BOARDWALK REGENCY CORPORATION
QUARTERLY REPORT

FOR THE QUARTER ENDED DECEMBER 31, 2010

SUBMITTED TO THE
DIVISION OF GAMING ENFORCEMENT
OF THE
STATE OF NEW JERSEY

OFFICE OF FINANCIAL INVESTIGATIONS
REPORTING MANUAL

BOARDWALK REGENCY CORPORATION
BALANCE SHEETS

AS OF DECEMBER 31, 2010 AND 2009

(UNAUDITED)
($ IN THOUSANDS)

Line (a)	Description (b)	Notes	2010 (c)	2009 (d)
	ASSETS:			
	Current Assets:			
1	Cash and Cash Equivalents		$22,201	$24,892
2	Short-Term Investments			
3	Receivables and Patrons' Checks (Net of Allowance for Doubtful Accounts - 2010, $14,703; 2009, $16,353)	2 & 4	21,075	23,851
4	Inventories	2	632	644
5	Other Current Assets	5	9,974	10,457
6	Total Current Assets		53,882	59,844
7	Investments, Advances, and Receivables	6	403,529	309,812
8	Property and Equipment - Gross	2 & 7	830,077	852,775
9	Less: Accumulated Depreciation and Amortization		(118,111)	(79,775)
10	Property and Equipment - Net		711,966	773,000
11	Other Assets	2 & 8	123,173	132,961
12	Total Assets		$1,292,550	$1,275,617
	LIABILITIES AND EQUITY:			
	Current Liabilities:			
13	Accounts Payable		$6,748	$11,227
14	Notes Payable			
	Current Portion of Long-Term Debt:			
15	Due to Affiliates			
16	External	10	455	49
17	Income Taxes Payable and Accrued			
18	Other Accrued Expenses	9	149,678	104,076
19	Other Current Liabilities		4,527	4,332
20	Total Current Liabilities		161,408	119,684
	Long-Term Debt:			
21	Due to Affiliates	11	518,330	518,330
22	External	11	0	455
23	Deferred Credits	2	101,573	88,290
24	Other Liabilities	12	178,507	167,989
25	Commitments and Contingencies			
26	Total Liabilities		959,818	894,748
27	Stockholders', Partners', or Proprietor's Equity		332,732	380,869
28	Total Liabilities and Equity		$1,292,550	$1,275,617

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

BOARDWALK REGENCY CORPORATION
STATEMENTS OF INCOME

FOR THE TWELVE MONTHS ENDED DECEMBER 31, 2010 AND 2009

(UNAUDITED)
($ IN THOUSANDS)

Line (a)	Description (b)	Notes	2010 (c)	2009 (d)
	Revenue:			
1	Casino		$408,614	$459,893
2	Rooms		38,576	37,114
3	Food and Beverage		49,508	49,707
4	Other		15,674	15,623
5	Total Revenue		512,372	562,337
6	Less: Promotional Allowances		128,891	133,162
7	Net Revenue		383,481	429,175
	Costs and Expenses:			
8	Cost of Goods and Services		254,988	260,903
9	Selling, General, and Administrative		53,942	52,391
10	Provision for Doubtful Accounts		2,694	6,578
11	Total Costs and Expenses		311,624	319,872
12	Gross Operating Profit		71,857	109,303
13	Depreciation and Amortization	2	49,372	46,816
	Charges from Affiliates Other than Interest:			
14	Management Fees			
15	Other	3	20,836	20,768
16	Income (Loss) from Operations		1,649	41,719
	Other Income (Expenses):			
17	Interest Expense - Affiliates		(44,096)	(44,058)
18	Interest Expense - External		(399)	(3,125)
19	CRDA Related Income (Expense) - Net		(862)	(958)
20	Nonoperating Income (Expense) - Net		(14,115)	(176,339)
21	Total Other Income (Expenses)		(59,472)	(224,480)
22	Income (Loss) Before Taxes and Extraordinary Items		(57,823)	(182,761)
23	Provision (Credit) for Income Taxes	2	(20,792)	(1,111)
24	Income (Loss) Before Extraordinary Items		(37,031)	(181,650)
25	Extraordinary Items (Net of Income Taxes - 2010, $0; 2009, $0)			
26	Net Income (Loss)		($37,031)	($181,650)

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

BOARDWALK REGENCY CORPORATION
STATEMENTS OF INCOME

FOR THE THREE MONTHS ENDED DECEMBER 31, 2010 AND 2009

(UNAUDITED)
($ IN THOUSANDS)

