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

FOR THE QUARTER ENDED SEPTEMBER 30, 2013

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

OFFICE OF FINANCIAL INVESTIGATIONS
REPORTING MANUAL

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

AS OF SEPTEMBER 30, 2013 AND 2012

(UNAUDITED)
($ IN THOUSANDS)

Line (a)	Description (b)	Notes	2013 (c)	2012 (d)
	ASSETS:			
	Current Assets:			
1	Cash and Cash Equivalents		$15,900	$19,284
2	Short-Term Investments		0	0
3	Receivables and Patrons' Checks (Net of Allowance for Doubtful Accounts - 2013, $5,112 ; 2012, $7,086)	4	8,641	20,008
4	Inventories		1,357	1,624
5	Other Current Assets	5	8,354	10,698
6	Total Current Assets		34,252	51,614
7	Investments, Advances, and Receivables	3, 6	510,250	605,344
8	Property and Equipment - Gross	2,7	184,721	854,520
9	Less: Accumulated Depreciation and Amortization	2,7	(4,686)	(159,196)
10	Property and Equipment - Net	7	180,035	695,324
11	Other Assets	8	9,782	24,998
12	Total Assets		$734,319	$1,377,280
	LIABILITIES AND EQUITY:			
	Current Liabilities:			
13	Accounts Payable		$8,154	$7,467
14	Notes Payable		0	0
	Current Portion of Long-Term Debt:			
15	Due to Affiliates			
16	External		1,732	2,438
17	Income Taxes Payable and Accrued		0	0
18	Other Accrued Expenses	9	294,684	248,598
19	Other Current Liabilities		2,168	1,721
20	Total Current Liabilities		306,738	260,224
	Long-Term Debt:			
21	Due to Affiliates	10	583,500	584,000
22	External	10	2,641	362
23	Deferred Credits		56,027	57,619
24	Other Liabilities	11	96,792	78,759
25	Commitments and Contingencies	12	0	0
26	Total Liabilities		1,045,698	980,964
27	Stockholders', Partners', or Proprietor's Equity		(311,379)	396,316
28	Total Liabilities and Equity		$734,319	$1,377,280

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 NINE MONTHS ENDED SEPTEMBER 30, 2013 AND 2012

(UNAUDITED)
($ IN THOUSANDS)

Line (a)	Description (b)	Notes	2013 (c)	2012 (d)
	Revenue:			
1	Casino		$192,349	$241,353
2	Rooms		35,205	40,060
3	Food and Beverage		35,015	45,958
4	Other		9,977	10,864
5	Total Revenue		272,546	338,235
6	Less: Promotional Allowances		67,586	91,486
7	Net Revenue		204,960	246,749
	Costs and Expenses:			
8	Cost of Goods and Services		149,533	166,002
9	Selling, General, and Administrative		17,794	21,556
10	Provision for Doubtful Accounts		1,264	1,029
11	Total Costs and Expenses		168,591	188,587
12	Gross Operating Profit		36,369	58,162
13	Depreciation and Amortization		20,398	27,881
	Charges from Affiliates Other than Interest:			
14	Management Fees		0	0
15	Other	3	18,631	24,664
16	Income (Loss) from Operations		(2,660)	5,617
	Other Income (Expenses):			
17	Interest Expense - Affiliates	10	(37,230)	(37,230)
18	Interest Expense - External		(113)	(76)
19	CRDA Related Income (Expense) - Net	12	(2,969)	(2,106)
20	Nonoperating Income (Expense) - Net	7, 8	(508,303)	(624)
21	Total Other Income (Expenses)		(548,615)	(40,036)
22	Income (Loss) Before Taxes and Extraordinary Items		(551,275)	(34,419)
23	Provision (Credit) for Income Taxes	2	(21,875)	(11,469)
24	Income (Loss) Before Extraordinary Items		(529,400)	(22,950)
25	Extraordinary Items (Net of Income Taxes - 2012, $0; 2011, $0)		0	0
26	Net Income (Loss)		($529,400)	($22,950)

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 QUARTER ENDED SEPTEMBER 30, 2013 AND 2012

(UNAUDITED)
($ IN THOUSANDS)

