UNITED STATES
SECURITIES AND EXCHANGE COMMISSION
Washington, D.C. 20549

FORM 8-K

CURRENT REPORT
Pursuant to Section 13 or 15(d) of the Securities Exchange Act of 1934

August 1, 2018 (August 1, 2018)
Date of Report (Date of earliest event reported)

CAESARS ENTERTAINMENT CORPORATION
(Exact name of registrant as specified in its charter)

Delaware	**001-10410**	**62-1411755**
(State of Incorporation)	(Commission File Number)	(IRS Employer Identification Number)

One Caesars Palace Drive
Las Vegas, Nevada 89109
(Address of principal executive offices)
(Zip Code)

(702) 407-6000
(Registrant’s telephone number, including area code)
N/A
(Former Name or Former Address, if Changed Since Last Report)

Check the appropriate box below if the Form 8-K filing is intended to simultaneously satisfy the filing obligation of the registrant under any of the following provisions:

o Written communications pursuant to Rule 425 under the Securities Act (17 CFR 230.425)

o Soliciting material pursuant to Rule 14a-12 under the Exchange Act (17 CFR 240.14a-12)

o Pre-commencement communications pursuant to Rule 14d-2(b) under the Exchange Act (17 CFR 240.14d-2(b))

o Pre-commencement communications pursuant to Rule 13e-4(c) under the Exchange Act (17 CFR 240.13e-4(c))

Indicate by check mark whether the registrant is an emerging growth company as defined in Rule 405 of the Securities Act of 1933 (§230.405 of this chapter) or Rule 12b-2 of the Securities Exchange Act of 1934 (§240.12b-2 of this chapter).
Emerging growth company o

If an emerging growth company, indicate by check mark if the registrant has elected not to use the extended transition period for complying with any new or revised financial accounting standards provided pursuant to Section 13(a) of the Exchange Act. o

Item 7.01 Regulation FD Disclosure.

On August 1, 2018, Caesars Entertainment Corporation provided the Quarterly Report for the fiscal quarter ended June 30, 2018 (the “CRC LLC Quarterly Report”) of its wholly owned subsidiary Caesars Resort Collection, LLC (“CRC LLC”) as required under a certain indenture of CRC LLC. Attached and incorporated herein by reference as Exhibit 99.1 is a copy of the CRC LLC Quarterly Report.

The information contained in this Current Report on Form 8-K, including the exhibit furnished herewith, shall not be deemed “filed” for purposes of Section 18 of the Securities Exchange Act of 1934, as amended, or otherwise incorporated by reference in any filing pursuant to the Securities Act of 1933, as amended, or the Securities Exchange Act of 1934, as amended, except as shall be expressly set forth by specific reference in such a filing. The furnishing of the information in this report, including the exhibit furnished herewith, is not intended to, and does not, constitute a determination or admission as to the materiality or completeness of such information.

Item 9.01 Financial Statements and Exhibits.

(d) Exhibits.

Exhibit No.	Description
99.1	Caesars Resort Collection, LLC Quarterly Report For the Three and Six Months Ended June 30, 2018.

SIGNATURES

Pursuant to the requirements of the Securities Exchange Act of 1934, as amended, the Registrant has duly caused this report to be signed on its behalf by the undersigned hereunto duly authorized.

		CAESARS ENTERTAINMENT CORPORATION
Date: August 1, 2018	By:	/S/ KEITH A. CAUSEY
		Keith A. Causey
		Senior Vice President and Chief Accounting Officer

Exhibit 99.1

Caesars Resort Collection, LLC

Quarterly Report For the Three and Six Months Ended June 30, 2018

CAESARS RESORT COLLECTION, LLC
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PART I—FINANCIAL INFORMATION

Item 1. Unaudited Financial Statements

CAESARS RESORT COLLECTION, LLC
CONSOLIDATED CONDENSED BALANCE SHEETS
(UNAUDITED)

(In millions)	June 30, 2018	December 31, 2017
Assets		
Current assets		
Cash and cash equivalents ($63 and $21 attributable to our VIEs)	$ 1,296	$ 1,038
Receivables, net ($10 and $6 attributable to our VIEs)	132	154
Restricted cash	3	3
Due from affiliates, net ($116 and $212 attributable to our VIEs)	116	212
Prepayments and other current assets ($54 and $50 attributable to our VIEs)	109	103
Inventories	12	12
Total current assets	1,668	1,522
Property and equipment, net ($89 and $88 attributable to our VIEs)	7,247	7,282
Goodwill	1,616	1,616
Intangible assets other than goodwill	229	257
Restricted cash	10	10
Prepaid management fees to related parties	160	166
Deferred charges and other ($17 and $1 attributable to our VIEs)	105	80
Total assets	$ 11,035	$ 10,933
Liabilities and Member's Equity		
Current liabilities		
Accounts payable ($74 and $106 attributable to our VIEs)	$ 160	$ 185
Due to affiliates, net	4	3
Accrued expenses and other current liabilities ($128 and $163 attributable to our VIEs)	579	570
Interest payable	20	24
Contract liabilities ($69 and $61 attributable to our VIEs)	119	105
Current portion of financing obligations	11	9
Current portion of long-term debt	47	47
Total current liabilities	940	943
Financing obligations	1,113	1,120
Long-term debt	6,225	6,245
Long-term debt to related party ($15 and $0 attributable to our VIEs)	15	—
Deferred income taxes	336	366
Deferred credits and other liabilities ($2 and $1 attributable to our VIEs)	63	38
Total liabilities	8,692	8,712
Commitments and contingencies (Note 6)		
Member's equity		
CRC member's equity	2,306	2,178
Noncontrolling interests	37	43
Total member's equity	2,343	2,221
Total liabilities and member's equity	$ 11,035	$ 10,933

See accompanying Notes to Consolidated Condensed Financial Statements.

CAESARS RESORT COLLECTION, LLC
CONSOLIDATED CONDENSED STATEMENTS OF OPERATIONS AND COMPREHENSIVE INCOME
(UNAUDITED)

(In millions)	Three Months Ended June 30, 2018	Three Months Ended June 30, 2017	Six Months Ended June 30, 2018	Six Months Ended June 30, 2017
Revenues				
Casino	$ 337	$ 347	$ 667	$ 667
Food and beverage	196	199	390	400
Rooms	246	242	483	489
Other revenue	152	133	269	249
Net revenues	931	921	1,809	1,805
Operating expenses				
Direct				
Casino	174	185	351	365
Food and beverage	132	138	261	275
Rooms	79	82	155	162
Property, general, administrative, and other	225	215	432	418
Management fees to related parties	10	10	20	19
Depreciation and amortization	92	88	195	182
Corporate expense	32	21	65	37
Other operating costs	22	10	74	17
Total operating expenses	766	749	1,553	1,475
Income from operations	165	172	256	330
Interest expense	(101)	(132)	(198)	(270)
Other income	3	—	6	—
Income before income taxes	67	40	64	60
Income tax benefit/(provision)	18	(10)	19	(16)
Net income	85	30	83	44
Net income attributable to noncontrolling interests	—	—	—	—
Net income attributable to CRC	$ 85	$ 30	$ 83	$ 44
Comprehensive income				
Change in fair market value of interest rate swaps, net of tax	$ 9	$ —	$ 13	$ —
Other comprehensive income, net of income taxes	9	—	13	—
Comprehensive income	94	30	96	44
Comprehensive income attributable to noncontrolling interests	—	—	—	—
Comprehensive income attributable to CRC	$ 94	$ 30	$ 96	$ 44

See accompanying Notes to Consolidated Condensed Financial Statements.

CAESARS RESORT COLLECTION, LLC
CONSOLIDATED CONDENSED STATEMENTS OF MEMBER'S EQUITY
(UNAUDITED)

	CRC Member's Equity					
(In millions)	**Contributed Capital**	**Accumulated Deficit**	**Accumulated Other Comprehensive Income**	**Total CRC Member's Equity**	**Noncontrolling Interests**	**Total Member's Equity**
Balance as of December 31, 2016	$ 3,485	$ (1,697)	$ —	$ 1,788	$ —	$ 1,788
Net income	—	44	—	44	—	44
Income tax-related contributions by parent	51	—	—	51	—	51
Share-based compensation and other	6	—	—	6	—	6
Balance as of June 30, 2017	$ 3,542	$ (1,653)	$ —	$ 1,889	$ —	$ 1,889
Balance as of December 31, 2017	$ 3,850	$ (1,672)	$ —	$ 2,178	$ 43	$ 2,221
Net income	—	83	—	83	—	83
Income tax-related contributions by parent	14	—	—	14	—	14
Other comprehensive income, net of tax	—	—	13	13	—	13
Share-based compensation and other	18	—	—	18	—	18
Change in noncontrolling interest, net of distributions and contributions	—	—	—	—	(6)	(6)
Balance as of June 30, 2018	$ 3,882	$ (1,589)	$ 13	$ 2,306	$ 37	$ 2,343

See accompanying Notes to Consolidated Condensed Financial Statements.

CAESARS RESORT COLLECTION, LLC
CONSOLIDATED CONDENSED STATEMENTS OF CASH FLOWS
(UNAUDITED)

(In millions)	Six Months Ended June 30, 2018	Six Months Ended June 30, 2017
Cash flows provided by operating activities	$ 416	$ 335
Cash flows from investing activities		
Acquisitions of property and equipment, net of change in related payables	(135)	(146)
Proceeds from sale of asset	2	—
Payments to acquire investments	(7)	—
Cash flows used in investing activities	(140)	(146)
Cash flows from financing activities		
Proceeds from long-term debt to related party	15	—
Proceeds from long-term debt and revolving credit facility	—	285
Repayments of long-term debt and revolving credit facility	(24)	(343)
Financing obligation payments	(5)	—
Debt issuance and extension costs and fees	(4)	(8)
Cash flows used in financing activities	(18)	(66)
Net increase in cash, cash equivalents, and restricted cash	258	123
Cash, cash equivalents, and restricted cash, beginning of period	1,051	335
Cash, cash equivalents, and restricted cash, end of period	$ 1,309	$ 458
Supplemental Cash Flow Information:		
Cash paid for interest	$ 197	$ 259
Non-cash investing and financing activities:		
Change in accrued capital expenditures	12	(10)
Contribution from parent in settlement of taxes	14	51

See accompanying Notes to Consolidated Condensed Financial Statements.

In this report, the name "CRC LLC" refers to the parent holding company, Caesars Resort Collection, LLC, exclusive of its consolidated subsidiaries and variable interest entities, unless otherwise stated or the context otherwise requires. The words "CRC," "Company," "we," "our," and "us" refer to Caesars Resort Collection, LLC, inclusive of its consolidated subsidiaries and variable interest entities, unless otherwise stated or the context otherwise requires.

