

STATE OF NEW JERSEY GROC, CORP. (BALLY'S GRAND)
QUARTERLY REPORT

974-901
C193

LICENSEE GROC, CORP. (BALLY'S GRAND)
ADDRESS P.O. BOX 1737 BOSTON & PACIFIC AVENUES
ATLANTIC CITY, NEW JERSEY 08404

NEW JERSEY
NOV 27 1989

FOR THE QUARTER ENDED SEPTEMBER 30, 1989

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



**NAME OF OFFICER IN CHARGE
OF CORRESPONDENCE REGARDING
THIS QUARTERLY REPORT . . .** PETER R. BURNS
OFFICIAL TITLE. Vice President of Finance
ADDRESS Boston & Pacific Avenues
Atlantic City, New Jersey 08401

LIST OF FORMS - QUARTERLY REPORT

FOR THE QUARTER ENDED SEPTEMBER, 1989

TITLE	FORM NO.	(x) 19 89	(x) 19 88
Balance Sheets	CCC-205	5,871	5,871
Statements of Income (Year-to-Date)	CCC-210	3,045	3,728*
Statements of Income (Three Months)	CCC-215	17,639*	
Statements of Changes in Stockholders' Equity	CCC-220	31,177	
Statements of Changes in Partners' or Proprietor's Equity	CCC-225	114,470	
Statements of Cash Flows	CCC-235	420,509*	
Notes to Financial Statements			
Schedule of Receivables and Patrons' Checks	CCC-240	1,114	
Statement of Conformity and Accuracy	CCC-250		
Other			
Total		420,509*	45,219*

The accompanying notes are an integral part of the financial statements. These statements should be read without using information contained in the notes. Prepared to conform to 1989 presentation.

BALANCE SHEETS

September 30, 1989 AND 1988

(UNAUDITED)
(\$ IN THOUSANDS)

LINE (a)	DESCRIPTION (b)	(c) 19 89	(d) 19 88
ASSETS			
Current Assets:			
1	Cash	\$ 7,093	\$ 3,143
2	Marketable securities Note 3	1,050	1,850
3	Receivables and patrons' checks (net of allowance for doubtful accounts - 19 89, \$15,299 ; 19 88, \$14,993)	5,883	5,873
4	Inventories	2,112	3,045
5	Prepaid expenses and other current assets Note 4	7,392	3,728*
6	Total current assets	23,530	17,639*
7	Investments, Advances, And Receivables Note 5	30,391	31,177
8	Property And Equipment - Net Note 6	256,755	257,223
9	Other Assets Note 7	112,582	114,470
10	Total Assets	\$ 423,258	\$ 420,509*
LIABILITIES AND EQUITY			
Current Liabilities:			
11	Accounts payable	\$ 1,670	\$ 1,134
12	Notes payable	-	-
Current portion of long-term debt:			
13	Due to affiliates	-	-
14	Other	-	-
15	Income taxes payable and accrued	2,179	3,323*
16	Other accrued expenses Note 8	32,032	37,983*
17	Other current liabilities Note 9	1,908	2,779
18	Total current liabilities	37,789	45,219*
Long-Term Debt:			
19	Due to affiliates Note 10	276,028	300,896
20	Other	-	-
21	Deferred Credits Note 11	5,992	868
22	Other Liabilities Note 12	32,244	31,064
23	Commitments And Contingencies Note 18	-	-
24	Total Liabilities	352,053	378,047*
25	Stockholders', Partners', Or Proprietor's Equity Note 13	71,205	42,462
26	Total Liabilities And Equity	\$ 423,258	\$ 420,509*

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 1989 presentation.

STATEMENTS OF INCOME

FOR THE 9 MONTHS ENDED September 30, 1989 and 1988

(UNAUDITED)
(\$ IN THOUSANDS)

LINE (a)	DESCRIPTION (b)	(c) 19 <u>89</u>	(d) 19 <u>88</u>
	Revenue:		
1	Casino	\$ 164,744	\$ 172,788
2	Rooms	13,881	12,531
3	Food and beverage	21,603	22,381
4	Other	9,424	7,900
5	Total revenue	209,652	215,600
6	Less: Promotional allowances Note 14	24,557	24,566
7	Net revenue	185,095	191,034
	Costs And Expenses:		
8	Cost of goods and services	79,608	79,020
9	Selling, general, and administrative	59,073	58,524
10	Provision for doubtful accounts	768	1,566
11	Depreciation and amortization	12,631	11,790
	Charges from affiliates other than interest:		
12	Management fees	-	-
13	Other Note 15	3,449	7,683
14	Total costs and expenses	155,529	158,583
15	Income (Loss) From Operations	29,566	32,451
	Other Income (Expenses):		
16	Interest (expense) - affiliates Note 15	(27,773)	(29,713)
17	Interest (expense) - external	(103)	(289)
18	Investment alternative tax and related income (expense) - net.....	(1,022)	(1,228)
19	Nonoperating income (expense) - net Note 16	1,725	2,458
20	Total other income (expenses).....	(27,173)	28,772
21	Income (Loss) Before Income Taxes And Extraordinary Items.....	2,393	3,679
22	Provision (credit) for income taxes Note 17	1,518	2,566
23	Income (Loss) Before Extraordinary Items	875	1,113
24	Extraordinary items (net of income taxes - 1989, \$ - ; 1988, \$ -)	-	-
25	Net Income (Loss)	\$ 875	\$ 1,113

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 GNOG, CORP. (BALLY'S GRAND)

STATEMENTS OF INCOME

FOR THE THREE MONTHS ENDED September, 19 89 and 19 88

(UNAUDITED)
(\$ IN THOUSANDS)

LINE (a)	DESCRIPTION (b)	(c) 19 <u>89</u>	(d) 19 <u>88</u>
	Revenue:		
1	Casino	\$ 60,581	\$ 65,246
2	Rooms	5,801	5,027
3	Food and beverage	8,735	8,412
4	Other	5,104	3,768
5	Total revenue	80,221	82,453
6	Less: Promotional allowances <u>Note 14</u>	10,163	9,349
7	Net revenue	70,058	73,104
	Costs And Expenses:		
8	Cost of goods and services	31,425	30,887
9	Selling, general, and administrative	20,155	21,539
10	Provision for doubtful accounts	311	379
11	Depreciation and amortization	4,113	4,457
	Charges from affiliates other than interest:		
12	Management fees	-	-
13	Other	1,258	807
14	Total costs and expenses	57,262	58,069
15	Income (Loss) From Operations	12,796	15,035
	Other Income (Expenses):		
16	Interest (expense) - affiliates	(9,188)	(9,904)
17	Interest (expense) - external	(86)	(313)
18	Investment alternative tax and related income (expense) - net.....	(378)	(449)
19	Nonoperating income (expense) - net	522	905
20	Total other income (expenses).....	(9,130)	(9,761)
21	Income (Loss) Before Income Taxes And Extraordinary Items.....	3,666	5,274
22	Provision (credit) for income taxes	1,251	2,497
23	Income (Loss) Before Extraordinary Items	2,415	2,777
24	Extraordinary items (net of income taxes - 1989, \$ - ; 1988, \$ -)	-	-
25	Net Income (Loss)	\$ 2,415	\$ 2,777

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 9 MONTHS ENDED September 30, 1989 AND 1988

(UNAUDITED)
(\$ IN THOUSANDS)

LINE (a)	DESCRIPTION (b)	19 <u>89</u>		19 <u>88</u>	
		(c) SHARES	(d) DOLLARS	(e) SHARES	(f) DOLLAR
	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)		35,712		35,712
10	Capital contribution		30,000		-
11	.....			
12	Ending balance		65,712		35,712
	Treasury Stock:				
13	Beginning balance (January 1)		()		()
14	Purchase of additional stock		()		()
15	Sale or retirement of stock				
16	Ending balance		()		()
	Subscriptions Receivable For Capital Stock:				
17	Beginning balance (January 1)		()		()
18	.....			
19	.....			
20	Ending balance		()		()
	Net Unrealized Loss On Noncurrent Marketable Equity Securities:				
21	Beginning balance (January 1)		()		()
22	.....			
23	.....			
24	Ending balance		()		()
	Retained Earnings:				
25	Beginning balance (January 1)		4,588		5,607
26	Prior period adjustments				
27	Net income (loss)		875		1,113
28	Dividends		()		()
29	.....			
30	.....			
31	Ending balance		5,463		6,720
32	Ending Stockholders' Equity		\$ 71,205		\$ 42,462

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

STATEMENTS OF CASH FLOWS

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

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

FOR THE 9 MONTHS ENDED September 30, 19 89 AND 19 88

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

LINE (a)	DESCRIPTION (b)	(c) 19 89	(d) 19 88
	Invested Capital:		
1	Beginning balance (January 1)	\$ 2,500	\$ 2,500
2	Additional capital invested		
3	.....	
4	Ending balance		
	Accumulated Income (Loss):		
5	Beginning balance (January 1)	2,291	(29,568)
6	Prior period adjustments		
7	Net income (loss)		
8	.....	
9	Ending balance		
	Capital Withdrawals:		
10	Beginning balance (January 1)	(277)	()
11	Additional capital withdrawals	()	()
12	.....	
13	Ending balance	()	()
	Net Unrealized Loss On Noncurrent Marketable Equity Securities:		
14	Beginning balance (January 1)	(363)	()
15	.....	
16	.....	
17	Ending balance	()	()
18	Ending Partners' Or Proprietor's Equity	\$ 2,133	\$ 2,133

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

STATEMENTS OF CASH FLOWS

FOR THE 9 MONTHS ENDED September 30, 1989 and 1988
(UNAUDITED)
(\$ IN THOUSANDS)

Line (a)	Description (b)	(c) 19 <u>89</u>	(d) 19 <u>88</u>
1	Net Cash Provided (Used) By Operating Activities.....	\$ 14,362	\$ 23,574
	Cash Flows From Investing Activities:		
2	Purchase of short-term investment securities.....	-	(1,350)
3	Proceeds from the sale of short-term investment securities.....	6,700	-
4	Purchase outflows for property and equipment.....	(10,761)	(7,322)
5	Proceeds from disposition of property and equipment.....	-	-
6	Purchase of casino reinvestment obligations.....	(2,044)	(2,456)
7	Purchase of other investments and loans/advances made.....	(16,178)	(17,540)
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.....	(22,283)	(28,668)
	Cash Flows From Financing Activities:		
13	Cash proceeds from issuance of short-term debt.....	-	-
14	Payments to settle short-term debt	-	-
15	Cash proceeds from issuance of long-term debt.....	-	-
16	Costs of issuing debt.....	-	-
17	Payments to settle long-term debt.....	(23,277)	-
18	Cash proceeds from issuing stock or capital contributions.....	-	-
19	Purchases of treasury stock.....	-	-
20	Payments of dividends or capital withdrawals.....	-	-
21	Additional Paid-In Capital	30,000	-
22	Debt Premium related to repurchase (written off).....	(365)	-
23	Net Cash Provided (Used) By Financing Activities.....	6,358	-
24	Net Increase (Decrease) In Cash And Cash Equivalents.....	(1,563)	(5,094)
25	Cash And Cash Equivalents At Beginning Of Period	8,656	8,237
26	Cash And Cash Equivalents At End Of Period.....	\$ 7,093	\$ 3,143

SUPPLEMENTAL DISCLOSURE OF CASH FLOW INFORMATION

Line	Description	19 <u>89</u>	19 <u>88</u>
	Cash Paid During Period For:		
27	Interest (net of amount capitalized).....	\$ 19,903	\$ 19,809
28	Income taxes.....	\$ 103	\$ 524

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 1989 presentation.

STATEMENTS OF CASH FLOWS

FOR THE 9 MONTHS ENDED September 30, 1989 and 1988

(UNAUDITED)

(\$ IN THOUSANDS)

Line (a)	Description (b)	(c) 1989	(d) 1988
	Net Cash Flows From Operating Activities:		
29	Net income (loss).....	\$ 875	\$ 1,113
	Noncash items included in income and cash items excluded from income:		
30	Depreciation and amortization of property and equipment.....	10,687	9,795
31	Amortization of other assets.....	2,015	1,995
32	Amortization of debt discount or premium.....	(937)	(866)
33	Deferred income taxes - current.....	-	-
34	Deferred income taxes - noncurrent.....	587	(2,253) *
35	(Gain) loss on disposition of property and equipment.....	-	-
36	(Gain) loss on casino reinvestment obligations.....	1,022	1,228
37	(Gain) loss from other investment activities.....	-	5,615
38	Net (increase) decrease in receivables and patrons' checks.....	(645)	4,358
39	Net (increase) decrease in inventories.....	525	(990)
40	Net (increase) decrease in other current assets.....	(1,645)	570*
41	Net (increase) decrease in other assets.....	109	(160)
42	Net increase (decrease) in accounts payables.....	(2,348)	(1,709)
43	Net increase (decrease) in other current liabilities excluding debt.....	3,460	9,743*
44	Net increase (decrease) in other noncurrent liabilities excluding debt.....	657	886*
45	<u>Purchase Price Adjustment</u>	-	(5,751) *
46	.....	-	-
47	Net Cash Provided (Used) By Operating Activities.....	\$ 14,362	\$ 23,574

SUPPLEMENTAL SCHEDULE OF NONCASH INVESTING AND FINANCING ACTIVITIES

	Acquisition Of Property And Equipment:		
48	Additions to property and equipment.....	\$ 10,761	\$ 7,322
49	Less: Capital lease obligations incurred.....	-	-
50	Cash Outflows For Property And Equipment.....	\$ 10,761	\$ 7,322
	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.....	\$ -	\$ -
	*Restated to conform to 1989 presentation.		

GNOC, CORP.
NOTES TO FINANCIAL STATEMENTS
(Unaudited)

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

A. Method of Presentation

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

On March 1, 1987, the capital stock of GNAC and certain of its affiliates, including the Company, were purchased by Bally Manufacturing Corporation ("Bally") from Golden Nugget, Inc. ("GNI") (Note 2).

B. Disclosures Not Presented

Certain disclosures have not been presented in these Notes to Financial Statements since they would duplicate disclosures contained in the Casino Control Commission Annual Report for the year ended December 31, 1988. The Notes excluded are Summary of Significant Accounting Policies, Pension Costs, Lease and Other Commitments.

NOTE 2 - TRANSFER OF OWNERSHIP

On March 1, 1987, Bally acquired GNAC, including the Company, other related properties and real estate property leases from GNI in a transaction which has been accounted for as a purchase. The accompanying financial statements reflect a preliminary allocation of the purchase price, which is subject to adjustment based on the resolution of certain disputed matters (See Note 18). Pursuant to the acquisition, Bally paid an aggregate consideration of approximately \$141,000,000 plus acquisition costs of \$2,800,000. In addition, Bally assumed approximately \$299,000,000 of existing indebtedness (see Note 10). The excess of the total estimated acquisition cost and debt assumed over the preliminary estimate of the fair value of net assets acquired is being amortized by the Company over forty years.

NOTE 3 - MARKETABLE SECURITIES

Marketable securities as of September 30, 1989 and 1988 consisted of repurchase agreements, at cost which approximates market.

GNOC, CORP.
 NOTES TO FINANCIAL STATEMENTS
 (Unaudited)

NOTE 4 - PREPAID EXPENSES AND OTHER CURRENT ASSETS

Prepaid expenses and other current assets as of September 30 following consisted of the following:

	<u>1989</u>	<u>1988</u>
Prepaid state gaming taxes and licenses	\$ 739,000	\$ 754,000
Prepaid operating expenses	713,000	764,000
Prepaid state income tax	26,000	2,097,000
Deferred federal and state income tax	5,888,000	-
Other	26,000	113,000
	<u>\$7,392,000</u>	<u>\$3,728,000</u>

NOTE 5 - INVESTMENTS, ADVANCES AND RECEIVABLES

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

	<u>1989</u>	<u>1988</u>
New Jersey Casino Reinvestment (net of purchase discount)	\$14,213,000	\$12,807,000
Bally's Grand Marketing affiliates	-	250,000
Bally Manufacturing Corp.	<u>16,178,000</u>	<u>18,120,000</u>
	<u>\$30,391,000</u>	<u>\$31,177,000</u>

GNOC, CORP.
 NOTES TO FINANCIAL STATEMENTS
 (Unaudited)

NOTE 6 - PROPERTY AND EQUIPMENT

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

	1989	1988
Land and improvements	\$ 51,737,000	\$ 51,737,000
Buildings and leasehold improvements	174,405,000	178,915,000
Furniture, fixtures and equipment	52,276,000	49,347,000
Construction in progress	14,527,000	4,021,000
	292,945,000	284,020,000
Less accumulated depreciation and amortization	(36,190,000)	(26,797,000)
	\$256,755,000	\$257,223,000

See Note 2 for discussion of purchase price accounting.

NOTE 7 - OTHER ASSETS

Other assets as of September 30 consisted of the following:

	1989	1988
Costs in excess of acquired assets, net	\$112,364,000	\$114,240,000
Other	218,000	230,000
	\$112,582,000	\$114,470,000

See Note 2 for discussion of purchase price accounting.

GNOC, CORP.
NOTES TO FINANCIAL STATEMENTS
(Unaudited)

NOTE 8 - OTHER ACCRUED EXPENSES

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

	<u>1989</u>	<u>1988</u>
Accrued payroll	\$ 9,404,000	\$ 7,686,000
Accrued progressive jackpot liability	1,970,000	2,122,000
Accrued interest	11,736,000	12,764,000
Accrued New Jersey casino reinvestment liability	756,000	5,827,000
Accrued sales, use and luxury taxes	460,000	173,000
Accrued Casino Control Commission and Division of Gaming Enforcement Fees	338,000	447,000
Accrued Casino License Fee	559,000	180,000
Accrued self insurance claims	1,427,000	957,000
Accrued casino win tax	151,000	154,000
Accrued legal fees	782,000	1,030,000
Accrued insurance	98,000	1,627,000
Accrued real estate tax	429,000	-
Other	3,922,000	5,016,000
	<u>\$32,032,000</u>	<u>\$37,983,000</u>
	=====	=====

NOTE 9 - OTHER CURRENT LIABILITIES

Other current liabilities as of September 30 consisted of the following:

	<u>1989</u>	<u>1988</u>
Customer deposits	\$ 202,000	\$ 492,000
Unredeemed gaming chips and tokens	1,303,000	1,682,000
Advance room deposits	157,000	168,000
Bally's Park Place, Inc.	218,000	419,000
Bally's Las Vegas	18,000	-
Other	10,000	18,000
	<u>\$1,908,000</u>	<u>\$2,779,000</u>
	=====	=====

GNOC, CORP.
 NOTES TO FINANCIAL STATEMENTS
 (Unaudited)

NOTE 10 - LONG TERM DEBT-DUE TO AFFILIATES

Long term debt-due to affiliates as of September 30 consisted of the following:

	<u>1989</u>	<u>1988</u>
13 1/4% (effective rate of 13.3%) Mortgage-Backed Notes of \$265,723,000 principal amount at September 30, 1989 and \$289,000,000 at September 30, 1988, interest payable semi-annually, maturing in 1995, sinking fund payments to retire \$14,950,000 principal amount annually commencing on June 1, 1991 and 20% of issue prior to maturity (including unamortized premium of \$10,305,000 at September 30, 1989 and \$11,896,000 at September 30, 1988). (Note 2)	\$276,028,000 =====	\$300,896,000 =====

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

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

On October 8, 1987, \$10,000,000 principal amount of the Notes had been acquired to satisfy future sinking fund requirements.

During September 1989, \$23,277,000 principal amount of the Notes were acquired at a cost of approximately \$23,743,000 to satisfy future sinking fund requirements. A loss of approximately \$100,000 was recorded.

NOTE 11 - DEFERRED CREDITS

Deferred credits as of September 30, 1989 and 1988 consisted of deferred federal and state income taxes.

GNOC, CORP.
NOTES TO FINANCIAL STATEMENTS
(Unaudited)

NOTE 12 - OTHER LIABILITIES

Other liabilities as of September 30 consisted of advances due to affiliates and other liabilities as follows:

	1989	1988
Bally's Grand Transportation Corp.	\$ 1,562,000	\$ 1,631,000
GNAC, CORP.	26,470,000	25,853,000
Bally's Grand Marketing affiliates	-	789,000
Self Insurance Claim	4,212,000	2,791,000
	\$32,244,000	\$31,064,000

NOTE 13 - STOCKHOLDER'S EQUITY

At September 30, 1989 and 1988, the Company had 5,000,000 shares of common stock authorized; of such shares 3,002,500 were issued and outstanding.

NOTE 14 - PROMOTIONAL EXPENSES AND ALLOWANCES

Promotional expenses and allowances and number of recipients for the nine months ended September 30, 1989 consisted of the following:

	PROMOTIONAL ALLOWANCES		PROMOTIONAL EXPENSES	
	Number of Recipients	Dollar Amount	Number of Recipients	Dollar Amount
Rooms	96,741	\$ 8,884,000	-	\$ -
Food	625,555	8,802,000	-	-
Beverage	1,892,159	3,785,000	-	-
Travel	-	-	25,989	4,368,000
Other	-	-	938,487	15,869,000
Coin	-	-	8,003	941,000
Entertainment	30,005	899,000	-	-
Parking	88,419	707,000	-	-
Retail	48,296	1,357,000	-	-
Other	3,676	123,000	78,061	688,000
Total Other	170,396	3,086,000	1,024,551	17,498,000
TOTAL	2,784,851	\$24,557,000	1,050,540	\$21,866,000

GNOC, CORP.
 NOTES TO FINANCIAL STATEMENTS
 (Unaudited)

NOTE 14 - PROMOTIONAL EXPENSES AND ALLOWANCES (cont.)

Promotional expenses and allowances and number of recipients for the three months ended September 30, 1989 consisted of the following:

	<u>PROMOTIONAL ALLOWANCES</u>		<u>PROMOTIONAL EXPENSES</u>	
	<u>Number of Recipients</u>	<u>Dollar Amount</u>	<u>Number of Recipients</u>	<u>Dollar Amount</u>
Rooms	38,400	\$ 3,640,000	-	\$ -
Food	232,083	3,581,000	-	-
Beverage	686,052	1,372,000	-	-
Travel	-	-	9,953	1,712,000
Other				
Coin	-	-	337,363	4,942,000
Entertainment	23,307	713,000	5,239	567,000
Parking	40,855	327,000	-	-
Retail	16,505	479,000	-	-
Other	1,614	51,000	60,859	245,000
Total Other	82,281	1,570,000	403,461	5,754,000
TOTAL	1,038,816	\$10,163,000	413,414	\$7,466,000

NOTE 15 - CHARGES FROM AFFILIATES

The charges from affiliates for the nine months ended September 30 consisted of the following:

<u>Nature of Charge From Affiliate</u>	<u>1989</u>	<u>1988</u>
Interest	\$27,773,000	\$28,847,000
Other (a)	3,449,000	7,683,000

(a) Other expenses include payroll expense and operating expenses from affiliated companies, promotional expenses, depreciation and amortization expenses, and allocations of costs associated with air transportation, and other affiliates' expenses allocated from Bally's Grand Marketing Corporations, GNF, Corp., Bally's Grand Transportation Corp., GNAC, Corp. and Bally's Park Place, Inc.

GNOC, CORP.
NOTES TO FINANCIAL STATEMENTS
(Unaudited)

NOTE 16 - NONOPERATING INCOME (EXPENSE) - NET

Nonoperating income (expense) - net for the nine months ended September 30 consisted of the following:

	<u>1989</u>	<u>1988</u>
Interest and dividend income	\$1,819,000	\$2,447,000
Loss on repurchase of Mortgage-Backed Notes	(100,000)	-
Other non-operating income	6,000	11,000
	<u>\$1,725,000</u>	<u>\$2,458,000</u>

NOTE 17 - INCOME TAXES

The income tax provision for the nine months ended September 30 consisted of the following:

	<u>1989</u>	<u>1988</u>
Current:		
Federal	\$1,624,000	\$2,453,000
State	639,000	753,000
	<u>2,263,000</u>	<u>3,206,000</u>
Deferred:		
Federal	(460,000)	(465,000)
State	(285,000)	(175,000)
	<u>(745,000)</u>	<u>(640,000)</u>
	<u>\$1,518,000</u>	<u>\$2,566,000</u>

GNOC, CORP.
NOTES TO FINANCIAL STATEMENTS
(Unaudited)

NOTE 18 - LITIGATION

September 30, 1989

Pursuant to the Purchase Agreement (the "Agreement") between Bally and GNI, an amount may be due to either party depending on the difference in value of certain assets and liabilities as defined in the Agreement. The Agreement provides for arbitration to satisfy the dispute between Bally and GNI as to such value. Additionally, the value is in dispute and the arbitration process is currently underway. The Company is involved in various matters of litigation as both plaintiff and defendant. In the opinion of management and counsel, none of these matters would have a material adverse effect on the Company's financial statements.

NOTE 19 - SUBSEQUENT EVENTS

During October 1989, GNOC repurchased \$6,723,000 principal amount of the Notes at a cost of approximately \$6,727,000 to satisfy future sinking fund requirements.

	\$ 13,049	\$ 3,976
	77	1,011
	1,377	896
	\$ 19,299	\$ 5,883

DESCRIPTION	AMOUNT
...	5,812
...	139,447
...	150,136
...	74,500
...	5,269
...	5,036
...	768
...	35

SCHEDULE OF RECEIVABLES AND PATRONS' CHECKS

September 30, 19 89

(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	5,050		
2	Returned patrons' checks	12,975		
3	Total patrons' checks	18,025	\$ 14,049	\$ 3,976
4	Hotel Receivables	1,084	73	1,011
	Other Receivables:			
5	Receivables due from officers and employees.....	20		
6	Receivables due from affiliates	-		
7	Other accounts and notes receivables	2,053		
8	Total other receivables	2,073	1,177	896
9	Totals (Form 205).....	\$ 21,182	\$ 15,299	\$ 5,883

UNDEPOSITED PATRONS' CHECKS ACTIVITY		
LINE (f)	DESCRIPTION (g)	AMOUNT (h)
10	Beginning Balance (January 1)	\$ 5,812
11	Counter checks issued (excluding counter checks issued through transactions relating to consolidations, partial redemptions, substitutions, and patrons' cash deposits)	139,443
12	Checks redeemed prior to deposit (excluding the unredeemed portion of counter checks redeemed through partial redemptions, and excluding checks redeemed through transactions relating to consolidations, substitutions, and patrons' cash deposits)	(100,136)
13	Checks collected through deposits	(34,600)
14	Checks transferred to returned checks	(5,469)
15	Other adjustments	-
16	Ending Balance	\$ 5,050
17	"Hold" Checks Included In Balance On Line 16	\$ -
18	Provision For Uncollectible Patrons' Checks	768
19	Provision As A Percent Of Counter Checks Issued .....	.55

STATEMENT OF CONFORMITY AND ACCURACY

STATE OF NEW JERSEY

COUNTY OF ATLANTIC

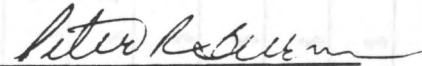
PETER R. BURNS

, being duly sworn according to law upon my oath

Name

deposes and says:

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



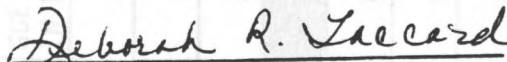
Signature

VICE PRESIDENT OF FINANCE
Title

00156-11
License Number

On Behalf Of:

Subscribed and sworn to
before me this 14th day
of November, 1989


Signature

DEBORAH R. TACCARD
NOTARY PUBLIC OF NEW JERSEY
My Commission Expires: **667. 28. 1991**

GNOC, CORP.
Casino Licensee

Basis of Authority
to Take Oaths

TRADING NAME OF LICENSEE BALLY'S GRAND HOTEL & CASINO

HOTEL STATISTICS

FOR THE 9 MONTHS ENDED September 30, 1989

PERIOD	NUMBER OF GUEST ROOMS IN PROPERTY	NUMBER OF AVAILABLE ROOMS	NUMBER OF OCCUPIED ROOMS	AVERAGE RATE PER OCCUPIED ROOM	OCCUPANCY RATE	NUMBER OF GUESTS ACCOMMODATED	AVERAGE RATE PER GUEST ACCOMMODATED
JANUARY	518	16,058	9,758	\$ 112.31	60.8 %	17,564	\$ 62.39
FEBRUARY	518	14,504	10,295	\$ 111.85	71.0 %	18,531	\$ 62.14
MARCH	518	16,058	12,836	\$ 104.95	79.9 %	23,105	\$ 58.31
1ST QUARTER TOTALS		46,620	32,889	\$ 109.29	70.5 %	59,200	\$ 60.72
APRIL	518	15,540	12,802	\$ 109.31	82.4 %	23,044	\$ 60.73
MAY	518	16,058	11,851	\$ 118.68	73.8 %	21,332	\$ 65.93
JUNE	518	15,540	12,356	\$ 136.38	79.5 %	22,241	\$ 75.76
2ND QUARTER TOTALS		47,138	37,009	\$ 121.34	78.5 %	66,617	\$ 67.41
JULY	518	16,058	14,530	\$ 148.74	90.5 %	26,154	\$ 82.63
AUGUST	518	16,058	14,669	\$ 130.68	91.4 %	26,264	\$ 72.99
SEPTEMBER	518	15,540	12,755	\$ 128.60	82.1 %	23,650	\$ 69.36
3RD QUARTER TOTALS		47,656	41,954	\$ 136.30	88.0 %	76,068	\$ 75.17
OCTOBER				\$	%		\$
NOVEMBER				\$	%		\$
DECEMBER				\$	%		\$
4TH QUARTER TOTALS				\$	%		\$
ANNUAL TOTALS				\$	%		\$

974-901
C 193

QUARTERLY REPORT

NEW JERSEY
PROV
NOV 27 1989
185 W. STATE ST.
TREASURY

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

FOR THE QUARTER ENDED September 30, 1989

TO THE
CASINO CONTROL COMMISSION
OF THE
STATE OF NEW JERSEY



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

Joseph A. D'Amato

OFFICIAL TITLE

Vice President & Treasurer

ADDRESS

Park Place and the Boardwalk

Atlantic City, New Jersey 08401

BALANCE SHEETS

September 30, 19 89 AND 19 88

LIST OF FORMS — QUARTERLY REPORT

(DOLLARS IN THOUSANDS)

FOR THE QUARTER ENDED September 30, 19 89

TITLE	FORM NO.	9/30/89	9/30/88
Balance Sheets	CCC-205	11,384	7,596
Statements of Income (Year-to-Date)	CCC-210	20,385	9,456
Statements of Income (Three Months)	CCC-215	11,087	2,177
Statements of Changes in Stockholders' Equity	CCC-220	87,116	4,456
Statements of Changes in Partners' or Proprietor's Equity	CCC-225	20,685	16,250
Statements of Cash Flows	CCC-235	16,012	434,054
Notes to Financial Statements	CCC-240	16,012	5,183
Schedule of Receivables and Patrons' Checks	CCC-250	479,382	479,382
Statement of Conformity and Accuracy			

Required to conform with 1989 presentation.
 The accompanying notes are an integral part of the financial statements. Valid comparisons cannot be made without using information contained in the notes.

BALANCE SHEETS

September 30 19 89 AND 19 88

(UNAUDITED)
(\$ IN THOUSANDS)

LINE (a)	DESCRIPTION (b)	(c) 19 89	* (d) 19 88
ASSETS			
Current Assets:			
1	Cash and Cash Equivalents	\$ 11,384	\$ 7,596
2	Marketable securities	---	---
3	Receivables and patrons' checks (net of allowance for doubtful accounts - 19 89, \$ 5,511 ; 19 88, \$ 5,550)	20,586	9,656
4	Inventories	4,051	2,177
5	Prepaid expenses and other current assets Note 2	11,097	4,456
6	Total current assets	47,118	23,885
7	Investments, Advances, And Receivables Note 11	31,695	16,260
8	Property And Equipment - Net Note 3	481,515	434,054
9	Other Assets	16,018	5,183
10	Total Assets	\$ 576,346	\$ 479,382
LIABILITIES AND EQUITY			
Current Liabilities:			
11	Accounts payable	\$ 20,072	\$ 16,223
12	Notes payable	---	---
Current portion of long-term debt:			
13	Due to affiliates	---	---
14	Other	---	---
15	Income taxes payable and accrued	8,914	12,391
16	Other accrued expenses Note 12	21,719	14,846
17	Other current liabilities	1,847	1,438
18	Total current liabilities	52,552	44,898
Long-Term Debt:			
19	Due to affiliates Note 4	350,000	99,655
20	Other Note 4	4,433	31,763
21	Deferred Credits Note 5	13,666	13,966
22	Other Liabilities Note 7	19,216	12,263
23	Commitments And Contingencies		
24	Total Liabilities	439,867	202,545
25	Stockholders', Partners', Or Proprietor's Equity	136,479	276,837
26	Total Liabilities And Equity	\$ 576,346	\$ 479,382

* Restated to conform with 1989 presentation.

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

TRADING NAME OF LICENSEE Bally's Park Place Casino Hotel

STATEMENTS OF INCOME

FOR THE Nine MONTHS ENDED September 30, 19 89 and 19 88

(UNAUDITED)
(\$ IN THOUSANDS)

LINE (a)	DESCRIPTION (b)	(c) 19 <u>89</u>	(d) 19 <u>88</u>
	Revenue:		
1	Casino	\$ 213,773	\$ 207,845
2	Rooms	21,262	13,507
3	Food and beverage	27,134	24,027
4	Other	8,096	7,758
5	Total revenue	270,265	253,137
6	Less: Promotional allowances <i>Note 8</i>	23,641	20,091
7	Net revenue	246,624	233,046
	Costs And Expenses:		
8	Cost of goods and services	118,062	108,039
9	Selling, general, and administrative	50,685	45,297
10	Provision for doubtful accounts	483	495
11	Depreciation and amortization	17,832	16,369
	Charges from affiliates other than interest:		
12	Management fees	---	---
13	Other <i>Note 6</i>	800	900
14	Total costs and expenses	187,862	171,100
15	Income (Loss) From Operations	58,762	61,946
	Other Income (Expenses):		
16	Interest (expense) - affiliates <i>Note 9</i>	<7,870>	<5,419>
17	Interest (expense) - external <i>Note 9</i>	<3,518>	<1,516>
18	Investment alternative tax and related income (expense) - net.....	<1,519>	<1,539>
19	Nonoperating income (expense) - net <i>Note 14</i>	1,483	1,024
20	Total other income (expenses).....	<11,424>	<7,450>
21	Income (Loss) Before Income Taxes And Extraordinary Items.....	47,338	54,496
22	Provision (credit) for income taxes <i>Note 10</i>	19,144	22,913
23	Income (Loss) Before Extraordinary Items	-28,194	31,583
24	Extraordinary items (net of income taxes - 19 <u>89</u> , \$ 5,600 ; 19 <u>88</u> , \$ -0-)	<8,411>	---
25	Net Income (Loss)	\$ 19,783	\$ 31,583

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

TRADING NAME OF LICENSEE Bally's Park Place Casino Hotel

STATEMENTS OF INCOME

FOR THE THREE MONTHS ENDED September 30, 19 89 and 19 88

(UNAUDITED)
(\$ IN THOUSANDS)

LINE (a)	DESCRIPTION (b)	(c) 19 <u>89</u>	(d) 19 <u>88</u>
	Revenue:		
1	Casino		
2	Rooms	\$ 80,869	\$ 81,009
3	Food and beverage	11,132	5,621
4	Other	10,868	9,019
5	Total revenue	3,449	2,918
6	Less: Promotional allowances	106,318	98,567
7	Net revenue	9,781	8,194
		96,537	90,373
	Costs And Expenses:		
8	Cost of goods and services		
9	Selling, general, and administrative	43,189	38,959
10	Provision for doubtful accounts	16,322	14,892
11	Depreciation and amortization	190	191
12	Charges from affiliates other than interest:		
13	Management fees	---	---
14	Other	200	300
15	Total costs and expenses	66,347	59,858
	Income (Loss) From Operations	30,190	30,515
	Other Income (Expenses):		
16	Interest (expense) - affiliates		
17	Interest (expense) - external	<5,342>	<1,276>
18	Investment alternative tax and related income (expense) - net	<1,148>	<297>
19	Nonoperating income (expense) - net	<531>	<567>
20	Total other income (expenses)	635	371
21	Income (Loss) Before Income Taxes And Extraordinary Items	<6,386>	<1,769>
22	Provision (credit) for income taxes	23,804	28,746
23	Income (Loss) Before Extraordinary Items	9,553	12,572
24	Extraordinary items (net of income taxes - 1989, \$ 5,600 ; 1988, \$ -0-)	14,251	16,174
25	Net Income (Loss)	<8,411>	---
		\$ 5,840	\$ 16,174

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 Nine MONTHS ENDED September 30, 19 89 AND 1988

(UNAUDITED)
(\$ IN THOUSANDS)

LINE (a)	DESCRIPTION (b)	19 <u>89</u>		19 <u>88</u>	
		(c) SHARES	(d) DOLLARS	(e) SHARES	(f) DOLLARS
	Common Stock:				
1	Beginning balance (January 1)	100	\$ 93,987	100	\$ 93,987
2	Sale of stock	-0-	-0-	-0-	-0-
3	.....			
4	Ending balance	100	93,987	100	93,987
	Preferred Stock:				
5	Beginning balance (January 1)	-0-	-0-	-0-	-0-
6	Sale of stock	-0-	-0-	-0-	-0-
7	.....			
8	Ending Balance	-0-	-0-	-0-	-0-
	Additional Paid-in Capital:				
9	Beginning balance (January 1)		34,652		34,652
10	.....		-0-		-0-
11	.....			
12	Ending balance		34,652		34,652
	Treasury Stock:				
13	Beginning balance (January 1)	-0-	(-0-)	-0-	(-0-)
14	Purchase of additional stock	-0-	(-0-)	-0-	(-0-)
15	Sale or retirement of stock	-0-	-0-	-0-	-0-
16	Ending balance	-0-	(-0-)	-0-	(-0-)
	Subscriptions Receivable For Capital Stock:				
17	Beginning balance (January 1)	-0-	(-0-)	-0-	(-0-)
18	.....			
19	.....			
20	Ending balance	-0-	(-0-)	-0-	(-0-)
	Net Unrealized Loss On Noncurrent Marketable Equity Securities:				
21	Beginning balance (January 1)		(-0-)		(-0-)
22	.....			
23	.....			
24	Ending balance		(-0-)		(-0-)
	Retained Earnings:				
25	Beginning balance (January 1)		138,057		116,615
26	Prior period adjustments		-0-		-0-
27	Net income (loss)		19,783		31,583
28	Dividends		(150,000)		()
29	.....			
30	.....			
31	Ending balance		7,840		148,198
32	Ending Stockholders' Equity		\$ 136,479		\$ 276,837

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

STATEMENTS OF CASH FLOWS

TRADING NAME OF LICENSEE Bally's Park Place Casino Hotel

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

FOR THE Nine MONTHS ENDED September 30, 19 89 AND 19 88

(UNAUDITED)
(\$ IN THOUSANDS)

NOT APPLICABLE

LINE (a)	DESCRIPTION (b)	(c) 19 ____	(d) 19 ____
	Invested Capital:		
1	Beginning balance (January 1)	\$ 2,375	\$ 2,660
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)	(1,000)	(8,275)
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	\$ 7,396	\$ 7,396

SUPPLEMENTAL DISCLOSURE OF THE FIVE MONTHS

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

STATEMENTS OF CASH FLOWS

FOR THE Nine MONTHS ENDED September 30, 1989 and 19 88

(UNAUDITED)

(\$ IN THOUSANDS)

Line (a)	Description (b)	(c) 19 89	* (d) 19 88
1	Net Cash Provided (Used) By Operating Activities.....	\$ 21,216	\$ 58,741
	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.....	<51,060>	<50,825>
5	Proceeds from disposition of property and equipment.....		
6	Purchase of casino reinvestment obligations.....	<1,978>	<2,640>
7	Purchase of other investments and loans/advances made.....	<18,328>	<3,359>
8	Proceeds from disposal of investments and collection of advances and long-term receivables.....	4,800	2,748
9	Cash outflows to acquire business entities.....		
10			
11			
12	Net Cash Provided (Used) By Investing Activities.....	<66,566>	<54,076>
	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.....	400,767	40,500
16	Costs of issuing debt.....		
17	Payments to settle long-term debt.....	<203,133>	<48,237>
18	Cash proceeds from issuing stock or capital contributions.....		
19	Purchases of treasury stock.....		
20	Payments of dividends or capital withdrawals.....	<150,000>	---
21			
22			
23	Net Cash Provided (Used) By Financing Activities.....	47,634	<7,737>
24	Net Increase (Decrease) In Cash And Cash Equivalents.....	2,284	<3,072>
25	Cash And Cash Equivalents At Beginning Of Period	9,100	10,668
26	Cash And Cash Equivalents At End Of Period.....	\$ 11,384	\$ 7,596

SUPPLEMENTAL DISCLOSURE OF CASH FLOW INFORMATION

Cash Paid During Period For:			
27	Interest (net of amount capitalized).....	\$ 13,110	\$ 10,253
28	Income taxes.....	\$ 13,500	\$ 16,998

* Restated to conform with the 1989 presentation.

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

STATEMENTS OF CASH FLOWS

FOR THE Nine MONTHS ENDED September 30, 19 89 and 19 88
 (UNAUDITED)
 (\$ IN THOUSANDS)

Line (a)	Description (b)	(c) 19 89	(d) 19 88
	Net Cash Flows From Operating Activities:		
29	Net income (loss).....	\$ 19,783	\$ 31,583
	Noncash items included in income and cash items excluded from income:		
30	Depreciation and amortization of property and equipment.....	17,273	15,647
31	Amortization of other assets.....	559	722
32	Amortization of debt discount or premium.....	21	24
33	Deferred income taxes - current.....	<526>	<432>
34	Deferred income taxes - noncurrent.....	<259>	<1,446>
35	(Gain) loss on disposition of property and equipment.....	221	68
36	(Gain) loss on casino reinvestment obligations.....	632	1,539
37	(Gain) loss from other investment activities.....	<106>	29
38	Net (increase) decrease in receivables and patrons' checks.....	<10,115>	4,301
39	Net (increase) decrease in inventories.....	<1,886>	<58>
40	Net (increase) decrease in other current assets.....	<6,670>	<1,088>
41	Net (increase) decrease in other assets.....	<11,403>	<188>
42	Net increase (decrease) in accounts payables.....	<579>	<1,828>
43	Net increase (decrease) in other current liabilities excluding debt.....	8,793	4,236
44	Net increase (decrease) in other noncurrent liabilities excluding debt.....	5,162	5,632
45	<u>Write-off of unamortized debt issuance costs</u>	316	---
46			
47	Net Cash Provided (Used) By Operating Activities.....	\$ 21,216	\$ 58,741

SUPPLEMENTAL SCHEDULE OF NONCASH INVESTING AND FINANCING ACTIVITIES

48	Acquisition Of Property And Equipment:		
49	Additions to property and equipment.....	\$ 51,060	\$ 50,825
50	Less: Capital lease obligations incurred.....		
	Cash Outflows For Property And Equipment.....	\$ 51,060	\$ 50,825
51	Acquisition Of Business Entities:		
52	Property and equipment acquired.....	\$ ---	\$ ---
53	Goodwill acquired.....		
54	Net assets acquired other than cash, goodwill, and property and equipment.....		
55	Long-term debt assumed.....		
56	Issuance of stock or capital invested.....		
	Cash Outflows To Acquire Business Entities.....	\$ ---	\$ ---
57	Stock Issued Or Capital Contributions:		
58	Total issuances of stock or capital contributions.....	\$ ---	\$ ---
59	Less: Issuances to settle long-term debt.....		
60	Consideration in acquisition of business entities.....		
	Cash Proceeds From Issuing Stock Or Capital Contributions.....	\$ ---	\$ ---

* Restated to conform with 1989 presentation..

BALLY'S PARK PLACE CASINO HOTEL
Note 1 - Notes to Financial Statements
For the Nine Months Ended September 30, 1989 and 1988

Unaudited

The accompanying financial statements should be read in conjunction with the consolidated financial statements in the Casino Control Commission Annual Report for the year December 31, 1988.

Please refer to the Annual Report for the following:

1. Summary of Significant Accounting Policies
2. Leases (except rent expense for the periods)
3. Provision (credit) for income taxes, reconciliation to statutory rate
4. Pension Plans
5. Investments obligation/potential alternative tax
6. Capital stock-description of features

All adjustments (which include only normal and recurring adjustments) have been recorded which are, in the opinion of management, necessary for a fair presentation of the financial position of Bally's Park Place, New Jersey (the "Company") at September 30, 1989 and 1988. Certain reclassifications have been made to the 1988 financial statements to conform to the 1989 representation.

Investments in Subsidiaries

The Company has three wholly-owned subsidiaries, B.W. Realty, Inc. (which operates a motel in Atlantic City), Bally Warwick, Inc. (which owns several condominiums in a building in Atlantic City for sale and lease) and Bally's Park Place Realty, Co. (which owns property in Atlantic City upon which a part of the Bally's Park Place Casino Hotel and Tower is situated). The investments in these subsidiaries are reflected in the accompanying financial statements on the equity method.

Transactions With Related Parties

Various management personnel of the Company are involved in the direction and operation of three other casino hotels owned by Bally Manufacturing Corporation ("Bally"). Certain costs were allocated to these other properties, amounting to \$4,682,000 for the nine months ended September 30, 1988. No costs were allocated to these properties for the nine months ended September 30, 1989. During the nine months ended September 30, 1988, the Company purchased slot machines for its casino from an affiliate of Bally for an aggregate amount of \$473,000. There were no such purchases during the nine months ended September 30, 1989.

Income Taxes

The effective income tax rate was greater than the statutory Federal income tax rate for the nine months ended September 30, 1989 and 1988 (40.4% and 42.0%, respectively). The variation from the statutory rate was due principally to state income taxes, net of the related Federal income tax benefit.

BALLY'S PARK PLACE CASINO HOTEL

Note 2 - Prepaid Expenses and
Other Current Assets

September 30,

Unaudited

	<u>1989</u>	<u>1988</u>
State Income Taxes	\$ 2,155,000	\$ ---
Deferred Income Taxes	7,279,000	2,634,000
Prepaid Insurance	634,000	849,000
Prepaid Licenses-Casino	623,000	627,000
Other (A)	406,000	346,000
	<u>\$11,097,000</u>	<u>\$ 4,456,000</u>

(A) No item in this category exceeds 5% of total current assets.

BALLY'S PARK PLACE CASINO HOTEL

Note 3 BALLY'S PARK PLACE CASINO HOTEL

Note 3 - Property, Plant and Equipment
September 30,

Unaudited

	1989	1988 *
Land	\$ 62,067,000	\$ 62,045,000
Buildings, Leasehold Improvements	320,044,000	316,419,000
Furniture, Fixtures and Equipment	114,077,000	105,735,000
Construction in Progress	<u>172,927,000</u>	<u>116,319,000</u>
	669,115,000	600,518,000
Less Accumulated Depreciation and Amortization	<u>187,600,000</u>	<u>166,464,000</u>
Property and Equipment, Net	<u>\$481,515,000</u>	<u>\$434,054,000</u>

* Restated to conform with 1989 presentation.

On August 15, 1988, BPP Funding issued, at par value, the \$350,000,000 Notes. The proceeds of the note issuance were immediately loaned to the Company, on terms identical to those of the Notes. Thereafter, the Company used the proceeds as follows: (i) \$119,232,500 to repay an earlier loan (including interest and redemption premium) by BPP Funding to the Company (which loan BPP Funding to retire its 11 7/8% Mortgage-Backed Bonds); (ii) \$25,000,000 to pay a dividend to BPP Delaware, which then paid a like dividend to Bally Manufacturing Corporation ("Bally"), parent company of BPP Delaware; (iii) approximately \$11 million to purchase from Bally a parcel of real estate, which part of Bally's Park Place Casino Hotel and Tower is situated, for a net book value less the amount of an existing mortgage and (iv) the balance of approximately \$159,300,000 to repay certain bank indebtedness of the Company and for general corporate purposes. Debt issuance costs associated with the issuance of the Notes is being amortized using the bonds outstanding method.

The Notes require annual sinking fund payments of \$47,000,000 beginning August 15, 1994, which will retire 40 percent of the issue prior to maturity. The Notes may be redeemed at any time on or after August 15, 1994, in whole or in part, with premiums ranging from 4.45 percent to zero beginning August 1994. The Notes are secured by Bally's Park Place Casino Hotel and Tower property which had a net book value of \$417,070,000 at September 30, 1989 and are unconditionally guaranteed by BPP Delaware.

