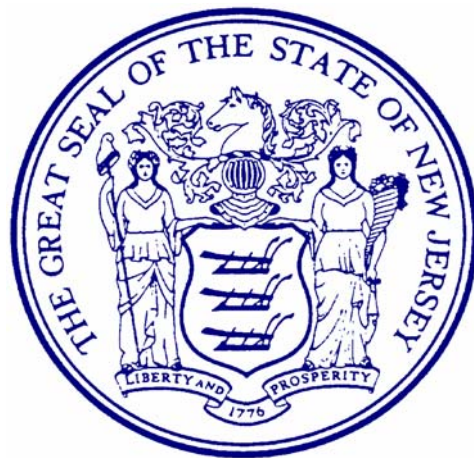


Bally's Park Place, Inc. (Bally's Atlantic City)

QUARTERLY REPORT

DECEMBER 31, 2007

**SUBMITTED TO THE
CASINO CONTROL COMMISSION
OF THE
STATE OF NEW JERSEY**



**DIVISION OF FINANCIAL EVALUATION
REPORTING MANUAL**

Bally's Park Place, Inc. (Bally's Atlantic City)

BALANCE SHEETS

AS OF December 31, 2007 AND 2006

(UNAUDITED)

(\$ IN THOUSANDS)

Line (a)	Description (b)	Notes	2007 (c)	2006 (d)
	<u>ASSETS:</u>			
	Current Assets:			
1	Cash and Cash Equivalents.....		\$30,131	\$48,766
2	Short-Term Investments.....		0	0
3	Receivables and Patrons' Checks (Net of Allowance for Doubtful Accounts - 2007, \$7,790; 2006, \$6,525).....	4	13,532	14,161
4	Inventories		852	951
5	Other Current Assets.....	5	26,464	17,146
6	Total Current Assets.....		70,979	81,024
7	Investments, Advances, and Receivables.....	2,6	798,585	826,299
8	Property and Equipment - Gross.....	7	796,918	721,501
9	Less: Accumulated Depreciation and Amortization.....	7	(94,494)	(55,179)
10	Property and Equipment - Net.....	7	702,424	666,322
11	Other Assets.....	8	430,942	447,553
12	Total Assets.....		\$2,002,930	\$2,021,198
	<u>LIABILITIES AND EQUITY:</u>			
	Current Liabilities:			
13	Accounts Payable.....		\$10,415	\$16,661
14	Notes Payable.....		0	0
	Current Portion of Long-Term Debt:			
15	Due to Affiliates.....		0	0
16	External.....		64	51
17	Income Taxes Payable and Accrued.....		354	1,554
18	Other Accrued Expenses.....	9	38,621	60,468
19	Other Current Liabilities.....		3,174	3,532
20	Total Current Liabilities.....		52,628	82,266
	Long-Term Debt:			
21	Due to Affiliates.....	10	584,000	584,000
22	External.....	10	666	785
23	Deferred Credits		119,868	131,136
24	Other Liabilities.....	11	581,625	569,174
25	Commitments and Contingencies.....	12	0	0
26	Total Liabilities.....		1,338,787	1,367,361
27	Stockholders', Partners', or Proprietor's Equity.....		664,143	653,837
28	Total Liabilities and Equity.....		\$2,002,930	\$2,021,198

*Prior year balances have been restated to conform with the current year's presentation.

The accompanying notes are an integral part of the financial statements.

Valid comparisons cannot be made without using information contained in the notes.

Amended 9/3/2008

Bally's Park Place, Inc. (Bally's Atlantic City)

STATEMENTS OF INCOME

FOR THE TWELVE MONTHS ENDED DECEMBER 31, 2007 AND 2006

(UNAUDITED)
(\$ IN THOUSANDS)

Line (a)	Description (b)	Notes	2007 (c)	2006 (d)
	Revenue:			
1	Casino.....		\$643,720	\$669,961
2	Rooms.....		62,290	54,970
3	Food and Beverage.....		80,559	84,392
4	Other.....		23,078	23,542
5	Total Revenue.....		809,647	832,865
6	Less: Promotional Allowances.....		187,299	173,907
7	Net Revenue.....		622,348	658,958
	Costs and Expenses:			
8	Cost of Goods and Services.....		390,820	416,407
9	Selling, General, and Administrative.....		68,081	42,657
10	Provision for Doubtful Accounts.....		2,535	779
11	Total Costs and Expenses.....		461,436	459,843
12	Gross Operating Profit.....		160,912	199,115
13	Depreciation and Amortization.....		54,239	49,686
	Charges from Affiliates Other than Interest:			
14	Management Fees.....		0	622
15	Other.....	3	26,418	19,825
16	Income (Loss) from Operations.....		80,255	128,982
	Other Income (Expenses):			
17	Interest Expense - Affiliates.....		(49,640)	(49,640)
18	Interest Expense - External.....		(181)	(124)
19	CRDA Related Income (Expense) - Net.....		(5,267)	(7,012)
20	Nonoperating Income (Expense) - Net.....		217	1,127
21	Total Other Income (Expenses).....		(54,871)	(55,649)
22	Income (Loss) Before Taxes and Extraordinary Items.....		25,384	73,333
23	Provision (Credit) for Income Taxes.....		11,960	31,777
24	Income (Loss) Before Extraordinary Items.....		13,424	41,556
25	Extraordinary Items (Net of Income Taxes - 20__, \$0; 20__, \$0).....			
26	Net Income (Loss).....		\$13,424	\$41,556

The accompanying notes are an integral part of the financial statements.
Valid comparisons cannot be made without using information contained in the notes.

