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

QUARTERLY REPORT

FOR THE QUARTER ENDED JUNE 30, 2014

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

OFFICE OF FINANCIAL INVESTIGATIONS
REPORTING MANUAL

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

AS OF JUNE 30, 2014 AND 2013

(UNAUDITED)
($ IN THOUSANDS)

Line (a)	Description (b)	Notes	2014 (c)	2013 (d)
	ASSETS:			
	Current Assets:			
1	Cash and Cash Equivalents		$15,848	$20,697
2	Short-Term Investments		0	0
3	Receivables and Patrons' Checks (Net of Allowance for Doubtful Accounts - 2014, $3,737; 2013, $6,368)	4	11,408	10,429
4	Inventories		1,156	1,479
5	Other Current Assets	5	3,204	11,996
6	Total Current Assets		31,616	44,601
7	Investments, Advances, and Receivables	6	22,997	421,248
8	Property and Equipment - Gross	2,7	52,409	859,356
9	Less: Accumulated Depreciation and Amortization	2,7	(11,325)	(179,576)
10	Property and Equipment - Net	7	41,084	679,780
11	Other Assets	8	99,810	22,010
12	Total Assets		$195,507	$1,167,639
	LIABILITIES AND EQUITY:			
	Current Liabilities:			
13	Accounts Payable		$8,387	$8,393
14	Notes Payable		0	0
	Current Portion of Long-Term Debt:			
15	Due to Affiliates			
16	External		3,167	988
17	Income Taxes Payable and Accrued		0	0
18	Other Accrued Expenses	9	333,754	284,756
19	Other Current Liabilities		2,003	2,122
20	Total Current Liabilities		347,311	296,259
	Long-Term Debt:			
21	Due to Affiliates	10	583,500	583,500
22	External	10	2,886	923
23	Deferred Credits		0	57,494
24	Other Liabilities	11	884	96,123
25	Commitments and Contingencies	12		
26	Total Liabilities		934,581	1,034,299
27	Stockholders', Partners', or Proprietor's Equity		(739,074)	133,340
28	Total Liabilities and Equity		$195,507	$1,167,639

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

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

FOR THE SIX MONTHS ENDED JUNE 30, 2014 AND 2013

(UNAUDITED)
($ IN THOUSANDS)

Line (a)	Description (b)	Notes	2014 (c)	2013 (d)
	Revenue:			
1	Casino		$103,340	$122,359
2	Rooms		17,193	21,263
3	Food and Beverage		20,659	21,768
4	Other		4,588	6,046
5	Total Revenue		145,780	171,436
6	Less: Promotional Allowances		39,458	41,872
7	Net Revenue		106,322	129,564
	Costs and Expenses:			
8	Casino		55,052	56,576
9	Rooms, Food and Beverage		9,270	10,841
10	General, Administrative and Other		35,158	42,789
11	Total Costs and Expenses		99,480	110,206
12	Gross Operating Profit		6,842	19,358
13	Depreciation and Amortization	2	6,853	14,432
	Charges from Affiliates Other than Interest:			
14	Management Fees			0
15	Other	3	14,141	11,081
16	Income (Loss) from Operations		(14,152)	(6,155)
	Other Income (Expenses):			
17	Interest Expense - Affiliates	10	(24,799)	(24,820)
18	Interest Expense - External	10	(79)	(84)
19	CRDA Related Income (Expense) - Net	12	(278)	(1,825)
20	Nonoperating Income (Expense) - Net		(15,651)	625
21	Total Other Income (Expenses)		(40,807)	(26,104)
22	Income (Loss) Before Taxes and Extraordinary Items		(54,959)	(32,259)
23	Provision (Credit) for Income Taxes	2	(43,162)	(11,083)
24	Income (Loss) Before Extraordinary Items		(11,797)	(21,176)
25	Extraordinary Items (Net of Income Taxes - 2014, $0; 2013, $0)			0
26	Net Income (Loss)		($11,797)	($21,176)

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

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

FOR THE QUARTER ENDED JUNE 30, 2014 AND 2013

(UNAUDITED)
($ IN THOUSANDS)

