HARRAH'S CASINO HOTEL, ATLANTIC CITY
QUARTERLY REPORT

FOR THE QUARTER ENDED MARCH 31, 2007

**SUBMITTED TO THE
CASINO CONTROL COMMISSION
OF THE
STATE OF NEW JERSEY**

**DIVISION OF FINANCIAL EVALUATION
REPORTING MANUAL**

HARRAH'S CASINO HOTEL, ATLANTIC CITY
BALANCE SHEETS

AS OF MARCH 31, 2007 AND 2006

(UNAUDITED)
($ IN THOUSANDS)

Line (a)	Description (b)	Notes	2007 (c)	2006 (d)	
	ASSETS:				
	Current Assets:				
1	Cash and Cash Equivalents		$39,921	$30,846	
2	Short-Term Investments		0	0	
3	Receivables and Patrons' Checks (Net of Allowance for Doubtful Accounts - 2007, $1,761 ; 2006, $917)		12,976	16,420	
4	Inventories	2	1,620	1,366	
5	Other Current Assets	4	8,431	7,423	
6	Total Current Assets		62,948	56,055	
7	Investments, Advances, and Receivables	5	417,895	543,049	*
8	Property and Equipment - Gross	2 & 6	1,057,741	893,878	
9	Less: Accumulated Depreciation and Amortization	2 & 6	(339,750)	(343,965)	
10	Property and Equipment - Net	2 & 6	717,991	549,913	
11	Other Assets		1,082	5,989	
12	Total Assets		$1,199,916	$1,155,006	
	LIABILITIES AND EQUITY:				
	Current Liabilities:				
13	Accounts Payable		$40,511	$14,462	
14	Notes Payable		0	0	
	Current Portion of Long-Term Debt:				
15	Due to Affiliates		0	0	
16	External		0	0	
17	Income Taxes Payable and Accrued	2	978	1,107	
18	Other Accrued Expenses	7	48,099	77,062	
19	Other Current Liabilities		1,097	539	
20	Total Current Liabilities		90,685	93,170	
	Long-Term Debt:				
21	Due to Affiliates	8	650,000	650,000	
22	External		0	0	
23	Deferred Credits		2,524	1,609	
24	Other Liabilities		1,155	1,032	*
25	Commitments and Contingencies				
26	Total Liabilities		744,364	745,811	
27	Stockholders', Partners', or Proprietor's Equity		455,552	409,195	
28	Total Liabilities and Equity		$1,199,916	$1,155,006	

* Certain 2006 amounts have been reclassified to confirm with 2007 presentation.

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

HARRAH'S CASINO HOTEL, ATLANTIC CITY
STATEMENTS OF INCOME

FOR THE THREE MONTHS ENDED MARCH 30, 2007 AND 2006

(UNAUDITED)
($ IN THOUSANDS)

Line (a)	Description (b)	Notes	2007 (c)	2006 (d)	
	Revenue:				
1	Casino		$125,376	$118,180	
2	Rooms		12,440	11,494	
3	Food and Beverage		15,219	14,004	
4	Other		3,646	2,301	
5	Total Revenue		156,681	145,979	
6	Less: Promotional Allowances	2	41,016	33,730	
7	Net Revenue		115,665	112,249	
	Costs and Expenses:				
8	Cost of Goods and Services		63,045	57,267	
9	Selling, General, and Administrative		14,097	12,113	*
10	Provision for Doubtful Accounts		259	160	
11	Total Costs and Expenses		77,401	69,540	
12	Gross Operating Profit		38,264	42,709	
13	Depreciation and Amortization		11,085	9,436	
	Charges from Affiliates Other than Interest:				
14	Management Fees		0	0	
15	Other	3	4,829	4,693	*
16	Income (Loss) from Operations		22,350	28,580	
	Other Income (Expenses):				
17	Interest Expense - Affiliates	8	(13,000)	(13,000)	
18	Interest Expense - External		0	0	
19	CRDA Related Income (Expense) - Net		(1,343)	(1,105)	
20	Nonoperating Income (Expense) - Net		(585)	(175)	
21	Total Other Income (Expenses)		(14,928)	(14,280)	
22	Income (Loss) Before Taxes and Extraordinary Items		7,422	14,300	
23	Provision (Credit) for Income Taxes	2	1,336	1,554	
24	Income (Loss) Before Extraordinary Items		6,086	12,746	
	Extraordinary Items (Net of Income Taxes -				
25	2007, $0; 2006, $0)		0	0	
26	Net Income (Loss)		$6,086	$12,746	

