

UNITED STATES BANKRUPTCY COURT  
NORTHERN DISTRICT OF ILLINOIS  
EASTERN DIVISION

In re:	)	
	)	Chapter 11
	)	
CAESARS ENTERTAINMENT OPERATING	)	Case No. 15-01145 (ABG)
COMPANY, INC., <u>et al.</u> , <sup>1</sup>	)	
	)	
Debtors.	)	(Jointly Administered)
<hr/>		
CAESARS ENTERTAINMENT OPERATING	)	Chapter 11
COMPANY, INC., <u>et al.</u> ,	)	
	)	Adversary Case. No. 15-00131
<i>Plaintiffs</i>	)	
vs.	)	
	)	
THE BOARD OF TRUSTEES OF THE	)	
NATIONAL RETIREMENT FUND	)	
and	)	
THE PENSION PLAN OF THE NATIONAL	)	
RETIREMENT FUND	)	
	)	
<i>Defendants</i>	)	

**NOTICE OF DEBTORS’ MOTION FOR ENTRY OF AN ORDER (A) EXTENDING  
THE AUTOMATIC STAY TO ENJOIN CERTAIN PAYMENTS AND LEGAL  
PROCESSES AND (B) GRANTING RELATED RELIEF**

**PLEASE TAKE NOTICE** that on the **25th day of March, 2015, at 1:30 p.m. (prevailing Central Time)** or as soon thereafter as counsel may be heard, the Debtors shall appear before the Honorable A. Benjamin Goldgar or any other judge who may be sitting in his place and stead, in the Ceremonial Courtroom 2525 in the Everett McKinley Dirksen United States Courthouse, 219 South Dearborn Street, Chicago, Illinois 60604, and present the attached *Debtors’ Motion for Entry of an Order (A) Extending the Automatic Stay to Enjoin Certain Payments and Legal Processes and (B) Granting Related Relief* (the “105 Motion”).

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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 jointly-administered chapter 11 cases, a complete list of the Debtors and the last four digits of their federal tax identification numbers may be obtained on the website of the Debtors’ claims and noticing agent at <https://cases.primeclerk.com/CEOC>.

**PLEASE TAKE FURTHER NOTICE** that any objection to the Motion must be filed with the Court by **March 18, 2015, at 4:00 p.m. (prevailing Central Time)** and served so as to be actually received by such time by: (a) proposed counsel to the Debtors; (b) the Office of the United States Trustee for the Northern District of Illinois; and (c) any party that has requested notice pursuant to rule 2002 of the Federal Rules of Bankruptcy Procedure, a schedule of such parties may be found at <https://cases.primeclerk.com/CEOC>.

**PLEASE TAKE FURTHER NOTICE** that copies of the Motion as well as copies of all documents filed in these chapter 11 cases are available free of charge by visiting <https://cases.primeclerk.com/CEOC> or by calling (855) 842-4123 within the United States or Canada or, outside of the United States or Canada, by calling +1 (646) 795-6969. You may also obtain copies of any pleadings by visiting the Court's website at [www.ilnb.uscourts.gov](http://www.ilnb.uscourts.gov) in accordance with the procedures and fees set forth therein.

Dated: March 11, 2015  
Chicago, Illinois

*/s/ Stephen C. Hackney*

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*Proposed Counsel to the Debtors  
and Debtors in Possession*

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CAESARS ENTERTAINMENT OPERATING	)	Case No. 15-01145 (ABG)
COMPANY, INC., et al., <sup>1</sup>	)	
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Debtors.	)	(Jointly Administered)
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CAESARS ENTERTAINMENT OPERATING	)	Chapter 11
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	)	Adversary Case. No. 15-00131 (ABG)
<i>Plaintiffs</i>	)	
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THE BOARD OF TRUSTEES OF THE	)	
NATIONAL RETIREMENT FUND	)	
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<i>Defendants</i>	)	