This Quarterly Report should be read in conjunction with our Annual Report For the Fiscal Year Ended December 31, 2017 ("2017 Annual Report"). Capitalized terms used but not defined in this Quarterly Report have the same meanings as in the 2017 Annual Report.

We also refer to (i) our Consolidated Condensed Financial Statements as our "Financial Statements," (ii) our Consolidated Condensed Statements of Operations and Comprehensive Income as our "Statements of Operations," (iii) our Consolidated Condensed Balance Sheets as our "Balance Sheets," and (iv) our Consolidated Condensed Statements of Cash Flows as our "Statements of Cash Flows."

Note 1 — Organization and Basis of Presentation and Consolidation

Organization

CRC LLC is wholly owned by Caesars Entertainment Corporation ("CEC," "Caesars," and "Caesars Entertainment") and operates 11 properties, primarily in Las Vegas. CRC also owns The LINQ Promenade. Prior to CRC's sale of Octavius Tower at Caesars Palace Las Vegas ("Octavius Tower") to VICI Properties Inc. ("VICI") (see Note 11 for additional information) on July 11, 2018, CRC owned Octavius Tower and leased it to VICI. VICI leases Octavius Tower to CEOC, LLC ("CEOC LLC"). CRC was created on December 22, 2017 with the merger of Caesars Entertainment Resort Properties, LLC ("CERP") into Caesars Growth Properties Holdings, LLC ("CGPH") (the "CRC Merger").

We lease certain real property assets from VICI for Harrah's Las Vegas.

We view each property as an operating segment and aggregate such properties into one reportable segment, which is consistent with how we manage the business.

Acquisition of Centaur Holdings, LLC

On July 16, 2018, we completed the acquisition of Centaur Holdings, LLC ("Centaur"). Centaur operates Hoosier Park Racing & Casino in Anderson, Indiana, and Indiana Grand Racing & Casino in Shelbyville, Indiana. See Note 11 for additional information.

Basis of Presentation and Use of Estimates

The accompanying unaudited Financial Statements for the three and six months ended June 30, 2017 have been derived from the historical accounting records and consolidated condensed financial statements of the entities involved in the CRC Merger described above. The CRC Merger was accounted for as a transaction among entities under common control. Accordingly, the historical financial statements consist of the financial positions, results of operations and comprehensive income/(loss), and cash flows as if those businesses were consolidated for all periods presented.

The following table reconciles the previously-reported net revenues and net income of CGPH and CERP to the amounts reported in the Statements of Operations after giving effect to the CRC Merger and adoption of the new revenue recognition standard (see Note 8).

Reconciliation of Net Revenues and Net Income

(In millions)	Three Months Ended June 30, 2017	Six Months Ended June 30, 2017
Net revenues		
CGPH previously reported	$ 346	$ 685
CERP previously reported	570	1,116
Elimination and consolidation adjustments	(4)	(8)
Adoption of new revenue recognition standard [(1)]	9	12
As currently reported	$ 921	$ 1,805
Net income		
CGPH previously reported	$ 11	$ 17
CERP previously reported	18	24
Elimination and consolidation adjustments	—	1
Adoption of new revenue recognition standard [(1)]	1	2
As currently reported	$ 30	$ 44

(1) *See Adoption of New Revenue Recognition Standard below.*

The Financial Statements include all revenues, costs, assets and liabilities directly attributable to us. The accompanying Financial Statements also include allocations of certain general corporate expenses of CEC. These allocations of general corporate expenses may not reflect the expense we would have incurred if we were a stand-alone company nor are they necessarily indicative of our future costs. Our transactions with CEC and its other subsidiaries and affiliated entities have been identified as transactions between related parties and are disclosed in Note 10.

Our Financial Statements have been prepared in accordance with accounting principles generally accepted in the United States ("GAAP") as applicable for interim periods, and therefore, do not include all information and footnotes necessary for complete financial statements. The results for the interim periods reflect all adjustments (consisting primarily of normal recurring adjustments) that management considers necessary for a fair presentation of financial position, results of operations, and cash flows. The results of operations for our interim periods are not necessarily indicative of the results of operations that may be achieved for the entire 2018 fiscal year.

GAAP requires the use of estimates and assumptions that affect the reported amounts of assets, liabilities, revenues, and expenses and the disclosure of contingent assets and liabilities. Management believes the accounting estimates are appropriate and reasonably determined. Actual amounts could differ from those estimates.

Adoption of New Revenue Recognition Standard

On January 1, 2018, we adopted the new accounting standard Accounting Standards Update ("ASU") 2014-09, *Revenue from Contracts with Customers*, and all related amendments. See Note 8 for additional information.

Cash, Cash Equivalents, and Restricted Cash

The following table provides a reconciliation of cash, cash equivalents, and restricted cash reported on the Balance Sheets that sum to amounts reported on the Statements of Cash Flows.

(In millions)	**June 30, 2018**	**December 31, 2017**
Cash and cash equivalents	$ 1,296	$ 1,038
Restricted cash, current	3	3
Restricted cash, non-current	10	10
Total cash, cash equivalents, and restricted cash	$ 1,309	$ 1,051

Consolidation of Subsidiaries and Variable Interest Entities

Our consolidated financial statements include the accounts of CRC and its subsidiaries after elimination of all intercompany accounts and transactions.

We consolidate all subsidiaries in which we have a controlling financial interest and variable interest entities ("VIEs") for which we or one of our consolidated subsidiaries is the primary beneficiary. Control generally equates to ownership percentage, whereby (1) affiliates that are more than 50% owned are consolidated; (2) investments in affiliates of 50% or less but greater than 20% are generally accounted for using the equity method where we have determined that we have significant influence over the entities; and (3) investments in affiliates of 20% or less are generally accounted for using the cost method.

Consolidation of Caesars Enterprise Services, LLC

Caesars Enterprise Services, LLC ("CES") provides certain corporate, administrative and management services for CRC's and CEOC LLC's (the "Members") casino properties and casinos owned by unrelated third parties and manages certain enterprise assets and the other assets it owns, licenses or controls, and employs certain of the corresponding employees. We concluded that CRC is the primary beneficiary because it is most closely associated with CES and therefore CRC consolidated CES as of December 22, 2017. Prior to consolidating CES, we accounted for our investment in CES as an equity method investment.

Note 2 — Recently Issued Accounting Pronouncements

The Financial Accounting Standards Board (the "FASB") issued the following authoritative guidance amending the FASB Accounting Standards Codification ("ASC").

In 2018, we adopted the following ASUs:

- ASU 2014-09, *Revenue from Contracts with Customers* (see Note 8).
- ASU 2016-16, *Income Taxes* (see Note 9).

In 2018, the following ASUs became effective, but there was no effect on our financial statements:

- ASU 2018-05, *Income Taxes (Topic 740): Amendments to SEC Paragraphs Pursuant to SEC Staff Accounting Bulletin No. 118*.
- ASU 2017-01, *Business Combinations*.
- ASU 2016-18, *Statement of Cash Flows*.
- ASU 2016-01, *Financial Instruments - Overall*.

The following amendments to the FASB ASC are not yet effective:

Previously Disclosed

Income Statement - Reporting Comprehensive Income - February 2018: Amendments in this update allow a reclassification from accumulated other comprehensive income to retained earnings effectively eliminating the stranded tax effects resulting from the

Tax Cuts and Jobs Act (the U.S. federal government enacted a tax bill, H.R.1, An Act to Provide for Reconciliation Pursuant to Titles II and V of the Concurrent Resolution on the Budget for Fiscal Year 2018) (the "Tax Act"). Because the amendments only relate to the reclassification of the income tax effects of the Tax Act, the underlying guidance that requires that the effect of a change in tax laws or rates be included in income from continuing operations is not impacted. The amendments in this update are effective for all entities for fiscal years beginning after December 15, 2018, and interim periods within those fiscal years. Early adoption is permitted. Amendments in this update should be applied either in the period of adoption or retrospectively to each period (or periods) in which the effect of the change in the U.S. federal corporate income tax rate in the Tax Act is recognized. We are currently assessing the effect the adoption of this standard will have on our financial statements.

Leases - February 2016 (amended through July 2018): The amended guidance requires most lease obligations to be recognized as a right-of-use ("ROU") asset with a corresponding liability on the balance sheet. The guidance requires additional qualitative and quantitative disclosures to aid users in assessing the amount, timing, and uncertainty of cash flows arising from leases. Many long-term operating leases, including agreements relating to slot machines and real estate, may be recorded on the balance sheet as an ROU asset with a corresponding lease liability, which will be amortized using the effective interest rate method as payments are made. Leases embedded in other arrangements will be accounted for separately by allocating payments between lease and nonlease components. As a practical expedient, lessees are permitted to make an accounting policy election by class of underlying asset to account for each lease and nonlease component as a single lease component. The amended guidance will not require us to re-evaluate land easements that exist or expired before adoption that were not previously accounted for as a lease under Topic 840.

This guidance is effective for fiscal years, and interim periods within those fiscal years, beginning after December 15, 2018. The guidance should be implemented for the earliest period presented using a modified retrospective approach. We will adopt the new standard on January 1, 2019. The qualitative and quantitative effects of adoption are still being analyzed as we are in the process of cataloging our existing lease contracts and identifying arrangements containing embedded leases.

Financial Instruments - Credit Losses - June 2016 (amended January 2017): Amended guidance replaces the incurred loss impairment methodology with a methodology that reflects expected credit losses and requires consideration of a broader range of reasonable and supportable information to inform credit loss estimates. Amendments affect entities holding financial assets and net investments in leases that are not accounted for at fair value through net income. The amendments affect loans, debt securities, trade receivables, net investments in leases, off-balance-sheet credit exposures, reinsurance receivables and any other financial assets not excluded from the scope that have the contractual right to receive cash. Amendments are effective for fiscal years beginning after December 15, 2019, including interim periods within those fiscal years. Early adoption is permitted. We are currently assessing the effect the adoption of this standard will have on our financial statements.

