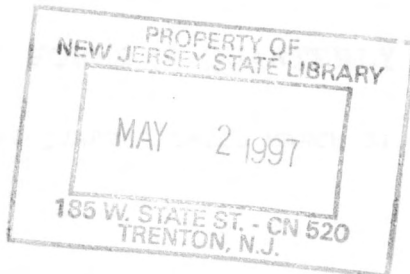


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QUARTERLY REPORT



LICENSEE ATLANTIC CITY SHOWBOAT, INC
 ADDRESS P.O. BOX 840
ATLANTIC CITY, NEW JERSEY

FOR THE QUARTER ENDED MARCH 31, 1995

TO THE
 CASINO CONTROL COMMISSION
 OF THE
 STATE OF NEW JERSEY

RECEIVED
 FEU
 MAY 16 1995
 CASINO CONTROL
 COMMISSION

NAME OF OFFICER IN CHARGE
 OF CORRESPONDENCE REGARDING
 THIS QUARTERLY REPORT ... KATHLEEN M. CARACCILO
 OFFICIAL TITLE VICE PRESIDENT FINANCE
 ADDRESS P.O. BOX 840
ATLANTIC CITY, NEW JERSEY

TRADING NAME OF LICENSEE: ATLANTIC CITY SHOWBOAT, INC.

LIST OF FORMS - QUARTERLY REPORT

FOR THE QUARTER ENDED MARCH 31, 1995

| <u>TITLE</u> | <u>FORM NO.</u> |
|--|-----------------|
| Balance Sheets | CCC-205 |
| Statements of Income (Year) | CCC-210 |
| Statements of Income (Three Months) | N/A |
| Statements of Changes in Stockholders' Equity | CCC-220 |
| Statements of Changes in Partners; or Proprietor's Equity | N/A |
| Statements of Cash Flows | CCC-235 |
| Notes to Financial Statements | |
| Schedule of Receivables and Patrons' Checks | CCC-240 |
| Promotional Expenses and Allowances | CCC-245 |
| Statement of Conformity and Accuracy | CCC-250 |

BALANCE SHEET

MARCH 31, 1995 AND 1994

(UNAUDITED)

(\$ IN THOUSANDS)

| LINE (a) | DESCRIPTION (b) | (c) 19 95 | (d) 19 94 |
|-------------|--|------------|------------|
| | ASSETS | | |
| | Current Assets: | \$ | \$ |
| 1 | Cash | 37,786 | 47,509 |
| 2 | Marketable securities | - | - |
| 3 | Receivables and patrons' checks (net of allowances for doubtful accounts - 19_95_ \$ 2,154 ; 19_94_ \$ 2,590 ) .....NOTE 3. | 4,437 | 5,491 |
| 4 | Inventories | 2,022 | 1,668 |
| 5 | Prepaid expenses and other current assets..... | 5,936 | 5,616 |
| 6 | Total current assets | 50,181 | 60,284 |
| 7 | Investments, Advances, And Receivables NOTE 2 & 11.. | 10,593 | 7,270 |
| 8 | Property And Equipment - Gross | 421,488 | 378,246 |
| 9 | (Accumulated Depreciation/Amortization) | (130,405) | (109,496) |
| 10 | Other Assets | 8,097 | 6,282 |
| 11 | Total Assets | \$ 359,954 | \$ 342,586 |
| | LIABILITIES AND EQUITY | | |
| | Current Liabilities: | \$ | \$ |
| 12 | Accounts payable | 7,754 | 12,748 |
| 13 | Notes payable NOTE 6 | - | - |
| | Current portion of long-term debt: | | |
| 14 | Due to affiliates | - | - |
| 15 | Other | - | 1,683 |
| 16 | Income taxes payable and accrued..... | 12,153 | 2,916 |
| 17 | Other accrued expenses NOTE 4 | 15,154 | 13,377 |
| 18 | Other current liabilities NOTE 5 | 10,568 | 10,188 |
| 19 | Total current liabilities | 45,629 | 40,912 |
| | Long-Term Debt: | | |
| 20 | Due to affiliates NOTE 7 | 215,000 | 215,000 |
| 21 | Other | 1,928 | 1,928 |
| 22 | Deferred Credits | 14,664 | 14,239 |
| 23 | Other Liabilities | - | - |
| 24 | Commitments And Contingencies NOTE 11 | | |
| 25 | Total Liabilities | 277,221 | 272,079 |
| 26 | Stockholders', Partners', Or Proprietor's Equity | 82,733 | 70,507 |
| 27 | Total Liabilities And Equity | \$ 359,954 | \$ 342,586 |

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, 1995 AND 1994

(UNAUDITED)

(\$ IN THOUSANDS)

| LINE (a) | DESCRIPTION (b) | (c) 19 95 | (d) 19 94 |
|-------------|---|-----------|-----------|
| | Revenue: | | |
| 1 | Casino | \$ 75,269 | \$ 61,555 |
| 2 | Rooms | 4,290 | 2,709 |
| 3 | Food and beverage | 8,947 | 7,442 |
| 4 | Other | 1,078 | 1,303 |
| 5 | Total revenue | 89,584 | 73,009 |
| 6 | Less: Promotional allowances | 7,331 | 5,722 |
| 7 | Net revenues | 82,253 | 67,287 |
| | Costs And Expenses: | | |
| 8 | Costs of goods and services | 47,043 | 41,593 |
| 9 | Selling, general, and administrative | 15,142 | 13,281 |
| 10 | Provision for doubtful accounts | 356 | (147) |
| 11 | Total costs and expenses | 62,541 | 54,727 |
| 12 | Gross Operating Profit | 19,712 | 12,560 |
| 13 | Depreciation and amortization | 7,031 | 5,284 |
| | Charges from affiliates other than interest: | | |
| 14 | Management fees | 4,391 | 3,578 |
| 15 | Other | - | - |
| 16 | Income (Loss) From Operations | 8,290 | 3,698 |
| | Other Income (Expenses): | | |
| 17 | Interest (expense) - affiliates | (4,972) | (4,972) |
| 18 | Interest (expense) - external | (148) | 243 |
| 19 | Investment alternative tax and related income (expense) - net | (176) | (255) |
| 20 | Nonoperating income (expense) - net | 341 | 384 |
| 21 | Total other income (expenses) | (4,955) | (4,600) |
| 22 | Income (Loss) Before Income Taxes And Extraordinary Items | 3,335 | (902) |
| 23 | Provision (credit) for income taxes NOTE 9 | 1,514 | (351) |
| 24 | Income (Loss) Before Extraordinary Items | 1,821 | (551) |
| 25 | Extraordinary items (net of income taxes - 19 95, \$ _____ ; 19 94, \$ _____) | - | - |
| 26 | Net Income (Loss) | \$ 1,821 | \$ (551) |

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, 1995 AND 1994
 (UNAUDITED)
 (\$ IN THOUSANDS)

| LINE (a) | DESCRIPTION (b) | 1995 | | 1994 | |
|-------------|--|------------|-------------|------------|-------------|
| | | (c) SHARES | (d) DOLLARS | (e) SHARES | (f) DOLLARS |
| | Common Stock: 2500 SHARES AUTHORIZED | | | | |
| 1 | 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 |
| | Preferred Stock: | | | | |
| 5 | Beginning balance (January 1) | | | | |
| 6 | Sale of stock | | | | |
| 7 | _____ | | | | |
| 8 | Ending balance | | | | |
| | Additional Paid-in Capital: | | | | |
| 9 | Beginning balance (January 1) | | 583 | | |
| 10 | _____ | | | | |
| 11 | _____ | | | | |
| 12 | Ending balance | | 583 | | |
| | 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) | | 3,420 | | (5,851) |
| 26 | Prior period adjustments | | | | |
| 27 | Net income (loss) | | 1,821 | | (551) |
| 28 | Dividends | | | | |
| 29 | _____ | | | | |
| 30 | _____ | | | | |
| 31 | Ending balance | | 5,241 | | (6,402) |
| 32 | Ending Stockholder's Equity | | \$ 82,733 | | \$ 70,507 |

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

ATLANTIC CITY SHOWBOAT, INC.

Notes to Financial Statements

March 31, 1995 and 1994

(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 3/8% 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 and future lease obligations. There has been no significant changes to the information submitted in our December 31, 1994 Annual Report.

Reclassifications

Certain prior period balances have been reclassified to conform to the current period's presentation.

(2) Related Party Transactions

In November 1985, the Company and 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.

During the three months ended March 31, 1995 and 1994, the Company paid to SBO management fees of \$4,181,000 and \$2,966,000, respectively. At March 31, 1995 and 1994 the Company owed \$995,000 and \$874,000, respectively, in accrued fees, to SBO for SBO's services rendered to the Company in accordance with the Parent Services Agreement.

ATLANTIC CITY SHOWBOAT, INC.

Notes to Financial Statements

(3) Receivables and Patrons' Checks

As of March 31, 1995 and 1994, receivables consisted of the following (dollars in thousands):

| | <u>1995</u> | <u>1994</u> |
|--------------------------------------|-----------------|--------------|
| Casino | \$ 5,787 | 6,456 |
| Hotel | 719 | 733 |
| Other | 85 | 892 |
| | <u>6,591</u> | <u>8,081</u> |
| Less allowance for doubtful accounts | <u>2,154</u> | <u>2,590</u> |
| Receivables, net | <u>\$ 4,437</u> | <u>5,491</u> |

(4) Other Accrued Expenses

As of March 31, 1995 and 1994, other accrued expenses consisted of the following (dollars in thousands):

| | <u>1995</u> | <u>1994</u> |
|-----------------------------------|------------------|---------------|
| Salaries and wages | \$ 6,884 | 5,696 |
| Taxes, other than taxes on income | 3,119 | 2,455 |
| Medical and liability claims | 1,238 | 1,301 |
| Accrued advertising and promotion | 1,736 | 1,475 |
| Settlement claims | 1,103 | 873 |
| Other | 1,074 | 1,577 |
| | <u>\$ 15,154</u> | <u>13,377</u> |

(5) Other Current Liabilities

As of March 31, 1995 and 1994, other current liabilities consisted of the following (dollars in thousands):

| | <u>1995</u> | <u>1994</u> |
|---------------------------------|------------------|---------------|
| Due to affiliates - interest | \$ 8,286 | 8,286 |
| Due to affiliates - mgmnt. fees | 995 | 874 |
| Outstanding chip liability | 889 | 721 |
| Other | 398 | 307 |
| | <u>\$ 10,568</u> | <u>10,188</u> |

(6) Note Payable

At March 31, 1995, the Company had available an unsecured line of credit for general working capital purposes totaling \$15,000,000. Interest is payable monthly at the bank's prime rate plus .5%. The bank's prime rate was 9.00% at March 31, 1995. The line of credit is guaranteed by OSI and expires in August 1995. Borrowings on this line of credit may not be used for the payment of management fees or to fund ventures in other jurisdictions. As of March 31, 1995, no funds have been drawn on this line of credit.

TRADING NAME OF LICENSEE ATLANTIC CITY SHOWBOAT, INC.

STATEMENTS OF CASH FLOWS

FOR THE THREE MONTHS ENDED MARCH 31, 1995 AND 1994
(UNAUDITED)
(\$ IN THOUSANDS)

| LINE (a) | DESCRIPTION (b) | (c) 19 95 | (d) 19 94 |
|-------------|--|---------------|---------------|
| | Net Cash Flows From Operating Activities: | | |
| 29 | Net income (loss) | \$ 1,821 | \$ (551) |
| | Noncash items included in income and cash items excluded from income: | | |
| 30 | Depreciation and amortization of property and equipment | 7,031 | 5,284 |
| 31 | Amortization of other assets | 85 | 85 |
| 32 | Amortization of debt discount or premium | | |
| 33 | Deferred income taxes - current | 518 | 248 |
| 34 | Deferred income taxes - noncurrent | (593) | 852 |
| 35 | (Gain) loss on disposition of property and equipment | 39 | (16) |
| 36 | (Gain) loss on casino reinvestment obligations | 176 | 255 |
| 37 | (Gain) loss from other investment activities | - | (54) |
| 38 | Net (increase) decrease in receivables and patrons' checks..... | 1,618 | (337) |
| 39 | Net (increase) decrease in inventories | (15) | 148 |
| 40 | Net (increase) decrease in other current assets | 762 | (344) |
| 41 | Net (increase) decrease in other assets | 616 | 135 |
| 42 | Net increase (decrease) in accounts payables | 524 | 1,591 |
| 43 | Net increase (decrease) in other current liabilities excluding debt..... | 5,250 | 5,092 |
| 44 | Net increase (decrease) in other noncurrent liabilities excluding debt..... | | |
| 45 | Donation of CRDA deposits | 164 | - |
| 46 | | | |
| 47 | Net Cash Provided (Used) By Operating Activities | 17,996 | 12,388 |

SUPPLEMENTAL SCHEDULE OF NONCASH INVESTING AND FINANCING ACTIVITIES

| | | | |
|----|--|-----------------|------------------|
| | Acquisition Of Property And Equipment: | | |
| 48 | Additions to property and equipment | \$ 4,591 | \$ 18,855 |
| 49 | Less: Capital lease obligations incurred | | |
| 50 | Cash Outflows For Property And Equipment | \$ 4,591 | \$ 18,855 |
| | Acquisition Of Business Entries: | | |
| 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 Entries | \$ | \$ |
| | Stock Issued Or Capital Contributions: | | |
| 57 | Total Paid in Capital..... | \$ | \$ |
| 58 | Less: Issuances to settle long-term debt | | |
| 59 | Consideration in acquisition of business entities | | |
| 60 | Cash Proceeds From Issuing Stock Or Capital Contributions | \$ | \$ |

STATEMENTS OF CASH FLOWS

FOR THE THREE MONTHS ENDED MARCH 31, 1995 AND 1994

(UNAUDITED)

(\$ IN THOUSANDS)

| LINE (a) | DESCRIPTION (b) | (c) 19 95 | (d) 19 94 |
|-------------|---|-----------|-----------|
| 1 | Net Cash Provided(Used) By Operating Activities | \$ 17,996 | \$ 12,388 |
| | Cash Flows From Investing Activities: | | |
| 2 | Purchase of short-term investment securities | | |
| 3 | Proceeds from the sale of short-term investment securities | | |
| 4 | Cash outflows for property and equipment | (4,591) | (18,855) |
| 5 | Proceeds from disposition of property and equipment | 46 | 35 |
| 6 | Purchase of casino reinvestment obligations | (914) | (792) |
| 7 | Purchase of other investments and loans/advances made | (1,002) | (19) |
| 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 | (6,461) | (19,631) |
| | 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 | Cost of issuing debt | | |
| 17 | Payments to settle long-term debt | - | (600) |
| 18 | Cash proceeds from issuing stock or capital contributions | | |
| 19 | Purchases of treasury stock | | |
| 20 | Payments of dividends or capital withdrawals | | |
| 21 | Premium on early retirement of debt | | |
| 22 | ..... |  |  |
| 23 | Net Cash Provided (Used) By Financing Activities | - | (600) |
| 24 | Net Increase (Decrease) In Cash And Cash Equivalents | 11,535 | (7,843) |
| 25 | Cash And Cash Equivalents At Beginning Of Years | 26,251 | 55,352 |
| 26 | Cash And Cash Equivalents At End Of Years | \$ 37,786 | \$ 47,509 |

SUPPLEMENTAL DISCLOSURE OF CASH FLOW INFORMATION

| | | | |
|----|---|----------|-------|
| 27 | Cash Paid During Period For: | | |
| | Interest (net of amount capitalized) | \$ 63 | \$ 54 |
| 28 | Income taxes | \$ 2,037 | \$ - |

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

ATLANTIC CITY SHOWBOAT, INC.

Notes to Financial Statements

(7) Long Term Debt - Due to Affiliates

On May 18, 1993 SBO issued \$275,000,000 of 9 1/4% First Mortgage Bonds due 2008 (9 1/4% Bonds). The proceeds from the sale of the 9 1/4% Bonds were \$268,469,000 net of underwriting discounts and commissions. Approximately \$215,000,000 of the proceeds of the offering were loaned by SBO to the Company which loan is evidenced by an intercompany note with terms and conditions consistent with those of the 9 1/4% Bonds.

The 9 1/4% Bonds are unconditionally guaranteed by OSI, Showboat Operating Company, a wholly owned subsidiary of SBO and the Company. Interest on the 9 1/4% Bonds will be payable semi-annually on May 1 and November 1 of each year commencing November 1, 1993. The 9 1/4% Bonds will not be redeemable prior to May 1, 2000. Thereafter, the 9 1/4% Bonds will be redeemable at any time at the option of SBO, in whole or in part, at redemption prices specified in the Indenture for the 9 1/4% Bonds (Indenture). The 9 1/4% Bonds will be senior secured obligations of SBO and will rank senior in right of payment to all existing and future subordinated indebtedness of OSI and pari passu with OSI's senior indebtedness. The 9 1/4% Bonds will be secured by a deed of trust representing a first lien on the Las Vegas hotel casino (other than certain assets), by a pledge of all outstanding shares of capital stock of OSI and an intercompany note by the Company in favor of SBO and a pledge of certain intellectual property rights of SBO. OSI's obligation under its guaranty will be secured by a pledge of all outstanding shares of capital stock of the Company. The Company's obligations under its guaranty will be secured by a leasehold deed of trust representing a first lien on the Company's hotel casino (other than certain assets). Showboat Operating Company's guaranty will be secured by a pledge of certain of its assets related to a Las Vegas hotel casino.

On July 1, 1994, SBO obtained consents to amend its' Indenture governing its 9 1/4% Bonds. The permitted Amendments, as supplemented and modified, (a) permit SBO or its subsidiaries to invest in Controlled Entities (as defined in the Consent Solicitation Statement), the entity investment and management fees (subject to certain approvals) of which will be pledged as additional Collateral to secure the 9 1/4% Bonds; (b) permit SBO or its subsidiaries to raise up to \$150.0 million in subordinated indebtedness, which will not be secured by any Collateral and at least \$100.0 million of the proceeds of which will be used to fund SBO's investment in Sydney Harbour Casino Pty Limited; (c) permit SBO to pay its regular quarterly dividend and make certain Restricted Payments permitted by Section 4.09(b), as amended, without meeting the debt incurrence requirement contained in the Indenture; (d) limit SBO from incurring no more than fifty percent (50%) of the cost of improvements to either the Company or Las Vegas Showboat with indebtedness which is pari passu to the 9 1/4% Bonds.

At March 31, 1995, the Company had available an unsecured line of credit with SBO totaling \$15,000,000. Interest is payable monthly at money center banks average prime rate as published in the Wall Street Journal on the first day of each month, plus 1%. The line of credit expires in March 1996. At March 31, 1995 no funds had been drawn on this line of credit.

On August 10, 1994 SBO issued \$120,000,000 Senior Subordinated Notes due 2009 (Notes) of which the Company is a guarantor of these Notes.

ATLANTIC CITY SHOWBOAT, INC.

Notes to Financial Statements

(8) Leases

The Company leases certain furniture and equipment and a warehouse under long-term lease agreements. The leases covering furniture and equipment, which expire in 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 1995, the annual rent increased \$234,000 to \$8,560,000. 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 \$2,410,000 and \$2,201,000 for the three months ended March 31, 1995 and 1994 respectively.

(9) Income Taxes

For the three months ended, March 31, 1995 and 1994 income tax expense consisted of the following (dollars in thousands):

| | Years ended | |
|------------------|-----------------|--------------|
| | 1995 | 1994 |
| Federal: | | |
| Current | \$ 1,347 | (988) |
| Deferred | (75) | 707 |
| | <u>1,272</u> | <u>(281)</u> |
| State and local: | | |
| Current | 242 | 33 |
| Deferred | - | (103) |
| | <u>242</u> | <u>(70)</u> |
| Total | | |
| Current | 1,589 | (955) |
| Deferred | (75) | 604 |
| | <u>\$ 1,514</u> | <u>(351)</u> |

ATLANTIC CITY SHOWBOAT, INC.

Notes to Financial Statements

(10) Employee Benefit Plans

The Company maintains a retirement and savings plan for eligible employees not covered by a collective bargaining agreement. Under the terms of the 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 \$316,000 and \$330,000 to this plan for the three months ended March 31, 1995 and 1994, 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 \$118,000 and \$94,000 during the three months ended March 31, 1995 and 1994, respectively.

The Company has various incentive plans under which SBO stock options or restricted shares may be granted to officers, key employees and all full time and part time employees. A total of 3,720,000 shares have been reserved by SBO for issuance as stock options or restricted shares under these plans. Restricted shares and options granted to key employees vest over a five year period. The options are exercisable, subject to vesting, over ten years at option prices not less than 100% of the fair market value of SBO's common stock determined on the date of grant of the options.

As of March 31, 1995, 514,000 stock options have been granted and 192,000 restricted shares have been issued from treasury shares to officers and key employees.

Compensation expense of \$424,000 was recognized during the three months ended March 31, 1995. Unearned compensation at March 31, 1995 is \$1,655,000 and is shown in Other Assets in the accompanying balance sheet.

(11) 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, 1995 and 1994, Investments, Advances and Receivables include \$5,699,000 and \$5,520,000, respectively, representing the Company's deposits\bonds with the CRDA of \$8,228,000 at March 31, 1995 and \$8,253,000 at March 31, 1994 net of a valuation allowance of \$2,529,000 and \$2,733,000 respectively. The carrying value of these deposits\bonds, net of the valuation allowance, approximates fair value.

(Continued)

ATLANTIC CITY SHOWBOAT, INC.

Notes to Financial Statements

(11) New Jersey Investment Obligation (continued)

The CRDA as an agency of the City of Atlantic City is responsible for the redevelopment of the area surrounding the Boardwalk. The Company has requested and the CRDA has approved that \$8,000,000 of the Company's deposits with the CRDA will be used for the expansion of a City street leading to the Atlantic City Showboat. In connection with its approval, the CRDA required the company to donate \$2,000,000 of its deposits with the CRDA to certain public programs. In 1994 the Company donated an additional \$500,000 to these public programs. Construction commenced in the fourth quarter of 1993 and was completed in the 2nd quarter of 1994. The Company has reclassified these CRDA deposits, net of the valuation allowance, totaling \$7,000,000 to property & equipment and will be amortized over seven years.

The Company has applied for and received approval for approximately \$8,700,000 in funding credits from the CRDA in connection with the construction of the Company's additional hotel rooms. In connection with the Company's Credit Agreement with the CRDA, which states the terms and conditions by which the Company may receive funding credit, the Company applied for and received funds from the CRDA of approximately \$2,955,000 as a credit for expenditures made relating to the construction of the hotel rooms. The balance of the funding credits may be applied to portions of future CRDA deposits.

(12) Commitments and Contingencies

The Company is involved in various claims and legal actions arising in the ordinary course of business. In the opinion of management these matters will not have a material adverse effect on the Company's financial position or results of operation.

TRADING NAME OF LICENSEE ATLANTIC CITY SHOWBOAT, INC.

SCHEDULE OF RECEIVABLES AND PATRONS' CHECKS

MARCH 31, 1995

(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..... | 3,009 | | |
| 2 | Returned patrons' checks..... | 2,778 | | |
| 3 | Total patrons' checks..... | 5,787 | \$ 2,028 | \$ 3,759 |
| 4 | Hotel Receivables..... | 719 | 126 | 593 |
| | Other Receivables: | | | |
| 5 | Receivables due from officers and employees..... | 5 | | |
| 6 | Receivables due from affiliates..... | - | | |
| 7 | Other accounts and notes receivables..... | 80 | | |
| 8 | Total other receivables..... | 85 | - | 85 |
| 9 | Totals (Form 205)..... | \$ 6,591 | \$ 2,154 | \$ 4,437 |

| UNDEPOSITED PATRONS' CHECKS ACTIVITY | | |
|--------------------------------------|---|---------------|
| LINE (f) | DESCRIPTION (g) | AMOUNT (h) |
| 10 | Beginning Balance (January 1)..... | \$ 4,002 |
| 11 | Counter checks issued (excluding counter checks issued through transactions relating to consolidations, partial redemptions, substitutions, and patrons' cash deposits)..... | 25,646 |
| 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)..... | (18,237) |
| 13 | Checks collected through deposits..... | (7,207) |
| 14 | Checks transferred to return checks..... | (1,195) |
| 15 | Other adjustments..... | - |
| 16 | Ending Balance..... | \$ 3,009 |
| 17 | "Hold" Checks Included in Balance On Line 16..... | \$ - |
| 18 | Provision For Uncollectible Patrons' Checks..... | \$ 350 |
| 19 | Provision As A Percent Of Counter Checks Issued..... | 1.4% |

TRADING NAME OF LICENSEE ATLANTIC CITY SHOWBOAT

PROMOTIONAL EXPENSES AND ALLOWANCES

For The Three Months Ended March 31, 1995

(in Thousands)

| | Promotional Allowances | | Promotional Expenses | |
|----------------|------------------------|-----------------|----------------------|-----------------|
| | Number of Recipients | Dollar Amount | Number of Recipients | Dollar Amount |
| Rooms | 32 | \$ 2,300 | | \$ |
| Food | 372 | 3,433 | | |
| Beverage | 1,489 | 1,287 | | |
| Travel | | | 5 | 828 |
| Coin | | | 418 | 6,575 |
| Coupon | | | | |
| Entertainment | 19 | 286 | | |
| Retail & Gifts | | | | |
| Other | 1 | 25 | N/A | 380 |
| Total | 1,913 | \$ 7,331 | 423 | \$ 7,783 |

STATEMENT OF CONFORMITY AND ACCURACY

STATE OF New Jersey :
 : ss
COUNTY OF Atlantic :

Kathleen M. Caracciolo 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.

K M Caracciolo
Signature

Vice President of Finance
Title

3472-11
License Number

DENISE L. PERRONE
NOTARY PUBLIC OF NEW JERSEY
My Commission Expires Sept. 19, 1999

Subscribed and sworn to
before me this Friday day
of May 12, 1995

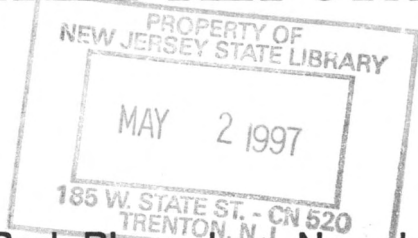
Denise L. Perrone
Signature

Atlantic City Showboat, Inc.
Casino Licensee

Basis of Authority
to Take Oaths

974.901
C193

QUARTERLY REPORT



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

FOR THE QUARTER ENDED MARCH 31, 1995

TO THE
CASINO CONTROL COMMISSION
OF THE
STATE OF NEW JERSEY

NAME OF OFFICER IN CHARGE
OF CORRESPONDENCE REGARDING
THIS ANNUAL REPORT Vicki Lynn Guveiyian
OFFICIAL TITLE Assistant Vice President/Controller
ADDRESS Park Place and the Boardwalk
Atlantic City, NJ 08401

LIST OF FORMS - QUARTERLY REPORT

FOR THE QUARTER ENDED MARCH 31, 1995

| <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 |
| Schedule of Receivables and Patrons' Checks | CCC-240 |
| Promotional Expenses and Allowances | CCC-245 |
| Statement of Conformity and Accuracy | CCC-250 |
| Notes to Financial Statements | CCC-301 |

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

BALANCE SHEETS

MARCH 31, 1995 AND 1994

(UNAUDITED)
(\$ IN THOUSANDS)

| DESCRIPTION (b) | 1995 (c) | 1994 (d) |
|--|-------------------|-------------------|
| ASSETS | | |
| Current Assets: | | |
| Cash | \$ 16,353 | \$ 9,153 |
| Marketable securities | — | — |
| Receivables and patrons' checks (net of allowances for doubtful accounts - 1995 \$1,425; 1994 \$1,270) | 5,109 | 4,360 |
| Inventories | 2,158 | 1,813 |
| Prepaid expenses and other current assets NOTE 1 & 2 | 11,114 | 7,498 |
| Total current assets | 34,734 | 22,824 |
| Investments, Advances, and Receivables NOTE 9 ... | 36,538 | 36,152 |
| Property and Equipment - Gross NOTE 3 ... | 775,476 | 754,664 |
| (Accumulated Depreciation/Amortization) NOTE 3 ... | (315,692) | (291,455) |
| Other Assets | 14,978 | 16,027 |
| Total Assets | \$ 546,034 | \$ 538,212 |
| LIABILITIES AND EQUITY | | |
| Current Liabilities: | | |
| Accounts payable | \$ 8,111 | \$ 8,433 |
| Notes payable | — | — |
| Current portion of long-term debt: | | |
| Due to affiliates | — | — |
| Other NOTE 1 ... | 47 | 44 |
| Income taxes payable and accrued NOTE 1 ... | 1,264 | 2,420 |
| Other accrued expenses NOTE 10 .. | 24,539 | 26,570 |
| Other current liabilities | 2,827 | 2,429 |
| Total current liabilities | 36,788 | 39,896 |
| Long Term Debt: | | |
| Due to affiliates NOTE 4 ... | 425,000 | 425,000 |
| Other NOTE 4 ... | 2,628 | 8,715 |
| Deferred Credits NOTE 5 ... | 42,587 | 20,393 |
| Other Liabilities NOTE 6 ... | 9,217 | 10,452 |
| Commitments And Contingencies | | |
| Total Liabilities | 516,220 | 504,456 |
| Stockholders', Partners', or Proprietors' Equity | 29,814 | 33,756 |
| Total Liabilities and Equity | \$ 546,034 | \$ 538,212 |

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

CCC-205

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

STATEMENTS OF INCOME

FOR THE THREE MONTHS ENDED MARCH 31, 1995 AND 1994

(UNAUDITED)
(\$ IN THOUSANDS)

| DESCRIPTION (b) | 1995 (c) | 1994 (d) |
|---|-----------------|--------------------|
| REVENUE: | | |
| Casino | \$ 80,640 | \$ 65,714 |
| Rooms | 7,899 | 7,297 |
| Food and Beverage | 10,054 | 9,022 |
| Other | 2,208 | 1,690 |
| Total Revenue | 100,801 | 83,723 |
| Less: Promotional allowances | (9,233) | (7,790) |
| Net Revenue | 91,568 | 75,933 |
| COSTS AND EXPENSES: | | |
| Costs of Goods and Services | 48,851 | 44,795 |
| Selling, General, and Administrative | 11,975 | 13,537 |
| Provision for Doubtful Accounts | 214 | (43) |
| Total cost and expenses | 61,040 | 58,289 |
| Gross Operating Profit | 30,528 | 17,644 |
| Depreciation and amortization | 7,335 | 7,668 |
| Charges from affiliates other than interest: | | |
| Management fees | — | — |
| Other | 1,485 | 1,101 |
| NOTE 1 | | |
| Income (Loss) from Operations | 21,708 | 8,875 |
| Other Income (Expenses): | | |
| Interest (expense) - affiliates | (9,818) | (10,301) |
| NOTE 7 | | |
| Interest (expense) - external | (178) | (282) |
| NOTE 7 | | |
| Investment alternative tax and related income (expense) - net ... | (496) | (420) |
| NOTE 11 | | |
| Non-operating income (expense) - net | 688 | 392 |
| NOTE 12 | | |
| Total other income (expenses) | (9,804) | (10,611) |
| Income (Loss) Before Income Taxes and Extraordinary Items | 11,904 | (1,736) |
| Provision (credit) for income taxes | 5,001 | (704) |
| NOTE 8 | | |
| Income (Loss) Before Extraordinary Items | 6,903 | (1,032) |
| Extraordinary items (net of income taxes - 1994, \$14,137) | 0 | (20,735) |
| NOTE 4 | | |
| Cumulative effect on prior years of change in accounting for income taxes | — | — |
| Net Income (Loss) | \$ 6,903 | \$ (21,767) |

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, 1995 AND 1994

(UNAUDITED)
(\$ IN THOUSANDS)

| LINE (A) | DESCRIPTION (b) | 1995 | | 1994 | |
|-------------|--|---------------|------------------|---------------|------------------|
| | | SHARES (c) | DOLLARS (d) | SHARES (e) | DOLLARS (f) |
| | 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) | — | — | — | — |
| 6 | Sale of stock | | | | |
| 7 | | | | | |
| 8 | Ending balance | — | — | — | — |
| | Additional Paid-in Capital: | | | | |
| 9 | Beginning balance (January 1) | | 24,910 | | 86,117 |
| 10 | Dividend | | | | (30,595) |
| 11 | | | | | |
| 12 | Ending balance | | 24,910 | | 55,522 |
| | Treasury Stock: | | | | |
| 13 | Beginning balance (January 1) | — | — | — | — |
| 14 | Purchase of additional stock | | | | |
| 15 | Sale or retirement of stock | | | | |
| 16 | Ending balance | — | — | — | — |
| | Other: | | | | |
| 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) | | 6,903 | | (21,767) |
| 28 | Dividends | | (2,000) | | |
| 29 | | | | | |
| 30 | | | | | |
| 31 | Ending balance | | 4,903 | | (21,767) |
| 32 | Ending Stockholders' Equity | | \$ 29,814 | | \$ 33,756 |

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: BALLY'S PARK PLACE CASINO HOTEL AND TOWER

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

FOR THE THREE MONTHS ENDED MARCH 31, 1995 AND 1994

(UNAUDITED)
(\$ IN THOUSANDS)

NOT APPLICABLE

| LINE (a) | DESCRIPTION (b) | 1994 (c) | 1993 (d) |
|-------------|--|-------------|-------------|
| | 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.

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

STATEMENTS OF CASH FLOWS

FOR THE THREE MONTHS ENDED MARCH 31, 1995 AND 1994

(UNAUDITED)
(\$ IN THOUSANDS)

| LINE (a) | Description (b) | 1995 (c) | 1994 (d) |
|-------------|---|-------------|-------------|
| 1 | Net Cash Provided (Used) By Operating Activities | \$ 8,496 | \$ (4,658) |
| | 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 | (3,080) | (3,784) |
| 5 | Proceeds from disposition of property and equipment | — | — |
| 6 | Purchase of casino reinvestment obligations | (1,002) | (843) |
| 7 | Purchase of other investments and loans/advances made | — | — |
| 8 | Proceeds from disposal of investments and collection of advances and long-term receivables | 12 | 5 |
| 9 | Cash outflows to acquire business entities | — | — |
| 10 | Payment to affiliate for CRDA credits | — | — |
| 11 | Net book value of disposals | — | — |
| 12 | Net Cash Provided (Used) By Investing Activities | (4,070) | (4,622) |
| | 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 | 2,000 | 443,000 |
| 16 | Costs of issuing debt | — | (14,558) |
| 17 | Payments to settle long-term debt | (2,013) | (391,703) |
| 18 | Cash proceeds from issuing stock or capital contributions | — | — |
| 19 | Purchases of treasury stock | — | — |
| 20 | Payments of dividends or capital withdrawals | (2,000) | (30,595) |
| 21 | Advance (to) from Bally and affiliates | — | — |
| 22 | ..... | — | — |
| 23 | Net Cash Provided (Used) By Financing Activities | (2,013) | 6,144 |
| 24 | Net Increase (Decrease) In Cash And Cash Equivalents | 2,413 | (3,136) |
| 25 | Cash And Cash Equivalents At Beginning Of Period | 13,940 | 12,289 |
| 26 | Cash And Cash Equivalents At End Of Period | \$ 16,353 | \$ 9,153 |

SUPPLEMENTAL DISCLOSURE OF CASH FLOW INFORMATION

| Cash Paid During Period For: | | | |
|------------------------------|--|-----------|-----------|
| 27 | Interest (net of amount capitalized) | \$ 19,802 | \$ 24,064 |
| 28 | Income taxes | \$ 942 | \$ 22,907 |

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 CASH FLOWS
 FOR THE THREE MONTHS ENDED MARCH 31, 1995 AND 1994
 (UNAUDITED)
 (\$ IN THOUSANDS)

| LINE (a) | Description (b) | 1995 (c) | 1994 (d) |
|-------------|---|-----------------|-------------------|
| | Net Cash Flows From Operating Activities: | | |
| 29 | Net income (loss) | \$ 6,903 | \$ (21,767) |
| | Noncash items included in income and cash items excluded from income: | | |
| 30 | Depreciation and amortization of property and equipment | 6,905 | 7,278 |
| 31 | Amortization of other assets | 400 | 390 |
| 32 | (Gain)/Loss from financing activities | — | 34,872 |
| 33 | Deferred Income taxes - current | (330) | (120) |
| 34 | Deferred income taxes - noncurrent | 1,281 | (11,367) |
| 35 | (Gain) loss on disposition of property and equipment | — | — |
| 36 | (Gain) loss on casino reinvestment obligations | 496 | 420 |
| 37 | (Gain) loss from other investment activities | 2 | 14 |
| 38 | Net (increase) decrease in receivables and patrons' checks | 731 | 1,628 |
| 39 | Net (increase) decrease in inventories | 70 | 21 |
| 40 | Net (increase) decrease in other current assets | 3,081 | (235) |
| 41 | Net (increase) decrease in other assets | 81 | (69) |
| 42 | Net increase (decrease) in accounts payables | 889 | (643) |
| 43 | Net increase (decrease) in other current liabilities excluding debt | (10,361) | (15,372) |
| 44 | Net increase (decrease) in other noncurrent liabilities excluding debt | (1,682) | 292 |
| 45 | Cumulative effect of change in accounting for income taxes | — | — |
| 46 | Amortization of CRDA credits | 30 | — |
| 47 | Net Cash Provided (Used) By Operating Activities | \$ 8,496 | \$ (4,658) |

SUPPLEMENTAL SCHEDULE OF NONCASH INVESTING AND FINANCING ACTIVITIES

| | | | |
|----|--|-----------------|-----------------|
| | Acquisition Of Property And Equipment: | | |
| 48 | Additions to property and equipment | \$ 3,080 | \$ 3,784 |
| 49 | Less: Capital lease obligations incurred | — | — |
| 50 | Cash Outflows For Property And Equipment | \$ 3,080 | \$ 3,784 |
| | 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, 1995

(UNAUDITED)
(\$ IN THOUSANDS)

| ACCOUNTS RECEIVABLE BALANCES | | | |
|---|------------------------|------------------|---|
| DESCRIPTION (b) | ACCOUNT BALANCE (c) | ALLOWANCE (d) | ACCOUNTS RECEIVABLE (e) NET OF ALLOWANCE |
| Patrons' Checks: | | | |
| Undeposited patrons' checks | \$ 1,987 | | |
| Returned patrons' checks | 1,340 | | |
| Total patrons' checks | 3,327 | \$ (1,275) | \$ 2,052 |
| Hotel Receivables | 705 | (150) | 555 |
| Other Receivables: | | | |
| Receivables due from officers and employees | 5 | | |
| Receivables due to affiliates | 888 | | |
| Other accounts and notes receivables | 1,609 | | |
| Total other receivables | 2,502 | --- | 2,502 |
| Totals (Form 205) | \$ 6,534 | \$ (1,425) | \$ 5,109 |

| UNDEPOSITED PATRONS' CHECKS ACTIVITY | |
|--|---------------|
| DESCRIPTION (g) | AMOUNT (h) |
| Beginning Balance (January 1) | \$ 2,145 |
| Counter checks issued (excluding counter checks issued through transactions relating to consolidations, partial redemptions, substitutions, and patrons' cash deposits) | 19,188 |
| 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) | (14,953) |
| Checks collected through deposits | (3,623) |
| Checks transferred to returned checks | (770) |
| Other adjustments | --- |
| Ending Balance | \$ 1,987 |
| "Hold" Checks Included In Balance On Line 16 | \$ 0 |
| Provision For Uncollectible Patrons' Checks | \$ 214 |
| Provision As A Percent Of Counter Checks Issued | 1.12% |

CCC-240

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

PROMOTIONAL EXPENSES AND ALLOWANCES
(\$ in Thousands)

For the three months ended March 31, 1995

| | <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 | 42,368 | 3,348 | | |
| Food | 406,297 | 3,960 | | |
| Beverage | 896,076 | 1,792 | | |
| Travel | | | 15,468 | 309 |
| Coin | | | | |
| Coupon | | | 327,833 | 4,238 |
| Entertainment | 5,469 | 93 | | |
| Retail & Gifts | | | | |
| Other | 1,336 | 40 | 7,175 | 359 |
| Total | <u>1,351,546</u> | <u>\$ 9,233</u> | <u>350,476</u> | <u>\$ 4,906</u> |

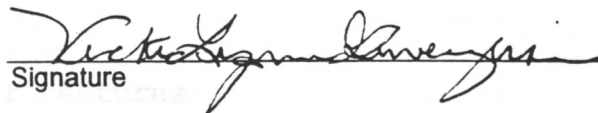
STATEMENT OF CONFORMITY AND ACCURACY

STATE OF New Jersey :
: ss.
COUNTY OF Atlantic :

Vicki Lynn Guveiyian, 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.

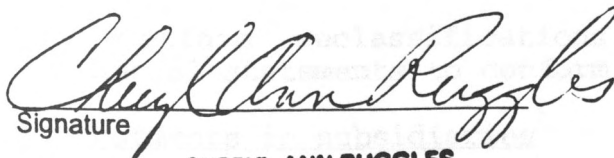

Signature

Assistant Vice President / Controller
Title

#000558-11
License Number

Subscribed and sworn to
before me this 14th day
of May, 1995

On Behalf Of:


Signature

Bally's Park Place, Inc. NJ
Casino Licensee

CHERYL ANN RUGGLES
Notary Public of New Jersey
My Commission Expires Feb. 16, 1999

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, 1995 and 1994
(Unaudited)
(In thousands)

Basis of presentation

The accompanying financial statements include the accounts of Bally's Park Place, a New Jersey corporation, (the "Company"). The Company is a wholly owned subsidiary of Bally's Park Place, Inc., a Delaware corporation which is an indirect wholly owned subsidiary of Bally Entertainment Corporation ("BEC"). The accompanying financial statements should be read in conjunction with the consolidated financial statements included in the Company's Annual Report to the Casino Control Commission for the year ended December 31, 1994.

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
8. Guarantee

All adjustments have been recorded which are, in the opinion of management, necessary for a fair presentation of the balance sheet of the Company at March 31, 1995 and 1994, its statement of operations for the quarter ended March 31, 1995 and 1994, its statement of stockholder's equity for the quarter ended March 31, 1995 and 1994, and its statement of cash flows for the quarter ended March 31, 1995 and 1994. All such adjustments were of a normal recurring nature, except for those adjustments in 1994 to reflect the refinancing of indebtedness (see "Note 4 - Long-Term Debt, Affiliates and Other").

The Company operates in one industry segment. All significant revenues arise from its casino and supporting hotel operations.

Certain reclassifications have been made to prior period financial statements to conform with the 1995 presentation.

Investments in subsidiaries

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

BALLY'S PARK PLACE CASINO HOTEL & TOWER
Note 1 - Notes to Financial Statements
For the Three Months Ended March 31, 1995 and 1994
(Unaudited)
(In thousands)

Allocations from BEC and transactions with related parties

During the three months ended March 31, 1995 and 1994, respectively, BEC allocated costs to the Company consisting of the Company's allocable share of BEC's corporate overhead including executive salaries and benefits, public company reporting costs and other corporate headquarter's costs. While the Company does not obtain a measurable direct benefit from these allocated costs, management believes that the Company receives an indirect benefit from BEC's oversight. BEC's method for allocating costs is designed to apportion the majority of its operating costs to its subsidiaries and is generally based upon many subjective factors including various measures of operational size and extent of BEC's oversight requirements. Management of BEC believes that the methods used to allocate these costs are reasonable and expects similar allocations in future years. Because of BEC's controlling relationship with the Company and the allocation of certain BEC costs, the operating results of the Company could be significantly different if the Company operated autonomously. In addition, certain of the Company's insurance coverage is negotiated by BEC pursuant to corporate-wide programs. In these circumstances, BEC charges the Company its proportionate share of the respective insurance premiums. The accompanying financial statements reflect an allocation of costs and expenses incurred by BEC of \$1,485 and \$1,101 for the three months ended March 31, 1995 and 1994, respectively.

Certain executive officers of the Company function in a similar capacity for GNAC, CORP. (a wholly owned subsidiary of BEC which owns and operates the casino hotel resort in Atlantic City known as "The Grand"), and exercise decision making and operational authority over both entities. No allocation of cost is made from the Company to The Grand for these executive officers as management deems the direct allocable cost to be immaterial. In addition, certain administrative and support operations of the Company and The Grand are consolidated, including legal services, limousine services and purchasing. Costs of these operations are allocated to or from the Company either directly or using various formulas based on estimates of utilization of such services. On a net basis, allocations from the Company were \$61 and \$56 for the three months ended March 31, 1995 and 1994, respectively, which management believes are reasonable. The Company leases surface area parking lots to The Grand, and rental income was \$174 for each of the three months ended March 31, 1995 and 1994, respectively.

BALLY'S PARK PLACE CASINO HOTEL & TOWER
Note 1 - Notes to Financial Statements
For the Three Months Ended March 31, 1995 and 1994
(Unaudited)
(In thousands)

Income taxes

Taxable income or loss of the Company is included in the consolidated federal income tax return of BEC. Under agreements between the Company, BEC and Casino Holdings, income taxes are allocated to the Company based on amounts the Company would pay or receive if it filed a separate consolidated federal income tax return, except that the Company receives credit from BEC for the tax benefit of the Company's net operating losses and tax credits, if any, that can be utilized in BEC's consolidated federal income tax return, regardless of whether these losses or credits could be utilized by the Company on a separate consolidated federal income tax return basis. Payments to BEC are due at such time and in such amounts as payments are required to be made for income tax purposes. Payments by BEC for such tax benefits are due at the time BEC files the applicable consolidated federal income tax return. Under the tax sharing agreement, the Company had federal income taxes receivable from BEC of \$2,122 and \$0 at March 31, 1995 and 1994, respectively, and federal income taxes payable to BEC of \$1,264 and \$2,420 at March 31, 1995 and 1994, respectively. The federal income taxes receivable is classified as Prepaid Expenses on the accompanying balance sheet.

For the three months ended March 31, 1995 and 1994, the effective income tax rate of the provision for income taxes differed from the federal statutory rate of 35% (42.0% and 40.6%, respectively) due principally to state income taxes.

DALLY'S PARK PLACE CASINO HOTEL & TOWER

Note 3 - Property, Plant and Equipment

PARK PLACE CASINO HOTEL & TOWER

Note 2 - Prepaid Expenses and

Other Current Assets

March 31,

(Unaudited)

(In thousands)

| | <u>1995</u> | <u>1994</u> ** |
|-------------------------------|-----------------|----------------|
| Federal Income Tax Receivable | \$ 2,122 | \$ --- |
| Deferred Income Tax | 7,302 | 6,281 |
| Prepaid License | 283 | 255 |
| Prepaid Insurance | 404 | 141 |
| Other* | <u>1,003</u> | <u>821</u> |
| | <u>\$11,114</u> | <u>\$7,498</u> |

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

** Restated to conform to 1995 presentation.

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

| | <u>1995</u> | <u>1994</u> |
|--|------------------|------------------|
| Land | \$ 71,089 | \$ 63,163 |
| Buildings, Leasehold Improvements | 550,121 | 541,187 |
| Furniture, Fixtures and Equipment | 153,559 | 144,301 |
| Construction in Progress | <u>707</u> | <u>6,013</u> |
| | 775,476 | 754,664 |
| Less Accumulated Depreciation and Amortization | <u>(315,692)</u> | <u>(291,455)</u> |
| Property and Equipment, Net | <u>\$459,784</u> | <u>\$463,209</u> |

The Company has a revolving credit facility for the 9 1/4% Notes and the \$50,000 revolving facility (the entire amount was available as of March 31, 1995). Restrictions on the Company's ability to incur debt, pay dividends, make acquisitions and certain investments, create liens, sell assets or enter into contracts with affiliates. Also, the New Jersey Casino Control Commission (the "CCC") requires, among other things, that the Company which are not paid pursuant to a dividend test (generally limited to 50% of aggregate net income, as defined, earned since April 1, 1994) require approval from the CCC. The Dividends for the 9 1/4% Notes Dividends that are not paid pursuant to the net income test \$50,000 in aggregate, of which \$1,000 was paid in March 31, 1995. \$3,510 was available to be paid as dividends to the net income test.

