general, a debt instrument is considered to have been acquired with "market discount" if it is acquired other than on original issue and if the Holder's adjusted tax basis in the debt instrument is less than (a) the sum of all remaining payments to be made on the debt instrument, excluding "qualified stated interest," or (b) in the case of a debt instrument issued with "original issue discount," its adjusted issue price, by at least a *de minimis* amount (equal

to 0.25% of the sum of all remaining payments to be made on the debt instrument, excluding qualified stated interest, multiplied by the number of remaining whole years to maturity).

Any gain recognized by a Holder on the taxable disposition (determined as described above) of debts that it acquired with market discount should be treated as ordinary income to the extent of the market discount that accrued thereon while such debts were considered to be held by the Holder (unless the Holder elected to include market discount in income as it accrued). To the extent that the surrendered debts that had been acquired with market discount are exchanged in a tax-free or other reorganization transaction for other property (as may occur here), any market discount that accrued on such debts but was not recognized by the Holder may be required to be carried over to the property received therefor and any gain recognized on the subsequent sale, exchange, redemption or other disposition of such property may be treated as ordinary income to the extent of the accrued but unrecognized market discount with respect to the exchanged debt instrument. These rules are complex, their application is uncertain, and Holders of Allowed Claims should consult their own tax advisors regarding their application.

D. Certain Federal Income Tax Consequences of the Plan to Non-U.S. Holders of Allowed Claims and Interests

The following discussion includes only certain U.S. federal income tax consequences of the consummation of the Plan to Non-U.S. Holders. The discussion does not include any non-U.S. tax considerations. The rules governing the federal income tax consequences to Non-U.S. Holders are complex. Each Non-U.S. Holder should consult its own tax advisor regarding the U.S. federal, state, and local and the foreign tax consequences of the consummation of the Plan to such Non-U.S. Holder.

Whether a Non-U.S. Holder realizes gain or loss on the exchange and the amount of such gain or loss is determined in the same manner as set forth above in connection with U.S. Holders. See the discussion above for information regarding the determination of whether consideration received under the Plan is attributable to accrued interest.

1. Gain Recognition

Any gain realized by a Non-U.S. Holder on the exchange of its Claim or Interest generally will not be subject to U.S. federal income taxation unless (a) the Non-U.S. Holder is an individual who was present in the United States for 183 days or more during the taxable year in which the consummation of the Plan occurs and certain other conditions are met or (b) such gain is effectively connected with the conduct by such Non-U.S. Holder of a trade or business in the United States and, if an income tax treaty applies, such gain is attributable to a permanent establishment maintained by such Non-U.S. Holder in the United States (such gain is known as “effectively connected income”).

If the first exception applies, to the extent that any gain is taxable and does not qualify for deferral as a reorganization as described above, the Non-U.S. Holder generally will be subject to U.S. federal income tax at a rate of 30% (or at a reduced rate or exemption from tax under an applicable income tax treaty) on the amount by which such Non-U.S. Holder’s capital gains allocable to U.S. sources exceed capital losses allocable to U.S. sources during the taxable year of the exchange. If the second exception applies, the Non-U.S. Holder generally will be subject to U.S. federal income tax with respect to any gain realized on the exchange in the same manner as a U.S. Holder. If both exceptions apply, in order to claim an exemption from withholding tax, such Non-U.S. Holder will be required to provide properly executed original copies of IRS Form W-8ECI (or such successor form as the IRS designates). In addition, if such a Non-U.S. Holder is a corporation, it may be subject to a branch profits tax equal to 30% (or such lower rate provided by an applicable treaty) of its effectively connected earnings and profits for the taxable year, subject to certain adjustments.

2. Accrued Interest

Any amount received by a Non-U.S. Holder of a surrendered Allowed Claim that is attributable to accrued but untaxed interest (which, for purposes of this discussion of Non-U.S. Holders, includes original issue discount)

generally will qualify for the so-called “portfolio interest exemption” and, therefore, generally will not be subject to U.S. federal income or withholding tax, provided that the applicable withholding agent has received or receives, prior to payment, appropriate documentation (generally, IRS Form W-8BEN or W-8BEN-E), and provided that:

- the Non-U.S. Holder does not actually or constructively own 10% or more of the total combined voting power of all classes of CEOC’s stock entitled to vote;
- the Non-U.S. Holder is not a “controlled foreign corporation” that is a “related person” with respect to CEOC (each, within the meaning of the Internal Revenue Code);
- the Non-U.S. Holder is not a bank receiving interest described in section 881(c)(3)(A) of the Internal Revenue Code; and
- such interest is not effectively connected income (in which case, provided the Non-U.S. Holder provides a properly executed IRS Form W-8ECI (or successor form) to the withholding agent, the Non-U.S. Holder (a) generally will not be subject to withholding tax, but (b) will be subject to U.S. federal income tax in the same manner as a U.S. Holder (unless an applicable income tax treaty provides otherwise), and a Non-U.S. Holder that is a corporation for U.S. federal income tax purposes may also be subject to a branch profits tax with respect to such Non-U.S. Holder’s effectively connected earnings and profits that are attributable to the accrued but untaxed interest at a rate of 30% (or at a reduced rate or exemption from tax under an applicable income tax treaty)).

A Non-U.S. Holder that does not qualify for exemption from withholding tax with respect to accrued but untaxed interest that is not effectively connected income generally will be subject to withholding of U.S. federal income tax at a 30% rate (or at a reduced rate or exemption from tax under an applicable income tax treaty) on payments that are attributable to accrued but untaxed interest. For purposes of providing a properly executed IRS Form W-8BEN or W-8BEN-E, special procedures are provided under applicable Treasury Regulations for payments through qualified foreign intermediaries or certain financial institutions that hold customers’ securities in the ordinary course of their trade or business.

3. FATCA

Legislation enacted in 2010, along with regulations and administrative guidance, known as the Foreign Account Tax Compliance Act (“FATCA”) generally imposes a withholding tax of 30% with respect to certain “withholdable payments” if the payments are made to a foreign entity, unless certain diligence, reporting, withholding and certification obligations and requirements are met. For this purpose, “withholdable payments” are generally U.S. source payments of fixed or determinable, annual or periodical income, which may include dividends and interest with respect to non-cash consideration received under the Plan, as well as gross proceeds from the sale of assets that can produce U.S. source interest or dividends. Recently finalized U.S. Treasury regulations and IRS official guidance delay the implementation of withholding under FATCA with respect to payments of gross proceeds until after December 31, 2018, but withholding under FATCA with respect to dividends and interest began on July 1, 2014.

Withholding under FATCA may be avoided if (i) the foreign entity is a “foreign financial institution” (as defined in this legislation) and such institution enters into an agreement with the U.S. government to collect and provide to the U.S. tax authorities substantial information regarding U.S. account holders of such institution (which would include certain equity and debt holders of such institution, as well as certain account holders that are foreign entities with U.S. owners) or (ii) the foreign entity is not a “foreign financial institution” and makes a certification identifying its substantial U.S. owners (as defined for this purpose) or makes a certification that such foreign entity does not have any substantial U.S. owners. Foreign financial institutions located in jurisdictions that have an intergovernmental agreement with the United States governing FATCA may be subject to different rules. Under certain circumstances, a Non-U.S. Holder might be eligible for refunds or credits of such withholding taxes, and a Non-U.S. Holder might be required to file a U.S. federal income tax return to claim such refunds or credits.

Non-U.S. Holders should consult their own tax advisors regarding the implications of this legislation.

E. Certain REIT Tax Considerations, Including Certain Dividend Requirements

Following the Effective Date, REITCo will need to comply with certain highly technical tax rules in the Internal Revenue Code and related regulations to qualify as a “real estate investment trust.” Certain of these rules are discussed below. *Holders of Claims receiving REIT Common Stock, REIT Preferred Stock, PropCo Preferred LP Interests, and PropCo LP Interests should consult with their own tax advisors regarding the complex tax rules that govern the operation of REITs and the potential tax consequences of owning REIT Common Stock, REIT Preferred Stock, PropCo Preferred LP Interests, and PropCo LP Interests.*

1. General REIT Considerations

In any year in which REITCo qualifies as a REIT and has a valid REIT election in place, REITCo will claim deductions for the dividends REITCo pays to Holders of REITCo stock with respect to income earned while REITCo was a REIT. As a result, REITCo will not be subject to U.S. federal income tax on that portion of REITCo’s REIT taxable income or capital gain which is currently distributed to such Holders. REITCo will, however, be subject to U.S. federal income tax at normal corporate rates on any REIT taxable income or capital gain not distributed. Moreover, even if REITCo qualifies as a REIT, REITCo nonetheless would be subject to U.S. federal tax in certain circumstances, including:

- (a) REITCo will be taxed at regular corporate rates on any REIT taxable income, including undistributed net capital gains, that it does not distribute to stockholders during, or within a specified period after, the calendar year in which REITCo recognizes such income. REITCo may elect to retain and pay income tax on its net long-term capital gain. In that case, a Holder of REITCo stock would include its proportionate share of REITCo’s undistributed long-term capital gain (to the extent REITCo makes a timely designation of such gain to the stockholder) in such Holder’s income, such Holder would be deemed to have paid the tax that REITCo paid on such gain, and such Holder would be allowed a credit for its proportionate share of the tax deemed to have been paid, and an adjustment would be made to increase such Holder’s basis in its REITCo stock.
- (b) REITCo may be subject to the alternative minimum tax.
- (c) If REITCo has (i) net income from the sale or other disposition of “foreclosure property” (as defined in the Internal Revenue Code) which is held primarily for sale to customers in the ordinary course of business, or (ii) other non-qualifying net income from foreclosure property, REITCo would be subject to tax at the highest corporate rate on such income.
- (d) If REITCo has net income from prohibited transactions, such income will be subject to a 100% tax. “Prohibited transactions” are, in general, sales or other dispositions of property held primarily for sale to customers in the ordinary course of business, rather than for investment, other than certain involuntary conversions or sales on dispositions of foreclosure property.
- (e) If REITCo fails to satisfy the 75% Gross Income Test or the 95% Gross Income Test (each discussed below), but nonetheless maintains its qualification as a REIT because other requirements are met, REITCo will be subject to a 100% tax on an amount equal to (1) the greater of (A) the amount by which REITCo fails the 75% Gross Income Test or (B) the amount by which REITCo fails the 95% Gross Income Test, as applicable, multiplied by (2) a fraction intended to reflect REITCo’s profitability.
- (f) If REITCo fails to satisfy any of the Asset Tests, as described below, other than certain de minimis failures, but REITCo’s failure is due to reasonable cause and not due to willful neglect and REITCo nonetheless maintains its REIT qualification because of

specified cure provisions, REITCo will be required to pay a tax equal to the greater of \$50,000 and 35% of the net income generated by the nonqualifying assets during the period in which REITCo failed to satisfy the Asset Tests.

- (g) If REITCo fails to satisfy other REIT qualification requirements (other than a Gross Income or Asset Test) and that violation is due to reasonable cause and not due to willful neglect, REITCo may retain its REIT qualification, but REITCo will be required to pay a penalty of \$50,000 for each such failure.
- (h) If REITCo fails to distribute during each calendar year at least the sum of (1) 85% of REITCo's REIT ordinary income for such year, (2) 95% of REITCo's REIT capital gain net income for such year, and (3) any undistributed taxable income from prior periods, REITCo will be subject to a 4% excise tax on the excess of such required distributions over the sum of (A) the amounts actually distributed (taking into account excess distributions from prior years) plus (B) retained amounts on which federal income tax is paid at the corporate level.
- (i) REITCo may be required to pay monthly penalties to the IRS in certain circumstances, including if REITCo fails to meet record-keeping requirements intended to monitor REITCo's compliance with rules relating to the composition of REITCo's stockholders.
- (j) A 100% tax may be imposed on some items of income and expense that are directly or constructively paid between REITCo, PropCo, or a TRS if and to the extent that the IRS successfully adjusts the reported amounts of such items.
- (k) If REITCo acquires appreciated assets from a C corporation (*i.e.*, a corporation generally subject to corporate income tax) in a transaction in which the adjusted tax basis of the assets in REITCo's hands is determined by reference to the adjusted tax basis of the assets in the hands of the C corporation (as will be the case under the Plan), REITCo may be subject to tax on such appreciation at the highest corporate income tax rate then applicable if REITCo subsequently recognizes gain on a disposition of such assets during the 5-year period following their acquisition from the C corporation. The results described in this paragraph would not apply if the non-REIT corporation elects, in lieu of this treatment, to be subject to an immediate tax when the asset is acquired by REITCo.
- (l) REITCo may have subsidiaries or own interests in other lower-tier entities that are C corporations, such as TRSs, the earnings of which would be subject to federal corporate income tax.

2. General REIT Qualification Tests

The Internal Revenue Code generally defines a REIT as a corporation, trust, or association:

- (a) that elects to be taxed as a REIT;
- (b) that is managed by one or more trustees or directors;
- (c) the beneficial ownership of which is evidenced by transferable shares or by transferable certificates of beneficial interest;
- (d) that would be taxable as a domestic corporation but for its status as a REIT;
- (e) that is neither a financial institution nor an insurance company;
- (f) that meets the gross income, asset, and annual distribution requirements;

- (g) the beneficial ownership of which is held by 100 or more persons on at least 335 days in each full taxable year, proportionately adjusted for a partial taxable year; and
- (h) generally in which, at any time during the last half of each taxable year, no more than 50% in value of the outstanding stock is owned, directly or indirectly, by five or fewer individuals or entities treated as individuals for this purpose.

Conditions (a) through (f) must be met during each taxable year for which REIT status is sought. Conditions (g) and (h) do not have to be met until the year after the first taxable year for which a REIT election is made.

3. Share Ownership Test

REITCo's stock must be held by a minimum of 100 persons (determined without attribution to the owners of any entity owning REITCo stock) for at least 335 days in each full taxable year, proportionately adjusted for partial taxable years. In addition, at all times during the second half of each taxable year, no more than 50% in value of REITCo stock may be owned, directly or indirectly, by five or fewer individuals (determined with attribution to the owners of any entity owning REITCo stock). As noted above, these share ownership tests do not apply until after the first taxable year for which REITCo elects REIT status.

REITCo's charter will contain certain provisions intended to enable REITCo to meet these requirements and REITCo will have the right to issue, for cash, non-voting preferred stock to satisfy the requirement that REITCo's stock be held by a minimum of 100 persons. REITCo's charter will contain provisions restricting the transfer of REITCo stock which would result in any person beneficially owning or constructively owning more than 9.8% in value or in number of shares, whichever is more restrictive, of any class or series of REITCo's outstanding capital stock. Certain exceptions to this 9.8% limitation may be authorized by REITCo's board of directors, including with respect to certain Holders of Claims that agree to execute an ownership waiver. REITCo's charter will also contain provisions requiring each holder of REITCo's shares to disclose, upon demand, constructive or beneficial ownership of shares as deemed necessary to comply with the requirements of the Internal Revenue Code. Furthermore, stockholders failing or refusing to comply with REITCo's disclosure request will be required, under regulations of the Internal Revenue Code, to submit a statement of such information to the IRS at the time of filing their annual income tax return for the year in which the request was made.

4. Subsidiary Entities

A qualified REIT subsidiary is a corporation that is wholly owned by a REIT and is not a TRS. For purposes of the Asset and Gross Income Tests described below, all assets, liabilities, and tax attributes of a qualified REIT subsidiary are treated as belonging to the REIT. A qualified REIT subsidiary is not subject to U.S. federal income tax, but may be subject to state or local tax. Although REITCo expects to hold substantially all of its assets (other than certain assets held by a TRS in the Spin Structure) through PropCo, REITCo may hold assets through qualified REIT subsidiaries to the extent its governing documents permits such holdings (including through an amendment, in the event the initial governing documents do not permit such holdings). A partnership (which is how PropCo is intended to be classified following the Effective Date) is not subject to U.S. federal income tax and instead allocates its tax attributes to its partners. The partners are subject to U.S. federal income tax on their allocable share of the income and gain, without regard to whether they receive distributions from the partnership. Each partner's share of a partnership's tax attributes is determined in accordance with the limited partnership agreement. For purposes of the Asset and Gross Income Tests, REITCo will be deemed to own a proportionate share of the assets of PropCo, and REITCo will be allocated a proportionate share of each item of gross income from PropCo.

5. Asset Tests

At the close of each calendar quarter of each taxable year, REITCo will need to satisfy a series of tests based on the composition of REITCo's assets (the "Asset Tests"). After initially meeting the Asset Tests at the

close of any quarter, REITCo will not lose its status as a REIT for failure to satisfy the Asset Tests at the end of a later quarter solely due to changes in the value of REITCo's assets. In addition, if the failure to satisfy the Asset Tests results from an acquisition during a quarter, the failure can be cured by disposing of non-qualifying assets within 30 days after the close of that quarter. The Debtors intend that REITCo will maintain adequate records of the value of REITCo's assets to ensure compliance with these tests and will act within 30 days after the close of any quarter as may be required to cure any noncompliance.

At least 75% of the value of REITCo's assets must be represented by "real estate assets," cash, cash items (including receivables), and government securities (the "75% Asset Test"). Real estate assets include (a) real property (including interests in real property and interests in mortgages on real property), (b) shares in other qualifying REITs, and (c) certain debt instruments issued by publicly-traded REITs, and (d) any stock or debt instrument (not otherwise a real estate asset) attributable to the temporary investment of "new capital," but only for the one-year period beginning on the date REITCo receives the new capital. Property will qualify as being attributable to the temporary investment of new capital if the money used to purchase the stock or debt instrument is received by us in exchange for REITCo stock or in a public offering of debt obligations that have a maturity of at least five years. If REITCo invests in any securities that do not qualify under the 75% Asset Test, such securities may not exceed either: (a) 5% of the value of REITCo's assets as to any one issuer, or (b) 10% of the outstanding securities by vote or value of any one issuer (unless an exception, including the exception for "straight debt," applies). A partnership interest held by a REIT (e.g., partnership interests in PropCo held by REITCo) is not considered a "security" for purposes of these 5% and 10% tests; instead, the REIT is treated as owning directly its proportionate interest in the equity interests and certain debt securities issued by a partnership. For all of the other Asset Tests, a REIT's proportionate share is based on its proportionate interest in the capital of the partnership. In addition, as discussed above, the stock of a qualified REIT subsidiary is not counted for purposes of the Asset Tests.

A REIT may own the stock of a TRS. A TRS is a corporation (other than another REIT) that is owned in whole or in part by a REIT, and joins in an election with the REIT to be classified as a TRS. A corporation that is 35% owned by a TRS will also be treated as a TRS. Securities of a TRS are excepted from the 5% and 10% vote and value limitations on a REIT's ownership of securities of a single issuer. However, no more than 25% of the value of a REIT's assets may be represented by securities of one or more TRSs (and such limit will be reduced to 20% for tax years beginning after December 31, 2017).

In certain instances where a REIT fails to satisfy the Asset Tests but the failure is within a certain threshold, the REIT will not lose its REIT status if it takes certain corrective measures, notifies Treasury, and pays a penalty.

The Debtors expect that REITCo's holdings of securities and other assets comply with the foregoing Asset Tests, and the Debtors intend that REITCo will monitor compliance with such tests on an ongoing basis. The values of some of REITCo's assets, however, may not be precisely valued, and values are subject to change in the future. Furthermore, the proper classification of an instrument as debt or equity for U.S. federal income tax purposes may be uncertain in some circumstances, which could affect the application of the Asset Tests. Accordingly, there can be no assurance that the IRS will not contend that REITCo's assets do not meet the requirements of the Asset Tests.

6. Gross Income Tests

For each calendar year, REITCo will be required to satisfy two separate tests based on the composition of REITCo's gross income, as defined under REITCo's method of accounting (the "Gross Income Tests"). If REITCo fails to satisfy either of the Gross Income Tests discussed below for any taxable year, REITCo may retain its status as a REIT for such year if: (i) the failure was due to reasonable cause and not due to willful neglect, (ii) REITCo attaches to its return a schedule describing the nature and amount of each item of REITCo's gross income, and (iii) any incorrect information on such schedule was not due to fraud with intent to evade U.S. federal income tax. If this relief provision is available, REITCo would remain subject to tax equal to the greater of the amount by which REITCo failed the 75% Gross Income Test or the 95% Gross Income Test, as applicable, multiplied by a fraction meant to reflect REITCo's profitability.

a. The 75% Gross Income Test

At least 75% of REITCo's gross income for the taxable year (excluding gross income from prohibited transactions and certain hedging transactions and cancellation of indebtedness income) must result from (i) rents from real property, (ii) interest on obligations secured by mortgages on real property or on interests in real property, (iii) gains from the sale or other disposition of real property (including interests in real property and interests in mortgages on real property) other than property held primarily for sale to customers in the ordinary course of its trade or business, (iv) dividends from other qualifying REITs and gain (other than gain from prohibited transactions) from the sale of shares of other qualifying REITs, (v) other specified investments relating to real property or mortgages thereon, and (vi) income attributable to stock or a debt investment that is attributable to a temporary investment of new capital (as described under the 75% Asset Test above) received or earned during the one-year period beginning on the date such new capital is received (the "75% Gross Income Test"). The Debtors intend that REITCo will invest funds not otherwise invested in real properties in cash sources or other liquid investments which will allow REITCo to qualify under the 75% Gross Income Test.

Income attributable to a lease of real property will generally qualify as "rents from real property" under the 75% Gross Income Test (and the 95% Gross Income Test described below), subject to the rules discussed below. Rent from a particular tenant will not qualify if REITCo, or one or more owners of 10% or more of REITCo's stock, directly or indirectly, owns 10% or more of the voting stock or the total number of shares of all classes of stock in, or 10% or more of the assets or net profits of, the tenant (subject to certain exceptions). The portion of rent attributable to personal property rented in connection with real property will not qualify, unless the portion attributable to personal property is 15% or less of the total rent received under, or in connection with, the lease. Generally, rent will not qualify as "rents from real property" if it is based in whole, or in part, on the income or profits of any person from the underlying property. However, rent will not fail to qualify as "rents from real property" if it is based on a fixed percentage (or designated varying percentages) of receipts or sales, including amounts above a base amount so long as the base amount is fixed at the time the lease is entered into, the provisions are in accordance with normal business practice and the arrangement is not an indirect method for basing rent on income or profits.