Line (a)	Description (b)	Notes	2010 (c)	2009 (d)
	Revenue:			
1	Casino		$88,625	$113,235
2	Rooms		8,795	9,086
3	Food and Beverage		11,046	11,813
4	Other		3,554	3,832
5	Total Revenue		112,020	137,966
6	Less: Promotional Allowances		29,522	33,664
7	Net Revenue		82,498	104,302
	Costs and Expenses:			
8	Cost of Goods and Services		63,039	65,914
9	Selling, General, and Administrative		11,960	14,108
10	Provision for Doubtful Accounts		428	2,159
11	Total Costs and Expenses		75,427	82,181
12	Gross Operating Profit		7,071	22,121
13	Depreciation and Amortization	2	12,294	10,255
	Charges from Affiliates Other than Interest:			
14	Management Fees			
15	Other	3	4,960	5,108
16	Income (Loss) from Operations		(10,183)	6,758
	Other Income (Expenses):			
17	Interest Expense - Affiliates		(11,052)	(11,073)
18	Interest Expense - External		(104)	(90)
19	CRDA Related Income (Expense) - Net		(82)	(257)
20	Nonoperating Income (Expense) - Net		(1,115)	(1,377)
21	Total Other Income (Expenses)		(12,353)	(12,797)
22	Income (Loss) Before Taxes and Extraordinary Items		(22,536)	(6,039)
23	Provision (Credit) for Income Taxes	2	(8,411)	(9,393)
24	Income (Loss) Before Extraordinary Items		(14,125)	3,354
25	Extraordinary Items (Net of Income Taxes - 2010, $0; 2009, $0)			
26	Net Income (Loss)		($14,125)	$3,354

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

BOARDWALK REGENCY CORPORATION
STATEMENTS OF CHANGES IN STOCKHOLDERS' EQUITY

FOR THE TWELVE MONTHS ENDED DECEMBER 31, 2009 AND THE TWELVE MONTHS ENDED DECEMBER 31, 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	$1,370			$915,830		($354,681)	$562,519
2	Net Income (Loss) - 2009.............								(181,650)	(181,650)
3	Contribution to Paid-in-Capital.....									0
4	Dividends.....................................									0
5	Prior Period Adjustments.............									0
6										0
7										0
8										0
9										0
10	**Balance, December 31, 2009..........**		100	1,370	0	0	915,830	0	(536,331)	380,869
11	Net Income (Loss) - 2010.............								(37,031)	(37,031)
12	Contribution to Paid-in-Capital.....									0
13	Dividends.....................................									0
14	Prior Period Adjustments.............									0
15	ASC 740 Adjustments	2							(16,666)	(16,666)
16										0
17	Deconsolidation of VIE	2							5,560	5,560
18										0
19	**Balance, December 31, 2010 ....**		100	$1,370	0	$0	$915,830	$0	($584,468)	$332,732

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

BOARDWALK REGENCY CORPORATION
STATEMENTS OF CASH FLOWS

FOR THE TWELVE MONTHS ENDED DECEMBER 31, 2010 AND 2009

(UNAUDITED)
($ IN THOUSANDS)

Line (a)	Description (b)	Notes	2010 (c)	2009 (d)
1	CASH PROVIDED (USED) BY OPERATING ACTIVITIES..		$106,962	$76,164
	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...........................		(5,928)	(2,198)
5	Proceeds from Disposition of Property and Equipment..........		73	12
6	CRDA Obligations		(5,117)	(5,753)
7	Other Investments, Loans and Advances made......................			
8	Proceeds from Other Investments, Loans, and Advances		22	121
9	Cash Outflows to Acquire Business Entities..........................		0	0
10	Deconsolidation of Variable Interest Entity		434	
11	....			
12	Net Cash Provided (Used) By Investing Activities....................		(10,516)	(7,818)
	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......................................		(49)	(45)
18	Cash Proceeds from Issuing Stock or Capital Contributions...		0	0
19	Purchases of Treasury Stock..			
20	Payments of Dividends or Capital Withdrawals......................			
21	Borrowing/Repayment of Intercompany Payable		(99,088)	(69,696)
22	Impairment of Goodwill		0	0
23	Net Cash Provided (Used) By Financing Activities..................		(99,137)	(69,741)
24	Net Increase (Decrease) in Cash and Cash Equivalents.............		(2,691)	(1,395)
25	Cash and Cash Equivalents at Beginning of Period..................		24,892	26,287
26	Cash and Cash Equivalents at End of Period............................		$22,201	$24,892

