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# QUARTERLY REPORT

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TRENTON, NJ

LICENSEE	<u>ATLANTIC CITY SHOWBOAT, INC</u>
ADDRESS	<u>P.O. BOX 840</u>
	<u>ATLANTIC CITY, NEW JERSEY</u>

FOR THE QUARTER ENDED MARCH 31, 1992

TO THE  
CASINO CONTROL COMMISSION  
OF THE  
STATE OF NEW JERSEY

NAME OF OFFICER IN CHARGE OF CORRESPONDENCE REGARDING THIS QUARTERLY REPORT ...	<u>MARK MILLER</u>
OFFICIAL TITLE .....	<u>VICE PRESIDENT FINANCE</u>
ADDRESS .....	<u>P.O. BOX 840</u>
	<u>ATLANTIC CITY, NEW JERSEY</u>

TRADING NAME OF LICENSEE ATLANTIC CITY SHOWBOAT, INC.

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FOR THE QUARTER ENDED MARCH 31, 1992

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BALANCE SHEET

MARCH 31, 1992 AND 1991  
(UNAUDITED)  
(\$ IN THOUSANDS )

LINE (a)	DESCRIPTION (b)	(c) 19 92	(d) 19 91
	<b>ASSETS</b>		
	<b>Current Assets:</b>		
1	Cash .....	\$ 22,899	\$ 22,269
2	Marketable securities .....	0	0
3	Receivables and patrons' checks (net of allowances for doubtful accounts - 19_92_, \$ 3,581 ; 19_91_ \$ 5,223 ) .....NOTE 3	4,355	5,584
4	Inventories .....	1,760	2,204
5	Prepaid expenses and other current assets.....	3,216	3,016
6	<b>Total current assets</b> .....	<b>32,230</b>	<b>33,073</b>
7	Investments, Advances, And Receivables .....NOTE 2 & 12	16,530	18,286
8	Property And Equipment - Net .....NOTE 4	204,564	210,688
9	Other Assets .....	9,621	9,901
10	<b>Total Assets</b> .....	<b>\$ 262,945</b>	<b>\$ 271,948</b>
	<b>LIABILITIES AND EQUITY</b>		
	<b>Current Liabilities:</b>		
11	Accounts payable .....	\$ 5,392	\$ 4,099
12	Notes payable .....	0	0
	<b>Current portion of long-term debt:</b>		
13	Due to affiliates .....	0	0
14	Other .....NOTE 7	2,837	3,009
15	Income taxes payable and accrued.....	1,134	1,855
16	Other accrued expenses .....NOTE 5	13,622	12,464
17	Other current liabilities .....NOTE 6	8,357	7,503
18	<b>Total current liabilities</b> .....	<b>31,342</b>	<b>28,930</b>
	<b>Long-Term Debt:</b>		
19	Due to affiliates .....NOTE 2	149,444	161,540
20	Other .....NOTE 7	5,918	8,714
21	Deferred Credits .....	7,720	4,010
22	Other Liabilities .....NOTE 2	13,969	25,418
23	Commitments And Contingencies .....NOTE 13		
24	<b>Total Liabilities</b> .....	<b>208,393</b>	<b>228,612</b>
25	Stockholders', Partners', Or Proprietor's Equi.....	54,552	43,336
26	<b>Total Liabilities And Equity</b> .....	<b>\$ 262,945</b>	<b>\$ 271,948</b>

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 ATLANTIC CITY SHOWBOAT, INC.

STATEMENTS OF INCOME

FOR THE THREE MONTHS ENDED MARCH 31, 1992 AND 1991  
(UNAUDITED)  
(\$ IN THOUSANDS )

LINE (a)	DESCRIPTION (b)	(c) 19 92	(d) 19 91
	Revenue:		
1	Casino .....	\$ 61,835	\$ 53,103
2	Rooms .....	2,545	2,256
3	Food and beverage .....	6,931	6,897
4	Other .....	1,087	805
5	Total revenue .....	72,398	63,061
6	Less: Promotional allowances ..... NOTE 11	5,476	4,873
7	Net revenues .....	66,922	58,188
	Costs And Expenses:		
8	Costs of goods and services .....	39,249	37,122
9	Selling, general, and administrative .....	13,655	11,618
10	Provision for doubtful accounts .....	170	779
11	Depreciation and amortization .....	5,437	5,077
	Charges from affiliates other than interest:		
12	Management fees .....	0	0
13	Other .....	0	0
14	Total costs and expenses .....	58,511	54,596
15	Income (Loss) From Operations .....	8,411	3,592
	Other Income (Expenses):		
16	Interest (expense) - affiliates .....	(4,250)	(4,594)
17	Interest (expense) - external .....	(377)	(466)
18	Investment alternative tax and related income (expense) - net .....	(258)	(217)
19	Nonoperating income (expense) - net .....	344	357
20	Total other income (expenses) .....	(4,541)	(4,920)
21	Income (Loss) Before Income Taxes And Extraordinary Items .....	3,870	(1,328)
22	Provision (credit) for income taxes ..... NOTE 9	1,312	(503)
23	Income (Loss) Before Extraordinary Items .....	2,558	(825)
24	Extraordinary items (net of income taxes - 19 91, \$ _____ ; 19 90, \$ _____)	0	0
25	Net Income (Loss) .....	\$ 2,558	\$ (825)

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 ATLANTIC CITY SHOWBOAT, INC.

STATEMENTS OF INCOME

FOR THE THREE MONTHS ENDED MARCH 31, 1992 AND 1991  
(UNAUDITED)  
(\$ IN THOUSANDS )

LINE (a)	DESCRIPTION (b)	(c) 19 92	(d) 19 91
	Revenue:	\$	\$
1	Casino .....	61,835	53,103
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	Charges from affiliates other than interest:		
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13	Other .....	0	0
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23	Income (Loss) Before Extraordinary Items .....	2,558	(825)
24	Extraordinary items (net of income taxes - 19 91, \$ _____ ; 19 90, \$ _____ .....	0	0
25	Net Income (Loss) .....	\$ 2,558	\$ (825)

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 ATLANTIC CITY SHOWBOAT, INC.

STATEMENTS OF CHANGES IN STOCKHOLDERS' EQUITY

FOR THE THREE MONTHS ENDED MARCH 31, 1992 AND 1991

(UNAUDITED)

(\$ IN THOUSANDS )

LINE (a)	DESCRIPTION (b)	1992		1991	
		(c) SHARES	(d) DOLLARS	(e) SHARES	(f) DOLLARS
1	Common Stock: 2500 SHARES AUTHORIZED Beginning balance (January 1) .....	1,500	76,909	1,500	76,909
2	Sale of stock .....				
3	.....				
4	Ending balance .....	1,500	76,909	1,500	76,909
5	Preferred Stock: Beginning balance (January 1) .....				
6	Sale of stock .....				
7	.....				
8	Ending balance .....				
9	Additional Paid-in Capital: Beginning balance (January 1) .....				
10	.....				
11	.....				
12	Ending balance .....				
13	Treasury Stock: Beginning balance (January 1) .....		( )		( )
14	Purchase of additional stock .....		( )		( )
15	Sale or retirement of stock .....				
16	Ending balance .....		( )		( )
17	Subscriptions Receivable For Capital Stock: Beginning balance (January 1) .....		( )		( )
18	.....				
19	.....				
20	Ending balance .....		( )		( )
21	Net Unrealized Loss On Noncurrent Marketable Equity Securities: Beginning balance (January 1) .....		( )		( )
22	.....				
23	.....				
24	Ending balance .....		( )		( )
25	Retained Earnings: Beginning balance (January 1) .....		(24,915)		(32,748)
26	Prior period adjustments .....				
27	Net income (loss) .....		2,558		(825)
28	Dividends .....				
29	.....				
30	.....				
31	Ending balance .....		(22,357)		(33,573)
32	Ending Stockholder's Equity .....		54,552		43,336

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 Atlantic City Showboat  
**STATEMENTS OF CHANGES IN PARTNERS'**

**OR PROPRIETOR'S EQUITY**

FOR THE 3 MONTHS ENDED MARCH 31, 19 92 AND 19 91

(UNAUDITED)  
 (\$ IN THOUSANDS)

**NOT APPLICABLE**

LINE (a)	DESCRIPTION (b)	(c) 19 ____	(d) 19 ____
	<b>Invested Capital:</b>		
1	Beginning balance (January 1) .....	\$	\$
2	Additional capital invested .....		
3	.....		
4	Ending balance .....		
	<b>Accumulated Income (Loss):</b>		
5	Beginning balance (January 1) .....		
6	Prior period adjustments .....		
7	Net income (loss) .....		
8	.....		
9	Ending balance .....		
	<b>Capital Withdrawals:</b>		
10	Beginning balance (January 1) .....	( )	( )
11	Additional capital withdrawals .....	( )	( )
12	.....		
13	Ending balance .....	( )	( )
	<b>Net Unrealized Loss On Noncurrent Marketable Equity Securities:</b>		
14	Beginning balance (January 1) .....	( )	( )
15	.....		
16	.....		
17	Ending balance .....	( )	( )
18	<b>Ending Partners' Or Proprietor's Equity .....</b>	<b>\$</b>	<b>\$</b>

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 ATLANTIC CITY SHOWBOAT, INC.

STATEMENTS OF CASH FLOWS

FOR THE THREE MONTHS ENDED MARCH 31, 1992 AND 1991  
(UNAUDITED)  
(\$ IN THOUSANDS )

LINE (a)	DESCRIPTION (b)	(c) 19 92	(d) 19 91
1	Net Cash Provided(Used) By Operating Activities .....	\$ (274)	\$ (9,075)
2	Cash Flows From Investing Activities:		
	Purchase of short-term investment securities .....		
3	Proceeds from the sale of short-term investment securities .....		
4	Cash outflows for property and equipment .....	(4,474)	(2,495)
5	Proceeds from disposition of property and equipment .....	14	393
6	Purchase of casino reinvestment obligatons .....	(671)	(660)
7	Purchase of other investments and loans/advances made .....	0	0
8	Proceeds from disposal of investments and collection of advances and long-term receivables .....	1,259	2,515
9	Cash outflows to acquire business entities .....		
10	.....	0	0
11	.....		
12	Net Cash Provided (Used) By Investing Activities .....	(3,872)	(247)
13	Cash Flows From Financing Activities:		
	Cash proceeds from issuance of short-term debt .....		
14	Payments to settle short-term debt .....		
15	Cash proceeds from issuance of long-term debt .....		
16	Cost of issuing debt .....		
17	Payments to settle long-term debt .....	(781)	(709)
18	Cash proceeds from issuing stock or capital contributions .....		
19	Purchases of treasury stock .....		
20	Payments of dividends or capital withdrawals .....	0	0
21	.....	0	0
22	.....		
23	Net Cash Provided (Used) By Financing Activities .....	(781)	(709)
24	Net Increase (Decrease) In Cash And Cash Equivalents .....	(4,927)	(10,031)
25	Cash And Cash Equivalents At Beginning Of Years .....	27,826	32,300
26	Cash And Cash Equivalents At End Of Years .....	\$ 22,899	\$ 22,269

SUPPLEMENTAL DISCLOSURE OF CASH FLOW INFORMATION

27	Cash Paid During Period For: Interest ( net of amount capitalized) .....	\$ 8,759	\$ 9,331
28	Income taxes .....	\$ 650	\$ 650

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 ATLANTIC CITY SHOWBOAT, INC.

STATEMENTS OF CASH FLOWS

FOR THE THREE MONTHS ENDED MARCH 31, 1992 AND 1991  
(UNAUDITED)  
(\$ IN THOUSANDS )

LINE (a)	DESCRIPTION (b)	(c) 19 92	(d) 19 91
	<b>Net Cash Flows From Operating Activities:</b>		
29	Net income (loss).....	\$ 2,558	\$ (825)
	<b>Noncash items included in income and cash items excluded from income:</b>		
30	Depreciation and amortization of property and equipment .....	5,436	5,077
31	Amortization of other assets .....	117	122
32	Amortization of debt discount or premium .....		
33	Deferred income taxes - current .....		
34	Deferred income taxes - noncurrent .....	812	37
35	(Gain) loss on disposition of property and equipment .....	(4)	152
36	(Gain) loss on casino reinvestment obligations .....	258	217
37	(Gain) loss from other investment activities .....		
38	Net (increase) decrease in receivables and patrons' checks .....	471	1,100
39	Net (increase) decrease in inventories .....	(35)	6
40	Net (increase) decrease in other current assets .....	(1,177)	(521)
41	Net (increase) decrease in other assets .....	759	(145)
42	Net increase (decrease) in accounts payables .....	(1,045)	(1,049)
43	Net increase (decrease) in other current liabilities excluding del.....	(2,550)	(5,668)
44	Net increase (decrease) in other noncurrent liabilities excluding del.....	(5,874)	(7,578)
45			
46		0	0
47	<b>Net Cash Provided (Used) By Operating Activities .....</b>	<b>\$ (274)</b>	<b>\$ (9,075)</b>

SUPPLEMENTAL SCHEDULE OF NONCASH INVESTING AND FINANCING ACTIVITIES

48	<b>Acquisition Of Property And Equipment:</b> Additions to property and equipment .....	\$ 4,474	\$ 2,495
49	Less: Capital lease obligations incurred .....		
50	<b>Cash Outflows For Property And Equipment .....</b>	<b>\$ 4,474</b>	<b>\$ 2,495</b>
	<b>Acquisition Of Business Entries:</b>		
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	<b>Cash Outflows To Acquire Business Entries .....</b>	<b>\$</b>	<b>\$</b>
	<b>Stock Issued Or Capital Contributions:</b>		
57	Total issuances of stock or capital contributions .....	\$	\$
58	Less: Issuances to settle long-term debt .....		
59	Consideration in acquisition of business entities .....		
60	<b>Cash Proceeds From Issuing Stock Or Capital Contributions .....</b>	<b>\$</b>	<b>\$</b>
	Non cash dividend to SBI		

# SCHEDULE OF RECEIVABLES AND PATRONS' CHECKS

MARCH 31, 19 92

(UNAUDITED)  
(\$ IN THOUSANDS)

ACCOUNTS RECEIVABLE BALANCES				
LINE (a)	DESCRIPTION (b)	ACCOUNT BALANCE (c)	ALLOWANCE (d)	ACCOUNTS RECEIVABLE- (e) NET OF ALLOWANCE
	Patrons' Checks:			
1	Undeposited patrons' checks .....	\$ 3,086		
2	Returned patrons' checks .....	4,034		
3	Total patrons' checks .....	7,120	\$ 3,448	\$ 3,672
4	Hotel Receivables .....	496	133	363
	Other Receivables:			
5	Receivables due from officers and employees.....			
6	Receivables due from affiliates .....	125		
7	Other accounts and notes receivables .....	195		
8	Total other receivables .....	320	0	
9	Totals (Form 205).....	\$ 7,936	\$ 3,581	\$ 4,355

UNDEPOSITED PATRONS' CHECKS ACTIVITY		
LINE (f)	DESCRIPTION (g)	AMOUNT (h)
10	Beginning Balance (January 1) .....	\$ 3,143
11	Counter checks issued (excluding counter checks issued through transactions relating to consolidations, partial redemptions, substitutions, and patrons' cash deposits) .....	25,496
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) .....	(17,314)
13	Checks collected through deposits .....	(7,259)
14	Checks transferred to returned checks .....	(980)
15	Other adjustments .....	
16	Ending Balance .....	\$ 3,086
17	"Hold" Checks Included In Balance On Line 16 .....	\$
18	Provision For Uncollectible Patrons' Checks .....	\$ 143
19	Provision As A Percent Of Counter Checks Issued .....	0.6%

ATLANTIC CITY SHOWBOAT, INC.

Notes to Financial Statements

March 31, 1992 and 1991

1. Summary of Significant Accounting Policies

Nature of Operations

Atlantic City Showboat, Inc. (the Company), is a wholly-owned subsidiary of Ocean Showboat, Inc. (OSI), which is a wholly-owned subsidiary of Showboat, Inc. (SBO). OSI was incorporated in 1983 and is a holding company with its principal assets being investments in the Company and Ocean Showboat Finance Corporation (OSFC). OSFC was organized in December 1986 in connection with the sale of \$180,000,000 of 11.375% Mortgage-Backed Bonds Due 2002 (the Bonds). The Company conducts casino gaming operations and operates full supportive services of hotel, restaurant, bar, bowling, and convention facilities at the Showboat Hotel and Casino in Atlantic City, New Jersey (Atlantic City Showboat).

Disclosure

In accordance with the Quarterly Report Instructions, the Company has not submitted updated information for the summary of significant accounting policies, aggregate maturities of long term debt, future lease obligations and the reconciliation of the provision for income taxes to the statutory rate. There has been no significant changes to the information submitted in our December 31, 1991 Annual Report.

Cash and Cash Equivalents

For purposes of the statement of cash flows, the Company considers all highly liquid investment instruments purchased with an original maturity of three months or less to be cash equivalents.

2. Related Party Transactions

In November 1985, the Company and Showboat, Inc. (SBO) entered into a Parent Services Agreement whereby SBO agreed to provide the Company with executive, financial, data processing, legal, marketing, tax planning and compliance, and administrative services. SBO's services are intended to support and supplement the routine functions and responsibilities of the Company's staff and are not intended to substitute for the Company's performance or OSI's oversight responsibilities. In addition to the services outlined above, SBO has also granted the Company a nonexclusive right to the use of each of SBO's trademarks, service marks, trade names, and logos in the operations of the Company's business, including the registered trademark "Showboat."

In consideration for such services and license, the Company has agreed to pay SBO a fee equal to five percent of gross revenues, payable on a quarterly basis. The Indenture provides that this management fee may not be paid during any period in which certain tests are not met.

(Continued)

ATLANTIC CITY SHOWBOAT, INC.  
Notes to Financial Statements

2 . Continued

Related Party Transactions

In December 1990, SBO and the Company agreed effective January 1, 1990 to cancel and terminate the Company's obligation to pay management fees to SBO during the period from January 1, 1990 until the fees accrued prior to January 1, 1990 (approximately \$24,678,000 net of intercompany tax obligations) are paid in full to SBO and that upon payment in full the obligation to pay fees will recommence for periods beginning after payment of the accrued fees. Under the terms of the Indenture, accrued management fees can be paid once earnings before interest expense and income taxes on a rolling twelve-month basis is 1.5 times the interest expense for the next twelve months (Threshold). The multiple increases to 1.6 times effective July 1, 1992, and increases on each succeeding July 1, by .1 until July 1, 1996, when the multiple becomes and remains 2.0 for the remaining life of the issue. On March 22, 1991, the New Jersey Casino Control Commission (Commission) ruled that all payments of management fees pursuant to the Parent Services Agreement must receive the prior approval of the Commission. During the quarter ended March 31, 1992, the Company met the Threshold and with the approval of the Commission paid to SBO management fees, net of intercompany tax obligations, of \$2,557,000. At March 31, 1992, the Company owed \$12,642,000 in accrued fees, net of intercompany tax obligations, to SBO for SBO's services rendered to the Company in accordance with the Parent Services Agreement and capitalized interest related to the original construction of Atlantic City Showboat.

On March 18, 1987, OSFC issued \$180,000,000 of Bonds, with interest payable semi-annually at the annual rate of 11.375%. The proceeds and related issuance costs of the Bonds were subsequently transferred to the Company in exchange for a promissory note containing the same terms and conditions to which OSFC is subject. OSFC is required to redeem, on March 15 in each year, commencing in 1994 and ending in 2001, \$18,000,000 of Bonds at a redemption price equal to 100% of the principal amount thereof. During the years ended December 31, 1991 and 1990, the Company purchased \$12,096,000 and \$18,460,000 face value, respectively, of the Bonds. The Company can apply these purchased Bonds toward the required redemptions which, if applied, would satisfy the requirement fully for March 15, 1994 and \$12,556,000 of the March 15, 1995 required redemption. However, the Company does not currently plan to apply the purchased Bonds.

The Bonds are secured by a leasehold mortgage on the Company's ground lease on the site of the Atlantic City Showboat, the Atlantic City Showboat complex, and certain personal property. The Bonds are unconditionally guaranteed by OSI. The Indenture places significant restrictions on the payment of dividends, the making of loans and advances by the Company to SBO and its Las Vegas subsidiaries, the payment of management fees to SBO, the incurrence of additional indebtedness by the Company (except for up to \$15,000,000 of short-term borrowings), and the Company's investment activities. At March 31, 1992, the restrictions in the Indenture did not permit OSI to pay dividends to SBO.

(Continued)

**ATLANTIC CITY SHOWBOAT, INC.**  
Notes to Financial Statements

2 . Continued

Related Party Transactions

At March 31, 1992, the Company had available an unsecured line of credit totaling \$10,000,000. The line has an interest rate of the bank's prime rate plus 1/2% and expires May 31, 1992. Under the terms of its agreement with the bank, the Company may utilize a maximum of \$5,000,000 of the funds available under this line for repurchase of OSFC Bonds or payment of management fees to SBO without prior approval from the bank. At March 31, 1992, no funds had been drawn on this line of credit.

3 . Receivables

As of March 31, 1992 and 1991, receivables consisted of the following (dollars in thousands):

	1992	1991
Casino	\$ 7,120	9,625
Hotel	496	686
Other	320	496
	7,936	10,807
Less allowance for doubtful accounts	3,581	5,223
	\$ 4,355	5,584

4 . Property and Equipment

As of March 31, 1992 and 1991, Property and equipment consisted of the following: (dollars in thousands):

	1992	1991
Building and improvements	\$ 198,355	195,504
Furniture, fixtures & equipment	62,997	54,560
Properties under capital lease;		
Building	2,050	2,050
Furniture, Fixtures & Equipment	18,706	19,511
Construction in progress	4,177	1,273
	286,285	272,898
Less accumulated depreciation and amortization	81,721	62,210
	\$ 204,564	210,688

Rent expense for all operating leases (except those with terms of a month or less that were not renewed) was \$2,098,000 and \$2,052,000 for the three months ended March 31, 1992 and 1991, respectively.

ATLANTIC CITY SHOWBOAT, INC.  
Notes to Financial Statements

5. Other Accrued Expenses

As of March 31, 1992 and 1991, other accrued expenses consisted of the following (dollars in thousands) :

	1992	1991
Salaries and wages	\$ 4,485	3,693
Taxes, other than taxes on income	2,270	1,977
Medical claims	1,079	1,152
Settlement Claims	784	711
Progressive slot liability	2,040	2,017
Accrued advertising and promotion	2,031	1,882
Accrued CCC/DGE fees and assessments	563	623
Other	370	409
	\$ 13,622	12,464

6. Other Current Liabilities

As of March 31, 1992 and 1991, other current liabilities consisted of the following (dollars in thousands) :

	1992	1991
Due to affiliates - interest	\$ 708	760
Management fee payable - current	7,000	6,000
Other	649	743
	8,357	7,503

7. Leases

The Company leases certain furniture and equipment and a warehouse under long-term lease agreements. The leases covering furniture and equipment, which expire through 1994, and a warehouse, which expires in 2001, are classified as capital leases. The Company has the option to purchase the warehouse from January 1, 1996 through March 31, 2001 at an option price of approximately \$1,928,000.

The Company is leasing 10 1/2 acres of Boardwalk property in Atlantic City, New Jersey for a term of 99 years commencing October 1983. Annual rent payments, which are payable monthly, commenced upon opening of the Atlantic City Showboat. The rent will be adjusted annually based upon increases or decreases in the Consumer Price Index, not to exceed 10% per year during the second through the sixth lease years. In April 1992, the annual rent increased \$244,000 to \$7,875,000. Under the lease, the Company is responsible for taxes, assessments, insurance and utilities.

Rent expense for all operating leases (except those with terms of a month or less that were not renewed) was \$2,088,000 and \$2,003,000 for the three months ended March 31, 1992 and 1991, respectively.

ATLANTIC CITY SHOWBOAT, INC.

Notes to Financial Statements

8. STOCK PLANS

On May 17, 1990, the shareholders of SBO approved a long-term incentive plan in which officers and key employees of the Company participate. Up to 600,000 shares of SBO common stock may be awarded to plan participants as either restricted shares or stock options. Restricted shares and options vest over a five-year period. The options are exercisable, subject to vesting, over ten years at option prices determined by the Compensation Committee and subject to the approval of the Board of Directors provided that the option price is not less than 75% of the fair market value of SBO's common stock determined on the date of grant of the options. As of March 31, 1992, 225,970 stock options have been granted at fair market value and 100,200 restricted shares have been issued from SBO shares purchased by the Company to its officers and key employees. The cost of the issued shares included in Investment, Advances and Receivables on the balance sheet is \$418,000 at March 31, 1992.

Unearned compensation representing restricted stock issued for future services was recorded on the date of grant at the market value of SBO's common stock of \$7.625 and is being amortized ratably from the date of grant over the five-year vesting period as it is earned. Compensation expense of \$31,000 was recognized for the three months ended March 31, 1992 and 1991. Unearned compensation at March 31, 1992 and 1991 is \$213,000 and \$364,000, respectively, and is included on the balance sheets in Deposits and Other Assets.

In April, 1992, the Board of Directors of the Company adopted the Showboat, Inc. 1992 Employee Stock Option Plan (Plan) for all full-time and part-time employees. Showboat, Inc. reserved an aggregate of 1,000,000 shares of Showboat, Inc. common stock for issuance under the Plan. The exercise price of an option shall not be less than the fair market value of Showboat, Inc.'s common stock on the date of grant. Options, all of which expire 10 years from the date of grant, are subject to a vesting schedule and continued affiliation with the Company.

9. INCOME TAXES

For the three months ended March 31, Income tax expense consisted of the following: (dollars in thousands)

	<u>1992</u>	<u>1991</u>
<b>Federal:</b>		
Current	\$ 2,482	(503)
Deferred	2,935	-
	<u>5,417</u>	<u>(503)</u>
<b>State taxes</b>	-	-
	<u>\$ 5,417</u>	<u>(503)</u>

The income tax expense (benefit) for the quarters ended March 31, reflects an estimate of the effective annual tax rate applicable to the filing periods ending June 30 of the following quarter.

ATLANTIC CITY SHOWBOAT, INC.  
Notes to Financial Statements

10 . EMPLOYEE BENEFIT PLANS

Effective November 1, 1989, the Company amended its retirement and savings plan for eligible employees not covered by a collective bargaining agreement. Under the terms of the amended plan, eligible employees may defer up to 3% of their compensation, as defined, of which 100% of the deferral is matched by the Company. Eligible employees may contribute an additional 12% of their compensation which will not be matched by the Company. Amounts contributed by the Company vest over a five-year period. The Company contributed \$230,000, and \$177,000 to this plan for the three months ended March 31, 1992 and 1991, respectively.

The Company's union employees are covered by union-sponsored, collectively-bargained, multi-employer pension plans. Contributions are determined in accordance with the provisions of negotiated labor contracts and generally are based on the number of man-hours worked. Contributions to the plans were \$79,000 and \$74,000 during the three months ended March 31, 1992 and 1991, respectively.

11 . PROMOTIONAL ALLOWANCES AND EXPENSES

For the three months ended March 31, Promotional allowances and expenses consisted of the following: (dollars in thousands)

	<u>Allownaces</u>		<u>Expenses</u>	
	<u>Recipients</u>	<u>Amount</u>	<u>Recipients</u>	<u>Amount</u>
Rooms	14	\$ 1,543	-	\$ -
Food	262	2,552	-	-
Beverage	1,339	1,044	-	-
Showroom	34	337	-	-
Coin	-	-	534	6,410
Travel	-	-	3	446
Other	-	-	-	9
	<u>1,649</u>	<u>\$ 5,476</u>	<u>537</u>	<u>\$ 6,865</u>

12 . NEW JERSEY INVESTMENT OBLIGATION

The New Jersey Casino Control Act (the Act) provides, among other things, for an assessment on a gaming license based upon its gross casino revenues after completion of its first full year of operation. This assessment may be satisfied by investing in qualified direct investments, purchasing bonds issued by the Casino Reinvestment Development Authority (CRDA), or paying an "alternative tax". In order for direct investments to be eligible, they must be approved by the CRDA.

Deposits with the CRDA bear interest at two-thirds of market rates resulting in a current value lower than cost. At March 31, 1992 and 1991, investments, advances and receivables include \$7,812,000 and \$5,797,000, respectively, representing the Company's deposits with the CRDA of \$11,692,000 at March 31, 1992 and \$8,670,000 at March 31, 1991, net of a valuation allowance of \$3,880,000 and \$2,873,000, respectively.



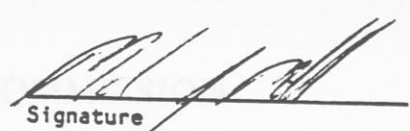
# STATEMENT OF CONFORMITY AND ACCURACY

STATE OF NEW JERSEY :  
COUNTY OF ATLANTIC :ss.  
:

MARK MILLER, being duly sworn according to law upon my oath  
Name

deposes and says:

1. I have examined this Quarterly Report.
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. The information contained in this Quarterly Report is accurate to the best of my knowledge and belief.

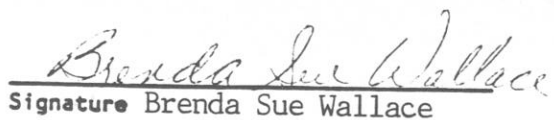
  
Signature

VICE PRESIDENT/FINANCE  
Title

3587-11  
License Number

Subscribed and sworn to  
before me this 15th day  
of May, 19 92

On Behalf Of:

  
Signature Brenda Sue Wallace

Atlantic City Showboat, Inc.  
Casino Licensee

**BRENDA SUE WALLACE**  
NOTARY PUBLIC OF NEW JERSEY  
My Commission Expires Jan. 30, 1995.

\_\_\_\_\_  
Basis of Authority  
to Take Oaths

# QUARTERLY REPORT

974.901  
C193

LICENSEE GNOC, CORP. (Bally's Grand)  
ADDRESS P.O. Box 1737, Boston and Pacific Avenues  
Atlantic City, New Jersey 08401

FOR THE QUARTER ENDED MARCH 31, 1992

TO THE  
CASINO CONTROL COMMISSION  
OF THE  
STATE OF NEW JERSEY



PROPERTY OF  
NEW JERSEY STATE LIBRARY

MAY 27 1992

185 W. STATE ST.  
TRENTON, N.J.

NAME OF OFFICER IN CHARGE  
OF CORRESPONDENCE REGARDING  
THIS QUARTERLY REPORT . . .  
OFFICIAL TITLE . . . . .  
ADDRESS . . . . .

Donna Graham  
Corporate Controller  
P.O. Box 1737, Boston and Pacific Avenues  
Atlantic City, New Jersey 08401

TRADING NAME OF LICENSEE: GNOC, CORP. (BALLY'S GRAND)

# LIST OF FORMS - QUARTERLY REPORT

FOR THE QUARTER ENDED MARCH 31, 1992

<u>TITLE</u>	<u>FORM NO.</u>
Balance Sheets	CCC-205
Statements of Income (Year-to-Date)	CCC-210
Statements of Income (Three Months)	CCC-215
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
Notes to Financial Statements	
Schedule of Receivables and Patrons' Checks	CCC-240
Statement of Conformity and Accuracy	CCC-250
Total current liabilities	42,007
Long-Term Debt:	
Due to affiliates	267,134
Other	
Deferred Credits	9,393
Other Liabilities	29,697
Commitments And Contingencies	
Total Liabilities	348,228
Stockholders', Partners', Or Proprietor's Equity	66,493
Total Liabilities And Equity	414,721

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

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

\* Related to conform to 1992 presentation.

CCC-205

CCC-201

TRADING NAME OF LICENSEE: GNOC, CORP. (BALLY'S GRAND)

## BALANCE SHEETS

MARCH 31, 1992 AND 1991

(UNAUDITED)

(\$ IN THOUSANDS)

LINE (a)	DESCRIPTION (b)	(c) 1992	(d) 1991
	<b>ASSETS</b>		
	Current Assets:	\$	\$
1	Cash . . . . .	4,361	8,205
2	Marketable securities . . . . . NOTE 2 . .	6,825	13,375
3	Receivables and patrons' checks (net of allowance for doubtful accounts - 1992, \$12,302 ; 1991, \$14,126 ) . . . . .	2,598	4,618 *
4	Inventories . . . . .	1,281	1,546
5	Prepaid expenses and other current assets . . . . . NOTE 3 . .	37,016	14,353 *
6	Total current assets . . . . .	52,081	42,097
7	Investments, Advances, and Receivables . . . . . NOTE 4 . .	1,940	4,271
8	Property And Equipment - Net . . . . . NOTE 5 . .	241,389	250,646
9	Other Assets . . . . . NOTE 6 . .	112,144	117,704
10	Total Assets . . . . .	\$ 407,554	\$ 414,718
	<b>LIABILITIES AND EQUITY</b>		
	Current Liabilities:		
11	Accounts payable . . . . .	\$ 1,551	\$ 1,959 *
12	Notes payable . . . . . NOTE 7 . .	2,700	2,700
	Current portion of long-term debt . . . . .		
13	Due to affiliates . . . . .	-	-
14	Other . . . . .	-	-
15	Income taxes payable and accrued . . . . .	2,245	3,645
16	Other accrued expenses . . . . . NOTE 8 . .	29,423	29,890 *
17	Other current liabilities . . . . . NOTE 9 . .	3,298	3,813 *
18	Total current liabilities . . . . .	39,217	42,007
	Long-Term Debt:		
19	Due to affiliates . . . . . NOTE 10 . .	265,542	267,134
20	Other . . . . .	-	-
21	Deferred Credits . . . . . NOTE 11 . .	9,750	9,393
22	Other Liabilities . . . . . NOTE 12 . .	30,517	29,691
23	Commitments And Contingencies . . . . . NOTE 19 . .	-	-
24	Total Liabilities . . . . .	345,026	348,225
25	Stockholders', Partners', Or Proprietor's Equity . . . . . NOTE 13 . .	62,528	66,493
26	Total Liabilities And Equity . . . . .	\$ 407,554	\$ 414,718

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. (BALLY'S GRAND)

## STATEMENTS OF INCOME

FOR THE THREE MONTHS ENDED MARCH 31, 1992 and 1991  
(UNAUDITED)  
(\$ IN THOUSANDS)

LINE (a)	DESCRIPTION (b)	(c) 1992	(d) 1991
	Revenue:	\$	\$
1	Casino .....	46,197	41,870
2	Rooms .....	3,823	3,356
3	Food and beverage .....	6,063	5,712
4	Other .....	1,479	1,477
5	Total revenue .....	57,562	52,415
6	Less: Promotional allowances ..... NOTE 14..	7,090	6,241
7	Net revenue .....	50,472	46,174
	Costs And Expenses:		
8	Cost of goods and services .....	22,828	21,909 *
9	Selling, general, and administrative .....	16,320	14,522 *
10	Provision for doubtful accounts .....	289	289 *
11	Depreciation and amortization .....	4,519	4,262
	Charges from affiliates other than interest:		
12	Management fees .....	-	-
13	Other ..... NOTE 16..	1,555	1,082 *
14	Total costs and expenses .....	45,511	42,064
15	Income (Loss) From Operations .....	4,961	4,110
	Other Income (Expenses):		
16	Interest (expense)-affiliates .....	(8,180)	(8,258)
17	Interest (expense)-external .....	-	(300)
18	Investment alternative tax and related income (expense) - net ..	(58)	(50)
19	Nonoperating income (expense)-net ..... NOTE 17..	433	192
20	Total other income (expenses) .....	(7,805)	(8,416)
21	Income (Loss) Before Income Taxes And Extraordinary Items .....	(2,844)	(4,306)
22	Provision (credit) for income taxes ..... NOTE 18..	(555)	(1,378)
23	Income (Loss) Before Extraordinary Items .....	(2,289)	(2,928)
24	Extraordinary items (net of income taxes - 1990, \$ - ; 1989, \$ - ) .....	-	-
25	Net Income (Loss) .....	\$ (2,289)	\$ (2,928)

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

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

1/89

\* Restated to conform to 1992 presentation.

CCC-210

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

CCC-210

TRADING NAME OF LICENSEE: GNOC, CORP. (BALLY'S GRAND)

# STATEMENT OF CHANGES IN STOCKHOLDERS' EQUITY

FOR THE THREE MONTHS ENDED MARCH 31, 1992 and 1991

(UNAUDITED)

(\$ IN THOUSANDS)

LINE (a)	DESCRIPTION (b)	1992		1991	
		(c) SHARES	(d) DOLLARS	(e) SHARES	(f) DOLLARS
	Common Stock:		\$		\$
1	Beginning balance (January 1) . . . . .	3,002,500	30	3,002,500	30
2	Sale of stock. . . . .				
3	_____ . . . . .				
4	Ending balance. . . . .	3,002,500	30	3,002,500	30
	Preferred Stock:				
5	Beginning balance (January 1) . . . . .				
6	Sale of stock. . . . .				
7	_____ . . . . .				
8	Ending balance. . . . .				
	Additional Paid-In Capital:				
9	Beginning balance (January 1) . . . . .		65,712		65,712
10	Capital contribution . . . . .				
11	_____ . . . . .				
12	Ending balance. . . . .		65,712		65,712
	Treasury Stock:				
13	Beginning balance (January 1) . . . . .		( )		( )
14	Purchase of additional stock. . . . .		( )		( )
15	Sale or retirement of stock. . . . .				
16	Ending balance. . . . .		( )		( )
	Subscriptions Receivable For Capital Stock:				
17	Beginning balance (January 1) . . . . .		( )		( )
18	_____ . . . . .				
19	_____ . . . . .				
20	Ending balance. . . . .		( )		( )
	Net Unrealized Loss On Noncurrent Marketable Equity Securities:				
21	Beginning balance (January 1) . . . . .		( )		( )
22	_____ . . . . .				
23	_____ . . . . .				
24	Ending balance. . . . .		( )		( )
	Retained Earnings:				
25	Beginning balance (January 1) . . . . .		(925)		3,679
26	Prior period adjustments. . . . .				
27	Net income (loss). . . . .		(2,289)		(2,928)
28	Dividends. . . . .		( )		( )
29	_____ . . . . .				
30	_____ . . . . .				
31	Ending balance. . . . .		(3,214)		751
	Ending Stockholders'				
32	Equity. . . . .		\$ 62,528		\$ 66,493

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. (BALLY'S GRAND)

# STATEMENT OF CHANGES IN PARTNERS' OR PROPRIETOR'S EQUITY

FOR THE THREE MONTHS ENDED MARCH 31, 1992 and 1991

(UNAUDITED)

(\$ IN THOUSANDS)

- NOT APPLICABLE -

LINE (a)	DESCRIPTION (b)	(c) 1992	(d) 1991
	<b>Invested Capital:</b>	\$	\$
1	Beginning balance (January 1) . . . . .		
2	Additional capital invested. . . . .		
3	_____ . . . . .		
4	Ending balance. . . . .		
	<b>Accumulated Income (Loss):</b>		
5	Beginning balance (January 1) . . . . .		\$72
6	Prior period adjustments. . . . .		
7	Net income (loss). . . . .		
8	_____ . . . . .		
9	Ending balance. . . . .		
	<b>Capital Withdrawals:</b>		
10	Beginning balance (January 1) . . . . .		
11	Additional capital withdrawals. . . . .		
12	_____ . . . . .		
13	Ending balance. . . . .		
	<b>Net Unrealized Loss On Noncurrent Marketable Equity Securities:</b>		
14	Beginning balance (January 1) . . . . .		
15	_____ . . . . .		
16	_____ . . . . .		
17	Ending balance. . . . .		
18	<b>Ending Partners' Or Proprietor's Equity. . . . .</b>	<b>\$ 4,361</b>	<b>\$ 4,205</b>

SUPPLEMENTAL DISCLOSURE OF CASH FLOW INFORMATION

Cash Paid During Year For:		
Interest (net of amount capitalized) . . . . .	\$ 148	\$ 61
Income taxes . . . . .	\$ 14	\$ 14

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. (BALLY'S GRAND)

# STATEMENTS OF CASH FLOWS

FOR THE THREE MONTHS ENDED MARCH 31, 1992 AND 1991

(UNAUDITED)

(\$ IN THOUSANDS)

Line (a)	Description (b)	(c) 1992	(d) 1991
1	Net Cash Provided (Used) By Operating Activities . . . . .	\$ 10,059	\$ 6,795
	Cash Flows From Investing Activities:		
2	Purchase of short-term investment securities . . . . .	(1,975)	(6,100)
3	Proceeds from the sale of short-term investment securities . . .	-	-
4	Cash outflows for property and equipment . . . . .	(2,322)	(639) *
5	Proceeds from disposition of property and equipment . . . . .	-	119 *
6	Purchase of casino reinvestment obligations . . . . .	(116)	(101)
7	Purchase of other investments and loans/advances made . . . . .	-	-
8	Proceeds from disposal of investment and collection of advances and long-term receivables . . . . .	571	572
9	Cash outflows to acquire business entities . . . . .	-	-
10	Short-term advance to Bally's Park Place, Inc. . . . .	(8,000)	-
11	_____ . . . . .	-	-
12	Net Cash Provided (Used) By Investing Activities . . . . .	(11,842)	(6,149)
	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 . . . . .	-	-
16	Costs of issuing debt . . . . .	-	-
17	Payments to settle long-term debt . . . . .	-	-
18	Cash proceeds from issuing stock or capital contribution . . . . .	-	-
19	Purchases of treasury stock . . . . .	-	-
20	Payments of dividends or capital withdrawals . . . . .	-	-
21	_____ . . . . .	-	-
22	_____ . . . . .	-	-
23	Net Cash Provided (Used) By Financing Activities . . . . .	-	-
24	Net Increase (Decrease) In Cash And Cash Equivalents . . . . .	(1,783)	646
25	Cash And Cash Equivalents At Beginning Of Year . . . . .	6,144	7,559
26	Cash And Cash Equivalents At End Of Year . . . . .	\$ 4,361	\$ 8,205

## SUPPLEMENTAL DISCLOSURE OF CASH FLOW INFORMATION

	Cash Paid During Year For:		
27	Interest (net of amount capitalized) . . . . .	\$ 44	\$ 61 *
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.

TRADING NAME OF LICENSEE: GNOC, CORP. (BALLY'S GRAND)

# STATEMENTS OF CASH FLOWS

FOR THE THREE MONTHS ENDED MARCH 31, 1992 AND 1991

(UNAUDITED)

(\$ IN THOUSANDS)

Line (a)	Description (b)	(c) 1992	(d) 1991
	<b>Net Cash Flows From Operating Activities:</b>		
29	Net income (loss) . . . . .	\$ (2,289)	\$ (2,928)
	Noncash items included in income and cash items excluded from income:		
30	Depreciation and amortization of property and equipment . . . . .	3,259	3,083
31	Amortization of other assets . . . . .	1,260	1,179
32	Amortization of debt discount or premium . . . . .	(443)	(383)
33	Deferred income taxes - current . . . . .	(57)	-
34	Deferred income taxes - noncurrent . . . . .	(282)	(55) *
35	(Gain) loss on disposition of property and equipment . . . . .	-	-
36	(Gain) loss on casino reinvestment obligations . . . . .	58	50
37	(Gain) loss from other investment activities . . . . .	-	-
38	Net (increase) decrease in receivables and patrons' checks . . . . .	1,490	1,180 *
39	Net (increase) decrease in inventories . . . . .	59	513
40	Net (increase) decrease in other current assets . . . . .	(459)	(1,224) *
41	Net (increase) decrease in other assets . . . . .	-	(416)
42	Net increase (decrease) in accounts payables . . . . .	(549)	(498) *
43	Net increase (decrease) in other current liabilities excluding debt . . . . .	7,803	6,086 *
44	Net increase (decrease) in other noncurrent liabilities excluding debt . . . . .	209	208
45		-	-
46		-	-
47	<b>Net Cash Provided (Used) By Operating Activities . . . . .</b>	<b>\$ 10,059</b>	<b>\$ 6,795</b>

## SUPPLEMENTAL SCHEDULE OF NONCASH INVESTING AND FINANCING ACTIVITIES

	<b>Acquisition Of Property And Equipment:</b>		
48	Additions to property and equipment . . . . .	\$ 2,322	\$ 639 *
49	Less: Capital lease obligations incurred . . . . .	-	-
50	<b>Cash Outflows For Property And Equipment . . . . .</b>	<b>\$ 2,322</b>	<b>\$ 639 *</b>
	<b>Acquisition Of Business Entities:</b>		
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	<b>Cash Outflows To Acquire Business Entities . . . . .</b>	<b>\$ -</b>	<b>\$ -</b>
	<b>Stock Issued Or Capital Contributions:</b>		
57	Total issuances of stock or capital contributions . . . . .	\$ -	\$ -
58	Less: Issuances to settle long-term debt . . . . .	-	-
59	Consideration in acquisition of business entities . . . . .	-	-
60	<b>Cash Proceeds From Issuing Stock Or Capital Contributions . . . . .</b>	<b>\$ -</b>	<b>\$ -</b>

GNOC, CORP.  
NOTES TO FINANCIAL STATEMENTS  
(Unaudited)

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

A. Method of Presentation

GNOC, CORP. (the "Company") is a wholly owned subsidiary of GNAC, CORP. ("GNAC"). The financial statements include the transactions between the Company, GNAC and other affiliates.

Certain reclassifications have been made to the prior period financial statements to conform with the 1992 presentation.

(a) Casino Revenue and Promotional Allowances

In accordance with industry practice, the Company recognizes as casino revenue the net win from gaming activities, which is the difference between gaming wins and losses. Net revenue in the accompanying statements of income excludes the retail value of rooms, food, beverage and other promotional allowances provided to customers without charge.

(b) Marketable Securities

Marketable securities are carried at the lower of aggregate cost or market value.

(c) Cost in Excess of Acquired Assets

Bally Manufacturing Corporation ("Bally") acquired GNAC, including the Company, other related properties and real estate property leases from Golden Nugget, Inc. ("GNI") in a transaction which has been accounted for as a purchase. The excess of the total acquisition cost and debt assumed over the fair value of net assets acquired is being amortized by the Company over forty years.

(d) Property and Equipment

All property and equipment are depreciated over their estimated useful lives using the straight line method for financial statement purposes and accelerated methods for income tax purposes.

(e) Debt Premium

Debt Premium is amortized by the bonds outstanding method over the term of the issue.

(f) Income Taxes

Taxable income or loss of the Company is included in the consolidated federal income tax return of Bally.

GNOC, CORP.  
NOTES TO FINANCIAL STATEMENTS  
(Unaudited)

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (cont.)

(f) Income Taxes (cont.)

The Company's Annual Report for the year ended December 31, 1991 disclosed certain significant income tax issues relating to tax accounting methods used by Bally's fitness center subsidiaries which resulted in a substantial assessment. In April 1992, Bally and the IRS reached a preliminary settlement (subject to certain conditions including governmental agency approvals) with respect to certain of the issues. The estimated amount due as of March 31, 1992, including interest is approximately \$79 million if the IRS were to prevail on the remaining issues. Bally intends to vigorously oppose and, if necessary, litigate the IRS' proposed deficiencies with respect to these issues. Bally estimates that if the proposed deficiencies are fully litigated, the ultimate resolution of these issues is not likely to occur for approximately three years.

B. Disclosures Not Presented

Certain disclosures have not been presented in these Notes to Financial Statements since they would duplicate disclosures contained in the Casino Control Commission Annual Report for the year ended December 31, 1991. The notes excluded are Pension Costs, Lease and Other Commitments.

NOTE 2 - MARKETABLE SECURITIES

Marketable securities as of March 31, 1992 and 1991 consisted of repurchase agreements, at cost which approximates market.

NOTE 4 - INVESTMENTS, ADVANCES AND RECEIVABLES

Investments, advances and receivables as of March 31, 1992 and 1991 consisted of New Jersey Casino Reinvestment related assets (net of discount) of \$1,940,000 and \$4,271,000, respectively.

The Company donated \$12,000 for the three months ended March 31, 1991 to the Casino Reinvestment Development Authority ("CRDA"), reducing the Company's obligations on deposit at the CRDA by such amount. The Company received \$12,000 for the three months ended March 31, 1991 in credits against future CRDA obligations.

Credits against future CRDA obligations as of March 31, 1992 and 1991 have been reclassified to Other Assets (see Note 1).

GNOC, CORP.  
 NOTES TO FINANCIAL STATEMENTS  
 (Unaudited)

NOTE 3 - PREPAID EXPENSES AND OTHER CURRENT ASSETS

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

	<u>1992</u>	<u>1991</u>
Advances to Bally's Park Place, Inc.	\$25,000,000	\$ -
Deferred federal and state income tax	10,439,000	10,702,000
Refundable federal income tax	-	1,873,000
Prepaid state gaming taxes and licenses	645,000	622,000
Prepaid operating expenses	408,000	307,000
Deposits	270,000	68,000
Prepaid insurance expenses	245,000	726,000
Prepaid entertainment costs	-	38,000
Other	9,000	17,000
	<u>\$37,016,000</u>	<u>\$14,353,000</u>
	=====	=====

For the three months ended March 31, 1992, the Company advanced \$8,000,000 to Bally's Park Place, Inc. ("Bally's Park Place"). The principal balance is due upon demand by the Company. The Company earns interest on the outstanding balance at the prime rate of Bally's Park Place's agent bank with such interest payable at the end of each month. Interest income earned on funds advanced was \$321,000 for the three months ended March 31, 1992.

NOTE 4 - INVESTMENTS, ADVANCES AND RECEIVABLES

Investments, advances and receivables as of March 31, 1992 and 1991 consisted of New Jersey Casino Reinvestment related assets (net of discount) of \$1,940,000 and \$4,271,000, respectively.

The Company donated \$23,000 for the three months ended March 31, 1991 to the Casino Reinvestment Development Authority ("CRDA"), reducing the Company's obligations on deposit at the CRDA by such amount. The Company received \$12,000 for the three months ended March 31, 1991 in credits against future CRDA obligations.

Credits against future CRDA obligations as of March 31, 1992 and 1991 have been reclassified to Other Assets (see Note 6).

GNOC, CORP.  
NOTES TO FINANCIAL STATEMENTS  
(Unaudited)

NOTE 5 - PROPERTY AND EQUIPMENT

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

	<u>1992</u>	<u>1991</u>
Buildings and leasehold improvements	\$187,507,000	\$187,390,000
Furniture, fixtures and equipment	63,841,000	62,003,000
Land and improvements	51,867,000	51,776,000
Construction in progress	2,181,000	619,000
	<u>305,396,000</u>	<u>301,788,000</u>
Less accumulated depreciation and amortization	(64,007,000)	(51,142,000)
	<u>\$241,389,000</u>	<u>\$250,646,000</u>
	=====	=====

NOTE 6 - OTHER ASSETS

Other assets as of March 31 consisted of the following:

	<u>1992</u>	<u>1991</u>
Cost in excess of acquired assets, net	\$110,902,000	\$114,079,000
CRDA credits receivable	1,242,000	3,623,000
Other	-	2,000
	<u>\$112,144,000</u>	<u>\$117,704,000</u>
	=====	=====

See Note 1 for discussion of cost in excess of acquired assets.

For the three months ended March 31, 1992 and 1991, the Company recorded an expense of \$466,000 and \$404,000 respectively, which represents amortization of CRDA credits.

NOTE 7 - NOTES PAYABLE

The Company received an advance of \$2,700,000 from Bally's Park Place in December 1990. The advance is payable on demand by Bally's Park Place. The Company accrues interest on the outstanding balance at the prime rate of Bally's Park Place's agent bank with such interest payable at the end of each quarter. Intercompany interest expense on this advance for the three months ended March 31, 1992 and 1991 was \$44,000 and \$61,000, respectively.

