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ANNUAL REPORT

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LICENSEE ATLANTIC CITY SHOWBOAT, INC.
ADDRESS PO BOX 840
ATLANTIC CITY, NJ 08401

FOR THE YEAR ENDED DECEMBER 31, 1989

TO THE
CASINO CONTROL COMMISSION
OF THE
STATE OF NEW JERSEY



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NEW JERSEY STATE
MAR 9 1990
EST

NAME OF OFFICER IN CHARGE
OF CORRESPONDENCE REGARDING
THIS ANNUAL REPORT

MARK J. MILLER

OFFICIAL TITLE

VICE PRESIDENT/FINANCE

ADDRESS

PO BOX 840

ATLANTIC CITY, NJ 08401

TRADING NAME OF LICENSEE ATLANTIC CITY SHOWBOAT, INC.

TRADING NAME OF LICENSEE ATLANTIC CITY SHOWBOAT, INC.

LIST OF FORMS - ANNUAL REPORT

FOR THE YEAR ENDED DECEMBER 31, 1989

DESCRIPTION (b)	(c) 1989	(d) 1988
ASSETS		
TITLE	FORM NO.	
Balance Sheets	CCC-305	
Statements of Income (Year)	CCC-310	
Statements of Income (Three Months)	CCC-315	
Statements of Changes in Stockholders' Equity	CCC-320	
Statements of Changes in Partners' or Proprietor's Equity	CCC-325	
Statements of Cash Flows	CCC-335	
Notes to Financial Statements		
Schedule of Receivables and Patrons' Checks	CCC-340	
Casino Departmental Schedule	CCC-345	
Statement of Conformity and Accuracy	CCC-350	
Other		
Income taxes payable and accrued		
Other accrued expenses		
Other current liabilities		
Total current liabilities		
Long-Term Debt:		
Due to affiliates		
Other		
Related Credits		
Other liabilities		
Contingencies and Contingencies		
Total liabilities		
Stockholders', Partners', or Proprietor's Equity		
Total liabilities and equity		

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

CCC-301

CCC-301

BALANCE SHEETS

DECEMBER 31, 19 89 AND 19 88

(UNAUDITED)
(\$ IN THOUSANDS)

DESCRIPTION (b)	(c) 19 <u>89</u>	(d) 19 <u>88</u>
ASSETS		
Current Assets:		
Cash NOTE 1	\$ 39,964	\$ 31,209
Marketable securities	-0-	-0-
Receivables and patrons' checks (net of allowance for doubtful accounts - 19 <u>89</u> , \$ 5,263 ; 19 <u>88</u> , \$2,580) ... NOTE 3	10,168	9,924
Inventories NOTE 1	2,508	2,401
Prepaid expenses and other current assets	2,058	2,230
Total current assets	54,698	45,764
Investments, Advances, And Receivables NOTE 2	24,849	15,443
Property And Equipment - Net NOTE 4	215,882	220,119
Other Assets	10,762	11,613
Total Assets	\$ 306,191	\$ 292,939
LIABILITIES AND EQUITY		
Current Liabilities:		
Accounts payable	\$ 7,686	\$ 7,625
Notes payable	-0-	-0-
Current portion of long-term debt:		
Due to affiliates	-0-	-0-
Other NOTE 8	2,731	2,414
Income taxes payable and accrued	-0-	-0-
Other accrued expenses NOTE 5	13,551	9,944
Other current liabilities NOTE 6	8,164	7,268
Total current liabilities	32,132	27,251
Long-Term Debt:		
Due to affiliates NOTE 7	180,000	180,000
Other NOTE 8	12,369	14,994
Deferred Credits	1,183	45
Other Liabilities NOTE 2	38,490	22,889
Commitments And Contingencies NOTE 12		
Total Liabilities	264,174	245,179
Stockholders', Partners', Or Proprietor's Equity	42,017	47,760
Total Liabilities And Equity	\$ 306,191	\$ 292,939

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

TRADING NAME OF LICENSEE ATLANTIC CITY SHOWBOAT, INC.

STATEMENTS OF INCOME

FOR THE THREE MONTHS ENDED DECEMBER 31, 1989 and 1988

FOR THE YEARS ENDED DECEMBER 31, 1989 and 1988

(UNAUDITED)
(\$ IN THOUSANDS)

LINE (a)	DESCRIPTION (b)	(c) 19 89	(d) 19 88
	Revenue:		
1	Casino NOTE 1	\$ 258,357	\$ 207,912
2	Rooms	13,843	15,241
3	Food and beverage	43,841	42,770
4	Other NOTE 15	6,872	6,008
5	Total revenue	322,913	271,931
6	Less: Promotional allowances NOTE 1&13	34,082	29,516
7	Net revenue	288,831	242,415
	Costs And Expenses:		
8	Cost of goods and services	171,543	154,009
9	Selling, general, and administrative	66,428	56,873
10	Provision for doubtful accounts	5,321	2,407
11	Depreciation and amortization NOTE 1	16,520	15,715
	Charges from affiliates other than interest:		
12	Management fees NOTE 2	16,101	13,442
13	Other	-0-	-0-
14	Total costs and expenses	275,913	242,446
15	Income (Loss) From Operations	12,918	(31)
	Other Income (Expenses):		
16	Interest (expense) - affiliates NOTE 7	(20,475)	(20,475)
17	Interest (expense) - external	(2,541)	(2,781)
18	Investment alternative tax and related income (expense) - net.....	(1,004)	(724)
19	Nonoperating income (expense) - net NOTE 10	2,820	1,680
20	Total other income (expenses).....	(21,200)	(22,300)
21	Income (Loss) Before Income Taxes And Extraordinary Items.....	(8,282)	(22,331)
22	Provision (credit) for income taxes NOTE 1&12	(2,539)	(7,071)
23	Income (Loss) Before Extraordinary Items	(5,743)	(15,260)
24	Extraordinary items (net of income taxes - 1989, \$ -0- ; 1988, \$ -0-) NOTE 1	-0-	(282)
25	Net Income (Loss)	\$ (5,743)	\$ (15,542)

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

TRADING NAME OF LICENSEE ATLANTIC CITY SHOWBOAT, INC.

STATEMENTS OF INCOME

FOR THE THREE MONTHS ENDED DECEMBER 31, 1989 and 1988

(UNAUDITED)
(\$ IN THOUSANDS)

LINE (a)	DESCRIPTION (b)	(c) 1989	(d) 1988
	Revenue:		
1	Casino NOTE 1	\$ 58,462	\$ 50,258
2	Rooms	2,510	3,478
3	Food and beverage	9,380	10,263
4	Other	657	1,252
5	Total revenue	71,009	65,251
6	Less: promotional allowances NOTE 1&13	7,015	7,035
7	Net revenue	63,994	58,216
	Costs And Expenses:		
8	Cost of goods and services	42,902	38,354
9	Selling, general, and administrative	14,444	12,360
10	Provision for doubtful accounts	2,661	741
11	Depreciation and amortization NOTE 1	4,110	4,108
	Charges from affiliates other than interest:		
12	Management fees NOTE 2	3,672	3,291
13	Other	-0-	-0-
14	Total costs and expenses	67,789	58,854
15	Income (Loss) From Operations	(3,795)	(638)
	Other Income (Expenses):		
16	Interest (expense) - affiliates NOTE 7	(5,119)	(5,119)
17	Interest (expense) - external	(611)	(675)
18	Investment alternative tax and related income (expense) - net.....	(140)	(218)
19	Nonoperating income (expense) - net	970	486
20	Total other income (expenses)	(4,900)	(5,526)
21	Income (Loss) Before Income Taxes And Extraordinary Items.....	(8,695)	(6,164)
22	Provision (credit) for income taxes NOTE 1	(2,613)	(1,712)
23	Income (Loss) Before Extraordinary Items	(6,082)	(4,452)
24	Extraordinary items (net of income taxes - 19 89, \$ -0- ; 19 88 \$ -0-)	-0-	-0-
25	Net Income (Loss)	\$ (6,082)	\$ (4,452)

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

TRADING NAME OF LICENSEE ATLANTIC CITY SHOWBOAT, INC.

STATEMENTS OF CHANGES IN STOCKHOLDERS' EQUITY

FOR THE YEARS ENDED DECEMBER 31, 1989 and 1988

STATEMENTS OF CHANGES IN PARTNERS'
OR PROPRIETORS' EQUITY

(UNAUDITED)
(\$ IN THOUDANDS)

LINE (a)	DESCRIPTION (b)	19 <u>89</u>		19 <u>88</u>	
		(c) SHARES	(d) DOLLARS	(e) SHARES	(f) DOLLAR
	2500 SHARES AUTHORIZED				
	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)		(5,743)		(15,542)
28	Dividends		()		()
29	.....			
30	.....			
31	Ending balance		(34,892)		(29,149)
32	Ending Stockholders' Equity		\$ 42,017		\$ 47,760

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.

FOR THE YEARS ENDED DECEMBER 31, 1989 and 1988
 (UNAUDITED)
 (\$ IN THOUSANDS)

STATEMENTS OF CHANGES IN PARTNERS'
 OR PROPRIETOR'S EQUITY

FOR THE YEARS ENDED DECEMBER 31, 1989 and 1988

NOT APPLICABLE

(UNAUDITED)
 (\$ IN THOUSANDS)

LINE (a)	DESCRIPTION (b)	(c) 19 ____	(d) 19 ____
	Invested Capital:		
1	Beginning balance (January 1)	\$ 22,862	\$ 16,187
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 YEARS ENDED DECEMBER 31, 1989 and 1988
(UNAUDITED)
(\$ IN THOUSANDS)

Line (a)	Description (b)	(c) 1989	(d) 1988
1	Net Cash Provided (Used) By Operating Activities.....	\$ 34,615	\$ 15,032
	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.....	(14,373)	(9,518)
5	Proceeds from disposition of property and equipment.....	1,232	4
6	Purchase of casino reinvestment obligations.....	(3,163)	(2,077)
7	Purchase of other investments and loans/advances made.....	(7,248)	(4,596)
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.....	(22,842)	(16,187)
	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.....	(2,308)	(2,158)
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.....	(2,308)	(2,158)
24	Net Increase (Decrease) In Cash And Cash Equivalents.....	8,755	(3,313)
25	Cash And Cash Equivalents At Beginning Of Year.....	31,209	34,522
26	Cash And Cash Equivalents At End Of Year.....	\$ 39,964	\$ 31,209

SUPPLEMENTAL DISCLOSURE OF CASH FLOW INFORMATION

	Cash Paid During Year For:		
27	Interest (net of amount capitalized).....	\$ 20,475	\$ 20,475
28	Income taxes (1989 INCLUDES CUMULATIVE EFFECT OF CHANGES IN METHOD OF ACCOUNTING).....	\$ (2,832)	\$ (860)

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 YEARS ENDED DECEMBER 31, 19 89 and 19 88
(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).....	\$ (5,743)	\$ (15,542)
	Noncash items included in income and cash items excluded from income:		
30	Depreciation and amortization of property and equipment.....	16,520	15,715
31	Amortization of other assets.....		
32	Amortization of debt discount or premium.....		
33	Deferred income taxes - current.....		
34	Deferred income taxes - noncurrent.....	2,970	(860)
35	(Gain) loss on disposition of property and equipment.....	859	
36	(Gain) loss on casino reinvestment obligations.....	1,004	724
37	(Gain) loss from other investment activities.....		
38	Net (increase) decrease in receivables and patrons' checks.....	(244)	(4,198)
39	Net (increase) decrease in inventories.....	(107)	458
40	Net (increase) decrease in other current assets.....	172	56
41	Net (increase) decrease in other assets.....	(1,507)	213
42	Net increase (decrease) in accounts payables.....	61	(775)
43	Net increase (decrease) in other current liabilities excluding debt.....	4,503	5,271
44	Net increase (decrease) in other noncurrent liabilities excluding debt.....	16,739	13,422
45	<u>RECLASS ASSET TO NON-CURRENT LIABILITY</u>	(1,158)	
46	<u>AMORT. OF BOND ISS. COSTS ACCT'D FOR AS INT. EXP.</u>	546	548
47	Net Cash Provided (Used) By Operating Activities.....	\$ 34,615	\$ 15,032

SUPPLEMENTAL SCHEDULE OF NONCASH INVESTING AND FINANCING ACTIVITIES

	Acquisition Of Property And Equipment:		
48	Additions to property and equipment.....	\$ 14,373	\$ 9,518
49	Less: Capital lease obligations incurred.....	-0-	-0-
50	Cash Outflows For Property And Equipment.....	\$ 14,373	\$ 9,518
	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.
ATLANTIC CITY SHOWBOAT, INC.
NOTES TO FINANCIAL STATEMENTS

SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES CONTINUED

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Nature of Operations. Equipment are carried at cost. Depreciation, amortization of capitalized leases is computed using the straight-line method.

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). Add (SBI). Additionally, OSI 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. Accounting Standard No. 96 (FAS 96), "Accounting for Income Taxes", was issued by the Financial Accounting Standards Board in 1987. Under the asset and liability method, deferred income taxes are recognized in the period that includes the enactment date. Under the liability method, deferred taxes were recognized using the tax rate in effect at the end of the period.

In accordance with common industry practice, casino revenues are the 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 \$28,822,000 and \$20,776,000 as of December 31, 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.

The Company is a member of the consolidated group of Showboat, Inc. and subsidiaries and is included in the consolidated financial statements. Accordingly, income taxes are reported on the consolidated return which reflects the separate tax returns of the Company and subsidiaries. The extent of the tax benefits available to the Company are reported on the consolidated return. The extent of the tax benefits available to the Company are reported on the consolidated return.

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

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

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES CONTINUED

Property & Equipment

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

Estimated useful lives for property and equipment are 40 years for buildings and 5 to 7 years for furniture and equipment.

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 deferred taxes 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 with SBI. Accordingly, income taxes are allocated based on the agreement which reflects the separate return method except that tax benefits available to the Company are recognized when generated by the company to the extent utilized by 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 amortized 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 twelve months ended December 31, 1989 and 1988, management fee expenses of \$16,101,000 and \$13,442,000 have been incurred, respectively. As of December 31, 1989 and 1988, management fees of \$38,990,000 and \$22,889,000 have been accrued, respectively.

The investments, advances and receivables balances of \$24,849,000 and \$15,443,000 at December 31, 1989 and 1988, include \$13,659,000 and \$14,091,000 receivables from Showboat, Inc. related to federal income taxes relating to the management fee.

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

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

3. RECEIVABLES

Receivables consist of the following:

	<u>Dec 31</u>	<u>Dec 31</u>
	<u>1989</u>	<u>1988</u>
Casino	\$13,163,000	\$ 8,349,000
Hotel	724,000	1,195,000
Income Tax Receivable	805,000	2,701,000
Other	739,000	259,000
	<u>15,431,000</u>	<u>12,504,000</u>
Less allowance for doubtful accounts	5,263,000	2,580,000
	<u>\$ 10,168,000</u>	<u>\$ 9,924,000</u>

4. PROPERTY AND EQUIPMENT

Property and Equipment consist of the following:

	<u>Dec. 31</u>	<u>Dec. 31</u>
	<u>1989</u>	<u>1988</u>
Building and Improvements	\$188,624,000	\$187,852,000
Furniture, Fixtures & Equipment	39,480,000	35,915,000
Vehicles	403,000	718,000
Properties under capital lease		
Building	2,050,000	2,050,000
Furniture, Fixtures & Equipment	20,253,000	19,488,000
Construction in Progress	7,207,000	1,026,000
	<u>258,017,000</u>	<u>247,049,000</u>
Less accumulated depreciation and Other amortization	42,135,000	26,930,000
	<u>\$215,882,000</u>	<u>\$220,119,000</u>

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

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

5. ACCRUED LIABILITIES

Other- Accrued liabilities consist of the following:

	<u>Dec 31</u>	<u>Dec 31</u>
	<u>1989</u>	<u>1988</u>
Salaries and Wages	\$ 3,399,000	\$ 3,553,000
Progressive Slot Liability	2,440,000	1,962,000
Payroll Taxes	1,654,000	176,000
Advertising	1,104,000	118,000
Medical Claims-Employee	1,087,000	1,030,000
Settlement Claims	1,063,000	584,000
Officers Club Redemption	750,000	0
DGE/CCC Charges	748,000	635,000
Taxes-Other	638,000	834,000
Legal Fees	249,000	343,000
Union Benefits	64,000	205,000
Profit Sharing	0	300,000
Other	355,000	204,000
	<u>\$ 13,551,000</u>	<u>\$ 9,944,000</u>

6. OTHER CURRENT LIABILITIES

Other- Other current liabilities consist of the following:

	<u>Dec 31</u>	<u>Dec 31</u>
	<u>1989</u>	<u>1988</u>
Due to Affiliates - Interest	\$ 5,972,000	\$ 5,972,000
Due to Affiliates - Management Fees	15,500,000	0
Other	<u>1,692,000</u>	<u>1,296,000</u>
	<u>\$ 8,164,000</u>	<u>\$ 7,268,000</u>

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

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

7. LONG-TERM DEBT, DUE TO AFFILIATES

The maturities of the Company's long-term debt for the next five years consist only of principal payments on capitalized lease obligations. The Company's long-term debt are as follows:

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

	Dec 31	Dec 31
	1989	1988
Year ending December 31		
1989	\$ 2,731,000	
1991	3,042,000	
1993	3,152,000	
1995	2,380,000	
1997	9,000	
	<u>\$2,376,000</u>	

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%.

Certain furniture, warehouse and long-term lease agreements, 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.

\$180,000,000	\$180,000,000
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8. LONG-TERM DEBT, OTHER

Long-term debt, other consist of the following:

ACS is leasing 10 1/2 acres of Boardwalk property in Atlantic City, New Jersey, commencing October 1983. Annual rent payments, payable monthly, commenced upon opening of the Atlantic City Showboat. The rent will be based on the Consumer Price Index, not to exceed 10% increases or decreases in the Consumer Price Index, per year during the second through the sixth year. In 1988, the annual rent increased to \$6,587,000, a 4% increase. In 1989, the annual rent increased to \$6,959,000, a 5% increase. ACS is liable for taxes, assessments and other obligations (Note 9).

	Dec 31	Dec 31
	1989	1988
Capitalized lease obligations	\$ 15,100,000	\$ 17,408,000

Less current maturities	<u>2,731,000</u>	<u>2,414,000</u>
	<u>\$ 12,369,000</u>	<u>\$ 14,994,000</u>

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

8. LONG-TERM DEBT, OTHER CONTINUED

The maturities of the Company's long-term debt for the next five years consist only of principal payments on capitalized lease obligations. Maturities of the Company's long-term debt are as follows:

<u>Year Ending</u> <u>December 31</u>	
1990	\$ 2,731,000
1991	3,042,000
1992	3,152,000
1993	2,380,000
1994	20,419,000
Thereafter	<u>163,376,000</u>
	\$ 195,100,000 =====

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. In April 1988, the annual rent increased to \$6,587,000 a 4% increase. In April 1989, the annual rent increased to \$6,959,000, a 6% increase. ACS is responsible for taxes, assessments, insurance and utilities.

ATLANTIC CITY SHOWBOAT, INC.
NOTES TO FINANCIAL STATEMENTS

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

9. LEASES CONTINUED

Property and equipment includes the following leased property under capital leases by major classes:

	<u>Dec. 31, 1989</u>	<u>Dec. 31, 1988</u>
Building-Warehouse	\$ 2,050,000	\$ 2,050,000
Furn. and Equip.	<u>20,249,000</u>	<u>19,488,000</u>
	22,299,000	21,538,000
Less: Accumulated Amortization	<u>8,442,000</u>	<u>5,717,000</u>
	<u>\$13,857,000</u>	<u>\$15,821,000</u>
	=====	=====

The following is a schedule of future minimum lease payments for capital leases and operating leases (with initial or remaining terms in excess of one year) as of December 31, 1989:

<u>Year Ending</u> <u>December 31</u>	<u>Capital</u> <u>Leases</u>	<u>Operating</u> <u>Leases</u>
1990	\$ 4,200,000	\$7,061,000
1991	4,200,000	7,061,000
1992	3,970,000	7,061,000
1993	2,922,000	7,061,000
1994	2,692,000	7,061,000
Later Years	<u>1,884,000</u>	<u>610,652,000</u>
	\$ 19,868,000	\$645,957,000
		=====

Less Amount
Repr. interest
(10.4% to 11.26%) 4,768,000
Present Value of net
minimum lease
payments \$ 15,100,000
=====

ATLANTIC CITY SHOWBOAT, INC.

NOTES TO FINANCIAL STATEMENTS
(continued)

EMPLOYEE BENEFIT PLANS

Rent expense for all operating leases (except those with terms of a month or less that were not renewed) was \$7,068,000 and \$7,493,000 for the twelve months ended December 31, 1989 and 1988, respectively.

10. NON-OPERATING INCOME (EXPENSE)

For the twelve months ended December 31, 1989 and 1988, Non-Operating Income (Expense) is:

	<u>Dec 31</u>	<u>Dec 31</u>
	<u>1989</u>	<u>1988</u>
Interest Income on temporary Cash Investments	\$2,820,000	\$ 1,680,000
	=====	=====

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

11. EMPLOYEE BENEFIT PLANS

Until November 1, 1989, the Company participated in a profit sharing and retirement plan with SBI for eligible employees who are not covered by a collective bargaining agreement or by another retirement plan to which the Company was required to contribute. Contributions to this plan were made at the discretion of the Board of Directors of Ocean Showboat. 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 contributed and accrued \$300,000 and \$450,000 during the years ended December 31, 1989 and 1988, respectively.

Effective November 1, 1989, the Company amended its retirement and savings plan for eligible employees not covered by a collective bargaining agreement. Under the terms of the amended plan, an eligible employee may defer up to 3 percent of their salary of which 100 percent is matched by the Company. Eligible employees may contribute an additional 7 percent of their salary which will not be matched by the Company. The Company contributed \$99,000 to this plan for the year ended December 31, 1989.

The Company's union employees are covered by union-sponsored, collective 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. The Company entered a plan covering substantially all union employees on November 1, 1987. Contributions to the plan were \$419,000 and \$443,000 during the years ended December 31, 1989 and 1988, respectively.

	<u>Dec. 31</u>	<u>Dec. 31</u>
	<u>1989</u>	<u>1988</u>
Computed "expected" tax expense benefit at statutory rates	\$2,823,000	(\$7,594,000)
Investment tax credit		
Loss reduction	(184,000)	(289,000)
Targeted jobs credit		
Write-down of CRDA bonds	(42,000)	(155,000)
Benefit of NOL carryback at a higher tax rate		11,472,000
Reduction of investment tax credit carryforward		(1,522,000)
Other	(8,202)	(279,000)
	<u>\$2,539,000</u>	<u>\$7,071,000</u>

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

12. INCOME TAXES

Income tax expense (benefit) consists of the following:

	<u>Dec. 31</u>	<u>Dec. 31</u>
	<u>1989</u>	<u>1988</u>
Current	(\$ 5,509,000)	(\$ 5,930,000)
Deferred	<u>2,970,000</u>	<u>(1,141,000)</u>
	(\$ 2,539,000)	(\$ 7,071,000)
State Taxes	<u>0</u>	<u>0</u>
	<u>(\$ 2,539,000)</u>	<u>(\$ 7,071,000)</u>

The total income tax expense (benefit) differed from the amounts computed by applying the U.S. federal income tax rate to income before taxes as a result of the following:

	<u>Dec. 31</u>	<u>Dec. 31</u>
	<u>1989</u>	<u>1988</u>
Computed "expected" tax expense benefit at statutory rates	(\$2,823,000)	(\$7,596,000)
Investment tax credit basis reduction		
Targeted jobs credit	(104,000)	(289,000)
Write-down of CRDA bonds	342,000	166,000
Benefit of NOL carryback at a higher tax rate		(1,473,000)
Reduction of investment tax credit carryforward		1,522,000
Other	<u>46,000</u>	<u>599,000</u>
	<u>(\$ 2,539,000)</u>	<u>(\$7,071,000)</u>

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

TEMPORARY DIFFERENCES

Promotional Allowances

12. INCOME TAXES (continued)

Temporary differences between the financial statement carrying amounts and the tax bases of assets and liabilities that give rise to significant portions of the deferred tax liability at December 31, 1989 and 1988 relate to the following:

		Dec. 31	Dec. 31
		1989	1988
Depreciation	\$ 6,961,000	\$ 4,344,000	
Pre-Opening Costs	(3,392,000)	(4,903,000)	
Accrued Vacation Pay	534,000	(278,000)	
A/R Primarily Allow. for Doubtful Accounts.		(708,000)	
Other, net	(109,000)	267,000	
	\$ (1,158,000)	\$ 1,812,000	

	Twelve Months		Ending Dec. 31, 1989		Ending Dec. 31, 1988	
	Recipients	Amount	Recipients	Amount	Recipients	Amount
Coin	2,409,636	\$32,076,000	538,456	\$6,459,000		
Travel	22,320	3,064,000	6,423	1,124,000		
Other	299,629	2,158,000	64,000	560,000		
	2,678,583	\$38,140,000	608,879	\$8,143,000		

Promotional allowances represent complimentary services furnished gratuitously to customers of ACS goods and services, such as free food, and beverage. The sales value of these complimentary services are included in the respective revenue classification and are then deducted as promotional allowances. Promotional allowances are complimentary services furnished gratuitously to customers of non-revenue producing items, such as complimentary travel to the resort and complimentary meals. These promotional allowances are included in the respective revenue classification and are then deducted as promotional allowances.

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

13. COMPLIMENTARIES

Promotional Allowances

	Twelve Months		Three Months	
	Ending Dec. 31, 1989		Ending Dec. 31, 1989	
	<u>Recipients</u>	<u>Amount</u>	<u>Recipients</u>	<u>Amount</u>
Rooms	65,662	\$ 8,756,000	11,982	\$1,612,000
Food	1,626,308	16,613,000	369,404	3,598,000
Beverage	3,258,218	7,862,000	630,413	1,616,000
Showroom	39,567	851,000	8,400	189,000
	<u>4,989,755</u>	<u>\$ 34,082,000</u>	<u>1,020,199</u>	<u>\$7,015,000</u>
	=====	=====	=====	=====

Promotional Expenses

	Twelve Months		Three Months	
	Ending Dec. 31, 1989		Ending Dec. 31, 1989	
	<u>Recipients</u>	<u>Amount</u>	<u>Recipients</u>	<u>Amount</u>
Coin	2,409,636	\$32,076,000	538,456	\$6,459,000
Travel	22,320	3,906,000	6,423	1,124,000
Other	246,629	2,158,000	64,000	560,000
	<u>2,678,585</u>	<u>\$38,140,000</u>	<u>608,879</u>	<u>\$8,143,000</u>
	=====	=====	=====	=====

Promotional allowances represent complimentary services furnished gratuitously to customers of ACS goods and services, such as free room, food and beverage. The sales value of these complimentary services are included in the respective revenue classification and are then deducted as promotional allowances. Promotional expenses are complimentary services 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.

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

14. SETTLEMENT OF LITIGATION

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 represents a recovery of operating costs incurred since opening and costs incurred to settle the arbitration. This amount has been included in Other Revenue.

15. 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 December 31, 1989 is \$5,239,000.

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 December 31, 1989 and 1988, deposits and other assets includes \$3,510,000 and \$1,346,000, respectively, representing the Company's obligation to the CRDA of \$5,239,000 at December 31, 1989 and \$2,070,000 at December 31, 1988 net of an allowance for the interest rate differential of \$1,729,000 and \$724,000, respectively.

SCHEDULE OF RECEIVABLES AND PATRONS' CHECKS

DECEMBER 31, 1989

(UNAUDITED)
(\$ IN THOUSANDS)

ATLANTIC CITY SHOWBOAT, INC.
NOTES TO FINANCIAL STATEMENTS

DESCRIPTION (a)	AMOUNT BALANCE (b)	ALLOWANCE (c)	ACCOUNTS RECEIVABLE- (e) NET OF ALLOWANCE
Patrons' checks:			
Undeposited patrons' checks	6,840		
16. SUBSEQUENT EVENTS	6,323		
Total	\$ 13,163	\$ -	\$ 13,163
Receivables due from affiliates	44		
Other accounts and notes receivables	1,250		
Total other receivables	1,294	-0-	1,294
Total	\$ 14,457	\$ 5,263	\$ 9,194

16. SUBSEQUENT EVENTS

Total In December 1989, the Board of Directors of ACS authorized the purchase of up to 4% of the outstanding shares of SBI by the Company. These shares are designated for issuance to officers and key employees of ACS as a result of their participation in the Showboat, Inc. long-term incentive plan. Adoption of this plan is subject to the approval of the shareholders of SBI. As of February 23, 1990, 84,400 shares of SBI had been purchased at a total cost of \$708,000.

UNDEPOSITED PATRONS' CHECKS ACTIVITY

DESCRIPTION (a)	AMOUNT (b)
Beginning Balance (January 1)	\$ 5,628
Counter checks issued (excluding counter checks issued through transactions relating to consolidations, partial redemptions, substitutions, and patrons' cash deposits)	198,153
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)	(149,672)
Checks collected through deposits	37,309
Checks transferred to returned checks	(10,739)
Other adjustments	-0-
Ending Balance	\$ 6,840
"Hold" Checks Included in Balance on Line 16	\$ -
Provision For Uncollectible Patrons' Checks	(3,121)
Provision As A Percent Of Counter Checks Issued	1,641

SCHEDULE OF RECEIVABLES AND PATRONS' CHECKS

CASINO DEPARTMENTAL SCHEDULE

DECEMBER 31, 1989

(UNAUDITED)

FOR THE YEAR ENDED DECEMBER 31, 1988
(\$ 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	\$ 6,840		
2	Returned patrons' checks	6,323		
3	Total patrons' checks	13,163	\$ 5,121	\$ 8,042
4	Hotel Receivables	724	142	582
5	Other Receivables:			
	Receivables due from officers and employees.....	250		
6	Receivables due from affiliates	44		
7	Other accounts and notes receivables	1,250		
8	Total other receivables	1,544	-0-	1,544
9	Totals (Form 305).....	\$ 15,431	\$ 5,263	\$ 10,168

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)	198,152
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)	(148,672)
13	Checks collected through deposits	(37,509)
14	Checks transferred to returned checks	(10,759)
15	Other adjustments	-0-
16	Ending Balance	\$ 6,840
17	"Hold" Checks Included In Balance On Line 16	\$ -0-
18	Provision For Uncollectible Patrons' Checks	\$ 5,121
19	Provision As A Percent Of Counter Checks Issued	2.6 %

STATEMENT OF CONFORMITY AND ACCURACY

TRADING NAME OF LICENSEE ATLANTIC CITY SHOWBOAT, INC.

CASINO DEPARTMENTAL SCHEDULE

FOR THE YEAR ENDED DECEMBER 31, 1988

(UNAUDITED)
(\$ IN THOUSANDS)

LINE (a)	DESCRIPTION (b)	AMOUNT (c)	DROP (d)	WIN OR (LOSS) PERCENT (e)	WEIGHTED AVG. NUMBER OF TABLES (f) OR MACHINES
	Revenue:				
1	Blackjack	\$ 45,194	\$ 308,612	14.6 %	73
2	Craps	37,220	238,644	15.6	18
3	Roulette	10,695	38,965	27.4	12
4	Big Six	1,900	4,106	46.3	4
5	Baccarat	16,601	102,174	16.2	4
6	Other table games	---	---		
7	Total table games revenue	111,610	\$ 692,501	16.1 %	111
			HANDLE		
8	\$.05 slot machines	4,123	\$ 29,446	14.0 %	98
9	\$.25 slot machines	59,989	482,053	12.4	763
10	\$1.00 slot machines	18,597	207,709	9.0	179
11	Other slot machines	64,517	727,200	8.9	613
12	Total coin-operated devices revenue	147,226	\$ 4,446,408	10.2 %	1,660
13	Progressive jackpot adjustment	478			
14	Total coin-operated devices revenue after adjustment	146,748			
15	Other income	---			
16	Total revenue	258,358			
	Expenses:				
17	Payroll and payroll related expenses	40,342			
18	Licenses and taxes	21,199			
19	Provision for uncollectible patrons' checks	5,195			
20	Other	54,013			
21	Total	120,749			
22	Departmental Income (Loss) Before Complimentary Services And Casino Management Fees.....	137,609			
	Complimentary services and casino management fees:				
23	Complimentary services	35,403			
24	Casino management fees	---			
25	Total	---			
26	Departmental Income (Loss)	\$ 102,206			

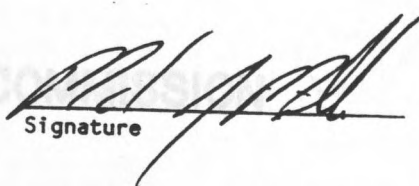
STATEMENT OF CONFORMITY AND ACCURACY

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

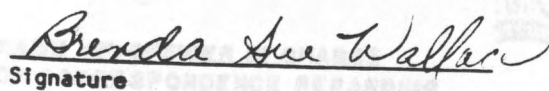

Signature

VICE PRESIDENT/FINANCE
Title

3587-11
License Number

Subscribed and sworn to
before me this 14th day
of March, 1990

On Behalf Of:


Signature

ATLANTIC CITY SHOWBOAT, INC.
Casino Licensee

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

Basis of Authority
to Take Oaths

GROSS REVENUE ANNUAL TAX RETURN

FOR THE YEAR ENDED DECEMBER 31, 19 89

GROSS REVENUE ANNUAL TAX RETURN

NET GROSS REVENUE	\$ 131,609,414
DEDUCTIBLE EXPENSES	130,371,948
TOTAL	\$ 1,258,835,464
ADDITIONAL TAX	137,556
TOTAL	\$ 10,353,419
FOR THE YEAR ENDED DECEMBER 31, 19 89	5,137,556
TOTAL	\$ 253,697,904
GROSS REVENUES - CURRENT YEAR (8% of line 3)	\$ 20,295,833
OTHER ADJUSTMENTS TO TAX ON GROSS REVENUES IN PRIOR YEARS	938
TOTAL	20,296,771
TAX ON CURRENT YEAR'S GROSS REVENUES	1,627,334
TOTAL	1,435,730
TOTAL	1,523,737
TOTAL	1,701,841
TOTAL	2,119,959
TOTAL	2,001,601
TOTAL	1,944,754
TOTAL	1,667,791
TOTAL	1,526,456
TOTAL	1,297,380
TOTAL	(3)
TOTAL	(129,291,180)

LICENSEE ATLANTIC CITY SHOWBOAT, INC.

ADDRESS PO BOX 840
ATLANTIC CITY, NJ 08401

FOR THE YEAR ENDED DECEMBER 31, 19 89

TO THE

CASINO CONTROL COMMISSION

OF THE

STATE OF NEW JERSEY



NAME OF OFFICER IN CHARGE OF CORRESPONDENCE REGARDING THIS ANNUAL TAX RETURN: MARK J. MILLER

OFFICIAL TITLE: VICE PRESIDENT FINANCE

ADDRESS: PO BOX 840
ATLANTIC CITY, NJ 08401

GROSS REVENUE ANNUAL TAX RETURN

STATEMENT OF CONFORMITY AND ACCURACY
FOR THE YEAR ENDED DECEMBER 31, 19 89

STATE OF New Jersey

(UNAUDITED)

COUNTY OF Atlantic

(\$ IN THOUSANDS)

LINE			
1	Casino win or (loss) <u>J. MILLER</u>		
2	Table games revenue	\$ 111,609,414	
3	Coin-operated devices revenue	<u>147,226,050</u>	
	Total revenues		\$ 258,835,464
4	Less - adjustment for uncollectible patrons' checks:		
	Provision for uncollectible patrons' checks	\$ 5,137,556	
5	Maximum adjustment (4% of line 3)	\$ 10,353,419	
6	Adjustment (the lesser of line 4 or line 5)		5,137,556
7	Gross revenues (line 3 less line 6)		\$ 253,697,908
8	Tax on gross revenues - current year (8% of line 7)		\$ 20,295,833
9	Audit or other adjustments to tax on gross revenues in prior years		938
10	Total tax on gross revenues (line 8 plus or minus line 9)		<u>20,296,771</u>
	Deposits made for tax on current year's gross revenues:		
11	January	\$ 1,627,334	
12	February	1,455,780	
13	March	1,583,737	
14	April	1,703,841	
15	May	1,783,711	
16	June	1,578,760	
17	July	2,119,998	
18	August	2,001,601	
19	September	1,944,754	
20	October	1,667,791	
21	November	1,526,496	
22	December	1,297,380	
23	January	(3)	
24	Total deposits made for tax on current year's gross revenues		<u>(120,291,180)</u>
25	Settlement of prior years' tax on gross revenues resulting from audit or other adjustments - (deposits) credits		<u>0</u>
26	Gross revenues tax payable (line 10 less line 24 plus or minus line 25)		\$ <u>5,591</u>

STATEMENT OF CONFORMITY AND ACCURACY

STATE OF New Jersey :
COUNTY OF Atlantic :ss.

MARK J. MILLER, being duly sworn according
Name

to law upon my oath deposes and says:

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

Signature

VICE PRESIDENT FINANCE
Title

3587-11
License Number

On Behalf Of:

ATLANTIC CITY SHOWBOAT, INC.
Casino Licensee

Subscribed and sworn to
before me this 14th day
of MARCH, 1990.

Brenda Sue Wallace
Signature

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

Basis of Authority
to Take Oaths

OFFICIAL TITLE

ADDRESS



MARK J. MILLER

VICE PRESIDENT FINANCE

PO BOX 340

ATLANTIC CITY, NJ 08401

ANNUAL EMPLOYMENT AND PAYROLL REPORT

LICENSEE ATLANTIC CITY SHOWBOAT, INC.

ADDRESS PO BOX 840

ATLANTIC CITY, NJ 08401

FOR THE YEAR ENDED DECEMBER 31, 1989

TO THE

CASINO CONTROL COMMISSION

OF THE

STATE OF NEW JERSEY



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

MARK J. MILLER

OFFICIAL TITLE.....

VICE PRESIDENT FINANCE

ADDRESS.....

PO BOX 840

ATLANTIC CITY, NJ 08401

ANNUAL EMPLOYMENT AND PAYROLL REPORT

FOR THE YEAR ENDED DECEMBER 31, 1989
(\$ in Thousands)

LINE (a)	DEPARTMENT (b)	NUMBER OF (c) EMPLOYEES	SALARIES AND WAGES		(f) TOTALS
			(d) OTHER EMPLOYEES	(e) OFFICERS & OWNERS	
	CASINO				
1	Administration	32			
2	Gaming	846			
3	Slots	122			
4	Casino accounting	33			
5	Other	548			
6	Total-casino	1,581	\$ 30,815	\$ 645	\$ 31,460
7	ROOMS	320	4,567	85	4,652
8	FOOD AND BEVERAGE	1,181	15,591	117	15,708
	OTHER OPERATED DEPARTMENTS				
9	BOWLING	24	432	94	526
10	PBX	20	337		337
11	BOX OFFICE	--	70		70
12					
13					
14					
15					
16					
17					
18					
19					
	ADMINISTRATIVE AND GENERAL				
20	Executive office	11	53	1,957	2,010
21	Accounting and auditing	67	1,357	104	1,461
22	Security	242	4,988		4,988
23	Other administrative and general department ..	135	3,288		3,288
24	MARKETING	12	233	150	383
25	GUEST ENTERTAINMENT	97	1,279		1,279
26	PROPERTY OPERATION AND MAINTENANCE	312	5,907		5,907
27	TOTALS - ALL DEPARTMENTS	4,002	\$ 68,917	\$ 3,152	\$ 72,069

FORM THE ABOVE ENDED DECEMBER 31, 1989

ВЫВОДЪ ЕМЪЛОАМЕНЪ ИМД БЪАКОГЪ БЕВОБЪ

HOTEL STATISTICS

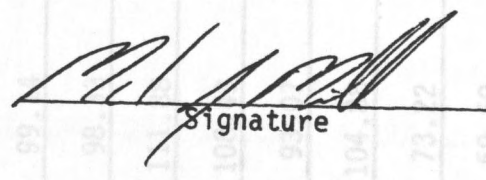
FOR THE 12 MONTHS ENDED December 31, 1989

Trading Name of Licensee ATLANTIC CITY SHOWBOAT, INC.

ANNUAL EMPLOYMENT AND PAYROLL REPORT SIGNATURE PAGE

For the Year Ended December 31, 1989

March 14, 1990
Date


Signature

Vice President Finance
Title

PERIOD	NUMBER OF GUEST ROOMS IN PROPERTY	NUMBER OF AVAILABLE ROOMS	NUMBER OF OCCUPIED ROOMS	AVERAGE RATE PER OCCUPIED ROOM	UTILIZATION RATE	NUMBER OF GUESTS ACCUMULATED	AVERAGE RATE PER GUEST ACCUMULATED
JANUARY	516	15,937	11,070	\$ 90	71.2 %	23,159	\$ 45.63
FEBRUARY	516	14,424	11,470	\$ 91	79.5 %	58,940	\$ 45.69
MARCH	516	15,531	12,292	\$ 92	79.1 %	24,514	\$ 45.38
1ST QUARTER TOTALS		45,892	35,432	\$ 90	77.2 %	70,333	\$ 45.56
APRIL	516	15,480	12,482	\$ 91	80.6 %	23,171	\$ 51.57
MAY	516	15,938	12,911	\$ 95.73	81.0 %	25,171	\$ 48.37
JUNE	516	15,424	13,229	\$ 99	85.8 %	26,616	\$ 49.57
2ND QUARTER TOTALS		46,842	38,622	\$ 98	82.5 %	75,907	\$ 50.39
JULY	516	15,979	13,058	\$ 104	81.7 %	26,116	\$ 55.94
AUGUST	516	15,957	12,494	\$ 104	78.3 %	24,988	\$ 54.21
SEPTEMBER	516	15,009	11,501	\$ 91	76.6 %	23,022	\$ 46.54
3RD QUARTER TOTALS		46,945	37,053	\$ 104	78.9 %	74,106	\$ 52.44
OCTOBER	516	15,266	12,429	\$ 73.72	81.4 %	24,858	\$ 36.61
NOVEMBER	516	14,612	11,566	\$ 69.50	79.2 %	23,132	\$ 34.80
DECEMBER	516	15,573	10,824	\$ 73.71	69.5 %	25,000	\$ 31.91
4TH QUARTER TOTALS		45,451	34,819	\$ 72.17	76.6 %	72,990	\$ 34.43
ANNUAL TOTALS		185,130	145,926	\$ 91.94	78.8 %	293,149	\$ 45.77

TRADING NAME OF LICENSEE SHOWBOAT HOTEL AND CASINO

HOTEL STATISTICS

FOR THE 12 MONTHS ENDED December 31, 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	516	15,266	12,429	\$ 73.22	81.4 %	24,858	\$ 36.61
NOVEMBER	516	14,612	11,566	\$ 69.60	79.2 %	23,132	\$ 34.80
DECEMBER	516	15,573	10,824	\$ 73.71	69.5 %	25,000	\$ 31.91
4TH QUARTER TOTALS		45,451	34,819	\$ 72.17	76.6 %	72,990	\$ 34.43
ANNUAL TOTALS		185,130	145,926	\$ 91.94	78.8 %	293,149	\$ 45.77

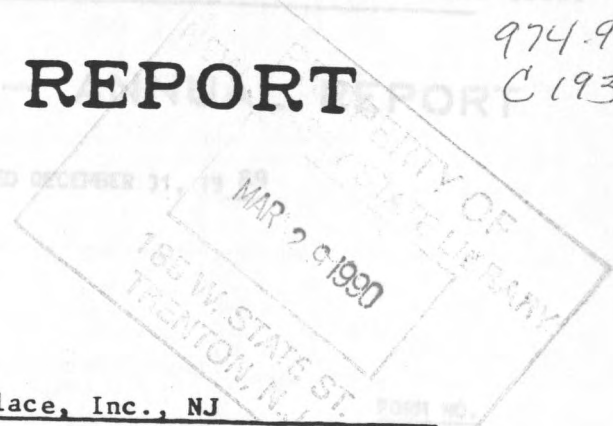
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TRADING NAME OF LICENSEE Bally's Park Place Casino Hotel and Tower

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ANNUAL REPORT

FOR THE YEAR ENDED DECEMBER 31, 1989



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

FOR THE YEAR ENDED DECEMBER 31, 1989

TO THE CASINO CONTROL COMMISSION OF THE STATE OF NEW JERSEY



NAME OF OFFICER IN CHARGE OF CORRESPONDENCE REGARDING THIS ANNUAL REPORT Joseph A. D'Amato
OFFICIAL TITLE Vice President and Treasurer
ADDRESS Park Place and the Boardwalk
Atlantic City, NJ 08401

LONG LINE IS MONTH ENDED DECEMBER 31 1986
HOTEL 2141212

BALANCE SHEETS

TRADING NAME OF LICENSEE Bally's Park Place Casino Hotel and Tower

DECEMBER 31, 19 88 AND 19 89

LIST OF FORMS - ANNUAL REPORT

DESCRIPTION (a)	FOR THE YEAR ENDED DECEMBER 31, 19 <u>89</u>	(b) 19 <u>88</u>
ASSETS		
U.S. Government Securities	15,069	8,992
State and Local Government Securities	-	-
Time Deposits	-	-
Notes Receivable (net of allowance for doubtful accounts)	10,331	10,579
Accounts Receivable	3,780	2,162
Prepaid Expenses and Other Current Assets	2,627	3,901
Balance Sheets		
Statements of Income (Year)		
Statements of Income (Three Months)		
Statements of Changes in Stockholders' Equity		
Statements of Changes in Partners' or Proprietor's Equity		
Statements of Cash Flows		
Notes to Financial Statements		
Schedule of Receivables and Patrons' Checks		
Casino Departmental Schedule		
Statement of Conformity and Accuracy		
Liabilities and Equity		
Accounts Payable	14,773	20,651
Current portion of long-term debt	-	-
Other	-	-
Casino Departmental Schedule		
Statement of Conformity and Accuracy		
Accrued expenses	29,689	19,261
Other current liabilities	1,574	1,847
Total current liabilities	46,036	41,759
Long-term Debt:		
Due to affiliates	350,000	99,663
Other	4,834	56,798
Deferred Credits	10,817	13,923
Other Liabilities	21,500	14,053
Provisions and Contingencies	-	-
Total Liabilities	433,287	225,714
Stockholders', Partners', or Proprietor's Equity	127,906	266,675
Total Liabilities And Equity	561,193	492,389

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

BALANCE SHEETS

DECEMBER 31, 19 89 AND 19 88

(UNAUDITED)
(\$ IN THOUSANDS)

DESCRIPTION (b)	(c) 19 <u>89</u>	(d) 19 <u>88</u> *
ASSETS		
Current Assets:		
Cash and Cash Equivalents	\$ 15,069	\$ 8,992
Marketable securities	-	-
Receivables and patrons' checks (net of allowance for doubtful accounts - 19 <u>89</u> , \$ 5,400 ; 19 <u>88</u> , \$ 5,571)	10,391	10,579
Inventories	3,784	2,165
Prepaid expenses and other current assets .. Note 2	2,627	3,901
Total current assets	31,871	25,637
Investments, Advances, And Receivables .. Note 11	32,191	16,715
Property And Equipment - Net .. Note 3	481,076	447,949
Other Assets	16,667	5,174
Total Assets	\$ 561,805	\$ 495,475
LIABILITIES AND EQUITY		
Current Liabilities:		
Accounts payable	\$ 14,773	\$ 20,651
Notes payable	-	-
Current portion of long-term debt:		
Due to affiliates	-	-
Other	-	-
Income taxes payable and accrued	696	2,580
Other accrued expenses .. Note 12	29,689	19,261
Other current liabilities	1,574	1,847
Total current liabilities	46,732	44,339
Long-Term Debt:		
Due to affiliates .. Note 4	350,000	99,663
Other .. Note 4	4,834	56,799
Deferred Credits .. Note 5	10,833	13,925
Other Liabilities .. Note 7	21,500	14,053
Commitments And Contingencies		
Total Liabilities	433,899	228,779
Stockholders', Partners', Or Proprietor's Equity	127,906	266,696
Total Liabilities And Equity	\$ 561,805	\$ 495,475

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 WITH 1989 PRESENTATION

TRADING NAME OF LICENSEE Bally's Park Place Casino Hotel and Tower

STATEMENTS OF INCOME

FOR THE YEARS ENDED December, 19 89 and 1988

(UNAUDITED)
(\$ IN THOUSANDS)

LINE (a)	DESCRIPTION (b)	(c) 19 <u>89</u>	(d) 19 <u>88</u>
	Revenue:		
1	Casino	\$ 279,690	\$ 268,961
2	Rooms	29,504	17,506
3	Food and beverage	36,493	31,808
4	Other	10,712	9,921
5	Total revenue	356,399	328,196
6	Less: Promotional allowances <u>Note 8</u>	31,561	26,553
7	Net revenue	324,838	301,643
	Costs And Expenses:		
8	Cost of goods and services	161,000	143,848
9	Selling, general, and administrative	67,576	59,858
10	Provision for doubtful accounts	863	635
11	Depreciation and amortization	25,303	21,539
	Charges from affiliates other than interest:		
12	Management fees	-	-
13	Other .....Note 6	800	1,200
14	Total costs and expenses	255,542	227,080
15	Income (Loss) From Operations	69,296	74,563
	Other Income (Expenses):		
16	Interest (expense) - affiliates <u>Note 9</u>	<17,676>	<6,292>
17	Interest (expense) - external <u>Note 9</u>	<3,590>	<1,742>
18	Investment alternative tax and related income (expense) - net.....	<1,948>	<2,537>
19	Nonoperating income (expense) - net .. <u>Note 14</u>	2,292	1,235
20	Total other income (expenses).....	<20,922>	<9,336>
21	Income (Loss) Before Income Taxes And Extraordinary Items.....	48,374	65,227
22	Provision (credit) for income taxes .. <u>Note 10</u>	19,753	26,785
23	Income (Loss) Before Extraordinary Items	28,621	38,442
24	Extraordinary items (net of income taxes - 19 <u>89</u> , \$ 5,600 ; 19 <u>88</u> , \$ -0-) .. <u>Note 4</u>	<8,411>	-
25	Net Income (Loss)	\$ 20,210	\$ 38,442

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

TRADING NAME OF LICENSEE Bally's Park Place Casino Hotel and Tower

STATEMENTS OF INCOME

FOR THE THREE MONTHS ENDED DECEMBER 31, 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	\$ 65,917	\$ 61,116
2	Rooms	8,242	3,999
3	Food and beverage	9,359	7,781
4	Other	2,616	2,163
5	Total revenue	86,134	75,059
6	Less: promotional allowances Note 8	7,920	6,462
7	Net revenue	78,214	68,597
	Costs And Expenses:		
8	Cost of goods and services	42,938	35,809
9	Selling, general, and administrative	16,891	14,561
10	Provision for doubtful accounts	380	140
11	Depreciation and amortization	7,471	5,170
	Charges from affiliates other than interest:		
2	Management fees	-	-
13	Other Note 6	-	300
14	Total costs and expenses	67,680	55,980
15	Income (Loss) From Operations	10,534	12,617
	Other Income (Expenses):		
16	Interest (expense) - affiliates Note 9	<9,806>	<873>
17	Interest (expense) - external Note 9	<72>	<226>
18	Investment alternative tax and related income (expense) - net.....	<429>	<998>
19	Nonoperating income (expense) - net Note 14	809	211
20	Total other income (expenses)	<9,498>	<1,886>
21	Income (Loss) Before Income Taxes And Extraordinary Items.....	1,036	10,731
22	Provision (credit) for income taxes Note 10	609	3,872
23	Income (Loss) Before Extraordinary Items	427	6,859
24	Extraordinary items (net of income taxes - 19 <u> </u> , \$; 19 <u> </u> , \$)	-	-
25	Net Income (Loss)	\$ 427	\$ 6,859

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

TRADING NAME OF LICENSEE Bally's Park Place Casino Hotel and Tower

STATEMENTS OF CHANGES IN STOCKHOLDERS' EQUITY

FOR THE YEARS ENDED DECEMBER 31, 19 89 and 19 88

STATEMENTS OF CHANGES IN PARTNERS'
OR PROPRIETORS' EQUITY
(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	-	-	-	-
3	.....	-	-	-	-
4	Ending balance	100	93,987	100	93,987
	Preferred Stock:				
5	Beginning balance (January 1)	-	-	-	-
6	Sale of stock	-	-	-	-
7	.....	-	-	-	-
8	Ending Balance	-	-	-	-
	Additional Paid-in Capital:				
9	Beginning balance (January 1)	-	34,652	-	34,652
10	.....	-	-	-	-
11	.....	-	-	-	-
12	Ending balance	-	34,652	-	34,652
	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)	-	138,057	-	116,615
26	Prior period adjustments	-	-	-	-
27	Net income (loss)	-	20,210	-	38,442
28	Dividends	-	(159,000)	-	(17,000)
29	.....	-	-	-	-
30	.....	-	-	-	-
31	Ending balance	-	(733)	-	-
32	Ending Stockholders' Equity		\$ 127,906		\$ 266,696

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

TRADING NAME OF LICENSEE Bally's Park Place Casino Hotel and Tower

FOR THE YEARS ENDED DECEMBER 31, 19 89 and 19 88
 (UNAUDITED)
 (\$ IN THOUSANDS)

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

NOT APPLICABLE

FOR THE YEARS ENDED DECEMBER 31, 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	.....	(	)
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.

