

UNITED STATES BANKRUPTCY COURT
NORTHERN DISTRICT OF ILLINOIS
EASTERN DIVISION

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

STATUTORY UNSECURED
CLAIMHOLDERS' COMMITTEE,

Plaintiff,

-against-

Adversary Proceeding
No. 15-_____

BOKF, N.A., as successor indenture trustee,
paying agent, and notes custodian under that
certain Indenture, dated as of April 16, 2010;
CREDIT SUISSE AG, CAYMAN ISLANDS
BRANCH, as successor collateral agent under
that certain Collateral Agreement dated as of
January 28, 2008, and as administrative agent
under that certain Third Amended and Restated
Credit Agreement, dated July 25, 2014;
DELAWARE TRUST COMPANY, FSB as
successor collateral agent under that certain
Collateral Agreement, dated as of December 24,
2008, and as successor indenture trustee under
that certain Indenture, dated as of December 24,
2008; UMB BANK, N.A., as successor
indenture trustee under that certain Indenture,
dated as of June 10, 2009, as successor
indenture trustee under that certain Indenture,
dated as of February 14, 2012, as successor
indenture trustee under that certain Indenture,
dated as of August 22, 2012, and as successor
indenture trustee under that certain Indenture,
dated as of February 15, 2013; and
WILMINGTON SAVINGS FUND SOCIETY,

¹ The last four digits of Caesars Entertainment Operating Company, Inc.'s tax identification number are 1623. 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>.

FSB, as successor indenture trustee under that :
certain Indenture, dated as of April 15, 2009, :
Defendants. :
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x

ADVERSARY COMPLAINT FOR DECLARATORY JUDGMENT

Plaintiff Statutory Unsecured Claimholders’ Committee (the “Plaintiff” or “UCC”) of Caesars Entertainment Operating Company, Inc., a Delaware corporation (“CEOC”) and its affiliated debtors (collectively, the “Debtors”), based upon knowledge, information, and belief, allege as follows:

NATURE OF ACTION

1. The UCC commences this adversary proceeding to challenge and object to certain claims and stipulations in accordance with paragraph 12 of the order dated March 25, 2015 [ECF No. 988] (the “Final Cash Collateral Order”), without prejudice to its rights to bring other challenges prior to the applicable deadlines established in the Final Cash Collateral Order, as subsequently amended in a series of four stipulations entered into between and among the UCC, holders of CEOC’s first lien bank debt, holders of CEOC’s first lien noteholder debt, and solely with respect to the first three stipulations, Wilmington Trust, National Association, as Successor Indenture Trustee for the 10.75% Senior Unsecured Notes issued by CEOC under that certain Indenture dated February 1, 2008 [ECF Nos. 1420, 1735, 1862, 2015].

JURISDICTION AND VENUE

2. This is an adversary proceeding initiated by the UCC pursuant to Rule 7001 of the Federal Rules of Bankruptcy Procedure (the “Bankruptcy Rules”).

3. The Court has subject matter jurisdiction over this adversary proceeding pursuant to 28 U.S.C. §§ 1334.

4. Each count of this adversary proceeding is a core proceeding under 28 U.S.C. § 157(b)(2).

5. Venue is proper in this Court pursuant to 28 U.S.C. §§ 1408 and 1409.

THE PARTIES

6. On January 12, 2015, certain second lien noteholders filed an involuntary petition under chapter 11 of title 11 of the United State Code (the “Bankruptcy Code”) against the Debtors in the United States Bankruptcy Court for the District of Delaware. On January 15, 2015 (the “Petition Date”),² the Debtors filed voluntary chapter 11 petitions under the Bankruptcy Code in this Court. On January 28, 2015, the Delaware Bankruptcy Court transferred venue of CEOC’s involuntary case to this Court.

7. On February 5, 2015, pursuant to section 1102(a) of the Bankruptcy Code, the United States Trustee for the Northern District of Illinois Eastern Division appointed the UCC. *See Notice of Appointment of Official Unsecured Creditors’ Committee* [ECF No. 264]. The UCC is vested with, among other things, the powers described in Bankruptcy Code section 1103, including the power to investigate the acts, conduct, assets, liabilities, and financial condition of the Debtors.

