BOARDWALK REGENCY CORPORATION

QUARTERLY REPORT

FOR THE QUARTER ENDED DECEMBER 31, 2008 - REVISED

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

DIVISION OF FINANCIAL EVALUATION
REPORTING MANUAL

Amended 4/30/2009

BOARDWALK REGENCY CORPORATION
BALANCE SHEETS

AS OF DECEMBER 31, 2008 AND 2007

(UNAUDITED)
($ IN THOUSANDS)

Line (a)	Description (b)	Notes	2008 (c)	2007 (d)	
	ASSETS:				
	Current Assets:				
1	Cash and Cash Equivalents		$26,287	$23,941	
2	Short-Term Investments				
3	Receivables and Patrons' Checks (Net of Allowance for Doubtful Accounts - 2008, $15,573; 2007, $12,966)	2 & 4	24,579	22,704	
4	Inventories	2	1,085	1,515	
5	Other Current Assets	5	10,745	11,053	*
6	Total Current Assets		62,696	59,213	
7	Investments, Advances, and Receivables	6	224,430	179,186	*
8	Property and Equipment - Gross	2 & 7	851,149	760,679	
9	Less: Accumulated Depreciation and Amortization		(40,609)	(86,718)	
10	Property and Equipment - Net		810,540	673,961	
11	Other Assets	2 & 8	310,408	564,561	
12	Total Assets		$1,408,074	$1,476,921	
	LIABILITIES AND EQUITY:				
	Current Liabilities:				
13	Accounts Payable		$11,870	$18,840	
14	Notes Payable	9			
	Current Portion of Long-Term Debt:				
15	Due to Affiliates				
16	External	13	45	41	
17	Income Taxes Payable and Accrued	2	0	3,092	
18	Other Accrued Expenses	10	61,411	30,608	
19	Other Current Liabilities	11	3,441	4,051	
20	Total Current Liabilities		76,767	56,632	
	Long-Term Debt:				
21	Due to Affiliates	12	518,330	518,330	
22	External	13	504	549	
23	Deferred Credits	2	94,533	105,233	*
24	Other Liabilities	14	155,421	128,145	*
25	Commitments and Contingencies				
26	Total Liabilities		845,555	808,889	
27	Stockholders', Partners', or Proprietor's Equity		562,519	668,032	*
28	Total Liabilities and Equity		$1,408,074	$1,476,921	

* Current year amounts have been revised. Some prior year amounts have been revised for comparison

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

Amended 4/30/2009

BOARDWALK REGENCY CORPORATION
STATEMENTS OF INCOME

FOR THE TWELVE MONTHS ENDED DECEMBER 31, 2008 AND 2007

(UNAUDITED)
($ IN THOUSANDS)

Line (a)	Description (b)	Notes	2008 (c)	2007 (d)
	Revenue:			
1	Casino		$543,111	$584,612
2	Rooms		36,261	38,135
3	Food and Beverage		58,340	61,337
4	Other		16,395	16,600
5	Total Revenue		654,107	700,684
6	Less: Promotional Allowances		135,945	148,166
7	Net Revenue		518,162	552,518
	Costs and Expenses:			
8	Cost of Goods and Services		298,303	297,692
9	Selling, General, and Administrative		60,619	66,060
10	Provision for Doubtful Accounts		5,773	4,029
11	Total Costs and Expenses		364,695	367,781
12	Gross Operating Profit		153,467	184,737
13	Depreciation and Amortization	2	53,318	56,644
	Charges from Affiliates Other than Interest:			
14	Management Fees			
15	Other	3	20,276	21,796
16	Income (Loss) from Operations		79,873	106,297
	Other Income (Expenses):			
17	Interest Expense - Affiliates	9 & 12	(44,058)	(44,239)
18	Interest Expense - External		(600)	(539)
19	CRDA Related Income (Expense) - Net	15	(2,672)	(3,641)
20	Nonoperating Income (Expense) - Net		(374,135)	(1,167)
21	Total Other Income (Expenses)		(421,465)	(49,586)
22	Income (Loss) Before Taxes and Extraordinary Items		(341,592)	56,711
23	Provision (Credit) for Income Taxes	2	13,882	24,556 *
24	Income (Loss) Before Extraordinary Items		(355,474)	32,155
25	Extraordinary Items (Net of Income Taxes - 2008, $0; 2007, $0)			
26	Net Income (Loss)		($355,474)	$32,155

* This amount has been revised for the current year.

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Amended 4/30/2009

BOARDWALK REGENCY CORPORATION
STATEMENTS OF INCOME

FOR THE THREE MONTHS ENDED DECEMBER 31, 2008 AND 2007

(UNAUDITED)
($ IN THOUSANDS)

Line (a)	Description (b)	Notes	2008 (c)	2007 (d)	
	Revenue:				
1	Casino		$116,363	$131,431	
2	Rooms		9,382	8,979	
3	Food and Beverage		13,152	14,275	
4	Other		3,832	4,243	
5	Total Revenue		142,729	158,928	
6	Less: Promotional Allowances		32,796	32,999	*
7	Net Revenue		109,933	125,929	
	Costs and Expenses:				
8	Cost of Goods and Services		67,548	72,393	
9	Selling, General, and Administrative		9,857	17,576	
10	Provision for Doubtful Accounts		2,339	1,229	
11	Total Costs and Expenses		79,744	91,198	
12	Gross Operating Profit		30,189	34,731	
13	Depreciation and Amortization	2	12,772	14,499	
	Charges from Affiliates Other than Interest:				
14	Management Fees				
15	Other	3	4,733	5,210	
16	Income (Loss) from Operations		12,684	15,022	
	Other Income (Expenses):				
17	Interest Expense - Affiliates	9 & 12	(11,014)	(11,014)	
18	Interest Expense - External		(141)	(134)	
19	CRDA Related Income (Expense) - Net	15	(601)	(276)	
20	Nonoperating Income (Expense) - Net		(372,663)	(1,684)	
21	Total Other Income (Expenses)		(384,419)	(13,108)	
22	Income (Loss) Before Taxes and Extraordinary Items		(371,735)	1,914	
23	Provision (Credit) for Income Taxes	2	513	4,287	
24	Income (Loss) Before Extraordinary Items		(372,248)	(2,373)	*
	Extraordinary Items (Net of Income Taxes -				
25	2008, $0; 2007, $0)				
26	Net Income (Loss)		($372,248)	($2,373)	

* This amount has been revised for the current year.