* Certain 2006 amounts have been reclassified to confirm with 2007 presentation.

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HARRAH'S CASINO HOTEL, ATLANTIC CITY
STATEMENTS OF CHANGES IN PARTNERS' OR PROPRIETOR'S EQUITY

FOR THE TWELVE MONTHS ENDED DECEMBER 31, 2006
AND THE THREE MONTHS ENDED MARCH 31, 2007

(UNAUDITED)
($ IN THOUSANDS)

Line (a)	Description (b)	Notes	Contributed Capital (c)	Accumulated Earnings (Deficit) (d)	______ (e)	Total Equity (Deficit) (f)
1	**Balance, December 31, 2005..........**		$165,954	$230,495	$0	$396,449
2	Net Income (Loss) - 2005..........			53,017		53,017
3	Capital Contributions................					0
4	Capital Withdrawals..................					0
5	Partnership Distributions...........					0
6	Prior Period Adjustments..........					0
7	______					0
8	______					0
9	______					0
10	**Balance, December 31, 2006..........**		165,954	283,512	0	449,466
11	Net Income (Loss) - 2007..........			6,086		6,086
12	Capital Contributions................					0
13	Capital Withdrawals..................					0
14	Partnership Distributions...........					0
15	Prior Period Adjustments..........					0
16	______					0
17	______					0
18	______					0
19	**Balance, March 31, 2007...............**		$165,954	$289,598	$0	$455,552

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

HARRAH'S CASINO HOTEL, ATLANTIC CITY
STATEMENTS OF CASH FLOWS

FOR THE THREE MONTHS ENDED MARCH 31, 2007 AND 2006

(UNAUDITED)
($ IN THOUSANDS)

Line (a)	Description (b)	Notes	2007 (c)	2006 (d)	
1	CASH PROVIDED (USED) BY OPERATING ACTIVITIES..		$68,106	$19,951	
	CASH FLOWS FROM INVESTING ACTIVITIES:				
2	Purchase of Short-Term Investments				
3	Proceeds from the Sale of Short-Term Investments		0	0	
4	Cash Outflows for Property and Equipment.....		(72,286)	(28,693)	
5	Proceeds from Disposition of Property and Equipment.....		187	0	
6	CRDA Obligations		(1,589)	(1,474)	
7	Other Investments, Loans and Advances made.....		0	0	
8	Proceeds from Other Investments, Loans, and Advances		891	0	
9	Cash Outflows to Acquire Business Entities.....		0	0	
10	.....		0	0	
11	.....				
12	Net Cash Provided (Used) By Investing Activities.....		(72,797)	(30,167)	
	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	.....				
22	.....				
23	Net Cash Provided (Used) By Financing Activities.....		0	0	
24	Net Increase (Decrease) in Cash and Cash Equivalents.....		(4,691)	(10,216)	
25	Cash and Cash Equivalents at Beginning of Period.....		44,612	41,062	*
26	Cash and Cash Equivalents at End of Period.....		$39,921	$30,846	

	CASH PAID DURING PERIOD FOR:			
27	Interest (Net of Amount Capitalized).....		$0	$0
28	Income Taxes.....		$0	$894

* Certain 2006 amounts have been reclassified to confirm with 2007 presentation.