GNOC, CORP.  
 NOTES TO FINANCIAL STATEMENTS  
 (Unaudited)

NOTE 8 - OTHER ACCRUED EXPENSES

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

	<u>1992</u>	<u>1991</u>
Accrued interest	\$13,439,000	\$12,539,000
Accrued payroll	8,728,000	8,973,000
Accrued progressive jackpot liability	3,417,000	3,272,000
Accrued self insurance claims	987,000	739,000
Accrued sales, use and luxury taxes	416,000	382,000
Accrued legal fees	287,000	310,000
Accrued casino win tax	188,000	393,000
Accrued casino license fee	162,000	242,000
Accrued Casino Control Commission and Division of Gaming Enforcement fees	145,000	307,000
Accrued New Jersey casino reinvestment liability	116,000	506,000
Accrued audit fees	102,000	145,000
Accrued real estate tax	-	160,000
Accrued insurance	-	50,000
Other	1,436,000	1,872,000
	<u>\$29,423,000</u>	<u>\$29,890,000</u>
	=====	=====

NOTE 9 - OTHER CURRENT LIABILITIES

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

	<u>1992</u>	<u>1991</u>
Unredeemed gaming chips and tokens	\$1,127,000	\$1,084,000
Estimated liability - deferred bus coupons	323,000	213,000
Customer deposits	94,000	126,000
Advance room deposits	46,000	68,000
Due to Bally	1,036,000	1,554,000
Due to Bally's Park Place	481,000	736,000
Due to Bally Gaming, Inc.	108,000	22,000
Due to Bally's Las Vegas	83,000	1,000
Due to Bally Systems, Inc.	-	8,000
Due to Bally's Reno	-	1,000
	<u>\$3,298,000</u>	<u>\$3,813,000</u>
	=====	=====

GNOC, CORP.  
 NOTES TO FINANCIAL STATEMENTS  
 (Unaudited)

NOTE 10 - LONG TERM DEBT-DUE TO AFFILIATES

Long term debt-due to affiliates as of March 31 consisted of the following:

	<u>1992</u>	<u>1991</u>
13 1/4% (effective rate of 13.3%) Mortgage-Backed Notes of \$259,000,000 principal amount, interest payable semiannually, maturing in 1995 (including unamortized premium of \$6,542,000 at March 31, 1991 and \$8,134,000 at March 31, 1990).	\$265,542,000 =====	\$267,134,000 =====

In June 1985, the Company consummated the public sale of \$299 million principal amount of 13 1/4% Mortgage-Backed Notes ("the Notes") due June 1, 1995. The Notes are unconditionally guaranteed by GNAC and are secured by a first lien and security interest on the Company's Boardwalk Casino Hotel.

As a result of the purchase of the Company by Bally, the Notes were valued at \$312,829,000 at March 1, 1987, based upon an imputed interest rate.

Sinking fund requirements for 1992 have been met. Remaining sinking fund requirements are \$4,850,000 in 1993 and \$14,950,000 in 1994.

NOTE 11 - DEFERRED CREDITS

Deferred credits as of March 31, 1992 and 1991 consisted of deferred federal and state income taxes.

NOTE 12 - OTHER LIABILITIES

Other liabilities as of March 31 consisted of advances due to affiliates and other liabilities as follows:

	<u>1992</u>	<u>1991</u>
GNAC	\$30,516,000	\$29,690,000
Bally's Grand Marketing Corp. (a New York Corp.)	1,000	1,000
	\$30,517,000 =====	\$29,691,000 =====

GNOC, CORP.  
 NOTES TO FINANCIAL STATEMENTS  
 (Unaudited)

NOTE 13 - STOCKHOLDER'S EQUITY

At March 31, 1992 and 1991, the Company had 5,000,000 shares of common stock authorized; of such shares 3,002,500 were issued and outstanding.

NOTE 14 - PROMOTIONAL EXPENSES AND ALLOWANCES

Promotional expenses and allowances and number of recipients for the three months ended March 31, 1992 consisted of the following:

	PROMOTIONAL ALLOWANCES		PROMOTIONAL EXPENSES	
	Number of Recipients	Dollar Amount	Number of Recipients	Dollar Amount
Rooms	38,450	\$2,481,000	-	\$-
Food	273,109	2,784,000	-	-
Beverage	643,786	1,255,000	-	-
Travel	-	-	13,292	608,000
Other:				
Coin	-	-	341,006	4,386,000
Entertainment	5,784	104,000	194	24,000
Retail	8,658	433,000	-	-
Gifts	-	-	39,260	426,000
Other	1,712	33,000	17,439	136,000
Total other	<u>16,154</u>	<u>570,000</u>	<u>397,899</u>	<u>4,972,000</u>
TOTAL	<u>971,499</u>	<u>\$7,090,000</u>	<u>411,191</u>	<u>\$5,580,000</u>

NOTE 15 - JACKPOT PAYOUTS IN MERCHANDISE

Jackpot payouts in merchandise which were charged to operations for the three months ended March 31, 1992 consisted of the following:

	Number of Recipients	Dollar Amount
Motor Vehicles	1	\$43,000
	===	=====

GNOC, CORP.  
 NOTES TO FINANCIAL STATEMENTS  
 (Unaudited)

NOTE 16 - CHARGES FROM AFFILIATES - OTHER

The charges from affiliates for the three months ended March 31 consisted of the following:

<u>Affiliate</u>	<u>Nature of Charge</u>	<u>1992</u>	<u>1991</u>
GNAC	Rent	\$ 321,000	\$ 321,000
Bally	Allocated costs and expenses (a)	458,000	-
Bally's Park Place	Rent	174,000	174,000
	Allocated costs and expenses (b)	602,000	587,000
		<u>\$1,555,000</u>	<u>\$1,082,000</u>
		=====	=====

(a) Costs and expenses allocated from Bally include certain insurance, executive and other corporate overhead costs.

(b) Costs and expenses allocated from Bally's Park Place relate to certain administrative and support operations of the Company and Bally's Park Place which are consolidated.

NOTE 17 - NON-OPERATING INCOME (EXPENSE) - NET

Non-operating income for the three months ended March 31 consisted of the following:

	<u>1992</u>	<u>1991</u>
Interest and dividend income	\$433,000	\$191,000
Other non-operating income	-	1,000
	<u>\$433,000</u>	<u>\$192,000</u>
	=====	=====

The present value of jackpots outstanding as of March 31, 1992 is estimated to be \$2,053,000. At March 31, 1992, the trusts had cash and cash equivalents on hand of \$5,720,000. Management believes that a final outcome of this matter will not have a material adverse effect on the Company's financial position or its liquidity.

GNOC, CORP.  
 NOTES TO FINANCIAL STATEMENTS  
 (Unaudited)

NOTE 18 - INCOME TAXES

The income tax provision for the three months ended March 31 consisted of the following:

	<u>1992</u>	<u>1991</u>
Current:		
Federal	\$(216,000)	\$ (324,000)
State	-	(153,000)
	<u>(216,000)</u>	<u>(477,000)</u>
Deferred:		
Federal	(339,000)	(733,000)
State	-	(168,000)
	<u>(339,000)</u>	<u>(901,000)</u>
	<u>\$ (555,000)</u>	<u>\$ (1,378,000)</u>
	=====	=====

For the three months ended March 31, 1992 and 1991, the effective income tax rates varied from the federal statutory rate (34%) due principally to the non-deductible amortization of cost in excess of acquired assets and permanent differences from applying purchase accounting.

NOTE 19 - CONTINGENCIES

The Company participates in four multi-casino progressive slot machine systems. The primary obligation for payment of these progressive jackpots resides with a trust established by the participating casinos to pay the winners. Winners are paid one-twentieth of the jackpot at the time of winning and the remainder in equal installments over the next nineteen years. The trusts are responsible to fund these liabilities through the purchase of annuities or certain United States obligations. In the event the trusts are unable to meet their obligations, each participating casino, including the Company, is jointly and severally liable for the payment. At March 31, 1992, the total funded amount of jackpots won is estimated to be \$10,755,000, which approximates the present value of these future payments. The present value of jackpots outstanding and not won at March 31, 1992 is estimated to be \$2,053,000. At March 31, 1992, the trusts had cash and cash equivalents on hand of \$5,720,000. Management believes that a final outcome of this matter will not have a material adverse effect on the Company's financial position or its liquidity.

TRADING NAME OF LICENSEE: GNOC, CORP. (BALLY'S GRAND)

# SCHEDULE OF RECEIVABLES AND PATRONS' CHECKS

MARCH 31, 1992

(UNAUDITED)

(\$ IN THOUSANDS)

ACCOUNTS RECEIVABLE BALANCES				
LINE (a)	DESCRIPTION (b)	ACCOUNT BALANCE (c)	ALLOWANCE (d)	ACCOUNTS RECEIVABLE- (e) NET OF ALLOWANCE
	<b>Patrons' Checks:</b>			
1	Undeposited patrons' checks. . . . .	\$ 2,360		
2	Returned patrons' checks. . . . .	12,156		
3	Total patrons' checks. . . . .	14,516	\$ 12,206	\$ 2,310
4	Hotel Receivables. . . . .	246	96	150
	<b>Other Receivables:</b>			
5	Receivables due from officers and employees. . . . .	-		
6	Receivables due from affiliates. . . . .	-		
7	Other accounts and notes receivables. . . . .	138		
8	Total other receivables. . . . .	138	-	138
9	Totals (Form 205). . . . .	\$ 14,900	\$ 12,302	\$ 2,598

UNDEPOSITED PATRONS' CHECKS ACTIVITY		
LINE (f)	DESCRIPTION (g)	AMOUNT (h)
10	Beginning Balance (January 1). . . . .	\$ 2,898
11	Counter checks issued (excluding counter checks issued through transactions relating to consolidations, partial redemptions, substitutions, and patrons' cash deposits). . . . .	21,100
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). . . . .	(13,634)
13	Checks collected through deposits. . . . .	(7,258)
14	Checks transferred to returned checks. . . . .	(746)
15	Other adjustments. . . . .	-
16	Ending Balance. . . . .	\$ 2,360
17	"Hold" Checks Included In Balance On Line 16. . . . .	\$ -
18	Provision For Uncollectible Patrons' Checks. . . . .	\$ 249
19	Provision As A Percent Of Counter Checks Issued. . . . .	1.18 %

# STATEMENT OF CONFORMITY AND ACCURACY

## QUARTERLY REPORT

STATE OF NEW JERSEY

:

:ss.

COUNTY OF ATLANTIC

:

DONNA GRAHAM

Name

, 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 Report has been prepared in conformity with Casino Control Commission's Quarterly Report Instructions and Uniform Chart of Accounts.
3. The information contained in this Quarterly Report is accurate to the best of my knowledge and belief.

*Donna Graham*  
Signature

CORPORATE CONTROLLER

Title

03723-11

License Number

Subscribed and sworn to  
before me this 15<sup>th</sup> day  
of May, 1992

On Behalf Of:

*Michele Klinghoffer*  
Signature

**MICHELE KLINGHOFFER**  
**NOTARY PUBLIC OF NEW JERSEY**  
My Commission Expires **May 30 1996**

GNOC, CORP.  
Casino Licensee

Basis of Authority  
to Take Oaths

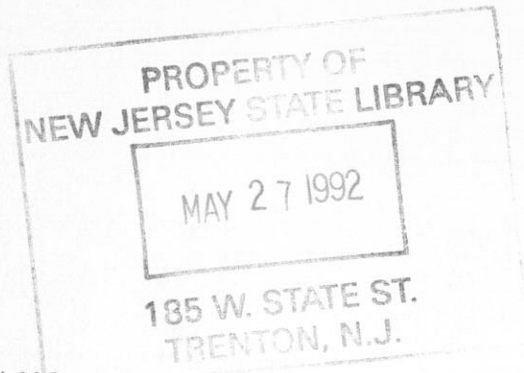
# QUARTERLY REPORT

974.901  
C193

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

FOR THE QUARTER ENDED MARCH 31, 1992

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 . . . . . Controller  
ADDRESS . . . . . Park Place and the Boardwalk  
Atlantic City, NJ 08401

TRADING NAME OF LICENSEE: BALLY'S PARK PLACE CASINO HOTEL AND TOWER

LIST OF FORMS - QUARTERLY REPORT

FOR THE QUARTER ENDED MARCH 31, 1992

(UNAUDITED)  
IN THOUSANDS

TITLE	1992	FORM NO.
Balance Sheets		CCC-205
Statements of Income (Year-to-Date)	\$ 9,353 \$	CCC-210
Statements of Income (Three Months)	2,610	CCC-215
Statements of Changes in Stockholders' Equity	8,377	CCC-220
Statements of Changes in Partners' or Proprietor's Equity	23,179	CCC-225
Statements of Cash Flows	\$ 614,758 \$	CCC-235
Notes to Financial Statements		
Schedule of Receivables and Patrons' Checks		CCC-240
Statement of Conformity and Accuracy	\$ 9,507 \$	CCC-250
Long-term Debt:		
Due to affiliates	NOTE 1	25,000
Other		7,360
Income taxes payable and accrued	NOTE 1	96
Other accrued expenses	NOTE 11	24,057
Other current liabilities		6,210
Total current liabilities		71,914
Long-term Debt:		
Due to affiliates	NOTE 4	350,000
Other	NOTE 4	24,813
Deferred Credits	NOTE 3	17,765
Other Liabilities	NOTE 6	20,679
Commitments And Contingencies	NOTE 14	
Total Liabilities		492,171
Stockholders', Partners', or Proprietors' Equity		132,547
Total Liabilities and Equity	\$ 614,758 \$	615,042

7/87

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

CCC-201

CCC-205

**BALANCE SHEETS**

MARCH 31, 1992 AND 1991

(UNAUDITED)  
(\$ IN THOUSANDS)

LINE (a)	DESCRIPTION (b)	1992 (c)	1991 (d)
<b>ASSETS</b>			
	Current Assets:		
<u>1</u>	Cash . . . . .	\$ 9,265	\$ 8,951
<u>2</u>	Marketable securities . . . . .	---	---
<u>3</u>	Receivables and patrons' checks (net of allowance for doubtful accounts - 1992, \$6,160; 1991, \$6,850) . . . . .	3,610	4,789
<u>4</u>	Inventories . . . . .	2,047	3,493
<u>5</u>	Prepaid expenses and other current assets . . . . . NOTE 2 . .	8,207	7,009
<u>6</u>	Total current assets . . . . .	23,129	24,242
<u>7</u>	Investments, Advances, and Receivables . . . . . NOTE 10 .	83,370	87,284
<u>8</u>	Property and Equipment - Net . . . . . NOTE 3 . .	493,129	507,694
<u>9</u>	Other Assets . . . . .	15,130	15,824
<u>10</u>	Total Assets . . . . .	\$ 614,758	\$ 635,044
<b>LIABILITIES AND EQUITY</b>			
	Current Liabilities:		
<u>11</u>	Accounts payable . . . . .	\$ 9,607	\$ 8,070
<u>12</u>	Notes payable . . . . .	---	---
	Current portion of long-term debt:		
<u>13</u>	Due to affiliates . . . . . NOTE 1 . .	25,000	---
<u>14</u>	Other . . . . .	7,040	37
<u>15</u>	Income taxes payable and accrued . . . . . NOTE 1 . .	---	96
<u>16</u>	Other accrued expenses . . . . . NOTE 11 . .	24,057	22,954
<u>17</u>	Other current liabilities . . . . .	6,210	1,523
<u>18</u>	Total current liabilities . . . . .	71,914	32,680
	Long Term Debt:		
<u>19</u>	Due to affiliates . . . . . NOTE 4 . .	350,000	350,000
<u>20</u>	Other . . . . . NOTE 4 . .	24,813	83,854
<u>21</u>	Deferred Credits . . . . . NOTE 5 . .	14,765	12,300
<u>22</u>	Other Liabilities . . . . . NOTE 6 . .	20,679	26,250
<u>23</u>	Commitments And Contingencies . . . . . NOTE 14		
<u>24</u>	Total Liabilities . . . . .	482,171	505,084
<u>25</u>	Stockholders', Partners', or Proprietors' Equity . . . . .	132,587	129,960
<u>26</u>	Total Liabilities and Equity . . . . .	\$ 614,758	\$ 635,044

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 MARCH 31, 1992 AND 1991

(UNAUDITED)  
(\$ IN THOUSANDS)

LINE (a)	DESCRIPTION (b)	1992 (c)	1991 (d)
	<b>REVENUE:</b>		
1	Casino .....	\$ 62,392	\$ 60,195
2	Rooms .....	7,134	6,754
3	Food and Beverage .....	8,635	8,203
4	Other .....	2,604	2,997
5	Total Revenue .....	80,765	78,149
6	Less: Promotional allowances ..... NOTE 7 ..	(8,522)	(8,465)
7	Net Revenue .....	72,243	69,684
	<b>COSTS AND EXPENSES:</b>		
8	Costs of Goods and Services .....	41,587	39,712
9	Selling, General, and Administrative .....	13,493	14,401
10	Provision for Doubtful Accounts .....	131	462
11	Depreciation and Amortization .....	7,603	7,419
	Charges from affiliates other than interest:		
12	Management Fees .....	---	---
13	Other ..... NOTE 1 ..	760	---
14	Total costs and expenses .....	63,574	61,994
15	Income (Loss) From Operations .....	8,669	7,690
	Other Income (Expenses)		
16	Interest (expense) - affiliates ..... NOTE 8 ..	(10,371)	(10,344)
17	Interest (expense) - external ..... NOTE 8 ..	(1,364)	(1,928)
18	Investment alternative tax and related income (expense) - net ..... NOTE 12 ..	(337)	(333)
19	Nonoperating income (expense) - net ..... NOTE 13 ..	1,219	1,646
20	Total other income (expenses) .....	(10,853)	(10,959)
21	Income (Loss) Before Income Taxes and Extraordinary Items .....	(2,184)	(3,269)
22	Provision (credit) for income taxes ..... NOTE 9 ..	(943)	(1,167)
23	Income (Loss) Before Extraordinary Items .....	(1,241)	(2,102)
24	Extraordinary items (net of income taxes - 19__, \$ ; 19__, \$ ) .....	---	---
25	Net Income (Loss) .....	\$ (1,241)	\$ (2,102)

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 CASINO HOTEL AND TOWER  
**STATEMENTS OF CHANGES IN STOCKHOLDERS' EQUITY**

FOR THE THREE MONTHS ENDED MARCH 31, 1992 AND 1991

(UNAUDITED)  
 (\$ IN THOUSANDS)

LINE (a)	DESCRIPTION (b)	1992		1991	
		SHARES (c)	DOLLARS (d)	SHARES (e)	DOLLARS (f)
	<i>Common Stock:</i>				
1	Beginning balance (January 1) . . . . .	100	\$ 93,987	100	\$ 93,987
2	Sale of stock . . . . .				
3	_____ . . . . .				
4	Ending balance . . . . .	100	93,987	100	93,987
	<i>Preferred Stock:</i>				
5	Beginning balance (January 1) . . . . .	---	---	---	---
6	Sale of stock . . . . .				
7	_____ . . . . .				
8	Ending balance . . . . .	---	---	---	---
	<i>Additional Paid-in Capital:</i>				
9	Beginning balance (January 1) . . . . .		34,652		34,652
10	_____ . . . . .				
11	_____ . . . . .				
12	Ending balance . . . . .		34,652		34,652
	<i>Treasury Stock:</i>				
13	Beginning balance (January 1) . . . . .	---	---	---	---
14	Purchase of additional stock . . . . .				
15	Sale or retirement of stock . . . . .				
16	Ending balance . . . . .	---	---	---	---
	<i>Subscriptions Receivable For Capital stock:</i>				
17	Beginning balance (January 1) . . . . .	---	---	---	---
18	_____ . . . . .				
19	_____ . . . . .				
20	Ending balance . . . . .	---	---	---	---
	<i>Net Unrealized Loss On Noncurrent Marketable Equity Securities:</i>				
21	Beginning balance (January 1) . . . . .		---		---
22	_____ . . . . .				
23	_____ . . . . .				
24	Ending balance . . . . .		---		---
	<i>Retained Earnings:</i>				
25	Beginning balance (January 1) . . . . .		5,189		3,423
26	Prior period adjustments . . . . .				
27	Net income (loss) . . . . .		(1,241)		(2,102)
28	Dividends . . . . .				
29	_____ . . . . .				
30	_____ . . . . .				
31	Ending balance . . . . .		3,948		1,321
32	<i>Ending Stockholders' Equity</i> . . . . .		\$ 132,587		\$ 129,960

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 CASINO HOTEL AND TOWER

**STATEMENT OF CHANGES IN PARTNERS'  
OR PROPRIETOR'S EQUITY**

FOR THE THREE MONTHS ENDED MARCH 31, 1992 AND 1991

(UNAUDITED)  
(\$ IN THOUSANDS)  
NOT APPLICABLE

LINE (a)	DESCRIPTION (b)	1992 (c)	1991 (d)
	Invested Capital:		
<u>1</u>	Beginning Balance (January 1) . . . . .	\$	\$
<u>2</u>	Additional capital invested . . . . .		
<u>3</u>	_____ . . . . .		
<u>4</u>	Ending balance . . . . .		
	Accumulated Income (Loss):		
<u>5</u>	Beginning Balance (January 1) . . . . .		
<u>6</u>	Prior period adjustments . . . . .		
<u>7</u>	Net income (loss) . . . . .		
<u>8</u>	_____ . . . . .		
<u>9</u>	Ending balance . . . . .		
	Capital Withdrawals:		
<u>10</u>	Beginning Balance (January 1) . . . . .	( )	( )
<u>11</u>	Additional capital withdrawals . . . . .	( )	( )
<u>12</u>	_____ . . . . .		
<u>13</u>	Ending balance . . . . .	( )	( )
	Net Unrealized Loss On Noncurrent Marketable Equity Securities:		
<u>14</u>	Beginning Balance (January 1) . . . . .	( )	( )
<u>15</u>	_____ . . . . .		
<u>16</u>	_____ . . . . .		
<u>17</u>	Ending balance . . . . .	( )	( )
	Ending Partners' Or		
<u>18</u>	Proprietor's Equity . . . . .	\$	\$

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 THREE MONTHS ENDED MARCH 31, 1992 AND 1991

(UNAUDITED)  
(\$ IN THOUSANDS)

LINE (a)	Description (b)	1992 (c)	1991 (d)
1	Net Cash Provided (Used) By Operating Activities . . . . .	\$ (9,557)	\$ (1,361)
	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 . . . . .	(3,883)	(2,811)
5	Proceeds from disposition of property and equipment . . . . .	---	---
6	Purchase of casino reinvestment obligations . . . . .	(738)	(800)
7	Purchase of other investments and loans/advances made . . . . .	(65)	(1,471)
8	Proceeds from disposal of investments and collection of advances and long-term receivables . . . . .	11	9
9	Cash outflows to acquire business entities . . . . .	---	---
10	_____ . . . . .	---	---
11	_____ . . . . .	---	---
12	Net Cash Provided (Used) By Investing Activities . . . . .	(4,675)	(5,073)
	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 . . . . .	32,000	17,500
16	Costs of issuing debt . . . . .	---	---
17	Payments to settle long-term debt . . . . .	(29,009)	(12,509)
18	Cash proceeds from issuing stock or capital contributions . . . . .	---	---
19	Purchases of treasury stock . . . . .	---	---
20	Payments of dividends or capital withdrawals . . . . .	---	---
21	Advance from Bally and affiliates . . . . .	8,000	---
22	_____ . . . . .	---	---
23	Net Cash Provided (Used) By Financing Activities . . . . .	10,991	4,991
24	Net Increase (Decrease) In Cash And Cash Equivalents . . . . .	(3,241)	(1,443)
25	Cash And Cash Equivalents At Beginning Of Period . . . . .	12,506	10,394
26	Cash And Cash Equivalents At End Of Period . . . . .	\$ 9,265	\$ 8,951

### SUPPLEMENTAL DISCLOSURE OF CASH FLOW INFORMATION

Cash Paid During Period For:			
27	Interest (net of amount capitalized) . . . . .	\$ 21,660	\$ 23,732
28	Income taxes . . . . .	\$ 599	\$ 598

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 THREE MONTHS ENDED MARCH 31, 1992 AND 1991

(UNAUDITED)

(\$ IN THOUSANDS)

LINE (a)	Description (b)	1992 (c)	1991 (d) *
	Net Cash Flows From Operating Activities:		
29	Net income (loss) . . . . .	\$ (1,241)	\$ (2,102)
	Noncash items included in income and cash items excluded from income:		
30	Depreciation and amortization of property and equipment . . . . .	6,684	6,542
31	Amortization of other assets . . . . .	530	426
32	Amortization of debt discount or premium . . . . .	---	---
33	Deferred income taxes - current . . . . .	(380)	(564)
34	Deferred income taxes - noncurrent . . . . .	1,986	374
35	(Gain) loss on disposition of property and equipment . . . . .	---	---
36	(Gain) loss on casino reinvestment obligations . . . . .	337	333
37	(Gain) loss from other investment activities . . . . .	47	152
38	Net (increase) decrease in receivables and patrons' checks . . . . .	979	4,818
39	Net (increase) decrease in inventories . . . . .	76	1,435
40	Net (increase) decrease in other current assets . . . . .	(65)	(1,773)
41	Net (increase) decrease in other assets . . . . .	(465)	19
42	Net increase (decrease) in accounts payables . . . . .	(707)	(1,866)
43	Net increase (decrease) in other current liabilities excluding debt . . . . .	(17,703)	(10,371)
44	Net increase (decrease) in other noncurrent liabilities excluding debt . . . . .	(251)	750
45	Net book value of disposals . . . . .	227	15
46	CRDA obligation amortization . . . . .	389	451
47	Net Cash Provided (Used) By Operating Activities . . . . .	\$ (9,557)	\$ (1,361)

SUPPLEMENTAL SCHEDULE OF NONCASH INVESTING AND FINANCING ACTIVITIES

	Acquisition Of Property And Equipment:		
48	Additions to property and equipment . . . . .	\$ 3,883	\$ 2,811
49	Less: Capital lease obligations incurred . . . . .	---	---
50	Cash Outflows For Property And Equipment . . . . .	\$ 3,883	\$ 2,811
	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 CASINO HOTEL AND TOWER

**SCHEDULE OF RECEIVABLES AND PATRONS' CHECKS**

MARCH 31, 1992  
(UNAUDITED)  
(\$ IN THOUSANDS)

ACCOUNTS RECEIVABLE BALANCES				
LINE (a)	DESCRIPTION (b)	ACCOUNT BALANCE (c)	ALLOWANCE (d)	ACCOUNTS RECEIVABLE (e) NET OF ALLOWANCE
	Patrons' Checks:			
1	Undeposited patrons' checks . . . . .	\$ 1,214		
2	Returned patrons' checks . . . . .	6,050		
3	Total patrons' checks . . . . .	7,264	\$ 5,860	\$ 1,404
4	Hotel Receivables . . . . .	756	300	456
	Other Receivables:			
5	Receivables due from officers and employees . . . . .	29		
6	Receivables due to affiliates . . . . .	498		
7	Other accounts and notes receivables . . . . .	1,223		
8	Total other receivables . . . . .	1,750	---	1,750
9	Totals (Form 205) . . . . .	\$ 9,770	\$ 6,160	\$ 3,610

UNDEPOSITED PATRONS' CHECKS ACTIVITY		
LINE (f)	DESCRIPTION (g)	AMOUNT (h)
10	Beginning Balance (January 1) . . . . .	\$ 1,502
11	Counter checks issued (excluding counter checks issued through transactions relating to consolidations, partial redemptions, substitutions, and patrons' cash deposits) . . . . .	15,866
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) . . . . .	(12,775)
13	Checks collected through deposits . . . . .	(2,867)
14	Checks transferred to returned checks . . . . .	(512)
15	Other adjustments . . . . .	---
16	Ending Balance . . . . .	\$ -1,214
17	"Hold" Checks Included In Balance On Line 16 . . . . .	\$ 0
18	Provision For Uncollectible Patrons' Checks . . . . .	\$ 81
19	Provision As A Percent Of Counter Checks Issued . . . . .	0.5%

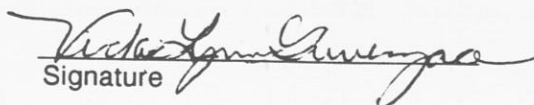
# STATEMENT OF CONFORMITY AND ACCURACY

STATE OF New Jersey :  
COUNTY OF Atlantic : ss.

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

deposes and says:

1. I have examined this Quarterly Report.
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. The information contained in this Quarterly Report is accurate to the best of my knowledge and belief.

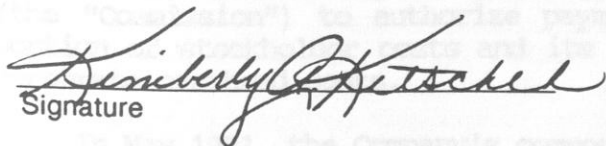
  
Signature

Controller  
Title

#000558-11  
License Number

Subscribed and sworn to  
before me this 14th day  
of November, 1991

On Behalf Of:

  
Signature

Bally's Park Place, Inc. NJ  
Casino Licensee

**KIMBERLY A. KETSCHKEK**  
NOTARY PUBLIC OF NEW JERSEY  
My Commission Expires Jan. 7, 1993

Basis of Authority  
to Take Oaths

BALLY'S PARK PLACE CASINO HOTEL & TOWER  
Note 1 - Notes to Financial Statements  
For the Three Months Ended March 31, 1992 and 1991  
(Unaudited)

The accompanying financial statements of Bally's Park Place Casino Hotel and Tower (the "Company") should be read in conjunction with the consolidated financial statements in the Casino Control Commission Annual Report for the year ended December 31, 1991.

Please refer to the Annual Report for the following:

1. Summary of Significant Accounting Policies
2. Leases (except rent expense for the periods)
3. Provision for Income Taxes, Reconciliation to Statutory Rate
4. Pension Plans
5. Reinvestment Obligation
6. Capital Stock-Description of Features
7. Contingent Liabilities

Certain reclassifications have been made to the 1991 statements to conform to the 1992 presentation.

#### Investments in Subsidiaries

The Company has three wholly owned subsidiaries, B.W. Realty, Inc. (which operated a motel in Atlantic City until January 1992), Bally Warwick, Inc. (which owns several condominiums in a building in Atlantic City for sale and lease) and Bally's Park Place Realty Company (which owns land in Atlantic City). The investments in these subsidiaries are reflected in the accompanying financial statements using the equity method.

#### Transactions with related parties

The accompanying financial statements reflect an allocation of costs and expenses from Bally Manufacturing Corporation ("Bally") of \$760,000 for certain insurance, executive and other Bally corporate overhead costs (no such costs were allocated for the three months ended March 31, 1991). Also, since November 1990, certain management personnel of the Company assumed a more active role in the management of Bally and its subsidiaries. Such costs have not been allocated to Bally or its subsidiaries.

In May 1992, Bally received approval from the Casino Control Commission (the "Commission") to authorize payment by the Company of its 1992 and 1991 portion of stockholder costs and its 1992 portion of executive and other Bally corporate overhead costs.

In May 1991, the Company's common stock was pledged to Bally's bank lenders as collateral in connection with Bally's restructuring.

In April 1990, the Company advanced Bally \$50,000,000 secured by a promissory note allowing for payment on demand by the Company. The Company has no current intention of requesting payment. In addition, Bally's ability to repay the \$50,000,000 may be affected by its financial difficulties. The

BALLY'S PARK PLACE CASINO HOTEL & TOWER  
Note 1 - Notes to Financial Statements  
For the Three Months Ended March 31, 1992 and 1991  
(Unaudited)

Company earns interest on the outstanding balance at the prime rate of its agent bank with such interest payable at the end of each quarter. Intercompany interest earned on this advance for the three months ended March 31, 1992 and 1991 was \$808,000 and \$1,134,000.

In December 1990, the Company advanced GNOC Corp. ("Bally's Grand"), another wholly owned subsidiary of Bally, \$2,700,000. This advance is payable on demand by the Company, and the Company has no current intention of requesting payment. The Company earns interest on the outstanding balance at the prime rate of its agent bank with such interest payable at the end of each quarter. Intercompany interest earned on the advance from Bally's Grand for the three months ended March 31, 1992 and 1991 was \$44,000 and \$61,000, respectively.

At March 31, 1992, the Company owed Bally's Grand \$25,000,000 for advances used by the Company to reduce the outstanding balance under its revolving credit agreement. The Company pays interest on the outstanding balance at the prime rate of its agent bank with such interest payable at the end of each month. The principal balance is due upon demand by Bally's Grand. Intercompany interest expense on the advance from Bally's Grand for the three months ended March 31, 1992, was \$321,000.

The Company purchased slot machines and related services from other Bally subsidiaries for aggregate amounts of \$782,000 and \$124,000 for the three months ended March 31, 1992 and 1991, respectively.

The Company leases surface area parking lots and an administrative facility to Bally's Grand. Rental income was \$174,000 for each of the three months ended March 31, 1992 and 1991. Certain administrative and support operations of the Company and Bally's Grand are consolidated. The Company allocated direct costs to Bally's Grand of \$602,000 and \$587,000 for the three months ended March 31, 1992 and 1991, respectively, related to these consolidated operations.

#### Income taxes

For the three months ended March 31, 1992 and 1991, the income tax rate varied from the federal statutory rate of 34% (43.2% and 35.7%, respectively) due principally to state income taxes, net of related income tax benefit.

The Company files a consolidated federal income tax return with Bally. As previously disclosed in the Company's Annual Report on Form 10-K for the year ended December 31, 1991, the Internal Revenue Service ("IRS") has completed an audit of Bally's consolidated federal income tax returns for the calendar years 1983 and 1984. During the audit, the IRS raised certain significant issues principally related to the tax accounting method used by Bally's fitness center subsidiaries to report income from membership contracts which resulted in a substantial assessment. In April 1992, Bally and the IRS reached a preliminary settlement (subject to certain conditions including governmental agency approvals) with respect to the tax accounting method used to report income from membership contracts. The settlement of this issue eliminates previously disclosed concerns regarding a material adverse effect on Bally's liquidity with respect to the tax accounting method used to report income from membership

BALLY'S PARK PLACE CASINO HOTEL & TOWER  
Note 1 - Notes to Financial Statements  
For the Three Months Ended March 31, 1992 and 1991  
(Unaudited)

contracts. In addition, as Bally adequately provided deferred and current taxes related to this matter, the settlement will not have a material effect on Bally's consolidated financial position or results of operations.

Also as previously disclosed in the Company's Annual Report on Form 10-K for the year ended December 31, 1991, the IRS has completed an audit of the federal income tax returns of certain of Bally's fitness center subsidiaries for periods ending on the day these subsidiaries were acquired. The IRS is asserting that these subsidiaries owe approximately \$79 million, including interest (net of income tax benefit) with respect to issues arising pursuant to Bally's election to treat the purchases of stock of these subsidiaries as if they were purchases of assets. Bally intends to vigorously oppose and, if necessary, litigate the IRS' proposed deficiencies with respect to these issues. Bally estimates that if the issues are fully litigated, the ultimate resolution of these issues is not likely to occur for approximately three years.

BALLY'S PARK PLACE CASINO HOTEL & TOWER  
 Note 2 - Prepaid Expenses and  
 Other Current Assets  
 March 31,  
 (Unaudited)

	<u>1992</u>	<u>1991</u>
Deferred Income Taxes	\$ 6,236,000	\$ 4,107,000
Prepaid Insurance	359,000	2,113,000
Other *	<u>1,612,000</u>	<u>789,000</u>
	<u>\$ 8,207,000</u>	<u>\$ 7,009,000</u>

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

BALLY'S PARK PLACE CASINO HOTEL & TOWER  
 Note 3 - Property, Plant and Equipment  
 March 31,  
 (Unaudited)

	1992	1991
Land	\$ 64,169,000	\$ 64,058,000
Buildings, Leasehold Improvements	536,783,000	533,519,000
Furniture, Fixtures and Equipment	135,399,000	129,500,000
Construction in Progress	3,697,000	3,580,000
	740,048,000	730,657,000
Less Accumulated Depreciation and Amortization	246,919,000	222,963,000
Property and Equipment, Net	\$493,129,000	\$507,694,000

In 1989, the Company issued \$20,000,000 principal amount of 11 7/8% Senior Secured Notes due in 1994 (the "Notes"). Beginning August 1991, semi-annual payments are required which will reduce approximately 50 percent of the Notes prior to maturity. The Notes may be redeemed beginning August 1994, in whole or in part, with premiums ranging from 4.44 percent in 1994 to zero in 1995 and thereafter. The Notes are secured by property of Bally's Park Place, which had a net book value of \$429,244,000 at March 31, 1992. Debt insurance costs is being amortized using the straight-line method.

The Company has an unsecured revolving credit agreement with Citicorp, 1994 which provides for borrowings, from time to time, up to \$10,000,000 through December 31, 1992. The principal amount outstanding as of March 31, 1992 is payable in 24 equal annual installments beginning December 31, 1992. The rate of interest on borrowings (5.54 at March 31, 1992) is, at the Company's option, based on the spot bank's prime rate or certain other applicable rates. The Company pays an annual fee of 1/8 of 1 percent on the unused portion.

Since the Company's revolving credit facility is set to expire on June 30, 1992, the Company has classified \$7,000,000 outstanding under the credit line as a portion of long-term debt. This represents the installment due on December 31, 1992, if the credit line is not renewed. The Company continues to negotiate with the banks involved in providing this credit facility to extend the credit facility for the additional year. Management expects a satisfactory agreement to be reached among the parties and management can provide no assurance that such a satisfactory agreement can be reached between the parties prior to June 30, 1992.

BALLY'S PARK PLACE CASINO HOTEL & TOWER  
 Note 4 - Long-Term Debt, Affiliates and Other  
 March 31,  
 (Unaudited)

Long-Term Debt

	1992	1991
	(In thousands)	
Due to affiliates:		
11 7/8% First Mortgage Notes due 1999	\$350,000	\$350,000
Other:		
Revolving credit agreement	\$ 21,000	\$ 80,000
Other secured and unsecured debt	3,813	3,854
	\$ 24,813	\$ 83,854

In 1989, the Company issued \$350,000,000 principal amount of 11 7/8% First Mortgage Notes due in 1999 (the "Notes"). Beginning August 1996, annual sinking fund payments are required which will retire approximately 40 percent of the Notes prior to maturity. The Notes may be redeemed beginning August 1994, in whole or in part, with premiums ranging from 4.45 percent in 1994 to zero in 1997 and thereafter. The Notes are secured by property at Bally's Park Place, which had a net book value of \$429,386,000 at March 31, 1992. Debt issuance costs is being amortized using the bonds outstanding method.

The Company has an unsecured revolving credit agreement due June 30, 1994 which provides for borrowings, from time to time, of up to \$100,000,000 through June 30, 1992. The principal amount outstanding on June 30, 1992 is payable in four semi-annual installments beginning December 31, 1992. The rate of interest on the borrowings (6.5% at March 31, 1992) is, at the Company's option, based upon the agent bank's prime rate or certain other short-term rates. The Company pays an annual fee of 3/8 of 1 percent on the unused commitment.

Since the Company's revolving credit facility is due to expire on June 30, 1992, the Company has classified \$7,000,000 outstanding under its credit line as current portion of long-term debt. This represents the installment due on December 31, 1992, if the credit line is not extended. The Company continues to have negotiations with the banks involved in granting this credit facility to extend the credit facility for two additional years. Management expects a satisfactory agreement to be reached among the parties but management can provide no assurance that such a satisfactory agreement can be negotiated between the parties prior to June 30, 1992.

BALLY'S PARK PLACE CASINO HOTEL & TOWER  
Note 4 - Long-Term Debt, Affiliates and Other  
March 31,  
(Unaudited)

The Indentures relating to the Notes and the revolving credit agreement contain covenants restricting the Company's investment policies, total indebtedness, encumbrances on property and equipment securing the mortgage note, sale, transfer or lease of assets, and the amounts of additional debt which may be incurred. Payments of dividends are restricted in amount. At March 31, 1992, all of retained earnings are so restricted. In addition, the Commission has placed certain restrictions on the Company's ability to make payments to Bally other than specifically defined payments made in the ordinary course of business and the Commission must approve any sale or change of ownership of the Company's debt or equity securities.

In June 1991, the Company granted to the banks involved in its revolving credit agreement, a mortgage on and security interest in all the property and equipment securing the 11 7/8% First Mortgage Notes. The banks rank pari passu in right of payment with the holders of the 11 7/8% First Mortgage Notes.

As a result of the demolition of the motel operation of one of its subsidiaries, the Company believes it was not in compliance with a covenant of its mortgage debt agreement, for the first quarter of 1992. Accordingly, the remaining balance of the mortgage is reflected as current maturities of long-term debt in the accompanying consolidated balance sheet. In May 1992, the Company paid the remaining outstanding principal balance.

BALLY'S PARK PLACE CASINO HOTEL & TOWER  
 Note 5 - Deferred Credits  
 March 31,  
 (Unaudited)

	1992	1991
Deferred Federal Income Taxes	<u>\$14,765,000</u>	<u>\$12,300,000</u>

BALLY'S PARK PLACE CASINO HOTEL & TOWER  
 Note 6 - Other Liabilities  
 March 31,  
 (Unaudited)

	1992	1991
Accrued S.E.R.P.	\$ 5,273,000	\$26,250,000
Deferred Long-Term Compensation (net of unamortized discount of \$3,656,000 in 1992)	13,944,000	---
1983 Reinvestment Obligation (net of unamortized discount of \$413,000 in 1992)	1,462,000	---
	<u>\$20,679,000</u>	<u>\$26,250,000</u>

In connection with the employment of certain officers, the Company has an unfunded Supplemental Executive Retirement Plan. The participants earn benefits based on years of service and compensation. The Company recognizes this expense over the expected length of the officers' employment.

In January 1992, the Company and the New Jersey Department of the Treasury entered into an agreement settling a dispute regarding 1983 qualified investments. The Company is obligated to make payments totaling \$2,250,000 between 1992 and 1996 and to participate in certain approved low income mortgage guarantee programs.

BALLY'S PARK PLACE CASINO HOTEL & TOWER  
 Note 7 - Complimentary Services  
 For the Three Months Ended March 31, 1992  
 (Unaudited)

	<u>Promotional Allowances</u>		<u>Promotional Expenses</u>	
	<u>Number of Recipients</u>	<u>Dollar Amount</u>	<u>Number of Recipients</u>	<u>Dollar Amount</u>
Rooms	29,317	\$ 3,044,000		
Food	262,060	2,838,000		
Beverage	765,020	1,530,000		
Parking	146,018	1,022,000		
Shows	3,332	57,000		
Other	1,031	31,000		
Travel			37,612	\$ 752,000
Coupon Redemption - Cash			255,858	3,626,000
Other			233	<u>116,000</u>
Total Amount of Services		<u>\$ 8,522,000</u>		<u>\$ 4,494,000</u>

BALLY'S PARK PLACE CASINO HOTEL & TOWER  
 Note 8 - Interest Expense  
 For the Three Months Ended March 31,  
 (Unaudited)

	<u>1992</u>	<u>1991</u>
<u>Charges From Affiliates</u>		
Bally's Park Place Funding, Inc.	\$10,391,000	\$10,391,000
Capitalized interest	<u>(20,000)</u>	<u>(47,000)</u>
	<u>\$10,371,000</u>	<u>\$10,344,000</u>
 <u>External Sources</u>		
Interest on various loans	\$ 1,369,000	\$ 1,940,000
Capitalized interest	<u>(5,000)</u>	<u>(12,000)</u>
	<u>\$ 1,364,000</u>	<u>\$ 1,928,000</u>

	<u>1992</u>	<u>1991</u>
	\$ (294,000)	\$ (564,000)
	<u>1,901,000</u>	<u>374,000</u>
	<u>1,507,000</u>	<u>(190,000)</u>

BALLY'S PARK PLACE CASINO HOTEL & TOWER  
 Note 9 - Provision for Income Taxes  
 For the Three Months Ended March 31,  
 (Unaudited)

	<u>1992</u>	<u>1991</u>
Current:		
Federal	\$(2,010,000)	\$ (767,000)
State	<u>(540,000)</u>	<u>(210,000)</u>
	(2,550,000)	(977,000)
Deferred:		
Federal	1,232,000	(146,000)
State	<u>375,000</u>	<u>(44,000)</u>
	1,607,000	(190,000)
Total Income Taxes	<u>\$ (943,000)</u>	<u>\$ (1,167,000)</u>

Reconciliation of Deferred Income Taxes  
 For the Three Months Ended March 31,  
 (Unaudited)

	<u>1992</u>	<u>1991</u>
Short-term	\$ (294,000)	\$ (564,000)
Long-term	<u>1,901,000</u>	<u>374,000</u>
	<u>1,607,000</u>	<u>(190,000)</u>
	50,000,000	50,000,000
	2,700,000	2,700,000
	<u>(41,000)</u>	<u>(37,000)</u>
Total Investments, Advances and Receivables	<u>\$ 53,370,000</u>	<u>\$ 53,370,000</u>

BALLY'S PARK PLACE CASINO HOTEL & TOWER  
 Note 10 - Investments, Advances and Receivables  
 March 31,  
 (Unaudited)

	<u>1992</u>	<u>1991</u>
<u>Other long-term investments and receivables:</u>		
Receivable from sale of retail merchandise	\$ <u>    —</u>	\$ 1,297,000
Total long-term receivables	\$ <u>    —</u>	\$ 1,297,000
Investment in subsidiaries - equity:		
Bally Warwick, Inc. - 100% owned	4,339,000	4,410,000
B.W. Realty, Inc. - 100% owned	<u>2,778,000</u>	<u>5,929,000</u>
Total investments in subsidiaries - equity	7,117,000	10,339,000
Casino Reinvestment Development Authority funds (less discount of \$6,039,000 in 1992 and \$4,906,000 in 1991)	5,282,000	4,635,000
Jacobs Family Terrace Mortgage Receivable (less reserve of \$175,000 in 1992 and 1991)	2,682,000	2,720,000
Bally's Park Place Realty Company	15,630,000	15,630,000
Bally Manufacturing Corporation	50,000,000	50,000,000
Bally's Grand	2,700,000	2,700,000
Less current portion	<u>(41,000)</u>	<u>(37,000)</u>
Total Investments, Advances and Receivables	<u>\$83,370,000</u>	<u>\$87,284,000</u>

BALLY'S PARK PLACE CASINO HOTEL & TOWER  
 Note 11 - Other Accrued Expenses  
 March 31,  
 (Unaudited)

	1992	1991
Payroll	\$ 6,708,000	\$ 6,309,000
Progressive Jackpots	2,188,000	2,926,000
Interest	5,537,000	6,185,000
*Miscellaneous	9,624,000	7,534,000
Total	\$24,057,000	\$22,954,000

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

BALLY'S PARK PLACE CASINO HOTEL & TOWER  
Note 12 - Reinvestment Obligation  
March 31, 1992  
(Unaudited)

The Company, pursuant to the New Jersey Casino Control Act (the "Act"), is subject to making qualified investments, as specified by the Act or become liable for an alternative tax (2.5% of gross casino revenues). The Company has fulfilled its obligation under the Act by making deposits to the Casino Reinvestment Development Authority (the "CRDA") and by direct investments.

At March 31, 1992 and 1991, the Company had \$10,323,000 and \$8,916,000 respectively, in remaining bond purchase commitments on deposit with the CRDA. The Company has purchased \$998,000 and \$625,000 in bonds from the CRDA as of March 31, 1992 and 1991, respectively.

BALLY'S PARK PLACE CASINO HOTEL & TOWER  
 Note 13 - Non-Operating Income  
 For the Three Months Ended March 31,  
 (Unaudited)

	<u>1992</u>	<u>1991</u>
Interest income	\$ 1,106,000	\$ 1,577,000
Equity in income or (loss) of unconsolidated subsidiaries:		
B. W. Realty, Inc.	(30,000)	(137,000)
Bally Warwick, Inc.	(17,000)	(15,000)
Other	<u>160,000</u>	<u>221,000</u>
Total	<u>\$ 1,219,000</u>	<u>\$ 1,646,000</u>

BALLY'S PARK PLACE CASINO HOTEL & TOWER  
Note 14 - Commitments and Contingencies  
March 31, 1992  
(Unaudited)

The Company participates in four multi-casino progressive slot machine systems. The primary obligation for payment of these progressive jackpots resides with a trust established by the participating casinos to pay the winners. Winners are paid one-twentieth of the jackpot amount at the time of winning, and the remainder in equal installments over the next nineteen years. The trusts are responsible to fund this liability through the purchase of an annuity or certain United States obligations. In the event the trusts are unable to meet their obligations, each participating casino, including the Company, is jointly and severally liable for the payment. At March 31, 1992, the total funded amount of jackpots won is estimated to be \$10,755,000, which approximates the present value of these future payments. The present value of jackpots outstanding and not won at March 31, 1992 is estimated to be \$2,053,000. At March 31, 1992, the trusts had cash and cash equivalents on hand estimated to be \$5,720,000. Management does not believe the operations of these multi-casino progressive slot systems will have any material effect on its financial position or liquidity.