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

| <u>Long-Term Debt</u> | <u>1995</u> | <u>1994</u> |
|--------------------------------------|------------------|------------------|
| Due to affiliates: | | |
| 9 1/4% First Mortgage Notes due 2004 | <u>\$425,000</u> | <u>\$425,000</u> |
| Federal Income Taxes | <u>\$425,000</u> | <u>\$425,000</u> |
| Other: | | |
| Revolving credit agreement | \$ --- | \$ 6,000 |
| Other secured and unsecured debt | <u>2,628</u> | <u>2,715</u> |
| | <u>\$ 2,628</u> | <u>\$ 8,715</u> |

In March 1994, the Company issued \$425,000 principal amount of 9 1/4% First Mortgage Notes due 2004 (the "9 1/4% Notes"). The Company used the net proceeds from the sale of the 9 1/4% Notes to retire and defease its 11 7/8% First Mortgage Notes due 1999 (the "11 7/8% Notes") and pay dividends of \$30,214. The retirement and defeasance of the 11 7/8% Notes resulted in an extraordinary loss of \$20,735, net of an income tax benefit of \$14,137.

The indenture for the 9 1/4% Notes and the \$50,000 revolving credit facility (the entire amount was available at March 31, 1995) impose restrictions on the Company's ability to incur debt and issue preferred stock, make acquisitions and certain restricted payments, create liens, sell assets or enter into transactions with affiliates. Also, the New Jersey Casino Control Commission (the "CCC") requires, among other things, that dividends paid by the Company which are not paid pursuant to a net income test (generally limited to 50% of aggregate consolidated net income, as defined, earned since April 1, 1994) receive prior approval from the CCC. The indenture for the 9 1/4% Notes limits dividends that are not paid pursuant to the net income test to \$50,000 in aggregate, of which \$25,000 was paid in 1994. At March 31, 1995, \$3,510 was available to be paid as dividends pursuant to the net income test.

BALLY'S PARK PLACE CASINO HOTEL & TOWER
 Note 5 - Other Liabilities

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

| | <u>1995</u> | <u>1994</u> |
|---|-----------------|-----------------|
| | 3,336 | 2,359 |
| Deferred Federal Income Taxes | <u>\$42,587</u> | <u>\$20,393</u> |
| Accumulated discount of 594 (of \$132 in 1994) | <u>821</u> | <u>1,093</u> |
| | <u>\$3,336</u> | <u>\$2,359</u> |

The Company has a noncontributory supplemental executive plan (the "SERP") for certain key executives. Normal under the SERP is age 50 and participants receive based on years of service and compensation. Termination SERP are unfunded.

BALLY'S PARK PLACE CASINO HOTEL & TOWER

Note 6 - Other Liabilities

For the Three Months Ended March 31, 1995 and March 31, 1994

(Unaudited)

(In thousands)

| | <u>1995</u> | <u>1994</u> |
|---|-----------------|-----------------|
| Accrued SERP | \$ 8,336 | \$ 9,359 |
| Reinvestment Obligation (net of unamortized discount of \$94 in 1995 and \$182 in 1994) | 881 | 1,093 |
| | <u>\$ 9,217</u> | <u>\$10,452</u> |

The Company has a noncontributory supplemental executive retirement plan (the "SERP") for certain key executives. Normal retirement under the SERP is age 60 and participants receive benefits based on years of service and compensation. Pension costs of the SERP are unfunded.

ALLY'S PARK PLACE CASINO HOTEL & TOWER

Note 7 - Interest Expense

For the Three Months Ended March 31,

(Unaudited)

(In thousands)

| <u>Charges From Affiliates</u> | <u>1995</u> | <u>1994</u> |
|----------------------------------|-----------------|-----------------|
| Bally's Park Place Funding, Inc. | \$ 9,828 | \$10,332 |
| Capitalized interest | <u>(10)</u> | <u>(31)</u> |
| | <u>\$ 9,818</u> | <u>\$10,301</u> |
| <u>External Sources</u> | | |
| Interest on various loans | \$ 179 | \$ 290 |
| Capitalized interest | <u>(1)</u> | <u>(8)</u> |
| | <u>\$ 178</u> | <u>\$ 282</u> |

BALLY'S PARK PLACE CASINO HOTEL & TOWER
 Note 8 - Provision (Credit) for Income Taxes
 For the Three Months Ended March 31,
 (Unaudited)
 (In thousands)

| | <u>1995</u> | <u>1994</u> |
|-------------------------------------|-----------------|-----------------|
| Current: | | |
| Federal | \$ 4,007 | \$(4,101) |
| State | <u>43</u> | <u>747</u> |
| | 4,050 | (3,354) |
| Deferred: | | |
| Federal | (108) | 3,533 |
| State | <u>1,059</u> | <u>(883)</u> |
| | <u>951</u> | <u>2,650</u> |
| Provision (Credit) for Income Taxes | <u>\$ 5,001</u> | <u>\$ (704)</u> |

BALLY'S PARK PLACE CASINO HOTEL & TOWER
 Note 9 - Investments, Advances and Receivables
 March 31,
 (Unaudited)
 (In thousands)

| | <u>1995</u> | <u>1994</u> |
|---|-----------------|-----------------|
| <u>Other long-term investments and receivables:</u> | \$ 5,330 | \$ 5,443 |
| Investment in subsidiaries - equity: | 4,820 | 4,709 |
| Bally Warwick, Inc. - 100% owned | \$ 4,258 | \$ 4,268 |
| B.W. Realty, Inc. - 100% owned | 4,820 | 4,753 |
| Bally's Park Place Realty Company - 100% owned | <u>15,630</u> | <u>15,630</u> |
| Total investments in subsidiaries - equity | 24,708 | 24,651 |
| Casino Reinvestment Development Authority Investment Obligations (less discount of \$9,896 in 1995 and \$8,140 in 1994) | 9,445 | 9,026 |
| Jacobs Family Terrace Mortgage Receivable (less reserve of \$250 in 1995 and in 1994) | 2,432 | 2,523 |
| Less current portion | <u>(47)</u> | <u>(48)</u> |
| Total Jacobs Family Terrace Receivable | <u>2,385</u> | <u>2,475</u> |
| Total Investments, Advances and Receivables | <u>\$36,538</u> | <u>\$36,152</u> |

BALLY'S PARK PLACE CASINO HOTEL & TOWER
 Note 11 - Investment Obligations

BALLY'S PARK PLACE CASINO HOTEL & TOWER
 Note 10 - Other Accrued Expenses
 March, 31,
 (Unaudited)
 (In thousands)

| | <u>1995</u> | <u>1994</u> |
|----------------------|-----------------|-----------------|
| Payroll | \$ 6,330 | \$ 8,483 |
| Progressive Jackpots | 1,824 | 1,706 |
| Interest | 2,127 | 2,604 |
| Group Insurance | 2,950 | 1,950 |
| Miscellaneous* | <u>11,308</u> | <u>11,827</u> |
| Total | <u>\$24,539</u> | <u>\$26,570</u> |

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

BALLY'S PARK PLACE CASINO HOTEL & TOWER

Note 11 - Investment Obligations

March 31, 1995

(Unaudited)

(In thousands)

The New Jersey Casino Control Act (the "Act") provides, among other things, for an assessment of licensees equal to 1 1/4% of their gross casino revenues. This assessment may be satisfied by the Company investing in qualified eligible direct investments, by making qualified contributions or by depositing funds with the New Jersey Casino Reinvestment Development Authority ("CRDA"). These funds may be used to purchase bonds designated by the CRDA or, under certain circumstances, they may be donated to the CRDA in exchange for credits against future CRDA investment obligations. CRDA designated bonds have terms up to fifty years and bear interest at below market rates. The Company records a charge to operations when it deposits funds with the CRDA to reflect the estimated realizable value of its CRDA investments. If the investment obligation is not satisfied, then the licensee is subject to an investment alternative tax of 2 1/2% of gross casino revenues. The Company's investment obligation at March 31, 1995 was satisfied.

At March 31, 1995 and 1994, the Company had \$17,998 and \$16,027 respectively, in remaining bond purchase commitments on deposit with the CRDA. The Company has purchased \$1,342 and \$1,139 in bonds from the CRDA as of March 31, 1995 and 1994, respectively.

The Company charged to operations \$496 and \$420 for the three months ended March 31, 1995 and 1994 respectively, to reflect the estimated realizable value of its CRDA investment obligations.

During the three months ended March 31, 1995, the Company utilized \$30 in CRDA credits to offset its assessment on gross revenues by the CRDA. No credits were available for use during the three months ended March 31, 1994.

BALLY'S PARK PLACE CASINO HOTEL & TOWER

Note 12 - Non-Operating Income

For the Three Months Ended March 31,

(Unaudited)

(In thousands)

QUARTERLY REPORT

| | <u>1995</u> | <u>1994</u> |
|--|---------------|---------------|
| Interest Income | \$ 516 | \$ 232 |
| Equity in income (loss) of unconsolidated subsidiaries: | | |
| B. W. Realty, Inc. | 12 | 12 |
| Bally Warwick, Inc. | (14) | (26) |
| Other | <u>174</u> | <u>174</u> |
| Total Non-operating Income | <u>\$ 688</u> | <u>\$ 392</u> |

FOR THE QUARTER ENDED MARCH 31, 1995

TO THE

CASINO CONTROL COMMISSION

OF THE

STATE OF NEW JERSEY

RECEIVED
MARCH 31 1995
CASINO CONTROL COMMISSION

STATE OF NEW JERSEY
CASINO CONTROL COMMISSION
ATLANTIC CITY, NEW JERSEY

DEBRA L. WILSON
VICE PRESIDENT OF FINANCE
2100 PACIFIC AVENUE
ATLANTIC CITY, NEW JERSEY 08401

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FOR THE QUARTER ENDED MARCH 31, 1995
TO THE
CASINO CONTROL COMMISSION
OF THE
STATE OF NEW JERSEY

RECEIVED
1995
CASINO CONTROL
COMMISSION

NAME OF OFFICER IN CHARGE
OF CORRESPONDENCE REGARDING
THIS ANNUAL REPORT MICHAEL J. WALSH
OFFICIAL TITLE VICE PRESIDENT OF 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, 1995

| <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 |
| Promotional Expenses and Allowances | CCC-245 |
| Statement of Conformity and Accuracy | CCC-250 |

7/92

CCC-201

TRADING NAME OF LICENSEE: CAESARS ATLANTIC CITY

BALANCE SHEETS

MARCH 31, 1995 AND 1994

(UNAUDITED)

(\$ IN THOUSANDS)

| LINE (a) | DESCRIPTION (b) | (c) 1995 | (d) 1994 |
|--|---|-------------------|-------------------|
| ASSETS | | | |
| Current Assets: | | | |
| 1 | Cash | \$ 12,762 | \$ 10,621 |
| 2 | Marketable securities | - | - |
| 3 | Receivables and patrons' checks(net of allowance for doubtful accounts - 1995, \$8,496; 1994, \$6,704) | 10,273 | 12,155 |
| 4 | Inventories NOTE 1 | 3,100 | 2,987 |
| 5 | Prepaid expenses and other current assets NOTES 2 & 6 | 14,370 | 13,501 |
| 6 | Total current assets | 40,505 | 39,264 |
| 7 | Investments, Advances, and Receivables NOTES 3 & 14 | 8,887 | 7,108 |
| 8 | Property And Equipment - Gross NOTES 1, 4 & 10 | 412,347 | 394,426 |
| 9 | (Accumulated Depreciation/Amortization) | (134,387) | (116,765) |
| 10 | Other Assets NOTES 1 & 12 | 13,162 | 13,589 |
| 11 | Total Assets | \$ 340,514 | \$ 337,622 |
| LIABILITIES AND EQUITY | | | |
| Current Liabilities: | | | |
| 12 | Accounts payable | \$ 5,228 | \$ 5,416 |
| 13 | Notes payable NOTE 5 | 15,439 | 17,032 |
| Current portion of long-term debt : | | | |
| 14 | Due to affiliates | - | - |
| 15 | Other NOTE 10 | - | - |
| 16 | Income taxes payable and accrued NOTES 1 & 6 | 746 | 487 |
| 17 | Other accrued expenses NOTE 7 | 16,044 | 16,617 |
| 18 | Other current liabilities NOTE 8 | 4,483 | 1,718 |
| 19 | Total current liabilities | 41,940 | 41,270 |
| Long-Term Debt: | | | |
| 20 | Due to affiliates NOTE 9 | 50,950 | 58,600 |
| 21 | Other NOTE 10 | 9,371 | 9,316 |
| 22 | Deferred Credits NOTE 6 | 6,378 | 6,865 |
| 23 | Other Liabilities NOTE 11 | 8,792 | 9,061 |
| 24 | Commitments And Contingencies NOTE 14 | - | - |
| 25 | Total Liabilities | 117,431 | 125,112 |
| 26 | Stockholders', Partners', Or Proprietor's Equity | 223,083 | 212,510 |
| 27 | Total Liabilities And Equity | \$ 340,514 | \$ 337,622 |

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, 1995 AND 1994

(UNAUDITED)

(\$ IN THOUSANDS)

| LINE (a) | DESCRIPTION (b) | (c) 1995 | (d) 1994 |
|-------------|---|------------|-----------|
| | Revenue: | | |
| 1 | Casino NOTE 1 | \$ 84,340 | \$ 70,656 |
| 2 | Rooms | 4,252 | 3,911 |
| 3 | Food and beverage | 9,899 | 7,857 |
| 4 | Other | 2,822 | 3,051 |
| 5 | Total revenue | 101,313 | 85,475 |
| 6 | Less: Promotional allowances NOTE 1 | 12,244 | 9,531 |
| 7 | Net revenue | 89,069 | 75,944 |
| | Costs And Expenses : | | |
| 8 | Cost of goods and services | 50,207 | 45,034 |
| 9 | Selling, general and administrative | 17,797 | 16,117 |
| 10 | Provision for doubtful accounts | 1,598 | 61 |
| 11 | Total costs and expenses | 69,602 | 61,212 |
| 12 | Gross Operating Profit | 19,467 | 14,732 |
| 13 | Depreciation and amortization NOTE 1 | 4,901 | 4,829 |
| | Charges from affiliates other than interest: | | |
| 14 | Management fees NOTE 13 | 2,689 | 2,287 |
| 15 | Other NOTE 13 | 3,273 | 3,436 |
| 16 | Income (Loss) From Operations | 8,604 | 4,180 |
| | Other Income (Expenses) : | | |
| 17 | Interest (expense) – affiliates NOTES 5 & 9 | (1,817) | (1,901) |
| 18 | Interest (expense) – external NOTE 10 | (245) | (251) |
| 19 | Investment alternative tax and related income (expense) – net NOTE 14 | (206) | 67 |
| 20 | Nonoperating income (expense) – net NOTE 15 | (9,407) | 76 |
| 21 | Total other income (expenses) | (11,675) | (2,009) |
| 22 | Income (Loss) Before Income Taxes And Extraordinary Items | (3,071) | 2,171 |
| 23 | Provision (credit) for income taxes NOTE 6 | (1,103) | 977 |
| 24 | Income (Loss) Before Extraordinary Items | (1,968) | 1,194 |
| 25 | Extraordinary Items (net of income taxes – 1995, \$; 1994, \$) | - | - |
| 25 | Net Income (Loss) | \$ (1,968) | \$ 1,194 |

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, 1995 AND 1994

(UNAUDITED)
(\$ IN THOUSANDS)

| LINE (a) | DESCRIPTION (b) | 1995 | | 1994 | |
|-------------|---|------------|-------------|------------|-------------|
| | | (c) SHARES | (d) DOLLARS | (e) SHARES | (f) DOLLARS |
| | Common Stock: No Par Value, 1,000 Shares Authorized | | | | |
| 1 | Beginning balance (January 1) | 100 | \$ 1,370 | 100 | \$ 1,370 |
| 2 | Sale of stock | - | - | - | - |
| 3 | Ending balance | - | - | - | - |
| 4 | Ending balance | 100 | 1,370 | 100 | 1,370 |
| | Preferred Stock: | | | | |
| 5 | Beginning balance (January 1) | - | - | - | - |
| 6 | Sale of stock | - | - | - | - |
| 7 | Ending balance | - | - | - | - |
| 8 | Ending balance | - | - | - | - |
| | Additional Paid-in Capital: | | | | |
| 9 | Beginning balance (January 1) | - | 46,065 | - | 46,065 |
| 10 | Ending balance | - | - | - | - |
| 11 | Ending balance | - | - | - | - |
| 12 | Ending balance | - | 46,065 | - | 46,065 |
| | 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 | Ending balance | - | - | - | - |
| 19 | Ending balance | - | - | - | - |
| 20 | Ending balance | - | - | - | - |
| | Net Unrealized Loss On Noncurrent | | | | |
| | Marketable Equity Securities: | | | | |
| 21 | Beginning balance (January 1) | - | - | - | - |
| 22 | Ending balance | - | - | - | - |
| 23 | Ending balance | - | - | - | - |
| 24 | Ending balance | - | - | - | - |
| | Retained Earnings: | | | | |
| 25 | Beginning balance (January 1) | - | 183,616 | - | 169,881 |
| 26 | Prior period adjustments | - | - | - | - |
| 27 | Net Income (loss) | - | (1,968) | - | 1,194 |
| 28 | Dividends (Note 8) | - | (6,000) | - | (6,000) |
| 29 | Ending balance | - | - | - | - |
| 30 | Ending balance | - | - | - | - |
| 31 | Ending balance | - | 175,648 | - | 165,075 |
| 32 | Ending Stockholders' Equity | - | \$ 223,083 | - | \$ 212,510 |

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 CHANGES IN PARTNERS'
OR PROPRIETOR'S EQUITY**

FOR THE THREE MONTHS ENDED MARCH 31, 1995 AND 1994
(UNAUDITED)
(\$ IN THOUSANDS)

| LINE (a) | DESCRIPTION (b) | (c) 1994 | (d) 1993 |
|-------------|--|----------|----------|
| | 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 | | |

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, 1995 AND 1994

(UNAUDITED)

(\$ IN THOUSANDS)

| LINE (a) | DESCRIPTION (b) | (c) 1995 | (d) 1994 |
|---|---|------------|-----------|
| 1 | Net Cash Provided (Used) By Operating Activities | \$ (1,841) | \$ 3,197 |
| | Cash Flows From Investing Activities : | | |
| 2 | Purchase of short-term investment securities | - | - |
| 3 | Proceeds from the sale of short-term investment securities | - | - |
| 4 | Cash outflows for property and equipment | (4,654) | (4,000) |
| 5 | Proceeds from disposition of property and equipment | - | - |
| 6 | Purchase of casino reinvestment obligations | (1,058) | (801) |
| 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 | (5,712) | (4,801) |
| | Cash Flows From Financing Activities : | | |
| 13 | Cash proceeds from issuance of short-term debt | 39,384 | 21,526 |
| 14 | Payments to settle short-term debt | (27,375) | (15,550) |
| 15 | Cash proceeds from issuance of long-term debt | - | - |
| 16 | Costs of issuing debt | - | - |
| 17 | Payments to settle long-term debt | 14 | 14 |
| 18 | Cash proceeds from issuing stock or capital contributions | - | - |
| 19 | Purchases of treasury stock | - | - |
| 20 | Payments of dividends or capital withdrawals | (6,000) | (6,000) |
| 21 | | - | - |
| 22 | | - | - |
| 23 | Net Cash Provided (Used) by Financing Activities | 6,023 | (10) |
| 24 | Net Increase (Decrease) In Cash And Cash Equivalents | (1,530) | (1,614) |
| 25 | Cash And Cash Equivalents At Beginning Of Period | 14,292 | 12,235 |
| 26 | Cash And Cash Equivalents At End Of Period | \$ 12,762 | \$ 10,621 |
| SUPPLEMENTAL DISCLOSURE OF CASH FLOW INFORMATION | | | |
| | Cash Paid During Period For: | | |
| 27 | Interest (net of amount capitalized) | \$ 2,062 | \$ 2,152 |
| 28 | Income taxes | \$ 5,938 | \$ 4,889 |

**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, 1995 AND 1994

(UNAUDITED)

(\$ IN THOUSANDS)

| LINE (a) | DESCRIPTION (b) | (c) 1995 | (d) 1994 |
|-------------|---|-------------------|-----------------|
| | Net Cash Flows From Operating Activities: | | |
| 29 | Net income (loss) | \$ (1,968) | \$ 1,194 |
| | Noncash items included in income and cash items excluded from income: | | |
| 30 | Depreciation and amortization of property and equipment | 4,633 | 4,496 |
| 31 | Amortization of other assets | 268 | 333 |
| 32 | Amortization of debt discount or premium | - | - |
| 33 | Deferred income taxes - current | (3,054) | (55) |
| 34 | Deferred income taxes - noncurrent | (532) | (83) |
| 35 | (Gain) loss on disposition of property and equipment | 869 | - |
| 36 | (Gain) loss on casino reinvestment obligations | 206 | (67) |
| 37 | (Gain) loss from other investment activities | - | - |
| 38 | Net (increase) decrease in receivables and patrons' checks | 621 | (901) |
| 39 | Net (increase) decrease in inventories | 336 | 41 |
| 40 | Net (increase) decrease in other current assets | 317 | 561 |
| 41 | Net (increase) decrease in other assets | (76) | (13) |
| 42 | Net increase (decrease) in accounts payable | (1,690) | (8) |
| 43 | Net increase (decrease) in other current liabilities excluding debt | (1,774) | (2,293) |
| 44 | Net increase (decrease) in other noncurrent liabilities excluding debt | 3 | (8) |
| 45 | | - | - |
| 46 | | - | - |
| 47 | Net Cash Provided (Used) By Operating Activities | \$ (1,841) | \$ 3,197 |

SUPPLEMENTAL SCHEDULE OF NONCASH INVESTING AND FINANCING ACTIVITIES

| | | | |
|----|--|-----------------|-----------------|
| | Acquisition Of Property And Equipment: | | |
| 48 | Additions to property and equipment | \$ 4,654 | \$ 4,000 |
| 49 | Less: Capital lease obligations incurred | - | - |
| 50 | Cash Outflows For Property And Equipment | \$ 4,654 | \$ 4,000 |
| | 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 | \$ - | \$ - |

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

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

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 capitalized on funds borrowed to finance construction. For the three months ended March 31, 1995 no capitalized interest was recorded. Depreciation and amortization are provided for on the straight-line method over the following estimated useful lives:

| | |
|--|----------------|
| Buildings and improvements including capital lease | 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.

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

NOTE 1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (cont'd):

Costs in Excess of Net Assets Acquired

The excess of the purchase price over the fair value of assets acquired, as a result of CWI's acquisition in December 1990 of the outstanding minority shares of CNJ, was approximately \$8,829,000, and is being amortized on a straight-line basis over 40 years. At March 31, 1995, \$7,872,000 is included in Other Assets.

Income Taxes

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

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 general 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 and certain information as it relates to notes payable, capital leases and long-term debt. 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, 1994.

NOTE 2. PREPAID EXPENSES AND OTHER CURRENT ASSETS:

| | <u>1995</u> | <u>1994</u> |
|------------------------------------|-----------------|-----------------|
| | (In Thousands) | |
| Deferred income taxes. (NOTE 6) .. | \$12,734 | \$11,921 |
| Other..... | <u>1,636</u> | <u>1,580</u> |
| | <u>\$14,370</u> | <u>\$13,501</u> |

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

NOTE 3. INVESTMENTS, ADVANCES AND RECEIVABLES:

| | <u>1995</u> | <u>1994</u> |
|---|----------------|----------------|
| | (In Thousands) | |
| CRDA deposits..... | \$12,605 | \$9,543 |
| CRDA bonds receivable..... | 734 | 521 |
| Note receivable..... | <u>831</u> | <u>-</u> |
| | 14,170 | 10,064 |
| Less: valuation allowance on CRDA investments..... | <u>5,283</u> | <u>2,956</u> |
| | <u>\$8,887</u> | <u>\$7,108</u> |

CRDA investments carry below market interest rates resulting in a valuation lower than cost. Accordingly, valuation allowances have been provided. The carrying value of the CRDA investment approximated its fair value.

NOTE 4. PROPERTY AND EQUIPMENT:

| | <u>1995</u> | <u>1994</u> |
|---|------------------|------------------|
| | (In Thousands) | |
| Land..... | \$ 51,503 | \$ 51,503 |
| Buildings and improvements..... | 269,548 | 266,212 |
| Furniture, fixtures and equipment | 66,634 | 59,903 |
| Construction in progress..... | 12,322 | 4,468 |
| Properties under capital leases. | <u>12,340</u> | <u>12,340</u> |
| | 412,347 | 394,426 |
| Less: accumulated depreciation and amortization..... | <u>134,387</u> | <u>116,765</u> |
| | <u>\$277,960</u> | <u>\$277,661</u> |

NOTE 5. NOTES PAYABLE:

In the first quarter of 1995 and 1994, the maximum amount outstanding at any month-end was \$21,202,000 and \$22,082,000 respectively. The average of the month-end amounts outstanding was \$15,425,000 and \$17,825,000, respectively, and the weighted average interest rate was 8.8 percent and 6.1 percent, respectively.

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

NOTE 5. NOTES PAYABLE (cont'd):

At March 31, 1995 and 1994, the outstanding balance on the revolving line of credit was \$15,439,000 and \$17,032,000, respectively.

NOTE 6. INCOME TAXES:

The provision for income taxes for the three months ended March 31, 1995 and 1994 is comprised of the following:

| | <u>1995</u> | <u>1994</u> |
|--------------|-------------------|---------------|
| | (In Thousands) | |
| Current: | | |
| Federal..... | \$ 1,884 | \$ 894 |
| State..... | 599 | 221 |
| Deferred: | | |
| Federal..... | (2,828) | (131) |
| State..... | <u>(758)</u> | <u>(7)</u> |
| | <u>\$ (1,103)</u> | <u>\$ 977</u> |

Noncurrent deferred credits of \$6,378,000 and \$6,865,000 at March 31, 1995 and 1994, respectively, represent noncurrent deferred income taxes which result from timing differences between income for financial reporting purposes and income for tax purposes. The most significant timing differences, included in deferred credits and prepaid expenses (NOTE 2); relate to the allowance for doubtful accounts, depreciation, Casino Reinvestment Development Authority (CRDA), and certain accrued liabilities.

The provision for income taxes for the three months ended March 31, 1995 and 1994 differs from the amount computed at the statutory rate as follows:

| | <u>1995</u> | <u>1994</u> |
|---|-------------------|---------------|
| | (In Thousands) | |
| Federal income tax at statutory rate. | \$(1,075) | \$ 760 |
| State income taxes, net of federal benefit..... | (183) | 129 |
| Other, net..... | <u>155</u> | <u>88</u> |
| | <u>\$ (1,103)</u> | <u>\$ 977</u> |

The Internal Revenue Service has examined CWI's consolidated federal income tax returns through 1990.

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

NOTE 7. OTHER ACCRUED EXPENSES:

| | <u>1995</u> | <u>1994</u> |
|---------------------------------------|-----------------|-----------------|
| | (In Thousands) | |
| Salaries, wages and vacation pay..... | \$ 4,029 | \$ 3,705 |
| Insurance claims liability..... | 2,620 | 4,126 |
| Taxes, other than income taxes..... | 3,137 | 2,481 |
| Other..... | <u>6,258</u> | <u>6,305</u> |
| | <u>\$16,044</u> | <u>\$16,617</u> |

NOTE 8. OTHER CURRENT LIABILITIES:

| | <u>1995</u> | <u>1994</u> |
|-----------------|----------------|----------------|
| | (In Thousands) | |
| Due to CWI..... | \$2,191 | \$ 569 |
| Due to DPI..... | 495 | 1,149 |
| Other..... | <u>1,797</u> | <u>1,149</u> |
| | <u>\$4,483</u> | <u>\$1,718</u> |

On January 18, 1995, BRC declared a \$6,000,000 dividend to CNJ. As of March 31, 1995, this dividend has been paid in full.

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

| | <u>1995</u> | <u>1994</u> |
|--|-----------------|-----------------|
| | (In Thousands) | |
| DPI term note due June 1, 1996, interest at 11.45%..... | <u>\$50,950</u> | <u>\$58,600</u> |

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

NOTE 10. LONG-TERM DEBT, OTHER:

| | <u>1995</u> | <u>1994</u> |
|--|----------------|----------------|
| | (In Thousands) | |
| Capitalized lease obligation, net of amounts representing interest.... | \$9,371 | \$9,316 |
| Less current maturities..... | <u>-</u> | <u>-</u> |
| | <u>\$9,371</u> | <u>\$9,316</u> |

Rent expense for the three months ended March 31, 1995 and 1994 was \$505,000 and \$636,000, respectively.

NOTE 11. OTHER LIABILITIES:

| | <u>1995</u> | <u>1994</u> |
|---------------------------------|----------------|----------------|
| | (In Thousands) | |
| Insurance claims liability..... | \$5,481 | \$6,227 |
| Other..... | <u>3,311</u> | <u>2,834</u> |
| | <u>\$8,792</u> | <u>\$9,061</u> |

NOTE 12. PENSION PLANS:

BRC participates in CWI's nonqualified defined benefit pension plans (the Plans) covering officers or other employees designated as key executives of CWI or its subsidiaries. BRC has funded the vested benefits and at March 31, 1995 the amount in this revocable trust was \$2,178,000 and was recorded in Other Assets. This trust shall become irrevocable in the event of a change of control of CWI (as defined). Pension expense was \$140,000 and \$138,000 for the three months ended March 31, 1995 and 1994, respectively. The actuarially computed present value of the accumulated benefit obligation relating to participants employed by BRC was \$2,157,000 at July 31, 1994. The liability accrued with respect to the Plan at July 31, 1994 was \$3,219,000.

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

NOTE 12. PENSION PLANS (cont'd):

The Individual Retirement Account Plan was terminated on December 31, 1993 and replaced by a 401(k) Plan effective January 1, 1994. The 401(k) plan is available to all full-time, non-union employees who have at least one year of service (as defined in the Plan). The expense for the three months ended March 31, 1995 and 1994 was \$474,000 and \$468,000, respectively.

In addition to the BRC plans described above, union employees are covered by various multi-employer pension plans. BRC's only unfunded portion to Hotel Employees and Restaurant Employees International's plan as of March 31, 1995 was \$1,601,000.

NOTE 13. RELATED TRANSACTIONS:

BRC has recorded expenses for the three months ended March 31, 1995 and 1994 from CWI and affiliates as follows:

| <u>Affiliate</u> | <u>Transaction</u> | <u>1995</u> | <u>1994</u> |
|-------------------------------|---------------------|-----------------|-----------------|
| | | (In Thousands) | |
| Caesars World, Inc. | Management Fee | <u>\$ 2,689</u> | <u>\$ 2,287</u> |
| Caesars World Marketing Corp. | Reservation Offices | \$ 1,685 | \$1,503 |
| Caesars Palace Corp | Tradename Fee | 1,307 | 1,274 |
| Caesars World, Inc. | Allocated Expenses | <u>281</u> | <u>659</u> |
| | | <u>\$ 3,273</u> | <u>\$ 3,436</u> |

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.

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

NOTE 14. COMMITMENTS AND CONTINGENCIES (cont'd):

As of March 31, 1995, all BRC investment obligations had been satisfied.

Litigation

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

NOTE 15. NONOPERATING INCOME (EXPENSE) - NET

As a result of the ITT purchase of CWI in January 1995, BRC recorded an unusual pre-tax charge of \$8,692,000 related to the acceleration of the unamortized balance of deferred compensation.

NOTE 16. FAIR VALUE OF FINANCIAL INSTRUMENTS

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

Cash

Carrying amounts for cash approximate market value.

Due to Affiliates, Current

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

Long-term Debt Due to Affiliates

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

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

NOTE 16. FAIR VALUE OF FINANCIAL INSTRUMENTS (cont'd):

CRDA Investments

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

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

| | <u>1995</u> | | <u>1994</u> | |
|---|-----------------------|-----------------------------|-----------------------|-----------------------------|
| | <u>Carrying Value</u> | <u>Estimated Fair Value</u> | <u>Carrying Value</u> | <u>Estimated Fair Value</u> |
| <u>Financial Assets</u> | | | | |
| Cash | \$12,762 | \$12,762 | \$10,621 | \$10,621 |
| CRDA Investments, net | 8,887 | 8,887 | 7,108 | 7,108 |
| <u>Financial Liabilities</u> | | | | |
| Due to Affiliates, net | 2,686 | 2,686 | 569 | 569 |
| Long-term debt, due to affiliates | 50,950 | 50,990 | 58,600 | 61,895 |
| Checks collected through deposits | | | | 18,533 |
| Liabilities related to returned checks | | | | 677 |
| Other adjustments | | | | - |
| Ending Balance | | | \$ | 3,425 |
| Total Checks Included Balance on Line 18 | | | | - |
| Provision For Uncollectible Payment Checks | | | | 1,865 |
| Provision As A Payor On Counter Checks Issued | | | | 334 |

TRADING NAME OF LICENSEE: CAESARS ATLANTIC CITY

SCHEDULE OF RECEIVABLES AND PATRONS' CHECKS

MARCH 31, 1995
(UNAUDITED)
(\$ IN THOUSANDS)

| ACCOUNTS RECEIVABLE BALANCES | | | | |
|------------------------------|---|------------------------|------------------|---|
| LINE (a) | DESCRIPTION (b) | ACCOUNT BALANCE (c) | ALLOWANCE (d) | ACCOUNTS RECEIVABLE - (e) NET OF ALLOWANCE |
| | Patron Checks: | | | |
| 1 | Undeposited patrons' checks | \$ 6,429 | - | |
| 2 | Returned patrons' checks | 10,952 | - | |
| 3 | Total patrons' checks | 17,381 | \$ 8,386 | \$ 8,995 |
| 4 | Hotel Receivables | 400 | 110 | 290 |
| | Other Receivables: | | | |
| 5 | Receivables due from officers and employees | 11 | - | |
| 6 | Receivables due from affiliates | 45 | - | |
| 7 | Other accounts and notes receivables | 932 | - | |
| 8 | Total other receivables | 988 | - | 988 |
| 9 | Totals (Form 205) | \$ 18,769 | \$ 8,496 | \$ 10,273 |

| UNDEPOSITED PATRONS' CHECKS ACTIVITY | | |
|--------------------------------------|---|---------------|
| LINE (f) | DESCRIPTION (g) | AMOUNT (h) |
| 10 | Beginning Balance (January 1) | \$ 6,157 |
| 11 | Counter checks issued (excluding counter checks issued through transactions relating to consolidations, partial redemptions, substitutions, and patrons' cash deposits) | 51,127 |
| 12 | Checks redeemed prior to deposit (excluding the unredeemed portion of counter checks redeemed through partial redemptions, and excluding checks redeemed through transactions relating to consolidation, substitutions, and patrons' cash deposits) | (34,720) |
| 13 | Checks collected through deposits | (15,563) |
| 14 | Checks transferred to returned checks | (572) |
| 15 | Other adjustments | - |
| 16 | Ending Balance | \$ 6,429 |
| 17 | "Hold" Checks Included Balance on Line 16 | \$ - |
| 18 | Provision For Uncollectible Patrons' Checks | \$ 1,665 |
| 19 | Provision As A Percent Of Counter Checks Issued | 3.3% |

TRADING NAME OF LICENSEE: CAESARS ATLANTIC CITY

PROMOTIONAL EXPENSES AND ALLOWANCES

(\$ IN THOUSANDS)

(UNAUDITED)

FOR THE THREE MONTHS ENDED MARCH 31, 1995

| | Promotional Allowances | | Promotional Expenses | |
|----------------|------------------------|------------------|----------------------|------------------|
| | Number of Recipients | Dollar Amount | Number of Recipients | Dollar Amount |
| Rooms | 68,108 | \$ 3,673 | - | - |
| Food | 267,345 | 5,441 | - | - |
| Beverage | 483,826 | 2,499 | - | - |
| Travel | - | - | 8,182 | 2,692 |
| Coin | - | - | 286,546 | 2,948 |
| Coupon | - | - | 91,284 | 2,412 |
| Cash Rebates | - | - | 140 | 458 |
| Entertainment | 18,965 | 470 | 5,310 | 1,520 |
| Retail & gifts | - | - | 1,519 | 189 |
| Other | 2,746 | 161 | 41,599 | 613 |
| Total | 840,990 | \$ 12,244 | 434,580 | \$ 10,832 |

FOR THE THREE MONTHS ENDED MARCH 31, 1995

| | Promotional Allowances | | Promotional Expenses | |
|----------------|------------------------|------------------|----------------------|------------------|
| | Number of Recipients | Dollar Amount | Number of Recipients | Dollar Amount |
| Rooms | 68,108 | \$ 3,673 | - | - |
| Food | 267,345 | 5,441 | - | - |
| Beverage | 483,826 | 2,499 | - | - |
| Travel | - | - | 8,182 | 2,692 |
| Coin | - | - | 286,546 | 2,948 |
| Coupon | - | - | 91,284 | 2,412 |
| Cash Rebates | - | - | 140 | 458 |
| Entertainment | 18,965 | 470 | 5,310 | 1,520 |
| Retail & gifts | - | - | 1,519 | 189 |
| Other | 2,746 | 161 | 41,599 | 613 |
| Total | 840,990 | \$ 12,244 | 434,580 | \$ 10,832 |

STATEMENT OF CONFORMITY AND ACCURACY

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

INDIANA AVENUE AT THE BOARDWALK
MICHAEL J. WALSH , 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.

M Walsh
Signature
VICE PRESIDENT, FINANCE
Title
1482-11
License Number

Subscribed and sworn to
before me this 15th day
of May 1995

On Behalf Of:

Mary Rocella
Signature
MARY ROCELLA
NOTARY PUBLIC OF NEW JERSEY
My Commission Expires July 30, 1997

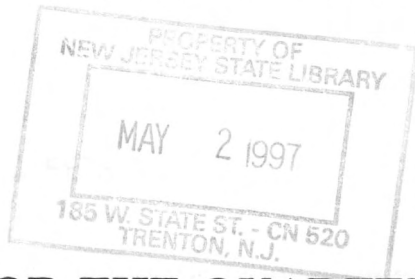
BOARDWALK REGENCY CORPORATION
Casino License

Basis of Authority
to Take Oaths

974.901
C193

QUARTERLY REPORT,

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



FOR THE QUARTER ENDED MARCH 31, 1995

**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

OFFICIAL TITLE:

**EXECUTIVE 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 THREE MONTHS ENDED MARCH 31, 1995

| <u>TITLE</u> | <u>FORM #</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 PROPRIETORS' EQUITY | CCC - 225 |
| STATEMENTS OF CASH FLOWS | CCC - 235 |
| NOTES TO FINANCIAL STATEMENTS | |
| SCHEDULE OF RECEIVABLES & PATRONS' CHECKS | CCC - 240 |
| PROMOTIONAL EXPENSES & ALLOWANCES | CCC - 245 |
| STATEMENT OF CONFORMITY & ACCURACY | CCC - 250 |

TRADING NAME OF LICENSEE: THE CLARIDGE CASINO HOTEL

BALANCE SHEETS

MARCH 31, 1995 AND 1994

(UNAUDITED)

(\$ IN THOUSANDS)

| LINE (A) | DESCRIPTION (B) | (C) 1995 | (D) 1994 |
|-------------|---|-----------|-----------|
| | ASSETS | | |
| | CURRENT ASSETS: | | |
| 1 | CASH..... | \$ 12,465 | \$ 24,253 |
| 2 | MARKETABLE SECURITIES (at cost which approx. market)... | 17,750 | 22,373 |
| 3 | RECEIVABLES & PATRONS CHECKS (NET OF ALLOW. FOR DOUBTFUL ACCOUNTS - 1995, \$1,412; 1994, \$1,340)..... | 33,290 | 19,619 |
| 4 | INVENTORIES..... | 2,497 | 2,601 |
| 5 | PREPAID EXPENSES & OTHER CURRENT ASSETS..... | 1,560 | 1,130 |
| 6 | TOTAL CURRENT ASSETS..... | 67,562 | 69,976 |
| 7 | INVESTMENTS, ADVANCES & RECEIVABLES... (NOTE 3)..... | 112,698 | 118,885 |
| 8 | PROPERTY & EQUIPMENT - GROSS..... (NOTE 4)..... | 28,055 | 14,668 |
| 9 | (ACCUMULATED DEPRECIATION/AMORTIZATION)..... | (11,715) | (10,332) |
| 10 | OTHER ASSETS..... (NOTE 5)..... | 1,795 | 771 |
| 11 | TOTAL ASSETS..... | \$198,395 | \$193,968 |
| | LIABILITIES & EQUITY | | |
| | CURRENT LIABILITIES: | | |
| 12 | ACCOUNTS PAYABLE..... | \$ 2,564 | \$ 2,795 |
| 13 | NOTES PAYABLE..... | -0- | -0- |
| | CURRENT PORTION OF LONG-TERM DEBT: | | |
| 14 | DUE TO AFFILIATES..... | -0- | -0- |
| 15 | OTHER..... (NOTE 8)..... | -0- | -0- |
| 16 | INCOME TAXES PAYABLE & ACCRUED..... | 424 | (651) |
| 17 | OTHER ACCRUED EXPENSES..... (NOTE 6)..... | 10,381 | 8,801 |
| 18 | OTHER CURRENT LIABILITIES..... (NOTE 7)..... | 21,061 | 21,339 |
| 19 | TOTAL CURRENT LIABILITIES..... | 34,430 | 32,284 |
| | LONG TERM DEBT: | | |
| 20 | DUE TO AFFILIATES..... | -0- | -0- |
| 21 | OTHER..... (NOTE 8)..... | -0- | -0- |
| 22 | DEFERRED CREDITS..... (NOTE 12)..... | 8,678 | 6,685 |
| 23 | OTHER LIABILITIES..... (NOTE 9)..... | 52,474 | 54,966 |
| 24 | COMMITMENTS & CONTINGENCIES (NOTE 1) | | |
| 25 | TOTAL LIABILITIES..... | 95,582 | 93,935 |
| 26 | STOCKHOLDERS', PARTNERS, OR PROPRIETOR'S EQUITY..... | 102,813 | 100,033 |
| 27 | TOTAL LIABILITIES & EQUITY..... | \$198,395 | \$193,968 |

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, 1995 AND 1994
 (UNAUDITED)
 (\$ IN THOUSANDS)

| LINE (A) | DESCRIPTION (B) | (C) 1995 | (D) 1994 |
|-------------|---|-----------|------------|
| | REVENUE: | | |
| 1 | CASINO..... | \$ 38,608 | \$ 30,072 |
| 2 | ROOMS..... | 1,974 | 2,159 |
| 3 | FOOD & BEVERAGE..... | 4,430 | 3,759 |
| 4 | OTHER..... | 356 | 484 |
| 5 | TOTAL REVENUE..... | 45,368 | 36,474 |
| 6 | LESS: PROMOTIONAL ALLOWANCES..... | 3,524 | 3,510 |
| 7 | NET REVENUE..... | 41,844 | 32,964 |
| | COSTS & EXPENSES: | | |
| 8 | COST OF GOODS & SERVICES..... | 22,735 | 21,178 |
| 9 | SELLING, GENERAL & ADMINISTRATIVE..... | 12,877 | 10,240 |
| 10 | PROVISION FOR DOUBTFUL ACCOUNTS..... | 57 | 100 |
| 11 | TOTAL COSTS & EXPENSES..... | 35,669 | 31,518 |
| 12 | GROSS OPERATING PROFIT..... | 6,175 | 1,446 |
| 13 | DEPRECIATION & AMORTIZATION..... | 566 | 359 |
| | CHARGES FROM AFFILIATES OTHER THAN INTEREST: | | |
| 14 | MANAGEMENT FEES..... | -0- | -0- |
| 15 | OTHER..... | 33 | 27 |
| 16 | INCOME (LOSS) FROM OPERATIONS..... | 5,576 | 1,060 |
| | OTHER INCOME (EXPENSES): | | |
| 17 | INTEREST (EXPENSES) - AFFILIATES.....(NOTE 13a)..... | (108) | (108) |
| 18 | INTEREST (EXPENSES) - EXTERNAL..... | -0- | (386) |
| 19 | INVESTMENT ALT. TAX & RELATED INCOME (EXPENSE) - NET... | (522) | (130) |
| 20 | NONOPERATING INCOME (EXPENSE) - NET....(NOTE 10)..... | (4,565) | (3,952) |
| 21 | TOTAL OTHER INCOME (EXPENSE)..... | (5,195) | (4,576) |
| 22 | INCOME (LOSS) BEFORE INCOME TAXES & EXTRAORDINARY ITEMS | 381 | (3,516) |
| 23 | PROVISION (CREDIT) FOR INCOME TAXES..(NOTE 12)..... | 328 | (1,406) |
| 24 | INCOME (LOSS) BEFORE EXTRAORDINARY ITEMS..... | 53 | (2,110) |
| 25 | EXTRAORDINARY ITEMS (NET OF INCOME TAXES - 1994, \$ -0-; 1993, \$-0-)..... | -0- | -0- |
| 26 | NET INCOME (LOSS)..... | \$ 53 | \$ (2,110) |

FINANCIAL STATEMENTS. VALID COMPARISONS CANNOT BE MADE
 WITHOUT USING INFORMATION CONTAINED IN THE NOTES.

