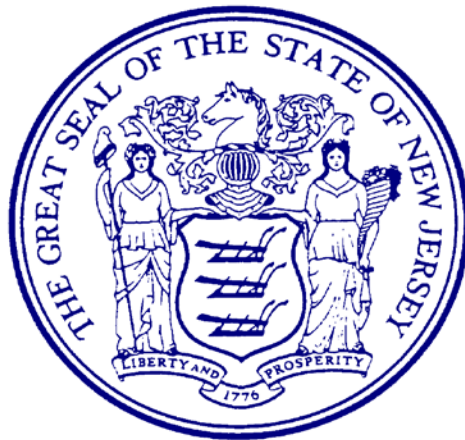


Bally's Park Place Inc. (Bally's Atlantic City)

QUARTERLY REPORT

FOR THE QUARTER ENDED SEPTEMBER 30, 2015

**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, 2015 AND 2014

(UNAUDITED)
(\$ IN THOUSANDS)

Line (a)	Description (b)	Notes	2015 (c)	2014 (d)
	<u>ASSETS:</u>			
	Current Assets:			
1	Cash and Cash Equivalents.....		\$14,020	\$11,288
2	Short-Term Investments.....		0	0
3	Receivables and Patrons' Checks (Net of Allowance for Doubtful Accounts - 2015, \$3,557; 2014, \$3,870).....	4	6,216	7,140
4	Inventories		938	1,422
5	Other Current Assets.....	5	7,168	5,488
6	Total Current Assets.....		28,342	25,338
7	Investments, Advances, and Receivables.....	6	13,777	23,308
8	Property and Equipment - Gross.....	2,7	67,095	57,149
9	Less: Accumulated Depreciation and Amortization.....	2,7	(13,239)	(9,113)
10	Property and Equipment - Net.....	7	53,856	48,036
11	Other Assets.....	8	81,577	99,125
12	Total Assets.....		\$177,552	\$195,807
	<u>LIABILITIES AND EQUITY:</u>			
	Current Liabilities:			
13	Accounts Payable.....		\$8,556	\$5,924
14	Notes Payable.....		0	0
	Current Portion of Long-Term Debt:			
15	Due to Affiliates.....			
16	External.....		1,032	3,582
17	Income Taxes Payable and Accrued.....		0	0
18	Other Accrued Expenses.....	9	362,339	344,185
19	Other Current Liabilities.....		1,821	1,913
20	Total Current Liabilities.....		373,748	355,604
	Long-Term Debt:			
21	Due to Affiliates.....	10	583,500	583,500
22	External.....	10	2,405	3,277
23	Deferred Credits		0	0
24	Other Liabilities.....	11	1,648	881
25	Commitments and Contingencies.....	12	0	0
26	Total Liabilities.....		961,301	943,262
27	Stockholders', Partners', or Proprietor's Equity.....		(783,749)	(747,455)
28	Total Liabilities and Equity.....		\$177,552	\$195,807

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, 2015 AND 2014

(UNAUDITED)
(\$ IN THOUSANDS)

Line (a)	Description (b)	Notes	2015 (c)	2014 (d)
	Revenue:			
1	Casino.....		\$161,106	\$170,516
2	Rooms.....		29,044	27,282
3	Food and Beverage.....		34,520	35,813
4	Other.....		8,349	7,995
5	Total Revenue.....		233,019	241,606
6	Less: Promotional Allowances.....		56,629	65,271
7	Net Revenue.....		176,390	176,335
	Costs and Expenses:			
8	Casino.....		77,620	86,153
9	Rooms, Food and Beverage.....		16,296	16,599
10	General, Administrative and Other.....		45,606	54,260
11	Total Costs and Expenses.....		139,522	157,012
12	Gross Operating Profit.....		36,868	19,323
13	Depreciation and Amortization.....	2	3,345	6,787
	Charges from Affiliates Other than Interest:			
14	Management Fees.....		0	0
15	Other.....	3	16,739	22,133
16	Income (Loss) from Operations.....		16,784	(9,597)
	Other Income (Expenses):			
17	Interest Expense - Affiliates.....	10	(1,867)	(37,198)
18	Interest Expense - External.....	10	(170)	(139)
19	CRDA Related Income (Expense) - Net.....	12	(3,131)	(240)
20	Nonoperating Income (Expense) - Net.....		18	(15,283)
21	Total Other Income (Expenses).....		(5,150)	(52,860)
22	Income (Loss) Before Taxes and Extraordinary Items.....		11,634	(62,457)
23	Provision (Credit) for Income Taxes.....	2	4	(45,672)
24	Income (Loss) Before Extraordinary Items.....		11,630	(16,785)
25	Extraordinary Items (Net of Income Taxes - 2014, \$0; 2013, \$0).....		0	0
26	Net Income (Loss).....		\$11,630	(\$16,785)