Note 3 — Property and Equipment

(In millions)	**June 30, 2018**	**December 31, 2017**
Land and land improvements	$ 3,559	$ 3,643
Buildings and leasehold improvements	4,675	4,512
Furniture, fixtures, and equipment	917	880
Construction in progress	96	212
Total property and equipment	9,247	9,247
Less: accumulated depreciation	(2,000)	(1,965)
Total property and equipment, net	$ 7,247	$ 7,282

Depreciation Expense and Capitalized Interest

	Three Months Ended June 30,		**Six Months Ended June 30,**	
(In millions)	**2018**	**2017**	**2018**	**2017**
Depreciation expense	$ 78	$ 72	$ 167	$ 150
Capitalized interest	1	2	3	3

Note 4 — Goodwill and Other Intangible Assets

Changes in Carrying Value of Goodwill and Other Intangible Assets

(In millions)	Amortizing Intangible Assets	Non-Amortizing Intangible Assets	
		Goodwill	Other
Balance as of December 31, 2017	$ 220	$ 1,616	$ 37
Amortization	(28)	—	—
Balance as of June 30, 2018	$ 192	$ 1,616	$ 37

Gross Carrying Value and Accumulated Amortization of Intangible Assets Other Than Goodwill

	June 30, 2018				December 31, 2017		
(Dollars in millions)	Weighted Average Remaining Useful Life (in years)	Gross Carrying Amount	Accumulated Amortization	Net Carrying Amount	Gross Carrying Amount	Accumulated Amortization	Net Carrying Amount
Amortizing							
Customer relationships	3.0	$ 893	$ (718)	$ 175	$ 893	$ (691)	$ 202
Contract rights	6.5	3	(2)	1	3	(2)	1
Gaming rights and other	6.0	43	(27)	16	43	(26)	17
		$ 939	$ (747)	192	$ 939	$ (719)	220
Non-amortizing							
Trademarks				37			37
Total intangible assets other than goodwill				$ 229			$ 257

Note 5 — Fair Value Measurements

Items Measured at Fair Value on a Recurring Basis

The following table shows the fair value of our financial assets and financial liabilities that are required to be measured at fair value as of the date shown:

Estimated Fair Value

(In millions)	Balance	Level 1	Level 2	Level 3
June 30, 2018				
Assets - Interest rate swaps	$ 18	$ —	$ 18	$ —
Liabilities - Interest rate swaps	1	—	1	—

Derivative Instruments

We do not purchase or hold any derivative financial instruments for trading purposes.

Interest Rate Swap Derivatives

We use forward-starting interest rate swaps to manage the mix of our debt between fixed and variable rate instruments. During the six months ended June 30, 2018, we entered into six interest rate swap agreements to fix the interest rate on $2.0 billion of variable rate debt. As of June 30, 2018, we have entered into a total of ten interest rate swap agreements for notional amounts totaling $3.0 billion. The interest rate swaps are designated as cash flow hedging instruments. The difference to be paid or received under the terms of the interest rate swap agreements will be accrued as interest rates change and recognized as an adjustment to interest expense for the related debt beginning on December 31, 2018. Changes in the variable interest rates to be paid or received pursuant to the terms of the interest rate swap agreements will have a corresponding effect on future cash flows.

The major terms of the interest rate swap agreements as of June 30, 2018 are as follows:

Effective Date	Notional Amount *(In millions)*	Fixed Rate Paid	Variable Rate Received as of June 30, 2018	Maturity Date
12/31/2018	250	2.274%	N/A	12/31/2022
12/31/2018	200	2.828%	N/A	12/31/2022
12/31/2018	600	2.739%	N/A	12/31/2022
1/1/2019	250	2.153%	N/A	12/31/2020
1/1/2019	250	2.196%	N/A	12/31/2021
1/1/2019	400	2.788%	N/A	12/31/2021
1/1/2019	200	2.828%	N/A	12/31/2022
1/2/2019	250	2.172%	N/A	12/31/2020
1/2/2019	200	2.731%	N/A	12/31/2020
1/2/2019	400	2.707%	N/A	12/31/2021

Valuation Methodology

The estimated fair values of our interest rate swap derivative instruments are derived from market prices obtained from dealer quotes for similar, but not identical, assets or liabilities. Such quotes represent the estimated amounts we would receive or pay to terminate the contracts. The interest rate swap derivative instruments are included in either Deferred charges and other liabilities assets or Deferred credits and other liabilities on our Balance Sheets. Our derivatives are recorded at their fair values, adjusted for the credit rating of the counterparty if the derivative is an asset, or adjusted for the credit rating of the Company if the derivative is a liability. None of our derivative instruments are offset and all were classified as Level 2.

The effect of derivative instruments designated as hedging instruments on the Balance Sheet for amounts transferred into Accumulated other comprehensive income was $12 million and $17 million, respectively, during the three and six months ended June 30, 2018.

Note 6 — Litigation, Contractual Commitments, and Contingent Liabilities

Litigation

The Company is party to ordinary and routine litigation incidental to our business. We do not expect the outcome of any such litigation to have a material effect on our consolidated financial position, results of operations, or cash flows.

Contractual Commitments

Except as described in Note 5, during the six months ended June 30, 2018, we have not entered into any material contractual commitments outside of the ordinary course of business that have materially changed our contractual commitments as compared to December 31, 2017.

NV Energy

In September 2017, CEC filed its final notice to proceed with its plan to exit the fully bundled sales system of NV Energy for its Nevada casino properties and purchase energy, capacity, and/or ancillary services from a provider other than NV Energy. The transition to unbundle electric service was completed in the first quarter of 2018 (the "Cease-Use Date"). As a result of the decision to exit, an order from the Public Utilities Commission of Nevada required that we pay an aggregate exit fee of $33 million related to CRC's properties. These fees are payable over three to six years at an aggregate present value of $26 million as of June 30, 2018 and are recorded in Accrued expenses and other current liabilities and Deferred credits and other liabilities on the Balance Sheets.

For six years following the Cease-Use Date, we will also be required to make ongoing payments to NV Energy for non-bypassable rate charges, which primarily relate to each entity's share of NV Energy's portfolio of above-market renewable energy contracts and the costs of decommissioning and remediation of coal-fired power plants. As of the effective date of the transition, the portion of these fees attributable to CRC was $24 million, which was recorded at a present value of $20 million in Accrued expenses and other current liabilities and Deferred credits and other liabilities on the Balance Sheets as of June 30, 2018. The amount will be adjusted in the future if actual fees incurred differ from our estimates.

Uncertainties

Since 2009, Harrah's New Orleans has undergone audits by state and local departments of revenue related to sales taxes on hotel rooms, parking and entertainment complimentaries. The periods that have been or are currently being audited are 2004 through 2016. In connection with these audits, certain periods have been paid under protest or are currently in various stages of litigation. As a result of these audits, Harrah's New Orleans had accrued $8 million and $7 million, respectively, at June 30, 2018 and December 31, 2017.

Note 7 — Debt

			June 30, 2018		December 31, 2017
(Dollars in millions)	**Final Maturity**	**Rate(s)** [(1)]	**Face Value**	**Book Value**	**Book Value**
Secured debt					
CRC Revolving Credit Facility	2022	variable [(2)]	$ —	$ —	$ —
CRC Term Loan	2024	variable [(3)]	4,676	4,595	4,616
Unsecured debt					
CRC Notes	2025	5.25%	1,700	1,665	1,664
Special Improvement District Bonds	2037	4.30%	12	12	12
Total debt			6,388	6,272	6,292
Current portion of long-term debt			(47)	(47)	(47)
Long-term debt			$ 6,341	$ 6,225	$ 6,245
Unamortized discounts and deferred finance charges				$ 116	$ 120
Fair value			$ 6,300		

(1) Interest rate is fixed, except where noted.
(2) London Interbank Offered Rate ("LIBOR") plus 2.13%. On May 4, 2018, the interest rate was reduced from the previous LIBOR plus 2.25% due to a step-down based on the senior secured leverage ratio in accordance with the CRC Credit Agreement.
(3) LIBOR plus 2.75%.

Annual Estimated Debt Service Requirements as of June 30, 2018

	Remaining	Years Ended December 31,					
(In millions)	**2018**	**2019**	**2020**	**2021**	**2022**	**Thereafter**	**Total**
Annual maturities of long-term debt	$ 24	$ 47	$ 47	$ 47	$ 47	$ 6,176	$ 6,388
Estimated interest payments	170	340	340	350	350	770	2,320
Total debt service payments [(1)]	$ 194	$ 387	$ 387	$ 397	$ 397	$ 6,946	$ 8,708

(1) Debt principal payments are estimated amounts based on maturity dates and potential borrowings under our revolving credit facility. Interest payments are estimated based on the forward-looking LIBOR curve and include the estimated impact of the ten interest rate swap agreements (see Note 5). Actual payments may differ from these estimates.

Current Portion of Long-Term Debt

The current portion of long-term debt as of June 30, 2018 and December 31, 2017 includes the principal payments on the term loans, other unsecured borrowings, and special improvement district bonds that are expected to be paid within 12 months.

Although there are no outstanding amounts under the revolving credit facility as of June 30, 2018, $27 million was committed to outstanding letters of credit. Borrowings under the revolving credit facility are subject to the provisions of the credit facility agreement, which has a contractual maturity of greater than one year. Amounts borrowed under the revolving credit facility, if any, are intended to satisfy short term liquidity needs and would be classified as current.

Fair Value

The fair value of debt has been calculated primarily based on the borrowing rates available as of June 30, 2018 based on market quotes of our publicly traded debt. We classify the fair value of debt within Level 1 in the fair value hierarchy.

Terms of Outstanding Debt

Restrictive Covenants

The CRC Credit Agreement and the indenture related to the CRC Notes contain covenants which are standard and customary for these types of agreements. These include negative covenants, which, subject to certain exceptions and baskets, limit the Company's ability to (among other items) incur additional indebtedness, make investments, make restricted payments, including dividends, grant liens, sell assets and make acquisitions.

The CRC Revolving Credit Facility includes a maximum first-priority net senior secured leverage ratio financial covenant of 6.35:1, which is applicable solely to the extent that certain testing conditions are satisfied.

Guarantees

The borrowings under the CRC Credit Agreement are guaranteed by the material, domestic, wholly owned subsidiaries of CRC (subject to exceptions) and substantially all of the applicable existing and future property and assets that serve as collateral for the borrowings.

The CRC Notes are guaranteed on a senior unsecured basis by each wholly owned, domestic subsidiary of CRC that is a subsidiary guarantor with respect to the CRC Senior Secured Credit Facilities.

Note 8 — Revenue Recognition

Adoption of New Revenue Recognition Standard

In May 2014, the FASB issued a new standard related to revenue recognition, ASU 2014-09, *Revenue from Contracts with Customers*. We adopted the standard effective January 1, 2018, using the full retrospective method, which requires the Company to recast each prior reporting period presented consistent with the new standard. The most significant effects of adopting the new standard related to the accounting for our Total Rewards customer loyalty program and casino promotional allowances.

Total Rewards affects revenue from our four core businesses: casino entertainment, food and beverage, rooms and hotel, and entertainment and other business operations. Previously, the Company accrued a liability based on the estimated cost of fulfilling the redemption of Reward Credits, after consideration of estimated forfeitures (referred to as "breakage"), based upon the cost of historical redemptions. Upon adoption of the new accounting standard, Reward Credits are no longer recorded at cost, and a deferred revenue model is used to account for the classification and timing of revenue recognized as well as the classification of related expenses when Reward Credits are redeemed. This results in a portion of casino revenues being recorded as deferred revenue as Reward Credits are earned. Revenue is recognized in a future period based on when and for what good or service the Reward Credits are redeemed (e.g., a hotel room).