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Valid comparisons cannot be made without using information contained in the notes.

HARRAH'S CASINO HOTEL, ATLANTIC CITY
STATEMENTS OF CASH FLOWS

FOR THE THREE MONTHS ENDED MARCH 31, 2007 AND 2006

(UNAUDITED)

($ IN THOUSANDS)

Line (a)	Description (b)	Notes	2007 (c)	2006 (d)	
	CASH FLOWS FROM OPERATING ACTIVITIES:				
29	Net Income (Loss)		$6,086	$12,746	
30	Depreciation and Amortization of Property and Equipment		11,069	9,434	
31	Amortization of Other Assets		16	2	
32	Amortization of Debt Discount or Premium		0	0	
33	Deferred Income Taxes - Current		0	(250)	
34	Deferred Income Taxes - Noncurrent		0	(2,029)	
35	(Gain) Loss on Disposition of Property and Equipment		(187)	0	
36	(Gain) Loss on CRDA-Related Obligations		0	0	
37	(Gain) Loss from Other Investment Activities		0	0	
38	(Increase) Decrease in Receivables and Patrons' Checks		568	(1,022)	*
39	(Increase) Decrease in Inventories		(368)	113	
40	(Increase) Decrease in Other Current Assets		(1,598)	2,602	
41	(Increase) Decrease in Other Assets		589	454	
42	Increase (Decrease) in Accounts Payable		8,201	5,780	
43	Increase (Decrease) in Other Current Liabilities		14,288	4,563	
44	Increase (Decrease) in Other Liabilities		(20)	(19)	*
45	(Increase) decrese in other receivables or advanc		29,462	(12,423)	*
46					
47	Net Cash Provided (Used) By Operating Activities		$68,106	$19,951	

SUPPLEMENTAL DISCLOSURE OF CASH FLOW INFORMATION

Line (a)	Description (b)	Notes	2007 (c)	2006 (d)
	ACQUISITION OF PROPERTY AND EQUIPMENT:			
48	Additions to Property and Equipment		($72,286)	($28,693)
49	Less: Capital Lease Obligations Incurred		0	0
50	Cash Outflows for Property and Equipment		($72,286)	($28,693)
	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

* Certain 2006 amounts have been reclassified to confirm with 2007 presentation.

The accompanying notes are an integral part of the financial statements.

Valid comparisons cannot be made without using information contained in the notes.

AMENDED 5/1/2008

HARRAH'S CASINO HOTEL, ATLANTIC CITY
SCHEDULE OF PROMOTIONAL EXPENSES AND ALLOWANCES

FOR THE THREE MONTHS ENDED MARCH 31, 2007

(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	125,316	$10,915		
2	Food	722,900	7,229		
3	Beverage	1,533,600	3,834		
4	Travel	0	0	31,492	3,118
5	Bus Program Cash	6,721	67		
6	Other Cash Complimentaries	1,400,341	17,504		
7	Entertainment	42,720	1,068		
8	Retail & Non-Cash Gifts	50,931	255		
9	Parking		0		
10	Other	28,869	144		
11	Total	3,911,398	$41,016	31,492	$3,118

FOR THE THREE MONTHS ENDED MARCH 31, 2007

		Promotional Allowances		Promotional Expenses	
Line (a)	Description (b)	Number of Recipients (c)	Dollar Amount (d)	Number of Recipients (e)	Dollar Amount (f)
1	Rooms	125,316	$10,915		
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8	Retail & Non-Cash Gifts	50,931	255		
9	Parking	0	0		
10	Other	28,869	144		
11	Total	3,911,398	$41,016	31,492	$3,118

HARRAH'S CASINO HOTEL, ATLANTIC CITY
STATEMENT OF CONFORMITY, ACCURACY, AND COMPLIANCE

FOR THE QUARTER ENDED MARCH 31, 2007

1. I have examined this Quarterly Report

2. All the information contained in this Quarterly Report has been prepared in conformity with the Casino Control Commission's Quarterly Report Instructions and Uniform Chart of Accounts.