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

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

STATEMENTS OF INCOME

FOR THE THREE MONTHS ENDED SEPTEMBER 30, 2015 AND 2014

(UNAUDITED)
(\$ IN THOUSANDS)

Line (a)	Description (b)	Notes	2015 (c)	2014 (d)
	Revenue:			
1	Casino.....		\$64,200	\$67,176
2	Rooms.....		11,055	10,089
3	Food and Beverage.....		14,580	15,154
4	Other.....		3,381	3,407
5	Total Revenue.....		93,216	95,826
6	Less: Promotional Allowances.....		22,465	25,813
7	Net Revenue.....		70,751	70,013
	Costs and Expenses:			
8	Casino.....		27,656	31,101
9	Rooms, Food and Beverage.....		6,681	7,329
10	General, Administrative and Other.....		15,242	19,102
11	Total Costs and Expenses.....		49,579	57,532
12	Gross Operating Profit.....		21,172	12,481
13	Depreciation and Amortization.....	2	1,154	(66)
	Charges from Affiliates Other than Interest:			
14	Management Fees.....		0	0
15	Other.....	3	5,583	7,992
16	Income (Loss) from Operations.....		14,435	4,555
	Other Income (Expenses):			
17	Interest Expense - Affiliates.....	10	0	(12,399)
18	Interest Expense - External.....	10	(46)	(60)
19	CRDA Related Income (Expense) - Net.....	12	(2,146)	38
20	Nonoperating Income (Expense) - Net.....		(328)	368
21	Total Other Income (Expenses).....		(2,520)	(12,053)
22	Income (Loss) Before Taxes and Extraordinary Items.....		11,915	(7,498)
23	Provision (Credit) for Income Taxes.....	2	1	(2,510)
24	Income (Loss) Before Extraordinary Items.....		11,914	(4,988)
25	Extraordinary Items (Net of Income Taxes - 2014, \$0; 2013, \$0).....		0	0
26	Net Income (Loss).....		\$11,914	(\$4,988)

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, 2014 AND THE NINE MONTHS ENDED SEPTEMBER 30, 2015

(UNAUDITED)
(\$ IN THOUSANDS)

Line (a)	Description (b)	Notes	Common Stock		Preferred Stock		Additional Paid-In Capital (g)	(h)	Retained Earnings (Accumulated Deficit) (i)	Total Stockholders' Equity (Deficit) (j)
			Shares (c)	Amount (d)	Shares (e)	Amount (f)				
1	Balance, December 31, 2013.....		100	\$1			(\$2,446)		(\$698,511)	(\$700,956)
2	Net Income (Loss) - 2013.....							(15,203)		(15,203)
3	Contribution to Paid-in-Capital....									0
4	Dividends.....									0
5	Prior Period Adjustments.....									0
6	Equitization of Intercompany						(60,909)			(60,909)
7	.....									0
8	.....									0
9	.....									0
10	Balance, December 31, 2014.....		100	1	0	0	(63,355)	0	(713,714)	(777,068)
11	Net Income (Loss) - 2014.....							11,630		11,630
12	Contribution to Paid-in-Capital....									0
13	Dividends.....									0
14	Prior Period Adjustments.....									0
15	Equitization of Intercompany							(18,311)		(18,311)
16	.....									0
17	.....									0
18	.....									0
19	Balance, September 30, 2015		100	\$1	0	\$0	(\$63,355)	(\$18,311)	(\$702,084)	(\$783,749)

