

**BOARDWALK REGENCY CORPORATION
QUARTERLY REPORT**

FOR THE QUARTER ENDED DECEMBER 31, 2011

**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, 2011 AND 2010

(UNAUDITED)
(\$ IN THOUSANDS)

Line (a)	Description (b)	Notes	2011 (c)	2010 (d)
	<u>ASSETS:</u>			
	Current Assets:			
1	Cash and Cash Equivalents.....		\$33,167	\$22,201
2	Short-Term Investments.....		0	0
3	Receivables and Patrons' Checks (Net of Allowance for Doubtful Accounts - 2011, \$12,403; 2010, \$14,703).....	2 & 4	24,536	21,075
4	Inventories	2	709	632
5	Other Current Assets.....	5	10,106	9,974
6	Total Current Assets.....		68,518	53,882
7	Investments, Advances, and Receivables.....	6 & 15	444,367	403,529
8	Property and Equipment - Gross.....	2 & 7	840,262	830,077
9	Less: Accumulated Depreciation and Amortization.....	2 & 7	(156,814)	(118,111)
10	Property and Equipment - Net.....	2 & 7	683,448	711,966
11	Other Assets.....	2 & 8	113,024	123,173
12	Total Assets.....		\$1,309,357	\$1,292,550
	<u>LIABILITIES AND EQUITY:</u>			
	Current Liabilities:			
13	Accounts Payable.....		\$9,864	\$6,748
14	Notes Payable.....		0	0
	Current Portion of Long-Term Debt:			
15	Due to Affiliates.....		0	0
16	External.....	10	0	455
17	Income Taxes Payable and Accrued.....	2 & 14	0	0
18	Other Accrued Expenses.....	9	192,828	149,678
19	Other Current Liabilities.....		4,573	4,527
20	Total Current Liabilities.....		207,265	161,408
	Long-Term Debt:			
21	Due to Affiliates.....	11	518,330	518,330
22	External.....		0	0
23	Deferred Credits	2 & 14	91,157	101,573
24	Other Liabilities.....	12	186,528	178,507
25	Commitments and Contingencies.....	15	0	0
26	Total Liabilities.....		1,003,280	959,818
27	Stockholders', Partners', or Proprietor's Equity.....		306,077	332,732
28	Total Liabilities and Equity.....		\$1,309,357	\$1,292,550

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, 2011 AND 2010

(UNAUDITED)

(\$ IN THOUSANDS)

Line (a)	Description (b)	Notes	2011 (c)	2010 (d)
	Revenue:			
1	Casino.....		\$403,283	\$408,614
2	Rooms.....		39,752	38,576
3	Food and Beverage.....		46,208	49,508
4	Other.....		16,768	15,674
5	Total Revenue.....		506,011	512,372
6	Less: Promotional Allowances.....		125,647	128,891
7	Net Revenue.....		380,364	383,481
	Costs and Expenses:			
8	Cost of Goods and Services.....		245,123	254,988
9	Selling, General, and Administrative.....		46,135	53,942
10	Provision for Doubtful Accounts.....		1,776	2,694
11	Total Costs and Expenses.....		293,034	311,624
12	Gross Operating Profit.....		87,330	71,857
13	Depreciation and Amortization.....	2	47,713	49,372
	Charges from Affiliates Other than Interest:			
14	Management Fees.....		0	0
15	Other.....	3	28,332	20,836
16	Income (Loss) from Operations.....		11,285	1,649
	Other Income (Expenses):			
17	Interest Expense - Affiliates.....	9 & 11	(44,058)	(44,096)
18	Interest Expense - External.....		137	(399)
19	CRDA Related Income (Expense) - Net.....	15	(1,465)	(862)
20	Nonoperating Income (Expense) - Net.....		(3,246)	(14,115)
21	Total Other Income (Expenses).....		(48,632)	(59,472)
22	Income (Loss) Before Taxes and Extraordinary Items.....		(37,347)	(57,823)
23	Provision (Credit) for Income Taxes.....	2 & 14	(10,692)	(20,792)
24	Income (Loss) Before Extraordinary Items.....		(26,655)	(37,031)
25	Extraordinary Items (Net of Income Taxes - 20__, \$0; 20__, \$0).....		0	0
26	Net Income (Loss).....		(\$26,655)	(\$37,031)