	CASH PAID DURING PERIOD FOR:			
27	Interest (Net of Amount Capitalized)......................................		$438	$2,585
28	Income Taxes...		$2	$6,262

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

BOARDWALK REGENCY CORPORATION
STATEMENTS OF CASH FLOWS

FOR THE TWELVE MONTHS ENDED DECEMBER 31, 2010 AND 2009

(UNAUDITED)

($ IN THOUSANDS)

Line (a)	Description (b)	Notes	2010 (c)	2009 (d)
	CASH FLOWS FROM OPERATING ACTIVITIES:			
29	Net Income (Loss)		($37,031)	($181,650)
30	Depreciation and Amortization of Property and Equipment		40,516	37,956
31	Amortization of Other Assets		8,856	8,860
32	Amortization of Debt Discount or Premium			
33	Deferred Income Taxes - Current		727	(220)
34	Deferred Income Taxes - Noncurrent		13,283	(6,243)
35	(Gain) Loss on Disposition of Property and Equipment		48	(6)
36	(Gain) Loss on CRDA-Related Obligations		3,702	2,830
37	(Gain) Loss from Other Investment Activities		474	474
38	(Increase) Decrease in Receivables and Patrons' Checks		2,346	728
39	(Increase) Decrease in Inventories		12	441
40	(Increase) Decrease in Other Current Assets		(335)	508
41	(Increase) Decrease in Other Assets		932	1,179
42	Increase (Decrease) in Accounts Payable		(4,441)	(643)
43	Increase (Decrease) in Other Current Liabilities		45,797	43,556
44	Increase (Decrease) in Other Liabilities		20,721	741
45	Impairment of Goodwill		0	167,653
46	Non-cash write downs	2	11,355	
47	Net Cash Provided (Used) By Operating Activities		$106,962	$76,164

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		($5,928)	($2,198)
49	Less: Capital Lease Obligations Incurred			
50	Cash Outflows for Property and Equipment		($5,928)	($2,198)
	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.

BOARDWALK REGENCY CORPORATION
STATEMENT OF CONFORMITY, ACCURACY, AND COMPLIANCE

FOR THE QUARTER ENDED DECEMBER 31, 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.

March 31, 2011
Date

Maureen Adams
Maureen Adams

Vice President of Finance
Title

0086701-11
License Number

On Behalf of:

BOARDWALK REGENCY CORPORATION
Casino Licensee

Boardwalk Regency Corporation (Caesars Atlantic City)
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS
(Unaudited)
(All dollar amounts in thousands)

NOTE 1 – ORGANIZATION AND BASIS OF PRESENTATION

Boardwalk Regency Corporation (the "Company"), a New Jersey corporation, is a wholly owned subsidiary of Caesars New Jersey, Inc. ("CNJ"), a New Jersey corporation. The Company owns and operates the casino hotel resort in Atlantic City, New Jersey known as "Caesars Atlantic City". CNJ is a wholly owned subsidiary of Caesars World, Inc. ("CWI"), a Florida corporation, and CWI is a wholly owned subsidiary of Caesars Entertainment Operating Company, Inc. ("CEOC") (formerly Harrah's Operating Company), a direct wholly owned subsidiary of Caesars Entertainment, Inc. ("Caesars") (formerly Harrah's Entertainment Inc.). 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.

In January 2008, Caesars 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

Principles of Consolidation - The accompanying financial statements include the account balances of its wholly-owned subsidiaries. As a result, all material intercompany transactions and balances have been eliminated in consolidation.

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 Acquisition, including capitalized interest on intercompany funds used to finance construction calculated at CEOC's 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:

(All dollar amounts in thousands)

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. 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.

The Company wrote off $11,355 of assets associated with the indefinite deferral of certain capital projects, and is recorded to our Statements of Income in Non-Operating Income (Expense) for the year ended December 31, 2010.

Goodwill and Other Intangible Assets – The company accounts for goodwill and other intangible assets in accordance with ASC 350, “Intangible Assets – Goodwill and Other”, which provides guidance regarding the recognition and measurement of intangible assets, eliminates amortization of certain intangibles and requires assessment for impairment of intangible assets that are subject to amortization at least annually.