8. Defendant Credit Suisse AG, Cayman Islands Branch is sued solely in its capacities as: (i) the successor collateral agent under a Collateral Agreement, dated as of January 28, 2008, and as amended and restated as of June 10, 2009, among (a) Harrah’s Operating Company, Inc.

² The dispute over the petition date for CEOC’s chapter 11 case will be determined by the Court in proceedings scheduled to be heard in October 2015 in the involuntary case pending against CEOC.

(“HOC”) n/k/a CEOC, (b) each subsidiary identified therein, and (c) Bank of America National Association (“Bank of America”), predecessor collateral agent to Credit Suisse (“First Lien Collateral Agent”); and (ii) administrative agent under that certain Third Amended and Restated Credit Agreement, dated July 25, 2014 (“First Lien Administrative Agent”).

9. Defendant Delaware Trust Company, FSB is sued solely in its capacities as: (i) the successor collateral agent under that certain collateral agreement, dated as of December 24, 2008, among (a) HOC n/k/a CEOC, (b) each subsidiary identified therein, and (c) U.S. Bank National Association (“U.S. Bank”), predecessor collateral agent to Delaware Trust (“Delaware Trust” or “Second Lien Collateral Agent” and together with the First Lien Collateral Agent, the “Collateral Agents”); and (ii) the successor indenture trustee under that certain Indenture, dated as of December 24, 2008, pursuant to which HOC k/n/a CEOC issued 10.00% Second Priority Senior Secured Notes due 2015 and 10.00% Second Priority Senior Secured Notes due 2018 (“Delaware Trust (Trustee)”).

10. Defendant UMB Bank, N.A. (“UMB Bank”) is sued solely in its capacities as the successor indenture trustee: (i) under that certain Indenture, dated as of June 10, 2009, pursuant to which CEOC issued 11.25% First Priority Senior Secured Notes due 2017; (ii) under that certain Indenture, dated as of February 14, 2012, pursuant to which CEOC issued 8.5% First Priority Senior Secured Notes due 2020; (iii) under that certain Indenture, dated as of August 22, 2012, pursuant to which CEOC issued 9% First Priority Senior Secured Notes due 2020; and (iv) under that certain Indenture, dated as of February 15, 2013, pursuant to which CEOC issued 9% First Priority Senior Secured Notes due 2020.

11. Defendant BOKF, N.A. (“BOKF”) is sued solely in its capacity as the successor indenture trustee, paying agent, and notes custodian under that certain Indenture, dated as of

April 16, 2010, pursuant to which HOC k/n/a CEOC issued 12.75% Second Priority Senior Secured Notes due 2018.

12. Defendant Wilmington Savings Fund Society, FSB (“WSFS”) is sued solely in its capacity as the successor indenture trustee under that certain Indenture, dated as of April 15, 2009, pursuant to which HOC k/n/a CEOC issued 10.00% Second Priority Senior Secured Notes due 2018.

BACKGROUND

The First Lien Secured Indebtedness

A. First Lien Bank Debt

13. As of the Petition Date, CEOC had outstanding indebtedness of approximately \$5.35 billion in first lien bank debt under several prepetition term loans and revolver commitments.

14. On or about January 28, 2008, Harrah’s Entertainment, Inc. (now Caesars Entertainment Corporation (“CEC”)) and HOC (now CEOC) entered into a secured credit agreement with Bank of America, as administrative and collateral agent, and certain lenders (as amended, modified, or supplemented, the “First Lien Credit Agreement”). Pursuant to the First Lien Credit Agreement, HOC was able to borrow up to \$9.25 billion in principal amount of secured debt, including a fully funded term loan of \$7.25 billion and a revolving credit line of \$2 billion.

15. On May 20, 2011, the First Lien Credit Agreement was amended to, among other things, extend the maturity of existing term loans or convert revolver commitments into extended term loans. The First Lien Credit Agreement was further amended on March 1, 2012 and again extended the maturity of existing term loans and converted certain revolver commitments into

extended term loans, among other things. On July 25, 2014, CEC and CEOC amended the First Lien Credit Agreement a third time and CEOC obtained \$1.75 billion of new term loans.

a. The First Lien Notes and Indentures

16. CEOC has issued approximately \$6.3 billion of first lien note indebtedness (the “First Lien Notes”). The First Lien Notes were issued pursuant to various indentures (the “First Lien Indentures”³) among Harrah’s Operating Escrow LLC n/k/a Caesars Operating Escrow LLC and Harrah’s Escrow Corporation n/k/a Caesars Escrow Corporation, as escrow issuers, CEC, as guarantor, and UMB Bank, in its capacity as successor indenture trustee (the “First Lien Indenture Trustee”).

