HARRAH'S RESORT, ATLANTIC CITY
QUARTERLY REPORT

FOR THE QUARTER ENDED DECEMBER 31, 2010

SUBMITTED TO THE
DIVISION OF GAMING ENFORCEMENT
OF THE
STATE OF NEW JERSEY

OFFICE OF FINANCIAL INVESTIGATIONS
REPORTING MANUAL

HARRAH'S RESORT, ATLANTIC CITY
BALANCE SHEETS

AS OF DECEMBER 31, 2010 AND 2009

(UNAUDITED)
($ IN THOUSANDS)

Line (a)	Description (b)	Notes	2010 (c)	2009 (d)
	ASSETS:			
	Current Assets:			
1	Cash and Cash Equivalents		$32,825	$39,931
2	Short-Term Investments		0	0
3	Receivables and Patrons' Checks (Net of Allowance for Doubtful Accounts - 2010, $9,254; 2009, $8,839)		21,868	19,210
4	Inventories	2	2,009	1,642
5	Other Current Assets	4	14,166	12,319
6	Total Current Assets		70,868	73,102
7	Investments, Advances, and Receivables	5	600,330	595,418
8	Property and Equipment - Gross	2,6	1,453,866	1,448,289
9	Less: Accumulated Depreciation and Amortization	2,6	(142,342)	(93,021)
10	Property and Equipment - Net	2,6	1,311,524	1,355,268
11	Other Assets	7	59,874	73,381
12	Total Assets		$2,042,596	$2,097,169
	LIABILITIES AND EQUITY:			
	Current Liabilities:			
13	Accounts Payable		$10,775	$11,018
14	Notes Payable		0	0
	Current Portion of Long-Term Debt:			
15	Due to Affiliates		0	0
16	External		0	0
17	Income Taxes Payable and Accrued	2	0	10,724
18	Other Accrued Expenses	8	22,987	23,873
19	Other Current Liabilities		2,872	2,697
20	Total Current Liabilities		36,634	48,312
	Long-Term Debt:			
21	Due to Affiliates		0	0
22	External	9	926,141	990,682
23	Deferred Credits		264,213	250,377
24	Other Liabilities	10	20,739	13,700
25	Commitments and Contingencies		0	0
26	Total Liabilities		1,247,727	1,303,071
27	Stockholders', Partners', or Proprietor's Equity		794,869	794,098
28	Total Liabilities and Equity		$2,042,596	$2,097,169

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

Amended 5/2/2011

HARRAH'S RESORT, ATLANTIC CITY
STATEMENTS OF INCOME

FOR THE TWELVE MONTHS ENDED DECEMBER 31, 2010 AND 2009

(UNAUDITED)
($ IN THOUSANDS)

Line (a)	Description (b)	Notes	2010 (c)	2009 (d)
	Revenue:			
1	Casino		$450,782	$485,797
2	Rooms		78,263	71,759
3	Food and Beverage		82,552	77,921
4	Other		26,518	25,856
5	Total Revenue		638,115	661,333
6	Less: Promotional Allowances	2	159,094	167,420
7	Net Revenue		479,021	493,913
	Costs and Expenses:			
8	Cost of Goods and Services		284,338	283,971
9	Selling, General, and Administrative		57,483	56,946
10	Provision for Doubtful Accounts		2,640	4,538
11	Total Costs and Expenses		344,461	345,455
12	Gross Operating Profit		134,560	148,458
13	Depreciation and Amortization		54,365	53,685
	Charges from Affiliates Other than Interest:			
14	Management Fees		0	0
15	Other	3	41,812	33,037
16	Income (Loss) from Operations		38,383	61,736
	Other Income (Expenses):			
17	Interest Expense - Affiliates		0	0
18	Interest Expense - External		(44,139)	(47,228)
19	CRDA Related Income (Expense) - Net		(1,892)	(1,655)
20	Nonoperating Income (Expense) - Net	13	20,139	122,855
21	Total Other Income (Expenses)		(25,892)	73,972
22	Income (Loss) Before Taxes and Extraordinary Items		12,491	135,708
23	Provision (Credit) for Income Taxes	2&12	5,290	60,079
24	Income (Loss) Before Extraordinary Items		7,201	75,629
25	Extraordinary Items (Net of Income Taxes - 2010, $0; 2009, $0)			
26	Net Income (Loss)		$7,201	$75,629

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

HARRAH'S RESORT, ATLANTIC CITY
STATEMENTS OF INCOME

FOR THE THREE MONTHS ENDED DECEMBER 31, 2010 AND 2009

(UNAUDITED)
($ IN THOUSANDS)

