BOARDWALK REGENCY CORPORATION

QUARTERLY REPORT

FOR THE QUARTER ENDED MARCH 31, 2013

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

OFFICE OF FINANCIAL INVESTIGATIONS
REPORTING MANUAL

BOARDWALK REGENCY CORPORATION
BALANCE SHEETS

AS OF MARCH 31, 2013 AND 2012

(UNAUDITED)
($ IN THOUSANDS)

Line (a)	Description (b)	Notes	2013 (c)	2012 (d)
	ASSETS:			
	Current Assets:			
1	Cash and Cash Equivalents		$19,413	$19,869
2	Short-Term Investments			
3	Receivables and Patrons' Checks (Net of Allowance for Doubtful Accounts - 2013, $12,361; 2012, $12,054)	2 & 4	17,670	21,947
4	Inventories	2	451	771
5	Other Current Assets	5	7,419	14,400
6	Total Current Assets		44,953	56,987
7	Investments, Advances, and Receivables	6 & 12	570,400	470,444
8	Property and Equipment - Gross	2 & 7	856,685	842,929
9	Less: Accumulated Depreciation and Amortization	2 & 7	(203,943)	(166,152)
10	Property and Equipment - Net	2 & 7	652,742	676,777
11	Other Assets	2 & 8	100,591	110,724
12	Total Assets		$1,368,686	$1,314,932
	LIABILITIES AND EQUITY:			
	Current Liabilities:			
13	Accounts Payable		$7,369	$8,480
14	Notes Payable			
	Current Portion of Long-Term Debt:			
15	Due to Affiliates			
16	External	10	810	
17	Income Taxes Payable and Accrued	2	37	
18	Other Accrued Expenses	9	244,078	202,736
19	Other Current Liabilities		3,275	7,939
20	Total Current Liabilities		255,569	219,155
	Long-Term Debt:			
21	Due to Affiliates	10	518,330	518,330
22	External	10	1,069	
23	Deferred Credits	2	84,355	100,462
24	Other Liabilities	11	243,314	180,449
25	Commitments and Contingencies	12		
26	Total Liabilities		1,102,637	1,018,396
27	Stockholders', Partners', or Proprietor's Equity		266,049	296,536
28	Total Liabilities and Equity		$1,368,686	$1,314,932

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

BOARDWALK REGENCY CORPORATION
STATEMENTS OF INCOME

FOR THE THREE MONTHS ENDED MARCH 31, 2013 AND 2012

(UNAUDITED)
($ IN THOUSANDS)

Line (a)	Description (b)	Notes	2013 (c)	2012 (d)
	Revenue:			
1	Casino		$71,828	$88,698
2	Rooms		8,234	8,698
3	Food and Beverage		11,774	12,743
4	Other		3,330	3,886
5	Total Revenue		95,166	114,025
6	Less: Promotional Allowances		24,859	30,650
7	Net Revenue		70,307	83,375
	Costs and Expenses:			
8	Cost of Goods and Services		52,673	56,506
9	Selling, General, and Administrative		5,359	7,842
10	Provision for Doubtful Accounts		220	1,011
11	Total Costs and Expenses		58,252	65,359
12	Gross Operating Profit		12,055	18,016
13	Depreciation and Amortization	2	11,422	11,870
	Charges from Affiliates Other than Interest:			
14	Management Fees			
15	Other	3	6,091	7,223
16	Income (Loss) from Operations		(5,458)	(1,077)
	Other Income (Expenses):			
17	Interest Expense - Affiliates	9 & 11	(11,014)	(11,015)
18	Interest Expense - External		(48)	72
19	CRDA Related Income (Expense) - Net	12	(1,129)	(967)
20	Nonoperating Income (Expense) - Net		49	(551)
21	Total Other Income (Expenses)		(12,142)	(12,461)
22	Income (Loss) Before Taxes and Extraordinary Items		(17,600)	(13,538)
23	Provision (Credit) for Income Taxes	2	(5,051)	(3,997)
24	Income (Loss) Before Extraordinary Items		(12,549)	(9,541)
	Extraordinary Items (Net of Income Taxes -			
25	20__, $0; 20__, $0)			
26	Net Income (Loss)		($12,549)	($9,541)