Line (a)	Description (b)	Notes	2014 (c)	2013 (d)
	Revenue:			
1	Casino		$54,594	$64,121
2	Rooms		8,859	11,736
3	Food and Beverage		11,365	12,305
4	Other		2,607	3,349
5	Total Revenue		77,425	91,511
6	Less: Promotional Allowances		18,868	22,602
7	Net Revenue		58,557	68,909
	Costs and Expenses:			
8	Casino		27,145	28,907
9	Rooms, Food and Beverage		5,669	7,233
10	General, Administrative and Other		17,340	22,751
11	Total Costs and Expenses		50,154	58,891
12	Gross Operating Profit		8,403	10,018
13	Depreciation and Amortization	2	5,745	6,740
	Charges from Affiliates Other than Interest:			
14	Management Fees			0
15	Other	3	7,108	4,730
16	Income (Loss) from Operations		(4,450)	(1,452)
	Other Income (Expenses):			
17	Interest Expense - Affiliates	10	(12,400)	(12,410)
18	Interest Expense - External	10	(60)	(41)
19	CRDA Related Income (Expense) - Net	12	290	(657)
20	Nonoperating Income (Expense) - Net		(2,382)	176
21	Total Other Income (Expenses)		(14,552)	(12,932)
22	Income (Loss) Before Taxes and Extraordinary Items		(19,002)	(14,384)
23	Provision (Credit) for Income Taxes	2	(11,119)	(4,845)
24	Income (Loss) Before Extraordinary Items		(7,883)	(9,539)
25	Extraordinary Items (Net of Income Taxes - 2014, $0; 2013, $0)			0
26	Net Income (Loss)		($7,883)	($9,539)

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

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

FOR THE TWELVE MONTHS ENDED DECEMBER 31, 2013 AND THE SIX MONTHS ENDED JUNE 30, 2014

(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, 2012...........**		100	$1			$597,787		($238,765)	$359,023
2	Net Income (Loss) - 2013.............								(452,775)	(452,775)
3	Contribution to Paid-in-Capital.....									0
4	Dividends.....................................									0
5	Prior Period Adjustments..............									0
6	Equitization of Intercompany						(600,233)		(6,971)	(607,204)
7										0
8										0
9										0
10	**Balance, December 31, 2013...........**		100	1	0	0	(2,446)	0	(698,511)	(700,956)
11	Net Income (Loss) - 2014.............								(11,797)	(11,797)
12	Contribution to Paid-in-Capital.....									0
13	Dividends.....................................									0
14	Prior Period Adjustments..............									0
15	Equitization of Intercompany						(26,321)			(26,321)
16										0
17										0
18										0
19	**Balance, June 30, 2014 ....**		100	$1	0	$0	($28,767)	$0	($710,308)	($739,074)

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

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

FOR THE SIX MONTHS ENDED JUNE 30, 2014 AND 2013

(UNAUDITED)
($ IN THOUSANDS)

Line (a)	Description (b)	Notes	2014 (c)	2013 (d)
1	CASH PROVIDED (USED) BY OPERATING ACTIVITIES...		($3,874)	$19,601
	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		(7,725)	(3,269)
5	Proceeds from Disposition of Property and Equipment		12,320	
6	CRDA Obligations		(692)	(800)
7	Other Investments, Loans and Advances made			
8	Proceeds from Other Investments, Loans, and Advances			
9	Cash Outflows to Acquire Business Entities		0	0
10				
11				
12	Net Cash Provided (Used) By Investing Activities		3,903	(4,069)
	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			
18	Cash Proceeds from Issuing Stock or Capital Contributions		0	0
19	Purchases of Treasury Stock			
20	Payments of Dividends or Capital Withdrawals			
21	Change in Payable to / Receivable from affiliates		(1,204)	(20,412)
22				
23	Net Cash Provided (Used) By Financing Activities		(1,204)	(20,412)
24	Net Increase (Decrease) in Cash and Cash Equivalents		(1,175)	(4,880)
25	Cash and Cash Equivalents at Beginning of Period		17,023	25,577
26	Cash and Cash Equivalents at End of Period		$15,848	$20,697