Rental income will not qualify if REITCo furnishes or renders services to tenants or manages or operates the underlying property, other than through a permissible "independent contractor" from whom REITCo derives no revenue, or through a TRS. This requirement, however, does not apply to the extent that the services, management or operations provided by REITCo are "usually or customarily rendered" in connection with the rental of space, and are not otherwise considered "rendered to the occupant." If the total amount of REITCo's "impermissible tenant service income" from non-customary services exceeds 1% of REITCo's total income from a property, then all of the income from that property will fail to qualify as rents from real property. If the total amount of impermissible tenant service income from a property does not exceed 1% of REITCo's total income from the property, the services will not "taint" the other income from the property (that is, it will not cause the rent paid to REITCo by tenants of that property to fail to qualify as rents from real property), but impermissible tenant service income will not qualify as rents from real property. The Debtors intend that REITCo's board of directors will hire qualifying independent contractors or utilize one or more TRSs to render services, if any, which the board believes, after consultation with REITCo's tax advisors, are not usually or customarily rendered in connection with the rental of space.

In order for the rent paid pursuant to leases (if any) to constitute "rents from real property," the leases must be respected as true leases for federal income tax purposes. Accordingly, the leases cannot be treated as service contracts, joint ventures or some other type of arrangement. The determination of whether the leases are true leases for federal income tax purposes depends upon an analysis of all the surrounding facts and circumstances. In making such a determination, courts have considered a variety of factors, including the following:

- (a) the intent of the parties;
- (b) the form of the agreement;

- (c) the degree of control over the property that is retained by the property owner (*e.g.*, whether the lessee has substantial control over the operation of the property or whether the lessee was required simply to use its best efforts to perform its obligations under the agreement); and
- (d) the extent to which the property owner retains the risk of loss with respect to the property (*e.g.*, whether the lessee bears the risk of increases in operating expenses or the risk of damage to the property) or the potential for economic gain (*e.g.*, appreciation) with respect to the property.

In addition, section 7701(e) of the Internal Revenue Code provides that a contract that purports to be a service contract or a partnership agreement is treated instead as a lease of property if the contract is properly treated as such, taking into account all relevant factors. Since the determination of whether a service contract should be treated as a lease is inherently factual, the presence or absence of any single factor may not be dispositive in every case.

The Master Lease Agreements have been structured with the intent to qualify as true leases for federal income tax purposes. For example, with respect to each lease, the Debtors generally expect that:

- (a) PropCo and the lessee (as of the Effective Date, OpCo and certain of OpCo's subsidiaries) will intend for their relationship to be that of a lessor and lessee, and that such relationship will be documented by a lease agreement;
- (b) the lessee will have the right to exclusive possession and use and quiet enjoyment of the properties covered by the lease during the term of the lease;
- (c) the lessee will bear the cost of, and will be responsible for, day-to-day maintenance and repair of the properties, and will generally control how the properties will be operated and maintained;
- (d) the lessee will bear all of the costs and expenses of operating the properties, including the cost of any inventory used in the lessees' operation, during the term of the lease, with some limited exceptions;
- (e) the lessee will benefit from any savings and will bear the burdens of any increases in the costs of operating the properties during the term of the lease;
- (f) the lessee will be at economic risk due to damage to the properties because income from operations may be lost, subject to certain terminations rights (and the potential ability to recover from insurance proceeds, with such insurance policies to be procured by the lessees);
- (g) the lessees will have certain indemnification obligations to PropCo;
- (h) the lessees will be obligated to pay, at a minimum, substantial base rent for the period of use of the properties under the lease;
- (i) the lessees will stand to incur substantial losses or reap substantial gains depending on how successfully the properties are operated; and
- (j) upon termination of each lease, the applicable property will be expected to have a substantial remaining useful life and substantial remaining fair market value.

The analysis of whether a lease is a true lease for U.S. federal income tax purposes is inherently factual. If the Master Lease Agreements (or any leases subsequently entered into) are characterized as services contracts or

partnership agreements, rather than as true leases, or disregarded altogether for tax purposes, part or all of the payments that PropCo and its subsidiaries receive may not be considered rent or may not otherwise satisfy the various requirements for qualification as “rents from real property.” In that case, REITCo would not be able to satisfy the Gross Income Tests and, as a result, would lose its REIT status unless it qualifies for relief.

As indicated above, “rents from real property” must not be based in whole or in part on the income or profits of any person. The Master Lease Agreements provide for periodic payments of a specified base rent plus, to the extent that it exceeds the base rent, additional rent which is calculated based upon gross sales, plus certain other amounts. Payments made pursuant to these leases should qualify as “rents from real property” since they are generally based on either fixed dollar amounts or on specified percentages of gross sales fixed at the time the leases were entered into. The foregoing assumes that the leases have not been and will not be renegotiated during their term in a manner that has the effect of basing either the percentage rent or base rent on income or profits. The foregoing also assumes that the leases are not in reality used as a means of basing rent on income or profits. More generally, the rent payable under the leases will not qualify as “rents from real property” if, considering the leases and all the surrounding circumstances, the arrangement does not conform with normal business practice. The Debtors intend that REITCo will not renegotiate the percentages used to determine the percentage rent during the terms of the leases in a manner that will have the effect of basing rent on income or profits. In addition, the Debtors believe that the rental provisions and other terms of the leases conform with normal business practice and generally are not intended to be used as a means of basing rent on income or profits. Furthermore, the Debtors intend that, with respect to properties that REITCo acquires in the future, no rent for any property will be charged that is based in whole or in part on the income or profits of any person, except by reason of being based on a fixed percentage of gross revenues, as described above.

b. The 95% Gross Income Test

In addition to deriving 75% of its gross income from the sources listed above, at least 95% of REITCo’s gross income (excluding gross income from prohibited transactions and certain hedging transactions and cancellation of indebtedness income) for the taxable year must be derived from (i) sources which satisfy the 75% Gross Income Test, (ii) dividends, (iii) interest, and (iv) gain from the sale or disposition of stock or other securities that are not assets held primarily for sale to customers in the ordinary course of its trade or business (the “95% Gross Income Test”). The Debtors intend that REITCo will invest funds not otherwise invested in properties in cash sources or other liquid investments which will allow REITCo to satisfy the 95% Gross Income Test.

REITCo’s share of income from the properties will primarily give rise to rental income and gains on sales of the properties, substantially all of which will generally qualify under the 75% Gross Income and 95% Gross Income Tests. REITCo’s anticipated operations indicate that it is likely that it will have little or no non-qualifying income. As described above, REITCo may establish one or more TRSs. The gross income generated by these TRSs would not be included in REITCo’s gross income. Any dividends from TRSs to REITCo would be included in REITCo’s gross income and qualify for the 95% Gross Income Test.

7. REIT Distribution Requirements

a. E&P Purging Dividend in Spin Structure

If the Spin Structure is implemented, REITCo must distribute any “earnings and profits” as defined in the Internal Revenue Code (“E&P”) that are allocated from CEOC to REITCo in connection with the Spin Structure (the “E&P Purging Dividend”).

The E&P Purging Dividend will consist of cash or a mixture of stock and cash. In the event the E&P Purging Dividend is paid with a combination of stock and cash, each Holder of REIT stock will be entitled to elect to receive all stock, all cash or a combination of the two, but in any event the total aggregate amount of the E&P Purging Dividend is currently anticipated to consist of at least 20% cash. Regardless of any Holder’s election and the amount of cash that is included in the E&P Purging Dividend, the full amount of the E&P Purging Dividend will be taxable to Holders of REIT stock.

b. Annual Distribution Requirements

REITCo will be required to distribute dividends (other than capital gain dividends) to REITCo's stockholders each year in an amount at least equal to the excess of: (i) the sum of: (A) 90% of REITCo's REIT taxable income (determined without regard to the deduction for dividends paid and by excluding any net capital gain); and (B) 90% of the net income (after tax) from foreclosure property; over (ii) the sum of some types of items of non-cash income. Whether sufficient amounts have been distributed is based on amounts paid in the taxable year to which they relate, or in the following taxable year if REITCo: (1) declares a dividend before the due date of REITCo's tax return (including extensions); (2) distributes the dividend within the 12-month period following the close of the taxable year (and not later than the date of the first regular dividend payment made after such declaration); and (3) files an election with REITCo's tax return. Additionally, dividends that REITCo declares in October, November or December in a given year payable to stockholders of record in any such month will be treated as having been paid on December 31 of that year so long as the dividends are actually paid during January of the following year.

In order for REITCo's distributions to be counted as satisfying the annual distribution requirements for REITs, and to provide REITCo with a REIT-level tax deduction for dividends paid, the distributions must not be "preferential dividends." A dividend is not a preferential dividend if the distribution is (1) pro rata among all outstanding shares of stock within a particular class, and (2) in accordance with the preferences among different classes of stock as set forth in REITCo's organizational documents. However, this restriction with respect to preferential dividends will not apply to REITCo so long as REITCo is required to file annual and periodic reports with the SEC under the '34 Act.

If REITCo fails to meet the annual distribution requirements as a result of an adjustment to REITCo's U.S. federal income tax return by the IRS, or under certain other circumstances, REITCo may cure the failure by paying a "deficiency dividend" (plus penalties and interest to the IRS) within a specified period.

In the event REITCo does not have sufficient cash in a particular year (or elects to retain such cash) to satisfy REITCo's annual distribution requirements, REITCo may elect to borrow cash to fund such distributions. Alternatively, REITCo may elect to utilize taxable stock dividends (or consent dividends, in the event sufficient consent can be obtained) to satisfy its annual distribution requirements. If taxable stock dividends or consent dividends are utilized, regardless of the amount of cash that is included in such dividend, the full amount of such dividend will be taxable to Holders of REITCo stock.

8. Failure to Qualify

If REITCo fails to qualify as a REIT in any taxable year, REITCo may be eligible for relief provisions if the failures are due to reasonable cause and not willful neglect and if a penalty tax is paid with respect to each failure to satisfy the applicable requirements. If the applicable relief provisions are not available or cannot be met, REITCo will not be able to deduct REITCo's dividends and will be subject to U.S. federal income tax (including any applicable alternative minimum tax) on REITCo's taxable income at regular corporate rates, thereby reducing cash available for distributions and potentially having other materially adverse effects on REITCo's finances. In such event, to the extent of current and accumulated earnings and profits, all distributions to stockholders will be taxable as ordinary dividends, and, subject to limitations in the Internal Revenue Code, corporate distributees may be eligible for the dividends-received deduction. Unless entitled to relief under specific statutory provisions, REITCo also would be disqualified from reelecting taxation as a REIT for the four taxable years following the year during which qualification was lost.

In the event that REITCo fails to satisfy one or more requirements for qualification as a REIT, other than the Gross Income Tests and the Asset Tests, each of which is subject to the cure provisions described above, REITCo will retain its REIT qualification if (a) the violation is due to reasonable cause and not willful neglect and (b) REITCo pays a penalty of \$50,000 for each failure to satisfy the provision.

9. Prohibited Transactions

REITCo will be subject to a 100% U.S. federal income tax on any net income derived from “prohibited transactions.” Net income derived from prohibited transactions arises from the sale or exchange of property held for sale to customers in the ordinary course of REITCo’s business which is not foreclosure property. There is an exception to this rule for the sale of real property that has been held for at least two years that: (a) has aggregate expenditures which are includable in the basis of the property not in excess of 30% of the net selling price; (b) in some cases, was held for production of rental income for at least two years; (c) in some cases, substantially all of the marketing and development expenditures were made through an independent contractor; and (d) when combined with other sales in the year, either does not cause the REIT to have made more than seven sales of property during the taxable year, or occurs in a year when the REIT disposes of less than 10% of its assets (measured by U.S. federal income tax basis or fair market value, and ignoring involuntary dispositions and sales of foreclosure property).

The Debtors intend that REITCo’s acquisition and operation of properties will result in the production of rental income. Accordingly, the Debtors do not expect that REITCo or PropCo will hold any property for sale to customers in the ordinary course of REITCo’s business.

10. Investments in TRSs

REITCo and any entity treated as a corporation for tax purposes in which REITCo owns an interest are allowed to jointly elect to treat such entity as a “taxable REIT subsidiary.” In addition, if any of our TRSs owns, directly or indirectly, securities representing 35% or more of the vote or value of an entity treated as a corporation for tax purposes, that subsidiary will also automatically be treated as REITCo’s taxable REIT subsidiary.

One or more of REITCo’s subsidiaries may elect to be treated as a TRS, and additional subsidiaries may subsequently become TRSs. As REITCo’s TRSs, these entities will pay U.S. federal and state income taxes at the full applicable corporate rates on their income (without deduction for payment of any dividends). Such TRSs will attempt to minimize the amount of such taxes, but there can be no assurance whether or the extent to which measures taken to minimize taxes will be successful. To the extent any of REITCo’s TRSs is required to pay U.S. federal, state or local taxes, the cash available for distribution by such TRS to its stockholders, including REITCo, will be reduced accordingly.

TRSs are subject to full corporate level taxation on their earnings, but are permitted to engage in certain types of activities which cannot be performed directly by REITs without jeopardizing their REIT status. Other than some activities relating to lodging and health care facilities, a taxable REIT subsidiary generally may engage in any business activity, including the provision of services to a REIT’s tenants, without causing the REIT to receive impermissible tenant service income under the Gross Income Tests and without subjecting the REIT to the 100% penalty tax on prohibited transactions.

11. Tax on Built-In Gain

If REITCo (directly or indirectly through PropCo) acquires certain assets in tax-deferred transactions, which assets were held by one or more C corporations before they were held by REITCo, REITCo may be subject to a built-in gain tax on a future disposition of such assets. This rule will apply to the substantial majority of the properties acquired by REITCo pursuant to the Plan. If REITCo disposes of any such assets during the five-year period following acquisition (*i.e.*, during the five-year period following REITCo’s qualification as a REIT), REITCo will be subject to U.S. federal income tax (and applicable state and local taxes) at the highest corporate tax rates on any gain recognized from the disposition such assets to the extent of the excess of the fair market value of such assets on the date that they were contributed to or acquired by REITCo in a tax-deferred transaction over the adjusted tax basis of such assets on such date, which are referred to as built-in gains. REITCo would be subject to this corporate-level tax liability (without the benefit of the deduction for dividends paid) even if REITCo qualifies and maintains its status as a REIT. Any recognized built-in gain will retain its character as ordinary income or capital gain and will be taken into account in determining REIT taxable income and the distribution requirement. Any tax on the recognized built-in gain will reduce REIT taxable income. REITCo may choose to forego otherwise

attractive opportunities to sell assets in a taxable transaction during the five-year built-in gain recognition period in order to avoid this built-in gain tax. However, there can be no assurance that such a taxable transaction will not occur. The amount of any such built-in gain tax could be material and the resulting tax liability could have a negative effect on REITCo's cash flow and limit REITCo's ability to pay distributions required to maintain our status as a REIT (or cause REITCo to pay such distributions partially in kind, as discussed above).

12. Taxation of Taxable U.S. Holders of REITCo Stock⁹²

As long as REITCo qualifies as a REIT, distributions paid to U.S. Holders of REITCo stock out of current or accumulated earnings and profits (and not designated as capital gain dividends) will generally be ordinary income and generally will not be "qualified dividends" in the case of non-corporate U.S. Holders of REITCo stock and will not be eligible for the dividends received deduction in the case of corporate U.S. Holders of REITCo stock. Distributions in excess of current and accumulated earnings and profits are treated first as a tax-deferred return of capital to the stockholder, reducing the stockholder's tax basis in his or her common stock by the amount of such distribution, and then as capital gain.

Because REITCo's earnings and profits are reduced for depreciation and other non-cash items, it is possible that a portion of each distribution will constitute a tax-deferred return of capital. Additionally, because distributions in excess of earnings and profits reduce Holders' basis in REITCo stock, this will increase Holders' gain on any subsequent sale of REITCo stock. Distributions that are designated as capital gain dividends will be taxed as long-term capital gains to the extent they do not exceed actual net capital gain for the taxable year, without regard to the period for which the Holder that receives such distribution has held its stock. Corporate Holders may be required to treat up to 20% of some types of capital gain dividends as ordinary income. Additionally, REITCo may also decide to retain, rather than distribute, REITCo's net long-term capital gains and pay any tax thereon. In such instances, Holders would include their proportionate shares of such gains in income, receive a credit on their returns for their proportionate share of REITCo tax payments, and increase the tax basis of their shares of stock by the after-tax amount of such gain.

Dividend income is characterized as "portfolio" income under the passive loss rules and cannot be offset by a stockholder's current or suspended passive losses. Although stockholders generally recognize taxable income in the year that a distribution is received, any distribution REITCo declares in October, November or December of any year that is payable to a Holder of record on a specific date in any such month will be treated as both paid by REITCo and received by the Holder on December 31 of the year it was declared if paid by REITCo during January of the following calendar year.

Because REITCo is not a pass-through entity for U.S. federal income tax purposes, Holders may not use REITCo's operating or capital losses to reduce their tax liabilities. As discussed above, in certain circumstances, REITCo may have the ability to declare a large portion of a dividend in REITCo stock. Moreover, up to 80% of the E&P Purging Dividend may be paid in stock. In such a case, a Holder would be taxed on 100% of the dividend in the same manner as a cash dividend, even though most of the dividend was paid in shares of REITCo stock. In general, the sale of REITCo stock held for more than 12 months will produce long-term capital gain or loss. All other sales will produce short-term gain or loss. In each case, the gain or loss is equal to the difference between the amount of cash and fair market value of any property received from the sale and the stockholder's basis in the stock sold. However, any loss from a sale or exchange of stock by a Holder who has held such stock for six months or less generally will be treated as a long-term capital loss, to the extent that the Holder treated REITCo distributions as long-term capital gains. REITCo will report to U.S. Holders and to the IRS the amount of dividends paid during each calendar year, and the amount (if any) of U.S. federal income tax REITCo withholds.

⁹² This discussion does not apply to Holders of Claims (if any) that receive PropCo LP Interests rather than REIT stock. The treatment of such Holders of Claims will be subject to standard partnership taxation principles, as discussed below.

13. Taxation of Tax-Exempt Holders of REITCo Stock

The IRS has issued a revenue ruling in which it held that amounts distributed by a REIT to a tax-exempt employees' pension trust do not constitute unrelated business taxable income. Subject to the discussion below regarding a "pension-held REIT," based upon the ruling, the analysis in the ruling and the statutory framework of the Internal Revenue Code, distributions to a domestic stockholder that is a tax-exempt entity by REITCo should also not constitute unrelated business taxable income, provided that the tax-exempt entity has not financed the acquisition of shares of REITCo stock with "acquisition indebtedness" within the meaning of the Internal Revenue Code, that the shares of REITCo stock are not otherwise used in an unrelated trade or business of the tax-exempt entity, and that REITCo, consistent with the Debtors' present intent, does not hold a residual interest in a real estate mortgage investment conduit. Social clubs, voluntary employee benefit associations, supplemental unemployment benefit trusts, and qualified group legal services plans that are exempt from taxation under special provisions of the U.S. federal income tax laws are subject to different unrelated business taxable income rules, which generally will require them to characterize distributions that they receive from REITCo as unrelated business taxable income.

However, if any pension or other retirement trust that qualifies under section 401(a) of the Internal Revenue Code holds more than 10% by value of the interests in a "pension-held REIT" at any time during a taxable year, a portion of the dividends paid to the qualified pension trust by such REIT may constitute unrelated business taxable income. For these purposes, a "pension-held REIT" is defined as a REIT if such REIT would not have qualified as a REIT but for the provisions of the Internal Revenue Code which look through such a qualified pension trust in determining ownership of stock of the REIT and either (i) at least one qualified pension trust holds more than 25% by value of the interests of such REIT or (ii) one or more qualified pension trusts (each owning more than a 10% interest by value in the REIT) hold in the aggregate more than 50% by value of the interests in such REIT.

14. Taxation of Non-U.S. Holders of REITCo Stock

The rules governing the U.S. federal income taxation of beneficial Holders of REITCo stock that are Non-U.S. Holders are complex. Only a summary of such rules is provided in this Disclosure Statement. This summary supplements the discussion in the section of this tax disclosure entitled "Certain Federal Income Tax Consequences of the Plan to Non-U.S. Holders of Allowed Claims and Interests." Non-U.S. Holders should consult their tax advisors to determine the effect that U.S. federal, state and local income tax or similar laws will have on Holders as a result of ownership of REITCo stock.

Distributions paid by REITCo that are not attributable to gain from REITCo's sales or exchanges of U.S. real property interests and not designated by REITCo as capital gain dividends will be treated as dividends of ordinary income to the extent that they are made out of REITCo's current or accumulated earnings and profits. Such dividends to Non-U.S. Holders ordinarily will be subject to a withholding tax equal to 30% of the gross amount of the dividend unless an applicable tax treaty reduces or eliminates that tax. However, if income from REITCo stock is treated as effectively connected income, the Non-U.S. Holder generally will be subject to a tax at the graduated rates applicable to ordinary income, in the same manner as U.S. Holders are taxed with respect to such dividends (and may also be subject to the 30% branch profits tax, or such lower rate provided by an applicable tax treaty, in the case of a Non-U.S. Holder that is a foreign corporation). Dividends in excess of REITCo's current and accumulated earnings and profits will not be taxable to a Non-U.S. Holder to the extent they do not exceed the adjusted basis of the Non-U.S. Holder's shares. Instead, such dividends will reduce the adjusted basis of such shares. To the extent that such dividends exceed the adjusted basis of a Non-U.S. Holder's shares, they will give rise to tax liability if the Non-U.S. Holder would otherwise be subject to tax on any gain from the sale or disposition of his shares.

