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QUARTERLY REPORT

FOR THE QUARTER AND YEAR ENDED DECEMBER 31, 1996

LICENSEE Bally's Park Place, Inc., New Jersey
 ADDRESS Park Place and the Boardwalk
Atlantic City, NJ 08401

FORM NO
 CCC-305
 CCC-310
 CCC-315
 CCC-320
 CCC-325
 CCC-335
 CCC-345
 CCC-348
 CCC-301

FOR THE QUARTER AND YEAR ENDED DECEMBER 31, 1996

TO THE
 CASINO CONTROL COMMISSION
 OF THE
 STATE OF NEW JERSEY

NAME OF OFFICER IN CHARGE
 OF CORRESPONDENCE REGARDING
 THIS QUARTERLY REPORT

Vicki Lynn Guveiyian

OFFICIAL TITLE

Assistant Vice President/Controller

ADDRESS

Park Place and the Boardwalk

Atlantic City, NJ 08401

TRADING NAME OF LICENSEE: BALLY'S PARK PLACE, A HILTON CASINO RESORT

LIST OF FORMS - QUARTERLY REPORT

FOR THE QUARTER AND YEAR ENDED DECEMBER 31, 1996

(\$ IN THOUSANDS)

TITLE	FORM NO.
Balance Sheets	CCC-305
Statements of Income (Twelve Months)	CCC-310
Statements of Income (Three Months)	CCC-315
Statements of Changes in Stockholder's Equity	CCC-320
Statements of Changes in Partners' or Proprietor's Equity	CCC-325
Statements of Cash Flows	CCC-335
Schedule of Promotional Expenses and Allowances	CCC-345
Notes to Financial Statements	---
Statement of Conformity, Accuracy, and Compliance	CCC-349
8/95	CCC-301

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

TRADING NAME OF LICENSEE: BALLY'S PARK PLACE, A HILTON CASINO RESORT

BALANCE SHEETS

DECEMBER 31, 1996 AND 1995

(UNAUDITED)
(\$ IN THOUSANDS)

LINE (a)	DESCRIPTION (b)	1996 (c)	1995 (d)
ASSETS			
Current Assets:			
1	Cash and Cash Equivalents	\$ 21,586	\$ 31,499
2	Short - Term Investments	—	—
3	Receivables and patrons' checks (net of allowances for doubtful accounts - 1996 \$1,865; 1995 \$1,490)	8,262	6,397
4	Inventories	2,066	2,129
5	Prepaid expenses and other current assets NOTE 2....	41,734	9,986
6	Total current assets	73,648	50,011
7	Investments, Advances, and Receivables NOTE 9....	41,168	37,827
8	Property and Equipment - Gross NOTE 3....	820,458	783,125
9	Less: Accumulated Depreciation/Amortization NOTE 3....	(359,257)	(335,787)
10	Other Assets	12,380	19,722
11	Total Assets	\$ 588,397	\$ 554,898
LIABILITIES AND EQUITY			
Current Liabilities:			
12	Accounts payable and payable to affiliate NOTE 1....	\$ 71,762	\$ 7,502
13	Notes payable	—	—
Current portion of long-term debt:			
14	Due to affiliates	—	—
15	Other	51	49
16	Income taxes payable and accrued	0	5,929
17	Other accrued expenses NOTE 10....	34,284	37,189
18	Other current liabilities	2,093	3,918
19	Total current liabilities	108,190	54,587
Long Term Debt:			
20	Due to affiliates NOTE 4....	425,000	425,000
21	Other NOTE 4....	2,468	2,554
22	Deferred Credits NOTE 5....	42,398	41,912
23	Other Liabilities NOTE 6....	13,870	9,671
24	Commitments And Contingencies NOTE 11....	—	—
25	Total Liabilities	591,926	533,724
26	Stockholders', Partners', or Proprietors' Equity	(3,529)	21,174
27	Total Liabilities and Equity	\$ 588,397	\$ 554,898

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

TRADING NAME OF LICENSEE: BALLY'S PARK PLACE, A HILTON CASINO RESORT

STATEMENTS OF INCOME

FOR THE YEAR ENDED DECEMBER 31, 1996 AND 1995

(UNAUDITED)
(\$ IN THOUSANDS)

LINE (A)	DESCRIPTION (b)	1996 (c)	1995 (d)
	REVENUE:		
1	Casino	\$ 350,569	\$ 356,672
2	Rooms	37,603	38,982
3	Food and Beverage	47,513	45,076
4	Other	13,328	10,347
5	Total Revenue	449,013	451,077
6	Less: Promotional allowances	46,490	42,168
7	Net Revenue	402,523	408,909
	COSTS AND EXPENSES:		
8	Costs of Goods and Services	201,597	202,024
9	Selling, General, and Administrative	82,579	60,258
10	Provision for Doubtful Accounts	1,028	1,365
11	Total costs and expenses	285,204	263,647
12	Gross Operating Profit	117,319	145,262
13	Depreciation and amortization	29,883	30,022
	Charges from affiliates other than interest:		
14	Management fees	—	—
15	Other	NOTE 1.....	
		4,625	4,967
16	Income (Loss) from Operations	82,811	110,273
	Other Income (Expenses):		
17	Interest (expense) - affiliates	NOTE 7.....	
		(37,902)	(39,244)
18	Interest (expense) - external	NOTE 7.....	
		(755)	(697)
19	Investment alternative tax and related income (expense) - net ..	NOTE 11....	
		2,984	(1,684)
20	Non-operating income (expense) - net	NOTE 12....	
		3,532	3,012
21	Total other income (expenses)		
		(32,141)	(38,613)
22	Income (Loss) Before Income Taxes and Extraordinary Items	50,670	71,660
23	Provision (credit) for income taxes	NOTE 8.....	
		20,699	31,197
24	Income (Loss) Before Extraordinary Items	29,971	40,463
25	Extraordinary items (net of income taxes)	(32,182)	—
	Cumulative effect on prior years of change in accounting for income taxes	—	—
26	Net Income (Loss)	\$ (2,211)	\$ 40,463

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

TRADING NAME OF LICENSEE: BALLY'S PARK PLACE, A HILTON CASINO RESORT

STATEMENTS OF INCOME

FOR THE THREE MONTHS ENDED DECEMBER 31, 1996 AND 1995

(UNAUDITED)
(\$ IN THOUSANDS)

LINE (A)	DESCRIPTION (b)	1996 (c)	1995 (d)
	REVENUE:		
1	Casino	\$ 79,344	\$ 83,483
2	Rooms	8,454	9,248
3	Food and Beverage	11,432	11,276
4	Other	3,158	2,904
5	Total Revenue	102,388	106,911
6	Less: Promotional allowances	11,227	10,876
7	Net Revenue	91,161	96,035
	COSTS AND EXPENSES:		
8	Costs of Goods and Services	51,175	48,848
9	Selling, General, and Administrative	36,478	17,099
10	Provision for Doubtful Accounts	575	356
11	Total costs and expenses	88,228	66,303
12	Gross Operating Profit	2,933	29,732
13	Depreciation and amortization	7,381	7,495
	Charges from affiliates other than interest:		
14	Management fees	—	—
15	Other	NOTE 1	
16	Income (Loss) from Operations	1,251	1,262
	Other Income (Expenses):	(5,699)	20,975
17	Interest (expense) - affiliates	NOTE 7	
18	Interest (expense) - external	NOTE 7	
19	Investment alternative tax and related income (expense) - net	NOTE 11	
20	Non-operating income (expense) - net	NOTE 12	
21	Total other income (expenses)	(8,246)	(9,377)
22	Income (Loss) Before Income Taxes and Extraordinary Items	(13,945)	11,598
23	Provision (credit) for income taxes	NOTE 8	
24	Income (Loss) Before Extraordinary Items	(5,114)	5,421
25	Extraordinary items (net of income taxes)	(8,831)	6,177
	Cumulative effect on prior years of change in accounting for income taxes	(32,182)	—
26	Net Income (Loss)	\$ (41,013)	\$ 6,177

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

TRADING NAME OF LICENSEE: BALLY'S PARK PLACE, A HILTON CASINO RESORT

STATEMENTS OF CHANGES IN STOCKHOLDER'S EQUITY

FOR THE TWELVE MONTHS ENDED DECEMBER 31, 1995 AND 1996

(UNAUDITED)

(\$ IN THOUSANDS)

Line (a)	Description (b)	Common Stock		Preferred Stock		Additional Paid - In Capital (g)	----- ----- ----- (h)	Retained Earnings (Accumulated) (Deficit) (i)	Total Stockholder's Equity (Deficit) (j)
		Shares (c)	Amount (d)	Shares (e)	Amount (f)				
1	Balance, December 31, 1994	100	\$ 1			\$ 24,910		\$ 0	\$ 24,911
2	Net Income (Loss) - 1995							40,463	40,463
3	Contribution to Paid - In Capital								
4	Dividends					(3,737)		(40,463)	(44,200)
5	Prior Period Adjustments								
6									
7									
8									
9									
10	Balance, December 31, 1995	100	1			21,173		0	21,174
11	Net Income (Loss) - 1996							(2,211)	(2,211)
12	Contribution to Paid - In Capital								
13	Dividends							(22,492)	(22,492)
14	Prior Period Adjustments								
15									
16									
17									
18									
19	Balance, December 31, 1996	100	\$ 1			\$ 21,173		\$ (24,703)	\$ (3,529)

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

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

TRADING NAME OF LICENSEE: BALLY'S PARK PLACE, A HILTON CASINO RESORT

STATEMENTS OF CASH FLOWS

Page 1 of 2

FOR THE TWELVE MONTHS ENDED DECEMBER 31, 1996 AND 1995

(UNAUDITED)
(\$ IN THOUSANDS)

LINE (a)	Description (b)	1996 (c)	1995 (d)
1	Net Cash Provided (Used) By Operating Activities	\$ 98,720	\$ 77,260
	Cash Flows From Investing Activities:		
2	Purchase of short-term investment securities	—	—
3	Proceeds from the sale of short-term investment securities	—	—
4	Purchase outflows for property and equipment	(41,962)	(11,748)
5	Proceeds from disposition of property and equipment	—	—
6	Purchase of casino reinvestment obligations	(965)	(3,924)
7	Purchase of other investments and loans/advances made	—	—
8	Proceeds from disposal of investments and collection of advances and long-term receivables	123	84
9	Cash outflows to acquire business entities	—	—
10	Payment to affiliate for CRDA credits	—	—
11	Net book value of disposals	270	172
12	Net Cash Provided (Used) By Investing Activities	(42,534)	(15,416)
	Cash Flows From Financing Activities:		
13	Cash proceeds from issuance of short-term debt	—	—
14	Payments to settle short-term debt	—	—
15	Cash proceeds from issuance of long-term debt	433,000	8,000
16	Costs of issuing debt	(43,523)	—
17	Payments to settle long-term debt	(433,084)	(8,085)
18	Cash proceeds from issuing stock or capital contributions	—	—
19	Purchases of treasury stock	—	—
20	Payments of dividends or capital withdrawals	(22,492)	(44,200)
21	Advance (to) from Bally and affiliates	—	—
22	.....	—	—
23	Net Cash Provided (Used) By Financing Activities	(66,099)	(44,285)
24	Net Increase (Decrease) In Cash And Cash Equivalents	(9,913)	17,559
25	Cash And Cash Equivalents At Beginning Of Period	31,499	13,940
26	Cash And Cash Equivalents At End Of Period	\$ 21,586	\$ 31,499

SUPPLEMENTAL DISCLOSURE OF CASH FLOW INFORMATION

Cash Paid During Period For:			
27	Interest (net of amount capitalized)	\$ 40,179	\$ 40,033
28	Income taxes	\$ 30,281	\$ 20,290

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

TRADING NAME OF LICENSEE: BALLY'S PARK PLACE, A HILTON CASINO RESORT
 STATEMENTS OF CASH FLOWS
 FOR THE TWELVE MONTHS ENDED DECEMBER 31, 1996 AND 1995
 (UNAUDITED)
 (\$ IN THOUSANDS)

LINE (a)	Description (b)	1996 (c)	1995 (d)
Net Cash Flows From Operating Activities:			
29	Net income (loss)	\$ (2,211)	\$ 40,463
	Noncash items included in income and cash items excluded from income:		
30	Depreciation and amortization of property and equipment	27,829	27,847
31	Amortization of other assets	1,556	1,752
32	Amortization of Debt Discount or Premium	—	—
33	Deferred Income taxes - current	(219)	(1,683)
34	Deferred income taxes - noncurrent	4,932	606
35	(Gain) loss on disposition of property and equipment	—	—
36	(Gain) loss on casino reinvestment obligations	(2,984)	1,684
37	(Gain) loss from other investment activities	(13)	(17)
38	Net (increase) decrease in receivables and patrons' checks	(1,865)	(558)
39	Net (increase) decrease in inventories	63	99
40	Net (increase) decrease in other current assets	(24,634)	5,562
41	Net (increase) decrease in other assets	5,786	(6,016)
42	Net increase (decrease) in accounts payables	64,260	280
43	Net increase (decrease) in other current liabilities excluding debt	(10,659)	7,872
44	Net increase (decrease) in other noncurrent liabilities excluding debt	4,199	(1,054)
45	Loss on extinguishment of debt, net of income tax benefit	32,182	—
46	Amortization of CRDA credits	498	423
47	Net Cash Provided (Used) By Operating Activities	\$ 98,720	\$ 77,260

SUPPLEMENTAL SCHEDULE OF NONCASH INVESTING AND FINANCING ACTIVITIES

Acquisition Of Property And Equipment:			
48	Additions to property and equipment	\$ 41,962	\$ 11,748
49	Less: Capital lease obligations incurred	—	—
50	Cash Outflows For Property And Equipment	\$ 41,962	\$ 11,748
Acquisition Of Business Entities:			
51	Property and equipment acquired	\$ —	\$ —
52	Goodwill acquired	—	—
53	Net assets acquired other than cash, goodwill, and property and equipment	—	—
54	Long-term debt assumed	—	—
55	Issuance of stock or capital invested	—	—
56	Cash Outflows To Acquire Business Entities	\$ —	\$ —
Stock Issued Or Capital Contributions:			
57	Total issuances of stock or capital contributions	\$ —	\$ —
58	Less: Issuances to settle long-term debt	—	—
59	Consideration in acquisition of business entities	—	—
60	Cash Proceeds From Issuing Stock Or Capital Contributions	\$ —	\$ —

TRADING NAME OF LICENSEE: BALLY'S PARK PLACE, A HILTON CASINO RESORT

PROMOTIONAL EXPENSES AND ALLOWANCES

(\$ in Thousands)

For the three months ended December 31, 1996

Line (a)	(b)	Promotional Allowances		Promotional Expenses	
		Number of Recipients (c)	Dollar Amount (d)	Number of Recipients (e)	Dollar Amount (f)
1	Rooms	50,788	3,867		
2	Food	374,786	4,470		
3	Beverage	1,304,697	2,610		
4	Travel			19,648	393
5	Coin				
6	Coupon			496,694	7,581
7	Entertainment	12,268	203		
8	Retail & Gifts	1,480	44		
9	Parking				
10	Other	1,100	33	13,544	677
11	Total	1,745,119	\$ 11,227	529,886	\$ 8,651

For the twelve months ended December 31, 1996

Line (a)	(b)	Promotional Allowances		Promotional Expenses	
		Number of Recipients (c)	Dollar Amount (d)	Number of Recipients (e)	Dollar Amount (f)
1	Rooms	202,380	\$ 16,479		
2	Food	1,587,212	18,025		
3	Beverage	5,422,812	10,846		
4	Travel			76,552	\$ 1,531
5	Coin				
6	Coupon			1,727,029	26,359
7	Entertainment	52,167	858		
8	Retail & Gifts	3,366	101		
9	Parking				
10	Other	6,037	181	51,690	2,584
11	Total	7,273,974	\$ 46,490	1,855,271	\$ 30,474

BALLY'S PARK PLACE, A HILTON CASINO RESORT
Note 1 - Notes to Financial Statements
For the Year Ended December 31, 1996 and 1995
(Unaudited)
(In thousands)

Organization and operations and basis of presentation

The accompanying consolidated financial statements include the accounts of Bally's Park Place, Inc., a Delaware corporation (the "Company"), which is an indirect wholly owned subsidiary of Hilton Hotels Corporation ("HHC"), and its subsidiaries. On December 18, 1996, Bally Entertainment Corporation ("BEC"), formerly the parent of the Company, merged with and into HHC (the "Merger"), with HHC becoming the surviving entity. The Company owns and operates the casino hotel resort in Atlantic City, New Jersey known as Bally's Park Place, A Hilton Casino Resort. The Company operates in one industry segment and all significant revenues arise from its casino and supporting hotel operations. Unless otherwise specified in the text, references to the Company include the Company and its subsidiaries.

Summary of significant accounting policies

Use of Estimates

The accompanying consolidated financial statements have been prepared in conformity with generally accepted accounting principles which require the Company's management to make estimates and assumptions that affect the amounts reported therein. Actual results could vary from such estimates. In addition, certain reclassifications have been made to prior years' financial statements to conform with the 1996 presentation.

Investments in subsidiaries

The Company owns three subsidiaries, B.W. Realty, Inc. and Bally's Park Place Realty Company (which both own land in Atlantic City) and Bally Warwick, Inc. (which owns several condominiums in a building in Atlantic City for sale and lease). The investments in these subsidiaries are reflected in the accompanying financial statements using the equity method.

Revenue recognition

Casino revenues consist of the net win from gaming activities, which is the difference between gaming wins and losses. The retail value of complimentary food, beverage and hotel services furnished to customers is included in revenues and then deducted as promotional allowances.

Cash equivalents

The Company considers all highly liquid investments with maturities of three months or less when purchased to be cash equivalents.

Inventories

Inventories of provisions and supplies are stated at the lower of cost (first-in, first-out basis) or market, which approximates replacement cost.

BALLY'S PARK PLACE, A HILTON CASINO RESORT
Note 1 - Notes to Financial Statements
For the Year Ended December 31, 1996 and 1995
(Unaudited)
(In thousands)

Deferred finance costs

Deferred finance costs were being amortized over the terms of the related debt using the bonds outstanding method. Unamortized deferred finance costs at the date of retirement of the 9 1/4% First Mortgage Notes (the "9 1/4% Notes") are included in the loss on the extinguishment of debt (see Long-term debt note).

Fair value of financial instruments

The fair value of the Company's financial instruments approximates their recorded book values at December 31, 1996 and 1995, excluding the 9 1/4% Notes due 2004 the fair market value of which based on quoted market prices was \$430,379 at December 31, 1995. The 9 1/4% Notes in December 1996, were retired and replaced with a \$425,000 long-term intercompany payable to HHC (see Long-term debt note). The fair values are not necessarily indicative of the amounts the Company could realize in a current market exchange.

Capitalized Interest

The Company capitalizes interest on the accumulated cost of major construction projects at the actual cost of borrowed money.

Depreciation and amortization

Depreciation of property and equipment is provided principally on the straight-line method over the estimated economic lives of the related assets. Depreciation expense was \$29,883 and \$30,022 for 1996 and 1995, respectively.

Allocations and transactions with related parties

HHC funded the purchase and defeasance of the Company's 9 1/4% Notes in connection with the Merger. As a result, the Company's payables to affiliates reflect certain charges related to the extraordinary loss on the extinguishment of debt, as well as certain other transaction costs related to the Merger.

Prior to the Merger, BEC allocated costs to the Company consisting of the Company's allocable share of BEC's corporate overhead including executive salaries and benefits, public company reporting costs and other corporate headquarters' costs. While the Company did not obtain a measurable direct benefit from these allocated costs, management believed that the Company received an indirect benefit from BEC's oversight. BEC's method for allocating costs was designed to apportion the majority of its operating costs to its subsidiaries and is generally based upon many subjective factors including various measures of operational size and extent of BEC's oversight requirements. Management of BEC believes that the methods used to allocate these costs were reasonable. Because of BEC's controlling relationship with the Company and the allocation of certain BEC costs, the operating results of the Company could be significantly different if the Company operated autonomously. In addition, certain of the

BALLY'S PARK PLACE, A HILTON CASINO RESORT
Note 1 - Notes to Financial Statements
For the Year Ended December 31, 1996 and 1995
(Unaudited)
(In thousands)

Company's insurance coverage was obtained by BEC pursuant to corporate-wide programs. In these circumstances, BEC charged the Company its proportionate share of the respective insurance premiums. Charges to the Company for these costs were \$4,625 and \$4,967 for 1996 and 1995, respectively.

Certain executive officers of the Company function in a similar capacity for certain other HHC subsidiaries and exercise decision-making and operational authority over these entities. No allocation of cost is made from the Company to these HHC subsidiaries for these executive officers as management deems the direct allocable cost to be immaterial. In addition, certain administrative and support operations of the Company and GNOC, CORP. (a wholly owned subsidiary of HHC which owns and operates the casino hotel resort in Atlantic City known as "The Atlantic City Hilton"), are consolidated, including limousine services, legal services, human resources and purchasing. Costs of these operations are allocated to or from the Company either directly or using various formulas based on estimates of utilization of such services. On a net basis, allocations to The Atlantic City Hilton were \$442 and \$357 in 1996 and 1995, respectively, which management believes were reasonable. The Company also leases surface area parking lots to The Atlantic City Hilton, and rental income was \$696 in each of 1996 and 1995.

Income taxes

As a result of the Merger, taxable income or loss of the Company is included in the respective consolidated federal income tax returns of either BEC or HHC. Under agreements between the Company, BEC and Bally's Casino Holdings, Inc. ("Casino Holdings"), income taxes were allocated to the Company based on amounts the Company would pay or receive if it filed a separate consolidated federal income tax return, except that the Company receives credit from BEC for the tax benefit of the Company's net operating losses and tax credits, if any, that can be utilized in BEC's consolidated federal income tax return, regardless of whether these losses or credits could be utilized by the Company on a separate consolidated federal income tax return basis. Payments to BEC for tax liabilities are due at such time and in such amounts as payments are required to be made to the Internal Revenue Service. Payments from BEC for tax benefits are due at the time BEC files the applicable consolidated federal income tax return.

BALLY'S PARK PLACE, A HILTON CASINO RESORT
 Note 2 Prepaid Expenses and
 Other Current Assets
 December 31,
 (Unaudited)
 (In thousands)

	<u>1996</u>	<u>1995</u>
Federal Income Tax Receivable	\$19,813	\$ ----
Deferred Income Tax	8,875	8,656
State Income Tax Receivable	6,372	----
Other*	<u>6,674</u>	<u>1,330</u>
	<u>\$41,734</u>	<u>\$ 9,986</u>

* No item in this category exceeds 5% of total current assets.

BALLY'S PARK PLACE, A HILTON CASINO RESORT

Note 3 - Property and Equipment
 December 31,
 (Unaudited)
 (In thousands)

	<u>1996</u>	<u>1995</u>
Land	\$ 74,714	\$ 71,089
Buildings, Leasehold Improvements	556,254	550,420
Furniture, Fixtures and Equipment	157,908	156,493
Construction in Progress	<u>31,582</u>	<u>5,123</u>
	820,458	783,125
Less Accumulated Depreciation and Amortization	<u>(359,257)</u>	<u>(335,787)</u>
Property and Equipment, Net	<u>\$461,201</u>	<u>\$447,338</u>

The Company issued \$125,000 principal amount of the 9 1/4% notes. The 9 1/4% notes were secured by a first mortgage on and interest in substantially all property and equipment of the Company. In December 1995 and in connection with the Merger, the Company retired through repurchase and defeasance the 9 1/4% notes, which resulted in an extraordinary loss of \$12,160, net of an income tax benefit of \$22,123. The 9 1/4% notes were replaced with a long-term intercompany payable to HMC for \$125,000. On February 1, 1996, the \$125,000 long-term intercompany payable, along with other payables to HMC, were replaced with a \$500,000 note payable to HMC, with interest at the rate of eight and one half percent (8.5%) per annum, payable quarterly on the last business day of each quarter.

In February 1996, the Company amended its revolving credit facility to increase the available credit line from \$50,000 to \$65,000 and extend the expiration date to December 31, 1998. The revolving credit facility provided for interest on borrowings payable, at the Company's option, at the agent bank's prime rate or the LIBOR rate plus 2%, each of which increases as the balance outstanding increases. The credit facility was secured by a pari passu lien on the collateral securing the 9 1/4% notes. The Company paid a fee of 1/2% on the unused commitment. The credit facility was unused in 1995. The credit facility was terminated on December 31, 1995.

BALLY'S PARK PLACE, A HILTON CASINO RESORT
 Note 4 - Long-Term Debt, Affiliates and Other
 December 31,
 (Unaudited)
 (In thousands)

<u>Long-Term Debt</u>	<u>1996</u>	<u>1995</u>
Due to affiliates:		
9 1/4% First Mortgage Notes due 2004	<u>\$ ----</u>	<u>\$425,000</u>
Payable to HHC	<u>\$425,000</u>	<u>\$ ----</u>
Other:		
Other secured and unsecured debt	<u>\$ 2,468</u>	<u>\$ 2,554</u>

In 1994, the Company issued \$425,000 principal amount of the 9 1/4% Notes. The 9 1/4% Notes were secured by a first mortgage on and security interest in substantially all property and equipment of the Company. In December 1996 and in connection with the Merger, the Company retired through repurchase and defeasance the 9 1/4% Notes, which resulted in an extraordinary loss of \$32,182, net of an income tax benefit of \$22,225. The 9 1/4% Notes were replaced with a long-term intercompany payable to HHC for \$425,000. On February 1, 1996, the \$425,000 long-term intercompany payable, along with other payables to HHC, were replaced with a \$500,000 note payable to HHC, with interest at the rate of eight and one half percent (8.5%) per annum, payable quarterly on the last business day of each quarter.

In February 1996, the Company amended its revolving credit facility to increase the available credit line from \$50,000 to \$65,000 and extend the expiration date to December 31, 1998. The revolving credit facility provided for interest on borrowings payable, at the Company's option, at the agent bank's prime rate or the LIBOR rate plus 2%, each of which increases as the balance outstanding increases. The credit facility was secured by a pari passu lien on the collateral securing the 9 1/4% Notes. The Company paid a fee of 1/2% on the unused commitment. The credit facility was unused in 1995. The credit facility was terminated on December 24, 1996.

BALLY'S PARK PLACE, A HILTON CASINO RESORT

Note 5 - Deferred Credits

December 31,

(Unaudited)

(In thousands)

Deferred credits as of December 31, 1996 and 1995 consisted of deferred federal income taxes, which reflect the net tax effect of temporary differences between the carrying amounts of assets and liabilities for financial reporting and income tax purposes.

	1996	1995
Deferred federal income taxes	225	198
	<u>\$13,870</u>	<u>\$9,671</u>

The Company has defined contribution plans that provide retirement benefits for eligible non-union employees. Eligible employees may participate by contributing a percentage of their pre-tax salary to the plans. Employee contributions to the plans, up to certain limits, are matched in various percentages by the Company. In addition, one plan has profit sharing features, with discretionary contributions allocable based on eligible employee performance. The expense for such plans was \$3,621 and \$3,362 for 1996 and 1995, respectively.

Certain employees of the Company are covered by union-sponsored, collectively bargained, multi-employer defined benefit pension plans. Contributions and charges to expense for these plans were \$701 and \$701 for 1996 and 1995, respectively.

Eligible employees of the Company may also have participated in the Company's Employee Stock Purchase Plan, which provides participating employees the opportunity to purchase (through payroll deductions) shares of BGC common stock at a price equal to 85% of the fair market value of the stock at specified dates. In addition, certain officers and key employees of the Company participate in the 1985 Incentive Plan of BGC, pursuant to which BGC has granted these individuals options (generally becoming exercisable in three equal annual installments commencing one year after the date of grant) to purchase BGC common stock at a price equal to the fair market value of the stock at the date of grant. In December 1996, and in connection with the exercise of the options, the Company recorded a charge to operations of \$14,212 which related to the exercising of stock options resulting from the termination of this plan. The charge has been recorded in selling, general and administrative expense in the accompanying statements of income.

During 1995, the Company terminated its noncontributory supplemental executive retirement plan (the "SERP") for certain key executives, whereby the Company generally settled its obligations with respect thereto by making a payment to one of the defined contribution plans described above. As a result of this settlement, the Company recognized a gain of \$425 in 1996 and \$1,500 in 1995.

BALLY'S PARK PLACE, A HILTON CASINO RESORT

Note 6 - Other Liabilities

December 31,

(Unaudited)

(In thousands)

	<u>1996</u>	<u>1995</u>
Retirement Plans Liabilities	\$13,645	\$ 9,473
Reinvestment Obligation (Net of unamortized discount of \$0 in 1996 and \$27 in 1995)	<u>225</u> <u>\$13,870</u>	<u>198</u> <u>\$ 9,671</u>

The Company has defined contribution plans that provide retirement benefits for eligible non-union employees. Eligible employees may elect to participate by contributing a percentage of their pre-tax earnings to the plans. Employee contributions to the plans, up to certain limits, are matched in various percentages by the Company. In addition, one plan has profit sharing features, with discretionary Company contributions allocable based on eligible employee compensation. The expense for such plans was \$3,621 and \$3,362 for 1996 and 1995, respectively.

Certain employees of the Company are covered by union-sponsored, collectively bargained, multi-employer defined benefit pension plans. The contributions and charges to expense for these plans were \$701 and \$631 in 1996 and 1995, respectively.

Eligible employees of the Company may also have participated in BEC's Employee Stock Purchase Plan, which provides participating employees the opportunity to purchase (through payroll deductions) shares of BEC common stock at a price equal to 85% of the fair market value of the stock at specified dates. In addition, certain officers and key employees of the Company participate in the 1989 Incentive Plan of BEC, pursuant to which BEC has granted these individuals options (generally becoming exercisable in three equal annual installments commencing one year after the date of grant) to purchase BEC common stock at a price equal to the fair market value of the stock at the date of grant. In December 1996, and in connection with the Merger, the Company recorded a charge to operations of \$14,232 which related to the exercising of stock options resulting from the termination of this plan. The charge has been recorded in selling, general and administrative expense in the accompanying statements of income.

During 1995, the Company terminated its noncontributory supplemental executive retirement plan (the "SERP") for certain key executives, whereby the Company generally settled its obligations with respect thereto by making a payment to one of the defined contribution plans described above. As a result of this settlement, the Company recognized a gain of \$425 in 1996 and \$1,800 in 1995.

BALLY'S PARK PLACE, A HILTON CASINO RESORT
Note 7 - Interest Expense
For the Three Months Ended December 31,
(Unaudited)
(In thousands)

<u>Charges From Affiliates</u>	<u>1996</u>	<u>1995</u>
Bally's Park Place Funding, Inc.	\$ 8,455	\$ 9,828
Hilton Hotels Corporation	609	
Capitalized interest	(346)	(30)
	<u>\$ 8,718</u>	<u>\$ 9,798</u>
 <u>External Sources</u>		
Interest on various loans	\$ 168	\$ 165
Capitalized interest	(40)	(3)
	<u>\$ 128</u>	<u>\$ 162</u>

For the Year Ended December 31,
(Unaudited)
(In thousands)

<u>Charges From Affiliates</u>	<u>1996</u>	<u>1995</u>
Bally's Park Place Funding, Inc.	\$37,939	\$39,312
Hilton Hotels Corporation	609	
Capitalized interest	(646)	(68)
	<u>\$37,902</u>	<u>\$39,244</u>
 <u>External Sources</u>		
Interest on various loans	\$ 830	\$ 704
Capitalized interest	(75)	(7)
	<u>\$ 755</u>	<u>\$ 697</u>

BALLY'S PARK PLACE, A HILTON CASINO RESORT
 Note 8 - Provision for Income Taxes
 For the Three Months Ended December 31,
 (Unaudited)
 (In thousands)

	<u>1996</u>	<u>1995</u>
Current:		
Federal	(\$3,453)	\$ 6,523
State	<u>(3,817)</u>	<u>2,153</u>
	(7,270)	8,676
Deferred:		
Federal	(534)	(2,298)
State	<u>2,690</u>	<u>(957)</u>
	<u>2,156</u>	<u>(3,255)</u>
Provision for Income Taxes	<u>(\$5,114)</u>	<u>\$ 5,421</u>

For the Year Ended December 31,
 (Unaudited)
 (In thousands)

	<u>1996</u>	<u>1995</u>
Current:		
Federal	\$13,933	\$25,479
State	<u>2,053</u>	<u>6,795</u>
	15,986	32,274
Deferred:		
Federal	2,206	(1,156)
State	<u>2,507</u>	<u>79</u>
	<u>4,713</u>	<u>(1,077)</u>
Provision for Income Taxes	<u>\$20,699</u>	<u>\$31,197</u>

Deferred income taxes reflect the net tax effect of temporary differences between the carrying amounts of assets and liabilities for financial reporting and income tax purposes. Significant components of the Company's deferred tax assets and liabilities as of December 31, 1996 and 1995, along with their classification, are as follows:

	<u>1996</u>		<u>1995</u>	
	<u>Assets</u>	<u>Liabilities</u>	<u>Assets</u>	<u>Liabilities</u>
Expenses which are not currently deductible for tax purposes:				
Bad debts.....	\$ 777	\$ ---	\$ 620	\$ ---
Deferred compensation and pension.....	4,857	---	4,066	---
CRDA investment obligation.....	4,250	---	3,342	---
Other.....	8,188	---	8,132	---
Depreciation and capitalized costs.....	---	41,283	---	41,763
Other, net.....	<u>---</u>	<u>10,313</u>	<u>---</u>	<u>7,654</u>
	<u>\$18,072</u>	<u>\$51,596</u>	<u>\$16,160</u>	<u>\$49,417</u>
Current.....	\$ 8,874	\$ ---	\$ 8,655	\$ ---
Long-term.....	<u>9,198</u>	<u>51,596</u>	<u>7,505</u>	<u>49,417</u>
	<u>\$18,072</u>	<u>\$51,596</u>	<u>\$16,160</u>	<u>\$49,417</u>

BALLY'S PARK PLACE, A HILTON CASINO RESORT
Note 8 - Provision for Income Taxes
December 31, 1996
(Unaudited)
(In thousands)

For the three and twelve months ended December 31, 1996 and 1995, the effective rates of the income tax provision varied from the U.S. statutory rate of 35% (36.7% and 46.7% for the three months ended December 31, 1996 and 1995, respectively and 40.9% and 43.5% for the twelve months ended December 31, 1996 and 1995, respectively) due principally to state income taxes.

	1996	1995
Real Estate, Inc. - 100% owned	4,166	4,239
Bally's Park Place Realty Company - 100% owned	15,610	15,610
Real investments in subsidiaries - equity	24,740	24,727
Investment Development Authority Investment Obligations (less discount of \$10,000 in 1996 and \$10,000 in 1995)	14,242	10,791
Family Terrace Mortgage Receivable (less reserve of \$254 in 1996 and 1995)	2,239	2,399
Current portion	(52)	(50)
Real Estate Family Terrace Receivable	2,186	2,309
Total Investments, Advances and Receivables	59,163	59,825

BALLY'S PARK PLACE, A HILTON CASINO RESORT
 Note 9 - Investments, Advances and Receivables
 December 31,
 (Unaudited)
 (In thousands)

	<u>1996</u>	<u>1995</u>
<u>Other long-term investments and receivables:</u>		
Investment in subsidiaries - equity:		
Bally Warwick, Inc. - 100% owned	\$ 4,166	\$ 4,239
B.W. Realty, Inc. - 100% owned	4,944	4,858
Bally's Park Place Realty Company - 100% owned	<u>15,630</u>	<u>15,630</u>
Total investments in subsidiaries - equity	24,740	24,727
Casino Reinvestment Development Authority Investment Obligations (less discount of \$7,121 in 1996 and \$10,584 in 1995)	14,242	10,791
Jacobs Family Terrace Mortgage Receivable (less reserve of \$250 in 1996 and 1995) Less current portion	2,239 <u>(53)</u>	2,359 <u>(50)</u>
Total Jacobs Family Terrace Receivable	<u>2,186</u>	<u>2,309</u>
Total Investments, Advances and Receivables	<u>\$41,168</u>	<u>\$37,827</u>

BALLY'S PARK PLACE, A HILTON CASINO RESORT

Note 10 - Other Accrued Expenses

December 31, 1996

(Unaudited)

(In thousands)

	<u>1996</u>	<u>1995</u>
Payroll	\$ 9,551	\$ 9,001
Progressive Jackpots	1,664	1,179
Interest	10,818	11,617
Group Insurance	1,250	2,350
Workers' Compensation	2,735	1,841
Insurance Claims	2,220	3,613
Miscellaneous*	<u>6,046</u>	<u>7,588</u>
Total	<u>\$34,284</u>	<u>\$37,189</u>

* No item in this category exceeds 5% of total current liabilities.

BALLY'S PARK PLACE, A HILTON CASINO RESORT
Note 11 - Investment Obligations
December 31, 1996
(Unaudited)
(In thousands)

The New Jersey Casino Control Act provides, among other things, for an assessment of licensees equal to 1 1/4% of their casino revenues as defined. This assessment may be satisfied by the Company investing in qualified eligible direct investments, by making qualified contributions or by depositing funds with the New Jersey Casino Reinvestment Development Authority ("CRDA"). These funds may be used to purchase bonds designated by the CRDA or, under certain circumstances, they may be donated to the CRDA in exchange for credits against future CRDA investment obligations. CRDA designated bonds have terms up to fifty years and bear interest at below market rates. The Company records a charge to operations when it deposits funds with the CRDA to reflect the estimated realizable value of its CRDA investments. If the investment obligation is not satisfied, then the licensee is subject to an investment alternative tax of 2 1/2% of gross casino revenues. The Company's investment obligation at December 31, 1996 was satisfied.

At December 31, 1996 and 1995, the Company had \$21,364 and \$21,375 respectively, in remaining bond purchase commitments on deposit with the CRDA. The Company has purchased \$1,970 and \$1,476 in bonds from the CRDA as of December 31, 1996 and 1995, respectively.

The Company charged to operations \$323 and \$115 for the three months ended December 31, 1996 and 1995, respectively, and recognized credits of \$2,984 and charges of \$1,684 for the years ended December 31, 1996 and 1995, respectively, to reflect the estimated realizable value of its CRDA investment obligations.

The Company utilized CRDA credits to offset its assessment on gross revenues by the CRDA of \$497 and \$423 for the year ended December 31, 1996 and 1995, respectively. The Company utilized CRDA credits of \$56 for the three months ended December 31, 1996. These credits are charged to depreciation and amortization as they are used.

BALLY'S PARK PLACE, A HILTON CASINO RESORT
 Note 12 - Non-Operating Income
 For the Three Months Ended December 31,
 (Unaudited)
 (In thousands)

	<u>1996</u>	<u>1995</u>
Interest Income	\$ 672	\$ 541
Equity in income (loss) of unconsolidated subsidiaries:		
B. W. Realty, Inc.	22	(6)
Bally Warwick, Inc.	0	(39)
Other	<u>229</u>	<u>202</u>
Total Non-operating Income	<u>\$ 923</u>	<u>\$ 698</u>

For the Year Ended December 31,
 (Unaudited)
 (In thousands)

	<u>1996</u>	<u>1995</u>
Interest Income	\$2,590	\$2,142
Equity in income (loss) of unconsolidated subsidiaries:		
B. W. Realty, Inc.	86	32
Bally Warwick, Inc.	(73)	(51)
Other	<u>929</u>	<u>889</u>
Total Non-operating Income	<u>\$3,532</u>	<u>\$3,012</u>

BALLY'S PARK PLACE, A HILTON CASINO RESORT
Note 13 - Capital Stock
Description of Features
December 31, 1996 and 1995
(Unaudited)

COMMON STOCK

Authorized 2,500 shares
 Issued 100 Shares
 Outstanding 100 Shares
 Par Value None

to the best of my knowledge and belief, the information contained in this report is accurate.
 to the best of my knowledge and belief, except for the deficiencies noted below,
 the information submitted in this Annual Report has remained in compliance with the
 regulations contained in N.J.A.C. 19-13-4.2(b)1-5 during the year.

Printed name and title of
 the Controller

[Handwritten Signature]
 Signature

[Handwritten Signature]
 Assistant Vice President / Controller
 Title

Assistant Vice President / Controller
 Title

#00568-11
 License Number

State of Authority
 to Take Oath

On Behalf Of
 Bally's Park Place, Inc. NJ
 Casino Licensee

STATEMENT OF CONFORMITY, ACCURACY AND COMPLIANCE

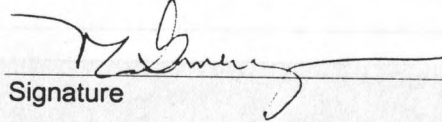
STATE OF New Jersey :
COUNTY OF Atlantic : ss.

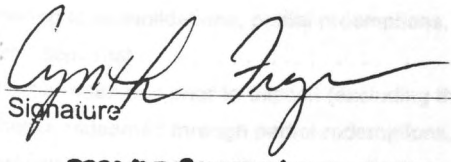
Vicki Lynn Guveiyian, being duly sworn according to law upon my oath
Name

deposes and says:

1. I have examined this Annual Report.
2. All the information contained in this Annual Report has been prepared in conformity with the Casino Control Commission's Annual 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 Annual Report has remained in compliance with the financial stability regulations contained in N.J.A.C. 19:43-4.2(b)1-5 during the year.

Subscribed and sworn to
before me this 31st day
of March, 1997


Signature


Signature

Assistant Vice President / Controller
Title

CYNTHIA FRAZIER
Notary Public of New Jersey
My Commission Expires Aug. 24, 1999

#000558-11
License Number

Basis of Authority
to Take Oaths

On Behalf Of:
Bally's Park Place, Inc. NJ
Casino Licensee

ANNUAL EMPLOYMENT AND PAYROLL REPORT

TRADING NAME OF LICENSEE: BALLY'S PARK PLACE, A HILTON CASINO RESORT

SCHEDULE OF RECEIVABLES AND PATRONS' CHECKS

DECEMBER 31, 1996

(UNAUDITED)
(\$ IN THOUSANDS)

ACCOUNTS RECEIVABLE BALANCES				
LINE (b)	DESCRIPTION (c)	ACCOUNT BALANCE (d)	ALLOWANCE (e)	ACCOUNTS RECEIVABLE- (f) NET OF ALLOWANCE
	Patrons' Checks:			
1	Undeposited patrons' checks	\$ 2,596		
2	Returned patrons' checks	2,335		
3	Total patrons' checks	4,931 \$	(1,800)\$	3,131
4	Hotel Receivables	491	(65)	426
	Other Receivables:			
5	Receivables due from officers and emplo	3		
6	Receivables due to affiliates	749		
7	Other accounts and notes receivables	3,953		
8	Total other receivables	4,705	—	4,705
9	Totals (Form 205)	\$ 10,127 \$	(1,865)\$	8,262

UNDEPOSITED PATRONS' CHECKS ACTIVITY		
LINE (f)	DESCRIPTION (g)	AMOUNT (h)
10	Beginning Balance (January 1)	\$ 2,939
11	Counter checks issued (excluding counter checks issued through transactions relating to consolidations, partial redemptions, substitutions, and patrons' cash deposits)	93,420
12	Checks redeemed prior to deposit (excluding the unredeemed portion of counter checks redeemed through partial redemptions, and excluding checks redeemed through transactions relating to consolidations, substitutions, and patrons' cash deposits)	(72,027)
13	Checks collected through deposits	(17,701)
14	Checks transferred to returned checks	(4,035)
15	Other adjustments	—
16	Ending Balance	\$ 2,596
17	"Hold" Checks Included In Balance On Lin	\$ 0
18	Provision For Uncollectible Patrons' Checks	\$ 1,114
19	Provision As A Percent Of Counter Checks I	1.19%

ANNUAL EMPLOYMENT AND PAYROLL REPORT

FOR THE YEAR ENDED DECEMBER 31, 1996
(\$ in Thousands)

LINE (a)	DEPARTMENT (b)	NUMBER OF (c) EMPLOYEES	SALARIES AND WAGES		
			(d) OTHER EMPLOYEES	(e) OFFICERS & OWNERS	(f) TOTALS
CASINO					
1	Administration	18			
2	Gaming	936			
3	Slots	209			
4	Casino accounting	380			
	Simulcasting	4			
5	Other				
6	Total-casino	1,547	\$ 34,584	\$	34,584
7	ROOMS	449	8,693		8,693
8	FOOD AND BEVERAGE	958	18,903		18,903
OTHER OPERATED DEPARTMENTS					
9	Spa	41	590		590
10	Hat check and pool	5	110		110
11	Telephone room	32	536		536
12	Retail stores	12	133		133
13					
14					
15					
16					
17					
18					
19					
ADMINISTRATIVE AND GENERAL					
20	Executive office	50	3,465		3,465
21	Accounting and auditing	87	2,151		2,151
22	Security	294	6,666		6,666
23	Other administrative and general department	189	5,358		5,358
24	MARKETING	63	1,711		1,711
25	GUEST ENTERTAINMENT	11	645		645
26	PROPERTY OPERATION AND MAINTENANC	374	9,856		9,856
27	TOTALS - ALL DEPARTMENTS	4,112	\$ 93,401	\$ 0	93,401

TRADING NAME OF LICENSEE: BALLY'S PARK PLACE CASINO • RESORT

**ANNUAL EMPLOYMENT AND PAYROLL REPORT
SIGNATURE PAGE**

FOR THE YEAR ENDED DECEMBER 31, 1996

LICENSEE CAESARS ATLANTIC CITY

Under penalties provided by law, I declare that I have examined this report, and to the best of my knowledge and belief, no material discrepancies were noted for the period covered by this report, or if material discrepancies were noted, a detailed explanation is included on the attached page.

FOR THE QUARTER ENDED DECEMBER 31, 1996

<u>3/31/97</u>	<u><i>[Signature]</i></u>
Date	Signature
	<u><i>Assistant Controller</i></u>
	Title

TO THE
GAMING CONTROL COMMISSION
OF THE
STATE OF NEW JERSEY

974.901

C193

TRADING NAME OF LICENSEE CAESARS ATLANTIC CITY

QUARTERLY REPORT

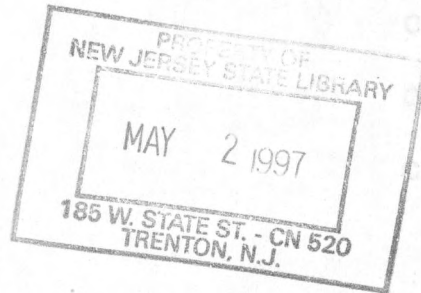
FOR THE QUARTER ENDED DECEMBER 31, 1996

LICENSEE CAESARS ATLANTIC CITY

FORM NO.

Balance Sheet	CCC-205
Statement of Income (Three Months)	CCC-215
Statement of Income (Six Months)	CCC-210
Statement of Changes in Net Worth	CCC-220
Statement of Changes in Partners' and Owners' Equity	CCC-225
Statement of Cash Flows	CCC-235
Statement of Promotional Expenses and Allowances	CCC-245
Financial Statements	
Statement of Conformity, Accuracy, and Compliance	CCC-249

FOR THE QUARTER ENDED DECEMBER 31, 1996



TO THE
CASINO CONTROL COMMISSION
OF THE
STATE OF NEW JERSEY

TRADING NAME OF LICENSEE CAESARS ATLANTIC CITY

LIST OF FORMS - QUARTERLY REPORT

FOR THE QUARTER ENDED DECEMBER 31, 1996

TITLE	FORM NO.
Balance Sheets	CCC-205
Statements of Income (Three Months)	CCC-215
Statements of Income (Six Months)	CCC-210
Statements of Changes in Stockholders' Equity	CCC-220
Statements of Changes in Partners' or Proprietor's Equity	CCC-225
Statements of Cash Flows	CCC-235
Schedule of Promotional Expenses and Allowances	CCC-245
Notes to Financial Statements	
Statement of Conformity, Accuracy, and Compliance	CCC-249

The accompanying notes are an integral part of the financial statements. Comparisons cannot be made with information contained in the notes.

TRADING NAME OF LICENSEE: CAESARS ATLANTIC CITY

BALANCE SHEETS

DECEMBER 31, 1996 AND 1995

(UNAUDITED)

(\$ IN THOUSANDS)

LINE (a)	DESCRIPTION (b)	1996 (c)	1995 (d)
ASSETS			
Current Assets:			
1	Cash and Cash Equivalents	\$ 20,779	\$ 18,422
2	Short-Term Investments	-	-
3	Receivables and Patrons' Checks (Net of Allowance for Doubtful Accounts - 1996, \$5,905; 1995, \$8,544)	21,521	13,910
4	Inventories NOTE 1	3,608	3,436
5	Prepaid Expenses and Other Current Assets NOTES 2 & 6	12,915	16,255
6	Total Current assets	58,823	52,023
7	Investments, Advances, and Receivables NOTES 3 & 13	32,555	17,434
8	Property And Equipment - Gross NOTES 1, 4 & 10	508,261	427,005
9	(Accumulated Depreciation/Amortization)	(157,935)	(144,887)
10	Other Assets NOTE 1	3,278	5,395
11	Total Assets	\$ 444,982	\$ 356,970
LIABILITIES AND EQUITY			
Current Liabilities:			
12	Accounts Payable	\$ 12,762	\$ 7,683
13	Notes Payable NOTE 5	15,744	10,921
Current Portion of Long-Term Debt:			
14	Due to Affiliates	-	-
15	Other NOTE 10	-	-
16	Income Taxes Payable and Accrued NOTES 1 & 6	2,780	1,113
17	Other Accrued Expenses NOTE 7	16,000	16,209
18	Other Current Liabilities NOTE 8	12,375	4,457
19	Total Current Liabilities	59,661	40,383
Long-Term Debt:			
20	Due to Affiliates NOTE 9	292,768	41,658
21	Other NOTE 10	-	9,423
22	Deferred Credits NOTE 6	9,883	8,766
23	Other Liabilities	4,691	6,981
24	Commitments And Contingencies NOTE 13	-	-
25	Total Liabilities	367,003	107,211
26	Stockholders', Partners', Or Proprietor's Equity	77,979	249,759
27	Total Liabilities And Equity	\$ 444,982	\$ 356,970

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

TRADING NAME OF LICENSEE: CAESARS ATLANTIC CITY

STATEMENTS OF INCOME

FOR THE TWELVE MONTHS ENDED DECEMBER 31, 1996 AND 1995

(UNAUDITED)

(\$ IN THOUSANDS)

LINE (a)	DESCRIPTION (b)	1996 (c)	1995 (d)
	Revenue:		
1	Casino NOTE 1	\$ 393,244	373,491
2	Rooms	19,337	18,062
3	Food and Beverage	43,299	42,785
4	Other	14,799	13,982
5	Total Revenue	470,679	448,320
6	Less: Promotional Allowances NOTE 1	55,861	53,141
7	Net Revenue	414,818	395,179
	Costs And Expenses :		
8	Cost of Goods and Services	205,683	194,693
9	Selling, General and Administrative	87,323	84,127
10	Provision for Doubtful Accounts	1,099	3,535
11	Total Costs and Expenses	294,105	282,355
12	Gross Operating Profit	120,713	112,824
13	Depreciation and Amortization NOTE 1	19,950	20,793
	Charges from Affiliates Other Than Interest:		
14	Management Fees NOTE 12	23,572	11,872
15	Other NOTE 12	8,634	12,209
16	Income (Loss) From Operations	68,557	67,950
	Other Income (Expenses) :		
17	Interest (Expense) - Affiliates NOTES 5 & 9	(20,093)	(6,511)
18	Interest (Expense) - External NOTE 10	325	(991)
19	Investment Alternative Tax and Related Income (Expense) - Net NOTE 13	431	5,106
20	Nonoperating Income (Expense) - Net NOTE 14	860	(9,050)
21	Total Other Income (Expenses)	(18,477)	(11,446)
22	Income (Loss) Before Income Taxes And Extraordinary Items	50,080	56,504
23	Provision (Credit) for Income Taxes NOTE 1 & 6	21,860	23,796
24	Income (Loss) Before Extraordinary Items	28,220	32,708
25	Extraordinary Items (Net of Income Taxes - 1996, \$; 1995, \$)	-	-
26	Net Income (Loss)	\$ 28,220	\$ 32,708

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

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

Reclassifications between Cost of Goods and Services and Selling, General and Administrative have been made in the prior period financial statements in order to conform with the presentation used in the current period.

