

**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 September 30, 2015

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

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).

CAESARS ENTERTAINMENT RESORT PROPERTIES, LLC

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PART I—FINANCIAL INFORMATION

Item 1. Unaudited Financial Statements

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

	September 30, 2015	December 31, 2014
Assets		
<i>Current assets</i>		
Cash and cash equivalents (\$141 and \$70 attributable to our VIE)	\$ 359	\$ 259
Receivables, net (\$2 and \$1 attributable to our VIE)	66	62
Due from affiliates (\$57 and \$65 attributable to our VIE)	57	65
Prepayments and other current assets (\$23 and \$11 attributable to our VIE)	65	67
Inventories	9	9
Total current assets	556	462
Property and equipment, net (\$28 and \$5 attributable to our VIE)	5,031	5,006
Goodwill	1,402	1,402
Intangible assets other than goodwill	304	342
Deferred charges and other (\$1 and \$1 attributable to our VIE)	51	51
Total assets	<u>\$ 7,344</u>	<u>\$ 7,263</u>
Liabilities and Member's Equity		
<i>Current liabilities</i>		
Accounts payable (\$93 and \$90 attributable to our VIE)	\$ 135	\$ 130
Accrued expenses and other liabilities (\$87 and \$17 attributable to our VIE)	238	147
Interest payable	147	98
Deferred income taxes	53	54
Current portion of long-term debt	119	39
Total current liabilities	692	468
Long-term debt	4,515	4,714
Deferred income taxes	1,132	1,209
Deferred credits and other	8	9
Total liabilities	6,347	6,400
Commitments and contingencies (Note 9)		
<i>Member's equity</i>		
Total CERP member's equity	957	839
Noncontrolling interests	40	24
Total member's equity	997	863
Total liabilities and member's equity	<u>\$ 7,344</u>	<u>\$ 7,263</u>

See accompanying Notes to Consolidated Condensed Financial Statements.

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

	Three Months Ended September 30,		Nine Months Ended September 30,	
	2015	2014	2015	2014
Revenues				
Casino	\$ 281	\$ 282	\$ 863	\$ 831
Food and beverage	137	136	405	398
Rooms	138	124	406	377
Other	73	87	224	232
Less: casino promotional allowances	(87)	(93)	(261)	(272)
Net revenues	542	536	1,637	1,566
Operating expenses				
Direct				
Casino	142	155	427	459
Food and beverage	68	71	197	200
Rooms	37	35	106	105
Property, general, administrative, and other	134	144	389	399
Depreciation, amortization, and other	53	53	154	163
Impairment of goodwill	—	118	—	118
Corporate expense	10	9	32	43
Total operating expenses	444	585	1,305	1,487
Income/(loss) from operations	98	(49)	332	79
Interest expense	(98)	(99)	(299)	(288)
Income/(loss) before income taxes	—	(148)	33	(209)
Income tax benefit/(provision)	—	(1)	(13)	21
Net income/(loss)	\$ —	\$ (149)	\$ 20	\$ (188)

See accompanying Notes to Consolidated Condensed Financial Statements.

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

	CERP Member's Equity			Noncontrolling Interest	Total Member's Equity
	Contributed Capital	Accumulated Deficit	Total CERP Member's Equity		
Balance as of December 31, 2013	\$ 1,841	\$ (688)	\$ 1,153	\$ —	\$ 1,153
Net loss	—	(405)	(405)	—	(405)
Contribution of Atlantic City Convention Center entities	82	—	82	—	82
Contribution from parent in settlement of taxes	4	—	4	—	4
Share-based compensation and other	5	—	5	—	5
Contributions in noncontrolling interests	—	—	—	24	24
Balance as of December 31, 2014	1,932	(1,093)	839	24	863
Net income	—	20	20	—	20
Contribution from parent in settlement of taxes	90	—	90	—	90
Share-based compensation and other	8	—	8	—	8
Contributions in noncontrolling interests	—	—	—	16	16
Balance as of September 30, 2015	<u>\$ 2,030</u>	<u>\$ (1,073)</u>	<u>\$ 957</u>	<u>\$ 40</u>	<u>\$ 997</u>

See accompanying Notes to Consolidated Condensed Financial Statements.

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

	Nine Months Ended September 30,	
	2015	2014
Cash flows from operating activities	\$ 341	\$ 116
Cash flows from investing activities		
Acquisitions of property and equipment, net of change in related payables	(125)	(138)
Other	(4)	1
Cash flows from investing activities	(129)	(137)
Cash flows from financing activities		
Payment of debt issuance and extension fees	—	(7)
Proceeds from long-term debt	191	105
Repayments of long-term debt	(319)	(58)
Contributions from other CES Members	16	—
Cash flows from financing activities	(112)	40
Net increase in cash and cash equivalents	100	19
Cash and cash equivalents, beginning of period	259	182
Cash and cash equivalents, end of period	<u>\$ 359</u>	<u>\$ 201</u>

Supplemental cash flow information:			
Cash paid for interest	\$	245	\$ 244
Cash refunded for income taxes		—	(1)
Non-cash investing and financing activities:			
Change in accrued capital expenditures		10	(24)
Assets acquired through financing activities and capital leases		—	14
Contribution of Atlantic City Convention Center entities		—	82
Contribution from parent in settlement of taxes		90	24

See accompanying Notes to Consolidated Condensed Financial Statements.

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

In these footnotes, the words “CERP,” “Company,” “we,” “us,” and “our” refer to Caesars Entertainment Resort Properties, LLC, and its consolidated entities, unless stated or the context requires otherwise.

Note 1 — Organization and Basis of Presentation and Consolidation

Organization

Caesars Entertainment Resort Properties, LLC (“CERP”) 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”). CERP was formed in August 2013 from the Casino Resort Properties (as defined below), plus the acquisition of The LINQ promenade and Octavius Tower at Caesars Palace Las Vegas (“Octavius Tower”), which is leased to Caesars Entertainment Operating Company, Inc. (“CEOC”) (see Note 10). The Casino Resort Properties are comprised of six casino properties: (1) Harrah’s Las Vegas, (2) Rio All-Suites Hotel and Casino, (3) Flamingo Las Vegas, (4) Harrah’s Atlantic City, (5) Paris Las Vegas, and (6) Harrah’s Laughlin. Four of the casino properties, together with The LINQ promenade and Octavius Tower, are concentrated in Las Vegas and represent 71% and 73% of consolidated net revenues for the three and nine months ended September 30, 2015, respectively.