FOR THE QUARTER ENDED MARCH 31, 1992

TO THE  
CASINO CONTROL COMMISSION  
OF THE  
STATE OF NEW JERSEY



NAME OF OFFICER IN CHARGE  
OF CORRESPONDENCE REGARDING  
THIS QUARTERLY REPORT

MICHAEL J. WALSH

YOUR TITLE

VICE PRESIDENT FINANCE

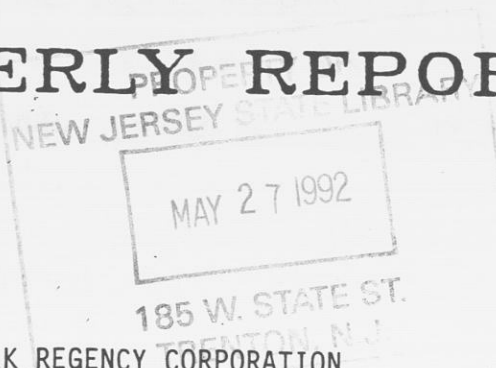
YOUR ADDRESS

2100 PACIFIC AVENUE

ATLANTIC CITY, NEW JERSEY 08401

974.901  
C193

# QUARTERLY REPORT



**LICENSEE** BOARDWALK REGENCY CORPORATION  
d/b/a CAESARS ATLANTIC CITY

**ADDRESS** 2100 PACIFIC AVENUE  
ATLANTIC CITY, NEW JERSEY 08401

**FOR THE QUARTER ENDED** MARCH 31, 19 92

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



**NAME OF OFFICER IN CHARGE OF CORRESPONDENCE REGARDING THIS QUARTERLY REPORT . . . .** MICHAEL J. WALSH

**OFFICIAL TITLE. . . . .** VICE PRESIDENT FINANCE

**ADDRESS . . . . .** 2100 PACIFIC AVENUE  
ATLANTIC CITY, NEW JERSEY 08401

TRADING NAME OF LICENSEE CAESARS ATLANTIC CITY

**LIST OF FORMS - QUARTERLY REPORT**

FOR THE QUARTER ENDED MARCH 31, 1992

<u>TITLE</u>	<u>FORM NO.</u>
Balance Sheets	CCC-205
Statements of Income (Year To Date)	CCC-210
Statements of Income (Three Months)	CCC-215
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
Notes to Financial Statements	
Schedule of Receivables and Patrons' Checks	CCC-240
Statement of Conformity and Accuracy	CCC-250

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

## BALANCE SHEETS

MARCH 31, 1992 AND 1991  
(UNAUDITED)  
(\$ IN THOUSANDS)

LINE (a)	DESCRIPTION (b)	(c) 1992	(d) 1991
	<b>ASSETS</b>		
	<b>Current Assets:</b>		
1	Cash . . . . .	\$ 7,033	\$ 7,644
2	Marketable securities . . . . .	-	-
3	Receivables and patrons' checks (net of allowance for doubtful accounts - 1992, \$10,481; 1991, \$12,724) . . . . .	13,345	14,386
4	Inventories . . . . . NOTE 1 . . . . .	3,988	3,644
5	Prepaid expenses and other current assets . . . . . NOTE 2 . . . . .	14,354	8,386
6	Total current assets . . . . .	38,720	34,060
7	Investments, Advances, and Receivables . . . . . NOTES 3 & 14 . . . . .	1,797	1,420
8	Property and Equipment - Net . . . . . NOTES 1, 4, & 10 . . . . .	279,366	283,884
9	Other Assets . . . . . NOTE 12 . . . . .	14,733	14,980
10	Total Assets . . . . .	\$ 334,616	\$ 334,344
	<b>LIABILITIES AND EQUITY</b>		
	<b>Current Liabilities:</b>		
11	Accounts payable . . . . .	\$ 5,927	\$ 6,039
12	Notes payable . . . . . NOTE 5 . . . . .	4,505	16,216
	Current portion of long-term debt:		
13	Due to affiliates . . . . .	-	-
14	Other . . . . . NOTE 10 . . . . .	274	250
15	Income taxes payable and accrued . . . . . NOTES 1 & 6 . . . . .	5,924	3,390
16	Other accrued expenses . . . . . NOTE 7 . . . . .	15,396	14,978
17	Other current liabilities . . . . . NOTE 8 . . . . .	4,278	2,529
18	Total current liabilities . . . . .	36,304	43,402
	<b>Long-Term Debt:</b>		
19	Due to affiliates . . . . . NOTE 9 . . . . .	69,500	85,047
20	Other . . . . . NOTE 10 . . . . .	11,237	16,180
21	Deferred Credits . . . . . NOTE 6 . . . . .	6,136	4,484
22	Other Liabilities . . . . . NOTE 11 . . . . .	6,810	7,840
23	Commitments And Contingencies . . . . . NOTE 14 . . . . .	-	-
24	Total Liabilities . . . . .	129,987	156,953
25	Stockholders', Partners', Or Proprietor's Equity . . . . .	204,629	177,391
26	Total Liabilities and Equity . . . . .	\$ 334,616	\$ 334,344

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 THREE MONTHS ENDED MARCH 31, 1992 AND 1991

(UNAUDITED)

(\$ IN THOUSANDS)

LINE (a)	DESCRIPTION (b)	(c) 1992	(d) 1991
	<b>Revenue:</b>		
1	Casino . . . . .	\$ 7,782	\$ 7,782
2	Rooms . . . . .	3,222	3,222
3	Food and beverage . . . . .	554	554
4	Other . . . . .	2,542	2,542
5	Total revenue . . . . .	13,800	13,800
6	Less: Promotional allowances . . . . .	10,472	10,472
7	Net revenue . . . . .	3,328	3,328
	<b>Costs And Expenses:</b>		
8	Cost of goods and services . . . . .	44,147	39,394
9	Selling, general and administrative . . . . .	18,221	15,811
10	Provision for doubtful accounts . . . . .	447	512
11	Depreciation and amortization . . . . .	3,122	4,851
	Charges from affiliates other than interest:		
12	Management fees . . . . .	2,384	
13	Other . . . . .	3,572	1,792
14	Total costs and expenses . . . . .	71,993	63,360
15	Income (Loss) From Operations . . . . .	12,551	9,492
	<b>Other Income (Expense):</b>		
16	Interest (expense) - affiliates . . . . .	12,164	12,164
17	Interest (expense) - external . . . . .	(857)	(471)
18	Investment alternative tax and related income (expense) - net . . . . .	(207)	
19	Nonoperating income (expense) - net . . . . .	42	125
20	Total other income (expenses) . . . . .	11,322	11,818
21	Income (Loss) Before Income Taxes And Extraordinary Items . . . . .	3,773	5,225
22	Provision (credit) for income taxes . . . . .	3,803	2,404
23	Income (Loss) Before Extraordinary Items . . . . .	5,928	3,754
24	Extraordinary Items (net of income taxes - 1992, \$ ; 1991, \$ ) . . . . .		
25	Net Income (Loss) . . . . .	\$ 5,928	\$ 3,754

This statement is Not Applicable

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 THREE MONTHS ENDED MARCH 31, 1992 AND 1991

(UNAUDITED)

(\$ IN THOUSANDS)

LINE (a)	DESCRIPTION (b)	(c) 1992	(d) 1991
	<b>Revenue:</b>		
1	Casino . . . . . NOTE 1	\$ 81,781	\$ 65,560
2	Rooms . . . . .	3,899	3,485
3	Food and beverage . . . . .	8,948	7,478
4	Other . . . . .	2,347	3,130
5	Total revenue . . . . .	96,975	79,653
6	Less: Promotional allowances . . . . . NOTES 1 & 15	10,477	8,318
7	Net revenue . . . . .	86,498	71,335
	<b>Costs And Expenses:</b>		
8	Cost of goods and services . . . . .	44,142	39,394
9	Selling, general and administrative . . . . .	18,230	15,141
10	Provision for doubtful accounts . . . . .	447	612
11	Depreciation and amortization . . . . . NOTE 1	5,192	4,894
	Charges from affiliates other than interest:		
12	Management fees . . . . . NOTE 13	2,564	-
13	Other . . . . . NOTE 13	3,572	1,799
14	Total costs and expenses . . . . .	74,147	61,840
15	Income (Loss) From Operations . . . . .	12,351	9,495
	<b>Other Income (Expense):</b>		
16	Interest (expense) - affiliates . . . . . NOTES 5 & 9	(2,104)	(2,848)
17	Interest (expense) - external . . . . .	(297)	(471)
18	Investment alternative tax and related income (expense) - net . . . . . NOTE 14	(267)	(11)
19	Nonoperating income (expense) - net . . . . .	46	85
20	Total other income (expenses) . . . . .	(2,622)	(3,245)
21	Income (Loss) Before Income Taxes And Extraordinary Items . . . . .	9,729	6,250
22	Provision (credit) for income taxes . . . . . NOTE 6	3,903	2,498
23	Income (Loss) Before Extraordinary Items . . . . .	5,826	3,752
24	Extraordinary Items (net of income taxes - 1992, \$ ; 1991, \$ ) . . . . .	-	-
25	Net Income (Loss) . . . . .	\$ 5,826	\$ 3,752

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 CHANGES IN STOCKHOLDERS' EQUITY

FOR THE THREE MONTHS ENDED MARCH 31, 1992 AND 1991

(UNAUDITED)

(\$ IN THOUSANDS)

DESCRIPTION (b)	1992		1991	
	(c) SHARES	(d) DOLLARS	(e) SHARES	(f) DOLLARS
Common Stock: No Par Value, 1,000 Shares Authorized				
Beginning balance (January 1) . . . . .	100	\$ 1,370	100	\$ 1,370
Sale of stock . . . . .	-	-	-	-
Ending balance . . . . .	100	1,370	100	1,370
Preferred Stock:				
Beginning balance (January 1) . . . . .	-	-	-	-
Sale of stock . . . . .	-	-	-	-
Ending balance . . . . .	-	-	-	-
Additional Paid-in Capital:				
Beginning balance (January 1) . . . . .		46,065		46,333
Ending balance . . . . .		46,065		46,333
Treasury Stock:				
Beginning balance (January 1) . . . . .	-	( - )	-	( - )
Purchase of additional stock . . . . .	-	( - )	-	( - )
Sale or retirement of stock . . . . .	-	-	-	-
Ending balance . . . . .	-	( - )	-	( - )
Subscriptions Receivable For Capital Stock:				
Beginning balance (January 1) . . . . .	-	( - )	-	( - )
Ending balance . . . . .	-	( - )	-	( - )
Net Unrealized Loss On Noncurrent Marketable Equity Securities:				
Beginning balance (January 1) . . . . .		( - )		( - )
Ending balance . . . . .		( - )		( - )
Retained Earnings:				
Beginning balance (January 1) . . . . .		151,368		125,936
Prior period adjustments . . . . .		-		-
Net Income (loss) . . . . .		5,826		3,752
Dividends . . . . .		( - )		( - )
Ending balance . . . . .		157,194		129,688
Ending Stockholders' Equity . . . . .		\$ 204,629		\$ 177,391

This Statement is Not Applicable

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

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

CCC-220

TRADING NAME OF LICENSEE: CAESARS ATLANTIC CITY

STATEMENTS OF CHANGES IN PARTNERS'  
OR PROPRIETOR'S EQUITY

FOR THE THREE MONTHS ENDED MARCH 31, 1992 AND 1991  
(UNAUDITED)  
(\$ IN THOUSANDS)

LINE (a)	DESCRIPTION (b)	(c) 1992	(d) 1991
	<b>Invested Capital:</b>		
1	Beginning balance (January 1) . . . . .	\$	\$
2	Additional capital invested . . . . .		
3	_____ . . . . .		
4	Ending balance . . . . .		
	<b>Accumulated Income (Loss):</b>		
5	Beginning balance (January 1) . . . . .		
6	Prior period adjustments . . . . .		
7	Net income (loss) . . . . .		
8	_____ . . . . .		
9	Ending balance . . . . .		
	<b>Capital Withdrawals:</b>		
10	Beginning balance (January 1) . . . . .	( )	( )
11	Additional capital withdrawals . . . . .	( )	( )
12	_____ . . . . .		
13	Ending balance . . . . .	( )	( )
	<b>Net Unrealized Loss On Noncurrent</b>		
	<b>Marketable Equity Securities:</b>		
14	Beginning balance (January 1) . . . . .	( )	( )
15	_____ . . . . .		
16	_____ . . . . .		
17	Ending balance . . . . .	( )	( )
18	<b>Ending Partners' Or</b>		
	<b>Proprietor's Equity . . . . .</b>	\$ 4.42	\$ 3.25

This Statement Is Not Applicable

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 THREE MONTHS ENDED MARCH 31, 1992 AND 1991  
(UNAUDITED)  
(\$ IN THOUSANDS)

LINE (a)	DESCRIPTION (b)	(c) 1992	(d) 1991
1	Net Cash Provided (Used) By Operating Activities . . . . .	\$ 8,008	\$ 6,187
2	Cash Flows From Investing Activities :		
3	Purchase of short-term investment securities . . . . .	-	-
4	Proceeds from the sale of short-term investment securities . . . . .	-	-
5	Cash outflows for property and equipment . . . . .	(4,752)	(1,263)
6	Proceeds from disposition of property and equipment . . . . .	-	24
7	Purchase of casino reinvestment obligations . . . . .	(791)	(181)
8	Purchase of other investments and loans/advances made . . . . .	-	-
9	Proceeds from disposal of investments and collection of advances and long-term receivables . . . . .	-	-
10	Cash outflows to acquire business entities . . . . .	-	-
11	_____	-	-
12	Net Cash Provided (Used) By Investing Activities . . . . .	(5,543)	(1,420)
13	Cash Flows From Financing Activities :		
14	Cash proceeds from issuance of short-term debt . . . . .	23,155	9,193
15	Payments to settle short-term debt . . . . .	(19,844)	(18,800)
16	Cash proceeds from issuance of long-term debt . . . . .	-	2,226
17	Costs of issuing debt . . . . .	-	-
18	Payments to settle long-term debt . . . . .	(7,296)	(38)
19	Cash proceeds from issuing stock or capital contributions . . . . .	-	-
20	Purchases of treasury stock . . . . .	-	-
21	Payments of dividends or capital withdrawals . . . . .	-	-
22	_____	-	-
23	Net Cash Provided (Used) by Financing Activities . . . . .	(3,985)	(7,419)
24	Net Increase (Decrease) In Cash And Cash Equivalents . . . . .	(1,520)	(2,652)
25	Cash And Cash Equivalents At Beginning Of Period . . . . .	8,553	10,296
26	Cash And Cash Equivalents At End Of Period . . . . .	\$ 7,033	\$ 7,644

SUPPLEMENTAL DISCLOSURE OF CASH FLOW INFORMATION

27	Cash Paid During Period For:		
28	Interest (net of amount capitalized) . . . . .	\$ 2,425	\$ 3,319
	Income taxes . . . . .	\$ 4,437	\$ 3,263

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 THREE MONTHS ENDED MARCH 31, 1992 AND 1991  
(UNAUDITED)  
(\$ IN THOUSANDS)

LINE (a)	DESCRIPTION (b)	(c) 1992	(d) 1991
	<b>Net Cash Flows From Operating Activities:</b>		
29	Net income (loss) . . . . .	\$ 5,826	\$ 3,752
	Noncash items included in income and cash items excluded from income:		
30	Depreciation and amortization of property and equipment . . . . .	4,925	4,602
31	Amortization of other assets . . . . .	267	292
32	Amortization of debt discount or premium . . . . .	-	-
33	Deferred income taxes - current . . . . .	(216)	130
34	Deferred income taxes - noncurrent . . . . .	(135)	39
35	(Gain) loss on disposition of property and equipment . . . . .	-	(20)
36	(Gain) loss on casino reinvestment obligations . . . . .	267	11
37	(Gain) loss from other investment activities . . . . .	-	-
38	Net (increase) decrease in receivables and patrons' checks . . . . .	(665)	2,001
39	Net (increase) decrease in inventories . . . . .	(10)	(513)
40	Net (increase) decrease in other current assets . . . . .	301	(11)
41	Net (increase) decrease in other assets . . . . .	(549)	(1,429)
42	Net increase (decrease) in accounts payable . . . . .	(907)	(2,600)
43	Net increase (decrease) in other current liabilities excluding debt . . . . .	6	173
44	Net increase (decrease) in other noncurrent liabilities excluding debt . . . . .	(1,102)	(240)
45		-	-
46		-	-
47	<b>Net Cash Provided (Used) By Operating Activities . . . . .</b>	<b>\$ 8,008</b>	<b>\$ 6,187</b>

SUPPLEMENTAL SCHEDULE OF NONCASH INVESTING AND FINANCING ACTIVITIES

48	<b>Acquisition Of Property And Equipment:</b>		
	Additions to property and equipment . . . . .	\$ 4,752	\$ 1,263
49	Less: Capital lease obligations incurred . . . . .	-	-
50	<b>Cash Outflows For Property And Equipment . . . . .</b>	<b>\$ 4,752</b>	<b>\$ 1,263</b>
	<b>Acquisition Of Business Entities:</b>		
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	<b>Cash Outflows To Acquire Business Entities . . . . .</b>	<b>\$ -</b>	<b>\$ -</b>
	<b>Stock Issued Or Capital Contributions :</b>		
57	Total issuances of stock or capital contributions . . . . .	\$ -	\$ -
58	Less: Issuances to settle long-term debt . . . . .	-	-
59	Consideration in acquisition of business entities . . . . .	-	-
60	<b>Cash Proceeds From Issuing Stock Or Capital Contributions . . . . .</b>	<b>\$ -</b>	<b>\$ -</b>

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

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**NOTES TO FINANCIAL STATEMENTS**

**NOTE 1. Summary of Significant Accounting Policies:**

Description of Business

Boardwalk Regency Corporation (BRC), a New Jersey corporation, is a wholly-owned subsidiary of Caesars New Jersey, Inc. (CNJ), a New Jersey corporation. CNJ is a wholly-owned subsidiary of Caesars World, Inc. (CWI), a Florida corporation. BRC owns and operates Caesars Atlantic City Hotel/Casino (CAC) in Atlantic City, New Jersey.

Revenue and Promotional Allowances

Casino revenue represents the net win from gaming wins and losses. The retail value of accommodations and the food and beverage provided to customers without charge is included in gross revenue and deducted as promotional allowances.

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 is recorded at cost, including interest on funds borrowed to finance construction. There was no capitalized interest recorded for the three months ended March 31, 1992 and 1991. Depreciation and amortization are provided for on the straight-line method 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. The cost and accumulated depreciation applicable to assets retired are removed from the accounts and the resultant gain or loss on disposition is recognized.

Income Taxes

BRC is included in CWI's consolidated Federal income tax return. Pursuant to a tax reimbursement agreement, BRC records income taxes based upon what the amount would have been, had BRC filed a separate

1992                      1991  
(In Thousands)

\$14,354                      \$8,388

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

**NOTE 1. Summary of Significant Accounting Policies (cont'd):**

Income Taxes (cont'd)

return. In addition, when the potential tax benefits to CWI exceed the benefits that BRC could have derived as a separate entity, CWI will reimburse BRC for these excess benefits. The reimbursement of the excess benefits will be made before the earlier of the last year in which those benefits are available to BRC or the last year in which BRC is a member of CWI's consolidated group for Federal income tax purposes. Interest on the excess benefits will accrue at 7% per annum from the date CWI files a tax return in which such tax benefits are realized. Deferred income taxes are provided for timing differences between book and tax recognition of revenues and expenses.

In February 1992, the Financial Accounting Standards Board issued a Statement of Financial Accounting Standards Number 109 (SFAS 109) on accounting for income taxes. BRC is required to adopt the accounting and disclosure rules prescribed by SFAS 109 no later than its fiscal year beginning August 1, 1993, although earlier adoption is permitted. Implementation of SFAS 109 may involve either restating net income for prior years or recognizing a cumulative adjustment in the year of adoption. The immediate effect of adopting SFAS 109 will depend principally on enacted tax rates at the date of adoption. BRC has not yet determined the impact of the adoption of SFAS 109 on BRC's financial statements.

Disclosures

Certain disclosures have been omitted in conformance with the Casino Control Commission's quarterly instructions that usually are required for a fair presentation of the financial statements in accordance with generally accepted accounting principles. The omitted disclosures pertain to the aggregate maturities of long term debt and future minimum lease payments for operating and capital leases. The disclosures were omitted because there was not a material change in the information previously disclosed in the Company's annual financial statements for the year ended December 31, 1991.

**NOTE 2. Prepaid Expenses and Other Current Assets:**

	<u>1992</u>	<u>1991</u>
	(In Thousands)	
Deferred income taxes.....	\$12,209	\$6,628
Other.....	<u>2,145</u>	<u>1,758</u>
	<u>\$14,354</u>	<u>\$8,386</u>

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

**NOTE 3. Investments, Advances, and Receivables:**

	<u>1992</u>	<u>1991</u>
	(In Thousands)	
CRDA deposits.....	\$2,349	\$1,870
CRDA bonds receivable.....	521	292
	<u>2,870</u>	<u>2,162</u>
Less: valuation allowance on CRDA investments.....	1,073	742
	<u>\$1,797</u>	<u>\$1,420</u>

**NOTE 4. Property and Equipment:**

	<u>1992</u>	<u>1991</u>
	(In Thousands)	
Land.....	\$ 51,503	\$ 46,895
Buildings and improvements.....	251,754	246,734
Furniture, fixtures and equipment.....	82,199	77,054
Construction in progress.....	3,716	1,897
Properties under capital leases.....	12,340	15,178
	<u>401,512</u>	<u>387,758</u>
Less: accumulated depreciation and amortization.....	122,146	103,874
	<u>\$279,366</u>	<u>\$283,884</u>

**NOTE 5. Notes Payable:**

CWI maintains, for the benefit of CWI and its subsidiaries (including BRC), a \$250,000,000 unsecured credit arrangement with a syndicate of banks. The credit arrangement consists of a \$100,000,000 term loan and a \$150,000,000 revolving credit facility available to be used by CWI and its affiliates, including BRC, for working capital needs and general corporate purposes. The revolving credit facility bears interest at one-quarter percent below the prime rate (6.5% at March 31, 1992) or an alternate negotiated rate and expires September, 1993.

The unsecured credit arrangement and the indenture for CWI's 13.5% subordinated notes, contain affirmative and negative covenants and among other things, require the maintenance of certain financial ratios; limits CWI's, CNJ's and BRC's ability to incur additional debt, repurchase shares and sell certain assets; and restricts mergers, consolidations and similar transactions with respect to CWI and its subsidiaries.

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

**NOTE 5. Notes Payable (cont'd):**

In May 1989 BRC entered into an unsecured \$50,000,000 revolving line of credit with Desert Palace, Inc. (DPI), a wholly-owned subsidiary of CWI. The revolving line of credit carries interest at the prime rate, a \$75,000 annual commitment fee, which commenced on May 31, 1989, and has a term of five years. In 1992 and 1991, the maximum amount outstanding at any month-end was \$9,960,000 and \$21,864,000, respectively, the average of the month-end amounts outstanding was \$7,893,000 and \$19,784,000, respectively, and the weighted average interest rate was 6.5% and 9.2%, respectively. At March 31, 1992 and 1991, the outstanding balance on the revolving line of credit was \$4,505,000 and \$16,216,000, respectively.

**NOTE 6. Income Taxes:**

The provision for income taxes for the three months ended March 31, 1992 and 1991 is comprised of the following:

	<u>1992</u>	<u>1991</u>
	(In Thousands)	
Current:		
Federal.....	\$3,232	\$1,798
State.....	1,022	531
Deferred:		
Federal.....	(294)	112
State.....	(57)	57
	<u>\$3,903</u>	<u>\$2,498</u>

Deferred credits of \$6,136,000 and \$4,484,000 at March 31, 1992 and 1991, respectively, represent deferred income taxes which result from temporary differences between income for financial reporting purposes and income for tax purposes. The most significant temporary differences relate to depreciation, certain accrued liabilities and the allowances for CRDA investments required by the Casino Control Act.

The provision for income taxes for the three months ended March 31, 1992 and 1991 differs from the amount computed at the statutory rate as follows:

	<u>1992</u>	<u>1991</u>
	(In Thousands)	
Federal income tax at statutory rate.....	\$3,308	\$2,124
State income taxes, net of federal benefit.....	578	371
Other, net.....	17	3
	<u>\$3,903</u>	<u>\$2,498</u>

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

**NOTE 6. Income Taxes (cont'd):**

The Internal Revenue Service has examined CWI's consolidated Federal income tax returns through Fiscal 1988 and is currently examining the returns for Fiscal 1989 and 1990.

**NOTE 7. Other Accrued Expenses:**

	<u>1992</u>	<u>1991</u>
	(In Thousands)	
Salaries, wages and vacation pay.....	\$ 3,152	\$ 2,424
Insurance.....	3,301	2,723
Taxes, other than income taxes.....	2,061	3,009
Progressive slots.....	1,747	2,081
Other.....	5,135	4,741
	<u>\$15,396</u>	<u>\$14,978</u>

**NOTE 8. Other Current Liabilities:**

	<u>1992</u>	<u>1991</u>
	(In Thousands)	
Due to CWI.....	\$2,290	\$ 967
Due to DPI.....	674	45
Other.....	1,314	1,517
	<u>\$4,278</u>	<u>\$2,529</u>

**NOTE 9. Long-term Debt, Due to Affiliates:**

	<u>1992</u>	<u>1991</u>
	(In Thousands)	
DPI term note due June 1, 1996, interest at 11.45%.....	\$69,500	-
DPI term note due June 1, 1992, interest at 11.45%.....	-	\$80,317
DPI term note due May 1, 1994, interest at 11.30%.....	-	4,730
	<u>\$69,500</u>	<u>\$85,047</u>

In June 1991, BRC executed an \$81,862,000 term note due June 1, 1996 that replaced the term note due June 1, 1992. Interest is accrued monthly and paid quarterly at the annual rate of 11.45 percent on the unpaid principal balance. The term note is unsecured and may be prepaid at any time without penalty.

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

**NOTE 10. Long-term Debt, Other:**

	<u>1992</u>	<u>1991</u>
	(In Thousands)	
Mortgage payable.....	\$ 2,023	\$ 2,297
Capitalized lease obligation, net of amounts representing interest.	<u>9,214</u>	<u>13,883</u>
	<u>\$11,237</u>	<u>\$16,180</u>

	<u>1992</u>	<u>1991</u>
	(In Thousands)	
Mortgage payable, interest at 8.0%, maturing January 1999, secured by property.....	\$2,297	\$2,547
Less current maturities.....	<u>274</u>	<u>250</u>
	<u>\$2,023</u>	<u>\$2,297</u>

BRC leased land upon which a portion of the casino is located under a noncancellable lease. On January 31, 1992, BRC exercised a \$6,500,000 purchase option for the leased land.

BRC also owns approximately 1.2 acres and leases approximately 6 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 requires annual lease payments of \$875,000 and may be purchased for \$13,000,000. The purchase option price will increase by \$500,000 in August 1997 and another \$500,000 every 10 years thereafter.

Rent expense for the three months ended March 31, 1992 and 1991 was \$698,000 and \$816,000, respectively.

**NOTE 11. Other Liabilities:**

	<u>1992</u>	<u>1991</u>
	(In Thousands)	
Insurance claims.....	\$4,555	\$6,003
Other.....	<u>2,255</u>	<u>1,837</u>
	<u>\$6,810</u>	<u>\$7,840</u>

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

**NOTE 12. Pension Plans:**

BRC participates in CWI's defined benefit pension plans (the Plans) covering any officer or other employee designated as a key executive of CWI or its subsidiaries. The benefits are based on years of service (not to exceed 30) and the employee's highest five years of compensation during the last ten years of employment. BRC has funded the vested benefits of certain current employees by making contributions to a revocable trust. Income earned by the trusts accrue to the benefit of BRC. At March 31, 1992, the amount in these revocable trusts was \$1,298,000 and was recorded as "Other Assets". Such trusts shall become irrevocable in the event of a change of control of CWI (as defined). Pension expense was \$93,000 and \$88,000 for the three months ended March 31, 1992 and 1991, respectively. The actuarially computed present value of the accumulated benefit obligation relating to participants employed by BRC was \$1,309,000 at July 31, 1991. The liability accrued with respect to the Plan at July 31, 1991 was \$1,960,000.

BRC also has an Individual Retirement Account Plan which is generally available to all full-time, non-union employees who have at least one year of service and are not covered under any qualified retirement plan. The expense of this plan was \$202,000 and \$170,000 for the three months ended March 31, 1992 and 1991, respectively.

In addition to the BRC plans described above, union employees are covered by various multi-employer pension plans. For the union sponsored plans, information is not available from the plans' sponsors to permit BRC to determine its share of unfunded vested benefits, if any.

**NOTE 13. Related Party Transactions:**

BRC has recorded expenses for the three months ended March 31, 1992 and 1991 from CWI and affiliates as follows:

<u>Affiliate</u>	<u>Transaction</u>	<u>1992</u>	<u>1991</u>
		<u>(In Thousands)</u>	
Caesars World, Inc.	Management Fee	<u>\$2,564</u>	<u>\$ -</u>
Caesars World Marketing Corporation	Reservation Offices	\$1,531	\$1,050
Caesars Palace Corp.	Tradename Fee	1,200	-
Caesars World, Inc.	Insurance, Allocated Wages & Benefits	<u>841</u>	<u>749</u>
		<u>\$3,572</u>	<u>\$1,799</u>

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

**NOTE 14. 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 March 31, 1992, all BRC investment obligations had been satisfied or prepaid.

**Litigation**

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

Promotional Expenses  
(\$ Amounts in Thousands)

	Three Months Ended March 31, 1992	
	<u>Recipients</u>	<u>Amount</u>
Coin	557,621	\$ 5,834
Travel	11,673	3,269
Special events	3,734	728
Other	52,157	1,209
	<u>624,585</u>	<u>\$11,040</u>

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

NOTE 15. Complimentaries:

Promotional Allowances

(\$ Amounts in Thousands)

	Three Months Ended March 31, 1992	
	<u>Recipients</u>	<u>Amount</u>
Rooms	48,065	\$ 2,969
Food	226,746	4,655
Beverage	438,350	2,260
Theatre	13,268	459
Other	3,401	134
	<u>729,830</u>	<u>\$10,477</u>

Promotional Expenses

(\$ Amounts in Thousands)

	Three Months Ended March 31, 1992	
	<u>Recipients</u>	<u>Amount</u>
Coin	557,621	\$ 5,834
Travel	11,073	3,269
Special events	3,734	728
Other	52,157	1,209
	<u>624,585</u>	<u>\$11,040</u>

TRADING NAME OF LICENSEE: CAESARS ATLANTIC CITY

SCHEDULE OF RECEIVABLES AND PATRONS' CHECKS

MARCH 31, 1992  
(UNAUDITED)  
(\$ IN THOUSANDS)

ACCOUNTS RECEIVABLE BALANCES				
LINE (a)	DESCRIPTION (b)	ACCOUNT BALANCE (c)	ALLOWANCE (d)	ACCOUNTS RECEIVABLE - (e) NET OF ALLOWANCE
	Patrons' Checks :			
1	Undeposited patrons' checks . . . . .	\$ 7,593	-	
2	Returned patrons' checks . . . . .	14,865	-	
3	Total patrons' checks . . . . .	22,458	\$ 10,366	\$ 12,092
4	Hotel Receivables . . . . .	919	115	804
	Other Receivables:			
5	Receivables due from officers and employees . . . . .	3	-	
6	Receivables due from affiliates . . . . .	15	-	
7	Other accounts and notes receivables . . . . .	431	-	
8	Total other receivables . . . . .	449	-	449
9	Totals (Form 205) . . . . .	\$ 23,826	\$ 10,481	\$ 13,345

UNDEPOSITED PATRONS' CHECKS ACTIVITY		
LINE (f)	DESCRIPTION (g)	AMOUNT (h)
10	Beginning Balance (January 1) . . . . .	\$ 5,923
11	Counter checks issued (excluding counter checks issued through transactions relating to consolidations, partial redemptions, substitutions, and patrons' cash deposits) . . . . .	64,697
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) . . . . .	(42,897)
13	Checks collected through deposits . . . . .	(20,984)
14	Checks transferred to returned checks . . . . .	854
15	Other adjustments . . . . .	-
16	Ending Balance . . . . .	\$ 7,593
17	*Hold* Checks Included Balance on Line 16 . . . . .	\$ -
18	Provision For Uncollectible Patrons' Checks . . . . .	\$ 446
19	Provision As A Percent Of Counter Checks Issued . . . . .	0.7%

STATEMENT OF CONFORMITY AND ACCURACY

STATE OF NEW JERSEY :  
COUNTY OF ATLANTIC : :SS.

MICHAEL J. WALSH, being duly sworn according to law upon my oath  
Name

deposes and says:

1. I have examined this Quarterly Report.
2. All the information contained in the Report has been prepared in conformity with Casino Control Commission's Quarterly Report instructions and Uniform Chart of Accounts.
3. The information contained in this Quarterly Report is accurate to the best of my knowledge and belief.



Signature

VICE PRESIDENT OF FINANCE

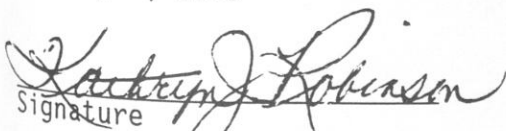
Title

1482-11

License Number

Subscribed and sworn to  
before me this 14th day  
of May, 1992

On Behalf Of:



BOARDWALK REGENCY CORPORATION  
Casino License

KATHRYN J. ROBINSON  
NOTARY PUBLIC OF NEW JERSEY  
My Commission Expires Feb. 20, 1997

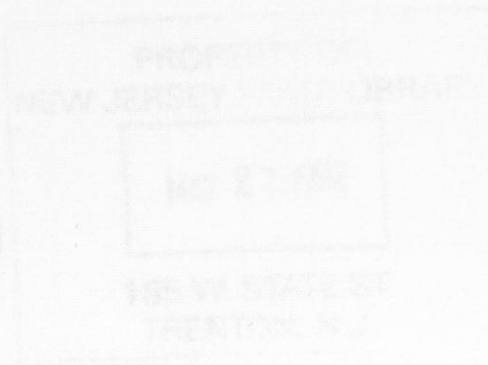
Basis of Authority  
to Take Oaths

QUARTERLY REPORT

COMPANY THE CLARIDGE AT PARK PLACE, INC.  
ADDRESS INDIANA AVENUE AT THE BOARDWALK  
ATLANTIC CITY, NEW JERSEY 08401

FOR THE QUARTER ENDED MARCH 31, 1961

TO THE  
CASINO CONTROL COMMISSION  
OF THE  
STATE OF NEW JERSEY



NAME OF OFFICER IN CHARGE  
OF CORRESPONDENCE REGARDING  
THIS QUARTERLY REPORT.....RAYMOND A. SPERA

OFFICE TITLE.....SR. VICE PRESIDENT OF FINANCE  
& CORP. DEVELOPMENT

ADDRESS.....INDIANA AVENUE AT THE BOARDWALK  
ATLANTIC CITY, NEW JERSEY 08401

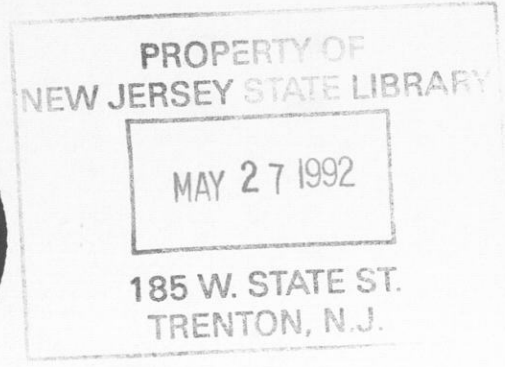
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QUARTERLY REPORT

LICENSEE THE CLARIDGE AT PARK PLACE, INC.  
ADDRESS INDIANA AVENUE AT THE BOARDWALK  
ATLANTIC CITY, NEW JERSEY 08401

FOR THE QUARTER ENDED MARCH 31, 1992

TO THE  
CASINO CONTROL COMMISSION  
OF THE  
STATE OF NEW JERSEY



NAME OF OFFICER IN CHARGE  
OF CORRESPONDENCE REGARDING  
THIS QUARTERLY REPORT.....RAYMOND A. SPERA  
  
OFFICE TITLE.....SR. VICE PRESIDENT OF FINANCE  
& CORP. DEVELOPMENT  
  
ADDRESS.....INDIANA AVENUE AT THE BOARDWALK  
ATLANTIC CITY, NEW JERSEY 08401

TRADING NAME OF LICENSEE: THE CLARIDGE CASINO HOTEL

LIST OF FORMS - QUARTERLY REPORT  
FOR THE QUARTER ENDED MARCH 31, 1992

<u>TITLE</u>	<u>FORM #</u>
BALANCE SHEETS	CCC - 205
STATEMENTS OF INCOME (YEAR)	CCC - 210
STATEMENTS OF INCOME (THREE MONTHS)	CCC - 215
STATEMENTS OF CHANGES IN STOCKHOLDERS' EQUITY	CCC - 220
STATEMENTS OF CHANGES IN PARTNERS' OR PROPRIETORS' EQUITY	CCC - 225
STATEMENTS OF CASH FLOWS	CCC - 235
NOTES TO FINANCIAL STATEMENTS	
SCHEDULE OF RECEIVABLES & PATRONS' CHECKS	CCC - 240
STATEMENT OF CONFORMITY & ACCURACY	CCC - 250

THE ACCOMPANYING NOTES ARE AN INTEGRAL PART OF THE FINANCIAL STATEMENTS. VALID COMPANIONS CANNOT BE MADE WITHOUT USING INFORMATION CONTAINED IN THE NOTES.

TRADING NAME OF LICENSEE: THE CLARIDGE CASINO HOTEL

**BALANCE SHEETS**

MARCH 31, 1992 AND 1991

(UNAUDITED)

(\$ IN THOUSANDS)

LINE (A)	DESCRIPTION (B)	(C) 1992	(D) 1991
	ASSETS		
	CURRENT ASSETS:		
1	CASH.....	\$ 6,403	\$ 4,648
2	MARKETABLE SECURITIES.....	-0 -	-0-
3	RECEIVABLES & PATRONS CHECKS (NET OF ALLOW. FOR DOUBTFUL ACCOUNTS - 1992, \$ 1,245; 1991, \$2,309.....	17,132	16,217
4	INVENTORIES.....	2,259	2,271
5	PREPAID EXPENSES & OTHER CURRENT ASSETS.....	1,284	2,470
6	TOTAL CURRENT ASSETS.....	27,078	25,606
7	INVESTMENTS, ADVANCES & RECEIVABLES...(NOTE 3).....	127,350	133,972
8	PROPERTY & EQUIPMENT - NET OF ACCUM. DEPRECIATION OF \$10,157 & \$10,551.....	3,731	3,723
9	OTHER ASSETS.....(NOTE 4).....	578	234
10	TOTAL ASSETS.....	\$158,737	\$163,535
	LIABILITIES & EQUITY		
	CURRENT LIABILITIES:		
11	ACCOUNTS PAYABLE.....	\$ 2,051	\$ 3,110
12	NOTES PAYABLE.....	-0-	-0-
	CURRENT PORTION OF LONG-TERM DEBT:		
13	DUE TO AFFILIATES.....	-0-	-0-
14	OTHER.....(NOTE 7).....	2,966	2,200
15	INCOME TAXES PAYABLE & ACCRUED.....	316	97
16	OTHER ACCRUED EXPENSES.....(NOTE 5).....	10,589	10,040
17	OTHER CURRENT LIABILITIES.....(NOTE 6).....	21,001	19,315
18	TOTAL CURRENT LIABILITIES.....	36,923	34,762
	LONG TERM DEBT:		
19	DUE TO AFFILIATES.....	-0-	-0-
20	OTHER.....(NOTE 7).....	48,689	59,176
21	DEFERRED CREDITS.....	3,625	1,534
22	OTHER LIABILITIES.....(NOTE 8).....	61,644	65,049
23	COMMITMENTS & CONTINGENCIES (NOTE 1)		
24	TOTAL LIABILITIES.....	150,881	160,521
25	STOCKHOLDERS', PARTNERS, OR PROPRIETOR'S EQUITY.....	7,856	3,014
26	TOTAL LIABILITIES & EQUITY.....	\$158,737	\$163,535

THE ACCOMPANYING NOTES ARE IN INTEGRAL PART OF THE FINANCIAL STATEMENTS. VALID COMPARISONS CANNOT BE MADE WITHOUT USING INFORMATION CONTAINED IN THE NOTES.

TRADING NAME OF LICENSEE: THE CLARIDGE CASINO HOTEL

**STATEMENTS OF INCOME**  
 FOR THE THREE MONTHS ENDED MARCH 31, 1992 AND 1991  
 (UNAUDITED)  
 (\$ IN THOUSANDS)

LINE (A)	DESCRIPTION (B)	(C) 1992	(D) 1991
	ASSETS		
	REVENUE:		
1	CASINO.....	\$ 34,140	\$ 28,503
2	ROOMS.....	2,182	2,042
3	FOOD & BEVERAGE.....	4,682	4,242
4	OTHER.....	836	528
5	TOTAL REVENUE.....	41,840	35,315
6	LESS: PROMOTIONAL ALLOWANCES.....(NOTE 10).....	4,132	3,277
7	NET REVENUE.....	37,708	32,038
	COSTS & EXPENSES:		
8	COST OF GOODS & SERVICES.....	21,813	19,784
9	SELLING, GENERAL & ADMINISTRATIVE.....	9,927	8,723
10	PROVISION FOR DOUBTFUL ACCOUNTS.....	140	131
11	DEPRECIATION & AMORTIZATION.....	311	290
	CHARGES FROM AFFILIATES OTHER THAN INTEREST:		
12	MANAGEMENT FEES.....	-0-	-0-
13	OTHER.....(NOTE 13).....	27	33
14	TOTAL COSTS & EXPENSES.....	32,218	28,961
15	INCOME (LOSS) FROM OPERATIONS.....	5,490	3,077
	OTHER INCOME (EXPENSES):		
16	INTEREST (EXPENSES) - AFFILIATES.....(NOTE 13).....	(108)	(108)
17	INTEREST (EXPENSES) - EXTERNAL.....	(1,077)	(1,605)
18	INVESTMENT ALT. TAX & RELATED INCOME (EXPENSE) - NET...	(370)	(305)
19	NONOPERATING INCOME (EXPENSE) - NET.....(NOTE 9 & 13)..	(3,543)	(4,135)
20	TOTAL OTHER INCOME (EXPENSE).....	(5,098)	(6,153)
21	INCOME (LOSS) BEFORE INCOME TAXES & EXTRAORDINARY ITEMS	392	(3,076)
22	PROVISION (CREDIT) FOR INCOME TAXES....(NOTE 12).....	83	(1,046)
23	INCOME (LOSS) BEFORE EXTRAORDINARY ITEMS.....	309	(2,030)
24	EXTRAORDINARY ITEMS (NET OF INCOME TAXES)	-0-	-0-
25	NET INCOME (LOSS).....	\$ 309	\$ (2,030)

THE ACCOMPANYING NOTES ARE IN INTEGRAL PART OF THE  
 FINANCIAL STATEMENTS. VALID COMPARISONS CANNOT BE MADE  
 WITHOUT USING INFORMATION CONTAINED IN THE NOTES.

1/89

CCC-215

\* CERTAIN RECLASSIFICATIONS HAVE BEEN MADE TO THE 1991 INCOME STATEMENT  
 TO CONFORM TO THE 1992 PRESENTATION.

TRADING NAME OF LICENSEE: THE CLARIDGE CASINO HOTEL

**STATEMENTS OF CHANGES IN STOCKHOLDERS EQUITY**  
 FOR THE THREE MONTHS ENDED MARCH 31, 1992 AND 1991  
 (UNAUDITED)  
 (\$ IN THOUSANDS)

LINE (A)	DESCRIPTION (B)	1992		1991	
		(C) SHARES	(D) DOLLARS	(E) SHARES	(F) DOLLARS
	COMMON STOCK: (PAR VALUE \$0.10, AUTHORIZED & OUTSTANDING 1,000 SHARES)				
1	BEGINNING BALANCE (JANUARY 1).....	1,000	\$ 1	1,000	\$ 1
2	SALE OF STOCK.....				
3	.....				
4	ENDING BALANCE.....	1,000	\$ 1	1,000	\$ 1
	PREFERRED STOCK:				
5	BEGINNING BALANCE (JANUARY 1).....				
6	SALE OF STOCK.....				
7	.....				
8	ENDING BALANCE.....				
	ADDITIONAL PAID-IN CAPITAL:				
9	BEGINNING BALANCE (JANUARY 1).....		\$4,999		\$ 4,999
10	.....				
11	.....				
12	ENDING BALANCE.....		\$4,999		\$ 4,999
	TREASURY STOCK:				
13	BEGINNING BALANCE (JANUARY 1).....				
14	PURCHASE OF ADDITIONAL STOCK.....				
15	SALE OR RETIREMENT OF STOCK.....				
16	ENDING BALANCE.....				
	SUBSCRIPTIONS RECEIVABLE FOR CAPITAL STOCK:				
17	BEGINNING BALANCE (JANUARY 1).....				
18	.....				
19	.....				
20	ENDING BALANCE.....				
	NET UNREALIZED LOSS ON NONCURRENT MARKETABLE EQUITY SECURITIES:				
21	BEGINNING BALANCE (JANUARY 1).....				
22	.....				
23	.....				
24	ENDING BALANCE.....				
	RETAINED EARNINGS:				
25	BEGINNING BALANCE (JANUARY 1).....		\$2,547		\$ 44
26	PRIOR PERIOD ADJUSTMENTS.....				
27	NET INCOME (LOSS).....		309		(2,030)
28	DIVIDENDS.....				
29	.....				
30	.....				
31	ENDING BALANCE.....		2,856		(1,986)
32	ENDING STOCKHOLDERS' EQUITY.....		\$7,856		\$ 3,014

THE ACCOMPANYING NOTES ARE IN INTEGRAL PART OF THE  
 FINANCIAL STATEMENTS. VALID COMPARISONS CANNOT BE MADE  
 WITHOUT USING INFORMATION CONTAINED IN THE NOTES.

TRADING NAME OF LICENSEE: THE CLARIDGE CASINO HOTEL

**STATEMENT OF CHANGES IN PARTNERS' OR PROPRIETORS' EQUITY**

FOR THE THREE MONTHS ENDED MARCH 31, 1992 AND 1991  
(UNAUDITED)  
(\$ IN THOUSANDS)

LINE (A)	DESCRIPTION (B)	(C) 1992	(D) 1991
	INVESTED CAPITAL:		
1	BEGINNING BALANCE (JANUARY 1).....		
2	ADDITIONAL CAPITAL INVESTED.....		
3	.....		
4	ENDING BALANCE.....		
	ACCUMULATED INCOME (LOSS):		
5	BEGINNING BALANCE.....		
6	PRIOR PERIOD ADJUSTMENTS.....		
7	NET INCOME (LOSS).....		
8	.....		
9	ENDING BALANCE.....		
	CAPITAL WITHDRAWALS:		
10	BEGINNING BALANCE.....		
11	ADDITIONAL CAPITAL WITHDRAWALS.....		
12	.....		
13	ENDING BALANCE.....		
	NET UNREALIZED LOSS ON NONCURRENT MARKETABLE EQUITY SECURITIES:		
14	BEGINNING BALANCE.....		
15	.....		
16	.....		
17	ENDING BALANCE.....		
18	ENDING PARTNERS' OR PROPRIETOR'S EQUITY.....		

THE ACCOMPANYING NOTES ARE IN INTEGRAL PART OF THE  
FINANCIAL STATEMENTS. VALID COMPARISONS CANNOT BE MADE  
WITHOUT USING INFORMATION CONTAINED IN THE NOTES.

**NOT APPLICABLE**

TRADING NAME OF LICENSEE: THE CLARIDGE CASINO HOTEL

**STATEMENTS OF CASH FLOWS**  
 FOR THE THREE MONTHS ENDED MARCH 31, 1992 AND 1991  
 (UNAUDITED)  
 (\$ IN THOUSANDS)

LINE (A)	DESCRIPTION (B)	(C) 1992	(D) 1991
1	NET CASH PROVIDED (USED) BY OPERATING ACTIVITIES.....	\$ 814	\$ (2,018)
	CASH FLOWS FROM INVESTING ACTIVITIES:		
2	PURCHASE OF SHORT-TERM INVESTMENT SECURITIES.....		
3	PROCEEDS FROM THE SALE OF SHORT-TERM INV. SECURITIES...		
4	CASH OUTFLOWS FOR PROPERTY & EQUIPMENT.....	(123)	(162)
5	PROCEEDS FROM DISPOSITION OF PROPERTY & EQUIPMENT.....	3	10
6	PURCHASE OF CASINO REINVESTMENT OBLIGATION.....	(83)	(66)
7	PURCHASE OF OTHER INVESTMENTS & LOANS/ADVANCES MADE....	(653)	(303)
8	PROCEEDS FROM DISPOSAL OF INVESTMENTS & COLLECTION OF ADVANCES & LONG TERM RECEIVABLES.....	2,220	2,111
9	CASH OUTFLOWS TO ACQUIRE BUSINESS ENTITIES.....		
10	.....		
11	.....		
12	NET CASH PROVIDED (USED) BY INVESTING ACTIVITIES.....	1,364	1,590
	CASH FLOWS FROM FINANCING ACTIVITIES:		
13	CASH PROCEEDS FROM ISSUANCE OF SHORT-TERM DEBT.....	-0-	1,000
14	PAYMENTS TO SETTLE SHORT-TERM DEBT.....	-0-	(900)
15	CASH PROCEEDS FROM ISSUANCE OF LONG-TERM DEBT.....		
16	COSTS OF ISSUING DEBT.....		
17	PAYMENTS TO SETTLE LONG-TERM DEBT.....	(412)	(95)
18	CASH PROCEEDS FROM ISSUING STOCK OR CAPITAL CONTRIB....		
19	PURCHASES OF TREASURY STOCK.....		
20	PAYMENTS OF DIVIDENDS OR CAPITAL WITHDRAWALS.....		
21	.....		
22	.....		
23	NET CASH PROVIDED (USED) BY FINANCING ACTIVITIES.....	(412)	5
24	NET INCREASE (DECREASE) IN CASH & CASH EQUIVALENTS.....	1,766	(423)
25	CASH & CASH EQUIVALENTS AT BEGINNING OF PERIOD.....	4,637	5,071
26	CASH & CASH EQUIVALENTS AT END OF PERIOD.....	\$ 6,403	\$ 4,648

**SUPPLEMENTAL DISCLOSURE OF CASH FLOW INFORMATION**

27	CASH PAID DURING YEAR FOR:		
	INTEREST (NET OF AMOUNT CAPITALIZED).....	\$ 1,076	\$ 1,604
28	INCOME TAXES.....	\$ 351	\$ 253

THE ACCOMPANYING NOTES ARE IN INTEGRAL PART OF THE  
 FINANCIAL STATEMENTS. VALID COMPARISONS CANNOT BE MADE  
 WITHOUT USING INFORMATION CONTAINED IN THE NOTES.

TRADING NAME OF LICENSEE: THE CLARIDGE CASINO HOTEL

**STATEMENTS OF CASH FLOWS**  
 FOR THE THREE MONTHS ENDED MARCH 31, 1992 AND 1991  
 (UNAUDITED)  
 (\$ IN THOUSANDS)

LINE (A)	DESCRIPTION (B)	(C) 1992	(D) 1991
	NET CASH PROVIDED (USED) BY OPERATING ACTIVITIES		
29	NET INCOME (LOSS).....	\$ 309	\$ (2,030)
	NON-CASH ITEMS INCLUDED INCOME & CASH ITEMS EXCLUDED FROM INCOME:		
30	DEPRECIATION & AMORTIZATION OF PROPERTY & EQUIPMENT....	265	277
31	AMORTIZATION OF OTHER ASSETS.....	46	13
32	AMORTIZATION OF DEBT DISCOUNT OR PREMIUM.....		-0-
33	DEFERRED INCOME TAXES - CURRENT.....		
34	DEFERRED INCOME TAXES - NONCURRENT.....	15	(1,046)
35	(GAIN) LOSS ON DISPOSITION OF PROPERTY & EQUIPMENT....	(3)	(10)
36	(GAIN) LOSS ON CASINO REINVESTMENT OBLIGATIONS.....	371	305
37	(GAIN) LOSS FROM OTHER INVESTMENT ACTIVITIES.....		
38	NET (INCREASE) DECREASE IN RECEIVABLES AND PATRONS' CHECKS EXCLUDING RECLASS FROM LONG TERM OF \$351 and \$108.....	(13)	295
39	NET (INCREASE) DECREASE IN INVENTORIES.....	(218)	(274)
40	NET (INCREASE) DECREASE IN OTHER CURRENT ASSETS * ...	330	38
41	NET (INCREASE) DECREASE IN OTHER ASSETS.....	(239)	(66)
42	NET INCREASE (DECREASE) IN ACCOUNTS PAYABLE.....	398	464
43	NET INCREASE (DECREASE) IN OTHER CURRENT LIABILITIES EXCLUDING DEBT.....	525	1,838
44	NET INCREASE (DECREASE) IN OTHER NONCURRENT LIABILITIES EXCLUDING DEBT.....	(765)	(1,642)
45	DISCOUNT ON WRAPAROUND MORTGAGE RECEIVABLE.....	(207)	(180)
46			
47	NET CASH PROVIDED (USED) BY OPERATING ACTIVITIES.....	\$ 814	\$ (2,018)

\* EXCLUDING DECREASE IN CURRENT PORTION OF CRDA CREDIT OF \$330 AND \$-0-

**SUPPLEMENTAL SCHEDULE OF NONCASH INVESTING AND FINANCING ACTIVITIES**

48	ACQUISITION OF PROPERTY & EQUIPMENT:		
49	ADDITIONS TO PROPERTY & EQUIPMENT.....	\$ 123	\$ 162
50	LESS: CAPITAL LEASE OBLIGATIONS ACQUIRED.....		
50	CASH OUTFLOWS FOR PROPERTY & EQUIPMENT.....	\$ 123	\$ 162
51	ACQUISITION OF BUSINESS ENTITIES:		
52	PROPERTY & EQUIPMENT ACQUIRED.....	\$	\$
53	GOODWILL ACQUIRED.....		
54	NET ASSETS ACQUIRED OTHER THAN CASH, GOODWILL & PROPERTY & EQUIPMENT.....		
55	LONG TERM DEBT ASSUMED.....		
56	ISSUANCE OF STOCK OR CAPITAL INVESTED.....	\$ -0-	\$ -0-
56	CASH OUTFLOWS TO ACQUIRE BUSINESS ENTITIES.....		
57	STOCK ISSUED OR CAPITAL CONTRIBUTIONS:		
58	TOTAL ISSUANCES OF STOCK OR CAPITAL CONTRIBUTIONS.....	\$	\$
59	LESS: ISSUANCES TO SETTLE LONG TERM DEBT.....		
60	CONSIDERATION IN ACQUISITION OF BUSINESS ENTITIES		
60	CASH PROCEEDS FROM ISSUING STOCK OR CAPITAL CONTRIB.....	\$ -0-	\$ -0-

THE ACCOMPANYING NOTES ARE IN INTEGRAL PART OF THE  
 FINANCIAL STATEMENTS. VALID COMPARISONS CANNOT BE MADE  
 WITHOUT USING INFORMATION CONTAINED IN THE NOTES.