3. To the best of my knowledge and belief, the information contained in this report is accurate.

4. To the best of my knowledge and belief, except for the deficiencies noted below, the licensee submitting this Quarterly Report has remained in compliance with the financial stability regulations contained in N.J.A.C. 19:43-4.2(b)1-5 during the quarter.

5/15/2007	Mary Cheeks
Date	MARY CHEEKS
	VICE PRESIDENT OF FINANCE
	Title
	004960-11
	License Number

On Behalf of:

HARRAH'S CASINO HOTEL, ATLANTIC CITY
Casino Licensee

HARRAH'S CASINO HOTEL ATLANTIC CITY
NOTES TO FINANCIAL STATEMENTS
(Unaudited)
(Dollars in Thousands)

NOTE 1 - ORGANIZATION AND BASIS OF PRESENTATION

Marina Associates and Subsidiary (the "Partnership") operates as a General Partnership and owns and operates a casino hotel resort located in the Marina District of Atlantic City, New Jersey known as Harrah's Casino Hotel Atlantic City. The Partnership is an indirect, wholly-owned subsidiary of Harrah's Operating Company, Inc. ("HOC"), which is a direct wholly-owned subsidiary of Harrah's Entertainment, Inc. ("Harrah's"). A substantial portion of the Partnership's revenues is derived from gaming and supporting hotel operations.

The Partnership is licensed to operate the facility by the New Jersey Casino Control Commission (the "CCC") and is subject to rules and regulations established by the CCC. The Partnership's license is subject to renewal every four years with the current license expiring in April 2008.

NOTE 2 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Principles of Consolidation - The accompanying consolidated financial statements include the account balances of the Partnership and its wholly-owned subsidiary, Reno Crossroads LLC ("Reno"). As a result, all material intercompany transactions and balances have been eliminated in consolidation.

Allowance for Doubtful Accounts - The Partnership 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 bad debts.

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

Land, Buildings and Equipment - Land, buildings, and equipment are stated at cost, including capitalized interest on intercompany funds used to finance construction calculated at Harrah's overall weighted-average borrowing rate of interest.

Improvements that extend the life of the asset are capitalized. Building improvements are depreciated over the remaining life of the building. Maintenance and repairs are expensed as incurred.

Depreciation is provided using the straight-line method over the shorter of the estimated useful life of the asset or the related lease term, as follows:

Land improvements	12 years
Buildings and improvements	7 to 40 years
Furniture, fixtures and equipment	3 to 12 years

The Partnership 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 Partnership in performing this assessment include current operating results, trends and prospects, as well as the effect of obsolescence, demand, competition and other economic factors.

Investments in Subsidiaries - During 1999, the Partnership, through its wholly owned subsidiary Reno Crossroads LLC ("Reno"), acquired a parcel of land in Reno, Nevada for approximately $10,325. The existing facilities located on the parcel site were demolished and a new plaza was constructed on the site at a cost of approximately $2,365. On February 1, 2000, Reno entered into an agreement to lease this parcel of land to HOC for a period of twenty years at a fixed rent of $1,120 per year.

Financial Instruments - The carrying amount of receivables and all current liabilities approximates fair value due to their short-term nature. The fair value of a financial instrument is the amount at which the instrument could be exchanged in a current transaction between willing parties. After giving effect to their allowances, the Casino Reinvestment Development Authority ("CRDA") bonds and deposits approximately reflect their fair value based upon their below market interest rates.

CRDA Real Estate Project - The Partnership's investment in its CRDA real estate project (the "Project") consists of various townhomes, an apartment building and a retail store outlet in the northeast section of Atlantic City, New Jersey. Based upon an agreement with the Casino Reinvestment Development Authority ("CRDA"), the Partnership may not sell its ownership interest in certain elements of the Project, principally the apartment building, before 2007 and the townshomes before 2011.