Line (a)	Description (b)	Notes	2013 (c)	2012 (d)
	Revenue:			
1	Casino		$69,990	$81,709
2	Rooms		13,942	14,545
3	Food and Beverage		13,247	14,834
4	Other		3,931	4,375
5	Total Revenue		101,110	115,463
6	Less: Promotional Allowances		25,714	29,735
7	Net Revenue		75,396	85,728
	Costs and Expenses:			
8	Cost of Goods and Services		51,780	59,139
9	Selling, General, and Administrative		6,205	7,297
10	Provision for Doubtful Accounts		400	249
11	Total Costs and Expenses		58,385	66,685
12	Gross Operating Profit		17,011	19,043
13	Depreciation and Amortization		5,966	9,363
	Charges from Affiliates Other than Interest:			
14	Management Fees		0	0
15	Other	3	7,550	8,129
16	Income (Loss) from Operations		3,495	1,551
	Other Income (Expenses):			
17	Interest Expense - Affiliates	10	(12,410)	(12,410)
18	Interest Expense - External		(29)	(63)
19	CRDA Related Income (Expense) - Net	12	(1,144)	(842)
20	Nonoperating Income (Expense) - Net	7, 8	(508,928)	15
21	Total Other Income (Expenses)		(522,511)	(13,300)
22	Income (Loss) Before Taxes and Extraordinary Items		(519,016)	(11,749)
23	Provision (Credit) for Income Taxes	2	(10,792)	(3,917)
24	Income (Loss) Before Extraordinary Items		(508,224)	(7,832)
	Extraordinary Items (Net of Income Taxes -			
25	2012, $0; 2011, $0)		0	0
26	Net Income (Loss)		($508,224)	($7,832)

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, 2012 AND THE NINE MONTHS ENDED SEPTEMBER 30, 2013

(UNAUDITED)
($ IN THOUSANDS)

Line (a)	Description (b)	Notes	Common Stock Shares (c)	Common Stock Amount (d)	Preferred Stock Shares (e)	Preferred Stock Amount (f)	Additional Paid-In Capital (g)	(h)	Retained Earnings (Accumulated Deficit) (i)	Total Stockholders' Equity (Deficit) (j)
1	**Balance, December 31, 2011..........**		100	$1			$597,787		($178,522)	$419,266
2	Net Income (Loss) - 2012__.........								(60,243)	(60,243)
3	Contribution to Paid-in-Capital.....									0
4	Dividends.....................................									0
5	Prior Period Adjustments..............									0
6	ASC - 740 Adjustment									0
7										0
8										0
9										0
10	**Balance, December 31, 2012..........**		100	1	0	0	597,787	0	(238,765)	359,023
11	Net Income (Loss) - 2013.............								(529,400)	(529,400)
12	Contribution to Paid-in-Capital.....									0
13	Dividends.....................................									0
14	Prior Period Adjustments..............									0
15	Equitization of Intercompany						(141,002)			(141,002)
16										0
17										0
18										0
19	**Balance, September 30, 2013**		100	$1	0	$0	$456,785	$0	($768,165)	($311,379)

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 NINE MONTHS ENDED SEPTEMBER 30, 2013 AND 2012

(UNAUDITED)
($ IN THOUSANDS)

Line (a)	Description (b)	Notes	2013 (c)	2012 (d)
1	CASH PROVIDED (USED) BY OPERATING ACTIVITIES...		$42,132	$27,091
	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		(6,797)	(1,074)
5	Proceeds from Disposition of Property and Equipment		379	
6	CRDA Obligations		(878)	(1,027)
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		(7,296)	(2,101)
	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			
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 affiliates		(44,513)	(35,640)
22				
23	Net Cash Provided (Used) By Financing Activities		(44,513)	(35,640)
24	Net Increase (Decrease) in Cash and Cash Equivalents		(9,677)	(10,650)
25	Cash and Cash Equivalents at Beginning of Period		25,577	29,934
26	Cash and Cash Equivalents at End of Period		$15,900	$19,284

	CASH PAID DURING PERIOD FOR:			
27	Interest (Net of Amount Capitalized)		$113	$76
28	Income Taxes		$0	$0

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

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

FOR THE NINE MONTHS ENDED SEPTEMBER 30, 2013 AND 2012

(UNAUDITED)

($ IN THOUSANDS)

