

**RESORTS INTERNATIONAL HOTEL, INC.
QUARTERLY REPORT**

FOR THE QUARTER ENDED SEPTEMBER 30, 2007

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



**DIVISION OF FINANCIAL EVALUATION
REPORTING MANUAL**

RESORTS INTERNATIONAL HOTEL, INC.

BALANCE SHEETS

AS OF SEPTEMBER 30, 2007 AND 2006

(UNAUDITED)

(\$ IN THOUSANDS)

Line (a)	Description (b)	Notes	2007 (c)	2006 (d)
	<u>ASSETS:</u>			
	Current Assets:			
1	Cash and Cash Equivalents.....		\$16,808	\$18,934
2	Short-Term Investments.....		0	0
3	Receivables and Patrons' Checks (Net of Allowance for Doubtful Accounts - 2007, \$2,510; 2006, \$1,763).....	2	32,610	9,067
4	Inventories		1,686	2,509
5	Other Current Assets.....	3	3,425	8,033
6	Total Current Assets.....		54,529	38,543
7	Investments, Advances, and Receivables.....	4	12,847	12,118
8	Property and Equipment - Gross.....		331,637	317,841
9	Less: Accumulated Depreciation and Amortization.....		(82,855)	(67,551)
10	Property and Equipment - Net.....		248,782	250,290
11	Other Assets.....		6,747	3,486
12	Total Assets.....		\$322,905	\$304,437
	<u>LIABILITIES AND EQUITY:</u>			
	Current Liabilities:			
13	Accounts Payable.....		\$8,236	\$15,894
14	Notes Payable.....		0	0
	Current Portion of Long-Term Debt:			
15	Due to Affiliates.....		0	0
16	External.....		325	15,539
17	Income Taxes Payable and Accrued.....		351	393
18	Other Accrued Expenses.....	5	19,884	21,556
19	Other Current Liabilities.....	6	4,668	5,517
20	Total Current Liabilities.....		33,464	58,899
	Long-Term Debt:			
21	Due to Affiliates.....	7	310,125	178,138
22	External.....	7	5,272	12,247
23	Deferred Credits		0	0
24	Other Liabilities.....		0	0
25	Commitments and Contingencies.....	10	0	0
26	Total Liabilities.....		348,861	249,284
27	Stockholders', Partners', or Proprietor's Equity.....		(25,956)	55,153
28	Total Liabilities and Equity.....		\$322,905	\$304,437

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

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

RESORTS INTERNATIONAL HOTEL, INC.

STATEMENTS OF INCOME

FOR THE NINE MONTHS ENDED SEPTEMBER 30, 2007 AND 2006

(UNAUDITED)
(\$ IN THOUSANDS)

Line (a)	Description (b)	Notes	2007 (c)	2006 (d)
	Revenue:			
1	Casino.....		\$212,036	\$211,548
2	Rooms.....		14,100	16,166
3	Food and Beverage.....		25,390	24,496
4	Other.....		5,404	4,896
5	Total Revenue.....		256,930	257,106
6	Less: Promotional Allowances.....		66,339	65,894
7	Net Revenue.....		190,591	191,212
	Costs and Expenses:			
8	Cost of Goods and Services.....		131,070	132,244
9	Selling, General, and Administrative.....		37,497	35,080
10	Provision for Doubtful Accounts.....		884	634
11	Total Costs and Expenses.....		169,451	167,958
12	Gross Operating Profit.....		21,140	23,254
13	Depreciation and Amortization.....		12,833	15,377
	Charges from Affiliates Other than Interest:			
14	Management Fees.....	8	3,148	2,701
15	Other.....	8	2,351	0
16	Income (Loss) from Operations.....		2,808	5,176
	Other Income (Expenses):			
17	Interest Expense - Affiliates.....	8	(20,035)	(15,994)
18	Interest Expense - External.....		(729)	(2,706)
19	CRDA Related Income (Expense) - Net.....	4	(873)	(889)
20	Nonoperating Income (Expense) - Net.....		(14,817)	611
21	Total Other Income (Expenses).....		(36,454)	(18,978)
22	Income (Loss) Before Taxes and Extraordinary Items.....		(33,646)	(13,802)
23	Provision (Credit) for Income Taxes.....		0	2,832
24	Income (Loss) Before Extraordinary Items.....		(33,646)	(16,634)
25	Extraordinary Items (Net of Income Taxes - 2007, \$0; 2006, \$0).....		0	0
26	Net Income (Loss).....		(\$33,646)	(\$16,634)

* Restated to conform to current year presentation.

