

**RIH ACQUISITIONS NJ, LLC (Atlantic City Hilton)
QUARTERLY REPORT**

FOR THE QUARTER ENDED DECEMBER 31, 2009

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



**DIVISION OF FINANCIAL EVALUATION
REPORTING MANUAL**

RIH ACQUISITIONS NJ, LLC (Atlantic City Hilton)

BALANCE SHEETS

AS OF DECEMBER 31, 2009 AND 2008

(UNAUDITED)

(\$ IN THOUSANDS)

Line (a)	Description (b)	Notes	2009 (c)	2008 (d)
	<u>ASSETS:</u>			
	Current Assets:			
1	Cash and Cash Equivalents.....		\$11,967	\$12,424
2	Short-Term Investments.....		0	0
3	Receivables and Patrons' Checks (Net of Allowance for Doubtful Accounts - 2009, \$8,852; 2008, \$6,895).....	Note 4	38,704	69,781
4	Inventories		1,380	1,891
5	Other Current Assets.....		4,625	8,628
6	Total Current Assets.....		56,676	92,724
7	Investments, Advances, and Receivables.....	Note 5	14,973	14,343
8	Property and Equipment - Gross.....		36,388	386,269
9	Less: Accumulated Depreciation and Amortization.....		(477)	(63,460)
10	Property and Equipment - Net.....	Note 6	35,911	322,809
11	Other Assets.....	Note 7	1,274	2,681
12	Total Assets.....		\$108,834	\$432,557
	<u>LIABILITIES AND EQUITY:</u>			
	Current Liabilities:			
13	Accounts Payable.....		\$4,295	\$5,219
14	Notes Payable.....		0	0
	Current Portion of Long-Term Debt:			
15	Due to Affiliates.....		0	0
16	External.....		2,351	259
17	Income Taxes Payable and Accrued.....		0	0
18	Other Accrued Expenses.....	Note 8	15,496	16,605
19	Other Current Liabilities.....	Note 9	2,205	2,157
20	Total Current Liabilities.....		24,347	24,240
	Long-Term Debt:			
21	Due to Affiliates.....	Note 10	348,207	348,207
22	External.....		637	353
23	Deferred Credits		0	0
24	Other Liabilities.....	Note 7	226	226
25	Commitments and Contingencies.....		0	0
26	Total Liabilities.....		373,417	373,026
27	Stockholders', Partners', or Proprietor's Equity.....		(264,583)	59,531
28	Total Liabilities and Equity.....		\$108,834	\$432,557

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

Amended 6/21/2010

RIH ACQUISITIONS NJ, LLC (Atlantic City Hilton)

STATEMENTS OF INCOME

FOR THE TWELVE MONTHS ENDED DECEMBER 31, 2009 AND 2008

(UNAUDITED)
(\$ IN THOUSANDS)

Line (a)	Description (b)	Notes	2009 (c)	2008 (d)
	Revenue:			
1	Casino.....		\$189,093	\$245,082
2	Rooms.....		16,021	20,365
3	Food and Beverage.....		25,843	36,104
4	Other.....		6,143	9,113
5	Total Revenue.....		237,100	310,664
6	Less: Promotional Allowances.....		71,870	93,744
7	Net Revenue.....		165,230	216,920
	Costs and Expenses:			
8	Cost of Goods and Services.....		149,588	167,808
9	Selling, General, and Administrative.....		29,259	42,373
10	Provision for Doubtful Accounts.....		3,316	3,265
11	Total Costs and Expenses.....		182,163	213,446
12	Gross Operating Profit.....		(16,933)	3,474
13	Depreciation and Amortization.....		9,807	15,312
	Charges from Affiliates Other than Interest:			
14	Management Fees.....		0	0
15	Other.....		1,866	2,698
16	Income (Loss) from Operations.....		(28,606)	(14,536)
	Other Income (Expenses):			
17	Interest Expense - Affiliates.....		(17,593)	(21,270)
18	Interest Expense - External.....		(38)	(33)
19	CRDA Related Income (Expense) - Net.....		(771)	(1,392)
20	Nonoperating Income (Expense) - Net.....		(277,106)	(82,698) *
21	Total Other Income (Expenses).....		(295,508)	(105,393)
22	Income (Loss) Before Taxes and Extraordinary Items.....		(324,114)	(119,929)
23	Provision (Credit) for Income Taxes.....	Note 11	0	0
24	Income (Loss) Before Extraordinary Items.....		(324,114)	(119,929)
25	Extraordinary Items (Net of Income Taxes - 2009, \$0; 2008, \$0).....		0	0
26	Net Income (Loss).....		(\$324,114)	(\$119,929)

*2009 incl.a \$277 million Long Lived Assets impairment charge. 2008 incl. a \$81.5 million Goodwill impairment charge.

