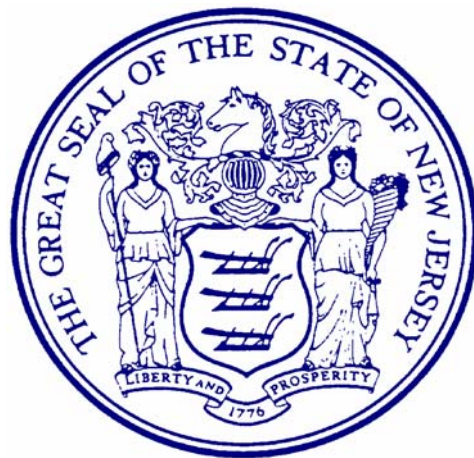


Bally's Park Place Inc. (Bally's Atlantic City)

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**

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

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.....		\$23,285	\$27,958
2	Short-Term Investments.....			
3	Receivables and Patrons' Checks (Net of Allowance for Doubtful Accounts - 2009, \$9,217; 2008, \$9,185).....	4	11,276	13,213
4	Inventories		1,152	2,543
5	Other Current Assets.....	5	10,322	14,358
6	Total Current Assets.....		46,035	58,072
7	Investments, Advances, and Receivables.....	6	526,830	448,314
8	Property and Equipment - Gross.....	2,7	832,049	829,423
9	Less: Accumulated Depreciation and Amortization.....	2,7	(65,931)	(31,723)
10	Property and Equipment - Net.....	7	766,118	797,700
11	Other Assets.....	8	34,090	32,446
12	Total Assets.....		\$1,373,073	\$1,336,532
	<u>LIABILITIES AND EQUITY:</u>			
	Current Liabilities:			
13	Accounts Payable.....		\$9,926	\$9,221
14	Notes Payable.....			
	Current Portion of Long-Term Debt:			
15	Due to Affiliates.....			
16	External.....		1,279	1,330
17	Income Taxes Payable and Accrued.....		2,674	0
18	Other Accrued Expenses.....	9	119,294	73,088
19	Other Current Liabilities.....		3,082	2,820
20	Total Current Liabilities.....		136,255	86,459
	Long-Term Debt:			
21	Due to Affiliates.....	10	584,000	584,000
22	External.....	10	1,517	2,574
23	Deferred Credits		108,025	116,463
24	Other Liabilities.....	11	36,191	34,002
25	Commitments and Contingencies.....	13		
26	Total Liabilities.....		865,988	823,498
27	Stockholders', Partners', or Proprietor's Equity.....		507,085	513,034
28	Total Liabilities and Equity.....		\$1,373,073	\$1,336,532

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

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

STATEMENTS OF INCOME

FOR THE TWELVE MONTHS ENDED DECEMBER 31, 2009 AND 2008

(UNAUDITED)
(\$ IN THOUSANDS)

Line (a)	Description (b)	Notes	2009 (c)	2008 (d)
	Revenue:			
1	Casino.....		\$474,382	\$564,580
2	Rooms.....		48,805	52,195
3	Food and Beverage.....		68,429	73,843
4	Other.....		14,551	18,569
5	Total Revenue.....		606,167	709,187
6	Less: Promotional Allowances.....		145,465	159,649
7	Net Revenue.....		460,702	549,538
	Costs and Expenses:			
8	Cost of Goods and Services.....		309,327	366,538
9	Selling, General, and Administrative.....		44,966	50,379
10	Provision for Doubtful Accounts.....		3,905	3,068
11	Total Costs and Expenses.....		358,198	419,985
12	Gross Operating Profit.....		102,504	129,553
13	Depreciation and Amortization.....		37,150	37,791
	Charges from Affiliates Other than Interest:			
14	Management Fees.....			
15	Other.....	3	24,138	24,976
16	Income (Loss) from Operations.....		41,216	66,786
	Other Income (Expenses):			
17	Interest Expense - Affiliates.....		(49,640)	(49,640)
18	Interest Expense - External.....		(297)	(150)
19	CRDA Related Income (Expense) - Net.....		478	(2,505)
20	Nonoperating Income (Expense) - Net.....		(92)	(92,681)
21	Total Other Income (Expenses).....		(49,551)	(144,976)
22	Income (Loss) Before Taxes and Extraordinary Items.....		(8,335)	(78,190)
23	Provision (Credit) for Income Taxes.....	12	(2,386)	7,947
24	Income (Loss) Before Extraordinary Items.....		(5,949)	(86,137)
25	Extraordinary Items (Net of Income Taxes - 2009, \$0; 2008, \$0).....			
26	Net Income (Loss).....		(\$5,949)	(\$86,137)