Restated to conform with 1983 presentation.

STATEMENTS OF CASH FLOWS

FOR THE YEARS ENDED DECEMBER 31, 19 89 and 19 88
(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.....	\$ 43,202	\$ 71,799
	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.....	<59,848>	<69,898>
5	Proceeds from disposition of property and equipment.....	-	-
6	Purchase of casino reinvestment obligations.....	<2,101>	<3,311>
7	Purchase of other investments and loans/advances made.....	<18,989>	<3,395>
8	Proceeds from disposal of investments and collection of advances and long-term receivables.....	4,778	2,830
9	Cash outflows to acquire business entities.....	-	-
10	.....	-	-
11	.....	-	-
12	Net Cash Provided (Used) By Investing Activities.....	<76,160>	<73,774>
	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.....	414,440	77,537
16	Costs of issuing debt.....	-	-
17	Payments to settle long-term debt.....	<216,405>	<60,238>
18	Cash proceeds from issuing stock or capital contributions.....	-	-
19	Purchases of treasury stock.....	-	-
20	Payments of dividends or capital withdrawals.....	<159,000>	<17,000>
21	.....	-	-
22	.....	-	-
23	Net Cash Provided (Used) By Financing Activities.....	39,035	299
24	Net Increase (Decrease) In Cash And Cash Equivalents.....	6,077	<1,676>
25	Cash And Cash Equivalents At Beginning Of Year	8,992	10,668
26	Cash And Cash Equivalents At End Of Year.....	\$ 15,069	\$ 8,992

SUPPLEMENTAL DISCLOSURE OF CASH FLOW INFORMATION

27	Cash Paid During Year For:		
28	Interest (net of amount capitalized).....	\$ 12,398	\$ 7,848
	Income taxes.....	\$ 17,329	\$ 31,581

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 with 1989 presentation.

STATEMENTS OF CASH FLOWS

FOR THE YEARS ENDED DECEMBER 31, 1989 and 1988

(UNAUDITED)

(\$ IN THOUSANDS)

Line (a)	Description (b)	(c) 19 89	(d) 1988*
	Net Cash Flows From Operating Activities:		
29	Net income (loss).....	\$ 20,210	\$ 38,442
	Noncash items included in income and cash items excluded from income:		
30	Depreciation and amortization of property and equipment.....	23,991	20,579
31	Amortization of other assets.....	1,312	960
32	Amortization of debt discount or premium.....	21	32
33	Deferred income taxes - current.....	1,463	<863>
34	Deferred income taxes - noncurrent.....	<3,092>	<1,487>
35	(Gain) loss on disposition of property and equipment.....	2,730	314
36	(Gain) loss on casino reinvestment obligations.....	969	1,576
37	(Gain) loss from other investment activities.....	<133>	162
38	Net (increase) decrease in receivables and patrons' checks.....	188	3,378
39	Net (increase) decrease in inventories.....	<1,619>	<46>
40	Net (increase) decrease in other current assets.....	<189>	<102>
41	Net (increase) decrease in other assets.....	<12,805>	<417>
42	Net increase (decrease) in accounts payables.....	<5,878>	2,600
43	Net increase (decrease) in other current liabilities excluding debt.....	8,271	<751>
44	Net increase (decrease) in other noncurrent liabilities excluding debt.....	7,447	7,422
45	Write-off of bond issue costs.....	316	-
46		-	-
47	Net Cash Provided (Used) By Operating Activities.....	\$ 43,202	\$ 71,799

SUPPLEMENTAL SCHEDULE OF NONCASH INVESTING AND FINANCING ACTIVITIES

48	Acquisition Of Property And Equipment:		
49	Additions to property and equipment.....	\$ 59,848	\$ 69,898
50	Less: Capital lease obligations incurred.....	-	-
	Cash Outflows For Property And Equipment.....	\$ 59,848	\$ 69,898
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.....	\$	\$

12/87 *Restated to conform with 1989 presentation.

BALLY'S PARK PLACE CASINO HOTEL
Note 1 - Summary of Significant Accounting Policies
December 31, 1989
Unaudited

Basis of Presentation

The accompanying financial statements include the accounts of Bally's Park Place, Inc., a New Jersey corporation, (the "Company") an indirect wholly owned subsidiary of Bally Manufacturing Corporation ("Bally").

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

Certain reclassifications have been made to the 1988 statements to conform to the 1989 presentation.

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 for sale and lease in a building in Atlantic City) and Bally's Park Place Realty Company (which owns land in Atlantic City). The investments in these subsidiaries are reflected in the accompanying financial statements using the equity method.

Revenue Recognition

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

Cash Equivalents

The Company considers all short-term, highly liquid investments that are readily convertible to known amounts of cash and whose maturity dates are three months or less, to be cash equivalents.

Inventories

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

Casino Licensing Costs

Casino licensing costs relating to obtaining an initial casino license have been deferred and were fully amortized ratably through 1989.

BALLY'S PARK PLACE CASINO HOTEL

Note 1 (continued)

Unaudited

Deferred Financing Costs

Deferred bond issuance costs and original issue debt discount are being amortized by the bonds outstanding method over the term of the issue.

Capitalized Interest

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

Depreciation and Amortization

Depreciation and amortization of property and equipment is provided on the straight-line method and totals \$23,991,000 and \$20,579,000 for 1989 and 1988 respectively.

Amortization of casino licensing and deferred financing costs for 1989 and 1988 were \$1,312,000 and \$960,000 respectively.

Income Taxes

Taxable income or loss of the Company is included in the consolidated Federal income tax return of Bally. Under an agreement between the Company and Bally, income taxes are allocated to the Company based on amounts the Company would pay or receive if it filed a separate Federal income tax return, except that the Company would receive credit from Bally for the tax benefit of the Company's net operating losses and tax credits that can be utilized in Bally's consolidated Federal income tax return, whether or not such losses or credits could be utilized by the Company on a separate return basis. Payment to Bally is to be made at such time and in such amounts as payments are required to be made for income taxes. Payment by Bally for such tax benefits are made at the time Bally files the applicable consolidated Federal income tax return.

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. Certain costs were allocated to these other properties amounting to \$6,368,000 for the twelve months ended December 31, 1988. No costs were allocated to these properties for the twelve months ended December 31, 1989. During the twelve months ended December 31, 1989 and 1988, the Company purchased slot machines and related services for its casino from other affiliates of Bally for an aggregate amount of \$1,350,000 and \$1,030,000, respectively.

BALLY'S PARK PLACE CASINO HOTEL
 Note 1 (continued)
 Unaudited

Transactions With Related Parties (Continued)

The Company also leases surface area parking lots to GNOC Corp. ("Bally's Grand"). Rental income was \$290,000 and \$286,000 for 1989 and 1988 respectively. Certain support operations of the Company and Bally's Grand were consolidated in 1989. The Company billed Bally's Grand based on actual costs incurred resulting in an allocation of \$971,000 to Bally's Grand.

	<u>1,025,000</u>	<u>836,000</u>
	<u>\$ 2,627,000</u>	<u>\$ 3,901,000</u>

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

BALLY'S PARK PLACE CASINO HOTEL
 Note 2 - Prepaid Expenses and
 Note 3 - Other Current Assets
 December 31,
 Unaudited

	1989	1988
Deferred Income Taxes	\$ 1,602,000	\$ 3,065,000
*Other Leasehold Improvements	1,025,000	836,000
Fixtures and Equipment	\$ 2,627,000	\$ 3,901,000
Construction in Progress	49,797,000	133,905,000
	675,519,000	619,208,000
Accumulated Depreciation and		
* No item in this category exceeds 5% of total current assets.	171,259,000	171,259,000
Leasehold Equipment, Net	504,260,000	447,949,000

BALLY'S PARK PLACE CASINO HOTEL
Note 3 - Property, Plant and Equipment
December 31,
Unaudited
 Unaudited

	1989	1988
Land	\$ 62,067,000	\$ 62,044,000
Buildings, Leasehold Improvements	442,865,000	316,577,000
Furniture, Fixtures and Equipment	120,790,000	106,682,000
Construction in Progress	49,797,000	133,905,000
	675,519,000	619,208,000
Less Accumulated Depreciation and Amortization	194,443,000	171,259,000
Property and Equipment, Net	\$481,076,000	\$447,949,000

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

In August 1989, BPP Funding issued, at par value, the \$350,000,000 Notes. The net proceeds of the 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) \$119,232,000 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) \$100,000,000 to pay a dividend to BPP Delaware, which then paid a like dividend to Bally's, 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 in 1994 to zero in 1997 and thereafter. The Notes are secured by Bally's Park Place Casino Hotel and Tower property which had a net book value of \$420,109,000 at December 31, 1989 and are unconditionally guaranteed by BPP Delaware.

BALLY'S PARK PLACE CASINO HOTEL
 Note 4 - Long-Term Debt, Affiliates and Other
 December 31, 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	---	99,663
	<u>\$ 350,000</u>	<u>\$ 99,663</u>
Other:		
Revolving credit agreement	\$ 2,500	\$ 54,500
Other secured and unsecured debt	2,334	2,299
	<u>\$ 4,834</u>	<u>\$ 56,799</u>

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 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) \$119,232,000 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's, 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 in 1994 to zero in 1997 and thereafter. The Notes are secured by Bally's Park Place Casino Hotel and Tower property which had a net book value of \$420,109,000 at December 31, 1989 and are unconditionally guaranteed by BPP Delaware.

BALLY'S PARK PLACE CASINO HOTEL
Note 4 - Long-Term Debt, Affiliates and Other
December 31, 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. The amount due against this line of credit is \$2,500,000 at December 31, 1989.

BALLY'S PARK PLACE CASINO HOTEL
Note 5 - Deferred Credits
December 31,
Unaudited

Deferred Federal Income Taxes

<u>1989</u>	<u>1988</u>
<u>\$10,833,000</u>	<u>\$13,925,000</u>

BALLY'S PARK PLACE CASINO HOTEL
 Note 5 - Long-Term Leases - 1989
 December 31,
 Unaudited

Witness Non-Cancelled to Rental Committee
 1971 1972 1973 1974

Rental Expense

Hotel Buildings
 1/89; automatically
 renewed annually

50 Third Avenue Associates
 term: 1/89

Mountain Realty
 term: 4/88 - 4/90

Assignment Rental Expenses
 Games Industries
 term: 7/1/85 - 12/31/85

Atlantic County Transfer-
 tion Authority term:
 1/89 - 12/31/85

\$ 298,000	\$ 205,000	\$ 188,500	\$ 48,000	\$
154,000	12,000			
48,000	81,000	36,000		
183,000	112,000			
	238,000	257,000		
	211,000	127,000		
\$ 481,000	\$ 1,012,000	\$ 261,000	\$ 48,000	\$

BALLY'S PARK PLACE CASINO HOTEL
 Note 6 - Long-term Lease - Other
 December 31,
 Unaudited

	Rental Expense		1990	Minimum Non-Cancellable Rental Commitments			
	1988	1989		1991	1992	1993	1994
Rental Expense							
NJ Expressway Authority original terms 3/1/81 - 3/1/86; automatically renewed annually	\$ 298,000	\$ 298,000	\$ 298,000	\$ 48,000	\$ ---	\$ ---	\$ ---
780 Third Avenue Associates terms: 1/89	154,000	12,000	---	---	---	---	---
Peinstein Realty terms: 4/89 - 4/90	48,000	81,000	36,000	---	---	---	---
Equipment Rental Expense	183,000	172,000	---	---	---	---	---
Square Industries terms: 7/1/89 - 12/31/89	---	238,000	237,000	---	---	---	---
Atlantic County Transpor- tation Authority terms: 1/1/89 - 12/31/89	---	271,000	133,000	---	---	---	---
Total	<u>\$ 683,000</u>	<u>\$ 1,072,000</u>	<u>\$ 704,000</u>	<u>\$ 48,000</u>	<u>\$ ---</u>	<u>\$ ---</u>	<u>\$ ---</u>

BALLY'S PARK PLACE CASINO HOTEL
 Note 6 - Long-term Lease - Affiliates
 December 31,
 Unaudited

	Rental Expense		Minimum Non-Cancellable Rental Commitments					Thereafter
	1988	1989	1990	1991	1992	1993	1994	
Rental Expense Bally Manufacturing Corp.; Marlboro Blenheim	\$ 1,200,000	\$ 800,000	\$ ---	\$ ---	\$ ---	\$ ---	\$ ---	\$ ---

For the three months ended December 31,
 Marlboro Blenheim \$ 300,000 \$ ---

BALLY'S PARK PLACE CASINO HOTEL
 Note 7 - Other Liabilities
 December 31,
 Unaudited
 \$21,500,000 \$14,051,000
 1989 1990
 connection with the employment of certain officers, the Company
 an unfunded Supplemental Executive Retirement Plan (SERP).
 Participants earn benefits based on years of service and compensation. The
 Company recognizes this expense over the expected length of the officers'

BALLY'S PARK PLACE CASINO HOTEL

Note 7 - Other Liabilities

December 31,

Unaudited

For the Twelve Months Ended December 31, 1989

Accrued SERP	Promotional Allowances		1989	1988
	Number of Recipients	Dollar Amount		
	103,812	\$12,122,000	<u>\$21,500,000</u>	<u>\$14,053,000</u>

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

	16,679	384,000		
	9,230	277,000		
			183,381	\$ 3,668,000
Accrued Description - Cash			1,212,317	17,518,000
Prepaid premises			1,911	138,050
Other			16,438	822,000
Total amount of Services		<u>\$31,561,000</u>		<u>\$22,146,000</u>

BALLY'S PARK PLACE CASINO HOTEL
 Note 8 - Complimentary Services
 For the Twelve Months Ended December 31, 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	103,812	\$12,122,000		
Food	791,163	8,537,000		
Beverage	3,046,116	6,092,000		
Parking	607,040	4,249,000		
Shows	16,679	284,000		
Other	9,230	277,000		
Travel			183,383	\$ 3,668,000
Coupon Redemption - Cash			1,212,317	17,518,000
Rooms off premises			1,911	138,000
Other			16,438	822,000
Total Amount of Services		<u>\$31,561,000</u>		<u>\$22,146,000</u>

BALLY'S PARK PLACE CASINO HOTEL
 Note 8 - Complimentary Services
 For the Three Months Ended December 31, 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	27,414	\$3,100,000	133,104,000	\$13,875,000
Food	199,964	2,169,000	(5,428,000)	(7,583,000)
Beverage	765,276	1,531,000	117,675,000	15,292,000
Parking	141,449	990,000	3,033,000	3,758,000
Shows	3,223	55,000	54,373	\$1,087,000
Other	2,495	75,000	259,458	3,749,000
Travel			286	18,000
Coupon Redemption - Cash			7,293	365,000
Rooms off premises			1989	\$5,219,000
Other				
Total Amount of Services		<u>\$7,920,000</u>		
Interest on various loans			\$10,390,000	\$ 3,468,000
Capitalized interest			(584,000)	(2,585,000)
			\$ 9,806,000	\$ 873,000
External sources			\$ 227,000	\$ 835,000
Interest on various loans			(155,000)	(609,000)
Capitalized interest			\$ 72,000	\$ 226,000

BALLY'S PARK PLACE CASINO HOTEL
 Note 9 - Interest Expense
 For the Twelve Months Ended December 31,
 Unaudited

<u>Charges From Affiliates</u>	<u>1989</u>	<u>1988</u>
Bally's Park Place Funding, Inc. (Mortgage Interest Expense)	\$23,104,000	\$13,875,000
Capitalized interest	<u>(5,428,000)</u>	<u>(7,583,000)</u>
	<u>\$17,676,000</u>	<u>\$ 6,292,000</u>
<u>External Sources</u>		
Interest on various loans	\$ 5,033,000	\$ 3,758,000
Capitalized interest	<u>(1,443,000)</u>	<u>(2,016,000)</u>
	<u>\$ 3,590,000</u>	<u>\$ 1,742,000</u>

For the Three Months Ended December 31,

<u>Charges From Affiliates</u>	<u>1989</u>	<u>1988</u>
Bally's Park Place Funding, Inc. (Mortgage Interest Expense)	\$10,390,000	\$ 3,468,000
Capitalized interest	<u>(584,000)</u>	<u>(2,595,000)</u>
	<u>\$ 9,806,000</u>	<u>\$ 873,000</u>

External Sources

Interest on various loans	\$ 227,000	\$ 835,000
Capitalized interest	<u>(155,000)</u>	<u>(609,000)</u>
	<u>\$ 72,000</u>	<u>\$ 226,000</u>

BALLY'S PARK PLACE CASINO HOTEL
 Note 10 - Provision for Income Taxes
 For the Twelve Months Ended December 31,
 Unaudited

	1989	1988
Current:		
Federal	\$16,387,000	\$22,694,000
State	4,995,000	6,441,000
	21,382,000	29,135,000
Deferred:		
Federal	(1,641,000)	(1,900,000)
State	12,000	(450,000)
	(1,629,000)	(2,350,000)
Total Income Taxes	\$19,753,000	\$26,785,000

For the Three Months Ended December 31,

Current:		
Federal	\$ 859,000	\$ 2,894,000
State	595,000	1,450,000
	1,454,000	4,344,000
Deferred:		
Federal	(1,040,000)	(531,000)
State	195,000	59,000
	(845,000)	(472,000)
Total Income Taxes	\$ 609,000	\$ 3,872,000

Reconciliation of Deferred Taxes
 For the Twelve Months Ended December 31,

	1989	1988
Short-term	\$ 1,463,000	\$(3,863,000)
Long-term	(3,092,000)	1,513,000
	\$(1,629,000)	\$(2,350,000)

BALLY'S PARK PLACE CASINO HOTEL
 Note 11 - Investments and Receivables
 Note 10 (Continued)
 December 31,
 Unaudited

Reconciliation to the Statutory Federal
 Income Tax Rate
 Unaudited

	1989	1988
	<u>1989</u>	<u>1988</u>
Tax at statutory rate	\$16,447,000	\$22,177,000
State income taxes, net of related federal income tax benefit	\$ 2,993,000	\$ 3,874,000
Other, net	<u>313,000</u>	<u>734,000</u>
	<u>\$19,753,000</u>	<u>\$26,785,000</u>
Investment Development Authority	115,000	168,000
Real Estate Receivable (less discount of \$5,070,000 in 1989 and \$4,101,000 in 1988)	2,197,000	37,000
Bally's Park Place Realty Company	15,625,000	---
Less current portion	<u>(23,000)</u>	<u>(349,000)</u>
Long term receivables	<u>22,454,000</u>	<u>3,270,000</u>
Investment in subsidiaries - equity:		
Bally Warwick, Inc. - 100% owned	4,375,000	4,125,000
B.P. Realty, Inc. - 100% owned	<u>5,362,000</u>	<u>4,595,000</u>
Investments in subsidiaries - equity	<u>9,737,000</u>	<u>8,720,000</u>
Total Investments, Advances and Receivables	<u>\$32,191,000</u>	<u>\$16,719,000</u>

BALLY'S PARK PLACE CASINO HOTEL
 Note 11 - Investments, Advances and Receivables
 December 31,
 Unaudited

Other long-term investments and receivables:

	<u>1989</u>	<u>1988</u>
Reese Palley/Martin Blatt (Mortgage - Marlboro Bleinheim)	<u>1,630,000</u>	<u>2,430,000</u>
First Mortgage	\$ ---	\$ 2,025,000
Second Mortgage	<u>13,992,000</u>	<u>2,700,000</u>
	\$ <u>1,245,000</u>	\$ <u>4,725,000</u>
Casino Reinvestment Development Authority funds (less discount of \$5,070,000 in 1989 and \$4,101,000 in 1988)	<u>4,546,000</u>	<u>3,414,000</u>
Central credit receivable (less discount of of \$134,000 in 1989)	115,000	168,000
Jacobs Family Terrace Mortgage Receivable (less reserve of \$140,000 in 1989)	2,197,000	37,000
Bally's Park Place Realty Company	15,625,000	---
Less current portion	<u>(29,000)</u>	<u>(349,000)</u>
Long-term receivables	<u>22,454,000</u>	<u>3,270,000</u>
Investment in subsidiaries - equity:		
Bally Warwick, Inc. - 100% owned	4,375,000	4,125,000
B.W. Realty, Inc. - 100% owned	<u>5,362,000</u>	<u>4,595,000</u>
Investments in subsidiaries - equity	<u>9,737,000</u>	<u>8,720,000</u>
Total Investments, Advances and Receivable	<u>\$32,191,000</u>	<u>\$16,715,000</u>

BALLY'S PARK PLACE CASINO HOTEL
Note 12 - Other Accrued Expenses
December 31,
Unaudited

Unaudited

	1989	1988
Payroll	\$ 6,820,000	\$ 6,515,000
Progressive Jackpots	1,630,000	2,430,000
Interest	13,993,000	4,979,000
Miscellaneous*	7,246,000	5,337,000
Total	\$29,689,000	\$19,261,000

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

During 1989, the Company donated \$4.0 million to the CRDA and received 10 million of credits against future obligations. Funds used to make the contributions to the CRDA were provided from Bally's Grand CRDA funds, and as such, the credits will be repaid to Bally's Grand.

BALLY'S PARK PLACE CASINO HOTEL

Note 13 - Reinvestment Obligation

December 31, 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, and other parts of New Jersey. The CRDA can also approve a licensee's direct investments in projects, such direct investments may be used by the licensee to satisfy their investment obligations. The Company has fulfilled its obligation under the Act by making deposits to the CRDA and by direct investments.

At December 31, 1989 and 1988, the Company had \$9,141,000 and \$7,115,000 respectively, in remaining bond purchase commitments on deposit with the CRDA. The Company has purchased \$475,000 and \$400,000 respectively, in bonds with the CRDA as of December 31, 1989 and 1988. Since these deposits and bonds provide for interest at below market rates, the Company has discounted these amounts by \$5,070,000 and \$4,101,000 at December 31, 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 December 31, 1989, 62 units were sold.

During 1989, the Company donated \$4.0 million to the CRDA and received \$6.0 million of credits against future obligations. Funds used to make the donation to the CRDA were provided from Bally's Grand CRDA funds, and as such, the future credits will be repaid to Bally's Grand.

BALLY'S PARK PLACE CASINO HOTEL
 Note 14 - Non-Operating Income
 For the Twelve Months Ended December 31,
 Unaudited

	<u>1989</u>	<u>1988</u>
Interest income	\$1,808,000	\$1,127,000
Equity in income or (loss) of unconsolidated subsidiaries:		
B. W. Realty, Inc.	(117,000)	(166,000)
Bally Warwick, Inc.	250,000	3,000
Other	<u>351,000</u>	<u>271,000</u>
Total	<u>\$2,292,000</u>	<u>\$1,235,000</u>

For the Three Months Ended December 31,

Interest income	\$ 671,000	\$ 264,000
Equity in income or (loss) of unconsolidated subsidiaries:		
B. W. Realty, Inc.	(79,000)	(121,000)
Bally Warwick, Inc.	106,000	(13,000)
Other	<u>111,000</u>	<u>81,000</u>
Total	<u>\$ 809,000</u>	<u>\$ 211,000</u>

BALLY'S PARK PLACE CASINO HOTEL
Note 15 - Capital Stock - Description of Features
December 31, 1989 and 1988
Unaudited

(UNAUDITED)
 (\$ IN THOUSANDS)

COMMON STOCK:		ACCOUNTS RECEIVABLE BALANCES		
LINE	DESCRIPTION	ACCOUNT BALANCE	ALLOWANCE	ACCOUNTS RECEIVABLE-
(1)	(b)	(c)	(d)	(e) NET OF ALLOWANCE
	Authorized 2,500 shares			
1	Issued 100 shares	\$ 3,024		
2	Outstanding 100 shares	7,151		
3	Par Value None	10,175	5,300	4,875
4		1,471	100	1,371
5				
6		1,642		
7		2,498		
8		4,143		4,143
9				
10	Total	\$ 15,791	\$ 5,400	\$ 10,391

UNDEPOSITED PATRONS' CHECKS ACTIVITY		AMOUNT
LINE	DESCRIPTION	(1)
(1)	(a)	(b)
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)	112,711
12	Checks redeems (excluding the unredeemed portion of counter checks redeems through partial redemptions, and excluding checks redeems through transactions relating to consolidations, substitutions, and patrons' cash deposits)	(90,343)
13	Checks collected through deposits	(17,274)
14	Checks transferred to returned checks	(5,765)
15	Other adjustments	
16	Ending Balance	\$ 3,024
17	Amount Checks Included in Balance On Line 16	
18	Provision For Uncollectible Patrons' Checks	501
19	Provision At 1 Percent Of Counter Checks Issued	

SCHEDULE OF RECEIVABLES AND PATRONS' CHECKS

DECEMBER 31, 19⁸⁹

(UNAUDITED)

(\$ IN THOUSANDS)

ACCOUNTS RECEIVABLE BALANCES				
LINE (a)	DESCRIPTION (b)	ACCOUNT BALANCE (c)	ALLOWANCE (d)	ACCOUNTS RECEIVABLE- (e) NET OF ALLOWANCE
1	Patrons' Checks:			
	Undeposited patrons' checks	\$ 3,024		
2	Returned patrons' checks	7,151		
3	Total patrons' checks	10,175	\$ 5,300	\$ 4,875
4	Hotel Receivables	1,471	100	1,371
5	Other Receivables:			
	Receivables due from officers and employees.....	5		
6	Receivables due from affiliates	1,642		
7	Other accounts and notes receivables	2,498		
8	Total other receivables	4,145	-	4,145
9	Totals (Form 305).....	\$ 15,791	\$ 5,400	\$ 10,391

UNDEPOSITED PATRONS' CHECKS ACTIVITY		
LINE (f)	DESCRIPTION (g)	AMOUNT (h)
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)	112,711
12	Checks redeemed prior to deposit (excluding the unredeemed portion of counter checks redeemed through partial redemptions, and excluding checks redeemed through transactions relating to consolidations, substitutions, and patrons' cash deposits)	(90,343)
13	Checks collected through deposits	(17,274)
14	Checks transferred to returned checks	(4,765)
15	Other adjustments	-
16	Ending Balance	\$ 3,024
17	"Hold" Checks Included In Balance On Line 16	\$ -
18	Provision For Uncollectible Patrons' Checks	\$ 807
19	Provision As A Percent Of Counter Checks Issued .....	.7

STATEMENT OF CONSOLIDATED FINANCIAL STATEMENTS
 TRADING NAME OF LICENSEE Bally's Park Place Casino Hotel and Tower

CASINO DEPARTMENTAL SCHEDULE

FOR THE YEAR ENDED DECEMBER 31, 19 89

(UNAUDITED)
 (\$ IN THOUSANDS)

LINE (a)	DESCRIPTION (b)	AMOUNT (c)	DROP (d)	WIN OR (LOSS) PERCENT (e)	WEIGHTED AVG. NUMBER OF TABLES (f) OR MACHINES
	Revenue:				
1	Blackjack	\$ 56,653	\$ 340,673	16.6%	74
2	Craps	31,499	181,843	17.3	18
3	Roulette	13,918	51,851	26.8	12
4	Big Six	3,275	7,006	46.7	4
5	Baccarat	5,966	36,025	16.6	2
6	Other table games	-	-	-	-
7	Total table games revenue	111,311	\$ 617,398	18.0%	110
			HANDLE		
8	\$.05 slot machines	5,487	33,070	16.6	93
9	\$.25 slot machines	58,094	420,645	13.8	767
10	\$1.00 slot machines	26,324	253,280	10.4	194
11	Other slot machines	77,674	785,834	9.9	610
12	Total coin-operated devices revenue	167,579	\$ 1,492,829	11.2%	1,664
13	Progressive jackpot adjustment	800			
14	Total coin-operated devices revenue after adjustment	168,379			
15	Other income	-			
16	Total revenue	279,690			
	Expenses:				
17	Payroll and payroll related expenses	40,218			
18	Licenses and taxes	23,145			
19	Provision for uncollectible patrons' checks	807			
20	Other	6,163			
21	Total	70,333			
22	Departmental Income (Loss) Before Complimentary Services And Casino Management Fees	209,357			
	Complimentary services and casino management fees:				
23	Complimentary services	48,899			
24	Casino management fees	-			
25	Total	48,899			
26	Departmental Income (Loss)	\$ 160,458			

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

Joseph A. D'Amato
Signature

Vice President and Treasurer
Title

03310-11
License Number

Subscribed and sworn to
before me this 14th day
of March, 1990

On Behalf Of:

Cheryl Ann Ruggles
Signature

Bally's Park Place, Inc., NJ
Casino Licensee

CHERYL ANN RUGGLES
NOTARY PUBLIC OF NEW JERSEY
My Commission Expires Feb 18 1994

Basis of Authority
to Take Oaths

**GROSS REVENUE
ANNUAL TAX RETURN**

LICENSEE Bally's Park Place, Inc., NJ

ADDRESS Park Place and the Boardwalk
Atlantic City, NJ 08401

FOR THE YEAR ENDED DECEMBER 31, 19

TO THE

CASINO CONTROL COMMISSION

OF THE

STATE OF NEW JERSEY



**NAME OF OFFICER IN CHARGE
OF CORRESPONDENCE REGARDING
THIS ANNUAL TAX RETURN**

Joseph A. D'Amato

OFFICIAL TITLE

Vice President & Treasurer

ADDRESS

Park Place and the Boardwalk

Atlantic City, NJ 08401

TRADING NAME OF LICENSEE Bally's Park Place Casino Hotel and Tower

GROSS REVENUE ANNUAL TAX RETURN

FOR THE YEAR ENDED DECEMBER 31, 19 89

(UNAUDITED)

(\$ IN THOUSANDS)

LINE	DESCRIPTION	AMOUNT
1	Casino win or (loss)	
2	Table games revenue	\$ 111,311
3	Coin-operated devices revenue	167,579
	Total revenues	\$ 278,890
4	Less - adjustment for uncollectible patrons' checks: Provision for uncollectible patrons' checks	\$ 807
5	Maximum adjustment (4% of line 3)	\$ 11,156
6	Adjustment (the lesser of line 4 or line 5)	807
7	Gross revenues (line 3 less line 6)	\$ 278,083
8	Tax on gross revenues - current year (8% of line 7)	\$ 22,247
9	Audit or other adjustments to tax on gross revenues in prior years	1
10	Total tax on gross revenues (line 8 plus or minus line 9)	22,248
11	Deposits made for tax on current year's gross revenues:	
12	January	\$ 1,470
13	February	1,586
14	March	1,553
15	April	1,720
16	May	2,085
17	June	1,765
18	July	2,533
19	August	2,010
20	September	1,874
21	October	2,205
22	November	1,685
23	December	1,215
24	January	546
	Total deposits made for tax on current year's gross revenues	(22,247)
25	Settlement of prior years' tax on gross revenues resulting from audit or other adjustments - (deposits) credits	1
26	Gross revenues tax payable (line 10 less line 24 plus or minus line 25)	\$ 0

ANNUAL EMPLOYMENT AND PAYROLL REPORT

LICENSEE BALLY'S PARK PLACE, INC., NJ

ADDRESS PARK PLACE AND THE BOARDWALK

ATLANTIC CITY, NEW JERSEY 08401

FOR THE YEAR ENDED DECEMBER 31, 1989

TO THE

CASINO CONTROL COMMISSION

OF THE

STATE OF NEW JERSEY



**NAME OF OFFICER IN CHARGE
OF CORRESPONDENCE REGARDING
THIS ANNUAL EMPLOYMENT
AND PAYROLL REPORT**

JOSEPH A. D'AMATO

OFFICIAL TITLE

VICE PRESIDENT & TREASURER

ADDRESS

PARK PLACE AND THE BOARDWALK

ATLANTIC CITY, NEW JERSEY 08401

TRADING NAME OF LICENSEE Bally's Park Place Casino Hotel and Tower**ANNUAL EMPLOYMENT AND PAYROLL REPORT**FOR THE YEAR ENDED DECEMBER 31, 19 89
(\$ in Thousands)

LINE (a)	DEPARTMENT (b)	NUMBER OF (c) EMPLOYEES	SALARIES AND WAGES		
			(d) OTHER EMPLOYEES	(e) OFFICERS & OWNERS	(f) TOTALS
	CASINO				
1	Administration	16			
2	Gaming	1028			
3	Slots	356			
4	Casino accounting				
5	Other		\$	\$	\$
6	Total-casino	1400	26,952		26,952
7	ROOMS	332	5,230		5,230
8	FOOD AND BEVERAGE	954	12,229		12,229
	OTHER OPERATED DEPARTMENTS				
9	Spa	48	570		570
10	Hat Check and Pool	11	136		136
11	Telephone	23	360		360
12	Hair Salon	16	266		266
13	Men's Store	4	62		62
14					
15					
16					
17					
18					
19					
	ADMINISTRATIVE AND GENERAL				
20	Executive office	75	5,233		5,233
21	Accounting and auditing	111	2,216		2,216
22	Security	253	5,498		5,498
23	Other administrative and general department ..	199	3,813		3,813
24	MARKETING	79	1,809		1,809
25	GUEST ENTERTAINMENT	18	620		620
26	PROPERTY OPERATION AND MAINTENANCE	331	7,294		7,294
27	TOTALS - ALL DEPARTMENTS	3,854	\$ 72,288	\$	\$ 72,288

Trading Name of Licensee Bally's Park Place Casino Hotel and Tower

**ANNUAL EMPLOYMENT AND PAYROLL REPORT
SIGNATURE PAGE**

For the Year Ended December 31, 1989

March 14, 1990
Date

Joseph A. D'Amato
Signature

Vice President & Treasurer
Title

PERIOD	NUMBER OF GUEST ROOMS IN PROPERTY	NUMBER OF AVAILABLE ROOMS	NUMBER OF OCCUPIED ROOMS	AVERAGE RATE PER OCCUPIED ROOM	MONTHLY RATE	NUMBER OF GUESTS ACCOMMODATED	AVERAGE RATE PER GUEST ACCOMMODATED
JANUARY	506	15,686	11,599	\$ 109	73.9 %	22,140	\$ 57.03
FEBRUARY	506	14,160	11,856	\$ 107	83.7 %	22,726	\$ 56.09
MARCH	506	15,686	13,444	\$ 101	85.7 %	25,477	\$ 55.32
1ST QUARTER TOTALS		45,540	36,899	\$ 106	81.0 %	70,343	\$ 56.11
APRIL	506	15,180	13,434	\$ 103	88.5 %	26,126	\$ 53.27
MAY	1,000	31,000	16,724	\$ 120.49	53.9 %	33,111	\$ 59.56
JUNE	1,140	34,200	23,200	\$ 111	67.8 %	36,111	\$ 59.73
2ND QUARTER TOTALS		80,380	53,358	\$ 111	65.4 %	66,111	\$ 58.09
JULY	1,192	36,642	27,040	\$ 140	73.8 %	39,191	\$ 67.86
AUGUST	1,170	36,270	26,490	\$ 141	73.0 %	37,677	\$ 66.32
SEPTEMBER	1,197	35,910	25,257	\$ 133	70.3 %	30,011	\$ 66.16
3RD QUARTER TOTALS		109,822	78,787	\$ 141	72.4 %	166,779	\$ 66.82
OCTOBER	1,171	36,301	27,424	\$ 115	75.5 %	52,731	\$ 59.97
NOVEMBER	1,177	35,310	23,654	\$ 119	67.0 %	47,923	\$ 59.14
DECEMBER	1,214	35,736	21,071	\$ 109.77	57.4 %	42,141	\$ 54.89
4TH QUARTER TOTALS		108,347	72,149	\$ 115.17	66.6 %	142,795	\$ 58.19
ANNUAL TOTALS		343,089	241,192	\$ 122.59	70.3 %	486,101	\$ 60.83

TRADING NAME OF LICENSEE BALLY'S PARK PLACE CASINO HOTEL

HOTEL STATISTICS

FOR THE 12 MONTHS ENDED December 31, 1989

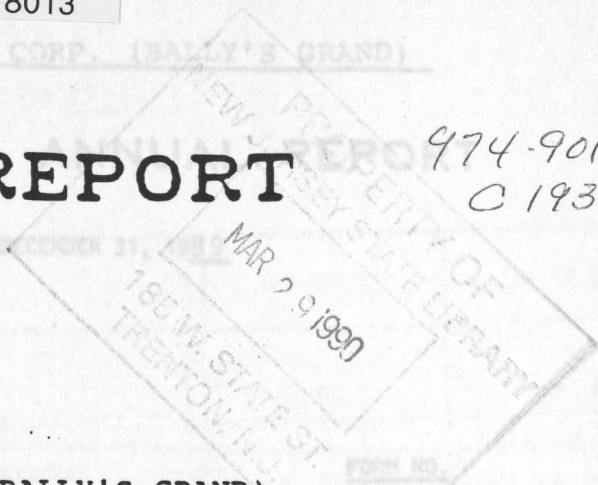
PERIOD	NUMBER OF GUEST ROOMS IN PROPERTY	NUMBER OF AVAILABLE ROOMS	NUMBER OF OCCUPIED ROOMS	AVERAGE RATE PER OCCUPIED ROOM	OCCUPANCY RATE	NUMBER OF GUESTS ACCOMMODATED	AVERAGE RATE PER GUEST ACCOMMODATED
JANUARY	506	15,686	11,598	\$ 109.06	73.9 %	22,180	\$ 57.03
FEBRUARY	506	14,168	11,856	\$ 107.52	83.7 %	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	1,171	36,301	27,424	\$ 115.31	75.5 %	52,731	\$ 59.97
NOVEMBER	1,177	35,310	23,654	\$ 119.83	67.0 %	47,923	\$ 59.14
DECEMBER	1,214	36,736	21,071	\$ 109.77	57.4 %	42,141	\$ 54.89
4TH QUARTER TOTALS		108,347	72,149	\$ 115.17	66.6 %	142,795	\$ 58.19
ANNUAL TOTALS		343,089	241,192	\$ 122.59	70.3 %	486,101	\$ 60.83



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

ANNUAL REPORT

474-901
C 193



TITLE
LICENSEE GNOC, CORP. (BALLY'S GRAND)
ADDRESS P. O. BOX 1737 - BOSTON & PACIFIC AVENUES
ATLANTIC CITY, NEW JERSEY 08401

FOR THE YEAR ENDED DECEMBER 31, 1989

TO THE
CASINO CONTROL COMMISSION
OF THE
STATE OF NEW JERSEY



NAME OF OFFICER IN CHARGE OF CORRESPONDENCE REGARDING THIS ANNUAL REPORT PETER R. BURNS
OFFICIAL TITLE VICE PRESIDENT OF FINANCE/TREASURER
ADDRESS P.O. BOX 1737-BOSTON & PACIFIC AVENUES
ATLANTIC CITY, NEW JERSEY 08401

LOW LINE IS MONTH ENDED December 31, 1989 ORIGINAL JETON MOLEF DIVISION

BALANCE SHEETS

DECEMBER 31, 1989 AND 1988

(UNAUDITED)
(\$ IN THOUSANDS)

LINE (a)	DESCRIPTION (b)	(c) 19 <u>89</u>	(d) 19 <u>88</u>
	ASSETS		
	Current Assets:	\$	\$
1	Cash	8,873	8,656
2	Marketable securities NOTE 3	1,375	7,750
3	Receivables and patrons' checks (net of allowance for doubtful accounts - 19 <u>89</u> , \$15,121 ; 19 <u>88</u> , \$ 15,096)	5,248	5,238
4	Inventories	1,727	2,637
5	Prepaid expenses and other current assets NOTE 4	10,756	6,106*
6	Total current assets	27,979	30,387*
7	Investments, Advances, And Receivables NOTE 5	14,502	13,191
8	Property And Equipment - Net NOTE 6	259,110	256,681
9	Other Assets NOTE 7	111,836	114,706
10	Total Assets	\$ 413,427	\$ 414,965*
	LIABILITIES AND EQUITY		
	Current Liabilities:	\$	\$
11	Accounts payable	3,366	4,018
12	Notes payable	2,000	-
	Current portion of long-term debt:		
13	Due to affiliates	-	-
14	Other	-	936*
15	Income taxes payable and accrued NOTE 8	20,762	27,439
16	Other accrued expenses NOTE 9	4,796	4,643
17	Other current liabilities	30,924	37,036*
18	Total current liabilities		
19	Long-Term Debt: NOTE 10	268,837	300,607
20	Due to affiliates	-	-
21	Other NOTE 11	8,508	5,405
22	Deferred Credits NOTE 12	32,855	31,587
23	Other Liabilities NOTE 18	-	-
24	Commitments And Contingencies		
24	Total Liabilities	341,124	374,635*
25	Stockholders', Partners', Or Proprietor's Equity NOTE 13	72,303	40,330
26	Total Liabilities And Equity	\$ 413,427	\$ 414,965*

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

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

STATEMENTS OF INCOME

FOR THE YEARS ENDED DECEMBER, 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	211,082	223,317
2	Rooms	18,098	16,378
3	Food and beverage	28,041	29,274
4	Other	11,498	9,985
5	Total revenue	268,719	278,954
6	Less: Promotional allowances NOTE.14....	31,065	31,893
7	Net revenue	237,654	247,061
	Costs And Expenses:		
8	Cost of goods and services	104,130	103,314
9	Selling, general, and administrative	77,643	78,264
10	Provision for doubtful accounts	969	1,797
11	Depreciation and amortization	13,497	17,423
	Charges from affiliates other than interest:		
12	Management fees	-	-
13	Other NOTE 15	4,367	9,215
14	Total costs and expenses	200,606	210,013
15	Income (Loss) From Operations	37,048	37,048
	Other Income (Expenses):		
16	Interest (expense) - affiliates NOTE 15	(36,110)	(37,145)
17	Interest (expense) - external	(339)	(451)
18	Investment alternative tax and related income (expense) - net.....	(1,311)	(1,613)
19	Nonoperating income (expense) - net NOTE.16....	2,641	2,326
20	Total other income (expenses).....	(35,118)	(36,883)
21	Income (Loss) Before Income Taxes And Extraordinary Items.....	1,930	165
22	Provision (credit) for income taxes NOTE.17....	(43)	1,184
23	Income (Loss) Before Extraordinary Items	1,973	(1,019)
24	Extraordinary items (net of income taxes - 1989, \$ - ; 1988, \$ -)	-	-
25	Net Income (Loss)	1,973	(1,019)

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 DECEMBER 31, 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	\$ 46,354	\$ 50,529
2	Rooms	4,217	3,847
3	Food and beverage	6,438	6,893
4	Other	2,074	2,085
5	Total revenue	59,083	63,354
6	Less: promotional allowances .....NOTE.14....	6,508	7,327
7	Net revenue	52,575	56,027
	Costs And Expenses:		
8	Cost of goods and services	24,522	24,294
9	Selling, general, and administrative	18,586	19,740
10	Provision for doubtful accounts	201	231
11	Depreciation and amortization	866	5,633
	Charges from affiliates other than interest:		
12	Management fees	-	-
13	Other	918	1,532
14	Total costs and expenses	45,093	51,430
15	Income (Loss) From Operations	7,482	4,597
	Other Income (Expenses):		
16	Interest (expense) - affiliates	(8,337)	(7,432)
17	Interest (expense) - external	(235)	(162)
18	Investment alternative tax and related income (expense) - net.....	(289)	(385)
19	Nonoperating income (expense) - net	916	(132)
20	Total other income (expenses)	(7,945)	(8,111)
21	Income (Loss) Before Income Taxes And Extraordinary Items.....	(463)	(3,514)
22	Provision (credit) for income taxes	(1,561)	(1,382)
23	Income (Loss) Before Extraordinary Items	1,098	(2,132)
24	Extraordinary items (net of income taxes - 19 <u>89</u> , \$ - ; 19 <u>88</u> , \$ -)	-	-
25	Net Income (Loss)	\$ 1,098	\$ (2,132)

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

STATEMENTS OF CHANGES IN STOCKHOLDERS' EQUITY

FOR THE YEARS ENDED DECEMBER 31, 1989 and 1988

(UNAUDITED)
(\$ IN THOUANDS)

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)	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)		1,973		(1,019)
28	Dividends		()		()
29	.....			
30	.....			
31	Ending balance		6,561		4,588
32	Ending Stockholders' Equity		\$ 72,303		\$ 40,330

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

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

FOR THE YEARS ENDED DECEMBER 31, 1989 and 1988
(UNAUDITED)
(\$ IN THOUSANDS)

STATEMENTS OF CHANGES IN PARTNERS' OR PROPRIETOR'S EQUITY

FOR THE YEARS ENDED DECEMBER 31, 1989 and 1988

(UNAUDITED)
(\$ IN THOUSANDS)

NOT APPLICABLE

LINE (a)	DESCRIPTION (b)	(c) 19 ____	(d) 19 ____
	Invested Capital:	\$ 9,254	\$ 27,569
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 YEARS ENDED DECEMBER 31, 19 89 and 19 88
(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.....	\$ 8,254	\$ 27,569
	Cash Flows From Investing Activities:		
2	Purchase of short-term investment securities.....	-	(7,250)
3	Proceeds from the sale of short-term investment securities.....	6,375	-
4	Cash outflows for property and equipment.....	(13,355)	(11,004)
5	Proceeds from disposition of property and equipment.....	177	100
6	Purchase of casino reinvestment obligations.....	(2,622)	(3,226)
7	Purchase of other investments and loans/advances made.....	-	-
8	Proceeds from disposal of investments and collection of advances and long-term receivables.....	-	831
9	Cash outflows to acquire business entities.....	-	-
10	.....	-	-
11	.....	-	-
12	Net Cash Provided (Used) By Investing Activities.....	(9,425)	(20,549)
	Cash Flows From Financing Activities:		
13	Cash proceeds from issuance of short-term debt.....	2,000	-
14	Payments to settle short-term debt	-	-
15	Cash proceeds from issuance of long-term debt.....	-	-
16	Costs of issuing debt.....	-	-
17	Payments to settle long-term debt.....	(30,000)	-
18	Cash proceeds from issuing stock or capital contributions.....	-	-
19	Purchases of treasury stock.....	-	-
20	Payments of dividends or capital withdrawals.....	-	-
21	Debt premium related to repurchase (written off).....	(612)	-
22	See A & B below	30,000 (A)	(6,601) (B)
23	Net Cash Provided (Used) By Financing Activities.....	1,388	(6,601)
24	Net Increase (Decrease) in Cash And Cash Equivalents.....	217	419
25	Cash And Cash Equivalents At Beginning Of Year	8,656	8,237
26	Cash And Cash Equivalents At End Of Year.....	\$ 8,873	\$ 8,656

(A) Additional Paid in Capital

(B) Unallocated Purchase Price

SUPPLEMENTAL DISCLOSURE OF CASH FLOW INFORMATION

27	Cash Paid During Year For:		
	Interest (net of amount capitalized).....	\$ 36,408	\$ 39,625
28	Income taxes.....	\$ 2,381	\$ 1,959

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 YEARS ENDED DECEMBER 31, 19 89 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).....	\$ 1,973	\$ (1,019)
	Noncash items included in income and cash items excluded from income:		
30	Depreciation and amortization of property and equipment.....	10,749	14,712
31	Amortization of other assets.....	2,748	2,711
32	Amortization of debt discount or premium.....	(1,158)	(1,155)
33	Deferred income taxes - current.....	-	(2,943)
34	Deferred income taxes - noncurrent.....	3,103	2,284
35	(Gain) loss on disposition of property and equipment.....	-	-
36	(Gain) loss on casino reinvestment obligations.....	1,311	1,613
37	(Gain) loss from other investment activities.....	-	-
38	Net (increase) decrease in receivables and patrons' checks.....	(10)	4,993
39	Net (increase) decrease in inventories.....	910	(582)
40	Net (increase) decrease in other current assets.....	(4,650)	1,135 *
41	Net (increase) decrease in other assets.....	122	(262)
42	Net increase (decrease) in accounts payables.....	(652)	1,175
43	Net increase (decrease) in other current liabilities excluding debt.....	(7,460)	(1,324)*
44	Net increase (decrease) in other noncurrent liabilities excluding debt.....	1,268	1,409
45	Fixed Asset Valuation Due To Purchase Price Accounting.....	-	4,822
47	Net Cash Provided (Used) By Operating Activities.....	\$ 8,254	\$ 27,569

SUPPLEMENTAL SCHEDULE OF NONCASH INVESTING AND FINANCING ACTIVITIES

48	Acquisition Of Property And Equipment:		
	Additions to property and equipment.....	\$ 13,355	\$ 11,004
49	Less: Capital lease obligations incurred.....	-	-
50	Cash Outflows For Property And Equipment.....	\$ 13,355	\$ 11,004
51	Acquisition Of Business Entities:		
	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.....	\$ -	\$ -
57	Stock Issued Or Capital Contributions:		
	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.....	\$ -	\$ -

GNOC, CORP.
NOTES TO FINANCIAL STATEMENTS
(Unaudited)

Income Taxes

Taxable income or loss of the Company is included in the consolidated Federal income tax return of Bally. Income taxes are accrued to the Company by Bally based on amounts the Company would receive if it filed a separate Federal income tax return, less what the Company would receive from Bally for the tax credits that can be applied in Bally's consolidated Federal income tax return, whether or not the Company is a shareholder of Bally at such time.