Income or loss from the operation of the Project is included in the results of operations. Buildings are being depreciated using the straight-line method based on an estimated useful life of 27.5 years.

Revenue Recognition - Casino revenues consist of the net win from gaming activities, which is the difference between gaming wins and losses. Food, beverage, rooms and other revenues include the aggregate amounts generated by those departments.

Total Rewards Program Liability – Harrah's customer loyalty program, Total Rewards, offers incentives to customers who gamble at the Partnership'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 Partnership accrues the expense of Reward Credits, after consideration of estimated breakage, as they are earned. The value of the cost to provide Reward Credits is expensed as the Reward Credits are earned and is included in Cost of Goods and Services on the accompanying statements of income. To arrive at the estimated cost associated with Reward Credits, estimates and assumptions are made regarding incremental marginal costs of the benefits, breakage rates and the mix of goods and services for which Reward Credits will be redeemed. The Partnership uses historical data to assist in the determination of estimated accruals. At March 31, 2007 and 2006, $4,102 and $4,767, respectively, was accrued for the cost of anticipated Total Rewards credit redemptions.

(Dollars in Thousands)

In addition to Reward Credits, customers can earn points based on play that are redeemable in cash ("cash-back points"). The Partnership accrues the cost of cash-back points, after consideration of estimated breakage, as they are earned. The cost is recorded as contra-revenue and included in Casino promotional allowances on the accompanying statements of income. At March 31, 2007 and 2006, the liability related to outstanding cash-back points, which is based on historical redemption activity, was $1,429 and $1,247, 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 at March 31:

	2007	2006
Food and beverage	$ 7,881	$ 7,073
Rooms	3,061	3,515
Other	473	1,093
Other Cash Complimentaries	16,747	12,530
	$ 28,162	$ 24,211

Income Taxes - The accompanying consolidated financial statements do not include a provision for federal income taxes, since any income or losses allocated to the partners are reportable for federal income tax purposes by each partner.

In accordance with regulations prescribed by the New Jersey Casino Control Act, the Partnership files a state income tax return on behalf of the partners. Accordingly, the accompanying consolidated financial statements include a provision for state income taxes.

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.

Omission of Disclosures - In accordance with the Financial Reporting guidelines provided by the Casino Control Commission (the "CCC"), the Partnership 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.

Use of Estimates - The preparation of these financial statements in conformity with generally accepted accounting principles requires the Partnership 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.

(Dollars in Thousands)

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

Reclassifications - Certain prior year balances have been reclassified to conform to the current year presentation.

NOTE 3 - RELATED PARTY TRANSACTIONS

The Partnership participates with HOC and its other subsidiaries in marketing, purchasing, insurance, employee benefit and other programs that are defined and negotiated by HOC on a consolidated basis. The Partnership 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.

Certain of the more significant intercompany relationships between the Partnership and HOC are discussed in this footnote.

Cash Activity with HOC and Affiliates - The Partnership transfers cash in excess of its operating and regulatory needs to HOC on a daily basis. Cash transfers from HOC to the Partnership are also made based upon the needs of the Partnership to fund daily operations, including accounts payable and payroll, as well as capital expenditures. No interest is earned on the amount shown as due from affiliates, net, in the accompanying consolidated financial statements.

Administrative and Other Services - The Partnership is charged a fee by HOC for administrative and other services (including consulting, legal, marketing, information technology, accounting and insurance). The Partnership was charged $4,829 and 4,693 for these services for the three months ended March 31st, 2007 and 2006 respectively. The fee is included in charges from affiliates in the accompanying consolidated statements of income.