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, 2015 AND 2014
(UNAUDITED)
(\$ IN THOUSANDS)

Line (a)	Description (b)	Notes	2015 (c)	2014 (d)
1	CASH PROVIDED (USED) BY OPERATING ACTIVITIES..		\$28,484	\$870
	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.....		(7,574)	(13,754)
5	Proceeds from Disposition of Property and Equipment.....		16	12,320
6	CRDA Obligations		(812)	(692)
7	Other Investments, Loans and Advances made.....			
8	Proceeds from Other Investments, Loans, and Advances		5,792	
9	Cash Outflows to Acquire Business Entities.....		0	0
10	.....		
11	.....		
12	Net Cash Provided (Used) By Investing Activities.....		(2,578)	(2,126)
	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		(26,213)	(4,479)
22	.....		
23	Net Cash Provided (Used) By Financing Activities.....		(26,213)	(4,479)
24	Net Increase (Decrease) in Cash and Cash Equivalents.....		(307)	(5,735)
25	Cash and Cash Equivalents at Beginning of Period.....		14,327	17,023
26	Cash and Cash Equivalents at End of Period.....		\$14,020	\$11,288
	CASH PAID DURING PERIOD FOR:			
27	Interest (Net of Amount Capitalized).....		\$0	\$139
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, 2015 AND 2014

(UNAUDITED)

(\$ IN THOUSANDS)

Line (a)	Description (b)	Notes	2015 (c)	2014 (d)
	CASH FLOWS FROM OPERATING ACTIVITIES:			
29	Net Income (Loss).....		\$11,630	(\$16,785)
30	Depreciation and Amortization of Property and Equipment.....		3,345	6,787
31	Amortization of Other Assets.....		0	0
32	Amortization of Debt Discount or Premium.....		0	0
33	Deferred Income Taxes - Current		437	320
34	Deferred Income Taxes - Noncurrent		0	0
35	(Gain) Loss on Disposition of Property and Equipment.....		175	(84)
36	(Gain) Loss on CRDA-Related Obligations.....		3,131	240
37	(Gain) Loss from Other Investment Activities.....		0	0
38	(Increase) Decrease in Receivables and Patrons' Checks		589	1,453
39	(Increase) Decrease in Inventories		177	(108)
40	(Increase) Decrease in Other Current Assets.....		(3,684)	1,878
41	(Increase) Decrease in Other Assets.....		736	20,804
42	Increase (Decrease) in Accounts Payable.....		4,526	(4,743)
43	Increase (Decrease) in Other Current Liabilities		6,583	36,164
44	Increase (Decrease) in Other Liabilities		839	(45,056)
45	Impairment of Assets		0	0
46	.....		
47	Net Cash Provided (Used) By Operating Activities.....		\$28,484	\$870

SUPPLEMENTAL DISCLOSURE OF CASH FLOW INFORMATION

	ACQUISITION OF PROPERTY AND EQUIPMENT:			
48	Additions to Property and Equipment.....		(\$7,574)	(\$14,287)
49	Less: Capital Lease Obligations Incurred.....		0	533
50	Cash Outflows for Property and Equipment.....		(\$7,574)	(\$13,754)
	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.

