

Official Committee Of Second-Priority Noteholders  
Of Caesars Entertainment Operating Company, Inc.  
(the "Noteholder Committee")

October 20, 2016

To all holders of Second-Priority Senior Secured Notes issued by Caesars Entertainment Operating Company, Inc. ("CEOC"):

As the official representative of Second-Priority Noteholders in the bankruptcy cases of CEOC and its subsidiaries, the Noteholder Committee urges you to **VOTE YES** on the accompanying Third Amended Joint Plan Of Reorganization Pursuant To Chapter 11 Of The Bankruptcy Code (the "Amended Plan") proposed by CEOC and its subsidiaries.

As of the date of this letter, the Noteholder Committee and holders of more than 63% of Second-Priority Notes entered into a Restructuring Support, Forbearance, and Settlement Agreement with CEOC, its parent company Caesars Entertainment Corporation ("CEC"), and Caesars Acquisition Company dated as of October 4, 2016 (the "Second Lien RSA"). Pursuant to the Second Lien RSA, CEOC agreed to modify its Second Amended Joint Plan of Reorganization Pursuant to Chapter 11 of the Bankruptcy Code that was previously distributed to you (the "June Plan") to provide for increased recoveries to Second-Priority Noteholders and the signatories to the Second Lien RSA agreed to support confirmation of such modified plan.

The Amended Plan incorporates the modifications contemplated by the Second Lien RSA. The Amended Plan now provides Second-Priority Noteholders with a distribution of: (i) \$344.6 million in cash (ii) \$899 million principal amount of 5% New CEC Convertible Notes, which is convertible into 11.02% of common shares of New CEC, before taking into account the buyback of New CEC common shares described in the Amended Plan and (iii) 32.02% of the fully diluted pre-buyback of New CEC common shares (37.11% pre-dilution from the New CEC Convertible Notes) having a midpoint valuation of \$2.18 billion. The Amended Plan also provides that New CEC will purchase a minimum of \$905.1 million and a maximum of \$1.09 billion of the New CEC common shares to be issued pro rata to the Second-Priority Noteholders. Assuming the full \$1.09 billion buyback of equity issued to the Second-Priority Noteholders, distributions to the Second Priority Noteholders will include: (i) \$1.43 billion in cash; (ii) \$899 million principal amount of 5% Convertible Notes (valued at \$1.09 billion), which is convertible into 14.93% of New CEC common shares assuming the maximum cash buyback of New CEC common shares; and (iii) 19.07% of the fully diluted New CEC common shares (23.42% pre-dilution from the New CEC Convertible Notes) having a midpoint valuation of \$1.10 billion.

At midpoint values, the distribution to the Second-Priority Notes class under the Amended Plan totals \$3.62 billion, or 65.5 cents on the dollar (exclusive of \$47 plus million in reimbursement of expenses incurred by holders of Second-Priority Notes and



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indenture trustees), an increase of \$1.51 billion from the distributions accorded to that class under the June Plan.

We encourage you to review the Amended Plan and the materials accompanying this letter for more information regarding modifications to the June Plan.

The Noteholder Committee intends to support confirmation of the Amended Plan and ***urges you to vote to accept the Plan and promptly return your ballot(s) as indicated in the accompanying materials*** to assist in that effort.

Sincerely,

The Official Committee Of Second-Priority Noteholders<sup>1</sup>  
BOKF, N.A., as Indenture Trustee  
Centerbridge Credit Partners Master LP  
Delaware Trust Company, as Indenture Trustee  
Oaktree FF Investment Fund LP  
Palomino Fund Ltd  
Tennenbaum Opportunities Partners V, LP  
Wilmington Savings Fund Society, FSB, as Indenture Trustee

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<sup>1</sup> **THIS COMMUNICATION DOES NOT CONSTITUTE, AND WILL NOT BE CONSTRUED AS, A SOLICITATION BY ANY INDIVIDUAL MEMBER OF THE NOTEHOLDER COMMITTEE.**