The LINQ promenade is an open-air dining, entertainment, and retail corridor located between The LINQ Hotel & Casino (“The LINQ Hotel”) and the Flamingo Las Vegas, on the east side of the Las Vegas Strip. It also features a 550-foot observation wheel, the High Roller, which opened at the end of first quarter 2014. We lease the gaming space in this corridor to The LINQ Hotel, which is a subsidiary of Caesars Growth Partners, LLC (“CGP”), and lease other space to third-party lessees.

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

CERP was formed in anticipation of the CERP Financing (as defined and described in Note 6), as an indirect, wholly owned subsidiary of CEC. In May 2014, subsequent to the closing of the CERP Financing and obtaining the required regulatory approvals, the Casino Resort Properties, together with The LINQ promenade and Octavius Tower (collectively, the “Caesars Entertainment Resort Properties”), were contributed by CEC to CERP (the “CERP LLC Merger”). Because CERP and the Caesars Entertainment Resort Properties were commonly controlled by CEC for all periods subsequent to CERP’s formation in August 2013, the CERP LLC Merger was accounted for as a merger of entities under common control. Accordingly, the accompanying financial statements of CERP and each of its subsidiaries (which are comprised solely of the Caesars Entertainment Resort Properties) for all dates and periods subsequent to CERP’s formation are presented on a consolidated basis as if the CERP LLC Merger had occurred at the date of CERP’s formation in August 2013.

As described in Note 6, CERP registered the CERP Notes (as defined in Note 6) that were originally issued in connection with the CERP Financing, pursuant to a registration statement on Form S-4, which was declared effective on February 10, 2015.

Our transactions with CEC, CEOC, and CGP have been identified as transactions between related parties (see Note 10).

The accompanying unaudited consolidated condensed financial statements of CERP have been prepared under the rules and regulations of the Securities and Exchange Commission (“SEC”) 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”). 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. 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 2015 fiscal year.

This document should be read in conjunction with our consolidated financial statements as of December 31, 2014 and 2013 and for the years ended December 31, 2014, 2013 and 2012, which were included in our Annual Report on Form 10-K for the year ended December 31, 2014.

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

Formation of Caesars Enterprise Services, LLC and Consolidation as a Variable Interest Entity

In 2014, CERP, CEOC and Caesars Growth Properties Holdings, LLC (“CGPH” and, 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 the other assets it owns, licenses or controls, and employs certain of the corresponding employees. Expenses incurred by CES are allocated to the casino properties directly or to the Members according to their allocation percentages, subject to annual review.

Therefore, CES is a “pass-through” entity that serves as an agent on behalf of the Members at a cost-basis, and is contractually required to fully allocate its costs. CES is designed to have no operating cash flows of its own, and any net income or loss is generally immaterial and is typically subject to allocation to the Members in the subsequent period. See further discussion in Note 10.

CES has been determined to be a variable interest entity (“VIE”), and we have concluded that we are the primary beneficiary and are required to consolidate CES. We continually monitor this VIE to determine if any events have occurred that could cause the primary beneficiary to change.

Note 2 — 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, 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. No amount has been accrued at this time. The matter is now on appeal and has been fully briefed.

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, 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. CEC believes this lawsuit is without merit and will defend 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. Subsequently, plaintiffs advised the judge presiding over the CEOC bankruptcy proceeding that they would pursue in this litigation only those claims alleging that CEC remains liable under the parent guarantee formerly applicable to the CEOC 10.00% Second-Priority Notes. We believe that fact discovery in the case is substantially complete. No trial date has been set.

On November 25, 2014, UMB Bank, 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 affected a release of CEC’s parent guarantee of the CEOC 8.50% Senior Secured Notes and committed other wrongs. Among other things, UMB Bank asked the court to appoint a receiver over CEOC.

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

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 none of the claims and demands described above against CERP are 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, in some instances, the actions against CEC have been allowed to continue. CEC believes that the noteholder disputes have a reasonably possible likelihood of an adverse outcome, and due to the lack of specific monetary damages being claimed, and the general nature of the litigation and its relationship to the CEOC proceedings, we are not able to reasonably estimate a range of reasonably possible losses should any of the noteholder disputes ultimately be resolved against us. Should these matters 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.

Other Matters

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.

Note 3 — Recently Issued Accounting Pronouncements

In May 2014, the FASB issued authoritative guidance amending the FASB Accounting Standards Codification and creating a new Topic 606, *Revenue from Contracts with Customers*. The new guidance is expected 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, including revenue recognition guidance specific to the gaming industry will be eliminated. In addition, interim and annual disclosures will be substantially revised. In August 2015, the FASB issued an update to defer the effective date to 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 intend to adopt this standard effective January 1, 2017. We are currently assessing the impact the adoption of this standard will have on our disclosures and results of operations.

In August 2014, the FASB issued authoritative guidance amending 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 are currently assessing the impact the adoption of this standard will have and expect to adopt this standard effective for our year ending December 31, 2016.

In February 2015, the FASB issued authoritative guidance amending Topic 810, *Consolidation*. The amendments affect reporting entities that are required to evaluate whether they should consolidate certain legal entities. In addition to reducing the number of consolidation models from four to two, the new standard simplifies the accounting standard by placing more emphasis on risk of loss when determining a controlling financial interest. A reporting organization may no longer have to consolidate a legal entity in certain circumstances based solely on its fee arrangement, when certain criteria are met. Further, the ASU reduces the frequency of the application of related-party guidance when determining a controlling financial interest in a variable interest entity ("VIE") and changes consolidation conclusions in several industries that typically make use of VIEs. The ASU will be effective for periods beginning after December 15, 2015 for public companies. Early adoption is permitted, including adoption in an interim period. We are currently assessing the impact the adoption of this standard will have on our disclosures and results of operations.

