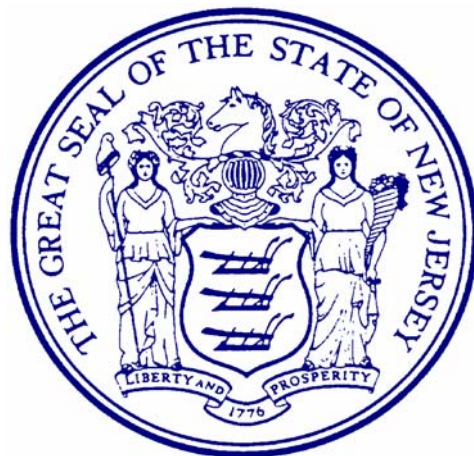


Bally's Park Place, Inc. (Bally's Atlantic City)

QUARTERLY REPORT

FOR THE QUARTER ENDED DECEMBER 31, 2008

**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, 2008 AND 2007

(UNAUDITED)

(\$ IN THOUSANDS)

Line (a)	Description (b)	Notes	2008 (c)	2007 (d)
	<u>ASSETS:</u>			
	Current Assets:			
1	Cash and Cash Equivalents.....		\$27,958	\$30,131
2	Short-Term Investments.....		0	0
3	Receivables and Patrons' Checks (Net of Allowance for Doubtful Accounts - 2008, \$9,185; 2007, \$7,790).....	4	13,213	13,532
4	Inventories		2,543	852
5	Other Current Assets.....	5	14,358	26,464
6	Total Current Assets.....		58,072	70,979
7	Investments, Advances, and Receivables.....	2,6	448,314	798,585
8	Property and Equipment - Gross.....	7	829,423	796,918
9	Less: Accumulated Depreciation and Amortization.....	7	(31,723)	(94,494)
10	Property and Equipment - Net.....	7	797,700	702,424
11	Other Assets.....	8	32,446	430,942
12	Total Assets.....		\$1,336,532	\$2,002,930
	<u>LIABILITIES AND EQUITY:</u>			
	Current Liabilities:			
13	Accounts Payable.....		\$9,221	\$10,415
14	Notes Payable.....		0	0
	Current Portion of Long-Term Debt:			
15	Due to Affiliates.....		0	0
16	External.....		1,330	64
17	Income Taxes Payable and Accrued.....		0	354
18	Other Accrued Expenses.....	9	73,088	38,621
19	Other Current Liabilities.....		2,820	3,174
20	Total Current Liabilities.....		86,459	52,628
	Long-Term Debt:			
21	Due to Affiliates.....	10	584,000	584,000
22	External.....	10	2,574	666
23	Deferred Credits		116,463	119,868
24	Other Liabilities.....	11	34,002	581,625
25	Commitments and Contingencies.....	13	0	0
26	Total Liabilities.....		823,498	1,338,787
27	Stockholders', Partners', or Proprietor's Equity.....		513,034	664,143
28	Total Liabilities and Equity.....		\$1,336,532	\$2,002,930

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

Amended 4/30/2009

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

FOR THE TWELVE MONTHS ENDED DECEMBER 31, 2008 AND 2007

(UNAUDITED)
(\$ IN THOUSANDS)

Line (a)	Description (b)	Notes	2008 (c)	2007 (d)
	Revenue:			
1	Casino.....		\$564,580	\$643,720
2	Rooms.....		52,195	62,290
3	Food and Beverage.....		73,843	80,559
4	Other.....		18,569	23,078
5	Total Revenue.....		709,187	809,647
6	Less: Promotional Allowances.....		159,649	187,299
7	Net Revenue.....		549,538	622,348
	Costs and Expenses:			
8	Cost of Goods and Services.....		366,538	390,820
9	Selling, General, and Administrative.....		50,379	68,081
10	Provision for Doubtful Accounts.....		3,068	2,535
11	Total Costs and Expenses.....		419,985	461,436
12	Gross Operating Profit.....		129,553	160,912
13	Depreciation and Amortization.....		37,791	54,239
	Charges from Affiliates Other than Interest:			
14	Management Fees.....		0	0
15	Other.....	3	24,976	26,418
16	Income (Loss) from Operations.....		66,786	80,255
	Other Income (Expenses):			
17	Interest Expense - Affiliates.....		(49,640)	(49,640)
18	Interest Expense - External.....		(150)	(181)
19	CRDA Related Income (Expense) - Net.....		(2,505)	(5,267)
20	Nonoperating Income (Expense) - Net.....		(92,681)	217
21	Total Other Income (Expenses).....		(144,976)	(54,871)
22	Income (Loss) Before Taxes and Extraordinary Items.....		(78,190)	25,384
23	Provision (Credit) for Income Taxes.....	12	7,947	11,960
24	Income (Loss) Before Extraordinary Items.....		(86,137)	13,424
25	Extraordinary Items (Net of Income Taxes - 20__, \$0; 20__, \$0).....			
26	Net Income (Loss).....		(\$86,137)	\$13,424

