QUARTERLY REPORT

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

FOR THE QUARTER ENDED DECEMBER 31, 1994

TO THE

CASINO CONTROL COMMISSION

OF THE

STATE OF NEW JERSEY

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

New Jersey State Library

TRADING NAME OF LICENSEE: ATLANTIC CITY SHOWBOAT, INC.

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FOR THE QUARTER ENDED DECEMBER 31, 1994

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TRADING NAME OF LICENSEE ATLANTIC CITY SHOWBOAT, INC.

BALANCE SHEET

DECEMBER 31, 1994 AND 1993
(UNAUDITED)
($ IN THOUSANDS)

LINE (a)	DESCRIPTION (b)	(c) 19 94	(d) 19 93
	ASSETS		
	Current Assets:	$	$
1	Cash	26,251	55,354
2	Marketable securities	-	-
3	Receivables and patrons' checks (net of allowances for doubtful accounts - 19_94_, $2,335 ; 19_93_ $ 2,901) ....NOTE 5	6,055	5,153
4	Inventories	2,007	1,816
5	Prepaid expenses and other current assets	2,683	5,520
6	Total current assets	36,996	67,843
7	Investments, Advances, And Receivables ....NOTE 13	9,167	6,687
8	Property And Equipment - Gross	419,142	359,602
9	(Accumulated Depreciation/Amortization)	(125,877)	(105,293)
10	Other Assets	8,798	6,595
11	Total Assets	$ 348,226	335,434
	LIABILITIES AND EQUITY		
	Current Liabilities:	$	$
12	Accounts payable	7,037	10,389
13	Notes payable	-	-
	Current portion of long-term debt:		
14	Due to affiliates	-	-
15	Other	-	2,283
16	Income taxes payable and accrued	11,045	2,601
17	Other accrued expenses ....NOTE 6	15,628	12,873
18	Other current liabilities ....NOTE 7	5,952	5,915
19	Total current liabilities	39,662	34,061
	Long-Term Debt:		
20	Due to affiliates ....NOTE 3	215,000	215,000
21	Other	1,928	1,928
22	Deferred Credits	10,724	13,387
23	Other Liabilities	-	-
24	Commitments And Contingencies NOTE 14		
25	Total Liabilities	267,314	264,376
26	Stockholders', Partners', Or Proprietor's Equity	80,912	71,058
27	Total Liabilities And Equity	$ 348,226	335,434

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 TWELVE MONTHS ENDED DECEMBER 31, 1994 AND 1993
(UNAUDITED)
($ IN THOUSANDS)

LINE (a)	DESCRIPTION (b)	(c) 19 94	(d) 19 93
	Revenue:		
1	Casino	$ 296,907	$ 273,330
2	Rooms	14,374	13,340
3	Food and beverage	36,184	34,102
4	Other	5,429	5,286
5	Total revenue	352,894	326,058
6	Less: Promotional allowances	28,157	27,291
7	Net revenues	324,737	298,767
	Costs And Expenses:		
8	Costs of goods and services	187,168	174,330
9	Selling, general, and administrative	61,581	58,481
10	Provision for doubtful accounts	566	1,340
11	Total costs and expenses	249,315	234,151
12	Gross Operating Profit	75,422	64,616
13	Depreciation and amortization	23,930	18,761
	Charges from affiliates other than interest:		
14	Management fees	17,317	9,924
15	Other	-	-
16	Income (Loss) From Operations	34,175	35,931
	Other Income (Expenses):		
17	Interest (expense) - affiliates	(19,887)	(20,205)
18	Interest (expense) - external	2,064	(3)
19	Investment alternative tax and related income (expense) - net	(1,025)	(1,122)
20	Nonoperating income (expense) - net	1,325	1,149
21	Total other income (expenses)	(17,523)	(20,181)
22	Income (Loss) Before Income Taxes And Extraordinary Items	16,652	15,750
23	Provision (credit) for income taxes NOTE 10	7,152	6,749
24	Income (Loss) Before Extraordinary Items	9,500	9,001
25	Extraordinary items (net of income taxes - 19 94, $____ ; 19 93, $ 4,488)	-	(6,123)
26	Net Income (Loss)	$ 9,500	$ 2,878

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 DECEMBER 31, 1994 AND 1993
(UNAUDITED)
($ IN THOUSANDS)

LINE (a)	DESCRIPTION (b)	(c) 19 94	(d) 19 93
	Revenue:		
1	Casino	$ 73,904	$ 64,237
2	Rooms	3,869	3,204
3	Food and beverage	9,008	7,939
4	Other	1,095	1,154
5	Total revenue	87,876	76,534
6	Less: Promotional allowances	7,248	6,105
7	Net revenues	80,628	70,429
	Costs And Expenses:		
8	Costs of goods and services	46,780	42,204
9	Selling, general, and administrative	15,172	13,420
10	Provision for doubtful accounts	261	244
11	Total costs and expenses	62,213	55,868
12	Gross Operating Profit	18,415	14,561
13	Depreciation and amortization	6,572	5,179
	Charges from affiliates other than interest:		
14	Management fees	4,315	3,747
15	Other	-	-
16	Income (Loss) From Operations	7,528	5,635
	Other Income (Expenses):		
17	Interest (expense) - affiliates	(4,971)	(4,972)
18	Interest (expense) - external	415	(62)
19	Investment alternative tax and related income (expense) - net	(104)	(264)
20	Nonoperating income (expense) - net	343	409
21	Total other income (expenses)	(4,317)	(4,889)
22	Income (Loss) Before Income Taxes And Extraordinary Items	3,211	746
23	Provision (credit) for income taxes	1,608	380
24	Income (Loss) Before Extraordinary Items	1,603	366
25	Extraordinary items (net of income taxes - 19 94, $ _____ ; 19 93, $ _____)	-	-
26	Net Income (Loss)	$ 1,603	$ 366

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 TWELVE MONTHS ENDED DECEMBER 31, 1994 AND 1993
(UNAUDITED)
($ IN THOUSANDS)

LINE (a)	DESCRIPTION (b)	1994 (c) SHARES	1994 (d) DOLLARS	1993 (e) SHARES	1993 (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)				
10	Intercompany transfer of stock		583		
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)		(5,851)		(8,729)
26	Prior period adjustments				
27	Net income (loss)		9,500		2,878
28	Dividends		(229)		
29					
30					
31	Ending balance		3,420		(5,851)
32	Ending Stockholder's Equity		$ 80,912		$ 71,058

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

TRADING NAME OF LICENSEE ATLANTIC CITY SHOWBOAT, INC.

STATEMENTS OF CASH FLOWS

FOR THE TWELVE MONTHS ENDED DECEMBER 31, 1994 AND 1993
(UNAUDITED)
($ IN THOUSANDS)

LINE (a)	DESCRIPTION (b)	(c) 19 94	(d) 19 93
1	Net Cash Provided(Used) By Operating Activities	$ 45,272	$ 31,867
	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	(67,063)	(56,083)
5	Proceeds from disposition of property and equipment	314	44
6	Purchase of casino reinvestment obligations	(3,554)	(3,289)
7	Purchase of other investments and loans/advances made	(5,091)	(103)
8	Proceeds from disposal of investments and collection of advances and long-term receivables	347	-
9	Cash outflows to acquire business entities	-	-
10	Proceeds from CRDA funding credit	2,955	-
11			
12	Net Cash Provided (Used) By Investing Activities	(72,092)	(59,431)
	Cash Flows From Financing Activities:		
13	Cash proceeds from issuance of short-term debt	-	2,029
14	Payments to settle short-term debt	-	(2,029)
15	Cash proceeds from issuance of long-term debt	-	215,000
16	Cost of issuing debt	-	(5,106)
17	Payments to settle long-term debt	(2,283)	(151,694)
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	-	(8,500)
22			
23	Net Cash Provided (Used) By Financing Activities	(2,283)	49,700
24	Net Increase (Decrease) In Cash And Cash Equivalents	(29,103)	22,136
25	Cash And Cash Equivalents At Beginning Of Years	55,354	33,218
26	Cash And Cash Equivalents At End Of Years	$ 26,251	$ 55,354

SUPPLEMENTAL DISCLOSURE OF CASH FLOW INFORMATION

	Cash Paid During Period For:		
27	Interest (net of amount capitalized)	$ 7,464	$ 12,212
28	Income taxes	$ 4,426	$ 2,800

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

TRADING NAME OF LICENSEE ATLANTIC CITY SHOWBOAT, INC.

STATEMENTS OF CASH FLOWS

FOR THE TWELVE MONTHS ENDED DECEMBER 31, 1994 AND 1993
(UNAUDITED)
($ IN THOUSANDS)

LINE (a)	DESCRIPTION (b)	(c) 19 94	(d) 19 93
	Net Cash Flows From Operating Activities:		
29	Net income (loss)	$ 9,500	$ 2,878
	Noncash items included in income and cash items excluded from income:		
30	Depreciation and amortization of property and equipment	23,930	18,761
31	Amortization of other assets	340	431
32	Amortization of debt discount or premium		
33	Deferred income taxes - current	2,959	(138)
34	Deferred income taxes - noncurrent	(2,663)	2,730
35	(Gain) loss on disposition of property and equipment	(241)	522
36	(Gain) loss on casino reinvestment obligations	1,025	1,122
37	(Gain) loss from other investment activities	-	32
38	Net (increase) decrease in receivables and patrons' checks	(902)	(453)
39	Net (increase) decrease in inventories	(191)	(43)
40	Net (increase) decrease in other current assets	(122)	(486)
41	Net (increase) decrease in other assets	476	4,189
42	Net increase (decrease) in accounts payables	158	(270)
43	Net increase (decrease) in other current liabilities excluding debt	11,232	(8,574)
44	Net increase (decrease) in other noncurrent liabilities excluding debt		
45	Non-Cash Dividend OSI	(229)	-
46	Extraordinary loss extinguishment of debt		11,166
47	Net Cash Provided (Used) By Operating Activities	45,272	31,867

SUPPLEMENTAL SCHEDULE OF NONCASH INVESTING AND FINANCING ACTIVITIES

	Acquisition Of Property And Equipment:		
48	Additions to property and equipment	$ 67,063	$ 56,083
49	Less: Capital lease obligations incurred		
50	Cash Outflows For Property And Equipment	$ 67,063	$ 56,083
	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	$ 583	$ -
58	Less: Issuances to settle long-term debt		
59	Consideration in acquisition of business entities		
60	Cash Proceeds From Issuing Stock Or Capital Contributions	$ 583	$ -

TRADING NAME OF LICENSEE ATLANTIC CITY SHOWBOAT, INC.

SCHEDULE OF RECEIVABLES AND PATRONS' CHECKS

DECEMBER 31, 1994

(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	4,002		
2	Returned patrons' checks	2,853		
3	Total patrons' checks	6,855	$ 2,195	$ 4,660
4	Hotel Receivables	790	140	650
	Other Receivables:			
5	Receivables due from officers and employees	1		
6	Receivables due from affiliates	-		
7	Other accounts and notes receivables	744		
8	Total other receivables	745	-	745
9	Totals (Form 205)	$ 8,390	$ 2,335	$ 6,055

	UNDEPOSITED PATRONS' CHECKS ACTIVITY	
LINE (f)	DESCRIPTION (g)	AMOUNT (h)
10	Beginning Balance (January 1)	$ 2,982
11	Counter checks issued (excluding counter checks issued through transactions relating to consolidations, partial redemptions, substitutions, and patrons' cash deposits)	113,023
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)	(78,727)
13	Checks collected through deposits	(29,429)
14	Checks transferred to return checks	(3,847)
15	Other adjustments	-
16	Ending Balance	$ 4,002
17	"Hold" Checks Included in Balance On Line 16	$ -
18	Provision For Uncollectible Patrons' Checks	$ 458
19	Provision As A Percent Of Counter Checks Issued	0.4%

TRADING NAME OF LICENSEE ATLANTIC CITY SHOWBOAT

PROMOTIONAL EXPENSES AND ALLOWANCES

For The Three Months Ended December 31, 1994
(in Thousands)

	Promotional Allowances		Promotional Expenses	
	Number of Recipients	Dollar Amount	Number of Recipients	Dollar Amount
Rooms	30	$ 2,389		$
Food	342	3,154		
Beverage	1,514	1,327		
Travel			1	641
Coin			452	6,802
Coupon				
Entertainment	24	354		
Retail & Gifts				
Other	1	24	N/A	392
Total	1,911	$ 7,248	453	$ 7,835

For The Twelve Months Ended December 31, 1994

	Promotional Allowances		Promotional Expenses	
	Number of Recipients	Dollar Amount	Number of Recipients	Dollar Amount
Rooms	101	$ 8,561		$
Food	1,342	12,380		
Beverage	5,854	5,053		
Travel			13	2,869
Coin			1,869	27,265
Coupon				
Entertainment	139	2,066		
Retail & Gifts				
Other	6	97	N/A	1,500
Total	7,442	$ 28,157	1,882	$ 31,634

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.

Kathleen M Caracciolo
Signature Kathleen M. Caracciolo

Vice President of Finance
Title

3472-11
License Number

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

Cynthia C. Stern
Signature CYNTHIA C. STERN
NOTARY PUBLIC OF NEW JERSEY
My Commission Expires July 7, 1998

Basis of Authority to Take Oaths

Atlantic City Showboat, Inc.
Casino Licensee

ATLANTIC CITY SHOWBOAT, INC.

Notes to Financial Statements

December 31, 1994 and 1993

(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).

Casino Revenue and Complimentaries

In accordance with common industry practice, casino revenues are the net of gaming wins less losses.

Complimentaries primarily consist of rooms, food, and beverage furnished gratuitously to customers. The sale values of such services are included in the respective revenue classification and are then deducted as complimentaries. Complimentary rates are periodically reviewed and adjusted by management.

Cash and Cash Equivalents

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

Inventories

Inventories are stated at the lower of cost or market. Cost is determined by the first-in, first-out method.

Fair Value of Certain Financial Instruments

The carrying amount of cash and cash investments, accounts receivable and accounts payable approximates fair value because of the short maturity of these instruments.

(Continued)

(1) Summary of Significant Accounting Policies (continued)

Property and Equipment

Property and equipment are carried at cost. Depreciation including amortization of capitalized leases, is computed using the straight-line method. The cost of maintenance and repairs is charged to expense as incurred; significant renewals and betterments are capitalized.

Estimated useful lives for property and equipment are 5 to 15 years for land improvements, 10 to 40 years for buildings and 2 to 10 years for furniture and equipment.

Interest Costs

Interest is capitalized in connection with the construction of major facilities. The capitalized interest is recorded as part of the asset to which it relates and is amortized over the asset's useful life. For the years ended December 31, 1994 and 1993 capitalized interest was $2,765,000 and $1,085,000 respectively.

Income Taxes

In February 1992, the Financial Accounting Standards Board (FASB) issued Statement of Financial Accounting Standards No. 109,"Accounting for Income Taxes" (FAS 109). Under the asset liability method of FAS 109, deferred tax assets and liabilities are recognized 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 tax rates expected to apply to taxable income in the years in which those temporary differences are expected to be recovered or settled. Under FAS 109, the effect on deferred tax assets and liabilities of a change in tax rates is recognized in the period that includes the enactment date.

Effective January 1, 1993, the Company adopted FAS 109 and has reported the cumulative effect of that change in the method of accounting for income taxes in the December 31, 1994 statement of income.(Note 10)

The Company previously used the asset and liability method under Statement of Financial Accounting Standards No. 96 (FAS96). Under the asset and liability method of FAS96, deferred assets and liabilities were recognized for all events that had been recognized in the financial statements. Under FAS96, the future tax consequences of recovering assets or setting liabilities at their financial statement carrying amounts were considered in calculating deferred income taxes. Generally, FAS96 prohibited consideration of any other future events in calculating deferred income taxes.

SBO and its subsidiaries file a consolidated federal income tax return. For tax reporting purposes, SBO has elected to continue its fiscal year ending June 30.

(Continued)

(1) Summary of Significant Accounting Policies (continued)

Post employment and Postretirement Benefits

The Company does not currently provide any postemployment or postretirement benefits.

Amortization of Debt Issuance Costs

Costs associated with the issuance of debt have been deferred and are being amortized over the life of the related indebtedness using a weighted average method based on retirement schedules specified in the debt indentures.

(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.

In December 1990, SBO and the Company agreed effective January 1, 1990 to cancel and terminate the Company's obligation to pay management fees to SBO during the period from January 1, 1990 until the fees accrued prior to January 1, 1990 (approximately $24,678,000 net of intercompany tax obligations) are paid in full to SBO and that upon payment in full the obligation to pay fees will recommence for periods beginning after payment of the accrued fees. During the quarter ended June 30, 1993 the Company paid the balance of the accrued fees in full and recommenced accruing management fees.

During the twelve months ended December 31, 1994 and 1993, the Company paid to SBO management fees of $16,257,000 and $13,045,000 respectively. At December 31, 1994 and 1993, the Company owed $859,000 and $1,514,000 respectively in accrued fees, net of income taxes, to SBO for SBO's services rendered to the Company in accordance with the Parent Services Agreement.

(3), **Long Term Debt, Due to Affiliates**

As of December 31, 1994 and 1993 long-term debt, due to affiliates consisted of the following (dollars in thousands):

	1994	1993
9 1/4% Promissory Note - Due 2008	$ 215,000	215,000

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 and expenses. 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. Approximately $162,289,000 of these proceeds were used to redeem all of the outstanding 11 3/8% Bonds at 105.7% of the principle amount plus accrued interest (Note 15). The remaining proceeds will be used for the Company's operation and expansion of existing facilities.

The 9 1/4% Bonds are unconditionally guaranteed by the SBO, OSI and Showboat Operating Company, a wholly owned subsidiary of SBO. 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, 1998. Thereafter, the 9 1/4% Bonds will be redeemable at any time at the option of the 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 be used to fund SBO's investment in Sydney Harbour Casino Pty Limited; (c) permit SBO to pay its regular quarterly amended, without meeting the debt incurrence requirement contained in the cost of improvements to either the Company or Las Vegas Showboat with indebtedness which is pari passu to the 9 1/4% Bonds.

(Continued)

(3), **Long Term Debt, Due to Affiliates (continued)**

Maturities of the Company's long-term debt, due to affiliates, are as follows (dollars in thousands) :

Year ended December 31:	
1995	$ 0
1996	0
1997	0
1998	0
1999	0
Thereafter	215,000
	$ 215,000

(4), **Long Term Debt, Other**

As of December 31, 1994 and 1993 long-term debt, other consisted of the following: (dollars in thousands):

	1994	1993
Capitalized lease obligations	$ 1,928	4,211
Less current maturities	0	2,283
	$ 1,928	1,928

Maturities of the Company's long term-debt, other are as follows: (dollars in thousands)

Year ended December 31:	
1995	$ 0
1996	0
1997	0
1998	0
1999	0
Thereafter	1,928
	$ 1,928

The carrying amount of capital leases approximates fair value at December 31, 1994.

At December 31, 1994, 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 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 December 31, 1994, no funds have 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.

(5) Receivables and Patrons' Checks

As of December 31, 1994 and 1993, receivables consisted of the following (dollars in thousands):

	1994	1993
Casino	$ 6,855	6,682
Hotel	790	816
Other	746	556
	8,391	8,054
Less allowance for doubtful accounts	2,335	2,901
Receivables, net	$ 6,055	5,153

(6) Other Accrued Expenses

As of December 31, 1994 and 1993, other accrued expenses consisted of the following (dollars in thousands) :

	1994	1993
Salaries and wages	$ 8,330	6,379
Taxes, other than taxes on income	2,529	1,373
Medical and liability claims	1,043	1,149
Progressive slot liability	47	39
Accrued advertising and promotion	1,439	1,542
Enforcement/annual license	494	409
Settlement Claims	1,059	849
Other	687	1,133
	$ 15,628	12,873

(7) Other Current Liabilities

As of December 31, 1994 and 1993, other current liabilities consisted of the following (dollars in thousands) :

	1994	1993
Due to affiliates - interest	$ 3,315	3,315
Due to affiliates - mgmnt. fees	859	1,514
Outstanding chip liability	1,295	854
Other	483	232
	$ 5,952	5,915

(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.

Property and equipment included the following leased property under capital leases by major classes at December 31, 1994 and 1993 (dollars in thousands) :

	1994	1993
Building - warehouse	$ 2,050	2,050
Furniture and equipment	15,218	17,332
	17,268	19,382
Less accumulated amortization	16,369	18,344
	$ 899	1,038

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 1994, the annual rent increased $208,000 to $8,326,000. Under the lease, the Company is responsible for taxes, assessments, insurance and utilities.

The following is a schedule of future minimum lease payments for capital leases and operating leases (with initial or remaining terms in excess of one year) as of December 31, 1994:

	Capital Leases	Operating Leases
Year ending December 31,		
1995	$ 253	8,544
1996	-	8,788
1997	-	9,031
1998	-	9,275
1999	-	9,519
Thereafter	1,928	797,132
Total minimum lease payments	2,181	$ 842,289
Less amount representing interest (10.4%)	613	
Present value of net minimum lease payments	$ 1,568	

Rent expense for all operating leases (except those with terms of a month or less that were not renewed) was $8,937,000 and $8,704,000 for the years ended December 31, 1994 and 1993 respectively.

(9) **STOCK PLANS**

On May 17, 1990, the shareholders of SBO approved a long-term incentive plan in which officers and key employees of the Company participate. Up to 600,000 shares of SBO common stock may be awarded to plan participants as either restricted shares or stock options. Restricted shares and options vest over a five-year period. The options are exercisable, subject to vesting, over ten years at option prices determined by the Compensation Committee and subject to the approval of the Board of Directors provided that the option price is not less than 100% of the fair market value of SBO's common stock determined on the date of grant of the options.

A summary of certain stock option information is as follows:

	1994	1993
Options outstanding at January 1,	216,110	220,530
Lapsed	(5,075)	-
Exercised	(560)	(4,420)
Forfeited	(24,675)	-
Options outstanding at December 31,	185,800	216,110
Option price at December 31,	$7.625	$7.625

On May 25, 1994, the Shareholders of SBO approved a long-term incentive plan in which officers and key employees of the Company participate. Up to 2,000,000 shares of SBO common stock may be awarded to plan participants as either restricted shares or stock options. As of December 31, 1994, 570,000 stock options have been granted and 209,500 restricted shares have been issued from treasury shares to officers and key employees. Plan participants are entitled to cash dividends and to vote their respective shares. Restrictions limit the sale or transfer of these shares during a five-year period. Unearned compensation equal to the market value of SBI's common stock was recorded at June 30, 1994 and is being amortized ratably from the date of grant over the restricted five-year period as it is earned.

Compensation expense of $953,000 was recognized during the twelve months ended December 31, 1994. Unearned compensation at December 31, 1994 is $2,078,000 and is shown in Other Assets in the accompanying balance sheet.

(Continued)

(9) **STOCK PLANS (continued)**

A summary of certain stock option information is as follows:

	1994	1993
Options outstanding at January 1,	0	-
Granted	474,000	-
Exercised	-	-
Forfeited	-	-
Options outstanding at December 31,	474,000	0
Option price at December 31,	$20.25	-

(10) **INCOME TAXES**

As discussed in Note 1, the Company adopted the provisions of FAS 109 as of January 1, 1993. The cumulative effect of this change in accounting for income taxes of $556,000 was determined as of January 1, 1993 (Note 15). Prior period financial statements have not been restated to apply the provisions of FAS 109.

For the years ended, December 31, 1994 and 1993 income tax expense was allocated as follows (dollars in thousands):

	1994	1993
Continuing operations	$ 6,968	6,749
Extraordinary item	0	(4,487)
	$ 6,968	2,262

For the years ended, December 31, 1994 and 1993 Income tax expense from continuing operations consisted of the following (dollars in thousands):

	Years ended 1994	1993
Federal:		
Current	$ 5,044	2,788
Deferred	555	2,389
	5,599	5,177
State and local:		
Current	1,606	1,151
Deferred	(53)	421
	1,553	1,572
Total		
Current	6,650	3,939
Deferred	502	2,810
	$ 7,152	6,749

(Continued)

(10) **INCOME TAXES (continued)**

In 1993, as a result of an extraordinary loss of $11,166,000 (Note 15), the the Company recognized an income tax benefit of $4,487,000 resulting in total total income tax expense of $2,262,000.

Income tax expense for the years ended December 31, reflects an estimate of the effective annual tax rate applicable to the filing periods ending June 30 of the following year.

Total income tax expense differed from the amounts computed by applying the federal income tax rate of 35% for the year ended December 31, 1994, and 34% for the year ended December 31, 1993 to pretax income from continuing operations as a result of the following (dollars in thousands):

	Years Ended 1994	1993
Computed "expected" tax expense	$ 5,828	5,513
Increase (reduction) in income taxes resulting from:		
Change in the beginning of the year balance of the valuation allowance for deferred tax assets allocated to income tax expense.	(111)	159
Adjustment to deferred tax assets and liabilities for enacted changes in tax rates	-	284
State and local income taxes, net of federal tax benefit	1,094	977
Impact of settlement Internal Revenue Service examination	269	-
Impact of graduated tax rates	-	(59)
Other, net	72	(125)
Income tax expense	$ 7,152	6,749

(Continued)

(10) INCOME TAXES (continued)

The significant components of deferred income tax expense attributable to income from continuing operations for the year ended December 31, 1994 and 1993 are as follows (dollars in thousands):

	1994	1993
Deferred tax expense (exclusive of other components listed below)	$ 613	2,367
Adjustment to deferred tax assets and liabilities for enacted changes in tax rates	-	284
Change in beginning of the year balance of the valuation allowance for deferred tax assets	(112)	159
	$ 501	2,810

Temporary differences between the financial statement carrying amounts and tax bases of assets and liabilities that give rise to significant portions of the net deferred tax liability relate to the following (dollars in thousands):

	1994	1993
Deferred tax assets:		
Casino Reinvestment Development Authority obligation	$ (1,002)	$ (1,566)
Accrued vacations	(1,360)	(1,263)
Allowance for doubtful accounts	(959)	(1,192)
Other	(3,039)	(1,950)
Total gross deferred tax assets	(6,360)	(5,971)
Less valuation allowance	417	528
Net deferred tax assets	(5,943)	(5,443)
Deferred tax liabilities:		
Depreciation and amortization	16,666	15,664
Total gross deferred tax liabilities	16,666	15,664
Net deferred tax liability	$ 10,723	$ 10,221

For State of New Jersey income tax purposes, the Company has available $5,054,000 and $0 net operating loss carry forwards, respectively, which expire through 1997.

(11) Non-Operating Income (Expense)

For the years ended December 31, 1994 and 1993, non-operating income (expense) consisted of the following (dollars in thousands):

	1994	1993
Interest income	$ 1,076	1,671
Loss on disposal of property and equipment	241	(522)
	$ 1,317	1,149

(12) 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 $1,380,000 and $1,330,000 to this plan for the years ended December 31, 1994 and 1993, 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 $423,000 and $374,000 during the years ended December 31, 1994 and 1993, respectively .

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

A summary of certain stock option information is as follows:

	1994	1993
Options outstanding at January 1,	321,580	328,950
Granted	63,400	90,550
Exercised	(23,300)	(94,570)
Forfeited	(56,140)	(3,350)
Options outstanding at December 31,	305,540	321,580

(Continued)

(12) **EMPLOYEE BENEFIT PLANS (continued)**

Compensation expense of $953,000 was recognized during the twelve months ended December 31, 1994. Unearned compensation at December 31, 1994 is $2,078,000 and is shown in Other Assets in the accompanying balance sheet.

(13) **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 December 31, 1994 and 1993, Investments, Advances and Receivables include $5,277,000 and $5,010,000, respectively, representing the Company's deposits with the CRDA of $7,716,000 at December 31, 1994 and $7,488,000 at December 31, 1993 net of a valuation allowance of $2,439,000 and $2,479,000 respectively. The carrying value of these deposits, net of the valuation allowance, approximates fair value.

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 funding credits from the CRDA in connection with the construction of the Company's additional hotel rooms. Pending the execution of a Credit Agreement with the CRDA, which states the terms and conditions by which the Company may receive funding credit, the Company may begin applying for and receiving funds from the CRDA as expenditures are made for the construction of the hotel rooms to the extent the Company has available funds on deposit with the CRDA. In September 1994, the Company received $2,700,000 of the funding credits which were applied for. In December 1994, the Company received an additional room funding credit of $891,000. That amount represents all of the available funds which may be distributed to the Company.

(14) 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.

(15) EXTRAORDINARY GAIN

As discussed in Note 1, the Company adopted the provisions of FAS 109 as of January 1, 1993. The cumulative effect of this change in accounting for income taxes of $556,000 was determined as of January 1, 1993 and is reported as an extraordinary gain in the statement of income for the year ended December 31, 1993.

On June 18, 1993, the Company repaid the 11 3/8% Note with OSFC in full at 105.7% of the principle amount plus accrued and unpaid interest up to and including the repayment date. The Company recognized an extraordinary loss before any income tax benefit of $11,166,000 as a result of the write-off of unamortized debt issuance costs of $2,666,000 and repayment of a 5.7% redemption premium of $8,500,000. The loss after tax was $6,679,000.

(16) STATEMENT OF CASH FLOW SUPPLEMENTAL INFORMATION

1. Disposal of fixed assets:

Property Gross	3,417
Accumulated Depreciation	(3,344)
Proceeds	(314)
Loss on disposals	241

2. Decrease in fixed asset acquisition included in accounts payable 3,637

3. Increase in CRDA obligation included in accounts payable 129

4. Adjust for reclass of CRDA Deposits for Delaware Avenue:

Property Gross	(333)
CRDA Deposits	500
CRDA Deposits Valuation Allowance	(167)

5. New Long Term SBI Stock Incentive Plan I/C transaction

Deferred Compensation	(3,509)
Investment in SBI	397
I/C sbi	2,529
Gain on Investment(paid in capital)	583

6. Adjust for Room Funding Credit received from CRDA: 3rd QTR

Cash (CRDA Funding Credit Proceeds)	(2,672)
Property Gross	893
CRDA Deposits	2,672
CRDA Deposits Valuation Allowance	(893)

7. Adjust for Room Funding Credit received from CRDA: 4th QTR

Cash	(283)
CRDA Deposits	283

8. Non - Cash Dividend OSI 229

9. Adjust CRDA write-down 4

TRADING NAME OF LICENSEE ATLANTIC CITY SHOWBOAT, INC.

ANNUAL EMPLOYMENT AND PAYROLL REPORT

FOR THE YEAR ENDED DECEMBER 31, 1994
($ IN THOUSANDS)

LINE (a)	DEPARTMENT (b)	(c) NUMBER OF EMPLOYEES	SALARIES AND WAGES (d) OTHER EMPLOYEES	(e) OFFICERS & OWNERS	(f) TOTALS
	CASINO				
1	Administration	24			
2	Gaming	813			
3	Slots	171			
4	Casino accounting	368			
5	Other	183	$	$	$
6	Total-casino	1,559	33,590	1,055	34,645
7	ROOMS	312	4,480	161	4,641
8	FOOD AND BEVERAGE	999	16,577	170	16,747
	OTHER OPERATED DEPARTMENTS				
9	BOWLING	16	280	0	280
10	PBX	23	417	0	417
11					
12					
13					
14					
15					
16					
17					
18					
19					
	ADMINISTRATIVE AND GENERAL				
20	Executive office	14	3,893	1,563	5,456
21	Accounting and auditing	106	2,525	0	2,525
22	Security	243	5,710	141	5,851
23	Other administrative and general department	115	3,841	167	4,008
24	MARKETING	19	707	150	856
25	GUEST ENTERTAINMENT	96	1,105	0	1,105
26	PROPERTY OPERATION AND MAINTENANCE	296	8,129	0	8,129
27	TOTALS - ALL DEPARTMENTS	3,798	$ 81,254	$ 3,407	$ 84,660

Trading Name of Licensee ATLANTIC CITY SHOWBOAT, INC.

ANNUAL EMPLOYMENT AND PAYROLL REPORT
SIGNATURE PAGE

For the Year Ended December 31, 1994

March 15, 1995
Date

K M Ciarrocchi
Signature

VICE PRESIDENT/FINANCE
Title

TRADING NAME OF LICENSEE ATLANTIC CITY SHOWBOAT, INC.

GROSS REVENUE ANNUAL TAX RETURN

FOR THE YEAR ENDED DECEMBER 31, 1994

(UNAUDITED)

($ IN THOUSANDS)

LINE			
	Casino win or (loss)		
1	Table games revenue	$ 74,912	
2	Coin-operated devices revenue	219,663	
3	Total revenues		294,575
	Less - adjustment for uncollectible patrons' checks:		
4	Provision for uncollectible patrons' checks	$ 458	
5	Maximum adjustment (4% of line 3)	$ 11,783	
6	Adjustment (the lesser of line 4 or line 5)		458
7	Gross revenues (line 3 less line 6)		294,117
8	Tax on gross revenues - current year (8% of line 7)		23,529
9	Audit or other adjustments to tax on gross revenues in prior years		
10	Total tax on gross revenues (line 8 plus or minus line 9)		23,529
	Deposits made for tax on current year's gross revenues:		
11	January	$ 1,285	
12	February	1,523	
13	March	1,694	
14	April	1,790	
15	May	2,159	
16	June	1,963	
17	July	2,087	
18	August	2,648	
19	September	1,992	
20	October	2,363	
21	November	1,862	
22	December	1,514	
23	January	647	
24	Total deposits made for tax on current year's gross revenues		(23,527)
	Settlement of prior years' tax on gross revenues		
25	resulting from audit or other adjustments - (deposits) credits		(2)
26	Gross revenues tax payable (line 10 less line 24 plus or minus line 25)		NONE

ANNUAL REPORT

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

ADDRESS: 2100 PACIFIC AVENUE
ATLANTIC CITY, NEW JERSEY 08401

FOR THE YEAR ENDED DECEMBER 31, 1994

TO THE

CASINO CONTROL COMMISSION

OF THE

STATE OF NEW JERSEY

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

BALANCE SHEETS

DECEMBER 31, 1994 AND 1993

(UNAUDITED)

($ IN THOUSANDS)

LINE (a)	DESCRIPTION (b)	(c) 1994	(d) 1993
	ASSETS		
	Current Assets:		
1	Cash	$ 14,292	$ 12,235
2	Marketable securities	–	–
3	Receivables and patrons' checks(net of allowance for doubtful accounts – 1994, $7,940; 1993, $7,224)	10,894	11,254
4	Inventories NOTE 1	3,436	3,028
5	Prepaid expenses and other current assets NOTES 2 & 6	11,633	14,007
6	Total current assets	40,255	40,524
7	Investments, Advances, and Receivables NOTES 3 & 14	8,102	6,307
8	Property And Equipment – Gross NOTES 1, 4 & 10	409,386	428,693
9	(Accumulated Depreciation/Amortization)	(130,645)	(150,603)
10	Other Assets NOTES 1 & 12	13,354	13,909
11	**Total Assets**	$ 340,452	$ 338,830
	LIABILITIES AND EQUITY		
	Current Liabilities:		
12	Accounts payable	$ 6,918	$ 5,424
13	Notes payable NOTE 5	3,430	11,056
	Current portion of long–term debt :		
14	Due to affiliates	–	–
15	Other NOTE 10	–	–
16	Income taxes payable and accrued NOTES 1 & 6	4,201	4,260
17	Other accrued expenses NOTE 7	13,769	14,372
18	Other current liabilities NOTE 8	5,077	2,483
19	Total current liabilities	33,395	37,595
	Long–Term Debt:		
20	Due to affiliates NOTE 9	50,950	58,600
21	Other NOTE 10	9,357	9,302
22	Deferred Credits NOTE 6	6,910	6,948
23	Other Liabilities NOTE 11	8,789	9,069
24	Commitments And Contingencies NOTE 14	–	–
25	**Total Liabilities**	109,401	121,514
26	**Stockholders', Partners', Or Proprietor's Equity**	231,051	217,316
27	**Total Liabilities And Equity**	$ 340,452	$ 338,830

The accompanying notes are an intergral 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 YEARS ENDED DECEMBER 31, 1994 AND 1993

(UNAUDITED)

($ IN THOUSANDS)

LINE (a)	DESCRIPTION (b)	(c) 1994	(d) 1993
	Revenue:		
1	Casino . . . NOTE 1 . . .	$ 343,221	$ 317,451
2	Rooms	17,702	17,289
3	Food and beverage	39,105	32,935
4	Other	13,620	13,107
5	Total revenue	413,648	380,782
6	Less: Promotional allowances . . . NOTE 1 . . .	48,427	38,719
7	Net revenue	365,221	342,063
	Costs And Expenses :		
8	Cost of goods and services	193,279	182,494
9	Selling, general and administrative	70,088	66,568
10	Provision for doubtful accounts	3,335	1,595
11	Total costs and expenses	266,702	250,657
12	Gross Operating Profit	98,519	91,406
13	Depreciation and amortization . . . NOTE 1 . . .	19,727	18,881
	Charges from affiliates other than interest:		
14	Management fees . . . NOTE 13 . . .	10,970	10,219
15	Other . . . NOTE 13 . . .	13,981	13,961
16	Income (Loss) From Operations	53,841	48,345
	Other Income (Expenses) :		
17	Interest (expense) – affiliates . . . NOTES 5 & 9. . .	(7,305)	(7,874)
18	Interest (expense) – external . . . NOTE 10 . . .	(997)	(1,042)
19	Investment alternative tax and related income (expense) – net . . . NOTE 14 . . .	(1,788)	(632)
20	Nonoperating income (expense) – net	419	224
21	Total other income (expenses)	(9,671)	(9,324)
22	Income (Loss) Before Income Taxes And Extraordinary Items	44,170	39,021
23	Provision (credit) for income taxes . . . NOTE 6 . . .	18,435	16,399
24	Income (Loss) Before Extraordinary Items	25,735	22,622
25	Extraordinary Items (net of income taxes – 1994, $; 1993 , $) Cumulative Effect of Accounting Change. . . . NOTE 6 . . .	–	(2,367)
26	**Net Income (Loss)**	$ 25,735	$ 20,255

The accompanying notes are an intergral 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 DECEMBER 31, 1994 AND 1993

(UNAUDITED)

($ IN THOUSANDS)

LINE (a)	DESCRIPTION (b)	(c) 1994	(d) 1993
	Revenue:		
1	Casino . . . . . NOTE 1 . . .	$ 85,718	$ 72,714
2	Rooms	4,488	4,246
3	Food and beverage	10,448	8,200
4	Other	3,126	3,386
5	Total revenue	103,780	88,546
6	Less: Promotional allowances . . . . . NOTE 1 . . .	13,003	9,499
7	Net revenue	90,777	79,047
	Costs And Expenses :		
8	Cost of goods and services	49,063	45,101
9	Selling, general and administrative	17,913	16,646
10	Provision for doubtful accounts	377	27
11	Total costs and expenses	67,353	61,774
12	Gross Operating Profit	23,424	17,273
13	Depreciation and amortization . . . . . NOTE 1 . . .	5,045	4,811
	Charges from affiliates other than interest:		
14	Management fees . . . . . NOTE 13 . .	2,716	2,381
15	Other . . . . . NOTE 13 . .	3,697	3,139
16	Income (Loss) From Operations	11,966	6,942
	Other Income (Expenses) :		
17	Interest (expense) – affiliates . . . . . NOTES 5 & 9. . .	(1,628)	(1,792)
18	Interest (expense) – external . . . . . NOTE 10. . . .	(246)	(171)
19	Investment alternative tax and related income (expense) – net . . . NOTE 14 . . .	(913)	(45)
20	Nonoperating income (expense) – net	134	66
21	Total other income (expenses)	(2,653)	(1,942)
22	Income (Loss) Before Income Taxes And Extraordinary Items	9,313	5,000
23	Provision (credit) for income taxes . . . . . NOTE 6 . . .	3,824	2,051
24	Income (Loss) Before Extraordinary Items	5,489	2,949
25	Extraordinary Items (net of income taxes – 1994, $; 1993 , $) Cumulative Effect of Accounting Change. . . NOTE 6 . . .	–	–
26	**Net Income (Loss)**	$ 5,489	$ 2,949

The accompanying notes are an intergral 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 YEARS ENDED DECEMBER 31, 1994 AND 1993

(UNAUDITED)

($ IN THOUSANDS)

LINE (a)	DESCRIPTION (b)	1994 (c) SHARES	1994 (d) DOLLARS	1993 (e) SHARES	1993 (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	_____	–	–	–	–
4	Ending balance	100	1,370	100	1,370
	Preferred Stock:				
5	Beginning balance (January 1)	–	–	–	–
6	Sale of stock	–	–	–	–
7	_____	–	–	–	–
8	Ending balance	–	–	–	–
	Additional Paid–in Capital:				
9	Beginning balance (January 1)		46,065		46,065
10	_____		–		–
11	_____		–		–
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	_____	–	–	–	–
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)		169,881		161,626
26	Prior period adjustments		–		–
27	Net Income (loss)		25,735		20,255
28	Dividends (Note 8)		(12,000)		(12,000)
29	_____		–		–
30	_____		–		–
31	Ending balance		183,616		169,881
32	Ending Stockholders' Equity		$ 231,051		$ 217,316

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 YEARS ENDED DECEMBER 31, 1994 AND 1993

(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 YEARS ENDED DECEMBER 31, 1994 AND 1993
(UNAUDITED)
($ IN THOUSANDS)

LINE (a)	DESCRIPTION (b)	(c) 1994	(d) 1993
1	Net Cash Provided (Used) By Operating Activities	$ 52,119	$ 44,464
	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	(18,991)	(19,370)
5	Proceeds from disposition of property and equipment	–	–
6	Purchase of casino reinvestment obligations	(3,850)	(3,554)
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	(22,841)	(22,924)
	Cash Flows From Financing Activities :		
13	Cash proceeds from issuance of short–term debt	99,134	67,471
14	Payments to settle short–term debt	(106,760)	(62,556)
15	Cash proceeds from issuance of long–term debt	–	–
16	Costs of issuing debt	–	–
17	Payments to settle long–term debt	(7,595)	(11,743)
18	Cash proceeds from issuing stock or capital contributions	–	–
19	Purchases of treasury stock	–	–
20	Payments of dividends or capital withdrawals	(12,000)	(12,000)
21	_____	–	–
22	_____	–	–
23	Net Cash Provided (Used) by Financing Activities	(27,221)	(18,828)
24	Net Increase (Decrease) In Cash And Cash Equivalents	2,057	2,712
25	Cash And Cash Equivalents At Beginning Of Period	12,235	9,523
26	Cash And Cash Equivalents At End Of Period	$ 14,292	$ 12,235
	SUPPLEMENTAL DISCLOSURE OF CASH FLOW INFORMATION		
	Cash Paid During Period For:		
27	Interest (net of amount capitalized)	$ 8,376	$ 9,115
28	Income taxes	$ 16,347	$ 14,750

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 YEARS ENDED DECEMBER 31, 1994 AND 1993
(UNAUDITED)
($ IN THOUSANDS)

LINE (a)	DESCRIPTION (b)	(c) 1994	(d) 1993
	Net Cash Flows From Operating Activities:		
29	Net income (loss)	$ 25,735	$ 20,255
	Noncash items included in income and cash items excluded from income:		
30	Depreciation and amortization of property and equipment	18,610	17,710
31	Amortization of other assets	1,117	1,171
32	Amortization of debt discount or premium	–	–
33	Deferred income taxes – current	2,186	338
34	Deferred income taxes – noncurrent	(38)	302
35	(Gain) loss on disposition of property and equipment	(3)	20
36	(Gain) loss on casino reinvestment obligations	1,788	632
37	(Gain) loss from other investment activities	–	–
38	Net (increase) decrease in receivables and patrons' checks	360	(192)
39	Net (increase) decrease in inventories	(408)	680
40	Net (increase) decrease in other current assets	188	(236)
41	Net (increase) decrease in other assets	(562)	(324)
42	Net increase (decrease) in accounts payable	1,494	(520)
43	Net increase (decrease) in other current liabilities excluding debt	1,932	2,441
44	Net increase (decrease) in other noncurrent liabilities excluding debt	(280)	2,187
45	_____	–	–
46	_____	–	–
47	Net Cash Provided (Used) By Operating Activities	$ 52,119	$ 44,464
	SUPPLEMENTAL SCHEDULE OF NONCASH INVESTING AND FINANCING ACTIVITIES		
	Acquisition Of Property And Equipment:		
48	Additions to property and equipment	$ 18,991	$ 19,370
49	Less: Capital lease obligations incurred	–	–
50	Cash Outflows For Property And Equipment	$ 18,991	$ 19,370
	Acquisition Of Business Entities:		
51	Property and equipment acquired	$ –	$ –
52	Goodwill acquired	–	–
53	Net assets acquired other than cash, goodwill, and property and equipment	–	–
54	Long–term debt assumed	–	–
55	Issuance of stock or capital invested	–	–
56	Cash Outflows To Acquire Business Entities	$ –	$ –
	Stock Issued Or Capital Contributions :		
57	Total issuances of stock or capital contributions	$ –	$ –
58	Less: Issuances to settle long–term debt	–	–
59	Consideration in acquisiton of business entities	–	–
60	Cash Proceeds From Issuing Stock Or Capital Contributions	$ –	$ –

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. CNJ is a wholly-owned subsidiary of Caesars World, Inc., (CWI), a Florida corporation. BRC owns and operates Caesars Atlantic City Hotel/Casino (CAC) in Atlantic City, New Jersey. See Note 15, Subsequent Event.