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

Note 4 — Property and Equipment

<u>(In millions)</u>	September 30, 2015	December 31, 2014
Land and land improvements	\$ 2,496	\$ 2,493
Buildings and improvements	2,765	2,655
Furniture, fixtures, and equipment	664	591
Construction in progress	32	87
Total property and equipment	5,957	5,826
Less: accumulated depreciation	(926)	(820)
Total property and equipment, net	<u>\$ 5,031</u>	<u>\$ 5,006</u>

Capitalized interest was \$5 million for the nine months ended September 30, 2015, primarily related to the Atlantic City Convention Center, and was \$10 million for the nine months ended September 30, 2014, primarily related to The LINQ promenade.

Depreciation Expense

<u>(In millions)</u>	Three Months Ended September 30,		Nine Months Ended September 30,	
	2015	2014	2015	2014
Depreciation expense	\$ 40	\$ 35	\$ 111	\$ 113

Note 5 — Goodwill and Other Intangible Assets

Changes in the Carrying Value of Goodwill and Other Intangible Assets

<u>(In millions)</u>	Amortizing Intangible Assets	Non-Amortizing Intangible Assets	
		Goodwill	Other
Balance as of December 31, 2014	\$ 305	\$ 1,402	\$ 37
Impairments	—	—	—
Amortization expense and other	(38)	—	—
Balance as of September 30, 2015	<u>\$ 267</u>	<u>\$ 1,402</u>	<u>\$ 37</u>

During the third quarter of 2014, as a result of a decline in recent performance and downward adjustments to expectations of future performance in certain of our markets, we recognized goodwill impairment charges of \$118 million. We determined the estimated fair value of each reporting unit as a function, or multiple, of earnings before interest, taxes, depreciation and amortization ("EBITDA"), combined with estimated future cash flows discounted at rates commensurate with the capital structure and cost of capital of comparable market participants, giving appropriate consideration to the prevailing borrowing rates within the casino industry in general. Both EBITDA multiples and discounted cash flows are common measures used to value and buy or sell businesses in our industry.

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

	September 30, 2015				December 31, 2014		
(Dollars in millions)	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	5.1	\$ 681	\$ (414)	\$ 267	\$ 682	\$ (377)	\$ 305
Trademarks				37			37
Total intangible assets other than goodwill				\$ 304			\$ 342

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

Note 6 — Debt

(Dollars in millions)	Final Maturity	September 30, 2015			December 31, 2014
		Rate	Face Value	Book Value	Book Value
Secured Debt					
CERP Term Loan	2020	7.00%	\$ 2,456	\$ 2,407	\$ 2,420
CERP Revolving Credit Facility	2018	various	81	81	180
CERP First Lien Notes	2020	8.00%	1,000	991	990
CERP Second Lien Notes	2021	11.00%	1,150	1,138	1,137
	to				
Capitalized Lease Obligations and other	2017	various	17	17	26
Total debt			4,704	4,634	4,753
Current portion of long-term debt			(119)	(119)	(39)
Long-term debt			\$ 4,585	\$ 4,515	\$ 4,714

Current Portion of Long-Term Debt

The current portion of long-term debt as of September 30, 2015, includes the \$81 million outstanding under the revolving credit facility as well as principal payments on its senior secured loan, other unsecured borrowings, and capitalized lease obligations.

Borrowings under the revolving credit facilities are each subject to separate note agreements executed based on the provisions of the applicable credit facility agreements, and each note has a contractual maturity of less than one year. The applicable credit facility agreements each have a contractual maturity of greater than one year, and we have the ability to rollover the outstanding principal balances on a long-term basis; however, we currently intend to repay the principal balances within the following 12 months. Amounts borrowed under the revolving credit facilities 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.

Debt Discounts and Deferred Finance Charges

Debt discounts and deferred finance charges incurred in connection with the issuance of debt are capitalized and amortized to interest expense based on the related debt agreements primarily using the effective interest method. Unamortized discounts or premiums are written off and included in our gain or loss calculations to the extent we retire debt prior to its original maturity date. Effective for our quarter ended June 30, 2015, we adopted authoritative guidance amending the existing requirements for the presentation of deferred finance charges. The amendments to the guidance require that deferred finance charges related to a recognized debt liability be presented in the balance sheet as a direct deduction from that debt liability, consistent with the presentation of a debt discount. As of December 31, 2014, we have reclassified \$21 million of unamortized deferred finance charges from deferred charges and other assets to long-term debt on our Consolidated Balance Sheets.

As of September 30, 2015 and December 31, 2014, book values of debt are presented net of total unamortized discounts of \$52 million and \$58 million, respectively, and total unamortized deferred finance charges of \$18 million and \$21 million, respectively.

Fair Value

As of September 30, 2015 and December 31, 2014, the fair value of our debt was approximately \$4.4 billion and \$4.5 billion, respectively. We estimated the fair value of debt based on the borrowing rates available as of September 30, 2015, for debt with similar terms and maturities, and based on market rates of publicly traded debt. We classify the fair value of debt within level 1 and level 2 in the fair value hierarchy.

CERP Financing

CERP Credit Facilities

As of September 30, 2015, the CERP Credit Facilities provided for an aggregate principal amount of up to \$2.7 billion, consisting of senior secured term loans in an aggregate principal amount of \$2.5 billion (“CERP Term Loans”) and a senior secured revolving

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

credit facility in an aggregate principal amount of up to \$270 million. We refer to this refinancing transaction as the “CERP Financing.” The CERP Term Loans require scheduled quarterly payments of \$6 million, with the balance due at maturity. As of September 30, 2015, \$81 million of borrowings were outstanding under the CERP revolving credit facility, and no amounts were committed to outstanding letters of credit.

CERP Notes

As of September 30, 2015, the CERP Notes consist of (i) \$1.0 billion aggregate principal amount of 8.0% first-priority senior secured notes due 2020 (“CERP First Lien Notes”) and (ii) \$1.2 billion aggregate principal amount of 11.0% second-priority senior secured notes due 2021 (“CERP Second Lien Notes”).

We pledged a significant portion of our assets as collateral under the CERP Credit Facilities and the CERP Notes.

Registration Statement

In connection with the CERP Financing, we committed to register the CERP Notes originally issued pursuant to Rule 144A and Regulation S of the Securities Act of 1933, as amended (the “Securities Act”), under a registration statement with the SEC by November 17, 2014. Accordingly, we registered the CERP Notes pursuant to a registration statement on Form S-4, which was declared effective on February 10, 2015.