**DEBTORS' MOTION FOR ENTRY OF AN ORDER  
(A) EXTENDING THE AUTOMATIC STAY TO ENJOIN CERTAIN  
PAYMENTS AND LEGAL PROCESSES, AND (B) GRANTING RELATED RELIEF**

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The above-captioned debtors and debtors in possession (collectively, the “Debtors”) file this motion (this “Motion”) for entry of an order, substantially in the form attached hereto as **Exhibit A**, (a) extending the automatic stay to enjoin (i) certain withdrawal liability payments sought by the National Retirement Fund (“NRF”) on account of the decision of the trustees of the NRF (the “NRF Trustees”) to expel all contributing subsidiaries of Debtor Caesars Entertainment Operating Company, Inc. (“CEOC”) from an NRF administered multiemployer pension fund and

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<sup>1</sup> A complete list of the Debtors and the last four digits of their federal tax identification numbers may be obtained on the website of the Debtors’ claims and noticing agent at <https://cases.primeclerk.com/CEOC>.

(ii) legal processes and timetables related to such expulsion, and (b) granting related relief. In support of this Motion, the Debtors respectfully state as follows:<sup>2</sup>

### **Introduction**

1. By this Motion, the Debtors seek to stay the NRF Trustee's February 13, 2015, request to Caesars Entertainment Corporation ("CEC") and Caesars Entertainment Resort Properties, LLC ("CERP"), members with CEOC of the jointly and severally liable Caesars Controlled Group,<sup>3</sup> for payment of the Caesars Controlled Group's withdrawal liability related to a disputed expulsion from the NRF, as well as legal processes and timetables related thereto. These matters have come to a head because the NRF Trustees took the extraordinary step of unilaterally expelling five entities, including four direct or indirect subsidiaries of CEOC, after certain petitioning creditors filed an involuntary petition against CEOC (the "Expulsion"). The NRF's actions related to the purported Expulsion have violated the automatic stay arising under section 362 to the detriment of the Debtors' estates and have raised issues that could cause irreparable harm to the Debtors' estates and their restructuring.

2. More specifically, and as described more fully below, due to the joint and several nature of withdrawal liability arising under the The Multiemployer Pension Plan Amendment Act of 1980 (as amended, the "MPPAA"), the NRF's purported Expulsion and the subsequent demand for payments sent to the Debtors' non-Debtor affiliates have created major new liabilities on the part of the Debtors—potentially to the harm of these estates and all

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<sup>2</sup> 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). Venue is proper pursuant to 28 U.S.C. §§ 1408 and 1409. The statutory bases for the relief requested herein are sections 105 and 362 of title 11 of the United States Code, 11 U.S.C. §§ 101–1532 (the "Bankruptcy Code").

<sup>3</sup> The "Caesars Controlled Group" shall have the definition ascribed to it in the 362 Motion (as defined herein), and includes each of the Debtors.

stakeholders, including, significantly, the Debtors' employees. Such harm is precisely the sort of injury that the automatic stay is intended to prevent. Because affixing CEC's and CERP's withdrawal liability with respect to the NRF's purported Expulsion in effect affixes liability on the Debtors, extension of the stay is appropriate here.

3. In addition to imposing massive new liabilities on the Debtors, the purported Expulsion and the Quarterly Payments (as defined herein) materially jeopardize the Debtors' ability to execute the restructuring strategy they have agreed to with certain of their senior creditors and non-Debtors affiliates. The Debtors' ability to consummate their restructuring agreement depends in large part on the ability of their non-Debtor affiliates to undertake certain actions and fulfill certain funding obligations which, because of the purported Expulsion and the Quarterly Payment demands, such affiliates may not be willing or able to undertake or fulfill. Therefore, for the benefit of these chapter 11 estates, the Debtors respectfully request that this Court extend the automatic stay as set forth herein.

