

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 June 30, 2016

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, or a smaller reporting company. See the definitions of "large accelerated filer," "accelerated filer" and "smaller reporting company" in Rule 12b-2 of the Exchange Act. (Check one):

Large accelerated filer  Accelerated filer

Non-accelerated filer  (Do not check if a smaller reporting company) Smaller reporting company

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>	June 30, 2016	December 31, 2015
<b>Assets</b>		
Current assets		
Cash and cash equivalents	\$ 191	\$ 150
Receivables, net	68	68
Prepayments and other current assets	27	31
Inventories	10	13
Total current assets	296	262
Property and equipment, net	4,931	4,973
Goodwill	1,402	1,402
Intangible assets other than goodwill	267	292
Deferred charges and other	100	99
Total assets	\$ 6,996	\$ 7,028
<b>Liabilities and Member's Equity</b>		
Current liabilities		
Accounts payable	\$ 33	\$ 33
Due to affiliates, net	15	21
Accrued expense and other liabilities	182	124
Interest payable	91	94
Current portion of long-term debt	48	118
Total current liabilities	369	390
Long-term debt	4,501	4,509
Deferred income taxes	1,124	1,167
Deferred credits and other	7	7
Total liabilities	6,001	6,073
Commitments and contingencies (Note 9)		
Total member's equity	995	955
Total liabilities and member's equity	\$ 6,996	\$ 7,028

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 June 30,		Six Months Ended June 30,	
	2016	2015	2016	2015
<b>Revenues</b>				
Casino	\$ 287	\$ 299	\$ 559	\$ 582
Food and beverage	136	137	270	268
Rooms	144	138	280	268
Other	79	78	152	150
Less: casino promotional allowances	(84)	(86)	(171)	(173)
Net revenues	562	566	1,090	1,095
<b>Operating expenses</b>				
<b>Direct</b>				
Casino	142	147	282	285
Food and beverage	69	67	131	129
Rooms	39	36	76	69
Property, general, administrative, and other	128	130	253	256
Depreciation, amortization, and other	62	50	137	101
Corporate expense	11	10	22	22
Total operating expenses	451	440	901	862
Income from operations	111	126	189	233
Interest expense	(99)	(98)	(199)	(200)
Income/(loss) before income taxes	12	28	(10)	33
Income tax benefit/(provision)	(4)	(11)	2	(13)
Net income/(loss)	\$ 8	\$ 17	\$ (8)	\$ 20

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>	CERP Member's Equity			Noncontrolling Interest	Total Member's Equity
	Contributed Capital	Accumulated Deficit	Total CERP Member's Equity		
Balance as of December 31, 2014	\$ 1,932	\$ (1,093)	\$ 839	\$ 24	\$ 863
Cumulative effect of CES deconsolidation (Note 1)	—	—	—	(24)	(24)
Net income	—	20	20	—	20
Contribution from parent in settlement of taxes	57	—	57	—	57
Share-based compensation and other	4	—	4	—	4
Balance as of June 30, 2015	\$ 1,993	\$ (1,073)	\$ 920	\$ —	\$ 920
Balance as of December 31, 2015	\$ 2,042	\$ (1,087)	\$ 955	\$ —	\$ 955
Net loss	—	(8)	(8)	—	(8)
Contribution from parent in settlement of taxes	42	—	42	—	42
Share-based compensation and other	6	—	6	—	6
Balance as of June 30, 2016	\$ 2,090	\$ (1,095)	\$ 995	\$ —	\$ 995

See accompanying Notes to Consolidated Condensed Financial Statements.

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

<i>(In millions)</i>	Six Months Ended June 30,	
	2016	2015
Cash flows provided by operating activities	\$ 185	\$ 202
Cash flows from investing activities		
Acquisitions of property and equipment, net of change in related payables	(59)	(76)
Capital contribution to CES	(1)	(5)
Other	(1)	—
Cash flows used in investing activities	(61)	(81)
Cash flows from financing activities		
Proceeds from long-term debt and revolving credit facility	65	110
Repayments of long-term debt and revolving credit facility	(148)	(214)
Cash flows used in financing activities	(83)	(104)
Net increase in cash and cash equivalents	41	17
Cash and cash equivalents, beginning of period	150	189
Cash and cash equivalents, end of period	\$ 191	\$ 206
<b>Supplemental cash flow information:</b>		
Cash paid for interest	\$ 196	\$ 200
Non-cash investing and financing activities:		
Change in accrued capital expenditures	3	9
Contribution from parent in settlement of taxes	42	57

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.*

**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 74% of consolidated net revenues for both the three and six months ended June 30, 2016.

