

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

FORM 10-Q

(Mark One)

- QUARTERLY REPORT PURSUANT TO SECTION 13 OR 15(d) OF THE SECURITIES EXCHANGE ACT OF 1934**
For the Quarterly Period Ended March 31, 2017
- or
- TRANSITION REPORT PURSUANT TO SECTION 13 OR 15(d) OF THE SECURITIES EXCHANGE ACT OF 1934**
For the transition period from _____ to _____
Commission File No. 333-199393

CAESARS ENTERTAINMENT RESORT PROPERTIES, LLC

(Exact name of registrant as specified in its charter)

Delaware
(State or other jurisdiction of incorporation or organization)

46-3675913
(I.R.S. Employer Identification No.)

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

89109
(Zip Code)

(702) 407-6000
(Registrant's telephone number, including area code)

N/A
(Former name, former address and former fiscal year, if changed since last report)

Indicate by check mark whether the registrant (1) has filed all reports required to be filed by Section 13 or 15(d) of the Securities Exchange Act of 1934 during the preceding 12 months (or for such shorter period that the registrant was required to file such reports), and (2) has been subject to such filing requirements for the past 90 days. Yes No

Indicate by check mark whether the registrant has submitted electronically and posted on its corporate Web site, if any, every Interactive Data File required to be submitted and posted pursuant to Rule 405 of Regulation S-T (§232.405 of this chapter) during the preceding 12 months (or for such shorter period that the registrant was required to submit and post such files). Yes No

Indicate by check mark whether the registrant is a large accelerated filer, an accelerated filer, a non-accelerated filer, a smaller reporting company, or an emerging growth company. See the definitions of "large accelerated filer," "accelerated filer," "smaller reporting company," and "emerging growth company" in Rule 12b-2 of the Exchange Act. (Check one):

Large accelerated filer	<input type="checkbox"/>	Accelerated filer	<input type="checkbox"/>
Non-accelerated filer	<input checked="" type="checkbox"/> (Do not check if a smaller reporting company)	Smaller reporting company	<input type="checkbox"/>
		Emerging growth company	<input type="checkbox"/>

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.

Indicate by check mark whether the registrant is a shell company (as defined in Rule 12b-2 of the Exchange Act). Yes No

Indicate the number of shares outstanding of each of the issuer's classes of common stock, as of the latest practicable date. Not Applicable.

The Registrant meets the conditions set forth in General Instruction H(1)(a) and (b) of Form 10-Q and is therefore filing this report with a reduced disclosure format as permitted by General Instruction H(2).

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PART I—FINANCIAL INFORMATION

Item 1. Unaudited Financial Statements

**CAESARS ENTERTAINMENT RESORT PROPERTIES, LLC
CONSOLIDATED CONDENSED BALANCE SHEETS
(UNAUDITED)**

<i>(In millions)</i>	March 31, 2017	December 31, 2016
Assets		
Current assets		
Cash and cash equivalents	\$ 224	\$ 168
Receivables, net	71	79
Prepayments and other current assets	34	35
Inventories	12	13
Total current assets	341	295
Property and equipment, net	4,891	4,905
Goodwill	1,402	1,402
Intangible assets other than goodwill	230	242
Deferred charges and other assets	95	97
Total assets	<u>\$ 6,959</u>	<u>\$ 6,941</u>
Liabilities and Member's Equity		
Current liabilities		
Accounts payable	\$ 33	\$ 37
Due to affiliates, net	25	21
Accrued expense and other current liabilities	134	136
Accrued restructuring and support expenses	131	131
Interest payable	104	53
Current portion of long-term debt	26	68
Total current liabilities	453	446
Long-term debt	4,491	4,495
Deferred income taxes	1,009	1,040
Deferred credits and other liabilities	7	5
Total liabilities	5,960	5,986
Commitments and contingencies (Note 7)		
Total member's equity	999	955
Total liabilities and member's equity	<u>\$ 6,959</u>	<u>\$ 6,941</u>

See accompanying Notes to Consolidated Condensed Financial Statements.

CAESARS ENTERTAINMENT RESORT PROPERTIES, LLC
CONSOLIDATED CONDENSED STATEMENTS OF OPERATIONS
(UNAUDITED)

<i>(In millions)</i>	Three Months Ended March 31,	
	2017	2016
Revenues		
Casino	\$ 280	\$ 272
Food and beverage	127	131
Rooms	150	136
Other	77	76
Less: casino promotional allowances	(88)	(87)
Net revenues	546	528
Operating expenses		
Direct		
Casino	146	140
Food and beverage	62	62
Rooms	40	37
Property, general, administrative, and other	121	125
Depreciation and amortization and other	57	75
Corporate expense and other	10	11
Total operating expenses	436	450
Income from operations	110	78
Interest expense	(98)	(100)
Income/(loss) before income taxes	12	(22)
Income tax benefit/(provision)	(6)	6
Net income/(loss)	\$ 6	\$ (16)

See accompanying Notes to Consolidated Condensed Financial Statements.

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

<i>(In millions)</i>	<u>Contributed Capital</u>	<u>Accumulated Deficit</u>	<u>Total Member's Equity</u>
Balance as of December 31, 2015	\$ 2,042	\$ (1,087)	\$ 955
Net loss	—	(16)	(16)
Contribution from parent in settlement of taxes	15	—	15
Share-based compensation and other	3	—	3
Balance as of March 31, 2016	<u>\$ 2,060</u>	<u>\$ (1,103)</u>	<u>\$ 957</u>
Balance as of December 31, 2016	\$ 2,128	\$ (1,173)	\$ 955
Net income	—	6	6
Contribution from parent in settlement of taxes	36	—	36
Share-based compensation and other	2	—	2
Balance as of March 31, 2017	<u>\$ 2,166</u>	<u>\$ (1,167)</u>	<u>\$ 999</u>

See accompanying Notes to Consolidated Condensed Financial Statements.

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

<i>(In millions)</i>	Three Months Ended March 31,	
	2017	2016
Cash flows provided by operating activities	\$ 135	\$ 102
Cash flows from investing activities		
Acquisitions of property and equipment, net of change in related payables	(31)	(27)
Contributions to Caesars Entertainment Services	—	(1)
Other	—	(1)
Cash flows used in investing activities	(31)	(29)
Cash flows from financing activities		
Proceeds from long-term debt and revolving credit facility	—	40
Repayments of long-term debt and revolving credit facility	(48)	(52)
Cash flows used in financing activities	(48)	(12)
Net increase in cash and cash equivalents	56	61
Cash and cash equivalents, beginning of period	168	150
Cash and cash equivalents, end of period	\$ 224	\$ 211
Supplemental cash flow information:		
Cash paid for interest	\$ 44	\$ 48
Non-cash investing and financing activities:		
Change in accrued capital expenditures	3	18
Contribution from parent in settlement of taxes	36	15

See accompanying Notes to Consolidated Condensed Financial Statements.

CAESARS ENTERTAINMENT RESORT PROPERTIES, LLC
NOTES TO CONSOLIDATED CONDENSED FINANCIAL STATEMENTS
(UNAUDITED)

In this filing, the name "CERP LLC" refers to the parent holding company, Caesars Entertainment Resort Properties, LLC, exclusive of its consolidated subsidiaries, unless otherwise stated or the context otherwise requires. The words "CERP," "Company," "we," "our," and "us" refer to Caesars Entertainment Resort Properties, LLC, inclusive of its consolidated subsidiaries, unless otherwise stated or the context otherwise requires.

This Form 10-Q should be read in conjunction with our Annual Report on Form 10-K for the year ended December 31, 2016 ("2016 Annual Report").

Note 1 — Organization and Basis of Presentation and Consolidation

Organization

CERP LLC is separately organized as a single-member limited liability company, wholly owned by Caesars Entertainment Resort Properties Holdco, LLC, which is a wholly owned subsidiary of Caesars Entertainment Corporation ("CEC" and "Caesars"). CERP owns six casino properties: (1) Harrah's Las Vegas, (2) Rio All-Suites Hotel and Casino ("Rio Las Vegas"), (3) Flamingo Las Vegas, (4) Harrah's Atlantic City, (5) Paris Las Vegas, and (6) Harrah's Laughlin. CERP also owns The LINQ promenade and Octavius Tower at Caesars Palace Las Vegas ("Octavius Tower"). Four of the casino properties, together with The LINQ promenade and Octavius Tower, are concentrated in Las Vegas and represented 75% of consolidated net revenues for the three months ended March 31, 2017.

We view each casino property, including The LINQ promenade, as an operating segment and aggregate such properties into one reportable segment.

Basis of Presentation and Consolidation

The accompanying unaudited consolidated condensed financial statements of CERP have been prepared under the rules and regulations of the Securities and Exchange Commission applicable for interim periods, and therefore, do not include all information and footnotes necessary for complete financial statements in conformity with accounting principles generally accepted in the United States ("GAAP"). 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 2017 fiscal year.

GAAP requires the use of estimates and assumptions that affect the reported amounts of assets and liabilities and the disclosure of contingent assets and liabilities at the date of the financial statements and the amounts of revenues and expenses during the reporting periods. Due to the inherent uncertainties in making these estimates, actual amounts could differ.

For the three months ended March 31, 2016, \$3.2 million was reclassified from food and beverage revenues to other revenue, and certain other immaterial prior year amounts have also been reclassified to conform to the current year's presentation.

Caesars Enterprise Services, LLC

In 2014, Caesars Entertainment Operating Company, Inc. ("CEOC"), CERP, and Caesars Growth Properties Holdings, LLC (collectively, the "Members") formed Caesars Enterprise Services, LLC ("CES"), a services joint venture. CES provides certain corporate and administrative services for the Members' casino properties and related entities, including substantially all of the casino properties owned by CEOC and casinos owned by unrelated third parties. CES manages certain assets for the casino properties to which it provides services, and it employs certain of the corresponding employees. CES owns, licenses or controls other assets and uses them to provide services to the Members. Expenses incurred by CES are allocated to the casino properties directly or to the Members according to their allocation percentages, subject to annual review. See Note 11 for additional information on related party transactions.