4. Contemporaneously herewith, the Debtors have filed the *Debtors' Motion for Entry of an Order (I) Enforcing the Automatic Stay, (II) Voiding Actions Taken in Violation of the Automatic Stay, (III) For Contempt and Sanctions Against the NRF and the NRF Trustees, and (IV) Granting Related Relief* (the "362 Motion") and the *Adversary Complaint for Declaratory Relief* (the "Stay Declaration," and together, the "Additional NRF Pleadings"). The Debtors hereby reserve all rights with respect to the statements and assertions in the Additional NRF Pleadings, and nothing herein shall prejudice such statements and assertions.

5. The Debtors bring this Motion under section 105 for two reasons. First, the Debtors seek an immediate interim stay of the Quarterly Payment demands (and associated legal processes and timetables) in order to preserve the status quo so that they may, in turn, litigate the

automatic stay violation claims contained in the Additional NRF Pleadings. The Debtors believe they will prevail on the Additional NRF Pleadings. If the Expulsion was void under the automatic stay applicable in involuntary proceeding against CEOC, the Quarterly Payment demands are obviously improper. And in the unlikely event the Court finds that the purported Expulsion did not violate the automatic stay, it should alternatively hold that the Quarterly Payment demands represented an improper attack on the Debtors' property in violation of the automatic stay triggered by the Debtors' voluntary chapter 11 cases.

6. Second, the Debtors also bring this Motion in the alternative to the Additional NRF Pleadings. If the Court finds that the Expulsion and Quarterly Payment demands did not violate the automatic stay (notwithstanding the Debtors' belief that both did), it should nonetheless extend the automatic stay to cover the Quarterly Payments and associated legal timetables and processes to afford the Debtors both respite and the ability to address these claims in the context of their own bankruptcy proceedings, and not in collateral proceedings elsewhere.

#### **Relief Requested**

7. The Debtors request entry of an order (a) issuing an immediate and interim stay of (i) certain withdrawal liability payments sought by the NRF on account of the purported Expulsion and (ii) legal processes and timetables related to such purported Expulsion, (b) on a final basis, (i) finding that the Quarterly Payment demands represented an improper attack on the Debtors' property in violation of the automatic stay and are therefore void, or (ii) in the alternative, extending the automatic stay to the Debtors' non-Debtor affiliates in the Caesars Controlled Group, and (c) granting related relief.

## Background

### **I. The Debtors.**

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8. 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 CEC, a publicly traded company that is the world's most diversified casino-entertainment provider. CEC, through its ownership and economic interests in CEOC, CERP, and Caesars Growth Partners, LLC, owns, operates, or manages 50 gaming and resort properties in 14 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.

### **II. The Involuntary Proceeding.**

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9. On January 12, 2015, certain petitioning creditors filed an involuntary petition with the United States Bankruptcy Court for the District of Delaware against CEOC, thereby commencing an involuntary chapter 11 case, which case was captioned In re Caesars Entertainment Operating Company, Inc., No. 15-10047 (KG) (Bankr. D. Del.) (the "Involuntary Proceeding"). The filing of the Involuntary Proceeding triggered the automatic stay imposed by section 362(a) of the Bankruptcy Code.<sup>4</sup>

### **III. The NRF's Purported Expulsion and Quarterly Payment Demands.**

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10. Certain of CEOC's non-Debtor affiliates are operating casinos that are party to collective bargaining agreements that require them to make pension contributions to the NRF. Those collective bargaining agreements are important to the operational viability of CEOC's

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<sup>4</sup> CEOC anticipates that it will later challenge the Involuntary Proceeding on various grounds. It reserves all rights in this regard.

affiliates—and they have thus steadfastly made their required contributions to the NRF for decades. Due to the corporate structure of CEC, the Debtors, and their non-Debtor affiliates, the Debtors are part of a “controlled group” as that term is defined in the Internal Revenue Code of 1986, as amended, and the Employee Retirement Income Security Act of 1974, as amended, 29 U.S.C §§ 1001–1191(c) (“ERISA”).