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 2016 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.

This document should be read in conjunction with our consolidated financial statements as of December 31, 2015 and 2014 and for the years ended December 31, 2015, 2014 and 2013, which were included in our Annual Report on Form 10-K for the year ended December 31, 2015.

***Consolidation of 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. 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 its other assets and uses them to provided 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 10 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.

When CES was formed, we determined that it was a variable interest entity ("VIE"), and we concluded that we were the primary beneficiary. We determined that CERP had a controlling financial interest in CES based on our evaluation of several factors,

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

primarily including that CERP was the most closely associated with CES as CES was designed to maintain working capital risk, and CERP assumed the greatest working capital burden through its initial capital contributions.

Effective January 1, 2016, we implemented the Financial Accounting Standard Board's (the "FASB") Accounting Standard Update ("ASU") No. 2015-02, which amended Topic 810, *Consolidations*. We applied the amended guidance retrospectively for all periods presented in the accompanying financial statements and notes thereto.

Under the amended guidance, CERP is not considered the primary beneficiary and does not consolidate CES as CERP individually does not have the characteristics of a primary beneficiary and the consideration of which Member is most closely associated with CES are no longer applicable under the amended guidance as none of the Members is considered a single decision maker and power is not shared among the Members. Additionally, substantially all of the activities of CES do not involve and are not conducted on behalf of any single Member. Therefore, we have deconsolidated CES from our consolidated financial statements.

There was no cumulative-effect adjustment recognized in accumulated deficit associated with the deconsolidation of CES, and we removed the previously-reported balance in noncontrolling interest. We recorded an initial equity investment in CES of \$43 million. Our equity method investment in CES was \$52 million at both June 30, 2016 and December 31, 2015, and is included in deferred charges and other.

Related Party Relationship

As described above, CES provides certain corporate and administrative services for CERP's casino properties. Subsequent to deconsolidation, transactions with CES are no longer eliminated in consolidation and are treated as related party transactions for CERP. See "Services Joint Venture" in Note 10 for all transactions between us and CES.

Effect of CES Deconsolidation on Previously Reported Financial Information

	As of December 31, 2015		
<i>(In millions)</i>	CERP (As Originally Reported)	Effect of CES Deconsolidation	CERP (As Restated)
Total assets	\$ 7,242	\$ (214)	\$ 7,028
Total liabilities	6,236	(163)	6,073
Total member's equity	1,006	(51)	955

  

	For the Three Months Ended June 30, 2015		
<i>(In millions)</i>	CERP (As Originally Reported)	Effect of CES Deconsolidation	CERP (As Restated)
Net revenues	\$ 566	\$ —	\$ 566
Net income	18	(1)	17

  

	For the Six Months Ended June 30, 2015		
<i>(In millions)</i>	CERP (As Originally Reported)	Effect of CES Deconsolidation	CERP (As Restated)
Net revenues	\$ 1,095	\$ —	\$ 1,095
Net income	21	(1)	20

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

For the Six Months Ended June 30, 2015

<i>(In millions)</i>	CERP (As Originally Reported)	Effect of CES Deconsolidation	CERP (As Restated)
Cash flows from operating activities	\$ 227	\$ (25)	\$ 202
Cash flows from investing activities	(87)	6	(81)
Cash flows from financing activities	(94)	(10)	(104)
Net increase in cash and cash equivalents	<u>\$ 46</u>	<u>\$ (29)</u>	<u>\$ 17</u>

**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 combined and 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.