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

FOR THE NINE MONTHS ENDED SEPTEMBER 30, 2015
(UNAUDITED)
(\$ IN THOUSANDS)

Line (a)	Description (b)	Promotional Allowances		Promotional Expenses	
		Number of Recipients (c)	Dollar Amount (d)	Number of Recipients (e)	Dollar Amount (f)
1	Rooms	372,726	\$13,993	0	\$0
2	Food	370,961	8,356	0	0
3	Beverage	4,738,767	9,478	0	0
4	Travel	0	0	2,391	553
5	Bus Program Cash	6,841	137	0	0
6	Promotional Gaming Credits	300,175	20,425	0	0
7	Complimentary Cash Gifts	28,339	2,902	0	0
8	Entertainment	0	0	3,104	397
9	Retail & Non-Cash Gifts	37,281	857	0	0
10	Parking	0	0	0	0
11	Other	96,083	481	0	0
12	Total	5,951,173	\$56,629	5,495	\$950

FOR THE THREE MONTHS ENDED SEPTEMBER 30, 2015

Line (a)	Description (b)	Promotional Allowances		Promotional Expenses	
		Number of Recipients (c)	Dollar Amount (d)	Number of Recipients (e)	Dollar Amount (f)
1	Rooms	143,330	\$5,040	0	\$0
2	Food	171,078	3,511	0	0
3	Beverage	1,953,410	3,907	0	0
4	Travel	0	0	600	136
5	Bus Program Cash	2,477	50	0	0
6	Promotional Gaming Credits	100,059	8,208	0	0
7	Complimentary Cash Gifts	10,930	1,164	0	0
8	Entertainment	0	0	600	152
9	Retail & Non-Cash Gifts	14,158	325	0	0
10	Parking	0	0	0	0
11	Other	51,920	260	0	0
12	Total	2,447,362	\$22,465	1,200	\$288

*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, 2015

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.

11/15/2015

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)

Amended 3/22/2016

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.

Long-Lived Assets - The Companies have significant capital invested in long-lived assets, and judgments are made in determining the estimated useful lives of assets and salvage values and if or when an asset (or asset group) has been impaired. The accuracy of these estimates affects the amount of depreciation and amortization expense recognized in the Companies' financial results and whether the Companies have a gain or loss on the disposal of an asset. The Companies assign lives to their assets based on their standard policy, which is established by management as representative of the useful life of each category of asset.

The Companies review the carrying value of their long-lived assets 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. The Companies typically estimate their fair value of assets starting with a "Replacement Cost New" approach and then deducting appropriate amounts for both functional and economic obsolescence to arrive at fair value estimates. Other factors considered by management in performing this assessment may include current operating results, trends, prospects, and third-party appraisals, as well as the effect of demand, competition, and other economic, legal, and regulatory factors. In estimating expected future cash flows for determining whether an asset is impaired, assets are grouped at the lowest level of identifiable cash flows, which, for the Companies, is the individual property. These analyses are sensitive to management assumptions and the estimates of the obsolescence factors, and changes in the assumptions and estimates, could have a material impact on the analysis and the supplemental consolidated financial statements schedules.

Additions to property and equipment are stated at cost. The Companies capitalize the costs of improvements that extend the life of the asset. The Companies expense maintenance and repair costs as incurred. Gains or losses on the disposition of property and equipment are recognized in the period of disposal. Interest expense is capitalized on internally constructed assets at the applicable weighted-average borrowing rates of interest. Capitalization of interest ceases when the project is substantially complete or construction activity is suspended for more than a brief period of time.

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

Useful Lives

Land improvements	12 years
Buildings	30 to 40 years
Leasehold improvements	5 to 15 years
Furniture, fixtures, and equipment	2.5 to 20 years

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

Amended 3/22/2016

Acquisition

In December 2013, Caesars agreed to acquire the non-gaming assets, including physical property, of New Jersey's Atlantic Club Casino and Hotel in a bankruptcy auction. In December 2013, Caesars paid \$4,000 into an escrow account, included in prepayments and other current assets of the accompanying supplemental consolidating balance sheet schedule for Bally's Atlantic City, pursuant to the agreement to acquire the assets. Subsequent to December 2013, Caesars formed BPP Providence Acquisition Company, LLC, a wholly owned subsidiary of Bally's Atlantic City, in order to hold the acquired assets. In January 2014, Caesars paid \$10,900 to close the acquisition and later sold the Atlantic Club to TJM Properties, LLC in May 2014.