Additionally, we previously recorded promotional allowances in a separate line item within net revenues. As part of adopting the new standard, promotional allowances are no longer presented separately. Alternatively, revenue is recognized based on relative standalone selling prices for transactions with more than one performance obligation. For example, when a casino customer is given a complimentary room, we are required to allocate a portion of the casino revenues earned from the customer to rooms revenues based on the standalone selling price of the room. As a result of this change, we are reporting substantially lower casino revenues; however, there is no material effect on total net revenues.

Effect of Adopting New Revenue Recognition Standard - Balance Sheets

(In millions)	Previously Reported	ASC Adjustments	As Recast
December 31, 2017			
Due from affiliates, net	$ 196	$ 16	$ 212
Accrued expenses and other current liabilities	680	(110)	570
Contract liabilities	—	105	105
Deferred credits and other liabilities	38	—	38
Member's equity	2,200	21	2,221
December 31, 2016			
Member's equity	$ 1,786	$ 2	$ 1,788

Effect of Adopting New Revenue Recognition Standard - Statements of Operations

	Three Months Ended June 30, 2017				
	Prior to Adoption				Post Adoption
(In millions)	CGPH	CERP	Eliminations	Total	Total
Net revenues	$ 346	$ 570	$ (4)	$ 912	$ 921
Total operating expenses	293	452	(4)	741	749
Income from operations	53	118	—	171	172
Net income	11	18	—	29	30

	Six Months Ended June 30, 2017				
	Prior to Adoption				Post Adoption
(In millions)	CGPH	CERP	Eliminations	Total	Total
Net revenues	$ 685	$ 1,116	$ (8)	$ 1,793	$ 1,805
Total operating expenses	585	888	(8)	1,465	1,475
Income from operations	100	228	—	328	330
Net income	17	24	1	42	44

Disaggregation of Revenue by Segment

	Three Months Ended June 30, 2018		
(In millions)	Las Vegas	Other U.S.	Total
Casino	$ 213	$ 124	$ 337
Food and beverage	152	44	196
Rooms	207	39	246
Entertainment and other	89	27	116
Total contract revenues	661	234	895
Other	35	1	36
Net revenues	$ 696	$ 235	$ 931

	Three Months Ended June 30, 2017		
(In millions)	Las Vegas	Other U.S.	Total
Casino	$ 212	$ 135	$ 347
Food and beverage	156	43	199
Rooms	201	41	242
Entertainment and other	78	19	97
Total contract revenues	647	238	885
Other	35	1	36
Net revenues	$ 682	$ 239	$ 921

	Six Months Ended June 30, 2018		
(In millions)	Las Vegas	Other U.S.	Total
Casino	$ 405	$ 262	$ 667
Food and beverage	304	86	390
Rooms	412	71	483
Entertainment and other	159	34	193
Total contract revenues	1,280	453	1,733
Other	74	2	76
Net revenues	$ 1,354	$ 455	$ 1,809

	Six Months Ended June 30, 2017		
(In millions)	Las Vegas	Other U.S.	Total
Casino	$ 408	$ 259	$ 667
Food and beverage	317	83	400
Rooms	416	73	489
Entertainment and other	148	28	176
Total contract revenues	1,289	443	1,732
Other	71	2	73
Net revenues	$ 1,360	$ 445	$ 1,805

Accounting Policy

We analyze our revenues based upon the type of services we provide and the geographic location of the related property. We recognize revenue when control over the goods and services we provide has transferred to the customer, which is generally when the services are performed and when we have no substantive performance obligation remaining. Sales and other taxes collected from customers on behalf of governmental authorities are accounted for on a net basis and are not included in net revenues or operating expenses.

Casino Revenues

Casino revenues include revenues generated by our casino operations and casino related activities such as poker, pari-mutuel wagering, and tournaments, less sales incentives and other adjustments. Casino revenues are measured by the aggregate net difference between gaming wins and losses. Jackpots, other than the incremental amount of progressive jackpots, are recognized at the time they are won by customers. We accrue the incremental amount of progressive jackpots as the progressive machine is played, and the progressive jackpot amount increases, with a corresponding reduction to casino revenues. Funds deposited by customers in advance along with chips and slot vouchers in a customer’s possession are recorded in Accrued expenses and other current liabilities on our Balance Sheets until such amounts are redeemed or used in gaming play by the customer.

Non-Gaming Revenues

Rooms revenue, food and beverage revenue, and entertainment and other revenue include: (i) the actual amounts paid for such services (less any amounts allocated to unperformed performance obligations, such as Reward Credits, described below); (ii) the value of Reward Credits redeemed for such services; and (iii) the portion of the transaction price allocated to complimentary goods or services provided in conjunction with other revenue-generating activities. Rooms revenue is generally recognized over time, consistent with the customer's reservation period. Food and beverage and entertainment and other revenues are recognized at the point in time the services are performed or events are held. Amounts paid in advance, such as advance deposits on rooms and advance ticket sales, are recorded as a liability until the goods or services are provided to the customer (see Contract Liabilities below).

Other Revenue

Other revenue primarily includes revenue from third-party real estate leasing arrangements at our casino properties. Rental income is recognized ratably over the lease term with contingent rental income being recognized when the right to receive such rental income is established according to the lease agreements.

Total Rewards Loyalty Program

Caesars' customer loyalty program, Total Rewards, grants Reward Credits to Total Rewards Members based on on-property spending, including gaming, hotel, dining, and retail shopping at all Caesars-affiliated properties. Members may redeem Reward Credits for complimentary or discounted goods and services such as rooms, food and beverages, merchandise, entertainment, and travel accommodations. Members are able to accumulate Reward Credits over time that they may redeem at their discretion under the terms of the program. A member's Reward Credit balance is forfeited if the member does not earn a Reward Credit for a continuous six-month period.

Because of the significance of the Total Rewards program and the ability for customers to accumulate Reward Credits based on their past play, we have determined that Reward Credits granted in conjunction with other earning activity represent a performance obligation. As a result, for transactions in which Reward Credits are earned, we allocate a portion of the transaction price to the Reward Credits that are earned based upon the relative standalone selling prices ("SSP") of the goods and services involved. When the activity underlying the "earning" of the Reward Credits has a wide range of selling prices and is highly variable, such as in the case of gaming activities, we use the residual approach in this allocation by computing the value of the Reward Credits as described below and allocating the residual amount to the gaming activity. This allocation results in a significant portion of the transaction price being deferred and presented as a Contract Liability on our accompanying Balance Sheets. Any amounts allocated to Contract Liabilities are recognized as revenue when the Reward Credits are redeemed in accordance with the specific recognition policy of the activity for which the credits are redeemed. This balance is further described below under Contract Liabilities.

Our Total Rewards loyalty program includes various tiers that offer different benefits, and members are able to earn credits towards tier status, which generally enables them to receive discounts similar to those provided as complimentaries described below. We have determined that any such discounts received as a result of tier status do not represent material rights, and therefore, we do not account for them as distinct performance obligations.

We have determined the SSP of a Reward Credit by computing the redemption value of credits expected to be redeemed. Because Reward Credits are not otherwise independently sold, we analyzed all Reward Credit redemption activity over the preceding calendar year and determined the redemption value based on the fair market value of the goods and services for which the Reward Credits were redeemed. We have applied the practical expedient under the portfolio approach to our Reward Credit transactions because of the similarity of gaming and other transactions and the homogeneity of Reward Credits.

As part of determining the SSP for Reward Credits, we also determined that there is generally an amount of Reward Credits that is not redeemed, which is considered "breakage." We recognize the expected breakage proportionally with the pattern of revenue recognized related to the redemption of Reward Credits. We periodically reassess our customer behaviors and revise our expectations as deemed necessary on a prospective basis.

Complimentaries

As part of our normal business operations, we often provide lodging, transportation, food and beverage, entertainment and other goods and services to our customers at no additional charge. Alternatively, Reward Credits can be redeemed for these services. Both are considered complimentaries. Such complimentaries are provided in conjunction with other revenue-earning activities and are generally provided to encourage additional customer spending on those activities. Accordingly, we allocate a portion of the transaction price we receive from such customers to the complimentary goods and services. We perform this allocation based on the SSP of the underlying goods and services, which is determined based upon the weighted-average cash sales prices received for similar services at similar points during the year.

Retail Value of Complimentaries

(In millions)	Three Months Ended June 30, 2018	Three Months Ended June 30, 2017	Six Months Ended June 30, 2018	Six Months Ended June 30, 2017
Food and beverage	$ 69	$ 68	$ 143	$ 139
Rooms	59	63	117	126
Other	7	7	14	15
	$ 135	$ 138	$ 274	$ 280

Receivables and Contract Liabilities

We issue credit to approved casino customers following investigations of creditworthiness. Business or economic conditions or other significant events could affect the collectibility of these receivables. Accounts receivable are non-interest bearing and are initially recorded at cost.

Marker play represents a significant portion of our overall table games volume. We maintain strict controls over the issuance of markers and aggressively pursue collection from those customers who fail to pay their marker balances timely. These collection efforts include the mailing of statements and delinquency notices, personal contacts, the use of outside collection agencies and civil litigation. Markers are generally legally enforceable instruments in the United States. Markers are not legally enforceable instruments in some foreign countries, but the United States assets of foreign customers may be reached to satisfy judgments entered in the United States. We consider the likelihood and difficulty of enforceability, among other factors, when we issue credit to customers who are not residents of the United States.

Accounts are written off when management deems the account to be uncollectible. Recoveries of accounts previously written off are recorded when received. We reserve an estimated amount for gaming receivables that may not be collected to reduce the Company’s receivables to their net carrying amount. Methodologies for estimating the allowance for doubtful accounts range from specific reserves to various percentages applied to aged receivables. Historical collection rates are considered, as are customer relationships, in determining specific reserves. As with many estimates, management must make judgments about potential actions by third parties in establishing and evaluating our reserves for allowance for doubtful accounts. Receivables are reported net of the allowance for doubtful accounts.

Receivables

(In millions)	June 30, 2018	December 31, 2017
Casino	$ 47	$ 80
Food and beverage and rooms	45	41
Entertainment and other	20	14
Contract receivables, net	112	135
Other	20	19
Receivables, net	$ 132	$ 154

Allowance for Doubtful Accounts

(In millions)	Contracts	Other	Total
Balance as of December 31, 2017	$ 25	$ 2	$ 27
Provision for doubtful accounts	5	—	5
Write-offs less recoveries	(3)	(1)	(4)
Balance as of June 30, 2018	$ 27	$ 1	$ 28

Contract Liability Balances

(In millions)	Total Rewards	Customer Advances	Total
December 31, 2017 [(1)]	$ 61	$ 45	$ 106
June 30, 2018 [(2)]	68	54	122

(1) *$1 million included within Deferred credits and other liabilities.*
(2) *$3 million included within Deferred credits and other liabilities.*

Revenue Recognized from December 31, 2017 Contract Liability Balances

(In millions)	Total Rewards	Customer Advances	Total
Three Months Ended June 30, 2018	$ 9	$ 10	$ 19
Six Months Ended June 30, 2018	24	43	67

In addition, Contract Liabilities related to Total Rewards was reduced by $5 million and $14 million, respectively, during the three and six months ended June 30, 2018 representing the revenue related to Reward Credits redeemed at Caesars-affiliated properties that are not consolidated with CRC (see Note 10).