11. On December 21, 2014, in anticipation of the NRF potentially taking action to expel certain of the Debtors or their affiliates from the NRF, CEOC, CEC, and CERP entered into a standstill agreement (the “Standstill Agreement”)<sup>5</sup> with the NRF whereby the NRF would receive five days’ notice of the occurrence of certain insolvency events, and the NRF would agree not to expel any of the Debtors or their affiliates from the NRF. On January 8, 2015, CEOC and others provided notice to the NRF that the Standstill Agreement was being terminated due to the impending voluntary chapter 11 cases of CEOC and numerous of its subsidiaries, which they expected to commence on or after January 15, 2015, pursuant to a restructuring support agreement reached with certain of their senior noteholders and CEC (the “RSA”).<sup>6</sup> The same day, CEC filed a suit in the Southern District of New York seeking a declaration that the NRF Trustees lacked the authority to expel CEC, CEOC, CERP, or any of the Debtors and their affiliates from the NRF.

12. On January 12, 2015, notwithstanding the automatic stay arising from the filing of the involuntary petitions against CEOC that same day, the NRF Trustees hastily convened by telephone and made an extraordinary and unprecedented decision: they purportedly expelled

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<sup>5</sup> Ex. A to Declaration of Stephen C. Hackney in Support of Debtors’ Motion for Entry of an Order (a) Extending the Automatic Stay to Enjoin Certain Payments and Legal Processes and (b) Granting Related Relief (the “Hackney Decl.”).

<sup>6</sup> Ex. B to Hackney Decl.



CEOC's subsidiaries and affiliates from the NRF, informing those entities that they would no longer accept pension contributions from them notwithstanding numerous collective bargaining agreement provisions requiring those employers to do so.<sup>7</sup>

13. On January 15, 2015, each of the Debtors filed a voluntary petition with this Court under chapter 11 of the Bankruptcy Code. On February 5, 2015, the U.S. Trustee appointed the official committee of unsecured creditors (the "Creditors' Committee") and the official committee of second priority noteholders. The NRF is a member of the Creditors' Committee.

14. On February 13, 2015, the NRF Trustee's sent CEC and CERP a letter informing them of the NRF's determination and assessment of their alleged withdrawal liability as a result of the purported Expulsion.<sup>8</sup> The letter estimated the withdrawal liability in a total amount of \$462,012,305 payable in 80 quarterly installments of \$5,981,493.64, a total amount dramatically higher than the amount the relevant entities will pay over time if they remain participants in the NRF, as they wish to do. Though the NRF sent no notice to CEOC itself, this distinction comes without a difference—notice and demand for the payment of withdrawal liability to one member of the Caesars Controlled Group is constructive notice to all under ERISA.<sup>9</sup>

15. Significantly, the MPPAA holds that all trades or businesses in a controlled group are jointly and severally liable for withdrawal liability, which represents the amount related to the employer's share of the multiemployer plan's unfunded vested benefit liability.<sup>10</sup> Judgments

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<sup>7</sup> Ex. C to Hackney Decl.

<sup>8</sup> Ex. D to Hackney Decl.

<sup>9</sup> See Cent. States, Se. & Sw. Areas Pension Fund v. Slotky, 956 F.2d 1369, 1375 (7th Cir. 1992).

<sup>10</sup> See 29 U.S.C. § 1301(b)(1).

can be collected from any member of such controlled group, even if only the other member (or members) was the subject of a legal proceeding.<sup>11</sup>

16. In order to dispute the assessment of withdrawal liability, a party must timely bring proceedings pursuant to the provisions of 29 U.S.C. § 1401(a)(1). If the employer or any member of the controlled group fails to timely initiate such proceedings as required under ERISA, the withdrawal liability of the party becomes fixed, and the amount assessed is due and owing from whomever may later be found to be within the controlled group.<sup>12</sup> Regardless of whether an employer challenges the assessment of withdrawal liability, the deadline to pay the first installment of withdrawal liability is 60 days from the date of the plan sponsor's demand.<sup>13</sup> Such payment requirement is notwithstanding the institution of any legal proceedings by the "withdrawn" employer.<sup>14</sup> Thus, the purported Expulsion has created a liability for certain substantial payments (collectively, the "Quarterly Payments") even prior to a decision on whether the purported Expulsion was proper.