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 INCOME

FOR THE THREE MONTHS ENDED DECEMBER 31, 2008 AND 2007

(UNAUDITED)
(\$ IN THOUSANDS)

Line (a)	Description (b)	Notes	2008 (c)	2007 (d)
	Revenue:			
1	Casino.....		\$118,750	\$146,295
2	Rooms.....		11,712	14,619
3	Food and Beverage.....		15,896	17,182
4	Other.....		3,783	5,132
5	Total Revenue.....		150,141	183,228
6	Less: Promotional Allowances.....		36,339	39,163
7	Net Revenue.....		113,802	144,065
	Costs and Expenses:			
8	Cost of Goods and Services.....		84,912	102,809
9	Selling, General, and Administrative.....		8,605	6,651
10	Provision for Doubtful Accounts.....		967	928
11	Total Costs and Expenses.....		94,484	110,388
12	Gross Operating Profit.....		19,318	33,677
13	Depreciation and Amortization.....		9,365	14,004
	Charges from Affiliates Other than Interest:			
14	Management Fees.....		0	0
15	Other.....	3	5,918	6,323
16	Income (Loss) from Operations.....		4,035	13,350
	Other Income (Expenses):			
17	Interest Expense - Affiliates.....		(12,410)	(12,410)
18	Interest Expense - External.....		(80)	(37)
19	CRDA Related Income (Expense) - Net.....		88	(1,351)
20	Nonoperating Income (Expense) - Net.....		(92,260)	(411)
21	Total Other Income (Expenses).....		(104,662)	(14,209)
22	Income (Loss) Before Taxes and Extraordinary Items.....		(100,627)	(859)
23	Provision (Credit) for Income Taxes.....		(2,190)	2,869
24	Income (Loss) Before Extraordinary Items.....		(98,437)	(3,728)
25	Extraordinary Items (Net of Income Taxes - 20__, \$____; 20__, \$_____).....			
26	Net Income (Loss).....		(\$98,437)	(\$3,728)

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, 2008 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, 2006.....		100	\$1	0	\$0	\$597,787	\$0	\$56,049	\$653,837
2	Net Income (Loss) - 2007.....								13,424	13,424
3	Contribution to Paid-in-Capital.....									0
4	Dividends.....									0
5	Prior Period Adjustments.....									0
6	Cummulative Effect of Adoption									0
7	of FIN 48 on January 1, 2007								(3,118)	(3,118)
8										0
9										0
10	Balance, December 31, 2007.....		100	1	0	0	597,787	0	66,355	664,143
11	Net Income (Loss) - 2008.....								(86,137)	(86,137)
12	Contribution to Paid-in-Capital.....									0
13	Dividends.....									0
14	Prior Period Adjustments.....									0
15	Acquisition by TPG/Apollo								(64,972)	(64,972)
16										0
17										0
18										0
19	Balance, December 31, 2008		100	\$1	0	\$0	\$597,787	\$0	(\$84,754)	\$513,034

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, 2008 AND 2007

(UNAUDITED)

(\$ IN THOUSANDS)

Line (a)	Description (b)	Notes	2008 (c)	2007 (d)
1	CASH PROVIDED (USED) BY OPERATING ACTIVITIES..		\$2,518	\$35,678
	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.....		(34,616)	(77,029)
5	Proceeds from Disposition of Property and Equipment.....		16	375
6	CRDA Obligations		(7,268)	(8,044)
7	Other Investments, Loans and Advances made.....		0	0
8	Proceeds from Other Investments, Loans, and Advances			140
9	Cash Outflows to Acquire Business Entities.....		0	0
10				0
11				0
12	Net Cash Provided (Used) By Investing Activities.....		(41,868)	(84,558)
	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.....		(120)	(106)
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		37,297	30,351
22				
23	Net Cash Provided (Used) By Financing Activities.....		37,177	30,245
24	Net Increase (Decrease) in Cash and Cash Equivalents.....		(2,173)	(18,635)
25	Cash and Cash Equivalents at Beginning of Period.....		30,131	48,766
26	Cash and Cash Equivalents at End of Period.....		\$27,958	\$30,131
	CASH PAID DURING PERIOD FOR:			
27	Interest (Net of Amount Capitalized).....		\$123	\$70,323
28	Income Taxes.....		\$2,250	\$2,662