	CASH PAID DURING PERIOD FOR:			
27	Interest (Net of Amount Capitalized)		$0	$0
28	Income Taxes		$0	$0

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

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

FOR THE SIX MONTHS ENDED JUNE 30, 2014 AND 2013

(UNAUDITED)

($ IN THOUSANDS)

Line (a)	Description (b)	Notes	2014 (c)	2013 (d)
	CASH FLOWS FROM OPERATING ACTIVITIES:			
29	Net Income (Loss)...		($11,797)	($21,176)
30	Depreciation and Amortization of Property and Equipment...		6,853	12,944
31	Amortization of Other Assets...			1,488
32	Amortization of Debt Discount or Premium..........................			0
33	Deferred Income Taxes - Current		320	511
34	Deferred Income Taxes - Noncurrent			(3,147)
35	(Gain) Loss on Disposition of Property and Equipment.........		358	(271)
36	(Gain) Loss on CRDA-Related Obligations..........................		278	1,825
37	(Gain) Loss from Other Investment Activities.......................			
38	(Increase) Decrease in Receivables and Patrons' Checks		(2,815)	9,072
39	(Increase) Decrease in Inventories		158	(234)
40	(Increase) Decrease in Other Current Assets..........................		4,162	(9,235)
41	(Increase) Decrease in Other Assets......................................		20,119	171
42	Increase (Decrease) in Accounts Payable..............................		(2,280)	1,578
43	Increase (Decrease) in Other Current Liabilities		25,823	25,040
44	Increase (Decrease) in Other Liabilities		(45,053)	1,035
45	....			
46	....			
47	Net Cash Provided (Used) By Operating Activities..................		($3,874)	$19,601

SUPPLEMENTAL DISCLOSURE OF CASH FLOW INFORMATION

Line (a)	Description (b)	Notes	2014 (c)	2013 (d)
	ACQUISITION OF PROPERTY AND EQUIPMENT:			
48	Additions to Property and Equipment..................................		($7,843)	($3,269)
49	Less: Capital Lease Obligations Incurred..............................		118	
50	Cash Outflows for Property and Equipment.............................		($7,725)	($3,269)
	ACQUISITION OF BUSINESS ENTITIES:			
51	Property and Equipment Acquired..			
52	Goodwill Acquired..			
53	Other Assets Acquired - net			
54	Long-Term Debt Assumed..			
55	Issuance of Stock or Capital Invested....................................			
56	Cash Outflows to Acquire Business Entities............................		$0	$0
	STOCK ISSUED OR CAPITAL CONTRIBUTIONS:			
57	Total Issuances of Stock or Capital Contributions.................		$0	$0
58	Less: Issuances to Settle Long-Term Debt............................		0	0
59	Consideration in Acquisition of Business Entities.................		0	0
60	Cash Proceeds from Issuing Stock or Capital Contributions......		$0	$0

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

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

FOR THE SIX MONTHS ENDED JUNE 30, 2014
(UNAUDITED)
($ IN THOUSANDS)

		Promotional Allowances		Promotional Expenses	
Line (a)	**Description (b)**	**Number of Recipients (c)**	**Dollar Amount (d)**	**Number of Recipients (e)**	**Dollar Amount (f)**
1	Rooms	231,614	$8,624		
2	Food	281,743	6,175		
3	Beverage	2,884,363	5,769		
4	Travel	0	0	1,113	261
5	Bus Program Cash	1,349	27		
6	Promotional Gaming Credits	254,601	16,085		
7	Complimentary Cash Gifts	31,352	1,748		
8	Entertainment	0	0	1,585	322
9	Retail & Non-Cash Gifts	24,128	555		
10	Parking	0	0		
11	Other	95,347	476		
12	Total	3,804,497	$39,458	2,698	$583