Generally, customer advances and their corresponding performance obligations are satisfied within 12 months of the date of receipt of advanced payment. While Rewards Credits are generally redeemed by customers over a four-year period from when they were earned, of the total Reward Credits expected to be redeemed, approximately 90% are redeemed within one year and approximately 10% are redeemed beyond one year.

Note 9 — Income Taxes

Effective December 22, 2017, upon CRC electing to be treated as a corporation for federal and state income tax purposes, CRC is included in the consolidated federal tax return of Caesars, but files separate New Jersey and Louisiana tax returns. Prior to December 20, 2017, CGPH was included in the federal and state tax return filings for Caesars Growth Partners, LLC (“CGP”) which filed separate federal and state tax returns as a partnership. From December 20 through December 22, 2017, CGPH was included in the consolidated federal tax return for Caesars and the separate New Jersey and Louisiana tax returns for CGP which elected to be treated as a corporation effective December 20, 2017. Prior to December 22, 2017, CERP was included in the consolidated federal tax return for Caesars and the separate New Jersey tax return filing for CEC.

We have allocated U.S. taxes based upon the separate return method for CRC financial reporting purposes. Historically, we have treated U.S. taxes paid or refunds received by CEC for CRC as equity contributions or distributions. Although there is no formal tax sharing agreement in place between the CRC entities and CEC for U.S. income tax purposes, CRC may make payments to CEC or its subsidiaries for U.S. taxes that would have been paid if CRC was a standalone taxpayer.

Effective January 1, 2018, we adopted ASU 2016-16, *Income Taxes (Topic 740)*, which provides amended guidance regarding intra-entity transfers of assets other than inventory and requires the recognition of any related income tax consequences when such transfers occur.

The Securities and Exchange Commission staff issued Staff Accounting Bulletin No. 118 (“SAB 118”), which provides guidance for the accounting of the effects of the Tax Act. SAB 118 provides a measurement period that should not be extended past a year from the enactment date for companies to complete the accounting of the Tax Act under ASC Topic 740, *Income Taxes* (“ASC 740”). Companies that do not complete the accounting under ASC 740 for the tax effects of the Tax Act, must record a provisional estimate of the tax effects of the Tax Act. If a provisional estimate cannot be determined, a company should continue to apply ASC 740 based on the tax laws in effect immediately before the enactment of the Tax Act.

At June 30, 2018, the Company has not completed the accounting for the tax effects of the Tax Act; however, the Company has made a reasonable estimate of the effects on the existing deferred tax balances and accrued a provisional income tax benefit of approximately $218 million which was recorded in the period ended December 31, 2017. During the three months ended June 30, 2018, the Company revised its estimate of the effects on the existing deferred tax balances as of December 31, 2017, and accrued an additional provisional income tax benefit of $33 million. The total amount of the revised estimated income tax benefit is (i) $209 million related to the net deferred tax benefit of the corporate rate reduction and (ii) $42 million relating to the net deferred tax benefit of state deferred tax assets which are now realizable due to the changing rules related to interest expense disallowance for those states which conform to the Tax Act.

In order to complete the accounting requirements under ASC 740, the Company needs to (i) evaluate the impact of additional guidance, if any, from the FASB and external providers on its application of ASC 740 to the calculation; (ii) evaluate the impact of further guidance from Treasury and/or the Internal Revenue Service ("IRS") on the technical application of the law with regard to our facts; (iii) evaluate the impact of further guidance from the state tax authorities regarding their conformity to the provisions of the Tax Act; and (iv) complete the analysis of the revaluation of deferred tax assets and liabilities as the Company is still analyzing certain aspects of the Tax Act. The accounting for the tax effects for the Tax Act will be completed in 2018.

Income Tax Allocation

	Three Months Ended June 30,		**Six Months Ended June 30,**	
(Dollars in millions)	**2018**	**2017**	**2018**	**2017**
Income before income taxes	$ 67	$ 40	$ 64	$ 60
Income tax benefit/(provision)	$ 18	$ (10)	$ 19	$ (16)
Effective tax rate	(26.9)%	25.0%	(29.7)%	26.7%

We classify reserves for tax uncertainties within Deferred credits and other liabilities on the Balance Sheets, separate from any related income tax payable, which is also reported within Accrued expenses and other current liabilities, or Deferred income taxes. Reserve amounts relate to any potential income tax liabilities resulting from uncertain tax positions, as well as potential interest or penalties associated with those liabilities.

The effective tax rate for the three months ended June 30, 2018 differed from the expected federal tax rate of 21% primarily due to the deferred tax benefit from revisions to the estimated deferred tax balances as of December 31, 2017 as a result of the Tax Act and excess tax benefits related to stock-based compensation. The effective tax rate for the three months ended June 30, 2017 differed from the expected federal tax rate of 35% primarily due to the tax benefit of federal tax credits and the nontaxable LLC earnings of CGPH.

The effective tax rate for the six months ended June 30, 2018 differed from the expected federal tax rate of 21% primarily due to the deferred tax benefit from revisions to the estimated deferred tax balances as of December 31, 2017 as a result of the Tax Act and excess tax benefits related to stock-based compensation. The effective tax rate for the six months ended June 30, 2017 differed from the expected federal tax rate of 35% primarily due to the tax benefit of federal tax credits and the nontaxable LLC earnings of CGPH.

We believe that it is reasonably possible that the total amount of unrecognized tax benefits as of June 30, 2018 will not materially change within the next 12 months. Audit outcomes and the timing of audit settlements are subject to significant uncertainty. Although we believe that an adequate provision has been made for such issues, there is the possibility that the ultimate resolution of such issues could have an adverse effect on our earnings. Conversely, if these issues are resolved favorably in the future, the related provision would be reduced, thus having a favorable impact on earnings.

Note 10 — Related Party Transactions

(In millions)	Three Months Ended June 30, 2018	Three Months Ended June 30, 2017	Six Months Ended June 30, 2018	Six Months Ended June 30, 2017
CEOC LLC Shared Services Agreement				
Service provider fee	$ 1	$ 1	$ 2	$ 2
Management fees to related parties	10	10	20	19
Transactions with CEC and other affiliates				
Employee benefits and incentive awards	10	4	20	11
Transactions with Sponsors and their affiliates				
Expenses paid to Sponsors' portfolio companies	7	1	8	1
Other related party transactions				
Lease revenue received	10	10	20	20
Lease payments	—	—	1	—
World Series of Poker agreements	1	1	1	1

Caesars Enterprise Services, LLC

As described in Note 1, CES provides certain corporate, administrative and management services to its Members, and the costs of these services are allocated among the Members with 61% allocated to CEOC LLC and 39% allocated to CRC. CES serves as an agent on behalf of the Members at a cost-basis. Members reimburse CES for the services it performs and the costs it incurs. CRC consolidates CES as of December 22, 2017 and CES is no longer treated as a related party going forward.

CEOC LLC Shared Services Agreement

Pursuant to a shared services agreement, CEOC LLC provides Caesars Entertainment with certain corporate and administrative services, and the costs of these services are allocated among all of Caesars Entertainment's operating subsidiaries (including the Company). Many of these corporate and administrative services are now provided by CES.

Service Provider Fee

Under the shared services agreements, CRC pays for certain indirect corporate support costs. CEOC LLC is authorized to charge CRC for an amount equal to 37.1% of unallocated corporate support costs.

Management Fees to Related Parties

Prepaid management fees to related parties represents (i) our 50% interest in the management fee revenues of PHW Manager, LLC, recognized as a long-term prepaid asset of $70 million amortized over 35 years starting in October 2013, and (ii) our 50% interest in the management fee revenues of the Harrah's New Orleans Management Company, The Quad Manager, LLC, Bally's Las Vegas Manager, LLC and Cromwell Manager, LLC, recognized as a long-term prepaid asset of $138 million amortized over 15 years starting in May 2014. The amortization periods represent the terms of the related management contracts. As of both June 30, 2018 and December 31, 2017, the payable balance related to these fees and recorded in Payables to related parties on the Balance Sheets was $2 million.

Transactions with CEC and Other Affiliates

Employee Benefit Plans

CEC maintains a defined contribution savings and retirement plan in which employees of CRC may participate. The plan provides for, among other things, pre-tax, Roth, and after-tax contributions by employees. The plan also provides for employer matching contributions. Under the plan, participating employees may elect to contribute a percentage of their eligible earnings (subject to certain IRS and plan limits). In addition, employees subject to certain collective bargaining agreements receive benefits through the multi-employer retirement plans sponsored by the organization in which they are a member. The expenses related to contributions for a participant in the CEC plan or a multi-employer plan are allocated to the properties at which the participant is employed.

Equity Incentive Awards

CEC maintains an equity incentive awards plan under which CEC may issue time-based and performance-based stock options, restricted stock units and restricted stock awards to CRC employees. Although awards under the plan result in the issuance of shares of CEC common stock, because CRC is a consolidated subsidiary of CEC, the amounts are included in CRC share-based compensation expense as a component of total compensation for CRC employees.

Transactions with Sponsors and their Affiliates

The members of Hamlet Holdings LLC are comprised of individuals affiliated with Apollo Global Management, LLC and affiliates of TPG Capital LP (collectively, the “Sponsors”) and own CEC common stock. On October 6, 2017, CEC entered into a “Termination Agreement” with the Sponsors and their affiliates, pursuant to which certain agreements terminated. Due to a reduction in ownership percentage in CEC on October 6, 2017, we are no longer controlled by the Sponsors.

Additionally, we may engage in transactions with companies owned or controlled by affiliates of the Sponsors in the normal course of business. Amounts paid to the Sponsors’ portfolio companies are included in the table above and we believe such transactions are conducted at fair value.

Other Related Party Transactions

Bally’s Las Vegas—JGB Vegas Retail Lease Agreement

Bally’s Las Vegas leases land to JGB Vegas Retail Lessee, LLC (“JGB Lessee”) under a ground lease that includes annual base rent payments with annual escalations as well as an annual percentage of revenue payable should JGB Lessee revenues exceed a breakpoint as defined in the lease agreement, which is paid on a monthly basis. Rental payments began in February 2015. GB Investor, LLC, a wholly owned subsidiary of Caesars Entertainment, has an approximate 10% ownership interest in JGB Lessee. Revenues from the ground lease are currently being recognized straight-line over the term of the lease starting in December 2013 upon transfer of rights to the property through February 2035.