CES functions as a "pass-through" entity that serves as an agent on behalf of the Members at a cost-basis, and is reimbursed by the Members for its services performed and costs incurred. CES is not intended to be a profit-generating business enterprise and is designed to have no operating cash flows of its own. Therefore, any net income or loss is generally immaterial and is typically subject to allocation to the Members in the subsequent period.

CAESARS ENTERTAINMENT RESORT PROPERTIES, LLC
NOTES TO CONSOLIDATED CONDENSED FINANCIAL STATEMENTS (Continued)
(UNAUDITED)

When CES was formed, we determined that it was a variable interest entity (“VIE”). CERP is not considered the primary beneficiary and does not consolidate CES. Our equity method investment in CES was \$55 million and \$56 million as of March 31, 2017 and December 31, 2016, respectively, and is included in deferred charges and other assets.

Note 2 — 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, as we do not believe it is reasonably possible that we will incur material losses as a result of such litigation.

Birthday Cash Promotional Offer

In connection with a Birthday Cash promotional offer by Harrah’s Atlantic City, on March 19, 2010, the Superior Court of New Jersey entered a summary judgment in favor of a modified class of approximately 79,000 plaintiffs. The summary judgment found that Harrah’s Atlantic City violated the New Jersey Truth in Consumer Contract, Warranty and Notice Act. The penalty is \$100 per incident, amounting to a potential exposure of up to \$7.9 million. In March 2012, the judge held that the damages class, if any, should be based upon the number of individuals who redeemed certificates, not the number of certificates redeemed (as some plaintiffs had multiple certificates). As a result, the potential exposure under the judge’s ruling was decreased to \$5.2 million. After the case was stayed to wait for a pending case in the New Jersey Supreme Court, the court reopened the case in July 2013. The decision in the New Jersey Supreme Court case clarified two aspects of the New Jersey Truth in Consumer Contract, Warranty and Notice Act, which support our contention that the existing judgment against us should be vacated and the case dismissed in our favor. In November 2013, the court denied both parties’ motions for reconsideration. In December 2013, we filed a motion to stay the judgment pending appeal, and in January 2014, the court granted the stay and we filed an appeal. In February 2014, per the court’s stay order, we posted into an escrow account the potential exposure under the judge’s ruling in the amount of \$5.2 million plus attorneys’ fees. This amount is included in prepayments and other current assets in the accompanying balance sheets. No amount has been accrued. The appeal was argued in December 2015, and we prevailed on that appeal on September 9, 2016. Plaintiffs thereafter filed a letter brief with the appellate court seeking reconsideration of the appellate decision, which request was denied. Plaintiffs filed a petition for certification with the Supreme Court of New Jersey on January 3, 2017, and we opposed that petition on January 18, 2017. The petition for certification remains pending. On January 12, 2017, the trial court entered an order authorizing the return of our escrowed funds in light of the appellate court’s decision on the merits in our favor.

CEOC Noteholder Disputes

On August 4, 2014, Wilmington Savings Fund Society, FSB, solely in its capacity as successor Indenture Trustee for the 10.00% Second-Priority Senior Secured Notes due 2018 issued by CEOC (the “CEOC 10.00% Second-Priority Notes”), on behalf of itself and, it alleges, derivatively on behalf of CEOC, filed a lawsuit in the Court of Chancery in the State of Delaware against CEC and CEOC, Caesars Growth Partners, LLC (“CGP”), Caesars Acquisition Company (“CAC”), CERP, CES, Eric Hession, Gary Loveman, Jeffrey D. Benjamin, David Bonderman, Kelvin L. Davis, Marc C. Rowan, David B. Sambur, and Eric Press. The lawsuit alleges claims for breach of contract, intentional and constructive fraudulent transfer, breach of fiduciary duty, aiding and abetting breach of fiduciary duty, and corporate waste. The lawsuit seeks (1) an award of money damages; (2) to void certain transfers, the earliest of which dates back to 2010; (3) an injunction directing the recipients of the assets in these transactions to return them to CEOC; (4) a declaration that CEC remains liable under the parent guarantee formerly applicable to the CEOC 10.00% Second-Priority Notes; (5) to impose a constructive trust or equitable lien on the transferred assets; and (6) an award to plaintiffs for their attorneys’ fees and costs. CERP believes this lawsuit is without merit and is defending itself vigorously. A motion to dismiss this action was filed by CEC and other defendants in September 2014, and the motion was argued in December 2014. During the pendency of its Chapter 11 bankruptcy proceedings, the action has been automatically stayed with respect to CEOC. The motion to dismiss with respect to CEC was denied on March 18, 2015. In a Verified Supplemental Complaint filed on August 3, 2015, the plaintiff stated that due to CEOC’s bankruptcy filing, the continuation of all claims was stayed pursuant to the bankruptcy except for Claims II, III, and X. These are claims against CEC only, for breach of contract in respect of the release of the parent guarantee formerly applicable to the CEOC 10.00% Second-Priority Notes, for declaratory relief in respect of the release of this guarantee, and for violations of the Trust Indenture Act in respect of the release of this guarantee. Fact discovery in the case is complete, and cross-motions for summary judgment have been filed by the parties. On January 26, 2017, the United States Bankruptcy Court for the Northern District of Illinois in Chicago (the “Bankruptcy Court”) entered an agreed order staying this proceeding (and others). The stay will remain in effect until the earlier of (a) the effective date of the CEOC restructuring, (b) the termination of the restructuring support agreement with the Official Committee of Second Priority Noteholders, or (c) further order of the Bankruptcy Court.

CAESARS ENTERTAINMENT RESORT PROPERTIES, LLC
NOTES TO CONSOLIDATED CONDENSED FINANCIAL STATEMENTS (Continued)
(UNAUDITED)

On November 25, 2014, UMB Bank (“UMB”), as successor indenture trustee for CEOC’s 8.50% Senior Secured Notes due 2020 (the “CEOC 8.50% Senior Secured Notes”), filed a verified complaint in Delaware Chancery Court against CERP, CEC, CEOC, CAC, CGP, CES, and against individual past and present CEC board members Loveman, Benjamin, Bonderman, Davis, Press, Rowan, Sambur, Hession, Colvin, Kleisner, Swann, Williams, Housenbold, Cohen, Stauber, and Winograd, alleging generally that defendants improperly stripped CEOC of certain assets, wrongfully effected a release of CEC’s parent guarantee of the CEOC 8.50% Senior Secured Notes and committed other wrongs. Among other things, UMB asked the court to appoint a receiver over CEOC. In addition, the suit pleads claims for fraudulent conveyances/transfers, insider preferences, illegal dividends, declaratory judgment (for breach of contract as regards to the parent guarantee and also as to certain covenants in the bond indenture), tortious interference with contract, breach of fiduciary duty, usurpation of corporate opportunities, and unjust enrichment, and seeks monetary, equitable and declaratory relief. The lawsuit has been automatically stayed with respect to CEOC during its Chapter 11 bankruptcy process. Pursuant to a Restructuring Support and Forbearance Agreement entered into by CEC and CEOC with certain creditors (as amended, the “First Lien Bond RSA”), the lawsuit also has been stayed in its entirety (including with respect to CERP), with the consent of all of the parties to it.

Although the claims and demands described above against CERP are not currently being litigated, the Company believes that such claims and demands are without merit and is prepared to defend itself vigorously. The claims against CEOC have been stayed due to the Chapter 11 process, and the actions against CEC have now also been stayed. In the event that the litigation stays are ever lifted, CERP believes there is a reasonably possible likelihood of an adverse outcome. We are not able to reasonably estimate a range of reasonably possible losses should any of the noteholder disputes ultimately be resolved against CEC. Should any of the noteholder disputes ultimately be resolved through litigation outside of the financial restructuring of CEOC, and should a court find in favor of the claimants in any of these noteholder disputes, such determination could have a material adverse effect on our business, financial condition, results of operations, and cash flows.

In addition to the ongoing actions and uncertainties described above, certain of our affiliates, including CEC, are subject to certain liquidity concerns and other uncertainties. While it is possible that such concerns and uncertainties may result in a material adverse effect on our business, financial condition, results of operations, and cash flows, because CERP is a separate legal entity and financial structure and its properties are managed by CES, we do not believe such a scenario is likely.

Report of Bankruptcy Examiner

The Bankruptcy Court engaged an examiner to investigate possible claims CEOC might have against CEC and/or other entities and individuals. On March 15, 2016, the examiner released his report, which set forth conclusions on the relative strength of certain claims involved in the CEOC bankruptcy. The examiner calculates an estimated range of potential damages for these potential claims from \$716 million to \$1.3 billion for CERP, and such calculation does not account for probability of success, likelihood of collection, or the time or cost of litigation.

The report identifies a variety of potential claims against CEC and/or other entities and certain individuals related to a number of transactions dating back to 2009, including potential fraudulent transfer and breach of fiduciary duties claims relating to the transaction pursuant to which CERP acquired The LINQ promenade and Octavius Tower from CEOC. The examiner notes that the difficulty of quantifying damage might suggest that a court could order the return of Octavius Tower to CEOC. He further opines that there is at least a reasonable case that CERP will not be able to establish that it was a good faith transferee in this transaction and, under these circumstances, CERP would not be entitled to a lien for the consideration it did pay (cash and bonds valued by the examiner at \$129 million), and would instead receive an unsecured claim for that amount in CEOC’s Chapter 11 proceeding. However, the examiner further notes that returning Octavius Tower would be problematic from the perspective of the lenders who expressly bargained for inclusion of Octavius Tower as part of their collateral package, and, based on available evidence, it appears that CERP’s lenders would be good faith transferees entitled to the benefit of their lien.