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, 2008 AND 2007

(UNAUDITED)

(\$ IN THOUSANDS)

Line (a)	Description (b)	Notes	2008 (c)	2007 (d)
	CASH FLOWS FROM OPERATING ACTIVITIES:			
29	Net Income (Loss).....		(\$86,137)	\$13,424
30	Depreciation and Amortization of Property and Equipment.....		34,985	41,572
31	Amortization of Other Assets.....		2,806	12,667
32	Amortization of Debt Discount or Premium.....			
33	Deferred Income Taxes - Current			1,699
34	Deferred Income Taxes - Noncurrent		3,832	(11,268)
35	(Gain) Loss on Disposition of Property and Equipment.....		262	201
36	(Gain) Loss on CRDA-Related Obligations.....		2,505	5,267
37	(Gain) Loss from Other Investment Activities.....		0	0
38	(Increase) Decrease in Receivables and Patrons' Checks		319	629
39	(Increase) Decrease in Inventories		(1,691)	99
40	(Increase) Decrease in Other Current Assets.....		12,106	2,055
41	(Increase) Decrease in Other Assets.....		0	2,174
42	Increase (Decrease) in Accounts Payable.....		(1,194)	(6,246)
43	Increase (Decrease) in Other Current Liabilities		33,759	(23,405)
44	Increase (Decrease) in Other Liabilities		966	(3,190)
45				
46				
47	Net Cash Provided (Used) By Operating Activities.....		\$2,518	\$35,678

SUPPLEMENTAL DISCLOSURE OF CASH FLOW INFORMATION

	ACQUISITION OF PROPERTY AND EQUIPMENT:			
48	Additions to Property and Equipment.....		(\$37,910)	(\$77,029)
49	Less: Capital Lease Obligations Incurred.....		3,294	
50	Cash Outflows for Property and Equipment.....		(\$34,616)	(\$77,029)
	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, 2008

(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	1,188,122	\$32,612		
2	Food	2,045,158	30,392		
3	Beverage	8,347,852	16,696		
4	Travel	0	0	16,250	2,640
5	Bus Program Cash	857,272	17,266		
6	Promotional Gaming Credits	70,532	2,441		
7	Complimentary Cash Gifts	1,583,271	53,120		
8	Entertainment	188,128	939		
9	Retail & Non-Cash Gifts	121,236	5,155		
10	Parking	0	0		
11	Other	13,810	1,028	96,223	4,650
12	Total	14,415,381	\$159,649	112,473	\$7,290

FOR THE THREE MONTHS ENDED DECEMBER 31, 2008

Line (a)	Description (b)	Promotional Allowances		Promotional Expenses	
		Number of Recipients (c)	Dollar Amount (d)	Number of Recipients (e)	Dollar Amount (f)
1	Rooms	276,640	\$7,632		
2	Food	475,593	7,068		
3	Beverage	1,774,259	3,549		
4	Travel	0	0	3,837	624
5	Bus Program Cash	180,659	3,488		
6	Promotional Gaming Credits	70,425	2,438		
7	Complimentary Cash Gifts	359,357	10,739		
8	Entertainment	10,986	53		
9	Retail & Non-Cash Gifts	30,283	1,106		
10	Parking	0	0		
11	Other	2,887	266	22,612	1,243
12	Total	3,181,089	\$36,339	26,449	\$1,867

*No item in this category (Other) exceeds 5%.

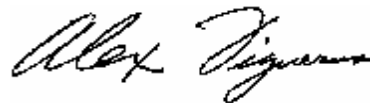
Bally's Park Place, Inc. (Bally's Atlantic City)
STATEMENT OF CONFORMITY,
ACCURACY, AND COMPLIANCE

FOR THE QUARTER ENDED DECEMBER 31, 2008

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.

3/31/2009

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) Amended 4/30/2009
NOTES TO FINANCIAL STATEMENTS
(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 five years with the current license expiring June 2013.

NOTE 2 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Acquisition - 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." As a result of the Merger, the assets acquired and liabilities assumed in the Merger were revalued based upon their estimated fair values at the date of acquisition. The estimated fair values were determined after review and consideration of relevant information including discounted cash flows analyses, quoted market prices and Harrah's own estimates. The purchase price that exceeds the fair value of the net identifiable tangible and intangible assets acquired was allocated to goodwill.