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

Amended 6/30/2010

RIH ACQUISITIONS NJ, LLC (Atlantic City Hilton)

STATEMENTS OF INCOME

FOR THE THREE MONTHS ENDED DECEMBER 31, 2009 AND 2008

(UNAUDITED)
(\$ IN THOUSANDS)

Line (a)	Description (b)	Notes	2009 (c)	2008 (d)
	Revenue:			
1	Casino.....		\$38,015	\$47,120
2	Rooms.....		3,270	4,335
3	Food and Beverage.....		4,738	7,146
4	Other.....		1,116	1,763
5	Total Revenue.....		47,139	60,364
6	Less: Promotional Allowances.....		13,339	21,468
7	Net Revenue.....		33,800	38,896
	Costs and Expenses:			
8	Cost of Goods and Services.....		34,798	41,759
9	Selling, General, and Administrative.....		7,013	4,229
10	Provision for Doubtful Accounts.....		780	1,106
11	Total Costs and Expenses.....		42,591	47,094
12	Gross Operating Profit.....		(8,791)	(8,198)
13	Depreciation and Amortization.....		(308)	3,701
	Charges from Affiliates Other than Interest:			
14	Management Fees.....		0	0
15	Other.....		659	445
16	Income (Loss) from Operations.....		(9,142)	(12,344)
	Other Income (Expenses):			
17	Interest Expense - Affiliates.....		(8,155)	(5,155)
18	Interest Expense - External.....		(8)	(18)
19	CRDA Related Income (Expense) - Net.....		(161)	(211)
20	Nonoperating Income (Expense) - Net.....		(277,333)	(81,618)
21	Total Other Income (Expenses).....		(285,657)	(87,002)
22	Income (Loss) Before Taxes and Extraordinary Items.....		(294,799)	(99,346)
23	Provision (Credit) for Income Taxes.....		0	0
24	Income (Loss) Before Extraordinary Items.....		(294,799)	(99,346)
	Extraordinary Items (Net of Income Taxes -			
25	2009, \$0; 2008, \$0).....		0	0
26	Net Income (Loss).....		(\$294,799)	(\$99,346)

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

RIH ACQUISITIONS NJ, LLC (Atlantic City Hilton)

STATEMENTS OF CHANGES IN PARTNERS', PROPRIETOR'S OR MEMBERS' EQUITY

FOR THE TWELVE MONTHS ENDED DECEMBER 31, 2008
AND THE TWELVE MONTHS ENDED DECEMBER 31, 2009

(UNAUDITED)
(\$ IN THOUSANDS)

Line (a)	Description (b)	Notes	Contributed Capital (c)	Accumulated Earnings (Deficit) (d)	(e)	Total Equity (Deficit) (f)
1	Balance, December 31, 2007.....		\$138,474	\$40,986	\$0	\$179,460
2	Net Income (Loss) - 2008.....			(119,929)		(119,929)
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, 2008.....		138,474	(78,943)	0	59,531
11	Net Income (Loss) - 2009.....			(324,114)		(324,114)
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, December 31, 2009.....		\$138,474	(\$403,057)	\$0	(\$264,583)

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

RIH ACQUISITIONS NJ, LLC (Atlantic City Hilton)

STATEMENTS OF CASH FLOWS

FOR THE TWELVE MONTHS ENDED DECEMBER 31, 2009 AND 2008

(UNAUDITED)
(\$ IN THOUSANDS)

Line (a)	Description (b)	Notes	2009 (c)	2008 (d)
1	CASH PROVIDED (USED) BY OPERATING ACTIVITIES..		(\$31,807)	(\$21,429)
	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.....		(1,258)	(6,579)
5	Proceeds from Disposition of Property and Equipment.....		14	0
6	CRDA Obligations		(2,523)	(3,362)
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			0	0
11			0	0
12	Net Cash Provided (Used) By Investing Activities.....		(3,767)	(9,941)
	CASH FLOWS FROM FINANCING ACTIVITIES:			
13	Proceeds from Short-Term Debt		0	0
14	Payments to Settle Short-Term Debt.....		(485)	(198)
15	Proceeds from Long-Term Debt		0	0
16	Costs of Issuing Debt.....		0	0
17	Payments to Settle Long-Term Debt.....		0	0
18	Cash Proceeds from Issuing Stock or Capital Contributions...		0	0
19	Purchases of Treasury Stock.....		0	0
20	Payments of Dividends or Capital Withdrawals.....		0	0
21	Changes in receivables from affiliates		35,602	28,461
22			0	0
23	Net Cash Provided (Used) By Financing Activities.....		35,117	28,263
24	Net Increase (Decrease) in Cash and Cash Equivalents.....		(457)	(3,107)
25	Cash and Cash Equivalents at Beginning of Period.....		12,424	15,531
26	Cash and Cash Equivalents at End of Period.....		\$11,967	\$12,424
	CASH PAID DURING PERIOD FOR:			
27	Interest (Net of Amount Capitalized).....		\$38	\$33
28	Income Taxes.....		\$0	\$0