The Company completed an assessment of goodwill and other non amortizing intangible assets as of September 30, 2009 and as a result determined that goodwill had been impaired. This impairment charge is largely a result of adjustments to the Company’s long-term operating plan as a result of the current economic climate. A charge of $167,653 was recorded to our Statements of Income in the third quarter 2009 and was reflected in Non-operating Income (Expense)

In accordance with ASC 820, Fair Value Measurements and Disclosures, the guidance establishes a hierarchical disclosure framework that prioritizes and ranks the level of market price observability used in measuring non-financial assets or liabilities at fair value.

Goodwill is measured using level 3 inputs, which consist of a discounted cash flow analysis. Level 3 inputs are unobservable inputs that are corroborated by market data. Significant assumptions and factors influencing the measurement of fair value include future cash flows, discount rates, exit multiples, and capital expenditures.

The Company maintains customer relationships (database) totaling $106,200. The customer relationships have been determined to have a useful life of twelve years and are being amortized using the straight-line method. Estimated annual amortization expense for customer relationships for each of the years ending December 31, 2011, 2012, 2013, and 2014, is approximately $8,850. Amortization expense for the years ending December 30, 2010 and 2009 was approximately $8,850 and $8,850 respectively.

Investment in Atlantic City Express Service, LLC "ACES" - In 2006, the Company entered into an agreement with Harrah's Atlantic City, an affiliate of the Company, and one other Atlantic City casino to form ACES. With each member having a 33% interest, this New Jersey limited liability company was formed for the purpose of contracting with New Jersey Transit to operate express rail service between Manhattan, New York, and Atlantic City. The responsibilities of the managing member will rotate annually among the members. The total investment in ACES as of December 31, 2010 and 2009 was approximately $26,873 and $23,993 respectively. ACES became operational on February 6, 2009. ACES net loss for the years ended December 30, 2010 and 2009 was $3,837and $8,340 respectively.

In June 2009, the FASB issued *ASU 2009-17 (ASC Topic 810)*, "*Improvements to Financial Reporting by Enterprises Involved with Variable Interest Entities*," which is effective as of January 1, 2010. The new standard amends existing consolidation guidance for variable interest entities and requires a company to perform a qualitative analysis when determining whether it must consolidate a variable interest entity. This analysis identifies the primary beneficiary of a variable interest entity as the company that has both the power to direct the activities of a variable interest entity that most significantly impact the entity's economic performance and either the obligation to absorb losses or the right to receive benefits from the entity that could potentially be significant to the variable interest entity. As a result of the adoption of ASU 2009-17, ACES was consolidated within our financial statements for all periods prior to December 31, 2009, and is no longer consolidated beginning in January 2010. The deconsolidation of ACES resulted in a reduction of cash balances of $434 shown as an investing outflow of cash in our Statement of Cash Flows.

Fair Value of Financial Instruments - The fair value of a financial instrument is the amount at which the instrument could be exchanged in a current transaction between willing parties. The carrying amount of receivables and all current liabilities approximates fair value due to their short-term nature. 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 - 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.

Total Rewards Program Liability — Caesars' 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 forfeitures referred to as "breakage", as they are earned. The estimated cost to provide reward credits is expensed as the reward credits are earned and is included in casino expense in 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 December 31, 2010 and 2009, $3,542 and $3,769 respectively, was accrued for the cost of anticipated Total reward credit redemptions. These amounts reside on Caesars' Balance Sheet and thus are included in the due from affiliates balance in the accompanying consolidated 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 consolidated statements of operations. At December 31, 2010 and 2009, the liability related to outstanding cash-back points, which is based on historical redemption, was approximately $640 and $604, respectively. Of this, $317 and $604, respectively, reside on Caesars' Balance Sheet and thus are included in the due from affiliates balance in the accompanying consolidated balance sheets of the company

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 December 31, 2010 and 2009:

(All dollar amounts in thousands)

	2010	2009
Food & Beverage	$ 28,237	$ 27,950
Rooms	9,808	10,893
Other	4,149	5,250
Bus Program Cash	0	2,703
Promotional Gaming Credits	40,689	32,889
Other Cash Complimentaries	27,214	33,487
	$ 110,097	$ 113,172

Gaming Tax — The Company remits weekly to the CCC a tax equal to 8% of the gross gaming revenue, as defined. Gaming taxes paid to the CCC for the years ended December 31, 2010 and 2009, which are included in casino expenses in the accompanying consolidated statements of income were approximately $29,812 and $34,419, respectively.