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 deferred charges and other in the accompanying balance sheets. No amount has been accrued at this time. The matter is on appeal, has been fully briefed, and was argued in December 2015. We are awaiting a decision. The Company continues to believe that the merits of its legal position are strong and will continue to defend against the lawsuit vigorously.

**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 June 15, 2016, the United States Bankruptcy

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

Court for the Northern District of Illinois in Chicago (the “Bankruptcy Court”) granted CEOC’s motion for a temporary stay of this proceeding. The stay will remain in effect until August 29, 2016, unless extended.

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. The consensual stay will expire upon the termination of the First Lien Bond RSA.

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. While the claims against CEOC have been stayed due to the Chapter 11 process, in some instances, the actions against CEC have been allowed to continue, and CERP believes there is a reasonably possible likelihood of an adverse outcome as to CEC. 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 previously 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

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

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.

***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.

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, 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.

Also, on March 18, 2015, 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 denied the

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

defendants' motion to dismiss the NRF Action on the ground that the arguments raised by the defendants must first be arbitrated under ERISA. On February 26, 2016, 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 May 5, 2016, the Magistrate Judge recommended that the NRF Action plaintiffs' motion for summary judgment be granted on the ground that the further arguments raised by CEC and CERP must first be arbitrated under ERISA. On May 19, 2016, CEC and CERP filed their objections to the Report and Recommendation (the "Objections"). On June 2, 2016, the NRF Action plaintiffs filed their response to the Objections. The District Judge has not yet ruled on the Objections. If the District Judge adopts the Magistrate Judge's Report and Recommendation, then a judgment could be entered against CEC and CERP for approximately \$8 million comprising the first quarterly payment of withdrawal liability referred to above, interest and liquidated damages under ERISA, which amount would be paid or bonded pending an appeal.

We believe our legal arguments against the actions undertaken by NRF are strong and will pursue them vigorously, and will defend vigorously against the claims raised by the NRF in the NRF Action. Because legal proceedings with respect to this matter are at the preliminary stages, we cannot currently provide assurance as to the ultimate outcome of the matters at issue.

### **Note 3 — Recently Issued Accounting Pronouncements**

During 2016, we adopted Account Standards Update No. 2015-02, *Consolidation: Amendments to the Consolidation Analysis* (see Note 1).

The FASB issued the following authoritative guidance amending the FASB Accounting Standards Codification.

*Revenue Recognition - May 2014 (amended May 2016)*: 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. This guidance provides that an entity should recognize revenue to depict the transfer of promised goods or services to customers in an amount that reflects the consideration to which the entity expects to be entitled in exchange for those goods or services. Existing industry guidance will be eliminated, including revenue recognition guidance specific to the gaming industry. In addition, interim and annual disclosures will be substantially revised. This guidance is effective for annual reporting periods beginning after December 15, 2017, including interim periods within those reporting periods. Earlier application is permitted only as of annual reporting periods beginning after December 15, 2016, including interim reporting periods within that reporting period. We expect to adopt this standard effective January 1, 2018. We are currently assessing the impact the adoption of this standard will have on our financial statements; however, we expect that the accounting for the Total Rewards customer loyalty program and casino promotional allowances will be affected.

*Going Concern - August 2014*: Amended the existing requirements for disclosing information about an entity's ability to continue as a going concern. This guidance explicitly requires management to assess an entity's ability to continue as a going concern and to provide related footnote disclosure in certain circumstances. This guidance is effective for annual reporting periods ending after December 15, 2016, and for annual and interim reporting periods thereafter. Early adoption is permitted. We do not believe the adoption of this standard will have any impact on our financial statements.

*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.

*Leases - February 2016*: The new guidance requires lease obligations to be recognized on the balance sheet. This guidance is effective for fiscal years, and interim periods within those fiscal years, beginning after December 15, 2018. Early adoption is permitted. We are currently assessing the effect the adoption of this standard will have on our financial statements.