B. The First Lien Collateral Agreement

17. CEOC’s obligations under the First Lien Credit Agreement and First Lien Indentures (collectively, the “First Lien Debt”) were secured by first priority security interests and liens that CEOC and certain of its subsidiaries (the “Subsidiary Pledgors,” and together with CEOC, the “Pledgors”) granted to Bank of America and the first lien indenture trustees against the collateral (the “First Lien Collateral”), as defined in that certain Amended and Restated Collateral Agreement (as amended, modified, or supplemented, the “First Lien Collateral Agreement”) dated as of June 10, 2009 by and among the Pledgors and Bank of America, as predecessor collateral agent to the First Lien Collateral Agent.

18. The Subsidiary Pledgors pledged the First Lien Collateral to the First Lien Collateral Agent to further secure CEOC’s obligations under the First Lien Credit Agreement and First

³ From here on, this Complaint refers to the First Lien Credit Agreement and First Lien Indentures, as the “First Lien Financing Documents.”

Lien Indentures. The Subsidiary Pledgors did not guarantee CEOC's obligations under the First Lien Credit Agreement and First Lien Indentures.

19. Section 1.02 of the First Lien Collateral Agreement defines Secured Parties to include: (i) the First Lien Collateral Agent; (ii) holders of CEOC's first lien bank debt; and (iii) holders of CEOC's first lien noteholder debt, among others (the "First Lien Secured Parties").

20. Section 7.08 of the First Lien Collateral Agreement provides that it shall be governed by and construed in accordance with New York law.

The Second Lien Indebtedness

A. The Second Lien Notes and Indentures

21. In addition to the First Lien Debt, CEOC has issued approximately \$5.24 billion of second lien note indebtedness (the "Second Lien Debt"). A series of second lien notes was issued pursuant to various indentures (the "Second Lien Indentures"⁴) among CEOC, as issuer, CEC, as guarantor, and Delaware Trust (Trustee), WSFS, and BOKF, in their capacities as successor indenture trustees.

B. The Second Lien Collateral Agreement

22. CEOC's obligations under the Second Lien Indentures are secured by second priority security interests and liens the Pledgors granted to Delaware Trust, WSFS, and BOKF against the collateral (the "Second Lien Collateral"), as defined in the collateral agreement (as amended, modified, or supplemented, the "Second Lien Collateral Agreement" and collectively with the First Lien Collateral Agreement, the "Collateral Agreements"), dated as of December 24, 2008,

⁴ From here on, this Complaint refers to the Second Lien Indentures, together with the First Lien Credit Agreement and First Lien Indentures, as the "First and Second Lien Financing Documents."

by and among the Pledgors and U.S. Bank, as predecessor collateral agent to Delaware Trust. The Subsidiary Pledgors did not guarantee CEOC's obligations under the Second Lien Indentures.

23. Section 1.02 of the Second Lien Collateral Agreement defines Secured Parties to include: (i) Delaware Trust; and (ii) holders of CEOC's second priority senior secured notes, among others (the "Second Lien Secured Parties").

24. Section 7.08 of the Second Lien Collateral Agreement provides that it shall be governed by and construed in accordance with New York law.

The Final Cash Collateral Order

25. On March 25, 2015, the Court entered the Final Cash Collateral Order: (i) authorizing use of cash collateral; (ii) granting adequate protection; (iii) modifying the automatic stay to permit implementation; and (iv) granting related relief.

26. In the Final Cash Collateral Order, the Debtors made certain stipulations concerning, *inter alia*, the Pledgors' purported obligations and the Collateral Agents' purported liens and security interests with respect to the First Lien Debt and the Second Lien Debt (the "Stipulations").