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

RESORTS INTERNATIONAL HOTEL, INC.

STATEMENTS OF INCOME

FOR THE THREE MONTHS ENDED SEPTEMBER 30, 2007 AND 2006

(UNAUDITED)
(\$ IN THOUSANDS)

Line (a)	Description (b)	Notes	2007 (c)	2006 (d)
	Revenue:			
1	Casino.....		\$75,127	\$77,669
2	Rooms.....		5,164	5,686
3	Food and Beverage.....		9,369	9,308
4	Other.....		2,760	2,003
5	Total Revenue.....		92,420	94,666
6	Less: Promotional Allowances.....		23,827	25,392
7	Net Revenue.....		68,593	69,274
	Costs and Expenses:			
8	Cost of Goods and Services.....		46,143	46,083
9	Selling, General, and Administrative.....		13,443	11,576
10	Provision for Doubtful Accounts.....		233	340
11	Total Costs and Expenses.....		59,819	57,999
12	Gross Operating Profit.....		8,774	11,275
13	Depreciation and Amortization.....		4,046	5,002
	Charges from Affiliates Other than Interest:			
14	Management Fees.....	8	1,049	888
15	Other.....	8	896	0
16	Income (Loss) from Operations.....		2,783	5,385
	Other Income (Expenses):			
17	Interest Expense - Affiliates.....	8	(6,349)	(5,335)
18	Interest Expense - External.....		700	(1,046)
19	CRDA Related Income (Expense) - Net.....	4	(314)	(392)
20	Nonoperating Income (Expense) - Net.....		(1,354)	246
21	Total Other Income (Expenses).....		(7,317)	(6,527)
22	Income (Loss) Before Taxes and Extraordinary Items.....		(4,534)	(1,142)
23	Provision (Credit) for Income Taxes.....		0	2,657
24	Income (Loss) Before Extraordinary Items.....		(4,534)	(3,799)
25	Extraordinary Items (Net of Income Taxes - 2007, \$0 ; 2006, \$0).....		0	0
26	Net Income (Loss).....		(\$4,534)	(\$3,799)

* Restated to conform to current year presentation.

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

RESORTS INTERNATIONAL HOTEL, INC.
STATEMENTS OF CHANGES IN STOCKHOLDERS' EQUITY

FOR THE TWELVE MONTHS ENDED DECEMBER 31, 2006 AND THE NINE MONTHS ENDED SEPTEMBER 30, 2007

(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, 2005.....		100	\$0			\$77,673		(\$5,886)	\$71,787
2	Net Income (Loss) - 2006.....								(26,097)	(26,097)
3	Contribution to Paid-in-Capital.....									0
4	Dividends.....									0
5	Prior Period Adjustments.....									0
6										0
7										0
8										0
9										0
10	Balance, December 31, 2006.....		100	0	0	0	77,673	0	(31,983)	45,690
11	Net Income (Loss) - 2007.....								(33,646)	(33,646)
12	Contribution to Paid-in-Capital.....									0
13	Dividends.....									0
14	Prior Period Adjustments.....									0
15	Return of Paid-in Capital						(38,000)			(38,000)
16										0
17										0
18										0
19	Balance, September 30, 2007		100	\$0	0	\$0	\$39,673	\$0	(\$65,629)	(\$25,956)

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

RESORTS INTERNATIONAL HOTEL, INC.
STATEMENTS OF CASH FLOWS
FOR THE NINE MONTHS ENDED SEPTEMBER 30, 2007 AND 2006
(UNAUDITED)
(\$ IN THOUSANDS)