Line (a)	Description (b)	Notes	2010 (c)	2009 (d)
	Revenue:			
1	Casino		$98,642	$116,283
2	Rooms		17,354	17,275
3	Food and Beverage		17,716	18,339
4	Other		6,118	6,496
5	Total Revenue		139,830	158,393
6	Less: Promotional Allowances	2	35,053	43,949
7	Net Revenue		104,777	114,444
	Costs and Expenses:			
8	Cost of Goods and Services		68,248	71,230
9	Selling, General, and Administrative		13,635	13,601
10	Provision for Doubtful Accounts		446	1,541
11	Total Costs and Expenses		82,329	86,372
12	Gross Operating Profit		22,448	28,072
13	Depreciation and Amortization		13,771	13,895
	Charges from Affiliates Other than Interest:			
14	Management Fees		0	0
15	Other	3	12,893	8,576
16	Income (Loss) from Operations		(4,216)	5,601
	Other Income (Expenses):			
17	Interest Expense - Affiliates		0	0
18	Interest Expense - External		(9,205)	(12,483)
19	CRDA Related Income (Expense) - Net		(194)	(160)
20	Nonoperating Income (Expense) - Net		11,416	122,984
21	Total Other Income (Expenses)		2,017	110,341
22	Income (Loss) Before Taxes and Extraordinary Items		(2,199)	115,942
23	Provision (Credit) for Income Taxes	2	(1,359)	52,124
24	Income (Loss) Before Extraordinary Items		(840)	63,818
	Extraordinary Items (Net of Income Taxes -			
25	2010, $0; 2009, $0)		0	
26	Net Income (Loss)		($840)	$63,818

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

Amended 5/2/2011

HARRAH'S RESORT, ATLANTIC CITY
STATEMENTS OF CHANGES IN STOCKHOLDERS' EQUITY

FOR THE TWELVE MONTHS ENDED DECEMBER 31, 2009 AND THE TWELVE MONTHS ENDED DECEMBER 31, 2010

(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)	Accumulated Comprehensive Income/Loss (h)	Retained Earnings (Accumulated Deficit) (i)	Total Stockholders' Equity (Deficit) (j)
1	**Balance, December 31, 2008...........**		25	$25			$918,547	($8,314)	($187,779)	$722,479
2	Net Income (Loss) - 2009.............								75,629	75,629
3	Contribution to Paid-in-Capital.....									0
4	Dividends.....................................									0
5	Prior Period Adjustments..............								1,129	1,129
6	Fin 48 Adjustment								(9,895)	(9,895)
7	Comprehensive Income(Loss)							4,756		4,756
8										0
9										0
10	**Balance, December 31, 2009...........**		25	25	0	0	918,547	(3,558)	(120,916)	794,098
11	Net Income (Loss) - 2010.............								7,201	7,201
12	Contribution to Paid-in-Capital.....									0
13	Dividends.....................................									0
14	Prior Period Adjustments..............								(300)	(300)
15	Comprehensive Income(Loss)							(1,456)		(1,456)
16	Fin 48 Adjustment								(4,674)	(4,674)
17										0
18										0
19	**Balance, December 31, 2010 ....**		25	$25	0	$0	$918,547	($5,014)	($118,689)	$794,869

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

HARRAH'S RESORT, ATLANTIC CITY
STATEMENTS OF CASH FLOWS

FOR THE TWELVE MONTHS ENDED DECEMBER 31, 2010 AND 2009

(UNAUDITED)
($ IN THOUSANDS)

Line (a)	Description (b)	Notes	2010 (c)	2009 (d)
1	CASH PROVIDED (USED) BY OPERATING ACTIVITIES..		$30,692	$72,608
	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...........................		(6,430)	(17,141)
5	Proceeds from Disposition of Property and Equipment..........		321	613
6	CRDA Obligations		(5,899)	(6,187)
7	Other Investments, Loans and Advances made......................		0	0
8	Proceeds from Other Investments, Loans, and Advances		424	724
9	Cash Outflows to Acquire Business Entities..........................		0	0
10	....		0	0
11	....		0	0
12	Net Cash Provided (Used) By Investing Activities....................		(11,584)	(21,991)
	CASH FLOWS FROM FINANCING ACTIVITIES:			
13	Proceeds from Short-Term Debt		0	0
14	Payments to Settle Short-Term Debt.....................................		0	0
15	Proceeds from Long-Term Debt		0	0
16	Costs of Issuing Debt..		0	(1,382)
17	Payments to Settle Long-Term Debt......................................		(26,214)	(42,329)
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	....		0	0
22	....		0	0
23	Net Cash Provided (Used) By Financing Activities..................		(26,214)	(43,711)
24	Net Increase (Decrease) in Cash and Cash Equivalents.............		(7,106)	6,906
25	Cash and Cash Equivalents at Beginning of Period...................		39,931	33,025
26	Cash and Cash Equivalents at End of Period.............................		$32,825	$39,931

Line (a)	Description (b)	Notes	2010 (c)	2009 (d)
	CASH PAID DURING PERIOD FOR:			
27	Interest (Net of Amount Capitalized)......................................		$32,462	$44,215
28	Income Taxes...		$1,880	$650

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

HARRAH'S RESORT, ATLANTIC CITY
STATEMENTS OF CASH FLOWS

FOR THE TWELVE MONTHS ENDED DECEMBER 31, 2010 AND 2009

(UNAUDITED)
($ IN THOUSANDS)