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

BOARDWALK REGENCY CORPORATION
STATEMENTS OF CHANGES IN STOCKHOLDERS' EQUITY

FOR THE TWELVE MONTHS ENDED DECEMBER 31, 2007 AND THE TWELVE MONTHS ENDED DECEMBER 31, 2008

(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, 2006..........**		100	$1,370			$582,276		$54,753	$638,399
2	Net Income (Loss) - 2007.............								32,155	32,155
3	Contribution to Paid-in-Capital.....									0
4	Dividends.....................................									0
5	Prior Period Adjustments..............									0
6	Initial Adoption of FIN 48								(2,522)	(2,522)
7										0
8										0
9										0
10	**Balance, December 31, 2007..........**		100	1,370	0	0	582,276	0	84,386	668,032
11	Net Income (Loss) - 2008.............								(355,474)	(355,474)
12	Contribution to Paid-in-Capital.....									0
13	Dividends.....................................									0
14	Prior Period Adjustments..............									0
15	Acquisition by TPG/Apollo						333,554		(83,593)	249,961
16										0
17										0
18										0
19	**Balance, December 31, 2008 ....**		100	$1,370	0	$0	$915,830	$0	($354,681)	$562,519

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

Amended 4/30/2009

BOARDWALK REGENCY CORPORATION
STATEMENTS OF CASH FLOWS

FOR THE TWELVE MONTHS ENDED DECEMBER 31, 2008 AND 2007

(UNAUDITED)
($ IN THOUSANDS)

Line (a)	Description (b)	Notes	2008 (c)	2007 (d)
1	CASH PROVIDED (USED) BY OPERATING ACTIVITIES..		($70,745)	$68,802
	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............................		(52,282)	(71,217)
5	Proceeds from Disposition of Property and Equipment..........		1,430	951
6	CRDA Obligations		(6,805)	(7,293)
7	Other Investments, Loans and Advances made......................			
8	Proceeds from Other Investments, Loans, and Advances		1,738	966
9	Cash Outflows to Acquire Business Entities...........................		0	0
10	....			
11	....			
12	Net Cash Provided (Used) By Investing Activities....................		(55,919)	(76,593)
	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......................................		(41)	(38)
18	Cash Proceeds from Issuing Stock or Capital Contributions...		0	0
19	Purchases of Treasury Stock..			
20	Payments of Dividends or Capital Withdrawals......................			
21	Borrowings/Payments of Intercompany Payable		129,051	(16,544) *
22	....			
23	Net Cash Provided (Used) By Financing Activities..................		129,010	(16,582)
24	Net Increase (Decrease) in Cash and Cash Equivalents............		2,346	(24,373)
25	Cash and Cash Equivalents at Beginning of Period..................		23,941	48,314
26	Cash and Cash Equivalents at End of Period............................		$26,287	$23,941

Line	Description	Notes	2008	2007
	CASH PAID DURING PERIOD FOR:			
27	Interest (Net of Amount Capitalized)......................................		$7,080	$62,659
28	Income Taxes..		$4,285	$7,500

* These amounts have been revised for the current year.

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

BOARDWALK REGENCY CORPORATION
STATEMENTS OF CASH FLOWS

FOR THE TWELVE MONTHS ENDED DECEMBER 31, 2008 AND 2007

(UNAUDITED)
($ IN THOUSANDS)

Line (a)	Description (b)	Notes	2008 (c)	2007 (d)	
	CASH FLOWS FROM OPERATING ACTIVITIES:				
29	Net Income (Loss)......		($355,474)	$32,155	*
30	Depreciation and Amortization of Property and Equipment...		44,262	43,644	
31	Amortization of Other Assets......		9,056	13,000	
32	Amortization of Debt Discount or Premium......				
33	Deferred Income Taxes - Current		2,721	(10,290)	*
34	Deferred Income Taxes - Noncurrent		(10,700)	17,433	*
35	(Gain) Loss on Disposition of Property and Equipment......		(161)	1,228	
36	(Gain) Loss on CRDA-Related Obligations......		1,748	(10,318)	
37	(Gain) Loss from Other Investment Activities......		474	474	
38	(Increase) Decrease in Receivables and Patrons' Checks		(1,875)	1,625	
39	(Increase) Decrease in Inventories		430	(435)	
40	(Increase) Decrease in Other Current Assets......		(2,413)	(1,189)	
41	(Increase) Decrease in Other Assets......		245,097	(633)	
42	Increase (Decrease) in Accounts Payable......		(6,970)	(16,984)	
43	Increase (Decrease) in Other Current Liabilities		27,101	(93,298)	
44	Increase (Decrease) in Other Liabilities		(24,041)	94,912	*
45	Initial Adoption of FIN 48		0	(2,522)	
46	......				
47	Net Cash Provided (Used) By Operating Activities......		($70,745)	$68,802	

SUPPLEMENTAL DISCLOSURE OF CASH FLOW INFORMATION

Line	Description	Notes	2008	2007
	ACQUISITION OF PROPERTY AND EQUIPMENT:			
48	Additions to Property and Equipment......		($52,282)	($71,217)
49	Less: Capital Lease Obligations Incurred......			
50	Cash Outflows for Property and Equipment......		($52,282)	($71,217)
	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

* These amounts have been revised for the current year.