27. The Debtors' stipulations in paragraph E of the Final Cash Collateral Order will be binding on all parties in interest, including the UCC, unless the UCC challenges such stipulations. Final Cash Collateral Order ¶ 12.

COUNT I

Declaratory Judgment under 28 U.S.C. §§ 2201 and 2202 that the Recourse Stipulation in the Final Cash Collateral Order is Inaccurate and Non-Binding as to the Subsidiary Pledgors' Obligations under the First Lien Debt and Objection to Allowance of Claim under 11 U.S.C. § 502 (Against the First Lien Collateral Agent, the First Lien Administrative Agent, and UMB Bank)

28. The UCC restates and realleges the allegations contained in paragraphs 1 through 27 above, as if fully set forth herein.

29. In the Final Cash Collateral Order, the Debtors stipulated that CEOC and each of the Subsidiary Pledgors (one stipulation references “the Debtors” as a whole) were “indebted and liable” for the full amount of the First Lien Debt as of the Petition Date (the “Recourse Stipulation”). Final Cash Collateral Order ¶¶ E(i)(d), (i)(e), (ii)(c), and (iv)(c).

30. Section 7.18 of the First Lien Collateral Agreement provides: “Notwithstanding anything to the contrary in this Agreement, no recourse shall be had, whether by levy or execution, or under any law, or by the enforcement of any assessment or penalty or otherwise, for the payment of any of the Obligations, against [any Subsidiary Pledgor] or the assets of any [Subsidiary Pledgor], other than the Collateral, it being expressly understood that the sole remedies available to the Agent and the Secured Parties pursuant to this Agreement with respect to the Obligations shall be limited to the Collateral.”

31. The Subsidiary Pledgors are obligated on the First Lien Debt only to the extent of the assets they pledged as collateral for the loans made to CEOC.

32. The Subsidiary Pledgors are not obligated on the full amount of the First Lien Debt, as they did not guarantee the debt; they only pledged their assets.

33. The Recourse Stipulation is inaccurate with respect to the Subsidiary Pledgors' obligations concerning the First Lien Debt.

34. There currently exists an actual, substantial, and justiciable dispute concerning the Recourse Stipulation.

35. This Court should issue a declaratory judgment that the Recourse Stipulation is: (i) inaccurate, because it purports to expand the scope of or otherwise alter rights beyond those provided for in the underlying documentation and applicable law as of the Petition Date concerning the Subsidiary Pledgors' obligations with respect to the First Lien Debt; and (ii) not binding on the Debtors' estates and all parties in interest.

36. Under section 502 of the Bankruptcy Code, this Court should also disallow any and all claims of the First Lien Secured Parties against any Subsidiary Pledgor in excess of the value of the collateral on which they have valid, enforceable, and properly perfected liens.

COUNT II

Declaratory Judgment under 28 U.S.C. §§ 2201 and 2202 that the Lien Stipulation in the Final Cash Collateral Order is Inaccurate as to the Validity, Binding Effect, Enforceability, Non-Avoidability, and Proper Perfection of Certain Security Interests, Liens, and Mortgages (Against the First Lien Collateral Agent)

37. The UCC restates and realleges the allegations contained in paragraphs 1 through 27 above, as if fully set forth herein.

38. In the Final Cash Collateral Order, the Debtors stipulated that, as of the Petition Date, all security interests, liens, and mortgages granted to the First Lien Collateral Agent, on behalf of the First Lien Secured Parties, were "valid, binding, enforceable, non-avoidable, and properly perfected" (the "Lien Stipulation"). Final Cash Collateral Order ¶ E(iv).

39. Certain of the security interests, liens, and mortgages purportedly granted to the First Lien Collateral Agent, on behalf of the First Lien Secured Parties, in commercial tort claims, insurance policy claims, gaming licenses, liquor licenses, equity securities, riverboat casinos, real

property, and copyrights are not “valid, binding, enforceable, non-avoidable, or properly perfected.”

40. The Lien Stipulation is therefore inaccurate as to the validity, binding effect, enforceability, non-avoidability, and proper perfection of the security interests, liens, and mortgages described in paragraph 39 above.