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

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

STATEMENTS OF INCOME

FOR THE THREE MONTHS ENDED DECEMBER 31, 2009 AND 2008

(UNAUDITED)
(\$ IN THOUSANDS)

Line (a)	Description (b)	Notes	2009 (c)	2008 (d)
	Revenue:			
1	Casino.....		\$107,321	\$118,750
2	Rooms.....		11,292	11,712
3	Food and Beverage.....		15,138	15,896
4	Other.....		3,473	3,783
5	Total Revenue.....		137,224	150,141
6	Less: Promotional Allowances.....		35,546	36,339
7	Net Revenue.....		101,678	113,802
	Costs and Expenses:			
8	Cost of Goods and Services.....		75,526	84,912
9	Selling, General, and Administrative.....		10,924	8,605
10	Provision for Doubtful Accounts.....		664	967
11	Total Costs and Expenses.....		87,114	94,484
12	Gross Operating Profit.....		14,564	19,318
13	Depreciation and Amortization.....		9,478	9,365
	Charges from Affiliates Other than Interest:			
14	Management Fees.....			
15	Other.....		6,524	5,918
16	Income (Loss) from Operations.....		(1,438)	4,035
	Other Income (Expenses):			
17	Interest Expense - Affiliates.....		(12,410)	(12,410)
18	Interest Expense - External.....		(176)	(80)
19	CRDA Related Income (Expense) - Net.....		1,618	88
20	Nonoperating Income (Expense) - Net.....		233	(92,260)
21	Total Other Income (Expenses).....		(10,735)	(104,662)
22	Income (Loss) Before Taxes and Extraordinary Items.....		(12,173)	(100,627)
23	Provision (Credit) for Income Taxes.....		(2,598)	(2,190)
24	Income (Loss) Before Extraordinary Items.....		(9,575)	(98,437)
25	Extraordinary Items (Net of Income Taxes - 2009, \$ _____; 2008, \$ _____).....			
26	Net Income (Loss).....		(\$9,575)	(\$98,437)

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

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

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

(UNAUDITED)
(\$ IN THOUSANDS)

Line (a)	Description (b)	Notes	Common Stock		Preferred Stock		Additional Paid-In Capital (g)	(h)	Retained Earnings (Accumulated Deficit) (i)	Total Stockholders' Equity (Deficit) (j)
			Shares (c)	Amount (d)	Shares (e)	Amount (f)				
1	Balance, December 31, 2007.....		100	\$1	0	\$0	\$597,787	\$0	\$66,355	\$664,143
2	Net Income (Loss) - 2008.....								(86,137)	(86,137)
3	Contribution to Paid-in-Capital.....									0
4	Dividends.....									0
5	Prior Period Adjustments.....									0
6	Acquisition by TPG/Apollo								(64,972)	(64,972)
7										0
8										0
9										0
10	Balance, December 31, 2008.....		100	1	0	0	597,787	0	(84,754)	513,034
11	Net Income (Loss) - 2009.....								(5,949)	(5,949)
12	Contribution to Paid-in-Capital.....									0
13	Dividends.....									0
14	Prior Period Adjustments.....									0
15									0	0
16										0
17										0
18										0
19	Balance, December 31, 2009		100	\$1	0	\$0	\$597,787	\$0	(\$90,703)	\$507,085

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

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

FOR THE 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..		\$78,295	\$2,518
	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.....		(3,943)	(34,616)
5	Proceeds from Disposition of Property and Equipment.....			16
6	CRDA Obligations		(5,714)	(7,268)
7	Other Investments, Loans and Advances made.....			
8	Proceeds from Other Investments, Loans, and Advances			
9	Cash Outflows to Acquire Business Entities.....		0	0
10				
11				
12	Net Cash Provided (Used) By Investing Activities.....		(9,657)	(41,868)
	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.....		(92)	(120)
18	Cash Proceeds from Issuing Stock or Capital Contributions...		0	0
19	Purchases of Treasury Stock.....			
20	Payments of Dividends or Capital Withdrawals.....			
21	Change in payable to/receivable from affiliate		(73,219)	37,297
22				
23	Net Cash Provided (Used) By Financing Activities.....		(73,311)	37,177
24	Net Increase (Decrease) in Cash and Cash Equivalents.....		(4,673)	(2,173)
25	Cash and Cash Equivalents at Beginning of Period.....		27,958	30,131
26	Cash and Cash Equivalents at End of Period.....		\$23,285	\$27,958
	CASH PAID DURING PERIOD FOR:			
27	Interest (Net of Amount Capitalized).....		\$324	\$123
28	Income Taxes.....		\$577	\$2,250