BALLY'S PARK PLACE CASINO HOTEL
 Note 4 - Long-Term Debt, Affiliates and Other
 September 30, 1989

Unaudited

Long-Term Debt

	1989	1988
	(In thousands)	
Due to affiliates:		
11 7/8% First Mortgage Notes due 1999	\$ 350,000	\$ ---
13 7/8% Mortgage-Backed Bonds due 2003	---	99,655
	\$ 350,000	\$ 99,655
Other:		
Revolving Credit Agreement	\$ ---	\$ 29,500
Other secured and unsecured debt	4,433	2,263
	\$ 4,433	\$ 31,763

Bally's Park Place Funding, Inc. ("BPP Funding"), a Delaware corporation and a wholly owned subsidiary of Bally's Park Place, Inc., a Delaware corporation ("BPP Delaware"), parent of the Company, serves as the finance company which has issued \$350,000,000 principal amount of 11 7/8% First Mortgage Notes (the "Notes") due August 15, 1999.

In August 1989, BPP Funding issued, at par value, the \$350,000,000 Notes. The net proceeds of the note issuance were immediately loaned to the Company, under terms identical to those of the Notes. Thereafter, the Company used the net proceeds as follows: (i) \$119,232,500 to repay an earlier loan (including accrued interest and redemption premium) by BPP Funding to the Company (which was used by BPP Funding to retire its 13 7/8% Mortgage-Backed Bonds), (ii) \$150,000,000 to pay a dividend to BPP Delaware, which then paid a like dividend to Bally Manufacturing Corporation ("Bally"), parent company of BPP-Delaware, (iii) approximately \$11 million to purchase from Bally a parcel of real estate, upon which part of Bally's Park Place Casino Hotel and Tower is situated, for its book value less the amount of an existing mortgage and (iv) the balance of approximately \$59,000,000 to repay certain bank indebtedness of the Company and for general corporate purposes. Debt issuance costs associated with the issuance of the Notes is being amortized using the bonds outstanding method.

The Notes require annual sinking fund payments of \$47,000,000 beginning August 15, 1996, which will retire 40 percent of the issue prior to maturity. The Notes may be redeemed at any time on or after August 15, 1994, in whole or in part, with premiums ranging from 4.45 percent to zero beginning August 1994. The Notes are secured by Bally's Park Place Casino Hotel and Tower property which had a net book value of \$417,070,000 at September 30, 1989 and are unconditionally guaranteed by BPP Delaware.

BALLY'S PARK PLACE CASINO HOTEL
Note 4 - Long-Term Debt, Affiliates and Other
September 30, 1989

Unaudited

In August 1989, BPP Funding defeased its \$100,000,000 principal amount 13 7/8% Mortgage-Backed Bonds (the "Bonds"), pursuant to the terms of the Indenture. BPP Funding was required to place \$119,232,500 in escrow with the Trustee of the Bonds. The escrow amount included an \$11,100,000 premium for the early retirement of the Bonds and accrued interest until the date of retirement by the Trustee on October 2, 1989. The funds were borrowed from a bank for one day and repaid from the net proceeds of the Note issuance. Since the Company had borrowed the proceeds of the Bonds under terms identical to the Indenture, the early extinguishment of the Bonds resulted in an extraordinary loss of \$8,411,000, net of income tax benefits of \$5,600,000.

In September 1989, the Company's unsecured revolving credit agreement, due January 31, 1994, was cancelled and replaced by an unsecured revolving credit agreement due June 30, 1994. The new agreement provides for borrowings, from time to time, of up to \$100,000,000. The principal amount outstanding at June 30, 1992 is repayable in four semi-annual installments, beginning December 31, 1992. The rate of interest on the borrowings is, at the Company's option, based upon the agent bank's prime rate or certain other short-term rates. The Company pays an annual fee of 3/8 of 1 percent on the unused commitment. There have been no borrowings against the credit line.

BALLY'S PARK PLACE CASINO HOTEL

Note 5 - Deferred Credits

For the Three Months Ended September 30, September 30,

Unaudited

	<u>1989</u>	<u>1988</u>
Deferred Income Taxes	<u>\$13,666,000</u>	<u>\$13,966,000</u>

For the Nine Months Ended September 30,

	<u>1989</u>	<u>1988</u>
Bally Manufacturing Corp.	<u>\$ 900,000</u>	<u>\$ 900,000</u>

BALLY'S PARK PLACE CASINO HOTEL
Note 6 - Rent Expense
For the Three Months Ended September 30,

Unaudited

	<u>1989</u>	<u>1988</u>
Affiliates - Bally Manufacturing Corp.	<u>\$ 200,000</u>	<u>\$ 300,000</u>

In connection with the employment of certain officers, the Company has unfunded executive retirement plans, under which the participants earn benefits based on years of service and compensation. The Company recognizes expense for the

For the Nine Months Ended September 30,

	<u>1989</u>	<u>1988</u>
Affiliates - Bally Manufacturing Corp.	<u>\$ 800,000</u>	<u>\$ 900,000</u>

BALLY'S PARK PLACE CASINO HOTEL
 Note 7 - Other Liabilities
 For the Three Months Ended September 30, 1989

Unaudited

	Provisional Allowances		1989	Provisional		1988
Accrued S.E.R.P.	Number of Recipients	Dollar Amount	\$19,216,000	Number of Recipients	Dollar Amount	\$12,263,000

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

	852,597	1,705,000				
	386,716	1,397,000				
	9,656	95,000				
	3,097	93,000				
				42,613	\$	852,000
Employee Compensation - Cash				115,847		1,691,000
Employee Fringe Benefits				151		26,000
				1,031		248,000
Total of Services		<u>\$9,702,000</u>				<u>\$5,019,000</u>

BALLY'S PARK PLACE CASINO HOTEL
 Note 8 - Complimentary Services
 For the Three Months Ended September 30, 1989

Unaudited

	<u>Promotional Allowances</u>		<u>Promotional Expenses</u>	
	<u>Number of Recipients</u>	<u>Dollar Amount</u>	<u>Number of Recipients</u>	<u>Dollar Amount</u>
Rooms	41,710	\$4,141,000		
Food	136,994	2,370,000		
Beverage	852,697	1,705,000		
Parking	196,716	1,377,000		
Shows	9,656	95,000		
Other	3,097	93,000		
Travel			42,613	\$ 852,000
Coupon Redemption - Cash			315,847	3,891,000
Rooms off premises			151	26,000
Other			4,921	246,000
Total Amount of Services		<u>\$9,781,000</u>		<u>\$5,015,000</u>

BALLY'S PARK PLACE CASINO HOTEL
 Note 8 - Complimentary Services
 For the Nine Months Ended September 30, 1989

Unaudited

	<u>Promotional Allowances</u>		<u>Promotional Expenses</u>	
	<u>Number of Recipients</u>	<u>Dollar Amount</u>	<u>Number of Recipients</u>	<u>Dollar Amount</u>
Rooms	76,398	\$ 9,022,000		
Food	591,199	6,367,000		
Beverage	2,280,840	4,562,000		
Parking	465,591	3,259,000		
Shows	13,457	229,000		
Other	6,736	202,000		
Travel			129,011	\$ 2,580,000
Coupon Redemption - Cash			939,851	13,769,000
Rooms off premises			1,588	121,000
Other			9,145	457,000
Total Amount of Services		<u>\$23,641,000</u>		<u>\$16,927,000</u>

BALLY'S PARK PLACE CASINO HOTEL
 Note 9 - Interest Expense
 For the Three Months Ended September 30,

Unaudited

	<u>1989</u>	<u>1988</u>
<u>Charges From Affiliates</u>		
Bally's Park Place Funding, Inc.	\$ 5,776,000	\$ 3,469,000
Capitalized interest	<u><434,000></u>	<u><2,193,000></u>
	<u>\$ 5,342,000</u>	<u>\$ 1,276,000</u>
<u>External Sources</u>		
Interest on various loans	\$ 1,264,000	\$ 883,000
Capitalized interest	<u><116,000></u>	<u><586,000></u>
	<u>\$ 1,148,000</u>	<u>\$ 297,000</u>

For the Nine Months Ended September 30,

	<u>1989</u>	<u>1988</u>
<u>Charges From Affiliates</u>		
Bally's Park Place Funding, Inc.	\$12,714,000	\$10,407,000
Capitalized interest	<u><4,844,000></u>	<u><4,988,000></u>
	<u>\$ 7,870,000</u>	<u>\$ 5,419,000</u>
<u>External Sources</u>		
Interest on various loans	\$ 4,806,000	\$ 2,923,000
Capitalized interest	<u><1,288,000></u>	<u><1,407,000></u>
	<u>\$ 3,518,000</u>	<u>\$ 1,516,000</u>

BALLY'S PARK PLACE CASINO HOTEL
 Note 10 - Provision for Income Taxes
 For the Three Months Ended September 30,

Unaudited

	<u>1989</u>	<u>1988</u>
Current:		
Federal	\$ 8,222,000	\$10,745,000
State	<u>2,300,000</u>	<u>2,313,000</u>
	10,522,000	13,058,000
Deferred:		
Federal	<744,000>	<291,000>
State	<u><225,000></u>	<u><195,000></u>
	<u><969,000></u>	<u><486,000></u>
Total Income Taxes	<u>\$ 9,553,000</u>	<u>\$12,572,000</u>

For the Nine Months Ended September 30,

	<u>1989</u>	<u>1988</u>
Current:		
Federal	\$15,528,000	\$19,800,000
State	<u>4,400,000</u>	<u>4,991,000</u>
	19,928,000	24,791,000
Deferred:		
Federal	<601,000>	<1,369,000>
State	<u><183,000></u>	<u><509,000></u>
	<u><784,000></u>	<u><1,878,000></u>
Total Income Taxes	<u>\$19,144,000</u>	<u>\$22,913,000</u>

Reconciliation of Deferred Income Taxes
 For the Nine Months Ended September 30,

	<u>1989</u>	<u>1988</u>
Short-term	\$ <526,000>	\$ <432,000>
Long-term	<u><258,000></u>	<u><1,446,000></u>
	<u>\$ <784,000></u>	<u>\$ <1,878,000></u>

BALLY'S PARK PLACE CASINO HOTEL
 Note 11 - Investments, Advances and Receivables
 September 30,

Unaudited

Other long-term investments and receivables:

	<u>1989</u>	<u>1988</u>
Reese Palley/Martin Blatt (Mortgage - Marlboro Bleinheim)		
First Mortgage	\$ ---	\$ 2,060,000
Second Mortgage	---	<u>2,747,000</u>
Total long-term receivables	\$ ---	\$ 4,807,000
Investment in subsidiaries - equity:		
Bally Warwick, Inc. - 100% owned	4,269,000	4,137,000
B.W. Realty, Inc. - 100% owned	<u>5,225,000</u>	<u>4,496,000</u>
Total investments in subsidiaries - equity	9,494,000	8,633,000
Casino Reinvestment Development Authority funds (less discount of \$4,733,000 in 1989 and \$3,825,000 in 1988)	4,760,000	3,019,000
Central credit receivable (less discount of \$56,000 in 1989)	168,000	141,000
Jacobs Family Terrace Mortgage Receivable (less reserve of \$130,000 in 1989)	2,042,000	---
Bally's Park Place Realty Company	15,655,000	---
Less current portion	<u><424,000></u>	<u><340,000></u>
Total Investments, Advances and Receivables	<u>\$31,695,000</u>	<u>\$16,260,000</u>

BALLY'S PARK PLACE CASINO HOTEL
 BALLY'S PARK PLACE CASINO HOTEL

Note 12 - Other Accrued Expenses
 September 30,

Unaudited
 Unaudited

	<u>1989</u>	<u>1988</u>
Payroll and Payroll Taxes	\$ 7,545,000	\$ 5,920,000
Progressive Jackpots	3,177,000	2,164,000
Interest	3,512,000	1,586,000
Miscellaneous (A)	<u>7,485,000</u>	<u>5,176,000</u>
Total	<u>\$21,719,000</u>	<u>\$14,846,000</u>

(A) No item in this category exceeds 5% of total current liabilities.

BALLY'S PARK PLACE CASINO HOTEL
 Note 13 - Reinvestment Obligation
 September 30, 1989

Unaudited

The Company, pursuant to the New Jersey Casino Control Act ("Act") as amended, is required to either pay 2.5% of gross revenues, as defined, as a tax or invest 1.25% of gross revenues, as defined, in bonds of the Casino Reinvestment Development Authority ("CRDA"). The CRDA uses such proceeds to finance projects in Atlantic City, South Jersey and North Jersey. The CRDA can also approve direct investments in projects made by the licensee and such direct investments may be used by the licensee to satisfy their investments obligations. The Company has fulfilled its obligation under the Act by making deposits to the CRDA and by direct investments.

At September 30, 1989 and 1988, the Company had \$9,093,000 and \$6,444,000 respectively, in remaining bond purchase commitments on deposit with the CRDA. The Company has purchased \$400,000 in bonds with the CRDA as of September 30, 1989 and 1988. Since these deposits and bonds provide for interest at below market rates, the Company has discounted these amounts by \$4,733,000 and \$3,825,000 at September 30, 1989 and 1988 respectively. The Company has also sponsored the development of a 72-unit condominium housing project in Atlantic City. In 1988, the Company commenced direct sales of the units and as of September 30, 1989 54 units were sold.

	1989	1988
	\$1,131,000	\$ 243,000
	138,000	148,000
	141,000	16,000
	240,000	190,000
	\$1,383,000	\$1,024,000

SCHEDULE OF RECEIVABLES AND PATRONS' CHECKS

BALLY'S PARK PLACE CASINO HOTEL
 Note 14 - Non-Operating Income
 For the Three Months Ended September 30,

Unaudited

DESCRIPTION	ACCOUNTS RECEIVABLE BALANCE		ACCOUNTS RECEIVABLE NET OF ALLOWANCE
	1989	1988	
Interest income	\$ 452,000	\$ 177,000	
Equity in income or (loss) of unconsolidated subsidiaries:			
B. W. Realty, Inc.	65,000	126,000	4,166
Bally Warwick, Inc.	51,000	<3,000>	
Other	67,000	71,000	1,196
Total	\$ 635,000	\$ 371,000	

For the Nine Months Ended September 30,

DESCRIPTION	CHECKS ACTIVITY		ACCOUNTS RECEIVABLE NET OF ALLOWANCE
	1989	1988	
Interest income	\$1,137,000	\$ 863,000	
Equity in income or (loss) of unconsolidated subsidiaries:			
B. W. Realty, Inc.	<38,000>	<45,000>	
Bally Warwick, Inc.	144,000	16,000	2,695
Other	240,000	190,000	
Total	\$1,483,000	\$1,024,000	85,669
Balance			69,137
Checks included in Balance on Line 16			13,738
System for Uncollectible Patrons' Checks			3,651
Balance As A Percent Of Counter Checks Issued			2,333
			627

SCHEDULE OF RECEIVABLES AND PATRONS' CHECKS

September 30 19 89

(UNAUDITED)
(\$ IN THOUSANDS)

ACCOUNTS RECEIVABLE BALANCES				
LINE (a)	DESCRIPTION (b)	ACCOUNT BALANCE (c)	ALLOWANCE (d)	ACCOUNTS RECEIVABLE- (e) NET OF ALLOWANCE
1	Patrons' Checks:	\$		
	Undeposited patrons' checks	2,338		
2	Returned patrons' checks	7,239		
3	Total patrons' checks	9,577	\$ 5,411	\$ 4,166
4	Hotel Receivables	1,296	100	1,196
5	Other Receivables:			
	Receivables due from officers and employees.....	5		
6	Receivables due from affiliates	10,257		
7	Other accounts and notes receivables	4,962		
8	Total other receivables	15,224	---	15,224
9	Totals (Form 205).....	\$ 26,097	\$ 5,511	\$ 20,586

UNDEPOSITED PATRONS' CHECKS ACTIVITY		AMOUNT (h)
LINE (f)	DESCRIPTION (g)	
10	Beginning Balance (January 1)	\$ 2,695
11	Counter checks issued (excluding counter checks issued through transactions relating to consolidations, partial redemptions, substitutions, and patrons' cash deposits)	85,669
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)	(69,137)
13	Checks collected through deposits	(13,238)
14	Checks transferred to returned checks	(3,651)
15	Other adjustments	---
16	Ending Balance	\$ 2,338
17	"Hold" Checks Included In Balance On Line 16	\$ ---
18	Provision For Uncollectible Patrons' Checks	\$ 427
19	Provision As A Percent Of Counter Checks Issued .....	.5

STATEMENT OF CONFORMITY AND ACCURACY

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

Joseph A. D'Amato, being duly sworn according to law upon my oath
Name

deposes and says:

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

Joseph A. D'Amato
Signature

Vice President & Treasurer
Title

03310-11
License Number

Subscribed and sworn to
before me this 14 day
of November, 1989

On Behalf Of:

Kimberly A. Ketschek
Signature

Bally's Park Place, NJ
Casino Licensee

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

Basis of Authority
to Take Oaths



TRADING NAME OF LICENSEE BALLY'S PARK PLACE CASINO HOTEL

HOTEL STATISTICS

FOR THE 9 MONTHS ENDED September 30, 1989

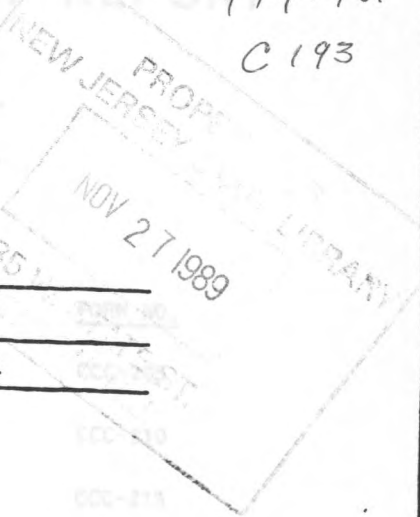
PERIOD	NUMBER OF GUEST ROOMS IN PROPERTY	NUMBER OF AVAILABLE ROOMS	NUMBER OF OCCUPIED ROOMS	AVERAGE RATE PER OCCUPIED ROOM	OCCUPANCY RATE	NUMBER OF GUESTS ACCOMMODATED	AVERAGE RATE PER GUEST ACCOMMODATED
JANUARY	506	15,686	11,598	\$109.06	73.9 %	22,180	\$57.03
FEBRUARY	506	14,168	11,856	\$107.52	83.7 %	22,726	\$56.09
MARCH	506	15,686	13,444	\$104.66	85.7 %	25,437	\$55.32
1ST QUARTER TOTALS		45,540	36,898	\$106.96	81.0 %	70,343	\$56.11
APRIL	506	15,180	13,434	\$103.74	88.5 %	26,161	\$53.27
MAY	1,000	31,000	16,724	\$120.48	53.9 %	33,826	\$59.56
JUNE	1,140	34,200	23,200	\$118.94	67.8 %	46,197	\$59.73
2ND QUARTER TOTALS		80,380	53,358	\$115.59	66.4 %	106,184	\$58.09
JULY	1,182	36,642	27,040	\$148.79	73.8 %	59,291	\$67.86
AUGUST	1,170	36,270	26,490	\$143.90	73.0 %	57,477	\$66.32
SEPTEMBER	1,197	35,910	25,257	\$131.00	70.3 %	50,011	\$66.16
3RD QUARTER TOTALS		108,822	78,787	\$141.44	72.4 %	166,779	\$66.82
OCTOBER				\$	%		\$
NOVEMBER				\$	%		\$
DECEMBER				\$	%		\$
4TH QUARTER TOTALS				\$	%		\$
ANNUAL TOTALS				\$	%		\$

BOARDWALK REGENCY CORPORATION
TRADING NAME OF LICENSEE d/b/a CAESARS ATLANTIC CITY

QUARTERLY REPORT

974-901
C 193

FOR THE QUARTER ENDED SEPTEMBER 30, 1989



LICENSEE BOARDWALK REGENCY CORPORATION
d/b/a CAESARS ATLANTIC CITY
ADDRESS 2100 Pacific Avenue
Atlantic City, New Jersey 08401

FOR THE QUARTER ENDED SEPTEMBER 30, 1989

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

BOARDWALK REGENCY CORPORATION
 TRADING NAME OF LICENSEE d/b/a CAESARS ATLANTIC CITY

LIST OF FORMS - QUARTERLY REPORT

DESCRIPTION FOR THE QUARTER ENDED SEPTEMBER 30, 1989

(b)	(c) 1989	(d) 1988
ASSETS		
	\$	\$
	8,877	8,042
TITLE	FORM NO.	
Balance Sheets	CCC-205	22,557
Statements of Income (Year-to-Date)	CCC-210	2,614
Statements of Income (Three Months)	CCC-215	9,337
Statements of Changes in Stockholders' Equity	CCC-220	42,740
Statements of Changes in Partners' or Proprietor's Equity	CCC-225	7,771
Statements of Cash Flows	CCC-235	209,443
Notes to Financial Statements	CCC-240	3,034
Schedule of Receivables and Patrons' Checks	CCC-250	262,988
Statement of Conformity and Accuracy		
	\$	\$
	10,139	9,348
	222	20,361
	4,490	9,135
	28,927	32,117
	3,449	7,251
	47,757	73,422
Long Term Debt:		
Due to affiliates	80,210	65,354
Other	15,410	13,659
Deferred Credits	7,274	6,703
Other Liabilities	8,573	6,310
Investments and Contingencies		
Total Liabilities	159,724	165,488
Stockholders', Partners', Or Proprietor's Equity	127,129	97,540
Total Liabilities and Equity	\$ 286,853	\$ 262,988

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

Certain reclassifications have been made in the prior period financial statements in order to conform with the presentation used in the current period.

CCC-201
 CCC-205

TRADING NAME OF LICENSEE CAESARS ATLANTIC CITY

BALANCE SHEETS
 SEPTEMBER 30, 1989 AND 1988
 (UNAUDITED)
 (\$ IN THOUSANDS)

LINE (a)	DESCRIPTION (b)	(c) 1989	(d) 1988
ASSETS			
	Current Assets		
1	Cash.....	\$ 8,677	\$ 8,042
2	Marketable securities.....	-	-
3	Receivables and patrons' checks (net of allowance for doubtful accounts - 1989, \$14,238 ; 1988, \$15,072).....	18,399	22,557
4	Inventories.....(NOTE 1).....	2,791	2,614
5	Prepaid expenses and other current assets.....(NOTE 2).....	11,131	9,527
6	Total current assets.....	40,998	42,740
7	Investments, Advances and Receivables.....(NOTES 3 & 13)	857	7,771
8	Property and Equipment - Net.....(NOTES 1,4&9)	240,549	209,443
9	Other Assets.....	4,449	3,034
10	Total Assets.....	\$ 286,853	\$ 262,988
LIABILITIES AND EQUITY			
	Current Liabilities		
11	Accounts payable.....	\$ 10,139	\$ 9,548
12	Notes payable.....(NOTE 5).....	-	-
	Current portion of long-term debt:		
13	Due to affiliates.....	-	-
14	Other.....(NOTE 9).....	222	20,361
15	Income taxes payable and accrued.....(NOTES 1,2&6)	4,490	9,135
16	Other accrued expenses.....(NOTE 7).....	28,957	32,127
17	Other current liabilities.....	3,449	2,251
18	Total current liabilities.....	47,257	73,422
	Long-Term Debt:		
19	Due to affiliates.....(NOTE 8).....	80,210	65,354
20	Other.....(NOTE 9).....	16,410	13,659
21	Deferred Credits.....(NOTE 6).....	7,274	6,703
22	Other Liabilities.....(NOTE 10).....	8,573	6,310
23	Commitments and Contingencies (NOTE 13).....		
24	Total Liabilities.....	159,724	165,448
25	Stockholders', Partners', Or Proprietor's Equity.....	127,129	97,540
26	Total Liabilities and Equity.....	\$ 286,853	\$ 262,988

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

4/86 Certain reclassifications have been made in the prior period financial statements in order to conform with the presentation used in the current period.

TRADING NAME OF CAESARS ATLANTIC CITY

STATEMENTS OF INCOME

FOR THE NINE MONTHS ENDED SEPTEMBER 30, 1989 AND 1988
 (UNAUDITED)
 (\$ IN THOUSANDS)

LINE (a)	DESCRIPTION (b)	(c) 1989	(d) 1988
	Revenue:		
1	Casino.....(NOTE 1).....	\$ 232,119	\$ 231,497
2	Rooms.....	12,891	14,263
3	Food and beverage.....	28,202	26,424
4	Other.....	13,806	12,814
5	Total revenue.....	287,018	284,998
6	Less: promotional allowances.....(NOTE 14).....	31,875	29,031
7	Net revenue.....	255,143	255,967
	Costs And Expenses:		
8	Cost of goods and services.....(NOTE 1).....	131,392	125,147
9	Selling, general, and administrative.....(NOTES 1 & 14).....	58,999	57,984
10	Provision for doubtful accounts.....	3,776	4,855
11	Depreciation and amortization.....(NOTE 1).....	12,076	14,223
	Charges from affiliates other than interest:		
12	Management fees.....	-	-
13	Other.....(NOTE 12).....	5,099	4,405
14	Total costs and expenses.....	211,342	206,614
15	Income (Loss) From Operations.....	43,801	49,353
	Other Income (Expense):		
16	Interest income (expense) - affiliates....(NOTES 8 & 12).....	(6,185)	(7,078)
17	Interest income (expense) - external.....	(610)	(2,905)
	Investment alternative tax and related		
18	income (expense) - net.....(NOTE 13).....	(27)	1,142
19	Nonoperating income (expense) - net.....(NOTE 15).....	(67)	(2,057)
20	Total other income (expense).....	(6,889)	(10,898)
21	Income (Loss) Before Income Taxes and Extraordinary items.....	36,912	38,455
22	Provision (Credit) for income taxes.....(NOTE 6).....	14,850	16,282
23	Income (Loss) Before Extraordinary Items.....	22,062	22,173
24	Extraordinary items (net of income taxes - 19__, \$; 19__, \$).....	-	-
25	Net Income (Loss).....	\$ 22,062	\$ 22,173

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

TRADING NAME OF LICENSEE CAESARS ATLANTIC CITY

STATEMENTS OF INCOME

FOR THE THREE MONTHS ENDED SEPTEMBER 30, 1989 AND 1988
(UNAUDITED)
(\$ IN THOUSANDS)

LINE (a)	DESCRIPTION (b)	(c) 1989	(d) 1988
	Revenue:		
1	Casino.....(NOTE 1).....	\$ 84,149	\$ 84,842
2	Rooms.....	4,879	5,551
3	Food and beverage.....	10,416	9,480
4	Other.....	5,783	5,688
5	Total revenue.....	105,227	105,561
6	Less: promotional allowances.....(NOTE 14).....	11,941	10,435
7	Net revenue.....	93,286	95,126
	Costs And Expenses:		
8	Cost of goods and services.....(NOTE 1).....	46,500	46,475
9	Selling, general, and administrative.....(NOTES 1 & 14).....	18,508	17,060
10	Provision for doubtful accounts.....	223	2,910
11	Depreciation and amortization.....(NOTE 1).....	4,013	3,094
	Charges from affiliates other than interest:		
12	Management fees.....	-	-
13	Other.....(NOTE 12).....	1,607	1,414
14	Total costs and expenses.....	70,851	70,953
15	Income (Loss) From Operations.....	22,435	24,173
	Other Income (Expense):		
16	Interest income (expense) - affiliates.....(NOTES 8 & 12).....	(2,415)	(1,984)
17	Interest income (expense) - external.....	(427)	(687)
18	Investment alternative tax and related.....		
19	income (expense) - net.....(NOTE 13).....	(72)	-
20	Nonoperating income (expense) - net.....(NOTE 15).....	-	(2,057)
21	Total other income (expense).....	(2,914)	(4,728)
22	Income (Loss) Before Income Taxes and Extraordinary items..	19,521	19,445
23	Provision (Credit) for income taxes.....(NOTE 6).....	7,877	8,078
24	Income (Loss) Before Extraordinary Items.....	11,644	11,367
24	Extraordinary items (net of income taxes - 19__, \$; 19__, \$).....	-	-
25	Net Income (Loss).....	\$ 11,644	\$ 11,367

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

1/89

CCC-215

CCC 210

TRADING NAME OF LICENSEE CAESARS ATLANTIC CITY

STATEMENTS OF CHANGES IN STOCKHOLDERS' EQUITY

FOR THE NINE MONTHS ENDED SEPTEMBER 30, 1989 AND 1988

(UNAUDITED)

(\$ IN THOUSANDS)

LINE (a)	DESCRIPTION (b)	1989		1988	
		(c)SHARES	(d)DOLLARS	(e)SHARES	(f)DOLLARS
	Common Stock: NO PAR VALUE, 1000 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).....	+++++	5,912	+++++	5,912
10		+++++	-	+++++	-
11		+++++	-	+++++	-
12	Ending balance.....	+++++	5,912	+++++	5,912
	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).....	+++++	97,785	+++++	68,085
26	Prior period adjustments.....	+++++	-	+++++	-
27	Net income (loss).....	+++++	22,062	+++++	22,173
28	Dividends.....	+++++	(-)	+++++	(-)
29		+++++	-	+++++	-
30		+++++	-	+++++	-
31	Ending balance.....	+++++	119,847	+++++	90,258
32	Ending Stockholders' Equity.....	+++++	\$127,129	+++++	\$ 97,540

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 NINE MONTHS ENDED SEPTEMBER 30, 1989 AND 1988
 (UNAUDITED)
 (\$ IN THOUSANDS)

LINE (a)	DESCRIPTION (b)	(c) 1989	(d) 1988
	Invested Capital:		
1	Beginning balance (January 1).....	\$	\$
2	Additional capital invested.....		
3			
4	Ending balance.....		
	Accumulated Income:		
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 NINE MONTHS ENDED SEPTEMBER 30, 1989 AND 1988
 (UNAUDITED)
 (\$ IN THOUSANDS)

LINE (a)	DESCRIPTION (b)	(c) 1989	(d) 1988
1	Net Cash Provided (Used) By Operating Activities.....	\$ 41,082	\$ 32,353
	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.....	(36,399)	(24,099)
5	Proceeds from disposition of property and equipment.....	120	19
6	Purchase of casino reinvestment obligations.....	(581)	(2,638)
7	Purchase of other investments and loans/advances made.....	-	-
8	Proceeds from disposal of investments and collection of advances and long-term receivables.....	(148)	-
9	Cash outflows to acquire business entities.....	-	-
10	CRDA reimbursements.....	2,600	18,975
11		-	-
12	Net Cash Provided (Used) By Investing Activities.....	(34,408)	(7,743)
	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.....	35,475	6,971
16	Costs of issuing debt.....	-	-
17	Payments to settle long-term debt.....	(42,823)	(31,715)
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.....	(7,348)	(24,744)
24	Net Increase (Decrease) in Cash and Cash Equivalents.....	(674)	(134)
25	Cash and Cash Equivalents At Beginning Of Period.....	9,351	8,176
26	Cash And Cash Equivalents At End Of Period.....	\$ 8,677	\$ 8,042

SUPPLEMENTAL DISCLOSURE OF CASH FLOW INFORMATION

	Cash Paid During Period For:		
27	Interest (net of amount capitalized).....	\$ 8,122	\$ 10,237
28	Income taxes.....	\$ 18,239	\$ 16,462

The accompanying notes are an integral part of the financial statements. Valid comparisons cannot be made without using information contained in the notes. Certain reclassifications have been made in the prior period financial statements in order to conform with the presentation used in the current period.

TRADING NAME OF LICENSEE CAESARS ATLANTIC CITY

STATEMENTS OF CASH FLOWS

FOR THE NINE MONTHS ENDED SEPTEMBER 30, 1989 AND 1988

(UNAUDITED)

(\$ IN THOUSANDS)

LINE (a)	DESCRIPTION (b)	(c) 1989	(d) 1988
	Net Cash Flows From Operating Activities:		
29	Net income (loss).....	\$ 22,062	\$ 22,173
	Noncash items included in income and cash items excluded from income:		
30	Depreciation and amortization of property and equipment....	11,868	13,953
31	Amortization of other assets	208	270
32	Amortization of debt discount or premium.....	-	-
33	Deferred income taxes - current.....	(2,446)	(1,736)
34	Deferred income taxes - noncurrent.....	953	(5)
35	(Gain) loss on disposition of property and equipment.....	67	2,057
36	(Gain) loss on casino reinvestment obligations.....	27	(1,142)
37	(Gain) loss from other investment activities.....	-	-
38	Net (increase) decrease in receivables and patrons' checks.....	16,387	(7,200)
39	Net (increase) decrease in inventories.....	20	(55)
40	Net (increase) decrease in other current assets.....	283	(801)
41	Net (increase) decrease in other assets.....	(1,374)	(122)
42	Net increase (decrease) in accounts payable.....	(1,204)	1,108
43	Net increase (decrease) in other current liabilities excluding debt.....	(7,733)	3,446
44	Net increase (decrease) in other noncurrent liabilities excluding debt.....	1,964	407
45		-	-
46		-	-
47	Net Cash Provided (Used) By Operating Activities.....	\$ 41,082	\$ 32,353

SUPPLEMENTAL SCHEDULE OF NONCASH INVESTING AND FINANCING ACTIVITIES

	Acquisition Of Property And Equipment:		
48	Additions to property and equipment.....	\$ 39,373	\$ 24,099
49	Less: Mortgage assumed.....	2,974	-
50	Cash Outflows For Property And Equipment.....	\$ 36,399	\$ 24,099
	Acquisition Of Business Entities:		
51	Property and equipment acquired.....	\$ -	\$ -
52	Goodwill acquired.....	-	-
53	Net assets acquired other than cash, goodwill, and property and equipment.....	-	-
54	Long-term debt assumed.....	-	-
55	Issuance of stock or capital invested.....	-	-
56	Cash Outflows To Acquire Business Entities.....	\$ -	\$ -
	Stock Issued Or Capital Contributions:		
57	Total issuances of stock or capital contributions.....	\$ -	\$ -
58	Less: Issuances to settle long-term debt.....	-	-
59	Consideration in acquisition of business entities.....	-	-
60	Cash Proceeds From Issuing Stock Or Capital Contributions.....	\$ -	\$ -

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

NOTES TO FINANCIAL STATEMENTS

NOTE 1. Summary of Significant Accounting Policies:

Description of Business

Boardwalk Regency Corporation (BRC), a New Jersey corporation, is a wholly-owned subsidiary of Caesars New Jersey, Inc. (CNJ), a New Jersey corporation. CNJ is an 86.6% owned subsidiary of Caesars World, Inc. (CWI), a Florida corporation. Additionally, CNJ also owns all of the stock of Caesars World Finance Corporation (CWFC), a Delaware corporation. BRC owns and operates Caesars Atlantic City hotel/casino (CAC) in Atlantic City, New Jersey.

Revenue and Promotional Allowances

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

Inventories

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

Property and Equipment

Property and equipment is recorded at cost, including interest on funds borrowed to finance construction. For the nine months ended September 30, 1989 and 1988 capitalized interest of \$1,459,000 and \$413,000, respectively, was recorded. Depreciation and amortization are provided for on the straight-line method over the following estimated useful lives:

Buildings and improvements	10 to 40 years
Furniture, fixtures and equipment	3 to 8 years
Property under capital leases	28 to 30 years

Betterments, renewals and extraordinary repairs that extend the life of the asset are capitalized; other repairs and maintenance are expensed. The cost and accumulated depreciation applicable to assets retired are removed from the accounts and the resultant gain or loss on disposition is recognized.

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

NOTE 1. Summary of Significant Accounting Policies (continued):

Reclassifications

Certain reclassifications have been made in the prior period financial statements in order to conform with the presentation used in the current period.

Income Taxes

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

Disclosures

Certain disclosures have been omitted that usually are required for a fair presentation of the financial statements in accordance with generally accepted accounting principles in conformance with the Casino Control Commission's quarterly instructions. The omitted disclosures pertain to the aggregate maturities of long term debt and future minimum lease payments for operating and capital leases. The disclosures were omitted because there was not a material change in the information previously disclosed in the Company's annual financial statements for the year ended December 31, 1988.

NOTE 2. Prepaid Expenses and Other Current Assets:

	<u>1989</u>	<u>1988</u>
	(In Thousands)	
Deferred income taxes.....	\$ 7,861	\$5,331
Other.....	<u>3,270</u>	<u>4,196</u>
	<u>\$11,131</u>	<u>\$9,527</u>

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

NOTE 3. Investments, Advances, and Receivables:

	<u>1989</u>	<u>1988</u>
	(In Thousands)	
CRDA investment deposits.....	\$ 971	\$7,923
CRDA bonds receivable.....	128	43
Note receivable, net.....	<u>148</u>	<u>-</u>
	1,247	7,966
Less: valuation allowance.....(NOTE 13)	<u>390</u>	<u>195</u>
	<u>\$ 857</u>	<u>\$7,771</u>

NOTE 4. Property and Equipment:

	<u>1989</u>	<u>1988</u>
	(In Thousands)	
Land.....	\$ 35,612	\$ 20,760
Buildings and improvements.....	207,332	146,065
Furniture, fixtures and equipment.....	69,479	63,608
Construction in progress.....	8,761	24,777
Properties under capital leases.....	<u>11,893</u>	<u>54,394</u>
	333,077	309,604
Less: accumulated depreciation and amortization.....	90,072	97,861
CRDA valuation allowance(NOTE 13)	<u>2,456</u>	<u>2,300</u>
	<u>\$240,549</u>	<u>\$209,443</u>

NOTE 5. Notes Payable:

CWI has an unsecured revolving credit facility with a syndicate of banks. The credit facility is to be used by CWI and its affiliates, including BRC, for working capital needs and general corporate purposes. The revolving credit facility bears interest at one quarter percent below the prime rate or an alternative negotiated rate and matures on September 30, 1991, unless extended by the banks.

This credit facility contains affirmative and negative covenants and among other things, requires the maintenance of certain financial ratios; limits CWI's and BRC's ability to incur additional debt, repurchase shares and sell certain assets; and restricts mergers,

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

NOTE 5. Notes Payable: (continued)

consolidations and similar transactions with respect to CWI and its subsidiaries.

In May 1989 the Company entered into an unsecured \$50,000,000 revolving line of credit with Desert Palace, Inc. (DPI), a wholly-owned subsidiary of CWI. The revolving line of credit carries interest at the prime rate, a \$75,000 annual commitment fee which began on May 31, 1989, and has a term of five years. Amounts outstanding under this revolving line of credit are included in "other current liabilities" on the balance sheets.

In 1989 the maximum amount outstanding at any month-end under the new credit line was \$1,600,000, the average of the month-end amounts outstanding was \$211,000 and the weighted average interest rate was 10.5 percent.

NOTE 6. Income Taxes:

The provision for income taxes for the nine months ended September 30, 1989 and 1988 is comprised of the following:

	<u>1989</u>	<u>1988</u>
	(In Thousands)	
Current:		
Federal.....	\$11,828	\$13,777
State.....	4,515	4,246
Deferred:		
Federal.....	(574)	(1,172)
State.....	<u>(919)</u>	<u>(569)</u>
	<u>\$14,850</u>	<u>\$16,282</u>

Deferred credits of \$7,274,000 and \$6,703,000 at September 30, 1989 and 1988, respectively, represent deferred income taxes which result from temporary differences between income for financial reporting purposes and income for tax purposes. The most significant temporary differences relate to depreciation, certain accrued liabilities and the provisions for the reinvestment obligations imposed by the Casino Control Act.

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

NOTE 6. Income Taxes: (continued)

The provision for income taxes for the nine months ended September 30, 1989 and 1988 differs from the amount computed at the statutory rate as follows:

	1989	1988
	(In Thousands)	
Federal income tax at statutory rate.....	\$12,550	\$13,075
State income taxes, net of federal benefit.	2,193	2,284
Other, net.....	107	923
	<u>\$14,850</u>	<u>\$16,282</u>

The Internal Revenue Service has examined CWI's consolidated Federal income tax returns through fiscal 1985 and is currently examining the returns for fiscal 1986, 1987 and 1988.

NOTE 7. Other Accrued Expenses:

	1989	1988
	(In Thousands)	
Rent.....	\$ 9,193	\$14,080
Salaries, wages and vacation pay...	5,486	4,852
Insurance.....	3,854	2,516
Progressive slots.....	3,261	2,783
Legal.....	3,238	3,708
Taxes, other than income taxes.....	1,585	1,442
Other.....	2,340	2,746
	<u>\$28,957</u>	<u>\$32,127</u>

NOTE 8. Long-term Debt, Due to Affiliates:

	1989	1988
	(In Thousands)	
DPI Non-negotiable term note due June 1, 1992, interest at 11.45%.	\$73,242	\$65,354
DPI Fixed rate term note due May 1, 1994, interest at 11.30%.	6,968	-
	<u>\$80,210</u>	<u>\$65,354</u>

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

NOTE 9. Long-term Debt, Other: (continued):

	<u>1989</u>	<u>1988</u>
	(In Thousands)	
(a) Long-term debt.....	\$ 2,665	\$ -
(b) Capitalized lease obligation....	<u>13,745</u>	<u>13,659</u>
	<u>\$16,410</u>	<u>\$13,659</u>
	<u>1989</u>	<u>1988</u>
	(In Thousands)	
(a) Mortgage payable, interest at 8.0%, maturing January 1999, secured by property.....	\$2,887	\$ -
(b) Mortgage payable, interest at 10.5%, matured February 1989, secured by property.....	<u>-</u>	<u>506</u>
	<u>2,887</u>	<u>506</u>
Less current maturities.....	<u>222</u>	<u>506</u>
	<u>\$2,665</u>	<u>\$ -</u>

(b) Leases:

The Company leases land, buildings and equipment under noncancellable lease agreements which expire at various dates through 2076. The leases generally provide that the Company pay the taxes, insurance and maintenance expenses related to the leased assets. CWI has guaranteed a substantial portion of the Company's lease obligations. Major leased assets, which have been capitalized, include a portion of the land on which the casino/hotel is situated. This lease requires annual payments of \$575,000 and beginning in 1990 the payments increase by 50 percent of the increase in the producer price index. The lease expires in 2008 and is renewable for two additional 30-year periods. The Company has the right to exercise a \$6,500,000 purchase option beginning in November 1990. After July 1991 the purchase price increases pursuant to a formula tied to the increase in the producer price index. The Company is required to maintain a \$5,000,000 letter of credit for the benefit of the owner of this property.

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

NOTE 9. Long-term Debt, Other (continued):

On June 1, 1989, the Company purchased the property under its primary lease for \$38,822,000, including related costs and expenses. Upon consummation of the purchase, the Company assumed a \$2,974,000 mortgage on the property, retired the \$19,676,000 capitalized lease obligation, and added \$19,146,000 to property and equipment. A portion of this purchase was financed through borrowings from DPI, a wholly-owned subsidiary of CWI. This lease had provided for a minimum rental of \$1,230,000 for the five months of 1989 prior to the purchase and a percentage rental of 19.3 % of the casino/hotel's net profit (as defined). The percentage rental amounted to \$3,216,000 and \$9,726,000 for the nine months ended September 30, 1989 and 1988, respectively.

	<u>1989</u>	<u>1988</u>
	(In Thousands)	
Capital lease obligations, net of amounts representing interest.....	\$13,745	\$33,514
Less current maturities.....	-	<u>19,855</u>
	<u>\$13,745</u>	<u>\$13,659</u>

Rent expense for the nine months ended September 30, 1989 and 1988 is comprised of the following:

	<u>1989</u>	<u>1988</u>
	(In Thousands)	
Minimum rentals under operating leases..	\$2,478	\$ 2,280
Contingent rentals under capital leases.	<u>3,216</u>	<u>9,726</u>
	<u>\$5,694</u>	<u>\$12,006</u>

Note 10. Other Liabilities:

	<u>1989</u>	<u>1988</u>
	(In Thousands)	
CRDA valuation allowance.....	\$2,600	\$2,300
Settlement claims.....	5,692	3,766
Other liabilities.....	<u>281</u>	<u>244</u>
	<u>\$8,573</u>	<u>\$6,310</u>

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

NOTE 11. Pension Plans:

BRC participates in CWI's Executive Security Plan. The Plan is available to any officer or other employee designated as a key executive of CWI and its subsidiaries. Pension expense is determined under the aggregate method and was \$242,000 and \$166,000 for the nine months ended September 30, 1989 and 1988, respectively.

BRC also has an Individual Retirement Account Plan which is available to all full-time employees who have at least one year of service and are not covered under any qualified retirement plan. The expense of this plan was \$524,000 and \$454,000 for the nine months ended September 30, 1989 and 1988, respectively.

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

NOTE 12. Related Party Transactions:

Intercompany Services

CWI, CNJ and DPI provide BRC with substantial funds for lease deposits, working capital and other operating purposes. CWI also provides certain assistance to BRC, including supervision of the hotel/casino operations and the furnishing of accounting, tax, internal audit, marketing, legal and security services. BRC reimburses CWI for the cost of such services, which amounted to \$5,099,000 and \$4,405,000 for the nine months ended September 30, 1989 and 1988, respectively. The breakdown of these services is as follows:

	<u>1989</u>	<u>1988</u>
	(In Thousands)	
General insurance.....	\$2,092	\$1,945
Reservations office expenses.....	2,560	1,908
Other.....	<u>447</u>	<u>552</u>
	<u>\$5,099</u>	<u>\$4,405</u>

NOTE 13. Commitments and Contingencies:

The New Jersey Casino Control Act (the "Act") provides, among other things, for an assessment on licensees based upon their gross casino

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

NOTE 13. Commitments and Contingencies (continued):

revenues. This assessment may be satisfied by investing in qualified eligible direct investments, making qualified contributions, purchasing bonds issued by the Casino Reinvestment Development Authority (CRDA), or paying an "alternative tax". In order for direct investments or contributions to be eligible, they must be approved by the CRDA. The Company's total obligation under the Act for all periods through September 30, 1989 is \$36,817,000 which is net of a prepayment discount of \$555,000 and a Minority Set-Aside credit of \$64,000.

As of September 30, 1989, the Company's cumulative disbursements for deposits, the purchase of bonds, contributions and direct investments in satisfaction of CRDA obligations amounted to \$37,963,000. Of this amount \$1,099,000 is carried in Investments, Advances and Receivables (see Note 3). The remaining portion, of \$36,864,000 is carried in Property and Equipment (see Note 4). The Company is still obligated to make quarterly deposits toward its North Jersey and South Jersey obligations. These obligations amounted to \$553,000 for the nine months ended September 30, 1989.

BRC has received approval from the CRDA for a qualified eligible direct investment. This approval requires BRC to construct and then operate three housing developments in Atlantic City costing approximately \$40,600,000, which will provide housing for 230 low through middle income families. Two of the housing developments have since been completed. One development is a 15 unit costing approximately \$2,600,000 and was placed in operation in July 1988. During March, 1989 a 200 unit high-rise development costing approximately \$35,400,000 was completed and placed in operation. Two of the developments are expected to incur a negative cash flow and have a negligible residual value. Allowances of \$5,056,000 and \$4,600,000 exist as of September 30, 1989 and 1988, respectively, to provide for such losses.

For the nine months ended September 30, 1989 and 1988, \$27,000 has been charged and \$1,142,000 has been credited, respectively, for the Investment Alternative Tax. For 1989, this amount consists of \$125,000 charged to operations relating to CRDA valuation allowances and \$98,000 credited to operations relating to the amortization of the previously established allowance.

In addition to the qualified eligible direct investments, BRC is required to purchase CRDA bonds which when purchased, will carry below market interest rates resulting in a valuation lower than cost. Accordingly, valuation allowances of \$390,000 and \$195,000 exist as of September 30, 1989 and 1988, respectively, to provide for such interest differentials.

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

NOTE 13. Commitments and Contingencies (continued):

In May 1989, the Company contributed \$756,000 to the New Jersey Development Authority for Small Businesses, Minorities and Women's Enterprises. This contribution was equal to the Company's cumulative CRDA obligations for minority set-aside thru March 31, 1989.

<u>Litigation</u>	<u>Three Months</u>		<u>Nine Months</u>	
	<u>Ended September 30, 1989</u>	<u>Ended September 30, 1988</u>	<u>Ended September 30, 1989</u>	<u>Ended September 30, 1988</u>
	<u>Recipients</u>	<u>Amount</u>	<u>Recipients</u>	<u>Amount</u>
BRC is party to legal proceedings arising in the normal conduct of business. The Company believes that the final outcome of these matters will not have a material adverse effect upon BRC's financial position.	93,869	930	310,763	2,758
	29,819	825	87,350	1,828
	2,864	174	10,683	516
	<u>961,322</u>	<u>\$11,941</u>	<u>2,760,007</u>	<u>\$31,875</u>

Promotional Expenses

(\$ Amounts in Thousands)

	<u>Three Months</u>		<u>Nine Months</u>	
	<u>Ended September 30, 1989</u>	<u>Ended September 30, 1988</u>	<u>Ended September 30, 1989</u>	<u>Ended September 30, 1988</u>
	<u>Recipients</u>	<u>Amount</u>	<u>Recipients</u>	<u>Amount</u>
Travel	399,315	\$ 6,738	1,077,587	\$19,921
Special events	12,416	3,156	36,399	8,191
Other	1,731	284	11,260	2,035
	<u>43,226</u>	<u>1,184</u>	<u>114,700</u>	<u>2,785</u>
	<u>436,688</u>	<u>\$11,382</u>	<u>1,219,946</u>	<u>\$32,902</u>

NOTE 15. Nonoperating Income/Expense - Net:

Nonoperating expense of \$67,000 and \$2,057,000 for the nine months ended September 30, 1989 and 1988, respectively, consists of leases on the disposition of property and equipment.