TRADING NAME OF LICENSEE: CAESARS ATLANTIC CITY

STATEMENTS OF INCOME

FOR THE THREE MONTHS ENDED DECEMBER 31, 1996 AND 1995

(UNAUDITED)

(\$ IN THOUSANDS)

LINE (a)	DESCRIPTION (b)	1996 (c)	1995 (d)
	Revenue:		
1	Casino NOTE 1	\$ 90,926	86,256
2	Rooms	4,813	4,475
3	Food and Beverage	11,140	10,364
4	Other	4,126	3,563
5	Total Revenue	111,005	104,658
6	Less: Promotional Allowances NOTE 1	13,692	12,675
7	Net Revenue	97,313	91,983
	Costs And Expenses :		
8	Cost of Goods and Services	50,511	46,411
9	Selling, General and Administrative	26,032	20,228
10	Provision for Doubtful Accounts	(1,483)	713
11	Total Costs and Expenses	75,060	67,352
12	Gross Operating Profit	22,253	24,631
13	Depreciation and Amortization NOTE 1	5,596	5,302
	Charges from Affiliates Other Than Interest:		
14	Management Fees NOTE 12	5,028	2,740
15	Other NOTE 12	2,159	3,007
16	Income (Loss) From Operations	9,470	13,582
	Other Income (Expenses) :		
17	Interest (Expense) - Affiliates NOTES 5 & 9	(7,302)	(1,283)
18	Interest (Expense) - External NOTE 10	549	(248)
19	Investment Alternative Tax and Related Income (Expense) - Net NOTE 13	51	6,457
20	Nonoperating Income (Expense) - Net NOTE 14	314	170
21	Total Other Income (Expenses)	(6,388)	5,096
22	Income (Loss) Before Income Taxes And Extraordinary Items	3,082	18,678
23	Provision (Credit) for Income Taxes NOTE 1 & 6	2,460	8,029
24	Income (Loss) Before Extraordinary Items	622	10,649
25	Extraordinary Items (Net of Income Taxes - 1996, \$; 1995, \$)	-	-
26	Net Income (Loss)	\$ 622	\$ 10,649

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

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

Reclassifications between Cost of Goods and Services and Selling, General and Administrative have been made in the prior period financial statements in order to conform with the presentation used in the current period.

TRADING NAME OF LICENSEE: CAESARS ATLANTIC CITY

STATEMENTS OF CHANGES IN STOCKHOLDERS' EQUITY

FOR THE TWELVE MONTHS ENDED DECEMBER 31, 1995 AND THE TWELVE MONTHS ENDED DECEMBER 31, 1996

(UNAUDITED)
(\$ IN THOUSANDS)

Line (a)	Description (b)	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, 1994.....	100	\$ 1,370		\$	\$ 46,065		\$ 183,616	231,051
2	Net Income (Loss) - 1995.....							32,708	32,708
3	Contribution to Paid-in-Capital.....								
4	Dividends.....							(14,000)	(14,000)
5	Prior Period Adjustments.....								
6	.....							
7	.....							
8	.....							
9	.....							
10	Balance, December 31, 1995.....	100	1,370			46,065		\$ 202,324	\$ 249,759
11	Net Income (Loss) - December 31, 1996.....							28,220	28,220
12	Contribution to Paid-in-Capital.....								
13	Dividends.....							(200,000)	(200,000)
14	Prior Period Adjustments.....								
15	.....							
16	.....							
17	.....							
18	.....							
19	Balance, December 31, 1996.....	100	\$ 1,370		\$	\$ 46,065	\$	\$ 30,544	\$ 77,979

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

TRADING NAME OF LICENSEE: CAESARS ATLANTIC CITY

STATEMENTS OF CASH FLOWS

FOR THE TWELVE MONTHS ENDED DECEMBER 31, 1996 AND 1995

(UNAUDITED)
(\$ IN THOUSANDS)

LINE (a)	DESCRIPTION (b)	(c) 1996	(d) 1995
1	NET CASH PROVIDED (USED) BY OPERATING ACTIVITIES	\$ 58,299	\$ 48,603
	Cash Flows From Investing Activities :		
2	Purchase of Short-Term Investment Securities	-	-
3	Proceeds from the Sale of Short-Term Investment Securities	-	-
4	Cash Outflows for Property and Equipment	(87,138)	(24,244)
5	Proceeds from Disposition of Property and Equipment	-	-
6	Purchase of Casino Reinvestment Obligations	(15,248)	(4,589)
7	Purchase of Other Investments and Loans/Advances made	(98)	-
8	Proceeds from Disposal of Investments and Collection	-	-
	of Advances and Long-Term Receivables	-	-
9	Cash Outflows to Acquire Business Entities	-	-
10	Repayment of Bond	32	95
11	_____	-	-
12	Net Cash Provided (Used) By Investing Activities	(102,452)	(28,738)
	Cash Flows From Financing Activities :		
13	Cash Proceeds from Issuance of Short-Term Debt	182,511	136,625
14	Payments to Settle Short-Term Debt	(177,688)	(129,134)
15	Cash Proceeds from Issuance of Long-Term Debt	251,110	-
16	Costs of Issuing Debt	-	-
17	Payments to Settle Long-Term Debt	(9,423)	(9,226)
18	Cash Proceeds from Issuing Stock or Capital Contributions	-	-
19	Purchases of Treasury Stock	-	-
20	Payments of Dividends or Capital Withdrawals	(200,000)	(14,000)
21	_____	-	-
22	_____	-	-
23	Net Cash Provided (Used) by Financing Activities	46,510	(15,735)
24	Net Increase (Decrease) In Cash And Cash Equivalents	2,357	4,130
25	Cash And Cash Equivalents At Beginning Of Period	18,422	14,292
26	Cash And Cash Equivalents At End Of Period	\$ 20,779	\$ 18,422
SUPPLEMENTAL DISCLOSURE OF CASH FLOW INFORMATION			
	Cash Paid During Period For:		
27	Interest (Net of Amount Capitalized)	\$ 16,132	\$ 7,564
28	Income Taxes	\$ 15,344	\$ 29,106

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

TRADING NAME OF LICENSEE: CAESARS ATLANTIC CITY

STATEMENTS OF CASH FLOWS

FOR THE TWELVE MONTHS ENDED DECEMBER 31, 1996 AND 1995

(UNAUDITED)

(\$ IN THOUSANDS)

LINE (a)	DESCRIPTION (b)	(c) 1996	(d) 1995
	NET CASH FLOWS FROM OPERATING ACTIVITIES:		
29	Net Income (Loss)	\$ 28,220	\$ 32,708
	Noncash Items Included in Income and Cash Items Excluded from Income:		
30	Depreciation and Amortization of Property and Equipment	19,694	20,080
31	Amortization of Other Assets	256	713
32	Amortization of Debt Discount or Premium	-	-
33	Deferred Income Taxes - Current	1,231	(1,333)
34	Deferred Income Taxes - Noncurrent	1,117	1,856
35	(Gain) Loss on Disposition of Property and Equipment	(140)	1,055
36	(Gain) Loss on Casino Reinvestment Obligations	(431)	(5,106)
37	(Gain) Loss from Other Investment Activities	-	-
38	Net (Increase) Decrease in Receivables and Patrons' Checks	(7,611)	(3,016)
39	Net (Increase) Decrease in Inventories	(172)	0
40	Net (Increase) Decrease in Other Current Assets	2,109	(3,289)
41	Net (Increase) Decrease in Other Assets	1,861	7,246
42	Net Increase (Decrease) in Accounts Payable	5,079	765
43	Net Increase (Decrease) in Other Current Liabilities Excluding Debt	9,376	(1,268)
44	Net Increase (Decrease) in Other Noncurrent Liabilities Excluding Debt	(2,290)	(1,808)
45		-	-
46		-	-
47	Net Cash Provided (Used) By Operating Activities	\$ 58,299	\$ 48,603

SUPPLEMENTAL SCHEDULE OF NONCASH INVESTING AND FINANCING ACTIVITIES

	Acquisition Of Property And Equipment:		
48	Additions to Property and Equipment	\$ 87,138	\$ 24,244
49	Less: Capital Lease Obligations Incurred	-	-
50	Cash Outflows For Property And Equipment	\$ 87,138	\$ 24,244
	Acquisition Of Business Entities:		
51	Property and Equipment Acquired	\$ -	\$ -
52	Goodwill Acquired	-	-
53	Net Assets Acquired Other than Cash, Goodwill, and Property and Equipment	-	-
54	Long-Term Debt Assumed	-	-
55	Issuance of Stock or Capital Invested	-	-
56	Cash Outflows To Acquire Business Entities	\$ -	\$ -
	Stock Issued Or Capital Contributions :		
57	Total Issuances of Stock or Capital Contributions	\$ -	\$ -
58	Less: Issuances to Settle Long-Term Debt	-	-
59	Consideration in Acquisiton of Business Entities	-	-
60	Cash Proceeds From Issuing Stock Or Capital Contributions	\$ -	\$ -

TRADING NAME OF LICENSEE: CAESARS ATLANTIC CITY

SCHEDULE OF PROMOTIONAL EXPENSES AND ALLOWANCES

(\$ IN THOUSANDS)

FOR THE THREE MONTHS ENDED DECEMBER 31, 1996

Line (a)	(b)	Promotional Allowances		Promotional Expenses	
		Number of Recipients (c)	Dollar Amount (d)	Number of Recipients (e)	Dollar Amount (f)
1	Rooms	61,852	\$ 4,063	-	-
2	Food	270,295	5,551	-	-
3	Beverage	466,212	2,894	-	-
4	Travel	-	-	9,734	\$ 2,415
5	Coin	-	-	387,097	6,218
6	Coupon	-	-	96,823	2,518
7	Entertainment	29,059	946	20,747	2,924
8	Retail & Gifts	-	-	1,183	1,724
9	Other	2,378	237	152,954	1,685
10	Total	829,796	\$ 13,691	668,538	\$ 17,484

FOR THE TWELVE MONTHS ENDED DECEMBER 31, 1996

		Promotional Allowances		Promotional Expenses	
		Number of Recipients (c)	Dollar Amount (d)	Number of Recipients (e)	Dollar Amount (f)
1	Rooms	315,442	\$ 17,270	-	-
2	Food	1,188,204	22,894	-	-
3	Beverage	1,993,890	11,430	-	-
4	Travel	-	-	35,993	\$ 10,251
5	Coin	-	-	1,426,478	20,190
6	Coupon	-	-	439,712	12,114
7	Entertainment	90,694	3,253	50,310	9,575
8	Retail & Gifts	-	-	4,922	9,214
9	Other	6,715	1,013	547,146	4,755
10	Total	3,594,945	\$ 55,860	2,504,561	\$ 66,099

BOARDWALK REGENCY CORPORATION
(d/b/a CAESARS ATLANTIC CITY)
(unaudited)

NOTES TO FINANCIAL STATEMENTS

NOTE 1. NATURE OF OPERATIONS AND SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES:

Nature of Operations

Boardwalk Regency Corporation (BRC), a New Jersey corporation, is a wholly-owned subsidiary of Caesars New Jersey, Inc. (CNJ), a New Jersey corporation. BRC owns and operates Caesars Atlantic City Hotel/Casino (CAC) in Atlantic City, New Jersey. CNJ is a wholly-owned subsidiary of Caesars World, Inc., (CWI), a Florida corporation. In January, 1995, ITT Corporation, a Nevada corporation, purchased the outstanding shares of Caesars World, Inc. Effective February 1, 1995 Caesars World, Inc. and subsidiaries, including CNJ and BRC, became wholly-owned subsidiaries of ITT Corporation.

Caesars Atlantic City generates almost 3 million visits each year. The majority of our customers are from areas within 300 miles of Atlantic City. Although it is difficult to determine the amount of Casino revenue from individual market segments, the Company estimates that approximately 31% of its revenues are from customers whose primary residences are in New York, 28% in New Jersey, and 21% in Pennsylvania.

Use of Estimates

The preparation of financial statements in conformity with generally accepted accounting principles requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities and disclosure of contingent liabilities at the date of the financial statements and the reported amounts of revenues and expenses during the reporting period. Actual results could differ from those estimates.

NOTE 1. NATURE OF OPERATIONS AND SUMMARY OF SIGNIFICANT
ACCOUNTING POLICIES (continued):

Revenue Recognition and Promotional Allowances

Casino revenues represent the net revenue from gaming wins and losses. The revenues from hotel, food and beverage, and from theater ticket sales are recognized at the time the related services are performed. The Statement of Income reflects operating revenues excluding the retail value of complimentary services (also known as promotional allowances). Promotional allowances are provided to casino patrons without charge. The retail value of such complimentary services excluded from revenues amounted to \$55,861 and \$53,141 for the years ended December 31, 1996 and 1995, respectively. The estimated cost of such promotional allowances was \$42,433 and \$38,630 for the years ended December 31, 1996 and 1995, respectively. Promotional allowances have been included in Costs and Expenses in the accompanying Statement of Income.

Inventories

Inventories are stated at the lower of cost or market, cost being determined principally on the first-in, first-out basis.

Property and Equipment

Property and equipment including capitalized interest applicable to major project expenditures, are recorded at cost. For the twelve months ended December 31, 1996 and 1995 capitalized interest was \$1,125,000 and zero, respectively. Depreciation and amortization are provided for on a straight-line basis over the following estimated useful lives:

Buildings and improvements	10 to 40 years
Furniture, fixtures and equipment	3 to 8 years

Betterments, renewals and extraordinary repairs that extend the life of the asset are capitalized; other repairs and maintenance are expensed. Gains or losses on sale or retirement of assets are recognized and included in income.

BOARDWALK REGENCY CORPORATION
(d/b/a CAESARS ATLANTIC CITY)
(unaudited)

NOTE 1. NATURE OF OPERATIONS AND SUMMARY OF SIGNIFICANT
ACCOUNTING POLICIES (continued):

Income Taxes

BRC is included in CWI's consolidated Federal income tax return prior to February 1, 1995 and ITT Corporation's consolidated return thereafter. Pursuant to a parent services and expense reimbursement agreement, BRC records its income tax liability (and if applicable, benefit) based upon what the amount would have been had BRC filed a separate return. Deferred income taxes are provided for timing differences between book and tax recognition of revenues and expenses.

NOTE 2. PREPAID EXPENSES AND OTHER CURRENT ASSETS:

	<u>1996</u>	<u>1995</u>
	(In Thousands)	
Deferred income taxes. (NOTE 6) ..	\$ 9,782	\$13,524
Other.....	<u>3,133</u>	<u>2,731</u>
	<u>\$12,915</u>	<u>\$16,255</u>

NOTE 3. INVESTMENTS, ADVANCES AND RECEIVABLES:

	<u>1996</u>	<u>1995</u>
	(In Thousands)	
CRDA deposits.....	\$21,640	\$14,780
CRDA bonds receivable.....	1,233	812
Note receivable.....	9,949	2,015
Other, net.....	98	-
	<u>32,920</u>	<u>17,607</u>
Less: valuation allowance on CRDA investments.....	<u>365</u>	<u>173</u>
	<u>\$32,555</u>	<u>\$17,434</u>

CRDA bonds carry below market interest rates resulting in a valuation lower than cost. Accordingly, valuation allowances have been provided. The carrying value of the CRDA investment approximates its fair value. CRDA deposits and Note Receivable includes \$10,613,000 prepayments of South Jersey CRDA obligations.

BOARDWALK REGENCY CORPORATION
(d/b/a CAESARS ATLANTIC CITY)
(unaudited)

NOTE 4. PROPERTY AND EQUIPMENT:

	<u>1996</u>	<u>1995</u>
	(In Thousands)	
Land.....	\$ 59,735	\$ 51,727
Buildings and improvements.....	276,705	278,241
Furniture, fixtures and equipment	79,545	79,028
Construction in progress.....	92,276	5,669
Property under capital leases....	<u> </u>	<u>12,340</u>
	508,261	427,005
Less: accumulated depreciation and amortization.....	<u>157,935</u>	<u>144,887</u>
	<u>\$350,326</u>	<u>\$282,118</u>

NOTE 5. NOTES PAYABLE:

BRC maintains a revolving line of credit (Grid Note) with Desert Palace, Inc. (DPI), a subsidiary of CWI, which is due May 31, 1999. The total commitment is \$35,000,000. At December 31, 1996 and 1995, the maximum amount outstanding at any month-end was \$30,644,000 and \$24,079,000, respectively. The average of the month-end amount outstanding for 1996 and 1995 was \$10,855,000 and \$7,515,000, respectively, and the weighted average interest rate was 8.3 percent and 8.8 percent, respectively.

At December 31, 1996 and 1995, the outstanding balance on the revolving line of credit was \$15,609,000 and \$10,921,000, respectively.

BOARDWALK REGENCY CORPORATION
(d/b/a CAESARS ATLANTIC CITY)
(unaudited)

NOTE 6. INCOME TAXES:

The provision for income taxes for the twelve months ended December 31, 1996 and 1995 is comprised of the following:

	<u>1996</u>	<u>1995</u>
	(In Thousands)	
Current:		
Federal.....	\$15,076	\$17,954
State.....	4,436	5,319
Deferred:		
Federal.....	1,173	451
State.....	<u>1,175</u>	<u>72</u>
	<u>\$21,860</u>	<u>\$23,796</u>

Noncurrent deferred credits of \$9,883,000 and \$8,766,000 at December 31, 1996 and 1995, respectively, represent noncurrent deferred income taxes which result from timing differences between income for financial reporting purposes and income for tax purposes. The most significant timing differences, included in deferred credits and prepaid expenses (NOTE 2), relate to the allowance for doubtful accounts, depreciation, and certain accrued liabilities.

The provision for income taxes for the twelve months ended December 31, 1996 and 1995 differs from the amount computed at the statutory rate as follows:

	<u>1996</u>	<u>1995</u>
	(in Thousands)	
Federal income tax at statutory rate.....	\$16,096	\$19,776
State income taxes, net of federal benefit....	3,594	3,445
Other, net.....	<u>2,170</u>	<u>575</u>
	<u>\$21,860</u>	<u>\$23,796</u>

The Internal Revenue Service has examined CWI's consolidated federal income tax returns through fiscal 1992, although fiscal years 1989 through 1992 have not yet been settled.

BOARDWALK REGENCY CORPORATION
(d/b/a CAESARS ATLANTIC CITY)
(unaudited)

NOTE 7. OTHER ACCRUED EXPENSES: AFFILIATES (continued):

	<u>1996</u>	<u>1995</u>
	(in Thousands)	
Salaries, wages and vacation pay.....	\$4,320	\$5,198
Insurance claims liability.....	2,050	2,895
Taxes, other than income taxes.....	1,533	1,547
Other.....	8,097	6,569
	<u>\$16,000</u>	<u>\$16,209</u>

NOTE 8. OTHER CURRENT LIABILITIES:

	<u>1996</u>	<u>1995</u>
	(In Thousands)	
Unredeemed chips.....	\$2,033	\$2,046
Due to DPI 11.45%.....	404	434
Due to DPI 10.00% Dividend Note.....	3,333	-
Due to DPI 10.00% Ocean One.....	333	-
Due to CWI.....	4,959	1,632
Other.....	1,313	345
	<u>\$12,375</u>	<u>\$4,457</u>

NOTE 9. LONG-TERM NOTE, DUE TO AFFILIATES:

	<u>1996</u>	<u>1995</u>
	(In Thousands)	
DPI term note due June 1, 2000, interest at 11.45%.....	\$ 41,658	\$41,658
DPI term note due March 31, 2001, interest at 10.00%	200,000	-
DPI term note due August 20, 2001, interest at 10.00%	20,000	-
DPI construction note 8% due upon completion of project	31,110	-
	<u>\$292,768</u>	<u>\$41,658</u>

BOARDWALK REGENCY CORPORATION
(d/b/a CAESARS ATLANTIC CITY)
(unaudited)

NOTE 9. LONG-TERM NOTE, DUE TO AFFILIATES (continued):

On April 15, 1996, BRC declared a \$200 million dollar dividend to CNJ which was paid on May 1, 1996. The DPI term note due March 31, 2001 was used to finance this transaction.

The proceeds of the DPI term note for \$20 million due August 20, 2001 were used to acquire the Ocean One Mall.

On October 1, 1996, BRC entered into a \$250,000,000 loan agreement with DPI for the financing needs of the hotel expansion project. The principal and interest shall be due upon completion of the project, at which time more permanent financing will be secured.

Caesars Atlantic City has access to the revolving credit agreements secured by ITT Corporation with a combined principal of \$3 billion. Caesars Atlantic City is a "Restricted Subsidiary" under the definition and, therefore, eligible to be a "Borrowing Subsidiary" under the agreements.

NOTE 10. LONG-TERM DEBT, OTHER:

BRC leased approximately six acres of property in Atlantic City, including an entire block of Boardwalk frontage, which may be suitable for development of a casino/hotel. The capitalized lease, which would have expired in 2076, provide that BRC pay all applicable taxes, insurance and maintenance expenses and requires annual payments of \$875,000. BRC exercised its purchase option on October 2, 1996.

	<u>1996</u>	<u>1995</u>
	(In Thousands)	
Capitalized lease obligation, net of amounts representing interest....	\$ -	\$9,423
Less current maturities.....	-	-
	<u>\$ -</u>	<u>\$9,423</u>

BOARDWALK REGENCY CORPORATION
(d/b/a CAESARS ATLANTIC CITY)
(unaudited)

NOTE 10. LONG-TERM DEBT, OTHER (continued):

Future minimum lease payments for Operating leases are as follows:

<u>Calendar year ending:</u>	<u>(In thousands)</u>
1997	\$ 261
1998	244
1999	167
2000	-
2001 and thereafter	-
Total Minimum Lease Payments	<u>\$ 672</u>

Rent expense for the twelve months ended December 31, 1996 and 1995 were \$1,246,000 and \$1,862,000, respectively.

NOTE 11. PENSION PLANS:

BRC participates in CWI's nonqualified defined benefit pension plans covering officers or other employees designated as key executives of CWI or its subsidiaries. BRC has funded the vested benefits. At December 31, 1996 the amount of this revocable trust was \$2,554,000 and was recorded in Other Assets. This trust shall become irrevocable in the event of a change of control of CWI (as defined). Pension expense was \$669,700 and \$604,000 for the twelve months ended December 31, 1996 and 1995, respectively.

The actual computed market value of the accumulated benefit obligation relating to participants employed by BRC was \$2,892,000 at December 31, 1996. The liability accrued with respect to the Plan at December 31, 1996 was \$4,529,000.

BRC also has a 401(k) plan which is available to all full time, non-union employees who have at least one year of service (as defined in the Plan). The expense for the twelve months ended December 31, 1996 and 1995 was \$2,062,000 and \$1,876,000, respectively.

In addition to the BRC plans described above, union employees are covered by various multi-employer pension plans. BRC's unfunded portion to Hotel Employees and Restaurant Employees International's plan as of December 31, 1995 was \$2,403,000.

BOARDWALK REGENCY CORPORATION
(d/b/a CAESARS ATLANTIC CITY)
(unaudited)

NOTE 12. RELATED TRANSACTIONS:

BRC has recorded expenses for the twelve months ended December 31, 1996 and 1995 from ITT, CWI and affiliates as follows:

<u>Affiliate</u>	<u>Transaction</u>	<u>1996</u>	<u>1995</u>
		(In Thousands)	
ITT Corp.	Management fee	\$11,265	\$ -
Caesars World, Inc.	Management fee	12,308	11,872
		<u>\$23,573</u>	<u>\$11,872</u>
Caesars World Marketing Corp.	Reservation offices	\$ 2,261	\$ 5,851
Caesars Palace Corp.	Tradename fee	5,476	5,325
Caesars World, Inc.	Allocated expenses	897	1,033
		<u>\$ 8,634</u>	<u>\$12,209</u>

NOTE 13. COMMITMENTS AND CONTINGENCIES:

New Jersey Investment Obligation

The New Jersey Casino Control Act provides, among other things, for an investment obligation on licensees based upon their gross casino revenues. This obligation may be satisfied by investing in qualified eligible direct investments, by purchasing bonds issued by the Casino Reinvestment Development Authority (CRDA), and/or by making qualified contributions.

As of December 31, 1996, all BRC investment obligations had been satisfied, plus the South Jersey obligations has been satisfied through the year 2001.

On January 13, 1997, a subsidiary of BRC purchased Doubletree Corp.'s partnership and management interests in the convention center headquarters hotel for \$3 million. This transaction increased BRC's ownership interest to 6%, with the other 94% still owned by Scannapieco Development Corp., who is the managing partner overseeing the construction of the project. BRC has the option to increase its ownership interest to 80%. The \$70 million headquarters hotel project is being financed through a \$40 million loan from Summit bank, and \$30 million in loans from the CRDA. BRC has committed \$15 million of its CRDA deposits and pledged another \$5 million as operating and debt service guarantees. BRC also advanced \$5.4 million to cover cost overruns. In addition, BRC has funded \$1.4 million for the construction of the new "Miss America" headquarters which will be located on the ground level of the new convention center hotel. This 500 room property is expected to open late this year.

BOARDWALK REGENCY CORPORATION
(d/b/a CAESARS ATLANTIC CITY)
(unaudited)

NOTE 13. COMMITMENTS AND CONTINGENCIES (continued):

Litigation

BRC is involved in legal proceedings arising in the normal conduct of business. BRC believes that the final outcome of these matters will not have a material adverse effect upon BRC's financial position.

NOTE 14. NONOPERATING INCOME (EXPENSE) - NET

	<u>1996</u>	<u>1995</u>
	(In Thousands)	
Unusual charge (see below).....	\$ -	\$(8,692)
Other.....	860	(358)
	<u>\$ 860</u>	<u>\$(9,050)</u>

As a result of the ITT purchase of CWI in January 1995, BRC recorded an unusual non-operating charge of \$8,692,000 related primarily to the acceleration of the unamortized balance of deferred compensation and the payment of stock options.

NOTE 15. SUBSEQUENT EVENTS:

Caesars proposed transforming the recently acquired Ocean One Mall, into a gambling, hotel, and entertainment facility. At its full capacity, this will offer 250 luxury hotel rooms and 45,000 square feet of gaming space linked to the adjacent Caesars Atlantic City Hotel and Casino by an elevated walkway over the Boardwalk.

NOTE 16. FAIR VALUE OF FINANCIAL INSTRUMENTS:

The following methods and assumptions were used by BRC in estimating its fair value disclosures for financial instruments.

Cash

Carrying amounts for cash approximate market value.

BOARDWALK REGENCY CORPORATION
(d/b/a CAESARS ATLANTIC CITY)
(unaudited)

NOTE 16. FAIR VALUE OF FINANCIAL INSTRUMENTS (continued):

Due to Affiliates, Current

Carrying amounts from due to affiliates, current, approximate market value.

Long-term Debt Due to Affiliates

The fair values of debt are estimated by discounting future cash flows, using estimates from interest rates being offered to comparable properties on similar arrangements.

CRDA Investments

The fair values of CRDA investments are based on quoted market prices, where available. If quoted market prices are not available, fair values are based on quoted market prices of comparable investments.

The carrying values and estimated fair value of BRC's financial instruments are as follows at December 31:

	<u>1996</u>		<u>1995</u>	
	<u>Carrying Value</u>	<u>Estimated Fair Value</u>	<u>Carrying Value</u>	<u>Estimated Fair Value</u>
	(in thousands)		(in thousands)	
<u>Financial Assets</u>				
Cash	\$ 20,779	\$ 20,779	\$ 18,422	\$ 18,422
CRDA Investment, net	32,555	32,555	17,434	17,434
<u>Financial Liabilities</u>				
Notes Payable	\$ 15,744	\$ 15,744	\$ 10,921	\$ 10,921
Long-term debt, due to affiliates	\$292,768	\$293,127	\$ 41,658	\$ 42,033

SCHEDULE OF RECEIVABLES AND
STATEMENT OF CONFORMITY, ACCURACY, AND COMPLIANCE
PATRON' CHECKS

STATE OF NEW JERSEY

ss.

COUNTY OF ATLANTIC

EDWARD J. SUTOR

, being duly sworn according to law

Name

upon my oath deposes and says:

1. I have examined this Quarterly Report.
2. All the information contained in this Quarterly Report has been prepared in conformity with the Casino Control Commission's Quarterly Report instructions and Uniform Chart of Accounts.
3. To the best of my knowledge and belief, the information contained in this report is accurate.
4. To the best of my knowledge and belief, except for the deficiencies noted below, the licensee submitting this Quarterly Report has remained in compliance with the financial stability regulations contained in N.J.A.C. 19:43-4.2 (b) 1-5 during the quarter.

31 of March, 19 97

Mary Nocella
Signature

MARY NOCELLA
NOTARY PUBLIC OF NEW JERSEY
My Commission Expires July 30, 1997

Basis of Authority
to Take Oaths

8/95

TO THE
CASINO CONTROL COMMISSION
OF THE
STATE OF NEW JERSEY

Edward J. Sutor
Signature

Senior Vice President, Finance
Title

00587-11
License Number

On Behalf Of:

Boardwalk Regency Corporation
Casino Licensee

CCC-249

TRADING NAME OF LICENSEE: CAESARS ATLANTIC CITY

SCHEDULE OF RECEIVABLES AND PATRON' CHECKS

FOR THE YEAR ENDED DECEMBER 31, 1996

(UNAUDITED)
(\$ IN THOUSANDS)

LICENSEE CAESARS ATLANTIC CITY

Patron Checks:				
Deposited patron checks	\$	10,303		
Returned patron checks		8,879		
Total patron checks		19,182	\$	3,780
Other receivables:			145	859
Receivables due from officers and employees		39		
Receivables due from affiliates		151		
Accounts and notes receivables		6,087		
Total other receivables		6,277		859
Total (Form 205)	\$	27,429	\$	5,905

FOR THE YEAR ENDED DECEMBER 31, 1996

TO THE
CASINO CONTROL COMMISSION
OF THE
STATE OF NEW JERSEY

Beginning balance January 1	\$		498
Counter checks issued (including courier checks and cash deposits)			1,287
Checks redeemed prior to deposit (including the unredeemed portion of counter checks redeemed through partial redemptions, and excluding counter redemptions through transactions relating to consolidated, multi-account, and electronic cash deposits)			5,627
Checks collected through deposits			3,349
Checks transferred to returned checks			781
Other adjustments			
Ending Balance	\$		393
Less: Checks Included Balance on Line 14	\$		
Maximum For Uncollectible Patron's Checks	\$		863
Minimum As A Percent Of Counter Checks Issued	\$		7.3%

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

Information contained in the notes

TRADING NAME OF LICENSEE: CAESARS ATLANTIC CITY

SCHEDULE OF RECEIVABLES AND PATRONS' CHECKS

FOR THE TWELVE MONTHS ENDED DECEMBER 31, 1996

(UNAUDITED)

(\$ IN THOUSANDS)

ACCOUNTS RECEIVABLE BALANCES				
LINE (a)	DESCRIPTION (b)	ACCOUNT BALANCE (c)	ALLOWANCE (d)	ACCOUNTS RECEIVABLE- (e) NET OF ALLOWANCE
	Patron Checks:			
1	Undeposited patrons' checks	\$ 10,593	-	
2	Returned patrons' checks	8,939	-	
3	Total patrons' checks	19,532	\$ 5,760	\$ 13,772
4	Hotel Receivables	1,004	145	859
	Other Receivables:			
5	Receivables due from officers and employees	39	-	
6	Receivables due from affiliates	154	-	
7	Other accounts and notes receivables	6,697	-	
8	Total other receivables	6,890	-	6,890
9	Totals (Form 205)	\$ 27,426	\$ 5,905	\$ 21,521

UNDEPOSITED PATRONS' CHECKS ACTIVITY		
LINE (f)	DESCRIPTION (g)	AMOUNT (h)
10	Beginning Balance (January 1)	\$ 9,456
11	Counter checks issued (excluding counter checks issued through transactions relating to consolidations, partial redemptions, substitutions, and patrons' cash deposits)	313,297
12	Checks redeemed prior to deposit (excluding the unredeemed portion of counter checks redeemed through partial redemptions, and excluding checks redeemed through transactions relating to consolidation, substitutions, and patrons' cash deposits)	(245,027)
13	Checks collected through deposits	(63,349)
14	Checks transferred to returned checks	(3,784)
15	Other adjustments	
16	Ending Balance	\$ 10,593
17	"Hold" Checks Included Balance on Line 16	\$
18	Provision For Uncollectible Patrons' Checks	\$ 1,083
19	Provision As A Percent Of Counter Checks Issued	0.3%

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

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

ANNUAL EMPLOYMENT AND PAYROLL REPORT

LICENSEE CAESARS ATLANTIC CITY

FOR THE YEAR ENDED DECEMBER 31, 1996

TO THE
CASINO CONTROL COMMISSION
OF THE
STATE OF NEW JERSEY

ANNUAL EMPLOYMENT AND PAYROLL REPORT

FOR THE YEAR ENDED DECEMBER 31, 1996

(\$ in Thousands)

LINE (a)	DEPARTMENT (b)	NUMBER OF EMPLOYEES AT DECEMBER 31, (c)	SALARIES AND WAGES		
			Other Employees (d)	Officers & Owners (e)	Total (f)
	CASINO				
1	Administration	16			
2	Gaming	1,062			
3	Slots	227			
4	Casino Accounting	49			
5	Simulcasting	22			
6	Other	595			
7	Total - Casino	1,971	\$ 48,949,559	\$ 734,291	\$ 49,683,850
8	ROOMS	194	4,560,953	139,591	4,700,544
9	FOOD AND BEVERAGE	754	14,064,588	256,359	14,320,947
	OTHER OPERATED DEPARTMENTS				
10	Parking Operations	46	1,001,408	-	1,001,408
11	Health Spa	9	167,696	-	167,696
12	Coat Room	12	118,210	-	118,210
13	Telephone	17	371,143	-	371,143
14	Affinity	1	25,954	-	25,954
15					
16					
17					
18					
19					
	ADMINISTRATIVE AND GENERAL				
20	Executive office	6	630,196	931,474	1,561,670
21	Accounting and auditing	51	1,633,744	383,794	2,017,538
22	Security	238	5,684,989	-	5,684,989
23	Other administrative and general department	137	4,899,080	242,859	5,141,939
24	MARKETING	108	3,099,948	1,794,047	4,893,995
25	GUEST ENTERTAINMENT	60	1,377,987	-	1,377,987
26	PROPERTY OPERATION AND MAINTENANCE	101	4,458,853	123,530	4,582,383
27	TOTAL - ALL DEPARTMENTS	3,705	\$ 91,044,308	\$ 4,605,945	\$ 95,650,253

TRADING NAME OF LICENSEE: CAESARS ATLANTIC CITY

**ANNUAL EMPLOYMENT AND PAYROLL REPORT
SIGNATURE PAGE**

FOR THE YEAR ENDED DECEMBER 31, 1996

Under penalties provided by law, I declare that I have examined this report, and to the best of my knowledge and belief, no material discrepancies were noted for the period covered by this report, or if material discrepancies were noted, a detailed explanation is included on the attached page.

CASINO CONTROL COMMISSION

OF THE

STATE OF NEW JERSEY

Edward J. Sutor

Signature

Senior Vice-President, Finance

Title

3/31/97

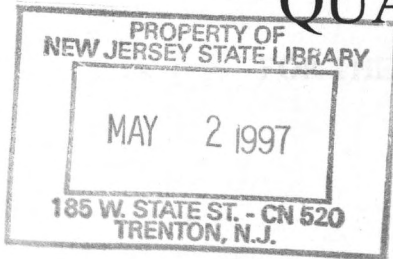
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TRADING NAME OF LICENSEE: GNOC, CORP. (Atlantic City Hilton)

QUARTERLY REPORT



QUARTER ENDED DECEMBER 31, 1996

TRADING NAME OF LICENSEE: GNOC, CORP. (A.C. Hilton)

TITLE	FORM NO.
Balance Sheets	CCC-205
Statement of Income For The Quarter Ended December 31, 1996	CCC-210
Statement of Income (Three Months)	CCC-215
Statement of Changes in Stockholders' Equity	CCC-220
Statement of Changes in Partners' or Proprietor's Equity	CCC-225
Statement of Cash Flows	CCC-235
Statement of Promotional Expenses	CCC-245
Statement of Financial Statements	CCC-249
Statement of Conformity, Accounting	CCC-251

CASINO CONTROL COMMISSION

OF THE

STATE OF NEW JERSEY

TRADING NAME OF LICENSEE: GNOC, CORP. (Atlantic City Hilton)

LIST OF FORMS - QUARTERLY REPORT

DESCRIPTION	1996	1995
	(c)	(d)
ASSETS		
Cash and cash equivalents	\$ 14,294	\$ 23,903
Investments	6,737	6,040
Accounts receivable and patrons' checks (net of allowance for doubtful accounts - 1996, \$ 4,409; 1995, \$ 5,571)	1,485	2,398
Prepaid expenses and other assets	12	8,716
Total Assets	\$ 22,528	\$ 41,057
LIABILITIES AND EQUITY		
Accounts payable	\$ 6,325	\$ 7,300
Notes payable	429	431,110
Other liabilities	26,184	21,769
Partners', Partners', Or Proprietor's Equity	48,530	1,938
Total Liabilities and Equity	\$ 429,734	\$ 431,110

TITLE	NOTE	FORM NO.
Balance Sheets	NOTE 2	CCC-205
Statements of Income (Year-to-Date)	NOTE 3	CCC-210
Statements of Income (Three Months)	NOTE 4	CCC-215
Statements of Changes in Stockholders' Equity	NOTE 5	CCC-220
Statements of Changes in Partners' or Proprietor's Equity		CCC-225
Statements of Cash Flows		CCC-235
Schedule of Promotional Expenses and Allowances		CCC-245
Notes to Financial Statements		-
Statements of Conformity, Accuracy, and Compliance	NOTE 6	CCC-249

BALANCE SHEETS

DECEMBER 31, 1996 AND 1995
(UNAUDITED)
(\$ IN THOUSANDS)

LINE (a)	DESCRIPTION (b)	1996 (c)	1995 (d)
ASSETS			
Current Assets:			
1	Cash and cash equivalents.....	\$ 14,294	\$ 23,903
2	Short-term investments.....	-	-
3	Receivables and patrons' checks (net of allowance for doubtful accounts - 1996, \$ 4,409 ; 1995, \$ 5,573).....	6,137	6,040
4	Inventories.....	1,485	2,398
5	Prepaid expenses and other current assets..... NOTE 2:...	12,592	8,716
6	Total current assets.....	34,508	41,057
7	Investments, Advances, and Receivables..... NOTE 3....	10,294	3,692
8	Property And Equipment - Gross..... NOTE 4....	427,698	401,610
9	Less: Accumulated Depreciation/Amortization..... NOTE 4....	(134,871)	(119,874)
10	Other Assets..... NOTE 5....	92,105	104,625
11	Total Assets.....	\$ 429,734	\$ 431,110
LIABILITIES AND EQUITY			
Current Liabilities:			
12	Accounts payable.....	\$ 6,476	\$ 3,399
13	Notes payable.....	-	-
Current portion of long-term debt.....			
14	Due to affiliates.....	-	-
15	Other.....	-	-
16	Income taxes payable and accrued.....	-	-
17	Other accrued expenses..... NOTE 6....	26,385	21,769
18	Other current liabilities..... NOTE 7....	44,039	1,928
19	Total current liabilities.....	76,900	27,096
Long-Term Debt:			
20	Due to affiliates..... NOTE 8....	275,000	273,322
21	Other.....	-	-
22	Deferred Credits..... NOTE 9....	36,942	57,258
23	Other Liabilities.....	-	-
24	Commitments And Contingencies.....	-	-
25	Total Liabilities.....	388,842	357,676
26	Stockholders', Partners', Or Proprietor's Equity..... NOTE 10....	40,892	73,434
27	Total Liabilities And Equity.....	\$ 429,734	\$ 431,110

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

STATEMENTS OF INCOME

FOR THE TWELVE MONTHS ENDED DECEMBER 31, 1996 and 1995

(UNAUDITED)

(\$ IN THOUSANDS)

LINE (a)	DESCRIPTION (b)	1996 (c)	1995 (d)
	Revenues:		
1	Casino.....	\$ 251,040	\$ 256,790
2	Rooms.....	16,713	16,596
3	Food and beverage.....	36,058	35,865
4	Other.....	9,352	8,435
5	Total Revenues.....	313,163	317,686
6	Less: Promotional allowances.....	42,739	41,415
7	Net Revenues.....	270,424	276,271
	Costs And Expenses:		
8	Cost of goods and services.....	120,644	117,131
9	Selling, general, and administrative.....	117,880	95,627
10	Provision for doubtful accounts.....	1,080	1,174
11	Total Costs and Expenses.....	239,604	213,932
12	Gross Operating Profit.....	30,820	62,339
13	Depreciation and Amortization.....	19,499	17,972
	Charges from affiliates other than interest:		
14	Management fees.....	-	-
15	Other..... NOTE 11...	2,154	2,152
16	Income (Loss) From Operations.....	9,167	42,215
	Other Income (Expenses):		
17	Interest (expense)-affiliates.....	(30,042)	(30,644)
18	Interest (expense)-external.....	229	(126)
19	Investment alternative tax and related income (expense) - net.....	3,707	(1,463)
20	Nonoperating income (expense) - net..... NOTE 12...	1,233	1,298
21	Total Other Income (Expenses).....	(24,873)	(30,935)
22	Income (Loss) Before Income Taxes And Extraordinary Items.....	(15,706)	11,280
23	Provision (credit) for income taxes..... NOTE 13...	(6,257)	6,486
24	Income (Loss) Before Extraordinary Items.....	(9,449)	4,794
25	Extraordinary items (net of income taxes - 1996, \$ 15,948; 1995, \$ -).....	(23,093)	-
26	Net Income (Loss).....	\$ (32,542)	\$ 4,794

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

TRADING NAME OF LICENSEE: GNOC, CORP. (A.C. HILTON)

STATEMENTS OF INCOME

FOR THE THREE MONTHS ENDED DECEMBER 31, 1996 and 1995

(UNAUDITED)

(\$ IN THOUSANDS)

LINE (a)	DESCRIPTION (b)	1996 (c)	1995 (d)
	Revenues:		
1	Casino	\$ 56,905	\$ 60,302
2	Rooms	3,683	3,883
3	Food and beverage	8,471	8,747
4	Other	1,850	2,242
5	Total Revenues	70,909	75,174
6	Less: Promotional allowances	9,810	10,171
7	Net Revenues	61,099	65,003
	Costs And Expenses:		
8	Cost of goods and services	30,142	29,695
9	Selling, general, and administrative	38,198	23,760
10	Provision for doubtful accounts	749	245
11	Total Costs and Expenses	69,089	53,700
12	Gross Operating Profit	(7,990)	11,303
13	Depreciation and Amortization	4,966	4,498
	Charges from affiliates other than interest:		
14	Management fees	-	-
15	Other	574	562
16	Income (Loss) From Operations	(13,530)	6,243
	Other Income (Expenses):		
17	Interest (expense)-affiliates	(7,048)	(7,662)
18	Interest (expense)-external	252	88
19	Investment alternative tax and related income (expense) - net	(286)	(345)
20	Nonoperating income (expense) - net	232	370
21	Total Other Income (Expenses)	(6,850)	(7,549)
22	Income (Loss) Before Income Taxes And Extraordinary Items	(20,380)	(1,306)
23	Provision (credit) for income taxes	(9,421)	(352)
24	Income (Loss) Before Extraordinary Items	(10,959)	(954)
25	Extraordinary items (net of income taxes - 1996, \$15,948 ; 1995, \$ -)	(23,093)	-
26	Net Income (Loss)	\$ (34,052)	\$ (954)

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

TRADING NAME OF LICENSEE: GNOC, CORP. (A.C. HILTON)

STATEMENTS OF CHANGES IN STOCKHOLDERS' EQUITY

FOR THE TWELVE MONTHS ENDED DECEMBER 31, 1996 AND 1995

(UNAUDITED)
(\$ IN THOUSANDS)

Line (a)	Description (b)	Common Stock		Preferred Stock		Additional Paid-In Capital (g)	(h)	Retained Earnings (Accumulated) (Deficit) (i)	Total Shareholders' Equity (Deficit) (j)
		Shares (c)	Amount (d)	Shares (e)	Amount (f)				
1	Balance, December 31, 1994.....	3,002,510	\$ 30		\$	\$ 123,421	\$	\$ (54,811)	\$ 68,640
2	Net Income (Loss) - 1995.....							4,794	4,794
3	Contribution to Paid-in Capital.....								
4	Dividends.....								
5	Prior Period Adjustments.....								
7									
8									
9									
10	Balance, December 31, 1995.....	3,002,510	\$ 30		\$	\$ 123,421	\$	\$ (50,017)	\$ 73,434
11	Net Income (Loss) - 1996.....							(32,542)	(32,542)
12	Contribution to Paid-in Capital.....								
13	Dividends.....								
14	Prior Period Adjustments.....								
15									
16									
17									
18									
19	Balance, December 31, 1996.....	3,002,510	\$ 30		\$	\$ 123,421	\$	\$ (82,559)	\$ 40,892

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

STATEMENTS OF CASH FLOWS

FOR THE TWELVE MONTHS ENDED DECEMBER 31, 1996 and 1995

(UNAUDITED)

(\$ IN THOUSANDS)

LINE (a)	DESCRIPTION (b)	1996 (c)	1995 (d)
1	Net Cash Provided (Used) By Operating Activities.....	\$ 45,395	\$ 28,856
	Cash Flows From Investing Activities:		
2	Purchase of short-term investment securities.....	-	-
3	Proceeds from the sale of short-term investment securities.....	-	-
4	Cash outflows for property and equipment.....	(27,671)	(16,898)
5	Proceeds from disposition of property and equipment.....	25	70
6	Purchase of casino reinvestment obligations.....	(2,969)	(2,369)
7	Purchase of other investments and loans/advances made.....	-	-
8	Proceeds from disposal of investment and collection of advances and long-term receivables.....	-	67
9	Cash outflows to acquire business entities.....	-	-
10	Increase in construction - related liabilities.....	5,073	-
11		-	-
12	Net Cash Provided (Used) By Investing Activities.....	(25,542)	(19,130)
	Cash Flows From Financing Activities:		
13	Cash proceeds from issuance of short-term debt.....	-	-
14	Payments to settle short-term debt.....	-	-
15	Cash proceeds from issuance of long-term debt.....	275,000	-
16	Costs of issuing debt.....	(330)	-
17	Payments to settle long-term debt.....	(275,000)	-
18	Cash proceeds from issuing stock or capital contribution.....	-	-
19	Purchases of treasury stock.....	-	-
20	Payments of dividends or capital withdrawals.....	-	-
21	Debt retirement costs.....	(29,132)	-
22		-	-
23	Net Cash Provided (Used) By Financing Activities.....	(29,462)	-
24	Net Increase (Decrease) In Cash And Cash Equivalents.....	(9,609)	9,726
25	Cash And Cash Equivalents At Beginning Of Year.....	23,903	14,177
26	Cash And Cash Equivalents At End Of Year.....	\$ 14,294	\$ 23,903

SUPPLEMENTAL DISCLOSURE OF CASH FLOW INFORMATION

	Cash Paid During Year For:		
27	Interest (net of amount capitalized).....	\$ 28,816	\$ 29,185
28	Income taxes paid (refunded) - net.....	\$ 1,877	\$ 3,148

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

TRADING NAME OF LICENSEE: GNOC, CORP. (A.C. HILTON)

STATEMENTS OF CASH FLOWS

FOR THE NINE MONTHS ENDED SEPTEMBER 30, 1996 and 1995

(UNAUDITED)

(\$ IN THOUSANDS)

LINE (a)	DESCRIPTION (b)	1996 (c)	1995 (d)
	Net Cash Flows From Operating Activities:		
29	Net income (loss)	\$ (32,542)	\$ 4,794
	Noncash items included in income and cash items excluded from income:		
30	Depreciation and amortization of property and equipment.	16,372	14,097
31	Amortization of other assets.	3,127	3,875
32	Amortization of debt discount or premium.	1,566	1,603
33	Deferred income taxes - current.	2,951	89
34	Deferred income taxes - noncurrent.	(8,416)	4,352
35	(Gain) loss on disposition of property and equipment.	183	-
36	(Gain) loss on casino reinvestment obligations.	(3,707)	1,463
37	(Gain) loss from other investment activities.	-	-
38	Net (increase) decrease in receivables and patrons' checks.	(97)	(659)
39	Net (increase) decrease in inventories.	913	161
40	Net (increase) decrease in other current assets.	(2,779)	925
41	Net (increase) decrease in other assets.	-	-
42	Net increase (decrease) in other noncurrent liabilities.	2,738	(439)
43	Net increase (decrease) in other current liabilities excluding debt.	41,993	(1,405)
44	Net increase (decrease) in other noncurrent liabilities excluding debt.	-	-
45	Loss on extinguishment of debt, net of tax benefit of \$15,948	23,093	-
46		-	-
47	Net Cash Provided (Used) By Operating Activities.	\$ 45,395	\$ 28,856

SUPPLEMENTAL SCHEDULE OF NONCASH INVESTING AND FINANCING ACTIVITIES

	Acquisition Of Property And Equipment:		
48	Additions to property and equipment.	\$ 27,671	\$ 16,898
49	Less: Capital lease obligations incurred.	-	-
50	Cash Outflows For Property And Equipment.	\$ 27,671	\$ 16,898
	Acquisition Of Business Entities:		
51	Property and equipment acquired.	\$ -	\$ -
52	Goodwill acquired.	-	-
53	Net assets acquired other than cash, goodwill, and property and equipment.	-	-
54	Long-term debt assumed.	-	-
55	Issuance of stock or capital invested.	-	-
56	Cash Outflows To Acquire Business Entities.	\$ -	\$ -
	Stock Issued Or Capital Contributions:		
57	Total issuances of stock or capital contributions.	\$ -	\$ -
58	Less: Issuances to settle long-term debt.	-	-
59	Consideration in acquisition of business entities.	-	-
60	Cash Proceeds From Issuing Stock Or Capital Contributions.	\$ -	\$ -

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

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

SCHEDULE OF PROMOTIONAL EXPENSES AND ALLOWANCES

(\$ IN THOUSANDS)

FOR THE TWELVE MONTHS ENDED DECEMBER 31, 1996

LINE (a)	(b)	Promotional Allowances		Promotional Expenses	
		Number of Recipients (c)	Dollar Amount (d)	Number of Recipients (e)	Dollar Amount (f)
1	Rooms	209,260	12,036	-	-
2	Food	1,243,679	20,235	-	-
3	Beverage	3,038,257	6,836	-	-
4	Travel	-	-	51,776	3,982
5	Coin	-	-	1,720,218	34,585
6	Coupon	-	-	99,139	1,076
7	Entertainment	34,664	907	5,902	722
8	Retail & Gifts	50,196	2,510	276,216	5,486
9	Parking	-	-	-	-
10	Other	14,219	215	185,038	2,278
11	Total	4,590,275	42,739	2,338,289	48,129

FOR THE THREE MONTHS ENDED DECEMBER 31, 1996

LINE (a)	(b)	Promotional Allowances		Promotional Expenses	
		Number of Recipients (c)	Dollar Amount (d)	Number of Recipients (e)	Dollar Amount (f)
1	Rooms	41,957	2,627	-	-
2	Food	293,276	4,748	-	-
3	Beverage	703,698	1,583	-	-
4	Travel	-	-	11,409	885
5	Coin	-	-	435,528	9,233
6	Coupon	-	-	21,052	314
7	Entertainment	5,445	222	1,699	208
8	Retail & Gifts	11,673	584	71,991	1,456
9	Parking	-	-	-	-
10	Other	2,361	46	44,183	570
11	Total	1,058,410	9,810	585,862	12,666

CCC-245

GNOC, CORP. (Atlantic City Hilton)
NOTES TO FINANCIAL STATEMENTS
(Unaudited)
(All dollar amounts in thousands)

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Basis of presentation

The accompanying consolidated financial statements include the accounts of GNOC, CORP., a New Jersey corporation (the "Company"), which is a wholly owned subsidiary of Hilton Hotels Corporation ("Hilton"), and its wholly owned subsidiary, GNF, CORP. On December 18, 1996, Bally Entertainment Corporation ("BEC"), formerly the parent of the Company, merged with and into Hilton with Hilton becoming the surviving entity (the "Merger"). The Company owns and operates the casino hotel resort in Atlantic City, New Jersey known as the "Atlantic City Hilton", formerly known as "The Grand." The Company operates in one industry segment and all significant revenues arise from its casino and supporting hotel operations. Unless otherwise specified in the text, references to the Company include the Company and its subsidiary.

The accompanying consolidated financial statements have been prepared in conformity with generally accepted accounting principles which require the Company's management to make estimates and assumptions that affect the amounts reported therein. Actual results could vary from such estimates. In addition, certain reclassifications have been made to prior year's financial statements to conform with the 1996 presentation.

Cash equivalents

The Company considers all highly liquid investments with maturities of three months or less when purchased to be cash equivalents.

Inventories

Inventories of provisions and supplies are stated at the lower of cost (first-in, first-out basis) or market, which approximates replacement cost.

Property and equipment

Depreciation of property and equipment is provided principally on the straight-line method over the estimated economic lives of the related assets. Depreciation expense was \$16,372 and \$14,097 for 1996 and 1995, respectively.

Cost in excess of acquired assets

In 1987, BEC acquired the Company, other related properties and real estate leases in a transaction which was accounted for as a purchase. The excess of the total acquisition cost and debt assumed over the fair value of net assets acquired (goodwill) is being amortized on the straight-line method over forty years.

GNOG, CORP. (Atlantic City Hilton)
NOTES TO FINANCIAL STATEMENTS
(Unaudited)
(All dollar amounts in thousands)

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

Long lived assets

In 1995, The Company adopted the provisions of Statement of Financial Accounting Standards No. 121 "Accounting for the Impairment of Long Lived Assets". Accordingly, the Company evaluates annually whether the remaining estimated useful lives of its long lived assets and identifiable intangibles may warrant revision or the remaining balance of these assets may not be recoverable, generally considering expectations of future profitability and cash flows (undiscounted and without interest charges). If the sum of the Company's expected future cash flows was less than the carrying value of the Company's long-lived assets and identifiable intangibles, an impairment loss would be recognized equal to the amount by which the carrying value of the Company's long-lived assets and identifiable intangibles exceeded their fair value. The Company believes that no impairment of goodwill exists at December 31, 1996.