Most of the examiner’s findings are premised on his view that CEOC was “insolvent” at the time of the applicable transactions and that CEOC did not receive fair value for assets transferred. While this report was prepared at the request of the Bankruptcy Court, none of the findings included therein are legally binding on the Bankruptcy Court or any party.

We and CEC contest the examiner’s findings with respect to the transaction pursuant to which The LINQ promenade and Octavius Tower were transferred to CERP, including his findings that CEOC was insolvent at relevant times, that there were breaches of fiduciary duty, that there were fraudulent transfers and that CEOC did not receive fair value for assets transferred, and as to the calculation of damages.

CAESARS ENTERTAINMENT RESORT PROPERTIES, LLC
NOTES TO CONSOLIDATED CONDENSED FINANCIAL STATEMENTS (Continued)
(UNAUDITED)

National Retirement Fund

In January 2015, a majority of the Trustees of the National Retirement Fund (“NRF”), a multi-employer defined benefit pension plan, voted to expel the five indirect subsidiaries of CEC, including the subsidiary that owns Harrah’s Atlantic City, which were required to make contributions to the legacy plan of the NRF (the “Five Employers”). The NRF contended that the financial condition of the Five Employers’ controlled group (the “CEC Controlled Group”) and CEOC’s then-potential bankruptcy presented an “actuarial risk” to the plan because, depending on the outcome of any CEOC bankruptcy proceedings, CEC might no longer be liable to the plan for any partial or complete withdrawal liability. As a result, the NRF claimed that the expulsion of the Five Employers constituted a complete withdrawal of the CEC Controlled Group from the plan. CEOC, in its bankruptcy proceedings, has to date not rejected the contribution obligations to the NRF of any of its subsidiary employers. The NRF has advised the CEC Controlled Group (which includes CERP) that the expulsion of the Five Employers has triggered a joint and several withdrawal liability with a present value of approximately \$360 million, payable in 80 quarterly payments of about \$6 million.

Prior to the NRF’s vote to expel the Five Employers, the Five Employers reiterated their commitments to remain in the plan and not seek rejection of any collective bargaining agreement in which the obligation to contribute to NRF exists. The Five Employers were current with respect to pension contributions at the time of their expulsion, and are current with respect to pension contributions as of today pursuant to the Standstill Agreement referred to below.

We have opposed the various NRF expulsion actions.

On January 8, 2015, prior to the NRF’s vote to expel the Five Employers, CEC filed an action in the United States District Court for the Southern District of New York (the “S.D.N.Y.”) against the NRF and its Board of Trustees, seeking a declaratory judgment that they did not have the authority to expel the Five Employers and thus allegedly trigger withdrawal liability for the CEC Controlled Group (the “CEC Action”). On December 25, 2015, the District Judge entered an order dismissing the CEC Action on the ground that CEC’s claims in this action must first be arbitrated under ERISA. CEC has appealed this decision to the United States Court of Appeals for the Second Circuit. Oral argument on this appeal was heard on January 30, 2017, and the Second Circuit has reserved decision on this appeal.

On March 6 and March 27, 2015, CEOC and certain of its subsidiaries filed in the CEOC bankruptcy proceedings two motions to void (a) the purported expulsion of the Five Employers and based thereon the alleged triggering of withdrawal liability for the non-debtor members of the CEC Controlled Group, and (b) a notice and payment demand for quarterly payments of withdrawal liability subsequently made by the NRF to certain non-debtor members of the CEC Controlled Group, respectively, on the ground that each of these actions violated the automatic stay (the “362 Motions”). On November 12, 2015, Bankruptcy Judge Goldgar issued a decision denying the 362 Motions on the ground that the NRF’s actions were directed at non-debtors and therefore did not violate the automatic stay. CEOC has appealed this decision to the federal district court in Chicago.

On March 6, 2015, CEOC commenced an adversary proceeding against the NRF and its Board of Trustees in the Bankruptcy Court for the Northern District of Illinois (the “Adversary Proceeding”). On March 11, 2015, CEOC filed a motion in that Adversary Proceeding to extend the automatic stay in the CEOC bankruptcy proceedings to apply to the NRF’s expulsion of the Five Employers (the “105 Motion”). Judge Goldgar has not yet decided the 105 Motion.

On March 20, 2015, CEC, CEOC and CERP, on behalf of themselves and others, entered into a Standstill Agreement with the NRF and its Board of Trustees that, among other things, stayed each member of the CEC Controlled Group’s purported obligation to commence making quarterly payments of withdrawal liability and instead required the Five Employers to continue making monthly contribution payments to the NRF, unless and until each of the 362 Motions and the 105 Motion had been denied. As the 105 Motion has not yet been decided, the Standstill Agreement remains in effect.

If both the 105 Motion and CEC’s appeal of the CEC Action are denied, then CEC could be required to pay to the NRF joint and several withdrawal liability with a present value of approximately \$360 million, payable in 80 quarterly payments of about \$6 million each, while CEC simultaneously arbitrates whether the NRF and its Board of Trustees had the authority to expel the Five Employers and trigger withdrawal liability for the CEC Controlled Group.

On March 18, 2015, before the Standstill Agreement was executed, the NRF and its fund manager commenced a collection action in the S.D.N.Y. against CEC, CERP and all non-debtor members of the CEC Controlled Group for the payment of the first quarterly payment of withdrawal liability, which the NRF contended was due on March 15, 2015 (the “NRF Action”). On December 25, 2015, the District Judge entered an Order adopting the Magistrate Judge’s recommendation to deny defendants’ motion to dismiss over the defendants’ objections on the ground that the defendants’ arguments must first be arbitrated under ERISA. On February 26, 2016,

CAESARS ENTERTAINMENT RESORT PROPERTIES, LLC
NOTES TO CONSOLIDATED CONDENSED FINANCIAL STATEMENTS (Continued)
(UNAUDITED)

the NRF and its fund manager filed a motion for summary judgment against CEC and CERP for payment of the first quarterly payment of withdrawal liability and for interest, liquidated damages, attorneys' fees and costs. On November 7, 2016, the District Judge entered an Order adopting the Magistrate Judge's recommendation to grant partial summary judgment to the NRF Action plaintiffs over CEC and CERP's objections on the ground that CEC and CERP's further arguments must also first be arbitrated under ERISA. CEC and CERP filed a Notice of Appeal to protect their rights in response to this Order. Subsequently, the District Judge determined that no final order or judgment was entered, and thus the Notice of Appeal was premature. Accordingly, the parties stipulated to the dismissal of the appeal without prejudice to any party's rights to appeal a final, appealable judgment that may later be entered in the case.

On December 5, 2016, an interlocutory judgment was entered against CEC and CERP comprising the first quarterly payment of withdrawal liability referred to above, interest and liquidated damages under ERISA. On December 19, 2016, a CEC and CERP filed a motion to certify a final judgment under Rule 54(b) of the Federal Rules of Civil Procedure for immediate appeal and to stay the NRF Action plaintiffs' motions to amend and for summary judgment, as described below. On January 11, 2017, the District Court granted the motion to certify a final judgment under Rule 54(b) in the amount of \$9 million, but denied the motion for a stay, and a judgment in that amount was entered the next day. CEC has appealed this decision to the Second Circuit, and has bonded the judgment pending appeal. On February 3, 2017, the NRF Action plaintiffs filed a motion for an order permitting plaintiffs to execute on the Rule 54(b) judgment immediately, which CEC and CERP opposed. The district court has not yet ruled on this motion.

On December 23, 2016, the NRF Action plaintiffs filed a motion to amend their complaint to add claims for the second through eighth quarterly payments of withdrawal liability, which the NRF Action plaintiffs contended were past due, as well as for injunctive relief requiring the defendants to pay all further quarterly payments as they purportedly became due. Also on December 23, 2016, the NRF Action plaintiffs simultaneously filed a motion for summary judgment against CEC and CERP for payment of the second through eighth quarterly payments of withdrawal liability, for interest, liquidated damages, attorneys' fees and costs, and for injunctive relief requiring the defendants to pay all further quarterly payments as they purportedly became due. The magistrate judge has not yet ruled on these motions.

On March 13, 2017, CEC, CERP, CEOC (on behalf of itself and each of the debtors and its other direct and indirect subsidiaries), the Five Employers, the NRF, the NRF's Legacy Plan, the NRF's Trustees, and others entered into a Settlement Agreement (the "NRF Settlement Agreement"). Under the NRF Settlement Agreement, on the effective date of the debtors' reorganization plan, CEC would pay \$45 million to the NRF (the "NRF Payments") in three different baskets: (1) a settlement basket consisting of \$10 million as litigation settlement and \$5 million for legal fee reimbursement; (2) a contribution basket consisting of \$15 million, which sum will grow at 3.1% per year, and which, beginning 17.5 years after the plan effective date, will be applied to offset the first \$8 million of contributions from the Five Employers to the Legacy Plan annually until completely utilized; and (3) a withdrawal liability basket of \$15 million, which does not grow, to be applied if there is a partial or complete withdrawal at any time after the plan effective date. Upon the NRF Payments being made, mutual releases will be exchanged between the CEC-affiliated parties and the NRF-affiliated parties to the Settlement Agreement. On March 20, 2017, the debtors moved for the Settlement Agreement to be approved by the Bankruptcy Court. On April 19, 2017, the Bankruptcy Court approved the NRF Settlement Agreement, and the parties have filed joint requests to stay all actions and appeals relating to the CEC Action and the NRF Action pending the settlement becoming final.

No liability will be recorded by the CERP for the NRF Payments because (1) CERP will not be obligated to reimburse CEC for any portion of the payments related to the settlement and withdrawal liability baskets and (2) the payment related to the contribution basket will be accounted for as a prepayment toward future pension contributions. CERP is not obligated to reimburse CEC for the payments related to the settlement and withdrawal liability because CERP remained current on all contribution payments to the pension, and therefore the payments were not made on behalf of the CERP. CERP will reimburse CEC for its portion of the contribution basket in a manner similar to other pension contributions that are made on CERP's behalf in the ordinary course of business.