For purposes of this regulatory filing, adjustments to the historical assets of the Company were reflected on December 31, 2008 and in its Statement of Income and Statement of Cash Flows for the year ended December 31, 2008. The operations of the Company for the periods prior to January 28, 2008 are considered the "Predecessor Company." The operations of the Company for the period from January 28, 2008 are referred to in these financial statements as the "Company." The Company's balance sheet, statements of income and statements of cash flow are not comparable to the Predecessor Company. The Company has assumed all Predecessor Company's obligations.

The Merger has generated non-cash transactions as of January 28, 2008 as follows:

Land, buildings and equipment	92,039
Trademark	(9,521)
Intangible assets	(82,595)
Goodwill	(309,104)
Deferred income taxes	4,215
Retained Earnings	(64,972)

BALLY'S PARK PLACE, INC. (Bally's Atlantic City) Amended 4/30/2009
NOTES TO FINANCIAL STATEMENTS
(Unaudited)
(All dollar amounts in thousands)

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.

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

Land, Buildings and Equipment - Land, buildings, and equipment were stated at cost, through January 27, 2008 and revalued to fair value on January 28, 2008 in connection with the Merger, 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	5 to 40 years
Furniture, fixtures and equipment	3 to 12 years

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 – The Company accounts for goodwill and other intangible assets in accordance with SFAS No. 42, which provides guidance regarding the recognition and measurement of intangible assets, eliminates the amortization of certain intangibles and requires assessment for impairment of intangible assets that are subject to amortization at least annually. We complete our annual assessment for impairment in the fourth quarter each year. Our 2008 analysis reflected factors impacted by current market conditions, including lower valuation multiples for gaming assets, higher discount rates resulting from on-going turmoil in the credit markets and the completion of our annual budget and forecasting process, and indicated that our goodwill and other nonamortizing intangible assets were impaired. A charge of \$85,260 was recorded to our Statements of Income in the fourth quarter 2008 and reflected in Nonoperating Income (Expense).

The annual evaluation of goodwill requires use of estimates about future operating results, valuation multiples and discount rates to determine their estimated fair value. Changes in these assumptions can materially affect these estimates. Once an impairment of goodwill or other intangible assets has

BALLY'S PARK PLACE, INC. (Bally's Atlantic City) Amended 4/30/2009
NOTES TO FINANCIAL STATEMENTS
(Unaudited)
(All dollar amounts in thousands)

been recorded, it can not be reversed.

The intangible assets include customer relationship (database) totaling \$24,700 with a useful life of 12 years and are being amortized using the straight-line method. Previous to the Merger, the Predecessor Company maintained a trademark totaling \$20,000 and customer relationships (database) totaling \$130,000. The trademark was determined to have a useful life of five years and the customer relationships were determined to have a useful life of 15 years, and were being amortized using the straight-line method. Amortization expense for the twelve months ended December 31, 2008, and 2007 was \$2,806 and \$12,667 respectively. Estimated annual amortization expense for the years ending December 31, 2009, 2010 and 2011 is approximately \$2,058.

Investments in Subsidiaries - The Company has an investment in Atlantic City Country Club 1, LLC ("ACCC") 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.

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, 2008 and 2007, \$4,561 and \$4,580, 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, 2008 and 2007, the liability related to outstanding cash-back points, which is based on historical redemption activity, was approximately \$1,544 and \$1,871, respectively.

BALLY'S PARK PLACE, INC. (Bally's Atlantic City) Amended 4/30/2009
NOTES TO FINANCIAL STATEMENTS
(Unaudited)
(All dollar amounts in thousands)

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 gaming credits or 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:

	2008	2007
Rooms	\$ 13,549	\$ 16,396
Food and Beverage	39,744	44,187
Other	5,976	8,134
Bus Program Cash	17,266	21,242
Promotional Gaming Credits	2,441	-
Complimentary Cash Gifts	53,120	62,742
	<u>\$ 132,096</u>	<u>\$ 152,701</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.

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 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.

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.

Seasonal factors – The Company's operations are subject to seasonal factors and, therefore, the results of operations of the three months ended December 31, 2008 and 2007 are not necessarily indicative of the results of operations for the full year.