*Financial Instruments-Credit Losses - June 2016*: Amended guidance replaces the incurred loss impairment methodology with a methodology that reflects expected credit losses and requires consideration of broader range of reasonable and supportable information to inform credit loss estimates. Amendments affect entities holding financial assets and net investment in leases that are not accounted for at fair value through net income. The amendments affect loans, debt securities, trade receivables, net

**CAESARS ENTERTAINMENT RESORT PROPERTIES, LLC**  
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investments in leases, off-balance-sheet credit exposures, reinsurance receivables and any other financial assets not excluded from the scope that have the contractual right to receive cash. Amendments are effective for fiscal years beginning after December 15, 2019, including interim periods within those fiscal years. Early adoption is permitted. We are currently assessing the effect the adoption of this standard will have on our financial statements.

**Note 4 — Property and Equipment**

<i>(In millions)</i>	June 30, 2016	December 31, 2015
Land and land improvements	\$ 2,498	\$ 2,498
Buildings and improvements	2,806	2,772
Furniture, fixtures, and equipment	667	640
Construction in progress	30	30
Total property and equipment	6,001	5,940
Less: accumulated depreciation	(1,070)	(967)
Total property and equipment, net	\$ 4,931	\$ 4,973

Depreciation Expense and Capitalized Interest

<i>(In millions)</i>	Three Months Ended June 30,		Six Months Ended June 30,	
	2016	2015	2016	2015
Depreciation expense <sup>(1)</sup>	\$ 44	\$ 35	\$ 103	\$ 71
Capitalized interest	—	2	1	3

<sup>(1)</sup> Primarily in the first quarter of 2016, the depreciation of certain assets was accelerated due to their removal and replacement in connection with property renovations at Harrah's Las Vegas and Flamingo Las Vegas.

**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, 2015	\$ 255	\$ 1,402	\$ 37
Amortization expense and other	(25)	—	—
Balance as of June 30, 2016	\$ 230	\$ 1,402	\$ 37

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

<i>(Dollars in millions)</i>	June 30, 2016				December 31, 2015		
	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	4.9	\$ 682	\$ (452)	\$ 230	\$ 682	\$ (427)	\$ 255
Trademarks				37			37
Total intangible assets other than goodwill				\$ 267			\$ 292

**CAESARS ENTERTAINMENT RESORT PROPERTIES, LLC**  
**NOTES TO CONSOLIDATED CONDENSED FINANCIAL STATEMENTS (Continued)**  
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**Note 6 — Commitments and Contingencies**

During the six months ended June 30, 2016, 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, 2015.

CEOC and certain of its United States subsidiaries filed an amended plan of reorganization on June 28, 2016 with the United States Bankruptcy Court for the Northern District of Illinois in Chicago that contemplates, among other things, that CEC would give the new entity that will operate CEOC's properties at the time of CEOC's emergence from bankruptcy a call right to purchase Harrah's Atlantic City and Harrah's Laughlin from CERP. No amounts have been recorded for this contemplated transaction because the transaction is not legally enforceable at this time and is subject to the terms of the CERP Notes and CERP Credit Facility agreements.

**Note 7 — Debt**

<i>(Dollars in millions)</i>	Final Maturity	June 30, 2016			December 31, 2015
		Rate <sup>(1)</sup>	Face Value	Book Value	Book Value
<b>CERP Credit Facility</b>					
CERP Senior Secured Loan <sup>(2)</sup>	2020	7.00%	\$ 2,438	\$ 2,395	\$ 2,403
CERP Revolving Credit Facility <sup>(3)</sup>	2018	variable	15	15	80
<b>CERP Notes</b>					
CERP First Lien Notes	2020	8.00%	1,000	992	992
CERP Second Lien Notes	2021	11.00%	1,150	1,139	1,138
Capital lease obligations and other	2016 to 2017	various	8	8	14
Total debt			4,611	4,549	4,627
Current portion of long-term debt			(48)	(48)	(118)
Long-term debt			\$ 4,563	\$ 4,501	\$ 4,509
				\$ 62	\$ 67
<b>Unamortized discounts and deferred finance charges</b>					
<b>Fair value</b>			\$ 4,504		

<sup>(1)</sup> Interest rate is fixed, except where noted.

<sup>(2)</sup> 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 June 30, 2016.

<sup>(3)</sup> Variable interest rate for amounts currently borrowed is determined by adding LIBOR to a base rate of 6.00%.