CAESARS ENTERTAINMENT RESORT PROPERTIES, LLC
NOTES TO CONSOLIDATED CONDENSED FINANCIAL STATEMENTS (Continued)
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Note 3 — Recently Issued Accounting Pronouncements

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

Intangibles - Goodwill and Other - January 2017: Amendments in this update intend to simplify how an entity is required to test goodwill for impairment by eliminating Step 2 from the goodwill impairment test. Step 2 measures goodwill impairment loss by comparing the implied fair value of a reporting unit’s goodwill with the carrying amount of goodwill. Under the amended guidance, an entity should perform its annual, or interim, goodwill impairment test by comparing the fair value of a reporting unit with its carrying amount. The elimination of Step 2 from the goodwill impairment test should reduce the cost and complexity of evaluating goodwill for impairment. Amendments should be applied on a prospective basis disclosing the nature of and reason for the change in accounting principle upon transition. Disclosure should be provided in the first annual period and in the interim period in which the entity initially adopts the amendments. Updated amendments are effective for fiscal years beginning after December 15, 2019, and interim period within those fiscal years. Early adoption is permitted for interim or annual goodwill impairment tests performed on testing dates after January 1, 2017. We currently plan to implement the updated guidance when we perform our annual goodwill impairment assessment as of October 1, or earlier, if impairment indicators exist.

Business Combinations - January 2017: Updated amendments intend to clarify the definition of a business with the objective of adding guidance to assist entities with evaluating whether transactions should be accounted for as acquisition (or disposals) of assets or businesses. Amendments in this update provide a more robust framework to use in determining when a set of assets and activities is a business and to provide more consistency in applying the guidance, reduce the costs of application, and make the definition of a business more operable. The amendments are effective to annual periods beginning after December 15, 2017, including interim periods within those periods. Early adoption is allowed as follows: (1) Transactions for which acquisition date occurs before the issuance date or effective date of the amendments, only when the transaction has not been reported in financial statements that have been issued or made available for issuance and (2) transactions in which a subsidiary is deconsolidated or a group of assets is derecognized that occur before the issuance date or effective date of the amendments, only when the transaction has not been reported in financial statements that have been issued or made available for issuance. We are currently assessing the effect the adoption of this standard will have on our financial statements.

Statement of Cash Flows - August 2016: Amended guidance addresses eight specific cash flow issues with the objective of reducing diversity in how certain cash receipts and cash payments are presented and classified in the statement of cash flows. The amendments should be applied retrospectively to each period presented. The amendments are effective for fiscal years beginning after December 15, 2017, and 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.

Income Taxes - October 2016: Amended guidance addresses intra-entity transfers of assets other than inventory, which requires the recognition of any related income tax consequences when such transfers occur. The amendments should be applied on a modified retrospective basis through a cumulative-effect adjustment directly to retained earnings as of the beginning of the period of adoption. Amendments are effective for fiscal years beginning after December 15, 2017, and interim reporting periods within those years. Early adoption is permitted. We are currently assessing the impact the adoption of this standard will have on our financial statements.

Revenue Recognition - May 2014 (amended January 2017): Created a new Topic 606, Revenue from Contracts with Customers. The new guidance is intended to clarify the principles for recognizing revenue and to develop a common revenue standard for United States GAAP applicable to revenue transactions. Existing industry guidance will be eliminated, including revenue recognition guidance specific to the gaming industry. The FASB has recently issued several amendments to the standard, including clarification on accounting for and identifying performance obligations. This guidance is effective for annual reporting periods beginning after December 15, 2017, including interim periods within those reporting periods. The guidance should be applied using the full retrospective method or retrospectively with the cumulative effect initially applying the guidance recognized at the date of initial application. We anticipate adopting this standard effective January 1, 2018. We are currently in the process of our analysis and anticipate this standard will have a material effect on our consolidated financial statements. As described below, we expect the most significant effect will be related to the accounting for the Total Rewards customer loyalty program and casino promotional allowances. However, the quantitative effects of these changes have not yet been determined and are still being analyzed. We are currently assessing the full effect the adoption of this standard will have on our financial statements.

The Total Rewards customer loyalty program effects revenues from our four core businesses: casino entertainment, food and beverage, rooms and hotel, and entertainment and other business operations. Currently, CEC estimates the cost of fulfilling the

CAESARS ENTERTAINMENT RESORT PROPERTIES, LLC
NOTES TO CONSOLIDATED CONDENSED FINANCIAL STATEMENTS (Continued)
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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 guidance, Reward Credits will no longer be recorded at cost, and a deferred revenue model will be used to account for the classification and timing of revenue recognized as well as the classification of related expenses when Reward Credits are redeemed.

Additionally, we expect to see a significant decrease in gaming revenues. The presentation of goods and services provided to customers without charge in gross revenue with a corresponding reduction in promotional allowances will no longer be reported. Revenue will be recognized based on relative standalone selling prices for transactions with more than one performance obligation.

Recognition and Measurement of Financial Instruments - January 2016: Amended certain aspects of recognition, measurement, presentation, and disclosure of financial instruments. Among other things, they require equity investments (except those accounted for under the equity method of accounting or those that result in consolidation) to be measured at fair value with any changes in fair value recognized in net income and simplify the impairment assessment of equity investments without readily determinable fair values by requiring a qualitative assessment to identify impairment. The new guidance is effective for fiscal years, and interim periods within those fiscal years, beginning after December 15, 2017. Early adoption is permitted on certain provisions. We are currently assessing the effect the adoption of this standard will have on our financial statements, but do not expect the effect to be material.

Leases - February 2016 (amended January 2017): 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 also requires additional qualitative and quantitative disclosures to assess the amount, timing, and uncertainty of cash flows arising from leases. 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, which includes optional practical expedients primarily focused on leases that commenced before the effective date, including continuing to account for leases that commenced before the effective date in accordance with previous guidance, unless the lease is modified.

Currently, all of our capital leases are set to expire before the initial effective date and will not require any accounting adjustments. Accounting for our operating leases where we are the lessor, including leases for the Octavius Tower at Caesars Palace Las Vegas and gaming space at The LINQ promenade, will remain unchanged. Operating leases, including agreements relating to slot machines, will 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. The ROU asset will be depreciated on a straight-line basis and recognized as lease expense. The qualitative and quantitative effects of adoption are still being analyzed. We are in the process of evaluating the full effect the new guidance will have on our financial statements.

Note 4 — Property and Equipment

<i>(In millions)</i>	March 31, 2017	December 31, 2016
Land and land improvements	\$ 2,498	\$ 2,498
Buildings and improvements	2,798	2,789
Furniture, fixtures, and equipment	677	673
Construction in progress	33	22
Total property and equipment	6,006	5,982
Less: accumulated depreciation	(1,115)	(1,077)
Total property and equipment, net	\$ 4,891	\$ 4,905

Depreciation Expense and Capitalized Interest

<i>(In millions)</i>	Three Months Ended March 31,	
	2017	2016
Depreciation expense ⁽¹⁾	\$ 42	\$ 60

⁽¹⁾ Depreciation expense in the first quarter of 2016 includes \$20 million of accelerated depreciation due to asset removal and replacement in connection with property renovations primarily at Harrah’s Las Vegas and Flamingo Las Vegas.

CAESARS ENTERTAINMENT RESORT PROPERTIES, LLC
NOTES TO CONSOLIDATED CONDENSED FINANCIAL STATEMENTS (Continued)
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Note 5 — Goodwill and Other Intangible Assets

Changes in Carrying Value of Goodwill and Other Intangible Assets

<i>(In millions)</i>	Amortizing Intangible Assets	Non-Amortizing Intangible Assets	
		Goodwill	Other
Balance as of December 31, 2016	\$ 205	\$ 1,402	\$ 37
Amortization	(12)	—	—
Balance as of March 31, 2017	\$ 193	\$ 1,402	\$ 37

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

<i>(Dollars in millions)</i>	March 31, 2017			December 31, 2016			
	Weighted Average Remaining Useful Life (in years)	Gross Carrying Amount	Accumulated Amortization	Net Carrying Value	Gross Carrying Amount	Accumulated Amortization	Net Carrying Value
Customer relationships	4.1	\$ 682	\$ (489)	\$ 193	\$ 682	\$ (477)	\$ 205
Trademarks				37			37
Total intangible assets other than goodwill				\$ 230			\$ 242

Note 6 — Accrued Restructuring and Support Expenses

CEC has agreed to support the CEOC's plan of reorganization (the "Plan"), which was confirmed by the Bankruptcy Court on January 17, 2017. As part of the CEOC's Plan, it is anticipated that CEOC will be divided into two companies - OpCo and PropCo. OpCo will manage CEOC's properties and facilities. PropCo will hold certain of CEOC's real property assets and related fixtures and will lease those assets to OpCo.

As a result of the Bankruptcy Court's confirmation of CEOC's Plan, we believe it is probable that certain obligations described in the Plan will ultimately be settled by CEC, CERP's parent company. For instance, the Plan provides PropCo with a call right for up to five years to purchase the real property assets associated with Harrah's Atlantic City and Harrah's Laughlin from CERP (subject to the terms of the CERP credit agreement). Therefore, we have accrued this item in accrued restructuring and support expenses on the Balance Sheets. Our accrual represents the estimated fair value of the call right.

