

UNITED STATES BANKRUPTCY COURT  
NORTHERN DISTRICT OF ILLINOIS  
EASTERN DIVISION

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In re:	)	
	)	Chapter 11
	)	
CAESARS ENTERTAINMENT OPERATING	)	Case No. 15-01145 (ABG)
COMPANY, INC., <u>et al.</u> , <sup>1</sup>	)	
	)	
Debtors.	)	(Joint Administration Requested)

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**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**

The above-captioned debtors and debtors in possession (collectively, the “Debtors”) file this motion (this “Motion”) for entry of interim and final orders (the “Interim Order” and the “Final Order”, respectively), substantially in the forms attached hereto as **Exhibit A** and **Exhibit B**, respectively, (I) authorizing the Debtors to pay in the ordinary course of business certain prepetition (a) wages, salaries, and other compensation described below, (b) reimbursable employee expenses, and (c) obligations relating to medical and other benefits programs, and (II) granting related relief. In support of this Motion, the Debtors respectfully state as follows.

**Jurisdiction**

1. The United States Bankruptcy Court for the Northern District of Illinois (the “Court”) has jurisdiction over this matter pursuant to 28 U.S.C. §§ 157 and 1334. This matter is a core proceeding within the meaning of 28 U.S.C. § 157(b)(2).

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<sup>1</sup> The last four digits of Caesars Entertainment Operating Company, Inc.’s tax identification number are 1623. Due to the large number of Debtors in these chapter 11 cases, for which the Debtors have requested joint administration, a complete list of the Debtors and the last four digits of their federal tax identification numbers is not provided herein. A complete list of such information may be obtained on the website of the Debtors’ proposed claims and noticing agent at <https://cases.primeclerk.com/CEOC>.

2. Venue is proper pursuant to 28 U.S.C. §§ 1408 and 1409.

3. The statutory bases for the relief requested herein are sections 363(b), 363(c), 507(a)(4), 507(a)(5), 541(b), 1107(a), 1108, and 1129(a)(9)(B) of title 11 of the United States Code (the “Bankruptcy Code”), rule 6003 of the Federal Rules of Bankruptcy Procedure (the “Bankruptcy Rules”), and rule 5005-3(D) of the Local Rules for the United States Bankruptcy Court for the Northern District of Illinois (the “Local Rules”).

### **Relief Requested**

4. The Debtors request entry of an Interim Order and a Final Order (a) authorizing, but not directing, the Debtors to pay in the ordinary course of business certain prepetition (i) wages, salaries, and other compensation described below, (ii) reimbursable employee expenses, and (iii) obligations relating to medical and other benefits programs, and (b) granting related relief. In addition, the Debtors request that the Court schedule a final hearing within approximately 25 days of the commencement of these chapter 11 cases to consider approval of this Motion on a final basis.

### **Background**<sup>2</sup>

5. Caesars Entertainment Operating Company, Inc. (“CEOC”), together with its Debtor and non-Debtor subsidiaries, provides casino entertainment services and owns, operates, or manages 38 gaming and resort properties in 14 states and five countries, operating primarily under the Caesars<sup>®</sup>, Harrahs<sup>®</sup>, and Horseshoe<sup>®</sup> brand names. The Debtors represent the largest, majority-owned operating subsidiary of Caesars Entertainment Corporation (“CEC”), a publicly traded company that is the world’s most diversified casino-entertainment provider. CEC,

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<sup>2</sup> The facts and circumstances supporting this Motion are set forth in the *Declaration of Randall S. Eisenberg, Chief Restructuring Officer of Caesars Entertainment Operating Company, Inc., in Support of First Day Pleadings* (the “First Day Declaration”), filed contemporaneously herewith.

through its ownership and economic interests in CEOC, Caesars Entertainment Resort Properties (“CERP”), and Caesars Growth Partners (“CGP”), owns, operates, or manages 50 casinos in 14 U.S. states and 5 countries, covering 3 million square feet of gaming space, 42,000 hotel rooms, 45 million customer loyalty program participants, and 68,000 employees.

6. The Debtors employ approximately 32,000 people through geographically diverse operations throughout the United States, including seven regional casino properties located in the Midwest (across Illinois, Indiana, Iowa, and Missouri); six regional casino properties located in the Southeast (throughout Louisiana, Mississippi, and North Carolina); four casinos located in Arizona, California, Maryland, and Pennsylvania; four casinos located in Nevada, including the world famous Caesars Palace at the heart of the Las Vegas Strip; and two casinos located in Atlantic City, New Jersey. On a consolidated basis, CEOC and its subsidiaries reported approximately \$993 million of Adjusted EBITDA on net revenues of approximately \$5.4 billion for the twelve months ending September 30, 2014.

7. On the date hereof (the “Petition Date”), each of the Debtors filed a petition with this Court under chapter 11 of the Bankruptcy Code. The Debtors continue to operate their businesses and manage their properties as debtors in possession pursuant to sections 1107(a) and 1108 of the Bankruptcy Code. Concurrently with the filing of this Motion, the Debtors requested procedural consolidation and joint administration of these chapter 11 cases pursuant to Bankruptcy Rule 1015(b). No party has requested the appointment of a trustee or examiner in these chapter 11 cases, and no committees have been appointed or designated.

**I. The Debtors’ Workforce.**

8. As of the Petition Date, the Debtors employ approximately 32,000 employees (each an “Employee” and collectively, the “Employees”). Approximately 24,000 of the Debtors’

Employees are full-time employees and 8,000 are part-time employees. Approximately 4,000 Employees are paid a salary; approximately 28,000 Employees are paid on an hourly basis.

9. Approximately 35 percent of the Debtors' Employees are members of various unions (the "Unions") and are employed pursuant to certain collective bargaining agreements (the "CBAs"). The CBAs generally provide compensation and benefit standards the Debtors must meet for the union Employees.

10. The Debtors also supplement their workforce by employing approximately 1,700 temporary workers and independent contractors (the "Supplemental Workers"). The Debtors procure the services of the Supplemental Workers either directly or, in the case of temporary workers, through approximately 45 separate third-party staffing agencies (collectively, the "Staffing Agencies"). The Supplemental Workers generally provide on-site accounting, finance, information technology, security, and other services on both a full-time and seasonal basis.

11. The Employees (together with the Supplemental Workers) perform a variety of critical functions, including management and operation of the Debtors' casino, resorts, restaurants, and entertainment facilities, accounting, administration, finance, human resources, marketing, facilities maintenance, information technology, security, and other tasks. The Employees' skills, training, and knowledge and understanding of the Debtors' operations are essential to continuing operations and, ultimately, the effective reorganization of the Debtors' businesses.

12. The vast majority of the Debtors' Employees rely exclusively on their compensation and benefits to pay their daily living expenses and provide for their households. These Employees (and their families) would be exposed to significant financial harm if the

Debtors were not permitted to ensure uninterrupted payment of compensation (including obligations related to benefits) and maintain other programs benefiting their Employees.

13. To minimize the personal hardship that the Employees (and the Supplemental Workers) would suffer if prepetition Employee-related obligations were not paid when due or as expected and to maintain morale and stability in the Debtors' workforce during this critical time, the Debtors are seeking authority to pay and honor certain prepetition claims relating to, among other things, wages, salaries, ordinary-course raises and other pay increases, bonuses and other compensation, payroll services, federal and state withholding taxes and other amounts withheld (including garnishments, Employees' share of insurance premiums, taxes, and 401(k) contributions), health insurance, retirement health and related benefits, workers' compensation benefits, vacation time, leaves of absence, life insurance, short- and long-term disability coverage and all other benefits that the Debtors have historically provided in the ordinary course of business (collectively, the "Employee Compensation and Benefits") and to pay all costs incident to the foregoing.

14. As discussed further herein, certain of the Employee Compensation and Benefits are administered by the Debtors' ultimate non-Debtor parent, Caesars Entertainment Corporation ("CEC"), or non-Debtor affiliate Caesars Enterprise Services, LLC ("CES"). The administration by CES and CEC of Employee Compensation and Benefits is conducted on a profit-neutral basis, and all amounts owed between CES, CEC, and the Debtors are reconciled on a daily, weekly, or monthly basis, as applicable, in the ordinary course of intercompany claims reconciliation.<sup>3</sup> Though CES and CEC are not Debtors and do not require this Court's approval to maintain

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<sup>3</sup> 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, filed contemporaneously herewith, further describes the Debtors' intercompany transactions.

certain of the Debtors' Employee Compensation and Benefits programs, the Debtors nevertheless and out of an abundance of caution seek authority to continue remitting any and all of their obligations, including for any prepetition amounts outstanding, to their affiliates in the ordinary course, to ensure the continued and uninterrupted provision of Employee Compensation and Benefits.

## **II. Employee Compensation and Obligations.**

### **A. Unpaid Compensation.**

15. In the ordinary course of business, the Debtors incur payroll obligations for their Employees. Such obligations generally consist of wages and salaries. In some cases, the Debtors also collect tips on behalf of their Employees and distribute those amounts through the payroll process. This practice is mainly used for casino-floor table dealers and attendants, such as Blackjack dealers and Craps attendants, who receive tips in the form of casino chips and deposit those chips into buckets near their tables. At the end of each shift, these tips, which are often called "tokens" in the industry, are counted and the chips re-enter circulation. The total token amount for each shift is then divided amongst the Employees who worked that shift and is paid out through in the next applicable payroll cycle (described in more detail below).