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

NOTE 14. Complimentaries:

Promotional Allowances

(UNAUDITED)

(\$ IN THOUS) (\$ Amounts in Thousands)

ACCOUNTS RECEIVABLE DESCRIPTION	Three Months Ended September 30, 1989		Nine Months Ended September 30, 1989	
	Recipients	Amount	Recipients	Amount
Rooms	38,991	\$ 2,784	108,854	\$ 7,481
Food	228,510	4,175	646,843	10,974
Beverage	567,269	3,033	1,595,514	8,318
Parking	93,869	930	310,763	2,758
Theatre	29,819	825	87,350	1,828
Other	2,864	194	10,683	516
	<u>961,322</u>	<u>\$11,941</u>	<u>2,760,007</u>	<u>\$31,875</u>

Promotional Expenses

(\$ Amounts in Thousands)

DEPOSITED PATRONS' CHECKS ACTIVITY DESCRIPTION	Three Months Ended September 30, 1989		Nine Months Ended September 30, 1989	
	Recipients	Amount	Recipients	Amount
Coin	399,315	\$ 6,758	1,077,587	\$19,921
Travel	12,416	3,156	36,399	8,191
Special events	1,731	284	11,260	2,035
Other	43,226	1,184	114,700	2,755
	<u>456,688</u>	<u>\$11,382</u>	<u>1,239,946</u>	<u>\$32,902</u>

NOTE 15. Nonoperating Income/Expense - Net:

Nonoperating expense of \$67,000 and \$2,057,000 for the nine months ended September 30, 1989 and 1988, respectively, consists of losses on the disposition of property and equipment.

TRADING NAME OF LICENSEE CAESARS ATLANTIC CITY

SCHEDULE OF RECEIVABLES AND PATRONS' CHECKS

SEPTEMBER 30, 1989

(UNAUDITED)
(\$ IN THOUSANDS)

ACCOUNTS RECEIVABLE BALANCES				
LINE (a)	DESCRIPTION (b)	ACCOUNT BALANCE (c)	ALLOWANCE (d)	ACCOUNTS RECEIVABLE (e) NET OF ALLOWANCE
	Patron's Checks:	\$		
1	Undeposited patrons' checks.....	10,310		
2	Returned patrons' checks.....	18,593		
3	Total patrons' checks.....	28,903	\$ 14,141	\$ 14,762
4	Hotel Receivables.....	861	97	764
	Other Receivables:			
5	Receivables due from officers and employees.....	16		
6	Receivables due from affiliates.....	2,369		
7	Other accounts and notes receivables.....	488		
8	Total other receivables.....	2,873	-	2,873
9	Totals (Form 205).....	\$ 32,637	\$ 14,238	\$ 18,399

UNDEPOSITED PATRONS' CHECKS ACTIVITY		
LINE (f)	DESCRIPTION (g)	AMOUNT (h)
10	Beginning Balance (January 1).....	\$ 9,924
11	Counter checks issued (excluding counter checks issued through transactions relating to consolidations, partial redemptions, substitutions, and patrons' cash deposits).....	228,400
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).....	(158,318)
13	Checks collected through deposits.....	(63,629)
14	Checks transferred to returned checks.....	(6,067)
15	Other adjustments.....	-
16	Ending Balance.....	\$ 10,310
17	"Hold" Checks Included In Balance On Line 16.....	\$ -
18	Provision For Uncollectible Patrons' Checks.....	\$ 3,746
19	Provision As A Percent Of Counter Checks Issued.....	1.6%

STATEMENT OF CONFORMITY AND ACCURACY

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

Michael J. Walsh, being duly sworn according to law upon my oath
Name

deposes and says:

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

M Walsh
Signature

VICE PRESIDENT FINANCE
Title

01482-11
License Number

Subscribed and sworn to
before me this 14th day
of November, 1989

On Behalf Of:

Kathryn J. Robinson
Signature

KATHRYN J. ROBINSON
NOTARY PUBLIC OF NEW JERSEY
My Commission Expires FEB. 20, 1992

Basis of Authority
to Take Oaths

BOARDWALK REGENCY CORPORATION
Casino License

TRADING NAME OF LICENSEE CAESARS ATLANTIC CITY

HOTEL STATISTICS

FOR THE 9 MONTHS ENDED September 30, 1989

PERIOD	NUMBER OF GUEST ROOMS IN PROPERTY	NUMBER OF AVAILABLE ROOMS	NUMBER OF OCCUPIED ROOMS	AVERAGE RATE PER OCCUPIED ROOM	OCCUPANCY RATE	NUMBER OF GUESTS ACCOMMODATED	AVERAGE RATE PER GUEST ACCOMMODATED
JANUARY	644	19,497	14,053	\$ 81.90	72.1 %	27,116	\$ 42.45
FEBRUARY	644	17,633	14,105	\$ 80.68	80.0 %	27,723	\$ 41.05
MARCH	644	19,375	17,113	\$ 77.37	88.3 %	33,056	\$ 40.05
1ST QUARTER TOTALS		56,505	45,271	\$ 79.81	80.1 %	87,895	\$ 41.11
APRIL	644	18,297	17,192	\$ 80.04	94.0 %	33,111	\$ 41.56
MAY	644	19,462	17,537	\$ 85.25	90.1 %	33,439	\$ 44.71
JUNE	644	19,191	17,503	\$ 86.96	91.2 %	33,464	\$ 45.48
2ND QUARTER TOTALS		56,950	52,232	\$ 84.11	91.7 %	100,014	\$ 43.92
JULY	644	19,724	18,454	\$ 94.99	93.6 %	34,140	\$ 51.35
AUGUST	644	19,586	17,734	\$ 93.27	90.5 %	36,093	\$ 45.83
SEPTEMBER	644	18,833	16,685	\$ 88.22	88.6 %	34,574	\$ 42.58
3RD QUARTER TOTALS		58,143	52,873	\$ 92.28	90.9 %	104,807	\$ 46.55
OCTOBER				\$	%		\$
NOVEMBER				\$	%		\$
DECEMBER				\$	%		\$
4TH QUARTER TOTALS				\$	%		\$
ANNUAL TOTALS				\$	%		\$

Atlantic City, New Jersey 08401

507 9100
101 1100

TRADE NAME OF LICENSEE The Claridge Casino Hotel

QUARTERLY REPORT

974.901
C 193

FOR THE QUARTER ENDED September 30, 19

NOV 27 1989
185 W. STATE ST.
TRENTON, N.J.

LICENSEE The Claridge at Park Place, Inc.

ADDRESS Indiana Avenue and The Boardwalk

Atlantic City, New Jersey 08401

FOR THE QUARTER ENDED September 30, 1989

TO THE
CASINO CONTROL COMMISSION
OF THE
STATE OF NEW JERSEY



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

Roger P. Wagner

OFFICIAL TITLE

President/Chief Operating Officer

ADDRESS

Indiana Avenue and The Boardwalk

Atlantic City, New Jersey 08401

The Claridge Casino Hotel

LIST OF FORMS - QUARTERLY REPORT

FOR THE QUARTER ENDED September 30, 19 89

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
Statement of Conformity and Accuracy	CCC-250

The accompanying notes are an integral part of the financial statements. Value comparisons change as time without using information contained in the report.

BALANCE SHEETS

Sept. 30, 19 89 AND 19 88

(UNAUDITED)
(\$ IN THOUSANDS)

LINE	DESCRIPTION (b)	(c) 19 89	(d) 19 88
	ASSETS		
	Current Assets:		
1	Cash	\$ 5,044	\$ 4,317
2	Marketable securities (at cost which approximates market)	1,701	50
3	Receivables and patrons' checks (net of allowance for doubtful accounts - 19 89, \$ 2,953 ; 19 88, \$ 2,645)	16,741	15,822
4	Inventories	2,135	2,553
5	Prepaid expenses and other current assets	985	850
6	Total current assets	26,606	23,592
7	Investments, Advances, And Receivables (Note 3)	148,842	154,333
8	Property And Equipment - Net of Accum. Deprec. of \$9,750 & \$7,808	3,146	4,632
9	Other Assets (Note 4)	69	865
10	Total Assets	\$ 178,663	\$ 183,422
	LIABILITIES AND EQUITY		
	Current Liabilities:		
11	Accounts payable	\$ 3,280	\$ 4,383
12	Notes payable	-0-	-0-
13	Current portion of long-term debt:		
14	Due to affiliates (Note 7)	-0-	9,102
15	Other (Note 7)	2,682	9,325
16	Income taxes payable and accrued	123	-0-
17	Other accrued expenses (Note 5)	12,279	12,929
18	Other current liabilities (Note 6)	11,784	8,570
	Total current liabilities	30,148	44,309
19	Long-Term Debt:		
20	Due to affiliates (Note 7)	-0-	43,870
21	Other (Note 7)	102,569	86,056
22	Deferred Credits (Note 8)	-0-	-0-
23	Other Liabilities	74,191	90,501
24	Commitments And Contingencies		
	Total Liabilities	206,908	264,736
25	Stockholders', Partners', Or Proprietor's Equity	(28,245)	(81,314)
26	Total Liabilities And Equity	\$ 178,663	\$ 183,422

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 The Claridge Casino Hotel

STATEMENTS OF INCOME

FOR THE Nine MONTHS ENDED Sept. 30, 19 89 and 19 88

(UNAUDITED)
(\$ IN THOUSANDS)

LINE a)	DESCRIPTION (b)	(c) 19 <u>89</u>	(d) 19 <u>88</u>
	Revenue:		
1	Casino	\$ 98,665	\$ 102,793
2	Rooms	9,690	10,421
3	Food and beverage	16,175	18,745
4	Other	2,188	2,441
5	Total revenue	126,718	134,400
6	Less: Promotional allowances (Note 10)	12,634	16,967
7	Net revenue	114,084	117,433
	Costs And Expenses:		
8	Cost of goods and services	62,774	65,614
9	Selling, general, and administrative	27,549	29,047
10	Provision for doubtful accounts	485	541
11	Depreciation and amortization	1,241	2,623
	Charges from affiliates other than interest:		
12	Management fees (Note 13)	-0-	-0-
13	Other (Note 13)	31,354	33,754
14	Total costs and expenses	123,403	131,579
15	Income (Loss) From Operations	(9,319)	(14,146)
	Other Income (Expenses):		
16	Interest (expense) - affiliates (Note 13)	(4,931)	(7,334)
17	Interest (expense) - external	(10,235)	(7,257)
18	Investment alternative tax and related income (expense) - net.....	(399)	(389)
19	Nonoperating income (expense) - net (Note 9)	16,746	16,542
20	Total other income (expenses)	1,181	1,562
21	Income (Loss) Before Income Taxes And Extraordinary Items	(8,138)	(12,584)
22	Provision (credit) for income taxes (Note 12)	-0-	-0-
23	Income (Loss) Before Extraordinary Items	(8,138)	(12,584)
24	Extraordinary items (net of income taxes - 19 89, \$ 493 ; 19 88, \$ -0-) (Note 14)	69,023	-0-
25	Net Income (Loss)	\$ 60,885	\$ (12,584)

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 INCOME

FOR THE THREE MONTHS ENDED Sept. 30, 19 89 and 19 88

(UNAUDITED)
(\$ IN THOUSANDS)

LINE	DESCRIPTION (b)	(c) 19 <u>89</u>	(d) 19 <u>88</u>
	Revenue:		
1	Casino	\$ 35,407	\$ 38,679
2	Rooms	3,917	4,619
3	Food and beverage	5,676	6,938
4	Other	635	848
5	Total revenue	45,635	51,084
6	Less: Promotional allowances (Note 10)	4,340	6,419
7	Net revenue	41,295	44,665
	Costs And Expenses:		
8	Cost of goods and services	21,370	23,202
9	Selling, general, and administrative	9,060	10,817
10	Provision for doubtful accounts	166	201
11	Depreciation and amortization	416	924
	Charges from affiliates other than interest:		
12	Management fees	-0-	-0-
13	Other	9,516	11,610
14	Total costs and expenses	40,528	46,754
15	Income (Loss) From Operations	767	(2,089)
	Other Income (Expenses):		
16	Interest (expense) - affiliates	(108)	(2,564)
17	Interest (expense) - external	(4,019)	(2,549)
18	Investment alternative tax and related income (expense) - net.....	(144)	(152)
19	Nonoperating income (expense) - net	5,636	5,560
20	Total other income (expenses).....	1,365	295
21	Income (Loss) Before Income Taxes And Extraordinary Items.....	2,132	(1,794)
22	Provision (credit) for income taxes	-0-	-0-
23	Income (Loss) Before Extraordinary Items	2,132	(1,794)
24	Extraordinary items (net of income taxes - 19__, \$; 19__, \$)	-0-	-0-
25	Net Income (Loss)	\$ 2,132	\$ (1,794)

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 Nine MONTHS ENDED Sept. 30, 19 89 AND 19 88

(UNAUDITED)
(\$ IN THOUSANDS)

LINE a)	DESCRIPTION (b)	19 <u>89</u>		19 <u>88</u>	
		(c) SHARES	(d) DOLLARS	(e) SHARES	(f) DOLLARS
	(Par Value \$.10, authorized and out- Common Stock: standing 1,000 shares)				
1	Beginning balance (January 1)	1,000	\$ 1	1,000	\$ 1
2	Sale of stock				
3	.....			
4	Ending balance	1,000	1	1,000	1
	Preferred Stock:				
5	Beginning balance (January 1)				
6	Sale of stock				
7	.....			
8	Ending Balance				
	Additional Paid-in Capital:				
9	Beginning balance (January 1)		4,999		4,999
10	.....			
11	.....			
12	Ending balance		4,999		4,999
	Treasury Stock:				
13	Beginning balance (January 1)		()		()
14	Purchase of additional stock		()		()
15	Sale or retirement of stock				
16	Ending balance		()		()
	Subscriptions Receivable For Capital Stock:				
17	Beginning balance (January 1)		()		()
18	.....			
19	.....			
20	Ending balance		()		()
	Net Unrealized Loss On Noncurrent Marketable Equity Securities:				
21	Beginning balance (January 1)		()		()
22	.....			
23	.....			
24	Ending balance		()		()
	Retained Earnings:				
25	Beginning balance (January 1)		(94,130)		(73,730)
26	Prior period adjustments				
27	Net income (loss)		60,885		(12,584)
28	Dividends		()		()
29	.....			
30	.....			
31	Ending balance		(33,245)		(86,314)
32	Ending Stockholders' Equity		\$ (28,245)		\$ (81,314)

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

STATEMENTS OF CASH FLOWS

TRADING NAME OF LICENSEE The Claridge Casino Hotel

STATEMENTS OF CHANGES IN PARTNERS'

OR PROPRIETOR'S EQUITY

FOR THE Nine MONTHS ENDED Sept. 30, 19 89 AND 19 88

(UNAUDITED)
(\$ IN THOUSANDS)

LINE	DESCRIPTION	(c) 19	(d) 19
a)	(b)		
	Invested Capital:		
1	Beginning balance (January 1)	\$ 228	\$ (1,270)
2	Additional capital invested	240	(1,328)
3			
4	Ending balance		
	Accumulated Income (Loss):		
5	Beginning balance (January 1)	178	1,274
6	Prior period adjustments		
7	Net income (loss)		
8			
9	Ending balance		
	Capital Withdrawals:		
10	Beginning balance (January 1)	(50)	(3,000)
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	\$ 5,044	\$ 4,317

SUPPLEMENTAL DISCLOSURE OF CASH FLOW INFORMATION

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

- Not Applicable -

STATEMENTS OF CASH FLOWS

FOR THE Nine MONTHS ENDED Sept. 30, 1989 and 1988

(UNAUDITED)

(\$ IN THOUSANDS)

Line (a)	Description (b)	(c) 19 <u>89</u>	(d) 19 <u>88</u>
1	Net Cash Provided (Used) By Operating Activities.....	\$ 3,073	\$ (3,610)
	Cash Flows From Investing Activities:		
2	Purchase of short-term investment securities.....	1,281	1,281
3	Proceeds from the sale of short-term investment securities.....		
4	Purchase outflows for property and equipment.....	(302)	(1,461)
5	Proceeds from disposition of property and equipment.....		
6	Purchase of casino reinvestment obligations.....	(1,228)	(1,270)
7	Purchase of other investments and loans/advances made.....	(2,040)	(1,328)
8	Proceeds from disposal of investments and collection of advances and long-term receivables.....	5,333	2,878
9	Cash outflows to acquire business entities.....		
10	Reclassification of Receivable to Short Term.....	1,416	2,455
11	.....	
12	Net Cash Provided (Used) By Investing Activities.....	3,179	1,274
	Cash Flows From Financing Activities:		
13	Cash proceeds from issuance of short-term debt.....	4,550	4,700
14	Payments to settle short-term debt	(7,800)	
15	Cash proceeds from issuance of long-term debt.....		
16	Costs of issuing debt.....		
17	Payments to settle long-term debt.....	(2,250)	(3,000)
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.....	(5,500)	1,700
24	Net Increase (Decrease) In Cash And Cash Equivalents.....	752	(636)
25	Cash And Cash Equivalents At Beginning Of Period	4,292	4,953
26	Cash And Cash Equivalents At End Of Period.....	\$ 5,044	\$ 4,317

SUPPLEMENTAL DISCLOSURE OF CASH FLOW INFORMATION

27	Cash Paid During Period For:		
	Interest (net of amount capitalized).....	\$ 9,271	\$ 12,526
28	Income taxes.....	\$ -0-	\$ -0-

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

STATEMENTS OF CASH FLOWS

FOR THE Nine MONTHS ENDED Sept. 30, 1989 and 1988
(UNAUDITED)

THE CLARIDGE CASINO HOTEL
(\$ IN THOUSANDS)

	Description (b)	(c) 19 89	(d) 19 88
	Net Cash Flows From Operating Activities:		
29	Net income (loss).....	\$ 60,885	\$ (12,584)
	Noncash items included in income and cash items excluded from income:		
30	Depreciation and amortization of property and equipment.....	1,241	1,781
31	Amortization of other assets.....	-0-	842
32	Amortization of debt discount or premium.....	342	292
33	Deferred income taxes - current.....		
34	Deferred income taxes - noncurrent.....		
35	(Gain) loss on disposition of property and equipment.....	-0-	169
36	(Gain) loss on casino reinvestment obligations.....	399	389
37	(Gain) loss from other investment activities.....		
38	Net (increase) decrease in receivables and patrons' checks.....	(2,478)	(4,053)
39	Net (increase) decrease in inventories.....	333	611
40	Net (increase) decrease in other current assets.....	(136)	40
41	Net (increase) decrease in other assets.....	(3)	(171)
42	Net increase (decrease) in accounts payables.....	(396)	735
43	Net increase (decrease) in other current liabilities excluding debt & amounts forgiven at restructuring.....	8,426	3,644
44	Net increase (decrease) in other noncurrent liabilities excluding debt.....	(1,556)	7,115
45	Deferred interest receivable and discount.....	(424)	(2,420)
46	Debt forgiveness resulting from restructuring.....	(63,560)	
47	Net Cash Provided (Used) By Operating Activities.....	\$ 3,073	\$ (3,610)

SUPPLEMENTAL SCHEDULE OF NONCASH INVESTING AND FINANCING ACTIVITIES

	Acquisition Of Property And Equipment:		
48	Additions to property and equipment.....	\$ 302	\$ 1,461
49	Less: Capital lease obligations incurred.....		
50	Cash Outflows For Property And Equipment.....	\$ 302	\$ 1,461
	Acquisition Of Business Entities:		
51	Property and equipment acquired.....	\$	\$
52	Goodwill acquired.....		
53	Net assets acquired other than cash, goodwill, and property and equipment.....		
54	Long-term debt assumed.....		
55	Issuance of stock or capital invested.....		
56	Cash Outflows To Acquire Business Entities.....	\$ -0-	\$ -0-
	Stock Issued Or Capital Contributions:		
57	Total issuances of stock or capital contributions.....	\$	\$
58	Less: Issuances to settle long-term debt.....		
59	Consideration in acquisition of business entities.....		
60	Cash Proceeds From Issuing Stock Or Capital Contributions.....	\$ -0-	\$ -0-

THE CLARIDGE CASINO - HOTEL

Notes to Financial Statements
SEPTEMBER 30, 1989 and 1988

(1) Business

(a) Organization

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

(b) Claridge Expansion

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

(c) Restructuring

On October 27, 1988, the parties with an economic interest in the Corporation and New Claridge executed an agreement (the "Restructuring Agreement") with respect to the restructuring (the "Restructuring") of the Claridge. On June 16, 1989 the Restructuring was concluded pursuant to the terms of the Restructuring Agreement. The implementation of this agreement results in a reorganization of the ownership interests in the Corporation, modifications of the rights and obligations of the five banks which are the participants in New Claridge's first

THE CLARIDGE CASINO - HOTEL

Notes to Financial Statements - Continued

mortgage loan (the "First Mortgage Lenders"), satisfaction and termination of the obligations and commitments of Webb and DEWNJ, and modifications of the lease arrangements between New Claridge and the Partnership. Had the parties not executed the Restructuring Agreement, New Claridge would probably have exhausted its working capital resources by December 1988, would not have been relicensed for the license period beginning October 31, 1988 through October 31, 1989, and would have had to consider filing for protection in bankruptcy.

The Restructuring was intended to provide the Corporation and New Claridge with financial viability through at least October 31, 1989.

Because New Claridge has not been able to obtain a profitable level of operations since its inception in 1983, it has not generated the cash flow necessary to meet its obligations. Further additional debts have arisen since 1983 representing fees and interest earned by Webb which Webb was required to loan back to New Claridge.

The following transactions occurred on June 16, 1989 in accordance with the Restructuring Agreement.

Webb made a payment to the First Mortgage Lenders of \$14.5 million to reduce the first mortgage loan. This resulted in the reduction of the outstanding balance of the first mortgage loan to approximately \$74.5 million. First Mortgage Lenders were not required to complete the Restructuring if the balance of the first mortgage loan, after giving effect to the Restructuring exceeded \$76.0 million.

Webb also paid all accrued but unpaid management fees, and interest thereon, and the Management Agreement was terminated. In addition, Webb forgave and cancelled a \$500,000 unsecured loan made to New Claridge.

Webb transferred all of its rights title and interest to its Claridge land, easement and air rights to the Partnership.

The Partnership agreed to abate or defer receipt of all amounts it is entitled to receive under the Operating Lease and the Expansion Operating Lease except to the extent necessary to pay Partnership expenses until a sale or further refinancing of the Claridge. The receipt of amounts deferred is contingent upon the realization of profits or distributions from such sale or further refinancing.

THE CLARIDGE CASINO - HOTEL

Notes to Financial Statements - Continued

Additionally, Webb forgave and cancelled all of the working capital loans up to \$10.35 million which it had made to New Claridge. At June 16, 1989, such loans were \$15.0 million. Webb made a payment to Manufacturers Hanover Trust Company in the amount of approximately \$5 million to satisfy fully the working capital advances made to New Claridge under a \$5 million working capital line of credit which Webb had guaranteed on behalf of New Claridge. Webb was released from its obligation to provide working capital facilities to New Claridge.

DEWNJ assigned, without recourse and without representation or warrant, of any kind or nature, to the First Mortgage Lenders all rights, title and interest of DEWNJ in, to and under the Purchase Money Second Mortgage. New Claridge has the right, upon the occurrence of certain conditions, to require the First Mortgage Lenders to cancel and release the Second Mortgage and the obligations secured thereunder. Interest which accrues at 14% shall be deferred until January 1, 1991, at which time interest will become due and payable. Pursuant to the terms of the Subordination Agreement of the Purchase Money Second Mortgage between DEWNJ and the First Mortgage Lenders the Purchase Money Second Mortgage is subordinate to the First Mortgage. Principal and interest charges due under the Purchase Money Second Mortgage is subordinate to payment in full to the First Mortgage Lenders of all obligations pursuant to the Revolving Credit and Term Loan Agreement. If the conditions are met which would cause the cancellation of the Second Mortgage, New Claridge will be released from its obligation to pay any amounts accrued for interest.

Webb, forgave and cancelled all accrued but unpaid management fees, and interest thereon, and the Management Agreement was terminated. In addition, Webb forgave and cancelled a \$500,000 unsecured loan made to New Claridge.

Webb transferred all of its rights title and interest to its Claridge land, easement and air rights to the Partnership.

The Partnership agreed to abate or defer receipt of all amounts it is entitled to receive under the Operating Lease and the Expansion Operating Lease except to the extent necessary to pay Partnership expenses until a sale or further refinancing of the Claridge. The receipt of amounts deferred is contingent upon the realization of profits or distributions from such sale or further refinancing.

THE CLARIDGE CASINO - HOTEL

Notes to Financial Statements - Continued

At the closing of the Restructuring, the Partnership paid or lent 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. The amount paid to New Claridge from the Partnership amounted to \$4,528,000.

On the closing of the Restructuring, New Claridge paid to the First Mortgage Lenders, in reduction of the first mortgage loan, all cash on hand other than its casino and hotel bankroll. By agreement between the parties the Casino and Hotel bankroll could not exceed \$5 million. Such cash included all amounts paid, repaid or loaned to New Claridge in accordance with the Restructuring Agreement.

The First Mortgage Lenders entered into the Revolving Credit and Term Loan Agreement ("Loan Agreement") with New Claridge. The Loan Agreement which constitutes an amendment to New Claridge's First Mortgage, prior to amendment as described below, established a revolving working capital facility, secured by the first mortgage and all other collateral presently securing the first mortgage loan in favor of New Claridge. This revolving working capital facility which matures on January 1, 1993 is in the amount of \$5.4 million and was subject to increase up to \$7.5 million to the extent that during 1989 New Claridge makes payments of principal other than scheduled payments of principal on the first mortgage loan.

On September 29, 1989 the Loan Agreement was amended further to provide for increases in the revolving working capital facility to up to \$11 million to the extent New Claridge makes principal payments other than scheduled principal payments after September 30, 1989.

New Claridge is required to pay quarterly a commitment fee equal to .5% per annum of the unused portion of the revolving working capital line.

Advances under the revolving working capital facility will be available to New Claridge so long as no payment default or other material default has occurred under the working capital facility or the first mortgage loan and can be used for operating expenses, and to make payments of principal and interest on the first mortgage loan or revolving working capital facility.

THE CLARIDGE CASINO - HOTEL

Notes to Financial Statements - Continued

New Claridge is required to use all available cash in excess of \$50,000 (other than its casino and hotel bankroll) to pay down the revolving working capital facility no less frequently than weekly and all cash balances of New Claridge will be held in a cash collateral account at one of the First Mortgage Lenders.

New Claridge is required to pay, quarterly, to the First Mortgage Lenders, for permanent application to the outstanding principal balance of the first mortgage loan, any excess cash flow, as defined in the Restructuring Agreement.

The Loan Agreement, prior to amendment as described below, required principal payments totalling \$1.5 million in both 1989 and 1990. A payment in the amount of \$500,000 was due and payable on the last day of each July, August, and September of 1989 and 1990. New Claridge is also required to pay, quarterly, to the first Mortgage Lenders, for permanent application to the outstanding principal balance of the first mortgage loan, any excess cash flow, as defined in the loan agreement. Commencing January 31, 1991, the required amortization of the first mortgage loan, prior to amendment as described below, for the calendar years 1991 and 1992 was \$11,500,000 per year payable in equal monthly installments. A balloon payment for the remaining balance is due January 31, 1993.

On September 29, 1989 the Loan Agreement was amended to provide for a reduction of the required principal payments to \$500,000 in both 1990 and 1991. A payment of \$150,000 is due on the last day of each July and August of 1990 and 1991 with a payment of \$200,000 on the last day of September in both 1990 and 1991.

Interest is payable monthly in arrears at an annual rate equal to 1% over Marine Midland Bank, N.A.'s prime rate or the Eurodollar Rate (Libor) plus the applicable margin.

On the Restructuring date, Webb relinquished all of its Class B stock in the Corporation and vacated all but one of its seats on the Board of Directors of the Corporation and New Claridge. All options, cross options and land options existing between Webb, DEWNJ, the Partnership and New Claridge were terminated on the Restructuring date.

The Restructuring Agreement provided for Webb retaining an interest as a creditor, equal to \$20 million plus interest at the rate of 15% per annum (the "Contingent Payment"), in any proceeds ultimately recovered from the operations and/or the sale or refinancing of the Claridge facility in excess of the first mortgage loan. Webb has agreed to subordinate the Contingent Payment to a priority payment of up to \$10 million to those investors from whom Webb received written releases of all liabilities ("Releasing Investors").

THE CLARIDGE CASINO - HOTEL

Notes to Financial Statements - Continued

Under the Restructuring Agreement, the Corporation and the Partnership agreed not to make any distributions to the investors whether derived from operations or from sale or refinancing proceeds, until Webb in its capacity as an unsecured creditor pursuant to the Contingent Payment, had been paid \$20 million plus interest on such amount from the closing to the date of such payment at a rate of 15%, compounded semi-annually.

Under the Restructuring Agreement, Webb agreed to permit Releasing Investors to receive certain amounts ("Contingent Payment Rights"), to the extent available, in accordance with the following schedule of priorities:

- (i) Releasing Investors would receive a pro rata interest in the first \$10 million of any net proceeds from operations or a sale or a refinancing of the Claridge facility pursuant to an agreement executed within five years after the Restructuring ("Five-Year Payments") (i.e., the sum obtained by multiplying the lesser of \$10 million of, or the total of, any Five-Year Payments by the percentage interest of the Releasing Investors in the Partnership and the Corporation, with the balance of any such funds to be applied against the Contingent Payment), and
- (ii) All distributions of funds other than Five-Year Payments, or of Five-Year Payments in excess of the \$10 million, will be shared by Webb and Releasing Investors in the following proportions: Releasing Investors will receive a pro rata share of one-half of any such excess proceeds, with Webb receiving the balance until it has received the Contingent Payment.

The Restructuring Agreement provided for certain financial arrangements during the period commencing with the signing of the Restructuring Agreement and ending on the Restructuring date (the "Interim Period"). During the Interim Period Webb was obligated to continue to meet its obligations under the Management Agreement including its obligation to provide working capital to New Claridge.

Pursuant to the Restructuring Agreement on February 1, 1989 the First Mortgage Lenders and New Claridge entered into an agreement (the "Interim Bank Agreement") pursuant to which the First Mortgage Lenders provided New Claridge with a working capital line of credit guaranteed by Webb of up to \$5 million. This working capital line of credit became available for use by New Claridge when funds provided by Webb were exhausted. The line was paid in full and terminated at the closing of the Restructuring.

THE CLARIDGE CASINO - HOTEL

Notes to Financial Statements - Continued

In addition Webb paid interest accrued on \$14.5 million of the First Mortgage Loan and on the \$5 million Manufacturers Hanover Trust Co. line of credit from December 1, 1988 through the Restructuring date.

During the Interim Period the Partnership deferred receipt of all amounts it was entitled to receive under the Operating Lease and Expansion Operating Lease except to the extent necessary to pay Partnership expenses during the Interim Period.

The First Mortgage Lenders deferred principal payments under the First Mortgage Loan from December 1, 1988 through the Restructuring date but not beyond March 31, 1989. Principal payments totalling \$750,000 were paid in April and May of 1989.

(d) Other Significant Events

i. Claridge License Renewal

On October 31, 1989, New Claridge was issued a two-year casino license by the New Jersey Casino Control Commission. The financial stability of New Claridge was the major issue and the relicensing was based, in part, on the execution of the amendment to the Revolving Credit and Term Loan Agreement, (see Notes 1 and 7). The Commission also imposed certain conditions upon New Claridge which require New Claridge to provide certain financial information and quarterly updates to the Commission as to the status of sale or refinancing efforts, with the goal of New Claridge reduced presenting a final plan concerning a sale or substantial capital infusion by October 31, 1990.

ii. Sale of Claridge

On April 15, 1989, the Corporation, New Claridge, (the "Seller"), and the Partnership entered into an agreement with ALM Moonstone, Inc. (the "Purchaser" for the sale of the Claridge Hotel and Casino (the "Claridge").

Completion of the sale was subject to a number of conditions including licensing of the Purchaser by the Commission, closing of the restructuring, the absence of any material adverse change to the business of the Seller or the assets of the Seller or the Partnership and approval of the sale by two-thirds of the Class A Shareholders of the Corporation and a majority in interest of the limited partners of the Partnership. As of August 4, 1989, the Seller and the Partnership had obtained investor approval of the proposed sale.

THE CLARIDGE CASINO - HOTEL

Notes to Financial Statements - Continued

Completion of the sale was also subject to the Purchaser's obtaining necessary financing and the Commission approval of such financing. By its terms, the Asset Purchase Agreement terminated on August 15, 1989 upon the failure of the Purchaser, by that date, to obtain the financing and the licensing approvals from the Commission necessary to close the sale.

(2) Summary of Significant Accounting Policies

(a) Basis of Presentation

Since its inception, the New Claridge has incurred significant operating losses. New Claridge would probably not have been relicensed for the licensed period beginning October 31, 1988 and ending October 31, 1989, and would have had to consider filing for protection under bankruptcy, had it not entered into the Restructuring Agreement on October 27, 1988.

New Claridge entered into the Restructuring Agreement in an attempt to implement a plan pursuant to which it could remain financially viable through at least October 1989. On June 16, 1989 the restructuring of the financial obligations of the Corporation and New Claridge was concluded pursuant to the terms of the Restructuring Agreement.

On September 29, 1989 the Revolving Credit and Term Loan Agreement ("Loan Agreement") between New Claridge and First Fidelity Bank, N.A. was amended to provide for a reduction in the principal payments due in 1990 and 1991. In addition, the Loan Agreement was amended to permit increases in the revolving working capital facility to up to \$11 million to the extent of quarterly principal payments of excess cash flow as defined in the Loan Agreement.

On October 31, 1989, New Claridge was issued a two year casino license by the New Jersey Casino Control Commission (the "Commission"), (see Note 13).

The financial statements do not include any adjustments relating to the recoverability and classification of recorded asset amounts or the amounts and classification of liabilities that might be necessary should the Corporation be unable to continue in existence.

THE CLARIDGE CASINO - HOTEL

Notes to Financial Statements - Continued

(b) Marketable Securities

Marketable Securities include investments in interest-bearing re-purchase agreements in government securities. Interest income is recorded as earned.

(c) Casino Receivables and Revenues

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

(d) Promotional Allowances

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

(e) Inventories

Inventories are stated at the 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 (from three to five years) of the respective assets using the straight-line method.

(g) Income Taxes

Deferred income taxes are provided on timing differences in reporting rent expense, depreciation and amortization, interest and other transactions for financial reporting and income tax purposes. Investment tax credits are accounted for as a reduction of income tax expense in year realized.

THE CLARIDGE CASINO - HOTEL

Notes to Financial Statements - Continued

(3) Investments, Advances, and Receivables

Investments, Advances, and Receivables at September 30, 1989 and 1988 are summarized as follows:

	<u>1989</u>	<u>1988</u>
	(in thousands)	
\$127,000,000 Expandable Wraparound Mortgage 14%, maturities through September 30, 2000 (net of \$15,745,000 discount and \$16,283,000 discount at September 30, 1989 and 1988, respectively)	\$108,005	109,967
Deferred interest receivable, due September 30, 2000	20,000	19,250
FF & E promissory note, 14%	8,833	11,411
FF & E promissory note - expansion, 14%	14,406	15,144
Reinvestment Obligations	<u>6,253</u>	<u>4,939</u>
	157,497	160,711
Less Current Installments	<u>8,655</u>	<u>6,378</u>
	<u>\$148,842</u>	<u>154,333</u>

The Expandable Wraparound Mortgage Loan Agreement ("Expandable Wraparound Mortgage") was executed and delivered by the Partnership to New Claridge and is secured by all property of the Partnership. As part of the agreement, New Claridge will service the Partnership's debt under the Partnership's First Mortgage and Purchase Money Second Mortgage indebtedness (Note 7). The discounted portion of the Expandable Wraparound Mortgage is due to the deferral of \$20,000,000 in interest between 1983 and 1988 until maturity. Principal payments required under the Expandable Wraparound Mortgage commenced in 1988. During the nine months ended September 30, 1989, \$2,250,000 in principal payments were made.

The Expandable Wraparound also includes a provision whereby New Claridge will loan the Partnership up to \$25,000,000 in the form of FF & E promissory notes, secured under the Expandable Wraparound Mortgage, for the purchase of property and equipment. One half of the principal is due in 48 months and the remaining balance is due 60 months from the date of the respective FF&E promissory note. During the nine months ended September 30, 1989, \$2,520,000 in principal payments were made.

THE CLARIDGE CASINO - HOTEL

Notes to Financial Statements - Continued

THE CLARIDGE CASINO - HOTEL

Notes to Financial Statements - Continued

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

On October 26, 1984 New Claridge entered into a financing agreement ("Purchase Agreement") with First Fidelity Bank N/A ("Bank") whereby the bank would purchase from New Claridge any FF&E promissory notes up to the aggregate sum of \$5 million. The purchase price would be one hundred (100%) percent of the outstanding principal amount of each FF&E promissory note, and would include a proportionate sale and assignment by New Claridge to the bank of New Claridge's interest in the Expandable Wraparound Mortgage and other security instruments, to the extent that they secure the purchased FF&E promissory notes. As additional consideration for the purchase of the promissory notes, New Claridge agreed to pay the Bank an amount equal to the excess, if any, that would be due as interest computed on a prime plus two (2%) percent basis. On January 27, 1987 the Bank required New Claridge to repurchase \$1 million of the FF&E Notes. In addition the Purchase Agreement was amended so that the Bank may require at any time on or after November 1, 1987 that New Claridge repurchase the FF&E Notes. On November 6, 1987 New Claridge repurchased the remaining \$4 million of FF&E Promissory Notes. The funds to repurchase these notes were obtained through the recapture of interest previously paid to DEWNJ and the use of a portion of the \$20 million line of credit.

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

THE CLARIDGE CASINO - HOTEL

Notes to Financial Statements - Continued

exempt they shall bear interest at the rate of 66 2/3% of the average rate of Moody's A Rated Utility Index for the 26 weeks preceeding the issue of the CRDA bonds. The investment obligation must be paid on the 15th day of the first, fourth, seventh, and tenth months of each year based on the estimated gaming revenues for the three month period preceeding the first day of those months. The alternative tax must be paid not later than April 30 of the following year. New Claridge has deposited its reinvestment funds with the State Treasurer. Through September 30, 1989 \$8,483,000 has been deposited with the State. On March 16, 1987 CRDA had its first bond issue of which New Claridge's mandatory share was \$602,000. On April 30, 1987 a second bond issue was executed. New Claridge's portion amounted to \$1,052,000. Additional bond issuances executed through September 30, 1989 have totalled \$50,744. All purchases were made from funds already deposited. These funds deposited are earning interest at a rate approximately one-third less than market. Since at the time of purchase the bonds will also bear interest at two-thirds of market rates New Claridge has recorded a valuation allowance of \$3,004,202 to date of which \$399,000 was recorded during the nine months ended September 30, 1989. Until such time as the bonds are issued this valuation allowance may be adjusted due to potential fluctuations in bond interest rates and other factors, including the determination of the terms of the bonds. New Claridge's investment obligation at September 30, 1989 and 1988 is \$441,000 and \$479,000 respectively.

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

(4) Other Assets

Other assets at September 30, 1989 and 1988 consist of the following:

	<u>1989</u>	<u>1988</u>
	(in thousands)	
Intangible assets and deferred charges	\$ -0-	786
Refundable deposits, non-current	<u>69</u>	<u>79</u>
	<u>\$ 69</u>	<u>865</u>

Intangible assets and deferred charges as of September 30, 1989 and 1988 are stated net of accumulated amortization of \$6,628,000 and \$5,657,000, respectively. During the fourth quarter of 1988, New Claridge wrote-off all remaining intangible assets and deferred charges.

THE CLARIDGE CASINO - HOTEL

Notes to Financial Statements - Continued

(5) Other Accrued Expenses

Other accrued expenses at September 30, 1989 and 1988 consist of the following:

	1989	1988
	(in thousands)	
Progressive jackpot liability	\$ 3,019	2,847
Accrued payroll and related benefits	4,606	4,703
Accrued interest payable	2,045	2,490
Other	<u>2,609</u>	<u>2,889</u>
	<u>\$12,279</u>	<u>12,929</u>

(6) Other Current Liabilities

Other current liabilities at September 30, 1989 and 1988 consist of the following:

	1989	1988
	(in thousands)	
Due to affiliates	\$ 3,600	5,188
Deferred lease, current	4,860	-
Auto/general claims liability	1,968	1,397
Other	<u>1,356</u>	<u>1,985</u>
	<u>\$11,784</u>	<u>8,570</u>

As of September 30, 1989, Due to Affiliates includes \$3.6 million due to the Partnership. On June 16, 1989 pursuant to the terms of the Restructuring Agreement, the Partnership loaned to New Claridge \$3.6 million representing all its cash other than funds needed to pay expenses incurred through or at the closing of the Restructuring.

Pursuant to the Expandable Wraparound Mortgage on October 31, 1983 New Claridge assumed the Partnership's obligations relating to an \$80,000,000 First Mortgage made by the Partnership to a group of banks and a \$47,000,000 Purchase Money Second Mortgage made by the Partnership to the Partnership.

(a) On March 17, 1985 the First Mortgage was amended and assumed by New Claridge. The amount of the amended and assumed First Mortgage ("Amended First Mortgage") was increased to \$96.5 million to provide financing for the construction of the expansion. On June 16, 1989 the Restructuring was concluded pursuant to the terms of the Restructuring Agreement. The First Mortgage balance was reduced in accordance with the agreement from approximately \$89 million to \$74.6 million. As of September 30, 1989 \$73.1 million was outstanding.

THE CLARIDGE CASINO - HOTEL

Notes to Financial Statements - Continued

(7) Long-term Debt

Long term debt at September 30, 1989 and 1988 consists of the following:

	<u>1989</u>	<u>1988</u>
	(in thousands)	
First Mortgage Note, prime plus 1%, or LIBOR plus 2%, or unadjusted LIBOR plus 2.25%, maturities to 1993 (a)	\$ 73,057	90,431
\$47,000,000 Purchase Money Second Mortgage 14%, due September 30, 2000 (net of \$14,806,000 and \$15,252,000 discount at September 30, 1989 and 1988, respectively)	32,194	31,748
Deferred interest payable, due September 30, 2000 (b)	-0-	11,622
Working capital line, prime or fixed rate determined by lender (c)	-0-	14,052
Revolving line of credit, prime plus 1% (d)	-0-	-0-
Unsecured 10% Note due December 31, 1989	<u>-0-</u>	<u>500</u>
	105,251	148,353
Less current installments	<u>2,682</u>	<u>18,427</u>
	<u>\$102,569</u>	<u>129,926</u>

Pursuant to the Expandable Wraparound Mortgage Loan Agreement (Note 3) on October 31, 1983 New Claridge assumed the debt of the Partnership relating to an \$80,000,000 First Mortgage made by the Partnership to a group of banks and a \$47,000,000 Purchase Money Second Mortgage made by the Partnership to DEWNJ. The Expandable Wraparound Mortgage is secured by the Hotel Assets and is subordinate to the First Mortgage and the Purchase Money Second Mortgage.

Provided the Partnership is not in default of its obligations under the Expandable Wraparound Mortgage and New Claridge is current in its rental obligations to the Partnership under the Operating Lease, New Claridge will be obligated to make payments required under the First Mortgage and Purchase Money Second Mortgage.

(a) On March 17, 1986 the First Mortgage was amended and assumed by New Claridge. The amount of the amended and assumed First Mortgage ("Amended First Mortgage") was increased to \$96.5 million to provide financing for the construction of the expansion. On June 16, 1989 the Restructuring was concluded pursuant to the terms of the Restructuring Agreement. The First Mortgage balance was reduced in accordance with the agreement from approximately \$89 million to \$74.6 million. As of September 30, 1989 \$73.1 million was outstanding.

THE CLARIDGE CASINO - HOTEL
 THE CLARIDGE CASINO - HOTEL
 Notes to Financial Statements - Continued
 Notes to Financial Statements - Continued

The Loan Agreement, prior to amendment as described below, required principal payments totalling \$1.5 million in both 1989 and 1990. A payment in the amount of \$500,000 was due and payable on the last day of each July, August, and September of 1989 and 1990. New Claridge is also required to pay, quarterly, to the First Mortgage Lenders, for permanent application to the outstanding principal balance of the first mortgage loan, any excess cash flow, as defined in the loan agreement. Commencing January 31, 1991, the required amortization of the first mortgage loan, prior to amendment as described below, for the calendar years 1991 and 1992 was \$11,500,000 per year payable in equal monthly installments. A balloon payment for the remaining balance is due January 31, 1993.

On September 29, 1989 the Loan Agreement was amended to provide for a reduction of the required principal payments to \$500,000 in both 1990 and 1991. A payment of \$150,000 is due on the last day of each July and August of 1990 and 1991 with a payment of \$200,000 on the last day of September in both 1990 and 1991.

Interest is payable monthly in arrears at an annual rate equal to 1% over Marine Midland Bank, N.A.'s prime rate or the Eurodollar Rate (as defined) plus the applicable margin.

(b) On June 16, 1989 the Purchase Money Second Mortgage was assigned without recourse and without representation or warrant, of any kind or nature to the First Mortgage Lenders in accordance with the terms of the Restructuring Agreement as amended. New Claridge has the right, upon the occurrence of certain conditions, to require the First Mortgage Lenders to cancel and release the Second Mortgage and the obligations secured thereunder.

(c) Pursuant to the Management Agreement as amended on March 17, 1986, Del Webb Corporation through Del E. Webb New Jersey, Inc. increased its guarantee from \$10 million to \$20 million to New Claridge the availability of credit from third party lenders, or if such credit becomes unavailable, to provide such funds to New Claridge. As of September 30, 1988, \$14,052,000 had been advanced.

The Expandable Wraparound Loan Agreement places various restrictions on the operations of New Claridge, including the maintenance of certain financial ratios, limits the amount of indebtedness and limits dividends paid by New Claridge. The First Mortgage prohibits the payment of dividends to the Corporation before 1989.

	1989	1988
	(in thousands)	(in thousands)
	\$ 16,353	16,528
	\$ 36,746	16,542

THE CLARIDGE CASINO - HOTEL

Notes to Financial Statements - Continued

(d) Pursuant to the terms of the Revolving Credit and Term Loan Agreement, the First Mortgage Lenders established on the restructuring date, a revolving working capital facility in the amount of \$5.4 million. Interest on the revolving credit borrowings is payable monthly in arrears at the prime rate plus 1%. As of September 30, 1989, none of the revolving line was in use.

(8) Other Liabilities

Other liabilities at September 30, 1989 and 1988 consist of the following:

	Number of Recipients	Dollar Amount	
Room	18,589		\$1,023,572
Food	118,320	1989	1,006,087
Beverage	238,206	(in thousands)	
Showroom	15,331		136,986
Deferred rental	383,552	\$ 54,191	54,585
Deferred fees		-0-	32,491
Management fees abated		-0-	3,425
Contingent Liability - Webb		20,000	-0-
Total		\$ 74,191	90,501

Pursuant to the Restructuring Agreement, Webb retains an interest as a creditor, equal to \$20 million plus interest at a rate of 15% per annum, in any proceeds ultimately recovered from operations and/or the sale or refinancing of the Claridge facility in excess of the first mortgage loan. Consequently, New Claridge has deferred the recognition of \$20 million of forgiveness income with respect to the Webb payment.