Distributions that are attributable to gain from REITCo's sales or exchanges of U.S. real property interests will be taxed to a Non-U.S. Holder as if such gain were effectively connected income. Non-U.S. Holders would thus be required to file U.S. federal income tax returns and would be taxed at the rates applicable to U.S. Holders, and would be subject to a special alternative minimum tax in the case of nonresident alien individuals. Also, such dividends may be subject to a 30% branch profits tax in the hands of a corporate Non-U.S. Holder not entitled to any treaty exemption. However, generally a capital gain dividend from a REIT is not treated as effectively connected

income for a foreign investor if (i) the distribution is received with regard to a class of stock that is regularly traded on an established securities market located in the United States; and (ii) the foreign investor does not own more than 10% of the class of stock at any time during the tax year within which the distribution is received.

Gain recognized by a Non-U.S. Holder upon a sale of shares of REITCo stock generally will not be subject to U.S. federal income taxation, provided that: (i) such gain is not effectively connected income; (ii) the Non-U.S. Holder is not present in the United States for 183 days or more during the taxable year and certain other conditions apply; and (iii) REITCo is “domestically controlled,” which generally means that less than 50% in value of REITCo shares were held directly or indirectly by foreign persons during the five year period ending on the date of disposition or, if shorter, during the entire period of REITCo’s existence. The Debtors cannot assure that REITCo will qualify as “domestically controlled.”

If REITCo was not “domestically controlled”, a Non-U.S. Holder’s sale of stock would be subject to U.S. federal income taxation, unless REITCo stock was regularly traded on an established securities market and the selling Non-U.S. Holder has not directly, or indirectly, owned during a specified testing period more than 10% in value of such class of REITCo stock. If the gain on the sale of REITCo stock was subject to taxation, the Non-U.S. Holder would be subject to the same treatment as a U.S. Holder with respect to such gain, and the purchaser of such stock may be required to withhold 10% of the gross purchase price of such shares.

Whether or not REITCo is “domestically controlled”, a Non-U.S. Holder generally will incur tax on gain from the sale of REITCo stock if (i) the gain is effectively connected income, in which case the Non-U.S. Stockholder will be subject to the same treatment as U.S. Holders with respect to such gain, or (ii) the Non-U.S. Holder is a nonresident alien individual who was present in the United States for 183 days or more during the taxable year and has a “tax home” in the United States, in which case the Non-U.S. Holder will generally incur a 30% tax on his or her net U.S. source capital gains.

Information relating to withholding considerations for Non-U.S. Holders is discussed below.

F. Tax Aspects of REITCo’s Ownership of PropCo

1. REITCo Will Be a Partner in PropCo, Which Will Hold the Substantial Majority of REITCo’s Assets

Other than properties or assets owned by the TRS, as of the Effective Date, all of REITCo’s properties will be owned through PropCo or subsidiaries thereof. The Debtors intend that PropCo will qualify as a partnership for U.S. federal income tax purposes. In general, a partnership is a “pass-through” entity which is not subject to U.S. federal income tax. Rather, partners are allocated their proportionate share of the items of income, gain, loss, deduction and credit of a partnership, and are potentially subject to tax thereon, without regard to whether the partner received a distribution from the partnership. REITCo will include its proportionate share of PropCo’s partnership items in REITCo’s income for purposes of the Gross Income Tests and in the computation of its REIT taxable income.

Each partner’s share of PropCo’s tax items is determined in accordance with PropCo’s limited partnership agreement, although the allocations will be adjusted for tax purposes if they do not comply with the technical provisions of section 704(b) of the Internal Revenue Code and the regulations thereunder. The Debtors intend that PropCo’s allocation of tax items will comply with these provisions. Notwithstanding these allocation provisions, for purposes of complying with the Gross Income Tests and Asset Tests applicable to REITs discussed above, REITCo will be deemed to own its proportionate share of each of the assets of PropCo and will be deemed to have received a proportionate share of the income of PropCo, in each case based on REITCo’s capital interest in PropCo. Accordingly, any increase in REITCo’s REIT taxable income from REITCo’s interest in PropCo, whether or not a corresponding cash distribution is also received from PropCo, will increase REITCo’s distribution requirements. The amount of PropCo taxable income allocated to REITCo may differ depending on whether the Spin Structure or the Partnership Contribution Structure is consummated.

2. Tax Allocations With Respect to Book Tax Differences for Contributed Properties

Under section 704(c) of the Internal Revenue Code, income, gain, loss and deductions attributable to appreciated or depreciated property that is contributed to a partnership must be allocated for U.S. federal income tax purposes in a manner such that the contributor is charged with, or benefits from, the unrealized gain or unrealized loss associated with the property at the time of contribution. The amount of unrealized gain or unrealized loss generally is equal to the difference between the fair market value of the contributed property at the time of contribution and the adjusted tax basis of the property at the time of contribution, which is referred to as the book-tax difference. A book-tax difference also can exist with respect to an asset that has not appreciated or depreciated in economic terms if that asset has been depreciated for tax purposes. A substantial book-tax difference exists with respect to certain assets that will be contributed to PropCo pursuant to the Plan.

PropCo's limited partnership agreement will require that allocations of income, gain, loss and deductions attributable to the properties with respect to which there is a book-tax difference to be made in a manner that is consistent with section 704(c) of the Internal Revenue Code. Treasury Regulations under section 704(c) require partnerships to use a reasonable method for allocation of items affected by section 704(c) of the Internal Revenue Code.

PropCo's limited partnership agreement will also require that any gain allocated to PropCo's partners upon the sale or other taxable disposition of any PropCo asset must, to the extent possible after taking into account other required allocations of gain, be characterized as recapture income in the same proportions and to the same extent as the partners previously have been allocated any deductions directly or indirectly giving rise to the treatment of the gains as recapture income.

3. Liquidation of PropCo

If PropCo liquidates and dissolves, a distribution of its property other than money generally will not result in taxable gain to its partners, except to the extent provided in sections 704(c)(1)(B), 731, and 737 of the Internal Revenue Code. The basis of any property distributed to a PropCo partner will equal the adjusted basis of the partner's partnership interest, reduced by any money distributed in liquidation. A distribution of money upon the liquidation of PropCo, however, will be taxable to a partner to the extent that the amount of money distributed in liquidation, including any deemed distributions of cash as a result of a reduction in the partner's share of partnership liabilities, exceeds the partner's tax basis in its partnership interest.

G. Ownership and Disposition of the PropCo LP Interests

1. General

Under the Treasury Regulations, a domestic entity that has two or more members and that is not organized as a corporation under U.S. federal or state law will generally be classified as a partnership for U.S. federal income tax purposes, unless it elects to be treated as a corporation. Pursuant to the Plan and PropCo's limited partnership agreement, no election may be made for PropCo to be classified as a corporation for U.S. federal income tax purposes. Thus, subject to the discussion of publicly traded partnerships below, PropCo will be treated as a partnership for U.S. federal income tax purposes. Each holder of PropCo LP Interests is urged to consult its tax advisor regarding the tax consequences of owning and disposing of membership interests in PropCo.

Under the "publicly traded partnership" provisions of the Internal Revenue Code, an entity that would otherwise be treated as a partnership whose interests are considered to be publicly traded and does not meet a qualifying income test will be taxable as a corporation. The PropCo limited partnership agreement will prohibit the transfer of membership interests in PropCo if such transfer would jeopardize the status of PropCo as a partnership for U.S. federal income tax purposes (prior to an actual conversion for U.S. federal income tax purposes to corporate status). Any purported transfer in violation of such provisions will be null and void and would not be recognized by PropCo.

This discussion of the U.S. federal income tax consequences of the Plan assumes that PropCo will be treated as a partnership for U.S. federal income tax purposes.

As a partnership, PropCo itself will not be subject to U.S. federal income tax. Instead, PropCo will file an annual partnership information return with the IRS, which form will report the results of PropCo's operations. Each member will be required to report on its U.S. federal income tax return, and will be subject to tax in respect of, its distributive share of each item of PropCo's income, gain, loss, deduction and credit for each taxable year of PropCo ending with or within the member's taxable year. Each item generally will have the same character as if the member had realized the item directly. Members will be required to report these items regardless of the extent to which, or whether, they receive cash distributions from PropCo for such taxable year, and thus may incur income tax liabilities in excess of any distributions from PropCo. Members will also have state filing obligations in jurisdictions where PropCo's properties are located.

PropCo's tax basis and holding period in its assets contributed directly to PropCo by CEOC (or CEOC's subsidiaries) or indirectly through the REIT would be the same as CEOC's (or CEOC's subsidiaries') basis and holding period with respect to such assets.

A member is allowed to deduct its allocable share of PropCo's losses (if any) only to the extent of such member's adjusted tax basis (discussed below) in its membership interest at the end of the taxable year in which the losses occur. In addition, various other limitations in the Internal Revenue Code may significantly limit a member's ability to deduct its allocable share of deductions and losses of PropCo against other income.

PropCo will provide each member with the necessary information to report its allocable share of the PropCo tax items for U.S. federal income tax purposes; however, no assurance can be given that PropCo will be able to provide such information prior to the initial due date of the members' U.S. federal income tax returns and the members may therefore be required to apply to the IRS for an extension of time to file their tax returns.

The board of directors of PropCo will decide how items will be reported on PropCo's U.S. federal income tax returns, and all members will be required under the Internal Revenue Code to treat the items consistently on their own returns, unless they file a statement with the IRS disclosing the inconsistency. In the event that the income tax returns of PropCo are audited by the IRS, the tax treatment of PropCo income and deductions generally will be determined at the PropCo level in a single proceeding, rather than in individual audits of the members. The tax matters partner will have considerable authority under the Internal Revenue Code and the limited partnership agreement for PropCo to make decisions affecting the tax treatment and procedural rights of all members.

A member generally will not recognize gain or loss on the receipt of a distribution of cash or property from PropCo (provided that the member is not treated as exchanging such member's share of PropCo's "unrealized receivables" and/or certain "inventory items" (as those terms are defined in the Internal Revenue Code, and together "ordinary income items") for other partnership property). A member, however, will recognize gain on the receipt of a distribution of money and, in some cases, marketable securities, from PropCo (including any constructive distribution of money resulting from a reduction of the member's share of the indebtedness of PropCo) to the extent such cash distribution or the fair market value of such marketable securities distributed exceeds such member's adjusted tax basis in its membership interest. Such distribution would be treated as gain from the sale or exchange of a membership interest, which is described below.

A member will recognize gain on the complete liquidation of its membership interest only to the extent the amount of money received exceeds its adjusted tax basis in its interest. Distributions of certain marketable securities are treated as distributions of money for purposes of determining gain. Any gain recognized by a member on the receipt of a distribution from PropCo generally will be capital gain, but may be taxable as ordinary income under certain other circumstances. No loss can be recognized on a distribution in liquidation of a membership interest, unless the member receives no property other than money and ordinary income items.

A member's adjusted tax basis in its membership interest generally will be equal to such member's initial tax basis (discussed above), increased by the sum of (i) any additional capital contribution such member makes to

PropCo, (ii) the member's allocable share of the income of PropCo, and (iii) increases in the member's allocable share of the indebtedness of PropCo, and reduced, but not below zero, by the sum of (iv) the member's allocable share of the losses of PropCo, and (v) the amount of money or the adjusted tax basis of property distributed to such member, including constructive distributions of money resulting from reductions in such member's allocable share of the indebtedness of PropCo.

A sale of all or part of a member's interest will result in the recognition of gain or loss in an amount equal to the difference between the amount of the sales proceeds or distribution (including any constructive distribution) and such member's adjusted tax basis for the portion of the interest disposed of. Any gain or loss recognized with respect to such a sale generally will be treated as capital gain or loss, and will be long-term capital gain or loss if the interest has been held for more than one year, except to the extent (i) that the proceeds of the sale are attributable to a member's allocable share of certain ordinary income items of PropCo and such proceeds exceed the member's adjusted tax basis attributable to such ordinary income items and (ii) of previously allowed bad debt or ordinary loss deductions (reduced by any recognized gain which the member may have received on the exchange of a Claim for PropCo Interests). A member's ability to deduct any loss recognized on the sale of its membership interest will depend on the member's own circumstances and may be restricted under the Internal Revenue Code.

PropCo's limited partnership agreement will provide that a holder of PropCo LP Interests may elect to have PropCo redeem some or all of such holder's PropCo LP Interests in exchange for, at PropCo's election, either (i) a corresponding number of shares of REIT stock (preferred or common, as the case may be), or (ii) an amount of cash equal to the fair market value of such shares. In either case such exchange would be taxable to such holder with gain or loss being recognized as described above. In the event such holder received shares of REIT stock, such holder's basis in such shares would equal their fair market value as of the date of the exchange and such holder's holding period would begin the day after the exchange.

2. Non-U.S. Holders

The U.S. federal income tax treatment of a holder of PropCo LP Interests that is a nonresident alien, non-U.S. corporation, non-U.S. partnership, non-U.S. estate or non-U.S. trust (a "Non-U.S. Partner") is complex and will vary depending on the circumstances and activities of such holder and PropCo. Each Non-U.S. Partner is urged to consult with its own tax advisor regarding the U.S. federal, state and local and non-U.S. income, estate and other tax consequences of holding interests in PropCo. The following discussion assumes that a Non-U.S. Partner is not subject to U.S. federal income taxes as a result of its presence or activities in the United States (other than as a holder of Interests in PropCo).

A Non-U.S. Partner generally will be subject to U.S. federal withholding taxes at the rate of 30 percent (or such lower rate provided by an applicable tax treaty) on its share of PropCo's income from dividends, interest (other than interest that constitutes portfolio interest within the meaning of the Internal Revenue Code), and certain other income.

The activities of PropCo are likely to be treated as a U.S. trade or business, and to the extent that such activities are so treated, a Non-U.S. Partner would be deemed to be engaged in that underlying U.S. trade or business. A Non-U.S. Partner's share of PropCo's effectively connected income would be subject to tax at normal graduated U.S. federal income tax rates and, if the Non-U.S. Partner is a corporation for U.S. federal income tax purposes, may also be subject to U.S. branch profits tax. In addition, some or all of the gain on a disposition of a Non-U.S. Partner's interest in PropCo could be treated as effectively connected income to the extent such gain is attributable to assets that generate effectively connected income. A Non-U.S. Partner generally will be required to file a U.S. federal income tax return if PropCo is deemed to be engaged in a U.S. trade or business (even if no income allocated to the Non-U.S. Partner is effectively connected income). PropCo would be required to withhold U.S. federal income tax with respect to the Non-U.S. Partner's share of income that is effectively connected income.

The Foreign Investment in Real Property Tax Act of 1980, as amended ("FIRPTA"), imposes a tax on gain realized on disposition by a non-U.S. person of a "United States real property interests" ("USPRI") by treating such gain as effectively connected with a U.S. trade or business, subjecting the non-U.S. person to tax on such gain at

normal graduated U.S. federal income tax rates, and generally requiring the non-U.S. person to file a U.S. federal income tax return. PropCo LP Interests are likely to be treated as USRPIs, upon a disposition by a Non-U.S. Partner of its PropCo LP Interests, the transferee of such interests would be required to deduct and withhold a tax equal to 15% of the gross amount realized on such disposition. Any amounts so withheld can be applied as a credit against the U.S. federal income tax liability of the Non-U.S. Partner and can be recovered as a refund in the event of overpayment. Non-U.S. Partners may be required to comply with certain reporting requirements to the extent provided in the Treasury Regulations.

H. Ownership and Disposition of New CEC Common Equity and New CEC Convertible Notes

1. General

Any distributions made on account of the New CEC Common Equity will constitute dividends for U.S. federal income tax purposes to the extent of the current or accumulated earnings and profits of CEC as determined under U.S. federal income tax principles. To the extent that a U.S. Holder receives distributions that would otherwise constitute dividends for U.S. federal income tax purposes but that exceed such current and accumulated earnings and profits, such distributions will be treated first as a non-taxable return of capital reducing the U.S. Holder's basis in its shares. Any such distributions in excess of the U.S. Holder's basis in its shares (determined on a share-by-share basis) generally will be treated as capital gain.

Dividends paid to U.S. Holders that are corporations generally will be eligible for the dividends-received deduction so long as there are sufficient earnings and profits. However, the dividends-received deduction is only available if certain holding period requirements are satisfied. The length of time that a shareholder has held its stock is reduced for any period during which the shareholder's risk of loss with respect to the stock is diminished by reason of the existence of certain options, contracts to sell, short sales, or similar transactions. In addition, to the extent that a corporation incurs indebtedness that is directly attributable to an investment in the stock on which the dividend is paid, all or a portion of the dividends received deduction may be disallowed.

Unless a non-recognition provision applies, U.S. Holders generally will recognize capital gain or loss upon the sale, redemption, or other disposition of New CEC Common Equity or New CEC Convertible Notes. Such capital gain will be long-term capital gain if at the time of the sale, exchange, retirement, or other taxable disposition, the U.S. Holder held the New CEC Common Equity New CEC Convertible Notes for more than one year. Long-term capital gains of an individual taxpayer generally are taxed at preferential rates, and the ability to utilize capitalized losses may be limited.

This summary does not consider issues related to Medicare tax, and U.S. Holders of New CEC Common Equity should consult their tax advisors regarding such taxes.

2. Non-U.S. Holders

Except as described below, dividends paid with respect to New CEC Common Equity held by a Non-U.S. Holder that are not effectively connected with a Non-U.S. Holder's conduct of a U.S. trade or business (or if an income tax treaty applies, are not attributable to a permanent establishment maintained by such Non-U.S. Holder in the United States) will be subject to U.S. federal withholding tax, which is discussed below. Dividends paid with respect to New CEC Common Equity held by a Non-U.S. Holder that are effectively connected income and, if an income tax treaty applies, are attributable to a permanent establishment maintained by such Non-U.S. Holder in the United States, generally will be subject to U.S. federal income tax in the same manner as a U.S. Holder, and a Non-U.S. Holder that is a corporation for U.S. federal income tax purposes may also be subject to a branch profits tax with respect to such Non-U.S. Holder's effectively connected earnings and profits that are attributable to the dividends.

A Non-U.S. Holder generally will not be subject to U.S. federal income tax with respect to any gain realized on the sale or other taxable disposition (including a cash redemption) of New CEC Common Equity or New CEC Convertible Notes unless: (a) such Non-U.S. Holder is an individual who is present in the United States for

183 days or more in the taxable year of disposition or who is subject to special rules applicable to former citizens and residents of the United States; (b) such gain is effectively connected income; or (c) CEC is or has been during a specified period a “U.S. real property holding corporation” for U.S. federal income tax purposes.

If the first exception with respect to sales or dispositions applies, the Non-U.S. Holder generally will be subject to U.S. federal income tax at a rate of 30% (or at a reduced rate or exemption from tax under an applicable income tax treaty) on the amount by which such Non-U.S. Holder’s capital gains allocable to U.S. sources exceed capital losses allocable to U.S. sources during the taxable year of disposition of New CEC Common Equity or New CEC Convertible Notes. If the second exception applies, the Non-U.S. Holder generally will be subject to U.S. federal income tax with respect to such gain in the same manner as a U.S. Holder, and a Non-U.S. Holder that is a corporation for U.S. federal income tax purposes may also be subject to a branch profits tax with respect to earnings and profits effectively connected with a U.S. trade or business that are attributable to such gains.

I. Ownership and Disposition of New CEC Convertible Notes and Conversion of New CEC Convertible Notes Into New CEC Common Equity

1. U.S. Holders

Interest on the New CEC Convertible Notes should be treated as interest on any other debt instrument, *i.e.*, treated as ordinary income to the recipient at the time such income is paid or accrued in accordance with a U.S. Holder’s method of accounting for U.S. federal income tax purposes. No determination has been made with respect to whether the New CEC Convertible Notes will have original issue discount (OID), which could require the accrual of interest at times when no cash interest payments are made.

Unless a non-recognition provision applies, U.S. Holders generally will recognize capital gain or loss upon the sale, redemption, or other disposition of New CEC Convertible Notes. Such capital gain will be long-term capital gain if at the time of the sale, exchange, retirement, or other taxable disposition, the U.S. Holder held the New CEC Convertible Notes for more than one year. Long-term capital gains of an individual taxpayer generally are taxed at preferential rates, and the ability to utilize capitalized losses may be limited.

U.S. Holders of New CEC Convertible Notes generally will not recognize gain or loss upon the conversion of the New CEC Convertible Notes solely into shares of New CEC Common Equity, other than with respect to cash received in lieu of fractional shares, which should be treated as described below, and other than amounts attributable to accrued but unpaid interest, which should be taxable as interest to the extent not previously included in income. A U.S. Holder’s tax basis in the New CEC Common Equity received upon such a conversion (including any fractional share deemed received, but excluding any common stock attributable to accrued interest, the tax basis of which would equal its fair market value) will be the same as the U.S. Holder’s adjusted tax basis in the New CEC Convertible Notes converted. A U.S. Holder’s holding period for such New CEC Common Equity should include the holding period for the notes that were converted, except with respect to New CEC Common Equity attributable to accrued interest (the holding period of which would begin the day after the New CEC Common Equity is received).

In the event that CEC delivers New CEC Common Equity and cash upon such a conversion, the United States federal income tax treatment of the conversion is uncertain. U.S. Holders should consult their tax advisors regarding the consequences of such a conversion. It is possible that the conversion may be treated as a recapitalization or as a taxable exchange in part as discussed below.

Treatment as a Recapitalization. If CEC pays a combination of cash and New CEC Common Equity in exchange for New CEC Convertible Notes upon conversion, the treatment of any gain or loss realized upon the conversion will depend on whether the conversion would constitute a recapitalization within the meaning of section 368(a)(1)(E) of the Internal Revenue Code. The conversion would be treated as a recapitalization only if the New CEC Convertible Notes constitute “securities” under the same test set forth above.

In such case, gain (but not loss) would be recognized to the extent of the lesser of (a) the amount of gain realized from the exchange or (b) the cash received in the conversion.