TRADING NAME OF LICENSEE: THE CLARIDGE CASINO HOTEL

STATEMENTS OF CHANGES IN STOCKHOLDERS EQUITY
 FOR THE THREE MONTHS ENDED MARCH 31, 1995 AND 1994
 (UNAUDITED)
 (\$ IN THOUSANDS)

| LINE1 (A) | DESCRIPTION (B) | 1995 | | 1994 | |
|--------------|--|------------|-------------|------------|-------------|
| | | (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 |
| | REFERRED 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 | EQUITY CONTRIBUTION FROM THE CORPORATION... | | 82,206 | | 82,206 |
| 11 | | | | | |
| 12 | ENDING BALANCE..... | | \$ 87,205 | | \$ 87,205 |
| | 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)..... | | \$ 15,554 | | \$ 14,937 |
| 26 | PRIOR PERIOD ADJUSTMENTS..... | | | | |
| 27 | NET INCOME (LOSS)..... | | 53 | | (2,110) |
| 28 | DIVIDENDS..... | | | | |
| 29 | | | | | |
| 30 | | | | | |
| 31 | ENDING BALANCE..... | | 15,607 | | 12,827 |
| 32 | ENDING STOCKHOLDERS' EQUITY..... | | \$102,813 | | \$100,033 |

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TRADING NAME OF LICENSEE: THE CLARIDGE CASINO HOTEL

STATEMENT OF CHANGES IN PARTNERS' OR PROPRIETORS' EQUITY

FOR THE THREE MONTHS ENDED MARCH 31, 1995 AND 1994
(UNAUDITED)
(\$ IN THOUSANDS)

| LINE (A) | DESCRIPTION (B) | (C) 1995 | (D) 1994 |
|-------------|--|----------|----------|
| | 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..... | | |

NOT APPLICABLE

THE ACCOMPANYING NOTES ARE IN INTEGRAL PART OF THE
FINANCIAL STATEMENTS. VALID COMPARISONS CANNOT BE MADE
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STATEMENTS OF CASH FLOWS
 FOR THE THREE MONTHS ENDED MARCH 31, 1995 AND 1994
 (UNAUDITED)
 (\$ IN THOUSANDS)

| LINE (A) | DESCRIPTION (B) | (C) 1995 | (D) 1994 |
|-------------|--|------------|------------|
| 1 | NET CASH PROVIDED (USED) BY OPERATING ACTIVITIES..... | \$ (1,078) | \$ (4,556) |
| | CASH FLOWS FROM INVESTING ACTIVITIES: | | |
| 2 | PURCHASE OF SHORT-TERM INVESTMENT SECURITIES..... | -0- | (22,373) |
| 3 | PROCEEDS FROM THE SALE OF SHORT-TERM INV. SECURITIES... | 4,692 | |
| 4 | CASH OUTFLOWS FOR PROPERTY & EQUIPMENT..... | (8,203) | (444) |
| 5 | PROCEEDS FROM DISPOSITION OF PROPERTY & EQUIPMENT..... | -0- | 10 |
| 6 | PURCHASE OF CASINO REINVESTMENT OBLIGATION..... | (14) | (363) |
| 7 | PURCHASE OF OTHER INVESTMENTS & LOANS/ADVANCES MADE.... | (796) | (2,799) |
| 8 | PROCEEDS FROM DISPOSAL OF INVESTMENTS & COLLECTION OF ADVANCES & LONG TERM RECEIVABLES..... | 3,063 | 2,638 |
| 9 | CASH OUTFLOWS TO ACQUIRE BUSINESS ENTITIES..... | | |
| 10 | ..... |  |  |
| 11 | ..... |  |  |
| 12 | NET CASH PROVIDED (USED) BY INVESTING ACTIVITIES..... | (1,258) | (23,331) |
| | CASH FLOWS FROM FINANCING ACTIVITIES: | | |
| 13 | CASH PROCEEDS FROM ISSUANCE OF SHORT-TERM DEBT..... | -0- | -0- |
| 14 | PAYMENTS TO SETTLE SHORT-TERM DEBT..... | -0- | (1,700) |
| 15 | CASH PROCEEDS FROM ISSUANCE OF LONG-TERM DEBT..... | | |
| 16 | COSTS OF ISSUING DEBT..... | | |
| 17 | PAYMENTS TO SETTLE LONG-TERM DEBT..... | -0- | (33,559) |
| 18 | CASH PROCEEDS FROM ISSUING STOCK OR CAPITAL CONTRIB.... | -0- | 82,206 |
| 19 | PURCHASES OF TREASURY STOCK..... | | |
| 20 | PAYMENTS OF DIVIDENDS OR CAPITAL WITHDRAWALS..... | | |
| 21 | ..... |  |  |
| 22 | ..... |  |  |
| 23 | NET CASH PROVIDED (USED) BY FINANCING ACTIVITIES..... | -0- | 46,947 |
| 24 | NET INCREASE (DECREASE) IN CASH & CASH EQUIVALENTS..... | (2,336) | 19,060 |
| 25 | CASH & CASH EQUIVALENTS AT BEGINNING OF PERIOD..... | 14,801 | 5,193 |
| 26 | CASH & CASH EQUIVALENTS AT END OF PERIOD..... | \$ 12,465 | \$ 24,253 |

SUPPLEMENTAL DISCLOSURE OF CASH FLOW INFORMATION

| LINE | CASH PAID DURING YEAR FOR: | | |
|------|---|--------|--------|
| 27 | INTEREST (NET OF AMOUNT CAPITALIZED)..... | \$ -0- | \$ 386 |
| 28 | INCOME TAXES..... | \$ -0- | \$ -0- |

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TRADING NAME OF LICENSEE: THE CLARIDGE CASINO HOTEL

STATEMENTS OF CASH FLOWS
 FOR THE THREE MONTHS ENDED MARCH 31, 1995 AND 1994
 (UNAUDITED)
 (\$ IN THOUSANDS)

| LINE (A) | DESCRIPTION (B) | (C) 1995 | (D) 1994 |
|-------------|---|------------|------------|
| | NET CASH PROVIDED (USED) BY OPERATING ACTIVITIES | | |
| 29 | NET INCOME (LOSS)..... | \$ 53 | \$ (2,110) |
| | NON-CASH ITEMS INCLUDED INCOME & CASH ITEMS EXCLUDED FROM INCOME: | | |
| 30 | DEPRECIATION & AMORTIZATION OF PROPERTY & EQUIPMENT... | 526 | 314 |
| 31 | AMORTIZATION OF OTHER ASSETS..... | 40 | 45 |
| 32 | AMORTIZATION OF DEBT DISCOUNT OR PREMIUM..... | | |
| 33 | DEFERRED INCOME TAXES - CURRENT..... | | |
| 34 | DEFERRED INCOME TAXES - NONCURRENT..... | 479 | 582 |
| 35 | (GAIN) LOSS ON DISPOSITION OF PROPERTY & EQUIPMENT.... | -0- | 9 |
| 36 | (GAIN) LOSS ON CASINO REINVESTMENT OBLIGATIONS..... | 522 | 130 |
| 37 | (GAIN) LOSS FROM OTHER INVESTMENT ACTIVITIES..... | | |
| 38 | NET (INCREASE) DECREASE IN RECEIVABLES AND PATRONS' CHECKS EXCLUDING RECLASS FROM LONG TERM OF \$395 and \$663..... | (2,725) | (92) |
| 39 | NET (INCREASE) DECREASE IN INVENTORIES..... | 132 | 46 |
| 40 | NET (INCREASE) DECREASE IN OTHER CURRENT ASSETS*..... | 315 | 427 |
| 41 | NET (INCREASE) DECREASE IN OTHER ASSETS..... | (532) | (387) |
| 42 | NET INCREASE (DECREASE) IN ACCOUNTS PAYABLE..... | (256) | 257 |
| 43 | NET INCREASE (DECREASE) IN OTHER CURRENT LIABILITIES EXCLUDING DEBT..... | 1,341 | (2,127) |
| 44 | NET INCREASE (DECREASE) IN OTHER NONCURRENT LIABILITIES EXCLUDING DEBT..... | (659) | (1,376) |
| 45 | DISCOUNT ON WRAPAROUND MORTGAGE RECEIVABLE..... | (314) | (274) |
| 46 | | | |
| 47 | NET CASH PROVIDED (USED) BY OPERATING ACTIVITIES..... | \$ (1,078) | \$ (4,556) |

Excluding decrease in current portion of CRDA credit of \$315 and \$0.

SUPPLEMENTAL SCHEDULE OF NONCASH INVESTING AND FINANCING ACTIVITIES

| | | | |
|----|--|----------|-----------|
| 48 | ACQUISITION OF PROPERTY & EQUIPMENT: | | |
| 49 | ADDITIONS TO PROPERTY & EQUIPMENT..... | \$ 8,203 | \$ 444 |
| 50 | LESS: CAPITAL LEASE OBLIGATIONS ACQUIRED..... | | |
| | CASH OUTFLOWS FOR PROPERTY & EQUIPMENT..... | \$ 8,203 | \$ 444 |
| 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- |
| | CASH OUTFLOWS TO ACQUIRE BUSINESS ENTITIES..... | | |
| 57 | STOCK ISSUED OR CAPITAL CONTRIBUTIONS: | | |
| 58 | TOTAL ISSUANCES OF STOCK OR CAPITAL CONTRIBUTIONS..... | \$ -0- | \$ 82,206 |
| 59 | LESS: ISSUANCES TO SETTLE LONG TERM DEBT..... | | |
| 60 | CONSIDERATION IN ACQUISITION OF BUSINESS ENTITIES | | |
| | CASH PROCEEDS FROM ISSUING STOCK OR CAPITAL CONTRIB..... | \$ -0- | \$ 82,206 |

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THE CLARIDGE CASINO HOTEL
NOTES TO FINANCIAL STATEMENTS
MARCH 31, 1995 AND 1994

(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) Recent Business Developments

On January 31, 1994, the Corporation completed an offering of \$85 million of First Mortgage Notes (the "Notes"), due 2002, bearing interest at 11 3/4%. The Notes are secured by (i) a non-recourse mortgage granted by the Partnership representing a first lien on the Hotel Assets, (ii) and by a pledge granted by the Corporation of all outstanding shares of capital stock of New Claridge, and (iii) a guarantee by New Claridge. New Claridge's guarantee of the Notes is secured by a collateral assignment of the second lien Expandable Wraparound Mortgage, and by a lien on the Claridge's gaming and other assets, which lien will be subordinated to liens that may be placed on those gaming and other assets to secure any future revolving credit line arrangement. Interest on the Notes is payable semiannually on February 1 and August 1 of each year, commencing August 1, 1994.

A portion of the net proceeds of \$82.2 million, after deducting fees and expenses, was used as follows:

- (i) to repay in full the Corporation's outstanding debt under the Revolving Credit and Term Loan Agreement (the "Loan Agreement"), including the outstanding balance of the Corporation's revolving credit line, which was secured by the First Mortgage. In conjunction with the full satisfaction of the Loan Agreement, the Corporation's revolving credit line arrangement was terminated. The Corporation is currently seeking to obtain a new line of credit arrangement;
- (ii) to fund the cost of a 12,000 square foot expansion of New Claridge's casino capacity, the addition of approximately 500 slot machines, and the relocation of two restaurants and their related kitchen areas. The total cost of this expansion, which became fully operational on June 30, 1994, was approximately \$12.7 million; and
- (iii) the acquisition of an adjacent parcel of land, to be used for the construction of a self-parking facility. In March 1994, New Claridge acquired options to purchase for \$7,500,000 two parcels of property adjacent to its existing valet-parking facility. On June 6, 1994, New Claridge exercised these options, and deposited \$400,000 with the Title Company of Jersey, to be held in escrow until settlement. In an effort to ensure that site preparation and

THE CLARIDGE CASINO HOTEL
NOTES TO FINANCIAL STATEMENTS - CONTINUED

construction of the self-parking facility could commence as soon as possible, New Claridge purchased an assignment of National Westminster Bank NJ's first mortgage interest in the property on November 3, 1994 for \$2,040,000. These acquisitions gave New Claridge control of the property as of November 16, 1994. The first mortgage interest was satisfied by the Mortgagor at settlement, which occurred on January 5, 1995.

The balance of the net proceeds from the offering of the Notes will be used as follows:

- (i) the construction of the self-parking facility;
- (ii) the possible purchase of the Contingent Payment (see Note 9, Other Liabilities) granted in 1989 and now held in a trust for the benefit of the United Way of Arizona. The Corporation is currently negotiating to purchase the Contingent Payment, for substantially less than face value, from the trustee for the United Way of Arizona; and
- (iii) the potential expansion of the Corporation's activities into emerging gaming markets. On March 16, 1994, Claridge Gaming Incorporated was formed as a wholly-owned subsidiary of the Corporation for the purpose of developing gaming opportunities in other jurisdictions.

(c) 1989 Restructuring

On October 27, 1988, the parties with an economic interest in the Corporation and New Claridge, including the banks holding the First Mortgage (the "First Mortgage Lenders"), entered into an agreement to restructure the financial obligations of the Corporation and New Claridge (the "Restructuring Agreement"). Had the Corporation not entered into the Restructuring Agreement, New Claridge probably would not have been relicensed by the New Jersey Casino Control Commission (the "Commission") for the license period beginning October 31, 1988 and ending October 31, 1989, and would have had to consider filing for bankruptcy protection. The Restructuring Agreement by its terms was subject to approval by at least two-thirds in interest of the limited partners of the Partnership and the holders of at least two-thirds of the Class A Stock of the Corporation. These approvals were received, and the restructuring was consummated in June 1989. The restructuring resulted in (i) a reorganization of the ownership interest in the Corporation; (ii) modifications of the rights and obligations of certain lenders; (iii) satisfaction and termination of the obligations and commitments of Webb and DEWNJ under the original structure; (iv) modifications of the lease agreements between New Claridge and the Partnership; and (v) the forgiveness by Webb of substantial indebtedness.

(d) Claridge License Renewal

On September 22, 1993, New Claridge was issued a two-year casino license by the Commission for the period commencing September 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.

THE CLARIDGE CASINO HOTEL
NOTES TO FINANCIAL STATEMENTS - CONTINUED

(b) Cash

Cash includes investments in interest-bearing repurchase agreements in government securities, with maturities of three months or less when purchased. 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.

(d) Promotional Allowances

Promotional allowances are presented at retail value. The cost of providing these complimentary items 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) Property and Equipment

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

(g) Income Taxes

New Claridge is included in the consolidated income tax return of its parent, the Corporation. Deferred income taxes are provided for the temporary differences between financial statement reporting and income tax reporting for rent leveling provisions, asset basis differences, and various other expenses recorded for financial statement purposes.

THE CLARIDGE CASINO HOTEL
NOTES TO FINANCIAL STATEMENTS - CONTINUED

(3) Investments, Advances, and Receivables

Investments, Advances, and Receivables at March 31, 1995 and 1994 are summarized as follows:

| | <u>1995</u> | <u>1994</u> |
|---|-------------------|----------------|
| | (in thousands) | |
| \$127,000,000 Expandable Wraparound Mortgage 14%, maturities through September 30, 2000 (net of \$10,827,000 discount and \$12,021,000 discount at March 31, 1995 and 1994, respectively) | \$ 78,923 | 85,979 |
| Deferred interest receivable, due September 30, 2000 | 20,000 | 20,000 |
| FF&E promissory note, 14% | 17,515 | 11,004 |
| FF&E promissory note - expansion, 14% | 7,867 | 9,455 |
| Reinvestment Obligations | 802 | 3,222 |
| Reinvestment Obligation Credit | <u>-0-</u> | <u>8</u> |
| | 125,107 | 129,668 |
| Less Current Installments | <u>12,409</u> | <u>10,783</u> |
| | <u>\$ 112,698</u> | <u>118,885</u> |

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 First Mortgage and the Partnership's debt under the Purchase Money Second Mortgage indebtedness. \$20 million in interest was deferred between 1983 and 1988 and will be due upon maturity. Principal payments required under the Expandable Wraparound Mortgage commenced in 1988. During the three months ended March 31, 1995, \$2,250,000 in principal payments were made.

The Expandable Wraparound Mortgage also includes a provision whereby New Claridge will loan the Partnership up to \$25 million 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, 1995, \$395,000 in FF&E promissory note principal payments were made. In connection with the offering of \$85 million of Notes on January 31, 1994, the Corporation agreed to use not less than \$8 million from the net proceeds of the offering to finance internal improvements to the Claridge, which were funded through additional FF&E promissory notes. In connection therewith, the Expandable Wraparound Mortgage Loan agreement as well as the Operating Lease, and the Expansion Operating Lease were amended to provide that the principal on these additional FF&E promissory notes will be payable at final maturity of the Expandable Wraparound Mortgage.

In 1986, the Expandable Wraparound Mortgage was increased up to \$17 million to provide the Partnership with funding for the construction of an 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

THE CLARIDGE CASINO HOTEL
NOTES TO FINANCIAL STATEMENTS - CONTINUED

so as to repay on September 30, 1998, in full, the principal balance of this 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 million and on September 30, 2000 a balloon payment of \$67 million, which includes \$20 million of deferred interest.

The Casino Control Act (the "Act") provides for the imposition of an investment obligation, calculated as 1.25% of the total revenues from gaming operations less the provision for uncollectible accounts. If a casino licensee opts not to make an investment as required, it is assessed an alternative tax of 2.5% of total gaming revenues less the provision for uncollectible accounts. The licensee can satisfy its investment obligation by making a direct investment in a project approved by the Casino Reinvestment Development Authority ("CRDA"), the agency responsible for administering this portion of the Act, or it can buy bonds issued by the CRDA. These bonds bear interest at two-thirds of market rates, as set forth in the Act.

New Claridge has opted to deposit its reinvestment obligation funds with the State Treasurer. Through March 31, 1995, New Claridge has deposited \$14,038,000, of which \$2,329,000 has been used to purchase bonds issued by the CRDA. Since interest on these bonds and funds deposited is paid at a discounted rate, New Claridge records a valuation allowance of approximately one-third of the reinvestment obligation. In addition, in January 1990, it was determined that certain bonds issued by the CRDA had become impaired, and that the payment of principal and interest on these bonds was uncertain. As a result, New Claridge has recorded a valuation allowance for the full amount of its investment in these bonds, totalling \$1,654,000.

In December 1989, and again in July 1990, New Claridge made donations to the CRDA of funds, totalling \$7,088,000, which had previously been deposited with the State Treasurer. During the third quarter of 1994 and first quarter of 1995, New Claridge made donations to the CRDA, totalling approximately \$4.1 million, representing amounts previously deposited with the CRDA. In exchange for the donations, New Claridge received credits equal to fifty-one percent of the donations, to be applied to satisfy portions of the reinvestment obligations commencing after the dates of the donations. New Claridge recorded expense during the three months ended March 31, 1995 to write-down the book value of the 1995 donations to the amount of the credits received. As of March 31, 1995, \$600,000 of these credits remained available, and are included in other current assets.

(4) Property and Equipment

Property and equipment at March 31, 1995 and 1994 consist of the following:

| | <u>1995</u> | <u>1994</u> |
|----------------------------------|----------------|---------------|
| | (in thousands) | |
| Land and land improvements | \$ 8,100 | -0- |
| Leasehold improvements | 744 | 744 |
| Furniture, fixtures, equipment | 18,244 | 12,957 |
| Fixed assets under capital lease | <u>967</u> | <u>967</u> |
| Gross property and equipment | 28,055 | 14,668 |
| Less accumulated depreciation | <u>11,715</u> | <u>10,332</u> |
| Net property and equipment | <u>16,340</u> | <u>4,336</u> |

THE CLARIDGE CASINO HOTEL
NOTES TO FINANCIAL STATEMENTS - CONTINUED

(5) Other Assets

Other assets at March 31, 1995 and 1994 consist of the following:

| | <u>1995</u> | <u>1994</u> |
|---|----------------|-------------|
| | (in thousands) | |
| Intangible assets (net of accumulated amortization of \$704 and \$558 at March 31, 1995 and 1994, respectively) | \$136 | 160 |
| Refundable deposits, non-current | 82 | 67 |
| Other non-current assets | <u>1,577</u> | <u>544</u> |
| | <u>1,795</u> | <u>771</u> |

At March 31, 1995, other non-current assets include \$1,163,000 of architectural, engineering, and other costs associated with the planned construction of the self-parking facility (see Note 1(b), "Recent Business Developments").

(6) Other Accrued Expenses

Other accrued expenses at March 31, 1995 and 1994 consist of the following:

| | <u>1995</u> | <u>1994</u> |
|---|-----------------|--------------|
| | (in thousands) | |
| Accrued payroll and related benefits | \$ 7,139 | 6,148 |
| Accrued interest due to the Partnership | 2,502 | 2,070 |
| Other | <u>740</u> | <u>583</u> |
| | <u>\$10,381</u> | <u>8,801</u> |

(7) Other Current Liabilities

Other current liabilities at March 31, 1995 and 1994 consist of the following:

| | <u>1995</u> | <u>1994</u> |
|-------------------------------|-----------------|---------------|
| | (in thousands) | |
| Due to affiliates | \$ 3,600 | 3,600 |
| Deferred rent, current | 15,078 | 15,078 |
| Auto/general claims liability | 1,179 | 1,315 |
| Other | <u>1,204</u> | <u>1,346</u> |
| | <u>\$21,061</u> | <u>21,339</u> |

THE CLARIDGE CASINO HOTEL
NOTES TO FINANCIAL STATEMENTS - CONTINUED

As of March 31, 1995 and 1994, 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 which represented substantially all cash and cash equivalents remaining in the Partnership other than funds needed to pay expenses incurred through 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 New Claridge. Interest, which accrues at 12% per annum, is payable in full upon maturity. As of March 31, 1995, such interest, which is included in Accrued Expenses, amounted to \$2,502,000.

As of March 31, 1995, 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 (see Note 11, "Operating Lease"). The deferred rent liability will become payable (i) upon a sale or refinancing of the Claridge; (ii) upon full or partial satisfaction of the Wraparound Mortgage; and (iii) upon full satisfaction of any first mortgage then in place.

(8) Long-Term Debt

On January 31, 1994, the Corporation completed an offering of \$85 million of Notes due 2002, bearing interest at 11 3/4%. The Notes are secured by (i) a non-recourse mortgage granted by the Partnership representing a first lien on the Hotel Assets, (ii) a pledge granted by the Corporation of all outstanding shares of capital stock of New Claridge, and (iii) a guarantee by New Claridge. New Claridge's guarantee of the Notes is secured by a collateral assignment of the second lien Expandable Wraparound Mortgage, and by a lien on the Claridge's gaming and other assets, which lien will be subordinated to liens that may be placed on those gaming and other assets to secure any future revolving credit line arrangement. Interest on the Notes is payable semiannually on February 1 and August 1 of each year, commencing August 1, 1994. The Corporation applied the net proceeds from the sale of the Notes of \$82.2 million as a contribution to the equity capital of New Claridge. A portion of the net proceeds was used to repay in full New Claridge's outstanding debt under the Loan Agreement, including the outstanding balance of New Claridge's revolving credit line. In conjunction with the full satisfaction of the Loan Agreement, New Claridge's revolving credit line arrangement was terminated.

Beginning in 1995, and annually thereafter, the Corporation will be required to make an offer ("Excess Cash Offer"), to all holders of Notes, to purchase at 100% of par (plus accrued and unpaid interest, if any, to the purchase date), the maximum amount of Notes that may be purchased with 50% of the Corporation's "Excess Cash", (as defined in the indenture governing the Notes (the "Indenture")) from the preceding year. If less than \$5 million is available to make such purchases (i.e., if Excess Cash is less than \$10 million), no such offer needs to be made. The commencement date of the Excess Cash Offer must be not later than 30 days after the publication of the Corporation's audited financial statements for the immediately preceding fiscal year. For the year ended December 31, 1994, the Corporation's Excess Cash was less than \$10 million, and therefore the Corporation is not required to make an Excess Cash Offer in 1995.

In addition, if construction for the self-parking garage or equivalent facility has not commenced by December 31, 1995, the Corporation is required under the terms of the Indenture to make an offer (the "Parking Garage Funds Offer") within 30 days of such date to all holders of Notes to purchase the maximum principal amount of Notes that may be purchased with \$24 million, at an offer price in cash equal to 101% of the principal amount thereof plus accrued and unpaid interest, if any, to the date of purchase. Pursuant to the terms of

THE CLARIDGE CASINO HOTEL
NOTES TO FINANCIAL STATEMENTS - CONTINUED

the Indenture, construction shall be deemed to have commenced when (i) all necessary approvals to commence the construction have been obtained, and (ii) demolition or other physical work below street grade for the project shall have commenced. In March 1995, the Corporation received final site approval for the proposed garage from the Atlantic City Zoning Board; no other approvals are required to complete the garage project. In addition, demolition of the structure previously located on the site is complete. As a result, the Corporation believes it will not be required to make an offer to purchase Notes pursuant to the Parking Garage Offer.

(9) Other Liabilities

Other liabilities at March 31, 1995 and 1994 consist of the following:

| | <u>1995</u> | <u>1994</u> |
|-------------------------------|------------------------|----------------------|
| | (in thousands) | |
| Deferred rent | \$32,417 | 34,966 |
| Other non-current liabilities | <u>20,057</u> | <u>20,000</u> |
| Total | <u>\$52,474</u> | <u>54,966</u> |

Pursuant to the Restructuring Agreement which was concluded on June 16, 1989, Webb retained an interest, which was assigned to a trustee for the benefit of the United Way of Arizona on April 2, 1990, 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 has not been recorded in the accompanying financial statements since the likelihood of paying such amount is not considered probable at this time. As of March 31, 1995, accrued interest would have amounted to approximately \$30.8 million.

(10) Other Nonoperating Income (Expense) - Net

Other nonoperating income (expense) - net for the three months ended March 31, 1995 and 1994 consists of the following:

| | <u>1995</u> | <u>1994</u> |
|---------------------------------------|--------------------------|-----------------------|
| | (in thousands) | |
| Interest income - Wraparound Mortgage | \$ 4,398 | 4,402 |
| Interest income - other | 372 | 253 |
| Other nonoperating income/(expense) | 18 | 2 |
| Facilities/maintenance fee | 132 | 132 |
| Gain/(Loss) on disposal of assets | -0- | (9) |
| Partnership rent expense | <u>(9,485)</u> | <u>(8,732)</u> |
| Total | <u>\$ (4,565)</u> | <u>(3,952)</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, for an initial lease term of 15 years with three ten-year renewal options. If New Claridge exercises its option to extend the term of the Operating Lease, basic rent during the renewal term will be calculated pursuant to a formula, with such rent not to be more than \$29,500,000 nor less than \$24,000,000 for the lease year commencing October 1, 1998 through September 30, 1999 and, subsequently, not to be greater than 10% more than the basic rent for the immediately preceding lease year in each lease year thereafter. New Claridge is also required to pay as additional rent amounts including certain taxes, insurance and other charges relating to the occupancy of the land and Hotel Assets, certain expenses and debt service relating to furniture, fixture and equipment replacements and building improvements and the general and administrative costs of the Partnership. Under the terms of the Operating Lease, New Claridge has an option to purchase, on September 30, 1998 and, if it renews the Operating Lease, on September 30, 2003, the Hotel Assets and the underlying land for their fair market value at the time the option is exercised.

Minimum future basic lease payments under the initial term of the Operating Lease as amended, as of March 31, 1995 (net of expected abatements, as discussed below) are as follows (in thousands):

| | |
|---------------------|-------------------|
| 04/01/95 - 03/31/96 | \$ 31,626 |
| 04/01/96 - 03/31/97 | 33,582 |
| 04/01/97 - 03/31/98 | 40,904 |
| 04/01/98 - 09/30/98 | <u>21,688</u> |
| Total Minimum | <u>\$ 127,800</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, 1995 and 1994 expense for the Operating Lease amounted to \$9,485,000 and \$8,732,000 respectively, of which \$(716,000) and \$(1,376,000) of rental expense is attributable to the requirement under Statement of Financial Accounting Statements #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.

New Claridge entered into an Expansion Operating Lease Agreement with the Partnership whereby New Claridge leased the 1986 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 \$3,870,000 in 1986 (prorated based on the day that the 1986 expansion improvements opened to the public), and determined based on the cost of the construction of the expansion improvements. Annually thereafter the rental amount is adjusted based on the Consumer Price Index but any increase may not exceed two percent per annum. The total Expansion Operating Lease paid for the three months ended March 31, 1995 was \$1,156,000. 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 nor less than \$2,500,000 for the lease year commencing October 1, 1998 through September 30, 1999 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 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 (including air rights) for their fair market value at the time the option is exercised.

Effective with the consummation of the restructuring in June 1989, 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 \$38.8 million of basic rent payable through 1998, thereby reducing the Partnership's cash flow to an amount estimated to be necessary to meet the Partnership's cash requirements. 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 further amended to revise the abatement provisions so that, commencing January 1, 1991, for each calendar year through 1998, the lease abatements may not exceed \$10 million in any one calendar year, and \$38,820,000 in the aggregate. As of March 31, 1995, \$22.6 million of basic rent had been abated.

Effective with the closing of the restructuring on June 16, 1989, lease expense recognized on a level basis is reduced prospectively, based on a revised schedule of rent levelling relative to the abatement of certain rents beginning in 1992.

If the Partnership should fail to make any payment due under the Expandable Wraparound Mortgage, New Claridge may exercise a right of offset against rent or other payments due under the Operating Lease and Expansion Operating Lease to the extent of any such deficiency.

(12) Income Taxes

The provision for income taxes is comprised of the following:

| | <u>1995</u> | <u>1994</u> |
|----------|----------------|----------------|
| | (in thousands) | |
| Current: | | |
| Federal | \$(128) | (1,690) |
| State | (23) | (298) |
| Deferred | <u>479</u> | <u>582</u> |
| | <u>\$ 328</u> | <u>(1,406)</u> |

THE CLARIDGE CASINO HOTEL
NOTES TO FINANCIAL STATEMENTS - CONTINUED

(UNAUDITED)
(\$ IN THOUSANDS)

The provision for income tax differs from the amount computed at the statutory rate as follows:

| | <u>1995</u> | <u>1994</u> |
|--|----------------|----------------|
| | (in thousands) | |
| Computed "expected" tax expense | \$130 | (1,195) |
| Increase (reduction) in income taxes resulting from: | | |
| "Expected" state income tax, net of federal income tax benefit | 23 | (211) |
| Meals and entertainment | 126 | -0- |
| Other permanent differences | <u>49</u> | <u>-0-</u> |
| | <u>\$ 328</u> | <u>(1,406)</u> |

(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 years. For the three months ended March 31, 1995 and 1994 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, 1995 and 1994 amounted to \$33,000 and \$27,000 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 year ended December 31, 1994 and 1993 New Claridge has earned interest income of \$4,398,000 and \$4,402,000 respectively, and incurred lease expense of \$9,485,000 and \$8,732,000, respectively.

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, 1995

(UNAUDITED)

(\$ IN THOUSANDS)

ACCOUNTS RECEIVABLE BALANCES

| LINE (A) | DESCRIPTION (B) | ACCT. BAL. (C) | ALLOWANCE (D) | A/R NET OF ALLOW. (E) |
|-------------|---|-------------------|------------------|--------------------------|
| 1 | PATRONS' CHECKS: UNDEPOSITED PATRONS' CHECKS..... | \$ 632 | | |
| 2 | RETURNED PATRONS' CHECKS..... | 867 | | |
| 3 | TOTAL PATRONS' CHECKS..... | 1,499 | \$ 1,367 | \$ 132 |
| 4 | HOTEL RECEIVABLES..... | 148 | 31 | 117 |
| 5 | OTHER RECEIVABLES: RECEIVABLES DUE FROM OFFICERS & EMPLOYEES.... | 3 | | |
| 6 | RECEIVABLES DUE FROM AFFILIATES..... | 32,546 | | |
| 7 | OTHER ACCOUNTS & NOTES RECEIVABLES..... | 506 | | |
| 8 | TOTAL OTHER RECEIVABLES..... | 33,055 | 14 | 33,041 |
| 9 | TOTALS (FORM 205)..... | \$ 34,702 | \$ 1,412 | \$ 33,290 |

UNDEPOSITED PATRONS' CHECKS ACTIVITY

| LINE (F) | DESCRIPTION (G) | (H) AMOUNT |
|-------------|--|------------|
| 10 | BEGINNING BALANCE (JANUARY 1)..... | \$ 861 |
| 11 | COUNTER CHECKS ISSUED (EXCLUDING COUNTER CHECKS ISSUED THROUGH TRANSACTIONS RELATING TO CONSOLIDATION, PARTIAL REDEMPTIONS, SUBSTITUTIONS, & PATRONS CASH DEPOSITS)..... | 8,810 |
| 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)..... | (2,150) |
| 13 | CHECKS COLLECTED THROUGH DEPOSITS..... | (6,677) |
| 14 | CHECKS TRANSFERRED TO RETURNED CHECKS..... | (212) |
| 15 | OTHER ADJUSTMENTS..... | |
| 16 | ENDING BALANCE..... | \$ 632 |
| 17 | "HOLD" CHECKS INCLUDED IN BALANCE ON LINE 16..... | |
| 18 | PROVISION FOR UNCOLLECTIBLE PATRONS' CHECKS..... | \$ 44 |
| 19 | PROVISION AS A PERCENT OF COUNTER CHECKS ISSUED..... | .5% |

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

PROMOTIONAL EXPENSES & ALLOWANCES
(\$ IN THOUSANDS)

STATEMENT OF COMPARABILITY AND ACCURACY

STATE OF NEW JERSEY

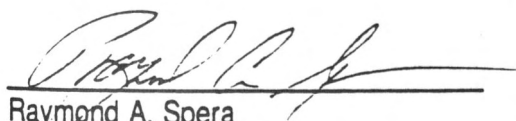
FOR THE THREE MONTHS ENDED MARCH 31, 1995

| | <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 | 23,167 | \$ 811 | -0- | \$ -0- |
| FOOD | 141,918 | 1,198 | -0- | -0- |
| BEVERAGE | 285,446 | 1,410 | -0- | -0- |
| TRAVEL | -0- | -0- | 507 | 57 |
| COIN | -0- | -0- | 388,115 | 5,041 |
| COUPON | -0- | -0- | 28,287 | 244 |
| ENTERTAINMENT | 4,880 | 105 | -0- | -0- |
| RETAIL & GIFTS | -0- | -0- | 42,839 | 244 |
| PARKING | -0- | -0- | 16,570 | 124 |
| OTHER | -0- | -0- | 1,774 | 60 |
| TOTAL | <u>455,411</u> | <u>\$ 3,524</u> | <u>478,092</u> | <u>\$ 5,770</u> |

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 behalf.

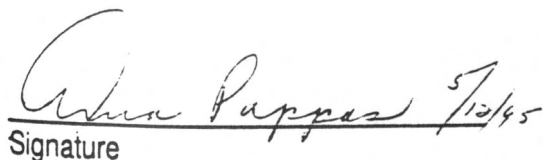


Raymond A. Spera
Executive Vice President of Finance
and Corporate Development

Lisc. # 002369-11

On Behalf of the Claridge Casino Hotel

Subscribed and sworn to before me on this 12th day of May, 1995.



Signature

ANNA PAPPAS
NOTARY PUBLIC STATE OF NEW JERSEY
MY COMMISSION EXPIRES JAN 15, 1998

Basis of authority to take oaths

Donna M. Graham
Vice President of Finance/Treasurer
Boston and Pacific Avenues
Atlantic City, New Jersey 08401

974.901
C193

QUARTERLY REPORT



LICENSEE GNOC, CORP. (THE GRAND)
ADDRESS Boston and Pacific Avenues
Atlantic City, New Jersey 08401

FOR THE QUARTER ENDED MARCH 31, 1995

TO THE
CASINO CONTROL COMMISSION
OF THE
STATE OF NEW JERSEY

NAME OF OFFICER IN CHARGE
OF CORRESPONDENCE REGARDING
THIS QUARTERLY REPORT Donna M. Graham
OFFICIAL TITLE Vice President of Finance/Treasurer
ADDRESS Boston and Pacific Avenues
Atlantic City, New Jersey 08401

TRADING NAME OF LICENSEE: GNOC, CORP. (THE GRAND)

LIST OF FORMS – QUARTERLY REPORT

FOR THE QUARTER ENDED MARCH 31, 1995

| <u>TITLE</u> | <u>FORM NO.</u> |
|--|-----------------|
| Balance Sheets | CCC-205 |
| Statements of Income (Quarter-to-Date) | 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 | CCC-240 |
| Schedule of Receivables and Patrons' Checks | CCC-245 |
| Schedule of Promotional Expenses and Allowances | CCC-250 |
| Statement of Conformity and Accuracy | CCC-250 |

BALANCE SHEETS

MARCH 31, 1995 AND 1994

(UNAUDITED)

(\$ IN THOUSANDS)

| LINE (a) | DESCRIPTION (b) | (c) 1995 | (d) 1994 |
|-------------------------------|--|------------|------------|
| ASSETS | | | |
| | Current Assets: | \$ | \$ |
| 1 | Cash | 6,116 | 3,503 |
| 2 | Marketable securities..... NOTE 2... | 16,735 | 8,150 |
| 3 | Receivables and patrons' checks (net of allowance for doubtful accounts - 1995, \$ 7,119 ; 1994, \$ 5,645) | 4,352 | 6,984 |
| 4 | Inventories..... | 2,418 | 2,660 |
| 5 | Prepaid expenses and other current assets..... NOTE 3... | 7,513 | 11,759 |
| 6 | Total current assets..... | 37,134 | 33,056 |
| 7 | Investments, Advances, and Receivables..... NOTE 4... | 2,800 | 2,659 |
| 8 | Property And Equipment - Gross..... NOTE 5... | 352,789 | 341,799 |
| 9 | (Accumulated Depreciation/Amortization)..... NOTE 5... | (102,528) | (94,727) |
| 10 | Other Assets..... NOTE 6... | 108,376 | 116,977 |
| 11 | Total Assets..... | \$ 398,571 | \$ 399,764 |
| LIABILITIES AND EQUITY | | | |
| | Current Liabilities: | | |
| 12 | Accounts payable..... | \$ 4,867 | \$ 2,147 |
| 13 | Notes payable..... | - | - |
| | Current portion of long-term debt..... | | |
| 14 | Due to affiliates..... | - | - |
| 15 | Other..... | - | - |
| 16 | Income taxes payable and accrued..... | 1,965 | - |
| 17 | Other accrued expenses..... NOTE 7... | 27,805 | 28,471 |
| 18 | Other current liabilities..... NOTE 8... | 3,178 | 2,140 |
| 19 | Total current liabilities..... | 37,815 | 32,758 |
| | Long-Term Debt: | | |
| 20 | Due to affiliates..... NOTE 9... | 273,211 | 273,077 |
| 21 | Other..... | - | - |
| 22 | Deferred Credits..... NOTE 10... | 51,398 | 59,904 |
| 23 | Other Liabilities..... NOTE 11... | 31,305 | 30,736 |
| 24 | Commitments And Contingencies..... | - | - |
| 25 | Total Liabilities..... | 393,729 | 396,475 |
| 26 | Stockholders', Partners', Or Proprietor's Equity..... NOTE 12... | 4,842 | 3,289 |
| 27 | Total Liabilities And Equity..... | \$ 398,571 | \$ 399,764 |

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. (THE GRAND)

STATEMENTS OF INCOME

FOR THE THREE MONTHS ENDED MARCH 31, 1995 and 1994

(UNAUDITED)

(\$ IN THOUSANDS)

| LINE (a) | DESCRIPTION (b) | (c) 1995 | (d) 1994 |
|-------------|--|----------|------------|
| | Revenues: | \$ | \$ |
| 1 | Casino..... | 57,365 | 45,644 |
| 2 | Rooms..... | 3,331 | 2,878 |
| 3 | Food and beverage..... | 7,700 | 7,354 |
| 4 | Other..... | 1,568 | 2,740 |
| 5 | Total Revenues..... | 69,964 | 58,616 |
| 6 | Less: Promotional allowances..... | 8,465 | 8,277 |
| 7 | Net Revenues..... | 61,499 | 50,339 |
| | Costs And Expenses: | | |
| 8 | Cost of goods and services..... | 26,445 | 26,871 |
| 9 | Selling, general, and administrative..... | 21,542 | 20,038 |
| 10 | Provision for doubtful accounts..... | 577 | 340 |
| 11 | Total Costs and Expenses..... | 48,564 | 47,249 |
| 12 | Gross Operating Profit..... | 12,935 | 3,090 |
| 13 | Depreciation and Amortization..... | 4,216 | 4,657 |
| | Charges from affiliates other than interest: | | |
| 14 | Management fees..... | - | - |
| 15 | Other..... NOTE 13.. | 774 | 1,189 |
| 16 | Income (Loss) From Operations..... | 7,945 | (2,756) |
| | Other Income (Expenses): | | |
| 17 | Interest (expense) - affiliates..... | (7,660) | (7,465) |
| 18 | Interest (expense) - external..... | (72) | (103) |
| 19 | Investment alternative tax and related income (expense) - net..... | (488) | (138) |
| 20 | Nonoperating income (expense) - net..... NOTE 14.. | 321 | 121 |
| 21 | Total Other Income (Expenses)..... | (7,899) | (7,585) |
| 22 | Income (Loss) Before Income Taxes And Extraordinary Items.... | 46 | (10,341) |
| 23 | Provision (credit) for income taxes..... NOTE 15.. | 29 | (1,987) |
| 24 | Income (Loss) Before Extraordinary Items..... | 17 | (8,354) |
| 25 | Extraordinary items (net of income taxes - 1995, \$ - ; 1994, \$ -)..... | - | - |
| 26 | Net Income (Loss)..... | \$ 17 | \$ (8,354) |

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. (THE GRAND)

STATEMENT OF CHANGES IN STOCKHOLDERS' EQUITY

FOR THE THREE MONTHS ENDED MARCH 31, 1995 and 1994

(UNAUDITED)

(\$ IN THOUSANDS)

| LINE (a) | DESCRIPTION (b) | 1995 | | 1994 | |
|-------------|--|------------|--------------|------------|--------------|
| | | (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)..... | | 58,212 | | 58,212 |
| 10 | Dividend paid..... | | | | |
| 11 | | | | | |
| 12 | Ending balance..... | | 58,212 | | 58,212 |
| | 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)..... | | (53,417) | | (46,599) |
| 26 | Prior period adjustments..... | | | | |
| 27 | Net income (loss)..... | | 17 | | (8,354) |
| 28 | Dividends..... | | () | | () |
| 29 | | | | | |
| 30 | | | | | |
| 31 | Ending balance..... | | (53,400) | | (54,953) |
| 32 | Ending Stockholders' Equity..... | | 4,842 | | 3,289 |

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. (THE GRAND)

STATEMENT OF CHANGES IN PARTNERS' OR PROPRIETOR'S EQUITY

FOR THE THREE MONTHS ENDED MARCH 31, 1995 and 1994

(UNAUDITED)
(\$ IN THOUSANDS)
- NOT APPLICABLE -

| LINE (a) | DESCRIPTION (b) | (c) 1995 | (d) 1994 |
|-------------|--|-----------|-----------|
| | 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.

TRADING NAME OF LICENSEE: GNOC, CORP. (THE GRAND)

STATEMENTS OF CASH FLOWS

FOR THE THREE MONTHS ENDED MARCH 31, 1995 AND 1994

(UNAUDITED)
(\$ IN THOUSANDS)

| LINE (a) | DESCRIPTION (b) | (c) 1995 | (d) 1994 |
|-------------|---|-----------|----------|
| 1 | Net Cash Provided (Used) By Operating Activities..... | \$ 12,864 | \$ 6,586 |
| | Cash Flows From Investing Activities: | | |
| 2 | Purchase of short-term investment securities..... | (11,270) | (6,665) |
| 3 | Proceeds from the sale of short-term investment securities.... | - | - |
| 4 | Cash outflows for property and equipment..... | (6,985) | (2,870) |
| 5 | Proceeds from disposition of property and equipment..... | - | - |
| 6 | Purchase of casino reinvestment obligations..... | (347) | (280) |
| 7 | Purchase of other investments and loans/advances made..... | - | - |
| 8 | Proceeds from disposal of investment and collection of advances and long-term receivables..... | - | - |
| 9 | Cash outflows to acquire business entities..... | - | - |
| 10 | Increase in construction-related liabilities..... | 3,152 | - |
| 11 | | - | - |
| 12 | Net Cash Provided (Used) By Investing Activities..... | (15,450) | (9,815) |
| | 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..... | (2,586) | (3,229) |
| 25 | Cash And Cash Equivalents At Beginning Of Year..... | 8,702 | 6,732 |
| 26 | Cash And Cash Equivalents At End Of Year..... | \$ 6,116 | \$ 3,503 |

SUPPLEMENTAL DISCLOSURE OF CASH FLOW INFORMATION

| | | | |
|----|--|-------|----------|
| | Cash Paid During Year For: | | |
| 27 | Interest (net of amount capitalized)..... | \$ 42 | \$ 18 |
| 28 | Income taxes refunded (net of payments)..... | \$ - | \$ 3,757 |

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. (THE GRAND)

STATEMENTS OF CASH FLOWS

FOR THE THREE MONTHS ENDED MARCH 31, 1995 AND 1994

(UNAUDITED)

(\$ IN THOUSANDS)

| LINE (a) | DESCRIPTION (b) | (c) 1995 | (d) 1994 |
|-------------|--|------------------|-----------------|
| | Net Cash Flows From Operating Activities: | | |
| 29 | Net income (loss) | \$ 17 | \$ (8,354) |
| | Noncash items included in income and cash items excluded from income: | | |
| 30 | Depreciation and amortization of property and equipment. | 3,087 | 3,569 |
| 31 | Amortization of other assets. | 1,129 | 1,088 |
| 32 | Amortization of debt discount or premium. | 399 | 233 |
| 33 | Deferred income taxes – current. | (211) | 150 |
| 34 | Deferred income taxes – noncurrent. | (1,508) | 1,602 |
| 35 | (Gain) loss on disposition of property and equipment. | – | – |
| 36 | (Gain) loss on casino reinvestment obligations. | 488 | 138 |
| 37 | (Gain) loss from other investment activities. | – | – |
| 38 | Net (increase) decrease in receivables and patrons' checks. | 1,029 | 703 |
| 39 | Net (increase) decrease in inventories. | 141 | (85) |
| 40 | Net (increase) decrease in other current assets. | 1,694 | 109 |
| 41 | Net (increase) decrease in other assets. | – | – |
| 42 | Net increase (decrease) in accounts payables. | (1,416) | (1,314) |
| 43 | Net increase (decrease) in other current liabilities excluding debt. | 7,873 | 8,605 |
| 44 | Net increase (decrease) in other noncurrent liabilities excluding debt. | 142 | 142 |
| 45 | ..... | – | – |
| 46 | ..... | – | – |
| 47 | Net Cash Provided (Used) By Operating Activities. | \$ 12,864 | \$ 6,586 |

SUPPLEMENTAL SCHEDULE OF NONCASH INVESTING AND FINANCING ACTIVITIES

| | | | |
|----|--|-----------------|-----------------|
| | Acquisition Of Property And Equipment: | | |
| 48 | Additions to property and equipment. | \$ 6,985 | \$ 2,870 |
| 49 | Less: Capital lease obligations incurred. | – | – |
| 50 | Cash Outflows For Property And Equipment. | \$ 6,985 | \$ 2,870 |
| | Acquisition Of Business Entities: | | |
| 51 | Property and equipment acquired. | \$ – | \$ – |
| 52 | Goodwill acquired. | – | – |
| 53 | Net assets acquired other than cash, goodwill, and property and equipment. | – | – |
| 54 | Long-term debt assumed. | – | – |
| 55 | Issuance of stock or capital invested. | – | – |
| 56 | Cash Outflows To Acquire Business Entities. | \$ – | \$ – |
| | Stock Issued Or Capital Contributions: | | |
| 57 | Total issuances of stock or capital contributions. | \$ – | \$ – |
| 58 | Less: Issuances to settle long-term debt. | – | – |
| 59 | Consideration in acquisition of business entities. | – | – |
| 60 | Cash Proceeds From Issuing Stock Or Capital Contributions. | \$ – | \$ – |

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

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

GNOC, CORP. (THE GRAND)
NOTES TO FINANCIAL STATEMENTS
(Unaudited)
(All dollar amounts in thousands)

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Basis of Presentation

GNOC, CORP. (the "Company") is a wholly owned subsidiary of GNAC, CORP. ("GNAC"), which is a wholly owned subsidiary of Bally Entertainment Corporation ("BEC"). The financial statements include the transactions between the Company, GNAC and GNF, CORP. ("GNF"), another wholly owned subsidiary of GNAC which serves solely as a financing subsidiary. These financial statements should be read in conjunction with the Casino Control Commission Annual Report for the year ended December 31, 1994.

All adjustments have been recorded which are, in the opinion of management, necessary for a fair presentation of the balance sheets of the Company at March 31, 1995 and 1994, its statements of income and the statement of cash flows for the three months ended March 31, 1995 and 1994. All such adjustments were of a normal recurring nature.

Seasonal Factors

The Company's operations are subject to seasonal factors and, therefore, the results of operations for the three months ended March 31, 1995 and 1994 are not necessarily indicative of the results of operations for the full year.

NOTE 2 - MARKETABLE SECURITIES

Marketable securities as of March 31, 1995 and 1994 consisted of repurchase agreements at cost, which approximates market.

NOTE 3 - PREPAID EXPENSES AND OTHER CURRENT ASSETS

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

| | <u>1995</u> | <u>1994</u> |
|---|-----------------|------------------|
| Deferred federal and state income taxes | \$ 5,958 | \$ 6,356 |
| Income taxes receivable | - | 3,828 |
| Other | <u>1,555</u> | <u>1,575</u> |
| | <u>\$ 7,513</u> | <u>\$ 11,759</u> |

NOTE 4 - INVESTMENTS, ADVANCES AND RECEIVABLES

Investments, advances and receivables as of March 31, 1995 and 1994 consisted of funds invested with the New Jersey Casino Reinvestment Development Authority (the "CRDA"), net of related valuation reserves.

GNOC, CORP. (THE GRAND)
NOTES TO FINANCIAL STATEMENTS
(Unaudited)
(All dollar amounts in thousands)

NOTE 5 - PROPERTY AND EQUIPMENT

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

| | <u>1995</u> | <u>1994</u> |
|--------------------------------------|------------------|------------------|
| Land and improvements | \$ 52,009 | \$ 52,009 |
| Buildings and leasehold improvements | 208,137 | 205,304 |
| Furniture, fixtures and equipment | 91,421 | 82,925 |
| Construction in progress | <u>1,222</u> | <u>1,561</u> |
| | 352,789 | 341,799 |
| Accumulated depreciation | <u>(102,528)</u> | <u>(94,727)</u> |
| | <u>\$250,261</u> | <u>\$247,072</u> |

NOTE 6 - OTHER ASSETS

Other assets as of March 31 consisted of the following:

| | <u>1995</u> | <u>1994</u> |
|---|------------------|------------------|
| Cost in excess of acquired assets, less accumulated amortization of \$24,028 and \$20,924 | \$ 97,448 | \$104,550 |
| Deferred finance costs, less accumulated amortization of \$3,086 and \$1,571 | 10,560 | 11,842 |
| CRDA credits receivable | <u>368</u> | <u>585</u> |
| | <u>\$108,376</u> | <u>\$116,977</u> |

For the three months ended March 31, 1995 and 1994, the Company expensed \$366 and \$294 respectively, representing amortization of CRDA credits.