41. There currently exists an actual, substantial, and justiciable dispute concerning the Lien Stipulation.

42. This Court should issue a declaratory judgment that the Lien Stipulation is: (i) inaccurate as to the validity, binding effect, enforceability, non-avoidability, and proper perfection of the security interests, liens, and mortgages identified herein in paragraph 39 above; and (ii) is not binding on the Debtors’ estates and all parties in interest.

COUNT III

Declaratory Judgment under 28 U.S.C. §§ 2201 and 2202 that the Subsidiary Pledgor Stipulation in the Final Cash Collateral Order is Inaccurate and Does Not Bind Certain Debtors Not Party to the First Lien Financing Documents (Against First Lien Collateral Agent)

43. The UCC restates and realleges the allegations contained in paragraphs 1 through 27 above, as if fully set forth herein.

44. In the Final Cash Collateral Order, the Debtors stipulated that, as of the Petition Date, all obligations of the Subsidiary Pledgors were “legal, valid, binding, enforceable, and non-avoidable” (the “Subsidiary Pledgor Stipulation”). Final Cash Collateral Order ¶ E(iv).

45. The Final Cash Collateral Order does not identify any specific Subsidiary Pledgors.

46. At least thirty-two Debtors were not parties to the First Lien Financing Documents (the “Non-Pledgor Debtors”).

47. No UCC financing statements have been filed against the Non-Pledgor Debtors.

48. The Non-Pledgor Debtors include, without limitation, those listed on the attached

Exhibit A.

49. The Subsidiary Pledgor Stipulation is inaccurate and the First Lien Financing Documents are not binding as to the Non-Pledgor Debtors.

50. An actual, substantial, and justiciable dispute currently exists concerning the Subsidiary Pledgor Stipulation.

51. This Court should issue a declaratory judgment that the Subsidiary Pledgor Stipulation is: (i) inaccurate because it purports to expand the scope of or otherwise alter rights beyond those provided for in the underlying documentation and applicable law as of the Petition Date; and (ii) not binding on the Debtors' estates and all parties in interest, including the Non-Pledgor Debtors.

COUNT IV

Declaratory Judgment under 28 U.S.C. §§ 2201 and 2202 that the Fee and Charges Stipulations in the Final Cash Collateral Order Do Not Establish that the First Lien Secured Parties and Second Lien Secured Parties are Oversecured or Otherwise Entitled to Recover Certain Fees and Charges (Against the Collateral Agents)

52. The UCC restates and realleges the allegations contained in paragraphs 1 through 27 above, as if fully set forth herein.

53. Paragraph 24 of the Final Cash Collateral Order provides "the Debtors' Stipulations in paragraph E [of the Final Cash Collateral Order] shall be deemed to constitute a timely filed proof of claim for the Prepetition First Lien Creditors."

54. The Debtors further stipulated that both the First Lien Debt and the Second Lien Debt included certain fees, costs, and other charges (including without limitation (a) default interest,

(b) premiums, (c) professional fees, and (d) indemnities as secured claims (the “Fee and Charges Stipulations”). Final Cash Collateral Order ¶ E(i)(d), (ii)(c), (iii)(c), and (iv)(c).

55. The Fee and Charges Stipulations do not relieve the First Lien Secured Parties and Second Lien Secured Parties of the requirement to demonstrate: (i) that they are oversecured on a debtor-by-debtor basis; and (ii) otherwise entitled by the underlying documentation and applicable law to default interest, premiums, indemnities, and reasonable professional fees. Absent such a showing, they are unable to recover any amounts on account of the postpetition fees, costs, and other charges described in the Fee and Charges Stipulations.

56. There currently exists an actual, substantial, and justiciable dispute concerning the Fee and Charges Stipulations.

57. This Court should issue a declaratory judgment that the Fee and Charges Stipulations in the Final Cash Collateral Order: (i) do not establish or relieve the First Lien Secured Parties and Second Lien Secured Parties from having to establish that they are oversecured or otherwise entitled under the First and Second Lien Financing Documents and applicable law to recover on account of the postpetition fees, costs, and other charges described in the Fee and Charges Stipulations; and (ii) are not binding on the Debtors’ estates and all parties in interest.