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

BOARDWALK REGENCY CORPORATION
STATEMENTS OF CHANGES IN STOCKHOLDERS' EQUITY
FOR THE TWELVE MONTHS ENDED DECEMBER 31, 2012 AND THE THREE MONTHS ENDED MARCH 31, 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	$1,370			$915,830		($611,123)	$306,077
2	Net Income (Loss) - 2012.............								(27,479)	(27,479)
3	Contribution to Paid-in-Capital.....									0
4	Dividends.....................................									0
5	Prior Period Adjustments..............									0
6										0
7										0
8										0
9										0
10	**Balance, December 31, 2012..........**		100	1,370	0	0	915,830	0	(638,602)	278,598
11	Net Income (Loss) - 2013.............								(12,549)	(12,549)
12	Contribution to Paid-in-Capital.....									0
13	Dividends.....................................									0
14	Prior Period Adjustments..............									0
15										0
16										0
17										0
18										0
19	**Balance, March 31, 2013 ....**		100	$1,370	0	$0	$915,830	$0	($651,151)	$266,049

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

BOARDWALK REGENCY CORPORATION
STATEMENTS OF CASH FLOWS

FOR THE THREE MONTHS ENDED MARCH 31, 2013 AND 2012

(UNAUDITED)
($ IN THOUSANDS)

Line (a)	Description (b)	Notes	2013 (c)	2012 (d)
1	CASH PROVIDED (USED) BY OPERATING ACTIVITIES...		$28,506	$20,891
	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...		(2,209)	(2,984)
5	Proceeds from Disposition of Property and Equipment...		64	
6	CRDA Obligations ...		(867)	(1,126)
7	Other Investments, Loans and Advances made...			
8	Proceeds from Other Investments, Loans, and Advances ...		1	38
9	Cash Outflows to Acquire Business Entities...		0	0
10	...			
11	...			
12	Net Cash Provided (Used) By Investing Activities...		(3,011)	(4,072)
	CASH FLOWS FROM FINANCING ACTIVITIES:			
13	Proceeds from Short-Term Debt ...			
14	Payments to Settle Short-Term Debt...			
15	Proceeds from Long-Term Debt ...		44	
16	Costs of Issuing Debt...			
17	Payments to Settle Long-Term Debt...		(184)	
18	Cash Proceeds from Issuing Stock or Capital Contributions...		0	0
19	Purchases of Treasury Stock...			
20	Payments of Dividends or Capital Withdrawals...			
21	Borrowings/Payments of Intercompany Payable ...		(28,394)	(30,117)
22	...			
23	Net Cash Provided (Used) By Financing Activities...		(28,534)	(30,117)
24	Net Increase (Decrease) in Cash and Cash Equivalents...		(3,039)	(13,298)
25	Cash and Cash Equivalents at Beginning of Period...		22,452	33,167
26	Cash and Cash Equivalents at End of Period...		$19,413	$19,869

	CASH PAID DURING PERIOD FOR:			
27	Interest (Net of Amount Capitalized)...		$44	$0
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.

BOARDWALK REGENCY CORPORATION
STATEMENTS OF CASH FLOWS

FOR THE THREE MONTHS ENDED MARCH 31, 2013 AND 2012

(UNAUDITED)

($ IN THOUSANDS)

Line (a)	Description (b)	Notes	2013 (c)	2012 (d)
	CASH FLOWS FROM OPERATING ACTIVITIES:			
29	Net Income (Loss)		($12,549)	($9,541)
30	Depreciation and Amortization of Property and Equipment		9,207	9,655
31	Amortization of Other Assets		2,215	2,215
32	Amortization of Debt Discount or Premium			
33	Deferred Income Taxes - Current		1,773	(35)
34	Deferred Income Taxes - Noncurrent		13,239	9,305
35	(Gain) Loss on Disposition of Property and Equipment		(25)	
36	(Gain) Loss on CRDA-Related Obligations		872	1,007
37	(Gain) Loss from Other Investment Activities		116	116
38	(Increase) Decrease in Receivables and Patrons' Checks		4,719	2,589
39	(Increase) Decrease in Inventories		51	(62)
40	(Increase) Decrease in Other Current Assets		150	(4,259)
41	(Increase) Decrease in Other Assets		253	85
42	Increase (Decrease) in Accounts Payable		(1,216)	(1,384)
43	Increase (Decrease) in Other Current Liabilities		9,126	13,274
44	Increase (Decrease) in Other Liabilities		575	(2,074)
45	Increase (Decrease) in Invest., Adv. and Recvble			
46				
47	Net Cash Provided (Used) By Operating Activities		$28,506	$20,891

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		($3,191)	($2,984)
49	Less: Capital Lease Obligations Incurred		982	
50	Cash Outflows for Property and Equipment		($2,209)	($2,984)
	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.