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

Amended 4/30/2009

BOARDWALK REGENCY CORPORATION
SCHEDULE OF PROMOTIONAL EXPENSES AND ALLOWANCES

FOR THE TWELVE MONTHS ENDED DECEMBER 31, 2008

(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	556,119	$24,191	0	$0
2	Food	1,425,424	24,260	0	0
3	Beverage	7,924,123	15,848	0	0
4	Travel	0	0	13,636	5,919
5	Bus Program Cash	689,751	14,711	0	0
6	Promotional Gaming Credits	61,625	2,112	0	0
7	Complimentary Cash Gifts	853,278	50,570	0	0
8	Entertainment	20,661	1,726	7,663	2,423
9	Retail & Non-Cash Gifts	99,022	1,980	95,654	10,523
10	Parking	0	0	0	0
11	Other	2,906	547	472,387	8,414
12	Total	11,632,909	$135,945	589,340	$27,279

FOR THE THREE MONTHS ENDED DECEMBER 31, 2008

		Promotional Allowances		Promotional Expenses	
Line (a)	Description (b)	Number of Recipients (c)	Dollar Amount (d)	Number of Recipients (e)	Dollar Amount (f)
1	Rooms	147,857	$6,432	0	$0
2	Food	320,356	5,452	0	0
3	Beverage	1,713,953	3,428	0	0
4	Travel	0	0	3,525	1,530
5	Bus Program Cash	149,566	3,279	0	0
6	Promotional Gaming Credits	60,059	1,720	0	0
7	Complimentary Cash Gifts	207,947	11,432	0	0
8	Entertainment	3,344	451	1,752	690
9	Retail & Non-Cash Gifts	21,980	439	24,423	2,300
10	Parking	0	0	0	0
11	Other	866	163	99,754	1,777
12	Total	2,625,928	$32,796	129,454	$6,297

BOARDWALK REGENCY CORPORATION
STATEMENT OF CONFORMITY, ACCURACY, AND COMPLIANCE

FOR THE QUARTER ENDED DECEMBER 31, 2008 - REVISED

1. I have examined this Quarterly Report.

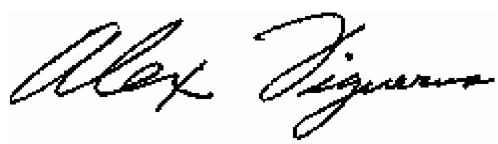
2. All the information contained in this Quarterly Report has been prepared in conformity with the Casino Control Commission's Quarterly Report Instructions and Uniform Chart of Accounts.

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.

April 30, 2009

Date



Alex Figueras

Vice President of Finance

Title

007438-11

License Number

On Behalf of:

BOARDWALK REGENCY CORPORATION

Casino Licensee

NOTE 1 – ORGANIZATION AND BASIS OF PRESENTATION

Boardwalk Regency Corporation (the "Company"), a New Jersey corporation, is a wholly owned subsidiary of Caesars New Jersey, Inc. ("CNJ"), a New Jersey corporation. The Company owns and operates the casino hotel resort in Atlantic City, New Jersey known as "Caesars Atlantic City". CNJ is a wholly owned subsidiary of Caesars World, Inc. ("CWI"), a Florida corporation, and CWI is a wholly owned subsidiary of Harrah's Operating Company, Inc. ("HOC"), a wholly owned subsidiary of Harrah's Entertainment, Inc. ("Harrah's"). In January 2008, Harrah's was acquired by affiliates of Apollo Global Management LLC and TPG Capital, L.P. in an all cash transaction, hereinafter referred to as the "Merger". The Company operates in one industry segment and all significant revenues arise from its casino and supporting hotel operations.

The Company is licensed to operate the facility by the New Jersey Casino Control Commission (the "CCC") and is subject to rules and regulations established by the CCC. The Company's license is subject to renewal every five years with the current license expiring June 2013.

NOTE 2 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

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

Acquisition - On January 28, 2008, Harrah's was acquired by affiliates of Apollo Global Management, LLC and TPG Capital, L.P. in an all cash transaction, hereinafter referred to as the "Merger." There are approximately $265,740 in goodwill and other intangible assets (net of $8,113 of accumulated amortization) at December 31, 2008, resulting from the Merger. The purchase price of an acquisition is allocated to the underlying assets acquired and liabilities assumed based upon their estimated fair values at the date of acquisition. We determine the estimated fair values after review and consideration of relevant information including discounted cash flows, quoted market prices and estimates made by management. To the extent that the purchase price exceeds the fair value of the net identifiable tangible and intangible assets acquired, such excess is allocated to goodwill. Intangible assets determined to have a finite life are amortized on a straight-line basis over the determined useful life of the asset.

For purposes of this regulatory filing, adjustments to the historical assets of the Company were reflected on December 31, 2008 and in its statement of income for the twelve months ended December 31, 2008 and in its statement of cash flows for the twelve months ended December 31, 2008.

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.

(All dollar amounts in thousands)

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

Land, Buildings and Equipment - Land, buildings, and equipment were stated at cost, through January 27, 2008 and revalued to fair value on January 28, 2008 in connection with the Merger, including capitalized interest on intercompany funds used to finance construction calculated at HOC'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	5 to 40 years
Furniture, fixtures and equipment	3 to 12 years

The Company reviews the carrying value of land, buildings and equipment for impairment whenever events and circumstances indicate that the carrying value of an asset may not be recoverable from the estimated future cash flows expected to result from its use and eventual disposition. When undiscounted expected future cash flows are less than the carrying value, an impairment loss is recognized equal to an amount by which the carrying value exceeds the fair value of the asset. The factors considered by the Company in performing this assessment include current operating results, trends and prospects, as well as the effect of obsolescence, demand, competition and other economic factors.

Goodwill and Other Intangible Assets -The Company accounts for goodwill and other intangible assets in accordance with SFAS No. 142, which provides guidance regarding the recognition and measurement of intangible assets, eliminates the amortization of certain intangibles and requires assessments for impairment of intangible assets that are not subject to amortization at least annually.

The determination of the fair value of the Company as a function, or multiple, of earnings before interest, taxes, depreciation and amortization ("EBITDA"), or by using discounted cash flows, common measures used to value and buys or sell cash-intensive businesses such as casinos. Based on the annual assessments for impairment as of December 31, 2008, we determined that, based on the projected performance, which reflects factors impacted by current market conditions, including lower valuation multiples for gaming assets; higher discount rates resulting from on-going turmoil in the credit markets; and the completion of our annual budget and forecasting process, our goodwill was impaired. A charge of $370,000 was recorded in our statement of income in fourth quarter 2008 for the charge related to goodwill.