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 twelve months ended December 31, 1994 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.

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 December 31, 1994, $7,928,000 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.

NOTE 2. PREPAID EXPENSES AND OTHER CURRENT ASSETS:

	1994	1993
	(In Thousands)	
Deferred income taxes.(NOTE 6)..	$ 9,680	$11,866
Other.....	1,953	2,141
	$11,633	$14,007

NOTE 3. INVESTMENTS, ADVANCES AND RECEIVABLES:

	1994	1993
	(In Thousands)	
CRDA deposits.....	$11,673	$8,741
CRDA bonds receivable.....	609	521
Note receivable.....	831	-
	13,113	9,262
Less: valuation allowance on CRDA investments.....	5,011	2,955
	$8,102	$6,307

The carrying value of the CRDA investment approximated its

fair value.

NOTE 4. PROPERTY AND EQUIPMENT:

	1994	1993
	(In Thousands)	
Land	$ 51,503	$ 51,503
Buildings and improvements	271,323	263,348
Furniture, fixtures and equipment	66,446	97,109
Construction in progress	7,774	4,393
Properties under capital leases.	12,340	12,340
	409,386	428,693
Less: accumulated depreciation and amortization	130,645	150,603
	$278,741	$278,090

NOTE 5. NOTES PAYABLE:

In August 1992, CWI entered into an unsecured facility with a syndicate of banks, consisting of a $125,000,000 term loan and a $150,000,000 revolving credit facility available to be used by CWI and its affiliates, including BRC, for working capital needs and general corporate purposes. Also, in August 1992 CWI issued $150,000,000 of 8 7/8 percent Senior Subordinated Notes due August 15, 2002. The bank loan agreement and 8 7/8 percent Senior Subordinated Notes, as well as the previous loan agreements covering 1992 and 1991, contain covenants, among others, that require the maintenance of certain financial ratios and include restrictions on CWI and its subsidiaries with respect to additional debt, dividends, stock repurchases, sales of certain assets, investments and capital expenditures, mergers, consolidations and similar transactions, liens, acquisitions, disposition of property, and repayment of other debt. Also, the bank agreement requires guarantees by specified subsidiaries of CWI, including BRC.

In May 1994, BRC entered into an unsecured $35,000,000 revolving line of credit with Desert Palace, Inc. (DPI), a wholly-owned subsidiary of CWI. The revolving line of credit carries interest at the prime rate, a $50,000 annual commitment fee, which commenced on May 31, 1994, and has a term of five years. In 1994 and 1993, the maximum amount outstanding at any month-end was $22,082,000 and $12,944,000,

NOTE 5. NOTES PAYABLE (cont'd):

respectively. The average of the month-end amounts outstanding was $9,596,000 and $5,954,000, respectively, and the weighted average interest rate was 7.2 percent and 6 percent, respectively.

At December 31, 1994 and 1993, the outstanding balance on the revolving line of credit was $3,430,000 and $11,056,000, respectively.

NOTE 6. INCOME TAXES:

Effective August 1, 1993 CWI and BRC adopted the accounting and disclosure rules prescribed by Statement of Financial Accounting Standard No. 109 (SFAS 109). August is the first month of the Company's fiscal 1994. As a result, net income for the six months ended December 31, 1993 included a charge of $2,367,000 for the cumulative effect of this accounting change. Prior financial statements have not been restated.

Under SFAS 109, the liability method is used in accounting for income taxes. Under this method, deferred tax assets and liabilities are determined based on the differences between financial reporting and tax bases of assets and liabilities using the enacted income tax rates and laws in effect when the differences are expected to reverse. Deferred income tax expenses or credits are based on the changes in the respective assets and liabilities from period to period. Prior to the adoption of SFAS 109, deferred taxes were provided using the deferred method as required by Accounting Principles Opinion No. 11 in which deferred tax expenses were provided for timing differences between book and tax recognition of revenues and expenses at the income tax rates in effect when the differences originated.

NOTE 6. INCOME TAXES (cont'd):

The provision for income taxes for the twelve months ended December 31, 1994 and 1993 is comprised of the following:

	1994	1993
	(In Thousands)	
Current:		
Federal	$12,309	$13,661
State	3,978	4,465
Deferred:		
Federal	1,776	831
State	372	(191)
	$18,435	$18,766

Noncurrent deferred credits of $6,910,000 and $6,948,000 at December 31, 1994 and 1993, 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 twelve months ended December 31, 1994 and 1993 differs from the amount computed at the statutory rate as follows:

	1994	1993
	(In Thousands)	
Federal income tax at statutory rate.	$15,462	$13,657
State income taxes, net of federal benefit	2,629	2,283
Tax effect of adoption of SFAS 109 ..	-	2,367
Other, net	344	459
	$18,435	$18,766

NOTE 6. INCOME TAXES (cont'd):

In August 1993, the Omnibus Budget Reconciliation Act of 1993 was enacted which increased the corporate tax rate from 34 to 35 percent retroactive to January 1, 1993. In accordance with generally accepted accounting principles, the retroactive effect of this change was recognized in the quarter ended September 30, 1993 and was approximately $225,000.

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

NOTE 7. OTHER ACCRUED EXPENSES:

	1994	1993
	(In Thousands)	
Salaries, wages and vacation pay....	$ 4,582	$ 4,336
Insurance claims liability.....	1,865	3,939
Taxes, other than income taxes.....	1,781	1,377
Other.....	5,541	4,720
	$13,769	$14,372

NOTE 8. OTHER CURRENT LIABILITIES:

	1994	1993
	(In Thousands)	
Due to CWI.....	$2,170	
Unredeemed Chips.....	1,779	$1,355
Due to DPI.....	496	570
Other.....	632	558
	$5,077	$2,483

On January 24, 1994, BRC declared a $6,000,000 dividend to CNJ. On July 15, 1994, BRC declared a $6,000,000 dividend to CNJ. As of December 31, 1994, these dividends have been paid in full. On January 18, 1995, BRC declared a $6,000,000 dividend to CNJ.

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

	1994	1993
	(In Thousands)	
DPI term note due June 1, 1996, interest at 11.45%.....	$50,950	$58,600

At December 31, 1994, management estimates that the carrying value of this note approximated its fair value.

NOTE 10. LONG-TERM DEBT, OTHER:

BRC leases approximately six acres of property in Atlantic City, including an entire block of Boardwalk frontage, which may be suitable for development of a casino/hotel.. The capitalized lease, which expires in 2076, provides that BRC pay all applicable taxes, insurance and maintenance expenses and requires annual payments of $875,000. The lease may be purchased for $13,000,000. The purchase option will increase by $500,000 in August, 1997 and another $500,000 every 10 years thereafter.

Capital lease obligations are comprised of the following:

	1994	1993
	(In Thousands)	
Capitalized lease obligation, net of amounts representing interest....	$9,357	$9,302
Less current maturities.....	-	-
	$9,357	$9,302

NOTE 10. LONG TERM DEBT, OTHER (cont'd):

Future minimum lease payments for all leases are as follows:

Year Ending December 31,	Operating	Capital
	(In Thousands)	
1995	$201	$ 875
1996	-	875
1997	-	875
1998	-	925
1999	-	925
Thereafter	-	84,375
Total minimum lease payments	$201	88,850
Less amount representing interest		79,493
		$9,357

Rent expense for the twelve months ended December 31, 1994 and 1993 was $2,320,000 and $2,388,000, respectively.

NOTE 11. OTHER LIABILITIES:

	1994	1993
	(In Thousands)	
Insurance claims liability.....	$5,481	$6,227
Other.....	3,308	2,842
	$8,789	$9,069

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 December 31, 1994 the amount in this revocable trust was $2,161,000 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 $555,000 and $489,000 for the twelve months ended

December 31, 1994 and 1993, respectively. The actuarially computed present value of the accumulated benefit obligation

NOTE 12. PENSION PLANS (cont'd):

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.

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 of these plans for the twelve months ended December 31, 1994 and 1993 was $1,909,000 and $698,000, 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 December 31, 1994 was $1,601,000.

NOTE 13. RELATED TRANSACTIONS:

BRC has recorded expenses for the twelve months ended December 31, 1994 and 1993 from CWI and affiliates as follows:

Affiliate	Transaction	1994	1993
		(In Thousands)	
Caesars World, Inc.	Management Fee	$10,970	$10,219
Caesars World Marketing Corp.	Reservation Offices	$ 6,328	$6,069
Caesars Palace Corp	Tradename Fee	5,183	4,997
Caesars World, Inc.	Allocated Expenses	2,470	2,895
		$13,981	$13,961

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.

NOTE 14. COMMITMENTS AND CONTINGENCIES (cont'd):
As of December 31, 1994, 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. SUBSEQUENT EVENT

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. Related to this transaction, BRC recorded an unusual pre-tax charge of $8.7 million in January, 1995 essentially related to the acceleration of the unamortized balance of deferred compensation.

TRADING NAME OF LICENSEE: CAESARS ATLANTIC CITY

SCHEDULE OF RECEIVABLES AND PATRONS' CHECKS

DECEMBER 31, 1994
(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	$ 6,157	–	
2	Returned patrons' checks	11,095	–	
3	Total patrons' checks	17,252	$ 7,742	$ 9,510
4	Hotel Receivables	708	198	510
	Other Receivables:			
5	Receivables due from officers and employees	3	–	
6	Receivables due from affiliates	24	–	
7	Other accounts and notes receivables	847	–	
8	Total other receivables	874	–	874
9	Totals (Form 305)	$ 18,834	$ 7,940	$ 10,894

UNDEPOSITED PATRONS' CHECKS ACTIVITY		
LINE (f)	DESCRIPTION (g)	AMOUNT (h)
10	Beginning Balance (January 1)	$ 4,855
11	Counter checks issued (excluding counter checks issued through transactions relating to consolidations, partial redemptions, substitutions, and patrons' cash deposits).	237,628
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)	(178,633)
13	Checks collected through deposits	(54,952)
14	Checks transferred to returned checks	(2,741)
15	Other adjustments	–
16	Ending Balance	$ 6,157
17	"Hold" Checks Included Balance on Line 16	$ –
18	Provision For Uncollectible Patrons' Checks	$ 3,258
19	Provision As A Percent Of Counter Checks Issued	1.4%

TRADING NAME OF LICENSEE: CAESARS ATLANTIC CITY

PROMOTIONAL EXPENSES AND ALLOWANCES

($ IN THOUSANDS)

(UNAUDITED)

FOR THE THREE MONTHS ENDED DECEMBER 31, 1994

	Promotional Allowances		Promotional Expenses	
	Number of Recipients	Dollar Amount	Number of Recipients	Dollar Amount
Rooms	78,980	$ 3,717	–	–
Food	298,369	5,492	–	–
Beverage	471,038	2,439	–	–
Travel	–	–	9,152	2,867
Coin	–	–	311,553	3,275
Coupon	–	–	90,612	2,526
Cash Rebates	–	–	122	389
Entertainment	86	1,108	4,954	1,576
Retail & gifts	–	–	886	92
Other	2,822	246	52,225	531
Total	851,295	$ 13,002	469,504	$ 11,256

FOR THE YEAR ENDED DECEMBER 31, 1994

	Promotional Allowances		Promotional Expenses	
	Number of Recipients	Dollar Amount	Number of Recipients	Dollar Amount
Rooms	288,613	$ 14,239	–	–
Food	1,077,839	20,074	–	–
Beverage	1,884,534	9,692	–	–
Travel	–	–	34,355	11,587
Coin	–	–	1,245,744	13,409
Coupon	–	–	335,100	8,934
Cash Rebates	–	–	644	2,776
Entertainment	110,270	3,671	20,507	4,586
Retail & gifts	–	–	3,017	694
Other	14,269	750	182,692	3,283
Total	3,375,525	$ 48,426	1,822,059	$ 45,269

STATEMENT OF CONFORMITY AND ACCURACY

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

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

M J Walsh
Signature

VICE PRESIDENT, FINANCE
Title

1482-11
License Number

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

On Behalf Of:

Mary Nocella
Signature

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

BOARDWALK REGENCY CORPORATION
Casino License

Basis of Authority
to Take Oaths

1/86

CCC-350

ANNUAL EMPLOYMENT AND PAYROLL REPORT

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

ADDRESS 2100 PACIFIC AVENUE
ATLANTIC CITY, NEW JERSEY 08401

FOR THE YEAR ENDED DECEMBER 31, 1994

TO THE

CASINO CONTROL COMMISSION

OF THE

STATE OF NEW JERSEY

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

OFFICIAL TITLE . . . . . VICE PRESIDENT, FINANCE

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

TRADING NAME OF LICENSEE CAESARS ATLANTIC CITY

ANNUAL EMPLOYMENT AND PAYROLL REPORT

FOR THE YEAR ENDED DECEMBER 31, 1994

($ in Thousands)

LINE (a)	DEPARTMENT (b)	NUMBER OF (c) EMPLOYEES	(d) OTHER EMPLOYEES	SALARIES AND WAGES (e) OFFICERS AND OWNERS	(f) TOTALS
	CASINO				
1	Administration	14			
2	Gaming (Including simulcast)	890			
3	Slots	185			
4	Casino accounting	53			
5	Other	564			
6	Total – casino	1,706	$44,690	$510	$45,200
7	ROOMS	201	4,267	111	4,378
8	FOOD AND BEVERAGE	849	13,075	278	13,353
9	OTHER OPERATED DEPARTMENTS				
10	Parking Operations	41	989		989
11	Health Spa	8	153		153
12	Coat Room	8	70		70
13	Telephone	18	290		290
14	Affinity	1	19		19
15					
16					
17					
18					
19					
20	ADMINISTRATIVE AND GENERAL				
	Executive office	10	79	1,450	1,529
21	Accounting and auditing	67	1,671	351	2,022
22	Security	247	5,632	106	5,738
23	Other administrative and general department	178	5,537	214	5,751
24	MARKETING	83	2,033	63	2,096
25	GUEST ENTERTAINMENT	45	1,716		1,716
26	PROPERTY OPERATIONS AND MAINTENANCE	103	4,052	102	4,154
27					
	TOTAL – ALL DEPARTMENTS	3,565	$84,273	$3,185	$87,458

TRADING NAME OF LICENSEE CAESARS ATLANTIC CITY

ANNUAL EMPLOYMENT AND PAYROLL REPORT
SIGNATURE PAGE

FOR THE YEAR ENDED DECEMBER 31, 1994

March 14, 1995
Date


Signature

Vice President, Finance
Title

CCC-377

GROSS REVENUE
ANNUAL TAX RETURN

LICENSEE BOARDWALK REGENCY CORPORATION
ADDRESS 2100 PACIFIC AVE.
ATLANTIC CITY, NEW JERSEY 08401

FOR THE YEAR ENDED DECEMBER 31, 1994

TO THE

CASINO CONTROL COMMISSION

OF THE

STATE OF NEW JERSEY

NAME OF OFFICER IN CHARGE
OF CORRESPONDENCE REGARDING
THIS ANNUAL TAX RETURN ..... Michael J. Walsh

OFFICIAL TITLE..... Vice President, Finance

ADDRESS..... 2100 Pacific Ave.
Atlantic City, New Jersey 08401

TRADING NAME OF LICENSEE CAESARS ATLANTIC CITY

GROSS REVENUE ANNUAL TAX RETURN

FOR THE YEAR ENDED DECEMBER 31, 1994

(UNAUDITED)

($ IN THOUSANDS)

LINE			
	Casino win or (loss)		
1	Table and Other games revenue	$126,994	
2	Coin–operated devices revenue	212,516	
3	Total revenues		$339,510
	Less–adjustment for uncollectible patrons' checks:		
4	Provision for uncollectible patrons' checks	$3,258	
5	Maximum adjustment (4% of line 3)	$13,580	
6	Adjustment (the lesser of line 4 or line 5)		3,258
7	Gross revenues (line 3 less line 6)		$336,252
8	Tax on gross revenues – current year (8% of line 7)		$26,900
9	Audit or other adjustments to tax on gross revenues in prior years		61
10	Total tax on gross revenues (line 8 plus or minus line 9)		26,961
	Deposits made for current year's gross revenues:		
11	January	$1,857	
12	February	1,700	
13	March	2,026	
14	April	2,081	
15	May	2,279	
16	June	2,232	
17	July	2,821	
18	August	2,878	
19	September	2,209	
20	October	2,625	
21	November	2,205	
22	December	1,987	
23	January		
24	Total deposits made for tax on current year's gross revenues		26,900
	Settlement of prior year's tax on gross revenues		
25	resulting from audit or other adjustments – (deposits) credits		(61)
26	Gross revenues tax payable (line 10 less line 24 plus or minus line 25)		$0

STATEMENT OF CONFORMITY AND ACCURACY

STATE OF :
:ss.
COUNTY OF :

Michael J. Walsh, being duly sworn according
Name
to law upon my oath deposes and says:

1. I have examined this Gross Revenue Annual Tax Return.

2. All the information contained in this Return has been prepared in conformity with the Casino Control Commission's Gross Revenue Annual Tax Return Instructions and Uniform Chart of Accounts.

3. The information contained in this Return is accurate to the best of my knowledge and belief.

M J Walsh
Signature

VICE PRESIDENT/FINANCE
Title

1482-11
License Number

Subscribed and sworn to
before me this 6th day
of March, 1995.

Kathryn J. Robinson
Signature

KATHRYN J. ROBINSON
NOTARY PUBLIC OF NEW JERSEY
My Commission Expires Feb. 20, 1997
Basis of Authority
to Take Oaths

On Behalf Of:

BOARDWALK REGENCY CORPORATION
Casino Licensee

ANNUAL REPORT

THE CLARIDGE AT PARK PLACE, INC.

INDIANA AVENUE AT THE BOARDWALK

ATLANTIC CITY, NEW JERSEY 08401

FOR THE YEAR ENDED DECEMBER 31, 1994

TO THE

CASINO CONTROL COMMISSION

OF THE

STATE OF NEW JERSEY

NAME OF OFFICER IN CHARGE
OF CORRESPONDENCE REGARDING
THIS ANNUAL REPORT: LAURA L. PALAZZO

OFFICIAL TITLE: VICE PRESIDENT CONTROLLER

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

TRADING NAME OF LICENSEE: THE CLARIDGE CASINO HOTEL

LIST OF FORMS - ANNUAL REPORT

FOR THE YEAR ENDED DECEMBER 31, 1994

TITLE	FORM #
BALANCE SHEETS	CCC - 205
STATEMENT OF INCOME (YEAR)	CCC - 210
STATEMENTS OF INCOME (THREE MONTHS)	CCC - 215
STATEMENTS OF CHANGES IN STOCKHOLDERS' EQUITY	CCC - 220
STATEMENTS OF CHANGES IN PARTNERS' OR PROPRIETORS' EQUITY	CCC - 225
STATEMENTS OF CASH FLOWS	CCC - 235
NOTES TO FINANCIAL STATEMENTS	
SCHEDULE OF RECEIVABLES & PATRONS' CHECKS	CCC - 240
PROMOTIONAL EXPENSES & ALLOWANCES	CCC - 245
STATEMENT OF CONFORMITY & ACCURACY	CCC - 250

TRADING NAME OF LICENSEE: THE CLARIDGE CASINO HOTEL

BALANCE SHEETS
DECEMBER 31, 1994 AND 1993
(UNAUDITED)
($ IN THOUSANDS)

LINE (A)	DESCRIPTION (B)	(C) 1994	(D) 1993
	ASSETS		
	CURRENT ASSETS:		
1	CASH	$ 14,801	$ 5,193
2	MARKETABLE SECURITIES (at cost which approx. market)	22,442	-0-
3	RECEIVABLES & PATRONS CHECKS (NET OF ALLOW. FOR DOUBTFUL ACCOUNTS - 1994, $1,445; 1993, $1,282)	30,170	19,253
4	INVENTORIES	2,629	2,647
5	PREPAID EXPENSES & OTHER CURRENT ASSETS	2,189	1,557
6	TOTAL CURRENT ASSETS	72,231	28,650
7	INVESTMENTS, ADVANCES & RECEIVABLES (NOTE 3)	115,240	118,491
8	PROPERTY & EQUIPMENT - GROSS	19,852	14,436
9	(ACCUMULATED DEPRECIATION/AMORTIZATION)	(11,189)	(10,211)
10	OTHER ASSETS (NOTE 4)	1,303	429
11	TOTAL ASSETS	$197,437	$151,795
	LIABILITIES & EQUITY		
	CURRENT LIABILITIES:		
12	ACCOUNTS PAYABLE	$ 2,820	$ 2,538
13	NOTES PAYABLE	-0-	-0-
	CURRENT PORTION OF LONG-TERM DEBT:		
14	DUE TO AFFILIATES	-0-	-0-
15	OTHER (NOTE 7)	-0-	-0-
16	INCOME TAXES PAYABLE & ACCRUED	577	1,338
17	OTHER ACCRUED EXPENSES (NOTE 5)	8,657	8,756
18	OTHER CURRENT LIABILITIES (NOTE 6)	21,291	21,522
19	TOTAL CURRENT LIABILITIES	33,345	34,154
	LONG TERM DEBT:		
20	DUE TO AFFILIATES	-0-	-0-
21	OTHER (NOTE 7)	-0-	35,259
22	DEFERRED CREDITS (NOTE 11)	8,199	6,103
23	OTHER LIABILITIES (NOTE 8)	53,133	56,342
24	COMMITMENTS & CONTINGENCIES (NOTE 1)		
25	TOTAL LIABILITIES	94,677	131,858
26	STOCKHOLDERS', PARTNERS, OR PROPRIETOR'S EQUITY	102,760	19,937
27	TOTAL LIABILITIES & EQUITY	$197,437	$151,795

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 YEARS ENDED DECEMBER 31, 1994 AND 1993
(UNAUDITED)
($ IN THOUSANDS)

LINE (A)	DESCRIPTION (B)	(C) 1994	(D) 1993
	REVENUE:		
1	CASINO	$156,123	$155,047
2	ROOMS	10,962	11,408
3	FOOD & BEVERAGE	18,346	18,605
4	OTHER	2,015	2,206
5	TOTAL REVENUE	187,446	187,266
6	LESS: PROMOTIONAL ALLOWANCES	16,683	16,011
7	NET REVENUE	170,763	171,255
	COSTS & EXPENSES:		
8	COST OF GOODS & SERVICES	93,173	90,201
9	SELLING, GENERAL & ADMINISTRATIVE	53,743	49,422
10	PROVISION FOR DOUBTFUL ACCOUNTS	491	207
11	TOTAL COSTS & EXPENSES	147,407	139,830
12	GROSS OPERATING PROFIT	23,356	31,425
13	DEPRECIATION & AMORTIZATION	2,016	1,445
	CHARGES FROM AFFILIATES OTHER THAN INTEREST:		
14	MANAGEMENT FEES	-0-	-0-
15	OTHER (NOTE 12b)	115	112
16	INCOME (LOSS) FROM OPERATIONS	21,225	29,868
	OTHER INCOME (EXPENSES):		
17	INTEREST (EXPENSES) - AFFILIATES (NOTE 12a)	(432)	(432)
18	INTEREST (EXPENSES) - EXTERNAL	(342)	(3,741)
19	INVESTMENT ALT. TAX & RELATED INCOME (EXPENSE) - NET	(1,972)	(665)
20	NONOPERATING INCOME (EXPENSE) - NET (NOTE 9)	(16,347)	(15,877)
21	TOTAL OTHER INCOME (EXPENSE)	(19,093)	(20,715)
22	INCOME (LOSS) BEFORE INCOME TAXES & EXTRAORDINARY ITEMS	2,132	9,153
23	PROVISION (CREDIT) FOR INCOME TAXES (NOTE 11)	1,515	3,422
24	INCOME (LOSS) BEFORE EXTRAORDINARY ITEMS	617	5,731
25	EXTRAORDINARY ITEMS (NET OF INCOME TAXES - 1994, $ -0-; 1993, $-0-)	-0-	-0-
26	NET INCOME (LOSS)	$ 617	$ 5,731

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 DECEMBER 31, 1994 AND 1993
(UNAUDITED)
($ IN THOUSANDS)

E	DESCRIPTION (B)	(C) 1994	(D) 1993
	REVENUE:		
	CASINO	$ 38,907	$ 34,297
	ROOMS	2,477	2,585
	FOOD & BEVERAGE	4,398	4,349
	OTHER	352	509
	TOTAL REVENUE	46,134	41,740
	LESS: PROMOTIONAL ALLOWANCES	3,729	3,623
	NET REVENUE	42,405	38,117
	COSTS & EXPENSES:		
	COST OF GOODS & SERVICES	22,468	21,455
	SELLING, GENERAL & ADMINISTRATIVE	12,827	11,044
	PROVISION FOR DOUBTFUL ACCOUNTS	116	(233)
	TOTAL COSTS & EXPENSES	35,411	32,266
	GROSS OPERATING PROFIT	6,994	5,851
	DEPRECIATION & AMORTIZATION	627	382
	CHARGES FROM AFFILIATES OTHER THAN INTEREST:		
	MANAGEMENT FEES	-0-	-0-
	OTHER	31	26
	INCOME (LOSS) FROM OPERATIONS	6,336	5,443
	OTHER INCOME (EXPENSES):		
	INTEREST (EXPENSES) - AFFILIATES (NOTE 12a)	(108)	(108)
	INTEREST (EXPENSES) - EXTERNAL	-0-	(900)
	INVESTMENT ALT. TAX & RELATED INCOME (EXPENSE) - NET	(404)	(149)
	NONOPERATING INCOME (EXPENSE) - NET (NOTE 9)	(4,347)	(4,018)
	TOTAL OTHER INCOME (EXPENSE)	(4,859)	(5,175)
	INCOME (LOSS) BEFORE INCOME TAXES & EXTRAORDINARY ITEMS	1,477	268
	PROVISION (CREDIT) FOR INCOME TAXES (NOTE 11)	1,253	126
	INCOME (LOSS) BEFORE EXTRAORDINARY ITEMS	224	142
	EXTRAORDINARY ITEMS (NET OF INCOME TAXES - 1994, $ -0-; 1993, $-0-)	-0-	-0-
	NET INCOME (LOSS)	$ 224	$ 142

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 CHANGES IN STOCKHOLDERS EQUITY
FOR THE YEARS ENDED DECEMBER 31, 1994 AND 1993
(UNAUDITED)
($ IN THOUSANDS)

LINE (A)	DESCRIPTION (B)	1994		1993	
		(C) SHARES	(D) DOLLARS	(E) SHARES	(F) DOLLARS
	COMMON STOCK: (PAR VALUE $0.10, AUTHORIZED & OUTSTANDING 1,000 SHARES)				
1	BEGINNING BALANCE (JANUARY 1)	1,000	$ 1	1,000	$ 1
2	SALE OF STOCK				
3	_____				
4	ENDING BALANCE	1,000	$ 1	1,000	$ 1
	PREFERRED STOCK:				
5	BEGINNING BALANCE (JANUARY 1)				
6	SALE OF STOCK				
7	_____				
8	ENDING BALANCE				
	ADDITIONAL PAID-IN CAPITAL:				
9	BEGINNING BALANCE (JANUARY 1)		$ 4,999		$ 4,999
10	EQUITY CONTRIBUTION FROM THE CORPORATION		82,206		-0-
11	_____				
12	ENDING BALANCE		$87,205		$ 4,999
	TREASURY STOCK:				
13	BEGINNING BALANCE (JANUARY 1)				
14	PURCHASE OF ADDITIONAL STOCK				
15	SALE OR RETIREMENT OF STOCK				
16	ENDING BALANCE				
	SUBSCRIPTIONS RECEIVABLE FOR CAPITAL STOCK:				
17	BEGINNING BALANCE (JANUARY 1)				
18	_____				
19	_____				
20	ENDING BALANCE				
	NET UNREALIZED LOSS ON NONCURRENT MARKETABLE EQUITY SECURITIES:				
21	BEGINNING BALANCE (JANUARY 1)				
22	_____				
23	_____				
24	ENDING BALANCE				
	RETAINED EARNINGS:				
25	BEGINNING BALANCE (JANUARY 1)		$14,937		$ 9,206
26	PRIOR PERIOD ADJUSTMENTS				
27	NET INCOME (LOSS)		617		5,731
28	DIVIDENDS				
29	_____				
30	_____				
31	ENDING BALANCE		15,554		14,937
32	ENDING STOCKHOLDERS' EQUITY		$102,760		$ 19,937

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

TRADING NAME OF LICENSEE: THE CLARIDGE CASINO HOTEL

STATEMENT OF CHANGES IN PARTNERS' OR PROPRIETORS' EQUITY

FOR THE YEARS ENDED DECEMBER 31, 1994 AND 1993
(UNAUDITED)
($ IN THOUSANDS)

NE	DESCRIPTION (B)	(C) 1994	(D) 1993
	INVESTED CAPITAL:		
	BEGINNING BALANCE (JANUARY 1)		
	ADDITIONAL CAPITAL INVESTED		
	_____		
	ENDING BALANCE		
	ACCUMULATED INCOME (LOSS):		
	BEGINNING BALANCE		
	PRIOR PERIOD ADJUSTMENTS		
	NET INCOME (LOSS)		
	_____		
	ENDING BALANCE		
	CAPITAL WITHDRAWALS:		
	BEGINNING BALANCE		
	ADDITIONAL CAPITAL WITHDRAWALS		
	_____		
	ENDING BALANCE		
	NET UNREALIZED LOSS ON NONCURRENT MARKETABLE EQUITY SECURITIES:		
	BEGINNING BALANCE		
	_____		
	_____		
	ENDING BALANCE		
8	ENDING PARTNERS' OR PROPRIETOR'S EQUITY		

NOT APPLICABLE

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

TRADING NAME OF LICENSEE: THE CLARIDGE CASINO HOTEL

STATEMENTS OF CASH FLOWS
FOR THE YEARS ENDED DECEMBER 31, 1994 AND 1993
(UNAUDITED)
($ IN THOUSANDS)

LINE (A)	DESCRIPTION (B)	(C) 1994	(D) 1993
	NET CASH PROVIDED (USED) BY OPERATING ACTIVITIES.....	$ (8,521)	$ 4,840
	CASH FLOWS FROM INVESTING ACTIVITIES:		
2	PURCHASE OF SHORT-TERM INVESTMENT SECURITIES.....	(22,442)	-0-
	PROCEEDS FROM THE SALE OF SHORT-TERM INV. SECURITIES...		
	CASH OUTFLOWS FOR PROPERTY & EQUIPMENT.....	(6,464)	(1,534)
	PROCEEDS FROM DISPOSITION OF PROPERTY & EQUIPMENT.....	75	53
	PURCHASE OF CASINO REINVESTMENT OBLIGATION.....	(886)	(1,875)
	PURCHASE OF OTHER INVESTMENTS & LOANS/ADVANCES MADE....	(9,610)	(3,287)
	PROCEEDS FROM DISPOSAL OF INVESTMENTS & COLLECTION OF ADVANCES & LONG TERM RECEIVABLES.....	10,509	9,480
	CASH OUTFLOWS TO ACQUIRE BUSINESS ENTITIES.....		
	_____.....		
	_____.....		
2	NET CASH PROVIDED (USED) BY INVESTING ACTIVITIES.....	(28,818)	2,837
	CASH FLOWS FROM FINANCING ACTIVITIES:		
3	CASH PROCEEDS FROM ISSUANCE OF SHORT-TERM DEBT.....	-0-	1,700
4	PAYMENTS TO SETTLE SHORT-TERM DEBT.....	(1,700)	(1,000)
5	CASH PROCEEDS FROM ISSUANCE OF LONG-TERM DEBT.....		
6	COSTS OF ISSUING DEBT.....		
7	PAYMENTS TO SETTLE LONG-TERM DEBT.....	(33,559)	(7,942)
8	CASH PROCEEDS FROM ISSUING STOCK OR CAPITAL CONTRIB....	82,206	-0-
9	PURCHASES OF TREASURY STOCK.....		
0	PAYMENTS OF DIVIDENDS OR CAPITAL WITHDRAWALS.....		
1	_____.....		
2	_____.....		
3	NET CASH PROVIDED (USED) BY FINANCING ACTIVITIES.....	46,947	(7,242)
4	NET INCREASE (DECREASE) IN CASH & CASH EQUIVALENTS.....	9,608	435
5	CASH & CASH EQUIVALENTS AT BEGINNING OF PERIOD.....	5,193	4,758
6	CASH & CASH EQUIVALENTS AT END OF PERIOD.....	$ 14,801	$ 5,193

SUPPLEMENTAL DISCLOSURE OF CASH FLOW INFORMATION

	CASH PAID DURING YEAR FOR:		
7	INTEREST (NET OF AMOUNT CAPITALIZED).....	$ 351	$ 3,741
8	INCOME TAXES.....	$ 181	$ 1,393

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

STATEMENTS OF CASH FLOWS
FOR THE YEARS ENDED DECEMBER 31, 1994 AND 1993
(UNAUDITED)
($ IN THOUSANDS)

LINE (A)	DESCRIPTION (B)	(C) 1994	(D) 1993
	NET CASH PROVIDED (USED) BY OPERATING ACTIVITIES		
9	NET INCOME (LOSS)	$ 617	$ 5,731
	NON-CASH ITEMS INCLUDED INCOME & CASH ITEMS EXCLUDED FROM INCOME:		
10	DEPRECIATION & AMORTIZATION OF PROPERTY & EQUIPMENT	1,865	1,269
11	AMORTIZATION OF OTHER ASSETS	151	176
12	AMORTIZATION OF DEBT DISCOUNT OR PREMIUM		
13	DEFERRED INCOME TAXES - CURRENT		
14	DEFERRED INCOME TAXES - NONCURRENT	2,096	1,154
15	(GAIN) LOSS ON DISPOSITION OF PROPERTY & EQUIPMENT	87	(52)
16	(GAIN) LOSS ON CASINO REINVESTMENT OBLIGATIONS	1,972	665
17	(GAIN) LOSS FROM OTHER INVESTMENT ACTIVITIES		
18	NET (INCREASE) DECREASE IN RECEIVABLES AND PATRONS' CHECKS EXCLUDING RECLASS FROM LONG TERM OF $1,505 and $663	(9,412)	(1,075)
19	NET (INCREASE) DECREASE IN INVENTORIES	18	(362)
20	NET (INCREASE) DECREASE IN OTHER CURRENT ASSETS*	282	(491)
21	NET (INCREASE) DECREASE IN OTHER ASSETS	(1,025)	(144)
22	NET INCREASE (DECREASE) IN ACCOUNTS PAYABLE	282	669
23	NET INCREASE (DECREASE) IN OTHER CURRENT LIABILITIES EXCLUDING DEBT	(1,091)	1,487
24	NET INCREASE (DECREASE) IN OTHER NONCURRENT LIABILITIES EXCLUDING DEBT	(3,209)	(3,183)
25	DISCOUNT ON WRAPAROUND MORTGAGE RECEIVABLE	(1,154)	(1,004)
26			
27	NET CASH PROVIDED (USED) BY OPERATING ACTIVITIES	$ (8,521)	$ 4,840

*Excluding reclass of current portion of CRDA credit of $915 and $0.

SUPPLEMENTAL SCHEDULE OF NONCASH INVESTING AND FINANCING ACTIVITIES

	ACQUISITION OF PROPERTY & EQUIPMENT:		
28	ADDITIONS TO PROPERTY & EQUIPMENT	$ 6,464	$ 1,534
29	LESS: CAPITAL LEASE OBLIGATIONS ACQUIRED		
30	CASH OUTFLOWS FOR PROPERTY & EQUIPMENT	$ 6,464	$ 1,534
	ACQUISITION OF BUSINESS ENTITIES:		
31	PROPERTY & EQUIPMENT ACQUIRED	$	$
32	GOODWILL ACQUIRED		
33	NET ASSETS ACQUIRED OTHER THAN CASH, GOODWILL & PROPERTY & EQUIPMENT		
34	LONG TERM DEBT ASSUMED		
35	ISSUANCE OF STOCK OR CAPITAL INVESTED		
36	CASH OUTFLOWS TO ACQUIRE BUSINESS ENTITIES	$ -0-	$ -0-
	STOCK ISSUED OR CAPITAL CONTRIBUTIONS:		
37	TOTAL ISSUANCES OF STOCK OR CAPITAL CONTRIBUTIONS	$ 82,206	$ -0-
38	LESS: ISSUANCES TO SETTLE LONG TERM DEBT		
39	CONSIDERATION IN ACQUISITION OF BUSINESS ENTITIES		
40	CASH PROCEEDS FROM ISSUING STOCK OR CAPITAL CONTRIB	$ 82,206	$ -0-

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

SCHEDULE OF RECEIVABLES & PATRONS' CHECKS
DECEMBER 31, 1994
(UNAUDITED)
($ IN THOUSANDS)

ACCOUNTS RECEIVABLE BALANCES

LINE (A)	DESCRIPTION (B)	ACCT. BAL. (C)	ALLOWANCE (D)	A/R NET OF ALLOW. (E)
	PATRONS' CHECKS:			
1	UNDEPOSITED PATRONS' CHECKS	$ 861		
2	RETURNED PATRONS' CHECKS	944		
3	TOTAL PATRONS' CHECKS	1,805	$ 1,411	$ 394
4	HOTEL RECEIVABLES	122	20	102
	OTHER RECEIVABLES:			
5	RECEIVABLES DUE FROM OFFICERS & EMPLOYEES	2		
6	RECEIVABLES DUE FROM AFFILIATES	26,951		
7	OTHER ACCOUNTS & NOTES RECEIVABLES	2,735		
8	TOTAL OTHER RECEIVABLES	29,688	14	29,674
9	TOTALS (FORM 205)	$ 31,615	$ 1,445	$ 30,170

UNDEPOSITED PATRONS' CHECKS ACTIVITY

LINE (F)	DESCRIPTION (G)	(H) AMOUNT
10	BEGINNING BALANCE (JANUARY 1)	$ 864
11	COUNTER CHECKS ISSUED (EXCLUDING COUNTER CHECKS ISSUED THROUGH TRANSACTIONS RELATING TO CONSOLIDATION, PARTIAL REDEMPTIONS, SUBSTITUTIONS, & PATRONS CASH DEPOSITS)	44,041
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)	(9,607)
13	CHECKS COLLECTED THROUGH DEPOSITS	(33,467)
14	CHECKS TRANSFERRED TO RETURNED CHECKS	(970)
15	OTHER ADJUSTMENTS	
16	ENDING BALANCE	$ 861
17	"HOLD" CHECKS INCLUDED IN BALANCE ON LINE 16	
18	PROVISION FOR UNCOLLECTIBLE PATRONS' CHECKS	$ 440
19	PROVISION AS A PERCENT OF COUNTER CHECKS ISSUED	1.0%

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

TRADING NAME OF LICENSEE: THE CLARIDGE CASINO HOTEL

PROMOTIONAL EXPENSES & ALLOWANCES
($ IN THOUSANDS)

FOR THE THREE MONTHS ENDED DECEMBER 31, 1994

	PROMOTIONAL ALLOWANCES		PROMOTIONAL EXPENSES	
	NUMBER OF RECIPIENTS	DOLLAR AMOUNT	NUMBER OF RECIPIENTS	DOLLAR AMOUNT
ROOMS	19,982	$ 1,014	-0-	$ -0-
FOOD	161,020	1,306	-0-	-0-
BEVERAGE	268,011	1,336	-0-	-0-
TRAVEL	-0-	-0-	540	60
COIN	-0-	-0-	438,024	5,460
COUPON	-0-	-0-	9,327	83
ENTERTAINMENT	3,257	73	-0-	-0-
RETAIL & GIFTS	-0-	-0-	66,094	317
PARKING	-0-	-0-	19,644	154
OTHER	-0-	-0-	1,756	49
TOTAL	452,270	$ 3,729	535,385	$ 6,123

FOR THE YEAR ENDED DECEMBER 31, 1994

	PROMOTIONAL ALLOWANCES		PROMOTIONAL EXPENSES	
	NUMBER OF RECIPIENTS	DOLLAR AMOUNT	NUMBER OF RECIPIENTS	DOLLAR AMOUNT
ROOMS	90,950	$ 5,162	-0-	$ -0-
FOOD	670,458	5,753	-0-	-0-
BEVERAGE	1,073,358	5,480	-0-	-0-
TRAVEL	-0-	-0-	3,140	317
COIN	-0-	-0-	1,724,056	21,115
COUPON	-0-	-0-	9,327	83
ENTERTAINMENT	12,876	288	-0-	-0-
RETAIL & GIFTS	-0-	-0-	252,107	1,108
PARKING	-0-	-0-	91,125	710
OTHER	-0-	-0-	7,840	214
TOTAL	1,847,642	$ 16,683	2,087,595	$ 23,547

THE CLARIDGE CASINO HOTEL
NOTES TO FINANCIAL STATEMENTS
DECEMBER 31, 1994 AND 1993

(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 a non-recourse mortgage granted by the Partnership representing a first lien on the Hotel Assets, and by a pledge granted by the Corporation of all outstanding shares of capital stock of New Claridge. New Claridge's guarantee of the Notes is secured by a collateral assignment of the second lien 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 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, which is included in other receivables at December 31, 1994. 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 8, 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. The Corporation previously offered to purchase the Contingent Payment for $10 million, but that offer was not accepted. Negotiations between the trustee for the United Way of Arizona and the Corporation are continuing; 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.

(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 complimentaries is included in the statement of earnings as operating costs.

(e) Inventories

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

(f) Furniture and Equipment

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

(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 levelling provisions, asset basis differences, and various other expenses recorded for financial statement purposes.

(3) Investments, Advances, and Receivables

Investments, Advances, and Receivables at December 31, 1994 and 1993 are summarized as follows:

	1994	1993
	(in thousands)	
$127,000,000 Expandable Wraparound Mortgage 14%, maturities through September 30, 2000 (net of $11,141,000 discount and $12,295,000 discount at December 31, 1994 and 1993, respectively)	$ 80,859	87,705
Deferred interest receivable, due September 30, 2000	20,000	20,000
FF&E promissory note, 14%	17,114	8,479
FF&E promissory note - expansion, 14%	8,285	9,819
Reinvestment Obligations	996	2,977
Reinvestment Obligation Credit	-0-	20
	127,254	129,000
Less Current Installments	12,014	10,509
	$ 115,240	118,491

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. The discounted portion of the Expandable Wraparound Mortgage is due to the deferral of $20 million in interest between 1983 and 1988 until maturity. Principal payments required under the Expandable Wraparound Mortgage commenced in 1988. During the year ended December 31, 1994, $8 million 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 year ended December 31, 1994, $975,000 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 Loans. In connection therewith, the Wraparound Mortgage Agreement as well as the Operating Lease and Expansion Operating Lease were amended to provide that the principal on these additional FF&E Loans will be payable at final maturity of the Wraparound Mortgage.

The Expandable Wraparound Mortgage was increased up to $17 million to provide the Partnership with funding for the construction of an expansion improvement in 1986. Effective on the date that the

expansion opened to the public (August 28, 1986), the Partnership commenced making level monthly payments of principal and interest so as to repay on September 30, 1998, in full, the principal balance of this $17 million increase in the Expandable Wraparound Mortgage. The Expandable Wraparound Mortgage was amended to require, in addition to the above, principal payments (in equal monthly installments) due during the years 1988 through 1998 in escalating amounts totalling $80 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 bad debt. 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 bad debt. 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 administrating 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 funds with the State Treasurer. Through December 31, 1994, New Claridge has deposited $13,920,000, of which $2,277,000 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, New Claridge made donations to the CRDA, totalling approximately $3.8 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 its obligations commencing after the dates of the donations. New Claridge recorded expense during the year ended December 31, 1994 to write-down the book value of the 1994 donations to the amount of the credits received. As of December 31, 1994, $915,000 of these credits remained available, and are included in other current assets.