Line (a)	Description (b)	Notes	2010 (c)	2009 (d)
	CASH FLOWS FROM OPERATING ACTIVITIES:			
29	Net Income (Loss)..		$7,201	$75,629
30	Depreciation and Amortization of Property and Equipment..		50,157	49,477
31	Amortization of Other Assets..		4,208	4,208
32	Amortization of Debt Discount or Premium.........................		492	8,722
33	Deferred Income Taxes - Current		(1,802)	544
34	Deferred Income Taxes - Noncurrent		13,836	39,308
35	(Gain) Loss on Disposition of Property and Equipment........		(318)	(523)
36	(Gain) Loss on CRDA-Related Obligations..........................		0	0
37	(Gain) Loss from Other Investment Activities......................		0	0
38	(Increase) Decrease in Receivables and Patrons' Checks		(2,658)	988
39	(Increase) Decrease in Inventories		(367)	225
40	(Increase) Decrease in Other Current Assets........................		(45)	3,169
41	(Increase) Decrease in Other Assets....................................		947	1,854
42	Increase (Decrease) in Accounts Payable............................		(236)	(3,924)
43	Increase (Decrease) in Other Current Liabilities		(21,421)	9,454
44	Increase (Decrease) in Other Liabilities		7,039	84
45	(Increase) Decrease in Other Receivable or Adv:		(4,896)	6,185
46	(Gain) Loss on early retirment of Debt		(21,445)	(122,792)
47	Net Cash Provided (Used) By Operating Activities..................		$30,692	$72,608

SUPPLEMENTAL DISCLOSURE OF CASH FLOW INFORMATION

Line (a)	Description (b)	Notes	2010 (c)	2009 (d)
	ACQUISITION OF PROPERTY AND EQUIPMENT:			
48	Additions to Property and Equipment.................................		($6,430)	($17,141)
49	Less: Capital Lease Obligations Incurred............................			
50	Cash Outflows for Property and Equipment............................		($6,430)	($17,141)
	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

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

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

FOR THE QUARTER ENDED DECEMBER 31, 2010

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.

March 31, 2011
Date

Maureen Adams
Maureen Adams

Vice President of Finance
Title

0086701-11
License Number

On Behalf of:

HARRAH'S RESORT, ATLANTIC CITY
Casino Licensee

HARRAH'S CASINO HOTEL ATLANTIC CITY
NOTES TO FINANCIAL STATEMENTS
(Unaudited)
(Dollars in Thousands) **Amended 5/2/2011**

NOTE 1 - ORGANIZATION AND BASIS OF PRESENTATION

Harrah's Atlantic City Holding, Inc. and Subsidiaries (the "Company", "HACH") operates a casino hotel resort located in the Marina District of Atlantic City, New Jersey, known as Harrah's Resort Atlantic City. The Company is a wholly owned subsidiary of Caesars Entertainment Corporation, Inc. ("Caesars") (formerly Harrah's Entertainment, Inc.). A substantial portion of the Company's revenues is derived from gaming 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 as published by the CCC. The Company's license is subject to renew every five years with the current license expiring June 2013.

On January 28, 2008, Caesars was acquired by affiliates of Apollo Global Management, LLC and TPG Capital, L.P. ("TPG") in an all cash transaction, hereinafter referred to as the "Acquisition." Prior to the Acquisition, Marina Associates and Subsidiary (the "Predecessor Company") operated as a General Company and owned and operated Harrah's Casino Hotel Atlantic City. The Predecessor Company was an indirect, wholly owned subsidiary of Caesars Entertainment Operating Company ("CEOC") (formerly Harrah's Operating Company, Inc.), which is a direct wholly owned subsidiary of Caesars.

In conjunction with the Acquisition, the Predecessor Company, along with five affiliates, was spun off from CEOC for the purpose of obtaining financing in the form of commercial mortgaged-backed securities ("CMBS") in order to effect the Acquisition. A series of transactions, hereinafter referred to as the "Restructuring", were executed that, among other things, dissolved the Predecessor Company and liquidated its assets, net of liabilities, to various affiliates and created the Company. CMBS financing was obtained by subsidiaries of HACH (Note 9).

NOTE 2 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

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

Acquisition of Caesars – As a result of the Acquisition, total equity was adjusted based on 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. Caesars determined the estimated fair values after review and consideration of relevant information including discounted cash flow 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 in December 31, 2010 and 2009 financial statements.

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.

(Dollars in Thousands) Amended 5/2/2011

Inventories - Inventories, which consist primarily of food, beverage, and operating supplies, are stated at the lower of average cost or market value.

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 intercompany funds used to finance construction calculated at Caesars overall weighted-average borrowing rate of interest.

As a result of the Restructuring, certain real property and equipment of the Company were distributed to Harrah's Atlantic City Propco, LLC ("HACPC"), a wholly-owned indirect subsidiary of HACH on January 28, 2008.

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	3 to 40 years
Furniture, fixtures and equipment	3 to 20 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. If 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. No impairment was recognized by the Company for all periods presented in the consolidated statements of operations.

Interest Rate Cap Agreement - On January 28, 2008, the subsidiaries of HACH entered into an interest rate cap agreement to partially hedge the risk of future increases in the variable rate of the CMBS debt. The interest rate cap agreement, which was effective January 28, 2008, and terminates February 13, 2013, is for a notional amount of $1,160,000 at a LIBOR cap rate of 4.5%.