17. In addition to imposing massive liabilities on account of the Quarterly Payments, the purported Expulsion also has significant real world implications for employees of the Debtors and the non-Debtors. An employee only receives benefits from the NRF if they ultimately vest in such benefits; this vesting requires the employee to have worked for at least five years for an employer participating in the NRF. As a result, employees may decide to end

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<sup>11</sup> See Cent. States, Se. & Sw. Areas Pension Fund v. Rogers, 843 F. Supp. 1135, 1140 (E.D. Mich. 1992), aff'd sub nom. Cent. States, Se. & Sw. Areas Pension Fund v. Rogers, 14 F.3d 600 (6th Cir. 1993) ("Under the principles of joint and several liability, plan sponsors can sue one or more of the members of a common control group, and can collect the entire judgment from one or more of them.").

<sup>12</sup> See Cent. States, 843 F. Supp. at 1140.

<sup>13</sup> See 29 U.S.C. § 1399(c)(2).

<sup>14</sup> Id.

their employment with the Debtors in order to work for a competitor employer participating in the NRF so as to continue receiving service credit for vesting purposes under the NRF.

### **Basis for Relief**

#### **I. The Court Has the Authority to Extend the Automatic Stay to Enjoin Certain Actions Taken by Non-Debtor Parties.**

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18. The automatic stay arising under section 362(a) of the Bankruptcy Code is “one of the fundamental debtor protections provided by the bankruptcy laws.”<sup>15</sup> A primary purpose of the automatic stay is to “give[] the debtor a breathing spell from his creditors” so that its restructuring efforts can proceed uninterrupted.<sup>16</sup>

19. Courts have acknowledged that “the scope of the automatic stay is intended to be broad.”<sup>17</sup> Indeed, the automatic stay enjoins “the commencement or continuation . . . of a judicial, administrative, or other action or proceeding against the debtor that was or could have been commenced before the commencement of the case under this title, or to recover a claim against the debtor that arose before the commencement of the case under this title.”<sup>18</sup> Similarly, the automatic stay also enjoins “any act to obtain possession of property of the estate or of property from the estate or an exercise control over property of the estate.”<sup>19</sup>

20. Moreover, courts will extend the application of section 362(a) of the Bankruptcy Code to non-debtors where the actions of a creditor “would interfere with, deplete or

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<sup>15</sup> Midatlantic Nat’l Bank v. N.J. Dep’t of Env’tl. Prot., 474 U.S. 494, 503 (1986) (internal citation omitted); accord Matter of Fernstrom Storage & Van Co., 938 F.2d 731, 735 (7th Cir. 1991); In re Kmart Corp., 285 B.R. 679, 688 (Bankr. N.D. Ill. 2002); In re Benalcazar, 283 B.R. 514, 520–21 (Bankr. N.D. Ill. 2002); In re UNR Indus., Inc., 23 B.R. 144, 147 (Bankr. N.D. Ill. 1982).

<sup>16</sup> Kimbrell v. Brown, 651 F.3d 752, 755 (7th Cir. 2011) (quoting H.R.Rep. No. 95-595, at 340 (1978)).

<sup>17</sup> In re Klarchek, 508 B.R. 386, 392 (Bankr. N.D. Ill. 2014).

<sup>18</sup> 11 U.S.C. § 362(a)(1).