(4) Other Assets

Other assets at December 31, 1994 and 1993 consist of the following:

	1994	1993
	(in thousands)	
Intangible assets (net of accumulated amortization of $664 and $513 at December 31, 1994 and 1993, respectively)	$177	194
Refundable deposits, non-current	52	119
Other non-current assets	1,074	116
	$1,303	429

At December 31, 1994, other non-current assets include $652,000 of architectural, engineering, and other costs associated with the planned construction of the self-parking facility (see Note 1(b), "Recent Business Developments").

(5) Other Accrued Expenses

Other accrued expenses at December 31, 1994 and 1993 consist of the following:

	1994	1993
	(in thousands)	
Accrued payroll and related benefits	$5,625	6,245
Accrued interest due to the Partnership	2,394	1,962
Other	638	549
	$8,657	8,756

(6) Other Current Liabilities

Other current liabilities at December 31, 1994 and 1993 consist of the following:

	1994	1993
	(in thousands)	
Due to affiliates	$ 3,600	3,600
Deferred rent, current	15,078	15,078
Auto/general claims liability	1,148	1,404
Other	1,465	1,440
	$21,291	21,522

As of December 31, 1994 and 1993, 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 December 31, 1994, such interest, which is included in Accrued Expenses, amounted to $2,394,000.

As of December 31, 1994, 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 10, "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.

(7) Long-term Debt

Long-term debt at December 31, 1994 and 1993 consists of the following:

	1994	1993
	(in thousands)	
First Mortgage Note	$ - 0 -	33,559
Revolving line of credit	- 0 -	1,700
	$ - 0 -	35,259
Less current installments	- 0 -	- 0 -
	$ - 0 -	35,259

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 a non-recourse mortgage granted by the Partnership representing a first lien on the Hotel Assets, and by a pledge granted by the Corporation of all outstanding shares of capital stock of New Claridge. New Claridge's guarantee of the Notes is secured by a collateral assignment of the second lien 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, after deducting fees and expenses 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 per the terms of 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 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. On March 9, 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 substantially complete. As a result, the Corporation will not be required to make an offer to purchase Notes pursuant to the Parking Garage Offer.

On October 7, 1991, New Claridge was issued a two year license by the Commission for the period commencing October 31, 1991. In conjunction with the relicensing, New Claridge was required to submit to the Commission by April 30, 1993 a plan to satisfy the balloon payment due on the term loan on January 1, 1994, pursuant to the terms of the Loan Agreement, with implementation of the plan by June 30, 1993. The third amendment to the Loan Agreement was executed, effective April 1, 1993. The modifications resulting from this amendment included (i) the extension of the maturity date of the first mortgage loan from January 1, 1994 to December 31, 1996; (ii) an increase in the interest rate to the "prime rate" of Marine Midland Bank, N.A. plus four percent (from the previous prime rate plus one and one-half percent); (iii) an increase in the mandatory principal payments from $1.2 million to $3 million annually, payable in equal monthly installments; (iv) an increase in the maximum annual capital expenditure limitation from $3.5 million per year to $5 million per year; and (v) an increase in the co-agent's fee to $70,000 per year. Prior to this amendment, New Claridge was required to pay a co-agent's fee equal to one-fortieth of one percent of the average daily outstanding balance of the first mortgage loan. In addition, New Claridge paid an extension fee of $200,000 upon the execution of this amendment to the Loan Agreement.

In addition to the mandatory principal payments, New Claridge was also required to pay quarterly, to First Fidelity Bank, N.A., New Jersey (the "Bank"), for permanent application to the outstanding principal balance of the first mortgage loan, any excess cash flow as defined in the Loan Agreement.

Pursuant to the terms of the Loan Agreement, the Bank established a revolving working capital facility, which, prior to the full satisfaction of the Loan Agreement on January 31, 1994, was in the amount of $7.5 million. Interest on the working capital facility borrowings, which was payable monthly in arrears, accrued at a rate equal to the prime rate plus four percent, as amended effective April 1, 1993. New Claridge was also required to pay quarterly a commitment fee equal to .5% per annum of the unused portion of the revolving working capital facility.

The total principal balance outstanding on the first mortgage loan and the revolving working capital facility at December 31, 1993 has been classified as long-term debt, due to the repayment in full on January 31, 1994, in conjunction with the full satisfaction of the Loan Agreement.

(8) Other Liabilities

Other liabilities at December 31, 1994 and 1993 consist of the following:

	1994	1993
	(in thousands)	
Deferred rent	$33,133	36,342
Other non-current liabilities	20,000	20,000
Total	$53,133	56,342

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 December 31, 1994, accrued interest would have amounted to approximately $29 million.

(9) Other Nonoperating Income (Expense) - Net

Other nonoperating income (expense) - net for the years ended December 31, 1994 and 1993 consists of the following:

	1994	1993
	(in thousands)	
Interest income - Wraparound Mortgage	$17,906	17,974
Interest income - other	1,519	168
Other nonoperating income/(expense)	5	(22)
Facilities/maintenance fee	530	530
Gain/(Loss) on disposal of assets	(87)	53
Partnership rent expense	(36,220)	(34,580)
Total	$(16,347)	(15,877)

(10) 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 December 31, 1994 (net of expected abatements, as discussed below) are as follows (in thousands):

1995	$ 31,693
1996	31,420
1997	40,077
1998	32,531
Total Minimum	$ 135,721

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 years ended December 31, 1994 and 1993 expense from the Operating Lease amounted to $36,220,000 and $34,580,000 respectively, of which $(3,209,000) and $(3,183,000) 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 year ended December 31, 1994 was $4,534,000. 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.

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 December 31, 1994, $20.9 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 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.

New Claridge also leases supplemental office, warehouse, and surface parking spaces in nearby lots. For the years ended December 31, 1994 and 1993 operating lease expense for these facilities amounted to $1,531,000 and $1,645,000, respectively. The minimum future lease payments due under these leases total $1,297,000 in 1995, $784,000 in 1996, $756,000 in 1997, $736,000 in 1998, and $739,000 in 1999.

On March 8, 1991, New Claridge entered into an operating lease agreement to lease certain computer equipment. For the years ended December 31, 1994 and 1993, operating lease expense for the computer equipment amounted to $77,000 and $308,000, respectively. New Claridge had an option to acquire the equipment at the end of the lease term at the then fair market value of the equipment. This option was exercised on February 28, 1994.

In June 1991, New Claridge entered into an operating lease agreement to lease one hundred slot machines for a period of thirty-six months, with an option to purchase, at the end of the lease term, these machines for a specified amount, or extend the lease term for two additional one year periods. For the years ended December 31, 1994 and 1993, operating lease expense for these slot machines amounted to $100,000 and $170,000, respectively. On June 1, 1994, the initial lease term expired, and New Claridge did not exercise either the purchase or lease extension options. However, the initial lease term was extended through August 18, 1994, at which time New Claridge entered into a new lease for one hundred new slot machines. This new lease, which is for a period of thirty-six months, resulted in operating lease expense for the year ended December 31, 1994 of $77,000. Minimum future lease payments under this lease are $206,000 per year in 1995 and 1996, and $128,000 in 1997.

In February 1992, New Claridge entered into an operating lease agreement to lease an additional one hundred slot machines, under the same terms and conditions as the June 1991 lease agreement. For the

years ended December 31, 1994 and 1993, operating lease expense for these slot machines amounted to $174,000 and $174,000 respectively. Minimum future lease payments are $28,000 in 1995.

(11) Income Taxes

In February 1992, the Financial Accounting Standards Board issued Statement No. 109, "Accounting for Income Taxes". Statement No. 109 requires a change from the deferred method of accounting for income taxes to the asset and liability method of accounting for income taxes.

Under the asset and liability method, deferred tax assets and liabilities are recognized for the estimated future tax consequences attributable to differences between the financial statement carrying amounts of existing assets and liabilities and their respective tax basis.

New Claridge is included in the consolidated income tax return of its parent, the Corporation. Effective January 1, 1993, the Corporation adopted Statement No. 109 on a prospective basis. There was no effect on the Corporation's statement of operations for the year ended December 31, 1993 as a result of the adoption of Statement No. 109.

The provision for income taxes is comprised of the following:

	1994	1993
	(in thousands)	
Current:		
Federal	$(494)	1,928
State	(87)	340
Deferred	2,096	1,154
	$1,515	3,422

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

	1994	1993
	(in thousands)	
Computed "expected" tax expense	$725	2,908
Increase (reduction) in income taxes resulting from:		
"Expected" state income tax, net of federal income tax benefit	128	514
Meals and entertainment	579	-0-
Other permanent differences	83	-0-
	$1,515	3,422

The tax effects of temporary differences that give rise to significant portions of the deferred tax assets and deferred tax liabilities at December 31, 1994 and 1993 are presented below:

	1994	1993
	(in thousands)	
Deferred tax assets:		
Rent leveling	$12,717	14,015
Accrued expenses	1,491	1,373
Other	233	606
Total gross deferred tax assets	14,441	15,994
Deferred tax liabilities:		
Gaming equipment, due to differences in depreciation	(907)	(699)
Difference between book and tax basis of Wraparound Mortgage receivable	(20,007)	(19,574)
Difference between book and tax basis of receivables	(1,705)	(1,772)
Other	(21)	(52)
Total gross deferred tax liabilities	(22,640)	(22,097)
Net deferred tax liability	$(8,199)	(6,103)

No valuation allowance has been provided on deferred tax assets as of December 31, 1994 and 1993, since management believes that it is more likely than not that such assets will be realized through the reversal of existing deferred tax liabilities and future taxable income.

The principle items comprising the deferred tax provision in 1994 included rent levelling of $1,280,000, Wraparound Mortgage discount expense of $460,000, bad debt expense of ($80,000) and depreciation expense of $200,000.

The principle items comprising the deferred tax provision in 1993 included rent levelling of $1,270,000, Wraparound Mortgage discount expense of $402,000, bad debt expense of $42,000, and income related to debt forgiveness of ($520,000).

As a result of the restructuring in 1989, the amount of debt forgiven resulted in the loss or reduction of various tax attributes including tax operating loss carryforwards of $30,400,000, unused tax credits of $1,041,000 and reduction in tax basis of assets by $89,178.000. As a result of the reduction in tax basis of assets, cash payments for income taxes will significantly exceed income tax expense for financial statement purposes in future years. The above amounts have been adjusted to reflect settlements of the IRS audits of the years 1983 through 1987. The Internal Revenue Service is currently conducting an audit of the Corporation's federal income tax returns for the years 1990 and 1991. The Corporation believes the results of the audit will have no material adverse effect on the Corporation's consolidated financial statements.

(12) 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 year ended December 31, 1994 and 1993 interest expense due to affiliates was $432,000 and $432,000 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 year ended December 31, 1994 and 1993 amounted to $115,000 and $112,000 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 $17,906,000 and $17,974,000 respectively, and incurred lease expense of $36,220,000 and $34,580,000, respectively.

(d) In February 1992, the Corporation's Board of Directors adopted a Long-Term Incentive Plan (the "Plan") in which certain key employees of the Corporation and/or New Claridge participate. The Plan provides for the grant of the 273,938 shares of the Corporation's Class A stock, which were held as treasury shares of the Corporation, and for the issuance of 100 Equity Units. The ggregate value of the 100 Equity Units is equal to 5.41 percent of certain amounts as further defined in the Plan. Specified portions of the awarded treasury shares and Equity Units held by participants shall vest upon the attainment of specific goals as described in the Plan. The treasury shares and Equity Units fully vest upon a further restructuring or a change in control as defined. Payment with respect to the Equity Units will only be made (a) upon the occurrence of a transaction in which substantially all of the assets and business operations of the Claridge entities are transferred to one or more entities in a merger, sale of assets or other acquisition-type transaction, (b) upon termination of employment of any participant in the Plan within one year after any change in control of the Corporation occurs, as defined in the Plan, or (c) if the Corporation pays dividends to its stockholders, if the Partnership makes distributions to its partners, or if the Corporation or the Partnership makes certain distributions under the Restructuring Agreement. On April 15, 1992, the Commission approved the plan and the treasury shares were delivered to the participants. Upon the issuance of the Notes and the repayment in full of the Corporation's outstanding debt under the Loan Agreement, 25% of the shares and Equity Units awarded under the Plan vested. A participant is entitled to vote all awarded shares whether or not vested in such shares.

On July 25, 1993, Shannon Bybee resigned his position as Chairman and Chief Executive Officer of the Corporation, resulting in the return to the Corporation of 73,963 shares of the Corporation's Class A stock, which had previously been awarded under the Plan. In addition, the Equity Units held by Mr. Bybee were returned to the Corporation upon his resignation. Mr. Bybee continues to serve as a member of the Board of Directors of the Corporation. In April 1994, the shares of Class A Stock and Equity Units which had been returned by Mr. Bybee were awarded to certain officers of the Corporation and/or New Claridge.

STATEMENT OF CONFORMITY AND ACCURACY

STATE OF NEW JERSEY

COUNTY OF ATLANTIC

Laura L. Palazzo, being duly sworn according to law upon my oath 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 quarterly 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.

Laura L. Palazzo
Vice President Controller

Lisc. # 02461-11

On Behalf of the Claridge at Park Place, Inc.

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

Signature

WALTER P. SIMON
NOTARY PUBLIC OF NEW JERSEY
My Commission Expires Oct. 29, 1997

Basis of authority to take oaths

ANNUAL EMPLOYMENT

AND PAYROLL REPORT

THE CLARIDGE AT PARK PLACE, INC.

INDIANA AVENUE AT THE BOARDWALK

ATLANTIC CITY, NEW JERSEY 08401

FOR THE YEAR ENDED DECEMBER 31, 1994

TO THE

CASINO CONTROL COMMISSION

OF THE

STATE OF NEW JERSEY

NAME OF OFFICER IN CHARGE OF CORRESPONDENCE REGARDING THIS ANNUAL REPORT: LAURA L. PALAZZO

OFFICIAL TITLE: VICE PRESIDENT CONTROLLER

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

TRADING NAME OF LICENSEE: THE CLARIDGE CASINO HOTEL

ANNUAL EMPLOYMENT AND PAYROLL REPORT
FOR THE YEAR ENDED DECEMBER 31, 1994
($ IN THOUSANDS)

LINE (A)	DEPARTMENT (B)	NUMBER OF (C) EMPLOYEES	SALARIES AND WAGES: (D) OTHER EMPLOYEES	(E) OFFICERS & OWNERS	(F) TOTALS
	CASINO				
1	ADMINISTRATION	3			
2	GAMING	571			
3	SLOTS	103			
4	CASINO ACCOUNTING	296			
5	OTHER	19			
6	TOTAL CASINO	992	$ 20,531	$ -0-	$ 20,531
				-0-	
7	ROOMS	158	3,115	-0-	3,115
8	FOOD AND BEVERAGE	518	9,802	-0-	9,802
	OTHER OPERATED DEPARTMENTS				
9	TELEPHONE	11	223	-0-	223
10	TRANSPORTATION	71	1,182	-0-	1,182
11	HEALTH SPA	9	123	-0-	123
12	CASINO CREDIT	13	436	-0-	436
13	GIFT SHOP*	-0-	196	-0-	196
14	_____				
15	_____				
16	_____				
17	_____				
18	_____				
	ADMINISTRATIVE & GENERAL				
19	EXECUTIVE OFFICE	26	370	$ 1,920	2,290
20	ACCOUNTING & AUDITING	114	2,512	-0-	2,512
21	SECURITY	173	3,900	-0-	3,900
22	OTHER ADMIN. & GENERAL DEPT.	101	2,978	-0-	2,978
23	MARKETING	125	3,010	-0-	3,010
24	GUEST ENTERTAINMENT	4	225	-0-	225
25	PROPERTY OPERATION & MAINTENANCE	189	5,255	-0-	5,255
26	TOTALS - ALL DEPARTMENTS	2,504	$ 53,858	$ 1,920	$ 55,778

*On October 1, 1994 Host International assumed operation of the Gift Shop.

THE CLARIDGE CASINO HOTEL

ANNUAL EMPLOYMENT AND PAYROLL REPORT

SIGNATURE PAGE

FOR THE YEAR ENDED DECEMBER 31, 1994

3/14/95

DATE

SIGNATURE

VICE PRESIDENT CONTROLLER

GROSS REVENUE

ANNUAL TAX RETURN

THE CLARIDGE AT PARK PLACE, INC.

INDIANA AVENUE AT THE BOARDWALK

ATLANTIC CITY, NEW JERSEY 08401

FOR THE YEAR ENDED DECEMBER 31, 1994

TO THE

CASINO CONTROL COMMISSION

OF THE

STATE OF NEW JERSEY

NAME OF OFFICER IN CHARGE OF CORRESPONDENCE REGARDING THIS ANNUAL REPORT: LAURA L. PALAZZO

OFFICIAL TITLE: VICE PRESIDENT CONTROLLER

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

TRADING NAME OF LICENSEE: THE CLARIDGE CASINO HOTEL

GROSS REVENUE ANNUAL TAX RETURN
FOR THE YEAR ENDED DECEMBER 31, 1994
(UNAUDITED)
($ IN THOUSANDS)

LINE			
	CASINO WIN OR (LOSS)		
1	TABLE GAMES REVENUE	$ 38,824	
2	COIN-OPERATED DEVICES REVENUE	116,909	
3	KENO REVENUE	244	
4	TOTAL REVENUES		$ 155,977
	LESS - ADJUSTMENT FOR UNCOLLECTIBLE PATRONS' CHECKS:		
5	PROVISION FOR UNCOLLECTIBLE PATRONS' CHECKS	$ 440	
5	MAXIMUM ADJUSTMENT (4% OF LINE 3)	$ 6,239	
7	ADJUSTMENT (THE LESSER OF LINE 4 OR LINE 5)		440
8	GROSS REVENUES (LINE 3 LESS LINE 6)		$ 155,537
9	TAX ON GROSS REVENUES - CURRENT YEAR (8% OF LINE 7)		$ 12,443
10	AUDIT OR OTHER ADJUSTMENTS TO TAX ON GROSS REVENUES IN PRIOR YEARS		-0-
11	TOTAL TAX ON GROSS REVENUES (LINE 8 PLUS OR MINUS LINE 9)		12,443
	DEPOSITS MADE FOR TAX ON CURRENT YEAR'S GROSS REVENUES		
	JANUARY	$ 589	
	FEBRUARY	758	
	MARCH	861	
	APRIL	936	
	MAY	1,166	
	JUNE	1,027	
	JULY	1,166	
	AUGUST	1,496	
	SEPTEMBER	1,077	
	OCTOBER	1,305	
	NOVEMBER	1,033	
	DECEMBER	743	
	JANUARY	286	
	TOTAL DEPOSITS MADE FOR TAX ON CURRENT YEAR'S GROSS REVENUES		(12,443)
	SETTLEMENT FOR PRIOR YEARS' TAX ON GROSS REVENUES RESULTING FROM AUDIT OR OTHER ADJUSTMENTS - (DEPOSITS) CREDITS		-0-
	GROSS REVENUES TAX PAYABLE (LINE 10 LESS LINE 24 PLUS OR MINUS LINE 25)		$ -0-

STATEMENT OF CONFORMITY AND ACCURACY

STATE OF NEW JERSEY

COUNTY OF ATLANTIC

Laura L. Palazzo, being duly sworn according to law upon my oath deposes and says:

1. I have examined this Gross Revenue Annual Tax Return.

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 behalf.

Laura L. Palazzo
Vice President Controller

Lisc. # 02461-11

On Behalf of the Claridge Casino Hotel

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

Signature

WALTER P. SIMON
NOTARY PUBLIC OF NEW JERSEY
My Commission Expires Oct. 29, 1997

Basis of authority to take oaths

ANNUAL REPORT

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

FOR THE YEAR ENDED DECEMBER 31, 1994

TO THE

CASINO CONTROL COMMISSION

OF THE

STATE OF NEW JERSEY

NAME OF OFFICER IN CHARGE
OF CORRESPONDENCE REGARDING
THIS ANNUAL 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 – ANNUAL REPORT

FOR THE YEAR ENDED DECEMBER 31, 1994

TITLE	FORM NO.
Balance Sheets	CCC–205
Statements of Income (Year–to–Date)	CCC–210
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	
Schedule of Receivables and Patrons' Checks	CCC–240
Schedule of Promotional Expenses and Allowances	CCC–245
Statement of Conformity and Accuracy	CCC–250

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

BALANCE SHEETS

DECEMBER 31, 1994 AND 1993
(UNAUDITED)
($ IN THOUSANDS)

LINE (a)	DESCRIPTION (b)	(c) 1994	(d) 1993
	ASSETS		
	Current Assets:		
1	Cash	$ 8,702	$ 6,732
2	Marketable securities. . . NOTE 2. . .	5,465	1,485
3	Receivables and patrons' checks (net of allowance for doubtful accounts – 1994, $ 6,840 ; 1993, $ 5,626)	5,381	7,687
4	Inventories	2,559	2,575
5	Prepaid expenses and other current assets. . . NOTE 3. . .	8,996	12,018
6	Total current assets	31,103	30,497
7	Investments, Advances, and Receivables. . . NOTE 4. . .	3,553	2,772
8	Property And Equipment – Gross. . . NOTE 5. . .	345,805	338,929
9	(Accumulated Depreciation/Amortization). . . NOTE 5. . .	(99,442)	(91,158)
10	Other Assets. . . NOTE 6. . .	109,257	118,093
11	Total Assets	$ 390,276	$ 399,133
	LIABILITIES AND EQUITY		
	Current Liabilities:		
12	Accounts payable	$ 3,838	$ 3,461
13	Notes payable. . . NOTE 7. . .	–	–
14	Current portion of long–term debt		
15	Due to affiliates	–	–
16	Other	–	–
17	Income taxes payable and accrued	217	–
18	Other accrued expenses. . . NOTE 8. . .	21,403	19,925
19	Other current liabilities. . . NOTE 9. . .	2,748	2,081
	Total current liabilities	28,206	25,467
	Long–Term Debt:		
20	Due to affiliates. . . NOTE 10. . .	273,176	273,127
21	Other	–	–
22	Deferred Credits. . . NOTE 11. . .	52,906	58,302
23	Other Liabilities. . . NOTE 12. . .	31,163	30,594
24	Commitments And Contingencies	–	–
25	Total Liabilities	385,451	387,490
26	Stockholders', Partners', Or Proprietor's Equity. . . NOTE 13. . .	4,825	11,643
27	Total Liabilities And Equity	$ 390,276	$ 399,133

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 YEARS ENDED DECEMBER 31, 1994 and 1993
(UNAUDITED)
($ IN THOUSANDS)

LINE (a)	DESCRIPTION (b)	(c) 1994	(d) 1993	
	Revenues:	$	$	
1	Casino	228,376	216,296	
2	Rooms	14,718	14,289	
3	Food and beverage	32,383	33,493	
4	Other	9,276	10,823	
5	Total Revenues	284,753	274,901	
6	Less: Promotional allowances	35,809	36,067	
7	Net Revenues	248,944	238,834	
	Costs And Expenses:			
8	Cost of goods and services	113,693	110,546	
9	Selling, general, and administrative	85,701	81,251	*
10	Provision for doubtful accounts	3,444	1,213	
11	Total Costs and Expenses	202,838	193,010	
12	Gross Operating Profit	46,106	45,824	
13	Depreciation and Amortization	18,727	18,352	
	Charges from affiliates other than interest:			
14	Management fees	–	–	
15	Other NOTE 14.	3,203	5,536	*
16	Income (Loss) From Operations	24,176	21,936	
	Other Income (Expenses):			
17	Interest (expense)–affiliates	(30,438)	(30,851)	
18	Interest (expense)–external NOTE 15.	(509)	1,708	*
19	Investment alternative tax and related income (expense) – net	(1,031)	(1,230)	
20	Nonoperating income (expense) – net NOTE 16.	577	946	*
21	Total Other Income (Expenses)	(31,401)	(29,427)	
22	Income (Loss) Before Income Taxes And Extraordinary Items	(7,225)	(7,491)	
23	Provision (credit) for income taxes NOTE 17.	(407)	3,231	
24	Income (Loss) Before Extraordinary Items	(6,818)	(10,722)	
25	Extraordinary items (net of income taxes – 1994, $ – ; 1993, $ (1,405) NOTES 1,10,17.	–	(31,961)	
26	Net Income (Loss)	$ (6,818)	$ (42,683)	

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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* Restated to conform to 1994 presentation.

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

STATEMENTS OF INCOME

FOR THE THREE MONTHS ENDED DECEMBER 31, 1994 and 1993
(UNAUDITED)
($ IN THOUSANDS)

LINE (a)	DESCRIPTION (b)	(c) 1994	(d) 1993	
	Revenues:	$	$	
1	Casino	57,927	51,447	
2	Rooms	3,615	3,295	
3	Food and beverage	7,700	8,343	
4	Other	1,764	2,712	
5	Total Revenues	71,006	65,797	
6	Less: Promotional allowances	8,418	9,486	
7	Net Revenues	62,588	56,311	
	Costs And Expenses:			
8	Cost of goods and services	28,145	28,379	
9	Selling, general, and administrative	19,332	20,909	*
10	Provision for doubtful accounts	1,350	683	
11	Total Costs and Expenses	48,827	49,971	
12	Gross Operating Profit	13,761	6,340	
13	Depreciation and Amortization	4,687	4,698	
	Charges from affiliates other than interest:			
14	Management fees	–	–	
15	Other NOTE 14.	834	1,154	*
16	Income (Loss) From Operations	8,240	488	
	Other Income (Expenses):			
17	Interest (expense) – affiliates NOTE 15.	(7,658)	(7,676)	*
18	Interest (expense) – external	(81)	(101)	
19	Investment alternative tax and related income (expense) – net	(345)	(377)	
20	Nonoperating income (expense) – net NOTE 16.	160	146	
21	Total Other Income (Expenses)	(7,924)	(8,008)	
22	Income (Loss) Before Income Taxes And Extraordinary Items	316	(7,520)	
23	Provision (credit) for income taxes NOTE 17.	1,041	921	
24	Income (Loss) Before Extraordinary Items	(725)	(8,441)	
25	Extraordinary items (net of income taxes – 1994, $ – ; 1993, $ –	–	–	
26	Net Income (Loss)	$ (725)	$ (8,441)	

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

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

* Restated to conform to 1994 presentation.

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

STATEMENT OF CHANGES IN STOCKHOLDERS' EQUITY

FOR THE YEARS ENDED DECEMBER 31, 1994 and 1993
(UNAUDITED)
($ IN THOUSANDS)

LINE (a)	DESCRIPTION (b)	1994 (c) SHARES	1994 (d) DOLLARS	1993 (e) SHARES	1993 (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		65,712
10	Dividend paid				(7,500)
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)		(46,599)		(3,916)
26	Prior period adjustments				
27	Net income (loss)		(6,818)		(42,683)
28	Dividends		( )		( )
29					
30					
31	Ending balance		(53,417)		(46,599)
32	Ending Stockholders' Equity		4,825		11,643

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 YEARS ENDED DECEMBER 31, 1994 and 1993

(UNAUDITED)

($ IN THOUSANDS)

– NOT APPLICABLE –

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		
	Ending Partners' Or		
18	**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 YEARS ENDED DECEMBER 31, 1994 AND 1993
(UNAUDITED)
($ IN THOUSANDS)

LINE (a)	DESCRIPTION (b)	(c) 1994	(d) 1993	
1	Net Cash Provided (Used) By Operating Activities	$ 21,677	$ 8,616	
	Cash Flows From Investing Activities:			
2	Purchase of short-term investment securities	(3,980)	–	
3	Proceeds from the sale of short-term investment securities	–	1,515	
4	Cash outflows for property and equipment	(14,087)	(11,104)	
5	Proceeds from disposition of property and equipment	660	–	
6	Purchase of casino reinvestment obligations	(2,067)	(2,472)	
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	Short-term advance Bally's Park Place, Inc.(net)	–	16,000	
11		–	–	
12	Net Cash Provided (Used) By Investing Activities	(19,474)	3,939	
	Cash Flows From Financing Activities:			
13	Cash proceeds from issuance of short-term debt	12,000	7,000	*
14	Payments to settle short-term debt	(12,000)	(7,000)	*
15	Cash proceeds from issuance of long-term debt	–	272,957	
16	Costs of issuing debt	(233)	(13,413)	
17	Payments to settle long-term debt	–	(268,840)	
18	Cash proceeds from issuing stock or capital contribution	–	–	
19	Purchases of treasury stock	–	–	
20	Payments of dividends or capital withdrawals	–	(7,500)	
21	Extraordinary loss on extinguishment of debt, net of tax	–	2,091	
22		–	–	
23	Net Cash Provided (Used) By Financing Activities	(233)	(14,705)	
24	Net Increase (Decrease) In Cash And Cash Equivalents	1,970	(2,150)	
25	Cash And Cash Equivalents At Beginning Of Year	6,732	8,882	
26	Cash And Cash Equivalents At End Of Year	$ 8,702	$ 6,732	

SUPPLEMENTAL DISCLOSURE OF CASH FLOW INFORMATION

	Cash Paid During Year For:			
27	Interest (net of amount capitalized)	$ 29,470	$ 25,668	*
28	Income taxes refunded (net of payments)	$ 3,831	$ 141	

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

12/87

* Restated to conform to 1994 presentation.

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

STATEMENTS OF CASH FLOWS

FOR THE YEARS ENDED DECEMBER 31, 1994 AND 1993
(UNAUDITED)
($ IN THOUSANDS)

LINE (a)	DESCRIPTION (b)	(c) 1994	(d) 1993
	Net Cash Flows From Operating Activities:		
29	Net income (loss)	$ (6,818)	$ (42,683)
	Noncash items included in income and cash items excluded from income:		
30	Depreciation and amortization of property and equipment	14,835	14,930
31	Amortization of other assets	3,892	3,422
32	Amortization of debt discount or premium	1,483	969
33	Deferred income taxes – current	759	(388)
34	Deferred income taxes – noncurrent	(1,398)	(1,411)
35	(Gain) loss on disposition of property and equipment	–	–
36	(Gain) loss on casino reinvestment obligations	1,031	1,230
37	(Gain) loss from other investment activities	–	–
38	Net (increase) decrease in receivables and patrons' checks	2,306	(3,257)
39	Net (increase) decrease in inventories	16	(868)
40	Net (increase) decrease in other current assets	2,263	(3,975)
41	Net (increase) decrease in other assets	–	–
42	Net increase (decrease) in accounts payables	377	(698)
43	Net increase (decrease) in other current liabilities excluding debt	2,362	11,751
44	Net increase (decrease) in other noncurrent liabilities excluding debt	569	(276)
45	Cumulative effect on prior years of change		
46	in accounting for income taxes	–	29,870
47	Net Cash Provided (Used) By Operating Activities	$ 21,677	$ 8,616
	SUPPLEMENTAL SCHEDULE OF NONCASH INVESTING AND FINANCING ACTIVITIES		
	Acquisition Of Property And Equipment:		
48	Additions to property and equipment	$ 14,087	$ 11,104
49	Less: Capital lease obligations incurred	–	–
50	Cash Outflows For Property And Equipment	$ 14,087	$ 11,104
	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"). 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 subisidiary.

Certain reclassifications have been made to prior year's financial statements to conform with the 1994 presentation.

Casino Revenue and Promotional Allowances

In accordance with industry practice, the Company recognizes as casino revenue the net win from gaming activities, which is the difference between gaming wins and losses. Net revenues in the accompanying statements of income exclude the retail value of complimentary food, beverage and hotel services furnished to customers.

Inventories

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

Property and Equipment

Depreciation of property and equipment is provided principally on the straight-line method over the estimated economic lives of the related assets.

Cost in Excess of Acquired Assets

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

The Company periodically evaluates whether the remaining estimated useful life of goodwill may warrant revision or that the remaining balance of goodwill may not be recoverable, generally based upon expectations of nondiscounted cash flows and operating income. Based on present operations and strategic plans, the Company believes that no impairment of goodwill has occurred.

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

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

Deferred Finance Costs

Deferred finance costs are amortized over the terms of the related debt using the bonds outstanding method.

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 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 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 income taxes payable to BEC of $217 at December 31, 1994 and income taxes receivable from BEC of $3,815 at December 31, 1993.

Effective January 1, 1993, the Company changed its method of accounting for income taxes as required by Statement of Financial Accounting Standards ("SFAS") No. 109, "Accounting for Income Taxes." As permitted by SFAS No. 109, the Company elected to use the cumulative effect approach rather than to restate the financial statements of any prior years to apply the provisions of SFAS No. 109. The cumulative effect on prior years of this change in accounting for income taxes was a charge of $29,870.

Fair Value of Financial Instruments

The fair value of the GNF's financial instruments based on quoted market prices was approximately $181,500 and $265,375 at December 31, 1994 and 1993, respectively. The fair values are not necessarily indicative of the amounts GNF could realize in a current market exchange.

NOTE 2 - MARKETABLE SECURITIES

Marketable securities as of December 31, 1994 and 1993 consisted of repurchase agreements, at cost, which approximates market.

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

NOTE 3 - PREPAID EXPENSES AND OTHER CURRENT ASSETS

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

	1994	1993
Income taxes receivable	$ -	$ 3,846
Deferred federal and state income taxes	5,747	6,506
Prepaid real estate taxes	2,121	-
Other	1,128	1,666
	$ 8,996	$ 12,018

NOTE 4 - INVESTMENTS, ADVANCES AND RECEIVABLES

Investments, advances and receivables as of December 31, 1994 and 1993 consist principally of funds invested with the New Jersey Casino Reinvestment Development Authority ("CRDA"). The New Jersey Casino Control Act provides, among other things, for an investment obligation on licensees equal to 1.25% of their gross casino revenues in lieu of an investment alternative tax of 2.5% of gross casino revenues. This obligation may be satisfied by the Company investing in qualified eligible direct investments, by making qualified contributions or by depositing funds with the CRDA. Funds deposited 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 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 investment obligation. As of December 31, 1994 the Company's investment obligation was satisfied.

The Company charged to operations $1,031 and $1,230 in 1994 and 1993, respectively, to reflect the estimated realizable value of its CRDA investment obligation.

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

NOTE 5 - PROPERTY AND EQUIPMENT

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

	1994	1993
Land and improvements	$ 52,009	$ 52,009
Buildings and leasehold improvements	205,518	205,304
Furniture, fixtures and equipment	85,203	79,875
Construction in progress	3,075	1,741
	345,805	338,929
Accumulated depreciation	(99,442)	(91,158)
	$246,363	$247,771

NOTE 6 - OTHER ASSETS

Other assets as of December 31 consisted of the following:

	1994	1993
Cost in excess of acquired assets, less accumulated amortization of $23,265 and $20,130	$ 98,211	$105,344
Deferred finance costs, less accumulated amortization of $2,722 and $1,288	10,924	12,125
CRDA credits	122	624
	$109,257	$118,093

For the three months ended December 31, 1994 and 1993, the Company expensed $21 and $39, respectively, and for the years ended December 31, 1994 and 1993, the Company expensed $757 and $246, respectively, representing amortization of CRDA credits.

Cost in excess of acquired assets at December 31, 1994 includes a reduction of $3,998 resulting from the settlement of a pre-acquisition contingency.

NOTE 7 - NOTE PAYABLE

The Company has a $20,000 revolving credit agreement (the "Credit Agreement") expiring on December 31, 1996 which provides for interest on borrowings at the rate of 1% above the lenders' prime rates. For the year ended December 31, 1994, the weighted average interest rate on borrowings was 7.9%. The Credit Agreement is secured by a pari passu lien on the collateral securing the 10-5/8% Notes. The Company pays a fee of up to 1/2% on the unused commitment. As of December 31, 1994, the entire amount of the Credit Agreement was unused.

NOTE 8 - OTHER ACCRUED EXPENSES

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

	1994	1993
Accrued compensation and payroll taxes	$ 7,367	$ 6,334
Accrued interest	7,305	7,305
Accrued progressive jackpots	631	1,563
Accrued guest insurance claims	1,194	1,005
Other	4,906	3,718
	$21,403	$19,925

NOTE 9 - OTHER CURRENT LIABILITIES

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

	1994	1993
Unredeemed gaming chips and tokens	$ 952	$ 1,121
Due to Bally's Park Place	577	486
Due to BEC	911	-
Due to Bally's Casino Holdings, Inc.	-	18
Due to Bally's Las Vegas, Inc.	8	18
Other	300	438
	$ 2,748	$ 2,081

NOTE 10 - LONG-TERM DEBT - DUE TO AFFILIATES

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

	1994	1993
10-5/8% First Mortgage Notes due 2003, less unamortized discount of $1,824 and $1,873	$273,176	$273,127

In March 1993, GNF issued $275,000 principal amount of 10-5/8% First Mortgage Notes due 2003 (the "10-5/8% Notes") at a discount to yield an interest rate of 10-3/4%. The 10-5/8% Notes are not subject to any sinking fund requirement, but may be redeemed beginning April 1998, in whole or in part, with premiums ranging from 5.25% in 1998 to zero in 2001 and thereafter. The 10-5/8% Notes are unconditionally guaranteed by GNAC and are secured by a first mortgage on and security interest in substantially all property and equipment of the Company. GNF used the net proceeds from the sale of the 10-5/8% Notes, together with the collection of certain funds on deposit with Bally's Park Place, to redeem its 13-1/4% Mortgage-Backed Notes due 1995 (the "13-1/4% Notes") at a price of 102.94% of their principal amount plus accrued interest, thereby satisfying all obligations thereunder. The redemption of the 13-1/4% Notes resulted in an extraordinary loss of $2,091 net of an income tax benefit of $1,405.

The indenture for the 10-5/8% Notes and the Credit Agreement contain covenants including, but not limited to, the following: (i) limitation on indebtedness; (ii) limitation on restricted payments; (iii) limitation on transactions with affiliates; (iv) limitation on capital expenditures; (v) limitations on encumbrances and liens; (vi) limitation on dividends and other payment restrictions affecting subsidiaries; (vii) limitation on issuance of guaranties by subsidiaries; and (viii) restrictions on merger and sales of assets. 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 December 31, 1994, no dividends were available for payment.

NOTE 11 - DEFERRED CREDITS

Deferred credits as of December 31, 1994 and 1993 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.

Deferred credits at December 31, 1994 include a reduction of $3,998 resulting from the settlement of a pre-acquisition contingency.

GNOC, CORP. (The Grand)
NOTES TO FINANCIAL STATEMENTS
(Unaudited)
(All dollar amounts in thousands, except share data)

NOTE 12 - OTHER LIABILITIES

Other liabilities consisted of $31,163 and $30,594 due to GNAC as of December 31, 1994 and 1993, respectively.

NOTE 13 - STOCKHOLDER'S EQUITY

At December 31, 1994 and 1993, the Company had 5,000,000 shares of common stock authorized; of such shares 3,002,500 were issued and outstanding. During the year ended December 31, 1993, the Company paid dividends of $7,500 to BEC.

NOTE 14 - CHARGES FROM AFFILIATES - OTHER

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

Affiliate	Nature of Charge	1994	1993
GNAC	Rent	$ 255	$ 255
BEC	Allocated costs and expenses (a)	432	625
Bally's Park Place	Rent (surface area parking lots)	174	174
Bally's Park Place	Allocated costs and expenses (b)	(27)	100
		$ 834	$1,154

The charges from affiliates - other for the years ended December 31 consisted of the following:

Affiliate	Nature of Charge	1994	1993
GNAC	Rent	$1,020	$1,020
BEC	Allocated costs and expenses (a)	1,388	2,724
Bally's Park Place	Rent (surface area parking lots)	696	696
Bally's Park Place	Allocated costs and expenses (b)	99	1,096
		$3,203	$5,536

NOTE 14 - CHARGES FROM AFFILIATES - OTHER (Continued)

(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 to or from Bally's Park Place relate to certain administrative and support operations of the Company and Bally's Park Place which are consolidated.

NOTE 15 - INTEREST EXPENSE - EXTERNAL

Interest expense - external in 1993 includes the reversal of a $2,000 interest reserve which was no longer necessary.

NOTE 16 - NONOPERATING INCOME (EXPENSE) - NET

Nonoperating income, consisting of interest and dividend income, was $160 and $146 for the three months ended December 31, 1994 and 1993, respectively, and $577 and $946 for the years ended December 31, 1994 and 1993, respectively.

NOTE 17 - INCOME TAXES

The income tax provision (benefit) applicable to loss before income taxes, extraordinary item and cumulative effect on prior years of change in accounting for income taxes consists of the following:

	1994	1993
Current:		
Federal	$ 232	$ 3,972
State	-	1,058
	232	5,030
Deferred:		
Federal	(556)	(827)
State	(83)	(972)
	(639)	(1,799)
	$ (407)	$ 3,231

NOTE 17 - INCOME TAXES (Continued)

Deferred income taxes reflect the net tax effect of temporary differences between the carrying amounts of assets and liabilities for financial reporting and income tax purposes. Significant components of the Company's deferred tax assets and liabilities as of December 31, 1994 and 1993, along with their classification, are as follows:

	1994		1993	
	Assets	Liabilities	Assets	Liabilities
Expenses which are not currently deductible for tax purposes:				
Bad debt provision	$ 2,799	$ -	$ 3,355	$ -
CRDA provision	1,273	-	878	-
Other	5,040	-	5,013	-
Depreciation and capitalized costs	-	53,794	-	56,200
State tax loss carryforwards	5,406	-	2,207	-
Other, net	-	7,883	-	7,049
	$14,518	$61,677	$11,453	$63,249
Current	$ 6,333	$ 586	$ 6,937	$ 431
Long-term	8,185	61,091	4,516	62,818
	$14,518	$61,677	$11,453	$63,249

At December 31, 1994, the Company had loss carryforwards for state income tax purposes of $29,838 which begin to expire in 1995 and fully expire in 2000. The Company also had federal loss carryforwards of $10,458 which expire in 2009.

NOTE 17 - INCOME TAXES (Continued)

A reconciliation of the income tax provision (benefit) with amounts determined by applying the U.S. statutory tax rate to loss before income taxes, extraordinary item and cumulative effect on prior years of change in accounting for income taxes is as follows:

	1994	1993
Tax benefit at U.S. statutory tax rate (35%)	$(2,527)	$(2,620)
Add (deduct):		
State income taxes, net of related federal income tax effect	177	(471)
Effect of change in state (1994) and U.S. (1993) statutory tax rates on deferred tax balances	(281)	772
Amortization of cost in excess of acquired assets	1,097	1,112
Prior years' taxes	920	4,345
Other, net	207	93
Income tax provision (benefit)	$ (407)	$ 3,231

NOTE 18 - RETIREMENT AND STOCK PLANS

Certain employees of the Company are covered by union-sponsored, collectively bargained, multiemployer defined benefit pension plans. The contributions and charges to expense for these plans were $465 and $432 in 1994 and 1993, respectively.

The Company has defined contribution plans that provide retirement benefits for eligible non-union employees. Eligible employees may elect to participate by contributing a percentage of their pre-tax earnings to the plans. Employee contributions to the plans, up to certain limits, are matched in various percentages by the Company. The expense related to the plans totalled $934 and $836 in 1994 and 1993, respectively.

Eligible employees of the Company may participate in BEC's Employee Stock Purchase Plan, which provides participating employees the opportunity to purchase (through payroll deductions) shares of BEC common stock at 85% of the fair market value of the stock at specified dates. In addition, certain officers and key employees of the Company participate in the 1989 Incentive Plan

NOTE 18 - RETIREMENT AND STOCK PLANS (Continued)

of BEC, pursuant to which BEC has granted these individuals options (generally becoming exercisable in three equal annual installments commencing one year after the date of grant) to purchase BEC common stock at a price equal to the fair market value of the stock at the date of grant. Since these plans are noncompensatory, no expense has been recorded by the Company in connection with the plans.

NOTE 19 - LEASE COMMITMENTS

The Company leases real estate under noncancellable operating lease agreements. Minimum future lease obligations for these leases with initial terms in excess of one year at December 31, 1994 are $278 in 1995 and not significant thereafter. Aggregate rent expense was $322 and $284 for the three months ended December 31, 1994 and 1993, respectively, and $1,177 and $1,047 for the years ended December 31, 1994 and 1993, respectively.