(9) Other Nonoperating Income (Expense - Net)

Other nonoperating income (expense) - net for the nine months ended September 30, 1989 and 1988 consists of the following (in thousands):

Room	\$3,237		\$2,738,311
Food	396,174		5,337,109
Beverage	652,361		3,882,007
Showroom	76,426	1989	76,150
Total	1,778,198		12,033,577
Interest Income - Wraparound Mortgage		\$ 16,153	16,528
Interest Income - Other		427	254
Other Nonoperating income/(expense)		11	(71)
Loss on Disposal of Assets		-0-	(169)
Facilities/Maintenance Fee		155	-0-
Total		\$ 16,746	16,542

THE CLARIDGE CASINO - HOTEL

Notes to Financial Statements - Continued

(10) Complimentary Services

Complimentary services for the three months and nine months ended September 30, 1989 are summarized as follows:

For the three months ended September 30, 1989

	<u>Promotional Allowances</u>	
	<u>Number of Recipients</u>	<u>Dollar Amount</u>
Room	16,689	\$1,023,572
Food	118,320	1,806,087
Beverage	238,206	1,372,950
Showroom	15,337	136,966
Total	<u>388,552</u>	<u>\$4,339,575</u>

	<u>Promotional Expenses</u>	
	<u>Number of Recipients</u>	<u>Dollar Amount</u>
Coupon Redemption of Cash & Tokens	389,077	\$3,589,789
Travel	2,899	164,512
Parking	14,068	101,576
Other	7,684	127,056
Total	<u>413,728</u>	<u>\$3,982,933</u>

For the nine months ended September 30, 1989

	<u>Promotional Allowances</u>	
	<u>Number of Recipients</u>	<u>Dollar Amount</u>
Room	53,237	\$2,738,311
Food	396,174	5,337,109
Beverage	652,351	3,882,007
Showroom	76,426	676,150
Total	<u>1,178,188</u>	<u>\$12,633,577</u>

	<u>Promotional Expenses</u>	
	<u>Number of Recipients</u>	<u>Dollar Amount</u>
Coupon Redemption of Cash and Tokens	951,795	\$9,975,126
Travel	7,579	500,086
Parking	38,302	248,752
Other	39,089	296,092
Total	<u>1,036,765</u>	<u>\$11,020,056</u>

THE CLARIDGE CASINO - HOTEL

Notes to Financial Statements - Continued

(11) Operating Lease

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

Basic lease payments under the Operating Lease as amended (as described below), as of September 30, 1989 are as follows:

10/01/89 - 09/30/90	\$ 30,734
10/01/90 - 09/30/91	31,380
10/01/91 - 09/30/92	32,247
10/01/92 - 09/30/93	33,295
10/01/93 - 09/30/94	34,282
Later Years	<u>158,661</u>
Total Minimum	<u>\$320,599</u>

In addition, 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 nine months ended September 30, 1989 and 1988 rental expense for all operating leases amounted to \$32,082,000 and \$31,891,000 respectively, of which \$(1,557,000) and \$3,485,000 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.

On March 17, 1986 New Claridge entered into an Expansion Operating Lease Agreement with the Partnership whereby New Claridge will lease the expansion facility for an initial term beginning March 17, 1986 and ending on September 30, 1998 with three 10-year renewal options. Basic annual rent payable during the initial term of the Expansion Operating Lease is \$3,950,000 in 1986 (prorated based on the day that the Expansion Improvements open to the public), annually thereafter the rental amount will be adjusted based on the Consumer Price Index but any increase not to exceed two percent per annum. The basic annual rent is predicated on the construction of the Expansion Improvements costing a specified amount. If the cost of construction differs from this amount, basic annual rent will be adjusted according to a formula. The total Expansion Operating Lease to be paid for 1989 is \$4,107,000. 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 and not to be greater than 10% more than the basic annual rent for the

THE CLARIDGE CASINO - HOTEL

Notes to Financial Statements - Continued

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

In conjunction with the Restructuring, the Operating Lease and Expansion Operating Lease were amended to abate or defer receipt of all amounts it is entitled to receive except to the extent necessary to pay Partnership expenses until a sale or further refinancing of the Claridge. The receipt of amounts deferred is contingent upon the realization of profits or distributions from such sale or further refinancing. As a result of the Restructuring, lease expense recognized on a level basis is reduced prospectively, from the use of a revised schedule of rent levelling relative to the abatement of certain rental payments beginning in 1992. Commencing in 1992 \$33 million of Basic Rent will be abated.

(12) Income Taxes

The provision for income taxes as of September 30, 1989 and 1988 is comprised of the following:

	<u>1989</u>	<u>1988</u>
	(in thousands)	
Current:		
Federal	\$-0-	-0-
State	-0-	-0-
Deferred	<u>-0-</u>	<u>-0-</u>
	<u>\$-0-</u>	<u>-0-</u>

THE CLARIDGE CASINO - HOTEL

Notes to Financial Statements - Continued

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

	1989	1988
	(in thousands)	
Federal income tax at statutory rates	\$(2,767)	(4,279)
Goodwill amortization not deductible for tax purposes	-0-	230
Unrecognized tax benefit of loss carryforward	2,767	4,049
	<u>\$ -0-</u>	<u>-0-</u>

New Claridge is included in the consolidated income tax return of its parent, the Corporation. At September 30, 1989 and 1988 there were available net operating loss carryforwards of \$98,859,000 and \$82,905,000. These losses result primarily from expenses for fees and rents which are not currently recognized for tax purposes. If such losses result in a reduction of income tax liability at a future date, the benefit will be recognized as an extraordinary item at the time. In addition, there were approximately \$1,041,000 in unused tax credits.

The alternative minimum tax resulting from the restructuring transactions has been estimated to be \$493,000 (see Note 15).

(13) Related Party Transactions

(a) Pursuant to an exclusive management agreement ("Management Agreement") between New Claridge and DEWNJ, DEWNJ agreed to manage the Claridge in a proper, efficient and competitive manner in accordance with standards not less than those existing at the time of the agreement was entered into. The Management Agreement which had an initial term of 15 years, entitled DEWNJ to receive as compensation certain management fees based on various operating results.

(b) June 16, 1989 Webb and DEWNJ had direct and material interest in the Purchase Money Second Mortgage and other indebtedness of New Claridge. For the nine months ended September 30, 1989 and 1988 interest expense due to affiliates was \$4,931,000 and \$7,334,000 respectively.

(c) Prior to the Restructuring, New Claridge purchased from Webb and DEWNJ certain services including insurance through October 1, 1988, and other miscellaneous services. On October 1, 1988 New Claridge obtained its own equivalent insurance coverage. In conjunction with the restructuring, the Maintenance Services Contract was assigned to New Claridge; consequently, certain charges are paid directly to the Partnership. The costs of these services for the nine months ended September 30, 1989 and 1988 amounted to \$647,000 and \$3,110,000, respectively.

THE CLARIDGE CASINO - HOTEL

Notes to Financial Statements - Continued

Under the terms of the Management Agreement, Webb was obligated to defer the payment or allow the recapture of management fees and interest whenever the New Claridge's cash flow was insufficient to meet its current obligations including payment of such fees. The Management Agreement was amended to provide for the abatement of management fees for the period November 1, 1985 through the completion of the expansion project. With the opening of the expansion facility on August 28, 1986, the abatement of management fees ceased and the Incentive Fee increased to an amount equal to 10% of gross operating profit until such time as all abated fees have been recouped. Effective January 1, 1987 DEWNJ agreed to abate management fees through December 31, 1987 and each year thereafter upon the mutual consent of DEWNJ and New Claridge. In addition, DEWNJ agreed to abate interest on deferred management fees for the period of April 1, 1987 to and including December 31, 1987. Effective January 1, 1988 the agreement with DEWNJ was further amended to abate management fees and interest on deferred management fees through December 31, 1988. This agreement was further extended, effective January 1, 1989, through the earlier of the closing of the Restructuring or August 1, 1989. At June 16, 1989 New Claridge had deferred fees and interest of \$32,491,000. In addition Webb guaranteed a \$20 million line of credit which was available to fund cash flow deficits. At September 30, 1988, \$14,052,000 Of the credit line was in use.

Management fees earned by DEWNJ for the nine months ended September 30, 1988 amounted to \$-0-.

On June 16, 1989 the Restructuring transaction was concluded and therewith Webb and DEWNJ terminated virtually all of their contractual and financial arrangements with New Claridge, including the Management Agreement.

- (b) Through June 16, 1989 Webb and DEWNJ had direct and material interest in the Purchase Money Second Mortgage and other indebtedness of New Claridge. For the nine months ended September 30, 1989 and 1988 interest expense due to affiliates was \$4,931,000 and \$7,334,000 respectively.
- (c) Prior to the Restructuring, New Claridge purchased from Webb and DEWNJ certain services including insurance through October 1, 1988, and other miscellaneous services. On October 1, 1988 New Claridge obtained its own equivalent insurance coverage. In conjunction with the restructuring, the Maintenance Services Contract was assigned to New Claridge; consequently, certain charges are paid directly to the Partnership. The costs of these services for the nine months ended September 30, 1989 and 1988 amounted to \$647,000 and \$3,110,000, respectively.

SCHEDULE OF RECEIVABLES AND PATRONS' CHECKS

THE CLARIDGE CASINO - HOTEL

Notes to Financial Statements - Continued

(UNAUDITED)
(\$ IN THOUSANDS)

(d) 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 nine months ended September 30, 1989 and 1988 New Claridge has earned interest income of \$16,528,000 and \$16,153,000 respectively, and incurred lease expense of \$30,707,000 and \$30,644,000 respectively.

(14) Extraordinary Items (Net of Income Taxes)

For the nine months ended September 30, 1989 New Claridge recorded extraordinary items in the amount of \$69,023,000 net of income taxes. The extraordinary items which result from the closing of the Restructuring and the related tax effect consist of the following (in thousands):

	1989	1988
Debt forgiveness by Webb:		
Deferred fees/interest	\$ 32,491	
Deferred interest	11,622	14,052
Line of credit	10,350	
Abated fees	3,425	16,741
Offering cost loan	500	
Interest on Webb debt	9,501	
Webb contribution for payment of First Mortgage/Manufacturers Hanover line of credit	19,500	
Payment by ACBA for land option cancellation	100	
Webb contribution of interim restructuring funding	2,027	2,160
Less Webb contingent payment	(20,000)	
	<u>69,516</u>	56,286
Income taxes	<u>24,551</u>	
Extraordinary item from restructuring net of income taxes	44,965	45,581
Extraordinary item: Reduction of income taxes arising from carryforward of prior year operating losses, net of alternative minimum tax of \$493	<u>24,058</u>	1,608
	<u>\$ 69,023</u>	450

SCHEDULE OF RECEIVABLES AND PATRONS' CHECKS

Sept. 30, 19 89

(UNAUDITED)
(\$ IN THOUSANDS)

ACCOUNTS RECEIVABLE BALANCES				
LINE (a)	DESCRIPTION (b)	ACCOUNT BALANCE (c)	ALLOWANCE (d)	ACCOUNTS RECEIVABLE-NET OF ALLOWANCE (e)
1	Patrons' Checks:	\$ 1,608		
	Undeposited patrons' checks			
2	Returned patrons' checks	3,209		
3	Total patrons' checks	4,817	\$ 2,794	\$ 2,023
4	Hotel Receivables	800	134	666
5	Other Receivables:			
	Receivables due from officers and employees.....	3		
6	Receivables due from affiliates	13,670		
7	Other accounts and notes receivables	404		
8	Total other receivables	14,077	25	14,052
9	Totals (Form 205).....	\$ 19,694	\$ 2,953	\$ 16,741

UNDEPOSITED PATRONS' CHECKS ACTIVITY		
LINE (f)	DESCRIPTION (g)	AMOUNT (h)
10	Beginning Balance (January 1)	\$ 2,160
11	Counter checks issued (excluding counter checks issued through transactions relating to consolidations, partial redemptions, substitutions, and patrons' cash deposits)	56,286
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)	(45,581)
13	Checks collected through deposits	(8,928)
14	Checks transferred to returned checks	(2,329)
15	Other adjustments	
16	Ending Balance	\$ 1,608
17	"Hold" Checks Included In Balance On Line 16	\$
18	Provision For Uncollectible Patrons' Checks	\$ 450
19	Provision As A Percent Of Counter Checks Issued .....	.8 %

STATEMENT OF CONFORMITY AND ACCURACY

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

Roger P. Wagner, being duly sworn according to law upon my oath
Name

deposes and says:

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

R.P. Wagner
Signature

President/Chief
Operating Officer

Title

2714-11

License Number

Subscribed and sworn to
before me this 15th day
of November, 1989.

Eleanor A. Bryan
Signature

On Behalf Of:

The Claridge at Park Place, Inc.
Casino Licensee

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

Basis of Authority
to Take Oaths

HOTEL STATISTICS

FOR THE 9 MONTHS ENDED September 30, 1989

PERIOD	NUMBER OF GUEST ROOMS IN PROPERTY	NUMBER OF AVAILABLE ROOMS	NUMBER OF OCCUPIED ROOMS	AVERAGE RATE PER OCCUPIED ROOM	OCCUPANCY RATE	NUMBER OF GUESTS ACCOMMODATED	AVERAGE RATE PER GUEST ACCOMMODATED
JANUARY	501	14,631	10,909	\$ 67.04	74.6 %	21,365	\$ 34.23
FEBRUARY	501	13,447	10,592	\$ 73.62	78.8 %	21,035	\$ 37.07
MARCH	501	15,290	13,854	\$ 69.43	90.6 %	26,350	\$ 36.51
1ST QUARTER TOTALS		43,368	35,355	\$ 69.95	81.5 %	68,750	\$ 35.97
APRIL	501	14,939	14,086	\$ 78.41	94.3 %	28,031	\$ 39.40
MAY	501	15,600	12,733	\$ 85.52	81.6 %	25,529	\$ 42.65
JUNE	501	15,077	12,660	\$ 86.39	84.0 %	27,166	\$ 40.26
2ND QUARTER TOTALS		45,616	39,479	\$ 83.26	86.6 %	80,726	\$ 40.72
JULY	501	15,579	12,088	\$ 113.14	77.6 %	25,847	\$ 52.91
AUGUST	501	15,628	11,956	\$ 111.93	76.5 %	26,038	\$ 51.40
SEPTEMBER	501	15,079	13,251	\$ 92.75	87.9 %	28,536	\$ 43.07
3RD QUARTER TOTALS		46,286	37,295	\$ 105.51	80.6 %	80,421	\$ 48.93
OCTOBER				\$	%		\$
NOVEMBER				\$	%		\$
DECEMBER				\$	%		\$
4TH QUARTER TOTALS				\$	%		\$
ANNUAL TOTALS				\$	%		\$

TRADING NAME OF LICENSEE Saxby Hotel & Casino

QUARTERLY REPORT

974.901
C193

FOR THE QUARTER ENDED September 30 1989

LICENSEE GREATE BAY HOTEL & CASINO, INC.

ADDRESS Indiana Avenue & Brighton Park
Atlantic City, NJ 08401

FOR THE QUARTER ENDED September 30, **19**89

TO THE
CASINO CONTROL COMMISSION
OF THE
STATE OF NEW JERSEY



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

John R. Rauhen

OFFICIAL TITLE

Vice President, Finance

ADDRESS

Indiana Avenue & Brighton Park

Atlantic City, NJ 08401

BALANCE SHEETS

TRADING NAME OF LICENSEE Sands Hotel & Casino

September 30 1989 and 1988

LIST OF FORMS - QUARTERLY REPORT

(\$ IN THOUSANDS)

FOR THE QUARTER ENDED September 30 1989

(b)	(c) 19 89	(d) 19 88
ASSETS		
Investments in securities	10,293	15,914
Accounts and other receivables (net of allowance for doubtful accounts)	12,251	11,728
Prepaid expenses and other current assets		
Investment assets		
Other assets		
Liabilities and Equity		
Accounts payable and accrued liabilities	2,106	2,105
Deferred income taxes	8,741	167
Deferred expenses	13,172	15,250
Other liabilities	3,920	3,779
Other current liabilities	34,361	23,702
Long-term debt		
Minority interest		
Other equity		
Other affiliates	182,486	182,125
Other	2,768	5,049
Other credits	694	2,594
Other liabilities		
Contingencies		
Other liabilities		
Liabilities	220,409	213,773
Stockholders', Partners', Or Proprietor's Equity	33,006	21,659
Total Liabilities And Equity	\$ 253,415	\$ 235,432

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
Statement of Conformity and Accuracy	CCC-250

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

BALANCE SHEETS

September 30 19 89 AND 1988

(UNAUDITED)
(\$ IN THOUSANDS)

LINE (a)	DESCRIPTION (b)	(c) 19 89	(d) 19 88
ASSETS			
Current Assets:			
1	Cash	\$	\$
2	Marketable securities	10,293	15,914
3	Receivables and patrons' checks (net of allowance for doubtful accounts - 19 89, \$ 12,251 ; 19 88, \$ 11,728)	-	-
4	Inventories	30,470	12,347
5	Prepaid expenses and other current assets Note 8	2,288	2,206
		2,869	4,280
6	Total current assets	45,920	34,747
7	Investments, Advances, And Receivables Note 9	16,609	12,298
8	Property And Equipment - Net Note 7	180,882	178,814
9	Other Assets	10,004	9,573
10	Total Assets	\$ 253,415	\$ 235,432
LIABILITIES AND EQUITY			
Current Liabilities:			
11	Accounts payable	\$ 7,522	\$ 5,484
12	Notes payable	-	-
Current portion of long-term debt:			
13	Due to affiliates	-	-
14	Other Note 2	2,106	2,105
15	Income taxes payable and accrued	6,741	187
16	Other accrued expenses Note 10	14,172	12,150
17	Other current liabilities Note 11	3,920	3,779
18	Total current liabilities	34,461	23,705
Long-Term Debt:			
19	Due to affiliates Note 2	182,486	182,125
20	Other Note 2	2,768	5,049
21	Deferred Credits	694	2,894
22	Other Liabilities	-	-
23	Commitments And Contingencies Note 5	-	-
24	Total Liabilities	220,409	213,773
25	Stockholders', Partners', Or Proprietor's Equity	33,006	21,659
26	Total Liabilities And Equity	\$ 253,415	\$ 235,432

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 9 MONTHS ENDED September 30, 19 89 and 19 88

(UNAUDITED)
(\$ IN THOUSANDS)

LINE (a)	DESCRIPTION (b)	(c) 19 <u>89</u>	(d) 19 <u>88</u>
Revenue:			
1	Casino	\$ 167,483	\$ 157,827
2	Rooms	9,033	7,359
3	Food and beverage	19,812	20,129
4	Other	4,603	4,694
5	Total revenue	200,931	190,009
6	Less: Provisional allowances Note 12.....	15,853	17,785
7	Net revenue	185,078	172,224
Costs And Expenses:			
8	Cost of goods and services	79,459	76,938
9	Selling, general, and administrative	60,216	57,966
10	Provision for doubtful accounts	1,916	2,458
11	Depreciation and amortization	12,245	11,725
Charges from affiliates other than interest:			
12	Management fees Note 4.....	5,211	4,496
13	Other	-	-
14	Total costs and expenses	159,047	153,583
15	Income (Loss) From Operations	26,031	18,641
Other Income (Expenses):			
16	Interest (expense) - affiliates Note 4.....	<16,905>	<16,633>
17	Interest (expense) - external	<542>	<259>
18	Investment alternative tax and related income (expense) - net.....	<618>	<748>
19	Nonoperating income (expense) - net Note 6.....	2,499	1,107
20	Total other income (expenses).....	<15,566>	<16,533>
21	Income (Loss) Before Income Taxes And Extraordinary Items.....	10,465	2,108
22	Provision (credit) for income taxes Note 3.....	5,361	1,912
23	Income (Loss) Before Extraordinary Items	5,104	196
24	Extraordinary items (net of income taxes - 19 <u> </u> , \$; 19 <u> </u> , \$)		
25	Net Income (Loss)	\$ 5,104	\$ 196

1988 Revenues of a subsidiary totalling \$543,000 have been reclassified from Other Revenues to Cost of Goods & Services to present 1988 in conformity with 1989.

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 September 30, 1989 and 19 88

(UNAUDITED)
(\$ IN THOUSANDS)

LINE (a)	DESCRIPTION (b)	(c) 19 <u>89</u>	(d) 19 <u>88</u>
	Revenue:		
1	Casino	\$ 63,257	\$ 59,092
2	Rooms	3,449	2,858
3	Food and Beverage	7,445	7,403
4	Other	2,205	2,348
5	Total revenue	76,356	71,701
6	Less: Promotional allowances	6,174	6,890
7	Net revenue	70,182	64,811
	Costs And Expenses:		
8	Cost of goods and services	29,672	28,515
9	Selling, general, and administrative	22,332	20,287
10	Provision for doubtful accounts	811	969
11	Depreciation and amortization	4,023	4,036
	Charges from affiliates other than interest:		
12	Management fees	2,439	2,000
13	Other	-	-
14	Total costs and expenses	59,277	55,807
15	Income (Loss) From Operations	10,905	9,004
	Other Income (Expenses):		
16	Interest (expense) - affiliates	<5,637>	<5,635>
17	Interest (expense) - external	<175>	<193>
18	Investment alternative tax and related income (expense) - net.....	<252>	<254>
19	Nonoperating income (expense) - net	863	476
20	Total other income (expenses).....	<5,201>	<5,606>
21	Income (Loss) Before Income Taxes And Extraordinary Items.....	5,704	3,398
22	Provision (credit) for income taxes	3,067	2,543
23	Income (Loss) Before Extraordinary Items	2,637	855
24	Extraordinary items (net of income taxes - 19__, \$; 19__, \$)		
25	Net Income (Loss)	\$ 2,637	\$ 855

1988 Revenues of a subsidiary totalling \$240,000 have been reclassified from Other Revenues to Cost of Goods and Services to present 1988 in conformity with 1989.

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 9 MONTHS ENDED September 30, 1989 AND 1988

(UNAUDITED)
(\$ IN THOUSANDS)

LINE (a)	DESCRIPTION (b)	19 89		19 88	
		(c) SHARES	(d) DOLLARS	(e) SHARES	(f) DOLLARS
	Common Stock:		\$		\$
1	Beginning balance (January 1)	100	3,500	100	3,500
2	Sale of stock	-	-	-	-
3	.....	-	-	-	-
4	Ending balance	100	3,500	100	3,500
	Preferred Stock:				
5	Beginning balance (January 1)				
6	Sale of stock				
7	.....			
8	Ending balance				
	Additional Paid-in Capital:				
9	Beginning balance (January 1)		19,738		21,355
10	Dividends		-		<1,617>
11	.....		-		-
12	Ending balance		19,738		19,738
	Treasury Stock:				
13	Beginning balance (January 1)	-	(-)	-	(-)
14	Purchase of additional stock		()		()
15	Sale or retirement of stock		()		()
16	Ending balance		()		()
	Subscriptions Receivable For Capital Stock:				
17	Beginning balance (January 1)	-	(-)	-	(-)
18	.....			
19	.....			
20	Ending balance		()		()
	Net Unrealized Loss On Noncurrent Marketable Equity Securities:				
21	Beginning balance (January 1)		()		()
22	.....			
23	.....			
24	Ending balance		()		()
	Retained Earnings:				
25	Beginning balance (January 1)		4,664		<1,775>
26	Prior period adjustments				
27	Net income (loss)		5,104		196
28	Dividends		()		()
29	.....			
30	.....			
31	Ending balance		9,768		<1,579>
32	Ending Stockholders' Equity		\$ 33,006		\$ 21,659

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

STATEMENTS OF CASH FLOWS

TRADING NAME OF LICENSEE Sands Hotel & Casino

STATEMENTS OF CHANGES IN PARTNERS'
OR PROPRIETOR'S EQUITY

FOR THE 9 MONTHS ENDED September 30 19 89 AND 19 88

(UNAUDITED)

(\$ IN THOUSANDS)

LINE (a)	DESCRIPTION (b)	Not Applicable	
		(c) 1989	(d) 1988
	Invested Capital:		
1	Beginning balance (January 1)	\$ 75	\$ 941
2	Additional capital invested		
3	.....	
4	Ending balance		
	Accumulated Income (Loss):		
5	Beginning balance (January 1)		15,125
6	Prior period adjustments		
7	Net income (loss)		
8	.....	
9	Ending balance		2,309
	Capital Withdrawals:		
10	Beginning balance (January 1)	(32)	(350)
11	Additional capital withdrawals	()	()
12	.....	
13	Ending balance	()	(317)
	Net Unrealized Loss On Noncurrent Marketable Equity Securities:		
14	Beginning balance (January 1)	()	(15,057)
15	.....	
16	.....	
17	Ending balance	(10)	(251)
18	Ending Partners' Or Proprietor's Equity	\$ 293	\$ 15,914

SUPPLEMENTAL DISCLOSURE OF CASH FLOW INFORMATION

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

STATEMENTS OF CASH FLOWS

FOR THE 9 MONTHS ENDED September 30, 1989 and 1988
(UNAUDITED)

(\$ IN THOUSANDS)

Line (a)	Description (b)	(c) 19 89	(d) 19 88
1	Net Cash Provided (Used) By Operating Activities.....	\$ 14,771	\$ 2,730
	Cash Flows From Investing Activities:		
	Purchase of short-term investment securities.....		
	Proceeds from the sale of short-term investment securities.....		
	Purchase outflows for property and equipment.....	<14,758>	<13,183>
	Proceeds from disposition of property and equipment.....		
	Purchase of casino reinvestment obligations.....	<2,077>	<1,941>
	Purchase of other investments and loans/advances made.....		
	Proceeds from disposal of investments and collection of advances and long-term receivables.....		
	Cash outflows to acquire business entities.....		
12	Net Cash Provided (Used) By Investing Activities.....	<16,835>	<15,124>
	Cash Flows From Financing Activities:		
13	Cash proceeds from issuance of short-term debt.....	-	2,104
14	Payments to settle short-term debt	-	<37>
15	Cash proceeds from issuance of long-term debt.....	-	17,457
16	Costs of issuing debt.....		
17	Payments to settle long-term debt.....	<1,753>	<1,850>
18	Cash proceeds from issuing stock or capital contributions.....		
19	Purchases of treasury stock.....		
20	Payments of dividends or capital withdrawals.....	-	<1,617>
21	.....	
22	.....	
23	Net Cash Provided (Used) By Financing Activities.....	<1,753>	16,057
24	Net Increase (Decrease) In Cash And Cash Equivalents.....	<3,817>	3,663
25	Cash And Cash Equivalents At Beginning Of Period	14,110	12,251
26	Cash And Cash Equivalents At End Of Period.....	\$ 10,293	\$ 15,914

SUPPLEMENTAL DISCLOSURE OF CASH FLOW INFORMATION

27	Cash Paid During Period For:		
	Interest (net of amount capitalized).....	\$ 17,698	\$ 16,892
28	Income taxes.....	\$ 5,981	\$ 9,051

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

STATEMENTS OF CASH FLOWS

FOR THE 9 MONTHS ENDED September 30, 1989 and 1988
(UNAUDITED)
(\$ IN THOUSANDS)

Line (a)	Description (b)	(c) 19 89	(d) 19 88
	Net Cash Flows From Operating Activities:		
29	Net income (loss).....	\$ 5,104	\$ 196
	Noncash items included in income and cash items excluded from income:		
30	Depreciation and amortization of property and equipment.....	11,017	10,535
31	Amortization of other assets.....	1,228	1,190
32	Amortization of debt discount or premium.....	271	270
33	Deferred income taxes - current.....	810	542
34	Deferred income taxes - noncurrent.....	<1,462>	<7,681>
35	(Gain) loss on disposition of property and equipment.....		
36	(Gain) loss on casino reinvestment obligations.....	618	748
37	(Gain) loss from other investment activities.....		
38	Net (increase) decrease in receivables and patrons' checks.....	<3,110>	3,191
39	Net (increase) decrease in inventories.....	329	<208>
40	Net (increase) decrease in other current assets.....	1,362	<111>
41	Net (increase) decrease in other assets.....	67	<1,301>
42	Net increase (decrease) in accounts payables.....	560	<3,131>
43	Net increase (decrease) in other current liabilities excluding debt.....	<2,023>	<1,046>
44	Net increase (decrease) in other noncurrent liabilities excluding debt.....		<464>
45			
46			
47	Net Cash Provided (Used) By Operating Activities.....	\$ 14,771	\$ 2,730

SUPPLEMENTAL SCHEDULE OF NONCASH INVESTING AND FINANCING ACTIVITIES

48	Acquisition Of Property And Equipment:		
	Additions to property and equipment.....	\$ 14,758	\$ 13,183
49	Less: Capital lease obligations incurred.....		
50	Cash Outflows For Property And Equipment.....	\$ 14,758	\$ 13,183
	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.....	\$	\$

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

Note 1 - Organization and Business

Great Bay Hotel & Casino, Inc. ("GBH&C") is a wholly-owned subsidiary of Great Bay Casino Corporation ("Casino Corp."). During 1987, Casino Corp. became a wholly-owned subsidiary of Pratt Casino Properties, Inc. ("Pratt Casino Properties"). Pratt Casino Properties, a Delaware corporation, was incorporated during October 1987 and has acquired, through contributions to its capital by its parent, all of the outstanding capital stock of Casino Corp. Pratt Casino Properties is a wholly-owned subsidiary of Pratt Hotel Corporation ("Pratt").

During the nine-month period ended September 30, 1989, there were no changes in GBH&C's significant accounting policies as previously reported. In addition, there are no significant differences in the footnotes presented herein versus those reported in GBH&C's annual report at December 31, 1988 to the Casino Control Commission.

Note 2 - Long-term Debt

Long-term debt as of September 30, 1989 and 1988 is as follows:

	<u>1989</u>	<u>1988</u>
11.75% first mortgage notes, due 1994, net of discounts of \$1,744,000 and \$2,105,000 respectively (A)	\$171,286,000	\$170,925,000
16.5% Promissory note due 1998 (B)	11,200,000	11,200,000
Note Payable to bank, due 1991 (C)	4,375,000	6,650,000
Other	<u>499,000</u>	<u>504,000</u>
	187,360,000	189,279,000
Less: Current portion of long-term debt	<u>2,106,000</u>	<u>2,105,000</u>
Long-term Debt:	\$185,254,000	\$187,174,000
	=====	=====

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

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

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

B) In February 1988, GBH&C borrowed \$11,200,000 from an affiliate, the proceeds of which were principally used to refinance an existing liability to another affiliate. The note bears interest at 16.5% per annum, with interest only payable semi-annually in March and September. The note matures in March 1998.

C) The note bears interest at 1% above the bank's prime lending rate and provides for equal monthly principal payments of \$175,000 until maturity in November 1991.

In February 28, 1989, GBH&C modified its existing line of credit and increased the amount available to \$5,000,000. Interest on borrowings under the line of credit is calculated at 1% above the prime lending rate of a certain bank. As of September 30, 1989 there were no amounts outstanding under this line of credit.

Maturities of long-term debt at September 30, 1989 amounted to:

1989 (3 months)	\$	526,000		
1990		2,106,000		
1991		3,196,000		
1992		4,678,000		
1993		5,258,000		
Thereafter		<u>173,340,000</u>		
Total Payments:		189,104,000		
Unamortized Discount		(1,744,000)		
Current Portion		<u>(2,106,000)</u>		
Long-Term Portion		\$185,254,000		
		=====		

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

12/31/88 PROVISION PAYMENTS 9/30/89

Note 3 - Income Taxes

The components of the provision for income taxes for the nine months ended September 30, 1989 and 1988 are as follows:

	1989	1988
Federal Income Tax Expense		
Current	\$ 5,271,000	\$ 111,000
Deferred	(1,160,000)	1,370,000
State Income Tax Expense		
Current	1,565,000	431,000
Deferred	(315,000)	-
Total Provision for Income Taxes:	\$ 5,361,000	\$1,912,000

Reconciliation of Cash Flow Statement to Footnote 3 (000's omitted)

ACCOUNT	BALANCE 12/31/87	PROVISION	PAYMENTS	BALANCE 9/30/88
ACCUMULATED FEDERAL TAXES:				
CURRENT	\$ (559)	\$ 111	\$ 558	\$ 110
DEFERRED	9,565	1,370	(9,509)	1,326
ACCUMULATED STATE TAXES:				
CURRENT	(355)	431	0	76
DEFERRED	1,569	0	0	1,569
	<u>\$10,220</u>	<u>\$ 1,912</u>	<u>\$ (9,051)</u>	<u>\$ 3,081</u>

Company has a License Agreement with FPI, (an affiliate) which entered into a parallel agreement with MGM Sands Inc. for the use of the trade name "Sands". The License agreement, as amended in May 1987, provides for a license fee equal to the greater of (1) 3% of room charges, as defined, or \$120,000 for each property using the name. Such charges amounted to \$110,000 and \$220,000 for the nine months ended September 30, 1989 and 1988, respectively. Such amounts -3- included in general and administrative expenses in the accompanying financial statements.

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

ACCOUNT	12/31/88	PROVISION	PAYMENTS	9/30/89
ACCRUED FEDERAL TAXES:				
CURRENT	\$ 4,611	\$ 5,271	\$(4,688)	\$ 5,194
DEFERRED	(952)	(1,160)	19	(2,093)
ACCRUED STATE TAXES:				
CURRENT	1,321	1,565	(1,307)	1,579
DEFERRED	1,015	(315)	(5)	695
	<u>\$ 5,995</u>	<u>\$ 5,361</u>	<u>\$(5,981)</u>	<u>\$ 5,375</u>
	=====	=====	=====	=====
CCC-205 LINE 15	\$ 5,932			\$ 6,741
CCC-205 LINE 16	1,015			694
CCC-205 LINE 19 (applicable amount)	(952)			(2,093)
CCC-205 LINE 17 (applicable amount)	0			33
	<u>\$ 5,995</u>			<u>\$ 5,375</u>
	=====			=====

Note 4 - Related Party Transactions

GBH&C has a Management Agreement with Pratt Casino Management, Inc., ("PCMI"), a subsidiary of Pratt. Pursuant to the Management Agreement, PCMI is responsible for the supervision, direction and control of the day-to-day operation of the hotel/casino. The agreement expires during 1991, at which time it may be extended if certain minimum operating results are achieved. In accordance with the provisions of this Management Agreement, PCMI is entitled to receive annually a basic consulting fee of 1.5% of "adjusted gross revenues", as defined, and, if annual "gross operating profits" as defined, exceed \$5,000,000, incentive compensation of between 5% and 7.5% of gross operating profits in excess of certain stated amounts. Total charges to operations for the nine months ended September 30, 1989 and 1988 were \$5,211,000 and \$4,496,000 respectively and are included in management fees charged from affiliates in the accompanying Financial Statements. Consultant and incentive fees of \$849,000 and \$554,000 were due to PCMI at September 30, 1989 and 1988 respectively, and are included in other current liabilities in the accompanying Financial Statements.

The Company has a License Agreement with PPI, (an affiliate) which entered into a parallel agreement with MGM Sands Inc. for the use of the trade name "Sands". The license agreement, as amended in May 1987, provides for a license fee equal to the greater of (i) 3% of room charges, as defined, or (ii) \$100,000 for each property using the name. Such charges amounted to \$271,000 and \$220,000 for the nine months ended September 30, 1989 and 1988, respectively. Such amounts are included in general and administrative expenses in the accompanying financial statements.

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

Note 4 - Related Party Transactions - (Continued)

For the nine months ended September 30, 1989 and 1988 the company incurred interest charges to affiliates:

	<u>9/30/89</u>	<u>9/30/88</u>
11.75% first mortgage notes	\$15,519,000	\$15,248,000
16.5% promissory note	<u>1,386,000</u>	<u>1,114,000</u>
	\$16,905,000	\$16,362,000
	=====	=====

Note 5 - Commitments and Contingencies

GBH&C is a party to various legal proceedings with respect to its normal conduct of casino/hotel operations. It is the opinion of management, based upon the advice of counsel, that the settlement or resolution of these proceedings will not have a material adverse impact upon GBH&C's financial position.

In January 1989, the American Arbitration Association issued a determination in favor of GBH&C on its claim against a construction management company for damages due to improper performance in the completion of the renovation of the property during 1983 and 1984. The arbitration award, including interest through January 31, 1989, totalled \$14,524,000 and, on July 28, 1989, the Superior Court of New Jersey confirmed this arbitration award into a judgment. Although the construction management company has sought reconsideration of the Superior Court's confirmation of the arbitration award, confirmation of the award into a judgement was reaffirmed. The construction management company has filed an appeal of the determination of the Superior Court confirming the arbitration award into a judgement; nevertheless, GBH&C believes this amount is collectible, and based on the advice of counsel, believes that the likelihood of the award being modified or vacated is remote.

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

Note 6 - Non-Operating Income (Expenses)

For the nine month period ended September 30, 1989 and 1988, Non-Operating Income of \$2,499,000 and \$1,107,000 was earned on temporary investments, and on deposits made with the CRDA pursuant to the Company's Casino Reinvestment obligations.

Note 7 - Property and Equipment

Property and equipment as of September 30, 1989 and 1988 consisted of the following:

	<u>1989</u>	<u>1988</u>
Land	\$ 36,179,000	\$ 36,179,000
Buildings	148,730,000	147,441,000
Furniture, fixtures and equipment	78,944,000	73,302,000
Construction in progress	<u>12,522,000</u>	<u>2,450,000</u>
	276,375,000	259,372,000
Less: accumulated depreciation and amortization	<u>95,493,000</u>	<u>80,558,000</u>
Total property and equipment	<u>\$180,882,000</u> =====	<u>\$178,814,000</u> =====

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

Note 8 - Prepaid Expenses and Other Current Assets

At September 30, 1989 and 1988, the line item Prepaid Expenses and Other Current Assets is comprised of the following:

	<u>1989</u>	<u>1988</u>
Prepaid advertising and promotions	\$ 634,000	\$ 587,000
Prepaid licenses and permits	537,000	553,000
Prepaid taxes	301,000	255,000
Miscellaneous prepaids	433,000	375,000
Prepaid air charters	33,000	106,000
Deposits	381,000	450,000
Prepaid insurance	336,000	567,000
Prepaid slot parts	1,731,000 -	1,238,000
Other deferred charges	10,000	929,000
Other	<u>204,000</u>	<u>220,000</u>
Total prepaid expenses and other current assets	\$ 2,869,000 =====	\$ 4,280,000 =====

Note 9 - Investments, Advances, and Receivables

At September 30, 1989 and 1988, the line item Investments, Advances and Receivables is comprised of the following:

	<u>1989</u>	<u>1988</u>
CRDA Investments (net of allowance of \$4,906,000 and \$4,135,000 at September 30, 1989 and 1988 respectively)	\$ 16,206,000	\$ 11,321,000
Other items	<u>403,000</u>	<u>977,000</u>
Total Investments, Advances and Receivables	\$ 16,609,000 =====	\$ 12,298,000 =====
Payables on Construction	1,496,000	501,000
Payables to affiliates	97,000	58,000
Deferred trade out liability	12,000	398,000
Deferred Slot liability	<u>171,000</u>	<u>110,000</u>
Total Other Current Liabilities	\$ 3,820,000 =====	\$ 3,779,000 =====

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

Note 10 - Other Accrued Expenses

As of September 30, 1989 and 1988, the line item Other Accrued Expenses is comprised of the following:

	<u>1989</u>	<u>1988</u>	
Accrued salaries and wages	\$ 1,105,000	\$ 900,000	
Accrued vacation	1,200,000	1,200,000	
Other accrued expenses	2,047,000	1,171,000	
Accrued interest on debt	1,468,000	1,528,000	
Accrued progressive slot machine jackpot	3,761,000	3,152,000	
Accrued C.S.C. inspection fees	138,000	344,000	
Accrued D.E.E. inspection fees	162,000	163,000	
Accrued casino license fees	216,000	168,000	
Accrued insurance	1,731,000	1,477,000	
F.I.C.A. payable	197,000	229,000	
NJ Sales Tax	24,000	178,000	
S.U.I payable	387,000	369,000	
Gaming revenue tax	395,000	188,000	
Other	<u>1,341,000</u>	<u>1,083,000</u>	
 Total other accrued expenses	 \$ 14,172,000 =====	 \$ 12,150,000 =====	

Note 11 - Other Current Liabilities

As of September 30, 1989 and 1988, the line item Other Current Liabilities was comprised of the following:

	<u>1989</u>	<u>1988</u>	
Unredeemed gaming chips liability	\$ 665,000	\$ 477,000	
Unredeemed token liability	228,000	143,000	
Casino customer deposits	230,000	744,000	
Unclaimed wages	177,000	163,000	
Advance deposits	70,000	113,000	
CRDA	774,000	722,000	
Retainage on Construction	-	50,000	
Due to affiliates	1,496,000	801,000	
Deferred trade out liability	97,000	58,000	
Red Carpet Slot liability	12,000	398,000	
Other	<u>171,000</u>	<u>110,000</u>	
 Total Other Current Liabilities	 \$ 3,920,000 =====	 \$ 3,779,000 =====	

SCHEDULE OF RECEIVABLES AND PATRONS' CHECKS
SANDS HOTEL & CASINO
(A Wholly Owned Subsidiary of Pratt Casino Properties, Inc.)

Notes to Financial Statements
(unaudited)

(UNAUDITED)
 (\$ IN THOUSANDS)

Note 12 - Promotional Allowances and Expenses

A summary of Promotional Allowances and Expenses incurred during the nine month period ended September 30, 1989 is as follows:

	<u>Promotional Allowances</u>		<u>Promotional Expenses</u>	
	<u>No. of Recipients</u>	<u>Dollar Amount</u>	<u>No. Of Recipients</u>	<u>Doll Amou</u>
Rooms	70,188	\$ 2,115,000	-	
Food	450,093	5,176,000	-	
Beverage	1,193,500	7,162,000	-	
Travel	-	-	17,041	\$ 4,421,000
Theatre	25,038	743,000	-	
Parking	54,750	438,000	19,250	154,000
Bus Tour Coupon	-	-	-	-
Exchange Coin	-	17,055	797,736	14,669,000
Food Court - Other	-	-	358,677	2,523,000
Red Carpet Certificates	-	19,200	138,485	957,000
Other	27,375	219,000	39,523	1,191,000
Total Promotional Allowances and Expenses		\$15,853,000		\$23,915,000

A summary of Promotional Allowances and Expenses incurred during the three month period ended September 30, 1989 is as follows:

	<u>Promotional Allowances</u>		<u>Promotional Expenses</u>	
	<u>No. of Recipients</u>	<u>Dollar Amount</u>	<u>No. Of Recipients</u>	<u>Doll Amou</u>
Rooms	26,001	\$ 746,000	-	
Food	176,602	2,110,000	-	
Beverage	449,634	2,699,000	-	
Travel	-	-	6,511	\$ 1,689,000
Theatre	11,374	372,000	-	
Parking	22,625	181,000	7,142	57,000
Bus Tour Coupon	-	-	-	-
Exchange Coin	-	-	276,879	4,907,000
Food Court - Other	-	-	135,302	962,000
Red Carpet Certificates	-	-	18,133	136,000
Other	8,250	66,000	10,647	321,000
Total Promotional Allowances and Expenses		\$ 6,174,000		\$ 8,072,000

SCHEDULE OF RECEIVABLES AND PATRONS' CHECKS

September 30, 19 89

(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	8,670		
2	Returned patrons' checks	14,760		
3	Total patrons' checks	23,430	\$ 12,168	\$ 11,262
4	Hotel Receivables	1,001	83	918
	Other Receivables:			
5	Receivables due from officers and employees.....	-		
6	Receivables due from affiliates	1,235		
7	Other accounts and notes receivables	17,055		
8	Total other receivables	18,290		18,290
9	Totals (Form 205).....	\$ 42,721	\$ 12,251	\$ 30,470

Vice President, Finance

UNDEPOSITED PATRONS' CHECKS ACTIVITY		
LINE (f)	DESCRIPTION (g)	AMOUNT (h)
10	Beginning Balance (January 1)	\$ 7,053
11	Counter checks issued (excluding counter checks issued through transactions relating to consolidations, partial redemptions, substitutions, and patrons' cash deposits)	173,580
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)	(128,639
13	Checks collected through deposits	(37,929
14	Checks transferred to returned checks	(5,395
15	Other adjustments	
16	Ending Balance	\$ 8,670
17	"Hold" Checks Included In Balance On Line 16	\$
18	Provision For Uncollectible Patrons' Checks	\$ 1,838
19	Provision As A Percent Of Counter Checks Issued	1.06

STATEMENT OF CONFORMITY AND ACCURACY

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

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

deposes and says:

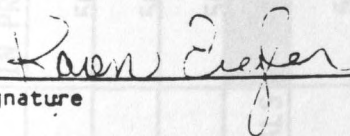
1. I have examined this Quarterly Report.
2. All the information contained in this Report has been prepared in conformity with Casino Control Commission's Quarterly Report Instructions and Uniform Chart of Accounts.
3. The information contained in this Quarterly Report is accurate to the best of my knowledge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


 Signature

John R. Rauen
Vice President, Finance
 Title

866-11
 License Number

Subscribed and sworn to
 before me this 14 day
 of November, 1989


 Signature

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

Basis of Authority
 to Take Oaths

On Behalf Of:

Greate Bay Hotel & Casino, Inc.
 Casino Licensee

HOTEL STATISTICS

FOR THE 9 MONTHS ENDED September 30, 1989

PERIOD	NUMBER OF GUEST ROOMS IN PROPERTY	NUMBER OF AVAILABLE ROOMS	NUMBER OF OCCUPIED ROOMS	AVERAGE RATE PER OCCUPIED ROOM	OCCUPANCY RATE	NUMBER OF GUESTS ACCOMMODATED	AVERAGE RATE PER GUEST ACCOMMODATED
JANUARY	500	15,500	11,618	\$ 61.89	75.0 %	21,127	\$ 34.03
FEBRUARY	500	14,000	11,933	\$ 67.83	85.2 %	22,346	\$ 36.22
MARCH	500	15,500	13,953	\$ 68.37	90.0 %	26,257	\$ 36.33
1ST QUARTER TOTALS		45,000	37,504	\$ 66.19	83.3 %	69,730	\$ 35.60
APRIL	500	15,000	13,854	\$ 75.26	92.4 %	25,145	\$ 41.47
MAY	500	15,500	13,397	\$ 76.32	86.4 %	24,512	\$ 41.71
JUNE	500	15,000	13,604	\$ 76.79	90.7 %	24,967	\$ 41.84
2ND QUARTER TOTALS		45,500	40,855	\$ 76.12	89.8 %	74,624	\$ 41.67
JULY	500	15,500	14,088	\$ 87.75	90.9 %	27,389	\$ 45.14
AUGUST	500	15,500	13,855	\$ 86.65	89.4 %	26,231	\$ 45.77
SEPTEMBER	500	15,000	13,537	\$ 74.76	90.2 %	24,515	\$ 41.28
3RD QUARTER TOTALS		46,000	41,480	\$ 83.14	90.2 %	78,135	\$ 44.14
OCTOBER				\$	%		\$
NOVEMBER				\$	%		\$
DECEMBER				\$	%		\$
4TH QUARTER TOTALS				\$	%		\$
ANNUAL TOTALS				\$	%		\$

974.901
.0 193

QUARTERLY REPORT

NEW JERSEY PROPERTY TAX
NOV 27 1989
185 W. STATE ST.
TRENTON, NJ

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

FOR THE QUARTER ENDED SEPTEMBER 30, **19** 89

TO THE
CASINO CONTROL COMMISSION
OF THE
STATE OF NEW JERSEY



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

JOSEPH A. DOMENICO

OFFICIAL TITLE

DIRECTOR OF FINANCE

ADDRESS

1725 BRIGANTINE BOULEVARD

ATLANTIC CITY, NJ 08401

BALANCE SHEETS

TRADING NAME OF LICENSEE Harrah's Marina Hotel Casino

September 30, 19 89 AND 19 88

LIST OF FORMS - QUARTERLY REPORT

(\$ IN THOUSANDS)

DESC FOR THE QUARTER ENDED September 30, 19 89

(b)	(c) 19 89	(d) 1988
ASSETS		
Current Assets:		
Cash	\$ 9,443	\$ 5,592
Marketable Securities	-0-	-0-
Receivables and <u>TITLE</u> checks (net of allowance for doubtful accounts 19 89, \$ 4,600 ; 19 88, \$ 4,441)	10,307	9,102
Prepaid expenses and other current assets (Notes 10)	2,256	2,756
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 (Notes 4)	CCC-220	
Statements of Changes in Partners' or Proprietor's Equity (Notes 3)	CCC-225	
Statements of Cash Flows	CCC-235	
Notes to Financial Statements		
Schedule of Receivables and Patrons' Checks	CCC-240	
Statement of Conformity and Accuracy (Notes 3)	CCC-250	
Liabilities and Equity		
Liabilities:		
Accounts payable	2,289	2,404
Accrued expenses (Notes 5)	17,489	12,207
Current liabilities	469	790
Long-term liabilities	21,941	19,358
Long-term Debt:		
Notes payable	-0-	-0-
Other notes payable (Notes 3)	-0-	-0-
Other credits	-0-	-0-
Other liabilities (Notes 9)	28,204	23,827
Contingencies (Notes 5 & 6)		
Other liabilities	49,743	43,189
Assets, Partners', or Proprietor's Equity	489,576	412,461
Liabilities and Equity	\$ 539,321	\$ 455,650

BALANCE SHEETS

September 30, 19 89 AND 19 88

(UNAUDITED)
(\$ IN THOUSANDS)

LINE (a)	DESCRIPTION (b)	(c) 19 <u>89</u>	(d) 19 <u>88</u>
	ASSETS		
	Current Assets:		
1	Cash	\$ 9,443	\$ 5,692
2	Marketable securities	-0-	-0-
3	Receivables and patrons' checks (net of allowance for doubtful accounts - 19 <u>89</u> , \$ 4,600 ; 19 <u>88</u> , \$ 4,441).....	10,392	9,102
4	Inventories	2,182	2,756
5	Prepaid expenses and other current assets .....(Note 10).....	2,085	2,612
6	Total current assets	24,102	20,162
7	Investments, Advances, And Receivables .....(Note 4)	286,761	213,077
8	Property And Equipment - Net .....(Note 2)	225,112	215,364
9	Other Assets	3,346	7,047
10	Total Assets	\$ 539,321	\$ 455,650
	LIABILITIES AND EQUITY		
	Current Liabilities:		
11	Accounts payable	\$ 2,089	\$ 2,404
12	Notes payable	-0-	-0-
	Current portion of long-term debt:		
13	Due to affiliates	-0-	-0-
14	Other .....(Note 3).....	4	5
15	Income taxes payable and accrued	1,490	2,252
16	Other accrued expenses .....(Note 8).....	17,489	13,907
17	Other current liabilities	469	790
18	Total current liabilities	21,541	19,358
	Long-Term Debt:		
19	Due to affiliates	-0-	-0-
20	Other .....(Note 3).....	-0-	4
21	Deferred Credits	-0-	-0-
22	Other Liabilities .....(Note 9).....	28,204	23,827
23	Commitments And Contingencies .....(Notes 5 & 6)		
24	Total Liabilities	49,745	43,189
25	Stockholders', Partners', Or Proprietor's Equity	489,576	412,461
26	Total Liabilities And Equity	\$ 539,321	\$ 455,650

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

STATEMENTS OF INCOME

FOR THE 9 MONTHS ENDED September 30, 19 89 and 19 88

(UNAUDITED)
(\$ IN THOUSANDS)

LINE (a)	DESCRIPTION (b)	(c) 19 <u>89</u>	(d) 19 <u>88</u>
	Revenue:		
1	Casino	\$ 223,292	\$ 212,744
2	Rooms	16,981	17,307
3	Food and beverage	34,945	35,218
4	Other	7,805	6,592
5	Total revenue	283,023	271,861
6	Less: Promotional allowances (Note 7)	32,546	33,061
7	Net revenue	250,477	238,800
	Costs And Expenses:		
8	Cost of goods and services	133,118	122,564
9	Selling, general, and administrative	36,974	40,857
10	Provision for doubtful accounts	1,206	1,313
11	Depreciation and amortization	9,413	9,840
	Charges from affiliates other than interest:		
12	Management fees	-0-	-0-
13	Other	-0-	-0-
14	Total costs and expenses	180,711	174,574
15	Income (Loss) From Operations	69,766	64,226
	Other Income (Expenses):		
16	Interest (expense) - affiliates	-0-	-0-
17	Interest (expense) - external	(1)	(5)
18	Investment alternative tax and related income (expense) - net.....	(530)	3
19	Nonoperating income (expense) - net	1,189	1,168
20	Total other income (expenses).....	658	1,166
21	Income (Loss) Before Income Taxes And Extraordinary Items.....	70,424	65,392
22	Provision (credit) for income taxes (Note 11)	6,601	5,867
23	Income (Loss) Before Extraordinary Items	63,823	59,525
24	Extraordinary items (net of income taxes - 19 <u>89</u> , \$ -0- ; 19 <u>88</u> , \$ -0-)	-0-	-0-
25	Net Income (Loss)	\$ 63,823	\$ 59,525

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 Marina Hotel Casino

STATEMENTS OF INCOME

FOR THE THREE MONTHS ENDED Sept. 30, 19 89 and 19 88

(UNAUDITED)
(\$ IN THOUSANDS)

LINE (a)	DESCRIPTION (b)	(c) 19 <u>89</u>	(d) 19 <u>88</u>
	Revenue:		
1	Casino	\$ 83,410	\$ 80,098
2	Rooms	6,986	6,957
3	Food and beverage	13,649	13,632
4	Other	3,089	3,122
5	Total revenue	107,134	103,809
6	Less: Promotional allowances (Note 7)	13,022	13,130
7	Net revenue	94,112	90,679
	Costs And Expenses:		
8	Cost of goods and services	47,484	43,367
9	Selling, general, and administrative	13,629	16,347
10	Provision for doubtful accounts	475	495
11	Depreciation and amortization	3,075	3,253
	Charges from affiliates other than interest:		
12	Management fees	-0-	-0-
13	Other	-0-	-0-
14	Total costs and expenses	64,663	63,462
15	Income (Loss) From Operations	29,449	27,217
	Other Income (Expenses):		
16	Interest (expense) - affiliates	-0-	-0-
17	Interest (expense) - external	-0-	(2)
18	Investment alternative tax and related income (expense) - net.....	(273)	2
19	Nonoperating income (expense) - net	453	467
20	Total other income (expenses).....	180	467
21	Income (Loss) Before Income Taxes And Extraordinary Items.....	29,629	27,684
22	Provision (credit) for income taxes (Note 11)	2,933	2,488
23	Income (Loss) Before Extraordinary Items	26,696	25,196
24	Extraordinary items (net of income taxes - 19 <u>89</u> , \$ -0- ; 19 <u>88</u> , \$ -0-)	-0-	-0-
25	Net Income (Loss)	\$ 26,696	\$ 25,196

The accompanying notes are an integral part of the financial statements. Valid comparisons cannot be made

without using information contained in the notes.