<sup>19</sup> 11 U.S.C. § 362(a)(3).

adversely affect property of a debtor's estate," or "would frustrate the statutory scheme embodied in Chapter 11 or diminish a debtor's ability to formulate a plan of reorganization."<sup>20</sup> Courts will extend the stay where "there is such identity between the debtor and the third-party defendant that the debtor may be said to be the real party defendant and that a judgment against the third-party defendant will in effect be a judgment or finding against the debtor."<sup>21</sup> Courts also will extend the stay where an action "though not brought against the debtor, would cause the debtor, the bankruptcy estate, or the reorganization plan 'irreparable harm.'"<sup>22</sup> As set forth below, both of these circumstances are applicable here.

**A. There is Sufficient Identity Between the Debtors and the Non-Debtor Affiliates.**

21. There can be no question that the Debtors and their non-Debtor affiliates share an identity of interest with respect to the potential joint and several liabilities under ERISA and the MPPAA. Indeed, one of the purposes of the MPPAA was to ensure that each member of a controlled group would be jointly and severally liable for payments of any withdrawal liability. Thus, the Quarterly Payment demands sent to CEC and CERP also create significant liability at CEOC and each of the Debtors. This is so even though the validity of the purported Expulsion and the Quarterly Payment demands remain disputed.<sup>23</sup> This joint and several liability establishes a "sufficient identity" for purposes of extending the stay because the Debtors will be

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<sup>20</sup> In re Gander Partners, LLC, 432 B.R. 781, 788 (Bankr. N.D. Ill. 2010); see also Trimec, Inc. v. Zale Corp., 150 B.R. 685, 687 (N.D. Ill. 1993) (holding that the stay should be extended to third parties where a judgment against the non-debtor would serve as a judgment against the debtor, thereby "improperly defeating the purpose of the automatic stay").

<sup>21</sup> Fernstrom Storage, 938 F.2d at 736 (internal citation omitted).

<sup>22</sup> Id. at 736 (internal citation omitted).

<sup>23</sup> See 29 U.S.C. § 1399(c)(2).

liable for all claims that may ultimately be allowed against any other members in their control group.<sup>24</sup>

**B. Payment of and Legal Proceedings Relating to the Quarterly Payments and the Purported Expulsion Will Irreparably Harm the Debtors and Their Reorganization Plan.**

22. As explained herein and in the Additional NRF Pleadings, on the date of the involuntary petition, CEOC's subsidiaries and affiliates were inappropriately expelled from the NRF in violation of both the automatic stay and well-established principles of ERISA and MPPAA law. The purported Expulsion has resulted in significant claims and will now require the Debtors' non-Debtor affiliates to proceed with a burdensome judicial and arbitral process to reverse such purported Expulsion and its effects. But the Debtors cannot let these processes run their course solely against non-Debtors because doing so causes both the non-Debtors and the Debtors to incur real costs, and the Debtors must take part in such actions—by which they may be bound—to preserve their rights.<sup>25</sup>

23. In addition to imposing enormous new liabilities on the Debtors, the purported Expulsion and the subsequent Quarterly Payment demands put the Debtors' entire restructuring strategy—which is the result of over eight months of hard-fought, arm's length negotiations—at risk. Prior to filing for chapter 11 protection, the Debtors, certain of their senior creditors, and CEC reached an agreement, embodied in the RSA, for a comprehensive restructuring that would, among other things, substantially reduce the Debtors' debt, reorganize their business into a real estate investment trust structure to maximize value and creditor recoveries, and secure significant

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<sup>24</sup> Compare Kmart, 285 B.R. at 688.

<sup>25</sup> The Debtors also note that litigation over the validity of the Expulsion at the current time would divert the Debtors' key personnel from the reorganization of the estates in these crucial early days of the Debtors' chapter 11 proceedings. See Kmart, 285 B.R. at 689 (noting that extension of the stay may be proper when the debtor's key personnel are diverted from the reorganization).

financial and other support from CEC. The Debtors publicly disclosed this agreement by filing a Form 8-K.<sup>26</sup>

24. In furtherance of the reorganization structure contemplated by the RSA, on December 22, 2014, CEC and Caesars Acquisition Company (“CAC”) entered into an agreement to merge in an all-stock transaction (the “Merger Agreement”).<sup>27</sup> Among other things, this merger will provide CEC with sufficient cash to fund its obligations to the Debtors as contemplated by the RSA “without the need for any significant outside financing.”<sup>28</sup> Importantly, the purported Expulsion has potentially put the Merger Agreement at risk. Without the ability to consummate the Merger Agreement, it is possible that CEC may not have sufficient cash to fund its sources and uses for any CEOC restructuring.