THE CLARIDGE CASINO HOTEL

NOTES TO FINANCIAL STATEMENTS

MARCH 31, 1992 AND 1991

(1) Business

(a) Organization

The Claridge at Park Place, Incorporated ("New Claridge") formed on August 29, 1983, is a wholly-owned subsidiary of The Claridge Hotel and Casino Corporation (the "Corporation"). On October 31, 1983, New Claridge acquired certain assets of Del Webb's Claridge Casino - Hotel (the "Claridge"), including gaming equipment (the "Casino Assets"), from Del E. Webb New Jersey, Inc. ("DEWNJ"), a wholly-owned subsidiary of Del Webb Corporation ("Webb"), leased certain other of the Claridge's assets, including the buildings, parking facility and nongaming, depreciable, tangible property of the Claridge (the "Hotel Assets"), from Atlantic City Boardwalk Associates, L.P., ("the Partnership"), subleased the land on which the Claridge is located from the Partnership, assumed certain liabilities related to the acquired assets and undertook to carry on the business of the Claridge.

(b) Claridge Expansion

New Claridge expanded its facility by constructing a two story bridge building which connects the hotel building to the parking garage. The expanded facility, which opened to the public on August 28, 1986, houses approximately 10,000 square feet of casino space and a cabaret theatre with a seating capacity of approximately 200. The cost of the project approximated \$20 million. To finance the expansion, New Claridge together with Webb, DEWNJ, and the Partnership committed on March 17, 1986, to an agreement with the First Fidelity Bank, N.A. which increased the then current First Mortgage by an amount sufficient to finance the cost of the expansion. As a result of the expansion project and the increase in the First Mortgage certain new agreements were entered into and certain existing agreements and certain Webb commitments were amended on March 17, 1986.

(c) Restructuring

On October 27, 1988, the parties with an economic interest in the Corporation and New Claridge executed an agreement (the "Restructuring Agreement") with respect to the restructuring (the "Restructuring") of the Claridge. On June 16, 1989 the Restructuring was concluded pursuant to the terms of the Restructuring Agreement, and resulted in New Claridge's first mortgage balance being reduced from \$89,015,000 to \$74,557,000. The implementation of this agreement resulted in a reorganization of the ownership interests in the Corporation, modifications of the rights and obligations of the five banks which are the participants in New Claridge's first mortgage loan (the "First Mortgage Lenders"), satisfaction and termination of the obligations and commitments of Webb and DEWNJ, and modifications of the lease agreements between New Claridge and the Partnership.

THE CLARIDGE CASINO HOTEL

NOTES TO FINANCIAL STATEMENTS - CONTINUED

Had the parties not executed the Restructuring Agreement, New Claridge would probably have exhausted its working capital resources by December 1988, would not have been relicensed for the license period beginning October 31, 1988 through October 31, 1989, and would have had to consider filing for protection in bankruptcy.

(d) Other Significant Events

Claridge License Renewal

On October 7, 1991, New Claridge was issued a two year license by the New Jersey Casino Control Commission (the "Commission") for the period commencing October 31, 1991. New Claridge is required to submit to the Commission by April 30, 1993 a plan to satisfy the balloon payment due on the term loan on January 1, 1994, pursuant to the terms of the Loan Agreement, with implementation of the plan by June 30, 1993.

(2) Summary of Significant Accounting Policies

(a) Basis of Presentation

The accompanying financial statements are prepared in accordance with generally accepted accounting principles.

(b) Cash

Cash includes investments in interest-bearing repurchase agreements in government securities. Interest income is recorded as earned.

(c) Casino Receivables and Revenues

Credit is issued to certain casino customers and New Claridge records all unpaid credit as casino receivables on the date the credit was granted. Allowances for estimated uncollectible casino receivables are provided to reduce these receivables to amounts anticipated to be collected. New Claridge recognizes as casino revenue, the net win (which is the difference between amounts wagered and amounts paid to winning patrons) from gaming activity.

THE CLARIDGE CASINO HOTEL

NOTES TO FINANCIAL STATEMENTS - CONTINUED

(d) Promotional Allowances

Promotional allowances are presented at retail value. The cost of providing these complimentary is included in the statement of earnings as operating costs.

(e) Inventories

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

(f) Furniture and Equipment

Furniture and equipment is stated at cost. Depreciation is provided over the estimated useful lives (five years) of the respective assets using the straight-line method.

(3) Investments, Advances, and Receivables

Investments, Advances, and Receivables at March 31, 1992 and 1991 are summarized as follows:

	<u>1992</u>	<u>1991</u>
	(in thousands)	
\$127,000,000 Expandable Wraparound Mortgage 14%, maturities through September 30, 2000 (net of \$13,965,000 discount and \$14,752,000 discount at March 31, 1992 and 1991, respectively)	\$ 97,535	101,998
Deferred interest receivable, due September 30, 2000	20,000	20,000
FF&E promissory note, 14%	5,716	6,203
FF&E promissory note - expansion, 14%	12,040	13,086
Reinvestment Obligations	918	689
Reinvestment Obligation Credit	303	1,721
Investment in Resort Hotel Insurance Corporation	-0-	76
	<u>136,512</u>	<u>143,773</u>
Less Current Installments:		
Receivables	8,977	8,476
Reinvestment Obligation Credit	<u>185</u>	<u>1,325</u>
	<u>\$127,350</u>	<u>133,972</u>

THE CLARIDGE CASINO HOTEL

NOTES TO FINANCIAL STATEMENTS - CONTINUED

The Expandable Wraparound Mortgage Loan Agreement ("Expandable Wraparound Mortgage") was executed and delivered by the Partnership to New Claridge and is secured by all property of the Partnership. As part of the agreement, New Claridge will service the Partnership's debt under the Partnership's First Mortgage and Purchase Money Second Mortgage indebtedness. The discounted portion of the Expandable Wraparound Mortgage is due to the deferral of \$20,000,000 in interest between 1983 and 1988 until maturity. Principal payments required under the Expandable Wraparound Mortgage commenced in 1988. During the three months ended March 31, 1992, \$1,500,000 in principal payments were made.

The Expandable Wraparound Mortgage also includes a provision whereby New Claridge will loan the Partnership up to \$25,000,000 in the form of FF & E promissory notes, secured under the Expandable Wraparound Mortgage, for the purchase of property and equipment. One half of the principal is due in 48 months and the remaining balance is due 60 months from the date of the respective FF&E promissory note. During the three months ended March 31, 1992, \$444,000 in FF & E Promissory Note principal payments were made.

The Expandable Wraparound Mortgage was increased by \$17 million to provide the Partnership with funding for the construction of the expansion. Effective on the date that the expansion opened to the public (August 28, 1986), the Partnership commenced making level monthly payments of principal and interest so as to repay on September 30, 1998, in full, the principal balance of this \$17 million increase in the Expandable Wraparound Mortgage. The Expandable Wraparound Mortgage was amended to require, in addition to the above, principal payments (in equal monthly installments) due during the years 1988 through 1998 in escalating amounts totalling \$80,000,000 and on September 30, 2000 a balloon payment of \$67,000,000, which includes \$20,000,000 of deferred interest.

The Casino Control Act as amended in December 1984 provides for the imposition of an investment obligation pursuant to criteria set forth in the Act or the payment of an alternative tax. The investment obligation is calculated as 1.25% of the total gaming revenues each calendar year. Gaming revenues are the total revenues derived from gaming operations less the provision for bad debt. If the casino licensee opts not to make an investment as required it is assessed an additional tax of 2.5% of total gaming revenues less the provision for bad debt. The licensee has two options in satisfying its investment obligation: it can make a direct investment in a project which must be approved by the Casino Reinvestment Development Authority ("CRDA") which is the agency responsible for administering this portion of the Casino Control Act, or it can buy bonds issued by the CRDA which shall, if tax exempt, bear interest at the rate of 66 2/3% of the average rate of Bond Buyer Weekly 25 Revenue Bond Index for the 26 weeks proceeding the issue of the bonds. If the bonds are not

THE CLARIDGE CASINO HOTEL

NOTES TO FINANCIAL STATEMENTS - CONTINUED

tax exempt they shall bear interest at the rate of 66 2/3% of the average rate of Moody's A Rated Utility Index for the 26 weeks preceding the issue of the CRDA bonds. The investment obligation must be paid on the 15th day of the first, fourth, seventh, and tenth months of each year based on the estimated gaming revenues for the three month period preceding the first day of those months. The alternative tax must be paid not later than April 30 of the following year. New Claridge has deposited its reinvestment funds with the State Treasurer. Through March 31, 1992, \$9,688,000 has been deposited with the State. On March 16, 1987 CRDA had its first bond issue of which New Claridge's mandatory share was \$602,000. On April 30, 1987 a second bond issue was executed. New Claridge's portion amounted to \$1,052,000. Additional bond issuances executed through March 31, 1992 have totalled \$306,000. All purchases were made from funds already deposited. These funds deposited are earning interest at a rate approximately one-third less than market. Since at the time of purchase the bonds will also bear interest at two-thirds of market rates New Claridge has recorded a valuation allowance of \$3,279,000 to date of which \$27,000 was recorded during the three months ended March 31, 1992. Until such time as the bonds are issued this valuation allowance may be adjusted due to potential fluctuations in bond interest rates and other factors, including the determination of the terms of the bonds. New Claridge's investment obligation at March 31, 1992 and 1991 is \$82,000 and \$67,000 respectively.

On December 1, 1989, New Claridge made a donation to the CRDA in the amount of \$6,659,000. The amount donated represented amounts previously paid to the CRDA and included all of New Claridge's obligations (a) incurred from January 1, 1984 through September 30, 1989; and (b) incurred prior to January 1, 1984 allocable to Atlantic City which had not, as of November 30, 1989, been applied to the purchase of bonds. In exchange for the donation, New Claridge received a credit equal to \$3,396,000, (fifty-one percent of its donation), to be applied to its obligation commencing after September 30, 1989. During the fourth quarter of 1989 New Claridge recorded an expense of \$1,102,000 to write-down the book value of the donated amount to \$3,396,000. A second donation was made to the CRDA, effective July 1, 1990, of funds previously paid to the CRDA which were allocable to the purchase of obligations of the New Jersey Development Authority for Small Businesses, Minorities and Women's Enterprises ("SBMWE"). In exchange for this donation, which was in the amount of \$429,000, New Claridge received a credit equal to \$219,000 (fifty-one percent of the donation), to be applied to obligations commencing after June 30, 1990. During the third quarter of 1990, New Claridge recorded an expense of \$71,000 to write-down the book value of the donated amount to \$219,000. For the three months ended March 31, 1992, New Claridge has recorded expense of \$344,000, representing the amount of the credits applied to the first quarter of 1992 obligations.

THE CLARIDGE CASINO HOTEL

NOTES TO FINANCIAL STATEMENTS - CONTINUED

In addition, it was determined on January 15, 1990 that certain bonds issued by the CRDA and purchased by New Claridge pursuant to its investment obligation as required by the Casino Control Act, had become impaired and that the payment of interest and principal was uncertain. New Claridge's investment in these bonds totals \$1,654,000. These bonds as issued were to pay interest at approximately two-thirds of market rate. Consequently, New Claridge had recorded a valuation allowance of approximately \$538,000 at the time of purchase in 1987. Given the uncertainty regarding the receipt of principal and interest, New Claridge recorded an additional valuation allowance of \$1,116,000 during the fourth quarter of 1989 so as to fully reserve its investment.

At December 31, 1987, New Claridge also had a contingent liability to make a qualified investment in satisfaction of its pre-December 1984 investment obligation. Because no such qualified investment was made by December 31, 1988, New Claridge funded its obligation and accordingly \$333,000 was deposited with the State in 1988.

(4) Other Assets

Other assets at March 31, 1992 and 1991 consist of the following:

	<u>1992</u>	<u>1991</u>
	(in thousands)	
Intangible assets (net of accumulated amortization of \$186 and \$57 at March 31, 1992 and 1991 respectively)	\$423	112
Refundable deposits, non-current	110	122
Other	<u>45</u>	<u>-0-</u>
	<u>\$578</u>	<u>234</u>

(5) Other Accrued Expenses

Other accrued expenses at March 31, 1992 and 1991 consist of the following:

	<u>1992</u>	<u>1991</u>
	(in thousands)	
Progressive jackpot liability	\$ 2,998	2,916
Accrued payroll and related benefits	4,395	4,697
Accrued interest payable	1,206	775
Other	<u>1,990</u>	<u>1,652</u>
	<u>\$10,589</u>	<u>10,040</u>

THE CLARIDGE CASINO HOTEL

NOTES TO FINANCIAL STATEMENTS - CONTINUED

(6) Other Current Liabilities

Other current liabilities at March 31, 1992 and 1991 consist of the following:

	<u>1992</u>	<u>1991</u>
	(in thousands)	
Due to affiliates	\$ 3,600	3,600
Deferred rent, current	15,078	12,382
Auto/general claims liability	1,488	1,993
Other	<u>835</u>	<u>1,340</u>
	<u>\$21,001</u>	<u>19,315</u>

As of March 31, 1992 and 1991, Due to Affiliates includes \$3.6 million due to the Partnership. On June 16, 1989 pursuant to the terms of the Restructuring Agreement, the Partnership loaned to New Claridge \$3.6 million representing all its cash other than funds needed to pay expenses incurred through or at the closing of the Restructuring. This loan is evidenced by an unsecured promissory note and is not due and payable until such time as the full or partial satisfaction of the Wraparound Mortgage and the First Mortgage has been made in connection with a refinancing or sale of all or a partial interest in the Claridge. Interest, which accrues at 12% per annum, is payable in full upon maturity.

As of March 31, 1992, the amount of deferred rent of \$15,078,000 represents the maximum deferral allowed in accordance with the terms of the Operating Lease Agreement and Expansion Operating Lease Agreement, as amended. Payment of the deferred rent is contingent upon the realization of profits or distributions from a sale or further refinancing.

(7) Long-term Debt

Long-term debt at March 31, 1992 and 1991 consists of the following:

	<u>1992</u>	<u>1991</u>
	(in thousands)	
First Mortgage Note (a)	\$ 51,655	60,376
Revolving line of credit (b)	<u>-0-</u>	<u>1,000</u>
	51,655	61,376
Less current installments	<u>2,966</u>	<u>2,200</u>
	<u>\$ 48,689</u>	<u>59,176</u>

THE CLARIDGE CASINO HOTEL

NOTES TO FINANCIAL STATEMENTS - CONTINUED

- (a) On June 16, 1989, the First Mortgage balance was reduced in accordance with the Restructuring Agreement from \$89,015,000 to \$74,557,000. The Loan Agreement, which constitutes an amendment to New Claridge's First Mortgage Agreement, was amended subsequent to the Restructuring, on September 29, 1989, and again on April 23, 1991. The current terms of the Loan Agreement require principal payments on the term loan of \$1.2 million annually (payable in equal monthly installments), for 1992 and 1993, with a balloon payment due on January 1, 1994. Interest on the term loan, which is payable monthly in arrears, accrues at a rate equal to the "prime rate" of Marine Midland Bank, N.A., plus one and one-half (1 1/2%) percent on a per annum basis.

New Claridge is also required to pay, quarterly, to the First Mortgage Lenders, for permanent application to the outstanding principal balance of the first mortgage loan, any excess cash flow, as defined in the Loan Agreement. In April, 1992, New Claridge made principal payments totalling \$1,766,000, representing its excess cash flow, as calculated per the terms of the Loan Agreement, for the first quarter of 1992.

Quarterly co-agent fees equal to one fortieth of one percent of the average daily outstanding balance of the First Mortgage during the quarter are required. In addition, New Claridge is required to pay quarterly a commitment fee equal to .5% per annum of the unused portion of the revolving working capital line.

On December 1, 1989, the First Mortgage Lenders agreed to the donation of certain funds, already deposited with the CRDA, to the CRDA. The First Mortgage Lenders required New Claridge to make quarterly principal payments as a permanent reduction to the term loan balance, in an amount equal to one-half of the net savings (the amount of the credit used less the interest income lost due to the donation of the funds) for each quarter. The remaining one-half of the net savings is available to New Claridge. During the three months ended March 31, 1992 New Claridge made principal payments totalling \$112,000 under this agreement.

The terms of the Loan Agreement also limit the amount New Claridge can expend for capital expenditures to \$3.5 million per annum. New Claridge is permitted to carry over to the first quarter of the succeeding year up to \$350,000 not expended during any year. In addition, the terms of the Loan Agreement restrict the amount of any "delayed payments" (payments made in a succeeding year for items delivered in any subject year) to a maximum amount of \$1 million.

THE CLARIDGE CASINO HOTEL

NOTES TO FINANCIAL STATEMENTS - CONTINUED

- b) Pursuant to the terms of the Loan Agreement as amended on the closing of the Restructuring, the First Mortgage Lenders established a revolving working capital facility in the amount of \$5.4 million subject to increase to up to \$7.5 million to the extent that during 1989 New Claridge made payments of principal other than scheduled payments of principal on the first mortgage loan. On September 29, 1989, the Loan Agreement was amended further to provide for increases in the revolving working capital facility to up to \$11 million to the extent New Claridge made principal payments other than scheduled principal payments after September 30, 1989.

Effective April 23, 1991, the Loan Agreement was again amended to decrease the revolving working capital facility from \$11 million to \$7.5 million. In addition, the interest on the working capital facility borrowings, which is payable monthly in arrears, was increased from the prime rate plus 1% to the prime rate plus 1.5%.

At March 31, 1992, there were no outstanding borrowings on the revolving working capital facility; at March 31, 1991 there were outstanding borrowings of \$1,000,000.

(8) Other Liabilities

Other liabilities at March 31, 1992 and 1991 consist of the following:

	<u>1992</u>	<u>1991</u>
	(in thousands)	
Deferred rent	\$ 41,644	45,049
Other non-current liabilities	<u>20,000</u>	<u>20,000</u>
Total	<u>\$ 61,644</u>	<u>65,049</u>

Pursuant to the Restructuring Agreement, Webb retained an interest, which was assigned to the United Way of Arizona on April 2, 1991, as a creditor, equal to \$20 million plus interest at a rate of 15% per annum, compounded quarterly, commencing December 1, 1988, in any proceeds ultimately recovered from operations and/or the sale or refinancing of the Claridge facility in excess of the first mortgage loan ("Contingent Payment"), which amount is payable under certain circumstances. Consequently, New Claridge has deferred the recognition of \$20 million of forgiveness income with respect to the Contingent Payment obligation. Interest on the Contingent Payment obligation is not being accrued since the likelihood of paying such amount is not considered probable at this time.

THE CLARIDGE CASINO HOTEL

NOTES TO FINANCIAL STATEMENTS - CONTINUED

(9) Other Nonoperating Income (Expense) - Net

Other nonoperating income (expense) - net for the three months ended March 31, 1992 and 1991 consists of the following:

	<u>1992</u>	<u>1991</u>
	(in thousands)	
Interest Income - Wraparound Mortgage	\$ 4,772	4,978
Interest Income - Other	38	43
Other Nonoperating income/(expense)	250	(5)
Facilities/Maintenance Fee	133	133
Gain on Disposal of Assets	3	10
Partnership Rent Expense	<u>(8,739)</u>	<u>(9,294)</u>
Total	<u>\$(3,543)</u>	<u>(4,135)</u>

(10) Complimentary Services

Complimentary services for the three months ended March 31, 1992 are summarized as follows:

For the three months ended March 31, 1992

Promotional Allowances

	<u>Number of Recipients</u>	<u>Dollar Amount</u>
Room	17,656	\$ 947,337
Food	129,618	1,762,574
Beverage	214,701	1,157,728
Showroom	<u>34,021</u>	<u>264,959</u>
Total	<u>395,996</u>	<u>\$4,132,598</u>

Promotional Expenses

	<u>Number of Recipients</u>	<u>Dollar Amount</u>
Coupon Redemption of Cash & Tokens	352,648	\$3,615,848
Travel	823	81,200
Parking	23,402	161,077
Other	<u>25,360</u>	<u>203,858</u>
Total	<u>402,233</u>	<u>\$4,061,983</u>

THE CLARIDGE CASINO HOTEL

NOTES TO FINANCIAL STATEMENTS - CONTINUED

(11) Operating Lease

New Claridge leases the Hotel Assets and the land on which the Claridge is located from the Partnership under an Operating Lease. The initial lease term is 15 years with three ten-year renewal options.

Basic lease payments under the Operating Lease as amended (as described below), as of March 31, 1992 are as follows:

4/1/92-3/31/93	\$ 30,147
4/1/93-3/31/94	30,473
4/1/94-3/31/95	30,704
4/1/95-3/31/96	31,034
4/1/96-3/31/97	34,221
Later Years	<u>63,863</u>
Total Minimum	<u>\$ 220,442</u>

Also, additional rent payments are required based upon fixed assets purchased by the Partnership (the FF&E Replacements, note 3) and then leased to New Claridge. For the three months ended March 31, 1992 and 1991 rental expense for all operating leases amounted to \$9,198,000 and \$9,710,000 respectively, of which \$(765,000) and \$(1,642,000) of rental expense is attributable to the requirement under Statement of Financial Accounting Standards #13 to provide a level rent expense for those leases with escalating payments. Under the terms of the Operating lease, the Partnership is responsible for taxes, assessments, insurance, maintenance and repairs and other costs related to use and occupancy of the Hotel Assets.

On March 17, 1986 New Claridge entered into an Expansion Operating Lease Agreement with the Partnership whereby New Claridge will lease the expansion facility for an initial term beginning March 17, 1986 and ending on September 30, 1998 with three 10-year renewal options. Basic annual rent payable during the initial term of the Expansion Operating Lease is \$3,950,000 in 1986 (prorated based on the day that the Expansion Improvements open to the public), annually thereafter the rental amount will be adjusted based on the Consumer Price Index but any increase not to exceed two percent per annum. The basic annual rent is predicated on the construction of the Expansion Improvements costing a specified amount. If the cost of construction differs from this amount, basic annual rent will be adjusted according to a formula. The total Expansion Operating Lease to be paid in 1992 is \$4,358,000. If the term of the Expansion Operating Lease is extended, basic annual rent will be calculated pursuant to a formula, with such rent not to be more than \$3,000,000 or less than \$2,500,000 and not to be greater than 10% more than the basic annual rent for the immediately preceding lease year in each lease year thereafter.

THE CLARIDGE CASINO HOTEL

NOTES TO FINANCIAL STATEMENTS - CONTINUED

New Claridge is required to pay as additional rent certain expenses relating to the leasing by the Partnership of the Air Rights granted by the City of Atlantic City to DEWNJ, over which the expansion facility is constructed. New Claridge is also required to pay as additional rent certain expenses and the debt service relating to Furniture, Fixture and Equipment Replacements and building improvements (collectively "Expansion FF&E Replacements") for the expanded facility. The Partnership will be required during the entire term of the Expansion Operating Lease to provide New Claridge with Expansion FF&E Replacements and until September 30, 1998, will be required to provide facility maintenance and engineering services to New Claridge. New Claridge will be obligated to lend the Partnership any amounts necessary to fund the cost of Expansion FF&E Replacements. Any advances by New Claridge for the foregoing will be secured under the Expandable Wraparound Mortgage. New Claridge will have the option to purchase, on September 30, 1998 and, if it renews the Expansion Operating Lease, on September 30, 2003, the expansion facility and the Partnership's interest in the Air Rights for their fair market value at the time the option is exercised.

Statement of Financial Accounting Standards ("SFAS") #13 requires that rental payment be recorded on a level basis throughout the lease term for those operating leases which include provisions for escalating payments. The Operating Lease requires basic rental payments to be made in equal monthly installments escalating yearly up to \$43,375,000 (annualized) in 1998. Under SFAS #13, basic rent expense prior to the closing of the Restructuring, was recognized on a leveled basis each year. Therefore, in the early years of the lease term, required cash payments were significantly lower than the related expense recognized for financial reporting purposes. In conjunction with the closing of the Restructuring, the Operating Lease Agreement and the Expansion Operating Lease Agreement were amended to provide for the deferral of \$15,078,000 of rental payments during the period July 1, 1988 through the beginning of 1992, and to provide for the abatement of basic rent thereafter. During the third quarter of 1991, the maximum deferral of basic rent allowable under the Operating Lease of \$15,078,000 was reached. On August 1, 1991, the Operating Lease Agreement and Expansion Operating Lease Agreement were amended to revise the abatement as follows: commencing January 1, 1991, for each calendar year through 1998, the lease abatements shall not exceed \$10 million in any one calendar year, and \$38,820,000 in the aggregate.

Effective with the closing of the Restructuring on June 16, 1989, lease expense recognized on a level basis is reduced prospectively, from the use of a revised schedule of rent levelling relative to the abatement of certain rental payments.

THE CLARIDGE CASINO HOTEL

NOTES TO FINANCIAL STATEMENTS - CONTINUED

(12) Income Taxes

The provision/(credit) for income taxes as of March 31, 1992 and 1991 is comprised of the following:

	<u>1992</u>	<u>1991</u>
	(in thousands)	
Current	\$ 68	-0-
Deferred	<u>15</u>	<u>(1,046)</u>
	<u>\$ 83</u>	<u>(1,046)</u>

The deferred income tax provision/(credit) reflects the results of income and expense items that are reported in different years for financial purposes and income tax purposes, including bad debt expense, rent leveling, Wrap Mortgage discount expense and income related to debt forgiveness.

The provision/(credit) for income taxes differs from the amount computed at the statutory rate as follows:

	<u>1992</u>	<u>1991</u>
	(in thousands)	
Federal income tax at statutory rates	\$ 70	(1,046)
State income tax less federal benefit	<u>13</u>	<u>-0-</u>
	<u>\$ 83</u>	<u>(1,046)</u>

New Claridge is included in the consolidated income tax return of its parent, the Corporation. At March 31, 1992 and 1991 there are no available net operating loss carryforwards for financial statement purposes. As a result of the Second Mortgage forgiveness in 1990, the remaining financial statement net operating losses were utilized which resulted in the recording of net deferred taxes of approximately \$2,580,000. As a result of the restructuring in 1989, the amount of debt forgiven resulted in the loss or reduction of various tax attributes including tax operating loss carryforward of \$ 37,592,000, unused tax credits of \$1,041,000, and reduction in tax basis of assets by \$81,251,000. This also resulted in the reduction of net operating loss carryforwards for financial statement purposes in the amount of \$98,000,000 and the loss of all tax credit carryforwards for financial statement purposes. As a result of the reduction in tax basis of assets, future cash payments for income taxes will significantly exceed income tax expense for financial statement purposes in future years.

THE CLARIDGE CASINO HOTEL

NOTES TO FINANCIAL STATEMENTS - CONTINUED

13) Related Party Transactions

- (a) At the closing of the Restructuring on June 16, 1989, the Partnership loaned to New Claridge all cash and cash equivalents remaining in the Partnership other than funds needed to pay expenses incurred through or at the closing of the Restructuring. Interest on this loan accrues at 12% per year. For the three months ended March 31, 1992 and 1991 interest expense due to affiliates was \$108,000 and \$108,000 respectively.
- (b) In conjunction with the Restructuring, the Maintenance Services Contract was assigned by DEWNJ to New Claridge; consequently, certain charges are paid directly to the Partnership. The costs of these services for the three months ended March 31, 1992 and 1991 amounted to \$27,000 and \$33,000, respectively.
- (c) The Partnership has a direct material interest in the Expandable Wraparound Mortgage Loan Agreement and the Operating Lease as described in the preceding notes. Under the terms of the above agreements, for the three months ended March 31, 1992 and 1991 New Claridge has earned interest income of \$4,772,000 and \$4,978,000 respectively, and incurred lease expense of \$8,739,000 and \$9,294,000, respectively.
- (d) In February 1992, the Corporation's Board of Directors adopted a Long-Term Incentive Plan ("Plan") in which certain key employees of the Corporation and/or New Claridge participate. The Plan provides for the grant of the 273,938 shares of the Corporation's Class A stock, which were held as treasury shares of the Corporation, and for the issuance of 100 Equity Units. The aggregate value of the 100 Equity Units is equal to 5.41 percent of certain amounts as further defined in the Plan. Specified portions of the awarded treasury shares and Equity Units held by participants shall vest upon the attainment of specific goals as described in the Plan. The treasury shares and Equity Units fully vest upon a further restructuring or a change in control as defined. Payment with respect to the Equity Units will only be made (a) upon the occurrence of a transaction in which substantially all of the assets and business operations of the Claridge entities are transferred to one or more entities in a merger, sale of assets or other acquisition-type transaction, or (b) if any change of control of the Corporation occurs, as defined in the Plan.

On April 15, 1992, the Casino Control Commission approved the Plan, and the treasury shares were delivered to the participants. A participant is entitled to vote all awarded treasury shares whether or not vested in such shares.

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: THE CLARIDGE CASINO HOTEL

**SCHEDULE OF RECEIVABLES & PATRONS' CHECKS**

MARCH 31, 1992

(UNAUDITED)

(\$ IN THOUSANDS)

ACCOUNTS RECEIVABLE BALANCES

LINE (A)	DESCRIPTION (B)	ACCT. BAL. (C)	ALLOWANCE (D)	A/R NET OF ALLOW. (E)
	PATRONS' CHECKS:			
1	UNDEPOSITED PATRONS' CHECKS.....	\$ 941		
2	RETURNED PATRONS' CHECKS.....	1,501		
3	TOTAL PATRONS' CHECKS.....	2,442	\$ 1,215	\$ 1,227
4	HOTEL RECEIVABLES.....	262	17	245
	OTHER RECEIVABLES:			
5	RECEIVABLES DUE FROM OFFICERS & EMPLOYEES....	3		
6	RECEIVABLES DUE FROM AFFILIATES.....	15,244		
7	OTHER ACCOUNTS & NOTES RECEIVABLES.....	426		
8	TOTAL OTHER RECEIVABLES.....	15,673	13	15,660
9	TOTALS (FORM 305).....	\$ 18,377	\$ 1,245	\$ 17,132

UNDEPOSITED PATRONS' CHECKS ACTIVITY

LINE (F)	DESCRIPTION (G)	(H) AMOUNT
10	BEGINNING BALANCE (JANUARY 1).....	\$ 1,138
11	COUNTER CHECKS ISSUED (EXCLUDING COUNTER CHECKS ISSUED THROUGH TRANSACTIONS RELATING TO CONSOLIDATION, PARTIAL REDEMPTIONS, SUBSTITUTIONS, & PATRONS CASH DEPOSITS).....	11,674
12	CHECKS REDEEMED PRIOR TO DEPOSIT (EXCLUDING THE UNREDEEMED PORTION OF COUNTER CHECKS REDEEMED THROUGH PARTIAL REDEMPTIONS, & EXCLUDING CHECKS REDEEMED THROUGH TRANSACTIONS RELATING TO CONSOLIDATION, SUBSTITUTIONS, & PATRONS CASH DEPOSITS).....	(8,995)
13	CHECKS COLLECTED THROUGH DEPOSITS.....	(2,532)
14	CHECKS TRANSFERRED TO RETURNED CHECKS.....	(344)
15	OTHER ADJUSTMENTS.....	
16	ENDING BALANCE.....	\$ 941
17	"HOLD" CHECKS INCLUDED IN BALANCE ON LINE 16.....	
18	PROVISION FOR UNCOLLECTIBLE PATRONS' CHECKS.....	\$ 117
19	PROVISION AS A PERCENT OF COUNTER CHECKS ISSUED.....	1.0%

THE ACCOMPANYING NOTES ARE IN INTEGRAL PART OF THE  
FINANCIAL STATEMENTS. VALID COMPARISONS CANNOT BE MADE  
WITHOUT USING INFORMATION CONTAINED IN THE NOTES.

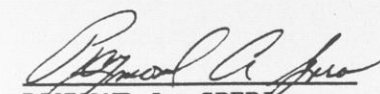
STATEMENT OF CONFORMITY AND ACCURACY

STATE OF NEW JERSEY

COUNTY OF ATLANTIC

RAYMOND A. SPERA, 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 REPORT HAS BEEN PREPARED IN CONFORMITY WITH CASINO CONTROL COMMISSION'S QUARTERLY REPORT INSTRUCTIONS AND UNIFORM CHART OF ACCOUNTS.
3. THE INFORMATION CONTAINED IN THIS QUARTERLY REPORT IS ACCURATE TO THE BEST OF MY KNOWLEDGE AND BELIEF.

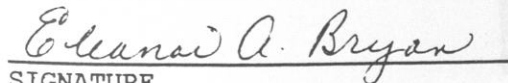
  
 RAYMOND A. SPERA

SR. VICE PRESIDENT OF FINANCE  
& CORPORATE DEVELOPMENT

LISC. #: 002369-11

ON BEHALF OF THE CLARIDGE AT PARK PLACE, INC.  
(CASINO LICENSEE)

SUBSCRIBED AND SWORN TO BEFORE ME ON THIS 11<sup>th</sup> DAY OF May, 1992.

  
 SIGNATURE

**ELEANOR A. BRYAN**  
**NOTARY PUBLIC OF NEW JERSEY**  
**My Commission Expires March 8, 1993**

BASIS OF AUTHORITY TO TAKE OATHS

*[Faint background text and stamp visible through the paper:]*  
 John B. Ryan  
 Vice President, Finance  
 Indiana Avenue & Brighton Bldg.  
 Atlantic City, NJ 08401  
 MAY 27 1992  
 185 W. STATE ST.  
 TRENTON, N.J.

974.901  
C193

# QUARTERLY REPORT

**LICENSEE** Greate Bay Hotel & Casino, Inc.  
**ADDRESS** Indiana Avenue & Brighton Park  
Atlantic City, New Jersey 08401

**FOR THE QUARTER ENDED** March 31, 1992

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



PROPERTY OF  
NEW JERSEY STATE LIBRARY  
MAY 27 1992  
185 W. STATE ST.  
TRENTON, N.J.

**NAME OF OFFICER IN CHARGE OF CORRESPONDENCE REGARDING THIS QUARTERLY REPORT . . .** John R. Rauen  
**OFFICIAL TITLE . . . . .** Vice President, Finance  
**ADDRESS . . . . .** Indiana Avenue & Brighton Park  
Atlantic City, NJ 08401



TRADING NAME OF LICENSEE Sands Hotel & Casino

BALANCE SHEETS

March 31, 1992 and 1991

(UNAUDITED)  
(\$ IN THOUSANDS)

LINE (a)	DESCRIPTION (b)	(c) 1992	(d) 1991
	ASSETS		
	Current Assets:	\$	\$
1	Cash.....	16,157	17,458
2	Marketable securities.....	-	-
3	Receivables and patrons' checks (net of allowance for doubtful accounts - 1992, \$18,753 ; 1991, \$17,064 ).....Note 5...	32,034	33,359
4	Inventories.....	3,088	3,140
5	Prepaid expenses and other current assets.....	2,251	3,269
6	Total current assets.....	53,530	57,226
7	Investments, Advances, And Receivables.....Note 5, 8...	19,036	16,657
8	Property And Equipment - Net.....Note 7...	172,343	184,918
9	Other Assets.....	11,204	12,430
10	Total Assets.....	\$ 256,113	\$ 271,231
	LIABILITIES AND EQUITY		
	Current Liabilities:	\$	\$
11	Accounts payable.....	7,717	7,493
12	Notes payable.....Note 3.....	8,000	8,000
	Current portion of long-term debt:		
13	- Due to affiliates.....Note 2.....	4,810	2,557
14	Other.....Note 2.....	8,907	906
15	Income taxes payable and accrued.....	6,232	4,835
16	Other accrued expenses.....Note 9.....	19,153	19,449
17	Other current liabilities.....Note 5, 10.....	6,254	4,233
18	Total current liabilities.....	61,073	47,473
	Long-Term Debt:		
19	Due to affiliates.....Note 2.....	176,022	180,470
20	Other.....Note 2.....	1,301	10,284
21	Deferred Credits.....	-	-
22	Other Liabilities.....Note 5.....	4,925	8,615
23	Commitments And Contingencies		
24	Total Liabilities.....	243,321	246,842
25	Stockholders', Partners', Or Proprietor's Equity.....	12,792	24,389
26	Total Liabilities And Equity.....	\$ 256,113	\$ 271,231

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

STATEMENTS OF INCOME

FOR THE THREE MONTHS ENDED MARCH 31, 1992 and 1991

(UNAUDITED)

(\$ IN THOUSANDS)

LINE (a)	DESCRIPTION (b)	(c) 1992	(d) 1991
	Revenue:	\$	\$
1	Casino.....	56,981	50,230
2	Rooms.....	2,320	2,369
3	Food and beverage.....	7,471	6,239
4	Other.....	950	710
5	Total revenue.....	67,722	59,548
6	Less: Promotional allowances.....Note 11.	6,718	5,538
7	Net revenue.....	61,004	54,010
	Costs And Expenses:		
8	Cost of goods and services.....	28,874	25,107
9	Selling, general, and administrative.....Note 5..	21,580	20,289
10	Provision for doubtful accounts.....	573	890
11	Depreciation and amortization.....	4,269	4,483
	Charges from affiliates other than interest:		
12	Management fees.....Note 5..	1,383	1,102
13	Other.....	-	-
14	Total costs and expenses.....	56,679	51,871
15	Income (Loss) From Operations.....	4,325	2,139
	Other Income (Expenses):		
16	Interest (expense) - affiliates.....Note 5..	<5,775>	<5,977>
17	Interest (expense) - external.....	<606>	<794>
18	Investment alternative tax and related income (expense) - net.....	<397>	<560>
19	Nonoperating income (expense) - net.....Note 6..	1,060	1,243
20	Total other income (expenses).....	<5,718>	<6,088>
21	Income (Loss) Before Income Taxes And Extraordinary Items.....	<1,393>	<3,949>
22	Provision (credit) for income taxes.....Note 4..	<236>	<1,310>
23	Income (Loss) Before Extraordinary Items.....	<1,157>	<2,639>
24	Extraordinary items (net of income taxes - 1992_, \$ ; 1991_, \$ ).....	-	-
25	Net Income (Loss).....	\$ <1,157>	\$ <2,639>

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

STATEMENTS OF INCOME

FOR THE THREE MONTHS ENDED MARCH 31, 1992 and 1991

(UNAUDITED)

(\$ IN THOUSANDS)

NOT APPLICABLE

LINE (a)	DESCRIPTION (b)	(c) 1992	(d) 1991
	Revenue:	\$	\$
1	Casino.....		
2	Rooms.....		
3	Food and beverage.....		
4	Other.....		
5	Total revenue.....		
6	Less: Promotional allowances.....		
7	Net revenue.....		
	Costs And Expenses:		
8	Cost of goods and services.....		
9	Selling, general, and administrative.....		
10	Provision for doubtful accounts.....		
11	Depreciation and amortization.....		
	Charges from affiliates other than interest:		
12	Management fees.....		
13	Other.....		
14	Total costs and expenses.....		
15	Income (Loss) From Operations.....		
	Other Income (Expenses):		
16	Interest (expense) - affiliates.....		
17	Interest (expense) - external.....		
18	Investment alternative tax and related income (expense) - net.....		
19	Nonoperating income (expense) - net.....		
20	Total other income (expenses).....		
21	Income (Loss) Before Income Taxes And Extraordinary Items.....		
22	Provision (credit) for income taxes.....		
23	Income (Loss) Before Extraordinary Items.....		
24	Extraordinary items (net of income taxes - 19__, \$ ; 19__, \$ ).....		
25	Net Income (Loss).....	\$ \$	\$

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

STATEMENTS OF CHANGES IN STOCKHOLDERS' EQUITY

FOR THE THREE MONTHS ENDED March 31, 1992 and 1991

(UNAUDITED)

(\$ IN THOUSANDS)

LINE (a)	DESCRIPTION (b)	(c) 1992		(d) 1991	
		(c) SHARES	(d) DOLLARS	(e) SHARES	(f) DOLLARS
	No par value; authorized				
	Common Stock: 2,500 shares		\$		\$
1	Beginning balance (January 1).....	100	3,500	100	3,500
2	Sale of stock.....				
3	.....				
4	Ending balance.....				
	Preferred Stock:				
5	Beginning balance (January 1).....				
6	Sale of stock.....				
7	.....				
8	Ending balance.....	100	3,500	100	3,500
	Additional Paid-in Capital:	+++++		+++++	
9	Beginning balance (January 1).....	+++++	6,538	+++++	19,738
10	.....	+++++		+++++	
11	.....	+++++		+++++	
12	Ending balance.....	+++++	6,538	+++++	19,738
	Treasury Stock:				
13	Beginning balance (January 1).....		( )		( )
14	Purchase of additional stock.....		( )		( )
15	Sale or retirement of stock.....				
16	Ending balance.....		( )		( )
	Subscriptions Receivable For				
	Capital Stock:				
17	Beginning balance (January 1).....		( )		( )
18	.....				
19	.....				
20	Ending balance.....		( )		( )
	Net Unrealized Loss On Noncurrent	+++++		+++++	
	Marketable Equity Securities:	+++++		+++++	
21	Beginning balance (January 1).....	+++++	( )	+++++	( )
22	.....	+++++		+++++	
23	.....	+++++		+++++	
24	Ending balance.....	+++++		+++++	
	Retained Earnings:	+++++		+++++	
25	Beginning balance (January 1).....	+++++	3,911	+++++	3,790
26	Prior period adjustments.....	+++++		+++++	
27	Net income (loss).....	+++++	<1,157>	+++++	<2,639>
28	Dividends.....	+++++		+++++	
29	.....	+++++		+++++	
30	.....	+++++		+++++	
31	Ending balance.....	+++++	2,754	+++++	1,151
	Ending Stockholders'	+++++	\$	+++++	\$
32	Equity.....	+++++	12,792	+++++	24,389

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

STATEMENTS OF CHANGES IN PARTNERS'  
OR PROPRIETOR'S EQUITY

FOR THE THREE MONTHS ENDED MARCH 31, 1992 and 1991  
(UNAUDITED)  
(\$ IN THOUSANDS)

LINE (a)	DESCRIPTION (b)	NOT APPLICABLE	
		(c) 1992	(d) 1991
	Invested Capital:	\$	\$
1	Beginning balance (January 1).....		
2	Additional capital invested.....		
3	.....		
4	Ending balance.....		
	Accumulated Income (Loss):		
5	Beginning balance (January 1).....		
6	Prior period adjustments.....		
7	Net income (loss).....		
8	.....		
9	Ending balance.....		
	Capital Withdrawals:		
10	Beginning balance (January 1).....	( )	( )
11	Additional capital withdrawals.....	( )	( )
12	.....		
13	Ending balance.....	( )	( )
	Net Unrealized Loss On Noncurrent Marketable Equity Securities:		
14	Beginning balance (January 1).....	( )	( )
15	.....		
16	.....		
17	Ending balance.....	( )	( )
18	Ending Partners' Or Proprietor's Equity.....	\$	\$

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

TRADING NAME OF LICENSEE Sands Hotel & Casino

STATEMENTS OF CASH FLOWS

FOR THE THREE MONTHS ENDED MARCH 31, 1992 and 1991

(UNAUDITED)

(\$ IN THOUSANDS)

LINE (a)	DESCRIPTION (b)	(c) 1992	(d) 1991
1	Net Cash Provided (Used) By Operating Activities.....	\$ 7,659	\$ 479
	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.....	<519>	<1,742>
5	Proceeds from disposition of property and equipment.....	-	387
6	Purchase of casino reinvestment obligations.....	<82>	<125>
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.....	<601>	<1,480>
	Cash Flows From Financing Activities:		
13	Cash proceeds from issuance of short-term debt.....	-	3,000
14	Payments to settle short-term debt.....	-	-
15	Cash proceeds from issuance of long-term debt.....	-	-
16	Costs of issuing debt.....		
17	Payments to settle long-term debt.....	<1,419>	<152>
18	Cash proceeds from issuing stock or capital contributions.....		
19	Purchases of treasury stock.....		
20	Payments of dividends or capital withdrawals.....		
21	Net borrowings from (advances to) Affiliates.....	<2,495>	3,218
22			
23	Net Cash Provided (Used) By Financing Activities.....	<3,914>	6,066
24	Net Increase (Decrease) In Cash And Cash Equivalents.....	3,144	5,065
25	Cash And Cash Equivalents At Beginning Of Period.....	13,013	12,393
26	Cash And Cash Equivalents At End Of Period.....	\$ 16,157	\$ 17,458

SUPPLEMENTAL DISCLOSURE OF CASH FLOW INFORMATION

	Cash Paid During Period For:		
27	Interest (net of amount capitalized).....	\$ 5,538	\$ 5,672
28	Income taxes.....	\$ 97	\$ 2,463

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 Sands Hotel & Casino

STATEMENTS OF CASH FLOWS

FOR THE THREE MONTHS ENDED MARCH 31, 1992 and 1991

(UNAUDITED)

(\$ IN THOUSANDS)

LINE	DESCRIPTION	(c) 1992	(d) 1991
a)	(b)		
	<b>Net Cash Flows From Operating Activities:</b>	\$	\$
9	Net income (loss).....	<1,157>	<2,639>
	Noncash items included in income and cash items excluded from income:		
0	Depreciation and amortization of property and equipment.....	3,832	4,046
1	Amortization of other assets.....	437	437
2	Amortization of debt discount or premium.....	90	90
3	Deferred income taxes - current.....		
4	Deferred income taxes - noncurrent.....	<317>	<495>
5	(Gain) loss on disposition of property and equipment.....		
6	(Gain) loss on casino reinvestment obligations.....	397	560
7	(Gain) loss from other investment activities.....		
8	Net (increase) decrease in receivables and patrons' checks.....	2,062	<57>
9	Net (increase) decrease in inventories.....	<18>	<53>
10	Net (increase) decrease in other current assets.....	133	1,694
11	Net (increase) decrease in other assets.....	<1>	<526>
12	Net increase (decrease) in accounts payables.....	1,396	<437>
13	Net increase (decrease) in other current liabilities excluding debt.....	805	<2,260>
14	Net increase (decrease) in other noncurrent liabilities excluding debt.....	-	119
15			
16			
17	<b>Net Cash Provided (Used) By Operating Activities.....</b>	<b>\$ 7,659</b>	<b>\$ 479</b>

SUPPLEMENTAL SCHEDULE OF NONCASH INVESTING AND FINANCING ACTIVITIES

18	<b>Acquisition Of Property and Equipment:</b>	\$	\$
19	Additions to property and equipment.....	519	1,742
20	Less: Capital lease obligations incurred.....		
	<b>Cash Outflows For Property And Equipment.....</b>	<b>\$ 519</b>	<b>\$ 1,742</b>
21	<b>Acquisition Of Business Entities:</b>	\$	\$
22	Property and equipment acquired.....		
23	Goodwill acquired.....		
24	Net assets acquired other than cash, goodwill, and property and equipment.....		
25	Long-term debt assumed.....		
26	Issuance of stock or capital invested.....		
	<b>Cash Outflows To Acquire Business Entities.....</b>	<b>\$</b>	<b>\$</b>
27	<b>Stock Issued Or Capital Contributions:</b>	\$	\$
28	Total issuances of stock or capital contributions.....		
29	Less: Issuances to settle long-term debt.....		
30	Consideration in acquisition of business entities.....		
	<b>Cash Proceeds From Issuing Stock Or Capital Contributions.....</b>	<b>\$</b>	<b>\$</b>

TRADING NAME OF LICENSEE Sands Hotel & Casino

SCHEDULE OF RECEIVABLES AND PATRONS' CHECKS

March 31, 1992

(UNAUDITED)  
(\$ IN THOUSANDS)

ACCOUNTS RECEIVABLE BALANCES

LINE	DESCRIPTION (b)	ACCOUNT BALANCE (c)	ALLOWANCE (d)	ACCOUNTS RECEIVABLE- (e) NET OF ALLOWANCE
	Patrons' Checks:	\$		
1	Undeposited patrons' checks.....	5,668		
2	Returned patrons' checks.....	23,547		
3	Total patrons' checks.....	29,215	\$ 18,652	\$ 10,563
4	Hotel Receivables.....	972	101	871
	Other Receivables:			
5	Receivables due from officers and employees.....	-		
6	Receivables due from affiliates.....	1,891		
7	Other accounts and notes receivables.....	18,709		
8	Total other receivables.....	20,600		20,600
9	Totals (Form 205).....	\$ 50,787	\$ 18,753	\$ 32,034

UNDEPOSITED PATRONS' CHECKS ACTIVITY

LINE	DESCRIPTION (f)	AMOUNT (g)	AMOUNT (h)
10	Beginning Balance (January 1).....	\$	6,249
11	Counter checks issued (excluding counter checks issued through transactions relating to consolidations, partial redemptions, substitutions, and patrons' cash deposits).....		47,623
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).....		( 35,322 )
13	Checks collected through deposits.....		( 11,804 )
14	Checks transferred to returned checks.....		( 1,078 )
15	Other adjustments.....		-
16	Ending Balance.....	\$	5,668
17	"Hold" Checks Included in Balance On Line 16.....	\$	-
18	Provision For Uncollectible Patrons' Checks.....	\$	558
19	Provision As A Percent Of Counter Checks Issued.....		1.17%

STATEMENT OF CONFORMITY AND ACCURACY

STATE OF NEW JERSEY :  
:ss.  
COUNTY OF ATLANTIC :

John R. Rauen, being duly sworn according to law upon my oath  
NAME

deposes and says:

1. I have examined this Quarterly Report.
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. The information contained in this Quarterly Report is accurate to the best of my knowledge and belief.

Signature

John R. Rauen  
Vice President, Finance

Title

866-11

License Number

On Behalf Of:

Greate Bay Hotel & Casino, Inc.  
Casino Licensee

Subscribed and sworn to  
before me this 15 day  
of May, 1992

Signature

KAREN E. ERDLER  
NOTARY PUBLIC OF NEW JERSEY  
My Commission Expires Nov. 18, 1993

Basis of Authority  
to Take Oaths

SANDS HOTEL & CASINO  
(A Wholly Owned Subsidiary of Pratt Casino Properties, Inc.)  
Notes to Financial Statements  
(unaudited)

Note 1 - Organization and Business

Greate Bay Hotel & Casino, Inc. ("GBH&C") is a New Jersey Corporation and a wholly-owned subsidiary of Pratt Casino Properties, Inc. ("Pratt Casino Properties"). Pratt Casino Properties, a Delaware corporation, is wholly owned by Pratt Hotel Corporation ("Pratt"), also a Delaware corporation. Pratt Casino Properties was incorporated during October 1987, and acquired the ownership of GBH&C through contributions of capital by its parent.

During the three month period ended March 31, 1992, there were no changes in GBH&C's significant accounting policies as previously reported. In addition, there are no significant differences in the footnotes presented herein versus those reported in GBH&C's annual report at December 31, 1991 to the Casino Control Commission.

Note 2 - Long-term Debt

Long-term debt as of March 31, 1992 and 1991 is as follows:

	<u>1992</u>	<u>1991</u>
11.75% first mortgage notes, due 1994, net of discounts of \$842,000 and \$1,203,000 respectively (A)	\$169,631,000	\$171,827,000
16.5% promissory note due 1998 (B)	11,200,000	11,200,000
Term loan due 1993 (C)	8,000,000	8,000,000
Note payable to bank (D)	1,725,000	2,700,000
Other	<u>484,000</u>	<u>490,000</u>
	191,040,000	194,217,000
Less: Current portion of long-term debt	<u>&lt;13,717,000&gt;</u>	<u>&lt;3,463,000&gt;</u>
	<u>\$177,323,000</u>	<u>\$190,754,000</u>

(A) On August 6, 1987, GBH&C borrowed from an affiliate \$173,030,000 of seven-year nonrecourse first mortgage notes (the "Notes"). The Notes bear interest at 11.75% per annum, payable monthly; interest only was payable during the first four years. Commencing in August 1991, principal and interest became payable in monthly installments of \$2,049,000 based on a 15-year amortization schedule with the unpaid balance of \$158,310,000 due during August 1994.

SANDS HOTEL & CASINO  
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Notes to Financial Statements  
 (unaudited)

Note 2 - Long-term Debt - (continued)

The mortgage indenture contains various provisions that, among other things, restrict the ability of GBH&C to incur additional secured indebtedness, create additional liens on the property or sell the property. Additionally, maintenance of certain cash balances is required, as well as a requirement that a minimum of \$5,000,000 be committed annually for property and fixtures renewals, replacements and betterments. Substantially all of GBH&C's assets are pledged as collateral and the Notes are guaranteed to the extent of \$10,000,000 by Pratt.