**Current Portion of Long-Term Debt**

The current portion of long-term debt as of June 30, 2016, includes the \$15 million outstanding under the Revolving Credit Facility as well as principal payments on the Senior Secured Loan, other unsecured borrowings, and capital lease obligations that are expected to be paid within 12 months.

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 currently intend to repay the principal balance within the following 12 months. 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.

**CAESARS ENTERTAINMENT RESORT PROPERTIES, LLC**  
**NOTES TO CONSOLIDATED CONDENSED FINANCIAL STATEMENTS (Continued)**  
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**Fair Value**

The fair value of debt has been calculated based on the borrowing rates available as of June 30, 2016, for debt with similar terms and maturities. The fair value of our debt is primarily classified within level 2 in the fair value hierarchy.

Estimated Debt and Interest Payments

<i>(In millions)</i>	Remaining 2016	2017	2018	2019	2020	Thereafter	Total
Long-term debt principal payments	\$ 20	\$ 41	\$ 25	\$ 25	\$ 3,350	\$ 1,150	\$ 4,611
Estimated interest payments	190	380	380	380	380	120	1,830
	<u>\$ 210</u>	<u>\$ 421</u>	<u>\$ 405</u>	<u>\$ 405</u>	<u>\$ 3,730</u>	<u>\$ 1,270</u>	<u>\$ 6,441</u>

**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.

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 8 — 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 June 30,		Six Months Ended June 30,	
	2016	2015	2016	2015
Food and Beverage	\$ 44	\$ 45	\$ 90	\$ 90
Rooms	36	37	73	75
Other	4	4	8	8
	<u>\$ 84</u>	<u>\$ 86</u>	<u>\$ 171</u>	<u>\$ 173</u>

Estimated Cost of Providing Casino Promotional Allowances

<i>(In millions)</i>	Three Months Ended June 30,		Six Months Ended June 30,	
	2016	2015	2016	2015
Food and Beverage	\$ 26	\$ 26	\$ 55	\$ 53
Rooms	14	14	27	28
Other	3	3	5	6
	<u>\$ 43</u>	<u>\$ 43</u>	<u>\$ 87</u>	<u>\$ 87</u>

**CAESARS ENTERTAINMENT RESORT PROPERTIES, LLC**  
**NOTES TO CONSOLIDATED CONDENSED FINANCIAL STATEMENTS (Continued)**  
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**Note 9 — Income Taxes**

Income Tax Allocation

<i>(Dollars in millions)</i>	Three Months Ended June 30,		Six Months Ended June 30,	
	2016	2015	2016	2015
Income/(loss) before income taxes	\$ 12	\$ 28	\$ (10)	\$ 33
Income tax benefit/(provision)	\$ (4)	\$ (11)	\$ 2	\$ (13)
Effective tax rate	33.3%	39.3%	20.0%	39.4%

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 and six months ended June 30, 2016 differed from the expected US tax rate of 35% primarily due to the projected tax benefit of federal tax credits. The effective tax rate for the three and six months ended June 30, 2015 differed from the expected US tax rate of 35% primarily due to the unfavorable impact of state taxes and nondeductible expenses.

We believe that it is reasonably possible that the total amount of unrecognized tax benefits as of June 30, 2016 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.

The amounts recorded as tax assets, tax liabilities, tax reserves and tax provision reflect CERP's conclusion that certain challenged transactions identified in Note 1 were negotiated in good faith and the CEC tax consolidated group received fair value for assets transferred. These amounts could change if litigation and potential claims related to the challenged transactions are resolved unfavorably. If that occurs, changes may be necessary to reduce tax assets and increase tax liabilities, tax reserves and the tax provision recorded in CERP's financial statements. Such changes could be material. Management cannot predict the various potential outcomes of pending litigation and other potential claims, thus cannot estimate the reasonably possible amount or range of effects, if any, to the recorded tax accounts.