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

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

STATEMENTS OF CASH FLOWS

FOR THE 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).....		(\$5,949)	(\$86,137)
30	Depreciation and Amortization of Property and Equipment.....		35,092	34,985
31	Amortization of Other Assets.....		2,058	2,806
32	Amortization of Debt Discount or Premium.....			
33	Deferred Income Taxes - Current		804	
34	Deferred Income Taxes - Noncurrent		(8,438)	3,832
35	(Gain) Loss on Disposition of Property and Equipment.....		35	262
36	(Gain) Loss on CRDA-Related Obligations.....		(478)	2,505
37	(Gain) Loss from Other Investment Activities.....			
38	(Increase) Decrease in Receivables and Patrons' Checks		1,937	319
39	(Increase) Decrease in Inventories		1,391	(1,691)
40	(Increase) Decrease in Other Current Assets.....		3,232	12,106
41	(Increase) Decrease in Other Assets.....		(3,702)	0
42	Increase (Decrease) in Accounts Payable.....		705	(1,194)
43	Increase (Decrease) in Other Current Liabilities		49,142	33,759
44	Increase (Decrease) in Other Liabilities		2,466	966
45				
46				
47	Net Cash Provided (Used) By Operating Activities.....		\$78,295	\$2,518

SUPPLEMENTAL DISCLOSURE OF CASH FLOW INFORMATION

	ACQUISITION OF PROPERTY AND EQUIPMENT:			
48	Additions to Property and Equipment.....		(\$4,959)	(\$37,910)
49	Less: Capital Lease Obligations Incurred.....		1,016	3,294
50	Cash Outflows for Property and Equipment.....		(\$3,943)	(\$34,616)
	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.....			
59	Consideration in Acquisition of Business Entities.....			
60	Cash Proceeds from Issuing Stock or Capital Contributions.....		\$0	\$0

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

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

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

4/30/2010

Date



Alex Figueras

Vice President of Finance

Title

7438-11

License Number

On Behalf of:

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

Casino Licensee

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

NOTE 1 – ORGANIZATION AND BASIS OF PRESENTATION

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

The Company operates in one industry segment and all significant revenues arise from its casino and supporting hotel operations. The Company is licensed to operate the facility by the New Jersey 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

Acquisition - On January 28, 2008, Harrah's was acquired by affiliates of Apollo Global Management, LLC and TPG Capital, LP. The total purchase price was approximately \$30.7 billion. In conjunction with the acquisition, total equity was adjusted to the purchase price assigned to the Company, retained earnings of the Company were eliminated and the assets and liabilities of the Company were adjusted to fair value with goodwill recorded for the excess of the purchase price over the fair value of the net tangible and intangible assets. Harrah's determined the estimated fair values after review and consideration of relevant information including, discounted cash flows analyses, quoted market prices and estimates made by management.

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 and Statement of Cash Flows for the year 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.

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 Acquisition, including capitalized interest on inter-company funds used to finance construction calculated at HOC overall weighted-average borrowing rate of interest.

Improvements that extend the life of the asset are capitalized. Building improvements are

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

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 10 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 Accounting Standard Codification (“ASC No. 350, *Intangible Assets-Goodwill and Other*”), which provides guidance regarding the recognition and measurement of intangible assets, eliminates the amortization of certain intangibles and requires assessment for impairment of intangible assets that are subject to amortization at least annually. We complete our annual assessment for impairment in the fourth quarter each year. During 2008, our analysis indicated that our goodwill and other nonamortizing intangible assets were impaired. A charge of \$85,260 was recorded to our Statements of Income in the fourth quarter 2008 and reflected in Nonoperating Income (Expense).