An accounting standard adopted in 2002 requires a review at least annually of goodwill and other non-amortizing intangible assets for impairment. We complete our annual assessment for impairment in fourth quarter each year. Our 2008 analysis reflected factors impacted by current market conditions, including lower valuation multiples for gaming assets, higher discount rates resulting from on-going turmoil in the credit markets and the completion of our annual budget and forecasting process, and indicated that our goodwill was impaired and a charge of $370,000 was recorded to our statement of income in fourth quarter 2008.

The annual evaluation of goodwill and other non-amortizing intangible assets requires the use of estimates about future operating results, valuation multiples and discount rates of each reporting unit to determine their estimated fair value. Changes in these assumptions can materially affect these estimates. Once an impairment of goodwill or other intangible assets has been recorded, it cannot be reversed.

The company maintains customer relationships (database) totaling $106,200. The customer relationships have been determined to have a useful life of twelve years and are being amortized using the straight-line method. Previous to the Merger, the Predecessor Company maintained a trademark totaling $83,000 and customer relationships (database) totaling $195,000. The trademark was determined to have indefinite life and, accordingly, was not amortized. The customer relationships were determined to have a useful life of 15 years and were being amortized using the straight-line method. Amortization expense for the Twelve months ending December 31, 2008 and 2007 was approximately $9,056 and $13,000, respectively. Estimated annual amortization expense for the years 2009, 2010, 2011 and 2012, is $8,850.

Investment in Atlantic City Express Train Service "ACES" - In 2006, the Company entered into an agreement with Harrah's Atlantic City, an affiliate of the Company, and one other Atlantic City casino to form ACES. In accordance with FIN 46 (R), *Consolidation of Variable Interest Entities*, the Company is required to consolidate ACES as they are considered to be the primary beneficiary of the variable interest entity. With each member having a 33% interest, this New Jersey limited liability company was formed for the purpose of contracting with New Jersey Transit to operate express rail service between Manhattan, New York, and Atlantic City. The responsibilities of the managing member will rotate annually among the members. The total anticipated investment in ACES is approximately $18,000. As of December 31, 2008 ACES was in development stage and it became operational February 6, 2009. As of December 31, 2008, the members have made contributions totaling $17,035, which were primarily used to fund construction in progress. ACES net loss for the twelve months ended December 31, 2008 was $317 and is included in non-operating expenses on the accompanying statements of income.

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.

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 Company's property and certain affiliate casinos throughout the United States. Under the program, customers are able to accumulate, or bank, Reward Credits over time that they may redeem at their discretion under the terms of the program. The Reward Credit balance will be forfeited if the customer does not earn a Reward Credit over the prior six-month period. As a result of the ability of the customer to bank the Reward Credits, the Company accrues the expense of Reward Credits, after consideration of estimated breakage, as they are earned. The estimated cost to provide Reward Credits is expensed as the Reward Credits are earned and is included in Cost of Goods and Services in 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 Company uses historical data to assist in the determination of estimated accruals. At December 31, 2008 and 2007, $3,924 and $4,611, respectively, was accrued for the cost of anticipated Rewards Credit redemptions.

In addition to Reward Credits, customers can earn points based on play that are redeemable in cash ("cash-back points"). The Company 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 in the accompanying statements of income. At December 31, 2008 and 2007, the liability related to outstanding cash-back points, which is based on historical redemption activity, was $840 and $1,215, respectively.

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

(All dollar amounts in thousands)

	2008	2007
Food & Beverage	$ 31,789	$ 34,177
Rooms	11,824	14,417
Other	5,518	5,964
Bus Program Cash	14,711	15,917
Promotional Gaming Credits	2,112	0
Other Cash Complimentaries	50,570	55,750
	$ 116,524	$ 126,225

Income Taxes - The Company is included in the consolidated federal tax return of Harrah's 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 adopted the provisions of FASB Interpretation No. 48, "Accounting for Uncertainty in Income Taxes – an interpretation of FASB Statement No. 109" ("FIN 48"), on January 1, 2007. As a result of the implementation of FIN 48, the January 1, 2007 balance of retained earnings was decreased by approximately $2,522.

Use of Estimates - The preparation of these financial statements in conformity with generally accepted accounting principles requires the Company to make estimates and assumptions that affect the reported amounts of assets and liabilities and disclosure of contingent assets and liabilities at the date of the financial statements and the reported amounts of revenues and expenses during the reporting period. Actual results may differ from these estimates.

Seasonal factors - The Company's operations are subject to seasonal factors and, therefore, the results of operations of the three months ended December 31, 2008 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.

Recently Issued Pronouncements - In September 2006, the FASB issued SFAS No. 157, "Fair Value Measurements," which defines fair value, establishes a framework for measuring fair value and expands disclosures about fair value measurements. SFAS No. 157 applies under other accounting pronouncements that require or permit fair value measurements, but it does not require any new fair value measurements. The provisions of SFAS No. 157 were to be effective for fiscal years beginning after November 15, 2007, and interim periods within those fiscal years. In February 2008, the FASB issued Staff Position ("FSP") No. 157-2, "Effective Date of FASB Statement No. 157." FSP No. 157-2 defers the effective date of SFAS No. 157 to fiscal years beginning after November 15, 2008, and interim periods within those fiscal years for non-financial assets and non-financial liabilities, except for items that are recognized or disclosed at fair value in an entity's financial statements on a recurring basis (at least annually). Also in February 2008, the FASB issued FSP No. 157-1, "Application of FASB Statement No. 157 to FASB Statement No. 13 and Other Accounting Pronouncements That Address Fair Value Measurements for Purposes of Lease Classification or Measurement Under Statement 13." FSP No. 157-1 excludes SFAS No. 13, "Accounting for Leases," and other accounting pronouncements that address fair value measurements for purposes of lease classification or measurement under SFAS No. 13. We adopted the required provisions of SFAS No. 157 on January 1, 2008. The required provisions did not have a material impact on our financial statements.