16. The Debtors' Employees are paid salaries, wages, and any applicable tips or tokens on either a weekly or bi-weekly basis, with bi-weekly employees split between two alternating cycles. Thursday is the payday for both bi-weekly cycles and the weekly cycle, with all payments made one week in arrears. Approximately 85 percent of the Employees receive their wages and salaries by direct deposit through electronic transfer of funds directly to these Employees' accounts ("Direct Deposit"), with the remainder of Employees receiving checks. Because all of the Employees are paid in arrears, the Employees have not been paid all of their

prepetition wages and compensation and are still owed certain tips and tokens as of the Petition Date.

17. On average, the Debtors have weekly gross payroll expenses of approximately \$19 million, encompassing the weekly payroll cycle and one of the two bi-weekly payroll cycles. The Debtors fund their payroll obligations in advance of each pay day. In the ordinary course of business, every Tuesday, the Debtors pre-fund that week's payroll cycles (the weekly cycle and one of the two bi-weekly cycles) and other Employee Compensation and Benefits into CES's cash concentration account and provide CES with applicable schedules and payment data for processing. CES then issues payroll checks and Direct Deposit payments and remits deductions, payroll taxes, and withholdings to applicable taxing authorities and other third-party benefit providers. CES makes payroll payments from its disbursement account after drawing funds from CES's cash concentration account.<sup>4</sup>

18. The Debtors, CERP, and CGP each fund their respective payroll payment amounts into the CES cash concentration account before funds are transferred to the CES disbursement account for payment. Costs that CES incurs while providing payroll processing and remittance services to the Debtors and their affiliates are ultimately shared costs subject to a daily, weekly, or monthly allocation process that factors the size, geography, and recent operating performance of each of the Debtors (the "CES Allocation").

19. In addition, the Debtors incur compensation obligations for their Supplemental Workers in the ordinary course of business. The Debtors pay approximately \$2.1 million per

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<sup>4</sup> Employees of two of the Debtors' managed tribal properties (Harrah's Resort Southern California and Harrah's Ak-Chin) are paid through cash accounts held at the property level (the "Tribal Accounts"). These separate payroll systems do not otherwise differ materially from the CES payroll system with respect to timing and mechanics. Approximately 2,500 Employees are paid through the Tribal Accounts, with average weekly distributions amounting to approximately \$1.6 million.

week on account of the work performed by the Supplemental Workers (the “Supplemental Worker Fees”). Supplemental Worker Fees are processed through the Debtors’ accounts payable system, which is centrally managed by CES. As with payroll, funds are drawn from the Debtors’ property-level concentration accounts and channeled through the CES main concentration account before payment. Costs that CES incurs while providing accounts payable processing and remittance services to the Debtors are ultimately passed on to the Debtors through the CES Allocation.

20. As of the Petition Date, the Debtors estimate that approximately \$29 million in prepetition accrued wages, salaries, tips, tokens, Supplemental Worker Fees, and other ordinary cash compensation (excluding earned but unused PTO or Vacation time) earned before the Petition Date remains unpaid (the “Unpaid Compensation”), substantially all of which the Debtors believe will become due and owing during the first 21 days of these chapter 11 cases.

21. Importantly, the Debtors do not owe any Employee Unpaid Compensation in excess of the \$12,475 cap imposed by section 507(a)(4) of the Bankruptcy Code. Accordingly, the Debtors are not seeking authority on an interim basis to pay Unpaid Compensation that exceeds \$12,475 to any single Employee.

**B. Deductions and Payroll Taxes.**

22. During each applicable pay-period, the Debtors routinely deduct certain amounts (collectively, the “Deductions”) from Employees’ paychecks, including, among other items, (a) union dues and union fund contributions, (b) garnishments, child support, and similar deductions, and (c) other pre-tax and after-tax deductions payable pursuant to certain of the Employee Benefit Programs discussed herein (such as an Employee’s share of health care benefits and insurance premiums, contributions under flexible spending plans, 401(k)



contributions and deferred compensation contributions, legally ordered deductions, fees and assessments, and miscellaneous deductions).

23. The Debtors (through CES in accordance with the payroll processing arrangement described above) forward the Deductions to the appropriate recipients. On average, the Debtors deduct and forward approximately \$2.1 million in the aggregate from the Employees' paychecks per week. Due to the commencement of these chapter 11 cases, however, certain funds deducted from Employees' paychecks may not have been forwarded to CES and then to the appropriate recipients before the Petition Date. Although the Debtors believe all Deductions have been forwarded to CES (and then to the appropriate recipients as of the Petition Date), out of an abundance of caution, the Debtors request authority to process any unpaid Deductions that they may discover. In addition, the Debtors request authority to continue to honor and process Deductions on a postpetition basis, in the ordinary course of business, as routinely done before the Petition Date.

24. Further, the Debtors are required by law to withhold from Employees' wages and salaries amounts related to federal, state, and local income taxes, social security, and Medicare taxes for remittance to the appropriate federal, state, or local taxing authority (collectively, the "Withholdings"). The Withholdings total approximately \$4 million per week. The Debtors must match from their own funds Social Security and Medicare taxes and pay, based on a percentage of gross payroll, additional amounts for federal and state unemployment insurance (collectively, the "Employer Payroll Taxes" and, together with the Withholdings, the "Payroll Taxes"). The Payroll Taxes, including portions paid by the Debtors and portions paid by the Employees, total approximately \$5.7 million per week.

25. The Debtors believe that, as of the Petition Date, all Payroll Taxes have been forwarded to the appropriate taxing authorities. Out of an abundance of caution, however, the Debtors request authority to forward any outstanding Payroll Taxes to CES so that such amounts may be forwarded to the appropriate taxing authorities. In addition, the Debtors seek authority to continue to honor and process the Payroll Taxes on a postpetition basis, in the ordinary course of business, as routinely done before the Petition Date.

**C. Reimbursable Expenses.**

26. In the ordinary course of their businesses, the Debtors reimburse Employees for certain reasonable and customary expenses (the “Reimbursable Expenses”) incurred on behalf of the Debtors in the scope of their employment.<sup>5</sup> The Reimbursable Expenses include expenses for travel, meals, parking, automobile mileage, and other business-related expenses paid directly by Employees. Employees submit their expense reports and accompanying receipts through an online portal managed by an affiliate of Wells Fargo Bank, N.A. (“Wells Fargo”). While Employees typically submit expense reports for Reimbursable Expenses on a rolling basis, all expense reports for each monthly billing period (which usually runs through the 20th day of each month) are due by the end of each month. The Reimbursable Expenses typically are processed within seven to ten business days of receipt of the expense reports and are then paid out in the next payroll cycle for such Employees.

27. As of the Petition Date, the Debtors have approximately \$50,000 in pending requests for reimbursement of Reimbursable Expenses. In addition, it is possible that certain Employees may have incurred prepetition expenses for which they have not yet submitted requests for reimbursement and will submit such requests to the Debtors after the Petition Date.

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<sup>5</sup> In addition, certain reasonable and customary expenses are paid to the Staffing Agencies and independent contractors as a component of the Supplemental Worker Fees.

The Debtors estimate that based on the \$50,000 in pending requests for Reimbursable Expenses as well as other prepetition expenses incurred but not yet submitted, as of the Petition Date they will have no more than \$100,000 in prepetition requests for Reimbursable Expenses outstanding.

28. Failure to reimburse the Reimbursable Expenses will disrupt the Debtors' business operations and cause Employees to be concerned about personal liability for business-related charges, thereby distracting the Employees from devoting full attention to their day-to-day responsibilities. Accordingly, the Debtors seek authority to (a) continue paying Reimbursable Expenses in accordance with prepetition practices, (b) modify prepetition policies relating to the Reimbursable Expenses program as the Debtors deem appropriate, and (c) pay all Reimbursable Expenses obligations that relate to the prepetition period and are submitted to the Debtors postpetition.

### **III. Employee Benefit Programs.**

29. The Debtors offer Employees the ability to participate in a number of insurance and benefits programs, including, among other programs, medical, prescription drug, dental, and vision plans, vacation time, sick leave, and other paid leaves of absence, retirement savings plans, pension plans, flexible spending accounts, life insurance, comprehensive disability insurance, long term disability insurance, workers' compensation insurance, business travel accident insurance, and other employee benefit plans as described below (collectively, the "Employee Benefit Programs"). The Debtors request authority to continue the Employee Benefit Programs on a postpetition basis, in the ordinary course of business, as routinely done before the Petition Date and to pay any prepetition amounts related thereto.

#### **A. Health Plans.**

30. The Debtors offer all full-time Employees who work a minimum of 30 hours a week the opportunity to participate in a number of health benefit plans, including medical,

prescription, dental, and vision plans (collectively, the “Health Plans”). As part of the Health Plans, the Debtors also subsidize or continue to provide certain benefits under the Consolidated Omnibus Budget Reconciliation Act of 1985 (“COBRA”) to certain former Employees (or their survivors) after their termination, retirement, or disability leave. The Health Plans include the following:<sup>6</sup>

**1. Medical Plans.**

31. The Debtors participate in two medical and prescription drug benefit programs sponsored by CEC, in which approximately 17,500 Employees participate, with a total cost to the Debtors of approximately \$13.5 million each month, \$11.5 million of which is paid for by the Debtors and \$2.0 million of which is paid for by Employees through premium deductions taken from paychecks. The two plans are the Health Savings Account Plan (the “HSA Plan”) and the health reimbursement account plan (the “HRA Plan”). The HSA Plan and the HRA Plan are administered by Cigna Health and Life Insurance Company (“Cigna”), Humana Inc. (“Humana”), and Horizon Health Corp. (“Horizon,” and collectively with Cigna and Humana, the “Medical Plan Providers”). For both the HSA Plan and the HRA Plan, monthly health care premiums differ depending on the plan in which the Employee is enrolled and whether the Employee has dependents covered by the applicable plan. Both plans offer (a) comprehensive medical and prescription drug coverage, preventive care—such as annual physicals and immunizations—paid 100 percent by the plan when the Employee uses in-network providers, (b) tools and resources to help Employees understand and control their health spending

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<sup>6</sup> Approximately 2,200 of the Debtors’ Employees do not participate in the Debtors’ Medical Plans. For an Employee not to participate in the Medical Plans, the Employee must provide the Debtors with proof of medical insurance. Union Employees who do not use the Debtors’ Health Plans are generally covered by health benefit plans sponsored by their applicable union. The Debtors contribute a pre-tax credit towards those plans on account of such Employees, with the credit ranging from \$2 to \$6 per hour.

decisions, and (c) direct access to medical specialists without the need to get a primary care physician's approval.