Derivative instruments are measured at fair value and adjusted for the credit rating of the Company and its counterparties in determining any credit valuation adjustments. The estimated fair value of the Company's interest rate cap agreement was $914 and $10,134 at December 31, 2010 and 2009, respectively, and is included in other noncurrent assets and other in our consolidated balance sheets. The fair value measurement of the interest rate cap falls within Level 2 of the fair value hierarchy. The estimated fair value is based on market prices obtained from dealer quotes. Such quotes represent the estimated amounts we would receive or pay to terminate the contract. The Company's derivative instrument contains a credit risk that the counterparty, may be unable to meet the terms of the agreement. The Company minimizes that risk by evaluating the creditworthiness of its counterparty.

(Dollars in Thousands) Amended 5/2/2011

The following table represents the fair value of derivative instruments in the accompanying consolidated balance sheets at December 31:

		2010	2009
Interest Rate Cap Agreeement		$ 914	$ 10,134
This is included in other noncurrent assets in the accompanying consolidated balance sheet.			

The following table represents the effect of derivative instruments in the financial statements:

Cash Flow Hedging Relationships	**Amount of (Gain) or Loss on Derivatives Recognzed in OCI (Effective Portion),net of tax** 2010	2009	**Location of Loss Reclassified From Accumulated OCI Into Income (Effective Portion)**	**Amount of Loss Relassified from Accumulated OCI Into Income (Effective Portion)** 2010	2009
Interest Rate Cap Agreement	$ 7,197	$ (4,756)	Interest Expense	$ 4,737	$ 2,200

Deferred Assets - Debt issue costs are amortized to interest expense based on the related debt agreement using the straight-line method, which approximates the effective interest method. A charge of $4,429 was included in interest expense in the statement of income for the December 31, 2010 period.

On January 28, 2008, the subsidiaries of HACH entered into an interest rate cap agreement to partially hedge the risk of future increases in the variable rate of the CMBS debt. The interest rate cap agreement, which was effective January 28, 2008, and terminates February 13, 2013, is for a notional amount of $1,160,000 at a LIBOR cap rate of 4.5%.

Goodwill and Other Intangible Assets — The Company had no goodwill recorded in the accompanying balance sheet as of December 31, 2010 and 2009, as a result of an impairment charge subsequent to the acquisition date. The Company accounts for goodwill and other intangible assets in accordance with Accounting Standard Codification ("ASC") 350 (formerly known as Statement of Financial Accounting Standards ("SFAS") No. 142, Goodwill and Other Intangible Assets). The Company performs at least an annual review of goodwill for impairment. The Company completed its annual assessment for impairment management in the fourth quarter of 2008 and determined that goodwill had been impaired. A charge of $185,410 was recorded in the statements of income in 2008.

The intangible assets include customer relationships (database) of $42,428 as of December 31, 2010. The customer relationships have been determined to have a useful life of 13 years, and are being amortized using the straight-line method. Amortization expense was approximately $4,208 for twelve months period ending

December 31, 2010. Based on the value allocated to amortizing intangibles the annual amortization expense is expected to be approximately $4,208 for each of the five succeeding fiscal years.

Investment in Atlantic City Express Service, LLC "ACES" - In 2006, the Company entered into an agreement with Caesars Atlantic City, an affiliate of the Company, and one other Atlantic City casino to form ACES. 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 investment in ACES as of December 31, 2010 and 2009 was approximately $26,873 and $23,993 respectively. ACES became operational on February 6, 2009. ACES net loss for the years ended December 30, 2010 and 2009 was $3,837and $8,340 respectively.

In June 2009, the FASB issued *ASU 2009-17 (ASC Topic 810), "Improvements to Financial Reporting by Enterprises Involved with Variable Interest Entities*," which is effective as of January 1, 2010. The new standard amends existing consolidation guidance for variable interest entities and requires a company to perform a qualitative analysis when determining whether it must consolidate a variable interest entity. This analysis identifies the primary beneficiary of a variable interest entity as the company that has both the power to direct the activities of a variable interest entity that most significantly impact the entity's economic performance and either the obligation to absorb losses or the right to receive benefits from the entity that could potentially be significant to the variable interest entity. As a result of the adoption of ASU 2009-17, ACES was consolidated within our financial statements for all periods prior to December 31, 2009, and is no longer consolidated beginning in January 2010.

Fair Value of Financial Instruments - The fair value of a financial instrument is the amount at which the instrument could be exchanged in a current transaction between willing parties. The carrying amount of receivables and all current liabilities approximates fair value due to their short-term nature. 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.

The fair value of the Company's debt has been calculated based on the borrowing rates available as of December 31, 2010, for debt with similar terms and maturities and based on the contractual purchase price at which we've agreed to purchase a portion of the CMBS loans. As of December 31, 2010, the Company's outstanding debt had a fair value of $762,600 and a carrying value of $926,141. The Company's interest rate cap agreement had a fair value equal to its carrying value as an asset of $914 at December 31, 2010.