Line (a)	Description (b)	Notes	2007 (c)	2006 (d)
1	CASH PROVIDED (USED) BY OPERATING ACTIVITIES..		(\$40,325)	(\$2,543)
	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.....		(11,385)	(8,002)
5	Proceeds from Disposition of Property and Equipment.....		13	96
6	CRDA Obligations		(2,592)	(2,494)
7	Other Investments, Loans and Advances made.....		0	0
8	Proceeds from Other Investments, Loans, and Advances		0	0
9	Cash Outflows to Acquire Business Entities.....		0	0
10	CRDA Reimbursement		0	0
11				
12	Net Cash Provided (Used) By Investing Activities.....		(13,964)	(10,400)
	CASH FLOWS FROM FINANCING ACTIVITIES:			
13	Proceeds from Short-Term Debt		0	9,796
14	Payments to Settle Short-Term Debt.....		(199,260)	(4,182)
15	Proceeds from Long-Term Debt		310,125	0
16	Costs of Issuing Debt.....		(19,722)	932
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.....		(38,000)	0
21				
22				
23	Net Cash Provided (Used) By Financing Activities.....		53,143	6,546
24	Net Increase (Decrease) in Cash and Cash Equivalents.....		(1,146)	(6,397)
25	Cash and Cash Equivalents at Beginning of Period.....		17,954	25,331
26	Cash and Cash Equivalents at End of Period.....		\$16,808	\$18,934
	CASH PAID DURING PERIOD FOR:			
27	Interest (Net of Amount Capitalized).....		\$25,809	\$22,136
28	Income Taxes.....		\$33	\$943

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

RESORTS INTERNATIONAL HOTEL, INC.
STATEMENTS OF CASH FLOWS
FOR THE NINE MONTHS ENDED SEPTEMBER 30, 2007 AND 2006
(UNAUDITED)
(\$ IN THOUSANDS)

Line (a)	Description (b)	Notes	2007 (c)	2006 (d)
	CASH FLOWS FROM OPERATING ACTIVITIES:			
29	Net Income (Loss).....		(\$33,646)	(\$16,634)
30	Depreciation and Amortization of Property and Equipment.....		11,872	14,325
31	Amortization of Other Assets.....		961	1,052
32	Amortization of Debt Discount or Premium.....		0	469
33	Deferred Income Taxes - Current		0	0
34	Deferred Income Taxes - Noncurrent		0	0
35	(Gain) Loss on Disposition of Property and Equipment.....		(13)	(13)
36	(Gain) Loss on CRDA-Related Obligations.....		873	889
37	(Gain) Loss from Other Investment Activities.....		0	0
38	(Increase) Decrease in Receivables and Patrons' Checks		(23,960)	577
39	(Increase) Decrease in Inventories		(197)	(42)
40	(Increase) Decrease in Other Current Assets.....		601	(5,284)
41	(Increase) Decrease in Other Assets.....		2,306	2,412
42	Increase (Decrease) in Accounts Payable.....		(7,934)	7,884
43	Increase (Decrease) in Other Current Liabilities		(7,635)	(8,178)
44	Increase (Decrease) in Other Liabilities		0	0
45	Loss on Extinguishment of Debt		16,447	0
46			0	0
47	Net Cash Provided (Used) By Operating Activities.....		(\$40,325)	(\$2,543)

SUPPLEMENTAL DISCLOSURE OF CASH FLOW INFORMATION

	ACQUISITION OF PROPERTY AND EQUIPMENT:			
48	Additions to Property and Equipment.....		(\$11,385)	(\$8,002)
49	Less: Capital Lease Obligations Incurred.....		0	0
50	Cash Outflows for Property and Equipment.....		(\$11,385)	(\$8,002)
	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.

RESORTS INTERNATIONAL HOTEL, INC.
SCHEDULE OF PROMOTIONAL
EXPENSES AND ALLOWANCES

FOR THE NINE MONTHS ENDED SEPTEMBER 30, 2007

(UNAUDITED)
(\$ IN THOUSANDS)

Line (a)	Description (b)	Promotional Allowances		Promotional Expenses	
		Number of Recipients (c)	Dollar Amount (d)	Number of Recipients (e)	Dollar Amount (f)
1	Rooms	197,544	\$11,777	96	\$16
2	Food	781,347	12,821	60,981	2,323
3	Beverage	2,050,202	6,539	0	0
4	Travel	0	0	26,198	1,769
5	Bus Program Cash	431,205	9,702	0	0
6	Other Cash Complimentaries	711,951	23,700	0	0
7	Entertainment	45,544	1,697	2,127	266
8	Retail & Non-Cash Gifts	1,425	21	78,390	9,015
9	Parking	0	0	0	0
10	Other	5,526	82	172,279	4,307
11	Total	4,224,744	\$66,339	340,071	\$17,696