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, 2011 AND 2010

(UNAUDITED)
(\$ IN THOUSANDS)

Line (a)	Description (b)	Notes	2011 (c)	2010 (d)
	Revenue:			
1	Casino.....		\$89,777	\$88,625
2	Rooms.....		9,279	8,795
3	Food and Beverage.....		10,997	11,046
4	Other.....		4,100	3,554
5	Total Revenue.....		114,153	112,020
6	Less: Promotional Allowances.....		28,890	29,522
7	Net Revenue.....		85,263	82,498
	Costs and Expenses:			
8	Cost of Goods and Services.....		59,004	63,039
9	Selling, General, and Administrative.....		11,376	11,960
10	Provision for Doubtful Accounts.....		855	428
11	Total Costs and Expenses.....		71,235	75,427
12	Gross Operating Profit.....		14,028	7,071
13	Depreciation and Amortization.....	2	11,881	12,294
	Charges from Affiliates Other than Interest:			
14	Management Fees.....		0	0
15	Other.....	3	6,534	4,960
16	Income (Loss) from Operations.....		(4,387)	(10,183)
	Other Income (Expenses):			
17	Interest Expense - Affiliates.....	9 & 11	(11,014)	(11,052)
18	Interest Expense - External.....		262	(104)
19	CRDA Related Income (Expense) - Net.....	15	(1,163)	(82)
20	Nonoperating Income (Expense) - Net.....		(1,741)	(1,115)
21	Total Other Income (Expenses).....		(13,656)	(12,353)
22	Income (Loss) Before Taxes and Extraordinary Items.....		(18,043)	(22,536)
23	Provision (Credit) for Income Taxes.....	2 & 14	(5,207)	(8,411)
24	Income (Loss) Before Extraordinary Items.....		(12,836)	(14,125)
	Extraordinary Items (Net of Income Taxes -			
25	20__, \$____; 20__, \$____).....		0	0
26	Net Income (Loss).....		(\$12,836)	(\$14,125)

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, 2010 AND THE TWELVE MONTHS ENDED DECEMBER 31, 2011

(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, 2009.....		100	\$1,370			\$915,830		(\$536,331)	\$380,869
2	Net Income (Loss) - 2010.....								(37,031)	(37,031)
3	Contribution to Paid-in-Capital.....									0
4	Dividends.....									0
5	Prior Period Adjustments.....									0
6	ASC 740 Adjustments	2							(16,666)	(16,666)
7	Effect of Deconsolidation of									0
8	Variable Interest Entity	2							5,560	5,560
9										0
10	Balance, December 31, 2010.....		100	1,370	0	0	915,830	0	(584,468)	332,732
11	Net Income (Loss) - 2011.....								(26,655)	(26,655)
12	Contribution to Paid-in-Capital.....									0
13	Dividends.....									0
14	Prior Period Adjustments.....									0
15										0
16										0
17										0
18										0
19	Balance, December 31, 2011		100	\$1,370	0	\$0	\$915,830	\$0	(\$611,123)	\$306,077

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, 2011 AND 2010

(UNAUDITED)

(\$ IN THOUSANDS)