Line (a)	Description (b)	Notes	2013 (c)	2012 (d)
	CASH FLOWS FROM OPERATING ACTIVITIES:			
29	Net Income (Loss)...		($529,400)	($22,950)
30	Depreciation and Amortization of Property and Equipment...		18,167	25,649
31	Amortization of Other Assets..		2,231	2,232
32	Amortization of Debt Discount or Premium..........................		0	0
33	Deferred Income Taxes - Current		511	637
34	Deferred Income Taxes - Noncurrent		(4,614)	(3,271)
35	(Gain) Loss on Disposition of Property and Equipment.........		(86)	0
36	(Gain) Loss on CRDA-Related Obligations...........................		2,969	2,106
37	(Gain) Loss from Other Investment Activities.......................			
38	(Increase) Decrease in Receivables and Patrons' Checks		10,860	(6,973)
39	(Increase) Decrease in Inventories		(112)	4
40	(Increase) Decrease in Other Current Assets..........................		(5,594)	(4,221)
41	(Increase) Decrease in Other Assets.......................................		224	251
42	Increase (Decrease) in Accounts Payable...............................		1,339	313
43	Increase (Decrease) in Other Current Liabilities		35,014	34,648
44	Increase (Decrease) in Other Liabilities		1,704	(1,334)
45	Impairment of Assets		508,919	0
46	....			
47	Net Cash Provided (Used) By Operating Activities...................		$42,132	$27,091

SUPPLEMENTAL DISCLOSURE OF CASH FLOW INFORMATION

Line (a)	Description (b)	Notes	2013 (c)	2012 (d)
	ACQUISITION OF PROPERTY AND EQUIPMENT:			
48	Additions to Property and Equipment....................................		($6,797)	($1,074)
49	Less: Capital Lease Obligations Incurred...............................		0	0
50	Cash Outflows for Property and Equipment...............................		($6,797)	($1,074)
	ACQUISITION OF BUSINESS ENTITIES:			
51	Property and Equipment Acquired...		$0	$0
52	Goodwill Acquired..		0	0
53	Other Assets Acquired - net		0	0
54	Long-Term Debt Assumed...		0	0
55	Issuance of Stock or Capital Invested....................................		0	0
56	Cash Outflows to Acquire Business Entities..............................		$0	$0
	STOCK ISSUED OR CAPITAL CONTRIBUTIONS:			
57	Total Issuances of Stock or Capital Contributions..................		$0	$0
58	Less: Issuances to Settle Long-Term Debt............................		0	0
59	Consideration in Acquisition of Business Entities..................		0	0
60	Cash Proceeds from Issuing Stock or Capital Contributions......		$0	$0

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

Bally's Park Place Inc. (Bally's Atlantic City)
SCHEDULE OF PROMOTIONAL EXPENSES AND ALLOWANCES

FOR THE NINE MONTHS ENDED SEPTEMBER 30, 2013
(UNAUDITED)
($ IN THOUSANDS)

		Promotional Allowances		Promotional Expenses	
Line (a)	**Description (b)**	**Number of Recipients (c)**	**Dollar Amount (d)**	**Number of Recipients (e)**	**Dollar Amount (f)**
1	Rooms	487,159	$17,839		
2	Food	483,303	9,251		
3	Beverage	4,984,664	9,969		
4	Travel	0	0	5,939	1,429
5	Bus Program Cash	3,990	80		
6	Promotional Gaming Credits	278,801	22,131		
7	Complimentary Cash Gifts	160,400	6,685		
8	Entertainment	1,940	69	5,943	1,552
9	Retail & Non-Cash Gifts	38,825	893		
10	Parking	0	0		
11	Other	133,721	669		
12	Total	6,572,803	$67,586	11,882	$2,981

FOR THE THREE MONTHS ENDED SEPTEMBER 30, 2013

		Promotional Allowances		Promotional Expenses	
Line (a)	**Description (b)**	**Number of Recipients (c)**	**Dollar Amount (d)**	**Number of Recipients (e)**	**Dollar Amount (f)**
1	Rooms	198,445	$7,346		
2	Food	183,483	3,369		
3	Beverage	1,660,154	3,320		
4	Travel	0	0	2,198	515
5	Bus Program Cash	0	0		
6	Promotional Gaming Credits	90,709	8,564		
7	Complimentary Cash Gifts	54,003	2,520		
8	Entertainment	777	28	2,801	797
9	Retail & Non-Cash Gifts	13,376	308		
10	Parking	0	0		
11	Other	51,727	259		
12	Total	2,252,674	$25,714	4,999	$1,312

*No item in this category (Other) exceeds 5%.