- (B) The note is payable to an affiliate, bears interest at 16.5% per annum, payable semi-annually in March and September, and matures in March 1998.
- (C) In April 1992 the notes maturity was extended to March 1993. The note bears interest at the London Interbank Offered Rate ("LIBOR") plus 2.625% per annum through September 1992, and at LIBOR plus 3.625% per annum through maturity. Interest on the note is payable quarterly and at maturity. The note requires, among other things, that GBH&C maintain certain financial ratios and places restrictions on the amount of new borrowings or increases in existing debt. The loan is collateralized by a first mortgage on the land and improvements which compromise the Sands Hotel & Casino administrative offices complex and is guaranteed by Pratt and Pratt Casino Properties.
- (D) The note bears interest at 1% above the bank's prime lending rate and provides for equal monthly principal payments of \$75,000. During April of 1992 the terms of the agreement were amended to extend the maturity date to March 1994 and, commencing June 1, 1992, increase the interest rate to 1.25% above the banks prime lending rate.

Scheduled payments of long-term debt at March 31, 1992 amounted to:

1992 (9 months)	\$ 4,234,000
1993	14,158,000
1994	161,828,000
1995	9,000
1996	10,000
Thereafter	<u>11,643,000</u>
<b>Total Payments</b>	<b>\$191,882,000</b> =====

Indebtedness of GBH&C amounting to \$18,000,000 consisting of (i) the \$8,000,000 term loan and (ii) \$10,000,000 of other credit facilities (See Note 3), in addition to indebtedness amounting to \$9,000,000 of Pratt will become subject to refinancing or renewal in 1993. GBH&C and Pratt anticipate that they will be able to refinance the debt maturing in 1993 and renew or pay down the credit facilities not refinanced; however, there can be no assurance that such refinancing or renewal will occur or that replacement financing can be obtained, if required.

SANDS HOTEL & CASINO  
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Notes to Financial Statements  
(unaudited)

Note 2 - Long-term Debt - (continued)

Substantially all of GBH&C's assets are pledged in connection with its long-term indebtedness. Additionally, these agreements contain certain cross-default provisions, including default on indebtedness by its affiliates.

Note 3 - Short-term credit facilities

As of March 31, 1992, GBH&C had a bank line of credit in the amount of \$5,000,000, of which \$4,000,000 was outstanding. The remaining \$1,000,000 was drawn in April 1992. Interest on borrowings under the line of credit is calculated at 1% above the prime lending rate of the bank. GBH&C also has a \$1,000,000 credit facility with the same bank which is available subject to the banks review of GBH&C's financial statements. During April 1992, both credit facilities were extended to April 30, 1993. Additional terms include that effective May 1, 1992, the arbitration award receivable (See Note 12) is pledged as collateral for the \$5,000,000 line of credit. If the arbitration award is not received by June 30, 1992, and substitute collateral offered by GBH&C is not accepted by the bank, the bank line of credit will become due.

Additionally, GBH&C has a separate \$4,000,000 revolving line of credit. As of March 31, 1992, \$4,000,000 was outstanding on this line of credit. In April 1992 the line of credit was extended to March 29, 1993. Additional terms of the renewal provide that the arbitration award receivable is pledged as collateral for the line of credit. Interest on borrowings under the line of credit is at LIBOR plus 2.625% through September 1992 and LIBOR plus 3.625% to maturity. The line of credit agreement contains numerous restrictive covenants, including the maintenance of certain financial ratios and limitations on additional borrowings.

In April 1992, Pratt Casino Properties arranged a \$3,000,000 secured bank credit facility, the proceeds of which are to be made available to GBH&C for the maintenance of certain required minimum cash balances and, in certain circumstances, for liquidity or other working capital purposes. Amounts borrowed under the facility must be secured by an equivalent amount of United States Treasury securities. In connection therewith, certain principal shareholders of Pratt have guaranteed the credit facility and, in certain circumstances, may be required to collateralize amounts borrowed on the facility with their personal assets. Amounts borrowed under this credit facility will bear interest at the bank's prime lending rate determined on the date of the borrowing and payable on a monthly basis. Unless renewed and extended, the credit facility will expire in April 1993. Pratt Casino Properties borrowed the full amount of the facility on April 10, 1992.

SANDS HOTEL & CASINO  
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Notes to Financial Statements  
 (unaudited)

Note 4 - Income Taxes

GBH&C is included in Pratt's consolidated federal income tax return. Pursuant to agreements between GBH&C, Pratt Casino Properties and Pratt, GBH&C'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. Both federal and state income tax provisions or benefits are based upon estimates of the results of operations for the current annual period and reflect the nondeductibility for income tax purposes of certain items, including certain depreciation and amortization expenses. Quarterly income tax provisions or benefits are determined by applying the resulting effective income tax rates to the results of operations for the quarter.

The components of the provision for income taxes for the three months ended March 31, 1992 and 1991 are as follows:

	1992	1991
Federal Income Tax Provision (Benefit)		
Current	\$ 62,000	\$ <624,000>
Deferred	<243,000>	<379,000>
State Income Tax Provision (Benefit)		
Current	19,000	<191,000>
Deferred	<74,000>	<116,000>
Total Provision (Benefit) for Income Taxes:	\$ <236,000>	\$ <1,310,000>
	=====	=====

Note 5 - Related Party Transactions

GBH&C has a management agreement with Pratt Casino Management, Inc., ("PCMI"), a subsidiary of Pratt. Pursuant to the management agreement, PCMI is responsible for the supervision, direction and control of the day-to-day operation of the hotel/casino. In accordance with the provisions of this management agreement, PCMI is entitled to receive annually a basic consulting fee of 1.5% of "adjusted gross revenues", as defined, and, if annual "gross operating profits" as defined, exceed \$5,000,000, incentive compensation of between 5% and 7.5% of gross operating profits in excess of certain stated amounts. Total charges to operations for the three months ended March 31, 1992 and 1991 were \$1,383,000 and \$1,102,000 respectively and are included in management fees charged from affiliates in the accompanying financial statements. Consultant and incentive fees of \$4,087,000 and \$2,704,000 were due to PCMI at March 31, 1992 and 1991 respectively, and are included in other current liabilities in the accompanying financial statements.

GBH&C has a License Agreement with PPI, (an affiliate) which entered into a parallel agreement with an unrelated third party. The license agreement

SANDS HOTEL & CASINO  
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Notes to Financial Statements  
 (unaudited)

Note 5 - Related Party Transactions - (continued)

provides for a license fee equal to the greater of (i) 3% of room charges, as defined, or (ii) \$100,000 for each property using the name. Such charges amounted to \$69,000 and \$70,000 for the three months ended March 31, 1992 and 1991, respectively. Such amounts are included in selling, general, and administrative expenses in the accompanying financial statements.

For the three months ended March 31, 1992 and 1991 the Company recognized the following amounts in interest charges to affiliates:

	1992	1991
11.75% First Mortgage Notes	\$ 5,111,000	\$ 5,173,000
16.5% Promissory Note	462,000	462,000
Cash Advances from Affiliates	202,000	342,000
Totals	\$ 5,775,000	\$ 5,977,000

At March 31, 1992 GBH&C had cash advances receivable including interest from affiliates totalling \$14,612,000. In addition, GBH&C had cash advances payable to affiliates totalling \$4,925,000. These amounts are included in receivables and patrons' checks, investments, advances, and receivables, and other non-current liabilities, respectively, in the accompanying financial statements. Advances to affiliates and from affiliates bear interest at 16.5% per annum.

Note 6 - Non-Operating Income (Expenses)

For the three months ended March 31, 1992 and 1991, interest income of \$1,061,000 and \$1,243,000 was earned on temporary investments, on deposits made with the Casino Reinvestment Development Authority, and other sources.

Note 7 - Property and Equipment

Property and equipment as of March 31, 1992 and 1991 consisted of the following:

	1992	1991
Land	\$ 37,554,000	\$ 37,554,000
Buildings	169,583,000	169,360,000
Furniture, fixtures and equipment	93,495,000	92,554,000
Construction in progress	579,000	782,000
	301,211,000	300,250,000
Less: accumulated depreciation and amortization	<128,868,000>	<115,332,000>
Total property and equipment	\$172,343,000	\$184,918,000

**SANDS HOTEL & CASINO**  
**(A Wholly Owned Subsidiary of Pratt Casino Properties, Inc.)**  
**Notes to Financial Statements**  
**(unaudited)**

**Note 8 - Investments, Advances and Receivables**

At March 31, 1992 and 1991, the line item Investments, Advances and Receivables is comprised of the following:

	<u>1992</u>	<u>1991</u>
Investments with the Casino Reinvestment Development Authority (net of allowance of \$4,829,000 and \$5,185,000 at March 31, 1992 and 1991, respectively)	\$ 6,253,000	\$ 6,572,000
Cash advances to affiliate - Noncurrent	12,751,000	10,035,000
Other items	<u>32,000</u>	<u>50,000</u>
<b>Total Investments, Advances and Receivables</b>	<b>\$19,036,000</b> =====	<b>\$16,657,000</b> =====

**Note 9 - Other Accrued Expenses**

As of March 31, 1992 and 1991, the line item Other Accrued Expenses is comprised of the following:

	<u>1992</u>	<u>1991</u>
Accrued expenses	\$ 5,870,000	\$ 7,599,000
Accrued salaries & wages	3,879,000	2,929,000
Accrued jackpot liability	4,459,000	4,009,000
Accrued insurance	2,454,000	2,316,000
Accrued interest	<u>2,491,000</u>	<u>2,596,000</u>
	<b>\$ 19,153,000</b> =====	<b>\$ 19,449,000</b> =====

**Note 10 - Other Current Liabilities**

As of March 31, 1992 and 1991, the line item Other Current Liabilities was comprised of the following:

	<u>1992</u>	<u>1991</u>
Due to affiliates	\$ 4,100,000	\$ 2,733,000
Other	<u>2,154,000</u>	<u>1,500,000</u>
	<b>\$ 6,254,000</b> =====	<b>\$ 4,233,000</b> =====

SANDS HOTEL & CASINO  
 (A Wholly Owned Subsidiary of Pratt Casino Properties, Inc.)  
Notes to Financial Statements  
 (unaudited)

Note 11 - Promotional Allowances and Expenses

A summary of Promotional Allowances and Expenses incurred during the three month period ended March 31, 1992 is as follows:

	<u>Promotional Allowances</u>		<u>Promotional Expenses</u>	
	<u>No. of Recipients</u>	<u>Dollar Amount</u>	<u>No. Of Recipients</u>	<u>Dollar Amount</u>
Rooms	49,082	\$1,402,000	-	\$ -
Food	221,233	2,544,000	-	-
Beverage	389,723	2,338,000	-	-
Travel	-	-	6,265	1,625,000
Theatre	6,265	255,000	-	-
Bus Tour Coupon				
Exchange Coin	-	-	162,944	2,552,000
Complimentary Coin	-	-		
Distribution Program	-	-	43,090	2,022,000
Food Court - Other			33,787	237,000
Other	22,396	179,000	33,788	1,018,000
<b>Total Promotional Allowances and Expenses</b>		<b>\$ 6,718,000</b>		<b>\$ 7,454,000</b>
		<b>=====</b>		<b>=====</b>

Note 12 - Commitments and Contingencies

In January 1989, the American Arbitration Association issued a determination in favor of GBH&C on its claim against a construction management company for damages due to improper performance in the completion of the renovation of the Sands Hotel & Casino during 1983 and 1984. The arbitration award, including interest through January 31, 1989, totalled \$14,524,000 and, on July 28, 1989, the Superior Court of New Jersey confirmed this arbitration award into a judgment. Although the construction management company sought reconsideration of the Superior Court's confirmation of the arbitration award, the confirmation of the award into a judgment was reaffirmed. The construction management company filed an appeal of the determination of the Superior Court confirming the arbitration award into a judgment and, in a unanimous opinion dated May 29, 1991, the Appellate Division of the Superior Court affirmed the determination of the Superior Court confirming the arbitration award into a judgment. Although the construction management company's first application for certification addressed to the Supreme Court of New Jersey was denied, the construction management company's application to the Supreme Court of New Jersey for reconsideration was granted as to three (3) specified issues; briefs thereon have been filed, and the New Jersey Supreme Court heard oral arguments on the matter on March 17, 1992. GBH&C believes that the arbitration amount, plus post-judgment interest, will be collected during 1992. In accordance with the New Jersey Rules of Court, the construction management company was required to post a supersedeas bond in the full amount of the award plus projected interest, so as to avoid GBH&C seeking to execute on its judgment against the construction management company during the pendency of the appeal therefrom. Based on the advice of GBH&C's general counsel, GBH&C believes that the likelihood of the award being modified or vacated is remote.

SANDS HOTEL & CASINO  
 (A Wholly Owned Subsidiary of Pratt Casino Properties, Inc.)  
Notes to Financial Statements  
 (unaudited)

**Note 13 - Subsequent Event**

On April 1, 1992, GBH&C paid a dividend in the amount of \$6,600,000 to its parent.

Recent regulations approved by the New Jersey Casino Control Commission allow casino licensees to establish time limits for offering progressive slot machine jackpots to customers. Upon the expiration of the stated time limits, and upon providing proper notice to casino customers, casino licensees are afforded certain relief including the reduction or removal of the progressive jackpot from the gaming floor. Accordingly, during April 1992 GBH&C removed certain progressive jackpots from the gaming floor. This will result in the recognition of an approximate \$2,000,000 gain to income from operations during April 1992.

GBH&C conducts gaming operations in Atlantic City, New Jersey and operates a hotel, several restaurants and related support facilities. The operation of an Atlantic City casino/hotel is subject to significant regulatory control which affects virtually all of its operations. Under the New Jersey Casino Control Act, GBH&C was required to obtain and is required to periodically renew an operating license. On May 14, 1992, the New Jersey Casino Control Commission (the "Commission") renewed GBH&C's license to operate its casino/hotel in Atlantic City through May 31, 1993. Some of the terms of the renewed license require GBH&C to comply with periodic financial reporting requirements as well as obtain prior Commission approval of certain cash transfers to affiliates.

- 1 - This item is not applicable to this licensee (e.g., Item 11-14, Pension plans - licensee has no pension plan).
- 2 - Other - explain reason in Section IV (e.g., Item 1-4, Inventory pricing - basis of pricing is noted on balance sheet).

	Note	
	Applicable	Material Reason
<b>Summary of Significant Accounting Policies:</b>		
1. Basis of presentation	1.	A
2. Cash equivalents - basis for determination	2.	A
3. Marketable securities - basis of valuation	3.	E
4. Inventory pricing	4.	B
5. Property and equipment - pricing and depreciation policies	5.	B
6. Accounting for deferred charges	6.	A

QUARTERLY REPORT FOOTNOTE CHECKLIST

LICENSEE Greate Bay Hotel & Casino, Inc.

TRADING NAME OF LICENSEE Sands Hotel & Casino

ADDRESS Indiana Avenue & Brighton Park

Atlantic City, NJ 08401

FOR THE QUARTER ENDED March 31, 1992

For the items listed in Sections I, II, and III below, indicate whether footnote disclosure is applicable by inserting a (Y) for "yes" or an (N) for "no" in the first column. If the first column is answered "yes", indicate in the second column the footnote number(s) under which the item is disclosed. If the first column is answered "no", indicate the reason in the third column by inserting one of the following symbols:

- A - It would duplicate the disclosure in the most recent Casino Control Commission Annual Report.
- B - It would duplicate disclosure in this year's first Quarterly Report.
- C - It would duplicate disclosure in this year's second Quarterly Report.
- D - No single item within this caption exceeds five percent of the specified criteria for this caption (to be used for Item 8 in Section II and for Section III).
- E - This item is not applicable to this licensee (e.g., Item II-14, Pension plans - licensee has no pension plan).
- F - Other - explain reason in Section IV (e.g., Item I-4, Inventory pricing - basis of pricing is noted on balance sheet).

Note  
Applicable No.(s) Reason

I. Summary of Significant Accounting Policies:

1. Basis of presentation	1. <u>  N  </u>	<u>        </u>	<u>  A  </u>
2. Cash equivalents - basis for determination	2. <u>  N  </u>	<u>        </u>	<u>  A  </u>
3. Marketable securities - basis of valuation	3. <u>  N  </u>	<u>        </u>	<u>  E  </u>
4. Inventory pricing	4. <u>  N  </u>	<u>        </u>	<u>  A  </u>
5. Property and equipment - pricing and depreciation policies	5. <u>  N  </u>	<u>        </u>	<u>  A  </u>
6. Accounting for deferred charges	6. <u>  N  </u>	<u>        </u>	<u>  A  </u>

	Applicable	Note No. (s)	Reason
7. Recognition of casino revenue	7. <u>  N  </u>	<u>        </u>	<u>  A  </u>
8. Accounting for complimentaries	8. <u>  N  </u>	<u>        </u>	<u>  A  </u>
9. Accounting for jackpot payouts in merchandise or services	9. <u>  N  </u>	<u>        </u>	<u>  E  </u>
10. Accounting for income taxes	10. <u>  N  </u>	<u>        </u>	<u>  A  </u>

II. Significant Information

1. Marketable securities	1. <u>  N  </u>	<u>        </u>	<u>  E  </u>
2. Property and equipment	2. <u>  Y  </u>	<u>    7    </u>	<u>        </u>
3. Long-term debt			
a. Terms and interest rates	3a. <u>  Y  </u>	<u>    2    </u>	<u>        </u>
b. Collateral	3b. <u>  Y  </u>	<u>    2    </u>	<u>        </u>
c. Details at balance sheet dates	3c. <u>  Y  </u>	<u>    2    </u>	<u>        </u>
d. Aggregate annual maturities from current balance sheet date	3d. <u>  Y  </u>	<u>    2    </u>	<u>        </u>
e. Other appropriate information	3e. <u>  Y  </u>	<u>    2    </u>	<u>        </u>
4. Deferred credits (noncurrent)	4. <u>  N  </u>	<u>        </u>	<u>  E  </u>
5. Capital stock - description of features	5. <u>  N  </u>	<u>        </u>	<u>  A  </u>
6. Leases			
a. Terms	6a. <u>  N  </u>	<u>        </u>	<u>  E  </u>
b. Capitalized lease information	6b. <u>  N  </u>	<u>        </u>	<u>  E  </u>
c. Rent expense for the periods	6c. <u>  N  </u>	<u>        </u>	<u>  E  </u>
d. Future lease obligations subsequent to current balance sheet date	6d. <u>  N  </u>	<u>        </u>	<u>  E  </u>
e. Other appropriate information	6e. <u>  N  </u>	<u>        </u>	<u>  E  </u>
7. Commitments and contingencies			
a. Current status of previously reported information	7a. <u>  Y  </u>	<u>   12   </u>	<u>        </u>
b. Investment obligation/potential alternative tax	7b. <u>  N  </u>	<u>        </u>	<u>  E  </u>
c. Other appropriate information	7c. <u>  N  </u>	<u>        </u>	<u>  E  </u>

Note  
Applicable No.(s) Reason

8. Complimentary services - each type of promotional allowance and expense exceeding five percent of their respective totals is separately identified by description and amount for the following:

a. Promotional allowances

(1) Rooms	8a(1).	<u>Y</u>	<u>11</u>	<u>      </u>
(2) Food	8a(2).	<u>Y</u>	<u>11</u>	<u>      </u>
(3) Beverage	8a(3).	<u>Y</u>	<u>11</u>	<u>      </u>
(4) Travel	8a(4).	<u>N</u>	<u>      </u>	<u>E</u>
Other:				
(5) Parking	8a(5).	<u>N</u>	<u>      </u>	<u>E</u>
(6) Shows	8a(6).	<u>Y</u>	<u>11</u>	<u>      </u>
(7) _____	8a(7).	<u>      </u>	<u>      </u>	<u>      </u>
(8) _____	8a(8).	<u>      </u>	<u>      </u>	<u>      </u>
* (9) Other	8a(9).	<u>N</u>	<u>      </u>	<u>D</u>

b. Promotional expense

(1) Travel	8b(1).	<u>Y</u>	<u>11</u>	<u>      </u>
Other:				
(2) Coins/cash	8b(2).	<u>Y</u>	<u>11</u>	<u>      </u>
(3) Rooms - off premises	8b(3).	<u>N</u>	<u>      </u>	<u>E</u>
(4) Food and Beverage	8b(4).	<u>N</u>	<u>      </u>	<u>E</u>
(5) Shows	8b(5).	<u>N</u>	<u>      </u>	<u>E</u>
(6) _____	8b(6).	<u>      </u>	<u>      </u>	<u>      </u>
(7) _____	8b(7).	<u>      </u>	<u>      </u>	<u>      </u>
(8) _____	8b(8).	<u>      </u>	<u>      </u>	<u>      </u>
* (9) Other	8b(9).	<u>N</u>	<u>      </u>	<u>D</u>

\* If the "Other" category is over five percent but no single item therein exceeds five percent, this question should be answered "N" with "D" being the reason.

Note  
Applicable No.(s) Reason

9. Jackpot payouts in merchandise or services - each type of jackpot payout allowance and expense exceeding five percent of their respective totals is separately identified by description and amount for the following:

a. Jackpot payout allowances

Services:

(1) Travel	9a(1).	<u>    </u> N	<u>    </u>	<u>    </u> E
(2) _____	9a(2).	<u>    </u>	<u>    </u>	<u>    </u>
(3) _____	9a(3).	<u>    </u>	<u>    </u>	<u>    </u>
(4) _____	9a(4).	<u>    </u>	<u>    </u>	<u>    </u>

Merchandise:

(5) _____	9a(5).	<u>    </u> N	<u>    </u>	<u>    </u> E
(6) _____	9a(6).	<u>    </u>	<u>    </u>	<u>    </u>
(7) _____	9a(7).	<u>    </u>	<u>    </u>	<u>    </u>

b. Jackpot payout expense

Services:

(1) Travel	9b(1).	<u>    </u> N	<u>    </u>	<u>    </u> E
(2) _____	9b(2).	<u>    </u>	<u>    </u>	<u>    </u>
(3) _____	9b(3).	<u>    </u>	<u>    </u>	<u>    </u>
(4) _____	9b(4).	<u>    </u>	<u>    </u>	<u>    </u>

Merchandise:

(5) Motor vehicles	9b(5).	<u>    </u> N	<u>    </u>	<u>    </u> E
(6) _____	9b(6).	<u>    </u>	<u>    </u>	<u>    </u>
(7) _____	9b(7).	<u>    </u>	<u>    </u>	<u>    </u>
(8) _____	9b(8).	<u>    </u>	<u>    </u>	<u>    </u>
(9) _____	9b(9).	<u>    </u>	<u>    </u>	<u>    </u>

		Note	
	<u>Applicable</u>	<u>No. (s)</u>	<u>Reason</u>
10. The amount of interest costs capitalized	10. <u>    N    </u>	<u>    </u>	<u>    E    </u>
11. Related party transactions			
a. Identity of affiliates including dollar amounts of charges from each	10a. <u>    Y    </u>	<u>    5    </u>	<u>    </u>
b. Nature of "Charges from affiliates - other" including dollar amounts	10b. <u>    Y    </u>	<u>    5    </u>	<u>    </u>
c. Other appropriate information	10c. <u>    Y    </u>	<u>    5    </u>	<u>    </u>
12. Provision (credit) for income taxes			
a. Details of components	12a. <u>    Y    </u>	<u>    4    </u>	<u>    </u>
b. Reconciliation to statutory rate	12b. <u>    N    </u>	<u>    </u>	<u>    A    </u>
c. Information regarding loss carry-backs/carryforwards	12c. <u>    N    </u>	<u>    </u>	<u>    E    </u>
d. Other appropriate information	12d. <u>    N    </u>	<u>    </u>	<u>    A    </u>
13. Extraordinary items	13. <u>    N    </u>	<u>    </u>	<u>    E    </u>
14. Pension plans	14. <u>    N    </u>	<u>    </u>	<u>    E    </u>
15. Unusual or infrequent items	15. <u>    N    </u>	<u>    </u>	<u>    E    </u>
16. Subsequent events	16. <u>    Y    </u>	<u>   13   </u>	<u>    </u>
<b>III. Supporting Schedules for Material Items.</b>			
1. Prepaid expenses and other current assets	1. <u>    N    </u>	<u>    </u>	<u>    D    </u>
2. Investments, advances, and receivables	2. <u>    Y    </u>	<u>    8    </u>	<u>    </u>
3. Other assets	3. <u>    N    </u>	<u>    </u>	<u>    D    </u>
4. Other accrued expenses	4. <u>    Y    </u>	<u>    9    </u>	<u>    </u>
5. Other current liabilities	5. <u>    Y    </u>	<u>   10   </u>	<u>    </u>
6. Other liabilities	6. <u>    N    </u>	<u>    </u>	<u>    D    </u>
7. Other revenue	7. <u>    N    </u>	<u>    </u>	<u>    D    </u>
8. Nonoperating income (expense) - net	8. <u>    Y    </u>	<u>    6    </u>	<u>    </u>

Filed by John R. Bruza  
 Title Vice President, Finance

CCC-270

12/87

CCC-270

IV. Explanation of Exclusions

Indicate below the reason for the exclusion of any items in the first three sections of this checklist which have been answered with an "F" (e.g., I-3 and II - 1; Marketable securities - description and basis of valuation are noted on the balance sheet). Also, list below the titles of any notes which were included in your most recent CCC Annual Report, Quarterly Report, or annual audited report which are not included in this Quarterly Report for reasons other than those covered by symbols "A: through "F" above. State the reasons for their exclusions (e.g., Deferred compensation plans - this note has been omitted since the amounts involved are no longer material).

NOT APPLICABLE

Multiple horizontal lines for providing details on exclusions.

Filed By

John R. Rau 866-11  
Title Vice President, Finance

12/87

CCC-270

VICE PRESIDENT OF FINANCE  
1725 BRIGANTINE BOULEVARD  
ATLANTIC CITY, NJ 08401

974.901  
C193

# QUARTERLY REPORT

LICENSEE MARINA ASSOCIATES  
ADDRESS 1725 BRIGANTINE BOULEVARD  
ATLANTIC CITY, NJ 08401

FOR THE QUARTER ENDED MARCH 31, 1992

TO THE  
CASINO CONTROL COMMISSION  
OF THE  
STATE OF NEW JERSEY



PROPERTY OF  
NEW JERSEY STATE LIBRARY  
MAY 27 1992  
185 W. STATE ST.  
TRENTON, N.J.

NAME OF OFFICER IN CHARGE  
OF CORRESPONDENCE REGARDING  
THIS QUARTERLY REPORT . . . JOSEPH A. DOMENICO  
OFFICIAL TITLE . . . . . VICE PRESIDENT OF FINANCE  
ADDRESS . . . . . 1725 BRIGANTINE BOULEVARD  
ATLANTIC CITY, NJ 08401

Trading Name of Licensee: HARRAH'S CASINO HOTEL, ATLANTIC CITY

LIST OF FORMS - QUARTERLY REPORT

For the Quarter Ended: March 31, 1992

<u>TITLE</u>	<u>FORM NO.</u>
Balance Sheets	CCC-205
Statements of Income (Year-to-Date)	CCC-210
Statements of Income (Three Months)	CCC-215
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
Notes to Financial Statements	
Schedule of Receivables and Patrons' Checks	CCC-240
Statement of Conformity and Accuracy	CCC-250

Current Liabilities:		
Accounts payable	2,137	3,163
Notes payable	-	-
Current portion of long-term debt:		
Due to affiliates	-	-
Other	74	137
Income taxes payable and accrued	2,753	2,536
Other accrued expenses	12,833	10,159
Other current liabilities	210	208
Total current liabilities	17,937	16,193
Long-Term Debt:		
Due to affiliates	-	-
Other	153	162
Deferred Credits	-	-
Other Liabilities	28,163	27,016
Commitments and Contingencies		
Total Liabilities	46,253	43,371
Stockholders', Partners', or Proprietor's Equity	256,372	501,230
Total Liabilities and Equity	722,625	944,601

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

## BALANCE SHEETS

March 31, 1992

(Unaudited)  
(\$ in Thousands)

LINE (a)	DESCRIPTION (b)	(c) 1992	(d) 1991
	ASSETS		
	Current Assets:		
1	Cash . . . . .	\$ 5,388	\$ 10,715
2	Marketable Securities . . . . .	-0-	-0-
3	Receivables and patrons' checks (net of allowance for doubtful accounts - 1992 \$4,300; 1991 \$4,734 .	8,257	9,313
4	Inventories . . . . .	2,213	2,010
5	Prepaid expenses and other current assets (Note 3).	2,815	1,359
6	Total current assets . . . . .	18,673	23,397
7	Investments, Advances and Receivables .(Note 5) . . .	29,720	357,069
8	Property and Equipment - Net . . . . .(Note 2) . . .	253,441	244,848
9	Other Assets . . . . .	1,019	2,509
10	Total Assets . . . . .	302,853	627,823
	LIABILITIES AND EQUITY		
	Current Liabilities:		
11	Accounts payable . . . . .	\$ 3,137	\$ 3,263
12	Notes payable . . . . .	-0-	-0-
	Current portion of long-term debt:		
13	Due to affiliates . . . . .	-0-	-0-
14	Other . . . . .(Note 4) . . .	76	137
15	Income taxes payable and accrued . . . . .	2,795	2,084
16	Other accrued expenses . . . . .(Note 9) . . .	12,933	14,149
17	Other current liabilities . . . . .	210	208
18	Total current liabilities . . . . .	19,151	19,841
	Long-Term Debt:		
19	Due to affiliates . . . . .	-0-	-0-
20	Other . . . . .(Note 4) . . .	165	142
21	Deferred Credits . . . . .	-0-	-0-
22	Other Liabilities . . . . .(Note 10) . . .	29,165	26,450
23	Commitments and Contingencies . . . . .(Note 6 & 7) .		
24	Total Liabilities . . . . .	48,481	46,433
25	Stockholders', Partners', or Proprietor's Equity . .	254,372	581,390
26	Total Liabilities and Equity . . . . .	\$302,853	\$627,823

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 INCOME

For the 3 Months Ended March 31, 1992 and 1991

(Unaudited)  
(\$ in Thousands)

LINE (a)	DESCRIPTION (b)	(c) 1992	(d) 1991
	Revenue:		
1	Casino . . . . .	\$ 65,841	\$ 61,601
2	Rooms . . . . .	4,205	3,597
3	Food and Beverage . . . . .	8,608	8,075
4	Other . . . . .	2,026	1,669
5	Total revenue . . . . .	80,680	74,942
6	Less: Promotional Allowance . . . . (Note 8) . . .	8,647	7,482
7	Net revenue . . . . .	72,033	67,460
	Costs and Expenses:		
8	Cost of goods and services . . . . .	41,892	39,484
9	Selling, general, and administrative . . . . .	13,291	13,097
10	Provision for doubtful accounts . . . . .	576	506
11	Depreciation and amortization . . . . .	3,062	3,232
	Charges from affiliates other than interest:		
12	Management Fees . . . . .	-0-	-0-
13	Other . . . . .	-0-	-0-
14	Total costs and expenses . . . . .	58,821	56,319
15	Income (Loss) from Operations . . . . .	13,212	11,141
	Other Income (Expenses):		
16	Interest (expense) - affiliates . . . . .	-0-	-0-
17	Interest (expense) - external . . . . .	( 7)	( 29)
18	Investment alternative tax and related income . . . . (expense) - net . . . . .	( 145)	( 441)
19	Nonoperating income (expense) - net . . . . .	119	197
20	Total other income (expenses) . . . . .	( 33)	( 273)
21	Income (Loss) Before Income Taxes and Extraord. Items	13,179	10,868
22	Provision (credit) for income taxes . (Note 11) . .	1,238	905
23	Income (Loss) Before Extraordinary Items . . . . .	11,941	9,963
24	Extraordinary items (net of income taxes - 1992, \$0; 1991, \$0) . . . . .	-0-	-0-
25	Net Income (Loss) . . . . .	\$ 11,941	\$ 9,963

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

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 CHANGES IN PARTNERS'  
OR PROPRIETOR'S EQUITY**

For the 3 Months ended March 31, 1992

(Unaudited)  
(\$ in Thousands)

LINE (a)	DESCRIPTION (b)	(c) 1992	(d) 1991
	<b>Invested Capital:</b>		
1	Beginning balance (January 1) . . . . .	\$141,594	\$141,594
2	Additional capital invested . . . . .	-0-	-0-
3	_____ . . . . .	-0-	-0-
4	Ending balance . . . . .	141,594	141,594
	<b>Additional Income (Loss):</b>		
5	Beginning balance (January 1) . . . . .	596,211	536,571
6	Prior period adjustments . . . . .	-0-	-0-
7	Net income (loss) . . . . .	11,941	9,963
8	_____ . . . . .	-0-	-0-
9	Ending balance . . . . .	608,152	546,534
	<b>Capital Withdrawals:</b>		
10	Beginning balance (January 1) . . . . .	(481,557)	(106,738)
11	Additional capital withdrawals . . . . .	( 13,817)	-0-
12	_____ . . . . .	-0-	-0-
13	Ending balance . . . . .	(495,374)	(106,738)
	<b>Net Unrealized Loss on Noncurrent</b>		
	<b>Marketable equity securities:</b>		
14	Beginning balance (January 1) . . . . .	-0-	-0-
15	_____ . . . . .	-0-	-0-
16	_____ . . . . .	-0-	-0-
17	Ending balance . . . . .	-0-	-0-
18	Ending Partner's or Proprietor's Equity . . . . .	\$254,372	\$581,390

**SUPPLEMENTAL DISCLOSURE OF CASH FLOW INFORMATION**

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 3 Months ended March 31, 1992  
(Unaudited)  
(\$ in Thousands)

LINE (a)	DESCRIPTION (b)	(c) 1992	(d) 1991
1	Net Cash Provided (Used) by Operating Activities . . .	\$ 17,015	\$ 19,506
	Cash Flows from Investing Activities:		
2	Purchase of short-term investment securities . . . . .	-0-	-0-
3	Proceeds from the sale of short-term investment sec. . . . .	-0-	-0-
4	Purchase outflows for property and equipment . . . . .	( 5,548)	( 4,163)
5	Proceeds from disposition of property and equipment . . . . .	65	2,221
6	Purchase of casino reinvestment obligations . . . . .	( 672)	( 757)
7	Purchase of other investments and loan/advances made . . . . .	-0-	( 17,765)
8	Proceeds from disposal of investments and collection of advances and long-term receivables . . . . .	670	587
9	Cash outflows to acquire business entities . . . . .	-0-	-0-
10	_____ . . . . .		
11	_____ . . . . .		
12	Net Cash Provided (Used) by Investing Activities . . . . .	( 5,485)	( 19,877)
	Cash Flows from Financing Activities:		
13	Cash proceeds from issuance of short-term debt . . . . .	-0-	-0-
14	Payments to settle short-term debt . . . . .	-0-	-0-
15	Cash proceeds from issuance of long-term debt . . . . .	-0-	-0-
16	Costs of issuing debt . . . . .	-0-	-0-
17	Payments to settle long-term debt . . . . .	( 23)	-0-
18	Cash proceeds from issuing stock or capital contrib. . . . .	-0-	-0-
19	Purchases of treasury stock . . . . .	-0-	-0-
20	Payments of dividends or capital withdrawals . . . . .	( 14,266)	-0-
21	_____ . . . . .		
22	_____ . . . . .		
23	Net Cash Provided (Used) by Financing activities . . . . .	( 14,289)	-0-
24	Net Increase (Decrease) in Cash and Cash Equivalents . . . . .	( 2,759)	( 371)
25	Cash and Cash Equivalents at Beginning of Period . . . . .	8,147	11,086
26	Cash and Cash Equivalents at End of Period . . . . .	\$ 5,388	\$ 10,715

## SUPPLEMENTAL DISCLOSURE OF CASH FLOW INFORMATION

27	Cash Paid During Period for:		
	Interest (net of amount capitalized) . . . . .	\$ 8	\$ -0-
28	Income Taxes . . . . .	\$ -0-	\$ -0-

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

## STATEMENTS OF CASH FLOWS

For the 3 Months ended March 31, 1992

(Unaudited)

(\$ in Thousands)

LINE (a)	DESCRIPTION (b)	(c) 1992	(d) 1991
	Net Cash Flows From Operating Activities:		
29	Net income (loss) . . . . .	\$ 11,941	\$ 9,963
	Noncash items included in income and cash items excluded from income:		
30	Depreciation and amortization of property & equip.	3,052	3,230
31	Amortization of other assets . . . . .	10	2
32	Amortization of debt discount or premium . . . . .	-0-	-0-
33	Deferred income taxes - current . . . . .	-0-	-0-
34	Deferred income taxes - noncurrent . . . . .	-0-	-0-
35	(Gain) loss on disposition of property & equipment	19	9
36	(Gain) loss on casino reinvestment obligations . . . . .	145	441
37	(Gain) loss from other investment activities . . . . .	-0-	-0-
38	Net (increase) Decrease in receivables and patrons' checks . . . . .	890	1,088
39	Net (increase) decrease in inventories . . . . .	( 46)	218
40	Net (increase) decrease in other current assets . . . . .	( 740)	( 214)
41	Net (increase) decrease in other assets . . . . .	59	( 75)
42	Net increase (decrease) in accounts payables . . . . .	376	677
43	Net increase (decrease) in other current liabilities excluding debt . . . . .	938	3,730
44	Net increase (decrease) in other noncurrent liabilities excluding debt . . . . .	378	437
45	<u>Interest income earned on Marina District Roadway</u>	( 7)	-0-
46	<u>Account</u> . . . . .	-0-	-0-
47	Net Cash Provided (Used) by Operating Activities . . . . .	\$ 17,015	\$ 19,506

## SUPPLEMENTAL SCHEDULE OF NONCASH INVESTING AND FINANCING ACTIVITIES

	Acquisition of Property and Equipment:		
48	Additions to property and equipment . . . . .	\$ 5,548	\$ 4,261
49	Less: capital lease obligations incurred . . . . .	-0-	98
50	Cash Outflows for Property and Equipment . . . . .	\$ 5,548	\$ 4,163
	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 . . . . .	\$ -0-	\$ -0-
	Stock Issued or Capital Contributions		
57	Total issuances 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 Contrib . . . . .	\$ -0-	\$ -0-

HARRAH'S CASINO HOTEL, ATLANTIC CITY

NOTES TO FINANCIAL STATEMENTS

NOTE 1: Summary of Significant Accounting Policies:

Organization - Marina Associates (The Company), doing business as Harrah's Casino Hotel, Atlantic City, operates as a general partnership. The Promus Companies, Inc., through its subsidiaries, is the sole owner of the Company.

Gaming Revenues - Gaming revenues are the net win from gaming activities and represent the difference between amounts wagered and amounts won by patrons.

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. The cost of promotional allowances is charged to operations.

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

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:

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.

When management determines that some element of property and equipment is to be disposed of, its net realizable value is estimated and a write-down is recorded if the estimated net realizable value is less than the net book value.

A valuation allowance is included as a component of accumulated depreciation.

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

In accordance with regulations prescribed by the New Jersey Casino Control Act, the Company files a State income tax return on behalf of the partners.

Capital lease obligation	\$ 241	\$ 279
obligation due within one year	( 75 )	( 132 )
	\$ 166	\$ 147

HARRAH'S CASINO HOTEL, ATLANTIC CITY  
NOTES TO FINANCIAL STATEMENTS (cont'd)

NOTE 2: Property and Equipment:

Property and equipment consist of the following:

	MARCH 31	
	1992	(000's) 1991
Land and land improvements	\$ 28,326	\$ 26,377
Buildings, leaseholds and improvements	225,534	210,527
Furniture, fixtures and equipment	64,910	61,567
Construction-in-progress	6,072	8,225
Equipment held under capital leases	345	279
C-I-P NE Inlet Redevelopment Project	24,513	24,964
	\$349,700	\$331,939
Less accumulated depreciation	( 96,259)	( 87,091)
Property and equipment, net	\$253,441	\$244,848

The Northeast Inlet Redevelopment Project is an approved CRDA project sponsored by Harrah's. The project includes 130 townhome, a retail strip center and a mid-rise apartment building. Seventy-six of the townhomes are to be sold and the balance are to be rented. Partial rental operations began in February 1992. Currently contained in the C-I-P account is uncompleted townhomes, the retail strip center, the mid-rise apartment building and capitalized interest transferred from the Parent Company who incurred the interest cost.

NOTE 3: Prepaid Expenses and Other Current Assets:

	MARCH 31	
	1992	(000's) 1991
Prepaid Slot Tax	\$ 235	\$ 223
Prepaid Insurance	225	146
Prepaid Air Charters	667	227
Prepaid Marketing	1,162	339
Prepaid - Other	383	424
CRDA Donated Funds	143	0
	\$ 2,815	\$ 1,359

NOTE 4: Long-Term Debt:

Marina Associates has three thirty-six month leases on computer equipment. The leases are payable in monthly installments of \$1,634, \$3,259, and \$4,401.

Long-term debt consists of the following:

	MARCH 31	
	1992	(000's) 1991
Capital lease obligation	\$ 241	\$ 279
Obligation due within one year	( 76)	( 137)
	\$ 165	\$ 142

HARRAH'S CASINO HOTEL, ATLANTIC CITY  
NOTES TO FINANCIAL STATEMENTS (cont'd)

NOTE 4: Long-Term Debt (Cont.):

The future minimum lease payments as of March 31, 1992, were as follows:

1992	\$ 61,463
1993	111,528
1994	<u>99,458</u>
	\$272,449
Less amounts representing interest	(31,298)
Total Obligations Under Capital Leases	<u>\$241,151</u>

NOTE 5: Investments, Advances and Receivables:

	MARCH 31	
	<u>1992</u>	(000's) <u>1991</u>
Notes Receivable	\$ 2,363	\$ 2,390
Investment in CRDA Bonds - Net of Valuation Adj.	2,113	1,911
Reinvestment Obligation Deposits - Net of Val. Adj.	1,274	1,958
Due from Affiliates	22,074	349,067
Funds Advanced to Northeast Inlet Redevelopment Project to be reimbursed by a UDAG Grant	743	742
Investment in Developer's Component of CRDA Project	1,053	1,001
Interest Receivable	<u>100</u>	<u>-0-</u>
	<u>\$ 29,720</u>	<u>\$357,069</u>

Due from Affiliates consists of the following unsecured, non-interest bearing inter-company amounts at March 31, 1992 and 1991.

	MARCH 31	
	<u>1992</u>	(000's) <u>1991</u>
Harrah's New Jersey, Inc.	\$ 18,962	\$ 18,962
Harrah's Lake Tahoe	156	139
Embassy Suites, Inc.	2,325	329,727
Harrah's Del Rio	128	128
Harrah's Reno	392	-0-
Bill's Casino	<u>111</u>	<u>111</u>
Total Due from Affiliates	<u>\$ 22,074</u>	<u>\$349,067</u>

NOTE 6: Commitments and Contingencies:

**Leases** - The Company has several operating leases relating to a storage warehouse, parking areas, computer equipment, transportation equipment and shoreline land. These leases have various expiration dates through 2003. Rental expenses for the three months ended March 31, 1992 and 1991, were approximately \$720,034 and \$655,684 respectively.

HARRAH'S CASINO HOTEL, ATLANTIC CITY  
NOTES TO FINANCIAL STATEMENTS (cont'd)

NOTE 6: Commitments and Contingencies (Cont.):

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

1992	\$ 1,960,376
1993	1,193,090
1994	836,533
1995	560,592
1996	457,382
Thereafter	<u>1,535,892</u>
	\$ <u>6,543,865</u>

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

1992	\$ 4,110,538
1993	2,158,939
1994	2,146,839
1995	1,747,044
1996	1,747,044
Thereafter	<u>5,241,132</u>
	\$ <u>17,151,536</u>

NOTE 7: Investment Obligation:

Section 144 of the New Jersey Casino Control Act as amended in 1984 requires a casino licensee to make investments in New Jersey or pay an investment alternative tax if it fails to do so. For each of the calendar years 1979 to 1983, a casino licensee whose gross casino revenues exceed its cumulative investment (the "cumulative investment"), must either make investments in an amount equivalent to 2% of its gross casino revenues or pay an investment alternative tax in the same amount within five years of the applicable calendar year. The cumulative investment of a casino licensee includes the real property and improvement costs associated with its hotel/casino complex.

Commencing with calendar year 1984, and continuing for twenty-five years thereafter, a casino licensee must either obtain investment tax credits 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. Investment tax credits may be obtained by making qualified investments or by the purchase of bonds at below market rates from the newly created Casino Reinvestment Development Authority. In addition, commencing with obligations incurred after 1983, payments of a casino licensee's obligation must be made quarterly.

HARRAH'S CASINO HOTEL, ATLANTIC CITY  
NOTES TO FINANCIAL STATEMENTS (cont'd)

Note 7: Investment Obligation (Cont.):

The Company has filed a petition with the Casino Reinvestment Development Authority and has received final approval for a direct investment project in Atlantic City. This project will be eligible for credit in satisfaction of the investment obligation, and the Company will not be required to continue purchasing bonds or pay the investment alternative tax. Accordingly, no liability has been recorded in the financial statements for the Atlantic City portion of the company's obligation.

The Company, in the absence of receiving approval for a direct investment project will have to purchase bonds in order to satisfy obligations outside of Atlantic City. At March 31, 1992, the Company has established a valuation allowance of \$276,121 to provide for the charge against operations which would be incurred at the time that these bonds were issued. The charge against operations would reflect the below market rate interest paid by the bonds.

During 1990 and 1991 the Company donated obligations on deposit, allocable to South Jersey and the New Jersey Development Authority, totalling \$2,000,367, directly to the CRDA in lieu of purchasing bonds. The donation was made in consideration of 51% credit against future obligations.

NOTE 8: Promotional Allowances:

Promotional allowances for the three months ended March 31, 1992, consist of:

	<u>PROMOTIONAL ALLOWANCES</u>		<u>PROMOTIONAL EXPENSES</u>	
	<u>NUMBER OF</u> <u>RECIPIENTS</u> (000's)	<u>DOLLAR</u> <u>AMOUNT</u> (000's)	<u>NUMBER OF</u> <u>RECIPIENTS</u> (000's)	<u>DOLLAR</u> <u>AMOUNT</u> (000's)
Rooms	27	\$ 2,324	0	\$ 0
Food	392	3,918	0	0
Beverage	624	1,560	0	0
Travel	0	0	20	2,018
Theatre	42	845	0	0
Coupon Redemption of Cash & Tokens	0	0	268	3,356
Rooms Off-Premises	0	0	N/A	21
Other*	0	0	66	330
	<u>1,085</u>	<u>\$ 8,647</u>	<u>354</u>	<u>\$ 5,725</u>

\* Other comps are mainly comprised of tips, flowers, gift shop comps, phone calls, cigars, Harbour Holiday packages, and service charges for room service. For financial recording and reporting purposes, such complimentarys are combined in one expense account.

HARRAH'S CASINO HOTEL, ATLANTIC CITY  
NOTES TO FINANCIAL STATEMENTS (cont'd)

Note 8: Promotional Allowances (Cont.):

Promotional allowances for the three months ended March 31, 1991, consist of:

	<u>PROMOTIONAL ALLOWANCES</u>		<u>PROMOTIONAL EXPENSES</u>	
	<u>NUMBER OF RECIPIENTS</u> (000's)	<u>DOLLAR AMOUNT</u> (000's)	<u>NUMBER OF RECIPIENTS</u> (000's)	<u>DOLLAR AMOUNT</u> (000's)
Rooms	20	\$ 1,654	0	\$ 0
Food	364	3,636	0	0
Beverage	607	1,517	0	0
Travel	0	0	12	1,166
Theatre	34	675	0	0
Coupon Redemption of				
Cash & Tokens	0	0	295	3,679
Rooms Off-Premises	0	0	N/A	11
Other*	0	0	46	270
	<u>1,025</u>	<u>\$ 7,482</u>	<u>353</u>	<u>\$ 5,126</u>

\* Other comps are mainly comprised of tips, flowers, gift shop comps, phone calls, cigars, Harbour Holiday packages, and service charges for room service. For financial recording and reporting purposes, such complimentarys are combined in one expense account.

NOTE 9: Other Accrued Expenses:

Other accrued expenses consist of the following:

	<u>MARCH 31</u>	
	<u>1992</u>	<u>1991</u>
	(000's)	(000's)
Accrued salaries and wages	\$ 6,588	\$ 6,810
Taxes payable	539	853
Other accrued expenses	3,796	4,523
Accrued progressive slot liability	1,418	1,286
Accrued CCC/DGE/Casino License fees	559	572
Accrued Megabucks Handle Fees	22	65
Accrued Interest L-T-D	11	40
	<u>\$12,933</u>	<u>\$14,149</u>

HARRAH'S CASINO HOTEL, ATLANTIC CITY  
NOTES TO FINANCIAL STATEMENTS (cont'd)

NOTE 10: Other Liabilities:

Other liabilities consist of the following:

	MARCH 31	
	1992	(000's) 1991
Long Term due to Affiliates	\$26,813	\$23,112
Other Liabilities	854	734
Def Income - ACIA Grant	860	2,207
Def Income - CRDA Grant	155	397
NJHMFA Funding Liability	483	-0-
	\$29,165	\$26,450

The Company has received several construction grants from the Atlantic County Improvement Authority (ACIA) and the Casino Reinvestment Development Authority (CRDA) as partial funding of a CRDA Direct Investment Project in Atlantic City. These grants will be taken into income when the project is completed.

Due to Affiliates consist of the following unsecured, non-interest bearing inter-company amounts.

	MARCH 31	
	1992	(000's) 1991
Due to Affiliates -		
Harrah's Holdings, Inc.	\$ 623	\$ 608
Harrah's Atlantic City, Inc.	25,845	22,084
Harrah's Reno	-0-	85
Harrah's Holiday Inns of NJ, Inc.	293	293
Harrah's Las Vegas	52	42
	\$26,813	\$23,112

NOTE 11: Provision for State Income Taxes:

The Company, in accordance with regulations prescribed by the New Jersey Casino Control Act, has provided for New Jersey State tax at the statutory rate (9.375%).

NOTE 12: Savings and Retirement Plan:

An employee Savings and Retirement Plan was established on October 1, 1985. This plan covers all non-union employees who have been employed at least one year with a minimum of one thousand hours worked. The company will match employee contributions up to 6% of gross pay. A participating employee is vested in company contributions according to their years of service. The company's contribution through the three months ended March 31, 1992, was \$722,931.

**SCHEDULE OF RECEIVABLES AND PATRONS' CHECKS**

March 31, 1992

(Unaudited)  
(\$ in Thousands)

**Accounts Receivable Balances**

LINE (a)	DESCRIPTION (b)	ACCOUNT BALANCE (c)	ALLOWANCE (d)	ACCOUNTS RECEIVABLE- (e) NET OF ALLOWANCE
1	Patron's Checks			
	Undeposited patrons' checks	\$ 3,037		
2	Returned patrons' checks . .	6,995		
3	Total patron's checks . .	10,032	\$ 4,287	\$ 5,745
4	Hotel Receivables . . . . .	975	13	962
5	Other Receivables:			
	Receivables due from officers and employees . .	16		
6	Receivables due from . . . . . affiliates . . . . .	-0-		
7	Other accounts and notes receivables	1,534		
8	Total other receivables .	1,550	-0-	1,550
9	Totals (Form 205) . . . . .	\$ 12,557	\$ 4,300	\$ 8,257

**UNDEPOSITED PATRON'S CHECKS ACTIVITY**

LINE (f)	DESCRIPTION (g)	AMOUNT (h)
10	Beginning Balance (January 1) . . . . .	\$ 3,187
11	Counter checks issued (excluding counter checks issued through transactions relating to consolidations, partial redemptions, substitutions, and patrons' cash deposits) .	32,754
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) . . . . .	( 22,142 )
13	Checks collected through deposits . . . . .	( 9,577 )
14	Checks transferred to returned checks . . . . .	( 1,185 )
15	Other adjustments . . . . .	
16	Ending Balance . . . . .	\$ 3,037
17	"Hold" Checks Included in Balance on Line 16	\$ -0-
18	Provision for Uncollectible Patrons' Checks	\$ 565
19	Provision as a Percent of Counter Checks Issued	1.7 %

STATEMENTS OF CONFORMITY AND ACCURACY

State of NEW JERSEY :  
: ss  
County of ATLANTIC :

Joseph A. Domenico, 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 Report has been prepared in conformity with Casino Control Commission's Quarterly Report Instructions and Uniform Chart of Accounts.
3. The information contained in this Quarterly Report is accurate to the best of my knowledge and belief.