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).

(a) Casino Revenue and Promotional Allowances

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

(b) Marketable Securities

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

(c) Property and Equipment

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

Effective January 1, 1989, the Company extended the estimated useful lives of certain furniture, fixtures, and equipment. This change decreased depreciation expense in 1989 by approximately \$3,760,000.

(d) Debt Premium

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

GNOC, CORP.
NOTES TO FINANCIAL STATEMENTS
(Unaudited)

(e) Income Taxes EXPENSES AND OTHER CURRENT ASSETS

Taxable income or loss of the Company is included in the consolidated Federal income tax return of Bally. Income taxes are allocated to the Company by Bally based on amounts the Company would pay or receive if it filed a separate Federal income tax return, except that the Company would receive credit from Bally for the tax benefit of its net operating losses and tax credits that can be utilized in Bally's consolidated Federal income tax return, whether or not such losses or credits could be utilized by the Company on a separate return basis. Payment to Bally is to be made at such time and in such amounts as payments are required to be made for income tax purposes. Payment by Bally for such tax benefits are made at the time Bally files the applicable consolidated Federal income tax return.

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 21). 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 December 31, 1989 and 1988 consisted of repurchase agreements, at cost which approximates market.

During 1989, the Company donated approximately \$12.7 million to the New Jersey Casino Reinvestment Development Authority (CRDA) and also donated Bally's Park Place in a CRDA donation of \$4.0 million. The overall impact of the donations to the Company is that the Company's obligations on deposit at the CRDA were reduced by \$22.7 million and the Company received \$11.6 million in "credits" against future CRDA obligations and "credits" receivable from Bally's Park Place. No gain or loss was recorded relating to these transactions as the book value was approximated \$11.6 million.

GNOC, CORP.
NOTES TO FINANCIAL STATEMENTS
(Unaudited)

NOTE 4 - PREPAID EXPENSES AND OTHER CURRENT ASSETS

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

	1989	1988
Prepaid State gaming taxes and licenses	\$ 510,000	\$ 535,000
Prepaid Operating expenses	732,000	653,000
Prepaid State income tax	207,000	97,000
Prepaid Federal income tax	4,650,000	262,000
Deferred Federal and State income tax	4,648,000	4,556,000
Other	9,000	3,000
	\$10,756,000	\$6,106,000

NOTE 5 - INVESTMENTS, ADVANCES AND RECEIVABLES

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

	1989	1988
New Jersey Casino Reinvestment related assets (net of discount)	\$14,502,000	\$13,191,000

During 1989, the Company donated approximately \$18.7 million to the New Jersey Casino Reinvestment Development Authority (CRDA) and also assisted Bally's Park Place in a CRDA donation of \$4.0 million. The financial impact of the donations to the Company is that the Company's obligations on deposit at the CRDA were reduced by \$22.7 million and the Company received \$11.6 million in "credits" against future CRDA obligations and "credits" receivable from Bally's Park Place. No gain or loss was recorded relating to these transactions as the book value also approximated \$11.6 million.

GNOG, CORP.
NOTES TO FINANCIAL STATEMENTS
(Unaudited)

NOTE 6 - PROPERTY AND EQUIPMENT

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

	<u>1989</u>	<u>1988</u>
Land and improvements	\$ 51,776,000	\$ 51,737,000
Buildings and leasehold improvements	184,520,000	173,930,000
Furniture, fixtures and equipment	53,418,000	50,425,000
Construction in progress	<u>5,629,000</u>	<u>6,110,000</u>
	295,343,000	282,202,000
Less accumulated depreciation and amortization	<u>(36,233,000)</u>	<u>(25,521,000)</u>
	\$259,110,000	\$256,681,000
	=====	=====
	1,427,000	1,627,000
	287,000	250,000
	483,000	1,028,000
	50,000	363,000
	<u>3,586,000</u>	<u>4,985,000</u>
	\$20,762,000	\$27,439,000

NOTE 7 - OTHER ASSETS

Other assets as of December 31 consisted of the following:

	<u>1989</u>	<u>1988</u>
Costs in excess of acquired assets, net	\$111,631,000	\$114,376,000
Other	<u>205,000</u>	<u>330,000</u>
	\$111,836,000	\$114,706,000
	=====	=====

See Note 2 for discussion of purchase price accounting.

Customer deposits	\$ 267,000	\$ 327,000
Unredeemed gaming	1,533,000	1,443,000
Advances from deposits	55,000	49,000
Bally Manufacturing Corp.	1,334,000	762,000
Bally's Park Place, Inc.	56,000	-
Bally's Las Vegas	16,000	30,000
Other	<u>\$4,796,000</u>	<u>\$4,643,000</u>

GNOC, CORP.
 NOTES TO FINANCIAL STATEMENTS
 (Unaudited)

NOTE 8 - OTHER ACCRUED EXPENSES

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

	1989	1988
Accrued payroll	\$ 8,063,000	\$ 7,009,000
Accrued progressive jackpot liability	2,084,000	2,419,000
Accrued interest	2,875,000	3,191,000
Accrued New Jersey casino reinvestment liability	578,000	5,811,000
Accrued sales, use and luxury taxes	331,000	104,000
Accrued Casino Control Commission and Division of Gaming Enforcement Fees	350,000	377,000
Accrued Casino License Fee	678,000	275,000
Accrued self insurance claims	1,427,000	1,627,000
Accrued casino win tax	287,000	250,000
Accrued legal fees	483,000	1,028,000
Accrued insurance	50,000	363,000
Other	3,556,000	4,985,000
	\$20,762,000	\$27,439,000
	=====	=====

NOTE 9 - OTHER CURRENT LIABILITIES

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

	1989	1988
Customer deposits	\$ 267,000	\$ 327,000
Unredeemed gaming chips and tokens	1,542,000	2,032,000
Advance room deposits	48,000	49,000
Bally Manufacturing Corp.	1,523,000	1,443,000
Bally's Park Place, Inc.	1,334,000	762,000
Bally's Las Vegas	66,000	-
Other	16,000	30,000
	\$4,796,000	\$4,643,000
	=====	=====

GNOC, CORP.
 NOTES TO FINANCIAL STATEMENTS
 (Unaudited)

NOTE 10 - LONG TERM DEBT-DUE TO AFFILIATES

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

	<u>1989</u>	<u>1988</u>
13 1/4% (effective rate of 13.3%) Mortgage-Backed Notes of \$259,000,000 principal amount at December 31, 1989 and \$289,000,000 at December 31, 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 \$9,837,000 at December 31, 1989 and \$11,607,000 at December 31, 1988). (Note 2)	\$268,837,000 =====	\$300,607,000 =====

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 1989, \$30,000,000 principal amount of the Notes were acquired at a cost of approximately \$31,728,000 to satisfy future sinking fund requirements. A gain of approximately \$144,000 was recorded.

NOTE 11 - DEFERRED CREDITS

Deferred credits as of December 31, 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 December 31 consisted of advances due to affiliates and other liabilities as follows:

	1989	1988
Bally's Grand Transportation Corp.	\$ 1,900,000	\$ 1,573,000
GNAC, CORP.	26,711,000	25,777,000
Golden Nugget Marketing Corp. (a New York Corp.)	-	1,000
Self Insurance Claim	4,244,000	4,236,000
	<u>\$32,855,000</u>	<u>\$31,587,000</u>

NOTE 13 - STOCKHOLDER'S EQUITY

At December 31, 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 twelve months ended December 31, 1989 consisted of the following:

	PROMOTIONAL ALLOWANCES		PROMOTIONAL EXPENSES	
	Number of Recipients	Dollar Amount	Number of Recipients	Dollar Amount
Rooms	120,692	\$ 11,090,000	-	\$ -
Food	786,616	11,305,000	-	-
Beverage	2,422,806	4,846,000	-	-
Travel	-	-	33,024	5,730,000
Other	-	-	1,162,428	20,118,000
Coin	-	-	10,152	1,266,000
Entertainment	35,301	988,000	-	-
Parking	115,411	923,000	-	-
Retail	62,772	1,763,000	-	-
Other	4,520	150,000	82,930	1,390,000
Total Other	<u>218,004</u>	<u>3,824,000</u>	<u>1,255,510</u>	<u>22,774,000</u>
TOTAL	<u><u>3,548,118</u></u>	<u><u>\$ 31,065,000</u></u>	<u><u>1,288,534</u></u>	<u><u>\$ 28,504,000</u></u>

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 December 31, 1989 consisted of the following:

	PROMOTIONAL ALLOWANCES		PROMOTIONAL EXPENSES	
	Number of Recipients	Dollar Amount	Number of Recipients	Dollar Amount
Rooms	23,951	\$ 2,205,000	-	\$ -
Food	161,061	2,504,000	-	-
Beverage	530,647	1,061,000	-	-
Travel	-	-	7,035	1,362,000
Other				
Coin	-	-	223,941	4,249,000
Entertainment	5,296	89,000	2,149	325,000
Parking	26,992	216,000	-	-
Retail	14,476	406,000	-	-
Other	844	27,000	4,869	702,000
Total Other	47,608	738,000	230,959	5,276,000
TOTAL	763,267	\$ 6,508,000	237,994	\$ 6,638,000

NOTE 15 - CHARGES FROM AFFILIATES

The charges from affiliates for the twelve months ended December 31 consisted of the following:

Nature of Charge From Affiliate	1989	1988
	1989	1988
Interest	\$36,110,000	\$37,145,000
Other (a)	4,367,000	9,215,000

(a) Other expenses include allocations of certain operating expenses from affiliated companies which perform services or incur costs on behalf of the Company including Bally's Grand Marketing Corporations, Bally's Grand Transportation Corp., GNAC, Corp. and Bally's Park Place, Inc.

GNOC, CORP.
NOTES TO FINANCIAL STATEMENTS
(Unaudited)

NOTE 16 - NON-OPERATING INCOME (EXPENSE) - NET

Non-operating income (expense) - net for the twelve months ended December 31 consisted of the following:

	<u>1989</u>	<u>1988</u>
Interest and dividend income	\$2,491,000	\$2,179,000
Gain on repurchase of Mortgage-Backed Notes	144,000	-
Other non-operating income	6,000	147,000
	<u>\$2,641,000</u>	<u>\$2,326,000</u>
	=====	=====

NOTE 17 - INCOME TAXES

The income tax provision for the twelve months ended December 31 consisted of the following:

	<u>1989</u>	<u>1988</u>
Current:		
Federal	\$(2,032,000)	\$1,335,000
State	(1,023,000)	508,000
	<u>(3,055,000)</u>	<u>1,843,000</u>
Deferred:		
Federal	1,836,000	(497,000)
State	1,176,000	(162,000)
	<u>3,012,000</u>	<u>(659,000)</u>
	<u>\$(43,000)</u>	<u>\$1,184,000</u>
	=====	=====

On December 1, 1988, the Company adopted a Voluntary Retirement Savings Plan ("RSVP") for its non-union employees (as defined). Eligible participating employees may elect to contribute up to 12% of their pre-tax earnings to RSVP. The Company matched employee contributions not exceeding 50% of the first 6% of the employee's salary in 1989 and 4% in 1988. The Company's contribution amounted to \$918,000 in 1989 and \$557,000 in 1988.

GNOC, CORP.
 NOTES TO FINANCIAL STATEMENTS
 (Unaudited)

NOTE 17 - INCOME TAXES (continued)

Components of the differences between a provision for income taxes computed at the Federal income tax statutory rate and the Company's provision for income taxes for the year ended December 31, 1989 are as follows:

Amount computed at 34%	\$ 656,000
Permanent differences:	
Amortization of unallocated purchase price	934,000
Interest expense & fees	(792,000)
Purchase price depreciation	985,000
CRDA Donation	(1,246,000)
Sale of 13 1/4% Mortgage Backed Notes	(420,000)
Other	139,000
State income taxes, net of Federal tax benefits	(157,000)
Amounts relating to prior year's taxes	<u>(142,000)</u>
	<u>\$ (43,000)</u>

Sources of deferred income taxes and the tax effect of each for the year ended December 31, 1989 are as follows:

Depreciation	\$ 1,786,000
Bad Debt Reserve	(953,000)
CRDA Donation	2,974,000
Other	(795,000)
	<u>\$ (3,012,000)</u>

NOTE 18 - PENSION COSTS

The Company made payments of \$438,000 in 1989 and \$470,000 in 1988 under the terms of various collective bargaining agreements to provide welfare benefits, including pension benefits, for covered employees. It is not practical to determine the amount of these payments ultimately used to fund pension benefit plans or the current financial condition of these plans.

On December 1, 1985, the Company adopted a Voluntary Retirement Savings Plan ("RSVP") for its non-union employees (as defined). Eligible participating employees may elect to contribute up to 12% of their pre-tax earnings to RSVP. The Company matched employee contributions not exceeding 50% of the first 6% of the employee's salary in 1989 and 4% in 1988. The Company's contribution amounted to \$914,000 in 1989 and \$597,000 in 1988.

**NOTES TO FINANCIAL STATEMENTS
(Unaudited)**

NOTE 19 - LEASE COMMITMENTS

The Company leases real estate and various equipment under cancelable and non-cancelable operating lease agreements. Certain real estate leases provide for escalation of rent based upon a specified price index.

Minimum lease commitments in effect at December 31, 1989 are as follows:

DESCRIPTION	ACCOUNT BALANCE	ALLOWANCE	ACCOUNTS RECEIVABLE- OF ALLOWANCE
1990.....	\$487,000		
1991.....	5,000		
1992.....	5,000		
1993.....	5,000	13,866	4,111
1994.....	5,000	69	864
Thereafter.....	25,000		
	<u>\$532,000</u>		

Aggregate rent expense was \$241,000 and \$1,184,000 for the three and twelve months ended December 31, 1989 and \$309,000 and \$1,295,000 for the three and twelve months ended December 31, 1988, respectively.

NOTE 20 - OTHER COMMITMENTS

For the year 1989, the Company recorded an expense of \$1,311,000 and in 1988 \$1,613,000 which represented the cost to the Company of complying with a "reinvestment" requirement contained in the New Jersey Casino Control Act (the "ACT"). Under the Act, Atlantic City casinos are required to make qualified investments, as specified by the New Jersey State Legislature, or become liable for an "alternate tax". The amount of the required investment or alternate tax is calculated based on a licensee's gross casino revenues less its annual provision for uncollectable casino receivables.

NOTE 21 - LITIGATION

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 and such arbitration proceedings are presently in progress. In the opinion of Management and Counsel, this matter would not have a material adverse effect on the Company's financial statements.

SCHEDULE OF RECEIVABLES AND PATRONS' CHECKS

DECEMBER 31, 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:	\$ 4,926		
	Undeposited patrons' checks	13,051		
2	Returned patrons' checks	17,977	\$ 13,866	\$ 4,111
3	Total patrons' checks	933	69	864
4	Note: Receivables	19		
5	Other Receivables:	-		
	Receivables due from officers and employees.....	1,440		
6	Receivables due from affiliates	1,459	1,186	273
7	Other accounts and notes receivables	20,369	15,121	5,248
8	Total other receivables			
9	Totals (Form 305).....			

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)	176,016
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)	(125,885
13	Checks collected through deposits	(45,952
14	Checks transferred to returned checks	(5,065
15	Other adjustments	-
16	Ending Balance	\$ 4,926
17	"Hold" Checks Included In Balance On Line 16	-
18	Provision For Uncollectible Patrons' Checks	\$ 969
19	Provision As A Percent Of Counter Checks Issued .....	.55

STATEMENT OF CONFORMITY AND ACCURACY
 TRADING NAME OF LICENSEE GNOC, CORP. (BALLY'S GRAND)

CASINO DEPARTMENTAL SCHEDULE

FOR THE YEAR ENDED DECEMBER 31, 19 89

(UNAUDITED)
 (\$ IN THOUSANDS)

LINE (a)	DESCRIPTION (b)	AMOUNT (c)	DROP (d)	WIN OR (LOSS) PERCENT (e)	WEIGHTED AVG. NUMBER OF TABLES (f) OR MACHINES
	Revenue:				
1	Blackjack	47,275	\$ 309,563	15.27	61
2	Craps	34,219	211,646	16.17	18
3	Roulette	10,310	40,484	25.47	10
4	Big Six	1,899	3,960	47.95	4
5	Baccarat	6,674	42,777	15.60	2
6	Other table games	0	0	0	0
7	Total table games revenue	100,377	\$ 608,430	16.50%	95
			HANDLE		
			\$		
8	\$.05 slot machines	2,369	16,635	14.24	68
9	\$.25 slot machines	32,788	250,431	13.09	572
10	\$1.00 slot machines	25,057	234,392	10.69	216
11	Other slot machines	50,157	515,256	9.73	502
12	Total coin-operated devices revenue	110,371	\$1,016,714	10.86%	1,358
13	Progressive jackpot adjustment	334			
14	Total coin-operated devices revenue after adjustment	110,705			
15	Other income	-			
16	Total revenue	211,082			
	Expenses:				
17	Payroll and payroll related expenses	35,111			
18	Licenses and taxes	17,613			
19	Provision for uncollectible patrons' checks	969			
20	Other	5,202			
21	Total	58,895			
22	Departmental Income (Loss) Before Complimentary Services And Casino Management Fees.....	152,187			
	Complimentary services and casino management fees:				
23	Complimentary services	55,553			
24	Casino management fees	-			
25	Total	55,553			
26	Departmental Income (Loss)	\$ 96,634			

GROSS REVENUE ANNUAL TAX RETURN

GROSS REVENUE
ANNUAL TAX RETURN

LICENSEE GNOC, CORP. (BALLY'S GRAND)

ADDRESS P.O. BOX 1737-BOSTON & PACIFIC AVENUES

ATLANTIC CITY, NEW JERSEY 08401

FOR THE YEAR ENDED DECEMBER 31, 1989

TO THE

CASINO CONTROL COMMISSION

OF THE

STATE OF NEW JERSEY



NAME OF OFFICER IN CHARGE
OF CORRESPONDENCE REGARDING
THIS ANNUAL TAX RETURN PETER R. BURNS

VICE PRESIDENT-FINANCE & TREASURER

OFFICIAL TITLE.....

ADDRESS

P.O. BOX 1737-BOSTON & PACIFIC AVENUES

ATLANTIC CITY, NEW JERSEY 08401

GROSS REVENUE ANNUAL TAX RETURN

FOR THE YEAR ENDED DECEMBER 31, 19 89

(UNAUDITED)

(\$ IN THOUSANDS)

LINE			
	Casino win or (loss)		
1	Table games revenue	\$ 100,377	
2	Coin-operated devices revenue	110,371	
3	Total revenues		\$ 210,748
	Less - adjustment for uncollectible patrons' checks:		
4	Provision for uncollectible patrons' checks	\$ 969	
5	Maximum adjustment (4% of line 3)	\$ 8,430	
6	Adjustment (the lesser of line 4 or line 5)		969
7	Gross revenues (line 3 less line 6)		\$ 209,779
8	Tax on gross revenues - current year (8% of line 7)		\$ 16,782
9	Audit or other adjustments to tax on gross revenues in prior years		-
10	Total tax on gross revenues (line 8 plus or minus line 9)		16,782
	Deposits made for tax on current year's gross revenues:		
11	January	\$ -	
12	February	1,320	
13	March	1,123	
14	April	1,452	
15	May	1,544	
16	June	1,404	
17	July	1,400	
18	August	1,840	
19	September	1,585	
20	October	1,414	
21	November	1,274	
22	December	1,294	
23	January	1,132	
24	Total deposits made for tax on current year's gross revenues		(\$16,782)
25	Settlement of prior years' tax on gross revenues resulting from audit or other adjustments - (deposits) credits		-
26	Gross revenues tax payable (line 10 less line 24 plus or minus line 25)		\$ -

STATEMENT OF CONFORMITY AND ACCURACY

STATE OF NEW JERSEY :
COUNTY OF ATLANTIC : ss.

Peter R. Burns, being duly sworn according
Name

to law upon my oath deposes and says:

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

Peter R. Burns
Signature

Vice President-Finance/Treasurer
Title

00156-11
License Number

On Behalf Of:
GNOC, CORP.
Casino Licensee

Subscribed and sworn to
before me this 14th day
of March, 1990

Gloria Dean
Signature

GLORIA DEAN
NOTARY PUBLIC OF NEW JERSEY
My Commission Expires Dec. 17, 1991

Basis of Authority
to Take Oaths

ANNUAL EMPLOYMENT AND PAYROLL REPORT

LICENSEE GNOC, CORP. (BALLY'S GRAND)

ADDRESS P.O. BOX 1737-BOSTON & PACIFIC AVENUES
ATLANTIC CITY, NEW JERSEY 08401

FOR THE YEAR ENDED DECEMBER 31, 19

TO THE

CASINO CONTROL COMMISSION

OF THE

STATE OF NEW JERSEY



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

PETER R. BURNS

OFFICIAL TITLE.....

VICE PRESIDENT-FINANCE/TREASURER

ADDRESS.....

P.O. BOX 1737-BOSTON & PACIFIC AVENUES

ATLANTIC CITY, NEW JERSEY 08401

ANNUAL EMPLOYMENT AND PAYROLL REPORT

FOR THE YEAR ENDED DECEMBER 31, 1989

(\$ In Thousands)

LINE (a)	DEPARTMENT (b)	NUMBER OF (c) EMPLOYEES	(d) OTHER EMPLOYEES	SALARIES AND WAGES		(f) TOTALS
				(e) OFFICERS & OWNERS		
	CASINO					
1	Administration	21				
2	Gaming	829				
3	Slots	93				
4	Casino accounting	217				
5	Other	107				
6	Total-casino	1,267	\$ 23,578	\$ -	\$	23,578
7	ROOMS	247	3,610	-		3,610
8	FOOD AND BEVERAGE	889	10,427	-		10,427
	OTHER OPERATED DEPARTMENTS					
9	Parking	64	657	-		657
10	Retail	54	846	-		846
11	Health Club-Pool Services	11	170	-		170
12	Beauty Salon	12	189	-		189
13	Gas Station	6	112	-		112
14						
15						
16						
17						
18						
19						
	ADMINISTRATIVE AND GENERAL					
20	Executive office	17	170	538		708
21	Accounting and auditing	71	1,414	-		1,414
22	Security	200	3,592	-		3,592
23	Other administrative and general department	107	1,466	-		1,466
24	MARKETING	122	3,302	125		3,427
25	QUEST ENTERTAINMENT	51	1,247	-		1,247
26	PROPERTY OPERATION AND MAINTENANCE	284	5,752	-		5,752
27	TOTALS - ALL DEPARTMENTS	3,397	\$ 56,532	\$ 663	\$	57,195

Trading Name of Licensee GNOC, CORP. (BALLY'S GRAND)

**ANNUAL EMPLOYMENT AND PAYROLL REPORT
SIGNATURE PAGE**

For the Year Ended December 31, 1989

MARCH 14, 1990
Date

Robert J. ...
Signature

VICE PRESIDENT-FINANCE/TREASURER
Title

PERIOD	NUMBER OF GUEST ROOMS IN PROPERTY	NUMBER OF AVAILABLE ROOMS	NUMBER OF OCCUPIED ROOMS	AVERAGE PERCENT OCCUPIED ROOMS	OCCUPANCY RATE	NUMBER OF GUESTS	AVERAGE RATE PER GUEST	ACCUMULATED ACCOMMODATED
JANUARY	518	16,058	9,758	\$ 112.	60.8%	17,564	\$ 62.79	
FEBRUARY	518	14,504	10,295	\$ 111.	71.0%	18,531	\$ 62.14	
MARCH	518	16,058	12,836	\$ 104.	79.9%		\$ 58.31	
1ST QUARTER TOTALS		46,620	32,889	\$ 109.	70.5%		\$ 60.72	
APRIL	518	15,540	12,802	\$ 109.	82.4%		\$ 60.73	
MAY	518	16,058	11,851	\$ 118.68	73.8%		\$ 65.93	
JUNE	518	15,540	12,356	\$ 136.30	79.5%		\$ 75.76	
2ND QUARTER TOTALS		47,138	37,009	\$ 121.	78.5%		\$ 67.41	
JULY	518	16,058	14,530	\$ 148.	90.5%		\$ 82.63	
AUGUST	518	16,058	14,669	\$ 110.	91.4%		\$ 72.99	
SEPTEMBER	518	15,540	12,765	\$ 126.	82.1%		\$ 69.36	
3RD QUARTER TOTALS		47,656	41,954	\$ 136.	88.0%		\$ 75.17	
OCTOBER	518	16,058	13,262	\$ 116.	82.6%	24,441	\$ 63.15	
NOVEMBER	518	15,368	11,772	\$ 124.	76.6%	21,321	\$ 68.56	
DECEMBER	518	15,645	9,889	\$ 113.15	63.2%	17,486	\$ 61.99	
4TH QUARTER TOTALS		47,071	34,923	\$ 118.09	74.7%	63,248	\$ 65.20	
ANNUAL TOTALS		188,406	146,776	\$ 122.14	77.9%	265,133	\$ 67.62	

TRADING NAME OF LICENSEE BALLY'S GRAND HOTEL & CASINO

HOTEL STATISTICS

FOR THE 12 MONTHS ENDED December 31, 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	518	16,058	13,262	\$ 116.37	82.6%	24,441	\$ 63.15
NOVEMBER	518	15,368	11,772	\$ 124.17	76.6%	21,321	\$ 68.56
DECEMBER	518	15,645	9,889	\$ 113.15	63.2%	17,486	\$ 63.99
4TH QUARTER TOTALS		47,071	34,923	\$ 118.09	74.2%	63,248	\$ 65.20
ANNUAL TOTALS		188,485	146,775	\$ 122.14	77.9%	265,133	\$ 67.62

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

ADDRESS 2100 Pacific Avenue

Atlantic City, New Jersey 08401

FOR THE YEAR ENDED DECEMBER 31, 1989

TO THE
CASINO CONTROL COMMISSION
OF THE
STATE OF NEW JERSEY



NAME OF OFFICER IN CHARGE
OF FINANCIAL STATEMENTS
THIS ANNUAL REPORT

OFFICIAL TITLE

ADDRESS

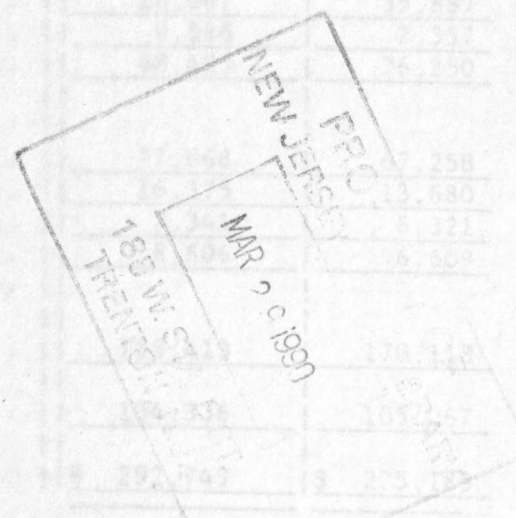
WALSH
VICE PRESIDENT FINANCE
2100 Pacific Avenue
Atlantic City, New Jersey 08401

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

LIST OF FORMS — ANNUAL REPORT

FOR THE YEAR ENDED DECEMBER 31, 1989

<u>TITLE</u>	<u>FORM NO.</u>
Balance Sheets	CCC-305
Statements of Income (Year)	CCC-310
Statements of Income (Three Months)	CCC-315
Statements of Changes in Stockholders' Equity	CCC-320
Statements of Changes in Partners' or Proprietor's Equity	CCC-325
Statements of Cash Flows	CCC-335
Notes to Financial Statements	
Schedule of Receivables and Patrons' Checks	CCC-340
Casino Departmental Schedule	CCC-345
Statement of Conformity and Accuracy	CCC-350



TRADING NAME OF LICENSEE CAESARS ATLANTIC CITY

BALANCE SHEETS
DECEMBER 31, 1989 AND 1988

(UNAUDITED)
(\$ IN THOUSANDS)

LINE (a)	DESCRIPTION (b)	(c) 1989	(d) 1988
ASSETS			
	Current Assets		
1	Cash.....	\$ 10,745	\$ 9,351
2	Marketable securities.....	-	-
3	Receivables and patrons' checks (net of allowance for..... doubtful accounts - 1989_, \$12,319 ; 1988_, \$14,671).....	15,609	34,786
4	Inventories.....(NOTE 1).....	3,103	2,811
5	Prepaid expenses and other current assets.....(NOTE 2).....	11,543	8,968
6	Total current assets.....	41,000	55,916
7	Investments, Advances and Receivables.....(NOTES 3 & 13)	1,000	2,853
8	Property and Equipment - Net.....(NOTES 1,4&9)	246,955	213,133
9	Other Assets.....	3,794	3,283
10	Total Assets.....	\$ 292,749	\$ 275,185
LIABILITIES AND EQUITY			
	Current Liabilities		
11	Accounts payable.....	\$ 9,877	\$ 11,343
12	Notes payable.....(NOTE 5).....	-	-
	Current portion of long-term debt:		
13	Due to affiliates.....	-	-
14	Other.....(NOTE 9).....	227	20,278
15	Income taxes payable and accrued.....(NOTES 1,2&6)	2,666	6,385
16	Other accrued expenses.....(NOTE 7).....	26,067	35,887
17	Other current liabilities.....(NOTE 5).....	9,586	2,357
18	Total current liabilities.....	48,423	76,250
	Long-Term Debt:		
19	Due to affiliates.....(NOTE 8).....	77,668	67,258
20	Other.....(NOTE 9).....	16,375	13,680
21	Deferred Credits.....(NOTE 6).....	7,341	6,321
22	Other Liabilities.....(NOTE 10).....	8,606	6,609
23	Commitments and Contingencies (NOTE 13).....		
24	Total Liabilities.....	158,413	170,118
25	Stockholders', Partners', Or Proprietor's Equity.....	134,336	105,067
26	Total Liabilities and Equity.....	\$ 292,749	\$ 275,185

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 CAESARS ATLANTIC CITY

STATEMENTS OF INCOME

FOR THE YEARS ENDED DECEMBER 31, 1989 AND 1988

(UNAUDITED)

(\$ IN THOUSANDS)

LINE (a)	DESCRIPTION (b)	(c) 1989	(d) 1988
	Revenue:		
1	Casino.....(NOTE 1).....	\$ 303,434	\$ 308,001
2	Rooms.....	16,767	18,324
3	Food and beverage.....	37,155	35,188
4	Other.....	17,827	16,417
5	Total revenue.....	375,183	377,930
6	Less: promotional allowances.....(NOTE 14).....	41,933	37,812
7	Net revenue.....	333,250	340,118
	Costs And Expenses:		
8	Cost of goods and services.....(NOTE 1).....	173,572	169,792
9	Selling, general, and administrative.....(NOTES 1 & 14)..	75,145	76,443
10	Provision for doubtful accounts.....	3,043	4,902
11	Depreciation and amortization.....(NOTE 1).....	16,109	18,274
	Charges from affiliates other than interest:		
12	Management fees.....	-	-
13	Other.....(NOTE 12).....	7,078	5,925
14	Total costs and expenses.....	274,947	275,336
15	Income (Loss) From Operations.....	58,303	64,782
	Other Income (Expense):		
16	Interest income (expense) - affiliates....(NOTES 8 & 12)..	(8,485)	(8,675)
17	Interest income (expense) - external.....	(899)	(3,444)
18	Investment alternative tax and related		
19	income (expense) - net.....(NOTE 13).....	(1)	517
20	Nonoperating income (expense) - net.....(NOTE 15).....	(81)	(2,057)
21	Total other income (expense).....	(9,466)	(13,659)
22	Income (Loss) Before Income Taxes and Extraordinary items..	48,837	51,123
23	Provision (Credit) for income taxes.....(NOTE 6).....	19,568	21,423
24	Income (Loss) Before Extraordinary Items.....	29,269	29,700
	Extraordinary items (net of income taxes -		
25	19__, \$; 19__, \$).....	-	-
	Net Income (Loss).....	\$ 29,269	\$ 29,700

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 DECEMBER 31, 1989 AND 1988

(UNAUDITED)

(\$ IN THOUSANDS)

LINE (a)	DESCRIPTION (b)	(c) 1989	(d) 1988
	Revenue:		
1	Casino.....(NOTE 1).....	\$ 71,315	\$ 76,504
2	Rooms.....	3,876	4,061
3	Food and beverage.....	8,953	8,764
4	Other.....	4,021	3,603
5	Total revenue.....	88,165	92,932
6	Less: promotional allowances.....(NOTE 14).....	10,058	8,781
7	Net revenue.....	78,107	84,151
	Costs And Expenses:		
8	Cost of goods and services.....(NOTE 1).....	42,180	44,645
9	Selling, general, and administrative.....(NOTES 1 & 14).....	16,146	18,459
10	Provision for doubtful accounts.....	(733)	47
11	Depreciation and amortization.....(NOTE 1).....	4,033	4,051
	Charges from affiliates other than interest:		
12	Management fees.....	-	-
13	Other.....(NOTE 12).....	1,979	1,520
14	Total costs and expenses.....	63,605	68,722
15	Income (Loss) From Operations.....	14,502	15,429
	Other Income (Expense):		
16	Interest income (expense) - affiliates.....(NOTES 8 & 12).....	(2,300)	(1,597)
17	Interest income (expense) - external.....	(289)	(539)
18	Investment alternative tax and related.....		
19	income (expense) - net.....(NOTE 13).....	26	(625)
20	Nonoperating income (expense) - net.....(NOTE 15).....	(14)	-
21	Total other income (expense).....	(2,577)	(2,761)
22	Income (Loss) Before Income Taxes and Extraordinary items..	11,925	12,668
23	Provision (Credit) for income taxes.....(NOTE 6).....	4,718	5,141
24	Income (Loss) Before Extraordinary Items.....	7,207	7,527
	Extraordinary items (net of income taxes -		
25	19__, \$; 19__, \$).....	-	-
	Net Income (Loss).....	\$ 7,207	\$ 7,527

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

TRADING NAME OF LICENSEE CAESARS ATLANTIC CITY

STATEMENTS OF CHANGES IN STOCKHOLDERS' EQUITY

FOR THE YEARS ENDED DECEMBER 31, 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		\$		\$
1	Beginning balance (January 1) AUTHORIZED....	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).....	+++++	29,269	+++++	29,700
28	Dividends.....	+++++	(-)	+++++	(-)
29		+++++	-	+++++	-
30		+++++	-	+++++	-
31	Ending balance.....	+++++	127,054	+++++	97,785
32	Ending Stockholders' Equity.....	+++++	\$134,336	+++++	\$105,067

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

TRADING NAME OF LICENSEE CAESARS ATLANTIC CITY
STATEMENTS OF CHANGES IN PARTNERS' OR PROPRIETOR'S EQUITY
FOR THE YEARS ENDED DECEMBER 31, 1989 AND 1988
(UNAUDITED)
(\$ IN THOUSANDS)

LINE (a)	DESCRIPTION (b)	(c) 1989	(d) 1988
	Invested Capital: (Used) By Operating Activities:		
1	Beginning balance (January 1).....	\$ 35,211	\$ 34,906
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: (Used) By Investing Activities:		
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.....	\$ 9,136	\$ 8,176

THIS STATEMENT IS NOT APPLICABLE

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

TRADING NAME OF LICENSEE CAESARS ATLANTIC CITY

STATEMENTS OF CASH FLOWS

FOR THE YEARS ENDED DECEMBER 31, 1989 AND 1988

(UNAUDITED)

(\$ IN THOUSANDS)

LINE (a)	DESCRIPTION (b)	(c) 1989	(d) 1988
1	Net Cash Provided (Used) By Operating Activities.....	\$ 56,214	\$ 34,906
	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.....	(46,756)	(32,033)
5	Proceeds from disposition of property and equipment.....	128	19
6	Purchase of casino reinvestment obligations.....	(785)	(3,665)
7	Purchase of other investments and loans/advances made.....	-	-
8	Proceeds from disposal of investments and collection of advances and long-term receivables.....	(87)	-
9	Cash outflows to acquire business entities.....	-	-
10	CRDA reimbursements.....	2,600	24,849
11	.....	-	-
12	Net Cash Provided (Used) By Investing Activities.....	(44,900)	(10,830)
	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.....	35,171	8,876
16	Costs of issuing debt.....	-	-
17	Payments to settle long-term debt.....	(45,091)	(31,777)
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.....	(9,920)	(22,901)
24	Net Increase (Decrease) in Cash and Cash Equivalents.....	1,394	1,175
25	Cash and Cash Equivalents At Beginning Of Period.....	9,351	8,176
26	Cash And Cash Equivalents At End Of Period.....	\$ 10,745	\$ 9,351

SUPPLEMENTAL DISCLOSURE OF CASH FLOW INFORMATION

27	Cash Paid During Period For:		
28	Interest (net of amount capitalized).....	\$ 9,196	\$ 12,119
	Income taxes.....	\$ 25,267	\$ 24,819

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 YEARS ENDED DECEMBER 31, 1989 AND 1988

(UNAUDITED)

(\$ IN THOUSANDS)

LINE (a)	DESCRIPTION (b)	(c) 1989	(d) 1988
	Net Cash Flows From Operating Activities:		
29	Net income (loss).....	\$ 29,269	\$ 29,700
	Noncash items included in income and cash items excluded from income:		
30	Depreciation and amortization of property and equipment....	15,823	17,943
31	Amortization of other assets	286	331
32	Amortization of debt discount or premium.....	-	-
33	Deferred income taxes - current.....	(3,001)	(1,820)
34	Deferred income taxes - noncurrent.....	1,020	(387)
35	(Gain) loss on disposition of property and equipment.....	81	2,057
36	(Gain) loss on casino reinvestment obligations.....	1	(517)
37	(Gain) loss from other investment activities.....	-	-
38	Net (increase) decrease in receivables and patrons' checks.....	19,177	(19,429)
39	Net (increase) decrease in inventories.....	(292)	(252)
40	Net (increase) decrease in other current assets.....	426	(158)
41	Net (increase) decrease in other assets.....	(797)	(433)
42	Net increase (decrease) in accounts payable.....	(1,466)	2,903
43	Net increase (decrease) in other current liabilities excluding debt.....	(6,310)	4,562
44	Net increase (decrease) in other noncurrent liabilities excluding debt.....	1,997	406
45		-	-
46		-	-
47	Net Cash Provided (Used) By Operating Activities.....	\$ 56,214	\$ 34,906
SUPPLEMENTAL SCHEDULE OF NONCASH INVESTING AND FINANCING ACTIVITIES			
Acquisition Of Property And Equipment:			
48	Additions to property and equipment.....	\$ 49,730	\$ 32,033
49	Less: Mortgage assumed.....	2,974	-
50	Cash Outflows For Property And Equipment.....	\$ 46,756	\$ 32,033
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 Captial Contributions.....	\$ -	\$ -

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

NOTES TO FINANCIAL STATEMENTS (continued):

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 Casino/Hotel (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 years ended December 31, 1989 and 1988 capitalized interest of \$1,642,000 and \$812,000, 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

Pursuant to the purchase of the property under its primary lease (see Note 9), BRC changed the estimated life of its building from 30 to 40 years. This change, which was effective August 1, 1989, had the effect of increasing income from operations by \$320,000.

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.

NOTE 2. Prepaid Expenses and Other Current Assets:

	<u>1989</u>	<u>1988</u>
	(In Thousands)	
Deferred income taxes.....	\$ 8,416	\$5,415
Other.....	<u>3,127</u>	<u>3,553</u>
	<u>\$11,543</u>	<u>\$8,968</u>

NOTE 3. Investments, Advances, and Receivables:

	<u>1989</u>	<u>1988</u>
	(In Thousands)	
CRDA investment deposits.....	\$1,175	\$3,075
CRDA bonds receivable.....	128	43
Note receivable, net.....	<u>87</u>	<u>-</u>
	1,390	3,118
Less: CRDA valuation allowance (NOTE 13)	<u>390</u>	<u>265</u>
	<u>\$1,000</u>	<u>\$2,853</u>

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

NOTE 4. Property and Equipment:

	1989	1988
	(In Thousands)	
Land.....	\$ 36,789	\$ 20,760
Buildings and improvements.....	208,853	146,451
Furniture, fixtures and equipment.....	71,553	64,459
Construction in progress.....	14,143	31,475
Properties under capital leases.....	<u>11,893</u>	<u>54,394</u>
	343,231	317,539
Less: accumulated depreciation and amortization.....	93,846	101,852
CRDA valuation allowance(NOTE 13)	<u>2,430</u>	<u>2,554</u>
	<u>\$246,955</u>	<u>\$213,133</u>

NOTE 5. Notes Payable:

CWI maintains an unsecured credit arrangement with a syndicate of banks. This credit arrangement consists of a \$100,000,000 term loan and a \$100,000,000 revolving credit facility 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, 1992, unless extended by the banks.

The credit facility contains affirmative and negative covenants and among other things, requires the maintenance of certain financial ratios; limits CWI's and CNJ's ability to incur additional debt, repurchase shares and sell certain assets; and restricts mergers, consolidations and similar transactions with respect to CWI and its subsidiaries.

In May 1989 BRC entered into an unsecured \$50,000,000 revolving line of credit with Desert Palace, Inc. (DPI), a wholly-owned subsidiary of CWI. The revolving line of credit carries interest at the prime rate, a \$75,000 annual commitment fee which 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 DPI credit line was \$10,924,000, the average of the month-end amounts outstanding was \$1,502,000 and the weighted average interest rate was 10.5 percent.

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

NOTE 6. Income Taxes: Expenses:

The provision for income taxes for the years ended December 31, 1989 and 1988 is comprised of the following:

	1989	1988
	(In Thousands)	
Current:		
Federal.....	\$15,661	\$18,092
State.....	5,887	5,538
Deferred:		
Federal.....	(812)	(1,496)
State.....	<u>(1,168)</u>	<u>(711)</u>
	<u>\$19,568</u>	<u>\$21,423</u>

Deferred credits of \$7,341,000 and \$6,321,000 at December 31, 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.

The provision for income taxes for the years ended December 31, 1989 and 1988 differs from the amount computed at the statutory rate as follows:

	1989	1988
	(In Thousands)	
Federal income tax at statutory rate.....	\$16,603	\$17,382
State income taxes, net of federal benefit.	3,022	3,037
Other, net.....	<u>(57)</u>	<u>1,004</u>
	<u>\$19,568</u>	<u>\$21,423</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.

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

NOTE 7. Other Accrued Expenses:

	<u>1989</u>	<u>1988</u>
	(In Thousands)	
Rent.....	\$ 9,093	\$17,209
Salaries, wages and vacation pay...	5,043	5,718
Insurance.....	4,257	2,949
Progressive slots.....	2,450	2,828
Legal.....	2,279	3,431
Taxes, other than income taxes.....	1,580	2,127
Other.....	1,365	1,625
	<u>\$26,067</u>	<u>\$35,887</u>

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

	<u>1989</u>	<u>1988</u>
	(In Thousands)	
DPI Non-negotiable term note due June 1, 1992, interest at 11.45%.	\$72,938	\$67,258
DPI Fixed rate term note due May 1, 1994, interest at 11.30%.	<u>4,730</u>	<u>-</u>
	<u>\$77,668</u>	<u>\$67,258</u>

In addition to the unsecured \$50,000,000 revolving line of credit discussed in Note 5, BRC has also entered into two additional loan agreements with DPI. The first is a \$56,000,000 non-negotiable term note executed in June 1987. Interest accrues monthly in arrears at the rate of 11.45 percent and is added to the unpaid principal balance at the end of the month. All unpaid principal together with all unpaid accrued interest is due June 1, 1992. The note is unsecured and may be prepaid at any time without penalty. The second is a \$29,490,000 five year term note which was executed in May 1989 to finance a portion of the lease purchase discussed in Note 9. Interest at 11.3 percent of the unpaid principal balance of the term note is payable quarterly, effective September 30, 1989. A facility fee equal to three-quarter percent of the initial principal is payable in five equal annual installments which began on May 31, 1989. The term note is unsecured and may be prepaid at any time without penalty.

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

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

	<u>1989</u>	<u>1988</u>
	(In Thousands)	
(a) Long-term debt.....	\$ 2,607	\$ -
(b) Capitalized lease obligations...	<u>13,768</u>	<u>13,680</u>
	<u>\$16,375</u>	<u>\$13,680</u>

	<u>1989</u>	<u>1988</u>
	(In Thousands)	
(a) Mortgage payable, interest at 8.0%, maturing January 1999, secured by property.....	<u>\$2,834</u>	<u>\$ -</u>
(b) Mortgage payable, interest at 10.5%, matured February 1989, secured by property.....	<u>-</u>	<u>500</u>
	<u>2,834</u>	<u>500</u>
Less current maturities.....	<u>227</u>	<u>500</u>
	<u>\$2,607</u>	<u>\$ -</u>

BRC leases land, buildings and equipment under noncancellable lease agreements which expire at various dates through 2076. The leases generally provide that BRC pay the taxes, insurance and maintenance expenses related to the leased assets. CWI has guaranteed a substantial portion of BRC'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. BRC 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. BRC is required to maintain a \$5,000,000 letter of credit for the benefit of the owner of this property.

Less current maturities of obligations under capital leases.

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

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

On June 1, 1989, BRC purchased the property under its primary lease for \$38,822,000, including related costs and expenses. Upon consummation of the purchase, BRC assumed a \$2,974,000 mortgage on the property and retired the \$19,676,000 capitalized lease obligation. The excess of the purchase price over the carrying value of the capitalized lease asset of \$19,146,000 has been added 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 percent of the casino/hotel's net profit (as defined). The percentage rental amounted to \$3,116,000 and \$12,859,000 for the years ended December 31, 1989 and 1988, respectively.

	<u>1989</u>	<u>1988</u>
	(In Thousands)	
Capital lease obligations, net of amounts representing interest.....	\$13,768	\$33,458
Less current maturities.....	<u>-</u>	<u>19,778</u>
	<u>\$13,768</u>	<u>\$13,680</u>

Future minimum lease payments for all leases are as follows:

<u>Year Ended</u> <u>December 31</u>	<u>Operating</u>	<u>Capital</u>
	(In Thousands)	
1990.....	\$1,703	\$ 1,457
1991.....	876	1,475
1992.....	514	1,493
1993.....	349	1,511
1994.....	349	1,530
Thereafter.....	<u>1,789</u>	<u>99,597</u>
Total minimum lease payments.....	<u>\$5,580</u>	107,063
Less amount representing interest.....		<u>93,295</u>
		13,768
Less current maturities of obligations under capital leases..		<u>-</u>
		<u>\$ 13,768</u>

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

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

Rent expense for the years ended December 31, 1989 and 1988 is comprised of the following:

	1989	1988
	(In Thousands)	
Minimum rentals under operating leases..	\$3,307	\$ 3,061
Contingent rentals under capital leases.	3,116	12,859
	<u>\$6,423</u>	<u>\$15,920</u>

Note 10. Other Liabilities:

	1989	1988
	(In Thousands)	
CRDA valuation allowance.....(NOTE 13)...	\$2,600	\$2,600
Settlement claims.....	5,692	3,766
Other liabilities.....	314	243
	<u>\$8,606</u>	<u>\$6,609</u>

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 \$340,000 and \$243,000 for the years ended December 31, 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 \$678,000 and \$640,000 for the years ended December 31, 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.

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

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 casino/hotel 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 \$7,078,000 and \$5,925,000 for the years ended December 31, 1989 and 1988, respectively. The breakdown of these services is as follows:

	<u>1989</u>	<u>1988</u>
	(In Thousands)	
General insurance.....	\$2,983	\$2,796
Reservations office expenses.....	3,395	2,658
Other.....	<u>700</u>	<u>471</u>
	<u>\$7,078</u>	<u>\$5,925</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 revenues. This assessment may be satisfied by BRC investing in qualified eligible direct investments, by purchasing bonds issued by the Casino Reinvestment Development Authority (CRDA) and by making qualified contributions. The CRDA has given approval to BRC for qualified eligible direct investments consisting of three housing developments including a high-rise development which opened for occupancy in March 1989. The cost of the high-rise development is approximately \$35,400,000 of which \$35,238,000 has been incurred at December 31, 1989. The other two housing developments are 15-unit apartment complexes. BRC, as owner of these housing developments, is required to operate them as apartments for a minimum of fifteen years for the high-rise and 20 years for the other two developments.

Two of the housing developments are expected to incur future negative cash flows and have a negligible future residual value. For the years ended December 31, 1989 and 1988, the respective amounts of \$600,000 and \$2,300,000 were charged to operations to provide for such losses.

A portion of the investment obligation is being met by purchasing CRDA bonds which may have terms as long as 50 years and bear interest at two-thirds of market rates at issue date resulting in a

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

NOTE 13. Commitments and Contingencies (continued):

value lower than the face value of such bonds. At December 31, 1989 and 1988, the cumulative allowance for the investment obligation, including a valuation allowance for the differential in interest rates and the estimated loss on the housing developments described above, was \$5,030,000 and \$5,154,000, respectively. Adjustments to such valuation allowances have been made for changes in interest rates and, because of the approval for the qualified direct investment, reductions in BRC's obligation to purchase long-term CRDA bonds. Operating income includes a \$1,000 charge in 1989 and a credit of \$517,000 in 1988, for such adjustments.

At December 31, 1989, all investment obligations had been substantially satisfied or prepaid.

Litigation

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

(Amounts in Thousands)

	Three Months		Twelve Months	
	Ended December 31, 1989	Amount	Ended December 31, 1989	Amount
Recipients				
	296,828	\$ 5,290	1,372,415	\$25,201
	13,330	2,950	49,729	11,141
Events	5,577	778	16,837	2,813
	43,795	1,030	158,495	3,845
	357,530	\$10,038	1,597,476	\$43,000

NOTE 13. Nonoperating Income/Expense - Net:

Nonoperating expense of \$31,000 and \$2,057,000 for the years ended December 31, 1989 and 1988, respectively, consists of losses on the disposition of property and equipment.