Recently Issued Pronouncements - In September 2006, the FASB issued SFAS No. 157, "Fair Value Measurements," which defines fair value, establishes a framework for measuring fair value and expands disclosures about fair value measurements. SFAS No. 157 applies under other accounting pronouncements that require or permit fair value measurements, but it does not require

BALLY'S PARK PLACE, INC. (Bally's Atlantic City) Amended 4/30/2009
NOTES TO FINANCIAL STATEMENTS
(Unaudited)
(All dollar amounts in thousands)

any new fair value measurements. The provisions of SFAS No. 157 were to be effective for fiscal years beginning after November 15, 2007, and interim periods within those fiscal years. In February 2008, the FASB issued Staff Position ("FSP") No. 157-2, "Effective Date of FASB Statement No. 157." FSP No. 157-2 defers the effective date of SFAS No. 157 to fiscal years beginning after November 15, 2008, and interim periods within those fiscal years for non-financial assets and non-financial liabilities, except for items that are recognized or disclosed at fair value in an entity's financial statements on a recurring basis (at least annually). Also in February 2008, the FASB issued FSP No. 157-1, "Application of FASB Statement No. 157 to FASB Statement No. 13 and Other Accounting Pronouncements That Address Fair Value Measurements for Purposes of Lease Classification or Measurement Under Statement 13." FSP No. 157-1 excludes SFAS No. 13, "Accounting for Leases," and other accounting pronouncements that address fair value measurements for purposes of lease classification or measurement under SFAS No. 13. We adopted the required provisions of SFAS No. 157 on January 1, 2008. The required provisions did not have a material impact on our financial statements.

In February 2007, the FASB issued SFAS No. 159, "The Fair Value Option for Financial Assets and Financial Liabilities-including an amendment of SFAS No. 115," which permits an entity to measure certain financial assets and financial liabilities at fair value. Entities that elect the fair value option will report unrealized gains and losses in earnings at each subsequent reporting date. SFAS No. 159 was effective as of January 1, 2008. At this time, we have not adopted the fair value option for assets and liabilities; however, future events and circumstances may impact that decision.

In December 2007, the FASB issued SFAS No. 141 (Revised 2007), "Business Combinations." SFAS No. 141(R) will significantly change the accounting for business combinations. Under SFAS No. 141(R), an acquiring entity will be required to recognize all the assets acquired and liabilities assumed in a transaction at the acquisition-date fair value with limited exceptions. SFAS No. 141(R) will change the accounting treatment for certain specific items, including:

- Acquisition costs will be generally expensed as incurred;

- Assets that an acquirer does not intend to use will be recorded at fair value reflecting the assets' highest and best use;

- Noncontrolling interests (formerly known as "minority interests" — see Statement 160 discussion below) will be valued at fair value at the acquisition date;

- Acquired contingent liabilities will be recorded at fair value at the acquisition date and subsequently measured at either the higher of such amount or the amount determined under existing guidance for non-acquired contingencies;

- In-process research and development will be recorded at fair value as an indefinite-lived intangible asset at the acquisition date;

- Restructuring costs associated with a business combination will be generally expensed subsequent to the acquisition date; and

- Changes in deferred tax asset valuation allowances and income tax uncertainties after the acquisition date generally will affect income tax expense.

SFAS No. 141(R) also includes a substantial number of new disclosure requirements. SFAS No. 141(R) applies prospectively to business combinations for which the acquisition date is on

BALLY'S PARK PLACE, INC. (Bally's Atlantic City) Amended 4/30/2009
NOTES TO FINANCIAL STATEMENTS
(Unaudited)
(All dollar amounts in thousands)

or after the beginning of the first annual reporting period beginning on or after December 15, 2008. Earlier adoption is prohibited. We are currently evaluating the impact of this statement on our financial statements.

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 \$24,976 and \$26,418 for the twelve months ended December 31, 2008 and 2007, respectively, for these services. The fee is included in charges from affiliates in the accompanying statements of income.

Employee Benefit Plans — Employees of the Company participated in HOC's 401(k) savings plan. 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 \$ 1,763 and \$1,866 for the years ended December 31, 2008 and 2007, respectively. . In February 2009, Harrah's announced suspension of the employers match for all participating employees, where allowed by law or not in violation of an existing agreement.