Fair value of financial instruments

The fair value of the Company's financial instruments approximates their recorded book values at December 31, 1996 and 1995, excluding the 10-5/8% First Mortgage Notes due 2003 (the "10-5/8% Notes") the fair market value of which, based on quoted market prices, was \$258,500 at December 31, 1995. In December 1996, the 10-5/8% Notes were retired and replaced with a \$275,000 long-term intercompany payable to Hilton (see Long-term debt note). The fair values were not necessarily indicative of the amounts the Company could have realized in a current market exchange.

Deferred finance costs

Deferred finance costs were being amortized over the terms of the related debt using the bonds outstanding method. Unamortized deferred finance costs at the date of the retirement of the 10-5/8% Notes are included in the loss on extinguishment of debt (see Long-term debt note).

Income taxes

As a result of the Merger, taxable income or loss of the Company is included in the respective consolidated federal income tax returns of either BEC or Hilton (both referred to herein as "its Parent"). Prior to the Merger, the Company and BEC had a tax sharing agreement, whereby income taxes were allocated to the Company based on amounts the Company would pay or receive if it filed a separate consolidated federal income tax return, except that the Company received credit from BEC for the tax benefit of the Company's net operating losses and tax credits, if any, that could be utilized in BEC's consolidated federal income tax return, regardless of whether these losses or credits could be utilized by the Company on a separate consolidated federal income tax return basis. Payments to BEC for tax liabilities were due at such time and in such amounts as payments were required to be made to the Internal Revenue Service. Payments from BEC for tax benefits are due at the time BEC filed the applicable consolidated federal income tax returns. The Company had income taxes receivable from its Parent of \$3,552 and \$2,145 at December 31, 1996 and 1995, respectfully.

GNOC, CORP. (Atlantic City Hilton)
NOTES TO FINANCIAL STATEMENTS
(Unaudited)
(All dollar amounts in thousands)

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

Casino licensing

In June 1996, the New Jersey Casino Control Commission ("CCC") renewed the Company's casino license to operate the Atlantic City Hilton through July 2000. A New Jersey casino license is not transferable and must be renewed by filing an application.

NOTE 2 - PREPAID EXPENSES AND OTHER CURRENT ASSETS

Prepaid expenses and other current assets as of December 31 consisted of the following:

	<u>1996</u>	<u>1995</u>
Deferred federal and state income taxes	6,755	5,658
Income taxes receivable	3,554	886
Other	<u>2,283</u>	<u>2,172</u>
	<u>\$ 12,592</u>	<u>\$ 8,716</u>

NOTE 3 - INVESTMENTS, ADVANCES AND RECEIVABLES

Investments, advances and receivables as of December 31, 1996 and 1995 consist of funds invested with the New Jersey Casino Reinvestment Development Authority (the "CRDA"). The New Jersey Casino Control Act provides, among other things, for an assessment of licensees equal to 1.25% of their gross gaming revenues in lieu of an investment alternative tax equal to 2.5% of gross gaming revenues. The Company 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 obligation. CRDA bonds have terms up to fifty years and bear interest at below market rates. The Company records an adjustment to operations to reflect the estimated realizable value of its CRDA investment obligations. The adjustment resulted in a credit to expense of \$3,707 in 1996 and a charge of \$1,463 in 1995.

GNOC, CORP. (Atlantic City Hilton)
NOTES TO FINANCIAL STATEMENTS
(Unaudited)
(All dollar amounts in thousands)

NOTE 4 - PROPERTY AND EQUIPMENT

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

	<u>1996</u>	<u>1995</u>
Land	\$ 66,195	\$ 66,195
Buildings and improvements	232,198	232,105
Furniture, fixtures and equipment	103,745	102,128
Construction in progress	<u>25,560</u>	<u>1,182</u>
	427,698	401,610
Accumulated depreciation	<u>(134,871)</u>	<u>(119,874)</u>
	<u>\$ 292,827</u>	<u>\$ 281,736</u>

NOTE 5 - OTHER ASSETS

Other assets as of December 31 consisted of the following:

	<u>1996</u>	<u>1995</u>
Cost in excess of acquired assets, less accumulated amortization of \$29,371 and \$26,318	\$ 92,105	\$ 95,158
Deferred finance costs, less accumulated amortization of \$4,179	<u>-</u>	<u>9,467</u>
	<u>\$ 92,105</u>	<u>\$ 104,625</u>

NOTE 6 - OTHER ACCRUED EXPENSES

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

	<u>1996</u>	<u>1995</u>
Accrued payroll and benefit-related	\$ 8,895	\$ 8,114
Accrued interest	6,737	7,305
Insurance related liabilities	6,436	2,510
Other	<u>4,317</u>	<u>3,840</u>
	<u>\$ 26,385</u>	<u>\$ 21,769</u>

GNOG, CORP. (Atlantic City Hilton)
NOTES TO FINANCIAL STATEMENTS
(Unaudited)
(All dollar amounts in thousands)

NOTE 7 - OTHER CURRENT LIABILITIES

Other current liabilities as of December 31 consisted of the following:

	<u>1996</u>	<u>1995</u>
Due to Hilton	\$ 41,791	\$ -
Due to Bally's Park Place, Inc.	355	321
Due to Bally's Olympia	3	-
Due to Bally's Las Vegas, Inc.	2	2
Other	<u>1,888</u>	<u>1,605</u>
	<u>\$ 44,039</u>	<u>\$ 1,928</u>

Hilton funded the purchase and defeasance of the Company's 10-5/8% Notes in connection with the Merger. As a result, the Company's payables to affiliates reflect certain charges related to the extinguishment of the debt, as well as certain other transaction costs related to the Merger.

NOTE 8 - LONG-TERM DEBT AND REVOLVING CREDIT AGREEMENT

In December 1996 and in connection with the Merger, the Company retired its 10-5/8% Notes due 2003 through purchase and defeasance. The Company recognized an extraordinary loss of \$23,093 net of a tax benefit of \$15,948 due to the repurchase and defeasance. The 10-5/8% Notes were secured by a first mortgage on and security interest in all property and equipment of the Company. The 10-5/8% Notes were replaced with a long-term intercompany payable to Hilton for \$275,000. On February 1, 1997, the Company executed a note payable to Hilton replacing \$200,000 of its long-term intercompany payable to Hilton. Interest on the note payable is at the rate of 9% per annum, payable quarterly on the last business day of each quarter.

The Company had a \$20,000 revolving credit agreement (the "Credit Agreement") expiring on June 30, 1998, which provided for interest on borrowings at the rate of 1% above the agent bank's prime rate. The Credit Agreement was secured by a pari passu lien on the collateral securing the 10-5/8% Notes. The Company paid a fee of up to 1/2% on the unused commitment and there were no short-term borrowings in 1996 or 1995. The Company cancelled the Credit Agreement on December 23, 1996.

NOTE 9 - DEFERRED CREDITS

Deferred credits as of December 31, 1996 and 1995 consisted of deferred federal and state income taxes, which reflect the net tax effects of temporary differences between the carrying amounts of assets and liabilities for financial reporting and income tax purposes.

GNOG, CORP. (Atlantic City Hilton)
NOTES TO FINANCIAL STATEMENTS
(Unaudited)
(All dollar amounts in thousands, except share data)

NOTE 10 - STOCKHOLDER'S EQUITY

At December 31, 1996 and 1995, the Company had 5,000,000 shares of common stock authorized; of such shares 3,002,510 were issued and outstanding.

NOTE 11 - CHARGES FROM AFFILIATES - OTHER

Prior to the Merger, BEC allocated costs to the Company consisting of the Company's allocable share of BEC's corporate overhead including executive salaries and benefits, public company reporting costs and other corporate headquarters' costs. While the Company did not obtain a measurable direct benefit from these allocated costs, management believed that the Company received an indirect benefit from BEC's oversight. BEC's method for allocating costs was designed to apportion the majority of its operating costs to its subsidiaries and was generally based upon many subjective factors including various measures of operational size and extent of BEC's oversight requirements. Management of BEC believed that the methods used to allocate these costs were reasonable. Because of BEC's controlling relationship with the Company and the allocation of certain BEC costs, the operating results of the Company could be significantly different if the Company operated autonomously. In addition, certain of the Company's insurance coverage was obtained by BEC pursuant to corporate-wide programs. In these circumstances, BEC charged the Company its proportionate share of the respective insurance premiums. BEC allocated overhead totalling \$238 and \$275 for the three months ended December 31, 1996 and 1995, respectively, and \$1,016 and \$1,099 for the years ended December 31, 1996 and 1995, respectively.

Certain executive officers of Bally's Park Place, Inc. ("Bally's Park Place"), an indirect wholly owned subsidiary of Hilton, which owns and operates the casino hotel resort in Atlantic City known as "Bally's Park Place, A Hilton Casino Resort," function in a similar capacity for the Company and exercise decision-making and operational authority over both entities. No allocation of cost is made from Bally's Park Place to the Company for these executive officers as management deems the direct allocable cost to be immaterial. In addition, certain administrative and support operations of the Company and Bally's Park Place are consolidated, including limousine services, legal services, human resources and purchasing. Costs of these operations are allocated to or from the Company either directly or using various formulas based on estimates of utilization of such services. On a net basis, allocations from Bally's Park Place were \$162 and \$113 for the three months ended December 31, 1996 and 1995, respectively, and \$442 and \$357 for the years ended December 31, 1996 and 1995, respectively, which management believes were reasonable. The Company also leases surface area parking lots from Bally's Park Place, and rental expense was \$175 for each of the three months ended December 31, 1996 and 1995 and \$696 for each of the years ended December 31, 1996 and 1995.

GNOC, CORP. (Atlantic City Hilton)
NOTES TO FINANCIAL STATEMENTS
(Unaudited)
(All dollar amounts in thousands, except share data)

NOTE 12 - NONOPERATING INCOME (EXPENSE) - NET

Nonoperating income, consisting of interest income, was \$232 and \$370 for the three months ended December 31, 1996 and 1995, respectively, and \$1,233 and \$1,298 for the years ended December 31, 1996 and 1995, respectively.

NOTE 13 - INCOME TAXES

The income tax provision (benefit) applicable to income (loss) before income taxes and extraordinary item consists of the following:

	1996	1995
Current:		
Federal	\$ (792)	\$2,045
State	-	-
Total	<u>(792)</u>	<u>2,045</u>
Deferred:		
Federal	(3,192)	1,910
State	<u>(2,273)</u>	<u>2,531</u>
Total	<u>(5,465)</u>	<u>4,441</u>
	<u><u>\$ (6,257)</u></u>	<u><u>\$6,486</u></u>

As of December 31, 1996, the Company had loss carryforwards for state income tax purposes which begin to expire in 1997 and fully expire in 2000.

The reconciliation of the income tax provision (benefit) with amounts determined by applying the statutory rate to income (loss) before income taxes and extraordinary item is as follows:

	1996	1995
Income (benefit) at U.S. statutory tax rate (35%)	\$ (5,465)	\$ 4,441
State income taxes, net of refund federal income	1,673	1,545
Amortization of cost in excess of acquired assets	1,017	1,067
State tax	(1,282)	(1,561)
Net	(3,057)	(1,010)
Income tax provision (benefit)	<u><u>\$ (6,257)</u></u>	<u><u>\$6,486</u></u>

GNOC, CORP. (Atlantic City Hilton)
NOTES TO FINANCIAL STATEMENTS
(Unaudited)
(All dollar amounts in thousands, except share data)

NOTE 13 - INCOME TAXES (Continued)

Deferred income taxes reflect the net tax effect of temporary differences between the carrying amounts of assets and liabilities for financial reporting and income tax purposes. Significant components of the Company's deferred tax assets and liabilities as of December 31, 1996 and 1995, along with their classification, are as follows:

	<u>1996</u>		<u>1995</u>	
	<u>Assets</u>	<u>Liabilities</u>	<u>Assets</u>	<u>Liabilities</u>
Expenses which are not currently deductible for tax purposes:				
Bad debts	\$ 1,827	\$ -	\$2,281	\$ -
CRDA investment obligation	522	-	1,118	-
Other	5,775	-	4,593	-
Depreciation and capitalized costs	-	52,921	-	53,693
State tax loss carryforwards	4,187	-	246	-
Intercompany Federal tax loss carryforward	17,856	-	-	-
Other, net	<u>-</u>	<u>7,433</u>	<u>-</u>	<u>6,145</u>
	<u>\$30,167</u>	<u>\$60,354</u>	<u>\$8,238</u>	<u>\$59,838</u>
Current	\$ 6,755	\$ -	\$5,658	\$ -
Long-term	<u>23,412</u>	<u>60,354</u>	<u>2,580</u>	<u>59,838</u>
	<u>\$30,167</u>	<u>\$60,354</u>	<u>\$8,238</u>	<u>\$59,838</u>

At December 31, 1996, the Company had loss carryforwards for state income tax purposes of \$9,908, which begin to expire in 1997 and fully expire in 2003.

A reconciliation of the income tax provision (benefit) with amounts determined by applying the U.S. statutory tax rate to income (loss) before income taxes and extraordinary item is as follows:

	<u>1996</u>	<u>1995</u>
Provision (benefit) at U.S. statutory tax rate (35%)	\$(5,497)	\$3,948
Add (deduct):		
State income taxes, net of related federal income tax effect	(1,823)	1,645
Amortization of cost in excess of acquired assets	1,069	1,069
Prior years' taxes	(128)	(356)
Other, net	<u>122</u>	<u>180</u>
Income tax provision (benefit)	<u>\$(6,257)</u>	<u>\$6,486</u>

GNOC, CORP. (Atlantic City Hilton)
NOTES TO FINANCIAL STATEMENTS
(Unaudited)
(All dollar amounts in thousands, except share data)

NOTE 14 - RETIREMENT AND STOCK PLANS

Certain employees of the Company are covered by union-sponsored, collectively bargained, multi-employer defined benefit pension plans. The contributions and charges to expense for these plans were \$468 and \$443 in 1996 and 1995, respectively.

The Company has defined contribution plans that provide retirement benefits for eligible non-union employees. Eligible employees may elect to participate by contributing a percentage of their pre-tax earnings to the plans. Employee contributions to the plans, up to certain limits, are matched in various percentages by the Company. The expense for such plans was \$1,159 and \$1,081 in 1996 and 1995, respectively.

Prior to the Merger, eligible employees of the Company could also participate in BEC's Employee Stock Purchase Plan, which provides participating employees the opportunity to purchase (through payroll deductions) shares of BEC common stock at a price equal to 85% of the fair market value of the stock at specified dates. In addition, certain officers and key employees of the Company participated in the 1989 Incentive Plan of BEC, pursuant to which BEC has granted these individuals options (generally becoming exercisable in three equal annual installments commencing one year after the date of grant) to purchase BEC common stock at a price equal to the fair market value of the stock at the date of grant. In December 1996 and in connection with the Merger, the Company recorded a charge to operations of \$5,558 which related to the exercising of stock options resulting from the termination of this plan. The charge has been recorded in selling, general, and administrative expense in the accompanying statements of income.

NOTE 15 - LEASE COMMITMENTS

The Company leases real estate under noncancellable operating lease agreements. Minimum future lease obligations for these leases with initial terms in excess of one year at December 31, 1996 are not significant. Aggregate rent expense under cancellable and noncancellable operating lease agreements was \$1,563 and \$1,454 in 1996 and 1995, respectively.

TRADING NAME OF LICENSEE: GNOC CORP. (A.C. Hilton)

SCHEDULE OF RECEIVABLES AND PATRONS' CHECKS

(UNAUDITED)
(IN THOUSANDS)

ACCOUNTS RECEIVABLE BALANCES

TRADING NAME OF LICENSEE: GNOC, CORP. (A.C. Hilton)

For The Year Ended December 31, 1996

TO THE

CASINO CONTROL COMMISSION

DESCRIPTION OF THE STATE OF NEW JERSEY

DESCRIPTION	AMOUNT
1. Casino patron's checks	4,488
2. Casino patron's checks	7,250
3. Casino patron's checks	9,647
4. Casino patron's checks	4,201
5. Casino patron's checks	5,267
6. Casino patron's checks	796
7. Casino patron's checks	14
8. Casino patron's checks	58
9. Casino patron's checks	424
10. Casino patron's checks	478
11. Casino patron's checks	18,175
12. Casino patron's checks	4,488
13. Casino patron's checks	6,137
14. Casino patron's checks	4,488
15. Casino patron's checks	7,250
16. Casino patron's checks	9,647
17. Casino patron's checks	4,201
18. Casino patron's checks	5,267
19. Casino patron's checks	796
20. Casino patron's checks	14
21. Casino patron's checks	58
22. Casino patron's checks	424
23. Casino patron's checks	478
24. Casino patron's checks	18,175
25. Casino patron's checks	4,488
26. Casino patron's checks	6,137
27. Casino patron's checks	4,488
28. Casino patron's checks	7,250
29. Casino patron's checks	9,647
30. Casino patron's checks	4,201
31. Casino patron's checks	5,267
32. Casino patron's checks	796
33. Casino patron's checks	14
34. Casino patron's checks	58
35. Casino patron's checks	424
36. Casino patron's checks	478
37. Casino patron's checks	18,175
38. Casino patron's checks	4,488
39. Casino patron's checks	6,137
40. Casino patron's checks	4,488
41. Casino patron's checks	7,250
42. Casino patron's checks	9,647
43. Casino patron's checks	4,201
44. Casino patron's checks	5,267
45. Casino patron's checks	796
46. Casino patron's checks	14
47. Casino patron's checks	58
48. Casino patron's checks	424
49. Casino patron's checks	478
50. Casino patron's checks	18,175

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

TRADING NAME OF LICENSEE: GNOC. CORP. (A.C. Hilton)

SCHEDULE OF RECEIVABLES AND PATRONS' CHECKS

FOR THE TWELVE MONTHS ENDED DECEMBER 31, 1996

(UNAUDITED)
(\$ IN THOUSANDS)

ACCOUNTS RECEIVABLE BALANCES

LINE (a)	DESCRIPTION (b)	ACCOUNT BALANCE (c)	ALLOWANCE (d)	ACCOUNTS RECEIVABLE- NET OF ALLOWANCE (e)
	Patrons' Checks:			
1	Undeposited patrons' checks.....	\$ 4,409		
2	Returned patrons' checks.....	5,255		
3	Total patrons' checks.....	9,664	\$ 4,301	\$ 5,363
4	Hotel Receivables.....	404	108	296
	Other Receivables:			
5	Receivables due from officers and employees....	(4)		
6	Receivables due from affiliates.....	58		
7	Other accounts and notes receivables.....	424		
8	Total other receivables.....	478	-	478
9	Totals (Form CCC-205).....	\$ 10,546	\$ 4,409	\$ 6,137

UNDEPOSITED PATRONS' CHECKS ACTIVITY

LINE (f)	DESCRIPTION (g)	AMOUNT (h)
10	Beginning Balance (January 1).....	\$ 4,468
11	Counter checks issued (excluding counter checks issued through transactions relating to consolidations, partial redemptions, substitutions, and patrons' cash deposits).....	138,212
12	Checks redeemed prior to deposit (excluding the unredeemed portion of counter checks redeemed through partial redemptions, and excluding checks redeemed through transactions relating to consolidations, substitutions, and patrons' cash deposits).....	(100,391)
13	Checks collected through deposits.....	(33,354)
14	Checks transferred to returned checks.....	(4,526)
15	Other adjustments.....	-
16	Ending Balance.....	\$ 4,409
17	"Hold" Checks Included In Balance On Line 16.....	\$ -
18	Provision For Uncollectible Patrons' Checks.....	\$ 1,014
19	Provision As A Percent Of Counter Checks Issued.....	0.73%

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

ANNUAL EMPLOYMENT AND PAYROLL REPORT

TRADING NAME OF LICENSEE: GNOC, CORP. (A.C. Hilton)

For The Year Ended December 31, 1996

TO THE
CASINO CONTROL COMMISSION
OF THE
STATE OF NEW JERSEY

DEPARTMENT (b)	EMPLOYEES AT DECEMBER 31 (c)	Other Employees (d)	Officers/Owners (e)	Total (f)
CASINO				
Administration	9			9
Gaming	112			112
Slot	312			312
Casino Accounting	12			12
Signposting	18			18
Other	142			142
Total Casino	206			206
BAR/BS				
BOTTLE AND BEVERAGE				
OTHER OPERATING DEPARTMENTS				
Enrollment				
Bank				
Security/Police Services				
Casino				
ADMINISTRATIVE AND GENERAL				
Personnel	112			112
Accounting and auditing	140			140
Security and reception	454			454
Other administrative and general positions	194			194
MARTINIS				
PROPERTY MANAGEMENT				
PROPERTY OPERATIONS AND MAINTENANCE				
TOTAL ALL DEPARTMENTS	3,330	67,736	1,876	69,673

NOTE: Number of employees as reported to the CCC includes approximately 130 employees or leaves of absence.

TRADING NAME OF LICENSEE: GNOC, CORP. (A. C. HILTON)

ANNUAL EMPLOYMENT AND PAYROLL REPORT

FOR THE YEAR ENDED DECEMBER 31, 1996
(\$ IN THOUSANDS)

LINE (a)	DEPARTMENT (b)	NUMBER OF EMPLOYEES AT DECEMBER 31, (c)	SALARIES AND WAGES		
			Other Employees (d)	Officers & Owners (e)	Totals (f)
	CASINO				
1	Administration	17			
2	Gaming	928			
3	Slots	132			
4	Casino Accounting	312			
5	Simulcasting	15			
6	Other	38			
7	Total - Casino	1,442	\$ 28,309	\$ 150	\$ 28,459
8	ROOMS	208	3,762		3,762
9	FOOD AND BEVERAGE	814	13,748		13,748
	OTHER OPERATING DEPARTMENTS				
10	Telephone	16	270		270
11	Retail	33	614		614
12	Health Club / Pool Services	8	129		129
13	Gas Station	3	44		44
14					
15					
16					
17					
18					
19					
	ADMINISTRATIVE AND GENERAL				
20	Executive office	13	219	1,172	1,391
21	Accounting and auditing	67	1,660		1,660
22	Security and surveillance	204	4,548		4,548
23	Other administrative and general departments	63	1,938		1,938
24	MARKETING	184	4,643	554	5,197
25	GUEST ENTERTAINMENT	20	1,199		1,199
26	PROPERTY OPERATION AND MAINTENANCE	255	6,673		6,673
27	TOTAL - ALL DEPARTMENTS	3,330	\$ 67,756	\$ 1,876	\$ 69,632

QUARTERLY REPORT
TRADING NAME OF LICENSEE GNOC, CORP. (Atlantic City Hilton)

**ANNUAL EMPLOYMENT AND PAYROLL REPORT
SIGNATURE PAGE**

LICENSEE GREATE BAY HOTEL AND CASINO, INC
FOR THE YEAR ENDED DECEMBER 31, 1996

Under penalties provided by law, I declare that I have examined this report, and to the best of my knowledge and belief, no material discrepancies were noted for the period covered by this report, or if material discrepancies were noted, a detailed explanation is included on the attached page.

TO THE
CASINO CONTROL COMMISSION
OF THE
STATE OF NEW JERSEY



Signature

3/31/97
Date

Senior Vice President of Finance/Administration
Title

974.901
e193

QUARTERLY REPORT

TRADING NAME OF LICENSEE BANDS HOTEL & CASINO

LIST OF FORMS - QUARTERLY REPORT

FOR THE QUARTER ENDED DECEMBER 31, 1996

LICENSEE GREATE BAY HOTEL AND CASINO, INC.



FOR THE QUARTER ENDED DECEMBER 31, 1996

Statements of Income (Three Months)	COC-215
Statements of Changes in Stockholders' Equity	COC-220
Statements of Changes in Partners' Capital	COC-225
Proprietor's Earnings	COC-235
Statements of Cash Flows	COC-245
Schedule of Promotional Expenses and Allowances	COC-248
Notes to Financial Statements	
Statement of Conformity, Accuracy, and	COC-201

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



BALANCE SHEETS

AS OF DECEMBER 31, 1996 AND 1995

(UNAUDITED)

(\$ IN THOUSANDS)

LINE (a)	DESCRIPTION	1996	1995
TRADING NAME OF LICENSEE SANDS HOTEL & CASINO			
Current Assets:			
1	Cash and Cash Equivalents	15,524	21,788
2	Short-Term Investments		
3	Receivables and Prepaid Expenses and Other Current Assets	10,485	11,823
4	Inventories	3,873	4,268
5	Prepaid Expenses and Other Current Assets	5,190	12,101
6	Total Current Assets	35,171	49,780
7	Property and Equipment - Gross	317,001	312,683
8	Accumulated Depreciation and Amortization	(160,987)	(145,243)
9	Net Property and Equipment	156,014	167,440
10	Long-Term Debt	224,437	245,557
11	Other Liabilities		
12	Accounts Payable	7,881	8,409
13	Accrued Expenses	5,500	
14	Other Accrued Expenses		
15	Deferred Credits	2,500	
16	Other Liabilities	12	11
17	Total Current Liabilities	13,893	14,820
18	Long-Term Debt	192,500	195,000
19	Other Liabilities	430	442
20	Deferred Credits	1,070	2,110
21	Other Liabilities	430	280
22	Commitments and Contingencies		
23	Total Liabilities	248,332	235,132
24	Stockholders', Partners', Or Proprietor's Equity	10,425	10,425
25	Total Liabilities and Equity	258,757	245,557

LIST OF FORMS - QUARTERLY REPORT

FOR THE QUARTER ENDED DECEMBER 31, 1996

Amount - 1996, \$ 15,524 ; 1995, \$ 16,494

TITLE	FORM NO.	1996	1995
Statements of Income (Year-to-Date)	CCC-210	18,152	15,954
Statements of Income (Three Months)	CCC-215	224,437	245,557
Statements of Changes in Stockholders' Equity	CCC-220		
Statements of Changes in Partners' or Proprietor's Equity	CCC-225	7,881	8,409
Statements of Cash Flows	CCC-235	5,500	
Schedule of Promotional Expenses and Allowances	CCC-245	2,500	
Notes to Financial Statements		12	11
Other Accrued Expenses		129	122
Statement of Conformity, Accuracy, and Compliance	CCC-249	17,023	14,652

8/95

CCC-201

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

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

CCC-205

Certain modifications have been made to the 1995 financial statements to conform to the 1996 financial statements presentation.

BALANCE SHEETS

AS OF DECEMBER 31, 1996 AND 1995

(UNAUDITED)

(\$ IN THOUSANDS)

LINE (a)	DESCRIPTION (b)	1996 (c)	1995 (d)
ASSETS			
Current Assets:			
1	Cash and Cash Equivalents..... Note 2.....	\$ 15,623	\$ 21,768
2	Short-Term Investments.....		
3	Receivables and Patrons' Checks (Net of Allowance for Doubtful Accounts - 1996, \$ 15,524 ; 1995, \$ 16,494).....	10,485	11,623
4	Inventories..... Note 2.....	3,873	4,268
5	Prepaid Expenses and Other Current Assets..... Note 5, 14.....	5,190	12,101
6	Total Current Assets.....	35,171	49,760
7	Investments, Advances, and Receivables..... Note 6, 7, 15.....	15,100	13,303
8	Property and Equipment - Gross..... Note 2, 13....	317,001	312,683
9	Less: Accumulated Depreciation and Amortization..... Note 2, 13....	(160,987)	(145,243)
10	Other Assets..... Note 5, 16....	18,152	15,054
11	Total Assets.....	\$ 224,437	\$ 245,557
LIABILITIES AND EQUITY			
Current Liabilities:			
12	Accounts Payable.....	\$ 7,881	\$ 8,409
13	Notes Payable.....	8,500	
Current Portion of Long-Term Debt:			
14	Due to Affiliates..... Note 4.....	2,500	
15	Other..... Note 4.....	12	11
16	Income Taxes Payable and Accrued..... Note 5, 9.....	129	122
17	Other Accrued Expenses..... Note 2, 17....	14,857	13,876
18	Other Current Liabilities..... Note 6, 18....	17,023	14,882
19	Total Current Liabilities.....	50,902	37,300
Long-Term Debt:			
20	Due to Affiliates..... Note 4.....	192,500	195,000
21	Other..... Note 4.....	430	442
22	Deferred Credits..... Note 5.....	1,070	2,110
23	Other Liabilities.....	480	280
24	Commitments and Contingencies		
25	Total Liabilities.....	245,382	235,132
26	Stockholders', Partners', Or Proprietor's Equity.....	(20,945)	10,425
27	Total Liabilities and Equity.....	\$ 224,437	\$ 245,557

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

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

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Certain reclassifications have been made to the 1995 financial statements to conform to the 1996 financial statement presentation.

STATEMENTS OF INCOME

FOR THE TWELVE MONTHS ENDED DECEMBER 31, 1996 AND 1995

(UNAUDITED)

(\$ IN THOUSANDS)

LINE (a)	DESCRIPTION (b)	1996 (c)	1995 (d)
	Revenue:	\$	\$
1	Casino..... Note 2.....	242,889	264,048
2	Rooms.....	9,446	9,602
3	Food and Beverage.....	34,638	33,029
4	Other.....	5,717	4,354
5	Total Revenue.....	292,690	311,033
6	Less: Promotional Allowances..... Note 2.....	27,929	27,083
7	Net Revenue.....	264,761	283,950
	Costs And Expenses:		
8	Cost of Goods and Services..... Note 2.....	149,885	149,885
9	Selling, General, and Administrative..... Note 6.....	97,075	86,968
10	Provision for Doubtful Accounts..... Note 2.....	2,167	2,988
11	Total Costs and Expenses.....	249,127	239,841
12	Gross Operating Profit.....	15,634	44,109
13	Depreciation and Amortization..... Note 2.....	17,966	18,398
	Charges from Affiliates Other than Interest:		
14	Management Fees..... Note 6.....	4,644	6,811
15	Other.....		
16	Income (Loss) From Operations.....	(6,976)	18,900
	Other Income (Expenses):		
17	Interest (Expense) - Affiliates..... Note 2, 6.....	(21,992)	(21,581)
18	Interest (Expense) - External.....	(244)	(99)
19	Investment Alternative Tax and Related Income (Expense) - Net Note 7.....	(1,344)	(1,539)
20	Nonoperating Income (Expense) - Net..... Note 12.....	1,603	1,864
21	Total Other Income (Expenses).....	(21,977)	(21,355)
22	Income (Loss) Before Income Taxes And Extraordinary Items.....	(28,953)	(2,455)
23	Provision (Credit) for Income Taxes..... Note 2, 5.....	2,417	186
24	Income (Loss) Before Extraordinary Items.....	(31,370)	(2,641)
25	Extraordinary Items (Net of Income Taxes - 1996, \$ _____; 1995, \$ _____).....		
26	Net Income (Loss).....	(\$31,370)	(\$2,641)

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

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

Certain reclassifications have been made to the 1995 financial statements to conform to the 1996 financial statement presentation.

TRADING NAME OF LICENSEE: SANDS HOTEL & CASINO

STATEMENTS OF INCOME

FOR THE THREE MONTHS ENDED DECEMBER 31, 1996 AND 1995

(UNAUDITED)

(\$ IN THOUSANDS)

LINE (a)	DESCRIPTION (b)	1996 (c)	1995 (d)
	Revenue:	\$	\$
1	Casino.....	54,154	61,477
2	Rooms.....	2,397	2,260
3	Food and Beverage.....	8,160	8,530
4	Other.....	1,185	1,427
5	Total Revenue.....	65,896	73,694
6	Less: Promotional Allowances.....	6,313	6,816
7	Net Revenue.....	59,583	66,878
	Costs And Expenses:		
8	Cost of Goods and Services.....	34,658	37,103
9	Selling, General, and Administrative.....	21,621	22,115
10	Provision for Doubtful Accounts.....	605	726
11	Total Costs and Expenses.....	56,884	59,944
12	Gross Operating Profit.....	2,699	6,934
13	Depreciation and Amortization.....	3,702	4,689
	Charges from Affiliates Other than Interest:		
14	Management Fees.....	1,053	1,536
15	Other.....		
16	Income (Loss) From Operations.....	(2,056)	709
	Other Income (Expenses):		
17	Interest (Expense) - Affiliates.....	(5,624)	(5,395)
18	Interest (Expense) - External.....	(57)	(13)
19	Investment Alternative Tax and Related Income (Expense) - Net.....	(284)	(301)
20	Nonoperating Income (Expense) - Net.....	416	461
21	Total Other Income (Expenses).....	(5,549)	(5,248)
22	Income (Loss) Before Income Taxes And Extraordinary Items.....	(7,605)	(4,539)
23	Provision (Credit) for Income Taxes.....		(1,656)
24	Income (Loss) Before Extraordinary Items.....	(7,605)	(2,883)
25	Extraordinary Items (Net of Income Taxes - 1996, \$ _____; 1995, \$ _____)		
26	Net Income (Loss).....	(\$7,605)	(\$2,883)

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

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

Certain reclassifications have been made to the 1995 financial statements to conform to the 1996 financial statement presentation.

STATEMENTS OF CHANGES IN STOCKHOLDERS' EQUITY

FOR THE TWELVE MONTHS ENDED DECEMBER 31, 1995 AND 1996

(UNAUDITED)

(\$ IN THOUSANDS)

LINE (a)	Description (b)	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, 1994.....	100	\$ 3,500		\$	15,000	\$	\$ (5,434)	\$ 13,066
2	Net Income (Loss) - 1995.....							(2,641)	(2,641)
3	Contribution to Paid-in-Capital.....								
4	Dividends.....								
5	Prior Period Adjustments.....								
6	_____								
7	_____								
8	_____								
9	_____								
10	Balance, December 31, 1995.....	100	3,500			15,000		(8,075)	10,425
11	Net Income (Loss) - 1996.....							(31,370)	(31,370)
12	Contribution to Paid-in - Captial.....								
13	Dividends.....								
14	Prior Period Adjustments.....								
15	_____								
16	_____								
17	_____								
18	_____								
19	Balance, December, 1996.....	100	\$ 3,500		\$	15,000	\$	\$ (39,445)	\$ (20,945)

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

STATEMENTS OF CASH FLOWS

FOR THE TWELVE MONTHS ENDED DECEMBER 31, 1996 AND 1995

(UNAUDITED)

(\$ IN THOUSANDS)

LINE (a)	DESCRIPTION (b)	1996 (c)	1995 (d)
1	NET CASH PROVIDED (USED) BY OPERATING ACTIVITIES.....	(\$6,070)	\$20,740
	CASH FLOWS FROM INVESTING ACTIVITIES:		
2	Purchase of Short-Term Investment Securities.....		
3	Proceeds from the Sale of Short-Term Investment Securities.....		
4	Cash Outflows for Property and Equipment.....	(5,505)	(19,156)
5	Proceeds from Disposition of Property and Equipment.....	13	56
6	Purchase of Casino Reinvestment Obligations.....	(3,062)	(2,967)
7	Purchase of Other Investments and Loans/Advances made.....		
8	Proceeds from Disposal of Investments and Collection of Advances and Long-Term Receivables.....		
9	Cash Outflows to Acquire Business Entities.....		
10			
11			
12	Net Cash Provided (Used) By Investing Activities.....	(8,554)	(22,067)
	CASH FLOWS FROM FINANCING ACTIVITIES:		
13	Cash Proceeds from Issuance of Short-Term Debt.....	3,000	2,000
14	Payments to Settle Short-Term Debt.....	(1,000)	(2,000)
15	Cash Proceeds from Issuance of Long-Term Debt.....		
16	Costs of Issuing Debt.....	(10)	(32)
17	Payments to Settle Long-Term Debt.....	(11)	(10)
18	Cash Proceeds from Issuing Stock or Capital Contributions.....		
19	Purchases of Treasury Stock.....		
20	Payments of Dividends or Capital Withdrawals.....		
21	Borrowings from affiliates.....	6,500	
22			
23	Net Cash Provided (Used) By Financing Activities.....	8,479	(42)
24	Net Increase (Decrease) In Cash And Cash Equivalents.....	(6,145)	(1,369)
25	Cash And Cash Equivalents At Beginning Of Period.....	21,768	23,137
26	Cash And Cash Equivalents At End Of Period.....	\$15,623	\$21,768
	CASH PAID DURING PERIOD FOR:		
27	Interest (Net of Amount Capitalized).....	\$21,086	\$22,411
28	Income Taxes.....	\$	\$

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

STATEMENTS OF CASH FLOWS

FOR THE TWELVE MONTHS ENDED DECEMBER 31, 1996 AND 1995

(UNAUDITED)

(\$ IN THOUSANDS)

LINE (a)	DESCRIPTION (b)	1996 (c)	1995 (d)
	NET CASH FLOWS FROM OPERATING ACTIVITIES:	\$	\$
29	Net Income (Loss).....	(31,370)	(2,641)
	Noncash Items Included in Income and Cash Items Excluded from Income:		
30	Depreciation and Amortization of Property and Equipment	17,237	17,643
31	Amortization of Other Assets.....	729	755
32	Amortization of Debt Discount or Premium.....		
33	Deferred Income Taxes - Current.....	2,417	(2,458)
34	Deferred Income Taxes - Noncurrent.....		
35	(Gain) Loss on Disposition of Property and Equipment.....	(13)	(56)
36	(Gain) Loss on Casino Reinvestment Obligations.....	1,344	1,539
37	(Gain) Loss from Other Investment Activities.....		
	Net (Increase) Decrease in Receivables and Patrons'		
38	Checks.....	932	2,023
39	Net (Increase) Decrease in Inventories.....	395	(82)
40	Net (Increase) Decrease in Other Current Assets.....	551	3,474
41	Net (Increase) Decrease in Other Assets.....	(1,185)	(1,922)
42	Net Increase (Decrease) in Accounts Payable.....	(528)	1,110
	Net Increase (Decrease) in Other Current Liabilities		
43	Excluding Debt.....	3,421	1,355
	Net Increase (Decrease) in Other Noncurrent Liabilities		
44	Excluding Debt.....		
45			
46			
47	Net Cash Provided (Used) By Operating Activities.....	(\$6,070)	\$20,740

SUPPLEMENTAL DISCLOSURE OF CASH FLOW INFORMATION

	ACQUISITION OF PROPERTY AND EQUIPMENT:	\$	\$
48	Additions to Property and Equipment.....	(5,505)	(19,156)
49	Less: Capital Lease Obligations Incurred.....		
50	Cash Outflows For Property And Equipment.....	(\$5,505)	(\$19,156)
	ACQUISITION OF BUSINESS ENTITIES:		
51	Property and Equipment Acquired.....	\$	\$
52	Goodwill Acquired.....		
53	Net Assets Acquired Other Than Cash, Goodwill, and Property and Equipment.....		
54	Long-Term Debt Assumed.....		
55	Issuance of Stock or Capital Invested.....		
56	Cash Outflows To Acquire Business Entities.....	\$	\$
	STOCK ISSUED OR CAPITAL CONTRIBUTIONS:		
57	Total Issuances of Stock or Capital Contributions.....	\$	\$
58	Less: Issuances to Settle Long-Term Debt.....		
59	Consideration in Acquisition of Business Entities.....		
60	Cash Proceeds From Issuing Stock Or Capital Contributions.....	\$	\$

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

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

TRADING NAME OF LICENSEE: SANDS HOTEL & CASINO

**SCHEDULE OF PROMOTIONAL
 EXPENSES AND ALLOWANCES**

(\$ IN THOUSANDS)

FOR THE TWELVE MONTHS ENDED DECEMBER 31, 1996

Line (a)	(b)	Promotional Allowances		Promotional Expenses	
		Number of Recipients (c)	Dollar Amount (d)	Number of Recipients (e)	Dollar Amount (f)
1	Rooms	257,872	\$6,647		\$
2	Food	941,684	12,938		
3	Beverage	1,488,258	6,661		
4	Travel			15,486	4,018
5	Coin			1,586,618	39,949
6	Coupon			41,781	293
7	Entertainment	64,072	1,526		
8	Retail & Gifts			66,400	6,640
9	Parking			711,087	1,067
10	Other	19,609	157	603	2,831
11	Total	2,771,495	\$27,929	2,421,975	\$54,798

FOR THE THREE MONTHS ENDED DECEMBER 31, 1996

Line (a)	(b)	Promotional Allowances		Promotional Expenses	
		Number of Recipients (c)	Dollar Amount (d)	Number of Recipients (e)	Dollar Amount (f)
1	Rooms	55,323	\$1,525		\$
2	Food	203,942	3,036		
3	Beverage	319,346	1,549		
4	Travel			3,584	930
5	Coin			291,185	8,755
6	Coupon			10,874	76
7	Entertainment	5,306	159		
8	Retail & Gifts			17,533	1,753
9	Parking			136,580	205
10	Other	5,496	44	121	607
11	Total	589,413	\$6,313	459,877	\$12,326

GREATE BAY HOTEL AND CASINO, INC.
(a wholly owned subsidiary of GB HOLDINGS, INC.)

NOTES TO FINANCIAL STATEMENTS
(Unaudited)

(1) Organization, business and basis of presentation

Greate Bay Hotel and Casino, Inc. ("GBHC") is a New Jersey corporation and a wholly owned subsidiary of GB Holdings, Inc. ("Holdings"), a Delaware corporation. Holdings is a wholly owned subsidiary of Pratt Casino Corporation ("PCC"), also a Delaware corporation. PCC is wholly owned by PPI Corporation, a New Jersey corporation and a wholly owned subsidiary of Greate Bay Casino Corp. ("GBCC", formerly known as Pratt Hotel Corporation). On February 17, 1994, Holdings acquired GBHC through a contribution of capital by its parent. GBHC's principal business activity is its ownership of the Sands Hotel and Casino in Atlantic City, New Jersey (the "Sands"). The Sands is managed by New Jersey Management, Inc. ("NJMI"), also a wholly owned subsidiary of PCC.

GB Property Funding Corp. ("GB Property Funding"), a Delaware corporation and a wholly owned subsidiary of Holdings, was incorporated in September 1993 for the purpose of borrowing funds through the issuance of \$185,000,000 of ten-year, nonrecourse first mortgage notes for the benefit of GBHC; such debt was issued in February 1994 at the rate of 10 7/8% per annum and the proceeds were loaned to GBHC (see Note 4).

GBHC estimates that a significant amount of the Sands' revenues are derived from patrons living in southeastern Pennsylvania, northern New Jersey and metropolitan New York City. Competition in the Atlantic City gaming market is intense and management believes that this competition will continue or intensify in the future.

The accompanying financial statements have been prepared assuming GBHC will continue as a going concern. As reflected in the financial statements, GBHC has incurred a net loss exclusive of management fees of \$26,726,000 in 1996 which in turn generated an operating cash flow deficit of \$6,070,000. As a consequence, GBHC has had to rely on borrowings from affiliates to meet its debt service requirements and to fund working capital needs during its seasonal low operating periods. The availability of additional borrowings from GBCC and other subsidiaries of GBCC during 1997 is limited. HCC, which has loaned \$6,500,000 to GBCC for use by the Sands (see Note 6), is subject to certain indenture provisions which restrict its ability to provide ongoing financial support to an additional \$3,500,000.

GBHC's remaining principal and interest requirements during 1997, exclusive of interest of \$10,078,000 paid in January, amount to \$12,610,000. Due to mild winter weather conditions compared to a year ago and an abatement of the intense marketing competition for bus customers, operating results for the first two months of 1997 reflect a substantial improvement over 1996. In the absence of a

GREATE BAY HOTEL AND CASINO, INC.
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NOTES TO FINANCIAL STATEMENTS
(Unaudited)

resumption of the marketing wars which plagued Atlantic City casinos in 1996 or other unforeseen events, management believes that its operating plan for 1997 is attainable and will provide sufficient funds from operating cash flow which, together with funds available from affiliates, if required, will enable GBHC to satisfy its debt service requirements for 1997.

(2) Summary of significant accounting policies

The significant accounting policies followed in the preparation of the accompanying financial statements are discussed below. The preparation of financial statements in conformity with generally accepted accounting principles 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 reported amounts of revenues and expenses during the reporting period. Actual results could differ from those estimates.

Casino revenues, promotional allowances and departmental expenses -

The Sands recognizes the net win from gaming activities (the difference between gaming wins and losses) as casino revenues. Casino revenues are net of accruals for anticipated payouts of progressive and certain other slot machine jackpots and certain progressive table game payouts. Such anticipated jackpots and payouts are reflected as other accrued expenses in the accompanying balance sheets.

The estimated value of rooms, food and beverage and other items which were provided to customers without charge has been included in revenues and a corresponding amount has been deducted as promotional allowances. The cost of such complimentary items have been included as cost of goods and services in the accompanying statement of income.

Cash and cash equivalents -

Cash and cash equivalents are generally comprised of cash and investments with original maturities of three months or less, such as commercial paper, certificates of deposit and fixed repurchase agreements.

Allowance for doubtful accounts -

The allowance for doubtful accounts is maintained at a level considered adequate to provide for possible future losses. Provisions for doubtful accounts amounting to \$2,167,000 and

GREATE BAY HOTEL AND CASINO, INC.
(a wholly owned subsidiary of GB HOLDINGS, INC.)

NOTES TO FINANCIAL STATEMENTS
(Unaudited)

\$2,988,000 were made during the years ended December 31, 1996 and 1995, respectively.

Inventories -

Inventories are stated at the lower of cost (on a first-in, first-out basis) or market.

Property and equipment -

Property and equipment have been recorded at cost and are being depreciated utilizing the straight-line method over their estimated useful lives as follows:

Building and improvements	25-40 years
Operating equipment	3-7 years

On October 1, 1996, GBHC revised the estimated useful life of its buildings from 25 years to 40 years. Management believes the change in estimated life more appropriately reflects the timing of the economic benefit to be received from these assets. For the year ended December 31, 1996, the effect of this change reduced depreciation and amortization expense and net loss by approximately \$761,000.

Interest costs related to property and equipment acquisitions were capitalized during the acquisition period and are being amortized over the useful lives of the related assets.

Deferred financing costs -

The costs of issuing long-term debt, including all underwriting, legal and accounting fees, have been capitalized and are being amortized over the term of the related debt issue. The unamortized balance of deferred financing costs amounted to \$5,045,000 and \$5,764,000 at December 31, 1996 and 1995, respectively. Amortization of such costs was \$729,000 and \$755,000 for the years ended December 31, 1996 and 1995, respectively.

Long-lived assets -

Statement of Financial Accounting Standards No. 121, "Accounting for the Impairment of Long-Lived Assets" requires, among other things, that an entity review its long-lived assets and certain related intangibles for impairment whenever changes in circumstances indicate that the carrying amount of an asset may not be fully recoverable. As a result of its review, GBHC does not believe that any material impairment currently exists related to its long-lived assets.

GREATER BAY HOTEL AND CASINO, INC.
(a wholly owned subsidiary of GB HOLDINGS, INC.)

NOTES TO FINANCIAL STATEMENTS
(Unaudited)

Accrued insurance -

GBHC is self insured for a portion of its general liability, certain health care and other liability exposures. Accrued insurance includes estimates of such accrued liabilities based on an evaluation of the merits of individual claims and historical claims experience; accordingly, GBHC's ultimate liability may differ from the amounts accrued.

Income taxes -

GBHC's operations have been included in the consolidated federal income tax return of Hollywood Casino Corporation ("HCC"), for periods through December 31, 1996. Prior to December 31, 1996, HCC owned approximately 80% of the outstanding stock of GBCC. Pursuant to agreements between GBHC, PCC, GBCC and HCC, GBHC's provision for federal income taxes is based on the amount of tax which would be provided if a separate federal income tax return were filed.

Reclassifications -

Certain reclassifications have been made to prior years' financial statements to conform to the 1996 financial statement presentation.

(3) Short-term credit facilities

During June 1994, GBHC entered into an agreement for a bank line of credit in the amount of \$5,000,000. The agreement, which was renewed in April 1995, provided for interest on borrowings at the bank's prime lending rate plus 3/4% per annum. Borrowings under the line of credit were guaranteed to the extent of \$2,000,000 by PCC. As of April 30, 1996, GBHC extended \$2,000,000 of the line of credit until April 30, 1997. Additionally, PCC pledged a certificate of deposit in the face amount of \$2,000,000 as collateral for the line of credit. As of December 31, 1996, \$2,000,000 was outstanding under the line of credit; no such borrowings were outstanding under the line of credit at December 31, 1995. The line of credit was repaid upon maturity of the pledged certificate of deposit during January 1997 with proceeds from affiliate borrowings (see Note 6) and the line of credit was cancelled.

GREATER BAY HOTEL AND CASINO, INC.
(a wholly owned subsidiary of GB HOLDINGS, INC.)

NOTES TO FINANCIAL STATEMENTS
(Unaudited)

(4) Long-term debt and pledge of assets

Substantially all of GBHC's assets are pledged in connection with its long-term indebtedness.

	December 31,	
	1996	1995
10 7/8% first mortgage notes, due 2004 (a)	\$185,000,000	\$185,000,000
14 5/8% affiliate loan, due 2005 (b)	10,000,000	10,000,000
Other	442,000	453,000
Total indebtedness	195,442,000	195,453,000
Less - current maturities	(2,512,000)	(11,000)
Total long term debt	\$192,930,000	\$195,442,000

- (a) On February 17, 1994, the Sands obtained \$185,000,000 from GB Property Funding, which issued \$185,000,000 of non-recourse first mortgage notes due January 15, 2004 (the "10 7/8% First Mortgage Notes"). Interest on the notes accrues at the rate of 10 7/8% per annum, payable semiannually commencing July 15, 1994. Interest only is payable during the first three years. Commencing on July 15, 1997, semiannual principal payments of \$2,500,000 will become due on each interest payment date with the balance due at maturity. The 10 7/8% First Mortgage Notes are redeemable at the option of the issuer, in whole or in part, on or after January 15, 1999 at stated redemption prices ranging up to 104.08% of par plus accrued interest.

The indenture for the 10 7/8% First Mortgage Notes contains various provisions which, among other things, restrict the ability of certain subsidiaries of GBCC to pay dividends to GBCC, to merge, consolidate or sell substantially all of their assets or to incur additional indebtedness beyond certain limitations. In addition, the indenture requires the maintenance of certain cash balances and requires minimum expenditures, as defined in the indenture, for property and fixture renewals, replacements and betterments at the Sands.

- (b) On February 17, 1994, GBHC issued a \$10,000,000 subordinated promissory note to an affiliate. The note bears interest at the rate of 14 5/8% per annum, payable semiannually commencing August 17, 1994, subject to maintaining average daily cash balance required by the indenture for the 10 7/8 % First Mortgage Notes, with the principal due in February 2005.

GREATER BAY HOTEL AND CASINO, INC.
(a wholly owned subsidiary of GB HOLDINGS, INC.)

NOTES TO FINANCIAL STATEMENTS
(Unaudited)

Scheduled payments of long-term debt as of December 31, 1996 are set forth below:

	Year Ended December 31,
	1996
1997	2,512,000
1998	5,013,000
1999	5,014,000
2000	5,016,000
2001	5,017,000
Thereafter	172,870,000
Total	\$ 195,442,000

(5) Income taxes

Components of the provision for income taxes consisted of the following:

	Year Ended December 31,	
	1996	1995
Provision for (benefit in lieu of) federal income taxes:		
Current	\$(7,412,000)	\$ 2,052,000
Deferred	(657,000)	(1,953,000)
State income tax provision (benefit):		
Current	(2,156,000)	592,000
Deferred	(187,000)	(505,000)
Valuation allowance	12,829,000	-
	\$ 2,417,000	\$ 186,000

GBHC made no federal tax payments during the years ended December 31, 1996 and 1995. The payment of taxes in accordance with the tax allocation agreements is subject to the approval of the New Jersey Casino Control Commission (the "Casino Commission"). GBHC also paid no state income taxes during the years ended December 31, 1996 and 1995. Additionally, \$278,000 of current federal taxes payable were offset against other intercompany obligations in 1995 (see Note 9).

GREATER BAY HOTEL AND CASINO, INC.
(a wholly owned subsidiary of GB HOLDINGS, INC.)

NOTES TO FINANCIAL STATEMENTS
(Unaudited)

A reconciliation between the calculated tax provision based on the statutory rates in effect and the effective tax rates follows:

	Year Ended December 31,	
	1996	1995
Calculated income tax benefit at 34%	\$(9,844,000)	\$ (835,000)
Amortization of excess purchase price	601,000	803,000
Disallowance of meals and entertainment	337,000	353,000
State income taxes	(1,546,000)	57,000
Utilization of tax credit	(99,000)	(98,000)
Adjustment to prior year taxes	134,000	(96,000)
Valuation allowance change	12,829,000	-
Other	5,000	2,000
Tax provision as shown on statement of income	\$ 2,417,000	\$ 186,000

Deferred income taxes result primarily from the use of the allowance method rather than the direct write-off method for doubtful accounts, the use of accelerated methods of depreciation for federal and state income tax purposes and differences in the timing of deductions taken between tax and financial reporting purposes for contributions of and adjustments to the carrying value of certain investment obligations and for vacation and other accruals.