U.S. Holders should obtain an aggregate tax basis in the New CEC Common Equity, other than any such amounts treated as received in satisfaction of accrued but untaxed interest (or original issue discount), equal to (1) the tax basis of the surrendered New CEC Convertible Notes, less (2) cash received, plus (3) gain recognized (if any). The holding period for such New CEC Common Equity should include the holding period for the surrendered New CEC Convertible Notes.

The tax basis of any New CEC Common Equity determined to be received in satisfaction of accrued but untaxed interest (or original issue discount) should equal the amount of such accrued but untaxed interest (or original issue discount), but in no event should such basis exceed the fair market value of the New CEC Common Equity received in satisfaction of accrued but untaxed interest (or original issue discount). The holding period for such property should begin on the day following the conversion.

Alternative Treatment as Part Conversion and Part Sale. If the conversion of a CEC Convertible Note into cash and New CEC Common Equity were not treated as a recapitalization, the cash payment received would generally be treated as proceeds from the sale of a portion of the CEC Convertible Note and taxed in the manner described above (or in the case of cash received in lieu of a fractional share, taxed as a disposition of a fractional share), and the New CEC Common Equity received should be treated as having been received upon a conversion of the New CEC Convertible Notes, which generally would not be taxable to a U.S. holder except to the extent of any New CEC Common Equity received with respect to accrued but unpaid interest. In such case, the U.S. Holder's tax basis in the CEC Convertible Note would generally be allocated pro rata (based on value) among the portion of the New CEC Convertible Notes deemed exchanged for the New CEC Common Equity (other than New CEC Common Equity received with respect to accrued but unpaid interest), the portion exchanged for any fractional share that is treated as sold for cash, and the portion of the CEC Convertible Note that is treated as sold for cash. A U.S. Holder's holding period for the New CEC Common Equity received should include the U.S. Holder's holding period for the converted CEC Convertible Note, except that the holding period of any New CEC Common Equity shares received with respect to accrued interest should commence on the day after the date of receipt.

Although the issue is not entirely free from doubt, a U.S. Holder may be permitted to allocate its tax basis in a CEC Convertible Note between the portion of the CEC Convertible Note that is deemed to have been converted and the portion of the CEC Convertible Note that is deemed to have been redeemed based on the relative fair market value of shares and the amount of cash received (excluding amounts attributable to accrued but unpaid interest) upon conversion. U.S. Holders are urged to consult their own tax advisors regarding such basis allocation.

Fractional Shares. Cash received in lieu of a fractional share of common stock will be treated as a payment in exchange for the fractional share and generally will result in capital gain or loss. Gain or loss recognized on the receipt of cash paid in lieu of fractional shares generally will equal the difference between the amount of cash received and the amount of tax basis allocable to the fractional share exchanged.

2. Non-U.S. Holders

Payment of Interest. Unless a Non-U.S. Holder qualified for the portfolio interest exemption or can provide a properly-executed Form W-8BEN, W-8BEN-E, Form W-8ECI, or other applicable documentation, interest paid on the New CEC Convertible Notes will be subject to a 30% withholding tax. If a Non-U.S. Holder is engaged in a trade or business in the United States and interest on the New CEC Convertible Notes is effectively connected with the conduct of that trade or business (subject to certain treaty considerations), such Non-U.S. Holder will be subject to federal income tax on such interest payments, but the 30% withholding tax will not apply. In addition, Non-U.S. Holders may be subject to a branch profits tax equal to 30% (such to treaty considerations) of such interest.

Section 871(m). Under regulations issued pursuant to section 871(m) of the IRC, withholding at a rate of 30% (subject to certain treaty considerations) applies to certain "dividend equivalent" payments made or deemed

made to Non-U.S. Holders in respect of financial instruments that reference U.S. stocks. The Section 871(m) regulations do not apply to a payment to the extent that the payment is already treated as a deemed dividend under the rules described below, and therefore generally would not apply in respect of adjustments to the conversion rate of the New CEC Convertible Notes. However, because the Section 871(m) rules are complex, it is possible that they will apply in certain circumstances in which the deemed dividend rules described below do not apply, in which case the section 871(m) rules might require withholding at a different time or amount than the deemed dividend.

J. Constructive Distributions to Holders of New CEC Common Equity and New CEC Convertible Notes

The conversion rate of the New CEC Convertible Notes may be adjusted in certain circumstances. Adjustments (or failures to make adjustments) that have the effect of increasing a Holder's proportionate interest in CEC's assets or earnings may in some circumstances result in a deemed distribution to a Holder. These provisions can apply to Holders of both New CEC Common Equity and New CEC Convertible Notes.

Adjustments to the conversion rate of the New CEC Convertible Notes made pursuant to a bona fide reasonable adjustment formula (as described in section 1.305-7(b) of the U.S. Treasury Regulations) that has the effect of preventing the dilution of the interest of the Holders of the New CEC Convertible Notes, however, will generally not be considered to result in a deemed distribution. In the event any conversion rate adjustment provisions are determined to not constitute bona fide reasonable adjustment formulas, a Holder may be deemed to have received a distribution even though such Holder did not receive any cash or property as a result of an adjustment pursuant to such provision. Any deemed distributions will be taxable as dividends, as discussed above. It is not clear whether a constructive dividend would be eligible for the reduced tax rates applicable to certain dividends paid to non-corporate Holders. It is also unclear whether corporate holders would be entitled to claim the dividends received deduction with respect to any such constructive dividends.

Non-U.S. Holders that are deemed to receive a constructive dividend pursuant to these rules may be subject to withholding taxes and/or branch profits taxes, as discussed in more detail above.

K. Withholding and Reporting

The Debtors and any other withholding party will withhold all amounts required by law to be withheld from payments of interest (or original issue discount). The Debtors and any other responsible party will comply with all applicable reporting requirements of the Internal Revenue Code. In general, information reporting requirements may apply to distributions or payments made to a Holder of a Claim. Additionally, backup withholding, currently at a rate of 28%, will generally apply to such payments unless, in the case of a U.S. Holder, such U.S. Holder provides a properly executed IRS Form W-9 or, in the case of Non-U.S. Holder, such Non-U.S. Holder provides a properly executed applicable IRS Form W-8 (or otherwise establishes such Non-U.S. Holder's eligibility for an exemption). Any amounts withheld under the backup withholding rules will be allowed as a credit against such Holder's federal income tax liability and may entitle such Holder to a refund from the IRS, provided that the required information is provided to the IRS.

In addition, from an information reporting perspective, U.S. Treasury Regulations generally require disclosure by a taxpayer on its federal income tax return of certain types of transactions in which the taxpayer participated, including, among other types of transactions, certain transactions that result in the taxpayer's claiming a loss in excess of specified thresholds. Holders are urged to consult their tax advisors regarding these regulations and whether the transactions contemplated by the Plan would be subject to these regulations and require disclosure on the Holders' tax returns.

THE FEDERAL INCOME TAX CONSEQUENCES OF THE PLAN ARE COMPLEX. THE FOREGOING SUMMARY DOES NOT DISCUSS ALL ASPECTS OF FEDERAL INCOME TAXATION THAT MAY BE RELEVANT TO A PARTICULAR HOLDER IN LIGHT OF SUCH HOLDER'S CIRCUMSTANCES AND INCOME TAX SITUATION. ALL HOLDERS OF CLAIMS AND INTERESTS SHOULD CONSULT WITH THEIR TAX ADVISORS AS TO THE PARTICULAR TAX CONSEQUENCES TO THEM OF THE

TRANSACTIONS CONTEMPLATED BY THE PLAN, INCLUDING THE APPLICABILITY AND EFFECT OF ANY STATE, LOCAL, OR NON-U.S. TAX LAWS, AND OF ANY CHANGE IN APPLICABLE TAX LAWS.

RECOMMENDATION

In the opinion of the Debtors, the Plan is preferable to all other available alternatives and provides for a larger distribution to the Debtors' creditors than would otherwise result in any other scenario. Accordingly, the Debtors recommend that Holders of Claims and Interests entitled to vote on the Plan vote to accept the Plan and support Confirmation of the Plan.⁹³

~~Dated: _____, 2016~~

~~Respectfully submitted,~~

~~Caesars Entertainment Operating Company, Inc.
(for itself and all Debtors)~~

~~By: _____
Name: _____
Title: _____~~

Dated: June 6, 2016

Caesars Entertainment Operating Company, Inc. (for itself and
all Debtors)

By: */s/ Randall S. Eisenberg*
Name: *Randall S. Eisenberg*
Title: *Chief Restructuring Officer*

⁹³ ~~The Disclosure Statement will be signed upon approval by the Bankruptcy Court as containing adequate information.~~

Exhibit A

Debtors' Second Amended Joint Plan of Reorganization

[Redline filed at Docket No. 3951]

Exhibit B

Corporate Structure of the Debtors and Certain Non-Debtor Affiliates as of the Petition Date

[No changes from version filed at Docket No. 3834]

Exhibit C

Contribution Analysis

CEC and Affiliates Plan Contributions

At the Debtors’ request, Millstein & Co. (“Millstein”) performed an analysis of the aggregate value of the CEC and affiliate (“CEC”) contributions to the Debtors’ estates. Based upon and subject to the review and analysis described herein, and subject to the assumptions, limitations, and qualifications described herein, Millstein’s view, as of ~~May 27~~ June 6, 2016 (the “Contribution Valuation Date”), was that the estimated baseline contribution value by CEC and its affiliates would be in a range between \$1.9 billion and \$6.3 billion, with a midpoint of \$4.0 billion. If Class F votes to accept the Plan, the estimated contribution value by CEC and its affiliates would increase to a range between \$2.1 billion and \$6.7 billion, with a midpoint of \$4.3 billion. These values are predicated on the valuation ranges of the OpCo/PropCo structure contemplated by the Plan (collectively, the “Reorganized Companies”) and CEC, post-CAC merger and OpCo/PropCo equity purchases (“New CEC”). Millstein’s views are necessarily based on economic, market and other conditions as in effect on, and the information made available to Millstein as of, the date of its analysis. It should be understood that, although subsequent developments may affect Millstein’s views, Millstein is not obligated to update, revise, or reaffirm its estimate.

Millstein’s analysis is based on a number of assumptions, including, among other assumptions, that (1) the Debtors will be reorganized in accordance with the Plan, which will become effective on December 31, 2016 and (2) the Reorganized Companies’ and New CEC’s respective valuations are consistent with the ranges identified in Exhibit F. In addition, Millstein assumed that there will be no material change in economic, market and other conditions from those existing as of the Contribution Date.

In preparing this contribution analysis, Millstein performed a variety of financial analyses and considered a variety of factors. The following is a brief summary of the material financial analyses performed by Millstein. This summary does not purport to be a complete description of the analyses performed and factors considered by Millstein. The preparation of a valuation and the corresponding CEC net contributions is a complex analytical process involving various judgmental determinations as to the most appropriate and relevant methods of financial analysis and the application of those methods to particular facts and circumstances, and such analyses and judgments are not readily susceptible to summary description.

Contribution	Description	Value Range
Cash Contribution	<ul style="list-style-type: none"> Includes \$406m cash as stated under existing Plan 	\$406m
CEC Cash Consideration to General Unsecured Claims	<ul style="list-style-type: none"> If Classes I and J vote to accept the Plan, CEC will contribute to Classes I and J cash representing 62.0% <u>62.0%</u> of the total allowed claim amount 	\$18m <u>\$5m</u>
Bank Guaranty Settlement	<ul style="list-style-type: none"> CEC has agreed to contribute to 1L Banks post-petition interest at a pre-determined rate which steps up every three months Low, mid and high ranges include 0%, 50% and 100% of the Bank Guarantee Settlement amount, respectively, assuming a 12/31/16 Effective Date 	\$0m - \$470m

Contribution	Description	Value Range
Purchase of OpCo Equity	<ul style="list-style-type: none"> Assuming a range of OpCo values pursuant to the OpCo valuation analysis outlined in Exhibit F, this results in OpCo equity value of \$1.3b - \$2.5b Since OpCo equity value exceeds \$700m, there is a negative net CEC contribution (i.e. a net benefit to CEC) of (\$1.8b) – (\$0.6b) 	(\$1.8b) – (\$0.6b)
PropCo's Option to Buy Harrah's Laughlin / AC / New Orleans	<ul style="list-style-type: none"> PropCo will have the right to purchase the real estate underlying Harrah's Laughlin, AC and New Orleans for a cash purchase price of 10.0x annual rent and assuming 1.6x rent coverage Option will be exercisable up to 5 years following the Effective Date Assuming a range of PropCo valuations and discount rates, this equates to value of \$155m - \$516m 	\$155m - \$516m
CEC's Issuance of Convertible Notes	<ul style="list-style-type: none"> CEC will issue \$1 billion of convertible notes to be distributed pursuant to the Plan Depending on various NewCEC equity value and volatility assumptions, this amounts to value ranging from \$959 - \$1,506 million, or a range of 96% - 151% 	\$959m - \$1,506m
CEC's Direct Common Stock Grant	<ul style="list-style-type: none"> CEC will contribute a total of 36.3% of NewCEC direct Equity to creditors, (48.5% including the shares underlying the convert) representing \$1.6b - \$3.2b, (net of new money contributed) at a range of assumed NewCEC equity valuations 	\$1.6b - \$3.2b
Recovery under CAC Claims	<ul style="list-style-type: none"> CAC will forego any recovery it is to receive on account of its unsecured notes claims at CEOC Depending on value and resulting recovery assumptions, this amounts to a range of \$44 - \$79m 	\$44m - \$79m
Guarantee of OpCo Lease and OpCo Debt	<ul style="list-style-type: none"> CEC will provide a guarantee of 100% of OpCo's operating lease obligations to PropCo along with a guarantee of OpCo's debt, thus improving the credit profile of the entities Implied net value of the guarantee using various approaches: \$531 - \$695 million 	\$531m - \$695m
Right of First Refusal to PropCo	<ul style="list-style-type: none"> CEC shall give PropCo the right of first refusal to own the real estate and have CEC or OpCo lease all non-destination domestic real estate acquisitions and new building opportunities with CES retaining management rights to such opportunities The value of this right is not easily quantifiable, but may be offset by the right of first refusal PropCo gives to CEC to operate and manage all properties that PropCo acquires 	Not Quantified
Net Contributions to the Estate	<ul style="list-style-type: none"> Sum of all contributions and offsets (class F votes to reject) 	\$1.9b - \$6.3b
CEC Additional Direct Common Stock Grant	<ul style="list-style-type: none"> If Class F votes to accept the Plan, Class F will receive incremental direct equity representing 8.50% of NewCEC direct equity, of which 4.3% will be contributed from Classes D and E, for a net CEC incremental contribution of 4.2% of NewCEC direct equity, or \$194m to \$378m (net of new money) at a range of assumed NewCEC equity valuations 	\$194m - \$378m
Net Contributions to the Estate	<ul style="list-style-type: none"> Sum of all contributions and offsets (Class F votes to accept) 	\$2.1b - \$6.7b

Noteholder Committee Critique of Millstein's Analysis of CEC and Affiliates' Plan Contribution

The Noteholder Committee disagrees with Millstein's analysis of the aggregate value of the contributions by CEC and its affiliates to the Debtors' estates. As summarized below, the Noteholder Committee submits that the value of the contribution by CEC is far below the low end of the range asserted by Millstein.

The Noteholder Committee's critique of Millstein's analysis is divided into three categories:

1) general concerns with the reliability of Millstein's analysis; 2) specific disputes with respect to line items shown in the above chart prepared by the Debtors; and 3) Millstein's failure to take into account the many benefits to CEC under the Plan, such as the release of its liability under the existing guarantees and avoidance of tax liabilities that would otherwise result upon a change of control.

General Concerns with the Reliability of Millstein Analysis

The Noteholder Committee has at least two general concerns with the reliability of the Millstein analysis.

First, the contribution analysis is premised upon a settlement structure with CEC that bears no resemblance to the remedies available to the Debtors, which were identified by the Examiner in his report. The Examiner identified two potential remedies against CEC and other potential defendants: 1) claims to recover money damages in United States currency against CEC and various insiders and affiliates; or 2) a return to the Debtors of the assets that were fraudulently transferred. (Rep. at 1). Ignoring the Examiner's report, the Debtors propose a settlement under which most of CEC's "contribution" will be made using a far different currency than those available as remedies to the Debtors. That currency includes the grant of common stock and convertible notes to be issued by CEC, an option by PropCo to buy certain real estate properties, the waiver of recovery of certain claims, CEC's guarantees of lease and debt obligations, and a right of first refusal for PropCo to own non-destination domestic real estate acquisitions and new building opportunities.

Each of the types of "contributions" to be made by CEC under the Plan is inherently difficult to value, and for that reason, is far less valuable to the Debtors than the receipt of cash, or the return of the underlying assets, to which the Debtors are entitled. The difficulty of valuing CEC's contributions is perhaps best illustrated by the gaping size of Millstein's own valuation range, which stretches from \$1.9 billion to \$6.3 billion. Such a range is meaningless to creditors seeking to understand the actual value of CEC's contribution.

Second, the Debtors have previously offered an analysis of CEC's contribution under the Plan that proved to be flawed. The Debtors assert that, under the original Plan, CEC was making contributions that the Debtors valued to be no less than \$1.5 billion. Disclosure Statement at

4. At the hearing on the Debtors' request for an injunction to stay the lawsuits seeking to enforce CEC's payment guaranty obligations, it was made evident, through cross-examination

of witnesses offered by the Debtors, that the value of those contributions by CEC, as to which CEC did not receive a corresponding equal benefit through its proposed 100% ownership of CEOC, was less than \$300 million, a fraction of the minimum \$1.5 billion contribution asserted by the Debtors. See *Caesars Entertainment Operating Company, Inc. v. BOKF, N.A.*, Case No. 15-01145, Adv. No. 15-149, ECF No. 152, at 22 (Bankr. N.D. Ill. 2015).

Accordingly, the Noteholder Committee believes that the entire contribution analysis performed by Millstein should be disregarded, or at a minimum regarded with skepticism, by creditors deciding whether to vote for or against the Plan, as amended.

Specific Disputes With Values Shown in Line Items of Millstein Chart

Beyond the general flaws that infect the Millstein analysis, the Noteholder Committee disputes the values shown in the line items of the chart shown above. These disputes include the following:

- Cash Contribution. Millstein values CEC's cash contribution at \$406 million "as stated under existing Plan." Of that contribution amount, the Noteholder Committee understands that about \$172 million is being paid directly to holders of First Lien Notes, purportedly in exchange for their agreement to "forbear" from exercising remedies but, in reality, to purchase the votes of those holders in favor of the Plan. Of that amount, it appears that \$86 million was already paid in the fourth quarter of 2015. CEC Form 10-Q dated May 5, 2016, at 9. Whether the payments are attributable to forbearance or vote buying, the \$172 million portion of the \$406 million cash contribution is not being paid to the Debtors, nor is it being applied to reduce any outstanding debt owed by the Debtors, and thus, the \$172 million should not be counted in calculating CEC's contribution under the Plan.
- CEC Cash Consideration to General Unsecured Creditors. CEC proposes to pay \$18 million to Classes I and J if they vote to accept the Plan. Given the contingent nature of this contribution, which is premised on support of the Plan by Classes I and J, the Noteholder Committee has valued that contribution in the range of \$0 to \$18 million.
- 1L Bank Guarantee Settlement. In calculating the high end of its contribution valuation range, Millstein attributes \$470 million to CEC's settlement of its own separate liability to the First Lien Banks on account of CEC's guaranty. This payment by CEC to satisfy its own obligation is not a contribution to the Debtors and should not be included.
- Purchase of OpCo Equity. Millstein acknowledges that the value of the OpCo stock to be acquired by CEC exceeds the \$700 million that CEC will pay for the stock under the Plan. According to Millstein, that deficit ranges from (\$1.8 billion) on the low end to (\$600 million) on the high end. Based upon analysis performed by its investment banker, the Noteholder Committee believes that deficit to be approximately (\$800 million). That valuation assumes OpCo equity value with the rent obligation capitalized.
- PropCo's Option to Buy Harrah's Laughlin/Harrah's Atlantic City/Harrah's New Orleans. Millstein values this 5-year option to purchase, at a cash purchase price of 10.0x annual rent, to be in the range of \$155 million to \$516 million. The Noteholder Committee has valued the option at \$64 million. That valuation assumes annual rent

- of \$135 million and uses a 12.0x multiple. The Noteholder Committee has also discounted the option by 50%, reflecting the probability that the option will in fact be exercised. Moreover, the Noteholder Committee has lowered the value of the contribution attributable to CEC to account for the fact that creditors are receiving consideration in the form of 48.5% of New CEC stock, which will suffer a corresponding reduction in value if the option is exercised. Millstein's analysis offers no explanation for its failure to make this adjustment.
- CEC's Issuance of Convertible Notes. Millstein assigns a value to the \$1 billion of CEC convertible notes to be distributed under the Plan in the range of \$959 million to \$1.506 billion. The Noteholder Committee's investment banker values the convertible notes at par, or \$1 billion. Among the considerations taken into account in the Noteholder Committee's valuation of the convertible notes are the following:
 - The convertible notes include a cash call provision under which CEC may, between the first anniversary and fourth anniversary of the Effective Date, if the share price of New CEC stocks exceeds 125% of the conversion price for at least 20 days of the prior 30 trading days, redeem all or part of the notes for a price equal to 100% of par, plus accrued and unpaid interest, plus a make-whole premium equal to the present value of interest payments through the fourth anniversary. Although the Plan has been modified to allow holders of the convertible notes to convert rather than being forced to sell for cash, the 125% premium and limited one-year term of the no-call are not market provisions and thus decrease the value of the convertible notes.
 - The convertible notes include a "soft call" provision in which CEC has the right to cause mandatory conversion if, after the fourth anniversary, New CEC's share price exceeds 125% of the conversion price for at least 20 days of the prior 30 days. This is not a market term and will result in depressed trading prices.
 - The convertible notes are unsecured and are subordinated in priority to CEC's guarantee of OpCo's lease obligations to PropCo and CEC's guaranty of certain debt obligations of OpCo.
 - The ability of the company to pay in kind (PIK) the entire coupon on the convertible notes limits the universe of potential buyers, as many convertible funds rely upon the proceeds of a cash coupon to short the underlying stock.
 - The required rate of return assumed by CEC is unrealistically low when compared to other holding companies of similar leverage profiles and credit ratings.
 - The Noteholder Committee's investment banker has based its estimated trading price on recent comparable convertible issuances and convertible model outputs with more reasonable volatility and required rate of return assumptions.
 - CEC's Direct Common Stock Grant. Millstein's contribution analysis attributes a value of \$1.6 billion to \$3.2 billion to the New CEC stock to be contributed by CEC. Millstein's analysis is based upon a valuation of NewCEC to be in the range of \$5.0