The annual evaluation of goodwill, and intangible assets requires use of estimates about future operating results, valuation multiples and discount rates 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 can not be reversed.

The intangible assets include customer relationship (database) totaling \$24,700 with a useful life of twelve years and are being amortized using the straight-line method. Amortization expense for the twelve months ended December 31, 2009, and 2008 was approximately \$2,058 and \$2,806 respectively. Estimated annual amortization expense for the years ending December 31, 2010, 2011, 2012, and 2013 is approximately \$2,058.

Investments in Subsidiaries - The Company has an investment in Atlantic City Country Club 1, LLC (“ACCC”) reflected in the accompanying financial statements using the equity method.

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

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

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. The retail value of rooms, food & beverage, and other services, furnished to hotel-casino guests without charge, is included in gross revenue and then deducted as promotional allowances.

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 value of the cost to provide Reward Credits is expensed as the Reward Credits are earned and is included in Casino expense in the accompanying statements of 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, 2009 and 2008, \$3,528 and \$4,561, respectively, was accrued for the cost of anticipated Total Rewards credit redemptions. These amounts are included in the net intercompany balances within the Investment, Advances and Receivables section of the Company's accompanying balance sheet.

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, 2009 and 2008, the liability related to outstanding cash-back points, which is based on historical redemption activity, was approximately \$779 and \$1,544, 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:

Amended 4/30/2010

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

	<u>2009</u>	<u>2008</u>
Rooms	\$ 13,613	\$ 13,549
Food and Beverage	35,201	39,744
Other	3,657	5,976
Bus Program Cash	2,744	17,266
Promotional Gaming Credits	37,049	2,441
Other Cash Complimentaries	26,051	53,120
	<u>\$ 118,315</u>	<u>\$ 132,096</u>

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 follows the provisions of *ASC 740- Income Taxes*. The Company recognizes interest and penalties accrued related to unrecognized tax benefits in income tax expense.

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

NOTE 3 – RELATED PARTY TRANSACTIONS – Amended 7/30/2010

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.

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 to 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, net, in the accompanying balance sheets.

Employee Benefit Plans - HOC maintains a defined contribution savings and retirement plan in

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

which employees of the Company may participate. The plan, among other things, provides for pretax and after-tax contributions by employees. Under the plan, participating employees may elect to contribute up to 50% of their eligible earnings. Through February 2009, the employer match was 50% for the first six percent of employees' contributions. In February 2009, HOC announced suspension of the employer match for all participating employees, where allowed by law or not in violation of an existing agreement. The Acquisition was a change in control under the savings and retirement plan, and therefore, all unvested employer match amounts as of the Acquisition became vested.

Amounts contributed to the plan are invested, at the participant's direction, in up to 19 separate funds. Participants become vested in the matching contributions over five years of credited service. The Company's contribution expense for the years ended December 31, 2009 and 2008, was approximately \$130 and \$1,763 million, respectively.

HOC also maintains deferred compensation plans, stock option plans, and an Executive Supplemental Savings 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 pension plans (the "Pension Plans"). The Company's contribution expense totaled \$4,204 and \$4,643 in 2009 and 2008, respectively. 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.

The Equity Plan authorizes equity award options to be granted to management and 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 approximately \$294 and \$288 for equity award options in 2009 and 2008 respectively.

Atlantic City Country Club 1, LLC. — The net operating costs of ACCC are allocated to the Company as well as Caesars Atlantic City, Showboat Atlantic City and Harrah's Atlantic City, affiliates of the Company. The Company was charged approximately \$214 and \$306 for the twelve months ended December 31, 2009 and 2008, respectively, for these services. The costs are included

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

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 approximately \$24,138 and \$24,976 for the twelve months ended December 31, 2009 and 2008, respectively, for these services. 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 consist of the following:

	<u>2009</u>	<u>2008</u>
Casino Receivable (Net of allowance for doubtful accounts \$9,105 in 2009 and \$9,091 in 2008)	\$ 7,657	\$ 8,641
Other (Net of allowance for doubtful accounts of \$112 in 2009 and \$94 in 2008)	3,619	4,572
	<u>\$ 11,276</u>	<u>\$ 13,213</u>

NOTE 5- OTHER CURRENT ASSETS

Prepaid Expense and Other Current Assets as of December 31 consist of the following:

	<u>2009</u>	<u>2008</u>
Tax Deferred Asset	\$ 5,050	\$ 5,854
Other	5,272	8,504
	<u>\$ 10,322</u>	<u>\$ 14,358</u>

NOTE 6 - INVESTMENTS, ADVANCES AND RECEIVABLES

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

Amended 4/30/2010

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

	<u>2009</u>	<u>2008</u>
Due from Harrah's:	\$ 487,251	\$ 411,663
Investment in wholly owned subsidiaries(see Note 2) Atlantic City Country Club 1, LLC	14,398	14,398
Casino Reinvestment Development Authority Investment obligations (net of valuation reserves of \$19,428 in 2009 and \$22,100 in 2008)	24,984	21,963
Jacobs Family Terrace mortgage receivable (net of valuation reserves of \$250 in 2009 and 2008)	197	290
	<u>\$ 526,830</u>	<u>\$ 448,314</u>

The amounts due from Harrah's as of December 31 are unsecured and non-interest bearing.

NOTE 7- PROPERTY AND EQUIPMENT

Property and equipment as of December 31 consist of the following:

	<u>2009</u>	<u>2008</u>
Land	\$ 277,961	\$ 278,030
Buildings and Improvements	457,695	451,964
Furniture, Fixtures and Equipment	91,435	83,625
Construction in progress	4,958	15,804
	<u>\$ 832,049</u>	<u>\$ 829,423</u>
Less accumulated depreciation	<u>(65,931)</u>	<u>(31,723)</u>
	<u>\$ 766,118</u>	<u>\$ 797,700</u>

NOTE 8- OTHER ASSETS

Other assets as of December 31 consist of the following:

Amended 4/30/2010

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

	<u>2009</u>	<u>2008</u>
Intangible asset (net of accumulated amortization of \$3,431 in 2009 and \$1,887 in 2008)	\$ 20,755	\$ 22,813
Non-Current CRDA	12,908	9,576
Other	427	57
	<u>\$ 34,090</u>	<u>\$ 32,446</u>

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

NOTE 9- OTHER ACCRUED EXPENSES

Other accrued expenses as of December 31 consist of the following:

	<u>2009</u>	<u>2008</u>
Accrued Payroll	\$ 10,198	\$ 10,665
Accrued Utilities	1,267	2,029
Accrued Interest	95,544	45,904
Other	12,285	14,490
	<u>\$ 119,294</u>	<u>\$ 73,088</u>

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

Long-term debt-due to affiliates and other as of December 31 consist of the following:

	<u>2009</u>	<u>2008</u>
8.5% Note payable to Harrah's Entertainment Ltd. ("HEL") due January 1, 2019	\$ 500,000	\$ 500,000
8.5% Note Payable To HEL due May 31, 2011	33,500	33,500
8.5% Note Payable To HEL due May 31, 2011	50,000	50,000
8.5% Note Payable To HEL due April 30, 2013	500	500
	<u>\$ 584,000</u>	<u>\$ 584,000</u>
Long-term debt-other: Other secured and Unsecured debt (Net of current maturity of \$1,279)	<u>\$ 1,517</u>	<u>\$ 2,574</u>

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

On July 1, 2006, the four promissory notes formerly held by Caesars Entertainment Finance Corporation (“CEFC”) were assigned to HEL. Neither the terms nor the amounts of debt were affected by this assignment. The only notable change resulting from the assignment was a change in the timing of interest payments. Prior to the assignment interest payments were made monthly. However, for subsequent tax years, interest payments will be remitted annually, payable in the following year. As of December 31, 2009 and 2008, accrued interest related to the four inter-company notes totaled \$95,544 and \$45,904 respectively. Since the notes are due to an affiliate, a determination of fair value is not considered meaningful.

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

NOTE 11 - OTHER LIABILITIES

	<u>2009</u>	<u>2008</u>
Retirement and Other Employee benefit Plans	\$ 762	\$ 1,206
Deferred Tax Liability	<u>35,429</u>	<u>32,796</u>
	<u>\$ 36,191</u>	<u>\$ 34,002</u>

NOTE 12 – INCOME TAX PROVISION

Amended 4/30/2010

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

Income Tax Provision/(Benefit)