BOARDWALK REGENCY CORPORATION
SCHEDULE OF PROMOTIONAL
EXPENSES AND ALLOWANCES

FOR THE THREE MONTHS ENDED MARCH 31, 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	125,308	$4,859		
2	Food	153,301	5,162		
3	Beverage	1,335,916	2,672		
4	Travel			38,105	1,514
5	Bus Program Cash	154	12		
6	Promotional Gaming Credits	135,551	7,411		
7	Complimentary Cash Gifts	61,349	4,037		
8	Entertainment	1,415	92	2,361	269
9	Retail & Non-Cash Gifts	13,662	273		
10	Parking				
11	Other	19,740	341	20,328	688
12	Total	1,846,396	$24,859	60,794	$2,471

FOR THE THREE MONTHS ENDED MARCH 31, 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	125,308	$4,859		
2	Food	153,301	5,162		
3	Beverage	1,335,916	2,672		
4	Travel			38,105	1,514
5	Bus Program Cash	154	12		
6	Promotional Gaming Credits	135,551	7,411		
7	Complimentary Cash Gifts	61,349	4,037		
8	Entertainment	1,415	92	2,361	269
9	Retail & Non-Cash Gifts	13,662	273		
10	Parking				
11	Other	19,740	341	20,328	688
12	Total	1,846,396	$24,859	60,794	$2,471

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

BOARDWALK REGENCY CORPORATION
STATEMENT OF CONFORMITY, ACCURACY, AND COMPLIANCE

FOR THE QUARTER ENDED MARCH 31, 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'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.S.A. 5:12-84a(1)-(5) during the quarter.

Karen Worman

5/15/2013	Karen Worman
Date	

Vice President of Finance
Title

006320-11
License Number

On Behalf of:

BOARDWALK REGENCY CORPORATION
Casino Licensee

Boardwalk Regency Corporation (Caesars Atlantic City)
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS
(Unaudited)
(All dollar amounts in thousands)

NOTE 1 – ORGANIZATION AND BASIS OF PRESENTATION

Boardwalk Regency Corporation (the “Company”), a New Jersey corporation, is a wholly owned subsidiary of Caesars New Jersey, Inc. (“CNJ”), a New Jersey corporation. The Company owns and operates the casino hotel resort in Atlantic City, New Jersey known as “Caesars Atlantic City”. CNJ is a wholly owned subsidiary of Caesars World, Inc. (“CWI”), a Florida corporation, and CWI is a wholly owned subsidiary of Caesars Entertainment Operating Company, Inc. (“CEOC”) (formerly Harrah’s Operating Company), a direct wholly owned subsidiary of Caesars Entertainment, Inc. (“Caesars”) (formerly Harrah’s Entertainment Inc.). 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 with the current license expiring June 2013.

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

Land, Buildings and Equipment – Land, buildings and equipment have been recorded at their estimated fair values and useful lives based on the application of purchase accounting at the date the Company was acquired. Additions to land, buildings and equipment are stated at cost.

The Company capitalizes the costs of improvements that extend the life of the asset and expenses maintenance and repair costs as incurred. Gains or losses on the dispositions of land, buildings or equipment are included in the determination of income.

Depreciation is provided using a straight-line method over the shorter of the estimated useful life of the asset or related lease term, as follows:

(All dollar amounts in thousands)

Land improvements	12 years
Buildings and improvements	5 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. When undiscounted expected future cash flows are less than the carrying value, an impairment loss is recognized equal to an amount by which the carrying value exceeds the fair value of the asset. The factors considered by the Company in performing this assessment include current operating results, trends and prospects, as well as the effect of obsolescence, demand, competition and other economic factors.

Intangible Assets Other Than Goodwill – Intangible assets other than goodwill represents the customer database with a gross carrying value of $106.2 million for the three months ended March 31, 2013 and 2012, with accumulated amortization of $45,725 and $36,875 for the three months ended March 31, 2013 and 2012, respectively. The customer database was determined to have a 12 year life based upon attrition rates and computations of incremental value derived from existing relationships.