Amended 9/3/2008

Bally's Park Place, Inc. (Bally's Atlantic City) STATEMENTS OF INCOME

FOR THE THREE MONTHS ENDED DECEMBER 31, 2007 AND 2006

(UNAUDITED)
(\$ IN THOUSANDS)

Line (a)	Description (b)	Notes	2007 (c)	2006 (d)
	Revenue:			
1	Casino.....		\$146,295	\$159,633
2	Rooms.....		14,619	13,416
3	Food and Beverage.....		17,182	19,469
4	Other.....		5,132	4,063
5	Total Revenue.....		183,228	196,581
6	Less: Promotional Allowances.....		39,163	41,299
7	Net Revenue.....		144,065	155,282
	Costs and Expenses:			
8	Cost of Goods and Services.....		102,809	101,600
9	Selling, General, and Administrative.....		6,651	14,138
10	Provision for Doubtful Accounts.....		928	222
11	Total Costs and Expenses.....		110,388	115,960
12	Gross Operating Profit.....		33,677	39,322
13	Depreciation and Amortization.....		14,004	14,291
	Charges from Affiliates Other than Interest:			
14	Management Fees.....		0	351
15	Other.....	3	6,323	5,497
16	Income (Loss) from Operations.....		13,350	19,183
	Other Income (Expenses):			
17	Interest Expense - Affiliates.....		(12,410)	(12,410)
18	Interest Expense - External.....		(37)	433
19	CRDA Related Income (Expense) - Net.....		(1,351)	(1,346)
20	Nonoperating Income (Expense) - Net.....		(411)	(355)
21	Total Other Income (Expenses).....		(14,209)	(13,678)
22	Income (Loss) Before Taxes and Extraordinary Items.....		(859)	5,505
23	Provision (Credit) for Income Taxes.....		2,869	4,168
24	Income (Loss) Before Extraordinary Items.....		(3,728)	1,337
25	Extraordinary Items (Net of Income Taxes - 20__, \$____; 20__, \$____).....			
26	Net Income (Loss).....		(\$3,728)	\$1,337

The accompanying notes are an integral part of the financial statements.
Valid comparisons cannot be made without using information contained in the notes.

Bally's Park Place, Inc. (Bally's Atlantic City)
STATEMENTS OF CHANGES IN STOCKHOLDERS' EQUITY

FOR THE TWELVE MONTHS ENDED DECEMBER 31, 2006 AND THE TWELVE MONTHS ENDED DECEMBER 31, 2007

(UNAUDITED)
(\$ IN THOUSANDS)

Line (a)	Description (b)	Notes	Common Stock		Preferred Stock		Additional Paid-In Capital (g)	(h)	Retained Earnings (Accumulated Deficit) (i)	Total Stockholders' Equity (Deficit) (j)
			Shares (c)	Amount (d)	Shares (e)	Amount (f)				
1	Balance, December 31, 2005.....		100	\$1			\$628,725		\$14,493	\$643,219
2	Net Income (Loss) - 2006.....								41,556	41,556
3	Contribution to Paid-in-Capital....									0
4	Dividends.....									0
5	Prior Period Adjustments.....									0
6	Purchase Price Adjustment						(30,938)			(30,938)
7										0
8										0
9										0
10	Balance, December 31, 2006.....		100	1	0	0	597,787	0	56,049	653,837
11	Net Income (Loss) - 2007.....								13,424	13,424
12	Contribution to Paid-in-Capital....									0
13	Dividends.....									0
14	Prior Period Adjustments.....									0
15	Cummulative Effect of Adoption									0
16	of FIN 48 on January 1, 2007								(3,118)	(3,118)
17										0
18										0
19	Balance, December 31, 2007		100	\$1	0	\$0	\$597,787	\$0	\$66,355	\$664,143

The accompanying notes are an integral part of the financial statements.
Valid comparisons cannot be made without using information contained in the notes.

Bally's Park Place, Inc. (Bally's Atlantic City)

STATEMENTS OF CASH FLOWS

FOR THE TWELVE MONTHS ENDED DECEMBER 31, 2007 AND 2006

(UNAUDITED)

(\$ IN THOUSANDS)

Line (a)	Description (b)	Notes	2007 (c)	2006 (d)
1	CASH PROVIDED (USED) BY OPERATING ACTIVITIES..		\$35,678	\$123,622
	CASH FLOWS FROM INVESTING ACTIVITIES:			
2	Purchase of Short-Term Investments			
3	Proceeds from the Sale of Short-Term Investments			
4	Cash Outflows for Property and Equipment.....		(77,029)	(39,890)
5	Proceeds from Disposition of Property and Equipment.....		375	115
6	CRDA Obligations		(8,044)	(8,414)
7	Other Investments, Loans and Advances made.....		0	0
8	Proceeds from Other Investments, Loans, and Advances		140	1,067
9	Cash Outflows to Acquire Business Entities.....		0	0
10		0	0
11		0	0
12	Net Cash Provided (Used) By Investing Activities.....		(84,558)	(47,122)
	CASH FLOWS FROM FINANCING ACTIVITIES:			
13	Proceeds from Short-Term Debt			
14	Payments to Settle Short-Term Debt.....			
15	Proceeds from Long-Term Debt			
16	Costs of Issuing Debt.....			
17	Payments to Settle Long-Term Debt.....		(106)	(254)
18	Cash Proceeds from Issuing Stock or Capital Contributions...		0	0
19	Purchases of Treasury Stock.....			
20	Payments of Dividends or Capital Withdrawals.....			
21	Change in payable to/receivable from affiliate		30,351	(74,905)
22			
23	Net Cash Provided (Used) By Financing Activities.....		30,245	(75,159)
24	Net Increase (Decrease) in Cash and Cash Equivalents.....		(18,635)	1,341
25	Cash and Cash Equivalents at Beginning of Period.....		48,766	47,425
26	Cash and Cash Equivalents at End of Period.....		\$30,131	\$48,766
	CASH PAID DURING PERIOD FOR:			
27	Interest (Net of Amount Capitalized).....		\$70,323	\$49,763
28	Income Taxes.....		\$2,662	\$31,777

The accompanying notes are an integral part of the financial statements.
Valid comparisons cannot be made without using information contained in the notes.