Deferred income taxes totaling approximately \$24 million, none of which expire in the year 2000 for federal tax purposes and the year 2001 for state tax purposes. Statement of Financial Accounting Standards No. 109 ("SFAS 109") requires that the tax benefit of NOL's and deferred tax assets resulting from temporary differences be recorded only if it is more likely than not that the tax asset will be realized; and, to the extent that management can not assess that the realization of all or a portion of such NOL's and deferred tax assets is more likely than not, a valuation allowance should be recorded. Due to the continued availability of NOL's originating from losses for federal and state tax purposes and the significant book losses sustained in 1996, management is unable to determine if the realization of such asset was more likely than not and, thus, recorded a valuation allowance for the entire deferred tax asset as of December 31, 1996.

Acquisition or purchases of GBHC's common stock could cause a "change of control", as defined in Section 382 of the Internal Revenue Code of 1986, as amended, which would limit the ability of GBHC to utilize these loss carryforwards in later tax periods. Should such a change of control occur, the amount of annual loss carryforwards

GREATER BAY HOTEL AND CASINO, INC.
(a wholly owned subsidiary of GB HOLDINGS, INC.)

NOTES TO FINANCIAL STATEMENTS
(Unaudited)

The components of the deferred tax asset as of December 31, 1996 and 1995 were as follows:

	December 31,	
	1996	1995
Deferred tax assets:		
Net operating loss carryforwards	\$10,746,000	\$ 1,506,000
Allowance for doubtful accounts	6,429,000	6,829,000
Other liabilities and accruals	2,734,000	2,204,000
Other	2,037,000	1,262,000
Total deferred tax assets	\$21,946,000	\$11,801,000
Deferred tax liabilities:		
Depreciation and amortization	(8,520,000)	(8,679,000)
Other	(597,000)	(597,000)
Total deferred tax liabilities	(9,117,000)	(9,276,000)
Net deferred tax asset	\$12,829,000	\$ 2,525,000
Valuation allowance	(12,829,000)	-
	\$ -	\$ 2,525,000

At December 31, 1996, GBHC has net operating loss carryforwards ("NOL's") totaling approximately \$24 million, none of which expire before the year 2009 for federal tax purposes and the year 2001 for state tax purposes. Statement of Financial Accounting Standards No. 109 ("SFAS 109") requires that the tax benefit of NOL's and deferred tax assets resulting from temporary differences be recorded as an asset and, to the extent that management can not assess that the utilization of all or a portion of such NOL's and deferred tax assets is more likely than not, a valuation allowance should be recorded. Due to the continued availability of NOL's originating in 1994 for federal and state tax purposes and the significant book and tax losses sustained in 1996, management is unable to determine that realization of such asset was more likely than not and, thus, has provided a valuation allowance for the entire deferred tax asset at December 31, 1996.

Sales or purchases of GBHC's common stock could cause a "change of control", as defined in Section 382 of the Internal Revenue Code of 1986, as amended, which would limit the ability of GBHC to utilize these loss carryforwards in later tax periods. Should such a change of control occur, the amount of annual loss carryforwards

GREATER BAY HOTEL AND CASINO, INC.
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NOTES TO FINANCIAL STATEMENTS
(Unaudited)

available for use would most likely be substantially reduced. Future treasury regulations, administrative rulings or court decisions may also effect GBHC's future utilization of its loss carryforwards.

Receivables from (net of valuation allowances in 1996) and payables to affiliates in connection with the aforementioned tax allocation agreements were as follows:

	<u>December 31,</u>	
	<u>1996</u>	<u>1995</u>
Prepaid expenses and other current assets	\$ 2,010,000	\$ 7,365,000
Other Assets	8,892,000	5,903,000
Federal income taxes payable	129,000	129,000

(6) Transactions with related parties

NJMI, under a management agreement with the Sands, is responsible for the supervision, direction and control of the day-to-day operations of the Sands. NJMI is entitled to receive annually (i) a basic consulting fee of 1.5% of "adjusted gross revenues" as defined, and (ii) incentive compensation of between 5% and 7.5% of gross operating profits in excess of certain stated amounts should annual "gross operating profits," as defined, exceed \$5,000,000. Such fees amounted to \$4,644,000 and \$6,811,000, during the years ended December 31, 1996 and 1995, respectively, and are included in management fees charged from affiliates in the accompanying financial statements. Management fees payable to NJMI at December 31, 1996 and 1995 amounted to \$231,000 and \$28,000, respectively, and are included in other current liabilities in the accompanying financial statements.

GBHC licenses the trade name "Sands" from a subsidiary of GBCC which licenses the name from an unaffiliated third party. Amounts payable by the Sands under this agreement are equal to the amounts paid to the unaffiliated third party. Such charges amounted to \$283,000 and \$288,000 for the years ended December 31, 1996 and 1995, respectively, and are included in selling, general and administrative expenses in the accompanying financial statements.

GBHC has, from time to time, advanced monies to subsidiaries of GBCC and GBCC and certain of its subsidiaries have advanced monies to GBHC primarily for working capital purposes. An advance to a GBCC subsidiary in the amount of \$5,672,000 was outstanding as of December 31, 1996 and 1995, accrues interest at the rate of 16.5% per annum and is included in investments, advances, and receivables in the accompanying balance sheets. During the third quarter of

GREATER BAY HOTEL AND CASINO, INC.
(a wholly owned subsidiary of GB HOLDINGS, INC.)

NOTES TO FINANCIAL STATEMENTS
(Unaudited)

1996, GBCC borrowed a total of \$6,500,000 from HCC which it then loaned to GBHC for working capital purposes. Such borrowings accrue interest at the rate of 13 3/4% per annum payable quarterly commencing October 1, 1996. During the first quarter of 1997, GBHC borrowed an additional \$1,500,000 from GBCC and \$5,000,000 from other subsidiaries of GBCC on similar terms. Repayment of such borrowings from GBCC and the payment of the related interest are subject to approval by the Casino Commission. Interest expense incurred with respect to affiliate borrowings is as follows:

	Year Ended December 31,	
	1996	1995
Short-term affiliate borrowings (Note 3)	\$ 411,000	\$ -
10 7/8% First Mortgage Notes	20,118,000	20,118,000
14 5/8% Promissory Note	1,463,000	1,463,000
	\$ 21,992,000	\$21,581,000

Interest income earned on affiliate advances amounted to \$936,000 for the years ended December 31, 1996 and 1995, and is included in nonoperating income in the accompanying statements of income. Interest receivable on affiliate advances, included in investments, advances, and receivables in the accompanying balance sheets at December 31, 1996 and 1995 was \$3,042,000 and \$2,106,000, respectively. Interest accrued on the affiliate loan and advances from GBCC aggregating \$1,686,000 and \$544,000, respectively, is included in other current liabilities in the accompanying balance sheets at December 31, 1996 and 1995.

From time to time, GBHC performs certain services for HCC and its subsidiaries and invoices those companies for the Sands' cost of providing those services. Similarly, GBHC is charged for certain legal, accounting and other expenses incurred by HCC and its subsidiaries that relate to the Sands' business. Such affiliate transactions are summarized below:

	Year Ended December 31,	
	1996	1995
Billings to affiliates	\$ 1,594,000	\$ 1,023,000
Charges from affiliates	1,178,000	659,000

(7) New Jersey regulations and obligatory investments

The Sands conducts gaming operations in Atlantic City, New Jersey and operates a hotel and several restaurants, as well as related support facilities. The operation of an Atlantic City

GREATE BAY HOTEL AND CASINO, INC.
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NOTES TO FINANCIAL STATEMENTS
(Unaudited)

casino/hotel is subject to significant regulatory control. Under the New Jersey Casino Control Act (the "Casino Act"), GBHC was required to obtain and is required to periodically renew its operating license. A casino license is not transferable and, after the initial licensing and two one-year renewal periods, is issued for a term of up to four years. However, the Casino Commission still has the authority to reopen license hearings at any time. During September 1996, the Casino Commission renewed GBHC's license to operate the Sands through September 30, 2000, subject to review of the Sands' financial stability during 1997. Terms of the current license require the Sands to comply with periodic financial reporting requirements as well as obtain prior Casino Commission approval of certain cash transactions with affiliates. If it were determined that gaming laws were violated by a licensee, the gaming license could be conditioned, suspended or revoked. In addition, the licensee and other persons involved could be subject to substantial fines.

The Casino Act requires casino licensees to make certain approved investments in New Jersey or to pay an investment alternative tax. Casino licensees may obtain investment credits, which amount to 1.25% of casino revenues, by purchasing bonds at below-market interest rates from the Casino Reinvestment Development Authority (the "CRDA") or by making qualified investments approved by the CRDA. This governmental agency administers the statutorily mandated investments made by casino licensees and is required to expend the monies received by it for eligible projects defined in the statute. The investment alternative tax amounts to 2.5% of casino revenues. Payments of the investment obligations must be made quarterly. The Sands has elected to comply with the requirements by obtaining investment credits or by making qualified investments.

As of December 31, 1996 and 1995, the Sands had purchased bonds totaling \$5,237,000 and \$4,630,000, respectively. In addition, the Sands had remaining funds on deposit and held in escrow by the CRDA at December 31, 1996 and 1995 of \$5,546,000 and \$4,683,000, respectively. The bonds purchased and the amounts on deposit and held in escrow are collectively referred to as "obligatory investments" in the accompanying notes to the financial statements.

Obligatory investments at December 31, 1996 and 1995 are net of accumulated valuation allowances of \$4,401,000 and \$3,792,000, respectively, based upon the estimated realizable values of the investments. Provisions for valuation allowances during the years ended December 31, 1996 and 1995 amounted to \$1,344,000 and \$1,457,000, respectively.

GREATE BAY HOTEL AND CASINO, INC.
(a wholly owned subsidiary of GB HOLDINGS, INC.)

NOTES TO FINANCIAL STATEMENTS
(Unaudited)

The Sands has, from time to time, contributed certain amounts held in escrow to the CRDA. In consideration thereof, the CRDA granted the Sands waivers of certain of its investment obligations in future periods. GBHC made such contributions of obligatory investments during the years ended December 31, 1996 and 1995 totaling \$1,500,000 and \$250,000, respectively, resulting in waivers granted by the CRDA during 1995 totaling \$128,000. No such waiver was granted during 1996; however, the contribution has been designated for projects expected to benefit the community and the Sands facility. Accordingly, intangible assets aggregating \$2,040,000 and \$1,275,000, respectively, have been included in other assets on the accompanying balance sheets at December 31, 1996 and 1995 and will be amortized over a period of ten years effective with the completion of the projects. Amortization of waivers granted totaled \$128,000 during the year ended December 31, 1995. At December 31, 1995, all waivers were fully amortized.

(8) Litigation

GBHC is a party in various legal proceedings with respect to the conduct of casino and hotel operations. Although a possible range of loss can not be estimated, in the opinion of management, based upon the advice of counsel, settlement or resolution of these proceedings should not have a material adverse impact upon the financial position or results of operations of GBHC. The accompanying financial statements do not include any adjustments that might result from the outcome of the uncertainties described above.

(9) Supplemental cash flow information

During 1995, GBHC and a subsidiary of GBCC settled certain intercompany obligations on a noncash basis. An intercompany receivable totaling \$278,000 in 1995 was eliminated against a portion of GBHC's current federal tax obligation under the tax allocation agreement (see Note 5). The effects of this elimination have been excluded from the accompanying statement of cash flows as a noncash transaction.

(10) Disclosures about fair value of financial instruments

The following methods and assumptions were used to estimate the fair value of each class of financial instruments for which it is practicable to estimate that value:

Cash and cash equivalents

The carrying amounts approximate fair value because of the short maturity of these instruments.

GREATER BAY HOTEL AND CASINO, INC.
(a wholly owned subsidiary of GB HOLDINGS, INC.)

NOTES TO FINANCIAL STATEMENTS
(Unaudited)

Obligatory investments

The carrying amount of obligatory investments approximates fair value as a result of an allowance reflecting the below market interest rate associated with such investments.

Interest receivable and interest payable

The carrying amount of interest payable approximates fair value because of the short maturity of the obligation.

Notes receivable and long term debt

The fair value of GBHC's long-term debt is estimated based on either the quoted market prices of the issue or on the discounted cash flow of future payments utilizing current rates available to GBHC for debt of similar remaining maturities. Debt obligations with a short remaining maturity and obligations to and from affiliates are valued at the carrying amount.

The estimated carrying amounts and fair values of GBHC's financial instruments at December 31, 1996 and 1995 are as follows:

	<u>December 31, 1996</u>		<u>December 31, 1995</u>	
	<u>Carrying Amount</u>	<u>Fair Value</u>	<u>Carrying Amount</u>	<u>Fair Value</u>
Financial Assets				
Cash and cash equivalents	\$ 15,624,000	\$15,624,000	\$21,769,000	\$21,769,000
Interest receivable	3,042,000	3,042,000	2,106,000	2,106,000
16 1/2% affiliate advance	5,672,000	5,672,000	5,672,000	5,672,000
Obligatory investments	6,382,000	6,382,000	5,521,000	5,521,000
Financial Liabilities				
Interest payable	10,978,000	10,978,000	9,828,000	9,828,000
10 7/8% First Mortgage Notes	185,000,000	154,475,000	185,000,000	160,950,000
14 5/8% affiliate loan	10,000,000	10,000,000	10,000,000	10,000,000
Other notes payable	442,000	442,000	453,000	453,000

GREATER BAY HOTEL AND CASINO, INC.
(a wholly owned subsidiary of GB HOLDINGS, INC.)

NOTES TO FINANCIAL STATEMENTS
(Unaudited)

(11) Selected quarterly financial data

	Quarter			
	First	Second	Third	Fourth
Year Ended December 31, 1996:				
Net revenues, as previously reported	\$62,699,000	\$ 70,472,000	\$71,720,000	\$59,583,000
Reclassifications	<u>135,000</u>	<u>152,000</u>	<u>-</u>	<u>-</u>
Net revenues	<u>\$62,834,000</u>	<u>\$ 70,624,000</u>	<u>\$71,720,000</u>	<u>\$59,583,000</u>
Net loss	<u>\$(6,233,000)</u>	<u>\$(13,305,000)</u>	<u>\$(4,227,000)</u>	<u>\$(7,605,000)</u>
Year Ended December 31, 1995:				
Net revenues, as previously reported	\$67,836,000	\$ 70,764,000	\$78,078,000	\$66,728,000
Reclassifications	<u>150,000</u>	<u>150,000</u>	<u>94,000</u>	<u>150,000</u>
Net revenues	<u>\$67,986,000</u>	<u>\$ 70,914,000</u>	<u>\$78,172,000</u>	<u>\$66,878,000</u>
Net (loss) income	<u>\$(1,763,000)</u>	<u>\$ 927,000</u>	<u>\$ 1,078,000</u>	<u>\$(2,883,000)</u>

(12) Non-operating income

For the year ended December 31, 1996 and 1995, interest income of \$1,603,000 and \$1,864,000 was earned on temporary investments, on deposits made with the Casino Reinvestment Development Authority, and other sources.

(13) Property and equipment

As of December 31, 1996 and 1995 property and equipment consisted of the following:

	1996	1995
Land	\$ 38,093,000	\$ 37,807,000
Building and improvements	185,508,000	185,077,000
Operating equipment	91,865,000	87,489,000
Construction in progress	<u>1,535,000</u>	<u>2,310,000</u>
	\$317,001,000	\$312,683,000
Less: accumulated depreciation and amortization	(160,987,000)	(145,243,000)
Net property and equipment	<u>\$156,014,000</u>	<u>\$167,440,000</u>

GREATER BAY HOTEL AND CASINO, INC.
(a wholly owned subsidiary of GB HOLDINGS, INC.)

NOTES TO FINANCIAL STATEMENTS
(Unaudited)

(14) Prepaid expenses and other current assets

As of December 31, 1996 and 1995 prepaid expenses and other current assets consisted of the following:

	<u>1996</u>	<u>1995</u>
Deferred taxes - current	\$ 3,079,000	\$ 9,635,000
Prepaid expenses	1,946,000	2,195,000
Deposits	<u>165,000</u>	<u>271,000</u>
	<u>\$ 5,190,000</u>	<u>\$12,101,000</u>

(15) Investments, advances and receivables

As of December 31, 1996 and 1995, investments, advances and receivables consisted of the following:

	<u>1996</u>	<u>1995</u>
Obligatory investments	\$ 6,382,000	\$ 5,521,000
Advances to affiliates	<u>8,714,000</u>	<u>7,778,000</u>
Other	<u>4,000</u>	<u>4,000</u>
	<u>\$15,100,000</u>	<u>\$13,303,000</u>

(16) Other assets

As of December 31, 1996 and 1995 other assets consisted of the following:

	<u>1995</u>	<u>1994</u>
Deferred taxes - non-current	\$ 8,892,000	\$ 5,903,000
Deferred financing costs	5,044,000	5,764,000
Intangible assets	2,910,000	2,300,000
Other	<u>1,306,000</u>	<u>1,087,000</u>
	<u>\$18,152,000</u>	<u>\$15,054,000</u>

GREATER BAY HOTEL AND CASINO, INC.
(a wholly owned subsidiary of GB HOLDINGS, INC.)

NOTES TO FINANCIAL STATEMENTS
(Unaudited)

(17) Other accrued expenses

As of December 31, 1996 and 1995, other accrued expenses consists of the following:

	<u>1996</u>	<u>1995</u>
Accrued salaries & wages	\$ 3,980,000	\$ 4,003,000
Accrued payroll taxes	1,001,000	1,105,000
Accrued insurance	3,112,000	2,330,000
Regulatory fees	1,091,000	984,000
Other accrued expenses	<u>5,673,000</u>	<u>5,454,000</u>
	<u>\$ 14,857,000</u>	<u>\$ 13,876,000</u>

(18) Other current liabilities

As of December 31, 1996 and 1995 other current liabilities consisted of the following:

	<u>1996</u>	<u>1995</u>
Unredeemed chip/token liability	\$ 2,395,000	\$ 2,284,000
Due to affiliates	697,000	230,000
CRDA payable	671,000	762,000
Interest payable	10,964,000	9,821,000
Other	<u>2,296,000</u>	<u>1,785,000</u>
	<u>\$ 17,023,000</u>	<u>\$ 14,882,000</u>

Timothy A. Ebling
Vice President Finance

Title

003052-11

Licensed Number

On Behalf Of:

Greater Bay Hotel And Casino, Inc.
Casino Licensee

CCC-249

SCHEDULE OF RECEIVABLES AND PATRONS' CHECKS

PATRONS' CHECKS

(UNAUDITED)
(\$ IN THOUSANDS)

LICENSEE SANDS HOTEL & CASINO

ACCOUNTS RECEIVABLE BALANCES

FOR THE YEAR ENDED DECEMBER 31, 1996

CASINO CONTROL COMMISSION

OF THE

STATE OF NEW JERSEY

DESCRIPTION	ACCOUNT BALANCE	ALLOWANCE	ACCOUNTS RECEIVABLE NET OF ALLOWANCE
(a)	(b)	(c)	(d)
1. Unredeemed Patrons' Checks	4,811		
2. Patrons' Checks	19,795		
3. Patrons' Checks		(15,463)	8,943
4. Other	615	(81)	564
5. Due from Officers and Employees	18		
6. Due from Affiliates	373		
7. Accounts and Notes Receivables	587		
8. Other Receivables	988		988
9. Other	26,009	(15,524)	10,485
UNDEPOSITED PATRONS' CHECKS			
10. Balance at January 1			4,788
11. Checks Issued (Excluding Counter Checks Issued Through Transactions Relating to Consolidations, Partial Redemptions, Substitutions, and Patrons' Cash Deposits)			166,150
12. Checks Redeemed Prior to Deposit (Excluding the Unredeemed Portion of Counter Checks Redeemed Through Partial Redemptions, and Excluding Checks Redeemed Through Transactions Relating to Consolidations, Substitutions, and Patrons' Cash Deposits)			(127,002)
13. Checks Collected Through Deposits			(30,524)
14. Checks Transferred to Returned Checks			(6,799)
15. Other Adjustments			
16. Ending Balance			1,611
17. "Hold" Checks Included in Undeposited Balance on Line 16			
18. Provision for Uncollectible Patrons' Checks			2,100
19. Provision as a Percent of Counter Checks Issued			1.3%

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

TRADING NAME OF LICENSEE SANDS HOTEL & CASINO

SCHEDULE OF RECEIVABLES AND
PATRONS' CHECKS

FOR THE TWELVE MONTHS ENDED DECEMBER, 1996

(UNAUDITED)
(\$ IN THOUSANDS)

ACCOUNTS RECEIVABLE BALANCES

LINE (a)	DESCRIPTION (b)	ACCOUNT BALANCE (c)	ALLOWANCE (d)	ACCOUNTS RECEIVABLE NET OF ALLOWANCE (e)
	Patrons' Checks:			
1	Undeposited Patrons' Checks.....	\$ 4,611		
2	Returned Patrons' Checks.....	19,795		
3	Total Patrons' Checks.....	24,406	\$ (15,463)	\$ 8,943
4	Hotel Receivables.....	615	(61)	554
	Other Receivables:			
5	Receivables Due from Officers and Employees.....	18		
6	Receivables Due from Affiliates.....	373		
7	Other Accounts and Notes Receivables.....	597		
8	Total Other Receivables.....	988		988
9	Totals (Form CCC-205).....	\$ 26,009	\$ (15,524)	\$ 10,485

Line (f)	DESCRIPTION (g)	AMOUNT (h)
10	Beginning Balance (January 1).....	\$ 4,786
11	Counter Checks issued (Excluding Counter Checks Issued Through Transactions Relating to Consolidations, Partial Redemptions, Substitutions, and Patrons' Cash Deposits).....	166,150
12	Checks Redeemed Prior to Deposit (Excluding the Unredeemed Portion of Counter Checks Redeemed Through Partial Redemptions, and Excluding Checks Redeemed Through Transactions Relating to Consolidations, Substitutions, and Patrons' Cash Deposits).....	(127,002)
13	Checks Collected Through Deposits.....	(30,524)
14	Checks Transferred to Returned Checks.....	(8,799)
15	Other Adjustments.....	-
16	Ending Balance.....	\$ 4,611
17	Hold" Checks Included in Undeposited Balance on Line 16.....	\$ -
18	Provision for Uncollectible Patrons' Checks.....	\$ 2,100
19	Provision as a Percent of Counter Checks Issued.....	1.3%

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

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

ANNUAL EMPLOYMENT AND PAYROLL REPORT

FOR THE YEAR ENDED DECEMBER 31, 1996

ANNUAL EMPLOYMENT

AND PAYROLL REPORT

DEPARTMENT	NUMBER OF EMPLOYEES	SALARIES AND WAGES	
		1996	1995
CASINO			
Administration	18		1,058
Cooking	747		14,806
Hotel			3,871
Housekeeping			6,821
Security	22		452
Other	88		1,818
Sub-Total	1,295		28,426
Bar	318		6,717
Food and Beverage	819		15,017
STAFF OPERATED DEPARTMENTS			
Club House Club	89		1,887
Service Center	8		121
LABORERS AND GENERAL			
Hotel	10		1,241
Construction and painting			2,452
Security			2,896
Other	123		3,931
Other	25		8,052
RECREATION DEPARTMENT	100		1,128
RECREATION OPERATIONS AND MAINTENANCE			
Other			1,631
STAFF OPERATED DEPARTMENTS	3,270	\$71,548	\$2,840
TOTAL			\$74,389

LICENSEE SANDS HOTEL & CASINO

FOR THE YEAR ENDED DECEMBER 31, 1996

TO THE

CASINO CONTROL COMMISSION

OF THE

STATE OF NEW JERSEY

CCC-378

ANNUAL EMPLOYMENT AND PAYROLL REPORT

FOR THE YEAR ENDED DECEMBER 31, 1996
 (\$ IN THOUSANDS)

LINE (a)	DEPARTMENT (b)	NUMBER OF EMPLOYEES AT DECEMBER 31, (c)	SALARIES AND WAGES		
			Other Employees (d)	Officers & Owners (e)	Totals (f)
	CASINO				
1	Administration	15			1,058
2	Gaming	747			14,805
3	Slots	139			3,671
4	Casino Accounting	278			6,821
5	Simulcasting	22			452
6	Other	58			1,619
7	Total - Casino	1,259	\$	\$	\$28,426
8	ROOMS	315			6,817
9	FOOD AND BEVERAGE	819			15,077
	OTHER OPERATED DEPARTMENTS				
10	Valet/ Health Club	99			1,597
11	Retail Services	8			121
12					
13					
14					
15					
16					
17					
18					
19					
	ADMINISTRATIVE AND GENERAL				
20	Executive office	10			1,241
21	Accounting and auditing	51			2,452
22	Security	166			3,896
23	Other administrative and general department	122			3,951
24	MARKETING	155			8,052
25	GUEST ENTERTAINMENT	155			1,128
26	PROPERTY OPERATION AND MAINTENANCE	41			1,631
27	TOTALS - ALL DEPARTMENTS	3,200	\$71,546	\$2,843	\$74,389

TRADING NAME OF LICENSEE SANDS HOTEL & CASINO
**ANNUAL EMPLOYMENT AND PAYROLL REPORT
SIGNATURE PAGE**

FOR THE YEAR ENDED DECEMBER 31, 1996

Under penalties provided by law, I declare that I have examined this report, and to the best of my knowledge and belief, no material discrepancies were noted for the period covered by this report, or if material discrepancies were noted, a detailed explanation is included on the attached page.

March 28, 1997
Date

Timothy L. Eubank
Signature
Vice President Finance
Title

974.901

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ANNUAL REPORT

LICENSEE

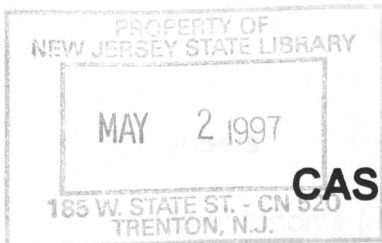
HARRAH'S CASINO HOTEL , ATLANTIC CITY

ADDRESS

777 HARRAH'S BLVD.

ATLANTIC CITY, N.J. 08401

FOR THE YEAR ENDED DECEMBER 31, 1996



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

FORM NO.
CCC - 205
CCC - 210
CCC - 215
CCC - 225
CCC - 235
CCC - 245
CCC - 250



NAME OF OFFICER IN CHARGE OF
CORRESPONDENCE REGARDING THIS
QUARTERLY REPORT

JOHN D. MAYEWSKI

OFFICIAL TITLE

VICE PRESIDENT OF FINANCE & ADMINISTRATION

ADDRESS

777 HARRAH'S BLVD.

ATLANTIC CITY, N.J. 08401

BALANCE SHEETS

AS OF DECEMBER 31, 1996 AND 1995

Trading Name of Licensee Harrah's Casino Hotel, Atlantic City

(\$ IN THOUSANDS)

LIST OF FORMS - ANNUAL REPORT

FOR THE YEAR ENDED: DECEMBER 31, 1996

TITLE	FORM NO.
Balance Sheets	CCC - 205
Statements of Income (Year-to-Date)	CCC - 210
Statements of Income (Three Months)	CCC - 215
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The accompanying notes are an integral part of the financial statements.
 No opinion should be made without using information contained in the notes.

TRADING NAME OF LICENSEE

HARRAH'S CASINO HOTEL, ATLANTIC CITY

BALANCE SHEETS

AS OF DECEMBER 31, 1996 AND 1995

(UNAUDITED)
(\$ IN THOUSANDS)

(a) LINE	(b) DESCRIPTION	(c) 1996	(d) 1995
ASSETS			
Current Assets:			
1	Cash and Cash Equivalents (Note 2)	\$ 22,729	\$ 18,227
2	Short-Term Investments	0	0
3	Receivables and patrons' checks (net of allowance) for doubtful accounts - . . 1996 \$ 3,630 . . . ; 1995 \$ 3,697	7,164	6,952
4	Inventories	994	1,158
5	Prepaid expenses and other current assets (Note 5)	2,154	2,456
6	Total Current Assets	33,041	28,793
7	Investments, Advances and Receivables (Note 6)	27,737	27,357
8	Property and Equipment - Gross (Notes 2 and 3)	450,841	394,197
9	Less Accumulated Depreciation/Amortization	(153,964)	(140,135)
10	Other Assets	23,454	24,207
11	Total Assets	381,109	334,419
LIABILITIES AND EQUITY			
Current Liabilities:			
12	Accounts Payable	\$ 4,181	\$ 2,009
13	Notes Payable	0	0
Current portion of long-term debt:			
14	Due to affiliates	0	30,000
15	Other	0	0
16	Income taxes payable and accrued	393	625
17	Other accrued expenses . . . (Note 8)	23,128	20,562
18	Other current liabilities	505	929
19	Total current liabilities	28,207	54,125
Long-Term Debt:			
20	Due to affiliates	0	16,851
21	Other (Notes 4)	400,000	335,000
22	Deferred Credits (Note 2)	1,127	1,550
23	Other Liabilities (Note 9)	43,295	42,428
24	Commitments and Contingencies	0	0
25	Total Liabilities	472,629	449,954
26	Stockholders', Partners', or Proprietor's Equity	(91,520)	(115,535)
27	Total Liabilities and Equity	\$ 381,109	\$ 334,419

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

STATEMENTS OF INCOME

For The Year Ended December 31, 1996 and 1995

(UNAUDITED)
(\$ IN THOUSANDS)

(a) LINE	(b) DESCRIPTION	(c) 1996	(d) 1995
	Revenue:		
1	Casino	\$ 314,050	\$ 319,279
2	Rooms	21,161	20,560
3	Food and Beverage	37,267	36,767
4	Other	10,105	9,005
5	Total revenue	382,583	385,611
6	Less: Promotional Allowances	40,956	40,279
7	Net revenue	341,627	345,332
	Costs and Expenses:		
8	Cost of goods and services	180,884	176,111
9	Selling, general, and administrative	67,002	64,308
10	Provision for doubtful accounts	1,309	1,270
11	Total costs and expenses	249,195	241,689
12	Gross Operating Profit	92,432	103,643
13	Depreciation and amortization	16,266	16,059
	Charges from affiliates other than interest:		
14	Management Fees	0	0
15	Other	21,227	8,590
16	Income (Loss) from Operations	54,939	78,994
	Other Income (Expenses):		
17	Interest (expense) - affiliates - Royalty Fee	0	0
18	Interest (expense) - external	(25,490)	(31,127)
19	Investment alternative tax and related income (expense) - net	(99)	(22)
20	Nonoperating Income (expense) - net	736	(111)
21	Total other income (expenses)	(24,853)	(31,260)
22	Income (Loss) Before Income Taxes and Extraordinary Items	30,086	47,734
23	Provision (credit) for income taxes	3,033	4,165
24	Income (Loss) Before Extraordinary Items	27,053	43,569
25	Extraordinary items (net of income taxes - 1996, \$0; 1995, \$0)	0	0
26	Net Income (Loss)	\$ 27,053	\$ 43,569

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

STATEMENTS OF INCOME

For The Three Months Ended December 31, 1996 and 1995

(UNAUDITED)
(\$ IN THOUSANDS)

(a) LINE	(b) DESCRIPTION	(c) 1996	(d) 1995
	Revenue:		
1	Casino	\$ 73,931	\$ 76,118
2	Rooms	4,722	4,811
3	Food and Beverage	8,945	8,882
4	Other	2,577	2,151
5	Total revenue	90,175	91,962
6	Less: Promotional Allowances	8,892	9,736
7	Net revenue	81,283	82,226
	Costs and Expenses:		
8	Cost of goods and services	45,626	43,406
9	Selling, general, and administrativ	15,455	17,675
10	Provision for doubtful accounts	323	333
11	Total costs and expenses	61,404	61,414
12	Gross Operating Profit	19,879	20,812
13	Depreciation and amortization	4,262	2,287
	Charges from affiliates other than interest:		
14	Management Fees	0	0
15	Other	5,191	7,216
16	Income (Loss) from Operations	10,426	11,309
	Other Income (Expenses):		
17	Interest (expense) - affiliates - Royalty Fee	0	0
18	Interest (expense) - external (Note 4)	(6,243)	(8,965)
19	Investment alternative tax and related income (expense) - net	(25)	13
20	Nonoperating Income (expense) - net	380	(567)
21	Total other income (expenses)	(5,888)	(9,519)
22	Income (Loss) Before Income Taxes and Extraordinary Items	4,538	1,790
23	Provision (credit) for income taxes	839	(226)
24	Income (Loss) Before Extraordinary Items	3,699	2,016
25	Extraordinary items (net of income taxes - 1996, \$0; 1995, \$0)	0	0
26	Net Income (Loss)	\$ 3,699	\$ 2,016

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

TRADING NAME OF LICENSEE

HARRAH'S CASINO HOTEL, ATLANTIC CITY

STATEMENTS OF CHANGES IN PARTNERS' OR PROPRIETOR'S EQUITY

For the Twelve Months Ended December 31, 1995
And The Twelve Months Ended December 31, 1996
(UNAUDITED)
(\$ IN THOUSANDS)

LINE (a)	Description (b)	Contributed Capital (c)	Accumulated Earnings (Deficit) (d)	(e)	Total Equity (Deficit) (f)
1	Balance , December 31, 1994	\$141,594	(\$290,518)	\$0	(\$148,924)
2	Net Income (Loss) - 1995		43,569		\$43,569
3	Capital Contributions.....	24,360	0		\$24,360
4	Capital Withdrawals.....		(34,540)		(\$34,540)
5	Partnership Distributions.....				\$0
6	Prior Period Adjustments.....				
7	.....			
8	.....			
9	.....			
10	Balance , December 31, 1995	165,954	(281,489)	0	(115,535)
11	Net Income 1996		27,053		\$27,053
12	Capital Contributions.....				\$0
13	Capital Withdrawals.....		(3,038)		(\$3,038)
14	Partnership Distributions.....				
15	Prior Period Adjustments.....				
16	.....			
17	.....			
18	.....			
19	Balance, December 31, 1996	\$165,954	(\$257,474)	\$0	(\$91,520)

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

TRADING NAME OF LICENSEE HARRAH'S CASINO HOTEL, ATLANTIC CITY

STATEMENTS OF CASH FLOWS

For the Year Ended December 31, 1996 and 1995

(UNAUDITED)
(\$ IN THOUSANDS)

(a) LINE	(b) DESCRIPTION	(c) 1996	(d) 1995
1	Net Cash Provided (Used) by Operating Activities	\$ 50,262	\$ 59,403
	Cash Flows from Investing Activities:		
2	Purchase of short-term investment securities	0	0
3	Proceeds from the sale of short-term investment securities	0	0
4	Cash outflows for property and equipment	(59,648)	(16,708)
5	Proceeds from disposition of property and equipment	279	336
6	Purchase of casino reinvestment obligations	(3,951)	(3,775)
7	Purchase of other investments and loan advances made	(64)	206
8	Proceeds from disposal of investments and collection of advances and long-term receivables	2,513	2,729
9	Cash outflows to acquire business entities	0	0
10	W/O of Prior Year Design Fees	0	0
11	Transfer Cash from sale of Land from Embassy	0	5,856
12	Net Cash Provided (Used) by Investing Activities ..	(60,871)	(11,356)
	Cash Flows from Financing Activities:		
13	Cash proceeds from issuance of short-term debt		
14	Payments to settle short-term debt	(30,000)	
15	Cash proceeds from issuance of long-term debt	209,000	665,650
16	Costs of issuing debt		
17	Payments to settle long-term debt	(160,851)	(679,149)
18	Cash proceeds from issuing stock or capital contributions		
19	Purchases of treasury stock		
20	Payments of dividends or capital withdrawals	(3,038)	(34,540)
21			
22			
23	Net Cash Provided (Used) by Financing Activities	15,111	(48,039)
24	Net Increase (Decrease) In Cash and Cash Equivalents	4,502	8
25	Cash and Cash Equivalents at Beginning of Period	18,227	18,219
26	Cash and Cash Equivalents at End of Period	\$ 22,729	\$ 18,227
SUPPLEMENTAL DISCLOSURE OF CASH FLOW INFORMATION			
	Cash Paid During Period for:		
27	Interest (net of amount capitalized)	\$ 25,490	\$ 27,335
28	Income Taxes	\$ 3,554	\$ 5,047

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

TRADING NAME OF LICENSEE HARRAH'S CASINO HOTEL, ATLANTIC CITY

STATEMENTS OF CASH FLOWS

For the Year Ended December 31, 1996 and 1995

(UNAUDITED)
(\$ IN THOUSANDS)

(a) LINE	(b) DESCRIPTION	(c) 1996	(d) 1995
	Net Cash Flows From Operating Activities:		
29	Net Income (loss)	\$ 27,053	\$ 43,569
	Noncash items included in income and cash items excluded from income:		
30	Depreciation and amortization of property & equipment	16,266	16,059
31	Amortization of other assets	1,307	1,620
32	Amortization of debt discount or premium	0	24
33	Deferred income taxes - current	0	0
34	Deferred income taxes - noncurrent	0	(1,337)
35	(Gain) / loss in disposition of property & equipment	1	2,360
36	(Gain) / loss on casino reinvestment obligation	0	0
37	Loss from other investment activities	0	0
38	Net (increase)/decrease in receivables and patrons checks	(212)	305
39	Net decrease in inventories	164	200
40	Net decrease in other current assets	2,195	2,275
41	Net (increase) / decrease in other asset	(2,084)	162
42	Net increase / (decrease) in accounts payables	2,172	(1,196)
43	Net increase in other current liabilities excluding deb	1,910	2,431
44	Net increase (decrease) in other noncurrent liabilities excluding debt	335	(7,280)
45	Net increase in other receivables or advances	1,155	211
46			
47	Net Cash Provided (Used) by Operating Activities	\$ 50,262	\$ 59,403
SUPPLEMENTAL SCHEDULE OF CASH FLOW INFORMATION			
	Acquisition of Property and Equipment:		
48	Additions to property and equipment	\$ 56,648	\$ 16,708
49	Less: capital lease obligations incurred	0	0
50	Cash Outflows for Property and Equipment	\$ 56,648	\$ 16,708
	Acquisition of Business Entities:		
51	Property and equipment acquired	\$	\$
52	Goodwill Acquired		
53	Net assets acquired other than cash, goodwill, and property and equipment		
54	Long-term debt assumed		
55	Issuance of stock or capital invested		
56	Cash Outflows To Acquire Business Entities	\$	\$
	Stock Issued or Capital Contributions:		
57	Total issuance of stock or capital contributions	\$	\$
58	Less: issuances to settle long-term debt, and		
59	Consideration in acquisition of business entities		
60	Cash Proceeds from Issuing Stock or Capital Contributions	\$	\$

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

HARRAH'S CASINO HOTEL ATLANTIC CITY
 NOTES TO FINANCIAL STATEMENTS
 (Unaudited)

TRADING NAME OF LICENSEE

HARRAH'S CASINO HOTEL, ATLANTIC CITY

PROMOTIONAL EXPENSES AND ALLOWANCES

(\$ in Thousands)

For the Twelve Months Ended December 31, 1996

	Promotional Allowances		Promotional Expenses	
	Number of Recipients	Dollar Amount	Number of Recipients	Dollar Amount
Rooms	144,983	\$ 12,628	-	\$ -
Food	1,936,100	19,361	-	-
Beverage	2,422,800	6,057	-	-
Travel	-	-	75,717	7,496
Coin	-	-	2,064,720	25,809
Coupon	-	-	-	-
Entertainment	145,500	2,910	-	-
Retail & Gifts	-	-	412,400	2,062
Parking	-	-	517,333	776
Other	-	-	15,059	256
Total	4,649,383	\$ 40,956	3,085,229	\$ 36,399

For the Three Months Ended December 31, 1996

	Promotional Allowances		Promotional Expenses	
	Number of Recipients	Dollar Amount	Number of Recipients	Dollar Amount
Rooms	29,874	\$ 2,602	-	\$ -
Food	434,600	4,346	-	-
Beverage	532,000	1,330	-	-
Travel	-	-	19,222	1,903
Coin	-	-	512,000	6,400
Coupon	-	-	-	-
Entertainment	30,700	614	-	-
Retail & Gifts	-	-	120,000	600
Parking	-	-	666	1
Other	-	-	6,647	113
Total	1,027,174	\$ 8,892	658,535	\$ 9,017

HARRAH'S CASINO HOTEL ATLANTIC CITY
NOTES TO FINANCIAL STATEMENTS
(Unaudited)
(Dollars in Thousands)

NOTE 1 - ORGANIZATION AND BASIS OF PRESENTATION

Marina Associates (the "Partnership") operates as a general partnership which owns and operates a casino hotel located in the Marina District of Atlantic City, New Jersey known as Harrah's Casino Hotel Atlantic City. Harrah's Operating Company, Inc. ("HOC"), a direct wholly-owned subsidiary of Harrah's Entertainment, Inc. ("Harrah's") through its subsidiaries, is the sole owner of the Partnership. A substantial portion of the Partnership's revenues are derived from gaming operations.

On June 30, 1995, the Promus Companies Incorporated ("Promus"), completed a spin-off ("Spin-off") that split Promus into two independent public corporations, one for conducting its casino entertainment business and one for conducting its hotel business. Promus was renamed Harrah's Entertainment, Inc. and retained ownership of the casino entertainment business. Promus' hotel operations were transferred to a new entity, Promus Hotel Corporation ("PHC").

NOTE 2 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Cash Equivalents - Cash equivalents are highly liquid investments with a maturity of less than three months and are stated at the lower of cost or market value.

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

Property and Equipment - Property and equipment are stated at cost. Depreciation of property and equipment is calculated using the straight-line method over the estimated useful life of the assets, as follows:

Buildings, leaseholds and improvements	40 years
Furniture, fixtures and equipment	3 - 10 years

The interest associated with borrowings used to finance the construction and expansion of the hotel / casino during the construction period has been capitalized and is being amortized over the estimated useful life of the complex.

Revenue Recognition - Casino revenues consist of the net win from gaming activities, which is the difference between gaming wins and losses. Food, beverage, rooms and other revenues include the aggregate amounts generated by those departments.

Promotional Allowances - Gross revenues include the retail value of complimentary food, beverage, theater and hotel services furnished to patrons. The retail value of these promotional allowances is deducted to arrive at net revenues.

HARRAH'S CASINO HOTEL ATLANTIC CITY
NOTES TO FINANCIAL STATEMENTS
(Unaudited)
(Dollars in Thousands)

Income Taxes - The accompanying financial statements do not include a provision for federal income tax purposes by the individual partners. In accordance with regulations prescribed by the New Jersey Casino Control Act, the Partnership files a state income tax return on behalf of the partners. Deferred income taxes reflect the net tax effect of temporary differences between the carrying amounts of tax assets and liabilities for financial reporting and income tax purposes. Deferred tax assets and liabilities are measured using enacted 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.

Reclassifications - Certain amounts for 1995 have been reclassified to conform with the presentation for 1996.

Use of Estimates - The preparation of these financial statements in conformity with generally accepted accounting principals requires the Partnership 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.

Casino Licensing - In May, 1996, the New Jersey Casino Control Commission renewed the Partnership's casino license through May 2000. A New Jersey casino license is not transferable and must be renewed by filing an application.

NOTE 3 - PROPERTY AND EQUIPMENT

Property and Equipment as of December 31 consisted of the following:

	<u>1996</u>	<u>1995</u>
Land and Land Improvements	\$ 52,489	\$ 51,339
Buildings, Leaseholds and Improvements	266,270	248,058
Furniture, Fixtures and Equipment	97,542	84,892
Construction in Progress	5,753	3,866
Equipment held under Capital Leases	345	345
CIP Casino/Hotel Expansion	28,080	4,808
CIP Hotel Tower Expansion	362	-
CIP Northeast Inlet Redevelopment Project	<u>-</u>	<u>889</u>
	450,841	394,197
Less Accumulated Depreciation	<u>(153,964)</u>	<u>(140,135)</u>
Property and Equipment, Net	<u>\$ 296,877</u>	<u>\$ 254,062</u>

HARRAH'S CASINO HOTEL ATLANTIC CITY
NOTES TO FINANCIAL STATEMENTS
(Unaudited)
(Dollars in Thousands)

NOTE 4 - LONG-TERM DEBT

Long-term debt as of December 31 consisted of the following:

	<u>1996</u>	<u>1995</u>
(a) Revolving Credit and Letter of Credit Facility, 5.875 %- 8.25% at December 31, 1996 and 6.062% - 8.5% at December 31, 1995, maturing in 2000, with interest payable monthly	\$400,000	\$335,000
(b) Note payable to HOC	<u>-</u>	<u>46,851</u>
	\$400,000	\$381,851
Less Current Portion	<u>-</u>	<u>(30,000)</u>
	<u>\$400,000</u>	<u>\$351,851</u>

- (a) During October 1996, Harrah's negotiated amendments to its reducing revolving and letter of credit facility (the "Facility"), including an increase in total capacity from \$750 million to \$1.1 billion and modifications to certain financial covenants. As amended, the Facility consists of a \$950 million reducing revolving and letter of credit facility maturing July 31, 2000, and a separate \$150 million revolving credit facility which is renewable annually, at the lenders options through the July 31, 2000 maturity date. The facility is secured by the assets of Harrah's Nevada properties and Harrah's Casino Hotel Atlantic City, the stock of HOC and certain other subsidiaries and certain trademarks. As of December 31, 1996, Marina Associates borrowings under the Facility were \$400 million. The Facility provides for borrowing at either the Eurodollar plus 0.5% or the prime lending rate.
- (b) In connection with the PHC spin-off, Embassy loaned the Partnership \$95 million to fund a pay down of the Facility referenced above. The loan is evidenced by an 11% Note, which obligates the Partnership to make principal and interest payments as funds are generated by operations in excess of the Partnership cash flow needs. Payments of principal and are expressly conditioned upon the Partnership's compliance with the financial stability tests set forth in N.J.A.C. 19:43-4.1 et seq. and other requirements of the Casino Control Act, N.J.S.A. 5:12-1 et seq. The note was retired as of October 31, 1996.

HARRAH'S CASINO HOTEL ATLANTIC CITY
NOTES TO FINANCIAL STATEMENTS
(Unaudited)
(Dollars in Thousands)

NOTE 5: PREPAID EXPENSES AND OTHER CURRENT ASSETS

Prepaid expenses and other current assets as of December 31 consisted of the following:

	<u>1996</u>	<u>1995</u>
Prepaid Slot Tax	\$ 626	\$ 511
Prepaid Insurance	135	123
Prepaid Air Charters	572	594
Prepaid Marketing	195	202
Prepaid Other	<u>626</u>	<u>1,026</u>
	<u>\$2,154</u>	<u>\$2,456</u>

NOTE 6 - INVESTMENTS, ADVANCES AND RECEIVABLES

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

	<u>1996</u>	<u>1995</u>
Notes Receivable	\$ 2,201	\$ 2,242
Casino Reinvestment Development Authority Bonds - Net of Valuation Allowance of \$1,179 and \$1,217 at December 31, 1996 and 1995, respectively	2,716	2,696
Casino Reinvestment Development Authority obligation deposits - Net of Valuation Allowance of \$289 and \$112 at December 31, 1996 and 1995, respectively	1,006	573
Due from Affiliates	<u>21,814</u>	<u>21,846</u>
	<u>\$27,737</u>	<u>\$27,357</u>

HARRAH'S CASINO HOTEL ATLANTIC CITY
NOTES TO FINANCIAL STATEMENTS
(Unaudited)
(Dollars in Thousands)

Due from Affiliates as of December 31 consisted of the following unsecured, non-interest bearing intercompany amounts:

	<u>1996</u>	<u>1995</u>
Harrah's New Jersey, Inc.	\$18,962	\$18,962
Harrah's Lake Tahoe	143	166
Embassy Suites, Inc.	1,940	1,939
Harrah's Del Rio	147	149
Harrah's Reno	344	345
Bill's Casino	111	111
Harrah's Vicksburg	23	23
Harrah's Joliet	94	93
Harrah's New Orleans	1	-
Harrah's Tunica	-	10
Harrah's Shreveport	17	19
Harrah's St. Louis	3	2
Harrah's North Kansas City	<u>29</u>	<u>27</u>
Total Due from Affiliates	<u>\$21,814</u>	<u>\$21,846</u>

The Partnership transfers cash in excess of its operating needs to HOC on a daily basis. Cash transfers from HOC to the Partnership are also made based upon the needs of the Partnership to fund daily operations, including accounts payable and payroll, as well as capital expenditures. The net transfers to HOC were \$45.9 million and \$102.7 million in 1996 and 1995, respectively.

NOTE 7 - INVESTMENT OBLIGATIONS

The New Jersey Casino Control Act provides, among other things, for an assessment of licensees equal to 1.25% of their gross gaming revenues in lieu of an investment alternative tax equal to 2.5% of gross gaming revenues. The Partnership may satisfy this investment obligation by investing in qualified eligible direct investments, by making qualified contributions or by depositing funds with the New Jersey Casino Reinvestment Development Authority ("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 fifty years and bear interest at below market rates. The Partnership includes CRDA investment bonds and funds on deposit with the CRDA in investments, advances and receivables. The Partnership records a charge to operations to reflect the estimated realizable value of its CRDA investment obligations.

Through 1996, the Partnership was required to make deposits with the CRDA of approximately \$53,333 towards its obligations through that date, of which \$52,399 was deposited. The Partnership's obligation for the fourth quarter of 1996 of approximately \$934 was deposited in January, 1997.

HARRAH'S CASINO HOTEL ATLANTIC CITY
NOTES TO FINANCIAL STATEMENTS
(Unaudited)
(Dollars in Thousands)

To satisfy current Atlantic City obligations as well as those projected beyond the year 2000, the Partnership received approval from the CRDA for a qualified direct investment project to construct various townhomes, an apartment building and a retail store outlet in the northeast section of Atlantic City at an estimated cost to the Partnership of approximately \$54,500. As of December 31, 1996, approximately \$54,410 has been expended by the Partnership of which approximately \$4,123 was reimbursed to the Partnership from certain government grants and \$18,742 represents a prepayment position of the Partnership's future obligations. The prepaid asset is being amortized over thirteen years.

The CRDA withdrew from funds on deposit \$2,550 to satisfy the Partnership's donation for the Marina District Beautification Project. The project was effectively completed in the fourth quarter of 1996. The donation is included in deferred charges and other assets and upon completion will be capitalized as land improvements.

In February 1996, the Partnership began construction on a 416-room hotel tower. The CRDA has committed a minimum of \$4,143 of Atlantic City Economic Development Funds to this project. On September 16, 1996 Governor Whitman signed into law legislation that provides additional financial assistance in the amount of a \$75 million set aside for casino Licenses to construct, or rehabilitate hotel rooms and related appurtenant facilities. The Partnership has applied and has received tentative approval for \$11.7 million of this additional set aside. The estimated cost to the Partnership is \$58,867 of which \$28,092 has been expended as of December 31, 1996. The project is estimated to be completed by July 1997.

NOTE 8 - OTHER ACCRUED EXPENSES

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

	<u>1996</u>	<u>1995</u>
Accrued Salaries, Wages and Benefits	\$ 6,171	\$10,937
Taxes Payable	864	894
Accrued Progressive Slot Liability	415	633
Accrued Interest, Long-term debt	1,287	1,169
Accrued Casino Control Commission / Department Gaming Enforcement Casino License Fees	374	628
Accrued Construction (Hotel/Casino Expansion)	7,194	-
Other Accrued Expenses	<u>6,823</u>	<u>6,301</u>
	<u>\$23,128</u>	<u>\$20,562</u>

HARRAH'S CASINO HOTEL ATLANTIC CITY
NOTES TO FINANCIAL STATEMENTS
(Unaudited)
(Dollars in Thousands)

NOTE 9 - OTHER LIABILITIES

Other Liabilities as of December 31 consisted of the following:

	<u>1996</u>	<u>1995</u>
Due to Affiliates, Long-term	\$39,512	\$38,739
Other	<u>3,783</u>	<u>3,689</u>
	<u>\$43,295</u>	<u>\$42,428</u>

Due to Affiliates at December 31 consisted of the following unsecured, non-interest bearing inter-company accounts:

	<u>1996</u>	<u>1995</u>
Harrah's Holdings, Inc.,	\$ 603	\$ 603
Harrah's Atlantic City, Inc.	38,340	37,727
Harrah's Holiday Inns of New Jersey, Inc.	292	293
Harrah's Tunica	33	-
Harrah's Las Vegas	<u>244</u>	<u>116</u>
	<u>\$39,512</u>	<u>\$38,739</u>

NOTE 10 - CHARGES FROM AFFILIATES - OTHER

Use of Trademarks - The Partnership entered into a license agreement in August 1995 with Harrah's Las Vegas, Inc., for the use of certain licensed trademarks. Under the agreement, the Partnership is required to pay a fixed license fee of \$19,355 per year through 2000. The licensing agreement may be renewed for additional five-year periods thereafter. For the year ended December 31, 1996, the Partnership's license fee was \$19,355. The Partnership's prorated license fee for the year ended December 31, 1995, totaled \$6,787.

Administrative Services - The Partnership is charged a fee from HOC for administrative services (including legal, accounting and insurance). The Partnership was charged \$1.9 million and \$1.8 million for these services for the years ended December 31, 1996 and 1995, respectively.