Joseph A. Domenico  
Signature

Vice President of Finance  
Title

01833-11  
License Number

Subscribed and sworn to before me this 11th day of May, 1992

[Signature]  
Signature

On Behalf Of:

Marina Associates  
Casino Licensee

CYDNEY KINTER  
NOTARY PUBLIC OF NEW JERSEY  
My Commission Expires May 31, 1993  
Basis of Authority  
to Take Oaths

974.901  
C193

# QUARTERLY REPORT

NEW JERSEY STATE LIBRARY

MAY 27 1992

185 W. STATE ST.

LICENSEE RESORTS INTERNATIONAL HOTEL, INC

ADDRESS 1133 BOARDWALK

ATLANTIC CITY, NEW JERSEY 08401

FOR THE QUARTER ENDED MARCH 31, 1992

TO THE  
CASINO CONTROL COMMISSION  
OF THE  
STATE OF NEW JERSEY

NAME OF OFFICER IN CHARGE  
OF CORRESPONDENCE REGARDING

THIS QUARTERLY REPORT..... JOHN R. SPINA

OFFICIAL TITLE..... SENIOR VICE PRESIDENT - FINANCE & ADMINISTRATION

ADDRESS..... 1133 BOARDWALK

ATLANTIC CITY, NEW JERSEY 08401

CCC-201

TRADING NAME OF LICENSEE: MERV GRIFFIN'S RESORTS CASINO HOTEL  
 (a wholly owned subsidiary of RESORTS INTERNATIONAL, INC.)  
 BALANCE SHEETS  
 MARCH 31, 1992 AND 1991

LIST OF FORMS - QUARTERLY REPORT  
 FOR THE QUARTER ENDED MARCH 31, 1992

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 Stockholders' Deficit	CCC-220
Statements of Changes in Partners' or Proprietor's Equity	CCC-225
Statements of Cash Flows	CCC-235
Notes to Financial Statements	
Schedule of Receivables and Patrons' Checks	CCC-240
Statement of Conformity and Accuracy	CCC-250

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-202

TRADING NAME OF LICENSEE: MERV GRIFFIN'S RESORTS CASINO HOTEL  
(a wholly owned subsidiary of RESORTS INTERNATIONAL, INC.)

BALANCE SHEETS  
MARCH 31, 1992 AND 1991  
(UNAUDITED)  
(\$ IN THOUSANDS)

LINE (a)	DESCRIPTION (b)	1992 (c)	1991 (d)
	<b>ASSETS</b>		
	Current Assets:		
1	Cash.....	\$ 9,103	\$ 11,788
2	Marketable securities (Short-term Money Market At Cost).....	3,740	6,602
3	Receivables and patrons' checks (net of allowance for doubtful accounts - 1992, \$5,046 ; 1991, \$6,458 ;...NOTE 2...	56,005	60,728
4	Inventories.....	1,462	1,751
5	Prepaid expenses and other current assets.....	1,526	1,365
6	Total current assets.....	71,836	82,234
7	Investments, Advances, and Receivables.....	6,216	4,828
8	Property and Equipment - Net.....NOTE 3...	154,833	143,531
9	Other Assets.....	1,048	309
10	Total Assets.....	\$ 233,933	\$ 230,902
	<b>LIABILITIES AND STOCKHOLDERS' DEFICIT</b>		
	Current Liabilities:		
11	Accounts payable.....	\$ 2,017	\$ 6,727
12	Notes payable.....		
	Current portion of long-term debt:.....NOTE 6...		
13	Due to affiliates.....		
14	Other.....	696	1,304
15	Income taxes payable and accrued.....		
16	Other accrued liabilities.....NOTE 4...	17,397	18,950
17	Other current liabilities.....NOTE 5...	65,363	69,539
18	Total current liabilities.....	85,473	96,520
	Long-Term Debt:.....NOTE 6...		
19	Due to affiliates.....	325,000	325,000
20	Other.....	1,393	2,002
21	Deferred Credits.....NOTE 7...	549	533
22	Other Liabilities.....		
23	Commitments and Contingencies.....NOTE 14..		
24	Total Liabilities.....	412,415	424,055
25	Stockholders' Deficit.....NOTE 13..	(178,482)	(193,153)
26	Total Liabilities and Stockholders' Deficit.....	\$ 233,933	\$ 230,902

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: MERV GRIFFIN'S RESORTS CASINO HOTEL**  
**(a wholly owned subsidiary of RESORTS INTERNATIONAL, INC.)**  
**INCOME STATEMENT**  
**FOR THE THREE MONTHS ENDED MARCH 31, 1992 AND 1991**  
**(UNAUDITED)**  
**(\$ IN THOUSANDS)**

LINE (a)	DESCRIPTION (b)	1992 (c)	1991 (d)
	<b>REVENUE:</b>		
1	Casino.....	\$ 55,827	\$ 48,005
2	Rooms.....	3,343	2,897
3	Food and beverage.....	7,320	6,666
4	Other.....	1,368	1,432
5	Total revenue.....	67,858	59,000
6	Less: promotional allowances.....NOTE 8..	5,725	4,940
7	Net revenue.....	62,133	54,060
	<b>COSTS AND EXPENSES:</b>		
8	Cost of goods and services.....	40,371	37,140
9	Selling, general, and administrative.....	13,664	12,270
10	Provision for doubtful accounts.....	515	1,383
11	Depreciation and amortization.....	2,786	1,740
	Charges from affiliates other than interest:.....NOTE 10..		
12	Management fees.....	2,019	1,761
13	Other.....	122	112
14	Total costs and expenses.....	59,477	54,406
15	Income (Loss) From Operations.....	2,656	(346)
	<b>Other Income (Expenses):</b>		
16	Interest (expense) - affiliates.....		
17	Interest (expense) - external.....	(115)	(148)
18	Investment alternative tax and related inc.(exp).....NOTE 14..	(443)	(704)
19	Nonoperating income - net.....NOTE 11..	1,721	1,874
20	Total other income.....	1,163	1,022
21	Income Before Income Taxes And Extraordinary Items.....	3,819	676
22	Provision for income taxes.....NOTE 1,12	1,529	
23	Income Before Extraordinary Items.....	2,290	676
24	Extraordinary items (net of income taxes - 1992, \$ 0 ; 1991, \$ 0 ).....		
25	Net Income .....	\$ 2,290	\$ 676

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

CCC-210

TRADING NAME OF LICENSEE: MERV GRIFFIN'S RESORTS CASINO HOTEL  
(a wholly owned subsidiary of RESORTS INTERNATIONAL, INC.)  
**INCOME STATEMENT**  
**FOR THE THREE MONTHS ENDED MARCH 31, 1992 AND 1991**  
(UNAUDITED)  
(\$ IN THOUSANDS)

LINE (a)	DESCRIPTION (b)	1992 (c)	1991 (d)
<b>REVENUE:</b>			
1	Casino.....	\$ 55,827	\$ 48,005
2	Rooms.....	3,343	2,897
3	Food and beverage.....	7,320	6,666
4	Other.....	1,368	1,432
5	Total revenue.....	67,858	59,000
6	Less: promotional allowances.....NOTE 8..	5,725	4,940
7	Net revenue.....	62,133	54,060
<b>COSTS AND EXPENSES:</b>			
8	Cost of goods and services.....	40,371	37,140
9	Selling, general, and administrative.....	13,664	12,270
10	Provision for doubtful accounts.....	515	1,383
11	Depreciation and amortization.....	2,786	1,740
12	Charges from affiliates other than interest:.....NOTE 10..		
12	Management fees.....	2,019	1,761
13	Other.....	122	112
14	Total costs and expenses.....	59,477	54,406
15	Income (Loss) From Operations.....	2,656	(346)
<b>Other Income (Expenses):</b>			
16	Interest (expense) - affiliates.....		
17	Interest (expense) - external.....	(115)	(148)
18	Investment alternative tax and related inc.(exp).....NOTE 14..	(443)	(704)
19	Nonoperating income - net.....NOTE 11..	1,721	1,874
20	Total other income.....	1,163	1,022
21	Income Before Income Taxes And Extraordinary Items.....	3,819	676
22	Provision for income taxes.....NOTE 1,12	1,529	
23	Income Before Extraordinary Items.....	2,290	676
24	Extraordinary items (net of income taxes - 1992, \$ 0 ; 1991, \$ 0 ).....		
25	Net Income .....	\$ 2,290	\$ 676

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

CCC-215

TRADING NAME OF LICENSEE: MERV GRIFFIN'S RESORTS CASINO HOTEL

(a wholly owned subsidiary of RESORTS INTERNATIONAL, INC.)

STATEMENTS OF CHANGES IN STOCKHOLDERS' DEFICIT  
FOR THE THREE MONTHS ENDED MARCH 31, 1992 AND 1991

(UNAUDITED)

(\$ IN THOUSANDS)

LINE (a)	DESCRIPTION (b)	1992		1991	
		(c) SHARES	(d) DOLLARS	(e) SHARES	(f) DOLLARS
	<b>Common Stock: (\$1 par value, 2,500 shares authorized)</b>				
1	Beginning balance (January 1).....	100	\$	100	\$
2	Sale of Stock.....				
3	.....				
4	Ending balance.....	100		100	
	<b>Preferred Stock:</b>				
5	Beginning balance (January 1).....				
6	Sale of stock.....				
7	.....				
8	Ending balance.....				
	<b>Excess of Liabilities over Assets at Reorganization</b>				
9	Beginning balance (January 1).....NOTE 13..		(198,829)		(198,829)
10	.....				
11	.....				
12	Ending balance.....		(198,829)		(198,829)
	<b>Treasury Stock:</b>				
13	Beginning balance (January 1).....				
14	Purchase of additional stock.....				
15	Sale or retirement of stock.....				
16	Ending balance.....				
	<b>Subscription Receivable for Capital Stock:</b>				
17	Beginning balance (January 1).....				
18	.....				
19	.....				
20	Ending balance.....				
	<b>Net Unrealized Loss on Noncurrent Marketable Equity Securities:</b>				
21	Beginning balance (January 1).....				
22	.....				
23	.....				
24	Ending balance.....				
	<b>Retained Earnings:</b>				
25	Beginning balance (January 1).....		18,057		5,000
26	Prior period adjustments.....				
27	Net income.....		2,290		676
28	Dividends.....				
29	.....				
30	.....				
31	Ending balance.....		20,347		5,676
32	<b>Ending Stockholders' Deficit.....</b>		\$ (178,482)		\$ (193,153)

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: MERV GRIFFIN'S RESORTS CASINO HOTEL  
 (a wholly owned subsidiary of RESORTS INTERNATIONAL, INC.)  
 STATEMENTS OF CHANGES IN PARTNERS'  
 OR PROPRIETOR'S EQUITY  
 FOR THE THREE MONTHS ENDED MARCH 31, 1992 AND 1991  
 (UNAUDITED)  
 (\$ IN THOUSANDS)

NOT APPLICABLE

LINE (a)	DESCRIPTION (b)	1992 (c)	1991 (d)
	<b>Invested Capital:</b>		
1	Beginning Balance (January 1).....	\$	\$
2	Additional capital invested.....		
3	Ending Balance.....		
	<b>Accumulated Income (Loss):</b>		
4	Beginning Balance (January 1).....		
5	Prior period adjustments.....		
6	Net income (loss).....		
7	Ending Balance.....		
	<b>Capital Withdrawals:</b>		
10	Beginning Balance (January 1).....	( )	( )
11	Additional capital invested.....	( )	( )
12	Ending Balance.....	( )	( )
	<b>Net Unrealized Loss On Noncurrent Marketable Equity Securities:</b>		
14	Beginning Balance (January 1).....		
15	Ending Balance.....		
18	<b>Ending Partners' Or Proprietor's Equity.....</b>	<b>\$</b>	<b>\$</b>

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

CCC-225

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

CCC-225

TRADING NAME OF LICENSEE: MERV GRIFFIN'S RESORTS CASINO HOTEL  
(a wholly owned subsidiary of RESORTS INTERNATIONAL, INC.)  
**STATEMENTS OF CASH FLOWS**  
**FOR THE THREE MONTHS ENDED MARCH 31, 1992 AND 1991**  
(UNAUDITED)  
(\$ IN THOUSANDS)

LINE (a)	DESCRIPTION (b)	1992 (c)	1991 (d)
1	Net Cash Provided by Operating Activities.....	\$ 4,492	\$ 10,728
	Cash Flows From Investing Activities:		
2	Purchase of short-term investment securities.....		
3	Proceeds from the sale of short-term investments securities.....		
4	Cash outflows for property and equipment.....	(6,075)	(6,222)
5	Proceeds from disposition of property and equipment.....		5
6	Purchase of casino reinvestment obligations.....	(607)	(587)
7	Purchase of other investments and loans/advances made.....		
8	Proceeds from disposal of investments and collections of advances and long-term receivables.....		
9	Cash outflows to acquire business entities.....		
10			
11			
12	Net Cash Used In Investing Activities.....	(6,682)	(6,804)
	Cash Flows From Financing Activities:		
13	Cash proceeds from issuance of short-term debt.....		
14	Payments to settle short-term debt.....	(408)	(335)
15	Cash proceeds from issuance of long-term debt.....		
16	Costs of issuing debt.....		
17	Payments to settle long-term-debt.....		
18	Cash proceeds from issuing stock or capital contributions.....		
19	Purchases of treasury stock.....		
20	Payments of dividends or capital withdrawals.....		
21	Payments for recapitalization cost.....		
22	Advances from (repayments to) parent company and affiliates	(1,445)	704
23	Net Cash Used In Financing Activities.....	(1,853)	369
24	Net Increase (Decrease) in Cash And Cash Equivalents.....	(4,043)	4,293
25	Cash And Cash Equivalents At Beginning Of Year.....	16,886	14,097
26	Cash And Cash Equivalents At End Of Year.....	\$ 12,843	\$ 18,390

**SUPPLEMENTAL DISCLOSURE OF CASH FLOW INFORMATION**

27	Cash Paid During Year For:		
28	Interest (net of amount capitalized).....	\$ 1	\$ 0
	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.

TRADING NAME OF LICENSEE: MERV GRIFFIN'S RESORTS CASINO HOTEL  
(a wholly owned subsidiary of RESORTS INTERNATIONAL, INC.)  
**STATEMENTS OF CASH FLOWS**  
**FOR THE THREE MONTHS ENDED MARCH 31, 1992 AND 1991**  
(UNAUDITED)  
(\$ IN THOUSANDS)

LINE (a)	DESCRIPTION (b)	1992 (c)	1991 (d)
	<b>Net Cash Provided by Operating Activities:</b>		
29	Net income .....	\$ 2,290	\$ 676
	Noncash items included in income and cash items excluded from income:		
30	Depreciation and amortization for property and equipment.....	2,786	1,738
31	Amortization of other assets.....		2
32	Amortization of debt discount or premium.....		
33	Deferred income taxes - current.....		
34	Deferred income taxes - noncurrent.....		
35	(Gain) loss on disposition of property and equipment.....	7	(5)
36	Loss on casino reinvestment obligations.....	443	704
37	(Gain) loss from other investment activities.....		
38	Net decrease in receivables and patrons' checks.....	469	919
39	Net (increase) decrease in inventories.....	7	(2)
40	Net decrease in other current assets.....	2	1,606
41	Net (increase) decrease in other assets.....	(814)	3
42	Net increase (decrease) in accounts payable.....	(322)	2,661
43	Net increase (decrease) in other current liabilities excluding debt.....	(351)	2,434
44	Net decrease in other noncurrent liabilities excluding debt.....	(25)	(8)
45	Other.....		
46			
47	<b>Net Cash Provided By Operating Activities.....</b>	<b>\$ 4,492</b>	<b>\$ 10,728</b>

**SUPPLEMENTAL SCHEDULE OF NONCASH INVESTING AND FINANCING ACTIVITIES**

	<b>Acquisition Of Property And Equipment:</b>		
48	Additions to property and equipment.....	\$ (6,075)	\$ (7,033)
49	Less: Capital lease obligations incurred.....	0	811
50	<b>Cash Outflows For Property And Equipment.....</b>	<b>\$ (6,075)</b>	<b>\$ (6,222)</b>
	<b>Acquisition Of Business Entities:</b>		
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	<b>Cash Outflows To Acquire Business Entities.....</b>	<b>\$</b>	<b>\$</b>
	<b>Stock Issued Or Capital Contributions:</b>		
57	Total issuances of stock or capital contributions.....	\$	\$
58	Less: Issuances to settle long-term debt.....		
59	Consideration in acquisition of business entities.....		
60	<b>Cash Proceeds From Issuing Stock Or Capital Contributions.....</b>	<b>\$</b>	<b>\$</b>

MERV GRIFFIN'S RESORTS CASINO HOTEL  
(a wholly owned subsidiary of RESORTS INTERNATIONAL, INC.)

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS  
FOR THE THREE MONTHS ENDED MARCH 31, 1992

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Resorts International Hotel, Inc. ("RIH"), a wholly-owned subsidiary of Resorts International, Inc. ("RII"), owns and operates Merv Griffin's Resorts Casino Hotel ("Resorts Casino Hotel"), a casino/hotel complex located in Atlantic City, New Jersey.

While the accompanying financial information is unaudited, management of RIH believes that all adjustments necessary for a fair presentation of these financial statements have been made and all such adjustments are of a normal recurring nature.

Principles of Consolidation

The consolidated financial statements include the accounts of RIH and its subsidiaries except for one insignificant wholly owned subsidiary which is accounted for on the equity basis of accounting. All significant intercompany balances and transactions have been eliminated in consolidation.

Revenue Recognition

RIH records as revenue the win from gaming activities which represents the difference between amounts wagered and amounts won by patrons. Revenues from hotel and related services and from theatre ticket sales are recognized at the time the related service is performed.

Promotional Allowances

Gross revenues include the retail value of complimentary rooms, food, beverage and other hotel services furnished to casino patrons. The retail value of these complimentary services is deducted as a promotional allowance to arrive at net revenues. The cost of complimentary services is charged to cost of goods and services and selling, general and administrative.

### Cash Equivalents

RIH considers all of its short-term money market securities purchased with maturities of three months or less to be cash equivalents.

### Inventories

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

### Property and Equipment

Property and equipment are depreciated over their useful lives using the straight-line method for financial reporting purposes.

### Casino Reinvestment Development Authority ("CRDA") Obligations

Under the New Jersey Casino Control Act ("Casino Control Act"), RIH is obligated to purchase CRDA bonds, which will bear a below market interest rate, or make an alternative qualifying investment. RIH charges to expense an estimated discount related to CRDA investment obligations as of the date the obligation arises based on fair market interest rates of similar quality bonds in existence as of that date. On the date RIH actually purchases the CRDA bond, the estimated discount previously recorded is adjusted to reflect the actual terms of the bonds issued and the then existing fair market interest rate for similar quality bonds. The discount on CRDA bonds purchased is amortized to interest income over the life of the bonds using the effective interest rate method.

### Income Taxes

RIH and RII's other domestic subsidiaries file consolidated federal income tax returns with RII.

RIH has agreed with RII that it will provide for federal and state income taxes using a combined rate of 40%. Material transactions which would be subject to combined tax rates that are significantly different from the 40% rate will be separately tax effected. The resulting liability is settled on a current basis.

**NOTE 2 - RECEIVABLES AND PATRONS' CHECKS**

Components of receivables at March 31, were as follows:

(In Thousand of Dollars)

	<u>1992</u>	<u>1991</u>
Gaming	\$ 9,936	\$11,938
Less allowance for doubtful accounts	<u>(5,020)</u>	<u>(6,107)</u>
	<u>4,916</u>	<u>5,831</u>
Non-gaming		
Hotel and related	642	681
Other	<u>473</u>	<u>675</u>
	1,115	1,356
Less allowance for doubtful accounts	<u>(26)</u>	<u>(351)</u>
	<u>1,089</u>	<u>1,005</u>
Receivable due from affiliate	<u>50,000</u>	<u>53,892</u>
	<u>\$56,005</u>	<u>\$60,728</u>

In 1988, RIH loaned \$50,000,000 pursuant to a pre-arranged back-to-back loan to Resorts International (Bahamas) 1984 Limited ("RIB"), an indirect wholly-owned subsidiary of RII, in exchange for a promissory note. Such note is payable on demand and bears interest at 13 1/2% per annum, with interest payments due each May 1 and November 1. The note is guaranteed by certain of RIB's subsidiaries. The guarantees are secured by mortgages on the Paradise Island Resort & Casino, the Ocean Club Golf & Tennis Resort, and the Paradise Beach Resort on Paradise Island in The Bahamas, and all furniture, machinery and equipment used in connection therewith. The RIB promissory note and the mortgages securing payment thereof have been assigned as part of the collateral for new debt securities issued by RII pursuant to the Second Amended Joint Plan of Reorganization dated as of May 31, 1990 (the "Plan") (see Note 6).

**NOTE 3 - PROPERTY AND EQUIPMENT - NET**

Property and equipment at March 31, are summarized as follows:

(In Thousands of Dollars)

	<u>1992</u>	<u>1991</u>
Land and land rights	\$ 53,250	\$ 53,250
Land improvements	96	82
Hotel and other buildings	84,582	72,696
Furniture, machinery and equipment	28,189	17,481
Construction in progress	<u>2,528</u>	<u>3,714</u>
	168,645	147,223
Less accumulated depreciation	<u>(13,812)</u>	<u>(3,692)</u>
	<u>\$154,833</u>	<u>\$143,531</u>

Substantially all of RIH's property and equipment has been pledged as collateral for new debt securities issued by RII pursuant to the Plan. See Note 6.

**NOTE 4 - OTHER ACCRUED LIABILITIES**

Components of other accrued expenses at March 31, were as follows:

(In Thousands of Dollars)

	<u>1992</u>	<u>1991</u>
Accrued payroll and related taxes and benefits	\$10,142	\$ 9,244
Progressive slot liability	3,039	3,782
Litigation reserve	2,563	3,099
Accrued gaming taxes, fees and related assessments	618	1,010
Professional fees	156	510
Utilities	222	479
Various taxes	303	248
Other	<u>354</u>	<u>578</u>
	<u>\$17,397</u>	<u>\$18,950</u>

#### NOTE 5 - OTHER CURRENT LIABILITIES

Components of other current liabilities at March 31, were as follows:

(In Thousands of Dollars)

	<u>1992</u>	<u>1991</u>
Inter-Company	\$58,221	\$62,063
CRDA Bond Disc.	5,000	5,000
CRDA Bond Obligation	691	590
Customer Deposit Liability	194	458
Deferred Revenue	49	52
Tenant Deposits	33	48
Unclaimed Wage Liability	18	160
Other	<u>1,157</u>	<u>1,168</u>
	<u>\$65,363</u>	<u>\$69,539</u>

#### NOTE 6 - LONG-TERM DEBT

Components of long-term debt at March 31, were as follows:

(In Thousands of Dollars)

	<u>1992</u>	<u>1991</u>
Due to affiliates:		
13 7/8% note payable to affiliate	\$200,000	\$200,000
13 1/2% note payable to affiliate	<u>125,000</u>	<u>125,000</u>
	<u>\$325,000</u>	<u>\$325,000</u>
Other:		
Capitalized lease obligations	\$2,089	\$3,306
Less - current portion	<u>696</u>	<u>1,304</u>
	<u>\$1,393</u>	<u>\$2,002</u>

#### Long-Term Debt: Due to Affiliate

In 1988, Griffin Resorts Inc. ("GRI"), a subsidiary of RII, issued \$325,000,000 principal amount of notes (the "Securities"). GRI loaned the proceeds of the Securities to RIH in exchange for (i) two promissory notes payable to GRI, which GRI, in turn, pledged to the Trustees for the Securities; (ii) a first mortgage on the Resorts Casino Hotel and the other properties owned by RIH, and a first priority security interest in the personal property of RIH granted to the Collateral Agent for the Securities; and (iii) the assignment of RIB's promissory note for \$50,000,000 and mortgage securing such note (see Note 2).

RIH paid the issuance costs of the Securities which amounted to \$20,300,000. The promissory notes issued by RIH were written to mirror the terms of GRI's publicly held notes with the intent that RIH pay interest to GRI on GRI's interest payment dates so that GRI would have cash available to make its interest payments to the public on those dates.

Pursuant to the Plan, the Securities were cancelled. RIH's notes payable to GRI were not cancelled; their terms were modified and such amended notes were pledged as collateral for certain new debt securities ("New Debt Securities") issued by RII. Subsequently, the notes were further amended (the "Second Amended Notes"); their sole purpose remains to collateralize RII's New Debt Securities. The Second Amended Notes are payable on demand after April 15, 1994 and are non-interest bearing, but the principal due upon demand by GRI accretes according to a schedule. As of April 15, 1994, the principal amount of the notes would accrete to \$446,150,000. However, GRI and RIH have entered into an intercompany agreement whereby GRI will not require payment of the amount in excess of the original \$325,000,000 principal amount of the notes unless GRI is instructed to do so by the Indenture Trustee or other collateral pledgee of the New Debt Securities. At December 31, 1991 the accretion in principal amount of these notes in excess of \$325,000,000 amounted to \$40,000,000.

See Note 3 for a summary of RIH's property and equipment balances, which were restated to their estimated fair value as of August 31, 1990, in conjunction with the reorganization of RII.

The indentures for RII's new debt securities restrict RIH from the incurrence of additional indebtedness, with certain exceptions.

Long-Term Debt: Other

RIH is the lessee of computer equipment, slot machines and printing equipment under capital leases expiring in various years through 1996. The assets and liabilities under capital leases are recorded at the lower of the present value of the minimum lease payments or the fair value of the asset. The assets are depreciated over the lower of their useful lives or their related lease terms.

Property debt under capital leases at March 31, are summarized as follows:

(In Thousands of Dollars)

Computer equipment	\$1,645		
Slot machines	269		
Printing equipment	153		
Lighting equipment	22		
Accum Depreciation	(713)		
<b>Capital Leases, Net</b>	<b>\$1,376</b>		

Interest rates on capital leases vary from 13.7% to 33.3%.

Minimum principal payments of Long-Term Debt: Other outstanding at March 31, 1992 are as follows:

(In Thousands of Dollars)

1992	\$ 550
1993	674
1994	729
1995	98
1996	38
Total	<u>\$2,089</u>

**NOTE 7 - DEFERRED CREDITS**

Deferred credits represent the unrecognized portion of a lump-sum payment made by a tenant at the inception, July 1983, of a fifteen year lease. As of June 1, 1990 management extended the life of the lease by ten years to end June 31, 2008. This payment is being recognized and recorded, in earnings, in equal monthly installments over the life of the lease. The recognized portions were \$500,000 and \$533,000 for the three months ended March 31, 1992 and 1991, respectively.

**NOTE 8 - PROMOTIONAL ALLOWANCES AND PROMOTIONAL EXPENSES**

Components of promotional allowances and promotional expenses for the three months ended March 31, 1992 were as follows:

(In Thousands of Dollars)

	<u>PROMOTIONAL ALLOWANCES</u>		<u>PROMOTIONAL EXPENSE</u>	
	<u>NUMBER OF RECIPIENTS</u>	<u>AMOUNT</u>	<u>NUMBER OF RECIPIENTS</u>	<u>AMOUNT</u>
Rooms	25	\$1,750	95	82
Food	267	2,673		
Beverage	134	536	27	28
Travel			5	\$ 463
Coupon redemption:				
Cash			499	4,992
Food	28	140		
Admissions	36	427		
Retail	1	49		
Junket air			6	242
Casino Caravan Fees			13	40
Charter Market Expense			24	94
Other	<u>30</u>	<u>150</u>	<u>7</u>	<u>163</u>
	<u>521</u>	<u>\$5,725</u>	<u>554</u>	<u>\$5,994</u>

**NOTE 9 - SAVINGS AND PENSION PLANS**

RIH has a defined contribution plan (the "Savings Plan"), in which substantially all non-union employees are eligible to participate. Employees of certain other affiliated companies are also eligible to participate in the Savings Plan. Under the Savings Plan, eligible participating employees may contribute up to a total of 4% of their annual cash compensation as a basic contribution and may also elect to contribute up to an additional 10% as a voluntary contribution. RIH and other subsidiaries of RII contribute an amount equal to 50% of their employees' basic contributions and, on a discretionary basis, may make additional contributions. RIH's contributions under the Savings Plan were approximately \$167,000 and \$141,000 for the three months ended March 31, 1992 and 1991, respectively.

Union employees are covered by various multi-employer pension plans to which contributions are made by RIH and other unrelated employers. Contributions by RIH were approximately \$197,000 and \$172,000 for the three months ended March 31, 1992 and 1991, respectively.

**NOTE 10 - CHARGES FROM AFFILIATES**

RIH recorded the following expenses for the three months ended March 31, from RII and other affiliates:

(In Thousands of Dollars)

<u>AFFILIATED COMPANY</u>	<u>TRANSACTION</u>	<u>1992</u>	<u>1991</u>
Resorts International, Inc.	Management fee	<u>\$2,019</u>	<u>\$1,761</u>
Resorts International, Inc.	Insurance	\$ 14	\$
	Property Rental	81	82
	Other	95	82
PIVI	Flights	27	28
Chalk's Airline	Flights		2
		<u>\$ 122</u>	<u>\$ 112</u>

**NOTE 11 - NONOPERATING INCOME, NET**

Components of nonoperating income, net for the three months ended March 31, were as follows:

(In Thousands of Dollars)

	1992	1991
Interest income	\$ 163	\$ 239
Interest income from affiliates	1,687	1,688
Corporate office expense	(47)	(31)
Restructuring/refinancing costs	(75)	
Gain (loss) on fixed assets	(7)	5
Other		(27)
	<u>\$1,721</u>	<u>\$1,874</u>

**NOTE 12 - INCOME TAXES**

For federal tax purposes RIH has net operating loss carryforwards of approximately \$188,000,000 at December 31, 1991, which expire in 2003 through 2005. The reorganization resulted in a change in ownership of the consolidated group of which RIH is a part. Therefore all of these loss carryforwards are limited in their availability to offset future taxable income.

For state tax purposes RIH has net operating loss carryforwards of approximately \$180,000,000 at December 31, 1991, which expire in 1995 through 1997.

**NOTE 13 - STOCKHOLDERS' DEFICIT**

At August 31, 1990, in conjunction with accounting for RII's reorganization, RIH's accumulated deficit was eliminated. This deficit was first reclassified to offset the balance of capital in excess of par, with the remainder recorded as excess of liabilities over assets at reorganization.

	1979-1983	1984-1991	TOTAL
Investment obligations	\$(21,637)	\$(23,879)	\$(45,516)
Remaining related investments previously approved	1,000		1,000
CRDA deposits/bond purchases	7,533	23,188	30,721
Remaining investment obligation at March 31, 1992 which was deposited in April 1992	\$ - 0 -	\$(691)	\$(691)

**NOTE 14 - COMMITMENTS AND CONTINGENCIES**

**CRDA**

The Casino Control Act, as originally adopted, required a licensee to make investments equal to 2% of the licensee's net casino win (as defined under the Casino Control Act) (the "investment obligation") for each calendar year, commencing in 1979, in which such net casino win exceeded its "cumulative investments" (as defined in the Casino Control Act). A licensee had five years from the end of each calendar year to satisfy this investment obligation or become liable for an "alternative tax" in the same amount. In 1984, the New Jersey legislature amended the Casino Control Act so that these provisions now apply only to investment obligations for the years 1979 through 1983.

Effective for 1984 and subsequent years, the amended Casino Control Act requires a licensee to satisfy its investment obligation by purchasing bonds to be issued by the CRDA, or by making other investments authorize by the CRDA, in an amount equal to 1.25% of a licensee's net casino win.

If the investment obligation is not satisfied, then the licensee will be subject to an investment alternative tax of 2.5% of net casino win. Since 1985, a licensee has been required to make quarterly deposits with the CRDA against its current year investment obligation.

An analysis of RIH's investment obligations under the Casino Control Act and RIH's means of settlement since 1979 follows:

(In Thousands of Dollars)

	<u>1979-1983</u>	<u>1984-1991</u>	<u>TOTAL</u>
Investment obligations	\$(21,637)	\$(23,879)	\$(45,516)
Means of settlement:			
Housing related investments under audit	13,104		13,104
Housing related investments previously approved	1,000		1,000
CRDA deposits/bond purchases	<u>7,533</u>	<u>23,188</u>	<u>30,721</u>
Remaining investment obligation at March 31, 1992 which was deposited in April 1992	<u>\$ - 0 -</u>	<u>\$ (691)</u>	<u>\$ (691)</u>

With regard to the housing related investments under audit, in January 1988, the CRDA notified RIH of its interpretation as to the periods of time during which expenditures could be made to satisfy investment obligations. This interpretation differs from RIH's and if found to be correct would decrease the amount of RIH's qualifying expenditures by approximately \$5,000,000 to \$6,000,000. RIH believes that its interpretation is correct and intends to contest this issue.

RIH also received a letter dated November 9, 1989, from the State of New Jersey Department of the Treasury (the "Treasury") stating that the housing related investments made by RIH were not sufficient to meet its investment obligation for the years 1979 through 1983. The letter also stated that alternative tax in the amount of \$21,637,000 was due for those years, in addition to penalties and interest thereon which amounted to \$12,514,000 as of the date of the letter. As set forth in the table above, RIH believes that \$8,533,000 of such obligations have been settled in cash (\$7,533,000) and by previously approved housing related investments (\$1,000,000).

Also, RIH has received an audit report issued by an agency acting on behalf of the Treasury identifying qualifying credits from housing related investments of \$10,165,000. This leaves a total of \$2,939,000 of housing related investments under audit in question. RIH has notified the Treasury that it takes exception to the Treasury's computation of amounts due. Further, RIH believes that the \$2,939,000 of housing related investments in question will be found, under further audit, to have been satisfied. There was no communication between RIH and the Treasury on this matter during 1992.

If the CRDA's interpretation as to the periods of time during which qualifying expenditures can be made is found to be correct, or if the Treasury's issue is determined adversely, RIH could be required to pay the relevant amount in cash to the CRDA. In the opinion of management, based upon advice of counsel, the aggregate liability, if any, arising from these issues will not have a material adverse effect on the accompanying financial statements.

As reflected in the table above, through March 31, 1992, RIH had made CRDA deposits/bond purchases totalling \$30,721,000. However, in August 1989 RIH sought and received approval of the CRDA to make a donation of \$12,048,000 in exchange for which RIH would be relieved of its obligation to purchase CRDA bonds of \$18,193,000. Because RIH already had the \$18,193,000 for bond purchases on deposit with the CRDA, the difference between this amount and the amount of the donation, or \$6,145,000, was refunded to RIH in August 1989. Thus, at March 31, 1992, RIH had a remaining balance of \$4,767,000 face value of bonds issued by the CRDA and had \$7,762,000 on deposit with the CRDA. These bonds and deposits, net of an estimated discount charged to expense to reflect the below-market interest rate payable on the bonds, were recorded as other assets in RIH's Balance Sheets.

RIH records charges to expense to reflect the below-market interest rate payable on the bonds it may have to purchase to fulfill its investment obligation at the date the obligation arises. The charges for discounts on obligations were \$443,000 and \$704,000, for the three months ended March 3, 1992 and 1991, respectively.

ACCOUNT	ACCOUNT BALANCE	ALLOWANCE	ACCOUNT RECEIVABLE
			PERCENT OF ALLOWANCE
Accounts receivable	\$ 3,364		
Patrons' checks	8,572		
Patrons' checks	9,206	5,030	4.97%
Patrons' checks	642	25	3.9%
Patrons' checks			
Patrons' checks			
Patrons' checks	22,819		
Accounts and notes receivable	472		
Other Receivables	53,286		53.28%
Total (Line 15)	\$ 10,204	\$ 5,041	50.01%

UNDEPOSITED PATRONS' CHECKS ACTIVITY

DESCRIPTION	AMOUNT
Beginning Balance (January 1)	\$ 5,727
Checks issued (excluding counter checks issued through transactions relating to consolidations, partial redemptions, substitutions, and patrons' deposits)	31,240
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' deposits)	(25,641)
Checks collected through deposits	(4,517)
Checks transferred to returned checks	(1,045)
Check adjustments	
Ending Balance	\$ 3,364
Checks included in Balance On Line 16	\$
Uncollectible Patrons' Checks	\$ 472
As A Percent Of Counter Checks Issued	1.5%

TRADING NAME OF LICENSEE: MERV GRIFFIN'S RESORTS CASINO HOTEL  
(a wholly owned subsidiary of RESORTS INTERNATIONAL, INC.)  
SCHEDULE OF RECEIVABLES AND PATRONS' CHECKS  
MARCH 31, 1992  
(UNAUDITED)  
(\$ IN THOUSANDS)

ACCOUNTS RECEIVABLE BALANCES

LINE (a)	DESCRIPTION (b)	ACCOUNT BALANCE (c)	ALLOWANCE (d)	ACCOUNTS RECEIVABLE (e) NET OF ALLOWANCE
	Patrons' Checks:			
1	Undeposited patrons' checks.....	\$ 3,364		
2	Returned patrons' checks.....	6,572		
3	Total Patrons' Checks.....	9,936	5,020	4,916
4	Hotel Receivables.....	642	\$ 26	\$ 616
	Other Receivables:			
5	Receivables due from officers and employees.....	1		
6	Receivables due from affiliates.....	52,813		
7	Other accounts and notes receivables.....	472		
8	Total Other Receivables.....	53,286		53,286
9	Total (Form 305).....	\$ 63,864	\$ 5,046	\$ 58,818

UNDEPOSITED PATRONS' CHECKS ACTIVITY

LINE (f)	DESCRIPTION (g)	AMOUNT (h)
10	Beginning Balance (January 1).....	\$ 3,727
11	Counter checks issued (excluding counter checks issued through transactions relating to consolidations, partial redemptions, substitutions, and patrons' cash deposits).....	31,240
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).....	(25,641)
13	Checks collected through deposits.....	(4,917)
14	Checks transferred to returned checks.....	(1,045)
15	Other adjustments.....	
16	Ending Balance.....	\$ 3,364
17	"Hold" Checks Included In Balance On Line 16.....	\$
18	Provision For Uncollectible Patrons' Checks.....	\$ 473
19	Provision As A Percent Of Counter Checks Issued.....	1.5 %

STATEMENT OF CONFORMITY AND ACCURACY

STATE OF NEW JERSEY  
COUNTY OF ATLANTIC

:  
:ss.  
:

JOHN R. SPINA, being duly sworn according to law upon  
Name

my oath deposes and says:

1. I have examined this Quarterly Report.
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. The information contained in this Quarterly Report is accurate to the best of my knowledge and belief.

John Spina / 3007  
Signature

SR. V.P. - FINANCE & ADMINISTRATION  
Title

02507-11  
License Number

Subscribed and sworn to  
before me this 14<sup>th</sup> day  
of MAY, 1992.

On Behalf Of:

Naomi Harris  
Signature  
**NAOMI HARRIS**  
**NOTARY PUBLIC OF NEW JERSEY**  
**My Commission Expires June 12, 1996**

MERV GRIFFIN'S RESORTS CASINO HOTEL

Basis of Authority to Take Oaths

974.901  
C193

# QUARTERLY REPORT

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185 W. STATE ST.

Admar of New Jersey, Inc.

**LICENSEE** dba TropWorld Casino and Entertainment Resort

**ADDRESS** Brighton Avenue & the Boardwalk  
Atlantic City, New Jersey 08401

**FOR THE QUARTER ENDED** March 31 **19**92

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



**NAME OF OFFICER IN CHARGE  
OF CORRESPONDENCE REGARDING  
THIS QUARTERLY REPORT . . .**  
**OFFICIAL TITLE. . . . .**  
**ADDRESS . . . . .**

Lester Brzozowski  
Vice President of Finance  
Brighton Avenue and the Boardwalk  
Atlantic City, NJ 08401



## BALANCE SHEETS

MARCH 31, 1992 and 1991

(UNAUDITED)  
(\$ in Thousands)

LINE (a)	DESCRIPTION (b)	1992 (c)	1991 (d)
<b>ASSETS</b>			
Current Assets:			
1	Cash.....	\$8,349	\$7,409
2	Marketable securities.....	0	0
3	Receivables and patrons' checks (net of allowance for doubtful accounts - 1992, \$9,762; 1991, \$10,647).....	13,820	15,482
4	Inventories.....	2,312	2,843
5	Prepaid expenses and other current assets..... (Note II-3, II-8, III-1) .....	12,244	4,652
6	Total current assets.....	36,725	30,386
7	Investments, Advances, And Receivables..... (Note II-7, III-2).....	73,790	70,191
8	Property And Equipment - Net..... (Note II-1).....	233,233	242,367
9	Other Assets..... (Note II-3, II-9).....	17,698	747
10	Total Assets.....	\$361,446	\$343,691
<b>LIABILITIES AND EQUITY</b>			
Current Liabilities:			
11	Accounts payable.....	\$2,204	\$2,157
12	Notes payable.....	0	0
Current portion of long-term debt:			
13	Due to affiliates.....	0	0
14	Other..... (Note II-2).....	2,719	2,812
15	Income taxes payable and accrued..... (Note II-8).....	(688)	(662)
16	Other accrued expenses..... (Note III-3).....	26,323	24,668
17	Other current liabilities.....	2,236	2,003
18	Total current liabilities.....	32,794	30,978
Long-Term Debt:			
19	Due to affiliates..... (Note II-2).....	140,000	140,000
20	Other..... (Note II-2).....	5,774	6,537
21	Deferred Credits..... (Note II-3).....	0	0
22	Other Liabilities..... (Note II-7, III-4).....	30,105	34,486
23	Commitments And Contingencies (Note II-4)		
24	Total Liabilities.....	208,673	212,001
25	Stockholders', Partners', Or Proprietor's Equity.....	152,773	131,690
26	Total Liabilities And Equity.....	\$361,446	\$343,691

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 ENDING MARCH 31, 1992 AND 1991

\* Revised  
May 15,  
1992

(UNAUDITED)  
(\$ in Thousands)

LINE (a)	DESCRIPTION (b)	1992 (c)	1991* (d)
	Revenue:		
1	Casino.....	\$71,502	\$62,007
2	Rooms.....	4,511	4,598
3	Food and beverage.....	7,723	7,769
4	Other.....	2,390	2,438
5	Total revenue.....	86,126	76,812
6	Less: Promotional allowances..... (Note II-5, II-6).....	8,766	8,759
7	Net revenue.....	77,360	68,053
	Costs and Expenses:		
8	Cost of goods and services..... (Note II-6, II-7).....	39,740	36,545
9	Selling, general, and administrative..... (Note II-7).....	19,876	19,146
10	Provision for doubtful accounts.....	578	809
11	Depreciation and amortization.....	3,957	3,974
	Charges from affiliates other than interest:		
12	Management fees.....	0	0
13	Other.....	0	0
14	Total costs and expenses.....	64,151	60,474
15	Income (loss) from operations.....	13,209	7,579
	Other Income (Expenses):		
16	Interest (expense) - affiliates..... (Note II-2) .....	(4,725)	(4,725)
17	Interest (expense) - external..... (Note II-2) .....	(633)	(864)
18	Investment alternative tax & related income (exp)-net.... (Note II-4) .....	(270)	(244)
19	Nonoperating income (expense) - net..... (Note III-5) .....	(9,743)	(10,119)
20	Total other income (expenses).....	(15,371)	(15,952)
21	Income(Loss) Before Income Tax & Extraordinary Items.....	(2,162)	(8,373)
22	Provision (credit) for income taxes..... (Note II-8).....	(932)	0
23	Income (Loss) Before Extraordinary Items.....	(1,230)	(8,373)
	Extraordinary items (net of income taxes -		
24	1992, \$ 23,400 ; 1991, \$ -0-)..... (Note II-8, II-9).....	(23,400)	0
25	Net Income (Loss).....	\$22,170	(\$8,373)

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

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 TROPWORLD CASINO AND ENTERTAINMENT RESORT

**STATEMENTS OF CHANGES IN STOCKHOLDERS' EQUITY**

FOR THE THREE MONTHS ENDED MARCH 31, 1992 AND 1991

(UNAUDITED)  
(\$ IN THOUSANDS)

LINE (a)	DESCRIPTION (b)	1992		1991	
		(c) SHARES	(d) DOLLARS	(e) SHARES	(f) DOLLARS
	Common Stock:				
1	Beginning balance (January 1).....	100	\$1	100	\$1
2	Sale of stock.....				
3	_____				
4	Ending balance.....	100	1	100	1
	Preferred Stock:				
5	Beginning balance (January 1).....	70,609	78,902	70,609	78,902
6	Sale of stock.....				
7	_____				
8	Ending balance.....	70,609	78,902	70,609	78,902
	Additional Paid-in Capital:				
9	Beginning balance (January 1).....		53,883		53,883
10	_____				
11	_____				
12	Ending balance.....		53,883		53,883
	Treasury Stock:				
13	Beginning balance (January 1).....				
14	Purchase of additional stock.....				
15	Sale or retirement of stock.....				
16	Ending balance.....				
	Subscriptions Receivable For Capital Stock:				
17	Beginning balance (January 1).....				
18	_____				
19	_____				
20	Ending balance.....				
	Net Unrealized Loss On Noncurrent Marketable Equity Securities:				
21	Beginning balance (January 1).....				
22	_____				
23	_____				
24	Ending balance.....				
	Retained Earnings:				
25	Beginning balance (January 1).....		(2,183)		7,277
26	Prior period adjustments.....				
27	Net income (loss).....		(1,230)		(8,373)
28	Dividends.....				
29	Extraordinary item.....				
30	Change in acct method.(Note II-8, II-9)		23,400		0
31	Ending balance.....		19,987		(1,096)
32	Ending Stockholders' Equity.....		\$152,773		\$131,690

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 TropWorld Casino and Entertainment Resort

## STATEMENTS OF CHANGES IN PARTNERS' OR PROPRIETOR'S EQUITY

FOR THE three MONTHS ENDED March 31, 1992 AND 1991

(UNAUDITED)  
(\$ IN THOUSANDS)

LINE (a)	DESCRIPTION (b)	(c) 19 <u>92</u>	(d) 19 <u>91</u>
	Invested Capital:	\$	\$
1	Beginning balance (January 1) .....		
2	Additional capital invested .....		
3	.....		
4	Ending balance .....		
	Accumulated Income (Loss):		
5	Beginning balance (January 1) .....		
6	Prior period adjustments .....		
7	Net income (loss) .....		
8	.....		
9	Ending balance .....		
	Capital Withdrawals:		
10	Beginning balance (January 1) .....	(	(
11	Additional capital withdrawals .....	(	(
12	.....		
13	Ending balance .....	(	(
	Net Unrealized Loss On Noncurrent Marketable Equity Securities:		
14	Beginning balance (January 1) .....	(	(
15	.....		
16	.....		
17	Ending balance .....	(	(
18	Ending Partners' Or Proprietor's Equity .....	\$	\$

Not Applicable

SUPPLEMENTAL DISCLOSURE OF CASH FLOW INFORMATION

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 THREE MONTHS ENDING MARCH 31, 1992 AND 1991

(UNAUDITED)  
(\$ in Thousands)

\*Revised  
May 15,  
1992

LINE (a)	DESCRIPTION (b)	1992 (c)	1991* (d)
1	Net Cash Provided (Used) By Operating Activities.....	(\$2,596)	\$5,255
	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.....	(769)	(1,235)
5	Proceeds from disposition of property and equipment.....	0	309
6	Purchase of casino reinvestment obligations.....	(890)	(767)
7	Purchase of other investments and loans/advances made.....	(345)	(1,524)
8	Proceeds from disposal of investments and collection of advances and long-term receivables.....	290	398
9	Cash outflows to acquire business entities.....		
10	.....		
11	.....		
12	Net Cash Provided (Used) By Investing Activities.....	(1,714)	(2,819)
	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.....		
16	Costs of issuing debt.....		
17	Payments to settle long-term debt.....	(626)	(658)
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.....	(626)	(658)
24	Net Increase (Decrease) In Cash And Cash Equivalents.....	(4,936)	1,778
25	Cash And Cash Equivalents At Beginning Of Period.....	13,285	5,631
26	Cash And Cash Equivalents At End Of Period.....	\$8,349	\$7,409

### SUPPLEMENTAL DISCLOSURE OF CASH FLOW INFORMATION

27	Cash Paid During Period For: Interest (net of amount capitalized).....	\$10,142	\$10,158
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 THREE MONTHS ENDING MARCH 31, 1992 AND 1991

\* Revised  
May 15,  
1992

(UNAUDITED)  
(\$ in Thousands)

LINE (a)	DESCRIPTION (b)	1992 (c)	1991* (d)
	Net Cash Flows From Operating Activities:		
29	Net income (loss).....	\$22,170	(\$8,373)
	Noncash items included in income and cash items excluded from income:		
30	Depreciation and amortization of property and equipment.....	3,955	3,910
31	Amortization of other assets.....	2	64
32	Amortization of debt discount or premium.....		
33	Deferred income taxes - current.....	(6,320)	0
34	Deferred income taxes - noncurrent.....	(17,145)	0
35	(Gain) loss on disposition of property and equipment.....	3	647
36	(Gain) loss on casino reinvestment obligations.....	270	244
37	(Gain) loss from other investment activities.....		
38	Net (increase) decrease in receivables and patrons' checks.....	1,263	2,547
39	Net (increase) decrease in inventories.....	187	(109)
40	Net (increase) decrease in other current assets.....	(1,971)	(170)
41	Net (increase) decrease in other assets.....	(40)	31
42	Net increase (decrease) in accounts payables.....	(1,934)	(2,160)
43	Net increase (decrease) in other current liabilities excluding debt.....	2,039	1,246
44	Net increase (decrease) in other noncurrent liabilities excluding debt.....	(4,529)	7,792
45	Net (increase) decrease in accrued interest income.....	(546)	(414)
46			
47	Net Cash Provided (Used) By Operating Activities.....	(\$2,596)	\$5,255

### SUPPLEMENTAL SCHEDULE OF NONCASH INVESTING AND FINANCING ACTIVITIES

	Acquisition Of Property And Equipment:		
48	Additions to property and equipment.....	(\$1,086)	(\$1,878)
49	Less: Capital lease obligations incurred.....	* (317)	* (643)
50	Cash Outflows For Property And Equipment.....	(\$769)	(\$1,235)
	Acquisition Of Business Entities:		
51	Property and equipment acquired.....		
52	Goodwill acquired.....		
53	Net assets acquired other than cash, goodwill, and property & 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.....		
59	Consideration in acquisition of business entities.....		
60	Cash Proceeds From Issuing Stock Or Capital Contributions.....		

\* Capital lease obligations of \$325 and \$1,593 were incurred for 1992 and 1991 respectively, when Adamar entered into new property and equipment leases. Capital lease obligation retirements of \$8 and \$950 were incurred for 1992 and 1991, respectively.

ADAMAR OF NEW JERSEY, INC.  
 DBA TROPWORLD CASINO AND ENTERTAINMENT RESORT  
 NOTES TO CONSOLIDATED FINANCIAL STATEMENTS  
 FOR THE THREE MONTHS ENDED MARCH 31, 1992 AND 1991

I. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

NOTE 1. DISCLOSURES NOT PRESENTED

Certain footnotes have not been presented in these Notes to Consolidated Financial Statements. These footnotes would be a duplicate of items contained in the Casino Control Commission Annual Report for the year ended December 1991.

The specific footnotes not presented are the summary of significant accounting policies and lease obligations. The footnotes contained in the December 31, 1991 Annual Report should be read in conjunction with these financial statements.