**CAESARS ENTERTAINMENT RESORT PROPERTIES, LLC**  
**NOTES TO CONSOLIDATED CONDENSED FINANCIAL STATEMENTS (Continued)**  
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**Note 10 — Related Party Transactions**

<i>(In millions)</i>	Three Months Ended June 30,		Six Months Ended June 30,	
	2016	2015	2016	2015
<b>Services Joint Venture</b>				
Shared services allocated expenses from CES	\$ 56	\$ 53	\$ 111	\$ 106
<b>CEOC Shared Services Agreement</b>				
Shared services allocated expenses from CEOC	6	8	13	18
<b>Transactions with CEC</b>				
Employee benefits and incentive awards	3	4	7	10
<b>Transactions with Sponsors and their affiliates</b>				
Reimbursements and expenses allocated to CERP	1	—	2	1
<b>Other Related Party Transactions</b>				
Lease revenue received	12	13	25	25
Lease payments	1	2	1	2
Service provider fee	—	1	1	3
World Series of Poker agreements	1	1	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. 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 2016, CEC implemented the Account Standards Update No. 2106-09, which amended Topic 718, *Compensation - Stock Compensation*. CEC applied the amended guidance using a modified retrospective transition method, but there was no material effect on CERP's financial statements.

**CAESARS ENTERTAINMENT RESORT PROPERTIES, LLC**  
**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 June 30, 2016, Hamlet Holdings beneficially owned the 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 granted a waiver of the monitoring fees for management services; however, CEC reimburses the Sponsors for expenses they incur related to these management services. 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 at Caesars Palace 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. CEOC is authorized to charge CERP for an amount equal to 21.8% of unallocated 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 accompanying 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 June 30, 2016 and December 31, 2015, due to affiliates was \$15 million and \$21 million, respectively.

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 and six months ended June 30, 2016 and 2015 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, 2015 (“2015 10-K”).

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 June 30,		Percent Favorable/ (Unfavorable)	Six Months Ended June 30,		Percent Favorable/ (Unfavorable)
	2016	2015		2016	2015	
Casino revenues	\$ 287	\$ 299	(4.0)%	\$ 559	\$ 582	(4.0)%
Net revenues	\$ 562	\$ 566	(0.7)%	\$ 1,090	\$ 1,095	(0.5)%
Income from operations	\$ 111	\$ 126	(11.9)%	\$ 189	\$ 233	(18.9)%
Interest expense	\$ 99	\$ 98	(1.0)%	\$ 199	\$ 200	0.5 %
Net income/(loss)	\$ 8	\$ 17	(52.9)%	\$ (8)	\$ 20	*
Property EBITDA <sup>(1)</sup>	\$ 184	\$ 186	(1.1)%	\$ 348	\$ 356	(2.2)%
Operating margin <sup>(2)</sup>	19.8%	22.3%	(2.5) pts	17.3%	21.3%	(4.0) pts

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

<sup>(2)</sup> 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, including the following construction projects in process as of June 30, 2016 (in millions):

<u>Property</u>	<u>Project Description</u>	<u>Estimated Remaining Cost</u>	<u>Estimated Completion Date <sup>(1)</sup></u>
Paris Las Vegas	Rooms renovation	\$ 39	fourth quarter 2016
Harrah's Las Vegas	Executive suite remodel	6	second quarter 2016
Harrah's Atlantic City	Pool upgrade	3	first quarter 2017
Flamingo Las Vegas	Elevators modernization	2	second quarter 2017

<sup>(1)</sup> 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 at primarily Harrah's Las Vegas, Flamingo Las Vegas, and Paris Las Vegas, the depreciation of certain assets was accelerated due to their removal and replacement. We recognized additional depreciation and amortization expense of \$4 million and \$24 million for the three and six months ended June 30, 2016, respectively.
- For the three and six months ended June 30, 2016, our capital spending totaled \$32 million and \$59 million, respectively. These capital expenditures were primarily related to ongoing property renovations. Estimated total capital expenditures for 2016 are expected to be between \$150 million and \$165 million, including funds for these projects that are in process.

