

Americas Credit Derivatives Determinations Committee

Caesars Entertainment Operating Company, Inc. External Review

Reviewable Question and Statement of Facts¹

Pursuant to Section 4.1(d) of the DC Rules (*Publishing Reviewable Questions*), the Credit Derivatives Determinations Committee for the Americas Region (the **DC**) met today and Resolved to publish (a) the following Reviewable Question relating to Caesars Entertainment Operating Company, Inc. (**CEOC** or the **Reference Entity**) and (b) the following statement of facts.

The DC notes that the following statement is not intended to constitute an exhaustive statement of the facts relating to DC Issue 2014121901 and DC Issue 2014122202 (the **CEOC Credit Event Questions**). Under the DC Rules, the Advocates who will be selected for External Review may separately agree a list of the information that was publicly available to the DC on or prior to the binding vote held in connection with the CEOC Credit Event Questions (see Section 4.6(c) of the DC Rules (*Publicly Available Information*)). Furthermore, each Advocate may present its own statement of facts within its prepared Written Materials, provided that this is done in accordance with Section 4.5(c) of the DC Rules (*Written Materials*).

Reviewable Question: Has a Failure to Pay Credit Event occurred on December 18, 2014 in respect of the Reference Entity as a result of (a) a principal redemption amount (which included accrued interest due thereon) and an interest coupon payment in each case being scheduled as due on December 15, 2014, and (b) the Reference Entity depositing funds with the paying agent equal to such principal redemption amount and not depositing such interest coupon payment?

Statement of Facts:

The DC notes that based on information contained in SEC filings and information contained in the December 16, 2014 notice (the **Trustee Notice**) sent by the Delaware Trust Company, N.A. (the **Delaware Trust Company**)², the following publicly available information relating to CEOC was available to the DC at the time of the binding votes relating to the CEOC Credit Event Questions.

Amounts due and payable by CEOC under the December 2008 Indenture on December 15, 2014

- CEOC disclosed in SEC filings that under the terms of the indenture dated as of December 24, 2008 (the **December 2008 Indenture**), CEOC was required to redeem approximately \$17.6 million in principal amount of its 10% second-priority senior secured notes due 2015 and 10% second-priority senior secured notes due 2018 issued under the December 2008 Indenture (the **Second Lien Notes**).³ The Trustee Notice provides that a mandatory principal redemption of \$17,631,000 was due on the Second Lien Notes on December 15, 2014.⁴

¹ Capitalized terms used but not defined in this statement have the meanings specified in the 2014 Credit Derivatives Determinations Committees Rules (September 16, 2014 version) (the **DC Rules**), available [here](#), or the 2014 ISDA Credit Derivatives Definitions, as applicable.

² See "NOTICE OF (I) EVENTS OF DEFAULT AND (II) DIRECTION OF HOLDERS REGARDING DISTRIBUTION OF PAYMENTS IN ACCORDANCE WITH SECTION 6.10 OF THE INDENTURE", sent by Delaware Trust Company, N.A. as Trustee under the December 2008 Indenture on December 16, 2014, available [here](#).

³ See CEOC Form 8-K dated December 16, 2014, available [here](#).

⁴ See Trustee Notice at p 2, available [here](#).

January 16, 2015

- CEOC disclosed in SEC filings that in addition to the principal redemption payment due from CEOC on the Second Lien Notes on December 15, 2014, CEOC was also obligated under the terms of the December 2008 Indenture to make an interest coupon payment relating to the Second Lien Notes of approximately \$41.3 million on December 15, 2014 (the **Interest Coupon Payment**).⁵ The Trustee Notice provides that an Interest Coupon Payment of \$41,271,000 was due on December 15, 2014.⁶

Payments made by CEOC on December 15, 2014

- CEOC disclosed in SEC filings that CEOC deposited funds on December 12, 2014 in an amount equal to the principal redemption payment (which included accrued interest thereon) with the Delaware Trust Company, the paying agent under the December 2008 Indenture, and that it directed the Delaware Trust Company to apply the deposited funds on December 15, 2014 to such principal redemption payment.⁷ The Trustee Notice provides that the Delaware Trust Company received \$18,513,390.00 from CEOC in connection with the December 15 payment obligations.
- CEOC disclosed in SEC filings that CEOC did not deposit any other funds with the Delaware Trust Company in connection with the December 15 payment obligations.⁸

⁵ See CEOC Form 8-K dated December 15, 2014, available [here](#).

⁶ See Trustee Notice at p 2, available [here](#).

⁷ See CEOC Form 8-K dated December 16, 2014, available [here](#).

⁸ See CEOC Form 8-K dated December 15, 2014, available [here](#).