In February 2007, the FASB issued SFAS No. 159, "The Fair Value Option for Financial Assets and Financial Liabilities-including an amendment of SFAS No. 115," which permits an entity to measure certain financial assets and financial liabilities at fair value. Entities that elect the fair value option will report unrealized gains and losses in earnings at each subsequent reporting date. SFAS No. 159 was effective as of January 1, 2008. At this time, we have not adopted the fair value option for assets and liabilities; however, future events and circumstances may impact that decision.

In December 2007, the FASB issued SFAS No. 141 (Revised 2007), "Business Combinations." SFAS No. 141(R) will significantly change the accounting for business combinations. Under SFAS No. 141(R), an acquiring entity will be required to recognize all the assets acquired and liabilities assumed in a transaction at the acquisition-date fair value with limited exceptions. SFAS No. 141(R) will change the accounting treatment for certain specific items, including:

Acquisition costs will be generally expensed as incurred;

Assets that an acquirer does not intend to use will be recorded at fair value reflecting the assets' highest and best use;

Noncontrolling interests (formerly known as "minority interests" — see Statement 160 discussion below) will be valued at fair value at the acquisition date;

Acquired contingent liabilities will be recorded at fair value at the acquisition date and subsequently measured at either the higher of such amount or the amount determined under existing guidance for non-acquired contingencies;

In-process research and development will be recorded at fair value as an indefinite-lived intangible asset at the acquisition date;

Restructuring costs associated with a business combination will be generally expensed subsequent to the acquisition date; and

Changes in deferred tax asset valuation allowances and income tax uncertainties after the acquisition date generally will affect income tax expense.

SFAS No. 141(R) also includes a substantial number of new disclosure requirements. SFAS No. 141(R) applies prospectively to business combinations for which the acquisition date is on or after the beginning of the first annual reporting period beginning on or after December 15, 2008. Earlier adoption is prohibited. We are currently evaluating the impact of this statement on our financial statements.

NOTE 3 - RELATED PARTY TRANSACTIONS

The Company 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 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.

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

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

Employee Benefit Plans - Employees of the Company participated in HOC's 401(k) savings plan. Under the HOC plan, participating employees may elect to contribute up to 50% of their eligible earnings. The Company fully matches 50% of the first six percent of the employees' contributions. Amounts contributed to the plan are invested, at the participant's direction, in up to 20 separate funds; prior to January 2008 this also included a Harrah's company stock fund. Participants become vested in the matching contributions over five years of credited service.

The Company's contribution expenses were $1,735 and $1,643 for the years ended December 31, 2008 and 2007, respectively. In February 2009, Harrah's announced suspension of the employers match for all participating employees, where allowed by law or not in violation of an existing agreement.

The Company also maintains deferred compensation plans and an Executive Supplemental Saving Plan, under which certain employees of the Company may defer a portion of their compensation. The expenses charged by HOC to the Company for its employees' participation in these programs are included in the administrative and other services charge discussed above.

Certain employees of the Company are covered by union-sponsored, collectively bargained, multi-employer defined benefit pension plans. The contributions and charges to expense for these plans were $3,457 and $3,418 for the years ended December 31, 2008 and 2007, respectively. Under the Employee Retirement Income Security Act, the Company may be liable for its share of unfunded liabilities, if any, if such plans are terminated. The Pension Plan's administrators do not provide sufficient information to enable the Company to determine their share, if any, of unfunded vested benefits.

Equity Incentive Awards - Harrah's maintains equity incentive awards plans in which employees of the Company may participate. Harrah's allocates an appropriate amount of cost for these awards to each subsidiary where employees participate.

Under these plans, nonqualified stock options, restricted stock, stock appreciation rights (SARs), performance shares, performance stock units, dividend equivalents, stock payments, deferred stock, restricted stock units, other stock-based awards and performance-based awards may be granted to employees or consultants of Harrah's and its subsidiaries, including the Company and members of Harrah's Board of Directors. In connection with the acquisition of Harrah's in January 2008, outstanding SARs and stock options, whether vested or unvested, and unvested restricted stock were cancelled and converted into the right to receive cash.

Effective January 1, 2006, Harrah's adopted SFAS No. 123(R), *Share-Based Payment*, using the modified prospective application. The effect of the adoption relates to the stock option and stock appreciation rights expense discussed in the following paragraphs.

Stock Options - Until the January 2008 acquisition, stock option awards typically vested in equal installments on January 1 following the grant date and on January 1 in each of the two subsequent years and allowed the option holder to purchase stock over specified periods of time, generally seven years from the date of grant, at a fixed price equal to the market value at the date of grant. The Company recognized approximately $20 and $513 for stock option expense in 2008 and 2007, respectively. This expense is included in general and administrative expenses in the accompanying statements of income.

Stock Appreciation Rights - Until the January 2008 acquisition, SARs typically vested in equal installments on June 30 following the grant and on June 30 in each of the two subsequent years. SARs allowed the holder to receive a payment, in stock, equal to the excess of the fair market value of a specified number of shares of stock on the date the SARs were exercised over an exercise price per share, which typically was the fair market value on the date the SARs were granted. The Company recognized approximately $25 and $215 for SARs expense in 2008 and 2007, respectively. This expense is included in general and administrative expenses in the accompanying statements of income.

Restricted Stock - Until the January 2008 acquisition, restricted share grants of Harrah's stock had restrictions that included, but were not limited to, the right to vote, receive dividends on or transfer the restricted stock. Restricted shares were subject to forfeiture during a specified period or periods prior to vesting. These shares issued generally vested in equal annual installments over a three-year period. The compensation arising from a restricted stock grant was based upon the market price of Harrah's stock at the grant date. Such expense was deferred and amortized to expense over the vesting period. The Company recognized approximately $53 and $456 of compensation expense in 2008 and 2007, respectively, related to Harrah's restricted stock. This expense is included in general and administrative expenses in the accompanying statements of income.