STATEMENTS OF CASH FLOWS

TRADING NAME OF LICENSEE Harrah's Marina Hotel Casino

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

FOR THE 9 MONTHS ENDED September 30, 19 89 AND 19 88

(UNAUDITED)
(\$ IN THOUSANDS)

LINE (a)	DESCRIPTION (b)	(c) 19 <u>89</u>	(d) 19 <u>88</u>
	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
	Accumulated Income (Loss):		
5	Beginning balance (January 1)	390,897	318,080
6	Prior period adjustments	-0-	-0-
7	Net income (loss)	63,823	59,525
8	.....	-0-	-0-
9	Ending balance	454,720	377,605
	Capital Withdrawals:		
10	Beginning balance (January 1)	(106,738)	(106,738)
11	Additional capital withdrawals	(-0-)	(-0-)
12	.....	-0-	-0-
13	Ending balance	(106,738)	(106,738)
	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	\$ 489,576	\$ 412,461

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

STATEMENTS OF CASH FLOWS

FOR THE 9 MONTHS ENDED September 30 1989 and 1988
(UNAUDITED)
(\$ IN THOUSANDS)

Line (a)	Description (b)	(c) 19 <u>89</u>	(d) 19 <u>88</u>
1	Net Cash Provided (Used) By Operating Activities.....	\$ 72,720	\$ 78,741
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.....	(17,246)	(5,526)
5	Proceeds from disposition of property and equipment.....	82	2,691
6	Purchase of casino reinvestment obligations.....	(6,588)	(2,402)
7	Purchase of other investments and loans/advances made.....	(63,914)	(78,207)
8	Proceeds from disposal of investments and collection of advances and long-term receivables.....	9,814	-0-
9	Cash outflows to acquire business entities.....	-0-	-0-
10	Accrued Interest CRDA Bonds.....	-0-	121
11	Reduction of Long-term Receivables.....	-0-	14
12	Net Cash Provided (Used) By Investing Activities.....	(77,852)	(83,309)
Cash Flows From Financing Activities:			
13	Cash proceeds from issuance of short-term debt.....	-0-	-0-
14	Payments to settle short-term debt.....	-0-	-0-
15	Cash proceeds from issuance of long-term debt.....	-0-	-0-
16	Costs of issuing debt.....	-0-	-0-
17	Payments to settle long-term debt.....	(4)	(4)
18	Cash proceeds from issuing stock or capital contributions.....	-0-	-0-
19	Purchases of treasury stock.....	-0-	-0-
20	Payments of dividends or capital withdrawals.....	-0-	-0-
21	.....	-0-	-0-
22	.....	-0-	-0-
23	Net Cash Provided (Used) By Financing Activities.....	(4)	(4)
24	Net Increase (Decrease) In Cash And Cash Equivalents.....	(5,136)	(4,572)
25	Cash And Cash Equivalents At Beginning Of Period.....	14,579	10,264
26	Cash And Cash Equivalents At End Of Period.....	\$ 9,443	\$ 5,692

SUPPLEMENTAL DISCLOSURE OF CASH FLOW INFORMATION

Cash Paid During Period For:			
27	Interest (net of amount capitalized).....	\$ 1	\$ 5
28	Income taxes.....	\$ 6,802	\$ 6,018

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

STATEMENTS OF CASH FLOWS

FOR THE 9 MONTHS ENDED September 30, 1989 and 1988

(UNAUDITED)

(\$ IN THOUSANDS)

Line (a)	Description (b)	(c) 1989	(d) 1988
	Net Cash Flows From Operating Activities:		
29	Net income (loss).....	\$ 63,823	\$ 59,525
	Noncash items included in income and cash items excluded from income:		
30	Depreciation and amortization of property and equipment.....	9,234	9,323
31	Amortization of other assets.....	179	517
32	Amortization of debt discount or premium.....	-0-	-0-
33	Deferred income taxes - current.....	-0-	-0-
34	Deferred income taxes - noncurrent.....	-0-	-0-
35	(Gain) loss on disposition of property and equipment.....	164	38
36	(Gain) loss on casino reinvestment obligations.....	530	(3)
37	(Gain) loss from other investment activities.....	-0-	-0-
38	Net (increase) decrease in receivables and patrons' checks.....	(192)	863
39	Net (increase) decrease in inventories.....	1	(364)
40	Net (increase) decrease in other current assets.....	(1,055)	3,233
41	Net (increase) decrease in other assets.....	(248)	(99)
42	Net increase (decrease) in accounts payables.....	(1,401)	(73)
43	Net increase (decrease) in other current liabilities excluding debt.....	(1,643)	911
44	Net increase (decrease) in other noncurrent liabilities excluding debt.....	3,328	4,870
45	.....	-0-	-0-
46	.....	-0-	-0-
47	Net Cash Provided (Used) By Operating Activities.....	\$ 72,720	\$ 78,741

SUPPLEMENTAL SCHEDULE OF NONCASH INVESTING AND FINANCING ACTIVITIES

	Acquisition Of Property And Equipment:		
48	Additions to property and equipment.....	\$ 17,246	\$ 5,526
49	Less: Capital lease obligations incurred.....	-0-	-0-
50	Cash Outflows For Property And Equipment.....	\$ 17,246	\$ 5,526
	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-

HARRAH'S MARINA HOTEL CASINO

NOTES TO FINANCIAL STATEMENTS

NOTE 1: Summary of Significant Accounting Policies:

Organization -

Marina Associates (The Company), doing business as Harrah's Marina Hotel Casino, operates as a general partnership. Holiday Corporation, 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.

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 taxes, since any income or losses allocated to the partners are reportable for Federal income tax purposes by the individual partners.

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

HARRAH'S MARINA HOTEL CASINO

NOTES TO FINANCIAL STATEMENTS (cont'd)

NOTE 2: Property and Equipment:

Property and equipment consist of the following:

	<u>SEPTEMBER 30</u>	
	<u>1989</u>	(000's) <u>1988</u>
Land and land improvements	\$ 26,377	\$ 26,404
Buildings, leaseholds and improvements	199,283	191,458
Furniture, fixtures and equipment	57,965	53,345
Construction in progress	<u>12,536</u>	<u>3,911</u>
	\$296,161	\$275,118
Less accumulated depreciation	<u>(71,049)</u>	<u>(59,754)</u>
Property and equipment, net	<u>\$225,112</u>	<u>\$215,364</u>

NOTE 3: Long-Term Debt:

Marina Associates has a lease on certain warehouse equipment dated June 18, 1985. This 60 month residual lease in the amount of \$41,021 is payable in monthly installments from July 1985 through June 1990.

Long-term debt consists of the following:

	<u>SEPTEMBER 30</u>	
	<u>1989</u>	(000's) <u>1988</u>
Capital lease obligation	\$ 4	\$ 9
Obligation due within one year	<u>(4)</u>	<u>(5)</u>
	<u>\$ 0</u>	<u>\$ 4</u>

The future minimum lease payments as of September 30, 1989, were as follows:

1989	\$ 1
1990	<u>3</u>
Total minimum lease payments	\$ 4
Amounts representing interest	<u>(0)</u>
Total obligations under capital leases	4
Obligations Due within one year	<u>(4)</u>
Long-term obligations under capital leases	<u>\$ 0</u>

HARRAH'S MARINA HOTEL CASINO

NOTES TO FINANCIAL STATEMENTS (cont'd)

NOTE 4: Investments, Advances and Receivables:

	<u>SEPTEMBER 30</u>	
	<u>1989</u>	<u>(000's) 1988</u>
Notes Receivable	\$ 2,425	\$ 2,446
Investment in CRDA Bonds - Net of Valuation Adj.	2,110	2,107
Reinvestment Obligation Deposits - Net of Val. Adj.	13,451	16,199
Due from Affiliates	268,352	192,325
Funds Advanced to Northeast Inlet Redevelopment Project to be reimbursed by a UDAG Grant	423	0
	<u>\$286,761</u>	<u>\$213,077</u>

Due from Affiliates consists of the following unsecured, non-interest bearing inter-company amounts at September 30 1989 and 1988.

	<u>SEPTEMBER 30</u>	
	<u>1989</u>	<u>(000's) 1988</u>
Harrah's New Jersey, Inc.	\$ 18,972	\$ 18,972
Harrah's Lake Tahoe	120	119
Holiday Corporation	246,098	170,469
Embassy Suites, Inc.	2,627	2,627
Holiday Inns, Inc.	298	0
Holiday Casino, Inc.	0	8
Harrah's Del Rio	128	128
Bill's Casino	109	2
Total Due from Affiliates	<u>\$268,352</u>	<u>\$192,325</u>

NOTE 5: Commitments and Contingencies:

Leases - The Company has several operating leases relating to a storage warehouse, parking areas, computer equipment, transportation equipment and shoreline land. These leases have various expiration dates through 2003. Rental expenses for the nine months ended September 30, 1989, and September 30, 1988, were approximately \$1,803,042 and \$1,736,760 respectively.

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

1990	\$ 1,721,021
1991	1,223,367
1992	619,638
1993	184,922
Thereafter	<u>1,232,461</u>
	<u>\$ 4,981,409</u>

HARRAH'S MARINA HOTEL CASINO

NOTES TO FINANCIAL STATEMENTS (cont'd)

NOTE 6: Investment Obligation:

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

Commencing with calendar year 1984, and continuing for twenty-five years thereafter, a casino licensee must either obtain investment tax credits in an amount equivalent to 1.25% of its gross casino revenues or pay an alternative tax of 2.5% of its gross casino revenues. Investment tax credits may be obtained by making qualified investments or by the purchase of bonds at below market rates from the newly created Casino Reinvestment Development Authority. In addition, commencing with obligations incurred after 1983, payments of a casino licensee's obligation must be made quarterly.

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

The Company, in the absence of receiving approval for a direct investment project, will have to purchase bonds in order to satisfy obligations outside of Atlantic City as well as obligations of the New Jersey Development Authority for Small Business, Minorities and Women's Enterprises. At September 30, 1989, the Company has established a valuation allowance of \$533,420 to provide for the charge against operations which would be incurred at the time that these bonds were issued. The charge against operations would reflect the below market rate interest paid by the bonds.

	0	0	331	2,932
	0	0	874	30
	0	0	250	172
	1,374	513,022	351	15,239

... are mainly comprised of tips, flowers, gift shop comps, phone calls, Harbour Holiday packages, and service charges for room service. For recording and reporting purposes, such complimentary are credited to the expense account.

HARRAH'S MARINA HOTEL CASINO

NOTES TO FINANCIAL STATEMENTS (cont'd)

NOTE 7: Promotional Allowances:

Promotional allowances for the nine months ended September 30, 1989, consist of:

	<u>PROMOTIONAL ALLOWANCES</u>		<u>PROMOTIONAL EXPENSES</u>	
	<u>NUMBER OF RECIPIENTS</u> (000's)	<u>DOLLAR AMOUNT</u> (000's)	<u>NUMBER OF RECIPIENTS</u> (000's)	<u>DOLLAR AMOUNT</u> (000's)
Rooms	106	\$ 9,094	0	\$ 0
Food	1,573	15,725	0	0
Beverage	2,299	5,748	0	0
Travel	99	0	43	4,121
Theatre	0	1,979	0	0
Coupon Redemption of				
Cash & Tokens	0	0	583	7,292
Rooms Off-Premises	0	0	N/A	60
Other*	0	0	188	1,089
	<u>4,077</u>	<u>\$32,546</u>	<u>814</u>	<u>\$12,562</u>

Promotional allowances for the three months ended September 30, 1989, consist of:

	<u>PROMOTIONAL ALLOWANCES</u>		<u>PROMOTIONAL EXPENSES</u>	
	<u>NUMBER OF RECIPIENTS</u> (000's)	<u>DOLLAR AMOUNT</u> (000's)	<u>NUMBER OF RECIPIENTS</u> (000's)	<u>DOLLAR AMOUNT</u> (000's)
Rooms	45	\$ 3,875	0	\$ 0
Food	624	6,238	0	0
Beverage	868	2,171	0	0
Travel	0	0	18	1,700
Theatre	37	738	0	0
Coupon Redemption of				
Cash & Tokens	0	0	233	2,912
Rooms Off-Premises	0	0	N/A	50
Other*	0	0	100	577
	<u>1,574</u>	<u>\$13,022</u>	<u>351</u>	<u>\$5,239</u>

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

Slot Tax	\$ 657	\$ 642
Property Tax	0	0
Insurance	279	381
Other	738	399
	<u>411</u>	<u>620</u>
	<u>\$ 2,085</u>	<u>\$ 2,612</u>

HARRAH'S MARINA HOTEL CASINO

NOTES TO FINANCIAL STATEMENTS (cont'd)

NOTE 8: Other Accrued Expenses:

Other accrued expenses consist of the following:

	SEPTEMBER 30	
	1989	(000's) 1988
Accrued salaries and wages	\$ 8,758	\$ 7,694
Taxes payable	784	689
Other accrued expenses	4,921	3,572
Accrued progressive slot liability	2,421	1,271
Accrued CCC/DGE/Casino License fees	605	681
	<u>\$17,489</u>	<u>\$13,907</u>

NOTE 9: Other Liabilities:

Other liabilities consist of the following:

	SEPTEMBER 30	
	1989	(000's) 1988
Long Term due to Affiliates	\$27,464	\$23,483
Other Liabilities	740	344
	<u>\$28,204</u>	<u>\$23,827</u>

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

	SEPTEMBER 30	
	1989	(000's) 1988
Due to Affiliates -		
Harrah's Services, Inc.	\$ 19	\$ 19
Holiday Inns - Hotel Group	6,328	5,006
Harrah's Holdings, Inc.	764	712
Harrah's Atlantic City, Inc.	19,988	17,510
Harrah's Reno	32	20
Harrah's Holiday Inns of NJ, Inc.	297	216
Holiday Casino, Inc.	36	0
	<u>\$27,464</u>	<u>\$23,483</u>

NOTE 10: Prepaid Expenses and Other Current Assets:

Prepaid expenses and other current assets consist of the following:

	SEPTEMBER 30	
	1989	(000's) 1988
Prepaid Slot Tax	\$ 657	\$ 642
Prepaid Property Tax	0	0
Prepaid Insurance	279	381
Prepaid Other	738	899
Other Current Assets	411	690
	<u>\$ 2,085</u>	<u>\$ 2,612</u>

HARRAH'S MARINA HOTEL CASINO

SCHEDULE OF RECEIVABLES AND PATRONS' CHECKS
 NOTES TO FINANCIAL STATEMENTS (cont'd)

NOTE 11: Provision for State Income Taxes:

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

NOTE 12: Savings and Retirement Plan:

An employee Savings and Retirement Plan was established on October 1, 1985. This plan covers all non-union employees who have been employed at least one year with a minimum of one thousand hours worked. The company will match employee contributions up to 6% of gross pay. A participating employee is vested in company contributions according to their years of service. The company's contribution through the nine months ended September 30, 1989, was \$2,163,558.

ACCOUNTS RECEIVABLE BALANCES				
LINE	DESCRIPTION	ACCOUNT BALANCE	ALLOWANCE	
(1)		(c)	(d)	
			(e) NET OF ALLOWANCE	
1	Accounts receivable	1,333	40	1,333
2	Accounts receivable:			
3	amounts due from officers and employees	30		
4	amounts due from affiliates	-0-		
5	accounts and notes receivable	1,332		
6	other receivables	1,371	-0-	
7	(arm 205)	14,392	4,600	10,392

UNDEPOSITED PATRONS' CHECKS ACTIVITY		
LINE	DESCRIPTION	AMOUNT
(1)	(g)	(h)
10	Beginning balance (January 1)	5,745
11	Checks issued (excluding counter checks issued through transactions relating to consolidations, partial redemptions, substitutions, and patrons' deposits)	150,733
12	Checks cashed prior to deposit (excluding the unredeemed portion of counter checks redeemed through partial redemptions, and excluding checks redeemed through transactions relating to consolidations, substitutions, and patrons' deposits)	101,430
13	Checks collected through deposits	42,900
14	Checks transferred to returned checks	6,755
15	Other adjustments	-0-
16	Ending balance	4,912
17	Counter checks included in balance on line 16	-0-
18	Provision for uncollectible patrons' checks	1,161
19	Provision at 4 Percent of Counter Checks Issued	.8

SCHEDULE OF RECEIVABLES AND PATRONS' CHECKS

STATE OF NEW JERSEY

September 30 19 89

COUNTY OF ATLANTIC

(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	4,912		
2	Returned patrons' checks	7,356		
3	Total patrons' checks	12,268	\$ 4,560	\$ 7,708
4	Hotel Receivables	1,353	40	1,313
	Other Receivables:			
5	Receivables due from officers and employees.....	39		
6	Receivables due from affiliates	-0-		
7	Other accounts and notes receivables	1,332		
8	Total other receivables	1,371	-0-	
9	Totals (Form 205).....	\$ 14,992	\$ 4,600	\$ 10,392

UNDEPOSITED PATRONS' CHECKS ACTIVITY		AMOUNT (h)
LINE (f)	DESCRIPTION (g)	
10	Beginning Balance (January 1)	\$ 5,745
11	Counter checks issued (excluding counter checks issued through transactions relating to consolidations, partial redemptions, substitutions, and patrons' cash deposits)	150,252
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)	(101,430)
13	Checks collected through deposits	(42,900)
14	Checks transferred to returned checks	(6,755)
15	Other adjustments	-0-
16	Ending Balance	\$ 4,912
17	"Hold" Checks Included In Balance On Line 16	\$ -0-
18	Provision For Uncollectible Patrons' Checks	\$ 1,161
19	Provision As A Percent Of Counter Checks Issued .....	.8 %

HOTEL STATISTICS

FOR THE 9 MONTHS ENDED September 30, 1989

PERIOD	NUMBER OF GUEST ROOMS IN PROPERTY	NUMBER OF AVAILABLE ROOMS	NUMBER OF OCCUPIED ROOMS	AVERAGE RATE PER OCCUPIED ROOM	OCCUPANCY RATE	NUMBER OF GUESTS ACCOMMODATED	AVERAGE RATE PER GUEST ACCOMMODATED
JANUARY	760	23,560	18,670	\$ 79.18	79.2 %	35,730	\$41.37
FEBRUARY	760	21,280	19,391	\$ 75.46	91.1 %	36,590	\$39.99
MARCH	760	23,560	21,677	\$ 76.71	92.0 %	40,178	\$41.39
1ST QUARTER TOTALS		68,400	59,738	\$ 77.08	87.3 %	112,498	\$40.93
APRIL	760	22,800	21,269	\$ 81.32	93.3 %	39,687	\$43.58
MAY	760	23,560	21,701	\$ 82.68	92.1 %	40,614	\$44.18
JUNE	760	22,800	21,982	\$ 84.80	96.4 %	43,304	\$43.05
2ND QUARTER TOTALS		69,160	64,952	\$ 82.95	93.9 %	123,605	\$43.59
JULY	760	23,560	22,529	\$ 114.48	95.6 %	47,239	\$54.60
AUGUST	760	23,560	22,530	\$ 107.99	95.6 %	46,657	\$52.15
SEPTEMBER	760	22,800	21,334	\$ 92.72	93.6 %	42,663	\$46.37
3RD QUARTER TOTALS		69,920	66,393	\$ 105.29	95.0 %	136,559	\$51.19
OCTOBER				\$	%		\$
NOVEMBER				\$	%		\$
DECEMBER				\$	%		\$
4TH QUARTER TOTALS				\$	%		\$
ANNUAL TOTALS				\$	%		\$

QUARTERLY REPORT

974-901
C193

SEPTEMBER 30, 1989 and 1988
(UNAUDITED)
(\$ IN THOUSANDS)

NOV 27 1989
185 W. STATE ST.
TRENTON, NJ

LICENSEE RESORTS INTERNATIONAL HOTEL, INC.

ADDRESS BOARDWALK & NORTH CAROLINA AVENUE

ATLANTIC CITY, NEW JERSEY 08404

FOR THE QUARTER ENDED SEPTEMBER 30, 1989

TO THE
CASINO CONTROL COMMISSION
OF THE
STATE OF NEW JERSEY



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

ROBERT GENSAMER

OFFICIAL TITLE

VICE PRESIDENT

ADDRESS

The accompanying notes are an integral part of the
without using information contained in the notes.

CCC-20

TRADING NAME OF LICENSEE: RESORTS INTERNATIONAL HOTEL, INC. AND SUBSIDIARIES
(a wholly owned subsidiary of RESORTS INTERNATIONAL, INC.)

BALANCE SHEETS

SEPTEMBER 30, 1989 and 1988
(UNAUDITED)
(\$ IN THOUSANDS)

LINE (a)	DESCRIPTION (b)	(c) 1989	(d) 1988
	ASSETS		
	Current Assets:		
1	Cash	\$ 5,933	\$ 7,463
2	Marketable securities (Short-term Money Market At Cost).....	7,758	6,525
3	Receivables and patrons' checks (net of allowance for doubtful accounts - 1989, \$4,883; 1988, \$4,820) (Note 3)	156,065	18,312
4	Inventories	2,045	2,320
5	Prepaid expenses and other current assets	2,916	1,680
6	Total current assets	174,717	36,300
7	Investments, Advances, And Receivables ....(Note 4).....	3,940	237,845
8	Property And Equipment - Net ....(Note 5).....	224,835	79,996
9	Other Assets ....(Note 6).....	124,520	4,135
10	Total Assets	\$528,012	\$358,276
	LIABILITIES AND EQUITY		
	Current Liabilities:		
11	Accounts Payable	\$ 4,047	\$ 4,869
12	Notes Payable .....(Note 7).....	891	125,000
	Current portion of long-term debt: (Note 9)		
13	Due to affiliates		
14	Other	258	839
15	Income taxes payable and accrued (Note 16).....		
16	Other accrued expenses (Note 8).....	34,663	18,491
17	Other current liabilities	4,828	5,758
18	Total current liabilities	44,687	154,957
	Long-Term Debt: (Note 9)		
19	Due to affiliates	325,000	196,115
20	Other	447	646
21	Deferred Credits ....(Note 11).....	38,184	642
22	Other Liabilities		
23	Commitments and Contingencies (Note 17)		
24	Total Liabilities.....	408,318	352,360
25	Stockholders', Partners', or Proprietor's Equity	119,694	5,916
26	Total Liabilities and equity	\$528,012	\$358,276

4/86

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

CCC-205

TRADING NAME OF LICENSEE: RESORTS INTERNATIONAL HOTEL, INC. AND SUBSIDIARIES
(a wholly owned subsidiary of RESORTS INTERNATIONAL, INC.)

STATEMENTS OF INCOME

FOR THE NINE MONTHS ENDED SEPTEMBER 30, 1989 and 1988
(UNAUDITED)
(\$ IN THOUSANDS)

LINE (a)	DESCRIPTION (b)	(c) 1989	(d) 1988
	Revenue:		
1	Casino	\$178,569	\$190,209
2	Rooms	13,010	14,538
3	Food and beverage	24,248	30,351
4	Other	5,980	6,611
5	Total revenue	221,807	241,709
6	Less: promotional allowances ....(Note 10).....	22,230	27,933
7	Net revenue	199,577	213,776
	Costs And Expenses:		
8	Cost of goods and services	126,867	121,777
9	Selling, general, and administrative	37,221	41,636
10	Provision for doubtful accounts	1,326	1,173
11	Depreciation and amortization	15,031	8,397
	Charges from affiliates other than interest: (Note 13)		
12	Management fees	3,600	2,700
13	Other	9,333	11,793
14	Total costs and expenses	193,378	187,476
15	Income (Loss) From Operations	6,199	26,300
	Other Income (Expense):		
16	Interest (expense) - affiliates.. (Note 13).....	(33,469)	(25,030)
17	Interest expense - external	(86)	(8,876)
18	Investment alternative tax and related inc.(exp).(Note 17)	(1,168)	(1,151)
19	Nonoperating income (expense) - net ... (Note 14).....	2,641	1,479
20	Total other income (expenses)	(32,082)	(33,578)
21	Income (Loss) Before Income Taxes And Extraordinary Items .	(25,883)	(7,278)
22	Provision (Credit) for income taxes (Notes 2,16).....	(2,900)	
23	Income (Loss) Before Extraordinary Items	(22,983)	(7,278)
24	Extraordinary Items (net of income taxes - 19__, \$; 19__, \$)		
25	Net Income (Loss)	(\$ 22,983)	(\$ 7,278)

1/89

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

CCC-210

Revised 9/89

TRADING NAME OF LICENSEE: RESORTS INTERNATIONAL HOTEL, INC. AND SUBSIDIARIES
(a wholly owned subsidiary of RESORTS INTERNATIONAL, INC.)

STATEMENTS OF INCOME

FOR THE 3 MONTHS ENDED SEPTEMBER 30, 1989 and 1988

(UNAUDITED)

(\$ IN THOUSANDS)

LINE (a)	DESCRIPTION (b)	(c) 1989	(d) 1988
	Revenue:		
1	Casino	\$ 67,861	\$ 72,113
2	Rooms	4,957	5,568
3	Food and beverage	9,641	11,186
4	Other	2,722	2,893
5	Total revenue	85,181	91,760
6	Less: promotional allowances...(Note 10).....	9,576	10,421
7	Net revenue	75,605	81,339
	Costs And Expenses:		
8	Cost of goods and services	48,639	43,626
9	Selling, general, and administrative	12,282	14,303
10	Provision for doubtful accounts	627	650
11	Depreciation and amortization	5,138	2,839
	Charges from affiliates other than interest:		
12	Management fees	1,200	900
13	Other	3,237	3,974
14	Total costs and expenses	71,123	66,292
15	Income (Loss) From Operations	4,482	15,047
	Other Income (Expense):		
16	Interest (expense) - affiliates.....	(11,156)	(8,345)
17	Interest expense - external	(36)	(3,449)
18	Investment alternative tax and related inc.(exp)	(457)	(436)
19	Nonoperating income (expense) - net	(2,572)	1,946
20	Total other income (expenses)	(14,221)	(10,284)
21	Income (Loss) Before Income Taxes And Extraordinary Items .	(9,739)	4,763
22	Provision (Credit) for income taxes	(1,400)	
23	Income (Loss) Before Extraordinary Items	(11,139)	4,763
24	Extraordinary Items (net of income taxes - 19__, \$; 19__, \$)		
25	Net Income (Loss)	(\$ 11,139)	\$ 4,763

1/89

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

CCC-215

TRADING NAME OF LICENSEE: RESORTS INTERNATIONAL HOTEL, INC. AND SUBSIDIARIES
(a wholly owned subsidiary of RESORTS INTERNATIONAL, INC.)

STATEMENTS OF CHANGES IN STOCKHOLDERS' EQUITY
FOR THE 9 MONTHS ENDED SEPTEMBER 30, 1989 and 1988

(UNAUDITED)
(\$ IN THOUSANDS)

LINE (a)	DESCRIPTION (b)	1989		1988	
		(c) SHARES	(d) DOLLARS	(e) SHARES	(f) DOLLARS
	Common Stock: (\$1 par value, 2,500 shares authorized)				
1	Beginning balance (January 1)	100	\$	100	\$
2	Sale of stock				
3					
4	Ending balance	100		100	
	Preferred Stock:				
5	Beginning balance (January 1)				
6	Sale of stock				
7					
8	Ending balance				
	Additional Paid-In Capital:	+++++		+++++	
9	Beginning balance (January 1)	+++++	180,030	+++++	2,490
10		+++++		+++++	
11		+++++		+++++	
12	Ending balance	+++++	180,030	+++++	2,490
	Treasury Stock:				
13	Beginning balance (January 1)		()		()
14	Purchase of additional stock ...		()		()
15	Sale or retirement of stock				
16	Ending balance		()		()
	Subscriptions Receivable For From Capital Stock: Griffin Company				
17	Beginning balance (January 1)		()		()
18					
19					
20	Ending balance		()		()
	Net Unrealized Loss on Noncurrent Marketable Equity Securities:	+++++		+++++	
21	Beginning balance (January 1)	+++++	()	+++++	()
22		+++++		+++++	
23		+++++		+++++	
24	Ending balance	+++++	()	+++++	()
	Retained Earnings:	+++++		+++++	
25	Beginning balance (January 1)	+++++	(2,353)	+++++	10,704
26	Prior period adjustments	+++++		+++++	
27	Net income (loss)	+++++	(21,583)	+++++	(7,278)
28	Dividends	+++++	()	+++++	()
29		+++++		+++++	
30		+++++		+++++	
31	Ending balance	+++++	(23,936)	+++++	3,426
32	Ending Stockholders' Equity	+++++	\$121,094	+++++	\$ 5,916

4/86

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

CCC-220

TRADING NAME OF LICENSEE: RESORTS INTERNATIONAL HOTEL, INC. AND SUBSIDIARIES
 (a wholly owned subsidiary of RESORTS INTERNATIONAL, INC.)

STATEMENTS OF CHANGES IN PARTNERS'
 OR PROPRIETOR'S EQUITY

FOR THE 9 MONTHS ENDED SEPTEMBER 30, 1989 and 1988
 (UNAUDITED)
 (\$ IN THOUSANDS)

NOT APPLICABLE

LINE (a)	DESCRIPTION (b)	(c) 1989	(d) 1988
	Invested Capital:		
1	Beginning balance (January 1)	\$	\$
2	Additional capital invested		
3	.....	
4	Ending balance		
	Accumulated Income (Loss):		
5	Beginning balance (January 1)		
6	Prior period adjustments		
7	Net income (loss)		
8	.....	
9	Ending balance		
	Capital Withdrawals:		
10	Beginning balance (January 1)	()	()
11	Additional capital withdrawals	()	()
12	.....	
13	Ending balance	()	()
	Net Unrealized Loss On Noncurrent Marketable Equity Securities:		
14	Beginning balance (January 1)		
15	.....	
16	.....	
17	Ending balance		
18	Ending Partners' Or Proprietor's Equity	\$	\$

NOT APPLICABLE

SUPPLEMENTAL DISCLOSURE OF CASH FLOW INFORMATION

4/86

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

CCC-225

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

CCC-225

TRADING NAME OF LICENSEE: RESORTS INTERNATIONAL HOTEL, INC. AND SUBSIDIARIES

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

STATEMENTS OF CASH FLOWS

FOR THE 9 MONTHS ENDED SEPTEMBER 30, 1989, and 1988

(UNAUDITED)

(\$ IN THOUSANDS)

LINE (a)	DESCRIPTION (b)	(c) 1989	(d) 1988
1	Net Cash Provided (Used) by Operating Activities	(\$13,081)	\$ 1,870
	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	(11,488)	(2,941)
5	Proceeds from disposition of property and equipment	103	64
6	Purchase of casino reinvestment obligations	(2,042)	(2,356)
7	Purchase of other investments and loans/advances made	121	(41,963)
8	Proceeds from disposal of investments and collections of advances and long-term receivables	106	
9	Cash outflows to acquire business entities		
10	Proceeds from CRDA Deposits Donation.....	18,193	
11	Loans to Affiliates	(68,977)	
12	Net Cash Provided (Used) By Investing Activities	(63,984)	(47,196)
	Cash Flows From Financing Activities		
13	Cash proceeds from issuance of short-term debt	572	125,481
14	Payments to settle short-term debt	(390)	(75,000)
15	Cash proceeds from issuance of long-term debt	744	
16	Costs of issuing debt		
17	Payments to settle long-term-debt	(101)	(331)
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	825	50,150
24	Net Increase (Decrease) in Cash And Cash Equivalents	(76,240)	4,824
25	Cash And Cash Equivalents At Beginning Of Year	89,931	9,164
26	Cash And Cash Equivalents At End Of Year	\$13,691	\$ 13,988

SUPPLEMENTAL DISCLOSURE OF CASH FLOW INFORMATION

27	Cash Paid During Year For:		
	Interest (net of amount capitalized)	\$11,853	\$ 33,906
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.

CCC-235

(a wholly owned subsidiary of RESORTS INTERNATIONAL, INC.)
STATEMENTS OF CASH FLOWS
 FOR THE 9 MONTHS ENDED SEPTEMBER 30, 1989 and 1988
 (UNAUDITED)
 (\$ IN THOUSANDS)

LINE (a)	DESCRIPTION (b)	(c) 1989	(d) 1988
	Net Cash Flows From Operating Activities:		
29	Net income (loss)	(\$21,218)	(\$ 7,278)
	Noncash items included in income and cash items excluded from income:		
30	Depreciation and amortization of property and equipment	15,031	7,793
31	Amortization of other assets	1,326	604
32	Amortization of debt discount or premium		92
33	Deferred income taxes - current		
34	Deferred income taxes - noncurrent		
35	(Gain) loss on disposition of property and equipment ...	166	23
36	(Gain) loss on casino reinvestment obligations	(7,500)	1,151
37	(Gain) loss from other investment activities	59	9
38	Net (increase) decrease in receivables and patrons' checks	(1,803)	2,897
39	Net (increase) decrease in inventories	231	366
40	Net (increase) decrease in other current assets	(1,815)	(251)
41	Net (increase) decrease in other assets	(687)	1
42	Net increase (decrease) in accounts payable	(4,578)	2,302
43	Net increase (decrease) in other current liabilities excluding debt	13,016	(5,784)
44	Net increase (decrease) in other noncurrent liabilities excluding debt	(5,309)	(55)
45	.....	
46	.....	
47	Net Cash Provided (Used) By Operating Activities	(\$13,081)	\$ 1,870

SUPPLEMENTAL SCHEDULE OF NONCASH INVESTING AND FINANCING ACTIVITIES

	Acquisition Of Property And Equipment:		
48	Additions to property and equipment	(\$11,488)	(\$ 2,941)
49	Less: Capital lease obligations incurred		
50	Cash Outflows For Property And Equipment	(\$11,488)	(\$ 2,941)
	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 ..	\$	\$

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

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS
FOR THE NINE MONTHS ENDED SEPTEMBER 30, 1989

NOTE 1 - ACQUISITION AND BASIS OF PRESENTATION:

Resorts International Hotel, Inc. (the "Company"), a wholly owned subsidiary of Resorts International, Inc. (RII), owns and operates the Resorts International Casino Hotel ("Resorts Casino Hotel") a casino/hotel complex located in Atlantic City, New Jersey.

Effective November 15, 1988, The Griffin Company ("Griffin Co."), a company wholly-owned by Merv Griffin, purchased a controlling interest in RII from Donald J. Trump, then Chairman of the Board and controlling shareholder of RII (The "Acquisition"). Also effective November 15, 1988, Griffco Acquisition Corp. ("Griffco"), a wholly-owned subsidiary of Griffin Co, was merged with and into RII (the "Merger"). As a result of the Merger and the Acquisition, RII became a wholly-owned subsidiary of Griffin Co.

The Acquisition was accounted for as a purchase and according to a practice known as "push-down" accounting, on November 15, 1988, the Company adjusted its net assets to reflect its portion of the cost of the Acquisition. In doing so, the Company's consolidated assets and liabilities were adjusted to their estimated fair values, based on independent appraisals, evaluations, estimations and other studies. RII's consolidated goodwill was allocated among its subsidiaries based on return on investment computations and other relevant factors. Reflected below is a summary of these adjustments:

(In Thousands of Dollars)

Increase in property and equipment	\$146,487
Increase in goodwill	108,204
Increase in deferred tax liability	(43,070)
	<u>\$211,621</u>

Goodwill is being amortized on the straight line basis over 40 years. The appraisals used to establish fair values of the majority of the Company's property and equipment also provided revised estimates of remaining depreciable lives of such assets, which generally were greater than those previously used by the Company, particularly for hotels and other buildings. The Company commenced using such revised estimates as of November 15, 1988.

NOTE 2 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES:

Principles of consolidation:

The consolidated financial statements include the accounts of the Company and its subsidiaries except for one wholly owned subsidiary which is

accounted for on the equity basis of accounting. All significant intercompany balances and transactions have been eliminated in consolidation.

Revenue recognition:

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

Promotional allowances:

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

Cash equivalents

The Company considers all of its short-term money market securities which have maturities of three months or less to be cash equivalents.

Inventories:

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

Property and equipment:

Depreciation is computed on the straight-line method over the estimated useful lives of the assets, as follows: land improvements, 12 - 20 years; buildings and improvements, 24-30 years; furniture and equipment, 2-7 years.

Casino Reinvestment Development Authority ("CRDA") Obligations

Under the New Jersey Casino Control Act ("Casino Control Act"), the Company is obligated to purchase CRDA bonds, which will bear a below market interest rate, or make an alternative qualifying investment. The Company 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 the Company 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

For periods from November 15, 1988, the Company will file a consolidated United States federal income tax return with RII's new parent, Griffin Co. Pursuant to a Tax Sharing Agreement entered into with the Griffin Co. and RII. The Company will be liable to Griffin Co. for the amount of federal income taxes calculated on a separate return basis, and so taxes have been provided on that basis. However, the Company will not be liable to Griffin Co. to the extent that Griffin Co.'s consolidated federal tax return does not have an actual tax liability for a particular year, or that RII and its domestic subsidiaries would not have had an actual tax liability had they filed a separate consolidated federal income tax return for such year.

Also for periods from November 15, 1988, the Company adopted the Statement of Financial Accounting Standards No. 96, "Accounting For Income Taxes" ("SFAS 96"). Under the liability method specified by SFAS 96, the deferred tax liability is determined based on the difference between the financial reporting and tax basis of assets and liabilities and enacted tax rates which will be in effect for the years in which the differences are expected to reverse. The deferred tax liability is reduced by cumulative tax credits and losses being carried forward for tax purposes. Deferred tax expense is the result of changes in the deferred tax liability.

For periods through November 14, 1988 the Company's taxable income was included in the consolidated federal income tax return filed by RII. Based on an agreement with RII, the Company provides for federal and state income taxes using a combined tax rate, except for those isolated transactions which materially affected the Company's effective tax rate, in which case the applicable transactions are separately tax effected using the appropriate tax rates. Effective January 1, 1987, the Company's agreement with RII was amended to reflect changes in federal tax laws brought about by the Tax Reform Act of 1986 (the "1986 Act"). Based on the tax rates included in the 1986 Act, the Company has agreed with RII for 1987 that it would provide for federal and state income taxes using a combined rate of 45%. For years subsequent to 1987, taxes were provided using a combined tax rate of 40%. Isolated transactions that materially affect the Company's effective tax rates continue to be separately tax effected.

	1987	1988
Accounts receivable - RII	0	\$216,203
Deposits - CEBA	2,430	16,872
Domestic allowance on CEBA deposits	(3,180)	(8,758)
CEBA bonds	4,250	3,892
Other	362	838
	<u>\$ 3,862</u>	<u>\$230,847</u>

NOTE 3 - RECEIVABLES AND PATRONS' CHECKS:

Components of receivables at September 30 were as follows:

(In Thousands of Dollars)	<u>1989</u>	<u>1988</u>
Gaming	\$ 13,584	\$12,041
Less allowance for doubtful accounts	(4,869)	(4,779)
	<u>8,715</u>	<u>7,262</u>
Non-gaming:		
Hotel and related	1,259	1,547
Other	<u>1,259</u>	<u>1,547</u>
Less allowance for doubtful accounts	(13)	(41)
	<u>1,246</u>	<u>1,506</u>
Demand note from affiliate	50,000	0
Receivables due from affiliates	<u>96,104</u>	<u>9,544</u>
	<u>146,104</u>	<u>9,544</u>
	<u>\$156,065</u>	<u>\$18,312</u>

In November 1988, the Company loaned \$50,000,000 to Resorts International (Bahamas) 1984 Limited ("RIB"), an indirect wholly-owned subsidiary of RII, in exchange for a promissory note. Such note is payable on demand and bears interest at 13 1/2% per annum, with interest payments due each May 1 and November 1. The note is guaranteed by certain of RIB's subsidiaries. The guaranties are secured by mortgages on the Paradise Island Resort & Casino, the Ocean Club, the Paradise Beach Resort and all furniture, machinery and equipment used in connection therewith. Interest income from the note was \$5,062,500 for the nine months ended September 30, 1989.

NOTE 4 - INVESTMENTS, ADVANCES AND RECEIVABLES:

(In Thousands of Dollars)

	<u>SEPTEMBER 30,</u>	
	<u>1989</u>	<u>1988</u>
Note receivable - RINJ	0	\$226,203
Deposits-CRDA	2,426	16,872
Valuation allowance on CRDA deposits & bonds	(3,180)	(9,758)
CRDA Bonds	4,250	3,892
Other	<u>444</u>	<u>636</u>
	<u>\$ 3,940</u>	<u>\$237,845</u>

NOTE 7 - SHORT-TERM BORROWINGS:

Short-term borrowings of \$125,000,000 outstanding at September 30, 1988 represented the proceeds of a revolving credit and loan term agreement with a bank, a majority of which was loaned to RINJ (see Note 4). The \$125,000,000 was repaid in full in November 1988, when RINJ repaid the Company the balances due on their outstanding loans from RINJ repaid proceeds from the sale of the Taj Mahal.

The balance at September 30, 1988, comprised balances of \$125,000,000 and \$97,212,000 due under two separate notes from Resorts International, Inc. of New Jersey ("RINJ"), a wholly-owned subsidiary of RII. These loans were made primarily to aid RINJ in financing construction of the Taj Mahal casino/hotel project. Interest on each loan accrued monthly on the net outstanding principal balance at the prime rate of a specified bank.

In November 1988, all outstanding balances under the notes from RINJ were paid in full from proceeds which RINJ received from its sale of the Taj Mahal and other assets.

NOTE 5 - PROPERTY AND EQUIPMENT:
(In Thousands of Dollars)

	<u>SEPTEMBER 30,</u>	
	<u>1989</u>	<u>1988</u>
Land	\$ 54,607	\$ 7,172
Land and improvements	2,086	2,390
Building and improvements	141,934	106,210
Furniture, machinery and equipment	36,463	62,153
Construction in progress	<u>1,974</u>	<u> </u>
	237,064	177,925
Less - Accumulated depreciation	<u>12,229</u>	<u>97,929</u>
	<u>\$224,835</u>	<u>\$ 79,996</u>

NOTE 6 - OTHER ASSETS:
(In Thousands of Dollars)

	<u>SEPTEMBER 30,</u>	
	<u>1989</u>	<u>1988</u>
Debt issuance costs	\$ 17,991	\$ 3,966
Goodwill (See Note 1)	105,837	0
Other	<u>692</u>	<u>169</u>
	<u>\$124,520</u>	<u>\$ 4,135</u>

Debt issuance costs consisting of underwriter's commissions, legal and accounting fees and other expenses associated with the issuance of various subordinated notes payable to affiliates are being amortized using the bonds outstanding method over the term of the note. Amortization expense was \$1,978,000 and \$252,000 for the nine months ended September 30, 1989 and 1988.

NOTE 7 - SHORT-TERM BORROWINGS:

Short-term borrowings of \$125,000,000 outstanding at September 30, 1988 represented the proceeds of a revolving credit and loan term agreement with a bank, a majority of which was loaned to RINJ (see Note 4). The \$125,000,000 was repaid in full in November 1988, when RINJ repaid the Company the balances due on their outstanding loans from RINJ repaid proceeds from the sale of the Taj Mahal.