* Included in Other Promotional Expenses for the nine months ended September 30, 2007 is direct marketing postage in the amount of \$2,104. No other single item or service included in other exceeds 5% of the column total

FOR THE THREE MONTHS ENDED SEPTEMBER 30, 2007

Line (a)	Description (b)	Promotional Allowances		Promotional Expenses	
		Number of Recipients (c)	Dollar Amount (d)	Number of Recipients (e)	Dollar Amount (f)
1	Rooms	75,261	\$4,516	0	\$0
2	Food	121,781	4,767	20,757	915
3	Beverage	720,465	2,302	0	0
4	Travel	0	0	8,833	606
5	Bus Program Cash	157,701	3,622	0	0
6	Other Cash Complimentaries	125,014	7,708	0	0
7	Entertainment	14,844	875	1,260	158
8	Retail & Non-Cash Gifts	0	0	27,774	3,194
9	Parking	0	0	0	0
10	Other	2,523	37	59,699	1,493
11	Total	1,217,589	\$23,827	118,323	\$6,366

* Included in Other Promotional Expenses for the three months ended September 30, 2007 is direct marketing postage in the amount of \$822. No other single item or service included in other exceeds 5% of the column total

**RESORTS INTERNATIONAL HOTEL, INC.
STATEMENT OF CONFORMITY,
ACCURACY, AND COMPLIANCE**

FOR THE QUARTER ENDED SEPTEMBER 30, 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.

11/15/2007

Date

Lawrence J. McCabe

Lawrence J. McCabe

Director - Finance

Title

3392-11

License Number

On Behalf of:

RESORTS INTERNATIONAL HOTEL, INC.

Casino Licensee

**RESORTS INTERNATIONAL HOTEL INC.
NOTES TO FINANCIAL STATEMENTS**

1. Basis of Presentation

Colony RIH Holdings, Inc., a Delaware corporation (“CRH”), owns 100% of the outstanding common stock of Resorts International Hotel and Casino, Inc. (“RIHC”). RIHC, through its subsidiary, Resorts International Hotel, Inc., a New Jersey corporation (“RIH” or the “Company”), owns and operates Resorts Atlantic City, a casino/hotel located in Atlantic City, NJ.

RIHC, Kerzner International North America, Inc., a Delaware corporation (“KINA”), formerly Sun International North America, Inc., and GGRI, Inc., a Delaware corporation (“GGRI”), entered into a purchase agreement, dated October 30, 2000, as amended (the “Purchase Agreement”). Pursuant to the Purchase Agreement, RIHC acquired all of the capital stock of RIH, the Warehouse Assets (as defined in the Purchase Agreement) and all of the capital stock of New Pier Operating Company, Inc. (“New Pier”), a New Jersey corporation (collectively, the “Acquisition”) on April 25, 2001 for approximately \$144.8 million.

The Acquisition has been accounted for using the purchase method, and accordingly, the aggregate purchase price, including transaction fees and expenses, has been allocated based on the fair value of the assets acquired and liabilities assumed.

The accompanying financial statements have been prepared in accordance with the rules and regulations of the New Jersey Casino Control Commission (the “Commission”) for Quarterly Reports. Accordingly, they do not include the information and footnotes required by generally accepted accounting principles for complete financial statements.

These accompanying financial statements are unaudited. In the opinion of management, all adjustments, consisting of normal recurring accruals considered necessary for fair presentation have been included. The casino industry is seasonal in nature; accordingly, operating results for the three months and nine months ended September 30, 2007, are not necessarily indicative of the results that may be expected for the full year ending December 31, 2007.

These financial statements should be read in conjunction with the financial statements and notes thereto included in RIH’s Quarterly Report for the quarter ended December 31, 2006, as filed with the Commission.

Certain prior year balances have been reclassified to conform to the current year’s presentation.