Bally's Park Place, Inc. (Bally's Atlantic City)

STATEMENTS OF CASH FLOWS

FOR THE TWELVE MONTHS ENDED DECEMBER 31, 2007 AND 2006

(UNAUDITED)

(\$ IN THOUSANDS)

Line (a)	Description (b)	Notes	2007 (c)	2006 (d)
	CASH FLOWS FROM OPERATING ACTIVITIES:			
29	Net Income (Loss).....		\$13,424	\$41,556
30	Depreciation and Amortization of Property and Equipment...		41,572	37,369
31	Amortization of Other Assets.....		12,667	12,317
32	Amortization of Debt Discount or Premium.....		0	
33	Deferred Income Taxes - Current		1,699	6,454
34	Deferred Income Taxes - Noncurrent		(11,268)	(20,571)
35	(Gain) Loss on Disposition of Property and Equipment.....		201	448
36	(Gain) Loss on CRDA-Related Obligations.....		5,267	7,012
37	(Gain) Loss from Other Investment Activities.....		0	0
38	(Increase) Decrease in Receivables and Patrons' Checks		629	(1,214)
39	(Increase) Decrease in Inventories		99	220
40	(Increase) Decrease in Other Current Assets.....		2,055	1,394
41	(Increase) Decrease in Other Assets.....		2,174	36,492
42	Increase (Decrease) in Accounts Payable.....		(6,246)	8,737
43	Increase (Decrease) in Other Current Liabilities		(23,405)	(6,471)
44	Increase (Decrease) in Other Liabilities		(3,190)	(121)
45				
46				
47	Net Cash Provided (Used) By Operating Activities.....		\$35,678	\$123,622

SUPPLEMENTAL DISCLOSURE OF CASH FLOW INFORMATION

	ACQUISITION OF PROPERTY AND EQUIPMENT:			
48	Additions to Property and Equipment.....		(\$77,029)	(\$39,890)
49	Less: Capital Lease Obligations Incurred.....			
50	Cash Outflows for Property and Equipment.....		(\$77,029)	(\$39,890)
	ACQUISITION OF BUSINESS ENTITIES:			
51	Property and Equipment Acquired.....			
52	Goodwill Acquired.....			
53	Other Assets Acquired - net			
54	Long-Term Debt Assumed.....			
55	Issuance of Stock or Capital Invested.....			
56	Cash Outflows to Acquire Business Entities.....		\$0	\$0
	STOCK ISSUED OR CAPITAL CONTRIBUTIONS:			
57	Total Issuances of Stock or Capital Contributions.....		\$0	\$0
58	Less: Issuances to Settle Long-Term Debt.....		0	0
59	Consideration in Acquisition of Business Entities.....		0	0
60	Cash Proceeds from Issuing Stock or Capital Contributions.....		\$0	\$0

The accompanying notes are an integral part of the financial statements.

Valid comparisons cannot be made without using information contained in the notes.

Bally's Park Place, Inc. (Bally's Atlantic City)
SCHEDULE OF PROMOTIONAL
EXPENSES AND ALLOWANCES

FOR THE TWELVE MONTHS ENDED DECEMBER 31, 2007

(UNAUDITED)
(\$ IN THOUSANDS)

Line (a)	Description (b)	Promotional Allowances		Promotional Expenses	
		Number of Recipients (c)	Dollar Amount (d)	Number of Recipients (e)	Dollar Amount (f)
1	Rooms	1,184,562	\$42,497		
2	Food	2,191,414	32,849		
3	Beverage	9,232,743	18,466		
4	Travel			15,290	2,506
5	Bus Program Cash	1,045,973	21,242		
6	Other Cash Complimentaries	1,916,090	62,742		
7	Entertainment	645,062	3,225		
8	Retail & Non-Cash Gifts	131,203	5,396		
9	Parking		0		
10	Other*	12,785	882	100,794	5,618
11	Total	16,359,832	\$187,299	116,084	\$8,124

FOR THE THREE MONTHS ENDED DECEMBER 31, 2007

Line (a)	Description (b)	Promotional Allowances		Promotional Expenses	
		Number of Recipients (c)	Dollar Amount (d)	Number of Recipients (e)	Dollar Amount (f)
1	Rooms	278,816	\$10,275		
2	Food	459,234	6,884		
3	Beverage	2,048,059	4,097		
4	Travel			4,187	683
5	Bus Program Cash	225,483	4,230		
6	Other Cash Complimentaries	375,325	11,466		
7	Entertainment	155,506	777		
8	Retail & Non-Cash Gifts	28,933	1,227		
9	Parking	0	0		
10	Other*	3,137	207	26,365	1,173
11	Total	3,574,493	\$39,163	30,552	\$1,856

*No item in this category exceeds 5%.

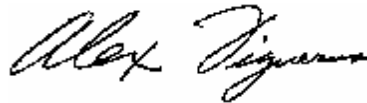
Bally's Park Place, Inc. (Bally's Atlantic City)
STATEMENT OF CONFORMITY,
ACCURACY, AND COMPLIANCE

DECEMBER 31, 2007

1. I have examined this Quarterly Report
2. All the information contained in this Quarterly Report has been prepared in conformity with the Casino Control Commission's Quarterly Report Instructions and Uniform Chart of Accounts.
3. To the best of my knowledge and belief, the information contained in this report is accurate.
4. To the best of my knowledge and belief, except for the deficiencies noted below, the licensee submitting this Quarterly Report has remained in compliance with the financial stability regulations contained in N.J.A.C. 19:43-4.2(b)1-5 during the quarter.

3/31/2008

Date



Alex Figueras

Vice President of Finance

Title

7438-11

License Number

On Behalf of:

Bally's Park Place, Inc. (Bally's Atlantic City)

Casino Licensee

BALLY’S PARK PLACE, INC. (Bally’s Atlantic City)
NOTES TO FINANCIAL STATEMENTS - AMENDED 4/29/2008
(Unaudited)
(All dollar amounts in thousands)

NOTE 1 – ORGANIZATION AND BASIS OF PRESENTATION

The accompanying financial statements include the accounts of Bally’s Park Place, Inc., a New Jersey corporation (the “Company”), an indirect, wholly owned subsidiary of Harrah’s Operating Company, Inc. (“HOC”), which is a direct wholly owned subsidiary of Harrah’s Entertainment, Inc. (“Harrah’s”). The Company owns and operates the casino hotel resort in Atlantic City, New Jersey known as “Bally’s Atlantic City.”

The Company operates in one industry segment and all significant revenues arise from its casino and supporting hotel operations. The Company is licensed to operate the facility by the New Jersey Casino Control Commission (the “CCC”) and is subject to rules and regulations established by the CCC. The Company’s license is subject to renewal every four years with the current license expiring June 2008. The Company expects its license to be renewed.