NOTE 8 - OTHER ACCRUED EXPENSES:

(In Thousands of Dollars)

	<u>SEPTEMBER 30,</u>	
	<u>1989</u>	<u>1988</u>
Accrued payroll	\$ 4,707	\$ 4,352
Progressive slot liability	5,064	4,849
Interest payable to affiliate	18,594	2,771
Other	6,299	6,519
	<u>\$34,664</u>	<u>\$18,491</u>

NOTE 9 - LONG-TERM DEBT:

(In Thousands of Dollars)

	<u>SEPTEMBER 30,</u>	
	<u>1989</u>	<u>1988</u>
Due to affiliate:		
16-5/8% subordinated note payable net of \$3,927,000 unamortized discount		\$196,115
13 7/8% note payable to affiliate	\$200,000	
13 1/2% note payable to affiliate	125,000	
	<u>\$325,000</u>	<u>\$196,115</u>
Other:		
Other mortgages and notes	643	1,485
Less - Current portion	(197)	(839)
	<u>\$325,468</u>	<u>\$196,761</u>

On November 16, 1988, Griffin Resorts issued \$200,000,000 principal amount of First Mortgage Notes due 1998 (the "Mortgage Notes"), and \$125,000,000 principal amount of Senior Secured Reset Notes (the "Reset Note", and together with the Mortgage Notes, the "Securities"). Griffin Resorts loaned the proceeds of the Securities to the Company in exchange for (i) two promissory notes payable to Griffin Resorts, which Griffin Resorts, in turn, pledged to the Trustees for the Securities; and (ii) a first mortgage on the Resorts Casino Hotel and the other properties owned by the Company, and a first priority security interest in the personal property of the Company granted to the Collateral Agent for the Securities and (iii) the assignment of RIB's promissory note for \$50,000,000 and mortgages securing such note (See Note 3). The Company paid, or assumed the liability for, the issuance costs of the Securities which amounted to \$20,300,000.

One promissory note, in the amount of \$200,000,000 contains interest, principal and redemption terms which are substantially identical to those of the Mortgage Notes. The Mortgage Notes bear interest at 13 7/8% until July 15, 1991 at which time the interest rate shall be reset to the greater of 13 7/8% or the interest rate the Mortgage Notes should bear in order to have a market value of 100% of their principal amount on such date; provided that the interest rate shall not be increased by more than 100 basis points (one percentage point). Interest is payable each May 1 and November 1. Sinking fund payments of \$20,000,000 are required annually commencing November 1, 1993.

The second promissory note, for \$125,000,000, contains interest, principal and redemption terms which are substantially identical to those of the Reset Notes. The Reset Notes bear interest at 13 1/2% until November 1, 1990 (the "First Reset Date"). Prior to the First Reset Date, Griffin Resorts, unless the Reset Notes are to be redeemed, will elect a new date which shall be one, three or five years from the First Reset Date. The interest rate payable on the Reset Notes from the First Reset Date to the date so chosen (such date, together with the First Reset Date and each date subsequently so chosen, a "Reset Date") shall be equal to the greater of the interest rate then in effect or the interest rate the Reset Notes should bear in order to have a market value of 101% of their principal amount on such Reset Date. Griffin Resorts may make similar elections, and the interest rate will be similarly reset on each Reset Date provided that the final maturity shall be no later than November 1, 1995. The interest rate on the Reset Notes may not exceed the initial interest rate by more than 250 basis points (two and one half percentage points). Interest is payable each May 1 and November 1.

The balance reported at September 30, 1988 represented a \$200,000,000 principal amount 16 5/8% subordinated note payable to another affiliate net of unamortized discount of \$3,885,000. This note was repaid in full partially from the proceeds of the above-described loans from Griffin Resorts and partially from the repayment of RINJ's loans (See Note 4).

The other long-term debt relates to notes payable, some of which were secured by mortgages on a portion of the Company's property. Those notes secured by the Company's property were paid in full during 1988.

Minimum principal payments of long-term debt outstanding as of September 30, 1989: 1993 - \$20,000,000, 1994 - \$20,000,000.

Revised 11/89

1718

DEFERRED CREDITS

Deferred credits represent deferred income taxes of \$27,418,000 and \$0 at September 30, 1989 and 1988 respectively, and the unamortized portion of a \$1,000,000 payment made by a tenant at the inception, July 1983, of a fifteen year lease. This payment is being amortized and recorded in earnings in equal monthly installments over the life of the lease. The amortized amount was \$34,000 and \$34,000 for the nine months ended September 30, 1989 and 1988 respectively.

NOTE 10 - PROMOTIONAL ALLOWANCES AND PROMOTIONAL EXPENSES:

(In Thousands of Dollars)
Quarter ended 9/30/89

	<u>PROMOTIONAL ALLOWANCES</u>		<u>PROMOTIONAL EXPENSE</u>	
	<u>NUMBER OF RECIPIENTS</u>	<u>AMOUNT</u>	<u>NUMBER OF RECIPIENTS</u>	<u>AMOUNT</u>
Rooms	55	\$3,353		
Food	339	4,242		
Beverage	183	589		
Travel			16	\$1,885
Coupon redemption:				
Cash			372	3,769
Food	828	3,791		
Admissions	44	1,271		
Parking			54	621
Other		(41)		569
Totals	<u>1,449</u>	<u>\$13,287</u>	<u>442</u>	<u>\$6,844</u>

(In Thousands of Dollars)
Nine months ended 9/30/89

	<u>PROMOTIONAL ALLOWANCES</u>		<u>PROMOTIONAL EXPENSE</u>	
	<u>NUMBER OF RECIPIENTS</u>	<u>AMOUNT</u>	<u>NUMBER OF RECIPIENTS</u>	<u>AMOUNT</u>
Rooms	148	\$7,519		
Food	809	9,024		
Beverage	520	1,351		
Travel			133	\$4,814
Coupon redemption:				
Cash			1,090	16,146
Food	1,581	4,458		
Admissions	68	1,972		
Parking			228	2,011
Other		159		1,224
Totals	<u>3,126</u>	<u>\$24,483</u>	<u>1,451</u>	<u>\$24,195</u>

NOTE 11 - DEFERRED CREDITS:

Deferred credits represent deferred income taxes of \$37,616,000 and \$0 at September 30, 1989 and 1988 respectively, and the unamortized portion of a lump-sum payment made by a tenant at the inception, July 1983, of a fifteen year lease. This payment is being amortized and recorded in earnings in equal monthly installments over the life of the lease. The amortized amount was \$54,000 and \$54,000 for the nine months ended September 30, 1989 and 1988 respectively.

NOTE 12 - SAVINGS AND PENSION PLANS:

The Company has a defined contribution plan (the "Plan"), in which substantially all non-union employees are eligible to participate. Employees of certain other affiliated companies are also eligible to participate in the Plan. Under the Plan, eligible participating employees may contribute up to a total of 4% of their annual cash compensation as a basic contribution and may also elect to contribute up to an additional 10% as a voluntary contribution. The Company and other subsidiaries of RII contribute an amount equal to 50% of their employees' basic contributions. The Company's contributions under the Plan were approximately \$421,000 and \$477,000 for the nine months ended September 30, 1989 and 1988, respectively. In addition to the Company's plan described above, union employees are covered by various multi-employer pension plans to which contributions are made. Contributions by the Company were approximately \$522,000 and \$498,000 for the nine months ended September 30, 1989 and 1988, respectively.

NOTE 13 - CHARGES FROM AFFILIATES:

The Company has recorded expenses from affiliates and RII as follows:

(In Thousands of Dollars)

AFFILIATED COMPANY	TRANSACTION	NINE MONTHS ENDED	
		SEPTEMBER 30, 1989	1988
Resorts International Financing, Inc.	Interest charges	\$	\$25,030
Griffin Resorts, Inc.	Interest charges	33,469	
		<u>\$33,469</u>	<u>\$25,030</u>
Resorts International, Inc.	Management fee	\$ 3,600	\$ 2,700
Resorts International, Inc.	Insurance	\$ 981	\$ 2,639
	Other	145	400
		<u>1,126</u>	<u>3,039</u>
Resorts International, Inc. of New Jersey	Property Rental		337
	Other		49
			<u>386</u>
International Intelligence, Inc.	Security fees	17,000	195
ANTL, Inc.	Aircraft rentals	2,709	3,924
RIA	Heli flights		370
Resorts of New York, Inc.	Sales office expenses	100	182
Steeplechase Transport and Parking, Inc.	Parking fees	2,668	2,738
Others	Property rentals	225	343
	Other	2,457	616
		<u>\$ 9,332</u>	<u>\$11,793</u>

NOTE 14 - NONOPERATING INCOME(EXPENSE), NET:
(In Thousands of Dollars)

	NINE MONTHS ENDED	
	SEPTEMBER 30,	
	1989	1988
Interest income	\$3,342	\$ 957
Interest income from affiliates	5,063	7,563
Corporate office expense	(417)	(522)
Aborted sale & refinancing costs	(121)	(94)
Other	(185)	(6,788)
	<u>\$6,010</u>	<u>\$ 1,116</u>

NOTE 15 - DIVIDENDS AND OTHER RESTRICTED TRANSACTIONS:

Dividends

For periods subsequent to November 14, 1988, the declaration and payment of dividends (other than stock dividends) by the Company are restricted by the indentures for the Securities. As of September 30, 1989, due to these restrictions, no funds were available for dividends or other restricted payments.

Other Restricted Transactions:

Pursuant to the indentures for the Securities neither Griffin Resorts, the Company nor any of their respective subsidiaries may (i) sell, lease, transfer or otherwise dispose of any of its properties, assets or securities to, (ii) purchase any property, assets or securities from, (iii) make any investment in or, (iv) enter into any contract or agreement with or for the benefit of any affiliates of any of them (other than Griffin Resorts, the Company or any such subsidiary in which no affiliate (other than Griffin Resorts, the Company or another such wholly owned subsidiary) owns, directly or indirectly, any equity interest) (an "Affiliate transaction"), other than (a) loans to Griffin Co. by Griffin Resorts and the Company respectively, promptly following the issuance of the Securities, which shall not in the aggregate exceed \$50,000,000 less the consolidated cash balances of RII and its subsidiaries (other than Griffin Resorts, the Company and their subsidiaries) on the date of such loans plus \$3,000,000 and the forgiveness or cancellation of such loans and the notes relating thereto, (b) a loan to Griffin Co. by Griffin Resorts or the Company on or after January 1, 1989 in an amount not exceeding \$25,000,000 backed by a \$25,000,000 letter of credit to be pledged as Collateral for the Securities, provided, that no default or event of default shall have occurred and be continuing and the forgiveness or cancellation of such loans and the note relating thereto on or after November 15, 1992, and (c) Affiliate Transactions pursuant to a management agreement and the Tax Sharing Agreement entered into among Griffin Co., RII, Griffin Resorts, the Company, and certain other subsidiaries of RII, as in effect on the date of the indentures and certain other permitted Affiliate Transactions.

Revised 9/89

The management agreement referred to in (c) above provides for an annual management services fee from the Company, Griffin Resorts and their subsidiaries to RII of \$16,000,000 and certain other permitted advances.

Notwithstanding the restrictions described above, the Company may make loans to Griffin Resorts, and Griffin Resorts may make loans or advances to RII to the extent required to provide RII and RII's subsidiaries (other than Griffin Resorts, the Company and their respective subsidiaries) with sufficient funds to satisfy the obligations on their indebtedness outstanding as of the date the Securities were issued (and any indebtedness issued in exchange therefore ("Exchange Debt")); provided that, at the time of such loan or advance, no indebtedness of RII or any of its subsidiaries shall have been accelerated prior to its stated maturity; and provided, further, that in the case of Exchange Debt, such Exchange Debt does not have scheduled principal payments due on or prior to November 1, 1996 in any amounts which are greater than, or which occur sooner than, any such scheduled principal payments due on or prior to November 1, 1996 on the indebtedness in exchange for which such Exchange Debt is issued.

NOTE 16 - INCOME TAXES:

As discussed in Note 2, the Company adopted SFAS 96, and entered into a new Tax Sharing Agreement, effective November 15, 1988. With the application of push-down accounting, the effects of adopting SFAS 96 were included in determining the new basis of the Company's assets and liabilities at November 15, 1988. Previous periods were not restated.

For federal tax purposes, the Company has net operating loss carryforwards for regular tax and alternative minimum tax ("AMT") of approximately \$44,700,000 and \$26,200,000, respectively, at December 31, 1988. Of these amounts, \$39,200,000 and \$21,200,000, respectively, are not limited as to use and expire in 2003. Due to the changes in control of RII during 1988, utilization of the balance of the tax loss carryforwards, which expire in 2002, is dependent upon the tax status of RII's consolidated group.

The balance of \$2,930,000 at September 30, 1989 represents income tax liability for the years 1977 through 1980 which was the result of various income tax audits.

NOTE 17 - CONTINGENCY:

The New Jersey Casino Control Act requires casino licensees to make investments equal to a percentage of the licensee's annual net casino win or pay an alternative tax. Under the Casino Control Act the investment obligation for the Company for the years 1979 through 1988 totals approximately \$36,755,000. Of that amount, management estimates that between \$7,000,000 and \$14,104,000 will be satisfied through housing related investments already made by the Company. However, in January 1988 the CRDA notified the Company of its interpretation as to the periods of time during which expenditures could be made to satisfy investment obligations. This interpretation differs from the Company's and if found to be correct would decrease the amount of the Company's qualifying expenditures by approximately \$5,000,000 to \$6,000,000. The Company believes that its interpretation is correct and intends to contest this issue.

Management expects that the Company may have to fulfill its remaining investment obligation by purchasing long-term bonds which will bear below-market interest rates. These bonds are to be issued by the CRDA, a public authority created under the Casino Control Act. As of September 30, 1989, the Company had purchased \$4,250,000 face value of bonds issued by the CRDA and had deposited \$2,426,000 with the CRDA against its remaining investment obligation. Management expects that these deposits may ultimately be used to purchase CRDA bonds. These bonds and deposits, net of an estimated discount charged to expense to reflect the below-market interest rate payable on the bonds, were recorded as Investments, advances and receivables in the Company's Consolidated Balance Sheets. Management estimates that as of September 30, 1989 the Company's remaining investment obligation, after deduction of the housing related investments and CRDA bonds and deposits, is approximately \$841,000, which will be paid in October 1989. If, however, the CRDA's interpretation discussed above is found to be correct, the Company's remaining obligation would be between \$5,000,000 and \$6,000,000.

In years prior to 1987, the Company recorded charges to expense to reflect the below-market interest rate payable on the bonds it may have to purchase to fulfill its investment obligation. In 1987, once the CRDA had issued a significant amount of bonds, it became apparent that the terms and credit rating of the CRDA bonds were different than had been anticipated by the Company in determining its estimated discount. Thus, in 1987 an additional charge was recorded to allow for further discounts on all the deposits and bond purchases made to date. Discounts charged to operations were \$1,168,000 and \$1,151,000 for the nine months ended September 30, 1989 and 1988, respectively.

Other receivables	131,001	745,891
<u>1989-90</u>	<u>1,168,000</u>	<u>21,307</u>
		<u>815,698</u>

UNDEPOSITED PATRONS' CHECKS ACTIVITY

DESCRIPTION	AMOUNT
(a)	(b)
Balance (January 1)	\$ 6,759
Checks issued (including counter checks issued through transactions relating to consolidations, partial redemptions, substitutions, and patrons' cash deposits)	187,101
Checks redeemed prior to deposit (including the unprocessed portion of counter checks redeemed through partial redemptions, and including checks redeemed through transactions relating to consolidations, substitutions, and patrons' cash deposits)	1,317,728
Checks collected through deposits	7,38,811
Checks transferred to returned checks	1,5,204
Adjustments	8,730
Balance	\$ 7,301
Checks Included in Balance On 1/1/89	\$
Provision for Uncollectible Patrons' Checks	\$ 1,168
Provision for Partial of Counter Checks Issued	7

TRADING NAME OF LICENSEE: RESORTS INTERNATIONAL HOTEL, INC. AND SUBSIDIARIES
(a wholly owned subsidiary of RESORTS INTERNATIONAL, INC.)

SCHEDULE OF RECEIVABLES AND PATRONS' CHECKS

SEPTEMBER 30, 1989
(UNAUDITED)
(\$ IN THOUSANDS)

ACCOUNTS RECEIVABLE BALANCES				
LINE (a)	DESCRIPTION (b)	ACCOUNT (c) BALANCE	(d) ALLOWANCE	ACCOUNTS RECEIVABLE- (e) NET OF ALLOWANCE
	Patrons' Checks:			
1	Undeposited patrons' checks	\$ 7,301		
2	Returned patrons' checks	6,283		
3	Total patrons' checks	13,584	\$4,869	\$ 8,715
4	Hotel Receivables	484	14	470
	Other Receivables:			
5	Receivables due from officers and employees	22		
6	Receivables due from affiliates	146,105		
7	Other accounts and notes receivables ..	754		
8	Total other receivables	146,881		146,881
9	Totals (Form 205)	\$160,949	\$4,883	\$156,066

UNDEPOSITED PATRONS' CHECKS ACTIVITY		
LINE (f)	DESCRIPTION (g)	AMOUNT (h)
10	Beginning Balance (January 1)	\$ 6,359
11	Counter checks issued (excluding counter checks issued through transactions relating to consolidations, partial redemptions, substitutions, and patrons' cash deposits)	157,101
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) ...	(111,124)
13	Checks collected through deposits	(38,431)
14	Checks transferred to returned checks	(6,604)
15	Other adjustments	
16	Ending balance	\$ 7,301
17	"Hold" Checks Included In Balance On Line 16	\$
18	Provision For Uncollectible Patrons' Checks	\$ 1,148
19	Provision As A Percent of Counter Checks Issued .....	.7

STATEMENT OF CONFORMITY AND ACCURACY

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

ROBERT L. GENSAMER, being duly sworn according to law upon my oath
 Name

deposes and says:

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

[Handwritten Signature]

Signature

VICE PRESIDENT

Title

03480-11

License Number

Subscribed and sworn to before me this 15th day of NOVEMBER, 1989.

On Behalf Of:

[Handwritten Signature]
 Signature

RESORTS INTERNATIONAL HOTEL, INC.
 Casino Licensee

JUDITH A. HEADLEY
 NOTARY PUBLIC OF NEW JERSEY
 My Commission Expires Dec. 27, 1992
 Basis of Authority to Take Oaths

TRADING NAME OF LICENSEE RESORTS INTERNATIONAL CASINO HOTEL

HOTEL STATISTICS

FOR THE 9 MONTHS ENDED September 30, 1989

PERIOD	NUMBER OF GUEST ROOMS IN PROPERTY	NUMBER OF AVAILABLE ROOMS	NUMBER OF OCCUPIED ROOMS	AVERAGE RATE PER OCCUPIED ROOM	OCCUPANCY RATE	NUMBER OF GUESTS ACCOMMODATED	AVERAGE RATE PER GUEST ACCOMMODATED
JANUARY	681	20,624	15,201	\$ 91.26	73.7 %	28,960	\$47.90
FEBRUARY	681	18,615	15,181	\$ 80.98	81.6 %	29,278	\$41.99
MARCH	681	20,778	18,315	\$ 72.29	88.1 %	35,555	\$37.24
1ST QUARTER TOTALS		60,017	48,697	\$ 80.92	81.1 %	93,793	\$42.01
APRIL	681	20,195	18,359	\$ 78.57	90.9 %	35,707	\$40.40
MAY	681	20,768	19,067	\$ 82.21	91.8 %	37,124	\$42.22
JUNE	681	18,673	17,582	\$ 81.78	94.2 %	34,921	\$41.17
2ND QUARTER TOTALS		59,636	55,008	\$ 80.86	92.2 %	107,752	\$41.28
JULY	681	19,478	18,206	\$ 97.61	93.5 %	35,997	\$49.37
AUGUST	681	20,459	19,179	\$ 94.71	93.7 %	37,821	\$48.03
SEPTEMBER	681	20,070	18,437	\$ 86.93	91.9 %	35,640	\$44.97
3RD QUARTER TOTALS		60,007	55,822	\$ 93.09	93.0 %	109,458	\$47.47
OCTOBER				\$	%		\$
NOVEMBER				\$	%		\$
DECEMBER				\$	%		\$
4TH QUARTER TOTALS				\$	%		\$
ANNUAL TOTALS				\$	%		\$

TRADING NAME OF LICENSEE

QUARTERLY REPORT

974-901
NEW JERSEY
PROV. © 193
NOV 27 1989
185 W. STATE ST.
TRENTON, N.J.

LICENSEE SHOWBOAT, INC.
ADDRESS ATLANTIC CITY, NJ 08401

FOR THE QUARTER ENDED SEPTEMBER 30, 1989

TO THE
CASINO CONTROL COMMISSION
OF THE
STATE OF NEW JERSEY



NAME OF OFFICER IN CHARGE
OF CORRESPONDENCE REGARDING
THIS QUARTERLY REPORT . . . MARK MILLER
OFFICIAL TITLE VP FINANCE
ADDRESS 801 BOARDWALK
ATLANTIC CITY, NJ 08401

TRADING NAME OF LICENSEE Atlantic City Showboat, Inc.

BALANCE SHEETS

TRADING NAME OF LICENSEE Atlantic City Showboat, Inc.

LIST OF FORMS - QUARTERLY REPORT

(IN THOUSANDS)

FOR THE QUARTER ENDED Sept. 30, 1989

(a)	(b)	(c) 19 89	(d) 19 88
ASSETS			
Assets			
Trade receivables	NOTE 1	37,361	25,570
Accounts and other receivables	NOTE 1	12,327	8,339
Prepaid expenses and other current assets	NOTE 1	2,091	1,738
Investments		55	39,143
Advances and receivables	NOTE 2	21,146	14,205
Statements of Changes in Stockholders' Equity	NOTE 4	215	253,336
Statements of Changes in Partners' or Proprietor's Equity		9,982	10,353
Statements of Cash Flows		301	287,037
Notes to Financial Statements			
Schedule of Receivables and Patrons' Checks			
Statement of Conformity and Accuracy			
LIABILITIES AND EQUITY			
Liabilities			
Accounts payable and accrued	NOTE 3	2,660	2,336
Deferred expenses	NOTE 3	1,828	0
Current liabilities	NOTE 3	13,767	9,409
Long-term liabilities	NOTE 3	2,358	1,553
Other liabilities		23,085	19,534
Debt		180,000	180,000
Other	NOTE 7	12,966	15,643
Other	NOTE 8	31	30
Other	NOTE 9	34,848	19,999
Other	NOTE 10		
Other	NOTE 11		
Other	NOTE 12		
Other		253,900	234,825
Partners', Partners', or Proprietor's Equity		48,099	52,212
Total Liabilities and Equity		301,999	287,037

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

BALANCE SHEETS

Sept 30, 19 89 AND 19 88

(UNAUDITED)
(\$ IN THOUSANDS)

LINE (a)	DESCRIPTION (b)	(c) 19 89	(d) 19 88
ASSETS			
Current Assets:			
1	Cash NOTE 1	\$ 37,361	\$ 25,570
2	Marketable securities	-0-	-0-
3	Receivables and patrons' checks (net of allowance for doubtful accounts - 19 89, \$ 3,327 ; 19 88, \$ 2,081) NOTE 3	12,298	8,339
4	Inventories NOTE 1	2,738	2,476
5	Prepaid expenses and other current assets	2,810	2,758
6	Total current assets	55,207	39,143
7	Investments, Advances, And Receivables NOTE 2	21,446	14,205
8	Property And Equipment - Net NOTE 4	215,364	223,336
9	Other Assets	9,982	10,353
10	Total Assets	\$ 301,999	\$ 287,037
LIABILITIES AND EQUITY			
Current Liabilities:			
11	Accounts payable \$	4,442	\$ 6,234
12	Notes payable	-0-	-0-
Current portion of long-term debt:			
13	Due to affiliates	-0-	-0-
14	Other NOTE 8	2,660	2,336
15	Income taxes payable and accrued	1,828	-0-
16	Other accrued expenses NOTE 5	13,767	9,409
17	Other current liabilities NOTE 6	2,358	1,555
18	Total current liabilities	25,055	19,534
Long-Term Debt:			
19	Due to affiliates NOTE 7	180,000	180,000
20	Other NOTE 8	12,966	15,643
21	Deferred Credits	31	50
22	Other Liabilities NOTE 2	35,848	19,598
23	Commitments And Contingencies NOTE 12		
24	Total Liabilities	253,900	234,825
25	Stockholders', Partners', Or Proprietor's Equity	48,099	52,212
26	Total Liabilities And Equity	\$ 301,999	\$ 287,037

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 9 MONTHS ENDED Sept. 30, 19 89 and 19 88

(UNAUDITED)
(\$ IN THOUSANDS)

LINE (a)	DESCRIPTION (b)	(c) 19 <u>89</u>	(d) 19 <u>88</u>
	Revenue:		
1	Casino NOTE 1	\$ 199,895	\$ 157,654
2	Rooms	11,333	11,763
3	Food and beverage	34,461	32,507
4	Other Note 15	6,215	4,756
5	Total revenue	251,904	206,680
6	Less: Promotional allowances NOTE 1 & 13	27,067	22,481
7	Net revenue	224,837	184,199
	Costs And Expenses:		
8	Cost of goods and services	128,799	115,655
9	Selling, general, and administrative	51,984	44,513
10	Provision for doubtful accounts	2,660	1,666
11	Depreciation and amortization NOTE 1	12,410	11,607
	Charges from affiliates other than interest:		
12	Management fees NOTE 2	12,429	10,151
13	Other	-0-	-0-
14	Total costs and expenses	208,282	183,592
15	Income (Loss) From Operations	16,555	607
	Other Income (Expenses):		
16	Interest (expense) - affiliates NOTE 7	(15,356)	(15,356)
17	Interest (expense) - external	(1,930)	(2,106)
18	Investment alternative tax and related income (expense) - net.....	(864)	(506)
19	Nonoperating income (expense) - net NOTE 10	2,008	1,194
20	Total other income (expenses).....	(16,142)	(16,774)
21	Income (Loss) Before Income Taxes And Extraordinary Items.....	413	(16,167)
22	Provision (credit) for income taxes NOTE 1 & 14	74	(5,359)
23	Income (Loss) Before Extraordinary Items	339	(10,808)
24	Extraordinary items (net of income taxes - 1989, \$ -0- ; 1988, \$ -0-) NOTE 1	-0-	282
25	Net Income (Loss)	\$ 339	\$ (11,090)

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 Sept. 30, 19 89 and 19 88

(UNAUDITED)
(\$ IN THOUSANDS)

LINE (a)	DESCRIPTION (b)	(c) 19 <u>89</u>	(d) 19 <u>88</u>
	Revenue:		
1	Casino NOTE 1	\$ 74,890	\$ 61,409
2	Rooms	3,938	4,780
3	Food and beverage	11,563	11,955
4	Other Note 15	3,788	1,938
5	Total revenue	94,179	80,082
6	Less: Promotional allowances NOTE 1 & 13	9,077	8,550
7	Net revenue	85,102	71,532
	Costs And Expenses:		
8	Cost of goods and services	45,155	40,889
9	Selling, general, and administrative	18,408	14,600
10	Provision for doubtful accounts	812	885
11	Depreciation and amortization NOTE 1	4,201	3,948
	Charges from affiliates other than interest:		
12	Management fees NOTE 2	4,626	3,902
13	Other	-0-	-0-
14	Total costs and expenses	73,202	64,224
15	Income (Loss) From Operations	11,900	7,308
	Other Income (Expenses):		
16	Interest (expense) - affiliates NOTE 7	(5,119)	(5,119)
17	Interest (expense) - external	(629)	(689)
18	Investment alternative tax and related income (expense) - net.....	(326)	(269)
19	Nonoperating income (expense) - net NOTE 10	739	425
20	Total other income (expenses).....	(5,335)	(5,652)
21	Income (Loss) Before Income Taxes And Extraordinary Items.....	6,565	1,656
22	Provision (credit) for income taxes NOTE 1	2,064	(241)
23	Income (Loss) Before Extraordinary Items	4,501	1,897
24	Extraordinary items (net of income taxes -		
	19 <u>89</u> , \$ -0- ; 19 <u>88</u> , \$ -0-) NOTE 1	-0-	-0-
25	Net Income (Loss)	\$ 4,501	\$ 1,897

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 9 MONTHS ENDED Sept. 30, 19 89 AND 19 88

(UNAUDITED)
(\$ IN THOUSANDS)

LINE (a)	DESCRIPTION (b)	19 <u>89</u>		19 <u>88</u>	
		(c) SHARES	(d) DOLLARS	(e) SHARES	(f) DOLLARS
	2,500 AUTHORIZED SHARES				
	Common Stock:				
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	.....			
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)		(29,149)		(13,607)
26	Prior period adjustments				
27	Net income (loss)		339		(11,090)
28	Dividends		()		()
29	.....			
30	.....			
31	Ending balance		(28,810)		(24,697)
32	Ending Stockholders' Equity		\$ 48,099		\$ 52,212

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 PARTNERS' OR PROPRIETOR'S EQUITY

FOR THE 9 MONTHS ENDED Sept. 30, 19 89 AND 19 88

(UNAUDITED)
(\$ IN THOUSANDS)

NOT APPLICABLE

LINE (a)	DESCRIPTION (b)	(c) 19 <u>89</u>	(d) 19 <u>88</u>
	Invested Capital:		
1	Beginning balance (January 1)	\$	\$
2	Additional capital invested		
3	.....	
4	Ending balance		
	Accumulated Income (Loss):		
5	Beginning balance (January 1)		
6	Prior period adjustments		
7	Net income (loss)		
8	.....	
9	Ending balance		
	Capital Withdrawals:		
10	Beginning balance (January 1)	()	()
11	Additional capital withdrawals	()	()
12	.....	
13	Ending balance	()	()
	Net Unrealized Loss On Noncurrent Marketable Equity Securities:		
14	Beginning balance (January 1)	()	()
15	.....	
16	.....	
17	Ending balance	()	()
18	Ending Partners' Or Proprietor's Equity	\$	\$

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

STATEMENTS OF CASH FLOWS

FOR THE 9 MONTHS ENDED Sept. 30, 1989 and 1988
 (UNAUDITED)
 (\$ IN THOUSANDS)

Line (a)	Description (b)	(c) 19 <u>89</u>	(d) 19 <u>88</u>
1	Net Cash Provided (Used) By Operating Activities.....	\$ 22,614	\$ 6,475
	Cash Flows From Investing Activities:		
2	Purchase of short-term investment securities.....		
3	Proceeds from the sale of short-term investment securities.....		
4	Purchase outflows for property and equipment.....	(7,870)	(8,627)
5	Proceeds from disposition of property and equipment.....	57	4
6	Purchase of casino reinvestment obligations.....	(2,469)	(1,445)
7	Purchase of other investments and loans/advances made.....	(4,398)	(3,772)
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.....	(14,680)	(13,840)
	Cash Flows From Financing Activities:		
13	Cash proceeds from issuance of short-term debt.....		
14	Payments to settle short-term debt		
15	Cash proceeds from issuance of long-term debt.....		
16	Costs of issuing debt.....		
17	Payments to settle long-term debt.....	(1,782)	(1,587)
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.....	(1,782)	(1,587)
24	Net Increase (Decrease) In Cash And Cash Equivalents.....	6,152	(8,952)
25	Cash And Cash Equivalents At Beginning Of Period	31,209	34,522
26	Cash And Cash Equivalents At End Of Period.....	\$ 37,361	\$ 25,570

SUPPLEMENTAL DISCLOSURE OF CASH FLOW INFORMATION

27	Cash Paid During Period For:		
	Interest (net of amount capitalized).....	\$ 15,356	\$ 20,475
28	Income taxes.....	\$ (2,843)	\$ (602)

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

STATEMENTS OF CASH FLOWS

FOR THE 9 MONTHS ENDED Sept. 30, 1989 and 1988
 (UNAUDITED)
 (\$ IN THOUSANDS)

Line (a)	Description (b)	(c) 19 <u>89</u>	(d) 19 <u>88</u>
	Net Cash Flows From Operating Activities:		
29	Net income (loss).....	\$ 339	\$ (11,090)
	Noncash items included in income and cash items excluded from income:		
30	Depreciation and amortization of property and equipment.....	12,410	11,607
31	Amortization of other assets.....		
32	Amortization of debt discount or premium.....		
33	Deferred income taxes - current.....		
34	Deferred income taxes - noncurrent.....	2,843	602
35	(Gain) loss on disposition of property and equipment.....	158	
36	(Gain) loss on casino reinvestment obligations.....	864	506
37	(Gain) loss from other investment activities.....		
38	Net (increase) decrease in receivables and patrons' checks.....	(2,374)	(2,613)
39	Net (increase) decrease in inventories.....	(337)	383
40	Net (increase) decrease in other current assets.....	(580)	(472)
41	Net (increase) decrease in other assets.....	(591)	148
42	Net increase (decrease) in accounts payables.....	(3,183)	(2,166)
43	Net increase (decrease) in other current liabilities excluding debt.....	741	(977)
44	Net increase (decrease) in other noncurrent liabilities excluding debt.....	12,945	10,136
45	RECLASS ASSET TO NONCURRENT LIABILITY	(1,031)	
46	AMORT. OF BOND ISS. COSTS ACCT'D FOR AS INT.. EXP.....	410	411
47	Net Cash Provided (Used) By Operating Activities.....	\$ 22,614	\$ 6,475

SUPPLEMENTAL SCHEDULE OF NONCASH INVESTING AND FINANCING ACTIVITIES

	Acquisition Of Property And Equipment:		
48	Additions to property and equipment.....	\$ 7,870	\$ 8,627
49	Less: Capital lease obligations incurred.....	-0-	-0-
50	Cash Outflows For Property And Equipment.....	\$ 7,870	\$ 8,627
	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.....	\$	\$

ATLANTIC CITY SHOWBOAT, INC.
NOTES TO FINANCIAL STATEMENTS
ATLANTIC CITY SHOWBOAT, INC.
NOTES TO FINANCIAL STATEMENTS

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Nature of Operations

Atlantic City Showboat (ACS), is a wholly-owned subsidiary of Ocean Showboat, Inc. (OSI). OSI is a 97.525% owned subsidiary of Showboat, Inc. (SBI). Additionally, OSI also owns all of the stock of Ocean Showboat Finance Corporation (OSF). On March 30, 1987, ACS commenced limited services of hotel, restaurant, bar, bowling, and convention facilities at the Showboat Hotel, Casino and Bowling Center in Atlantic City, New Jersey. Full operation of the casino commenced on April 2, 1987.

Casino Revenue and Complimentaries

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

Complimentaries consist of rooms, food, and beverage furnished gratuitously to customers. The sales values of such services are included in the respective revenue classifications and are then deducted as complimentary expenses.

Cash

Included in cash are cash equivalents of \$27,510,000 and \$17,793,000 as of September 30, 1989 and 1988, respectively. These are repurchase agreements and commercial paper which have short-term maturities.

Inventories

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

ATLANTIC CITY SHOWBOAT, INC.
NOTES TO FINANCIAL STATEMENTS
(continued)

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

Income Taxes

Statement of Financial Accounting Standard No. 96 (FAS 96), "Accounting for Income Taxes", was issued by the Financial Accounting Standards Board in December 1987. FAS 96 requires a change from the deferred method to the asset and liability method of accounting for income taxes. Under the asset and liability method, deferred income taxes are recognized for the tax consequences of "temporary differences" by applying enacted statutory rates applicable to future years to differences between the financial statement carrying amounts and the tax bases of existing assets and liabilities. Under FAS 96, the effect of a change in tax rates is recognized in income in the period that includes the enactment date. Under the deferred method, deferred taxes were recognized using the tax rate applicable to the year of the calculation and were not adjusted for subsequent changes in the tax laws.

The Company elected to adopt FAS 96 in 1988 and has reported the cumulative effect of the change in the method of accounting for income taxes of \$282,000 as of January 1, 1988 in the 1988 statement of income (loss).

The Company has consented to be included in the consolidated Federal Income Tax group of Showboat, Inc. and subsidiaries and is under a tax allocation agreement which reflects the separate return method except that tax benefits available to the Company are the consolidated group, including carrybacks.

ATLANTIC CITY SHOWBOAT, INC.
NOTES TO FINANCIAL STATEMENTS
(continued)

Amortization of Debt Issuance Cost

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

Disclosure

In accordance with the Quarterly Report Instructions, we have not submitted quarterly updated information for the aggregate maturities of long term debt, future lease obligations and the reconciliation of the provision for income taxes to the statutory rate. There have been no significant changes to the information submitted in our December 31, 1988 Annual Report.

2. RELATED PARTY TRANSACTIONS

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

In consideration for such services and license, ACS has agreed to pay SBI a fee equal to five percent of gross revenues, payable on a quarterly basis. The Bond Indenture of OSF provides that this management fee may not be paid during any period in which certain tests are not met, and to date, no management fees have been paid. For the nine months ended September 30, 1989 and 1988, management fee expenses of \$12,429,000 and \$10,151,000 have been incurred, respectively. As of September 30, 1989 and 1988, management fees of \$35,317,000 and \$19,598,000 have been accrued, respectively.

The investments, advances and receivables balances of \$21,446,000 and \$14,205,000 at September 30, 1989 and 1988, include \$18,489,000 and \$13,073,000 receivables from Showboat, Inc. related to federal income taxes relating to the management fee.

ATLANTIC CITY SHOWBOAT, INC.
 NOTES TO FINANCIAL STATEMENTS
 (continued)

3. RECEIVABLES

Receivables consist of the following:

	<u>Sept 30</u>	<u>Sept 30</u>
	<u>1989</u>	<u>1988</u>
Casino	\$11,654,000	\$ 5,456,000
Hotel	797,000	1,453,000
Income Tax Receivable	-0-	3,275,000
Other	3,174,000	236,000
	<u>15,549,000</u>	<u>10,420,000</u>
Less allowance for doubtful accounts	3,327,000	2,081,000
	<u>\$ 12,298,000</u>	<u>\$ 8,339,000</u>
	=====	=====

4. PROPERTY AND EQUIPMENT

Property and Equipment consist of the following:

	<u>Sept 30</u>	<u>Sept 30</u>
	<u>1989</u>	<u>1988</u>
Building and Improvements	\$188,619,000	\$187,853,000
Furniture, Fixtures & Equipment	39,583,000	35,048,000
Vehicles	403,000	718,000
Properties under capital lease		
Building	2,050,000	2,050,000
Furniture, Fixtures & Equipment	19,488,000	19,488,000
Construction in Progress	4,422,000	1,002,000
	<u>254,565,000</u>	<u>246,159,000</u>
Less accumulated depreciation and amortization	39,201,000	22,823,000
	<u>\$215,364,000</u>	<u>\$223,336,000</u>
	=====	=====

ATLANTIC CITY SHOWBOAT, INC.
 NOTES TO FINANCIAL STATEMENTS
 (continued)

ATLANTIC CITY SHOWBOAT, INC.
 NOTES TO FINANCIAL STATEMENTS

LONG-TERM DEBT, DUE TO APF (continued)

Long-term debt, due to affiliates consist of the following:

5. ACCRUED LIABILITIES

Accrued liabilities consist of the following:

	Sept 30 1989	Sept 30 1988
Salaries and Wages on ADG's grossed	\$ 3,057,000	\$ 3,544,000
Progressive Slot Liability Atlantic	2,147,000	1,817,000
Medical Claims-Employee Atlantic City	1,123,000	930,000
Taxes-Other and certain persons	653,000	700,000
DGE/CCC Charges hotel casino grossed	808,000	672,000
Settlement Claims in Aug 2002 with	1,049,000	553,000
Payroll Taxes payable semi-annually at	955,000	266,000
Legal Fees rate of 11 3/64	394,000	217,000
Union Benefits	328,000	201,000
Advertising	1,333,000	170,000
Profit Sharing	795,000	150,000
Other	1,125,000	189,000
	<u>\$ 13,767,000</u>	<u>\$ 9,409,000</u>

LONG-TERM DEBT, OTHER

Long-term debt, other consist of the following:

6. OTHER CURRENT LIABILITIES

Other current liabilities consist of the following:

	Sept 30 1989	Sept 30 1988
Capitalized lease obligations (Note 9)	\$ 18,876,000	\$ 17,970,000
Due to Affiliates - Interest	\$ 853,000	\$ 853,000
Due to Affiliates - Management Fees	500,000	0
Other	1,005,000	702,000
	<u>\$ 2,358,000</u>	<u>\$ 1,555,000</u>

ATLANTIC CITY SHOWBOAT, INC.
 NOTES TO FINANCIAL STATEMENTS
 (continued)

7. LONG-TERM DEBT, DUE TO AFFILIATES

Long-term debt, due to affiliates consist of the following:

	Sept 30	Sept 30
	1989	1988
Promissory note to OSF, secured by the collateral assignment of a first leasehold mortgage on ACS's ground lease on the site of the Atlantic City Showboat, the Atlantic City Showboat and certain personal property in the hotel casino complex. Promissory note is due 2002 with interest payable semi-annually at the annual rate of 11 3/8%	<u>\$ 180,000,000</u>	<u>\$ 180,000,000</u>

8. LONG-TERM DEBT, OTHER

Long-term debt, other consist of the following:

	Sept 30	Sept 30
	1989	1988
Capitalized lease obligations (Note 9)	\$ 15,626,000	\$ 17,979,000
Less current maturities	<u>2,660,000</u>	<u>2,336,000</u>
	<u>\$ 12,966,000</u>	<u>\$ 15,643,000</u>

ATLANTIC CITY SHOWBOAT, INC.
 NOTES TO FINANCIAL STATEMENTS
 (continued)

9. LEASES

The Company leases certain furniture and equipment and a warehouse under long-term lease agreements. The leases covering furniture and equipment, which range from 5 to 7 years expiring through 1994, and a warehouse, which is for 15 years expiring in 2001, are classified as capital leases. The Company has the option to purchase the warehouse during the period of August 1989 through July 1990 for \$1,928,000.

ACS 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, payable monthly, commenced upon opening of the Atlantic City Showboat. The rent will be adjusted based upon increases or decreases in the Consumer Price Index, not to exceed 10% per year during the second through the sixth lease year. The rent adjustment for the second year beginning on April 1, 1988 was 4% or approximately \$21,000 per month. Annual rent payments for lease year beginning April 1, 1988 and 1987 are \$6,587,000 and \$6,340,000, respectively. ACS is responsible for taxes, assessments, insurance and utilities. See Note 12.

Rent expense for all operating leases (except those with terms of a month or less that were not renewed) was \$5,417,000 and \$5,285,000 for the nine months ended September 30, 1989 and 1988, respectively.

10. NON-OPERATING INCOME (EXPENSE)

For the nine month periods ended September 30, 1988 and 1987, Non-Operating Income (Expense) is:

	Sept 30	Sept 30
	1989	1988
Interest Income on temporary		
Cash Investments	\$2,008,000	\$ 1,194,000
	\$2,008,000	\$ 1,194,000
	=====	=====

ATLANTIC CITY SHOWBOAT, INC.
NOTES TO FINANCIAL STATEMENTS
(continued)

11. EMPLOYEE BENEFIT PLANS

The Company participates in a profit sharing and retirement plan of SBI. The plan is for eligible employees who are not covered by a collective bargaining agreement or by another retirement plan to which the Company is required to contribute. Qualifying employees become eligible after they have completed twelve months of service. Contributions to this plan are made at the discretion of the Board of Directors of OSI. The benefits are limited to the allocated interest in the fund assets and each participant's account vests over a ten-year period. The Company accrued \$495,000 and \$150,000 during the nine months ended September 30, 1989 and 1988.

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.

12. COMMITMENTS AND CONTINGENCIES

In conjunction with its land lease agreement, and in conjunction with obtaining various permits from various authorities of the State of New Jersey, the Company is required to share in certain costs subsequent to opening. Such costs relate to improving the Urban Renewal Tract, on which the Atlantic City Showboat is located, and improving the traffic and transportation infrastructure in Atlantic City. The Company's proportionate share of these costs, if any, has not yet been determined.

The New Jersey Casino Control Act (the Act) provides, among other things, for an assessment on licenses based upon their 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 Redevelopment Authority (CRDA), or paying an "alternative tax". In order for direct investments to be eligible, they must be approved by the CRDA. The company's obligation under the Act through September 30, 1989 is \$4,545,000.

The Company intends to satisfy its obligation by purchasing CRDA bonds which may have terms as long as 50 years and will bear interest at two-thirds of market rates at issue date resulting in a current value lower than the face value of such bonds. At September 30, 1989 deposits and other assets includes \$2,956,000 representing the Company's obligation to the CRDA of \$4,545,000 net of the allowance for the interest rate differential of \$1,589,000.

ATLANTIC CITY SHOWBOAT, INC.
 NOTES TO FINANCIAL STATEMENTS
 (continued)

13. COMPLIMENTARIES

Promotional Allowances

		Nine Months		Three Months	
		Ending Sept 30, 1989		Ending Sept 30, 1989	
		<u>Recipients</u>	<u>Amount</u>	<u>Recipients</u>	<u>Amount</u>
Rooms	\$ 53,680	\$ 7,144,000	\$ 19,156	\$2,577,000	
Food	1,256,904	13,015,000	461,807	4,498,000	
Beverage	2,627,805	6,246,000	699,065	1,719,000	
Showroom	<u>31,167</u>	<u>662,000</u>	<u>12,578</u>	<u>283,000</u>	
	 \$3,969,556	 \$27,067,000	 \$1,192,606	 \$9,077,000	
	=====	=====	=====	=====	

Promotional Expenses

		Nine Months		Three Months	
		Ending Sept 30, 1989		Ending Sept 30, 1989	
		<u>Recipients</u>	<u>Amount</u>	<u>Recipients</u>	<u>Amount</u>
Coin	\$1,871,180	\$25,617,000	\$ 676,901	\$8,814,000	
Travel	15,897	2,782,000	6,800	1,190,000	
Other	<u>182,629</u>	<u>1,598,000</u>	<u>59,543</u>	<u>521,000</u>	
	 \$2,069,706	 \$29,997,000	 \$ 743,244	 \$10,525,000	
	=====	=====	=====	=====	

Promotional allowances represent complimentarys furnished gratuitously to customers of ACS goods and services, such as free room, food and beverage. The sales value of these complimentarys are included in the respective revenue classification and are then deducted as promotional allowances. Promotional expenses are complimentarys furnished gratuitously to customers of non-revenue producing items such as coin coupons issued to patrons and reimbursement of travel expenses. These charges are included in selling, general and administrative expense.