FOR THE QUARTER ENDED JUNE 30, 2014

		Promotional Allowances		Promotional Expenses	
Line (a)	**Description (b)**	**Number of Recipients (c)**	**Dollar Amount (d)**	**Number of Recipients (e)**	**Dollar Amount (f)**
1	Rooms	108,890	$4,007		
2	Food	115,884	2,920		
3	Beverage	1,508,197	3,016		
4	Travel	0	0	614	144
5	Bus Program Cash	0	0		
6	Promotional Gaming Credits	125,053	7,459		
7	Complimentary Cash Gifts	14,853	959		
8	Entertainment	0	0	1,025	198
9	Retail & Non-Cash Gifts	11,722	270		
10	Parking	0	0		
11	Other	47,758	238		
12	Total	1,932,357	$18,868	1,639	$343

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

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

FOR THE QUARTER ENDED JUNE 30, 2014

1. I have examined this Quarterly Report.

2. All the information contained in this Quarterly Report has been prepared in conformity with the Division'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.S.A. 5:12-84a(1)-(5) during the quarter.

Karen Worman

8/15/2014
Date

KAREN WORMAN

Vice President of Finance
Title

6320-11
License Number

On Behalf of:

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

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

NOTE 1 – ORGANIZATION AND BASIS OF PRESENTATION

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

The Company operates in one industry segment and all significant revenues arise from its casino and supporting hotel operations. The Company is licensed to operate the facility by the New Jersey Division of Gaming Enforcement, (the "DGE") and is subject to rules and regulations established by the DGE. The Company's license is subject to resubmission every five years.

NOTE 2 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Basis of Presentation - The Companies financial statements are prepared in accordance with accounting principles generally accepted in the United States ("GAAP"), which require the use of estimates and assumptions that affect the reported amounts of assets, liabilities and the disclosure of contingent assets and liabilities at the date of the financial statements and the amounts of revenues and expenses during the reporting periods. Management believes the accounting estimates are appropriate and reasonably stated; however, due to the inherent uncertainties in making these estimates, actual amounts could differ.

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

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

Long-Lived Assets - The Companies have significant capital invested in long-lived assets, and judgments are made in determining the estimated useful lives of assets and salvage values and if or when an asset (or asset group) has been impaired. The accuracy of these estimates affects the amount of depreciation and amortization expense recognized in the Companies' financial results and whether the Companies have a gain or loss on the disposal of an asset. The Companies assign lives to their assets based on their standard policy, which is established by management as representative of the useful life of each category of asset.

The Companies review the carrying value of their long-lived assets 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. The Companies typically estimate their fair value of assets starting with a "Replacement Cost New" approach and then deducting appropriate amounts for both functional and economic obsolescence to arrive at fair value estimates. Other factors considered by management in performing this assessment may include current operating results, trends, prospects, and third-party appraisals, as well as the effect of demand, competition, and other economic, legal, and regulatory factors. In estimating expected future cash flows for determining whether an asset is impaired, assets are grouped at the lowest level of identifiable cash flows, which, for the Companies, is the individual property. These analyses are sensitive to management assumptions and the estimates of the obsolescence factors, and changes in the assumptions and estimates, could have a material impact on the analysis and the supplemental consolidated financial statements schedules.

(All dollar amounts in thousands)

Additions to property and equipment are stated at cost. The Companies capitalize the costs of improvements that extend the life of the asset. The Companies expense maintenance and repair costs as incurred. Gains or losses on the disposition of property and equipment are recognized in the period of disposal. Interest expense is capitalized on internally constructed assets at the applicable weighted-average borrowing rates of interest. Capitalization of interest ceases when the project is substantially complete or construction activity is suspended for more than a brief period of time.

Useful Lives

Land improvements	12 years
Buildings	30 to 40 years
Leasehold improvements	5 to 15 years
Furniture, fixtures, and equipment	2.5 to 20 years

Acquisition

In December 2013, Caesars agreed to acquire the non-gaming assets, including physical property, of New Jersey's Atlantic Club Casino and Hotel in a bankruptcy auction. In December 2013, Caesars paid $4,000 into an escrow account, included in prepayments and other current assets of the accompanying supplemental consolidating balance sheet schedule for Bally's Atlantic City, pursuant to the agreement to acquire the assets. Subsequent to December 2013, Caesars formed BPP Providence Acquisition Company, LLC, a wholly owned subsidiary of Bally's Atlantic City, in order to hold the acquired assets. In January 2014, Caesars paid $10,900 to close the acquisition and later sold the Atlantic Club to TJM Properties LLC in May 2014.