Octavius Tower Lease Agreement

We lease the Octavius Tower to VICI under a long-term lease agreement. VICI in turn subleases the tower to Desert Palace LLC and CEOC LLC, which together operate the tower for a 15-year term, with four separate renewal options of five years each. Our subsidiary, Caesars Octavius, LLC, receives a fixed $35 million annual payment, paid monthly, under the terms of the lease. On July 11, 2018, the real estate assets of the Octavius Tower were sold by the Company to VICI and we subsequently no longer receive rent revenue under the lease. See Note 11 for additional information.

LINQ Access and Parking Easement Agreements

Under the LINQ Access and Parking easement agreements, subsidiaries of CEOC LLC granted easements to us and certain of our subsidiaries to use the parking lot behind The LINQ Promenade and The LINQ Hotel & Casino. The parking lot was sold to VICI upon Caesars Entertainment Operating Company, Inc.’s emergence from bankruptcy but was partially repurchased by us as part of the purchase of approximately 18 acres of land adjacent to the Harrah’s Las Vegas property with the other portion still owned by VICI with the easements to us running with the land. We pay approximately $1 million annually for the easements to CEOC LLC for the remaining portion owned by VICI.

World Series of Poker Agreements

Pursuant to multiple agreements with Caesars Interactive Entertainment, LLC (“CIE”), a wholly owned subsidiary of Caesars Entertainment, we are allowed to host various World Series of Poker events in Las Vegas and Atlantic City, including the annual Main Event at Rio All-Suites Hotel & Casino. CRC pays CIE $2 million per year for the right to host World Series of Poker tournaments in Las Vegas and pays to host certain World Series of Poker circuit events in Atlantic City. The Main Event agreement has expired but the events continue under these payment terms.

Total Rewards Loyalty Program

On October 6, 2017, Total Rewards was transferred from CEOC LLC to CES as an equity contribution, and CRC consolidates CES as of December 22, 2017. The total estimated liability related to Reward Credits earned by customers is accrued by CES. As further described in Note 8, the liability is reduced as Reward Credits are redeemed by customers, and the related revenue is recognized at the property at which the Reward Credits are redeemed. These amounts related to other CEC casino properties are included in Due from affiliates, net on the Balance Sheets.

Centralized Transactions

In addition, the Company participates with other Caesars Entertainment subsidiaries in marketing, purchasing, insurance, employee benefit and other programs that are defined, negotiated and managed by Caesars Entertainment on an enterprise-wide basis. The Company believes that participating in these consolidated programs is beneficial in comparison to the cost and terms for similar programs that it could negotiate on a standalone basis.

Due from/to Affiliates

Amounts due from or to affiliates for each counterparty represent the net receivable or payable as of the end of the reporting period primarily resulting from the transactions described above and are settled on a net basis by each counterparty in accordance with the legal and contractual restrictions governing transactions by and among CRC's affiliated entities. Due from affiliates, net was $116 million and $212 million, respectively, as of June 30, 2018 and December 31, 2017. Due to affiliates, net was $4 million and $3 million, respectively, as of June 30, 2018 and December 31, 2017.

CEC Promissory Note

CES has an intercompany loan with CEC for a $15 million promissory note that CEC paid to the Buena Vista Gaming Authority on behalf of CES. As of June 30, 2018, the intercompany loan is included in Long-term debt to related party on the Balance Sheets.

Note 11 — Subsequent Events

The Company completed its subsequent events review through August 1, 2018, the date on which the financial statements were available to be issued.

Acquisition of Centaur Holdings, LLC

On July 16, 2018 (the "Centaur Closing Date"), CRC completed its acquisition of Centaur for consideration of $1.7 billion, composed of the following:

Composition of Acquisition Consideration

(In millions)		
Cash paid on the Centaur Closing Date	$	1,630
Deferred consideration [(1)]		66
Total purchase price	$	1,696

[(1)] *Deferred consideration is payable in an installment of $25 million on the second anniversary of the Centaur Closing Date and $50 million on the third anniversary of the Centaur Closing Date with prepayments and right of setoff permitted, subject to the terms and conditions of the Unit Purchase Agreement. $66 million represents the present value of future expected cash flows.*

CEC assigned its rights under the definitive agreement to CRC as the acquiring entity.

Preliminary Purchase Price Allocation

The following table summarizes the assets acquired and liabilities recognized as part of acquisition. We will continue to evaluate and value identifiable assets acquired and liabilities assumed, and that may require the preliminary purchase price allocation to be adjusted. The preliminary determination of assets and liabilities recognized is based on a number of estimates and assumptions; actual amounts could differ from these estimates. The intangible assets subject to amortization will be amortized on a straight-line basis over their estimated useful lives as of the acquisition date.

(In millions)	Fair Value	Weighted-Average Useful Life (years)
Assets acquired:		
Cash and cash equivalents	$ 38	
Receivables, net	3	
Other current assets	24	
Property and equipment	299	
Intangible assets other than goodwill		
Trade names and trademarks	14	2.5
Gaming rights [(1)]	1,400	
Customer relationships	41	15.0
Total assets	1,819	
Liabilities assumed:		
Current liabilities	(96)	
Deferred income taxes	(291)	
Total liabilities	(387)	
Net identifiable assets acquired	1,432	
Goodwill	264	
Total Centaur equity value	$ 1,696	

[(1)] *Indefinite-lived intangible assets.*

Octavius Tower Sale

On July 11, 2018, we sold Octavius Tower at Caesars Palace Las Vegas to VICI for $508 million in cash. Proceeds from the transaction supported the closing of CRC’s acquisition of Centaur. Caesars will continue to operate the Octavius Tower under the current terms of the long-term lease agreement with VICI relating to Caesars Palace Las Vegas.

Also on July 11, 2018, CEC and VICI agreed to the sale by CEC of all the real property used in the operation of Harrah’s Philadelphia Casino and Racetrack (“Harrah’s Philadelphia”) to VICI. In connection with the Octavius Tower and Harrah’s Philadelphia transactions, CEC and VICI will consummate certain lease modifications to certain of our existing lease agreements. The Octavius Tower sale includes a contingency that could require CEC to repurchase the Octavius Tower if the Harrah’s Philadelphia transaction and lease modifications transactions are not completed. The Harrah’s Philadelphia transaction and lease modifications are expected to close during the fourth quarter of 2018, subject to customary closing conditions and regulatory and third party approvals.

Item 2. Management's Discussion and Analysis of Financial Condition and Results of Operations

In this report, the name "CRC LLC" refers to the parent holding company, Caesars Resort Collection, LLC, exclusive of its consolidated subsidiaries and variable interest entities, unless otherwise stated or the context otherwise requires. The words "CRC," "Company," "we," "our," and "us" refer to Caesars Resort Collection, LLC, inclusive of its consolidated subsidiaries and variable interest entities, unless otherwise stated or the context otherwise requires.

We also refer to (i) our Consolidated Condensed Financial Statements as our "Financial Statements," (ii) our Consolidated Condensed Statements of Operations and Comprehensive Income as our "Statements of Operations," (iii) our Consolidated Condensed Balance Sheets as our "Balance Sheets," and (iv) our Consolidated Condensed Statements of Cash Flows as our "Statements of Cash Flows." References to numbered "Notes" refer to Notes to Consolidated Condensed Financial Statements included in Item 1, "Unaudited Financial Statements."

The following discussion and analysis of the financial position and operating results of CRC for the six months ended June 30, 2018 and 2017 should be read in conjunction with the unaudited consolidated condensed financial statements and the notes thereto and other financial information included elsewhere in this report as well as Management's Discussion and Analysis of Financial Condition and Results of Operations ("MD&A") presented in CRC's Annual Report included as Exhibit 99.1 in a Form 8-K filed by Caesars Entertainment Corporation for the fiscal year ended December 31, 2017 ("2017 Annual Report") on March 15, 2018. Capitalized terms used but not defined in this Quarterly Report have the same meanings as in the 2017 Annual Report.

The statements in this discussion regarding our expectations regarding our future performance, liquidity and capital resources, and other non-historical statements are forward-looking statements. These forward-looking statements are subject to numerous risks and uncertainties. Our actual results may differ materially from those contained in or implied by any forward-looking statements. See "CAUTIONARY STATEMENTS REGARDING FORWARD-LOOKING STATEMENTS" below in this report.

Overview

CRC LLC is wholly owned by Caesars Entertainment Corporation ("CEC," "Caesars," and "Caesars Entertainment") and operates 11 properties, primarily in Las Vegas. CRC also owns The LINQ Promenade. Prior to CRC's sale of Octavius Tower at Caesars Palace Las Vegas ("Octavius Tower") to VICI Properties Inc. ("VICI") (see Note 11 for additional information) on July 11, 2018, CRC owned Octavius Tower and leased it to VICI. VICI leases Octavius Tower to CEOC, LLC ("CEOC LLC"). We lease certain real property assets from VICI for Harrah's Las Vegas.

Summary of Significant Event

Adoption of New Revenue Recognition Standard

On January 1, 2018, we adopted the new accounting standard Accounting Standards Update 2014-09, *Revenue from Contracts with Customers*, and all related amendments. See Note 8 for additional information.

Analysis of Key Drivers of Consolidated Operating Results

The following represents the discussion and analysis of the results of operations and key metrics focusing on the key drivers of performance.

Consolidated Operating Results

(Dollars in millions)	Three Months Ended June 30, 2018	Three Months Ended June 30, 2017	Percent Favorable/ (Unfavorable)	Six Months Ended June 30, 2018	Six Months Ended June 30, 2017	Percent Favorable/ (Unfavorable)
Casino	$ 337	$ 347	(2.9)%	$ 667	$ 667	— %
Food and beverage	196	199	(1.5)%	390	400	(2.5)%
Rooms	246	242	1.7 %	483	489	(1.2)%
Other revenue	152	133	14.3 %	269	249	8.0 %
Net revenues	$ 931	$ 921	1.1 %	$ 1,809	$ 1,805	0.2 %
Total operating expenses	$ 766	$ 749	(2.3)%	$ 1,553	$ 1,475	(5.3)%
Income from operations	165	172	(4.1)%	256	330	(22.4)%
Net income	85	30	183.3 %	83	44	88.6 %
Adjusted EBITDA [(1)]	292	282	3.5 %	556	547	1.6 %
Operating margin [(2)]	17.7%	18.7%	(1.0) pts	14.2%	18.3%	(4.1) pts

* *Not meaningful.*
(1) *See the Reconciliation of Non-GAAP Financial Measures discussion later in this MD&A for a reconciliation of Adjusted EBITDA.*
(2) *Operating margin is calculated as income from operations divided by net revenues.*

Three Months Ended June 30, 2018 vs. 2017

Net revenues increased $10 million, or 1.1%, for the second quarter of 2018 compared with the corresponding prior year period, primarily due to the following:

- Other revenue increased $19 million, or 14.3%, primarily due to revenue from valet and self-parking fees that were fully implemented in Las Vegas in 2017 and an increase in entertainment revenues at our Las Vegas properties.