Dispositions

In October 2013, Caesars agreed to sell The Claridge Tower (the "Claridge") to TJM Properties, LLC in exchange for cash consideration of \$12,500. The Claridge is a hotel facility, owned by and adjacent to Bally's Atlantic City. Prior to the sale, Bally's Atlantic City recognized an impairment of \$25,330 reflected in tangible and intangible asset impairments of Bally's Atlantic City's accompanying supplemental consolidating balance sheet schedule. In February 2014, the sale closed at which Caesars received \$13,300, inclusive of property tax overpayments of \$800 and net of customary closing costs.

Investments in Subsidiaries - The Company had an investment in Atlantic City Country Club 1, LLC ("ACCC") a wholly owned subsidiary of the Company. It is reflected in the accompanying financial statements using the equity method. In April 2014, Caesars sold the ACCC.

Impairment of Intangible Assets - Fair value is defined as the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants in the principle market or, if none exists, the most advantageous market, for the specific asset or liability at the measurement date (referred to as the "exit price"). 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, including consideration of nonperformance risk.

We assess the inputs used to measure fair value using the three-tier hierarchy promulgated under GAAP. This hierarchy indicates the extent to which inputs used in measuring fair value are observable in the market.

Level 1: Inputs include quoted prices in active markets for identical assets or liabilities that are accessible at the measurement date.;

Level 2: Inputs other than quoted prices included in Level 1 that are observable either directly or indirectly, including quoted prices for similar assets in active markets, quoted prices from identical or similar assets in inactive markets, and observable inputs such as interest rates and yield curves.; and

Level 3: Inputs that are significant to the measurement of fair value that are not observable in the market and include management's judgments about assumptions market participants would use in pricing the asset or liability (including assumptions about risk).

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

Amended 3/22/2016

Our assessment of goodwill and other intangible assets for impairment includes an assessment using various Level 2 (EBITDA multiples and discount rate) and Level 3 (forecasted cash flows) inputs.

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. Sales taxes and other taxes collected from customers on behalf of governmental authorities are accounted for on a net basis and are not included in net revenues or operating expenses.

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:

	<u>2015</u>	<u>2014</u>
Rooms	\$6,843	\$7,483
Food and Beverage	13,018	16,230
Other	799	823
Bus Program Cash	137	27
Promotional Gaming Credits	20,425	27,328
Other Cash Complimentaries	<u>2,902</u>	<u>2,833</u>
	<u>\$44,124</u>	<u>\$54,724</u>

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

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

Amended 3/22/2016

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, 2015 and 2014, the accrued balance for the estimated cost of Total Rewards credit redemptions was \$1,867 and \$2,377, 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, 2015 and 2014, the liability related to the outstanding NNRR points, which is based on historical redemption activity, was approximately \$499 and \$624, respectively.

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, 2015 and 2014, which are included in cost of sales in the accompanying statements of income, were approximately \$13,025 and \$13,830, respectively.

City of Atlantic City Real Property Tax Appeals - Property Tax – In 2015 and 2014, the Company settled with the City with respect to their challenges to the real estate tax assessment for prior years. The City approved refunds/credits of prior year's property taxes of 2015 and 2014 in the amount of \$2,088 and \$1,171 respectively. These credits were recorded in general, administrative and other expense in the accompanying Statements of Income. In addition, the 2015 and 2014 assessments were reduced by approximately \$62 million and \$230 million, respectively. During 2015 and 2014, the city increased the property tax rate by approximately 2% and 32% 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 financial statements in conformity with generally accepted accounting principles (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.

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

Amended 3/22/2016

Internet Gaming - Caesars Interactive Entertainment New Jersey, LLC as the affiliate of Bally's Park Place, Inc. was issued an internet gaming permit on November 20, 2013 to conduct real money online gaming in the State of New Jersey. All real money online gaming is reported in the financial statements of Caesars Interactive Entertainment New Jersey, LLC. Effective November 20, 2014 the Company does not have an internet gaming permit.