Bally's Park Place Inc. (Bally's Atlantic City)
STATEMENT OF CONFORMITY, ACCURACY, AND COMPLIANCE

FOR THE QUARTER ENDED SEPTEMBER 30, 2013

1. I have examined this Quarterly Report.

2. All the information contained in this Quarterly Report has been prepared in conformity with the Division of Gaming Enforcement'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 requirements contained in N.J.S.A. 5:12-84(a)1-5 during the quarter.

Karen Worman

11/15/2013
Date

Karen Worman

Vice President of Finance
Title

6320-11
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 Caesars Operating Company, Inc. ("CEOC"), (formerly Harrah's Operating Company, Inc.) which is a direct wholly owned subsidiary of Caesars Entertainment, Inc. ("Caesars"), (formerly Harrah's Entertainment, Inc.). 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 Division of Gaming Enforcement, (the "DGE") and is subject to rules and regulations established by the DGE. The Company's license is subject to renewal every five years. The current license expired in July 2013. Application for license renewal was submitted and it is pending DGE review.

NOTE 2 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

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. As with many estimates management must make judgments about potential actions by third parties in establishing and evaluating the allowance for doubtful accounts

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 - 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	11-40 years
Buildings and improvements	2.5-40 years
Furniture, fixtures and equipment	2.5-20 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 would be 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") 350, Intangible Assets, Goodwill and Other. The Company performs at least an annual review of intangible assets for impairment.

Fair Value - The fair value hierarchy defines fair value as an exit price, representing the amount that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants. As such, fair value is a market-based measurement that should be determined based upon assumptions that market participants would use in pricing an asset or liability. The fair value hierarchy establishes three tiers, which prioritize the inputs used in measuring fair value as follows:

> Level 1: Observable inputs such as quoted prices in active markets for identical assets or liabilities that are accessible at the measurement date;
>
> Level 2: Inputs, other than quoted prices in active markets, that are observable either directly or indirectly; and
>
> Level 3: Unobservable inputs in which there is little or no market data, which require the reporting entity to develop its own assumptions.

Entities are permitted to choose to measure certain financial instruments and other items at fair value. We have not elected the fair value measurement option for any of our assets or liabilities that meet the criteria for this option.

The carrying amount of receivables and all current liabilities approximates fair value due to their short-term nature.

Revenue Recognition — Casino revenues are measured by the aggregate net difference between gaming wins and losses, with liabilities recognized for funds deposited by customers before gaming play occurs and for chips in the customers' possession. Food and beverage, rooms, and other operating revenues are recognized when services are performed. Advance deposits on rooms and advance ticket sales are recorded as customer deposits until services are provided to the customer. The Company does not recognize as revenue taxes collected on goods or services sold to its customers.

(All dollar amounts in thousands)

Casino Promotional Allowances - The retail value of accommodations, food and beverage and other services furnished to casino guests without charge is included in gross revenue and then deducted as promotional allowances. 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 September 30:

	2013	2012
Rooms	$7,395	$8,131
Food and Beverage	14,319	21,746
Other	861	2,193
Bus Program Cash	80	151
Promotional Gaming Credits	22,131	33,195
Other Cash Complimentaries	6,685	6,470
	$51,471	$71,886

Total Rewards Program Liability - The Company's customer loyalty program, Total Rewards, offers incentives to customers who gamble 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 forfeitures (referred to as "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 operations. 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 September 30, 2013 and 2012, the accrued balance for the estimated cost of Total Rewards credit redemptions was $2,047 and $2,530, respectively.

In addition to reward credits, the Company's customers can earn points based on play that are redeemable in Non Negotiable Reel Rewards ("NNRR"). The Company accrues the costs of NNRR 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 September 30, 2013 and 2012, the liability related to the outstanding NNRR points, which is based on historical redemption activity, was approximately $395 and $439, respectively.

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.

Gaming Tax — The Company remits weekly to the NJ Division of Taxation a tax equal to eight percent of the gross gaming revenue, as defined. Gaming taxes paid to the NJ Division of Taxation for the nine months ended September 30, 2013 and 2012, which are included in cost of sales in the accompanying statements of income, were approximately $14,020 and $16,794, respectively.

In House Progressive Liability - In March 2012, the DGE approved a regulation which allowed casinos to remove in-house progressives from the floor. Casinos were no longer required to keep in-house progressives once established on the floor, as a result, the regulations allowed us to remove the liability (reset and incremental portion) from the progressive slot liability account. The offset was an increase to the slot revenue.