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

NOTE 14. Complimentaries:

Promotional Allowances

(\$ Amounts in Thousands)

DESCRIPTION	Three Months Ended December 31, 1989		Twelve Months Ended December 31, 1989	
	Recipients	Amount	Recipients	Amount
Rooms	34,697	\$ 2,404	143,551	\$ 9,885
Food	194,159	3,634	841,002	14,608
Beverage	502,051	2,606	2,097,565	10,924
Parking	71,601	656	382,364	3,414
Theatre	19,380	588	106,730	2,416
Other	1,766	170	12,449	686
	<u>823,654</u>	<u>\$10,058</u>	<u>3,583,661</u>	<u>\$41,933</u>

Promotional Expenses

(\$ Amounts in Thousands)

DESCRIPTION	Three Months Ended December 31, 1989		Twelve Months Ended December 31, 1989	
	Recipients	Amount	Recipients	Amount
Coin	294,828	\$ 5,280	1,372,415	\$25,201
Travel	13,330	2,950	49,729	11,141
Special events	5,577	778	16,837	2,813
Other	43,795	1,090	158,495	3,845
	<u>357,530</u>	<u>\$10,098</u>	<u>1,597,476</u>	<u>\$43,000</u>

NOTE 15. Nonoperating Income/Expense - Net:

Nonoperating expense of \$81,000 and \$2,057,000 for the years ended December 31, 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

FOR THE DECEMBER 31, 1989

(UNAUDITED)
(\$ IN THOUSANDS)

ACCOUNTS RECEIVABLE BALANCES				
LINE (a)	DESCRIPTION (b)	ACCOUNT BALANCE (c)	ALLOWANCE (d)	ACCOUNTS RECEIVABLE NET OF ALLOWANCE (e)
	Patron's Checks:	\$		
1	Undeposited patrons' checks.....	7,533		
2	Returned patrons' checks.....	18,868		
3	Total patrons' checks.....	26,401	\$ 12,218	\$ 14,183
4	Hotel Receivables.....	1,175	101	1,074
	Other Receivables:			
5	Receivables due from officers and employees.....	28		
6	Receivables due from affiliates.....	-		
7	Other accounts and notes receivables.....	324		
8	Total other receivables.....	352	-	352
9	Totals (Form 205).....	\$ 27,928	\$ 12,319	\$ 15,609

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).....	280,931
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).....	(190,780)
13	Checks collected through deposits.....	(83,799)
14	Checks transferred to returned checks.....	(8,743)
15	Other adjustments.....	-
16	Ending Balance.....	\$ 7,533
17	"Hold" Checks Included In Balance On Line 16.....	\$ -
18	Provision For Uncollectible Patrons' Checks.....	\$ 3,004
19	Provision As A Percent Of Counter Checks Issued.....	1.1%

TRADING NAME OF LICENSEE CAESARS ATLANTIC CITY

CASINO DEPARTMENTAL SCHEDULE

FOR THE YEAR ENDED DECEMBER 31, 1989

(UNAUDITED)
(\$ IN THOUSANDS)

LINE (a)	DESCRIPTION (b)	AMOUNT (c)	DROP (d)	WIN OR (LOSS) (e) %	WEIGHTED AVERAGE NUMBER OF TABLES (f) OR MACHINES
	Revenue:	\$	\$	%	
1	Blackjack.....	64,172	392,965	16.3	58
2	Craps.....	52,781	334,688	15.8	24
3	Roulette.....	16,421	70,418	23.3	11
4	Big Six.....	2,826	6,229	45.4	4
5	Baccarat.....	18,940	134,936	14.0	5
6	Other table games.....	-	-	-	-
7	Total table games revenue.....	\$155,140	\$939,236	16.5 %	102
			HANDLE		
			\$	%	
8	\$.05 slot machines.....	4,332	28,129	15.4	97
9	\$.25 slot machines.....	60,797	425,202	14.3	747
10	\$1.00 slot machines.....	22,396	254,322	8.8	200
11	Other slot machines.....	60,390	576,729	10.5	656
12	Total coin-operated devices revenue.....	147,915	\$1,284,382	11.5	1,700
13	Progressive jackpot adjustment.....	379			
14	Total coin-operated devices revenue after adjustment.....	148,294			
15	Other income.....	-			
16	Total revenue.....	303,434			
	Expenses:				
17	Payroll and payroll related expenses.....	48,637			
18	Licenses and taxes.....	26,111			
19	Provision for uncollectible patron's checks.....	3,004			
20	Other.....	10,778			
21	Total.....	88,530			
22	Departmental Income (Loss) Before Complimentary Services And Casino Management Fees.....	214,904			
	Complimentary services and casino management fees:				
23	Complimentary services.....	46,157			
24	Casino management fees.....	-			
25	Total.....	46,157			
26	Departmental Income (Loss).....	\$168,747			

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

M. Walsh
Signature

VICE PRESIDENT FINANCE
Title

01482-11
License Number

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

On Behalf Of:

Kathryn J. Robinson
Signature

BOARDWALK REGENCY CORPORATION
Casino License

KATHRYN J. ROBINSON
NOTARY PUBLIC OF NEW JERSEY
~~My Commission Expires FEB. 20, 1992~~
Basis of Authority
to Take Oaths

GROSS REVENUE ANNUAL TAX RETURN

LICENSEE BOARDWALK REGENCY CORPORATION

ADDRESS 2100 PACIFIC AVENUE

ATLANTIC CITY, N.J. 08401

FOR THE YEAR ENDED DECEMBER 31, 1989

TO THE

CASINO CONTROL COMMISSION

OF THE

STATE OF NEW JERSEY



NAME OF OFFICER IN CHARGE
OF CORRESPONDENCE REGARDING
THIS ANNUAL TAX RETURN

MICHAEL J. WALSH

OFFICIAL TITLE

VICE PRESIDENT - FINANCE

ADDRESS

2100 PACIFIC AVENUE

ATLANTIC CITY, N.J. 08401

GROSS REVENUE ANNUAL TAX RETURN

FOR THE YEAR ENDED DECEMBER 31, 19 89

(UNAUDITED)

(\$ IN THOUSANDS)

LINE		
	Casino win or (loss)	
1	Table games revenue	\$ 155,139,876
2	Coin-operated devices revenue	147,915,926
3	Total revenues	<u>\$ 303,055,802</u>
	Less - adjustment for uncollectible patrons' checks:	
4	Provision for uncollectible patrons' checks	<u>\$ 3,003,600</u>
5	Maximum adjustment (4% of line 3)	<u>\$ 12,122,232</u>
6	Adjustment (the lesser of line 4 or line 5)	<u>\$3,003,600</u>
7	Gross revenues (line 3 less line 6)	<u>\$ 300,052,202</u>
8	Tax on gross revenues - current year (8% of line 7)	<u>\$ 24,004,176</u>
9	Audit or other adjustments to tax on gross revenues in prior years	11,597
10	Total tax on gross revenues (line 8 plus or minus line 9)	<u>24,015,773</u>
	Deposits made for tax on current year's gross revenues:	
11	January	\$ 1821,299
12	February	1656,259
13	March	2050,614
14	April	2056,641
15	May	1955,626
16	June	2026,763
17	July	2601,439
18	August	2109,077
19	September	2026,749
20	October	2071,882
21	November	1926,790
22	December	1338,973
23	January	362,064
24	Total deposits made for tax on current year's gross revenues	<u>(24,004,176)</u>
25	Settlement of prior years' tax on gross revenues resulting from audit or other adjustments - (deposits) credits	<u>11,597*</u>
26	Gross revenues tax payable (line 10 less line 24 plus or minus line 25)	<u>\$24,015,773</u>

* Provision adjustment for the Tax period
1/1/80 - 12/31/83 due to your report dated
8/3/89.

STATEMENT OF CONFORMITY AND ACCURACY

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

MICHAEL J. WALSH, being duly sworn according
Name

to law upon my oath deposes and says:

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

MJ Walsh
Signature

VICE PRESIDENT/FINANCE
Title

1482-11
License Number

Subscribed and sworn to
before me this day
of , 19 .

Signature

Basis of Authority
to Take Oaths

On Behalf Of:

BOARDWALK REGENCY CORPORATION
Casino Licensee

ANNUAL EMPLOYMENT AND PAYROLL REPORT

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

ADDRESS 2100 Pacific Avenue
Atlantic City, New Jersey 08401

FOR THE YEAR ENDED DECEMBER 31, 1989

TO THE

CASINO CONTROL COMMISSION

OF THE

STATE OF NEW JERSEY



**NAME OF OFFICER IN CHARGE
OF CORRESPONDENCE REGARDING
THIS ANNUAL EMPLOYMENT
AND PAYROLL REPORT**

MICHAEL J. WALSH

OFFICIAL TITLE

VICE PRESIDENT

ADDRESS

2100 Pacific Avenue

Atlantic City, New Jersey 08401

ANNUAL EMPLOYMENT AND PAYROLL REPORT

FOR THE YEAR ENDED DECEMBER 31, 19 89

(\$ in Thousands)

LINE (a)	DEPARTMENT (b)	NUMBER OF (c) EMPLOYEES	SALARIES AND WAGES		(f) TOTALS
			(d) OTHER EMPLOYEES	(e) OFFICERS & OWNERS	
	CASINO				
1	Administration	17			
2	Gaming	974			
3	Slots	133			
4	Casino accounting	64			
5	Other	660	\$	\$	\$
6	Total-casino	1,848	38,316	649	38,965
7	ROOMS	225	3,390	-	3,390
8	FOOD AND BEVERAGE	1,072	11,949	111	12,060
	OTHER OPERATED DEPARTMENTS				
9	Parking	69	903	-	903
10	Beauty Salon	6	157	-	157
11	Health Spa	8	169	-	169
12	Service Station	11	241	-	241
13	Coat Room	6	50	-	50
14	Telephone	14	276	-	276
15	Electric Company	0	7	-	7
16	Travel	0	11	-	11
17					
18					
19					
	ADMINISTRATIVE AND GENERAL				
20	Executive office	12	271	775	1,046
21	Accounting and auditing	79	2,055	95	2,150
22	Security	194	4,099	84	4,183
23	Other administrative and general department ..	206	4,398	190	4,588
24	MARKETING	106	2,352	508	2,860
25	GUEST ENTERTAINMENT	150	1,578	-	1,578
26	PROPERTY OPERATION AND MAINTENANCE	108	3,448	-	3,448
27	TOTALS - ALL DEPARTMENTS	4,114	\$ 73,670	\$ 2,412	\$ 76,082

Trading Name of Licensee CAESARS ATLANTIC CITY

ANNUAL EMPLOYMENT AND PAYROLL REPORT
SIGNATURE PAGE

For the Year Ended December 31, 19 89

March 14, 1990
Date


Signature

VICE PRESIDENT FINANCE
Title

PERIOD	NUMBER OF GUEST ROOMS IN PROPERTY	NUMBER OF AVAILABLE ROOMS	NUMBER OF OCCUPIED ROOMS	TOTAL ROOMS PER OCCUPIED ROOM RATE	ACCUMULATED EMPLOYMENT	PER GUEST ACCUMULATED
JANUARY	644	19,497	14,053	\$ 81.0 %	27,116	\$ 42.45
FEBRUARY	644	17,633	14,105	80.0 %	27,723	\$ 41.05
MARCH	644	19,375	17,113	88.3 %	23,000	\$ 40.05
1ST QUARTER TOTALS		56,505	45,271	80.1 %	77,839	\$ 41.11
APRIL	644	18,297	17,192	94.0 %	32,000	\$ 41.56
MAY	644	19,462	17,537	90.1 %	33,000	\$ 44.71
JUNE	644	19,191	17,503	91.2 %	35,000	\$ 45.48
2ND QUARTER TOTALS		56,950	52,232	91.7 %	100,000	\$ 43.92
JULY	644	19,724	18,454	93.6 %	24,000	\$ 51.35
AUGUST	644	19,586	17,734	90.5 %	36,000	\$ 45.83
SEPTEMBER	644	18,833	16,685	88.6 %	34,000	\$ 42.50
3RD QUARTER TOTALS		58,143	52,873	90.9 %	104,807	\$ 48.55
OCTOBER	644	18,780	16,761	89.2 %	31,855	\$ 46.38
NOVEMBER	644	18,661	15,731	84.3 %	26,742	\$ 49.06
DECEMBER	644	19,078	13,356	70.0 %	26,570	\$ 41.40
4TH QUARTER TOTALS		56,519	45,848	81.1 %	84,767	\$ 45.67
ANNUAL TOTALS		228,117	196,224	86.0 %	377,483	\$ 44.39

TRADING NAME OF LICENSEE CAESARS ATLANTIC CITY

HOTEL STATISTICS

FOR THE 12 MONTHS ENDED December 31, 1989

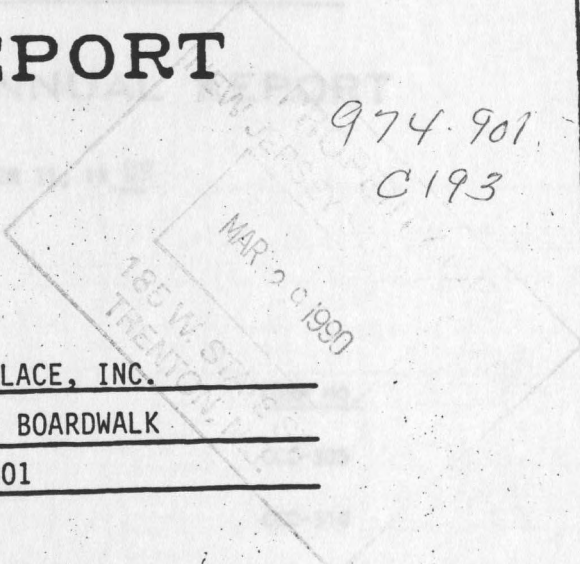
PERIOD	NUMBER OF GUEST ROOMS IN PROPERTY	NUMBER OF AVAILABLE ROOMS	NUMBER OF OCCUPIED ROOMS	AVERAGE RATE PER OCCUPIED ROOM	OCCUPANCY RATE	NUMBER OF GUESTS ACCOMMODATED	AVERAGE RATE PER GUEST ACCOMMODATED
JANUARY	644	19,497	14,053	\$ 81.90	72.1 %	27,116	\$ 42.45
FEBRUARY	644	17,633	14,105	\$ 80.68	80.0 %	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	644	18,780	16,761	\$ 87.05	89.2 %	31,455	\$ 46.38
NOVEMBER	644	18,661	15,731	\$ 83.40	84.3 %	26,742	\$ 49.06
DECEMBER	644	19,078	13,356	\$ 82.36	70.0 %	26,570	\$ 41.40
4TH QUARTER TOTALS		56,519	45,848	\$ 84.43	81.1 %	84,767	\$ 45.67
ANNUAL TOTALS		228,117	196,224	\$ 85.39	86.0 %	377,483	\$ 44.39



TRADING NAME OF LICENSEE THE CLARIDGE CASINO HOTEL

ANNUAL REPORT

974-901
C193



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

FOR THE YEAR ENDED DECEMBER 31, 1989

TO THE
CASINO CONTROL COMMISSION
OF THE
STATE OF NEW JERSEY



NAME OF OFFICER IN CHARGE OF CORRESPONDENCE REGARDING THIS ANNUAL REPORT RAYMOND A. SPERA
OFFICIAL TITLE VICE PRESIDENT OF FINANCE
ADDRESS INDIANA AVENUE AND THE BOARDWALK
ATLANTIC CITY, NJ 08401

DECEMBER 31, 19 89 AND 19 88
 (UNAUDITED)
 (\$ IN THOUSANDS)
LIST OF FORMS - ANNUAL REPORT

FOR THE YEAR ENDED DECEMBER 31, 19 89

DESCRIPTION (a)	(c) 19 89	(d) 19 88
ASSETS		
TITLE	FORM NO.	
Balance Sheets	CCC-305	50
Statements of Income (Year)	CCC-310	849
Statements of Income (Three Months)	CCC-315	21,922
Statements of Changes in Stockholders' Equity	CCC-320	153,949
Statements of Changes in Partners' or Proprietor's Equity	CCC-325	56
Statements of Cash Flows	CCC-335	
LIABILITIES AND EQUITY		
Notes to Financial Statements		
Schedule of Receivables and Patrons' Checks	CCC-340	3,676
Casino Departmental Schedule	CCC-345	-0-
Statement of Conformity and Accuracy	CCC-350	14,100
Current liabilities		9,783
Long-term debt		-0-
Due to affiliates		43,474
Other		84,932
Deferred Credits		-0-
Other liabilities		73,133
Commitments And Contingencies		
Total Liabilities	206,178	259,182
Stockholders', Partners', Or Proprietor's Equity	(33,045)	(69,130)
Total Liabilities And Equity	\$ 173,133	\$ 180,022

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

BALANCE SHEETS

DECEMBER 31, 19 89 AND 19 88

(UNAUDITED)
(\$ IN THOUSANDS)

LINE	DESCRIPTION (b)	(c) 19 <u>89</u>	(d) 19 <u>88</u>
	ASSETS		
	Current Assets:	\$	\$
1	Cash	4,157	4,292
2	Marketable securities (At cost which approximates Market)	452	50
3	Receivables and patrons' checks (net of allowance for doubtful accounts - 19 <u>89</u> , \$ 2,761 ; 19 <u>88</u> , \$ 2,734)	17,232	14,263
4	Inventories	2,003	2,468
5	Prepaid expenses and other current assets	2,325	849
6	Total current assets	26,169	21,922
7	Investments, Advances, And Receivables (Note 3)	143,635	153,949
8	Property And Equipment - Net of accum deprec of \$9,947 & \$8,509	3,230	4,085
9	Other Assets (Note 4)	99	66
10	Total Assets	\$ 173,133	\$ 180,022
	LIABILITIES AND EQUITY		
	Current Liabilities:	\$	\$
11	Accounts payable	3,536	3,676
12	Notes payable	-0-	-0-
13	Current portion of long-term debt:		
14	Due to affiliates (Note 7)	-0-	14,100
15	Other (Note 7)	1,500	9,783
16	Income taxes payable and accrued (Note 5)	123	-0-
17	Other accrued expenses (Note 5)	12,835	15,791
18	Other current liabilities (Note 6)	12,359	5,733
	Total current liabilities	30,353	49,083
19	Long-Term Debt:		
20	Due to affiliates (Note 7)	-0-	43,474
21	Other (Note 7)	102,692	84,932
22	Deferred Credits	-0-	-0-
23	Other Liabilities (Note 8)	73,133	91,663
24	Commitments And Contingencies		
	Total Liabilities	206,178	269,152
25	Stockholders', Partners', Or Proprietor's Equity	(33,045)	(89,130)
26	Total Liabilities And Equity	\$ 173,133	\$ 180,022

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
 TRADING NAME OF LICENSEE THE CLARIDGE CASINO HOTEL

STATEMENTS OF INCOME

FOR THE YEARS ENDED December 31, 19 89 and 19 88

(UNAUDITED)
 (\$ IN THOUSANDS)

LINE (a)	DESCRIPTION (b)	(c) 19 89	(d) 19 88
	Revenue:		
1	Casino	\$ 128,722	\$ 133,497
2	Rooms	12,655	13,220
3	Food and beverage	21,347	24,255
4	Other	2,799	3,051
5	Total revenue	165,523	174,023
6	Less: Promotional allowances (Note 10)	16,223	21,487
7	Net revenue	149,300	152,536
	Costs And Expenses:		
8	Cost of goods and services	82,757	87,228
9	Selling, general, and administrative	36,465	37,871
10	Provision for doubtful accounts	645	780
11	Depreciation and amortization	1,667	3,964
	Charges from affiliates other than interest:		
12	Management fees (Note 13)	-0-	-0-
13	Other (Note 13)	40,891	44,500
14	Total costs and expenses	162,425	174,343
15	Income (Loss) From Operations	(13,125)	(21,807)
	Other Income (Expenses):		
16	Interest (expense) - affiliates (Note 13)	(5,039)	(9,949)
17	Interest (expense) - external	(14,136)	(9,924)
18	Investment alternative tax and related income (expense) - net	(2,932)	(622)
19	Nonoperating income (expense) - net (Note 9)	22,294	21,902
20	Total other income (expenses)	187	1,407
21	Income (Loss) Before Income Taxes And Extraordinary Items	(12,938)	(20,400)
22	Provision (credit) for income taxes (Note 12)	-0-	-0-
23	Income (Loss) Before Extraordinary Items	(12,938)	(20,400)
24	Extraordinary items (net of income taxes - 19 89, \$ 493 ; 19 88 \$ -0-) (Note 14)	69,023	-0-
25	Net Income (Loss)	\$ 56,085	\$ (20,400)

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 **STATEMENTS OF INCOME** HOLDERS' EQUITY

FOR THE THREE MONTHS ENDED DECEMBER 31, 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	30,057	30,704
2	Rooms	2,965	2,799
3	Food and beverage	5,172	5,510
4	Other	611	610
5	Total revenue	38,805	39,623
6	Less: promotional allowances (Note 10)	3,589	4,520
7	Net revenue	35,216	35,103
	Costs And Expenses:		
8	Cost of goods and services	19,983	21,614
9	Selling, general, and administrative	8,916	8,824
10	Provision for doubtful accounts	160	239
11	Depreciation and amortization	426	1,341
	Charges from affiliates other than interest:		
12	Management fees	-0-	-0-
13	Other	9,537	10,746
14	Total costs and expenses	39,022	42,764
15	Income (Loss) From Operations	(3,806)	(7,661)
	Other Income (Expenses):		
16	Interest (expense) - affiliates	(108)	(2,615)
17	Interest (expense) - external	(3,901)	(2,667)
18	Investment alternative tax and related income (expense) - net.....	(2,533)	(233)
19	Nonoperating income (expense) - net	5,548	5,360
20	Total other income (expenses)	(994)	(155)
21	Income (Loss) Before Income Taxes And Extraordinary Items.....	(4,800)	(7,816)
22	Provision (credit) for income taxes	-0-	-0-
23	Income (Loss) Before Extraordinary Items	(4,800)	(7,816)
24	Extraordinary items (net of income taxes - 19__, \$; 19__, \$)	-0-	-0-
25	Net Income (Loss)	\$ (4,800)	\$ (7,816)

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 CHANGES IN STOCKHOLDERS' EQUITY

FOR THE YEARS ENDED DECEMBER 31, 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 Common Stock: & outstanding 1000 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)		56,085		(20,400)
28	Dividends		()		()
29	.....			
30	.....			
31	Ending balance		(38,045)		(94,130)
32	Ending Stockholders' Equity		\$ (33,045)		\$ (89,130)

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 CHANGES IN PARTNERS'
OR PROPRIETOR'S EQUITY

FOR THE YEARS ENDED DECEMBER 31, 19 89 and 19 88

(UNAUDITED)
(\$ IN THOUSANDS)

LINE (a)	DESCRIPTION (b)	(c) 19 ____	(d) 19 ____
	Invested Capital:		
1	Beginning balance (January 1)	\$ 54	\$ 2,289
2	Additional capital invested		
3	Ending balance		
4			
	Accumulated Income (Loss):		
5	Beginning balance (January 1)		
6	Prior period adjustments		
7	Net income (loss)		
8	Ending balance		
9			
	Capital Withdrawals:		
10	Beginning balance (January 1)	()	()
11	Additional capital withdrawals	()	()
12	Ending balance	()	()
13			
	Net Unrealized Loss On Noncurrent Marketable Equity Securities:		
14	Beginning balance (January 1)	()	()
15	Ending balance	()	()
16			
17			
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.

- Not Applicable -

STATEMENTS OF CASH FLOWS

FOR THE YEARS ENDED DECEMBER 31, 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.....	\$ (207)	\$ (8,482)
	Cash Flows From Investing Activities:		
2	Purchase of short-term investment securities.....	(2,053)	-0-
3	Proceeds from the sale of short-term investment securities.....	1,651	-0-
4	Cash outflows for property and equipment.....	(801)	(1,462)
5	Proceeds from disposition of property and equipment.....		
6	Purchase of casino reinvestment obligations.....	(1,314)	(1,987)
7	Purchase of other investments and loans/advances made.....	(792)	(1,501)
8	Proceeds from disposal of investments and collection of advances and long-term receivables.....	7,239	3,922
9	Cash outflows to acquire business entities.....		
10	Allocation of Portion of L.T. Receivable to Current	1,559	3,317
11	Allocation of Portion of L.T. Reinv. Obl. Cred. to Cur.	1,265	
12	Net Cash Provided (Used) By Investing Activities.....	6,754	2,289
	Cash Flows From Financing Activities:		
13	Cash proceeds from issuance of short-term debt.....	5,550	9,198
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.....	(4,432)	(3,666)
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.....	(6,682)	5,532
24	Net Increase (Decrease) In Cash And Cash Equivalents.....	(135)	(661)
25	Cash And Cash Equivalents At Beginning Of Year	4,292	4,953
26	Cash And Cash Equivalents At End Of Year.....	\$ 4,157	\$ 4,292

SUPPLEMENTAL DISCLOSURE OF CASH FLOW INFORMATION

	Cash Paid During Year For:		
27	Interest (net of amount capitalized).....	\$ 11,403	\$ 14,201
28	Income taxes.....	\$ 370	\$ -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 YEARS ENDED DECEMBER 31, 19 89 and 19 88

(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).....	\$ 56,085	\$ (20,400)
	Noncash items included in income and cash items excluded from income:		
30	Depreciation and amortization of property and equipment.....	1,666	2,330
31	Amortization of other assets.....	1	1,634
32	Amortization of debt discount or premium.....	465	396
33	Deferred income taxes - current.....		
34	Deferred income taxes - noncurrent.....		
35	(Gain) loss on disposition of property and equipment.....	(10)	168
36	(Gain) loss on casino reinvestment obligations.....	2,932	622
37	(Gain) loss from other investment activities.....		
38	Net (increase) decrease in receivables and patrons' checks.....	(2,969)	(2,494)
39	Net (increase) decrease in inventories.....	465	696
40	Net (increase) decrease in other current assets.....	(1,476)	41
41	Net (increase) decrease in other assets.....	(34)	(164)
42	Net increase (decrease) in accounts payables.....	(140)	28
43	Net increase (decrease) in other current liabilities excluding debt. & amounts forgiven at Restructuring.	9,557	3,669
44	Net increase (decrease) in other noncurrent liabilities excluding debt.....	(2,614)	8,277
45	Deferred interest receivable and discount.....	(575)	(3,285)
46	Debt forgiveness resulting from Restructuring.....	(63,560)	-0-
47	Net Cash Provided (Used) By Operating Activities.....	\$ (207)	\$ (8,482)

SUPPLEMENTAL SCHEDULE OF NONCASH INVESTING AND FINANCING ACTIVITIES

	Acquisition Of Property And Equipment:		
48	Additions to property and equipment.....	\$ 801	\$ 1,462
49	Less: Capital lease obligations incurred.....		
50	Cash Outflows For Property And Equipment.....	\$ 801	\$ 1,462
	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
DECEMBER 31, 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. ("DEW NJ"), 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, DEW NJ, and the Partnership committed on March 17, 1986, to an agreement with the First Fidelity Bank, N.A. which increased to 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 mortgage loan (the "First Mortgage Lenders"), satisfaction and

THE CLARIDGE CASINO - HOTEL

Notes to Financial Statements - Continued

DEWNJ assigned, without recourse and without representation or 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.

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.

By 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 cash and hotel bankroll. By agreement between the parties the Casino and Hotel bankroll would not exceed \$5 million. Such cash included all amounts paid, repaid or loaned to New Claridge in accordance with the Restructuring Agreement.

THE CLARIDGE CASINO - HOTEL

Notes to Financial Statements - Continued

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.

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 CLARIDGE CASINO - HOTEL

Notes to Financial Statements - Continued

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 to 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.

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.

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.

THE CLARIDGE CASINO - HOTEL

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 (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").

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.

THE CLARIDGE CASINO - HOTEL

Notes to Financial Statements - Continued

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 lessor 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 toward 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.

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").

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 repurchase agreements in government securities. Interest income is recorded as earned.

(c) Casino Receivables and Revenues

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

(d) Promotional Allowances

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

(e) Inventories

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

(f) Furniture and Equipment

Furniture and equipment is stated at cost. Depreciation is provided over the estimated useful lives (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 December 31, 1989 and 1988 are summarized as follows:

	<u>1989</u>	<u>1988</u>
\$127,000,000 Expandable Wraparound Mortgage 14%, maturities through September 30, 2000 (net of \$15,594,000 discount and \$16,169,000 discount at December 31, 1989 and 1988, respectively)	\$107,406	109,831
Deferred interest receivable, due September 30, 2000	20,000	20,000
FF&E promissory note, 14%	8,282	10,964
FF&E promissory note - expansion, 14%	14,205	14,970
Reinvestment Obligations	695	5,423
Reinvestment Obligation Credit	<u>3,110</u>	<u>-0-</u>
	153,698	161,188
Less Current Installments:		
Receivables	8,798	7,239
Reinvestment Obligation Credit	<u>1,265</u>	<u>-0-</u>
	<u>\$143,635</u>	<u>153,949</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 year ended December 31, 1989, \$3,000,000 in principal payments were made.

The Expandable Wraparound Mortgage also includes a provision whereby New Claridge will loan the Partnership up to \$25,000,000 in the form of FF & E promissory notes, secured under the Expandable Wraparound Mortgage, for the purchase of property and equipment. One half of the principal is due in 48 months and the remaining balance is due 60 months from the date of the respective FF&E promissory note. During the year ended December 31, 1989, \$3,474,000 in principal payments were made.

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

THE CLARIDGE CASINO - HOTEL

Notes to Financial Statements - Continued

weeks proceeding the issue of the bonds. If the bonds are not tax exempt they shall bear interest at the rate of 66 2/3% of the average rate of Moody's A Rated Utility Index for the 26 weeks preceding the issue of the CRDA bonds. The investment obligation must be paid on the 15th day of the first, fourth, seventh, and tenth months of each year based on the estimated gaming revenues for the three month period preceding the first day of those months. The alternative tax must be paid not later than April 30 of the following year. New Claridge has deposited its reinvestment funds with the State Treasurer. Through December 31, 1989 \$8,924,000 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 December 31, 1989 have totalled \$52,574. 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 \$3,032,000 to date of which \$427,000 was recorded during the year ended December 31, 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 December 31, 1989 and 1988 is \$86,000 and \$383,000 respectively.

On December 1, 1989, New Claridge made a donation to the CRDA in the amount of \$6,659,000. The amount donated represented amounts previously paid to the CRDA and included all of New Claridge's obligations (a) incurred from January 1, 1984 through September 30, 1989; and (b) incurred prior to January 1, 1984 allocable to Atlantic City which had not, as of November 30, 1989, been applied to the purchase of bonds. In exchange for the donation, New Claridge received a credit equal to \$3,396,000, (fifty-one percent of its donation), to be applied to its obligation commencing after September 30, 1989. During the fourth quarter of 1989 New Claridge recorded an expense of \$1,102,000 to write-down the book value of the donated amount to \$3,396,000. New Claridge also recorded an expense of \$287,000 in the fourth quarter of 1989, which represented the amount of the credit applied to the fourth quarter of 1989 obligation.

Executive jackpot liability	2,880	2,880
Accrued payroll and related benefits	1,778	3,693
Accrued interest payable	2,799	3,962
	<u>2,148</u>	<u>3,120</u>
	\$12,814	\$5,731

THE CLARIDGE CASINO - HOTEL

Notes to Financial Statements - Continued

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

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

(4) Other Assets

Other assets at December 31, 1989 and 1988 consist of the following:

	<u>1989</u>	<u>1988</u>
	(in thousands)	
Intangible assets (net of accumulated amortization of \$1 at December 31, 1989)	\$ 30	-0-
Refundable deposits, non-current	<u>69</u>	<u>66</u>
	<u>\$ 99</u>	<u>66</u>

(5) Other Accrued Expenses

Other accrued expenses at December 31, 1989 and 1988 consist of the following:

	<u>1989</u>	<u>1988</u>
	(in thousands)	
Progressive jackpot liability	\$ 2,898	2,980
Accrued payroll and related benefits	3,770	3,693
Accrued interest payable	3,799	5,992
Other	<u>2,368</u>	<u>3,126</u>
	<u>\$12,835</u>	<u>15,791</u>

THE CLARIDGE CASINO - HOTEL

Notes to Financial Statements - Continued

(6) Other Current Liabilities

Other current liabilities at December 31, 1989 and 1988 consist of the following:

	<u>1989</u>	<u>1988</u>
Due to affiliates	\$ 3,600	1,718
Deferred lease, current	5,665	395
Auto/general claims liability	2,163	1,568
Other	<u>931</u>	<u>2,052</u>
	<u>\$12,359</u>	<u>5,733</u>

As of December 31, 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.

(7) Long-term Debt

Long term debt at December 31, 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)	\$ 70,875	89,765
\$47,000,000 Purchase Money Second Mortgage 14%, due September 30, 2000 (net of \$14,683,000 and \$15,148,000 discount at December 31, 1989 and 1988, respectively)	32,317	31,852
Deferred interest payable, due September 30, 2000 (b)	-0-	11,622
Working capital line, prime or fixed rate determined by lender (c)	-0-	18,550
Revolving line of credit, prime plus 1% (d)	1,000	-0-
Unsecured 10% Note due December 31, 1989	<u>-0-</u>	<u>500</u>
	104,192	152,289
Less current installments	<u>1,500</u>	<u>23,883</u>
	<u>\$102,692</u>	<u>128,406</u>

THE CLARIDGE CASINO - HOTEL

Notes to Financial Statements - Continued

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) Pursuant to the Management Agreement as amended on March 17, 1986 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 December 31, 1989 \$70.9 million was outstanding.

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.

THE CLARIDGE CASINO - HOTEL

Notes to Financial Statements - Continued

Liabilities

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 is such credit becomes unavailable, to provide such funds to New Claridge. As of December 31, 1988, \$18,550,000 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.

- (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. On September 29, 1989 the Loan Agreement was amended 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. As of December 31, 1989, the revolving working capital facility was \$7.6 million, due to an unscheduled principal payment of \$2.2 million made on October 23, 1989.

Interest on the revolving credit borrowings is payable monthly in arrears at the prime rate plus 1%. As of December 31, 1989, \$1.0 million of the revolving line was in use.

THE CLARIDGE CASINO - HOTEL

Notes to Financial Statements - Continued

(8) Other Liabilities

Other liabilities at December 31, 1989 and 1988 consist of the following:

	<u>1989</u>	<u>1988</u>
	(in thousands)	
Deferred rent	\$ 53,133	55,747
Deferred fees	-0-	32,491
Management fees abated	-0-	3,425
Contingent Liability - Webb	<u>20,000</u>	<u>-0-</u>
Total	<u>\$ 73,133</u>	<u>91,663</u>

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 years ended December 31, 1989 and 1988 consists of the following (in thousands):

	<u>1989</u>	<u>1988</u>
Interest Income - Wraparound Mortgage	\$ 21,425	21,786
Interest Income - Other	560	354
Other Nonoperating income/(expense)	12	(70)
Gain/(Loss) on Disposal of Assets	10	(168)
Facilities/Maintenance Fee	<u>287</u>	<u>-0-</u>
Total	<u>\$ 22,294</u>	<u>21,902</u>

THE CLARIDGE CASINO - HOTEL

Notes to Financial Statements - Continued

(10) Complimentary Services

Complimentary services for the three months and year ended December 31, 1989 are summarized as follows:

For the three months ended December 31, 1989

Promotional Allowances

	<u>Number of Recipients</u>	<u>Dollar Amount</u>
Room	13,054	\$ 827,663
Food	101,203	1,333,562
Beverage	205,014	1,284,166
Showroom	15,407	144,554
Total	<u>334,678</u>	<u>\$3,589,945</u>

Promotional Expenses

	<u>Number of Recipients</u>	<u>Dollar Amount</u>
Coupon Redemption of Cash & Tokens	353,288	\$3,465,197
Travel	2,068	157,509
Parking	14,015	76,703
Other	20,956	77,348
Total	<u>390,327</u>	<u>\$3,776,757</u>

For the year ended December 31, 1989

Promotional Allowances

	<u>Number of Recipients</u>	<u>Dollar Amount</u>
Room	66,291	\$ 3,565,974
Food	497,377	6,670,671
Beverage	857,365	5,166,173
Showroom	91,833	820,704
Total	<u>1,512,866</u>	<u>\$16,223,522</u>

Promotional Expenses

	<u>Number of Recipients</u>	<u>Dollar Amount</u>
Coupon Redemption of Cash & Tokens	1,305,083	\$13,440,323
Travel	9,647	657,595
Parking	52,317	325,455
Other	60,045	373,440
Total	<u>1,427,092</u>	<u>\$14,796,813</u>

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Notes to Financial Statements - Continued
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 December 31, 1989 are as follows:

01/01/90 - 12/31/90	\$ 31,286
01/01/91 - 12/31/91	31,410
01/01/92 - 12/31/92	32,526
01/01/92 - 12/31/93	33,552
01/01/93 - 12/31/94	34,526
Later Years	<u>150,030</u>
Total Minimum	<u>\$313,330</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 years ended December 31, 1989 and 1988 rental expense for all operating leases amounted to \$41,638,700 and \$42,797,000 respectively, of which \$(2,614,000) and \$4,647,000 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 paid in 1989 was \$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 December 31, 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

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:

	<u>1989</u>	<u>1988</u>
	(in thousands)	
Federal income tax at statutory rates	\$(4,399)	(6,936)
Goodwill amortization not deductible for tax purposes	-0-	306
Unrecognized tax benefit of loss carryforward	<u>4,399</u>	<u>6,630</u>
	<u>\$ -0-</u>	<u>-0-</u>

New Claridge is included in the consolidated income tax return of its parent, the Corporation. At December 31, 1989 and 1988 there were available net operating loss carryforwards of \$103,659,000 and \$90,721,000. 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.

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 December 31, 1988, \$18,550,000 of the credit line was in use.

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 year ended December 31, 1989 and 1988 interest expense due to affiliates was \$5,039,000 and \$9,949,000 respectively.

THE CLARIDGE CASINO - HOTEL

Notes to Financial Statements - Continued

(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 years ended December 31, 1989 and 1988 amounted to \$683,000 and \$3,468,000, respectively.

(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 years ended December 31, 1989 and 1988 New Claridge has earned interest income of \$21,425,000 and \$21,786,000 respectively, and incurred lease expense of \$40,208,000 and \$41,032,000, respectively.

	1989
Interest on Webb debt	9,501
Webb contribution for payment of First Mortgage/Manufacturers Renover line of credit	19,500
Payment by ACBA for land option cancellation	100
Webb contribution of interim restructuring funding	2,027
Less Webb contingent payment	(20,000)
	<u>69,516</u>
Income taxes	<u>22,631</u>
Extraordinary item from restructuring cost of income taxes	46,885
Extraordinary item: Reduction of income taxes arising from carryforward of prior year operating losses, net of alternative minimum tax of 1493	<u>22,136</u>
	<u>\$69,023</u>

THE CLARIDGE CASINO - HOTEL

SCHEDULE C Notes to Financial Statements - Continued PATRONS' CHECKS

(14) Extraordinary Items (Net of Income Taxes)

For the year ended December 31, 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):

	<u>1989</u>
Debt forgiveness by Webb:	
Deferred fees/interest	\$32,491
Deferred interest	11,622
Line of credit	10,350
Abated fees	3,425
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
Less Webb contingent payment	<u>(20,000)</u>
	69,516
Income taxes	<u>22,631</u>
Extraordinary item from restructuring net of income taxes	46,885
Extraordinary item: Reduction of income taxes arising from carryforward of prior year operating losses, net of alternative minimum tax of \$493	<u>22,138</u>
	<u>\$69,023</u>

SCHEDULE OF RECEIVABLES AND PATRONS' CHECKS

DECEMBER 31, 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	1,639		
2	Returned patrons' checks	2,999		
3	Total patrons' checks	4,638	\$ 2,654	\$ 1,984
4	Hotel Receivables	936	82	854
	Other Receivables:			
5	Receivables due from officers and employees.....	3		
6	Receivables due from affiliates	14,157		
7	Other accounts and notes receivables	259		
8	Total other receivables	14,419	25	14,394
9	Totals (Form 305).....	\$ 19,993	\$ 2,761	\$ 17,232

UNDEPOSITED PATRONS' CHECKS ACTIVITY		AMOUNT (h)
LINE (f)	DESCRIPTION (g)	
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)	71,870
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)	(57,844)
13	Checks collected through deposits	(11,551)
14	Checks transferred to returned checks	(2,996)
15	Other adjustments	
16	Ending Balance	\$ 1,639
17	"Hold" Checks Included In Balance On Line 16	\$
18	Provision For Uncollectible Patrons' Checks	\$ 575
19	Provision As A Percent Of Counter Checks Issued .....	.8 %

STATEMENT OF CONFORMITY AND ACCURACY
 TRADING NAME OF LICENSEE THE CLARIDGE CASINO HOTEL

CASINO DEPARTMENTAL SCHEDULE

FOR THE YEAR ENDED DECEMBER 31, 19 89

(UNAUDITED)
 (\$ IN THOUSANDS)

LINE (a)	DESCRIPTION (b)	AMOUNT (c)	DROP (d)	WIN OR (LOSS) PERCENT (e)	WEIGHTED AVG. NUMBER OF TABLES (f) OR MACHINES
	Revenue:	\$	\$	%	
1	Blackjack	22,694	171,654	13.2	52
2	Craps	18,949	128,146	14.8	13
3	Roulette	4,615	19,948	23.1	8
4	Big Six	871	2,042	42.7	1
5	Baccarat	1,703	16,940	10.1	2
6	Other table games	-0-	-0-	-0-	-0-
7	Total table games revenue	48,832	\$ 338,730	14.4 %	76
			HANDLE		
8	\$.05 slot machines	2,349	15,670	15.0	68
9	\$.25 slot machines	32,945	238,302	13.8	547
10	\$1.00 slot machines	9,906	85,091	11.6	118
11	Other slot machines	34,609	297,476	11.6	504
12	Total coin-operated devices revenue	79,809	\$ 636,539	12.5 %	1,237
13	Progressive jackpot adjustment	81			
14	Total coin-operated devices revenue after adjustment	79,890			
15	Other income	-0-			
16	Total revenue	128,722			
	Expenses:				
17	Payroll and payroll related expenses	25,512			
18	Licenses and taxes	14,357			
19	Provision for uncollectible patrons' checks	575			
20	Other	1,527			
21	Total	41,971			
22	Departmental Income (Loss) Before Complimentary Services And Casino Management Fees.....	86,751			
	Complimentary services and casino management fees:				
23	Complimentary services	5,042			
24	Casino management fees	-0-			
25	Total	5,042			
26	Departmental Income (Loss)	\$ 81,709			

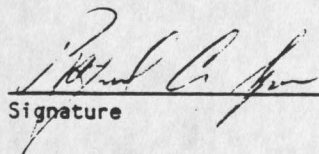
STATEMENT OF CONFORMITY AND ACCURACY

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

Raymond A. Spera, being duly sworn according to law upon my oath
Name

deposes and says:

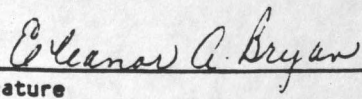
1. I have examined this Annual Report.
2. All the information contained in this Report has been prepared in conformity with Casino Control Commission's Annual Report Instructions and Uniform Chart of Accounts.
3. The information contained in this Annual Report is accurate to the best of my knowledge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


Signature

Vice President of Finance
Title

02369-11
License Number

Subscribed and sworn to
before me this 14th day
of March, 1990.


Signature

On Behalf Of:

The Claridge at Park Place, Inc.
Casino Licensee

ELEANOR A. BRYAN
NOTARY PUBLIC OF NEW JERSEY
My Commission Expires March 9, 1993

Basis of Authority
to Take Oaths

GROSS REVENUE ANNUAL TAX RETURN

LICENSEE THE CLARIDGE AT PARK PLACE, INC.

ADDRESS INDIANA AVENUE AND THE BOARDWALK
ATLANTIC CITY, NJ 08401

FOR THE YEAR ENDED DECEMBER 31, 19 89

TO THE

CASINO CONTROL COMMISSION

OF THE

STATE OF NEW JERSEY



NAME OF OFFICER IN CHARGE
OF CORRESPONDENCE REGARDING
THIS ANNUAL TAX RETURN

RAYMOND A. SPERA

OFFICIAL TITLE

VICE PRESIDENT OF FINANCE

ADDRESS

INDIANA AVENUE AND THE BOARDWALK

ATLANTIC CITY, NJ 08401

TRADING NAME OF LICENSEE THE CLARIDGE CASINO HOTEL

GROSS REVENUE ANNUAL TAX RETURN

FOR THE YEAR ENDED DECEMBER 31, 19 89

(UNAUDITED)

(\$ IN THOUSANDS)

LINE			
	Casino win or (loss)		
1	Table games revenue	\$ 48,832	
2	Coin-operated devices revenue	79,809	
3	Total revenues		\$ 128,641
	Less - adjustment for uncollectible patrons' checks:		
4	Provision for uncollectible patrons' checks	\$ 575	
5	Maximum adjustment (4% of line 3)	\$ 5,146	
6	Adjustment (the lesser of line 4 or line 5)		575
7	Gross revenues (line 3 less line 6)		\$ 128,066
8	Tax on gross revenues - current year (8% of line 7)		\$ 10,245
9	Audit or other adjustments to tax on gross revenues in prior years		28
10	Total tax on gross revenues (line 8 plus or minus line 9)		10,273
	Deposits made for tax on current year's gross revenues:		
11	January	\$ 640	
12	February	756	
13	March	731	
14	April	840	
15	May	1,027	
16	June	847	
17	July	1,038	
18	August	881	
19	September	849	
20	October	1,026	
21	November	833	
22	December	554	
23	January	223	
24	Total deposits made for tax on current year's gross revenues		(10,245)
25	Settlement of prior years' tax on gross revenues resulting from audit or other adjustments - (deposits) credits *		(28)
26	Gross revenues tax payable (line 10 less line 24 plus or minus line 25)		\$ -0-

* Additional tax paid represents adjustment resulting from an audit completed in 1989 of Tax on Gross Casino Revenues for the period January, 1982 through December 1985.

ANNUAL EMPLOYMENT AND PAYROLL REPORT

LICENSEE THE CLARIDGE AT PARK PLACE, INC.

ADDRESS INDIANA AVENUE AND THE BOARDWALK

ATLANTIC CITY, NJ 08401

FOR THE YEAR ENDED DECEMBER 31, 1989

TO THE

CASINO CONTROL COMMISSION

OF THE

STATE OF NEW JERSEY



**NAME OF OFFICER IN CHARGE
OF CORRESPONDENCE REGARDING
THIS ANNUAL EMPLOYMENT
AND PAYROLL REPORT**

RAYMOND A. STEIN

OFFICIAL TITLE

VICE PRESIDENT OF FINANCE

ADDRESS

INDIANA AVENUE AND THE BOARDWALK

ATLANTIC CITY, NJ 08401

ANNUAL EMPLOYMENT AND PAYROLL REPORTFOR THE YEAR ENDED DECEMBER 31, 19 89

(\$ in Thousands)

LINE (a)	DEPARTMENT (b)	NUMBER OF (c) EMPLOYEES	SALARIES AND WAGES		
			(d) OTHER EMPLOYEES	(e) OFFICERS & OWNERS	(f) TOTALS
	CASINO				
1	Administration	15			
2	Gaming	569			
3	Slots	92			
4	Casino accounting	220			
5	Other	-0-	\$	\$	\$
6	Total-casino	896	19,110	-0-	19,110
7	ROOMS	145	2,245	-0-	2,245
8	FOOD AND BEVERAGE	457	7,965	-0-	7,965
	OTHER OPERATED DEPARTMENTS				
9	Telephone	12	224	-0-	224
10	Transportation	79	1,300	-0-	1,300
11	Health Spa	7	101	-0-	101
12	Casino Credit	14	407	-0-	407
13					
14					
15					
16					
17					
18					
19					
	ADMINISTRATIVE AND GENERAL				
20	Executive office	15	228	761	989
21	Accounting and auditing	156	2,438	91	2,529
22	Security	142	3,048	-0-	3,048
23	Other administrative and general department ..	117	3,361	-0-	3,361
24	MARKETING	82	2,067	-0-	2,067
25	GUEST ENTERTAINMENT	11	744	-0-	744
26	PROPERTY OPERATION AND MAINTENANCE	179	3,956	-0-	3,956
	(See Note Attached)				
27	TOTALS - ALL DEPARTMENTS	2,312	\$ 47,194	\$ 852	\$ 48,046

THE CLARIDGE CASINO HOTEL
NOTES TO ANNUAL EMPLOYMENT AND PAYROLL REPORT
FOR THE YEAR ENDED DECEMBER 31, 1989

Line 26 - Property Operation and Maintenance

Prior to June 16, 1989, Property Operation and Maintenance Employees were employed by Del E. Webb New Jersey, Inc., and therefore were not previously reported as employees of The Claridge Casino Hotel. As a result of the Restructuring, which occurred on June 16, 1989, these employees are now employed by The Claridge. Salaries and wages of \$3,956,000 represent total salaries for the period January 1, 1989 through December 31, 1989.