NOTE 11 - RETIREMENT AND STOCK PLANS

The Partnership maintains a defined contribution savings and retirement plan in which employees of the Partnership may participate. The plan, among other things, provides for pre-tax and after-tax contribution by employees. Under the plan, participating employees may elect to contribute up to 16 percent of their eligible earnings in 1996, the first six percent of which the employer will match fully. Amounts contributed to the plan are invested, at the participant's option, in a HOC's stock fund, a diversified stock fund, an aggressive stock fund, a long-term bond fund, an income fund and a treasury fund. The Partnership's contribution expense was \$3,025 and \$2,905 for the years ended December 31, 1996 and 1995, respectively.

HARRAH'S CASINO HOTEL ATLANTIC CITY
NOTES TO FINANCIAL STATEMENTS
(Unaudited)
(Dollars in Thousands)

HOC also maintains an employee stock ownership plan, deferred compensation plans, a restricted stock plan and a stock option plan in which certain employees of the Partnership are eligible to participate. The expenses charged by HOC to the Partnership for its employees' participation in these programs were not material to the Partnership and are included in the administrative charges discussed above.

NOTE 12 - COMMITMENTS AND CONTINGENCIES

Leases - The Partnership has several operating leases relating to a storage warehouse, parking areas, computer and communication equipment, transportation equipment and shoreline land. These leases have various expiration dates through 1999. Rental expenses for the year ended December 31, 1996 and 1995, were \$3,070 and \$3,135, respectively. Future minimum lease payments due under these leases are as follows:

<u>Year</u>	<u>Amount</u>
1997	\$1,917
1998	244
1999	105
2000 and thereafter	<u> -</u>
	<u>\$2,266</u>

The Partnership has entered into several long-term contracts for entertainment, marketing and laundry. The future commitments follow:

<u>Year</u>	<u>Amount</u>
1997	\$3,626
1998	2,212
1999	2,212
2000 and thereafter	<u> -</u>
	<u>\$8,050</u>

HARRAH'S CASINO HOTEL ATLANTIC CITY
NOTES TO FINANCIAL STATEMENTS
(Unaudited)
(Dollars in Thousands)

STATEMENTS OF CONFORMITY AND ACCURACY

State of NEW JERSEY :
County of ATLANTIC : SS

John D. Mayewski, being duly sworn according to law upon my oath disposes and says:

1. I have examined this Annual Report.
2. All the information contained in this Report has been prepared in conformity with Casino Control Commission's Annual Report Instructions and Uniform Chart of Accounts.
3. The information contained in this Annual Report is accurate to the best of my knowledge and belief.
4. To the best of my knowledge and belief, except for the deficiencies noted below, the licensee submitting this Annual Report has remained in compliance with the financial stability regulations contained in N.J.A.C. 19:43-4.2(b)1-5 during this year.


Signature

V.P. of Finance & Administration

Title

006494-11
License Number

Subscribed and sworn to
before me this 28 day of March 1997

On Behalf of:


Signature

Marina Associates
Casino Licensee

MARY-JO L. PIERCE
NOTARY PUBLIC OF NEW JERSEY
My Commission Expires Dec. 23, 2000

Basis of Authority
to Take Oaths

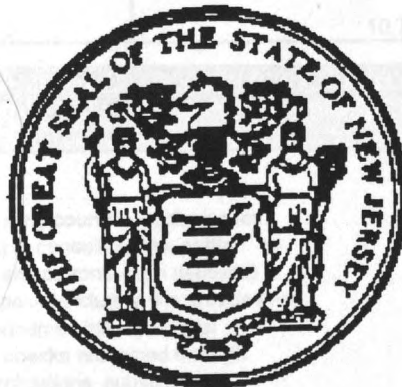
CCC-250

SCHEDULE OF RECEIVABLES AND PATRONS' CHECKS

LICENSEE HARRAH'S CASINO HOTEL , ATLANTIC CITY
ADDRESS 777 HARRAH'S BLVD.
ATLANTIC CITY, N.J. 08401

FOR THE YEAR ENDED DECEMBER 31, 1996

TO THE
CASINO CONTROL COMMISSION
OF THE
STATE OF NEW JERSEY



NAME OF OFFICER IN CHARGE OF
CORRESPONDENCE REGARDING THIS
QUARTERLY REPORT

JOHN D. MAYEWSKI

OFFICIAL TITLE

VICE PRESIDENT OF FINANCE & ADMINISTRATION

ADDRESS

777 HARRAH'S BLVD.

ATLANTIC CITY, N.J. 08401

TRADING NAME OF LICENSEE

HARRAH'S CASINO HOTEL, ATLANTIC CITY

SCHEDULE OF RECEIVABLES AND PATRONS' CHECKS

December 31, 1996

(UNAUDITED)

(\$ IN THOUSANDS)

Accounts Receivable Balances

LINE (a)	DESCRIPTION (b)	ACCOUNT BALANCE (c)	ALLOWANCE (d)	ACCOUNTS RECEIVABLE (e) NET OF ALLOWANCE
1	Patrons' Checks			
	Undeposited patrons' checks	\$ 3,838		
2	Returned patroness's checks	4,796		
3	Total patrons' checks	8,634	\$ 3,547	\$ 5,087
4	Hotel Receivables	1,307	83	1,224
5	Other Receivables:			
	Receivables due from officers and employees	4		
6	Receivables due from affiliates	0		
7	Other accounts and notes receivable	849		
8	Total other receivables	853	0	853
9	Totals (Form 205)	\$ 10,794	\$ 3,630	\$ 7,164

UNDEPOSITED PATRON'S CHECKS ACTIVITY

LINE (f)	DESCRIPTION (g)	AMOUNT (h)
10	Beginning Balance (January 1)	\$ 3,300
11	Counter checks issued (excluding counter checks issued through transactions relating to consolidations, partial redemption's, substitutions, and patrons' cash deposits)	119,156
12	Checks redeemed prior to deposit (excluding the unredeemed portion of counter checks redeemed through partial redemptions, and excluding checks redeemed through transactions relating to consolidations, substitutions, and patrons' cash deposits)	(72,304)
13	Checks collected through deposits	(46,315)
14	Checks transferred to returned checks	\$ (1,369)
15	Other adjustments	\$ 0
16	Ending Balance . . . (Includes Foreign credit)	\$ 2,468
17	"Hold" Checks Included in Balance on Line 16	\$ 0
18	Provision for Uncollectible Patrons' Checks	\$ 1,309
19	Provision as a Percent of Counter Checks Issued	1.1%

ANNUAL EMPLOYMENT AND PAYROLL REPORT

LICENSEE HARRAH'S CASINO HOTEL , ATLANTIC CITY
ADDRESS 777 HARRAH'S BLVD.
ATLANTIC CITY, N.J. 08401

FOR THE YEAR ENDED DECEMBER 31, 1996

TO THE
CASINO CONTROL COMMISSION
OF THE
STATE OF NEW JERSEY



NAME OF OFFICER IN CHARGE OF
CORRESPONDENCE REGARDING THIS
QUARTERLY REPORT

JOHN D. MAYEWSKI

OFFICIAL TITLE

VICE PRESIDENT OF FINANCE & ADMINISTRATION

ADDRESS

777 HARRAH'S BLVD.

ATLANTIC CITY, N.J. 08401

ANNUAL EMPLOYMENT AND PAYROLL REPORT

For the year ended December 31, 1996

(\$ IN THOUSANDS)


LINE (a)	DESCRIPTION (b)	NUMBER OF (c) EMPLOYEES	OTHER (d) EMPLOYEES	SALARIES AND WAGES (e) OFFICERS & OWNERS	TOTALS
	CASINO				
1	Administration	0			
2	Gaming	713			
3	Slots	331			
4	Casino Accounting	54			
5	Other	331			
6	Total - casino	1,429	36,780	0	36,780
7	ROOMS	249	5,095	0	5,095
8	FOOD AND BEVERAGE	905	14,217	0	14,217
	OTHER OPERATED DEPARTMENTS				
9	Marina	4	64	0	64
10	Cafeteria	12	1,082	0	1,082
11	Communications	19	372	0	372
12	Gift Shop	33	504	0	504
13	Jewelry Store	3	91	0	91
14					0
15					0
16					0
19					0
	ADMINISTRATIVE AND GENERAL				
20	Executive office	10	639	0	639
21	Accounting and auditing	45	1,646	0	1,646
22	Security	203	4,325	0	4,325
23	Other administrative and general department	139	5,092	0	5,092
24	MARKETING	14	541	0	541
25	GUEST ENTERTAINMENT	87	2,120	0	2,120
26	PROPERTY OPERATION AND MAINTENANCE	418	8,364	0	8,364
27	TOTALS - ALL DEPARTMENTS	3,570	80,932	0	80,932

TRADING NAME OF LICENSEE Harrah's Casino Hotel, Atlantic City

**ANNUAL EMPLOYMENT AND PAYROLL REPORT
SIGNATURE PAGE**

FOR THE YEAR ENDED DECEMBER 31, 1996

Under penalties provided by law, I declare that I have examined this report, and to the best of my knowledge and belief, no material discrepancies were noted for the period covered by this report, or if material discrepancies were noted, a detailed explanation is included on the attached page.



Signature

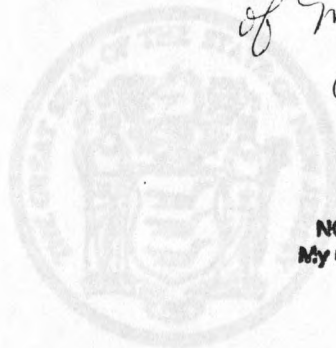
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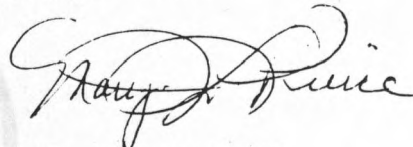
Date

Vice President of Finance and Administration

Title

*Subscribed and sworn
to before me this 28th day
of March 1997.*





MARY-JO L. FIERCE
NOTARY PUBLIC OF NEW JERSEY
My Commission Expires Dec. 23, 2000

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NAME OF LICENSEE: TROPICANA CASINO AND RESORT

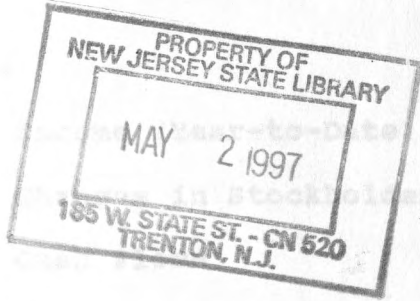
QUARTERLY REPORT

FOR THE QUARTER ENDED DECEMBER 31, 1996

ADAMAR OF NEW JERSEY, INC.
dba TROPICANA CASINO & RESORT

LICENSEE _____

FORM NO.



- CCC-205
- CCC-210
- CCC-220
- CCC-235
- CCC-245
- CCC-250
- CCC-260
- CCC-270
- CCC-280
- CCC-290
- CCC-300
- CCC-310
- CCC-320
- CCC-330
- CCC-340
- CCC-350
- CCC-360
- CCC-370
- CCC-380
- CCC-390
- CCC-400
- CCC-410
- CCC-420
- CCC-430
- CCC-440
- CCC-450
- CCC-460
- CCC-470
- CCC-480
- CCC-490
- CCC-500

FOR THE QUARTER ENDED DECEMBER 31, 1996

TO THE
CASINO CONTROL COMMISSION
OF THE
STATE OF NEW JERSEY



TRADING NAME OF LICENSEE: TROPICANA CASINO AND RESORT

LIST OF FORMS - QUARTERLY REPORT

FOR THE QUARTER ENDED DECEMBER 31, 1996

<u>TITLE</u>	<u>DESCRIPTION</u>	<u>FORM NO.</u>	1996	1995
	(in Thousands)		(a)	(b)
ASSETS				
Balance Sheets		CCC-205	38,368	0
Statements of Income (Year-to-Date)		CCC-210	0	0
Statements of Changes in Stockholder's Equity		CCC-220	2,613	27,485
Statements of Cash Flows		CCC-235	10,803	2,613
Schedule of Promotional Expenses and Allowances		CCC-245	48,970	5,217
Notes to Financial Statements		-	87,801	31,129
Statement of Conformity, Accuracy, and Compliance		CCC-249	106,465	678,432
			45,873	37,812
			\$730,840	\$875,640
LIABILITIES AND EQUITY				
			35,069	27,483
			0	0
			0	0
			12	12,535
			0	0
			17,788	20,298
			2,268	3,806
			25,130	45,792
			166,441	123,041
			115,814	147,477
			0	0
			2,824	824
			0	0
			316,214	316,214
			358,813	379,456
		CCC-201	579,447	579,447

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

BALANCE SHEETS

AS OF DECEMBER 31, 1996 AND 1995

(UNAUDITED)
(\$ in Thousands)

LINE (a)	DESCRIPTION (b)	1996 (c)	1995 (d)
	ASSETS		
	Current Assets:		
1	Cash and Cash Equivalents.....	\$18,679	\$8,369
2	Short-Term Investments.....	0	0
3	Receivables and Patrons' Checks (Net of Allowance for Doubtful Accounts - 1996, \$4,506; 1995, \$3,807)..... (Note 7,14)	15,737	27,485
4	Inventories.....	2,972	2,613
5	Prepaid Expenses and Other Current Assets..... (Note 5,8,10)	8,529	10,503
6	Total Current Assets.....	45,917	48,970
7	Investments, Advances, and Receivables..... (Note 6,7,11,14).....	31,126	87,801
8	Property and Equipment - Gross..... (Note 2).....	678,432	636,761
9	Less: Accumulated Depreciation and Amortization..... (Note 2).....	(116,447)	(108,465)
10	Other Assets..... (Note 5,8)	36,612	35,873
11	Total Assets.....	\$675,640	\$700,940
	LIABILITIES AND EQUITY		
	Current Liabilities:		
12	Accounts Payable.....	\$7,453	\$5,069
13	Notes Payable.....	0	0
	Current Portion of Long-Term Debt:		
14	Due to Affiliates.....	0	0
15	Other..... (Note 3,14).....	12,535	12
16	Income Taxes Payable and Accrued.....	0	0
17	Other Accrued Expenses..... (Note 12)	20,298	17,788
18	Other Current Liabilities..... (Note 6)	3,506	2,269
19	Total Current Liabilities.....	43,792	25,138
	Long-Term Debt:		
20	Due to Affiliates..... (Note 3,7,14).....	123,041	166,441
21	Other..... (Note 3,14).....	147,477	116,614
22	Deferred Credits.....	0	0
23	Other Liabilities..... (Note 7,13).....	1,924	22,936
24	Commitments and Contingencies..... (Note 6).....	0	0
25	Total Liabilities.....	316,234	331,129
26	Stockholder's, Partners', Or Proprietor's Equity.....	359,406	369,811
27	Total Liabilities and Equity.....	\$675,640	\$700,940

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

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

STATEMENTS OF INCOME

FOR THE TWELVE MONTHS ENDED DECEMBER 31, 1996 AND 1995

(UNAUDITED)
(\$ in Thousands)

LINE (a)	DESCRIPTION (b)	1996 (c)	1995 (d)
	Revenue:		
1	Casino.....	\$346,753	\$307,734
2	Rooms.....	32,158	23,050
3	Food and Beverage.....	40,456	36,331
4	Other.....	9,871	11,680
5	Total Revenue.....	429,238	378,795
6	Less: Promotional Allowances.....	51,222	44,210
7	Net Revenue.....	378,016	334,585
	Costs and Expenses:		
8	Cost of Goods and Services..... (Note 4,7).....	209,212	175,223
9	Selling, General, and Administrative..... (Note 7).....	107,927	84,892
10	Provision for Doubtful Accounts.....	2,159	507
11	Total Costs and Expenses.....	319,298	260,622
12	Gross Operating Profit.....	58,718	73,963
13	Depreciation and Amortization.....	20,418	20,286
	Charges from Affiliates Other than Interest:		
14	Management Fees..... (Note 7).....	15,000	0
15	Other.....	0	0
16	Income (Loss) from Operations.....	23,300	53,677
	Other Income (Expenses):		
17	Interest (Expense) - Affiliates..... (Note 3).....	(15,052)	(25,567)
18	Interest (Expense) - External..... (Note 3).....	(13,367)	(6,854)
19	Investment Alternative Tax and Related Income (Expense)-Net...(Note 6).....	(729)	2,941
20	Nonoperating Income (Expense) - Net..... (Note 4,15).....	(6,206)	(3,108)
21	Total Other Income (Expenses).....	(35,354)	(32,588)
22	Income(Loss) Before Income Taxes and Extraordinary Items.....	(12,054)	21,089
23	Provision (Credit) for Income Taxes..... (Note 8).....	(1,649)	3,071
24	Income (Loss) Before Extraordinary Items.....	(10,405)	18,018
25	Extraordinary Items (Net of Income Taxes).....	0	0
26	Net Income (Loss).....	(\$10,405)	\$18,018

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

STATEMENTS OF INCOME

FOR THE THREE MONTHS ENDED DECEMBER 31, 1996 AND 1995

(UNAUDITED)
(\$ in Thousands)

LINE (a)	DESCRIPTION (b)	1996 (c)	1995 (d)
	Revenue:		
1	Casino.....	\$83,997	\$70,828
2	Rooms.....	8,773	5,498
3	Food and Beverage.....	10,273	8,144
4	Other.....	3,098	2,399
5	Total Revenue.....	106,141	86,869
6	Less: Promotional Allowances.....	13,148	9,546
7	Net Revenue.....	92,993	77,323
	Costs and Expenses:		
8	Cost of Goods and Services..... (Note 4,7).....	53,288	44,481
9	Selling, General, and Administrative..... (Note 7).....	26,830	22,467
10	Provision for Doubtful Accounts.....	788	317
11	Total Costs and Expenses.....	80,906	67,265
12	Gross Operating Profit.....	12,087	10,058
13	Depreciation and Amortization.....	5,614	4,795
	Charges from Affiliates Other than Interest:		
14	Management Fees..... (Note 7).....	15,000	0
15	Other.....	0	0
16	Income (Loss) from Operations.....	(8,527)	5,263
	Other Income (Expenses):		
17	Interest (Expense) - Affiliates..... (Note 3).....	(3,825)	(5,348)
18	Interest (Expense) - External..... (Note 3).....	(4,038)	(2,197)
19	Investment Alternative Tax and Related Income (Expense)-Net....(Note 6).....	(209)	488
20	Nonoperating Income (Expense) - Net..... (Note 4,15).....	(1,206)	(795)
21	Total Other Income (Expenses).....	(9,278)	(7,852)
22	Income(Loss) Before Income Taxes and Extraordinary Items.....	(17,805)	(2,589)
23	Provision (Credit) for Income Taxes..... (Note 8).....	(1,939)	(1,209)
24	Income (Loss) Before Extraordinary Items.....	(15,866)	(1,380)
25	Extraordinary Items (Net of Income Taxes).....	0	0
26	Net Income (Loss).....	(\$15,866)	(\$1,380)

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

STATEMENTS OF CHANGES IN STOCKHOLDER'S EQUITY

FOR THE TWELVE MONTHS ENDED DECEMBER 31, 1995 AND THE TWELVE MONTHS ENDED DECEMBER 31, 1996

(UNAUDITED)
(\$ IN THOUSANDS)

Line (a)	Description (b)	Common Stock		Preferred Stock		Additional Paid - In Capital (g)	(h)	Retained Earnings (Accumulated) Earnings (i)	Total Stockholder's Equity (Deficit) (j)
		Shares (c)	Amount (d)	Shares (e)	Amount (f)				
1	Balance, December 31, 1994	100	\$1	0	\$0	\$325,390	\$0	\$26,402	\$351,793
2	Net Income (Loss) - 1995							18,018	\$18,018
3	Contributions to Paid-In-Capital								
4	Dividends								
5	Prior Period Adjustments								
6									
7									
8									
9									
10	Balance, December 31, 1995	100	\$1	0	\$0	\$325,390	\$0	\$44,420	\$369,811
11	Net Income (Loss) - 1996							(10,405)	(\$10,405)
12	Contributions to Paid-In-Capital								
13	Dividends								
14	Prior Period Adjustments								
15									
16									
17									
18									
19	Balance, December 31, 1996	100	\$1	0	\$0	\$325,390	\$0	\$34,015	\$359,406

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

STATEMENTS OF CASH FLOWS

FOR THE TWELVE MONTHS ENDED DECEMBER 31, 1996 AND 1995

(UNAUDITED)
(\$ in Thousands)

LINE (a)	DESCRIPTION (b)	1996 (c)	1995 (d)
1	NET CASH PROVIDED (USED) BY OPERATING ACTIVITIES.....	\$16,117	\$44,340
	CASH FLOWS FROM INVESTING ACTIVITIES:		
2	Purchase of Short-Term Investment Securities.....		
3	Proceeds from the Sale of Short-Term Investment Securities.....		
4	Cash Outflows for Property and Equipment.....	(55,350)	(44,187)
5	Proceeds from Disposition of Property and Equipment.....	833	146
6	Purchase of Casino Reinvestment Obligations.....	(4,364)	(3,795)
7	Purchase of Other Investments and Loans/Advances made.....		
8	Proceeds from Disposal of Investments and Collection of Advances and Long-Term Receivables.....	53,566	(399)
9	Cash Outflows to Acquire Business Entities.....		
10	.....	
11	.....	
12	Net Cash Provided (Used) By Investing Activities.....	(5,315)	(48,235)
	CASH FLOWS FROM FINANCING ACTIVITIES:		
13	Cash Proceeds from Issuance of Short-Term Debt.....		
14	Payments to Settle Short-Term Debt.....		
15	Cash Proceeds from Issuance of Long-Term Debt.....	43,400	66,600
16	Costs of Issuing Debt.....	(478)	(77)
17	Payments to Settle Long-Term Debt.....	(43,414)	(66,622)
18	Cash Proceeds from Issuing Stock or Capital Contributions.....		
19	Purchases of Treasury Stock.....		
20	Payments of Dividends or Capital Withdrawals.....		
21	.....	
22	.....	
23	Net Cash Provided (Used) By Financing Activities.....	(492)	(99)
24	Net Increase (Decrease) in Cash And Cash Equivalents.....	10,310	(3,994)
25	Cash And Cash Equivalents at Beginning of Period.....	8,369	12,363
26	Cash And Cash Equivalents at End of Period.....	\$18,679	\$8,369

27	CASH PAID DURING PERIOD FOR: Interest (Net of Amount Capitalized).....	\$14,002	\$6,281
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.

STATEMENTS OF CASH FLOWS

FOR THE TWELVE MONTHS ENDED DECEMBER 31, 1996 AND 1995

(UNAUDITED)
(\$ in Thousands)

LINE (a)	DESCRIPTION (b)	1996 (c)	1995 (d)
	NET CASH FLOWS FROM OPERATING ACTIVITIES:		
29	Net Income (Loss).....	(\$10,405)	\$18,018
	Noncash Items Included in Income and Cash Items Excluded from Income:		
30	Depreciation and Amortization of Property and Equipment.....	20,397	20,278
31	Amortization of Other Assets.....	21	8
32	Amortization of Debt Discount or Premium.....	0	0
33	Deferred Income Taxes - Current.....	28	24
34	Deferred Income Taxes - Noncurrent.....	(1,677)	3,047
35	(Gain) Loss on Disposition of Property and Equipment.....	431	131
36	(Gain) Loss on Casino Reinvestment Obligations.....	729	(2,941)
37	(Gain) Loss from Other Investment Activities.....	0	0
38	Net (Increase) Decrease in Receivables and Patrons' Checks.....	(5,304)	(1,741)
39	(Increase) in Inventories.....	(359)	(62)
40	Net (Increase) Decrease in Other Current Assets.....	1,946	93
41	Net (Increase) Decrease in Other Assets.....	1,395	(777)
42	Net Increase (Decrease) in Accounts Payable.....	2,384	2,000
43	Net Increase (Decrease) in Other Current Liabilities Excluding Debt.....	3,747	3,639
44	Net Increase (Decrease) in Other Noncurrent Liabilities Excluding Debt.....	2,784	2,623
45			
46			
47	Net Cash Provided (Used) By Operating Activities.....	\$16,117	\$44,340

SUPPLEMENTAL SCHEDULE OF NONCASH INVESTING AND FINANCING ACTIVITIES

	ACQUISITION OF PROPERTY AND EQUIPMENT:		
48	Additions to Property and Equipment.....	(\$55,350)	(\$44,169)
49	Less: Capital Lease Obligations Incurred.....	\$0	\$18
50	Cash Outflows For Property and Equipment.....	(\$55,350)	(\$44,187)
	ACQUISITION OF BUSINESS ENTITIES:		
51	Property and Equipment Acquired.....	\$0	\$0
52	Goodwill Acquired.....	0	0
53	Net Assets Acquired Other than Cash, Goodwill, and Property and Equipment.....	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 Issuance of Stock or Capital Contributions.....	\$0	\$0
58	Less: Issuances to Settle Long-Term Debt.....	0	0
59	Consideration in Acquisition of Business Entities.....		
60	Cash Proceeds From Issuing Stock Or Capital Contributions.....	\$0	\$0

Capital lease obligations of \$0 and \$41 were incurred for 1996 and 1995, respectively, when Adamar entered into new property and equipment leases. Capital lease obligation retirements of \$0 and \$59 were incurred for 1996 and 1995, respectively. In conjunction with the maturity of the Note Receivable - AGC in September 1996, a balance sheet simplification was done on various inter-company accounts resulting in non-cash activity as follows:

Decrease in Receivables and Patrons' Checks	\$17,052
Decrease in Investments, Advances, and Receivables	\$6,744
Increase in Other Liabilities	\$23,796

SCHEDULE OF PROMOTIONAL EXPENSES AND ALLOWANCES

(\$ IN THOUSANDS)

FOR THE TWELVE MONTHS ENDED DECEMBER 31, 19 96

Line (a)	(b)	Promotional Allowances		Promotional Expenses	
		Number of Recipients (c)	Dollar Amount (d)	Number Recipients (e)	Dollar Amount (f)
1	Rooms	342,568	\$ 23,780	-0-	\$ -0-
2	Food	1,536,442	15,057	128,483	1,259
3	Beverage	6,034,591	6,995	-0-	-0-
4	Travel	-0-	-0-	13,365	4,678
5	Coin	-0-	-0-	3,467,018	46,384
6	Coupon	-0-	-0-	-0-	-0-
7	Entertainment	92,127	435	69,378	1,387
8	Retail & Gifts	224,190	2,242	-0-	-0-
9	Parking	-0-	-0-	-0-	-0-
10	Other	288,776	2,713	146,391	3,340
11	Total	8,518,694	\$ 51,222	3,824,635	\$ 57,048

FOR THE THREE MONTHS ENDED DECEMBER 31, 19 96

Line (a)	(b)	Promotional Allowances		Promotional Expenses	
		Number of Recipients (c)	Dollar Amount (d)	Number Recipients (e)	Dollar Amount (f)
1	Rooms	83,341	\$ 6,400	-0-	\$ -0-
2	Food	377,924	3,704	27,735	272
3	Beverage	1,464,574	1,496	-0-	-0-
4	Travel	-0-	-0-	4,221	1,477
5	Coin	-0-	-0-	1,303,946	9,181
6	Coupon	-0-	-0-	-0-	-0-
7	Entertainment	10,918	233	23,953	479
8	Retail & Gifts	27,333	273	-0-	-0-
9	Parking	-0-	-0-	-0-	-0-
10	Other*	118,217	1,042	43,273	1,085
11	Total	2,082,307	\$ 13,148	1,403,128	\$ 12,494

* For the three months, the components of Other-Promotional Expenses consisted of:

Complimentary Cash	100	\$ 653
Other	43,173	432
	43,273	\$ 1,085
	=====	=====

ADAMAR OF NEW JERSEY, INC.
DBA TROPICANA CASINO AND RESORT
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS
FOR THE TWELVE MONTHS ENDED DECEMBER 31, 1996

NOTE 1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Basis of presentation

The consolidated financial statements include the accounts of Adamar of New Jersey, Inc. (the "Company") and its wholly-owned subsidiary, Manchester Mall, Inc., ("Manchester"), after elimination of all significant intercompany accounts and transactions.

The Company operates a casino hotel in Atlantic City, New Jersey and is a subsidiary of Ramada New Jersey Holdings Corporation ("RNJHC") which is, in turn, a wholly-owned subsidiary of Aztar Corporation ("Aztar"). The financial statements reflect the intercompany transactions and accounts with RNJHC, Aztar and affiliates.

The preparation of financial statements in conformity with generally accepted accounting principles requires management to make estimates and assumptions that affect the amounts reported in the financial statements and accompanying notes. Actual results could differ from those estimates.

Cash and cash equivalents

Highly liquid debt instruments purchased with a maturity of three months or less that are not being held pending reinvestment in capital projects are classified as cash and cash equivalents. These instruments are stated at cost, which approximates fair value because of their short maturity.

Inventories

Inventories, which consist primarily of food, beverage, uniforms and operating supplies are stated at the lower of cost or market. Cost has been determined using the first-in, first-out method.

Advertising Costs

Costs for advertising are expensed as incurred, except costs for direct-response advertising, which are capitalized and amortized over the period of the related program. Direct-response advertising costs consist primarily of mailing costs associated with direct-mail programs. Capitalized advertising costs, included in prepaid expenses, were immaterial at December 31, 1996 and 1995. Advertising costs that were expensed during the year were \$6,599,000 in 1996, and \$6,444,000 in 1995.

Concentration of Credit Risk

Financial instruments which potentially subject the Company to concentration of credit risk consist principally of temporary cash investments in excess of \$100,000 which are all invested in the same financial institution.

Property and equipment

Property and equipment are stated at historical cost. Maintenance and repairs are charged to operations when incurred. Renewals and betterments which significantly extend the useful lives of existing property and equipment are capitalized. During construction the Company capitalizes interest and other direct and indirect development costs. Interest is capitalized monthly by applying the effective interest rate on certain borrowings to the average balance of expenditures. The interest that was capitalized during the year ended December 31, 1996 and 1995 was \$1,485,000 and \$1,450,000, respectively. Gains or losses on dispositions of property and equipment are reflected in earnings as realized.

Depreciation is computed on the straight-line basis over the estimated useful lives (building and improvements - 3 to 40 years; equipment, furniture and fixtures - 3 to 15 years).

Leasehold improvements are amortized over the shorter of the estimated useful life of the improvement or the term of the related lease.

CRDA Investment

The Company is required to invest one and one-quarter percent of gross casino revenue for the purchase of bonds to be issued by the Casino Reinvestment Development Authority ("CRDA") or make other approved investments equal to that amount. As mandated by the legislation, the interest rate of the CRDA bonds purchased by the licensee will be two-thirds of the average market rate for bonds available for purchase and published by a national bond index at the time of the CRDA bonds issuance. The CRDA bonds are classified as held-to maturity securities and are carried at amortized cost. The average interest rate on the CRDA investment was 3.6% and 3.7% for 1996 and 1995, respectively.

Deferred charges

Debt issuance costs are amortized using the interest method.

Preopening Costs

Preopening costs directly related to the opening of a major addition to a gaming operation are capitalized as incurred and expensed in the period the related facility commences operations. Preopening costs consist primarily of salaries and wages, marketing, temporary office expenses, professional fees and training costs. There were no capitalized preopening costs at December 31, 1996 or December 31, 1995.

New Jersey Gaming License Costs

Gaming license costs are capitalized and amortized over the renewal period.

Casino Revenue

Casino revenue consists of the net win from gaming activities, which is the difference between gaming wins and losses. For the year ended December 31, 1996, the total casino revenue was \$346,753,000 which is comprised of \$99,632,000 for games revenue and \$247,121,000 for slot revenue. For the year ended December 31, 1995, the total casino revenue was \$307,734,000 which is comprised of \$74,487,000 for games revenue and \$233,247,000 for slot revenue. Estimated payouts for progressive slot machine balances are recorded as liabilities in the accompanying financial statements.

Complimentaries

The retail value of complimentary food, beverage, and hotel services furnished to customers is included in gross revenues and then deducted as promotional allowances in arriving at net revenue.

Income taxes

Deferred tax assets and liabilities are recognized for the expected future tax consequences of events that have been included in the financial statements or income tax returns. Deferred tax assets and liabilities are determined based on the difference between the financial statement and tax bases of assets and liabilities using enacted rates expected to apply to taxable income in the years in which those differences are expected to be recovered or settled. The effect on deferred tax assets and liabilities of a change in tax rates is recognized in income in the period that includes the enactment date.

NOTE 2.

PROPERTY AND EQUIPMENT

At December 31, 1996 and 1995, the components of property and equipment consisted of:

	<u>1996</u>	<u>1995</u>
Land and land improvements	\$ 40,351,000	\$ 39,218,000
Building and improvements	542,245,000	474,573,000
Furniture, fixtures and equipment	95,257,000	87,624,000
Construction in progress	<u>579,000</u>	<u>35,346,000</u>
Total property and equipment-gross	678,432,000	636,761,000
Less accumulated depreciation and amortization	<u>(116,447,000)</u>	<u>(108,465,000)</u>
Total property and equipment	<u>\$561,985,000</u>	<u>\$528,296,000</u>

NOTE 3. LONG-TERM DEBT

At December 31, 1996 and 1995, Long-Term Debt consisted of:

	1996	1995
Note Payable - Aztar Corporation; 12.0% due 2004	<u>\$123,041,000</u>	<u>\$166,441,000</u>
Long-term debt due to affiliates	123,041,000	166,441,000
Reducing Revolving Credit Facility; Floating Rate, 8.36% at December 31, 1996, Matures December 31, 1999	160,000,000	116,600,000
Obligations under capital leases	<u>12,000</u>	<u>26,000</u>
Total Affiliates and Other	283,053,000	283,067,000
Less: current portion	<u>(12,535,000)</u>	<u>(12,000)</u>
Total long term debt	<u>\$270,518,000</u> =====	<u>\$283,055,000</u> =====

On October 5, 1994, Aztar and its subsidiaries, Adamar of New Jersey, Inc., and Ramada Express, Inc., (the "Borrowers") entered into a reducing revolving credit facility (the "Bank Credit Facility") maturing on December 31, 1999 with a group of banks. The maximum amount available under the Bank Credit Facility was reduced to approximately \$182,500,000 on December 31, 1996 and it will be reduced quarterly in annual amounts of \$35,000,000 in each year until maturity. The Bank Credit Facility is collateralized by all the property of the Company and Ramada Express, Inc. and the riverboat casino operations and, with certain exceptions, the stock of Aztar's subsidiaries. Interest is computed on the outstanding principal balance based upon, at the Borrowers' option, a one, two, three or six month Eurodollar rate plus a margin ranging from 1.25% to 2.75%, or the prime rate plus a margin ranging from zero to 1.50%. The applicable margin is dependent upon Aztar's outstanding indebtedness and operating cash flow. Effective February 16, 1997 the margin was at .25% less than the highest level. Interest computed based upon the Eurodollar rate is payable quarterly or on the last day of the applicable Eurodollar interest period, if earlier. Interest computed based upon the prime rate is payable quarterly. The Borrowers incur a commitment fee ranging from 0.375% to 0.5% per annum on the unused portion of the Bank Credit Facility.

The reducing revolving loan agreement governing the Bank Credit Facility (the "Loan Agreement") imposes various restrictions on the Borrowers, including limitations on its ability to incur additional debt, commit funds to maintenance capital expenditures and new venture investments, merge or sell assets.

Aztar's capital expenditures and new venture investments cannot exceed, subject to certain adjustments, \$40,000,000 in 1997, \$30,000,000 in 1998 and \$30,000,000 in 1999. The Loan Agreement also prohibits dividends on Aztar's common stock, other than those

payable in common stock, and repurchases of common stock with certain limited exceptions. In addition, the Loan Agreement contains certain quarterly financial tests, including a minimum net worth, a minimum debt service coverage ratio and ratios of maximum debt to operating cash flow. At December 31, 1996, the maximum debt to operating cash flow ratio as calculated under the Loan Agreement was 4.66 to 1 and the allowable ratio was 5.50 to 1. The maximum allowable ratio decreases periodically to 4.90 to 1 at January 1, 1998, 4.60 to 1 at December 31, 1998 and 4.45 to 1 at July 1, 1999. At December 31, 1996, the maximum senior debt to operating cash flow ratio as calculated under the Loan Agreement was 1.77 to 1 and the allowable ratio was 2.25 to 1. The maximum allowable ratio decreases periodically to 1.75 to 1 at January 1, 1998, 1.40 to 1 at December 31, 1998 and 1.05 to 1 at December 30, 1999.

The aggregate fixed maturities for all long-term debt are:

1997	\$ 12,535,000
1998	35,000,000
1999	26,250,000
2000	86,227,000
Thereafter	<u>123,041,000</u>
Total	\$ 283,053,000 =====

NOTE 4. LEASE OBLIGATIONS

The Company entered into an agreement with Adamar Garage Corporation ("AGC"), an affiliate of the Company, for the lease of the Transportation Center (a 1,100-space self-park garage and a 9-bay bus terminal) and a 1,100-space parking garage along with the land, all improvements and air rights. The rental amount is \$4,700,000 per year and will expire on February 4, 2078.

Minimum future lease obligations on noncancellable leases at December 31, 1996 are as follows (in thousands):

<u>YEAR</u>	<u>OPERATING</u>
1997	\$ 8,571,000
1998	7,963,000
1999	6,674,000
2000	5,382,000
2001	5,025,000
Thereafter	<u>361,901,000</u>
Total	\$ 395,516,000 =====

Rental expenses under operating leases for 1996 and 1995 amounted to \$9,126,000 and \$8,033,000, respectively.

NOTE 5. DEFERRED CREDITS

Deferred credits consist of income taxes due to timing differences between financial and taxable income.

Licensing

On November 26, 1982, the Company was granted a plenary gaming license by the New Jersey Casino Control Commission. The license is renewable every four years. The license renewal period is effective through November 30, 1999. Management has received no indication that future renewals will not be granted.

The Company is a party to various claims, legal actions and complaints arising in the ordinary course of business or asserted by way of defense or counter-claim in actions filed by the Company. Management believes that its defenses are substantial in each of these matters, and the Company's legal posture can be successfully defended or satisfactorily settled without material adverse effect on its consolidated financial position.

The New Jersey Casino Control Commission imposes an annual tax of eight percent on gross revenue. Pursuant to legislation adopted in 1984, casino licensees are required to invest an additional one and one-quarter percent of gross casino revenue for the purchase of bonds to be issued by the CRDA or make other approved investments equal to that amount; in the event the investment requirement is not met, the casino licensee is subject to a tax of two and one-half percent on gross casino revenue. As mandated by the legislation, the interest rate of the CRDA bonds purchased by the licensee will be two-thirds of the average market rate for bonds available for purchase and published by a national bond index at the time of the CRDA bond issuance. The CRDA bonds have various contractual maturities that range from 18 to 48 years. Actual maturities may differ from contractual maturities because of prepayment rights. The Company's reinvestment obligation for 1996 and 1995, respectively, was \$4,364,000 and \$3,795,000 for the purchase of CRDA bonds. The Company recorded for 1996 and 1995 a (gain)/loss provision of \$729,000 and (\$2,941,000), respectively. The loss provision is to recognize the effect of the below market interest rate the bonds would have borne had they been issued on December 31, 1996, and the gain reflects the reversal of prior loss provisions based on receipts of funds from the CRDA under the credit agreement which is being used to partially fund an expansion project.

In February 1995, the Company commenced construction on an expansion project. The expansion consisted primarily of a new 604-room hotel tower, with additional restaurant and support facilities in the existing operation. The Company has executed a credit agreement with the CRDA for approximately \$25,000,000 in funding for this project. The Company receives funds from the CRDA based on expenditures made for the project to the extent the Company has available funds on deposit with the CRDA that qualify for this funding. During 1995, the Company received approximately \$11,900,000 in funding from the CRDA under this agreement. At December 31, 1996, the Company had approximately \$2,470,000 in available deposits with the CRDA that qualified and accordingly reclassified this amount to accounts receivable. The balance of funding will be realized from portions of future CRDA deposits.

NOTE 7.

RELATED PARTIES

Transactions with affiliates consist of expenditures by affiliates on the Company's behalf including purchases of assets, facility rental, and administrative expenses or cash advances to affiliates or other receivables from affiliates. The Company has many significant transactions with Aztar.

Aztar performs various corporate services for the Company. For the year ended December 31, 1996, Aztar charged the Company a management fee of \$15,000,000.

Due to affiliates is reflected in Other Liabilities. The identity of the affiliate and corresponding balances at December 31, 1996 and 1995 are:

	<u>1996</u>	<u>1995</u>
Due to Ramada New Jersey, Inc.	\$ 488,000	\$ 3,243,000
Due to Adamar Garage Corporation	1,356,000	18,384,000
Due to Atlantic Deauville, Inc.	<u>80,000</u>	<u>1,102,000</u>
	\$ 1,924,000	\$ 22,936,000
	=====	=====

Advances to affiliates are reflected in Investments, Advances and Receivables. The identity of the affiliate and corresponding balances at December 31, 1996 and 1995 are:

	<u>1996</u>	<u>1995</u>
Due from Aztar Corporation	\$ 10,654,000	\$ 37,178,000
Advances to Tropicana West	25,000	30,906,000
Advances to Laughlin	<u>-</u>	<u>3,000</u>
	\$ 10,679,000	\$ 68,087,000
	=====	=====

Current receivables due from affiliates are reflected in Receivables and Patrons' Checks. The identity of the affiliate and corresponding balances at December 31, 1996 and 1995 are:

	<u>1996</u>	<u>1995</u>
Note Receivable-Adamar Garage Corporation (due September 1996)	\$ -	\$17,052,000

Notes payable to related parties are included in Long-term debt to affiliates (See Note 3). The identity of the affiliate and corresponding balances at December 31, 1996 and 1995 are:

	<u>PAYEE</u>	<u>1996</u>	<u>1995</u>
Aztar Corporation		\$ 123,041,000	\$ 166,441,000

For the twelve months ended December 31, 1996 and 1995 the Company incurred charges from affiliates which are indicated in the accompanying Statements of Income as Cost of goods and services and Selling, general, and administrative. The nature of the charges and dollar amounts are as follows:

	<u>1996</u>	<u>1995</u>
<u>COST OF GOODS AND SERVICES</u>		
Executive Deferred compensation plan	\$ 9,000	\$ 9,000
Property Insurance	620,000	549,000
Workmen's Compensation	<u>1,018,000</u>	<u>923,000</u>
	<u>\$ 1,647,000</u>	<u>\$ 1,481,000</u>
<u>SELLING, GENERAL AND ADMINISTRATIVE</u>		
Insurance	\$ 684,000	\$ 952,000
Executive Deferred Compensation Plan	32,000	30,000
Workmen's Compensation	155,000	182,000
Long-term Incentive	549,000	644,000
Restricted Stock	29,000	33,000
Other	<u>-</u>	<u>18,000</u>
	<u>1,449,000</u>	<u>1,859,000</u>
Total	<u>\$ 3,096,000</u>	<u>\$ 3,340,000</u>

NOTE 8. INCOME TAXES

The (benefit)\provision for income taxes is comprised of:

	<u>1996</u>	<u>1995</u>
Current:		
Federal	-	-
State	<u>-</u>	<u>-</u>
Deferred:		
Federal	\$(7,059,000)	\$ 7,120,000
State	<u>5,410,000</u>	<u>(4,049,000)</u>
	<u>(1,649,000)</u>	<u>3,071,000</u>
	<u>\$(1,649,000)</u>	<u>\$ 3,071,000</u>

For income tax purposes, the Company is included in Aztar's consolidated corporate Federal income tax return. The Company uses a separate return method for purposes of allocating the consolidated tax provision. The Internal Revenue Service ("IRS") has completed its examination of the income tax returns for the years 1986 through 1991 and has agreed to settle for all but one issue.

The IRS is examining income tax returns for the years 1992 and 1993. The New Jersey Division of Taxation has completed its examination of the income tax returns for the years 1986 through 1989 and has agreed to settle with the Company. Management believes that adequate provision for income taxes and interest has been made in the financial statements.

General business credits are taken as a reduction of the provision for federal income taxes during the year such credits become available. The following table provides a reconciliation between amounts determined by applying the statutory federal income tax rate to pretax income/(loss) and the (benefit)\provision for income taxes:

	<u>1996</u>	<u>1995</u>
(Benefit)\provision at statutory rate:	\$ (4,219,000)	\$ 7,381,000
(Decrease)\increase in tax resulting from:		
Disallowance of business meals	262,000	459,000
IRS examination	(963,000)	-
General business credits	(110,000)	(271,000)
State income tax, net	(138,000)	999,000
Change in valuation allowance	3,890,000	(3,631,000)
Corporate overhead allocation	-	(1,816,000)
Restricted stock and non-qualified stock options	(414,000)	(140,000)
Other	<u>43,000</u>	<u>90,000</u>
	\$ (1,649,000)	\$ 3,071,000
	=====	=====

The income tax effects of loss carryforwards, tax credit carryforwards and temporary differences between financial and income tax reporting that give rise to the deferred income tax assets and liabilities at December 31, 1996 and 1995, are as follows:

	<u>1996</u>	<u>1995</u>
Net operating loss carryforward	\$ 37,962,000	\$ 35,125,000
Accrued liabilities	7,748,000	3,549,000
General business credits	2,757,000	2,588,000
Accrued bad debt expense	1,840,000	1,556,000
Accrued compensation	1,235,000	1,274,000
Other	<u>-</u>	<u>-</u>
Gross deferred tax asset	<u>51,542,000</u>	<u>44,092,000</u>
Deferred tax asset valuation allowance	<u>(2,842,000)</u>	<u>(33,000)</u>
Depreciation and amortization	(12,350,000)	(9,679,000)
Other	<u>(1,488,000)</u>	<u>(1,167,000)</u>
Gross deferred tax liabilities	<u>(13,838,000)</u>	<u>(10,846,000)</u>
Net deferred tax assets	\$ 34,862,000	\$ 33,213,000
	=====	=====

Gross deferred tax assets are reduced by a valuation allowance. The December 31, 1994 valuation allowance was reduced during 1995 which caused a decrease in income tax expense of \$3,631,000. The December 31, 1995, valuation allowance was increased during 1996 which caused an increase in income tax expense of \$3,890,000. Realization of the remaining net deferred tax asset at December 31, 1996 is dependent on generating sufficient taxable income prior to

expiration of the net operating loss carryforward. Although realization is not assured, management believes it is more likely than not that all of the net deferred tax asset will be realized. The amount of the net deferred tax asset considered realizable, however, could be reduced in the near term if estimates of future taxable income during the carryforward period are reduced.

At December 31, 1996, tax benefits are available for federal income tax purposes as follows:

Net operating losses	\$100,342,000
General business credits	2,757,000

These tax benefits will expire in the years 2003 through 2011 if not used. The Company also has net operating loss carryforwards for state income tax purposes that will expire in the following years if not used:

1997	\$ 14,073,000
1998	17,315,000
1999	3,766,000
2000	4,139,000
2001	2,787,000
2002	6,000
2003	6,499,000

NOTE 9. PENSION PLAN

The Company's defined contribution savings plan is included under Aztar's employee profit sharing and savings plan and covers substantially all employees located in the United States who are not covered by a collective bargaining unit. The savings account feature of the plan allows employees to defer taxes on their before-tax earnings up to an annual maximum amount of \$9,500 for 1996. Contributions to savings plan are discretionary. There were no Company contributions in 1996 or 1995. On December 19, 1989, Aztar established the Employee Stock Ownership Plan ("ESOP"). Allocations made by Aztar are in the form of Aztar Series B ESOP Convertible Preferred Stock. The Company's allocated ESOP expense for 1996 and 1995 was \$549,000 and \$644,000, respectively.

The Company makes contributions based on hours worked, as specified in five union agreements, to union administered, multiemployer, defined contribution pension plans. Contributions for these plans during 1996 and 1995 amounted to \$681,000 and \$555,000, respectively.

NOTE 10. PREPAID EXPENSES AND OTHER CURRENT ASSETS

At December 31, 1996 and 1995, Prepaid expenses and Other current assets consisted of the following:

	<u>1996</u>	<u>1995</u>
Current deferred taxes	\$ 4,005,000	\$ 4,033,000
Other	<u>4,524,000</u>	<u>6,470,000</u>
Total	<u>\$ 8,529,000</u>	<u>\$ 10,503,000</u>

NOTE 11. INVESTMENTS, ADVANCES, AND RECEIVABLES

At December 31, 1996 and 1995, Investments, Advances, and Receivables consisted of the following:

	<u>1996</u>	<u>1995</u>
Due from affiliates	\$ 10,679,000	\$ 68,087,000
CRDA investments	<u>20,447,000</u>	<u>19,714,000</u>
Total	<u>\$ 31,126,000</u>	<u>\$ 87,801,000</u>

NOTE 12. OTHER ACCRUED EXPENSES

At December 31, 1996 and 1995, Other Accrued Expenses consisted of the following:

	<u>1996</u>	<u>1995</u>
Accrued payroll taxes and benefits	\$ 8,239,000	\$ 6,693,000
Accrued progressive slot win	825,000	1,597,000
Accrued claims reserve	1,468,000	1,795,000
Accrued interest payable	1,579,000	1,819,000
Other	<u>8,187,000</u>	<u>5,884,000</u>
Total	<u>\$ 20,298,000</u>	<u>\$ 17,788,000</u>

NOTE 13. OTHER LIABILITIES

At December 31, 1996 and 1995, Other Liabilities consisted of Due to affiliates identified in Note 7.

NOTE 14 FAIR VALUE OF FINANCIAL INSTRUMENTS

The following table presents (in thousands) the carrying amounts and estimated fair values of the Company's financial instruments at December 31, 1996 and 1995, respectively. The fair value of a financial instrument is the amount at which the instrument could be exchanged in a current transaction between willing parties, other than in a forced or liquidation sale.

	<u>1996</u>		<u>1995</u>	
	<u>Carrying Amount</u>	<u>Fair Value</u>	<u>Carrying Amount</u>	<u>Fair Value</u>
Assets				
Notes receivable - affiliate	\$ -0-	\$ -0-	\$ 17,052	\$ 17,052
Investments	20,447	20,447	19,714	19,714
Liabilities				
Current portion of long-term debt	12,535	12,535	12	12
Long-term debt- other	147,477	147,477	116,614	116,614
Long-term debt- due to affiliates	123,041	123,041	166,441	166,441

The carrying amounts shown in the table are included in the Consolidated Balance Sheets under the indicated captions. All the Company's financial instruments are held or issued for purposes other than trading.

The following notes summarize the major methods and assumptions used in estimating the fair values of financial instruments.

The notes receivable - affiliates are valued at their carrying amounts included in the balance sheets, which are reasonable estimates of fair value due to the relatively short period to maturity.

Investments consisted of deposits with the CRDA and CRDA bonds that bear interest at two-thirds of market rates resulting in a fair value lower than cost. The carrying amounts of these deposits and bonds are presented net of a valuation allowance and an unamortized discount that results in approximation of fair values.

The carrying amounts of the Bank Credit Facility are reasonable estimates of fair value because it is carried with a floating interest rate.

The amounts reported for advances from affiliates relate to the Company's note payable to Aztar. The fair value was estimated based on the quoted market price for a similar issue.

NOTE 15. NON-OPERATING INCOME/(EXPENSE)

For the period ending December 31, 1996 and 1995, Non-operating income/(expense) consisted of the following:

	<u>1996</u>	<u>1995</u>
Interest income	\$ 2,718,000	\$ 3,613,000
Loss on dispositions	(431,000)	(131,000)
Rent expense	(6,208,000)	(6,590,000)
Preopening costs	<u>(2,285,000)</u>	<u>-</u>
Total	<u>\$(6,206,000)</u>	<u>\$ (3,108,000)</u>

STATEMENT OF CONFORMITY, ACCURACY, AND COMPLIANCE

STATE OF New Jersey :
COUNTY OF Atlantic :ss.

Deborah Marchese, being duly sworn according
Name

to law upon my oath deposes and says:

1. I have examined this Quarterly Report.
2. All the information contained in this Quarterly Report has been prepared in conformity with the Casino Control Commission's Quarterly Report Instructions and Uniform Chart of Accounts.
3. To the best of my knowledge and belief, the information contained in this report is accurate.
4. To the best of my knowledge and belief, except for the deficiencies noted below, the licensee submitting this Quarterly Report has remained in compliance with the financial stability regulations contained in N.J.A.C. 19:43-4.2(b)1-5 during the quarter.