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

RIH ACQUISITIONS NJ, LLC (Atlantic City Hilton)

STATEMENTS OF CASH FLOWS

FOR THE TWELVE MONTHS ENDED DECEMBER 31, 2009 AND 2008

(UNAUDITED)
(\$ IN THOUSANDS)

Line (a)	Description (b)	Notes	2009 (c)	2008 (d)
	CASH FLOWS FROM OPERATING ACTIVITIES:			
29	Net Income (Loss).....		(\$324,114)	(\$119,929)
30	Depreciation and Amortization of Property and Equipment...		8,931	14,364
31	Amortization of Other Assets.....		876	948
32	Amortization of Debt Discount or Premium.....		0	0
33	Deferred Income Taxes - Current		0	0
34	Deferred Income Taxes - Noncurrent		0	0
35	(Gain) Loss on Disposition of Property and Equipment.....		(14)	1,331
36	(Gain) Loss on CRDA-Related Obligations.....		771	1,392
37	(Gain) Loss from Other Investment Activities.....		0	0
38	(Increase) Decrease in Receivables and Patrons' Checks		4,895	3,587
39	(Increase) Decrease in Inventories		511	450
40	(Increase) Decrease in Other Current Assets.....		(739)	(1,035)
41	(Increase) Decrease in Other Assets.....		1,531	2,169
42	Increase (Decrease) in Accounts Payable.....		(924)	(1,945)
43	Increase (Decrease) in Other Current Liabilities		(939)	(4,216)
44	Increase (Decrease) in Other Liabilities		0	(72)
45	Write-off of Goodwill		0	81,527
46	Impairment of Long-Lived Assets		277,408	0
47	Net Cash Provided (Used) By Operating Activities.....		(\$31,807)	(\$21,429)

SUPPLEMENTAL DISCLOSURE OF CASH FLOW INFORMATION

	ACQUISITION OF PROPERTY AND EQUIPMENT:			
48	Additions to Property and Equipment.....		(\$4,119)	(\$7,245)
49	Less: Capital Lease Obligations Incurred.....		2,861	666
50	Cash Outflows for Property and Equipment.....		(\$1,258)	(\$6,579)
	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.

**RIH ACQUISITIONS NJ, LLC (Atlantic City Hilton)
STATEMENT OF CONFORMITY,
ACCURACY, AND COMPLIANCE**

FOR THE QUARTER ENDED DECEMBER 31, 2009

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.

6/4/2010

Date



[Gregory J. Sherbon]

Vice President of Finance

Title

008983-11

License Number

On Behalf of:

RIH ACQUISITIONS NJ, LLC (Atlantic City Hilton)

Casino Licensee

RIH ACQUISITIONS NJ, LLC (Atlantic City Hilton)
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

Amended 6/21/2010

1. Basis of Presentation and Consolidation

RIH Acquisitions NJ, LLC, a New Jersey limited liability company (the “Company”), owns and operates the Atlantic City Hilton (“ACH”), a casino/hotel located in Atlantic City, NJ. The Company is a wholly owned subsidiary of Resorts International Holdings, LLC, a Delaware limited liability company (“RIH”). The Company’s operations commenced on April 26, 2005.

On April 26, 2005, RIH acquired most of the assets and assumed certain liabilities of four casino properties, including ACH, from Caesars Entertainment Inc. and Harrah’s Entertainment Inc. (the “Acquisition”). The debt incurred to finance the Acquisition (the “Term Loans”) was carried on the balance sheet of RIH and was not allocated to the Company. The assets acquired and liabilities assumed of the Atlantic City Hilton as a result of the Acquisition were recorded, via a capital contribution, on the balance sheet of the Company. The Acquisition was accounted for using the purchase method of accounting, and accordingly, the aggregate purchase price, including transaction fees and expenses, was allocated based on the estimated fair value of the assets acquired and the liabilities assumed.

RIH and its wholly-owned subsidiaries (the “Borrowers”) entered into a loan agreement with JPMorgan Chase Bank (“JPMorgan”) (the “Loan”). In conjunction with the refinancing in October 2006, RIH Propco NJ, LLC (“Propco”) was formed on October 11, 2006. Propco, a wholly-owned subsidiary of the Company, holds all of the real estate associated with ACH, as well as its non-gaming furniture, fixtures and equipment. The Company leases these assets from Propco for an amount that will cover the debt service under ACH’s allocation of the Loan.