Dispositions

In October 2013, Caesars agreed to sell The Claridge Tower (the "Claridge") to TJM Properties, LLC in exchange for cash consideration of $12,500. The Claridge is a hotel facility, owned by and adjacent to Bally's Atlantic City. Prior to the sale, Bally's Atlantic City recognized an impairment of $25,330 reflected in tangible and intangible asset impairments of Bally's Atlantic City's accompanying supplemental consolidating balance sheet schedule. In February 2014, the sale closed at which Caesars received $13,200, inclusive of property tax overpayments of $800 and net of customary closing costs.

Investments in Subsidiaries - The Company had an investment in Atlantic City Country Club 1, LLC ("ACCC") a wholly owned subsidiary of the Company. It is reflected in the accompanying financial statements using the equity method. In April 2014, Caesars sold the ACCC.

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

Impairment of Intangible Assets - Fair value is defined as the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants in the principle market or, if none exists, the most advantageous market, for the specific asset or liability at the measurement date (referred to as the "exit price"). Fair value is a market-based measurement that should be determined based upon assumptions that market participants would use in pricing an asset or liability, including consideration of nonperformance risk.

We assess the inputs used to measure fair value using the three-tier hierarchy promulgated under GAAP. This hierarchy indicates the extent to which inputs used in measuring fair value are observable in the market.

Level 1: Inputs include quoted prices in active markets for identical assets or liabilities that are accessible at the measurement date.;

Level 2: Inputs other than quoted prices included in Level 1 that are observable either directly or indirectly, including quoted prices for similar assets in active markets, quoted prices from identical or similar assets in inactive markets, and observable inputs such as interest rates and yield curves.; and

Level 3: Inputs that are significant to the measurement of fair value that are not observable in the market and include management's judgments about assumptions market participants would use in pricing the asset or liability (including assumptions about risk).

Our assessment of goodwill and other intangible assets for impairment includes an assessment using various Level 2 (EBITDA multiples and discount rate) and Level 3 (forecasted cash flows) inputs.

Revenue Recognition — Casino revenues are measured by the aggregate net difference between gaming wins and losses, with liabilities recognized for funds deposited by customers before gaming play occurs and for chips in the customers' possession. Food and beverage, rooms, and other operating revenues are recognized when services are performed. Advance deposits on rooms and advance ticket sales are recorded as customer deposits until services are provided to the customer. Sales taxes and other taxes collected from customers on behalf of governmental authorities are accounted for on a net basis and are not included in net revenues or operating expenses.

(All dollar amounts in thousands)

Casino Promotional Allowances - The retail value of accommodations, food and beverage and other services furnished to casino guests without charge is included in gross revenue and then deducted as promotional allowances. Also included is the value of the coupons redeemed for cash at the property. The estimated costs of providing such complimentary services are classified as casino expenses in the accompanying statements of income. These costs consisted of the following as of June 30:

	2014	2013
Rooms	$4,642	$4,595
Food and Beverage	9,966	9,354
Other	539	597
Bus Program Cash	27	80
Promotional Gaming Credits	16,085	13,567
Other Cash Complimentaries	1,748	4,165
	$33,007	$32,358

Total Rewards Program Liability - The Company's customer loyalty program, Total Rewards, offers incentives to customers who gamble at certain of affiliated casinos throughout the United States. Under the program, customers are able to accumulate, or bank, reward credits over time that they may redeem at their discretion under the terms of the program. The reward credit balance will be forfeited if the customer does not earn a reward credit over the prior six-month period. As a result of the ability of the customer to bank the reward credits, the expense of reward credits is accrued after consideration of estimated forfeitures (referred to as "breakage"), as they are earned. The value of the cost to provide reward credits is expensed as the reward credits are earned and is included in casino expense in the accompanying statements of operations. To arrive at the estimated cost associated with reward credits, estimates and assumptions are made regarding incremental marginal costs of the benefits, breakage rates and the mix of goods and services for which reward credits will be redeemed. The Company uses historical data to assist in the determination of estimated accruals. At June 30, 2014 and 2013, the accrued balance for the estimated cost of Total Rewards credit redemptions was $2,216 and $1,994, respectively.