32. The Debtors contribute money to both types of plans on the first day of each calendar year in the following amounts: \$250 if the Employee is enrolled in an Employee-only plan; \$375 if the Employee also has a child or spouse/same-sex partner in the plan; and \$500 if the Employee has several children or a family covered by the plan. If an Employee's spouse or same-sex partner is eligible for medical coverage under their own employer's benefits and they are enrolled in the Debtors' plan, a \$1,300 annual surcharge is imposed upon that Employee, payable each paycheck (\$25 for each weekly paycheck or \$50 for each bi-weekly paycheck).

33. The HSA Plan is a high deductible plan with a built-in health savings account ("HSA") managed by Bank of America, N.A. ("Bank of America"). It differs from the HRA Plan by having a lower monthly premium but a higher deductible and out-of-pocket maximum. The HSA is the property of the Employee for life; any dollars deposited into the HSA carry over year-after-year and can be used as a tool to prepare for health care spending in retirement. On top of money contributed by the Debtors, Employees can contribute their own money using pre-tax payroll deductions so long as such amounts (including the Debtors' contributions) do not exceed the annual limits set by the IRS. For 2015, those limits are: \$3,350 for individual-only plans and \$6,650 for all other plans. If the Employee is 55 or older they can contribute an extra \$1,000. The Debtors deduct approximately \$2.6 million per year from Employees' paychecks on account of the HSA Plan. As of the Petition Date, the Debtors do not owe Employees any amount for deductions taken from payroll for the HSA Plan which have not yet been transferred to Bank of America.

34. The HRA Plan uses a health reimbursement account (“HRA”) that is managed by each Employee’s Medical Plan Provider. Unlike the HSA Plan, the HRA Plan carries a higher premium but has lower deductibles and out-of-pocket maximums. Also, unlike an HSA, the HRA belongs to the Debtors; the HRA is funded solely by the Debtors, Employees cannot make contributions to the HRA through payroll deductions or otherwise, unspent funds cannot be carried over year-after-year, and if the Employee is terminated, retires, or stops working for the Debtors, the unspent funds in that Employee’s HRA will revert to the Debtors.

35. To supplement the HSA Plan and HRA Plan and incentivize healthy Employee behavior, the Debtors run a program (“Wellness Rewards”) that offers Employees multiple opportunities to save money on their annual health expenditures. The Wellness Rewards program is carried out in two steps. In the first step, Employees undergo a biometric screening that sets certain baseline metrics related to Employee health and indicates any potentially serious health conditions. If an Employee’s biometric screening indicates a negative health condition, such as high cholesterol, blood pressure, or obesity, that Employee is directed towards certain condition management goals. Once an Employee completes this first step, she can save \$50 per paycheck on her health care costs, with an additional \$50 in savings if the Employee’s spouse or domestic partner also participates. In the second step, Employees who were given a clean bill of health after the biometric screen must only complete a full annual physical exam to qualify for an additional \$50 in savings per paycheck (or \$100 in savings if the spouse or domestic partner of the Employee completes the physical exam as well). Employees who received a negative health indication in the biometric screen must demonstrate satisfactory completion of their applicable condition management goals in order to receive the same rewards. In addition, special bonuses are available to Employees whose biometric screening results indicate excellent health. In total,

the Debtors estimate their annual costs for the Wellness Rewards program are approximately \$7.0 million.

**2. Dental Plan.**

36. The Debtors provide dental benefits to approximately 18,000 Employees with a total cost of approximately \$850,000 each month, approximately \$450,000 of which is paid for by the Debtors and approximately \$400,000 of which is paid for by Employees through premium deductions taken from paychecks. Generally, the dental plans provide benefits for preventive services, basic care, and restorative services. There are two coverage options: Dental and Dental Plus Orthodontia, with the latter option covering half the cost (after deductible) of orthodontic services for Employees and their families, subject to a \$2,000 per person lifetime cap. Dental plan benefits and participant costs differ depending on the level of coverage an Employee elects and the number of Dependents covered. The dental plans are sponsored by CEC and are administered by MetLife, Inc. (“MetLife”).

**3. Vision Plan.**

37. The Debtors provide vision benefits to approximately 17,000 Employees with a total cost of approximately \$140,000 each month, approximately \$10,000 of which is paid for by the Debtors and approximately \$130,000 of which is paid for by Employees through premium deductions taken from paychecks. Generally, the vision plan provides benefits for annual eye exams and prescription lenses for covered Employees and their respective dependents. Participating Employees may select from one of three plan choices, which are designed to address Employees with standard, moderate, and high use of vision services and provide varying levels of coverage at graduated price points. The standard use plan, which most Employees use,

does not require any payroll deductions while the moderate and high use plans do. The vision plan is sponsored by CEC and administered by EyeMed Vision Care.

38. For 2014, the Debtors estimate total expenditures for the Health Plans, net of Employee contributions, to be approximately \$143.5 million on an annualized basis. Because the Health Plans are ultimately sponsored by CEC, the Debtors do not accrue obligations under the Health Plans other than premiums as they become due. As of the Petition Date, the Debtors do not believe they owe any amounts on account of accrued but unpaid premiums.

**B. Flexible Spending Accounts.**

39. The Debtors offer their Employees additional options for saving pre-tax dollars to help pay for health care and dependent care expenses.

**1. Limited Purpose Flexible Spending Account.**

40. Employees who enroll in the HSA Plan are eligible for a limited purpose flexible spending account (the "Limited Purpose FSAs"). The Limited Purpose FSA provides Employees with a tax-free savings account to help pay for certain dental and vision expenses if such Employees do not have enough money in their HSAs. The annual limit for contributions to the Limited Purpose FSAs is \$2,500 and all unspent funds will be lost at the end of the year. Approximately 300 Employees use the Limited Purpose FSA. The Debtors do not pay any administration costs on account of the Limited Purpose FSAs. Accordingly, as of the Petition Date, the Debtors do not owe any amounts on account of the Limited Purpose FSAs.

**2. Health Care Flexible Spending Account.**

41. The Debtors offer Employees who have the HRA Plan the ability to contribute a portion of their pre-tax compensation into health care flexible spending accounts for themselves and their respective dependents (the "Health Care FSAs"). The Health Care FSAs cover a wider variety of expenses than the Limited Purpose FSAs, including medical, prescription drug, dental,



and vision expenses. Approximately 1,600 Employees participate in the Health Care FSAs. The Health Care FSAs allow each Employee to contribute up to \$2,500 per year to pay for unreimbursed tax-deductible medical expenses for themselves and his or her respective dependents. Employees cannot roll-over their Health Care FSA balances and must spend funds in such accounts or lose them at the end of the year. The Debtors deduct approximately \$1.7 million per year from Employees paychecks on account of the Health Care FSAs. The Debtors do not pay any administration costs on account of the Health Care FSAs. Accordingly, as of the Petition Date, the Debtors do not owe any amounts on account of the Health Care FSAs.

**3. Dependent Care Flexible Spending Account.**

42. The Debtors offer Employees who participate in either the HRA Plan or the HSA Plan the ability to contribute a portion of their pre-tax compensation into a savings account to help pay for eligible day care, after-school care, disabled-dependent care, and elder care expenses (the “Dependent Care FSAs”). Only Employees can make contributions to the Dependent Care FSAs, subject to an annual limit of \$5,000 per household. Approximately 60 Employees use Dependent Care FSAs. The Debtors deduct approximately \$100,000 per year from Employees’ paychecks on account of the Dependent Care FSAs. The Debtors do not pay any administration costs on account of the Dependent Care FSAs. Accordingly, as of the Petition Date, the Debtors do not owe any amounts on account of the Dependent Care FSAs.

**C. Employee Assistance Program.**

43. The Debtors’ Employees are able to participate in an employee assistance program (the “Employee Assistance Program”) provided by Cigna’s Behavioral Health division, a provider of health and wellness services. The Employee Assistance Program is designed to help Employees maximize their health and effectiveness both at work and at home. Through the Employee Assistance Program, Employees can obtain confidential support for a wide range of

issues, including child care and parenting, elder care, marital or relationship issues, stress or depression, alcohol or substance abuse, work-life balance issues, legal resources, financial resources, and gambling problems. The Debtors provide their Employees with unlimited phone consultations and five face-to-face counseling sessions each for Employees and their family members per situation. The cost of the Employee Assistance Program is included in the annual amounts the Debtors pay on behalf of the Health Plans.

**D. Disability Programs, Workers' Compensation, and Other Insurance Programs.**

**1. Short-Term Disability Plan.**

44. The Debtors provide all full-time Employees with a short-term disability plan (the "Comprehensive Disability Plan") administered by Cigna. The Comprehensive Disability Plan protects against loss of income from short-term disabilities. Once an absence from work due to a qualifying illness or injury exceeds 14 days, a participating Employee becomes eligible for the Comprehensive Disability Plan and is able to receive between 50 and 70 percent of pay, depending on level of employment, until 24 weeks have elapsed or when the Employee recovers, whichever occurs first. Approximately 250 of the Debtors' Employees currently are receiving payments under the Comprehensive Disability Plan. The Debtors provide this benefit to their Employees at no cost but hourly and non-management employees are able to "buy-up" their coverage amounts so that they will receive a higher percentage of pay in the event of a short term disability. The Debtors' total monthly cost to provide the Comprehensive Disability Plan is approximately \$375,000. As of the Petition Date, the Debtors believe they owe approximately \$100,000 on account of the Comprehensive Disability Plan, all of which will become due and owing within the first 21 days of these chapter 11 cases.