Line (a)	Description (b)	Notes	2011 (c)	2010 (d)
1	CASH PROVIDED (USED) BY OPERATING ACTIVITIES..		\$58,101	\$106,962
	CASH FLOWS FROM INVESTING ACTIVITIES:			
2	Purchase of Short-Term Investments		0	0
3	Proceeds from the Sale of Short-Term Investments		0	0
4	Cash Outflows for Property and Equipment.....		(10,338)	(5,928)
5	Proceeds from Disposition of Property and Equipment.....		68	73
6	CRDA Obligations		(5,055)	(5,117)
7	Other Investments, Loans and Advances made.....		0	0
8	Proceeds from Other Investments, Loans, and Advances		173	22
9	Cash Outflows to Acquire Business Entities.....		0	0
10	Effect of Deconsolidation of Variable Interest Er		0	434
11		0	0
12	Net Cash Provided (Used) By Investing Activities.....		(15,152)	(10,516)
	CASH FLOWS FROM FINANCING ACTIVITIES:			
13	Proceeds from Short-Term Debt		0	0
14	Payments to Settle Short-Term Debt.....		(455)	(49)
15	Proceeds from Long-Term Debt		0	0
16	Costs of Issuing Debt.....		0	0
17	Payments to Settle Long-Term Debt.....		0	0
18	Cash Proceeds from Issuing Stock or Capital Contributions...		0	0
19	Purchases of Treasury Stock.....		0	0
20	Payments of Dividends or Capital Withdrawals.....		0	0
21	Borrowings/Payments of Intercompany Payable.		(31,528)	(99,088)
22		0	0
23	Net Cash Provided (Used) By Financing Activities.....		(31,983)	(99,137)
24	Net Increase (Decrease) in Cash and Cash Equivalents.....		10,966	(2,691)
25	Cash and Cash Equivalents at Beginning of Period.....		22,201	24,892
26	Cash and Cash Equivalents at End of Period.....		\$33,167	\$22,201
	CASH PAID DURING PERIOD FOR:			
27	Interest (Net of Amount Capitalized).....		\$271	\$438
28	Income Taxes.....		\$2	\$2

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, 2011 AND 2010

(UNAUDITED)

(\$ IN THOUSANDS)

Line (a)	Description (b)	Notes	2011 (c)	2010 (d)
	CASH FLOWS FROM OPERATING ACTIVITIES:			
29	Net Income (Loss).....		(\$26,655)	(\$37,031)
30	Depreciation and Amortization of Property and Equipment.....		38,856	40,516
31	Amortization of Other Assets.....		8,857	8,856
32	Amortization of Debt Discount or Premium.....		0	0
33	Deferred Income Taxes - Current		(3,368)	727
34	Deferred Income Taxes - Noncurrent		(10,416)	13,283
35	(Gain) Loss on Disposition of Property and Equipment.....		(68)	48
36	(Gain) Loss on CRDA-Related Obligations.....		4,536	3,702
37	(Gain) Loss from Other Investment Activities.....		493	474
38	(Increase) Decrease in Receivables and Patrons' Checks		(3,461)	2,346
39	(Increase) Decrease in Inventories		(77)	12
40	(Increase) Decrease in Other Current Assets.....		3,236	(335)
41	(Increase) Decrease in Other Assets.....		1,292	932
42	Increase (Decrease) in Accounts Payable.....		3,116	(4,441)
43	Increase (Decrease) in Other Current Liabilities		43,196	45,797
44	Increase (Decrease) in Other Liabilities		(3,767)	20,721
45	(Incr.) Decr. in Investments, Adv. and Receivab		2,331	0
46	Non-cash write downs.....		0	11,355
47	Net Cash Provided (Used) By Operating Activities.....		\$58,101	\$106,962

SUPPLEMENTAL DISCLOSURE OF CASH FLOW INFORMATION

	ACQUISITION OF PROPERTY AND EQUIPMENT:			
48	Additions to Property and Equipment.....		(\$10,338)	(\$5,928)
49	Less: Capital Lease Obligations Incurred.....		0	
50	Cash Outflows for Property and Equipment.....		(\$10,338)	(\$5,928)
	ACQUISITION OF BUSINESS ENTITIES:			
51	Property and Equipment Acquired.....		\$0	\$0
52	Goodwill Acquired.....		0	0
53	Other Assets Acquired - net		0	0
54	Long-Term Debt Assumed.....		0	0
55	Issuance of Stock or Capital Invested.....		0	0
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, 2011

1. I have examined this Quarterly Report.
2. All the information contained in this Quarterly Report has been prepared in conformity with the Division of Gaming Enforcement'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 requirements contained in N.J.S.A. 5:12-84(a)1-5 during the quarter.