3/14/90
Date

[Signature]
Signature

VICE PRESIDENT OF FINANCE
Title

HOTEL STATISTICS

December 31

Trading Name of Licensee THE CLARIDGE CASINO HOTEL

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	\$ 73.64	78.8 %	21,035	\$ 37.07
MARCH	501	15,250	13,854	\$ 69.95	90.6 %	27,950	\$ 36.51
1ST QUARTER TOTALS		43,368	35,355	\$ 69.95	81.5 %	67,500	\$ 35.97
APRIL	501	14,939	14,086	\$ 78.41	94.3 %	27,031	\$ 39.40
MAY	501	15,600	12,733	\$ 85.52	81.6 %	27,529	\$ 42.65
JUNE	501	15,077	12,660	\$ 66.39	84.0 %	27,166	\$ 40.26
2ND QUARTER TOTALS		45,616	39,479	\$ 82.29	86.6 %	87,726	\$ 40.72
JULY	501	15,579	12,088	\$ 113.11	77.6 %	27,847	\$ 52.91
AUGUST	501	15,628	11,956	\$ 111.11	76.5 %	27,038	\$ 51.40
SEPTEMBER	501	15,079	13,251	\$ 92.11	87.9 %	27,536	\$ 43.07
3RD QUARTER TOTALS		45,286	37,295	\$ 105.11	80.6 %	77,421	\$ 48.93
OCTOBER	501	15,401	13,548	\$ 85.95	89.6 %	28,358	\$ 41.37
NOVEMBER	501	14,267	12,585	\$ 84.21	84.1 %	27,399	\$ 38.73
DECEMBER	501	15,330	10,049	\$ 73.53	65.6 %	20,915	\$ 35.33
4TH QUARTER TOTALS		45,088	36,282	\$ 81.94	79.4 %	76,672	\$ 38.78
ANNUAL TOTALS		100,958	148,411	\$ 85.36	82.0 %	306,569	\$ 41.32

ANNUAL EMPLOYMENT AND PAYROLL REPORT
SIGNATURE PAGE

For the Year Ended December 31, 19 89

3/14/90
Date

[Signature]
Signature

VICE PRESIDENT OF FINANCE
Title

HOTEL STATISTICS

FOR THE 12 MONTHS ENDED December 31, 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	501	15,401	13,648	\$ 85.95	88.6 %	28,358	\$ 41.37
NOVEMBER	501	14,967	12,585	\$ 84.31	84.1 %	27,399	\$ 38.73
DECEMBER	501	15,320	10,049	\$ 73.53	65.6 %	20,915	\$ 35.33
4TH QUARTER TOTALS		45,688	36,282	\$ 81.94	79.4 %	76,672	\$ 38.78
ANNUAL TOTALS		180,958	148,411	\$ 85.36	82.0 %	306,569	\$ 41.32



3 3009 00067 7957

TRADING NAME OF LICENSEE Sands Hotel & CasinoLIST **ANNUAL REPORT**

FOR THE YEAR ENDED DECEMBER 31, 1989

974-901
C193

TITLE LICENSEE Greate Bay Hotel & Casino, Inc.

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

FOR THE YEAR ENDED DECEMBER 31, 1989

TO THE
CASINO CONTROL COMMISSION
OF THE
STATE OF NEW JERSEY



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

John R. Rauen**OFFICIAL TITLE**Vice President Finance**ADDRESS**Indiana Avenue & Brighton ParkAtlantic City, NJ 08401

BALANCE SHEETS

TRADING NAME OF LICENSEE Sands Hotel & Casino

DECEMBER 31, 19 89 AND 19 88

LIST OF FORMS — ANNUAL REPORT

(\$ IN THOUSANDS)

FOR THE YEAR ENDED DECEMBER 31, 1989

DESCRIPTION (b)	(a) 19 <u>89</u>	(a) 19 <u>88</u>
ASSETS		
Current Assets	\$	\$
Cash	11,189	14,110
Marketable Securities	-	-
Receivables and patrons' checks (net of allowance for doubtful)	30,627	27,360
Prepaid expenses and other current assets	4,888	2,617
Balance Sheets	CCC-305	
Statements of Income (Year)	49,173	48,318
Statements of Income (Three Months)	CCC-315	
Statements of Changes in Stockholders' Equity	8,741	15,217
Statements of Changes in Stockholders' Equity	CCC-320	
Statements of Changes in Partners' or Proprietor's Equity	12,540	10,091
Statements of Changes in Partners' or Proprietor's Equity	CCC-325	
Statements of Cash Flows		250,767
Statements of Cash Flows	CCC-335	
LIABILITIES AND EQUITY		
Current Liabilities	\$	\$
Schedule of Receivables and Patrons' Checks	7,388	6,952
Schedule of Receivables and Patrons' Checks	CCC-340	
Casino Departmental Schedule		
Casino Departmental Schedule	CCC-345	
Statement of Conformity and Accuracy		2,105
Statement of Conformity and Accuracy	CCC-350	
Other current liabilities	10,388	12,845
Other current liabilities	3,680	7,270
Total current liabilities	26,220	35,113
Long-Term Debt		
Due to affiliates	182,576	182,215
Other	3,342	4,527
Deferred Credits	852	1,015
Other liabilities	-	-
Contingencies and Contingencies		
Total Liabilities	272,688	272,865
Stockholders', Partners', or Proprietor's Equity	29,543	27,932
Total Liabilities and Equity	\$ 292,141	\$ 290,767

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

BALANCE SHEETS

DECEMBER 31, 19 89 AND 19 88

(UNAUDITED)
(\$ IN THOUSANDS)

DESCRIPTION (b)	(c) 19 <u>89</u>	(d) 19 <u>88</u>
ASSETS		
Current Assets:	\$	\$
Cash	11,189	14,110
Marketable securities	-	-
Receivables and patrons' checks (net of allowance for doubtful accounts - 19 <u>89</u> , \$ 13,531 ; 19 <u>88</u> , \$ 11,802)	30,642	27,360
Inventories	2,461	2,617
Prepaid expenses and other current assets Note 11	4,881	4,231
Total current assets	49,173	48,318
Investments, Advances, And Receivables	8,741	15,217
Property And Equipment - Net Note 10	181,687	177,141
Other Assets	12,540	10,091
Total Assets	\$ 252,141	\$ 250,767
LIABILITIES AND EQUITY		
Current Liabilities:	\$	\$
Accounts payable	7,256	6,962
Notes payable	-	-
Current portion of long-term debt:		
Due to affiliates	-	-
Other Note 3	1,006	2,105
Income taxes payable and accrued	4,899	5,931
Other accrued expenses Note 12	14,386	12,845
Other current liabilities Note 13	8,680	7,270
Total current liabilities	36,227	35,113
Long-Term Debt:		
Due to affiliates Note 3	182,576	182,215
Other Note 3	3,342	4,522
Deferred Credits	553	1,015
Other Liabilities	-	-
Commitments And Contingencies Note 7		
Total Liabilities	222,698	222,865
Stockholders', Partners', Or Proprietor's Equity	29,443	27,902
Total Liabilities And Equity	\$ 252,141	\$ 250,767

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

TRADING NAME OF LICENSEE Sands Hotel & Casino

STATEMENTS OF INCOME

FOR THE YEARS ENDED December 31, 19 89 and 19 88

(UNAUDITED)
(\$ IN THOUSANDS)

LINE (a)	DESCRIPTION (b)	(c) 19 89	(d) 19 88
	Revenue:		
1	Casino	\$ 219,668	\$ 205,667
2	Rooms	11,665	9,819
3	Food and beverage	27,222	26,411
4	Other Note 2	5,778	5,569
5	Total revenue	264,333	247,466
6	Less: Promotional allowances Note 14	21,388	22,931
7	Net revenue	242,945	224,535
	Costs And Expenses:		
8	Cost of goods and services Note 2	106,366	102,612
9	Selling, general, and administrative	81,536	74,445
10	Provision for doubtful accounts	3,663	3,325
11	Depreciation and amortization	16,590	16,051
	Charges from affiliates other than interest:		
12	Management fees Note 5	6,403	5,998
13	Other	-	-
14	Total costs and expenses	214,558	202,431
15	Income (Loss) From Operations	28,387	22,104
	Other Income (Expenses):		
16	Interest (expense) - affiliates	<22,547>	<22,268>
17	Interest (expense) - external	<1,046>	<459>
18	Investment alternative tax and related income (expense) - net.....	<3,871>	<984>
19	Nonoperating income (expense) - net Note 2	3,325	1,925
20	Total other income (expenses).....	<24,139>	<21,786>
21	Income (Loss) Before Income Taxes And Extraordinary Items.....	4,248	318
22	Provision (credit) for income taxes Note 4	2,707	1,680
23	Income (Loss) Before Extraordinary Items	1,541	<1,362>
24	Extraordinary items (net of income taxes -		
25	19__, \$; 19 88, \$ 5,187)	-	7,801
	Net Income (Loss)	\$ 1,541	\$ 6,439

Certain reclassifications have been made to the prior year's financial statements to conform to the current year's financial statement presentation. (Note 2).

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 EQUITY

FOR THE THREE MONTHS ENDED DECEMBER 31, 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	\$ 52,185	\$ 47,840
2	Rooms	2,632	2,460
3	Food and beverage	7,410	6,282
4	Other Note 2	1,175	1,075
5	Total revenue	63,402	57,657
6	Less: promotional allowances Note 14	5,535	5,146
7	Net revenue	57,867	52,511
	Costs And Expenses:		
8	Cost of goods and services Note 2	26,907	25,674
9	Selling, general, and administrative	21,320	16,479
10	Provision for doubtful accounts	1,747	867
11	Depreciation and amortization	4,345	4,326
	Charges from affiliates other than interest:		
12	Management fees	1,192	1,502
13	Other	-	-
14	Total costs and expenses	55,511	48,848
15	Income (Loss) From Operations	2,356	3,663
	Other Income (Expenses):		
16	Interest (expense) - affiliates	<5,642>	<5,635>
17	Interest (expense) - external	<504>	<200>
18	Investment alternative tax and related income (expense) - net.....	<3,253>	<236>
19	Nonoperating income (expense) - net Note 2	826	618
20	Total other income (expenses)	<8,573>	<5,453>
21	Income (Loss) Before Income Taxes And Extraordinary Items.....	<6,217>	<1,790>
22	Provision (credit) for income taxes	<2,654>	<232>
23	Income (Loss) Before Extraordinary Items	<3,563>	<1,558>
24	Extraordinary items (net of income taxes -		
25	19 <u>89</u> , \$; 19 <u>88</u> , \$ 5,187)	-	7,801
	Net Income (Loss)	\$ <3,563>	\$ 6,243

Certain reclassifications have been made to the prior year's financial statements to conform to the current year's financial statement presentation. (Note 2)

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

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

STATEMENTS OF CHANGES IN STOCKHOLDERS' EQUITY

 FOR THE YEARS ENDED DECEMBER 31, 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
	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				
17	Capital Stock:				
18	Beginning balance (January 1)		()		()
19	.....			
20	Ending balance		()		()
	Net Unrealized Loss On Noncurrent				
21	Marketable Equity Securities:				
22	Beginning balance (January 1)		()		()
23	.....			
24	Ending balance		()		()
	Retained Earnings:				
25	Beginning balance (January 1)		4,664		<1,775>
26	Prior period adjustments				
27	Net income (loss)		1,541		6,439
28	Dividends		()		()
29	.....			
30	Ending balance		6,205		4,664
31	Ending Stockholders'				
32	Equity		\$ 29,443		\$ 27,902

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

TRADING NAME OF LICENSEE Sands Hotel & Casino

FOR THE YEARS ENDED DECEMBER 31, 19 89 and 19 88
 (UNAUDITED)
 (\$ IN THOUSANDS)

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

LINE (a)	DESCRIPTION (b)	Not Applicable	
		(c) 19 <u>89</u>	(d) 19 <u>88</u>
	Invested Capital:		
1	Beginning balance (January 1)	\$	\$
2	Additional capital invested		
3	Ending balance		
	Accumulated Income (Loss):		
5	Beginning balance (January 1)		
6	Prior period adjustments		
7	Net income (loss)		
8	Ending balance		
	Capital Withdrawals:		
10	Beginning balance (January 1)	()	()
11	Additional capital withdrawals	()	()
12	Ending balance	()	()
	Net Unrealized Loss On Noncurrent Marketable Equity Securities:		
14	Beginning balance (January 1)	()	()
15	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 YEARS ENDED DECEMBER 31, 19 89 and 19 88
(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.....	\$ 21,079	\$ 7,361
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.....	<19,499>	<15,428>
5	Proceeds from disposition of property and equipment.....		
6	Purchase of casino reinvestment obligations.....	<2,222>	<5,603>
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.....	<21,721>	<21,031>
Cash Flows From Financing Activities:			
13	Cash proceeds from issuance of short-term debt.....		2,100
14	Payments to settle short-term debt		<38>
15	Cash proceeds from issuance of long-term debt.....		17,600
16	Costs of issuing debt.....		
17	Payments to settle long-term debt.....	<2,279>	<2,516>
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.....	<2,279>	15,529
24	Net Increase (Decrease) In Cash And Cash Equivalents.....	<2,921>	1,859
25	Cash And Cash Equivalents At Beginning Of Year	14,110	12,251
26	Cash And Cash Equivalents At End Of Year.....	\$ 11,189	\$ 14,110

SUPPLEMENTAL DISCLOSURE OF CASH FLOW INFORMATION

27	Cash Paid During Year For:		
	Interest (net of amount capitalized).....	\$ 23,209	\$ 21,951
28	Income taxes.....	\$ 6,154	\$ 11,118

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 YEARS ENDED DECEMBER 31, 19 89 and 19 88

(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).....	\$ 1,541	\$ 6,439
	Noncash items included in income and cash items excluded from income:		
30	Depreciation and amortization of property and equipment.....	14,953	14,453
31	Amortization of other assets.....	1,637	1,598
32	Amortization of debt discount or premium.....	361	361
33	Deferred income taxes - current.....	<1,032>	6,286
34	Deferred income taxes - noncurrent.....	<2,413>	<10,512>
35	(Gain) loss on disposition of property and equipment.....		
36	(Gain) loss on casino reinvestment obligations.....	3,871	984
37	(Gain) loss from other investment activities.....		
38	Net (increase) decrease in receivables and patrons' checks.....	<3,282>	<11,822>
39	Net (increase) decrease in inventories.....	156	<619>
40	Net (increase) decrease in other current assets.....	<650>	< 62>
41	Net (increase) decrease in other assets.....	2,691	<1,275>
42	Net increase (decrease) in accounts payables.....	294	<1,653>
43	Net increase (decrease) in other current liabilities excluding debt.....	2,952	3,140
44	Net increase (decrease) in other noncurrent liabilities excluding debt.....		
45			
46	Net <increase> decrease in Investments net of CRDA.....		43
47	Net Cash Provided (Used) By Operating Activities.....	\$ 21,079	\$ 7,361

SUPPLEMENTAL SCHEDULE OF NONCASH INVESTING AND FINANCING ACTIVITIES

48	Acquisition Of Property And Equipment:		
49	Additions to property and equipment.....	\$ 19,499	\$ 15,428
50	Less: Capital lease obligations incurred.....		
	Cash Outflows For Property And Equipment.....	\$	\$
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.....	\$	\$

GREATE BAY HOTEL & CASINO, INC.
(a wholly owned subsidiary of Pratt Casino Properties, Inc.)

NOTES TO FINANCIAL STATEMENTS

(1) Organization, business and basis of presentation

Greate Bay Hotel & Casino, Inc. ("GBH&C") is a New Jersey Corporation and, through an affiliate, is a wholly owned subsidiary of Pratt Casino Properties, Inc. ("Pratt Casino Properties") GBH&C's principal business activity includes its ownership of the Sands Hotel and Casino (the "Sands on the Park") in Atlantic City, New Jersey. The Sands on the Park is managed by Pratt Casino Management, Inc. ("PCMI"), also a wholly owned subsidiary of Pratt Casino Properties. Substantially all of GBH&C's revenues and net income are attributable to the operations of the Sands on the Park.

Pratt Casino Properties, a Delaware corporation, is wholly owned by Pratt Hotel Corporation ("Pratt"), a Delaware corporation, through certain of its subsidiaries. Pratt Casino Properties was incorporated during October 1987, and acquired the ownership of GBH&C through contributions of capital by its parent.

Greate Bay Property Funding Corp. ("Funding"), a New Jersey corporation, and a wholly owned subsidiary of Pratt Casino Properties, was incorporated during June 1987 for the purpose of borrowing funds through the issuance of \$173,030,000 of seven-year nonrecourse first mortgage notes (the "Notes") for the benefit of GBH&C.

(2) Summary of significant accounting policies

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

Casino revenues and promotional allowances -

GBH&C recognizes as casino revenues the net win from gaming activities, which is the difference between gaming wins and losses. Casino revenues are net of accruals for anticipated payouts of progressive slot machine jackpots. Such anticipated jackpot payouts are reflected as current liabilities in the accompanying balance sheets. The retail value of rooms, food, beverage and other items included in revenues which were provided to customers without charge, has been deducted as promotional allowances, while the actual costs of such allowances have been included as operating expenses in the accompanying statements of income.

Allowance for doubtful accounts -

The allowance for doubtful accounts is maintained at a level considered adequate to provide for possible future losses. Provisions for doubtful accounts amounting to \$3,663,000 and \$3,325,000 were made during the years ended December 31, 1989 and 1988, respectively.

GREATE BAY HOTEL & CASINO, INC.
(a wholly owned subsidiary of Pratt Casino Properties, Inc.)

NOTES TO FINANCIAL STATEMENTS (Continued)

Inventories -

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

Property and equipment -

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

Buildings	25 years
Furniture and Equipment	3-7 years

Deferred financing costs -

The costs of issuing long-term debt, including all underwriting, legal and accounting fees, have been capitalized and are being amortized over the term of the related debt issue. Deferred financing costs amounted to \$7,501,000 and \$9,138,000 at December 31, 1989 and 1988, respectively. Amortization of such costs were \$1,637,000 and \$1,598,000 for the years ended December 31, 1989 and 1988, respectively.

Interest expense -

Interest expense is net of interest income amounting to \$2,725,000 and \$1,575,000 for the years ended December 31, 1989 and 1988, respectively. Interest expense includes accretion of debt discount amounting to \$361,000 for each of the years ended December 31, 1989 and 1988. Interest expense related to property and equipment acquisitions has been capitalized during the acquisition period and is being amortized over the useful lives of the related assets. Interest paid on GBH&C total indebtedness for the years ended December 31, 1989, and 1988 amounted to \$23,209,000 and \$21,951,000, respectively.

Income taxes -

GBH&C is included in Pratt's consolidated federal income tax return. Pursuant to agreements between GBH&C and Pratt Casino Properties and Pratt, GBH&C's provision for federal income taxes has been based on the amount of tax which would have been provided if a separate federal return were filed. GBH&C has paid \$4,748,000 and \$1,622,000 in connection with its current federal tax provisions for 1989, and 1988 respectively; and \$9,050,000

GREATER BAY HOTEL & CASINO, INC.
(a wholly owned subsidiary of Pratt Casino Properties, Inc.)

NOTES TO FINANCIAL STATEMENTS (Continued)

in connection with its deferred federal tax provisions, for the year ended December 31, 1988. Commencing February 1988, in connection with certain mortgage indenture provisions, GEH&C's has not and will not be required to make any additional payments related to its deferred federal income taxes. For the years ended December 31, 1989 and 1988, GEH&C paid state income taxes of \$1,406,000 and \$446,000 respectively.

Reclassifications -

Certain reclassifications have been made to the prior years' financial statements to conform to the current year's financial statement presentation. For 1988, and for the three month period ending December 31, 1988, revenues of subsidiary totaling \$1,540,000 and \$997,000, respectively, have been reclassified from other revenues to cost of goods and services in the accompanying statement of income to present 1988 in conformity with 1989. Also for 1988, and for the three month period ending December 31, 1988, other revenues of \$350,000 and \$150,000, respectively, have been reclassified to nonoperating income to present 1988 in conformity with 1989.

(3) Long-term debt and pledge of assets

	December 31,	
	1989	1988
11.75% first mortgage notes, due 1994, net of discount of \$1,654,000 and \$2,015,000, respectively (a)	\$ 171,376,000	\$ 171,015,000
16.5% promissory note due 1998 (b)	11,200,000	11,200,000
Construction loan (c)	3,850,000	6,125,000
Other	498,000	502,000
	186,942,000	188,842,000
Less - current maturities	1,006,000	(2,105,000)
	\$ 185,918,000	\$ 186,737,000

- (a) On August 6, 1987, GEH&C borrowed \$173,030,000 from Funding who issued 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 GEH&C to incur additional secured indebtedness, to create additional liens on the property or sell the Sands on the Park. Additionally, maintenance of certain cash balances is required, as well as a requirement that, commencing in 1988, a minimum of \$5,000,000 be committed annually for property and fixture

GREATE BAY HOTEL & CASINO, INC.
(a wholly owned subsidiary of Pratt Casino Properties, Inc.)

NOTES TO FINANCIAL STATEMENTS (Continued)

renewals, replacements and betterments. Southmark Corporation, a minority shareholder of Pratt, received \$1,700,000 (including \$1,200,000 paid in 1988) in connection with its assistance in coordinating this transaction. 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 \$11,200,00 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, payable semi-annually in March and September and the note matures in March 1998.
- (c) During December 1987, GBH&C entered into a \$7,000,000 loan agreement with a certain bank. The proceeds were used to finance a specific construction project which was completed during June 1988. The note bears interest at 1% above the bank's prime lending rate and provided for equal monthly principal payments of \$175,000 until January 1990, at which time the loan agreement was modified. Commencing with the February 1990 payment, the principal payments are \$75,000 per month, with the unpaid balance of \$1,275,000 due during October 1992.

As of December 31, 1989 and 1988, GBH&C had \$5,000,000 and \$3,000,000, respectively, available under a line of credit and as of such dates, no amounts were outstanding under such line of credit. During 1989, there were no outstanding balances on GBH&C's line of credit; and during 1988, the maximum balance outstanding on GBH&C line of credit amounted to \$1,500,000. The average balance outstanding for the year ended December 31, 1988 was \$333,000. The interest on borrowings under the line of credit is calculated at 1% above the prime lending rate of a certain bank. The line of credit is guaranteed by Pratt Casino Properties.

Maturities of long-term debt as of December 31, 1988 amounted to:

1990	\$ 1,006,000
1991	2,346,000
1992	6,628,000
1993	5,258,000
1994	161,678,000
Thereafter	<u>11,662,000</u>
Total	<u>\$ 188,578,000</u>

GREATER BAY HOTEL & CASINO, INC.
(a wholly owned subsidiary of Pratt Casino Properties, Inc.)

NOTES TO FINANCIAL STATEMENTS (Continued)

(4) Income taxes

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

	Year Ended December 31,	
	1989	1988
Provision (benefit) in lieu of federal income taxes:		
Current	\$ 4,003,000	\$ 2,214,000
Deferred	(1,996,000)	(907,000)
State income tax provision (benefit):		
Current	1,274,000	613,000
Deferred	(574,000)	(240,000)
	<u>\$ 2,707,000</u>	<u>\$ 1,680,000</u>

The 1988 extraordinary item is net of related federal and state tax provisions of \$5,187,000.

Deferred income taxes result primarily from the change in 1988 from the allowance method to the direct write-off method for the provision for doubtful accounts for tax purposes as required by the Tax Reform Act of 1986 and the use of accelerated methods of depreciation for federal and state income tax purposes.

The difference between the statutory tax rate and the effective federal income tax rate is primarily attributable to the nondeductibility of certain depreciation and amortization expenses and certain travel and entertainment expenses, offset by the utilization of certain tax credits.

GREATE BAY HOTEL & CASINO, INC.
(a wholly owned subsidiary of Pratt Casino Properties, Inc.)

NOTES TO FINANCIAL STATEMENTS (Continued)

The Internal Revenue Service is currently examining the federal income tax returns of GBH&C for the years 1980 through 1983. Also, the New Jersey Division of Taxation is currently examining the state income tax returns of GBH&C for the years 1982 through 1986. In the opinion of management, the results of such examination will not have a material adverse effect on GBH&C's financial position.

During December 1987, the Financial Accounting Standards Board issued a new standard on accounting for income taxes. GBH&C anticipates the adoption of the new accounting standard and disclosure rules no later than its fiscal year ended December 31, 1992. Based on the existing version of the new standard and a preliminary review, GBH&C expects the adoption of the new accounting standard will not have a material effect on its reported financial position or results of operations.

(5) Transactions with related parties

PCMI, under a management agreement with GBH&C, is responsible for the supervision, direction and control of the day-to-day operations of the Sands on the Park. PCMI is entitled to receive annually (i) a basic consulting fee of 1 1/2% of "adjusted gross revenues" as defined, and (ii) incentive compensation of between 5% and 7 1/2% of gross operating profits in excess of certain stated amounts should annual "gross operating profits" as defined, exceed \$5,000,000. Such fees amounted to \$6,403,000 and \$5,998,000 during the years ended December 31, 1989 and 1988, respectively.

GBH&C licenses the trade name "Sands" from a subsidiary of Pratt, who licenses the name from an unaffiliated party. Amounts payable by GBH&C under this agreement are equal to the amounts paid to the unaffiliated party. Such charges amounted to \$349,000 and \$294,000, for the years ended December 31, 1989 and 1988, respectively.

(6) New Jersey regulations and obligatory investments

GBH&C conducts gaming operations in Atlantic City, New Jersey and operates a hotel, restaurants and related support facilities. The operation of an Atlantic City casino/hotel is subject to significant regulatory control which affects virtually all of its operations. Under the New Jersey Casino Control Act, GBH&C is required to periodically renew its license. During April 1988, the New Jersey Casino Control Commission renewed GBH&C license to operate its casino/hotel in Atlantic City, through May 7, 1990. During January 1990, GBH&C filed its application to renew its license to operate the Sands on the Park through May 1992. A casino license is not transferable and, after the initial licensing and two one-year renewal periods, is issued for a term of two years. However, the Casino Control Commission has the authority, under the Casino Control Act, to require the licensee to submit to licensing proceedings after one year if the Casino Control Commission feels that such licensing proceedings are warranted.

GREATER BAY HOTEL & CASINO, INC.
(a wholly owned subsidiary of Pratt Casino Properties, Inc.)

NOTES TO FINANCIAL STATEMENTS (Continued)

The New Jersey Casino Control Act requires casinos, on a quarterly basis, to either (a) obtain investment credits, which amount to 1.25% of casino revenues by (i) purchasing bonds at below-market interest rates from the Casino Reinvestment Development Authority (the "Authority") or (ii) obtaining qualified investments approved by the Authority, or (b) pay a tax of 2.5% of casino revenues. The Authority is required to direct such funds into investments in Atlantic City and other parts of New Jersey. As of December 31, 1989 and 1988, GBH&C had purchased bonds totaling \$3,313,000 and \$2,844,000, respectively. As of December 31, 1989, the remaining funds deposited with the Authority totaling \$8,362,000 were held in escrow.

During 1989, GBH&C contributed \$9,644,000 to the Authority representing amounts held in escrow, applicable to investment obligations for the period from 1984 through the third quarter of 1989, which were required by the New Jersey Casino Control Act to be invested in Atlantic City. In consideration thereof, the Authority granted GBH&C a waiver of its investment obligations in future periods amounting to \$4,456,000 associated with the required investments in Atlantic City.

As a result of the contribution, GBH&C reduced the book value of its obligatory investments by \$7,619,000, net of a \$2,025,000 valuation allowance, and charged \$3,163,000 to operations. The benefit of the waiver obtained from the Authority has been classified in other current assets (\$2,320,000) and other noncurrent assets (\$2,136,000) in the accompanying balance sheet at December 31, 1989, and will be charged to operations in future periods based upon the related casino revenues. With respect to the remaining deposits held in escrow with the Authority, it is GBH&C's intention to obtain investment credits by purchasing additional bonds.

The obligatory investments at December 31, 1989 and 1988, are net of accumulated valuation allowances of \$3,033,000 and \$4,371,000, respectively, due to the below-market interest rates on the bonds which have been purchased and those anticipated to be purchased. Provisions for valuation allowances during the years ended December 31, 1989, and 1988 amounted to \$708,000 and \$984,000, respectively.

(7) 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.

GREATE BAY HOTEL & CASINO, INC.
(a wholly owned subsidiary of Pratt Casino Properties, Inc.)

NOTES TO FINANCIAL STATEMENTS (Continued)

(8) Arbitration Award

In January 1989, the American Arbitration Association issued a determination in favor of GBH&C on its claim against a construction management company for damages due to improper performance in the completion of the renovation of the Sands on the Park 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 judgement. Although the construction management company sought reconsideration of the Superior Court's confirmation of the arbitration award, the 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 will be collected in 1990 and, based on the advice of counsel, believes that the likelihood of the award being modified or vacated is remote. The award has been reflected in the accompanying statement of income for the year ended December 31, 1988, as an extraordinary item, net of related costs and income taxes.

(9) Acquisition and Renovation of Office Building

In December 1988, GBH&C purchased a nine-story building in Atlantic City for the purpose of renovation into an office complex for personnel of the Sands on the Park. GBH&C has spent approximately \$4,000,000 on this project, including the original purchase price of the building totaling \$1,900,000. The office complex is scheduled for completion during June 1990, and its anticipated cost is approximately \$13,000,000. Upon completion, existing offices located in the Sands on the Park's hotel tower will be converted into 34 hotel rooms and existing leased office space in two remote locations will be eliminated.

On January 31, 1990, GBH&B signed a letter of intent with a third party to purchase the office complex, at cost, upon completion. The agreement provides for GBH&C to leaseback the office complex under an operating lease arrangement with a 20 year term and annual lease payments of approximately \$1,400,000. The agreement is subject to the third party's ability to obtain appropriate financing on or before April 15, 1990.

GREATER BAY HOTEL & CASINO, INC.
(a wholly owned subsidiary of Pratt Casino Properties, Inc.)

GREATER BAY HOTEL & CASINO, INC.
(a wholly owned subsidiary of Pratt Casino Properties, Inc.)
NOTES TO FINANCIAL STATEMENTS (Continued)

(10) Property and equipment

Property and equipment at December 31, 1989 and 1988 consisted of the following:

	<u>1989</u>	<u>1988</u>
Land	\$ 36,179,000	\$ 36,179,000
Buildings	155,584,000	148,719,000
Furniture, fixtures and equipment	83,648,000	75,053,000
Construction in progress	<u>5,705,000</u>	<u>1,666,000</u>
	\$ 281,116,000	\$ 261,617,000
Less: accumulated depreciation and amortization	<u>99,429,00</u>	<u>84,476,000</u>
Total property and equipment	\$ <u>181,687,000</u>	\$ <u>177,141,000</u>
Prepaid expenses and other current assets	<u>\$4,881,000</u>	<u>\$4,231,000</u>

GREATE BAY HOTEL AND CASINO, INC.

(a wholly owned subsidiary of Pratt Casino Properties, Inc.)

NOTES TO FINANCIAL STATEMENTS (continued)

GREATE BAY HOTEL AND CASINO, INC.

(12) (a wholly owned subsidiary of Pratt Casino Properties, Inc.)

NOTES TO FINANCIAL STATEMENTS (continued)

At December 31, 1989 and 1988, the line item Other Accrued Expenses

(11) Prepaid expenses and other current assets

At December 31, 1989 and 1988, the line item prepaid expenses and other current assets was comprised of the following:

	1989	1988
Salaries and wages	1,200,000	1,200,000
Vacation	1,761,000	718,000
Benefit of Contribution to Casino Reinvestment Development Authority	\$2,320,000	\$0
Prepaid advertising and promotions	552,000	396,000
Prepaid licenses and permits	358,000	366,000
Prepaid taxes	243,000	257,000
Miscellaneous prepaids	443,000	362,000
Deposits	455,000	2,212,000
Prepaid insurance	332,000	402,000
Other deferred charges	9,000	13,000
Other	169,000	223,000
	-----	-----
Total prepaid expenses and other current assets	\$4,881,000	\$4,231,000
	=====	=====

(13) Other current liabilities

At December 31, 1989 and 1988 the line item Other Current Liability was comprised of the following:

	1989	1988
Unredeemed gaming chips liability	\$715,000	\$044,000
Unredeemed token liability	227,000	159,000
Customer deposits	2,181,000	501,000
Unsettled wages	156,000	172,000
Advance deposits	48,000	58,000
Obligatory investments	144,000	3,582,000
Due to affiliates	5,033,000	1,323,000
Deferred trade out liability	91,000	69,000
Red Carpet Slot liability	-	305,000
Other	85,000	179,000
	-----	-----
Total other current liabilities	\$8,580,000	\$7,270,000
	=====	=====

GREATE BAY HOTEL AND CASINO, INC
(a wholly owned subsidiary of Pratt Casino Properties, Inc.)
NOTES TO FINANCIAL STATEMENTS (continued)

(12) Other accrued expenses

At December 31, 1989 and 1988, the line item Other Accrued Expenses was comprised of the following:

	1989	1988
Accrued salaries and wages	\$1,484,000	\$1,248,000
Accrued vacation	1,200,000	1,200,000
Other accrued expenses	1,761,000	718,000
Accrued interest on debt obligations	2,013,000	1,990,000
Accrued progressive slot machine jackpot	3,034,000	3,210,000
Accrued CCC inspection fees	151,000	262,000
Accrued DGE inspection fees	168,000	153,000
Accrued casino license fees	303,000	276,000
Accrued insurance	1,840,000	1,650,000
FICA payable	238,000	277,000
NJ sales tax	11,000	67,000
SUI payable	347,000	267,000
Gaming revenue tax	296,000	479,000
Other	1,540,000	1,048,000
Total other accrued expenses	\$14,386,000	\$12,845,000

(13) Other current liabilities

At December 31, 1989 and 1988 the line item Other Current Liability was comprised of the following:

	1989	1988
Unredeemed gaming chips liability	\$715,000	\$844,000
Unredeemed token liability	227,000	159,000
Casino customer deposits	2,181,000	501,000
Unclaimed wages	156,000	172,000
Advance deposits	48,000	56,000
Obligatory investments	144,000	3,662,000
Due to affiliates	5,033,000	1,323,000
Deferred trade out liability	91,000	69,000
Red Carpet Slot liability	-	305,000
Other	85,000	179,000
Total other current liabilities	\$8,680,000	\$7,270,000

GREATER BAY HOTEL AND CASINO, INC.
(a wholly owned subsidiary of Pratt Casino Properties, Inc.)
NOTES TO FINANCIAL STATEMENTS (continued)

(14) Promotional allowances and expenses

A summary of Promotional Allowances and Expenses incurred during the years ended December 31, 1989 is as follows:

	Promotional Allowances		Promotional Expenses	
	No. of Recipients	Dollar Amount	No. of Recipients	Dollar Amount
Rooms	92,879	\$2,884,000		\$
Food	594,348	6,835,000		
Beverage	1,617,667	9,706,000		
Travel			23,276	6,038,000
Theatre	30,292	993,000		
Parking	79,125	633,000	23,691	190,000
Bus Tour Coupon				
Exchange Coin			1,027,142	19,837,000
Food Court - Other			468,714	3,281,000
Red Carpet Certificates			148,571	1,040,000
Other	42,125	337,000	52,482	1,581,000
Total promotional allowances and expenses		\$21,388,000		\$31,967,000

A summary of Promotional Allowances and Expenses incurred during the three month period ended December 31, 1989 is as follows:

	Promotional Allowances		Promotional Expenses	
	No. of Recipients	Dollar Amount	No. of Recipients	Dollar Amount
Rooms	22,961	\$769,000		\$
Food	144,255	1,659,000		
Beverage	424,167	2,544,000		
Travel			6,235	1,617,000
Theatre	5,254	250,000		
Parking	24,375	195,000	4,441	36,000
Bus Tour Coupon				
Exchange Coin			229,406	5,168,000
Food Court - Other			110,037	758,000
Red Carpet Certificates			10,086	83,000
Other	14,750	118,000	12,959	390,000
Total promotional allowances and expenses		\$5,535,000		\$8,052,000

SCHEDULE OF RECEIVABLES AND PATRONS' CHECKS

DECEMBER 31, 19 88

GREATE BAY HOTEL AND CASINO, INC.
 (a wholly owned subsidiary of Pratt Casino Properties, Inc.)
 NOTES TO FINANCIAL STATEMENTS (continued)
 (\$ in thousands)

(15) Reconciliation of income tax provision to statement of cash flows

ACCOUNT	12/31/87	Provision	Tax Effect of Extraordinary Item	Payments	Reclassifi- cations	12/31/88
Accrued Federal Taxes:						
Current	(\$559)	\$2,214	\$4,018	(\$1,622)	\$560	\$4,611
Deferred	9,565	(907)	-	(9,050)	(560)	(952)
Accrued State Taxes:						
Current	(355)	613	1,169	(446)	339	1,320
Deferred	1,569	(240)	-	-	(314)	1,015

Account	12/31/88	Provision	Payments	Reclassifi- cations	12/31/89
Accrued Federal Taxes:					
Current	\$4,611	\$4,003	(\$4,748)	(\$46)	\$3,820
Deferred	(952)	(1,996)	-	45	(2,903)
Accrued State Taxes:					
Current	1,321	1,274	(1,406)	(110)	1,079
Deferred	1,015	(574)	-	111	552

CCC Report Line 15	\$5,931				\$4,899
CCC Report Line 21	1,015				553
CCC Report Line 09 (applicable amt)	(951)				(2,904)
	<u>\$5,995</u>				<u>\$2,548</u>
	=====				=====

SCHEDULE OF RECEIVABLES AND PATRONS' CHECKS

CASINO DEPARTMENTAL SCHEDULE

DECEMBER 31, 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	6,797		
2	Returned patrons' checks	16,748		
3	Total patrons' checks	23,545	\$ 13,452	\$ 10,093
4	Hotel Receivables	1,090	79	1,011
	Other Receivables:			
5	Receivables due from officers and employees.....	-		
6	Receivables due from affiliates	1,467		
7	Other accounts and notes receivables	18,071		
8	Total other receivables	19,538	-	19,538
9	Totals (Form 305).....	\$ 44,173	\$ 13,531	\$ 30,642

UNDEPOSITED PATRONS' CHECKS ACTIVITY		AMOUNT (h)
LINE (f)	DESCRIPTION (g)	
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)	229,342
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)	(169,007)
13	Checks collected through deposits	(50,692)
14	Checks transferred to returned checks	(9,899)
15	Other adjustments	-
16	Ending Balance	\$ 6,797
17	"Hold" Checks Included in Balance On Line 16	\$ -
18	Provision For Uncollectible Patrons' Checks	\$ 3,561
19	Provision As A Percent Of Counter Checks Issued	1.55 %

STATEMENT OF CONFORMITY AND ACCURACY

TRADING NAME OF LICENSEE Sands Hotel & Casino

CASINO DEPARTMENTAL SCHEDULE

New Jersey

Atlantic FOR THE YEAR ENDED DECEMBER 31, 19 89(UNAUDITED)
(\$ IN THOUSANDS)

LINE (a)	DESCRIPTION (b)	AMOUNT (c)	DROP (d)	WIN OR (LOSS) PERCENT (e)	WEIGHTED AVG. NUMBER OF TABLES (f) OR MACHINES
	Revenue:	\$	\$	%	
1	Blackjack	44,278	303,600	14.6	63
2	Craps	36,557	231,679	15.8	18
3	Roulette	12,772	46,931	27.2	12
4	Big Six	1,803	3,825	47.1	3
5	Baccarat	9,741	66,127	14.7	3
6	Other table games	-	-	-	-
7	Total table games revenue	105,151	\$ 652,162	16.1 %	99
			HANDLE		
8	\$.05 slot machines	3,238	21,025	15.4	76
9	\$.25 slot machines	42,360	282,557	14.9	578
10	\$1.00 slot machines	18,090	151,200	11.9	181
11	Other slot machines	50,652	531,745	9.5	584
12	Total coin-operated devices revenue	114,340	\$ 986,527	11.6 %	1,419
13	Progressive jackpot adjustment	177			
14	Total coin-operated devices revenue after adjustment	114,517			
15	Other income	-			
16	Total revenue	219,668			
17	Expenses:				
18	Payroll and payroll related expenses	34,434			
19	Licenses and taxes	21,300			
20	Provision for uncollectible patrons' checks	3,562			
21	Other	4,013			
22	Total	63,309			
	Departmental Income (Loss) Before Complimentary Services And Casino Management Fees.....	156,359			
23	Complimentary services and casino management fees:				
24	Complimentary services	8,557			
25	Casino management fees	-			
26	Total	8,557			
	Departmental Income (Loss)	\$ 147,802			

STATEMENT OF CONFORMITY AND ACCURACY

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

Timothy A. Ebling, being duly sworn according to law upon my oath
Name

deposes and says:

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

Timothy A. Ebling
Signature

Director, Corporate Accounting
Title

3052-11
License Number

Subscribed and sworn to
before me this 14th day
of March, 1990

Karen E. Egler
Signature

KAREN E. EGLER
NOTARY PUBLIC OF NEW JERSEY
My Commission Expires Nov. 13, 1993

Basis of Authority
to Take Oaths

On Behalf Of:

Greate Bay Hotel & Casino, Inc.
Casino Licensee

John R. Raven

Vice President, Finance

Indiana Avenue & Brighton Park

Atlantic City, New Jersey 08401

GROSS REVENUE (UNAUDITED) ANNUAL TAX RETURN

LICENSEE Greate Bay Hotel & Casino, Inc.

ADDRESS Indiana Avenue & Brighton Park

Atlantic City, NJ 08401

FOR THE YEAR ENDED DECEMBER 31, 19 89

TO THE

CASINO CONTROL COMMISSION

OF THE

STATE OF NEW JERSEY



**NAME OF OFFICER IN CHARGE
OF CORRESPONDENCE REGARDING
THIS ANNUAL TAX RETURN**

John R. Rauen

OFFICIAL TITLE

Vice President, Finance

ADDRESS

Indiana Avenue & Brighton Park

Atlantic City, New Jersey 08401

GROSS REVENUE ANNUAL TAX RETURN

FOR THE YEAR ENDED DECEMBER 31, 19 89

(UNAUDITED)

(\$ IN THOUSANDS)

LINE		
	Casino win or (loss)	
1	Table games revenue	\$ 105,151
2	Coin-operated devices revenue	114,341
3	Total revenues	\$ 219,492
	Less - adjustment for uncollectible patrons' checks:	
4	Provision for uncollectible patrons' checks	\$ 3,561
5	Maximum adjustment (4% of line 3)	\$ 8,780
6	Adjustment (the lesser of line 4 or line 5)	3,561
7	Gross revenues (line 3 less line 6)	\$ 215,931
8	Tax on gross revenues - current year (8% of line 7)	\$ 17,274
9	Audit or other adjustments to tax on gross revenues in prior years	-
10	Total tax on gross revenues (line 8 plus or minus line 9)	17,274
	Deposits made for tax on current year's gross revenues:	
11	January	\$ 1,120
12	February	1,211
13	March	1,298
14	April	1,350
15	May	1,698
16	June	1,292
17	July	1,810
18	August	1,650
19	September	1,472
20	October	1,784
21	November	1,327
22	December	1,009
23	January	253
24	Total deposits made for tax on current year's gross revenues	(17,274)
25	Settlement of prior years' tax on gross revenues resulting from audit or other adjustments - (deposits) credits	-
26	Gross revenues tax payable (line 10 less line 24 plus or minus line 25)	\$ -

ANNUAL EMPLOYMENT AND PAYROLL REPORT

ANNUAL EMPLOYMENT AND PAYROLL REPORT

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

FOR THE YEAR ENDED DECEMBER 31, 1989

TO THE

CASINO CONTROL COMMISSION

OF THE

STATE OF NEW JERSEY



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

John R. Rauen

OFFICIAL TITLE

Vice President Finance

ADDRESS

Indiana Avenue & Brighton Park

Atlantic City, NJ 08401

ANNUAL EMPLOYMENT AND PAYROLL REPORT

FOR THE YEAR ENDED DECEMBER 31, 19 89

(\$ in Thousands)

LINE (a)	DEPARTMENT (b)	NUMBER OF (c) EMPLOYEES	SALARIES AND WAGES		(f) TOTALS
			(d) OTHER EMPLOYEES	(e) OFFICERS & OWNERS	
	CASINO				
1	Administration	20	396	183	579
2	Gaming	908	15,392	-	15,392
3	Slots	99	2,335	-	2,335
4	Casino accounting	419	6,705	-	6,705
5	Other	221	\$ 8,100	\$ -	\$ 8,100
6	Total-casino	1,667	32,928	183	33,111
7	ROOMS	323	4,543	129	4,672
8	FOOD AND BEVERAGE	683	8,380	-	8,380
	OTHER OPERATED DEPARTMENTS				
9	.....	97	1,575	-	1,575
10	.....	80	837	-	837
11	.....			
12	.....			
13	.....			
14	.....			
15	.....			
16	.....			
17	.....			
18	.....			
19	.....			
	ADMINISTRATIVE AND GENERAL				
20	Executive office	16	484	916	1,400
21	Accounting and auditing	51	1,267	228	1,495
22	Security	132	720	27	747
23	Other administrative and general department ..	201	4,292	327	4,619
24	MARKETING	46	418	670	1,088
25	GUEST ENTERTAINMENT	61	841	-	841
26	PROPERTY OPERATION AND MAINTENANCE	50	1,373	-	1,373
27	TOTALS - ALL DEPARTMENTS	3,407	\$ 57,658	\$ 2,480	\$ 60,138

Trading Name of Licensee Sands Hotel & Casino

ANNUAL EMPLOYMENT AND PAYROLL REPORT
SIGNATURE PAGE

For the Year Ended December 31, 1989

March 15, 1990
Date

Timothy A. G. Phung
Signature

Director, Corporate Accounting
Title

HOTEL STATISTICS

PERIOD	NUMBER OF GUEST ROOMS IN PROPERTY	NUMBER OF AVAILABLE ROOMS	NUMBER OF OCCUPIED ROOMS	AVERAGE PER OCCUPIED ROOM	OCCUPANCY RATE	NUMBER OF GUESTS ACCOMMODATED	AVERAGE PER GUEST ACCOMMODATED
JANUARY	500	15,500	11,618	\$ 61.89	75.0 %	21,127	\$ 34.03
FEBRUARY	500	14,000	11,933	\$ 67.8	85.2 %	27,356	\$ 36.22
MARCH	500	15,500	13,953	\$ 60.37	90.0 %	26,277	\$ 36.33
1ST QUARTER TOTALS		45,000	37,504	\$ 66.19	83.3 %	74,760	\$ 35.60
APRIL	500	15,000	13,854	\$ 75.26	92.4 %	25,171	\$ 41.47
MAY	500	15,500	13,397	\$ 65.12	86.4 %	24,515	\$ 41.71
JUNE	500	15,000	13,604	\$ 76.79	90.7 %	25,919	\$ 41.84
2ND QUARTER TOTALS		45,500	40,855	\$ 76.66	89.8 %	75,609	\$ 41.67
JULY	500	15,500	14,166	\$ 77.7	90.9 %	27,339	\$ 45.14
AUGUST	500	15,500	13,255	\$ 66.6	89.4 %	25,212	\$ 45.77
SEPTEMBER	500	15,000	13,537	\$ 74.76	90.2 %	24,519	\$ 41.28
3RD QUARTER TOTALS		46,000	41,490	\$ 73.16	90.2 %	78,135	\$ 44.74
OCTOBER	500	15,500	14,265	\$ 72.12	92.0 %	25,989	\$ 39.58
NOVEMBER	500	15,000	13,764	\$ 69.45	91.6 %	24,964	\$ 38.29
DECEMBER	500	15,500	11,535	\$ 56.08	74.4 %	19,742	\$ 32.77
4TH QUARTER TOTALS		46,000	39,564	\$ 66.51	86.0 %	70,695	\$ 37.22
ANNUAL TOTALS		182,500	159,403	\$ 73.23	87.3 %	293,184	\$ 39.81

HOTEL STATISTICS

FOR THE 12 MONTHS ENDED December 31, 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	500	15,500	14,265	\$ 72.12	92.0 %	25,989	\$ 39.58
NOVEMBER	500	15,000	13,764	\$ 69.45	91.8 %	24,964	\$ 38.29
DECEMBER	500	15,500	11,535	\$ 56.08	74.4 %	19,742	\$ 32.77
4TH QUARTER TOTALS		46,000	39,564	\$ 66.51	86.0 %	70,695	\$ 37.22
ANNUAL TOTALS		182,500	159,403	\$ 73.23	87.3 %	293,184	\$ 39.81

NEW JERSEY STATE LIBRARY
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ANNUAL REPORT

LIST OF FORMS - ANNUAL REPORT

FOR THE YEAR ENDED DECEMBER 31, 1989

NEW JERSEY STATE LIBRARY
MAR 29 1990
185 W. STATE ST.
TRENTON, N.J.

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

FOR THE YEAR ENDED DECEMBER 31, 1989

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



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

JOSEPH A. DOMENICO

OFFICIAL TITLE

DIRECTOR OF FINANCE

ADDRESS

1725 BRIGANTINE BOULEVARD

ATLANTIC CITY, NJ 08401

TRADING NAME OF LICENSEE Harrah's Marina Hotel Casino

LIST OF FORMS - ANNUAL REPORT

FOR THE YEAR ENDED DECEMBER 31, 1989

TITLE	FORM NO.	(a)	(b)
Balance Sheets	CCC-305	12,802	14,379
Statements of Income (Year)	CCC-310	2,183	1,030
Statements of Income (Three Months)	CCC-315	27,997	
Statements of Changes in Stockholders' Equity	CCC-320	275,495	217,188
Statements of Changes in Partners' or Proprietor's Equity	CCC-325	1,586	1,777
Statements of Cash Flows	CCC-335		
Notes to Financial Statements	CCC-340	3,480	
Schedule of Receivables and Patrons' Checks	CCC-345		
Casino Departmental Schedule	CCC-350		
Statement of Conformity and Accuracy		1,091	1,692
		18,122	1,043
		24,466	24,921
		-0-	-0-
		-0-	3
		-0-	-0-
		29,244	29,876
		31,610	49,600
		305,659	425,753
		352,465	475,533

The accompanying notes are an integral part of the financial statements. No adjustments should be made without using information contained in the notes.