In July 2009, RIH defaulted on the Loan as a result of its failure to make monthly interest payments. The total of these missed payments is \$15.9 million at December 31, 2009. This interest amount includes \$7.7 million in interest expense associated with the Loan’s default rate, which is 3% higher than the standard rate. \$11.1 million of this interest has been allocated to the Company and is reflected in the accompanying financial statements. RIH is in discussions with the special servicer, who acts on behalf of its lenders, to negotiate a restructuring of its debt. No foreclosure action has been initiated by the lender as of the date of these statements. In addition, the Company is evaluating a range of financial and strategic alternatives to address its operating results and financial position.

The consolidated financial statements include the accounts of RIH Acquisitions NJ, LLC and its wholly-owned subsidiary, Propco. All material intercompany balances and transactions have been eliminated in consolidation.

2. Summary of Significant Accounting Policies

Use of Estimates

The preparation of the financial statements in conformity with accounting principles generally accepted in the United States requires management to make estimates and assumptions that affect the amounts reported in the financial statements and accompanying notes. Actual results could differ from those estimates.

Cash Equivalents

Short-term money market securities purchased with original maturities of three months or less are considered to be cash equivalents. The carrying value of cash equivalents approximates fair value due to the short-term maturity of these instruments.

RIH ACQUISITIONS NJ, LLC (Atlantic City Hilton)
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

Amended 6/21/2010

2. Summary of Significant Accounting Policies (continued)

Allowance for Accounts Receivable

Allowances for doubtful accounts arising from casino, hotel and other services, are based upon a specific review of certain outstanding receivables. In determining the amounts of the allowances, certain estimates and assumptions are made, and actual results may differ from those assumptions.

Inventories

Inventories of provisions, supplies and spare parts are valued at the lower of cost (first-in, first-out) or market.

Property and Equipment

Property and equipment are stated at cost and are depreciated over their estimated useful lives reported below using the straight-line method.

Hotels and other buildings	20 – 40 years
Furniture fixtures and equipment	2 – 7 years

The provisions of ASC Topic 360- “Property, Plant and Equipment” (“ASC 360”) require, among other things, that an entity review its long-lived assets and certain intangibles for impairment whenever changes in circumstances indicate that the carrying amount of an asset may not be fully recoverable. ASC 360 requires an impairment loss to be recognized only if the carrying amounts of long-lived assets to be held and used are not recoverable from their expected undiscounted future cash flows. See Note 3 “Asset Impairments.”

Income Taxes

The Company has elected to be treated as a partnership for federal income tax purposes; therefore, no provision or benefit for federal income taxes for the years ended December 31, 2010 and 2009 has been recorded. New Jersey state income taxes have been calculated under an alternative minimum assessment of a percentage of gross revenues.

Goodwill

In accordance with the provisions of ASC Topic 350 – “Intangibles – Goodwill and Other” (“ASC 350”), intangible assets are amortized over their estimated useful lives unless their lives are determined to be indefinite. Goodwill and other intangible assets with indefinite lives are not amortized but are subject to tests for impairment at least annually. ASC 350 requires that impairment tests be performed more frequently than annually if events or circumstances indicate that the value of goodwill or intangible assets with indefinite lives might be impaired.

During the fourth quarter of 2008, the Company reviewed its goodwill for impairment in accordance with ASC 350, which requires the Company to compare the implied fair value of the goodwill with the carrying amount of that goodwill. As a result of that review, the Company recorded a full impairment charge related to RIH NJ totaling approximately \$81.5 million within operating expenses. The impairment resulted from lower future cash flow expectations due to the poor condition of the general economy and increased competitive market conditions in Atlantic City and from nearby states.

Revenue Recognition

Gaming revenue is recorded as the net win from gaming activities, which represents the difference between amounts wagered and amounts won by patrons. Revenues from hotel and related services and from theater ticket sales are recognized at the time the related service is performed.

RIH ACQUISITIONS NJ, LLC (Atlantic City Hilton)
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

Amended 6/21/2010

2. Summary of Significant Accounting Policies (continued)

Self Insured Health Insurance

The Company provides medical coverage for its non-union employees under a self-insured medical plan up to a maximum of \$275,000 per year for each insured person. Amounts in excess of these thresholds are covered by the Company's insurance programs subject to customary policy limits.

Promotional Allowances

The retail value of hotel accommodations, food, beverage, and other services provided to customers without charge is included in gross revenues and deducted as promotional allowances.