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

SCHEDULE OF RECEIVABLES AND PATRONS' CHECKS

DECEMBER 31, 1994
(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	$ 4,827		
2	Returned patrons' checks	6,678		
3	Total patrons' checks	11,505	$ 6,762	$ 4,743
4	Hotel Receivables	373	78	295
	Other Receivables:			
5	Receivables due from officers and employees	3		
6	Receivables due from affiliates	2		
7	Other accounts and notes receivables	338		
8	Total other receivables	343	–	343
9	Totals (Form 205)	$ 12,221	$ 6,840	$ 5,381

	UNDEPOSITED PATRONS' CHECKS ACTIVITY	
LINE (f)	DESCRIPTION (g)	AMOUNT (h)
10	Beginning Balance (January 1)	$ 4,694
11	Counter checks issued (excluding counter checks issued through transactions relating to consolidations, partial redemptions, substitutions, and patrons' cash deposits)	141,007
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)	(101,069)
13	Checks collected through deposits	(33,748)
14	Checks transferred to returned checks	(6,057)
15	Other adjustments	–
16	Ending Balance	$ 4,827
17	"Hold" Checks Included In Balance On Line 16	$ –
18	Provision For Uncollectible Patrons' Checks	$ 3,378
19	Provision As A Percent Of Counter Checks Issued	2.40%

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

PROMOTIONAL EXPENSES AND ALLOWANCES

($ in Thousands)

For The Year Ended December 31, 1994

	Promotional Allowances		Promotional Expenses	
	Number of Recipients	Dollar Amount	Number of Recipients	Dollar Amount
Rooms	188,230	$ 9,458	–	$ –
Food	1,158,679	17,186	–	–
Beverage	2,898,448	5,652	–	–
Travel	–	–	58,329	4,857
Coin	–	–	1,455,737	19,629
Coupon	–	–	–	–
Entertainment	48,512	1,140	5,685	695
Retail & Gifts	43,777	2,189	210,036	3,346
Other	11,093	184	165,948	1,834
Total	4,348,739	$ 35,809	1,895,735	$ 30,361

For The Three Months Ended December 31, 1994

	Promotional Allowances		Promotional Expenses	
	Number of Recipients	Dollar Amount	Number of Recipients	Dollar Amount
Rooms	42,014	$ 2,301	–	$ –
Food	266,581	4,117	–	–
Beverage	661,192	1,289	–	–
Travel	–	–	14,441	1,163
Coin	–	–	333,978	4,879
Coupon	–	–	–	–
Entertainment	2,392	92	1,351	165
Retail & Gifts	11,732	587	53,948	896
Other	2,180	32	37,884	485
Total	986,091	$ 8,418	441,602	$ 7,588

STATEMENT OF CONFORMITY AND ACCURACY

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

Donna M. Graham, 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.

Donna M Graham
Signature

Vice President of Finance/Treasurer
Title

03723–11
License Number

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

Mary K Chamberlin
Signature

On Behalf Of:

GNOC, CORP. (THE GRAND)
Casino Licensee

MARY K. CHAMBERLIN
NOTARY PUBLIC OF NEW JERSEY
My Commission Expires Aug. 31, 1997
Basis of Authority
to Take Oaths

4/86

CCC–250

ANNUAL EMPLOYMENT AND PAYROLL REPORT

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

FOR THE YEAR ENDED DECEMBER 31, 1994

TO THE
CASINO CONTROL COMMISSION
OF THE
STATE OF NEW JERSEY

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

GNOC, CORP. (THE GRAND)

ANNUAL EMPLOYMENT AND PAYROLL REPORT

FOR THE YEAR ENDED DECEMBER 31, 1994
($ in Thousands)

LINE (a)	DEPARTMENT (b)	NUMBER OF (c) EMPLOYEES	SALARIES AND WAGES (d) OTHER EMPLOYEES	(e) OFFICERS & OWNERS	(f) TOTALS
	CASINO				
1	Administration	18			
2	Gaming	810			
3	Slots	118			
4	Casino accounting	304			
5	Other	20			
6	Total–casino	1,270	$ 26,599	$	$ 26,599
7	ROOMS	251	4,756		4,756
8	FOOD AND BEVERAGE	794	13,082		13,082
	OTHER OPERATING DEPARTMENTS				
9	Telephone operations	17	267		267
10	Retail	31	525		525
11	Health club / Pool services	13	196		196
12	* Beauty salon	0	93		93
13	Gas station	4	54		54
14					
15					
16					
17					
18					
19					
	ADMINISTRATIVE AND GENERAL				
20	Executive office	17	190	918	1,108
21	Accounting and auditing	73	1,639		1,639
22	Security	186	4,268		4,268
23	Other administrative and general department	82	2,026		2,026
24	MARKETING	122	3,516	460	3,976
25	GUEST ENTERTAINMENT	13	1,042		1,042
26	PROPERTY OPERATION AND MAINTENANCE	246	6,426		6,426
27	TOTALS – ALL DEPARTMENTS	3,119	$ 64,679	$ 1,378	$ 66,057

* Leased effective June 1, 1994.

CCC–376

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

ANNUAL EMPLOYMENT AND PAYROLL REPORT SIGNATURE PAGE

FOR THE YEAR ENDED DECEMBER 31, 1994

3/14/95
DATE

Donna M. Graham
SIGNATURE

Vice President of Finance/Treasurer
TITLE

1/85

CCC–377

GROSS REVENUE
ANNUAL TAX RETURN

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

FOR THE YEAR ENDED DECEMBER 31, 1994

TO THE
CASINO CONTROL COMMISSION
OF THE
STATE OF NEW JERSEY

NAME OF OFFICER IN CHARGE
OF CORRESPONDENCE REGARDING
THIS ANNUAL 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)

GROSS REVENUE ANNUAL TAX RETURN

FOR THE YEAR ENDED DECEMBER 31, 1994

(UNAUDITED)

($ in Thousands)

LINE			
	Casino win or (loss)		
1	Table games revenue	$ 93,831	
2	Coin–operated devices revenue	135,052	
3	Total revenues		$ 228,883
	Less – adjustment for uncollectible patrons' checks:		
4	Provision for uncollectible patrons' checks	$ 3,378	
5	Maximum adjustment (4% of line 3)	$ 9,155	
6	Adjustment (the lesser of line 4 or line 5)		3,378
7	Gross revenues (line 3 less line 6)		$ 225,505
8	Tax on gross revenues – current year (8% of line 7)		$ 18,040
9	Audit or other adjustments to tax on gross revenues in prior years		0
10	Total tax on gross revenues (line 8 plus or minus line 9)		18,040
	Deposits made for tax on current year's gross revenues :		
11	January	$ – – –	
12	February	1,151	
13	March	1,103	
14	April	1,387	
15	May	1,574	
16	June	1,535	
17	July	1,464	
18	August	1,873	
19	September	1,687	
20	October	1,696	
21	November	1,647	
22	December	1,510	
23	January	1,413	
24	Total deposits made for tax on current year's gross revenues		(18,040)
25	Settlement of prior year's tax on gross revenues resulting from audit or other adjustments – (deposits) credits		0
26	Gross revenues tax payable (line 10 less line 24 plus or minus line 25)		$ 0

1/85

STATEMENT OF CONFORMITY AND ACCURACY

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

Donna M. Graham, 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.

Signature

Vice President of Finance/Treasurer
Title

03723-11
License Number

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

On Behalf Of:

Mary K Chamberlin
Signature

GNOC, CORP. (THE GRAND)
Casino Licensee

MARY K. CHAMBERLIN
NOTARY PUBLIC OF NEW JERSEY
My Commission Expires Aug. 31, 1997

Basis of Authority
to Take Oaths

1/85

CCC-382

QUARTERLY REPORT

LICENSEE GREATE BAY HOTEL AND CASINO, INC.

ADDRESS INDIANA AVENUE AND BRIGHTON PARK

ATLANTIC CITY, NEW JERSEY 08401

FOR THE QUARTER ENDED DECEMBER 31, 1994

TO THE

CASINO CONTROL COMMISSION

OF THE

STATE OF NEW JERSEY

RECEIVED
FEU
MAR 15 1995
CASINO CONTROL
COMMISSION



NAME OF OFFICER IN CHARGE OF CORRESPONDENCE REGARDING THIS QUARTERLY REPORT: Timothy A. Ebling
OFFICIAL TITLE: Vice President Finance
ADDRESS: Indiana Avenue & Brighton Park
Atlantic City, New Jersey 08401

TRADING NAME OF LICENSEE SANDS HOTEL & CASINO

LIST OF FORMS – QUARTERLY REPORT

FOR THE QUARTER ENDED DECEMBER 31, 1994

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
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Promotional Expenses and Allowances	CCC–245
Statement of Conformity and Accuracy	CCC–250

TRADING NAME OF LICENSEE: SANDS HOTEL & CASINO

BALANCE SHEETS

DECEMBER 31, 1994 AND 1993

(UNAUDITED)

($ IN THOUSANDS)

LINE (a)	DESCRIPTION (b)	(c) 1994	(d) 1993
	ASSETS		
	Current Assets:	$	$
1	Cash ..... Note 2	23,137	12,953
2	Marketable securities	–	–
3	Receivables and patrons' checks (net of allowance for doubtful accounts – 1994, $15,288; 1993, $14,805)	13,862	14,302
4	Inventories ..... Note 2	4,186	3,796
5	Prepaid expenses and other current assets ..... Note 5, 13	9,486	9,837
6	Total current assets	50,671	40,888
7	Investments, Advances, and Receivables ..... Note 6	10,875	10,414
8	Property and Equipment – Gross ..... Note 2, 12	298,849	283,491
9	(Accumulated Depreciation/Amortization) ..... Note 12	(132,922)	(121,871)
10	Other Assets ..... Note 5, 14	13,786	8,683
11	Total Assets	$ 241,259	$ 221,605
	LIABILITIES AND EQUITY		
	Current Liabilities:	$	$
12	Accounts payable	7,299	6,307
13	Notes payable ..... Note 3, 6		7,083
	Current portion of Long–term debt:		
14	Due to affiliates ..... Note 4		891
15	Other ..... Note 4	10	8
16	Income taxes payable and accrued ..... Note 5, 9	(4,063)	(1,272)
17	Other accrued expenses ..... Note 6, 15	23,585	23,024
18	Other current liabilities ..... Note 6, 16	4,001	3,337
19	Total current liabilities	30,832	39,378
	Long–Term Debt:		
20	Due to affiliates ..... Note 4	195,000	181,732
21	Other ..... Note 4	453	462
22	Deferred Credits		
23	Other Liabilities ..... Note 5	1,908	
24	Commitments and Contingencies		
25	Total Liabilities	228,193	221,572
26	Stockholders', Partners', Or Proprietor's Equity	13,066	33
27	Total Liabilities and Equity	$ 241,259	$ 221,605

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 TWELVE MONTHS ENDED DECEMBER 31, 1994 AND 1993

(UNAUDITED)

($ IN THOUSANDS)

LINE (a)	DESCRIPTION (b)	(c) 1994	(d) 1993
	Revenue:	$	$
1	Casino ..... Note 2	256,207	244,942
2	Rooms	9,611	9,827
3	Food and beverage	29,762	26,629
4	Other	3,975	4,763
5	Total revenue	299,555	286,161
6	Less: Promotional allowances ..... Note 2	24,943	24,321
7	Net revenue	274,612	261,840
	Costs And Expenses:		
8	Cost of goods and services ..... Note 2	129,832	120,871
9	Selling, general, and administrative ..... Note 6	98,912	94,202
10	Provision for doubtful accounts ..... Note 2	3,283	3,603
11	Total costs and expenses	232,027	218,676
12	Gross Operating Profit	42,585	43,164
13	Depreciation and amortization ..... Note 2	16,483	17,316
	Charges from affiliates other than interest:		
14	Management fees ..... Note 6	6,493	6,194
15	Other	–	–
16	Income (Loss) From Operations	19,609	19,654
	Other Income (Expenses):		
17	Interest (expense) – affiliates ..... Note 2, 6	(20,979)	(22,805)
18	Interest (expense) – external	526	456
19	Investment alternative tax and related income (expense) – net .. Note 7 ...	(2,389)	(2,513)
20	Nonoperating income (expense) – net ..... Note 11	2,186	1,822
21	Total other income (expenses)	(20,656)	(23,040)
22	Income (Loss) Before Income Taxes And Extraordinary Items	(1,047)	(3,386)
23	Provision (credit) for income taxes ..... Note 2, 5	920	(131)
24	Income (Loss) Before Extraordinary Items	(1,967)	(3,255)
25	Extraordinary items (net of income taxes – 1994, $ 0; 1993, $3,807) ..... Note 4, 5	–	(3,667)
26	Net Income (Loss)	($1,967)	($6,922)

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 DECEMBER 31, 1994 AND 1993

(UNAUDITED)

($ IN THOUSANDS)

LINE (a)	DESCRIPTION (b)	(c) 1994	(d) 1993
	Revenue:	$	$
1	Casino	61,607	57,333
2	Rooms	2,450	2,351
3	Food and beverage	7,711	6,542
4	Other	1,030	1,130
5	Total revenue	72,798	67,356
6	Less: Promotional allowances	6,132	5,879
7	Net revenue	66,666	61,477
	Costs And Expenses:		
8	Cost of goods and services	32,699	29,628
9	Selling, general, and administrative	24,824	22,794
10	Provision for doubtful accounts	1,078	932
11	Total costs and expenses	58,601	53,354
12	Gross Operating Profit	8,065	8,123
13	Depreciation and amortization	4,645	4,414
	Charges from affiliates other than interest:		
14	Management fees	1,606	1,478
15	Other	–	–
16	Income (Loss) From Operations	1,814	2,231
	Other Income (Expenses):		
17	Interest (expense) – affiliates	(5,395)	(5,778)
18	Interest (expense) – external	140	138
19	Investment alternative tax and related income (expense) – net	(432)	(674)
20	Nonoperating income (expense) – net	449	310
21	Total other income (expenses)	(5,238)	(6,004)
22	Income (Loss) Before Income Taxes And Extraordinary Items	(3,424)	(3,773)
23	Provision (credit) for income taxes	(993)	(1,184)
24	Income (Loss) Before Extraordinary Items	(2,431)	(2,589)
25	Extraordinary items (net of income taxes – 1994, $0; 1993, $3,807)	–	(5,667)
26	Net Income (Loss)	($2,431)	($8,256)

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 Twelve months ended December 31, 1994 and 1993

(UNAUDITED)

($ IN THOUSANDS)

LINE (a)	DESCRIPTION (b)	(c) 1994 (c) SHARES	(c) 1994 (d) DOLLARS	(d) 1993 (e) SHARES	(d) 1993 (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)		–		
10	Capital Contribution		15,000		
11					
12	Ending balance		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)		(3,467)		3,455
26	Prior period adjustments				
27	Net income (loss)		(1,967)		(6,922)
28	Dividends				
29					
30					
31	Ending balance		(5,434)		(3,467)
32	Ending Stockholders' Equity		$13,066		$33

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

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

TRADING NAME OF LICENSEE: SANDS HOTEL & CASINO

STATEMENTS OF CHANGES IN PARTNERS' OR PROPRIETOR'S EQUITY

FOR THE TWELVE MONTHS ENDED DECEMBER 31, 1994 AND 1993

(UNAUDITED)

($ IN THOUSANDS)

NOT APPLICABLE

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	$	$

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 TWELVE MONTHS ENDED DECEMBER 31, 1994 AND 1993

(UNAUDITED)

($ IN THOUSANDS)

LINE (a)	DESCRIPTION (b)	(c) 1994	(d) 1993
1	Net Cash Provided (Used) By Operating Activities	$17,729	$14,886
	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	(20,133)	(11,458)
5	Proceeds from disposition of property and equipment		
6	Purchase of casino reinvestment obligations	(826)	(1,549)
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	(20,959)	(13,007)
	Cash Flows From Financing Activities:		
13	Cash proceeds from issuance of short-term debt	1,500	
14	Payments to settle short-term debt	(1,500)	
15	Cash proceeds from issuance of long-term debt	195,000	
16	Costs of issuing debt	(6,827)	(2,081)
17	Payments to settle long-term debt	(161,676)	(16,909)
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) borrowings from Affiliates	(28,083)	18,624
22			
23	Net Cash Provided (Used) By Financing Activities	13,414	(366)
24	Net Increase (Decrease) In Cash And Cash Equivalents	10,184	1,513
25	Cash And Cash Equivalents At Beginning Of Period	12,953	11,440
26	Cash And Cash Equivalents At End Of Period	$23,137	$12,953
	SUPPLEMENTAL DISCLOSURE OF CASH FLOW INFORMATION		
	Cash Paid During Period For:		
27	Interest (net of amount capitalized)	$12,992	$21,580
28	Income taxes	$1	$1,422

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 TWELVE MONTHS ENDED DECEMBER 31, 1994 AND 1993

(UNAUDITED)

($ IN THOUSANDS)

LINE (a)	DESCRIPTION (b)	(c) 1994	(d) 1993
	Net Cash Flows From Operating Activities:	$	$
29	Net income (loss)	(1,967)	(6,922)
	Noncash items included in income and cash items excluded from income:		
30	Depreciation and amortization of property and equipment	15,826	14,590
31	Amortization of other assets	657	2,726
32	Amortization of debt discount or premium	45	361
33	Deferred income taxes – current	–	–
34	Deferred income taxes – noncurrent	3,711	(539)
35	(Gain) Loss on disposition of property and equipment	–	–
36	(Gain) Loss on casino reinvestment obligations	2,389	2,513
37	(Gain) Loss from other investment activities	–	–
38	Net (increase) decrease in receivables and patrons' checks	185	(1,117)
39	Net (increase) decrease in inventories	(390)	(86)
40	Net (increase) decrease in other current assets	(1,792)	(2,019)
41	Net (increase) decrease in other assets	(2,030)	(943)
42	Net increase (decrease) in accounts payables	992	98
43	Net increase (decrease) in other current liabilities excluding debt	1,244	2,858
44	Net increase (decrease) in other noncurrent liabilities excluding debt		
45	Net increase (decrease) in Jackpot accrual	(1,141)	(301)
46	Change in accounting for income taxes and extraordinary item	–	3,667
47	Net Cash Provided (Used) By Operating Activities	17,729	14,886
	SUPPLEMENTAL SCHEDULE OF NONCASH INVESTING AND FINANCING ACTIVITIES		
	Acquisition Of Property and Equipment:	$	$
48	Additions to property and equipment	20,133	11,458
49	Less: Capital lease obligations incurred		
50	Cash Outflows For Property And Equipment	20,133	11,458
	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. Substantially 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 4).

(2) Summary of significant accounting policies

The significant accounting policies followed in the preparation of the accompanying financial statements are discussed below.

Casino revenues, promotional allowances and departmental expenses -

The Sands recognizes the net win from gaming activities (the difference between gaming wins and losses) as casino revenues. Casino revenues are net of accruals for anticipated payouts of progressive and certain other slot machine jackpots. Such anticipated jackpot payouts are reflected as current liabilities in the accompanying balance sheets. During the years ended December 31, 1994, and 1993, the Sands removed certain progressive jackpots from the gaming floor in accordance with regulations approved by the New Jersey Casino Control Commission (the "Casino Commission"), resulting in the reversal of $1,035,000 and $342,000 of progressive jackpot liabilities, respectively, and the corresponding recognition of an equal amount of slot machine revenues.

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

NOTES TO FINANCIAL STATEMENTS
(Unaudited)

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

Cash and cash equivalents -

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

Allowance for doubtful accounts -

The allowance for doubtful accounts is maintained at a level considered adequate to provide for possible future losses. Provisions for doubtful accounts amounting to $3,283,000 and $3,603,000 were made during the years ended December 31, 1994 and 1993, respectively.

Inventories -

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

Property and equipment -

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

Building and improvements	25 years
Operating equipment	3-7 years

Deferred financing costs -

The costs of issuing long-term debt, including all underwriting, legal and accounting fees, have been capitalized and are being amortized over the term of the related debt issue. The unamortized balance of deferred financing costs amounted to $6,487,000 and $317,000 at December 31, 1994 and 1993, respectively. Amortization of such costs was $657,000 and $2,726,000 for the years ended December 31, 1994 and 1993, respectively.

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

NOTES TO FINANCIAL STATEMENTS
(Unaudited)

Income taxes -

GBHC is included in the consolidated federal income tax return of Hollywood Casino Corporation ("HCC"), PHC's parent. Pursuant to agreements between GBHC, PCC, 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.

Prior to 1993, GBHC accounted for income taxes under the provisions of Accounting Principles Board Opinion No. 11. Under this method, the provision for taxes was based on income and expenses included in the accompanying consolidated statements of income. Differences between taxes so computed and taxes payable under applicable statutes and regulations were classified as deferred taxes arising from timing differences. In the first quarter of 1993, GBHC adopted the provisions of Statements of Financial Standards No. 109, "Accounting for Income Taxes" ("SFAS 109"), which utilizes the liability method and results in the determination of deferred taxes based on the estimated future tax effects of differences between the financial statement and tax bases of assets and liabilities. The cumulative effect of adopting SFAS 109 as of January 1, 1993 was to increase GBHC's net deferred tax assets and net income by approximately $2,000,000. This change resulted primarily from reductions in the enacted tax rates from those in effect when the differences between the financial statement and tax bases of assets and liabilities arose. Prior period financial statements have not been restated to reflect the new accounting method. There was no effect of this new standard on income tax expense for the years ended December 31, 1994 and 1993.

Interest expense -

Interest expense includes the accretion of debt discount amounting to $45,000 for the year ended December 31, 1994 and $361,000 for the year ended December 31, 1993. Interest costs related to property and equipment acquisitions were capitalized during the acquisition period and are being amortized over the useful lives of the related assets.

Reclassifications -

Certain reclassifications have been made to prior years' financial statements to conform to the 1994 financial statement presentation.

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

NOTES TO FINANCIAL STATEMENTS
(Unaudited)

(3) Short-term credit facilities and borrowing from affiliates

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 4. The bank line of credit agreement also contains certain cross-default provisions with other outstanding debt of GBHC and its affiliates. Borrowings under the line of credit are guaranteed to the extent of $2,000,000 by PCC. There are no borrowings outstanding under the line of credit at December 31, 1994.

During February and March 1993, a subsidiary of PHC issued $21,000,000 of Series A and Series B 13 1/2% Guaranteed First Mortgage Notes due in 1994 (the "Series Notes") the proceeds of which were loaned to GBHC. The Series Notes were not registered under the Securities Act and since no such registration became effective prior to August 18, 1993, the interest rate increased to 14% per annum effective at that date with additional increases of 1/4% after each succeeding 90-day period. Refinancing of the Series Notes was completed in February 1994 when GB Property Funding issued $185,000,000 of 10 7/8% First Mortgage Notes due in 2004 (see Note 4).

HCC agreed to loan up to $8,000,000 to a subsidiary of PHC, the proceeds of which were loaned to and used by the Sands in connection with an expansion of its gaming space. During 1993, the subsidiary loaned $7,083,000 to GBHC for such purposes. Such loans accrued interest at the rate of 13 1/2% per annum payable semiannually, and the outstanding balance of $8,000,000 was repaid during February 1994 in connection with the refinancing of virtually all of GBHC's outstanding debt.

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

NOTES TO FINANCIAL STATEMENTS
(Unaudited)

(4) Long-term debt and pledge of assets

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

	December 31, 1994	December 31, 1993
10 7/8% first mortgage notes, due 2004 (a)	$185,000,000	$ -
11 3/4% first mortgage notes, refinanced in 1994, net of discount of $ 45,000 (b)	-	161,623,000
14 5/8% affiliate loan, due 2005 (c)	10,000,000	-
Series notes, refinanced in 1994. (Note 3)	-	21,000,000
Other	463,000	471,000
Total indebtedness	195,463,000	183,094,000
Less - current maturities	(10,000)	(900,000)
Total long term debt	$195,453,000	$182,194,000

(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 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, subject to increases of five percent per annum thereafter. The indenture also contains certain cross-default provisions with other outstanding debt of affiliates.

(b) On August 6, 1987, the Sands obtained $170,504,000 from a special purpose funding affiliate which issued $173,030,000 of seven-year, non-callable, nonrecourse first mortgage notes bearing interest at 11 3/4% per annum, payable semiannually (the "11 3/4% First Mortgage Notes"), net of a $2,526,000 discount. The 11 3/4% First Mortgage Notes were repaid in February 1994.

(c) 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 financial coverage and other payment restriction 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 as a result of losses experienced by GBHC (see Note 6).

Scheduled payments of long-term debt as of December 31, 1994 are:

1995	10,000
1996	10,000
1997	2,512,000
1998	5,013,000
1999	5,014,000
Thereafter	182,904,000
Total	$ 195,463,000

(5) Income taxes

Components of the provision (benefit) for income taxes consisted of the following:

	Year Ended December 31, 1994	1993
Provision (benefit) in lieu of federal income taxes:		
Current	$ (2,089,000)	$ 438,000
Deferred	2,827,000	(549,000)
State income tax provision (benefit):		
Current	(702,000)	(30,000)
Deferred	884,000	10,000
	$ 920,000	$ (131,000)

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

NOTES TO FINANCIAL STATEMENTS
(Unaudited)

GBHC is included in HCC's consolidated federal income tax return. 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 tax payments were made during the years ended December 31, 1994 and 1993. The payment of taxes in accordance with the tax allocation agreements is subject to the approval of the Casino Commission. During the years ended December 31, 1994 and 1993, GBHC paid state income taxes of $1,000 and $1,422,000, respectively. Additionally, $7,204,000 of current taxes payable were offset against other intercompany obligations in 1993 (see Note 9).

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

	Year Ended December 31,	
	1994	1993
Calculated income tax provision (benefit) at 34%	$ (356,000)	$(1,151,000)
Amortization of excess purchase price	803,000	803,000
Disallowance of travel and entertainment	335,000	204,000
State income taxes	121,000	(13,000)
Lobbying expense	28,000	-
Other	(11,000)	26,000
Tax provision (benefit) as shown on statement of income	$ 920,000	$ (131,000)

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

In the first quarter of 1993, GBHC adopted the provisions of SFAS 109. The cumulative effect of adopting SFAS 109 as of January 1, 1993 was to increase GBHC's net deferred tax assets and net income by approximately $2,000,000. This change results primarily from reductions in current tax rates compared to those in effect when the differences between the financial statement and tax bases of assets and liabilities arose.

The components of the deferred tax (liability) asset as of December 31, 1994 and 1993 were as follows:

	December 31, 1994	December 31, 1993
Deferred tax assets:		
Allowance for doubtful accounts	$ 6,327,000	$ 4,721,000
Early extinguishment of debt	-	2,786,000
Other liabilities and accruals	1,405,000	974,000
Other	982,000	332,000
Total deferred tax assets	8,714,000	8,813,000
Deferred tax liabilities:		
Depreciation and amortization	(8,921,000)	(6,982,000)
Other	(809,000)	(621,000)
Total deferred tax liabilities	(9,730,000)	(7,603,000)
Net deferred tax (liability) asset	$ (1,016,000)	$ 1,210,000

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

	December 31, 1994	December 31, 1993
Prepaid expenses and other current assets	$ 5,049,000	$ 5,027,000
Other Assets	4,928,000	7,086,000
Federal income taxes receivable	2,983,000	894,000

(6) Transactions with related parties

NJMI, under a management agreement with the Sands, is responsible for the supervision, direction and control of the day-to-day operations of the Sands. NJMI is entitled to receive annually (i) a basic consulting fee of 1.5% of "adjusted gross revenues" as defined, and (ii) incentive compensation of between 5% and 7.5% of gross operating profits in excess of certain stated amounts should annual "gross operating profits," as defined, exceed $5,000,000. Such fees amounted to $6,493,000 and $6,194,000, during the years ended December 31, 1994 and 1993, respectively, and are included in management fees charged from affiliates in the accompanying statements. Consultant and incentive fees of $703,000 and $109,000 were due to NJMI at December 31, 1994 and 1993,

respectively, and are 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 amount paid to the unaffiliated third party. Such charges amounted to $288,000 and $294,000 for the years ended December 31, 1994 and 1993, respectively, and are included in selling, general and administrative expenses in the accompanying financial statements.

For the year ended December 31, 1994 and 1993, GBHC recognized the following amounts in interest charges to affiliates net of capitalized interest:

	1994	1993
11 3/4% First Mortgage Notes	$ 2,375,000	$ 19,673,000
10 7/8% First Mortgage Notes	17,566,000	-
16 1/2% Promissory Note	-	107,000
14 5/8% Promissory Note	1,038,000	-
Cash Advances from Affiliates	-	3,025,000
	$ 20,979,000	$ 22,805,000

GBHC had cash advances receivable from affiliates including interest of $6,842,000 and $5,906,000 as of December 31, 1994 and 1993, respectively, and are included in investments, advances, and receivables in the accompanying financial statements. In addition, GBHC had cash advances payable to affiliates including interest totaling $7,230,000 at December 31, 1993, which is included in notes payable and other accrued expenses in the accompanying financial statements. Advances to affiliates and from affiliates bear interest at the rate of 16.5% and 13.5%, respectively, per annum.

(7) New Jersey regulations and obligatory investments

The Sands conducts gaming operations in Atlantic City, New Jersey and operates a related hotel and several restaurants, as well as related support facilities. The operation of an Atlantic City casino/hotel is subject to significant regulatory control. Under the New Jersey Casino Control Act (the "Casino Act"), GBHC was required to obtain and is required to periodically renew its operating license. A casino license is not transferable and, after the initial licensing and two one-year renewal periods, is issued for a term of up to four years. However, the Casino Commission still has the authority to reopen license hearings at any time. During September 1994, the Casino Commission renewed GBHC's license to operate the Sands through September 30, 1996. Terms of the license require the Sands to comply with periodic financial reporting requirements as well as obtain prior Casino Commission approval of certain cash transfers and borrowings to and from affiliates.

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

As of December 31, 1994 and 1993, the Sands had purchased bonds totaling $4,369,000 and $3,911,000, respectively. In addition, the Sands had remaining funds on deposit and held in escrow by the CRDA at December 31, 1994 and 1993 of $2,117,000 and $3,651,000, respectively. The bonds purchased and the amounts on deposit and held in escrow are collectively referred to as "obligatory investments" in the accompanying financial statements.

Obligatory investments at December 31, 1994 and 1993 are net of accumulated valuation allowances of $2,458,000 and $3,065,000, respectively, based upon the estimated realizable values of the investments. Provisions for valuation allowances during the years ended December 31, 1994 and 1993 amount to $617,000 and $340,000, respectively.

Through 1994, the Sands has contributed certain amounts held in escrow to the CRDA. In consideration thereof, the CRDA granted the Sands waivers of certain of its investment obligations in future periods. The amount of the obligatory investments contributed during the years ended December 31, 1994 and 1993 was $2,500,000 and $5,694,000, respectively, resulting in waivers granted by the CRDA during 1993 totaling $2,904,000. No such waivers were granted during 1994; however, the contribution is expected to directly benefit the Sands facility. Amortization of such waivers during 1994 and 1993 totaled $1,727,000 and $2,078,000, respectively. At December 31, 1994, all waivers have been fully amortized.

(8) Litigation

GBHC is a party in various legal proceedings with respect to the conduct of casino and hotel operations. Although a possible range of loss can not be estimated, in the opinion of management, based upon the advice of counsel, settlement or resolution of these proceedings should not have a material adverse impact upon the financial position or results of operations of GBHC.

The accompanying financial statements do not include any adjustments that might result from the outcome of the uncertainties described above.

(9) Supplemental Cash Flow Information

During September 1993, GBHC and a subsidiary of PHC settled certain intercompany obligations on a noncash basis. Borrowings from GBHC, totaling $3,537,000 along with accrued interest totaling $3,667,000 were eliminated against GBHC's current federal tax obligation under the tax allocation agreement (see Note 5). The effects of this elimination have been excluded from the accompanying statement of cash flows as a noncash transaction.

(10) Disclosures about Fair Value of Financial Instruments

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

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

NOTES TO FINANCIAL STATEMENTS
(Unaudited)

Cash and cash equivalents

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

Obligatory investments

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

Interest payable

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

Long-term debt

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

The estimated carrying amounts and fair values of GBHC's financial instruments are as follows:

	December 31, 1994		December 31, 1993	
	Carrying Amount	Fair Value	Carrying Amount	Fair Value
Financial Assets				
Cash and cash equivalents	$ 23,137,000	$23,137,000	$2,954,000	$12,954,000
Obligatory investments	4,027,000	4,027,000	4,497,000	4,497,000
Financial Liabilities				
Borrowings from affiliates			7,083,000	7,083,000
Interest payable	10,563,000	10,563,000	2,546,000	2,546,000
10 7/8% First Mortgage Notes	185,000,000	150,775,000	-	-
11 3/4% First Mortgage Notes	-	-	161,668,000	165,710,000
14 5/8% affiliate loan	10,000,000	10,000,000	-	-
Series Notes	-	-	21,000,000	21,000,000
Other	463,000	463,000	471,000	471,000

(11) Non-operating income

For the year ended December 31, 1994 and 1993, interest income of $2,186,000 and $1,822,000 was earned on temporary investments, on deposits made with the Casino Reinvestment Development Authority, and other sources.

(12) Property and equipment

	1994	1993
Land	$ 37,807,000	$ 37,554,000
Building & improvements	181,849,000	169,340,000
Operating equipment	78,867,000	69,768,000
Construction in progress	326,000	6,829,000
	$298,849,000	$283,491,000
Less: Accumulated depreciation and amortization	(132,922,000)	(121,871,000)
Net property and equipment	$165,927,000	$161,620,000

(13) Prepaid expenses and other current assets

As of December 31, 1994 and 1993 prepaid expenses and other current assets consisted of the following:

	1994	1993
Deferred taxes - current	$ 4,992,000	$ 5,027,000
Prepaid expenses	4,212,000	2,371,000
Deposits	282,000	712,000
Current portion of deferred credits on deposit with the Casino Reinvestment Development Authority	-	1,727,000
	$ 9,486,000	$ 9,837,000

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

NOTES TO FINANCIAL STATEMENTS
(Unaudited)

(14) Other assets

As of December 31, 1994 and 1993 other assets consisted of the following:

	1994	1993
Deferred taxes - non-current	$ 4,928,000	$ 8,366,000
Deferred financing costs	6,487,000	317,000
Other	2,371,000	-
	$ 13,786,000	$ 8,683,000

(15) Other accrued expenses

As of December 31, 1994 and 1993, other accrued expenses consists of the following:

	1994	1993
Accrued refinancing cost	$ -	$ 7,647,000
Accrued salaries & wages	3,472,000	3,131,000
Accrued jackpot liability	186,000	1,327,000
Accrued interest	10,563,000	2,546,000
Accrued insurance	1,853,000	2,161,000
Other accrued expenses	7,511,000	6,212,000
	$ 23,585,000	$ 23,024,000

(16) Other current liabilities

As of December 31, 1994 and 1993 other current liabilities consisted of the following:

	1994	1993
Due to affiliates	899,000	442,000
Other	$ 3,102,000	$ 2,895,000
	$ 4,001,000	$ 3,337,000

TRADING NAME OF LICENSEE: SANDS HOTEL & CASINO

SCHEDULE OF RECEIVABLES AND PATRONS' CHECKS

DECEMBER 31, 1994

(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	4,959		
2	Returned patrons' checks	21,515		
3	Total patrons' checks	26,474	$ (15,239)	$ 11,235
4	Hotel Receivables	492	(49)	443
	Other Receivables:			
5	Receivables due from officers and employees			
6	Receivables due from affiliates	217		
7	Other accounts and notes receivables	1,967		
8	Total other receivables	2,184	–	2,184
9	Totals (Form 205)	$ 29,150	$ (15,288)	$ 13,862

UNDEPOSITED PATRONS'CHECKS ACTIVITY

LINE (f)	DESCRIPTION (g)	AMOUNT (h)
10	Beginning Balance (January 1)	$ 5,630
11	Counter checks issued (excluding counter checks issued through transactions relating to consolidations, partial redemptions, substitutions, and patrons' cash deposits	192,822
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)	(146,468)
13	Checks collected through deposits	(35,462)
14	Checks transferred to returned checks	(11,563)
15	Other adjustments	–
16	Ending Balance	$4,959
17	"Hold" Checks Included in Balance On Line 16	$ –
18	Provision For Uncollectible Patrons' Checks	$3,200
19	Provision As A Percent Of Counter Checks Issued	1.7%

TRADING NAME OF LICENSEE: SANDS HOTEL & CASINO

PROMOTIONAL EXPENSES AND ALLOWANCES

($ IN THOUSANDS)

FOR THE TWELVE MONTHS ENDED DECEMBER 31, 1994

	Promotional Allowances		Promotional Expenses	
	Number of Recipients	Dollar Amount	Number of Recipients	Dollar Amount
Rooms	244,933	$6,658		$
Food	857,247	11,391		
Beverage	1,022,696	5,706		
Travel			20,490	5,316
Coin			1,131,425	28,004
Coupon			31,171	218
Entertainment	24,706	771		
Retail & Gifts			43,446	4,345
Other	52,012	417	483,615	2,892
Total	2,201,594	$24,943	1,710,147	$40,775

****

FOR THE THREE MONTHS ENDED DECEMBER 31, 1994

	Promotional Allowances		Promotional Expenses	
	Number of Recipients	Dollar Amount	Number of Recipients	Dollar Amount
Rooms	56,615	$1,631		$
Food	210,659	2,810		
Beverage	314,491	1,469		
Travel			4,717	1,224
Coin			285,335	7,001
Coupon			8,500	60
Entertainment	6,563	169		
Retail & Gifts			12,151	1,215
Other	6,587	53	182,010	916
Total	594,915	$6,132	492,713	$10,416

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 Contrd 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:

Greate Bay Hotel And Casino, Inc.
Casino Licensee

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

Janice M. Clarke
Signature

JANICE M. CLARKE
NOTARY PUBLIC OF NEW JERSEY
My Commission Expires Jan. 7, 1998

Basis of Authority
to Take Oaths
4/86

CCC-250

ANNUAL EMPLOYMENT AND PAYROLL REPORT

LICENSEE Greate Bay Hotel and Casino, Inc.

ADDRESS Indiana Avenue & Brighton Park

Atlantic City, New Jersey 08401

FOR THE YEAR ENDED DECEMBER 31, 1994

TO THE

CASINO CONTROL COMMISSION

OF THE

STATE OF NEW JERSEY



NAME OF OFFICER IN CHARGE OF CORRESPONDENCE REGARDING THIS ANNUAL EMPLOYMENT AND PAYROLL REPORT..... Timothy A. Ebling

OFFICIAL TITLE..... Vice President Finance

ADDRESS..... Indiana Ave. & Brighton Park

Atlantic City, New Jersey 08401

TRADING NAME OF LICENSEE Sands Hotel & Casino

ANNUAL EMPLOYMENT AND PAYROLL REPORT

FOR THE YEAR ENDED DECEMBER 31, 19 94

($ in Thousands)

LINE (a)	DEPARTMENT (b)	NUMBER OF (c) EMPLOYEES	SALARIES AND WAGES (d) OTHER EMPLOYEES	(e) OFFICERS & OWNERS	(f) TOTALS
	CASINO				
1	Administration	17			1,067
2	Gaming	819			15,445
3	Slots	151			3,712
4	Casino accounting	55			1,287
5	Other Coin/Casino Credit	350	$	$	$ 7,017
6	Total-casino	1,392			28,528
7	ROOMS	372			7,072
8	FOOD AND BEVERAGE	900			14,327
	OTHER OPERATED DEPARTMENTS				
9	Human Resources	34			883
10	Legal	15			761
11	Planning & Research	6			289
12	Data Processing	44			1,608
13	Purchasing	22			590
14	Day Tours	18			51
15	Print Shop	16			493
16	Valet/Health Club	107			1,766
17	Surveillance	21			565
18	Recycling	7			162
19					
	ADMINISTRATIVE AND GENERAL				
20	Executive office	15			1,426
21	Accounting and auditing	79			2,190
22	Security	159			3,248
23	Other administrative and general department				0
24	MARKETING	162			7,170
25	GUEST ENTERTAINMENT	139			842
26	PROPERTY OPERATION AND MAINTENANCE	35			1,343
			$	$	$

1/85

CCC-376

Trading Name of Licensee Sands Hotel & Casino

ANNUAL EMPLOYMENT AND PAYROLL REPORT
SIGNATURE PAGE

For the Year Ended December 31, 19 94

March 15, 1995
Date

Timothy A. Ebling
Signature

Timothy A. Ebling

Vice President Finance
Title

GROSS REVENUE
ANNUAL TAX RETURN

LICENSEE GREATE BAY HOTEL AND CASINO, INC.