The terms of the registered CERP Notes are substantially identical to those of the originally-issued CERP Notes, except that the registered CERP Notes no longer have transfer restrictions or registration rights. The CERP Notes are co-issued, as well as fully and unconditionally guaranteed, jointly and severally, by the Company and each of its wholly owned subsidiaries on a senior secured basis. CERP is a holding company that owns no operating assets and has no significant operations independent of its subsidiaries.

CERP Restrictive Covenants

The CERP Notes and CERP Credit Facilities 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 Facilities also contain certain customary affirmative covenants and require that we maintain a senior secured leverage ratio (“SSLR”) 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 Adjusted EBITDA”). CERP is in compliance with the CERP Credit Facilities covenant as of September 30, 2015.

Note 7 — 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, with the cost of providing such allowances included in casino expenses as indicated in the following tables.

Estimated Retail Value of Casino Promotional Allowances

(In millions)	Three Months Ended September 30,		Nine Months Ended September 30,	
	2015	2014	2015	2014
Food and Beverage	\$ 45	\$ 45	\$ 135	\$ 138
Rooms	39	41	114	118
Other	3	7	12	16
	<u>\$ 87</u>	<u>\$ 93</u>	<u>\$ 261</u>	<u>\$ 272</u>

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

Estimated Cost of Providing Casino Promotional Allowances

(In millions)	Three Months Ended September 30,		Nine Months Ended September 30,	
	2015	2014	2015	2014
Food and Beverage	\$ 27	\$ 30	\$ 80	\$ 90
Rooms	15	17	43	49
Other	2	5	8	13
	<u>\$ 44</u>	<u>\$ 52</u>	<u>\$ 131</u>	<u>\$ 152</u>

Note 8 — Income Taxes

Income Tax Allocation

(Dollars in millions)	Three Months Ended September 30,		Nine Months Ended September 30,	
	2015	2014	2015	2014
Income tax benefit/(provision) applicable to:				
Income/(loss) before income taxes	\$ —	\$ (1)	\$ (13)	\$ 21
Effective tax rate	—%	(0.7)%	39.4%	10.0%

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 September 30, 2015 is approximately zero because the income/(loss) before income taxes rounds to zero. The effective tax rate expenses for the three and nine months ended September 30, 2015 were unfavorably impacted primarily by state taxes and nondeductible expenses. The effective tax rate benefit for the three months ended September 30, 2014 was unfavorably impacted by nondeductible goodwill impairments and the state deferred tax impact of combining the CERP properties for tax purposes. The effective tax rate benefit for the nine months ended September 30, 2014 was unfavorably impacted by nondeductible goodwill impairments and the state deferred tax impact of combining the CERP properties, offset by a tax benefit from the decrease in uncertain state tax positions.

We believe that it is reasonably possible that the total amount of unrecognized tax benefits as of September 30, 2015 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 stand alone taxpayer.

Note 9 — Contractual Commitments and Contingent Liabilities

As of September 30, 2015, our estimated interest payments for the rest of the year ending December 31, 2015 are \$149 million, for the years ended December 31, 2016 through 2019 are \$384 million, \$383 million, \$391 million, and \$396 million, respectively, and \$485 million in total thereafter through maturity.

During the nine months ended September 30, 2015, 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, 2014.

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

Note 10 — Related Party Transactions

Summary of Related Party Transactions

(In millions)	Three Months Ended September 30,		Nine Months Ended September 30,	
	2015	2014	2015	2014
Services Joint Venture				
Shared services allocated expenses to CGP	\$ 28	\$ —	\$ 73	\$ —
Shared services allocated expenses to CEOC	85	—	256	—
CEOC Shared Services Agreement				
Shared services allocated expenses from CEOC	8	28	28	131
Transactions with CEC and other affiliates				
Employee benefits and incentive awards	4	1	14	4
Other	1	1	1	1
Other Related Party Transactions				
Lease revenue received	13	13	38	38
Lease payments	—	—	2	—
Service provider fee	—	7	3	34
World Series of Poker agreements	1	1	2	2

Services Joint Venture

CES provides certain corporate and administrative services to the Members, and the costs of these services are allocated among the Members which include CEOC.

On January 15, 2015, CEOC, a majority-owned subsidiary of CEC, and certain of CEOC's United States subsidiaries voluntarily filed for reorganization under Chapter 11 of the United States Bankruptcy Code. Amounts owed to the Company from CEOC have been paid in full, and, subsequent to January 15, 2015, CEOC continues to make regularly scheduled payments to the Company for expense allocations.

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).

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.

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

Transactions with Sponsors and their Affiliates

The members of Hamlet Holdings LLC (“Hamlet Holdings”) are comprised of individuals affiliated with Apollo Global Management, LLC (“Apollo”) and affiliates of TPG Capital LP (“TPG”) (collectively, the “Sponsors”). As of September 30, 2015, Hamlet Holdings beneficially owned the majority of CEC’s common stock.

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. For the three and nine months ended September 30, 2015, CERP paid approximately \$1 million and \$2 million, respectively. There were no material amounts paid for the other periods presented in the table above.

We may engage in transactions with companies owned or controlled by affiliates of the Sponsors in the normal course of business. We believe such transactions are conducted at fair value. There were no material amounts paid to affiliates of the Sponsors for the three and nine months ended September 30, 2015 and 2014. 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 The LINQ Hotel 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 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 in 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, 2016, unless terminated earlier pursuant to each agreement’s terms.

Due from Affiliates

Amounts due from affiliates for each counterparty represent the net receivable 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 September 30, 2015 and December 31, 2014, due from affiliates was \$57 million and \$65 million, respectively, and represented a net receivable due to CES primarily from CEOC and CGP for shared services performed on their behalf.

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”) 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.

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

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 stand-alone basis.

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

The following discussion and analysis of the financial position and operating results of Caesars Entertainment Resort Properties, LLC for the three and nine months ended September 30, 2015 and 2014 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, 2014 (“2014 10-K”).

Note references are to the notes to consolidated condensed financial statements included in Item 1, “Unaudited Financial Statements.”

In the discussion below, the words “CERP,” “Company,” “we,” “us,” and “our” refer to Caesars Entertainment Resort Properties, LLC and its consolidated entities, unless otherwise stated or the context requires otherwise.