Seasonal factors - The Company's operations are subject to seasonal factors and, therefore, the results of operations of the nine months ended September 30 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 its respective parent on a daily basis. Cash transfers from the Company's parent is also made based upon the needs of the Company to fund daily operations, including accounts payable, payroll, and capital expenditures. No interest is charged on transfers made to or from the Company."

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 \$16,739 and \$22,133 for the nine months ended September 30, 2015 and 2014, 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.

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

Amended 3/22/2016

Atlantic City Country Club 1, LLC. - Atlantic City Country Club 1, LLC (ACCC) was a wholly owned subsidiary of the Company. The net operating costs of ACCC were allocated to the Company as well as Caesars Atlantic City, Showboat Atlantic City and Harrah's Atlantic City, affiliates of the Company. In 2014, the Company was charged approximately \$190 for these services. The costs are included in other operating expenses in the accompanying statements of income. In April 2014, the Company sold the ACCC.

NOTE 4 – RECEIVABLES AND PATRONS' CHECKS

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

	<u>2015</u>	<u>2014</u>
Casino Receivable (Net of allowance for doubtful accounts \$3,487 in 2015 and \$3,784 in 2014)	\$3,024	\$3,719
Other (Net of allowance for doubtful accounts of \$70 in 2015 and \$86 in 2014)	2,828	3,067
Current Portion of Notes Receivable	364	354
	<u>\$6,216</u>	<u>\$7,140</u>

NOTE 5- OTHER CURRENT ASSETS

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

	<u>2015</u>	<u>2014</u>
Tax Deferred Asset	\$2,979	\$2,184
Prepaid Real Estate Taxes	0	0
Prepaid Gaming License Fees	0	0
Refundable Deposits	0	0
Other	4,189	3,304
	<u>\$7,168</u>	<u>\$5,488</u>

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

Amended 3/22/2016

NOTE 6 - INVESTMENTS, ADVANCES AND RECEIVABLES

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

	<u>2015</u>	<u>2014</u>
Investment in wholly owned subsidiaries(see Note 2)	0	0
Atlantic City Country Club 1, LLC		
Casino Reinvestment Development Authority Investment obligations (net of valuation reserves of \$14,239 in 2015 and \$13,824 in 2014)	12,686	21,977
Other	1,091	1,331
	<u>\$13,777</u>	<u>\$23,308</u>

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

NOTE 7- LAND, BUILDING AND EQUIPMENT

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

	<u>2015</u>	<u>2014</u>
Land	\$27,808	\$27,869
Buildings and Improvements	14,024	14,628
Furniture, Fixtures and Equipment	17,064	8,635
Construction in progress	8,199	6,017
	<u>\$67,095</u>	<u>\$57,149</u>
Less accumulated depreciation	<u>(13,239)</u>	<u>(9,113)</u>
	<u>\$53,856</u>	<u>\$48,036</u>

NOTE 8- OTHER ASSETS

Other assets as of September 30 consist of the following:

	<u>2015</u>	<u>2014</u>
Notes Receivable-Net of current portion	8,615	8,979
Tax Deferred Asset	72,467	89,641
Other	495	505
	<u>\$81,577</u>	<u>\$99,125</u>

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

Amended 3/22/2016

NOTE 9- OTHER ACCRUED EXPENSES

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

	<u>2015</u>	<u>2014</u>
Accrued Interest	\$348,292	\$329,893
Accrued Payroll	5,277	6,704
Other	8,770	7,588
	<u>\$362,339</u>	<u>\$344,185</u>

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:

	<u>2015</u>	<u>2014</u>
8.5% Note payable to Harrah's Entertainment Ltd. ("HEL") due January 1, 2019	\$500,000	\$500,000
8.5% Note Payable To HEL due May 31, 2021	33,500	33,500
8.5% Note Payable To HEL due May 31, 2021	50,000	50,000
	<u>\$583,500</u>	<u>\$583,500</u>
Long-term debt-other:	<u>\$2,405</u>	<u>\$3,277</u>

On July 1, 2006, the three 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, 2015 and 2014, accrued interest related to the three inter-company notes totaled \$348,292 and \$329,893 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.