- billion to \$9.0 billion, with a midpoint of \$7.0 billion, and further assumes a contribution by CEC of 48.5% of NewCEC Equity. In contrast to Millstein, the Noteholder Committee's investment banker believes that the value of NewCEC Equity to be in the lower amount of \$6.0 billion, based on, among other things, its due diligence of the projections for New CEC (which Houlihan regards as unrealistic in many respects). That, combined with the Noteholder Committee's opinion that the value of the convertible notes is equal to par, leads to a value of the New CEC stock to be contributed by CEC in the range of \$1.534 billion to \$2.068 billion. Moreover, that value does not take into account the discount that would be applied to the value of any minority interest of New CEC Equity to be distributed to creditors of the Debtors if the Sponsors maintain control over New CEC and OpCo following the Effective Date.
- Recovery Under CAC Claims. Millstein attributes a value in the range of \$44 million to \$79 million to CAC's agreement to forgo a distribution on account of unsecured notes with a face amount of \$293 million. Based on the Noteholder Committee's \$6.0 billion valuation of NewCEC Equity and a value of the NewCEC convertible notes equal to par, the Noteholder Committee values the recovery to CAC on account of the unsecured notes to be \$50 million. Moreover, given the Examiner's conclusion that subsidiaries of CAC received avoidable transfers, CAC would not be entitled to any recovery absent return in full of any fraudulent transfers, thus calling into question whether any value should be attributed to the agreement of CAC to forgo recovery on the unsecured notes.
 - Guarantee of OpCo Lease and OpCo Debt. Millstein attributes a value in the range of \$531 million to \$695 million to the guarantee to be provided by CEC of the OpCo lease with PropCo and the debt to be issued by OpCo. The Noteholder Committee attributes no value to this guarantee for a number of reasons:
 - Any value attributable to the contribution of CEC's guaranty necessarily results in a corresponding loss of value to the value of the NewCEC Equity and NewCEC convertible notes to be contributed under the Plan, meaning that the value of the guarantee is necessarily offset and reduced by the 48.5% interest to be distributed under the Plan.
 - OpCo will, upon its emergence from bankruptcy, have a positive net equity value that, in the view of the Noteholder Committee, will be about \$1.5 billion. Millstein assumes an even higher positive net equity value in the range of
 - \$1.3 billion to \$2.5 billion. Under these circumstances, the incremental value of any guarantee of OpCo's obligations is nominal.
 - CEC has sought to deny or disaffirm its guaranty of more than \$10 billion in debt issued by the Debtors, which negatively impacts its credit worthiness and, by extension, any value of the guarantee to parties receiving the "benefit" of such guaranty.
 - Right of First Refusal to PropCo. Millstein did not quantify the value of this purported contribution. The Noteholder Committee believes that no value should be attributed to this right of first refusal.

Taking into account the adjustments to the line items in the chart prepared by Millstein, the Noteholder Committee has determined that the value of CEC's net contribution does not exceed a range of \$2.1 billion to \$2.6 billion, and that range is subject to further reductions based upon substantial additional benefits conferred upon CEC under the Plan, discussed below.

Additional Benefits to CEC Which Further Reduce Net CEC Contribution

There are at least three substantial additional benefits conferred upon CEC under the Plan that reduce the net value of CEC's contribution.

- Release of CEC's Guarantee Liability. The Plan provides for an extraordinary release of CEC's liability to third parties under various contractual guarantees of more than \$10 billion in the face amount of CEOC's debt obligations. Even taking into account the distributions to be made to creditors under the Plan, and assuming that such distributions would reduce CEC's guaranty on a dollar for dollar basis, the Noteholder Committee estimates that, in the absence of any third party release under the Plan and taking into account interest accrued through December 31, 2016, CEC would remain liable for about \$5.4 billion in deficiency claims under the third-party guarantees. Even with an adjustment to account for the 48.5% of NewCEC Equity that is being distributed to creditors of the Debtors under the Plan, the release of CEC's third party guarantees would result in a benefit to shareholders of CEC (including current shareholders of CAC who will receive CEC stock) totaling about \$2.8 billion.
- Tax Savings to CEC. By retaining ownership of OpCo, CEC will avoid tax consequences that would otherwise result upon a change of control. CEC currently has a significant "excess loss account" in CEOC's stock, which could be triggered in a Standalone Plan. At a hearing held on June 4, 2015, CEC's financial advisor testified that if CEC were to retain control of the Debtors, CEC would avoid tax liability equal to "hundreds of millions of dollars." 6/4/15 Tr., at 27:3-8. Even with an adjustment to account for the 48.5% of NewCEC Equity that is being distributed to creditors under the Plan, the value of the tax savings to CEC will result in a substantial benefit to CEC, which also must be properly considered in analyzing CEC's net contribution under the Plan.
- Right of First Refusal to Operate and Manage OpCo Properties. Millstein did not undertake to determine the value of CEC's right of first refusal to operate and manage all properties acquired by PropCo. Millstein did state that the value of this right might offset the right of first refusal granted to PropCo to own, and lease to CEC, any non- destination domestic real estate acquisitions and new building opportunities.
- CEC Additional Direct Common Stock Grant. Millstein includes an additional contribution of \$194 million to \$378 million premised on the assumption that holders of Second Priority Notes will vote to accept the Plan and, in so doing, be entitled to additional consideration. The Noteholder Committee believes it is highly unlikely that holders of Second Priority Notes will vote to accept the Plan and, even if they did, such contribution assumes that: 1) CEC will make the proposed additional contribution, which remains unclear; and 2) other creditors will agree to accept a

reduced distribution below that proposed under the Plan. Given the unlikelihood of this additional contribution, the Noteholder Committee attributes no value to it.

Summary of Adjustments by Noteholder Committee to Contribution Analysis

Based on the adjustments set forth above, the Noteholder Committee believes that the following chart properly summarizes the value of CEC’s net contribution to the Debtors under the Second Amended Plan.

<u>Contribution</u>	<u>Millstein Value Range</u>	<u>Noteholder Committee Range</u>
<u>Cash Contribution</u>	<u>\$406m</u>	<u>\$234m</u>
<u>CEC Cash Consideration to General Unsecured Claims</u>	<u>\$18m</u>	<u>\$0m - \$18m</u>
<u>Bank Guarantee Settlement</u>	<u>\$0m - \$470m</u>	<u>\$0m</u>
<u>Purchase of OpCo Equity</u>	<u>(\$1.8b) – (\$0.6b)</u>	<u>(\$800m)</u>
<u>PropCo Option to Buy Harrah’s Laughlin / AC / New Orleans</u>	<u>\$155m - \$516m</u>	<u>\$59m – \$71m</u>
<u>CEC Convertible Notes</u>	<u>\$959m - \$1,506m</u>	<u>\$1,000m</u>
<u>CEC Common Stock Grant</u>	<u>\$1.6b - \$3.2b</u>	<u>\$1,534m – \$2,068m</u>
<u>Recovery on CAC Claims</u>	<u>\$44m - \$79m</u>	<u>\$31m – 50m</u>
<u>Guarantee of OpCo Lease and OpCo Debt</u>	<u>\$531m - \$695m</u>	<u>\$0m</u>
<u>Right of First Refusal to PropCo</u>	<u>Not valued</u>	<u>\$0m</u>
<u>CEC Additional Direct Common Stock Grant</u>	<u>\$194m - \$378m</u>	<u>\$0m</u>
<u>Net Contributions to the Estate -- Subtotal</u>	<u>\$2.1b - \$6.7b</u>	<u>\$2.1b - \$2.6b</u>
<u>Release of CEC Guarantee Liability</u>	<u>Not valued</u>	<u>Deficiency claims to be released equal roughly \$5.4 billion</u>
<u>Tax Savings to CEC</u>	<u>Not valued</u>	<u>“Hundreds of millions of dollars”</u>
<u>Right of First Refusal to Operate and Manage OpCo Properties</u>	<u>Not valued</u>	<u>Not valued</u>
<u>Net Contribution to the Estate -- Adjusted</u>	<u>\$2.1b - \$6.7b</u>	<u>Less than \$1 billion and possibly negative</u>

Exhibit D

Liquidation Analysis

[Due to the size of this Exhibit, the following redline shows changed pages only]

recovery at each Debtor from investments in non-Debtor subsidiaries is based on the estimated valuation of the entity in a distressed sale or the liquidation of the entity's assets.

Note 6: Casino Value

The Liquidation Analysis assumes that the Debtors' casino properties will be individually sold as going concerns, with the sales being effectuated on the Closing Date, six months after the Conversion Date. The casino property values are based on appraisals prepared by a third-party valuation firm specializing in the gaming industry. The appraisals allocate enterprise value for each casino property across real property, personal property, identified intangibles, and business value.³ The casino properties' estimated enterprise values take into account, among other things, the following factors and assumptions:

- After being individually sold on the Closing Date, each casino property will no longer participate in the Total Rewards[®] program, and each casino property's enterprise value is reduced accordingly.
- Each buyer would purchase the intangibles related to the casino property, including the casino property's customer list, as part of the transaction.
- The Debtors adjusted the value of each casino property for royalty payments associated with the use of existing trade names (which are owned by a different Debtor legal entity than the owner of the casino property).
- The value of each casino property is adjusted to account for estimated investment banker fees, which the Debtors estimated as 1.5% of net proceeds.

Note 7: Interim Cash Flow

Interim cash flow reflects the estimated cash generated by the Trustee's operation of the Debtors' businesses between the Conversion Date and the Closing Date after taking into account all cash outlays. The estimated cash flow is based on the Debtors' forecast for the period, with adjustments to account for anticipated deterioration due to the uncertainty created by operating in chapter 7, and also assumes the continuation of the Debtors' current capital expenditure plan for the second half of 2016. The forecast adjustments are unique for each casino property and are based on the Debtors' analysis of the specific characteristics of each property. The reduction for the majority of the casino properties is between 10% and 20% of the Debtors' forecasted net cash flows.

Note 8: Litigation Recovery

As discussed in Article IV.D of the Disclosure Statement, the Debtors hold significant litigation claims against certain of their non-Debtor affiliates on account of various prepetition Challenged Transactions. The Special Governance Committee, with the assistance of its advisors, as well as

³ [The Debtors do not specifically ascribe a portion of enterprise value to a casino property's gaming license.](#)

the Examiner undertook thorough investigations of these Challenged Transactions and underlying estate causes of action. The Examiner concluded that these claims were worth approximately \$3.6 billion to \$5.1 billion. Based on the SGC Investigation, the Special Governance Committee concluded that the Debtors' claims related to the Challenged Transactions were worth approximately \$3.2 billion to \$5.2 billion assuming CEC and its affiliates were entitled to good faith offsets as part of a settlement and \$3.8 billion to \$5.8 billion if the good faith offset issue were actually litigated. Additionally, K&E, at the request of the Special Governance Committee, analyzed the Examiner's Report and concluded that the Examiner's ranges once adjusted for litigation risk would be \$3.6 billion to \$4.5 billion assuming that the value of the claims is determined at the time the assets were transferred or \$4.1 billion to \$5.1 billion assuming the Debtors were entitled to recover reasonable appreciation that has occurred since the transfer dates. Accordingly, for purposes of the Liquidation Analysis, the Debtors used an assumed aggregate litigation recovery of approximately \$3.2 billion in the lower recovery scenario and approximately \$5.8 billion in the higher recovery scenario. In addition to the above, the Debtors included the litigation settlement related to the Rock Ohio litigation in the net amount of approximately \$84 million.

Further, various parties in interest have questioned whether the First Lien Creditors have a security interest in certain of the litigation claims. Thus, for purposes of the Liquidation Analysis, the Debtors analyzed the various legal theories underlying the estate claims related to the Challenged Transactions, and separated the recovery range for each Challenged Transaction into one of the following three categories:⁴

- For those Challenged Transactions where the Debtors believe that recovery is significantly more likely to arise from unencumbered causes of action than encumbered causes of action, the Debtors characterized the projected litigation recoveries as unencumbered assets in all scenarios.
- For those Challenged Transactions where the Debtors believe that recovery is significantly more likely to arise from encumbered causes of action than unencumbered causes of action, the Debtors characterized the projected litigation recoveries as encumbered assets in all scenarios.
- For those Challenged Transactions where the Debtors believe that recovery is likely to arise from either encumbered or unencumbered causes of action, the Debtors characterized the projected litigation recoveries as encumbered assets in the lower recovery scenario and as unencumbered assets in the higher recovery scenario.

The Liquidation Analysis also includes preference recoveries, which the Debtors estimated based on the population of payments to vendors 90 days prior to the filing date less payments for taxes,

⁴ [For purposes of this analysis, when categorizing the proceeds of a litigation claim as encumbered or unencumbered, the Debtors categorized proceeds of chapter 5 avoidance actions as unencumbered. The Debtors did so to provide an illustrative middle-ground approach, and this middle ground does not necessarily reflect the Debtors' views if this treatment were actually litigated.](#)

insurance, government agencies, professionals, financial institutions, and customer deposits. The recovery on the remaining population of payments is estimated as 5% (in the lower recovery scenario) and 10% (in the higher recovery scenario). For each preference recovery, a general unsecured Claim is added in the equivalent amount.

B. Distribution of Liquidation Proceeds, Claims, and Interests

Note 9: Section 506(c) Surcharge

Section 506(c) of the Bankruptcy Code permits a debtor to “recover from property securing an allowed secured claim the reasonable, necessary costs and expenses of preserving, or disposing of, such property to the extent of any benefit to the holder of such claim.” 11 U.S.C. § 506(c). Under the Cash Collateral Order, however, the Debtors’ ability to assert such 506(c) surcharges is generally limited to (1) non-maintenance capital expenditures, (2) non-capitalized expenditures that are extraordinary, non-recurring, and non-ordinary course for discontinued operations, and (3) non-capitalized expenditures for remediation projects costing at least \$10 million, in each case to the extent any such expenditures satisfy the conditions of section 506(c) (collectively, the “Potential 506(c) Surcharges”). The total Potential 506(c) Surcharge balance is approximately \$460 million. For purposes of the Liquidation Analysis, the Debtors assumed that:

- in the higher recovery scenario, the Trustee would have a 75% likelihood of successfully asserting the Potential 506(c) Surcharges; and
- in the lower recovery scenario, the Trustee would have a 25% likelihood of successfully asserting the Potential 506(c) Surcharges.

Note 10: Carve Out

The Cash Collateral Order provides for a “Carve Out” (as defined therein) that is senior to all liens and Claims (including any superpriority administrative Claims) held by First Lien Creditors. For purposes of the Liquidation Analysis, the Debtors assumed that the “Carve Out Trigger Notice” (as defined in the Cash Collateral Order) would be delivered prior to or on the Conversion Date, requiring the Debtors to fund a reserve from the Debtors’ cash on hand in the amount of the Carve Out. It is assumed that this reserve would be funded first from unencumbered proceeds, with any remaining amount funded from encumbered proceeds. For ~~the~~ purposes of this analysis, the reserve is allocated based on proceeds available for distribution. The Carve Out includes:

- all fees required to be paid to the Clerk of the Court and to the U.S. Trustee under 28 U.S.C. § 1930(a), plus interest at the statutory rate;
- up to \$50,000 of reasonable fees and expenses incurred by the Trustee;
- all unpaid fees and expenses incurred by professionals retained by the Debtors and Committees pursuant to sections 327, 328, 363, or 1103 (the “Estate Professionals”)

- *Subsidiary-Guaranteed Notes.* The Subsidiary-Guaranteed Notes Claims are Claims against CEOC (as issuer of the notes) and certain of the subsidiary Debtors (as guarantors of the notes), and total approximately \$502 million. The Subsidiary-Guaranteed Notes are subject to an intercreditor agreement, and the Liquidation Analysis takes into account the enforcement of this intercreditor agreement. Among other things, the intercreditor agreement contractually requires the turnover of a portion of the Subsidiary-Guaranteed Notes' recoveries to the First Lien Creditors on a pro rata basis in accordance with the amount of the Subsidiary-Guaranteed Notes Claims and the total outstanding obligations (including postpetition interest, but net of adequate protection payments) owed to the First Lien Creditors as of the Closing Date. Certain parties in interest, however, have informally asserted that the pro rata turnover should not take into account Secured First Lien Notes Claims, as well as various other claims and defenses with respect to the appropriate methodology for implementing and calculating the turnover amounts. In an effort to provide an illustrative middle-ground approach (which does not necessarily reflect the Debtors' views on the merits of these assertions), (1) in the higher recovery scenario, the pro rata turnover does not take into account Secured First Lien Notes Claims and (2) in the lower recovery scenario, the pro rata turnover does take into account Secured First Lien Notes Claims.⁵
- *General Unsecured Claims.* General unsecured Claims consist of trade payables, employees, contract rejection damages, insurance, and litigation Claims. The Debtors estimated the Claim amounts based on their ongoing review of the proofs of claim filed in these Chapter 11 Cases, the Debtors' books and records, and the Debtors' Schedules and Statements. For purposes of the Liquidation Analysis, the Debtors assumed that all property-level executory contracts and unexpired leases would be assumed by the applicable casino properties as part of the individual going concern sales, and thus have not included any incremental rejection damages Claims on account of such contracts and leases. In an actual liquidation, it is likely that there will be some such incremental rejection damages Claims, which would further reduce recoveries to unsecured creditors in a liquidation.
- *Pension Claims.* The Liquidation Analysis assumes that the Debtors will be subject to withdrawal liability on account of their participation in various multiemployer plans. The Debtors estimated that the Claim amounts would total approximately \$446 million based on the Debtors' most recent actuarial estimates of withdrawal liabilities and a review of the Claims filed in these cases. The Debtors also assumed that the Claims would be asserted at each of the Debtor entities, based on a "controlled group" (as defined in ERISA) theory of liability. In the lower recovery scenario, the Debtors assumed that 100% of the withdrawal liability is paid by the

⁵ Because the Holders of Subsidiary-Guaranteed Notes Claims assert claims against CEOC and each of the Subsidiary Guarantors, in the higher recovery scenario such Holders would recover in full (before application of the turnover provision). The Debtors allocated the pre-turnover recovery across CEOC and each Subsidiary Guarantor based on proceeds available for distribution to unsecured creditors at each such Debtor.

	Liquidation Lower/ Higher Recovery	Estimated Percent Recovery Under the Plan
Unclassified Claims		
Administrative Claims	0% - 100%	100%
Priority Tax Claims	0% - 100%	100%
Professional Fee Claims	100% - 100%	100%

Classified Claims

Class A	Secured Tax Claims	0% - 23%	100%
Class B	Other Secured Claims	0% - 100%	100%
Class C	Other Priority Claims	0% - 100%	100%
Class D	Prepetition Credit Agreement Claims ^{a,b}	89% - 110%	Class F Rejects: 113% - 117% Class F Accepts: 112% - 115%
Class E	Secured First Lien Notes Claims ^{a,b}	89% - 104%	Class F Rejects: 96% - 128% Class F Accepts: 94% - 124%
Class F	Second Lien Notes Claims ^{b,c}	0% - 23%	Accept: 29% - 48% Reject: 22% - 34%
Class G	Subsidiary-Guaranteed Notes Claims ^b	3% - 11%	Accept: 61% - 105% Reject: 11%
Class H	Senior Unsecured Notes Claims ^c	0% - 23%	Accept: 33% - 56% Reject: 22% - 33%
Class I	Ongoing Business <u>Undisputed General</u> Unsecured Claims ^e	0% - 23%	Accept: 35 <u>34</u> % - 54% Reject: 22% - 34 <u>33</u> %
Class J	<u>Disputed</u> General Unsecured Claims ^e	0% - 23%	Accept: 35 <u>Accept: 35</u> 34 % - 54% Reject: 22% - 34%
Class K	<u>Convenience Class Claims</u>	<u>0% - 23%</u>	<u>47%</u>
Class K <u>L</u>	Par Recovery Unsecured Claims	0% - 100%	100%
Class L <u>M</u>	Winnick Unsecured Claims	0% - 67%	67%
Class M <u>N</u>	Caesars Riverboat Casino Unsecured Claims	7% - 71%	71%
Class N <u>O</u>	Chester Downs Management Unsecured Claims	0% - 87%	87%
Class O <u>P</u>	Non-Obligor Unsecured Claims	0% - 100%	100%
Class P <u>Q</u>	Section 510(b) Claims	0% - 0%	0%
Class Q <u>R</u>	Intercompany Claims	0% - 71%	0% ^{e,d}
Class R <u>S</u>	Intercompany Interests	0% - 100%	0% - 100%
Class S <u>T</u>	CEOC Interests	0%	0%
Class T <u>U</u>	Des Plaines Interests	100%	100%

Notes:

- a. Percent recovery based on principal and accrued prepetition interest claim balance before taking into account any postpetition interest.
b. Reflects aggregate recovery across all applicable Debtors.

c. As noted in Article IV.P.2 of the Disclosure Statement, if the OID Objection is successful, the Plan provides for a reallocation of the recoveries available to claims in this Class. The estimated Plan recovery percentages in this Schedule 1 do not take into account any such reallocation. An overview of how the OID Objection could readjust creditor recoveries under the Plan for this Class is included in Article IV.P.2 of the Disclosure Statement.

- d. The Plan provides that Intercompany Claims will be cancelled and no distributions will be made, but provides the Reorganized Debtors the ability to reconcile such Intercompany Claims as may be advisable in order to avoid the incurrence of any past, present, or future tax or similar liabilities by the Reorganized Debtors.