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.

Overview

CERP 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” or “Caesars Entertainment”). We own six casino properties: (1) Harrah’s Las Vegas, (2) Rio All-Suites Hotel and Casino, (3) Flamingo Las Vegas, (4) Harrah’s Atlantic City, (5) Paris Las Vegas, and (6) Harrah’s Laughlin (collectively, the “Casino Resort Properties”) as well as The LINQ promenade and Octavius Tower at Caesars Palace Las Vegas (“Octavius Tower”), which is leased to Caesars Entertainment Operating Company, Inc. (“CEOC”).

The LINQ promenade is an open-air dining, entertainment, and retail corridor located between The LINQ Hotel & Casino (“The LINQ Hotel”) and the Flamingo Las Vegas, on the east side of the Las Vegas Strip. It also features a 550-foot observation wheel, the High Roller, which opened at the end of first quarter 2014. We lease the gaming space in this corridor to The LINQ Hotel, which is a subsidiary of Caesars Growth Partners, LLC (“CGP”), and lease other space to third-party lessees.

In May 2014, the Casino Resort Properties, together with The LINQ promenade and Octavius Tower (collectively, the “Caesars Entertainment Resort Properties”), were contributed by CEC to CERP (the “CERP LLC Merger”). Because CERP and the Caesars Entertainment Resort Properties were commonly controlled by CEC for all periods subsequent to CERP’s formation in August 2013, the CERP LLC Merger was accounted for as a merger of entities under common control. Accordingly, the accompanying financial statements of CERP and each of its subsidiaries (which are comprised solely of the Caesars Entertainment Resort Properties) for all dates and periods subsequent to CERP’s formation are presented on a consolidated basis as if the CERP LLC Merger had occurred at the date of CERP’s formation in August 2013.

Consolidated Operating Results

(Dollars in millions)	Three Months Ended September 30,		Percent Favorable/ (Unfavorable)	Nine Months Ended September 30,		Percent Favorable/ (Unfavorable)
	2015	2014		2015	2014	
Casino revenues	\$ 281	\$ 282	(0.4)%	\$ 863	\$ 831	3.9%
Net revenues	\$ 542	\$ 536	1.1 %	\$ 1,637	\$ 1,566	4.5%
Income/(loss) from operations	\$ 98	\$ (49)	*	\$ 332	\$ 79	*
Net income/(loss)	\$ —	\$ (149)	100.0 %	\$ 20	\$ (188)	*
Property EBITDA ⁽¹⁾	\$ 161	\$ 131	22.9 %	\$ 518	\$ 403	28.5%
Operating margin ⁽²⁾	18.1%	(9.1)%	27.2 pts	20.3%	5.0%	15.3 pts

⁽¹⁾ See the Reconciliation of Non-GAAP Financial Measures discussion later in this Management’s Discussion and Analysis of Financial Condition and Results of Operations for a reconciliation of net income to Property EBITDA

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

* Not meaningful

Key Performance Metrics

Our revenues and operating performance are dependent upon the volume of customers at our resorts, which affects the price we can charge for our hotel rooms and other amenities, and directly impacts our gaming volumes. We use the following key performance indicators to evaluate gaming and hotel revenues for our properties.

- *Gaming hold* - the amount of money that is retained by the casino from wagers by customers
- *Hotel average daily rate ("Cash ADR")* - a price indicator determined by room revenue and rooms occupied

Three Months Ended September 30, 2015 compared with September 30, 2014

Net revenues increased \$6 million (1.1%) primarily due to (i) a \$14 million increase in rooms revenue, mainly driven by the expansion of our resorts fees program, which contributed to the increase in cash ADR to \$111 in 2015 from \$98; and (ii) partially offset by a decrease in other revenues, primarily due to fewer large events being held at our entertainment venues in 2015 compared with the prior year period resulting in declines in entertainment and related revenues.

Income from operations improved \$147 million primarily due to no impairment charges being recorded in 2015 (\$118 million in impairment charges were recorded in 2014), a \$13 million decrease in casino operating expenses as a result of our cost-reduction initiatives, and the \$6 million increase in net revenues described above.

Nine Months Ended September 30, 2015 compared with September 30, 2014

Net revenues increased \$71 million (4.5%) primarily due to (i) a \$32 million increase in casino revenues, mainly driven by favorable gaming hold in Las Vegas; and (ii) a \$29 million increase in rooms revenues, mainly driven by the expansion of our resort fees program, which contributed to the increase in cash ADR to \$112 in 2015 from \$102. In addition, food and beverage revenues were \$7 million higher as a result of the continued ramp up of new outlets.

Income from operations improved \$253 million primarily due to no impairment charges being recorded in 2015 (\$118 million in impairment charges were recorded in 2014) combined with the \$71 million increase in net revenues described above and a \$32 million decrease in casino operating expenses as a result of our cost-reduction initiatives.

Other Factors Affecting Net Income

(Dollars in millions)	Three Months Ended September 30,		Percent Favorable/ (Unfavorable)	Nine Months Ended September 30,		Percent Favorable/ (Unfavorable)
	2015	2014		2015	2014	
Interest expense	\$ 98	\$ 99	1 %	\$ 299	\$ 288	(3.8)%
Income tax benefit/(provision)	—	(1)	(100)%	(13)	21	*

* Not meaningful.

Interest Expense

Interest expense was relatively flat in the third quarter of 2015 compared with the prior year quarter as there were no material fluctuations in outstanding debt year over year. Interest expense increased \$11 million (3.8%) in the nine-month period primarily due to the following:

- an \$8 million reduction in the amount of interest capitalized due to the completion of The LINQ promenade in the first quarter of 2014;
- a \$5 million of additional interest in the first nine months of 2015 due to increased utilization of the revolving credit facility during 2015 and the additional interest assessed on the CERP notes prior to the consummation of the exchange offer in the first quarter of 2015; and
- a partially offsetting \$3 million increase in capitalized interest associated with the construction of the Atlantic City Convention Center, which was completed during third quarter of 2015.