25. Thus, the harms imposed on CEC by means of the purported Expulsion and Quarterly Payments directly affect CEOC’s ability to reorganize, and therefore the withdrawal liability—again, in addition to creating a significant joint and several \$462 million liability against each of the Debtors—puts at risk the Debtors’ entire restructuring. In other words, the Debtors’ ability to reorganize may be in jeopardy as a result of the inappropriate purported Expulsion—which itself violated the stay and is void. Thus, litigation concerning the purported Expulsion and payment of the Quarterly Payments by the non-Debtors should properly be stayed.

26. Moreover, and as explained above, the purported Expulsion has caused real world consequences for the Debtors’ employees, and may cause these employees to seek alternative employment at competitor employers that remain participants in the NRF to ensure that such

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<sup>26</sup> Ex. E to Hackney Decl.

<sup>27</sup> Ex. F to Hackney Decl.

<sup>28</sup> Press Release, Caesars Entertainment, Caesars Acquisition Co. Agree to Merge (Dec. 22, 2014).

employees receive the necessary service credit so as to be vested in their benefits. These distractions and the potential loss of employees come at a critical time during the chapter 11 process where the Debtors are focused on stabilizing their operations.

**C. Granting the Motion Will Preserve the Status Quo and Aid the Court's Resolution of Related Matters.**

27. The resolution of the instant Motion to Extend the Stay will aid the Court in the resolution of the pending Additional NRF Pleadings. This is because the stay of the effects of the purported Expulsion (payment as well as institution of legal processes and timetables) will give the Debtors time and breathing space to prosecute the 362 Motion and the Stay Declaration.

**II. The Court Should Extend the Automatic Stay to Enjoin the Payment of and Legal Processes and Timetables Relating to the Quarterly Payments and the Purported Expulsion.**

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28. Under 28 U.S.C. § 1334(b), bankruptcy courts have the authority to stay actions “related to” cases under chapter 11, such as actions pertaining to claims not directly involving a debtor which nevertheless “may affect the amount of property in the bankruptcy estate . . . [or] the allocation of property among creditors.”<sup>29</sup>

29. As set forth above, the Debtors’ joint and several liability for the purported withdrawal liability will have a significant adverse effect on the amount of property in the Debtors’ respective estates. This, in turn, will affect the amount of ultimate distributions to creditors. Thus, the Court has the ability to enter an order enjoining the payment of, and legal processes and timetables relating to, the Quarterly Payment demands and the purported Expulsion.

30. In considering whether to issue an injunction against non-debtors, courts have generally considered four issues: (a) the danger of irreparable harm to the estate or the debtor’s

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<sup>29</sup> Fisher v. Apostolou, 155 F.3d 876, 882 (7th Cir. 1998) (internal citations omitted).

ability to reorganize; (b) the reasonable likelihood of a successful reorganization; (c) the relative harm as between the debtor and the creditor who would be restrained; and (d) the public interest.<sup>30</sup> For the reasons set forth below, the Debtors respectfully submit that all four of these factors cited above weigh in favor of extending the stay here.

31. With respect to the possibility of irreparable harm, each of the Debtors is likely to see its assets and creditor recoveries depleted by enforcement of the Quarterly Payments. Furthermore, the purported Expulsion harms the Debtors' ability to maintain their workforce because unvested employees may leave in search of service with employers who are still part of the NRF. Finally, arbitrating the Debtors' withdrawal payment liability would divert the attention of the Debtors' key personnel, each to the ultimate detriment of the Debtors' reorganization efforts. And, most importantly, the Debtors' entire reorganization is put at risk by creating liability at each member of the Caesars Controlled Group—thereby jeopardizing CEC's ability to contribute significant cash to fund the Debtors' reorganization plan.