CRDA Real Estate Project - The Company's investment in its CRDA real estate project (the "Project") consists of various townhomes, an apartment building and a retail store outlet in the northeast section of Atlantic City, NJ. Based upon an agreement with the CRDA, the Company may sell certain parts of the Project and will operate certain other parts for a period of up to 20 years.

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

In January 2008, The Predecessor Company sold the apartment building, for $15,000 to Atlantic City Ocean Terrace LLC. The Predecessor Company realized a gain of $6,300 in connection with this transaction in January 2008 which is included in other non-operating expenses in the accompanying consolidated statements of income.

(Dollars in Thousands) Amended 5/2/2011

Revenue Recognition - Gaming revenue is (a) the win from gaming activities, which is the difference between gaming wins and losses, less sales incentives and other adjustments and (b) revenue from gaming related activities such as poker and tournament. Jackpots, other than incremental amount of progressive jackpots, are recognized at the time they are won by customers. The Company accrues the incremental amount of progressive jackpots as the progressive machine is played, and the progressive jackpot amount increases, with a corresponding reduction of gaming revenue. The retail value of accommodations, food and beverage, and other services furnished to hotel-casino guests without charge is included in gross revenue and then deducted as promotional allowances. Food and beverage and rooms revenues include the aggregate amounts generated by those departments.

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

	2010	2009
Food and beverage	$ 31,702	$ 32,599
Rooms	15,927	17,691
Other	6,053	6,087
Other Cash Complimentaries	16,205	25,568
Promotional Gaming Credits	44,568	36,557
	$114,455	$118,502

Total Rewards Program Liability - The Company's customer loyalty program, Total Rewards, offers incentives to customers who gamble and shop at certain of affiliated 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 expense of Reward Credits is accrued after consideration of estimated breakage, as they are earned. The estimated cost to provide Reward Credits is expensed at the property where they are earned and is included in casino expense on the accompanying consolidated 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, 2010 and 2009, $4,018 and $4,374, were 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 on the accompanying Consolidated Statements of Income. At December 31, 2010 and 2009, the liability related to outstanding cash-back points, which is based on historical redemption activity, were $419 and $858 respectively.

These amounts are included in the net intercompany balances within the Investment, Advances and Receivables section of the Company's accompanying balance sheet.

Gaming Tax — The Company remits weekly to the CCC a tax equal to eight percent of the gross gaming revenue, as defined. Gaming taxes paid to the CCC for the year ended December 31, 2010 and 2009, included in casino expenses in the accompanying consolidated statements of operations, were approximately $36,280 and $39,078, respectively.

Income Taxes — The Company is included in the consolidated federal tax return of Caesars 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 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.

Recently Issued Accounting Pronouncements — In April 2010, the Financial Accounting Standards Board issued ASU 2010−16, "Accruals for Casino Jackpot Liabilities," (ASC Topic 924, "Entertainment—Casinos"). The amendments in this update clarify that an entity should not accrue jackpot liabilities (or portions thereof) before a jackpot is won if the entity can avoid paying that jackpot. Instead, jackpots should be accrued and charged to revenue when an entity has the obligation to pay the jackpot. This update applies to both base and progressive jackpots. The amendments in this update are effective for fiscal years, and interim periods within those fiscal years, beginning on or after December 15, 2010. Upon adoption of this standard on January 1, 2011, the Company reduced the recorded accrual for various properties while excluding the Atlantic City properties. Therefore, this adjustment had no corresponding cumulative effect to Member's Equity on the balance sheet.

NOTE 3 - RELATED PARTY TRANSACTIONS

The Company is charged a fee by CEOC for administrative and other services (including marketing, purchasing, insurance, employee benefits and other programs). The Company has a service provider agreement with Caesars Entertainment whereby a portion of the corporate expense of Caesars Entertainment is allocated to the Company and another portion is allocated to CEOC. These charges are included in charges from affiliates in the consolidated statements of income. 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.

The Company's property assets and capital stock are pledged as collateral for certain of CEOC's outstanding debt securities.

Certain of the more significant intercompany relationships among the Company, CEOC and other affiliates are discussed in this footnote.

Cash Activity with CEOC and Affiliates - The Company transfers cash in excess of its operating and regulatory needs to Caesars on a daily basis. Cash transfers from Caesars 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, net, in the accompanying consolidated financial statements.

Employee Benefit Plans - Caesars maintains a defined contribution savings and retirement plan in 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, Caesars 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, 2010 and 2009, was approximately $0 and $114, respectively.

Caesars 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 Caesars 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 $4,098 and $3,622 in 2010 and 2009, 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 - Caesars maintains equity incentive awards plans in which employees of the Company may participate. Caesars allocates an appropriate amount of cost for these awards granted under these plans to each subsidiary where employees participate.

In February 2008, Caesars 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 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 Caesars 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, 2011, as well as pro rata, in certain circumstances. The Company recognized approximately $257 and $282 for equity award options in 2010 and 2009 respectively.

(Dollars in Thousands) Amended 5/2/2011

On February 23, 2010, the Human Resources Committee of the Board of Directors of the Company adopted an amendment to the Equity Plan. The amendment provides for an increase in the available number of shares of the Company's non-voting common stock for which awards may be granted to 4,566,919 shares.