Estimated Fair Value

<i>(In millions)</i>	Balance	Level 1	Level 2	Level 3
December 31, 2016				
Liabilities - PropCo Call Right	\$ 131	\$ —	\$ —	\$ 131
March 31, 2017				
Liabilities - PropCo Call Right	\$ 131	\$ —	\$ —	\$ 131

Changes in Level 3 Fair Value Measurements

<i>(In millions)</i>	PropCo Call Right
Balance as of January 1, 2017	\$ 131
Loss in restructuring and support expenses	—
Balance as of March 31, 2017	\$ 131

CAESARS ENTERTAINMENT RESORT PROPERTIES, LLC
NOTES TO CONSOLIDATED CONDENSED FINANCIAL STATEMENTS (Continued)
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Valuation Methodologies

The PropCo Call Right will allow PropCo up to five years to purchase and leaseback the real property assets associated with Harrah's Atlantic City and Harrah's Laughlin from CERP for a cash purchase price of ten times the agreed upon annual rent for each property (subject to the terms of the CERP credit agreement). The initial rent for each property under the agreement will be determined based on a rent-to-earnings before interest, taxes, depreciation, amortization, and rent ("EBITDAR") ratio of 1.00-to-1.67. PropCo's purchase price will be determined by multiplying each property's initial rent by 10.

The valuation model used to estimate the fair value of the PropCo Call Right is a Monte Carlo simulation and utilized the following key assumptions:

Key Assumptions -

- Ratio of EBITDAR to Initial Rent under Property Lease - 1.67 to 1.00
- EBITDAR volatility - 25%
- Enterprise value to revenue volatility - 14%
- Ratio of initial purchase price to property lease rent - 12.00 to 1.00
- EBITDAR to multiple correlation - 0.0%
- Composite projected revenue growth rate - 2.4%
- Composite projected EBITDAR margin growth rate - 23.2%

Since the key assumptions used in the valuation model are significant unobservable inputs, the fair value for the call right is classified as Level 3. Should these assumptions fluctuate over time, it could result in an increase or decrease in the fair value of the call right and the corresponding restructuring accrual. Specifically, an increase in the volatility assumptions would result in an increase in the restructuring accrual.

Note 7 — Commitments and Contingencies

During the three months ended March 31, 2017, 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, 2016.

CAESARS ENTERTAINMENT RESORT PROPERTIES, LLC
NOTES TO CONSOLIDATED CONDENSED FINANCIAL STATEMENTS (Continued)
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Note 8 — Debt

<i>(Dollars in millions)</i>	Final Maturity	Rate(s) ⁽¹⁾	March 31, 2017		December 31, 2016
			Face Value	Book Value	Book Value
CERP Credit Facility					
CERP Revolving Credit Facility ⁽²⁾	2018	variable	\$ —	\$ —	\$ 40
CERP Senior Secured Term Loan ⁽³⁾	2020	7.00%	2,419	2,382	2,387
CERP Notes					
CERP First Lien Notes	2020	8.00%	1,000	994	993
CERP Second Lien Notes	2021	11.00%	1,150	1,140	1,140
Capital lease obligations and other	2017	various	1	1	3
Total debt			4,570	4,517	4,563
Current portion of long-term debt			(26)	(26)	(68)
Long-term debt			\$ 4,544	\$ 4,491	\$ 4,495
Unamortized discounts and deferred finance charges				\$ 53	\$ 55
Fair value			\$ 4,743		

⁽¹⁾ Interest rate is fixed, except where noted.

⁽²⁾ Variable interest rate for amounts currently borrowed is determined by adding LIBOR to a base rate of 6.00%.

⁽³⁾ Variable interest rate calculated as a fixed rate plus the greater of LIBOR or a 1% floor. The rate is set at the 1% floor as of March 31, 2017.

Current Portion of Long-Term Debt

The current portion of long-term debt as of December 31, 2016, includes the \$40 million outstanding under the revolving credit facility as well as principal payments on the senior secured loan, other unsecured borrowings, and capitalized lease obligations that are expected to be paid within 12 months.

Although there is no amount outstanding under the Revolving Credit Facility as of March 31, 2017, borrowings under the CERP Revolving Credit Facility are subject to separate note agreements executed based on the provisions of the applicable credit facility agreement, and each note has a contractual maturity of less than one year. The applicable credit facility agreement has a contractual maturity of greater than one year, and we have the ability to rollover the outstanding principal balance on a long-term basis; however, we generally intend to repay any principal balance outstanding at the end of the quarter within the subsequent 12 month period. Amounts borrowed under the CERP Revolving Credit Facility are intended to satisfy short term liquidity needs and are classified as current.

We believe that our cash and cash equivalents balance, our cash flows from operations, and/or financing available under our revolving credit facility will be sufficient to meet our normal operating requirements, to fund planned capital expenditures, and to fund debt service during the next 12 months and the foreseeable future.

Fair Value

The fair value of debt has been estimated based on the borrowing rates available as of March 31, 2017, for debt with similar terms and maturities. We classify the fair value of debt within Level 1 and Level 2 in the fair value hierarchy.

CAESARS ENTERTAINMENT RESORT PROPERTIES, LLC
NOTES TO CONSOLIDATED CONDENSED FINANCIAL STATEMENTS (Continued)
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Estimated Debt Service Payments ⁽¹⁾

<i>(In millions)</i>	Remaining	Years Ended December 31,					Thereafter	Total
	2017	2018	2019	2020	2021			
Annual maturities of long-term debt ⁽²⁾	\$ 20	\$ 25	\$ 25	\$ 3,350	\$ 1,150	\$ —	\$ 4,570	
Estimated interest payments	340	390	400	360	130	—	1,620	
Total principal and interest	\$ 360	\$ 415	\$ 425	\$ 3,710	\$ 1,280	\$ —	\$ 6,190	

⁽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. Actual payments may differ from these estimates.

⁽²⁾ The CERP Term Loan requires scheduled quarterly principal payments of \$6 million, with the balance due at maturity.

Restrictive Covenants

The CERP Notes and CERP Credit Facility include negative covenants, subject to certain exceptions, and contain customary events of default, subject to customary or agreed-upon exceptions, baskets and thresholds (including equity cure provisions in the case of the CERP Credit Facilities).

The CERP Credit Facility also contains certain customary affirmative covenants and requires that we maintain a senior secured leverage ratio of no more than 8.00 to 1.00, which is the ratio of first lien senior secured net debt to earnings before interest, taxes, depreciation and amortization, adjusted as defined in the Credit Facility.

CERP has pledged a significant portion of its assets as collateral under the notes and facilities. The CERP Notes are co-issued, as well as fully and unconditionally guaranteed, jointly and severally, by CERP LLC and each of its wholly-owned subsidiaries on a senior secured basis. Although CERP's subsidiaries are allowed to make distributions to CERP LLC, restrictions under CERP's lending arrangements generally prevent the distribution of cash to CEC; except for certain restricted payments.

Note 9 — Casino Promotional Allowances

The retail value of accommodations, food and beverage, and other services furnished to guests without charge is included in gross revenues and then deducted as casino promotional allowances. The estimated cost of providing such casino promotional allowances is included in casino expense.

Estimated Retail Value of Casino Promotional Allowances

<i>(In millions)</i>	Three Months Ended March 31,	
	2017	2016
Food and beverage	\$ 45	\$ 47
Rooms	38	36
Other	5	4
	\$ 88	\$ 87

Estimated Cost of Providing Casino Promotional Allowances

<i>(In millions)</i>	Three Months Ended March 31,	
	2017	2016
Food and beverage	\$ 29	\$ 28
Rooms	14	14
Other	3	2
	\$ 46	\$ 44

CAESARS ENTERTAINMENT RESORT PROPERTIES, LLC
NOTES TO CONSOLIDATED CONDENSED FINANCIAL STATEMENTS (Continued)
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Note 10 — Income Taxes

Income Tax Allocation

<i>(Dollars in millions)</i>	Three Months Ended March 31,	
	2017	2016
Income/(loss) before income taxes	\$ 12	\$ (22)
Income tax benefit/(provision)	\$ (6)	\$ 6
Effective tax rate	50.0%	27.3%

We classify reserves for tax uncertainties within accrued expenses and deferred credits and other in our consolidated condensed balance sheets, separate from any related income tax payable 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 March 31, 2017 differed from the expected US tax rate of 35% primarily due to the state deferred tax expense. Effective January 1, 2017, CEC elected to no longer treat CERP as a corporation for income tax purposes. As a result, CERP now no longer has a filing requirement in New Jersey and thus, forfeits its state net operating loss carryforward, which resulted in additional state deferred tax expense. The effective tax rate for the three months ended March 31, 2016 differed from the expected US tax rate of 35% primarily due to the projected tax benefit of federal tax credits on the annual projected effective tax rate for 2016.

In determining the need for a valuation allowance, we must consider both positive and negative evidence including historical losses, current earnings, and tax-planning strategies, as well as the weight of the evidence. The valuation allowance on deferred tax assets which we believe cannot be realized is reviewed quarterly and is maintained until sufficient positive evidence exists to support a reversal. Based on current year earnings and future profitability, we believe it is reasonably possible that we will release the valuation allowance in the current year, although the exact timing is subject to change based on the level of profitability that we are able to achieve for the remainder of 2017. Any release of the valuation allowance will be recorded during the period of release as a tax benefit increasing net earnings. The valuation allowance will be maintained until we are able to conclude that it is more likely than not that we will be able to realize our deferred tax assets. We will continue to monitor the need for a valuation allowance on a quarterly basis considering all of the available evidence.

We believe that it is reasonably possible that the total amount of unrecognized tax benefits as of March 31, 2017 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 matters, there is the possibility that the ultimate resolution of such matters could have an adverse effect on our earnings. Conversely, if these matters are resolved favorably in the future, the related provision would be reduced, thus having a favorable impact on earnings.

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

CAESARS ENTERTAINMENT RESORT PROPERTIES, LLC
NOTES TO CONSOLIDATED CONDENSED FINANCIAL STATEMENTS (Continued)
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Note 11 — Related Party Transactions

<i>(In millions)</i>	Three Months Ended March 31,	
	2017	2016
Services Joint Venture		
Shared services allocated expenses from CES	\$ 60	\$ 55
CEOC Shared Services Agreement		
Shared services allocated expenses from CEOC	6	7
Transactions with CEC and other affiliates		
Employee benefits and incentive awards	3	4
Other	1	—
Transactions with Sponsors and their affiliates		
Reimbursements and expenses allocated to CERP	—	1
Other Related Party Transactions		
Lease revenue received	13	13
Service provider fee	1	1

Services Joint Venture

As described in Note 1, CES provides certain corporate and administrative services to CERP and its other Members, and the costs of these services are allocated among the Members. CES serves as an agent on behalf of the Members at a cost-basis. CERP reimburses CES for the services it performs and the costs it incurs.