NOTE 7 - OTHER ACCRUED EXPENSES

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

| | <u>1995</u> | <u>1994</u> |
|--|------------------|------------------|
| Accrued interest | \$ 14,609 | \$ 14,609 |
| Accrued compensation and payroll taxes | 6,957 | 7,807 |
| Accrued guest insurance claims | 1,185 | 1,055 |
| Accrued progressive jackpots | 623 | 1,385 |
| Other | <u>4,431</u> | <u>3,615</u> |
| | <u>\$ 27,805</u> | <u>\$ 28,471</u> |

GNOC, CORP. (THE GRAND)
NOTES TO FINANCIAL STATEMENTS
(Unaudited)
(All dollar amounts in thousands)

NOTE 8 - OTHER CURRENT LIABILITIES

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

| | <u>1995</u> | <u>1994</u> |
|--------------------------------------|-----------------|-----------------|
| Unredeemed gaming chips and tokens | \$ 671 | \$ 401 |
| Due to Bally's Park Place, Inc. | 604 | 631 |
| Due to BEC | 1,490 | 667 |
| Due to Bally's Las Vegas, Inc. | 9 | 38 |
| Due to Bally's Casino Holdings, Inc. | - | 18 |
| Other | <u>404</u> | <u>385</u> |
| | <u>\$ 3,178</u> | <u>\$ 2,140</u> |

NOTE 9 - LONG-TERM DEBT - DUE TO AFFILIATES

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

| | <u>1995</u> | <u>1994</u> |
|--|------------------|------------------|
| 10-5/8% First Mortgage Notes due 2003, less unamortized discount of \$1,789 and \$1,923 | <u>\$273,211</u> | <u>\$273,077</u> |

The indenture for the Company's public indebtedness and the \$20,000 revolving credit agreement (the entire amount was unused at March 31, 1995) contain certain covenants limiting indebtedness and other payments. Payments of dividends by the Company are limited to 50% of its aggregate consolidated net income (as defined) earned since June 1, 1993. As of March 31, 1995, no dividends were available for payment.

NOTE 10 - DEFERRED CREDITS

Deferred credits as of March 31, 1995 and 1994 consisted of deferred federal and state income taxes, which reflect the net tax effects of temporary differences between the carrying amounts of assets and liabilities for financial reporting and income tax purposes.

NOTE 11 - OTHER LIABILITIES

Other liabilities consisted of \$31,305 and \$30,736 due to GNAC as of March 31, 1995 and 1994, respectively.

GNOC, CORP. (THE GRAND)
NOTES TO FINANCIAL STATEMENTS
(Unaudited)
(All dollar amounts in thousands)

NOTE 12 - STOCKHOLDER'S EQUITY

At March 31, 1995 and 1994, the Company had 5,000,000 shares of common stock authorized; of such shares 3,002,500 were issued and outstanding.

NOTE 13 - CHARGES FROM AFFILIATES - OTHER

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

| <u>Affiliate</u> | <u>Nature of Charge</u> | <u>1995</u> | <u>1994</u> |
|--------------------------|----------------------------------|---------------|-----------------|
| GNAC | Rent | \$ 255 | \$ 255 |
| BEC | Allocated costs and expenses (a) | 284 | 704 |
| Bally's Park Place, Inc. | Rent (surface area parking lots) | 174 | 174 |
| Bally's Park Place, Inc. | Allocated costs and expenses (b) | <u>61</u> | <u>56</u> |
| | | <u>\$ 774</u> | <u>\$ 1,189</u> |

- (a) Costs and expenses allocated from BEC include the Company's allocable share of BEC's corporate overhead including executive salaries and benefits, public company reporting costs and other corporate headquarters' costs. During the third quarter of 1994, BEC refined its allocation estimates retroactive to January 1, 1994 which resulted in a reduction of the amount initially allocated by BEC during the first half of 1994.
- (b) Costs and expenses allocated from Bally's Park Place, Inc. (Bally's Park Place) relate to certain administrative and support operations of the Company and Bally's Park Place which are consolidated.

NOTE 14 - NONOPERATING INCOME (EXPENSE) - NET

Nonoperating income, consisting of interest and dividend income, was \$321 and \$121 for the three months ended March 31, 1995 and 1994 respectively.

NOTE 15 - INCOME TAXES

Taxable income or loss of the Company is included in the consolidated federal income tax return of BEC. Under a tax sharing agreement between BEC and the Company, income taxes are allocated to the Company based on amounts the Company would pay or receive if it filed a separate consolidated federal income tax return, except that the Company receives credit from BEC for the tax benefit of the Company's net operating losses and tax credits, if any, that can be utilized in BEC's consolidated federal income tax return, regardless of whether these losses or credits could be utilized

GNOC, CORP. (THE GRAND)
NOTES TO FINANCIAL STATEMENTS
(Unaudited)
(All dollar amounts in thousands)

NOTE 15 - INCOME TAXES (Continued)

by the Company on a separate consolidated federal income tax return basis. Payments to BEC for tax liabilities are due at such time and in such amounts as payments would be required to be made to the Internal Revenue Service. Payments from BEC for such tax benefits are due at the time BEC files the applicable consolidated federal income tax return. Under the tax sharing agreement, the Company had income taxes payable to BEC of \$1,965 and \$217 at March 31, 1995 and December 31, 1994, respectively.

For the three months ended March 31, 1995 and 1994, the effective rates of the income tax provision (benefit) varied from the U.S. statutory tax rate (35%) due principally to nondeductible amortization of cost in excess of acquired assets and state income taxes.

TRADING NAME OF LICENSEE: GNOC, CORP. (THE GRAND)

SCHEDULE OF RECEIVABLES AND PATRONS' CHECKS

MARCH 31, 1995

(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 | \$ 3,639 | | |
| 2 | Returned patrons' checks | 6,849 | | |
| 3 | Total patrons' checks | 10,488 | \$ 7,119 | \$ 3,369 |
| 4 | Hotel Receivables | 407 | 0 | 407 |
| | Other Receivables: | | | |
| 5 | Receivables due from officers and employees | 557 | | |
| 6 | Receivables due from affiliates | 18 | | |
| 7 | Other accounts and notes receivables | 1 | | |
| 8 | Total other receivables | 576 | - | 576 |
| 9 | Totals (Form 205) | \$ 11,471 | \$ 7,119 | \$ 4,352 |

| UNDEPOSITED PATRONS' CHECKS ACTIVITY | | |
|--------------------------------------|--|---------------|
| LINE (f) | DESCRIPTION (g) | AMOUNT (h) |
| 10 | Beginning Balance (January 1) | \$ 4,827 |
| 11 | Counter checks issued (excluding counter checks issued through transactions relating to consolidations, partial redemptions, substitutions, and patrons' cash deposits) | 28,000 |
| 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) | (19,988) |
| 13 | Checks collected through deposits | (7,801) |
| 14 | Checks transferred to returned checks | (1,399) |
| 15 | Other adjustments | - |
| 16 | Ending Balance | \$ 3,639 |
| 17 | "Hold" Checks Included In Balance On Line 16 | \$ - |
| 18 | Provision For Uncollectible Patrons' Checks | \$ 560 |
| 19 | Provision As A Percent Of Counter Checks Issued | 2.00% |

TRADING NAME OF LICENSEE: GNOC, CORP. (THE GRAND)

PROMOTIONAL EXPENSES AND ALLOWANCES

(\$ in Thousands)

For The Three Months Ended March 31, 1995

| | Promotional Allowances | | Promotional Expenses | |
|----------------|------------------------|-----------------|----------------------|-----------------|
| | Number of Recipients | Dollar Amount | Number of Recipients | Dollar Amount |
| Rooms | 42,594 | \$ 2,225 | - | \$ - |
| Food | 272,337 | 4,353 | - | - |
| Beverage | 582,086 | 1,310 | - | - |
| Travel | - | - | 12,987 | 937 |
| Coin | - | - | 335,591 | 5,255 |
| Coupon | - | - | - | - |
| Entertainment | 2,352 | 77 | 765 | 94 |
| Retail & Gifts | 9,295 | 465 | 48,485 | 863 |
| Other | 2,721 | 35 | 40,934 | 600 |
| Total | 911,385 | \$ 8,465 | 438,762 | \$ 7,749 |

.....

STATEMENT OF CONFORMITY AND ACCURACY

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

Donna M. Graham, 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 of Finance/Treasurer
Title


03723-11
License Number

On Behalf Of:

GNOG, CORP. (THE GRAND)
Casino Licensee

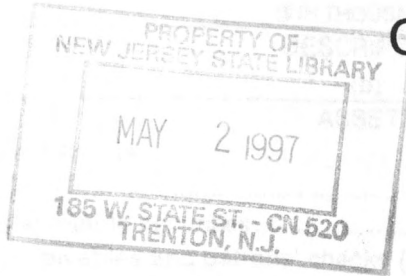
SUSAN E. STANEK
Notary Public of New Jersey
My Commission Expires: July 28, 1999

Subscribed and sworn to
before me this 12th day
of MAY, 1995


Signature

Basis of Authority
to Take Oaths

974.9d
C193



QUARTERLY REPORT

LICENSEE GREATE BAY HOTEL AND CASINO, INC.

ADDRESS INDIANA AVENUE AND BRIGHTON PARK
ATLANTIC CITY, NEW JERSEY 08401

FOR THE QUARTER ENDED MARCH 31, 1995

TO THE
CASINO CONTROL COMMISSION
OF THE
STATE OF NEW JERSEY



MAR 15 1995
CASINO CONTROL
COMMISSION

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

Timothy A. Ebling
Vice President Finance
Indiana Avenue & Brighton Park
Atlantic City, New Jersey 08401

TRADING NAME OF LICENSEE: SANDS HOTEL & CASINO

BALANCE SHEETS

MARCH 31, 1995 AND 1994

(UNAUDITED)
(\$ IN THOUSANDS)

| LINE (a) | DESCRIPTION (b) | (c) 1995 | (d) 1994 |
|-------------------------------|---|-------------------|-------------------|
| ASSETS | | | |
| | Current Assets: | \$ | \$ |
| 1 | Cash..... | 16,615 | 18,919 |
| 2 | Marketable securities..... | - | - |
| 3 | Receivables and patrons' checks (net of allowance for doubtful accounts - 1995, \$15,700; 1994, \$14,912)..... | 12,834 | 13,648 |
| 4 | Inventories..... | 4,234 | 3,860 |
| 5 | Prepaid expenses and other current assets.....Note 4, 9..... | 9,550 | 10,898 |
| 6 | Total current assets..... | 43,233 | 47,325 |
| 7 | Investments, Advances, and Receivables.....Note 5..... | 11,314 | 10,717 |
| 8 | Property and Equipment - Gross.....Note 8..... | 302,179 | 286,840 |
| 9 | (Accumulated Depreciation/Amortization).....Note 8..... | (137,280) | (125,417) |
| 10 | Other Assets.....Note 4, 10..... | 13,640 | 12,246 |
| 11 | Total Assets..... | \$ 233,086 | \$ 231,711 |
| LIABILITIES AND EQUITY | | | |
| | Current Liabilities: | \$ | \$ |
| 12 | Accounts payable..... | 5,987 | 7,446 |
| 13 | Notes payable..... | - | - |
| | Current portion of Long-term debt: | | |
| 14 | Due to affiliates..... | - | - |
| 15 | Other.....Note 3..... | 10 | 8 |
| 16 | Income taxes payable and accrued.....Note 4..... | (3,735) | (3,611) |
| 17 | Other accrued expenses.....Note 11..... | 19,700 | 17,818 |
| 18 | Other current liabilities.....Note 5, 12..... | 2,500 | 2,271 |
| 19 | Total current liabilities..... | 24,462 | 23,932 |
| | Long-Term Debt: | | |
| 20 | Due to affiliates.....Note 3..... | 195,000 | 195,000 |
| 21 | Other.....Note 3..... | 450 | 460 |
| 22 | Deferred Credits..... | - | - |
| 23 | Other Liabilities..... | 1,871 | - |
| 24 | Commitments and Contingencies | | |
| 25 | Total Liabilities..... | 221,783 | 219,392 |
| 26 | Stockholders', Partners', Or Proprietor's Equity..... | 11,303 | 12,319 |
| 27 | Total Liabilities and Equity..... | \$ 233,086 | \$ 231,711 |

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

STATE NAME OF LICENSEE: SANDS HOTEL & CASINO

STATEMENTS OF INCOME

STATEMENT PERIODS: THREE MONTHS ENDED MARCH 31, 1995 AND 1994

(UNAUDITED)

(IN THOUSANDS)

TRADING NAME OF LICENSEE SANDS HOTEL & CASINO

LIST OF FORMS – QUARTERLY REPORT

FOR THE QUARTER ENDED MARCH 31, 1995

| <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 |
| Promotional Expenses and Allowances | CCC-245 |
| Statement of Conformity and Accuracy | CCC-250 |

TRADING NAME OF LICENSEE: SANDS HOTEL & CASINO

STATEMENTS OF INCOME

FOR THE THREE MONTHS ENDED MARCH 31, 1995 AND 1994

(UNAUDITED)

(\$ IN THOUSANDS)

| LINE (a) | DESCRIPTION (b) | (c) 1995 | (d) 1994 |
|-------------|--|-----------|-----------|
| | Revenue: | \$ | \$ |
| 1 | Casino..... | 63,876 | 54,136 |
| 2 | Rooms..... | 2,219 | 2,017 |
| 3 | Food and beverage..... | 7,247 | 6,071 |
| 4 | Other..... | 624 | 490 |
| 5 | Total revenue..... | 73,966 | 62,714 |
| 6 | Less: Promotional allowances..... | 6,130 | 5,446 |
| 7 | Net revenue..... | 67,836 | 57,268 |
| | Costs And Expenses: | | |
| 8 | Cost of goods and services..... | 31,627 | 28,591 |
| 9 | Selling, general, and administrative..... Note 5..... | 26,653 | 21,644 |
| 10 | Provision for doubtful accounts..... | 805 | 642 |
| 11 | Total costs and expenses..... | 59,085 | 50,877 |
| 12 | Gross Operating Profit..... | 8,751 | 6,391 |
| 13 | Depreciation and amortization..... | 4,554 | 3,645 |
| | Charges from affiliates other than interest: | | |
| 14 | Management fees..... Note 5..... | 1,286 | 1,024 |
| 15 | Other..... | - | - |
| 16 | Income (Loss) From Operations..... | 2,911 | 1,722 |
| | Other Income (Expenses): | | |
| 17 | Interest (expense) - affiliates..... Note 5..... | (5,395) | (5,552) |
| 18 | Interest (expense) - external..... | 132 | 138 |
| 19 | Investment alternative tax and related income (expense) - net..... | (407) | (596) |
| 20 | Nonoperating income (expense) - net..... Note 7..... | 399 | 305 |
| 21 | Total other income (expenses)..... | (5,271) | (5,705) |
| 22 | Income (Loss) Before Income Taxes And Extraordinary Items..... | (2,360) | (3,983) |
| 23 | Provision (credit) for income taxes..... Note 4..... | (597) | (1,269) |
| 24 | Income (Loss) Before Extraordinary Items..... | (1,763) | (2,714) |
| 25 | Extraordinary items (net of income taxes - 1995, \$ ___ - ___; 1994, \$ ___ - ___)..... | - | - |
| 26 | Net Income (Loss)..... | (\$1,763) | (\$2,714) |

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, 1995 AND 1994

(UNAUDITED)
(\$ IN THOUSANDS)

NOT APPLICABLE

| LINE (a) | DESCRIPTION (b) | (c) 1995 | (d) 1994 |
|-------------|--|----------|----------|
| | 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 | Total costs and expenses..... | | |
| 12 | Gross Operating Profit..... | | |
| 13 | Depreciation and amortization..... | | |
| | Charges from affiliates other than interest: | | |
| 14 | Management fees..... | | |
| 15 | Other..... | | |
| 16 | Income (Loss) From Operations..... | | |
| | Other Income (Expenses): | | |
| 17 | Interest (expense) – affiliates..... | | |
| 18 | Interest (expense) – external..... | | |
| 19 | Investment alternative tax and related income (expense) – net..... | | |
| 20 | Nonoperating income (expense) – net..... | | |
| 21 | Total other income (expenses)..... | | |
| 22 | Income (Loss) Before Income Taxes And Extraordinary Items..... | | |
| 23 | Provision (credit) for income taxes..... | | |
| 24 | Income (Loss) Before Extraordinary Items..... | | |
| 25 | Extraordinary items (net of income taxes – 1995, \$ _____; 1994, \$ _____)..... | | |
| 26 | 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, 1995 and 1994

(UNAUDITED)

(\$ IN THOUSANDS)

| LINE (a) | DESCRIPTION (b) | (c) 1995 | | (d) 1994 | |
|-------------|------------------------------------|------------|-------------|------------|-------------|
| | | (c) SHARES | (d) DOLLARS | (e) SHARES | (f) DOLLARS |
| | Common Stock: | | \$ | | \$ |
| 1 | Beginning balance (January 1)..... | 100 | 3,500 | 100 | 3,500 |
| 2 | Sale of stock..... | | | | |
| 3 | _____ | | | | |
| 4 | Ending balance..... | 100 | 3,500 | 100 | 3,500 |
| | Preferred Stock: | | | | |
| 5 | Beginning balance (January 1)..... | | | | |
| 6 | Sale of stock..... | | | | |
| 7 | _____ | | | | |
| 8 | Ending Balance..... | | | | |
| | Additional Paid-in Capital: | | | | |
| 9 | Beginning balance (January 1)..... | | 15,000 | | - |
| 10 | Capital Contribution | | - | | 15,000 |
| 11 | _____ | | | | |
| 12 | Ending balance..... | | 15,000 | | 15,000 |
| | 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)..... | | (5,434) | | (3,467) |
| 26 | Prior period adjustments..... | | | | |
| 27 | Net income (loss)..... | | (1,763) | | (2,714) |
| 28 | Dividends..... | | | | |
| 29 | _____ | | | | |
| 30 | _____ | | | | |
| 31 | Ending balance..... | | (7,197) | | (6,181) |
| 32 | Ending Stockholders' Equity..... | | \$11,303 | | \$12,319 |

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

Valid copy of this report may be obtained from the Registrar of Companies in the State.

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TRADING NAME OF LICENSEE: SANDS HOTEL & CASINO

STATEMENTS OF CHANGES IN PARTNERS'
OR PROPRIETOR'S EQUITY

FOR THE THREE MONTHS ENDED MARCH 31, 1995 AND 1994

(UNAUDITED)

(\$ IN THOUSANDS)

NOT APPLICABLE

| LINE (a) | DESCRIPTION (b) | NOT APPLICABLE | |
|-------------|--|----------------|----------|
| | | (c) 1995 | (d) 1994 |
| | 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.

TRADING NAME OF LICENSEE: SANDS HOTEL & CASINO

STATEMENTS OF CASH FLOWS

FOR THE THREE MONTHS ENDED MARCH 31, 1995 AND 1994

(UNAUDITED)

(\$ IN THOUSANDS)

| LINE (a) | DESCRIPTION (b) | (c) 1995 | (d) 1994 |
|-------------|--|-----------|-----------|
| 1 | Net Cash Provided (Used) By Operating Activities..... | (\$2,537) | (\$4,227) |
| | 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..... | (3,330) | (3,361) |
| 5 | Proceeds from disposition of property and equipment..... | | |
| 6 | Purchase of casino reinvestment obligations..... | (652) | (55) |
| 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..... | (3,982) | (3,416) |
| | Cash Flows From Financing Activities: | | |
| 13 | Cash proceeds from issuance of short-term debt..... | | |
| 14 | Payments to settle short-term debt..... | | |
| 15 | Cash proceeds from issuance of long-term debt..... | | 195,000 |
| 16 | Costs of issuing debt..... | | (6,637) |
| 17 | Payments to settle long-term debt..... | (3) | (161,671) |
| 18 | Cash proceeds from issuing stock or capital contributions..... | | 15,000 |
| 19 | Purchases of treasury stock..... | | |
| 20 | Payments of dividends or capital withdrawals..... | | |
| 21 | Net repayments to Affiliates..... | | (28,083) |
| 22 | | | |
| 23 | Net Cash Provided (Used) By Financing Activities..... | (3) | 13,609 |
| 24 | Net Increase (Decrease) In Cash And Cash Equivalents..... | (6,522) | 5,966 |
| 25 | Cash And Cash Equivalents At Beginning Of Period..... | 23,137 | 12,953 |
| 26 | Cash And Cash Equivalents At End Of Period..... | \$16,615 | \$18,919 |

SUPPLEMENTAL DISCLOSURE OF CASH FLOW INFORMATION

| | | | |
|----|---|----------|---------|
| | Cash Paid During Period For: | | |
| 27 | Interest (net of amount capitalized)..... | \$10,082 | \$5,427 |
| 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.

TRADING NAME OF LICENSEE: SANDS HOTEL & CASINO
STATEMENTS OF CASH FLOWS
 FOR THE THREE MONTHS ENDED MARCH 31, 1995 AND 1994

(UNAUDITED)
 (\$ IN THOUSANDS)

| LINE (a) | DESCRIPTION (b) | (c) 1995 | (d) 1994 |
|-------------|--|----------|----------|
| | Net Cash Flows From Operating Activities: | \$ | \$ |
| 29 | Net income (loss)..... | (1,763) | (2,714) |
| | Noncash items included in income and cash items excluded from income: | | |
| 30 | Depreciation and amortization of property and equipment..... | 4,358 | 3,558 |
| 31 | Amortization of other assets..... | 196 | 87 |
| 32 | Amortization of debt discount or premium..... | - | 45 |
| 33 | Deferred income taxes - current..... | | |
| 34 | Deferred income taxes - noncurrent..... | (503) | 1,071 |
| 35 | (Gain) Loss on disposition of property and equipment..... | | |
| 36 | (Gain) Loss on casino reinvestment obligations..... | 407 | 596 |
| 37 | (Gain) Loss from other investment activities..... | | |
| 38 | Net (increase) decrease in receivables and patrons' checks..... | 962 | 654 |
| 39 | Net (increase) decrease in inventories..... | (48) | (64) |
| 40 | Net (increase) decrease in other current assets..... | 697 | (1,985) |
| 41 | Net (increase) decrease in other assets..... | (178) | (236) |
| 42 | Net increase (decrease) in accounts payables..... | (1,312) | 1,139 |
| 43 | Net increase (decrease) in other current liabilities excluding debt..... | (5,353) | (6,378) |
| 44 | Net increase (decrease) in other noncurrent liabilities excluding debt..... | | |
| 45 | | | |
| 46 | | | |
| 47 | Net Cash Provided (Used) By Operating Activities..... | (2,537) | (4,227) |

SUPPLEMENTAL SCHEDULE OF NONCASH INVESTING AND FINANCING ACTIVITIES

| | | | |
|----|---|----------|-----------|
| | Acquisition Of Property and Equipment: | \$ | \$ |
| 48 | Additions to property and equipment..... | 3,330 | 3,361 |
| 49 | Less: Capital lease obligations incurred..... | | |
| 50 | Cash Outflows For Property And Equipment..... | \$ 3,330 | \$ 3,361 |
| | 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..... | \$ | \$ 15,000 |
| 58 | Less: Issuances to settle long-term debt..... | | |
| 59 | Consideration in acquisition of business entities..... | | |
| 60 | Cash proceeds From Issuing Stock Or Capital Contributions..... | \$ | \$ 15,000 |

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

NOTES TO FINANCIAL STATEMENTS
(Unaudited)

(1) Organization, business and basis of presentation

Greate Bay Hotel and Casino, Inc. ("GBHC") is a New Jersey corporation and a wholly owned subsidiary of GB Holdings, Inc. ("Holdings"), a Delaware corporation. Holdings is a wholly owned subsidiary of Pratt Casino Corporation ("PCC"), also a Delaware corporation. PCC is wholly owned by PPI Corporation, a New Jersey corporation and a wholly owned subsidiary of Pratt Hotel Corporation ("PHC"). On February 17, 1994, Holdings obtained ownership of GBHC through a contribution of capital by its parent. GBHC's principal business activity includes its ownership of the Sands Hotel and Casino in Atlantic City, New Jersey (the "Sands"). The Sands is managed by New Jersey Management, Inc. ("NJMI"), also a wholly owned subsidiary of PCC. All of GBHC's revenues and net income are attributable to the operations of the Sands.

GB Property Funding Corp. ("GB Property Funding"), a Delaware corporation and a wholly owned subsidiary of PCC, was incorporated in September 1993 for the purpose of borrowing funds through the issuance of \$185,000,000 of ten-year, nonrecourse first mortgage notes for the benefit of GBHC; such debt was issued in February 1994 at the rate of 10 7/8% per annum and the proceeds were loaned to GBHC (see Note 3).

The financial statements as of March 31, 1995 and for the three month periods ended March 31, 1995 and 1994 have been prepared by GBHC without audit. In the opinion of management, these financial statements contain all adjustments (consisting of only normal recurring adjustments) necessary to present fairly the financial position of GBHC as of March 31, 1995, and the results of its operations and cash flows for the three month periods ended March 31, 1995 and 1994.

(2) Short-term credit facilities

During June 1994, GBHC entered into an agreement for a bank line of credit in the amount of \$5,000,000. The agreement provides for interest on borrowings at the bank's prime lending rate plus 3/4% per annum. In addition to the maintenance of certain financial ratios, the line of credit agreement contains numerous restrictive covenants, all of which are also covenants under other debt as described in Note 3. The bank line of credit agreement also contains certain cross-default provisions with other outstanding debt of GBHC and affiliates. Borrowings under the line of credit are guaranteed to the extent of \$2,000,000 by PCC. There were no borrowings outstanding under the line of credit at March 31, 1995.

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

NOTES TO FINANCIAL STATEMENTS
(Unaudited)

(3) Long-term debt and pledge of assets

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

| | March 31, | |
|---|---------------|---------------|
| | 1995 | 1994 |
| 10 7/8% first mortgage notes, due 2004 (a) | \$185,000,000 | \$185,000,000 |
| 14 5/8% affiliate loan, due 2005 (b) | 10,000,000 | 10,000,000 |
| Other | 460,000 | 468,000 |
| Total indebtedness | 195,460,000 | 195,468,000 |
| Less - current maturities | (10,000) | (8,000) |
| Total long term debt | \$195,450,000 | \$195,460,000 |

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

The indenture for the 10 7/8% First Mortgage Notes contains various provisions which, among other things, restrict the ability of certain subsidiaries of PHC to pay dividends to PHC, to merge, consolidate or sell substantially all of their assets or to incur additional indebtedness beyond certain limitations. In addition, the indenture requires the maintenance of certain cash balances and, commencing in 1994, requires that a minimum of \$7,000,000 be expended for property and fixture renewals, replacements and betterments at the Sands, subject to increases of five percent per annum thereafter. The indenture also contains certain cross-default provisions with other outstanding debt of affiliates.

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

NOTES TO FINANCIAL STATEMENTS
(Unaudited)

(b) On February 17, 1994, GBHC issued a \$10,000,000 subordinated promissory note to an affiliate. The note bears interest at the rate of 14 5/8% per annum, payable semiannually commencing August 17, 1994, subject to meeting certain tests required by the indenture for the 10 7/8 % First Mortgage Notes, with the principal due in February 2005. Interest was not paid on August 17, 1994 or February 17, 1995.

Scheduled payments of long-term debt as of March 31, 1995 are set forth below:

| | | |
|-----------------|----|--------------------|
| 1995 (9 months) | \$ | 7,000 |
| 1996 | | 10,000 |
| 1997 | | 2,512,000 |
| 1998 | | 5,013,000 |
| 1999 | | 5,014,000 |
| Thereafter | | <u>182,904,000</u> |
| Total | \$ | <u>195,460,000</u> |

(4) Income taxes

Components of the income tax benefit consisted of the following:

| | <u>Three Months Ended March 31,</u> | |
|--|-------------------------------------|-----------------------|
| | <u>1995</u> | <u>1994</u> |
| (Benefit) in lieu of provision for federal income taxes: | | |
| Current | \$ (73,000) | \$(1,794,000) |
| Deferred | (382,000) | 821,000 |
| State income tax (benefit) provision: | | |
| Current | (21,000) | (546,000) |
| Deferred | <u>(121,000)</u> | <u>250,000</u> |
| | <u>\$ (597,000)</u> | <u>\$ (1,269,000)</u> |

GBHC is included in the consolidated federal income tax return of Hollywood Casino Corporation ("HCC"), PHC's parent. Pursuant to agreements between GBHC, PHC and HCC, GBHC's provision for federal income taxes is based on the amount of tax which would be provided if a separate federal income tax return were filed. No federal or state income tax payments were made during the three month periods ended March 31, 1995 and 1994. The payment of taxes in accordance with the tax allocation agreements is subject to the approval of the New Jersey Casino Control Commission.

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

NOTES TO FINANCIAL STATEMENTS
(Unaudited)

Both federal and state income tax provisions or benefits are based upon estimates of the results of operations for the current period and reflect the nondeductibility for income tax purposes of certain items, including certain amortization, travel and entertainment and other expenses.

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

The components of the deferred tax (liability) asset as of March 31, 1995 and 1994 were as follows:

| | <u>Three months ended March 31,</u> | |
|------------------------------------|-------------------------------------|---------------------|
| | <u>1995</u> | <u>1994</u> |
| Deferred tax assets: | | |
| Allowance for doubtful accounts | \$ 6,503,000 | \$ 4,605,000 |
| Early extinguishment of debt | - | 2,086,000 |
| Other liabilities and accruals | 1,574,000 | 933,000 |
| Other | <u>1,005,000</u> | <u>288,000</u> |
| Total deferred tax assets | <u>\$ 9,082,000</u> | <u>\$ 7,912,000</u> |
| Deferred tax liabilities: | | |
| Depreciation and amortization | (8,789,000) | (6,901,000) |
| Other | <u>(808,000)</u> | <u>(621,000)</u> |
| Total deferred tax liabilities | <u>(9,597,000)</u> | <u>(7,522,000)</u> |
| Net deferred tax (liability) asset | <u>\$ (515,000)</u> | <u>\$ 390,000</u> |

Receivables from and payables to affiliates in connection with the aforementioned tax allocation agreements were as follows:

| | <u>March 31,</u> | |
|---|------------------|--------------|
| | <u>1995</u> | <u>1994</u> |
| Prepaid expenses and other current assets | \$ 5,330,000 | \$ 6,948,000 |
| Other assets | 5,029,000 | 4,345,000 |
| Income taxes payable and accrued | (3,056,000) | (2,688,000) |

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

NOTES TO FINANCIAL STATEMENTS
(Unaudited)

(5) Transactions with related parties

NJMI, under a management agreement with the Sands, is responsible for the supervision, direction and control of the day-to-day operations of the Sands. NJMI is entitled to receive annually (i) a basic consulting fee of 1.5% of "adjusted gross revenues" as defined, and (ii) incentive compensation of between 5% and 7.5% of gross operating profits in excess of certain stated amounts should annual "gross operating profits," as defined, exceed \$5,000,000. Such fees amounted to \$1,286,000 and \$1,024,000, during the three month periods ended March 31, 1995 and 1994, respectively, and are included in management fees charged from affiliates in the accompanying financial statements. Management fees of \$38,000 had been prepaid at March 31, 1995 and, at March 31, 1994, management fees payable to NJMI amounted to \$452,000. These amounts were included in other current liabilities in the accompanying financial statements.

GBHC licenses the trade name "Sands" from a subsidiary of PHC, which licenses the name from an unaffiliated third party. Amounts payable by the Sands under this agreement are equal to the amounts paid to the unaffiliated third party. Such charges amounted to \$66,000 and \$60,000 for the three month periods ended March 31, 1995 and 1994, respectively, and are included in selling, general, and administrative expenses in the accompanying financial statements.

For the three months ended March 31, 1995 and 1994 GBHC recognized the following amounts in interest charges to affiliates net of capitalized interest:

| | <u>1995</u> | <u>1994</u> |
|-------------------------------|---------------------|---------------------|
| 11 3/4% First Mortgage Notes | \$ - | \$ 2,371,000 |
| 10 7/8% First Mortgage Notes | 5,030,000 | 2,477,000 |
| 14 5/8% Promissory Note | 365,000 | 179,000 |
| Cash Advances from Affiliates | - | 525,000 |
| | <u>\$ 5,395,000</u> | <u>\$ 5,552,000</u> |

GBHC had cash advances receivable from affiliates including interest of \$7,076,000 and \$6,140,000 as of March 31, 1995 and 1994, respectively, and are included in investments, advances, and receivables in the accompanying financial statements. Advances to affiliates bear interest at the rate of 16.5% per annum. There were no cash advances payable to affiliates as of March 31, 1995 and 1994, respectively.

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

NOTES TO FINANCIAL STATEMENTS
(Unaudited)

(6) Reclassifications

Certain reclassifications have been made to the 1994 financial statements to conform to the 1995 financial statement presentation.

(7) Non-Operating Income

For the three months ended March 31, 1995 and 1994, interest income of \$399,000 and \$305,000 was earned on temporary investments, on deposits made with the Casino Reinvestment Development Authority, and other sources.

(8) Property and Equipment

Property and Equipment as of March 31, 1995 and 1994 consisted of the following:

| | <u>1995</u> | <u>1994</u> |
|--|-----------------------|-----------------------|
| Land | \$ 37,807,000 | \$ 37,807,000 |
| Buildings and improvements | 181,849,000 | 169,340,000 |
| Operating equipment | 80,456,000 | 70,235,000 |
| Construction in progress | <u>2,067,000</u> | <u>9,458,000</u> |
| | 302,179,000 | 286,840,000 |
| Less: accumulated depreciation and amortization | <u>(137,280,000)</u> | <u>(125,417,000)</u> |
| Net property and equipment | <u>\$ 164,899,000</u> | <u>\$ 161,423,000</u> |

(9) Prepaid Expenses and Other Current Assets

As of March 31, 1995 and 1994, Prepaid Expenses and Other Current Assets consisted of the following:

| | <u>1995</u> | <u>1994</u> |
|--|---------------------|---------------------|
| Deferred taxes - current | \$ 7,231,000 | \$ 6,948,000 |
| Prepaid expenses | 1,645,000 | 1,790,000 |
| Deposits | 674,000 | 937,000 |
| Current portion of deferred credits on deposit with the Casino Reinvestment Development Authority | <u>-</u> | <u>1,223,000</u> |
| | <u>\$ 9,550,000</u> | <u>\$10,898,000</u> |

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

NOTES TO FINANCIAL STATEMENTS
(Unaudited)

(10) Other Assets

As of March 31, 1995 and 1994, Other Assets consisted of the following:

| | <u>1995</u> | <u>1994</u> |
|------------------------------|---------------------|---------------------|
| Deferred taxes - non-current | \$ 5,029,000 | \$ 5,857,000 |
| Deferred financing costs | 6,292,000 | 6,866,000 |
| Other | <u>2,319,000</u> | <u>(477,000)</u> |
| | <u>\$13,640,000</u> | <u>\$12,246,000</u> |

(11) Other Accrued Expenses

As of March 31, 1995 and 1994, Other Accrued Expenses consisted of the following:

| | <u>1995</u> | <u>1994</u> |
|-------------------------------|---------------------|---------------------|
| Accrued salaries and wages | \$ 3,210,000 | \$ 4,060,000 |
| Accrued jackpot liability | 186,000 | 1,323,000 |
| Accrued interest | 5,895,000 | 2,638,000 |
| Accrued insurance | 1,949,000 | 2,109,000 |
| Accrued refinancing cost | - | 735,000 |
| Accrued action cash liability | 1,294,000 | 331,000 |
| Other accrued expenses | <u>7,166,000</u> | <u>6,622,000</u> |
| | <u>\$19,700,000</u> | <u>\$17,818,000</u> |

(12) Other Current Liabilities

As of March 31, 1995 and 1994, Other Current Liabilities consisted of the following:

| | <u>1995</u> | <u>1994</u> |
|-------------------|---------------------|---------------------|
| Due to affiliates | \$ 125,000 | \$ 652,000 |
| Other | <u>2,375,000</u> | <u>1,619,000</u> |
| | <u>\$ 2,500,000</u> | <u>\$ 2,271,000</u> |

TRADING NAME OF LICENSEE: SANDS HOTEL & CASINO
SCHEDULE OF RECEIVABLES AND PATRONS' CHECKS

MARCH 31, 1995

(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..... | 5,532 | | |
| 2 | Returned patrons' checks..... | 20,843 | | |
| 3 | Total patrons' checks..... | 26,375 | (15,641) | 10,734 |
| 4 | Hotel Receivables..... | 352 | (59) | 293 |
| | Other Receivables: | | | |
| 5 | Receivables due from officers and employees..... | 1 | | |
| 6 | Receivables due from affiliates..... | 150 | | |
| 7 | Other accounts and notes receivables..... | 1,656 | | |
| 8 | Total other receivables..... | 1,807 | - | 1,807 |
| 9 | Totals (Form 205)..... | \$ 28,534 | \$ (15,700) | \$ 12,834 |

UNDEPOSITED PATRONS' CHECKS ACTIVITY

| LINE (f) | DESCRIPTION (g) | AMOUNT (h) |
|-------------|---|---------------|
| 10 | Beginning Balance (January 1)..... | \$ 4,959 |
| 11 | Counter checks issued (excluding counter checks issued through transactions relating to consolidations, partial redemptions, substitutions, and patrons' cash deposits)..... | 39,679 |
| 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)..... | (29,596) |
| 13 | Checks collected through deposits..... | (7,555) |
| 14 | Checks transferred to returned checks..... | (1,955) |
| 15 | Other adjustments..... | - |
| 16 | Ending Balance..... | \$ 5,530 |
| 17 | "Hold" Checks Included in Balance On Line 16..... | \$ - |
| 18 | Provision For Uncollectible Patrons' Checks..... | \$ 773 |
| 19 | Provision As A Percent Of Counter Checks Issued..... | 1.9% |

TRADING NAME OF LICENSEE: SANDS HOTEL & CASINO
PROMOTIONAL EXPENSES AND ALLOWANCES

(\$ IN THOUSANDS)

FOR THE THREE MONTHS ENDED MARCH 31, 1995

| | Promotional Allowances | | Promotional Expenses | |
|----------------|------------------------|----------------|----------------------|-----------------|
| | Number of Recipients | Dollar Amount | Number of Recipients | Dollar Amount |
| Rooms | 62,112 | \$1,639 | | \$ |
| Food | 207,110 | 2,862 | | |
| Beverage | 286,607 | 1,490 | | |
| Travel | | | 3,495 | 907 |
| Coin | | | 266,968 | 8,410 |
| Coupon | | | 9,872 | 69 |
| Entertainment | 6,855 | 103 | | |
| Retail & Gifts | | | 10,631 | 1,063 |
| Other | 4,517 | 36 | 190,799 | 1,031 |
| Total | 567,201 | \$6,130 | 481,765 | \$11,480 |

FOR THE THREE MONTHS ENDED MARCH 31, 1995

| | Promotional Allowances | | Promotional Expenses | |
|----------------|------------------------|----------------|----------------------|-----------------|
| | Number of Recipients | Dollar Amount | Number of Recipients | Dollar Amount |
| Rooms | 62,112 | \$1,639 | | \$ |
| Food | 207,110 | 2,862 | | |
| Beverage | 286,607 | 1,490 | | |
| Travel | | | 3,495 | 907 |
| Coin | | | 266,968 | 8,410 |
| Coupon | | | 9,872 | 69 |
| Entertainment | 6,855 | 103 | | |
| Retail & Gifts | | | 10,631 | 1,063 |
| Other | 4,517 | 36 | 190,799 | 1,031 |
| Total | 567,201 | \$6,130 | 481,765 | \$11,480 |

STATEMENT OF CONFORMITY AND ACCURACY

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

Timothy A. Ebling, 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.

Timothy A. Ebling
Signature

Timothy A. Ebling
Vice President
Title

003052-11
License Number

On Behalf Of:

Subscribed and sworn to
before me this 12 day
of May, 1995

Janice M. Clarke
Signature

JANICE M. CLARKE
NOTARY PUBLIC OF NEW JERSEY
My Commission Expires Jan. 7, 1993

Basis of Authority
to Take Oaths
4/86

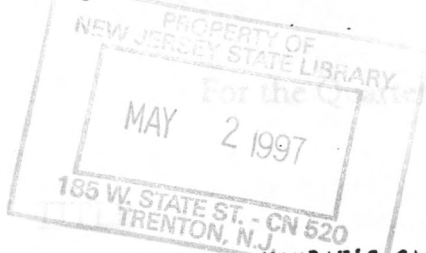
Greate Bay Hotel And Casino, Inc.
Casino Licensee

CCC-250

JOSEPH A. DUNRICK
VICE PRESIDENT OF PLANT
1121 BRIDGEWAY SOUTH
ATLANTIC CITY, NJ 08401

974.9d
C193

QUARTERLY REPORT



LICENSEE HARRAH'S CASINO HOTEL, ATLANTIC CITY
ADDRESS 1725 BRIGANTINE BOULEVARD
ATLANTIC CITY, NJ 08401

FOR THE QUARTER ENDED MARCH 31, 1995

TO THE
CASINO CONTROL COMMISSION
OF THE
STATE OF NEW JERSEY



RECEIVED
FEU
MAY 16 1995
CASINO CONTROL
COMMISSION

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

MARCH 31, 1995 AND 1994

(UNAUDITED)

(IN THOUSANDS)

LIST OF FORMS - QUARTERLY REPORT

b) DESCRIPTION c) 1995 d) 1994

For the Quarter Ended: March 1995

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' 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

Promotional Expenses and Allowances

CCC-245

Statement of Conformity and Accuracy

CCC-250

STATEMENTS OF INCOME
BALANCE SHEETS

For Three Months Ended MARCH 31, 1995 AND 1994

(UNAUDITED)
 (\$ IN THOUSANDS)

| (a) LINE | (b) DESCRIPTION | (c) 1995 | (d) 1994 |
|------------------------------------|---|-------------------|-------------------|
| ASSETS | | | |
| Current Assets: | | | |
| 1 | Cash (Note 1) | \$ 12,511 | \$ 10,728 |
| 2 | Marketable Securities | 0 | 0 |
| 3 | Receivables and patrons' checks (net of allowance for doubtful accounts - 1995 \$ 3,438....;1994 \$ 3,359....) | 6,031 | 7,120 |
| 4 | Inventories | 1,109 | 1,968 |
| 5 | Prepaid expenses and other current assets (Note 4) | 2,856 | 2,518 |
| 6 | Total Current Assets | 22,507 | 22,334 |
| 7 | Investments, Advances and Receivables (Note 5) . . . | 26,830 | 103,800 |
| 8 | Property and Equipment - Gross (Notes 1 and 2) | 365,365 | 375,890 |
| 9 | (Accumulated Depreciation/Amortization) | (130,481) | (117,250) |
| 10 | Other Assets | 26,818 | 9,318 |
| 11 | Total Assets | 311,039 | 394,092 |
| LIABILITIES AND EQUITY | | | |
| Current Liabilities: | | | |
| 12 | Accounts Payable | \$ 1,644 | \$ 3,059 |
| 13 | Notes Payable | 0 | 0 |
| Current portion of long-term debt: | | | |
| 14 | Due to affiliates | 0 | 0 |
| 15 | Other | 0 | 39 |
| 16 | Income taxes payable and accrued | 885 | 236 |
| 17 | Other accrued expenses . . . (Note 8) | 17,405 | 14,855 |
| 18 | Other current liabilities | 1,033 | 482 |
| 19 | Total current liabilities | 20,967 | 18,671 |
| Long-Term Debt: | | | |
| 20 | Due to affiliates | 0 | 0 |
| 21 | Other (Notes 3) | 400,000 | 384,835 |
| 22 | Deferred Credits (Note 1) | 2,887 | 4,474 |
| 23 | Other Liabilities (Note 9) | 42,301 | 41,734 |
| 24 | Commitments and Contingencies . . . (Note 6) | 0 | 0 |
| 25 | Total Liabilities | 466,155 | 449,714 |
| 26 | Stockholders', Partners', or Proprietor's Equity | (155,116) | (55,622) |
| 27 | Total Liabilities and Equity | \$ 311,039 | \$ 394,092 |

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 Three Months Ended March 31, 1995 and 1994

(UNAUDITED)
(\$ IN THOUSANDS)

| (a) LINE | (b) DESCRIPTION | (c) 1995 | (d) 1994 |
|----------|---|-----------------|---------------|
| | Revenue: | | |
| 1 | Casino | \$ 72,793 | \$ 60,856 |
| 2 | Rooms | 4,277 | 4,141 |
| 3 | Food and Beverage | 8,165 | 7,398 |
| 4 | Other | 1,750 | 1,977 |
| 5 | Total revenue | 86,985 | 74,372 |
| 6 | Less: Promotional Allowance | 8,831 | 7,921 |
| 7 | Net revenue | 78,154 | 66,451 |
| | Costs and Expenses: | | |
| 8 | Cost of goods and services | 42,106 | 39,074 |
| 9 | Selling, general, and administrative | 14,849 | 12,765 |
| 10 | Provision for doubtful accounts | 456 | 349 |
| 11 | Total costs and expenses | 57,411 | 52,188 |
| 12 | Gross Operating Profit | 20,743 | 14,263 |
| 13 | Depreciation and amortization | 4,504 | 3,543 |
| 14 | Charges from affiliates other than interest: | | |
| 15 | Management Fees | 0 | 0 |
| 16 | Other | 410 | 338 |
| | Income (Loss) from Operations | 15,829 | 10,382 |
| | Other Income (Expenses): | | |
| 17 | Interest (expense) - affiliates - Embassy Note | 0 | 0 |
| 18 | Interest (expense) - external (Note 3) | (8,495) | (9,519) |
| 19 | Investment alternative tax and related income | (20) | (92) |
| 20 | (expense) - net | | |
| 21 | Nonoperating Income (expense) - net | 20 | 70 |
| 22 | Total other income (expenses) | (8,495) | (9,541) |
| 23 | Income (Loss) Before Income Taxes and Extraord. Items | 7,334 | 841 |
| 24 | Provision (credit) for income taxes | 822 | 240 |
| 25 | Income (Loss) Before Extraordinary Items | 6,512 | 601 |
| 26 | Extraordinary items (net of income taxes - 1995, \$0; 1994, \$0) | 0 | 0 |
| | Net Income (Loss) | \$ 6,512 | \$ 601 |

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 Years Ended December 31, 1995 and 1994

(Unaudited)
(\$ in Thousands)

| LINE (a) | DESCRIPTION (b) | 1995 | | 1994 | |
|-------------|--|------------|-------------|------------|-------------|
| | | (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 | +++++ | | +++++ | |
| 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, 1995 and 1994

(UNAUDITED)

(\$ IN THOUSANDS)

| (a) LINE | (b) DESCRIPTION | (c) 1995 | (d) 1994 |
|----------|--|------------------|-----------------|
| | Invested Capital: | | |
| 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 |
| | Additional Income (Loss): | | |
| 5 | Beginning balance (January 1) | 707,590 | 675,321 |
| 6 | Prior period adjustments | 0 | 0 |
| 7 | Net income (loss) | 6,512 | 601 |
| 8 | ..... | 0 | 302 |
| 9 | Ending balance | 714,102 | 676,224 |
| | Capital Withdrawals: | | |
| 10 | Beginning balance (January 1) | (998,108) | (869,901) |
| 11 | Additional capital withdrawals | (12,704) | (3,539) |
| 12 | ..... | 0 | 0 |
| 13 | Ending balance | (1,010,812) | (873,440) |
| | 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 Partner's or Proprietor's Equity | (155,116) | (55,622) |

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

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

STATEMENTS OF CASH FLOWS

March 31, 1995 and 1994

(UNAUDITED)
(\$ IN THOUSANDS)

| (a) LINE | (b) DESCRIPTION | (c) 1995 | (d) 1994 |
|----------|---|-----------|-----------|
| 1 | Net Cash Provided (Used) by Operating Activities | \$ 3,661 | \$ 9,525 |
| | 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 | Purchase outflows for property and equipment | (2,673) | (3,202) |
| 5 | Proceeds from disposition of property and equipment | 77 | 51 |
| 6 | Purchase of casino reinvestment obligations | (906) | (1,530) |
| 7 | Purchase of other investments and loan advances made | 95 | (25,601) |
| 8 | Proceeds from disposal of investments and collection of advances and long-term receivables | 652 | 1,229 |
| 9 | Cash outflows to acquire business entities | 0 | 0 |
| 10 | W/O of Prior Year Construction Project | 1,440 | 0 |
| 11 | | 0 | 0 |
| 12 | Net Cash Provided (Used) by Investing Activities | (1,315) | (29,053) |
| | 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 | 74,650 | 85,000 |
| 16 | Costs of issuing debt | | |
| 17 | Payments to settle long-term debt | (70,000) | (63,017) |
| 18 | Cash proceeds from issuing stock or capital contributions | | |
| 19 | Purchases of treasury stock | | |
| 20 | Payments of dividends or capital withdrawals | (12,704) | (3,539) |
| 21 | | | |
| 22 | | | |
| 23 | Net Cash Provided (Used) by Financing Activities | (8,054) | 18,444 |
| 24 | Net Increase (Decrease) in Cash and Cash Equivalents | (5,708) | (1,084) |
| 25 | Cash and Cash Equivalents at Beginning of Period | 18,219 | 11,812 |
| 26 | Cash and Cash Equivalents at End of Period | \$ 12,511 | \$ 10,728 |

SUPPLEMENTAL DISCLOSURE OF CASH FLOW INFORMATION

| | | | |
|----|--|----------|----------|
| 27 | Cash Paid During Period for: | | |
| 28 | Interest (net of amount capitalized) | \$ 8,495 | \$ 9,519 |
| | Income Taxes | \$ 215 | \$ 0 |

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

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

STATEMENTS OF CASH FLOWS

March 31, 1995 and 1994

(UNAUDITED)
(\$ IN THOUSANDS)

| (a) LINE | (b) DESCRIPTION | (c) 1995 | (d) 1994 |
|--|---|-----------------|-----------------|
| Net Cash Flows From Operating Activities: | | | |
| 29 | Net Income (loss) | \$ 6,512 | \$ 601 |
| | Noncash items included in income and cash items excluded from income: | | |
| 30 | Depreciation and amortization of property & equipment | 3,900 | 3,525 |
| 31 | Amortization of other assets | 446 | 440 |
| 32 | Amortization of debt discount or premium | 24 | 45 |
| 33 | Deferred income taxes - current | 0 | 0 |
| 34 | Deferred income taxes - noncurrent | 0 | 980 |
| 35 | (Gain) loss in disposition of property & equipment | (2) | (43) |
| 36 | (Gain) loss on casino reinvestment obligation | 0 | 0 |
| 37 | Loss from other investment activities | 137 | 3,820 |
| 38 | Net decrease in receivables and patrons checks | 1,226 | 962 |
| 39 | Net decrease in inventories | 249 | 320 |
| 40 | Net decrease in other current assets | 195 | 259 |
| 41 | Net decrease (increase) in other assets | 242 | (1,107) |
| 42 | Net (decrease) increase in accounts payables | (1,561) | 1,354 |
| 43 | Net (decrease) in other current liabilities excluding debt | (362) | (1,629) |
| 44 | Net (decrease) in other noncurrent liabilities excluding debt | (7,345) | (2) |
| 45 | Net increase (decrease) in other receivables or advances | 0 | 0 |
| 46 | | | |
| 47 | Net Cash Provided (Used) by Operating Activities | \$ 3,661 | \$ 9,525 |

SUPPLEMENTAL SCHEDULE OF NONCASH INVESTING AND FINANCIAL ACTIVITES

| | | | |
|---|---|-----------------|-----------------|
| Aquisition of Property and Equipment: | | | |
| 48 | Additions to property and equipment | \$ 2,673 | \$ 3,202 |
| 49 | Less: capital lease obligations incurred | 0 | 0 |
| 50 | Cash Outflows for Property and Equipment | \$ 2,673 | \$ 3,202 |
| Acquisition of Business Entities: | | | |
| 51 | Property and equipment acquired | \$ | \$ |
| 52 | Goodwill Acquired | | |
| 53 | Net assets acquired other than cash, goodwill, and property and equipment | | |
| 54 | Long-term debt assumed | | |
| 55 | Issuance of stock or capital invested | | |
| 56 | Cash Outflows To Acquire Business Entities | \$ | \$ |
| Stock Issued or Capital Contributions: | | | |
| 57 | Total issuance of stock or capital contributions | \$ | \$ |
| 58 | Less: issuances to settle long-term debt, and | | |
| 59 | Consideration in acquisition of business entities | | |
| 60 | Cash Proceeds from Issuing Stock or Capital Contributions | \$ | \$ |

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

HARRAH'S CASINO HOTEL, ATLANTIC CITY
NOTES TO FINANCIAL STATEMENTS (CONT.)
NOTES TO FINANCIAL STATEMENTS

(DOLLARS IN THOUSANDS)

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 | 69,920 |
| Furniture, fixtures and equipment | 3-10 years | 7,432 |

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.