3/31/2012

Date



Scott Noey

Vice President of Finance

Title

009094-11

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 Division of Gaming Enforcement (the “DGE”) and is subject to rules and regulations established by the DGE. 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

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

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. 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 \$1,024 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, 2011.

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.

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, 2012, 2013, 2014, and 2015, is approximately \$8,850. Amortization expense for the years ending December 30, 2011 and 2010 was approximately \$8,850 and \$8,850 respectively.

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

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, 2011 and 2010 was approximately \$26,873 and \$26,873 respectively. ACES became operational on February 6, 2009. ACES net loss for the years ended December 30, 2011 and 2010 was \$3,443 and \$3,837 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. As a result of the consolidation of ACES, a prior period adjustment of \$5,560 was made to retained earnings in March 2010 which is reflected in the accompanying statement of shareholders equity.

We evaluate our investment in the unconsolidated subsidiary for impairment when events or changes in circumstance indicate that the carrying value of such investment may have experienced an other than temporary decline in value. If such conditions exist, we compare the estimated fair value of the investment to its carrying value to determine if an impairment is indicated and determine whether such impairment is other than temporary based upon our assessment of all relevant factors. ACES suspended services during the year ended December 31, 2011, and accordingly, the joint venture agreement terminated, which will force a liquidation of the joint venture’s assets. We recorded a non-cash impairment charge to the Company’s investment in affiliates in the amount of \$1,083, representing the amount by which the carrying value of the investment exceeded its potential liquidated value.

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.

Boardwalk Regency Corporation (Caesars Atlantic City)
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS
(Unaudited)
(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.

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, 2011 and 2010, \$3,237 and \$3,542 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, 2011 and 2010, the liability related to outstanding cash-back points, which is based on historical redemption, was approximately \$642 and \$640, respectively.

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

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

2011 and 2010:

	<u>2011</u>	<u>2010</u>
Food & Beverage	\$ 24,979	\$ 28,237
Rooms	9,179	9,808
Other	4,815	4,149
Bus Program Cash	53	-
Promotional Gaming Credits	44,572	40,689
Other Cash Complimentaries	24,870	27,214
	<u>\$ 108,468</u>	<u>\$ 110,097</u>

Advertising Expenses – Advertising costs are expensed as incurred. Advertising expenses are \$9,887 and \$7,602 for the years ended December 31, 2011 and 2010 respectively. Advertising expenses are included in selling, general and administrative expenses in the accompanying statements of income.

Gaming Tax — The Company remits weekly to the State of New Jersey a tax equal to 8% of the gross gaming revenue, as defined. Gaming taxes paid to the State of New Jersey for the years ended December 31, 2011 and 2010, which are included in casino expenses in the accompanying consolidated statements of income were approximately \$28,893 and \$29,812, 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

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

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 May 2011, the FASB issued ASU 2011-04, “*Fair Value Measurement*” to provide updated guidance related to fair value measurement and disclosure requirements. The changes result in common fair value measurement and disclosure requirements between U.S. GAAP and International Financial Reporting Standards (“IFRS”) and change the wording used to describe many of the requirements in GAAP for measuring fair value and for disclosing information about fair value measurements. The changes were originally to be effective for the Company on January 1, 2012. In December 2011, the FASB issued updated guidance deferring the effective date indefinitely pending further deliberations by the FASB at a future date.

In September 2011, the FASB issued ASU 2011-09, “*Compensation — Retirement Benefits — Multiemployer Plans*” to provide updated guidance related to disclosures around employer's participation in multiemployer benefit plans. The updated guidance increases the quantitative and qualitative disclosures an employer will be required to provide about its participation in significant multiemployer plans that offer pension or other postretirement benefits. This update relates only to disclosures. There was no impact on the Company's financial position, results of operations, or cash flows upon adoption.

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

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

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, 2011 and 2010 was approximately \$0 and \$0, 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 \$3,181 and \$3,726 for the years ended December 31, 2011 and 2010, 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.