II. SIGNIFICANT INFORMATION

NOTE 1. PROPERTY AND EQUIPMENT

At March 31, 1992 and 1991, the components of Property and Equipment consisted of:

	<u>1992</u>	<u>1991</u>
Land	\$ 39,192,000	\$ 36,546,000
Building, furniture and fixtures	281,501,000	278,861,000
Less accumulated depreciation	(88,452,000)	(76,774,000)
Construction in progress	<u>992,000</u>	<u>3,734,000</u>
Total property and equipment	<u>\$233,233,000</u>	<u>\$242,367,000</u>

NOTE 2. LONG-TERM DEBT

At March 31, 1992 and 1991, Long-Term Debt consisted of:

	<u>1992</u>	<u>1991</u>
Note payable to Aztar Mortgage Funding, Inc.; 13.50%; due 1996;	\$140,000,000	\$140,000,000
Obligations under capital leases	<u>8,493,000</u>	<u>9,349,000</u>
	148,493,000	149,349,000
Less current portion	<u>(2,719,000)</u>	<u>(2,812,000)</u>
Long-term portion	<u>\$145,774,000</u>	<u>\$146,537,000</u>

Substantially all of the Company's property and equipment is pledged as collateral for long-term debt.

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

1992	\$ 2,050,000
1993	2,551,000
1994	2,163,000
1995	1,136,000
1996	140,572,000
Thereafter	<u>21,000</u>
Total	<u>\$148,493,000</u>

NOTE 3. DEFERRED CREDITS

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

NOTE 4. COMMITMENTS AND CONTINGENCIES

Licensing

On November 26, 1982, the Company was granted a permanent gaming license by the New Jersey Casino Control Commission. The license is renewable on a biennial basis. The license was renewed on October 28, 1991, effective November 26, 1991, for a period of two years. Management has received no indication that future renewals will not be granted.

Adamar 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 Adamar.

Management believes that its defenses are substantial in each of these matters and that the Company's legal posture can be successfully defended 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 Casino Reinvestment Development Authority ("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 of 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 Company's reinvestment obligation for 1992 and 1991, respectively, was \$890,000 and \$767,000 for the purchase of CRDA bonds and, accordingly, the Company recorded a loss provision of \$270,000 and \$244,000 to recognize the effect of the below market interest rate the bonds would have borne had they been issued on March 31, 1992 and 1991.

NOTE 5. COMPLIMENTARY SERVICES

The amount of promotional allowances and promotional expenses for the three months ended March 31, 1992 are:

	<u>Promotional Allowances</u>		<u>Promotional Expense</u>	
	<u>Number of Recipients</u>	<u>Dollar Amount</u>	<u>Number of Recipients</u>	<u>Dollar Amount</u>
Room	47,418	\$2,822,000	-0-	\$ -0-
Food	313,617	3,073,000	24,158	237,000
Beverage	1,215,641	1,523,000	-0-	-0-
Travel	-0-	-0-	876	306,000
Tivoli Pier/ Showroom/ Comedy Stop	24,847	220,000	2,175	43,000
Coin payouts	-0-	-0-	572,584	7,287,000
Other	<u>112,832</u>	<u>1,128,000</u>	<u>11,780</u>	<u>118,000</u>
Total	<u>1,714,355</u>	<u>\$8,766,000</u>	<u>611,573</u>	<u>\$7,991,000</u>

NOTE 6. JACKPOT PAYOUTS

Jackpot Payouts for the three months ending March 31, 1992 are:

	<u>Payouts Included In Promotional Allowances</u>		<u>Other Payouts</u>	
	<u>Number of Payouts</u>	<u>Dollar Amount</u>	<u>Number of Payouts</u>	<u>Dollar Amount</u>
Motor Vehicles	<u>-0-</u>	<u>\$ -0-</u>	<u>7*</u>	<u>\$105,000</u>
Total	<u>-0-</u>	<u>\$ -0-</u>	<u>7</u>	<u>\$105,000</u>

\*Note: Cash was taken by seven patrons instead of motor vehicles.

NOTE 7. RELATED PARTIES

Due to affiliates is reflected in Other Liabilities. The identity of the affiliates and corresponding balances are:

	<u>1992</u>	<u>1991</u>
Due to Aztar Corporation	\$10,017,000	\$15,530,000
Due to Atlantic-Deauville, Inc.	202,000	-0-
Due to Ramada New Jersey, Inc.	1,702,000	914,000
Due to Adamar Garage Corporation	11,454,000	7,492,000
Due to Aztar Mortgage Funding, Inc.	<u>683,000</u>	<u>683,000</u>
Total	<u>\$24,058,000</u>	<u>\$24,619,000</u>

Advances to affiliates are reflected in Investments, Advances and Receivables. The identity of the affiliates and corresponding balances are:

	<u>1992</u>	<u>1991</u>
Advances to Tropicana West	\$21,382,000	\$21,421,000
Advances to Atlantic-Deauville, Inc.	<u>-0-</u>	<u>37,000</u>
	\$21,382,000	\$21,458,000
Note receivable - Adamar Garage Corporation	<u>17,052,000</u>	<u>17,052,000</u>
Total	<u>\$38,434,000</u>	<u>\$38,510,000</u>

A note payable to Aztar Mortgage Funding, Inc. in the amount of \$140,000,000 is included in Long-term debt to affiliates (see Note II-2).

For the three months ended March 31, 1992 and 1991 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>1992</u>	<u>1991</u>
<u>Cost of Goods and Services</u>		
Executive deferred compensation plan	\$ 2,000	\$ 1,000
Property insurance	114,000	115,000
Workman's compensation	180,000	263,000
Other	<u>1,000</u>	<u>-0-</u>
	<u>\$ 297,000</u>	<u>\$ 379,000</u>
	<u>1992</u>	<u>1991</u>
<u>Selling, General and Administrative</u>		
Insurance (1)	\$ 247,000	\$ 288,000
Executive deferred compensation plan	9,000	7,000
Workman's compensation	37,000	71,000
Long-term incentive	208,000	214,000
Restricted Stock	40,000	40,000
Other	<u>2,000</u>	<u>-0-</u>
	<u>\$ 543,000</u>	<u>\$ 620,000</u>
Total	<u>\$ 840,000</u>	<u>\$ 999,000</u>

(1) Insurance amounts include various premiums and claim settlements.

NOTE 8. INCOME TAXES

The provision for income taxes recorded in the first quarter of 1992 included a deferred benefit of \$65,000. Increases from the statutory rate for 1992 are primarily related to state taxes and the non-deductible nature of certain business expenses.

There was no benefit for income taxes recorded in the 1991 first quarter primarily because the Company had a larger-than-seasonal loss and was in an operating loss carryforward position.

During the first quarter of 1992 the Company adopted the provisions of Statement of Accounting Standards No. 109, "Accounting for Income Taxes" ("SFAS 109"). For a discussion of SFAS 109 see "Note 9: Cumulative Effect of Accounting Change".

At January 1, 1992, the following tax benefits are available to offset future income:

	<u>Financial</u>		<u>Tax Basis</u>	
	<u>Federal</u>	<u>State</u>	<u>Federal</u>	<u>State</u>
Net operating losses	\$16,600,000	\$102,800,000	\$60,400,000	\$79,300,000
AMT net operation losses	16,800,000	-0-	62,400,000	-0-
Charitable contributions	500,000	500,000	500,000	500,000
General business credits	1,100,000	-0-	1,100,000	-0-

These tax benefits for income tax purposes will expire in the years 2001 through 2005 unless first offset against taxable income.

For income tax purposes Adamar is included in the Aztar consolidated Federal income tax return. Aztar allocates the current and deferred tax expense using a modified separate return method.

The Internal Revenue Service is examining the consolidated income tax returns for 1986 through 1989. The State of New Jersey is examining the Adamar separate income tax returns for 1983 through 1986. Management believes that adequate provision for income taxes and interest has been made in the financial statements.

NOTE 9. CUMULATIVE EFFECT OF ACCOUNTING CHANGE

In February 1992, the Financial Accounting Standards Board ("FASB") issued Statement of Financial Accounting Standards No. 109, "Accounting for Income Taxes" ("SFAS 109"), which supersedes Statement of Financial Accounting Standards No. 96 with the same title ("SFAS 96"). SFAS 96 was never adopted by the Company. The Company adopted the provisions of SFAS 109 in the first quarter of 1992 and elected not to restate prior year financial statements. The effect from prior years of adopting SFAS 109 as of the beginning of 1992 is a net tax benefit of \$23,400,000 and is reflected in the Statement of Income as the Cumulative effect of accounting change.

The income tax effects of temporary differences between financial and income tax reporting that give rise to a significant portion of the deferred income tax assets and liabilities at January 1, 1992, under the provisions of SFAS 109, are as follows:

	<u>Deferred Income Taxes</u>	
	<u>Assets</u>	<u>Liabilities</u>
Net operating loss carryforward	\$ 28,112	
Accrued rent expense	4,653	
Accrued bad debt expense	4,257	
Accrued liabilities	1,781	
Accrued compensation	1,021	
Other	799	
Depreciation and amortization	-0-	\$ (8,878)
	<u>\$ 40,623</u>	<u>\$ (8,878)</u>

The Company has provided a valuation allowance of \$8,345,000 against the deferred income tax assets.

III. SUPPORTING SCHEDULES FOR MATERIAL ITEMS

NOTE 1. PREPAID EXPENSES AND OTHER CURRENT ASSETS

At March 31, 1992 and 1991, Prepaid Expenses and Other Current Assets consisted of the following:

	<u>1992</u>	<u>1991</u>
Current deferred federal taxes	\$ 4,993,000	\$ -0-
Current deferred state taxes	1,327,000	-0-
Other	<u>5,924,000</u>	<u>4,652,000</u>
	<u>\$ 12,244,000</u>	<u>\$ 4,652,000</u>

NOTE 2. INVESTMENTS, ADVANCES, AND RECEIVABLES

At March 31, 1992 and 1991, Investments, Advances, and Receivables consisted of the following:

	<u>1992</u>	<u>1991</u>
Due from affiliates	\$ 21,382,000	\$ 21,458,000
CRDA investment	17,101,000	14,500,000
Mortgage receivable	17,858,000	16,798,000
Note receivable -		
Adamar Garage Corporation	17,052,000	17,052,000
Long-term note receivable	<u>397,000</u>	<u>383,000</u>
Total	<u>\$ 73,790,000</u>	<u>\$ 70,191,000</u>

NOTE 3. OTHER ACCRUED EXPENSES

At March 31, 1992 and 1991, Other Accrued Expenses consisted of the following:

	<u>1992</u>	<u>1991</u>
Accrued payroll taxes and benefits	\$ 6,608,000	\$ 6,791,000
Accrued advertising	749,000	685,000
Accrued rent	299,000	338,000
Accrued taxes	736,000	655,000
Accrued progressive slot win	7,408,000	6,826,000
Accrued CCC & DGE	703,000	637,000
Accrued miscellaneous	2,304,000	2,033,000
Accrued legal, professional and accounting fees	160,000	581,000
Accrued employee insurance	877,000	293,000
Accrued employee payroll taxes	1,742,000	1,758,000
Deferred rent	3,819,000	3,819,000
Other	<u>918,000</u>	<u>252,000</u>
Total	<u>\$ 26,323,000</u>	<u>\$ 24,668,000</u>

NOTE 4. OTHER LIABILITIES

At March 31, 1992 and 1991, Other Liabilities consisted of the following:

	<u>1992</u>	<u>1991</u>
Due to affiliates	\$24,058,000	\$24,619,000
Deferred rent	<u>6,047,000</u>	<u>9,867,000</u>
Total	<u>\$30,105,000</u>	<u>\$34,486,000</u>

NOTE 5. NON-OPERATING INCOME/(EXPENSE)

For the period ending March 31, 1992 and 1991, Non-Operating Income/(Expense) consisted of the following:

	<u>1992</u>	<u>1991</u>
Interest income	\$ 1,672,000	\$ 1,822,000
Administrative fee	25,000	25,000
Leased land rental	1,386,000	1,386,000
Maintenance reimbursement	2,759,000	2,854,000
Loss on disposition	(3,000)	(647,000)
Rent expense	<u>(15,582,000)</u>	<u>(15,559,000)</u>
<b>Total</b>	<b>\$ (9,743,000)</b>	<b>\$ (10,119,000)</b>

**SCHEDULE OF RECEIVABLES AND PATRONS' CHECKS**

MARCH 31, 1992  
(UNAUDITED)  
(\$ IN THOUSANDS)

ACCOUNTS RECEIVABLE BALANCES				
LINE (a)	DESCRIPTION (b)	ACCOUNT BALANCE (c)	ALLOWANCE (d)	ACCOUNTS RECEIVABLE- (e) NET OF ALLOWANCE
	Patrons' Checks:			
1	Undeposited patrons' checks.....	\$3,137		
2	Returned patrons' checks.....	13,365		
3	Total patrons' checks.....	16,502	(\$9,482)	\$7,020
4	Hotel Receivables.....	1,041	(280)	761
	Other Receivables:			
5	Receivables due from officers and employees....	22		
6	Receivables due from affiliates.....	0		
7	Other accounts and notes receivables.....	6,017		
8	Total other receivables.....	6,039		6,039
9	Totals (Form 205).....	\$23,582	(\$9,762)	\$13,820

The information contained in this quarterly report is accurate to the best of our knowledge.

UNDEPOSITED PATRONS' CHECKS ACTIVITY		
LINE (f)	DESCRIPTION (g)	AMOUNT (h)
10	Beginning Balance (January 1).....	\$3,773
11	Counter checks issued (excluding counter checks issued through transactions relating to consolidations, partial redemptions, substitutions, and patrons' cash deposits).....	28,663
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).....	(19,787)
13	Checks collected through deposits.....	(8,214)
14	Checks transferred to returned checks.....	(1,298)
15	Other adjustments.....	0
16	Ending Balance.....	\$3,137
17	"Hold" Checks Included In Balance On Line 16.....	\$0
18	Provision For Uncollectable Patrons' Checks.....	\$573
19	Provision As A Percent Of Counter Checks Issued.....	2.0%



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# QUARTERLY REPORT

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**FOR THE QUARTER ENDED** March 31, **19** 92

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



**NAME OF OFFICER IN CHARGE OF CORRESPONDENCE REGARDING THIS QUARTERLY REPORT . . .** Thomas P. Venier  
**OFFICIAL TITLE . . . . .** Sr. Vice President of Finance  
**ADDRESS . . . . .** Huron Avenue & Brigantine Boulevard  
Atlantic City, N. J. 08401

TRADING NAME OF LICENSEE TRUMP'S CASTLE HOTEL & CASINO

## LIST OF FORMS — QUARTERLY REPORT

FOR THE QUARTER ENDED MARCH 31, 1992

<u>TITLE</u>	<u>FORM NO.</u>
Balance Sheets	CCC-205
Statements of Income (Three Months)	CCC-215
Statements of Changes in Stockholders' Equity	CCC-220
Statements of Changes in Partners' or Proprietor's Equity	CCC-225
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# BALANCE SHEETS

MARCH 31, 1992 and 1991

(UNAUDITED)  
(\$ IN THOUSANDS)

LINE (a)	DESCRIPTION (b)	(c) 1992	(d) 1991
<b>ASSETS</b>			
	Current Assets:		
1	Cash .....	\$14,231	\$12,748
2	Marketable securities .....	0	0
3	Receivables and patrons' checks (net of allowance for doubtful accounts - 1992, \$2,333; 1991, \$3,366) .....	7,376	9,152
4	Inventories .....	1,847	2,471
5	Prepaid expenses and other current assets .....	4,105	3,003
6	Total current assets .....	27,559	27,374
7	Investments, Advances, And Receivables .....	1,240	1,109
8	Property And Equipment - Net .....	348,215	362,124
9	Other Assets .....	10,500	11,820
10	Total Assets .....	\$387,514	\$402,427
<b>LIABILITIES AND EQUITY</b>			
	Current Liabilities:		
11	Accounts payable .....	\$5,110	\$6,543
12	Notes payable .....	13,000	13,000
	Current portion of long-term debt:		
13	Due to affiliates .....	319,618	316,613
14	Other .....	50,000	50,000
15	Income taxes payable and accrued .....	0	0
16	Other accrued expenses .....	63,187	28,411
17	Other current liabilities .....	13,172	15,211
18	Total current liabilities .....	464,087	429,778
	Long-Term Debt:		
19	Due to affiliates .....	0	0
20	Other .....	0	0
21	Deferred Credits .....	0	0
22	Other Liabilities .....	8	8
23	Commitments And Contingencies .....		
24	Total Liabilities .....	464,095	429,786
25	Stockholders', Partners', Or Proprietor's Equity .....	(76,581)	(27,359)
26	Total Liabilities and Equity .....	\$387,514	\$402,427

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 HOTEL & CASINO

# STATEMENTS OF INCOME

FOR THE THREE MONTHS ENDED MARCH 31, 1992 and 1991

(UNAUDITED)  
(\$ IN THOUSANDS)

LINE (a)	DESCRIPTION (b)	(c) 1992	(d) 1991
	Revenue:		
1	Casino.....	\$55,830	\$45,962
2	Rooms .....	3,632	3,592
3	Food and beverage .....	8,153	7,378
4	Other .....	1,531	3,532
5	Total revenue .....	69,146	60,464
6	Less: Promotional allowances .....(NOTE 13).....	8,176	7,924
7	Net revenue .....	60,970	52,540
	Costs And Expenses:		
8	Cost of goods and services .....	35,313	32,298
9	Selling, general, and administrative .....	17,521	15,889
10	Provision for doubtful accounts .....	717	554
11	Depreciation and amortization .....	5,406	5,349
	Charges from affiliates other than interest:		
12	Management fees .....	0	0
13	Other .....	0	0
14	Total costs and expenses .....	58,957	54,090
15	Income (Loss) From Operations .....	2,013	(1,550)
	Other Income (Expenses):		
16	Interest (expense) – affiliates.....(NOTE 3,5).....	(10,476)	(10,591)
17	Interest (expense) – external .....(NOTE 4).....	(1,161)	(1,593)
18	Investment alternative tax and related income (expense) – net.....(NOTE 11).....	(447)	(525)
19	Nonoperating income (expense) – net .....(NOTE 10).....	(1,752)	109
20	Total other income (expenses) .....	(13,836)	(12,600)
21	Income (Loss) Before Income Taxes And Extraordinary Items .....	(11,823)	(14,150)
22	Provision (credit) for income taxes .....(NOTE 1).....	0	0
23	Income (Loss) Before Extraordinary Items .....	(11,823)	(14,150)
24	Extraordinary items (net of income taxes – 1992, \$ 1,350,000; 1991, \$0) .....	(1,350)	0
25	Net Income (Loss) .....	(\$13,173)	(\$14,150)

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 STOCKHOLDERS' EQUITY**

FOR THE THREE MONTHS ENDED MARCH 31, 1992 and 1991

NOT APPLICABLE

(UNAUDITED)  
(\$ IN THOUSANDS)

LINE (a)	DESCRIPTION (b)	1992		1991	
		(c) SHARES	(d) DOLLARS	(e) SHARES	(f) DOLLARS
	Common Stock:		\$		\$
1	Beginning balance (January 1) .....				
2	Sale of stock .....				
3	.....				
4	Ending balance .....				
	Preferred Stock .....				
5	Beginning balance (January 1) .....				
6	Sale of stock .....				
7	.....				
8	Ending balance .....				
	Additional Paid-in Capital:				
9	Beginning balance (January 1) .....				
10	.....				
11	.....				
12	Ending balance .....				
	Treasury Stock:				
13	Beginning balance (January 1) .....		( )		( )
14	Purchase of additional stock .....		( )		( )
15	Sale or retirement of stock .....				
16	Ending balance .....		( )		( )
	Subscriptions Receivable For Capital Stock:				
17	Beginning balance (January 1) .....		( )		( )
18	.....				
19	.....				
20	Ending balance .....		( )		( )
	Net Unrealized Loss on Noncurrent Marketable Equity Securities:				
21	Beginning balance (January 1) .....		( )		( )
22	.....				
23	.....				
24	Ending balance .....		( )		( )
	Retained Earnings:				
25	Beginning balance (January 1) .....				
26	Prior period adjustments .....				
27	Net income (loss) .....				
28	Dividends .....		( )		( )
29	.....				
30	.....				
31	Ending balance .....				
32	Ending Stockholders' Equity.....		\$ N/A		\$ N/A

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 PARTNERS' OR PROPRIETOR'S EQUITY

FOR THE THREE MONTHS ENDED MARCH 31, 1992 and 1991

(UNAUDITED)  
(\$ IN THOUSANDS)

LINE (a)	DESCRIPTION (b)	(c) 1992	(d) 1991
	Invested Capital:		
1	Beginning balance (January 1) .....	\$71,196	\$71,196
2	Additional capital invested .....	0	0
3	.....	0	0
4	Ending balance .....	71,196	71,196
	Accumulated Income (Loss):		
5	Beginning balance (January 1) .....	(96,154)	(45,955)
6	Prior period adjustments .....	0	0
7	Net income (loss) .....	(13,173)	(14,150)
8	.....	0	0
9	Ending balance .....	(109,327)	(60,105)
	Capital Withdrawals:		
10	Beginning balance (January 1) .....	(38,450)	(38,450)
11	Additional capital withdrawals .....	0	0
12	.....	0	0
13	Ending balance .....	(38,450)	(38,450)
	Net Unrealized Loss On Noncurrent Marketable Equity Securities:		
14	Beginning balance (January 1) .....	0	0
15	.....	0	0
16	.....	0	0
17	Ending balance .....	0	0
18	Ending Partners' Or Proprietor's Equity .....	(\$76,581)	(\$27,359)

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 HOTEL & CASINO

# STATEMENTS OF CASH FLOWS

FOR THE THREE MONTHS ENDED MARCH 31, 1992 and 1991

(UNAUDITED)  
(\$ IN THOUSANDS)

LINE (a)	DESCRIPTION (b)	(c) 1992	(d) 1991
1	Net Cash Provided (Used) By Operating Activities .....	\$1,584	\$5,491
	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.....	(2,188)	(708)
5	Proceeds from disposition of property and equipment.....	0	0
6	Purchase of casino reinvestment obligations.....	(135)	(79)
7	Purchase of other investments and loans/advances made.....	0	0
8	Proceeds from disposal of investments and collection of advances and long-term receivables.....	0	0
9	Cash outflows to acquire business entities.....	0	0
10	Redemption of A-1 Bonds.....	0	0
11	.....	0	0
12	Net Cash Provided (Used) By Investing Activities.....	(2,323)	(787)
	Cash Flows From Financing Activities:		
13	Cash proceeds from issuance of short-term debt.....	0	0
14	Payments to settle short-term debt.....	0	0
15	Cash proceeds from issuance of long-term debt.....	0	0
16	Costs of issuing debt.....	0	0
17	Payments to settle long-term debt.....	0	0
18	Cash proceeds from issuing stock or capital contributions.....	0	0
19	Purchases of treasury stock.....	0	0
20	Payments of dividends or capital withdrawals.....	0	0
21	.....	0	0
22	.....	0	0
23	Net Cash Provided (Used) By Financing Activities.....	0	0
24	Net Increase (Decrease) In Cash And Cash Equivalents.....	(739)	4,704
25	Cash And Cash Equivalents At Beginning Of Period.....	14,970	8,044
26	Cash And Cash Equivalents At End Of Period.....	\$14,231	\$12,748

## SUPPLEMENTAL DISCLOSURE OF CASH FLOW INFORMATION

27	Cash Paid During Period For:		
	Interest (net of amount capitalized).....	\$1,162	\$11,178
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 THREE MONTHS ENDED MARCH 31, 1992 and 1991

(UNAUDITED)  
(\$ IN THOUSANDS)

LINE (a)	DESCRIPTION (b)	(c) 1992	(d) 1991
	Net Cash Flows From Operating Activities:		
29	Net income (loss).....	(\$13,173)	(\$14,150)
	Noncash items included in income and cash items excluded from income:		
30	Depreciation and amortization of property and equipment.....	5,149	5,124
31	Amortization of other assets.....	260	225
32	Amortization of debt discount or premium.....	800	701
33	Deferred income taxes – current.....	0	0
34	Deferred income taxes – noncurrent.....	0	0
35	(Gain) loss on disposition of property and equipment.....	0	0
36	(Gain) loss on casino reinvestment obligations.....	447	525
37	(Gain) loss from other investment activities.....	0	0
38	Net (increase) decrease in receivables and patrons' checks.....	420	5,334
39	Net (increase) decrease in inventories.....	4	302
40	Net (increase) decrease in other current assets.....	(995)	613
41	Net (increase) decrease in other assets.....	85	(787)
42	Net increase (decrease) in accounts payables.....	(1,218)	(4,595)
43	Net increase (decrease) in other current liabilities excluding debt.....	9,804	12,199
44	Net increase (decrease) in other noncurrent liabilities excluding debt.....	1	0
45	.....	0	0
46	.....	0	0
47	Net Cash Provided (Used) By Operating Activities.....	\$1,584	\$5,491

## SUPPLEMENTAL SCHEDULE OF NONCASH INVESTING AND FINANCING ACTIVITIES

	Acquisition Of Property And Equipment:		
48	Additions to property and equipment.....	\$2,188	\$708
49	Less: Capital lease obligations incurred.....	0	0
50	Cash Outflows For Property And Equipment.....	\$2,188	\$708
	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 issuances of stock or capital contributions.....	\$0	\$0
58	Less: Issuances to settle long-term debt.....	0	0
59	Consideration in acquisition of business entities.....	0	0
60	Cash Proceeds From Issuing Stock Or Capital Contributions.....	\$0	\$0

TRUMP'S CASTLE HOTEL & CASINO

NOTES TO FINANCIAL STATEMENTS

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES:

Organization and Operation:

Trump's Castle Associates Limited Partnership (the "Partnership") was organized on May 24, 1985, as a New Jersey limited partnership. Donald J. Trump and Trump's Castle Hotel & Casino, Inc., a New Jersey corporation which is owned by Mr. Trump, are the general partners and Mr. Trump is the sole limited partner (the "Partners").

Revenue Recognition:

The Partnership records as revenue the win from gaming activities which represents the difference between amounts wagered and amounts won by patrons. Revenues from hotel and related services are recognized at the time the related service is performed.

Promotional Allowances:

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 revenue to arrive at net revenues. The cost of promotional allowances is charged to operations.

Income Taxes/Deferred Credits:

The accompanying 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 Commission regulations, the Partnership is required to file a consolidated New Jersey corporation business tax return. However, no provision for state income taxes has been reflected in the accompanying financial statements, since the Partnership has experienced operating losses during the periods contained in this report.

Allowance for Doubtful Accounts:

The allowance for doubtful accounts is maintained at a level considered adequate to provide for possible future losses. The Partnership has provided \$2,333,000 through March 31, 1992.

Inventories:

Food and beverage inventories are carried on a weighted average basis and all other inventories are carried at the lower of cost or market on a first in, first out basis.

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 for furniture, fixtures and equipment are from three to eight years and 40 years for buildings.

Original Issuance Discount and Bond Issuance Costs:

Original issue discount is accreted over the life of the related indebtedness using the effective interest method.

Costs associated with the issuance of the bonds are capitalized and amortized over the life of the bonds using the effective interest method.

NOTE 2 - PROPERTY AND EQUIPMENT:

(In Thousands of Dollars)

Property and equipment as of March 31:

	<u>1992</u>	<u>1991</u>
Land	\$ 32,380	\$ 31,975
Buildings	235,169	236,728
Furniture, Fixtures and Equipment	95,900	92,265
Construction in Progress	1,983	60
Building/Leasehold Improvements	111,234	109,530
	-----	-----
TOTAL	\$476,666	\$470,562
Less Accumulated Depreciation	(128,451)	(108,438)
	-----	-----
Net Property and Equipment	\$348,215	\$362,124
	=====	=====

NOTE 3 - LONG TERM DEBT:

On June 27, 1985, Trump's Castle Funding ("The Company") issued its Series A-1 and Series A-2 First Mortgage Bonds (the "Bonds") for proceeds of \$300,000,000. The proceeds of the bonds were loaned by the Company to the Partnership under the terms which conform in all material respects with the terms of the Bonds, and were used by the Partnership to repay the interim bank financing.

The Series A-1 Bonds in an aggregate principal amount of \$226,800,000 bear interest at a rate of 13-3/4%, which is payable semi-annually, with the principal due in full in 1997. These bonds are redeemable at any time, subject to certain conditions at the option of the Company, at the principal amount plus a premium of 13-3/4%, in the first year, which premium declines rateably each year to zero in the year of maturity. As of June 30, 1990 the Partnership has redeemed \$22,680,000 of the original principal amount as required by the bond indenture and will be required to annually make sinking fund payments in an amount sufficient to redeem 10% of the principal amount of Series A-1 Bonds up to a maximum of 70% of the principal amount through 1996.

The Series A-2 Bonds in an aggregate principal amount of \$125,000,000 bear interest at a rate of 7% and were issued at a discount (net proceeds of \$73,200,000) at an effective interest rate of 13-3/4%. Interest is payable semiannually and the principal will be due in full in 1999. These bonds will be redeemable at any time, subject to certain conditions, at the option of the Company, at 100% of the stated principal amount thereof.

The bonds are secured solely by an assignment to the Trustee of the Partnership's notes to the Company in the aggregate amount necessary to service bonds and by a first mortgage on the Partnership, excluding cash which may be distributed as described below (regardless of whether such cash has been distributed) and non-recourse to such distributable cash. The Partnership has issued a non-recourse, limited guaranty of the payment of the principal or premium, if any, and interest on the bonds. The bonds are nonrecourse to the Partners of the Partnership and the shareholders of the Company and all other persons and entities (other than the Company and the Partnership). The bonds cannot be subordinated to any other future borrowings by the Partnership or the Company.

The bond indenture permits the quarterly distribution of available cash flow, as defined, to the Partners in excess of \$1,512,000. The Partnership must also maintain such cash flow in an aggregate amount of \$6,048,000 during each 12 month period ending June 30, 1986 through 1990. In addition, the bond indenture limits additional borrowings and liens, certain activities of the Partnership and the Company, and the consolidation, merger, and transfer of substantially all of the assets, among other provisions.

As of March 31, 1992, 10% of the original principal amount (\$22,680,000) of the Series A-1 Bonds had been redeemed in satisfaction of the sinking fund requirements under the Indenture.

The Partnership failed to make certain interest payments on the Series A-1 and A-2 Bonds due June 15, 1991 and December 15, 1991, in the amount of \$36,816,500, and failed to make a sinking fund payment on the Series A-1 Bonds in the amount of \$22,680,000, also due on June 15, 1991. Failure to meet these payment requirements has resulted in the indebtedness represented by the Series A-1 and A-2 Bonds being classified as a current liability.

The Partnership and the Company are currently involved in negotiations with the Bondholders of the Company in an effort to restructure the indebtedness represented by the Series A-1 and A-2 Bonds. The intent of the restructuring process is to obtain more favorable repayment terms for the Partnership and the Company and to improve long-term financial stability. However, no assurances can be given that the restructuring process will be successful in solving the Company's and Partnership's current liquidity problems. In the event that a debt restructure is not completed, the Company and Partnership may be forced to seek protection under Chapter 11 of the United States Bankruptcy Code.

NOTE 4 - BANK BORROWINGS:

In February 1988, the Partnership obtained a line of credit from Midlantic for \$50,000,000 to partially finance an expansion of Trump Castle and to reconstruct the Senator Frank S. Farley State Marina, located directly across from the entrance to Trump Castle (the "Marina"). The company has borrowed the entire amount of this line of credit which was converted to a term loan in August 1990. Interest is payable monthly at 1% above the bank's prime rate. Principal is payable commencing February, 1992 and is based on a ten-year amortization schedule with the balance due in 1998. Security for this loan is identical to that of the Bonds. (See Note 3).

The Partnership also maintains a line of credit with Midlantic, due in 1995, of which \$13,000,000 has been drawn upon as of March 31, 1992.

The Partnership had failed to make interest payments totaling approximately \$2,353,000, which represented interest charges on the term loan for the months of August through December, 1990, as well as interest payments on the line of credit, totaling approximately \$961,000, which represented interest charges for the months of August 1990 through April 1991. Midlantic had agreed to defer payment of the unpaid interest on both loans until June 15, 1991.

On June 14, 1991 the Partnership made payment, to Midlantic, of all unpaid interest for both the term loan as well as the line of credit, then due and payable. The Partnership has met its debt service obligations on both loans through January 1992. In February 1992, the Partnership failed to pay the \$1,250,000 installment of principal due on the Term Loan. Such amount remains unpaid on the date hereof.

Since the security for the term loan is identical to that of the Bonds (See Note 3), and since the Bonds have been classified as a current liability, the term loan has also been classified as a current liability.

**NOTE 5 - OTHER BORROWINGS:**

The Partnership borrowed \$28,265,000 from Donald J. Trump, one of its general partners, (which included \$9,889,000) (face value \$12,480,000) evidenced by Series A-1 Bonds acquired by the Partner), the proceeds of which were used to partially satisfy the June 1990 interest and sinking fund requirements of the Bonds. The loan is due on demand and bears interest at the prime rate. These notes are included in current portion-long term debt-due to affiliates.

In December 1990, Fred Trump, the father of Donald J. Trump, placed \$3,500,000 in cash on deposit with the Partnership's casino cage, which was recorded by the Partnership as a gaming patron deposit. Counter check(s) totaling \$3,500,000 were issued against the deposit, for which Fred Trump received gaming chips valued at \$3,500,000. These gaming chips were included in the outstanding chip liability on the Partnership's books at March 31, 1992.

The Casino Control Commission (CCC) has ruled that the transaction was, in fact, a loan from Fred Trump to the Partnership, and not a customer deposit. The Partnership has subsequently been fined by the CCC for its handling of the transaction.

**NOTE 6 - OTHER ASSETS - (NET):**

(In Thousands of Dollars)

Other Assets consist of:	<u>1992</u>	<u>1991</u>
Deferred Loan Cost	\$ 348	\$ 407
Deferred Bond Costs (Net)	9,340	10,251
Other Non-Current Assets	812	1,162
Deferred Marina Improvement	0	0
	-----	-----
<b>TOTAL OTHER ASSETS</b>	<b>\$10,500</b>	<b>\$11,820</b>
	=====	=====

**NOTE 7 - ACCOUNTS PAYABLE:**

(In Thousands of Dollars)

	<u>1992</u>	<u>1991</u>
Accounts Payable Trade	\$ 4,020	\$ 5,290
Patron Deposits	1,056	1,230
Other	34	23
	-----	-----
<b>TOTAL ACCOUNTS PAYABLE</b>	<b>\$ 5,110</b>	<b>\$ 6,543</b>
	=====	=====

**NOTE 8 - OTHER ACCRUED EXPENSES:**

(In Thousands of Dollars)

Other accrued expenses consist of:	<u>1992</u>	<u>1991</u>
Accrued Payroll & Taxes	\$ 3,648	\$ 4,251
Accrued Interest	52,489	16,910
Accrued Advertising/Promotions	117	574
Accrued Progressive Jackpots	2,056	1,879
Accrued Sick/Vacation	4,183	4,157
Other	694	640
	-----	-----
<b>TOTAL OTHER ACCRUED EXPENSES</b>	<b>\$63,187</b>	<b>\$28,411</b>
	=====	=====

**NOTE 9 - OTHER CURRENT LIABILITIES:**

(In Thousands of Dollars)

Other current liabilities consist of:	<u>1991</u>	<u>1990</u>
Outstanding Chip Liability	\$ 4,249	\$4,316
Outstanding Token Liability	1,279	627
Patron Deposits	94	85
Accrued Utilities	125	486
Accrued Group Health insurance	945	1,649
Accrued Insurance	1,316	1,873
A/P Other	3,946	3,251
Accrued Legal	252	2,395
Accrued CCC/DGE	140	124
Construction Retainage	2	204
Accrued Inventories	341	122
Accrued CRDA	483	79
	-----	-----
<b>TOTAL OTHER CURRENT LIABILITIES</b>	<b>\$13,172</b>	<b>\$15,211</b>
	=====	=====

**NOTE 10 - NON-OPERATING INCOME (EXPENSES) - NET:**

(In Thousands of Dollars)

Non-operating income for quarter ended March 31, 1992:

	<u>Three Months</u>	
	<u>1992</u>	<u>1991</u>
Interest Income	\$ 82	\$ 109
Gain/(Loss) Disp. of Equipment	0	0
Debt Restructuring	(1,834)	0
	-----	-----
	<b>\$ (1,752)</b>	<b>\$ 109</b>
	=====	=====

NOTE 11 - COMMITMENTS AND CONTINGENCIES:

In May 1989, the New Jersey Casino Control Commission ("CCC") issued the Partnership a license to operate Trump Castle. A license is not transferable, is issued for a term of two years, and must be acted upon by the CCC no later than 30 days prior to the expiration of the license then in force. The continued operations of the Partnership are subject to its retaining its operating license.

On May 8, 1991, the CCC renewed the casino license of the Partnership through May 16, 1993, subject to the conditions that both the Partnership and Donald J. Trump demonstrate their financial stability through May 16, 1993 at a subsequent CCC proceeding. On June 20, 1991, the CCC determined that Donald J. Trump, as a natural person qualifier, had by clear and convincing evidence established his financial stability, integrity, and responsibility through May 16, 1993 but required that by July 31, 1991 Donald J. Trump file with the CCC and the Division final executed contracts effectuating agreements with certain lender banks to which Donald J. Trump and certain of his Affiliates are a party. On June 26, 1991, the CCC required that the Partnership (a) by July 31, 1991 agree upon definitive documentation reflecting a previously agreed upon outline of principal terms; (b) by July 31, 1991 file with the SEC the Registration Statement outlining a Plan of Reorganization; and (c) within forty-five days of the registration Statement being declared effective by the SEC, file a Petition with the United States Bankruptcy Court for approval of the Plan. No assurances can be given that the CCC will continue the casino license of the Partnership or, if continued, what conditions may be imposed and whether those conditions will be considered acceptable by the Partnership.

CASINO REINVESTMENT DEVELOPMENT AUTHORITY OBLIGATIONS

The New Jersey Casino Control Act requires the Partnership to make qualified investments, as defined, in New Jersey, or pay an investment alternative tax.

Commencing 12 months after the date of opening (June 17, 1985) and continuing for a period of 25 years thereafter, the Partnership 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. Investment tax credits may be obtained by the purchase of bonds at below market interest rates from the Casino Reinvestment Development Authority (CRDA) or by making qualified investments which must be approved by the CRDA. The Partnership is required to make quarterly deposits with the CRDA to satisfy its investment obligation.

In April, 1990 the Partnership modified its agreement with the Casino Reinvestment Development Authority (CRDA) under which it is required to purchase bonds to satisfy the investment alternative tax on gross revenues.

Under the modified terms of the agreement, the Partnership has donated approximately \$9,588,000 in deposits to the CRDA in exchange for satisfaction of an equivalent amount of its prior bond purchase commitments, as well as receiving future tax credits in the amount of approximately \$4,890,000 which credits are to be utilized to satisfy substantial portions of the Partnership's investment alternative tax obligations over approximately the next three to four quarters.

The Partnership made an additional donation of its existing CRDA deposits during the third quarter of 1991, totaling approximately \$524,000, in exchange for satisfaction of an equivalent amount of its prior bond purchase commitments, in addition to receiving future tax credits totaling approximately \$267,000.

As a result of this agreement, the Partnership has charged \$294,000 for the three months ending March 31, 1992 to operations, which represents application of a portion of the tax credits, as well as the effect of below market interest rates associated with the bond purchase commitment.

Additionally, the Partnership has charged \$376,000 and \$522,000 respectively to its first quarter of 1992 and 1991 results to give effect to the CRDA donations. These charges represent the write down of the asset value of the CRDA deposits to the value of the tax credits issued to the Partnership by the CRDA.

#### ROADWAY IMPROVEMENTS

The Partnership, along with another Atlantic City casino, has entered into a joint venture agreement with the New Jersey Department of Transportation to fund the construction of certain roadway improvements in the Atlantic City Marina District. The agreement requires that the Partnership make cash contributions totaling \$8,000,000. As of March 31, 1992, the Partnership had made contributions totaling approximately \$4,821,000.

#### NOTE 12 - EMPLOYEE BENEFIT PLANS:

Effective November 1, 1986, the Company adopted a retirement savings plan for its non-union employees under Section 401K of the Internal Revenue Code. The plan allows employees of the Partnership to defer up to 15% of their income on a pre-tax basis through contributions to the plan. The Partnership will match 50% of eligible employees' contributions up to a maximum of 4% of an individual's earnings. Effective January 1, 1992, the Partnership will match 50% of eligible employees' contributions up to a maximum of 5% of an individual's earnings.

The Partnership recorded charges of approximately \$168,000 for matching contributions for the three months ended March 31, 1992.

The Partnership made payments to various trustee 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 these plans. Under the Employee Retirement Income Security Act, the Partnership may be liable for its share of the plans unfunded liability, if any, if the plans are terminated.

NOTE 13 - PROMOTIONAL ALLOWANCE AND PROMOTIONAL EXPENSES:

Promotional Allowances and Expenses and number of recipients for three months ended March 31, 1992 consisted of the following:

	<u>Promotional Allowances</u>		<u>Promotional Expenses</u>	
	<u>Number of Recipients</u>	<u>Amount</u>	<u>Number of Recipients</u>	<u>Amount</u>
Rooms	31,427	\$ 2,346,000	0	\$ 0
Food	302,500	4,515,000	0	0
Beverage	238,500	1,011,000	0	0
Travel	0	0	8,766	1,534,000
Cash Coupons	0	0	667,289	5,970,000
Admissions	6,480	161,000	68	1,705
Other/Gifts	28,600	143,000	5,180	259,000
	-----	-----	-----	-----
TOTALS	607,507	\$ 8,176,000	681,303	\$ 7,764,705
	=====	=====	=====	=====

NOTE 14 - JACKPOT PAYOUTS:

Jackpot payouts in the form of merchandise which are included in cost of goods and services consisted of the following:

For The Three Months  
Ended 3/31/92

	<u>Number of Recipients</u>	<u>Amount</u>
Motor Vehicles	0	\$ 0
	--	-----
TOTALS	0	\$ 0
	==	=====

MODULE OF RECEIVABLES AND PATRONS' CHECKS

**NOTE 15 - EXTRAORDINARY ITEM:**

Since June 1990, various purported class actions have been commenced on behalf of the holders of Trump's Castle Bonds and the publicly traded bonds of the Other Trump Casinos. Pursuant to an Order of the New Jersey District Court, on or about March 1, 1991, plaintiffs in the class actions filed an amended and consolidated complaint that superseded the complaints originally filed in those three actions. On July 30, 1991, counsel for the parties in the above litigation reached an agreement in principal pursuant to which Trump's Castle Associates created a settlement fund in the amount of \$1,350,000 in cash. This settlement fund is presented as an extraordinary item for these financial statements.

1	Accounts receivable	7,001	12,381	19,382
2	Prepaid expenses	367	72	439
3	Other receivables:			
4	receivables due from officers and employees			
5	receivables due from affiliates	1,218		1,218
6	other receivables and notes receivables	1,079		1,079
7	Total other receivables	2,311	0	2,311
8	Form 305	39,708	52,353	92,061

UNDEPOSITED PATRONS' CHECKS ACTIVITY

LINE	DESCRIPTION	AMOUNT
10	Beginning Balance (January 1)	\$4,204
11	Counter checks issued (excluding counter checks issued through transactions relating to consolidations, partial redemptions, substitutions, and patrons' cash deposits)	31,435
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)	(25,140)
13	Checks collected through deposits	(983)
14	Checks transferred to returned checks	(908)
15	Other adjustments	0
16	Ending Balance	\$9,708
17	Patrons' Checks Included in Balance On Line 16	\$0
18	Provision For Uncollectible Patrons' Checks	700
19	Provision For An Allowance Of Counter Checks Issued	2,008

TRADING NAME OF LICENSEE TRUMP'S CASTLE HOTEL & CASINO

# SCHEDULE OF RECEIVABLES AND PATRONS' CHECKS

MARCH 31, 1992

(UNAUDITED)  
(\$ IN THOUSANDS)

ACCOUNTS RECEIVABLE BALANCES				
LINE	DESCRIPTION	ACCOUNT BALANCE	ALLOWANCE	ACCOUNTS RECEIVABLE-
(a)	(b)	(c)	(d)	(e) NET OF ALLOWANCE
	Patrons' Checks:			
1	Undeposited patrons' checks .....	\$3,708		
2	Returned patrons' checks .....	3,293		
3	Total patrons' checks .....	7,001	\$2,261	\$4,740
4	Hotel Receivables .....	397	72	325
	Other Receivables:			
5	Receivables due from officers and employees .....	16		
6	Receivables due from affiliates .....	1,216		
7	Other accounts and notes receivables .....	1,079		
8	Total other receivables .....	2,311	0	2,311
9	Totals (Form 305) .....	\$9,709	\$2,333	\$7,376

UNDEPOSITED PATRONS' CHECKS ACTIVITY		
LINE	DESCRIPTION	AMOUNT
(f)	(g)	(h)
10	Beginning Balance (January 1) .....	\$4,204
11	Counter checks issued (excluding counter checks issued through transactions relating to consolidations, partial redemptions, substitutions, and patrons' cash deposits) .....	35,435
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).....	(25,140)
13	Checks collected through deposits .....	(9,883)
14	Checks transferred to returned checks .....	(908)
15	Other adjustments .....	0
16	Ending Balance .....	\$3,708
17	*Hold* Checks Included In Balance On Line 16 .....	\$0
18	Provision For Uncollectible Patrons' Checks .....	709
19	Provision As A Percent Of Counter Checks Issued .....	2.0%

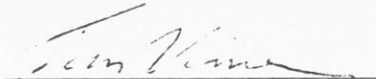
# STATEMENT OF CONFORMITY AND ACCURACY

STATE OF NEW JERSEY :  
COUNTY OF ATLANTIC :ss.  
:

Thomas P. Venier, being duly sworn according to law upon my oath

deposes and says:

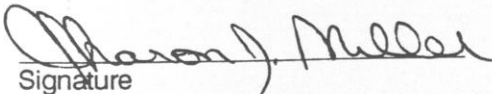
1. I have examined this Quarterly Report.
2. All the information contained in this Report has been prepared in conformity with Casino Control Commission's Quarterly Report Instructions and Uniform Chart of Accounts.
3. The information contained in this Quarterly Report is accurate to the best of my knowledge and belief.

  
Signature

Sr. Vice President Finance  
Title

00711-11  
License Number

Subscribed and sworn to  
before me this 15<sup>th</sup> day  
of May, 1992

  
Signature

**SHARON J. MILLER**  
**NOTARY PUBLIC OF NEW JERSEY**  
**My Commission Expires June 18, 1996**

Basis of Authority  
to Take Oaths

On behalf Of:

Trump's Castle Hotel & Casino  
Casino Licensee

974.901  
C193

# QUARTERLY REPORT

NEW JERSEY STATE LIBRARY

MAY 27 1992

185 W. STATE ST.  
TRENTON, N.J.

**LICENSEE** TRUMP PLAZA HOTEL & CASINO

**ADDRESS** MISSISSIPPI AVENUE & BOARDWALK  
ATLANTIC CITY, NJ 08401

**FOR THE QUARTER ENDED** MARCH 31, **19**92

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



**NAME OF OFFICER IN CHARGE  
OF CORRESPONDENCE REGARDING  
THIS QUARTERLY REPORT . . .**

FRANCIS X. MCCARTHY, JR.