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 \$4,643 and \$2,436 for the years ended December 31, 2008 and 2007, 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

BALLY'S PARK PLACE, INC. (Bally's Atlantic City) Amended 4/30/2009
NOTES TO FINANCIAL STATEMENTS
(Unaudited)
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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, 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. 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 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 \$35 and \$611 for stock option expense in 2008 and 2007, 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 \$17 and \$345 for SARs expense in 2008 and 2007, 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 \$ 53 and \$ 485 of compensation expense in 2008 and 2007, respectively, related to Harrah's restricted stock. This expense is included in selling, general, and administrative expenses in the accompanying statements of income.

Equity Award Options – In February 2008, Harrah's Board of Directors approved and adopted the Harrah's Entertainment, Inc. Management Equity Incentive Plan (the "Equity Plan"). The Equity Plan authorizes equity award options to be granted to management, other personnel, and key service providers. Grants may be either shares of time based options or shares of performance based options, or a combination. Time based options generally vest in equal

BALLY'S PARK PLACE, INC. (Bally's Atlantic City) Amended 4/30/2009
NOTES TO FINANCIAL STATEMENTS
(Unaudited)
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increments of 20% on each of the first five anniversaries of the grant date. The performance based options vest based on the investment returns of Harrah's stockholders. One half of the performance based options become eligible to vest upon the stockholders receiving cash proceeds equal to two times their amount vested, and one half of the performance based options become eligible to vest upon the stockholders receiving cash proceeds equal to three times their amount vested subject to certain conditions and limitations. In addition, the performance based options may vest earlier at lower thresholds upon liquidity events prior to December 31, 2009 and 2011, as well as pro rata, in certain circumstances. The company recognized \$ 288 for equity award options in 2008.

Atlantic City Country Club 1, LLC. — 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 \$306 and \$589 for the twelve months ended December 31, 2008 and 2007, respectively, for these services. The costs are included in other selling general & administrative 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:

	2008	2007
Casino Receivable (Net of allowance for doubtful accounts-\$9,091 in 2008 and \$7,687 in 2007)	\$ 8,641	\$ 8,630
Other (Net of allowance for doubtful accounts of \$94 in 2008 and \$103 in 2007)	4,572	4,902
	<u>\$ 13,213</u>	<u>\$ 13,532</u>

NOTE 5- OTHER CURRENT ASSETS

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

	2008	2007
Tax Deferred Asset	\$ 5,854	\$ 22,159
Other	8,504	4,305
	<u>\$ 14,358</u>	<u>\$ 26,464</u>

NOTE 6 - INVESTMENTS, ADVANCES AND RECEIVABLES

BALLY'S PARK PLACE, INC. (Bally's Atlantic City) Amended 4/30/2009
NOTES TO FINANCIAL STATEMENTS
(Unaudited)
(All dollar amounts in thousands)

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

	2008	2007
Due from Harrah's	\$ 411,663	\$ 760,073
Investment in wholly owned subsidiaries(see Note 2):		
Atlantic City Country Club 1, LLC	14,398	14,398
Casino Reinvestment Development Authority		
Investment obligations	21,963	23,719
(net of valuation reserves of \$22,100 in 2008 and \$24,754 in 2007)		
Jacobs Family Terrace mortgage receivable	290	395
(Net of valuation reserves of \$250 in 2008 and 2007)		
	<u>\$ 448,314</u>	<u>\$ 798,585</u>

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:

	2008	2007
Land	\$ 278,030	\$ 108,816
Buildings and Improvements	451,964	554,729
Furniture, Fixtures and Equipment	83,625	122,817
Construction in progress	15,804	10,556
	<u>\$ 829,423</u>	<u>\$ 796,918</u>
Less accumulated depreciation	<u>(31,723)</u>	<u>(94,494)</u>
	<u>\$ 797,700</u>	<u>\$ 702,424</u>

See Note 2 for discussion of fixed assets.

NOTE 8- OTHER ASSETS

BALLY'S PARK PLACE, INC. (Bally's Atlantic City)
NOTES TO FINANCIAL STATEMENTS Amended 4/30/2009
(Unaudited)
(All dollar amounts in thousands)

Other assets as of December 31 consist of the following:

	2008	2007
Intangible asset (net of accumulated amortization of \$1,887 in 2008 and \$22,076 in 2007)	\$ 22,813	309,104
Long Term CRDA	9,576	9,811
Other	57	107,924
Goodwill	-	4,046
Trademark(net of accumulated amortization of \$10,189 in 2007)	-	57
	<u>\$ 32,446</u>	<u>\$ 430,942</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:

	2008	2007
Accrued Payroll	\$ 10,665	\$ 15,728
Accrued Utilities	2,029	4,483
Accrued Interest	45,904	4,137
Other	14,490	14,273
	<u>\$ 73,088</u>	<u>\$ 38,621</u>