NOTE 2 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Allowance for Doubtful Accounts - The Company reserves an estimated amount for receivables that may not be collected. The methodology for estimating the allowance includes using specific reserves and applying various percentages to aged receivables. Historical collection rates are considered, as are customer relationships, in determining specific allowances. As with many estimates, management must make judgments about potential actions by third parties in establishing and evaluating the allowance for bad debts.

Inventories - Inventories of provisions and supplies are valued at the lower of average cost, or market.

Land, Buildings and Equipment - Land, buildings, and equipment are stated at cost, including capitalized interest on intercompany funds used to finance construction calculated at HOC overall weighted-average borrowing rate of interest.

Improvements that extend the life of the asset are capitalized. Building improvements are depreciated over the remaining life of the building. Maintenance and repairs are expensed as incurred.

Depreciation is provided using the straight-line method over the shorter of the estimated useful life of the asset or the related lease term, as follows:

Land improvements	12 years
Buildings and improvements	7 to 40 years
Furniture, fixtures and equipment	3 to 10 years

BALLY'S PARK PLACE, INC. (Bally's Atlantic City)
NOTES TO FINANCIAL STATEMENTS - AMENDED 4/29/2008
(Unaudited)
(All dollar amounts in thousands)

The Company reviews the carrying value of land, buildings and equipment for impairment whenever events and circumstances indicate that the carrying value of an asset may not be recoverable from the estimated future cash flows expected to result from its use and eventual disposition. When undiscounted expected future cash flows are less than the carrying value, an impairment loss is recognized equal to an amount by which the carrying value exceeds the fair value of the asset. The factors considered by the Company in performing this assessment include current operating results, trends and prospects, as well as the effect of obsolescence, demand, competition and other economic factors.

Goodwill and Other Intangible Assets - In accordance with Statement of Financial Accounting Standards ("SFAS") No. 142, *Goodwill and Other Intangible Assets*, the Company performs at least an annual review of goodwill and non-amortizing intangibles. The purchase price allocation related to the Caesars Entertainment, Inc ("CEI") acquisition was completed in June 2006 and refinements have been recorded in these statements. The decrease in goodwill during 2007 is a result of the settlement of pre-acquisition income tax contingencies. The Company completed its annual assessment for impairment during the fourth quarter of 2007 and 2006, respectively, and determined that goodwill had not been impaired. In accordance with the provisions of SFAS No. 142, the Company does not amortize goodwill.

The intangible assets include trademark totaling \$20,000 and customer relationships (database) totaling \$130,000. The trademark has been determined to have a useful life of five years and the customer relationships have been determined to have a useful life of 15 years, and are being amortized using the straight-line method. Amortization expense for the twelve months ended December 31, 2007, and 2006 was approximately \$12,667 and \$12,317, respectively. Estimated annual amortization expense for each of the years ending December 31, 2008 and 2009 is approximately \$12,667, for the year ending December 31, 2010 is approximately \$10,478, and for the years ending December 31, 2011 and 2012, is approximately \$8,667.

Investments in Subsidiaries - The Company has an investment in Atlantic City Country Club reflected in the accompanying financial statements using the equity method.

Financial Instruments - The carrying amount of receivables and all current liabilities approximates fair value due to their short-term nature. The fair value of a financial instrument is the amount at which the instrument could be exchanged in a current transaction between willing parties. After giving effect to their allowances, the Casino Reinvestment Development Authority ("CRDA") bonds and deposits approximately reflect their fair value based upon their below market interest rates.

Revenue Recognition - Casino revenues consist of the net win from gaming activities, which is the difference between gaming wins and losses. Food, beverage, rooms and other revenues include the aggregate amounts generated by those departments.

BALLY'S PARK PLACE, INC. (Bally's Atlantic City)
NOTES TO FINANCIAL STATEMENTS - AMENDED 4/29/2008
(Unaudited)
(All dollar amounts in thousands)

Total Rewards Program Liability - Harrah's customer loyalty program, Total Rewards, offers incentives to customers who gamble at the Company's property and certain affiliate casinos throughout the United States. Under the program, customers are able to accumulate, or bank, Reward Credits over time that they may redeem at their discretion under the terms of the program. The Reward Credit balance will be forfeited if the customer does not earn a Reward Credit over the prior six-month period. As a result of the ability of the customer to bank the Reward Credits, the Company accrues the expense of Reward Credits, after consideration of estimated breakage, as they are earned. The value of the cost to provide Reward Credits is expensed as the Reward Credits are earned and is included in Casino expense in the accompanying statements of income. To arrive at the estimated cost associated with Reward Credits, estimates and assumptions are made regarding incremental marginal costs of the benefits, breakage rates and the mix of goods and services for which Reward Credits will be redeemed. The Company uses historical data to assist in the determination of estimated accruals. At December 31, 2007 and 2006, \$4,580 and \$6,033, respectively, was accrued for the cost of anticipated Total Rewards credit redemptions.

In addition to Reward Credits, customers can earn points based on play that are redeemable in cash ("cash-back points"). The Company accrues the cost of cash-back points, after consideration of estimated breakage, as they are earned. The cost is recorded as contra-revenue and included in Casino promotional allowances in the accompanying statements of income. At December 31, 2007 and 2006, the liability related to outstanding cash-back points, which is based on historical redemption activity, was approximately \$1,871 and \$1,888, respectively

Casino Promotional Allowances - Casino promotional allowances consist of the retail value of complimentary food and beverages, accommodations, admissions and entertainment provided to casino patrons. Also included is the value of the coupons redeemed for cash at the property. The estimated costs of providing such complimentary services are classified as casino expenses in the accompanying statements of income. These costs consisted of the following at December 31:

	2007	2006
Rooms	\$ 16,396	\$ 14,843
Food and beverage	44,187	49,682
Other	<u>8,134</u>	<u>8,272</u>
	<u>\$ 68,717</u>	<u>\$ 72,797</u>

Income Taxes - The Company is included in the consolidated federal tax return of Harrah's and files a separate New Jersey tax return. The provision for federal income taxes is computed based on the statutory federal rate as if the Company had filed a separate income tax return. The provision for state taxes is based on the statutory New Jersey tax.

The Company adopted the provisions of FASB Interpretation No. 48, "Accounting for Uncertainty in Income Taxes – an interpretation of FASB Statement No. 109" ("FIN 48"), on January 1, 2007. As a result of the implementation of FIN 48, at January 1, 2007, the Company recognized approximately a \$3,118 increase in the net liability for unrecognized tax benefits, which was accounted for as a reduction to the January 1, 2007, balance of retained earnings.