2. Receivables

Components of receivables were as follows at September 30 (in thousands):

	2007	2006
Gaming	\$ 9,583	\$ 8,551
Less: allowance for doubtful accounts	(2,498)	(1,737)
	7,085	6,814
Non-gaming:		
Due from affiliates	23,001	-
Hotel and related	394	586
Other	2,142	1,693
	25,537	2,279
Less: allowance for doubtful accounts	(12)	(26)
	25,525	2,253
Receivables, net	\$ 32,610	\$ 9,067

3. Prepaid Expenses and Other Current Assets

Components of prepaid expenses and other current assets were as follows at September 30 (in thousands):

	2007	2006
Prepaid insurance	\$ 1,173	\$ 5,287
Prepaid casino licenses	1,048	1,089
Other prepaid expenses and current assets	1,204	1,657
	\$ 3,425	\$ 8,033

4. Investments, Advances and Receivables

Components of investments, advances and receivables were as follows at September 30 (in thousands):

	<u>2007</u>	<u>2006</u>
CRDA bonds and direct investments	\$ 11,517	\$ 11,143
CRDA deposits	12,205	10,860
Valuation allowance	<u>(10,875)</u>	<u>(9,885)</u>
	<u>\$ 12,847</u>	<u>\$ 12,118</u>

The New Jersey Casino Control Act, as amended, requires RIH to purchase bonds issued by the Casino Reinvestment Development Authority (the "CRDA") or make other investments authorized by the CRDA, in an amount equal to 1.25% of RIH's gross gaming revenue, as defined.

The CRDA bonds have interest rates ranging from 3.5% to 7.0% and have repayment terms of between 20 and 50 years. The Company records charges to expense to reflect the below-market interest rate payable on the bonds it may have to purchase to fulfill its investment obligation at the date the obligation arises. The charges for the nine months ended September 30, 2007 and 2006 for discounts on obligations were \$873,000 and \$889,000 respectively.

From time to time RIH has donated certain funds it has had on deposit with the CRDA in return for either relief from its obligation to purchase CRDA bonds or credits against future CRDA deposits. The majority of the Company's deposits have been pledged for specific projects.

5. Other Accrued Expenses

Components of other accrued expenses were as follows at September 30 (in thousands):

	<u>2007</u>	<u>2006</u>
Insurance and related costs	\$ 879	\$ 773
Payroll and related liabilities	9,788	10,604
Gaming taxes and fees	1,112	1,665
Construction payable	2,098	2,783
Other	<u>6,007</u>	<u>5,731</u>
	<u>\$ 19,884</u>	<u>\$ 21,556</u>

6. Other Current Liabilities

Components of other current liabilities were as follows at September 30 (in thousands):

	<u>2007</u>	<u>2006</u>
Interest Payable.....	\$ 1,899	\$ 1,009
Payable to affiliates.....	-	1,150
Other.....	<u>2,769</u>	<u>3,358</u>
	<u>\$ 4,668</u>	<u>\$ 5,517</u>

7. Long-Term Debt

On March 14, 2007, subsidiaries of CRH and RIHC entered into that certain Loan Agreement with Column Financial, Inc., as Lender (the "Term Loan"). The Term Loan is for an initial principal amount of \$350 million and is for an initial term of two (2) years. Interest on the Term Loan accrues at a rate of one month LIBOR plus 3.0%. The Term Loan is secured by a first priority deed of trust on the Resorts Hotel and Casino, Atlantic City, New Jersey, and certain other property owned by subsidiaries of CRH and RIHC.

Proceeds of the Term Loan were used to pay in full the existing indebtedness of CRH, RIHC and their subsidiaries, with Commerce Bank, CIT Group/Equipment Financing, Inc., and Kerzner International North America, Inc., and to redeem all of the outstanding 11 ½% First Mortgage Notes due 2009 (the "Notes") issued by RIHC. In connection with the redemption of the Notes by RIHC, the covenants under the indenture governing the Notes were defeased and a cash deposit in the amount of \$192,410,000 was deposited in trust with the Deutsche Bank Trust Company Americas, as Trustee to satisfy payment upon

7. Long-Term Debt (continued)

redemption of the Notes on April 13, 2007. The redemption price is equal to 106% of the outstanding principal amount of \$180,000,000 plus accrued interest to the redemption date of April 13, 2007.