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:

	2008	2007
8.5% Note payable to Harrah's Entertainment Ltd. ("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>\$ 2,574</u>	<u>\$ 666</u>

On July 1, 2006, the four promissory notes formerly held by Caesars Entertainment Finance

BALLY'S PARK PLACE, INC. (Bally's Atlantic City) Amended 8/27/2009
NOTES TO FINANCIAL STATEMENTS
(Unaudited)
(All dollar amounts in thousands)

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, 2008 and 2007, accrued interest related to the four intercompany notes totaled \$45,904 and \$4,137 respectively. Since the notes are due to an affiliate, a determination of fair value is not considered meaningful.

Because the Company has both the intent and the ability to replace, and is in process of replacing, the promissory note with new long-term debt, the \$500,000 Promissory Note due January 1, 2009 is classified as long-term in the balance sheet as of December 31, 2008.

NOTE 11- OTHER LIABILITIES

Other liabilities as of December 31 consist of the following:

	2008	2007
Due to Affiliates	\$ -	\$ 548,589
Retirement and Other Employee benefit Plans	1,206	1,345
Other	32,796	31,691
	<u>\$ 34,002</u>	<u>\$ 581,625</u>

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

	2008	2007
Atlantic City Region	\$ -	\$ 548,589
Other	-	-
	<u>\$ -</u>	<u>\$ 548,589</u>

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

BALLY'S PARK PLACE, INC. (Bally's Atlantic City) Amended 4/30/2009
NOTES TO FINANCIAL STATEMENTS
(Unaudited)
(All dollar amounts in thousands)

NOTE 12- INCOME TAX PROVISION

Income Tax Provision/(Benefit)

	<u>2008</u>	<u>2007</u>
Federal:		
Current	503	27,690
Deferred	3,283	(19,399)
	<u>3,786</u>	<u>8,291</u>
State:		
Current	3,612	6,911
Deferred	549	(3,242)
	<u>4,161</u>	<u>3,669</u>
Total:		
Current	4,115	34,601
Deferred	3,832	(22,641)
	<u>7,947</u>	<u>11,960</u>

Net Deferred Tax Liability

	<u>2008</u>	<u>2007</u>
Deferred tax assets:		
Self insurance reserves	-	196
Compensation programs	1,301	3,301
Allowance for doubtful accounts	3,752	3,182
Progressive jackpot liability	-	1,515
CRDA Investment Obligations	2,538	2,538
Contingencies	12,433	13,072
Other	1,065	856
Total deferred tax asset	<u>21,089</u>	<u>24,660</u>
Deferred tax liability:		
Depreciation and amortization	(122,134)	(74,274)
Intangibles	(9,319)	(48,095)
Progressive jackpot liability	<u>(245)</u>	<u></u>
Total deferred tax liability	(131,698)	(122,369)
Net deferred tax liability	<u>(110,609)</u>	<u>(97,709)</u>

BALLY'S PARK PLACE, INC. (Bally's Atlantic City) Amended 4/30/2009
NOTES TO FINANCIAL STATEMENTS
(Unaudited)
(All dollar amounts in thousands)

NOTE 13 – 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 \$445 and \$250 as of December 31, 2008 and 2007, 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 \$14,804 and \$25,612, respectively, at December 31, 2008 and \$8,815 and \$11,223, respectively, at December 31, 2007. The Company records charges to operations to reflect the estimated net realizable value of its CRDA investment.

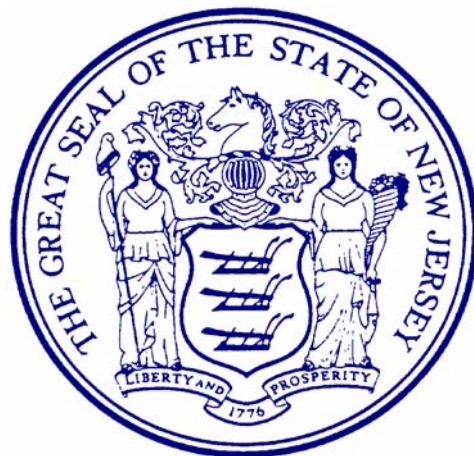
The twelve Atlantic City casino properties (the "AC Industry") and the CRDA have entered into agreement with the New Jersey Sports & Exposition Authority (the "NJSEA") to provide funding to subsidize New Jersey's horseracing industry. In exchange for this funding, the NJSEA and the three active New Jersey 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 equal to its fair-share of AC Industry casino revenues. The Company's obligation is being 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.