In addition to reward credits, the Company's customers can earn points based on play that are redeemable in Non Negotiable Reel Rewards ("NNRR"). The Company accrues the costs of NNRR points, after consideration of estimated breakage, as they are earned. The cost is recorded as contra-revenue and included in casino promotional allowances in the accompanying statements of income. At June 30, 2014 and 2013, the liability related to the outstanding NNRR points, which is based on historical redemption activity, was approximately $461 and $378, respectively.

Gaming Tax — The Company remits weekly to the NJ Division of Taxation a tax equal to eight percent of the gross gaming revenue, as defined. Gaming taxes paid to the NJ Division of Taxation for the six months ended June 30, 2014 and 2013, which are included in cost of sales in the accompanying statements of income, were approximately $8,380 and $9,757, respectively.

Property Tax – In 2014, the Company settled with the City with respect to their challenges to the real estate tax assessment for prior years. The City approved refund/credit of prior year's property taxes during the first quarter of 2014 in the amount of $1,751. This amount was recorded as a receivable on the accompanying balance sheet and in general, administrative and other expense in the accompanying Statement of Income. In addition, the 2014 assessment was reduced by approximately $225 million. During 2014, the city increased property tax rate by approximately 32%. There have been discussions that the tax rate will only increase by approximately 29%; however, we do not have updated tax bills to confirm this information.

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.

Internet Gaming - Caesars Interactive Entertainment New Jersey, LLC as the affiliate of Bally's Park Place, Inc. was issued an internet gaming permit on November 20, 2013 to conduct real money online gaming in the State of New Jersey. All real money online gaming is reported in the financial statements of Caesars Interactive Entertainment New Jersey, LLC.

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

Reclassifications — The Company has reclassified certain amounts for prior periods to conform to the current year's presentation.

Seasonal factors - The Company's operations are subject to seasonal factors and, therefore, the results of operations of the six months ended June 30, 2014 are not necessarily indicative of the results of operations for the full year.

Omission of Disclosures - In accordance with the Financial Reporting guidelines provided by the Division of Gaming Enforcement, the Company has elected not to include certain disclosures, which have not significantly changed since filing the most recent Annual Report. Accordingly, the following disclosures have been omitted: Future Lease Obligations, Employee Benefits and certain Income Tax disclosures.

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.

The Company's property, assets and capital stock are pledged as collateral for certain of CEOC's outstanding debt.

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 to the Company to fund daily operations, including accounts payable and payroll, as well as capital expenditures. The balance shown as "due from affiliates — net," in the accompanying statements of changes in stockholder's equity is non interest bearing.

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 approximately $14,141 and $11,081 for the six months ended June 30, 2014 and 2013, respectively, for these services.

Equitization of Intercompany Balances - During June 2013, the Company elected to equitize certain intercompany balances with its parent and affiliates that were previously classified as a receivable/liability. Offset to this was Additional Paid in Capital. This is separately shown on the Statement of Changes in Stockholder's Equity.

Atlantic City Country Club 1, LLC. - Atlantic City Country Club 1, LLC (ACCC) is a wholly owned subsidiary of the Company. The net operating costs of ACCC are allocated to the Company as well as Caesars Atlantic City, Showboat Atlantic City and Harrah's Atlantic City, affiliates of the Company. The Company was charged approximately $190 and $131 for the six months ended June 30, 2014 and 2013, respectively, for these services. The costs are included in other operating expenses in the accompanying statements of income. In April 2014, Caesars sold the ACCC.