	<u>2009</u>	<u>2008</u>
Federal:		
Current	(2,988)	503
Deferred	(4,728)	3,283
	<u>(7,716)</u>	<u>3,786</u>
State:		
Current	6,654	3,612
Deferred	(1,324)	549
	<u>5,330</u>	<u>4,161</u>
Total:		
Current	3,666	4,115
Deferred	(6,052)	3,832
	<u>(2,386)</u>	<u>7,947</u>

Net Deferred Tax Liability

	<u>2009</u>	<u>2008</u>
Deferred tax assets:		
Compensation programs	1,576	1,301
Allowance for doubtful accounts	3,867	3,752
CRDA Investment Obligations	2,077	2,538
Contingencies	13,480	12,433
Other	711	1,065
Total deferred tax asset	<u>21,711</u>	<u>21,089</u>
Deferred tax liability:		
Depreciation and amortization	(116,758)	(122,134)
Intangibles	(6,844)	(9,319)
Progressive jackpot liability	<u>(1,084)</u>	<u>(245)</u>
Total deferred tax liability	(124,686)	(131,698)
Net deferred tax liability	<u>(102,975)</u>	<u>(110,609)</u>

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

A reconciliation of the beginning and ending amount of unrecognized tax benefits are as follows:

Balance at January 1, 2007	\$ 23,571
Additions based on tax positions related to the current year	37
Additions for tax positions of prior years	<u>1,077</u>
Reductions for tax positions for prior years	
Balance at December 31, 2007	<u>\$ 24,685</u>
Additions based on tax positions related to the current year	929
Additions for tax positions of prior years	36
Reductions for tax positions for prior years	<u>(2,262)</u>
Balance at December 31, 2008	<u>\$ 23,388</u>
Additions based on tax positions related to the current year	134
Additions for tax positions of prior years	0
Reductions for tax positions for prior years	<u>(37)</u>
Balance at December 31, 2009	<u>\$ 23,485</u>

The Company recognizes interest and penalties accrued related to unrecognized tax benefits in income tax expense. The Company accrued approximately \$1,809 and \$3,154 during the year ended December 31, 2009, and December 31, 2008 respectively. Additionally, the Company had approximately \$11,944, and \$10,135, for the payment of interest and penalties accrued at December 31, 2009 and December 31, 2008, respectively. Included in the balance of unrecognized tax benefits at December 31, 2009, and December 31, 2008, are \$22,898, and \$22,765, respectively, of unrecognized tax benefits that, if recognized, would impact the effective tax rate. As a result of the expected resolution of examination issues with both federal and state tax authorities, the lapsing of various state statutes, and the remittance of tax payments, the Company believes it is reasonably possible that the amount of unrecognized tax benefits will decrease during 2010 between \$28 and \$9,572.

Harrah's Entertainment (which includes the Company) files income tax returns, including returns for our subsidiaries, with federal, state, and foreign jurisdictions. The Company files a separate return with the state of New Jersey. Harrah's Entertainment is under regular and recurring audit by the Internal Revenue Service ("IRS") on open tax positions, and it is possible that the amount of the liability for unrecognized tax benefits could change during the next twelve months. As a result of the expiration of the statute of limitations and closure of IRS audits, our 2004 and 2005 federal income tax years were closed during the year ended December 31, 2009. The IRS audit

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

of our 2006 federal income tax year also concluded during the year ended December 31, 2009. We participated in the IRS's Compliance Assurance Program ("CAP") for the 2007 and 2008 tax years. Our 2007 federal income tax year has reached the IRS appeals stage of the audit process and we expect this appeal to close before March 31, 2010. Our 2008 federal income tax year is currently under post-CAP review by the IRS. We did not participate in the IRS's CAP program for our 2009 income tax year and we do not expect to participate in the CAP program for the 2010 income tax year.

The Company is still capable of being examined by the New Jersey Division of Taxation for tax years beginning with 1999 due to our execution of New Jersey statute of limitation extensions.

NOTE 13 – COMMITMENTS AND CONTINGENCIES

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

Insurance Reserve - The Company is self-insured for various levels of general liability coverage. Insurance claims and reserves include the accrual of estimated settlements for known and anticipated claims. Accrued expenses and other current liabilities in the accompanying balance sheets include insurance allowances of \$550 and \$445 as of December 31, 2009 and 2008, respectively. Actual results may differ from these reserve amounts.