CEOC Shared Services Agreement

Pursuant to a shared services agreement, CEOC provides CEC with certain corporate and administrative services, and the costs of these services are allocated among us and all of CEC's operating subsidiaries. In May 2014, the Members entered into a services joint venture, CES, and the Omnibus License and Enterprise Services Agreement (the "Omnibus Agreement"). Certain of these corporate and administrative services are now provided by CES (see Note 1).

Transactions with CEC

Employee Benefit Plans

CEC maintains a defined contribution savings and retirement plan in which employees of CERP may participate. The plan provides for, among other things, pre-tax and after-tax contributions by employees. Under the plan, participating employees may elect to contribute up to 50% of their eligible earnings (subject to certain IRS and plan limits). In addition, employees subject to collective bargaining agreements receive benefits through the multi-employer pension plans sponsored by the organization in which they are a member. The expenses related to contributions made to the plans on their behalf are allocated to the properties at which they are 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 CERP employees. Although awards under the plan result in the issuance of shares of CEC, because CERP is a consolidated subsidiary of CEC, the amounts are included in CERP share-based compensation expense as a component of total compensation for CERP employees. During the second quarter of 2016, CEC implemented ASU No. 2016-09, which amended Topic 718, *Compensation - Stock Compensation*. This updated guidance amended the accounting for share-based payment transactions, including the income tax consequences, classification of awards as either equity or liabilities, and classification on the statement of cash flows. CEC applied the amended guidance using a modified retrospective transition method, which had no material effect on CERP's financial statements.

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NOTES TO CONSOLIDATED CONDENSED FINANCIAL STATEMENTS (Continued)
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Transactions with Sponsors and their Affiliates

The members of Hamlet Holdings LLC (“Hamlet Holdings”) are comprised of individuals affiliated with Apollo Global Management, LLC and affiliates of TPG Capital LP (collectively, the “Sponsors”). As of March 31, 2017, Hamlet Holdings beneficially owned a majority of CEC’s common stock.

Reimbursements and Expenses allocated to CERP

CEC has a services agreement with the Sponsors relating to the provision of financial and strategic advisory services and consulting services. The Sponsors have granted an ongoing waiver of the monitoring fees for management services; however, CEC reimburses the Sponsors for expenses they incur related to these management services and certain legal expenses. A portion of the reimbursed expenses are allocated to CERP.

Sponsors’ Portfolio Companies

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.

In addition, certain entities affiliated with or under the control of our Sponsors may from time to time transact in and hold our debt securities, and participate in any modifications of such instruments on terms available to any other holder of our debt.

Other Related Party Transactions

Lease Agreements

We lease Octavius Tower to CEOC for approximately \$35 million per year and gaming space in The LINQ promenade to CGP for approximately \$15 million per year pursuant to separate lease agreements that both expire April 2026.

LINQ Access and Parking Easement Lease Agreement

Under the LINQ Access and Parking Easement lease agreement, CEOC leases the parking lot behind The LINQ promenade and The LINQ Hotel & Casino to CERP and CGP. Pursuant to the lease agreement, which expires in April 2028, CERP pays approximately \$1 million annually, subject to a 3% annual increase.

Service Provider Fee

CEOC, CERP and CGP have a shared services agreement under which CERP and CGP pay for certain indirect corporate support costs.

World Series of Poker (“WSOP”) Agreements

Pursuant to multiple agreements with Caesars Interactive Entertainment, Inc. (“CIE”), CERP is allowed to host various WSOP events in Las Vegas and Atlantic City, including the annual Main Event at the Rio Las Vegas. CERP pays CIE \$2 million per year for the right to host WSOP tournaments in Las Vegas and pays to host a certain number of WSOP circuit events in Atlantic City. These agreements are in effect until September 1, 2017, unless terminated earlier pursuant to each agreement’s terms.

Total Rewards Loyalty Program

CEOC’s customer loyalty program, Total Rewards, offers incentives to customers from their spending related to on-property entertainment expenses, including gaming, hotel, dining, and retail shopping at our and CEOC’s resort properties located in the U.S. and Canada. Under the program, customers are able to accumulate, or bank, Reward Credits over time that they may redeem at their discretion under the terms of the program. The Reward Credit balance will be forfeited if the customer does not earn a Reward Credit over the prior six-month period. As a result of the ability of the customer to bank the Reward Credits, CEOC estimates the cost of fulfilling the redemption of Reward Credits, after consideration of estimated forfeitures (referred to as “breakage”) based upon the cost of historical redemptions. The estimated value of Reward Credits is expensed as the Reward Credits are earned by customers and is included in direct casino expense. The total estimated cost is accrued by CEOC, with the incremental charges related to our casino properties included in due to affiliates, net in the Balance Sheets.

CAESARS ENTERTAINMENT RESORT PROPERTIES, LLC
NOTES TO CONSOLIDATED CONDENSED FINANCIAL STATEMENTS (Continued)
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Due to Affiliates

Amounts due to affiliates for each counterparty represent the 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 CERP's affiliated entities. As of March 31, 2017 and December 31, 2016, due to affiliates was \$25 million and \$21 million, respectively.

Intellectual Property License Agreements

Each of the CERP properties and certain of their subsidiaries have entered into license agreements with Caesars License Company, LLC ("CLC"), a subsidiary of CEOC, pursuant to which we receive non-exclusive royalty-free licenses to use certain intellectual property, including trademarks and copyrights owned by CLC in connection with the operation of the CERP properties. These license agreements have a termination date of 2023, subject to annual renewal thereafter. The licenses contemplated by the Omnibus Agreement are subject to these licenses.

In addition, certain subsidiaries of the CERP properties have entered into license agreements with CLC and CEOC pursuant to which CLC and CEOC receive non-exclusive royalty-free licenses to use certain property-specific intellectual property owned by the CERP properties, including the right to use the "Rio," "Flamingo," and "Paris" trademarks. These license agreements continue until the applicable operating company or the management company no longer manages the applicable property.

Centralized Transactions

In addition, the Company participates with other CEC subsidiaries in marketing, purchasing, insurance, employee benefit and other programs that are defined, negotiated and managed on a company-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.

In this filing, the name “CERP LLC” refers to the parent holding company, Caesars Entertainment Resort Properties, LLC, exclusive of its consolidated subsidiaries, unless otherwise stated or the context otherwise requires. The words “CERP,” “Company,” “we,” “our,” and “us” refer to Caesars Entertainment Resort Properties, LLC, inclusive of its consolidated subsidiaries, unless otherwise stated or the context otherwise requires.

Note references are to the 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 CERP for the three months ended March 31, 2017 and 2016 should be read in conjunction with the unaudited consolidated condensed financial statements and the notes thereto and other financial information included elsewhere in this Form 10-Q as well as Management’s Discussion and Analysis of Financial Condition and Results of Operations (“MD&A”) presented in CERP’s Annual Report on Form 10-K for the fiscal year ended December 31, 2016 (“2016 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.

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

Overview

CERP LLC is a single-member limited liability company, wholly owned by Caesars Entertainment Resort Properties Holdco, LLC, which is a wholly owned subsidiary of Caesars Entertainment Corporation (“CEC,” “Caesars,” and “Caesars Entertainment”). We own six casino properties that operate under well-known brands and include four properties located in Las Vegas, Nevada: (1) Paris Las Vegas, (2) Harrah’s Las Vegas, (3) Rio All-Suites Hotel and Casino (“Rio Las Vegas”), (4) Flamingo Las Vegas, (5) Harrah’s Atlantic City, and (6) Harrah’s Laughlin. We also own The LINQ promenade and Octavius Tower at Caesars Palace Las Vegas.

Consolidated Operating Results

<i>(Dollars in millions)</i>	Three Months Ended March 31,		Percent Favorable/ (Unfavorable)
	2017	2016	
Casino revenues	\$ 280	\$ 272	2.9%
Net revenues	546	528	3.4%
Income from operations	110	78	41.0%
Interest expense	98	100	2.0%
Net income/(loss)	6	(16)	*
Property EBITDA ⁽¹⁾	177	164	7.9%
Operating margin ⁽²⁾	20.1%	14.8%	5.3 pts

⁽¹⁾ See the Reconciliation of Non-GAAP Financial Measures discussion later in this MD&A for a reconciliation of Property EBITDA.

⁽²⁾ Operating margin is calculated as income from operations divided by net revenues.

* Not meaningful.

Ongoing Property Renovations

- We perform ongoing refurbishment and maintenance at our properties to maintain our quality standards. For the three months ended March 31, 2017, our capital spending totaled \$31 million compared with \$27 million in the 2016 quarter. Our most significant construction projects that are planned or in process as of March 31, 2017 include the following (in millions):

<u>Property</u>	<u>Project Description</u>	<u>Estimated Remaining Cost</u>	<u>Estimated Completion Date ⁽¹⁾</u>
Harrah's Las Vegas	Carnaval North renovation	\$ 69	fourth quarter 2017
Flamingo Las Vegas	Tower renovation	23	second quarter 2018
Harrah's Atlantic City	Tower renovation	10	second quarter 2017
Paris Las Vegas	Rooms renovation	8	fourth quarter 2016
Flamingo Las Vegas	Meeting rooms remodel	5	second quarter 2017
Flamingo Las Vegas	Elevators modernization	3	fourth quarter 2017

⁽¹⁾ Although the majority of assets related to each project will be placed in service by the estimated completion date, we expect to make payments subsequent to the completion date as ancillary work continues to be performed and the project is finalized.

