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

FOR THE QUARTER ENDED JUNE 30, 2010

**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 JUNE 30, 2010 AND 2009

(UNAUDITED)
($ IN THOUSANDS)

Line (a)	Description (b)	Notes	2010 (c)	2009 (d)
	ASSETS:			
	Current Assets:			
1	Cash and Cash Equivalents		$16,175	$24,153
2	Short-Term Investments			
3	Receivables and Patrons' Checks (Net of Allowance for Doubtful Accounts - 2010, $8,654; 2009, $9,356)	4	11,288	11,362
4	Inventories		1,056	1,541
5	Other Current Assets	5	11,353	15,237
6	Total Current Assets		39,872	52,293
7	Investments, Advances, and Receivables	6	550,680	488,439
8	Property and Equipment - Gross	2,7	837,216	831,734
9	Less: Accumulated Depreciation and Amortization	2,7	(82,698)	(48,990)
10	Property and Equipment - Net	7	754,518	782,744
11	Other Assets	8	32,616	31,849
12	Total Assets		$1,377,686	$1,355,325
	LIABILITIES AND EQUITY:			
	Current Liabilities:			
13	Accounts Payable		$14,042	$9,878
14	Notes Payable			
	Current Portion of Long-Term Debt:			
15	Due to Affiliates			
16	External		1,316	1,243
17	Income Taxes Payable and Accrued		2,614	0
18	Other Accrued Expenses	9	145,585	95,981
19	Other Current Liabilities		2,064	2,077
20	Total Current Liabilities		165,621	109,179
	Long-Term Debt:			
21	Due to Affiliates	10	584,000	584,000
22	External	10	646	2,303
23	Deferred Credits		110,161	115,228
24	Other Liabilities	11	37,716	35,333
25	Commitments and Contingencies	12		
26	Total Liabilities		898,144	846,043
27	Stockholders', Partners', or Proprietor's Equity		479,542	509,282
28	Total Liabilities and Equity		$1,377,686	$1,355,325

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 SIX MONTHS ENDED JUNE 30, 2010 AND 2009

(UNAUDITED)
($ IN THOUSANDS)

Line (a)	Description (b)	Notes	2010 (c)	2009 (d)	
	Revenue:				
1	Casino		$219,092	$235,699	
2	Rooms		24,361	23,530	
3	Food and Beverage		34,638	32,857	
4	Other		7,462	7,027	
5	Total Revenue		285,553	299,113	
6	Less: Promotional Allowances		73,886	69,208	
7	Net Revenue		211,667	229,905	
	Costs and Expenses:				
8	Cost of Goods and Services		150,141	152,922	
9	Selling, General, and Administrative		22,195	23,574	*
10	Provision for Doubtful Accounts		263	2,249	
11	Total Costs and Expenses		172,599	178,745	
12	Gross Operating Profit		39,068	51,160	
13	Depreciation and Amortization		18,150	18,369	
	Charges from Affiliates Other than Interest:				
14	Management Fees				
15	Other	3	12,501	11,038	*
16	Income (Loss) from Operations		8,417	21,753	
	Other Income (Expenses):				
17	Interest Expense - Affiliates		(24,820)	(24,820)	
18	Interest Expense - External		(160)	(161)	
19	CRDA Related Income (Expense) - Net		(1,199)	(1,038)	
20	Nonoperating Income (Expense) - Net		383	(71)	
21	Total Other Income (Expenses)		(25,796)	(26,090)	
22	Income (Loss) Before Taxes and Extraordinary Items		(17,379)	(4,337)	
23	Provision (Credit) for Income Taxes		(5,213)	(585)	
24	Income (Loss) Before Extraordinary Items		(12,166)	(3,752)	
25	Extraordinary Items (Net of Income Taxes - 2010, $0; 2009, $0)				
26	Net Income (Loss)		($12,166)	($3,752)	

*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.