BALLY'S PARK PLACE, INC. (Bally's Atlantic City)
NOTES TO FINANCIAL STATEMENTS - AMENDED 4/29/2008
(Unaudited)
(All dollar amounts in thousands)

Deferred income taxes reflect the net tax effects of temporary differences between the carrying amounts of assets and liabilities for financial reporting purposes and the amounts used for income tax purposes. The Income tax provision for the period of December 31 is as follows:

Income Tax Provision/(Benefit)	<u>2007</u>	<u>2006</u>
Federal:		
Current	27,690	21,395
Deferred	<u>(19,399)</u>	<u>620</u>
	<u>8,291</u>	<u>22,015</u>
State:		
Current	6,911	9,658
Deferred	<u>(3,242)</u>	<u>104</u>
	<u>3,669</u>	<u>9,762</u>
Total:		
Current	34,601	31,053
Deferred	<u>(22,641)</u>	<u>724</u>
	<u>11,960</u>	<u>31,777</u>

Significant Components of the company's deferred tax assets & liabilities for the period of December 31 are as follows (in thousands):

Net Deferred Tax Liability	<u>2007</u>	<u>2006</u>
Deferred tax assets:		
Self insurance reserves	3,182	74
Compensation programs	196	3,087
Allowance for doubtful accounts	3,301	2,666
Progressive jackpot liability	2,538	4,239
CRDA Investment Obligations	1,515	2,538
Contingencies	13,072	
Other	<u>856</u>	<u>3,407</u>
Total deferred tax asset	24,660	16,011

Deferred tax liability:

BALLY'S PARK PLACE, INC. (Bally's Atlantic City)
NOTES TO FINANCIAL STATEMENTS - AMENDED 4/29/2008
(Unaudited)
(All dollar amounts in thousands)

Depreciation and amortization	(74,274)	(83,092)
Intangibles	(48,095)	(53,269)
	(122,369)	(136,361)
Total deferred tax liability	(122,369)	(136,361)
	(97,709)	(120,350)
Net deferred tax liability	(97,709)	(120,350)

Use of estimates - The preparation of financial statements in conformity with accounting principles generally accepted in the United States of America requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities and disclosure of contingent assets and liabilities at the date of the financial statements and the amounts of revenue and expenses reported during the period. Actual results could differ from such estimates.

Reclassifications - Certain prior year balances have been reclassified to conform to the current year presentation.

NOTE 3 – RELATED PARTY TRANSACTIONS

The Company participates with HOC and its other subsidiaries in marketing, purchasing, insurance, employee benefit and other programs that are defined and negotiated by HOC on a consolidated basis. The Company believes that participating in these consolidated programs is beneficial in comparison to the terms for similar programs that it could negotiate on a stand-alone basis.

Cash Activity With HOC and Affiliates — The Company transfers cash in excess of its operating and regulatory needs to HOC on a daily basis. Cash transfers from HOC to the Company are also made based upon the needs to the Company to fund daily operations, including accounts payable and payroll, as well as capital expenditures. No interest is earned on the amount shown as due from affiliates, net, in the accompanying balance sheets.

Administrative and Other Services — The Company is charged a fee by HOC for administrative and other services (including consulting, legal, marketing, information technology, accounting, and insurance). The Company was charged approximately \$26,418 and \$19,825 for the years ended December 31, 2007 and 2006, respectively, for these services. The fee is included in other operating expenses in the accompanying statements of income.

Employee Benefit Plans — Employees of the Company participated in CEI's 401(k) savings

BALLY'S PARK PLACE, INC. (Bally's Atlantic City)
NOTES TO FINANCIAL STATEMENTS - AMENDED 4/29/2008
(Unaudited)
(All dollar amounts in thousands)

plans until January 1, 2007, when they became eligible to participate in HOC's plan. Under the CEI plans, employees could elect to make pretax contributions of up to 50% of their eligible earnings (five percent for certain executives). The Company matches 50% of the first six percent of the employees' contributions and an additional 25% for employees who had five or more years of service. Amounts contributed to the plan were invested, at the participant's direction, in up to 18 separate funds plus, effective January 2006, a Harrah's company stock fund. Participants become vested in the matching contributions over five years of credited service.

Under the HOC plan, participating employees may elect to contribute up to 50% of their eligible earnings. The Company fully matches 50% of the first six percent of the employees' contributions. Amounts contributed to the plan are invested, at the participant's direction, in up to 20 separate funds; prior to January 2008 this also included a Harrah's company stock fund. Participants become vested in the matching contributions over five years of credited service.

The Company's contribution expense was \$1,866 and \$2,826 for the years ended December 31, 2007 and 2006, respectively.

The Company also maintains deferred compensation plans and an Executive Supplemental Saving Plan under which certain employees of the Company may defer a portion of their compensation. The expenses charged by HOC to the Company for its employees' participation in these programs are included in the administrative and other services charge discussed above.

Certain employees of the Company are covered by union-sponsored, collectively bargained, multiemployer-defined benefit pension plans. The contributions and charges recorded for these plans were \$2,436 and \$3,243 for the years ended December 31, 2007 and 2006, respectively. Under the Employee Retirement Income Security Act, the Company may be liable for its share of unfunded liabilities, if any, if such plans are terminated. The Pension Plan's administrators do not provide sufficient information to enable the Company to determine their share, if any, of unfunded vested benefits.

Equity Incentive Awards — Harrah's maintains equity incentive awards plans in which employees of the Company may participate. Harrah's allocates an appropriate amount of cost for these awards to each subsidiary where employees participate.

Under these plans, non-qualified stock options, restricted stock, stock appreciation rights (SARs), performance shares, performance stock units, dividend equivalents, stock payments, deferred stock, restricted stock units, other stock-based awards and performance-based awards may be granted to employees or consultants of Harrah's and its subsidiaries, including the Company and members of Harrah's Board of Directors. In connection with the acquisition of Harrah's in January 2008 (see Note 11), outstanding SARs and stock options, whether vested or unvested, and unvested restricted stock were cancelled and converted into the right to receive cash. New equity incentive award plans are expected to replace the terminated plans.