Income Taxes - The Company is included in the consolidated federal tax return of Caesars 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 CEOC that had uncertain income tax positions reflected at CEOC. 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 these financial statements in conformity with generally accepted accounting principles requires the Company 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 reported amounts of revenues and expenses during the reporting period. Actual results may differ from these estimates.

Recently Issued Accounting Pronouncements — In April 2010, the Financial Accounting Standards Board issued ASU 2010−16, "Accruals for Casino Jackpot Liabilities," (ASC Topic 924, "Entertainment—Casinos"). The amendments in this update clarify that an entity should not accrue jackpot liabilities (or portions thereof) before a jackpot is won if the entity can avoid paying that jackpot. Instead, jackpots should be accrued and charged to revenue when an entity has the obligation to pay the jackpot. This update applies to both base and progressive jackpots. The amendments in this update are effective for fiscal years, and interim periods within those fiscal years, beginning on or after December 15, 2010. Upon adoption of this standard on January 1, 2011, the Company reduced the recorded accrual for various properties while excluding the Atlantic City properties. Therefore, this adjustment had no corresponding cumulative effect to Member's Equity on the balance sheet.

NOTE 3 - RELATED PARTY TRANSACTIONS

The Company participates with CEOC and its other subsidiaries in marketing, purchasing, insurance, employee benefit and other programs that are defined and negotiated by CEOC 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 CEOC and Affiliates - The Company transfers cash in excess of its operating and regulatory needs to CEOC on a daily basis. Cash transfers from CEOC to the Company are also made based upon the needs of 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 in the accompanying financial statements.

Employee Benefit Plans -Caesars maintains a defined contribution savings and retirement plan in which employees of the Company may participate. The plan, among other things, provides for pretax and after-tax contributions by employees. Under the plan, participating employees may elect to contribute up to 50% of their eligible earnings. Through February 2009, the employer match was 50% for the first six percent of employees' contributions. In February 2009, Caesars announced suspension of the employer match for all participating employees, where allowed by law or not in violation of an existing agreement. The Acquisition was a change in control under the savings and retirement plan, and therefore, all unvested employer match amounts as of the Acquisition became vested.

Amounts contributed to the plan are invested, at the participant's direction, in up to 19 separate funds. Participants become vested in the matching contributions over five years of credited service. The Company's contribution expense for the years ended December 31, 2010 and 2009 was approximately $0 and $229, respectively.

Caesars also maintains deferred compensation plans, stock option plans, and an Executive Supplemental Savings Plan, under which certain employees of the Company may defer a portion of their compensation. The expenses charged by Caesars 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, multi-employer defined benefit pension plans. The contributions and charges to expense for these plans were $3,726 and $3,125 for the years ended December 31, 2010 and 2009, 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 - Caesars maintains equity incentive awards plans in which employees of the Company may participate. Caesars allocates an appropriate amount of cost for these awards to each subsidiary where employees participate.

In February 2008, Caesars' Board of Directors approved and adopted the Harrah's Entertainment, Inc. Management Equity Incentive Plan (the "Equity Plan"), including the ability to grant awards covering up to 3,733,835 shares of our non-voting common stock in February 2008. The Equity Plan authorizes awards that may be granted to management and other personnel and key service providers. Option awards may be either time-based options or performance-based options, or a combination thereof. Time-based options generally vest in equal 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 Caesars' 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, 2011, as well as pro rata, in certain circumstances. The Equity Plan was amended in December 2008 to allow grants at a price above fair market value, as defined in the Equity Plan.

On February 23, 2010, the Human Resources Committee of the Board of Directors of the Company adopted an amendment to the Equity Plan. The amendment provides for an increase in the available number of shares of the Company's non-voting common stock for which awards may be granted to 4,566,919 shares.

The amendment also revised the vesting hurdles for performance-based options under the Equity Plan. The performance options vest if the return on investment in Caesars of TPG, Apollo, and their respective affiliates (the "Majority Stockholders") achieve a specified return. Previously, 50% of the performance-based options vested upon a 2x return and 50% vested upon a 3x return. The triggers have been revised to 1.5x and 2.5x, respectively. In addition, a pro-rata portion of the 2.5x options will vest if the Majority Stockholders achieve a return on their investment that is greater than 2.0x, but less than 2.5x. The pro rata portion will increase on a straight line basis from zero to a participant's total number of 2.5x options depending upon the level of returns that the Majority Stockholders realize between 2.0x and 2.5x.