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

FOR THE THREE MONTHS ENDED JUNE 30, 2010 AND 2009

(UNAUDITED)
($ IN THOUSANDS)

Line (a)	Description (b)	Notes	2010 (c)	2009 (d)	
	Revenue:				
1	Casino		$112,772	$119,833	
2	Rooms		13,071	12,700	
3	Food and Beverage		18,780	17,688	
4	Other		3,926	3,736	
5	Total Revenue		148,549	153,957	
6	Less: Promotional Allowances		36,983	37,143	
7	Net Revenue		111,566	116,814	
	Costs and Expenses:				
8	Cost of Goods and Services		76,182	75,702	
9	Selling, General, and Administrative		11,887	12,574	*
10	Provision for Doubtful Accounts		(121)	952	
11	Total Costs and Expenses		87,948	89,228	
12	Gross Operating Profit		23,618	27,586	
13	Depreciation and Amortization		9,070	9,035	
	Charges from Affiliates Other than Interest:				
14	Management Fees				
15	Other	3	6,257	5,006	*
16	Income (Loss) from Operations		8,291	13,545	
	Other Income (Expenses):				
17	Interest Expense - Affiliates		(12,410)	(12,410)	
18	Interest Expense - External		(94)	(131)	
19	CRDA Related Income (Expense) - Net		(688)	(471)	
20	Nonoperating Income (Expense) - Net		182	185	
21	Total Other Income (Expenses)		(13,010)	(12,827)	
22	Income (Loss) Before Taxes and Extraordinary Items		(4,719)	718	
23	Provision (Credit) for Income Taxes		(997)	1,394	
24	Income (Loss) Before Extraordinary Items		(3,722)	(676)	
25	Extraordinary Items (Net of Income Taxes - 2010, $_____; 2009, $________)				
26	Net Income (Loss)		($3,722)	($676)	

*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.

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

FOR THE TWELVE MONTHS ENDED DECEMBER 31, 2009 AND THE SIX MONTHS ENDED JUNE 30, 2010

(UNAUDITED)
($ IN THOUSANDS)

Line (a)	Description (b)	Notes	Common Stock Shares (c)	Common Stock Amount (d)	Preferred Stock Shares (e)	Preferred Stock Amount (f)	Additional Paid-In Capital (g)	(h)	Retained Earnings (Accumulated Deficit) (i)	Total Stockholders' Equity (Deficit) (j)
1	**Balance, December 31, 2008..........**		100	$1	0	$0	$597,787	$0	($84,754)	$513,034
2	Net Income (Loss) - 2008.............								(5,949)	(5,949)
3	Contribution to Paid-in-Capital.....								0	0
4	Dividends.....................................								0	0
5	Prior Period Adjustments.............								0	0
6									0	0
7									0	0
8									0	0
9									0	0
10	**Balance, December 31, 2009..........**		100	1	0	0	597,787	0	(90,703)	507,085
11	Net Income (Loss) - 2010.............								(12,166)	(12,166)
12	Contribution to Paid-in-Capital.....								0	0
13	Dividends.....................................								0	0
14	Prior Period Adjustments.............								0	0
15	ASC 740 Adjustment	2							(15,377)	(15,377)
16									0	0
17									0	0
18									0	0
19	**Balance, March 31, 2010 ....**		100	$1	0	$0	$597,787	$0	($118,246)	$479,542

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 SIX MONTHS ENDED JUNE 30, 2010 AND 2009

(UNAUDITED)
($ IN THOUSANDS)