Equity Award Options - In February 2008, Harrah's Board of Directors approved and adopted the Harrah's Entertainment, Inc. Management Equity Incentive Plan (the "Equity Plan"). The Equity Plan authorizes equity award options to be granted to management, other personnel, and key service providers. Grants may be either shares of time based options or shares of performance based options, or a combination. Time based options generally vest in equal increments of 20% on each of the first five anniversaries of the grant date. The performance based options vest based on the investment returns of Harrah's stockholders. One half of the performance based options become eligible to vest upon the stockholders receiving cash proceeds equal to two times their amount vested, and one half of the performance based options become eligible to vest upon the stockholders receiving cash proceeds equal to three times their amount vested subject to certain conditions and limitations. In addition, the performance based options may vest earlier at lower thresholds upon liquidity events prior to December 31, 2009 and 2011, as well as pro rata, in certain circumstances. The company recognized $276 for equity award options in 2008.

Atlantic City Country Club - Atlantic City Country Club, LLC ("ACCC") is a wholly owned subsidiary of Bally's Atlantic City ("Bally's"), an affiliate of the Company. The net operating costs of ACCC are allocated to the Company and Bally's as well as Harrah's Atlantic City and Showboat Atlantic City, also affiliates of the Company. The Company was charged approximately $280 and $479 for these costs for the years ended December 31, 2008 and 2007, respectively. The costs are included in other operating expenses in the accompanying statements of income.

Administrative and Other Services - The Company is charged a fee by HOC for administrative and other services (including consulting, legal, marketing, information technology, accounting and insurance). The Company was charged $20,243 and $24,501 for these services for the Twelve months ended December 31, 2008 and 2007, respectively. The fee is included in charges from affiliates in the accompanying statements of income.

NOTE 4 – RECEIVABLES AND PATRONS' CHECKS

Receivables and patrons' checks as of December 31, 2008 and December 31, 2007 consist of the following:

(All dollar amounts in thousands)

	2008	2007
Casino Receivables (Net of Allowance for Doubtful Accounts - 2008, $15,275 & 2007, $12,715)	$ 17,552	$ 17,456
Other (Net of Allowance for Doubtful Accounts - 2008, $298 & 2007, $251)	7,027	5,248
	$ 24,579	$ 22,704

NOTE 5 – PREPAID EXPENSES AND OTHER CURRENT ASSETS

	2008	2007
Tax Deferred Asset	$ 3,753	$ 6,474
Prepaid Air Charters	1,227	1,482
Prepaid State Income Taxes	1,053	1,226
Prepaid Gaming Taxes and Licenses	786	799
Prepaid Contracts and Utilities	475	380
Prepaid Entertainment/Special Events	675	-
Other	2,776	692
	$ 10,745	$ 11,053

NOTE 6 - INVESTMENTS, ADVANCES AND RECEIVABLES

Investments, advances and receivables as of December 31, 2008 and December 31, 2007 consist of the following:

	2008	2007
CRDA Deposits	$ 23,489	$ 18,775
CRDA Bonds Receivable	5,821	6,387
CRDA Long Term Note Receivable	-	-
	$ 29,310	$ 25,162
Less Valuation Allowance on CRDA Investments	(13,132)	(11,829)
	$ 16,178	$ 13,333
Due from Harrahs	208,252	165,853
	$ 224,430	$ 179,186

The estimate for Valuation Allowance for the CRDA Bonds considered guidance primarily under FAS 115 “Accounting for Certain Investments in Debt and Equity Securities,” FASB SOP FAS 115-1/124-1 “The Meaning of Other-than-temporary Impairment and its Application to

(All dollar amounts in thousands)

Certain Investments" and FAS 157 "Fair Value Measurements." Since there is no market for the bonds issued through the CRDA, initial obligation deposits are marked down by 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 due to their nature. The bonds held by the Company through CRDA 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, as of December 31, 2008 the CRDA Bonds are measured at amortized cost. Prior to January 28, 2008, the Company was not amortizing the cost and maintained the value at face value less the reserve. While the acquisition by TPG and Apollo on January 27, 2008 did not specifically value the CRDA Bonds, the Company has concluded that given the lack of a market and no change in the nature and composition of its bond portfolio since the Caesars acquisition, the bond values are essentially unchanged and that their fair value changes would have been immaterial through January 27, 2008. Subsequent to that date, the bonds are being carried at amortized cost.

The Company also considered whether any impairment indicators were present for its CRDA bonds that would indicate whether the CRDA Bond's fair value was less than its cost. As noted above, there is no market for the CRDA Bonds and as such its fair value could only be determined based on unobservable inputs (Level 3). 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 and amortizes the cost subsequent to that date. The valuation allowance for the bonds is being written off over the remaining life of the bonds.

NOTE 7 – LAND, BUILDINGS AND EQUIPMENT

Land, Buildings and Equipment as of December 31, 2008 and December 31, 2007 consist of the following:

	2008	2007
Land	$ 182,580	$ 86,489
Buildings and Improvements	520,124	509,622
Furniture, Fixtures, and Equipment	100,988	118,336
Construction in Progress	47,457	46,232
	$ 851,149	$ 760,679
Less Accumulated Depreciation & Amortization	(40,609)	(86,718)
	$ 810,540	$ 673,961

NOTE 8 – OTHER ASSETS

Other assets as of December 31, 2008 and December 31, 2007 consist of the following:

(All dollar amounts in thousands)

	2008	2007
Goodwill	$ 167,653	$ 269,983
Customer Database less Accumulated Amortization of $8,113 in 2008 & $33,114 in 2007	98,087	161,886
Trademark	0	83,000
Deferred Lease Incentive	41,400	42,017
CRDA Seat License	2,371	2,845
Other, Net	897	4,830
	$ 310,408	$ 564,561

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

As financing for the qualified pier development costs, the Company and certain of its Atlantic City affiliates entered into a credit agreement (the "Credit Agreement") with the CRDA. The Credit Agreement provides for funding from the CRDA of up to $42,800 for qualified development costs. The CRDA funding will come from amounts either currently on deposit or to be deposited with the CRDA pursuant to the Company's and its affiliates' investment obligations. Repayments to the developers are limited to the funds received from the CRDA. As of December 31, 2008, the Company has received $4,879 of previously deposited funds from the CRDA.