Exhibit E

Financial Projections

[No changes from version filed at Docket No. 3834]

Exhibit F

Valuation Analysis

Valuation of the Reorganized Companies¹

At the Debtors' request, Millstein & Co. ("Millstein") performed a valuation analysis of the reorganized Debtors, which reflects the separation of the Debtors into the OpCo/PropCo structure contemplated by the Plan (collectively, the "Reorganized Companies"). Based upon and subject to the review and analysis described herein, and subject to the assumptions, limitations, and qualifications described herein, Millstein's view, as of ~~May 17~~June 6, 2016, (the "Valuation Date"), was that the estimated going concern enterprise value of the Reorganized Companies, as of an assumed Effective Date of December 31, 2016, would be in a range between \$10.2 billion and \$12.6 billion, with a midpoint of \$11.4 billion. The estimated going concern enterprise value was calculated as a sum of total enterprise value ranges for OpCo (\$2.8 billion to \$4.0 billion) and PropCo (\$7.4 billion to \$8.6 billion). Millstein's views are necessarily based on economic, market, and other conditions as in effect on, and the information made available to Millstein as of, the date of its analysis. Although subsequent developments may affect Millstein's views, Millstein is not obligated to update, revise, or reaffirm its estimate.

Millstein's analysis is based on a number of assumptions; they include, among other assumptions, that (1) the Debtors will be reorganized in accordance with the Plan, which will become effective on December 31, 2016, (2) the Reorganized Companies will implement their long-range business plan for the years 2017 to 2020 as set forth in **Exhibit E** of the Disclosure Statement and underlying financial projections (the "Financial Projections"), (3) the Reorganized Companies will achieve the Financial Projections, (4) the Reorganized Companies' capitalization and balance sheets will be as set forth in the Financial Projections, and (5) all other assumptions as set forth in the Financial Projections. Millstein makes no representation as to the achievability or reasonableness of such assumptions. In addition, Millstein assumed that there will be no material change in economic, market, and other conditions from those existing as of the Valuation Date.

Millstein assumed, at the Debtors' direction, that the Financial Projections prepared by the Debtors' management and advisors were reasonably prepared and reflected the best currently available estimates and judgments of the Debtors' management as to the future financial and operating performance of the Reorganized Companies. The future results of the Reorganized Companies are dependent upon various factors, many of which are beyond the control or knowledge of the Debtors, and consequently are inherently difficult to project. The Reorganized Companies' actual future results may differ materially (positively or negatively) from the Financial Projections and, as a result, the actual enterprise value of the Reorganized Companies may be significantly higher or lower than the estimated range herein. Among other things, failure to consummate the Plan in a timely manner may have a materially negative impact on the enterprise value of the Reorganized Companies.

¹ Terms used but not otherwise defined herein shall have the meanings ascribed to such terms the *Debtors' Second Amended Joint Plan of Reorganization Pursuant to Chapter 11 of the Bankruptcy Code* (as may be amended, modified, or supplemented from time to time and including all exhibits and supplements thereto, the "Plan") or the *Disclosure Statement for the Debtors' Second Amended Joint Plan of Reorganization Pursuant to Chapter 11 of the Bankruptcy Code* (including all exhibits thereto, the "Disclosure Statement").

The estimated enterprise value in this section represents a hypothetical enterprise value of the Reorganized Companies as the continuing operators and owners of the business and assets of the Debtors, after giving effect to the Plan, based on certain valuation methodologies as described below. The estimated enterprise value in this section does not purport to constitute an appraisal or necessarily reflect the actual market value that might be realized through a sale or liquidation of the Reorganized Companies, their securities, or their assets, which may be significantly higher or lower than the estimated enterprise value range herein. The actual value of an operating business such as the Reorganized Companies' business is subject to uncertainties and contingencies that are difficult to predict and will fluctuate with changes in various factors affecting the financial condition and prospects of such a business.

In conducting its analysis, Millstein, among other things: (1) reviewed certain publicly available business and financial information relating to the Reorganized Companies that Millstein deemed relevant; (2) reviewed certain internal information relating to the business, earnings, cash flow, capital expenditures, assets, liabilities, and prospects of the Reorganized Companies, including the Financial Projections, furnished to Millstein by the Debtors; (3) conducted discussions with members of senior management and representatives of the Debtors concerning the matters described in clauses (1) and (2) of this paragraph, as well as their views concerning the Debtors' business and prospects before and after giving effect to the Plan; (4) reviewed relevant publicly available information concerning the Debtors, as well as the Debtors' markets and competitors; and (5) conducted such other financial studies and analyses and took into account such other information as Millstein deemed appropriate. In connection with its review, Millstein did not assume any responsibility for independent verification of any of the information supplied to, discussed with, or reviewed by Millstein and, with the consent of the Debtors, relied on such information being complete and accurate in all material respects. In addition, at the direction of the Debtors, Millstein did not make any independent evaluation or appraisal of any of the assets or liabilities of the Reorganized Companies. Millstein also assumed, with the Debtors' consent, that the final form of the Plan does not differ in any respect material to its analysis from the draft that Millstein reviewed.

The estimated enterprise value in this section does not constitute a recommendation to any Holder of a Claim as to how such person should vote or otherwise act with respect to the Plan. Millstein has not been asked to and does not express any view as to what the trading value of the Reorganized Companies' securities would be when issued pursuant to the Plan or the prices at which they may trade in the future. The estimated enterprise value set forth herein does not constitute an opinion as to the fairness from a financial point of view to any person of the consideration to be received by such person under the Plan or of the terms and provisions of the Plan.

Valuation Methodologies

In preparing its valuation, Millstein performed a variety of financial analyses and considered a variety of factors. The following is a brief summary of the material financial analyses performed by Millstein, which consisted of (1) a comparable public company methodology and (2) a discounted cash flow methodology. Millstein considered but did not include precedent transactions in its financial analysis in light of the lack of recent comparable precedent transactions.— This summary does not purport to be a complete description of the analyses

performed and factors considered by Millstein. The preparation of a valuation analysis is a complex analytical process involving various judgmental determinations as to the most appropriate and relevant methods of financial analysis and the application of those methods to particular facts and circumstances, and such analyses and judgments are not readily susceptible to summary description.

A. Comparable Public Company Methodology. The comparable public company methodology is based on the enterprise values of selected publicly traded companies that have operating and financial characteristics comparable in certain respects to the Reorganized Companies, such as comparable lines of business, business risks, growth prospects, market presence, and size and scale of operations. Under this methodology, certain financial multiples and ratios that measure financial performance and value are calculated for each selected company and then applied to the Reorganized Companies' financial information to imply an enterprise value for the Reorganized Companies. Millstein used, among other measures, enterprise value for each selected company as a multiple of such company's publicly available forward projected EBITDA ("EV/EBITDA"). Millstein utilized EV/EBITDA multiples in the comparable company methodology for both OpCo and PropCo. For the purposes of OpCo valuation, Millstein also utilized enterprise value for each selected company, adjusted to capitalize any property rental expense, as a multiple of such company's publicly available forward projected EBITDAR ("EV/EBITDAR"). For the purposes of PropCo valuation, Millstein also utilized forward projected adjusted funds from operations ("AFFO", a metric commonly used by real estate investment trusts and defined as net income plus real estate depreciation, less recurring capital expenditures, adjusted for property sales and other non-recurring items) as a percentage of market value of equity (common equity market capitalization plus market value of preferred equity, where applicable) ("AFFO Yield"). Although the selected companies were used for comparison purposes, no selected company is either identical or directly comparable to the business of the Reorganized Companies. Accordingly, Millstein's comparison of the selected companies to the business of the Reorganized Companies and analysis of the results of such comparisons was not purely mathematical, but instead necessarily involved complex considerations and judgments concerning differences in financial and operating characteristics and other factors that could affect the relative values of the selected companies and the Reorganized Companies. The selection of appropriate companies for analysis is a matter of judgment and subject to limitations due to sample size and the public availability of meaningful market-based information. In performing this analysis, Millstein applied the foregoing multiples to the Debtors Financial Projections for fiscal year 2017.

B. Discounted Cash Flow Methodology. The discounted cash flow ("DCF") analysis is a forward-looking enterprise valuation methodology that estimates the value of an asset or business by calculating the present value of expected future cash flows to be generated by that asset or business. Millstein's DCF analyses used the Financial Projections of its after-tax cash flows for the period covered by the Financial Projections and estimated a terminal value at the end of the Financial Projection period. These cash flows and estimated terminal value were then discounted at a range of appropriate costs of capital, which are determined by reference to, among other things, the costs of debt and equity of selected publicly traded companies. The DCF analysis of OpCo utilized projected unlevered free cash flow assuming an estimated statutory tax rate, derived a terminal enterprise value using a

range of EV/EBITDA multiples, and discounted these values to December 31, 2016, using OpCo's estimated weighted average cost of capital. The DCF analysis of PropCo utilized projected AFFO and a range of AFFO yields to calculate terminal equity value, as well as present value as of December 31, 2016. The DCF analysis involves complex considerations and judgments concerning appropriate terminal values and discount rates and also relies upon the Financial Projections.

Valuation Considerations

As a result of the foregoing, the estimated enterprise values in this section are not necessarily indicative of actual value, which may be significantly higher or lower than the estimate herein. Accordingly, none of the Debtors, Millstein, or any other person assumes responsibility for the accuracy of such estimated enterprise values. Depending on the actual financial results of the Debtors, changes in the economy, or changes in the financial markets, the enterprise value of the Reorganized Companies as of the Effective Date may differ from the estimated enterprise value set forth herein as of an assumed Effective Date of December 31, 2016. In addition, the market prices, to the extent there is a market, of the Reorganized Companies' securities will depend upon, among other things, prevailing interest rates, conditions in the financial markets, the investment decisions of prepetition creditors receiving such securities under the Plan (some of whom may prefer to liquidate their investments rather than hold them on a long-term basis), and other factors that generally influence the prices of securities.

Finally, the Debtors commenced a process to market test the Plan in November 2015. Through the marketing process, which is ongoing, the Debtors have solicited proposals for a potential transaction to acquire the Debtors and their controlled non-Debtor subsidiaries. To date, the Debtors have not received any bids for the entire company (either CEOC's equity or a sale of all assets). The Debtors have received offers for certain assets; however, none of these offers to date have offered greater value than the values outlined herein.

* * * * *

Valuation of NewCEC

Separate from the valuation of the Reorganized Companies, Millstein has estimated a valuation of new Caesars Entertainment Corporation ("NewCEC") on a pro forma basis, reflecting the Plan contributions and a merger with Caesars Acquisition Company. NewCEC will be a holding company with assets consisting principally of: (a) [a 100% equity interest in](#) Caesars Entertainment Resort Properties ("CERP"), (b) [a 100% equity interest in](#) the gaming, lodging, and hospitality assets of Caesars Growth Properties ("CGP Casinos"), (c) a ~~74~~⁷⁶% equity interest in Caesars Interactive Entertainment ("CIE"), and (d) [a 100% equity interest in](#) reorganized OpCo.

The estimated enterprise value in this section represents a hypothetical enterprise value of NewCEC and the resulting hypothetical equity value of NewCEC, after giving effect to the Plan, based on certain valuation methodologies as described below. The estimated enterprise value in this section does not purport to constitute an appraisal or necessarily reflect the actual market value that might be realized through a sale or liquidation of NewCEC, its securities, or its assets, which may be significantly higher or lower than the estimated enterprise value range herein. The actual value of an operating business such as NewCEC's business is subject to uncertainties and contingencies that are difficult to predict and will fluctuate with changes in various factors affecting the financial condition and prospects of such a business.

In conducting its analysis, Millstein, among other things: (1) reviewed certain publicly available business and financial information relating to the NewCEC that Millstein deemed relevant; (2) reviewed certain internal information relating to the business, earnings, cash flow, capital expenditures, assets, liabilities, and prospects of the NewCEC, including NewCEC's financial projections set forth on Exhibit [] (the "NewCEC Projections"); (3) conducted discussions with members of senior management and representatives of NewCEC concerning the matters described in clauses (1) and (2) of this paragraph, as well as their views concerning NewCEC's business and prospects before and after giving effect to the Plan; (4) reviewed relevant publicly available information concerning NewCEC, as well as NewCEC's markets and competitors; and (5) conducted such other financial studies and analyses and took into account such other information as Millstein deemed appropriate. In connection with its review, Millstein did not assume any responsibility for independent verification of any of the information supplied to, discussed with, or reviewed by Millstein and relied on such information being complete and accurate in all material respects. In addition, Millstein did not make any independent evaluation or appraisal of any of the assets or liabilities of NewCEC's subsidiaries.

The estimated enterprise value and resulting equity value ranges in this section does not constitute a recommendation to any Holder of a Claim as to how such person should vote or otherwise act with respect to the Plan. Millstein has not been asked to and does not express any view as to what the trading value of NewCEC's securities would be when issued pursuant to the Plan or the prices at which they may trade in the future. The estimated enterprise value and equity value ranges set forth herein does not constitute an opinion as to the fairness from a financial point of view to any person of the consideration to be received by such person under the Plan or of the terms and provisions of the Plan.

Millstein separately valued each of NewCEC's assets, using the methodologies described below, to arrive at separately estimated total enterprise values for each of those assets. Millstein then subtracted the underlying pro forma estimated net debt for each entity to arrive at separately estimated equity value ranges for the entities. Finally, Millstein aggregated these calculations in regards to NewCEC's ownership of each of the equity interests and subtracted the estimated net debt of the NewCEC holding company to arrive at an estimated range of consolidated NewCEC equity values. For the purposes of valuing the contributions being made by NewCEC to the Debtors, Millstein has estimated the value of NewCEC as of the Valuation Date. -The estimated going concern fully diluted equity value of NewCEC (including the NewCEC Convertible Notes on an as-converted basis, but before incorporating the proceeds of any New CEC Capital Raise), as of an assumed Effective Date of December 31, 2016, would be in a range between \$5 billion and \$9 billion, with a midpoint of \$7 billion.

Millstein's analysis is based on a number of assumptions; they include, among other assumptions, that (1) the Debtors will be reorganized in accordance with the Plan, which will become effective on December 31, 2016, (2) NewCEC will achieve the NewCEC Projections set forth in Exhibit [x] (3) NewCEC's capitalization and balance sheets will be as set forth in the NewCEC Projections, (4) NewCEC will make the contributions incorporated in the Plan, (5) NewCEC will raise the capital contemplated in the New CEC Capital Raise, and (6) all other assumptions as set forth in Exhibit [x]. Millstein makes no representation as to the achievability or reasonableness of such assumptions. In addition, Millstein assumed that there will be no material change in economic, market, and other conditions from those existing as of the Valuation Date. The projections utilized by Millstein in formulating the valuation of NewCEC relied upon projections prepared by CEC management and advisors. Millstein made no effort to independently verify the reasonableness of such projections or the assumptions utilized therein.

NewCEC Valuation Methodologies

In preparing its valuation, Millstein performed a variety of financial analyses and considered a variety of factors. The following is a brief summary of the material financial analyses performed by Millstein, which consisted of (1) a comparable public company methodology and (2) a discounted cash flow methodology. Additionally, Millstein examined precedent transactions when estimating the total enterprise value of CIE. For the remaining assets, Millstein considered but did not include an analysis of precedent transactions in light of the lack of recent comparable precedent transactions. This summary does not purport to be a complete description of the analyses performed and factors considered by Millstein. The preparation of a valuation analysis is a complex analytical process involving various judgmental determinations as to the most appropriate and relevant methods of financial analysis and the application of those methods to particular facts and circumstances, and such analyses and judgments are not readily susceptible to summary description.

A. Comparable Public Company Methodology. The comparable public company methodology is based on the enterprise values of selected publicly traded companies that have operating and financial characteristics comparable in certain respects to the Reorganized Companies, such as comparable lines of business, business risks, growth prospects, market presence, and size and scale of operations. Under this methodology, certain financial multiples and ratios that measure financial performance and value are calculated for each selected company and then applied to NewCEC's financial information to imply an enterprise value for NewCEC. Millstein used, among other measures, enterprise value for each selected company as a multiple of such company's publicly available forward projected EBITDA ("EV/EBITDA"). Although the selected companies were used for comparison purposes, no selected company is either identical or directly comparable to the separate businesses that underlie NewCEC. Accordingly, Millstein's comparison of the selected companies to the business segments of NewCEC and analysis of the results of such comparisons was not purely mathematical, but instead necessarily involved complex considerations and judgments concerning differences in financial and operating characteristics and other factors that could affect the relative values of the selected companies and the Reorganized Companies. The selection of appropriate companies for analysis is a matter of judgment and subject to limitations due to sample size

and the public availability of meaningful market-based information. In performing this analysis, Millstein applied the foregoing multiples to NewCEC's financial projections for fiscal year 2017.

- B. Discounted Cash Flow Methodology. The discounted cash flow ("DCF") analysis is a forward-looking enterprise valuation methodology that estimates the value of an asset or business by calculating the present value of expected future cash flows to be generated by that asset or business. Millstein's DCF analyses used the financial projections of after-tax cash flows for each of NewCEC's assets for 2017 through 2020 and estimated a terminal value at the end of 2020. These cash flows and estimated terminal values were then discounted at a range of distinct appropriate costs of capital for each of the assets, which are determined by reference to, among other things, the costs of debt and equity of selected publicly traded companies.
- C. Precedent Transactions Analysis. The precedent transactions analysis utilized for the valuation of CIE is based on the enterprise values of companies involved in publicly disclosed merger and acquisition transactions that have operating and financial characteristics comparable in certain respects to CIE. Under this methodology, the enterprise value of each such company is determined by an analysis of the consideration paid and the debt assumed in the merger or acquisition transaction. The enterprise value is then applied to the target's forward consensus projected EBITDA, where available, or the last twelve month EBITDA prior to the transaction announcement date to calculate an EBITDA multiple. In performing this analysis, Millstein applied the foregoing multiples to CIE's projected EBITDA for fiscal year 2017. Unlike the comparable companies analysis, the enterprise valuation derived using this methodology reflects a "control" premium (i.e., a premium paid to purchase a majority or controlling position in a company's assets). Thus, this methodology generally may produce higher valuations than the comparable companies analysis. In addition, other factors not directly related to a company's business operations can affect a valuation in a transaction, including, among others factors: (a) circumstances surrounding a merger transaction may introduce "diffusive quantitative results" into the analysis (i.e., a buyer may pay an additional premium for reasons that are not solely related to competitive bidding); (b) the market environment is not identical for transactions occurring at different periods of time; (c) the sale of a discrete asset or segment may warrant a discount or premium to the sale of an entire company depending on the specific operational circumstances of the seller and acquirer; and (d) circumstances pertaining to the financial position of the company may have an impact on the resulting purchase price (i.e., a company in financial distress may receive a lower price due to perceived weakness in its bargaining leverage).

Exhibit G

Debtors' Consolidated Annual Financial Statements

[No changes from version filed at Docket No. 3834]

Exhibit H

Examiner Report Introduction and Executive Summary

[No changes from version filed at Docket No. 3834]

Exhibit I

Standalone Plan Analysis

[No changes from version filed at Docket No. 3834]

Exhibit J

New CEC Financial Projections

[No changes from version filed at Docket No. 3834]

Exhibit K

Second Priority Noteholder Committee Summary of Examiner Report

The following is the position of the Second Priority Noteholders Committee with regard to the Examiner Report and the Challenged Transactions. The Debtors disagree with much of the Second Priority Noteholders Committee's assessment of the Examiner Report and the Challenged Transactions, but have included it here at the Second Priority Noteholders Committee's request.