The Company recognized approximately \$286 and \$276 for equity award options in 2011 and 2010 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 \$200 and \$151 for these costs for the years ended December 31, 2011 and 2010, 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

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

and other services (including consulting, legal, marketing, information technology, accounting and insurance). The Company was charged \$28,332 and \$20,836 for these services for the years ended December 31, 2011 and 2010, 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:

	<u>2011</u>	<u>2010</u>
Casino Receivables (Net of Allowance for Doubtful Accounts - 2011, \$12,275 & 2010, \$14,423)	\$ 18,895	\$ 16,639
Other (Net of Allowance for Doubtful Accounts - 2011, \$128 & 2010, \$280)	5,641	4,436
	<u>\$ 24,536</u>	<u>\$ 21,075</u>

NOTE 5 – OTHER CURRENT ASSETS

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

	<u>2011</u>	<u>2010</u>
Tax Deferred Asset	\$ 6,614	\$ 3,246
Purse Enhancement Agreement		2,626
Other	3,492	4,102
	<u>\$ 10,106</u>	<u>\$ 9,974</u>

NOTE 6 - INVESTMENTS, ADVANCES AND RECEIVABLES

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

	<u>2011</u>	<u>2010</u>
Due from Caesars	\$ 422,289	\$ 378,973
Casino Reinvestment Development Authority Obligation ("CRDA") (net of valuation reserves- 2011, \$11,749 and 2010, \$13,157)	19,278	19,425
Investment In ACES	2,800	5,131
	<u>\$ 444,367</u>	<u>\$ 403,529</u>

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

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

NOTE 7 – PROPERTY AND EQUIPMENT

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

	<u>2011</u>	<u>2010</u>
Land	\$ 182,580	\$ 182,580
Buildings and Improvements	529,200	525,165
Furniture, Fixtures, and Equipment	124,222	118,695
Construction in Progress	4,260	3,637
	<u>\$ 840,262</u>	<u>\$ 830,077</u>
Less Accumulated Depreciation & Amortization	<u>(156,814)</u>	<u>(118,111)</u>
	<u>\$ 683,448</u>	<u>\$ 711,966</u>

NOTE 8 – OTHER ASSETS

Other assets as of December 31 consist of the following:

	<u>2011</u>	<u>2010</u>
Customer Database (less Accumulated Amortization of \$34,663 in 2011 & \$25,813 in 2010)	\$ 71,537	\$ 80,388
Other	41,487	42,785
	<u>\$ 113,024</u>	<u>\$ 123,173</u>

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:

	<u>2011</u>	<u>2010</u>
Accrued Payroll	\$ 8,637	\$ 9,886
Accrued Interest Payable	172,916	128,869
Other	11,275	10,923
	<u>\$ 192,828</u>	<u>\$ 149,678</u>

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

NOTE 10- SHORT-TERM DEBT

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

	<u>2011</u>	<u>2010</u>
Due to Other		
Mortgage Note due October 15, 2011 Interest at 10.0%	\$ -	\$ 455
	<u>\$ -</u>	<u>\$ 455</u>

NOTE 11- LONG-TERM DEBT

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

	<u>2011</u>	<u>2010</u>
Due to Affiliates		
8.5% Note Payable to Caesars Entertainment, Ltd. ("HEL") due December 1, 2020	\$ 518,330	\$ 518,330
Total Long Term Debt	<u>\$ 518,330</u>	<u>\$ 518,330</u>

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, 2011, accrued interest related to the intercompany note totaled \$172,916. 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, 2011 and December 31, 2010 consisted of the following:

	<u>2011</u>	<u>2010</u>
Due to Affiliates, Atlantic City Region	\$ 108,474	\$ 96,830
Due to Affiliates, Other	39,823	39,679
CRDA-Seat Licenses		2,841
Deferred Tax Liability	38,231	39,157
	<u>\$ 186,528</u>	<u>\$ 178,507</u>

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

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:

2012	\$	1,103
2013		775
2014		417
2015		203
Thereafter		2,185
Total Minimum Rental Commitments	<u>\$</u>	<u>4,683</u>

Total rent expense for the years ended December 31, 2011 and 2010 was \$2,854 and \$2,514, 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.