Pre-Opening Expenses - Costs incurred prior to opening and expansion were deferred and charged to operations over a three year period using the straight-line method.

HARRAH'S CASINO HOTEL, ATLANTIC CITY
 NOTES TO FINANCIAL STATEMENTS (CONT.)
HARRAH'S CASINO HOTEL, ATLANTIC CITY
NOTES TO FINANCIAL STATEMENTS (CONT.)
(DOLLARS IN THOUSANDS)

Income Taxes - The accompanying financial statements do not include a provision for Federal Income Tax purposes by the individual partners.

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

Deferred tax assets and liabilities represent for the future tax consequences attributable to differences between the financial statement carrying amounts of existing assets and liabilities and their respective tax bases. Deferred tax assets and liabilities are measured using enacted rates expected to apply to taxable income in the years in which those temporary differences are expected to be recovered or settled. The effect of a change in existing tax rates is recognized as an increase or decrease to the tax provision in the period that includes the enactment date.

NOTE 2: Property and Equipment

Property and Equipment consists of the following:

| | <u>MARCH 31</u> | |
|--|--------------------------|-------------------------|
| | <u>1995</u> | <u>1994</u> |
| Land and Land Improvements | \$ 32,063 | \$ 30,020 |
| Buildings, Leaseholds and Improvements | 246,879 | 264,417 |
| Furniture, Fixtures and Equipment | 81,752 | 69,920 |
| Construction in Progress | 271 | 7,432 |
| Equipment held under Capital Leases | 345 | 345 |
| C-I-P NE Inlet Redevelopment Project | <u>4,055</u> | <u>3,756</u> |
| | 365,365 | 375,890 |
| Less Accumulated Depreciation | <u>(130,481)</u> | <u>(117,250)</u> |
| Property and Equipment, Net | <u>\$ 234,884</u> | <u>\$258,640</u> |

The Northeast Inlet Redevelopment Project is an approved CRDA project sponsored by Harrah's. The project includes 130 townhomes, a retail strip center and a mid-rise apartment building. Eighty-five of the townhomes are sold and the balance are rented. Rental operations began in February 1992 for the townhomes and August of 1992 for the mid-rise building. Currently contained in the C-I-P account is the retail strip center.

HARRAH'S CASINO HOTEL, ATLANTIC CITY
NOTES TO FINANCIAL STATEMENTS (CONT.)
(DOLLARS IN THOUSANDS)

NOTE 3: Long-term debt:

Long-term debt consisted of the following:

| | <u>MARCH 31</u> | |
|---|------------------|------------------|
| | <u>1995</u> | <u>1994</u> |
| (A) Revolving Credit and Letter of Credit Facility, 4.953%-6.5% at March 31, 1995, maturing in 1998, with interest payable monthly. | \$400,000 | 185,000 |
| (b) 9% Notes due February 15, 1995, backed by letter of credit maturing in 1998, with interest payable monthly. | - | 200,000 |
| Discount on 9% Notes | - | (165) |
| | <u>\$400,000</u> | <u>\$384,835</u> |

- (a) In July 1993, Promus and certain of its subsidiaries entered into a new secured bank facility which is a \$650 million reducing revolving letter of credit facility (New Facility). The Partnership is the primary obligor on \$400,000 (\$195,350 Revolver, \$204,650 Letter of Credit) of the New Facility.
- (b) The Revolver provides for borrowing at either the Eurodollar plus 1 1/2% or the prime rate. The annual fees on the Letter of Credit and commitment fees on the unutilized portion under the Revolver are 1 1/4% and 1/4% , respectively.

In 1993, the 9% Notes, were transferred to the Partnership, through a series of intercompany transactions, in exchange for the Promissory Note from Embassy. In connection with this transaction related unamortized deferred financing charges of \$2,882 were transferred to Embassy. These transfers were accounted for as capital distributions and have been applied against Partners' (deficit). The 9% Notes principal amount is \$200,000 and pays interest monthly with the principal payment due on February 15, 1995. Associated with the 9% Notes is a \$282,000 discount that was recorded and is being amortized using the effective interest method over the life of the notes. The accompanying financial statements reflect interest expense at the effective interest rate of 9.0984% for 1994 and 1993. In February 1995, the Partnership utilized the Letter of Credit Facility to refinance the 9% Notes.

Project is Reimbursed by a UDAG Grant

HARRAH'S CASINO HOTEL, ATLANTIC CITY
NOTES TO FINANCIAL STATEMENTS (CONT)
(DOLLARS IN THOUSANDS)

NOTE 3: Long - term debt (cont.)

Interest Rate Agreements:

The Partnership, through Promus, continues to maintain interest rate protection, in the form of a rate collar transaction entered into in June 1990 on \$140,000 of the variable bank debt. The interest rate protection expires in June 1995 and currently holds the interest rate in a range between 7.81% and 11.00%

These non-cash transactions have been excluded from the Statement of Cash Flows.

NOTE 4: Prepaid Expenses and Other Current Assets

| | <u>MARCH 31</u> | |
|--|-----------------|-----------------|
| | <u>1995</u> | <u>1994</u> |
| Prepaid Slot Tax | \$ 254 | 239 |
| Prepaid Insurance | 97 | 219 |
| Prepaid Air Charters | 605 | 415 |
| Prepaid Marketing | 181 | 282 |
| Prepaid Other | 1,584 | 1,258 |
| Future Credit against CRDA Obligations | <u>135</u> | <u>105</u> |
| | <u>\$ 2,856</u> | <u>\$ 2,518</u> |

NOTE 5: Investments, Advances and Receivables

| | <u>MARCH 31</u> | |
|--|-----------------|-------------------|
| | <u>1995</u> | <u>1994</u> |
| Notes Receivable | \$ 2,271 | \$ 2,303 |
| Investment in CRDA Bonds - Net of Valuation Adj. | 2,634 | 2,338 |
| Reinvestment Obligation Deposits - Net of Val. Adj. | (30) | 1,643 |
| Due from Affiliates | 21,955 | 96,556 |
| Funds Advanced to Northeast Inlet Redevelopment Project to be Reimbursed by a UDAG Grant | - | 743 |
| Interest Receivable | - | 217 |
| | <u>\$26,830</u> | <u>\$ 103,800</u> |

HARRAH'S CASINO HOTEL, ATLANTIC CITY
NOTES TO FINANCIAL STATEMENTS (CONT.)
(DOLLARS IN THOUSANDS)

Due from Affiliates consists of the following unsecured, non-interest bearing inter-company amounts at March 31, 1995 and 1994.

| | <u>MARCH 31</u> | |
|----------------------------------|------------------|------------------|
| | <u>1995</u> | <u>1994</u> |
| Harrah's Holdings, Inc. | \$ 20,496 | \$ 74,397 |
| Harrah's New Jersey, Inc. | 18,962 | 18,962 |
| Harrah's Lake Tahoe | 123 | 118 |
| Embassy Suites, Inc. | 2,025 | 2,248 |
| Harrah's Del Rio | 149 | 147 |
| Harrah's Reno | 345 | 394 |
| Bill's Casino | 111 | 111 |
| Harrah's Vicksburg | 22 | 19 |
| Harrah's Joliet | 80 | 62 |
| Harrah's New Orleans | 80 | 78 |
| Harrah's Tunica | 10 | 8 |
| Harrah's Shreveport | 19 | 4 |
| Harrah's St. Louis | 2 | - |
| Harrah's North Kansas City | 27 | 8 |
| Total Due from Affiliates | \$ 21,955 | \$ 96,556 |

NOTE 6: Commitments and Contingencies

Leases - The Company has several operating leases relating to a storage warehouse, parking areas, computer and communication equipment, transportation equipment and shoreline land. These leases have various expiration dates through 1999. Rental expenses for the year ended March 31, 1995 and 1994, were approximately \$733 and \$839, respectively.

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

| <u>Year</u> | <u>Amount</u> |
|-------------|----------------|
| 1996 | \$ 1,121 |
| 1997 | 503 |
| 1998 | 112 |
| 1999 | 58 |
| 2000 | - |
| Thereafter | - |
| | \$1,794 |

HARRAH'S CASINO HOTEL, ATLANTIC CITY
 NOTES TO FINANCIAL STATEMENTS (CONT.)
HARRAH'S CASINO HOTEL, ATLANTIC CITY
NOTES TO FINANCIAL STATEMENTS (CONT.)
 (DOLLARS IN THOUSANDS)

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

| | |
|------------|-----------------|
| 1996 | 2,048 |
| 1997 | 2,042 |
| 1998 | 2,042 |
| 1999 | 2,042 |
| 2000 | - |
| Thereafter | <u>\$ 8,174</u> |

NOTE 7: Investment Obligations

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 equal 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.

For the 25 years after 1984, 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 on 2.5% of its gross casino revenues. Investment tax credits may be obtained by making qualified direct investments or by the purchase of bonds from the CRDA which pay interest at below market rates. In addition, deposits to the CRDA for the Partnership's obligation must be made quarterly.

Through 1995, the Partnership was required to make deposits with the CRDA of approximately \$46,484 towards its obligations through that date, of which \$45,324 was deposited. The Partnership's obligation for the first quarter of 1995 of approximately \$751 was deposited in April, 1995. The funds on deposit with the CRDA are to be used for subsequent purchases of bonds from the CRDA or for reimbursement of qualified direct investment expenditures as discussed below.

HARRAH'S CASINO HOTEL, ATLANTIC CITY
NOTES TO FINANCIAL STATEMENTS (CONT.)
(DOLLARS IN THOUSANDS)

To satisfy current Atlantic City obligations as well as those projected beyond the year 2000, the Partnership received approval from the CRDA for a qualified direct investment project to construct various townhomes, an apartment building and a retail store outlet in the northeast section of Atlantic City at an estimated cost to the Partnership of approximately \$54,500. As of March 31, 1995, approximately \$54,395 has been expended by the Partnership of which approximately \$4,123 was reimbursed to the Partnership from certain government grants and \$ 18,742 represents a prepayment position of the Partnership's future obligations. The prepaid asset is being amortized over thirteen years.

In addition to the direct investment discussed above the CRDA issued bonds to satisfy 1995 other non-Atlantic City obligations totaling \$41. The CRDA investment bonds are included in investments and totaled \$3,888 and \$3,583 at March 31, 1995 and 1994, respectively.

The CRDA withdrew from funds on deposit totaling \$2,469 to satisfy the Partnership's donation for the Marina District Beautification Project. The project is estimated to be completed by December 31, 1995. The donation is included in deferred charges and other assets and upon completion will be capitalized as land improvements.

As of March 31, 1995, approximately \$216 remains on deposit with the CRDA which is included in deferred charges and other noncurrent assets. The Partnership anticipates that it will utilize these funds to fulfill its non-Atlantic City obligations.

NOTE 8: Other Accrued Expenses

Other Accrued Expenses consists of the following:

| | <u>MARCH 31</u> | |
|--------------------------------------|------------------|------------------|
| | <u>1995</u> | <u>1994</u> |
| Accrued Salaries, Wages and Benefits | \$ 9,032 | \$ 6,839 |
| Taxes Payable | 764 | 637 |
| Other Accrued Expenses | 4,649 | 4,611 |
| Accrued Progressive Slot Liability | 436 | 265 |
| Accrued CCC/DGE/Casino License Fees | 240 | 502 |
| Accrued Megabucks Handle Fees | 166 | 133 |
| Accrued Interest L-T-D | <u>2,118</u> | <u>1,868</u> |
| | <u>\$ 17,405</u> | <u>\$ 14,855</u> |

HARRAH'S CASINO HOTEL, ATLANTIC CITY
NOTES TO FINANCIAL STATEMENTS (CONT.)
(DOLLARS IN THOUSANDS)

NOTE 9: Other Liabilities

Other Liabilities consists of the following:

| | <u>MARCH 31</u> | |
|---|------------------|------------------|
| | <u>1995</u> | <u>1994</u> |
| Long Term Due to Affiliates | \$ 38,762 | \$ 38,126 |
| Other Liabilities - Insurance Loss Reserves | 1,509 | 1,444 |
| Deferred Income - ACIA Grant | 643 | 685 |
| Deferred Income - CRDA Grant | 116 | 123 |
| Deferred Income - NJHMFA Grant | 419 | 447 |
| Deferred Income - DCA Grant | <u>852</u> | <u>909</u> |
| | <u>\$ 42,301</u> | <u>\$ 41,734</u> |

NOTE 9: Other Liabilities (CONT.)

December 1993, the Partnership had an \$800 allowance for incurred but not yet recorded claims (IBNR). The IBNR consists of \$700 for possible insurance claims that have been incurred but not yet reported and \$100 for estimated legal expenses. IBNR also covers any increase that may occur in the amount of the claim over the possible years of litigation. The Partnership is self-insured for various level of general liability and employee medical coverage. Insurance claims and reserves includes the accrual of estimated settlements for known and reported claims.

Due to Affiliates consists of the following unsecured, non-interest bearing inter-company accounts:

| | <u>MARCH 31</u> | |
|-------------------------------------|------------------|------------------|
| | <u>1995</u> | <u>1994</u> |
| Harrah's Holdings, Inc, | \$ 603 | \$ -- |
| Harrah's Atlantic City, Inc. | 37,713 | 37,726 |
| Harrah's Holiday Inns of N.J., Inc. | 293 | 293 |
| Harrah's Las Vegas | <u>153</u> | <u>107</u> |
| | <u>\$ 38,762</u> | <u>\$ 38,126</u> |

TRADING NAME OF LICENSEE

HARRAH'S CASINO HOTEL, ATLANTIC CITY

SCHEDULE OF RECEIVABLES AND PATRONS' CHECKS

March 31, 1995

(UNAUDITED)

(\$ IN THOUSANDS)

Accounts Receivable Balances

| LINE (a) | DESCRIPTION (b) | ACCOUNT BALANCE (c) | ALLOWANCE (d) | ACCOUNTS RECEIVABLE (e) NET OF ALLOWANCE |
|----------|---|---------------------|---------------|--|
| 1 | Patrons' Checks | | | |
| | Undeposited patrons' checks | \$ 2,507 | | |
| 2 | Returned patrons's checks | 4,800 | | |
| 3 | Total patrons' checks | 7,307 | \$ 3,349 | \$ 3,958 |
| 4 | Hotel Receivables | 644 | 89 | 555 |
| 5 | Other Receivables: | | | |
| | Receivables due from officers and employees | 47 | | |
| 6 | Receivables due from affiliates | 0 | | |
| 7 | Other accounts and notes receivable | 1,471 | | |
| 8 | Total other receivables | 1,518 | 0 | 1,518 |
| 9 | Totals (Form 205) | \$ 9,469 | \$ 3,438 | \$ 6,031 |

UNDEPOSITED PATRON'S CHECKS ACTIVITY

| LINE (f) | DESCRIPTION (g) | AMOUNT (h) |
|----------|--|------------|
| 10 | Beginning Balance (January 1) | \$ 3,172 |
| 11 | Counter checks issued (excluding counter checks issued through transactions relating to consolidations, partial redemptions, substitutions, and patrons' cash deposits) | 25,882 |
| 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) | (16,479) |
| 13 | Checks collected through deposits | (9,883) |
| 14 | Checks transferred to returned checks | (190) |
| 15 | Other adjustments | 5 |
| 16 | Ending Balance . . . Foreign credit | 2,507 |
| 17 | "Hold" Checks Included in Balance on Line 16 | 0 |
| 18 | Provision for Uncollectible Patrons' Checks | 456 |
| 19 | Provision as a Percent of Counter Checks Issued | 13 |

TRADING NAME OF LICENSEE

HARRAH'S CASINO HOTEL, ATLANTIC CITY

PROMOTIONAL EXPENSES AND ALLOWANCES

(\$ in Thousands)

For the Three Months Ended March 31, 1995

| | Promotional Allowances | | Promotional Expenses | |
|----------------|------------------------|-----------------|----------------------|-----------------|
| | Number of Recipients | Dollar Amount | Number of Recipients | Dollar Amount |
| Rooms | 29 | \$ 2,532 | | \$ |
| Food | 435 | \$ 4,351 | | \$ |
| Beverage | 597 | \$ 1,493 | | \$ |
| Travel | | \$ 0 | 17 | \$ 1,671 |
| Coin | | \$ 0 | 401 | \$ 5,017 |
| Coupon | | \$ 0 | | \$ |
| Entertainment | 23 | \$ 455 | | \$ |
| Retail & Gifts | 0 | \$ 0 | 62 | \$ 310 |
| Other | N/A | \$ 0 | N/A | \$ 20 |
| Total | 1,083 | \$ 8,831 | 480 | \$ 7,018 |

For the Three Months Ended March 31, 1995

| | Promotional Allowances | | Promotional Expenses | |
|----------------|------------------------|-----------------|----------------------|-----------------|
| | Number of Recipients | Dollar Amount | Number of Recipients | Dollar Amount |
| Rooms | 29 | \$ 2,532 | | \$ |
| Food | 435 | \$ 4,351 | | \$ |
| Beverage | 597 | \$ 1,493 | | \$ |
| Travel | | \$ 0 | 17 | \$ 1,671 |
| Coin | | \$ 0 | 402 | \$ 5,017 |
| Coupon | | \$ 0 | | \$ |
| Entertainment | 23 | \$ 455 | | \$ |
| Retail & Gifts | 0 | \$ 0 | 62 | \$ 310 |
| Other | N/A | \$ 0 | N/A | \$ 20 |
| Total | 1,083 | \$ 8,831 | 480 | \$ 7,018 |

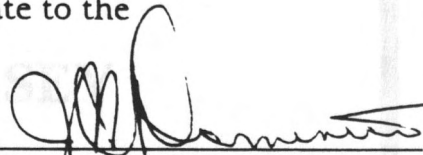
STATEMENTS OF CONFORMITY AND ACCURACY

State of NEW JERSEY :
County of ATLANTIC : ss

Joseph A. Domenico, being duly sworn according to law upon my oath

disposes 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

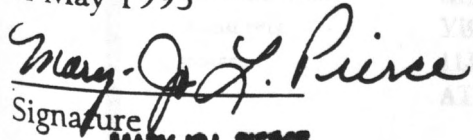
V.P. of Finance
Title

01833-11
License Number

On Behalf of:

Marina Associates
Casino Licensee

Subscribed and sworn to before me this 15th day of May 1995


Signature

MARY JO L. PIERCE
NOTARY PUBLIC OF NEW JERSEY
My Commission Expires Dec. 24, 1996

Basis of Authority to Take Oaths

CCC-250

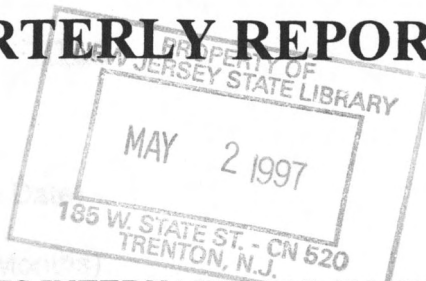
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TRADING NAME OF LICENSEE: MARY BRIFFIN'S RESORTS CASINO HOTEL
is wholly owned subsidiary of RESORTS INTERNATIONAL, INC.

LIST OF FORMS - QUARTERLY REPORT

FOR THE THREE MONTH PERIOD ENDED MARCH 31, 1995

QUARTERLY REPORT



LICENSEE RESORTS INTERNATIONAL HOTEL, INC.
ADDRESS 1133 BOARDWALK
ATLANTIC CITY, NEW JERSEY 08401

FOR THE QUARTER ENDED MARCH 31, 1995
TO THE
CASINO CONTROL COMMISSION
OF THE
STATE OF NEW JERSEY

NAME OF OFFICER IN CHARGE
OF CORRESPONDENCE REGARDING

THIS ANNUAL REPORT ANTHONY RODIO
OFFICIAL TITLE VICE PRESIDENT FINANCE
ADDRESS 1133 BOARDWALK
ATLANTIC CITY, NEW JERSEY 08401

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

LIST OF FORMS - QUARTERLY REPORT

FOR THE THREE MONTHS ENDED MARCH 31, 1995

| <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 Stockholder's 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 |
| Promotional Expenses and Allowances | CCC-245 |
| 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.

CCC-201

CCC-206

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

BALANCE SHEETS
MARCH 31, 1995 AND 1994
(UNAUDITED)
(\$ IN THOUSANDS)

| LINE (a) | DESCRIPTION (b) | 1995 (c) | 1994 (d) |
|-------------|--|-------------------|-------------------|
| | ASSETS | | |
| | Current Assets: | | |
| 1 | Cash..... | \$ 13,123 | \$ 11,633 |
| 2 | Marketable securities (Short-term money market at cost)..... | 14,519 | 12,592 |
| 3 | Receivables and patrons' checks (net of allowance for doubtful accounts - 1995, \$3,893; 1994, \$4,427)....NOTE 3..... | 5,840 | 57,283 |
| 4 | Inventories..... | 1,799 | 1,485 |
| 5 | Prepaid expenses and other current assets..... | 7,058 | 4,596 |
| 6 | Total current assets..... | 42,339 | 87,589 |
| 7 | Investments, advances, and receivables..... | 11,038 | 9,321 |
| 8 | Property and equipment - gross.....NOTE 4..... | 207,083 | 200,749 |
| 9 | (Accumulated depreciation/amortization)..... | (52,077) | (39,093) |
| 10 | Other assets..... | 701 | 2,203 |
| 11 | Total Assets..... | \$ 209,084 | \$ 260,769 |
| | LIABILITIES AND STOCKHOLDER'S EQUITY (DEFICIT) | | |
| | Current Liabilities: | | |
| 12 | Accounts payable..... | \$ 1,861 | \$ 1,450 |
| 13 | Notes payable..... | | |
| | Current portion of long-term debt: | | |
| 14 | Notes Payable to affiliate.....NOTE 7..... | | 325,000 |
| 15 | Other..... | 5 | 66 |
| 16 | Income taxes payable..... | | |
| 17 | Other accrued liabilities.....NOTE 5..... | 14,209 | 15,188 |
| 18 | Other current liabilities.....NOTE 6..... | 13,621 | 47,705 |
| 19 | Total current liabilities..... | 29,696 | 389,409 |
| | Long-Term Debt: | | |
| 20 | Notes Payable to affiliate.....NOTE 2..... | 125,778 | |
| 21 | Other..... | 6 | 12 |
| 22 | Deferred credits.....NOTE 8..... | 19,647 | 19,718 |
| 23 | Other liabilities..... | | |
| 24 | Commitments and contingencies.....NOTE 13..... | | |
| 25 | Total Liabilities..... | 175,127 | 409,139 |
| 26 | Stockholder's Equity (Deficit)..... | 33,957 | (148,370) |
| 27 | Total Liabilities and Stockholder's Equity (Deficit)..... | \$ 209,084 | \$ 260,769 |

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 INCOME
FOR THE THREE MONTHS ENDED MARCH 31, 1995 AND 1994
(UNAUDITED)
(\$ IN THOUSANDS)

| LINE (a) | DESCRIPTION (b) | 1995 (c) | 1994 (d) |
|-------------|--|-------------------|-----------------|
| | REVENUE: | | |
| 1 | Casino..... | \$ 62,118 | \$ 53,557 |
| 2 | Rooms..... | 2,796 | 2,792 |
| 3 | Food and beverage..... | 6,563 | 6,235 |
| 4 | Other..... | 2,651 | 2,550 |
| 5 | Total revenue..... | 74,128 | 65,134 |
| 6 | Less: promotional allowances..... | 5,670 | 5,578 |
| 7 | Net revenue..... | 68,458 | 59,556 |
| | COSTS AND EXPENSES: | | |
| 8 | Cost of goods and services..... | 44,644 | 41,456 |
| 9 | Selling, general, and administrative..... | 14,933 | 13,965 |
| 10 | Provision for doubtful accounts..... | 218 | 168 |
| 11 | Total costs and expenses..... | 59,795 | 55,589 |
| 12 | Gross Operating Profit..... | 8,663 | 3,967 |
| 13 | Depreciation and amortization..... | 3,179 | 3,272 |
| 14 | Charges from affiliates other than interest NOTE 10 | | |
| 14 | Management fees..... | 2,200 | 1,933 |
| 15 | Other..... | 94 | 81 |
| 16 | Income From Operations..... | 3,190 | (1,319) |
| | Other Income (Expenses): | | |
| 17 | Interest (expense) - affiliates..... | (4,663) | |
| 18 | Interest (expense) - external..... | (1) | (4) |
| 19 | Investment alternative tax and related expense,..... | (368) | (311) |
| | net of amortization.....NOTE 13..... | | |
| 20 | Nonoperating income - net.....NOTE 11..... | 663 | 1,259 |
| 21 | Total other income..... | (4,369) | 944 |
| 22 | Income Before Income Taxes And Extraordinary Items..... | (1,179) | (375) |
| 23 | Provision for income taxes.....NOTE 1,12. | | |
| 24 | Income Before Extraordinary Items..... | (1,179) | (375) |
| 25 | Extraordinary items (net of income taxes - 1995, \$0 ; 1994, \$0)..... | | |
| 26 | Net Income..... | \$ (1,179) | \$ (375) |

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 INCOME
FOR THE THREE MONTHS ENDED MARCH 31, 1995 AND 1994
(UNAUDITED)
(\$ IN THOUSANDS)

| LINE (a) | DESCRIPTION (b) | 1995 (c) | 1994 (d) |
|-------------|--|-------------------|-----------------|
| | REVENUE: | | |
| 1 | Casino..... | \$ 62,118 | \$ 53,557 |
| 2 | Rooms..... | 2,796 | 2,792 |
| 3 | Food and beverage..... | 6,563 | 6,235 |
| 4 | Other..... | 2,651 | 2,550 |
| 5 | Total revenue..... | 74,128 | 65,134 |
| 6 | Less: promotional allowances..... | 5,670 | 5,578 |
| 7 | Net revenue..... | 68,458 | 59,556 |
| | COSTS AND EXPENSES: | | |
| 8 | Cost of goods and services..... | 44,644 | 41,456 |
| 9 | Selling, general, and administrative..... | 14,933 | 13,965 |
| 10 | Provision for doubtful accounts..... | 218 | 168 |
| 11 | Total costs and expenses..... | 59,795 | 55,589 |
| 12 | Gross Operating Profit..... | 8,663 | 3,967 |
| 13 | Depreciation and amortization..... | 3,179 | 3,272 |
| 14 | Charges from affiliates other than interest NOTE 10 | | |
| 15 | Management fees..... | 2,200 | 1,933 |
| 16 | Other..... | 94 | 81 |
| 16 | Income From Operations..... | 3,190 | (1,319) |
| | Other Income (Expenses): | | |
| 17 | Interest (expense) - affiliates..... | (4,663) | |
| 18 | Interest (expense) - external..... | (1) | (4) |
| 19 | Investment alternative tax and related expense..... | (368) | (311) |
| 20 | net of amortization..... NOTE 13..... | | |
| 21 | Nonoperating income - net..... NOTE 11..... | 663 | 1,259 |
| 21 | Total other income..... | (4,369) | 944 |
| 22 | Income Before Income Taxes And Extraordinary Items..... | (1,179) | (375) |
| 23 | Provision for income taxes..... NOTE 1,12. | | |
| 24 | Income Before Extraordinary Items..... | (1,179) | (375) |
| 25 | Extraordinary items (net of income taxes - 1995, \$0 ; 1994, \$0)..... | | |
| 26 | Net Income..... | \$ (1,179) | \$ (375) |

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 STOCKHOLDER'S DEFICIT
FOR THE THREE MONTHS ENDED MARCH 31, 1995 AND 1994
 (UNAUDITED)
 (\$ IN THOUSANDS)

| LINE (a) | DESCRIPTION (b) | 1995 | | 1994 | |
|-------------|---|------------|------------------|------------|---------------------|
| | | (c) SHARES | (d) DOLLARS | (e) SHARES | (f) DOLLARS |
| | Common Stock: (\$1 par value, 2,500 shares authorized) | | | | |
| 1 | Beginning balance (January 1)..... | 1,000,000 | \$ 1,000 | 100 | \$ |
| 2 | Sale of Stock..... | | | | |
| 3 | Exchange of interco debt for stock..... | | | | |
| 4 | Ending balance..... | 1,000,000 | 1,000 | 100 | |
| | Preferred Stock: | | | | |
| 5 | Beginning balance (January 1)..... | | | | |
| 6 | Sale of Stock..... | | | | |
| 7 | ..... |  |  |  |  |
| 8 | Ending balance..... | | | | |
| | Capital in Excess of Par (Excess of liabilities over assets at August 31, 1990 Reorganization) | | | | |
| 9 | Beginning balance (January 1)..... | | 21,366 | | (198,829) |
| 10 | Excess of Liabilities over Assets at Effects of May 1994 reorganization..... | | | | |
| | Issuance of promissory notes..... | | | | |
| | Exchange of notes payable for common stock.... | | | | |
| | Distribution to GGRI of note receivable..... | | | | |
| | Distribution of cash to GGRI..... | | | | |
| 11 | ..... |  |  |  |  |
| 12 | Ending balance..... | | 21,366 | | (198,829) |
| | Treasury Stock: | | | | |
| 13 | Beginning balance (January 1)..... | | | | |
| 14 | Purchase of additional stock..... | | | | |
| 15 | Sale or retirement of stock..... | | | | |
| 16 | Ending balance..... | | | | |
| | Subscription 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)..... | | 12,770 | | 50,834 |
| 26 | Prior period adjustments..... | | | | |
| 27 | Net income..... | | (1,179) | | (375) |
| 28 | Distribution to RII..... | | | | |
| 29 | ..... |  |  |  |  |
| 30 | ..... |  |  |  |  |
| 31 | Ending balance..... | | 11,591 | | 50,459 |
| 32 | Ending Stockholder's Deficit..... | | \$ 33,957 | | \$ (148,370) |

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, 1995 AND 1994
(UNAUDITED)
(\$ IN THOUSANDS)

NOT APPLICABLE

| LINE (a) | DESCRIPTION (b) | 1995 (c) | 1994 (d) |
|--|---|-------------|-------------|
| 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 invested..... | () | () |
| 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.

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, 1995 AND 1994
(UNAUDITED)
(\$ IN THOUSANDS)

| LINE (a) | DESCRIPTION (b) | 1995 (c) | 1994 (d) |
|-------------|--|-------------|-------------|
| 1 | Net Cash Provided by Operating Activities..... | \$ 3,150 | \$ 3,788 |
| | 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..... | (685) | (1,608) |
| 5 | Proceeds from disposition of property and equipment..... | | |
| 6 | Purchase of casino reinvestment obligations..... | (773) | (693) |
| 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 | Investment in Subsidiary..... | | |
| 11 | | | |
| 12 | Net Cash Used By Investing Activities..... | (1,458) | (2,301) |
| | Cash Flows From Financing Activities: | | |
| 13 | Cash proceeds from issuance of short-term debt..... | | |
| 14 | Payments to settle short-term debt..... | (2) | (9) |
| 15 | Cash proceeds from issuance of long-term debt..... | | |
| 16 | Costs of issuing debt..... | | |
| 17 | Payments to settle long-term debt purchase of units..... | | |
| 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 (repayment to) parent company and affiliates..... | (924) | (3,200) |
| 23 | Net Cash Used By Financing Activities..... | (926) | (3,209) |
| 24 | Net Decrease in Cash And Cash Equivalents..... | 766 | (1,722) |
| 25 | Cash And Cash Equivalents At Beginning Of Period..... | 26,876 | 25,947 |
| 26 | Cash And Cash Equivalents At End Of Period..... | \$ 27,642 | \$ 24,225 |

SUPPLEMENTAL DISCLOSURE OF CASH FLOW INFORMATION

| | | | |
|----|---|----------|------|
| 27 | Cash Paid During Year For: | | |
| | Interest (net of amount capitalized)..... | \$ 6,911 | \$ 4 |
| 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: 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, 1995 AND 1994
(UNAUDITED)
(\$ IN THOUSANDS)

| LINE (a) | DESCRIPTION (b) | 1995 (c) | 1994 (d) |
|-------------|--|-----------------|-----------------|
| | Net Cash Provided by Operating Activities | | |
| 29 | Net income..... | \$ (1,179) | \$ (375) |
| | Noncash items included in income and cash items excluded from income: | | |
| 30 | Depreciation and amortization for property and equipment..... | 3,179 | 3,272 |
| 31 | Amortization of other assets..... | | |
| 32 | Amortization of debt discount or premium..... | 469 | |
| 33 | Deferred income taxes - current..... | | |
| 34 | Deferred income taxes - noncurrent..... | | |
| 35 | Loss on disposition of property and equipment..... | 1 | |
| 36 | Loss on casino reinvestment obligations, net of amortization..... | 368 | 311 |
| 37 | (Gain) loss from other investment activities..... | | |
| 38 | Net (increase) decrease in receivables and patrons' checks..... | 392 | (1,044) |
| 39 | Net (increase) decrease in inventories..... | (6) | 269 |
| 40 | Net decrease in other current assets..... | 1,508 | 1,046 |
| 41 | Net (increase) decrease in other assets..... | 433 | 95 |
| 42 | Net increase (decrease) in accounts payable..... | 825 | (377) |
| 43 | Net increase (decrease) in other current liabilities excluding debt..... | (2,824) | 610 |
| 44 | Net increase (decrease) in other noncurrent liabilities excluding debt..... | (16) | (19) |
| 45 | Recapitalization costs..... | | |
| 46 | Write-off of Goodwill..... | | |
| 47 | Net Cash Provided By Operating Activities..... | \$ 3,150 | \$ 3,788 |

SUPPLEMENTAL DISCLOSURE OF NONCASH INVESTING AND FINANCING ACTIVITIES

| | | | |
|----|---|-----------------|-------------------|
| | Acquisition Of Property And Equipment: | | |
| 48 | Additions to property and equipment..... | \$ (685) | \$ (1,608) |
| 49 | Less: Capital lease obligations incurred..... | | |
| 50 | Cash Outflow For Property And Equipment..... | \$ (685) | \$ (1,608) |
| | 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 Outflow To Acquire Business Entities..... | \$ | \$ |
| | Stock Issued Or Capital Contributions: | | |
| 57 | Total issuances of stock or capital contributions..... | \$ | \$ |
| 58 | Less: Issuance to settle long-term debt..... | | |
| 59 | Consideration in acquisition of business entities..... | | |
| 60 | Cash Proceeds From Issuing Stock Or Capital Contributions..... | \$ | \$ |

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

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS
FOR THE THREE MONTHS ENDED MARCH 31, 1995 and 1994

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Resorts International Hotel, Inc. ("RIH") owns and operates Merv Griffin's Resorts Casino Hotel ("Resorts Casino Hotel"), a casino/hotel complex located in Atlantic City, New Jersey. Prior to May 3, 1994, RIH was a direct, wholly owned subsidiary of Resorts International, Inc. ("RII"). As part of a restructuring (the "Restructuring") of certain publicly held debt securities of RII (the "Series Notes") which was effective on May 3, 1994 (the "Effective Date"), RIH became a wholly owned subsidiary of GGRI, Inc. ("GGRI"), which is a wholly owned subsidiary of RII.

Principles of Consolidation

The consolidated financial statements include the accounts of RIH and its subsidiaries. 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 theater 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. The carrying value of cash equivalents approximates fair value due to the short maturity of these instruments.

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 estimated 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 accounts for income taxes under the liability method of accounting prescribed by Statement of Financial Accounting Standards No. 109 ("SFAS 109"), "Accounting for Income Taxes". Although RIH is a member of a consolidated group for federal income tax purposes, RIH applies SFAS 109 on a separate return basis for financial reporting purposes.

NOTE 2 - RESTRUCTURING OF RII's SERIES NOTES

RII and GGRI, RII's subsidiary which guaranteed the Series Notes, proposed the Restructuring of the Series Notes which was accomplished through a prepackaged bankruptcy plan of reorganization (the "Plan"). On March 21, 1994, after receiving the requisite acceptances for confirmation of the Plan from holders of the Series Notes and equity interests in RII, RII and GGRI filed their prepackaged bankruptcy cases with the United States Bankruptcy Court for the District of Delaware (the "Bankruptcy Court"). The Plan was confirmed by the Bankruptcy Court on April 22, 1994 and on the Effective Date all conditions to the effectiveness of the Plan were either met or waived and the Plan became effective.

Pursuant to the Plan, the Series Notes were exchanged for, among other things, \$125,000,000 principal amount of 11% Mortgage Notes (the "Mortgage Notes") due

September 15, 2003 and \$35,000,000 principal amount of 11.375% Junior Mortgage Notes (the "Junior Mortgage Notes") due December 15, 2004. Hereinafter the Mortgage Notes and the Junior Mortgage Notes, collectively, are referred to as the "New Debt Securities." The New Debt Securities were issued by Resorts International Hotel Financing, Inc. ("RIHF"), a subsidiary of RII, and are guaranteed by RIH. The accrual of interest and amortization of discounts on the New Debt Securities commenced on May 3, 1994. Also pursuant to the Plan, RIHF, RIH and RII entered into the senior note purchase agreement (the "Senior Facility") described below.

The Mortgage Notes are secured by a \$125,000,000 promissory note made by RIH (the "RIH Promissory Note"), the terms of which mirror the terms of the Mortgage Notes. The RIH Promissory Note and RIH's guaranty of the Mortgage Notes are secured by liens on the Resorts Casino Hotel, consisting of RIH's fee and leasehold interests in the Resorts Casino Hotel, the contiguous parking garage and property, all additions and improvements thereto, and related personal property. The liens securing the Mortgage Notes will be subordinated to the lien securing the Senior Facility Notes (described below), if the Senior Facility Notes are issued.

The Junior Mortgage Notes are secured by a \$35,000,000 promissory note made by RIH (the "RIH Junior Promissory Note"), the terms of which mirror the terms of the Junior Mortgage Notes. In certain circumstances, interest payable on the Junior Mortgage Notes may be satisfied by the issuance of additional Junior Mortgage Notes, in which case the balance of the RIH Junior Promissory Note would increase accordingly. The RIH Junior Promissory Note and RIH's guaranty of the Junior Mortgage Notes are also secured by liens on the Resorts Casino Hotel property as described above. The liens securing the Junior Mortgage Notes will be subordinated to the lien securing the Senior Facility Notes, if the Senior Facility Notes are issued, and are subordinated to the liens securing the Mortgage Notes.

The indentures pursuant to which the Mortgage Notes and the Junior Mortgage Notes were issued (collectively, the "Indentures") prohibit RIH and its subsidiaries from paying dividends, from making other distributions in respect of their capital stock, and from purchasing or redeeming their capital stock, with certain exceptions, unless certain interest coverage ratios are attained. The Indentures also contain certain other restrictive covenants on the part of RIH and its subsidiaries, including (i) limitations on incurring additional indebtedness, with certain exceptions; (ii) restrictions on making loans to an affiliate or other person other than (x) intercompany advances to RII not in excess of \$1,000,000 in the aggregate at any time outstanding and (y) loans to RII from the proceeds of the Senior Facility (or similar working capital facility), provided, however, that RIH can make certain loans or engage in certain credit transactions in the operation of Resorts Casino Hotel, if such loans or credit transactions are in the ordinary course of business of operating a casino/hotel; and (iii) restrictions from entering into certain transactions with affiliates on terms less favorable to RIH or its

subsidiaries than an arm's length transaction. In this regard, the Indentures specifically permit affiliated transactions in connection with the Senior Facility, the Griffin Services Agreement described in Note 10, the parent services agreement with RII which provides for payment of the three percent services fee described in Note 10, and a tax sharing agreement with RII which limits RIH's tax payments to RII to reimbursements of cash payments made by RII for income or alternative minimum taxes arising from the earnings or operations of RIH.

The Senior Facility among RIHF, RII and RIH and certain funds and accounts advised or managed by Fidelity Management & Research Company ("Fidelity") is available for a single borrowing of up to \$19,738,000 during the period ending May 2, 1996, through the issuance of notes (the "Senior Facility Notes"). If issued, the Senior Facility Notes will bear interest at 11.75% and will be due in 2002. The Senior Facility Notes will be senior obligations of RIHF secured by a promissory note from RIH in an aggregate principal amount of up to \$19,738,000 payable in amounts and at times necessary to pay the principal of and interest on the Senior Facility Notes. The Senior Facility Notes will be guaranteed by RIH and secured by a lien on the Resorts Casino Hotel property as described above. The Senior Facility Notes will also be secured by a pledge by GGRI of all issued and outstanding shares of RIH common stock. In addition, the Senior Facility Notes will be guaranteed by RII, which guaranty will be secured by a pledge of all the issued and outstanding stock of GGRI and RIHF. Market interest rates and other economic conditions, among other factors, will determine if it is appropriate for RIHF to draw on the Senior Facility.

The Restructuring also prescribed the following transactions between RIH and its affiliates:

- RIH issued the RIH Promissory Note and the RIH Junior Promissory Note in repayment of RIH's balance due to RII on the Effective Date with the remainder a distribution to RII. RIH's retained earnings of \$53,896,000 at April 30, 1994 was included in that distribution.
- GGRI exchanged the \$325,000,000 RIH-GGRI Notes (see Note 7) for 999,900 shares of common stock of RIH. In order to accomplish this, RIH authorized an additional 4,997,500 shares of its common stock.
- RII contributed to GGRI the 100 shares of common stock of RIH which RII owned. This resulted in RIH's becoming a wholly-owned subsidiary of GGRI and an indirect subsidiary of RII. RIH now has a total of 5,000,000 shares of common stock authorized, of which 1,000,000 shares are issued and outstanding.

- RIH distributed to GGRI, as a return of surplus, the \$50,000,000 RIB Note (see Note 3) and accrued interest thereon.
- RIH distributed all of its cash and equivalents in excess of \$15,000,000 as of the Effective Date to GGRI. GGRI distributed such cash to RII so that RII, in turn, could distribute Excess Cash (as defined in the Plan) to holders of Series Notes.

NOTE 3 - RECEIVABLES AND PATRONS' CHECKS

Components of receivables and patrons' checks at March 31 were as follows:

| (In Thousands of Dollars) | 1995 | 1994 |
|--------------------------------------|-------------------|-----------------|
| Gaming | \$ 7,605 | \$ 7,435 |
| Less allowance for doubtful accounts | <u>(3,794)</u> | <u>(4,387)</u> |
| | <u>3,811</u> | <u>3,048</u> |
| Non-gaming: | | |
| Hotel and related | 685 | 473 |
| Other | <u>1,443</u> | <u>989</u> |
| | 2,127 | 1,462 |
| Less allowance for doubtful accounts | <u>(99)</u> | <u>(40)</u> |
| | 2,029 | 1,422 |
| Interest receivable from affiliate | | 2,813 |
| Note receivable from affiliate | <u> </u> | <u>50,000</u> |
| | <u>\$ 5,840</u> | <u>\$57,283</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 which was disposed of as part of the Restructuring, in exchange for a promissory note (the "RIB Note"). Such note was payable on demand and bore interest at 13 1/2% per annum, with interest payments due each May 1 and November 1. Pursuant to the Restructuring, RIH distributed the RIB Note and accrued interest thereon to GGRI as a return of surplus. See Note 2.