Property Taxes - In 2012, Bally's settled with the City of Atlantic City (the "City") with respect to their challenges to the real estate tax assessments for each of the tax years 2009 through 2012. Under the settlement terms, the assessments for the Bally's properties were collectively reduced from approximately $1,492 million to $950 million for the 2011 tax year which resulted in a credit of approximately $10.5 million in 2012 and then a further credit resulting from the reduction for the 2012 tax year from $950 million to $700 million. Bally's did not give up any rights to appeal future tax years as part of the settlement. The tax settlement, based on the 2012 City tax rate, resulted in a reduction in the tax payment that would otherwise have been due of approximately $15.5 million in 2012. City of Atlantic City increased property taxes approximately 17% for the year 2013.

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 financial statements in conformity with accounting principles generally accepted (GAAP) 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 periods. Actual results could differ from such estimates and assumptions.

Seasonal factors - The Company's operations are subject to seasonal factors and, therefore, the results of operations of the nine months ended September 30, 2013 are not necessarily indicative of the results of operations for the full year.

Omission of Disclosures - In accordance with the Financial Reporting guidelines provided by the Division of Gaming Enforcement, the Company has elected not to include certain disclosures, which have not significantly changed since filing the most recent Annual Report. Accordingly, the following disclosures have been omitted: Future Lease Obligations, Employee Benefits and certain Income Tax disclosures.

NOTE 3 – RELATED PARTY TRANSACTIONS

The Company participates with CEOC and its other subsidiaries in marketing, purchasing, insurance, employee benefit and other programs that are defined and negotiated by CEOC 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.

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

Cash Activity With CEOC and Affiliates - The Company transfers cash in excess of its operating and regulatory needs to CEOC on a daily basis. Cash transfers from CEOC 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. The balance shown as "due from affiliates — net," in the accompanying statements of changes in stockholder's equity is non interest bearing.

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 approximately $18,631 and $24,664 for the nine months ended September 30, 2013 and 2012, respectively, for these services.

Equitization of Intercompany Balances - During June 2013, the Company elected to equitize certain intercompany balances with its parent and affiliates that were previously classified as a receivable/liability. Offset to this was Additional Paid in Capital. This is separately shown on the Statement of Changes in Stockholder's Equity.

Atlantic City Country Club 1, LLC. - Atlantic City Country Club 1, LLC (ACCC) is a wholly owned subsidiary of the Company. 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 $74 and $92 for the nine months ended September 30, 2013 and 2012, respectively, for these services. The costs are included in other operating expenses in the accompanying statements of income.

(All dollar amounts in thousands)

NOTE 4 – RECEIVABLES AND PATRONS' CHECKS

Receivables and patrons' checks as of September 30 consist of the following:

	2013	2012
Casino Receivable (Net of allowance for doubtful accounts $5,045 in 2013 and $7,057 in 2012)	$4,672	$5,947
Other (Net of allowance for doubtful accounts of $67 in 2013 and $29 in 2012)	3,626	13,728
Current Portion of Notes Receivable	343	333
	$8,641	$20,008

NOTE 5- OTHER CURRENT ASSETS

Prepaid Expense and Other Current Assets as of September 30 consist of the following:

	2013	2012
Tax Deferred Asset	$1,866	$3,646
Other	6,488	7,052
	$8,354	$10,698

NOTE 6 - INVESTMENTS, ADVANCES AND RECEIVABLES

Investments, advances and receivables as of September 30 consist of the following:

	2013	2012
Due from Caesars:	$465,731	$560,865
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 $17,312 in 2013 and $16,774 in 2012)	28,540	28,811
Other	1,581	1,270
	$510,250	$605,344

The amounts due from Caesars as of September 30 are unsecured and non-interest bearing.

(All dollar amounts in thousands)

NOTE 7- LAND, BUILDING AND EQUIPMENT

Property and equipment as of September 30 consist of the following:

	2013	2012
Land	$40,000	$277,433
Buildings and Improvements	120,000	471,060
Furniture, Fixtures and Equipment	23,474	106,027
Construction in progress	1,247	0
	$184,721	$854,520
Less accumulated depreciation	(4,686)	(159,196)
	$180,035	$695,324

In June 2013, the Company signed an agreement with the CRDA under which the Company have agreed to convey certain land parcels with an appraised value of $7,300 to the CRDA (the "Marketplace Parcels") on which the CRDA is to construct a marketplace-style retail development project. In return for the Marketplace Parcels, the Company will receive a credit against future IAT payable to the CRDA in the amount of $7,300. As a result of this agreement the Company tested the real estate assets for recoverability during the third quarter 2013 and recorded a tangible asset impairment of $20,416 related to the Marketplace Parcels.