(All dollar amounts in thousands)

The company recognized $276 and $296 for equity award options in 2010 and 2009 respectively.

Atlantic City Country Club - Atlantic City Country Club 1, LLC ("ACCC") is a wholly owned subsidiary of Bally's Atlantic City ("Bally's"), an affiliate of the Company. The net operating costs of ACCC are allocated to the Company and Bally's as well as Harrah's Atlantic City and Showboat Atlantic City, also affiliates of the Company. The Company was charged approximately $151 and $196 for these costs for the years ended December 31, 2010 and 2009, respectively. 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 CEOC for administrative and other services (including consulting, legal, marketing, information technology, accounting and insurance). The Company was charged $20,836 and $20,768 for these services for the years ended December 31, 2010 and 2009, respectively. The fee is included in charges from affiliates in the accompanying statements of income.

NOTE 4 – RECEIVABLES AND PATRONS' CHECKS

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

	2010	2009
Casino Receivables (Net of Allowance for Doubtful Accounts - 2010, $14,423 & 2009, $16,032)	$ 16,639	$ 17,072
Other (Net of Allowance for Doubtful Accounts - 2010, $280 & 2009, $321)	4,436	6,779
	$ 21,075	$ 23,851

NOTE 5 –OTHER CURRENT ASSETS

Other Current Assets as of December 31 consist of the following:

	2010	2009
Tax Deferred Asset	$ 3,246	$ 3,973
Purse Enhancement Agreement	2,626	2,692
Other	4,102	3,792
	$ 9,974	$ 10,457

(All dollar amounts in thousands)

NOTE 6 - INVESTMENTS, ADVANCES AND RECEIVABLES

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

	2010	2009
Casino Reinvestment Development Authority Obligation ("CRDA") (net of valuation reserves- 2010, $13,157 and 2009, $12,837)	$ 19,425	$ 18,506
Investments In ACES	$ 5,131	$ -
Due from Caesars	378,973	291,306
	$ 403,529	$ 309,812

The amounts due from Caesars 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:

	2010	2009
Land	$ 182,580	$ 182,580
Buildings and Improvements	525,165	525,286
Furniture, Fixtures, and Equipment	118,695	129,542
Construction in Progress	3,637	15,367
	$ 830,077	$ 852,775
Less Accumulated Depreciation & Amortization	(118,111)	(79,775)
	$ 711,966	$ 773,000

NOTE 8 – OTHER ASSETS

Other assets as of December 31 consist of the following:

	2010	2009
Customer Database (less Accumulated Amortization of $25,813 in 2010 & $16,963 in 2009)	$ 80,388	$89,238
Other	42,785	43,723
	$ 123,173	$ 132,961

(All dollar amounts in thousands)

During May 2003, the Company entered into an agreement to lease the Pier at Caesars (the "Pier") to developers for an initial term of 75 years. The 75 year term commenced upon completion of the Pier's construction in 2006. The lease agreement provides for the repayment of certain qualified pier development costs incurred by the developers.

NOTE 9 - OTHER ACCRUED EXPENSES

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

	2010	2009
Accrued Payroll & Benefits	$ 9,886	$ 10,264
Accrued Interest Payable	128,869	84,813
Other	10,923	8,999
	$ 149,678	$ 104,076

NOTE 10- SHORT-TERM DEBT

Short-term debt, due to other as of December 31 consists of the following:

	2010	2009
Due to Other		
Mortgage Note due October 15, 2011 Interest at 10.0%	$ 455	$ 49
	$ 455	$ 49

(All dollar amounts in thousands)

NOTE 11- LONG-TERM DEBT

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

	2010	2009
Due to Affiliates		
8.5% Note Payable to Caesars Entertainment, Inc.		
("HEL") due December 1, 2020	$ 518,330	$ 518,330
	$ 518,330	$ 518,330
Due to Other		
Mortgage Note due October 15, 2011 Interest at 10.0%	$ -	$ 504
Less: Current Maturities	$ -	$ (49)
	$ -	$ 455
Total Long Term Debt	$ 518,330	$ 518,785

On July 1, 2006, the note formerly held by CEFC was assigned to CEL. 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, 2010, accrued interest related to the intercompany note totaled $128,858. Since the note is due to an affiliate, a determination of fair value is not considered meaningful.