NOTE 4 - PROPERTY AND EQUIPMENT

Components of property and equipment at March 31 were as follows:

| <u>(In Thousands of Dollars)</u> | <u>1995</u> | <u>1994</u> |
|---------------------------------------|-------------------|-------------------|
| Land and land rights | \$ 53,060 | \$ 53,250 |
| Land improvements | 158 | 158 |
| Hotel and other buildings | 108,162 | 104,766 |
| Furniture, machinery and equipment | 45,234 | 41,009 |
| Construction in progress | <u>469</u> | <u>1,566</u> |
| | 207,083 | 200,749 |
| Less accumulated depreciation | <u>(52,077)</u> | <u>(39,093)</u> |
| | <u>\$ 155,006</u> | <u>\$ 161,656</u> |

Substantially all of RIH's property and equipment was pledged as collateral for the Series Notes through the Effective Date, and is now pledged as collateral for the New Debt Securities issued by RIHF. See Note 2.

NOTE 5 - OTHER ACCRUED LIABILITIES

Components of other accrued liabilities at March 31 were as follows:

| <u>(In Thousands of Dollars)</u> | <u>1995</u> | <u>1994</u> |
|---|------------------|------------------|
| Accrued payroll and related taxes and benefits | \$ 8,731 | \$ 10,535 |
| Accrued gaming taxes, fees and related assessments | 674 | 760 |
| Utilities | 482 | 575 |
| Various taxes | 534 | 248 |
| Progressive slot liability | 57 | 101 |
| Other | <u>3,731</u> | <u>2,969</u> |
| | <u>\$ 14,209</u> | <u>\$ 15,188</u> |

NOTE 6 - OTHER CURRENT LIABILITIES

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

| <u>(In Thousands of Dollars)</u> | <u>1995</u> | <u>1994</u> |
|----------------------------------|------------------|------------------|
| Intercompany Payable to RII | \$ 3,487 | \$ 39,659 |
| Affiliate Interest Payable | 1,397 | |
| CRDA Bond Obligation | 774 | 668 |
| Customer Deposit Liability | 1,062 | 670 |
| Other | <u>6,901</u> | <u>6,708</u> |
| | <u>\$ 13,621</u> | <u>\$ 47,705</u> |

NOTE 7 - NOTES PAYABLE TO AFFILIATE

In 1988, GGRI issued \$325,000,000 principal amount of publicly traded notes. GGRI loaned the proceeds of the notes to RIH in exchange for, among other things, \$325,000,000 of promissory notes payable to GGRI (the "RIH-GGRI Notes").

The RIH-GGRI Notes, as amended in 1992, were payable on demand after April 15, 1994 and were non-interest bearing, but the principal amount accreted according to a schedule. Pursuant to the Restructuring, GGRI exchanged the RIH-GGRI Notes for 999,900 share of common stock of RIH. See Note 2.

NOTE 8 - DEFERRED REVENUE

\$247,000 and \$318,000 of deferred credits at March 31, 1995 and 1994, respectively, represent the unrecognized portion of a lump-sum payment made by a tenant in July 1983 at the inception of a fifteen year lease. This payment is being recognized and recorded in earnings in equal monthly installments over the original term of the lease.

NOTE 9 - SAVINGS AND PENSION PLANS

RIH has a defined contribution plan in which substantially all non-union employees are eligible to participate. Employees of certain other affiliated companies are also eligible to participate in this plan. RIH and other subsidiaries of RII make contributions to the plan based on a percentage of eligible employee contributions. RIH's pension expense for this plan was \$162,000 and \$171,000 for the three months ended March 31, 1995 and 1994, respectively.

Union employees are covered by various multi-employer pension plans to which contributions are made by RIH and other unrelated employers. RIH's pension expense for these plans was \$225,000 and \$221,000 for the three months ended March 31, 1995 and 1994 respectively.

NOTE 10 - RELATED PARTY TRANSACTIONS

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

| <u>(In Thousands of Dollars)</u> | <u>1995</u> | <u>1994</u> |
|--|---|-----------------|
| <u>AFFILIATED COMPANY</u> | <u>TRANSACTION</u> | |
| Income - Resorts International (Bahamas) 1984 Limited | Interest | \$ 1,688 |
| Expenses: | | |
| Resorts International, Inc. | Parent services | \$ 2,200 |
| | Property rental | 94 |
| Resorts International Hotel Financing, Inc. | Interest and amortization of discounts on affiliated notes | 4,663 |
| | | <u>\$ 6,957</u> |
| | | <u>\$ 2,014</u> |

RII charges RIH the parent services fee of three percent of gross revenues for administrative and other services.

In addition to the above, charges for insurance costs are allocated to RIH based on relative amounts of operating revenue, payroll, property value, or other appropriate measures. Also, recapitalization costs reflected in nonoperating income - net (see Note 11) represent RIH's allocated portion of RII's consolidated recapitalization costs.

License and Services Agreement

In April 1993, RII, RIH and The Griffin Group, Inc. (the "Griffin Group"), a corporation controlled by Merv Griffin, Chairman of the Board of RII, entered into a license and services agreement (the "Griffin Services Agreement") effective as of September 17, 1992, upon the expiration of the previous license and services agreement. Pursuant

to the Griffin Services Agreement, Griffin Group granted RII and RIH a non-exclusive license to use the name and likeness of Merv Griffin to advertise and promote the facilities and operations of RII and its subsidiaries. Also pursuant to the Griffin Services Agreement, Mr. Griffin is to provide certain services to RII and RIH, including serving as Chairman of the Board of RII and as a host, producer and featured performer in various shows to be presented in Resorts Casino Hotel, and furnishing marketing and consulting services.

The Griffin Services Agreement is to continue until September 17, 1997 and provides for earlier termination under certain circumstances including, among others, a change of control (as defined) of RII and RIH and Mr. Griffin ceasing to serve as Chairman of the Board of RII.

The Griffin Services Agreement provides for compensation to Griffin Group in the amount of \$2,000,000 for the year ended September 16, 1993, and in specified amounts for each of the following years, which increase at approximately 5% per year. In accordance with the Griffin Services Agreement, upon signing RIH paid Griffin Group \$4,100,000, representing compensation for the first two years. Thereafter, the Griffin Services Agreement calls for annual payments on September 17, each representing a prepayment for the year ending two years hence. In the event of an early termination of the Griffin Services Agreement, and depending on the circumstances of such early termination, all or a portion of the compensation paid to Griffin Group in respect of the period subsequent to the date of termination may be required to be repaid to RII and RIH.

In the Griffin Services Agreement RII and RIH agreed to indemnify, defend and hold harmless Griffin Group and Mr. Griffin against certain claims, losses and costs, and to maintain certain insurance coverage with Mr. Griffin and Griffin Group as named insureds.

As part of the Restructuring, the payment due Griffin Group on September 17, 1994 was settled by applying \$2,310,000 as a reduction of the balance of a note payable to RII by Griffin Group. On August 1, 1994, following review and approval by the independent members of RII's Board of Directors, RII agreed to issue 1,940,000 shares of common stock of RII to an affiliate of Griffin Group in satisfaction of the final payment obligation of RIH and RII under the Griffin Services Agreement. This payment of \$2,425,000 would have been due on September 17, 1995. The closing price of RII's common stock on the date of the agreement was \$1.0625 per share. The shares are not registered under the Securities Act of 1933 and are restricted securities.

NOTE 11 - NONOPERATING INCOME, NET

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

| (In Thousands of Dollars) | 1995 | 1994 |
|--|---------------|-----------------|
| Interest income from affiliates | \$ | \$ 1,688 |
| Interest income | 666 | 236 |
| Corporate office expense | | (58) |
| Recapitalization costs | | (604) |
| Loss on disposition of property and equipment | | 0 |
| Other | (3) | (3) |
| | <u>\$ 663</u> | <u>\$ 1,259</u> |

NOTE 12 - INCOME TAX

For federal tax purposes RIH had net operating loss ("NOL") carryforwards of approximately \$188,000,000 at December 31, 1994, which expire from 2003 through 2005. These loss carryforwards were produced in periods prior to a change in ownership of the consolidated group of which RIH is a part; therefore, these loss carryforwards are limited in their availability to offset future taxable income.

At December 31, 1994 RIH NOL carryforwards in New Jersey of approximately \$136,000,000, which expire from 1995 through 1997.

Also, for federal tax purposes, RIH had tax credit carryforwards of \$2,100,000 at December 31, 1994 which expire from 1998 through 2009.

NOTE 13 - COMMITMENTS AND CONTINGENCIES

CRDA

The Casino Control Act, as originally adopted, required a licensee to make investments equal to 2% of the licensee's gross revenue (as defined under the Casino Control Act) (the "investment obligation") for each calendar year, commencing in 1979, in which such gross revenue 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 authorized by the CRDA, in an amount equal to 1.25% of a licensee's gross revenue. 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:

| <u>(In Thousands of Dollars)</u> | <u>1979-1983</u> | <u>1984-1995</u> | <u>TOTAL</u> |
|--|------------------|------------------|-----------------|
| Investment obligations | \$ (21,637) | \$ (33,070) | \$ (54,707) |
| 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>32,296</u> | <u>39,829</u> |
| Remaining investment obligation at March 31, 1995, which was deposited in April 1995 | <u>\$ 0</u> | <u>\$ (774)</u> | <u>\$ (774)</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; \$7,533,000 in cash and \$1,000,000 by previously approved housing related investments. Also, RIH has received audit reports issued by an agency acting on behalf of the Treasury identifying \$10,165,000 of project development costs available for investment credit towards the investment obligation. 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.

These matters have been dormant for some time. RIH was verbally contacted by the Treasury in late 1993 regarding the Treasury's proposal for a resolution of these matters, but has had no communication since then. 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, 1995, RIH had made CRDA deposits/bond purchases totaling \$39,829,000. However, in August 1989 RIH donated \$12,048,000 to the CRDA in exchange for which RIH was 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, 1995 RIH had a remaining balance of \$5,370,000 face value of bonds issued by the CRDA and had \$16,266,000 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, are included in investments, advances, and receivables in RIH's Consolidated 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 three months ended March 31, 1995 and 1994 for discounts on obligations arising in those years were \$368,000 and \$311,000, respectively.

Litigation

RIH is a defendant in certain litigation. In the opinion of management, based upon the advice of counsel, the aggregate liability, if any, arising from such litigation will not have a material adverse effect on the accompanying consolidated financial statements.

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, 1995

(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..... | \$ 2,692 | | |
| 2 | Returned patrons' checks..... | 4,913 | | |
| 3 | Total Patrons' Checks..... | 7,605 | \$ 3,794 | \$ 3,811 |
| 4 | Hotel Receivables..... | 685 | 99 | 586 |
| Other Receivables: | | | | |
| 5 | Receivables due from officers and employees..... | | | |
| 6 | Receivables due from affiliates..... | | | |
| 7 | Other accounts and notes receivables..... | 1,443 | | |
| 8 | Total Other Receivables..... | 1,443 | | 1,443 |
| 9 | Total (Form 205)..... | \$ 9,733 | \$ 3,893 | \$ 5,840 |

UNDEPOSITED PATRONS' CHECKS ACTIVITY

| LINE (f) | DESCRIPTION (g) | AMOUNT (h) |
|-------------|---|---------------|
| 10 | Beginning Balance (January 1)..... | \$ 3,185 |
| 11 | Counter checks issued (excluding counter checks issued through transactions relating to consolidations, partial redemptions, substitutions, and patrons' cash deposits)..... | 23,796 |
| 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)..... | (19,453) |
| 13 | Checks collected through deposits..... | (3,668) |
| 14 | Checks transferred to returned checks..... | (1,168) |
| 15 | Other adjustments..... | |
| 16 | Ending Balance..... | \$ 2,692 |
| 17 | "Hold" Checks Included In Balance On Line 16..... | \$ |
| 18 | Provision For Uncollectible Patrons' Checks..... | \$ 198 |
| 19 | Provision As A Percent Of Counter Checks Issued..... | 0.8% |

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

STATEMENT OF PROMOTIONAL EXPENSES AND ALLOWANCES

(IN THOUSANDS)

FOR THREE MONTHS ENDED MARCH 31, 1995

| | PROMOTIONAL ALLOWANCES | | PROMOTIONAL EXPENSES | |
|----------------|------------------------|-----------------|----------------------|-----------------|
| | NUMBER OF RECIPIENTS | DOLLAR AMOUNT | NUMBER OF RECIPIENTS | DOLLAR AMOUNT |
| ROOMS | 21 | \$ 1,451 | | |
| FOOD | 274 | 2,740 | | |
| BEVERAGE | 194 | 777 | | |
| TRAVEL | | | 12 | \$ 1,281 |
| COIN | | | 399 | 3,996 |
| COUPON | | | | |
| CASH COMP | | | | 3,689 |
| ENTERTAINMENT | 52 | 627 | | |
| RETAIL & GIFTS | 1 | 34 | | |
| OTHER | 8 | 41 | 17 | 414 |
| TOTAL | 550 | \$ 5,670 | 428 | \$ 9,380 |

Signature

VICE PRESIDENT FINANCE

002895-11
License Number

On Behalf of

MERV GRIFFIN'S RESORTS CASINO HOTEL

Subscribed and sworn to before me this 14 day of March, 1995.

Notary Public for the State of New Jersey
My Commission Expires Jan. 11, 1997
Authority to Take Oaths

STATEMENT OF CONFORMITY AND ACCURACY

STATE OF NEW JERSEY

:

COUNTY OF ATLANTIC

:ss.

:

ANTHONY RODIO

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.

Signature

VICE PRESIDENT FINANCE

Title

002895-11

License Number

Subscribed and sworn to before me this 12 day of May, 1995.

On Behalf Of:

Signature

MERV GRIFFIN'S RESORTS CASINO HOTEL

COLLEEN GOLDSBERG
NOTARY PUBLIC OF NEW JERSEY
My Commission Expires Sept. 13, 1997

Basis of Authority to Take Oaths

NEW JERSEY STATE LIBRARY
3 3009 00090 8410

974.901
C193

QUARTERLY REPORT

LICENSEE Adamar of New Jersey, Inc.
dba TropWorld Casino & Entertainment Resort

ADDRESS Brighton & Boardwalk
Atlantic City, New Jersey 08401

FOR THE QUARTER ENDED MARCH 31 1995

TO THE
CASINO CONTROL COMMISSION
OF THE
STATE OF NEW JERSEY



NEW JERSEY STATE LIBRARY
MAY 17 1995
185 W. STATE ST.
TRENTON, N.J.

NAME OF OFFICER IN CHARGE OF CORRESPONDENCE REGARDING THIS QUARTERLY REPORT . . . Deborah Marchese

OFFICIAL TITLE Controller

ADDRESS Brighton Ave. & Boardwalk
Atlantic City, New Jersey 08401

BALANCE SHEETS

MARCH 31, 1993 AND 1994

TRADING NAME OF LICENSEE: TROPWORLD CASINO & ENTERTAINMENT RESORT

LIST OF FORMS - QUARTERLY REPORT

FOR THE YEAR ENDED MARCH 31, 1995

| | 1993 | 1994 |
|---|---------|---------|
| | (a) | (b) |
| ASSETS | | |
| TITLE | | |
| FORM NO. | | |
| Balance Sheets | 213,717 | 219,279 |
| Statements of Income (Year-to-Date) | 2,424 | 2,424 |
| Statements of Income (Three Months) | 60,271 | 60,271 |
| Statements of Changes in Stockholder's Equity | 79,107 | 79,107 |
| Statements of Changes in Partners' or Proprietor's Equity | 120,760 | 120,760 |
| Statements of Cash Flows | 13,118 | 13,118 |
| LIABILITIES AND EQUITY | | |
| Notes to Financial Statements | | |
| Schedule of Receivables and Patrons' Checks | 52,154 | 52,154 |
| Promotional Expenses and Allowances | | |
| Statement of Conformity and Accuracy | | |
| Partners', Or Proprietor's Equity | 120,760 | 120,760 |
| 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.

BALANCE SHEETS

MARCH 31, 1995 AND 1994

(UNAUDITED)
(\$ in Thousands)

| LINE (a) | DESCRIPTION (b) | 1995 (c) | 1994 (d) |
|-------------|---|-------------|-------------|
| | ASSETS | | |
| | Current Assets: | | |
| 1 | Cash..... | \$13,950 | \$10,279 |
| 2 | Marketable securities..... | 0 | 0 |
| 3 | Receivables and patrons' checks (net of allowance for doubtful accounts - 1995, \$4,511; 1994, \$5,507)..... | 8,346 | 8,473 |
| 4 | Inventories..... | 2,525 | 2,424 |
| 5 | Prepaid expenses and other current assets..... (Note 4, 8, 9)..... | 8,884 | 9,095 |
| 6 | Total current assets..... | 33,705 | 30,271 |
| 7 | Investments, Advances, And Receivables..... (Note 5, 7, 10)..... | 107,586 | 70,307 |
| 8 | Property And Equipment - Gross..... (Note 2)..... | 601,981 | 596,000 |
| 9 | (Accumulated Depreciation/Amortization)..... (Note 2)..... | (100,310) | (80,766) |
| 10 | Other Assets..... (Note 4, 8)..... | 36,815 | 33,978 |
| 11 | Total Assets..... | \$679,777 | \$649,790 |
| | LIABILITIES AND EQUITY | | |
| | Current Liabilities: | | |
| 12 | Accounts payable..... | \$2,926 | \$2,154 |
| 13 | Notes payable..... | 0 | 0 |
| | Current portion of long-term debt: | | |
| 14 | Due to affiliates..... | 0 | 0 |
| 15 | Other..... (Note 3)..... | 16 | 5 |
| 16 | Income taxes payable and accrued..... | 0 | 0 |
| 17 | Other accrued expenses..... (Note 11)..... | 16,152 | 14,684 |
| 18 | Other current liabilities..... (Note 5)..... | 2,341 | 2,408 |
| 19 | Total current liabilities..... | 21,435 | 19,251 |
| | Long-Term Debt: | | |
| 20 | Due to affiliates..... (Note 3, 7)..... | 243,041 | 423,041 |
| 21 | Other..... (Note 3)..... | 40,085 | 0 |
| 22 | Deferred Credits..... | 0 | 0 |
| 23 | Other Liabilities..... (Note 7, 12)..... | 20,797 | 51,170 |
| 24 | Commitments And Contingencies..... | 0 | 0 |
| 25 | Total Liabilities..... | 325,358 | 493,462 |
| 26 | Stockholder's, Partners', Or Proprietor's Equity..... | 354,419 | 156,328 |
| 27 | Total Liabilities And Equity..... | \$679,777 | \$649,790 |

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, 1995 AND 1994

(UNAUDITED)
(\$ in Thousands)

| LINE (a) | DESCRIPTION (b) | 1995 (c) | 1994 (d) |
|-------------|--|-------------|-------------|
| | Revenue: | | |
| 1 | Casino..... | \$74,001 | \$66,347 |
| 2 | Rooms..... | 5,344 | 4,903 |
| 3 | Food and beverage..... | 8,625 | 7,205 |
| 4 | Other..... | 2,441 | 2,557 |
| 5 | Total revenue..... | 90,411 | 81,012 |
| 6 | Less: Promotional allowances..... | 11,086 | 9,166 |
| 7 | Net revenue..... | 79,325 | 71,846 |
| | Costs and Expenses: | | |
| 8 | Cost of goods and services..... (Note 6, 7) | 42,109 | 39,178 |
| 9 | Selling, general, and administrative..... (Note 7) | 19,774 | 17,504 |
| 10 | Provision for doubtful accounts..... | 94 | 311 |
| 11 | Total costs and expenses..... | 61,977 | 56,993 |
| 12 | Gross Operating Profit..... | 17,348 | 14,853 |
| 13 | Depreciation and amortization..... | 5,132 | 5,383 |
| | Charges from affiliates other than interest: | | |
| 14 | Management fees..... | 0 | 0 |
| 15 | Other..... | 0 | 0 |
| 16 | Income (loss) from operations..... | 12,216 | 9,470 |
| | Other Income (Expenses): | | |
| 17 | Interest (expense) - affiliates..... (Note 3) | (7,278) | (13,384) |
| 18 | Interest (expense) - external..... (Note 3) | (1,347) | (1) |
| 19 | Investment alternative tax & related income (exp)-net.... (Note 5) | 850 | (131) |
| 20 | Nonoperating income (expense) - net..... (Note 13) | (730) | (870) |
| 21 | Total other income (expenses)..... | (8,505) | (14,386) |
| 22 | Income(Loss) Before Income Tax & Extraordinary Items..... | 3,711 | (4,916) |
| 23 | Provision (credit) for income taxes..... (Note 8) | 1,085 | (2,474) |
| 24 | Income (Loss) Before Extraordinary Items..... | 2,626 | (2,442) |
| 25 | Extraordinary items | 0 | 0 |
| 26 | Net Income (Loss)..... | \$2,626 | (\$2,442) |

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 STOCKHOLDER'S EQUITY
 FOR THE THREE MONTHS ENDED MARCH 31, 1995 AND 1994

(UNAUDITED)
 (\$ IN THOUSANDS)

| LINE (a) | DESCRIPTION (b) | 1995 | | 1994 | |
|-------------|--|------------|-------------|------------|-------------|
| | | (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)..... | 0 | 0 | 0 | 0 |
| 6 | Sale of stock..... | | | | |
| 8 | Ending balance..... | 0 | 0 | 0 | 0 |
| | Additional Paid-in Capital: | | | | |
| 9 | Beginning balance (January 1)..... | | 325,390 | | 132,785 |
| 10 | Contributions to Paid-in Capital..... | | 0 | | |
| 12 | Ending balance..... | | 325,390 | | 132,785 |
| | 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)..... | | 26,402 | | 25,984 |
| 26 | Prior period adjustments..... | | | | |
| 27 | Net income (loss)..... | | 2,626 | | (2,442) |
| 28 | Dividends..... | | | | |
| 29 | Extraordinary item..... | | | | |
| 30 | Change in acct method..... | | 0 | | 0 |
| 31 | Ending balance..... | | 29,028 | | 23,542 |
| 32 | Ending Stockholder's Equity..... | | \$354,419 | | \$156,328 |

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, 1995 AND 1994

(UNAUDITED)
(\$ in Thousands)

| LINE (a) | DESCRIPTION (b) | 1995 (c) | 1994 (d) |
|-------------|--|-------------|-------------|
| 1 | Net Cash Provided (Used) By Operating Activities..... | \$12,694 | \$5,553 |
| | 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..... | (2,115) | (1,594) |
| 5 | Proceeds from disposition of property and equipment..... | 29 | 69 |
| 6 | Purchase of casino reinvestment obligations..... | (927) | (820) |
| 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..... | (8,091) | (5,991) |
| 9 | Cash outflows to acquire business entities..... | | |
| 10 | ..... |  |  |
| 11 | ..... |  |  |
| 12 | Net Cash Provided (Used) By Investing Activities..... | (11,104) | (8,336) |
| | 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..... | 10,000 | 0 |
| 16 | Costs of issuing debt..... | 0 | 0 |
| 17 | Payments to settle long-term debt..... | (10,003) | (2) |
| 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..... | (3) | (2) |
| 24 | Net Increase (Decrease) In Cash And Cash Equivalents..... | 1,587 | (2,785) |
| 25 | Cash And Cash Equivalents At Beginning Of Period..... | 12,363 | 13,064 |
| 26 | Cash And Cash Equivalents At End Of Period..... | \$13,950 | \$10,279 |

SUPPLEMENTAL DISCLOSURE OF CASH FLOW INFORMATION

| | | | |
|----|---|---------|---------|
| 27 | Cash Paid During Period For: Interest (net of amount capitalized)..... | \$1,110 | \$9,450 |
| 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, 1995 AND 1994

(UNAUDITED)
(\$ in Thousands)

| LINE (a) | DESCRIPTION (b) | 1995 (c) | 1994 (d) |
|-------------|---|-------------|-------------|
| | Net Cash Flows From Operating Activities: | | |
| 29 | Net income (loss)..... | \$2,626 | (\$2,442) |
| | Noncash items included in income and cash items excluded from income: | | |
| 30 | Depreciation and amortization of property and equipment..... | 5,130 | 5,381 |
| 31 | Amortization of other assets..... | 2 | 2 |
| 32 | Amortization of debt discount or premium..... | | |
| 33 | Deferred income taxes - current..... | 0 | 268 |
| 34 | Deferred income taxes - noncurrent..... | 1,085 | (2,742) |
| 35 | (Gain) loss on disposition of property and equipment..... | 5 | (8) |
| 36 | (Gain) loss on casino reinvestment obligations..... | (850) | 131 |
| 37 | (Gain) loss from other investment activities..... | 0 | 0 |
| 38 | Net (increase) decrease in receivables and patrons' checks..... | 346 | 756 |
| 39 | Net (increase) decrease in inventories..... | 26 | 87 |
| 40 | Net (increase) decrease in other current assets..... | 1,736 | 566 |
| 41 | Net (increase) decrease in other assets..... | 172 | 103 |
| 42 | Net increase (decrease) in accounts payables..... | (143) | (1,753) |
| 43 | Net increase (decrease) in other current liabilities excluding debt..... | 2,075 | 1,312 |
| 44 | Net increase (decrease) in other noncurrent liabilities excluding debt..... | 484 | 3,892 |
| 45 | Net (increase) decrease in accrued interest income..... | 0 | 0 |
| 46 | | | |
| 47 | Net Cash Provided (Used) By Operating Activities..... | \$12,694 | \$5,553 |

SUPPLEMENTAL SCHEDULE OF NONCASH INVESTING AND FINANCING ACTIVITIES

| | | | |
|----|--|-----------|-----------|
| | Acquisition Of Property And Equipment: | | |
| 48 | Additions to property and equipment..... | (\$2,153) | (\$1,594) |
| 49 | Less: Capital lease obligations incurred..... | (\$38) | \$0 |
| 50 | Cash Outflows For Property And Equipment..... | (\$2,115) | (\$1,594) |
| | 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 & equipment..... | 0 | 0 |
| 54 | Long-term debt assumed..... | 0 | 0 |
| 55 | Issuance of stock or capital invested..... | 0 | 0 |
| 56 | Cash Outflows To Acquire Business Entities..... | \$0 | \$0 |
| | Stock Issued Or Capital Contributions: | | |
| 57 | Total issuance of stock or capital contributions..... | \$0 | \$0 |
| 58 | Less: Issuances to settle long-term debt.....(Note 15)..... | 0 | 0 |
| 59 | Consideration in acquisition of business entities..... | | |
| 60 | Cash Proceeds From Issuing Stock Or Capital Contributions..... | \$0 | \$0 |

In 1992, a \$225 note receivable was issued for the sale of fixed assets of which \$0 and \$26 was received in 1995 and 1994, respectively. Capital lease obligations of \$38 and \$0 were incurred for 1995 and 1994, respectively, when Adamar entered into new property and equipment leases.

TRADING NAME OF LICENSEE: TROPWORLD CASINO AND ENTERTAINMENT RESORT

SCHEDULE OF RECEIVABLES AND PATRONS' CHECKS

MARCH 31, 1995

(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..... | \$2,542 | | |
| 2 | Returned patrons' checks..... | 8,555 | | |
| 3 | Total patrons' checks..... | 11,097 | (\$4,397) | \$6,700 |
| 4 | Hotel Receivables..... | 1,052 | (114) | 938 |
| | Other Receivables: | | | |
| 5 | Receivables due from officers and employees.... | 35 | | |
| 6 | Receivables due from affiliates..... | 0 | | |
| 7 | Other accounts and notes receivables..... | 673 | | |
| 8 | Total other receivables..... | 708 | | 708 |
| 9 | Totals (Form 205)..... | \$12,857 | (\$4,511) | \$8,346 |

| UNDEPOSITED PATRONS' CHECKS ACTIVITY | | |
|--------------------------------------|---|---------------|
| LINE (f) | DESCRIPTION (g) | AMOUNT (h) |
| 10 | Beginning Balance (January 1)..... | \$2,779 |
| 11 | Counter checks issued (excluding counter checks issued through transactions relating to consolidations, partial redemptions, substitutions, and patrons' cash deposits)..... | 22,044 |
| 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)..... | (14,599) |
| 13 | Checks collected through deposits..... | (7,077) |
| 14 | Checks transferred to returned checks..... | (605) |
| 15 | Other adjustments..... | 0 |
| 16 | Ending Balance..... | \$2,542 |
| 17 | "Hold" Checks Included In Balance On Line 16..... | \$0 |
| 18 | Provision For Uncollectable Patrons' Checks..... | \$93 |
| 19 | Provision As A Percent Of Counter Checks Issued..... | 0.4% |

ADAMAR OF NEW JERSEY, INC.
 DBA TROPWORLD CASINO AND ENTERTAINMENT RESORT
 NOTES TO CONSOLIDATED FINANCIAL STATEMENTS
FOR THE THREE MONTHS ENDED MARCH 31, 1995 AND 1994

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 31, 1994.

The specific footnotes not presented are the summary of significant accounting policies and lease obligations. The footnotes contained in the December 31, 1994 Annual Report should be read in conjunction with these financial statements.

NOTE 2. PROPERTY AND EQUIPMENT

At March 31, 1995 and 1994, the components of property and equipment consisted of:

| | <u>1995</u> | <u>1994</u> |
|-------------------------------------|----------------------|----------------------|
| Land | \$ 39,218,000 | \$ 39,218,000 |
| Building, furniture and fixtures | 558,764,000 | 555,489,000 |
| Construction in progress | <u>3,999,000</u> | <u>1,293,000</u> |
| Total property and equipment-gross | 601,981,000 | 596,000,000 |
| Accumulated depreciation | <u>(100,310,000)</u> | <u>(80,766,000)</u> |
| Total property and equipment | <u>\$501,671,000</u> | <u>\$515,234,000</u> |

NOTE 3. LONG-TERM DEBT

At March 31, 1995 and 1994, Long-Term Debt consisted of:

| Due to Affiliates: | <u>1995</u> | <u>1994</u> |
|---|-----------------------|-----------------------|
| <u>Notes Payable to Aztar Mortgage Funding, Inc.</u> | | |
| Note payable; 13.5% | \$ - | \$ 140,000,000 |
| <u>Notes Payable to Aztar Corporation</u> | | |
| First Mortgage Note; 12-1/4% | - | 171,000,000 |
| Second Mortgage; 16.5% | - | 52,041,000 |
| Note payable; 8.5% | - | 60,000,000 |
| Note Payable; 12.0% due 2004 | <u>243,041,000</u> | <u>-</u> |
| Long-term debt due to affiliates | 243,041,000 | 423,041,000 |
| Reducing Revolving Credit Facility; Floating Rate, 8.82% at March 31, 1994, Matures December 31, 1999 | 40,000,000 | - |
| Obligations under capital leases | <u>101,000</u> | <u>5,000</u> |
| Total Affiliates and Other | 283,142,000 | 423,046,000 |
| Less: current portion | <u>(16,000)</u> | <u>(5,000)</u> |
| Total long term debt | <u>\$ 283,126,000</u> | <u>\$ 423,041,000</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:

| | |
|------------|-----------------------|
| 1995 | \$ 16,000 |
| 1996 | 34,000 |
| 1997 | 29,000 |
| 1998 | 16,000 |
| Thereafter | <u>283,047,000</u> |
| Total | <u>\$ 283,142,000</u> |

NOTE 4.

DEFERRED CREDITS

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

NOTE 5. COMMITMENTS AND CONTINGENCIES

On November 26, 1982, the Company was granted a plenary gaming license by the New Jersey Casino Control Commission. The license is renewable on a biennial basis. The license was renewed on November 3, 1993, effective November 26, 1993, for a period of two years. Management has received no indication that future renewals will not be granted.

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

The New Jersey Casino Control Commission imposes an annual tax of eight percent on gross revenue. Pursuant to legislation adopted in 1984, casino licensees are required to invest an additional one and one-quarter percent of gross casino revenue for the purchase of bonds to be issued by the 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 on gross casino revenue. As mandated by the legislation, the interest rate of the CRDA bonds purchased by the licensee will be two-thirds of the average market rate for bonds available for purchase and published by a national bond index at the time of the CRDA bond issuance. The Company's reinvestment obligation for 1995 and 1994, respectively, was \$926,000 and \$820,000 for the purchase of CRDA bonds. The Company recorded a (gain)/loss provision of \$(850,000) and \$131,000 at March 31, 1995 and 1994 respectively. The loss provision is to recognize the effect of the below market interest rate the bonds would have borne had they been issued on March 31, 1994, and the gain reflects the reversal of prior loss provisions based on receipts from the CRDA at March 31, 1995 to fund an expansion of TropWorld.

In February 1995, the Company commenced construction on an expansion of TropWorld. The expansion will consist primarily of a new 628-room hotel tower, with additional restaurant and support facilities in the existing operation. The Company has executed a credit agreement with the CRDA for approximately \$25,000,000 in funding for this project. The Company will

receive funds from the CRDA based on expenditures made for the project to the extent the Company has available funds on deposit with the CRDA that qualify for this funding. At March 31, 1995, the Company had approximately \$9,000,000 in available deposits with the CRDA that qualify and had received a total of \$3,093,000. The balance of funding will result from portions of future CRDA deposits.

NOTE 6. JACKPOT PAYOUTS

Jackpot payouts for the three months ended March 31, 1995 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>-0-</u> | <u>\$ -0-</u> |
| Total | <u>-0-</u> | <u>\$ -0-</u> | <u>-0-</u> | <u>\$ -0-</u> |

NOTE 7. RELATED PARTIES

Due to affiliates is reflected in Other Liabilities. The identity of the affiliate and corresponding balances at March 31, 1995 and 1994 are:

| | <u>1995</u> | <u>1994</u> |
|-------------------------------------|----------------------|----------------------|
| Due to Aztar Corporation | \$ - | \$ 31,816,000 |
| Due to Aztar Mortgage Funding, Inc. | - | 683,000 |
| Due to Ramada New Jersey, Inc. | 3,290,000 | 3,088,000 |
| Due to Adamar Garage Corporation | 16,585,000 | 14,901,000 |
| Due to Atlantic Deauville, Inc. | <u>922,000</u> | <u>682,000</u> |
| | <u>\$ 20,797,000</u> | <u>\$ 51,170,000</u> |

Advances to affiliates are reflected in Investments, Advances and Receivables. The identity of the affiliate and corresponding balances at March 31, 1995 and 1994 are:

TAXES

| | <u>1995</u> | <u>1994</u> |
|---|----------------------|----------------------|
| Due from Aztar Corporation | \$ 41,345,000 | \$ - |
| Advances to Tropicana West | 25,574,000 | 30,433,000 |
| Advances to Laughlin | 3,000 | 3,000 |
| Note Receivable-Adamar Garage Corporation | <u>17,052,000</u> | <u>17,052,000</u> |
| | <u>\$ 83,974,000</u> | <u>\$ 47,488,000</u> |

Notes payable to related parties are included in Long-term debt to affiliates (See Note 3). The identity of the affiliate and corresponding balances at March 31, 1995 and 1994 are:

| <u>PAYEE</u> | <u>1995</u> | <u>1994</u> |
|------------------------------|----------------------|----------------------|
| Aztar Mortgage Funding, Inc. | \$ - | \$140,000,000 |
| Aztar Corporation | <u>243,041,000</u> | <u>283,041,000</u> |
| | <u>\$243,041,000</u> | <u>\$423,041,000</u> |

For the three months ended March 31, 1995 and 1994 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>1995</u> | <u>1994</u> |
|--|-------------------|-------------------|
| <u>COST OF GOODS AND SERVICES</u> | | |
| Executive Deferred compensation plan | \$ 2,000 | \$ 2,000 |
| Property Insurance | 129,000 | 122,000 |
| Workmen's Compensation | <u>226,000</u> | <u>236,000</u> |
| | <u>\$ 357,000</u> | <u>\$ 360,000</u> |
| <u>SELLING, GENERAL AND ADMINISTRATIVE</u> | | |
| Insurance | \$ 241,000 | \$ 245,000 |
| Executive Deferred Compensation Plan | 8,000 | 9,000 |
| Workmen's Compensation | 45,000 | 48,000 |
| Long-term Incentive | 159,000 | 174,000 |
| Other | <u>11,000</u> | <u>6,000</u> |
| | <u>464,000</u> | <u>482,000</u> |
| Total | <u>\$ 821,000</u> | <u>\$ 842,000</u> |

NOTE 8. INCOME TAXES

Under the regular federal income tax rules the Company's net operating loss carryforward fully offsets taxable income for tax purposes. The Provision/(Benefit) for income taxes recorded in the quarters ended March 31, 1995 and 1994 is entirely a deferred Provision/(Benefit). The difference between the federal statutory rate and the effective tax rate was primarily attributable to state income taxes, the non-deductible nature of certain business meal expenses, and corporate overhead expense allocations made for tax purposes.

For income tax purposes, the Company is included in Aztar's consolidated corporate Federal income tax return. The Company uses a separate return method for purposes of allocating the consolidated tax provision.

The Internal Revenue Service has completed its examination of the income tax returns for the years 1986 and 1987. A partial agreement for those two years has been filed with the U.S. Tax Court for two remaining issues. The Internal Revenue Service is examining the income tax returns for years 1988 through 1991. The New Jersey Division of taxation is examining the income tax returns for the years 1983 through 1989. Management believes that adequate provision for income taxes and interest has been made in the financial statements.

NOTE 9. PREPAID EXPENSES AND OTHER CURRENT ASSETS

At March 31, 1995 and 1994, Prepaid expenses and Other current assets consisted of the following:

| | <u>1995</u> | <u>1994</u> |
|------------------------|---------------------|---------------------|
| Current deferred taxes | \$ 4,057,000 | \$ 4,404,000 |
| Other | <u>4,827,000</u> | <u>4,691,000</u> |
| Total | <u>\$ 8,884,000</u> | <u>\$ 9,095,000</u> |

NOTE 10. INVESTMENTS, ADVANCES, AND RECEIVABLES

At March 31, 1995 and 1994, Investments, Advances, and Receivables consisted of the following:

| | <u>1995</u> | <u>1994</u> |
|--|----------------------|----------------------|
| Due from affiliates | 66,922,000 | \$ 30,436,000 |
| CRDA investment | <u>23,612,000</u> | <u>22,819,000</u> |
| Note receivable - Adamar Garage Corporation | 17,052,000 | 17,052,000 |
| Total | <u>\$107,586,000</u> | <u>\$ 70,307,000</u> |

NOTE 11. OTHER ACCRUED EXPENSES

At March 31, 1995 and 1994, Other Accrued Expenses consisted of the following:

| | <u>1995</u> | <u>1994</u> |
|---------------------------------------|----------------------|----------------------|
| Accrued payroll taxes and benefits | \$ 6,373,000 | \$ 6,363,000 |
| Accrued progressive slot win | 1,102,000 | 837,000 |
| Accrued claims reserve | 1,725,000 | 1,862,000 |
| Accrued employee taxes | 2,024,000 | 1,960,000 |
| Other | <u>4,928,000</u> | <u>3,662,000</u> |
| Total | <u>\$ 16,152,000</u> | <u>\$ 14,684,000</u> |

NOTE 12. OTHER LIABILITIES

At March 31, 1995 and 1994, Other Liabilities consisted of Due to affiliates identified in Note 7.

NOTE 13. NON-OPERATING INCOME/(EXPENSE)

For the period ending March 31, 1995 and 1994, Non-operating income/(expense) consisted of the following:

| | <u>1995</u> | <u>1994</u> |
|-----------------------------|---------------------|---------------------|
| Interest income | \$ 923,000 | \$ 770,000 |
| (Loss)/Gain on dispositions | (5,000) | 8,000 |
| Rent expense | <u>(1,648,000)</u> | <u>(1,648,000)</u> |
| Total | <u>\$ (730,000)</u> | <u>\$ (870,000)</u> |

STATEMENT OF COMPLIANCE AND ACCURACY

TRADING NAME OF LICENSEE: TROPWORLD CASINO AND ENTERTAINMENT RESORT

PROMOTIONAL EXPENSES AND ALLOWANCES
(in Thousands)
For The Three Months Ended March 31, 1995

| | <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 | 70,240 | \$ 4,447,000 | 8 | \$ 1,000 |
| Food | 410,425 | 4,023,135 | 21,975 | 215,000 |
| Beverage | 1,161,969 | 1,294,000 | -0- | -0- |
| Travel | -0- | -0- | 779 | 273,000 |
| Coin | -0- | -0- | 599,412 | 7,852,000 |
| Coupon | -0- | -0- | -0- | -0- |
| Entertainment | 9,411 | 265,000 | 5,889 | 118,000 |
| Retail & Gifts | 69,301 | 693,010 | -0- | -0- |
| Other | 36,423 | 364,000 | 23,222 | 232,000 |
| Total | 1,757,769 | \$11,086,000 | 651,285 | \$ 8,691,000 |

STATEMENT OF CONFORMITY AND ACCURACY

STATE OF _____ :
COUNTY OF _____ :ss.
_____ :

Deborah Marchese, being duly sworn according to law upon my oath
Name

deposes and says:

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

Deborah Marchese
Signature

Controller
Title

367611
License Number

Subscribed and sworn to
before me this 11th day
of May, 1995

Joann Martilini
Signature

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

On Behalf Of:

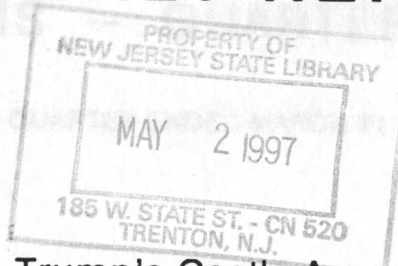
TROPWORLD CASINO &
ENTERTAINMENT RESORT
Casino Licensee

Basis of Authority
to Take Oaths

Director Financial Accounting
One Castle Boulevard
Atlantic City, N.J. 08401

974.901
C193

QUARTERLY REPORT



**LICENSEE
ADDRESS**

Trump's Castle Associates
One Castle Boulevard
Atlantic City, N.J. 08401

FOR THE QUARTER ENDED MARCH 31, 1995

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

RECEIVED
FEE
MAY 15 1995
CASINO CONTROL
COMMISSION

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

Nancy K. Wattson

OFFICIAL TITLE.....

Executive Director Financial Accounting

ADDRESS.....

One Castle 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, 1995

| <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 |
| Promotional Allowances and Expenses | CCC-245 |
| Statement of Conformity and Accuracy | CCC-250 |

BALANCE SHEETS

MARCH 31, 1995 and 1994

(UNAUDITED)
(\$ IN THOUSANDS)

| LINE (a) | DESCRIPTION (b) | (c) 1995 | (d) 1994 |
|-------------|--|------------------|------------------|
| | ASSETS | | |
| | Current Assets: | | |
| 1 | Cash | \$22,777 | \$18,359 |
| 2 | Marketable securities | 0 | 0 |
| 3 | Receivables and patrons' checks (net of allowance for doubtful accounts - 1995, \$3,092; 1994, \$4,092) | 6,928 | 11,688 |
| 4 | Inventories | 1,651 | 2,470 |
| 5 | Prepaid expenses and other current assets..... | 5,333 | 3,267 |
| 6 | Total current assets | 36,689 | 35,784 |
| 7 | Investments, Advances, And Receivables | 1,896 | 2,645 |
| 8 | Property And Equipment - Gross | 503,056 | 494,376 |
| 9 | (Accumulated Depreciation/Amortization) | (177,059) | (162,682) |
| 10 | Other Assets | 3,669 | 786 |
| 11 | Total Assets | \$368,251 | \$370,909 |
| | LIABILITIES AND EQUITY | | |
| | Current Liabilities: | | |
| 12 | Accounts payable | \$4,203 | \$2,444 |
| 13 | Notes payable | 0 | 0 |
| | Current portion of long-term debt: | | |
| 14 | Due to affiliates | 0 | 0 |
| 15 | Other | 1,108 | 0 |
| 16 | Income taxes payable and accrued | 0 | 0 |
| 17 | Other accrued expenses | 21,867 | 19,320 |
| 18 | Other current liabilities | 10,170 | 13,685 |
| 19 | Total current liabilities | 37,348 | 35,449 |
| | Long-Term Debt: | | |
| 20 | Due to affiliates | 283,287 | 273,258 |
| 21 | Other | 36,892 | 38,000 |
| 22 | Deferred Credits | 0 | 0 |
| 23 | Other Liabilities | 10 | 8 |
| 24 | Commitments And Contingencies | | |
| 25 | Total Liabilities | 357,537 | 346,715 |
| 26 | Stockholders', Partners', Or Proprietor's Equity | 10,714 | 24,194 |
| 27 | Total Liabilities and Equity | \$368,251 | \$370,909 |

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, 1995 and 1994

(UNAUDITED)
(\$ IN THOUSANDS)

| LINE (a) | DESCRIPTION (b) | (c) 1995 | (d) 1994 |
|-------------|---|-----------|-----------|
| | Revenue: | | |
| 1 | Casino..... | \$60,220 | \$61,782 |
| 2 | Rooms | 3,998 | 3,923 |
| 3 | Food and beverage | 6,829 | 7,062 |
| 4 | Other | 1,600 | 1,565 |
| 5 | Total revenue | 72,647 | 74,332 |
| 6 | Less: Promotional allowances | 7,206 | 8,003 |
| 7 | Net revenue | 65,441 | 66,329 |
| | Costs And Expenses: | | |
| 8 | Cost of goods and services | 36,149 | 36,257 |
| 9 | Selling, general, and administrative | 19,033 | 17,860 |
| 10 | Provision for doubtful accounts | 246 | 2,388 |
| 11 | Total costs and expenses | 55,428 | 56,505 |
| 12 | Gross Operating Profit | 10,013 | 9,824 |
| 13 | Depreciation and amortization | 3,536 | 3,591 |
| | Charges from affiliates other than interest: | | |
| 14 | Management fees .....(NOTE 15)..... | 814 | 515 |
| 15 | Other .....(NOTE 15)..... | 448 | 0 |
| 16 | Income (Loss) From Operations | 5,215 | 5,718 |
| | Other Income (Expenses): | | |
| 17 | Interest (expense) – affiliates.....(NOTE 3,5)..... | (10,292) | (10,083) |
| 18 | Interest (expense) – external .....(NOTE 4)..... | (874) | (863) |
| 19 | Investment alternative tax and related income (expense) – net.....(NOTE 11)..... | (350) | (2,092) |
| 20 | Nonoperating income (expense) – net .....(NOTE 10)..... | 50 | (164) |
| 21 | Total other income (expenses) | (11,466) | (13,202) |
| 22 | Income (Loss) Before Income Taxes And Extraordinary Items | (6,251) | (7,484) |
| 23 | Provision (credit) for income taxes .....(NOTE 1)..... | 0 | 0 |
| 24 | Income (Loss) Before Extraordinary Items | (6,251) | (7,484) |
| 25 | Extraordinary items (net of income taxes – 1994, \$ 0; 1993, \$ 0) .....(NOTE 14)..... | 0 | 0 |
| 26 | Net Income (Loss) | (\$6,251) | (\$7,484) |

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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STATEMENTS OF CHANGES IN STOCKHOLDERS' EQUITY

FOR THE THREE MONTHS ENDED MARCH 31, 1995 and 1994

NOT APPLICABLE

(UNAUDITED)
(\$ IN THOUSANDS)

| LINE (a) | DESCRIPTION (b) | 1995 | | 1994 | |
|-------------|--|------------|-------------|------------|-------------|
| | | (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 CASH FLOWS

STATEMENTS OF CHANGES IN PARTNERS' OR PROPRIETOR'S EQUITY

FOR THE THREE MONTHS ENDED MARCH 31, 1995 and 1994

(UNAUDITED)
(\$ IN THOUSANDS)

| LINE (a) | DESCRIPTION (b) | (c) 1995 | (d) 1994 |
|-------------|--|-----------------|-----------------|
| | Invested Capital: | | |
| 1 | Beginning balance (January 1) | \$103,314 | \$71,196 |
| 2 | Additional capital invested | 0 | 32,118 |
| 3 | ..... | 0 | 0 |
| 4 | Ending balance | 103,314 | 103,314 |
| | Accumulated Income (Loss): | | |
| 5 | Beginning balance (January 1) | (47,899) | (33,186) |
| 6 | Prior period adjustments | 0 | 0 |
| 7 | Net income (loss) | (6,251) | (7,484) |
| 8 | ..... | 0 | 0 |
| 9 | Ending balance | (54,150) | (40,670) |
| | 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 | \$10,714 | \$24,194 |

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, 1995 and 1994

(UNAUDITED)
(\$ IN THOUSANDS)

| LINE (a) | DESCRIPTION (b) | (c) 1995 | (d) 1994 |
|-------------|--|----------|----------|
| 1 | Net Cash Provided (Used) By Operating Activities | \$5,593 | (\$540) |
| | 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..... | (1,359) | (936) |
| 5 | Proceeds from disposition of property and equipment..... | 0 | 0 |
| 6 | Purchase of casino reinvestment obligations..... | (579) | (720) |
| 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..... | 1,224 | (1,656) |
| | 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..... | 3,655 | (2,196) |
| 25 | Cash And Cash Equivalents At Beginning Of Period..... | 19,122 | 20,555 |
| 26 | Cash And Cash Equivalents At End Of Period..... | \$22,777 | \$18,359 |

SUPPLEMENTAL DISCLOSURE OF CASH FLOW INFORMATION

| | | | |
|----|---|-------|-------|
| 27 | Cash Paid During Period For: | | |
| 28 | Interest (net of amount capitalized)..... | \$855 | \$855 |
| | 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.