Income Taxes

The effective tax rate for the three months ended September 30, 2015 is zero versus an effective tax rate benefit of 0.7% in 2014. The effective tax rate for the three months ended September 30, 2015 is approximately zero because the income/(loss) before income taxes rounds to zero. The effective tax rate for 2014 was unfavorably impacted primarily by the state deferred tax impact of combining the CERP properties for tax purposes. The effective tax rate for the nine months ended September 30, 2015 and 2014 was 39.4% and 10.0%, respectively. The effective tax rate expense for 2015 was unfavorably impacted primarily by state taxes and nondeductible expenses. The effective tax rate benefit for 2014 was unfavorably impacted primarily by the state deferred tax impact of combining the CERP properties for tax purposes offset by a tax benefit from the reversal of state uncertain tax positions. See Note 8.

Liquidity and Capital Resources

Liquidity Discussion and Analysis

As of September 30, 2015, our cash and cash equivalents totaled \$359 million, including \$141 million attributable to Caesars Enterprise Services, LLC (“CES”). CES is a variable interest entity that is consolidated by CERP (see Note 1). CES is controlled through the CES steering committee, which is comprised of one representative from each of the Members (as defined in Note 1). Therefore, all decisions regarding the liquidity and capital resources of CES are made by the CES steering committee. Our operating cash inflows are typically used for operating expenses, debt service costs and working capital needs.

We are highly leveraged and a significant amount of our liquidity needs are for debt service. As of September 30, 2015, we had \$4.7 billion face value of indebtedness outstanding including capital lease obligations. See Note 6 for additional information relating to our indebtedness and related restrictive covenants. Cash paid for interest for the nine months ended September 30, 2015 was \$245 million.

Our estimated annual debt and interest payments are as follows:

<u>(In millions)</u>	<u>2015</u>	<u>2016</u>	<u>2017</u>	<u>2018</u>	<u>2019</u>	<u>Thereafter</u>	<u>Total</u>
Long-term debt principal payments	\$ 11	\$ 117	\$ 26	\$ 25	\$ 25	\$ 4,500	\$ 4,704
Estimated interest payments	149	384	383	391	396	485	2,188
	<u>\$ 160</u>	<u>\$ 501</u>	<u>\$ 409</u>	<u>\$ 416</u>	<u>\$ 421</u>	<u>\$ 4,985</u>	<u>\$ 6,892</u>

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 secure additional funds through financing activities. 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. Restrictions under our lending arrangements generally prevent the distribution of cash to Caesars Entertainment, 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.

Capital Spending and Development

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

For the nine months ended September 30, 2015, our capital spending totaled \$125 million, net of a decrease in related payables of \$10 million. These capital expenditures were primarily related to the Atlantic City Convention Center. Estimated total capital expenditures for 2015 are expected to be between \$160 million and \$250 million and primarily include funds for the completion

of the Atlantic City Convention Center. We expect to fund these capital expenditures from cash flows generated by our operating activities.

Projected Capital Expenditures for 2015

(In millions)	Low	High
CERP	130	200
CES	30	50
Total	160	250

CES projected capital expenditures are expected to be funded by CGPH and CEOC primarily based on their corresponding ownership percentages.

Cash Flow Activity

Cash flows provided by operating activities was \$341 million in 2015 compared with \$116 million in 2014. The increased cash flow was primarily due to the increase in property operating cash flows from the operating results described above combined with the positive impact of fluctuations in working capital.

Cash flows used in investing activities was \$129 million in 2015 compared with \$137 million in 2014 due to a decrease in acquisitions of property and equipment in 2015 compared with 2014.

Cash flows used in financing activities was \$112 million in 2015 compared with \$40 million provided by financing activities in 2014. Net repayments of long-term debt increased in 2015 as the balance outstanding on the revolving credit facility decreased from \$180 million as of December 31, 2014 to \$81 million as of September 30, 2015. The balance was higher as of December 31, 2014 to fund the construction in process at the Atlantic City Convention Center, CERP's initial contributions to CES in the fourth quarter of 2014, and other operational activity.

Related-Party Transactions

We participate with CEOC and other CEC subsidiaries in marketing, purchasing, insurance, employee benefit, and other programs that are defined, negotiated and managed by CES. 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 stand-alone basis. For a more complete description of the nature and extent of these and other related party transactions, see Note 10.

Other Obligations and Commitments

As of September 30, 2015, 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 2014 10-K.

Reconciliation of Non-GAAP Financial Measures

Property 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 before (i) interest expense, net of interest capitalized and interest income, (ii) provision for income taxes, (iii) depreciation and amortization, (iv) corporate expenses, and (v) certain items that we do not consider indicative of our ongoing operating performance at an operating property level. In evaluating Property EBITDA you should be aware that, in the future, we may incur expenses that are the same or similar to some of the adjustments in this presentation. The presentation of 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 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 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 Net Income/(Loss) to Property EBITDA

(In millions)	Three Months Ended September 30,		Nine Months Ended September 30,	
	2015	2014	2015	2014
Net income/(loss)	\$ —	\$ (149)	\$ 20	\$ (188)
Income tax (benefit)/provision	—	1	13	(21)
Income/(loss) before income taxes	—	(148)	33	(209)
Interest expense	98	99	299	288
Income/(loss) from operations	98	(49)	332	79
Depreciation, amortization, and other	53	53	154	163
Impairment of intangible and tangible assets	—	118	—	118
Corporate expense	10	9	32	43
Property EBITDA	<u>\$ 161</u>	<u>\$ 131</u>	<u>\$ 518</u>	<u>\$ 403</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, 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 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 Caesars Entertainment’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 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;
- 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, the ongoing downturn in the gaming industry, the restructuring of CEOC or any other factor;
- 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;
- litigation outcomes, including, but not limited to, the proceedings described under “Bondholder 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 in our Annual Report on Form 10-K for the year ended December 31, 2014.

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 2015. For information on our exposure to market risk, refer to Part II, Item 7A, “Quantitative and Qualitative Disclosures about Market Risk,” contained in our Annual Report on Form 10-K for the year ended December 31, 2014.

Item 4. Controls and Procedures

Evaluation of Disclosure Controls and Procedures

We maintain disclosure controls and procedures designed to ensure 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 period. Management, with the participation of the Company’s Chief Executive Officer (“CEO”) and Chief Financial Officer (“CFO”), has evaluated the effectiveness of the Company’s disclosure controls and procedures (as defined in Rules 13a-15(e) and 15d-15(e) under the Exchange Act), as of September 30, 2015. Based on that evaluation and considering the material weaknesses in internal control over financial reporting reported in Part II, Item 9A of the Annual Report on Form 10-K for the year ended December 31, 2014, the Company’s CEO and CFO concluded that the Company’s disclosure controls and procedures were not effective as of September 30, 2015.