NOTE 12 – OTHER LIABILITIES

Other Liabilities as of December 31, 2010 and December 31, 2009 consisted of the following:

	2010	2009
Due to Affiliates, Atlantic City Region	$ 96,830	$ 91,327
Due to Affiliates, Other	39,679	39,737
ACES Minority Interest Liability	-	15,648
CRDA-Seat Licenses	2,841	5,808
Deferred Tax Liability	39,157	15,469
	$ 178,507	$ 167,989

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

NOTE 13 – LEASES

The Company has operating leases for a retail store, slot machines, copy equipment and billboards. These leases have various expiration dates through 2026.
Future minimum lease payments due under these leases are as follows:

2011	$	1,462
2012		641
2013		349
2014		203
2015		203
Thereafter		2,185
Total Minimum Rental Commitments	$	5,043

Total rent expense for the years ended December 31, 2010 and 2009 was $2,514 and $2,238, respectively.

NOTE 14 - INCOME TAXES (BENEFITS)

The Company is included in the consolidated federal tax return of Caesars, but files a separate New Jersey tax return. The provision for income taxes is computed based on a separate return basis.

The tax years that remain open for examination for Caesars major jurisdictions are 1999 through 2009 for New Jersey due to our execution of New Jersey statute of limitations extensions and 2005 through 2009 for the United States.

Significant components of the provision (benefit) for income taxes for the years ended December 31, 2010 and 2009, are as follows (in thousands):

Provision (benefit) for income taxes	2010	2009
Current:		
Federal	$ (35,686)	$ (1,872)
State	(750)	6,007
	(36,436)	4,135
Deferred	15,644	(5,246)
Provision for income taxes	$ (20,792)	$ (1,111)

The provision (benefit) for income taxes for the years ended December 31, 2010 and 2009 differ from the federal statutory rate of 35% primarily due to state income taxes, the impact of nondeductible expenses, federal tax credits and the accrual for uncertain tax positions.

The Company does not have a formal tax sharing agreement in place with its parent entity for federal income tax purposes. Therefore, Caesars or CEOC pays all of the Company's federal income taxes of which the Company's portion was ($35,686) in 2010 and ($1,872) in 2009.

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 significant components of the Company's deferred tax assets and liabilities as of December 31, 2010 and 2009 relate primarily to property, intangible assets, indirect federal tax benefits related to uncertain state tax positions, and federal and state net operating loss carryovers and federal tax credits carryovers.

As of December 31, 2010 the Company had Federal and New Jersey net operating loss ("NOL") carry forwards of $5,244 and $106,036, respectively. These NOLs will begin to expire in 2029. In addition, the Company had federal general business tax credits carry forward of $523 which will begin to expire in 2029. As of December 31, 2010, no valuation allowance has been established for the Company's NOL carry forwards or general business tax credits carry forward deferred tax assets because the Company has sufficient future tax liabilities arising within the carry forward periods. However, the Company will continue to assess the need for an allowance in future periods.

We recognize interest and penalties accrued related to unrecognized tax benefits in income tax expense. We accrued approximately $2,177 and $2,200 during 2010 and 2009, respectively. In total, we accrued $12,805 and $10,628 for the payment of interest and penalties at December 31, 2010 and December 31, 2009, respectively.
It is reasonably possible that the amount of unrecognized tax benefits could increase or decrease within the next twelve months. Management estimates that the amount of unrecognized tax benefits will not change significantly within the next twelve months

NOTE 15 – 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 $255 and $510 as of December 31, 2010 and 2009, respectively. Actual results may differ from these reserve amounts.

(All dollar amounts in thousands)

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 December 31, 2010 CRDA related assets were as follows:

	2010	2009
CRDA Bonds — net of amortized costs	$ 3,962	$ 3,932
Deposits — net of reserves of $11,422 and $11,069	15,463	14,574
Total	$ 19,425	$ 18,506

The Company records charges to operations to reflect the estimated net realizable value of its CRDA investment. Charges to operations were $388 and $484 for the years ended December 31, 2010 and 2009, respectively, and is included in CRDA Expense, in the consolidated statements of operations.

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 years ended December 31, 2010 and 2009 was $26 and $132, respectively, and is included in CRDA Expense in the consolidated statements of operations.

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 totaling $2,812, 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 $10,634, 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 recognized $3,502 for payments to NJSEA in 2010.

NOTE 16 – SUBSEQUENT EVENTS

The Company completed its subsequent events review through March 31, 2011, the date on which the financial statements were available to be issued and noted no other items.