CASINO CONTROL COMMISSION

OF THE

STATE OF NEW JERSEY

Subscribed and sworn to
before me this 27th day
of March, 19 97

Joann Martilini
Signature

JOANN MARTILINI
NOTARY PUBLIC OF NEW JERSEY
My Commission Expires May 18, 1999

Basis of Authority
to Take Oaths

Deborah L Marchese
Signature

CONTROLLER

Title

367611

License Number

On Behalf Of:

TROPICANA CASINO & RESORT
Casino Licensee

SCHEDULE OF RECEIVABLES PATRONS' CHECKS

FOR THE TWELVE MONTHS ENDED DECEMBER 31, 1996

(UNAUDITED)
(\$ in Thousands)

ACCOUNT RECEIVABLE BALANCES

LINE (a)	DESCRIPTION (b)	ACCOUNT BALANCE (c)	ALLOWANCE (d)	ACCOUNTS RECEIVABLE NET OF ALLOWANCE (e)
	Patrons' Checks:			
1	Undeposited Patrons' Checks.....	\$5,850		
2	Returned Patrons' Checks.....	9,467		
3	Total Patrons' Checks.....	15,317	(\$4,451)	\$10,866
4	Hotel Receivables.....	1,797	(55)	1,742
	Other Receivables:			
5	Receivables Due from Officers and Employees.....	24		
6	Receivables Due from Affiliates.....	0		
7	Other Accounts and Notes Receivables.....	3,105		
8	Total Other Recievables.....	3,129		3,129
9	Totals (Form CCC - 205).....	\$20,243	(\$4,506)	\$15,737

UNDEPOSITED PATRONS' CHECKS ACTIVITY

LINE (f)	DESCRIPTION (g)	AMOUNT (h)
10	Beginning Balance (January 1).....	\$3,523
11	Counter Checks Issued (Excluding Counter Checks Issued Through Transactions Relating to Consolidations, Partial Redemptions, Substitutions, and Patrons' Cash Deposits).....	155,306
12	Checks Redeemed Prior to Deposit (Excluding the Unredeemed Portion of Counter Checks Redeemed Through Partial Redemptions, and Excluding Checks Redeemed Through Transactions Relating to Consolidations, Substitutions, and Patrons' Cash Deposits).....	(108,652)
13	Checks Collected Through Deposits.....	(35,529)
14	Checks Transferred to Returned Checks.....	(8,798)
15	Other Adjustments.....	0
16	Ending Balance.....	\$5,850
17	"Hold" Checks Included in Undeposited Balance on Line 16.....	\$0
18	Provision for Uncollectable Patrons' Checks.....	\$2,154
19	Provision as a Percent of Counter Checks Issued.....	1.4%

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

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

ANNUAL EMPLOYMENT AND PAYROLL REPORT

LICENSEE TROPICANA CASINO & RESORT

FOR THE YEAR ENDED DECEMBER 31, 1996

TO THE
CASINO CONTROL COMMISSION
OF THE
STATE OF NEW JERSEY



LINE	DEPARTMENT	NUMBER OF EMPLOYEES AT DECEMBER 31	1996	1995	TOTAL	PAYROLL
(A)	(B)	(C)	(D)	(E)	(F)	(G)
1	CASINO					
2	Administration	16			16	1,506.7
3	Gaming	187			187	1,643.5
4	Slots	231			231	887,214.1
5	Casino Accounting	518			518	
6	Simulcasting	16			16	
7	Other	74			74	
8	Total - Casino	2,036			2,036	4,384.4
9	ROOMS	467			467	
10	FOOD & BEVERAGES	1,789			1,789	
11	ENTERTAINMENTS	26			26	
12	ADMINISTRATIVE AND OPERATIONS	19			19	
13	Security	174			174	
14	Accounting and auditing	237			237	
15	Security	74			74	
16	Clean, animal care and general maintenance	187			187	
17	PROPERTY	122			122	
18	PROPERTY OPERATIONS AND MAINTENANCE	123			123	
19	TOTALS - ALL DEPARTMENTS	5,036			5,036	4,384.4

ANNUAL EMPLOYMENT AND PAYROLL REPORT

FOR THE YEAR ENDED DECEMBER 31, 1996
(\$ in Thousands)

LINE (a)	DEPARTMENT (b)	NUMBER OF EMPLOYEES AT DECEMBER 31, (c)	SALARIES AND WAGES		
			Other Employees (d)	Officers & Owners (e)	Totals (f)
1	CASINO Administration	16			
2	Gaming	1,180			
3	Slots	231			
4	Casino Accounting	518			
5	Simulcasting	18			
6	Other	72			
7	Total - Casino	2,035	\$36,758.3		\$36,758.3
8	ROOMS	657	11,276.1		11,276.1
9	FOOD AND BEVERAGE	1,190	17,840.6		17,840.6
10	OTHER OPERATED DEPARTMENTS				
11	Communications	25	415.3		415.3
12	Retail Shops	15	212.9		212.9
13	Transportation	179	2,519.3		2,519.3
14	Hotel Sales	9	268.9		268.9
15	Tivoli Pier	0	53.1		53.1
16					0.0
17					0.0
18					0.0
19					0.0
20	ADMINISTRATIVE AND GENERAL Executive office	19	1,335.2		1,335.2
21	Accounting and auditing	174	4,077.5		4,077.5
22	Security	237	4,983.8		4,983.8
23	Other administrative and general departments	74	1,972.5		1,972.5
24	MARKETING	187	4,348.4		4,348.4
25	GUEST ENTERTAINMENT	122	1,505.7		1,505.7
26	PROPERTY OPERATION AND MAINTENANCE	123	4,643.5		4,643.5
27	TOTALS - ALL DEPARTMENTS	5,046	\$92,211.1		\$92,211.1

TRADING NAME OF LICENSEE TROPICANA CASINO & RESORT

**ANNUAL EMPLOYMENT AND PAYROLL REPORT
SIGNATURE PAGE**

FOR THE YEAR ENDED DECEMBER 31, 1996

LICENSEE TRUMP'S CASTLE ASSOCIATES, L.P.
ADDRESS One Castle Boulevard
Atlantic City, NJ 08401

Under penalties provided by law, I declare that I have examined this report, and to the best of my knowledge and belief, no material discrepancies were noted for the period covered by this report, or if material discrepancies were noted, a detailed explanation is included on the attached page.

TO THE

CASINO CONTROL COMMISSION

OF THE

Debra L. Muehler
Signature

3/28/97
Date

CONTROLLER

Title



NAME OF OFFICER IN CHARGE
FOR CORRESPONDENCE REGARDING
THIS QUARTERLY REPORT

Stephen S. Givens

OFFICIAL TITLE

Executive Director of Finance
Tropicana Casino Services, L.P.

ADDRESS

1000 Boardwalk at Virginia Avenue
Atlantic City, NJ 08401

974.901

C 193

QUARTERLY REPORT

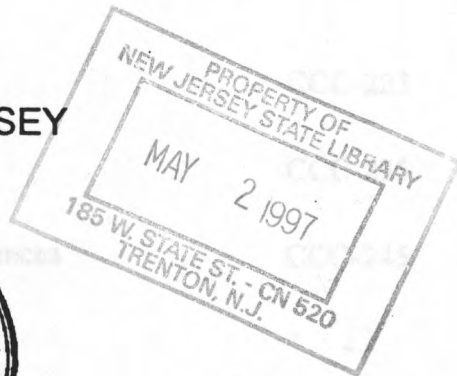
LIST OF FORMS - QUARTERLY REPORT

LICENSEE TRUMP'S CASTLE ASSOCIATES, L.P.
ADDRESS One Castle Boulevard
Atlantic City, NJ 08401

FOR THE QUARTER ENDED DECEMBER 31, 1996

TO THE
CASINO CONTROL COMMISSION

OF THE
STATE OF NEW JERSEY



NAME OF OFFICER IN CHARGE OF CORRESPONDENCE REGARDING THIS QUARTERLY REPORT..... Stephen S. Oskiera

OFFICIAL TITLE..... Executive Director Finance - Trump Casino Services, L.L.C.

ADDRESS..... 1000 Boardwalk at Virginia Avenue Atlantic City, NJ 08401

BALANCE SHEETS

TRADING NAME OF LICENSEE TRUMP'S CASTLE ASSOCIATES, L.P.

LIST OF FORMS - QUARTERLY REPORT

FOR THE QUARTER ENDED DECEMBER 31, 1996

DESCRIPTION	1996 (b)	1995 (c)
FOR THE QUARTER ENDED DECEMBER 31, 1996		
Cash and Cash Equivalents	\$15,380	\$21,033
Term Investments		
Accounts and payroll checks (net of allowance for doubtful accounts - 1996, \$1,544; 1995, \$1,969)	9,895	11,405
Accounts Payable	1,394	7,587
Other accounts and other current assets	1,760	4,381
TITLE		FORM NO.
Balance Sheets		CCC-205
Statements of Income (Year-to-Date)		CCC-210
Statements of Income (Three Months)		CCC-215
Statements of Changes in Partners' or Proprietor's Equity		CCC-225
Statement of Cash Flows		CCC-235
Schedule of Promotional Expenses and Allowances		CCC-245
Notes to Financial Statements		
Statement of Conformity, Accuracy, and Compliance		CCC-249

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

BALANCE SHEETS

DECEMBER 31, 1996 and 1995

(UNAUDITED)
(\$ IN THOUSANDS)

LINE (a)	DESCRIPTION (b)	1996 (c)	1995 (d)
	ASSETS		
	Current Assets:		
1	Cash and Cash Equivalents	\$15,380	\$21,038
2	Short-Term Investments	—	—
3	Receivables and patrons' checks (net of allowance for doubtful accounts - 1996, \$1,544; 1995, \$1,969) (NOTES 3 & 6).....	9,666	11,405
4	Inventories	1,298	1,567
5	Prepaid expenses and other current assets	1,560	4,961
6	Total current assets	27,904	38,971
7	Investments, Advances, And Receivables	4,867	2,989
8	Property And Equipment - Gross	514,695	509,882
9	(Accumulated Depreciation/Amortization)	(4,819)	(187,767)
10	Other Assets	5,364	6,506
11	Total Assets	\$548,011	\$370,581
	LIABILITIES AND EQUITY		
	Current Liabilities:		
12	Accounts payable	\$10,902	\$9,413
13	Notes payable	—	—
	Current portion of long-term debt:		
14	Due to affiliates	—	—
15	Other	3,714	2,903
16	Income taxes payable and accrued	—	—
17	Other accrued expenses	16,236	16,191
18	Other current liabilities	11,329	9,895
19	Total current liabilities	42,181	38,402
	Long-Term Debt:		
20	Due to affiliates	299,301	287,679
21	Other	36,283	35,336
22	Deferred Credits	—	—
23	Other Liabilities	3,654	3,351
24	Commitments And Contingencies	—	—
25	Total Liabilities	381,419	364,768
26	Stockholders', Partners', Or Proprietor's Equity	166,592	5,813
27	Total Liabilities and Equity	\$548,011	\$370,581

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

TRADING NAME OF LICENSEE TRUMP'S CASTLE ASSOCIATES, L.P.

STATEMENTS OF INCOME

FOR THE TWELVE MONTHS ENDED DECEMBER 31, 1996 and 1995

(UNAUDITED)
(\$ IN THOUSANDS)

LINE (a)	DESCRIPTION (b)	1996 (c)	1995 (d)
	Revenue:		
1	Casino.....(NOTE 3).....	\$248,338	\$276,789
2	Rooms	18,917	20,052
3	Food and beverage	32,626	30,804
4	Other	8,791	9,130
5	Total revenue	308,672	336,775
6	Less: Promotional allowances.....(NOTE 3).....	39,199	34,547
7	Net revenue	269,473	302,228
	Costs And Expenses:		
8	Cost of goods and services	154,742	155,794
9	Selling, general, and administrative	85,001	90,129
10	Provision for doubtful accounts	1,403	1,370
11	Total costs and expenses	241,146	247,293
12	Gross Operating Profit	28,327	54,935
13	Depreciation and amortization	17,072	14,639
	Charges from affiliates other than interest:		
14	Management Fees.....(NOTE 6).....	(211)	2,087
15	Other.....(NOTE 6).....	4,511	1,248
16	Income (Loss) From Operations	6,955	36,961
	Other Income (Expenses):		
17	Interest (expense) - affiliates.....(NOTES 4 & 5).....	(43,195)	(41,768)
18	Interest (expense) - external.....(NOTES 4 & 5).....	(5,307)	(4,249)
19	Investment alternative tax and related income (expense) - net.....(NOTE 7).....	(1,373)	(1,656)
20	Nonoperating income (expense) - net.....(NOTES 10 & 15).....	2,590	(440)
21	Total other income (expenses)	(47,285)	(48,113)
22	Income (Loss) Before Income Taxes And Extraordinary Items	(40,330)	(11,152)
23	Provision (credit) for income taxes	-	-
24	Income (Loss) Before Extraordinary Items	(40,330)	(11,152)
	Extraordinary items (net of income taxes -		
25	1996, \$ -; 1995, \$ -)	-	-
26	Net Income (Loss)	(\$40,330)	(\$11,152)

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

Certain reclassifications have been made to the 1995 financial statements in order to conform to the classification used in 1996.

TRADING NAME OF LICENSEE TRUMP'S CASTLE ASSOCIATES, L.P.

STATEMENTS OF INCOME

FOR THE THREE MONTHS ENDED DECEMBER 31, 1996 and 1995

(UNAUDITED)
(\$ IN THOUSANDS)

LINE (a)	DESCRIPTION (b)	1996 (c)	1995 (d)
	Revenue:		
1	Casino.....	\$56,843	\$73,804
2	Rooms	4,288	4,577
3	Food and Beverage	7,563	8,393
4	Other	1,855	2,077
5	Total Revenue	70,549	88,851
6	Less: Promotional Allowances	8,978	9,361
7	Net Revenue	61,571	79,490
	Costs and Expenses:		
8	Cost of Goods and Services	36,587	40,398
9	Selling, General, and Administrative	20,456	28,053
10	Provision for Doubtful Accounts	335	394
11	Total Costs and Expenses	57,378	68,845
12	Gross Operating Profit	4,193	10,645
13	Depreciation and Amortization	5,293	3,822
	Charges from Affiliates Other than Interest:		
14	Management Fees.....	(1,125)	119
15	Other	2,830	296
16	Income (Loss) from Operations	(2,805)	6,408
	Other Income (Expenses):		
17	Interest (expense) - affiliates.....	(10,953)	(10,614)
18	Interest (expense) - external	(1,392)	(1,174)
19	Investment Alternative Tax and Related Income (Expense) - Net.....	(426)	(416)
20	Nonoperating Income (Expense) - Net	115	489
21	Total Other Income (Expenses)	(12,656)	(11,715)
22	Income (Loss) Before Income Taxes And Extraordinary Items	(15,461)	(5,307)
23	Provision (Credit) for Income Taxes	-	-
24	Income (Loss) Before Extraordinary Items	(15,461)	(5,307)
	Extraordinary Items (Net of Income Taxes -		
25	1996, \$ -; 1995, \$ -).....	-	-
26	Net Income (Loss)	(\$15,461)	(\$5,307)

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

Certain reclassifications have been made to the 1995 financial statements in order to conform to the classification used in 1996.

STATEMENTS OF CASH FLOWS
**STATEMENTS OF CHANGES IN PARTNERS'
 OR PROPRIETOR'S EQUITY**

FOR THE TWELVE MONTHS ENDED DECEMBER 31, 1996 and 1995

(UNAUDITED)
 (\$ IN THOUSANDS)

LINE (a)	Description (b)	Contributed Capital (c)	Accumulated Earnings (Deficit) (d)	(e)	Total Equity (Deficit) (f)
1	Balance, December 31, 1994.....	\$73,395	(\$56,430)		\$16,965
2	Net Income (Loss) - 1995.....		(11,152)		(11,152)
3	Capital Contributions.....				
4	Capital Withdrawals.....				
5	Partnership Distributions.....				
6	Prior Period Adjustments.....				
7	.....			
8	.....			
9	.....			
10	Balance, December 31, 1995.....	73,395	(67,582)		5,813
11	Net Income (Loss) - 1996.....		(40,330)		(40,330)
12	Capital Contributions.....	5,000			5,000
13	Capital Withdrawals.....				
14	Prior Period Adjustments.....				
15	Adjustment to Reflect				
16	Acquisition of the Partnership				
17	by THCR Holdings.....	102,000	94,109		196,109
18	.....			
19	Balance, December 31, 1996.....	\$180,395	(\$13,803)		\$166,592

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

TRADING NAME OF LICENSEE TRUMP'S CASTLE ASSOCIATES, L.P.

STATEMENTS OF CASH FLOWS

FOR THE TWELVE MONTHS ENDED DECEMBER 31, 1996 and 1995

(UNAUDITED)
(\$ IN THOUSANDS)

LINE (a)	DESCRIPTION (b)	1996 (c)	1995 (d)
1	NET CASH PROVIDED (USED) BY OPERATING ACTIVITIES	(\$1,566)	\$13,065
	CASH FLOWS FROM INVESTING ACTIVITIES:		
2	Purchase of Short-Term Investment Securities.....	-	-
3	Proceeds from the Sale of Short-Term Investment Securities.....	-	-
4	Cash Outflows for Property and Equipment.....	(4,597)	(6,874)
5	Proceeds from Disposition of Property and Equipment.....	-	-
6	Purchase of Casino Reinvestment Obligations.....	(2,540)	(2,805)
7	Purchase of Other Investments and Loans/Advances made.....	-	-
8	Proceeds from Disposal of Investments and Collection of Advances and Long-Term Receivables.....	-	-
9	Cash Outflows to Acquire Business Entities.....	-	-
10	.....	-	-
11	.....	-	-
12	Net Cash Provided (Used) By Investing Activities.....	(7,137)	(9,679)
	CASH FLOWS FROM FINANCING ACTIVITIES:		
13	Cash Proceeds from Issuance of Short-Term Debt.....	-	-
14	Payments to Settle Short-Term Debt.....	-	-
15	Cash Proceeds from Issuance of Long-Term Debt.....	1,738	-
16	Costs of Issuing Debt.....	-	-
17	Payments to Settle Long-Term Debt.....	(3,693)	(1,470)
18	Cash Proceeds from Issuing Stock or Capital Contributions.....	5,000	-
19	Purchases of Treasury Stock.....	-	-
20	Payments of Dividends or Capital Withdrawals.....	-	-
21	.....	-	-
22	.....	-	-
23	Net Cash Provided (Used) By Financing Activities.....	3,045	(1,470)
24	Net Increase (Decrease) in Cash and Cash Equivalents.....	(5,658)	1,916
25	Cash and Cash Equivalents at Beginning of Period.....	21,038	19,122
26	Cash and Cash Equivalents at End of Period.....	\$15,380	\$21,038
	CASH PAID DURING PERIOD FOR:		
27	Interest (Net of Amount Capitalized).....	\$36,487	\$35,338
28	Income Taxes.....	-	-

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

STATEMENTS OF CASH FLOWS

FOR THE TWELVE MONTHS ENDED DECEMBER 31, 1996 and 1995

(UNAUDITED)
(\$ IN THOUSANDS)

LINE (a)	DESCRIPTION (b)	1996 (c)	1995 (d)
	NET CASH FLOWS FROM OPERATING ACTIVITIES:		
29	Net Income (Loss).....	(\$40,330)	(\$11,152)
	Noncash Items Included in Income and Cash Items Excluded from Income:		
30	Depreciation and Amortization of Property and Equipment.....	17,072	14,639
31	Amortization of Other Assets.....	563	720
32	Amortization of Debt Discount or Premium.....	2,742	2,372
33	Deferred Income Taxes - Current.....	-	-
34	Deferred Income Taxes - Noncurrent.....	-	-
35	(Gain) Loss on Disposition of Property and Equipment.....	-	-
36	(Gain) Loss on Casino Reinvestment Obligations.....	810	936
37	(Gain) Loss from Other Investment Activities.....	-	-
	Net (Increase) Decrease in Receivables and Patrons' Checks.....	336	(3,486)
39	Net (Increase) Decrease in Inventories.....	269	223
40	Net (Increase) Decrease in Other Current Assets.....	2,838	(2,800)
41	Net (Increase) Decrease in Other Assets.....	1,117	(86)
42	Net Increase (Decrease) in Accounts Payable.....	1,489	3,222
	Net Increase (Decrease) in Other Current Liabilities Excluding Debt.....	1,222	(695)
44	Net Increase (Decrease) in Other Noncurrent Liabilities Excluding Debt.....	8,903	7,802
45	Provision for Losses on Receivables.....	1,403	1,370
46		-	-
47	Net Cash Provided (Used) By Operating Activities.....	(\$1,566)	\$13,065

SUPPLEMENTAL DISCLOSURE OF CASH FLOW INFORMATION

	ACQUISITION OF PROPERTY AND EQUIPMENT:		
48	Additions to Property and Equipment.....	\$8,187	\$8,580
49	Less: Capital Lease Obligations Incurred.....	(3,590)	(1,706)
50	Cash Outflows for Property and Equipment.....	\$4,597	\$6,874
	ACQUISITION OF BUSINESS ENTITIES:		
51	Property and Equipment Acquired.....	-	-
52	Goodwill Acquired.....	-	-
	Net Assets Acquired Other than Cash, Goodwill, and Property and Equipment.....	-	-
54	Long-Term Debt Assumed.....	-	-
55	Issuance of Stock or Capital Invested.....	-	-
56	Cash Outflows To Acquire Business Entities.....	-	-
	STOCK ISSUED OR CAPITAL CONTRIBUTIONS:		
57	Total Issuances of Stock or Capital Contributions.....	-	-
58	Less: Issuances to Settle Long-Term Debt.....	-	-
59	Consideration in Acquisition of Business Entities.....	-	-
60	Cash Proceeds From Issuing Stock Or Capital Contributions.....	-	-

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

TRADING NAME OF LICENSEE TRUMP'S CASTLE ASSOCIATES, L.P.

SCHEDULE OF PROMOTIONAL EXPENSES AND ALLOWANCES

(\$ IN THOUSANDS)

FOR THE THREE MONTHS ENDED DECEMBER 31, 1996

Line (a)	(b)	PROMOTIONAL ALLOWANCES		PROMOTIONAL EXPENSES	
		Number of Recipients (c)	Dollar Amount (d)	Number of Recipients (e)	Dollar Amount (f)
1	ROOMS	77,296	3,219	—	—
2	FOOD	304,267	4,564	—	—
3	BEVERAGE	172,236	732	—	—
4	TRAVEL	—	—	12,154	2,127
5	COIN	—	—	—	—
6	COUPON	—	—	500,689	7,336
7	ENTERTAINMENT	8,360	209	—	—
8	RETAIL & GIFTS	2,480	62	—	—
9	PARKING	—	—	—	—
10	OTHER	7,680	192	49,120	2,456
11	TOTAL	572,319	\$8,978	561,963	\$11,919

FOR THE TWELVE MONTHS ENDED DECEMBER 31, 1996

Line (a)	(b)	PROMOTIONAL ALLOWANCES		PROMOTIONAL EXPENSES	
		Number of Recipients (c)	Dollar Amount (d)	Number of Recipients (e)	Dollar Amount (f)
1	ROOMS	340,803	14,861	—	—
2	FOOD	1,296,400	19,446	—	—
3	BEVERAGE	727,765	3,093	—	—
4	TRAVEL	—	—	52,680	9,219
5	COIN	—	—	—	—
6	COUPON	—	—	1,939,137	29,180
7	ENTERTAINMENT	36,960	924	833	25
8	RETAIL & GIFTS	15,840	396	—	—
9	PARKING	—	—	—	—
10	OTHER	19,160	479	187,060	9,353
11	TOTAL	2,436,928	\$39,199	2,179,710	\$47,777

TRUMP'S CASTLE ASSOCIATES, L.P. AND SUBSIDIARY
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

(1) ORGANIZATION AND OPERATIONS

The accompanying consolidated financial statements include those of Trump's Castle Associates, L.P., a New Jersey limited partnership (the "Partnership") and its wholly-owned subsidiary, Trump's Castle Funding, Inc., a New Jersey corporation ("Funding"). All significant intercompany balances and transactions have been eliminated in the consolidated financial statements.

The Partnership was formed in 1985 for the sole purpose of acquiring and operating Trump's Castle Casino Resort ("Trump's Castle"), a luxury casino hotel located in the Marina District of Atlantic City, New Jersey. A substantial portion of Trump's Castle's revenues are derived from its gaming operations. Competition in the Atlantic City gaming market is intense and the Partnership believes that the competition will continue as new entrants to the gaming industry become operational.

Prior to the Acquisition of the Partnership (Note 2), Donald J. Trump ("Trump") was the beneficial owner of 100% of the common equity interest in the Partnership, subject to the right of holders of warrants for 50% of the common stock of Trump's Castle Hotel & Casino, Inc. ("TCHI") (the "TCHI Warrants") to acquire an indirect beneficial interest in 0.5% of the common equity interest in the Partnership.

Funding was incorporated on May 28, 1985 solely to serve as a financing company to raise funds through the issuance of bonds to the public (Note 4). Since Funding has no business operations, its ability to repay the principal and interest on the 11-1/2% Senior Secured Notes due 2000 (the "Senior Notes"), the 11-3/4% Mortgage Notes due 2003 (the "Mortgage Notes"), and its Increasing Rate Subordinated Pay-in-Kind Notes due 2005 (the "PIK Notes") is completely dependent upon the operations of the Partnership.

On October 7, 1996, Trump Hotels & Casino Resort Holdings, L.P. ("THCR Holdings") acquired from Trump all of the outstanding equity of the Partnership (Note 2). THCR Holdings is a 64% owned subsidiary of Trump Hotels & Casino Resorts, Inc. ("THCR").

(2) ACQUISITION OF THE PARTNERSHIP AND BASIS OF PRESENTATION

Pursuant to the terms of the Agreement dated as of June 24, 1996, as amended (the "Agreement") between THCR Holdings and entities owned by Trump, THCR Holdings acquired on October 7, 1996, all of the outstanding equity interest of the Partnership. This acquisition has been accounted for as a purchase. For his equity interest in the Partnership, Trump received a 15.33863% limited partnership interest in THCR Holdings valued at \$168,126,000, which is exchangeable into 5,837,700 shares of THCR Common Stock (valuing each share at \$28.80 based

TRUMP'S CASTLE ASSOCIATES, L.P. AND SUBSIDIARY
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS-(Continued)

on the price of the THCR Common Stock several days before and after the date of the Agreement). The excess of the purchase price over the fair value of the net assets acquired of \$196,109,000 (including transaction costs, the purchase of the outstanding TCHI warrants and the historical negative book value of the Partnership of \$20,714,000) has been recorded on the books of the Partnership and has been allocated to property, plant and equipment based upon a recent appraisal.

(3) ACCOUNTING POLICIES

Use of Estimates

The preparation of these financial statements in conformity with generally accepted accounting principles requires the Partnership 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.

Revenue Recognition

Casino revenues consist of the net win from gaming activities, which is the difference between gaming wins and losses. Revenues from hotel and other services are recognized at the time the related services are performed.

The Partnership provides an allowance for doubtful accounts arising from casino, hotel, and other services, which is based upon a specific review of certain outstanding receivables and historical collection performance. In determining the amount of the allowance, the Partnership is required to make certain estimates and assumptions and actual results may differ from these estimates and assumptions.

Promotional Allowances

Gross revenues include the retail value of the complimentary food, beverage, and hotel services provided to patrons. The retail value of these promotional allowances is deducted from gross revenues to arrive at net revenues. The cost of such complimentaries have been included in costs of goods and services in the accompanying consolidated statements of operations and consist of:

	Years Ended December 31,	
	1996	1995
Rooms.....	\$ 6,231,000	\$ 6,261,000
Food and Beverage.....	21,668,000	18,240,000
Other.....	3,317,000	2,483,000
	\$31,216,000	\$26,984,000

TRUMP'S CASTLE ASSOCIATES, L.P. AND SUBSIDIARY
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS-(Continued)

Income Taxes

The accompanying consolidated financial statements do not include a provision for Federal income taxes of the Partnership, since any income or losses allocated to the partners are reportable for Federal income tax purposes by the partners.

Under the New Jersey Casino Control Act (the "Casino Control Act") and the regulations promulgated thereunder, the Partnership and Funding are required to file a consolidated New Jersey corporation business tax return.

As of December 31, 1996, the Partnership had New Jersey State net operating losses of approximately \$213,300,000, which are available to offset taxable income through the year 2003. The net operating loss carryforwards result in a deferred tax asset of \$19,200,000, which has been offset by a valuation allowance of \$19,200,000, as utilization of such carryforwards is not considered to be more likely than not.

Inventories

Inventories of provisions and supplies are carried at the lower of cost (first-in, first-out basis) or market.

Property and Equipment

Property and equipment is recorded at cost and is depreciated on the straight-line method over the estimated useful lives of the assets. Estimated useful lives for furniture, fixtures, and equipment and buildings are from three to eight years and forty years, respectively.

Long-Lived Assets

During 1995, the Partnership adopted the provisions of Statement of Financial Accounting Standards No. 121 "Accounting for the Impairment of Long-Lived Assets" ("SFAS 121"). SFAS 121 requires, among other things, that an entity review its long-lived assets and certain related intangibles for impairment whenever changes in circumstances indicate that the carrying amount of an asset may not be fully recoverable. As a result of its review, the Partnership does not believe that any impairment exists in the recoverability of its long-lived assets.

Statements of Cash Flows

For purposes of the statements of cash flows, Funding and the Partnership consider all highly liquid debt instruments purchased with a maturity of three months or less to be cash equivalents.

TRUMP'S CASTLE ASSOCIATES, L.P. AND SUBSIDIARY
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS-(Continued)

The following supplemental disclosures are made to the statements of cash flows:

	<u>Years Ended December 31,</u>	
	<u>1996</u>	<u>1995</u>
Cash Paid during the period for		
interest (net of amounts capitalized)	<u>\$36,487,000</u>	<u>\$35,338,000</u>
Issuance of debt in exchange for		
accrued interest	<u>\$ 8,881,000</u>	<u>\$ 7,766,000</u>

The acquisition of the Partnership by THCR Holdings resulted in an increase of \$196,109,000 to property, plant and equipment, an increase to contributed capital of \$102,000,000 and an elimination of the accumulated deficit of \$94,109,000.

Reclassifications

Certain reclassifications have been made to the 1995 financial statements in order to conform to the classifications used in 1996.

(4) Mortgage Notes and PIK Notes

The Mortgage Notes bear interest, payable in cash, semi-annually, at 11-3/4% and mature on November 15, 2003. In the event the PIK Notes, discussed below, are redeemed prior to November 15, 1998, the interest rate on the Mortgage Notes will be reduced to 11-1/2%. The Mortgage Notes may be redeemed at Funding's option at a specified percentage of the principal amount commencing in 1998.

The PIK Notes bear interest payable, at Funding's option in whole or in part in cash and through the issuance of additional PIK Notes, semi-annually at the rate of 7% through September 30, 1994 and 13-7/8% through November 15, 2003. After November 15, 2003, interest on the PIK Notes are payable in cash at the rate of 13-7/8%. The PIK Notes mature on November 15, 2005. The PIK Notes may be redeemed at Funding's option at 100% of the principal amount under certain conditions, as defined in the PIK Note Indenture, and are required to be redeemed from a specified percentage of any equity offering which includes the Partnership. Interest has been accrued using the effective interest method. On November 15, 1996, May 15, 1996, November 15, 1995, and May 15, 1995, the semi-annual interest payments of \$4,589,000, \$4,292,000, \$4,013,000, and \$3,735,000, respectively, were paid by the issuance of additional PIK Notes.

TRUMP'S CASTLE ASSOCIATES, L.P. AND SUBSIDIARY
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS-(Continued)

On June 23, 1995, the Partnership entered into an Option Agreement with Hamilton Partners, L.P. ("Hamilton") which granted the Partnership an option (the "Option") to acquire the PIK Notes owned by Hamilton. The Option was granted to the Partnership in consideration of \$1,900,000 of aggregate payments to Hamilton. The Option was exercisable at a price equal to 60% of the aggregate principal amount of the PIK Notes delivered by Hamilton, with accrued but unpaid interest, plus 100% of the PIK Notes issued to Hamilton as interest subsequent to June 23, 1995. Pursuant to the terms of the Option Agreement, upon the occurrence of certain events within 18 months of the time the Option is exercised, the Partnership is required to make an additional payment to Hamilton of up to 40% of the principal amount of the PIK Notes. On May 21, 1996, the Partnership assigned the Option to THCR Holdings, which, on that same date, exercised the Option and acquired approximately 90% of the PIK Notes for approximately \$38,700,000, in exchange for which THCR Holdings received an aggregate of approximately \$59,300,000 of PIK Notes.

The terms of both the Mortgage Notes and PIK Notes include limitations on the amount of additional indebtedness the Partnership may incur, distributions of Partnership capital, investments, and other business activities. In November 1996, THCR Holdings made a capital contribution of \$5,000,000 to the Partnership for debt service purposes.

The Mortgage Notes are secured by a promissory note of the Partnership to Funding (the "Partnership Note") in an amount and with payment terms necessary to service the Mortgage Notes. The Partnership Note is secured by a mortgage on Trump's Castle and substantially all of the other assets of the Partnership. The Partnership Note has been assigned by Funding to the Trustee to secure the repayment of the Mortgage Notes. In addition, the Partnership has guaranteed (the "Guaranty") the payment of the Mortgage Notes, which Guaranty is secured by a mortgage on Trump's Castle. The Partnership Note and the Guaranty are expressly subordinated to the indebtedness described in Note 5 (the "Senior Indebtedness") and the liens of the mortgages securing the Partnership Note and the Guaranty are subordinate to the liens securing the Senior Indebtedness.

The PIK Notes are secured by a subordinated promissory note of the Partnership to Funding (the "Subordinated Partnership Note"), which has been assigned to the Trustee for the PIK Notes, and the Partnership has issued a subordinated guaranty (the "Subordinated Guaranty") of the PIK Notes. The Subordinated Partnership Note and the Subordinated Guaranty are expressly subordinated to the Senior Indebtedness, the Partnership Note, and the Guaranty.

The ability of Funding and the Partnership to pay their indebtedness when due, will depend on the ability of the Partnership to either generate cash from operations sufficient for such purposes or to refinance such indebtedness on or before the date on which it becomes due. The Partnership does not currently anticipate being able to generate sufficient cash flow from operations to repay a substantial portion of the principal amounts of the Mortgage Notes and the PIK Notes when due. Thus, the repayment of the principal amount of this indebtedness will likely depend primarily upon the ability of Funding and the Partnership to refinance this debt when due. The future operating performance of the Partnership and the ability to refinance this debt will be subject to the then prevailing economic conditions, industry conditions, and numerous other

TRUMP'S CASTLE ASSOCIATES, L.P. AND SUBSIDIARY
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS-(Continued)

financial, business, and other factors, many of which are beyond the control of Funding or the Partnership. There can be no assurance that the future operating performance of the Partnership will be sufficient to meet these repayment obligations or that the general state of the economy, the status of the capital markets generally, or the receptiveness of the capital markets to the gaming industry will be conducive to refinancing this debt or other attempts to raise capital.

(5) Other Borrowings

Bank Borrowings

The Partnership has a term loan with a bank (the "Term Loan") with a balance of \$34,833,000 at December 31, 1996. The Term Loan has a maturity date of May 28, 2000. Interest is at a rate of 3% above the bank's prime rate, which was 8.25% at December 31, 1996, but in no event can be less than 9% per annum. The outstanding principal amount of the Term Loan is being repaid at \$158,000 per month through the maturity date, at which time the balance of \$28,500,000 is due.

The Term Loan is secured by a mortgage lien on Trump's Castle that is prior to the lien securing the Mortgage Notes (Note 4) and the Senior Notes described below.

Senior Notes

On December 28, 1993, Funding issued \$27,000,000 of Senior Notes. Similar to the Mortgage Notes, the Senior Notes are secured by an assignment of a promissory note of the Partnership (the "Senior Partnership Note") which is in turn secured by a mortgage on Trump's Castle and substantially all of the other assets of the Partnership. In addition, the Partnership has guaranteed (the "Senior Guaranty") the payment of the Senior Notes, which Senior Guaranty is secured by a mortgage on Trump's Castle. The Senior Partnership Note and the Senior Guaranty are subordinated to the Term Loan described above.

Interest on the Senior Notes is payable semiannually at the rate of 11-1/2%; however in the event that the PIK Notes are redeemed prior to November 15, 1998, the interest rate will be reduced to 11-1/4%. The Senior Notes mature on November 15, 2000, and are subject to a sinking fund which requires the retirement of 15% of the Senior Notes on each November 15, 1998 and 1999.

(6) Related Party Transactions

Trump Management Fee

The Partnership has a Services Agreement (the "Services Agreement") with Trump Casino II, Inc., formerly known as TC/GP, Inc. ("TCI-II"), a corporation wholly-owned by Trump. Pursuant to the terms of the Services Agreement, TCI-II is obligated to provide the Partnership,

TRUMP'S CASTLE ASSOCIATES, L.P. AND SUBSIDIARY
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS-(Continued)

from time to time, when reasonably requested, consulting services on a non-exclusive basis, relating to marketing, advertising, promotional, and other similar and related services with respect to the business and operations of the Partnership, including such other services as the Managing Partner may reasonably request.

Pursuant to the Services Agreement, the Partnership is required to pay an annual fee in the amount of \$1,500,000 to TCI-II for each year in which Earnings Before Interest, Taxes, Depreciation, and Amortization ("EBITDA"), as defined, exceeds certain levels. In addition, beginning with the fiscal year ended December 31, 1994, TCI-II is to receive an incentive fee equal to 10% of the excess EBITDA over \$45,000,000 for such fiscal year.

For the year ended December 31, 1996, the Partnership incurred no fees and expenses under the Services Agreement. For the year ended December 31, 1995 the Partnership incurred fees and expenses of \$2,087,000 under the Services Agreement. As the Partnership did not meet the required level of EBITDA during 1996, the monthly advances to TCI-II related to the Services Agreement were suspended, and at December 31, 1996, the Partnership recorded a receivable in the amount of \$1,250,000 which represents the amounts advanced during the year. This amount is included in Receivables and Patron's Checks in the accompanying balance sheet. The Services Agreement expires on December 31, 2005.

Transactions with Affiliates

At December 31, 1996 amounts due to affiliates were \$1,712,000. Amounts due from affiliates were \$1,970,000 and \$1,146,000 as of December 31, 1996 and December 31, 1995, respectively. The Partnership has engaged in limited intercompany transactions with Trump Plaza Associates ("Plaza Associates"), Trump Taj Mahal Associates ("Taj Associates"), and the Trump Organization, which are affiliates of Trump. These transactions include certain shared payroll costs as well as complimentary services offered to customers, for which the Partnership makes initial payments and is then reimbursed by the affiliates.

For the years ended December 31, 1996 and 1995, the Partnership incurred expenses of approximately \$1,154,000 and \$1,673,000, respectively, for corporate salaries and \$573,000 and \$1,109,000, respectively, of other transactions on behalf of these related entities. In addition, the Partnership received payments totaling \$1,421,000 and \$1,401,000, respectively, for services rendered and had \$3,202,000 and \$580,000, respectively, of charges for similar costs incurred by these related entities on behalf of the Partnership.

Partnership Agreement

Under the terms of the Partnership Agreement, the Partnership is required to pay all costs incurred by TCI-II. For the years ended December 31, 1996 and 1995, the Partnership paid, \$1,644,000 and \$1,248,000, respectively, of expenses on behalf of TCI-II which were charged to charges to affiliates - other in the accompanying consolidated financial statements.

TRUMP'S CASTLE ASSOCIATES, L.P. AND SUBSIDIARY
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS-(Continued)

Trump Casino Services

Trump Casino Services, L.C.C. ("TCS"), a wholly-owned subsidiary of THCR Holdings, a New Jersey limited liability company, was founded on June 27, 1996 for the purpose of realizing cost savings and operational synergies by consolidating certain administrative functions of, and providing certain services to Plaza Associates, Taj Associates and the Partnership. Charges from TCS for the year ended December 31, 1996 were \$1,369,000.

(7) Commitments and Contingencies

Casino License Renewal

The Partnership is subject to regulation and licensing by the New Jersey Casino Control Commission (the "CCC"). The Partnership's casino license must be renewed periodically, is not transferable, is dependent upon the financial stability of the Partnership, and can be revoked at any time. Due to the uncertainty of any license renewal application, there can be no assurance that the license will be renewed. Upon revocation, suspension for more than 120 days, or failure to renew the casino license due to the Partnership's financial condition or for any other reason, the Casino Control Act provides that the CCC may appoint a conservator to take possession of and title to the hotel and casino's business and property, subject to all valid liens, claims, and encumbrances.

On June 22, 1995, the CCC renewed the casino license of the Partnership through May 31, 1999, subject to certain continuing reporting and compliance conditions.

Self Insurance Reserves

Self insurance reserves represent the estimated amounts of uninsured claims related to employee health medical costs, workers compensation, and other legal proceedings in the normal course of business. These reserves are established by the Partnership based upon a specific review of open claims as of the balance sheet date as well as historical claims settlement experience. Actual results may differ from these reserve amounts.

Legal Proceedings

The Partnership is involved in legal proceedings incurred in the normal course of business. In the opinion of management and its counsel, if adversely decided, none of these proceedings would have a material effect on the consolidated financial position of the Partnership.

Casino Reinvestment Development Authority Obligations

Pursuant to the provisions of the Casino Control Act, the Partnership must either obtain investment tax credits, as defined in the Casino Control Act, in an amount equivalent to 1.25% of its gross casino revenues, as defined in the Casino Control Act, or pay an alternative tax of 2.5% of its gross casino revenues. Investment tax credits may be obtained by making qualified

TRUMP'S CASTLE ASSOCIATES, L.P. AND SUBSIDIARY
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS-(Continued)

investments, as defined, or by depositing funds which may be converted to bonds by the Casino Reinvestment Development Authority (the "CRDA"), both of which bear interest at below market interest rates. The Partnership is required to make quarterly deposits with the CRDA to satisfy its investment obligations.

From time-to-time the Partnership has elected to donate funds that it has on deposit with the CRDA in return for tax credits to satisfy substantial portions of the Partnership's future investment alternative tax obligations. Donations in the amount of \$375,000 and \$6,440,000 were made in 1995 and 1994, respectively. No donations were made in 1996. These donations, net of the tax credits received, were charged against operations and resulted in CRDA tax credits of \$191,000 and \$1,474,000 to be applied to the years ending December 31, 1995 and 1994 respectively. For the years ended December 31, 1996, 1995 and 1994, the Partnership charged to operations \$563,000, \$720,000 and \$955,000 respectively, which represents amortization of a portion of the tax credits discussed above.

In addition, for the years ended December 31, 1996 and 1995, the Partnership charged to operations \$810,000 and \$936,000, respectively, to give effect to the below market interest rates of associated CRDA deposits and bonds.

(8) Employee Benefit Plans

The Partnership has a retirement savings plan for its nonunion employees under Section 401(k) of the Internal Revenue Code. Employees are eligible to contribute up to 15% of their earnings to the plan up to the maximum amount permitted by law, and the Partnership will match 50% of an eligible employee's contributions up to a maximum of 5% of the employee's earnings. The Partnership recorded charges of approximately \$977,000 and \$1,013,000 for matching contributions for the years ended December 31, 1996 and 1995, respectively.

The Partnership makes payments to various trustee multi-employer pension plans under industry-wide union agreements. The payments are based on the hours worked by or gross wages paid to covered employees. It is not practical to determine the amount of payments ultimately used to fund pension benefit plans or the current financial condition of the plans. Under the Employee Retirement Income Security Act, the Partnership may be liable for its share of the plans' unfunded liabilities, if any, if the plans are terminated or if the Partnership withdraws from participation in such plans. Based upon the most recent information available, the withdrawal liability to the Partnership related to one of the plans unfunded status approximates \$1,600,000. Pension expense for the years ended December 31, 1996 and 1995, were \$498,000 and \$497,000, respectively.

The Partnership provides no other material post employment benefits.

TRUMP'S CASTLE ASSOCIATES, L.P. AND SUBSIDIARY
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS-(Continued)

(9) Fair Value of Financial Instruments

The carrying amount of the following financial instruments of the Partnership and Funding approximate fair value, as follows: (a) cash and cash equivalents and accrued interest receivables and payables based on the short-term nature of the financial instruments, (b) CRDA bonds and deposits based on the allowances to give effect to the below market interest rates.

The fair values of the Mortgage Notes and PIK Notes are based on quoted market prices as follows:

	<u>December 31, 1996</u>	
	<u>Carrying Amount</u>	<u>Fair Value</u>
11-3/4% Mortgage Notes.....	\$209,070,000	\$213,084,000
PIK Notes.....	\$ 63,231,000	\$ 65,169,000

	<u>December 31, 1995</u>	
	<u>Carrying Amount</u>	<u>Fair Value</u>
11-3/4% Mortgage Notes.....	\$206,569,000	\$212,479,000
PIK Notes.....	\$ 54,110,000	\$ 48,096,000

There are no quoted market prices for the Partnership Term Loan and Senior Notes. A reasonable estimate of their value could not be made without incurring excessive costs.

(10) License Revenue

On September 27, 1996 the Partnership entered into a Thermal Energy Service Agreement with Atlantic Jersey Thermal Systems, Inc. ("Atlantic Thermal") pursuant to which Atlantic Thermal was granted an exclusive license for a period of 20 years to use, operate and maintain certain steam and chilled water production facilities at Trump's Castle. In consideration of the license, Atlantic Thermal paid the Partnership \$3,000,000, which amount has been included in other non-operating income for the year ended December 31, 1996.

TRUMP'S CASTLE ASSOCIATES, L.P. AND SUBSIDIARY
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS-(Continued)

(11) Financial Information of Funding

Financial information relating to Funding as of and for the years ended December 31, 1996 and 1995 is as follows:

	December 31, 1996	December 31, 1995
Total Assets		
(including Mortgage Notes Receivable of \$242,141,000, net of unamortized discount of \$33,071,000 and \$35,572,000 at December 31, 1996 and 1995; PIK Notes Receivable of \$70,740,000, net of unamortized discount of \$7,509,000 at December 31, 1996 and \$61,860,000, net of unamortized discount of \$7,750,000 at December 31, 1995, and Senior Notes Receivable of \$27,000,000 at December 31, 1996 and 1995.)	<u>\$299,301,000</u>	<u>\$287,679,000</u>
Total Liabilities and Capital		
(including Mortgage Notes Payable of \$242,141,000, net of unamortized discount of \$33,071,000 and \$35,572,000 at December 31, 1996 and 1995, PIK Notes Payable of \$70,740,000, net of unamortized discount of \$7,509,000 at December 31, 1996, and \$61,860,000, net of unamortized discount of \$7,750,000, at December 31, 1995, and Senior Notes Payable of \$27,000,000 at December 31, 1996 and 1995.)	<u>\$299,301,000</u>	<u>\$287,679,000</u>
 Interest Income	\$ 43,195,000	\$ 41,768,000
Interest Expense	\$ 43,195,000	\$ 41,768,000
NET INCOME	<u>\$ -</u>	<u>\$ -</u>

TRUMP'S CASTLE ASSOCIATES, L.P. AND SUBSIDIARY
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS-(Continued)

(12) Property and Equipment

	December 31,	
	1996	1995
Land and land improvements	\$90,911,000	\$62,706,000
Buildings and building improvements	404,774,000	327,487,000
Furniture, fixtures and equipment	17,582,000	114,253,000
Construction in progress	1,428,000	5,436,000
	514,695,000	509,882,000
Less - Accumulated depreciation	4,819,000	187,767,000
	\$509,876,000	\$322,115,000

(13) Other Accrued Expenses

	December 31,	
	1996	1995
Accrued payroll and related taxes	\$5,861,000	\$4,934,000
Self insurance reserves	6,723,000	4,141,000
Other	3,652,000	7,116,000
	\$16,236,000	\$16,191,000

(14) Other Current Liabilities

	December 31,	
	1996	1995
Interest payable - affiliates	\$4,020,000	\$4,391,000
Gaming liabilities	2,914,000	2,988,000
Other	4,395,000	2,516,000
	\$11,329,000	\$9,895,000

(15) Non-operating income (expense) - net

	Years Ended December 31,	
	1996	1995
Energy Service Agreement	\$3,000,000	\$ --
Other	(410,000)	(440,000)
	\$2,590,000	(\$440,000)

STATEMENT OF CONFORMITY AND ACCURACY

STATE OF NEW JERSEY :

COUNTY OF ATLANTIC :

:SS.

Stephen S. Oskiera, being duly sworn according to law upon my oath deposes and says:

1. I have examined this Quarterly Report.
2. All the information contained in this Quarterly Report has been prepared in conformity with Casino Control Commission's Quarterly Report Instructions and Uniform Chart of Accounts.
3. To the best of my knowledge and belief, the information contained in this Report is accurate.
4. To the best of my knowledge and belief, except for the deficiencies noted below, the licensee submitting this Quarterly Report has remained in compliance with the financial stability regulations contained in N.J.A.C. 19:43-4.2(b)1-5 during the quarter.

Subscribed and sworn to before me this 28th day of March, 1997

Stephen Oskiera
Signature

Executive Director Finance -
Trump Casino Services, L.L.C.
Title

Norma J. Hines
Signature

NORMA J. HINES
NOTARY PUBLIC OF NEW JERSEY
My Commission Expires Nov. 12, 1998

004074-11
License Number

On behalf Of:
Trump's Castle Associates, L.P.
Casino Licensee

Basis of Authority
to Take Oaths

SCHEDULE OF RECEIVABLES AND
**SCHEDULE OF RECEIVABLES AND
 PATRONS' CHECKS**

ACCOUNTS RECEIVABLE BALANCES

DESCRIPTION	ACCOUNT BALANCE	ALLOWANCE	ACCOUNTS RECEIVABLE NET OF ALLOWANCE
LICENSEE <u>TRUMP'S CASTLE ASSOCIATES, L.P.</u>			
Patrons' Checks	2,878		2,878
Patrons' Checks	7,844	\$1,461	\$6,383
Patrons' Checks	837	103	734
Patrons' Checks	2,510		2,510
Patrons' Checks	511,210	\$1,547	\$509,663

FOR THE YEAR ENDED DECEMBER 31, 1996

TO THE
 CASINO CONTROL COMMISSION
 OF THE
 STATE OF NEW JERSEY



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

SCHEDULE OF RECEIVABLES AND PATRONS' CHECKS

FOR THE TWELVE MONTHS ENDED DECEMBER 31, 1996

(UNAUDITED)
(\$ IN THOUSANDS)

ACCOUNTS RECEIVABLE BALANCES

LINE (a)	DESCRIPTION (b)	ACCOUNT BALANCE (c)	ALLOWANCE (d)	ACCOUNTS RECEIVABLE-NET OF ALLOWANCE (e)
	Patrons' Checks:			
1	Undeposited Patrons' Checks	\$4,965		
2	Returned Patrons' Checks	2,879		
3	Total Patrons' Checks	7,844	\$1,441	\$6,403
4	Hotel Receivables	857	103	754
	Other Receivables:			
5	Receivables Due from Officers and Employees	23		
6	Receivables due from Affiliates	1,970		
7	Other Accounts and Notes Receivables	516		
8	Total Other Receivables	2,509	-	2,509
9	Totals (Form 205)	\$11,210	\$1,544	\$9,666

UNDEPOSITED PATRONS' CHECKS ACTIVITY

LINE (f)	DESCRIPTION (g)	AMOUNT (h)
10	Beginning Balance (January 1)	\$7,352
	Counter Checks Issued (Excluding Counter Checks Issued Through Transactions Relating to Consolidations, Partial Redemptions, Substitutions, and Patrons' Cash Deposits)	176,990
	Checks Redeemed Prior to Deposit (Excluding the Unredeemed Portion of Counter Checks Redeemed Through Partial Redemptions, and Excluding Checks Redeemed Through Transactions Relating to Consolidations, Substitutions, and Patrons' Cash Deposits)	(130,088)
11	Checks Collected Through Deposits	(40,941)
12	Checks Transferred to Returned Checks	(8,348)
13	Other Adjustments	-
14	Ending Balance	\$4,965
15	"Hold" Checks Included In Balance On Line 16	-
16	Provision For Uncollectible Patrons' Checks	\$1,416
17	Provision As A Percent Of Counter Checks Issued	0.8%
18		
19		

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

ANNUAL EMPLOYMENT AND PAYROLL REPORT

LICENSEE TRUMP'S CASTLE ASSOCIATES, L.P.

FOR THE YEAR ENDING DECEMBER 31, 1996

TO THE
CASINO CONTROL COMMISSION
OF THE
STATE OF NEW JERSEY



ANNUAL EMPLOYMENT AND PAYROLL REPORT

FOR THE YEAR ENDED DECEMBER 31, 1996

(\$ in Thousands)

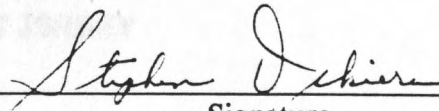
LINE (a)	DEPARTMENT (b)	NUMBER OF EMPLOYEES AT DECEMBER 31, (c)	SALARIES AND WAGES		
			Other Employees (d)	Officers & Owners (e)	Totals (f)
	CASINO				
1	Administration	21			
2	Gaming	680			
3	Slots	381			
4	Casino Accounting	10			
5	Simulcasting	6			
6	Other	104			
7	Total - Casino	1,202	\$27,706		\$27,706
8	ROOMS	206	4,320		4,320
9	FOOD AND BEVERAGE	775	14,652		14,652
	OTHER OPERATED DEPARTMENTS				
10	Communications/PBX	18	309		309
11	Retail	23	356		356
12	Valet	54	712		712
13	Wardrobe	22	434		434
14	Health Club	7	86		86
15	Marina Ops	5	128		128
16	Environmental	149	3,262		3,262
17	Laundry	20	429		429
18					
19					
	ADMINISTRATIVE AND GENERAL				
20	Executive office	6	951	\$1,257	2,208
21	Accounting and auditing	189	5,045		5,045
22	Security	211	4,801		4,801
23	Other administrative and general department	15	2,970		2,970
24	MARKETING	41	1,095		1,095
25	GUEST ENTERTAINMENT	42	1,074		1,074
26	PROPERTY OPERATION AND MAINTENANCE	108	4,210		4,210
27	TOTALS - ALL DEPARTMENTS	3,093	\$72,540	\$1,257	\$73,797

TRADING NAME OF LICENSEE TRUMP'S CASTLE ASSOCIATES, L.P.