(All dollar amounts in thousands)

NOTE 4 – RECEIVABLES AND PATRONS' CHECKS

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

	2014	2013
Casino Receivable (Net of allowance for doubtful accounts $3,667 in 2014 and $6,298 in 2013)	$3,701	$5,193
Other (Net of allowance for doubtful accounts of $70 in 2014 and $70 in 2013)	7,354	4,895
Current Portion of Notes Receivable	353	341
	$11,408	$10,429

NOTE 5- OTHER CURRENT ASSETS

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

	2014	2013
Tax Deferred Asset	$2,184	$1,866
Other	1,020	10,130
	$3,204	$11,996

NOTE 6 - INVESTMENTS, ADVANCES AND RECEIVABLES

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

	2014	2013
Due from Caesars:	$0	$376,413
Investment in wholly owned subsidiaries(see Note 2) Atlantic City Country Club 1, LLC	0	14,398
Casino Reinvestment Development Authority Investment obligations (net of valuation reserves of $13,699 in 2014 and $16,859 in 2013)	21,606	28,804
Other	1,391	1,633
	$22,997	$421,248

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

(All dollar amounts in thousands)

NOTE 7- LAND, BUILDING AND EQUIPMENT

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

	2014	2013
Land	$27,869	$277,433
Buildings and Improvements	9,653	467,491
Furniture, Fixtures and Equipment	5,547	113,984
Construction in progress	9,339	448
	$52,409	$859,356
Less accumulated depreciation	(11,325)	(179,576)
	$41,084	$679,780

Over time, the Company has experienced deteriorating gaming volumes, and as a result the Company determined it was necessary to complete an assessment for impairment. Upon the failure of step one of the assessment, the Company performed a valuation of its long-lived assets. As a result of these assessments, in September 2013, the Company recorded a tangible asset impairment of $477,072. With the assistance of third party valuation experts, the Company estimated the fair value of the property starting with a "Replacement Cost New" approach and then deducting appropriate amounts for both functional and economic obsolescence to arrive at the fair value estimates. These analyses are sensitive to management assumptions and the estimates of the obsolescence factors, and increases or decreases in these assumptions and estimates could have a material impact on the analyses.

During the fourth quarter 2013, casino property sales occurred in the Atlantic City market. The pricing of the transactions indicated a substantial decline in market price had occurred for Casinos in Atlantic City. As a result of this triggering event, the Company determined it was necessary to perform a recoverability test of the carrying amount of our Atlantic City properties. It was determined the carrying values of our Atlantic City properties were not recoverable. Therefore, we performed a fair value assessment of the properties. Impairment losses of $613,250 were recorded in 2013 primarily as a result of the assessment.

NOTE 8- OTHER ASSETS

Other assets as of June 30 consist of the following:

	2014	2013
Intangible asset (net of accumulated amortization of $0 in 2014 and $12,524 in 2013)	$0	$12,176
Notes Receivable-Net of current portion	9,067	9,419
Tax Deferred Asset	90,245	0
Other	498	415
	$99,810	$22,010

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

(All dollar amounts in thousands)

During the third quarter of 2013, the Company completed its annual assessment of other amortizing intangible assets as of December 31, which resulted in impairment charges of $11,432. These impairment charges were the result of reduced projections associated with these intangible assets within our long-term operating plan.

NOTE 9- OTHER ACCRUED EXPENSES

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

	2014	2013
Accrued Interest	$317,493	$267,896
Accrued Payroll	8,248	8,297
Other	8,013	8,563
	$333,754	$284,756

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

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

	2014	2013
8.5% Note payable to Harrah's Entertainment Ltd. ("HEL") due January 1, 2019	$500,000	$500,000
8.5% Note Payable To HEL due May 31, 2021	33,500	33,500
8.5% Note Payable To HEL due May 31, 2021	50,000	50,000
	$583,500	$583,500
Long-term debt-other:	$2,886	$923

On July 1, 2006, the three promissory notes formerly held by Caesars Entertainment Finance Corporation ("CEFC") were assigned to HEL. Neither the terms nor the amounts of debt were affected by this assignment. The only notable change resulting from the assignment was a change in the timing of interest payments. Prior to the assignment interest payments were made monthly. However, for subsequent tax years, interest payments will be remitted annually, payable in the following year. As of June 30, 2014 and 2013, accrued interest related to the three inter-company notes totaled $317,493 and $267,896 respectively. Since the notes are due to an affiliate, a determination of fair value is not considered meaningful.

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

The Company also amended and restated its notes payable to HEL originally due May 31, 2011 in the amount of $83,500. The new amended and restated note payable has the same terms and conditions and at the same interest rate but with a new maturity date of May 31, 2021.