**2. Long-Term Disability Plan.**

45. The Debtors provide Employees with a long-term disability plan (the “Long-Term Disability Plan”) administered by Cigna. The benefits under the Long-Term Disability Plan kick in when the Short-Term Disability benefits wear off: after 26 weeks of continuous qualifying injury or illness. The Long-Term Disability Plan provides employees with 50 to 60 percent of their pay at no cost with up to an additional 10 percent of coverage available at cost depending on the employment level. As a fully-insured plan, the Long-Term Disability Plan does not require the Debtors to make payments on account of claims, so the Debtors do not have any current or contingent liabilities on account of the Long-Term Disability Plan as of the Petition Date.

**3. Workers’ Compensation.**

46. The Debtors maintain workers’ compensation insurance for Employees at the statutorily required level in each state in which the Debtors conduct business (the “Workers’ Compensation”). The Debtors’ Workers’ Compensation insurance is currently provided by a captive insurance provider wholly owned by CEC (the “Captive”). Safety National is used by the Captive for claims that exceed the captive amount. Costs associated with the Workers’ Compensation program are borne by the Captive on a profit-neutral basis and are paid by the Captive on an annual basis. Costs are then allocated among the Debtors and their non-Debtor affiliates by CES in a manner similar to the CES Allocation. The Debtors pay their share of the Workers’ Compensation premiums, and any claims related thereto, on a monthly basis according to a performance-based allocation method that is calculated annually (the “Insurance Allocation”). For 2014, the Debtors’ total allocation for costs associated with Workers’ Compensation was approximately \$20.2 million.

47. To ensure that the Debtors comply with applicable workers' compensation laws and requirements, the Debtors request authority, but not direction, to continue making their share of payments through the Insurance Allocation so that claim assessment, determination, adjudication, and claim payment can continue without regard to whether such liabilities are outstanding before the Petition Date.<sup>7</sup>

**4. Business Travel Accident Insurance.**

48. The Debtors provide all Employees who travel more than 50 miles for work-related purposes business travel accident insurance (the "BTA Insurance") through AIG at no cost to eligible Employees. The BTA Insurance program is run through the Captive and the premium is \$30,000 per year, a portion of which is borne by the Debtors and spread among the Debtors' properties using the Insurance Allocation. The BTA Insurance provides varying amounts of coverage for different Employees based on each Employee's position with the company, subject to a \$2 million maximum payment, for any deaths or injuries suffered by Employees due to an accident while traveling on business for the Debtors. The BTA Insurance is paid one year in advance and as a result the Debtors do not currently owe any amounts on account of the BTA Insurance.

**5. Basic Life and Accidental Death and Dismemberment Insurance.**

49. The Debtors provide basic life and accidental death and dismemberment insurance (the "Basic Life and AD&D Insurance") along with the option to purchase additional levels of coverage. Aetna, Inc. ("Aetna") is the plan administrator for all hourly, salaried, and most management Employees while Minnesota Life and Health Insurance Guaranty Association

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<sup>7</sup> Certain of the Debtors' Workers' Compensation may change postpetition in the ordinary course of business due to changes in applicable laws and regulations and the Debtors' ability to meet requirements thereunder. By this Motion, the Debtors request authority to continue the Workers' Compensation postpetition, including making any changes to current policies and practices that become necessary.

(“Minnesota Life”) is the plan administrator for senior management Employees. The base level of insurance provided by the Debtors is one year’s base pay (subject to a \$50,000 cap for employees covered under the Aetna plan and \$500,000 for employees covered under the Minnesota Life plan) with options to increase coverage in \$50,000 increments up to \$500,000 and then \$100,000 increments up to \$2 million. As of the Petition Date, the Debtors do not believe they owe any amounts on account of Basic Life and AD&D Insurance.

**E. Paid Time Off and Other Leaves of Absence.**

**1. Paid Time Off.**

50. To ensure ample time to their Employees to rest and rejuvenate, the Debtors provide Employees the ability to work with their supervisor to schedule paid time off for vacations, special days off, illness/wellness, or alternative dates for celebrating holidays (the “PTO”).<sup>8</sup> PTO is available to all part-time and full-time hourly and salaried non-Union Employees and is awarded to each Employee on his or her employment anniversary date. The amount of PTO days awarded is based on the number of regular hours worked since the previous award date, with overtime hours and PTO days taken into account. Experienced hires are generally given an amount of PTO at the start of their employment that is commensurate with their level of experience in the industry. Employees who average less than 40 hours per week will receive a pro-rated amount of PTO based on tenure and the hours worked since their last award date. The following table lists the PTO awarded to Employees who have worked an average of 40 hours a week since their last award date:

<b>Length of Service</b>	<b>Time Off Awarded</b>
< 6 months	Paid for Holidays
6 months	10 days (80 hours)
1 - 4 years	19 days (152 hours)

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<sup>8</sup> Employees given Vacation Time (as defined herein) also receive three (3) paid sick days per year.

5 -11 years	24 days (192 hours)
12+ years	29 days (232 hours)

51. The Debtors provide vacation time to certain management level Employees in lieu of PTO (the “Vacation Time”). Vacation Time for these Employees is awarded on January 1 of each year and is pro-rated for new hires. The Vacation Time is awarded based upon tenure as detailed below:<sup>9</sup>

<b>Length of Service</b>	<b>Time Off Awarded</b>
< 1 year	2 weeks
1 - 3 years	3 weeks
4 - 13 years	4 weeks
14+ years	5 weeks

52. The majority of the Debtors’ Union Employees are subject to the Debtors’ PTO policy. Certain of the Debtors’ Union Employees, however, participate in vacation or paid time off plans that are detailed in their applicable CBAs (the “Union Vacation Plans”). The Union Vacation Plans do not materially differ from the PTO or Vacation Time programs: Employees in the Union Vacation Plans are provided a certain number of days off each year with that number increasing as the applicable Employee increases his or her tenure with the Debtors (the “Union Vacation Time”).

53. When PTO or Vacation Time (including Union Vacation Time) is used, Employees are paid at their regular salaried or hourly rates. PTO and Vacation Time obligations of the Debtors generally are satisfied by Employees’ using such time during the course of their employment. In general, unused PTO and Vacation Time does not carry over past Employees’ anniversary dates.

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<sup>9</sup> Experienced hires are generally given an amount of Vacation Time at the start of their employment that is commensurate with their level of experience in the industry.

54. In some states, however, including California, Illinois, and Louisiana, state law requires that Employees must be able to cash out their unused PTO and/or Vacation Time upon the termination of their employment with the Debtors. In addition, some of the Union Vacation Plans provide Employees covered under such plans with the ability to cash out their unused but accrued Union Vacation Time. As of the Petition Date, the Debtors' estimate that they owe approximately \$16.1 million in unused but accrued PTO and Vacation Time (including Union Vacation Time) for those Employees who are able to cash out such time upon termination or retirement.

**2. Bereavement.**

55. Full-time Employees may receive up to three consecutive paid days to attend funerals and attend to personal matters following the death of family members ("Bereavement Time"). Employees who have not yet been with the Debtors for 90 days may be granted unpaid time off at the discretion of their manager.

**3. Jury Duty.**

56. In order to allow Employees to meet their civic responsibility, the Debtors allow any full-time Employee who is called to serve on a jury to receive jury duty pay, which is the difference between regular pay and the pay offered by the court (the "Jury Duty Program"). This special payment is made for any days the employee would have normally been scheduled to work. The Debtors will pay jury duty pay for the duration the Employee is serving as a juror. Employees are eligible for jury duty pay their first day of employment. Payments made to Employees on account of jury duty pay are processed through the regular payroll system and are included in the total amount of Unpaid Compensation discussed above.

**4. Leaves of Absence.**

57. The Debtors provide eligible Employees who need extended time to attend to certain family, medical, military, or personal needs with unpaid leave (the “Leaves of Absences”). Personal leaves of absence are granted depending on business needs and management approval, while military leaves of absence are granted based on military orders. The following is a summary of the various types of leave offered to eligible Employees:

Type of Leave	Eligibility	90 Days to 1 Year of Employment	1 - 5 Years of Employment	5+ Years of Employment
<b>Family/ Medical Leave of Absence (FMLA)</b>	1 year of service in the past 7 years and 1,250 hours of work in prior calendar 12-month period	N/A	Up to <b>12 weeks</b> (in a rolling 12-month period)	Up to <b>12 weeks</b> (in a rolling 12-month period)
<b>Family/Medical Military Caregiver Leave (FMMCL)</b>	1 year of service in past 7 years and 1,250 hours of work in prior calendar 12-month period	N/A	Up to <b>26 weeks</b> (in a rolling 12-month period)	Up to <b>26 weeks</b> (in a rolling 12-month period)
<b>Same Sex Domestic Partner Leave (SSDPL)</b>	1 year of service in past 7 years and 1,250 hours of work in prior calendar 12-month period	N/A	Up to <b>12 weeks</b> (in a rolling 12-month period) or up to <b>26 weeks</b> as military caregiver	Up to <b>12 weeks</b> (in a rolling 12-month period) or up to <b>26 weeks</b> as military caregiver
<b>Caesars Medical Leave (HML)</b>	Full-time employees with at least 90 days of service	Up to <b>6 weeks</b>	N/A (see FMLA above)	Up to <b>14 weeks</b>
<b>Personal Leave of Absence (PLOA)</b>	Full or part-time employees with 90 days of service and satisfactory work performance	Up to <b>6 weeks</b>	Up to <b>6 weeks</b>	Up to <b>6 weeks</b>
<b>Military Leave of Absence (MiLOA)</b>	Immediately	Full- and part-time employees may be granted Leave with the proper documentation for up to five (5) years.		