The amendment also revised the vesting hurdles for performance-based options under the Equity Plan. The performance options vest if the return on investment in Caesars of TPG, Apollo, and their respective affiliates (the "Majority Stockholders") achieve a specified return. Previously, 50% of the performance-based options vested upon a 2x return and 50% vested upon a 3x return. The triggers have been revised to 1.5x and 2.5x, respectively. In addition, a pro rata portion of the 2.5x options will vest if the Majority Stockholders achieve a return on their investment that is greater than 2.0x, but less than 2.5x. The pro rata portion will increase on a straight-line basis from zero to a participant's total number of 2.5x options depending upon the level of returns that the Majority Stockholders realize between 2.0x and 2.5x.

Atlantic City Country Club - Atlantic City Country Club 1, 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 Caesars Atlantic City and Showboat Atlantic City, also affiliates of the Company. The Company was charged approximately $148 and $193 for these costs for the years ended December 31, 2010 and 2009, 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 CEOC for administrative and other services (including consulting, legal, marketing, information technology, accounting and insurance). The Company was charged $41,812 and $33,153 for these services for the twelve months ended December 31, 2010 and 2009, respectively. The fee is included in charges from affiliates in the accompanying statements of income.

NOTE 4 - PREPAID EXPENSES AND OTHER CURRENT ASSETS

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

	2010	2009
Prepaid Air Charters	3,292	2,372
Prepaid State Income Tax	0	0
Prepaid Deferred State Income Tax	7,117	5,315

(Dollars in Thousands) Amended 5/2/2011

Prepaid Taxes	717	789
Prepaid Marketing	58	567
Prepaid Other	2,982	3,276
	$14,166	$12,319

NOTE 5 - INVESTMENTS, ADVANCES AND RECEIVABLES

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

	2010	2009
Due from Affiliates	$557,804	$ 554,594
Investment in ACES	5,131	5,218
Notes Receivable	10,541	9,879
Casino Reinvestment Development Authority obligation deposits - Net of Valuation Allowance of $8,538 and $9,388 at December 31, 2010 and 2009, respectively	17,569	18,147
Casino Reinvestment Development Authority Bonds - Net of Valuation Allowance of $3,616 and $3,651 at December 31, 2010 and 2009, respectively	3,852	3,837
CRDA Other Investment	3,695	1,466
Other	1,738	2,277
	$600,330	$595,418

NOTE 6 – LAND, BUILDINGS AND EQUIPMENT

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

	2010	2009
Land and Land Improvements	$ 439,998	$ 439,989
Buildings, Leaseholds and Improvements	885,598	881,210
Furniture, Fixtures and Equipment	125,132	123,756
Construction in Progress	3,138	3,334
	1,453,866	1,448,289
Less Accumulated Depreciation	(142,342)	(93,021)
Property and Equipment, Net	$1,311,524	$1,355,268

NOTE 7 - OTHER ASSETS

Other Assets as of December 31 consisted of the following:

	2010	2009
Intangible Assets	$42,428	$ 46,635
Deferred Finance Charge	12,565	16,100
Interest Rate Cap Derivative	914	10,134
Other	3,967	512
	$ 59,874	$ 73,381

(Dollars in Thousands) Amended 5/2/2011

NOTE 8 - OTHER ACCRUED EXPENSES

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

	2010	2009
Accrued Salaries, Wages and Benefits	$ 6,442	$ 7,053
Taxes Payable	2,401	2,660
Accrued In-House Progressive Slot Liability	1,415	826
Accrued City Wide Progressive Slot Liability	182	305
Accrued Interest, Long-term debt	1,421	1,426
Accrued Casino Control Commission / Department Gaming Enforcement Casino License Fees	770	806
Accrued Utilities	806	806
Accrued Health & Welfare Union	1,496	1,393
Accrued Charter Services	985	1,237
Other Accrued Expenses	7,069	7,361
	$22,987	$23,873

NOTE 9 – OTHER LONG TERM DEBT

Secured debt as of December 31 consisted of the following:

	2010	2009
CMBS financing, 4.20% at December 31, 2010, maturity 2013	$ 926,141	$ 990,682

The Predecessor Company had a $650,000 long-term promissory note agreement with CEOC. On January 28, 2008, in connection with the Acquisition, CEOC contributed the promissory note to the Predecessor Company. The Predecessor Company then transferred the promissory note to HEL in satisfaction of its payable to HEL. There was no interest payable as of the Acquisition date. Because the note payable was due to an affiliate, a determination of fair value was not considered meaningful.

In connection with the Restructuring, the Company borrowed $1,160,000 in commercial mortgaged- backed securities financing at an interest rate of LIBOR plus 3%. Principal repayment on the debt is due in full on February 13, 2013. Accrued Interest as of December 31, 2010 and 2009 was $1,421 and $1,427 respectively. The Company's property and related assets are pledged as collateral for the CMBS debt.