Investment in Atlantic City Express Service, LLC "ACES" – In 2006, the Company entered into an agreement with Harrah's Atlantic City, an affiliate of the Company, and one other Atlantic City casino to form Atlantic City Express Service, LLC (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 investment is reflected in the accompanying consolidated financial statements using the equity method. ACES suspended services during the year ended December 31, 2011, and accordingly, the joint venture agreement terminated, which forced a liquidation of the joint venture's assets. During 2011, the company recorded a non-cash impairment charge to reduce the Company's carrying value of the investment to $2.8 million as shown on the accompanying balance sheets. During 2012, the Company received $2.8 million in liquidation of the Company's interest in ACES.

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.

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.

Total Rewards Program Liability — Caesars' customer loyalty program, Total Rewards, offers incentives to customers who gamble at the Company's property and certain affiliate casinos throughout the United States. Under the program, customers are able to accumulate, or bank, reward credits over time that they may redeem at their discretion under the terms of the program. The reward credit balance will be forfeited if the customer does not earn a reward credit over the prior six-month period. As a result of the ability of the customer to bank the reward credits, the Company accrues the expense of reward credits, after consideration of estimated forfeitures referred to as "breakage", as they are earned. The estimated cost to provide reward credits is expensed as the reward credits are earned and is included in casino expense in the accompanying consolidated 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 March 31, 2013 and 2012, $2,385 and $3,253 respectively, was accrued for the cost of anticipated Total reward credit redemptions. These amounts reside on Caesars' Balance Sheet and thus are included in the due from affiliates balance in the accompanying consolidated balance sheets of the company.

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, 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 consolidated statements of operations. At March 31, 2013 and 2012, the liability related to outstanding NNRR, which is based on historical redemption, was approximately $541 and $659, respectively.

Casino Promotional Allowances - Casino promotional allowances consist of the retail value of complimentary food and beverages, accommodations, admissions and entertainment provided to casino patrons. Also included is the value of the coupons redeemed for cash at the property. The estimated costs of providing such complimentary services are classified as casino expenses in the accompanying statements of income. These costs consisted of the following as of March 31, 2013 and 2012:

(All dollar amounts in thousands)

	2013	2012
Food & Beverage	$ 6,325	$ 7,244
Rooms	2,181	2,146
Other	519	751
Bus Program Cash	12	7
Promotional Gaming Credits	7,411	11,551
Other Cash Complimentaries	4,037	4,054
	$ 20,485	$ 25,753

Gaming Tax — The Company remits weekly to the State of New Jersey a tax equal to 8% of the gross gaming revenue, as defined. Gaming taxes paid to the State of New Jersey for the three months ended March 31, 2013 and 2012, which are included in casino expenses in the accompanying consolidated statements of income, were approximately $5,303 and $7,125, respectively.

In-House Progressive Liability - In March 2012, the DGE approved regulations 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.

City of Atlantic City Real Property Tax Appeals - In 2012, Caesars 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 Caesars properties were collectively reduced from approximately $1,699 million to $1,049 million for the 2012 tax year. Caesars did not give up any rights to appeal future tax years as part of the settlement including an appeal of the tax year 2012 which is pending. 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 $14 million in 2012.

Income Taxes - The Company is included in the consolidated federal tax return of Caesars and files a separate New Jersey tax return. The (benefit)/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 (GAAP) requires the Company to make estimates and assumptions that affect the reported amounts of assets and liabilities and disclosure of contingent assets and liabilities at the date of the financial statements and the reported amounts of revenues and expenses during the reporting period. Actual results may differ from these estimates.

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

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 of the Company to fund daily operations, including accounts payable and payroll, as well as capital expenditures. No interest is earned on the amount shown as due from affiliates in the accompanying financial statements.

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 Harrah's Atlantic City and Showboat Atlantic City, also affiliates of the Company. The Company was charged approximately $119 and $131 for these costs for the three months ended March 31, 2013 and 2012, respectively. The costs are included in other operating expenses in the accompanying statements of income.

(All dollar amounts in thousands)

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 $6,091 and $7,223 for these services for the three months ended March 31, 2013 and 2012, respectively. The fee is included in charges from affiliates in the accompanying statements of income.