NOTE 4 - PREPAID EXPENSES AND OTHER CURRENT ASSETS

Prepaid Expenses and Other Current Assets as of March 31 consisted of the following:

	2007	2006
Prepaid Air Charters	4,394	4,083
Prepaid State Income Tax	0	744
Prepaid Taxes	469	525
Prepaid Marketing	1,238	1,201
Prepaid Other	1,341	757
Prepaid Insurance	87	113
Prepaid Deferred State & Income Tax	902	0
	$ 8,431	$ 7,423

(Dollars in Thousands)

NOTE 5 - INVESTMENTS, ADVANCES AND RECEIVABLES

Investments, Advances and Receivables as of March 31, consisted of the following:

	2007	2006
Due from Affiliates	$ 399,783	$ 527,164
Casino Reinvestment Development Authority obligation deposits - Net of Valuation Allowance of $3,667 and $3,494 at March 31, 2007 and 2006, respectively	13,060	11,235
Casino Reinvestment Development Authority Bonds - Net of Valuation Allowance of $3,693 and $3,815 at March 31, 2007 and 2006, respectively	4,259	4,248
Other	793	402
	$417,895	$543,049

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

	2007	2006
Harrah's Entertainment	$ 383,353	$ 507,609
Atlantic City Region	7,158	11,087
Other	9,272	8,468
	$ 399,783	$ 527,164

NOTE 6 – LAND, BUILDINGS AND EQUIPMENT

Land, Buildings and Equipment as of March 31 consisted of the following:

	2007	2006
Land and Land Improvements	$ 93,183	$ 93,179
Buildings, Leaseholds and Improvements	586,611	564,077
Furniture, Fixtures and Equipment	169,744	189,472
Construction in Progress	208,203	47,150
	1,057,741	893,878
Less Accumulated Depreciation	(339,750)	(343,965)
Property and Equipment, Net	$ 717,991	$549,913

Construction began in first quarter 2006 on a $550,000 upgrade and expansion of the resort ("The Expansion Project"), which will include a new hotel tower with approximately 960 rooms, a casino expansion and retail and entertainment complex. A new buffet and most of the retail center opened on February 16, 2007. The new hotel tower is expected to open in the second quarter of 2008 (see Note 9).

NOTE 7 - OTHER ACCRUED EXPENSES

(Dollars in Thousands)

Other Accrued Expenses as of March 31 consisted of the following:

	2007	2006
Accrued Interest, Long-term debt	$ 21,667	$ 56,333
Accrued Salaries, Wages and Benefits	7,424	7,011
Taxes Payable	4,233	3,247
Accrued Casino Control Commission / Department Gaming Enforcement Casino License Fees	1,295	636
Accrued In-House Progressive Slot Liability	643	331
Accrued City Wide Progressive Slot Liability	729	538
Other Accrued Expenses	12,108	8,966
	$ 48,099	$ 77,062

NOTE 8 - LONG-TERM DEBT

Long-term Debt as of December 31 consisted of the following:

	2007	2006
Promissory Note	$650,000	$650,000

On October 31, 2001, the Partnership and HOC consummated a promissory note for $650,000. All principal and interest outstanding on the promissory note is due and payable on demand to HOC. Interest is computed on an annual basis using 360 days for the actual number of days elapsed during a year, and an annual rate of eight percent. Any amount of principal not paid by the Partnership to HOC when due will bear an additional two percent annual interest rate. On March 12, 2003, the eight percent Promissory Note was assigned to Harrah's Entertainment Limited ("HEL"). Neither the term nor the amount of debt was affected by this assignment. Based on the affiliate's agreement not to demand repayment prior to April 1, 2008, these amounts have been classified as non-current in the accompanying balance sheet. As of March 31, 2007 and 2006, there was accrued interest of $21,667 and $56,333, respectively, on the balance sheet related to the intercompany note. Since the eight percent Promissory Note is due to an affiliate, a determination of fair value is not considered meaningful.

NOTE 9 – COMMITMENTS AND CONTINGENCIES

Litigation - The Partnership 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 Partnership's financial position or results of operations.