- This increase was partially offset by a decrease in casino revenues of $10 million, or 2.9%, primarily due to unfavorable hold.

Six Months Ended June 30, 2018 vs. 2017

Net revenues increased $4 million, or 0.2%, for the six months ended June 30, 2018 compared with the corresponding prior year period, primarily due to the following:

- Other revenue increased $20 million, or 8.0%, primarily due to revenue from valet and self-parking fees that were fully implemented in Las Vegas in April 2017 and an increase in entertainment revenues at certain Las Vegas properties.

- This increase was offset by a decrease in food and beverage revenues of $10 million, or 2.5%, primarily at our Las Vegas properties including non-recurring banquet revenues in the first half of 2017 as well as a decrease in rooms revenues of $6 million, or 1.2%, primarily due to a convention that took place in 2017 that did not recur in 2018. Cash average daily rate remained constant at $144 million for the first half of 2018 and 2017.

Operating Expenses

Operating expenses increased $17 million, or 2.3%, for the second quarter of 2018 compared with the corresponding prior year period, primarily due to an increase of $11 million in Corporate expense due to increases in corporate overhead in the second quarter of 2018 compared to the same period in 2017 and an increase of $12 million in Other operating costs primarily due to a $9 million loss on asset sales in 2018.

Operating expenses increased $78 million, or 5.3%, for the six months ended June 30, 2018 compared with the corresponding prior year period, primarily due to an increase of $57 million in Other operating costs attributable to additional exit fees of $21 million recognized for NV Energy utility contracts (see Note 6), $20 million in lease termination costs, and a $9 million loss on asset sales in 2018. There was also a $28 million increase in Corporate expense due to increases in corporate overhead in the first half of 2018.

Other Factors Affecting Net Income/(Loss)

	Three Months Ended June 30,		Percent Favorable/ (Unfavorable)	Six Months Ended June 30,		Percent Favorable/ (Unfavorable)
(Dollars in millions)	**2018**	**2017**		**2018**	**2017**	
Interest expense	$ (101)	$ (132)	23.5%	$ (198)	$ (270)	26.7%
Other income	3	—	*	6	—	*
Income tax benefit/(provision)	18	(10)	*	19	(16)	*

* *Not meaningful.*

Interest Expense

Interest expense decreased $31 million and $72 million, respectively, for the three and six months ended June 30, 2018 compared with the same periods in 2017 primarily due to the refinancing of the previously outstanding debt which reduced the interest rate margins in the second quarter of 2017 as well as repayment of loans in 2017. The reduction in interest expense pertaining to these debt instruments was $49 million and $107 million, respectively, for the three and six months ended June 30, 2018 compared with the same periods in 2017. These decreases were partially offset by $20 million and $39 million, respectively, recognized as interest expense during the three and six months ended June 30, 2018 related to our lease agreement with VICI that is accounted for as a failed sale-leaseback financing obligation which were not outstanding during the three and six months ended June 30, 2017.

Income Taxes

For the three months ended June 30, 2018 and 2017, the effective tax rates were negative 26.9% and 25.0%, respectively. For the six months ended June 30, 2018 and 2017, the effective tax rates were negative 29.7% and 26.7%, respectively. See Note 9 for a detailed discussion of income taxes and the effective tax rate.

Recently Issued Accounting Standards

See Note 2 for discussion of the adoption and potential effects of recently issued accounting standards.

Critical Accounting Policies and Estimates

For information on critical accounting policies and estimates, see “Critical Accounting Policies and Estimates” in Management’s Discussion and Analysis of Financial Condition and Results of Operations of the 2017 Annual Report. There have been no changes to these policies during the six months ended June 30, 2018.

Reconciliation of Non-GAAP Financial Measures

Adjusted earnings before interest, taxes, depreciation and amortization (“EBITDA”) is presented as a measure of the Company’s performance. Adjusted EBITDA is defined as revenues less operating expenses and is comprised of net income/(loss) before (i) interest expense, net of interest capitalized and interest income, (ii) income tax (benefit)/provision, (iii) depreciation and amortization, (iv) corporate expenses, and (v) certain items that we do not consider indicative of its ongoing operating performance at an operating property level.

In evaluating Adjusted EBITDA you should be aware that, in the future, we may incur expenses that are the same or similar to some of the adjustments in this presentation. The presentation of Adjusted EBITDA should not be construed as an inference that future results will be unaffected by unusual or unexpected items.

Adjusted EBITDA is a non-GAAP financial measure commonly used in our industry and should not be construed as an alternative to net income/(loss) as an indicator of operating performance or as an alternative to cash flow provided by operating activities as a measure of liquidity (as determined in accordance with generally accepted accounting principles, “GAAP”). Adjusted EBITDA may not be comparable to similarly titled measures reported by other companies within the industry. Adjusted EBITDA is included because management uses Adjusted EBITDA to measure performance and allocate resources, and believes that Adjusted EBITDA provides investors with additional information consistent with that used by management.

Reconciliation of Adjusted EBITDA

(In millions)	Three Months Ended June 30, 2018	Three Months Ended June 30, 2017	Six Months Ended June 30, 2018	Six Months Ended June 30, 2017
Net income attributable to CRC	$ 85	$ 30	$ 83	$ 44
Income tax (benefit)/provision	(18)	10	(19)	16
Other income	(3)	—	(6)	—
Interest expense	101	132	198	270
Depreciation and amortization	92	88	195	182
Other operating costs [(1)]	22	10	74	17
Stock-based compensation expense	8	3	15	6
Other items [(2)]	5	9	16	12
Adjusted EBITDA	$ 292	$ 282	$ 556	$ 547

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(1) *Amounts primarily represent costs incurred in connection with costs associated with the development activities and reorganization activities, and/or recoveries associated with such items.*
(2) *Other items includes other add-backs and deductions to arrive at Adjusted EBITDA but not separately identified such as severance and relocation costs, sign-on and retention bonuses, permit remediation costs, and business optimization expenses.*

Liquidity and Capital Resources

Liquidity and Capital Resources

Our cash and cash equivalents totaled $1.3 billion and the total capacity available under our revolving credit facility is $1.0 billion as of June 30, 2018. We generated net income of $83 million during the six months ended June 30, 2018, which includes $238 million of non-cash items such as depreciation and amortization. Our operating activities yielded operating cash flows of $416 million, an increase of $81 million, or 24.2%, compared with the six months ended June 30, 2017.

We believe that our cash flows from operations are sufficient to cover planned capital expenditures for ongoing property renovations as well as estimated interest and principal payments due on long-term debt and our financing obligation during the next 12 months. However, if needed, our existing cash and cash equivalents and availability under our revolving credit facility is available to further support operations during the next 12 months and the foreseeable future. In addition, restrictions under our lending arrangements generally prevent the distribution of cash from our subsidiaries to CEC, except for certain restricted payments.

During the six months ended June 30, 2018, we paid $197 million in interest related to our debt and financing obligations including $158 million of interest associated with our debt and $39 million of interest related to our financing obligation.

On July 16, 2018, we completed our acquisition of Centaur Holdings, LLC (“Centaur”) for $1.7 billion, including $1.6 billion at closing and $75 million in deferred consideration. The funding for this acquisition was primarily from the $1.1 billion in cash proceeds received from the sale of the real estate assets of Harrah’s Las Vegas to VICI in December 2017, the $500 million in cash proceeds received from the sale of the Octavius Tower to VICI in July 2018, and the use of $200 million of our revolving credit facility. See Note 11 for additional information.

Our ability to fund our operations, pay our debt and financing obligations, and fund planned capital expenditures depends, in part, upon economic and other factors that are beyond our control, and disruptions in capital markets and restrictive covenants related to our existing debt could impact our ability to fund liquidity needs, pay indebtedness and financing obligations, and secure additional funds through financing activities.

We cannot assure you that our business will generate sufficient cash flows from operations, or that future borrowings will be available to us, to fund our liquidity needs and pay our indebtedness. If we are unable to meet our liquidity needs or pay our indebtedness when it is due, we may have to reduce or delay refurbishment and expansion projects, reduce expenses, sell assets, or attempt to restructure our debt. Any such actions could negatively impact our competitive position and revenue generation.

Debt Activity and Lease-Related Obligations

We are a highly-leveraged company and had $6.4 billion in face value of debt outstanding as of June 30, 2018. Additionally, VICI owns certain real property assets of Harrah’s Las Vegas and leases those assets back to us. We account for our lease with VICI as a failed sale-leaseback financing obligation. As of June 30, 2018, the present value of our financing obligation recognized on our

Balance Sheet was $1.1 billion. As a result, a significant portion of our liquidity needs are for debt service, including significant interest payments, and this financing obligation. As detailed in the table below, our estimated debt service (including principal and interest) is $194 million for the remainder of 2018 and $8.5 billion thereafter to maturity and our estimated financing obligation is $36 million for the remainder of 2018 and $2.9 billion thereafter to maturity.

Financing Activities as of June 30, 2018

	Remaining	Years Ended December 31,					
(In millions)	**2018**	**2019**	**2020**	**2021**	**2022**	**Thereafter**	**Total**
Annual maturities of long-term debt	$ 24	$ 47	$ 47	$ 47	$ 47	$ 6,176	$ 6,388
Estimated interest payments	170	340	340	350	350	770	2,320
Total debt service payments [1]	194	387	387	397	397	6,946	8,708
Financing obligation - principal	4	11	13	15	17	746	806
Financing obligation - interest	32	77	76	75	74	1,778	2,112
Total financing obligation payments[2]	36	88	89	90	91	2,524	2,918
Total financing activities	$ 230	$ 475	$ 476	$ 487	$ 488	$ 9,470	$ 11,626

[1] *Debt principal payments are estimated amounts based on maturity dates and potential borrowings under our revolving credit facility. Interest payments are estimated based on the forward-looking London Interbank Offered Rate curve and include the estimated impact of the ten interest rate swap agreements (see Note 5). Actual payments may differ from these estimates.*

[2] *Financing obligation principal and interest payments are estimated amounts based on the future minimum lease payments and certain estimates based on contingent rental payments (as described below). Actual payments may differ from the estimates.*

For our lease with VICI, we assume the renewal is probable and include renewal commitments in the estimated financing obligation in the table above. In addition, the future lease payment amounts included in the table above represent the contractual lease payments adjusted for estimated escalations, as determined by the underlying lease agreements. The estimates are based on the terms and conditions known at the inception of the leases. However, a portion of the actual payments will be determined in the period in which they are due, and therefore, actual lease payments may differ from our estimates.