COUNT V

Declaratory Judgment under 28 U.S.C. §§ 2201 and 2202 for Waiver of Recourse Pursuant to Bankruptcy Code § 1111(b)(1)(A) (Against All Defendants)

58. The UCC restates and realleges the allegations contained in paragraphs 1 through 27, as if fully set forth herein.

59. Under the Collateral Agreements, the Subsidiary Pledgors pledged their assets to the Collateral Agents to secure CEOC’s debt on a nonrecourse basis.

60. Section 7.18 of the First Lien Collateral Agreement provides: “Notwithstanding anything to the contrary in this Agreement, no recourse shall be had, whether by levy or execution, or under any law, or by the enforcement of any assessment or penalty or otherwise, for the payment of any of the Obligations, against [any Subsidiary Pledgor] or the assets of any [Subsidiary Pledgor], other than the Collateral, it being expressly understood that the sole remedies available to the Agent and the Secured Parties pursuant to this Agreement with respect to the Obligations shall be limited to the Collateral.”

61. Section 7.17 of the Second Lien Collateral Agreement provides: “Notwithstanding anything to the contrary in this Agreement, no recourse shall be had, whether by levy or execution, or under any law, or by the enforcement of any assessment or penalty or otherwise, for the payment of any of the Obligations, against any Pledgor or any of the assets of any Pledgor, other than the Collateral, it being expressly understood that the sole remedies available to the Collateral Agent and the Secured Parties pursuant to this Agreement with respect to the Obligations shall be against the Collateral.”

62. Bankruptcy Code section 1111(b)(1)(A) provides that “[a] claim secured by a lien on property of the estate [is treated] the same as if the holder of such claim had recourse against the debtor on account of such claim, whether or not the holder of such claim has such recourse.”

63. The Subsidiary Pledgors’ nonrecourse pledges under the Collateral Agreements prohibit any or all of the Defendants from pursuing the Subsidiary Pledgors for payment of the First and Second Lien Debt beyond the value of the pledged First Lien Collateral and Second Lien Collateral.

64. The Collateral Agreements provide that the First Lien Secured Parties and the Second Lien Secured Parties do not have recourse against the Subsidiary Pledgors “under any law” and that their sole recourse shall be against the pledged collateral.

65. The Collateral Agents’ waiver of recourse against the Subsidiary Pledgors “under any law,” on behalf of the First and Second Lien Secured Parties pursuant to the Collateral Agreements, necessarily includes waiver of Bankruptcy Code section 1111(b)(1)(A) and the provisions for recourse therein.

66. Notwithstanding the nonrecourse provisions of the Collateral Agreements, the First Lien Collateral Agent, the First Lien Administrative Agent, and UMB Bank have filed proofs of claim that assert unsecured deficiency claims against the Subsidiary Pledgors under Bankruptcy Code section 1111(b), and Delaware Trust and BOKF have filed proofs of claim that lack clarity as to whether they assert unsecured deficiency claims against the Subsidiary Pledgors.

67. There currently exists an actual, substantial, and justiciable dispute concerning the assertion of unsecured deficiency claims under Bankruptcy Code section 1111(b)(1)(A).

68. This Court should issue a declaratory judgment that: (i) the First Lien Collateral Agent, acting on behalf of the First Lien Secured Parties, waived the right to assert unsecured deficiency claims against the Subsidiary Pledgors pursuant to Bankruptcy Code section 1111(b); (ii) the Second Lien Collateral Agent, acting on behalf of the Second Lien Secured Parties, waived the right to assert unsecured deficiency claims against the Subsidiary Pledgors pursuant to Bankruptcy Code section 1111(b); (iii) the Defendants are not entitled to assert unsecured deficiency claims against the Subsidiary Pledgors; and (iv) the Subsidiary Pledgors are not liable for payment of the First and Second Lien Debt beyond the value of the pledged First Lien Collateral and Second Lien Collateral.