ADDRESS INDIANA AVENUE AND BRIGHTON PARK

ATLANTIC CITY, NEW JERSEY 08401

FOR THE YEAR ENDED DECEMBER 31, 1994

TO THE

CASINO CONTROL COMMISSION

OF THE

STATE OF NEW JERSEY



NAME OF OFFICER IN CHARGE OF CORRESPONDENCE REGARDING THIS QUARTERLY REPORT: Timothy A. Ebling

OFFICIAL TITLE: Vice President Finance

ADDRESS: Indiana Avenue & Brighton Park
Atlantic City, New Jersey 08401

TRADING NAME OF LICENSEE: SANDS HOTEL & CASINO

GROSS REVENUE ANNUAL TAX RETURN

FOR THE YEAR ENDED DECEMBER 31, 1994

(UNAUDITED)

($ IN THOUSANDS)

LINE			
	Casino win or (loss)		
1	Table games revenue	$99,495	
2	Coin-operated devices revenue	155,651	
3	Total revenues		$255,146
	Less – adjustment for uncollectible patrons' checks:		
4	Provision for uncollectible patrons' checks	$3,200	
5	Maximum adjustment (4% of line 3)	$10,206	
6	Adjustment (the lesser of line 4 or line 5)		3,200
7	Gross revenues (line 3 less line 6)		$251,946
8	Tax on gross revenues – current year (8% of line 7)		$20,156
9	Audit or other adjustments to tax on gross revenues in prior years		–
10	Total tax on gross revenues (line 8 plus or minus line 9)		20,156
	Deposits made for tax on current year's gross revenues:		
11	January	$1,061	
12	February	1,321	
13	March	1,588	
14	April	1,425	
15	May	1,733	
16	June	1,553	
17	July	2,006	
18	August	2,545	
19	September	1,684	
20	October	1,951	
21	November	1,472	
22	December	1,336	
23	January	481	
24	Total deposits made for tax on current year's gross revenues		(20,156)
	Settlement of prior years' tax on gross revenues		
25	resulting from audit or other adjustments – (deposits) credits		–
26	Gross revenues tax payable (line 10 less line 24 plus or minus line 25)		$ –

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

Timothy A. Ebling
Signature

Timothy A. Ebling
Vice President
Title

3052-11
License Number

On Behalf Of:

Greate Bay Hotel And Casino, Inc.
Casino Licensee

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

Janice M. Clarke
Signature

JANICE M. CLARKE
NOTARY PUBLIC OF NEW JERSEY
My Commission Expires Jan. 7, 1998

Basis of Authority
to Take Oaths
1/85

CCC-382

ANNUAL REPORT

LICENSEE HARRAH'S CASINO HOTEL, ATLANTIC CITY

ADDRESS 777 Harrah's Boulevard
Atlantic City, NJ 08401

FOR THE YEAR ENDED DECEMBER 31, 19 94

TO THE

CASINO CONTROL COMMISSION

OF THE

STATE OF NEW JERSEY



NAME OF OFFICER IN CHARGE OF CORRESPONDENCE REGARDING THIS ANNUAL REPORT . . . . . Joseph A. Domenico

OFFICIAL TITLE . . . . . Vice President of Finance

ADDRESS. . . . . 777 Harrah's Boulevard

Atlantic City, NJ 08401

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

LIST OF FORMS - QUARTERLY REPORT

For the Quarter Ended: December 1994

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

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

BALANCE SHEETS

DECEMBER 31, 1994 AND 1993

(UNAUDITED)
($ IN THOUSANDS)

(a) LINE	(b) DESCRIPTION	(c) 1994	(d) 1993
	ASSETS		
	Current Assets:		
1	Cash	$ 18,219	$ 11,812
2	Marketable Securities	0	0
3	Receivables and patrons' checks (net of allowance for doubtful accounts - 1994 $ 3,141; 1993 $ 3,581)	7,287	8,082
4	Inventories	1,358	2,288
5	Prepaid expenses and other current assets (Note 4)	2,691	2,777
6	**Total Current Assets**	29,555	24,959
7	Investments, Advances and Receivables (Note 5)	27,062	81,718
8	Property and Equipment - Gross (Note 2)	364,509	374,803
9	(Accumulated Depreciation/Amortization)	(126,873)	(115,832)
10	Other Assets	27,572	8,651
11	**Total Assets**	321,825	374,299
	LIABILITIES AND EQUITY		
	Current Liabilities:		
12	Accounts Payable	$ 3,205	$ 1,705
13	Notes Payable	0	0
	Current portion of long-term debt:		
14	Due to affiliates	0	0
15	Other	0	56
16	Income taxes payable and accrued	278	0
17	Other accrued expenses (Note 8)	18,265	16,384
18	Other current liabilities	1,142	818
19	**Total current liabilities**	22,890	18,963
	Long-Term Debt:		
20	Due to affiliates	0	0
21	Other (Notes 3)	395,326	362,790
22	Deferred Credits	2,887	3,796
23	Other Liabilities (Note 9)	49,646	41,736
24	Commitments and Contingencies (Note 6)	0	0
25	**Total Liabilities**	470,749	427,285
26	**Stockholders', Partners', or Proprietor's Equity**	(148,924)	(52,986)
27	**Total Liabilities and Equity**	$ 321,825	$ 374,299

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

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

STATEMENTS OF INCOME

For Twelve Months Ended December 31, 1994 and 1993

(UNAUDITED)
($ IN THOUSANDS)

(a) LINE	(b) DESCRIPTION	(c) 1994	(d) 1993
	Revenue:		
1	Casino	$ 291,483	$ 285,448
2	Rooms	20,676	20,810
3	Food and Beverage	34,558	35,886
4	Other	9,422	9,027
5	Total revenue	356,139	351,171
6	Less: Promotional Allowance	36,569	37,183
7	Net revenue	319,570	313,988
	Costs and Expenses:		
8	Cost of goods and services	168,830	175,267
9	Selling, general, and administrative	58,071	54,126
10	Provision for doubtful accounts	1,005	1,593
11	Total costs and expenses	227,906	230,986
12	Gross Operating Profit	91,664	83,002
13	Depreciation and amortization	15,618	13,770
	Charges from affiliates other than interest:		
14	Management Fees	0	0
15	Other	1,634	1,298
16	Income (Loss) from Operations	74,412	67,934
	Other Income (Expenses):		
17	Interest (expense) - affiliates - Embassy Note	0	(3,528)
18	Interest (expense) - external .... (Note 3)	(38,757)	(28,101)
19	Investment alternative tax and related income .... (expense) - net	(245)	(163)
20	Nonoperating Income (expense) - net	366	234
21	Total other income (expenses)	(38,636)	(31,558)
22	Income (Loss) Before Income Taxes and Extraord. Items	35,776	36,376
23	Provision (credit) for income taxes	3,507	3,603
24	Income (Loss) Before Extraordinary Items	32,269	32,773
25	Extraordinary items (net of income taxes - 1994, $0; 1993, $157) ..(Note 3).	0	(4,536)
26	**Net Income (Loss)**	$ 32,269	$ 28,237

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

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

STATEMENTS OF INCOME

For Three Months Ended December 31, 1994 and 1993

(UNAUDITED)
($ IN THOUSANDS)

(a) LINE	(b) DESCRIPTION	(c) 1994	(d) 1993
	Revenue:		
1	Casino	$ 74,397	$ 65,261
2	Rooms	4,960	4,746
3	Food and Beverage	8,429	8,176
4	Other	1,977	1,965
5	Total revenue	89,763	80,148
6	Less: Promotional Allowance	9,056	8,237
7	Net revenue	80,707	71,911
	Costs and Expenses:		
8	Cost of goods and services	41,885	42,054
9	Selling, general, and administrative	15,273	11,633
10	Provision for doubtful accounts	(137)	227
11	Total costs and expenses	57,021	53,914
12	Gross Operating Profit	23,686	17,997
13	Depreciation and amortization	4,250	3,608
	Charges from affiliates other than interest:		
14	Management Fees	0	0
15	Other	414	300
16	Income (Loss) from Operations	19,022	14,089
	Other Income (Expenses):		
17	Interest (expense) - affiliates - Embassy Note	0	0
18	Interest (expense) - external .... (Note 3)	(9,746)	(8,531)
19	Investment alternative tax and related income .... (expense) - net	(29)	(19)
20	Nonoperating Income (expense) - net	34	102
21	Total other income (expenses)	(9,741)	(8,448)
22	Income (Loss) Before Income Taxes and Extraord. Items	9,281	5,641
23	Provision (credit) for income taxes	862	607
24	Income (Loss) Before Extraordinary Items	8,419	5,034
25	Extraordinary items (net of income taxes - 1994, $0; 1993, $0) . .(Note 3).	0	0
26	**Net Income (Loss)**	$ 8,419	$ 5,034

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, 1994 and 1993

(Unaudited)
($ in Thousands)

LINE (a)	DESCRIPTION (b)	1994 (c) Shares	1994 (d) Dollars	1993 (e) Shares	1993 (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	++++++++++		++++++++++	
	Ending Stockholders'	++++++++++		++++++++++	
32	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 HARRAH'S CASINO HOTEL, ATLANTIC CITY

STATEMENTS OF CHANGES IN PARTNERS' OR PROPRIETOR'S EQUITY

For the Twelve Months Ended : December 31,1994 and 1993
(UNAUDITED)
($ IN THOUSANDS)

(a) LINE	(b) DESCRIPTION	(c) 1994	(d) 1993
	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)	675,321	647,084
6	Prior period adjustments . .(Note 11).	0	0
7	Net income (loss)	32,269	28,237
8	_____	0	0
9	Ending balance	707,590	675,321
	Capital Withdrawals:		
10	Beginning balance (January 1)	(869,901)	(827,557)
11	Additional capital withdrawals	(128,207)	(42,344)
12	_____	0	0
13	Ending balance	(998,108)	(869,901)
	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**	(148,924)	(52,986)

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

December 31, 1994 and 1993

(UNAUDITED)
($ IN THOUSANDS)

(a) LINE	(b) DESCRIPTION	(c) 1994	(d) 1993
1	**Net Cash Provided (Used) by Operating Activities**	$ 55,269	$ 49,196
	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	(12,294)	(12,480)
5	Proceeds from disposition of property and equipment	90	66
6	Purchase of casino reinvestment obligations	(3,423)	(3,450)
7	Purchase of other investments and loan advances made	60,211	(52,452)
8	Proceeds from disposal of investments and collection of advances and long-term receivables	2,467	3,057
9	Cash outflows to acquire business entities	0	0
10	_____	0	0
11	_____	0	0
12	**Net Cash Provided (Used) by Investing Activities** . .	47,051	(65,259)
	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	95,350	495,688
16	Costs of issuing debt		
17	Payments to settle long-term debt	(63,056)	(439,949)
18	Cash proceeds from issuing stock or capital contributions		
19	Purchases of treasury stock		
20	Payments of dividends or capital withdrawals . . .	(128,207)	(40,426)
21	_____		
22	_____		
23	**Net Cash Provided (Used) by Financing Activities** . .	(95,913)	15,313
24	**Net Increase (Decrease) in Cash and Cash Equivalents**	6,407	(750)
25	**Cash and Cash Equivalents at Beginning of Period** . .	11,812	12,562
26	**Cash and Cash Equivalents at End of Period**	$ 18,219	$ 11,812

SUPPLEMENTAL DISCLOSURE OF CASH FLOW INFORMATION

	Cash Paid During Period for:		
27	Interest (net of amount capitalized)	$ 38,757	$ 31,629
28	Income Taxes	$ 3,225	$ 3,567

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

December 31, 1994 and 1993

(UNAUDITED)
($ IN THOUSANDS)

(a) LINE	(b) DESCRIPTION	(c) 1994	(d) 1993
	Net Cash Flows From Operating Activities:		
29	Net Income (loss)	$ 32,269	$ 28,237
	Noncash items included in income and cash items excluded from income:		
30	Depreciation and amortization of property & equipment	14,852	13,673
31	Amortization of other assets	2,038	1,734
32	Amortization of debt discount or premium	186	0
33	Deferred income taxes - current	0	0
34	Deferred income taxes - noncurrent	(1,097)	(706)
35	(Gain) loss in dispostion of property & equipment	(32)	4
36	(Gain) loss on casino reinvestment obligation	0	57
37	Loss from other investment activities	887	1,199
38	Net decrease in receivables and patrons checks	892	1,382
39	Net decrease in inventories	930	281
40	Net decrease in other current assets	1,641	151
41	Net decrease in other assets	(1,427)	(4,520)
42	Net increase (decrease) in accounts payables	1,504	(472)
43	Net increase in other current liabilities excluding debt . . .	2,483	310
44	Net increase in other noncurrent liabilities excluding debt . . .	143	7,866
45	Net increase (decrease) in other receivables or advances	0	0
46			
47	**Net Cash Provided (Used) by Operating Activities . . . .**	$ 55,269	$ 49,196
	SUPPLEMENTAL SCHEDULE OF NONCASH INVESTING AND FINANCIAL ACTIVITES		
	Aquisition of Property and Equipment:		
48	Additions to property and equipment	$ 12,294	$ 12,480
49	Less: capital lease obligations incurred	0	0
50	**Cash Outflows for Property and Equipment . . . . . .**	$ 12,294	$ 12,480
	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 acquistion 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

(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
Furniture, fixtures and equipment	3-10 years

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

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

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

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.

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:

	DECEMBER 31	
	1994	1993
Land and Land Improvements	$ 32,048	$ 30,015
Buildings, Leaseholds and Improvements	246,625	264,370
Furniture, Fixtures and Equipment	78,655	71,386
Construction in Progress	2,783	5,146
Equipment held under Capital Leases	345	345
C-I-P NE Inlet Redevelopment Project	4,053	3,541
	364,509	374,803
Less Accumulated Depreciation	(126,873)	(115,832)
Property and Equipment, Net	$ 237,636	$258,971

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;

	DECEMBER 31	
	1994	1993
(A) Revolving Credit Facility, 4.953%-6.5% at December 31, 1994, maturing in 1998, with interest payable monthly.	$195,350	163,000
(b) 9% Notes due February 15, 1995, backed by letter of credit maturing in 1998, with interest payable monthly.	200,000	200,000
Discount on 9% Notes	(24)	(210)
	$395,326	$362,790

(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.

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. As is the intent of the Partnership to utilize the Letter of Credit Facility to refinance the 9% Notes. Accordingly, the 9% Notes have been classified as a long term liability at December 31, 1994.

In connection with the transfer of the 9% Notes and the Revolving Credit Facility the Partnership incurred extraordinary losses related to the write off of deferred financing charges.

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 1995 and currently holds the interest rate in a range between 8.69% and 11.88%

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

NOTE 4: Prepaid Expenses and Other Current Assets

	DECEMBER 31	
	1994	1993
Prepaid Slot Tax	$ 476	$ 477
Prepaid Insurance	114	164
Prepaid Air Charters	510	455
Prepaid Marketing	210	213
Prepaid Other	1,353	1,360
Future Credit against CRDA Obligations	28	108
	$ 2,691	$ 2,777

NOTE 5: Investments, Advances and Receivables

	DECEMBER 31	
	1994	1993
Notes Receivable	$ 2,280	$ 2,311
Investment in CRDA Bonds - Net of Valuation Adj.	2,606	2,338
Reinvestment Obligation Deposits - Net of Val. Adj.	125	1,614
Due from Affiliates	22,051	74,495
Funds Advanced to Northeast Inlet Redevelopment Project to be Reimbursed by a UDAG Grant	-	743
Interest Receivable	-	217
	$27,062	$ 81,718

Due from Affiliates consists of the following unsecured, non-interest bearing inter-company amounts at December 31, 1994 and 1993.

	DECEMBER 31	
	1994	1993
Promus	$ -	$ 52,397
Harrah's New Jersey, Inc.	18,962	18,962
Harrah's Lake Tahoe	123	118
Embassy Suites, Inc.	2,071	2,223
Harrah's Del Rio	149	147
Harrah's Reno	395	394
Bill's Casino	111	111
Harrah's Vicksburg	22	17
Harrah's Joliet	81	57
Harrah's New Orleans	79	59
Harrah's Tunica	10	8
Harrah's Shreveport	19	2
Harrah's St.Louis	2	--
Harrah's North Kansas City	27	--
Total Due from Affiliates	$ 22,051	$ 74,495

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 2003. Rental expenses for the year ended December 31, 1994 and 1993, were approximately $3,456 and $3,271, respectively.

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

Year	Amount
1995	$ 2,460
1996	1,269
1997	552
1998	75
1999	58
Thereafter	-
	$4,414

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

1995	4,611
1996	2,044
1997	2,042
1998	2,042
1999	2,042
Thereafter	-
	$12,781

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 1994, the Partnership was required to make deposits with the CRDA of approximately $45,578 towards its obligations through that date, of which $44,672 was deposited. The Partnership's obligation for the fourth quarter of 1994 of approximately $906 was deposited in January, 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.

To satisfy current Atlantic City obligations as well as those projected beyond the year 2000, the Partnership received approval from the CRDA for a qualified direct investment project to construct various townhomes, an apartment building and a retail store outlet in the northeast section of Atlantic City at an estimated cost to the Partnership of approximately $54,500. As of December 31, 1994, approximately $54,390 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 1994 other non-Atlantic City obligations totaling $265. The CRDA investment bonds are included in investments and totaled $3,848 and $3,583 at 1994 and 1993, respectively.

In May 1994, the CRDA withdrew from funds on deposit $2,216 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 December 31, 1994, approximately $340 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:

	DECEMBER 31	
	1994	1993
Accrued Salaries, Wages and Benefits	$ 9,983	$ 8,616
Taxes Payable	934	753
Other Accrued Expenses	3,823	4,160
Accrued Progressive Slot Liability	448	276
Accrued CCC/DGE/Casino License Fees	480	467
Accrued Megabucks Handle Fees	83	64
Accrued Interest L-T-D	2,514	2,048
	$ 18,265	$16,384

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

NOTE 9: Other Liabilities

Other Liabilities consists of the following:

	DECEMBER 31	
	1994	1993
Long Term Due to Affiliates	$ 45,935	$ 38,085
Other Liabilities - Insurance Loss Reserves	1,613	1,465
Deferred Income - ACIA Grant	664	692
Deferred Income - CRDA Grant	119	125
Deferred Income - NJHMFA Grant	433	451
Deferred Income - DCA Grant	882	918
	$ 49,646	$ 41,736

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:

	DECEMBER 31	
	1994	1993
Harrah's Holdings, Inc,	$ 603	$ --
Promus, Inc.	7,164	--
Harrah's Atlantic City, Inc.	37,722	37,726
Harrah's Holiday Inns of N.J., Inc.	293	293
Harrah's Las Vegas	153	66
	$ 45,935	$ 38,805

NOTE 10: Savings and Retirements Plan

An employee Savings and Retirement Plan was established on October 1, 1985. This plan covers all non-union employees who have been employed at least one year with a minimum of one thousand hours worked. The Company will match employee contributions up to 6% of gross pay. A participating employee is vested in Company contributions according to their years of service. The Company's contribution through the twelve months ended December 31, 1994 and 1993, was $2,850 and $ 2,901, respectively.

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

SCHEDULE OF RECEIVABLES AND PATRONS' CHECKS
December 31, 1994
(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	$ 3,178		
2	Returned patrons's checks	4,788		
3	Total patrons' checks	7,966	$ 3,053	$ 4,913
4	Hotel Receivables	844	88	756
	Other Receivables:			
5	Receivables due from officers and employees	10		
6	Receivables due from affiliates	0		
7	Other accounts and notes receivable	1,608		
8	Total other receivables	1,618	0	1,618
9	**Totals (Form 205)**	$ 10,428	$ 3,141	$ 7,287

UNDEPOSITED PATRON'S CHECKS ACTIVITY

LINE (f)	DESCRIPTION (g)	AMOUNT (h)
10	Beginning Balance (January 1)	$ 2,676
11	Counter checks issued (excluding counter checks issued through transactions relating to consolidations, partial redemptions, substitutions, and patrons' cash deposits)	115,773
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)	(74,024)
13	Checks collected through deposits	(39,797)
14	Checks transferred to returned checks	$ (1,455)
15	Other adjustments	$ 5
16	Ending Balance . . . Foreign credit	$ 3,178
17		
18	"Hold" Checks Included in Balance on Line 16	$ 0
19	Provision for Uncollectible Patrons' Checks	$ 1,005
	Provision as a Percent of Counter Checks Issued	0.9%

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

PROMOTIONAL EXPENSES AND ALLOWANCES

($ in Thousands)

For the Twelve Months Ended December 31,1994

	Promotional Allowances		Promotional Expenses	
	Number of Recipients	Dollar Amount	Number of Recipients	Dollar Amount
Rooms	126	$ 10,994		$
Food	1,667	$ 16,670		$
Beverage	2,444	$ 6,110		$
Travel		$ 0	79	$ 7,813
Coin		$ 0	1,496	$ 18,695
Coupon		$ 0		$
Entertainment	140	$ 2,792		$
Retail & Gifts	1	$ 3	298	$ 1,490
Other	N/A	$ 0	N/A	$ 86
Total	4,377	$ 36,569	1,873	$ 28,084

For the Three Months Ended December 31,1994

	Promotional Allowances		Promotional Expenses	
	Number of Recipients	Dollar Amount	Number of Recipients	Dollar Amount
Rooms	31	$ 2,732		$
Food	434	$ 4,338		$
Beverage	572	$ 1,431		$
Travel		$ 0	19	$ 1,926
Coin		$ 0	418	$ 5,216
Coupon		$ 0		$
Entertainment	28	$ 555		$
Retail & Gifts	0	$ 0	62	$ 312
Other	N/A	$ 0	N/A	$ 19
Total	1,064	$ 9,056	499	$ 7,473

STATEMENTS OF CONFORMITY AND ACCURACY

State of NEW JERSEY :
: ss
County of ATLANTIC :

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

Joseph A. Domenico
Signature

V.P. of Finance
Title

01833-11
License Number

Subscribed and sworn to
before me this 13th day
of March 1995

Mary Jo L. Pierce
Signature

MARY JO L. PIERCE
NOTARY PUBLIC OF NEW JERSEY
My Commission Expires Dec. 26, 1995

Basis of Authority
to Take Oaths

On Behalf of:

Marina Associates
Casino Licensee

CCC-250

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

ANNUAL EMPLOYMENT AND PAYROLL REPORT
For the year ended December 31, 1994
($ IN THOUSANDS)

LINE (a)	DESCRIPTION (b)	NUMBER OF (c) EMPLOYEES	OTHER (d) EMPLOYEES	SALARIES AND WAGES (e) OFFICERS & OWNERS	TOTALS
	CASINO				
1	Administration	0			
2	Gaming	536			
3	Slots	159			
4	Casino Accounting	61			
5	Other	444			
6	Total - casino	1,200	33,595	0	33,595
7	**ROOMS**	341	4,629	0	4,629
8	**FOOD AND BEVERAGE**	849	13,639	0	13,639
	OTHER OPERATED DEPARTMENTS				
9	Marina	1	62	0	62
10	Cafeteria	12	938	0	938
11	Communications	16	335	0	335
12	Gift Shop	22	473	0	473
13	Jewelry Store	6	89	0	89
14					0
15					0
16					0
..19					0
	ADMINISTRATIVE AND GENERAL				
20	Executive office	10	720	0	720
21	Accounting and auditing	48	1,795	0	1,795
22	Security	196	4,248	0	4,248
23	Other administrative and general department	228	5,376	0	5,376
24	**MARKETING**	12	455	0	455
25	**GUEST ENTERTAINMENT**	51	1,994	0	1,994
26	**PROPERTY OPERATION AND MAINTENANCE**	298	7,826	0	7,826
27	TOTALS - ALL DEPARTMENTS	3,290	76,174	0	76,174

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

ANNUAL EMPLOYMENT AND PAYROLL REPORT
SIGNATURE PAGE

For the Year Ended December 31, 1994

3/15/95

Date

Signature

Vice President of Finance

Title

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

GROSS REVENUE ANNUAL TAX RETURN

For the Year Ended December 31, 1994
(UNAUDITED)
($ in thousands)

LINE			
	Casino win or (loss)		
1	Table games revenue	$ 65,216	
2	Coin-operated devices revenue	$ 226,456	
3	Total Revenues		$ 291,672
	Less - adjustment for uncollectable patron's checks :		
4	Provision for uncollectible patron's checks	$ 967	
5	Maximum adjustment (4% of line 3)	$ 11,667	
6	Adjustment (the lesser of line 4 or line 5)		$ 967
7	Gross revenues (line 3 less line 6)		$ 290,705
8	Tax on gross revenues - current year (8% of line 7)		$ 23,256
9	Audit or other adjustments to tax on gross revenues in prior years		$
10	Total tax on gross revenues (line 8 plus or minus line 9)		$ 23,256
	Deposits made for tax on current year's gross revenues :		
11	January	1,231	
12	February	1,561	
13	March	1,653	
14	April	1,694	
15	May	2,142	
16	June	1,810	
17	July	1,996	
18	August	2,649	
19	September	1,997	
20	October	2,412	
21	November	1,804	
22	December	1,600	
23	January	707	
24	Total deposits made for tax on current year's gross revenues		$ (23,256)
25	Settlement of prior year's tax on gross revenues resulting from audit or other adjustments - (deposits) credits		
26	Gross revenues tax payable (line 10 less line 24 plus or minus line 25)		$ -0-

STATEMENT OF CONFORMITY AND ACCURACY

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

Joseph A. Domenico, being duly sworn according to law upon my oath deposes and says:

1. I have examined this Gross Revenue Annual Tax Return.

2. All the information contained in this Return has been prepared in conformity with the Casino Control Commission's Gross Revenue Annual Tax Return Instructions and Uniform Chart of Accounts.

3. The information contained in this Return is accurate to the best of my knowledge and belief.

Signature

Vice President of Finance
Title

01833-11
License Number

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

PATRICIA SHAFFOR
NOTARY PUBLIC OF NEW JERSEY
MY COMMISSION EXPIRES NOV. 22, 1998

Patricia Shaffor
Signature

Basis of Authority
to Take Oaths

QUARTERLY REPORT

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

FOR THE YEAR ENDED DECEMBER 31, 1994
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 – ANNUAL REPORT

FOR THE TWELVE MONTHS ENDED DECEMBER 31, 1994

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 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

TRADING NAME OF LICENSEE: MERV GRIFFIN'S RESORTS CASINO HOTEL
(a wholly owned subsidiary of RESORTS INTERNATIONAL, INC.)
BALANCE SHEETS
DECEMBER 31, 1994 AND 1993
(UNAUDITED)
($ IN THOUSANDS)

LINE (a)	DESCRIPTION (b)	1994 (c)	1993 (d)
	ASSETS		
	Current Assets:		
1	Cash	$ 14,181	$ 14,501
2	Marketable securities (Short-term money market at cost)	12,695	11,446
3	Receivables and patrons' checks (net of allowance for doubtful accounts - 1994, $3,901; 1993, $4,538)....NOTE 3..	6,232	56,239
4	Inventories	1,793	1,754
5	Prepaid expenses and other current assets	8,566	5,642
6	Total current assets	43,467	89,582
7	Investments, advances, and receivables	10,632	8,964
8	Property and equipment - gross....NOTE 4..	206,407	199,141
9	(Accumulated depreciation/amortization)	(48,906)	(35,821)
10	Other assets	1,134	2,298
11	**Total Assets**	$ 212,734	$ 264,164
	LIABILITIES AND STOCKHOLDER'S EQUITY (DEFICIT)		
	Current Liabilities:		
12	Accounts payable	$ 1,036	$ 1,827
13	Notes payable		
	Current portion of long-term debt:		
14	Notes Payable to affiliate....NOTE 7..		325,000
15	Other	5	74
16	Income taxes payable		
17	Other accrued liabilities....NOTE 5..	15,080	13,602
18	Other current liabilities....NOTE 6..	16,497	51,906
19	Total current liabilities	32,618	392,409
	Long-Term Debt:		
20	Notes Payable to affiliate....NOTE 2..	125,309	
21	Other	8	13
22	Deferred credits....NOTE 8,12..	19,663	19,737
23	Other liabilities		
24	Commitments and contingencies....NOTE 13..		
25	**Total Liabilities**	177,598	412,159
26	**Stockholder's Equity (Deficit)**	35,136	(147,995)
27	**Total Liabilities and Stockholder's Equity (Deficit)**	$ 212,734	$ 264,164

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 TWELVE MONTHS ENDED DECEMBER 31, 1994 AND 1993
(UNAUDITED)
($ IN THOUSANDS)

LINE (a)	DESCRIPTION (b)	1994 (c)	1993 (d)
	REVENUE:		
1	Casino	$ 250,175	$ 245,481
2	Rooms	15,970	14,615
3	Food and beverage	28,021	30,544
4	Other	11,645	9,775
5	Total revenue	305,811	300,415
6	Less: promotional allowances	26,074	25,560
7	Net revenue	279,737	274,855
	COSTS AND EXPENSES:		
8	Cost of goods and services	174,524	174,153
9	Selling, general, and administrative	60,070	62,813
10	Provision for doubtful accounts	297	901
11	Total costs and expenses	234,891	237,867
12	**Gross Operating Profit**	44,846	36,988
13	Depreciation and amortization	13,186	13,664
	Charges from affiliates other than interest NOTE 10		
14	Management fees	9,082	8,911
15	Other	325	325
16	**Income From Operations**	22,253	14,088
	Other Income (Expenses):		
17	Interest (expense) – affiliates	(11,604)	
18	Interest (expense) – external	(11)	(187)
19	Investment alternative tax and related expense, net of amortization NOTE 13	(1,456)	(1,538)
20	Nonoperating income – net NOTE 11	2,642	4,400
21	Total other income	(10,429)	2,675
22	**Income Before Income Taxes And Extraordinary Items**	11,824	16,763
23	Provision for income taxes NOTE 1,12		400
24	**Income Before Extraordinary Items**	11,824	16,363
25	Extraordinary items (net of income taxes – 1994, $4,008 ; 1993, $0)	4,008	
26	**Net Income**	$ 15,832	$ 16,363

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 DECEMBER 31, 1994 AND 1993
(UNAUDITED)
($ IN THOUSANDS)

LINE (a)	DESCRIPTION (b)	1994 (c)	1993 (d)
	REVENUE:		
1	Casino	$ 61,919	$ 56,041
2	Rooms	3,611	3,173
3	Food and beverage	6,896	6,998
4	Other	2,899	2,996
5	Total revenue	75,325	69,208
6	Less: promotional allowances	6,641	5,856
7	Net revenue	68,684	63,352
	COSTS AND EXPENSES:		
8	Cost of goods and services	44,465	44,628
9	Selling, general, and administrative	14,229	16,227
10	Provision for doubtful accounts	116	365
11	Total costs and expenses	58,810	61,220
12	**Gross Operating Profit**	9,874	2,132
13	Depreciation and amortization	3,149	3,400
	Charges from affiliates other than interest NOTE 10		
14	Management fees	2,236	2,057
15	Other	81	(17)
16	**Income (Loss) From Operations**	4,408	(3,308)
	Other Income (Expenses):		
17	Interest (expense) – affiliates	(3,778)	
18	Interest (expense) – external	(4)	(5)
19	Investment alternative tax and related expense, net of amortization NOTE 13	(358)	(344)
20	Nonoperating income – net NOTE 11	428	754
21	Total other income	(3,712)	405
22	**Income Before Income Taxes And Extraordinary Items**	696	(2,903)
23	Provision for income taxes NOTE 1,12		
24	**Income Before Extraordinary Items**	696	(2,903)
25	Extraordinary items (net of income taxes – 1994, $4,008 ; 1993, $0)	4,008	
26	**Net Income**	$ 4,704	$ (2,903)

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 TWELVE MONTHS ENDED DECEMBER 31, 1994 AND 1993
(UNAUDITED)
($ IN THOUSANDS)

LINE (a)	DESCRIPTION (b)	1994 (c) SHARES	1994 (d) DOLLARS	1993 (e) SHARES	1993 (f) DOLLARS
	Common Stock: ($1 par value, 2,500 shares authorized)				
1	Beginning balance (January 1)	100	$	100	$
2	Sale of Stock				
3	Exhange of interco debt for stock	999,900	1,000		
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)		(198,829)		(198,829)
	Excess of Liabilities over Assets at				
10	Effects of May 1994 reorganization				
	Issuance of promissory notes		(38,168)		
	Exchange of notes payable for common stock		324,000		
	Distribution to GGRI of note receivable		(53,375)		
	Distribution of cash to GGRI		(12,262)		
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)		50,834		34,471
26	Prior period adjustments				
27	Net income		15,832		16,363
28	Distribution to RII		(53,896)		
29	_____				
30	_____				
31	Ending balance		12,770		50,834
32	Ending Stockholder's Deficit		$ 35,136		$ (147,995)

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 TWELVE MONTHS ENDED DECEMBER 31, 1994 AND 1993
(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 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 TWELVE MONTHS ENDED DECEMBER 31, 1994 AND 1993
(UNAUDITED)
($ IN THOUSANDS)

LINE (a)	DESCRIPTION (b)	1994 (c)	1993 (d)
1	**Net Cash Provided by Operating Activities**	$ 26,864	$ 32,048
	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	(7,744)	(21,013)
5	Proceeds from disposition of property and equipment	116	79
6	Purchase of casino reinvestment obligations	(3,044)	(3,025)
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**	(10,672)	(23,959)
	Cash Flows From Financing Activities:		
13	Cash proceeds from issuance of short-term debt		
14	Payments to settle short-term debt	(74)	(2,065)
15	Cash proceeds from issuance of long-term debt		
16	Costs of issuing debt		
17	Payments to settle long-term debt purchase of units	(6,740)	
18	Cash proceeds from issuing stock or capital contributions		
19	Purchases of treasury stock		
20	Payments of dividends or capital withdrawals	(12,262)	
21	Payments for recapitalization cost	(975)	
22	Advances from (repayment to) parent company and affiliates	4,788	(2,720)
23	**Net Cash Used By Financing Activities**	(15,263)	(4,785)
24	**Net Decrease in Cash And Cash Equivalents**	929	3,304
25	**Cash And Cash Equivalents At Beginning Of Period**	25,947	22,643
26	**Cash And Cash Equivalents At End Of Period**	$ 26,876	$ 25,947

SUPPLEMENTAL DISCLOSURE OF CASH FLOW INFORMATION

27	**Cash Paid During Year For:**		
28	Interest (net of amount capitalized)	$ 6,745	$ 190
	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 TWELVE MONTHS ENDED DECEMBER 31, 1994 AND 1993
(UNAUDITED)
($ IN THOUSANDS)

LINE (a)	DESCRIPTION (b)	1994 (c)	1993 (d)
	Net Cash Provided by Operating Activities		
29	Net income	$ 15,832	$ 16,363
	Noncash items included in income and cash items excluded from income:		
30	Depreciation and amortization for property and equipment	13,186	13,664
31	Amortization of other assets		
32	Amortization of debt discount or premium	757	
33	Deferred income taxes – current		
34	Deferred income taxes – noncurrent		
35	Loss on disposition of property and equipment	8	244
36	Loss on casino reinvestment obligations, net of amortization	1,456	1,538
37	(Gain) loss from other investment activities	(4,008)	
38	Net (increase) decrease in receivables and patrons' checks	(3,368)	3,667
39	Net increase in inventories	(39)	(212)
40	Net increase in other current assets	(2,924)	(1,575)
41	Net (increase) decrease in other assets	1,164	(754)
42	Net increase (decrease) in accounts payable	(791)	299
43	Net increase (decrease) in other current liabilities excluding debt	4,690	(1,509)
44	Net increase (decrease) in other noncurrent liabilities excluding debt	(74)	323
45	Recapitalization costs	975	
46	Write–off of Goodwill		
47	**Net Cash Provided By Operating Activities**	$ 26,864	$ 32,048

SUPPLEMENTAL DISCLOSURE OF NONCASH INVESTING AND FINANCING ACTIVITIES

	Acquisition Of Property And Equipment:		
48	Additions to property and equipment	$ (7,744)	$ (21,618)
49	Less: Capital lease obligations incurred		605
50	**Cash Outflow For Property And Equipment**	$ (7,744)	$ (21,013)
	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	$ 325,000	$
58	Less: Issuance to settle long–term debt	(325,000)	
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 TWELVE MONTHS ENDED DECEMBER 31, 1994 and 1993

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 $20,000,000 during the one-year period ending May 2, 1995, through the issuance of notes (the "Senior Facility Notes"). If issued, the Senior Facility Notes will bear interest at 11% 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 $20,000,000 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 December 31 were as follows:

(In Thousands of Dollars)	1994	1993
Gaming	$ 8,035	$ 8,116
Less allowance for doubtful accounts	(3,819)	(4,498)
	4,216	3,618
Non-gaming:		
Hotel and related	799	534
Other	1,299	1,002
	2,098	1,536
Less allowance for doubtful accounts	(82)	(40)
	2,016	1,496
Interest receivable from affiliate		1,125
Note receivable from affiliate		50,000
	$ 6,232	$56,239

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 December 31 were as follows:

(In Thousands of Dollars)	1994	1993
Land and land rights	$ 53,060	$ 53,250
Land improvements	158	158
Hotel and other buildings	108,051	104,475
Furniture, machinery and equipment	45,097	40,456
Construction in progress	41	802
	206,407	199,141
Less accumulated depreciation	(48,906)	(35,821)
	$ 157,501	$163,320

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 December 31 were as follows:

(In Thousands of Dollars)	1994	1993
Accrued payroll and related taxes and benefits	$ 9,720	$ 9,398
Accrued gaming taxes, fees and related assessments	1,078	927
Utilities	497	673
Various taxes	392	148
Progressive slot liability	52	87
Other	3,341	2,369
	$15,080	$13,602

NOTE 6 - OTHER CURRENT LIABILITIES

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

(In Thousands of Dollars)	1994	1993
Intercompany Payable to RII	$ 4,411	$ 42,859
Affiliate Interest Payable	4,113	
CRDA Bond Obligation	773	693
Customer Deposit Liability	300	205
Other	6,900	8,149
	$ 16,497	$ 51,906

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

$263,000 and $337,000 of deferred credits at December 31, 1994 and 1993, 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 $637,000 and $681,000 for the twelve months ended December 31, 1994 and 1993, 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 $842,000 and $844,000 for the twelve months ended December 31, 1994 and 1993 respectively.

NOTE 10 - RELATED PARTY TRANSACTIONS

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

(In Thousands of Dollars)		1994	1993
AFFILIATED COMPANY	TRANSACTION		
Income - Resorts International (Bahamas) 1984 Limited	Interest	$ 2,250	$ 6,750
Expenses:			
Resorts International, Inc.	Parent services	$ 9,082	$ 8,911
	Property rental	325	325
Resorts International Hotel Financing, Inc.	Interest and amortization of discounts on affiliated notes	11,604	
		$ 21,011	$ 9,236

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 twelve months ended December 31, were as follows:

(In Thousands of Dollars)	1994	1993
Interest income from affiliates	$ 2,250	$ 6,750
Interest income	1,373	865
Corporate office expense		(242)
Recapitalization costs	(1,823)	(2,728)
Loss on disposition of property and equipment	8	(245)
Other	834	(1)
	$ 2,642	$ 4,400

NOTE 12 - INCOME TAXES

Deferred income taxes reflect the net tax effects of temporary differences between the carrying amounts of assets and liabilities for financial reporting purposes and the amounts used for income tax purposes. Significant components of RIH's deferred tax liabilities and assets as of December 31 were as follows:

(In Thousands of Dollars)	1994	1993
Deferred tax liabilities - basis differences on property and equipment	$ (21,000)	$ (20,800)
Deferred tax assets:		
Net operating loss carryforwards	65,800	65,800
Book reserves not yet deductible for tax	10,000	10,400
Tax credit carryforwards	2,100	2,000
Other	2,400	2,400
Total deferred tax assets	80,300	80,600
Valuation allowance for deferred tax assets	(78,700)	(79,200)
Deferred tax assets, net of valuation allowance	1,600	1,400
Net deferred tax liabilities	$ (19,400)	$ (19,400)

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:

(In Thousands of Dollars)	1979-1983	1984-1994	TOTAL
Investment obligations	$ (21,637)	$ (32,296)	$ (53,933)
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	7,533	31,523	39,056
Remaining investment obligation at December 31, 1994, which was deposited in January 1995	$ 0	$ (773)	$ (773)

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 December 31, 1994, RIH had made CRDA deposits/bond purchases totaling $39,056,000. 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 December 31, 1994, RIH had a remaining balance of $5,286,000 face value of bonds issued by the CRDA and had $15,577,000 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 twelve months ended December 31, 1994 and 1993 for discounts on obligations arising in those years were $1,461,000 and $1,541,000, 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
DECEMBER 31, 1994
(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	$ 3,186		
2	Returned patrons' checks	4,849		
3	Total Patrons' Checks	8,035	$ 3,819	$ 4,216
4	**Hotel Receivables**	799	82	717
	Other Receivables:			
5	Receivables due from officers and employees			
6	Receivables due from affiliates			
7	Other accounts and notes receivables	1,299		
8	Total Other Receivables	1,299		1,299
9	**Total (Form 205)**	$ 10,133	$ 3,901	$ 6,232

UNDEPOSITED PATRONS' CHECKS ACTIVITY

LINE (f)	DESCRIPTION (g)	AMOUNT (h)
10	**Beginning Balance (January 1)**	$ 3,028
11	Counter checks issued (excluding counter checks issued through transactions relating to consolidations, partial redemptions, substitutions, and patrons' cash deposits)	110,261
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)	(90,207)
13	Checks collected through deposits	(15,878)
14	Checks transferred to returned checks	(4,018)
15	Other adjustments	
16	**Ending Balance**	$ 3,186
17	"Hold" Checks Included In Balance On Line 16	$
18	Provision For Uncollectible Patrons' Checks	$ 237
19	Provision As A Percent Of Counter Checks Issued	0.2%

TRADING NAME OF LICENSEE: MERV GRIFFIN'S RESORTS CASINO HOTEL
PROMOTIONAL EXPENSES AND ALLOWANCES
(IN THOUSANDS)

FOR THREE MONTHS ENDED DECEMBER 31, 1994

	PROMOTIONAL ALLOWANCES		PROMOTIONAL EXPENSES	
	NUMBER OF RECIPIENTS	DOLLAR AMOUNT	NUMBER OF RECIPIENTS	DOLLAR AMOUNT
ROOMS	28	$ 1,987		
FOOD	285	2,854		
BEVERAGE	186	744		
TRAVEL			11	$ 1,074
COIN			354	3,548
COUPON				
CASH COMP			90	3,587
ENTERTAINMENT	81	978		
RETAIL & GIFTS		31		
OTHER	9	47	19	474
TOTAL	589	$ 6,641	474	$ 8,683

FOR TWELVE MONTHS ENDED DECEMBER 31, 1994

	PROMOTIONAL ALLOWANCES		PROMOTIONAL EXPENSES	
	NUMBER OF RECIPIENTS	DOLLAR AMOUNT	NUMBER OF RECIPIENTS	DOLLAR AMOUNT
ROOMS	126	$ 8,837		
FOOD	1,055	10,553		
BEVERAGE	699	2,794		
TRAVEL			44	$ 4,421
COIN			1,225	12,250
COUPON				
CASH COMP			378	15,524
ENTERTAINMENT	294	3,529		
RETAIL & GIFTS	3	139		
OTHER	44	222	66	1,641
TOTAL	2,221	$ 26,074	1,713	$ 33,836

STATEMENT OF CONFORMITY AND ACCURACY

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

ANTHONY RODIO, being duly sworn according to law
Name

upon my oath deposes and says:

1. I have examined this Quarterly Report.
2. All the information contained in this 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

On Behalf Of:

MERV GRIFFIN'S RESORTS CASINO HOTEL

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

Signature

NADINE HARRIS
NOTARY PUBLIC OF NEW JERSEY
My Commission Expires June 12, 1995

Basis of Authority to Take Oaths

ANNUAL EMPLOYMENT

AND PAYROLL REPORT

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

FOR THE YEAR ENDED DECEMBER 31, 1994
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

ANNUAL EMPLOYMENT AND PAYROLL REPORT

FOR THE YEAR ENDED DECEMBER 31, 1994

($ IN THOUSANDS)

LINE (a)	DEPARTMENT (b)	NUMBER OF (c) EMPLOYEES	(d) OTHER EMPLOYEES	SALARIES AND WAGES (e) OFFICERS & OWNERS	(f) TOTALS
	CASINO				
1	Administration	5			
2	Gaming	648			
3	Slots	302			
4	Casino accounting	122			
5	Other	23			
6	Total – casino	1,100	$ 29,051	$ 283	$ 29,334
7	ROOMS	198	4,332	95	4,427
8	FOOD AND BEVERAGE	697	14,271	149	14,420
	OTHER OPERATED DEPARTMENTS				
9	Public Areas	156	3,605		3,605
10	Employee Cafeterias	46	1,062		1,062
11	Transportation	53	984		984
12	Uniform Room	13	269		269
13	Telephone	15	328		328
14	Health Club	13	370		370
15	Other	12	196		196
16					
17					
18					
19					
	ADMINISTRATION AND GENERAL				
20	Executive office	2	346	339	685
21	Accounting and auditing	88	2,291	118	2,409
22	Security	202	5,116		5,116
23	Other administrative and general department	137	4,927	157	5,084
24	MARKETING	134	4,598	516	5,114
25	GUEST ENTERTAINMENT	37	2,609		2,609
26	PROPERTY OPERATION AND MAINTENANCE	111	4,772		4,772
27	TOTALS – ALL DEPARTMENTS	3,014	$ 79,127	$ 1,657	$ 80,784

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

ANNUAL EMPLOYMENT AND PAYROLL REPORT
SIGNATURE PAGE

FOR THE YEAR ENDED DECEMBER 31, 1994

MARCH 15, 1995
DATE

SIGNATURE

VICE PRESIDENT FINANCE
TITLE

GROSS REVENUE

ANNUAL TAX RETURN

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

FOR THE YEAR ENDED DECEMBER 31, 1994
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.)

GROSS REVENUE ANNUAL TAX RETURN

FOR THE YEAR ENDED DECEMBER 31, 1994

(UNAUDITED)

($ IN THOUSANDS)

LINE			
	Casino win		
1	Table games revenue	$ 76,171	
2	Coin-operated devices revenue	173,984	
3	Total revenues		$ 250,155
	Less – adjustment for uncollectible patons' checks:		
4	Provision for uncollectable patrons' checks	$ 237	
5	Maximum adjustment (4% of line 3)	$ 10,006	
6	Adjustment (the lesser of line 4 or 5)		237
7	Gross revenues (line 3 less line 6)		$ 249,918
8	Tax on gross revenues – current year (8% of line 7)		$ 19,993
9	Audit or other adjustments to tax on gross revenues in prior years		0
10	Total tax on gross revenues (line 8 plus or minus line 9)		$ 19,993
	Deposits made for tax on currents year's gross revenues:		
11	January	$ 877	
12	February	1,143	
13	March	1,515	
14	April	2,046	
15	May	1,518	
16	June	1,644	
17	July	2,061	
18	August	1,741	
19	September	2,108	
20	October	1,542	
21	November	1,591	
22	December	1,634	
23	January	573	
24	Total deposits made for tax on current year's gross revenue		(19,993)
25	Settlement of priors years' tax on gross revenues resulting from audit or other adjustments – (deposits) credits		0
26	Gross revenues tax payable (line 10 less line 24 plus or minus line 25)		$ 0

STATEMENT OF CONFORMITY AND ACCURACY

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

Anthony Rodio, being duly sworn according to law upon my oath

deposes and say:

1. I have examined this Gross Revenue 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 Return is accurate to the best of my Knowledge and belief.

Signature

VICE PRESIDENT FINANCE
Title

02507-11
License Number

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

Signature of Officer

NOTARY PUBLIC OF NEW JERSEY
My Commission Expires June 12, 1995

Basis of Authority to Take Oaths.