**F. Employee Savings and Retirement Plans.**

**1. Qualified Defined Contribution 401(k) Plan.**

58. All Employees who have been with the Debtors for at least 90 days are eligible to participate in a 401(k) savings plan (the “401(k) Plan”) sponsored by CES and administered by



an affiliate of Aon plc (“Aon”), through which Employees may contribute up to half of their annual pay to the 401(k) Plan subject to the annual Internal Revenue Service (“IRS”) limits for contributions and eligible compensation (the “Employee 401(k) Contributions”). Each week the Debtors withhold approximately \$1.1 million in Employee 401(k) Contributions and forward this amount to CES, which sends the 401(k) Contributions to Aon, the trustee of the 401(k) Plan.

59. The Debtors match 50 percent of the Employees’ 401(k) Contributions up to 6 percent of each Employee’s base pay (the “401(k) Matching”), subject to a \$600 annual cap. Matched funds are deposited directly in Employees’ 401(k) accounts in March following the year such contributions were made. The Debtors estimate that they (or CES on behalf of the Debtors using Debtor funds) will deposit approximately \$7.5 million on account of Employee matches by no later than April 2015 for contributions made throughout 2014. Employees vest into their matched amounts at a rate of 20 percent per year and are fully vested after 5 years of service with the Debtors.

## **2. Defined Benefit Pension Plans.**

60. The Debtors contribute to a number of multi-employer defined benefit pension plans (the “Pension Plans”) under the terms of the CBAs that cover the Union Employees. While the Debtors are required to make contributions to the Pension Plans in amounts established under the CBAs, the Pension Plans are not administered by the Debtors. The Debtors’ contributions to the Pension Plans totaled approximately \$22.5 million in 2014. Upon the termination of a Pension Plan, or in the event of a withdrawal from the Pension Plan by the Debtors, the Debtors would be required to make payments to the Pension Plan for the Debtors’ proportionate share of the Pension Plan’s unfunded vested liabilities (if any). This could require

the Debtors to contribute an amount under a plan of rehabilitation or surcharge assessment that would have a material adverse impact on the Debtors' financial condition and cash flow.

**3. Deferred Compensation Plans.**

61. The Debtors utilize five deferred compensation plans (collectively, the "Deferred Compensation Plans"), none of which remain open for additional deferral investments. The Deferred Compensation Plans allowed certain key employees, including executive officers, to make deferrals of specified percentages of salary and bonus. The Deferred Compensation Plans are intended to allow retirement benefits for participants whose participation in the 401(k) Plan is limited because of certain IRS regulations. Under the Deferred Compensation Plans, deferred compensation amounts are placed into certain Rabbi trusts for the benefit of the participants and disbursement from these trusts are made to the participants upon retirement or separation from the Debtors. Returns are based on fixed or variable rates, depending upon the plan and certain investment decisions made by the participant. Employed participants' distribution election(s) will be honored when their employment ends. Those participants no longer with the Debtors that have participated in any of the Deferred Compensation Plans are paid based on their distribution election until the deferred payments have been fully distributed.

62. The Deferred Compensation Plans have approximately 280 participants, including approximately 165 current employees, and the Rabbi trusts currently have assets of approximately \$125 million and liabilities of approximately \$81 million. CEC has the reversionary beneficial interest in the Rabbi trusts.

**G. Employee Recognition and Reward Programs.**

63. The Debtors believe it is important to recognize and reward outstanding Employees in every part of their organization. As part of the Debtors' "Pay for Results" recognition efforts, the Debtors have established several programs (the

“Employee Recognition and Rewards Programs”) designed to reward and recognize Employees at every level who demonstrate a high commitment to fulfilling the needs of customers, delivering a great user experience, and attaining certain position-specific performance goals. The Debtors believe the Employee Recognition and Rewards Programs, discussed more fully below, help their Employees develop skills, create confidence, and boost morale. “Insiders” do not participate in any of the Employee Recognition and Rewards Programs.

**1. Total Return Program.**

64. The Debtors offer a quarterly performance award program to all property-level Employees at the Debtors’ casino and resort facilities (the “Total Return Program”). The Total Return Program operates on a property-by-property basis and is based on certain customer experience metrics. An affiliate of Maritz Holdings Inc. (“Maritz”) administers the Total Return Program. Employees receive awards through the Total Return Program in the form of virtual currency (“Total Return Credits”), which can then be exchanged for certain items and goods on a website portal managed by Maritz (the “Maritz Platform”). The Debtors accrue an accounting liability when the Total Return Credits are delivered to the Employees’ accounts on the Maritz Platform, which is generally one month after the end of each calendar quarter, and record a cash expense when the Total Return Credits are used through the Maritz Platform to make a purchase.

65. In 2014, the Debtors paid approximately \$6 million on account of the Total Return Program. Because the Total Return Program is the main employee recognition and reward program, its continued operation and availability is critical to supporting and enhancing Employee morale. Accordingly, although the Debtors believe all amounts have been paid to Maritz as of the Petition Date, the Debtors request authority, out of an abundance of caution and on a final basis only, to process any unpaid amounts that they may discover.

**2. Pay for Results Program.**

66. The Debtors offer annual cash bonuses for the highest-rated hourly and salaried non-management Employees (the “Pay for Results Program”). Approximately 30 percent of the Debtors’ hourly and salaried non-management Employees are rewarded through the Pay for Results Program. For salaried Employees, the annual award is 3 percent of the eligible Employee’s salary, and for hourly Employees, the annual award is \$500. Payments under the Pay for Results Program are delivered on April 1 for salaried Employees and on September 30 for hourly Employees. Historically, the Debtors pay approximately \$2.7 million per year on account of the Pay for Results Program. Because the review and payment process for hourly Employees has recently concluded and not yet begun for the salaried Employees, the Debtors do not currently owe any amounts to Employees under this program. The Debtors are nonetheless seeking approval, out of an abundance of caution, to continue the Pay for Results Program in the ordinary course on a final basis.

**3. Sales Incentive Program and Miscellaneous Programs.**

67. The Debtors run a program for their sales team designed to ensure the Debtors meet or exceed certain sales-related financial goals, reward Employees who demonstrate significant levels of achievement, and attract and retain the Debtors’ highest-performing Employees (the “Sales Incentive Program”). Eligible Employees earn awards under the Sales Incentive Program when they achieve certain position-specific goals that are directly tied to certain sales metrics, including monthly hotel room book rates, convention and event bookings, and group bookings. Awards under the Sales Incentive Program are calculated by the Debtors on a quarterly basis, with payments made to Employees within 60 days of the end of each quarter.

Eligible Employees must be employed by the Debtors at the time awards for the Sales Incentive Program are distributed to qualify for such awards.

68. In addition to the Sales Incentive Program, the Debtors employ various discretionary programs to reward and incentivize non-management property-level Employees (the “Miscellaneous Awards”). These Miscellaneous Awards programs include certain “employee of the month” awards, project-based awards, and other one-time discretionary awards. The Debtors spent approximately \$26.5 million on account of the Sales Incentive Program and Miscellaneous Awards in 2014. Out of an abundance of caution, the Debtors seek authority on a final basis to continue the Sales Incentive Program and Miscellaneous Awards in the ordinary course.

#### **H. Other Benefit Programs.**

69. The Debtors provide a myriad of other miscellaneous benefits to Employees, including an educational assistance program, a relocation program, a transportation program, and certain programs for retired and former employees (collectively, the “Other Benefit Programs”).

##### **1. Educational Assistance Program.**

70. The Debtors offer educational assistance to all full-time Employees who have completed at least six months of employment (the “Educational Assistance Program”). Under the Educational Assistance Program, the Debtors reimburse eligible Employees for up to 90 percent of tuition costs (subject to annual caps of \$3,000 for undergraduate coursework and \$4,000 for graduate coursework) at an accredited college or university. In order to qualify for the Educational Assistance Program, courses taken must be related to the Debtors’ business or the Employee’s job or prepare the Employee for greater responsibility within the Debtors’ business. In addition, Employees need to earn a “C” or better grade for undergraduate

coursework or a “B” or better grade for graduate-level coursework in order to qualify for reimbursement. Employees who have successfully completed their coursework must then submit paperwork to their applicable human resources contact with evidence of their satisfactory grades. Once this paperwork is approved, the Debtors will fund the reimbursement through the next payroll cycle for that Employee. In 2014, the Debtors spent approximately \$250,000 on the Educational Assistance Program. As of the Petition Date, the Debtors do not believe they owe any amounts on account of the Educational Assistance Program.

**2. Relocation Program.**

71. The Debtors provide their Employees with various levels of relocation assistance depending on an Employee’s level of compensation (the “Relocation Program”). Specifically, the Relocation Program provides eligible Employees with home sale assistance, home finding and temporary living assistance, home purchase assistance, rental assistance, moving and household transportation assistance, and employee and family transition assistance. In 2014, the Debtors spent approximately \$2.0 million on account of the Relocation Program. In 2015 the Debtors estimate they will spend substantially less—approximately \$1.5 million—on account of the Relocation Program because most of the Employees who typically make use of this program are now employed by non-Debtor CES. As of the Petition Date, the Debtors do not believe they owe any amounts on account of the Relocation Program.