**OFFICIAL TITLE. . . . .**

SENIOR VICE PRESIDENT OF FINANCE & ADMINISTRATION

**ADDRESS . . . . .**

MISSISSIPPI AVENUE & BOARDWALK

ATLANTIC CITY, NJ 08401

TRADING NAME OF LICENSEE TRUMP PLAZA HOTEL & CASINO

LIST OF FORMS - QUARTERLY REPORT

FOR THE QUARTER ENDED MARCH 31, 1992

<u>TITLE</u>	<u>FORM NO.</u>
Balance Sheets and patrons' checks (net of allowance for uncollectible accounts - 1992, 121,497; 1991, 128,075)	CCC-205
Statements of Income (Year-to-Date)	CCC-210
Statements of Changes in Partners' or Proprietor's Equity	CCC-225
Statements of Cash Flows and Receivables	CCC-235
Notes to Financial Statements	
Schedule of Receivables and Patron's Checks	CCC-240
Statement of Conformity and Accuracy	CCC-250

LIABILITIES AND EQUITY

Current Liabilities:		
Accounts payable.....	6,375	5,525
Notes payable.....	31	-
Current portion of long-term debt:		
Due to affiliates..... (Note 8)...	225,000	25,000
Other..... (Note 9)...	31,178	6,452
Income taxes payable and accrued.....	-	-
Other accrued expenses..... (Note 6)...	28,875	28,755
Other current liabilities..... (Note 7)...	7,375	5,197
Total current liabilities.....	798,871	74,329
Long-Term Debt:		
Due to affiliates..... (Note 8)...	-	225,000
Other..... (Note 9)...	33,178	18,471
Deferred Credits..... (Note 10)...	545	2,518
Other Liabilities.....	-	-
Commitments and Contingencies (Note 14)	-	-
Total Liabilities.....	832,594	321,307
Stockholders', Partners', or Proprietor's Equity.....	52,137	73,389
Total Liabilities and Equity.....	\$884,731	\$394,696

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 PLAZA HOTEL & CASINO

**BALANCE SHEETS**

MARCH 31, 1992 AND 1991

(UNAUDITED)  
(\$ IN THOUSANDS)

LINE (a)	DESCRIPTION (b)	(c) 1992	(d) 1991
<b>ASSETS</b>			
	Current Assets:	\$	\$
1	Cash.....	17,077	11,676
2	Marketable securities.....	-	-
3	Receivables and patrons' checks (net of allowance for doubtful accounts - 1992, \$21,497; 1991, \$20,675).....	15,042	15,355
4	Inventories.....	2,929	3,289
5	Prepaid expenses and other current assets....(Note 2)...	2,090	5,918
6	Total current assets.....	37,138	36,238
7	Investments, Advances, and Receivables.....(Note 3)...	4,540	6,339
8	Property and Equipment - Net.....(Note 4)...	304,268	313,727
9	Other Assets.....(Note 5)...	38,785	38,172
10	Total Assets.....	<u>\$384,731</u>	<u>\$394,476</u>
<b>LIABILITIES AND EQUITY</b>			
	Current Liabilities:	\$	\$
11	Accounts payable.....	6,575	5,529
12	Notes payable.....	53	-
	Current portion of long-term debt:		
13	Due to affiliates.....(Note 8)...	225,000	25,000
14	Other.....(Note 9)...	31,138	6,442
15	Income taxes payable and accrued.....	-	-
16	Other accrued expenses.....(Note 6)...	28,630	28,755
17	Other current liabilities.....(Note 7)...	7,475	8,492
18	Total current liabilities.....	298,871	74,218
	Long-Term Debt:		
19	Due to affiliates.....(Note 8)...	-	225,000
20	Other.....(Note 9)...	33,178	18,471
21	Deferred Credits.....(Note 10)...	545	3,518
22	Other Liabilities.....	-	-
23	Commitments and Contingencies (Note 14)		
24	Total Liabilities.....	332,594	321,207
25	Stockholders', Partners', or Proprietor's Equity.....	52,137	73,269
26	Total Liabilities and Equity.....	<u>\$384,731</u>	<u>\$394,476</u>

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 PLAZA HOTEL & CASINO

**STATEMENTS OF INCOME**

FOR THE THREE MONTHS ENDED MARCH 31, 1992 AND 1991

(UNAUDITED)  
(\$ IN THOUSANDS)

LINE (a)	DESCRIPTION (b)	(c) 1992	(d) 1991
	Revenue:	\$	\$
1	Casino.....	66,398	55,638
2	Rooms.....	5,614	5,674
3	Food and beverage.....	10,793	10,508
4	Other.....	2,046	1,830
5	Total revenue.....	84,851	73,650
6	Less: Promotional allowances.....(Note 11)..	9,433	9,751
7	Net revenue.....	75,418	63,899
	Costs and Expenses:		
8	Costs of goods and services.....	39,509	36,556
9	Selling, general, and administrative.....	19,785	21,429
10	Provision for doubtful accounts.....	2,157	1,792
11	Depreciation and amortization.....	4,160	3,956
	Charges from affiliates other than interest:		
12	Management fees.....	-	-
13	Other.....(Note 14)....	534	2,130
14	Total costs and expenses.....	66,145	65,863
15	Income (Loss) from Operations.....	9,273	(1,964)
	Other Income (Expenses):		
16	Interest (expense) - affiliates.....(Note 12)....	(7,242)	(8,047)
17	Interest (expense) - external.....	(1,248)	(629)
18	Investment alternative tax and related income (expense) - net.....(Note 14)....	(682)	(568)
19	Nonoperating income (expense) - net.....(Note 13)....	(2,189)	173
20	Total other income (expenses).....	(11,361)	(9,071)
21	Income (Loss) before Income Taxes and Extraordinary Items.	(2,088)	(11,035)
22	Provision (credit) for income taxes.....(Note 15)....	(182)	(1,031)
23	Income (Loss) before Extraordinary Items.....	(1,906)	(10,004)
24	Extraordinary items (net of income taxes - 1992, \$ - ; 1991, \$ - ).....	-	-
25	Net Income (Loss).....	<u>\$ (1,906)</u>	<u>\$(10,004)</u>

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

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 PARTNERS'  
OR PROPRIETOR'S EQUITY**

FOR THE THREE MONTHS ENDED MARCH 31, 1992 AND 1991

(UNAUDITED)  
(\$ IN THOUSANDS)

LINE (a)	DESCRIPTION (b)	(c) 1992	(d) 1991
	Invested Capital:		
1	Beginning balance (January 1).....	\$ 50,707	\$ 50,707
2	Additional capital invested.....	-	-
3	.....	-	-
4	Ending balance.....	50,707	50,707
	Accumulated Income (Loss):		
5	Beginning balance (January 1).....	50,511	79,741
6	Prior period adjustments.....	-	-
7	Net income (loss).....	(1,906)	(10,004)
8	.....	-	-
9	Ending balance.....	48,605	69,737
	Capital Withdrawals:		
10	Beginning balance (January 1).....	(47,175)	(47,175)
11	Additional capital withdrawals.....	-	-
12	.....	-	-
13	Ending balance.....	(47,175)	(47,175)
	Net Unrealized Loss on Noncurrent Marketable Equity Securities:		
14	Beginning balance (January 1).....	-	-
15	.....	-	-
16	.....	-	-
17	Ending balance.....	-	-
18	Ending Partners' Or Proprietor's Equity.....	<u>\$ 52,137</u>	<u>\$ 73,269</u>
	Net Increase (Decrease) in Cash and Cash Equivalents.....	5,602	1,671
	Cash and Cash Equivalents at Beginning of Period.....	10,475	10,305
	Cash and Cash Equivalents at End of Period.....	\$ 16,077	\$ 11,936

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 PLAZA HOTEL & CASINO

STATEMENTS OF CASH FLOWS

FOR THE THREE MONTHS ENDED MARCH 31, 1992 AND 1991

(UNAUDITED)  
(\$ IN THOUSANDS)

LINE (a)	DESCRIPTION (b)	(c) 1992	(d) 1991
1	Net Cash Provided (Used) by Operating Activities	\$ 9,424	\$ 2,377
	Cash Flows from Investing Activities:		
2	Purchase of short-term investment securities.....	-	-
3	Proceeds from the sale of short-term invest. securities.	-	-
4	Cash outflows for property and equipment.....	(1,347)	(919)
5	Proceeds from disposition of property and equipment.....	8	55
6	Purchase of casino reinvestment obligations.....	(216)	(171)
7	Purchase of other investments and loans/advances made...	-	585
8	Proceeds from disposal of investments and collection of advances and long-term receivables.....	(494)	-
9	Cash outflows to acquire business entities.....	-	-
10	Casino reinvestment obligation donation.....	-	-
11	.....	-	-
12	Net Cash Provided (Used) by Investing Activities.....	(2,049)	(450)
	Cash Flows from Financing Activities:		
13	Cash proceeds from issuance of short-term debt.....	-	-
14	Payments to settle short-term debt.....	(343)	(53)
15	Cash proceeds from issuance of long-term debt.....	-	-
16	Costs of issuing debt.....	-	-
17	Payments to settle long-term debt.....	(430)	(203)
18	Cash proceeds from issuing stock or capital contribution	-	-
19	Purchases of treasury stock.....	-	-
20	Payments of dividends or capital withdrawals.....	-	-
21	.....	-	-
22	.....	-	-
23	Net Cash Provided (Used) by Financing Activities.....	(773)	(256)
24	Net Increase (Decrease) in Cash and Cash Equivalents.....	6,602	1,671
25	Cash and Cash Equivalents at Beginning of Period.....	10,475	10,005
26	Cash and Cash Equivalents at End of Period.....	<u>\$ 17,077</u>	<u>\$ 11,676</u>

SUPPLEMENTAL DISCLOSURE OF CASH FLOW INFORMATION

	Cash Paid During Period For:		
27	Interest (net of amount capitalized).....	\$ 1,248	\$ 638
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.

TRADING NAME OF LICENSEE TRUMP PLAZA HOTEL & CASINO

**STATEMENTS OF CASH FLOWS**

FOR THE THREE MONTHS ENDED MARCH 31, 1992 AND 1991

(UNAUDITED)  
(\$ IN THOUSANDS)

LINE (a)	DESCRIPTION (b)	(c) 1992	(d) 1991
	Net Cash Flows from Operating Activities:		
29	Net income (loss).....	\$ (1,906)	\$(10,004)
	Noncash items included in income and cash items excluded from income:		
30	Depreciation and amortization of property & equipment.	3,913	3,732
31	Amortization of other assets.....	247	224
32	Amortization of debt discount or premium.....	-	-
33	Deferred income taxes - current.....	-	-
34	Deferred income taxes - noncurrent.....	(184)	(12)
35	(Gain) loss on disposition of property and equipment..	(8)	-
36	(Gain) loss on casino reinvestment obligation.....	682	568
37	(Gain) loss from other investment activities.....	-	-
38	Net (increase) decrease in receivables and patrons'... checks.....	(2,398)	2,424
39	Net (increase) decrease in inventories.....	(28)	(188)
40	Net (increase) decrease in other current assets.....	1,190	(1,836)
41	Net (increase) decrease in other assets.....	(22)	(164)
42	Net increase (decrease) in accounts payables.....	(688)	(2,375)
43	Net increase (decrease) in other current liabilities.. excluding debt.....	8,626	10,008
44	Net increase (decrease) in other noncurrent liabilities excluding debt.....	-	-
45	.....	-	-
46	.....	-	-
47	Net Cash Provided (Used) by Operating Activities.....	<u>\$ 9,424</u>	<u>\$ 2,377</u>

**SUPPLEMENTAL SCHEDULE OF NONCASH INVESTING AND FINANCING ACTIVITIES**

	Acquisition of Property and Equipment:		
48	Additions to property and equipment.....	\$ (1,347)	\$ (919)
49	Less: Capital lease obligations incurred.....	-	-
50	Cash Outflows for Property and Equipment.....	<u>\$ (1,347)</u>	<u>\$ (919)</u>
	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.....	<u>\$ -</u>	<u>\$ -</u>
	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.	<u>\$ -</u>	<u>\$ -</u>

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, operates as a general partnership.

B. Proposed Plan of Reorganization

As more fully discussed in the December 31, 1991 filing of the Company's Annual Report filed with the Casino Control Commission, the Company is currently experiencing liquidity problems due to a variety of factors.

In order to alleviate this liquidity problem, on March 9, 1992, the Company filed a prepackaged Plan of Reorganization (the "Plan") under Chapter 11 of the United States Bankruptcy Code of 1978, as amended. The filing of the Plan creates a technical default under the Bond Indenture. As a result, the Bonds and the Promissory Notes have been classified as a current liability. (See Note 8 and 9)

On April 30, 1992, the Plan was confirmed by the United States Bankruptcy Court for the District of New Jersey. Upon the effective date of the implementation of the Plan the Company believes that sufficient cash from operations will be generated to enable the Company to service their restructured debt obligations.

C. Disclosures Not Presented

Certain footnotes have not been presented in these Notes to Financial Statements since they would duplicate the disclosures contained in the Casino Control Commission Annual Report for the year ended December 31, 1991. The footnotes excluded are Summary of Significant Accounting Policies (except for Organization), and Employee Benefit Plans.

NOTE 2: PREPAID EXPENSES AND OTHER CURRENT ASSETS

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

	<u>1992</u>	<u>1991</u>
Prepaid taxes	\$ 214,000	\$ 544,000
Prepaid insurance	326,000	245,000
Prepaid transportation costs	12,000	95,000
Prepaid rent	149,000	197,000
Prepaid advertising costs	391,000	84,000
Prepaid special event costs	-	1,704,000
Prepaid CRDA expense	525,000	2,651,000
Prepaid service contracts	88,000	91,000
Other	385,000	307,000
	<u>\$2,090,000</u>	<u>\$5,918,000</u>

TRUMP PLAZA ASSOCIATES  
NOTES TO FINANCIAL STATEMENTS, continued

NOTE 3: INVESTMENTS, ADVANCES AND RECEIVABLES

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

	<u>1992</u>	<u>1991</u>
Advances due from -		
Trump Seashore Associates	\$1,287,000	\$1,405,000
The Trump Organization	14,000	14,000
Helicopter Air Services, Inc.	-	333,000
Trump Sports & Entertainment	-	75,000
Trump Crystal Tower Associates	319,000	-
Other Affiliated Companies	9,000	8,000
Due from Partners	-	1,842,000
Casino reinvestment bonds and escrow deposit, net of valuation adjustment - (1992) \$1,452,000; (1991) \$1,225,000	2,911,000	2,457,000
CRDA Deferred Expense	-	205,000
	<u>\$4,540,000</u>	<u>\$6,339,000</u>

NOTE 4: PROPERTY AND EQUIPMENT - NET

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

	<u>1992</u>	<u>1991</u>
Land and land improvements	\$ 34,772,000	\$ 34,747,000
Buildings	292,641,000	291,627,000
Furniture, fixtures and equipment	71,051,000	66,393,000
Leasehold improvements	2,378,000	2,378,000
Construction in progress	2,406,000	2,336,000
	<u>403,248,000</u>	<u>397,481,000</u>
Less - Accumulated depreciation & amortization	(98,980,000)	(83,754,000)
Net property and equipment	<u>\$304,268,000</u>	<u>\$313,727,000</u>

NOTE 5: OTHER ASSETS

Other assets as of March 31 consisted of the following:

	<u>1992</u>	<u>1991</u>
Land rights, net	\$ 30,705,000	\$ 31,074,000
Debt issuance costs, net	5,422,000	5,967,000
Deposits	630,000	557,000
Other deferred charges	2,028,000	574,000
	<u>\$ 38,785,000</u>	<u>\$ 38,172,000</u>

TRUMP PLAZA ASSOCIATES  
NOTES TO FINANCIAL STATEMENTS

NOTE 6: OTHER ACCRUED EXPENSES

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

	1992	1991
Accrued payroll	\$ 7,085,000	\$ 6,996,000
Accrued progressive jackpot liabilities	5,319,000	5,234,000
Accrued interest	8,737,000	9,558,000
Accrued gaming taxes payable	281,000	493,000
Accrued Casino Control Commission & Division of Gaming Enforcement fees	395,000	408,000
Accrued utilities	178,000	558,000
Accrued union benefits	380,000	301,000
Accrued health insurance benefits	1,127,000	825,000
Accrued sales, use & luxury tax	374,000	1,221,000
Accrued professional costs	1,920,000	163,000
Accrued special event costs	715,000	262,000
Accrued rent	-	602,000
Accrued repairs & maintenance costs	125,000	230,000
Other	1,994,000	1,904,000
	\$28,630,000	\$28,755,000

NOTE 7: OTHER CURRENT LIABILITIES

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

	1992	1991
Unredeemed chip/token liability	\$3,011,000	\$2,969,000
Patron deposits	202,000	314,000
Casino reinvestment liability	182,000	148,000
Reserve for insurance claims	1,892,000	2,617,000
Advance room/theatre deposits	237,000	192,000
Advances due to Trump's Castle Associates	543,000	228,000
Advances due to Trump Penthouse Parcel	42,000	24,000
Advances due to Seashore Four Associates	821,000	238,000
Advances due to Taj Mahal Associates	199,000	402,000
Advances due to Trump Crystal Tower Associates	-	1,039,000
Unclaimed wages	321,000	288,000
Other	25,000	33,000
	\$7,475,000	\$8,492,000

Regency Hotel Obligations (C)

17,506,000

Other notes with interest rates ranging from 11.07% to 12.5%, principal and interest payable monthly, secured by automobile equipment

168,000  
64,516,000

current maturities

31,338,000

\$19,178,000

\$18,471,000

TRUMP PLAZA ASSOCIATES  
NOTES TO FINANCIAL STATEMENTS

NOTE 8: LONG-TERM DEBT-DUE TO AFFILIATES

Long-term debt-due to affiliates as of March 31 consisted of the following:

	1992	1991
12 7/8% promissory note, interest payable semi-annually, sinking fund payments to retire \$25,000,000 principal amount annually commenced June 15, 1991 and are calculated to retire 70% of the promissory note prior to maturity in 1998	\$225,000,000	\$250,000,000
Less current maturities	225,000,000	25,000,000
	\$ -	\$225,000,000

As more fully described below, the Company satisfied its initial \$25,000,000 Sinking Fund requirement through the issuance of promissory notes payable to Belmont Fund, L.P., a Bermuda Limited Partnership ("Belmont"), and Fidelity Capital & Income Fund ("Fidelity"), a mutual fund business trust in the amount of \$5,125,000 and \$19,875,000, respectively, for an equivalent amount of Bonds.

NOTE 9: LONG-TERM DEBT - OTHER

Long-term debt - other as of March 31 consisted of the following:

	1992	1991
Promissory notes payable, interest payable monthly, maturing in 1996 (A)	\$ 25,000,000	\$ -
10% note payable to Harrah's Atlantic City, Inc., interest payable monthly, maturing in 1993 (B)	11,859,000	14,401,000
Mortgage notes payable in monthly installments, including interest, with interest rates ranging from 9.5% to 11.0%. The notes are due at various dates between 1991 and 1998 and are secured by certain real property.	9,789,000	10,411,000
Regency Hotel Obligations (C)	17,500,000	-
Other notes with interest rates ranging from 11.02% to 12.5%, principal and interest payable monthly, secured by automobile equipment	168,000	101,000
	64,316,000	24,913,000
Less current maturities	31,138,000	6,442,000
	\$33,178,000	\$18,471,000

TRUMP PLAZA ASSOCIATES  
NOTES TO FINANCIAL STATEMENTS

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NOTE 9: LONG-TERM DEBT - OTHER, continued

(A) On May 30, 1991, the Company issued promissory notes ("The 1991 notes") payable to Belmont and Fidelity in the principal amounts of \$5,125,000 and \$19,875,000, respectively. Interest on the notes is payable monthly and commenced July 15, 1991 and continue to May 30, 1992 at a rate of 11% (12% until May 30, 1993 and 12-7/8% until maturity on September 30, 1996) on the outstanding principal balance. Subsequent to the maturity date or in the event the principal balance becomes due at an earlier date, interest will be payable on any overdue principal at the prime rate plus five (5%) per annum.

The 1991 notes were issued in exchange for \$25,000,000 in principal amount of the Company's mortgage bonds held by Fidelity Management and Research Company. This exchange satisfied the Company's June 15, 1991 Sinking Fund requirement.

The 1991 notes are secured by a mortgage (senior to the lien of the Bond Mortgage, but subordinate to mortgages on certain real property). In addition, the 1991 notes provide; (i) for a mandatory prepayment each year commencing on April 1, 1992 in an amount equal to 50% of the Company's excess cash flow, as defined, in excess of \$75,000,000; and (ii) for the mandatory prepayment of all or a portion of the notes in the event all or a portion of the Bonds are redeemed.

(B) Interest on the note accrues at a rate of 10% per annum and is payable monthly. Payments of the original principal amounts are scheduled as follows:

1992	\$ 3,388,000
1993	<u>8,471,000</u>
	<u>\$11,859,000</u>

(C) Pursuant to the acceptance of the Plan, the Company has rejected the Regency Lease (See Note 14) and will issue on the date the Plan becomes effective a Promissory Note in the principal amount of approximately \$17,500,000 in settlement of its obligations under the Lease.

NOTE 10: DEFERRED CREDITS

Deferred credits as of March 31, 1992 and 1991 consisted of deferred state income taxes.

TRUMP PLAZA ASSOCIATES  
NOTES TO FINANCIAL STATEMENTS

NOTE 11: PROMOTIONAL ALLOWANCES AND EXPENSES

Promotional allowances and expenses for the three months ended March 31, 1992 consisted of the following:

	<u>Promotional Allowances</u>		<u>Promotional Expenses</u>	
	<u>Number of Recipients</u>	<u>Dollar Amount</u>	<u>Number of Recipients</u>	<u>Dollar Amount</u>
Rooms	26,686	\$2,585,000	284	\$ 21,000
Food	327,523	4,195,000	-	-
Beverage	718,356	2,155,000	-	-
Travel	-	-	5,795	869,000
Theatre	17,943	359,000	1,218	49,000
Coin Bonus	-	-	586,320	4,301,000
Tips	-	-	6,025	151,000
Player Gifts	-	-	85	734,000
Other	13,905	139,000	2,778	70,000
TOTAL	<u>1,104,413</u>	<u>\$9,433,000</u>	<u>602,505</u>	<u>\$6,195,000</u>

NOTE 12: INTEREST (EXPENSE) - AFFILIATES

Interest (Expense) - Affiliates for the twelve months ended March 31, 1991 and 1990 consisted of the 12-7/8% promissory note due in the principal amount of \$225,000,000 to Trump Plaza Funding, Inc.

NOTE 13: NONOPERATING INCOME (EXPENSE) - NET

Nonoperating income (expense) - net for the three months ended March 31, consisted of the following:

	<u>Three months ended</u>	
	<u>1992</u>	<u>1991</u>
Interest income	\$ 102,000	\$141,000
Gain on disposal of property and equipment	8,000	-
Litigation expense	(394,000)	-
Restructuring Cost	(1,960,000)	-
Other nonoperating income	55,000	32,000
	<u>\$ (2,189,000)</u>	<u>\$173,000</u>

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 Partnership is required to maintain certain

TRUMP PLAZA ASSOCIATES  
NOTES TO FINANCIAL STATEMENTS

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NOTE 14: COMMITMENTS AND CONTINGENCIES

A. Leases

On August 21, 1990, the Company entered into an agreement with Trump Crystal Tower Associates Limited Partnership ("TCTA") pursuant to which the Partnership currently leases and operates the Trump Regency Hotel. The Regency Lease is scheduled to expire on April 30, 1994 and requires the Partnership to pay, in addition to the monthly base rent described below, all costs and expenses with respect to the use and operation of the Trump Regency Hotel. In exchange therefor, the Company is entitled to all revenues generated from the operation of the Trump Regency Hotel. The monthly base rent under the Regency Lease is an amount equal to a percentage (50% until April 30, 1991; 75% until April 30, 1992; and 100% thereafter) of the interest payable, from time to time, on the outstanding principal balance of a mortgage loan made by a bank to TCTA which, as of March 31, 1992, had an outstanding principal balance of approximately \$80,382,000. Interest on such loan accrues at the prime rate plus 0.25% per annum. As of March 31, 1992, the Company is in default with respect to base rental payments due for the months of February 1991 through March 31, 1992 totalling approximately \$5,433,000. The Regency Lease provides that if such default is not cured (and all installments of monthly base rent thereafter becoming due are not paid) within 10 days after the date such rent initially becomes due, TCTA may, on 10 days notice to the Company, remove the Company from the property, terminate the Regency Lease and immediately recover from the Company damages in an amount equal to all base rent payable under the Regency Lease from the date of termination thereof through the expiration of the term of the Regency Lease. TCTA has collaterally assigned all of its interest as lessor under the Regency Lease, including the rents becoming due thereunder, to the bank which holds a first mortgage lien on the Trump Regency Hotel and with respect to which TCTA is obligated. (See Note 9).

B. Casino Reinvestment Development Authority Obligations

The Company's future tax credits, resulting from the April 1990 modified agreement with the CRDA, at March 31, 1992 amounted to \$525,000 which is included as other current assets in the accompanying balance sheets, to be utilized to satisfy substantial portions of the Company's investment alternative tax obligations over the subsequent quarter.

For the three months ended March 31, 1992 and 1991, the Company charged \$622,000 and \$517,000 to operations to give effect to the utilization of tax credits received in connection with the donation.

Investments, advances and receivables also include \$2,329,000 of below market interest rate bonds issued by the CRDA and \$2,034,000 of deposits paid towards the purchase of below market interest rate bonds.

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 Partnership is required to maintain certain licenses.

TRUMP PLAZA ASSOCIATES  
NOTES TO FINANCIAL STATEMENTS

NOTE 14: COMMITMENTS AND CONTINGENCIES, continued

C. Casino License Renewal

In May 1991, the New Jersey Casino Control Commission ("CCC") renewed the Company's license to operate Trump Plaza. The license is not transferable, is issued for a term of two years and must be acted upon by the CCC no later than 30 days prior to the expiration of the license. The continued operations of the Partnership are subject to its retaining its operating license.

This license must be renewed in May, 1993, is not transferable and will include a review of the financial stability of the Company. Upon revocation, suspension for more than 120 days, or failure to renew the casino license, the Act provides for the mandatory appointment of a conservator to take possession of the hotel and casino's business and property, subject to all valid liens, claims and encumbrances.

NOTE 15: PROVISION (CREDIT) FOR INCOME TAXES

The provision (credit) for state income taxes for the three and twelve months ended March 31, consisted of the following:

	Three months ended	
	<u>1992</u>	<u>1991</u>
Current	\$ 2,000	\$(1,019,000)
Deferred	<u>(184,000)</u>	<u>(12,000)</u>
Total	<u>\$ (182,000)</u>	<u>\$(1,031,000)</u>

UNDEPOSITED PATRONS' CHECKS ACTIVITY

DESCRIPTION	AMOUNT
Beginning Balance (January 1).....	\$ 9,432
Counter checks issued (excluding counter checks issued through transactions relating to consolidations, partial redemptions, substitutions, and patrons' cash deposits).....	51,816
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).....	(34,979)
Checks collected through deposits.....	(10,001)
Checks transferred to returned checks.....	(8,251)
Other adjustments.....	5,222
Ending Balance.....	5,239
Hold Checks included in Balance on Line 15.....	\$ 2,214
Provision for Uncollectible Patrons' Checks.....	1.34

**SCHEDULE OF RECEIVABLES AND PATRONS' CHECKS**

MARCH 31, 1992

(UNAUDITED)  
(\$ IN THOUSANDS)

ACCOUNTS RECEIVABLE BALANCES				
LINE (a)	DESCRIPTION (b)	ACCOUNT BALANCE (c)	ALLOWANCE (d)	ACCTS. REC. NET OF ALLOW. (e)
1	Patrons' Checks: Undeposited patrons' checks.....	\$ 5,905		
2	Returned patrons' checks.....	27,742		
3	Total patrons' checks.....	33,647	\$21,179	\$12,468
4	Hotel Receivables.....	1,653	318	1,335
5	Other Receivables Receivables due from officers & emps.	30		
6	Receivables due from affiliates.....	-		
7	Other accounts and notes receivables.....	1,209		
8	Total other receivables.....	1,239		1,239
9	Totals (Form 205).....	\$36,539	\$21,497	\$15,042

UNDEPOSITED PATRONS' CHECKS ACTIVITY		
LINE (f)	DESCRIPTION (g)	AMOUNT (h)
10	Beginning Balance (January 1).....	\$ 5,432
11	Counter checks issued (excluding counter checks issued through transactions relating to consolidations, partial redemptions, substitutions, and patrons' cash deposits).....	51,516
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).....	(34,979)
13	Checks collected through deposits.....	(10,005)
14	Checks transferred to returned checks.....	(6,059)
15	Other adjustments.....	-
16	Ending Balance.....	5,905
17	"Hold Checks included in Balance on Line 16.....	-
18	Provision for Uncollectible Patrons' Checks.....	\$ 2,214
19	Provision as a Percent of Counter Checks Issued.....	4.3%

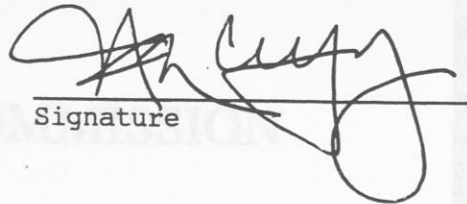
STATEMENT OF CONFORMITY AND ACCURACY

STATE OF NEW JERSEY :  
: ss.  
COUNTY OF ATLANTIC :

Francis X. McCarthy, Jr., being duly sworn according to law upon my oath  
Name

deposes and says:

1. I have examined this Quarterly Report.
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. The information contained in this Quarterly Report is accurate to the best of my knowledge and belief.

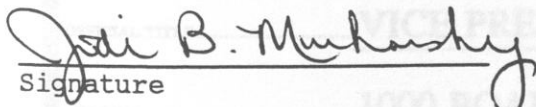
  
Signature

SR. VP OF FINANCE & ADMIN.  
Title

001015-11  
License Number

Subscribed and sworn to  
before me this 14 day  
of May, 1992

On Behalf Of:

  
Signature

TRUMP PLAZA ASSOCIATES  
Casino Licensee

**JODI B. MUCHARSKY**  
NOTARY PUBLIC OF NEW JERSEY  
My Commission Expires Sept. 22, 1996

Basis of Authority  
to Take Oaths

974.901  
C193

# QUARTERLY REPORT

MAY 27 1992

185 W. STATE ST.

LICENSEE TRUMP TAJ MAHAL CASINO RESORT

ADDRESS 1000 BOARDWALK

ATLANTIC CITY, NEW JERSEY 08401

FOR THE QUARTER ENDED MARCH 31, 1992

TO THE

CASINO CONTROL COMMISSION

OF THE

STATE OF NEW JERSEY

NAME OF OFFICER IN CHARGE  
OF CORRESPONDENCE REGARDING

THIS QUARTERLY REPORT..... R. BRUCE MCKEE

OFFICIAL TITLE..... VICE PRESIDENT - FINANCE

ADDRESS..... 1000 BOARDWALK

ATLANTIC CITY, NEW JERSEY 08401

TRADING NAME OF LICENSEE: TRUMP TAJ MAHAL CASINO RESORT

# LIST OF FORMS – QUARTERLY REPORT

FOR THE QUARTER ENDED MARCH 31, 1992.

<u>TITLE</u>	<u>FORM NO.</u>
Balance Sheets	CCC-205
Statements of Income (Three Months)	CCC-215
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
Notes to Financial Statements	
Schedule of Receivables and Patrons' Checks	CCC-240
Statement of Conformity and Accuracy	CCC-250

# BALANCE SHEETS

MARCH 31, 1992 AND 1991

(UNAUDITED)  
(\$ IN THOUSANDS)

LINE (a)	DESCRIPTION (b)	MARCH (c) 1992	MARCH (d) 1991
<b>ASSETS</b>			
Current Assets:			
1	Cash and cash investments.....	\$ 52,680	\$ 30,711
2	Marketable securities.....	-	-
3	Receivables and patrons' checks (net of allowance for doubtful accounts - 1992, \$5,878; 1991, \$6,747).....	12,602	16,435
4	Inventories.....	2,941	3,971
5	Prepaid expenses and other current assets.....	1,884	3,028
6	Total current assets.....	70,107	54,145
7	Investment, Advances, and Receivables - CRDA.....	2,378	-
8	Property and Equipment - Net..... NOTE 2.....	758,777	786,767
9	Other Assets.....	793	664
10	Total Assets.....	\$ 832,055	\$ 841,576
<b>LIABILITIES AND EQUITY</b>			
Current Liabilities:			
11	Accounts Payable.....	\$ 7,518	\$ 15,478
12	Notes Payable.....	-	35,523
Current portion of long-term debt:			
13	Due to affiliates..... NOTE 1 & 3.....	-	700,000
14	Other..... NOTE 1 & 3.....	667	45,212
15	Income taxes payable and accrued.....	-	-
16	Other accrued expenses..... NOTE 4.....	54,858	112,418
17	Other current liabilities..... NOTE 5.....	4,165	28,026
18	Total current liabilities.....	67,208	936,657
Long-Term Debt:			
19	Due to affiliates..... NOTE 1 & 3.....	531,200	-
20	Other..... NOTE 1 & 3.....	53,619	740
21	Deferred Credits.....	-	-
22	Other Liabilities..... NOTE 7.....	29,661	-
23	Commitments and Contingencies..... NOTE 11.....	-	-
24	Total Liabilities.....	681,688	937,397
25	Stockholders', Partners', or Proprietor's Equity.....	150,367	(95,821)
26	Total Liabilities and Equity.....	\$ 832,055	\$ 841,576

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 INCOME

FOR THE THREE MONTHS ENDED MARCH 31, 1992 AND 1991

(UNAUDITED)

(\$ IN THOUSANDS)

LINE (a)	DESCRIPTION (b)	(c) 1992	(d) 1991
	<b>REVENUE:</b>		
1	Casino.....	\$ 93,011	\$ 84,692
2	Rooms.....	8,527	9,182
3	Food and Beverage.....	13,518	14,351
4	Other.....	3,884	2,414
5	Total Revenue.....	118,940	110,639
6	Less: Promotional allowances..... NOTE 6.....	13,873	14,453
7	Net Revenue.....	105,067	96,186
	<b>COSTS AND EXPENSES:</b>		
8	Cost of Goods and Services.....	53,780	49,171 *
9	Selling, General and Administrative.....	30,662	30,952 *
10	Provision for Doubtful Accounts.....	1,805	1,621
11	Depreciation and Amortization.....	9,108	9,096
	Charges from Affiliates other than Interest:		
12	Management Fees..... NOTE 9.....	-	1,926
13	Other..... NOTE 9.....	1,006	469 *
14	Total Costs and Expenses.....	96,361	93,235
15	Income (Loss) From Operations.....	8,706	2,951
	<b>Other Income (Expenses):</b>		
16	Interest (Expenses) - Affiliates..... NOTE 3.....	(24,133)	(24,192)
17	Interest (Expenses) - External..... NOTE 3.....	(1,303)	(1,839)
18	Investment Alternative Tax and Related Income (Expense) - Net.....	(572)	-
19	Nonoperating Income (Expense) - Net..... NOTE 8.....	253	(3,301)
20	Total other Income (Expenses).....	(25,755)	(29,332)
21	Income (Loss) Before Income Taxes and Extraordinary Items.....	(17,049)	(26,381)
22	Provision (Credit) for Income Taxes.....	-	-
23	Income (Loss) Before Extraordinary Items.....	(17,049)	(26,381)
24	Extraordinary Items (Net of Incomes Taxes).....	-	-
25	Net Income (Loss).....	\$ (17,049)	\$ (26,381)

\* Certain reclassifications have been made to the 1991 financial statement to conform to the 1992 presentation.

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 STOCKHOLDERS' EQUITY

FOR THE THREE MONTHS ENDED MARCH 31, 1992

UNAUDITED

(\$ IN THOUSANDS)

## NOT APPLICABLE

LINE	DESCRIPTION	19		19	
		(C) SHARES	(D) DOLLARS	(E) SHARES	(F) DOLLARS
	Common Stock:				
1	Beginning Balance (January 1).....		\$		\$
2	Sale of Stock.....				
3	.....				
4	Ending Balance.....				
	Preferred Stock:				
5	Beginning Balance (January 1).....				
6	Sale of Stock.....				
7	.....				
8	Ending Balance.....				
	Additional Paid-in Capital:				
9	Beginning Balance (January 1).....				
10	.....				
11	.....				
12	Ending Balance.....				
	Treasury Stock:				
13	Beginning Balance (January 1).....		( )		( )
14	Purchase of Additional Stock.....		( )		( )
15	Sale or Retirement of Stock.....				
16	Ending Balance.....		( )		( )
	Subscriptions Receivable for Capital Stock:				
17	Beginning Balance (January 1).....		( )		( )
18	.....				
19	.....				
20	Ending Balance.....		( )		( )
	Net Unrealized Loss on Noncurrent Marketable Equity Securities:				
21	Beginning Balance (January 1).....		( )		( )
22	.....				
23	.....				
24	Ending Balance.....		( )		( )
	Retained Earnings:				
25	Beginning Balance (January 1).....				
26	Prior Period Adjustments.....				
27	Net Income (Loss).....				
28	Dividends.....		( )		( )
29	.....				
30	.....				
31	Ending Balance.....				
32	Ending Stockholders' Equity.....		\$		\$

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 PARTNERS' OR PROPRIETOR'S EQUITY

FOR THE THREE MONTHS ENDED MARCH 31, 1992 AND 1991

(UNAUDITED)

(\$ IN THOUSANDS)

LINE (a)	DESCRIPTION (b)	(c) 1992	(d) 1991
	<b>Invested Capital:</b>		
1	Beginning Balance.....	\$ 123,745	\$ 75,001
2	Capital Contributions.....	-	-
3	.....	-	-
4	Ending Balance.....	123,745	75,001
	<b>Accumulated Income (Loss):</b>		
5	Beginning Balance.....	44,072	(144,441)
6	Prior Period Adjustments.....	-	-
7	Net Income (Loss).....	(17,049)	(26,381)
8	.....	-	-
9	Ending Balance.....	27,023	(170,822)
	<b>Capital Withdrawals:</b>		
10	Beginning Balance.....	-	-
11	Additional Capital Withdrawals.....	-	-
12	Partnership Distribution..... Note 10.....	(401)	-
13	Ending Balance.....	(401)	-
	<b>Net Unrealized Loss On Noncurrent Marketable Equity Securities:</b>		
14	Beginning Balance.....	-	-
15	.....	-	-
16	.....	-	-
17	Ending Balance.....	-	-
18	Ending Partners' or Proprietor's Equity.....	\$ 150,367	\$ (95,821)

SUPPLEMENTAL DISCLOSURE OF CASH FLOW INFORMATION

Cash Paid During Period For:

Interest (Part of Amount Capitalized).....

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.

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

# STATEMENT OF CASH FLOWS

FOR THE THREE MONTHS ENDED MARCH 31, 1992 AND 1991

(UNAUDITED)  
(\$ IN THOUSANDS)

LINE (a)	DESCRIPTION (b)	(c) 1992	(d) 1991
1	Net Cash Provided (Used) by Operating Activities.....	\$ 25,633	\$ 6,433
	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.....	(1,750)	1,958
5	Proceeds from Disposition of Property and Equipment.....	-	-
6	Purchase of Casino Reinvestment Obligations.....	(1,144)	-
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.....	(2,894)	1,958
	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.....	8,000	-
16	Costs of Issuing Debt.....	-	-
17	Payments to Settle Long-Term Debt.....	(173)	(140)
18	Cash Proceeds from Issuing Stock or Capital Contributions.....	-	-
19	Purchases of Treasury Stock.....	-	-
20	Payments of Dividends or Capital Withdrawals.....	-	-
21	Subcontractors' Note.....	-	-
22	Partnership Distribution.....	(401)	-
23	Net Cash Provided (Used) by Financing Activities.....	7,426	(140)
24	Net Increase (Decrease) in Cash and Cash Equivalents.....	30,165	8,251
25	Cash and Cash Equivalents at Beginning of Period.....	22,515	22,460
26	Cash and Cash Equivalents at End of Period.....	\$ 52,680	\$ 30,711

## SUPPLEMENTAL DISCLOSURE OF CASH FLOW INFORMATION

Cash Paid During Period for:			
27	Interest (Net of Amount Capitalized).....	\$ 1,234	\$ 756
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

TRADING NAME OF LICENSEE: TRUMP TAJ MAHAL CASINO RESORT

# STATEMENT OF CASH FLOWS

FOR THE THREE MONTHS ENDED MARCH 31, 1992 AND 1991

(UNAUDITED)  
(\$ IN THOUSANDS)

LINE (a)	DESCRIPTION (b)	(c) 1992	(d) 1991
	Net Cash Flows from Operating Activities:		
29	Net Income (Loss).....	\$ (17,049)	\$ (26,381)
	Noncash Items Included in Income and Cash Items Excluded from Income:		
30	Depreciation and Amortization of Property and Equipment.....	9,108	9,096
31	Amortization of Other Assets.....	-	-
32	Amortization of Debt Discount or Premium.....	3,076	-
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.....	572	-
37	(Gain) Loss from Other Investment Activities.....	-	-
38	Net (Increase) Decrease in Receivables and Patrons' Checks.....	4,471	1,889
39	Net (Increase) Decrease in Inventories.....	126	594
40	Net (Increase) Decrease in Other Current Assets.....	749	(1,180)
41	Net (Increase) Decrease in Other Assets.....	9	102
42	Net Increase (Decrease) in Accounts Payables.....	2,999	(8,559)
43	Net Increase (Decrease) in Other Current Liabilities Excluding Debt.....	17,870	30,872
44	Net Increase (Decrease) in Other Noncurrent Liabilities Excluding Debt.....	3,343	-
45	Net Increase (Decrease) in Notes Payable.....	-	-
46	Costs related to lease guarantee.....	359	-
47	Net Cash Provided (Used) by Operating Activities.....	\$ 25,633	\$ 6,433

## SUPPLEMENTAL SCHEDULE OF NONCASH INVESTING AND FINANCING ACTIVITIES

	Acquisition of Property and Equipment:		
48	Additions to Property and Equipment.....	\$ (1,750)	\$ (1,958)
49	Less: Capital Lease Obligations Incurred.....	-	-
50	Cash Outflows for Property and Equipment.....	\$ (1,750)	\$ (1,958)
	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.....	\$ -	\$ -

**TRUMP TAJ MAHAL CASINO RESORT  
NOTES TO FINANCIAL STATEMENTS**

**MARCH 31 1992**

**(Unaudited)**

**NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES**

**Organization and Operation:**

Trump Taj Mahal Associates was formed on June 23, 1988, as a New Jersey limited partnership. As part of the Plan of Reorganization, the Partnership was converted to a general partnership in December, 1990. The current partners and their respective ownership interests are Trump Taj Mahal, Inc. ("TTMI"), 49.995%, the Trump Taj Mahal Corporation ("Trump Corp."), .01%, and TM/GP Corporation ("TMGP"), the managing general partner, and a wholly owned subsidiary of Taj Mahal Holding Corp. ("Holding") 49.995%.

Trump Taj Mahal Funding, Inc., (the "Company") is a wholly owned subsidiary of the Partnership and 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 "Old Bonds"), the proceeds of which were loaned to the Partnership for construction of the Taj Mahal. The Old Bonds were subsequently exchanged for the Company's 11.35% Mortgage Bonds, Series A, due 1999 (the "New Bonds"), as more fully described in Note 3. Since the Company has no business operations, its ability to repay the principal and interest on the New Bonds is completely dependent on the operations of the Partnership.

The accompanying financial statements have been prepared by the Partnership without audit. In the opinion of the Partnership, all adjustments, consisting of only normal recurring adjustments, necessary to present fairly the financial position, results of operations and changes in cash flows for the periods presented, have been made.

The casino industry in Atlantic City is seasonal in nature, therefore, results of operations for the three month period ended March 31, 1992 are not necessarily indicative of the operating results for a full year.

**Plan of Reorganization:**

On July 16, 1991, the Company, the Partnership, and its general partners filed a voluntary petition for relief under chapter 11 of title 11, United States Code (the "Bankruptcy Code"). On July 17, 1991 these entities filed a Plan of Reorganization, as amended (the "Plan"). The Plan was confirmed by the Bankruptcy Court on August 28, 1991 and the Plan was consummated October 4, 1991 (the "Effective Date").

**NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)**

Pursuant to the terms of the Plan, the Company's 14% First Mortgage Bonds, Series A due 1998 (the "Old Bonds") were exchanged for the Company's 11.35% Mortgage Bonds, due 1999, (the "New Bonds") and certain modifications were made to the terms of bank borrowings, and amounts owed to both Donald J. Trump and his affiliates. In addition, approximately 50% of the ownership interest in the Partnership was transferred to the holders of the Old Bonds.

In accordance with AICPA Statement of Position 90-7, "Financial Reporting By Entities in Reorganization Under the Bankruptcy Code", the New Bonds when issued were stated at the present value of amounts to be paid, based upon the trading price of the New Bonds for a specific period. The difference between the present value and the face value amounts was recorded as a gain as of the confirmation date and is being offset by increased interest costs over the period of the New Bonds to accrete such bonds to their face value at maturity. The current interest rates of other borrowings approximated their stated interest rates as of the Effective Date.

**NOTE 2 - PROPERTY AND EQUIPMENT**

	<u>1992</u>	<u>March 31,</u> <u>1991</u>
	(in thousands)	
Land	\$ 37,291	\$ 36,763
Buildings	635,737	625,769
Furniture, fixtures and equipment	139,108	141,630
Leasehold improvements	<u>24,276</u>	<u>24,276</u>
Total	836,412	828,438
Less Accumulated Depreciation	<u>(77,635)</u>	<u>(41,671)</u>
Net Property and Equipment	<u>\$758,777</u>	<u>\$786,767</u>

### NOTE 3 - LONG TERM DEBT

Long term debt consisted of the following at March 31:

	<u>1992</u>	<u>1991</u>
	(in thousands)	
<b><u>Long-term Portion</u></b>		
Due to affiliates:		
Trump Taj Mahal Funding, Inc.	\$729,458	\$ -
Unamortized discount	<u>(198,258)</u>	<u>-</u>
Net	<u>\$531,200</u>	<u>\$ -</u>
Other:		
Bank term loan	\$ 45,421	\$ -
Working Capital line of credit	8,000	-
Other	<u>198</u>	<u>740</u>
Total other	<u>\$ 53,619</u>	<u>\$ 740</u>
<b><u>Current Portion</u></b>		
Due to affiliates:		
Trump Taj Mahal Funding, Inc.	\$ -	\$675,000
Trump line of credit	<u>-</u>	<u>25,000</u>
	<u>\$ -</u>	<u>\$700,000</u>
Other:		
Bank term loan	\$ 150	\$ 44,668
Other	<u>517</u>	<u>544</u>
Total other	<u>\$ 667</u>	<u>\$ 45,212</u>

### NOTE 4 - INTEREST EXPENSE AFFILIATES

	Three months ended March 31,	
	<u>1992</u>	<u>1991</u>
	(in thousands)	
Trump Taj Mahal Funding, Inc.	\$ 20,698	\$ 23,625
Accretion - bond discount	3,076	-
Trump line of credit	-	567
Accretion - lease guarantee	<u>359</u>	<u>-</u>
Total	<u>\$ 24,133</u>	<u>\$ 24,192</u>
<b><u>Interest Expense External</u></b>		
Bank term loan	\$ 1,081	\$ 1,083
Other	43	756
Working Capital line of credit	<u>179</u>	<u>-</u>
Total	<u>\$ 1,303</u>	<u>\$ 1,839</u>

**NOTE 3 - LONG TERM DEBT (continued)**

**Borrowings:**

The New Bonds bear interest at 11.35% per annum payable semi-annually on May 15 and November 15. Interest on the New Bonds must 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, on each May 15, an additional amount of interest (the "Additional Amount") in cash or additional New Bonds, or a combination thereof, is payable equal to the difference between 11.35% of the outstanding principal amount of the New Bonds and the Mandatory Cash Interest Amount previously paid. To the extent that there is Excess Available Cash Flow ("EACF") of the Partnership, as defined, for the immediately preceding calendar year, the Company will pay the Additional Amount in cash up to 10.28% and the balance thereof may be paid at the option of the Company in cash or additional New Bonds provided that an equivalent amount of cash is used to purchase or redeem New Bonds. For the period from the Effective Date through December 31, 1991, there was no EACF. Accordingly, the Company intends to satisfy the Additional Amount on May 15, 1992 through the issuance of additional New Bonds.

In November, 1991 the Partnership obtained a working capital line of credit in the amount of \$25,000,000 with a maturity of five years. Interest on advances under the line is at prime plus 4 percentage points with a minimum of 9% per annum. The Agreement provides for a 1% annual fee and a 3/4% unused line fee and contains various covenants during the term of the facility. As of March 31, 1992, \$8 million was outstanding under the line.

**NOTE 4 - OTHER ACCRUED EXPENSES**

			<u>March 31,</u>	
			<u>1992</u>	<u>1991</u>
			(in thousands)	
Accrued interest			\$ 25,770	\$ 88,118
Accrued payroll & related			10,388	12,543
Progressive jackpot			4,170	3,566
Restructuring			2,803	-
Other			** 11,727	** 8,191
Total			<u>\$ 54,858</u>	<u>\$112,418</u>

\*\* None of the individual components of Other exceed 5% of the total.

**NOTE 5 - OTHER CURRENT LIABILITIES**

	March 31,	
	<u>1992</u>	<u>1991</u>
	(in thousands)	
Advanced deposits	\$ 671	\$ 412
Unredeemed chip liability	1,191	895
Insurance reserves	1,836	2,891
Reserve for litigation costs	-	3,000
Other	<u>454</u>	<u>740</u>
	<u>4,152</u>	<u>7,938</u>
Affiliates:		
Trump Taj Mahal Realty Corp.	-	1,838
Trump's Castle Associates	175	248
Trump Plaza Associates	(261)	(495)
Helicopter Air Service	(43)	(58)
Trump Regency	-	145
Donald J. Trump	142	-
Trump Hotel Management Corp.	<u>-</u>	<u>18,410</u>
	<u>13</u>	<u>20,088</u>
 Total	 <u>\$ 4,165</u>	 <u>\$ 28,026</u>

**NOTE 6 - PROMOTIONAL ALLOWANCE AND PROMOTIONAL EXPENSE**

Three Months ended March 31, 1992

	<u>PROMOTIONAL ALLOWANCES</u>		<u>PROMOTIONAL EXPENSE</u>	
	# OF RECIPIENTS	DOLLAR AMOUNTS (in thousands)	# OF RECIPIENTS	DOLLARS AMOUNTS (in thousands)
Rooms	40,820	5,116		
Food	296,291	4,008		
Beverage	1,086,263	2,101		
Travel			7,528	1,039
Coupon Food	159,343	1,635		
Admissions	30,335	805		
Other	14,988	208		
Gifts			1,011	67
Coin			599,057	7,856
Cage Disbursements			699	596
Theater - outside			1,899	82
Outside Limo			15,538	543
Other			<u>1,482</u>	<u>277</u>
Total	<u>1,628,040</u>	<u>\$13,873</u>	<u>627,214</u>	<u>10,460</u>

## NOTE 7 - OTHER LIABILITIES

Other liabilities at March 31, consisted of the following (in thousands):

	<u>1992</u>	<u>1991</u>
Deferred taxes	\$ 7,155	\$ -
Insurance reserves	2,237	-
Accrued interest - Long Term	7,043	-
Accounts payable - Long Term	1,881	-
Lease guarantee	9,808	-
Other	1,537	-
	<u>\$29,661</u>	<u>\$ -</u>

## NOTE 8 - NON-OPERATING INCOME (EXPENSE)

Three months ended March 31,  
1992 1991  
(in thousands)

Restructuring costs	\$ -	\$ (3,530)
Interest Income	253	229
	<u>\$ 253</u>	<u>\$ (3,301)</u>

## NOTE 9 - CHARGES FROM AFFILIATES

Three months ended March 31,  
1992 1991  
(in thousands)

Management Fees	\$ 0	\$ 1,926
Other:		
Rent	\$ 681	\$ 449
Allocated salaries	86	20
Trump Services Agreement	239	-
Trump Hotel Management Corp.	-	-
	<u>\$ 1,006</u>	<u>\$ 469</u>

#### NOTE 10 - PARTNERSHIP DISTRIBUTION

In accordance with the Plan of Reorganization (Note 1), the Partnership is obligated to reimburse Taj Mahal Holding Corp. for certain expenses. These include directors and officers liability insurance, board of director fees and expenses, and administrative expenses. Holding accounts for its investment in the Partnership using the equity method of accounting. Under this method, the reimbursement of Holding's expenses was recorded by Holding and the Partnership as a partnership distribution. Total distribution for the three months ending March 31, 1992 was \$401,000.

#### NOTE 11 - COMMITMENTS AND CONTINGENCES

##### Casino License Renewal:

The Company and the Partnership are 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 anytime. 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 for the mandatory appointment of a conservator to take possession of the hotel and casino's business and property, subject to all valid liens, claims and encumbrances.

On April 6, 1992, the CCC renewed the casino license of the Partnership through April 26, 1993 subject to certain continuing reporting and compliance conditions.

##### Bankruptcy Claims:

As a result of the Bankruptcy petition filed July 16, 1991, numerous claims have been filed by creditors. At March 31, 1992, claims totaling approximately \$8,000,000 remain unresolved. It is management's opinion that these claims have either been provided for in the Plan or are not due according to the books and records of the Company and the Partnership. The Partnership expects that the disposition of remaining claims will not have a material effect on the Partnership's or the Company's financial statements.

##### Legal Proceedings

The Partnership, its Partners, certain of its employees and the Company are involved in various legal proceedings incurred in the normal course of business. In the opinion of the Partnership and its counsel, if adversely decided none of these proceedings would have a material effect on the Partnership's or the Company's financial statements.

TRADING NAME OF LICENSEE: TRUMP TAJ MAHAL CASINO RESORT  
**SCHEDULE OF RECEIVABLES AND  
 PATRONS' CHECKS**

MARCH 31, 1992

(UNAUDITED)  
 (\$ IN THOUSANDS)

ACCOUNTS RECEIVABLE BALANCE				
LINE (a)	DESCRIPTION (b)	ACCOUNT BALANCE (c)	ALLOWANCE (d)	ACCOUNTS RECEIVABLE NET OF ALLOWANCE (e)
	Patrons' Checks:			
1	Undeposited Patrons' Checks.....	\$ 6,459		
2	Returned Patrons' Checks.....	10,113		
3	Total Patrons' Checks.....	16,572	\$ (5,465)	\$ 11,107
4	Hotel Receivables.....	1,701	(413)	1,288
	Other Receivables:			
5	Receivables Due From Officers and Employees.....	-		
6	Receivables Due From Affiliates.....	-		
7	Other Accounts and Notes Receivables.....	207		
8	Total Other Receivables.....	207	0	207
9	Totals (Form 205).....	\$ 18,480	\$ (5,878)	\$ 12,602

UNDEPOSITED PATRONS' CHECKS ACTIVITY		
LINE (f)	DESCRIPTION (g)	AMOUNT (h)
10	Beginning Balance (January 1).....	\$ 8,945
11	Counter Checks Issued (excluding counter checks issued through transactions relating to consolidations, partial redemptions, substitutions, and patrons' cash deposits).....	62,741
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).....	(47,373)
13	Checks Collected Through Deposits.....	(13,019)
14	Checks Transferred to Returned Checks.....	(4,835)
15	Other Adjustments.....	-
16	Ending Balance.....	\$ 6,459
17	"Hold" Checks Included in Balance on Line 16.....	\$ -
18	Provision for Uncollectible Patrons' Checks.....	\$ 1,766
19	Provision as a Percent of Counter Checks Issued.....	2.8%

# STATEMENT OF CONFORMITY AND ACCURACY

STATE OF NEW JERSEY :  
:SS.  
COUNTY OF ATLANTIC :

R. BRUCE MCKEE , being duly sworn according to law upon my oath deposes and says:  
NAME

1. I have examined this Quarterly Report.
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. The information contained in this Quarterly Report is accurate to the best of my knowledge and belief.

R. Bruce McKee  
SIGNATURE

Vice President - Finance  
TITLE

0548-11  
LICENSE NUMBER

Subscribed and Sworn to before me  
this 15th day of March, 1992.

On Behalf Of:

Patricia L. Skidmore  
Signature PATRICIA L. SKIDMORE  
NOTARY PUBLIC OF NEW JERSEY  
My Commission Expires August 23 1996

Trump Taj Mahal Associates  
Casino Licensee

Basis of Authority  
to Take Oaths

2000



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1000

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