On Behalf Of:

MERV GRIFFIN'S RESORTS CASINO HOTEL

ANNUAL REPORT

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

ADDRESS Brighton & the Boardwalk
Atlantic City, New Jersey 08401

FOR THE YEAR ENDED DECEMBER 31, 1994

TO THE

CASINO CONTROL COMMISSION

OF THE

STATE OF NEW JERSEY

RECEIVED
FEU
MAR 17 1995
CASINO CONTROL
COMMISSION

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

OFFICIAL TITLE . . . . . Controller

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

TRADING NAME OF LICENSEE: TROPWORLD CASINO & ENTERTAINMENT RESORT

LIST OF FORMS - QUARTERLY REPORT

FOR THE YEAR ENDED DECEMBER 31, 1994

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 Stockholder's 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 TROPWORLD CASINO AND ENTERTAINMENT RESORT

BALANCE SHEETS

DECEMBER 31, 1994 AND 1993

(UNAUDITED)
($ in Thousands)

LINE (a)	DESCRIPTION (b)	1994 (c)	1993 (d)
	ASSETS		
	Current Assets:		
1	Cash	$12,363	$13,064
2	Marketable securities	0	0
3	Receivables and patrons' checks (net of allowance for doubtful accounts – 1994, $4,789; 1993, $5,598)	8,692	9,255
4	Inventories	2,551	2,511
5	Prepaid expenses and other current assets (Note 5, 9, 11)	10,620	9,929
6	Total current assets	34,226	34,759
7	Investments, Advances, And Receivables (Note 6, 8, 12, 16)	97,718	63,627
8	Property And Equipment – Gross (Note 2)	600,086	594,631
9	(Accumulated Depreciation/Amortization) (Note 2)	(95,404)	(75,575)
10	Other Assets (Note 5, 9)	38,074	31,341
11	Total Assets	$674,700	$648,783
	LIABILITIES AND EQUITY		
	Current Liabilities:		
12	Accounts payable	$3,069	$3,907
13	Notes payable	0	0
	Current portion of long–term debt:		
14	Due to affiliates	0	0
15	Other (Note 3, 16)	16	7
16	Income taxes payable and accrued	0	0
17	Other accrued expenses (Note 13)	14,066	13,119
18	Other current liabilities (Note 6)	2,352	2,661
19	Total current liabilities	19,503	19,694
	Long–Term Debt:		
20	Due to affiliates (Note 3, 8, 15)	233,041	423,041
21	Other (Note 3, 16)	50,050	0
22	Deferred Credits	0	0
23	Other Liabilities (Note 8, 14)	20,313	47,278
24	Commitments And Contingencies	0	0
25	Total Liabilities	322,907	490,013
26	Stockholder's, Partners', Or Proprietor's Equity (Note 15)	351,793	158,770
27	Total Liabilities And Equity	$674,700	$648,783

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 INCOME

FOR THE TWELVE MONTHS ENDED DECEMBER 31, 1994 AND 1993

(UNAUDITED)
($ in Thousands)

LINE (a)	DESCRIPTION (b)	1994 (c)	1993 (d)
	Revenue:		
1	Casino	$300,536	$310,348
2	Rooms	22,324	23,635
3	Food and beverage	34,596	33,123
4	Other	12,905	13,369
5	Total revenue	370,361	380,475
6	Less: Promotional allowances	44,004	46,745
7	Net revenue	326,357	333,730
	Costs and Expenses:		
8	Cost of goods and services (Note 4, 7, 8)	168,724	170,147
9	Selling, general, and administrative (Note 8)	78,562	89,039
10	Provision for doubtful accounts	572	486
11	Total costs and expenses	247,858	259,672
12	Gross Operating Profit	78,499	74,058
13	Depreciation and amortization	21,102	18,957
	Charges from affiliates other than interest:		
14	Management fees	0	0
15	Other	0	0
16	Income (loss) from operations	57,397	55,101
	Other Income (Expenses):		
17	Interest (expense) – affiliates (Note 3)	(52,507)	(38,973)
18	Interest (expense) – external (Note 3)	(1,152)	(1,350)
19	Investment alternative tax & related income (exp)–net (Note 6)	(955)	(995)
20	Nonoperating income (expense) – net (Note 4, 17)	(3,363)	(21,249)
21	Total other income (expenses)	(57,977)	(62,567)
22	Income(Loss) Before Income Tax & Extraordinary Items	(580)	(7,466)
23	Provision (credit) for income taxes (Note 9)	(998)	(8,611)
24	Income (Loss) Before Extraordinary Items	418	1,145
25	Extraordinary items	0	0
26	Net Income (Loss)	$418	$1,145

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 INCOME

FOR THE QUARTER ENDED DECEMBER 31, 1994 and 1993

(UNAUDITED)
($ in Thousands)

LINE (a)	DESCRIPTION (b)	1994 (c)	1993 (d)
	Revenue:		
1	Casino	$73,714	$67,063
2	Rooms	5,705	5,540
3	Food and beverage	8,969	7,375
4	Other	3,237	2,933
5	Total revenue	91,625	82,911
6	Less: Promotional allowances	11,702	9,886
7	Net revenue	79,923	73,025
	Costs and Expenses:		
8	Cost of goods and services (Note 4, 7, 8)	41,650	40,451
9	Selling, general, and administrative (Note 8)	20,044	18,468
10	Provision for doubtful accounts	251	151
11	Total costs and expenses	61,945	59,070
12	Gross Operating Profit	17,978	13,955
13	Depreciation and amortization	5,164	5,539
	Charges from affiliates other than interest:		
14	Management fees	0	0
15	Other	0	0
16	Income (loss) from operations	12,814	8,416
	Other Income (Expenses):		
17	Interest (expense) – affiliates (Note 3)	(12,356)	(14,561)
18	Interest (expense) – external (Note 3)	(1,149)	0
19	Investment alternative tax & related income (exp)–net (Note 6)	(129)	(252)
20	Nonoperating income (expense) – net (Note 4, 17)	(791)	(1,153)
21	Total other income (expenses)	(14,425)	(15,966)
22	Income(Loss) Before Income Tax & Extraordinary Items	(1,611)	(7,550)
23	Provision (credit) for income taxes (Note 9)	(1,508)	(8,480)
24	Income (Loss) Before Extraordinary Items	(103)	930
25	Extraordinary items	0	0
26	Net Income (Loss)	($103)	$930

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 TWELVE MONTHS ENDED DECEMBER 31, 1994 AND 1993

(UNAUDITED)
($ IN THOUSANDS)

LINE (a)	DESCRIPTION (b)	1994 (c) SHARES	1994 (d) DOLLARS	1993 (e) SHARES	1993 (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)		132,785		132,785
10	Contributions to Paid-in Capital		192,605		
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)		25,984		24,839
26	Prior period adjustments				
27	Net income (loss)		418		1,145
28	Dividends				
29	Extraordinary item				
30	Change in acct method		0		0
31	Ending balance		26,402		25,984
32	Ending Stockholder's Equity		$351,793		$158,770

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 & ENTERTAINMENT RESORT

STATEMENTS OF CHANGES IN PARTNERS' OR PROPRIETOR'S EQUITY

FOR THE YEARS ENDED DECEMBER 31, 1994 and 1993

(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	$	$

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 TROPWORLD CASINO AND ENTERTAINMENT RESORT

STATEMENTS OF CASH FLOWS

FOR THE TWELVE MONTHS ENDED DECEMBER 31, 1994 and 1993

(UNAUDITED)
($ in Thousands)

LINE (a)	DESCRIPTION (b)	1994 (c)	1993 (d)
1	Net Cash Provided (Used) By Operating Activities	($5,958)	$17,899
	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	(7,129)	(8,360)
5	Proceeds from disposition of property and equipment	483	368
6	Purchase of casino reinvestment obligations	(3,752)	(3,876)
7	Purchase of other investments and loans/advances made	0	(419)
8	Proceeds from disposal of investments and collection of advances and long-term receivables	(28,690)	(5,065)
9	Cash outflows to acquire business entities		
10	_____		
11	_____		
12	Net Cash Provided (Used) By Investing Activities	(39,088)	(17,372)
	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	50,000	0
16	Costs of issuing debt	(5,639)	0
17	Payments to settle long-term debt	(16)	(1,550)
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	44,345	(1,550)
24	Net Increase (Decrease) In Cash And Cash Equivalents	(701)	(1,023)
25	Cash And Cash Equivalents At Beginning Of Period	13,064	14,087
26	Cash And Cash Equivalents At End Of Period	$12,363	$13,064

SUPPLEMENTAL DISCLOSURE OF CASH FLOW INFORMATION

	Cash Paid During Period For:		
27	Interest (net of amount capitalized)	$21,372	$20,250
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 TROPWORLD CASINO AND ENTERTAINMENT RESORT

STATEMENTS OF CASH FLOWS

FOR THE TWELVE MONTHS ENDED DECEMBER 31, 1994 AND 1993

(UNAUDITED)
($ in Thousands)

LINE (a)	DESCRIPTION (b)	1994 (c)	1993 (d)
	Net Cash Flows From Operating Activities:		
29	Net income (loss)	$418	$1,145
	Noncash items included in income and cash items excluded from income:		
30	Depreciation and amortization of property and equipment	21,094	18,949
31	Amortization of other assets	8	8
32	Amortization of debt discount or premium		
33	Deferred income taxes - current	615	2,576
34	Deferred income taxes - noncurrent	(1,613)	(17,254)
35	(Gain) loss on disposition of property and equipment	81	79
36	(Gain) loss on casino reinvestment obligations	955	995
37	(Gain) loss from other investment activities	0	397
38	Net (increase) decrease in receivables and patrons' checks	484	(996)
39	Net (increase) decrease in inventories	(40)	146
40	Net (increase) decrease in other current assets	(1,306)	284
41	Net (increase) decrease in other assets	511	(157)
42	Net increase (decrease) in accounts payables	(838)	(1,312)
43	Net increase (decrease) in other current liabilities excluding debt	638	(2,360)
44	Net increase (decrease) in other noncurrent liabilities excluding debt	(26,965)	15,857
45	Net (increase) decrease in accrued interest income	0	(458)
46	_____		
47	Net Cash Provided (Used) By Operating Activities	($5,958)	$17,899

SUPPLEMENTAL SCHEDULE OF NONCASH INVESTING AND FINANCING ACTIVITIES

	Acquisition Of Property And Equipment:		
48	Additions to property and equipment	($7,204)	($8,733)
49	Less: Capital lease obligations incurred	($75)	($373)
50	Cash Outflows For Property And Equipment	($7,129)	($8,360)
	Acquisition Of Business Entities:		
51	Property and equipment acquired	$0	$300,879
52	Goodwill acquired	0	0
53	Net assets acquired other than cash, goodwill, and property & equipment	0	17,838
54	Long-term debt assumed	0	(283,041)
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	$192,605	$0
58	Less: Issuances to settle long-term debt.....(Note 15)	(192,605)	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 $80 and $97 was received in 1994 and 1993, respectively. Capital lease obligations of $75 and $385 were incurred for 1994 and 1993, respectively, when Adamar entered into new property and equipment leases. Capital leases obligation retirements of $-0- and $12 were incurred for 1994 and 1993, respectively.

TRADING NAME OF LICENSEE: TROPWORLD CASINO AND ENTERTAINMENT RESORT

SCHEDULE OF RECEIVABLES AND PATRONS' CHECKS

DECEMBER 31, 1994
(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	$2,779		
2	Returned patrons' checks	8,811		
3	Total patrons' checks	11,590	($4,670)	$6,920
4	Hotel Receivables	1,035	(119)	916
	Other Receivables:			
5	Receivables due from officers and employees	38		
6	Receivables due from affiliates	0		
7	Other accounts and notes receivables	818		
8	Total other receivables	856		856
9	Totals (Form 205)	$13,481	($4,789)	$8,692

	UNDEPOSITED PATRONS' CHECKS ACTIVITY	
LINE (f)	DESCRIPTION (g)	AMOUNT (h)
10	Beginning Balance (January 1)	$3,079
11	Counter checks issued (excluding counter checks issued through transactions relating to consolidations, partial redemptions, substitutions, and patrons' cash deposits)	102,934
12	Checks redeemed prior to deposit (excluding the unredeemed portion of counter checks redeemed throuh partial redemptions, and excluding checks redeemed through transactions relating to consolidations, substitutions, and patrons' cash deposits)	(69,289)
13	Checks collected through deposits	(31,301)
14	Checks transferred to returned checks	(2,644)
15	Other adjustments	0
16	Ending Balance	$2,779
17	"Hold" Checks Included In Balance On Line 16	$0
18	Provision For Uncollectable Patrons' Checks	$493
19	Provision As A Percent Of Counter Checks Issued	0.5%

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

NOTE 1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Basis of presentation

The consolidated financial statements for 1994 include the accounts of Adamar of New Jersey, Inc. (the "Company") and its wholly-owned subsidiary, Manchester Mall, Inc., ("Manchester"), after elimination of all significant intercompany accounts and transactions.

The consolidated financial statements for 1993 include the accounts of Adamar of New Jersey, Inc. (the "Company") and its wholly-owned subsidiaries, Manchester Mall, Inc., ("Manchester"), AGP Holdings Corporation and Ambassador General Partnership ("AGP"), after elimination of all significant intercompany accounts and transactions.

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

In July 1993, Aztar acquired AGP's interest in the original building and certain other non-gaming assets of TropWorld Casino and Entertainment Resort ("Original TropWorld") by acquiring AGP. (AGP had acquired a substantial interest in Original TropWorld in a sale-leaseback transaction in 1984.) As a result, AGP, which was an affiliate of the Company, became a subsidiary of the Company. In November 1994, AGP merged with the Company and was subsequently dissolved.

Cash and cash equivalents

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

Inventories

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

Property and equipment

Property and equipment are stated at historical cost. Maintenance and repairs are charged to operations when incurred. Renewals and betterments which significantly extend the useful lives of

existing property and equipment are capitalized. During construction the Company capitalizes interest and other direct and indirect development costs.

Gains or losses on dispositions of property and equipment are reflected in earnings as realized.

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

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

Deferred charges

Debt issuance costs are amortized using the interest method.

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

Casino Revenue

Casino revenue consists of the net win from gaming activities, which is the difference between gaming wins and losses.

Complimentaries

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

Jackpot Payouts

The retail value of jackpot payouts are included in Costs of Goods and Services.

Income taxes

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

NOTE 2. PROPERTY AND EQUIPMENT

At December 31, 1994 and 1993, the components of property and equipment consisted of:

	1994	1993
Land	$ 39,218,000	$ 39,218,000
Building, furniture and fixtures	557,893,000	554,442,000
Construction in progress	2,975,000	971,000
Total property and equipment-gross	600,086,000	594,631,000
Accumulated depreciation	(95,404,000)	(75,575,000)
Total property and equipment	$504,682,000	$519,056,000

NOTE 3. LONG-TERM DEBT

At December 31, 1994 and 1993, Long-Term Debt consisted of:

Due to Affiliates:	1994	1993
Notes Payable to Aztar Mortgage Funding, Inc.		
Note payable; 13.5%	$ -	$ 140,000,000
Notes Payable to Aztar Corporation		
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	233,041,000	-
Long-term debt due to affiliates	233,041,000	423,041,000
Reducing Revolving Credit Facility; Floating Rate, 8.16% at December 31, 1994, Matures December 31, 1999	50,000,000	-
Obligations under capital leases	66,000	7,000
Total Affiliates and Other	283,107,000	423,048,000
Less: current portion	(16,000)	(7,000)
Total long term debt	$ 283,091,000	$ 423,041,000

On October 5, 1994, Aztar and it's subsidiaries, Adamar of New Jersey, Inc., and Ramada Express, Inc., (the "Borrowers") entered into a reducing revolving credit facility maturing on December 31, 1999 (the "Bank Credit Facility") with a group of banks. Funds are available under the Bank Credit Facility up to approximately $207,000,000. The availability of funds under the Bank Credit

Facility will reduce quarterly beginning on March 31, 1996 in the annual amounts of $25,000,000 in 1996 and $35,000,000 in each year thereafter until maturity. The Bank Credit Facility is collaterized by all the property of the Company and Ramada Express, Inc. and, with certain exceptions, the stock of Aztar's subsidiaries. Interest is computed on the outstanding principal balance based upon, at the Borrowers' option, a one, two, three or six month Eurodollar rate plus a margin ranging from 1.25% to 2.50%, or the prime rate plus a margin ranging from zero to 1.25%. The applicable margin is dependent upon Aztar's outstanding indebtness (as defined) and operating cash flow. At December 31, 1994, the Borrowers were at the highest margin level. Interest computed based upon the Eurodollar rate is payable quarterly or on the last day of the applicable Eurodollar interest period, if earlier. Interest computed based upon the prime rate is payable quarterly. The Borrowers incur a commitment fee ranging from 0.375% to 0.5% per annum on the unused portion of the Bank Credit Facility.

During the period commencing on September 1, 1995 and ending on October 31, 1995, the Borrowers may request that the initial reduction date and maturity date of the Bank Credit Facility each be extended for one year. If that request is granted by the lenders, the Borrowers may request, during the period from September 1, 1996 through October 31, 1996, a further one year extension of both the initial reduction date and maturity date.

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

The Loan Agreement prohibits dividends on Aztar's common stock, other than those payable in common stock, and repurchases of common stock with certain limited exceptions. In addition, the Loan Agreement contains certain financial tests, including a minimum net worth, a minimum debt service coverage ratio and a maximum debt to operating cash flow ratio.

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	18,000
1997	15,000
1998	11,000
1999	50,006,000
Thereafter	$ 233,041,000
Total	$ 283,107,000

NOTE 4. LEASE OBLIGATIONS

The Company entered into an agreement with Adamar Garage Corporation ("AGC"), an affiliate of the Company, for the lease of the Transportation Center (a 1,100-space self-park garage and a 9-bay bus terminal) and a 1,100-space parking garage along with the land, all improvements and air rights. The rental amount is $6,200,000 per year and will expire on February 4, 2078.

Minimum future lease obligations on noncancelable leases at December 31, 1994 are as follows (in thousands):

YEAR	OPERATING
1995	$ 6,978
1995	6,848
1996	6,698
1997	6,698
1998	6,644
Thereafter	490,545
Total	$ 524,411

Rental expenses under operating leases for 1994 and 1993 amounted to $7,942,000 and $37,946,000, respectively.

NOTE 5. DEFERRED CREDITS

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

NOTE 6. COMMITMENTS AND CONTINGENCIES

Licensing

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 1994 and 1993, respectively, was $3,752,000 and $3,876,000 for the purchase of CRDA bonds and, accordingly, the Company recorded a loss provision (unamortized discount) of $955,000 and $995,000 to recognize the effect of the below market interest rate the bonds would have borne had they been issued on December 31, 1994 and 1993, respectively.

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 December 31, 1994, the Company had approximately $10,000,000 in available deposits with the CRDA that qualify. The balance of funding will result from portions of future CRDA deposits.

NOTE 7. JACKPOT PAYOUTS

Jackpot payouts for the year ended December 31, 1994 are:

	PAYOUTS INCLUDED IN PROMOTIONAL ALLOWANCES		OTHER PAYOUTS	
	Number of Payouts	Dollar Amount	Number of Payouts	Dollar Amount
Motor Vehicles	-0-	$ -0-	7*	$105,000
Total	-0-	$ -0-	7	$105,000

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

Jackpot payouts for the quarter ending December 31, 1994 are:

	PAYOUTS INCLUDED IN PROMOTIONAL ALLOWANCES		OTHER PAYOUTS	
	Number of Payouts	Dollar Amount	Number of Payouts	Dollar Amount
Motor Vehicles	-0-	$ -0-	-0-	$ -0-
Total	-0-	$ -0-	-0-	$ -0-

NOTE 8. RELATED PARTIES

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

	1994	1993
Due to Aztar Corporation	$ -	$ 23,195,000
Due to Aztar Mortgage Funding, Inc.	-	5,408,000
Due to Ramada New Jersey, Inc.	3,243,000	3,040,000
Due to Adamar Garage Corporation	16,208,000	15,013,000
Due to Atlantic Deauville, Inc.	862,000	622,000
	$ 20,313,000	$ 47,278,000

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

	1994	1993
Due from Aztar Corporation	$ 26,951,000	$ -
Advances to Tropicana West	28,784,000	24,441,000
Advances to Laughlin	3,000	3,000
Note Receivable-Adamar Garage Corporation	17,052,000	17,052,000
	$ 72,790,000	$ 41,496,000

Notes payable to related parties are included in Long-term debt to affiliates (See Note 3). The identity of the affiliate and corresponding balances at December 31, 1994 and 1993 are:

PAYEE	1994	1993
Aztar Mortgage Funding, Inc.	$ -	$140,000,000
Aztar Corporation	233,041,000	283,041,000
	$233,041,000	$423,041,000

For the twelve months ended December 31, 1994 and 1993 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:

	1994	1993
COST OF GOODS AND SERVICES		
Executive Deferred compensation plan	$ 9,000	$ 9,000
Property Insurance	502,000	481,000
Workmen's Compensation	934,000	804,000
	$1,445,000	$1,294,000
SELLING, GENERAL AND ADMINISTRATIVE		
Insurance	$1,021,000	$1,004,000
Executive Deferred Compensation Plan	31,000	34,000
Workmen's Compensation	187,000	165,000
Long-term Incentive	701,000	790,000
Other	28,000	55,000
	1,968,000	2,048,000
Total	$3,413,000	$3,342,000

NOTE 9. INCOME TAXES/BENEFITS

The benefit for income taxes is comprised of the following (in thousands):

	1994	1993
Current:		
Federal	-	-
State	-	-
	-	-
Deferred:		
Federal	$ 748	$ 7,395
State	250	1,216
	998	8,611
	$ 998	$ 8,611

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 signed and a petition has been filed with the U.S. Tax Court for two remaining issues. The Internal Revenue Service is examing 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 1988. Management believes that adequate provision for income taxes and interest has been made in the financial statements.

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

	1994	1993
Benefit at statutory rate:	$ 203	$ 2,613
(Increase)/decrease in tax resulting from:		
Disallowance of business meals	(457)	(217)
IRS examination	(650)	1,188
General business credits	178	382
State income tax, net	162	796
Corporate overhead allocation	1,687	3,223
Federal statutory rate change	-	649
Other	(125)	(23)
	$ 998	$ 8,611

The income tax effects of loss carryforwards, tax credit carryforwards and temporary differences between financial and income tax reporting that give rise to the deferred income tax assets and liabilities at December 31, 1994 and 1993, are as follows (in thousands):

	1994	1993
Net operating loss carryforward	$ 43,659	$ 42,403
Accrued bad debt expense	2,108	2,464
Accrued compensation	1,287	1,791
General business credits	2,172	1,898
Accrued liabilities	2,860	2,012
Gross deferred tax assets	52,086	50,568
Deferred tax asset valuation allowance	(5,704)	(7,600)
Other	(887)	(806)
Depreciation and amortization	(9,212)	(6,877)
Gross deferred tax liabilities	(10,099)	(7,683)
Net deferred tax assets	$ 36,283	$ 35,285

The deferred tax amounts were adjusted in 1993 for the effect of legislation that increased the federal income tax rate from 34% to 35%.

At December 31, 1994, tax benefits are available for federal income tax purposes as follows (in thousands):

Net operating losses	$104,427
General business credits	2,172

These tax benefits will expire in the years 2002 through 2009 if not used. The Company also has net operating loss carryforwards for state income tax purposes that will expire in the following years if not used (in thousands):

1995	$ 9,050
1996	25,348
1997	12,900
1998	16,077
1999	10,802
2000	3,917
2001	901

A valuation allowance has been established for those tax benefits which are not expected to be realized.

NOTE 10. PENSION PLAN

Effective June 1, 1988, the Company merged its retirement savings plan with Aztar's employee profit sharing and savings plan that covers substantially all employees located in the United States who are not covered by a collective bargaining unit. The savings account feature of the plan allows employees to defer taxes on their before-tax earnings up to an annual maximum amount of $9,240 for 1994. On December 19, 1989, Aztar established the Employee Stock Ownership Plan ("ESOP"). Allocations made by Aztar will be in the form of Aztar Series B Preferred Stock. The Company's allocated ESOP expense for 1994 and 1993 was $701,000 and $790,000, respectively.

The Company makes contributions based on hours worked, as specified in five union agreements, to union administered, multiemployer, defined contribution pension plans. Contributions for these plans during 1994 and 1993 amounted to $516,000 and $491,000, respectively.

NOTE 11. PREPAID EXPENSES AND OTHER CURRENT ASSETS

At December 31, 1994 and 1993, Prepaid expenses and Other current assets consisted of the following:

	1994	1993
Current deferred taxes	$ 4,057,000	$ 4,672,000
Other	6,563,000	5,257,000
Total	$ 10,620,000	$ 9,929,000

NOTE 12. INVESTMENTS, ADVANCES, AND RECEIVABLES

At December 31, 1994 and 1993, Investments, Advances, and Receivables consisted of the following:

	1994	1993
Due from affiliates	55,738,000	$ 24,444,000
CRDA investments	24,928,000	22,131,000
Note receivable-Adamar Garage Corporation	17,052,000	17,052,000
Total	$ 97,718,000	$ 63,627,000

NOTE 13. OTHER ACCRUED EXPENSES

At December 31, 1994 and 1993, Other Accrued Expenses consisted of the following:

	1994	1993
Accrued payroll taxes and benefits	$ 6,432,000	$ 6,316,000
Accrued progressive slot win	995,000	1,315,000
Accrued claims reserve	1,791,000	1,894,000
Accrued interest payable	888,000	-
Other	3,960,000	3,594,000
Total	$ 14,066,000	$ 13,119,000

NOTE 14. OTHER LIABILITIES

At December 31, 1994 and 1993, Other Liabilities consisted of Due to affiliates identified in Note 8.

NOTE 15: CONTRIBUTIONS TO PAID-IN CAPITAL

On October 21, 1994, Aztar Corporation contributed to the Company Aztar's intercompany receivable due from AGP in the amount of $52,605,000.

On December 29, 1994, Aztar Corporation contributed $140,000,000 to the capital of the Company by a reduction in intercompany debt.

NOTE 16. FAIR VALUE OF FINANCIAL INSTRUMENTS

The following table presents (in thousands) the carrying amounts and estimated fair values of the Company's financial instruments at December 31, 1994 and 1993, respectively. The fair value of a financial instrument is the amount at which the instrument could be exchanged in a current transaction between willing parties, other than in a forced or liquidation sale.

	1994		1993	
	Carrying Amount	Fair Value	Carrying Amount	Fair Value
Assets				
Investments	$24,928	$24,928	$22,131	$22,131
Liabilities				
Current portion of long-term debt	16	16	7	7
Long-term debt	50,050	50,050	-	-

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

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

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

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

NOTE 17. NON-OPERATING INCOME/(EXPENSE)

For the period ending December 31, 1994 and 1993, Non-operating income/(expense) consisted of the following:

	1994	1993
Interest income	$ 3,308,000	$ 4,980,000
Administrative fee	-	50,000
Leased land rental	-	2,771,000
Maintenance reimbursement	-	7,557,000
Gain/(Loss) on dispositions	(81,000)	(79,000)
Rent expense	(6,590,000)	(36,528,000)
Total	$ (3,363,000)	$(21,249,000)

TRADING NAME OF LICENSEE: TROPWORLD CASINO AND ENTERTAINMENT RESORT

PROMOTIONAL EXPENSES AND ALLOWANCES
(in Thousands)
For The Year Ended December 31, 1994

	PROMOTIONAL ALLOWANCES		PROMOTIONAL EXPENSE	
	Number of Recipients	Dollar Amount	Number of Recipients	Dollar Amount
Room	244,389	$15,638,000	-0-	$ -0-
Food	1,636,929	16,042,000	121,710	1,193,000
Beverage	4,704,600	5,640,000	-0-	-0-
Travel	-0-	-0-	3,439	1.204,000
Coin	-0-	-0-	2,123,853	27,020,000
Coupon	-0-	-0-	-0-	-0-
Entertainment	79,670	2,268,000	20,863	417,000
Retail & Gifts	297,131	2,971,000	-0-	-0-
Other	144,482	1,445,000	82,044	820,000
Total	7,107,201	$44,004,000	2,351,909	$30,654,000

****

For The Three Months Ended December 31, 1994

	PROMOTIONAL ALLOWANCES		PROMOTIONAL EXPENSE	
	Number of Recipients	Dollar Amount	Number of Recipients	Dollar Amount
Room	67,665	$ 4,183,000	-0-	$ -0-
Food	454,604	4,455,000	29,635	291,000
Beverage	1,135,000	1,426,000	-0-	-0-
Travel	-0-	-0-	950	333,000
Coin	-0-	-0-	579,561	7,120,000
Coupon	-0-	-0-	-0-	-0-
Entertainment	17,318	493,000	4,553	91,000
Retail & Gifts	78,934	789,000	-0-	-0-
Other	35,505	356,000	28,223	282,000
Total	1,789,026	$11,702,000	642,922	$ 8,117,000

STATEMENT OF CONFORMITY AND ACCURACY

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

Debbie 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 day
of , 19

On Behalf Of:

TropWorld Casino &
Entertainment Resort

Signature

Casino Licensee

Basis of Authority
to Take Oaths

1/86

ANNUAL EMPLOYMENT AND PAYROLL REPORT

LICENSEE Adamar of New Jersey, Inc

ADDRESS Brighton and the Boardwalk

Atlantic City, New Jersey 08401

FOR THE YEAR ENDED DECEMBER 31, 1994

TO THE

CASINO CONTROL COMMISSION

OF THE

STATE OF NEW JERSEY

NAME OF OFFICER IN CHARGE OF CORRESPONDENCE REGARDING THIS ANNUAL EMPLOYMENT AND PAYROLL REPORT..... Deborah Marchese

OFFICIAL TITLE..... Controller

ADDRESS..... Brighton Avenue and the Boardwalk

Atlantic City, New Jersey 08401

TRADING NAME OF LICENSEE TropWorld Casino and Entertainment Resort

ANNUAL EMPLOYMENT AND PAYROLL REPORT

FOR THE YEAR ENDED DECEMBER 31, 19 94

($ in Thousands)

LINE (a)	DEPARTMENT (b)	NUMBER OF (c) EMPLOYEES	SALARIES AND WAGES (d) OTHER EMPLOYEES	(e) OFFICERS & OWNERS	(f) TOTALS
	CASINO				
1	Administration	16			
2	Gaming	822			
3	Slots	192			
4	Casino accounting	465			
5	Other	70			
6	Total-casino	1565	$ 31,407.2	$ -	$ 31,407.2
7	ROOMS	479	8647.5		8647.5
8	FOOD AND BEVERAGE	913	14,100.1		14,100.1
	OTHER OPERATED DEPARTMENTS				
9	Communications	15	310.2		310.2
10	Retail Shops	15	271.3		271.3
11	Transportation	167	2,102.2		2,102.2
12	Hotel Sales	8	211.4		211.4
13	Tivoli Pier	68	901.0		901.0
14					
15					
16					
17					
18					
19					
	ADMINISTRATIVE AND GENERAL				
20	Executive office	9	725.1		725.1
21	Accounting and auditing	197	3,739.9		3,739.9
22	Security	198	4,285.0		4,285.0
23	Other administrative and general department	81	2,006.7		2,006.7
24	MARKETING	166	3,658.0		3,658.0
25	GUEST ENTERTAINMENT	113	1,131.3		1,131.3
26	PROPERTY OPERATION AND MAINTENANCE	116	3,849.1		3,849.1
27	TOTALS - ALL DEPARTMENTS	4110	$ 77,346.0	$	$ 77,346.0

CCC-376

Trading Name of Licensee: TropWorld Casino and Entertainment Resort

ANNUAL EMPLOYMENT AND PAYROLL REPORT

SIGNATURE PAGE

For the Year Ended December 31, 1994

3/14/95
DATE

Deborah Marchese
SIGNATURE

CONTROLLER
TITLE

MAR

GROSS REVENUE
ANNUAL TAX RETURN

LICENSEE TROPWORLD CASINO & ENTERTAINMENT RESORT

ADDRESS Brighton Avenue and the Boardwalk
Atlantic City, NJ 08401-6390

FOR THE YEAR ENDED DECEMBER 31, 19 94

TO THE

CASINO CONTROL COMMISSION

OF THE

STATE OF NEW JERSEY

NAME OF OFFICER IN CHARGE OF CORRESPONDENCE REGARDING THIS ANNUAL TAX RETURN..... Deborah Marchese

OFFICIAL TITLE..... Controller

ADDRESS..... Brighton Avenue and the Boardwalk
Atlantic City, NJ 08401-6390

TRADING NAME OF LICENSEE TROPWORLD CASINO & ENTERTAINMENT RESORT

GROSS REVENUE ANNUAL TAX RETURN

FOR THE YEAR ENDED DECEMBER 31, 19 94

(UNAUDITED)

($ IN THOUSANDS)

LINE			
	Casino win or (loss)		
1	Table games revenue	$ 71,575.0	
2	Coin-operated devices revenue	228,640.9	
3	Total revenues		$ 300,215.9
	Less - adjustment for uncollectible patrons' checks:		
4	Provision for uncollectible patrons' checks	$ 492.7	
5	Maximum adjustment (4% of line 3)	$ 12,008.6	
6	Adjustment (the lesser of line 4 or line 5)		492.7
7	Gross revenues (line 3 less line 6)		$299,723.2
8	Tax on gross revenues - current year (8% of line 7)		$ 23,977.9
9	Audit or other adjustments to tax on gross revenues in prior years		-
10	Total tax on gross revenues (line 8 plus or minus line 9)		23,977.9
	Deposits made for tax on current year's gross revenues:		
11	January	$ 1,461.8	
12	February	1,618.7	
13	March	1,752.8	
14	April	1,819.3	
15	May	2,184.7	
16	June	1,806.9	
17	July	2,120.9	
18	August	2,674.1	
19	September	1,949.0	
20	October	2,420.5	
21	November	1,865.7	
22	December	1,526.0	
23	January	777.5	
24	Total deposits made for tax on current year's gross revenues		(23,977.9)
25	Settlement of prior years' tax on gross revenues resulting from audit or other adjustments - (deposits) credits		-0-
26	Gross revenues tax payable (line 10 less line 24 plus or minus line 25)		$ -0-

1/05

CCC-381

STATEMENT OF CONFORMITY AND ACCURACY

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

Deborah Marchese, being duly sworn according
Name

to law upon my oath deposes and says:

1. I have examined this Gross Revenue Annual Tax Return.

2. All the information contained in this Return has been prepared in conformity with the Casino Control Commission's Gross Revenue Annual Tax Return Instructions and Uniform Chart of Accounts.

3. The information contained in this Return is accurate to the best of my knowledge and belief.

Deborah Marchese
Signature

Controller
Title

License Number

On Behalf Of:
TropWorld Casino &
Entertainment Resort
Casino Licensee

Subscribed and sworn to
before me this 3rd day
of March, 1995

Tracey A. Harris
Signature

TRACEY A. HARRIS
NOTARY PUBLIC OF NEW JERSEY
My Commission Expires [illegible]

Basis of Authority
to Take Oaths

QUARTERLY REPORT

LICENSEE Trump's Castle Associates
ADDRESS Huron Avenue & Brigantine Boulevard
Atlantic City, N.J. 08401

FOR THE QUARTER ENDED DECEMBER 31, 1994

TO THE
CASINO CONTROL COMMISSION
OF THE
STATE OF NEW JERSEY

NAME OF OFFICER IN CHARGE
OF CORRESPONDENCE REGARDING
THIS QUARTERLY REPORT..... Richard V. Williamson

OFFICIAL TITLE..... Executive Director Financial Accounting

ADDRESS..... Huron Avenue & Brigantine Boulevard
Atlantic City, N.J. 08401

TRADING NAME OF LICENSEE TRUMP'S CASTLE HOTEL & CASINO

LIST OF FORMS – QUARTERLY REPORT

FOR THE QUARTER ENDED DECEMBER 31, 1994

TITLE	FORM NO.
Balance Sheets	CCC–205
Statements of Income (Twelve Months)	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 Allowances and Expenses	CCC–245
Statement of Conformity and Accuracy	CCC–250

TRADING NAME OF LICENSEE TRUMP'S CASTLE HOTEL & CASINO

BALANCE SHEETS

DECEMBER 31, 1994 and 1993

(UNAUDITED)
($ IN THOUSANDS)

LINE (a)	DESCRIPTION (b)	(c) 1994	(d) 1993
	ASSETS		
	Current Assets:		
1	Cash	$19,122	$20,555
2	Marketable securities	0	0
3	Receivables and patrons' checks (net of allowance for doubtful accounts – 1994, $3,704; 1993, $1,928)	9,292	10,328
4	Inventories	1,790	2,315
5	Prepaid expenses and other current assets	4,830	3,455
6	Total current assets	35,034	36,653
7	Investments, Advances, And Receivables	1,502	4,223
8	Property And Equipment – Gross (NOTE 2)	501,697	493,452
9	(Accumulated Depreciation/Amortization)	(173,523)	(159,099)
10	Other Assets (NOTE 6)	4,087	821
11	Total Assets	$368,797	$376,050
	LIABILITIES AND EQUITY		
	Current Liabilities:		
12	Accounts payable (NOTE 7)	$6,445	$3,306
13	Notes payable (NOTE 4)	0	0
	Current portion of long–term debt:		
14	Due to affiliates (NOTE 3,5)	0	0
15	Other (NOTE 4)	1,108	0
16	Income taxes payable and accrued	0	0
17	Other accrued expenses (NOTE 8)	13,627	9,893
18	Other current liabilities (NOTE 9)	12,894	21,227
19	Total current liabilities	34,074	34,426
	Long–Term Debt:		
20	Due to affiliates (NOTE 3)	280,856	271,940
21	Other (NOTE 4)	36,892	38,000
22	Deferred Credits	0	0
23	Other Liabilities	10	8
24	Commitments And Contingencies (NOTE 11)		
25	Total Liabilities	351,832	344,374
26	Stockholders', Partners', Or Proprietor's Equity	16,965	31,676
27	Total Liabilities and Equity	$368,797	$376,050

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 TWELVE MONTHS ENDED DECEMBER 31, 1994 and 1993

(UNAUDITED)
($ IN THOUSANDS)

LINE (a)	DESCRIPTION (b)	(c) 1994	(d) 1993
	Revenue:		
1	Casino	$258,455	$246,370
2	Rooms	19,514	19,647
3	Food and beverage	31,816	34,015
4	Other	8,972	8,201
5	Total revenue	318,757	308,233
6	Less: Promotional allowances	34,857	35,006
7	Net revenue	283,900	273,227
	Costs And Expenses:		
8	Cost of goods and services	151,438	151,220
9	Selling, general, and administrative	77,515	74,246
10	Provision for doubtful accounts	3,437	755
11	Total costs and expenses	232,390	226,221
12	Gross Operating Profit	51,510	47,006
13	Depreciation and amortization	14,437	16,425
	Charges from affiliates other than interest:		
14	Management fees (NOTE 15)	3,111	1,647
15	Other (NOTE 15)	1,188	0
16	Income (Loss) From Operations	32,774	28,934
	Other Income (Expenses):		
17	Interest (expense) – affiliates (NOTE 3,5)	(40,641)	(52,829)
18	Interest (expense) – external (NOTE 4)	(3,532)	(4,097)
19	Investment alternative tax and related income (expense) – net (NOTE 11)	(3,950)	(1,068)
20	Nonoperating income (expense) – net (NOTE 10)	636	675
21	Total other income (expenses)	(47,487)	(57,319)
22	Income (Loss) Before Income Taxes And Extraordinary Items	(14,713)	(28,385)
23	Provision (credit) for income taxes (NOTE 1)	0	0
24	Income (Loss) Before Extraordinary Items	(14,713)	(28,385)
25	Extraordinary items (net of income taxes – 1994, $ 0; 1993, $ 0) (NOTE 14)	0	0
26	Net Income (Loss)	($14,713)	($28,385)

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 DECEMBER 31, 1994 and 1993

(UNAUDITED)
($ IN THOUSANDS)

LINE (a)	DESCRIPTION (b)	(c) 1994	(d) 1993
	Revenue:		
1	Casino	$58,211	$59,597
2	Rooms	4,230	4,379
3	Food and beverage	6,881	7,882
4	Other	1,899	1,549
5	Total revenue	71,221	73,407
6	Less: Promotional allowances	6,994	7,929
7	Net revenue	64,227	65,478
	Costs And Expenses:		
8	Cost of goods and services	35,558	36,605
9	Selling, general, and administrative	18,224	18,707
10	Provision for doubtful accounts	(646)	85
11	Total costs and expenses	53,136	55,397
12	Gross Operating Profit	11,091	10,081
13	Depreciation and amortization	3,539	3,559
	Charges from affiliates other than interest:		
14	Management fees (NOTE 15)	1,463	406
15	Other (NOTE 15)	793	0
16	Income (Loss) From Operations	5,296	6,116
	Other Income (Expenses):		
17	Interest (expense) – affiliates (NOTE 3,5)	(10,233)	(20,622)
18	Interest (expense) – external (NOTE 4)	(895)	(1,038)
19	Investment alternative tax and related income (expense) – net (NOTE 11)	(364)	(249)
20	Nonoperating income (expense) – net (NOTE 10)	215	190
21	Total other income (expenses)	(11,277)	(21,719)
22	Income (Loss) Before Income Taxes And Extraordinary Items	(5,981)	(15,603)
23	Provision (credit) for income taxes (NOTE 1)	0	0
24	Income (Loss) Before Extraordinary Items	(5,981)	(15,603)
25	Extraordinary items (net of income taxes – 1994, $ 0; 1993, $ 0) (NOTE 14)	0	0
26	Net Income (Loss)	($5,981)	($15,603)

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 CHANGES IN STOCKHOLDERS' EQUITY

FOR THE TWELVE MONTHS ENDED DECEMBER 31, 1994 and 1993

NOT APPLICABLE

(UNAUDITED)
($ IN THOUSANDS)

LINE (a)	DESCRIPTION (b)	1994 (c) SHARES	1994 (d) DOLLARS	1993 (e) SHARES	1993 (f) DOLLARS
	Commom 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.

TRADING NAME OF LICENSEE TRUMP'S CASTLE HOTEL & CASINO

STATEMENTS OF CHANGES IN PARTNERS' OR PROPRIETOR'S EQUITY

FOR THE TWELVE MONTHS ENDED DECEMBER 31, 1994 and 1993

(UNAUDITED)
($ IN THOUSANDS)

LINE (a)	DESCRIPTION (b)	(c) 1994	(d) 1993
	Invested Capital:		
1	Beginning balance (January 1)	$71,196	$71,196
2	Additional capital invested	32,118	32,116
3	_____	0	0
4	Ending balance	103,314	103,312
	Accumulated Income (Loss):		
5	Beginning balance (January 1)	(33,186)	(4,801)
6	Prior period adjustments	0	0
7	Net income (loss)	(14,713)	(28,385)
8	_____	0	0
9	Ending balance	(47,899)	(33,186)
	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	$16,965	$31,676

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 TWELVE MONTHS ENDED DECEMBER 31, 1994 and 1993

(UNAUDITED)
($ IN THOUSANDS)

LINE (a)	DESCRIPTION (b)	(c) 1994	(d) 1993
1	Net Cash Provided (Used) By Operating Activities	$4,609	($9,912)
	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	(8,253)	(10,369)
5	Proceeds from disposition of property and equipment	0	0
6	Purchase of casino reinvestment obligations	(2,492)	(2,238)
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	(10,745)	(12,607)
	Cash Flows From Financing Activities:		
13	Cash proceeds from issuance of short-term debt	1,108	0
14	Payments to settle short-term debt	0	(7,000)
15	Cash proceeds from issuance of long-term debt	3,595	27,000
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 withdrawls	0	(736)
21	_____	0	0
22	_____	0	0
23	Net Cash Provided (Used) By Financing Activities	4,703	19,264
24	Net Increase (Decrease) In Cash And Cash Equivalents	(1,433)	(3,255)
25	Cash And Cash Equivalents At Beginning Of Period	20,555	23,810
26	Cash And Cash Equivalents At End Of Period	$19,122	$20,555

SUPPLEMENTAL DISCLOSURE OF CASH FLOW INFORMATION

	Cash Paid During Period For:		
27	Interest (net of amount capitalized)	$31,255	$37,251
28	Income taxes	0	0

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

TRADING NAME OF LICENSEE TRUMP'S CASTLE HOTEL & CASINO

STATEMENTS OF CASH FLOWS

FOR THE TWELVE MONTHS ENDED DECEMBER 31, 1994 and 1993

(UNAUDITED)
($ IN THOUSANDS)

LINE (a)	DESCRIPTION (b)	(c) 1994	(d) 1993
	Net Cash Flows From Operating Activities:		
29	Net income (loss)	($14,713)	($28,385)
	Noncash items included in income and cash items excluded from income:		
30	Depreciation and amortization of property and equipment	14,437	16,425
31	Amortization of other assets	0	0
32	Amortization of debt discount or premium	2,177	10,395
33	Deferred income taxes – current	0	0
34	Deferred income taxes – noncurrent	0	0
35	(Gain) loss on disposition of property and equipment	(3)	(26)
36	(Gain) loss on casino reinvestment obligations	3,950	1,068
37	(Gain) loss from other investment activities	0	0
38	Net (increase) decrease in receivables and patrons' checks	1,036	(3,386)
39	Net (increase) decrease in inventories	525	(155)
40	Net (increase) decrease in other current assets	(1,375)	(201)
41	Net (increase) decrease in other assets	(3,487)	(777)
42	Net increase (decrease) in accounts payables	3,139	(1,915)
43	Net increase (decrease) in other current liabilities excluding debt	(1,083)	(2,956)
44	Net increase (decrease) in other noncurrent liabilities excluding debt	6	1
45	_____	0	0
46	_____	0	0
47	Net Cash Provided (Used) By Operating Activities	$4,609	($9,912)

SUPPLEMENTAL SCHEDULE OF NONCASH INVESTING AND FINANCING ACTIVITIES

	Acquisition Of Property And Equipment:		
48	Additions to property and equipment	$8,253	$10,369
49	Less: Capital lease obligations incurred	326	0
50	Cash Outflows For Property And Equipment	$7,927	$10,369
	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

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 $3,704,000 through December 31, 1994 including a $2.0 million provision (recorded through the fourth quarter of 1994) with respect to $3.0 million owed by four foreign gaming patrons.