**3. Transportation Program.**

72. In addition to free parking, the Debtors provide certain Employees access to transit vouchers and bus passes for use on public transportation (the “Transportation Program”). The Employees pay for the transit vouchers and bus passes directly so there is no cost to the

Debtors. Accordingly, as of the Petition Date, the Debtors do not owe any amounts on account of the Transportation Program.

**Basis for Relief**

73. It is imperative that the Debtors continue to honor the Employee Compensation and Benefits obligations to ensure the uninterrupted operation of the Debtors' business, prevent undue harm to the Debtors' Employees, and maximize the value of the Debtors' estates. As detailed herein, in accordance with section 363(c) and section 1108 of the Bankruptcy Code, the Debtors may honor Employee Compensation and Benefits postpetition in the ordinary course of business. Furthermore, even if honoring the Employee Compensation and Benefits obligations were outside the ordinary course of business, doing so would be a sound exercise of the Debtors' business judgment under section 363(b) of the Bankruptcy Code.

74. In addition, certain of the Employee Compensation and Benefits are entitled to priority treatment pursuant to section 507(a)(4) and section 507(a)(5) of the Bankruptcy Code, the Debtors are required by applicable state and federal law to maintain certain Employee Compensation and Benefits, and honoring the Employee Compensation and Benefits does not violate section 503 of the Bankruptcy Code. For all of these reasons, discussed in detail below, this Motion should be granted.

**I. The Debtors May Honor Employee Compensation and Benefits Obligations in the Ordinary Course of Business.**

75. The ability to compensate employees in the ordinary course of business is critical to the Debtors' reorganization efforts and consistent with sections 363(c) and 1108 of the Bankruptcy Code which, together, authorize the continued operation of a business in the ordinary course by chapter 11 debtors. See 11 U.S.C. § 363(c)(1) (providing that, so long as "the business of the debtor is authorized to be operated under [section 1108 of the Bankruptcy Code] and

unless the court orders otherwise, the trustee may enter into transactions, including the sale or lease of property of the estate, in the ordinary course of business, without notice or a hearing, and may use property of the estate in the ordinary course of business, without notice or a hearing”); 11 U.S.C. § 1108 (debtor in possession, as trustee, may operate the debtor’s business unless a court orders otherwise). Accordingly, sufficient cause exists to allow the Debtors to continue honoring Employee Compensation and Benefits in the ordinary course of business.

**II. Payment of the Employee Compensation and Benefits Is a Sound Exercise of the Debtors’ Business Judgment and in the Best Interest of the Debtors’ Estates.**

**A. Payment of Employee Compensation and Benefits to Employees Is a Sound Exercise of the Debtors’ Business Judgment.**

76. Pursuant to sections 1107(a) and 1108 of the Bankruptcy Code, debtors in possession are fiduciaries “holding the bankruptcy estate[s] and operating the business[es] for the benefit of [their] creditors and (if the value justifies) equity owners.” In re CoServ, L.L.C., 273 B.R. 487, 497 (Bankr. N.D. Tex. 2002). Consistent with the debtor’s fiduciary duties, courts have also authorized payment of prepetition obligations under section 363(b) of the Bankruptcy Code where a sound business purpose exists for doing so. See Fulton State Bank v. Schipper (In re Schipper), 933 F.2d 513, 515 (7th Cir. 1991) (noting that a debtor may sell property outside the ordinary course of business if it can provide “articulated business justification”) (internal citations omitted); see also Armstrong World Indus., Inc. v. James A. Phillips, Inc. (In re James A. Phillips, Inc.), 29 B.R. 391, 397 (S.D.N.Y. 1983) (relying on section 363 to allow contractor to pay prepetition claims of suppliers who were potential lien claimants because the payments were necessary for general contractors to release funds owed to debtors). Specifically, once a debtor articulates a valid business justification for a particular form of relief, the court reviews the debtor’s request under the business judgment rule. See In re Commercial Mortg. and Fin. Co., 414 B.R. 389, 394 (Bankr. N.D. Ill. 2009) (noting that a debtor in possession “has the



discretionary authority to exercise his business judgment in operating the debtor's business similar to the discretionary authority to exercise business judgment given to an officer or director of a corporation.”). The business judgment rule is a presumption that in making a business decision the directors of a corporation acted on an informed basis, in good faith, and in the honest belief that the action taken was in the best interests of the company. See In re Abbott Labs. Derivative S'holders Litig., 325 F.3d 795, 807 (7th Cir. 2003). Consequently, a debtor's business decision “should be approved by the court unless it is shown to be ‘so manifestly unreasonable that it could not be based upon sound business judgment, but only on bad faith, whim, or caprice.’” In re Aerovox, Inc., 269 B.R. 74, 80 (Bankr. D. Mass. 2001) (quoting In re Logical Software, Inc., 66 B.R. 683, 686 (Bankr. D. Mass. 1986) (citations omitted)).

77. Indeed, where debtors have shown that the payment of prepetition claims is critical to the success of their chapter 11 cases, courts in this District and others have authorized debtors to pay prepetition employee obligations. See, e.g., In re ITR Concession Co., No. 14-34284 (PSH) (Bankr. N.D. Ill. Oct. 28, 2014) (authorizing debtors to pay prepetition wages under section 363(b)); In re Edison Mission Energy, No. 12-49219 (JPC) (Bankr. N.D. Ill. Feb. 5, 2013) (same); In re Corus Bankshares, Inc., No. 10-26881 (PSH) (Bankr. N.D. Ill. June 16, 2010) (same); In re Kimball Hill, Inc., No. 08-10095 (SPS) (Bankr. N.D. Ill. Apr. 25, 2008) (same); In re Neumann Homes, Inc., No. 07-20412 (ERW) (Bankr. N.D. Ill. Nov. 21, 2007) (same); In re UAL Corporation, No. 02-48191 (ERW) (Bankr. N.D. Ill. Dec. 11, 2002).<sup>10</sup>

78. The importance of the relief sought in this Motion cannot be overstated. The majority of the Debtors' Employees rely exclusively on their compensation, benefits, and reimbursement of their expenses to continue to pay their daily living expenses. Thus, these

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<sup>10</sup> Because of the voluminous nature of the orders cited herein, such orders have not been attached to this Motion. Copies of these orders are available upon request to the Debtors' proposed counsel.

Employees (and their families) will be exposed to significant hardship if the Debtors are not permitted to honor obligations for the Employee Compensation and Benefits. Failure to honor such obligations will not only jeopardize Employee morale and loyalty, but also likely cause certain Employees to seek alternate employment at a time when their support is crucial.

79. Similarly, if the Debtors are not authorized to honor their various obligations under the Health Plans that Employees rely upon to cover health and medical coverage costs, many of the Debtors' Employees will not be reimbursed or have their benefits claims paid. In addition, certain Employees may become primarily obligated for the payment of these claims in cases where health care providers have not been reimbursed and may face termination of health services. The Debtors believe Employee uncertainty regarding the continuation of medical coverage will cause significant anxiety at a time when the Debtors need their Employees to perform their jobs at peak efficiency.

80. For all of these reasons, honoring prepetition obligations for Employee Compensation and Benefits will benefit the Debtors' estates and their creditors by allowing the Debtors' business operations to continue without interruption. The Debtors believe that, absent the requested relief, Employees are likely to seek alternative employment opportunities, perhaps with the Debtors' competitors. Losing Employees would severely hamper the Debtors' ability to continue operating and meet their customer obligations and, almost certainly, diminish stakeholder confidence in the Debtors' ability to successfully reorganize. Indeed, the resulting loss of institutional knowledge and the need to identify and recruit new employees would be distracting at this critical time when stabilizing operations and transitioning operations under chapter 11 are essential. It is therefore a sound business decision to continue to pay these obligations in the ordinary course. Moreover, as further detailed below, prepetition claims for

wages, salaries, vacation, and sick leave, as well as contributions to employee benefit plans are entitled to priority status under the Bankruptcy Code, so payment of these prepetition claims does not constitute preferential treatment. Accordingly, it is in the best interest of the Debtors' estate, and a reasonable exercise of the Debtors' business judgment, to pay such claims in the ordinary course of business during these chapter 11 cases.

**B. Certain of the Employee Compensation and Benefits Obligations are Entitled to Priority Treatment.**

81. Sections 507(a)(4) and 507(a)(5) of the Bankruptcy Code accord priority status to claims for up to \$12,475 per individual for prepetition wages, salaries, vacation, and sick leave, as well as claims for contributions to employee benefit plans. Because such claims are priority claims, the Debtors are required to pay them in full to confirm a chapter 11 plan. See 11 U.S.C. § 1129(a)(9)(B) (requiring payment of certain allowed unsecured claims for wages, salaries, and commissions for contributions to an employee benefit plan). Indeed, the Debtors believe the significant majority of the prepetition wages and other employee claims they seek to pay are entitled to priority treatment to the extent of \$12,475 for each individual Employee under sections 507(a)(4) and 507(a)(5) of the Bankruptcy Code. Thus, granting the relief sought herein would affect only the timing of these payments, would not result in Employees receiving amounts to which they will not be ultimately entitled, and will not negatively affect recoveries for general unsecured creditors.

82. Moreover, the Debtors submit that payment of Employee Compensation and Benefits obligations, at this time, enhances value for the benefit of all interested parties. Finding, attracting, and training new qualified employee talent would be extremely difficult and would distract the Debtors from their primary focus of restructuring their businesses in chapter 11.