Line (a)	Description (b)	Notes	2010 (c)	2009 (d)
1	CASH PROVIDED (USED) BY OPERATING ACTIVITIES..		$40,185	$40,798
	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...........................		(5,505)	(2,833)
5	Proceeds from Disposition of Property and Equipment..........		0	0
6	CRDA Obligations		(2,745)	(3,270)
7	Other Investments, Loans and Advances made......................			
8	Proceeds from Other Investments, Loans, and Advances			
9	Cash Outflows to Acquire Business Entities..........................		0	0
10	....			
11	....			
12	Net Cash Provided (Used) By Investing Activities....................		(8,250)	(6,103)
	CASH FLOWS FROM FINANCING ACTIVITIES:			
13	Proceeds from Short-Term Debt			
14	Payments to Settle Short-Term Debt.....................................		0	0
15	Proceeds from Long-Term Debt			
16	Costs of Issuing Debt..			
17	Payments to Settle Long-Term Debt......................................		0	(87)
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		(39,045)	(38,413)
22	....			
23	Net Cash Provided (Used) By Financing Activities...................		(39,045)	(38,500)
24	Net Increase (Decrease) in Cash and Cash Equivalents.............		(7,110)	(3,805)
25	Cash and Cash Equivalents at Beginning of Period...................		23,285	27,958
26	Cash and Cash Equivalents at End of Period.............................		$16,175	$24,153

	CASH PAID DURING PERIOD FOR:			
27	Interest (Net of Amount Capitalized).......................................		$160	$161
28	Income Taxes..		$980	$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)
STATEMENTS OF CASH FLOWS

FOR THE SIX MONTHS ENDED JUNE 30, 2010 AND 2009

(UNAUDITED)

($ IN THOUSANDS)

Line (a)	Description (b)	Notes	2010 (c)	2009 (d)
	CASH FLOWS FROM OPERATING ACTIVITIES:			
29	Net Income (Loss)		(12,166)	(3,752)
30	Depreciation and Amortization of Property and Equipment		17,635	17,330
31	Amortization of Other Assets		515	1,039
32	Amortization of Debt Discount or Premium			
33	Deferred Income Taxes - Current		0	0
34	Deferred Income Taxes - Noncurrent		2,136	(555)
35	(Gain) Loss on Disposition of Property and Equipment		0	28
36	(Gain) Loss on CRDA-Related Obligations		1,199	1,038
37	(Gain) Loss from Other Investment Activities			
38	(Increase) Decrease in Receivables and Patrons' Checks		(12)	1,851
39	(Increase) Decrease in Inventories		96	1,002
40	(Increase) Decrease in Other Current Assets		(1,031)	(879)
41	(Increase) Decrease in Other Assets		959	(442)
42	Increase (Decrease) in Accounts Payable		4,116	657
43	Increase (Decrease) in Other Current Liabilities		25,213	22,150
44	Increase (Decrease) in Other Liabilities		1,525	1,331
45				
46				
47	Net Cash Provided (Used) By Operating Activities		$40,185	$40,798

SUPPLEMENTAL DISCLOSURE OF CASH FLOW INFORMATION

Line (a)	Description (b)	Notes	2010 (c)	2009 (d)
	ACQUISITION OF PROPERTY AND EQUIPMENT:			
48	Additions to Property and Equipment		($5,505)	($2,562)
49	Less: Capital Lease Obligations Incurred		0	(271)
50	Cash Outflows for Property and Equipment		($5,505)	($2,833)
	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			
59	Consideration in Acquisition of Business Entities			
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)
STATEMENT OF CONFORMITY, ACCURACY, AND COMPLIANCE

FOR THE QUARTER ENDED JUNE 30, 2010

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.

8/16/2010
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
(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 July 2013.

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 "Acquisition".

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.

Inventories - Inventories, which consist primarily of food, beverage and operating supplies, are stated at the lower of average cost or market value.

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 Acquisition, including capitalized interest on inter-company 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 20 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. If undiscounted expected future cash flows are less than the carrying value, an impairment loss would be 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. No impairment was recognized by the Company for all periods presented in the statements of operations.

Goodwill and Other Intangible Assets – The Company accounts for goodwill and other intangible assets in accordance with Accounting Standard Codification ("ASC") 350, Intangible Assets, Goodwill and Other. The Company performs at least an annual review of intangible assets for impairment.