~~A.—The Examiner~~

~~1.—Appointment of the Examiner, Retention of Examiner's Professionals, and Implementation of Examiner Protocol~~

~~On January 12, 2015, simultaneously with the commencement of the Involuntary Proceeding, the Petitioning Creditors filed in the Involuntary Proceeding the Motion for Appointment of Examiner with Access to and Authority to Disclose Privileged Materials [Docket No. 10] (the "Involuntary Proceeding Examiner Motion").~~

~~On February 13, 2015, the Debtors filed in the Chapter 11 Cases the Debtors' Motion for Entry of an Order (I) Appointing an Examiner and (II) Granting Related Relief [Docket No. 363] (the "Debtors' Examiner Motion"). Shortly thereafter, on February 17, 2015, the Second Priority Noteholders Committee also filed the Motion of Official Committee of Second Priority Noteholders for Appointment of Examiner with Access to and Authority to Disclose Privileged Materials (the "Second Priority Noteholders Committee's Examiner Motion").~~

~~On March 12, 2015, the Bankruptcy Court entered an order granting in part and denying in part the Debtors' Examiner Motion and the Second Priority Noteholders Committee's Examiner Motion and directing the Trustee to appoint an examiner in the Chapter 11 Cases [Docket No. 675] (the "Examiner Order"). On March 27, 2015, the U.S. Trustee appointed Richard J. Davis as examiner (the "Examiner") [Docket No. 1010] in accordance with the Bankruptcy Court's Order Approving Appointment of Examiner [Docket No. 992].~~

~~To assist the Examiner in carrying out his duties under the Bankruptcy Code during the Chapter 11 Cases, the Examiner filed applications and the Bankruptcy Court entered orders for the retention of the following professionals:~~

- ~~• Winston and Strawn LLP, as counsel to the Examiner [Docket Nos. 1084, 1167];~~
- ~~• Alvarez & Marsal Global Forensic and Dispute Services, LLC, as financial advisor to the Examiner [Docket Nos. 1345, 1476]; and~~
- ~~• Luskin, Stern & Eisler LLP, as special conflicts counsel to the Examiner [Docket Nos. 1085, 1168].~~

~~On April 22, 2015, the Examiner filed the Motion of the Examiner for an Order (I) Approving Protocol and Procedures Governing Examiner Discovery, (II) Approving Establishment of a Document Depository, and Granting Related Relief [Docket No. 1279] seeking to establish a protocol governing discovery sought in connection with the Examiner's~~

~~investigation of, among other things, the transactions set forth in Article III.B. On May 18, 2015, the Bankruptcy Court entered the Order (I) Approving Protocol and Procedures Governing Examiner Discovery, (II) Approving Establishment of a Document Depository, and (III) Granting Related Relief [Docket No. 1576] (the “Discovery Protocol”). On May 27, 2015, following extensive consultation with interested parties, the Examiner filed the Amended Motion of the Examiner for Entry of an Agreed Order on Interviews and Depositions by the Examiner [Docket No. 1709] to establish procedures to govern depositions and witness interviews by the Examiner. On June 25, 2015, the Bankruptcy Court entered the Agreed Order on Interview and Depositions by the Examiner [Docket No. 1831], which established the protocol governing the Examiner’s interviews and depositions (with the Discovery Protocol, the “Examiner Protocol”).~~

~~], which~~

~~The Examiner Order directed the Examiner to investigate various transactions and potential claims belonging to the Debtors’ Estates. Although the Examiner Order does not expressly reference the 2008 LBO and certain subsequent debt issuances and refinancings (collectively, the “LBO and Financing Transactions”), the Debtors believed that the Examiner was permitted to investigate such transactions to the extent they suggest potential claims belonging to the Debtors’ Estates. To clarify this issue, the Debtors filed the Debtors’ Motion for an Order Expanding the Scope of the Examiner’s Investigation [Docket No. 1847] (the “Examiner Scope Motion”) on June 30, 2015, seeking to explicitly include the LBO and Financing Transactions within the scope of the Examiner’s investigation. The Unsecured Creditors Committee objected to the Examiner Scope Motion. After additional briefing, on August 26, 2015, the Bankruptcy Court entered an order approving the relief sought in the Examiner Scope Motion and making certain related changes to the Examiner Protocol [Docket No. 2131]. As a result, the Examiner has included the LBO and Financing Transactions, including any statute of limitations issues with respect to the foregoing, in his investigation.~~

~~directed the Examiner to investigate various transactions and potential claims belonging to the Debtors’ Estates.~~

~~The Examiner filed interim reports on May 11, 2015, June 23, 2015, August 7, 2015, September 21, 2015, November 5, 2015, December 21, 2015, and February 4, 2016, updating the Bankruptcy Court and other parties on the status of the investigation [Docket Nos. 1520, 1805, 2022, 2236, 2535, 2758, 3203]. The Examiner also met with all interested parties in December 2015 to provide preliminary views on key issues and to allow the parties to provide information in response to such views. On December 23, 2015, the Examiner filed his Motion for Order Temporarily Authorizing the Filing of the Examiner’s Report and Certain Documents under Seal and Related Procedures [Docket No. 2834]. On February 2, 2016, the Bankruptcy Court entered an order temporarily authorizing the Examiner to file a redacted report and setting forth procedures for the Examiner to publicly disclose the redacted sections [Docket No. 3187].~~

~~On March 15, 2016, the Examiner issued his final report on a partially redacted basis while he works through remaining issues regarding privilege and confidentiality asserted by parties other than the Debtors [Docket No. 3401]. On May 16, 2016, the Examiner issued a~~

~~“substantially unredacted” version of the his report. [Docket No. 3720]. The Examiner Report described the Examiner’s investigation and his findings based on that investigation. Attached as **Exhibit H** to the Disclosure Statement is a copy of the Examiner Report Introduction and Executive Summary.~~

2A. The Examiner’s Investigation

~~Pursuant to the Examiner Order, the The Examiner investigated more than 15 pre-petition transactions among CEOC and other entities controlled by CEC. -These transactions occurred from 2008 through 2014.~~

~~During his investigation, the Examiner and his advisors served 55 Rule 2004 subpoenas *duces tecum* seeking documents from 46 parties, including the Debtors, CEC, the Sponsors, other Caesars affiliates, and many of their respective legal and financial advisors. Ultimately, the Examiner received and reviewed more than 1.2 million documents consisting of 8.8 million pages. The document productions included emails, board and committee presentations, transaction documents, fairness opinions, and valuation materials.~~

~~From September 15, 2015 through February 25, 2016, the Examiner and his advisors conducted interviews of 92 individuals, including 74 formal interviews. The Examiner also conducted 32 follow-up interviews of 28 witnesses. The Examiner read or attended every formal interview and actively participated in every interview he attended.~~

At various points during his investigation, the Examiner met with and received input from a number of the -key parties (and their advisors) involved in the transactions and the Chapter 11 Cases, including the Debtors, CEC, -the Sponsors, the two Official Committees, CAC, and the Ad Hoc Committees of First Lien Noteholders and First Lien Bank Debt. -In late 2015, the Examiner made detailed presentations to each of these groups who, in turn, provided him with feedback on the preliminary views he presented.—The Examiner’s financial advisors also regularly communicated with the financial advisors for the Debtors, the committees, and CEC.

3B. The Examiner’s Findings and Conclusions

~~On March 15, 2016, the Examiner issued a 930-page report that also included more than 900 pages of appendices (the “Report” or “Rep.”). At the outset of his Report, the Examiner summarized his conclusions about the transactions that he investigated:~~

The principal question being investigated was whether in structuring and implementing these transactions assets were removed from CEOC to the detriment of CEOC and its creditors.

The simple answer to this question is “yes.” As a result, claims of varying strength arise out of these transactions for constructive fraudulent transfers, actual fraudulent transfers (based on intent to hinder or delay creditors) and breaches of fiduciary duty by CEOC directors and officers and CEC. Aiding and abetting breach of fiduciary duty claims, again of

varying strength, exist against the Sponsors and certain of CEC's directors.

(Rep. at 1.)

The Examiner concluded that “[t]he potential damages from those claims considered reasonable or strong range from \$3.6 billion to \$5.1 billion.” (Rep. at 1.) The Examiner defined “strong” claims as those “having a high likelihood of success” and “reasonable” claims as those “having a reasonable, or better than 50/50, chance of success.” (Rep. at 1 n.3.) Notably, the low end of the range of potential damages from those claims considered “reasonable” or “strong” by the Examiner is in fact about \$4.0 billion, an increase of \$373.5 million. This is because, as alluded to in footnote 7 on page 80 of the version of the Report filed on May 16, 2016, the low end shown on his chart does not reflect a claim that the Examiner found to be reasonable – specifically, for intentional fraudulent transfers arising from repayments of an intercompany loan and dating back four years from the bankruptcy filing.

Importantly, the Examiner's range of potential damages include several categories of damages that were determined by the Examiner to be available under applicable law on the strong and reasonable claims, but that the Examiner did not quantify, such as claims for lost profits (Rep. at 2, 12-13, 20, 26, 423), the appreciation in the value of transferred properties (Rep., App. 5, at 93), the impairment to Caesars Palace caused by the removal of Octavius Tower (Rep. at 47), the transfer to CES of control over the Total Rewards program (Rep. at 58), and prejudgment interest (Rep. at 412). ~~Importantly. Moreover,~~ the Examiner's range of potential damages excluded other claims that were characterized by the Examiner as “plausible” (“a claim likely to survive a motion to dismiss but having less than a 50/50 chance of success”) or “weak” (a claim with a reasonable chance of surviving a motion to dismiss but unlikely to succeed) but nevertheless “viable” (Rep. at 1 n.3), such as claims for the value of Caesars Interactive Entertainment, Inc. (Rep. at 27-28), the transfer of trademarks in 2010, and challenges the Debtors can mount to any “good faith” defense asserted by Caesars Growth Partners (Rep. at 78, 412-13, 651-52). ~~Nor did the Examiner's range of potential damages include several categories of damages that were determined by the Examiner to be available under applicable law on the strong and reasonable claims, but that the Examiner did not quantify, such as claims for lost profits (Rep. at 2, 12-13, 20, 26, 423), the appreciation in the value of transferred properties (Rep., App. 5, at 93), the impairment to Caesars Palace caused by the removal of Octavius Tower (Rep. at 47), the transfer to CES of control over the Total Rewards program (Rep. at 58), and prejudgment interest (Rep. at 412).~~

The Examiner concluded that there is a strong case that CEOC was insolvent by December 31, 2008 and that, by the last quarter of 2013 through 2014 and the bankruptcy filing in early 2015, CEOC was “certainly insolvent.” -This finding was key to the Examiner's analysis because CEOC—as an insolvent subsidiary—should have had independent directors and advisors beginning in 2009, yet none were put in place until late June 2014. As a result, no one was protecting the interests of CEOC and its creditors. -Making matters worse, CEOC's counsel, Paul Weiss, was found by the Examiner to have a conflict of interest in representing both CEC and CEOC. The Examiner went on to find that by sometime in late 2012, the Sponsors adopted and began to implement a strategy that was designed, among other things, to strengthen CEC's and the Sponsors' position in a potential restructuring negotiation with creditors and improve

their position in the event of a CEC or CEOC bankruptcy. -The Examiner further concluded that, by the Fall of 2013, the Sponsors began planning for what would happen in the event of such a bankruptcy. (Rep. at 2).

The Examiner divided the period of time covered by his investigation into three phases: the LBO and its immediate aftermath; the late 2008-mid 2012 period, and the period since mid-2012 leading up to the bankruptcy. ~~As discussed below, the~~ The Examiner did not find a basis for challenging the LBO, and the Report therefore focused primarily on the second and third periods.

During the second period, from 2009 until mid-2012, the Examiner found that the Sponsors and CEC focused on transactions and activities that CEC contended were designed to create “runway” that would extend the maturity of CEOC’s debts. -The Examiner investigated three transactions that occurred during this time period:

- 2009 WSOP Transaction. In May 2009, a CEOC subsidiary transferred to CIE (a subsidiary of CEC) its WSOP existing sponsorship, media and licensing business and rights in the WSOP trademarks and related intellectual property in exchange for (a) preferred shares in a holding company with a stated value of \$15 million and (b) a license to continue using the WSOP trademarks and IP for limited purposes. According to the Examiner, no witness that he interviewed acknowledged actually negotiating the consideration of non- participating preferred shares with a stated value of \$15 million, or explained how that number was developed and why it was paid in the form of preferred shares. Notably, an October 2008 presentation contemplated the new entity as being a subsidiary of CEOC, but by December 2008 that was no longer the case.
- The Examiner concluded that with respect to the 2009 WSOP Transaction, the Debtors have a strong constructive fraudulent transfer claim, and reasonable breach of fiduciary duty and aiding and abetting breach of fiduciary duty claims, though the fiduciary duty based claims may be barred by the statute of limitations. Based on the Examiner’s conclusion that it was more likely that not that CIE could not establish that it was a good faith transferred, given his finding that the transfer was “orchestrated” by Caesars individuals who were ~~acting~~ on all sides of the transaction and who knew or should have known that CEOC was insolvent, the Examiner concluded that CEOC would be entitled to a judgment in the amount of \$66.2 million to \$76.1 million (which excludes the value of CIE, discussed further below), and CEC/CIE would only be allowed an unsecured claim for the value of the consideration it paid.
- 2011 WSOP Transaction. - In September 2011, a CEOC subsidiary transferred the hosting rights for WSOP live tournaments to CIE for \$20.5 million As with the 2009 WSOP Transaction, no one acknowledged negotiating the \$20.5 million consideration on behalf of CEOC. -The Examiner found that the fee to be paid to CIE for the right to host the main tournament had been reduced, and cited to what he called “a troubling exchange of e-mails which suggests the fee was reduced in order to hold down the purchase price.” (Rep. at 29). The Examiner concluded that with respect to the 2011 WSOP Transaction, the Debtors have a strong

constructive fraudulent transfer claim, and reasonable breach of fiduciary duty and aiding and abetting breach of fiduciary duty claims, but that the fiduciary duty based claims would be barred by the statute of limitations. The Examiner found there is a reasonable argument that CIE was not a good faith transferee because CIE's executives (a) orchestrated the transfer; (b) knew that the purchase price was negotiated without anyone negotiating on CEOC's behalf; and (c) participated in artificially reducing the fee that a Las Vegas casino would pay to host WSOP tournaments, which thus reduced the consideration CEOC received for the hosting rights. (Rep. at 30). Based on the resulting absence of any offset, the Examiner concluded that CEOC would be entitled to a damage award of \$50.3 million to \$55.9 million or, alternatively CEOC could seek a return of the hosting rights. (Rep. at 30).

- 2010 Trademark Transfer. In connection with the August 2010 amendment to the CMBS loan agreement, a CEOC subsidiary, Caesars License Company (CLC), transferred ownership of property-specific IP (*i.e.*, "Rio," "Paris," and "Flamingo") to the CERP Properties. CEOC acted at the direction of CEC, did not receive any consideration for the transfer, and no fairness opinion was secured in connection with the transaction. (Rep. at 31). The Examiner found that the value of what was transferred was between \$42.9 million and \$123 million. The Examiner concluded that a strong constructive fraudulent transfer claim would exist based on the transfer of the trademarks, but based on the Examiner's belief that a potential issue existed with respect to statute of limitations, that claim was only "plausible." However, the Examiner did not appear to consider the facts that: 1) the action filed by WSFS in Delaware included a claim based upon the transfer of the trademarks and was commenced prior to the end of the four year limitations period; and 2) CLC is a pledgor of assets under a collateral agreement that secures the claims of WSFS. Absent any statute of limitations issue, and based upon the Examiner's opinion that the constructive fraudulent transfer claim was otherwise strong, the value of that claim would have been included in his aggregate range of damages.

During the third period of time identified by the Examiner, beginning in late 2012 and continuing through the filing of the bankruptcy cases, the Examiner concluded, based on evidence such as an October 2012 presentation prepared by Apollo, that the Sponsors began to implement a strategy intended, with as little capital outlay as possible, to strengthen CEC's and the Sponsors' position in a potential restructuring negotiation with CEOC's creditors or in a CEC or CEOC bankruptcy, such that the Sponsors could, in the words of Apollo, "have our cake and eat it too." (Rep. at 32-24). This led to a series of transactions, the first of which closed in late 2013 and that continued throughout 2014 and until the bankruptcy filing, most of which give rise to substantial claims for damages and potential recovery of property.

- The Growth Transaction. On October 21, 2013, a CEOC subsidiary transferred to CGP (a) a 100% equity interest in Planet Hollywood; (b) a 52% equity interest in the Horseshoe Baltimore joint venture; and (c) 50% of the management fees associated with each property. In exchange, CEOC received \$360 million in cash. The Examiner found that a number of "badges of fraud" evidencing an intentional

fraudulent transfer were present, including that the latest projections were not made available to the financial advisor for the Valuation Committee and that, under pressure from the Sponsors, management convinced the financial advisor (Evercore) not to adjust the value to account for a new attraction (and positive source of value) at Planet Hollywood. -The Examiner also concluded that the Sponsors designed the transaction and effectively made the key decisions relating to the transaction on everything other than price. (Rep. at 40). In addition, the Examiner found documentary evidence that the goals of the transaction included better positioning CEC and the Sponsors in a restructuring negotiation, improving their position in the event of a bankruptcy, and allowing CEC to maintain ownership of the assets. (Rep. at 40). According to the Examiner, the removal of Planet Hollywood and its earnings from CEOC began the process of making CEOC even less likely to be able to pay its debts as they mature. The Examiner concluded that with respect to the Growth Transaction, the Debtors have a strong constructive fraudulent transfer claim, a strong intentional fraudulent transfer claim, a strong breach of fiduciary duty claim, and a reasonable aiding and abetting breach of fiduciary duty claim. The Examiner found the amount of damages associated with these claims is the deficiency in the amount of the consideration, which ranges from \$437 million to \$593 million, and that a court could also order a return of the properties. -The Examiner also concluded there is a plausible argument that CAC and CGP would not be able to establish good faith. In the absence of good faith, the damages range would increase by an additional \$360 million, and total \$797 million to \$953 million.

- The CERP Transaction. -On October 11, 2013, CEOC transferred Octavius Tower and Project Linq to CERP. -In exchange, CEOC received \$80.7 million in cash and \$52.9 million in CEOC notes for retirement. CERP also assumed \$450 million of debt associated with the Octavius and Linq properties. As with other transactions, CEOC's directors played no meaningful role in its structuring and negotiation, and there is no evidence that anyone negotiated over the amount of consideration CEOC should receive for these properties. (Rep. at 43). As with the Growth Transaction, the Examiner found that there are a number of badges of fraud present, including that "CEC and the Sponsors were on both sides of the transaction – buyer and seller – and actively sought to secure the lowest price for the seller, CEOC, thereby clearly harming CEOC's creditors." (Rep. at 46). Apollo argued to CEOC's financial advisor, Parella Weinberg, that no monetary consideration was required to be paid to CEOC, based upon the alleged value of certain "indirect benefits" to CEOC. (Rep. at 43). Initially, Parella determined that it would not be able to issue an opinion based solely on the value of the indirect benefits, thus leading to the consideration in cash and bonds worth \$138 million that ultimately was paid. - (Rep. at 45). Parella also concluded that the transaction provided a net benefit to CEOC of \$230 million, but it reached that conclusion by attributing \$378 million in value to avoiding certain reallocated costs to CEOC and valuing the contribution of bonds at a number higher than its market value. (Rep. at 45). The Examiner concluded that no value should be attributable to the reallocated costs, finding that the assumption that an absence of a transfer would cause the lenders to foreclose and remove the properties from

the Caesars system was “problematic.” (Rep. at 44-46). Thus, the Examiner concluded that with respect to the CERP Transaction, the Debtors have a strong constructive fraudulent transfer claim, a strong intentional fraudulent transfer claim, and strong breach of fiduciary duty and aiding and abetting breach of fiduciary duty claims. The Examiner found that the consideration CEOC received was \$328.5 to \$426.9 million less than the value of the assets CEOC transferred to CERP. The Examiner also found the existence of a reasonable case that CERP may not be able to establish that it was a good faith transferee because the Sponsors—who dominated both sides of the transaction—knew or should have known that CEOC was insolvent and provided Pearella (the party who provided the fairness opinion) with incomplete or inaccurate assumptions.

- The Four Properties Transaction. According to the Examiner, while the CERP and Growth transactions were being closed, work was already underway by Apollo on potential additional transactions. Apollo, apparently with some input from Caesars’ management, identified four properties to be sold, three on the “very valuable Las Vegas strip” (the Quad, now the LINQ; Bally’s Las Vegas; and Bill’s, now the Cromwell), and a “super-regional” property in New Orleans (Harrah’s New Orleans). (Rep. at 48-49). Those properties were sold by CEOC for approximately \$2 billion in consideration, including \$1.815 billion in cash and \$185 million in assumption of debt. ~~CEO~~ CEOC also transferred a wayaway 31 acres of undeveloped land as part of this transaction, but none of the financial advisors who worked on the transaction knew that land was included and none considered its value in reaching their conclusions that the purchase price was fair. (Rep. at 53). Although a special committee was created for CEC, none was created for CEOC, and the Examiner found that CEC’s special committee did not protect CEOC’s interests. Moreover, the CEC special committee was not given the right to market these properties to third parties and thus had no ability to “market test” the purchase price. Although CEC and the Sponsors tried to justify the transactions, both to the Examiner and to state regulators, on the assertion that the four properties had “capital needs,” the Examiner questioned the validity of that assertion. (Rep. at 49). The Examiner also found that CEC created a revised set of projections that reduced projected EBITDA by 12% below what their ordinary course projections forecast, and then shared the lower projections with the buyer (CAC). The Examiner commented that, “as a general proposition, valuations should be based upon a company’s ordinary course numbers, and not on numbers created solely to support a particular valuation or outcome,” which was “precisely what happened here.” (Rep. at 52). That fact and others led him to find that there “plainly are badges of fraud present,” (Rep. at 59). The Examiner ultimately concluded that, with respect to the Four Properties Transaction, the Debtors have a strong constructive fraudulent transfer claim, a strong intentional fraudulent transfer claim, a strong breach of fiduciary duty claim, and a reasonable aiding and abetting breach of fiduciary duty claim. The Examiner found potential damages in the range of range \$701 million to \$1,108 million on account of the transfer of the Four Properties, as well as the 31 acres of undeveloped land. The Examiner also found that CGP would likely be able to

show that it was a good faith transferee because it had a fairness opinion from Lazard, knew that CEOC had a fairness opinion from Centerview, and was told that proceeds from the transaction would be used to pay CEOC creditors.