The subsidiaries of CRH and RIHC also entered into that certain Credit Agreement with Column Financial, Inc., as Lender (the "Revolving Loan") which provides for a \$10 million revolving credit facility. The proceeds of the Revolving Loan shall be used to provide the subsidiaries a line of credit to support working capital and/or letter of credit needs. The Revolving Loan is for an initial term of two (2) years. Interest on the Revolving Loan accrues at a rate of one month LIBOR plus 3.0% (8.8% at September 30, 2007). The Revolving Loan is secured by a first priority mortgage on Resorts Atlantic City, and certain other property owned by subsidiaries of CRH and RIHC.

Pursuant to the terms of the Term Loan and the Revolving Loan, the principal amount of the loans including all accrued and unpaid interest on the principal must be prepaid upon acceleration of the loans following an event of default including: failure to pay any portion of the debt when due; failure to pay taxes prior to the date they become delinquent; failure to keep insurance policies in full force and effect; violation of the change in control restriction; breach of representations and warranties; bankruptcy of the Company; violation of the restrictions on assignment; breach of negative covenants; default under related loan and credit line documents; certain material defaults under any ground lease agreements, interest rate cap agreements, letters of credit or other material agreements; or if the gaming license for Resorts Atlantic City is materially impaired, lost or suspended for any period of time or terminated.

Other long-term debt is summarized as follows at September 30 (in thousands):

	<u>2007</u>	<u>2006</u>
Thermal Agreement	\$ 5,496	\$ 5,769
CIT Facility	-	12,221
Other	101	9,796
	<u>5,597</u>	<u>27,786</u>
Less: current portion	325	15,539
	<u>\$ 5,272</u>	<u>\$ 12,247</u>

In September 2002, RIH entered into a Thermal Energy Services Agreement (the "Thermal Agreement"). The initial term of the Thermal Agreement is 20 years, renewable at RIH's option for two additional five year terms. The Agreement has three components: a monthly charge for operation and maintenance of the thermal energy facilities; a capital lease component for capital improvements whose value was estimated at \$6.5 million on the date the Thermal Agreement was executed, and; a usage fee for steam and chilled water, whose usage and rate will vary by month of the year. The outstanding balance of the capital lease was \$5.5 million at September 30, 2007.

8. Related Party Transactions

RIH recorded the following expenses from affiliates for the nine months ended September 30 (in thousands):

	<u>2007</u>	<u>2006</u>
Interest and amortization of discounts on First Mortgage Notes.....	\$ 20,035	\$ 15,994
Monthly corporate expenses	3,148	2,701
Land rent expenses payable to RREH.....	2,351	-
	<u>\$ 25,534</u>	<u>\$ 18,695</u>

9. Commitments and Contingencies

Litigation

The Company is a defendant in certain litigation. In the opinion of management, based upon advice of counsel, the aggregate liability, if any, arising from such litigation will not have a material adverse effect on the financial position, results of operations, or liquidity of the Company.

License Renewal

On January 21, 2004, the New Jersey Casino Control Commission (the "NJCCC") renewed RIH's license to operate its casino hotel complex in Atlantic City for the four-year period ending January 31, 2008. The license period for a casino license renewed after April 30, 2004, shall be up to five years, but the NJCCC may reopen licensing hearings at any time. The NJCCC shall act upon any such application prior to the date of expiration of the current license. A casino license is not transferable.

New Jersey Sports & Exposition Authority

The twelve Atlantic City casino properties operating in 2004 (the "AC Industry") and the Casino Reinvestment and Development Authority ("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 million over a four-year period to the NJSEA and must deposit another \$62 million into the Casino Expansion Fund (managed by the CRDA). The \$62 million 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 Company's obligation is equal to its fair share of AC Industry casino revenues. The Company estimates this commitment over the four-year period to be approximately \$4.8 million, the first payment of which was made in November 2004. The total estimated commitment will be charged to operations on a straight-line basis through January 1, 2009. Once the Company meets its deposit obligation related to its fair share of the \$62 million, the Company is eligible to receive funds from the Casino Expansion Fund for qualified construction expenditures. The Company has until December 31, 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.

Revolving Line of Credit

The Credit Agreement with Column Financial, Inc., provides for a \$10 million revolving credit facility. The proceeds of the \$10 million revolving credit facility shall be used to provide the subsidiaries with funds for working capital and/or letter of credit requirements. Of the \$10 million dollars, \$3.2 million is currently available for use and \$6.8 million is restricted to support existing letters of credit drawn on Commerce Bank, N.A.