NOTE 10 - OTHER LIABILITIES

Other Liabilities as of December 31 consisted of the following:

	2010	2009
Reported Claims	2,560	1,785
CRDA-ACIA funding	188	213
Deferred CRDA grant	406	458
FIN 48- Tax Reserve	17,585	11,244
	$20,739	$13,700

NOTE 11 – LEASES

The Company has operating leases for a storage warehouse, slot leases and computer equipment. These leases have various expiration dates through 2011. Rental expense for the years ended December 31, 2010 and 2009 were $3,334 and $3,119, respectively.

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

2011	756
2012	472
2013	116
	$1,344

NOTE 12 – INCOME TAXES

The Company is included in the consolidated federal tax return of Caesars, but files a separate New Jersey tax return. The provision for income taxes is computed based on a separate return basis.

The tax years that remain open for examination for Caesars major jurisdictions are 2002 through 2009 for New Jersey due to our execution of New Jersey statute of limitations extensions and 2005 through 2009 for the United States.

Significant components of the provision (benefit) for income taxes for the years ended December 31, 2010 and 2009, are as follows (in thousands):

Provision (benefit) for income taxes	2010	2009
Current:		
Federal	($8,953)	$4,041
State	(214)	14,963
	($9,167)	$19,004
Deferred	$14,457	$41,075
Provision for income taxes	$5,290	$60,079

The provision (benefit) for income taxes for the years ended December 31, 2010 and 2009 differ from the federal statutory rate of 35% primarily due to state income taxes, the impact of nondeductible expenses, federal tax credits and the accrual for uncertain tax positions.

The Company does not have a formal tax sharing agreement in place with its parent entity for federal income tax purposes. Therefore, Caesars or CEOC pays all of the Company's federal income taxes of which the Company's portion was ($7,180) thousand in 2010 and $4.0 million in 2009.

Deferred income taxes reflect the net tax effects of temporary differences between the carrying amounts of assets and liabilities for financial reporting purposes and the amounts used for income tax purposes. The significant components of the Company's deferred tax assets and liabilities as of December 31, 2010 and 2009 relate primarily to property, intangible assets, debt, and federal net operating loss and tax credits carryovers.

As of December 31, 2010, the Company had federal net operating loss ("NOL") carryforwards of $9,092 thousand which will begin to expire in 2029. In addition, the Company had federal general business tax credits carryforward of $1.1 million which will begin to expire in 2029. As of December 31, 2010, no valuation allowance has been established for the Company's federal NOL carryforward and general business tax credits carryforward deferred tax assets because the Company has sufficient future tax liabilities arising within the carryforward periods. However, the Company will continue to assess the need for an allowance in future periods.

We recognize interest and penalties accrued related to unrecognized tax benefits in income tax expense. We accrued approximately $973 thousand and $1.1 million during 2010 and 2009, respectively. In total, we accrued $7.0 million and $6.0 million for the payment of interest and penalties at December 31, 2010 and December 31, 2009, respectively.

It is reasonably possible that the amount of unrecognized tax benefits could increase or decrease within the next twelve months. Management estimates that the amount of unrecognized tax benefits will not change significantly within the next twelve months.

As discussed in Note 2, the Company adopted the provisions of ASC 740 on January 1, 2007. As a result of this implementation, the January 1, 2007, balance of retained earnings was decreased by approximately a $6,608. A reconciliation of the beginning and ending amount of unrecognized tax benefits are as follows:

(Dollars in Thousands) Amended 5/2/2011

Balance at January 1, 2009	$	10,899
Additions for tax positions of prior years		3
Expiration of Statutes		(192)
Balance at December 31, 2009		10,710
Additions for tax positions of prior years		2,127
Reductions for tax positions for prior years		(550)
Expiration of Statues		(7)
Balance at December 31, 2010	$	12,280

The Company recognizes interest and penalties accrued related to unrecognized tax benefits in income tax expense. The Company accrued approximately $972 and $1,080, during the year ended December 31, 2010 and 2009, respectively. Additionally, the Company had approximately $6,995 and $6,022 for the payment of interest and penalties accrued at December 31, 2010 and 2009, respectively. Included in the balance of unrecognized tax benefits at December 31, 2010 and 2009, are $10,480 and $10,484, 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 2011 between $138 and $6,094.

Caesars 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. Caesars 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 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 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 – NON-OPERATING INCOME/(EXPENSE)

(Dollars in Thousands) Amended 5/2/2011

	2010	2009
Interest Income	215	282
Gain/Loss on Early Retire Debt	21,445	123,792
Other	(1,521)	(1,219)
	$ 20,139	$122,855

NOTE 14 – 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 includes insurance allowances of $2,560 and $1,785 as of December 31, 2010 and 2009, respectively. Actual results may differ from these reserve amounts.

CRDA Investment Obligation — The New Jersey Casino Control Act provides, among other things, for an assessment of licenses 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 rate.

As of December 31, CRDA related assets were as follows:

	2010	2009
CRDA Bonds — net of amortized cost	$ 3,852	$ 3,837
Deposit — net of reserves	17,569	18,147
Direct Investments — net of reserves	3,695	1,466
	$ 25,116	$ 23,450

The CRDA related assets are held in deferred charges and other non-current assets in the consolidated balance sheets.