BOARDWALK REGENCY CORPORATION
ANNUAL FILINGS

FOR THE YEAR ENDED DECEMBER 31, 2010

SUBMITTED TO THE
DIVISION OF GAMING ENFORCEMENT
OF THE
STATE OF NEW JERSEY

OFFICE OF FINANCIAL INVESTIGATIONS
REPORTING MANUAL

BOARDWALK REGENCY CORPORATION
SCHEDULE OF RECEIVABLES AND PATRONS' CHECKS

FOR THE YEAR ENDED DECEMBER 31, 2010

(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..............................	$12,408		
2	Returned Patrons' Checks..................................	18,654		
3	Total Patrons' Checks.......................................	31,062	$14,423	$16,639
4	Hotel Receivables..	2,176	280	$1,896
	Other Receivables:			
5	Receivables Due from Officers and Employees....	-		
6	Receivables Due from Affiliates..........................	-		
7	Other Accounts and Notes Receivables................	2,540		
8	Total Other Receivables....................................	2,540		$2,540
9	Totals (Form CCC-205)..	$35,778	$14,703	$21,075

UNDEPOSITED PATRONS' CHECKS ACTIVITY		
Line (f)	**Description (g)**	**Amount (h)**
10	Beginning Balance (January 1)..	$11,865
11	Counter Checks Issued..	326,983
12	Checks Redeemed Prior to Deposit..	(297,085)
13	Checks Collected Through Deposits..	(13,782)
14	Checks Transferred to Returned Checks..	(15,573)
15	Other Adjustments..	0
16	Ending Balance..	$12,408
17	"Hold" Checks Included in Balance on Line 16..	0
18	Provision for Uncollectible Patrons' Checks..	$2,612
19	Provision as a Percent of Counter Checks Issued..	0.8%

BOARDWALK REGENCY CORPORATION
EMPLOYMENT AND PAYROLL REPORT

AT DECEMBER 31, 2010

($ IN THOUSANDS)

Line (a)	Department (b)	Number of Employees (c)	Salaries and Wages: Other Employees (d)	Salaries and Wages: Officers & Owners (e)	Salaries and Wages: Totals (f)
	CASINO:				
1	Table and Other Games	1,004			
2	Slot Machines	85			
3	Administration	0			
4	Casino Accounting	130			
5	Simulcasting	7			
6	Other	0			
7	Total - Casino	1,226	$32,120	$202	$32,322
8	ROOMS	263	7,019	75	7,094
9	FOOD AND BEVERAGE	800	16,802		16,802
10	GUEST ENTERTAINMENT	215	1,481		1,481
11	MARKETING	127	8,166	882	9,048
12	OPERATION AND MAINTENANCE	220	8,886		8,886
	ADMINISTRATIVE AND GENERAL:				
13	Executive Office	7	113	1,282	1,395
14	Accounting and Auditing	34	1,983	31	2,014
15	Security	120	3,903		3,903
16	Other Administrative and General	83	4,104	271	4,375
	OTHER OPERATED DEPARTMENTS:				
17	Parking Operations	82	1,509		1,509
18	Health Club/Pool Services	35	827		827
19	Telephone	11	381		381
20	Retail Stores	23	488		488
21	Coat Check	0	0		0
22					0
23	TOTALS - ALL DEPARTMENTS	3,246	$87,782	$2,743	$90,525

CAESARS ATLANTIC CITY
ANNUAL GROSS REVENUE TAX RETURN

FOR THE YEAR ENDED DECEMBER 31, 2010

Line		
	CASINO WIN:	
1.	Table and Other Games………..	$ 160,215,001
2.	Slot Machines	248,514,994
3.	Total Casino Win..	408,729,995
4.	Adjustments………………………...………………………………………	78,799
5.	Gross Revenue (line 3 plus line 4)..	408,808,794
6.	Deduction for Eligible Promotional Gaming Credits……………………………	36,356,789
7.	Taxable Gross Revenue (line 5 minus line 6)..	372,452,005
8.	Tax on Gross Revenue - Reporting Year (8% of line 7).....................................	29,796,160
9.	Audit or Other Adjustments to Tax on Gross Revenues in Prior Years	45,031
10.	Total Taxes on Gross Revenue (the sum of lines 8 and 9)..................................	29,841,191

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.

April 1, 2011
Date

DONNA HOGAN

OPERATIONAL CONTROLLER (7516-11)
Title (License Number)