BALANCE SHEETS

 DECEMBER 31, 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	12,802	14,579
2	Marketable securities	-0-	-0-
3	Receivables and patrons' checks (net of allowance for doubtful accounts - 19 <u>89</u> , \$ 4,643 ; 19 <u>88</u> , \$ 4,441)	12,981	10,200
4	Inventories	2,084	2,183
5	Prepaid expenses and other current assets	978	1,030
6	Total current assets	28,845	27,992
7	Investments, Advances, And Receivables (NOTE 4)	299,476	226,496
8	Property And Equipment - Net (NOTE 2)	225,562	217,788
9	Other Assets	3,586	3,277
10	Total Assets	\$ 557,469	\$ 475,553
	LIABILITIES AND EQUITY		
	Current Liabilities:	\$	\$
11	Accounts payable	1,908	3,490
12	Notes payable	-0-	-0-
13	Current portion of long-term debt:		
14	Due to affiliates	-0-	-0-
15	Other (NOTE 3)	3	5
16	Income taxes payable and accrued (NOTE 8)	1,435	1,691
17	Other accrued expenses	18,122	18,692
18	Other current liabilities	998	1,043
	Total current liabilities	22,466	24,921
19	Long-Term Debt:		
20	Due to affiliates	-0-	-0-
21	Other (NOTE 3)	-0-	3
22	Deferred Credits	-0-	-0-
23	Other Liabilities (NOTE 9)	29,344	24,876
24	Commitments And Contingencies (NOTES 5 & 6)		
	Total Liabilities	51,810	49,800
25	Stockholders', Partners', Or Proprietor's Equity	505,659	425,753
26	Total Liabilities And Equity	\$ 557,469	\$ 475,553

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

TRADING NAME OF LICENSEE Harrah's Marina Hotel Casino

STATEMENTS OF INCOME

FOR THE YEARS ENDED December 31, 19 89 and 19 88

(UNAUDITED)
(\$ IN THOUSANDS)

LINE (a)	DESCRIPTION (b)	(c) 19 89	(d) 19 88
	Revenues:		
1	Casino	\$ 292,056	\$ 280,358
2	Rooms	22,086	22,283
3	Food and beverage	45,492	46,033
4	Other	9,867	8,734
5	Total revenue	369,501	357,408
6	Less: Promotional allowances (Note 7)	42,896	43,344
7	Net revenue	326,605	314,064
	Costs And Expenses:		
8	Cost of goods and services	171,308	164,937
9	Selling, general, and administrative	54,260	56,603
10	Provision for doubtful accounts	1,320	1,095
11	Depreciation and amortization	12,502	13,146
	Charges from affiliates other than interest:		
12	Management fees	-0-	-0-
13	Other	-0-	-0-
14	Total costs and expenses	239,390	235,781
15	Income (Loss) From Operations	87,215	78,283
	Other Income (Expenses):		
16	Interest (expense) - affiliates	-0-	-0-
17	Interest (expense) - external	(1)	(2)
18	Investment alternative tax and related income (expense) - net.....	(662)	3
19	Nonoperating income (expense) - net	1,625	1,718
20	Total other income (expenses).....	962	1,719
21	Income (Loss) Before Income Taxes And Extraordinary Items.....	88,177	80,002
22	Provision (credit) for income taxes (Note 10)	8,271	7,185
23	Income (Loss) Before Extraordinary Items	79,906	72,817
24	Extraordinary items (net of income taxes - 19 89, \$ -0- ; 19 88 \$ -0-)	-0-	-0-
25	Net Income (Loss)	\$ 79,906	\$ 72,817

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

STATEMENTS OF INCOME

FOR THE THREE MONTHS ENDED DECEMBER 31, 19 89 and 1988

(UNAUDITED)
(\$ IN THOUSANDS)

LINE (a)	DESCRIPTION (b)	(c) 19 <u>89</u>	(d) 19 <u>88</u>
	Revenues:		
1	Casino	68,764	67,614
2	Rooms	5,105	4,976
3	Food and beverage	10,547	10,815
4	Other	2,062	2,142
5	Total revenue	86,478	85,547
6	Less: promotional allowances (Note 7)	10,350	10,283
7	Net revenue	76,128	75,264
	Costs And Expenses:		
8	Cost of goods and services	41,786	42,373
9	Selling, general, and administrative	13,690	15,746
10	Provision for doubtful accounts	114	(218)
11	Depreciation and amortization	3,089	3,306
	Charges from affiliates other than interest:		
12	Management fees	-0-	-0-
13	Other	-0-	-0-
14	Total costs and expenses	58,679	61,207
15	Income (Loss) From Operations	17,449	14,057
	Other Income (Expenses):		
16	Interest (expense) - affiliates	-0-	-0-
17	Interest (expense) - external	-0-	3
18	Investment alternative tax and related income (expense) - net.....	(132)	-0-
19	Nonoperating income (expense) - net	436	550
20	Total other income (expenses)	304	553
21	Income (Loss) Before Income Taxes And Extraordinary Items.....	17,753	14,610
22	Provision (credit) for income taxes (Note 10)	1,670	1,318
23	Income (Loss) Before Extraordinary Items	16,083	13,292
24	Extraordinary items (net of income taxes -		
25	19 <u>89</u> , \$ -0- ; 19 <u>88</u> , \$ -0-)	-0-	-0-
	Net Income (Loss)	\$ 16,083	\$ 13,292

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 YEARS ENDED DECEMBER 31, 19 89 and 19 88

STATEMENTS OF CHANGES IN PARTNERS'
OR PROPRIETOR'S EQUITY

FOR THE YEARS ENDED DECEMBER 31, 19 89 and 1988

(UNAUDITED)

(\$ IN THOUSANDS)

LINE (a)	DESCRIPTION (b)	(c) 19 89	(d) 19 88
	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)	79,906	72,817
8	.....	-0-	-0-
9	Ending balance	470,803	390,897
	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	\$ 505,659	\$ 425,753

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 YEARS ENDED DECEMBER 31, 19 89 and 19 88
(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.....	\$ 92,529	\$ 106,599
	Cash Flows From Investing Activities:		
2	Purchase of short-term investment securities.....	-0-	-0-
3	Proceeds from the sale of short-term investment securities.....	-0-	-0-
4	Cash outflows for property and equipment.....	(20,851)	(11,082)
5	Proceeds from disposition of property and equipment.....	85	2,696
6	Purchase of casino reinvestment obligations.....	(7,631)	(3,276)
7	Purchase of other investments and loans/advances made.....	(79,887)	(90,859)
8	Proceeds from disposal of investments and collection of advances and long-term receivables.....	13,983	-0-
9	Cash outflows to acquire business entities.....		-0-
10	<u>Accrued Interest CRDA Bonds</u>		223
11	<u>Reduction of Long-Term Receivables</u>		19
12	Net Cash Provided (Used) By Investing Activities.....	(94,301)	(102,279)
	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.....	(5)	(5)
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)	(5)
24	Net Increase (Decrease) in Cash And Cash Equivalents.....	(1,777)	4,315
25	Cash And Cash Equivalents At Beginning Of Year	14,579	10,264
26	Cash And Cash Equivalents At End Of Year.....	\$ 12,802	\$ 14,579

SUPPLEMENTAL DISCLOSURE OF CASH FLOW INFORMATION

27	Cash Paid During Year For:		
28	Interest (net of amount capitalized).....	\$ 1	\$ 2
	Income taxes.....	\$ 8,527	\$ 7,879

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 YEARS ENDED DECEMBER 31, 1989 and 1988
(UNAUDITED)
(\$ IN THOUSANDS)

Line (a)	Description (b)	(c) 19 89	(d) 1988
	Net Cash Flows From Operating Activities:		
29	Net income (loss).....	\$ 79,906	\$ 72,817
	Noncash items included in income and cash items excluded from income:		
30	Depreciation and amortization of property and equipment.....	12,323	12,450
31	Amortization of other assets.....	179	696
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.....	227	38
36	(Gain) loss on casino reinvestment obligations.....	662	(3)
37	(Gain) loss from other investment activities.....		
38	Net (increase) decrease in receivables and patrons' checks.....	(2,781)	(235)
39	Net (increase) decrease in inventories.....	99	209
40	Net (increase) decrease in other current assets.....	52	4,815
41	Net (increase) decrease in other assets.....	(488)	3,492
42	Net increase (decrease) in accounts payables.....	(1,582)	1,013
43	Net increase (decrease) in other current liabilities excluding debt.....	(536)	5,388
44	Net increase (decrease) in other noncurrent liabilities excluding debt.....	4,468	5,919
45		-0-	-0-
46		-0-	-0-
47	Net Cash Provided (Used) By Operating Activities.....	\$ 92,529	\$ 106,599

SUPPLEMENTAL SCHEDULE OF NONCASH INVESTING AND FINANCING ACTIVITIES

48	Acquisition Of Property And Equipment:		
49	Additions to property and equipment.....	\$ 20,851	\$ 11,082
50	Less: Capital lease obligations incurred.....	-0-	-0-
	Cash Outflows For Property And Equipment.....	\$ 20,851	\$ 11,082
51	Acquisition Of Business Entities:		
52	Property and equipment acquired.....	\$ -0-	\$ -0-
53	Goodwill acquired.....	-0-	-0-
54	Net assets acquired other than cash, goodwill, and property and equipment.....	-0-	-0-
55	Long-term debt assumed.....	-0-	-0-
56	Issuance of stock or capital invested.....	-0-	-0-
	Cash Outflows To Acquire Business Entities.....	\$ -0-	\$ -0-
57	Stock Issued Or Capital Contributions:		
58	Total issuances of stock or capital contributions.....	\$ -0-	\$ -0-
59	Less: Issuances to settle long-term debt.....	-0-	-0-
60	Consideration in acquisition of business entities.....	-0-	-0-
	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:

	DECEMBER 31	
	1989	(000's) 1988
Land and land improvements	\$ 26,415	\$ 26,404
Buildings, leaseholds and improvements	199,820	197,477
Furniture, fixtures and equipment	58,631	54,618
Construction in progress	<u>14,617</u>	<u>2,551</u>
	\$299,483	\$281,050
Less accumulated depreciation	<u>(73,921)</u>	<u>(63,262)</u>
Property and equipment, net	<u>\$225,562</u>	<u>\$217,788</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:

	DECEMBER 31	
	1989	(000's) 1988
Capital lease obligation	\$ 3	\$ 8
Obligation due within one year	<u>(3)</u>	<u>(5)</u>
	<u>\$ 0</u>	<u>\$ 3</u>

The future minimum lease payments as of December 31, 1989, were as follows:

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

1990	\$ 1,721,731
1991	1,224,077
1992	620,172
1993	164,922
Thereafter	<u>1,232,861</u>
	<u>\$ 4,963,763</u>

HARRAH'S MARINA HOTEL CASINO

NOTES TO FINANCIAL STATEMENTS (cont'd)

NOTE 4: Investments, Advances and Receivables:

	DECEMBER 31	
	1989	1988
	(000's)	(000's)
Notes Receivable	\$ 2,419	\$ 2,441
Investment in CRDA Bonds - Net of Valuation Adj.	2,163	2,107
Reinvestment Obligation Deposits - Net of Val. Adj.	10,145	17,194
Due from Affiliates	284,293	204,754
Funds Advanced to Northeast Inlet Redevelopment Project to be reimbursed by a UDAG Grant	456	0
	<u>\$299,476</u>	<u>\$226,496</u>

Due from Affiliates consists of the following unsecured, non-interest bearing inter-company amounts at December 31, 1989 and 1988.

	DECEMBER 31	
	1989	1988
	(000's)	(000's)
Harrah's New Jersey, Inc.	\$ 18,962	\$ 18,972
Harrah's Lake Tahoe	115	87
Holiday Corporation	262,208	182,828
Embassy Suites, Inc.	2,627	2,627
Holiday Inns, Inc.	143	95
Holiday Casino, Inc.	-0-	18
Harrah's Del Rio	128	125
Bill's Casino	110	2
Total Due from Affiliates	<u>\$284,293</u>	<u>\$204,754</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 twelve months ended December 31, 1989, and December 31, 1988, were approximately \$2,329,484 and \$2,388,456 respectively.

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

1990	\$ 1,721,731
1991	1,224,077
1992	620,172
1993	184,922
Thereafter	<u>1,232,461</u>
	<u>\$ 4,983,363</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 December 31, 1989, the Company has established a valuation allowance of \$641,006 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.

HARRAH'S MARINA HOTEL CASINO

NOTES TO FINANCIAL STATEMENTS (cont'd)

NOTE 7: Promotional Allowances:

Promotional allowances for the twelve months ended December 31, 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	141	\$11,988	0	\$ 0
Food	2,065	20,648	0	0
Beverage	3,058	7,644	0	0
Travel	0	0	61	5,805
Theatre	131	2,616	0	0
Coupon Redemption of				
Cash & Tokens	0	0	800	9,997
Rooms Off-Premises	0	0	N/A	76
Other*	0	0	247	1,430
	<u>5,395</u>	<u>\$42,896</u>	<u>1,108</u>	<u>\$17,308</u>

Promotional allowances for the three months ended December 31, 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	35	\$ 2,894	0	\$ 0
Food	492	4,923	0	0
Beverage	759	1,896	0	0
Travel	0	0	17	1,574
Theatre	32	637	0	0
Coupon Redemption of				
Cash & Tokens	0	0	217	2,705
Rooms Off-Premises	0	0	N/A	16
Other*	0	0	147	341
	<u>1,318</u>	<u>\$10,350</u>	<u>381</u>	<u>\$4,636</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 complimentaries are combined in one expense account.

HARRAH'S MARINA HOTEL CASINO

NOTES TO FINANCIAL STATEMENTS (cont'd)

NOTE 8: Other Accrued Expenses:

Other accrued expenses consist of the following:

	<u>DECEMBER 31</u>	
	<u>1989</u>	<u>(000's) 1988</u>
Accrued salaries and wages	\$ 8,974	\$ 9,036
Taxes payable	779	830
Other accrued expenses	4,915	6,216
Accrued progressive slot liability	2,779	1,730
Accrued CCC/DGE/Casino License fees	<u>675</u>	<u>880</u>
	<u>\$18,122</u>	<u>\$18,692</u>

NOTE 9: Other Liabilities:

Other liabilities consist of the following:

	<u>DECEMBER 31</u>	
	<u>1989</u>	<u>(000's) 1988</u>
Long Term due to Affiliates	\$28,947	\$24,356
Other Liabilities	<u>397</u>	<u>520</u>
	<u>\$29,344</u>	<u>\$24,876</u>

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

	<u>DECEMBER 31</u>	
	<u>1989</u>	<u>(000's) 1988</u>
Due to Affiliates -		
Harrah's Services, Inc.	\$ 0	\$ 19
Holiday Inns - Hotel Group	7,459	5,136
Harrah's Holdings, Inc.	587	817
Harrah's Atlantic City, Inc.	20,531	18,067
Harrah's Reno	35	20
Harrah's Holiday Inns of NJ, Inc.	297	297
Holiday Casino, Inc.	<u>38</u>	<u>0</u>
	<u>\$28,947</u>	<u>\$24,356</u>

SCHEDULE OF RECEIVABLES AND PATRONS' CHECKS

HARRAH'S MARINA HOTEL CASINO

NOTES TO FINANCIAL STATEMENTS (cont'd)

NOTE 10: 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 11: 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 twelve months ended December 31, 1989, was \$2,926,555.

NOTE 12: Subsequent Event:

As a result of a transaction between Bass P.l.c. and Holiday Corporation occurring on February 7, 1990, a new company, The Promus Companies, Inc., was spun off and will now, through its subsidiaries, be the sole owner of the Company.

Accounts and notes receivables	2,987		
Other receivables	3,021	0	3,021
Total	17,526	3,543	12,983

DEPOSITED PATRONS' CHECKS ACTIVITY		AMOUNT
DESCRIPTION		(N)
(S)		
Beginning Balance (January 1)		5,745
Checks issued (including counter checks issued through transactions relating to consolidations, partial redemptions, substitutions, and patrons' deposits)		122,054
Checks issued prior to deposit (included the unrecorded portion of counter checks issued through partial redemptions, and excluding checks returned through transactions relating to consolidations, substitutions, and patrons' deposits)		(100,826)
Checks collected through deposits		57,908
Checks transferred to returned checks		(8,903)
Other adjustments		5,361
Daily balance		
Total Checks included in Balance at Line 18		-0-
Provision for Uncollectible Patrons' Checks		1,245
Total		6

SCHEDULE OF RECEIVABLES AND PATRONS' CHECKS

DECEMBER 31, 19 89

CASINO DEPARTMENTAL SCHEDULE

(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	5,564		
2	Returned patrons' checks	7,869		
3	Total patrons' checks	13,433	4,508	\$ 8,925
4	Hotel Receivables	1,170	135	1,035
	Other Receivables:			
5	Receivables due from officers and employees.....	34		
6	Receivables due from affiliates	-0-		
7	Other accounts and notes receivables	2,987		
8	Total other receivables	3,021	-0-	3,021
9	Totals (Form 305).....	\$ 17,624	\$ 4,643	\$ 12,981

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)	199,054
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)	(132,824)
13	Checks collected through deposits	(57,506)
14	Checks transferred to returned checks	(8,905)
15	Other adjustments	
16	Ending Balance	5,564
17	"Hold" Checks Included in Balance On Line 16	-0-
18	Provision For Uncollectible Patrons' Checks	1,245
19	Provision As A Percent Of Counter Checks Issued .....	.6

STATEMENT OF CONFORMITY AND ACCURACY

TRADING NAME OF LICENSEE Harrah's Marina Hotel Casino**CASINO DEPARTMENTAL SCHEDULE**FOR THE YEAR ENDED DECEMBER 31, 19 89

(UNAUDITED)

(\$ IN THOUSANDS)

LINE (a)	DESCRIPTION (b)	AMOUNT (c)	DROP (d)	WIN OR (LOSS) PERCENT (e)	WEIGHTED AVG. NUMBER OF TABLES (f) OR MACHINES
	Revenue:	\$	\$	%	
1	Blackjack	49,412	328,015	15.1	80
2	Craps	41,526	256,309	16.2	22
3	Roulette	14,701	58,607	25.1	16
4	Big Six	1,744	4,047	43.1	3
5	Baccarat	4,069	26,900	15.1	2
6	Other table games	1,429	6,678	21.4	2
7	Total table games revenue	112,881	\$ 680,556	16.6 %	125
			HANDLE		
8	\$.05 slot machines	4,768	31,352	15.2	107
9	\$.25 slot machines	84,252	683,914	12.3	662
10	\$1.00 slot machines	60,895	644,567	9.4	260
11	Other slot machines	30,309	373,614	8.1	712
12	Total coin-operated devices revenue	180,224	\$ 1,733,447	10.4 %	1,741
13	Progressive jackpot adjustment	(1,049)			
14	Total coin-operated devices revenue after adjustment	179,175			
15	Other income	-0-			
16	Total revenue	292,056			
	Expenses:				
17	Payroll and payroll related expenses	55,093			
18	Licenses and taxes	24,318			
19	Provision for uncollectible patrons' checks	1,245			
20	Other	25,477			
21	Total	106,133			
22	Departmental Income (Loss) Before Complimentary Services And Casino Management Fees.....	185,923			
	Complimentary services and casino management fees:				
23	Complimentary services'	42,600			
24	Casino management fees	-0-			
25	Total	42,600			
26	Departmental Income (Loss)	\$ 143,323			

STATEMENT OF CONFORMITY AND ACCURACY

STATE OF New Jersey :
COUNTY OF Atlantic County : 188.

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

deposes and says:

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

Joseph A. Domenico
Signature

Director of Finance
Title

01833-11
License Number

Subscribed and sworn to
before me this 14th day
of March, 1990

Mary-Jo E. Chatten
Signature

On Behalf Of:

Marina Associates
Casino Licensee

MARY-JO E. CHATTEN
NOTARY PUBLIC OF NEW JERSEY
My Commission Expires DEC. 20, 1990

Basis of Authority
to Take Oaths

GROSS REVENUE
ANNUAL TAX RETURN

LICENSEE HARRAH'S MARINA HOTEL CASINO

ADDRESS 1725 Brigantine Blvd.

Atlantic City, NJ 08401

FOR THE YEAR ENDED DECEMBER 31, 1989

TO THE

CASINO CONTROL COMMISSION

OF THE

STATE OF NEW JERSEY



NAME OF OFFICER IN CHARGE
OF CORRESPONDENCE REGARDING
THIS ANNUAL TAX RETURN

Joseph A. Domenico

OFFICIAL TITLE

Director of Finance

ADDRESS

1725 Brigantine Boulevard

Atlantic City, NJ 08401

GROSS REVENUE ANNUAL TAX RETURN

FOR THE YEAR ENDED DECEMBER 31, 19 89

(UNAUDITED)

(\$ IN THOUSANDS)

LINE			
	Casino win or (loss)		
1	Table games revenue	\$112,881	
2	Coin-operated devices revenue	180,224	
3	Total revenues		\$293,105
	Less - adjustment for uncollectible patrons' checks:		
4	Provision for uncollectible patrons' checks	\$ 1,244	
5	Maximum adjustment (4% of line 3)	\$ 11,724	
6	Adjustment (the lesser of line 4 or line 5)		1,245
7	Gross revenues (line 3 less line 6)		\$291,860
8	Tax on gross revenues - current year (8% of line 7)		\$ 23,349
9	Audit or other adjustments to tax on gross revenues in prior years		38
10	Total tax on gross revenues (line 8 plus or minus line 9)		23,387
	Deposits made for tax on current year's gross revenues:		
11	January	\$ 1,567	
12	February	1,737	
13	March	1,827	
14	April	1,725	
15	May	1,706	
16	June	2,149	
17	July	2,491	
18	August	2,126	
19	September	1,969	
20	October	2,207	
21	November	1,904	
22	December	1,334	
23	January	607	
24	Total deposits made for tax on current year's gross revenues		(23,349)
25	Settlement of prior years' tax on gross revenues resulting from audit or other adjustments - (deposits) credits		(38)
26	Gross revenues tax payable (line 10 less line 24 plus or minus line 25)		\$ -0-

STATEMENT OF CONFORMITY AND ACCURACY

STATE OF New Jersey :
COUNTY OF Atlantic :ss.

Joseph A. Domenico, being duly sworn according
Name

to law upon my oath deposes and says:

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

Joseph A. Domenico
Signature

Director of Finance
Title

01833-11
License Number

On Behalf Of:

Marina Associates
Casino Licensee

Subscribed and sworn to
before me this 14th day
of March, 1990

Mary-Jo L. Chatten
Signature
MARY-JO L. CHATTEN
NOTARY PUBLIC OF NEW JERSEY
My Commission Expires DEC. 20, 1990

Basis of Authority
to Take Oaths

ANNUAL EMPLOYMENT AND PAYROLL REPORT

LICENSEE MARINA ASSOCIATES

ADDRESS 1725 BRIGANTINE BOULEVARD

ATLANTIC CITY, NJ 08401

FOR THE YEAR ENDED DECEMBER 31, 19 89

TO THE

CASINO CONTROL COMMISSION

OF THE

STATE OF NEW JERSEY



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

JOSEPH A DOMENICO

OFFICIAL TITLE.....

DIRECTOR OF FINANCE

ADDRESS.....

1725 BRIGANTINE BOULEVARD

ATLANTIC CITY, NJ 08401

ANNUAL EMPLOYMENT AND PAYROLL REPORT

FOR THE YEAR ENDED DECEMBER 31, 1989

(\$ in Thousands)

LINE (a)	DEPARTMENT (b)	NUMBER OF (c) EMPLOYEES	SALARIES AND WAGES		(f) TOTALS
			(d) OTHER EMPLOYEES	(e) OFFICERS & OWNERS	
	CASINO				
1	Administration	2			
2	Gaming	745			
3	Slots	161			
4	Casino accounting	103			
5	Other	623	\$	\$	\$
6	Total-casino	1,634	37,185	-0-	37,185
7	ROOMS	264	4,145	-0-	4,145
8	FOOD AND BEVERAGE	1,040	14,273	-0-	14,273
	OTHER OPERATED DEPARTMENTS				
9	Marina	3	128	-0-	128
10	Cafeteria	17	806	-0-	806
11	Communications	21	308	-0-	308
12	Gift Shop	25	461	-0-	461
13					
14					
15					
16					
17					
18					
19					
	ADMINISTRATIVE AND GENERAL				
20	Executive office	11	652	-0-	652
21	Accounting and auditing	64	1,516	-0-	1,516
22	Security	211	4,240	-0-	4,240
23	Other administrative and general department ..	245	5,518	-0-	5,518
24	MARKETING	32	998	-0-	998
25	GUEST ENTERTAINMENT	62	2,238	-0-	2,238
26	PROPERTY OPERATION AND MAINTENANCE	312	7,718	-0-	7,718
27	TOTALS - ALL DEPARTMENTS	3,941	\$ 80,186	\$ -0-	\$ 80,186

Trading Name of Licensee Harrah's Marina Hotel Casino

ANNUAL EMPLOYMENT AND PAYROLL REPORT
SIGNATURE PAGE

For the Year Ended December 31, 1989

March 14, 1990

Date

Joseph A. DiManno
Signature

Director of Finance
Title

TRADING NAME OF LICENSEE HARRAH'S MARINA HOTEL CASINO

HOTEL STATISTICS

FOR THE 12 MONTHS ENDED December 31, 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	760	23,560	21,782	\$ 87.74	92.5 %	41,722	\$ 45.81
NOVEMBER	760	22,800	19,752	\$ 87.30	86.6 %	37,177	\$ 46.38
DECEMBER	760	23,560	16,847	\$ 87.63	71.5 %	31,874	\$ 46.32
4TH QUARTER TOTALS		69,920	58,381	\$ 87.56	83.5 %	110,773	\$ 46.15
ANNUAL TOTALS		277,400	249,464	\$ 88.57	89.9 %	483,435	\$ 45.70



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ANNUAL REPORT

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LICENSEE RESORTS INTERNATIONAL HOTEL, INC.

ADDRESS BOARDWALK AND NORTH CAROLINA AVENUE

ATLANTIC CITY, NEW JERSEY 08402

FOR THE YEAR ENDED DECEMBER 31, 1989

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



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

JOHN E. SPINA

OFFICIAL TITLE

CORPORATE VICE PRESIDENT

ADDRESS

NEW JERSEY
PROPERTY DE
LIBRARY
MAR 2 1990

TRADING NAME OF LICENSEE Resorts International Hotel, Inc.

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

LIST OF FORMS - ANNUAL REPORT

BALANCE SHEETS

FOR THE YEAR ENDED DECEMBER 31, 19 89

(UNAUDITED)

(\$ IN THOUSANDS)

LINE NO.	DESCRIPTION	(a) 1989	(a) 1988
	ASSETS		
	TITLE	FORM NO.	
1	Balance Sheets		\$ 6,251
2	Securities (Short-term Money Market At Cost)	CCC-305	83,540
3	Statements of Income (Year)	CCC-310	86,274
4	Statements of Income (Three Months)	CCC-315	2,275
5	Statements of Changes in Stockholders' Equity	CCC-320	189,384
6	Statements of Changes in Partners' or Proprietor's Equity	CCC-325	224,810
7	Statements of Cash Flows	CCC-335	187,968
8	Notes to Financial Statements		245,609
	LIABILITIES AND EQUITY		
9	Schedule of Receivables and Patrons' Checks	CCC-340	
10	Casino Departmental Schedule	CCC-345	\$ 6,178
11	Statement of Conformity and Accuracy	CCC-350	
12	Accounts payable		481
13	Accounts receivable		770
14	Accounts payable and accrued		48,590
15	Other accrued expenses		21,678
16	Other current liabilities		5,387
17	Other current liabilities		15,693
18	Long term debt		375,000
19	Debt to affiliates		139,000
20	Deferred Credits		2,723
21	Other liabilities		18,069
22	Commitments and Contingencies		
23	Total Liabilities		420,274
24	Stockholders', Partners', or Proprietor's Equity		182,377
25	Total Liabilities and equity		602,651

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

CCC-301

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

BALANCE SHEETS

DECEMBER 30, 1989 and 1988

(UNAUDITED)

(\$ IN THOUSANDS)

LINE (a)	DESCRIPTION (b)	(c) 1989	(d) 1988
	ASSETS		
	Current Assets:		
1	Cash	\$ 10,037	\$ 6,251
2	Marketable securities (Short-term Money Market At Cost).....	1,005	83,680
3	Receivables and patrons' checks (net of allowance for doubtful accounts - 1989, \$4,915; 1988, \$5,054) (Note 2)	150,221	86,976
4	Inventories	2,173	2,276
5	Prepaid expenses and other current assets	2,046	1,101
6	Total current assets	165,482	180,284
7	Investments, Advances, And Receivables ....(Note 3).....	3,968	12,701
8	Property And Equipment - Net ....(Note 4).....	226,431	224,510
9	Other Assets ....(Note 5).....	18,728	127,968
10	Total Assets	\$414,609	\$545,463
	LIABILITIES AND EQUITY		
	Current Liabilities:		
11	Accounts Payable	\$ 4,741	\$ 6,178
12	Notes Payable		
	Current portion of long-term debt: (Note 7)		
13	Due to affiliates		
14	Other	481	770
15	Income taxes payable and accrued (Note 14).....		
16	Other accrued expenses (Note 6).....	46,680	23,678
17	Other current liabilities	4,283	5,067
18	Total current liabilities	56,185	35,693
	Long-Term Debt: (Note 7)		
19	Due to affiliates	325,000	325,000
20	Other	1,723	
21	Deferred Credits ....(Note 10).....	38,066	42,093
22	Other Liabilities		
23	Commitments and Contingencies (Note 15)		
24	Total Liabilities.....	420,974	402,786
25	Stockholders', Partners', or Proprietor's Equity	(6,365)	142,677
26	Total Liabilities and equity	\$414,609	\$545,463

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-305

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

STATEMENTS OF INCOME

FOR THE TWELVE MONTHS ENDED DECEMBER 31, 1989 and 1988
(UNAUDITED)
(\$ IN THOUSANDS)

LINE (a)	DESCRIPTION (b)	(c) 1989	(d) 1988
	Revenue:		
1	Casino	\$227,144	\$243,440
2	Rooms	16,920	18,568
3	Food and beverage	31,105	39,359
4	Other	8,481	8,747
5	Total revenue	283,650	310,114
6	Less: promotional allowances ....(Note 9).....	28,596	35,933
7	Net revenue	255,054	274,181
	Costs And Expenses:		
8	Cost of goods and services	159,570	159,532
9	Selling, general, and administrative	60,544	52,974
10	Provision for doubtful accounts	2,068	1,499
11	Depreciation and amortization	20,126	12,041
	Charges from affiliates other than interest: (Note 13)		
12	Management fees	4,800	3,600
13	Other	10,809	15,136
14	Total costs and expenses	257,917	244,782
15	Income (Loss) From Operations	(2,863)	29,399
	Other Income (Expense):		
16	Interest (expense) - affiliates.. (Note 13).....	(45,106)	(34,688)
17	Interest expense - external	(266)	(10,863)
18	Investment alternative tax and related inc.(exp).(Note 15)	(1,500)	(1,491)
19	Nonoperating income (expense) - net ...(Note 12).....	2,454	(31,095)
20	Total other income (expenses)	(44,418)	(78,137)
21	Income (Loss) Before Income Taxes And Extraordinary Items .	(47,281)	(48,738)
22	Provision (Credit) for income taxes (Notes 1,14).....	(3,400)	(1,600)
23	Income (Loss) Before Extraordinary Items	(43,881)	(47,138)
24	Extraordinary Items (net of income taxes -		
	1989, \$ <u>NONE</u> ; 19__, \$)	(105,161)	
25	Net Income (Loss)	(149,042)	(\$47,138)

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 DECEMBER 31, 1989 and 1988
(UNAUDITED)
(\$ IN THOUSANDS)

LINE (a)	DESCRIPTION (b)	(c) 1989	(d) 1988
	Revenue:		
1	Casino	\$48,575	\$53,231
2	Rooms	3,910	4,030
3	Food and beverage	6,857	9,008
4	Other	2,501	2,136
5	Total revenue	61,843	68,405
6	Less: promotional allowances ... (Note 9).....	6,366	8,000
7	Net revenue	55,477	60,405
	Costs And Expenses:		
8	Cost of goods and services	39,975	37,755
9	Selling, general, and administrative	16,051	11,338
10	Provision for doubtful accounts	742	326
11	Depreciation and amortization	5,095	3,644
	Charges from affiliates other than interest:		
12	Management fees	1,200	900
13	Other	1,476	3,343
14	Total costs and expenses	64,539	57,306
15	Income (Loss) From Operations	(9,062)	3,099
	Other Income (Expense):		
16	Interest (expense) - affiliates.....	(11,637)	(9,658)
17	Interest expense - external	(180)	(1,987)
18	Investment alternative tax and related inc.(exp)	(332)	(340)
19	Nonoperating income (expense) - net	(187)	(32,574)
20	Total other income (expenses)	(12,336)	(44,559)
21	Income (Loss) Before Income Taxes And Extraordinary Items .	(21,398)	(41,460)
22	Provision (Credit) for income taxes	(500)	(1,600)
23	Income (Loss) Before Extraordinary Items	(20,898)	(39,860)
24	Extraordinary Items (net of income taxes -		
25	1989, \$NONE ; 19__ , \$)	(105,161)	
	Net Income (Loss)	(\$126,059)	(\$39,860)

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

STATEMENTS OF CHANGES IN STOCKHOLDERS' EQUITY
FOR THE YEARS ENDED DECEMBER 31, 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	Revaluation of Assets	+++++		+++++	211,621
11	Transfer Accum. Deficit @11-14-88	+++++		+++++	(34,081)
12	Ending balance	+++++	180,030	+++++	180,030
	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)		(35,000)		()
18	Note Receivable Griffin Company				(35,000)
19					
20	Ending balance		(35,000)		(35,000)
	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)	+++++	(149,042)	+++++	(47,138)
28	Dividends	+++++	()	+++++	()
29	Transfer Accum Deficit @ 11-14-88	+++++		+++++	34,081
30		+++++		+++++	
31	Ending balance	+++++	(151,395)	+++++	(2,353)
32	Ending Stockholders' Equity	+++++	(\$ 6,365)	+++++	\$142,677

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

CCC-320

TRADING NAME OF LICENSEE RESORTS INTERNATIONAL HOTEL, INC.

STATEMENTS OF CHANGES IN PARTNERS' OR PROPRIETOR'S EQUITY

NOT APPLICABLE

FOR THE YEARS ENDED DECEMBER 31, 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	.....	
17	Ending balance	()	()
18	Ending Partners' Or Proprietor's Equity	\$	\$

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

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

STATEMENTS OF CASH FLOWS

FOR THE YEARS ENDED DECEMBER 31, 1989 and 1988

(UNAUDITED)

(\$ IN THOUSANDS)

LINE (a)	DESCRIPTION (b)	(c) 1989	(d) 1988
1	Net Cash Provided (Used) by Operating Activities	\$ 2,159	(\$ 97,294)
	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	(14,742)	(3,885)
5	Proceeds from disposition of property and equipment	251	64
6	Purchase of casino reinvestment obligations	(2,823)	(4,242)
7	Purchase of other investments and loans/advances made		(35,055)
8	Proceeds from disposal of investments and collections of advances and long-term receivables	334	184,229
9	Cash outflows to acquire business entities		
10	Proceeds from CRDA Deposits Returned.....	6,145	
11	Loans to Affilliate	(64,985)	
12	Net Cash Provided (Used) By Investing Activities	(\$75,820)	141,111
	Cash Flows From Financing Activities		
13	Cash proceeds from issuance of short-term debt	(770)	50,791
14	Payments to settle short-term debt		(125,021)
15	Cash proceeds from issuance of long-term debt		325,000
16	Costs of issuing debt	(2,028)	(16,353)
17	Payments to settle long-term-debt		(197,467)
18	Cash proceeds from issuing stock or capital contributions.		
19	Purchases of treasury stock		
20	Payments of dividends or capital withdrawals		
21	Payments for Recapitalization Cost.....	(2,430)	
22			
23	Net Cash Provided (Used) By Financing Activities	(5,228)	36,950
24	Net Increase (Decrease) in Cash And Cash Equivalents	(78,889)	80,767
25	Cash And Cash Equivalents At Beginning Of Year	89,931	9,164
26	Cash And Cash Equivalents At End Of Year	\$ 11,042	\$ 89,931

SUPPLEMENTAL DISCLOSURE OF CASH FLOW INFORMATION

27	Cash Paid During Year For:		
28	Interest (net of amount capitalized)	\$22,704	\$ 45,551
	Income taxes	\$	\$(1,600)

12/87

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

CCC-335

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

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

STATEMENTS OF CASH FLOWS

FOR THE YEARS ENDED DECEMBER 31, 1989 and 1988

(UNAUDITED)

(\$ IN THOUSANDS)

LINE (a)	DESCRIPTION (b)	(c) 1989	(d) 1988
	Net Cash Flows From Operating Activities:		
29	Net income (loss)	(\$149,042)	(\$47,138)
	Noncash items included in income and cash items excluded from income:		
30	Depreciation and amortization of property and equipment	14,612	10,712
31	Amortization of other assets	5,514	1,329
32	Amortization of debt discount or premium		109
33	Deferred income taxes - current		
34	Deferred income taxes - noncurrent	(3,400)	(1,600)
35	(Gain) loss on disposition of property and equipment ...	162	22
36	(Gain) loss on casino reinvestment obligations	1,500	1,475
37	(Gain) loss from other investment activities	189	(7)
38	Net (increase) decrease in receivables and patrons' checks	1,740	(65,767)
39	Net (increase) decrease in inventories	103	410
40	Net (increase) decrease in other current assets	(945)	328
41	Net (increase) decrease in other assets	(1,435)	
42	Net increase (decrease) in accounts payable	(1,437)	3,611
43	Net increase (decrease) in other current liabilities excluding debt	24,246	(704)
44	Net increase (decrease) in other noncurrent liabilities excluding debt	(627)	(74)
45	Other (Note 16)	110,979	
46			
47	Net Cash Provided (Used) By Operating Activities	2,159	(\$ 97,294)

SUPPLEMENTAL SCHEDULE OF NONCASH INVESTING AND FINANCING ACTIVITIES

48	Acquisition Of Property And Equipment:		
49	Additions to property and equipment	(\$16,946)	(\$ 3,885)
50	Less: Capital lease obligations incurred	2,204	
	Cash Outflows For Property And Equipment	(\$14,742)	(\$ 3,885)
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 ..	\$	\$

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

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS
FOR THE TWELVE MONTHS ENDED DECEMBER 30, 1989

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES:

General:

The accompanying consolidated financial statements, which are unaudited, include the operations of Resorts International Hotel, Inc. ("RIH") and its subsidiaries.

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

Basis of Presentation:

RIH, 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.

Acquisition:

The Acquisitions was accounted for as a purchase and according to a practice known as "push-down" accounting, on November 15, 1988, RIH adjusted its net assets to reflect its portion of the cost of the Acquisition. In doing so, RIH'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.

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

Principles of consolidation:

The consolidated financial statements include the accounts of RIH 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:

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

Promotional allowances:

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

Cash equivalents

RIH considers all of its short-term money market securities 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"), RIH is obligated to purchase CRDA bonds, which will bear a below market interest rate, or make an alternative qualifying investment. RIH charges to expense an estimated discount related to CRDA investment obligations as of the date the obligation arises based on fair market interest rates of similar quality bonds in existence as of that date. On the date RIH actually purchases the CRDA bond, the estimated discount previously recorded is adjusted to reflect the actual terms of the bonds issued and the then existing fair market interest rate for similar quality bonds.

The discount on CRDA bonds purchased is amortized to interest income over the life of the bonds using the effective interest rate method.

Income taxes

For periods from November 15, 1988, RIH 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. RIH 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, RIH 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, RIH 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, RIH provides for federal and state income taxes using a combined tax rate, except for those isolated transactions which materially affected RIH's effective tax rate, in which case the applicable transactions are separately tax effected using the appropriate tax rates. Effective January 1, 1987, RIH'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, RIH 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 RIH's effective tax rates continue to be separately tax effected.

	1988	1987
Deposits-CEDA	\$ 2,052	\$ 18,671
Provision allowance on CEDA deposits	(8,509)	(10,680)
U.S. bonds	4,518	3,979
Other	397	731
	\$ 1,458	\$ 12,701

NOTE 2 - RECEIVABLES AND PATRONS' CHECKS:

Components of receivables at December 31 were as follows:

(In Thousands of Dollars)	<u>1989</u>	<u>1988</u>
Gaming	\$ 11,787	\$11,912
Less allowance for doubtful accounts	(4,814)	(5,031)
	<u>6,973</u>	<u>6,881</u>
Non-gaming:		
Hotel and related	1,236	2,938
Other		52
	<u>1,236</u>	<u>2,990</u>
Less allowance for doubtful accounts	()	(23)
	<u>1,135</u>	<u>2,967</u>
Demand note from affiliate	50,000	50,000
Receivables due from affiliates	<u>92,113</u>	<u>27,128</u>
	<u>142,113</u>	<u>77,128</u>
	<u>\$150,221</u>	<u>\$86,976</u>

In November 1988, RIH 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 \$6,826,000 and \$844,000 for the year ended December 31, 1989 and 1988.

NOTE 3 - INVESTMENTS, ADVANCES AND RECEIVABLES:

(In Thousands of Dollars)

	<u>DECEMBER 31,</u>	
	<u>1989</u>	<u>1988</u>
Deposits-CRDA	\$ 2,962	\$ 18,671
Valuation allowance on CRDA deposits & bonds	(3,509)	(10,680)
CRDA Bonds	4,318	3,979
Other	<u>197</u>	<u>731</u>
	<u>\$ 3,968</u>	<u>\$ 12,701</u>

In August, 1989, RIH sought approval of the Casino Reinvestment Development Authority ("CRDA") for RIH to make a donation of \$12,048,000 in exchange for which RIH would be relieved of its obligation to purchase bonds in the amount of \$18,193,000, for which cash was already on deposit with the CRDA. The CRDA approved this transaction and the remaining \$6,145,000 on deposit was returned by the CRDA to RIH on August 18, 1989. The net effect of recording the donation of \$12,048,000 and reversing the previously provided discount applicable to the entire \$18,193,000, which was to have been invested in a non-cash charge of \$3,388,000 which was recorded by RIH in August, 1989.

NOTE 4 - PROPERTY AND EQUIPMENT:
(In Thousands of Dollars)

	DECEMBER 31,	
	1989	1988
Land	\$ 54,607	\$ 54,607
Land and improvements	2,086	2,172
Building and improvements	141,915	138,856
Furniture, machinery and equipment	39,140	30,506
Construction in progress	4,108	-
	<u>241,856</u>	<u>226,141</u>
Less - Accumulated depreciation	<u>15,425</u>	<u>1,631</u>
	<u>\$226,431</u>	<u>\$224,510</u>

NOTE 5 - OTHER ASSETS:
(In Thousands of Dollars)

	DECEMBER 31,	
	1989	1988
Debt issuance costs	\$ 17,335	\$19,979
Goodwill (See Note 1)	-	107,866
Deposits	1,144	53
Other	249	70
	<u>\$ 18,728</u>	<u>\$127,968</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 \$2,635,000 and \$614,000 for the year ended December 31, 1989 and 1988.

1989	526,000
1988	484,000
1987	195,000
1986	423,000
Thereafter	\$323,000,000

NOTE 6 - OTHER ACCRUED EXPENSES:

(In Thousands of Dollars)

	DECEMBER 31,	
	1989	1988
Accrued payroll	\$ 4,349	\$ 4,205
Progressive slot liability	5,162	4,921
Interest payable to affiliate	30,231	5,578
Other	6,938	8,974
	<u>\$46,680</u>	<u>\$23,678</u>

NOTE 7 - LONG-TERM DEBT:

(In Thousands of Dollars)

	DECEMBER 31,	
	1989	1988
Due to affiliate:		
13 7/8% note payable to affiliate	\$200,000	200,000
13 1/2% note payable to affiliate	<u>125,000</u>	<u>125,000</u>
	<u>\$325,000</u>	<u>\$325,000</u>
Other:		
Notes Payable		770
Capitalize lease obligations (Notes 8)	2,204	
Less - Current portion	<u>(481)</u>	<u>(770)</u>
	<u>\$ 1,723</u>	<u>\$ 0</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 RIH 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 RIH, and a first priority security interest in the personal property of RIH granted to the Collateral Agent for the Securities and (iii) the assignment of RIB's promissory note for \$50,000,000 and mortgages securing such note (See Note 2). RIH paid, or assumed the liability for, the issuance costs of the Securities which amounted to \$20,300,000.

Minimum principal payments of long-term debt outstanding as of December 31, 1989:

1990	-	\$ 548,000
1991	-	528,000
1992	-	484,000
1993	-	195,000
1994	-	423,000
Thereafter	-	\$325,092,000

NOTE 8 - LEASES:

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

Summary of property debt under capital leases are as follows:

	1989			
Travel				\$1,992
Coupon redemptions:				
Computer equipment	\$1,160,878		439	6,882
Slot Machines	1,337,803	51		
Printing equipment	235,200	68		
Accum Depreciation	(265,517)		71	813
Accumulated	<u>\$2,468,364</u>			<u>\$2,940</u>

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

	PROMOTIONAL ALLOWANCES		PROMOTIONAL EXPENSE	
	NUMBER OF RECIPIENTS	AMOUNT	NUMBER OF RECIPIENTS	AMOUNT
Books	116	\$3,864		
Food	714	10,859		
Beverage	496	1,589		
Travel			125	\$8,690
Coupon redemptions:				
Cash			1,157	26,718
Food	804	4,133		
Admissions	92	2,478		
Parking			245	3,306
Other				1,434
Totals	<u>2,228</u>	<u>\$22,329</u>	<u>1,527</u>	<u>\$40,248</u>

NOTE 10 - DEFERRED CREDITS:

Deferred credits represent deferred income taxes of \$17,528,000 and \$11,470,000 at December 31, 1989 and 1988 respectively, and the amortized 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 \$72,000 for the year ended December 31, 1989 and 1988 respectively.

NOTE 9 - PROMOTIONAL ALLOWANCES AND PROMOTIONAL EXPENSES:

(In Thousands of Dollars)
Quarter ended 12/31/89

	<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	23	\$2,062		
Food	244	2,492		
Beverage	159	333		
Travel			8	\$1,992
Coupon redemption:				
Cash			439	6,882
Food	51	660		
Admissions	68	785		
Parking			71	813
Other		34		273
Totals	<u>545</u>	<u>\$ 6,366</u>	<u>518</u>	<u>\$9,960</u>

(In Thousands of Dollars)
Year ended 12/31/89

	<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	116	\$8,864		
Food	714	10,659		
Beverage	496	1,569		
Travel			125	\$8,690
Coupon redemption:				
Cash			1,157	26,718
Food	804	4,833		
Admissions	92	2,478		
Parking			245	3,306
Other		193		1,434
Totals	<u>2,222</u>	<u>\$28,596</u>	<u>\$1,527</u>	<u>\$40,148</u>

NOTE 10 - DEFERRED CREDITS:

Deferred credits represent deferred income taxes of \$37,516,000 and \$41,470,000 at December 31, 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 \$72,000 for the year ended December 31, 1989 and 1988 respectively.

NOTE 11 - SAVINGS AND PENSION PLANS:

RIH 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. RIH and other subsidiaries of RII contribute an amount equal to 50% of their employees' basic contributions. RIH's contributions under the Plan were approximately \$565,000 and \$627,000 for the year ended December 31, 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 RIH were approximately \$692,000 and \$685,000 for the year ended December 31, 1989 and 1988, respectively.

NOTE 13 - CHARGES FROM AFFILIATES:

RIH has recorded expenses from affiliates and RII as follows:

(In Thousands of Dollars)

<u>AFFILIATED COMPANY</u>	<u>TRANSACTION</u>	<u>TWELVE MONTHS ENDED</u>	
		<u>DECEMBER 31,</u>	
		<u>1989</u>	<u>1988</u>
Resorts International Financing, Inc.	Interest charges	\$	\$29,110
Griffin Resorts, Inc.	Interest charges	\$45,106	5,578
		<u>\$45,106</u>	<u>\$34,688</u>
Resorts International, Inc.	Management fee	\$ 4,800	\$ 3,600
Resorts International, Inc.	Insurance	\$ 914	\$ 3,564
	Property Rental	375	
	Other	74	412
		<u>1,363</u>	<u>3,976</u>
Resorts International, Inc. of New Jersey	Property Rental		337
	Other		49
			<u>386</u>
International Intelligence, Inc.	Security fees	18	201
ANTL, Inc.	Aircraft rentals	2,959	4,917
RIA	Heli flights		444
Resorts of New York, Inc.	Sales office expenses	141	262
Steeplechase Transport and Parking, Inc.	Parking fees	2,888	3,449
Trams Atlantic, Inc	Limo Services	2,045	743
Chalk's Airline	Aircraft rentals	1,217	25
Others	Property rentals		457
	Other	<u>178</u>	<u>276</u>
		<u>\$10,809</u>	<u>\$15,136</u>

NOTE 12 - NONOPERATING INCOME(EXPENSE), NET:
(In Thousands of Dollars)

	NINE MONTHS ENDED	
	DECEMBER 31,	
	1989	1988
Interest income	\$3,617	\$2,306
Interest income from affiliates	6,826	9,651
Corporate office expense	(667)	(525)
Restructuring/ refinancing costs	(2,551)	(95)
Non-operating rent/taxes	(1,033)	(6,727)
Donated CRDA Deposits	(3,388)	
Trump Termination Fee		(35,690)
Other	(350)	(15)
	<u>\$2,454</u>	<u>(\$31,095)</u>

NOTE 13 - DIVIDENDS AND OTHER RESTRICTED TRANSACTIONS:

Dividends

For periods subsequent to November 14, 1988, the declaration and payment of dividends (other than stock dividends) by RII are restricted by the indentures for the Securities. As of December 31, 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, RII 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, RII or any such subsidiary in which no affiliate (other than Griffin Resorts, RII 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 RII 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, RII 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, RII, and certain other subsidiaries of RII, as in effect on the date of the indentures and certain other permitted Affiliate Transactions.

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

Notwithstanding the restrictions described above, RIH 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, RIH 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 14 - INCOME TAXES:

As discussed in Note 1, RIH 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 RIH'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 \$77,100,000 and \$76,500,000 respectively, at December 31, 1989, these amounts expire in 2003.

NOTE 15 - 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 RIH 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 RIH. However, in January 1988 the CRDA notified RIH of its interpretation as to the periods of time during which expenditures could be made to satisfy investment obligations. This interpretation differs from RIH's and if found to be correct would decrease the amount of RIH's qualifying expenditures by approximately \$5,000,000 to \$6,000,000. RIH Company believes that its interpretation is correct and intends to contest this issue.

Management expects that RIH 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 December 31, 1989, RIH 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 RIH's Consolidated Balance Sheets. Management estimates that as of December 31, 1989 RIH's remaining investment obligation, after deduction of the housing related investments and CRDA bonds and deposits, is approximately \$603,000, which will be paid in January, 1990. If, however, the CRDA's interpretation discussed above is found to be correct, RIH's remaining obligation would be between \$5,000,000 and \$6,000,000.

Discounts charged to operations were \$1,500,000 and \$1,491,000 for the year ended December 31, 1989 and 1988, respectively.