Insurance Reserve - The Partnership 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 includes insurance allowances of $275 and $75 as of March 31, 2007 and 2006, respectively. Actual results may differ from these reserve amounts.

CRDA Investment Obligation - The New Jersey Casino Control Act provides, among other things, for an assessment of licensees equal to 1.25% of their gross gaming revenues in lieu of an investment alternative tax equal to 2.5% of gross gaming revenues. The Partnership may satisfy this investment obligation by investing in qualified eligible direct investments, by making qualified contributions or by depositing funds with the CRDA. Funds deposited with the CRDA may be used to purchase bonds designated by the CRDA or, under certain circumstances, may be donated to the CRDA in exchange for credits against future CRDA investment obligations. CRDA bonds have terms up to 50 years and bear interest at below market rates. The Partnership includes net of valuation allowance, funds on deposit and CRDA investment bonds in Investment, Advances and Receivable in the accompanying balance sheets totaling $13,060 and $4,259, respectively, at March 31, 2007 and $11,235 and $4,248, respectively, at March 31, 2006. The Partnership records charges to operations to reflect the estimated net realizable value of its CRDA investment.

To satisfy current Atlantic City obligations as well as those projected beyond the year 2006, the Partnership received approval from the CRDA for a qualified direct investment project to construct various townhomes, an apartment building and a retail store outlet in the northeast section of Atlantic City ("CRDA real estate project") at an estimated cost to the Partnership of approximately $54,573. As of March 31, 2007 and 2006, approximately $ 996 and $5,549 respectively, represents a prepayment of the Partnership's future obligations to the CRDA related to the CRDA real estate project. The prepaid asset is being amortized over the related Atlantic City obligation period and is included in deferred charges and other non-current assets in the accompanying balance sheets.

The Partnership has committed $9,589 of its current and future CRDA deposit obligations for the refurbishment of the Atlantic City Convention Center. The amount is amortized on a straight-line basis over a 15-year period commencing September 2001.

The twelve Atlantic City casino properties (the "AC Industry") and the CRDA have entered into an agreement with the New Jersey Sports & Exposition Authority (the "NJSEA") to provide funding to subsidize New Jersey's horseracing industry. In exchange for this funding, the NJSEA and the three active New Jersey racetracks will not conduct any casino gaming at the racetracks prior to January, 1 2009. As part of the agreement, the AC Industry will provide $34,000 over a four year period to the NJSEA and must deposit another $62,000 in the Casino Expansion Fund (managed by the CRDA). The $62,000 will be derived from funds either currently on deposit or to be deposited with the CRDA pursuant to each casino property's investment obligation. The Partnership's obligation is equal to its fair-share of AC Industry casino revenues. The Partnership estimates this commitment over the four year period to be $3,215 the first payment of which was made November 2004. This amount will be charged to operations on a straight line basis through January 1, 2009. Once the Partnership meets its deposit obligation related to its fair share of the $62,000, the Partnership is eligible to receive funds from the Casino Expansion Fund for qualified construction expenditures. The Partnership 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.

By letter dated March 27,2007, the Partnership was informed by the CRDA that the parent company of the issuer of certain CRDA-backed bonds held by the Partnership has filed for Chapter 11 bankruptcy and does not intend to make future debt service payments on such bonds. The face value of the bonds held by the Partnership is $

722; however, the Partnership maintains a reserve on these bonds and on all of its other CRDA-backed bonds. Based on the information currently available and remedies available to the Partnership, the Partnership is not in a position to determine if impairment has occurred, therefore, the Partnership has not adjusted its reserve on thers bonds and will continue to monitor development of this case.

Purchases - At March 31, 2007, the Partnership is obligated under purchase commitments totaling approximately $492,892 relating to the Expansion Project. Costs incurred under the Project were approximately $178,090 and are included in Construction in Progress in Property and Equipment - Gross in the accompanying balance sheet as of March 31, 2007.