### Net Revenues

- Expansion of resort fees to all properties in our portfolio during 2015, improved hotel yield, and the opening of the Harrah's Atlantic City Waterfront Conference Center (the "Atlantic City Conference Center") in the third quarter of 2015 drove an increase in hotel average cash daily rate to \$123 for second quarter of 2016 from \$114 in 2015 and increased to \$123 for the first half of 2016 from \$113 in 2015.
- CERP rooms revenue was negatively affected by scheduled room renovations at Harrah's Las Vegas, which resulted in over 10,000 room nights out of service during the second quarter of 2016 and nearly 50,000 room nights during the first half of 2016.
- Gaming volumes declined an aggregate 4% and 6% during the three and six months ended June 30, 2016.

### Operating Expenses

- Operating expenses were flat in 2016 compared to the prior year periods except for increases of \$12 million, or 24.0%, in depreciation, amortization, and other for second quarter of 2016 and \$36 million, or 35.6%, for the first half of 2016. The increases were due primarily to the property renovations discussed above, as well as depreciation and amortization expense related to the Atlantic City Conference Center of \$2 million during the second quarter of 2016 and \$4 million for the first half of 2016.

### Income Taxes

The effective tax rates for the three months ended June 30, 2016 and 2015 were 33.3% and 39.3%, respectively, and for the six months ended June 30, 2016 and 2015 were 20.0% and 39.4%, respectively. See Note 9 for a detailed discussion of income taxes and the effective tax rate.

### Recent Accounting Pronouncements

See Note 3 for discussions 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 2015 10-K. There have been no changes to these policies during the six months ended June 30, 2016.

## Liquidity and Capital Resources

### Liquidity Discussion and Analysis

As discussed in Note 1, effective January 1, 2016, we implemented the Financial Accounting Standard Board's Accounting Standard Update No. 2015-02, which amended Topic 810, *Consolidations*, and under the new guidance, we deconsolidated Caesars Enterprise Services, LLC ("CES") from our financial statements. Because the cash and cash equivalents held by CES was not available to satisfy CERP's obligations, the deconsolidation of CES did not have an effect on CERP's ongoing liquidity or ability to satisfy its obligations.

We generated a net loss of \$8 million during the six months ended June 30, 2016, which includes the impact of non-cash items such as depreciation, amortization, and other expense of \$137 million during the period. Other than accelerated depreciation and amortization expense compared with the prior year (described above), our operating activities were stable and yielded operating cash flows of \$185 million, a decrease of \$17 million, or 8.4%, compared with the prior year period, which was primarily due to largely offsetting working capital fluctuations.

Capital expenditures were \$59 million during the 2016 period in support of our ongoing property renovations, a decrease of \$17 million, or 22.4%, compared with the prior year period. In addition to acquisitions of property and equipment, we also have commitments related to our long-term debt and revolving credit facility. In 2016, we incurred \$199 million of interest expense, of which \$196 million was paid in cash, and repaid \$83 million net primarily on our revolving line of credit (\$148 million in payments less \$65 million in revolver draws).

We are highly leveraged and a significant amount of our liquidity needs are for debt service and related interest payments. As of June 30, 2016, we had \$4.6 billion face value of indebtedness outstanding including capital lease obligations (see Note 7).

Our estimated annual debt and interest payments are as follows:

<i>(In millions)</i>	Remaining 2016	2017	2018	2019	2020	Thereafter	Total
Long-term debt principal payments	\$ 20	\$ 41	\$ 25	\$ 25	\$ 3,350	\$ 1,150	\$ 4,611
Estimated interest payments	190	380	380	380	380	120	1,830
	<u>\$ 210</u>	<u>\$ 421</u>	<u>\$ 405</u>	<u>\$ 405</u>	<u>\$ 3,730</u>	<u>\$ 1,270</u>	<u>\$ 6,441</u>

We believe that our cash flows from operations are sufficient to cover our planned capital expenditures for ongoing property renovations during the remainder of 2016, as well as remaining 2016 estimated interest and principal payments due on our long-term debt totaling \$210 million. However, if needed, our existing cash and cash equivalents of \$191 million and availability under our revolving credit facility of \$255 million, both as of June 30, 2016, are available to further support CERP's operations during the next 12 months and the foreseeable future. In addition, restrictions under our lending arrangements generally prevent the distribution of cash to CEC, except for certain restricted payments.