**ANNUAL EMPLOYMENT AND PAYROLL REPORT
SIGNATURE PAGE**

FOR THE YEAR ENDED DECEMBER 31, 1996

Under penalties provided by law, I declare that I have examined this report, and to the best of my knowledge and belief, no material discrepancies were noted for the period covered by this report, or if material discrepancies were noted, a detailed explanation is included on the attached page.



Signature

March 28, 1997

Date

Executive Director of Finance
Trump Casino Services, L.L.C.

Title

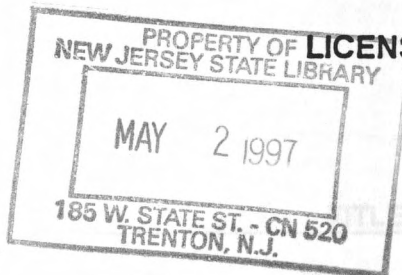
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QUARTERLY REPORT

TRADING NAME OF LICENSEE: TRUMP PLAZA HOTEL AND CASINO

LIST OF FORMS - QUARTERLY REPORT

FOR THE QUARTER ENDED DECEMBER 31, 1996



FOR THE QUARTER ENDED DECEMBER 31, 1996

Balance Sheet (Three Months)

Statement of Changes in Partners' or Proprietor's Equity

Statement of Cash Flows

Professional Expenses

Financial Statements

Compliance and Accounting

TO THE

CASINO CONTROL COMMISSION

OF THE

STATE OF NEW JERSEY

FD-302

CCC-205

CCC-210

CCC-215

CCC-225

CCC-235

CCC-245

CCC-255

CCC-265

CCC-275

BALANCE SHEETS

TRADING NAME OF LICENSEE: TRUMP PLAZA HOTEL AND CASINO

AS OF DECEMBER 31, 1996 AND 1995

LIST OF FORMS - QUARTERLY REPORT

(CONTINUED)

FOR THE QUARTER ENDED DECEMBER 31, 1996

ASSETS			
TITLE	FORM NO.		
Balance Sheets	CCC-205		
Statements of Income (Year-to-Date)	CCC-210		
Statements of Income (Three Months)	CCC-215		
Statements of Changes in Partners' or Proprietor's Equity	CCC-225		
Statements of Cash Flows	CCC-235		
Schedule of Promotional Expenses and Allowances	CCC-245		
Notes to Financial Statements			
Statement of Conformity and Accuracy	CCC-249		
LIABILITIES AND EQUITY			
Partners' or Proprietor's Equity			
Liabilities			
Accounts Payable			
Accounts Receivable			
Prepaid Expenses			
Accrued Liabilities			
Other Liabilities			
Total Liabilities and Equity			

TRADING NAME OF LICENSEE: **TRUMP PLAZA HOTEL & CASINO**

BALANCE SHEETS

AS OF DECEMBER 31, 1996 AND 1995

(UNAUDITED)

(\$ IN THOUSANDS)

LINE (a)	DESCRIPTION (b)	1996 (c)	1995 (d)
ASSETS			
Current Assets:			
1	Cash and Cash Equivalents.....	\$ 26,626	\$ 15,935
2	Short-Term Investments.....	-	-
3	Receivables and Patrons' checks (Net of Allowance for Doubtful Accounts - 1996, \$6,313; 1995, \$8,077).....	13,519	11,477
4	Inventories.....	3,093	2,609
5	Prepaid Expenses and Other Current Assets..... NOTE 2.....	3,217	3,370
6	Total Current Assets	46,455	33,391
7	Investments, Advances, and Receivables..... NOTE 3.....	7,071	4,671
8	Property and Equipment - Gross..... NOTE 4.....	694,631	572,546
9	Less: Accumulated Depreciation and Amortization..... NOTE 4.....	(168,738)	(147,284)
10	Other Assets..... NOTE 5.....	19,558	17,963
11	Total Assets	\$ 598,977	\$ 481,287
LIABILITIES AND EQUITY			
Current Liabilities:			
12	Accounts Payable.....	\$ 7,631	\$ 5,763
13	Notes Payable.....	377	300
Current Portion of Long-Term Debt:			
14	Due to Affiliates.....	-	-
15	Other..... NOTE 9.....	8,351	2,901
16	Income Taxes Payable and Accrued.....	-	-
17	Other Accrued Expenses..... NOTE 6.....	26,150	17,174
18	Other Current Liabilities..... NOTE 7.....	7,452	7,437
19	Total Current Liabilities	49,961	33,575
Long-Term Debt:			
20	Due to Affiliates..... NOTE 8.....	400,000	326,652
21	Other..... NOTE 9.....	6,522	6,069
22	Deferred Credits..... NOTE 10.....	450	359
23	Other Liabilities..... NOTE 14.....	3,822	3,822
24	Commitments and Contingencies.....	-	-
25	Total Liabilities	460,755	370,477
26	Stockholders', Partners', or Proprietor's Equity.....	138,222	110,810
27	Total Liabilities and Equity	\$ 598,977	\$ 481,287

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

STATEMENTS OF INCOME

FOR THE TWELVE MONTHS ENDED DECEMBER 31, 1996 AND 1995

(UNAUDITED)
(\$ IN THOUSANDS)

LINE (a)	DESCRIPTION (b)	1996 (c)	1995 (d)
	Revenue:		
1	Casino.....	\$ 368,958	\$ 298,073 *
2	Rooms.....	36,258	19,986
3	Food and Beverage.....	57,856	44,602
4	Other.....	11,599	9,594
5	Total Revenue.....	474,671	372,255
6	Less: Promotional Allowances.....	65,641	45,249
7	Net Revenue.....	409,030	327,006
	Costs and Expenses:		
8	Costs of Goods and Services.....	244,981	170,854 *
9	Selling, General, and Administrative.....	82,412	76,453
10	Provision for Doubtful Accounts.....	1,655	1,057
11	Total Costs and Expenses.....	329,048	248,364
12	Gross Operating Profit.....	79,982	78,642
13	Depreciation and amortization.....	23,019	16,213
	Charges from Affiliates Other than Interest:		
14	Management Fees..... NOTE 15.....	1,002	1,341
15	Other..... NOTE 12.....	4,499	2,127
16	Income (Loss) from Operations.....	51,462	58,961
	Other Income (Expenses):		
17	Interest (Expense) - Affiliates..... NOTE 11.....	(44,833)	(37,740)
18	Interest (Expense) - External.....	(2,230)	(1,466)
19	Investment Alternative Tax and Related Income (Expense) - Net.....	(868)	681
20	Nonoperating Income (Expense) - Net..... NOTE 13.....	698	(4,595)
21	Total Other Income (Expenses).....	(47,233)	(43,120)
22	Income (Loss) Before Income Taxes and Extraordinary Items.....	4,229	15,841
23	Provision (Credit) for Income Taxes..... NOTE 16.....	-	-
24	Income (Loss) Before Extraordinary Items.....	4,229	15,841
	Extraordinary Items (Net of Income Taxes -		
25	1996, \$ (59,132), 1995, \$ (2,292))..... NOTE 8.....	(59,132)	(2,292)
26	Net Income (Loss).....	\$ (54,903)	\$ 13,549

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

TRADING NAME OF LICENSEE: TRUMP PLAZA HOTEL & CASINO

STATEMENTS OF INCOME

FOR THE THREE MONTHS ENDED DECEMBER 31, 1996 AND 1995

(UNAUDITED)
(\$ IN THOUSANDS)

LINE (a)	DESCRIPTION (b)	1996 (c)	1995 (d)
	Revenue:		
1	Casino.....	\$ 84,126	\$ 73,574 *
2	Rooms.....	9,701	5,315
3	Food and Beverage.....	14,065	11,199
4	Other.....	2,292	2,408
5	Total Revenue.....	110,184	92,496
6	Less: Promotional Allowances.....	15,256	12,018
7	Net Revenue.....	94,928	80,478
	Costs and Expenses:		
8	Costs of Goods and Services.....	59,452	44,494 *
9	Selling, General, and Administrative.....	21,790	19,148
10	Provision for Doubtful Accounts.....	423	269
11	Total Costs and Expenses.....	81,665	63,911
12	Gross Operating Profit.....	13,263	16,567
13	Depreciation and amortization.....	6,367	4,421
	Charges from Affiliates Other than Interest:		
14	Management Fees.....	38	329
15	Other..... NOTE 12.....	1,882	576
16	Income (Loss) from Operations.....	4,976	11,241
	Other Income (Expenses):		
17	Interest (Expense) - Affiliates..... NOTE 11.....	(11,883)	(9,442)
18	Interest (Expense) - External.....	(771)	(403)
19	Investment Alternative Tax and Related Income (Expense) - Net.....	(311)	336
20	Nonoperating Income (Expense) - Net..... NOTE 13.....	(219)	(1,588)
21	Total Other Income (Expenses).....	(13,184)	(11,097)
22	Income (Loss) Before Income Taxes and Extraordinary Items.....	(8,208)	144
23	Provision (Credit) for Income Taxes..... NOTE 16.....	(42)	(1,447)
24	Income (Loss) Before Extraordinary Items.....	(8,166)	1,591
	Extraordinary Items (Net of Income Taxes - 1996, \$ - , 1995, \$ -).....	-	-
26	Net Income (Loss).....	\$ (8,166)	\$ 1,591

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

STATEMENTS OF CASH FLOW
 TRADING NAME OF LICENSEE: TRUMP PLAZA HOTEL & CASINO

STATEMENTS OF CHANGE IN PARTNERS' OR PROPRIETOR'S EQUITY

FOR THE TWELVE MONTHS ENDED DECEMBER 31, 1995 AND
FOR THE TWELVE MONTHS ENDED DECEMBER 31, 1996

(UNAUDITED)
(\$ IN THOUSANDS)

LINE (a)	DESCRIPTION (b)	Contributed Capital (c)	Accumulated Earnings (Deficit) (d)	Capital Withdrawals (e)	Total Equity (Deficit) (f)
1	Balance, December 31, 1994	69,114	28,747	(87,889)	9,972
2	Net Income (Loss) - 1995	-	13,549	-	13,549
3	Capital Contributions	86,650	-	-	86,650
4	Capital Withdrawals	-	-	-	-
5	Partnership Distributions	-	-	-	-
6	Prior Period Adjustments	-	-	-	-
7	Forgiveness of Payable to Trump Plaza Holding.....	-	639	-	639
8	.....	-	-	-	-
9	.....	-	-	-	-
10	Balance, December 31, 1995	155,764	42,935	(87,889)	110,810
11	Net Income (Loss) - 1996	-	(54,903)	-	(54,903)
12	Capital Contributions	82,315	-	-	82,315
13	Capital Withdrawals	-	-	-	-
14	Partnership Distributions	-	-	-	-
15	Prior Period Adjustments	-	-	-	-
16	.....	-	-	-	-
17	.....	-	-	-	-
18	.....	-	-	-	-
19	Balance, December 31, 1996	238,079	(11,968)	(87,889)	138,222

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

STATEMENTS OF CASH FLOWS

FOR THE TWELVE MONTHS ENDED DECEMBER 31, 1996 AND 1995

(UNAUDITED)
(\$ IN THOUSANDS)

LINE (a)	DESCRIPTION (b)	1996 (c)	1995 (d)
1	NET CASH PROVIDED (USED) BY OPERATING ACTIVITIES	\$ 40,745	\$ 22,049
	CASH FLOWS FROM INVESTING ACTIVITIES:		
2	Purchase of Short-Term Investment Securities.....	-	-
3	Proceeds from the Sale of Short-Term Investment Securities.....	1,211	-
4	Cash Outflows for Property and Equipment.....	(116,968)	(110,163)
5	Proceeds from Disposition of Property and Equipment.....	98	377
6	Purchase of Casino Reinvestment Obligations.....	(3,992)	(3,177)
7	Purchase of Other Investments and Loans/Advances made.....	723	8,412
	Proceeds from Disposal of Investments and Collection of Advances and Long-Term Receivables.....	-	-
9	Cash Outflows to Acquire Business Entities.....	-	-
10	Casino Reinvestment Obligation Donation.....	-	375
11	Adjustment Trump Plaza Holding Associates.....	-	639
12	Net Cash Provided (Used) by Investing Activities.....	(118,928)	(103,537)
	CASH FLOWS FROM FINANCING ACTIVITIES:		
13	Cash Proceeds from Issuance of Short-Term Debt.....	-	-
14	Payments to Settle Short-Term Debt.....	(8,024)	(4,587)
15	Cash Proceeds from Issuance of Long-Term Debt.....	405,907	4,218
16	Costs of Issuing Debt.....	(14,733)	-
17	Payments to Settle Long-Term Debt.....	(376,591)	-
18	Cash Proceeds from Issuing Stock or Capital Contribution.....	82,315	86,650
19	Purchases of Treasury Stock.....	-	-
20	Payments of Dividends or Capital Withdrawals.....	-	-
21	Preferred Partnership Interest Distribution.....	-	-
22	.....	-	-
23	Net Cash Provided (Used) by Financing Activities.....	88,874	86,281
24	Net Increase (Decrease) in Cash and Cash Equivalents.....	10,691	4,793
25	Cash and Cash Equivalents at Beginning of Period.....	15,935	11,142
26	Cash and Cash Equivalents at End of Period.....	\$ 26,626	\$ 15,935

SUPPLEMENTAL DISCLOSURE OF CASH FLOW INFORMATION

	CASH PAID DURING PERIOD FOR:		
27	Interest (Net of Amount Capitalized).....	\$ 37,964	\$ 36,936
28	Income Taxes.....	\$ -	\$ -

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

STATEMENTS OF CASH FLOWS

FOR THE TWELVE MONTHS ENDED DECEMBER 31, 1996 AND 1995

(UNAUDITED)
(\$ IN THOUSANDS)

LINE (a)	DESCRIPTION (b)	1996 (c)	1995 (d)
	NET CASH FLOWS FROM OPERATING ACTIVITIES:		
29	Net Income (Loss).....	\$ (54,903)	\$ 13,549
	Noncash Items Included in Income and Cash Items Excluded from Income:		
30	Depreciation and Amortization of Property and Equipment.....	21,999	15,157
31	Amortization of Other Assets.....	1,006	1,056
32	Amortization of Debt Discount or Premium.....	132	418
33	Deferred Income Taxes - Current.....	-	-
34	Deferred Income Taxes - Noncurrent.....	105	(1,406)
35	(Gain) Loss on Disposition of Property and Equipment.....	93	(145)
36	(Gain) Loss on Casino Reinvestment Obligation.....	869	(689)
37	(Gain) Loss from Other Investment Activities.....	-	-
38	Net (Increase) Decrease in Receivables and Patrons' Checks.....	(2,042)	(4,680) *
39	Net (Increase) Decrease in Inventories.....	(484)	371
40	Net (Increase) Decrease in Other Current Assets.....	153	910 *
41	Net (Increase) Decrease in Other Assets.....	3,901	(4,101) *
42	Net Increase (Decrease) in Accounts Payable.....	1,868	(1,112)
43	Net Increase (Decrease) in Other Current Liabilities Excluding Debt.....	8,916	2,721
44	Net Increase (Decrease) in Other Noncurrent Liabilities Excluding Debt.....	-	-
45	Extraordinary Loss	59,132	-
46		-	-
47	Net Cash Provided (Used) by Operating Activities.....	\$ 40,745	\$ 22,049

SUPPLEMENTAL DISCLOSURE OF CASH FLOW INFORMATION

	ACQUISITION OF PROPERTY AND EQUIPMENT:		
48	Additions to Property and Equipment.....	\$ (123,855)	\$ (113,480)
49	Less: Capital Lease Obligations Incurred.....	6,887	3,317
50	Cash Outflows for Property and Equipment.....	\$ (116,968)	\$ (110,163)
	ACQUISITION OF BUSINESS ENTITIES:		
51	Property and Equipment Acquired.....	\$ -	\$ -
52	Goodwill Acquired.....	-	-
53	Net Assets Acquired Other than Cash, Goodwill, and Property and Equipment.....	-	-
54	Long-Term Debt Assumed.....	-	-
55	Issuance of Stock or Capital Invested.....	-	-
56	Cash Outflows to Acquire Business Entities.....	\$ -	\$ -
	STOCK ISSUED OR CAPITAL CONTRIBUTIONS:		
57	Total Issuances of Stock or Capital Contribution.....	\$ 82,315	\$ 86,650
58	Less: Issuances to Settle Long-Term Debt.....	-	-
59	Consideration in Acquisition of Business Entities.....	-	-
60	Cash Proceeds from Issuing Stock or Capital Contributions.....	\$ 82,315	\$ 86,650

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

SCHEDULE OF PROMOTIONAL EXPENSES AND ALLOWANCES

(\$ IN THOUSANDS)

FOR THE TWELVE MONTHS ENDED DECEMBER 31, 1996

Line (a)	(b)	Promotional Allowances		Promotional Expenses	
		Number of Recipients (c)	Dollar Amount (d)	Number of Recipients (e)	Dollar Amount (f)
1	Rooms	330,182	\$23,458	1,957	\$147
2	Food	1,272,160	16,538	-	-
3	Beverage	4,296,236	12,889	-	-
4	Travel	-	-	15,363	2,304
5	Coin	-	-	4,864,235	52,266
6	Coupon	1,382,915	9,343	-	-
7	Entertainment	124,141	2,635	2,629	105
8	Retail & Gifts	-	-	1,071	134
9	Parking	-	-	-	-
10	Other	77,861	778	47,891	1,826
11	Total	7,483,495	\$65,641	4,933,146	\$56,782

FOR THE THREE MONTHS ENDED DECEMBER 31, 1996

Line (a)	(b)	Promotional Allowances		Promotional Expenses	
		Number of Recipients (c)	Dollar Amount (d)	Number of Recipients (e)	Dollar Amount (f)
1	Rooms	105,647	\$5,949	692	\$52
2	Food	320,957	4,172	-	-
3	Beverage	1,071,738	3,216	-	-
4	Travel	-	-	2,805	420
5	Coin	-	-	1,044,830	13,711
6	Coupon	221,967	1,507	-	-
7	Entertainment	7,073	227	1,362	54
8	Retail & Gifts	-	-	241	30
9	Parking	-	-	-	-
10	Other	18,602	185	11,603	500
11	Total	1,745,984	\$15,256	1,061,533	\$14,767

TRUMP PLAZA ASSOCIATES
NOTES TO FINANCIAL STATEMENTS

NOTE 1: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

A. Organization

Trump Plaza Associates, (the "Company"), doing business as Trump Plaza Hotel and Casino ("Trump Plaza") was organized in June 1982 as a general partnership under the laws of the State of New Jersey for the purpose of acquiring, completing the construction of, and operating Trump Plaza.

B. Gaming Revenues

Gaming revenues represent the net win from gaming activities which is the difference between amounts wagered and amounts won by patrons.

C. Promotional Allowances

Total (gross) revenues include the retail value of complimentary food, beverage and hotel services furnished to patrons. The retail value of these promotional allowances is deducted from gross revenues to arrive at net revenues. The cost of promotional allowances is charged to operations.

D. Inventories

Inventories of provisions and supplies are valued at the lower of cost (weighted average) or market.

E. Property and Equipment

Property and equipment is carried at cost and is depreciated on the straight-line method using rates based on the following estimated useful lives:

Building and building improvements	40 years
Furniture, fixtures and equipment	3 - 10 years
Leasehold Improvements	10 - 40 years

F. Long-Lived Assets

During 1995, the Company adopted the provisions of Statement of Financial Accounting Standard No. 121 "Accounting for the Impairment of Long-Lived Assets" ("SFAS No. 121"). SFAS 121 requires, among other things, that an entity review its long-lived assets and certain related intangibles for impairment whenever changes in circumstances indicate that the carrying amount of an asset may not be fully recoverable. Impairment of long-lived assets exists if, at a minimum, the future expected cash flows (undiscounted and without interest charges) from an entity's operations are less than the carrying value of these assets. As a result of its review, the Company does not believe that any impairment exists in the recoverability of its long-lived assets.

TRUMP PLAZA ASSOCIATES
NOTES TO FINANCIAL STATEMENTS

G. Income Taxes

State income taxes are recorded in accordance with Statement of Financial Accounting Standards No. 109, "Accounting for Income Taxes" (SFAS No.109"). SFAS No.109 requires recognition of deferred tax liabilities and assets for the expected future tax consequences of events that have been included in the financial statements or tax returns. Under this method deferred tax liabilities and assets are determined based on the difference between the financial statement and the tax basis of assets and liabilities using current enacted tax rates.

The accompanying financial statements of the Company do not include a provision for federal income taxes since any income or losses allocated to its partners are reportable for federal income tax purposes by such partners.

Under the New Jersey Casino Control Act (the "Casino Control Act"), the Company is required to file a New Jersey corporation business tax return. As of December 31, 1996, the Company had a net operating loss carryforward of approximately \$85,000,000 for New Jersey State Income Tax purposes. A valuation allowance has been provided for the tax benefit of those losses as utilization of such carryforwards are not considered more likely than not.

The Company's deferred state income taxes result primarily from differences in the timing of reporting of depreciation for tax and financial statement purposes.

H. Fair Value of Financial Instruments

The carrying amount of the following financial instruments of the Company approximates fair value, as follows: (a) cash and cash equivalents, accrued interest receivables and payables are based on the short term nature of these financial instruments; (b) CRDA bonds and deposits are based on the allowances to give effect to the below market interest rates.

The estimated fair values of other financial instruments are as follows:

December 31, 1996

	<u>Carrying Amount</u>	<u>Fair Value</u>
11 1/4% Mortgage Notes	\$400,000,000 =====	\$396,000,000 =====

The fair value of the Mortgage Note is based on quoted market prices obtained by the Company from its investment advisor.

There are no quoted market prices for other notes payable and a reasonable estimate could not be made without incurring excessive costs.

TRUMP PLAZA ASSOCIATES
NOTES TO FINANCIAL STATEMENTS

I. Statements of Cash Flows

For purposes of the statements of cash flows, the Company considers all highly liquid debt instruments purchased with a maturity of three months or less to be cash equivalents.

J. Reclassifications

Certain reclassifications were made to the 1995 financial statements to present them on a basis consistent with the 1996 classification.

NOTE 2: PREPAID EXPENSES AND OTHER CURRENT ASSETS

Prepaid expenses and other current assets as of December 31, consisted of the following:

	<u>1996</u>	<u>1995</u>
Prepaid taxes	\$1,056,000	\$ 603,000
Prepaid insurance	589,000	769,000
Prepaid rent	44,000	1,035,000
Prepaid advertising costs	294,000	255,000
Other	<u>1,234,000</u>	<u>708,000</u>
	<u>\$3,217,000</u>	<u>\$3,370,000</u>
	=====	=====

NOTE 3: INVESTMENTS, ADVANCES AND RECEIVABLES

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

	<u>1996</u>	<u>1995</u>
Advances due from -		
Trump Hotels & Casino Resorts, Inc.	\$2,081,000	\$1,576,000
Trump Organization	183,000	64,000
Trump Casino Services, LLC	765,000	-
Trump's Castle Associates	179,000	-
Trump Taj Mahal Associates	48,000	167,000
Trump Seashore Associates	-	756,000
Casino reinvestment bonds and escrow deposit, net of valuation adjustment (1996) \$1,946,000; (1995) \$1,077,000	<u>3,815,000</u>	<u>2,108,000</u>
	<u>\$7,071,000</u>	<u>\$4,671,000</u>
	=====	=====

TRUMP PLAZA ASSOCIATES
NOTES TO FINANCIAL STATEMENTS

NOTE 4: PROPERTY AND EQUIPMENT - NET

Property and equipment as of December 31, consisted of the following:

	<u>1996</u>	<u>1995</u>
Land and land improvements	\$ 85,058,000	\$ 48,308,000
Buildings	472,001,000	379,686,000
Furniture, fixtures and equipment	128,330,000	90,965,000
Leasehold improvements	2,404,000	2,404,000
Construction in progress	<u>6,838,000</u>	<u>51,183,000</u>
	694,631,000	572,546,000
Less - Accumulated depreciation & amortization	<u>(168,738,000)</u>	<u>(147,284,000)</u>
Net property and equipment	<u>\$525,893,000</u>	<u>\$ 425,262,000</u>

NOTE 5: OTHER ASSETS

Other assets as of December 31, consisted of the following:

	<u>1996</u>	<u>1995</u>
Deferred Loan Cost (net of affiliate)	\$13,054,000	\$ 9,866,000
CRDA Receivable	2,581,000	2,581,000
Deposits	1,499,000	1,891,000
Insurance collateral	1,055,000	1,675,000
Deferred charges	457,000	425,000
Other	<u>912,000</u>	<u>1,525,000</u>
	<u>\$19,558,000</u>	<u>\$ 17,963,000</u>

NOTE 6: OTHER ACCRUED EXPENSES

Other accrued expenses as of December 31, consisted of the following:

	<u>1996</u>	<u>1995</u>
Accrued payroll	\$7,517,000	\$ 7,851,000
Accrued progressive jackpot liabilities	208,000	423,000
Accrued interest	8,160,000	1,497,000
Accrued gaming taxes payable	633,000	735,000
Accrued Casino Control Commission & Division of Gaming Enforcement fees	600,000	440,000
Accrued utilities	877,000	1,024,000
Accrued union benefits	356,000	236,000
Accrued health insurance benefits	2,157,000	1,355,000
Accrued parking, sales, use & luxury tax	513,000	565,000
Accrued professional costs	700,000	448,000
Accrued insurance reserves	474,000	84,000
Accrued special event costs	1,539,000	1,259,000
Accrued repairs & maintenance costs	285,000	186,000
Other	<u>2,131,000</u>	<u>1,071,000</u>
	<u>\$26,150,000</u>	<u>\$17,174,000</u>

TRUMP PLAZA ASSOCIATES
NOTES TO FINANCIAL STATEMENTS

NOTE 7: OTHER CURRENT LIABILITIES

Other current liabilities as of December 31, consisted of the following:

	<u>1996</u>	<u>1995</u>
Unredeemed chip/token liability	\$2,336,000	\$1,338,000
Patron deposits	490,000	1,022,000
Casino reinvestment liability	934,000	926,000
Reserve for insurance claims	2,538,000	2,646,000
Advance room/theater deposits	115,000	96,000
Advances due to Trump Castle Associates	-	694,000
Advances due to Seashore Four Associates	571,000	571,000
Advances due to Atlantic City Associates	322,000	-
Other	<u>146,000</u>	<u>144,000</u>
	<u>\$7,452,000</u>	<u>\$7,437,000</u>
	=====	=====

NOTE 8: LONG-TERM DEBT-DUE TO AFFILIATES

Long-term debt-due to affiliates as of December 31, consisted of the following:

	<u>1996</u>	<u>1995</u>
11 1/4% Mortgage Note, interest payable semi-annually, maturing in 2006 (A)	\$400,000,000	\$ -
10 7/8% Partnership Note, net of unamortized discount of \$3,348,000, interest payable semi-annually, maturing in 2001. (B)	-	326,652,000
	<u>\$400,000,000</u>	<u>\$326,652,000</u>
	=====	=====

(A) On April 17, 1996, Trump Atlantic City Associates ("Trump AC") and Trump Atlantic City Funding, Inc. ("Trump AC Funding") issued \$1,200,000,000 of mortgage notes due 2006 (the "Mortgage Notes") and loaned \$400,000,000 of the proceeds to the Company. The proceeds were used, among other things, to redeem Trump Plaza Funding, Inc. ("TPF") 10 7/8% Partnership Notes. The redemption of the Mortgage Notes and the write-off of related deferred financing costs resulted in an extraordinary loss of \$59,132,000.

**TRUMP PLAZA ASSOCIATES
NOTES TO FINANCIAL STATEMENTS**

NOTE 8: LONG-TERM DEBT-DUE TO AFFILIATES CONT'D

(B) On June 25, 1993, TPF issued \$330,000,000 principal amount of 10 7/8% Mortgage Notes, due 2001 (the "Partnership Notes"), net of discount of \$4,313,000. The Partnership Notes mature on June 15, 2001 and are redeemable at any time on or after June 15, 1998, at the option of the Company or TPF, in whole or in part, at the principal amount plus a premium which declines ratably each year to zero in the year of maturity. The Partnership Notes bear interest at the rate of 10 7/8% per annum from the date of issuance, payable semi-annually on each June 15 and December 15, commencing December 15, 1993 and are secured by substantially all of the Company's assets.

On April 17, 1996, the Partnership Notes were redeemed, at a premium, with proceeds from the 1996 offerings. The early redemption of the Partnership Notes resulted in an extraordinary loss of approximately \$59,132,000.

NOTE 9: LONG-TERM DEBT - OTHER

Long-term debt - other as of December 31, consisted of the following:

	<u>1996</u>	<u>1995</u>
Mortgage notes payable in monthly installments including interest, with interest rates ranging from 10.0% to 10.5%. The notes are due at various dates between 1997 and 1998 and are secured by real property.	\$ 3,407,000	\$2,953,000
Other notes with interest rates ranging from 7.9% to 13.5%, principal and interest payable monthly, secured by equipment.	<u>11,466,000</u>	<u>6,017,000</u>
	14,873,000	8,970,000
Less current maturities	<u>8,351,000</u>	<u>2,901,000</u>
	\$ 6,522,000	\$6,069,000
	=====	=====

The aggregate maturities of long-term debt in each of the years subsequent to 1996 are:

1997	\$	8,351,000
1998		5,142,000
1999		1,160,000
2000		220,000
2001		0
Thereafter		<u>400,000,000</u>
		\$414,873,000
		=====

**TRUMP PLAZA ASSOCIATES
NOTES TO FINANCIAL STATEMENTS**

NOTE 9: LONG-TERM DEBT - OTHER CONT'D

The ability of the Company to repay its long-term debt when due will depend on its ability to either generate cash from operations sufficient for such purposes or to refinance such indebtedness. Management does not currently anticipate that cash flow will be sufficient and that repayment will likely depend upon the ability to refinance such indebtedness. The future operating performance and the ability to refinance such indebtedness will be subject to the then prevailing economic conditions, industry conditions and numerous other financial, business and other factors, many of which are beyond the control of the Company. There can be no assurance that the future operating performance of the Company will be sufficient to meet these repayment obligations or that the general state of the economy, the status of the capital markets generally or the receptiveness of the capital markets to the gaming industry will be conducive to refinancing or other attempts to raise capital.

NOTE 10: DEFERRED CREDITS

Deferred credits as of December 31, 1996 and 1995 consisted of deferred state income taxes.

NOTE 11: INTEREST (EXPENSE) - AFFILIATES

Interest (Expense)- Affiliates consisted of the interest on the 11 1/4% Mortgage Notes for the three months ended December 31, 1996, interest on the 10 7/8% Partnership Note and the 11 1/4% Mortgage Notes for the twelve months ended December 31, 1996, and interest on the 10 7/8% Partnership Note for the three and twelve months ended December 31, 1995.

NOTE 12: CHARGES FROM AFFILIATES

Charges from affiliates other than interest for the three and twelve months ended December 31, consisted of the following:

	<u>Three Months Ended</u>		<u>Twelve Months Ended</u>	
	<u>1996</u>	<u>1995</u>	<u>1996</u>	<u>1995</u>
Other:				
Intercompany rent	\$ 250,000	\$576,000	\$1,981,000	\$2,127,000
Trump Casino Services allocation	1,632,000	-	2,518,000	-
	<u>\$1,882,000</u>	<u>\$576,000</u>	<u>\$4,499,000</u>	<u>\$2,127,000</u>
	=====	=====	=====	=====

TRUMP PLAZA ASSOCIATES
NOTES TO FINANCIAL STATEMENTS

NOTE 13: NON-OPERATING INCOME (EXPENSE) - NET

Non-operating income (expense) - net for the three and twelve months ended December 31, consisted of the following:

	<u>Three Months Ended</u>		<u>Twelve Months Ended</u>	
	<u>1996</u>	<u>1995</u>	<u>1996</u>	<u>1995</u>
Interest income	\$ 167,000	\$ 314,000	\$ 742,000	\$ 1,003,000
Licensing Fee	-	-	5,000,000	-
(Loss) gain on disposal of property and equipment	(75,000)	(7,000)	(93,000)	145,000
Pre-opening expense - Trump World's Fair	(312,000)	-	(4,145,000)	-
Non-operating lease and related costs	<u>1,000</u>	<u>(1,895,000)</u>	<u>(806,000)</u>	<u>(5,743,000)</u>
	\$ (219,000)	\$ (1,588,000)	\$ 698,000	\$ (4,595,000)
	=====	=====	=====	=====

On September 26, 1996, Plaza Associates entered into a Thermal Energy Service Agreement with Atlantic Jersey Thermal Systems, Inc. ("Atlantic Thermal") pursuant to which Atlantic Thermal was granted an exclusive license for a period of twenty years to use, operate and maintain certain steam and chilled water production facilities at Trump Plaza. In consideration of the license, Atlantic Thermal paid Plaza Associates \$5,000,000 on September 30, 1996.

NOTE 14: OTHER LIABILITIES

Other liabilities as of December 31, consisted of the following:

	<u>1996</u>	<u>1995</u>
Deferred Income Taxes relating to Preferred Partnership Interest	\$3,822,000	\$3,822,000
	=====	=====

NOTE 15: COMMITMENTS AND CONTINGENCIES

A. Leases

The Company leases property (primarily land) and certain parking space under operating leases. Rent expense for the years ended December 31, 1996 and 1995 was \$5,143,000 and \$3,609,000, respectively, of which \$1,981,000 and \$2,127,000, respectively, relates to affiliates of the Company.

**TRUMP PLAZA ASSOCIATES
NOTES TO FINANCIAL STATEMENTS**

NOTE 15: COMMITMENTS AND CONTINGENCIES CONT'D

Future minimum lease payments, none of which relate to affiliates, under the noncancelable operating leases are as follows:

	<u>Total</u>
1997	\$ 3,200,000
1998	3,200,000
1999	3,083,000
2000	3,000,000
2001	3,000,000
Thereafter	<u>113,000,000</u>
	<u>\$128,483,000</u>
	=====

Certain of these leases contain options to purchase the leased properties at various prices throughout the leased terms.

In September 1996 and January 1997, the Company acquired two of the leased parcels of land upon which a portion of Trump Plaza is located.

B. Casino Reinvestment Development Authority Obligations

Pursuant to the provisions of the Casino Control Act, the Company must either obtain investment tax credits (as defined in the Casino Control Act), in an amount equivalent to 1.25% of its gross casino revenues, or pay an alternative tax of 2.5% of its gross casino revenues (as defined in the Casino Control Act). Investment tax credits may be obtained by making qualified investments or by the purchase of bonds at below market interest rates from the Casino Reinvestment Development Authority ("CRDA"). The Company is required to make quarterly deposits with the CRDA based on 125% of its gross revenue. For the years ended December 31, 1996 and 1995, The Company charged to operations \$1,333,000 and \$1,141,000, respectively, to give effect to the below market interest rates associated with CRDA bonds that have either been issued or are expected to be issued from funds deposited.

In connection with Trump Plaza East (see below), the CRDA has approved the use of up to \$14,135,000 in deposits made by the Company for site improvements. At December 31, 1996, the Company had recorded a receivable from the CRDA of \$7,413,000. While the receivable is fully realizable by the Company, the amount of actual reimbursements the Company will receive in any one year is limited to 75% and 50%, respectively to the amount of funds the Company has deposited with the CRDA to cover its Atlantic City non-housing and South Jersey obligations. Accordingly, the Company has recorded \$4,832,000 as a current receivable and \$2,581,000 as other assets in the accompanying financial statements. The Company received \$2,298,000 from the CRDA on March 13, 1997. For the years ended December 31, 1996 and 1995, the Company credited operations for \$464,000 and \$2,239,000, respectively resulting from the recapture of the related valuation allowance on CRDA receivable.

TRUMP PLAZA ASSOCIATES
NOTES TO FINANCIAL STATEMENTS

C. Casino License Renewal

The operation of an Atlantic City hotel and casino is subject to significant regulatory controls which affect virtually all of its operations. Under the New Jersey Casino Control Act (the "Act"), the Company is required to maintain certain licenses.

In June 1995, the New Jersey Casino Control Commission ("CCC") renewed the Company's license to operate Trump Plaza. This license must be renewed in June, 1999, is not transferable and such renewal of the license will include a review of the financial stability of the Company. Upon revocation, suspension for more than 120 days, or if the CCC fails or refuses to renew such casino license, the Act allows for the appointment of a conservator to take possession of the hotel and casino's business and property, subject to all valid liens, claims and encumbrances.

D. Trump Plaza East

Under an agreement with Midlantic National Bank, Donald J. Trump ("Trump") had (i) an option to acquire Trump Plaza East and (ii) had a lease agreement for Trump Plaza East would expire on June 30, 1998 requiring \$260,000 per month in lease payments. In October 1993, the Company assumed the option and lease agreement from Trump.

Upon assumption of the lease, the Company commenced construction as Trump Plaza East pursuant to rights granted to the Company by its lessor. As of December 31, 1996, the Company had capitalized approximately \$39,800,000 (excluding the purchase price described below) in construction costs related to Trump Plaza East including a \$1,000,000 consulting fee paid to Trump. In connection with the construction of Plaza East, the Company also received approximately \$1,519,000 in CRDA credit.

Until such time as the Trump Plaza East Purchase Option was exercised or expired, the Company was obligated to pay the net expenses associated with Trump Plaza East. During 1995, and for part of 1996, the Company incurred approximately \$2,340,000 and \$520,000, respectively, of such expenses of which \$2,045,000 and \$221,000, respectively, are included in non-operating expenses in the accompanying financial statements.

On April 17, 1996, the Company exercised its option to acquire Trump Plaza East with proceeds from the Mortgage Notes issued on April 17, 1996 (See Note 8). The purchase price of \$28,084,000 has been included in land and building in the accompanying financial statements.

E. Services Agreement

Pursuant to the terms of a Services Agreement with Trump Plaza Management Corp. ("TPM"), a corporation beneficially owned by Trump, in consideration for services provided, the Company pays TPM each year an annual fee of \$1.0 million in equal monthly installments, and reimburses TPM on a monthly basis for all reasonable out-of-pocket expenses incurred by TPM in performing its obligations under the Services Agreement, up to certain amounts. Under this Agreement, approximately \$1,002,000 and \$1,341,000 was charged to expense for the years ended December 31, 1996 and 1995, respectively. The services agreement was terminated in August 1996.

**TRUMP PLAZA ASSOCIATES
NOTES TO FINANCIAL STATEMENTS**

F. Trump World's Fair

Under an option agreement with Chemical Bank ("Chemical"), Trump had an option to purchase (i) the Trump World's Fair (including the land, improvements and personal property used in the operation of the hotel) and (ii) certain promissory notes made by Trump and/or certain of his affiliates and payable to Chemical (the "Chemical Notes") which are secured by certain real estate assets located in New York, unrelated to the Company. In connection with such Option Agreement, Trump assigned his rights to the Company.

On June 12, 1995, the option to purchase the Trump World's Fair was exercised. The option price of \$60,000,000 was funded with \$58,150,000 from the capital contributed by Trump Holdings and \$1,850,000 of option payments made by the Company. Trump World's Fair was incorporated into Trump Plaza and commenced operations on May 15, 1996.

NOTE 16: PROVISION (CREDIT) FOR INCOME TAXES:

The provision (credit) for state income taxes for the three and twelve months ended December 31, consisted of the following:

	<u>Three months ended</u>		<u>Twelve months ended</u>	
	<u>1996</u>	<u>1995</u>	<u>1996</u>	<u>1995</u>
Current	\$ -	\$ -	\$ -	\$ -
Deferred	(42,000)	(1,447,000)	-	-
Total	\$(42,000) =====	\$(1,447,000) =====	\$ - =====	\$ - =====

NOTE 17: EMPLOYEE BENEFIT PLANS

The Company has a retirement savings plan (the "Plan") for its non-union employees under Section 401(K) of the Internal Revenue Code. Employees are eligible to contribute up to 15% of their earnings to the plan and the Company will match 50% of an eligible employee's contributions up to a maximum of 2.5% of the employee's earnings. The Company recorded charges of \$1,032,000 and \$886,000 for matching contributions for the years ended December 31, 1996 and 1995, respectively.

The Company makes payments to various trusted multi-employer pension plans under industry-wide union agreements. The payments are based on the hours worked by or gross wages paid to covered employees. Under the Employee Retirement Income Security Act, the Company may be liable for its share of the plans' unfunded liabilities, if any, if the plans are terminated. Based upon the most recent information, the withdrawal liability of the Company related to one of the Plans unfunded status approximates \$1,973,000 for its 1995 plan year. Pension expense for the years ended December 31, 1996 and 1995 were \$443,000 and \$423,000, respectively.

The Company provides no other material, post-retirement or post-employment benefits.

TRUMP PLAZA ASSOCIATES
NOTES TO FINANCIAL STATEMENTS

NOTE 18: PUBLIC OFFERINGS

On June 12, 1995, Trump Hotels & Casino Resorts, Inc., ("THCR") completed a public offering of 10,000,000 share of common stock at \$14.00 per share (the "Stock Offering") for gross proceeds of \$140,000,000. Concurrently with the Stock Offering, Trump Hotels & Casino Resorts Holdings, L.P. ("THCR Holdings"), a then 60% subsidiary of THCR, issued 15 1/2% Senior Secured Notes (the "Senior Secured Notes") for gross proceeds of \$155,000,000 (the "Note Offering" and, together with the Stock Offerings, the "1995 Offerings"). From the proceeds of the Stock Offering, THCR contributed \$126,848,000 to THCR Holdings. THCR Holdings subsequently contributed \$86,650,000 to the Company.

Prior to the 1995 Offerings, Trump was the sole owner of THCR and sole beneficial owner of THCR Holdings. Concurrent with the 1995 Offerings, Trump contributed to THCR Holdings all of his beneficial interest in the Company. Trump also contributed to THCR Holdings all of his existing interest and rights to new gaming activities in both emerging and established gaming jurisdictions, including Trump Indiana but excluding his interests in Trump Taj Mahal Casino Resorts (the "Taj Mahal") and Trump's Castle Casino Resort.

On April 17, 1996, Trump AC and Trump AC Funding issued \$1,200,000,000 of mortgage notes and loaned \$400,000,000 of the proceeds to the Company (See Note 8).

SCHEDULE OF LIABILITIES AND
PATRONS' CHECKS
STATEMENT OF CONFORMITY AND COMPLIANCE

STATE OF NEW JERSEY :
COUNTY OF ATLANTIC : ss.

Theresa Glebocki, being duly sworn according to law upon my oath
Name

deposes and says:

1. I have examined this Annual Report.
2. All the information contained in this Annual Report has been prepared in conformity with the Casino Control Commission's Quarterly Report Instructions and Uniform Chart of Accounts.
3. To the best of my knowledge and belief, the information contained in this report is accurate.
4. To the best of my knowledge and belief, except for the deficiencies noted below, the licensee submitting this Annual Report has remained in compliance with the financial stability regulations contained in N.J.A.C. 19:43-4.2(b)1-5 during the year.

Subscribed and sworn to
before me this 28th day
of MARCH, 1997

Norma J. Hines
Signature

NORMA J. HINES
NOTARY PUBLIC OF NEW JERSEY
My Commission Expires Nov. 12, 1998

Basis of Authority
to Take Oaths

Theresa Glebocki
Signature

Executive Director - Finance
Title

4954-11
License Number

On behalf of:

TRUMP PLAZA ASSOCIATES
Casino Licensee

SCHEDULE OF RECEIVABLES AND PATRONS' CHECKS

LICENSEE TRUMP PLAZA ASSOCIATES

FOR THE YEAR ENDED DECEMBER 31, 19 96

TO THE
CASINO CONTROL COMMISSION
OF THE
STATE OF NEW JERSEY



SCHEDULE OF RECEIVABLES AND PATRONS' CHECKS

DECEMBER 31, 1996

(UNAUDITED)
(\$ IN THOUSANDS)

ACCOUNTS RECEIVABLE BALANCES				
LINE (a)	DESCRIPTION (b)	ACCOUNT BALANCE (c)	ALLOWANCE (d)	ACCOUNTS RECEIVABLE- NET OF ALLOWANCE (e)
	Patrons' Checks:			
1	Undeposited patrons' checks.....	\$ 3,593		
2	Returned patrons' checks.....	8,353		
3	Total patrons' checks.....	11,946	\$ 5,957	\$ 5,989
4	Hotel Receivables.....	2,511	238	2,273
	Other Receivables:			
5	Receivables due from officers and employees.....	32		
6	Receivables due from affiliates.....	-		
7	Other accounts and notes receivables.....	5,343		
8	Total other receivables.....	5,375	118	5,257
9	Totals (Form 205).....	\$ 19,832	\$ 6,313	\$ 13,519

UNDEPOSITED PATRONS' CHECKS ACTIVITY		
LINE (f)	DESCRIPTION (g)	AMOUNT (h)
10	Beginning Balance (January 1).....	\$ 3,550
11	Counter checks issued (excluding counter checks issued through transactions relating to consolidations, partial redemptions, substitutions, and patrons' cash deposits).....	133,788
12	Checks redeemed prior to deposit (excluding the unredeemed portion of counter checks redeemed through partial redemptions, and excluding checks, redemmed through transactions relating to consolidations, substitutions, and patrons' cash deposits).....	(98,249)
13	Checks collected through deposits.....	(28,343)
14	Checks transferred to returned checks.....	(7,153)
15	Other adjustments.....	-
16	Ending Balance.....	\$ 3,593
17	"Hold Checks" included in Balance on Line 16.....	\$ -
18	Provision for Uncollectible Patrons' Checks.....	\$ 1,369
19	Provision as a percent of Counter Checks Issued.....	1.0%

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

ANNUAL EMPLOYMENT AND PAYROLL REPORT

LICENSEE TRUMP PLAZA ASSOCIATES

FOR THE YEAR ENDED DECEMBER 31, 1996

TO THE
CASINO CONTROL COMMISSION
OF THE
STATE OF NEW JERSEY



ANNUAL EMPLOYMENT AND PAYROLL REPORT

FOR THE YEAR ENDED DECEMBER 31, 1995
(\$ IN THOUSANDS)

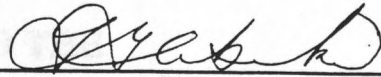
LINE (a)	DEPARTMENT (b)	NUMBER OF EMPLOYEES (c)	SALARIES AND WAGES		
			Other Employees (d)	Officers & Owners (e)	Totals (f)
1	CASINO				
	Administration	0			
2	Gaming	1,018			
3	Slots	311			
4	Casino accounting	548			
5	Simulcasting				
6	Other	6			
7	Total-Casino	1,883	\$ 41,057	\$	\$ 41,057
8	ROOMS	333	5,997		5,997
9	FOOD AND BEVERAGE	1,204	19,592		19,592
	OTHER OPERATED DEPARTMENTS				
10	Customer Service	7	88		88
11	Employee Cafeteria	44	1,551		1,551
12	Communications	27	422		422
13	Parking	131	1,625		1,625
14	Gift Shops	33	486		486
15	Wardrobe	29	575		575
16	Photo Services	3	54		54
17	Beauty Salon	6	109		
18	Laundry	51	901		
19					
	ADMINISTRATION AND GENERAL				
20	Executive office	10	320	1,911	2,231
21	Accounting and auditing	128	2,744		2,744
22	Security	333	7,133		7,133
23	Other administrative and general department	29	2,975		2,975
24	MARKETING	278	4,409		4,409
25	GUEST ENTERTAINMENT	23	1,011		1,011
26	PROPERTY OPERATION AND MAINTENANCE	345	9,297		9,297
27	TOTALS - ALL DEPARTMENTS	4,897	\$ 100,346	\$ 1,911	\$ 101,247

TRADING NAME OF LICENSEE TRUMP PLAZA ASSOCIATES

**ANNUAL EMPLOYMENT AND PAYROLL REPORT
SIGNATURE PAGE**

FOR THE YEAR ENDED DECEMBER 31, 1996

Under penalties provided by law, I declare that I have examined this report, and to the best of my knowledge and belief, no material discrepancies were noted for the period covered by this report, or if material discrepancies were noted, a detailed explanation is included on the attached page.



Signature

March 31, 1997

Date

Executive Director - Finance

Title

STATE OF NEW JERSEY

JAMES L. WRIGHT

EXECUTIVE DIRECTOR OF FINANCE, T.C.S.

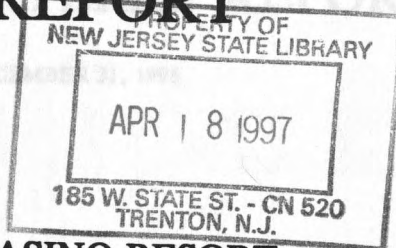
1000 BOARDWALK

ATLANTIC CITY, NEW JERSEY 08401

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LIST OF QUARTERLY REPORT



LICENSEE TRUMP TAJ MAHAL CASINO RESORT

ADDRESS 1000 BOARDWALK

ATLANTIC CITY, NEW JERSEY 08401

FOR THE QUARTER ENDED DECEMBER 31, 1996

TO THE

CASINO CONTROL COMMISSION

OF THE

STATE OF NEW JERSEY

NAME OF OFFICER IN CHARGE
OF CORRESPONDENCE REGARDING

THIS QUARTERLY REPORT..... JAMES L. WRIGHT

OFFICIAL TITLE..... EXECUTIVE DIRECTOR OF FINANCE, T.C.S.