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

Significant components of the provision (benefit) for income taxes, for the years ended December 31, 2011 and 2010, are as follows (in thousands):

Provision (benefit) for income taxes	<u>2011</u>	<u>2010</u>
Current:		
Federal	\$ 4,677	\$ (35,686)
State	<u> </u>	<u>(750)</u>
	4,677	(36,436)
Deferred	<u>(15,369)</u>	<u>15,644</u>
Provision for income taxes	<u>\$ (10,692)</u>	<u>\$ (20,792)</u>

The provision (benefit) for income taxes for the years ended December 31, 2011 and 2010 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 an expense of \$4.2 million and a benefit of \$35.7 million for the years ended December 31 2011 and 2010, respectively.

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 components of the Company's deferred tax assets and liabilities as of December 31, 2011 and 2010, were as follows (in thousands):

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

	<u>2011</u>	<u>2010</u>
Deferred tax assets:		
Compensation programs	\$ 948	\$ 1,495
Allowance for doubtful accounts	5,067	6,006
Contingencies	13,464	12,546
CRDA investment obligation	2,679	2,332
Other	704	919
Net operating loss carryovers	<u>9,884</u>	<u>6,346</u>
	32,746	29,644
Deferred tax liabilities:		
Depreciation and other property related items	(81,411)	(90,421)
Intangibles	(29,223)	(32,838)
Progress jackpot liability	<u>(6,655)</u>	<u>(6,345)</u>
	<u>(117,289)</u>	<u>(129,604)</u>
Net deferred tax liability	<u>\$ (84,543)</u>	<u>\$ (99,960)</u>

As of December 31, 2011, the Company had Federal and New Jersey net operating loss (NOL) carry forwards of \$21.1 million and \$67.3 million, respectively. The Federal NOLs will begin to expire in 2031 and the state NOLs will begin to expire in 2029. In addition, the Company had federal general business tax credit carryforwards of \$0.4 million which will begin to expire in 2030 and an alternative minimum tax credit carryforward of \$1.9 million which does not expire. The NOL and alternative minimum tax credit carryforwards per the income tax returns included unrecognized tax benefits taken in prior years. Due to application of ASC Topic 740, the NOLs and credits reflected on the tax returns are larger than the related deferred tax assets recognized for financial statement purposes. As of December 31, 2011, no valuation allowance has been established for the Company's NOL carry forwards or general business tax credit 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.

The Company recognizes interest and penalties accrued related to unrecognized tax benefits in income tax expense. The Company accrued approximately \$2.3 million and \$2.2 million of interest during 2011 and 2010, respectively. In total, the Company accrued \$15.1 million and \$12.8 million for the payment of interest and penalties at December 31, 2011 and 2010, 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

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

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 \$345 and \$255 as of December 31, 2011 and 2010, 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 December 31, 2011 CRDA related assets were as follows:

	<u>2011</u>	<u>2010</u>
CRDA Bonds — net of amortized costs	\$ 3,872	\$ 3,962
Deposits — net of reserves of \$10,097 and \$11,422	<u>15,406</u>	<u>15,463</u>
Total	<u>\$ 19,278</u>	<u>\$ 19,425</u>

The Company records charges to operations to reflect the estimated net realizable value of its CRDA investment. Charges to operations were \$991 and \$388 for the years ended December 31, 2011 and 2010, 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

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

years ended December 31, 2011 and 2010 was \$26 and \$26, 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.

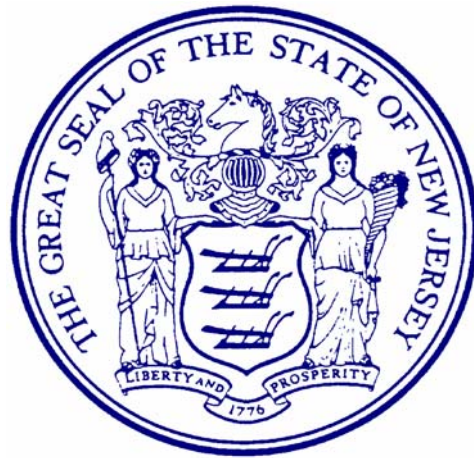
In August 2008, the AC Industry entered into a new agreement with the NJSEA that will provide \$90 million in funding to subsidize New Jersey's horseracing industry. The funding will be provided in installments through 2011. In exchange for this funding, the NJSEA and the three active New Jersey racetracks will not conduct any casino gaming at the racetracks prior to December 31, 2011. The Company's obligation was \$10,657, 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 \$3,525 for payments to NJSEA in 2011.