Cash discounts based upon a negotiated amount with each customer are recognized as a promotional allowance on the date the related revenues are recorded. Cash back awards given to a customer based upon earning points for future awards are accrued as the customer earns the points. The amount is recorded as a promotional allowance in the statement of operations. When estimating the amount of the accrual, the company calculates a redemption rate based on historical redemption rates.

The Company offers other incentive programs. These are gifts and other promotional items, the type and distribution of which is determined by management. Since these awards are not cash awards, the Company records them as gaming expenses in the statement of operations. Such amounts are expensed on the date the award can be utilized by the customer.

Fair Value of Financial Instruments

The carrying values of cash and cash equivalents are reasonable estimates of fair values because of the short term maturities of these investments. CRDA Deposits, bonds, and other investments are stated net of a valuation allowance reflecting the below-market interest rates associated with these investments; therefore the carrying values approximate their fair values. The carrying value of long-term debt approximates its fair value.

Advertising

The Company expenses direct-response advertising at the time of the event. Costs associated with mailings for future promotions are included in prepaid expenses on the Company's Balance Sheet.

The Company expenses all other advertising costs as incurred. These costs are included in Selling, General and Administrative costs on the Company's Statements of Operations.

3. Asset Impairments

Long-Lived Assets

In accordance with Section 10-15, Impairment or Disposal of Long Lived Assets, in ASC Topic 360, Property, Plant and Equipment, the Company reviews carrying value of long-lived assets for impairment whenever events or changes in circumstances indicate that the carrying value of the asset may not be recoverable. If an indicator of impairment exists, the Company compares the estimated future cash flows of the asset, on an undiscounted basis, to the carrying value of the asset. If the undiscounted cash flows exceed the carrying value, no impairment is indicated. If the undiscounted cash flows do not exceed the carrying value, then impairment is measured as the difference between fair value and carrying value, with fair value typically based on a discounted cash flow model. For purposes of testing the Company's long lived assets, the Company estimated its fair value using several techniques including third party evaluations and tax assessed values and discounted cash flow valuation.

The Company determined that it failed the test for recoverability of ASC 360 as the undiscounted cash flows did not exceed the carrying value. An impairment charge was measured as the difference between fair value based on income approach using discounted cash flow and carrying value of long-lived assets.

RIH ACQUISITIONS NJ, LLC (Atlantic City Hilton)
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

Amended 6/21/2010

3. Asset Impairments (continued)

The Company estimated its fair value using a discounted cash flow valuation and the discounted cash flow approach is dependent upon a number of critical Company management assumptions including appropriate discount rates and other relevant assumptions. As of December 31, 2009, the Company recorded a non-cash impairment charge in the amount of approximately \$277 million which was allocated to its land, building, furniture, fixtures and equipment. In addition, in connection with the impairment testing, the Company reduced the estimated useful life of buildings to 20 years.

Insurance Recovery

On August 28, 2009 severe storms in the area caused a roof drainage pipe to burst, resulting in severe water damage to several restaurants, a portion of the casino floor, and back office areas at the Atlantic City Hilton. The damage caused a disruption to business in the casino, hotel, food & beverage, and convention areas. Insurance claims are continuing to be negotiated and repairs are underway. The Company expects a settlement to be reached in the near future and that all repairs to be completed in the second quarter of 2010. As of December 31, 2009, the Company recorded a \$4.7 million impairment of damaged property and a corresponding receivable for the fully covered insurance recovery. The net impact on the statement of operations is zero.

4. Receivables

Components of receivables were as follows at December 31 (in thousands):

	2009	2008
Gaming	\$ 16,086	\$ 14,767
Less: allowance for doubtful accounts	(8,795)	(6,835)
	7,291	7,932
Non-gaming:		
Hotel and related	2,146	1,536
Due from affiliates, net	23,613	59,285
Other	5,711	1,088
	31,470	61,909
Less: allowance for doubtful accounts	(57)	(60)
	31,413	61,849
Receivables, net	\$ 38,704	\$ 69,781

As a wholly-owned subsidiary of RIH, ACH is a party to a joint services agreement between affiliated companies including RIH and Colony Resorts LVH Acquisitions, LLC (which owns and operates the Las Vegas Hilton). Under the terms of this agreement, if any of the companies that are parties to the agreement incur costs in excess of its direct share or any expenses which are directly allocable to or incurred on behalf of one of the other companies, such excess costs will be reimbursed. In addition, the Company is party to an agreement with Resorts International Hotel, Inc. (which owns and operates Resorts Atlantic City), a non-affiliated company, to share select support services. If either company incurs costs in excess of the amount of services shared then such excess costs will be reimbursed to the other party.