ADDRESS..... 1000 BOARDWALK

ATLANTIC CITY, NEW JERSEY 08401

BALANCE SHEETS

DECEMBER 31, 1996 AND 1995

(UNAUDITED)
(\$ IN THOUSANDS)

LINE (a)	DESCRIPTION (b)	DECEMBER (c) 1996	DECEMBER (d) 1995
ASSETS			
Current Assets:			
1	Cash and cash investments.....	\$ 37,423	\$ 88,921
2	Short-Term Investments.....	-	-
3	Receivables and patrons' checks (net of allowance for doubtful accounts - 1996, \$11,042; 1995, \$5,042).....	31,652	17,215
4	Inventories.....	6,300	7,161
5	Prepaid expenses and other current assets..... NOTE 2.....	3,220	3,864
6	Total current assets.....	78,595	117,161
7	Investment, Advances, and Receivables - CRDA.....	10,515	7,604
8	Property and Equipment - Gross..... NOTES 1 & 3.....	964,772	908,950
9	(Accumulated Depreciation/Amortization)..... NOTES 1 & 3.....	(34,822)	(217,963)
10	Other Assets..... NOTE 4.....	31,149	6,021
11	Total Assets.....	\$ 1,050,209	\$ 821,773
LIABILITIES AND EQUITY			
Current Liabilities:			
12	Accounts Payable.....	\$ 11,481	\$ 8,335
13	Notes Payable.....	-	-
Current portion of long-term debt:			
14	Due to affiliates.....	-	-
15	Other..... NOTE 5.....	1,059	920
16	Income taxes payable and accrued.....	-	-
17	Other accrued expenses..... NOTE 6.....	30,279	34,558
18	Other current liabilities..... NOTE 7.....	8,719	10,780
19	Total current liabilities.....	51,538	54,593
Long-Term Debt:			
20	Due to affiliates..... NOTES 1 & 5.....	800,000	649,139
21	Other..... NOTES 1 & 5.....	1,273	45,053
22	Deferred Credits.....	-	-
23	Other Liabilities..... NOTES 1 & 8.....	4,569	33,373
24	Commitments and Contingencies..... NOTE 11.....	-	-
25	Total Liabilities.....	857,380	782,158
26	Stockholders', Partners', or Proprietor's Equity.....	192,829	39,615
27	Total Liabilities and Equity.....	\$ 1,050,209	\$ 821,773

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

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

STATEMENTS OF INCOME

FOR THE YEARS ENDED DECEMBER 31, 1996 AND 1995

(\$ IN THOUSANDS)

LINE (a)	DESCRIPTION (b)	(c) 1996	(d) 1995
	REVENUE:		
1	Casino.....	\$ 516,140	\$ 501,378
2	Rooms.....	43,257	43,309
3	Food and Beverage.....	56,138	57,195
4	Other.....	16,753	15,864
5	Total Revenue.....	632,288	617,746
6	Less: Promotional allowances..... NOTE 1.....	65,872	63,998
7	Net Revenue.....	566,416	553,748
	COSTS AND EXPENSES:		
8	Cost of Goods and Services.....	258,600	251,263
9	Selling, General and Administrative.....	170,668	156,060
10	Provision for Doubtful Accounts.....	10,429	4,508
11	Total Costs and Expenses.....	439,697	411,831
12	Gross Operating Profit.....	126,719	141,917
13	Depreciation and Amortization.....	51,467	43,387
14	Charges from Affiliates other than Interest:		
	Management Fees.....	-	-
15	Other..... NOTE 9.....	4,848	5,455
16	Income (Loss) From Operations.....	70,404	93,075
	Other Income (Expenses):		
17	Interest (Expenses) - Affiliates..... NOTE 5.....	(101,392)	(112,785)
18	Interest (Expenses) - External..... NOTE 5.....	(2,597)	(7,650)
19	Investment Alternative Tax and Related Income(Expense) - Net.....	(3,250)	(3,185)
20	Nonoperating Income (Expense) - Net..... NOTE 10.....	11,825	3,922
21	Total Other Income (Expenses).....	(95,414)	(119,698)
22	Income (Loss) Before Income Taxes and Extraordinary Items.....	(25,010)	(26,623)
23	Provision (Credit) for Income Taxes.....	-	-
24	Income (Loss) Before Extraordinary Items.....	(25,010)	(26,623)
25	Extraordinary Items..... NOTE 1.....	(116,375)	-
26	Net Income (Loss).....	\$ (141,385)	\$ (26,623)

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

STATEMENTS OF INCOME

FOR THE THREE MONTHS ENDED DECEMBER 31, 1996 AND 1995

(\$ IN THOUSANDS)

LINE (a)	DESCRIPTION (b)	(c) 1996	(d) 1995
	REVENUE:		
1	Casino.....	\$ 122,770	\$ 124,010
2	Rooms.....	10,049	10,274
3	Food and Beverage.....	13,716	14,262
4	Other.....	4,819	4,385
5	Total Revenue	151,354	152,931
6	Less: Promotional allowances.....	16,015	16,479
7	Net Revenue	135,339	136,452
	COSTS AND EXPENSES:		
8	Cost of Goods and Services.....	65,039	62,875
9	Selling, General and Administrative.....	43,350	42,317
10	Provision for Doubtful Accounts.....	4,982	683
11	Total Costs and Expenses	113,371	105,875
12	Gross Operating Profit.....	21,968	30,577
13	Depreciation and Amortization.....	13,015	10,980
14	Charges from Affiliates other than Interest:	-	-
	Management Fees.....	-	-
15	Other..... NOTE 9.....	1,913	1,333
16	Income (Loss) From Operations.....	7,040	18,264
	Other Income (Expenses):		
17	Interest (Expenses) - Affiliates..... NOTE 5.....	(23,663)	(28,773)
18	Interest (Expenses) - External..... NOTE 5.....	(67)	(2,798)
19	Investment Alternative Tax and Related Income(Expense) - Net.....	(885)	(778)
20	Nonoperating Income (Expense) - Net..... NOTE 10.....	275	1,170
21	Total Other Income (Expenses)	(24,340)	(31,179)
22	Income (Loss) Before Income Taxes and Extraordinary Items.....	(17,300)	(12,915)
23	Provision (Credit) for Income Taxes.....	-	-
24	Income (Loss) Before Extraordinary Items.....	(17,300)	(12,915)
25	Extraordinary Items.....	-	-
26	Net Income (Loss).....	\$ (17,300)	\$ (12,915)

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

TRADING NAME OF LICENSEE: TRUMP TAJ MAHAL CASINO RESORT

STATEMENTS OF CHANGES IN PARTNERS' OR PROPRIETOR'S EQUITY

FOR THE TWELVE MONTHS ENDED DECEMBER 31, 1995 AND 1996

(UNAUDITED)

(\$ IN THOUSANDS)

LINE (a)	DESCRIPTION	CONTRIBUTED CAPITAL (c)	ACCUMULATED EARNINGS (DEFICIT) (d)	(e)	TOTAL EQUITY (DEFICIT) (f)
1	Balance, December 31, 1994.....	\$123,745	(\$55,953)	\$	\$67,792
2	Net Income (Loss) - 1995.....	-	(26,623)		(26,623)
3	Capital Contributions.....	-	-		-
4	Capital Withdrawals.....	-	-		-
5	Taj Associates Distributions (NOTE 12).....	-	(1,554)		(1,554)
6	Prior Period Adjustments.....	-	-		-
7	.....			
8	.....			
9	.....			
10	Balance, December 31, 1995.....	123,745	(84,130)		39,615
11	Net Income (Loss) - 1996.....	-	(141,385)		(141,385)
12	Capital Contributions.....	187,242	-		187,242
13	Capital Withdrawals.....	-	-		-
14	Taj Associates Distributions (NOTE 12).....	-	(1,217)		(1,217)
15	Prior Period Adjustments.....	-	-		-
16	Purchase Accounting Adjustment (NOTE 1).....	(123,745)	232,319		108,574
17	.....			
18	.....			
19	Balance, December 31, 1996.....	\$187,242	\$5,587	\$0	\$192,829

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

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

STATEMENT OF CASH FLOWS

FOR THE YEARS ENDED DECEMBER 31, 1996 AND 1995

(UNAUDITED)
(\$ IN THOUSANDS)

LINE (a)	DESCRIPTION (b)	(c) 1996	(d) 1995
1	Net Cash Provided (Used) by Operating Activities.....	\$ 13,501	\$ 47,787
	Cash Flows from Investing Activities:		
2	Purchase of Short-Term Investment Securities.....	-	-
3	Proceeds from the Sale of Short-Term Investment Securities.....	-	-
4	Purchase Outflows for Property and Equipment.....	(79,290)	(26,498)
5	Proceeds from Disposition of Property and Equipment.....	-	-
6	Purchase of Casino Reinvestment Obligations.....	(6,286)	(6,073)
7	Purchase of Other Investments and Loans/Advances Made.....	-	-
8	Proceeds from Disposal of Investments and Collection of Advances and Long-Term Receivables.....	-	-
9	Cash Outflows to Acquire Business Entities.....	(90,900)	-
10		-	-
11		-	-
12	Net Cash Provided (Used) by Investing Activities.....	(176,476)	(32,571)
	Cash Flows from Financing Activities:		
13	Cash Proceeds from Issuance of Short-Term Debt.....	-	-
14	Payments to Settle Short-Term Debt.....	-	-
15	Cash Proceeds from Issuance of Long-Term Debt.....	800,000	-
16	Costs of Issuing Debt.....	(29,467)	-
17	Payments to Settle Long-Term Debt.....	(827,157)	(1,029)
18	Cash Proceeds from Issuing Stock or Capital Contributions.....	179,318	-
19	Reduction in Debt Due To Restructuring.....	-	-
20	Capital Distributions.....	(10,000)	-
21	Issuance of Additional Bonds.....	-	15,112
22	Partnership Distributions.....	(1,217)	(1,554)
23	Net Cash Provided (Used) by Financing Activities.....	111,477	12,529
24	Net Increase (Decrease) in Cash and Cash Equivalents.....	(51,498)	27,745
25	Cash and Cash Equivalents at Beginning of Period.....	88,921	61,176
26	Cash and Cash Equivalents at End of Period.....	\$ 37,423	\$ 88,921

SUPPLEMENTAL DISCLOSURE OF CASH FLOW INFORMATION

27	Cash Paid During Period for:		
	Interest (Net of Amount Capitalized).....	\$ 103,707	\$ 79,389
28	Income Taxes.....	\$ -	\$ -

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

STATEMENT OF CASH FLOWS

FOR THE YEARS ENDED DECEMBER 31, 1996 AND 1995

(UNAUDITED)
(\$ IN THOUSANDS)

LINE (a)	DESCRIPTION (b)	(c) 1996	(d) 1995
	Net Cash Flows from Operating Activities:		
29	Net Income (Loss).....	\$ (141,385)	\$ (26,623)
	Noncash Items Included in Income and Cash Items Excluded from Income:		
30	Depreciation and Amortization of Property and Equipment.....	51,467	43,387
31	Amortization of Other Assets.....	3,368	-
32	Amortization of Debt Discount or Premium.....	7,429	22,495
33	Extraordinary (Gain) Loss.....	115,283	-
34	Deferred Income Taxes - Noncurrent.....	-	-
35	(Gain) Loss on Disposition of Property and Equipment.....	-	-
36	(Gain) Loss on Casino Reinvestment Obligations.....	3,375	2,983
37	(Gain) Loss from Other Investment Activities.....	-	-
38	Net (Increase) Decrease in Receivables and Patrons' Checks.....	(14,437)	(1,772)
39	Net (Increase) Decrease in Inventories.....	861	(730)
40	Net (Increase) Decrease in Other Current Assets.....	644	3,942
41	Net (Increase) Decrease in Other Assets.....	971	(584)
42	Net Increase (Decrease) in Accounts Payables.....	3,146	5,079
43	Net Increase (Decrease) in Other Current Liabilities Excluding Debt.....	(6,340)	(850)
44	Net Increase (Decrease) in Other Noncurrent Liabilities Excluding Debt.....	(11,651)	(1,915)
45	Net Increase in Notes Payable.....	-	-
46	Costs related to lease guarantee.....	770	2,375
47	Net Cash Provided (Used) by Operating Activities.....	\$ 13,501	\$ 47,787

SUPPLEMENTAL SCHEDULE OF NONCASH INVESTING AND FINANCING ACTIVITIES

	Acquisition of Property and Equipment:		
48	Additions to Property and Equipment.....	\$ 90,953	\$ 27,589
49	Less: Capital Lease Obligations Incurred.....	(11,663)	(1,091)
50	Cash Outflows for Property and Equipment.....	\$ 79,290	\$ 26,498
	Acquisition of Business Entities:		
51	Property and Equipment Acquired.....	\$ 90,900	\$ N/A
52	Goodwill Acquired.....	-	-
53	Net Assets Acquired Other than Cash, Goodwill, and Property and Equipment.....	-	-
54	Long-Term Debt Assumed.....	-	-
55	Issuance of Stock or Capital Invested.....	-	-
56	Cash Outflows to Acquire Business Entities.....	\$ 90,900	\$ -
	Stock Issued or Capital Contributions:		
57	Total Issuances of Stock or Capital Contributions.....	\$ 979,318	\$ N/A
58	Less: Issuances to Settle Long-Term Debt.....	(800,000)	-
59	Consideration in Acquisition of Business Entities.....	-	-
60	Cash Proceeds from Issuing Stock or Capital Contributions.....	\$ 179,318	\$ -

TRUMP TAJ MAHAL CASINO RESORT
NOTES TO FINANCIAL STATEMENTS
DECEMBER 31, 1996
(Unaudited)

NOTE 1 - ORGANIZATION, OPERATIONS AND SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Organization and Operation:

Trump Taj Mahal Associates ("Taj Associates") was formed on June 23, 1988, as a New Jersey limited partnership and was converted to a general partnership in December 1990. On April 17, 1996, Taj Associates was acquired by Trump Hotels & Casino Resorts Holdings, L.P., a Delaware limited partnership ("THCR Holdings"), a subsidiary of Trump Hotels & Casino Resorts, Inc. ("THCR"), in a business combination accounted for as a purchase. Taj Associates is 100% beneficially owned by Trump Atlantic City Associates ("Trump AC"). Trump AC is 100% beneficially owned by THCR Holdings which is a 63.4% owned subsidiary of Trump Hotels & Casino Resorts, Inc. ("THCR"). In addition, TACA beneficially wholly owns Trump Plaza Associates ("Plaza Associates"), the owner and operator of the Trump Plaza Casino Hotel.

Taj Associates was formed for the purpose of acquiring, constructing and operating the Trump Taj Mahal Casino Resort (the "Taj Mahal"), an Atlantic City hotel, casino and convention center complex. On April 2, 1990, Taj Associates opened the Taj Mahal to the public. The industry in which the Taj Mahal operates is subject to intense competition and regulatory review (See Note 11).

Trump Taj Mahal Funding, Inc. ("Taj Funding") was incorporated on June 3, 1988 for the purpose of raising funds through the issuance of its 14% First Mortgage Bonds, Series A, due 1998, the proceeds of which were loaned to Taj Associates for construction of the Taj Mahal. During 1991, as a result of a plan of reorganization, these were subsequently exchanged for Taj Funding's 11.35% Mortgage Bonds, Series A, due 1999 (the "Taj Bonds"). On April 17, 1996, Taj Funding redeemed the Taj Bonds in full and immediately thereafter Taj Funding was dissolved.

Merger and Recapitalization:

On April 17, 1996, pursuant to the Agreement and Plan of Merger, as amended (the "Taj Merger Agreement"), among THCR, Taj Mahal Holding Corp., a Delaware corporation now known as THCR Holding Corp. ("Taj Holding"), and THCR Merger Corp., a wholly owned subsidiary of THCR and each outstanding share of Class A Common Stock of Taj Holding, (the "Taj Holding Class A Common Stock"), which in the aggregate represented 50% of the economic interest in Taj Associates, was converted into the right to receive, at each holder's election, either (a) \$30 in cash or (b) that number of shares of Common Stock having a market value equal to \$30. Trump held the remaining 50% interest in Taj Associates and contributed such interest in Taj Associates to Trump AC in exchange for limited partnership interests in THCR Holdings. In addition, the outstanding shares of Taj Holding's Class C Common Stock, par value \$.01 per share, all of which were held by Trump, were canceled in connection with the Taj Merger. The following transactions occurred in connection with

the Taj Merger (collectively referred to as the "Taj Merger Transaction"):

- (a) the payment of an aggregate of \$31,181,000 in cash and the issuance of 323,423 shares of Stock to the holders of Taj Holding Class A Common Stock pursuant to the Taj Merger Agreement;
- (b) the contribution by Trump to Trump AC of all of his direct and indirect ownership interests in Taj Associates, and the contribution by THCR to Trump AC of all of its indirect ownership interests in Taj Associates acquired in the Taj Merger;
- (c) the public offerings by (i) THCR of 12,500,000 shares of Common Stock (plus 750,000 shares of Common Stock issued in connection with the partial exercise of the underwriters' over-allotment option) (the "1996 Stock Offering") for net proceeds of \$386,062,000 and (ii) Trump AC and Trump Atlantic City Funding, Inc. ("Trump AC Funding"), Trump AC's wholly owned finance subsidiary, of \$1,200,000,000 aggregate principal amount of 11¼% First Mortgage Notes due 2006 (the "Trump AC Mortgage Notes") (the "1996 Notes Offering" and, together with the 1996 Stock Offering, the "1996 Offerings");
- (d) the redemption of the outstanding shares of Taj Holding's Class B Common Stock, par value \$.01 per share, immediately prior to the Taj Merger for \$.50 per share in accordance with its terms;
- (e) the redemption of the outstanding 11.35% Mortgage Bonds, Series A, due 1999 of Trump Taj Mahal Funding, Inc. (the "Taj Bonds");
- (f) the retirement of the outstanding 10⅞% Mortgage Notes due 2001 (the "Plaza Notes") of Trump Plaza Funding, Inc. ("Plaza Funding");
- (g) the satisfaction of the indebtedness of Taj Associates under its loan agreement with National Westminster Bank USA ("Nat West");
- (h) the purchase of certain real property used in the operation of the Taj Mahal that was leased from a corporation wholly owned by Trump (the "Specified Parcels");
- (I) the purchase of certain real property used in the operation of Trump Plaza that was leased from an unaffiliated third party;
- (j) the payment to Bankers Trust Company ("Bankers Trust") to obtain releases of liens and guarantees that Bankers Trust had in connection with indebtedness owed by Trump to Bankers Trust; and
- (k) the issuance to Trump of warrants (the "Trump Warrants") to purchase an aggregate of 1.8 million shares of Common Stock (i) 600,000 shares of which may be purchased on or prior to April 17, 1999, at \$30 per share, (ii) 600,000 shares of which may be purchased on or prior to April 17, 2000, at \$35 per share, and (iii) 600,000 shares of which may be purchased on or prior to April 17, 2001, at \$40 per share.

As a result of the contribution by Trump to Trump AC (on behalf, and at the direction, of THCR Holdings) of his direct and indirect ownership interests in Taj Associates and the contribution by THCR to Trump AC (on behalf, and at the direction, of THCR Holdings) of its indirect ownership interests in Taj Associates acquired in the Taj Merger, together with THCR's contribution to THCR Holdings of the proceeds from the 1996 Stock Offering. Trump's aggregate beneficial equity interest in THCR Holdings decreased from approximately 40% to approximately 25%, and THCR's aggregate beneficial equity interest in THCR Holdings increased from approximately 60% to approximately 75%. Trump's limited partnership interest in THCR Holdings represents his economic interest in the assets and operations of THCR Holdings.

The Taj Merger Transaction has been accounted for as a "purchase" for accounting and reporting purposes and a new basis of accounting was established. Accordingly, the excess of the purchase price over the fair value of the net assets acquired (\$200,782,000), which was allocated to land (\$7,979,000) and building (\$192,803,000) based on an appraisal on a pro rata basis, consists of the following:

- (a) \$40,500,000, representing the payment of \$30.00 for each of the 1,350,000 outstanding shares of Taj Holding Class A Common Stock. Holders of 298,739 shares of Taj Holding Class A Common Stock elected to receive 323,423 shares of Common Stock and holders of 1,051,261 shares of Taj Holding Class A Common Stock elected to receive \$31,181,000 in cash;
- (b) \$40,500,000, representing the contribution by Trump to Trump AC (on behalf, and at the direction, of THCR Holdings) of all of his direct and indirect ownership interest in 50% of Taj Associates;
- (c) \$9,900,000 of fees and expenses associated with the Taj Merger Transaction;
- (d) \$108,574,000, representing the negative book value of Taj Associates at the date of the Taj Merger Transaction;
- (e) \$1,308,000 of closing costs associated with the purchase of the Specified Parcels.

In connection with the Taj Merger Transaction, THCR purchased the Specified Parcels from Trump Taj Mahal Realty Corp., a corporation owned by Trump, and Taj Associates was released from its guarantee to First Union National Bank ("First Fidelity") (the "Guarantee"). The aggregate cost of acquiring the Specified Parcels was \$50,600,000 in cash and 500,000 shares of Common Stock valued at \$10,500,000 (an average value of \$21.00 per share based on the price of the Common Stock several days before and after the date of the amended Taj Merger Agreement). The obligation of Taj Associates which had been accrued with respect to the Guarantee (\$17,923,000) was eliminated. THCR exercised the option to purchase a tower adjacent to Trump Plaza's main tower ("Trump Plaza East") for \$28,084,000.

The extraordinary gains (losses) resulting from the above transactions are as follows:

	Period from January 1, 1996 through April 17, 1996 (in thousands)
Loss on write-off of unamortized bond discount	\$ (123,673)
Gain on retirement of Natwest loan	8,390
Other losses on refinancing	(1,092)
	<u>\$ (116,375)</u>

Summary of Significant Accounting Policies:

The preparation of financial statements in conformity with generally accepted accounting principles 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 reported amounts of revenues and expenses during the reporting period. Actual results could differ from those estimates.

Revenue Recognition

Casino revenues consist of the net win from gaming activities, which is the difference between gaming wins and losses. Revenues from hotel and other services are recognized at the time the related service is performed. Taj Associates provides an allowance for doubtful accounts arising from casino, hotel and other services. The allowance is based upon a specific review of outstanding receivables as well as historical collection information. In providing this allowance, management is required to make certain estimates and assumptions regarding the timing and amount of account collections. Actual results could differ from those estimates.

Promotional Allowances

Gross revenues include the retail value of complimentary rooms, food, beverages and other services furnished to patrons. The retail value of these promotional allowances is deducted from gross revenues to arrive at net revenues. The cost of promotional allowances is charged to operations. Promotional allowances consisted of the following:

	Year Ended December 31,	
	<u>1996</u>	<u>1995</u>
	(in thousands)	
Rooms	\$ 28,137	\$ 27,822
Food & Beverage	34,161	32,607
Other	<u>3,574</u>	<u>3,569</u>
	<u>\$ 65,872</u>	<u>\$ 63,998</u>

Income Taxes

The accompanying financial statements do not include a provision for Federal income taxes of Taj Associates, since any income or losses allocated to the partners are reportable for Federal income tax purposes by the partners.

Under the New Jersey Casino Control Commission (the "CCC") regulations, Taj Associates is required to file a New Jersey corporation business tax return. As of December 31, 1996, Taj Associates had a net operating loss carry-forward of approximately \$210,000,000 for New Jersey State Income Tax purposes. No tax benefit has been reflected in the accompanying financial statements for those losses as utilization of such carryforwards are not considered to be more likely than not.

Inventories

Inventories are carried at the lower of cost (weighted average) or market.

Property and Equipment

Property and equipment is recorded at cost and is depreciated on the straight-line method over the estimated useful lives of assets. Estimated useful lives range from three to seven years for furniture, fixtures and equipment and 40 years for buildings and building improvements. Leasehold improvements are amortized over the term of the related lease commencing in the period these assets are placed in service.

The interest expense associated with borrowings used to fund the purchase and construction of the Taj Mahal has been capitalized and is being amortized over the estimated useful life of the facility.

On April 17, 1996 Taj Associates was acquired by THCR Holdings in a business combination accounted for as a purchase. Accordingly, the excess of the purchase price over the net assets acquired (\$200,782,000) was allocated to land and buildings and is being depreciated over their remaining lives. The accumulated depreciation on the assets purchased was used to reduce the associated carrying value of those assets. Depreciation expense charged to operations for the three and twelve months ended December 31, 1996 amounted to \$1,418,000 and \$4,001,000 respectively.

Long-Lived Assets

During 1995, Taj Associates adopted the provisions of Statement of Financial Accounting Standard No. 121, "Accounting for the Impairment of Long-Lived Assets ("SFAS No. 121"). SFAS No. 121 requires, among other things, that an entity review its long-lived assets and certain related intangibles for impairment whenever changes in circumstance indicate that the carrying amount of an asset may not be fully recoverable. Impairment of long-lived assets exists, if, at a minimum, the future expected cash flows (undiscounted and without interest charges), from an entity's operations are less than the carrying value of these assets. As a result of its review, Taj Associates does not believe that any impairment exists in the recoverability of its long-lived assets as of December 31, 1996.

Cash and Cash Investments

Cash and cash investments include hotel and casino funds, funds on deposit with banks and temporary investments having a maturity of three months or less.

NOTE 2 - PREPAID EXPENSES AND OTHER CURRENT ASSETS

	<u>December 31,</u>	
	<u>1996</u>	<u>1995</u>
	(in thousands)	
Prepaid slot machine fees	\$ 950	\$ 887
Prepaid insurance	577	1,227
Prepaid real estate taxes	700	179
Prepaid air transportation	515	308
Prepaid elevator service contract	-	601
Other	** 478	** 662
Total	<u>\$ 3,220</u>	<u>\$ 3,864</u>

** None of the individual components of Other exceed 5% of the total.

NOTE 3 - PROPERTY AND EQUIPMENT

	<u>December 31,</u>	
	<u>1996</u>	<u>1995</u>
	(in thousands)	
Land	\$ 74,332	\$ 37,843
Buildings	808,928	661,201
Furniture, fixtures and equipment	65,289	174,693
Leasehold improvements	-	31,253
Construction in progress	16,223	3,960
Total	964,772	908,950
Less Accumulated Depreciation (Note 1)	<u>(34,822)</u>	<u>(217,963)</u>
Net Property and Equipment	<u>\$ 929,950</u>	<u>\$690,987</u>

NOTE 4 - OTHER ASSETS

	<u>December 31,</u>	
	<u>1996</u>	<u>1995</u>
	(in thousands)	
Deferred financing costs (net of accumulated amortization of \$3,368) (Note 1)	\$ 26,099	\$ -
Deferred neighborhood improvements (net of accumulated amortization of \$325 and \$0)	2,925	3,250
Deposits	1,240	2,164
Other **	885	607
Total	<u>\$ 31,149</u>	<u>\$ 6,021</u>

** None of the individual components of Other exceed 5% of the total.

NOTE 5 - LONG TERM DEBT

Long term debt consisted of the following at December 31:

	<u>1996</u>	<u>1995</u>
	(in thousands)	
<u>Long-term Portion</u>		
Due to affiliates:		
Trump Atlantic City Associates (A)	\$800,000	\$ 22,100
Trump Taj Mahal Funding, Inc. (B)	-	780,242
Unamortized discount (B)	-	(131,103)
Net	<u>\$800,000</u>	<u>\$649,139</u>
Other:		
Bank term loan (C)	\$ -	\$ 44,744
Capital lease obligations	<u>1,273</u>	<u>309</u>
Total other	<u>\$ 1,273</u>	<u>\$ 45,053</u>
<u>Current Portion</u>		
Other:		
Bank term loan (C)	\$ -	\$ 200
Capital lease obligations	<u>1,059</u>	<u>720</u>
Total other	<u>\$ 1,059</u>	<u>\$ 920</u>

(A) On April 17, 1996 TACA, together with TAC Funding, a wholly owned subsidiary of TACA, issued the First Mortgage Notes in the aggregate principal amount of \$1,200,000,000 which bear interest at 11.15% per annum. The interest on the First Mortgage Notes is due semi-annually on May 1 and November 1, commencing on November 1, 1996. The First Mortgage Notes are guaranteed as to principal and interest jointly and severally by Taj Associates, Plaza Associates, TAC and all other subsidiaries of TACA (other than TAC Funding). The

Interest Expense - Affiliates

	Year ended December 31,	
	<u>1996</u>	<u>1995</u>
	(in thousands)	
Trump Atlantic City Associates (A)	\$ 63,500	\$ -
Trump Taj Mahal Funding, Inc. (B)	26,325	87,914
Accretion - bond discount (B)	7,429	22,495
Accretion - lease guarantee	770	2,376
Amortization - deferred loan costs (A)	<u>3,368</u>	-
Total	<u>\$ 101,392</u>	<u>\$112,785</u>

Interest Expense - External

Bank term loan (C)	\$ 1,263	\$ 4,281
Working Capital line of credit (D)	886	315
Refinancing costs	-	2,973
Capital leases	<u>448</u>	<u>81</u>
Total	<u>\$ 2,597</u>	<u>\$ 7,650</u>

NOTE 5 - LONG TERM DEBT (continued)

Three months ended December 31,

19961995

(in thousands)

Interest Expense - Affiliates

Trump Atlantic City Associates (A)	\$ 22,500	\$ -
Trump Taj Mahal Funding, Inc. (B)	-	22,139
Accretion - bond discount (B)	-	6,006
Accretion - lease guarantee	-	628
Amortization - deferred loan costs (A)	<u>1,163</u>	<u>-</u>
Total	<u>\$ 23,663</u>	<u>\$ 28,773</u>

Interest Expense - External

Bank term loan (C)	\$ -	\$ 1,077
Working Capital line of credit (D)	-	80
Refinancing costs	-	1,621
Capital leases	<u>67</u>	<u>20</u>
Total	<u>\$ 67</u>	<u>\$ 2,798</u>

Borrowings:

- (A) On April 17, 1996 TACA, together with TAC Funding, a wholly owned subsidiary of TACA, issued the First Mortgage Notes in the aggregate principal amount of \$1,200,000,000 which bear interest at 11.25% and are due May 1, 2006. Interest on the First Mortgage Notes is due semi-annually on each May 1 and November 1, commencing on November 1, 1996. The First Mortgage Notes are guaranteed as to payment of principal and interest jointly and severally by Taj Associates, Plaza Associates, TAC and all future subsidiaries of TACA (other than TAC Funding). The First Mortgage Notes are jointly and severally secured by mortgages representing a first lien and security interest on substantially all the assets of Taj Associates and Plaza Associates.

From the proceeds of the issuance of the Mortgage Notes, TACA issued a note payable in the amount of \$800,000,000 to Taj Associates with interest at 11.25%, due May 1, 2006 with the same terms as the First Mortgage Notes. Interest on the note is due periodically prior to each May 1 and November 1.

Underwriting costs, legal and accounting fees, printing costs and other expenses of \$29,467,000 associated with the issuance of the First Mortgage Notes are being amortized using the effective interest method over the term of the First Mortgage Notes. Amortization is included in interest expense on the accompanying income statements and totaled \$3,368,000 for the year ended December 31, 1996.

- (B) The proceeds from the issuance of the First Mortgage Notes were used to, among other things, redeem at face value the Bonds amounting to \$780,245,000. The Bonds

had borne interest of 11.35% and were redeemed, at face value in the principal amount of \$780,245,000, on April 17, 1996 prior to their maturity date of November 15, 1999. Each Bond, together with one share of the Class B Redeemable Common Stock, par value \$.01 per share (the "Taj Holding Class B Stock") of Taj Mahal Holding Corp., a Delaware corporation ("Taj Holding") traded together as a unit (a "Unit") with which it was issued and could not be transferred separately. Interest on the Bonds was due semi-annually on each November 15 and May 15. Interest on the Bonds had to be paid in cash on each interest payment date at the rate of 9.375% per annum (the "Mandatory Cash Interest Amount"). In addition to the Mandatory Cash Interest Amount, effective May 15, 1992 and annually thereafter, an additional amount of interest (the "Additional Amount") in cash or additional Bonds or a combination thereof, was payable equal to the difference between 11.35% of the outstanding principal amount of the Bonds and the Mandatory Cash Interest Amount previously paid. To the extent that there was excess available cash flow ("EACF") of Taj Associates, as defined in the Indenture, for the immediately preceding calendar year, Taj Funding was to pay the Additional Amount in cash up to 10.28% and the balance thereof was to be paid at the option of Taj Funding in cash or additional Units, provided that an equivalent amount of cash was used to purchase or redeem Units. Additional Bonds issued on the October 4, 1991 amounted to approximately \$7,208,000. For the period from the issuance of the Bonds, October 4, 1991, through December 31, 1992, there was no EACF. Accordingly, Taj Funding paid the Additional Amounts on May 15, 1993 and May 15, 1992 through the issuance of approximately \$14,579,000 and \$8,844,000, respectively, in additional Bonds. Of the \$14,870,000 Additional Amount due May 15, 1994, \$2,621,000 was paid in cash and the \$12,249,000 balance in Bonds. Of the \$15,112,000 Additional Amount due May 15, 1995, Taj Funding satisfied the entire obligation through the issuance of Bonds. Pursuant to the redemption of the Bonds, the Additional Amounts due up to the date of redemption, April 17, 1996, was paid entirely in cash in the amount of \$14,211,000.

In accordance with AICPA Statement of Position 90-7, "Financial Reporting By Entities in Reorganization Under the Bankruptcy Code", the Bonds when issued were stated at the present value of amounts to be paid, determined at current interest rates (effective rate of approximately 18%). The effective interest rate of the Bonds was determined based on the trading price of the Bonds for a specific period. Stating the debt at its approximate present value resulted in a reduction of approximately \$204,276,000 in the carrying amount of the Bonds. This gain was being offset by increased interest costs over the period of the Bonds to accrete such bonds to their face value at maturity. The accretion amounted to approximately \$7,429,000 for the period of January 1, 1996 through April 17, 1996 and for the year ended December 31, 1996. In addition, accretion for the year ended December 31, 1995 approximated \$22,495,000. These amounts are included in interest expense on the accompanying income statements. On April 17, 1996, the early redemption date of the Bonds, the unaccrued balance of this discount (\$123,673,000) was written off as an extraordinary loss.

The Bonds were guaranteed as to payment of principal and interest by Taj Associates and were secured by substantially all Taj Associates' property.

- (C) On November 3, 1989, Taj Associates entered into the NatWest loan, which provided financing up to \$50,000,000 for certain items of furniture, fixtures and equipment installed in the Taj Mahal. The NatWest Loan had borne interest at 9 3/8% per annum. Principal and interest was payable monthly in the fixed amount of \$372,917 to be applied first to accrued interest and the balance to the extent available, to principal, through maturity, November 15, 1999. Additionally, on May 15 of each year (May 15, 1992 through May 15, 1999), to the extent principal was still outstanding, NatWest was to receive 16.5% of the EACF of the preceding calendar year in excess of the Additional Amount, to be applied first to accrued but unpaid interest, and then to principal.

The NatWest Loan was secured by a first priority lien on the furniture, fixtures and equipment acquired with the proceeds of the NatWest Loan plus any after acquired furniture, fixtures and equipment that replaces such property, or of the same type, provided however, that the NatWest Loan was to be subordinated to a lien to secure purchase money financing of such after acquired property up to 50% of the value of such after acquired property.

On April 17, 1996 pursuant to an agreement, the NatWest Loan (having an outstanding balance of approximately \$44,890,000) was satisfied in full in exchange for a cash payment in the amount of \$36,500,000. In connection with this transaction, Taj Associates recognized an extraordinary gain of approximately \$8,390,000.

- (D) In November 1991, Taj Associates obtained a working capital line of credit in the amount of \$25,000,000 with a maturity of five years. In September 1994, Taj Associates extended the maturity to November 1999, in consideration for modifications of the terms of the facility. Interest on advances under the line were at prime plus 3% with a minimum of 7% per annum. The agreement relating to the line of credit provided for a 3/4% annual fee and a 1/2% unused line fee and contained various covenants. On April 17, 1996 the line of credit was terminated in conjunction with the Merger Transaction which required the payment of an early termination fee of approximately \$675,000 which is included in interest expense. During 1996 and 1995, no amounts were outstanding under the line.

Aggregate annual maturities of long-term debt are as follows:

1997	\$ 1,059,000
1998	702,000
1999	571,000
2000	0
2001	0
Thereafter	800,000,000

NOTE 6 - OTHER ACCRUED EXPENSES

	<u>December 31,</u>	
	<u>1996</u>	<u>1995</u>
	(in thousands)	
Accrued interest	\$ 7,500	\$ 9,154
Accrued advertising/marketing	1,756	1,621
Accrued payroll & related	11,357	15,149
Accrued CRDA obligation	1,494	1,555
Accrued litigation	3,562	812
Other	** 4,610	** 6,267
Total	<u>\$ 30,279</u>	<u>\$ 34,558</u>

** None of the individual components of Other exceed 5% of the total.

NOTE 7 - OTHER CURRENT LIABILITIES

	<u>December 31,</u>	
	<u>1996</u>	<u>1995</u>
	(in thousands)	
Affiliates:		
Donald J. Trump (A)	\$ -	\$ 643
Trump's Castle Associates (B)	(303)	164
Trump Plaza Associates (B)	48	167
Trump Hotels & Casino Resorts (B)	282	-
Trump Casino Services (B)	(294)	-
Trump Atlantic City Associates (B)	(660)	-
	<u>\$ (927)</u>	<u>\$ 974</u>
Advance deposits	1,137	1,236
Unredeemed chip liability	3,510	3,148
Insurance reserves	3,686	4,081
Other	** 1,313	** 1,341
	<u>9,646</u>	<u>9,806</u>
Total	<u>\$ 8,719</u>	<u>\$ 10,780</u>

** None of the individual components of Other exceed 5% of the total.

(A) Taj Associates had entered into a Services Agreement (the "Services Agreement"), which provided that Trump render to Taj Associates marketing, advertising, promotional and related services with respect to the business operations of Taj Associates. In consideration for the services to be rendered, Taj Associates was to pay an annual fee equal to 1.5% of Taj Associates earnings before interest, taxes and depreciation, as defined, less capital expenditures and partnership distributions for such year, with a minimum base fee of \$500,000. The services fee was payable monthly through November 15, 1999, although the agreement provided for earlier termination under certain events. Portions of the fee were assigned to First Fidelity Bank ("First Fidelity") in connection with the First Fidelity Loan (as defined) to Realty Corp. which had been guaranteed by Trump. For the period from January 1, 1996 through April 17, 1996 and the year ended December 31, 1995 Taj

Associates incurred \$367,000 and \$1,743,000, respectively under the Services Agreement. On April 17, 1996 the Services Agreement was terminated in conjunction with the Merger Transaction.

(B) Taj Associates engages in various transactions with the other Atlantic City hotel/casinos and related casino entities owned by Trump. These transactions are charged at cost or normal selling price in the case of retail items and include utilization of fleet maintenance and limousine services, certain shared professional fees, insurance, and payroll costs as well as complimentary services offered to customers.

Trump Casino Services ("TCS"), a New Jersey limited liability company, was formed on June 27, 1996 for the purpose of realizing cost savings and operational synergies by consolidating certain administrative functions of, and providing certain services to, Plaza Associates, Castle Associates and Taj Associates.

	Year ended December 31,	
	1996	1995
Taj Associates incurred costs for these services:	(in thousands)	
• Trump Castle Associates	\$ 685,000	\$1,072,000
• Trump Plaza Associates	1,100,000	445,000
• Trump Casino Services	2,501,000	-
• Trump Hotels & Casino Resorts	309,000	-
• Trump Atlantic City Associates	-	-
	Year ended December 31,	
	1996	1995
Taj Associates charged costs for these services:	(in thousands)	
• Trump Castle Associates	\$ 652,000	\$ 113,000
• Trump Plaza Associates	819,000	188,000
• Trump Casino Services	195,000	-
• Trump Hotels & Casino Resorts	27,000	-
• Trump Atlantic City Associates	660,000	-

NOTE 8 - OTHER LIABILITIES

Other liabilities at December 31 consisted of the following (in thousands):

	1996	1995
Deferred taxes	\$ 2,658	\$ 4,458
Insurance reserves	1,843	2,014
Accrued interest - long term	-	9,631
Lease guarantee (Note 1)	-	17,153
Other	68	117
	<u>\$ 4,569</u>	<u>\$ 33,373</u>

NOTE 9 - CHARGES FROM AFFILIATES

	Year ended December 31,	
	<u>1996</u>	<u>1995</u>
	(in thousands)	
Other:		
Intercompany rent	\$ 908	\$ 2,725
Allocated salaries	540	829
Trump Services Agreement	630	1,901
Trump Casino Services allocation	2,461	-
Trump Hotels & Casino Resorts allocation	<u>309</u>	<u>-</u>
	<u>\$ 4,848</u>	<u>\$ 5,455</u>

	Three months ended December 31,	
	<u>1996</u>	<u>1995</u>
	(in thousands)	
Other:		
Intercompany rent	\$ -	\$ 681
Allocated salaries	18	238
Trump Services Agreement	-	414
Trump Casino Services allocation	1,586	-
Trump Hotels & Casino Resorts allocation	<u>309</u>	<u>-</u>
	<u>\$ 1,913</u>	<u>\$ 1,333</u>

NOTE 10 - NON-OPERATING INCOME (EXPENSE)

	Year ended December 31,	
	<u>1996</u>	<u>1995</u>
	(in thousands)	
Licensing fee	\$ 10,000	\$ -
Interest income	<u>1,825</u>	<u>3,922</u>
	<u>\$ 11,825</u>	<u>\$ 3,922</u>

	Three months ended December 31,	
	<u>1996</u>	<u>1995</u>
	(in thousands)	
Interest income	<u>\$ 275</u>	<u>\$ 1,170</u>

On June 30, 1996, Taj Associates and Atlantic Jersey Thermal Systems, Inc. ("Atlantic Thermal") entered into a Thermal Energy Service Agreement, pursuant to which Atlantic Thermal was granted an exclusive license to use, operate and maintain certain steam and chilled water production facilities located at the Taj Mahal. In consideration for the license, Atlantic Thermal paid Taj Associates a \$10,000,000 non-refundable license fee. This amount has been included in other non-operating income in the accompanying financial statements.

NOTE 11 - COMMITMENTS AND CONTINGENCIES

Leases and Employment Agreements

Taj Associates has entered into employment agreements with certain key employees and lease agreements for land, office and warehouse space under noncancellable operating leases expiring at various dates through 1999. At December 31, 1996, minimum commitments under these arrangements are as follows:

1997	\$ 6,685,000
1998	\$ 2,193,000
1999	\$ 895,000
2000	\$ 18,000
2001	\$ 0
Thereafter	\$ 0

Rent expense was approximately \$3,175,000 and \$4,546,000 for the years ended December 31, 1996 and 1995, respectively.

Taj Associates purchased the pier extending from the Taj Mahal 1,000 feet into the Atlantic Ocean (the "Steel Pier") from Realty Corp. A condition imposed on Taj Associates' Coastal Area Facilities Review Act ("CAFRA") permit (which, in turn, is a condition of Taj Associates casino license) initially required that Taj Associates begin construction of certain improvements on the Steel Pier by October 1992, which improvements were to be completed within 18 months of commencement. Taj Associates initially proposed a concept to improve the Steel Pier, the estimated cost of which was \$30,000,000. Such concept was approved by the New Jersey Department of Environmental Protection, the agency which administers CAFRA. In March 1993, Taj Associates obtained a modification of its CAFRA permit providing for the extension of the required commencement and completion dates of the improvements to the Steel Pier for one year, which has been renewed annually based upon an interim use of the Steel Pier for an amusement park. Taj Associates has received an additional one-year extension most recently through March 29, 1998 of the required commencement and completion dates of the improvements of the Steel Pier based upon the same interim use of the pier as an amusement park.

Employee Benefit Plan

Effective January 1, 1989, Taj Associates established the Taj Mahal Retirement Savings Plan ("the Benefit Plan") for its employees over 21 years of age who are not covered by a collective bargaining agreement. The Benefit Plan is structured to qualify for favorable tax treatment under Section 401(k) of the Internal Revenue Code and allows eligible participants to contribute up to 15% of their salary (certain limits apply, as defined) to the Benefit Plan with a matching Taj Associates contribution of 50% of the first 4% of such employee salary contribution. The funds are invested by a Benefit Plan trustee. Taj Associates' contributions for the years ended December 31, 1996 and 1995 were \$1,097,000 and \$1,069,000, respectively.

Casino License Renewal:

Taj Associates is subject to regulation and licensing by the CCC. Taj Associates' casino license must be renewed periodically, is not transferable, is dependent upon the financial stability of Taj Associates and can be revoked at anytime. Upon revocation, suspension for more than 120 days, or failure to renew the casino license due to Taj Associates' financial condition or for any other reason, the New Jersey Casino Control Act (the "Act") provides that the CCC may appoint a conservator to take possession of and title to the hotel and casino's business and property, subject to all valid liens, claims and encumbrances. On June 22, 1995, the CCC renewed Taj Associates' casino license for four years, through March 31, 1999.

Legal Proceedings:

Taj Associates, its partners and certain of its employees are involved in various legal proceedings incurred in the normal course of business. In the opinion of management of Taj Associates, the expected disposition of these proceedings would not have a material adverse effect on Taj Associates' financial condition or results of operations.

Federal Income Tax Examination

Taj Associates is currently involved in an examination with the Internal Revenue Service concerning Taj Associates' federal partnership income tax returns for the tax years 1992 and 1993. While any adjustment which results from this examination could affect Taj Associates' state income tax return, Taj Associates does not believe that adjustments, if any, will have a material adverse effect on its financial condition or results of operations.

Investment Obligation

The Act requires Taj Associates to make qualified investments, as defined, in New Jersey, or pay an investment alternative tax to the New Jersey Casino Reinvestment Development Authority ("CRDA"). Commencing in 1991, and for a period of thirty years thereafter, Taj Associates must either obtain investment tax credits, as defined, in an amount equivalent to 1.25% of its gross casino revenues or pay an alternative tax of 2.5% of its gross casino revenues, as defined. Taj Associates is required to satisfy its obligations to the CRDA through deposits on a quarterly basis. Investment tax credits may be obtained by making qualified investments, by depositing funds which may be converted to bonds issued by the CRDA or by donating previously deposited funds in exchange for future credits against tax liability. Taj Associates intends to satisfy its investment obligation primarily by depositing funds and donations of funds deposited.

During 1994, Taj Associates contributed \$9,500,000 of previous CRDA deposits, the carrying value of which was \$4,750,000. Of the carrying value, \$3,250,000 were allocated

SCHEDULE OF PROMOTIONAL

to leasehold improvements upon completion of the improvements during 1995, and \$1,500,000 was a donation of previously deposited funds, which became a credit utilized in 1994 as a reduction of current year obligations. The deposits and bonds traditionally bear interest at below-market interest rates; accordingly, Taj Associates has reduced its carrying value of the deposits by 50% and charged operations approximately \$2,911,000 and \$3,090,000 in 1996 and 1995, respectively.

NOTE 12 - TAJ ASSOCIATES DISTRIBUTION

Prior to the Merger Transaction on April 17, 1996, Taj Associates was obligated to reimburse Taj Holding Corp. for its operating expenses which consist of directors and officers liability insurance, board of director fees and expenses, and administrative expenses. Total expenses for the year to date ending April 17, 1996 and for the year ended December 31, 1996 approximated \$1,217,000. In addition, total expenses for the year ended December 31, 1995 approximated \$1,554,000.

NOTE 13 - FAIR VALUE OF INSTRUMENTS

The carrying amount of the following financial instruments of Taj Associates approximate fair value, as follows: (a) cash and cash equivalents and accrued interest payable are based on the short-term nature of the financial instruments; and (b) CRDA deposits are based on the valuation allowances to give effect to the below market interest rates (See Note 11).

The estimated fair values of the other financial instruments are as follows:

	December 31, 1996 (in thousands)
11.25% Mortgage Notes (a)	
Carrying Amount	\$ 800,000
Fair Value	\$ 792,000

(a) The fair value of the Trump Atlantic City Funding Mortgage Notes is based on quoted prices as of December 31, 1996. There are no quoted market prices for other debt and a reasonable estimate could not be made without incurring excessive costs.

STATEMENT OF PROMOTIONAL EXPENSES AND ALLOWANCES

(\$ IN THOUSANDS)

FOR THE YEAR ENDED DECEMBER 31, 1996

Line (a)	(b)	Promotional Allowances		Promotional Expenses	
		Number of Recipients (c)	Dollar Amount (d)	Number of Recipients (e)	Dollar Amount (f)
1	Rooms	218,601	\$28,137		\$
2	Food	1,768,595	22,006		
3	Beverage	6,043,148	10,273		
4	Travel			113,674	14,548
5	Coin			3,359,218	54,375
6	Coupon	285,137	1,882		
7	Entertainment	187,329	2,704	90,930	1,745
8	Retail & Gifts			8,364	1,364
9	Parking				
10	Other	42,475	870	109,726	21,383
11	Total	8,545,285	\$65,872	3,681,912	\$93,415

FOR THE THREE MONTHS ENDED DECEMBER 31, 1996

Line (a)	(b)	Promotional Allowances		Promotional Expenses	
		Number of Recipients (c)	Dollar Amount (d)	Number of Recipients (e)	Dollar Amount (f)
1	Rooms	54,109	\$6,356		\$
2	Food	443,601	5,576		
3	Beverage	1,411,495	2,572		
4	Travel			29,275	4,085
5	Coin			802,717	12,765
6	Coupon	79,838	528		
7	Entertainment	50,694	764	8,195	568
8	Retail & Gifts			2,980	457
9	Parking				
10	Other	11,129	219	31,463	5,096
11	Total	2,050,866	\$16,015	874,630	\$22,971

STATEMENT OF CONFORMITY AND ACCURACY

STATE OF NEW JERSEY :

:SS.

COUNTY OF ATLANTIC :

JAMES L. WRIGHT

NAME

, being duly sworn according to law upon my oath deposes and says:

1. I have examined this Quarterly Report for the quarter ended December 31, 1996.
2. All the information contained in this Report has been prepared in conformity with Casino Control Commission's Quarterly Report Instructions and Uniform Chart of Accounts.
3. To the best of my knowledge and belief, the information contained in this report is accurate.
4. To the best of my knowledge and belief, except for the deficiencies noted below, the licensee submitting this Quarterly Report has remained in compliance with the financial stability regulations contained in N.J.A.C. 19:43-4.2(b)1-5 during the quarter.

James L. Wright
SIGNATURE

Executive Director of Finance, Trump Casino Services
TITLE

3507-11
LICENSE NUMBER

Subscribed and Sworn to before me
this 27th day of March, 1997

On Behalf Of:

Trump Taj Mahal Casino Resort
Casino Licensee

Norma J. Hines
Signature

NORMA J. HINES
NOTARY PUBLIC - NEW JERSEY
My Commission Expires Nov. 12, 1998
Basis of Authority
to Take Oaths

TRADING NAME OF LICENSEE: TRUMP TAJ MAHAL CASINO RESORT
**SCHEDULE OF RECEIVABLES AND
 PATRONS' CHECKS**

AS OF AND FOR THE TWELVE MONTHS ENDED DECEMBER 31, 1996

(\$ IN THOUSANDS)

ACCOUNTS RECEIVABLE BALANCES

LINE (a)	DESCRIPTION (b)	ACCOUNT BALANCE (c)	ALLOWANCE (d)	ACCOUNTS RECEIVABLE NET OF ALLOWANCE (e)
	Patrons' Checks:			
1	Undeposited Patrons' Checks.....	\$ 11,907		
2	Returned Patrons' Checks.....	29,071		
3	Total Patrons' Checks.....	40,978	\$ (10,924)	\$ 30,054
4	Hotel Receivables.....	1,028	(118)	910
	Other Receivables:			
5	Receivables Due From Officers and Employees.....	0		
6	Receivables Due From Affiliates.....	0		
7	Other Accounts and Notes Receivables.....	688		
8	Total Other Receivables.....	688	0	688
9	Totals (Form 205).....	\$ 42,694	\$ (11,042)	\$ 31,652

UNDEPOSITED PATRONS' CHECKS ACTIVITY

LINE (f)	DESCRIPTION (g)	AMOUNT (h)
10	Beginning Balance (January 1).....	\$ 10,982
11	Counter Checks Issued (excluding counter checks issued through transactions relating to consolidations, partial redemptions, substitutions, and patrons' cash deposits).....	401,572
12	Checks Redeemed Prior to Deposit (excluding the unredeemed portion of counter checks redeemed through partial redemptions, and excluding checks redeemed through transactions relating to consolidations, substitutions, and patrons' cash deposits).....	(307,871)
13	Checks Collected Through Deposits.....	(50,230)
14	Checks Transferred to Returned Checks.....	(42,546)
15	Other Adjustments.....	0
16	Ending Balance.....	\$ 11,907
17	"Hold" Checks Included in Balance on Line 16.....	\$ 0
18	Provision for Uncollectible Patrons' Checks.....	\$ 10,402
19	Provision as a Percent of Counter Checks Issued.....	2.6%

ANNUAL EMPLOYMENT AND PAYROLL REPORT

LICENSEE TRUMP TAJ MAHAL CASINO RESORT

ADDRESS 1000 BOARDWALK

ATLANTIC CITY , NEW JERSEY 08401

FOR THE YEAR ENDED DECEMBER 31, 1996

TO THE
CASINO CONTROL COMMISSION
OF THE
STATE OF NEW JERSEY

NAME OF OFFICER IN CHARGE

OF CORRESPONDENCE REGARDING

THIS YEARLY REPORT.....

JAMES L. WRIGHT

OFFICIAL TITLE.....

EXECUTIVE DIRECTOR OF FINANCE, TCS

ADDRESS.....

1000 BOARDWALK

ATLANTIC CITY, NEW JERSEY 08401

ANNUAL EMPLOYMENT AND PAYROLL REPORT

FOR THE YEAR ENDED DECEMBER 31, 1996

(\$ IN THOUSANDS)

LINE (a)	DEPARTMENT (b)	NUMBER OF EMPLOYEES at December 31 (c)	SALARIES AND WAGES		
			Other Employees (d)	Officers & Owners (e)	Totals (f)
1	CASINO ADMINISTRATION	22	\$694	\$135	\$829
2	GAMING	1,512	30,920	0	30,920
3	SLOTS	235	5,853	113	5,966
4	CASINO ACCOUNTING	500	11,818	98	11,916
5	SIMULCASTING	20	372	0	372
6	OTHER	22	696	0	696
7	TOTAL-CASINO	2,311	50,353	346	50,699
8	ROOMS	373	7,561	161	7,722
9	FOOD AND BEVERAGE	1,432	24,600	150	24,750
10	OTHER OPERATED DEPARTMENTS				
11	Communications	25	576	0	576
12	Health Club	19	305	0	305
13	Retail Administration	7	191	0	191
14	Retail Operations	9	152	0	152
15					
16					
17					
18					
19					
20	ADMINISTRATIVE AND GENERAL EXECUTIVE OFFICE	8	104	751	855
21	ACCOUNTING AND AUDITING	171	4,558	460	5,018
22	SECURITY	347	8,198	105	8,303
23	OTHER ADMINISTRATIVE AND GENERAL DEPARTMENTS	208	6,791	186	6,977
24	MARKETING	330	9,279	2,181	11,460
25	GUEST ENTERTAINMENT	153	3,724	115	3,839
26	PROPERTY OPERATION AND MAINTENANCE	447	12,710	0	12,710
27	TOTALS-ALL DEPARTMENTS	5,840	\$129,102	\$4,455	\$133,557

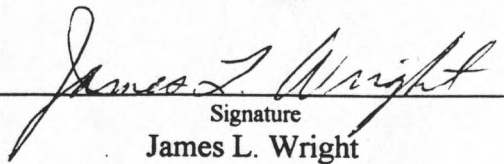
TRADING NAME OF LICENSEE:

TRUMP TAJ MAHAL ASSOCIATES

**ANNUAL EMPLOYMENT AND PAYROLL REPORT
SIGNATURE PAGE**

FOR THE YEAR ENDED DECEMBER 31, 1996

Under penalties provided by law, I declare that I have examined this report, and to the best of my knowledge and belief, no material discrepancies were noted for the period covered by this report, or if material discrepancies were noted, a detailed explanation is included on the attached page.



Signature
James L. Wright

3/28/97
Date

Executive Director of Finance, T.C.S.
Title