The Company maintains customer relationships (database) totaling $24,700. The customer relationships have been determined to have a useful life of twelve years and are being amortized using the straight-line method. Amortization expense for the six months ended June 30, 2010, and 2009 was approximately $515 and $515 respectively. Estimated annual amortization expense for customer relationships for each of the years ending December 31, 2010, 2011, 2012, 2013 and 2014 is approximately $2,058.

Total Rewards Program Liability - The Company's customer loyalty program, Total Rewards, offers incentives to customers who gamble at certain of affiliated 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 expense of reward credits is accrued after consideration of estimated forfeitures (defined as "breakage"), as they are earned. The estimated cost to provide reward credits is expensed at the property where they are earned and is included in casino expense on the accompanying consolidated statements of operations. 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 June 30, 2010 and 2009, $3,733 and $3,602, respectively, was accrued for the cost of anticipated Total Rewards credit redemptions. These amounts reside on Harrah's balance sheet and thus are included in the due form affiliates balance in the accompanying balance sheets of the Company.

In addition to reward credits, the Company's customers can earn points based on play that are redeemable in cash ("cash-back points"). The Company accrues the costs 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 June 30, 2010 and 2009, the liability related to outstanding cash-back points, which is based on historical redemption activity, was approximately $598 and $1,048, respectively. These amounts are included in due from affiliates-net on the Company's accompanying balance sheets.

Fair Value of Financial Instruments — The carrying amount of current assets 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 CRDA bonds and deposits approximately reflect their fair value based upon their below-market interest rates.

(All dollar amounts in thousands)

Revenue Recognition — Gaming revenue is (a) the win from gaming activities, which is the difference between gaming wins and losses, less sales incentives and other adjustments and (b) revenue from gaming related activities such as poker and tournaments. Jackpots, other than the incremental amount of progressive jackpots, are recognized at the time they are won by customers. The Company accrues the incremental amount of progressive jackpots as the progressive machine is played, and the progressive jackpot amount increases, with a corresponding reduction of gaming revenue. The retail value of accommodations, food and beverage, and other services furnished to hotel-casino guests without charge is included in gross revenue and then deducted as promotional allowances. Food and beverage and rooms revenues include the aggregate amounts generated by those departments.

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.

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 as of June 30:

	2010	2009
Rooms	$6,386	$6,614
Food and Beverage	17,332	16,755
Other	1,892	1,537
Bus Program Cash	121	2,638
Promotional Gaming Credits	23,343	15,517
Other Cash Complimentaries	10,932	12,633
	$60,006	$55,694

Advertising Expenses — Advertising costs are expensed as incurred. Advertising expenses are $1,825, and $1,470 for the six months ended June 30, 2010 and 2009, respectively. Advertising expenses are included in selling, general and administrative expenses in the statements of income.

Gaming Tax — The Company remits weekly to the CCC a tax equal to eight percent of the gross gaming revenue, as defined. Gaming taxes paid to the CCC for the six months ended June 30, 2010 and 2009, which are included in casino expenses in the accompanying statements of income, were approximately $17,544 and $18,241, respectively.

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 tax assets and liabilities represent the future tax consequences attributable to differences between the financial statement carrying amounts of existing assets and liabilities and their respective tax bases. Deferred tax assets and liabilities are measured using enacted tax rates expected to apply to taxable income in the years in which those temporary differences are expected to be recovered or settled. The effect of a change in existing tax rates is recognized as an increase or decrease to the tax provision in the period that includes the enactment date. The Company follows the provisions of *ASC 740- Income Taxes.* The Company recognizes interest and penalties accrued related to unrecognized tax benefits in income tax expense.