Effective January 1, 2006, Harrah's adopted SFAS No. 123(R), *Share-Based Payment*, using the modified prospective application and, therefore, Harrah's results for prior periods were not restated and no expense was allocated to the Company. The effect of the adoption relates to the stock option and appreciation rights expense discussed in the following paragraphs.

Stock Options — Until January 2008 acquisition, stock option awards typically vested in equal

BALLY'S PARK PLACE, INC. (Bally's Atlantic City)
NOTES TO FINANCIAL STATEMENTS - AMENDED 4/29/2008
(Unaudited)
(All dollar amounts in thousands)

installments on January 1 following the grant date and on January 1 in each of the two subsequent years and allowed the option holder to purchase stock over specified periods of time, generally seven years from the date of grant, at a fixed price equal to the market value at the date of grant. The Company recognized approximately \$611 and \$586 for stock option expense in 2007 and 2006, respectively. This expense is included in selling, general, and administrative expenses in the accompanying statements of income.

Stock Appreciation Rights — Until the January 2008 acquisition, SARs typically vested in equal installments on June 30 of the year following the year of the grant and on June 30 in each of the two subsequent years. SARs allowed the holder to receive a payment, in stock, equal to the excess of the fair market value of a specified number of shares of stock on the date the SARs were exercised over an exercise price per share, which typically was the fair market value on the date the SARs were granted. The Company recognized approximately \$345 and \$113 for SARs expense in 2007 and 2006, respectively. This expense is included in selling, general, and administrative expenses in the accompanying statements of income.

Restricted Stock — Until the January 2008 acquisition, restricted share grants of Harrah's stock had restrictions that included, but were not limited to, the right to vote, receive dividends on or transfer the restricted stock. Restricted shares were subject to forfeiture during a specified period or periods prior to vesting. These shares issued generally vested in equal annual installments over a three year period. The compensation arising from a restricted stock grant was based upon the market price of Harrah's stock at the grant date. Such expense was deferred and amortized to expense over the vesting period. The Company recognized approximately \$ 485 and \$ 248 of compensation expense in 2007 and 2006, respectively, related to Harrah's restricted stock. This expense is included in selling, general, and administrative expenses in the accompanying statements of income.

Atlantic City Country Club — The net operating costs of ACCC are allocated to the Company as well as Caesars Atlantic City, Showboat Atlantic City and Harrah's Atlantic City, affiliates of the Company. The Company was charged approximately \$589 and \$671 for the years ended December 31, 2007 and 2006, respectively, for these services. The costs are included in other operating expenses in the accompanying statements of income

NOTE 4 – RECEIVABLES AND PATRONS' CHECKS

Receivables and patrons' checks as of December 31 consist of the following:

	2007	2006
Casino Receivable(Net of allowance for doubtful accounts-\$7,687 in 2007 and \$6,493 in 2006	\$8,630	\$7,918
Other(net of allowance for doubtful accounts of \$103 in 2007 and \$32 in 2006)	4,902	6,243
	\$13,532	\$14,161

BALLY'S PARK PLACE, INC. (Bally's Atlantic City)
NOTES TO FINANCIAL STATEMENTS - AMENDED 4/29/2008
(Unaudited)
(All dollar amounts in thousands)

NOTE 5- PREPAID EXPENSES AND OTHER CURRENT ASSETS

Prepaid Expense and Other Current Assets as of December 31 consist of the following:

	<u>2007</u>	<u>2006</u>
Tax Deferred Asset	\$ 22,159	\$ 10,172
Other	4,305	6,974
	<u>\$ 26,464</u>	<u>\$ 17,146</u>

NOTE 6 - INVESTMENTS, ADVANCES AND RECEIVABLES

Investments, advances and receivables as of December 31 consist of the following:

	<u>2007</u>	<u>2006</u>
Due from Harrah's	760,073	792,208
Investment in wholly owned subsidiaries(see Note 2): Atlantic City Country Club 1, LLC	14,398	14,398
Casino Reinvestment Development Authority Investment obligations(net of valuation reserves of \$24,754 in 2007 and 18,477 in 2006)	23,719	19,107
Jacobs Family Terrace mortgage receivable (Net of valuation reserves of \$250 in 2007 and 2006)	<u>395</u>	<u>586</u>
	\$798,585	\$826,299

The amounts due from Harrah's as of December 31 are unsecured and non-interest bearing.

NOTE 7- PROPERTY AND EQUIPMENT

Property and equipment as of December 31 consist of the following:

	<u>2007</u>	<u>2006</u>
Land	\$108,816	\$74,284
Buildings and Improvements	554,729	522,950
Furniture, Fixtures and Equipment	122,817	98,080
Construction in progress	10,556	26,187
	796,918	721,501
Less accumulated depreciation	<u>(94,494)</u>	<u>(55,179)</u>
	<u>\$702,424</u>	<u>\$666,322</u>

NOTE 8- OTHER ASSETS

BALLY'S PARK PLACE, INC. (Bally's Atlantic City)
NOTES TO FINANCIAL STATEMENTS - AMENDED 4/29/2008
(Unaudited)
(All dollar amounts in thousands)

Other assets as of December 31 consist of the following:

	<u>2007</u>	<u>2006</u>
Goodwill	\$309,104	\$310,874
Trademark(net of accumulated amortization of \$10,189 in 2007 and \$6,189 in 2006)	9,811	13,811
Intangible asset (net of accumulated amortization of \$22,076 in 2007 and \$13,409 in 2006)	107,924	116,591
Long term CRDA	4,046	4,553
Other	<u>57</u>	<u>1,724</u>
	<u>\$430,942</u>	<u>\$447,553</u>

See Note 2 for discussion of Goodwill and other intangible assets.