**C. Payment of Certain of the Employee Compensation and Benefits is Required by Law.**

**1. Payment of Payroll Taxes and Employer Payroll Taxes is Required by State and Federal Law.**

83. Additionally, as part of the relief requested herein, the Debtors seek authority to remit the Deductions and the Payroll Taxes to the appropriate entities.<sup>11</sup> The Deductions and Payroll Taxes represent Employee earnings that governments (in the case of taxes), Employees (in the case of voluntarily withheld amounts), and judicial authorities (in the case of involuntarily withheld amounts) designate for deduction from Employees' paychecks.

84. Federal and state laws require the Debtors and their officers to turn over certain tax amounts that have been withheld from their Employees' paychecks. 26 U.S.C. §§ 6672 and 7501(a); see also DuCharmes & Co. v. State of Mich. (In re DuCharmes & Co.), 852 F.2d 194, 196 (6th Cir. 1988) (noting individual officers of a company may be held personally liable for failure to pay trust fund taxes). Moreover, the Debtors do not believe that the amounts designated to be paid on account of the Deductions and Payroll Taxes are property of the Debtors' estates under section 541 of the Bankruptcy Code. See City of Farrell v. Sharon Steel Corp., 41 F.3d 92, 95-97 (3d Cir. 1994) (state law requiring debtor to withhold city income tax from its employees' wages created trust relationship between debtor and city for payment of withheld income taxes). Because the Deductions and Payroll Taxes are not property of the Debtors' estates, these amounts are not subject to the normal bankruptcy prohibitions against payment. Old Republic Nat'l Title Ins. Co. v. Tyler (In re Dameron), 155 F.3d 718, 721 (4th Cir. 1998). The Debtors therefore request that the Court confirm such Deductions and Payroll Taxes

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<sup>11</sup> Contemporaneously herewith, 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*, which among other things, seeks authority to pay certain prepetition "trust fund" taxes but not the prepetition Payroll Taxes, which the Debtors request authority to pay by this Motion.

are not property of the Debtors' estates and that the Debtors may transmit the Deductions and Payroll Taxes to the proper parties in the ordinary course of business.

**2. Payment of Workers' Compensation Is Required by State Law.**

85. Similarly, pursuant to state laws, the Debtors must maintain the Workers' Compensation to ensure prompt and efficient payment of applicable claims. If the Debtors fail to maintain the Workers' Compensation, they may be prohibited by state law from operating in those states without making significant adjustments. Payment of all amounts due under Workers' Compensation, therefore, is crucial to the continued operation of the Debtors' business, and is a sound exercise of the Debtors' business judgment.

**III. Cause Exists to Authorize the Debtors' Financial Institutions to Honor Checks and Electronic Fund Transfers.**

86. The Debtors have sufficient funds to pay the amounts described herein in the ordinary course of business by virtue of expected cash flows from ongoing business operations and anticipated access to cash collateral. In addition, under the Debtors' existing cash management system, the Debtors can readily identify checks or wire transfer requests as relating to an authorized payment in respect of the relief requested hereunder. Accordingly, the Debtors believe that checks or wire transfer requests, other than those relating to authorized payments, will not be honored inadvertently. Therefore, the Debtors respectfully request that the Court authorize and direct all applicable financial institutions, when requested by the Debtors, to receive, process, honor, and pay any and all checks or wire transfer requests in respect of the relief requested in this Motion.

**The Requirements of Bankruptcy Rule 6003 Are Satisfied**

87. Bankruptcy Rule 6003 empowers a court to grant relief within the first 21 days after the Petition Date "to the extent that relief is necessary to avoid immediate and irreparable

harm.” For reasons discussed above, the relief requested herein is necessary to allow the Debtors to transition their businesses into these chapter 11 cases while continuing to operate them in the ordinary course, thus preserving the ongoing value of the Debtors’ operations and maximizing the value of their estates for the benefit of all stakeholders. Failure to receive such authorization and other relief during the first 21 days of these chapter 11 cases would jeopardize the loyalty and trust of the Employees, severely disrupting the Debtors’ operations at this critical juncture. Moreover, most of the Employees depend on the Employee Compensation and Benefits and would be exposed to significant financial difficulties if the Debtors cannot continue the Employee Compensation and Benefits in the ordinary course. Accordingly, the Debtors submit that they have satisfied the “immediate and irreparable harm” standard of Bankruptcy Rule 6003 to support granting the relief requested herein.

**Reservation of Rights**

88. Nothing contained herein is intended or should be construed as an admission as to the validity of any claim against the Debtors, a waiver of the Debtors’ rights to dispute any claim, or an approval or assumption of any agreement, contract, or lease under section 365 of the Bankruptcy Code. The Debtors expressly reserve their right to contest any claim related to the relief sought herein. Likewise, if the Court grants the relief sought herein, any payment made pursuant to an order of the Court is not intended to be nor should it be construed as an admission as to the validity of any claim or a waiver of the Debtors’ rights to subsequently dispute such claim.

**Waiver of Bankruptcy Rule 6004(a) and 6004(h)**

89. To implement the foregoing successfully, the Debtors request that the Court enter an order providing that notice of the relief requested herein satisfies Bankruptcy Rule 6004(a)

and that the Debtors have established cause to exclude such relief from the 14-day stay period under Bankruptcy Rule 6004(h).

**Notice**

90. The Debtors have provided notice of this Motion to: (a) the Office of the United States Trustee for the Northern District of Illinois; (b) the entities listed on the Consolidated List of Creditors Holding the 50 Largest Unsecured Claims; (c) the administrative agent for the Debtors' credit facility; (d) the indenture trustees for each of the Debtors' secured and unsecured notes; (e) counsel to certain holders of claims against the Debtors regarding each of the foregoing referenced in clauses (c) and (d); (f) the state attorneys general for states in which the Debtors conduct business; (g) the Office of the United States Attorney for the Northern District of Illinois; (h) the Internal Revenue Service; (i) the Securities and Exchange Commission; (j) the gaming commissions for each of the states in which the Debtors operate or manage a casino; (k) counsel to CEC; and (l) any party that has requested notice pursuant to Bankruptcy Rule 2002. The Debtors submit that, in light of the nature of the relief requested, no other or further notice need be given.

**Waiver of Page Limit Restrictions**

91. Given the complexity of issues addressed herein, the Debtors respectfully requests that the fifteen page limit established by Local Rule 5005-3(D) be waived for this Motion.

**No Prior Request**

92. No prior request for the relief sought in this Motion has been made to this or any other court.

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WHEREFORE, the Debtors respectfully request entry of interim and final orders, substantially in the forms attached hereto as **Exhibit A** and **Exhibit B**, respectively, granting the relief requested herein and granting such other relief as is just and proper.

Dated: January 15, 2015  
Chicago, Illinois

*/s/ David R. Seligman, P.C.*

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James H.M. Sprayregen, P.C.

David R. Seligman, P.C.

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*Proposed Counsel to the Debtors  
and Debtors in Possession*



**Exhibit A**

**Proposed Interim Order**

**UNITED STATES BANKRUPTCY COURT  
NORTHERN DISTRICT OF ILLINOIS  
EASTERN DIVISION**

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In re:	)	
	)	Chapter 11
	)	
CAESARS ENTERTAINMENT OPERATING COMPANY, INC., <u>et al.</u> , <sup>1</sup>	)	Case No. 15-01145 (ABG)
	)	
Debtors.	)	(Joint Administration Requested)
	)	
	)	<b>Re: Docket No. ___</b>

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**INTERIM ORDER (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**

Upon the motion (the “Motion”) of the above-captioned debtors and debtors in possession (collectively, the “Debtors”) for entry of an interim order (this “Interim Order”) (I) authorizing the Debtors to pay in the ordinary course of business certain prepetition (a) wages, salaries, and other compensation described below, (b) reimbursable employee expenses, and (c) obligations relating to medical and other benefits programs, (II) granting related relief, and (III) scheduling a hearing to consider approval of the Motion on a final basis, all as more fully set forth in the Motion; and upon the First Day Declaration; and the Court having found that the Court has jurisdiction over this matter pursuant to 28 U.S.C. §§ 157 and 1334; and the Court having found that this is a core proceeding pursuant to 28 U.S.C. § 157(b)(2); and the Court having found that venue of this proceeding and the Motion in this

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<sup>1</sup> The last four digits of Caesars Entertainment Operating Company, Inc.’s tax identification number are 1623. Due to the large number of Debtors in these chapter 11 cases, for which the Debtors have requested joint administration, a complete list of the Debtors and the last four digits of their federal tax identification numbers is not provided herein. A complete list of such information may be obtained on the website of the Debtors’ proposed claims and noticing agent at <https://cases.primeclerk.com/CEOC>.

district is proper pursuant to 28 U.S.C. §§ 1408 and 1409; and the Court having found that the relief requested in the Motion is in the best interests of the Debtors' estates, their creditors, and other parties in interest; and the Court having found that the Debtors provided appropriate notice of the Motion and the opportunity for a hearing on the Motion under the circumstances; and the Court having reviewed the Motion and having heard the statements in support of the relief requested therein at a hearing before the Court (the "Hearing"); and the Court having determined that the legal and factual bases set forth in the Motion and at the Hearing establish just cause for the relief granted herein; and upon all of the proceedings had before the Court; and after due deliberation and sufficient cause appearing therefor, it is HEREBY ORDERED THAT:

1. The Motion is granted on an interim basis as set forth herein. Capitalized terms used but not otherwise defined herein shall have the meanings ascribed to them in the Motion.