- In connection with ongoing property renovation projects, the depreciation of certain assets was accelerated due to their removal and replacement. We recognized additional depreciation and amortization expense of \$20 million in the first quarter of 2016 related to certain assets at primarily Harrah's Las Vegas and Flamingo Las Vegas compared with \$1 million in the first quarter of 2017 related to primarily projects at Harrah's Atlantic City and Flamingo Las Vegas.

Net Revenues

- Net revenues increased \$18 million, or 3.4%, in 2017 compared with 2016 primarily due to increases in rooms revenues and casino revenues.
- Rooms revenues increased \$14 million, or 10.3%, during the first quarter of 2017. Increased resort fees and improved hotel yield continued to drive an increase in our hotel average cash daily rate to \$138 in 2017 from \$123 in 2016. Harrah's Las Vegas had an 18% increase in room nights available during the first quarter of 2017 due to construction at the property in the 2016 first quarter, which contributed to an increase in rooms revenues of \$6 million in 2017.
- Casino revenues increased \$8 million, or 2.9%, during the first quarter of 2017 primarily due to higher gaming volumes.

Operating Expenses

- Operating expenses decreased \$14 million, or 3.1%, during the first quarter of 2017 primarily due to a decrease in depreciation, amortization, and other. The decrease mostly resulted from accelerated depreciation in the prior year due to the removal and replacement of certain assets as discussed above.

Income Taxes

The effective tax rates for the three months ended March 31, 2017 and 2016 were 50.0% and 27.3%, respectively. See Note 10 for a detailed discussion of income taxes and the effective tax rate.

Recent Accounting Pronouncements

See Note 3 for discussion of the adoption and potential impacts of recently issued accounting standards.

Critical Accounting Policies

For information on critical accounting policies, see "Critical Accounting Policies and Estimates" in MD&A of the 2016 Annual Report. There have been no changes to these policies during the three months ended March 31, 2017.

Liquidity and Capital Resources

Liquidity Discussion and Analysis

Our cash and cash equivalents totaled \$224 million as of March 31, 2017. We generated net income of \$6 million during the three months ended March 31, 2017, which includes \$57 million of non-cash items such as depreciation, amortization, and other. Our operating activities yielded cash flows of \$135 million, an increase of \$33 million, or 32.4%, compared with the prior year period. The increase was primarily due to improvement in operating results in 2017, including the increase in net revenues discussed above, the timing of payments for amounts due to affiliates, and other offsetting working capital fluctuations.

Capital expenditures were \$31 million during the 2017 period in support of our ongoing property renovations, an increase of \$4 million, or 14.8%, compared with the prior year period. Our projected capital expenditures for 2017 are estimated to be \$180 million to \$230 million. 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.

We are highly leveraged and a significant amount of our liquidity needs are for debt service. As of March 31, 2017, we had \$4.6 billion face value of indebtedness outstanding including capital lease indebtedness. During the three months ended March 31, 2017, we incurred a total of \$98 million of interest expense, and we repaid \$48 million primarily on our revolving credit facility. See Note 8 for details of our debt outstanding, debt service requirements, and restrictive covenants.

Estimated Debt Service Payments ⁽¹⁾

<i>(In millions)</i>	Remaining 2017	2018	2019	2020	2021	Thereafter	Total
Long-term debt principal payments	\$ 20	\$ 25	\$ 25	\$ 3,350	\$ 1,150	\$ —	\$ 4,570
Estimated interest payments	340	390	400	360	130	—	1,620
Total principal and interest	\$ 360	\$ 415	\$ 425	\$ 3,710	\$ 1,280	\$ —	\$ 6,190

⁽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. Actual payments may differ from these estimates.

Our ability to fund our operations, pay our debt 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 secure additional funds through financing activities. We believe that our cash and cash equivalents balance, our cash flows from operations, and financing available under our revolving credit facility will be sufficient to meet our normal operating requirements during the next 12 months and the foreseeable future. Although CERP's subsidiaries are allowed to make distributions to CERP LLC, the indentures governing the CERP Notes generally prevent the distribution of cash to Caesars Entertainment, except for certain payments as described in the indentures. We believe that our cash flows from operations are sufficient to cover our planned capital expenditures for ongoing property renovations during the remainder of 2017, as well as remaining 2017 estimated interest and principal payments due on our long-term debt totaling \$360 million. However, if needed, our existing cash and cash equivalents of \$224 million and availability under our revolving credit facility of \$270 million, both as of March 31, 2017, are available to further support CERP's operations during the next 12 months and the foreseeable future.

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.

Related-Party Transactions

We participate with other CEC subsidiaries in marketing, purchasing, insurance, employee benefit, and other programs that are defined, negotiated and managed on a company-wide basis. We believe that participating in these consolidated programs is beneficial in comparison to the cost and terms for similar programs that we could negotiate on a standalone basis. For a more complete description of the nature and extent of these and other transactions with related parties, see Note 11.

Other Obligations and Commitments

As of March 31, 2017, 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 2016 Annual Report.

Reconciliation of Non-GAAP Financial Measures

Property earnings before interest, taxes, depreciation, and amortization (“EBITDA”) is presented as a measure of the Company’s performance. Property EBITDA is defined as revenues less property 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 the Company does not consider indicative of its ongoing operating performance at an operating property level. In evaluating Property EBITDA you should be aware that, in the future, the Company may incur expenses that are the same or similar to some of the adjustments in this presentation. The presentation of Property EBITDA should not be construed as an inference that future results will be unaffected by unusual or unexpected items.

Property 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 accounting principles generally accepted in the United States (“GAAP”). Property EBITDA may not be comparable to similarly titled measures reported by other companies within the industry. Property EBITDA is included because management uses Property EBITDA to measure performance and allocate resources, and believes that Property EBITDA provides investors with additional information consistent with that used by management.

Reconciliation of Property EBITDA

<i>(In millions)</i>	Three Months Ended March 31,	
	2017	2016
Net income/(loss)	\$ 6	\$ (16)
Income tax (benefit)/provision	6	(6)
Interest expense	98	100
Depreciation, amortization, and other	57	75
Corporate expense and other	10	11
Property EBITDA	<u>\$ 177</u>	<u>\$ 164</u>

CAUTIONARY STATEMENTS REGARDING FORWARD-LOOKING STATEMENTS

This Quarterly Report on Form 10-Q 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,” “might,” “expect,” “believe,” “anticipate,” “intend,” “could,” “would,” “estimate,” “continue,” “present,” “seek,” “hope,” 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, the restructuring of CEOC, 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:

- the effect of our substantial indebtedness and the restrictions in our debt agreements;
- our dependence on CES and its management for services pursuant to the Omnibus License and Enterprise Services Agreement, access to intellectual property rights, the Total Rewards loyalty program, its customer database and other services, rights and information, and our dependence on Caesars Entertainment’s management;
- our ability to use CEOC’s customer-tracking, customer loyalty and yield-management programs to continue to increase customer loyalty and same-store or hotel sales;
- the effects of CEOC’s bankruptcy filing on us and Caesars Entertainment, and the interest of various creditors and other constituents;
- the effect of a bankruptcy by other third parties that we depend on;
- the effects of competition, including locations of competitors, growth of online gaming, competition for new licenses and operating and market competition;
- reductions in consumer discretionary spending due to economic downturns or other factors;
- continued growth in consumer demand for non-gaming activities replacing demand for gambling;
- our ability to renew our agreement to host the World Series of Poker’s Main Event;
- our ability to retain our resident performers on acceptable terms;
- uncertainty in the completion of projects neighboring our properties that are expected to be beneficial to our properties;
- changes in the extensive governmental regulations to which we are subject, and changes in laws, including increased tax rates, smoking bans, regulations or accounting standards, third-party relations and approvals, and decisions, disciplines and fines of courts, regulators and governmental bodies;
- any impairments to goodwill, indefinite-lived intangible assets, or long- lived assets that we may incur;
- acts of war or terrorist incidents, 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;
- the impact, if any, of unfunded pension benefits under multi-employer pension plans;

- our ability to recover on credit extended to our customers;
- the potential difficulties in employee retention and recruitment as a result of our substantial indebtedness, the restructuring of CEOC, or any other factors;
- differences in our interests and those of our Sponsors;
- damage caused to our brands due to the unauthorized use of our brand names by third parties;
- the failure of Caesars Entertainment to protect the trademarks that are licensed to us;
- the outcome of currently pending litigation or threatened litigation, including, but not limited to, the proceedings described under “Noteholder Disputes” in Part II, Item 1, “Legal Proceedings,” and judicial and governmental body actions, including gaming legislative action, referenda, regulatory disciplinary actions, and fines and taxation;
- our ability to access additional capital on acceptable terms or at all;
- abnormal gaming holds (“gaming hold” is the amount of money that is retained by the casino from wagers by customers);
- our exposure to environmental liability, including as a result of unknown environmental contamination;
- our ability to recoup costs of capital investments through higher revenues;
- access to insurance on reasonable terms for our assets;
- the effects of compromises to our information systems or unauthorized access to confidential information or our customers’ personal information;
- the effects of deterioration in the success of third parties adjacent to our business; and
- the other factors set forth under “Risk Factors” in our 2016 Annual Report.

You are cautioned to not 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

There have been no material changes to our market risk in 2017. For information on our exposure to market risk, refer to Part II, Item 7A, “Quantitative and Qualitative Disclosures about Market Risk,” contained in our 2016 Annual Report.

Item 4. Controls and Procedures

Evaluation of Disclosure Controls and Procedures

We maintain disclosure controls and procedures designed to provide reasonable assurance that information required to be disclosed in reports filed under the Securities Exchange Act of 1934, as amended (the “Exchange Act”), is recorded, processed, summarized and reported within the specified time periods and accumulated and communicated to our management, including our principal executive officer and principal financial officer, as appropriate, to allow timely decisions regarding required disclosure.