During 2010, management transferred these reserves and the cumulative impact of the related tax expense to the Company in order to reflect the reserve associated with the uncertain income tax position on the Company's general ledger. Similar transfers were performed for all affiliates of HOC that had uncertain income tax positions reflected at HOC. In order to properly reflect the transfer of the reserve for uncertain income tax positions to the Company, an offsetting adjustment to equity at the Company was required.

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 six months ended June 30, 2010 are not necessarily indicative of the results of operations for the full year.

Omission of Disclosures – In accordance with the Financial Reporting guidelines provided by the Casino Control Commission, the Company has elected not to include certain disclosures, which have not significantly changed since filing the most recent Annual Report. Accordingly, the following disclosures have been omitted: Future Lease obligations Employee Benefits, Equity Incentive Awards and certain Income Tax disclosures.

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.

(All dollar amounts in thousands)

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.

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 $148 and $169 for the six months ended June 30, 2010 and 2009, respectively, for these services. The costs are included in other operating expenses in the accompanying statements of income.

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 $12,501 and $11,038 for the six months ended June 30, 2010 and 2009, respectively, for these services.

NOTE 4 – RECEIVABLES AND PATRONS' CHECKS

Receivables and patrons' checks as of June 30 consist of the following:

	2010	2009
Casino Receivable (Net of allowance for doubtful accounts $8,510 in 2010 and $9,233 in 2009)	$6,593	$7,447
Other (Net of allowance for doubtful accounts of $144 in 2010 and $123 in 2009	4,384	3,915
Current Portion of Notes Receivable	311	0
	$11,288	$11,362

NOTE 5- OTHER CURRENT ASSETS

Prepaid Expense and Other Current Assets as of June 30 consist of the following:

	2010	2009
Tax Deferred Asset	$5,050	$6,021
NJ Sports and Expo Purse Agreement	1,950	1,950
Other	4,353	7,266
	$11,353	$15,237

NOTE 6 - INVESTMENTS, ADVANCES AND RECEIVABLES

Investments, advances and receivables as of June 30 consist of the following:

	2010	2009

Due from Harrah's:	$509,835	$449,678
Investment in wholly owned subsidiaries(see Note 2)	14,398	14,398
Atlantic City Country Club 1, LLC		
Casino Reinvestment Development Authority Investment obligations	26,283	24,120
(net of valuation reserves of $20,043 in 2010 and $21,822 in 2009)		
Jacobs Family Terrace mortgage receivable	164	243
(net of valuation reserves of $250 in 2010 and 2009)		
	$550,680	$488,439

The amounts due from Harrah's as of June 30 are unsecured and non-interest bearing.

NOTE 7- PROPERTY AND EQUIPMENT

Property and equipment as of June 30 consist of the following:

	2010	2009
Land	$277,961	$278,092
Buildings and Improvements	457,925	454,255
Furniture, Fixtures and Equipment	92,590	90,405
Construction in progress	8,740	8,982
	$837,216	$831,734
Less accumulated depreciation	(82,698)	(48,990)
	$754,518	$782,744

NOTE 8- OTHER ASSETS

Other assets as of June 30 consist of the following:

	2010	2009
Intangible asset (net of accumulated amortization of $4,460 in 2010 and $2,916 in 2009)	$19,726	$21,784
Notes Receivable-Net of current portion	10,411	0
Non-Current CRDA	2,034	9,576
Other	445	489
	$32,616	$31,849

See Note 2 for discussion of Goodwill and Other Intangible Assets.

NOTE 9- OTHER ACCRUED EXPENSES

Other accrued expenses as of June 30 consist of the following:

(All dollar amounts in thousands)

	2010	2009
Accrued Payroll	$9,639	$11,452
Accrued Interest	120,364	70,724
Other	15,582	13,805
	$145,585	$95,981

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

Long-term debt-due to affiliates and other as of June 30 consist of the following:

	2010	2009
8.5% Note payable to Harrah's Entertainment Ltd. ("HEL") due January 1, 2019	$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 January 1, 2019	500	500
	$584,000	$584,000
Long-term debt-other:	$646	$2,303

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 June 30, 2010 and 2009, accrued interest related to the four inter-company notes totaled $120,364 and $70,724 respectively. Since the notes are due to an affiliate, a determination of fair value is not considered meaningful.