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. 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. For a more complete description of the nature and extent of these and other transactions with related parties, see Note 10.

### **Other Obligations and Commitments**

As of June 30, 2016, 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 2015 10-K.

### Reconciliation of Non-GAAP Financial Measures

Property earnings before interest, taxes, depreciation, and amortization (“EBITDA”) is presented as a supplemental 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 June 30,		Six Months Ended June 30,	
	2016	2015	2016	2015
Net income/(loss)	\$ 8	\$ 17	\$ (8)	\$ 20
Income tax (benefit)/provision	4	11	(2)	13
Interest expense	99	98	199	200
Depreciation, amortization, and other	62	50	137	101
Corporate expense	11	10	22	22
Property EBITDA	<u>\$ 184</u>	<u>\$ 186</u>	<u>\$ 348</u>	<u>\$ 356</u>

## CAUTIONARY STATEMENT PURSUANT TO THE PRIVATE

### SECURITIES LITIGATION REFORM ACT OF 1995

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,” 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 impact 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 CEC, and the interest of various creditors and other constituents;
- the impact 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;
- the effects of local and national economic, credit, and capital market conditions on the economy, in general, and on the gaming industry, in particular, including 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;
- our ability to realize any or all of our projected cost savings;
- changes in the extensive governmental regulations to which we are subject, and changes in laws, including increased tax rates, smoking bans, gaming 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, including 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, any ongoing weakness in the gaming industry, 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 CES and CEOC to protect the trademarks that are licensed to us;
- litigation outcomes, including, but not limited to, the proceedings described under “Bondholder Disputes” in Part II, Item 1, “Legal Proceedings,” threatened litigation by the National Retirement Fund and judicial and governmental body actions, including gaming legislative action, referenda, regulatory disciplinary actions, and fines and taxation;
- access to available and reasonable financing on a timely basis, including our ability to refinance our indebtedness on acceptable terms;
- 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 environmental and structural building conditions related to our properties;
- 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 2015 10-K.

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

### **Item 3. Quantitative and Qualitative Disclosures About Market Risk**

There have been no material changes to our market risk in 2016. For information on our exposure to market risk, refer to Part II, Item 7A, “Quantitative and Qualitative Disclosures about Market Risk,” contained in our 2015 10-K.

### **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 President and Treasurer, 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 June 30, 2016. Based on this evaluation required by paragraph (b) of Rules 13a-15 or 15d-15, our President and Treasurer concluded that our disclosure controls and procedures were effective as of June 30, 2016.

***Changes in Internal Controls***

There have not been changes in internal controls over financial reporting during the three months ended June 30, 2016 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, 2015.

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

Not applicable.

### **Item 3. Defaults Upon Senior Securities**

Not applicable.

### **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
31.1	Certification of Principal Executive Officer Pursuant to Section 302 of the Sarbanes-Oxley Act of 2002	X				
31.2	Certification of Principal Financial Officer Pursuant to Section 302 of the Sarbanes-Oxley Act of 2002.	X				
*32.1	Certification of Principal Executive Officer Pursuant to Section 906 of the Sarbanes-Oxley Act of 2002.	—				
*32.2	Certification of Principal Financial Officer Pursuant to Section 906 of the Sarbanes-Oxley Act of 2002.	—				
101	The following financial statements from the Company's Form 10-Q for the quarter ended June 30, 2016, formatted in XBRL: (i) Consolidated Condensed Balance Sheets, (ii) Consolidated Condensed Statements of Operations, (iii) Consolidated Condensed Statement of Member's Equity, (iv) Consolidated Condensed Statements of Cash Flows, (v) Notes to Consolidated Financial Statements.	X				

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\* Furnished herewith.



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: August 2, 2016

/S/ MARK P. FRISSORA

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**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: August 2, 2016

/S/ ERIC HESSION

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**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 June 30, 2016 (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: August 2, 2016

/S/ MARK P. FRISSORA

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**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 June 30, 2016 (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: August 2, 2016

/S/ ERIC HESSION

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**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.