Due to the bankruptcy, the long term debt, accrued interest and capital leases are considered liabilities subject to compromise (LSTC).

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

Amended 3/22/2016

NOTE 11 - OTHER LIABILITIES

As of September 30, Other Liabilities were as follows:

	<u>2015</u>	<u>2014</u>
Retirement and Other Employee benefit Plans	\$1,309	\$319
Deferred Tax Liability	339	562
	\$1,648	\$881

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 \$500 as of September 30, 2015 and 2014. Actual results may differ from these reserve amounts. Due to the bankruptcy, the insurance reserve is considered LSTC.

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. During 2014, the Company entered into a donation credit agreement, whereby a portion of the Company's CRDA deposits were permitted to be used for non-gaming related projects.

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

	<u>2015</u>	<u>2014</u>
CRDA Bonds - net of amortized costs	\$9,749	\$11,366
Deposit - net of reserve	2,032	9,261
Direct Investments - net of reserves	905	1,350
	\$12,686	\$21,977

The Company records charges to operations to reflect the estimated net realizable value of its CRDA investment. Charges to operations were \$3,131 and \$240 for the nine months ended September 30, 2015 and 2014, respectively, and is included in CRDA (income) expense, in the statements of income.

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

Amended 3/22/2016

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 nine months ended September 30, 2015 and 2014 was \$51 and \$93, 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 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 expense for the nine months ending September 30, 2015 was \$2,087. The Company's obligation for its portion of future payments is estimated at \$5,489 equal to its fair-share of AC Industry casino revenues.

Atlantic City Conference Center - In June 2013, Caesars established, AC Conference NewCo, LLC ("NewCo") to construct and operate a new conference center (the "Project") adjacent to Harrah's Atlantic City. NewCo is a direct wholly owned subsidiary of AC Conference HoldCo, LLC, which is a direct wholly owned subsidiary of Caesars.

Also in June 2013, Caesars signed an agreement with the CRDA regarding a grant for financial assistance in the amount of \$45,000 (the "Project Grant") wherein the CRDA will provide Caesars cash to help fund the construction of the Project. Under the Project Grant, Caesars is obligated to contribute to the CRDA the following:

- \$46,200 of Atlantic City Economic Development Investment Alternative Tax Obligation balances ("Existing Credits"), of which \$1,200 represents a 2.75% administrative fee,
- \$9,500 of CRDA Credits that the CRDA will use towards the construction of the CRDA's marketplace-style retail development project (the "Donation Credits"), and
- Land parcels with an appraised value of \$7,300 on which the CRDA's Marketplace Project will be developed (the Marketplace Parcels).

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

Amended 3/22/2016

The gross value of the credits and land parcels described above held by the Companies immediately prior to the transaction were as follows:

Existing Credits

Harrah's Atlantic City Holding, Inc. and Subsidiaries	\$ 23,400
Bally's Park Place, Inc.	10,600
Boardwalk Regency Corporation	7,000
Ocean Showboat, Inc. and Subsidiaries	5,200
	<u>\$ 46,200</u>

Donation Credits

Ocean Showboat, Inc. and Subsidiaries	<u>\$ 9,500</u>
---------------------------------------	-----------------

Marketplace Parcels

Bally's Park Place, Inc.	\$ 4,600
Boardwalk Regency Corporation	2,700
	<u>\$ 7,300</u>

In return for the above, the CRDA will deposit \$45,000 into a Project Fund from which Caesars can draw on a pari-passu basis via reimbursements to NewCo based on amounts paid for the Project by NewCo. To date, Caesars has received \$36,887 in reimbursements from the Project Fund.

Subsequent Events - We have evaluated all events or transactions that occurred after September 30, 2015. During this period we did not identify any subsequent events, the effects of which would require disclosure or adjustments to our financial results.