As of December 31, 2008, the Company repaid the developers approximately $42,800 through CRDA funds previously deposited by an affiliate. These payments are considered lease incentive payments and will be amortized over the life of the lease.

Refer to Note 2 for discussion of Goodwill and Other Intangible Assets.

NOTE 9 – NOTES PAYABLE

At December 31, 2000, the Company entered into an uncommitted $50,000 credit facility with Caesars Entertainment Finance Corporation ("CEFC"), a wholly owned subsidiary of HOC. At December 31, 2008, there was no outstanding balance.

NOTE 10 - OTHER ACCRUED EXPENSES

Other accrued expenses as of December 31, 2008 and December 31, 2007 consist of the following:

(All dollar amounts in thousands)

	2008	2007
Accrued Payroll & Benefits	$ 9,663	$ 13,988
Accrued Interest Payable	40,756	3,686
Real Estate Taxes	-	3,405
Other	10,992	9,529
	$ 61,411	$ 30,608

NOTE 11 - OTHER CURRENT LIABILITIES

Other current liabilities as of December 31, 2008 and December 31, 2007 consist of the following:

	2008	2007
Unredeemed Chip and Token Liability	2,567	3,269
Other	874	782
	3,441	4,051

NOTE 12- LONG-TERM DEBT TO AFFILIATES

Long-term debt, due to affiliates as of December 31, 2008 and December 31, 2007 consists of the following:

	2008	2007
8.5% Note Payable to Harrah's Entertainment, Ltd. ("HEL") due December 31, 2010	$ 518,330	$ 518,330
	$ 518,330	$ 518,330

On July 1, 2006, the note formerly held by CEFC was 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 December 31, 2008, accrued interest related to the intercompany note totaled $40,742. Since the note is due to an affiliate, a determination of fair value is not considered meaningful.

NOTE 13 - OTHER LONG TERM DEBT

Long-term debt, other as of December 31, 2008 and December 31, 2007 consists of the following:

(All dollar amounts in thousands)

	2008	2007
Mortgage Note due October 15, 2011 Interest at 10.0%	$ 549	$ 590
Less: Current Maturities	(45)	(41)
	$ 504	$ 549

NOTE 14 – OTHER LIABILITIES

Other Liabilities as of December 31, 2008 and December 31, 2007 consisted of the following:

	2008	2007
Due to Affiliates, Atlantic City Region	$ 84,941	$ 70,585
Due to Affiliates, Other	38,976	26,967
CRDA-ACIA funding	8,085	7,576
ACES Consolidation	10,968	4,193
Deferred Purchase Price Adjustment	-	5,265
FIN 48 - Tax Reserve	12,451	13,559
	$ 155,421	$ 128,145

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

NOTE 15 – LEASES

The Company has operating leases for a retail store, copy equipment and billboards. These leases have various expiration dates through 2026.

Future minimum lease payments due under these leases are as follows:

2009	$1,982
2010	1,984
2011	1,125
2012	215
2013	165
Thereafter	469
	$5,940

Total rent expense for the years ended December 31, 2008 and 2007 was $3,266 and $4,460, respectively.

NOTE 16 - INCOME TAXES (BENEFITS)

(All dollar amounts in thousands)

The income tax provision or benefit for the years ended December 31, 2008 and 2007, were as follows:

	2008	2007
Income Tax Provision (Benefit)		
Federal:		
Current	$ 11,327	$ 34,738
Deferred	(3,348)	(16,271)
	7,979	18,467
State:		
Current	6,463	8,809
Deferred	(560)	(2,720)
	5,903	6,089
Total:		
Current	17,790	43,547
Deferred	(3,908)	(18,991)
	$ 13,882	$ 24,556

As of December 31, 2008 and 2007, significant components of the Company's deferred tax assets and liabilities were as follows:

	2008	2007
Deferred tax assets:		
CRDA investment obligations	$ 9,014	$ 4,831
Allowance for doubtful accounts	6,362	5,297
Compensation programs	814	2,346
Contingencies	10,601	9,714
Other	2,524	2,524
Total deferred tax assets	29,315	24,712
Deferred tax liabilities:		
Intangibles	(40,069)	(100,036)
Property and equipment	(75,733)	(26,586)
Progressive jackpot liability	(4,293)	(2,115)
Total deferred tax liabilities	(120,095)	(128,737)
Net deferred tax liability	$ (90,780)	$ (104,025)

NOTE 17 - NONOPERATING INCOME (EXPENSE) - NET

Nonoperating income (expense) for the three months ended December 31, 2008 and December 31, 2007 consists of the following:

(All dollar amounts in thousands)

	2008	2007
Reserve for Asset Write-off	$ (370,000)	$ -
Demolition Expense	(4)	(494)
Gain/(Loss) on Disposal of Equipment	21	(1,244)
Project Write Downs and Reserves	(2,758)	-
Other, Net	78	54
	$ (372,663)	$ (1,684)

Nonoperating income (expense) for the twelve months ended December 31, 2008 and December 31, 2007 consists of the following:

	2008	2007
Reserve for Asset Write-off	$ (370,000)	$ 87
Demolition Expense	(1,937)	(910)
Gain/(Loss) on Disposal of Equipment	161	(1,228)
Project Write Downs and Reserves	(2,758)	322
Other, Net	399	562
	$ (374,135)	$ (1,167)

NOTE 18 – 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.

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 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 rates. The Company includes CRDA investment bonds and funds on deposit in Investments, Advances and Receivables in the accompanying balance sheets totaling $5,821 and $23,489 respectively, at December 31, 2008 and $6,387 and $18,775, respectively, at December 31, 2007. The Company records charges to operations to reflect the estimated net realizable value of its CRDA investment.