SCHEDULE OF RECEIVABLES AND PATRONS' CHECKS

ATLANTIC CITY SHOWBOAT, INC. NOTE TO FINANCIAL STATEMENTS (continued)

DESCRIPTION (a)	ACCOUNTS RECEIVABLE BALANCES		ACCOUNTS RECEIVABLE- (b) NET OF ALLOWANCE
	ACCOUNT BALANCE (c)	ALLOWANCE (d)	
14. INCOME TAXES			
Income tax expense (benefit) consists of the following:			
Deposited patrons' checks			
Returned patrons' checks			
Total patrons' checks			
		<u>Sept 30</u>	<u>Sept 30</u>
		<u>1989</u>	<u>1988</u>
Receivables from officers and employees		(\$ 2,917,000)	(\$ 5,645,000)
Current		2,843,000	286,000
Deferred			
Receivables due from affiliates		\$ 74,000	\$ 5,359,000
Other accounts and notes receivables			
State Taxes		<u>0</u>	<u>0</u>
Total (Form 1065)		<u>\$ 74,000</u>	<u>(\$ 5,359,000)</u>

DEPOSITED PATRONS' CHECKS ACTIVITY		AMOUNT
15. SETTLEMENT OF LITIGATION		
<p>In 1988, the Company filed an arbitration claims against the architect of the Company's Atlantic City casino hotel facility alleging that the architect was liable to the Company for additional costs incurred in construction of that facility. In September 1989, the Company and the architect settled the arbitration for \$2.4 million. This sum represented a recovery of operating costs incurred since opening and costs incurred to settle the arbitration. This amount has been included in Other Revenue.</p>		
Through deposits		2,400,000
Transferred to returned checks		28,714
Adjustments		3,583
Balance		-0-
		<u>\$ 2,432,297</u>
Checks included in Balance on Line 14		20
Allowance for Uncollectible Patrons' Checks		2,386
Reserve for 2 Percent of Counter Checks Issued		17

SCHEDULE OF RECEIVABLES AND PATRONS' CHECKS

Sept. 30, 19 89

(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	8,141		
2	Returned patrons' checks	3,513		
3	Total patrons' checks	11,654	\$ 3,133	\$ 8,521
4	Hotel Receivables	797	194	603
	Other Receivables:			
5	Receivables due from officers and employees.....	258		
6	Receivables due from affiliates	40		
7	Other accounts and notes receivables	2,876		
8	Total other receivables	3,174	-0-	3,174
9	Totals (Form 205).....	\$ 15,625	\$ 3,327	\$ 12,298

UNDEPOSITED PATRONS' CHECKS ACTIVITY		
LINE (f)	DESCRIPTION (g)	AMOUNT (h)
10	Beginning Balance (January 1)	\$ 5,628
11	Counter checks issued (excluding counter checks issued through transactions relating to consolidations, partial redemptions, substitutions, and patrons' cash deposits)	152,057
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)	(115,147)
13	Checks collected through deposits	(28,714)
14	Checks transferred to returned checks	(5,683)
15	Other adjustments	-0-
16	Ending Balance	\$ 8,141
17	"Hold" Checks Included In Balance On Line 16	\$ -0-
18	Provision For Uncollectible Patrons' Checks	\$ 2,586
19	Provision As A Percent Of Counter Checks Issued	1.7 %

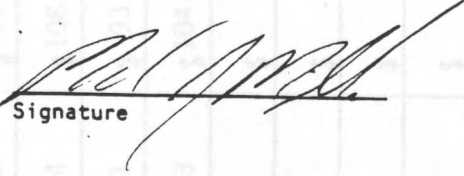
STATEMENT OF CONFORMITY AND ACCURACY

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

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

deposes and says:

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

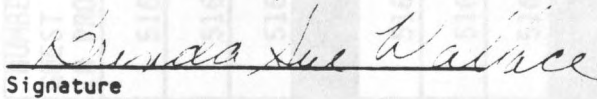

 Signature

V.P. FINANCE & TREASURER
 Title

3587-11
 License Number

Subscribed and sworn to
 before me this 14th day
 of NOVEMBER, 1987

On Behalf Of:


 Signature

ATLANTIC CITY SHOWBOAT, INC.
 Casino Licensee

BRENDA SUE WALLACE
 NOTARY PUBLIC OF NEW JERSEY
 My Commission Expires January 30, 1990

Basis of Authority
 to Take Oaths

HOTEL STATISTICS

FOR THE 9 MONTHS ENDED September 30, 1989

PERIOD	NUMBER OF GUEST ROOMS IN PROPERTY	NUMBER OF AVAILABLE ROOMS	NUMBER OF OCCUPIED ROOMS	AVERAGE RATE PER OCCUPIED ROOM	OCCUPANCY RATE	NUMBER OF GUESTS ACCOMMODATED	AVERAGE RATE PER GUEST ACCOMMODATED
JANUARY	516	15,937	11,670	\$ 90.55	73.2 %	23,159	\$45.63
FEBRUARY	516	14,424	11,470	\$ 91.39	79.5 %	22,940	\$45.69
MARCH	516	15,531	12,292	\$ 90.76	79.1 %	24,584	\$45.38
1ST QUARTER TOTALS		45,892	35,432	\$ 90.89	77.2 %	70,683	\$45.56
APRIL	516	15,480	12,482	\$ 99.11	80.6 %	23,091	\$53.57
MAY	516	15,938	12,911	\$ 96.73	81.0 %	25,822	\$48.37
JUNE	516	15,424	13,229	\$ 99.14	85.8 %	26,457	\$49.57
2ND QUARTER TOTALS		46,842	38,622	\$ 98.33	82.5 %	75,370	\$50.39
JULY	516	15,979	13,058	\$111.88	81.7 %	26,116	\$55.94
AUGUST	516	15,957	12,494	\$108.43	78.3 %	24,988	\$54.21
SEPTEMBER	516	15,009	11,501	\$ 93.07	76.6 %	23,002	\$46.54
3RD QUARTER TOTALS		46,945	37,053	\$104.88	78.9 %	74,106	\$52.44
OCTOBER				\$	%		\$
NOVEMBER				\$	%		\$
DECEMBER				\$	%		\$
4TH QUARTER TOTALS				\$	%		\$
ANNUAL TOTALS				\$	%		\$

TROPWORLD

CASINO AND ENTERTAINMENT RESORT

QUARTERLY REPORT

PROPOSED
NEW JERSEY 974-901
C193
NOV 27 1989
185 W. STATE ST.
TRENTON, NJ

October 15, 1989

Charles T. Larkin
of Financial Analysts
and Control
Social Evaluation Unit
Princeton
Box 5, CN-209
Princeton, NJ 08529

Adamar of New Jersey, Inc.
dba TropWorld Casino & Entertainment Resort
LICENSEE
ADDRESS Brighton Avenue & the Boardwalk
Atlantic City, NJ 08401-6390

Enclosed is the following originally signed Adamar of New Jersey, Inc. Quarterly Report (plus two copies) for September 30, 1989.

FOR THE QUARTER ENDED September 30, 1989, 1989

Please note the following revisions:

Page II-5 Complimentary Services for June 30, 1989:
The number of recipients of Promotional Allowance - Other has been changed to 112,479 and \$1,132 for the six months ended and quarter ended, respectively.

Page II-7, Cost of Goods and Services and Selling, General and Administrative, 1988 and 1989 and for the six months ended March 31, 1989 and 1988 and for the six months ended June 30, 1989 and 1988 to include Workmen's Compensation.

TO THE
CASINO CONTROL COMMISSION
OF THE
STATE OF NEW JERSEY



If you have any questions or need additional information, please contact me at (609) 340-4191. Thank you for your time and cooperation.

Sincerely,
Matthew Bracaliello
Matthew Bracaliello
Financial Accountant

NAME OF OFFICER IN CHARGE OF CORRESPONDENCE REGARDING THIS QUARTERLY REPORT . . . Lester Brzozowski

OFFICIAL TITLE Vice President of Finance

ADDRESS Brighton Avenue & the Boardwalk
Atlantic City NJ 08401-6390

TROPWORLD

CASINO AND ENTERTAINMENT RESORT

LIST OF FORMS - QUARTERLY REPORT

Nov 15 4 12 PM '89

November 15, 1989

Mr. Charles T. Larkin
Senior Financial Analyst
Casino Control Commission
Financial Evaluation Unit
3131 Princeton Pike
Building 5, CN-208
Trenton, NJ 08625

Dear Chuck:

Please find enclosed the following originally signed Adamar of New Jersey, Inc. Quarterly Report (plus two copies) for September 30, 1989.

Please note the following revisions:

- 1- Note II-5 Complimentary Services for June 30, 1989: the number of recipients of Promotional Allowances - Other has been changed to 112,479 and 63,139 for the six months ended and quarter ended, respectively.
- 2- Statement of Cash Flow, CCC 235 Line 27: Cash Paid for interest (net of amount capitalized) for the nine months ended September 30, 1988 has been revised to reflect cash payments for interest offset by capitalized interest to the extent of cash payments.
- 3- Note II-7, Cost of Goods and Services and Selling, General and Administrative, has been revised for the three months ended March 30, 1989 and 1988 and for the six months ended June 30, 1989 and 1988 to include Workmans Compensation.

If you have any questions or require additional information, please contact me at (609) 340-4293. Thank you for your time and cooperation.

Sincerely,

Matthew Bracaliello

Matthew Bracaliello
Financial Accountant

Enclosures

TRADING NAME OF LICENSEE TropWorld Casino & Entertainment Resort

LIST OF FORMS — QUARTERLY REPORT

FOR THE QUARTER ENDED September 30, 1989

<u>TITLE</u>	<u>FORM NO.</u>
Balance Sheets	CCC-205
Statements of Income (Year-to-Date)	CCC-210
Statements of Income (Three Months)	CCC-215
Statements of Changes in Stockholders' Equity	CCC-220
Statements of Changes in Partners' or Proprietor's Equity	CCC-225
Statements of Cash Flows	CCC-235
Notes to Financial Statements	
Schedule of Receivables and Patrons' Checks	CCC-240
Statement of Conformity and Accuracy	CCC-250

The accompanying notes are an integral part of the financial statements. Valid comparisons should be made without using information contained in the notes.

BALANCE SHEETS

FOR THE September 30, 19 83 AND 82
 (UNAUDITED)
 \$ IN THOUSANDS

LINE	DESCRIPTION	1983	1982
ASSETS			
Current Assets:			
1	Cash	\$ 7,540	\$ 1,530
2	Marketable Securities	-0-	-0-
3	Receivables and patrons' checks net of allowance for doubtful accounts 1983, \$9,135 ; 1982, \$9,065	16,508	13,884
4	Inventories	1,391	1,363
5	Prepaid expenses and other current assets	1,765	2,163
6	Total current assets	30,304	22,031
7	Investments, Advances, and Receivables.....(Note III-1, II-7)	30,110	31,013
8	Property and Equipment - Net.....(Note II-1)	250,579	234,156
9	Other Assets	3,753	4,192
10	Total Assets	\$ 316,748	\$ 291,392
LIABILITIES AND EQUITY			
Current Liabilities:			
11	Accounts payable	\$ 2,974	\$ 3,249
12	Notes payable	-0-	-0-
Current portion of long-term debt:			
13	Due to affiliates	-0-	-0-
14	Other.....(Note II-2)	116,218	3,324
15	Income taxes payable and accrued	(2,777)	357
16	Other accrued expenses.....(Note III-2)	19,790	13,348
17	Other current liabilities.....(Note III-3)	3,473	15,106
18	Total current liabilities	139,678	41,494
Long-Term Debt:			
19	Due to affiliates	-0-	-0-
20	Other.....(Note II-2)	6,311	33,258
21	Deferred Credits.....(Note II-3)	4,130	(2,333)
22	Other Liabilities.....(Note II-7, III-4)	42,532	26,652
23	Commitments and Contingencies (Note II-4)		
24	Total Liabilities	191,811	154,531
25	Stockholders', Partners', Or Proprietor's Equity	124,937	136,861
26	Total Liabilities and Equity	\$ 316,748	\$ 291,392

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

STATEMENTS OF INCOME

FOR THE NINE MONTHS ENDED September 30, 1999 AND 1998

UNAUDITED
\$ IN THOUSANDS

LINE	DESCRIPTION	9/30/1999	9/30/1998
	Revenue:	\$	\$
1	Casino.....	220,384	173,313
2	Hotels.....	19,897	18,783
3	Food and beverage.....	33,255	28,723
4	Other.....	8,270	4,005
5	Total revenue.....	281,806	224,824
6	Less: Promotional allowances..... Note II-5)	29,715	17,526
7	Net revenue.....	252,091	207,298
	Costs And Expenses:		
8	Cost of goods and services.....(Note II-7)	130,949	94,561
9	Selling, general, and administrative.....(Note II-6, II-7)	73,386	55,665
10	Provision for doubtful accounts.....	2,789	991
11	Depreciation and amortization.....	19,030	9,004
	Charges from affiliates other than interest:		
12	Management fees.....(Note II-7)	495	366
13	Other.....(Note II-7)	37,277	33,330
14	Total costs and expenses.....	265,426	194,469
15	Income (Loss) From Operations.....	12,537	15,693
	Other Income (Expenses):		
16	Interest (expense) - affiliates.....	-0-	-0-
17	Interest (expense) - external.....(Note II-8)	(12,159)	75
18	Investment alternative tax and related income (expense) - net.....(II-4)	(896)	(659)
19	Nonoperating income (expense) - net.....(Note III-5)	15,090	13,913
20	Total other income (expenses).....	2,025	13,184
21	Income (Loss) Before Income Taxes And Extraordinary Items.....	(10,512)	7,491
22	Provision (credit) for income taxes.....(Note II-9)	(4,686)	3,525
23	Income (Loss) Before Extraordinary Items.....	(15,198)	4,016
24	Extraordinary items (net of income taxes - 1999, \$ -0- ; 1998, \$ -0-).....	-0-	-0-
25	Net Income (Loss).....	\$ (15,198)	\$ 4,016

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

STATEMENTS OF INCOME

FOR THE THREE MONTHS ENDED September 30, 1989 AND 1988

(UNAUDITED)
 \$ IN THOUSANDS

LINE	DESCRIPTION	1989	1988
	Revenue:		
1	Casino.....	86,199	63,449
2	Hotels.....	7,956	4,549
3	Food and beverage.....	11,995	7,910
4	Other.....	3,512	1,830
5	Total revenue.....	109,662	77,738
6	Less: Promotional allowances..... (Note II-5)	11,083	6,819
7	Net revenue.....	98,579	70,919
	Costs And Expenses:		
8	Cost of goods and services..... (Note II-7)	47,513	34,596
9	Selling, general, and administrative..... (Note II-6, II-7)	25,971	18,059
10	Provision for doubtful accounts.....	1,107	677
11	Depreciation and amortization.....	4,645	3,063
	Charges from affiliates other than interest:		
12	Management fees..... (Note II-7)	141	151
13	Other..... (Note II-7)	12,437	11,971
14	Total costs and expenses.....	91,814	67,917
15	Income (Loss) From Operations.....	6,775	3,002
	Other Income (Expenses):		
16	Interest (expense) - affiliates.....	-0-	-0-
17	Interest (expense) - external..... (Note II-8)	(4,363)	(27)
18	Investment alternative tax and related income (expense) - net. (II-4)	(372)	(252)
19	Nonoperating income (expense) - net..... (Note III-5)	5,306	5,190
20	Total other income (expenses).....	571	4,911
21	Income (Loss) Before Income Taxes And Extraordinary Items.....	7,346	7,913
22	Provision (credit) for income taxes..... (Note II-9)	3,209	3,724
23	Income (Loss) Before Extraordinary Items.....	4,137	4,189
24	Extraordinary items (net of income taxes - 1989, \$ -0- ; 1988, \$ -0-).....	-0-	-0-
25	Net Income (Loss).....	\$ 4,137	\$ 4,189

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

CCC-215

4.86

STATEMENTS OF CHANGES IN STOCKHOLDERS' EQUITY

FOR THE nine MONTHS ENDED September 30, 19 89 AND 1988

(UNAUDITED)
(\$ IN THOUSANDS)

LINE (a)	DESCRIPTION (b)	19 89		19 88	
		(c) SHARES	(d) DOLLARS	(e) SHARES	(f) DOLLARS
	Common Stock:		\$		\$
1	Beginning balance (January 1)	100	1	100	1
2	Sale of stock				
3	.....			
4	Ending balance	100	1	100	1
	Preferred Stock:				
5	Beginning balance (January 1)	70,609	78,902	70,609	78,902
6	Sale of stock				
7	.....			
8	Ending Balance	70,609	78,902	70,609	78,902
	Additional Paid-in Capital:				
9	Beginning balance (January 1)		29,565		29,565
10	.....			
11	.....			
12	Ending balance		29,565		29,565
	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)		22,295		24,427
26	Prior period adjustments				
27	Net income (loss)		(5,826)		3,966
28	Dividends		()		()
29	.....			
30	.....			
31	Ending balance		16,469		28,393
32	Ending Stockholders' Equity		\$124,937		\$136,861

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 nine MONTHS ENDED September 30 19 89 AND 19 88

(UNAUDITED)
(\$ IN THOUSANDS)

LINE (a)	DESCRIPTION (b)	(c) 19 ____	(d) 19 ____
	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	Ending balance	()	()
17	.....	
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.

STATEMENTS OF CASH FLOW

FOR THE Nine MONTHS ENDED September 30, 1999 AND 1998

UNAUDITED
\$ IN THOUSANDS

LINE	DESCRIPTION	9/ 1999	9/ 1998
1	Net Cash Provided (Used) By Operating Activities.....	\$ 10,716	\$ 16,414
	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.....	11,060	82,833
5	Proceeds from disposition of property and equipment.....	24	-0-
6	Purchase of casino reinvestment obligations.....	10,739	10,119
7	Purchase of other investments and loans/advances made.....	4,469	4,271
8	Proceeds from disposal of investments and collection of advances and long-term receivables.....	4,829	11,992
9	Cash outflows to acquire business entities.....		
10			
11			
12	Net Cash Provided (Used) By Investing Activities.....	(13,314)	77,165
	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.....	13,515	61,436
16	Costs of issuing debt.....		
17	Payments to settle long-term debt.....	(7,191)	(5,734)
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.....	6,334	55,702
24	Net Increase (Decrease) In Cash And Cash Equivalents.....	3,756	(5,030)
25	Cash And Cash Equivalents At Beginning Of Period.....	3,884	8,920
26	Cash And Cash Equivalents At End Of Period.....	\$ 7,640	\$ 3,890

SUPPLEMENTAL DISCLOSURE OF CASH FLOW INFORMATION

27	Cash Paid During Period For:		
	Interest (net of amount capitalized).....	\$ 8,309	\$ -0-
28	Income Taxes.....	\$ -0-	\$ 422

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

STATEMENTS OF CASH FLOW

FOR THE Nine MONTHS ENDED September 30, 1989 AND 1988

(UNAUDITED)

(S IN THOUSANDS)

LINE	DESCRIPTION	1989	1988
3			
	Net Cash Flows From Operating Activities:		
38	Net income (loss).....	\$ 5,826	\$ 3,966
	Noncash items included in income and cash items excluded from income:		
39	Depreciation and amortization of property and equipment.....	14,294	8,651
40	Amortization of other assets.....	3,716	183
41	Amortization of debt discount or premium.....		
42	Deferred income taxes - current.....		
43	Deferred income taxes - noncurrent.....	1,668	3,001
44	Gain (loss) on disposition of property and equipment.....	119	75
45	Gain (loss) on casino reinvestment obligations.....	996	658
46	Gain (loss) from other investment activities.....		
47	Net (increase) decrease in receivables and patrons' checks.....	2,584	2,696
48	Net (increase) decrease in inventories.....	139	397
49	Net (increase) decrease in other current assets.....	312	(64)
50	Net (increase) decrease in other assets.....	22	(2,870)
51	Net increase (decrease) in accounts payables.....	(1,000)	2,648
52	Net increase (decrease) in other current liabilities excluding debt.....	(4,043)	5,060
53	Net increase (decrease) in other noncurrent liabilities excluding debt.....	2,903	4,271
54			
55			
56	Net Cash Provided (Used) By Operating Activities.....	\$ 10,736	\$ 16,434

SUPPLEMENTAL SCHEDULE OF NONCASH INVESTING AND FINANCING ACTIVITIES

48	Acquisition Of Property And Equipment:		
49	Additions to property and equipment.....	\$ (13,503)	\$ (85,910)
50	Less: Capital lease obligations incurred.....	" (2,443)	(3,271)
51	Cash Outflows For Property And Equipment.....	\$ (11,060)	\$ (82,639)
52	Acquisition Of Business Entities:		
53	Property and equipment acquired.....	\$	\$
54	Goodwill acquired.....		
55	Net assets acquired other than cash, goodwill, and property and equipment.....		
56	Long-term debt assumed.....		
57	Issuance of stock or capital invested.....		
58	Cash Outflows To Acquire Business Entities.....	\$	\$
59	Stock Issued Or Capital Contributions:		
60	Total issuances of stock or capital contributions.....	\$	\$
61	Less: Issuances to settle long-term debt.....		
62	Consideration in acquisition of business entities.....		
63	Cash Proceeds From Issuing Stock Or Capital Contributions.....	\$	\$

* CAPITAL LEASE OBLIGATIONS OF \$2,476 AND \$3,271 WERE INCURRED FOR 1989 AND 1988 RESPECTIVELY, WHEN ADAMAR ENTERED INTO NEW PROPERTY AND EQUIPMENT LEASES. CAPITAL LEASES OBLIGATION RETIREMENTS OF \$33 WERE INCURRED FOR 1989.

NOTE 2. LONG-TERM DEBT

At September 30, 1989 and 1988, long-term debt consisted of:

	1989	1988
Notes payable; prime rate plus 1%	-	\$ 450,000
Notes payable; prime rate plus 1%	-	321,000
ADAMAR OF NEW JERSEY, INC. DBA TROPWORLD CASINO AND ENTERTAINMENT RESORT NOTES TO CONSOLIDATED FINANCIAL STATEMENTS FOR THE NINE MONTHS ENDED SEPTEMBER 30, 1989 AND 1988		

I. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

NOTE 1. DISCLOSURES NOT PRESENTED

Certain footnotes have not been presented in these Notes to Consolidated Financial Statements. These footnotes would be a duplicate of items contained in the Casino Control Commission Annual Report for the year ended December 31, 1988.

The specific footnotes not presented are the summary of significant accounting policies and lease obligations. The footnotes contained in the December 31, 1988 Annual Report should be read in conjunction with these financial statements.

II. SIGNIFICANT INFORMATION

NOTE 1. PROPERTY AND EQUIPMENT

At September 30, 1989 and 1988, the components of property and equipment consisted of:

	<u>1989</u>	<u>1988</u>
Land	\$ 36,307,000	\$ 35,707,000
Building, furniture and fixtures	271,724,000	236,612,000
Less accumulated depreciation	(61,270,000)	(45,973,000)
Construction in progress	<u>3,818,000</u>	<u>7,810,000</u>
Total Property and Equipment	<u>\$250,579,000</u>	<u>\$234,156,000</u>

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

NOTE 2. COMMITMENTS AND CONTINGENCIES

Licensing

On November 26, 1962, the Company was granted a permanent gaming license by the New Jersey Casino Control Commission. The license is renewable on an annual basis until 1989 when it becomes renewable biennially thereafter. The Commission voted to renew the license on October 27, 1988 effective November 26, 1988. Management has received no indication that future renewals will not be granted.

NOTE 2. LONG-TERM DEBT

At September 30, 1989 and 1988, long-term debt consisted of:

	<u>1989</u>	<u>1988</u>
Note payable; prime minus 1%;	\$ -0-	\$ 450,000
Mortgage payable; 10%;	-0-	321,000
Construction and term loan payable; various interest rate options ranging from prime plus 3/4% to LIBOR plus 1 3/4%, matures 1990	112,008,000	80,337,000
Obligations under capital leases	<u>10,521,000</u>	<u>16,484,000</u>
	122,529,000	97,592,000
Less current portion	<u>(116,218,000)</u>	<u>(8,324,000)</u>
Long-term portion	<u>\$ 6,311,000</u>	<u>\$89,268,000</u>

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

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

1989	\$ 2,471,000
1990	114,583,000
1991	2,109,000
1992	1,767,000
1993	1,245,000
Thereafter	<u>354,000</u>
TOTAL	<u>\$122,529,000</u>

NOTE 3. DEFERRED CREDITS

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

NOTE 4. COMMITMENTS AND CONTINGENCIES

Licensing

On November 26, 1982, the Company was granted a permanent gaming license by the New Jersey Casino Control Commission. The license is renewable on an annual basis until 1989 when it becomes renewable biennially thereafter. The Commission voted to renew the license on October 27, 1988 effective November 26, 1988. Management has received no indication that future renewals will not be granted.

NOTE 2. COMPLIMENTARY SERVICES

The Company has entered into an agreement providing for the lease of land across from TropWorld Casino and Entertainment Resort to an unrelated party. As part of the agreement, the lessee has constructed a parking structure on that site and has charge of the parking operation for the term of the lease. The Company is committed to pay the lessee an amount, if any, to assure that over the ninety-five year term of the lease, the parking structure has gross revenues of at least (i) \$1,600,000 (adjusted, after the tenth year, for changes in the Consumer Price Index) between September 15th of each year and May 15th of the next year and (ii) \$2,000,000 (increased each year by \$100,000 and calculated cumulatively) between May 16th and September 14th of each year.

The New Jersey Casino Control Act imposes an annual tax on gross revenue (as defined) in the amount of eight percent. Pursuant to legislation adopted in 1984, casino licensees are required to invest an additional one and one-quarter percent of gross casino revenues for the purchase of bonds to be issued by the Casino Reinvestment Development Authority ("CRDA") or make other approved investments equal to that same amount; in the event the investment requirement is not met, the casino licensee is subject to a tax on gross casino revenues in the amount of two and one-half percent. 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, as defined, and published by a national bond index at the time of the CRDA bond issuance. Adamar's reinvestment obligation at September 30, 1989 and 1988, respectively, was \$2,738,000 and \$2,138,000 for the purchase of CRDA bonds and, accordingly, the Company recorded a loss provision of \$896,000 and \$658,000 to recognize the effect of the below market interest rate the bonds would borne had they been issued on September 30, 1989 and 1988, respectively.

	1989	1988	1987	1986
Room	28,421	2,125,200	182	2,000
Food	428,000	4,279,200	20,200	428,000
Beverage	1,428,200	2,111,000	100	1,428,200
Travel	0	0	2,000	100,000
Showroom/Parking	0	0	0	0
Tivoli Pier	80,000	100,000	2,700	80,000
Coin Payments	0	0	100,000	10,000,000
Other	25,200	20,000	2,000	20,000
Total	2,279,621	8,635,400	212,902	11,488,000

NOTE 3. ACRUIT PAYMENTS

Subject payments for the nine months ending September 30, 1989 are:

	PAYMENTS DEDUCTIBLE AS CHARITABLE CONTRIBUTIONS		STATE PAYMENTS	
	Number of Bonds	Dollar Amount	Number of Bonds	Dollar Amount
Motor Vehicles	100	1,000	1	1,000
Total	100	1,000	1	1,000

NOTE 5. COMPLIMENTARY SERVICES

The amount of promotional allowances and promotional expenses for the nine months ended September 30, 1989 are:

	<u>PROMOTIONAL ALLOWANCES</u>		<u>PROMOTIONAL EXPENSE</u>	
	<u>Number of Recipients</u>	<u>Dollar Amount</u>	<u>Number of Recipients</u>	<u>Dollar Amount</u>
Room	82,328	\$ 8,371,000	451	\$ 18,000
Food	1,223,367	11,989,000	69,285	679,000
Beverage	4,241,455	5,726,000	-0-	-0-
Travel	-0-	-0-	8,009	2,803,000
Showroom/Boxing/ Tivoli Pier	173,544	704,000	16,677	334,000
Coin Payouts	-0-	-0-	2,283,953	29,281,000
Other	<u>192,451</u>	<u>1,925,000</u>	<u>51,346</u>	<u>513,000</u>
Total	<u>5,913,145</u>	<u>\$28,715,000</u>	<u>2,429,721</u>	<u>\$33,628,000</u>

The amount of promotional allowances and promotional expenses for the quarter ended September 30, 1989 are:

	<u>PROMOTIONAL ALLOWANCES</u>		<u>PROMOTIONAL EXPENSE</u>	
	<u>Number of Recipients</u>	<u>Dollar Amount</u>	<u>Number of Recipients</u>	<u>Dollar Amount</u>
Room	29,427	\$ 3,405,000	181	\$ 7,000
Food	436,664	4,279,000	24,285	238,000
Beverage	1,639,155	2,311,000	-0-	-0-
Travel	-0-	-0-	2,693	942,000
Showroom/Boxing/ Tivoli Pier	93,831	288,000	2,719	55,000
Coin Payouts	-0-	-0-	757,723	10,283,000
Other	<u>79,972</u>	<u>800,000</u>	<u>16,396</u>	<u>163,000</u>
Total	<u>2,279,049</u>	<u>\$11,083,000</u>	<u>803,997</u>	<u>\$11,688,000</u>

NOTE 6. JACKPOT PAYOUTS

Jackpot payouts for the nine months ending September 30, 1989 are:

	<u>PAYOUTS INCLUDED IN PROMOTIONAL ALLOWANCES</u>		<u>OTHER PAYOUTS</u>	
	<u>Number of Payouts</u>	<u>Dollar Amount</u>	<u>Number of Payouts</u>	<u>Dollar Amount</u>
Motor Vehicles	<u>-0-</u>	<u>\$ -0-</u>	<u>3</u>	<u>\$ 71,574</u>
Total	<u>-0-</u>	<u>\$ -0-</u>	<u>3</u>	<u>\$ 71,574</u>

Jackpot payouts for the three months ending September 30, 1989 are:

	<u>PAYOUTS INCLUDED IN PROMOTIONAL ALLOWANCES</u>		<u>OTHER PAYOUTS</u>	
	<u>Number of Payouts</u>	<u>Dollar Amount</u>	<u>Number of Payouts</u>	<u>Dollar Amount</u>
Motor Vehicles	<u>-0-</u>	<u>\$ -0-</u>	<u>-0-</u>	<u>\$ -0-</u>
Total	<u>-0-</u>	<u>\$ -0-</u>	<u>-0-</u>	<u>\$ -0-</u>

NOTE 7. Due to affiliates is reflected in Other Liabilities. The identity of the affiliates and corresponding balances are:

	<u>1989</u>	<u>1988</u>
Due to Atlantic-Deauville, Inc.	\$22,191,000	\$10,225,000
Due to Tropicana West	290,000	107,000
Due to Ramada, New Jersey, Inc.	<u>2,554,000</u>	<u>2,180,000</u>
	<u>\$25,035,000</u>	<u>\$12,512,000</u>

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

	<u>1989</u>	<u>1988</u>
Advances to Ramada Inc.	<u>\$ 3,258,000</u>	<u>\$ 8,132,000</u>

For the nine months ended September 30, 1989 and 1988 the Company incurred management fees from Ramada Inc. of \$495,000 and \$366,000, respectively.

The nature of "Charges from affiliates - other" for the nine months ended September 30, 1989 and 1988 are as follows:

	<u>1989</u>	<u>1988</u>
Basic rent AGP (benefit) for income taxes from	\$36,756,000	\$33,361,000
Rent	<u>521,000</u>	<u>521,000</u>
Total	<u>\$37,277,000</u>	<u>\$33,882,000</u>

For the nine months ended September 30, 1989 and 1988 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:

Federal Current	\$ (1,745,000)	\$ (2,488,000)
Total Current	<u>(6,355,000)</u>	<u>(8,745,000)</u>
TOTAL	<u>\$ (4,686,000)</u>	<u>\$ (3,525,000)</u>

COST OF GOODS AND SERVICES

	<u>1989</u>	<u>1988</u>
Executive Deferred Compensation Plan	\$ 3,000	\$ 2,000
Property Insurance	545,000	519,000
Miscellaneous Purchases	1,000	25,000
Executive Employee Relocation	4,000	3,000
Workmans Compensation	<u>599,000</u>	<u>537,000</u>
Total	<u>\$1,152,000</u>	<u>\$ 1,086,000</u>

SELLING, GENERAL AND ADMINISTRATIVE

	<u>1989</u>	<u>1988</u>
Insurance (1)	\$1,297,000	\$ 1,239,000
Executive Deferred Compensation Plan	38,000	21,000
Legal & Professional Fees	365,000	61,000
Workmans Compensation	<u>113,000</u>	<u>76,000</u>
	<u>1,813,000</u>	<u>1,397,000</u>
Total	<u>\$2,965,000</u>	<u>\$ 2,483,000</u>

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

NOTE 8. INTEREST

Interest expenses of \$12,169,000 and \$76,000 in the first nine months of 1989 and 1988, respectively, is comprised of interest on capital leases, notes and mortgages.

	<u>1989</u>	<u>1988</u>
Gross Interest Expense	\$12,169,000	\$ 6,742,000
Less Capitalized Interest	-0-	(7,514,000)
Capitalized Interest Allocated to Ramada	<u>-0-</u>	<u>848,000</u>
Total	<u>\$12,169,000</u>	<u>\$ 76,000</u>

NOTE 9. INCOME TAXES/BENEFITS

The provision/(benefit) for income taxes from continuing operations is comprised of the following:

	<u>1989</u>	<u>1988</u>
State Deferred	\$ 690,000	\$ (559,000)
Federal Deferred	<u>978,000</u>	<u>(2,662,000)</u>
Total Deferred	<u>1,668,000</u>	<u>(3,221,000)</u>
State Current	(4,609,000)	1,258,000
Federal Current	<u>(1,745,000)</u>	<u>5,488,000</u>
Total Current	<u>(6,354,000)</u>	<u>6,746,000</u>
TOTAL	<u>\$ (4,686,000)</u>	<u>\$ 3,525,000</u>

The following table provides a reconciliation between the provision/(benefit) for income taxes on continuing operations and the federal statutory rate (1989-34%, 1988-40%) when both are expressed as a percentage of pretax income/(loss):

	<u>1989</u>	<u>1988</u>
Computed expected tax expense	34.0%	40.0%
Increase in tax resulting from:		
State taxes, net	6.6%	5.6%
Permanent tax difference	<u>4.0%</u>	<u>1.5%</u>
Total	<u>44.6%</u>	<u>47.1%</u>

For income tax purposes, Adamar is included in Ramada's consolidated corporate, federal income tax return.

III. SUPPORTING SCHEDULES FOR MATERIAL ITEMS

NOTE 1. INVESTMENTS, ADVANCES, AND RECEIVABLES

At September 30, 1989 and 1988, Investments, Advances, and Receivables consisted of the following:

	<u>1989</u>	<u>1988</u>
Due from affiliates	\$ 3,258,000	\$ 8,132,000
CRDA investment	11,026,000	8,658,000
Mortgage receivable	17,571,000	12,709,000
Long-term investment	-0-	1,382,000
Long-term note receivable	<u>257,000</u>	<u>132,000</u>
Total	<u>\$ 32,112,000</u>	<u>\$ 31,013,000</u>

NOTE 2. OTHER ACCRUED EXPENSES

At September 30, 1989 and 1988, Other accrued expenses consisted of the following:

	<u>1989</u>	<u>1988</u>
Accrued payroll taxes and benefits	\$ 6,480,000	\$ 5,971,000
Accrued advertising	1,307,000	773,000
Accrued rent	255,000	384,000
Accrued taxes	696,000	410,000
Accrued progressive slot win	4,170,000	3,091,000
Accrued CCC & DGE	1,004,000	511,000
Accrued miscellaneous	1,805,000	1,122,000
Other	<u>3,073,000</u>	<u>1,586,000</u>
Total	<u>\$ 18,790,000</u>	<u>\$ 13,848,000</u>

NOTE 3. OTHER CURRENT LIABILITIES

At September 30, 1989 and 1988, Other current liabilities consisted of the following:

	<u>1989</u>	<u>1988</u>
Reinvestment obligation	\$ 1,070,000	\$ 797,000
Accrued construction payables	484,000	12,992,000
Other	<u>1,919,000</u>	<u>1,317,000</u>
Total	<u>\$ 3,473,000</u>	<u>\$ 15,106,000</u>

NOTE 4. OTHER LIABILITIES

At September 30, 1989 and 1988, Other liabilities consisted of the following:

	<u>1989</u>	<u>1988</u>
Due to affiliates	\$ 25,035,000	\$ 12,512,000
Deferred rent	<u>17,597,000</u>	<u>14,140,000</u>
TOTAL	<u>\$ 42,632,000</u>	<u>\$ 26,652,000</u>

NOTE 5. NON-OPERATING INCOME/(EXPENSE)

For the period ending September 30, 1989 and 1988, Non-operating income/(expense) consisted of the following:

	<u>1989</u>	<u>1988</u>
Interest income	\$ 2,475,000	\$ 1,880,000
Administration fee	75,000	75,000
Leased land rental	4,156,000	4,157,000
Maintenance reimbursement	8,603,000	7,881,000
Loss on disposal of property and equipment	<u>(219,000)</u>	<u>(75,000)</u>
Total	<u>\$ 15,090,000</u>	<u>\$ 13,918,000</u>

SCHEDULE OF RECEIVABLES AND PATRONS' CHECKS

STATEMENT OF LIABILITY AND ACCURACY

September 30, 1988

(UNAUDITED)

(\$ IN THOUSANDS)

ACCOUNTS RECEIVABLE BALANCES

LINE	DESCRIPTION	ACCOUNT BALANCE	ALLOWANCE	ACCOUNTS RECEIVABLE-NET OF ALLOWANCE
1	Patrons' Checks:	\$		
1	Undeposited patrons' checks.....	7,393		
2	Returned patrons' checks.....	13,510		
3	Total patrons' checks.....	20,903	9,615	11,288
4	Hotel Receivables.....	3,385	(221)	3,164
5	Other Receivables:			
5	Receivables due from officers and employees..	25		
6	Receivables due from affiliates.....	-0-		
7	Other accounts and notes receivables.....	2,431		
8	Total other receivables.....	2,456		2,456
9	Totals (Form 205).....	\$ 26,744	\$ 9,836	\$ 16,908

UNDEPOSITED PATRONS' CHECKS ACTIVITY

LINE	DESCRIPTION	AMOUNT
	(a)	(b)
10	Beginning Balance (January 1).....	\$ 5,429
11	Counter checks issued (excluding counter checks issued through transactions relating to consolidations, partial redemptions, substitutions, and patrons' cash deposits).....	167,776
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).....	(121,319)
13	Checks collected through deposits.....	(37,593)
14	Checks transferred to returned checks.....	6,900
15	Other adjustments.....	-0-
16	Ending Balance.....	\$ 7,393
17	"Hold" Checks Included in Balance On Line 16.....	\$ -0-
18	Provision For Uncollectible Patrons' Checks.....	\$ 2,571
19	Provision As A Percent Of Counter Checks Issued.....	1.5 %

STATEMENT OF CONFORMITY AND ACCURACY

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

Lester Brzozowski, being duly sworn according to law upon my oath
 Name

deposes and says:

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

Lester Brzozowski

Signature

Vice President/Finance

Title

03032-11

License Number

Subscribed and sworn to
 before me this 10 day
 of November, 1989

On Behalf Of:

Colore Durfor

 Signature

TropWorld Casino & Entertainment

 Casino Licensee Resort

COLORE DURFOR
NOTARY PUBLIC OF NEW JERSEY
 My Commission Expires Aug. 22, 1993

Basis of Authority
 to Take Oaths

TRADING NAME OF LICENSEE TROPWORLD CASINO AND ENTERTAINMENT RESORT

HOTEL STATISTICS

TOP HOTEL IN STATE FOR MONTH OF September 30, 1989

HOTEL STATISTICS

FOR THE 9 MONTHS ENDED September 30, 1989

PERIOD	NUMBER OF GUEST ROOMS IN PROPERTY	NUMBER OF AVAILABLE ROOMS	NUMBER OF OCCUPIED ROOMS	AVERAGE RATE PER OCCUPIED ROOM	OCCUPANCY RATE	NUMBER OF GUESTS ACCOMMODATED	AVERAGE RATE PER GUEST ACCOMMODATED
JANUARY	1,014	28,392	20,450	\$ 72.72	72.0 %	38,790	\$ 38.34
FEBRUARY	1,014	35,490	30,031	\$ 70.16	84.6 %	60,231	\$ 34.98
MARCH	1,014	28,392	25,462	\$ 71.85	89.7 %	50,958	\$ 35.90
1ST QUARTER TOTALS		92,274	75,943	\$ 71.41	82.3 %	149,979	\$ 36.16
APRIL	1,014	28,392	25,553	\$ 74.16	90.0 %	51,752	\$ 36.62
MAY	1,014	35,490	26,471	\$ 87.60	74.6 %	52,979	\$ 43.77
JUNE	1,014	28,392	25,444	\$ 83.02	89.6 %	48,818	\$ 43.27
2ND QUARTER TOTALS		92,274	77,468	\$ 81.66	84.0 %	153,549	\$ 41.20
JULY	1,014	28,392	26,455	\$ 98.33	93.2 %	54,795	\$ 47.47
AUGUST	1,014	35,490	32,913	\$ 99.29	92.7 %	67,705	\$ 48.27
SEPTEMBER	1,014	28,392	24,385	\$ 80.48	85.9 %	47,329	\$ 41.46
3RD QUARTER TOTALS		92,274	83,753	\$ 93.51	90.8 %	169,829	\$ 46.12
OCTOBER				\$	%		\$
NOVEMBER				\$	%		\$
DECEMBER				\$	%		\$
4TH QUARTER TOTALS				\$	%		\$
ANNUAL TOTALS				\$	%		\$

TRUMP CASTLE ASSOCIATES
QUARTERLY REPORT

974-90F
C193
NEW JERSEY PROPERTY
NOV 27 1989
185 W. STATE ST.
TRENTON, N.J.

LICENSEE TRUMP'S CASTLE ASSOCIATES

ADDRESS Huron Avenue & Brigantine Blvd.
Atlantic City, NJ 08401

FOR THE QUARTER ENDED SEPTEMBER 30, 1989

TO THE
CASINO CONTROL COMMISSION
OF THE
STATE OF NEW JERSEY



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

Thomas P. Venier

OFFICIAL TITLE

Vice President Finance

ADDRESS

Huron Avenue & Brigantine Blvd.

Atlantic City, NJ 08401

TRADING NAME OF LICENSEE TRUMP CASTLE HOTEL & CASINO

TRADING NAME OF LICENSEE TRUMP CASTLE HOTEL & CASINO

LIST OF FORMS - QUARTERLY REPORT

FOR THE QUARTER ENDED SEPT. 30, 1989

DESCRIPTION	(d) TO 89	(d) TO 88
ASSETS		
<u>TITLE</u>	<u>FORM NO.</u>	
Balance Sheets	CCC-205	31,733
Statements of Income (Year-to-Date)	CCC-210	12,419
Statements of Income (Three Months)	CCC-215	3,875
Statements of Changes in Stockholders' Equity	CCC-220	3,879
Statements of Changes in Partners' or Proprietor's Equity	CCC-225	51,054
Statements of Cash Flows	CCC-235	6,586
LIABILITIES AND EQUITY		
Schedule of Receivables and Patrons' Checks	CCC-240	367,295
Statement of Conformity and Accuracy	CCC-250	120,665
Due to affiliates		12,558
Other		0
Income taxes payable and accrued		0
Other accrued expenses		74,455
Other current liabilities		13,674
Total current liabilities		43,040
Long Term Debt:		
Due to affiliates		307,274
Other		41,260
Deferred Credits		734
Other Liabilities		20
Commitments And Contingencies		19
Total Liabilities		392,328
Stockholders', Partners', Or Proprietor's Equity		39,364
Total Liabilities And Equity		431,692

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

BALANCE SHEETS

SEPT. 30, 19 89 AND 19 88

(UNAUDITED)
(\$ IN THOUSANDS)

LINE (a)	DESCRIPTION (b)	(c) 19 <u>89</u>	(d) 19 <u>88</u>
ASSETS			
	Current Assets:		
1	Cash	\$ 18,685	\$ 31,731
2	Marketable securities	0	0
3	Receivables and patrons' checks (net of allowance for doubtful accounts - 19 <u>89</u> , \$ 1,978 ; 19 <u>88</u> , \$ 1,835)	19,565	12,419
4	Inventories	3,256	3,075
5	Prepaid expenses and other current assets	4,018	3,829
6	Total current assets	45,524	51,054
7	Investments, Advances, And Receivables	6,763	4,566
8	Property And Equipment - Net (NOTE. 2)	367,295	320,665
9	Other Assets (NOTE. 5)	12,110	12,568
10	Total Assets	\$ 431,692	\$ 388,853
LIABILITIES AND EQUITY			
	Current Liabilities:		
11	Accounts payable (NOTE 6)	\$ 4,911	\$ 12,954
12	Notes payable	0	0
	Current portion of long-term debt:		
13	Due to affiliates	0	0
14	Other	0	0
15	Income taxes payable and accrued	0	0
16	Other accrued expenses (NOTE. 7)	24,455	22,363
17	Other current liabilities (NOTE. 8)	13,674	11,288
18	Total current liabilities	43,040	46,605
	Long-Term Debt:		
19	Due to affiliates (NOTE. 3)	307,274	305,223
20	Other (NOTE. 4)	41,260	8,435
21	Deferred Credits	734	639
22	Other Liabilities	20	19
23	Commitments And Contingencies (NOTE 10)		
24	Total Liabilities	392,328	360,921
25	Stockholders', Partners', Or Proprietor's Equity	39,364	27,932
26	Total Liabilities And Equity	\$ 431,692	\$ 388,853

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

STATEMENTS OF INCOME

FOR THE 9 MONTHS ENDED SEPT. 30, 1989 and 1988

(UNAUDITED)
(\$ IN THOUSANDS)

LINE (a)	DESCRIPTION (b)	(c) 19 <u>89</u>	(d) 19 <u>88</u>
	Revenue:		
1	Casino	\$ 202,566	\$ 191,418
2	Rooms	15,686	14,787
3	Food and beverage	34,939	30,983
4	Other	8,822	7,365
5	Total revenue	262,013	244,553
6	Less: Promotional allowances (NOTE 12)	36,117	29,350
7	Net revenue	225,896	215,203
	Costs And Expenses:		
8	Cost of goods and services	117,387	111,827
9	Selling, general, and administrative	60,394	56,152
10	Provision for doubtful accounts	1,756	2,155
11	Depreciation and amortization	12,771	16,399
	Charges from affiliates other than interest:		
12	Management fees	0	0
13	Other	0	0
14	Total costs and expenses	192,308	186,533
15	Income (Loss) From Operations	33,588	28,670
	Other Income (Expenses):		
16	Interest (expense) - affiliates (NOTE 3)	(31,503)	(31,354)
17	Interest (expense) - external	0	0
18	Investment alternative tax and related income (expense) - net.....	(821)	(758)
19	Nonoperating income (expense) - net	1,418	1,941
20	Total other income (expenses).....	(30,906)	(30,171)
21	Income (Loss) Before Income Taxes And Extraordinary Items.....	2,682	(1,501)
22	Provision (credit) for income taxes	268	(150)
23	Income (Loss) Before Extraordinary Items	2,414	(1,351)
24	Extraordinary items (net of income taxes - 19 <u> </u> , \$; 19 <u> </u> , \$)	0	0
25	Net Income (Loss)	\$ 2,414	\$ (1,351)

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

STATEMENTS OF INCOME

FOR THE THREE MONTHS ENDED SEPT. 30, 19 89 and 19 88

(UNAUDITED)
(\$ IN THOUSANDS)

LINE (a)	DESCRIPTION (b)	(c) 19 <u>89</u>	(d) 19 <u>88</u>
	Revenue:		
1	Casino	\$ 80,698	\$ 69,105
2	Rooms	6,589	5,627
3	Food and beverage	14,130	11,494
4	Other	3,573	3,529
5	Total revenue	104,990	89,755
6	Less: Promotional allowances	15,053	11,301
7	Net revenue	89,937	78,454
	Costs And Expenses:		
8	Cost of goods and services	44,190	40,890
9	Selling, general, and administrative	22,085	16,657
10	Provision for doubtful accounts	748	855
11	Depreciation and amortization	4,425	4,076
	Charges from affiliates other than interest:		
12	Management fees	0	0
13	Other	0	0
14	Total costs and expenses	71,448	62,478
15	Income (Loss) From Operations	18,489	15,976
	Other Income (Expenses):		
16	Interest (expense) - affiliates	(10,533)	(10,506)
17	Interest (expense) - external	0	0
18	Investment alternative tax and related income (expense) - net.....	(326)	(268)
19	Nonoperating income (expense) - net	425	559
20	Total other income (expenses).....	(10,434)	(10,215)
21	Income (Loss) Before Income Taxes And Extraordinary Items.....	8,055	5,761
22	Provision (credit) for income taxes	713	576
23	Income (Loss) Before Extraordinary Items	7,342	5,185
24	Extraordinary items (net of income taxes - 19__, \$; 19__, \$)	0	0
25	Net Income (Loss)	\$ 7,342	\$ 5,185

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 9 MONTHS ENDED SEPT. 30, 19 89 AND 19 88

NOT APPLICABLE

(UNAUDITED)
(\$ IN THOUSANDS)

LINE (a)	DESCRIPTION (b)	19 <u>89</u>		19 <u>88</u>	
		(c) SHARES	(d) DOLLARS	(e) SHARES	(f) DOLLARS
	Common Stock:		\$		\$
1	Beginning balance (January 1)				
2	Sale of stock				
3	.....			
4	Ending balance				
	Preferred Stock:				
5	Beginning balance (January 1)				
6	Sale of stock				
7	.....			
8	Ending Balance				
	Additional Paid-in Capital:				
9	Beginning balance (January 1)				
10	.....			
11	.....			
12	Ending balance				
	Treasury Stock:				
13	Beginning balance (January 1)	()	()
14	Purchase of additional stock	()	()
15	Sale or retirement of stock				
16	Ending balance	()	()
	Subscriptions Receivable For Capital Stock:				
17	Beginning balance (January 1)	()	()
18	.....			
19	.....			
20	Ending balance	()	()
	Net Unrealized Loss On Noncurrent Marketable Equity Securities:				
21	Beginning balance (January 1)	()	()
22	.....			
23	.....			
24	Ending balance	()	()
	Retained Earnings:				
25	Beginning balance (January 1)				
26	Prior period adjustments				
27	Net income (loss)				
28	Dividends	()	()
29	.....			
30	.....			
31	Ending balance				
32	Ending Stockholders' Equity		\$		\$

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

STATEMENTS OF CASH FLOWS

TRADING NAME OF LICENSEE TRUMP CASTLE HOTEL & CASINO

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

FOR THE 9 MONTHS ENDED SEPT. 30, 19 89 AND 19 88

(UNAUDITED)
(\$ IN THOUSANDS)

LINE (a)	DESCRIPTION (b)	(c) 19 <u>89</u>	(d) 19 <u>88</u>
	Invested Capital:		
1	Beginning balance (January 1)	\$ 66,196	\$ 66,196
2	Additional capital invested	5,000	0
3	.....	0	0
4	Ending balance	71,196	66,196
	Accumulated Income (Loss):		
5	Beginning balance (January 1)	4,204	7,322
6	Prior period adjustments	0	0
7	Net income (loss)	2,414	(1,351)
8	.....	0	0
9	Ending balance	6,618	5,971
	Capital Withdrawals:		
10	Beginning balance (January 1)	(42,197)	(42,600)
11	Additional capital withdrawals	(0)	(5,857)
12	Repayment of Withdrawals	3,745	4,222
13	Ending balance	(38,452)	(44,235)
	Net Unrealized Loss On Noncurrent Marketable Equity Securities:		
14	Beginning balance (January 1)	(0)	(0)
15	.....	
16	.....	
17	Ending balance	(0)	(0)
18	Ending Partners' Or Proprietor's Equity	\$ 39,362	\$ 27,932

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

STATEMENTS OF CASH FLOWS

FOR THE 9 MONTHS ENDED Sept. 30, 1989nd 1988
 (UNAUDITED)
 (\$ IN THOUSANDS)

Line (a)	Description (b)	(c) 19 <u>89</u>	(d) 19 <u>88</u>
1	Net Cash Provided (Used) By Operating Activities.....	\$ 8,607	\$ 33,335
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.....	(39,129)	(37,348)
5	Proceeds from disposition of property and equipment.....		143
6	Purchase of casino reinvestment obligations.....	(2,530)	(2,337)
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.....	(41,659)	(39,542)
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.....	23,279	8,435
16	Costs of issuing debt.....		
17	Payments to settle long-term debt.....		
18	Cash proceeds from issuing stock or capital contributions.....	5,000	
19	Purchases of treasury stock.....		
20	Payments of dividends or capital withdrawals.....		(1,635)
21	Repayment of Capital Withdrawals	3,745	
22			
23	Net Cash Provided (Used) By Financing Activities.....	32,024	6,800
24	Net Increase (Decrease) In Cash And Cash Equivalents.....	(1,028)	593
25	Cash And Cash Equivalents At Beginning Of Period	19,713	31,138
26	Cash And Cash Equivalents At End Of Period.....	\$ 18,685	\$ 31,731

SUPPLEMENTAL DISCLOSURE OF CASH FLOW INFORMATION

Cash Paid During Period For:			
27	Interest (net of amount capitalized).....	\$ 29,951	\$ 29,951
28	Income taxes.....	\$ 0	\$ 0

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

STATEMENTS OF CASH FLOWS

FOR THE 9 MONTHS ENDED Sept. 30, 1989 and 1988

(UNAUDITED)

(\$ IN THOUSANDS)

Line (a)	Description (b)	(c) 19 89	(d) 19 88
	Net Cash Flows From Operating Activities:		
29	Net income (loss).....	\$ 2,414	\$ (1,351)
	Noncash items included in income and cash items excluded from income:		
30	Depreciation and amortization of property and equipment.....	12,208	14,983
31	Amortization of other assets.....	563	1,416
32	Amortization of debt discount or premium.....	1,552	1,403
33	Deferred income taxes - current.....	0	0
34	Deferred income taxes - noncurrent.....	289	(150)
35	(Gain) loss on disposition of property and equipment.....	0	(72)
36	(Gain) loss on casino reinvestment obligations.....	821	758
37	(Gain) loss from other investment activities.....	0	0
38	Net (increase) decrease in receivables and patrons' checks.....	(5,707)	(902)
39	Net (increase) decrease in inventories.....	(218)	(133)
40	Net (increase) decrease in other current assets.....	(1,718)	(1,595)
41	Net (increase) decrease in other assets.....	(121)	(588)
42	Net increase (decrease) in accounts payables.....	(17,727)	7,025
43	Net increase (decrease) in other current liabilities excluding debt.....	16,250	12,546
44	Net increase (decrease) in other noncurrent liabilities excluding debt.....	1	(5)
45			
46			
47	Net Cash Provided (Used) By Operating Activities.....	\$ 8,607	\$ 33,335

SUPPLEMENTAL SCHEDULE OF NONCASH INVESTING AND FINANCING ACTIVITIES

48	Acquisition Of Property And Equipment:		
	Additions to property and equipment.....	\$ 39,129	\$ 37,348
49	Less: Capital lease obligations incurred.....	0	0
50	Cash Outflows For Property And Equipment.....	\$ 39,129	\$ 37,348
	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

Allowance for Doubtful Accounts:

The allowance for doubtful accounts is maintained at a level considered adequate for possible future losses. The Partnership has provided \$1,978,000 through September 30, 1985.