The Company records charges to operations to reflect the estimated net realizable value of its CRDA investment. Charges to operations were $1,984 and $1,680 for the year ended December 31, 2010 and 2009, respectively, and is included in CRDA related expenses, in the statement of income.

The funds on deposits are held in an interest-bearing account by the CRDA. Initial obligation deposits are marked down by approximately 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 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 the CRDA Bonds are measured at amortized cost. As there is no market for the CRDA Bonds, its fair value could only be determined based on unobservable inputs. 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. The Company accretes such discount over the remaining life of the bonds. Accretion for the year ended December 31, 2010 and 2009 were $43 and $48, respectively, and is included in CRDA related expenses, in the statement of income.

After the initial determination of fair value, the Company will analyze the recoverability of the CRDA Bonds on a quarterly basis and its affect on reported amount based upon the ability and likelihood of bonds to be repaid. When considering recoverability of the CRDA Bonds, the Company considers the relative credit-worthiness of each bondholder, historical collection experience and other information received from the CRDA. If indications exist that the amount expected to be recovered is less than its carrying value, the asset will be written down to its expected realizable amount.

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 totaling 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 $10,616, 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 recognized $3,716 for payments to NJSEA in 2010.

NOTE 15 – SUBSEQUENT EVENT

The Company completed its subsequent events review through March 31, 2011, the date on which the financial statements were available to be issued and noted no other items.

HARRAH'S RESORT, ATLANTIC CITY

ANNUAL FILINGS

FOR THE YEAR ENDED DECEMBER 31, 2010

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

DIVISION OF FINANCIAL EVALUATION
REPORTING MANUAL

HARRAH'S RESORT, ATLANTIC CITY
SCHEDULE OF RECEIVABLES AND PATRONS' CHECKS
FOR THE YEAR ENDED DECEMBER 31, 2010

(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	$7,869		
2	Returned Patrons' Checks	13,417		
3	Total Patrons' Checks	21,286	$8,514	$12,772
4	Hotel Receivables	3,210	740	$2,470
	Other Receivables:			
5	Receivables Due from Officers and Employees	2		
6	Receivables Due from Affiliates			
7	Other Accounts and Notes Receivables	6,624		
8	Total Other Receivables	6,626		$6,626
9	Totals (Form CCC-205)	$31,122	$9,254	$21,868

UNDEPOSITED PATRONS' CHECKS ACTIVITY		
Line (f)	**Description (g)**	**Amount (h)**
10	Beginning Balance (January 1)	$5,933
11	Counter Checks Issued	222,159
12	Checks Redeemed Prior to Deposit	(142,553)
13	Checks Collected Through Deposits	(70,127)
14	Checks Transferred to Returned Checks	(7,543)
15	Other Adjustments	0
16	Ending Balance	$7,869
17	"Hold" Checks Included in Balance on Line 16	0
18	Provision for Uncollectible Patrons' Checks	$2,640
19	Provision as a Percent of Counter Checks Issued	1.2%

HARRAH'S RESORT, ATLANTIC CITY
EMPLOYMENT AND PAYROLL REPORT

AT DECEMBER 31, 2010

($ 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	940			
2	Slot Machines	97			
3	Administration				
4	Casino Accounting	153			
5	Simulcasting	3			
6	Other	234			
7	Total - Casino	1,427	$33,784	$561	$34,345
8	ROOMS	490	11,511	176	11,687
9	FOOD AND BEVERAGE	957	18,967		18,967
10	GUEST ENTERTAINMENT	176	2,264		2,264
11	MARKETING	21	829	439	1,268
12	OPERATION AND MAINTENANCE	259	10,045		10,045
	ADMINISTRATIVE AND GENERAL:				
13	Executive Office	5	285	478	763
14	Accounting and Auditing	81	1,663	115	1,778
15	Security	121	3,320		3,320
16	Other Administrative and General	221	5,234	296	5,530
	OTHER OPERATED DEPARTMENTS:				
17	Retail	51	1,083		1,083
18	Communications	23	274		274
19	Employee Cafeteria	26	660		660
20					0
21					0
22					0
23	TOTALS - ALL DEPARTMENTS	3,858	$89,919	$2,065	$91,984

HARRAH'S CASINO HOTEL, ATLANTIC CITY
ANNUAL GROSS REVENUE TAX RETURN

FOR THE YEAR ENDED DECEMBER 31, 2010

Line		
	CASINO WIN:	
1.	Table and Other Games	$ 102,935,424
2.	Slot Machines	350,535,636
3.	Total Casino Win	453,471,060
4.	Adjustments	4,000
5.	Gross Revenue (line 3 plus line 4)	453,475,060
6.	Deduction for Eligible Promotional Gaming Credits	36,090,257
7.	Taxable Gross Revenue (line 5 minus line 6)	417,384,803
8.	Tax on Gross Revenue - Reporting Year (8% of line 7)	33,390,784
9.	Audit or Other Adjustments to Tax on Gross Revenues in Prior Years	2,024
10.	Total Taxes on Gross Revenue (the sum of lines 8 and 9)	33,392,808

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, 2011
Date

Scott Noey

Financial Controller 009094-11
Title (License Number)