Certain executive, administrative and support operations of the Company and other affiliates are consolidated, including limousine services, sales and marketing services, purchasing, financial, human resources, and other administrative departments. The costs of these operations are allocated to or from the Company either directly or indirectly or using various formulas based on estimates of utilization of such services. Management believes the methods used to allocate these costs are reasonable. The net amount of these charges was \$1,070,000 and \$1,403,000 for the twelve months ended December 31, 2009 and 2008, respectively. The operating results of the Company may be different if the Company operated autonomously and without these transactions with its affiliates.

The Company transfers cash in excess of its operating needs to RIH on a periodic basis. RIH provides the Company with cash advances for capital expenditures and working capital needs. As of December 31, 2009, the Company had a net receivable from RIH of \$132.9 million for these cash transfers.

RIH ACQUISITIONS NJ, LLC (Atlantic City Hilton)
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

Amended 6/21/2010

5. Investments, Advances and Receivables

Components of investments, advances and receivables were as follows at December 31 (in thousands):

	2009	2008
CRDA bonds and direct investments	\$ 9,162	\$ 9,330
CRDA deposits	15,477	14,323
Valuation allowance	(9,666)	(9,310)
	\$ 14,973	\$ 14,343

The New Jersey Casino Control Act, as amended, requires ACH to purchase bonds issued by the Casino Reinvestment Development Authority (“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. ACH 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 three months ended December 31, 2009 and 2008 for discounts on obligations arising in that period were \$771,000 and \$1,392,000, respectively.

From time to time ACH 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. At December 31, 2009, ACH owned \$8.8 million face value of bonds, issued by the CRDA and had \$15.5 million on deposit with the CRDA. The majority of the Company’s deposits have been pledged for specific projects.

6. Property and Equipment

Components of property and equipment were as follows at December 31 (in thousands):

	2009	2008
Land and land rights	\$ 10,017	\$ 50,810
Hotels and other buildings.....	21,040	276,631
Furniture, fixtures and equipment	1,167	57,980
Construction in progress.....	4,164	849
	36,388	386,270
Less: accumulated depreciation.....	(477)	(63,461)
Net property and equipment	\$ 35,911	\$ 322,809

RIH ACQUISITIONS NJ, LLC (Atlantic City Hilton)
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

Amended 6/21/2010

7. Other Assets

Components of deferred charges and other assets were as follows at December 31 (in thousands):

	2009	2008
Loan fees & Cost, net of accumulated amortization	-	1,640
Restricted cash.....	997	996
Other	277	45
	\$ 1,274	\$ 2,681

Loan fees and costs were incurred in connection with obtaining the new loan agreement signed in October 2006 as described in Note 10. The debt issuance costs were amortized on a straight-line basis, which approximated the effective interest method, over the contractual life of the loan, and amortization of such costs is included in interest expense on the accompanying consolidated statements of operations. Amortization expenses were \$1,640,000 and \$1,790,000 for the years ended December 31, 2009 and 2008, respectively. The debt issuance costs were fully amortized in 2009.

As a condition of a sale of land in November 2006, the Company was required to deposit \$500,000 from the sale price in an escrow account to be used for potential future environmental clean-up costs for certain portions of the parcels sold (see Note 12). The current escrow balance is \$226,000 and is included in Other Assets and Other Long-Term Liabilities on the consolidated balance sheet at December 31, 2010.

8. Other Accrued Expenses

Components of other accrued expenses were as follows at March 31 (in thousands):

	2009	2008
Payroll	\$ 8,345	\$ 8,634
Unredeemed customer incentives.....	1,505	2,034
Gaming taxes and fees.....	563	972
Non-gaming taxes and fees.....	394	525
Other	4,689	4,440
	\$ 15,496	\$ 16,605

9. Other Current Liabilities

Components of other current liabilities were as follows at December 31 (in thousands):

	2009	2008
Unredeemed chip liability	\$ 1,214	\$ 1,140
CRDA obligation.....	482	604
Other	509	413
	\$ 2,205	\$ 2,157

RIH ACQUISITIONS NJ, LLC (Atlantic City Hilton)
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

Amended 6/21/2010

10. Debt

In October 2006, the RIH refinanced its outstanding debt by entering into a Commercial Mortgage Backed Security with JP Morgan Chase. The Loan Agreement (the "Loan") has a principal amount of \$960 million. Under the Loan the total principal is allocated to each of RIH's operating properties, including the Atlantic City Hilton. The Loan originally was to mature November 9, 2008 and included the option to extend the life of the Loan for three successive terms of one year each. In November 2008, RIH exercised this option and extended the term of the loan for one year.