TRADING NAME OF LICENSEE TRUMP'S CASTLE HOTEL & CASINO

STATEMENTS OF CASH FLOWS

FOR THE THREE MONTHS ENDED MARCH 31, 1995 and 1994

(UNAUDITED)
(\$ IN THOUSANDS)

| LINE (a) | DESCRIPTION (b) | (c) 1995 | (d) 1994 |
|-------------|--|----------------|----------------|
| | Net Cash Flows From Operating Activities: | | |
| 29 | Net income (loss)..... | (\$6,251) | (\$7,484) |
| | Noncash items included in income and cash items excluded from income: | | |
| 30 | Depreciation and amortization of property and equipment..... | 3,536 | 3,591 |
| 31 | Amortization of other assets..... | 0 | 0 |
| 32 | Amortization of debt discount or premium..... | 552 | 551 |
| 33 | Deferred income taxes – current..... | 0 | 0 |
| 34 | Deferred income taxes – noncurrent..... | 0 | 0 |
| 35 | (Gain) loss on disposition of property and equipment..... | 0 | 5 |
| 36 | (Gain) loss on casino reinvestment obligations..... | 351 | 2,092 |
| 37 | (Gain) loss from other investment activities..... | 0 | 0 |
| 38 | Net (increase) decrease in receivables and patrons' checks..... | 2,364 | (1,360) |
| 39 | Net (increase) decrease in inventories..... | 139 | (155) |
| 40 | Net (increase) decrease in other current assets..... | (503) | 188 |
| 41 | Net (increase) decrease in other assets..... | 252 | 95 |
| 42 | Net increase (decrease) in accounts payables..... | (2,242) | (862) |
| 43 | Net increase (decrease) in other current liabilities excluding debt..... | 7,395 | 2,798 |
| 44 | Net increase (decrease) in other noncurrent liabilities excluding debt..... | 0 | 1 |
| 45 | ..... | 0 | 0 |
| 46 | ..... | 0 | 0 |
| 47 | Net Cash Provided (Used) By Operating Activities..... | \$5,593 | (\$540) |

SUPPLEMENTAL SCHEDULE OF NONCASH INVESTING AND FINANCING ACTIVITIES

| | | | |
|----|---|----------------|--------------|
| 48 | Acquisition Of Property And Equipment: | | |
| | Additions to property and equipment..... | \$1,359 | \$936 |
| 49 | Less: Capital lease obligations incurred..... | 0 | 0 |
| 50 | Cash Outflows For Property And Equipment..... | \$1,359 | \$936 |
| | 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 formed as a limited partnership in 1985 for the sole purpose of acquiring and operating Trump's Castle Casino Resort ("Trump's Castle"). The Partnership converted to a general partnership in February 1992. As a result of a recapitalization involving the Partnership, the Company and TC/GP, Inc. ("TC/GP") in December, 1993, the partnership is wholly owned by Donald J. Trump, and his wholly owned companies, TC/GP and Trump's Castle Hotel & Casino Inc. ("TCHC").

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. As of December 31, 1994, the Partnership had New Jersey State net operating losses of approximately \$158,000,000, which are available to offset taxable income through 2000.

Allowance for Doubtful Accounts:

The Partnership has provided \$3,092,000 through March 31, 1995 including a \$1.0 million provision with respect to \$1.4 million owed by a foreign gaming patron.

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:

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

NOTE 2 - PROPERTY AND EQUIPMENT:

Property and equipment as of March 31:

| | <u>1995</u> | <u>1994</u> |
|-----------------------------------|------------------|------------------|
| | (In thousands) | |
| Land and Land Improvements | \$ 36,811 | \$ 36,407 |
| Buildings | 235,170 | 235,170 |
| Furniture, Fixtures and Equipment | 109,462 | 103,675 |
| Construction in Progress | 3,259 | 3,602 |
| Building/Leasehold Improvements | 118,354 | 115,522 |
| TOTAL | <u>\$503,056</u> | <u>\$494,376</u> |
| Less Accumulated Depreciation | (177,059) | (162,682) |
| Net Property and Equipment | <u>\$325,997</u> | <u>\$331,694</u> |

NOTE 3 - LONG TERM DEBT:

Plan of Reorganization:

Trump's Castle Funding (the "Company") was incorporated on May 28, 1985 solely to serve as a financing company to raise funds through the issuance of its 13-3/4% First

Mortgage Bonds, Series A-1, due 1997 (the "Series A-1 Bonds") and 7% First Mortgage Bonds, Series A-2, due 1999 (the "Series A-2 Bonds," and together with the Series A-1 Bonds, the "Old Bonds"), the proceeds of which were loaned to the Partnership. In return for such proceeds, the Partnership issued a promissory note (the "Old Partnership Note") to the Company in a principal amount equal to the aggregate principal amount of the Old Bonds and with similar payment terms. In addition, the Partnership directly guaranteed the payment of the principal of, premium, if any, and interest on the Old Bonds (the "Old Guaranty"). On the Effective Date, the Old Partnership Note and Old Guaranty were discharged, the Partnership issued a new promissory note (the "Partnership Note") and a new guaranty (the "Guaranty") and the Old Bonds were exchanged for the Company's 9.50% Mortgage Bonds, due 1998 (the "New Bonds") and shares of common stock of TC/GP (the "Common Stock").

On March 9, 1992, 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") and filed a Plan of Reorganization (the "Plan"). The Plan was confirmed by the Bankruptcy Court on May 5, 1992 and the Plan was consummated on May 29, 1992 (the "Effective Date"). Pursuant to the terms of the Plan, the Company's the outstanding bonds (the "Old Bonds") were exchanged for new bonds and common stock of TC/GP (Note 3) and certain modifications were made to the terms of the bank borrowings (Note 4), and amounts owed to Donald J. Trump (Note 5). The issuance of the common stock of TC/GP resulted in approximately 50% of the beneficial ownership interest in the Partnership being 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 Bonds issued at the time of the reorganization were stated at the present value of amounts to be paid, determined at current interest rates (effective rate of approximately 17.4%). The effective interest rate of these Bonds was determined based on the trading price of these Bonds for a specific period. Stating the debt at its approximate present value resulted in a reduction in the \$322,987,000 initial face amount of these Bonds of approximately \$96,896,000. This gain will be offset by increased interest costs over the period of the bonds to accrete such bonds to their face value at maturity.

On the Effective Date, TC/GP received a 49.995% Partnership interest in the Partnership and was admitted as a partner. TC/GP also received a 50% beneficial interest in TCHC, a partner in the Partnership, which held a .01% partnership interest, thereby giving TC/GP a 50% beneficial interest in the Partnership. On the Effective Date, the

partners executed the Amended and Restated Partnership Agreement (the "Partnership Agreement"), which provided for, among other things, a Board of Partners Representatives (the "Board") to oversee the business and operations of the Partnership. Pursuant to the terms of the Partnership Agreement, Donald J. Trump was appointed the Managing General Partner of the Partnership responsible for its day-to-day operations, and appointed four of the seven members of the Board. The remaining members of the Board are appointed by TC/GP through the holders of its Common Stock.

The Plan resulted in an extraordinary gain totaling approximately \$128,187,000, including the \$96,896,000 discussed above, \$18,000,000 representing the forgiveness of bank debt (Note 3), and \$22,805,000 representing a discharge of accrued interest and accretion on indebtedness, less the write-off of unamortized loan issuance costs of \$9,514,000. On the Effective Date, 35,447 of additional units (Note 3) were issued in lieu of the Bond Carryforward Amount, as defined and the Effective Date Amount, as defined. Additionally, the Plan resulted in a discharge of related party indebtedness in the approximate amount of \$33,325,000 which has been accounted for as a contribution to capital (Note 5).

Upon consummation of the Plan on May 29, 1992, each \$1,000 principal amount of the Company's Series A-1 Bonds or \$1,000 accreted amount as of December 15, 1990 of Series A-2 Bonds was exchanged for a Unit consisting of \$1,000 in principal amount of the Company's Bonds, together with one share of the Common Stock of TC/GP and certain other payments. The Bonds and Common Stock trade together as a Unit and may not be transferred separately, except upon the occurrence of certain events. The Bonds bear interest at 9.50% per annum from the date of issuance, payable semi-annually on each February 15 and August 15, commencing August 15, 1992. The Company is required to pay interest in cash to holders of Bonds outstanding on the immediately preceding August 1 or February 1 at varying rates per annum (the "Mandatory Cash Amounts") as follows:

| <u>INTEREST PAYMENT DATE</u> | <u>Mandatory Cash Rate (Per Annum)</u> |
|--|--|
| August 15, 1992 | 5.00% |
| February 15, 1993 | 6.00 |
| August 15, 1993 | 7.00 |
| February 15, 1994 | 8.00 |
| August 15, 1994 and all subsequent dates | 9.50 |

For interest payment dates on or before February 15, 1994, the difference between interest calculated at the rate

of 9.50% per annum and the Mandatory Cash Amount (the "Additional Amount") was payable to holders of Bonds in cash to the extent that Excess Available Cash, as defined, of the Partnership was available for such purpose and in additional Units to the extent that Excess Available Cash was less than the Additional Amount.

Recapitalization:

On December 28, 1993, the Partnership, the Company and TC/GP consummated a Recapitalization Plan whereby each \$1,000 of principal of the 9.5% Mortgage Bonds issued as part of the Plan was exchanged for \$750 principal amount of the Company's 11-3/4% Mortgage Notes due 2003 (the "Mortgage Notes"), \$120 principal amount of the Company's Increasing Rate Subordinated Pay-in-Kind Notes due 2005 (the "PIK Notes") and a cash payment of \$6.19 plus all accrued and unpaid interest. Those bondholders who did not elect to exchange their bonds received a cash payment of \$750 for each \$1,000 of principal amount of bonds plus accrued and unpaid interest. In addition, each share of TC/GP common stock was exchanged for \$35 principal amount of PIK Notes.

As a result of the Recapitalization Plan, approximately 96% of the principal amount of the previously issued bonds were exchanged for Mortgage and PIK Notes and the TC/GP common stock was redeemed. Those bonds that were redeemed for cash were purchased at an amount which approximated their net book value at the date of purchase. The net book value of the exchanged bonds has been carried forward and allocated to the Mortgage and PIK Notes in proportion to the principal amount of Notes issued. The difference between the principal amount and net book value of these notes will be accreted as a charge to interest expense over the life of the Notes using the effective interest method.

The PIK Notes bear interest, payable at the Company's option in whole or in part in cash and through the issuance of additional PIK Notes, semi-annually commencing May 15, 1994 at the rate of 7% through September 30, 1994 and 13-7/8% through November 15, 2003. After November 15, 2003, interest on the Notes is payable in cash, semiannually at the rate of 13-7/8%. The Partnership issued an additional \$3.6 million principal amount of additional PIK Notes in payment of the May 15, 1994 and November 15, 1994 interest payments. The PIK Notes mature on November 15, 2005. The PIK Notes may be redeemed at the Company's option at 100% of the principal amount under certain conditions, as defined in the PIK Note Indenture, and are required to be redeemed from a specified percentage of any equity offering which includes the Partnership. Interest has been accrued under the effective interest method for the year ended December 31, 1994. Other Long Term Liabilities of \$3.3 million represents a cash

differential of \$2.8 million as a result of the application of the effective interest method and \$.6 million of additional PIK notes to be issued on May 15, 1995.

The terms of both the Mortgage Notes and PIK Notes include limitations on the amount of additional indebtedness the Partnership may incur, distributions of Partnership capital, investments and other business activities.

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

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

On May 15, 1994, the first interest payment on the PIK Notes came due. The amount of interest due totaled approximately \$1,345,000. Also on November 15, 1994 the second interest payment on the PIK Notes came due. The amount of interest due totaled approximately \$2,250,000. In accordance with the indentures, the Partnership issued additional notes in lieu of a cash payment as satisfaction of the amount due. It is the Partnership's intent to issue additional PIK Notes in lieu of a cash payment on May 15, 1995, as such the current interest accrual is presented as Long Term Debt: Due to Affiliates.

NOTE 4 - BANK BORROWINGS:

In February 1988, the Company and the Partnership entered into a \$50,000,000 revolving credit facility with Midlantic National Bank ("Midlantic") which was later converted to a term loan in August 1990 ("Term Loan"). In addition, in June 1990, the Partnership borrowed \$13,000,000 from Midlantic under an unsecured line of credit pursuant to a grid note ("grid Note"). Pursuant to the Plan, the terms of

these loans were modified.

The principal amount of the amended Term Loan (the "Amended Term Loan") was reduced to \$38,000,000. The Amended Term Loan has an initial maturity of three years from the Effective Date and with its terms, the Partnership has the option, subject to certain conditions, to extend the Amended Term Loan an additional five years. The Partnership intends to exercise its option to extend the Amended Term Loan. Upon such an extension, the interest rate applicable to the Midlantic Term Loan will be either a fluctuating or fixed rate, at Midlantic's option, adjusted to such rate in excess of Midlantic's prime rate as Midlantic may determine is reasonable for a secured term loan of that nature, but in any event such rate will not be less than 9% per annum nor more than, in the case of a fluctuating rate, 3% above Midlantic's prime rate in effect from time to time, and in the case of a fixed rate, 3% above Midlantic's prime rate in effect at the time of extension. In addition, if the term of the Midlantic Term Loan is extended, the outstanding principal amount of the Midlantic Term Loan will be amortized over the five-year extension period on a twenty year amortization schedule requiring principal prepayments of \$158,333 per month over such period. It will be an additional condition to the exercise of such extension option that the Partnership will have paid Midlantic all accrued interest and principal required to be paid on the Midlantic Term Loan through the date of extension.

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

The amended Grid Note (the "Amended Grid Note") bore interest at 8.5% and the outstanding principal amount of \$13,000,000 was reduced to \$7,000,000 payable on demand as part of the Plan (Note 2). On December 28, 1993, the Amended Grid Note was paid in full.

NOTE 5 - OTHER BORROWINGS:

Senior Notes:

On December 28, 1993, the Company issued 11-1/2% Senior Secured Notes, due 2000. Similar to the Mortgage Notes, the Senior Notes are secured by an assignment of a promissory note of the Partnership (the "Senior Partnership Note") which is in turn secured by a mortgage on Trump's Castle and substantially all of the other assets of the Partnership. In addition, the Partnership has guaranteed (the "Senior Guaranty") the payment of the Senior Notes, which Guaranty is secured by a mortgage on Trump's Castle. The Senior Partnership Note and the Senior Guaranty are subordinated to the Amended Term Loan described above.

Interest on the Senior Notes is payable semiannually commencing May 15, 1994 at the rate of 11-1/2%; however in the event that the PIK Notes are redeemed prior to November 15, 1998, the interest rate will be reduced to 11-1/4%. The Senior Notes are subject to a required partial redemption commencing on June 1, 1998 at 100% of the principal amount.

Fred Trump Gaming Chip Liability:

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 checks totaling \$3,500,000 were issued against the deposit, for which Fred Trump received gaming chips valued at \$3,500,000. On October 8, 1992, in accordance with the indenture, Fred Trump redeemed \$1,000,000 in gaming chips for cash. In December 1993, Fred Trump redeemed \$1,000,000 in gaming chips and placed the same amount on deposit in the casino cage. This amount was included in Patrons Deposits as of December 31, 1993 and was subsequently redeemed on January 6, 1994. On May 19, 1994 in accordance with the indentures, Fred Trump redeemed \$1,500,000 in gaming chips for cash. The remaining gaming chip liability to Fred Trump of \$25,000 is included in the unredeemed chip liability as of March 31, 1995.

NOTE 6 - OTHER ASSETS - (NET):

| | <u>1995</u> | <u>1994</u> |
|---------------------------|-----------------|---------------|
| | (In thousands) | |
| Other Non-Current Assets | 3,669 | 786 |
| TOTAL OTHER ASSETS | <u>\$ 3,669</u> | <u>\$ 786</u> |

NOTE 7 - ACCOUNTS PAYABLE:

| | <u>1995</u> | <u>1994</u> |
|-------------------------------|-----------------|-----------------|
| | (In thousands) | |
| Accounts Payable Trade | \$ 2,922 | \$ 1,149 |
| Patron Deposits | 1,202 | 1,261 |
| Other | 79 | 34 |
| TOTAL ACCOUNTS PAYABLE | <u>\$ 4,203</u> | <u>\$ 2,444</u> |

NOTE 8 - OTHER ACCRUED EXPENSES:

| | <u>1995</u> | <u>1994</u> |
|--------------------------------|-----------------|-----------------|
| | (In thousands) | |
| Accrued Payroll & Taxes | \$ 4,867 | \$ 4,704 |
| Accrued Interest | 13,169 | 8,852 |
| Accrued Advertising/Promotions | 292 | 234 |
| Accrued Progressive Jackpots | 153 | 340 |
| Accrued Sick/Vacation | 2,855 | 4,762 |
| Other | 531 | 428 |
| | <hr/> | <hr/> |
| TOTAL OTHER ACCRUED EXPENSES | <u>\$21,867</u> | <u>\$19,320</u> |

NOTE 9 - OTHER CURRENT LIABILITIES:

| | <u>1995</u> | <u>1994</u> |
|---------------------------------|-----------------|-----------------|
| | (In thousands) | |
| Outstanding Chip Liability | \$ 929 | \$ 2,470 |
| Outstanding Token Liability | 123 | 432 |
| Patron Deposits | 110 | 81 |
| Accrued Utilities | 8 | 432 |
| Accrued Group Health insurance | 1,283 | 1,355 |
| Accrued Insurance | 3,706 | 4,686 |
| A/P Other | 2,661 | 2,163 |
| Accrued Legal | 236 | 366 |
| Accrued CCC/DGE | 173 | 457 |
| Construction Retainage | 2 | 12 |
| Accrued Inventories | 166 | 468 |
| Accrued CRDA | 585 | 763 |
| Simulcast Commissions | 188 | 0 |
| | <hr/> | <hr/> |
| TOTAL OTHER CURRENT LIABILITIES | <u>\$10,170</u> | <u>\$13,685</u> |

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

Non-operating income (expense) for the period ended March 31:

| | <u>Three Months</u> | |
|----------------------------------|---------------------|-----------------|
| | <u>1995</u> | <u>1994</u> |
| | (In thousands) | |
| Interest Income | \$ 154 | \$ 147 |
| Business Development Expense | (104) | (311) |
| | <hr/> | <hr/> |
| TOTAL NON-OPERATING INCOME - NET | <u>\$ 50</u> | <u>\$ (164)</u> |

NOTE 11 - COMMITMENTS AND CONTINGENCIES:

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

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

CASINO REINVESTMENT DEVELOPMENT AUTHORITY OBLIGATIONS

Pursuant to the provisions of the Act, the Partnership, must either obtain investment tax credits (as defined in the Act), in an amount equivalent to 1.25% of its gross casino revenues (as defined in the Act) or pay an alternative tax of 2.5% of its gross casino revenues. Investment tax credits may be obtained by making qualified investments, as defined, or by the purchase of bonds at below market interest rates from the Casino Reinvestment Development Authority ("CRDA"). The Partnership is required to make quarterly deposits with the CRDA to satisfy its investment obligations.

From time-to-time the Partnership has elected to donate funds that it has on deposit with the CRDA in return for tax credits to satisfy substantial portions of the Partnership's future investment alternative tax obligations. For the quarters ended March 31, 1995 and 1994 the Partnership charged to operations \$159,000 and \$65,000 respectively which represents amortization of a portion of the tax credits discussed above.

In addition, for the quarters ended March 31, 1995 and 1994, the Partnership charged to operations \$191,000 and \$227,000, respectively, to give effect to the below market interest rates associated with purchased CRDA bonds.

NOTE 12 - EMPLOYEE BENEFIT PLANS:

The Partnership has a retirement savings plan for its nonunion employees under Section 401(K) of the Internal

Revenue Code. Employees are eligible to contribute up to 15% of their earnings to the plan up to the maximum amount permitted by law, and the Partnership will match 50% of an eligible employee's contributions up to a maximum of 5% of the employee's earnings.

The Partnership recorded charges of approximately \$240,000 for matching contributions for the three months ended March 31, 1995.

The Partnership makes payments to various trusted pension plans under industry-wide union agreements. The payments are based on the hours worked by or gross wages paid to covered employees. It is not practical to determine the amount of payments ultimately used to fund pension benefit plans or the current financial condition of the plans. Under the Employee Retirement Income Security Act, the Partnership may be liable for its share of the plans unfunded liabilities, if any, if the plans are terminated.

The Partnership provides no other material post employment benefits.

NOTE 13 - JACKPOT PAYOUTS:

The Partnership has not recorded any jackpot payouts in the form of merchandise for the three months ended March 31, 1995.

NOTE 14 - EXTRAORDINARY ITEM:

The Partnership has not recorded any extraordinary items for the three months ended March 31, 1995 and 1994.

NOTE 15 - RELATED PARTY TRANSACTIONS:

Other Payments to Donald J. Trump

During 1994, the Board of Partner Representative approved a \$1,000,000 bonus to be paid to Trump in 1995 based on 1994 operating results. The amount is payable in two equal installments in May and November and is subject to the maintenance of certain minimum cash balances after the semi-annual payment of interest and CCC approval. This amount has been accrued in the accompanying financial statements.

In February 1994, Trump's Castle Associates paid a \$1,500,000 bonus to Donald J. Trump. Said bonus was approved by both the Casino Control Commission and Trump's Castle's Board of Partner Representatives.

Trump Management Fee

The Partnership had a management agreement with Trump's Castle Management Corp. ("TCMC"), a corporation wholly owned by Donald J. Trump (the "Management Agreement"). The Management Agreement provided that the day-to-day operation of Trumps's Castle and all ancillary properties and businesses of the Partnership was to be under the exclusive management and supervision of TCMC.

Pursuant to the Management Agreement, the Partnership was required to pay an annual fee in the amount of \$1,500,000 to TCMC for each year in which Earnings Before Interest, Taxes, Depreciation and Amortization ("EBITDA"), as defined, exceeds certain levels. In addition, TCMC, beginning with the fiscal year ended December 31, 1994, was to receive an incentive fee equal to 10% of the excess EBITDA over \$45,000,000 for such fiscal year. During the years ended 1993 and 1992, the Partnership incurred fees and expenses of \$1,688,000 and \$1,241,000 respectively, under the Management Agreement.

As a result of the Recapitalization Plan described in Note 3, on December 28, 1993, the Partnership terminated the Management Agreement with TCMC and entered into a Services Agreement with TC/GP. Pursuant to the terms of the services agreement, TC/GP is obligated to provide the Partnership, from time to time, when reasonably requested, consulting services with respect to the business and operations of the Partnership, including such other services as the Managing Partner may reasonably request.

In consideration for the services to be rendered, the Partnership will pay TC/GP an annual fee on the same basis as that of the previous Management Agreement, discussed above. During the year 1994, the Partnership recorded fees of \$2,111,000 under the Services Agreement. The Services Agreement expires on December 31, 2005.

The Partnership has recorded expenses for the periods ended March 31, 1995 and 1994 of approximately \$814,000 and \$515,000 respectively.

Partnership Agreement

Under the terms of the Partnership Agreement, the Partnership was required to pay all costs incurred by TC/GP. For the period ended March 31, 1995 the Partnership paid \$447,890 of expenses on behalf of TC/GP. These costs were charged to other expense in the accompanying financial statements.

SCHEDULE OF RECEIVABLES AND PATRONS' CHECKS

MARCH 31, 1995

(UNAUDITED)

(\$ IN THOUSANDS)

| ACCOUNTS RECEIVABLE BALANCES | | | | |
|------------------------------|---|------------------------|------------------|---|
| LINE (a) | DESCRIPTION (b) | ACCOUNT BALANCE (c) | ALLOWANCE (d) | ACCOUNTS RECEIVABLE - (e) NET OF ALLOWANCE |
| 1 | Patrons' Checks: | | | |
| | Undeposited patrons' checks | \$3,226 | | |
| 2 | Returned patrons' checks | 3,828 | | |
| 3 | Total patrons' checks | 7,054 | \$2,868 | \$4,186 |
| 4 | Hotel Receivables | 680 | 224 | 456 |
| 5 | Other Receivables: | | | |
| | Receivables due from officers and employees | 18 | | |
| 6 | Receivables due from affiliates | 641 | | |
| 7 | Other accounts and notes receivables | 4,464 | | |
| 8 | Total other receivables | 5,123 | 0 | 5,123 |
| 9 | Totals (Form 305) | \$12,857 | \$3,092 | \$9,765 |

| UNDEPOSITED PATRONS' CHECKS ACTIVITY | | |
|--------------------------------------|--|---------------|
| LINE (f) | DESCRIPTION (g) | AMOUNT (h) |
| 10 | Beginning Balance (January 1) | \$4,494 |
| 11 | Counter checks issued (excluding counter checks issued through transactions relating to consolidations, partial redemptions, substitutions, and patrons' cash deposits) | 41,098 |
| 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) | (23,748) |
| 13 | Checks collected through deposits | (17,916) |
| 14 | Checks transferred to returned checks | (701) |
| 15 | Other adjustments | 0 |
| 16 | Ending Balance | \$3,226 |
| 17 | "Hold" Checks Included In Balance On Line 16 | \$0 |
| 18 | Provision For Uncollectible Patrons' Checks | 238 |
| 19 | Provision As A Percent Of Counter Checks Issued | 0.6% |

TRADING NAME OF LICENSEE TRUMP'S CASTLE HOTEL & CASINO

PROMOTIONAL EXPENSES AND ALLOWANCES

(\$ IN THOUSANDS)

FOR THE THREE MONTHS ENDED MARCH 31, 1995

| | PROMOTIONAL ALLOWANCES | | PROMOTIONAL EXPENSES | |
|----------------|------------------------|--------------------|----------------------|--------------------|
| | Number of Recipients | Dollar Amount | Number of Recipients | Dollar Amount |
| ROOMS | 68,273 | \$2,735,000 | 0 | \$0 |
| FOOD | 202,933 | 3,044,000 | 0 | 0 |
| BEVERAGE | 283,529 | 1,205,000 | 0 | 0 |
| TRAVEL | 0 | 0 | 10,566 | 1,849,000 |
| COIN | 0 | 0 | 0 | 0 |
| COUPON | 0 | 0 | 449,289 | 5,974,000 |
| ENTERTAINMENT | 8,880 | 222,000 | 133 | 4,000 |
| RETAIL & GIFTS | 0 | 0 | 0 | 0 |
| OTHER | 0 | 0 | 16,800 | 840,000 |
| TOTAL | 563,615 | \$7,206,000 | 476,788 | \$8,667,000 |

[Faint signatures and text, including "12th day" and "1994" are visible.]

STATEMENT OF CONFORMITY AND ACCURACY

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

Nancy K. Wattson, being duly sworn according to law upon my oath

deposes and says:

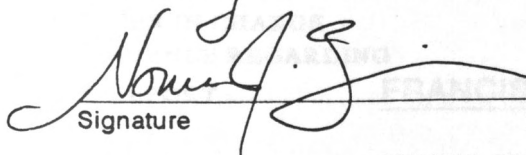
1. I have examined this Quarterly Report.
2. All the information contained in this Report has been prepared in conformity with Casino Control Commission's Quarterly Report Instructions and Uniform Chart of Accounts.
3. The information contained in this Quarterly Report is accurate to the best of my knowledge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


Signature

Executive Director Financial Accounting
Title

TL6319-11
License Number

Subscribed and sworn to
before me this 12TH day
of May, 1994


Signature

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

Basis of Authority
to Take Oaths

On behalf Of:

Trump's Castle Hotel & Casino
Casino Licensee

974.901
C193

9/1/901

QUARTERLY REPORT

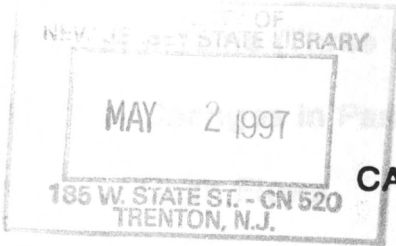
NAME OF LICENSEE: TRUMP PLAZA HOTEL & CASINO

LIST OF FORMS - QUARTERLY REPORT

LICENSEE: TRUMP PLAZA HOTEL & CASINO

ADDRESS: MISSISSIPPI AVENUE & BOARDWALK
ATLANTIC CITY, NJ 08401

FOR THE QUARTER ENDED MARCH 31, 1995



TO THE
CASINO CONTROL COMMISSION
OF THE
STATE OF NEW JERSEY

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CASINO CONTROL
COMMISSION
CCC-240
CCC-245
CCC-250

NAME OF OFFICER IN CHARGE
OF CORRESPONDENCE REGARDING

THIS ANNUAL REPORT.....FRANCIS X MCCARTHY, JR.

OFFICIAL TITLE.....EXECUTIVE VICE-PRESIDENT OF FINANCE AND
ADMINISTRATION

ADDRESS.....MISSISSIPPI AVENUE & BOARDWALK
ATLANTIC CITY, NJ 08401

CCC-201

BALANCE SHEETS

TRADING NAME OF LICENSEE: TRUMP PLAZA HOTEL & CASINO

LIST OF FORMS – QUARTERLY REPORT

FOR THE QUARTER ENDED MARCH 31, 1995

| TITLE | 1995 | (Q) 1994 | FORM NO. |
|---|-----------|-----------|----------|
| ASSETS | | | |
| Cash | 19,129 | 16,574 | |
| Securities | | | |
| Receivables and patrons' checks (net of allowances for doubtful accounts - 1995, \$6,670; 1994, \$10,235) | 6,960 | 5,702 | |
| Prepaid expenses and other current assets | 3,871 | 1,782 | |
| Property and equipment (NOTE 2) | 3,594 | 1,782 | |
| Investments | 27,162 | | CCC-205 |
| Other Assets | | | |
| LIABILITIES AND EQUITY | | | |
| Accounts payable | 10,409 | 10,235 | |
| Notes payable (NOTE 3) | 142,985 | 142,985 | CCC-215 |
| Accrued liabilities | | | |
| Accumulated Depreciation/Amortization (NOTE 4) | (141,477) | (139,270) | |
| Other Liabilities | 12,822 | | CCC-225 |
| Partners' Equity | 3,381,705 | 3,381,705 | CCC-235 |
| Notes to Financial Statements | | | |
| Schedule of Receivables and Patrons' Checks | 4,238 | | CCC-240 |
| Promotional Expenses and Allowances | | | CCC-245 |
| Statement of Conformity and Accuracy | 4,142 | 1,250 | CCC-250 |
| Other Liabilities | 29,162 | 29,162 | |
| Other Liabilities | 8,324 | 8,324 | |
| Other Liabilities | 41,777 | 40,234 | |
| LIABILITIES | | | |
| Accounts payable | 10,409 | 10,235 | |
| Notes payable | 142,985 | 142,985 | |
| Accrued liabilities | | | |
| Accumulated Depreciation/Amortization | (141,477) | (139,270) | |
| Other Liabilities | 12,822 | | |
| LIABILITIES AND EQUITY | | | |
| Accounts payable | 10,409 | 10,235 | |
| Notes payable | 142,985 | 142,985 | |
| Accrued liabilities | | | |
| Accumulated Depreciation/Amortization | (141,477) | (139,270) | |
| Other Liabilities | 12,822 | | |
| Partners' Equity | 3,381,705 | 3,381,705 | |
| LIABILITIES AND EQUITY | 3,381,705 | 3,381,705 | |

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

BALANCE SHEETS

MARCH 31, 1995 AND 1994

(UNAUDITED)
(\$ IN THOUSANDS)

| LINE (a) | DESCRIPTION (b) | (c) 1995 | (d) 1994 |
|---|--|-------------------|-------------------|
| ASSETS | | | |
| Current Assets: | | | |
| 1 | Cash..... | \$ 19,123 | \$ 16,374 |
| 2 | Marketable securities..... | - | - |
| 3 | Receivables and patrons' checks (net of allowance for doubtful accounts - 1995, \$8,679; 1994, \$10,239)..... | 6,920 | 5,766 |
| 4 | Inventories..... | 3,535 | 3,406 |
| 5 | Prepaid expenses and other current assets..... NOTE 2..... | 3,584 | 1,695 |
| 6 | Total current assets..... | 33,162 | 27,241 |
| 7 | Investments, Advances, and Receivables..... NOTE 3..... | 10,403 | 10,289 |
| 8 | Property and Equipment - Gross..... NOTE 4..... | 443,366 | 421,754 |
| 9 | (Accumulated Depreciation/Amortization)..... NOTE 4..... | (141,656) | (126,276) |
| 10 | Other Assets..... NOTE 5..... | 42,930 | 44,562 |
| 11 | Total Assets..... | \$ 388,205 | \$ 377,570 |
| LIABILITIES AND EQUITY | | | |
| Current Liabilities: | | | |
| 12 | Accounts Payable..... | \$ 4,328 | \$ 5,193 |
| 13 | Notes Payable..... | 97 | - |
| Current portion of long-term debt: | | | |
| 14 | Due to affiliates..... | - | - |
| 15 | Other..... NOTE 9..... | 4,142 | 1,659 |
| 16 | Income taxes payable and accrued..... | - | - |
| 17 | Other accrued expenses..... NOTE 6..... | 26,162 | 26,504 |
| 18 | Other current liabilities..... NOTE 7..... | 6,524 | 6,898 |
| 19 | Total current liabilities..... | 41,253 | 40,254 |
| Long-Term Debt: | | | |
| 20 | Due to affiliates..... NOTE 8..... | 326,334 | 325,949 |
| 21 | Other..... NOTE 9..... | 5,043 | 5,582 |
| 22 | Deferred Credits..... NOTE 10..... | 1,808 | 890 |
| 23 | Other Liabilities..... NOTE 13..... | 3,822 | 2,949 |
| 24 | Commitments and Contingencies..... NOTE 14..... | - | - |
| 25 | Total Liabilities..... | 378,260 | 375,624 |
| 26 | Stockholders', Partners', or Proprietor's Equity..... | 9,945 | 1,946 |
| 27 | Total Liabilities and Equity..... | \$ 388,205 | \$ 377,570 |

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

TRADING NAME OF LICENSEE: TRUMP PLAZA HOTEL & CASINO

STATEMENTS OF INCOME

FOR THE THREE MONTHS ENDED MARCH 31, 1995 AND 1994

(UNAUDITED)
(\$ IN THOUSANDS)

| LINE | DESCRIPTION | (c) 1995 | (d) 1994 |
|------|--|-----------|------------|
| (a) | (b) | | |
| | Revenue: | | |
| 1 | Casino..... | \$ 66,235 | \$ 54,580 |
| 2 | Rooms..... | 3,898 | 3,631 |
| 3 | Food and beverage..... | 10,259 | 8,383 |
| 4 | Other..... | 1,781 | 1,820 |
| 5 | Total revenue..... | 82,173 | 68,414 |
| 6 | Less: Promotional allowances..... | 9,265 | 7,487 |
| 7 | Net revenue..... | 72,908 | 60,927 |
| | Costs and Expenses: | | |
| 8 | Costs of goods and services..... | 39,165 | 35,487 |
| 9 | Selling, general, and administrative..... | 17,820 | 17,839 |
| 10 | Provision for doubtful accounts..... | 330 | 246 |
| 11 | Total costs and expenses..... | 57,315 | 53,572 |
| 12 | Gross Operating Profit..... | 15,593 | 7,355 |
| 13 | Depreciation and amortization..... | 4,092 | 3,922 |
| | Charges from affiliates other than interest: | | |
| 14 | Management fees..... | 285 | 268 |
| 15 | Other..... | 479 | 475 |
| 16 | Income (Loss) from Operations..... | 10,737 | 2,690 |
| | Other Income (Expenses): | | |
| 17 | Interest (expense) - affiliates.....NOTE 11..... | (9,420) | (9,421) |
| 18 | Interest (expense) - external..... | (342) | (260) |
| 19 | Investment alternative tax and related income (expense) - net..... | (223) | (277) |
| 20 | Nonoperating income (expense) - net.....NOTE 12..... | (736) | (1,185) |
| 21 | Total other income (expense)..... | (10,721) | (11,143) |
| 22 | Income (Loss) before Income Taxes and Extraordinary Items..... | 16 | (8,453) |
| 23 | Provision (credit) for income taxes.....NOTE 16..... | 43 | (783) |
| 24 | Income (Loss) before Extraordinary Items..... | (27) | (7,670) |
| 25 | Extraordinary items (net of income taxes - 1995, \$ - ; 1994, \$ -)..... | - | - |
| 26 | Net (Loss)..... | \$ (27) | \$ (7,670) |

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

TRADING NAME OF LICENSEE: TRUMP PLAZA HOTEL & CASINO

STATEMENTS OF CHANGE IN PARTNERS' OR PROPRIETOR'S EQUITY

FOR THE THREE MONTHS ENDED MARCH 31, 1995 AND 1994

(UNAUDITED)
(\$ IN THOUSANDS)

| LINE (a) | DESCRIPTION (b) | (c) 1995 | (d) 1994 |
|-------------|--|-----------------|-----------------|
| | Invested Capital: | | |
| 1 | Beginning balance (January 1)..... | \$ 69,114 | \$ 69,114 |
| 2 | Conversion of Preferred into a General Partnership Interest..... | - | - |
| 3 | ..... | - | - |
| 4 | Ending balance..... | 69,114 | 69,114 |
| | Accumulated Income (Loss): | | |
| 5 | Beginning balance (January 1)..... | 28,747 | 28,391 |
| 6 | Prior period adjustments..... | - | - |
| 7 | Net income (loss)..... | (27) | (7,670) |
| 8 | ..... | - | - |
| 9 | Ending balance..... | 28,720 | 20,721 |
| | Capital Withdrawals: | | |
| 10 | Beginning balance (January 1)..... | (87,889) | (87,889) |
| 11 | Additional capital withdrawals..... | - | - |
| 12 | Preferred Partnership Interest Distribution..... | - | - |
| 13 | Ending balance..... | (87,889) | (87,889) |
| | 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..... | \$ 9,945 | \$ 1,946 |

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

TRADING NAME OF LICENSEE: TRUMP PLAZA HOTEL & CASINO

STATEMENTS OF CASH FLOWS

FOR THE THREE MONTHS ENDED MARCH 31, 1995 AND 1994

(UNAUDITED)
(\$ IN THOUSANDS)

| LINE (a) | DESCRIPTION (b) | (c) 1995 | (d) 1994 |
|-------------|--|-----------|-----------|
| 1 | Net Cash Provided (Used) by Operating Activities..... | \$ 13,409 | \$ 9,347 |
| | 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..... | (5,333) | (6,015) |
| 5 | Proceeds from disposition of property and equipment..... | - | 5 |
| 6 | Purchase of casino reinvestment obligations..... | (742) | (747) |
| 7 | Purchase of other investments and loans/advances made..... | (667) | (833) |
| 8 | Proceeds from disposal of investments and collection of advances and long-term receivables..... | - | - |
| 9 | Cash outflows to acquire business entities..... | - | - |
| 10 | Casino Reinvestment Obligation Donation..... | 375 | 877 |
| 11 | ..... | - | - |
| 12 | Net Cash Provided (Used) by Investing Activities..... | (6,367) | (6,713) |
| | Cash Flows from Financing Activities: | | |
| 13 | Cash proceeds from issuance of short-term debt..... | - | - |
| 14 | Payments to settle short-term debt..... | (878) | (651) |
| 15 | Cash proceeds from issuance of long-term debt..... | 1,817 | - |
| 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..... | 939 | (651) |
| 24 | Net Increase (Decrease) in Cash and Cash Equivalents..... | 7,981 | 1,983 |
| 25 | Cash and Cash Equivalents at Beginning of Period..... | 11,142 | 14,391 |
| 26 | Cash and Cash Equivalents at End of Period..... | \$ 19,123 | \$ 16,374 |

SUPPLEMENTAL DISCLOSURE OF CASH FLOW INFORMATION

| | | | |
|----|---|--------|--------|
| 27 | Cash Paid During Period For: | | |
| | Interest (net of amount capitalized)..... | \$ 146 | \$ 172 |
| 28 | Income taxes..... | \$ - | \$ - |

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

TRADING NAME OF LICENSEE: TRUMP PLAZA HOTEL & CASINO

STATEMENTS OF CASH FLOWS

FOR THE THREE MONTHS ENDED MARCH 31, 1995 AND 1994

(UNAUDITED)
(\$ IN THOUSANDS)

| LINE (a) | DESCRIPTION (b) | (c) 1995 | (d) 1994 |
|-------------|--|------------------|-----------------|
| | Net Cash Flows from Operating Activities: | | |
| 29 | Net income (loss)..... | \$ (27) | \$ (7,670) |
| | Noncash items included in income and cash items excluded from income: | | |
| 30 | Depreciation and amortization of property & equipment..... | 3,998 | 3,828 |
| 31 | Amortization of other assets..... | 94 | 94 |
| 32 | Amortization of debt discount or premium..... | 100 | 90 |
| 33 | Deferred income taxes – current..... | – | – |
| 34 | Deferred income taxes – noncurrent..... | 43 | (783) |
| 35 | (Gain) loss on disposition of property and equipment..... | – | 3 |
| 36 | (Gain) loss on casino reinvestment obligation..... | 223 | 277 |
| 37 | (Gain) loss from other investment activities..... | – | – |
| 38 | Net (increase) decrease in receivables and patrons' checks..... | (123) | 1,191 |
| 39 | Net (increase) decrease in inventories..... | 122 | 160 |
| 40 | Net (increase) decrease in other current assets..... | 696 | 1,006 |
| 41 | Net (increase) decrease in other assets..... | 34 | 278 |
| 42 | Net increase (decrease) in accounts payable..... | (2,547) | 792 |
| 43 | Net increase (decrease) in other current liabilities excluding debt..... | 10,796 | 10,081 |
| 44 | Net increase (decrease) in other noncurrent liabilities excluding debt..... | – | – |
| 45 | ..... | – | – |
| 46 | ..... | – | – |
| 47 | Net Cash Provided (Used) by Operating Activities..... | \$ 13,409 | \$ 9,347 |

SUPPLEMENTAL SCHEDULE OF NONCASH INVESTING AND FINANCING ACTIVITIES

| | | | |
|----|---|-------------------|-------------------|
| | Acquisition of Property and Equipment: | | |
| 48 | Additions to property and equipment..... | \$ (7,354) | \$ (6,173) |
| 49 | Less: Capital lease obligations incurred..... | 2,021 | 158 |
| 50 | Cash Outflows for Property and Equipment..... | \$ (5,333) | \$ (6,015) |
| | Acquisition of Business Entities: | | |
| 51 | Property and equipment acquired..... | \$ – | \$ – |
| 52 | Goodwill acquired..... | – | – |
| 53 | Net assets acquired other than cash, goodwill, and property and equipment..... | – | – |
| 54 | Long-term debt assumed..... | – | – |
| 55 | Issuance of stock or capital invested..... | – | – |
| 56 | Cash Outflows to Acquire Business Entities..... | \$ – | \$ – |
| | Stock Issued or Capital Contributions: | | |
| 57 | Total issuances of stock or capital contribution..... | \$ – | \$ – |
| 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 PLAZA ASSOCIATES
NOTES TO FINANCIAL STATEMENTS**

NOTE 1: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

A. Organization

Trump Plaza Associates, (the "Company"), doing business as Trump Plaza Hotel and Casino ("Trump Plaza") was organized in June 1982 as a general partnership under the laws of the State of New Jersey for the purpose of acquiring, completing the construction of and operating Trump Plaza. On June 25, 1993, the Company issued a Promissory Note (the "Partnership Note") to reflect the terms of the 10 7/8% Mortgage Notes. See Note 8 - Long-Term Debt Due to Affiliates.

B. 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, 1994. 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>1995</u> | <u>1994</u> |
|---------------------------|--------------------|--------------------|
| Prepaid taxes | \$ 291,000 | \$ 234,000 |
| Prepaid insurance | 384,000 | 298,000 |
| Prepaid rent | 120,000 | 118,000 |
| Prepaid advertising costs | 245,000 | 340,000 |
| Prepaid CRDA expense | 320,000 | 393,000 |
| Prepaid collateral | 1,825,000 | - |
| Other | <u>399,000</u> | <u>312,000</u> |
| | <u>\$3,584,000</u> | <u>\$1,695,000</u> |
| | ===== | ===== |

**TRUMP PLAZA ASSOCIATES
NOTES TO FINANCIAL STATEMENTS**

NOTE 3: INVESTMENTS, ADVANCES AND RECEIVABLES

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

| | <u>1995</u> | <u>1994</u> |
|--|----------------------------|----------------------------|
| Advances due from - | | |
| Trump Seashore Associates | \$ 642,000 | \$ 793,000 |
| Trump Plaza Holding Associates | 3,060,000 | 3,044,000 |
| Donald J. Trump | 1,950,000 | 1,000,000 |
| Trump Organization | 153,000 | - |
| Casino reinvestment bonds and escrow deposit, net of valuation adjustment (1995) \$2,301,000; (1994) \$2,774,000 | <u>4,598,000</u> | <u>5,452,000</u> |
| | <u><u>\$10,403,000</u></u> | <u><u>\$10,289,000</u></u> |

NOTE 4: PROPERTY AND EQUIPMENT - NET

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

| | <u>1995</u> | <u>1994</u> |
|--|------------------------------|------------------------------|
| Land and land improvements | \$ 36,463,000 | \$ 35,614,000 |
| Buildings | 297,573,000 | 295,617,000 |
| Furniture, fixtures and equipment | 84,703,000 | 78,512,000 |
| Leasehold improvements | 2,404,000 | 2,404,000 |
| Construction in progress | <u>22,223,000</u> | <u>9,607,000</u> |
| | 443,366,000 | 421,754,000 |
| Less - Accumulated depreciation & amortization | <u>(141,656,000)</u> | <u>(126,276,000)</u> |
| Net property and equipment | <u><u>\$ 301,710,000</u></u> | <u><u>\$ 295,478,000</u></u> |

NOTE 5: OTHER ASSETS

Other assets as of March 31, consisted of the following:

| | <u>1995</u> | <u>1994</u> |
|---------------------------------------|-----------------------------|-----------------------------|
| Land rights, net | \$ 29,597,000 | \$ 29,966,000 |
| Deferred Loan Cost (net of affiliate) | 11,420,000 | 12,990,000 |
| Deposits | 1,235,000 | 1,536,000 |
| Deferred slot tax charge | 32,000 | 70,000 |
| Other | <u>646,000</u> | <u>-</u> |
| | <u><u>\$ 42,930,000</u></u> | <u><u>\$ 44,562,000</u></u> |

**TRUMP PLAZA ASSOCIATES
NOTES TO FINANCIAL STATEMENTS**

NOTE 6: OTHER ACCRUED EXPENSES

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

| | <u>1995</u> | <u>1994</u> |
|---|---------------------|---------------------|
| Accrued payroll | \$ 7,941,000 | \$ 7,895,000 |
| Accrued progressive jackpot liabilities | 404,000 | 872,000 |
| Accrued interest | 10,470,000 | 10,469,000 |
| Accrued gaming taxes payable | 508,000 | 327,000 |
| Accrued Casino Control Commission & Division of Gaming Enforcement fees | 539,000 | 712,000 |
| Accrued utilities | 373,000 | 361,000 |
| Accrued union benefits | 228,000 | 245,000 |
| Accrued health insurance benefits | 1,259,000 | 1,720,000 |
| Accrued parking, sales, use & luxury tax | 342,000 | 327,000 |
| Accrued professional costs | 762,000 | 426,000 |
| Accrued special event costs | 795,000 | 653,000 |
| Accrued repairs & maintenance costs | 107,000 | 114,000 |
| Distribution payable on income taxes to Trump Plaza Funding, Inc. | - | 974,000 |
| Other | <u>2,434,000</u> | <u>1,409,000</u> |
| | <u>\$26,162,000</u> | <u>\$26,504,000</u> |

NOTE 7: OTHER CURRENT LIABILITIES

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

| | <u>1995</u> | <u>1994</u> |
|--|--------------------|--------------------|
| Unredeemed chip/token liability | \$1,741,000 | \$1,161,000 |
| Patron deposits | 304,000 | 347,000 |
| Casino reinvestment liability | 757,000 | 628,000 |
| Reserve for insurance claims | 2,692,000 | 3,106,000 |
| Advance room/theater deposits | 98,000 | 154,000 |
| Advances due to Trump Castle Associates | 186,000 | 460,000 |
| Advances due to Seashore Four Associates | 574,000 | 586,000 |
| Advances due to Taj Mahal Associates | 70,000 | 185,000 |
| Other | <u>102,000</u> | <u>271,000</u> |
| | <u>\$6,524,000</u> | <u>\$6,898,000</u> |

**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:

| | <u>1995</u> | <u>1994</u> |
|---|------------------------|------------------------|
| 10 7/8% Partnership Note, net of unamortized discount of \$3,666,000 and \$4,051,000, respectively, interest payable semi-annually, maturing in 2001. | \$326,334,000 ===== | \$325,949,000 ===== |

On June 25, 1993 Trump Plaza Funding, Inc., ("TPF") issued \$330,000,000 principal amount of 10 7/8% Mortgage Notes, due 2001 (the "Mortgage Notes"), net of discount of \$4,313,000. The Mortgage Notes mature on June 15, 2001 and are redeemable at any time on or after June 15, 1998, at the option of the Company or TPF, in whole or in part, at the principal amount plus a premium which declines ratably each year to zero in the year of maturity. The Mortgage Notes bear interest at the rate of 10 7/8% per annum from the date of issuance, payable semi-annually on each June 15 and December 15, commencing December 15, 1993 and are secured by substantially all of the Company's assets.