All the Atlantic City casino properties (the "AC Industry") and the CRDA entered into an agreement with the Atlantic City Alliance (the "ACA") to provide funding to subsidize Atlantic City casino marketing. This agreement was signed on November 2, 2011 and is set to expire on December 31, 2016. The agreement provides that in exchange for funding, the ACA will create and implement a marketing plan for the AC Industry. As part of the agreement, the AC Industry provided an initial deposit of \$5,000 in December 2011 and will continue to pay \$30,000 annually for the next five years. The Company's obligation was \$350 in 2011. The Company's obligation for its portion of future payments is estimated at 18,286 equal to its fair-share of AC Industry casino revenues.

**BOARDWALK REGENCY CORPORATION
ANNUAL FILINGS**

FOR THE YEAR ENDED DECEMBER 31, 2011

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



**OFFICE OF FINANCIAL INVESTIGATIONS
REPORTING MANUAL**

BOARDWALK REGENCY CORPORATION
ANNUAL SCHEDULE OF RECEIVABLES AND PATRONS' CHECKS
FOR THE YEAR ENDED DECEMBER 31, 2011

(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.....	\$14,341		
2	Returned Patrons' Checks.....	16,829		
3	Total Patrons' Checks.....	31,170	\$12,275	\$18,895
4	Hotel Receivables.....	1,975	128	\$1,847
	Other Receivables:			
5	Receivables Due from Officers and Employees....			
6	Receivables Due from Affiliates.....			
7	Other Accounts and Notes Receivables.....	3,794		
8	Total Other Receivables.....	3,794		\$3,794
9	Totals (Form DGE-205).....	\$36,939	\$12,403	\$24,536

UNDEPOSITED PATRONS' CHECKS ACTIVITY		
Line (f)	Description (g)	Amount (h)
10	Beginning Balance (January 1).....	\$12,408
11	Counter Checks Issued.....	362,934
12	Checks Redeemed Prior to Deposit.....	(331,042)
13	Checks Collected Through Deposits.....	(13,815)
14	Checks Transferred to Returned Checks.....	(16,144)
15	Other Adjustments.....	
16	Ending Balance.....	\$14,341
17	"Hold" Checks Included in Balance on Line 16.....	0
18	Provision for Uncollectible Patrons' Checks.....	\$1,499
19	Provision as a Percent of Counter Checks Issued.....	0.4%

BOARDWALK REGENCY CORPORATION

ANNUAL EMPLOYMENT AND PAYROLL REPORT

AT DECEMBER 31, 2011

(\$ 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	876			
2	Slot Machines	74			
3	Administration				
4	Casino Accounting	120			
5	Simulcasting	11			
6	Other				
7	Total - Casino	1,081	\$27,300	\$248	\$27,548
8	ROOMS	263	6,857		6,857
9	FOOD AND BEVERAGE	825	15,365		15,365
10	GUEST ENTERTAINMENT	193	1,533		1,533
11	MARKETING	126	7,292	517	7,809
12	OPERATION AND MAINTENANCE	202	7,880		7,880
	ADMINISTRATIVE AND GENERAL:				
13	Executive Office	7	154	621	775
14	Accounting and Auditing	25	1,439	293	1,732
15	Security	138	4,148		4,148
16	Other Administrative and General	82	4,620	108	4,728
	OTHER OPERATED DEPARTMENTS:				
17	Parking Operations	81	1,421		1,421
18	Health Club/Pool Services	34	850		850
19	Telephone	10	395		395
20	Retail Stores	23	513		513
21					0
22					0
23	TOTALS - ALL DEPARTMENTS	3,090	\$79,767	\$1,787	\$81,554