The cash flows of ACH and the other casino properties owned by RIH are the only source to fund the interest payments of the debt issued by RIH. Substantially all of the Company's assets are pledged as collateral on the Loan, and the Company is named as a guarantor on the Loan. In accordance with Topic 460 "Guarantees" of the Financial Accounting Standards Board ("FASB") Accounting Standards Codification ("ASC") ("ASC 460"), ACH's allocated portion of the Loan is classified as short-term debt and a reduction in member's equity in the consolidated balance sheets at December 31, 2009 and December 31, 2008.

The Loan is currently in default. The Loan Agreement does not require periodic principal payments prior to the maturity date. However, monthly interest payments are required using an interest rate of LIBOR plus 2.65% (2.88% at December 31, 2009). In July 2009, the Company ceased making interest payments. In addition to the monthly interest rate, an additional rate of 3% has been charged monthly since August 8, 2009 for the default event.

11. Income Taxes

The Company has elected to be treated as a partnership for federal income tax purposes: therefore, no provision or benefit for federal income taxes for the three months ended March 31, 2010 and 2009 has been recorded. New Jersey state income taxes have been calculated under an alternative minimum assessment of a percentage of gross revenues ("NJAMA").

12. Commitments and Contingencies

Litigation

ACH 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 ACH.

Union Employees

Approximately 39% of the Company's employees are represented by labor unions. The contract for the largest labor union, representing approximately 35% of the Company's total workforce, expires in September 2011. A lengthy strike or other work stoppage could have an adverse effect on the Company's business and results of operations.

12. Commitments and Contingencies (continued)

New Jersey Sports & Exposition Authority

The eleven 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. In exchange for this funding, the NJSEA and the three active New Jersey racetracks agreed to not conduct any casino gaming at the racetracks prior to January 1, 2009. As part of the agreement, the AC Industry provided \$34 million over a four-year period to the NJSEA and deposited another \$62 million into the Casino Expansion Fund (managed by the CRDA). The \$62 million was 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 was equal to its fair-share of AC Industry casino revenues. The company made its final payment in October 2007, fully satisfying its obligation, with the total estimated commitment charged to operations on a straight-line basis through December 31, 2008. As such, the Company met its deposit obligation related to its fair share of the \$62 million, and 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.

With the end of the original agreement, the AC Industry and the CRDA have entered into another agreement with the NJSEA to provide funding to subsidize New Jersey's horseracing industry. As part of the agreement, the AC Industry will provide \$90 million over a three-year period, deriving entirely of funds from the AC Industry. The Company's obligation will be equal to its fair-share of the AC Industry casino revenues. 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, 2012.

Environmental Matters

An independent environmental consultant performed a Phase I environment site assessment in accordance with American Society for Testing and Materials standards on the Atlantic City Hilton property dated November 18, 2004. In August 2004, the New Jersey Department of Environmental Protection, or the NJDEP, inspected the onsite BP Service Station which resulted in the detection of volatile organic compounds in excess of applicable regulatory standards. The Phase I report notes that this matter remains open and the future action is subject to regulatory agency requirements. At the location of a former high school building onsite, contaminated soils and groundwater associated with the removal of an underground storage tank were identified. The Phase I report notes that this contamination may extend beneath a public right-of-way. In addition, site impacts still remain from several underground storage tanks. The Company expects to manage these environmental conditions with the completion of additional site investigations and approval of remedial action work plans from the NJDEP. There can be no assurance, however, that the remedial activity for the Atlantic City Hilton property will not exceed the Company's estimates based upon the current limited available site information. The former high school site was one of the parcels sold by the Company in November 2006; under the terms of the sale, the Company was required to deposit \$500,000 from the sale price in an escrow account to be used for future clean-up costs of the site (see Note 7).

On July 21, 2005, an oil pipeline ruptured at the Atlantic City Hilton which resulted in an oil spill. The Company is in the process of resolving the issue in accordance with NJDEP and U.S. Environmental Protection Agency guidelines. At this time, the Company has no indication that surrounding areas of other properties sustained any damage.

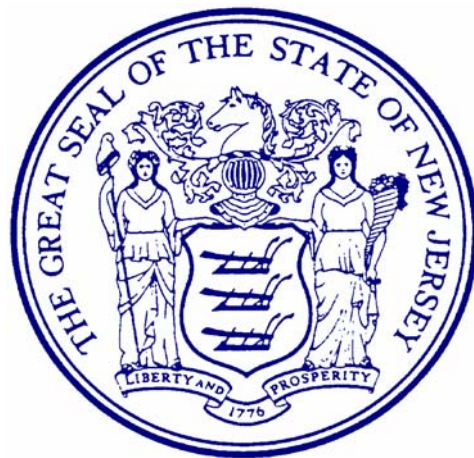
Licensing

On April 18, 2007, the New Jersey Casino Control Commission (the "NJCCC") granted the Company a five-year casino license to operate ACH, subject to certain conditions.