The Mortgage Note Indenture contains certain covenants limiting the ability of the Company to incur indebtedness, including indebtedness secured by liens on Trump Plaza.

NOTE 9: LONG-TERM DEBT - OTHER

Long-term debt - other as of March 31, consisted of the following:

| | <u>1995</u> | <u>1994</u> |
|---|-----------------------------------|------------------------------------|
| Mortgage notes payable in monthly installments, including interest, with interest rates ranging from 10.0% to 11.0%. The notes are due at various dates between 1994 and 1998 and are secured by certain real property. | \$5,396,000 | \$ 6,291,000 |
| Other notes with interest rates ranging from 9.5% to 11.0%, principal and interest payable monthly, secured by automobile, computer, and slot equipment | 3,789,000 9,185,000 | 950,000 7,241,000 |
| Less current maturities | 4,142,000 \$5,043,000 ===== | 1,659,000 \$ 5,582,000 ===== |

**TRUMP PLAZA ASSOCIATES
NOTES TO FINANCIAL STATEMENTS**

NOTE 10: DEFERRED CREDITS

Deferred credits as of March 31, 1995 and 1994 consisted of deferred state income taxes.

NOTE 11: INTEREST (EXPENSE) - AFFILIATES

Interest (Expense)- Affiliates consisted of the interest on the 10 7/8% Partnership Note for the three months ended March 31, 1995 and 1994.

NOTE 12: NONOPERATING INCOME (EXPENSE) - NET

Nonoperating income (expense) - net for the three months ended March 31, consisted of the following:

| | <u>1995</u> | <u>1994</u> |
|--|---------------------|-----------------------|
| Interest income | \$ 173,000 | \$ 102,000 |
| Loss on disposal of property and equipment | - | (3,000) |
| Restructuring expense | - | (1,000) |
| Nonoperating lease and related costs | (909,000) | (1,283,000) |
| | <u>\$ (736,000)</u> | <u>\$ (1,185,000)</u> |

NOTE 13: OTHER LIABILITIES

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

| | <u>1995</u> | <u>1994</u> |
|--|--------------|--------------|
| Deferred Income Taxes relating to Preferred Partnership Interest | \$ 3,822,000 | \$ 2,949,000 |
| | <u>=====</u> | <u>=====</u> |

On June 25, 1993, the date of the consummation of the Offerings, TPF's Preferred Stock units were redeemed with \$40.0 million of the proceeds of the Company's 10 7/8% Mortgage Note as well as Trump Plaza Holding Associates ("Holding")'s \$35.0 million of 12 1/2% Pay-In-Kind Notes, due 2003 (the "PIK Notes"). The balance of the Company's preferred partnership interest was converted into and classified as a general partnership interest in accordance with the amended Partnership Agreement.

**TRUMP PLAZA ASSOCIATES
NOTES TO FINANCIAL STATEMENTS**

NOTE 14: COMMITMENTS AND CONTINGENCIES

A. Casino License Renewal

The operation of an Atlantic City hotel and casino is subject to significant regulatory controls which affect virtually all of its operations. Under the New Jersey Casino Control Act (the "Act"), the Company is required to maintain certain licenses.

In April, 1993, the New Jersey Casino Control Commission ("CCC") renewed the Company's license to operate Trump Plaza. This license must be renewed in June, 1995, 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.

B. Pay-In-Kind Notes

On June 25, 1993, Holding, a Partnership beneficially owned 100% by Donald J. Trump ("Trump"), issued \$60,000,000 principal amount of 12 1/2% Pay-in-Kind Notes (the "PIK Notes"), due 2003, together with Warrants to acquire and additional \$12,000,000 of PIK Notes at no additional cost (the "Warrants"). The Warrants were exercised on April 26, 1995.

The PIK Notes mature on June 15, 2003 and bear interest at the rate of 12 1/2% per annum from the date of issuance, payable semi-annually on each June 15 and December 15, commencing December 15, 1993. At the option of Holding, interest is payable in whole or in part, in cash or, in lieu of cash, through the issuance of additional PIK Notes valued at 100% of their principal amount. Holding has no other assets or business other than its 99% equity interest in the Company. As such, the ability of Holding to pay interest in cash on the PIK Notes is entirely dependent on the ability of the Company to distribute available cash, as defined, to Holding for such purpose.

As of March 31, 1995, the Company elected to issue, in lieu of cash, a total of \$11,756,000 in PIK Notes to satisfy its semi-annual PIK Note interest obligation.

The PIK Notes are subordinate to TPF's Mortgage Notes and any other indebtedness of the Company, and are secured by a pledge of Holding's 99% equity interest in the Company. The indenture to which the PIK Notes were issued (the "PIK Note Indenture") contains covenants prohibiting Holding from

**TRUMP PLAZA ASSOCIATES
NOTES TO FINANCIAL STATEMENTS**

B. Pay-In-Kind Notes cont.

incurring additional indebtedness and engaging in other activities, and other covenants restricting the activities of the Company substantially similar to those set forth in the Mortgage Note Indenture. The PIK Notes and Warrants are non-recourse to the Partners of Holding, including Trump, and to all other persons and entities (other than Holding). Upon an event of default, holders of PIK Notes or Warrants will have recourse only to the assets of Holding which consist solely of its equity interest in the Company.

C. Trump Plaza East

In 1993, the Company received the approval of the CCC, subject to certain conditions, for the expansion of its hotel facilities ("Trump Plaza East"). On June 24, 1993, Trump transferred title of Trump Plaza East to a lender in exchange for a reduction in indebtedness to such lender in an amount equal to the sum of fair market value of Trump Plaza East and all rent payments made to such lender by Trump under the Trump Plaza East Lease (defined below). At that time, the lender leased the Trump Plaza East to Trump (the "Trump Plaza East Lease") for a term of five years, which expires on June 30, 1998, during which time Trump is obligated to pay the lender \$260,000 per month in lease payments. In October 1993, the Company assumed the Trump Plaza East Lease and related expenses.

On June 24, 1993, the Company acquired a five-year option to purchase Trump Plaza East (the "Trump Plaza East Purchase Option"). In addition, the Company has a right of first refusal upon any proposed sale of all or any portion of Trump Plaza East during the term of Trump Plaza East Purchase Option. Until such time as Trump Plaza East Option is exercised or expires, the Company will be obligated, from and after the date it entered into Trump Plaza East Purchase Option, to pay the net expenses associated with Trump Plaza East. During the three months ended March 31, 1995, the Company incurred \$0.9 million of such expenses. The CCC has required that the Company exercise the Trump Plaza East Purchase Option or its right of first refusal no later than July 1, 1995. The Company has petitioned the CCC to extend such date to July 1, 1996; however, no assurance can be given that such waivers will be granted or that any condition imposed by the CCC would be acceptable to the Company. If the Company defaults in making payments due under Trump Plaza East Purchase Option, the Company would be liable to the lender for the sum of (a) the present value of all remaining payments to be made by the Company pursuant to the Trump Plaza East Purchase Option during the terms thereof and (b) the cost of demolition of all improvements then located on Trump Plaza East Site. In order for the Company to exercise the option, it would be required to pay \$27.0 million through June 30, 1995, increasing by \$1.0 million annually thereafter until expiration on June 30, 1998. If the Company is unable to exercise the option, it would be required to expense any capitalized costs associated with Trump Plaza East.

**TRUMP PLAZA ASSOCIATES
NOTES TO FINANCIAL STATEMENTS**

C. Trump Plaza East cont.

As of March 31, 1995 the Company had capitalized approximately \$13.3 million in construction costs related to Trump Plaza East including a \$1 million consulting fee paid to Trump. The Company's ability to acquire Trump Plaza East pursuant to Trump Plaza East Purchase Option is dependent upon its ability to obtain financing to acquire the property. The ability to incur such indebtedness is restricted by the Mortgage Note Indenture and the PIK Note Indenture and requires the consent of certain of Trump's personal creditors. The Company's ability to develop Trump Plaza East is dependent upon its ability to use existing cash on hand and generate cash flow from operations sufficient to fund development costs. No assurance can be given that such cash on hand will be available to the Company for such purposes or that it will be able to generate sufficient cash flow from operations. In addition, exercise of Trump Plaza East Purchase Option or the right of first refusal requires the consent of certain of Trump's personal creditors, and there can be no assurance that such consent will be obtained at the time the Company desires to exercise Trump Plaza East Purchase Option or such right.

The accompanying financial statements do not include any adjustments that may be necessary should the Company be unable to exercise Trump Plaza East Purchase Option.

D. Services Agreement

Pursuant to the terms of a Services Agreement with Trump Plaza Management Corp. ("TPM"), a corporation beneficially owned by Trump, in consideration for services provided, the Company pays TPM each year an annual fee of \$1.0 million in equal monthly installments, and reimburses TPM on a monthly basis for all reasonable out-of-pocket expenses incurred by TPM in performing its obligations under the Services Agreement, up to certain amounts. Under this Agreement, \$285,000 and \$268,000 was charged to expense for the three months ended March 31, 1995 and 1994, respectively.

E. Trump Plaza West Option

In December, 1993, Trump entered into an option agreement (the "Original Chemical Option Agreement") with Chemical Bank ("Chemical") and ACFH, Inc. ("ACFH") a wholly owned subsidiary of Chemical. The Original Chemical Option Agreement granted to Trump an option to purchase (i) the Trump Regency Hotel (including the land, improvements and personal property used in the operation of the hotel) ("Trump Plaza West") and (ii) certain promissory notes made by Trump and/or certain of his affiliates and payable to Chemical (the "Chemical Notes") which are secured by certain real estate assets located in New York, unrelated to the Company.

TRUMP PLAZA ASSOCIATES
NOTES TO FINANCIAL STATEMENTS

E. Trump Plaza West Option cont.

The aggregate purchase price payable for the assets subject to the Original Chemical Option Agreement was \$60 million. Under the terms of the Original Chemical Option Agreement, \$1 million was required to be paid for the option by January 5, 1994. In addition, the Original Chemical Option Agreement provided for an expiration of the option on May 8, 1994, subject to an extension until June 30, 1994 upon payment of an additional \$250,000 on or prior to May 8, 1994. The Original Chemical Option Agreement did not allocate the purchase price among the assets subject to the option or permit the option to be exercised for some, but not all, of such assets.

In connection with the execution of the Original Chemical Option Agreement, Trump agreed with the Company that, if Trump is able to acquire Trump Plaza West pursuant to the exercise of the option, he would make Trump Plaza West available for the sole benefit of the Company on a basis consistent with the Company's contractual obligations and requirements. Trump further agreed that the Company would not be required to pay any additional consideration to Trump in connection with any assignment of the option to purchase Trump Plaza West. On January 5, 1994, the Company obtained the approval of the CCC to make the \$1 million payment, which was made on that date.

On June 16, 1994, Trump, Chemical and ACFH entered into, amended and restated the Original Chemical Option Agreement, (the "First Amended Chemical Option Agreement"). The First Amended Chemical Option Agreement provided for an extension of the expiration of the Option through September 30, 1994, upon payment of \$250,000. Such payment was made on June 27, 1994. The First Amended Chemical Option Agreement also provided for a \$60 million option price for Trump Plaza West and one of the Chemical Notes. On August 30, 1994, Trump, Chemical and ACFH entered into an amendment to the First Amended Chemical Option Agreement (the "Second Amended Chemical Option Agreement"). The Second Amended Chemical Option Agreement provides for an extension of the expiration of the Option through March 31, 1995 upon the payment of a \$50,000 a month for the period October through December 1994, and \$150,000 a month for the period January through March 1995. The Company received the approval of the CCC and has made such payments. On March 6, 1995, Trump, Chemical and ACFH entered into an amendment to the Second Amended Chemical Option Agreement (the "Third Amended Chemical Option Agreement"). The Third Amended Chemical Option provides for an extension of the expiration of the Option through August 31, 1995 upon the payment of \$100,000 per month for the period April through August 1995.

The Company received the approval of the CCC on March 22, 1995 to make such payment. As a condition to the Third Amended Chemical Option Agreement, Trump must (i) obtain the approval of the CCC by July 1, 1995 for the transactions contemplated by the exercise of the Option and for the financing to be used in connection with the acquisition of Trump Plaza West and other assets in connection with the exercise of the option; and (ii) file the Stock Offering's registration statement with the SEC by April 1, 1995. Under the terms of the Original Chemical Option Agreement, if the Company defaults in making payment due under the Original Chemical Option Agreement, the Company

**TRUMP PLAZA ASSOCIATES
NOTES TO FINANCIAL STATEMENTS**

E. TRUMP PLAZA WEST OPTION CONT'D.

would be liable to the grantor of the Original Chemical Option Agreement for the sum of (i) the present value of all remaining payments to be made by the Company pursuant to the Original Chemical Option Agreement during the term thereof and (ii) the cost of demolition of all improvements then located on Trump Plaza East.

As of March 31, 1995, \$1,950,000, representing option payments, is included in other assets in the accompanying balance sheet. If the option is exercised, \$1,850,000 will be available to offset the \$60 million option price.

Note 15: OTHER PAYMENTS TO DONALD J. TRUMP:

During 1994, the Company paid to Trump \$1,000,000 under a Construction Management Service Agreement. The payment was made for construction management services rendered by Trump with respect to Trump Plaza East. This payment was approved prior to disbursement by the CCC and has been classified in construction in process in the accompanying balance sheets as of March 31, 1995 and December 31, 1994.

During 1994, the Company also paid Trump a commission of approximately \$572,000 for securing a retail lease at Trump Plaza. The commission has been capitalized and is being amortized to expense over the 10-year term of the lease.

NOTE 16: PROVISION (CREDIT) FOR INCOME TAXES

The provision (credit) for state income taxes for the three months ended March 31, consisted of the following:

| | <u>1995</u> | <u>1994</u> |
|----------|------------------|---------------------|
| Current | \$ - | \$ - |
| Deferred | <u>43,000</u> | <u>(783,000)</u> |
| Total | \$ <u>43,000</u> | \$ <u>(783,000)</u> |

TRADING NAME OF LICENSEE: TRUMP PLAZA HOTEL & CASINO

SCHEDULE OF RECEIVABLES AND PATRONS' CHECKS

MARCH 31, 1995

(UNAUDITED)
(\$ IN THOUSANDS)

| ACCOUNTS RECEIVABLE BALANCES | | | | |
|------------------------------|--|------------------------|------------------|--|
| LINE (a) | DESCRIPTION (b) | ACCOUNT BALANCE (c) | ALLOWANCE (d) | ACCOUNTS RECEIVABLE NET OF ALLOWANCE (e) |
| 1 | Patrons' Checks: Undeposited patrons' checks..... | \$ 3,241 | | |
| 2 | Returned patrons' checks..... | 10,803 | | |
| 3 | Total patrons' checks..... | 14,044 | \$ 8,617 | \$ 5,427 |
| 4 | Hotel Receivables..... | 1,301 | 62 | 1,239 |
| 5 | Other Receivables: Receivables due from officers and employees..... | 11 | | |
| 6 | Receivables due from affiliates..... | - | | |
| 7 | Other accounts and notes receivables..... | 243 | | |
| 8 | Total other receivables..... | 254 | - | 254 |
| 9 | Totals (Form 205)..... | \$ 15,599 | \$ 8,679 | \$ 6,920 |

| UNDEPOSITED PATRONS' CHECKS ACTIVITY | | |
|--------------------------------------|--|---------------|
| LINE (f) | DESCRIPTION (g) | AMOUNT (h) |
| 10 | Beginning Balance (January 1)..... | \$ 2,851 |
| 11 | Counter checks issued (excluding counter checks issued through transactions relating to consolidations, partial redemptions, substitutions, and patrons' cash deposits)..... | 25,603 |
| 12 | Checks redeemed prior to deposit (excluding the unredeemed portion of counter checks redeemed through partial redemptions, and excluding checks, redemmed through transactions relating to consolidations, substitutions, and patrons' cash deposits)..... | (17,991) |
| 13 | Checks collected through deposits..... | (6,046) |
| 14 | Checks transferred to returned checks..... | (1,176) |
| 15 | Other adjustments..... | - |
| 16 | Ending Balance..... | \$ 3,241 |
| 17 | *Hold Checks* included in Balance on Line 16..... | \$ - |
| 18 | Provision for Uncollectible Patrons' Checks..... | \$ 330 |
| 19 | Provision as a percent of Counter Checks Issued..... | 1.3% |

TRADING NAME OF LICENSEE: TRUMP PLAZA HOTEL AND CASINO

PROMOTIONAL EXPENSES AND ALLOWANCES


For the Three Months Ended March 31, 1995

| | <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 | 22,125 | \$2,245,000 | 448 | \$ 34,000 |
| Food | 219,122 | 2,848,000 | | |
| Beverage | 671,561 | 2,015,000 | | |
| Travel | | | | |
| Coin | | | 2,336 | 350,000 |
| Coupon | 252,822 | 1,709,000 | 759,337 | 6,878,000 |
| Entertainment | 15,137 | 288,000 | 99 | 4,000 |
| Retail & Gifts | | | 78 | 8,000 |
| Other | 15,953 | 160,000 | 21,119 | 528,000 |
| Total | <u>1,196,720</u> | <u>\$9,265,000</u> | <u>783,417</u> | <u>\$7,802,000</u> |

Executive Vice President -
Finance and Administration
Title

001015-11
License Number

On Behalf Of:

I have sworn to
the law upon my oath
12 day
1995

NEW JERSEY
City

STATEMENT OF CONFORMITY AND ACCURACY

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

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.

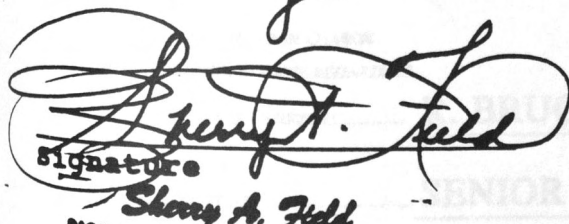

Signature

Executive Vice President -
Finance and Administration
Title

001015-11
License Number

On Behalf Of:

Subscribed and sworn to
before me this 12 day
of May, 1995

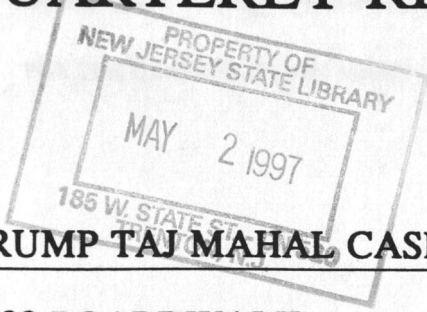

Signature
Sherry A. Field

NOTARY PUBLIC OF NEW JERSEY
My Commission Expires July 26, 1999
Basis of Authority
to Take Oaths

ATLANTIC CITY, NEW JERSEY 08401

974.9d
C193

QUARTERLY REPORT



LICENSEE TRUMP TAJ MAHAL CASINO RESORT

ADDRESS 1000 BOARDWALK

ATLANTIC CITY, NEW JERSEY 08401

FOR THE QUARTER ENDED MARCH 31, 1995

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..... SENIOR 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, 1995.

| <u>TITLE</u> | <u>FORM NO.</u> |
|---|-----------------|
| Balance Sheets | CCC-205 |
| Statements of Income (Year) | CCC-210 |
| Statements of Changes in Stockholders' Equity | CCC-220 |
| Statements of Changes in Partners' or Proprietor's Equity | CCC-225 |
| Statements of Cash Flows | CCC-235 |
| Notes to Financial Statements | |
| Schedule of Receivables and Patrons' Checks | CCC-240 |
| Promotional Expenses and Allowances | CCC-245 |
| Statement of Conformity and Accuracy | CCC-250 |

BALANCE SHEETS

MARCH 31, 1995 AND 1994

(UNAUDITED)
(\$ IN THOUSANDS)

| LINE (a) | DESCRIPTION (b) | MARCH (c) 1995 | MARCH (d) 1994 |
|------------------------------------|--|-------------------|-------------------|
| ASSETS | | | |
| Current Assets: | | | |
| 1 | Cash and cash investments..... | \$ 78,806 | \$ 72,860 |
| 2 | Marketable securities..... | - | - |
| 3 | Receivables and patrons' checks (net of allowance for doubtful accounts - 1995, \$4,131; 1994, \$3,724)..... | 11,786 | 12,477 |
| 4 | Inventories..... | 6,766 | 5,024 |
| 5 | Prepaid expenses and other current assets..... | 4,534 | 2,583 |
| 6 | Total current assets | 101,892 | 92,944 |
| 7 | Investment, Advances, and Receivables - CRDA..... | 5,136 | 7,752 |
| 8 | Property and Equipment - Gross..... NOTE 2..... | 892,541 | 866,438 |
| 9 | (Accumulated Depreciation/Amortization)..... NOTE 2..... | (188,885) | (149,987) |
| 10 | Other Assets..... | 5,501 | 2,091 |
| 11 | Total Assets | \$ 816,185 | \$ 819,238 |
| LIABILITIES AND EQUITY | | | |
| Current Liabilities: | | | |
| 12 | Accounts Payable..... | \$ 5,375 | \$ 5,800 |
| 13 | Notes Payable..... | - | - |
| Current portion of long-term debt: | | | |
| 14 | Due to affiliates..... | - | - |
| 15 | Other..... NOTES 1 & 3..... | 641 | 735 |
| 16 | Income taxes payable and accrued..... | - | - |
| 17 | Other accrued expenses..... NOTE 4..... | 53,102 | 55,712 |
| 18 | Other current liabilities..... NOTE 5..... | 9,346 | 8,999 |
| 19 | Total current liabilities | 68,464 | 71,246 |
| Long-Term Debt: | | | |
| 20 | Due to affiliates..... NOTES 1 & 3..... | 616,787 | 584,859 |
| 21 | Other..... NOTES 1 & 3..... | 45,193 | 45,166 |
| 22 | Deferred Credits..... | - | - |
| 23 | Other Liabilities..... NOTE 6..... | 36,801 | 32,513 |
| 24 | Commitments and Contingencies..... NOTE 9..... | - | - |
| 25 | Total Liabilities | 767,245 | 733,784 |
| 26 | Stockholders', Partners', or Proprietor's Equity..... | 48,940 | 85,454 |
| 27 | Total Liabilities and Equity | \$ 816,185 | \$ 819,238 |

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

THREE MONTHS ENDED MARCH 31, 1995 AND 1994

(UNAUDITED)

(\$ IN THOUSANDS)

| LINE (a) | DESCRIPTION (b) | (c) 1995 | (d) 1994 |
|-------------|---|-----------------|-----------------|
| | REVENUE: | | |
| 1 | Casino..... | \$ 106,559 | \$ 100,283 |
| 2 | Rooms..... | 9,262 | 8,772 |
| 3 | Food and Beverage..... | 13,422 | 12,963 |
| 4 | Other..... | 3,306 | 3,852 |
| 5 | Total Revenue..... | 132,549 | 125,870 |
| 6 | Less: Promotional allowances..... | 13,701 | 13,884 |
| 7 | Net Revenue..... | 118,848 | 111,986 |
| | COSTS AND EXPENSES: | | |
| 8 | Cost of Goods and Services..... | 59,362 | 57,854 |
| 9 | Selling, General and Administrative..... | 36,125 | 34,162 |
| 10 | Provision for Doubtful Accounts..... | 714 | 862 |
| 11 | Total Costs and Expenses..... | 96,201 | 92,878 |
| 12 | Gross Operating Profit..... | 22,647 | 19,108 |
| 13 | Depreciation and Amortization..... | 10,475 | 9,505 |
| 14 | Charges from Affiliates other than Interest: | - | - |
| 15 | Management Fees..... | - | - |
| 15 | Other..... NOTE 7..... | 1,163 | 1,082 |
| 16 | Income (Loss) From Operations..... | 11,009 | 8,521 |
| | Other Income (Expenses): | | |
| 17 | Interest (Expenses) - Affiliates..... NOTE 3..... | (27,525) | (26,241) |
| 18 | Interest (Expenses) - External..... NOTE 3..... | (2,165) | (2,831) |
| 19 | Investment Alternative Tax and Related Income(Expense) - Net..... | (710) | (620) |
| 20 | Nonoperating Income (Expense) - Net..... NOTE 8..... | 880 | 410 |
| 21 | Total Other Income (Expenses)..... | (29,520) | (29,282) |
| 22 | Income (Loss) Before Income Taxes and Extraordinary Items..... | (18,511) | (20,761) |
| 23 | Provision (Credit) for Income Taxes..... | - | - |
| 24 | Income (Loss) Before Extraordinary Items..... | (18,511) | (20,761) |
| 25 | Extraordinary Items..... | - | - |
| 26 | Net Income (Loss)..... | \$ (18,511) | \$ (20,761) |

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, 1995 AND 1994

(UNAUDITED)

(\$ IN THOUSANDS)

NOT APPLICABLE

| LINE | DESCRIPTION | 1995 | | 1994 | |
|------|---|------------|-------------|------------|-------------|
| | | (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.

CCC-220

STATEMENTS OF CHANGES IN PARTNERS' OR PROPRIETOR'S EQUITY

FOR THE THREE MONTHS ENDED MARCH 31, 1995 AND 1994

(UNAUDITED)

(\$ IN THOUSANDS)

| LINE (a) | DESCRIPTION (b) | (c) 1995 | (d) 1994 |
|-------------|---|------------|------------|
| | Invested Capital: | | |
| 1 | Beginning Balance..... | \$ 123,745 | \$ 123,745 |
| 2 | Capital Contributions..... | 0 | 0 |
| 3 | ..... | 0 | 0 |
| 4 | Ending Balance..... | 123,745 | 123,745 |
| | Accumulated Income (Loss): | | |
| 5 | Beginning Balance..... | (50,224) | (13,566) |
| 6 | Prior Period Adjustments..... | 0 | 0 |
| 7 | Net Income (Loss)..... | (18,511) | (20,761) |
| 8 | ..... | 0 | 0 |
| 9 | Ending Balance..... | (68,735) | (34,327) |
| | Capital Withdrawals: | | |
| 10 | Beginning Balance..... | (5,729) | (3,558) |
| 11 | Additional Capital Withdrawals..... | - | - |
| 12 | Partnership Distribution..... NOTE 9..... | (341) | (406) |
| 13 | Ending Balance..... | (6,070) | (3,964) |
| | Net Unrealized Loss On Noncurrent Marketable Equity Securities: | | |
| 14 | Beginning Balance..... | - | - |
| 15 | ..... | - | - |
| 16 | ..... | - | - |
| 17 | Ending Balance..... | 0 | 0 |
| 18 | Ending Partners' or Proprietor's Equity..... | \$ 48,940 | \$ 85,454 |

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, 1995 AND 1994

(UNAUDITED)
(\$ IN THOUSANDS)

| LINE (a) | DESCRIPTION (b) | (c) 1995 | (d) 1994 |
|-------------|--|-----------|-----------|
| 1 | Net Cash Provided (Used) by Operating Activities..... | \$ 26,731 | \$ 19,923 |
| | 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..... | (7,146) | (3,122) |
| 5 | Proceeds from Disposition of Property and Equipment..... | - | - |
| 6 | Purchase of Casino Reinvestment Obligations..... | (1,338) | (1,353) |
| 7 | Purchase of Other Investments and Loans/Advances Made..... | - | - |
| 8 | Proceeds from Disposal of Investments and Collection of Advances and Long-Term Receivables..... | - | - |
| 9 | Cash Outflows to Acquire Business Entities..... | - | - |
| 10 | | - | - |
| 11 | | - | - |
| 12 | Net Cash Provided (Used) by Investing Activities..... | (8,484) | (4,475) |
| | 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..... | (276) | (206) |
| 18 | Cash Proceeds from Issuing Stock or Capital Contributions..... | - | - |
| 19 | Reduction in Debt Due To Restructuring..... | - | - |
| 20 | Subcontractor's Note Settlement..... | - | - |
| 21 | Issuance of Additional Bonds..... | - | - |
| 22 | Partnership Distribution..... | (341) | (406) |
| 23 | Net Cash Provided (Used) by Financing Activities..... | (617) | (612) |
| 24 | Net Increase (Decrease) in Cash and Cash Equivalents..... | 17,630 | 14,836 |
| 25 | Cash and Cash Equivalents at Beginning of Period..... | 61,176 | 58,024 |
| 26 | Cash and Cash Equivalents at End of Period..... | \$ 78,806 | \$ 72,860 |

SUPPLEMENTAL DISCLOSURE OF CASH FLOW INFORMATION

| | | | |
|----|---|----------|----------|
| 27 | Cash Paid During Period for: | | |
| | Interest (Net of Amount Capitalized)..... | \$ 2,165 | \$ 2,152 |
| 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, 1995 AND 1994

(UNAUDITED)
(\$ IN THOUSANDS)

| LINE (a) | DESCRIPTION (b) | (c) 1995 | (d) 1994 |
|-------------|---|-------------|-------------|
| | Net Cash Flows from Operating Activities: | | |
| 29 | Net Income (Loss)..... | \$ (18,511) | \$ (20,761) |
| | Noncash Items Included in Income and Cash Items Excluded from Income: | | |
| 30 | Depreciation and Amortization of Property and Equipment..... | 10,475 | 9,505 |
| 31 | Amortization of Other Assets..... | - | - |
| 32 | Amortization of Debt Discount or Premium..... | 5,253 | 4,395 |
| 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..... | 716 | 733 |
| 37 | (Gain) Loss from Other Investment Activities..... | - | - |
| 38 | Net (Increase) Decrease in Receivables and Patrons' Checks..... | 3,657 | 557 |
| 39 | Net (Increase) Decrease in Inventories..... | (335) | (339) |
| 40 | Net (Increase) Decrease in Other Current Assets..... | 3,272 | 1,403 |
| 41 | Net (Increase) Decrease in Other Assets..... | (64) | (298) |
| 42 | Net Increase (Decrease) in Accounts Payables..... | 2,119 | 1,866 |
| 43 | Net Increase (Decrease) in Other Current Liabilities Excluding Debt..... | 16,260 | 18,661 |
| 44 | Net Increase (Decrease) in Other Noncurrent Liabilities Excluding Debt..... | 3,328 | 3,718 |
| 45 | Net Increase in Notes Payable..... | - | - |
| 46 | Costs related to lease guarantee..... | 561 | 483 |
| 47 | Net Cash Provided (Used) by Operating Activities..... | \$ 26,731 | \$ 19,923 |

SUPPLEMENTAL SCHEDULE OF NONCASH INVESTING AND FINANCING ACTIVITIES

| | | | |
|----|--|----------|----------|
| | Acquisition of Property and Equipment: | | |
| 48 | Additions to Property and Equipment..... | \$ 7,346 | \$ 3,122 |
| 49 | Less: Capital Lease Obligations Incurred..... | 200 | - |
| 50 | Cash Outflows for Property and Equipment..... | \$ 7,146 | \$ 3,122 |
| | Acquisition of Business Entities: | | |
| 51 | Property and Equipment Acquired..... | \$ N/A | \$ N/A |
| 52 | Goodwill Acquired..... | - | - |
| 53 | Net Assets Acquired Other than Cash, Goodwill, and Property and Equipment..... | - | - |
| 54 | Long-Term Debt Assumed..... | - | - |
| 55 | Issuance of Stock or Capital Invested..... | - | - |
| 56 | Cash Outflows to Acquire Business Entities..... | \$ - | \$ - |
| | Stock Issued or Capital Contributions: | | |
| 57 | Total Issuances of Stock or Capital Contributions..... | \$ N/A | \$ N/A |
| 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, 1995

(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. The Partnership was converted to a general partnership in December, 1990. As part of the Plan of Reorganization (Note 2), 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, a wholly owned subsidiary of Taj Mahal Holding Corp. ("Holding") 49.995%.

Trump Taj Mahal Funding, Inc., ("Funding") 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 Mortgage Bonds, the proceeds of which were loaned to the Partnership for construction of the Taj Mahal.

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. Accordingly, certain information and note disclosures normally included in financial statements prepared in conformity with generally accepted accounting principles have been condensed or omitted. These financial statements should be read in conjunction with the financial statements and notes thereto included in the Partnership's December 31, 1994 Annual Report.

The casino industry in Atlantic City is seasonal in nature, therefore, results of operations for the three months ended March 31, 1995 and 1994 are not necessarily indicative of the operating results for a full year.

NOTE 2 - PROPERTY AND EQUIPMENT

| | <u>1995</u> | <u>March 31,</u> <u>1994</u> |
|-----------------------------------|------------------|---------------------------------|
| | (in thousands) | |
| Land | \$ 37,843 | \$ 37,291 |
| Buildings | 658,930 | 649,218 |
| Furniture, fixtures and equipment | 164,515 | 148,876 |
| Leasehold improvements | <u>31,253</u> | <u>31,053</u> |
| Total | 892,541 | 866,438 |
| Less Accumulated Depreciation | <u>(188,885)</u> | <u>(149,987)</u> |
| Net Property and Equipment | <u>\$703,656</u> | <u>\$716,451</u> |

NOTE 3 - LONG TERM DEBT

Long term debt consisted of the following at March 31:

| | <u>1995</u> | <u>1994</u> |
|---------------------------------|------------------|------------------|
| | (in thousands) | |
| <u>Long-term Portion</u> | | |
| Due to affiliates: | | |
| Trump Taj Mahal Funding, Inc. | \$765,130 | \$752,881 |
| Unamortized discount | <u>(148,343)</u> | <u>(168,022)</u> |
| Net | <u>\$616,787</u> | <u>\$584,859</u> |
| Other: | | |
| Bank term loan | \$44,890 | \$ 45,077 |
| Other | <u>303</u> | <u>89</u> |
| Total other | <u>\$ 45,193</u> | <u>\$ 45,166</u> |
| <u>Current Portion</u> | | |
| Other: | | |
| Bank term loan | \$ 187 | \$ 180 |
| Other | <u>454</u> | <u>555</u> |
| Total other | <u>\$ 641</u> | <u>\$ 735</u> |

Three months ended March 31,

| | <u>1995</u> | <u>1994</u> |
|---|------------------|------------------|
| | (in thousands) | |
| <u>Interest Expense - Affiliates</u> | | |
| Trump Taj Mahal Funding, Inc. | \$ 21,711 | \$ 21,363 |
| Accretion - bond discount | 5,253 | 4,395 |
| Accretion - lease guarantee | <u>561</u> | <u>483</u> |
| Total | <u>\$ 27,525</u> | <u>\$ 26,241</u> |

Interest Expense - External

| | | |
|--------------------------------|-----------------|-----------------|
| Bank term loan | \$ 1,057 | \$ 1,062 |
| Other | 10 | 10 |
| Working Capital line of credit | 78 | 109 |
| Refinancing Costs | <u>1,020</u> | <u>1,650</u> |
| Total | <u>\$ 2,165</u> | <u>\$ 2,831</u> |

Borrowings:

Long term debt consists primarily of bank debt and outstanding Mortgage Bonds. The Bonds bear interest of 11.35% and are due November 15, 1999. Each Bond, together with one share of Holding's Class B, redeemable common stock, par value \$.01 per share trade together as a Unit, and may not be transferred separately. Interest on the Bonds is due semi-annually on each November 15 and May 15. Interest on the 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, effective May 15, 1992 and annually thereafter, an additional amount of interest (the "Additional Amount") in cash or additional Bonds or a combination thereof, is payable equal to the difference between 11.35% of the outstanding principal amount of the Bonds and the Mandatory Cash Interest Amount previously paid. To the extent that there is excess available cash flow ("EACF") of the Partnership, as defined in the Indenture, for the immediately preceding calendar year, Funding will pay the Additional Amount in cash up to 10.28% and the balance thereof may be paid at the option of Funding in cash or additional Units, provided that an equivalent amount of cash is used to purchase or redeem Units. Additional Bonds issued on the October 4, 1991 amounted to approximately \$7,208,000. For the period from the issuance of the Bonds, October 4, 1991, through December 31, 1992, there was no EACF. Accordingly, Funding paid the Additional Amounts on May 15, 1993 and May 15, 1992 through the issuance of approximately \$14,579,000 and \$8,844,000, respectively, in additional Bonds. Of the \$14,870,000 Additional Amount due May 15, 1994, \$2,621,000 was paid in cash and the \$12,249,000 balance in Bonds. Of the \$15,111,000 Additional Amount due May 15, 1995, Funding expects to satisfy the obligation through the issuance of Bonds.

In accordance with AICPA Statement of Position 90-7, "Financial Reporting By Entities in Reorganization Under the Bankruptcy Code", the Bonds when issued were stated at the present value of amounts to be paid, determined at current interest rates (effective rate of approximately 18%). The effective interest rate of the Bonds was determined based on the trading price of the Bonds for a specific period. Stating the debt at its approximate present value resulted in a reduction of approximately \$204,276,000 in the carrying amount of the Bonds. This gain is being offset by increased interest costs over the period of the Bonds to accrete such bonds to their face value at maturity. At March 31, 1995, the unaccreted balance of this discount approximated \$148,344,000. The current interest rates of other borrowings approximated their stated interest rates as of the effective date.

The Partnership also has a loan agreement with National Westminster Bank, U.S.A. (the "NatWest Loan") which provided financing up to \$50,000,000 for certain items of furniture, fixtures and equipment installed in the Taj Mahal. The NatWest Loan bears interest at 9 3/8% per annum. Principal and interest is payable monthly in the fixed amount of \$373,000 to be applied first to accrued interest and the balance to the extent available, to principal, through maturity, November 15, 1999. Additionally, on May 15 of each year (May 15, 1992 through May 15, 1999), to the extent principal

is still outstanding, NatWest will receive 16.5% of the EACF of the preceding calendar year in excess of the Additional Amount, to be applied first to accrued but unpaid interest, and then to principal. The NatWest Loan is secured by a first priority lien on the furniture, fixtures and equipment acquired with the proceeds of the NatWest Loan plus any after acquired furniture, fixtures and equipment that replaces such property, or of the same type, provided however, that the NatWest Loan may be subordinated to a lien to secure purchase money financing of such after acquired property up to 50% of the value of such after acquired property.

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. In September 1994, the Partnership extended the maturity to November 1999, in consideration for modifications of the terms of the facility. Interest on advances under the line are at prime plus 3% with a minimum of 7% per annum. The Agreement provides for a 3/4% annual fee and a 1/2% unused line fee and contains various covenants. During 1995 and 1994, no amounts were outstanding under the line.

NOTE 4 - OTHER ACCRUED EXPENSES

| | <u>1995</u> | <u>March 31,</u> <u>1994</u> |
|---------------------------|------------------|---------------------------------|
| | (in thousands) | |
| Accrued interest | \$ 26,910 | \$ 29,106 |
| Accrued advertising | 2,840 | 2,764 |
| Accrued payroll & related | 15,301 | 12,989 |
| Accrued taxes | 912 | 2,912 |
| Other | ** 7,139 | ** 7,941 |
| Total | <u>\$ 53,102</u> | <u>\$ 55,712</u> |

** None of the individual components of Other exceed 5% of the total.

NOTE 5 - OTHER CURRENT LIABILITIES

| | <u>1995</u> | <u>March 31,</u> <u>1994</u> |
|---------------------------|------------------------|---------------------------------|
| | (in thousands) | |
| Affiliates: | | |
| Donald J. Trump | \$ (66) | \$ (20) |
| Trump's Castle Associates | 130 | 160 |
| Trump Plaza Associates | (70) | (206) |
| Helicopter Air Service | <u>(43)</u> | <u>(43)</u> |
| | <u>(49)</u> | <u>(109)</u> |
| | | |
| Advance deposits | 1,515 | 1,014 |
| Unredeemed chip liability | 2,225 | 1,890 |
| Insurance reserves | 4,360 | 5,569 |
| Other | ** <u>1,295</u> | ** <u>635</u> |
| | <u>9,395</u> | <u>9,108</u> |
| Total | <u>\$ 9,346</u> | <u>\$ 8,999</u> |

** None of the individual components of Other exceed 5% of the total.

NOTE 6 - OTHER LIABILITIES

Other liabilities at March 31, consisted of the following (in thousands):

| | <u>1995</u> | <u>1994</u> |
|------------------------------|------------------------|------------------------|
| Deferred taxes | \$ 5,808 | \$ 7,155 |
| Insurance reserves | 2,314 | 1,637 |
| Accrued interest - Long Term | 13,223 | 10,390 |
| Lease guarantee | 15,339 | 13,214 |
| Other | <u>117</u> | <u>117</u> |
| | <u>\$36,801</u> | <u>\$32,513</u> |

NOTE 7 - CHARGES FROM AFFILIATES

| | <u>Three months ended March 31,</u> | |
|--------------------------|-------------------------------------|------------------------|
| | <u>1995</u> | <u>1994</u> |
| | (in thousands) | |
| Other: | | |
| Rent | \$ 681 | \$ 681 |
| Allocated salaries | 206 | 202 |
| Trump Services Agreement | <u>276</u> | <u>199</u> |
| | <u>\$ 1,163</u> | <u>\$ 1,082</u> |

NOTE 8 - NON-OPERATING INCOME (EXPENSE)

| | Three months ended March 31, | |
|-----------------|------------------------------|---------------|
| | 1995 | 1994 |
| | (in thousands) | |
| Interest Income | <u>\$ 880</u> | <u>\$ 410</u> |

NOTE 9 - COMMITMENTS AND CONTINGENCIES

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. 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 (the "Act") provides that the CCC may appoint a conservator to take possession of and title to the hotel and casino's business and property, subject to all valid liens, claims and encumbrances. On March 22, 1995, the CCC extended the Partnership's Casino License through June 30, 1995 in order to consolidate the Partnership's license renewal proceedings with the other Trump casinos, Trump Plaza Associates and Trump Castle Associates, at which time the CCC will conduct a plenary hearing for renewal of the Partnership's casino license for a period up to four years, as provided by law.

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 the expected disposition of these proceedings would not have a material adverse effect on the Partnership's or the Company's financial condition or results of operations.

Partnership Distribution:

The Partnership is obligated to reimburse Holding for its operating expenses which consist of directors and officers liability insurance, board of director fees and expenses, and administrative expenses. Total expenses for the three months ended March 31, 1995 and 1994 approximated \$341,000 and \$406,000, respectively.

TRADING NAME OF LICENSEE: TRUMP TAJ MAHAL CASINO RESORT

SCHEDULE OF RECEIVABLES AND PATRONS' CHECKS

MARCH 31, 1995

(\$ 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..... | \$ 6,093 | | |
| 2 | Returned Patrons' Checks..... | 7,539 | | |
| 3 | Total Patrons' Checks..... | 13,632 | \$ (3,833) | \$ 9,799 |
| 4 | Hotel Receivables..... | 1,695 | (298) | 1,397 |
| | Other Receivables: | | | |
| 5 | Receivables Due From Officers and Employees..... | 0 | | |
| 6 | Receivables Due From Affiliates..... | 0 | | |
| 7 | Other Accounts and Notes Receivables..... | 590 | | |
| 8 | Total Other Receivables..... | 590 | 0 | 590 |
| 9 | Totals (Form 205)..... | \$ 15,917 | \$ (4,131) | \$ 11,786 |

| UNDEPOSITED PATRONS' CHECKS ACTIVITY | | |
|--------------------------------------|---|---------------|
| LINE (f) | DESCRIPTION (g) | AMOUNT (h) |
| 10 | Beginning Balance (January 1)..... | \$ 11,927 |
| 11 | Counter Checks Issued (excluding counter checks issued through transactions relating to consolidations, partial redemptions, substitutions, and patrons' cash deposits)..... | 53,668 |
| 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)..... | (43,625) |
| 13 | Checks Collected Through Deposits..... | (12,609) |
| 14 | Checks Transferred to Returned Checks..... | (3,268) |
| 15 | Other Adjustments..... | 0 |
| 16 | Ending Balance..... | \$ 6,093 |
| 17 | "Hold" Checks Included in Balance on Line 16..... | \$ 0 |
| 18 | Provision for Uncollectible Patrons' Checks..... | \$ 684 |
| 19 | Provision as a Percent of Counter Checks Issued..... | 1.3% |

TRADING NAME OF LICENSEE: TRUMP TAJ MAHAL CASINO RESORT

PROMOTIONAL EXPENSES AND ALLOWANCES

(\$ IN THOUSANDS)

FOR THE THREE MONTHS ENDED MARCH 31, 1995

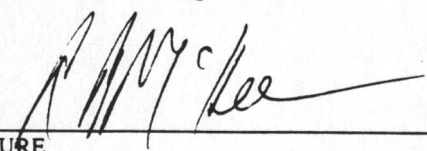
| | <u>PROMOTIONAL ALLOWANCES</u> | | <u>PROMOTIONAL EXPENSE</u> | |
|----------------|-------------------------------|-----------------------|----------------------------|-----------------------|
| | <u># OF RECIPIENTS</u> | <u>DOLLAR AMOUNTS</u> | <u># OF RECIPIENTS</u> | <u>DOLLAR AMOUNTS</u> |
| Rooms | 45,030 | \$ 5,780 | | \$ |
| Food | 399,722 | 4,669 | | |
| Beverage | 1,444,830 | 2,519 | | |
| Travel | | | 7,608 | 1,306 |
| Coin | | | 720,584 | 11,373 |
| Coupon | 33,865 | 194 | | |
| Entertainment | 24,416 | 367 | | |
| Retail & Gifts | | | 1,548 | 165 |
| Other | <u>8,346</u> | <u>172</u> | <u>34,253</u> | <u>2,834</u> |
| Total | <u>1,956,209</u> | <u>\$13,701</u> | <u>763,993</u> | <u>\$15,678</u> |

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.

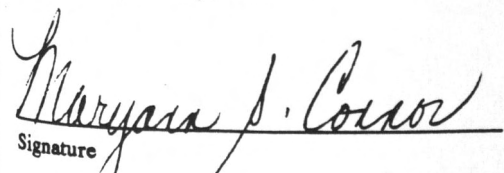

SIGNATURE

Senior Vice President, Finance
TITLE

0548-11
LICENSE NUMBER

Subscribed and Sworn to before me
this 12th day of May, 1995

On Behalf Of:


Signature

Trump Taj Mahal Associates
Casino Licensee

MARYANN S. CONNOR
NOTARY PUBLIC OF NEW JERSEY
My Commission Expires Jan. 11, 1998

Basis of Authority
to Take Oaths