NOTE 4 – RECEIVABLES AND PATRONS' CHECKS

Receivables and patrons' checks as of March 31 consist of the following:

	2013	2012
Casino Receivables (Net of Allowance for Doubtful Accounts - 2013, $12,051 & 2012, $11,926)	$ 11,995	$ 16,554
Other (Net of Allowance for Doubtful Accounts - 2013, $310 & 2012, $128)	5,675	5,393
	$ 17,670	$ 21,947

NOTE 5 –OTHER CURRENT ASSETS

Other Current Assets as of March 31 consist of the following:

	2013	2012
Tax Deferred Asset	$ 6,064	$ 6,649
Other	1,355	7,751
	$ 7,419	$ 14,400

(All dollar amounts in thousands)

NOTE 6 - INVESTMENTS, ADVANCES AND RECEIVABLES

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

	2013	2012
Due from Caesars	$ 549,739	$ 448,401
Casino Reinvestment Development Authority Obligation ("CRDA") (net of valuation reserves- 2013, $10,740 and 2012, $11,749)	20,661	19,553
Investment In ACES	-	2,490
	$ 570,400	$ 470,444

The amounts due from Caesars as of March 31 are unsecured and non-interest bearing.

NOTE 7 – PROPERTY AND EQUIPMENT

Property and Equipment as of March 31 consist of the following:

	2013	2012
Land	$ 182,580	$ 182,580
Buildings and Improvements	534,443	529,210
Furniture, Fixtures, and Equipment	139,312	124,284
Construction in Progress	350	6,855
	$ 856,685	$ 842,929
Less Accumulated Depreciation & Amortization	(203,943)	(166,152)
	$ 652,742	$ 676,777

NOTE 8 – OTHER ASSETS

Other assets as of March 31 consist of the following:

	2013	2012
Customer Database (less Accumulated Amortization of $45,725 in 2013 & $36,875 in 2012)	$ 60,475	$ 69,325
Other	40,116	41,399
	$ 100,591	$ 110,724

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

(All dollar amounts in thousands)

NOTE 9 - OTHER ACCRUED EXPENSES

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

	2013	2012
Accrued Payroll	$ 7,218	$ 7,730
Accrued Interest Payable	228,016	183,931
Other	8,844	11,075
	$ 244,078	$ 202,736

NOTE 10- LONG-TERM DEBT

Long-term debt, due to affiliates and other as of March 31, consists of the following:

	2013	2012
Due to Affiliates		
8.5% Note Payable to Caesars Entertainment, Ltd. ("CEL") due December 1, 2020	$ 518,330	$ 518,330
Due to Other		
Capitalized Leases	1,879	-
Less: Short Term Portion of Capitalized Leases	(810)	-
Long Term Portion of Capitalized Leases	1,069	-
Total Long Term Debt	$ 519,399	$ 518,330

On July 1, 2006, the note formerly held by CEFC was assigned to CEL. 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 March 31, 2013, accrued interest related to the intercompany note totaled $227,989. Since the note is due to an affiliate, a determination of fair value is not considered meaningful.

(All dollar amounts in thousands)

NOTE 11 – OTHER LIABILITIES

Other Liabilities as of March 31 consisted of the following:

	2013	2012
Due to Affiliates, Atlantic City Region	$ 174,807	$ 107,021
Due to Affiliates, Other	30,089	37,271
Deferred Tax Liability	38,412	36,157
Other	6	-
	$ 243,314	$ 180,449

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

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 $15 and $295 as of March 31, 2013 and 2012, 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.

(All dollar amounts in thousands)

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

	2013	2012
CRDA Bonds — net of amortized costs	$ 4,185	$ 4,070
Deposits — net of reserves of $8,492 and $9,584	16,476	15,483
Total	$ 20,661	$ 19,553

The Company records charges to operations to reflect the estimated net realizable value of its CRDA investment. Charges to operations were $1,013 and $851 for the three months ended March 31, 2013 and 2012, respectively, and is included in CRDA Expense, in the consolidated statements of operations.

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 three months ended March 31, 2013 and 2012 was $9 and $16, respectively, and is included in CRDA Expense in the consolidated statements of operations.

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 $2,812, 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 $90,000 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 was $10,657, equal to its fair-share of AC Industry casino revenues. The total commitment was being charged to operations on a straight-line basis beginning January 2009 through December 31, 2011.

All the Atlantic City casino properties (the "AC Industry") and the CRDA entered into an agreement with the Atlantic City Alliance (the "ACA") to provide funding to subsidize Atlantic City casino marketing. 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's obligation was $821 for the three months ended March 31, 2013. The Company's obligation for its portion of future payments is estimated at $12,843, equal to its fair-share of AC Industry casino revenues.