The twelve Atlantic City casino properties (the "AC Industry") and the CRDA entered into an agreement with the New Jersey Sports & Exposition Authority (the "NJSEA") to provide funding to subsidize New Jersey's horseracing industry. This agreement expired on January 1, 2009. The agreement provided that in exchange for funding, the NJSEA and the three active New Jersey racetracks would not conduct any casino gaming at the racetracks prior to January 1, 2009. As part of the agreement, the AC Industry provided $34,000 over a four year period to the NJSEA and deposited another $62,000 into the Casino Expansion Fund (managed by the CRDA). The Company's obligation was equal to its fair-share of AC Industry casino revenues and the Company is eligible to receive funds deposited as a result of this obligation from the Casino Expansion Fund for qualified construction expenditures. The Company has until June 30, 2014 to submit an application to exhaust its share of the Casino Expansion Fund. Any funds not transferred out of the Casino Expansion Fund by the required date will be transferred to funds on deposit with the CRDA pursuant to its ongoing investment obligations.

In August 2008, the AC Industry entered into a new agreement with the NJSEA that will provide $90 million in funding to subsidize New Jersey's horseracing industry. The funding will be provided in installments through 2011. In exchange for this funding, the NJSEA and the three active New Jersey racetracks will not conduct any casino gaming at the racetracks prior to December 31, 2011. The Company's obligation is equal to its fair-share of AC Industry casino revenues. The total commitment will be charged to operations on a straight line basis beginning January 2009 through December 31, 2011.

BOARDWALK REGENCY CORPORATION

ANNUAL FILINGS

FOR THE YEAR ENDED DECEMBER 31, 2008

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

DIVISION OF FINANCIAL EVALUATION
REPORTING MANUAL

BOARDWALK REGENCY CORPORATION
SCHEDULE OF RECEIVABLES AND PATRONS' CHECKS

FOR THE YEAR ENDED DECEMBER 31, 2008

(UNAUDITED)
($ IN THOUSANDS)

ACCOUNTS RECEIVABLE BALANCES				
Line (a)	**Description (b)**	**Account Balance (c)**	**Allowance (d)**	**Accounts Receivable (Net of Allowance) (e)**
	Patrons' Checks:			
1	Undeposited Patrons' Checks..................................	$12,611		
2	Returned Patrons' Checks....................................	20,215		
3	Total Patrons' Checks.......................................	32,826	$15,275	$17,551
4	Hotel Receivables...	2,772	298	$2,474
	Other Receivables:			
5	Receivables Due from Officers and Employees....	-		
6	Receivables Due from Affiliates..........................	-		
7	Other Accounts and Notes Receivables................	4,553		
8	Total Other Receivables....................................	4,553		$4,553
9	Totals (Form CCC-205)...	$40,151	$15,573	$24,578

UNDEPOSITED PATRONS' CHECKS ACTIVITY		
Line (f)	**Description (g)**	**Amount (h)**
10	Beginning Balance (January 1)..	$12,945
11	Counter Checks Issued..	390,137
12	Checks Redeemed Prior to Deposit..	(359,486)
13	Checks Collected Through Deposits...	(12,358)
14	Checks Transferred to Returned Checks..	(18,627)
15	Other Adjustments..	0
16	Ending Balance..	$12,611
17	"Hold" Checks Included in Balance on Line 16..	0
18	Provision for Uncollectible Patrons' Checks..	$5,711
19	Provision as a Percent of Counter Checks Issued...	1.5%

BOARDWALK REGENCY CORPORATION
EMPLOYMENT AND PAYROLL REPORT

AT DECEMBER 31, 2008

($ IN THOUSANDS)

Line (a)	Department (b)	Number of Employees (c)	Salaries and Wages: Other Employees (d)	Salaries and Wages: Officers & Owners (e)	Salaries and Wages: Totals (f)
	CASINO:				
1	Table and Other Games	1,031			
2	Slot Machines	105			
3	Administration	0			
4	Casino Accounting	167			
5	Simulcasting	10			
6	Other	0			
7	Total - Casino	1,313	$39,105	$250	$39,355
8	ROOMS	277	7,579	195	7,774
9	FOOD AND BEVERAGE	985	19,737	218	19,955
10	GUEST ENTERTAINMENT	211	1,355		1,355
11	MARKETING	147	9,238	568	9,806
12	OPERATION AND MAINTENANCE	267	9,935		9,935
	ADMINISTRATIVE AND GENERAL:				
13	Executive Office	7	179	1,041	1,220
14	Accounting and Auditing	42	2,106		2,106
15	Security	135	4,672		4,672
16	Other Administrative and General	107	5,983		5,983
	OTHER OPERATED DEPARTMENTS:				
17	Parking Operations	87	1,710		1,710
18	Health Club/Pool Services	39	700		700
19	Telephone	12	376		376
20	Retail Stores	16	520		520
21	Coat Check	0	18		18
22					0
23	TOTALS - ALL DEPARTMENTS	3,645	$103,213	$2,272	$105,485

CAESARS ATLANTIC CITY
ANNUAL GROSS REVENUE TAX RETURN

FOR THE YEAR ENDED DECEMBER 31, 2008

Line		
	CASINO WIN:	
1.	Table and Other Games........................	$ 216,293,908
2.	Slot Machines	327,475,136
3.	Total Casino Win........................	543,769,044
4.	Adjustments........................	85,235
5.	Gross Revenue (line 3 plus line 4)........................	543,854,279
6.	Deduction for Eligible Promotional Gaming Credits........................	5,023,465
7.	Taxable Gross Revenue (line 5 minus line 6)........................	538,830,814
8.	Tax on Gross Revenue - Reporting Year (8% of line 7)........................	43,106,465
9.	Audit or Other Adjustments to Tax on Gross Revenues in Prior Years	-
10.	Total Taxes on Gross Revenue (the sum of lines 8 and 9)........................	43,106,465
11.	Total Deposits Made for Tax on Reporting Year's Gross Revenue....................	(43,106,465)
12.	Settlement of Prior Years' Tax on Gross Revenue Resulting from Audit or Other Adjustments - (Deposits) Credits	-
13.	Gross Revenue Taxes Payable (the net of lines 10, 11, and 12)	$ 0

Under penalties of perjury, I declare that I have examined this Annual Gross Revenue Tax Return and to the best of my knowledge and belief, the information contained in this return is accurate.

March 15, 2009
Date

Signature

Operations Controller 7752-11
Title (License Number)