In light of the material weaknesses as of September 30, 2015, prior to the filing of this Form 10-Q for the period ended September 30, 2015, management determined that key quarterly controls were performed timely and also performed additional procedures, including validating the completeness and accuracy of the underlying data used to support the amounts reported in the quarterly financial statements. These control activities and additional procedures have allowed us to conclude that, notwithstanding the material weaknesses, the consolidated condensed financial statements in this Form 10-Q fairly present, in all material respects, our financial position, results of operations, and cash flows for the periods presented in conformity with United States GAAP.

Changes in Internal Control Over Financial Reporting

In addition to changes discussed below, CEOC filed for bankruptcy in January 2015. Additional changes in the corporate structure are planned upon CEOC emerging from bankruptcy. As these changes take place, Caesar Entertainment plans to adjust its business processes and systems to align with the new structure. We will continue to monitor our internal control over financial reporting throughout the process.

Previously Identified Material Weaknesses

As reported in our Annual Report on Form 10-K for the fiscal year ended December 31, 2014, management identified the following material weaknesses in internal control over financial reporting related to its risk assessment process for non-gaming activities which did not adequately assess risk at an appropriate level of detail to allow for (i) the design of controls with the appropriate precision and responsiveness to address those risks, (ii) the design of controls to validate the completeness and accuracy of underlying data used in the performance of controls over the determination of significant estimates, accounting transactions and disclosures, (iii) the timely and effective implementation of controls, including evidence of operating effectiveness, and (iv) effective monitoring of the controls. Accordingly, a reasonable possibility exists that material misstatements in the Company's financial statements will not be prevented or detected on a timely basis.

We are engaged in various stages of remedial actions to address the material weaknesses described above. We are using both internal and external resources to assist in the following actions:

- Reviewing the accounting and financial assurance organizations to ensure an appropriate organization and skills to sustain the remedial actions. This includes performing training to enhance knowledge and skills of the finance team and hiring of additional skilled resources, as appropriate.
- Enhancing the Company's internal control monitoring program including an enhanced documented risk assessment process to identify the appropriate in scope balances and related controls, computer systems, and applications.
- Performing a comprehensive review of the Company's accounting processes including controls to ensure the processes and controls are adequately designed, clearly documented and appropriately communicated to enhance control ownership throughout the finance organization.
- Evaluating and designing of controls to address the completeness and accuracy of data used to support key estimations, accounting transactions and disclosures, primarily associated with spreadsheets and other key reports.
- Implementing new systems and tools to automate manual processes and to document and monitor adherence to standardized processes and controls.
- Reviewing and updating accounting policies to ensure they address the Company's current environment.

We believe the remedial actions described above have strengthened the Company's internal control over financial reporting and will remediate the material weaknesses identified. However, as of September 30, 2015, these remediation measures are ongoing and had not been in operation long enough to measure their operating effectiveness in order to conclude that the identified material weaknesses were fully remediated. We will continue to monitor the effectiveness of these remediation activities and expect to make further changes to improve the Company's internal control over financial reporting.

PART II—OTHER INFORMATION

Item 1. Legal Proceedings

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, 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. No amount has been accrued at this time. The matter is now on appeal and has been fully briefed.

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, 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. CEC believes this lawsuit is without merit and will defend 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. Subsequently, plaintiffs advised the judge presiding over the CEOC bankruptcy proceeding that they would pursue in this litigation only those claims alleging that CEC remains liable under the parent guarantee formerly applicable to the CEOC 10.00% Second-Priority Notes. We believe that fact discovery in the case is substantially complete. No trial date has been set.

On November 25, 2014, UMB Bank, 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 affected a release of CEC's parent guarantee of the CEOC 8.50% Senior Secured Notes and committed other wrongs. Among other things, UMB Bank 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 none of the claims and demands described above against CERP are 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, in some instances, the actions against CEC have been allowed to continue. CEC believes that the noteholder disputes have a reasonably possible likelihood of an adverse outcome, and due to the lack of specific monetary damages being claimed, and the general nature of the litigation and its relationship to the CEOC proceedings, we are not able to reasonabl

y estimate a range of reasonably possible losses should any of the noteholder disputes ultimately be resolved against us. Should these matters 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.

Other Matters

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.

Item 1A. Risk Factors

The following is an update to the risk factors previously disclosed in our Annual Report on Form 10-K for the year ended December 31, 2014. For additional 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, 2014. Note references are to the notes to consolidated condensed financial statements included in Item 1, “Unaudited Financial Statements.”

CEOC and a substantial majority of its wholly owned subsidiaries, which does not include CERP, filed voluntary petitions for relief under Chapter 11 of the Bankruptcy Code, and are subject to the risks and uncertainties associated with bankruptcy proceedings.

As a result of CEOC's highly leveraged capital structure and the general decline in its gaming results since 2007, on January 15, 2015, CEOC and certain of its U.S. subsidiaries, which does not include CERP (collectively, the “CEOC Debtors”), voluntarily filed for reorganization (the “Chapter 11 proceedings”) under Chapter 11 of the Bankruptcy Code in the Bankruptcy Court for the Northern District of Illinois (the “Bankruptcy Court”). The Bankruptcy Petitions occurred three days after certain holders of CEOC's second lien notes filed an involuntary Chapter 11 petition against CEOC in the United States Bankruptcy Court for the District of Delaware (the “Delaware Bankruptcy Court”). On January 28, 2015, the Delaware Bankruptcy Court ordered that the involuntary petition and related transactions be transferred to the Bankruptcy Court. The Chapter 11 proceedings are being jointly administered under the caption In re Caesars Entertainment Operating Company, Inc., et al., Case No. 15-01145.