TRUMP CASTLE HOTEL & CASINO

NOTES TO FINANCIAL STATEMENTS

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES:

Organization and Operation:

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

Revenue Recognition:

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

Promotional Allowances:

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

Income Taxes/Deferred Credits:

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

Under the New Jersey Casino Control Commission regulations, the Partnership is required to file a consolidated New Jersey corporation business tax return. Accordingly, a provision for state income taxes has been reflected as a deferred credit at 10% in the accompanying financial statements. Deferred state income taxes result primarily from differences in the timing of reporting depreciation for tax and financial statement purposes.

Allowance for Doubtful Accounts:

The allowance for doubtful accounts is maintained at a level considered adequate to provide for possible future losses. The Partnership has provided \$1,978,000 through September 30, 1989.

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 year for buildings.

Original Issuance Discount and Bond Issuance Costs:

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

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

NOTE 2 - PROPERTY AND EQUIPMENT:
(In Thousands of Dollars)

Property and equipment as of September 30:

	<u>1989</u>	<u>1988</u>
Land	\$ 31,767	\$ 28,768
Buildings	236,748	237,120
Furniture, Fixtures and Equipment	74,007	67,016
Construction in Progress	93,297	43,545
Building Improvements	10,667	7,765
	-----	-----
TOTAL	\$446,486	\$384,214
Less Accumulated Depreciation	79,191	63,549
	-----	-----
Net Property and Equipment	\$367,295	\$320,665
	=====	=====

NOTE 3 - LONG TERM DEBT:

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

The Series A-1 Bonds in an aggregate principal amount of \$226,800,000 bear interest at a rate of 13-3/4%, which is payable semiannually, with the principal due in full in 1997. These bonds are redeemable at any time, subject to certain conditions at the option of the Company, at the principal amount plus a premium of 13-3/4%, in the first year, which premium declines ratably each year to zero in the year of maturity. In addition, commencing in 1990, the Company will be required to annually make sinking fund payments in an amount sufficient to redeem 10% of the principal amount of the Series A-1 Bonds up to a maximum of 70% of the principal amount through 1996.

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

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

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

NOTE 4 - LINE OF CREDIT:

In February 1988, the Partnership obtained a line of credit from a bank for \$50,000,000. This line of credit is being used to partially finance an expansion of Trump Castle Hotel & Casino. Interest is payable monthly at 1% above the bank's prime rate. Principal is payable beginning approximately three years from loan origination, and is based on a ten year payout with the balance due in 1998. Security for this loan is identical to that of the first mortgage bonds (Note 3). As of September 30, 1989, the Company had borrowed approximately \$41,260,000 against this line of credit for construction costs, legal fees, and other closing costs. Legal fees and closing costs are included in other assets and the borrowings are included in long term debt - other. As of September 30, 1989, Trump Castle has capitalized \$3,223,000 of interest associated with this borrowing.

NOTE 5 - OTHER ASSETS - (Net):
(In Thousands of Dollars)

Other Assets consist of:	<u>1989</u>	<u>1988</u>
Deferred Loan Cost	\$ 495	\$ 588
Deferred Bond Costs (Net)	11,370	11,980
Other Non-Current Assets	245	---
	-----	-----
TOTAL OTHER ASSETS	<u>\$12,110</u>	<u>\$12,568</u>
	=====	=====

NOTE 6 - ACCOUNTS PAYABLE:
(In Thousands of Dollars)

	<u>1989</u>	<u>1988</u>
Accounts Payable Trade	\$ 4,290	\$1,790
Accounts Payable - Affiliates	0	5,786
Hilton Hotel Corporation	0	5,000
Advance Deposits - Marina	172	84
Other	449	294
	-----	-----
TOTAL ACCOUNTS PAYABLE	<u>\$ 4,911</u>	<u>\$12,954</u>
	=====	=====

NOTE 7 - OTHER ACCRUED EXPENSES:
(In Thousands of Dollars)

Other accrued expenses consist of:	<u>1989</u>	<u>1988</u>
Accrued Payroll	\$3,167	\$ 2,796
Accrued Interest	11,759	11,759
Accrued Advertising/Promotions	2,072	949
Accrued Progressive Jackpots	2,384	2,273
Accrued Payroll Taxes	394	779
Accrued Sick/Vacation	3,889	3,367
Other	790	440
	-----	-----
TOTAL OTHER ACCRUED EXPENSES	<u>\$24,455</u>	<u>\$22,363</u>
	=====	=====

NOTE 8 - OTHER CURRENT LIABILITIES:
(In Thousands of Dollars)

Other current liabilities consist of:	<u>1989</u>	<u>1988</u>
Outstanding Chip Liability	\$1,157	\$1,244
Outstanding Token Liability	133	133
Patron Deposits	151	151
Accrued Utilities	604	389
Accrued Group Health insurance	1,398	1,098
Accrued Insurance	2,232	2,438
A/P Other	2,527	1,606
Accrued Legal	440	130
Accrued CCC/DGE	581	749
Construction Retainage	2,766	2,026
Accrued Inventories	683	496
Accrued CRDA	1,002	828
	-----	-----
TOTAL OTHER CURRENT LIABILITIES	\$13,674	\$11,288
	=====	=====

NOTE 9 - NON-OPERATING INCOME (EXPENSE) - NET:
(In Thousands of Dollars)

Non-operating income for quarter ended September 30, 1989:

	<u>Three Months</u>	
	<u>1989</u>	<u>1988</u>
Discount Earned	\$ 61	\$ 73
Interest Income	364	486
	-----	-----
TOTAL NON-OPERATING INCOME	\$ 425	\$ 559
	=====	=====

Non-operating income for the nine months ended September 30, 1989:

	<u>Nine Months</u>	
	<u>1989</u>	<u>1988</u>
G/L Equipment	\$---	\$ 72
Discount Earned	175	184
Interest Income	1,243	1,685
	-----	-----
TOTAL NON-OPERATING INCOME	\$1,418	\$1,941
	=====	=====

NOTE 10 - COMMITMENTS AND CONTINGENCIES:

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

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

Commencing 12 months after the date of opening (June 17, 1985) and continuing for a period of 25 years thereafter, the Partnership must either obtain investment tax credits, as defined, in an amount equivalent to 1.25% of its gross casino revenues or pay an alternative tax of 2.5% of its gross casino revenues. Investment tax credits may be obtained by the purchase of bonds at below market interest rates from the Casino Reinvestment Development Authority ("CRDA") or by making qualified investments which must be approved by the CRDA. The Partnership is required to make quarterly deposits with the CRDA to satisfy its investment obligation.

At September 30, 1989, the financial statements reflect \$754,000 of below market interest rate bonds issued by the CRDA and \$9,438,000 of deposits towards the purchase of below market interest rate bonds. For the nine months ended September 30, 1989 and 1988, the Partnership charged \$821,000 and \$758,000 respectively, to operations to give effect to the below market interest rates associated with the CRDA bonds. The net investment is included in other assets in the accompanying balance sheets.

The Partnership, along with another Atlantic City casino, has entered into a joint venture agreement with the New Jersey Department of Transportation to fund the construction of certain roadway improvements in the Atlantic City Marina District. The agreement requires that the Partnership make cash contributions totaling \$8,000,000. As of September 30, 1989, the Partnership had made contributions totaling \$2,668,000.

NOTE 11 - EMPLOYEE BENEFIT PLANS:

Effective November 1, 1986, the Company adopted a retirement savings plan for its non-union employees under Section 401K of the Internal Revenue Code. The plan allows employees of the Partnership to defer up to 15% of their income on a pre-tax basis through contributions to the plan. The Partnership will match 50% of eligible employees' contributions up to a maximum of 4% of the individual earnings. The Partnership recorded charges of approximately \$470,000 for matching contributions for the nine months ended September 30, 1989.

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

NOTE 12 - PROMOTIONAL ALLOWANCE AND PROMOTIONAL EXPENSES:

Promotional Allowances and Expenses and number of recipients for the nine months ended September 30, 1989, consisted of the following:

	<u>Promotional Allowances</u>		<u>Promotional Expenses</u>	
	<u>Number of Recipients</u>	<u>Amount</u>	<u>Number of Recipients</u>	<u>Amount</u>
Rooms	132,775	\$10,542,000	---	---
Food	1,070,215	16,131,000	---	---
Beverage	1,703,690	5,537,000	---	---
Travel	6,150	1,336,000	16,451	5,219,000
Cash Coupons	---	---	1,678,261	19,125,000
Admissions	93,754	1,574,000	1,197	385,000
Other	23,187	997,000	20,615	927,000
	-----	-----	-----	-----
TOTALS	<u>3,029,771</u>	<u>\$36,117,000</u>	<u>1,716,624</u>	<u>\$25,656,000</u>

Promotional Allowances and Expenses and number of recipients for the three months ended September 30, 1989, consisted of the following:

DESCRIPTION	<u>Promotional Allowances</u>		<u>Promotional Expenses</u>	
	<u>Number of Recipients</u>	<u>Amount</u>	<u>Number of Recipients</u>	<u>Amount</u>
Rooms	41,103	\$4,655,000	---	---
Food	331,396	6,120,000	---	---
Beverage	806,152	2,620,000	---	---
Travel	1,827	692,000	4,140	2,154,000
Cash Coupons	---	---	618	6,386,000
Admissions	24,691	619,000	747	335,000
Other	7,711	347,000	5,567	295,000
TOTALS	1,212,880	\$15,053,000	11,072	\$9,170,000

UNDEPOSITED PATRONS' CHECKS ACTIVITY	
DESCRIPTION	AMOUNT
Beginning Balance (January 1)	6,501
Counter checks issued (including counter checks issued through transactions relating to consolidations, partial redemptions, substitutions, and patrons' cash deposits)	203,333
Checks redeemed prior to deposit (including the unredeemed portion of counter checks redeemed through partial redemptions, and excluding checks redeemed through transactions relating to consolidations, substitutions, and patrons' cash deposits)	(145,008)
Checks collected through deposits	(17,025)
Checks transferred to returned checks	(7,522)
Other adjustments	0
Ending Balance	7,141
Patrons' Checks Included in Balance on Line 16	0
Provision for Uncollectible Patrons' Checks	1,733
Provision as a Percent of Counter Checks Issued	0

SCHEDULE OF RECEIVABLES AND PATRONS' CHECKS

SEPT. 30, 19 89

(UNAUDITED)
(\$ IN THOUSANDS)

LINE (a)	DESCRIPTION (b)	ACCOUNTS RECEIVABLE BALANCES		
		ACCOUNT BALANCE (c)	ALLOWANCE (d)	ACCOUNTS RECEIVABLE- (e) NET OF ALLOWANCE
Patrons' Checks:				
1	Undeposited patrons' checks	\$ 8,190		
2	Returned patrons' checks	5,153		
3	Total patrons' checks	13,343	\$ 1,741	\$ 11,602
4	Hotel Receivables	1,845	237	1,608
Other Receivables:				
5	Receivables due from officers and employees.....	153		
6	Receivables due from affiliates	1,899		
7	Other accounts and notes receivables	4,303		
8	Total other receivables	6,355	0	6,355
9	Totals (Form 205).....	\$ 21,543	\$ 1,978	\$ 19,565

Vice President Finance

LINE (f)	DESCRIPTION (g)	AMOUNT
		(h)
10	Beginning Balance (January 1)	\$ 6,503
11	Counter checks issued (excluding counter checks issued through transactions relating to consolidations, partial redemptions, substitutions, and patrons' cash deposits)	203,333
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)	(146,008)
13	Checks collected through deposits	(49,045)
14	Checks transferred to returned checks	(7,642)
15	Other adjustments	0
16	Ending Balance	\$ 7,141
17	"Hold" Checks Included In Balance On Line 16	\$ 0
18	Provision For Uncollectible Patrons' Checks	\$ 1,733
19	Provision As A Percent Of Counter Checks Issued .....	.9 %

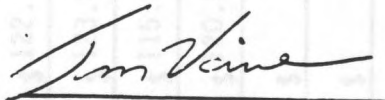
STATEMENT OF CONFORMITY AND ACCURACY

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

Thomas P. Venier, being duly sworn according to law upon my oath
 Name

deposes and says:

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


 Signature

Vice President Finance
 Title

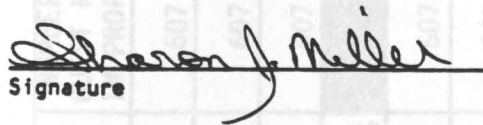
00711-11

License Number

On Behalf Of:

Trump Castle Hotel & Casino
 Casino Licensee

Subscribed and sworn to
 before me this 14th day
 of November, 1989


 Signature

SHARON J. MILLER
 NOTARY PUBLIC OF NEW JERSEY
 My Commission Expires **JUNE 18, 1991**

Basis of Authority
 to Take Oaths

TRADING NAME OF LICENSEE TRUMP CASTLE HOTEL & CASINO

HOTEL STATISTICS

FOR THE 9 MONTHS ENDED September 30, 1989

PERIOD	NUMBER OF GUEST ROOMS IN PROPERTY	NUMBER OF AVAILABLE ROOMS	NUMBER OF OCCUPIED ROOMS	AVERAGE RATE PER OCCUPIED ROOM	OCCUPANCY RATE	NUMBER OF GUESTS ACCOMMODATED	AVERAGE RATE PER GUEST ACCOMMODATED
JANUARY	607	18,817	14,882	\$ 92.84	79.1 %	27,529	\$ 50.19
FEBRUARY	607	16,996	14,780	\$ 90.06	87.0 %	28,527	\$ 46.66
MARCH	607	18,817	17,081	\$ 90.81	90.8 %	32,422	\$ 47.84
1ST QUARTER TOTALS		54,630	46,743	\$ 91.22	85.6 %	88,478	\$ 48.19
APRIL	607	18,210	16,779	\$ 94.88	92.1 %	31,661	\$ 50.28
MAY	640	19,048	14,911	\$ 102.53	78.3 %	27,846	\$ 54.90
JUNE	650	19,240	16,283	\$ 106.69	84.6 %	29,868	\$ 58.17
2ND QUARTER TOTALS		56,498	47,973	\$ 101.27	84.9 %	89,375	\$ 54.36
JULY	661	20,491	18,837	\$ 122.10	91.9 %	36,530	\$ 62.96
AUGUST	672	20,764	18,685	\$ 123.89	90.0 %	35,678	\$ 64.88
SEPTEMBER	682	20,418	17,217	\$ 115.24	84.3 %	32,659	\$ 60.75
3RD QUARTER TOTALS		61,673	54,739	\$ 120.55	88.8 %	104,867	\$ 62.93
OCTOBER				\$	%		\$
NOVEMBER				\$	%		\$
DECEMBER				\$	%		\$
4TH QUARTER TOTALS				\$	%		\$
ANNUAL TOTALS				\$	%		\$

QUARTERLY REPORT

974.901
c193

QUARTERLY REPORT

LIST OF FORMS - QUARTERLY REPORT

LICENSEE TRUMP PLAZA ASSOCIATES
ADDRESS MISSISSIPPI AVENUE AND THE BOARDWALK
CITY ATLANTIC CITY, NEW JERSEY 08401

FOR THE QUARTER ENDED SEPTEMBER 30, 1989

TO THE
CASINO CONTROL COMMISSION
OF THE
STATE OF NEW JERSEY



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

LEE C. JOHNSON

OFFICIAL TITLE

VICE PRESIDENT OF FINANCE

ADDRESS

MISSISSIPPI AVENUE AND THE BOARDWALK

ATLANTIC CITY, NEW JERSEY 08401

TRADING NAME OF LICENSEE TRUMP PLAZA HOTEL AND CASINO

LIST OF FORMS - QUARTERLY REPORT

FOR THE QUARTER ENDED September 30 1989

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
Statement of Conformity and Accuracy	CCC-250

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

CCC-201
CCC-205

BALANCE SHEETS

September 30 19 89 AND 19 88

(UNAUDITED)
(\$ IN THOUSANDS)

LINE (a)	DESCRIPTION (b)	(c) 19 89	(d) 19 88
	ASSETS		
	Current Assets:		
1	Cash	\$ 33,149	\$ 26,908
2	Marketable securities	-	-
3	Receivables and patrons' checks (net of allowance for doubtful accounts - 19 89, \$ 12,687 ; 19 88, \$ 10,763)	16,244	13,735
4	Inventories	4,106	3,387
5	Prepaid expenses and other current assets ... (Note 2)	2,591	2,708
6	Total current assets	56,090	46,738
7	Investments, Advances, And Receivables (Note 3)	12,928	7,918
8	Property And Equipment - Net (Note 4)	317,816	297,122
9	Other Assets (Note 5)	39,852	41,875
10	Total Assets	\$426,686	\$393,653
	LIABILITIES AND EQUITY		
	Current Liabilities:		
11	Accounts payable	\$ 4,118	\$ 5,259
12	Notes payable	407	755
13	Current portion of long-term debt:		
14	Due to affiliates	-	-
15	Other (Note 8)	4,002	1,273
16	Income taxes payable and accrued	-	-
17	Other accrued expenses (Note 6)	27,009	23,571
18	Other current liabilities (Note 7)	29,535	20,864
	Total current liabilities	65,071	51,722
	Long-Term Debt:		
19	Due to affiliates (Note 8)	250,000	250,000
20	Other (Note 9)	23,473	25,905
21	Deferred Credits (Note 10)	4,686	6,620
22	Other Liabilities	-	-
23	Commitments And Contingencies (Note 14)	-	-
24	Total Liabilities	343,230	334,247
25	Stockholders', Partners', Or Proprietor's Equity	83,456	59,406
26	Total Liabilities And Equity	\$ 426,686	\$ 393,653

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

CCC-205

STATEMENTS OF INCOME

FOR THE 9 MONTHS ENDED September 30 19 89 and 19 88

(UNAUDITED)
(\$ IN THOUSANDS)

LINE (a)	DESCRIPTION (b)	(c) 19 <u>89</u>	(d) 19 <u>88</u>
	Revenue:		
1	Casino	\$ 238,225	\$ 228,538
2	Rooms	18,400	16,985
3	Food and beverage	36,510	32,161
4	Other	11,231	21,427
5	Total revenue	304,366	299,131
6	Less: Promotional allowances .....(Note. 11).....	35,174	31,426
7	Net revenue	269,192	267,705
	Costs And Expenses:		
8	Cost of goods and services	125,410	124,995
9	Selling, general, and administrative	73,192	69,497
10	Provision for doubtful accounts	2,914	3,348
11	Depreciation and amortization	12,606	10,525
	Charges from affiliates other than interest:		
12	Management fees	-	-
13	Other .....(Note. 14).....	1,031	680
14	Total costs and expenses	215,153	209,045
15	Income (Loss) From Operations	54,039	58,660
	Other Income (Expenses):		
16	Interest (expense) - affiliates .....(Note. 12).....	(24,141)	(24,141)
17	Interest (expense) - external	(1,891)	(1,987)
18	Investment alternative tax and related income (expense) - net.....	(982)	(937)
19	Nonoperating income (expense) - net .....(Note. 13).....	1,710	653
20	Total other income (expenses).....	(25,304)	(26,412)
21	Income (Loss) Before Income Taxes And Extraordinary Items.....	28,735	32,248
22	Provision (credit) for income taxes .....(Note. 15).....	2,694	3,229
23	Income (Loss) Before Extraordinary Items	26,041	29,019
24	Extraordinary items (net of income taxes - 19 <u> </u> , \$; 19 <u> </u> , \$)	-	-
25	Net Income (Loss)	\$ 26,041	\$ 29,019

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

STATEMENTS OF INCOME

FOR THE THREE MONTHS ENDED September 30, 19 89 and 19 88

(UNAUDITED)
(\$ IN THOUSANDS)

LINE (a)	DESCRIPTION (b)	(c) 19 <u>89</u>	(d) 19 <u>88</u>
	Revenue:		
1	Casino	\$ 89,475	\$ 86,217
2	Rooms	7,614	7,105
3	Food and beverage	13,536	11,947
4	Other	5,976	3,210
5	Total revenue	116,601	108,479
6	Less: Promotional allowances .....(Note.11).....	14,465	10,875
7	Net revenue	102,136	97,604
	Costs And Expenses:		
8	Cost of goods and services	46,040	39,980
9	Selling, general, and administrative	23,522	23,352
10	Provision for doubtful accounts	1,252	1,461
11	Depreciation and amortization	4,343	3,537
	Charges from affiliates other than interest:		
12	Management fees	-	-
13	Other .....(Note.14).....	343	293
14	Total costs and expenses	75,500	68,623
15	Income (Loss) From Operations	26,636	28,981
	Other Income (Expenses):		
16	Interest (expense) - affiliates .....(Note.12).....	(8,047)	(8,046)
17	Interest (expense) - external	(702)	(663)
18	Investment alternative tax and related income (expense) - net.....	(369)	(355)
19	Nonoperating income (expense) - net .....(Note.13).....	632	292
20	Total other income (expenses).....	(8,486)	(8,772)
21	Income (Loss) Before Income Taxes And Extraordinary Items.....	18,150	20,209
22	Provision (credit) for income taxes .....(Note.15).....	1,681	2,022
23	Income (Loss) Before Extraordinary Items	16,469	18,187
24	Extraordinary items (net of income taxes -		
	19 <u> </u> , \$; 19 <u> </u> , \$)	-	-
25	Net Income (Loss)	\$ 16,469	\$ 18,187

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

STATEMENTS OF CHANGES IN PARTNERS' OR PROPRIETOR'S EQUITY

FOR THE Nine MONTHS ENDED September 30 19 89 AND 19 88

(UNAUDITED)
(\$ IN THOUSANDS)

	DESCRIPTION (b)	(c) 19 <u>89</u>	(d) 19 <u>88</u>
	Invested Capital:	\$	\$
1	Beginning balance (January 1)	50,707	50,707
2	Additional capital invested	-	-
3	Ending balance	50,707	50,707
	Accumulated Income (Loss):		
5	Beginning balance (January 1)	65,768	32,606
6	Prior period adjustments	-	-
7	Net income (loss)	26,041	29,019
8	Ending balance	91,809	61,625
	Capital Withdrawals:		
10	Beginning balance (January 1)	(49,180)	(33,175)
11	Additional capital withdrawals	(9,880)	(19,751)
12	Ending balance	(59,060)	(52,926)
	Net Unrealized Loss On Noncurrent Marketable Equity Securities:		
14	Beginning balance (January 1)	()	()
15	Ending balance	()	()
18	Ending Partners' Or Proprietor's Equity	\$ 83,456	\$ 59,406

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

STATEMENTS OF CASH FLOWS

FOR THE Nine MONTHS ENDED September 30 1989 and 1988

(UNAUDITED)

(\$ IN THOUSANDS)

Line (a)	Description (b)	(c) 19 <u>89</u>	(d) 19 <u>88</u>
1	Net Cash Provided (Used) By Operating Activities.....	\$ 57,879	\$ 60,990
	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.....	(27,513)	(23,858)
5	Proceeds from disposition of property and equipment.....	778	37
6	Purchase of casino reinvestment obligations.....	(2,944)	(2,820)
7	Purchase of other investments and loans/advances made.....	(2,867)	-
8	Proceeds from disposal of investments and collection of advances and long-term receivables.....	685	490
9	Cash outflows to acquire business entities.....		
10	.....	
11	.....	
12	Net Cash Provided (Used) By Investing Activities.....	(31,861)	(26,151)
	Cash Flows From Financing Activities:		
13	Cash proceeds from issuance of short-term debt.....	870	5,976
14	Payments to settle short-term debt.....	(801)	(5,449)
15	Cash proceeds from issuance of long-term debt.....	1,550	-
16	Costs of issuing debt.....		
17	Payments to settle long-term debt.....	(1,374)	(270)
18	Cash proceeds from issuing stock or capital contributions.....		
19	Purchases of treasury stock.....		
20	Payments of dividends or capital withdrawals.....	(9,880)	(19,751)
21	.....	
22	.....	
23	Net Cash Provided (Used) By Financing Activities.....	(9,635)	(19,494)
24	Net Increase (Decrease) In Cash And Cash Equivalents.....	16,383	15,345
25	Cash And Cash Equivalents At Beginning Of Period.....	16,766	11,563
26	Cash And Cash Equivalents At End Of Period.....	\$ 33,149	\$ 26,908

SUPPLEMENTAL DISCLOSURE OF CASH FLOW INFORMATION

Cash Paid During Period For:			
27	Interest (net of amount capitalized).....	\$ 18,046	\$ 20,941
28	Income taxes.....	\$ 4,363	\$ -

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

STATEMENTS OF CASH FLOWS

FOR THE Nine MONTHS ENDED September 30 1989 and 1988
(UNAUDITED)
(\$ IN THOUSANDS)

Line (a)	Description (b)	(c) 19 <u>89</u>	(d) 19 <u>88</u>
	Net Cash Flows From Operating Activities:		
29	Net income (loss).....	\$ 26,041	\$ 29,019
	Noncash items included in income and cash items excluded from income:		
30	Depreciation and amortization of property and equipment.....	11,885	9,840
31	Amortization of other assets.....	721	685
32	Amortization of debt discount or premium.....		
33	Deferred income taxes - current.....	(1,196)	3,229
34	Deferred income taxes - noncurrent.....	165	361
35	(Gain) loss on disposition of property and equipment.....	982	937
36	(Gain) loss on casino reinvestment obligations.....		-
37	(Gain) loss from other investment activities.....		
38	Net (increase) decrease in receivables and patrons' checks.....	(3,060)	588
39	Net (increase) decrease in inventories.....	(114)	(266)
40	Net (increase) decrease in other current assets.....	122	1,226
41	Net (increase) decrease in other assets.....	694	(684)
42	Net increase (decrease) in accounts payables.....	(391)	(1,281)
43	Net increase (decrease) in other current liabilities excluding debt.....	22,030	17,336
44	Net increase (decrease) in other noncurrent liabilities excluding debt.....		
45			
46			
47	Net Cash Provided (Used) By Operating Activities.....	\$ 57,879	\$ 60,990

SUPPLEMENTAL SCHEDULE OF NONCASH INVESTING AND FINANCING ACTIVITIES

	Acquisition Of Property And Equipment:		
48	Additions to property and equipment.....	\$ (27,513)	\$ (23,858)
49	Less: Capital lease obligations incurred.....	\$ (27,513)	\$ (23,858)
50	Cash Outflows For Property And Equipment.....		
	Acquisition Of Business Entities:		
51	Property and equipment acquired.....	\$ -	\$ -
52	Goodwill acquired.....	-	-
53	Net assets acquired other than cash, goodwill, and property and equipment.....	-	-
54	Long-term debt assumed.....	-	-
55	Issuance of stock or capital invested.....	\$ -	\$ -
56	Cash Outflows To Acquire Business Entities.....		
	Stock Issued Or Capital Contributions:		
57	Total issuances of stock or capital contributions.....	\$ -	\$ -
58	Less: Issuances to settle long-term debt.....	-	-
59	Consideration in acquisition of business entities.....	\$ -	\$ -
60	Cash Proceeds From Issuing Stock Or Capital Contributions.....		

TRUMP PLAZA ASSOCIATES
NOTES TO FINANCIAL STATEMENTS

NOTE 1: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

A. Organization

Trump Plaza Associates (formerly Harrah's Associates), (the Company), doing business as Trump Plaza Hotel and Casino, operates as a general partnership.

The 1988 financial statements include the accounts of Nagoya Holding Corp., a wholly-owned subsidiary of the Company that was dissolved during the fourth quarter of 1988 and its assets and liabilities combined with those of the Company. All significant intercompany balances and transactions have been eliminated.

B. Cash Equivalents

The Company considers all highly liquid debt instruments purchased with a maturity of three months or less to be cash equivalents.

C. Disclosures Not Presented

Certain footnotes have not been presented in these Notes to Financial Statements since they would duplicate the disclosures contained in the Casino Control Commission Annual Report for the year ended December 31, 1988. The footnotes excluded are Summary of Significant Accounting Policies (except for Organization), Investment Obligation and Employee Benefit Plans.

NOTE 2: PREPAID EXPENSES AND OTHER CURRENT ASSETS

Prepaid expenses and other current assets as of September 30 consisted of the following:

	<u>1989</u>	<u>1988</u>
Prepaid taxes	\$ 625,000	\$ 627,000
Prepaid insurance	882,000	988,000
Prepaid air transportation costs	517,000	394,000
Prepaid rent	243,000	198,000
Prepaid advertising costs	129,000	131,000
Prepaid special event costs	25,000	170,000
Other	170,000	200,000
	<u>\$2,591,000</u>	<u>\$2,708,000</u>

TRUMP PLAZA ASSOCIATES
NOTES TO FINANCIAL STATEMENTS, continued

NOTE 3: INVESTMENTS, ADVANCES AND RECEIVABLES

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

	<u>1989</u>	<u>1988</u>
Advances due from -		
Trump's Castle Associates	\$ -	\$ 49,000
Seashore Four Associates	485,000	918,000
Trump Seashore Associates	1,536,000	-
Trump Taj Mahal Associates	230,000	160,000
Helicopter Air Services, Inc.	62,000	-
Trump Penthouse Parcel	1,261,000	-
The Plaza	4,000	-
Trump Boardwalk Realty Corp.	3,000	3,000
Trump Regency	8,000	-
Casino reinvestment escrow deposit, and bonds, net valuation and adjustment of \$4,666,000 (1989) and \$3,390,000 (1988)	9,339,000	6,788,000
	<u>\$12,928,000</u>	<u>\$7,918,000</u>

NOTE 4: PROPERTY AND EQUIPMENT - NET

Property and equipment - net as of September 30 consisted of the following:

	<u>1989</u>	<u>1988</u>
Land and land improvements	\$ 34,747,000	\$ 30,938,000
Buildings	280,665,000	246,167,000
Furniture, fixtures and equipment	56,678,000	47,423,000
Leasehold improvements	2,115,000	2,074,000
Construction in progress	4,723,000	18,377,000
	<u>378,928,000</u>	<u>344,979,000</u>
Less - Accumulated depreciation & amortization	<u>(61,112,000)</u>	<u>(47,857,000)</u>
Net property and equipment	<u>\$317,816,000</u>	<u>\$297,122,000</u>

TRUMP PLAZA ASSOCIATES
NOTES TO FINANCIAL STATEMENTS, continued

NOTE 5: OTHER ASSETS

Other assets as of September 30 consisted of the following:

	<u>1989</u>	<u>1988</u>
Land rights, net	\$31,628,000	\$31,997,000
Deferred preopening costs, net	142,000	331,000
Debt issuance costs, net	6,662,000	7,056,000
Deposits	47,000	1,159,000
Other deferred charges	<u>1,373,000</u>	<u>1,332,000</u>
	<u>\$39,852,000</u>	<u>\$41,875,000</u>

NOTE 6: OTHER ACCRUED EXPENSES

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

	<u>1989</u>	<u>1988</u>
Accrued payroll	\$ 7,991,000	\$ 6,916,000
Accrued progressive jackpot liabilities	4,052,000	3,658,000
Accrued interest	9,697,000	9,567,000
Accrued gaming taxes payable	543,000	429,000
Accrued Casino Control Commission & Division of Gaming Enforcement fees	329,000	725,000
Accrued utilities	378,000	340,000
Accrued union benefits	204,000	173,000
Accrued health insurance benefits	679,000	127,000
Accrued sales, use & luxury tax	243,000	266,000
Accrued transportation costs	152,000	63,000
Accrued legal costs	79,000	213,000
Accrued special event costs	1,202,000	92,000
Accrued uniform costs	113,000	216,000
Accrued New Jersey state taxes	777,000	-
Other	<u>570,000</u>	<u>786,000</u>
	<u>\$27,009,000</u>	<u>\$23,571,000</u>

TRUMP PLAZA ASSOCIATES
NOTES TO FINANCIAL STATEMENTS, continued

NOTE 7: OTHER CURRENT LIABILITIES

Other current liabilities as of September 30 consisted of the following:

	<u>1989</u>	<u>1988</u>
Unredeemed chip/token liability	\$ 1,499,000	\$ 1,208,000
Patron deposits	580,000	269,000
Casino reinvestment liability	1,098,000	1,062,000
Reserve for insurance claims	2,596,000	1,270,000
Due to partners	22,965,000	16,831,000
Advance room/theatre deposits	238,000	143,000
Advances due to Trump's Castle Associates	348,000	-
Other	211,000	81,000
	<u>\$29,535,000</u>	<u>\$20,864,000</u>

NOTE 8: LONG-TERM DEBT-DUE TO AFFILIATES

Long-term debt-due to affiliates as of September 30 consisted of the following:

	<u>1989</u>	<u>1988</u>
12 7/8% promissory note, interest payable semi-annually, sinking fund payments to retire \$25,000,000 principal amount annually commence June 15, 1991 are calculated to retire 70% of the promissory note prior to maturity in 1998.	<u>\$250,000,000</u>	<u>\$250,000,000</u>

10% due May 16, 1990
15% due May 16, 1991
20% due May 16, 1992
Balance due on maturity date - May 16, 1993

The aggregate maturities of long-term debt - other in each of the years subsequent to 1989 are:

1990	\$ 4,000,000
1991	8,601,000
1992	14,323,000
1993	122,000
1994	758,000
Thereafter	<u>1,471,000</u>
	<u>\$27,475,000</u>

TRUMP PLAZA ASSOCIATES
NOTES TO FINANCIAL STATEMENTS, continued

NOTE 9: LONG-TERM DEBT - OTHER

Long-term debt - other as of September 30 consisted of the following:

	1989	1988
10% note payable, interest payable monthly, maturing in 1993 (A)	\$16,095,000	\$16,942,000
Mortgage notes payable in monthly installments, including interest, with interest rates ranging from 9.5% to 12.5%. The notes are due at various dates between 1989 and 1998 and are secured by certain real property.	11,338,000	10,113,000
Other notes with interest rates ranging from 11.02% to 12.5%, principal and interest payable monthly, secured by television and automobile equipment.	42,000	123,000
	27,475,000	27,178,000
Less current maturities	4,002,000	1,273,000
	\$23,473,000	\$25,905,000

(A) Interest on the note accrues at a rate of 10% per annum and is payable monthly. Payment of the original principal amounts are scheduled as follows:

- 10% due May 16, 1990
- 15% due May 16, 1991
- 20% due May 16, 1992
- Balance due on maturity date - May 16, 1993

The aggregate maturities of long-term debt - other in each of the years subsequent to 1989 are:

1990		\$ 4,002,000
1991		6,601,000
1992		14,523,000
1993		322,000
1994		356,000
Thereafter		1,671,000
		\$27,475,000

TRUMP PLAZA ASSOCIATES
 NOTES TO FINANCIAL STATEMENTS, continued

NOTE 12: INTEREST EXPENSE TRUMP PLAZA ASSOCIATES
 NOTES TO FINANCIAL STATEMENTS, continued

NOTE 10: DEFERRED CREDITS

Deferred credits as of September 30, 1989 and 1988 consisted of deferred state income taxes.

NOTE 11: PROMOTIONAL ALLOWANCES AND EXPENSES

Promotional allowances and expenses for the three and nine months ended September 30, 1989 consisted of the following:

Three months ended:

	Promotional Allowances		Promotional Expenses	
	Number of Recipients	Dollar Amount	Number of Recipients	Dollar Amount
Rooms	29,994	\$ 4,908,000	3,575	\$ 447,000
Food	410,685	4,695,000	-	-
Beverage	1,018,402	3,050,000	-	-
Travel	-	-	21,132	3,170,000
Theatre	31,804	1,726,000	1,925	77,000
Coin Bonus	-	-	392,204	5,040,000
Tips	-	-	4,414	177,000
Other	3,422	86,000	12,717	314,000
TOTAL	1,494,307	\$14,465,000	435,967	\$ 9,225,000

Nine months ended:

	Promotional Allowances		Promotional Expenses	
	Number of Recipients	Dollar Amount	Number of Recipients	Dollar Amount
Rooms	70,508	\$11,633,000	5,198	\$ 614,000
Food	1,077,999	12,230,000	-	-
Beverage	2,770,628	8,086,000	-	-
Travel	-	-	62,378	9,357,000
Theatre	58,795	3,021,000	6,978	280,000
Coin Bonus	-	-	1,213,568	18,636,000
Tips	-	-	11,595	465,000
Other	7,990	204,000	38,400	956,000
TOTAL	3,985,920	\$35,174,000	1,338,117	\$30,308,000

TRUMP PLAZA ASSOCIATES
NOTES TO FINANCIAL STATEMENTS, continued

NOTE 12: INTEREST (EXPENSE) - AFFILIATES

Interest (expense) - affiliates for the three and nine months ended September 30, 1989 and 1988 consisted of interest expense associated with the 12-7/8% promissory note due in the principal amount of \$250,000,000 to Trump Plaza Funding, Inc.

NOTE 13: NONOPERATING INCOME (EXPENSE) - NET

Nonoperating income (expense) - net for the three and nine months ended September 30 consisted of the following:

	Three months ended		Nine months ended	
	1989	1988	1989	1988
Interest income	\$ 646,000	\$ 357,000	\$1,875,000	\$1,014,000
Loss on disposal of property and equipment	(14,000)	(65,000)	(165,000)	(361,000)
	<u>\$ 632,000</u>	<u>\$ 292,000</u>	<u>\$1,710,000</u>	<u>\$ 653,000</u>

NOTE 14: LEASE COMMITMENTS

The Company leases property (primarily land), certain parking space, and various equipment under operating leases. Rent expense was \$1,019,000 and \$3,101,000 for the three and nine months ended September 30, 1989 and \$1,142,000 and \$3,444,000 for the three and nine months ended September 30, 1988, respectively.

Future minimum lease payments under the noncancellable leases are as follows:

1990	\$ 2,981,000
1991	3,250,000
1992	3,100,000
1993	3,100,000
1994	3,100,000
Thereafter through 2078	<u>512,981,000</u>
	<u>\$528,512,000</u>

Included above are future minimum lease payments under noncancellable leases with Seashore Four Associates and Trump Seashore Associates, affiliates of the Company, which are as follows:

1990	\$ 2,006,000
1991	2,050,000
1992	1,900,000
1993	1,900,000
1994	1,900,000
Thereafter through 2078	<u>427,738,000</u>
	<u>\$437,494,000</u>

SCHEDULE C TRUMP PLAZA ASSOCIATES
 NOTES TO FINANCIAL STATEMENTS, continued PATRONS' CHECKS

September 30, 1989

(UNAUDITED)
 (\$ IN THOUSANDS)

NOTE 14: LEASE COMMITMENTS (Cont.)

Rent expense charged by the affiliates was \$343,000 and \$1,031,000 for the three and nine months ended September 30, 1989 and \$293,000 and \$680,000 for the three and nine months ended September 30, 1988, respectively.

A remaining non-affiliated lease contains an option to purchase the leased property at various prices and times throughout the lease term. At September 30, 1989, the aggregate option price for the remaining non-affiliated lease was \$18,000,000. During 1988, Trump Seashore Associates exercised a \$10,000,000 option to purchase one of the other non-affiliated leased properties.

NOTE 15: PROVISION FOR INCOME TAXES

The provision for income taxes for the three and nine months ended September 30 consisted of the following:

	Three months ended		Nine months ended	
	1989	1988	1989	1988
State Income Taxes				
Current	\$1,681,000	\$ -	\$2,694,000	\$ -
Deferred	-	2,022,000	-	3,229,000
	<u>\$1,681,000</u>	<u>\$2,022,000</u>	<u>\$2,694,000</u>	<u>\$3,229,000</u>

UNDEPOSITED PATRONS' CHECKS ACTIVITY

DESCRIPTION	AMOUNT
Beginning Balance (January 1)	7,037
Counter checks issued (including counter checks issued through transactions relating to consolidations, partial redemptions, substitutions, and patrons' cash deposits)	234,941
Checks redeemed prior to deposits (including the unredeemed portion of counter checks redeemed through partial redemptions, and excluding checks redeemed through transactions relating to consolidations, substitutions, and patrons' cash deposits)	180,787
Checks collected through deposits	38,361
Checks transferred to returned checks	22,335
Other adjustments	13,418
Ending Balance	
Waiver Checks included in Balance on Line 10	
Provision for Uncollectible Patrons' Checks	
Provision As A Percent Of Counter Checks Issued	

SCHEDULE OF RECEIVABLES AND PATRONS' CHECKS

September 30, 1989

(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	11,416		
2	Returned patrons' checks	14,714		
3	Total patrons' checks	26,130	\$ 12,590	\$ 13,540
4	Hotel Receivables	1,251	97	1,154
	Other Receivables:			
5	Receivables due from officers and employees.....	60		
6	Receivables due from affiliates	-		
7	Other accounts and notes receivables	1,490		
8	Total other receivables	1,550	-	1,550
9	Totals (Form 205).....	\$ 28,931	\$ 12,687	\$ 16,244

UNDEPOSITED PATRONS' CHECKS ACTIVITY		
LINE (f)	DESCRIPTION (g)	AMOUNT (h)
10	Beginning Balance (January 1)	\$ 7,057
11	Counter checks issued (excluding counter checks issued through transactions relating to consolidations, partial redemptions, substitutions, and patrons' cash deposits)	234,941
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)	(180,787
13	Checks collected through deposits	(38,241
14	Checks transferred to returned checks	(11,554
15	Other adjustments	\$ 11,416
16	Ending Balance	\$ -
17	"Hold" Checks Included in Balance On Line 16	\$ 2,787
18	Provision For Uncollectible Patrons' Checks	1.2
19	Provision As A Percent Of Counter Checks Issued	

STATEMENT OF CONFORMITY AND ACCURACY

STATE OF NEW JERSEY

COUNTY OF ATLANTIC

LEE C. JOHNSON
Name

, being duly sworn according to law upon my oath

deposes and says:

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

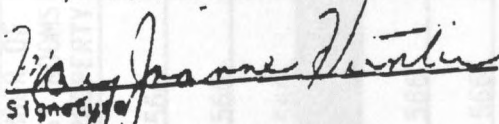

Signature

VICE PRESIDENT - FINANCE
Title

02281-11
License Number

On Behalf Of:

Subscribed and sworn to
before me this 15 day
of November, 1989


Signature

MARY JOANNE HUNTER
NOTARY PUBLIC OF NEW JERSEY
My Commission Expires August 1, 1991

TRUMP PLAZA ASSOCIATES
Casino Licensee

Basis of Authority
to Take Oaths

HOTEL STATISTICS

FOR THE 9 MONTHS ENDED September 30, 1989

PERIOD	NUMBER OF GUEST ROOMS IN PROPERTY	NUMBER OF AVAILABLE ROOMS	NUMBER OF OCCUPIED ROOMS	AVERAGE RATE PER OCCUPIED ROOM	OCCUPANCY RATE	NUMBER OF GUESTS ACCOMMODATED	AVERAGE RATE PER GUEST ACCOMMODATED
JANUARY	566	17,545	15,211	\$ 98.74	86.7 %	30,422	\$ 49.37
FEBRUARY	566	15,847	13,986	\$ 101.83	88.3 %	27,972	\$ 50.91
MARCH	566	17,546	15,863	\$ 110.72	90.4 %	31,726	\$ 55.36
1ST QUARTER TOTALS		50,938	45,060	\$ 103.92	88.5 %	90,120	\$ 51.96
APRIL	566	16,966	14,512	\$ 130.76	85.5 %	29,024	\$ 65.38
MAY	566	17,546	15,229	\$ 131.53	86.8 %	30,458	\$ 65.76
JUNE	565	16,927	15,363	\$ 143.62	90.8 %	30,726	\$ 71.81
2ND QUARTER TOTALS		51,439	45,104	\$ 135.40	87.7 %	90,208	\$ 67.70
JULY	565	17,515	16,769	\$ 164.94	95.7 %	33,538	\$ 82.47
AUGUST	565	17,515	16,418	\$ 154.35	93.7 %	32,836	\$ 77.18
SEPTEMBER	563	16,636	15,456	\$ 144.75	92.9 %	30,912	\$ 72.37
3RD QUARTER TOTALS		51,666	48,643	\$ 154.95	94.1 %	97,286	\$ 77.47
OCTOBER				\$	%		\$
NOVEMBER				\$	%		\$
DECEMBER				\$	%		\$
4TH QUARTER TOTALS				\$	%		\$
ANNUAL TOTALS				\$	%		\$