Over time, the Company has experienced deteriorating gaming volumes, and as a result the Company determined it was necessary to complete an assessment for impairment. Upon the failure of step one of the assessment, the Company performed a valuation of its long-lived assets. As a result of these assessments, in September 2013, the Company recorded a tangible asset impairment of $477,072. With the assistance of third party valuation experts, the Company estimated the fair value of the property starting with a "Replacement Cost New" approach and then deducting appropriate amounts for both functional and economic obsolescence to arrive at the fair value estimates. These analyses are sensitive to management assumptions and the estimates of the obsolescence factors, and increases or decreases in these assumptions and estimates could have a material impact on the analyses.

(All dollar amounts in thousands)

NOTE 8- OTHER ASSETS

Other assets as of September 30 consist of the following:

	2013	2012
Intangible asset (net of accumulated amortization of $0 in 2013 and $10,293 in 2012)	$0	$14,470
Notes Receivable-Net of current portion	9,333	9,676
Non-Current CRDA	0	500
Other	449	415
	$9,782	$24,998

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

During the third quarter of 2013, the Company completed its annual assessment of other amortizing intangible assets as of September 30, which resulted in impairment charges of $11,432. These impairment charges were the result of reduced projections associated with these intangible assets within our long-term operating plan.

NOTE 9- OTHER ACCRUED EXPENSES

Other accrued expenses as of September 30 consist of the following:

	2013	2012
Accrued Interest	$280,295	$232,054
Accrued Payroll	6,531	7,509
Other	7,858	9,035
	$294,684	$248,598

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

Long-term debt-due to affiliates and other as of September 30 consist of the following:

	2013	2012
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, 2021	33,500	33,500
8.5% Note Payable To HEL due May 31, 2021	50,000	50,000
8.5% Note Payable To HEL due April 30, 2013	0	500
	$583,500	$584,000
Long-term debt-other:	$2,641	$362

(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 September 30, 2013 and 2012, accrued interest related to the three inter-company notes totaled $280,295 and $232,054 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.

The Company also amended and restated its notes payable to HEL originally due May 31, 2011 in the amount of $83,500. 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 May 31, 2021.

NOTE 11 - OTHER LIABILITIES

As of September 30, Other Liabilities were as follows:

	2013	2012
Retirement and Other Employee benefit Plans	$351	$382
Deferred Tax Liability	96,441	78,377
	$96,792	$78,759

NOTE 12 – 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 $115 and $115 as of September 30, 2013 and 2012. 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.

(All dollar amounts in thousands)

As of September 30, CRDA related assets were as follows:

	2013	2012
CRDA Bonds - net of amortized costs	$11,297	$11,318
Deposit - net of reserve	15,447	15,252
Direct Investments - net of reserves	1,796	2,241
	$28,540	$28,811

The Company records charges to operations to reflect the estimated net realizable value of its CRDA investment. Charges to operations were $2,969 and $2,106 for the nine months ended September 30, 2013 and 2012, respectively, and is included in CRDA (income) expense, in the statements 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.

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 and the CRDA entered into an agreement with the Atlantic City Alliance (the "ACA") to provide funding to subsidize the Atlantic City market. This agreement was signed on November 2, 2011 and is set to expire on December 31, 2016. The agreement provides that in exchange for funding, the ACA will create and implement a marketing plan for the AC Industry. As part of the agreement, the AC Industry provided an initial deposit of $5,000 in December 2011 and will continue to pay $30,000 annually for the next five years. The Company paid $2,228 in the nine months ending September 30, 2013. The Company's obligation for its portion of future payments is estimated at $8,313, equal to its fair-share of AC Industry casino revenues.

NOTE 13 – SUBSEQUENT EVENTS

In October, the Company announced that it has agreed to sell the Claridge Hotel Tower to TJM Properties, Inc., a Florida-based hotel and adult living facility operator. The sale is expected to close within 90 days and is subject to receipt of all required regulatory approvals.