Capital Spending and Development

We incur capital expenditures in the normal course of business and we perform ongoing refurbishment and maintenance at our existing properties to maintain our quality standards. We also continue to pursue development and acquisition opportunities for additional casino entertainment and other hospitality facilities that meet our strategic and return on investment criteria. Cash used for capital expenditures in the normal course of business is typically made available from cash flows generated by our operating activities, while cash used for development projects is typically funded from established debt programs, specific project financing, and additional debt offerings.

Capital expenditures were $135 million during the six months ended June 30, 2018 in support of our ongoing property renovations, a decrease of $11 million, or 7.5%, compared with the six months ended June 30, 2017. Our projected capital expenditures for 2018 range from $410 million to $490 million.

Related Party Transactions

For a description of the nature and extent of related party transactions, see Note 10.

Contractual Obligations and Commitments

Material changes to our aggregate indebtedness, if any, are described in Note 7.

Except as described in Note 6, as of June 30, 2018, there have been no material changes outside of the ordinary course of business to our other known contractual obligations, which are set forth in the table included in Item 7 in our 2017 Annual Report.

CAUTIONARY STATEMENTS REGARDING FORWARD-LOOKING STATEMENTS

This Quarterly Report contains or may contain "forward-looking statements" intended to qualify for the safe harbor from liability established by the Private Securities Litigation Reform Act of 1995. These statements can be identified by the fact that they do not relate strictly to historical or current facts. We have based these forward-looking statements on our current expectations about future events. Further, statements that include words such as "may," "will," "project," "expect," "believe," "anticipate," "intend," "could," "would," "estimate," "continue," "present," or "pursue," or the negative of these words or other words or expressions of similar meaning may identify forward-looking statements. These forward-looking statements are found at various places throughout this report. These forward-looking statements, including, without limitation, those relating to future actions, new projects, strategies, future performance, the outcome of contingencies such as legal proceedings, and future financial results, wherever they occur in this report, are necessarily estimates reflecting the best judgment of our management and involve a number of risks and uncertainties that could cause actual results to differ materially from those suggested by the forward-looking statements. These forward-looking statements should, therefore, be considered in light of various important factors set forth above and from time to time in our filings with the Securities and Exchange Commission.

Important factors that could cause actual results to differ materially from estimates or projections contained in the forward-looking statements include without limitation:

- our ability to respond to changes in the industry, particularly digital transformation, and to take advantage of the opportunity for legalized sports betting in multiple jurisdictions in the United States (which may require third-party arrangements and/or regulatory approval);
- development of our announced convention center in Las Vegas and certain of our other announced projects are subject to risks associated with new construction projects, including those described below;
- we may not be able to realize the anticipated benefits of the acquisition of Centaur;
- completion of CEC's sale of Harrah's Philadelphia Casino and Racetrack to VICI is subject to customary closing conditions, including certain regulatory approvals and third party approvals, which may not be satisfied;
- the impact of our substantial indebtedness, including its impact on our ability to raise additional capital in the future and react to changes in the economy, and lease obligations and the restrictions in our debt and lease agreements;
- the effects of local and national economic, credit and capital market conditions on the economy, in general, and on the gaming industry, in particular;
- our ability to effectively compete against our competitors;
- the effect of reductions in consumer discretionary spending due to economic downturns or other factors and changes in consumer demands;
- the ability to realize improvements in our business and results of operations through our property renovation investments, technology deployments, business process improvement initiatives and other continuous improvement initiatives;
- our ability to realize all of the anticipated benefits of current or potential future acquisitions;
- our dependence on the Las Vegas market and lack of geographical diversification;
- the dependence on the success of third parties adjacent to our properties to generate revenue for our business;
- uncertainty in the completion of projects neighboring our properties that are expected to be beneficial to our properties;
- our ability to access available and reasonable financing or additional capital on a timely basis and on acceptable terms or at all, including our ability to refinance our indebtedness on acceptable terms;
- growth in consumer demand for non-gaming offerings;
- abnormal gaming holds ("gaming hold" is the amount of money that is retained by the casino from wagers by customers);
- our ability to recoup costs of capital investments through higher revenues;

- the possibility that we may not be able to host the World Series of Poker's Main Event and the resulting negative impact on our revenues;
- our ability to attract, retain and motivate employees;
- our ability to retain our performers or other entertainment offerings on acceptable terms or at all;
- the risk of fraud, theft and cheating;
- our ability to protect our intellectual property rights and damages caused to our brands or the Planet Hollywood brand due to the unauthorized use of our brand names or, in the case of Planet Hollywood, the license being used by third-parties in ways outside of our control;
- the ability to timely and cost-effectively integrate companies that we acquire into our operations;
- the ability to execute on our brand licensing and management strategy is subject to third party agreements and other risks associated with new projects;
- not being able to realize all of our anticipated cost savings;
- seasonal fluctuations resulting in volatility and an adverse effect on our operating results;
- any impairments to goodwill, indefinite-lived intangible assets, or long-lived assets that we may incur;
- construction factors, including delays, increased costs of labor and materials, availability of labor and materials, zoning issues, environmental restrictions, soil and water conditions, weather and other hazards, site access matters, and building permit issues;
- acts of war or terrorist incidents (including the impact of the recent mass shooting in Las Vegas on tourism), severe weather conditions, uprisings or natural disasters, including losses therefrom, losses in revenues and damage to property, and the impact of severe weather conditions on our ability to attract customers to certain of our facilities;
- fluctuations in energy prices;
- work stoppages and other labor problems;
- our ability to collect on credit extended to our customers;
- the impact of adverse legal proceedings and judicial and governmental body actions, including gaming legislative action, referenda, regulatory disciplinary actions, and fines and taxation;
- the effects of environmental and structural building conditions relating to our properties;
- our exposure to environmental liability, including as a result of unknown environmental contamination;
- access to insurance for our assets on reasonable terms;
- the impact, if any, of unfunded pension benefits under multi-employer pension plans;
- a disruption, failure, or breach of our network, information systems, or other technology, or those of our vendors, on which we are dependent;
- risks and costs associated with protecting the integrity and security of internal, employee, and customer data;
- changes in the extensive governmental regulations to which we are subject and (1) changes in laws, including increased tax rates, smoking bans, regulations, or accounting standards; (2) third-party relations; and (3) approvals, decisions, disciplines and fines of courts, regulators, and governmental bodies;
- compliance with the extensive laws and regulations to which we are subject, including applicable gaming laws and other anti-corruption laws and the Bank Secrecy Act and other anti-money laundering laws;
- our dependence on the management of Caesars Entertainment, CEOC LLC and CES to render services to us and operate our casinos, and provide us with access to intellectual property rights, the Total Rewards customer loyalty program, customer databases and other services, rights and information;

- differences in our interests and those of our ultimate parent entity, Caesars Entertainment or its other subsidiaries, including CEOC LLC;
- the failure of Caesars Entertainment to protect the trademarks that are licensed to us;
- risks related to CEOC LLC's emergence from bankruptcy; and
- the other factors set forth under "Risk Factors" in our 2017 Annual Report.

You are cautioned not to place undue reliance on these forward-looking statements, which speak only as of the date of this report. We undertake no obligation to publicly update or release any revisions to these forward-looking statements to reflect events or circumstances after the date of this report or to reflect the occurrence of unanticipated events, except as required by law.

Item 3. Quantitative and Qualitative Disclosures About Market Risk

During the six months ended June 30, 2018, we entered into six interest rate swap agreements to fix the interest rate on $2.0 billion of variable rate debt. Of our $6.4 billion face value of debt, as of June 30, 2018, we have entered into ten interest rate swap agreements to fix the interest rate on $3.0 billion of variable rate debt, and $1.7 billion of debt remains subject to variable interest rates for the term of the agreement. While we may enter into agreements limiting our exposure to higher interest rates, any such agreements may not offer complete protection from this risk. We do not purchase or hold any derivative financial instruments for trading purposes. See Note 5 for additional information.

There have been no other material changes to our market risk in 2018. For information on our exposure to market risk, refer to Part II, Item 7A, "Quantitative and Qualitative Disclosures About Market Risk," contained in our 2017 Annual Report.

Item 4. Controls and Procedures

Item 4, "Controls and Procedures," has been omitted from this report pursuant to Section 4.02 of the CRC Indenture.

PART II—OTHER INFORMATION

Item 1. Legal Proceedings

The Company is party to ordinary and routine litigation incidental to our business. See Note 6.

Item 1A. Risk Factors

For risk factors that could cause actual results to differ materially from those anticipated, please refer to our 2017 Annual Report.

Item 2. Unregistered Sales of Equity Securities and Use of Proceeds

None.

Item 3. Defaults Upon Senior Securities

None.

Item 4. Mine Safety Disclosures

Not applicable.

Item 5. Other Information

None.

Item 6. Exhibits

			Incorporated by Reference			
Exhibit Number	Exhibit Description	Filed Herewith	Form	Period Ending	Exhibit	Filing Date
2.1	Purchase and Sale Agreement, dated July 11, 2018, by and between Caesars Octavius, LLC and Octavius Propco LLC.	—	*8-K	—	2.1	7/12/2018
2.2	Purchase and Sale Agreement, dated July 11, 2018, by and between Chester Downs and Marina, LLC and Philadelphia Propco LLC.	—	*8-K	—	2.2	7/12/2018
10.1	Unit Purchase Agreement between the Persons Listed on Schedule 1, Clairvest GP Manageco, Inc., Centaur Holdings, LLC, and Caesars Entertainment Corporation, dated as of November 16, 2017.	—	*10-K	—	10.42	3/8/2018
10.2	Amendment to Unit Purchase Agreement, dated May 8, 2018, among Caesars Entertainment Corporation and Clairvest GP Manageco, Inc.	—	*10-Q	6/30/2018	10.2	8/1/2018
**10.3	Second Amendment to Unit Purchase Agreement, dated July 15, 2018, among Caesars Entertainment Corporation, Clairvest GP Manageco, Inc., Centaur Holdings, LLC, and each of the Persons listed on Schedule 1 of the Unit Purchase Agreement, dated November 16, 2017.	—	*10-Q	6/30/2018	10.3	8/1/2018
10.4	Assignment Agreement, dated July 15, 2018, among Caesars Entertainment Corporation, Caesars Resort Collection, LLC, Clairvest GP Manageco, Inc. and Centaur Holdings, LLC.	—	*10-Q	6/30/2018	10.4	8/1/2018

* Filed by Caesars Entertainment Corporation.

** Schedules and exhibits have been omitted pursuant to Item 601(b)(2) of Regulation S-K. The Registrant agrees to furnish supplementally to the SEC a copy of any omitted schedule or exhibit upon request.