- Multiple Degradation. -The Examiner found that the transfer of Las Vegas- based assets out of CEOC during 2013 and 2014 significantly altered the complexion of CEOC and transformed it into a predominantly regional gaming company. -As such, if sold, CEOC would be sold at a lower EBITDA multiple than it would have commanded had it not sold the Las Vegas-based assets, a point that Caesars witnesses acknowledged as true. -The Examiner concluded that the Debtors have a reasonable claim for breach of fiduciary duty for \$516 million arising out of the multiple degradation that CEOC suffered when it sold most of its Las Vegas assets and began to derive more of its EBITDA from regional properties. (Rep. at 54).
- CMBS/CERP/Total Rewards Management Fees. As explained in the Report, “Total Rewards was universally recognized by all the Caesars and Sponsor witnesses as being an extraordinarily successful proprietary and industry leading customer loyalty program,” and there is evidence (which Caesars and the Sponsors believe) that “properties are materially more profitable within the Caesars’ system than outside it.” -(Rep. at 55). Given those facts, the Examiner found that CEOC should ~~not have been~~ not have been providing CERP with either uncompensated services or free access to Total Rewards when CEOC entered into a new services agreement with CERP in August 2010. The Examiner also found CERP underpaid for management fees and access to Total Rewards when CES was created in 2014. Consistent with these findings, the Examiner concluded that the Debtors have a reasonable claim for breach of fiduciary duty for \$237.30 million based on management fees that CEOC did not receive from CERP from September 2010 through May 20, 2014. The Examiner also concluded that the Debtors have, against CERP and other defendants, a strong constructive fraudulent transfer claim, a strong intentional fraudulent transfer claim, a strong breach of fiduciary duty claim, and a reasonable aiding and abetting breach of fiduciary duty claim for \$132.9 million to \$592.1 million based on future management fees and access to Total Rewards arising out of the creation of CES. In addition, the Examiner found that the allocation of shared services costs was not consistent with the net revenues between CEOC, CERP, and CGP after the Four Properties Transaction. -The Examiner concluded that the Debtors have an additional reasonable claim for breach of fiduciary duty for \$14.5 million based on CEOC’s payment of shared services costs that were not allocated consistent with Caesars’ total net revenues.
- B-7 Refinancing. In May and June 2014, CEOC obtained a new \$1.75 billion B-7 term loan that it used to refinance debt that was set to mature between 2015 and 2018. Although the Examiner found that there were “clear benefits” to the refinancing, those benefits “came at a significant cost – increased interest expense, very significant fees and expenses, and over \$1 billion paid to junior creditors, including more than \$850 million in the aggregate to an affiliate in which the

Sponsors had a majority economic interest and to an entity [Chatham Asset Management] who at the request of the Sponsors was buying CEOC equity to release the Bond Guarantee.” (Rep. at 66). (In a June 2015 email, David Sambur, one of the potential defendants, equated the value of CEOC shares at the time to “pixie dust”). (Rep. at 68). The Examiner found that, unlike in past instances where the Sponsors sought to capture the discount in CEOC debt, in this case no apparent effort was made to negotiate a discount, and to the contrary, premiums were paid over market price, including to Growth.” Also, and most significantly according to the Examiner, while paying over \$795 million in debt not maturing until 2016 and 2017, “\$315 million of cash was used from a deeply insolvent CEOC which would need to do the impossible . . . just to be cash flow break-even.” -As stated by the Examiner, “there was no reason from CEOC’s perspective to use this \$315 million to pay 2016-17 maturities.”- In response to assertions that the refinancing benefitted CEOC by converting the payment guarantee of first lien bank debt into a guarantee of collection, the Examiner found “this change primarily benefitted CEC and its equity holders.” -The Examiner concluded that the Debtors have reasonable breach of fiduciary duty and aiding and abetting breach of fiduciary duty claims for \$315 million based on the cash CEOC paid in connection with the B-7 loan. -The Examiner also concluded that the Debtors have reasonable intentional fraudulent transfer, breach of fiduciary duty, and aiding and abetting breach of fiduciary duty claims for \$452 million based on CEOC’s use of those proceeds from the B-7 loan to pay CGP.” (Rep. at 67-68). It is also noteworthy that, as part of his investigation of the B-7 Refinancing, the Examiner rejected the Sponsors’ claim that lenders were responsible for CEC’s attempt, through the sale of 5% of its stock in CEOC in early May 2014, to cause a release of its guarantee of more than \$11 million in bonds (the “Bond Guarantee”). -The Examiner instead found that David Sambur of Apollo orchestrated the request by the lenders that the Bond Guarantee be released. (Rep. at 63-64). The Examiner did not find the existence of any estate claims focused solely on the sale of CEOC equity, but did find that a plausible claim might exist against Chatham based on its purchase of debt in April 2014 following discussions with CEC. (Rep. at 68).

- Intercompany Transactions. -In August 2008, CEC and CEOC entered into an intercompany revolver. From the third quarter of 2012 until the second quarter of 2013, CEOC repaid over \$409 million on the revolver even though it was not set to mature until 2017. On June 3, 2014, at the request of the Sponsors, CEOC repaid the remaining balance of \$261.8 million. Since CEC was an insider of CEOC, the Examiner concluded that there would be a strong preference claim for \$289 million. Finding that “certain badges of fraud are clearly present,” the Examiner also concluded that there are reasonable intentional fraudulent transfer claims under both the Bankruptcy Code and applicable state law relating to repayments made within the four years prior to the bankruptcy filing. Under the Bankruptcy Code, the claim would be for \$546.5 million (which includes the \$261.8 million previously discussed), and under state law recovery would go back four years and be \$662.5 million (again including the \$289 million, plus interest). Although the Examiner’s chart on page 80 of the Report shows a range of damages from \$289 million to \$662.5

million, that range should have been \$662.5 million on both the low end and high end since he concluded that there were reasonable claims for the entire \$662.5 million. (This correction increases the Examiner's overall range to \$4.0 billion to \$5.1 billion).

- Tax Issues. CEC received a \$276.6 million tax refund that is attributable to the Debtors' net operating losses but provided CEOC with a refund of only \$220.8 million. The Examiner concluded that the Debtors have a strong argument that they are entitled to the full amount of the refund and likely to succeed on a claim for the outstanding \$55.8 million. -The Examiner concluded that any claim based on the use of NOLs generated by CEOC by the CEC consolidated tax group would be difficult to pursue.
- Atlantic City Transaction. After CEOC closed the Showboat casino in August 2014, it effectively transferred its customer list to Harrah's Atlantic City (a CERP property) for no consideration. The Examiner concluded that the Debtors have a strong constructive fraudulent transfer claim for \$3.0 million to \$7.0 million based on the customer information and other data that was transferred to Harrah's.

The Examiner investigated a number of other transactions but concluded that there were no strong or -reasonable claims (or in some cases any viable claims) belonging to the estates for constructive fraudulent transfer, fraudulent transfer with -actual intent, breach of fiduciary duty, or aiding and abetting breach of fiduciary duty. — These include the following:

- The Sponsors' 2008 LBO of Caesars, which was found not to be a source of viable claims.
- The release of CEC's guarantee through the sale of 5% of CEOC equity and distribution of 6% of -equity to employees as part of a Performance Incentive Plan, which was found not to generate any claims belonging to the estates.
- CEOC's repurchase of \$17 million of PIK Toggle Notes guaranteed by CEC in December 2014, which resulted in a plausible claim for breach of fiduciary duty. —
- The August 2014 Senior Unsecured Notes Transaction where CEOC and CEC purchased \$155 million in CEOC notes and CEC contributed \$427 million of notes to CEOC for cancellation, which the Examiner concluded would result in a breach of fiduciary duty claim that would either be not viable or, at best, weak, and that any constructive fraudulent transfer claims would be barred under section 546(e) of the Bankruptcy Code.
- Easements that Debtors granted in 2011 to Flamingo, Harrah's Imperial Palace Corporation, and Caesars Linq, LLC, which were granted in exchange for a payment of \$1.7 million per year plus an annual increase of 3%. The Examiner found that the payment did not constitute payment of reasonably equivalent value with the deficiency being between \$18.7 million and \$59.6 million, but the Examiner noted that those figures relied on a number of assumptions and, because

of uncertainty about the valuation related to the easements, a claim for fraudulent transfer was only plausible.

4C. The Noteholder Committee's ~~Proposed~~ Adjustments to the Examiner's Range of Potential Damages, Taking Into Account the Examiner's Own Findings and Calculations

Importantly, and as noted previously, the range of potential damages shown on page 80 of the Examiner Report, from \$3.6 billion to \$5.1 billion (which, as corrected using the Examiner's scoring system, should be \$4.0 billion to \$5.1 billion), is only a starting point.

~~That~~ The Examiner noted various categories of damages that he did not include or calculate, but as to which the Debtors are or may be entitled to recover based on the Examiner's conclusions and applicable law. Moreover, the Examiner's range of values relates solely to claims considered strong (a high likelihood of success) or reasonable (better than 50/50 chance of success), and as to which the Examiner actually calculated relevant damages. ~~The Examiner noted various categories of damages that he did not include or calculate, but as to which the Debtors are or may be entitled to recover based on the Examiner's conclusions and applicable law.~~

In fact, the Noteholder Committee believes that the estate claims are, in the aggregate, substantially more valuable than the (as corrected) \$4.0 billion to \$5.1 billion range calculated by the Examiner.

Attached as Exhibit K-1 is a chart prepared by Noteholder Committee showing adjustments that, ~~according to the Noteholder Committee and its professionals, it believes~~ should be made to the Examiner's range of damages. ~~According to the Noteholder Committee, these~~ These adjustments, when taken into account, increase likely recoverable damages of the potential defendants to a range of \$8.1 billion to \$12.6 billion. In making those adjustments, the Noteholder Committee used the dollar figures and EBITDA multiples calculated by the Examiner, and focused on: (1) categories of damages not calculated by the Examiner, but as to which the estate is entitled to recover based on the Examiner's conclusions and applicable law; (2) damages recoverable in respect of claims where the Examiner appears to have overlooked certain indisputable facts; and (3) damages resulting from a determination that defendant transferees, in particular CAC and Growth Partners, did not act in good faith. ~~To be clear,~~

It is important to note that Exhibit K-1 does not include CEC's potential and significant direct liability to creditors under the Parent Guarantees, which would be released under every version of the Plan filed by the Debtors. Nor does it reflect the fact that the Noteholder Committee's financial advisors attribute even higher value to the transferred properties than the Examiner's professionals, and regard the Examiner's ranges of value as conservative. Exhibit K-1 also does not account for additional causes of action or theories of recovery that may exist.

First, the categories of damages not calculated by the Examiner include the following:

- Lost Profits. Throughout the Report, the Examiner notes that lost profits attributable to transferred properties may be an element of recovery on fraudulent transfer claims or available as damages on claims for breach of fiduciary duty or aiding and abetting breach of fiduciary duty. (Rep. at 12-13, 20, 26, 423; Rep.

Appx. 5 at 97, 137-139, 143). The Examiner, however, did not include any lost profits in his summary chart of potential damages. (Rep. at 78-79). Exhibit K-1 shows the Noteholder Committee's estimate of the post-transfer lost profits damages resulting from four of the transactions (Four Properties, CERP, Growth, WSOP), which range from \$204 million to \$826 million. -The high end of the range was calculated based on actual EBITDA generated for each property during the relevant time frame. -The low end of the range deducts actual capital expenditures.¹

- Value Of Transferred Properties As Of Judgment Date. Although the Examiner recognized that the estate is potentially entitled to damages that include appreciation in value of property that occurs after a fraudulent transfer, (Rep. Appx. 5 at 93), the Examiner calculated potential damages based only on the value of transferred properties as of the applicable dates of conveyance. The Noteholder Committee has calculated the difference between the value of the properties as of the date of transfer (as determined by the Examiner) and the current value (or highest intermediate value). -As shown in Exhibit K-1, applying the Examiner's multiples to the current (or high water) EBITDA for properties involved in just three of the avoidable transactions (Four Properties, CERP, Growth) increases total damages by an aggregate of \$546 million to \$657 million. Because the current value of the properties does not take into account any excess cash generated by the properties, the value of the properties as of the judgment date is not duplicative of the profits generated by the properties between the date of the transfers and the date of judgment.
- Value Of CIE. The Examiner concluded that the Debtors may potentially be entitled to damages of a "significant magnitude" (Rep. at 1) if the Debtors are able to recover all or some of the value of the social gaming business of CIE. Importantly, the Examiner found that play for fun online poker was part of the CIE business plan. - (Rep. at 22). The Examiner concluded that "there is a plausible argument to recover the value of CIE related to social gaming," and that while a claim to recover the full value of CIE is "between weak and plausible," a recovery limited to the value of CIE attributable to real-money online poker and the use of the WSOP Trademark & IP is "more plausible." -(Rep. at 284). Based on a reasonable, current valuation of CIE and adjusting for the 75.8% ownership stake that was transferred, the cost to maintain real money gaming, and the damages attributable to the WSOP trademarks and hosting rights that are already included in the Examiner's range, the Noteholder Committee calculates an additional potential \$2.3 billion in damages attributable to a remedy that includes the value of CIE.

¹ - In addition, pre-judgment interest can be assessed on the lost profits at the applicable state prejudgment rate, which in Delaware is 5% plus the Federal Reserve Discount Rate. Asarco LLC v. Americas Mining Corp., 404 B.R. 150, 163 (S.D. Tex. 2009), citing Del. Code. Ann., tit. 6, § 2301(a).

- Caesars Palace Impairment From Removal Of Octavius Tower. The Examiner recognized that a “reasonable” claim exists for the adverse impact on CEOC resulting from the substitution of a lease for CEOC’s previous ownership of Octavius Tower and the resulting “hold up” right now held by CERP. (Rep. at 47). The Examiner, however, concluded that it would be “very difficult” to value that harm and did not attempt to do so. (The Examiner did conclude that the return of the Octavius tower would be an appropriate remedy. (Rep. at 494)). On Exhibit K-1, the Noteholder Committee has quantified the harm by calculating the diminution of the control premium that otherwise would be associated with the value of Caesars Palace. After considering the control premiums of comparable companies, the Noteholder Committee reduced the multiple applicable to Caesars Palace by 0.5x to 1.0x, and applied that reduction to the EBITDA generated by Caesars Palace in 2015. -That calculation results in further damages that are estimated by the Noteholder Committee and its professionals to range from \$157 million (using the 0.5x multiple) to \$313 million (using the 1.0x multiple).
- Transfer To CES. The Examiner considered the harm to CEOC caused by its loss of control over Total Rewards but stated that he could not identify any “nonspeculative” way to measure damages resulting from that harm. (Rep. at 58). The Noteholder Committee has developed a methodology that it asserts is nonspeculative, again based on control premiums of companies that are comparable to CEOC. According to the Noteholder Committee, applying a control premium in the range of 10.4% to 20.9% against the estimated total equity value of CEOC yields additional damages in the range of \$549 million to \$1.1 billion.
- Disgorgement Of Fees Paid By CEOC To Conflicted Counsel. The Examiner concluded that Paul Weiss had a conflict of interest in representing both CEOC and CEC in certain of the transactions but determined that “any claim against Paul Weiss for damages would be weak” because “the evidence does not support a conclusion that Paul Weiss lawyers knowingly acted at any time to injure or prejudice CEOC or its creditors.” (Rep. at 14, 19). -Whether or not that is an accurate assessment (the Noteholder Committee does not believe that it is), the Examiner apparently did not consider at least one remedy available to CEOC strictlysolely as a result of the conflict, even if other “damages” otherwise could not be established – disgorgement of fees paid by CEOC to Paul Weiss (either directly or indirectly through CEC). The Noteholder Committee estimates that during the relevant period, Paul Weiss received tens of millions of dollars in legal fees (including \$6.1 million from CEOC in the ninety days prior to bankruptcy). To the extent paid by CEOC (directly or indirectly), the Noteholder Committee asserts that those amounts are recoverable. The same reasoning would apply to any amounts paid by CEOC to Friedman Kaplan, which represented both CEC and CEOC in New York state court litigation that sought a declaratory judgment that no fraudulent transfers or breaches of fiduciary duty occurred. (Rep. at 817-20).

Second, there are additional damages on claims where the Examiner did not account for indisputable facts (likely because he was not made aware of those facts). This category includes, for example, the value of the constructive fraudulent transfer claim arising from the transfer of trademarks in connection with the 2010 CMBS Refinancing. The Examiner regarded the merits of the claim as “strong,” Rep. at 31, but reduced the claim to “plausible” based on a potential statute of limitations defense. It does not appear, however, that the Examiner considered the fact that the complaint filed by WSFS in Delaware on August 4, 2014 included a fraudulent transfer claim regarding the same trademarks. Because the complaint was filed prior to the four year anniversary of the transfer, the statute of limitations is not an issue because section 544(b) of the Bankruptcy Code permits the estate to step into the shoes of WSFS as a creditor.² The Examiner concluded that the damages resulting from the transfer of the trademarks ranged from \$43 million to \$123 million.

Third, the Examiner did not include additional damages that could be recovered if the transferees cannot establish their own good faith, which would entitle them to liens on the fraudulently-transferred properties (if returned) or offsets against the amount of damages claimed by the estate. With respect to the CERP transaction, the Examiner found that CEOC would have a reasonable case to assert lack of good faith, and on that basis, included an additional \$129 million in the range of damages for that transfer. Rep. at 46. The Examiner found there to be a plausible case for lack of good faith in connection with the Growth transaction, which would increase damages by \$360 million. Rep. at 42. The Examiner found a weak, but viable, case for lack of good faith with respect to the Four Properties transactions, which would result in an additional \$1.815 billion of damages. Rep. at 61.

The Noteholder Committee believes that the case for lack of good faith as to all of the above transactions is strong or, at a minimum, reasonable. In focusing on whether the actions and knowledge of the Sponsors could be imputed to the transferees, the Examiner appears to have not given full consideration to whether the transferees were on “inquiry notice” of potential claims. Under recent Seventh Circuit law cited by the Examiner, *see* Rep., App. 5 at 35 n.167, a transferee does not act in good faith if it had “inquiry notice,” which the Seventh Circuit defined to be “awareness of suspicious facts that would have led a reasonable firm, acting diligently, to investigate further and by doing so discover wrongdoing.” *Grede v. Bank of New York Mellon (In re Sentinel Mgmt. Grp., Inc.)*, 809 F.3d 958, 961 (7th Cir. 2016). The Examiner identified a number of “suspicious facts” that likely would lead to a finding of a lack of good faith. Rep. at 652. And there are other compelling and undisputed facts that do not appear to have been considered by the Examiner, such as the fact that Growth Partners received a letter on March 21, 2014 (prior to the closing) from Jones Day on behalf of second-lien noteholders asserting that the Four Properties transactions constituted a fraudulent transfer and breach of fiduciary duty. Rather than conduct any diligent investigation of the claims, as required under *Sentinel*, CAC instead issued a Form 8-K on March 26, 2014, just five days later, stating that “CGP strongly believes there is no merit to the Letter’s allegations and will defend itself vigorously and seek appropriate relief should any action be brought.” The Noteholder Committee submits that this response falls

² In addition, the Examiner does not appear to have realized that Caesars License Company was and remains a pledgor of its assets under the various collateral agreements that secure CEOC’s debt, meaning that numerous creditors of CLC (“golden” or otherwise) existed then and now.

far short of the stringent standard for a showing of good faith established by the Seventh Circuit in *Sentinel*.

FD. Comparison of Examiner Report and SGC Investigation That Formed the Basis for the Prior Restructuring Support Agreements

Even without the adjustments and corrections to the Examiner's range of potential damages proposed by the Noteholder Committee, the Examiner's range is well in excess of the range of damages calculated by the SGC that formed the basis for the terms of the RSAs between CEC and CEOC and certain of CEOC's creditors. In a presentation to the Noteholder Committee dated March 17, 2015, the Debtors stated that the SGC had estimated potential damages in a range that was very far below the Examiner's range (as adjusted to include all strong and reasonable claims) of \$4.0 billion to \$5.1 billion.

Moreover, the SGC's range of damages (determined by Mesirow Financial during the period when it remained was engaged by the Debtors) that was used to determine the settlement with CEC was based upon only four of the transactions investigated by the Examiner (Growth, CERP, the Four Properties, and repayment of the intercompany loan), even though many others had been identified by creditors in pre-petition lawsuits. While the high end of the SGC's range for three of the transactions (Growth, CERP, Four Properties) was comparable to the high end of the Examiner's range for those transactions, the low end of the SGC's original range for those transactions was, in the aggregate, less than half the amount of the low end of the Examiner's range for those transactions (\$725 million estimated by the SGC versus \$1.466 billion estimated by the Examiner). -Although the March 17, 2015 presentation to the Noteholder Committee referenced many of the other transactions investigated by the Examiner (the 2009 transfer of the WSOP trademarks, the 2011 transfer of the right to host WSOP tournaments, Caesars Enterprise Services, the B-7 Refinancing, the closure of Showboat in Atlantic City, the Senior Unsecured Notes Transaction, and the PIK Toggle Notes redemption), the SGC apparently concluded that no potential damages viable claims were attributable to those transactions.

As the SGC investigation continued during the bankruptcy case, the SGC continued to take the position that the settlement with CEC based on the SGC's initial conclusions was "fair and reasonable." -As stated by the Debtors in the version of the disclosure statement filed by the Debtors on October 7, 2015:

In part by relying on the results of the SGC Investigation, the Debtors were able to negotiate for substantial contributions to be made by CEC pursuant to the Plan, which are detailed further in the CEC Contribution Analysis attached here as Exhibit C-B. Unlike litigation, these contributions will immediately inure to the benefit of the Debtors and their estates. -In addition, the CEC contributions, worth more than \$[1.5] billion, are significant and well within the range the SGC Investigation contemplated regarding the Challenged Transactions.

Although the Specific Governance Committee continues to monitor and consider new documents productions related to the Examiner's investigation and certain other documents which have not yet been provided, based on the comprehensive 14 month review to date, the Special Governance Committee believes the

settlement incorporated in the Plan, including CEC's contribution thereof, is fair and reasonable and in the best interests of the Debtors' estates.

Since October 2015, the SGC has revised its prior conclusions, and now concludes that potential damages against CEC and other defendants exist in the range of \$~~3.8 billion~~ to \$~~5.77 billion~~. ~~As previously stated in this Disclosure Statement (See Section IV.D),~~ assuming that the SGC received more than 200,000 documents from CEC, Apollo, and TPG since the beginning of 2016, and those late produced documents apparently Debtors were material ~~actually~~ to litigate the claims of good faith offsets by CEC and its affiliates.

~~the SGC's views on various issues and materially increased the SGC's ranges of the value of the Debtors' claims against CEC and the other potential defendants.~~

Although the SGC's newly revised range of damages purports to take into account certain of the adjustments proposed by the Noteholder Committee, such as the post-transfer appreciation in the value of certain of the assets that were fraudulently transferred, the range does not account for other potential damages identified but not quantified by the Examiner, such as lost profits, prejudgment interest, the impairment to Caesars Palace resulting from the transfer of Octavius Tower, and the current value of CIE (unadjusted for litigation risk). Nor does the SGC's range appear to take into account the damages resulting from the Debtors' transfer of control over Total Rewards and enterprise services, or CEOC's right to seek disgorgement of fees paid to conflicted counsel for CEOC. These omissions, among others, account for the differential between the SGC's newly revised but still inadequate damages range, and the Noteholder Committee's estimated range of \$8.1 billion to \$12.6 billion.

Exhibit K-1

Second Priority Noteholder Committee Adjustments to Examiner Report Damages

[No changes from version filed at Docket No. 3834]

Exhibit L

Excerpt of March 16, 2016 Hearing Transcript pp. 12-35

[This exhibit is filed for the first time]