The Company amended and restated its notes payable to HEL originally due January 1, 2009 in the amount of $500,000. The new amended and restated note payable has the same terms and conditions and at the same interest rate but with a new maturity date of January 1, 2019.

Because the Company has both the intent and the ability to extend this liability, the $83,500 Note Payables due May 31, 2011 is classified as long term debt on the balance sheet as of June 30, 2010.

NOTE 11 - OTHER LIABILITIES

As of June 30, Other Liabilities were as follows:

(All dollar amounts in thousands)

	2010	2009
Retirement and Other Employee benefit Plans	$717	$1,146
Deferred Tax Liability	36,999	34,187
	$37,716	$35,333

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 $470 and $460 as of June 30, 2010 and 2009, 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 licenses 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 rate.

As of June 30, CRDA related assets were as follows:

	2010	2009
CRDA Bonds - net of amortized costs	$9,102	$20,122
Deposit - net of reserve	13,526	43,609
Direct Investments - net of reserves	27,222	21,159
	$49,849	$84,890

The Company records charges to operations to reflect the estimated net realizable value of its CRDA investment. Charges to operations were $1,200 and $1,039 for the quarter ended June 30, 2010 and 2009, respectively, and is included in CRDA (income) expense, in the statements of income.

The funds on deposits are held in an interest-bearing account by the CRDA. Initial obligation deposits are marked down by approximately 33% to represent their fair value and eventual expected conversion into bonds by the CRDA. Once CRDA Bonds are issued we have concluded that the bonds are held-to-maturity since the Company has the ability and the intent to hold these bonds to maturity and under the CRDA, they are not permitted to do otherwise. As such the CRDA Bonds are measured at amortized cost. As there is no market for the CRDA Bonds, its fair value could only be determined based on unobservable inputs. Such inputs are limited to the historical carrying value of the CRDA Bonds that are reduced, consistent with industry practice, by 1/3 of their face value at the time of issuance to represent fair value. The Company accretes such discount over the remaining life of the bonds. Accretion for the quarter ended June 30, 2010 and 2009 was $55 and $28 respectively, and is included in CRDA (income) expense in the statements of income.

After the initial determination of fair value, the Company will analyze the recoverability of the CRDA Bonds on a quarterly basis and its affect on reported amount based upon the ability and likelihood of bonds to be repaid. When considering recoverability of the CRDA Bonds, the Company considers the relative credit-worthiness of each bondholder, historical collection experience and other information received from the CRDA. If indications exist that the amount expected to be recovered is less than its carrying value, the asset will be written down to its expected realizable amount.

All the Atlantic City casino properties (the "AC Industry") and the CRDA entered into an agreement with the New Jersey Sports & Exposition Authority (the "NJSEA") to provide funding to subsidize New Jersey's horseracing industry. This agreement expired on January 1, 2009. The agreement provided that in exchange for funding, the NJSEA and the three active New Jersey racetracks would not conduct any casino gaming at the racetracks prior to January 1, 2009. As part of the agreement, the AC Industry provided $34,000 over a four year period to the NJSEA and deposited another $62,000 into the Casino Expansion Fund (managed by the CRDA). The Company's obligation was equal to its fair-share of AC Industry casino revenues, and the Company is eligible to receive funds deposited as a result of this obligation 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 estimated at $11,700 , equal to its fair-share of AC Industry casino revenues. The total commitment is being charged to operations on a straight line basis beginning January 2009 through December 31, 2011. The Company's obligation is equal to its fair-share of AC Industry casino revenues. The Company recognized $1,950 for payments to NJSEA in the first quarter of 2010.