NOTE 16 - STATEMENT OF CASH FLOWS (LINE 45):

Accounts receivable:		
	Due from officers and	
	Directors	<u>12/31/89</u>
	Write-off Goodwill	\$105,161
	Restructuring Costs	2,430
	Donated CRDA Deposits	3,388
	Other receivables	
	Other receivables	<u>\$110,979</u>

UNDEPOSITED PATRONS' CHECKS ACTIVITY

LINE	DESCRIPTION	AMOUNT
(a)	(a)	(a)
10	Beginning Balance (January 1)	\$ 6,359
11	Checks issued (excluding counter checks issued through redemptions relating to consolidations, partial redemptions, substitutions, and patrons' cash deposits)	127,853
12	Checks redeemed prior to deposit (including the unredeemed portion of counter checks redeemed through partial redemptions, and including checks redeemed through transactions relating to consolidations, substitutions, and patrons' cash deposits)	(140,637)
13	Checks collected through deposits	(48,845)
14	Checks transferred to returned checks	(9,701)
15	Other adjustments	
16	Ending Balance	\$ 3,829
17	"Good" checks included in Balance on Line 16	\$
18	Provision for Uncollectible Patrons' Checks	\$ 3,829
19	Provision as a Percent of Counter Checks Issued	\$

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

SCHEDULE OF RECEIVABLES AND PATRONS' CHECKS

DECEMBER 31, 1989

(UNAUDITED)

(\$ IN THOUSANDS)

ACCOUNTS RECEIVABLE BALANCES				
LINE	DESCRIPTION	ACCOUNT		ACCOUNTS RECEIVABLE-
(a)	(b)	(c) BALANCE	(d) ALLOWANCE	(e) NET OF ALLOWANCE
	Patrons' Checks:			
1	Undeposited patrons' checks	\$ 5,029		
2	Returned patrons' checks	6,758		
3	Total patrons' checks	11,787	\$4,574	\$ 7,213
4	Hotel Receivables	1,236	101	1,135
	Other Receivables:			
5	Receivables due from officers and employees			
6	Receivables due from affiliates	142,113		
7	Other accounts and notes receivables ..			
8	Total other receivables	142,113		
9	Totals (Form 305)	155,136	\$4,675	\$150,461

UNDEPOSITED PATRONS' CHECKS ACTIVITY		
LINE	DESCRIPTION	AMOUNT
(f)	(g)	(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)	197,853
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) ...	(140,637)
13	Checks collected through deposits	(48,845)
14	Checks transferred to returned checks	(9,701)
15	Other adjustments	
16	Ending balance	\$ 5,029
17	"Hold" Checks Included In Balance On Line 16	\$
18	Provision For Uncollectible Patrons' Checks	\$ 1,550
19	Provision As A Percent of Counter Checks Issued .....	.8 %

STATEMENT OF CONFORMITY AND ACCURACY

TRADING NAME OF LICENSEE RESORTS INTERNATIONAL HOTEL, INC.

STATE OF NEW JERSEY

CASINO DEPARTMENTAL SCHEDULE

COUNTY OF ATLANTIC

FOR THE YEAR ENDED DECEMBER 31, 1989

John A. Spina

(UNAUDITED)

(\$ IN THOUSANDS)

LINE (a)	DESCRIPTION (b)	AMOUNT (c)	DROP (d)	WIN OR (LOSS) PERCENT (e)	WEIGHTED AVG. NUMBER OF TABLES (f) OR MACHINES
	Revenue:				
1	Blackjack	45,077	\$ 308,174	14.6	73
2	Craps	36,105	245,849	14.7	21
3	Roulette	9,264	37,445	24.7	11
4	Big Six	2,191	4,546	48.2	4
5	Baccarat	9,035	59,307	15.2	3
6	Other table games				
7	Total table games revenue	101,672	\$ 655,321	15.5	112
			HANDLE		
8	\$.05 slot machines	3,223	\$ 21,676	14.9	97
9	\$.25 slot machines	49,874	343,441	14.5	747
10	\$1.00 slot machines	21,775	178,325	12.2	218
11	Other slot machines	50,840	478,898	10.6	578
12	Total coin-operated devices revenue	125,712	\$ 1,022,340	12.3	1,630
13	Progressive jackpot adjustment	(240)			
14	Total coin-operated devices revenue after adjustment				
15	Other income				
16	Total revenue	227,144			
	Expenses:				
17	Payroll and payroll related expenses	44,387			
18	Licenses and taxes	19,019			
19	Provision for uncollectible patrons' checks	1,790			
20	Other	22,765			
21	Total	87,961			
22	Departmental Income (Loss) Before Complimentary Services And Casino Management Fees.....	139,183			
	Complimentary services and casino management fees:				
23	Complimentary services	62,535			
24	Casino management fees	62,535			
25	Total	125,070			
26	Departmental Income (Loss)	\$ 76,648			

GROSS REVENUE ANNUAL TAX RETURN

LICENSEE RESORTS INTERNATIONAL HOTEL, INC.

ADDRESS BOARDWALK & NORTH CAROLINA AVENUE

ATLANTIC CITY, NEW JERSEY 08401

FOR THE YEAR ENDED DECEMBER 31, 19 69

TO THE

CASINO CONTROL COMMISSION

OF THE

STATE OF NEW JERSEY



NAME OF OFFICER IN CHARGE
OF CORRESPONDENCE REGARDING
THIS ANNUAL TAX RETURN

JOHN E. SPINA

OFFICIAL TITLE

CORPORATE VICE PRESIDENT

ADDRESS

BOARDWALK & NORTH CAROLINA AVENUE
ATLANTIC CITY, NEW JERSEY 08401

GROSS REVENUE ANNUAL TAX RETURN

FOR THE YEAR ENDED DECEMBER 31, 19 89

(UNAUDITED)

(\$ IN THOUSANDS)

LINE			
	Casino win or (loss)		
1	Table games revenue	\$ 101,672	
2	Coin-operated devices revenue	125,712	
3	Total revenues		\$ 227,384
	Less - adjustment for uncollectible patrons' checks:		
4	Provision for uncollectible patrons' checks	\$ 1,790	
5	Maximum adjustment (4% of line 3)	\$ 9,095	
6	Adjustment (the lesser of line 4 or line 5)		1,790
7	Gross revenues (line 3 less line 6)		\$ 225,594
8	Tax on gross revenues - current year (8% of line 7)		\$ 18,048
9	Audit or other adjustments to tax on gross revenues in prior years		0
10	Total tax on gross revenues (line 8 plus or minus line 9)		18,048
	Deposits made for tax on current year's gross revenues:		
11	January	\$ 1,078	
12	February	1,326	
13	March	1,380	
14	April	1,420	
15	May	1,640	
16	June	1,513	
17	July	2,150	
18	August	1,779	
19	September	1,515	
20	October	1,695	
21	November	1,352	
22	December	1,085	
23	January	134	
24	Total deposits made for tax on current year's gross revenues		(18,067)
25	Settlement of prior years' tax on gross revenues resulting from audit or other adjustments - (deposits) credits		
26	Gross revenues tax payable (line 10 less line 24 plus or minus line 25) .overpayment		\$ (18)

LINDA S. JONES
 COUNTY CLERK OF NEW JERSEY
 By Commission Expires April 25, 1991

CCC-351

STATEMENT OF CONFORMITY AND ACCURACY

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

John R. Spina, being duly sworn according
Name

to law upon my oath deposes and says:

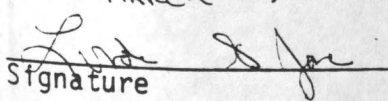
1. I have examined this Gross Revenue Annual Tax Return.
2. All the information contained in this Return has been prepared in conformity with the Casino Control Commission's Gross Revenue Annual Tax Return Instructions and Uniform Chart of Accounts.
3. The information contained in this Return is accurate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


Signature

Corporate Vice President
Title

02507-11
License Number

Subscribed and sworn to
before me this 15 day
of March, 1990.


Signature

LINDA S. JONES
NOTARY PUBLIC OF NEW JERSEY
My Commission Expires April 25, 1990
Basis of Authority
to Take Oaths

On Behalf Of:

Resorts International Hotel, Inc.
Casino Licensee

ANNUAL EMPLOYMENT AND PAYROLL REPORT

LICENSEE RESORTS INTERNATIONAL HOTEL, INC.

ADDRESS BOARDWALK AND NORTH CAROLINE AVENUE

ATLANTIC CITY, NEW JERSEY 08402

FOR THE YEAR ENDED DECEMBER 31, 1989

TO THE

CASINO CONTROL COMMISSION

OF THE

STATE OF NEW JERSEY



**NAME OF OFFICER IN CHARGE
OF CORRESPONDENCE REGARDING
THIS ANNUAL EMPLOYMENT
AND PAYROLL REPORT**

JOHN B. SOTER

OFFICIAL TITLE

CORPORATE VICE PRESIDENT

ADDRESS

ANNUAL EMPLOYMENT AND PAYROLL REPORTFOR THE YEAR ENDED DECEMBER 31, 19 89
(\$ in Thousands)

LINE (a)	DEPARTMENT (b)	NUMBER OF (c) EMPLOYEES	SALARIES AND WAGES		(f) TOTALS
			(d) OTHER EMPLOYEES	(e) OFFICERS & OWNERS	
	CASINO				
1	Administration	21			
2	Gaming	833			
3	Slots	304			
4	Casino accounting	22			
5	Other	298	\$	\$	\$
6	Total-casino	1,478	32,671	505	33,176
7	ROOMS	208	3,809		3,809
8	FOOD AND BEVERAGE	1,038	12,899	110	13,009
	OTHER OPERATED DEPARTMENTS				
9	Telephone	13	286		286
10	Game Room	2	46		46
11	Health Club	15	337		337
12	Cloak Room	11	110		110
13	Other	16	225		225
14					
15					
16					
17					
18					
19					
	ADMINISTRATIVE AND GENERAL				
20	Executive office	11	429	232	661
21	Accounting and auditing	93	2,611	110	2,721
22	Security	208	4,445		4,445
23	Other administrative and general department ..	367	8,198	308	8,506
24	MARKETING	8	16	179	195
25	GUEST ENTERTAINMENT	80	2,126		2,126
26	PROPERTY OPERATION AND MAINTENANCE	115	4,057		4,057
27	TOTALS - ALL DEPARTMENTS	3,663	\$ 72,265	\$ 1,444	\$ 73,709

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PROPERTY EMPLOYMENT AND PAYROLL REPORT

TRADING NAME OF LICENSEE RESORTS INTERNATIONAL CASINO HOTEL

HOTEL STATISTICS

FOR THE 2 MONTHS ENDED 3-15-90

Trading Name of Licensee Resorts International Hotel, Inc.

PERIOD	NUMBER OF GUEST ROOMS IN PROPERTY	NUMBER OF AVAILABLE ROOMS	NUMBER OF OCCUPIED ROOMS	AVERAGE RATE PER GUEST ACCOMMODATED	PERCENTAGE OCCUPANCY RATE	NUMBER OF GUESTS ACCOMMODATED
JANUARY	681	20,624	15,201	\$ 47.90	73.7 %	28,960
FEBRUARY	681	18,615	15,181	\$ 41.99	81.6 %	29,278
MARCH	681	20,776	18,315	\$ 37.24	88.1 %	35,515
1ST QUARTER TOTALS		60,017	48,697	\$ 42.01	81.1 %	93,753
APRIL	681	20,195	18,369	\$ 40.40	90.9 %	35,717
MAY	681	20,768	19,667	\$ 42.22	91.8 %	37,111
JUNE	681	16,672	17,542	\$ 41.17	94.2 %	34,919
2ND QUARTER TOTALS		59,636	55,698	\$ 41.28	92.2 %	67,747
JULY	681	19,478	18,206	\$ 49.37	93.5 %	35,919
AUGUST	681	20,459	19,179	\$ 46.03	91.7 %	37,811
SEPTEMBER	681	20,070	18,437	\$ 44.97	91.9 %	35,610
3RD QUARTER TOTALS		60,007	55,822	\$ 47.47	91.0 %	69,458
OCTOBER	681	20,720	18,989	\$ 42.33	91.6 %	36,879
NOVEMBER	681	19,947	16,845	\$ 43.13	84.4 %	32,365
DECEMBER	681	19,803	13,904	\$ 46.29	70.2 %	26,571
4TH QUARTER TOTALS		60,470	49,738	\$ 43.70	82.3 %	95,815
ANNUAL TOTALS		240,130	209,255	\$ 43.68	87.1 %	406,818

ANNUAL EMPLOYMENT AND PAYROLL REPORT SIGNATURE PAGE

For the Year Ended December 31, 19 89

3-15-90
Date


Signature

Corporate Vice President
Title

HOTEL STATISTICSFOR THE 12 MONTHS ENDED December 31, 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	681	20,720	18,989	\$ 82.21	91.6 %	36,879	\$ 42.33
NOVEMBER	681	19,947	16,845	\$ 82.88	84.4 %	32,365	\$ 43.13
DECEMBER	681	19,803	13,904	\$ 88.45	70.2 %	26,571	\$ 46.28
4TH QUARTER TOTALS		60,470	49,738	\$ 84.18	82.3 %	95,815	\$ 43.70
ANNUAL TOTALS		240,130	209,265	\$ 84.92	87.1 %	406,818	\$ 43.68

NEW JERSEY STATE LIBRARY
3 3009 00067 7981

TRADING NAME OF LICENSEE Adamar of New Jersey, Inc. Entertainment Resort
ANNUAL REPORT
LIST OF FORMS - ANNUAL REPORT
FOR THE YEAR ENDED DECEMBER 31, 1989

974.901
C193

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

FOR THE YEAR ENDED DECEMBER 31, 1989

PROPERTY OF
NEW JERSEY STATE LIBRARY
MAR 29 1990
185 W. STATE ST.
TRENTON, N.J.

TO THE
CASINO CONTROL COMMISSION
OF THE
STATE OF NEW JERSEY



NAME OF OFFICER IN CHARGE
OF CORRESPONDENCE REGARDING
THIS ANNUAL REPORT Lester Brzozowski
OFFICIAL TITLE Vice President of Finance
ADDRESS Brighton Avenue and the Boardwalk
Atlantic City, New Jersey 08401

TRADING NAME OF LICENSEE TropWorld Casino and Entertainment Resort

LIST OF FORMS - ANNUAL REPORT

FOR THE YEAR ENDED DECEMBER 31, 1989

<u>TITLE</u>	<u>FORM NO.</u>
Balance Sheets	CCC-305
Statements of Income (Year)	CCC-310
Statements of Income (Three Months)	CCC-315
Statements of Changes in Stockholders' Equity	CCC-320
Statements of Changes in Partners' or Proprietor's Equity	CCC-325
Statements of Cash Flows	CCC-335
Notes to Financial Statements	
Schedule of Receivables and Patrons' Checks	CCC-340
Casino Departmental Schedule	CCC-345
Statement of Conformity and Accuracy	CCC-350

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

CCC-301

STATEMENTS OF INCOME

FOR THE Years ENDED December 31, 1989 AND 1988

(UNAUDITED)
(\$ IN THOUSANDS)

LINE (a)	DESCRIPTION (b)	(c) 1989	(d) 1988
	Revenue:	\$	\$
1	Casino.....	284,019	231,032
2	Rooms.....	25,573	15,745
3	Food and beverage.....	42,519	29,572
4	Other.....	11,167	5,885
5	Total revenue.....	363,278	282,234
6	Less: Promotional allowances.....(Note II-7, II-8)....	37,818	24,858
7	Net revenue.....	325,460	257,376
	Costs And Expenses:		
8	Cost of goods and services.....(Note II-8, II-9)....	172,951	134,303
9	Selling, general, and administrative.....(Note II-9).....	96,165	79,171
10	Provision for doubtful accounts.....	4,425	1,335
11	Depreciation and amortization.....	22,453	14,326
	Charges from affiliates other than interest:		
12	Management fees.....(Note II-9).....	664	483
13	Other.....(Note II-9).....	49,806	45,204
14	Total costs and expenses.....	346,464	274,822
15	Income (Loss) From Operations.....	(21,004)	(17,446)
	Other Income (Expenses):		
16	Interest (expense) - affiliates.....	(420)	-0-
17	Interest (expense) - external.....(Note II-10).....	(16,281)	(3,560)
18	Investment alternative tax and related income (expense) - net.(II-6)	(1,098)	(891)
19	Nonoperating income (expense) - net.....(Note III-6).....	20,340	18,489
20	Total other income (expenses).....	2,541	14,038
21	Income (Loss) Before Income Taxes And Extraordinary Items.....	(18,463)	(3,408)
22	Provision (credit) for income taxes.....(Note II-11).....	(7,166)	(1,276)
23	Income (Loss) Before Extraordinary Items.....	(11,297)	(2,132)
24	Extraordinary items (net of income taxes - 1989, \$ -0- ; 1988, \$ -0-).....	-0-	-0-
25	Net Income (Loss).....	\$ (11,297)	\$ (2,132)

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

CCC-310

STATEMENTS OF INCOME

TRADING NAME OF LICENSEE World Casino and Entertainment Resort

FOR THE THREE MONTHS ENDED December 31, 1989 AND 1988

STATEMENTS OF CHANGES IN STOCKHOLDERS' EQUITY

(UNAUDITED)

FOR THE YEARS 1989 and 1988

LINE (a)	DESCRIPTION (b)	(c) 1989	(d) 1988
	Revenue:		
1	Casino.....	\$ 63,639	\$ 60,217
2	Rooms.....	5,876	4,986
3	Food and beverage.....	9,264	8,849
4	Other.....	2,895	1,880
5	Total revenue.....	81,674	75,932
6	Less: Promotional allowances..... (Note II-7, II-8)....	9,103	7,332
7	Net revenue.....	72,571	68,600
	Costs And Expenses:		
8	Cost of goods and services..... (Note II-8, II-9)....	40,002	39,742
9	Selling, general, and administrative..... (Note II-9).....	22,279	23,506
10	Provision for doubtful accounts.....	1,636	344
11	Depreciation and amortization.....	4,423	5,322
	Charges from affiliates other than interest:		
12	Management fees..... (Note II-9).....	169	117
13	Other..... (Note-II-9).....	12,529	11,322
14	Total costs and expenses.....	81,038	80,353
15	Income (Loss) From Operations.....	(8,467)	(11,753)
	Other Income (Expenses):		
16	Interest (expense) - affiliates.....	(420)	-0-
17	Interest expense - external..... (Note II-10).....	(4,112)	(3,484)
18	Investment alternative tax and related income (expense) - net. (II-6)	(202)	(233)
19	Nonoperating income (expense) - net..... (Note III-6).....	5,250	4,571
20	Total other income (expenses).....	516	854
21	Income (Loss) Before Income Taxes And Extraordinary Items.....	(7,951)	(10,899)
22	Provision (credit) for income taxes..... (Note II-11).....	(2,480)	(4,801)
23	Income (Loss) Before Extraordinary Items.....	(5,471)	(6,098)
24	Extraordinary items (net of income taxes - 1989, \$ -0- ; 1988, \$ -0-).....	-0-	-0-
25	Net Income (Loss).....	\$ (5,471)	\$ (6,098)

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

CCC-315

STATEMENTS OF CHANGES IN STOCKHOLDERS' EQUITY

FOR THE YEARS ENDED DECEMBER 31, 19⁸⁹ and 19⁸⁸

STATEMENTS OF CHANGES IN PARTNERS'
OR PROPRIETARY EQUITY
(UNAUDITED)
(\$ IN THOUDANDS)

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	Conversion of intercompany		24,318		
11	debt				
12	Ending balance		53,883		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)		(11,297)		(2,132)
28	Dividends		()		()
29	.....			
30	.....			
31	Ending balance		10,998		22,295
32	Ending Stockholders' Equity		\$ 143,784		\$ 130,763

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 YEARS ENDED DECEMBER 31, 1989 and 1988

(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	.....	
17	Ending balance	()	()
18	Ending Partners' Or Proprietor's Equity	\$	\$

NOT APPLICABLE

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

STATEMENTS OF CASH FLOW

FOR THE Years ENDED December 31, 1989 AND 1988
(UNAUDITED)
(\$ IN THOUSANDS)

LINE	DESCRIPTION (b)	(c) 1989	(d) 1988 Restated 3-15-90
1	Net Cash Provided (Used) By Operating Activities.....	\$ (17,306)	\$ 22,964
	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.....	(12,740)	(105,297)
5	Proceeds from disposition of property and equipment.....	21	1
6	Purchase of casino reinvestment obligations.....	(3,522)	(2,897)
7	Purchase of other investments and loans/advances made.....	(18,911)	(4,789)
8	Proceeds from disposal of investments and collection of advances and long-term receivables.....	203	13,209
9	Cash outflows to acquire business entities.....		
10			
11			
12	Net Cash Provided (Used) By Investing Activities.....	(34,949)	(99,773)
	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.....	153,515	79,592
16	Costs of issuing debt.....		
17	Payments to settle long-term debt.....	(121,541)	(7,519)
18	Cash proceeds from issuing stock or capital contributions.....		
19	Purchases of treasury stock.....		
20	Payments of dividends or capital withdrawals.....		
21			
22	Non-cash capital contribution, restructuring.....	24,318	-0-
23	Net Cash Provided (Used) By Financing Activities.....	56,292	72,073
24	Net Increase (Decrease) In Cash And Cash Equivalents.....	4,037	(4,736)
25	Cash And Cash Equivalents At Beginning Of Period.....	3,884	8,620
26	Cash And Cash Equivalents At End Of Period.....	\$ 7,921	\$ 3,884

SUPPLEMENTAL DISCLOSURE OF CASH FLOW INFORMATION

27	Cash Paid During Period For:		
28	Interest (net of amount capitalized).....	\$ 15,921	\$ 5,683
	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 Years ENDED December 31, 1989 AND 1988

(UNAUDITED)

(\$ IN THOUSANDS)

LINE (a)	DESCRIPTION (b)	(c) 1989	(d) 1988 Restated 3-15-90
	Net Cash Flows From Operating Activities:		
29	Net income (loss).....	\$ (11,297)	\$ (2,132)
	Noncash items included in income and cash items excluded from income:		
30	Depreciation and amortization of property and equipment.....	18,653	13,345
31	Amortization of other assets.....	3,800	981
32	Amortization of debt discount or premium.....		
33	Deferred income taxes - current.....		
34	Deferred income taxes - noncurrent.....	(378)	2,184
35	(Gain) loss on disposition of property and equipment.....	304	370
36	(Gain) loss on casino reinvestment obligations.....	1,098	891
37	(Gain) loss from other investment activities.....		
38	Net (increase) decrease in receivables and patrons' checks.....	(7,050)	(3,416)
39	Net (increase) decrease in inventories.....	129	(558)
40	Net (increase) decrease in other current assets.....	(153)	(1,273)
41	Net (increase) decrease in other assets.....	2,495	(6,817)
42	Net increase (decrease) in accounts payables.....	675	3,373
43	Net increase (decrease) in other current liabilities excluding debt.....	(4,748)	(1,332)
44	Net increase (decrease) in other noncurrent liabilities excluding debt.....	(20,834)	17,348
45			
46			
47	Net Cash Provided (Used) By Operating Activities.....	\$ (17,306)	\$ 22,964

SUPPLEMENTAL SCHEDULE OF NONCASH INVESTING AND FINANCING ACTIVITIES

48	Acquisition Of Property And Equipment:		
49	Additions to property and equipment.....	\$ (16,023)	\$ (102,237)
50	Less: Capital lease obligations incurred.....	* (3,283)	* (3,060)
	Cash Outflows For Property And Equipment.....	\$ (12,740)	\$ (105,297)
		=====	=====
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.....	\$	\$
		=====	=====

* CAPITAL LEASE OBLIGATIONS OF \$3,329 AND \$3,060 WERE INCURRED FOR 1989 AND 1988 RESPECTIVELY,
WHEN ADAMAR ENTERED INTO NEW PROPERTY AND EQUIPMENT LEASES. CAPITAL LEASE OBLIGATION
RETIREMENTS OF \$46 WERE INCURRED FOR 1989.

ADAMAR OF NEW JERSEY, INC.
DBA TROPWORLD CASINO AND ENTERTAINMENT RESORT
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS
FOR THE TWELVE MONTHS ENDED DECEMBER 31, 1989

I. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Basis of presentation.

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

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

On December 20, 1989, Ramada completed its program of restructuring with the closing of the merger in which New World Hotel (Holdings) Limited acquired Ramada's hotel business and the Ramada name. Prior to this, Ramada had sold its restaurant business and formed Aztar, a Delaware corporation and formerly a wholly-owned subsidiary of Ramada, to operate the Gaming Group which consists of: TropWorld Casino and Entertainment Resort in Atlantic City, New Jersey, Tropicana Resort and Casino in Las Vegas, Nevada, and Ramada Express Hotel and Casino in Laughlin, Nevada.

Inventories

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

Property and equipment

Property and equipment are stated at historical cost. Maintenance and repairs are charged to operations when incurred. Renewals and betterments, which significantly extend the useful lives of existing property and equipment, are capitalized. During construction the Company capitalizes interest and other direct and indirect development costs. Interest was capitalized monthly by applying the effective interest rate on borrowings for the project to the average balance of expenditures.

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

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

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

Deferred charges

Costs incurred by the Company in obtaining its initial gaming license to operate a casino in Atlantic City, New Jersey have been capitalized. These costs are being amortized over a ten-year period. Subsequent one-year renewal costs are amortized over the renewal period.

Casino Revenue

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

Complimentaries

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

Jackpot Payouts

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

Income taxes

The Company is included in Aztar's consolidated corporate federal income tax return. Deferred income taxes represent the tax effect of differences in the timing of income and expense recognition for tax purposes versus financial statement reporting purposes.

Preopening Costs

During June 1989, the Company revised its estimated useful life of preopening cost from two years to nine months and expensed the remaining deferred costs of \$2.6 million. Total amortization of preopening cost was \$3,542,000 and \$451,000 for the years ending December 31, 1989 and 1988, respectively.

SALE/LEASEBACK TRANSACTION AND EXPANSION

In November 1984, the Company transferred the original building (the "Building") and certain other non-gaming assets (collectively, the "Hotel Assets") of TropWorld Casino and Entertainment Resort ("TropWorld"), to Ambassador General Partnership ("AGP"), in exchange for a 99.9% interest in AGP. The assets transferred had a net book value of approximately \$226,000,000. Simultaneously with the transfer, the Company gave its interest in AGP to Ramada as a dividend, which then sold the interest to a limited partnership, Ambassador Real Estate Investors, L.P. ("AREI") for \$243,900,000. A director of Aztar is a general partner in AGP and AREI (collectively, the "Partnerships") and also holds a limited partnership interest in AREI. The Company did not realize any gain or loss on the transaction.

17 In addition to the transfer of assets to AGP, the Company leased the land (the "Land") on which the Building is located to AGP for a term of 65 years and leased back the Hotel Assets and Land from AGP under a 10-year lease agreement (the "Operating Lease") with three 10-year renewal options. For financial reporting purposes, the leaseback has been principally recorded as an operating lease (see "Note II-5: Lease Obligations") except for the portion related to furniture and equipment, which has been capitalized.

In connection with the sale/leaseback transaction, Ramada Hotel Operating Company, the Company's former parent company, gave its interest in the Company to Ramada. Subsequently, Ramada exchanged its interest in the Company for the common stock of RNJHC.

Aztar has an option to repurchase AGP's interest in TropWorld commencing in 1991 for a repurchase price determined by an adjusted fair market appraisal method with a minimum of \$268,900,000 and a maximum of \$375,000,000.

The Company partially financed the expansion (the "Expansion") with a construction loan of \$112,009,000. The Company chose to retain ownership of the Expansion and operate the expansion facility and the original Tropicana as a single integrated facility. AGP retained ownership of the Hotel Assets acquired in 1984 and all agreements pertaining to these assets remain unchanged. As part of the restructuring of Ramada in December 1989, the Company paid the construction loan of \$112,009,000 in full with proceeds of \$140,000,000 received from Aztar Mortgage Funding, Inc. ("AMF"). AMF is a Delaware corporation and wholly-owned special purpose subsidiary of Aztar organized to borrow funds and to lend those funds to its affiliates. On December 20, 1989, AMF issued \$170,000,000 principal amount of 13.5% First Mortgage Notes due 1996. In turn, the Company borrowed \$140,000,000 from AMF, of which \$112,009,000 was used to pay off the construction loan.

Beginning in 1985, the Company funds the purchase of replacement furniture and equipment required for the operation of TropWorld, up to certain maximum amounts per year, with loans collateralized by a mortgage receivable (the "FF&E Mortgage") with AGP. Such furniture and equipment purchases are leased back to the Company by AGP pursuant to a lease agreement under which the Company pays rent to AGP for a period of five years. For financial reporting purposes these leases are recorded as capital leases. Principal and interest payments are not made on the loans until the maturity of each loan.

Aztar has entered into a maintenance services contract with AGP to provide certain maintenance services at cost plus an annual fee of \$500,000. Aztar has subcontracted the contract to the Company. The Company also provides the Partnerships with accounting and other administrative services on a reimbursable basis.

1990	\$ 1,000,000
1991	2,250,000
1992	2,250,000
1993	2,250,000
1994	272,000
1995	0
1996	20,250,000
TOTAL	\$19,022,000

II. SIGNIFICANT INFORMATION

NOTE 1. PROPERTY AND EQUIPMENT

At December 31, 1989 and 1988, the components of property and equipment consisted of:

	<u>1989</u>	<u>1988</u>
Land	\$ 36,308,000	\$ 35,708,000
Building, furniture and fixtures	276,184,000	260,741,000
Less accumulated depreciation	(64,977,000)	(48,066,000)
Construction in progress	<u>1,143,000</u>	<u>3,230,000</u>
Total property and equipment	<u>\$248,658,000</u>	<u>\$251,613,000</u>

NOTE 2. LONG-TERM DEBT

At December 31, 1989 and 1988, long-term debt consisted of:

	<u>1989</u>	<u>1988</u>
Note payable; prime minus 1%;	\$ -	\$ 444,000
Mortgage payable; 10%;	-	321,000
Construction and term loan; various interest rate options ranging from prime plus 3/4% to LIBOR plus 1 3/4%;	-	98,493,000
Note payable to AMF; 13.5%; due 1996;	140,000,000	-
Obligations under capital leases	<u>9,009,000</u>	<u>14,494,000</u>
	149,009,000	113,752,000
Less current portion	<u>(2,694,000)</u>	<u>(15,668,000)</u>
Long-term portion	<u>\$146,315,000</u>	<u>\$98,084,000</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:

1990	\$ 2,694,000
1991	2,253,000
1992	1,942,000
1993	1,448,000
1994	672,000
1995	-
1996	<u>140,000,000</u>
TOTAL	<u>\$149,009,000</u>

As part of the restructuring of Ramada in December 1989, the Company borrowed \$140,000,000 from AMF, of which \$112,009,000 was used to pay off the construction loan and \$17,052,000 was borrowed by AGC (see "Note III-2 - Investments, Advances and Receivables"). The principal sum of \$140,000,000 is due on September 15, 1996, with interest due in semi-annual installments on March 15 and September 15 of each year, commencing on March 15, 1990. The priority of the lien of the \$140,000,000 note will rank pari passu with the priority of the lien of the AGP \$175,000,000 12% First Mortgage Notes due 1996 to unaffiliated parties, and no action will be taken which would give any preference or priority against the other with respect to TropWorld.

NOTE 3. DEFERRED CREDITS

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

NOTE 4. CAPITAL STOCK

The authorized, issued, and outstanding shares of capital stock at December 31, 1989 were as follows:

Class A Preferred - without par value, nonconvertible, voting; authorized, issued, and outstanding - 20,609 shares

Class B Preferred - without par value, nonconvertible, voting; authorized, issued, and outstanding - 50,000 shares

Common - without par value; authorized, issued, and outstanding - 100 shares

NOTE 5. LEASE OBLIGATIONS

The Company is a party to noncancelable lease agreements involving land, buildings and equipment. The leases extend for varying periods up to 89 years and generally provide for the payment of taxes, insurance and maintenance (executory costs) by the lessee. Some of these leases have provisions for renewal options primarily under similar terms, and/or options to purchase at various dates.

In connection with the sale/leaseback transaction, the leaseback has been principally recorded as an operating lease except for that portion related to furniture and equipment which has been capitalized. The initial term of the operating lease is ten years (but may be extended an additional two years under certain circumstances), with options to extend the term for three consecutive terms of ten years each. The basic rent has been adjusted for changes in the Consumer Price Index subject to ceilings in the cumulative percentage increase, beginning in 1987, and will be adjusted every two years thereafter. The lease also provides for the payment of certain executory costs by the Company. In addition, Aztar has an option to repurchase the Hotel Assets from AGP commencing in 1991. (See "Sale/Leaseback Transaction of Note I").

As part of the restructuring of Ramada in December 1989, Adamar Garage Corporation ("AGC") purchased the Transportation Center (a 1,100-space self-park garage and a 9-bay bus terminal) and a 1,100-space parking garage from unaffiliated owners. These parking facilities were previously leased by the Company from the unaffiliated owners. The Company has entered into an agreement with AGC for the lease of the parking garages along with the

land, all improvements and air rights. The rental amount is \$6,200,000 per year and will expire on February 4, 2078.

Minimum future lease obligations on noncancelable leases at December 31, 1989 are as follows (in thousands):

<u>YEAR</u>	<u>OPERATING</u>	<u>CAPITAL</u>
1990	\$ 53,870	\$ 5,270
1991	53,039	4,014
1992	52,461	2,993
1993	52,176	1,903
1994	44,515	757
Thereafter	<u>515,194</u>	<u>-</u>
Total	<u>\$771,255</u>	<u>14,937</u>
Amount representing executory costs		(688)
Amount representing interest		<u>(5,240)</u>
Net present value		9,009
Less current portion		<u>(2,694)</u>
Long-term portion		<u>\$ 6,315</u>

Total rental expenses under operating leases for 1989 and 1988 amounted to \$58,288,000 and \$53,420,000, respectively.

NOTE 6. COMMITMENTS AND CONTINGENCIES

Licensing

On November 26, 1982, the Company was granted a permanent gaming license by the New Jersey Casino Control Commission. The license is renewable on a biennial basis. The license was renewed on November 21, 1989, effective November 26, 1989, for a period of two years. Management has received no indication that future renewals will not be granted.

Adamar is a party to various claims, legal actions, and complaints arising in the ordinary course of business or asserted by way of defense or counter-claim in actions filed by Adamar.

Management believes that its defenses are substantial in each of the above-mentioned matters and that the Company's legal posture can be successfully defended without material adverse effect on its consolidated financial position.

The New Jersey Casino Control Commission imposes an annual tax of eight percent on gross revenue. Pursuant to legislation adopted in 1984, casino licensees are required to invest an additional one and one-quarter percent of gross casino revenue for the purchase of bonds to be issued by the Casino Reinvestment Development Authority ("CRDA") or make other approved investments equal to that amount; in the event the investment requirement is not met, the casino licensee is subject to a tax of two and one-half percent of gross casino revenue. As mandated by the legislation, the interest rate of the CRDA bonds purchased by the licensee will be two-thirds of the average market rate for bonds available for purchase and

NOTE 8.

published by a national bond index at the time of the CRDA bond issuance. The Company's reinvestment obligation for 1989 and 1988, respectively, was \$3,517,000 and \$2,897,000 for the purchase of CRDA bonds and, accordingly, the Company recorded a loss provision of \$1,098,000 and \$891,000 to recognize the effect of the below market interest rate the bonds would have borne had they been issued on December 31, 1989 and 1988, respectively.

NOTE 7.

COMPLIMENTARY SERVICES

The amount of promotional allowances and promotional expenses for the twelve months ended December 31, 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	105,659	\$10,927,000	534	\$ 21,000
Food	1,534,599	15,039,000	90,751	889,000
Beverage	5,521,345	7,889,000	-0-	-0-
Travel	-0-	-0-	9,858	3,450,000
Showroom/Boxing Tivoli Pier	200,358	817,000	20,481	410,000
Coin Payouts	-0-	-0-	2,833,621	36,096,000
Other	314,630	3,146,000	69,927	699,000
Total	7,676,591	\$37,818,000	3,025,172	\$41,565,000

The amount of promotional allowances and promotional expenses for the quarter ended December 31, 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	23,331	\$ 2,556,000	83	\$ 3,000
Food	311,232	3,050,000	21,466	210,000
Beverage	1,279,890	2,163,000	-0-	-0-
Travel	-0-	-0-	1,849	647,000
Showroom/Boxing Tivoli Pier	26,814	113,000	3,804	76,000
Coin Payouts	-0-	-0-	549,668	6,815,000
Other	122,179	1,221,000	18,581	186,000
Total	1,763,446	\$ 9,103,000	595,451	\$ 7,937,000

NOTE 8. JACKPOT PAYOUTS

Jackpot payouts for the year ended December 31, 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	-0-	\$ -0-	4	\$ 95,432
Total	-0-	\$ -0-	4	\$ 95,432

Jackpot payouts for the three months ending December 31, 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	-0-	\$ -0-	1	\$ 23,858
Total	-0-	\$ -0-	1	\$ 23,858

NOTE 9. RELATED PARTIES

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.	\$ -0-	\$ 22,191,000
Due to Aztar Mortgage Funding	420,000	-0-
Due to Tropicana West	-0-	174,000
Due to Ramada New Jersey Inc.	15,000	2,354,000
	<u>\$ 435,000</u>	<u>\$ 24,719,000</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 Aztar Corporation	\$ 1,625,000	\$ 7,904,000
Advances to Tropicana West	7,439,000	-0-
Advances to Adamar Garage Corporation	289,000	-0-
	<u>9,353,000</u>	<u>7,904,000</u>
Note Receivable-Adamar Garage Corporation	17,052,000	-0-
	<u>\$ 26,405,000</u>	<u>\$ 7,904,000</u>

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

For the twelve months ended December 31, 1989 and 1988 the Company incurred management fees from Ramada Inc. of \$664,000 and \$483,000 respectively.

The nature of "Charges from affiliates - other" for the twelve months ended December 31, 1989 and 1988 are as follows:

	<u>1989</u>	<u>1988</u>
Basic rent - AGP	\$ 49,037,000	\$ 44,509,000
Rent	695,000	695,000
Rent - Adamar Garage Corporation	<u>74,000</u>	<u>-0-</u>
Total	<u>\$ 49,806,000</u>	<u>\$ 45,204,000</u>

For the twelve months ended December 31, 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:

	<u>1989</u>	<u>1988</u>
<u>COST OF GOODS AND SERVICES</u>		
Executive Deferred Compensation Plan	\$ 3,000	\$ 3,000
Property Insurance	560,000	722,000
Miscellaneous Purchases	1,000	25,000
Executive Employee Relocation	4,000	3,000
Workman's Compensation	889,000	706,000
Total	<u>\$1,457,000</u>	<u>\$1,459,000</u>

SELLING, GENERAL AND ADMINISTRATIVE

	<u>1989</u>	<u>1988</u>
Insurance (1)	\$1,800,000	\$1,630,000
Executive Deferred Compensation Plan	49,000	35,000
Legal and Professional Fees	365,000	75,000
Workman's Compensation	<u>169,000</u>	<u>112,000</u>
Permanent tax differences	<u>2,383,000</u>	<u>1,852,000</u>
Total	<u>\$3,840,000</u>	<u>\$3,311,000</u>

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

NOTE 10. INTEREST PLANS

External interest expenses of \$16,701,000 and \$3,560,000 in the twelve 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 incurred	\$16,701,000	\$10,226,000
Less capitalized interest	-0-	(7,514,000)
Capitalized interest allocated to Ramada	-0-	<u>848,000</u>
	<u>\$16,701,000</u>	<u>\$ 3,560,000</u>

NOTE 11. 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	\$(1,324,000)	\$ 299,000
Federal Deferred	<u>946,000</u>	<u>1,885,000</u>
Total Deferred	<u>(378,000)</u>	<u>2,184,000</u>
State Current	-0-	(578,000)
Federal Current	<u>(6,788,000)</u>	<u>(2,882,000)</u>
Total Current	<u>(6,788,000)</u>	<u>(3,460,000)</u>
TOTAL	<u>\$(7,166,000)</u>	<u>\$(1,276,000)</u>

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

	<u>1989</u>	<u>1988</u>
Computed expected tax expense	34.0%	34.0%
Increase/(Decrease) in tax resulting from:		
State taxes, net	4.7%	5.4%
Permanent tax differences	<u>0.1%</u>	<u>(2.0%)</u>
Total	<u>38.8%</u>	<u>37.4%</u>

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

The net operating loss generated in 1989 was carried back to the years 1986, 1987, and 1988 when the statutory rates applicable to the Company rates ranged from 46% to 34%. Accordingly, the adjustment to the current year's tax provision at the statutory rate takes into account this rate differential.

NOTE 12. PENSION PLANS

Effective June 1, 1988, the Company merged with Ramada Inc.'s profit sharing and employee savings plan which covers substantially all employees located in the United States who are not covered by a collective bargaining unit. The savings plan allows employees of Adamar to defer up to a maximum amount of \$7,627 of their 1989 income on a pre-tax basis through contributions to the plan. Profit sharing expense for 1989 and 1988 was \$1,237,000 and \$1,194,000 respectively.

Adamar makes contribution based on hours worked, as specified in five union agreements, to union administrated, multiemployer, defined contribution pension plans. Contributions for these plans during 1989 and 1988 amounted to \$595,000 and \$1,086,000, respectively.

III. SUPPORTING SCHEDULES FOR MATERIAL ITEMS

NOTE 1. PREPAID EXPENSES AND OTHER CURRENT ASSETS

At December 31, 1989 and 1988, Prepaid expenses and Other current assets consisted of the following:

	<u>1989</u>	<u>1988</u>
Prepaid slot machine licenses	\$ 600,000	\$ 596,000
Prepaid rent	91,000	108,000
Prepaid NJ current corporate license	501,000	856,000
Prepaid insurance	21,000	218,000
Prepaid interest	-	130,000
Other	3,017,000	2,169,000
TOTAL	\$ 4,230,000	\$ 4,077,000

NOTE 2. INVESTMENTS, ADVANCES, AND RECEIVABLES

At December 31, 1989 and 1988, Investments, Advances, and Receivables consisted of the following:

	<u>1989</u>	<u>1988</u>
Due from Affiliates	9,353,000	7,904,000
CRDA Investments	11,608,000	9,184,000
Mortgage receivable	13,589,000	13,179,000
Long-term investment	-	283,000
Note receivable-Adamar Garage Corporation	17,052,000	-
Long-term note receivable	260,000	180,000
Total	\$ 51,862,000	\$ 30,730,000

As part of the restructuring of Ramada in December 1989, AGC borrowed \$17,052,000 from Adamar. The principal sum of \$17,052,000 is due on September 15, 1996, with interest due in semi-annual installments on March 15 and September 15 of each year, commencing on March 15, 1990, at a rate of 13.5%.

NOTE 3. OTHER ACCRUED EXPENSES

At December 31, 1989 and 1988, Other accrued expenses consisted of the following:

	<u>1989</u>	<u>1988</u>
Accrued payroll taxes and benefits	\$ 6,210,000	\$ 5,598,000
Accrued advertising	724,000	1,106,000
Accrued rent	250,000	371,000
Accrued taxes	420,000	450,000
Accrued progressive slot win	4,685,000	3,283,000
Accrued CCC & DGE	964,000	655,000
Accrued miscellaneous	1,871,000	1,529,000
Other	<u>1,259,000</u>	<u>1,582,000</u>
Total	<u>\$ 16,383,000</u>	<u>\$ 14,574,000</u>

NOTE 4. OTHER CURRENT LIABILITIES

At December 31, 1989 and 1988, Other current liabilities consisted of the following:

	<u>1989</u>	<u>1988</u>
Reinvestment Obligation	\$ 783,000	\$ 753,000
Accrued construction payables	284,000	7,637,000
Gaming chips	925,000	775,000
Casino and RCC payment deposit	325,000	100,000
Unclaimed wages	365,000	242,000
Other	<u>378,000</u>	<u>387,000</u>
Total	<u>\$ 3,060,000</u>	<u>\$ 9,894,000</u>

NOTE 5. OTHER LIABILITIES

At December 31, 1989 and 1988 Other liabilities consisted of the following:

	<u>1989</u>	<u>1988</u>
Due to affiliates	\$ 435,000	\$24,719,000
Deferred rent	<u>18,460,000</u>	<u>15,010,000</u>
TOTAL	<u>\$ 18,895,000</u>	<u>\$ 39,729,000</u>

NOTE 6. NON-OPERATING INCOME/(EXPENSE)

For the period ending December 31, 1989 and 1988, Non-operating income/(expense) consisted of the following:

	<u>1989</u>	<u>1988</u>
Interest income	\$ 3,428,000	\$ 2,414,000
Administrative fee	100,000	100,000
Leased land rental	5,542,000	5,542,000
Maintenance reimbursement	11,574,000	10,803,000
Loss on dispositions	<u>(304,000)</u>	<u>(370,000)</u>
Total	<u>\$ 20,340,000</u>	<u>\$ 18,489,000</u>

TRADING NAME OF LICENSEE TropWorld Casino and Entertainment Resort

SCHEDULE OF RECEIVABLES AND PATRONS' CHECKS

December 31, 1989

(UNAUDITED)

(\$ IN THOUSANDS)

ACCOUNTS RECEIVABLE BALANCES				
LINE	DESCRIPTION	ACCOUNT	ALLOWANCE	ACCOUNTS RECEIVABLE-
(a)	(b)	(c) BALANCE	(d)	(E) NET OF ALLOWANCE
	Patrons' Checks:	\$		
1	Undeposited patrons' checks.....	6,794		
2	Returned patrons' checks.....	14,229		
3	Total patrons' checks.....	21,023	(10,716)	10,307
4	Hotel Receivables.....	2,594	(234)	2,360
	Other Receivables:			
5	Receivables due from officers and employees..	12		
6	Receivables due from affiliates.....	-0-		
7	Other accounts and notes receivables.....	8,695		
8	Total other receivables.....	8,707		8,707
9	Totals (Form 205).....	\$ 32,324	\$ (10,950)	\$ 21,374

UNDEPOSITED PATRONS' CHECKS ACTIVITY		
LINE	DESCRIPTION	AMOUNT
(f)	(g)	(h)
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).....	218,069
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).....	(157,663)
13	Checks collected through deposits.....	(49,170)
14	Checks transferred to returned checks.....	(9,871)
15	Other adjustments.....	-0-
16	Ending Balance.....	\$ 6,794
17	"Hold" Checks Included in Balance On Line 16.....	\$ -0-
18	Provision For Uncollectible Patrons' Checks.....	\$ 4,011
19	Provision As A Percent Of Counter Checks Issued.....	1.8

STATEMENT OF CONFORMITY AND ACCURACY

TRADING NAME OF LICENSEE TropWorld Casino and Entertainment Resort

CASINO DEPARTMENTAL SCHEDULE

STATE OF New Jersey

COUNTY OF Atlantic

FOR THE YEAR ENDED DECEMBER 31, 19 89

(UNAUDITED)
(\$ IN THOUSANDS)

LINE (a)	DESCRIPTION (b)	AMOUNT (c)	DROP (d)	WIN OR (LOSS) PERCENT (e)	WEIGHTED AVG. NUMBER OF TABLES (f) OR MACHINES
	Revenue:				
1	Blackjack	54,853	388,154	14.1	109
2	Craps	34,170	246,267	13.9	20
3	Roulette	10,241	41,513	24.7	10
4	Big Six	2,627	5,229	50.2	4
5	Baccarat	10,148	63,024	16.1	4
6	Other table games	-	-	-	-
7	Total table games revenue	112,039	\$ 744,187	15.1	147
			HANDLE		
8	\$.05 slot machines	4,609	29,436	15.7	119
9	\$.25 slot machines	57,956	401,757	14.4	988
10	\$1.00 slot machines	28,715	257,813	11.1	314
11	Other slot machines	82,101	876,443	9.4	950
12	Total coin-operated devices revenue	173,381	\$ 1,565,449	11.1	2,371
13	Progressive jackpot adjustment	1,401			
14	Total coin-operated devices revenue after adjustment	171,980			
15	Other income	-			
16	Total revenue	284,019			
17	Expenses:	40,137			
18	Payroll and payroll related expenses				
19	Licenses and taxes	24,964			
20	Provision for uncollectible patrons' checks	4,011			
21	Other	3,035			
22	Total	72,147			
	Departmental Income (Loss) Before Complimentary Services And Casino Management Fees.....	211,872			
23	Complimentary services and casino management fees:				
24	Complimentary services	1			
25	Casino management fees	-			
26	Total	1			
	Departmental Income (Loss)	\$ 211,871			

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

Lester Brzozowski
Signature

Vice President of Finance
Title

03032-11

License Number

Subscribed and sworn to
before me this 15th day
of March, 1990

On Behalf Of:

Alfred Durso
Signature

TropWorld Casino & Entertainment Resort
Casino Licensee

DOLAN DURSO
NOTARY PUBLIC OF NEW JERSEY
My Commission Expires **Aug 27, 1991**

Basis of Authority
to Take Oaths

TRADING NAME OF LICENSEE TROPWORLD CASINO & ENTERTAINMENT RESORT

GROSS REVENUE
ANNUAL TAX RETURN

LICENSEE TROPWORLD CASINO & ENTERTAINMENT RESORT

ADDRESS Brighton Avenue & the Boardwalk

Atlantic City, NJ 08401-6390

FOR THE YEAR ENDED DECEMBER 31, 19 89

TO THE

CASINO CONTROL COMMISSION

OF THE

STATE OF NEW JERSEY



NAME OF OFFICER IN CHARGE
OF CORRESPONDENCE REGARDING
THIS ANNUAL TAX RETURN

Lester Brzozowski

OFFICIAL TITLE

Vice President of Finance

ADDRESS

Brighton Avenue & the Boardwalk

Atlantic City, NJ 08401-6390

GROSS REVENUE ANNUAL TAX RETURN

STATEMENT OF CONFORMITY AND ACCURACY

FOR THE YEAR ENDED DECEMBER 31, 19 89

STATE OF NEW JERSEY

(UNAUDITED)

COUNTY OF ATLANTIC

(\$ IN THOUSANDS)

LINE			
	Casino win or (loss)		
1	Table games revenue	\$112,039,811	
2	Coin-operated devices revenue	173,380,801	
3	Total revenues		\$ 285,420,612
	Less - adjustment for uncollectible patrons' checks:		
4	Provision for uncollectible patrons' checks	\$ 4,010,928	
5	Maximum adjustment (4% of line 3)	\$ 11,416,824	
6	Adjustment (the lesser of line 4 or line 5)		4,010,928
7	Gross revenues (line 3 less line 6)		\$ 281,409,684
8	Tax on gross revenues - current year (8% of line 7)		\$ 22,512,775
9	Audit or other adjustments to tax on gross revenues in prior years		-0-
10	Total tax on gross revenues (line 8 plus or minus line 9)		22,512,775
	Deposits made for tax on current year's gross revenues:		
11	January	\$ 1,285,339	
12	February	1,461,966	
13	March	1,636,421	
14	April	1,730,731	
15	May	2,076,726	
16	June	1,915,995	
17	July	2,739,938	
18	August	2,140,816	
19	September	1,956,665	
20	October	2,148,582	
21	November	1,696,550	
22	December	1,097,219	
23	January	625,827	
24	Total deposits made for tax on current year's gross revenues		(22,512,775)
25	Settlement of prior years' tax on gross revenues resulting from audit or other adjustments - (deposits) credits		-0-
26	Gross revenues tax payable (line 10 less line 24 plus or minus line 25)		\$ -0-

STATEMENT OF CONFORMITY AND ACCURACY

STATE OF NEW JERSEY

COUNTY OF ATLANTIC

:
:SS.
:

Lester Brzozowski
Name

, being duly sworn according

to law upon my oath deposes and says:

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

Lester Brzozowski

Signature

Vice President of Finance
Title

#03032-11

License Number

Subscribed and sworn to
before me this 8th day
of March, 1990.