2. The final hearing (the "Final Hearing") on the Motion shall be held on \_\_\_\_\_, 2015, at \_\_\_:\_\_\_ [a/p].m., prevailing Central Time. Any objections or responses to entry of the final order must be filed on or before \_\_\_\_\_, 2015, at 4:00 p.m., prevailing Central Time, and served on the following parties: (a) the Debtors, One Caesars Palace Drive, Las Vegas, Nevada 89109, Attn: Timothy J. Lambert; (b) proposed counsel for the Debtors, Kirkland & Ellis LLP, 300 North LaSalle, Chicago, Illinois 60654, Attn: David R. Seligman, P.C. and Jeffrey D. Pawlitz, Esq.; and Kirkland & Ellis LLP, 601 Lexington Avenue, New York, New York 10022, Attn: Nicole L. Greenblatt, Esq.; (c) counsel to Caesars Entertainment Corp., Inc., Paul, Weiss, Rifkind, Wharton & Garrison LLP, 1285 Avenue of the Americas, New York, New York 10019, Attn: Jeffrey D. Saferstein, Esq. and Samuel E. Lovett, Esq.; (d) counsel for the First Lien Note Group, Kramer Levin Naftalis & Frankel LLP, 1177 Avenue of the Americas, New York, New York 10036, Attn: Kenneth H. Eckstein, Esq. and Daniel M.

Eggermann, Esq.; (e) counsel for the First Lien Credit Agreement Group, Stroock & Stroock & Lavan LLP, 180 Maiden Lane, New York, New York 10038, Attn: Kristopher M. Hansen, Esq. and Jonathan D. Canfield, Esq.; (f) counsel for the indenture trustee under the First Lien Notes Indenture, Katten Muchin Rosenman LLP, 575 Madison Avenue, New York, New York 10022, Attn: Craig A. Barbarosh, Esq. and Karen B. Dine, Esq.; (g) the Office of the United States Trustee for the Northern District of Illinois, 219 South Dearborn Street, Suite 873, Chicago, Illinois 60604; (h) counsel to any statutory committee appointed in these chapter 11 cases; and (i) any party that has requested notice pursuant to Bankruptcy Rule 2002. In the event no objections to entry of a final order on the Motion are timely received, this Court may enter such final order without need for the Final Hearing.

3. The Debtors are authorized, but not directed, to continue to honor the Employee Compensation and Benefits and to pay any prepetition amounts due in connection therewith (either directly or to CES for payment or remittance, as applicable); provided that, pending entry of the Final Order, the Debtors shall not honor any Employee Compensation and Benefits obligations that exceed the priority amounts set forth in sections 507(a)(4) or 507(a)(5) of the Bankruptcy Code.

4. The Debtors are authorized to issue postpetition checks, or to effect postpetition wire transfer requests, in replacement of any checks or wire transfer requests in respect of payments of prepetition obligations described in the Motion that are dishonored or rejected.

5. Notwithstanding the relief granted in this Interim Order and any actions taken pursuant to such relief, nothing in this Interim Order shall be deemed: (a) an admission as to the validity of any prepetition claim against a Debtor entity; (b) a waiver of the Debtors' right to dispute any prepetition claim on any grounds; (c) a promise or requirement to pay any

prepetition claim; (d) an implication or admission that any particular claim is of a type specified or defined in this Interim Order or the Motion; (e) a request or authorization to assume any prepetition agreement, contract, or lease pursuant to section 365 of the Bankruptcy Code; or (f) a waiver of the Debtors' rights under the Bankruptcy Code or any other applicable law.

6. The banks and financial institutions on which checks were drawn or electronic payment requests made in payment of the prepetition obligations approved herein are authorized and directed to receive, process, honor, and pay all such checks and electronic payment requests when presented for payment, and all such banks and financial institutions are authorized to rely on the Debtors' designation of any particular check or electronic payment request as approved by this Interim Order.

7. Notwithstanding anything to the contrary contained herein, the relief granted in this Interim Order and any payment to be made hereunder shall be subject to the terms of any orders granting the use of cash collateral approved by this Court in these chapter 11 cases (including with respect to any budgets governing or relating to such use), and to the extent there is any inconsistency between the terms of such cash collateral orders and any action taken or proposed to be taken hereunder, the terms of such cash collateral orders shall control.

8. The contents of the Motion satisfy the requirements of Bankruptcy Rule 6003(b).

9. Notice of the Motion as provided therein shall be deemed good and sufficient notice of such Motion and the requirements of Bankruptcy Rule 6004(a) and the Local Rules are satisfied by such notice.

10. Notwithstanding Bankruptcy Rule 6004(h), the terms and conditions of this Interim Order are immediately effective and enforceable upon its entry.

11. Notwithstanding Local Rule 5005-3(D), the Debtors are authorized to file the Motion in an amount exceeding 15 pages without filing a separate motion for relief.

12. The Debtors are authorized to take all actions necessary to effectuate the relief granted in this Interim Order in accordance with the Motion.

13. This Court retains exclusive jurisdiction with respect to all matters arising from or related to the implementation, interpretation, and enforcement of this Interim Order.

Dated: \_\_\_\_\_, 2015  
Chicago, Illinois

\_\_\_\_\_  
United States Bankruptcy Judge

**Exhibit B**

**Proposed Final Order**

UNITED STATES BANKRUPTCY COURT  
NORTHERN DISTRICT OF ILLINOIS  
EASTERN DIVISION

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In re:	)	
	)	Chapter 11
	)	
CAESARS ENTERTAINMENT OPERATING	)	Case No. 15-01145 (ABG)
COMPANY, <u>et al.</u> , <sup>1</sup>	)	
	)	
Debtors.	)	(Joint Administration Requested)

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**FINAL ORDER (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**

Upon the motion (the "Motion") of the above-captioned debtors and debtors in possession (collectively, the "Debtors") for entry of a final order (this "Final Order") (I) authorizing the Debtors to pay in the ordinary course of business certain prepetition (a) wages, salaries, and other compensation described below, (b) reimbursable employee expenses, and (c) obligations relating to medical and other benefits programs, and (II) granting related relief, all as more fully set forth in the Motion; and upon the First Day Declaration; and the Court having found that the Court has jurisdiction over this matter pursuant to 28 U.S.C. §§ 157 and 1334; and the Court having found that this is a core proceeding pursuant to 28 U.S.C. § 157(b)(2); and the Court having found that venue of this proceeding and the Motion in this district is proper pursuant to 28 U.S.C. §§ 1408 and 1409; and the Court having found that the relief requested in the Motion is in the best interests of the Debtors' estates, their creditors, and

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<sup>1</sup> The last four digits of Caesars Entertainment Operating Company, Inc.'s tax identification number are 1623. Due to the large number of Debtors in these chapter 11 cases, for which the Debtors have requested joint administration, a complete list of the Debtors and the last four digits of their federal tax identification numbers is not provided herein. A complete list of such information may be obtained on the website of the Debtors' proposed claims and noticing agent at <https://cases.primeclerk.com/CEOC>.



other parties in interest; and the Court having found that the Debtors provided appropriate notice of the Motion and the opportunity for a hearing on the Motion under the circumstances; and the Court having reviewed the Motion and having heard the statements in support of the relief requested therein at a hearing before the Court (the "Hearing"); and the Court having determined that the legal and factual bases set forth in the Motion and at the Hearing establish just cause for the relief granted herein; and upon all of the proceedings had before the Court; and after due deliberation and sufficient cause appearing therefor, it is HEREBY ORDERED THAT:

1. The Motion is granted on a final basis as set forth herein. Capitalized terms used but not otherwise defined herein shall have the meanings ascribed to them in the Motion.

2. The Debtors are authorized, but not directed, to continue to honor the Employee Compensation and Benefits and to pay any prepetition amounts in connection therewith (either directly or to CES for payment or remittance, as applicable).

3. Notwithstanding the relief granted in this Final Order and any actions taken pursuant to such relief, nothing in this Final Order shall be deemed: (a) an admission as to the validity of any prepetition claim against a Debtor entity; (b) a waiver of the Debtors' right to dispute any prepetition claim on any grounds; (c) a promise or requirement to pay any prepetition claim; (d) an implication or admission that any particular claim is of a type specified or defined in this Final Order or the Motion; (e) a request or authorization to assume any prepetition agreement, contract, or lease pursuant to section 365 of the Bankruptcy Code; or (f) a waiver of the Debtors' rights under the Bankruptcy Code or any other applicable law.

4. The banks and financial institutions on which checks were drawn or electronic payment requests made in payment of the prepetition obligations approved herein are authorized and directed to receive, process, honor, and pay all such checks and electronic payment requests

when presented for payment, and all such banks and financial institutions are authorized to rely on the Debtors' designation of any particular check or electronic payment request as approved by this Final Order.

5. The Debtors are authorized to issue postpetition checks, or to effect postpetition fund transfer requests, in replacement of any checks or fund transfer requests that are dishonored in respect of payments of prepetition obligations described in the Motion that are dishonored or rejected.

6. Notwithstanding anything to the contrary contained herein, the relief granted in this Final Order and any payment to be made hereunder shall be subject to the terms of any orders granting the use of cash collateral approved by this Court in these chapter 11 cases (including with respect to any budgets governing or relating to such use), and to the extent there is any inconsistency between the terms of such cash collateral orders and any action taken or proposed to be taken hereunder, the terms of such cash collateral orders shall control.

7. Notice of the Motion as provided therein shall be deemed good and sufficient notice of such Motion and the requirements of Bankruptcy Rule 6004(a) and the Local Rules are satisfied by such notice.

8. Notwithstanding Bankruptcy Rule 6004(h), the terms and conditions of this Final Order are immediately effective and enforceable upon its entry.

9. The Debtors are authorized to take all actions necessary to effectuate the relief granted in this Final Order in accordance with the Motion.

10. This Court retains exclusive jurisdiction with respect to all matters arising from or related to the implementation, interpretation, and enforcement of this Final Order.

Dated: \_\_\_\_\_, 2015  
Chicago, Illinois

\_\_\_\_\_  
United States Bankruptcy Judge