NOTE 9- OTHER ACCRUED EXPENSES

Other accrued expenses as of December 31 consist of the following:

	<u>2007</u>	<u>2006</u>
Accrued Payroll	\$ 15,728	\$ 17,694
Accrued Utilities	\$ 4,483	\$ 1,583
Accrued Interest	4,137	24,820
Other	<u>14,273</u>	<u>16,371</u>
	<u>\$ 38,621</u>	<u>\$ 60,468</u>

BALLY'S PARK PLACE, INC. (Bally's Atlantic City)
NOTES TO FINANCIAL STATEMENTS - AMENDED 4/29/2008
(Unaudited)
(All dollar amounts in thousands)

NOTE 10- LONG-TERM DEBT-DUE TO AFFILIATES AND OTHER

Long-term debt-due to affiliates and other as of December 31 consist of the following:

	<u>2007</u>	<u>2006</u>
Long Term debt due to affiliates:		
8.5% Note payable to Harrah's Entertainment Ltd. Finance Corporation ("HEL") Due Jan 1, 2009)	500,000	500,000
8.5% Note Payable To HEL due May 31,2011	33,500	33,500
8.5% Note Payable To HEL due May 31,2011	50,000	50,000
8.5% Note Payable To HEL due April 30, 2013	500	500
	<u>\$584,000</u>	<u>\$584,000</u>
Long-term debt-other:		
Other secured and Unsecured debt	<u>\$666</u>	<u>\$785</u>

On July 1, 2006, the four promissory notes formerly held by Caesars Entertainment Finance Corporation ("CEFC") were assigned to HEL. Neither the terms nor the amounts of debt were affected by this assignment. The only notable change resulting from the assignment was a change in the timing of interest payments. Prior to the assignment interest payments were made monthly. However, for subsequent tax years, interest payments will be remitted annually, payable in the following year. As of December 31, 2007 and 2006, accrued interest related to the four intercompany notes totaled \$4,137 and \$24,820, respectively. Since the notes are due to an affiliate, a determination of fair value is not considered meaningful.

NOTE 11- OTHER LIABILITIES – AMENDED 9/3/2008

Other liabilities as of December 31 consist of the following:

	<u>2007</u>	<u>2006</u>
Due to Affiliates	\$548,589	\$567,694
Retirement and Other Employee benefit plans	1,345	1,455
Other	31,691	25
	<u>\$581,625</u>	<u>\$569,174</u>

Due to Affiliates as of December 31 consisted of the following unsecured, non-interest bearing

BALLY'S PARK PLACE, INC. (Bally's Atlantic City)
NOTES TO FINANCIAL STATEMENTS - AMENDED 4/29/2008
(Unaudited)
(All dollar amounts in thousands)

intercompany amounts:

	2007	2006
Atlantic City Region	\$548,589	\$564,146
Other	-	3,548
	\$548,589	\$567,694

The Atlantic City Region consists of Harrah's casino licenses operating in Atlantic City, New Jersey.

NOTE 12 – COMMITMENTS AND CONTINGENCIES

Litigation - The Company is involved in various claims and legal actions arising in the ordinary course of business. In the opinion of management, these matters will not have a material effect on the Company's financial position or results of operations.

Insurance Reserve - The Company is self-insured for various levels of general liability coverage. Insurance claims and reserves include the accrual of estimated settlements for known and anticipated claims. Accrued expenses and other current liabilities in the accompanying balance sheets include insurance allowances of \$250 and \$155 as of December 31, 2007 and 2006, respectively. Actual results may differ from these reserve amounts.

CRDA Investment Obligation - The New Jersey Casino Control Act provides, among other things, for an assessment of licensees equal to 1.25% of their gross gaming revenues in lieu of an investment alternative tax equal to 2.5% of gross gaming revenues. The Company may satisfy this investment obligation by investing in qualified eligible direct investments, by making qualified contributions or by depositing funds with the CRDA. Funds deposited with the CRDA may be used to purchase bonds designated by the CRDA or, under certain circumstances, may be donated to the CRDA in exchange for credits against future CRDA investment obligations. CRDA bonds have terms up to 50 years and bear interest at below market rates. The Company includes CRDA investment bonds and funds on deposit in investments, advances, and receivables in the accompanying balance sheets totaling \$8,815 and \$11,223, respectively, at December 31, 2007 and \$9,886 and \$9,271, respectively, at December 31, 2006. The Company records charges to operations to reflect the estimated net realizable value of its CRDA investment.

The twelve Atlantic City casino properties (the "AC Industry") and the CRDA have entered into an agreement with the New Jersey Sports & Exposition Authority (the "NJSEA") to provide funding to subsidize New Jersey's horseracing industry. In exchange for this funding, the NJSEA and the three active New Jersey racetracks will not conduct any casino gaming at the racetracks prior to January, 1 2009. As part of the agreement, the AC Industry provides \$34,000 over a four year period to the NJSEA and must deposit another \$62,000 in the Casino Expansion Fund (managed by the CRDA). The \$62,000 will be derived from funds either currently on deposit or to be deposited with the CRDA pursuant to each casino property's investment obligation. The Company's obligation is

BALLY'S PARK PLACE, INC. (Bally's Atlantic City)
NOTES TO FINANCIAL STATEMENTS - AMENDED 4/29/2008
(Unaudited)
(All dollar amounts in thousands)

equal to its fair-share of AC Industry casino revenues. The Company estimates this commitment over the four year period to be \$4,800 the first payment of which was made November 2004. This amount will be charged to operations on a straight line basis through January 1, 2009. Once the Company meets its deposit obligation related to its fair share of the \$62,000, the Company is eligible to receive funds from the Casino Expansion Fund for qualified construction expenditures. The Company has until June 30, 2014 to submit an application to exhaust its share of the Casino Expansion Fund. Any funds not transferred out of the Casino Expansion Fund by the required date will be transferred to funds on deposit with the CRDA pursuant to its ongoing investment obligations.

The parent company of the issuer ("Debtor") of certain CRDA-backed bonds held by the Company is in Chapter 11 bankruptcy. Debtor is currently in active negotiations to sell its company and has an identified buyer. The CRDA is representing the interest of the casino industry, including the Company, in negotiations with Debtor to restructure the bonds. The face value of the bonds held by the Company is \$2,406, however, the Company maintains a reserve on these bonds and on all of its other CRDA-backed bonds. While it is probable the Company will be unable to collect all amounts due in accordance with the original contractual terms of the bond agreement, the Company has concluded that its reserves are currently adequate and will continue to monitor developments of this case.