32. The Debtors also respectfully submit that they have a reasonable likelihood of a successful reorganization. For example, the Debtors and their affiliates have agreed to commit significant time, energy, and money to the reorganization effort.<sup>31</sup> Certain parties in interest have in fact reached an agreement on the terms of a comprehensive restructuring as embodied in the RSA. Based on this progress to date and the commitment of the principals to a value-maximizing reorganization, the Debtors believe that they will be able to consummate a successful restructuring.

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<sup>30</sup> See Gander Partners, 432 B.R. at 788.

<sup>31</sup> See Gander Partners, 432 B.R. at 788 (finding a reasonable likelihood of a successful reorganization where “[t]he Debtors’ principals have contributed their time, energy and money to the Debtors in the past and are capable of continuing to contribute their time, energy and money to the Debtors’ future reorganization efforts”).



33. Although the Debtors' ongoing reorganization efforts risk being derailed in the absence of the stay, there have yet to be any substantive steps toward arbitrating the Quarterly Payment demands—e.g., there has been no discovery and no litigation. There is, therefore, “relatively limited harm” in “delaying, not terminating” any legal processes and timetables relating to these issues—and the Debtors and their non-Debtor affiliates remain ready, willing, and able to make their contributions (and in fact have sent payments to the NRF that have not been accepted)—and this minimal harm must be balanced against the significant harm to the Debtors if such proceedings are not stayed, including potentially enormous new liabilities and the potential collapse of their reorganizational efforts.<sup>32</sup> For the reasons set forth above, the Debtors believe that this balance weighs heavily in favor of extending the stay.

34. Finally, the Debtors respectfully submit that extending the stay would serve the public interest. In fact, courts have recognized that “promoting a successful reorganization is one of the most important public interests.”<sup>33</sup> Staying the Quarterly Payments and the proceedings related to the purported Expulsion will further the Debtors' ultimate reorganization for the reasons described above, thereby promoting a successful reorganization for the benefit of the public. Thus, the Debtors respectfully submit that an analysis of all of the relevant factors weighs in favor of extending the stay to enjoin the payment and litigation of the Quarterly Payment demands.

WHEREFORE, the Debtors respectfully request entry of an order, substantially in the form attached hereto as **Exhibit A**, granting the relief requested herein and granting such other relief as is just and proper.

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<sup>32</sup> Gander Partners, 432 B.R. at 788.

<sup>33</sup> Gander Partners, 432 B.R. at 789.

March 11, 2015  
Chicago, Illinois

/s/ Stephen C. Hackney

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*Proposed Counsel to the Debtors and Debtors in Possession*

**EXHIBIT A**

**Proposed Order**



as more fully set forth in the Motion; and after due deliberation, it is HEREBY ORDERED THAT:

1. The Motion is granted as set forth herein.
2. The payment, legal proceeding, and any other action with respect to the Expulsion and the Quarterly Payments are hereby temporarily enjoined in their entirety pending further order of this Court without any prejudice to the Debtors' or any of their non-Debtor affiliates' right to challenge the validity of the Expulsion or the Quarterly Payment demands, or to any other of the Debtors' rights under ERISA and the MPPAA.
3. A hearing on preliminary injunctive relief or further extension of the relief granted herein is set for \_\_\_\_\_, 2015, at \_\_\_\_\_.
4. Notwithstanding Bankruptcy Rule 6004(h), the terms and conditions of this Order are immediately effective and enforceable upon its entry.
5. The Debtors are authorized to take all actions necessary to effectuate the relief granted in this Order in accordance with the Motion.

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

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The Honorable A. Benjamin Goldgar  
United States Bankruptcy Judge