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 December 31:

	1994	1993
	(In thousands)	
Land and Land Improvements	$ 36,811	$ 36,282
Buildings	235,170	235,170
Furniture, Fixtures and Equipment	108,166	103,303
Construction in Progress	3,196	3,194
Building/Leasehold Improvements	118,354	115,503
TOTAL	$501,697	$493,452
Less Accumulated Depreciation	(173,523)	(159,099)
Net Property and Equipment	$328,174	$334,353

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 Partnership, the Company, and TCHC filed a voluntary petition for relief under chapter 11, title 11 of the United States Bankruptcy 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 then 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 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 was to 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 Partner 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 were 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:

INTEREST PAYMENT DATE	Mandatory Cash Rate (Per Annum)
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 that 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, semi-annually 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.

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 under 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 Bond 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 December 31, 1994.

NOTE 6 - OTHER ASSETS - (NET):

	1994	1993
	(In thousands)	
Other Non-Current Assets	4,087	821
TOTAL OTHER ASSETS	$ 4,087	$ 821

NOTE 7 - ACCOUNTS PAYABLE:

	1994	1993
	(In thousands)	
Accounts Payable Trade	$ 5,617	$2,354
Patron Deposits	741	890
Other	87	62
TOTAL ACCOUNTS PAYABLE	$ 6,445	$ 3,306

NOTE 8 - OTHER ACCRUED EXPENSES:

	1994	1993
	(In thousands)	
Accrued Payroll & Taxes	$ 4,227	$ 4,396
Accrued Interest	3,994	233
Accrued Advertising/Promotions	150	176
Accrued Progressive Jackpots	251	303
Accrued Sick/Vacation	4,482	4,455
Other	523	330
TOTAL OTHER ACCRUED EXPENSES	$13,627	$ 9,893

NOTE 9 - OTHER CURRENT LIABILITIES:

	1994	1993
	(In thousands)	
Outstanding Chip Liability	$ 1,602	$ 4,448
Outstanding Token Liability	304	474
Patron Deposits	227	3,099
Accrued Utilities	13	97
Accrued Group Health insurance	1,638	1,838
Accrued Insurance	3,944	4,014
A/P Other	3,617	5,496
Accrued Legal	483	400
Accrued CCC/DGE	203	448
Construction Retainage	2	47
Accrued Inventories	197	146
Accrued CRDA	579	720
Simulcast Commissions	85	-0-
TOTAL OTHER CURRENT LIABILITIES	$12,894	$21,227

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

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

	Three Months	
	1994	1993
	(In thousands)	
Interest Income	$ 215	$ 188
Business Development Expense	0	2
TOTAL NON-OPERATING INCOME - NET	$ 215	$ 190

	Twelve Months	
	1994	1993
	(In thousands)	
Interest Income	$ 636	$ 673
Debt Restructuring	0	2
TOTAL NON-OPERATING INCOME - NET	$ 636	$ 675

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 Partnerships'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. Donations in the amount of $6,440,000 and $568,000 were made in 1994 and 1993, respectively. These donations, net of the tax credits received, were charged against operations in the year in which they were made and resulted in CRDA tax credits of

$1,474,000 and $290,000 to be applied to the years ending December 31, 1994 and 1993, respectively. For the years ended December 31, 1994 and 1993 the Partnership charged to operations $955,000 and $115,000 respectively which represents amortization of a portion of the tax credits discussed above.

In addition, for the years ended December 31, 1994 and 1993, the Partnership charged to operations $735,000 and $953,000, 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 $899,000 and $846,000 for matching contributions for the years ended December 31, 1994 and 1993, respectively.

The Partnership makes payments to various trusteed 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. Pension expense for the years ended December 31, 1994 and 1993 were $455,000 and $407,000, respectively.

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 twelve months ended December 31, 1994 and 1993.

NOTE 14 - EXTRAORDINARY ITEM:

The Partnership has not recorded any extraordinary items for the twelve months ended December 31, 1994 and 1993.

NOTE 15 - RELATED PARTY TRANSACTIONS:

Other Payments to Donald J. Trump

During 1994, the Board of Partner Representatives 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 for in the accompanying financial statements.

In February 1994, the Partnership 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 $1,647,000 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 ended 1994, the Partnership recorded fees of $2,111,000 under the Services Agreement. The Services

Agreement expires on December 31, 2005.

Partnership Agreement

Under the terms of the Partnership Agreement, the Partnership was required to pay all costs incurred by TC/GP. For the years ended December 31, 1994 and December 31, 1993, the Partnership paid $1,188,000 and $736,000, respectively of expenses on behalf of TC/GP. For the year ended December 31, 1994 these costs were charged to other expense in the accompanying financial statements. For the year ended December 31, 1993 these costs were expenses of TC/GP and recorded as a capital distribution.

TRADING NAME OF LICENSEE TRUMP'S CASTLE HOTEL & CASINO

SCHEDULE OF RECEIVABLES AND PATRONS' CHECKS

DECEMBER 31, 1994

(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	$4,494		
2	Returned patrons' checks	5,584		
3	Total patrons' checks	10,078	$3,471	$6,607
4	Hotel Receivables	992	233	759
	Other Receivables:			
5	Receivables due from officers and employees	24		
6	Receivables due from affiliates	456		
7	Other accounts and notes receivables	1,446		
8	Total other receivables	1,926	0	1,926
9	Totals (Form 305)	$12,996	$3,704	$9,292

	UNDEPOSITED PATRONS' CHECKS ACTIVITY	
LINE (f)	DESCRIPTION (g)	AMOUNT (h)
10	Beginning Balance (January 1)	$7,015
11	Counter checks issued (excluding counter checks issued through transactions relating to consolidations, partial redemptions, substitutions, and patrons' cash deposits)	175,787
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)	(118,464)
13	Checks collected through deposits	(49,521)
14	Checks transferred to returned checks	(10,323)
15	Other adjustments	0
16	Ending Balance	$4,494
17	"Hold" Checks Included In Balance On Line 16	$0
18	Provision For Uncollectible Patrons' Checks	1,309
19	Provision As A Percent Of Counter Checks Issued	0.7%

TRADING NAME OF LICENSEE TRUMP'S CASTLE HOTEL & CASINO

PROMOTIONAL EXPENSES AND ALLOWANCES

($ IN THOUSANDS)

FOR THE TWELVE MONTHS ENDED DECEMBER 31, 1994

	PROMOTIONAL ALLOWANCES		PROMOTIONAL EXPENSES	
	Number of Recipients	Dollar Amount	Number of Recipients	Dollar Amount
ROOMS	304,633	$13,675,000	0	$0
FOOD	937,067	14,056,000	0	0
BEVERAGE	1,262,588	5,366,000	0	0
TRAVEL	0	0	40,013	7,002,000
COIN	0	0	0	0
COUPON	0	0	1,884,373	21,989,000
ENTERTAINMENT	58,520	1,463,000	1,033	31,000
RETAIL & GIFTS	55,452	277,000	0	0
OTHER	4,000	20,000	65,530	3,276,000
TOTAL	2,622,260	$34,857,000	1,990,949	$32,298,000

****

FOR THE THREE MONTHS ENDED DECEMBER 31, 1994

	PROMOTIONAL ALLOWANCES		PROMOTIONAL EXPENSES	
	Number of Recipients	Dollar Amount	Number of Recipients	Dollar Amount
ROOMS	72,115	$2,806,000	0	$0
FOOD	191,467	2,872,000	0	0
BEVERAGE	271,764	1,155,000	0	0
TRAVEL	0	0	9,533	1,668,000
COIN	0	0	0	0
COUPON	0	0	428,026	5,333,000
ENTERTAINMENT	3,600	90,000	166	5,000
RETAIL & GIFTS	12,652	63,000	0	0
OTHER	1,600	8,000	13,690	684,000
TOTAL	553,198	$6,994,000	451,415	$7,690,000

STATEMENT OF CONFORMITY AND ACCURACY

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

Richard V. Williamson, 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

005378-11
License Number

Subscribed and sworn to
before me this 10TH day
of March, 1994

Signature

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

ANNUAL EMPLOYMENT AND PAYROLL REPORT

LICENSEE TRUMP'S CASTLE CASINO RESORT

ADDRESS HURON AVENUE & BRIGANTINE BLVD.

ATLANTIC CITY, NJ 08401

FOR THE YEAR ENDED DECEMBER 31, 19

TO THE

CASINO CONTROL COMMISSION

OF THE

STATE OF NEW JERSEY

NAME OF OFFICER IN CHARGE OF CORRESPONDENCE REGARDING THIS ANNUAL EMPLOYMENT AND PAYROLL REPORT..... RICHARD V. WILLIAMSON

OFFICIAL TITLE..... EXECUTIVE DIRECTOR FINANCIAL ACCOUNTING

ADDRESS..... HURON AVENUE & BRIGANTINE BOULEVARD

ATLANTIC CITY, NJ 08401

TRADING NAME OF LICENSEE TRUMP'S CASTLE CASINO RESORT

ANNUAL EMPLOYMENT AND PAYROLL REPORT

FOR THE YEAR ENDED DECEMBER 31, 19 94
($ in Thousands)

LINE (a)	DEPARTMENT (b)	NUMBER OF (c) EMPLOYEES	SALARIES AND WAGES (d) OTHER EMPLOYEES	(e) OFFICERS & OWNERS	(f) TOTALS
	CASINO				
A 1	Administration	13			
B 2	Gaming	652			
C 3	Slots	462			
D 4	Casino accounting	31			
E 5	Other	174	$	$	$
6	Total-casino	1,332	30,853		30,853
F 7	ROOMS	262	4,546		4,546
G 8	FOOD AND BEVERAGE	828	14,136		14,136
	OTHER OPERATED DEPARTMENTS				
H 9	COMMUNICATIONS/PBX	19	270		270
J 10	RETAIL OPERATIONS	18	268		268
K 11	GARAGE	46	606		606
L 12	WARDROBE	22	416		416
M 13	HEALTH CLUB	4	67		67
N 14	MARINA OPS	9	167		167
P 15	ENVIRONMENTAL	161	3,190		3,190
16					
17					
18					
19					
	ADMINISTRATIVE AND GENERAL				
R 20	Executive office	11		1,603	1,603
S 21	Accounting and auditing	230	4,870		4,870
T 22	Security	220	4,750		4,750
V 23	Other administrative and general department	50	2,083		2,083
W 24	MARKETING	62	1,380		1,380
X 25	GUEST ENTERTAINMENT	64	835		835
Y 26	PROPERTY OPERATION AND MAINTENANCE	117	3,950		3,950
		3,455	$ 72,387	$ 1,603	$ 73,990

Trading Name of Licensee TRUMP'S CASTLE CASINO RESORT

ANNUAL EMPLOYMENT AND PAYROLL REPORT
SIGNATURE PAGE

For the Year Ended December 31, 1994

3/15/95
Date

Signature

RICHARD V. WILLIAMSON
EXECUTIVE DIRECTOR
FINANCIAL ACCOUNTING
Title

GROSS REVENUE
ANNUAL TAX RETURN

LICENSEE Trump's Castle

ADDRESS One Castle Blvd.
Atlantic CIty, NJ 08401

FOR THE YEAR ENDED DECEMBER 31, 1994

TO THE

CASINO CONTROL COMMISSION

OF THE

STATE OF NEW JERSEY



NAME OF OFFICER IN CHARGE OF CORRESPONDENCE REGARDING THIS ANNUAL TAX RETURN..... James J. McCarthy

OFFICIAL TITLE..... Executive Director of Finance

ADDRESS..... One Castle Blvd.
Atlantic City, NJ 08401

TRADING NAME OF LICENSEE Trump's Castle

GROSS REVENUE ANNUAL TAX RETURN

FOR THE YEAR ENDED DECEMBER 31, 19 94

(UNAUDITED)

($ IN THOUSANDS)

LINE			
	Casino win or (loss)		
1	Table games revenue	$ 80,758	
2	Coin-operated devices revenue	177,369	
3	Total revenues		$ 258,127
	Less - adjustment for uncollectible patrons' checks:		
4	Provision for uncollectible patrons' checks	$ 1,309	
5	Maximum adjustment (4% of line 3)	$ 10,325	
6	Adjustment (the lesser of line 4 or line 5)		1,309
7	Gross revenues (line 3 less line 6)		$ 256,818
8	Tax on gross revenues - current year (8% of line 7)		$ 20,545
9	Audit or other adjustments to tax on gross revenues in prior years		0
10	Total tax on gross revenues (line 8 plus or minus line 9)		20,545
	Deposits made for tax on current year's gross revenues:		
11	January	$ 1,694	
12	February	1,411	
13	March	1,504	
14	April	2,041	
15	May	1,588	
16	June	1,527	
17	July	2,354	
18	August	1,796	
19	September	2,033	
20	October	1,490	
21	November	1,403	
22	December	1,568	
23	January	136	
24	Total deposits made for tax on current year's gross revenues		(20,545)
25	Settlement of prior years' tax on gross revenues resulting from audit or other adjustments - (deposits) credits		0
26	Gross revenues tax payable (line 10 less line 24 plus or minus line 25)		$ 0

STATEMENT OF CONFORMITY AND ACCURACY

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

James J. McCarthy, being duly sworn according
Name

to law upon my oath deposes and says:

1. I have examined this Gross Revenue Annual Tax Return.

2. All the information contained in this Return has been prepared in conformity with the Casino Control Commission's Gross Revenue Annual Tax Return Instructions and Uniform Chart of Accounts.

3. The information contained in this Return is accurate to the best of my knowledge and belief.

James J. McCarthy
Signature

Executive Director of Finance
Title

01996-11
License Number

On Behalf Of:
Trump's Castle
Casino Licensee

Subscribed and sworn to
before me this 21st day
of MARCH, 1995.

Norma J. Zimmerman
Signature

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

Basis of Authority
to Take Oaths

1/85

CCC-382

ANNUAL REPORT

LICENSEE: TRUMP PLAZA HOTEL & CASINO

ADDRESS: MISSISSIPPI AVENUE & BOARDWALK
ATLANTIC CITY, NJ 08401

FOR THE YEAR ENDED DECEMBER 31, 1994

TO THE

CASINO CONTROL COMMISSION

OF THE

STATE OF NEW JERSEY

NAME OF OFFICER IN CHARGE
OF CORRESPONDENCE REGARDING
THIS ANNUAL REPORT..... FRANCIS X MCCARTHY, JR.

OFFICIAL TITLE..... EXECUTIVE VICE–PRESIDENT OF FINANCE AND
ADMINSTRATION

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

TRADING NAME OF LICENSEE: TRUMP PLAZA HOTEL & CASINO

LIST OF FORMS – ANNUAL REPORT

FOR THE YEAR ENDED DECEMBER 31, 1994

TITLE	FORM NO.
Balance Sheets	CCC–205
Statements of Income (Year–to–Date)	CCC–210
Statements of Income (Three Months)	CCC–215
Statements of Changes in Partners' or Proprietor's Equity	CCC–225
Statements of Cash Flows	CCC–235
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: TRUMP PLAZA HOTEL & CASINO

BALANCE SHEETS

DECEMBER 31, 1994 AND 1993

(UNAUDITED)
($ IN THOUSANDS)

LINE (a)	DESCRIPTION (b)		(c) 1994	(d) 1993
	ASSETS			
	Current Assets:			
1	Cash		$ 11,142	$ 14,391
2	Marketable securities		–	–
3	Receivables and patrons' checks (net of allowance for doubtful accounts – 1994, $8,494; 1993, $10,616)		6,797	6,957
4	Inventories		3,657	3,566
5	Prepaid expenses and other current assets	NOTE 2	4,280	2,701
6	Total current assets		25,876	27,615
7	Investments, Advances, and Receivables	NOTE 3	9,592	9,863
8	Property and Equipment – Gross	NOTE 4	436,013	415,591
9	(Accumulated Depreciation/Amortization)	NOTE 4	(137,659)	(122,450)
10	Other Assets	NOTE 5	43,058	44,934
11	Total Assets		$ 376,880	$ 375,553
	LIABILITIES AND EQUITY			
	Current Liabilities:			
12	Accounts Payable		$ 6,875	$ 4,401
13	Notes Payable		360	264
	Current portion of long–term debt:			
14	Due to affiliates		–	–
15	Other	NOTE 9	2,969	1,633
16	Income taxes payable and accrued		–	–
17	Other accrued expenses	NOTE 6	15,449	16,041
18	Other current liabilities	NOTE 7	6,441	7,280
19	Total current liabilities		32,094	29,619
	Long–Term Debt:			
20	Due to affiliates	NOTE 8	326,234	325,859
21	Other	NOTE 9	2,993	5,837
22	Deferred Credits	NOTE 10	1,765	1,673
23	Other Liabilities	NOTE 13	3,822	2,949
24	Commitments and Contingencies	NOTE 14	–	–
25	Total Liabilities		366,908	365,937
26	Stockholders', Partners', or Proprietor's Equity		9,972	9,616
27	Total Liabilities and Equity		$ 376,880	$ 375,553

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

TRADING NAME OF LICENSEE: TRUMP PLAZA HOTEL & CASINO

STATEMENTS OF INCOME

FOR THE TWELVE MONTHS ENDED DECEMBER 31, 1994 AND 1993

(UNAUDITED)
($ IN THOUSANDS)

LINE (a)	DESCRIPTION (b)	(c) 1994	(d) 1993
	Revenue:		
1	Casino	$ 263,487	$ 266,907
2	Rooms	18,312	18,324
3	Food and beverage	40,149	41,941
4	Other	8,408	8,938
5	Total revenue	330,356	336,110
6	Less: Promotional allowances	36,421	37,122
7	Net revenue	293,935	298,988
	Costs and Expenses:		
8	Costs of goods and services	156,060	155,507
9	Selling, general, and administrative	73,758	71,364
10	Provision for doubtful accounts	396	90
11	Total costs and expenses	230,214	226,961
12	Gross Operating Profit	63,721	72,027
13	Depreciation and amortization	15,653	17,554
	Charges from affiliates other than interest:		
14	Management fees NOTE 14	1,288	1,247
15	Other NOTE 14	1,900	2,513
16	Income (Loss) from Operations	44,880	50,713
	Other Income (Expenses):		
17	Interest (expense) – affiliates NOTE 11	(37,679)	(33,535)
18	Interest (expense) – external	(1,199)	(2,123)
19	Investment alternative tax and related income (expense) – net	(1,456)	(1,047)
20	Nonoperating income (expense) – net NOTE 12	(4,098)	(3,351)
21	Total other income (expense)	(44,432)	(40,056)
22	Income (Loss) before Income Taxes and Extraordinary Items	448	10,657
23	Provision (credit) for income taxes NOTE 16	92	1,110
24	Income (Loss) before Extraordinary Items	356	9,547
25	Extraordinary items (net of income taxes – 1994,$ – , 1993, $ –) NOTE 15	–	4,120
26	Net (Loss)	$ 356	$ 13,667

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

TRADING NAME OF LICENSEE: TRUMP PLAZA HOTEL & CASINO

STATEMENTS OF INCOME

FOR THE THREE MONTHS ENDED DECEMBER 31, 1994 AND 1993

(UNAUDITED)
($ IN THOUSANDS)

LINE	DESCRIPTION	(c) 1994	(d) 1993
(a)	(b)		
	Revenue:		
1	Casino	$ 64,890	$ 59,641
2	Rooms	4,298	4,353
3	Food and beverage	10,593	9,899
4	Other	1,850	2,291
5	Total revenue	81,631	76,184
6	Less: Promotional allowances	9,232	8,669
7	Net revenue	72,399	67,515
	Costs and Expenses:		
8	Costs of goods and services	39,400	36,918
9	Selling, general, and administrative	18,543	17,602
10	Provision for doubtful accounts	39	(32)
11	Total costs and expenses	57,982	54,488
12	Gross Operating Profit	14,417	13,027
13	Depreciation and amortization	3,919	4,149
	Charges from affiliates other than interest:		
14	Management fees NOTE 14	327	452
15	Other NOTE 14	475	475
16	Income (Loss) from Operations	9,696	7,951
	Other Income (Expenses):		
17	Interest (expense) – affiliates NOTE 11	(9,419)	(9,418)
18	Interest (expense) – external	(421)	(263)
19	Investment alternative tax and related income (expense) – net	(234)	(185)
20	Nonoperating income (expense) – net NOTE 12	(882)	(1,269)
21	Total other income (expense)	(10,956)	(11,135)
22	Income (Loss) before Income Taxes and Extraordinary Items	(1,260)	(3,184)
23	Provision (credit) for income taxes NOTE 15	(93)	(215)
24	Income (Loss) before Extraordinary Items	(1,167)	(2,969)
25	Extraordinary items (net of income taxes – 1994, $ – ; 1993, $ –)	–	–
26	Net (Loss)	$ (1,167)	$ (2,969)

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

TRADING NAME OF LICENSEE: TRUMP PLAZA HOTEL & CASINO

STATEMENTS OF CHANGES IN PARTNERS' OR PROPRIETOR'S EQUITY

FOR THE TWELVE MONTHS ENDED DECEMBER 31, 1994 AND 1993

(UNAUDITED)
($ IN THOUSANDS)

LINE (a)	DESCRIPTION (b)	(c) 1994	(d) 1993
	Invested Capital:		
1	Beginning balance (January 1)	$ 69,114	$ 50,707
2	Conversion of Preferred into a General Partnership Interest	–	18,407
3	_____	–	–
4	Ending balance	69,114	69,114
	Accumulated Income (Loss):		
5	Beginning balance (January 1)	28,391	14,724
6	Prior period adjustments	–	–
7	Net income (loss)	356	13,667
8	_____	–	–
9	Ending balance	28,747	28,391
	Capital Withdrawals:		
10	Beginning balance (January 1)	(87,889)	(54,069)
11	Additional capital withdrawals	–	(27,500)
12	Preferred Partnership Interest Distribution	–	(6,320)
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	$ 9,972	$ 9,616

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 TWELVE MONTHS ENDED DECEMBER 31, 1994 AND 1993

(UNAUDITED)
($ IN THOUSANDS)

LINE (a)	DESCRIPTION (b)	(c) 1994	(d) 1993
1	Net Cash Provided (Used) by Operating Activities	$ 19,845	$ 25,037
	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	(20,505)	(9,618)
5	Proceeds from disposition of property and equipment	8	–
6	Purchase of casino reinvestment obligations	(2,525)	(2,823)
7	Purchase of other investments and loans/advances made	(1,813)	(6,109)
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	3,153	–
11		–	–
12	Net Cash Provided (Used) by Investing Activities	(21,682)	(18,550)
	Cash Flows from Financing Activities:		
13	Cash proceeds from issuance of short-term debt	1,676	1,478
14	Payments to settle short-term debt	(3,307)	(2,651)
15	Cash proceeds from issuance of long-term debt	219	325,687
16	Costs of issuing debt	–	(14,299)
17	Payments to settle long-term debt	–	(247,331)
18	Cash proceeds from issuing stock or capital contribution	–	–
19	Preferred Partnership interest payments	–	(40,000)
20	Capital withdrawals	–	(27,500)
21	Preferred Partnership Interest Distribution	–	(6,282)
22		–	–
23	Net Cash Provided (Used) by Financing Activities	(1,412)	(10,898)
24	Net Increase (Decrease) in Cash and Cash Equivalents	(3,249)	(4,411)
25	Cash and Cash Equivalents at Beginning of Period	14,391	18,802
26	Cash and Cash Equivalents at End of Period	$ 11,142	$ 14,391

SUPPLEMENTAL DISCLOSURE OF CASH FLOW INFORMATION

	Cash Paid During Period For:		
27	Interest (net of amount capitalized)	$ 36,538	$ 41,118
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 TWELVE MONTHS ENDED DECEMBER 31, 1994 AND 1993

(UNAUDITED)
($ IN THOUSANDS)

LINE (a)	DESCRIPTION (b)	(c) 1994	(d) 1993
	Net Cash Flows from Operating Activities:		
29	Net income (loss)	$ 356	$ 13,667
	Noncash items included in income and cash items excluded from income:		
30	Depreciation and amortization of property & equipment	15,276	17,177
31	Amortization of other assets	377	377
32	Amortization of debt discount or premium	375	172
33	Deferred income taxes – current	–	–
34	Deferred income taxes – noncurrent	965	1,177
35	(Gain) loss on disposition of property and equipment	9	26
36	(Gain) loss on casino reinvestment obligation	1,456	1,047
37	(Gain) loss from other investment activities	–	–
38	Net (increase) decrease in receivables and patrons' checks	160	913
39	Net (increase) decrease in inventories	(91)	(498)
40	Net (increase) decrease in other current assets	(1,579)	(199)
41	Net (increase) decrease in other assets	1,499	5,890
42	Net increase (decrease) in accounts payable	2,474	(1,489)
43	Net increase (decrease) in other current liabilities excluding debt	(1,432)	(9,103)
44	Net increase (decrease) in other noncurrent liabilities excluding debt	–	–
45	Extraordinary Gain	–	(4,120)
46		–	–
47	Net Cash Provided (Used) by Operating Activities	$ 19,845	$ 25,037

SUPPLEMENTAL SCHEDULE OF NONCASH INVESTING AND FINANCING ACTIVITIES

	Acquisition of Property and Equipment:		
48	Additions to property and equipment	$ (20,880)	$ (10,078)
49	Less: Capital lease obligations incurred	375	460
50	Cash Outflows for Property and Equipment	$ (20,505)	$ (9,618)
	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. As part of a Prepackaged Plan of Reorganization under Chapter 11 of the U.S. Bankruptcy Code consummated on May 29, 1992 the Company issued a Promissory Note to reflect the terms of the 12% Mortgage Notes. On June 25, 1993 the Company issued a new Promissory Note (the "Partnership Note") to reflect the terms of the 10 7/8% Mortgage Notes and redeemed all of the Company's outstanding 12% Mortgage Notes.

B. Offering of Mortgage Notes And Units

On June 25, 1993 Trump Plaza Funding, Inc. ("TPF") and the Company issued $330,000,000 of Mortgage Notes (for net proceeds of $325,687,000). The proceeds, together with cash on hand were used as follows: (i) $225 million of such proceeds were used to repay its promissory note to TPF which proceeds were then used by TPF to redeem the 12% Mortgage Bonds, due 2002; (ii) $12 million was used to repay the Regency Note; (iii) $40 million was used to repay a portion of the Preferred Partnership Interest; (iv) approximately $14.3 million was used to pay the expenses incurred in connection with the Offerings; (v) $27.5 million of the Mortgage Notes was used to make a Special Distribution to Donald J. Trump which was used by Donald J. Trump to repay certain personal indebtedness and (vi) to pay accrued interest on the Bonds and accrued dividends on the Preferred Stock. No portion of the net proceeds of the Offering was retained by the Company for working capital purposes.

C. Gaming Revenues

Gaming revenues represent the net win from gaming activities which is the difference between amounts wagered and amounts won by patrons. During 1994, certain Progressive Slot Jackpot Programs were discontinued which resulted in $585,000 of related accruals being taken into income.

D. Promotional Allowances

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

E. Inventories

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

F. Property and Equipment

Property and equipment is carried at cost and is depreciated on the straight-line method using rates based on the following estimated useful lives:

Building and building improvements	40 years
Furniture, fixtures and equipment	3-10 years
Leasehold Improvements	10-40 years

Interest associated with borrowings used to finance construction projects has been capitalized and is being amortized over the estimated useful life of the assets.

G. Land Rights

Land rights represent the fair value of such rights, at the time of contribution, of certain land leases contributed to the Company by the Trump Plaza Corporation, an affiliate of the Company. These rights are being amortized over the period of the underlying operating leases which extend through 2078.

H. Income Taxes

The Company adopted Statement of Financial Accounting Standards No. 109("SFAS No. 109"), Accounting for Income Taxes, effective January 1, 1993. Adoption of this new standard did not have a significant impact on the financial condition or results of operations. SFAS No. 109 requires recognition of deferred tax liabilities and assets for the expected future tax consequences of events that have been included in the financial statements or tax returns. Under this method deferred tax liabilities and assets are determined based on the difference between the financial statement and the tax basis of assets and liabilities using enacted tax rates in effect for the year in which the differences are expected to reverse.

The accompanying financial statements do not include a provision for Federal income taxes, since any income or losses allocated to its partners are reportable for federal income tax purposes by such partners.

Under the New Jersey Casino Control Commission regulations, the Company is required to file a consolidated New Jersey corporation business tax return. Accordingly, a provision (benefit) for state income taxes has been reflected in the accompanying financial statements.

Deferred State income taxes result primarily from differences in the timing of reporting of depreciation for tax and financial statement purposes.

TRUMP PLAZA ASSOCIATES
NOTES TO FINANCIAL STATEMENTS

I. Fair Value of Financial Instruments

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

The estimated fair values of other financial instruments are as follows:

	December 31, 1994	
	Carrying Amount	Fair Value
10 7/8% Mortgage Notes	$326,234,000	$247,122,000

The fair value of the Mortgage Note is based on quoted market prices obtained by the Company from its investment advisor.

There are no quoted market prices for other notes payable and a reasonable estimate could not be made without incurring excessive costs.

J. Statements of Cash Flows

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

K. Reclassifications

Certain reclassifications were made to the 1993 financial statements to present them on a basis consistent with the 1994 classification.

NOTE 2: PREPAID EXPENSES AND OTHER CURRENT ASSETS

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

	1994	1993
Prepaid taxes	$ 551,000	$ 463,000
Prepaid insurance	812,000	737,000
Prepaid rent	128,000	124,000
Prepaid advertising costs	189,000	819,000
Prepaid CRDA expense	195,000	-
Prepaid sewerage costs	138,000	125,000
Prepaid collateral	1,800,000	-
Other	467,000	433,000
	$4,280,000	$2,701,000

TRUMP PLAZA ASSOCIATES
NOTES TO FINANCIAL STATEMENTS

NOTE 3: INVESTMENTS, ADVANCES AND RECEIVABLES

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

	1994	1993
Advances due from -		
Trump Seashore Associates	$ 638,000	$ 863,000
Trump Plaza Holding Associates	3,060,000	3,043,000
Donald J. Trump	1,550,000	-
Casino reinvestment bonds and escrow deposit, net of valuation adjustment (1994) $2,174,000 (1993) $2,981,000	4,344,000	5,957,000
	$9,592,000	$9,863,000

NOTE 4: PROPERTY AND EQUIPMENT - NET

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

	1994	1993
Land and land improvements	$ 36,463,000	$ 35,613,000
Buildings	297,573,000	295,617,000
Furniture, fixtures and equipment	84,709,000	78,173,000
Leasehold improvements	2,404,000	2,404,000
Construction in progress	14,864,000	3,784,000
	436,013,000	415,591,000
Less - Accumulated depreciation & amortization	(137,659,000)	(122,450,000)
Net property and equipment	$ 298,354,000	$ 293,141,000

NOTE 5: OTHER ASSETS

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

	1994	1993
Land rights, net	$ 29,689,000	$ 30,058,000
Deferred Loan Cost (net of affiliate)	11,665,000	13,434,000
Deposits	1,201,000	1,370,000
Deferred slot tax charge	40,000	72,000
Other deferred charges	463,000	-
	$ 43,058,000	$ 44,934,000

NOTE 6: OTHER ACCRUED EXPENSES

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

	1994	1993
Accrued payroll	$ 5,300,000	$ 6,489,000
Accrued progressive jackpot liabilities	502,000	901,000
Accrued interest	1,497,000	1,498,000
Accrued gaming taxes payable	573,000	470,000
Accrued Casino Control Commission & Division of Gaming Enforcement fees	497,000	537,000
Accrued utilities	360,000	362,000
Accrued union benefits	220,000	220,000
Accrued health insurance benefits	1,305,000	1,558,000
Accrued parking, sales, use & luxury tax	256,000	253,000
Accrued professional costs	653,000	341,000
Accrued special event costs	1,709,000	822,000
Accrued repairs & maintenance costs	86,000	136,000
Distribution payable on income taxes to Trump Plaza Funding, Inc.	-	974,000
Other	2,491,000	1,480,000
	$15,449,000	$16,041,000

NOTE 7: OTHER CURRENT LIABILITIES

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

	1994	1993
Unredeemed chip/token liability	$1,492,000	$1,886,000
Patron deposits	335,000	279,000
Casino reinvestment liability	742,000	747,000
Reserve for insurance claims	2,777,000	2,808,000
Advance room/theater deposits	118,000	111,000
Advances due to Trump Castle Associates	140,000	321,000
Advances due to Seashore Four Associates	575,000	566,000
Advances due to Taj Mahal Associates	131,000	73,000
Other	131,000	489,000
	$6,441,000	$7,280,000

TRUMP PLAZA ASSOCIATES
NOTES TO FINANCIAL STATEMENTS

NOTE 8: LONG-TERM DEBT-DUE TO AFFILIATES

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

	1994	1993
10 7/8% Partnership Note, net of unamortized discount of $3,766,000 and $4,141,000 respectively, interest payable semi-annually, maturing in 2001.	$326,234,000	$325,859,000

On June 25, 1993 TPF issued $330,000,000 principal amount of 10 7/8% Mortgage Notes, due 2001, net of discount of $4,313,000. Net proceeds of the Offering were used to redeem all of TPF's outstanding $225,000,000 principal amount 12% Mortgage Bonds, due 2002 and together with other funds, $40,000,000 of the Preferred Partnership Interest, $12,000,000 principal amount of the 9.14% Regency Note due 2003, a portion of the Special Distribution and transaction expenses. (See Note 1(B) "Summary of Significant Accounting Policies"). In exchange for the Mortgage Notes, the Company issued a Partnership Note to TPF.

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 December 31, consisted of the following:

	1994	1993
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.	$5,494,000	$6,410,000
Other notes with interest rates ranging from 8.0% to 11.5%, principal and interest payable monthly, secured by automobile and computer equipment	468,000	1,060,000
	5,962,000	7,470,000
Less current maturities	2,969,000	1,633,000
	$2,993,000	$5,837,000

The aggregate maturities of long-term debt - other in each of the years subsequent to 1994 are:

1995	$ 2,969,000
1996	548,000
1997	2,012,000
1998	433,000
1999	-
	$ 5,962,000

NOTE 10: DEFERRED CREDITS

Deferred credits as of December 31, 1994 and 1993 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 and twelve months ended December 31, 1994, and interest on the 12% Partnership Note and the 10 7/8% Partnership Note upon consummation of the Mortgage Note Offering on June 25, 1993 for the three and twelve months ended December 31, 1993.

NOTE 12: NONOPERATING INCOME (EXPENSE) - NET

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

	Three Months Ended		Twelve Months Ended	
	1994	1993	1994	1993
Interest income	$ 322,000	$ 185,000	$ 842,000	$ 546,000
(Loss) on disposal of property and equipment	-	(31,000)	(9,000)	(26,000)
Litigation expense	-	(352,000)	-	(393,000)
Nonoperating lease and related costs	(1,204,000)	(1,781,000)	(4,931,000)	(4,049,000)
Other nonoperating income	-	710,000	-	571,000
	$ (882,000)	$(1,269,000)	$(4,098,000)	$(3,351,000)

NOTE 13: OTHER LIABILITIES

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

	1994	1993
Deferred Income Taxes relating to Preferred Partnership Interest	$ 3,822,000	$ 2,949,000

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 PIK Notes (see Note 14(D) Commitments and Contingencies). 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.

NOTE 14: COMMITMENTS AND CONTINGENCIES

A. Leases

The Company leases property (primarily land), certain parking space, and various equipment under operating leases. Rent expense for the years ended December 31, 1994 and 1993 was $3,613,000 and $4,338,000 respectively, of which $1,900,000 and $2,513,000, respectively, relates to affiliates of the Company.

Future minimum lease payments under the noncancelable operating leases are as follows:

	Total	Amounts Relating to Affiliates
1995	6,445,000	2,125,000
1996	6,670,000	2,350,000
1997	6,670,000	2,350,000
1998	5,110,000	2,350,000
1999	3,550,000	2,350,000
Thereafter	270,633,000	191,250,000
	$299,078,000	$202,775,000

Certain of these leases contain options to purchase the leased properties at various prices throughout the leased terms. At December 31, 1994, the aggregate option price for these leases was approximately $58,000,000.

In October, 1993 the Company assumed the Boardwalk Expansion Site Lease and related expenses. In connection with the Offerings, the Company acquired a five-year option to purchase the Boardwalk Expansion Site (the "Option"). The New Jersey Casino Control Commission ("CCC") has required that the Company exercise the Option or its right of first refusal no later than July 1, 1995. The Company intends to request a waiver of this requirement; however, no assurance can be given that such waiver will be granted or that any condition imposed by the CCC would be acceptable to the Company. See Note 14(E) Commitments and Contingencies Future Expansion.

B. Casino Reinvestment Development Authority Obligations

Pursuant to the provisions of the Act, the Company, commencing twelve months after the date of the opening of Trump Plaza in May 1984, and continuing for a period of twenty-five years thereafter, must either obtain investment tax credits (as defined in the Casino Control Act), in an amount equivalent to 1.25% of its gross casino revenues, or pay an alternative tax of 2.5% of its gross casino revenues, (as defined in the Casino Control Act). Investment tax credits may be obtained by making qualified investments or by the purchase of bonds at below market interest rates from the Casino Reinvestment

B. Casino Reinvestment Development Authority Obligations cont.

Development Authority ("CRDA"). The Company is required to make quarterly deposits with the CRDA. Investments, Advances and Receivables as of December 31, 1994 include $2,119,000 of below market interest rate bonds issued by the CRDA and $4,399,000 of deposits paid towards the purchase of below market interest rate bonds.

C. Casino License Renewal

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

In April, 1993, the 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.

D. Pay-In-Kind Notes

On June 25, 1993, Holding, a newly formed 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 an additional $12,000,000 of PIK Notes at no additional cost. The Warrants will be exercisable following the earlier of certain triggering events or June 15, 1996.

The PIK Notes mature on June 15, 2003. The PIK Notes 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 December 31, 1994, 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. The PIK Notes are secured by a pledge of Holding's 99% equity interest in the Company. The indenture to which the

D. Pay-In-Kind Notes cont.

PIK Notes were issued (the "PIK Note Indenture") contains covenants prohibiting Holding from 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 Note 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.

E. Future Expansion

In 1993, the Company received the approval of the CCC, subject to certain conditions, for the expansion of its hotel facilities (the "Boardwalk Expansion Site"). On June 25, 1993, the date the Offerings were consummated, Trump transferred title to the Boardwalk Expansion Site to a lender in exchange for a reduction in Trump's indebtedness to such lender in an amount equal to the sum of fair market value of the Boardwalk Expansion Site and all rent payments made to such lender by Trump under the Boardwalk Expansion Site Lease. On the date the Offerings were consummated, the lender leased the Boardwalk Expansion Site to Trump (the "Boardwalk Expansion Site 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 Boardwalk Expansion Site Lease and related expenses.

In connection with the Offerings, the Company acquired a five-year option to purchase the Boardwalk Expansion Site (the "Option"). Until such time as the Option is exercised or expires, the Company will be obligated, from and after the date it entered into the Option, to pay the net expenses associated with the Boardwalk Expansion Site. Under the Option, the Company has the right to acquire the Boardwalk Expansion Site for a purchase price of $27.0 million through 1995, increasing by $1.0 million annually thereafter until expiration on June 30, 1998. The CCC has required that the Company exercise the Option for its right of first refusal therein no later than July 1, 1995. The Company intends to request a waiver of this requirement; 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 the 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 Option during the term thereof and (b) the cost of demolition of all improvements then located on the Boardwalk Expansion Site.

E. Future Expansion cont.

As of December 31, 1994 the Company had capitalized approximately $11.7 million in construction costs related to the Boardwalk Expansion Site. The Company's ability to acquire the Boardwalk Expansion Site pursuant to the Option would be 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 the Boardwalk Expansion Site would be 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 the Option 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 the Option or such right.

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

F. 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, $1,288,000 and $1,247,000 was charged to expense for the years ended December 31, 1994 and 1993, respectively.

G. Trump Regency 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 (including the land, improvements and personal property used in the operation of the hotel) and (ii) certain promissory notes made by Trump and/or certain of his affiliates and payable to Chemical (the "Chemical Notes") which are secured by certain real estate assets located in New York, unrelated to the Company.

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

G. Trump Regency Option cont.

provided for an expiration of the option on May 6, 1994, subject to an extension until June 30, 1994 upon payment of an additional $250,000 on or prior to May 6, 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 the Trump Regency pursuant to the exercise of the option, he would make the Trump Regency available for the sole benefit of the Company on a basis consistent with 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 at the option to purchase the Trump Regency. 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 extention 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 the Trump Regency 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.

As of December 31, 1994, $1,550,000, representing option payments, is included in other assets in the accompanying consolidated balance sheet. If the option is exercised, option payments through March 31, 1995 are available to offset the $60 million option price.

H. 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 the Boardwalk Expanion Site. This payment was approved prior to disbursement by the CCC and has been classified in construction in process in the accompanying consolidated balance sheet as of 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 15: Extraordinary Gain (Loss):

The $4,120,000 excess of the carrying value of the Regency Hotel obligation over the amount of the settlement payment net of related prepaid expenses has been reported as an extraordinary gain for the year ended December 31, 1993.

NOTE 16: PROVISION (CREDIT) FOR INCOME TAXES

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

	Three months ended		Twelve months ended	
	1994	1993	1994	1993
Current	$ -	$ -	$ -	$ (67,000)
Deferred	(93,000)	(215,000)	92,000	1,177,000
Total	$(93,000)	$(215,000)	$ 92,000	$1,110,000

Note 17: Employee Benefit Plans

The Company 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 and the Company will match 50% of an eligible employee's contributions up to a maximum of 4% of the employee's earnings. The Company recorded charges of $848,000 and $765,000 for matching contributions for the years ended December 31, 1994 and 1993, respectively.