Our management, with the participation of our principal executive officer and principal financial officer, evaluated the effectiveness of our disclosure controls and procedures (as defined in Rules 13a-15(e) or 15d-15(e) promulgated under the Exchange Act) at March 31, 2017. Based on this evaluation required by paragraph (b) of Rules 13a-15 or 15d-15, our CEO and CFO concluded that our disclosure controls and procedures were effective as of March 31, 2017.

Changes in Internal Controls

We have commenced several transformation initiatives, including implementing new general ledger software to automate and simplify our business processes. These are long-term initiatives that we believe will enhance our internal control over financial reporting due to increased automation and integration of related processes. We will continue to monitor and evaluate our internal control over financial reporting throughout the transformation.

There have not been changes in our internal control over financial reporting during the three months ended March 31, 2017, that have materially affected, or are reasonably likely to materially affect, our internal controls over financial reporting.

PART II—OTHER INFORMATION

Item 1. Legal Proceedings

The Company is party to ordinary and routine litigation incidental to our business. See Note 2 for full details of the matters outlined below.

Noteholder Disputes

- Litigation commenced by Wilmington Savings Fund Society, FSB on August 4, 2014.
- Litigation commenced by UMB Bank on November 25, 2014.

Other Litigation

- Judgment related to a Birthday Cash promotional offer by Harrah's Atlantic City on March 19, 2010.
- Litigation commenced by Trustees of the National Retirement Fund in January 2015.

Item 1A. Risk Factors

For risk factors that could cause actual results to differ materially from those anticipated, please refer to our Annual Report on Form 10-K for the year ended December 31, 2016.

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

Exhibit Number	Exhibit Description	Filed Herewith	Incorporated by Reference				
			Form	Period Ending	Exhibit	Filing Date	Link
31.1	Certification of Principal Executive Officer Pursuant to Section 302 of the Sarbanes-Oxley Act of 2002	X					Link
31.2	Certification of Principal Financial Officer Pursuant to Section 302 of the Sarbanes-Oxley Act of 2002.	X					Link
*32.1	Certification of Principal Executive Officer Pursuant to Section 906 of the Sarbanes-Oxley Act of 2002.	—					Link
*32.2	Certification of Principal Financial Officer Pursuant to Section 906 of the Sarbanes-Oxley Act of 2002.	—					Link
101.INS	XBRL Instance Document	X					
101.SCH	XBRL Taxonomy Extension Schema Document	X					
101.CAL	XBRL Taxonomy Extension Calculation Linkbase Document	X					
101.DEF	XBRL Taxonomy Extension Definition Linkbase Document	X					
101.LAB	XBRL Taxonomy Extension Label Linkbase Document	X					
101.PRE	XBRL Taxonomy Extension Presentation Linkbase Document	X					

* Furnished herewith.

SIGNATURE

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

CAESARS ENTERTAINMENT RESORT PROPERTIES, LLC

May 2, 2017

By: _____ /S/ ERIC HESSION
Eric Hession
Treasurer and Manager

I, Mark P. Frissora, certify that:

1. I have reviewed this Quarterly Report on Form 10-Q of Caesars Entertainment Resort Properties, LLC;
2. Based on my knowledge, this report does not contain any untrue statement of a material fact or omit to state a material fact necessary to make the statements made, in light of the circumstances under which such statements were made, not misleading with respect to the period covered by this report;
3. Based on my knowledge, the financial statements, and other financial information included in this report, fairly present in all material respects the financial condition, results of operations and cash flows of the registrant as of, and for, the periods presented in this report;
4. The registrant's other certifying officers and I are responsible for establishing and maintaining disclosure controls and procedures (as defined in Exchange Act Rules 13a-15(e) and 15d-15(e)) and internal control over financial reporting (as defined in Exchange Act Rules 13a-15(f) and 15d-15(f)) for the registrant and have:
 - a) designed such disclosure controls and procedures, or caused such disclosure controls and procedures to be designed under our supervision, to ensure that material information relating to the registrant, including its consolidated subsidiaries, is made known to us by others within those entities, particularly during the period in which this report is being prepared;
 - b) designed such internal control over financial reporting, or caused such internal control over financial reporting to be designed under our supervision, to provide reasonable assurance regarding the reliability of financial reporting and the preparation of financial statements for external purposes in accordance with generally accepted accounting principles;
 - c) evaluated the effectiveness of the registrant's disclosure controls and procedures and presented in this report our conclusions about the effectiveness of the disclosure controls and procedures, as of the end of the period covered by this report based on such evaluation; and
 - d) disclosed in this report any change in the registrant's internal control over financial reporting that occurred during the registrant's most recent fiscal quarter (the registrant's fourth fiscal quarter in the case of an annual report) that has materially affected, or is reasonably likely to materially affect, the registrant's internal control over financial reporting; and
5. The registrant's other certifying officers and I have disclosed, based on our most recent evaluation of internal control over financial reporting, to the registrant's auditors and the audit committee of the registrant's board of directors (or persons performing the equivalent functions):
 - a) all significant deficiencies and material weaknesses in the design or operation of internal control over financial reporting which are reasonably likely to adversely affect the registrant's ability to record, process, summarize and report financial information; and
 - b) any fraud, whether or not material, that involves management or other employees who have a significant role in the registrant's internal control over financial reporting.

Dated: May 2, 2017

/S/ MARK P. FRISSORA

Mark P. Frissora
President and Manager

I, Eric Hession, certify that:

1. I have reviewed this Quarterly Report on Form 10-Q of Caesars Entertainment Resort Properties, LLC;
2. Based on my knowledge, this report does not contain any untrue statement of a material fact or omit to state a material fact necessary to make the statements made, in light of the circumstances under which such statements were made, not misleading with respect to the period covered by this report;
3. Based on my knowledge, the financial statements, and other financial information included in this report, fairly present in all material respects the financial condition, results of operations and cash flows of the registrant as of, and for, the periods presented in this report;
4. The registrant's other certifying officers and I are responsible for establishing and maintaining disclosure controls and procedures (as defined in Exchange Act Rules 13a-15(e) and 15d-15(e)) and internal control over financial reporting (as defined in Exchange Act Rules 13a-15(f) and 15d-15(f)) for the registrant and have:
 - a) designed such disclosure controls and procedures, or caused such disclosure controls and procedures to be designed under our supervision, to ensure that material information relating to the registrant, including its consolidated subsidiaries, is made known to us by others within those entities, particularly during the period in which this report is being prepared;
 - b) designed such internal control over financial reporting, or caused such internal control over financial reporting to be designed under our supervision, to provide reasonable assurance regarding the reliability of financial reporting and the preparation of financial statements for external purposes in accordance with generally accepted accounting principles;
 - c) evaluated the effectiveness of the registrant's disclosure controls and procedures and presented in this report our conclusions about the effectiveness of the disclosure controls and procedures, as of the end of the period covered by this report based on such evaluation; and
 - d) disclosed in this report any change in the registrant's internal control over financial reporting that occurred during the registrant's most recent fiscal quarter (the registrant's fourth fiscal quarter in the case of an annual report) that has materially affected, or is reasonably likely to materially affect, the registrant's internal control over financial reporting; and
5. The registrant's other certifying officers and I have disclosed, based on our most recent evaluation of internal control over financial reporting, to the registrant's auditors and the audit committee of the registrant's board of directors (or persons performing the equivalent functions):
 - a) all significant deficiencies and material weaknesses in the design or operation of internal control over financial reporting which are reasonably likely to adversely affect the registrant's ability to record, process, summarize and report financial information; and
 - b) any fraud, whether or not material, that involves management or other employees who have a significant role in the registrant's internal control over financial reporting.

Dated: May 2, 2017

/S/ ERIC HESSION

Eric Hession
Treasurer and Manager

Certification of Principal Executive Officer

Pursuant to 18 U.S.C. § 1350, as created by Section 906 of the Sarbanes-Oxley Act of 2002, the undersigned officer of Caesars Entertainment Resort Properties, LLC (the "Company"), hereby certifies, to such officer's knowledge, that:

- (i) the accompanying Quarterly Report on Form 10-Q of the Company for the quarterly period ended March 31, 2017 (the "Report") fully complies with the requirements of Section 13(a) or Section 15(d), as applicable, of the Securities Exchange Act of 1934, as amended; and
- (ii) the information contained in the Report fairly presents, in all material respects, the financial condition and results of operations of the Company.

Dated: May 2, 2017

/S/ MARK P. FRISSORA

Mark P. Frissora

President and Manager

The foregoing certification is being furnished solely to accompany the Report pursuant to 18 U.S.C. § 1350, and is not being filed for purposes of Section 18 of the Securities Exchange Act of 1934, as amended, and is not to be incorporated by reference into any filing of the Company, whether made before or after the date hereof, regardless of any general incorporation language in such filing.

Certification of Principal Financial Officer

Pursuant to 18 U.S.C. § 1350, as created by Section 906 of the Sarbanes-Oxley Act of 2002, the undersigned officer of Caesars Entertainment Resort Properties, LLC (the "Company"), hereby certifies, to such officer's knowledge, that:

- (i) the accompanying Quarterly Report on Form 10-Q of the Company for the quarterly period ended March 31, 2017 (the "Report") fully complies with the requirements of Section 13(a) or Section 15(d), as applicable, of the Securities Exchange Act of 1934, as amended; and
- (ii) the information contained in the Report fairly presents, in all material respects, the financial condition and results of operations of the Company.

Dated: May 2, 2017

/S/ ERIC HESSION

Eric Hession

Treasurer and Manager

The foregoing certification is being furnished solely to accompany the Report pursuant to 18 U.S.C. § 1350, and is not being filed for purposes of Section 18 of the Securities Exchange Act of 1934, as amended, and is not to be incorporated by reference into any filing of the Company, whether made before or after the date hereof, regardless of any general incorporation language in such filing.