**RIH ACQUISITIONS NJ, LLC (Atlantic City Hilton)
ANNUAL FILINGS**

FOR THE YEAR ENDED DECEMBER 31, 2009

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



**DIVISION OF FINANCIAL EVALUATION
REPORTING MANUAL**

RIH ACQUISITIONS NJ, LLC (Atlantic City Hilton)
SCHEDULE OF RECEIVABLES AND PATRONS' CHECKS
FOR THE YEAR ENDED DECEMBER 31, 2009

(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.....	\$4,881		
2	Returned Patrons' Checks.....	11,205		
3	Total Patrons' Checks.....	16,086	\$8,795	\$7,291
4	Hotel Receivables.....	626	57	\$569
	Other Receivables:			
5	Receivables Due from Officers and Employees....	-		
6	Receivables Due from Affiliates.....	23,614		
7	Other Accounts and Notes Receivables.....	7,230		
8	Total Other Receivables.....	30,844	-	\$30,844
9	Totals (Form CCC-205).....	\$47,556	\$8,852	\$38,704

UNDEPOSITED PATRONS' CHECKS ACTIVITY		
Line (f)	Description (g)	Amount (h)
10	Beginning Balance (January 1).....	\$4,482
11	Counter Checks Issued.....	121,509
12	Checks Redeemed Prior to Deposit.....	(88,484)
13	Checks Collected Through Deposits.....	(27,970)
14	Checks Transferred to Returned Checks.....	(4,656)
15	Other Adjustments.....	-
16	Ending Balance.....	\$4,881
17	"Hold" Checks Included in Balance on Line 16.....	0
18	Provision for Uncollectible Patrons' Checks.....	\$10
19	Provision as a Percent of Counter Checks Issued.....	0.0%

RIH ACQUISITIONS NJ, LLC (Atlantic City Hilton)

EMPLOYMENT AND PAYROLL REPORT

AT DECEMBER 31, 2009

(\$ IN THOUSANDS)

Line (a)	Department (b)	Number of Employees (c)	Salaries and Wages		
			Other Employees (d)	Officers & Owners (e)	Totals (f)
	CASINO:				
1	Table and Other Games	671			
2	Slot Machines	67			
3	Administration	0			
4	Casino Accounting	12			
5	Simulcasting	0			
6	Other	8			
7	Total - Casino	758	\$20,517	\$305	\$20,822
8	ROOMS	253	7,288	0	7,288
9	FOOD AND BEVERAGE	560	12,559	0	12,559
10	GUEST ENTERTAINMENT	34	1,043	0	1,043
11	MARKETING	77	4,628	0	4,628
12	OPERATION AND MAINTENANCE	92	4,983	78	5,061
	ADMINISTRATIVE AND GENERAL:				
13	Executive Office	22	720	919	1,639
14	Accounting and Auditing	14	888	125	1,013
15	Security	137	4,706	0	4,706
16	Other Administrative and General	22	1,578	65	1,643
	OTHER OPERATED DEPARTMENTS:				
17	Gas Station	0	0	0	0
18	Pool/Beach Ops	0	0	0	0
19	Uniform Room	14	395	0	395
20	Health Club	5	92	0	92
21	Coat Check	0	0	0	0
22	Other	75	910		910
23	TOTALS - ALL DEPARTMENTS	2,063	\$60,307	\$1,492	\$61,799

ATLANTIC CITY HILTON (RIH ACQUISITIONS N.J., LLC)

ANNUAL GROSS REVENUE TAX RETURN

FOR THE YEAR ENDED DECEMBER 31, 2009

<u>Line</u>			
	CASINO WIN:		
1.	Table and Other Games.....	\$	53,994,536
2.	Slot Machines		138,017,904
3.	Total Casino Win.....		192,012,440
4.	Adjustments.....		11,700
5.	Gross Revenue (line 3 plus line 4).....		192,024,140
6.	Deduction for Eligible Promotional Gaming Credits.....		14,569,311
7.	Taxable Gross Revenue (line 5 minus line 6).....		177,454,829
8.	Tax on Gross Revenue - Reporting Year (8% of line 7).....		14,196,386
9.	Audit or Other Adjustments to Tax on Gross Revenues in Prior Years		306
10.	Total Taxes on Gross Revenue (the sum of lines 8 and 9).....		14,196,692

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.

February 24, 2010

Date



JOANNE MCKENSIE

CASINO CONTROLLER (1231-11)
TITLE (LICENSE NUMBER)