We and Caesars Entertainment are subject to a number of risks and uncertainties associated with the Chapter 11 proceedings, which may lead to potential adverse effects on our and Caesars Entertainment's liquidity, results of operations or business prospects. We cannot assure you of the outcome of the Chapter 11 proceedings. Risks associated with the Chapter 11 proceedings include the following:

- the ability of the CEOC Debtors to continue as a going concern;
- the ability of the CEOC Debtors to obtain bankruptcy court approval with respect to motions in the Chapter 11 proceedings and the outcomes of bankruptcy court rulings of the proceedings in general;
- risks associated with involuntary bankruptcy proceedings filed in the Delaware Bankruptcy Court and now pending in the Bankruptcy Court;
- the ability of the CEOC Debtors to comply with and to operate under the cash collateral order and any cash management orders entered by the Bankruptcy Court from time to time;
- the length of time the CEOC Debtors will operate under the Chapter 11 proceedings and their ability to successfully emerge, including with respect to obtaining any necessary regulatory approvals;
- the ability of the CEOC Debtors to negotiate, confirm and consummate a plan of reorganization with respect to the Chapter 11 proceedings;
- the possibility of Caesars Entertainment losing ownership or control over the operation of the CEOC Debtors as a result of the restructuring process, including as a result of a market test of the CEOC Debtors' proposed plan of reorganization;
- risks associated with third party motions, proceedings and litigation in the Chapter 11 proceedings, which may interfere with the CEOC Debtors' plan of reorganization;
- the ability of the CEOC Debtors to maintain sufficient liquidity throughout the Chapter 11 proceedings;

- increased costs related to the bankruptcy filing and other litigation;
- if the Bankruptcy Court approves the CEOC Debtors' plan of reorganization, in connection with the CEOC Debtors' emergence from Chapter 11, Caesars Entertainment will be required, among other things, to (i) contribute over \$400 million to pay a forbearance fee, for general corporate purposes and to fund sources and uses, (ii) purchase up to approximately \$1.0 billion of new equity in the restructured CEOC Debtors and (iii) spend over \$350 million to purchase claims of the first lien bank lenders that survive the effective date of the CEOC Debtors' plan of reorganization;
- if the Bankruptcy Court approves the CEOC Debtors' plan of reorganization, Caesars Entertainment will be required to guarantee the lease payments owed by the restructured operating company to the restructured property companies and the debt issued by the restructured operating company to the creditors and, if the restructured operating company is unable to or does not pay amounts due under the leases or debt, Caesars Entertainment will be obligated to pay the full amount;
- Caesars Entertainment's ability to manage contracts that are critical to its operation, and to obtain and maintain appropriate credit and other terms with customers, suppliers and service providers;
- Caesars Entertainment's ability to attract, retain and motivate key employees;
- Caesars Entertainment's ability to fund and execute its business plan;
- whether Caesars Entertainment's non-Debtor subsidiaries continue to operate their business in the normal course;
- the disposition or resolution of all pre-petition claims against Caesars Entertainment and the CEOC Debtors; and

- Caesars Entertainment's ability to maintain existing customers and vendor relationships and expand sales to new customers.

Although Caesars Entertainment does not guarantee any of CERP's outstanding senior secured notes, any negative impact of the Chapter 11 proceedings on Caesars Entertainment could potentially hinder our operations, as we are dependent on Caesars Entertainment and CES for many of our operations, including the management of our properties.

If a court were to find in favor of the claimants in the certain disputes with noteholders, it would likely have a material adverse effect on Caesars Entertainment's business, financial condition, results of operations and cash flows and, absent an intervening event, a reorganization of Caesars Entertainment under Chapter 11 of the Bankruptcy Code would likely be necessary due to the limited resources available at Caesars Entertainment to resolve such matters.

Caesars Entertainment is subject to a number of disputes amongst its and its subsidiaries' noteholders (the "Noteholders Disputes") related to various transactions that CEOC has completed since 2013. Plaintiffs in certain of these actions raise allegations of breach of contract, intentional and constructive fraudulent transfer, and breach of fiduciary duty, among other claims. Should a court find in favor of the plaintiffs on such claims in any of the Noteholder Disputes, the transactions at issue in those lawsuits may be subject to rescission and/or Caesars Entertainment may be required to pay damages to the plaintiffs. Additionally, a number of the Noteholder Disputes claim that Caesars Entertainment is liable for all amounts due and owing on certain notes issued by CEOC and if the court in any of these Noteholder Disputes were to find in favor of the plaintiffs on such claims, Caesars Entertainment may become obligated to pay all principal, interest, and other amounts due and owing on the notes at issue. In the event of an adverse outcome on these matters, it is likely that a reorganization of Caesars Entertainment under Chapter 11 of the Bankruptcy Code would be necessary due to the limited resources available at Caesars Entertainment Corporation to resolve such matters. A reorganization of Caesars Entertainment under Chapter 11 of the Bankruptcy Code could potentially hinder our operations and adversely affect our business, financial condition and operating results, as we are dependent on Caesars Entertainment and CES for many of our operations, including the management of our properties. Additionally, if Caesars Entertainment were to reorganize under Chapter 11 of the Bankruptcy Code, its creditors could exercise significant influence over our business.

The Chapter 11 proceedings or a reorganization of Caesars Entertainment under Chapter 11 of the Bankruptcy Code may disrupt our business and may materially and adversely affect our operations.

We and Caesars Entertainment have attempted to minimize the adverse effect of the CEOC Debtors' Chapter 11 proceedings on our relationships with our employees, suppliers, customers and other parties. Nonetheless, our relationships with our customers, suppliers and employees may be adversely impacted by negative publicity or otherwise and our operations could be materially and adversely affected by the Chapter 11 proceedings or a reorganization of Caesars Entertainment under Chapter 11 of the Bankruptcy Code. In addition, the Chapter 11 proceedings or a reorganization of Caesars Entertainment under Chapter 11 of the

Bankruptcy Code could negatively affect our ability to attract new employees and retain existing high performing employees or executives, which could materially and adversely affect our operations.

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.	X				
32.2	Certification of Principal Financial Officer Pursuant to Section 906 of the Sarbanes-Oxley Act of 2002.	X				
101	The following financial statements from the Company's Form 10-Q for the quarter ended September 30, 2015, 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	—	—	—	—

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.

November 9, 2015

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.

Date: November 9, 2015

By: /S/ MARK P. FRISSORA

Mark P. Frissora
President 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 September 30, 2015 (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: November 9, 2015

/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 September 30, 2015 (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: November 9, 2015

/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.