In August 2008, the AC Industry entered into a new agreement with the NJSEA that will provide \$90 million in funding to subsidize New Jersey's horseracing industry. The funding will be provided in installments through 2011. 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 December 31, 2011. The Company's obligation is equal to its fair-share of AC Industry casino revenues. The total commitment will be charged to operations on a straight line basis beginning January 2009 through December 31, 2011.

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

FOR THE YEAR ENDED DECEMBER 31, 2008

**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, 2008

(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.....	\$6,336		
2	Returned Patrons' Checks.....	11,396		
3	Total Patrons' Checks.....	17,732	\$9,091	\$8,641
4	Hotel Receivables.....	1,472	94	\$1,378
	Other Receivables:			
5	Receivables Due from Officers and Employees....	677		
6	Receivables Due from Affiliates.....	-		
7	Other Accounts and Notes Receivables.....	2,517		
8	Total Other Receivables.....	3,194		\$3,194
9	Totals (Form CCC-205).....	\$22,398	\$9,185	\$13,213

UNDEPOSITED PATRONS' CHECKS ACTIVITY		
Line (f)	Description (g)	Amount (h)
10	Beginning Balance (January 1).....	\$6,830
11	Counter Checks Issued.....	184,650
12	Checks Redeemed Prior to Deposit.....	(142,346)
13	Checks Collected Through Deposits.....	(34,364)
14	Checks Transferred to Returned Checks.....	(8,434)
15	Other Adjustments.....	
16	Ending Balance.....	\$6,336
17	"Hold" Checks Included in Balance on Line 16.....	0
18	Provision for Uncollectible Patrons' Checks.....	\$2,937
19	Provision as a Percent of Counter Checks Issued.....	1.6%

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

EMPLOYMENT AND PAYROLL REPORT

AT DECEMBER 31, 2008

(\$ 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	1,235			
2	Slot Machines	126			
3	Administration	11			
4	Casino Accounting	211			
5	Simulcasting				
6	Other	128			
7	Total - Casino	1,711	\$54,318	\$430	\$54,748
8	ROOMS	459	11,752	173	11,925
9	FOOD AND BEVERAGE	1,297	28,032	116	28,148
10	GUEST ENTERTAINMENT	196	1,355		1,355
11	MARKETING	18	626	275	901
12	OPERATION AND MAINTENANCE	458	15,863		15,863
	ADMINISTRATIVE AND GENERAL:				
13	Executive Office	20	170	1,331	1,501
14	Accounting and Auditing	102	3,749		3,749
15	Security	286	9,555		9,555
16	Other Administrative and General	187	6,071	274	6,345
	OTHER OPERATED DEPARTMENTS:				
17	PBX	25	657		657
18					0
19					0
20					0
21					0
22					0
23	TOTALS - ALL DEPARTMENTS	4,759	\$132,148	\$2,599	\$134,747

BALLY'S ATLANTIC CITY

ANNUAL GROSS REVENUE TAX RETURN

FOR THE YEAR ENDED DECEMBER 31, 2008

Line

CASINO WIN:	
1.	Table and Other Games..... <u>\$ 173,440,327</u>
2.	Slot Machines <u>394,629,796</u>
3.	Total Casino Win..... <u>568,070,123</u>
4.	Adjustments..... <u>-</u>
5.	Gross Revenue (line 3 plus line 4)..... <u>568,070,123</u>
6.	Deduction for Eligible Promotional Gaming Credits..... <u>5,522,734</u>
7.	Taxable Gross Revenue (line 5 minus line 6)..... <u>562,547,389</u>
8.	Tax on Gross Revenue - Reporting Year (8% of line 7)..... <u>45,003,791</u>
9.	Audit or Other Adjustments to Tax on Gross Revenues in Prior Years <u>-</u>
10.	Total Taxes on Gross Revenue (the sum of lines 8 and 9)..... <u>45,003,791</u>
11.	Total Deposits Made for Tax on Reporting Year's Gross Revenue..... <u>(45,003,791)</u>
12.	Settlement of Prior Years' Tax on Gross Revenue Resulting from Audit or Other Adjustments - (Deposits) Credits <u>-</u>
13.	Gross Revenue Taxes Payable (the net of lines 10, 11, and 12) <u>\$ 0</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.

03/10/09

Date



William Pangoras

Operations Controller/(1792-11)

Title (License Number)