(All dollar amounts in thousands)

NOTE 11 - OTHER LIABILITIES

As of June 30, Other Liabilities were as follows:

	2014	2013
Retirement and Other Employee benefit Plans	$327	$359
Deferred Tax Liability	557	95,764
	$884	$96,123

NOTE 12 – COMMITMENTS AND CONTINGENCIES

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

Insurance Reserve - The Company is self-insured for various levels of general liability coverage. Insurance claims and reserves include the accrual of estimated settlements for known and anticipated claims. Accrued expenses and other current liabilities in the accompanying balance sheets include insurance allowances of $400 and $115 as of June 30, 2014 and 2013. Actual results may differ from these reserve amounts.

CRDA Investment Obligation - The New Jersey Casino Control Act provides, among other things, for an assessment of licenses equal to 1.25% of their gross gaming revenues in lieu of an investment alternative tax equal to 2.5% of gross gaming revenues. The Company may satisfy this investment obligation by investing in qualified eligible direct investments, by making qualified contributions or by depositing funds with the CRDA. Funds deposited with the CRDA may be used to purchase bonds designated by the CRDA or, under certain circumstances, may be donated to the CRDA in exchange for credits against future CRDA investment obligations. CRDA bonds have terms up to 50 years and bear interest at below-market rate.

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

	2014	2013
CRDA Bonds - net of amortized costs	$11,336	$11,266
Deposit - net of reserve	8,808	15,631
Direct Investments - net of reserves	1,462	1,907
	$21,606	$28,804

The Company records charges to operations to reflect the estimated net realizable value of its CRDA investment. Charges to operations were $278 and $1,825 for the six months ended June 30, 2014 and 2013, respectively, and is included in CRDA (income) expense, in the statements of income.

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

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 and the CRDA entered into an agreement with the Atlantic City Alliance (the "ACA") to provide funding to subsidize the Atlantic City market. 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 paid $1,167 in the six months ending June 30, 2014. The Company's obligation for its portion of future payments is estimated at $6,263, equal to its fair-share of AC Industry casino revenues.

Atlantic City Conference Center - In June 2013, Caesars established, AC Conference NewCo, LLC ("NewCo") to construct and operate a new conference center (the "Project") adjacent to Harrah's Atlantic City. NewCo is a direct wholly owned subsidiary of AC Conference HoldCo, LLC, which is a direct wholly owned subsidiary of Caesars.

Also in June 2013, Caesars signed an agreement with the CRDA regarding a grant for financial assistance in the amount of $45,000 (the "Project Grant") wherein the CRDA will provide Caesars cash to help fund the construction of the Project. Under the Project Grant, Caesars is obligated to contribute to the CRDA the following:

- $46,200 of Atlantic City Economic Development Investment Alternative Tax Obligation balances ("Existing Credits"), of which $1,200 represents a 2.75% administrative fee,
- $9,500 of CRDA Credits that the CRDA will use towards the construction of the CRDA's marketplace-style retail development project (the "Donation Credits"), and
- Land parcels with an appraised value of $7,300 on which the CRDA's Marketplace Project will be developed (the Marketplace Parcels).

The gross value of the credits and land parcels described above held by the Companies immediately prior to the transaction were as follows:

(All dollar amounts in thousands)

Existing Credits	
Bally's Park Place, Inc.	$ 23,400
Boardwalk Regency Corporation	10,600
Harrah's Atlantic City Holding, Inc. and Subsidiaries	7,000
Ocean Showboat, Inc. and Subsidiaries	5,200
	$ 46,200
Donation Credits	
Ocean Showboat, Inc. and Subsidiaries	$ 9,500
Marketplace Parcels	
Bally's Park Place, Inc.	$ 4,600
Boardwalk Regency Corporation	2,700
	$ 7,300

In return for the above, the CRDA will deposit $45,000 into a Project Fund from which Caesars can draw on a pari-passu basis via reimbursements to NewCo based on amounts paid for the Project by NewCo. To date, Caesars has received $7,419 in reimbursements from the Project Fund.