PRAYER FOR RELIEF

WHEREFORE, the UCC respectfully requests that the Court enter judgment in its favor, as follows:

- (a) On Count I, (i) declaring that, with respect to the First Lien Collateral Agent, the First Lien Administrative Agent, and UMB Bank, the Recourse Stipulation in the Final Cash Collateral Order is: (A) inaccurate, because it purports to expand the scope of or otherwise alter rights in collateral beyond those provided for in the underlying documentation and applicable law as of the Petition Date concerning the Subsidiary Pledgors' obligations with respect to the First Lien Debt and (B) not binding on the Debtors' estates and all parties in interest; and (ii) disallowing any and all claims of the First Lien Secured Parties against any Subsidiary Pledgor in excess of the value of the collateral on which they have valid, enforceable, and properly perfected liens;
- (b) On Count II, declaring that, with respect to the First Lien Collateral Agent, the Lien Stipulation in the Final Cash Collateral Order is: (i) inaccurate as to the validity, binding effect, enforceability, non-avoidability, and proper perfection of security interests, liens, and mortgages identified herein in paragraph 39 above; and (ii) is not binding on the Debtors' estates and all parties in interest;
- (c) On Count III, declaring that, with respect to the First Lien Collateral Agent, the Subsidiary Pledgor Stipulation in the Final Cash Collateral Order is: (i) inaccurate, because it purports to expand the scope of or otherwise alter rights beyond those provided for in the underlying documentation and applicable law as of the Petition Date; and (ii) not binding on the Debtors' estates and all parties in interest, including the Non-Pledgor Debtors;
- (d) On Count IV, declaring that, with respect to the Collateral Agents, the Fee and Charges Stipulations in the Final Cash Collateral Order: (i) do not establish or relieve the First Lien Secured Parties and Second Lien Secured Parties from having to establish that they are oversecured or otherwise entitled under the First and Second Lien Financing Documents and applicable law to recover on account of the postpetition fees, costs, and other charges described in the Fee and Charges Stipulations; and (ii) are not binding on the Debtors' estates and all parties in interest;
- (e) On Count V, declaring, with respect to all Defendants, that pursuant to the Collateral Agreements: (i) the First Lien Collateral Agent, acting on behalf of the First Lien Secured Parties, waived the right to assert unsecured deficiency claims against the Subsidiary Pledgors pursuant to Bankruptcy Code section 1111(b); (ii) the Second Lien Collateral Agent, acting on behalf of the Second Lien Secured Parties, waived the right to assert unsecured deficiency claims against the Subsidiary Pledgors pursuant to Bankruptcy Code section 1111(b); (iii) the

Defendants are not entitled to assert unsecured deficiency claims against the Subsidiary Pledgors; and (iv) the Subsidiary Pledgors are not liable for payment of the First and Second Lien Debt beyond the value of the pledged First Lien Collateral and Second Lien Collateral; and

- (f) Granting the UCC such other and further relief as the Court deems just, proper and equitable.

Dated: August 7, 2015
New York, New York

PROSKAUER ROSE LLP

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Claimholders' Committee of Caesars

Entertainment Operating Company, Inc., et al.

EXHIBIT A

CEOC – LIST OF NON-PLEDGOR DEBTORS

1. Caesars Massachusetts Acquisition Company, LLC
2. Caesars Massachusetts Investment Company, LLC
3. Caesars Massachusetts Development Company, LLC
4. Caesars Massachusetts Management Company, LLC
5. Laundry Parent, LLC
6. Parball Parent, LLC
7. Flamingo-Laughlin Parent, LLC
8. FHR Parent, LLC
9. LVH Parent, LLC
10. Caesars Baltimore Development Company, LLC
11. Caesars Baltimore Acquisition Company, LLC
12. Caesars Baltimore Management Company, LLC
13. BPP Providence Acquisition Company, LLC
14. Corner Investment Company Newco, LLC
15. HIE Holdings Topco, Inc.
16. 3535 LV Parent
17. Caesars Escrow Corporation
18. Caesars Operating Escrow LLC
19. Des Plaines Development Limited Partnership
20. PHW Investments, LLC
21. PHW Las Vegas, LLC
22. PH Employees Parent, LLC
23. CG Services, LLC
24. Christian County Land Acquisition Company, LLC
25. Caesars Air, LLC
26. CZL Management Company, LLC
27. JCC Holding Company II Newco, LLC
28. Cromwell Manager, LLC
29. The Quad Manager. LLC
30. Bally's Las Vegas Manager, LLC
31. Octavius Linq Holding Co., LLC
32. Caesars Entertainment Windsor Limited