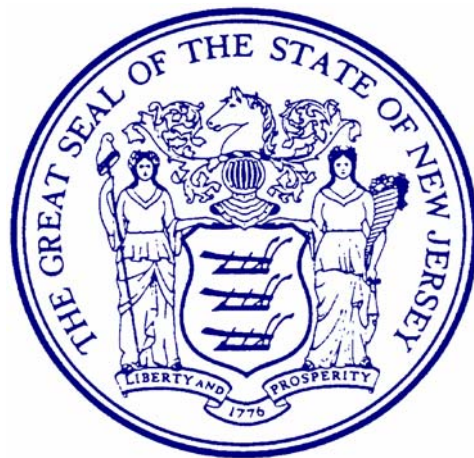
NOTE 13 - SUBSEQUENT EVENTS

On January 28, 2008, Harrah's was acquired by affiliates of Apollo Global Management, LLC and TPG Capital, L.P. in an all cash transaction, hereinafter referred to as the "Merger." The underlying assets acquired and liabilities assumed in the Merger will be revalued based upon their estimated fair values at the date of acquisition. The estimated fair values will be determined after review and consideration of relevant information including discounted cash flows analyses, quoted market prices and our own estimates. To the extent that the purchase price exceeds the fair value of the net identifiable tangible and intangible assets acquired, such excess will be allocated to goodwill. The purchase price allocation will be completed within one year of the acquisition, and the purchase price will be pushed-down to the applicable reporting unit. Financial statements of the Company, subsequent to the Merger, may be significantly different from the Company's pre-Merger financial statements.

Bally's Park Place Inc. (Bally's Atlantic City)
ANNUAL FILINGS

FOR THE YEAR ENDED DECEMBER 31, 2007

**SUBMITTED TO THE
CASINO CONTROL COMMISSION
OF THE
STATE OF NEW JERSEY**



**DIVISION OF FINANCIAL EVALUATION
REPORTING MANUAL**

Bally's Park Place Inc. (Bally's Atlantic City)
SCHEDULE OF RECEIVABLES AND PATRONS' CHECKS
 FOR THE YEAR ENDED DECEMBER 31, 2007

(UNAUDITED)
 (\$ IN THOUSANDS)

ACCOUNTS RECEIVABLE BALANCES				
Line (a)	Description (b)	Account Balance (c)	Allowance (d)	Accounts Receivable (Net of Allowance) (e)
	Patrons' Checks:			
1	Undeposited Patrons' Checks.....	\$6,830		
2	Returned Patrons' Checks.....	9,488		
3	Total Patrons' Checks.....	16,318	\$7,687	\$8,631
4	Hotel Receivables.....	1,581	103	\$1,478
	Other Receivables:			
5	Receivables Due from Officers and Employees....	818		
6	Receivables Due from Affiliates.....	-		
7	Other Accounts and Notes Receivables.....	2,605		
8	Total Other Receivables.....	3,423		\$3,423
9	Totals (Form CCC-205).....	\$21,322	\$7,790	\$13,532

UNDEPOSITED PATRONS' CHECKS ACTIVITY		
Line (f)	Description (g)	Amount (h)
10	Beginning Balance (January 1).....	\$6,901
11	Counter Checks Issued.....	175,759
12	Checks Redeemed Prior to Deposit.....	(134,300)
13	Checks Collected Through Deposits.....	(33,171)
14	Checks Transferred to Returned Checks.....	(8,359)
15	Other Adjustments.....	
16	Ending Balance.....	\$6,830
17	"Hold" Checks Included in Balance on Line 16.....	0
18	Provision for Uncollectible Patrons' Checks.....	\$2,316
19	Provision as a Percent of Counter Checks Issued.....	1.3%

Bally's Park Place Inc. (Bally's Atlantic City)

EMPLOYMENT AND PAYROLL REPORT

AT DECEMBER 31, 2007

(\$ IN THOUSANDS)

Line (a)	Department (b)	Number of Employees (c)	Salaries and Wages		
			Other Employees (d)	Officers & Owners (e)	Totals (f)
	CASINO:				
1	Table and Other Games	1,469			
2	Slot Machines	189			
3	Administration	13			
4	Casino Accounting	313			
5	Simulcasting				
6	Other	137			
7	Total - Casino	2,121	\$60,483	\$428	\$60,911
8	ROOMS	523	13,615	178	13,793
9	FOOD AND BEVERAGE	1,576	30,960	268	31,228
10	GUEST ENTERTAINMENT	179	1,708		1,708
11	MARKETING	12	395	277	672
12	OPERATION AND MAINTENANCE	523	17,242		17,242
	ADMINISTRATIVE AND GENERAL:				
13	Executive Office	21	229	1,513	1,742
14	Accounting and Auditing	121	3,970		3,970
15	Security	361	10,800		10,800
16	Other Administrative and General	134	5,334	226	5,560
	OTHER OPERATED DEPARTMENTS:				
17	PBX	30	721		721
18					0
19					0
20					0
21					0
22					0
23	TOTALS - ALL DEPARTMENTS	5,601	\$145,457	\$2,890	\$148,347

BALLY'S ATLANTIC CITY

ANNUAL GROSS REVENUE TAX RETURN

FOR THE YEAR ENDED DECEMBER 31, 2007

Line

GROSS REVENUE:	
1.	Table and Other Games..... \$ 178,477,792
2.	Slot Machines 462,939,908
3.	Total Gross Revenue..... <u>641,417,700</u>
4.	Adjustments..... _____
5.	Taxable Gross Revenue (line 3 plus line 4)..... <u>641,417,700</u>
6.	Tax on Gross Revenue - Reporting Year (8% of line 5)..... <u>51,313,416</u>
7.	Audit or Other Adjustments to Tax on Gross Revenues in Prior Years <u>505</u>
8.	Total Taxes on Gross Revenue (the sum of lines 6 and 7)..... <u>51,313,921</u>
9.	Total Deposits Made for Tax on Reporting Year's Gross Revenue..... <u>(51,313,416)</u>
Settlement of Prior Years' Tax on Gross Revenue	
10.	Resulting from Audit or Other Adjustments - (Deposits) Credits <u>(505)</u>
11.	Gross Revenue Taxes Payable (the net of lines 8, 9 and 10) <u>\$ -</u>

Under penalties of perjury, I declare that I have examined this Annual Gross Revenue Tax Return and to the best of my knowledge and belief, the information contained in this return is accurate.

March 12, 2008

Date



William Pangoras

Operations Controller (1792-11)

Title (License Number)