TRADING NAME OF LICENSEE: TRUMP PLAZA HOTEL & CASINO

SCHEDULE OF RECEIVABLES AND PATRONS' CHECKS

DECEMBER 31, 1994

(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	$ 2,850		
2	Returned patrons' checks	10,889		
3	Total patrons' checks	13,739	$ 8,414	$ 5,325
4	Hotel Receivables	1,366	80	1,286
5	Other Receivables: Receivables due from officers and employees	5		
6	Receivables due from affiliates	–		
7	Other accounts and notes receivables	181		
8	Total other receivables	186	–	186
9	Totals (Form 205)	$ 15,291	$ 8,494	$ 6,797

LINE (f)	UNDEPOSITED PATRONS' CHECKS ACTIVITY DESCRIPTION (g)	AMOUNT (h)
10	Beginning Balance (January 1)	$ 3,074
11	Counter checks issued (excluding counter checks issued through transactions relating to consolidations, partial redemptions, substitutions, and patrons' cash deposits)	112,398
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)	(82,418)
13	Checks collected through deposits	(24,042)
14	Checks transferred to returned checks	(6,162)
15	Other adjustments	–
16	Ending Balance	$ 2,850
17	"Hold Checks" included in Balance on Line 16	$ –
18	Provision for Uncollectible Patrons' Checks	$ 378
19	Provision as a percent of Counter Checks Issued	0.3%

TRADING NAME OF LICENSEE: TRUMP PLAZA HOTEL AND CASINO

PROMOTIONAL EXPENSES AND ALLOWANCES

For the Three Months Ended December 31, 1994

	Promotional Allowances		Promotional Expenses	
	Number of Recipients	Dollar Amount	Number of Recipients	Dollar Amount
Rooms	23,837	$ 2,643,000	1,413	$ 106,000
Food	229,304	2,981,000	-	-
Beverage	675,566	2,027,000	-	-
Travel	-	-	4,541	682,000
Coin	-	-	645,093	5,512,000
Coupon	191,163	1,106,000	-	-
Entertainment	14,273	296,000	398	16,000
Retail & Gifts	-	-	652	724,000
Other	17,855	179,000	8,773	219,000
Total	1,151,998	$ 9,232,000	660,871	$ 7,259,000

For the Twelve Months Ended December 31, 1994

	Promotional Allowances		Promotional Expenses	
	Number of Recipients	Dollar Amount	Number of Recipients	Dollar Amount
Rooms	107,837	$11,228,000	4,555	$ 341,000
Food	906,640	11,786,000	-	-
Beverage	2,744,736	8,234,000	-	-
Travel	-	-	17,062	2,560,000
Coin	-	-	2,645,333	20,629,000
Coupon	423,842	3,165,000	-	-
Entertainment	54,385	1,267,000	6,023	241,000
Retail & Gifts	-	-	1,153	1,663,000
Other	74,135	741,000	31,523	788,000
Total	4,311,575	$36,421,000	2,705,649	$ 26,222,000

STATEMENT OF CONFORMITY AND ACCURACY

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

FRANCIS X. MC CARTHY, JR, being duly sworn according to law upon
Name

my oath 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.

Signature

Executive Vice President of Finance & Administration
Title

001015-11
License Number

On Behalf Of:

Trump Plaza Hotel & Casino

Subscribed and sworn to before me this 15 day of March , 1995

Signature

Sherry A. Field
NOTARY PUBLIC OF NEW JERSEY
My Commission Expires July 26, 1999

Basis of Authority to Take Oaths

3/95

CCC-250

ANNUAL EMPLOYMENT AND PAYROLL REPORT

LICENSEE: TRUMP PLAZA HOTEL & CASINO

ADDRESS: MISSISSIPPI AVENUE & BOARDWALK
ATLANTIC CITY, NJ 08401

FOR THE YEAR ENDED DECEMBER 31, 1994

TO THE

CASINO CONTROL COMMISSION

OF THE

STATE OF NEW JERSEY

NAME OF OFFICER IN CHARGE OF CORRESPONDENCE REGARDING THIS ANNUAL EMPLOYMENT AND PAYROLL REPORT..... FRANCIS X. MCCARTHY, JR

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

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

TRADING NAME OF LICENSEE TRUMP PLAZA HOTEL & CASINO

ANNUAL EMPLOYMENT AND PAYROLL REPORT

FOR THE YEAR ENDED DECEMBER 31, 1994

($ in thousands)

LINE (a)	DEPARTMENT (b)	NUMBER OF EMPLOYEES (c)	SALARIES AND WAGES		
			OTHER EMPLOYEES(d)	OFFICERS & OWNERS(e)	TOTAL(f)
1	**CASINO** Administration	1			
2	Gaming	789			
3	Slots	173			
4	Casino Accounting	419			
5	Other	6			
6	Total-casino	1,388	$ 33,324	$ -	$ 33,324
7	**ROOMS**	167	3,683	-	3,683
8	**FOOD AND BEVERAGE**	722	13,609	-	13,609
	OTHER OPERATED DEPARTMENTS				
9	Other Operated Departments	186	3,710	-	3,710
10					
11					
12					
13					
14					
15					
16					
17					
18					
19					
	ADMINISTRATIVE AND GENERAL				
20	Executive office	9	346	823	1,169
21	Accounting and auditing	123	2,741	-	2,741
22	Security	210	5,033	-	5,033
23	Other administrative and general department	115	3,626	-	3,626
24	**MARKETING**	162	2,816	-	2,816
25	**GUEST ENTERTAINMENT**	37	1,306	-	1,306
26	**PROPERTY OPERATION AND MANAGEMENT**	301	8,787	-	8,787
27	**TOTAL - ALL DEPARTMENTS**	3,420	$ 78,981	$ 823	$ 79,804

Trading Name of Licensee Trump Plaza Hotel & Casino

ANNUAL EMPLOYMENT AND PAYROLL REPORT
SIGNATURE PAGE

For the Year Ended December 31, 19 94

March 15, 1995
Date

Signature

Executive Vice President Finance & Administratio
Title

1/85

CCC-377

GROSS REVENUE
ANNUAL TAX RETURN

LICENSEE: TRUMP PLAZA HOTEL & CASINO

ADDRESS: MISSISSIPPI AVENUE & BOARDWALK
ATLANTIC CITY, NJ 08401

FOR THE YEAR ENDED DECEMBER 31, 1994

TO THE

CASINO CONTROL COMMISSION

OF THE

STATE OF NEW JERSEY

NAME OF OFFICER IN CHARGE OF CORRESPONDENCE REGARDING THIS ANNUAL REPORT..... FRANCIS X MCCARTHY, JR.

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

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

TRADING NAME OF LICENSEE TRUMP PLAZA HOTEL AND CASINO

GROSS REVENUE ANNUAL TAX RETURN

FOR THE YEAR ENDED DECEMBER 31, 19 94

(UNAUDITED)

($ IN THOUSANDS)

LINE			
	Casino win or (loss)		
1	Table games revenue	$ 92,770	
2	Coin-operated devices revenue	170,316	
3	Total revenues		$263,086
	Less - adjustment for uncollectible patrons' checks:		
4	Provision for uncollectible patrons' checks	$ 378	
5	Maximum adjustment (4% of line 3)	$ 10,523	
6	Adjustment (the lesser of line 4 or line 5)		378
7	Gross revenues (line 3 less line 6)		$262,708
8	Tax on gross revenues - current year (8% of line 7)		$ 21,017
9	Audit or other adjustments to tax on gross revenues in prior years		-0-
10	Total tax on gross revenues (line 8 plus or minus line 9)		21,017
	Deposits made for tax on current year's gross revenues:		
11	January	$1,171	
12	February	1,669	
13	March	1,585	
14	April	1,663	
15	May	1,552	
16	June	1,798	
17	July	2,311	
18	August	1,930	
19	September	2,188	
20	October	1,674	
21	November	1,691	
22	December	1,785	
23	January	-0-	
24	Total deposits made for tax on current year's gross revenues		(21,017)
25	Settlement of prior years' tax on gross revenues resulting from audit or other adjustments - (deposits) credits		
26	Gross revenues tax payable (line 10 less line 24 plus or minus line 25)		$ -0-

1/85

STATEMENT OF CONFORMITY AND ACCURACY

STATE OF :
:ss.
COUNTY OF :

Francis X. McCarthy, Jr. , being duly sworn according
Name

to law upon my oath deposes and says:

1. I have examined this Gross Revenue Annual Tax Return.

2. All the information contained in this Return has been prepared in conformity with the Casino Control Commission's Gross Revenue Annual Tax Return Instructions and Uniform Chart of Accounts.

3. The information contained in this Return is accurate to the best of my knowledge and belief.

Signature

Executive Vice President Finance &
Title Administration

001015-11
License Number

On Behalf Of:

Trump Plaza Hotel & Casino
Casino Licensee

Subscribed and sworn to
before me this 15 day
of March , 19 95

Signature

Sherry A. Field
NOTARY PUBLIC OF NEW JERSEY
My Commission Expires July 28, 1999

Basis of Authority
to Take Oaths

1/85

CCC-382

ANNUAL REPORT

LICENSEE TRUMP TAJ MAHAL CASINO RESORT

ADDRESS 1000 BOARDWALK

ATLANTIC CITY, NEW JERSEY 08401

FOR THE YEAR ENDED DECEMBER 31, 1994

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 – ANNUAL REPORT

FOR THE YEAR ENDED DECEMBER 31, 1994.

TITLE	FORM NO.
Balance Sheets	CCC-205
Statements of Income (Year)	CCC-210
Statements of Income (Three Months)	CCC-215
Statements of Changes in Stockholders' Equity	CCC-220
Statements of Changes in Partners' or 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: TRUMP TAJ MAHAL CASINO RESORT

BALANCE SHEETS

DECEMBER 31, 1994 AND 1993

($ IN THOUSANDS)

LINE (a)	DESCRIPTION (b)	DECEMBER (c) 1994	DECEMBER (d) 1993
	ASSETS		
	Current Assets:		
1	Cash and cash investments	$ 61,176	$ 58,024
2	Marketable securities	-	-
3	Receivables and patrons' checks (net of allowance for doubtful accounts - 1994, $4,059; 1993, $4,346)	15,443	13,034
4	Inventories	6,431	4,685
5	Prepaid expenses and other current assets	7,806	3,986
6	Total current assets	90,856	79,729
7	Investment, Advances, and Receivables - CRDA	4,514	7,132
8	Property and Equipment - Gross NOTE 2	886,160	863,316
9	(Accumulated Depreciation/Amortization) NOTE 2	(179,375)	(140,482)
10	Other Assets	5,437	1,793
11	Total Assets	$ 807,592	$ 811,488
	LIABILITIES AND EQUITY		
	Current Liabilites:		
12	Accounts Payable	$ 3,256	$ 3,934
13	Notes Payable	-	-
	Current portion of long-term debt:		
14	Due to affiliates	-	-
15	Other NOTE 3	743	805
16	Income taxes payable and accrued	-	-
17	Other accrued expenses NOTE 4	34,315	36,009
18	Other current liabilities NOTE 5	11,873	10,042
19	Total current liabilities	50,187	50,790
	Long-Term Debt:		
20	Due to affiliates NOTE 3	611,533	580,464
21	Other NOTE 3	45,168	45,301
22	Deferred Credits	-	-
23	Other Liabilities NOTE 6	32,912	28,312
24	Commitments, Contingencies and Subsequent Events NOTE 9		
25	Total Liabilities	739,800	704,867
26	Stockholders', Partners', or Proprietor's Equity	67,792	106,621
27	Total Liabilities and Equity	$ 807,592	$ 811,488

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

TWELVE MONTHS ENDED DECEMBER 31, 1994 AND 1993

($ IN THOUSANDS)

LINE (a)	DESCRIPTION (b)	(c) 1994	(d) 1993
	REVENUE:		
1	Casino	$ 464,504	$ 446,216
2	Rooms	41,815	40,682
3	Food and Beverage	58,029	55,953
4	Other	17,894	16,656
5	Total Revenue	582,242	559,507
6	Less: Promotional allowances	62,178	56,444
7	Net Revenue	520,064	503,063
	COSTS AND EXPENSES:		
8	Cost of Goods and Services	243,897	235,187
9	Selling, General and Administrative	144,396	135,308
10	Provision for Doubtful Accounts	2,974	3,472
11	Total Costs and Expenses	391,267	373,967
12	Gross Operating Profit	128,797	129,096
13	Depreciation and Amortization	39,750	36,858
	Charges from Affiliates other than Interest:	-	-
14	Management Fees	-	-
15	Other NOTE 7	5,161	5,016
16	Income (Loss) From Operations	83,886	87,222
	Other Income (Expenses):		
17	Interest (Expenses) - Affiliates NOTE 3	(107,188)	(102,337)
18	Interest (Expenses) - External NOTE 3	(8,123)	(6,042)
19	Investment Alternative Tax and Related Income(Expense) - Net	(3,552)	(2,764)
20	Nonoperating Income (Expense) - Net NOTE 8	(1,681)	1,382
21	Total Other Income (Expenses)	(120,544)	(109,761)
22	Income (Loss) Before Income Taxes and Extraordinary Items	(36,658)	(22,539)
23	Provision (Credit) for Income Taxes	-	-
24	Income (Loss) Before Extraordinary Items	(36,658)	(22,539)
25	Extraordinary Items	-	-
26	Net Income (Loss)	$ (36,658)	$ (22,539)

The accompanying notes are an intergral 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 DECEMBER 31, 1994 AND 1993

($ IN THOUSANDS)

LINE (a)	DESCRIPTION (b)		(c) 1994	(d) 1993
	REVENUE:			
1	Casino		$ 117,028	$ 108,139
2	Rooms		9,656	9,636
3	Food and Beverage		13,919	14,105
4	Other		4,151	3,730
5	Total Revenue		144,754	135,610
6	Less: Promotional allowances		13,376	14,071
7	Net Revenue		131,378	121,539
	COSTS AND EXPENSES:			
8	Cost of Goods and Services		58,625	58,920
9	Selling, General and Administrative		35,439	34,129
10	Provision for Doubtful Accounts		1,165	(296)
11	Total Costs and Expenses		95,229	92,753
12	Gross Operating Profit		36,149	28,786
13	Depreciation and Amortization		10,806	9,371
	Charges from Affiliates other than Interest:		-	-
14	Management Fees		-	-
15	Other	NOTE 7	1,494	1,287
16	Income (Loss) From Operations		23,849	18,128
	Other Income (Expenses):			
17	Interest (Expenses) - Affiliates	NOTE 3	(27,275)	(26,029)
18	Interest (Expenses) - External	NOTE 3	(1,181)	(2,509)
19	Investment Alternative Tax and Related Income(Expense) - Net		(1,404)	(677)
20	Nonoperating Income (Expense) - Net	NOTE 8	675	531
21	Total Other Income (Expenses)		(29,185)	(28,684)
22	Income (Loss) Before Income Taxes and Extraordinary Items		(5,336)	(10,556)
23	Provision (Credit) for Income Taxes		-	-
24	Income (Loss) Before Extraordinary Items		(5,336)	(10,556)
25	Extraordinary Items		-	-
26	Net Income (Loss)		$ (5,336)	$ (10,556)

The accompanying notes are an intergral 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 YEARS ENDED DECEMBER 31, 1994 AND 1993

UNAUDITED

($ IN THOUSANDS)

NOT APPLICABLE

LINE	DESCRIPTION	1994		1993	
		(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.

TRADING NAME OF LICENSEE: TRUMP TAJ MAHAL CASINO RESORT

STATEMENTS OF CHANGES IN PARTNERS' OR PROPRIETOR'S EQUITY

FOR THE YEARS ENDED DECEMBER 31, 1994 AND 1993

($ IN THOUSANDS)

LINE (a)	DESCRIPTION (b)	(c) 1994	(d) 1993
	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	(13,566)	8,973
6	Prior Period Adjustments	0	0
7	Net Income (Loss)	(36,658)	(22,539)
8	_____	0	0
9	Ending Balance	(50,224)	(13,566)
	Capital Withdrawals:		
10	Beginning Balance	(3,558)	(1,825)
11	Additional Capital Withdrawals	-	-
12	Partnership Distribution NOTE 11	(2,171)	(1,733)
13	Ending Balance	(5,729)	(3,558)
	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	$ 67,792	$ 106,621

The accompanying notes are an intergral 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 YEARS ENDED DECEMBER 31, 1994 AND 1993

($ IN THOUSANDS)

LINE (a)	DESCRIPTION (b)	(c) 1994	(d) 1993
1	Net Cash Provided (Used) by Operating Activities	$ 21,173	$ 34,055
	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	(23,030)	(16,752)
5	Proceeds from Disposition of Property and Equipment	-	-
6	Purchase of Casino Reinvestment Obligations	(4,201)	(5,408)
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	(27,231)	(22,160)
	Cash Flows from Financing Activites:		
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	(868)	(759)
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	12,249	14,579
22	Partnership Distribution	(2,171)	(1,733)
23	Net Cash Provided (Used) by Financing Activites	9,210	12,087
24	Net Increase (Decrease) in Cash and Cash Equivalents	3,152	23,982
25	Cash and Cash Equivalents at Beginning of Period	58,024	34,042
26	Cash and Cash Equivalents at End of Period	$ 61,176	$ 58,024

SUPPLEMENTAL DISCLOSURE OF CASH FLOW INFORMATION

	Cash Paid During Period for:		
27	Interest (Net of Amount Capitalized)	$ 79,121	$ 75,972
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 YEARS ENDED DECEMBER 31, 1994 AND 1993

($ IN THOUSANDS)

LINE (a)	DESCRIPTION (b)	(c) 1994	(d) 1993
	Net Cash Flows from Operating Activities:		
29	Net Income (Loss)	$ (36,658)	$ (22,539)
	Noncash Items Included in Income and Cash Items Excluded from Income:		
30	Depreciation and Amortization of Property and Equipment	39,750	36,858
31	Amortization of Other Assets	-	-
32	Amortization of Debt Discount or Premium	18,820	15,745
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	3,569	2,644
37	(Gain Loss from Other Investment Activities	-	-
38	Net (Increase) Decrease in Receivables and Patrons' Checks	(2,409)	1,191
39	Net (Increase) Decrease in Inventories	(1,746)	(1,612)
40	Net (Increase) Decrease in Other Current Assets	(3,820)	(315)
41	Net (Increase) Decrease in Other Assets	(394)	(765)
42	Net Increase (Decrease) in Accounts Payables	(678)	(1,225)
43	Net Increase (Decrease) in Other Current Liabilities Excluding Debt	139	7,145
44	Net Increase (Decrease) in Other Noncurrent Liabilities Excluding Debt	2,553	(4,835)
45	Net Increase in Notes Payable	-	-
46	Costs related to lease guarantee	2,047	1,763
47	Net Cash Provided (Used) by Operating Activites	$ 21,173	$ 34,055

SUPPLEMENTAL SCHEDULE OF NONCASH INVESTING AND FINANCING ACTIVITIES

	Acquisition of Property and Equipment:		
48	Additions to Property and Equipment	$ 23,701	$ 17,562
49	Less: Captial Lease Obligations Incurred	(671)	(810)
50	Cash Outflows for Property and Equipment	$ 23,030	$ 16,752
	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
DECEMBER 31, 1994

NOTE 1 - ORGANIZATION, OPERATIONS AND SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Organization and Operation:

The accompanying consolidated financial statements include those of Trump Taj Mahal Associates (the "Partnership"), and its wholly owned subsidiary, Trump Taj Mahal Funding, Inc. (the "Company"). All significant intercompany balances and transactions have been eliminated in the consolidated financial statements.

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. The current partners and their respective ownership interests are Trump Taj Mahal, Inc. ("TTMI"), 49.995%, The Trump Taj Mahal Corporation ("Trump Corp."), .01%, and TM/GP Corporation ("TMGP"), the managing general partner, and a wholly owned subsidiary of Taj Mahal Holding Corp. ("Holding"), 49.995%.

The Partnership was formed for the purpose of acquiring, constructing and operating the Trump Taj Mahal Casino Resort (the "Taj Mahal"), an Atlantic City Hotel, Casino and Convention Center Complex. On April 2, 1990, the Partnership opened the Taj Mahal to the public.

The Company was incorporated on June 3, 1988 for the purpose of raising funds through the issuance of its 14% First Mortgage Bonds, Series A, due 1998, the proceeds of which were loaned to the Partnership for construction of the Taj Mahal. During 1991, as a result of a Plan of Reorganization (Reorganization), these bonds were subsequently exchanged for the Company's 11.35% Mortgage Bonds, Series A, due 1999 (the "Bonds"). Since the Company has no business operations, its ability to repay the principal and interest on the Bonds is completely dependent on the operations of the Partnership.

Donald J. Trump beneficially owns 50% of the Company and the Partnership and has pledged his total ownership interest as collateral under various debt agreements.

Summary of Significant Accounting Policies:

Revenue Recognition

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

recognized at the time the related service is performed.

Promotional Allowances

Gross revenues include the retail value of complimentary rooms, food, beverages and other services furnished to patrons. The retail value of these promotional allowances is deducted from gross revenues to arrive at net revenues. The cost of promotional allowances is charged to operations. Promotional allowances consisted of the following:

	Year Ended December 31,	
	1994	1993
	(in thousands)	
Rooms	$25,562	$23,079
Food & Beverage	32,581	30,734
Other	4,035	2,631
	$62,178	$56,444

Income Taxes

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 New Jersey corporation business tax return.

Inventories

Inventories are carried at cost on a weighted average 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 range from three to seven years for furniture, fixtures and equipment and 40 years for buildings and building improvements. Leasehold improvements are amortized over the term of the related lease commencing in the period these assets are placed in service.

Cash and Cash Investments

Cash and cash investments include hotel and casino funds, funds on deposit with banks and temporary investments having a maturity of three months or less.

NOTE 2 - PROPERTY AND EQUIPMENT

	December 31,	
	1994	1993
	(in thousands)	
Land	$ 37,843	$ 37,291
Buildings	656,702	646,653
Furniture, fixtures and equipment	160,372	148,401
Leasehold improvements	31,243	30,971
Total	886,160	863,316
Less Accumulated Depreciation	(179,375)	(140,482)
Net Property and Equipment	$706,785	$722,834

NOTE 3 - LONG TERM DEBT

Long term debt consisted of the following at December 31:

	1994	1993
	(in thousands)	
Long-term Portion		
Due to affiliates:		
Trump Taj Mahal Funding, Inc. (A)	$765,130	$752,881
Unamortized discount	(153,597)	(172,417)
Net	$611,533	$580,464
Other:		
Bank term loan (B)	$ 44,944	$ 45,138
Other	224	163
Total other	$ 45,168	$ 45,301
Current Portion		
Other:		
Bank term loan (B)	$ 194	$ 176
Other	549	629
Total other	$ 743	$ 805

NOTE 3 - LONG TERM DEBT (continued)

	Twelve months ended December 31, 1994	1993
	(in thousands)	
Interest Expense Affiliates		
Trump Taj Mahal Funding, Inc. (A)	$ 86,321	$ 84,829
Accretion - bond discount (A)	18,820	15,745
Accretion - lease guarantee (Note 5B)	2,047	1,763
Total	$107,188	$102,337
Interest Expense External		
Bank term loan (B)	$ 4,299	$ 4,765
Refinancing costs	2,788	-
Working Capital line of credit	415	180
Other	621	1,097
Total	$ 8,123	$ 6,042

	Three months ended December 31, 1994	1993
	(in thousands)	
Interest Expense Affiliates		
Trump Taj Mahal Funding, Inc. (A)	$ 21,709	$ 21,360
Accretion - bond discount (A)	5,025	4,203
Accretion - lease guarantee (Note 5B)	541	466
Total	$ 27,275	$ 26,029
Interest (Income) Expense External		
Bank term loan (B)	$ 1,082	$ 1,537
Working Capital line of credit	90	69
Other	9	903
Total	$ 1,181	$ 2,509

(A) The Company's first Mortgage 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, the Company will pay the Additional Amount in cash up to 10.28% and the balance thereof may be paid at the option of the Company in cash or additional 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, the Company 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, the Partnership 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 December 31, 1994, the unaccreted balance of this discount approximated $153,597,000. The current interest rates of other borrowings approximated their stated interest rates as of the effective date. The accretion amounted to approximately $18,820,000 in 1994 and $15,745,000 in 1993.

The Bonds are guaranteed as to payment of principle and interest by the Partnership and are collateralized by substantially all the Partnership's property.

(B) On November 3, 1989, the Partnership entered into 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 terms of the NatWest Loan were modified in 1991 as part of the Reorganization. The restructured 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 of modifications of the terms of the facility. Interest on advances under the line are at prime plus 3% with a minimum of 6% per annum. The Agreement provides for a 3/4% annual fee and a 1/2% unused line fee and contains various covenants. During 1994 and 1993, no amounts were outstanding under the line.

Aggregate annual maturities of long term debt at accreted value are as follows:

1995	$ 743,000
1996	423,000
1997	233,000
1998	256,000
1999	809,386,000
Thereafter	0

NOTE 4 - OTHER ACCRUED EXPENSES

	December 31,	
	1994	1993
	(in thousands)	
Accrued advertising/marketing	$ 3,242	$ 2,387
Accrued interest	8,977	11,460
Accrued payroll & related	14,806	11,381
Progressive jackpot	582	2,206
Accrued taxes	912	2,912
Other	** 5,796	** 5,663
Total	$ 34,315	$ 36,009

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

NOTE 5 - OTHER CURRENT LIABILITIES

The Partnership has engaged in certain transactions with Donald J. Trump and entities that are wholly and partially owned by Donald J. Trump. Amounts owed to (from) these affiliates at December 31 are indicated below:

	1994	1993
	(in thousands)	
Affiliates:		
Donald J. Trump (A)	$ 253	$ 537
Trump Taj Mahal Realty ("Realty") (B)	-	-
Trump's Castle Associates (C)	30	69
Trump Plaza Associates (C)	(131)	(73)
Helicopter Air Service (D)	(43)	(43)
	109	490
Advance deposits	3,022	1,046
Unredeemed chip liability	2,725	3,056
Insurance reserves	4,626	4,879
Other	1,391	571
	11,764	9,552
Total	$ 11,873	$ 10,042

(A) The Partnership has entered into a Services Agreement (the "Services Agreement"), which provides that Donald J. Trump will render to the Partnership marketing, advertising, promotional and related services with respect to the business operations of the Partnership. In consideration for the services to be rendered, the Partnership will pay an annual fee equal to 1.5% of the Partnership's earnings before interest, taxes and depreciation, as defined, less capital expenditures and partnership distributions for such year, with a minimum base fee of $500,000. The services fee is payable monthly through November 15, 1999, although the agreement provides for earlier termination under certain events. Portions of the fee have been assigned to First Fidelity Bank in connection with the Loan to Realty which has been guaranteed by Donald J. Trump. For the years ended December 31, 1994 and 1993, the Partnership incurred $1,353,000 and $1,566,000, respectively, under the Services Agreement.

(B) The term of the lease between the Partnership and Realty is through 2023 and provides for base rentals payable by the Partnership, prior to the time that the NatWest Loan is paid in full, of $2,725,000 per year, plus 3 1/2% of the EACF in excess of the Additional Amount and, upon payment in full of the NatWest loan, increasing to include the payments to which NatWest is otherwise entitled under the amended NatWest Agreement (Note 3). The amended lease was assigned by Realty to First Fidelity Bank ("First Fidelity"). The first $3,300,000 received by First Fidelity each year will be applied to the interest due on the Realty loan (the "Loan"). Any additional sums paid will also reduce the Partnership's guarantee (see below) and the principal amount of the Loan. The Loan is secured by a first mortgage lien on the underlying parcels owned by Realty.

Pursuant to a limited subordinated guarantee the Partnership will, under certain circumstances, reimburse First Fidelity for any deficiency in the amount owed to First Fidelity upon maturity of the Loan, up to a maximum of $30,000,000, provided that First Fidelity first pursues its first mortgage lien on the parcels, and provided further that the Bonds have been paid in full. Inasmuch as the Partnership's lease payments are Realty's sole source of funds to satisfy the Loan and the amount of the Loan exceeds the estimated fair market value of the land by more than $30,000,000, the Partnership recorded the present value of the maximum guarantee amount as of October 4, 1991. Discounted at 15%, a reasonable incremental cost of capital, the obligation amounted to approximately $9,103,000. This obligation is being accreted as interest expense over the life of the Bonds and is included in Other Liabilities in the accompanying balance sheets. The accretion amounted to approximately $2,047,000 and $1,763,000 for the years ended December 31, 1994 and 1993, respectively.

(C) The Partnership engages in various transactions with the two other Atlantic City hotel/casinos owned by Donald J. Trump. These transactions are charged at cost or normal selling price in the case of retail items and include the utilization of fleet maintenance and limousine services, certain shared professional fees and payroll costs as well as complimentary services offered to customers. During 1994, the Partnership incurred approximately $1,167,000 and $149,000 of costs for these services from Trump Castle and Trump Plaza, respectively. In addition, the Partnership charged $235,000 and $361,000 to Trump Castle and Trump Plaza, respectively, for similar services. During 1993, the Partnership incurred approximately $1,100,000 and $83,000 of costs for these services from Trump Castle and Trump Plaza, respectively. In addition, the Partnership charged $256,000 and $255,000 to Trump Castle and Trump Plaza, respectively, for similar services.

(D) Helicopter Air Services and Trump Shuttle provided aircraft charters and travel services to certain patrons of the Taj Mahal on behalf of the Partnership. For the years ended December 31, 1994 and 1993, the Partnership incurred no charges from Helicopter Air Services.

NOTE 6 - OTHER LIABILITIES

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

	1994	1993
Deferred taxes	$ 6,258	$ 7,155
Insurance reserves	2,314	1,637
Accrued interest - long term	9,445	6,672
Lease guarantee (Note 5B)	14,778	12,731
Other	117	117
	$32,912	$28,312

NOTE 7 - CHARGES FROM AFFILIATES

	Twelve months ended December 31,	
	1994	1993
	(in thousands)	
Other:		
Rent	$ 2,725	$ 2,725
Allocated salaries	800	720
Trump Services Agreement	1,636	1,571
	$ 5,161	$ 5,016

	Three months ended December 31,	
	1994	1993
	(in thousands)	
Other:		
Rent	$ 681	$ 681
Allocated salaries	186	259
Trump Services Agreement	627	347
	$ 1,494	$ 1,287

NOTE 8 - NON-OPERATING INCOME (EXPENSE)

	Twelve months ended December 31,	
	1994	1993
	(in thousands)	
Interest income	$ 2,019	$ 1,382
Litigation costs	(3,700)	-
	($ 1,681)	$ 1,382

	Three months ended December 31,	
	1994	1993
	(in thousands)	
Interest income	$ 675	$ 531

NOTE 9 - COMMITMENTS AND CONTINGENCIES

Leases and Employment Agreements

The Partnership has entered into employment agreements with certain key employees and lease agreements for land, office and warehouse space under noncancellable operating leases expiring at various dates through 2023. At December 31, 1994,

minimum commitments under these arrangements are as follows:

1995	$ 8,186,000
1996	$ 6,174,000
1997	$ 4,637,000
1998	$ 2,750,000
1999	$ 2,725,000
Thereafter	$65,400,000

Rent expense was approximately $5,027,000 and $4,520,000 for the years ended December 31, 1994 and 1993, respectively.

The Partnership's Coastal Area Facilities Review Act ("CAFRA") Permit requires that certain improvements be made to another land parcel leased from Realty known as the Steel Pier. The CAFRA permit is issued by the New Jersey Department of Environmental Protection Energy ("NJDEPE") and is a condition to the operation of the Taj Mahal. These improvements were to have commenced by October, 1992 and be completed within eighteen months of commencement. The Partnership initially proposed a concept to improve the Steel Pier, the estimated cost of which is $30,000,000, which was approved by NJDEPE. The Partnership is seeking a modification of its CAFRA Permit to reduce the scope of such improvements, and has applied for an extension of the commencement and completion dates. In March of 1993, the Partnership was granted a one-year extension of the commencement and completion dates based upon an interim use of the Pier for an amusement park. In March 1994 and again in March 1995, the Partnership received an additional one-year extension of the required commencement and completion dates of the improvements of the Steel Pier based upon the same interim use of the pier as an amusement park.

Employee Benefit Plan

Effective January 1, 1989, the Partnership established the Taj Mahal Retirement Savings Plan ("the Benefit Plan") for its employees over 21 years of age who are not covered by a collective bargaining agreement. The Benefit Plan is structured to qualify for favorable tax treatment under Section 401(k) of the Internal Revenue Code and allows eligible participants to contribute up to 15% of their salary (certain limits apply, as defined) to the Benefit Plan with a matching Partnership contribution of 50% of the first 4% of such employee salary contribution. The funds are invested by a Benefit Plan trustee. Partnership contributions for the years ended December 31, 1994 and 1993 were $938,000 and $870,000, respectively.

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 15, 1993, the CCC renewed the casino license of the Partnership through March 31, 1995. The Partnership is currently seeking a renewal of its casino license and the CCC has scheduled a hearing on the renewal application beginning March 22, 1995.

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 including certain claims initiated in the Bankruptcy Court. In the opinion of management of the Partnership, the expected disposition of these proceedings would not have a material effect on the Partnership's or the Company's financial condition or results of operations.

Investment Obligation

The Act requires the Partnership to make qualified investments, as defined, in New Jersey, or pay an investment alternative tax to the New Jersey Casino Reinvestment Development Authority ("CRDA"). Commencing in 1991, and for a period of twenty-five years thereafter, the Partnership must either obtain investment tax credits, as defined, in an amount equivalent to 1.25% of its gross casino revenues or pay an alternative tax of 2.5% of its gross casino revenues, as defined. Investment tax credits may be obtained by making qualified investments, by purchasing bonds or by donating previously deposited funds in exchange for future credits against tax liability. The Partnership intends to satisfy its investment obligation primarily through the purchase of bonds and donations of funds deposited. During 1994, the Partnership contibuted $9,500,000 of previous CRDA deposits, the carrying value of which was $4,750,000. Of the carrying value, $3,250,000 will become a leasehold improvement upon completion of the improvements during 1995, and $1,500,000 was a donation of previously deposited funds, which became a credit utilized in 1994 as a reduction of current year obligations. The bonds traditionally bear interest at below-market interest rates; accordingly, the Partnership has reduced its carrying value of the investment by 50% of their expected cost and charged operations approximately $2,134,000 and $2,764,000 in 1994 and 1993, respectively. The Partnership is required to satisfy its obligations to the CRDA through deposits on a quarterly basis.

NOTE 10 - JACKPOT PAYOUTS IN MERCHANDISE

The Company purchased motor vehicles and antique slot machines to be used as jackpot payouts. This merchandise was accounted for as operating expenses of the Slot Department which are included in the accompanying statements of income as costs of goods and services.

	Twelve months ended December 31,	
	1994	1993
Merchandise - jackpot payouts	$133,420	$102,892

	Three months ended December 31,	
	1994	1993
Merchandise - jackpot payouts	$ 15,264	$ 21,577

NOTE 11 - 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 years ended December 31, 1994 and 1993 approximated $2,171,000 and $1,733,000, respectively.

NOTE 12 - FAIR VALUE OF FINANCIAL INSTRUMENTS

The carrying amount of the following financial instruments of the Company and the Partnership approximates fair value, as follows: (a) cash and cash equivalents and accrued interest payable are based on the short term nature of the financial instruments; and, (b) CRDA deposits are based on the valuation allowances to give effect to the below market interest rates.

The estimated fair values of the other financial instruments are as follows (Note 3):

	December 31, (in thousands)	
11.35% Mortgage Bonds (a)	1994	1993
Carrying Amount	$611,533	$580,464
Fair Value	512,638	761,350

(a) The fair value of the Mortgage Bonds is based on quoted market prices as of December 31, 1994 and 1993.

There are no quoted market prices for the Partnership's NatWest Loan and other debt and a reasonable estimate of their value could not be made without incurring excessive costs.

NOTE 13 - PROPOSED RECAPITALIZATION

On February 2, 1995, the Partnership, the Company and Holding issued a press release relative to a possible recapitalization of the Trump Taj Mahal. No definitive agreements exist with respect to any such transaction and there can be no assurance that such recapitalization will be consummated, or if consummated, as to its ultimate terms. Any transaction would be subject, among other conditions, to the receipt of a number of consents and approvals and of the receipt of the necessary financing.

TRADING NAME OF LICENSEE: TRUMP TAJ MAHAL CASINO RESORT

SCHEDULE OF RECEIVABLES AND PATRONS' CHECKS

DECEMBER 31, 1994

($ 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	$ 10,427		
2	Returned Patrons' Checks	7,002		
3	Total Patrons' Checks	17,429	$ (3,782)	$ 13,647
4	Hotel Receivables	1,598	(277)	1,321
	Other Receivables:			
5	Receivables Due From Officers and Employees	0		
6	Receivables Due From Affiliates	0		
7	Other Accounts and Notes Receivables	475		
8	Total Other Receivables	475	0	475
9	Totals (Form 205)	$ 19,502	$ (4,059)	$ 15,443

UNDEPOSITED PATRONS' CHECKS ACTIVITY		
LINE (f)	DESCRIPTION (g)	AMOUNT (h)
10	Beginning Balance (January 1)	$ 8,027
11	Counter Checks Issued (excluding counter checks issued through transactions relating to consolidations, partial redemptions, substitutions, and patrons' cash deposits)	270,933
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)	(201,490)
13	Checks Collected Through Deposits	(55,235)
14	Checks Transferred to Returned Checks	(11,808)
15	Other Adjustments	0
16	Ending Balance	$ 10,427
17	"Hold" Checks Included in Balance on Line 16	$ 0
18	Provision for Uncollectible Patrons' Checks	$ 2,818
19	Provision as a Percent of Counter Checks Issued	1.0%

TRADING NAME OF LICENSEE: TRUMP TAJ MAHAL CASINO RESORT

PROMOTIONAL EXPENSES AND ALLOWANCES

($ IN THOUSANDS)

FOR THE TWELVE MONTHS ENDED DECEMBER 31, 1994

	PROMOTIONAL ALLOWANCES		PROMOTIONAL EXPENSE	
	# OF RECIPIENTS	DOLLAR AMOUNTS	# OF RECIPIENTS	DOLLAR AMOUNTS
Rooms	198,309	$25,562		$
Food	1,899,763	21,125		
Beverage	5,620,684	10,579		
Travel			33,602	4,957
Coin			3,092,991	44,204
Coupon	152,502	877		
Entertainment	156,982	3,320		
Retail & Gifts			9,234	339
Other	35,111	715	216,330	11,965
Total	8,063,351	$62,178	3,352,157	$61,465

FOR THE THREE MONTHS ENDED DECEMBER 31, 1994

	PROMOTIONAL ALLOWANCES		PROMOTIONAL EXPENSE	
	# OF RECIPIENTS	DOLLAR AMOUNTS	# OF RECIPIENTS	DOLLAR AMOUNTS
Rooms	42,636	$ 5,372		$
Food	398,370	4,524		
Beverage	1,333,272	2,503		
Travel			7,966	1,131
Coin			628,030	10,045
Coupon	36,028	202		
Entertainment	32,204	608		
Retail & Gifts			2,000	123
Other	8,534	167	73,344	3,865
Total	1,851,044	$13,376	711,340	$15,164

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 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.

R Bruce McKee
SIGNATURE

Senior Vice President, Finance
TITLE

0548-11
LICENSE NUMBER

Subscribed and Sworn to before me
this 14th day of March, 1995

Maryann S. Connor
Signature

MARYANN S. CONNOR
NOTARY PUBLIC OF NEW JERSEY
My Commission Expires Jan. 11, 1998
Basis of Authority
to Take Oaths

On Behalf Of:

Trump Taj Mahal Associates
Casino Licensee

ANNUAL EMPLOYMENT AND PAYROLL REPORT

LICENSEE **TRUMP TAJ MAHAL CASINO RESORT**
ADDRESS **1000 BOARDWALK**
ATLANTIC CITY, NEW JERSEY 08401

FOR THE YEAR ENDED DECEMBER 31, 1994

TO THE
CASINO CONTROL COMMISSION
OF THE
STATE OF NEW JERSEY

NAME OF OFFICER IN CHARGE OF CORRESPONDENCE REGARDING THIS ANNUAL REPORT..... **JAMES L. WRIGHT**

OFFICIAL TITLE..... **VP OF FINANCE AND CONTROLLER**

ADDRESS..... **1000 BOARDWALK**

ATLANTIC CITY, NEW JERSEY 08401

TRADING NAME OF LICENSEE: TRUMP TAJ MAHAL CASINO RESORT

ANNUAL EMPLOYMENT AND PAYROLL REPORT

FROM JANUARY 1, 1994 THROUGH DECEMBER 31, 1994

($ IN THOUSANDS)

LINE (a)	DEPARTMENT (b)	NUMBER OF (c) EMPLOYEES	OTHER (d) EMPLOYEES	SALARIES AND WAGES (e) OFFICERS & OWNERS	TOTALS (f)
	CASINO				
1	ADMINISTRATION	33	$1,011	$238	$1,249
2	GAMING	1,555	30,208	0	30,208
3	SLOTS	237	5,724	166	5,890
4	CASINO ACCOUNTING	591	12,895	91	12,986
5	OTHER	24	671	0	671
6	TOTAL-CASINO	2,440	50,509	495	51,004
7	ROOMS	441	8,946	265	9,211
8	FOOD AND BEVERAGE	1,813	25,744	197	25,941
	OTHER OPERATED DEPARTMENTS				
9	VENDING, BEAUTY SALON, HEALTH CLUB, RETAIL SHOPS	48	865	0	865
10					
11					
12					
13					
14					
15					
16					
17					
18					
19					
	ADMINISTRATIVE AND GENERAL				
20	EXECUTIVE OFFICE	9	1,244	1,963	3,207
21	ACCOUNTING AND AUDITING	213	4,512	291	4,803
22	SECURITY	388	8,980	106	9,086
23	OTHER ADMINISTRATIVE AND GENERAL DEPARTMENTS	340	7,709	295	8,004
24	MARKETING	224	6,073	1,781	7,854
25	GUEST ENTERTAINMENT	171	4,351	120	4,471
26	PROPERTY OPERATION AND MAINTENANCE	483	11,042	0	11,042
27	TOTALS-ALL DEPARTMENTS	6,570	$129,975	$5,513	$135,488

The number of employees listed reflect full time and part time employees, not forty hour equivalents.

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

TRADING NAME OF LICENSEE: TRUMP TAJ MAHAL CASINO RESORT

ANNUAL EMPLOYMENT AND PAYROLL REPORT SIGNATURE PAGE

FROM JANUARY 1, 1994 THROUGH DECEMBER 31, 1994

3/9/95
Date

James L. Wright
Signature

VP of Finance and Controller
Title

GROSS REVENUE
ANNUAL TAX RETURN

LICENSEE TRUMP TAJ MAHAL CASINO RESORT

ADDRESS 1000 BOARDWALK

ATLANTIC CITY, NEW JERSEY 08401

FOR THE YEAR ENDED DECEMBER 31,1994

TO THE

CASINO CONTROL COMMISSION

OF THE

STATE OF NEW JERSEY

NAME OF OFFICER IN CHARGE
OF CORRESPONDENCE REGARDING
THIS QUARTERLY REPORT..... RON ALCORN

OFFICIAL TITLE..... VICE PRESIDENT - CASINO FINANCE

ADDRESS..... 1000 BOARDWALK

ATLANTIC CITY, NEW JERSEY 08401

TRADING NAME OF LICENSEE: TRUMP TAJ MAHAL CASINO RESORT

GROSS REVENUE ANNUAL TAX RETURN

FOR THE YEAR ENDED DECEMBER 31, 1994

($ IN THOUSANDS)

LINE			
	Casino win or (loss)		
1	Table games revenue	$ 202,459	
2	Coin-operated devices revenue	259,113	
3	Total revenues		$ 461,572
	Less - adjustment for uncollectible patrons' checks:		
4	Provision for uncollectible patrons' checks	2,818	
5	Maximum adjustment (4% of line 3)	18,463	
6	Adjustment (the lesser of line 4 or line 5)		2,818
7	Gross revenues (line 3 less line 6)		458,754
8	Tax on gross revenues - current year (8% of line 7)		36,700
9	Audit or other adjustments to tax on gross revenues in prior years		0
10	Total tax on gross revenues (line 8 plus or minus line 9)		36,700
	Deposits made for tax on current year's gross revenue:		
11	January	2,296	
12	February	2,445	
13	March	2,646	
14	April	2,694	
15	May	3,483	
16	June	2,828	
17	July	3,124	
18	August	4,034	
19	September	3,184	
20	October	3,603	
21	November	2,563	
22	December	2,806	
23	January/February	994	
24	Total deposits made for tax on current year's gross revenues		36,700
25	Settlement of prior years' tax on gross revenues resulting from audit or other adjustments - (deposits) credits		0
26	Gross revenues tax payable (line 10 less line 24 plus or minus line 25)		$ 0

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

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

STATEMENT OF 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 Gross Revenue Annual Tax Return.

2. All the information contained in this Report has been prepared in conformity with Casino Control Commission's Gross Revenue Annual Tax Return Instructions and Uniform Chart of Accounts.

3. The information contained in this Return is accurate to the best of my knowledge and belief.

R Bruce McKee
SIGNATURE R. BRUCE MCKEE

Sr. Vice President - Finance
TITLE

000548-11
LICENSE NUMBER

Subscribed and Sworn to before me
this 10th day of March, 1995.

Maryann S. Connor
Signature

MARYANN S. CONNOR
NOTARY PUBLIC OF NEW JERSEY
My Commission Expires Jan. 11, 1998
Basis of Authority
to Take Oaths

On Behalf Of:

Trump Taj Mahal Casino Resort
Casino Licensee

1/85

CCC-382