CRDA Investment Obligation - The New Jersey Casino Control Act provides for, among other things, 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 has satisfied this investment obligation by (i) investing in qualified eligible direct investments, (ii) making qualified contributions or (iii) depositing funds with the Casino Reinvestment Development Authority (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 \$14,463 and \$26,036, respectively, at December 31, 2009 and \$14,804 and \$25,612, respectively, at December 31, 2008. The Company records charges to operations to reflect the estimated net realizable value of its CRDA investment.

The estimate for Valuation Allowance for the CRDA Bonds considered guidance primarily under ASC 320 "*Investments in Debt and Equity Securities*," and ASC 820 "*Fair Value Measurements and disclosure*". 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. This discount is being amortized over the remaining life of the bond. 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, 2009 the

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

CRDA Bonds are measured at amortized cost.

All the 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 estimated at \$11,700, equal to its fair-share of AC Industry casino revenues. The total commitment is being charged to operations on a straight line basis beginning January 2009 through December 31, 2011. The Company's obligation is equal to its fair-share of AC Industry casino revenues. The Company recognized \$3,900 for payments to NJSEA in 2009.

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

Bally's Park Place Inc. (Bally's Atlantic City)
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.....	\$5,343		
2	Returned Patrons' Checks.....	11,419		
3	Total Patrons' Checks.....	16,762	\$9,105	\$7,657
4	Hotel Receivables.....	1,257	112	\$1,145
	Other Receivables:			
5	Receivables Due from Officers and Employees....	611		
6	Receivables Due from Affiliates.....	-		
7	Other Accounts and Notes Receivables.....	1,863		
8	Total Other Receivables.....	2,474		\$2,474
9	Totals (Form CCC-205).....	\$20,493	\$9,217	\$11,276

UNDEPOSITED PATRONS' CHECKS ACTIVITY		
Line (f)	Description (g)	Amount (h)
10	Beginning Balance (January 1).....	\$6,336
11	Counter Checks Issued.....	144,425
12	Checks Redeemed Prior to Deposit.....	(107,808)
13	Checks Collected Through Deposits.....	(29,210)
14	Checks Transferred to Returned Checks.....	(8,400)
15	Other Adjustments.....	
16	Ending Balance.....	\$5,343
17	"Hold" Checks Included in Balance on Line 16.....	0
18	Provision for Uncollectible Patrons' Checks.....	\$3,764
19	Provision as a Percent of Counter Checks Issued.....	2.6%

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

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	1,202			
2	Slot Machines	97			
3	Administration	11			
4	Casino Accounting	178			
5	Simulcasting				
6	Other	110			
7	Total - Casino	1,598	\$45,130	\$175	\$45,305
8	ROOMS	450	10,916		10,916
9	FOOD AND BEVERAGE	1,233	24,665		24,665
10	GUEST ENTERTAINMENT	198	1,314		1,314
11	MARKETING	32	592	663	1,255
12	OPERATION AND MAINTENANCE	409	13,746		13,746
	ADMINISTRATIVE AND GENERAL:				
13	Executive Office	21	194	1,065	1,259
14	Accounting and Auditing	93	3,008		3,008
15	Security	249	8,418		8,418
16	Other Administrative and General	95	6,043	210	6,253
	OTHER OPERATED DEPARTMENTS:				
17	PBX	21	581		581
18					0
19					0
20					0
21					0
22					0
23	TOTALS - ALL DEPARTMENTS	4,399	\$114,607	\$2,112	\$116,720

BALLY'S ATLANTIC CITY

ANNUAL GROSS REVENUE TAX RETURN

FOR THE YEAR ENDED DECEMBER 31, 2009

Line

CASINO WIN:		
1.	Table and Other Games.....	\$ 160,007,217
2.	Slot Machines	314,338,881
3.	Total Casino Win.....	474,346,098
4.	Adjustments.....	
5.	Gross Revenue (line 3 plus line 4).....	474,346,098
6.	Deduction for Eligible Promotional Gaming Credits.....	32,042,504
7.	Taxable Gross Revenue (line 5 minus line 6).....	442,303,594
8.	Tax on Gross Revenue - Reporting Year (8% of line 7).....	35,384,288
9.	Audit or Other Adjustments to Tax on Gross Revenues in Prior Years	2,848
10.	Total Taxes on Gross Revenue (the sum of lines 8 and 9).....	35,387,136

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.

03/09/10

Date



William Pangoras

Operations Controller (1792-11)

Title (License Number)