James J. Molano
Signature
my Commission expires
September 14, 1992

Basis of Authority
to Take Oaths

On Behalf Of:

TropWorld Casino & Entertainment Reso:
Casino Licensee

ANNUAL EMPLOYMENT AND PAYROLL REPORT

LICENSEE ADAMAR OF NEW JERSEY INC

ADDRESS BRIGHTON & BOARDWALK

ATLANTIC CITY NJ 08401

FOR THE YEAR ENDED DECEMBER 31, 19

TO THE

CASINO CONTROL COMMISSION

OF THE

STATE OF NEW JERSEY



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

LESTER BRZOZOWSKI

OFFICIAL TITLE.....

VICE PRESIDENT OF FINANCE

ADDRESS.....

BRIGHTON & BOARDWALK

ATLANTIC CITY NJ 08401

ANNUAL EMPLOYMENT AND PAYROLL REPORT

FOR THE YEAR ENDED DECEMBER 31, 19 89
(\$ in Thousands)

LINE (a)	DEPARTMENT (b)	NUMBER OF (c) EMPLOYEES	SALARIES AND WAGES		(f) TOTALS
			(d) OTHER EMPLOYEES	(e) OFFICERS & OWNERS	
	CASINO				
1	Administration	21			
2	Gaming	1450			
3	Slots	175			
4	Casino accounting	407			
5	Other Casino Marketing	105			
6	Total-casino	2158	\$ 32,699	\$	\$ 32,699
7	ROOMS	493	7,433		7,433
8	FOOD AND BEVERAGE	1052	15,385		15,385
	OTHER OPERATED DEPARTMENTS				
9	Communications	22	332		332
10	Gift Shop	27	416		416
11	Transportation	234	2,344		2,344
12	Hotel Sales	10	304		304
13	Tivoli Pier	78	1,512		1,512
14					
15					
16					
17					
18					
19					
	ADMINISTRATIVE AND GENERAL				
20	Executive office	19	213	947	1,160
21	Accounting and auditing	252	3,823		3,823
22	Security	217	3,929		3,929
23	Other administrative and general department ..	76	1,594		1,594
24	MARKETING	101	1,734		1,734
25	GUEST ENTERTAINMENT	67	1,070		1,070
26	PROPERTY OPERATION AND MAINTENANCE	129	3,703		3,703
27	TOTALS - ALL DEPARTMENTS	4935	\$ 76,491	\$ 947	\$ 77,438

ANNUAL EMPLOYMENT AND PAYROLL REPORT

TRADING NAME OF LICENSEE TROPWORLD CASINO AND ENTERTAINMENT RESORT

HOTEL STATISTICS

FOR THE YEAR ENDED DECEMBER 31, 1989

Trading Name of Licensee TROPWORLD CASINO & ENTERTAINMENT RESORT

ANNUAL EMPLOYMENT AND PAYROLL REPORT
SIGNATURE PAGE

For the Year Ended December 31, 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	\$ 72.00	72.0 %	38,790	\$ 38.34
FEBRUARY	1,014	35,490	30,031	\$ 70.00	84.6 %	60,231	\$ 34.98
MARCH	1,014	28,392	25,462	\$ 77.00	89.7 %	60,998	\$ 35.90
1ST QUARTER TOTALS		92,274	75,943	\$ 71.1	82.3 %	159,999	\$ 36.16
APRIL	1,014	28,392	25,553	\$ 74.00	90.0 %	51,779	\$ 36.52
MAY	1,014	35,490	26,471	\$ 87.00	74.6 %	42,000	\$ 43.77
JUNE	1,014	28,392	25,484	\$ 87.00	89.8 %	48,000	\$ 43.27
2ND QUARTER TOTALS		92,274	77,490	\$ 81.0	84.0 %	141,779	\$ 41.20
JULY	1,014	28,392	26,256	\$ 89.00	92.8 %	44,000	\$ 47.97
AUGUST	1,014	35,490	32,813	\$ 92.00	92.7 %	67,000	\$ 43.27
SEPTEMBER	1,014	28,392	24,598	\$ 89.00	86.9 %	47,000	\$ 41.86
3RD QUARTER TOTALS		92,274	83,783	\$ 93.0	90.8 %	169,000	\$ 46.12
OCTOBER	1,014	28,392	24,779	\$ 84.00	87.3 %	47,235	\$ 44.24
NOVEMBER	1,014	30,420	25,223	\$ 82.00	82.9 %	49,236	\$ 42.15
DECEMBER	1,014	31,434	19,281	\$ 81.93	61.3 %	38,912	\$ 40.59
4TH QUARTER TOTALS		90,246	69,283	\$ 82.92	76.8 %	135,363	\$ 42.43
ANNUAL TOTALS		367,068	306,447	\$ 82.64	83.5 %	502,740	\$ 41.50

3/15/90
Date

Letel Rozanski
Signature

VP - FINANCE
Title

HOTEL STATISTICS

FOR THE 12 MONTHS ENDED December 31, 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	1,014	28,392	24,779	\$ 84.34	87.3 %	47,235	\$ 44.24
NOVEMBER	1,014	30,420	25,223	\$ 82.28	82.9 %	49,236	\$ 42.15
DECEMBER	1,014	31,434	19,281	\$ 81.93	61.3 %	38,912	\$ 40.59
4TH QUARTER TOTALS		90,246	69,283	\$ 82.92	76.8 %	135,383	\$ 42.43
ANNUAL TOTALS		367,068	306,447	\$ 82.64	83.5 %	608,740	\$ 41.60



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ANNUAL REPORT

974-901

C193

LICENSEE TRUMP CASTLE ASSOCIATES
ADDRESS Huron Avenue & Brigantine Blvd.
Atlantic City, NJ 08401

FOR THE YEAR ENDED DECEMBER 31, 19 89

TO THE
CASINO CONTROL COMMISSION
OF THE
STATE OF NEW JERSEY



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

Thomas P. Venier

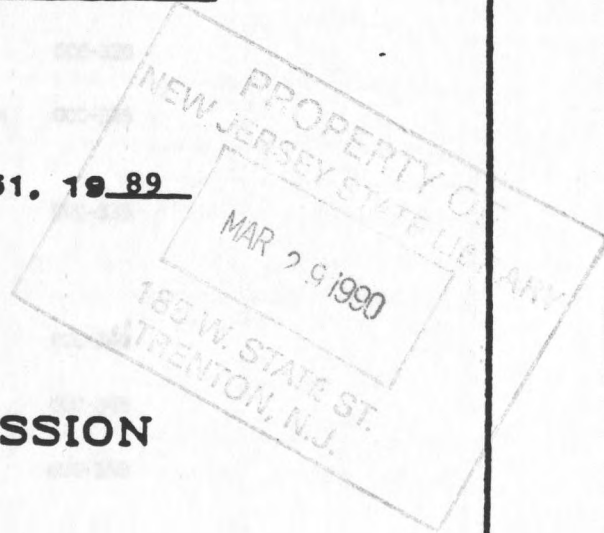
OFFICIAL TITLE

Vice President Finance

ADDRESS

Huron Avenue & Brigantine Blvd.

Atlantic City, NJ 08401



TRADING NAME OF LICENSEE TRUMP CASTLE HOTEL & CASINO

BALANCE SHEETS

DECEMBER 31, 1989 and 1988

(UNAUDITED)
(\$ IN THOUSANDS)

LINE (a)	DESCRIPTION (b)	(c) 1989	(d) 1988
	ASSETS		
	Current Assets:		
1	Cash.....	\$ 14,598	\$ 19,713
2	Marketable securities.....(NOTE 1).....	9,655	0
3	Receivables and patrons' checks (net of allowance for doubtful accounts - 1989, \$2,629; 1988, \$1,257).....	16,307	13,858
4	Inventories.....	3,491	3,038
5	Prepaid expenses and other current assets.....	2,730	2,300
6	Total current assets.....	46,781	38,909
7	Investments, Advances, And Receivables.....	7,269	5,053
8	Property And Equipment - Net.....(NOTE 2).....	373,780	340,374
9	Other Assets.....(NOTE 6).....	11,934	12,551
10	Total Assets.....	\$439,764	\$396,887
	LIABILITIES AND EQUITY		
	Current Liabilities:		
11	Accounts payable.....(NOTE 7).....	\$ 8,470	\$ 22,638
12	Notes payable.....(NOTE 5).....	15,000	0
	Current portion of long-term debt:		
13	Due to affiliates.....(NOTE 3).....	22,680	0
14	Other.....	0	0
15	Income taxes payable and accrued.....	0	0
16	Other accrued expenses.....(NOTE 8).....	13,056	9,909
17	Other current liabilities.....(NOTE 9).....	13,143	11,970
18	Total current liabilities.....	72,349	44,517
	Long-Term Debt:		
19	Due to affiliates.....(NOTE 3).....	285,144	305,722
20	Other.....(NOTE 4).....	50,000	17,981
21	Deferred Credits.....	0	445
22	Other Liabilities.....	19	19
23	Commitments And Contingencies		
24	Total Liabilities.....	407,512	368,684
25	Stockholders', Partners', Or Proprietor's Equity.....	32,252	28,203
26	Total Liabilities And Equity.....	\$439,764	\$396,887

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

TRADING NAME OF LICENSEE TRUMP CASTLE HOTEL & CASINO

STATEMENTS OF INCOME

FOR THE YEARS ENDED DECEMBER 31, 1989 and 1988

(UNAUDITED)
(\$ IN THOUSANDS)

(a)	(b) DESCRIPTION	(c) 1989	(d) 1988
	Revenue:		
1	Casino.....	\$264,358	\$248,022
2	Rooms.....	21,481	19,167
3	Food and beverage.....	45,797	40,165
4	Other.....	11,613	8,747
5	Total revenue.....	343,249	316,101
6	Less: Promotional allowances.....(NOTE 13)..	49,149	37,619
7	Net revenue.....	294,100	278,482
	Costs And Expenses:		
8	Cost of goods and services.....	156,128	145,501
9	Selling, general, and administrative.....	82,700	74,671
10	Provision for doubtful accounts.....	2,549	1,618
11	Depreciation and amortization.....	17,464	19,973
	Charges from affiliates other than interest:		
12	Management fees.....	0	0
13	Other.....	0	0
14	Total costs and expenses.....	258,841	241,763
15	Income (Loss) From Operations.....	35,259	36,719
	Other Income (Expenses):		
16	Interest (expense) - affiliates.....	(41,971)	(41,837)
17	Interest (expense) - external.....	(1,329)	0
18	Investment alternative tax and related income (expense) - net..(NOTE 11)..	(1,064)	(992)
19	Non-operating income (expense) - net.....(NOTE 10)..	1,941	2,648
20	Total other income (expenses).....	(42,423)	(40,181)
21	Income (Loss) Before Income Taxes And Extraordinary Items.....	(7,164)	(3,462)
22	Provision (credit) for income taxes.....	(466)	(344)
23	Income (Loss) Before Extraordinary Items.....	(6,698)	(3,118)
24	Extraordinary items (net of income taxes -		
25	1989, \$; 1988, \$).....	0	0
	Net Income (Loss).....	\$ (6,698)	\$ (3,118)

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

AMENDED
3-19-90

TRADING NAME OF LICENSEE TRUMP CASTLE HOTEL & CASINO

STATEMENTS OF INCOME

FOR THE THREE MONTHS ENDED DECEMBER 31, 1989 and 1988

(UNAUDITED)
(\$ IN THOUSANDS)

LINE (a)	DESCRIPTION (b)	(c) 1989	(d) 1988
	Revenue:		
1	Casino.....	\$ 61,805	\$ 56,594
2	Rooms.....	5,795	4,380
3	Food and beverage.....	10,858	9,182
4	Other.....	2,791	1,382
5	Total revenue.....	81,249	71,538
6	Less: Promotional allowances.....(NOTE 13).....	13,032	8,269
7	Net revenue.....	68,217	63,269
	Costs And Expenses:		
8	Cost of goods and services.....	38,741	33,664
9	Selling, general, and administrative.....	44,306	18,519
10	Provision for doubtful accounts.....	793	(537)
11	Depreciation and amortization.....	4,693	3,574
	Charges from affiliates other than interest:		
12	Management fees.....	0	0
13	Other.....	0	0
14	Total costs and expenses.....	66,533	55,220
15	Income (Loss) from Operations.....	1,684	8,049
	Other Income (Expenses)		
16	Interest (expense) - affiliates.....	(10,468)	(10,483)
17	Interest (expense) - external.....	(1,329)	0
18	Investment alternative tax and related income (expense) - net.....	(243)	(234)
19	Non-operating income (expense) - net.....(NOTE 10).....	523	707
20	Total other income (expenses).....	(11,517)	10,010
21	Income (Loss) Before Income Taxes and Extraordinary Items.....	(9,833)	(1,961)
22	Provision (credit) for income taxes.....	(734)	(194)
23	Income (Loss) Before Extraordinary Items.....	(9,099)	(1,767)
24	Extraordinary items (net of income taxes - 1989, \$; 1988, \$).....	0	0
25	Net Income (Loss).....	\$ (9,099)	\$ (1,767)

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-315

TRADING NAME OF LICENSEE TRUMP CASTLE HOTEL & CASINO

STATEMENTS OF CHANGES IN STOCKHOLDERS' EQUITY

FOR THE YEARS ENDED DECEMBER 31, 1989 and 1988

NOT APPLICABLE

(UNAUDITED)
(\$ IN THOUSANDS)

LINE (a)	DESCRIPTION (b)	1989		1988	
		(c) SHARES	(d) DOLLARS	(e) SHARES	(f) DOLLARS
	Common Stock:				
1	Beginning balance (January 1).....		\$		\$
2	Sale of stock.....				
3	.....			
4	Ending balance.....				
	Preferred Stock:				
5	Beginning balance (January 1).....				
6	Sale of stock.....				
7	.....			
8	Ending balance.....				
	Additional Paid-In Capital:				
9	Beginning balance (January 1).....				
10	.....			
11	.....			
12	Ending balance.....				
	Treasury Stock:				
13	Beginning balance (January 1).....		()		()
14	Purchase of additional stock.....		()		()
15	Sale or retirement of stock.....		()		()
16	Ending balance.....		()		()
	Subscriptions Receivable For Capital Stock:				
17	Beginning balance (January 1).....		()		()
18	.....		( )		( )
19	.....		( )		( )
20	Ending balance.....		()		()
	Net Unrealized Loss On Noncurrent Marketable Equity				
	Securities:				
21	Beginning balance (January 1).....		()		()
22	.....		( )		( )
23	.....		( )		( )
24	Ending balance.....		()		()
	Retained Earnings:				
25	Beginning balance (January 1).....				
26	Prior period adjustments.....				
27	Net income (loss).....				
28	Dividends.....		()		()
29	.....			
30	.....			
31	Ending balance.....				
32	Ending Stockholders' Equity.....		\$		\$

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

STATEMENTS OF CHANGES IN PARTNERS' OR
 PROPRIETOR'S EQUITY

FOR THE YEARS ENDED DECEMBER 31, 1989 and 1988

		(UNAUDITED)	
		(\$ IN THOUSANDS)	
LINE (a)	DESCRIPTION (b)	(c) 1989	(d) 1988
	Invested Capital:		
1	Beginning balance (January 1).....	\$ 66,196	\$ 66,196
2	Additional capital invested.....	7,000	0
3	.....	0	0
4	Ending balance.....	73,196	66,196
	Accumulated Income (Loss):		
5	Beginning balance (January 1).....	4,204	7,322
6	Prior period adjustments.....	0	0
7	Net income (loss).....	(6,598)	(3,118)
8	.....	0	0
9	Ending balance.....	(2,494)	4,204
	Capital Withdrawals:		
10	Beginning balance (January 1).....	(42,197)	(42,600)
11	Additional capital withdrawals.....	(0)	(5,857)
12	Repayment of Withdrawals.....	3,747	6,260
13	Ending balance.....	(38,450)	(42,197)
	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.....	\$ 32,252	\$ 28,203

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

CCC-325

TRADING NAME OF LICENSEE TRUMP CASTLE HOTEL & CASINO

STATEMENTS OF CASH FLOWS

FOR THE YEARS ENDED DECEMBER 31, 1989 and 1988

(UNAUDITED)
(\$ IN THOUSANDS)

LINE (a)	DESCRIPTION (b)	(c) 1989	(d) 1988
1	Net Cash Provided (Used) By Operating Activities.....	\$ 22,862	\$ 33,597
	Cash Flows From Investing Activities:		
2	Purchase of short-term investment securities.....	(9,655)	0
3	Proceeds from the sale of short-term investment securities.....	0	0
4	Cash outflows for property and equipment.....	(50,128)	(60,491)
5	Proceeds from disposition of property and equipment.....	0	143
6	Purchase of casino reinvestment obligations.....	(3,280)	(3,058)
7	Purchase of other investments and loans/advances made.....	0	0
8	Proceeds from disposal of investments and collection of advances and long-term receivables.....	0	0
9	Cash outflows to acquire business entities.....	0	0
10		0	0
11		0	0
12	Net Cash Provided (Used) By Investing Activities.....	(63,063)	(63,406)
	Cash Flows From Financing Activities:		
13	Cash proceeds from issuance of short-term debt.....	15,000	0
14	Payments to settle short-term debt.....	0	0
15	Cash proceeds from issuance of long-term debt.....	32,019	17,981
16	Costs of issuing debt.....	0	0
17	Payments to settle long-term debt.....	0	0
18	Cash proceeds from issuing stock or capital contributions.....	7,000	0
19	Purchases of treasury stock.....	0	0
20	Payments of dividends or capital withdrawals.....	0	(5,857)
21	Reclassification of Long Term Debt To Current Portion	(22,680)	0
22	Repayment of Capital Withdrawals	3,747	6,260
23	Net Cash Provided (Used) By Financing Activities.....	35,086	18,384
24	Net Increase (Decrease) In Cash And Cash Equivalents.....	(5,115)	(11,425)
25	Cash And Cash Equivalents At Beginning Of Year.....	19,713	31,138
26	Cash And Cash Equivalents At End Of Year.....	\$ 14,598	\$ 19,713

SUPPLEMENTAL DISCLOSURE OF CASH FLOW INFORMATION

27	Cash Paid During Year For:		
28	Interest (net of amount capitalized).....	\$ 41,173	\$ 39,935
	Income taxes.....	\$ 0	\$ 0

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

TRADING NAME OF LICENSEE TRUMP CASTLE HOTEL & CASINO

STATEMENTS OF CASH FLOWS

FOR THE YEARS ENDED DECEMBER 31, 1989 and 1988

(UNAUDITED)
(\$ IN THOUSANDS)

LINE (a)	DESCRIPTION (b)	(c) 1989	(d) 1988
	Net Cash Flows From Operating Activities:		
29	Net income (loss).....	\$ (6,698)	\$ (3,118)
	Noncash items included in income and cash items excluded from income:		
30	Depreciation and amortization of property and equipment.....	16,722	18,417
31	Amortization of other assets.....	742	1,556
32	Amortization of debt discount or premium.....	2,102	1,902
33	Deferred income taxes - current.....	0	0
34	Deferred income taxes - noncurrent.....	(466)	(344)
35	(Gain) loss on disposition of property and equipment.....	0	(72)
36	(Gain) loss on casino reinvestment obligations.....	1,064	992
37	(Gain) loss from other investment activities.....	0	0
38	Net (increase) decrease in receivables and patrons' checks.....	(2,449)	(2,341)
39	Net (increase) decrease in inventories.....	(453)	(96)
40	Net (increase) decrease in other current assets.....	(430)	(66)
41	Net (increase) decrease in other assets.....	(125)	(711)
42	Net increase (decrease) in accounts payable.....	(14,168)	16,709
43	Net increase (decrease) in other current liabilities excluding debt.....	4,320	774
44	Net increase (decrease) in other noncurrent liabilities excluding debt..	21	(5)
45	Net increase (decrease) current portion - Ltd.	22,680	0
46		0	0
47	Net Cash Provided (Used) By Operating Activities.....	\$ 22,862	\$ 33,597

SUPPLEMENTAL SCHEDULE OF NONCASH INVESTING AND FINANCING ACTIVITIES

48	Acquisition Of Property And Equipment:		
49	Additions to property and equipment.....	\$ 50,128	\$ 60,491
50	Less: Capital lease obligations incurred.....	0	0
	Cash Outflows For Property And Equipment.....	\$ 50,128	\$ 60,491
	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.....	\$ 7,000	\$ 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.....	\$ 7,000	\$ 0

12/87

Primarily from
operation for tax

Allowance for Doubtful Accounts

The allowance for doubtful accounts is maintained at a level considered adequate for possible future losses. The allowance was \$2,629,000 through December 31, 1989.

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.

Marketable Securities

Marketable securities as of December 31, 1989, consisted of the purchase, by the Partnership, of Trump Castle Funding, Inc. Series A-1 Bonds, which are presented at cost.

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 credit for state income taxes has been reflected in the accompanying financial statements. Deferred state income taxes result primarily from differences in the timing of reporting 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 \$2,629,000 through December 31, 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 years for buildings.

Original Issuance Discount and Bond Issuance Costs:

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

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

NOTE 2 - PROPERTY AND EQUIPMENT:
(In Thousands of Dollars)

Property and equipment as of December 31:

	<u>1989</u>	<u>1988</u>
Land	\$ 28,768	\$ 28,768
Buildings	239,731	237,120
Furniture, Fixtures and Equipment	85,252	67,374
Construction in Progress	29,440	64,730
Building Improvements	73,750	8,821
	-----	-----
TOTAL	\$456,941	\$406,813
Less Accumulated Depreciation	(83,161)	(66,439)
	-----	-----
Net Property and Equipment	<u>\$373,780</u>	<u>\$340,374</u>

NOTE 3 - LONG TERM DEBT:

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

The Series A-1 Bonds in an aggregate principal amount of \$226,800,000 bear interest at a rate of 13-3/4%, which is payable semi-annually, with the principal due in full in 1997. These bonds are redeemable at any time, subject to certain conditions at the option of the Company, at the principal amount plus a premium of 13-3/4%, in the first year, which premium declines 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 semi-annually 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 has been 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 December 31, 1989, the Company had borrowed \$50,000,000 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 December 31, 1989, Trump Castle has capitalized \$3,223,000 of interest associated with this borrowing.

NOTE 5 - LINE OF CREDIT - WORKING CAPITAL

As of December 31, 1989, the Partnership had drawn \$15,000,000 against a revolving credit line issued by a bank. The line is intended to fund short term working capital requirements, and is a demand note due and payable within twelve months of issuance, bearing interest at the bank's prime rate.

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

Other Assets consist of:	<u>1989</u>	<u>1988</u>
Deferred Loan Cost	\$ 480	\$ 588
Deferred Bond Costs (Net)	11,206	11,839
Other Non-Current Assets	248	124
	-----	-----
TOTAL OTHER ASSETS	<u>\$11,934</u>	<u>\$12,551</u>
	=====	=====

NOTE 7 - ACCOUNTS PAYABLE:
(In Thousands of Dollars)

	<u>1989</u>	<u>1988</u>
Accounts Payable Trade	\$ 8,096	\$13,599
Accounts Payable - Affiliates	0	3,747
Hilton Hotel Corporation	0	5,000
Patron Deposits	180	159
Other	194	133
	-----	-----
TOTAL ACCOUNTS PAYABLE	<u>\$ 8,470</u>	<u>\$22,638</u>
	=====	=====

NOTE 8 - OTHER ACCRUED EXPENSES: (In Thousands of Dollars)

Other accrued expenses consist of:	<u>Twelve Months</u>	
	<u>1989</u>	<u>1988</u>
Accrued Payroll & Taxes	\$4,117	\$2,598
Accrued Interest	1,775	1,775
Accrued Advertising/Promotions	1,767	948
Accrued Progressive Jackpots	1,254	777
Accrued Sick/Vacation	3,999	3,334
Other	144	477
	-----	-----
TOTAL OTHER ACCRUED EXPENSES	\$13,056	\$9,909
	=====	=====

NOTE 9 - OTHER CURRENT LIABILITIES: (In Thousands of Dollars)

Other current liabilities consist of:	<u>Twelve Months</u>	
	<u>1989</u>	<u>1988</u>
Outstanding Chip Liability	\$1,350	\$1,616
Outstanding Token Liability	311	209
Patron Deposits	250	150
Accrued Utilities	325	366
Accrued Group Health Insurance	1,634	1,098
Accrued Insurance	1,622	1,891
A/P Other	3,000	1,268
Accrued Legal	415	164
Accrued CCC/DGE	662	887
Construction Retainage	2,154	3,240
Accrued Inventories	670	388
Accrued CRDA	750	693
	-----	-----
TOTAL OTHER CURRENT LIABILITIES	\$13,143	\$11,970
	=====	=====

NOTE 10 - NON-OPERATING INCOME (EXPENSE) - NET: (In Thousands of Dollars)

Non-operating income for quarter ended December 31, 1989:

	<u>Three Months</u>	
	<u>1989</u>	<u>1988</u>
Discount Earned	\$ 55	\$ 61
Interest Income	468	646
	----	----
TOTAL NON-OPERATING INCOME	\$523	\$707
	=====	=====

Non-operating income for the twelve months ended December 31, 1989:

	<u>Twelve Months</u>	
	<u>1989</u>	<u>1988</u>
G/L Equipment	\$---	\$ 72
Discount Earned	230	245
Interest Income	1,711	2,331
	-----	-----
TOTAL NON-OPERATING INCOME	\$1,941	\$2,648
	=====	=====

NOTE 11 - COMMITMENTS AND CONTINGENCIES:

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

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 December 31, 1989, the financial statements reflect \$754,000 of below market interest rate bonds issued by the CRDA and \$10,186,000 of deposits towards the purchase of below market interest rate bonds. For the twelve months ended December 31, 1989 and 1988, the Partnership charged \$1,064,000 and \$992,000 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 December 31, 1989, the Partnership had made contributions totaling \$2,668,000.

NOTE 12 - EMPLOYEE BENEFIT PLANS:

Effective November 1, 1986, the Company adopted a retirement savings plan for its non-union employees under Section 401K of the Internal Revenue Code. The plan allows employees of the Partnership to defer up to 15% of their income on a pre-tax basis through contributions to the plan. The Partnership will match 50% of eligible employees' contributions up to a maximum of 4% of the individual earnings. The Partnership recorded charges of approximately \$574,000 for matching contributions for the twelve months ended December 31, 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.

Jackpot payouts in the form of merchandise which are included in cost of goods and services consisted of the following:

NOTE 13 - PROMOTIONAL ALLOWANCE AND PROMOTIONAL EXPENSES:

Promotional Allowances and Expenses and number of recipients for the twelve months ended December 31, 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	212,870	\$14,313,000	---	---
Food	1,645,650	23,248,000	---	---
Beverage	2,010,090	6,573,000	---	---
Travel	7,695	1,782,000	22,246	6,740,000
Cash Coupons	---	---	2,225,171	25,018,000
Admissions	115,898	2,187,000	1,197	385,000
Other	24,345	1,046,000	21,706	1,297,000
	-----	-----	-----	-----
TOTALS	4,016,548	\$49,149,000	2,270,320	\$33,340,000
	=====	=====	=====	=====

Promotional Allowances and Expenses and number of recipients for the three months ended December 31, 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	80,095	\$3,771,000	---	---
Food	575,435	7,117,000	---	---
Beverage	306,400	1,036,000	---	---
Travel	1,545	446,000	5,795	1,521,000
Cash Coupons	---	---	546,910	5,893,000
Admissions	22,144	613,000	---	---
Other	1,158	49,000	1,091	370,000
TOTALS	<u>986,777</u>	<u>\$13,032,000</u>	<u>553,796</u>	<u>\$7,784,000</u>

NOTE 14 - JACKPOT PAYOUTS

Jackpot payouts in the form of merchandise which are included in cost of goods and services consisted of the following:

	<u>For the Twelve Months Ended 12-31-89</u>		<u>For the Three Months Ended 12-31-89</u>	
	<u>Number of Recipients</u>	<u>Amount</u>	<u>Number of Recipients</u>	<u>Amount</u>
Motor Vehicles	12	\$230,892	12	\$230,892
TOTALS	<u>12</u>	<u>\$230,892</u>	<u>12</u>	<u>\$230,892</u>

Balance, January 1	\$ 6,303
Checks issued (including counter checks issued through transactions relating to consolidations, partial redemptions, substitutions, and patron's deposits)	30,756
Checks released prior to deposit (including the unrecorded portion of checks not recorded through partial redemptions, and including checks returned to the issuer in transactions relating to consolidations, substitutions, and patron's deposits)	(119,751)
Checks collected through deposits	(1,52,000)
Checks transferred to returned checks	(1,10,000)
Other adjustments	0
Balance	\$ 8,004
Checks Included in Balance On Line 10	0
Provision for Uncollectible Patron's Checks	\$ 7,307
Reserve at a Percent of Counter Checks Issued	0

SCHEDULE OF RECEIVABLES AND PATRONS' CHECKS

DECEMBER 31, 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.....	\$ 8,064		
2	Returned patrons' checks.....	5,899		
3	Total patrons' checks.....	13,963	\$2,288	\$ 11,675
4	Hotel Receivables.....	1,881	341	1,540
Other Receivables:				
5	Receivables due from officers and employees.....	120		
6	Receivables due from affiliates.....	1,693		
7	Other accounts and notes receivables.....	1,279		
8	Total other receivables.....	3,092	0	3,092
9	Totals (Form 305).....	\$18,936	\$2,629	\$ 16,307

UNDEPOSITED PATRONS' CHECKS ACTIVITY

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).....	269,758
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).....	(194,751)
13	Checks collected through deposits.....	(62,908)
14	Checks transferred to returned checks.....	(10,538)
15	Other adjustments.....	0
16	Ending Balance.....	\$ 8,064
17	"Hold" Checks Included In Balance On Line 16.....	\$ 0
18	Provision For Uncollectible Patrons' Checks.....	\$ 2,397
19	Provision As A Percent Of Counter Checks Issued.....	.9 %

TRADING NAME OF LICENSEE TRUMP CASTLE HOTEL & CASINO

CASINO DEPARTMENTAL SCHEDULE

FOR THE YEAR ENDED DECEMBER 31, 1989

(UNAUDITED)
(\$ IN THOUSANDS)

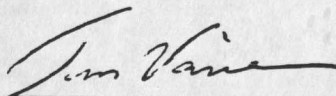
LINE (a)	DESCRIPTION (b)	AMOUNT (c)	DROP (d)	WIN OR (LOSS) PERCENT (e)	WEIGHTED AVG. NUMBER OF TABLES OR MACHINES (f)
	Revenue:				
1	Blackjack.....	\$ 49,300	\$ 345,972	14.2%	66
2	Craps.....	44,944	290,126	15.5	22
3	Roulette.....	12,249	45,608	26.9	12
4	Big Six.....	1,915	4,237	45.2	3
5	Baccarat.....	9,177	60,467	15.2	5
6	Other table games.....	0	0	0	0
7	Total table games revenue.....	117,585	\$ 146,410	15.8%	108
			HANDLE		
8	\$.05 slot machines.....	3,927	\$ 25,383	15.5%	86
9	\$.25 slot machines.....	52,070	378,077	13.8	803
10	\$1.00 slot machines.....	24,194	215,510	11.2	226
11	Other slot machines.....	67,058	714,317	9.4	555
12	Total coin-operated devices revenue.....	147,249	\$1,333,287	11.0%	1,670
13	Progressive jackpot adjustment.....	(478)			
14	Total coin-operated devices revenue after adjustment.....	264,356			
15	Other income.....	0			
16	Total revenue.....	264,356			
	Expenses:				
17	Payroll and payroll related expenses.....	28,901			
18	Licenses and taxes.....	21,856			
19	Provision for uncollectible patrons' checks..	2,397			
20	Other.....	11,989			
21	Total.....	65,143			
22	Departmental Income (Loss) Before Complimentary Services And Casino Management Fees.....	199,213			
	Complimentary services and casino management fees:				
23	Complimentary services.....	8,265			
24	Casino management fees.....	0			
25	Total.....	8,265			
26	Departmental Income (Loss).....	\$190,948			

STATEMENT OF CONFORMITY AND ACCURACY

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

Thomas P. Venier , being duly sworn according to law upon my oath deposes and says:

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



Signature

Vice President Finance

Title

711-11

License Number

Subscribed and sworn to before

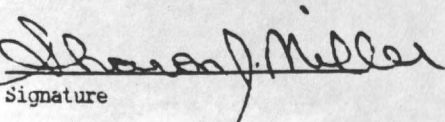
me this 8th day

of March, 198990

On Behalf Of:

TRUMP CASTLE HOTEL & CASINO

Casino Licensee


Signature

SHARON J. MILLER

NOTARY PUBLIC OF NEW JERSEY

My Commission Expires JUNE 18, 1991

Basis of Authority to Take Oaths

CCC-350

GROSS REVENUE ANNUAL TAX RETURN

LICENSEE TRUMP CASTLE HOTEL & CASINO

ADDRESS Huron Ave. & Brigantine Blvd.
Atlantic City, NJ 08401

FOR THE YEAR ENDED DECEMBER 31, 19 82

TO THE

CASINO CONTROL COMMISSION

OF THE

STATE OF NEW JERSEY



NAME OF OFFICER IN CHARGE
OF CORRESPONDENCE REGARDING
THIS ANNUAL TAX RETURN

Thomas P. Venier

OFFICIAL TITLE

Vice President Finance

ADDRESS

Huron Ave. & Brigantine Blvd.

Atlantic City, NJ 08401

GROSS REVENUE ANNUAL TAX RETURN

FOR THE YEAR ENDED DECEMBER 31, 19 89

(UNAUDITED)

(\$ IN THOUSANDS)

LINE		
	Casino win or (loss)	
1	Table games revenue	\$ 117,584
2	Coin-operated devices revenue	147,251
3	Total revenues	\$ 264,835
	Less - adjustment for uncollectible patrons' checks:	
4	Provision for uncollectible patrons' checks	\$ 2,397
5	Maximum adjustment (4% of line 3)	\$ 10,593
6	Adjustment (the lesser of line 4 or line 5)	2,397
7	Gross revenues (line 3 less line 6)	\$ 262,438
8	Tax on gross revenues - current year (8% of line 7)	\$ 20,995
9	Audit or other adjustments to tax on gross revenues in prior years	0
10	Total tax on gross revenues (line 8 plus or minus line 9)	20,995
	Deposits made for tax on current year's gross revenues:	
11	January	\$ 1,665
12	February	1,465
13	March	1,646
14	April	1,666
15	May	1,723
16	June	1,634
17	July	2,360
18	August	2,089
19	September	1,963
20	October	1,632
21	November	1,558
22	December	1,369
23	January	225
24	Total deposits made for tax on current year's gross revenues	(20,995)
25	Settlement of prior years' tax on gross revenues resulting from audit or other adjustments - (deposits) credits	0
26	Gross revenues tax payable (line 10 less line 24 plus or minus line 25)	\$ 0

STATEMENT OF CONFORMITY AND ACCURACY

STATE OF
COUNTY OF

:
:SS.
:

Thomas P. Venier, being duly sworn according
Name

to law upon my oath deposes and says:

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

Tom Venier
Signature

Vice President Finance
Title

711-11
License Number

Subscribed and sworn to
before me this 8th day
of March, 1990.

Sharon J. Miller
Signature

SHARON J. MILLER
NOTARY PUBLIC OF NEW JERSEY
My Commission Expires JUNE 10, 1991
Basis of Authority
to Take Oaths

On Behalf Of:

TRUMP CASTLE HOTEL & CASINO
Casino Licensee

ANNUAL EMPLOYMENT AND PAYROLL REPORT

LICENSEE TRUMP CASTLE ASSOCIATES

ADDRESS Huron Avenue & Brigantine Blvd.
Atlantic City, NJ 08401

FOR THE YEAR ENDED DECEMBER 31, 1989

TO THE

CASINO CONTROL COMMISSION

OF THE

STATE OF NEW JERSEY



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

Thomas P. Venier

OFFICIAL TITLE.....

Vice President Finance

ADDRESS.....

Huron Avenue & Brigantine Blvd.

Atlantic City, NJ 08401

ANNUAL EMPLOYMENT AND PAYROLL REPORT

FOR THE YEAR ENDED DECEMBER 31, 19 89

(\$ in Thousands)

LINE (a)	DEPARTMENT (b)	NUMBER OF (c) EMPLOYEES	SALARIES AND WAGES		(f) TOTALS
			(d) OTHER EMPLOYEES	(e) OFFICERS & OWNERS	
	CASINO				
1	Administration	24			
2	Gaming	609			
3	Slots	272			
4	Casino accounting	49			
5	Other	244	\$ 27,680	\$ 756	\$ 28,436
6	Total-casino	1,198			
7	ROOMS	261	3,431		3,431
8	FOOD AND BEVERAGE	1,004	13,828		13,828
	OTHER OPERATED DEPARTMENTS				
9	Telephone	24	347		347
10	Beauty Shop	3	122		122
11	Gift Shop	16	284		284
12	Transportation	114	1,717		1,717
13	Uniforms	30	492		492
14	Health Club	3	74		74
15	Marina	97	593		593
16	Environmental Services	202	2,975		2,975
17	Print Shop	18	475		475
18					
19					
	ADMINISTRATIVE AND GENERAL				
20	Executive office	7		1,047	1,047
21	Accounting and auditing	241	6,804	105	6,909
22	Security	203	4,255		4,255
23	Other administrative and general department ..	58	2,109	572	2,681
24	MARKETING	48	1,342		1,342
25	GUEST ENTERTAINMENT	33	1,573		1,573
26	PROPERTY OPERATION AND MAINTENANCE	109	3,705		3,705
27	TOTALS - ALL DEPARTMENTS	3,669	\$ 71,806	\$ 2,480	\$ 74,286

УНИОНЪ ЕМЪГОУМЕНЪ ИМО БЪВЪЛОГЪ ВЪВЕОЪЪ

HOTEL STATISTICS

Trading Name of Licensee TRUMP CASTLE HOTEL & CASINO

ANNUAL EMPLOYMENT AND PAYROLL REPORT
SIGNATURE PAGE

For the Year Ended December 31, 19 89

March 14, 1990
Date

Tom Veine

Signature

Vice President Finance
Title

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	18,017	14,882	\$ 92.8	79.1 %	27,529	\$ 50.19
FEBRUARY	607	15,996	14,740	\$ 90.0	87.0 %	28,527	\$ 46.66
MARCH	607	18,817	17,061	\$ 90.0	90.8 %		\$ 67.84
1ST QUARTER TOTALS		54,530	46,743	\$ 91.7	65.6 %		\$ 48.19
APRIL	607	18,210	16,779	\$ 94.8	92.1 %		\$ 50.24
MAY	640	19,048	14,911	\$ 102.53	78.3 %		\$ 54.90
JUNE	659	19,240	16,283	\$ 106.6	84.6 %		\$ 58.17
2ND QUARTER TOTALS		56,498	47,973	\$ 101.2	64.9 %		\$ 54.36
JULY	661	20,491	18,837	\$ 122	91.9 %		\$ 62.96
AUGUST	672	20,763	18,685	\$ 123	90.0 %		\$ 64.89
SEPTEMBER	682	20,418	17,217	\$ 116	84.3 %		\$ 60.75
3RD QUARTER TOTALS		61,673	54,739	\$ 120	89.8 %	104,867	\$ 62.93
OCTOBER	692	21,322	18,557	\$ 113.6	87.0 %	35,297	\$ 59.76
NOVEMBER	693	20,786	17,129	\$ 113.2	82.4 %	35,197	\$ 55.36
DECEMBER	700	21,545	14,941	\$ 117.37	69.3 %	30,137	\$ 58.19
4TH QUARTER TOTALS		63,653	50,627	\$ 114.76	79.5 %	100,631	\$ 57.75
ANNUAL TOTALS		236,454	200,082	\$ 107.52	84.6 %	783,351	\$ 56.17

HOTEL STATISTICSFOR THE 12 MONTHS ENDED December 31, 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	692	21,322	18,557	\$ 113.67	87.0 %	35,297	\$ 59.76
NOVEMBER	693	20,786	17,129	\$ 113.74	82.4 %	35,197	\$ 55.35
DECEMBER	700	21,545	14,941	\$ 117.37	69.3 %	30,137	\$ 58.19
4TH QUARTER TOTALS		63,653	50,627	\$ 114.78	79.5 %	100,631	\$ 57.75
ANNUAL TOTALS		236,454	200,082	\$ 107.62	84.6 %	383,351	\$ 56.17

NEW JERSEY STATE LIBRARY
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ANNUAL REPORT

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NEW JERSEY STATE LIBRARY
MAR 2 1990
185 W. STATE ST.
TRENTON, N.J.

LICENSEE TRUMP PLAZA ASSOCIATES
ADDRESS MISSISSIPPI AVENUE & BOARDWALK
ATLANTIC CITY, NJ 08401

FOR THE YEAR ENDED DECEMBER 31, 1989

TO THE
CASINO CONTROL COMMISSION
OF THE
STATE OF NEW JERSEY



NAME OF OFFICER IN CHARGE
OF CORRESPONDENCE REGARDING
THIS ANNUAL REPORT

TIM MALAND

OFFICIAL TITLE

SENIOR VICE PRESIDENT OF FINANCE & ADMINISTRATION

ADDRESS

MISSISSIPPI AVENUE & BOARDWALK

ATLANTIC CITY, NJ 08401

TRADING NAME OF LICENSEE TRUMP PLAZA HOTEL & CASINO

LIST OF FORMS - ANNUAL REPORT

LINE NO.	(a)	(b)	(c) 1988	(d) 1989
FOR THE YEAR ENDED DECEMBER 31, 1989				
ASSETS				
1	Current Assets:			
2	Cash		21,407	15,756
3	Marketable securities	<u>TITLE</u>		
4	Receivables and patrons' checks			
5	Balance Sheets		22,487	18,484
6	Statements of Income (Year)		2,236	1,113
7	Statements of Income (Three Months)		20,096	15,555
8	Statements of Changes in Partners' or Proprietor's Equity		11,208	8,784
9	Statements of Cash Flows		22,487	18,484
10	Notes to Financial Statements		210,752	209,837
11	Schedule of Receivables and Patron's Checks			
12	Casino Departmental Schedule			
13	Statement of Conformity and Accuracy			
14	Liabilities:			
15	Current portion of long-term debt		4,332	4,509
16	Due to affiliates		272	338
17	Other		1,063	1,857
18	Income taxes payable and accrued		331	1,250
19	Other accrued expenses		28,338	15,859
20	Other current liabilities		17,119	17,365
21	Total current liabilities		49,465	41,318
22	Long-Term Debt:			
23	Due to affiliates		250,000	250,000
24	Other		23,411	25,442
25	Deferred Credits		4,223	5,802
26	Other Liabilities			
27	Commitments and Contingencies			
28	Total Liabilities		318,469	322,562
29	Stockholders', Partners', or Proprietor's Equity		68,481	67,298
30	Total Liabilities and Equity		386,950	389,860

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

TRADING NAME OF LICENSEE TRUMP PLAZA HOTEL & CASINO

BALANCE SHEETS

FOR THE YEARS ENDING DECEMBER 31, 1989 AND 1988 AND 1987

(UNAUDITED)
(\$ IN THOUSANDS)

LINE (a)	DESCRIPTION (b)	(c) 1989	(d) 1988
	ASSETS		
	Current Assets:		
1	Cash.....	\$ 11,627	\$ 16,766
2	Marketable securities.....	-	-
3	Receivables and patrons' checks (net of allowance for doubtful accounts - 1989, \$13,607 ; 1988, \$11,332)..	12,487	13,184
4	Inventories.....	4,216	3,992
5	Prepaid expenses and other current assets....(Note 2)...	2,236	2,713
6	Total current assets.....	30,566	36,655
7	Investments, Advances, and Receivables.....(Note 3)...	15,248	8,784
8	Property and Equipment - Net.....(Note 4)...	321,391	303,131
9	Other Assets.....(Note 5)...	39,745	41,267
10	Total Assets.....	<u>\$406,950</u>	<u>\$389,837</u>
	LIABILITIES AND EQUITY		
	Current Liabilities:		
11	Accounts payable.....	\$ 4,192	\$ 4,509
12	Notes payable.....	222	338
	Current portion of long-term debt:		
13	Due to affiliates.....	-	-
14	Other.....(Note 9)...	3,665	1,857
15	Income taxes payable and accrued.....	511	1,250
16	Other accrued expenses.....(Note 6)...	19,128	15,899
17	Other current liabilities.....(Note 7)...	13,119	17,365
18	Total current liabilities.....	40,837	41,218
	Long-Term Debt:		
19	Due to affiliates.....(Note 8)...	250,000	250,000
20	Other.....(Note 9)...	23,411	25,442
21	Deferred Credits.....(Note 10)...	4,221	5,882
22	Other Liabilities.....	-	-
23	Commitments and Contingencies (Note 14)		
24	Total Liabilities.....	318,469	322,542
25	Stockholders', Partners', or Proprietor's Equity.....	88,481	67,295
26	Total Liabilities and Equity.....	<u>\$406,950</u>	<u>\$389,837</u>

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

TRADING NAME OF LICENSEE TRUMP PLAZA HOTEL & CASINO

STATEMENTS OF INCOME

FOR THE YEARS ENDED DECEMBER 31, 1989 AND 1988

(UNAUDITED)
(\$ IN THOUSANDS)

LINE (a)	DESCRIPTION (b)	(c) 1989	(d) 1988
	Revenue:		
1	Casino.....	\$ 306,009	\$ 300,184
2	Rooms.....	23,625	22,175
3	Food and beverage.....	48,643	42,838
4	Other.....	18,412	23,371
5	Total revenue.....	396,689	388,568
6	Less: Promotional allowances.....(Note 11)..	47,589	40,851
7	Net revenue.....	349,100	347,717
	Costs and Expenses:		
8	Costs of goods and services.....	168,145	161,974
9	Selling, general, and administrative.....	97,850	94,664
10	Provision for doubtful accounts.....	3,841	4,455
11	Depreciation and amortization.....	16,906	14,346
	Charges from affiliates other than interest:		
12	Management fees.....	-	-
13	Other.....(Note 14)....	1,777	1,025
14	Total costs and expenses.....	288,519	276,464
15	Income (Loss) from Operations.....	60,581	71,253
	Other Income (Expenses):		
16	Interest (expense) - affiliates.....(Note 12)....	(32,188)	(32,188)
17	Interest (expense) - external.....	(2,539)	(2,538)
18	Investment alternative tax and related income (expense) - net.....	(1,261)	(1,232)
19	Nonoperating income (expense) - net.....(Note 13)....	2,559	1,558
20	Total other income (expenses).....	(33,429)	(34,400)
21	Income (Loss) before Income Taxes and Extraordinary Items.	27,152	36,853
22	Provision (credit) for income taxes.....(Note 15)....	2,588	3,691
23	Income (Loss) before Extraordinary Items.....	24,564	33,162
24	Extraordinary items (net of income taxes - 1989, \$ - ; 1988, \$ -).....	-	-
25	Net Income (Loss).....	<u>\$ 24,564</u>	<u>\$ 33,162</u>

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

TRADING NAME OF LICENSEE TRUMP PLAZA HOTEL & CASINO

STATEMENTS OF INCOME

FOR THE THREE MONTHS ENDED DECEMBER 31, 1989 AND 1988

(UNAUDITED)
(\$ IN THOUSANDS)

LINE (a)	DESCRIPTION (b)	(c) 1989	(d) 1988
	Revenue:		
1	Casino.....	\$ 67,784	\$ 71,626
2	Rooms.....	5,225	5,190
3	Food and beverage.....	12,133	10,677
4	Other.....	7,181	1,944
5	Total revenue.....	92,323	89,437
6	Less: Promotional allowances.....(Note 11)..	12,415	9,425
7	Net revenue.....	79,908	80,012
	Costs and Expenses:		
8	Costs of goods and services.....	42,735	36,979
9	Selling, general, and administrative.....	24,658	25,167
10	Provision for doubtful accounts.....	927	1,107
11	Depreciation and amortization.....	4,300	3,821
	Charges from affiliates other than interest:		
12	Management fees.....	-	-
13	Other.....(Note 14)..	746	345
14	Total costs and expenses.....	73,366	67,419
15	Income (Loss) from Operations.....	6,542	12,593
	Other Income (Expenses):		
16	Interest (expense) - affiliates.....(Note 12)....	(8,047)	(8,047)
17	Interest (expense) - external.....	(648)	(551)
18	Investment alternative tax and related income (expense) - net.....	(279)	(295)
19	Nonoperating income (expense) - net.....(Note 13)....	849	905
20	Total other income (expenses).....	(8,125)	(7,988)
21	Income (Loss) before Income Taxes and Extraordinary Items.....	(1,583)	4,605
22	Provision (credit) for income taxes.....(Note 15)....	(106)	462
23	Income (Loss) before Extraordinary Items.....	(1,477)	4,143
24	Extraordinary items (net of income taxes - 1989, \$ - ; 1988, \$ -).....	-	-
25	Net Income (Loss).....	\$ (1,477)	\$ 4,143

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

TRADING NAME OF LICENSEE TRUMP PLAZA HOTEL & CASINO

STATEMENTS OF CHANGES IN PARTNERS'
OR PROPRIETOR'S EQUITY

FOR THE YEARS ENDED DECEMBER 31, 1989 AND 1988

(UNAUDITED)
(\$ IN THOUSANDS)

LINE (a)	DESCRIPTION (b)	(c) 1989	(d) 1988
	Invested Capital:		
1	Beginning balance (January 1).....	\$ 50,707	\$ 50,707
2	Additional capital invested.....	-	-
3	.....	-	-
4	Ending balance.....	50,707	50,707
	Accumulated Income (Loss):		
5	Beginning balance (January 1).....	65,768	32,606
6	Prior period adjustments.....	-	-
7	Net income (loss).....	24,564	33,162
8	.....	-	-
9	Ending balance.....	90,332	65,768
	Capital Withdrawals:		
10	Beginning balance (January 1).....	(49,180)	(33,175)
11	Additional capital withdrawals.....	(3,378)	(16,005)
12	.....	-	-
13	Ending balance.....	(52,558)	(49,180)
	Net Unrealized Loss on Noncurrent Marketable Equity Securities:		
14	Beginning balance (January 1).....	-	-
15	.....	-	-
16	.....	-	-
17	Ending balance.....	-	-
18	Ending Partners' Or Proprietor's Equity.....	<u>\$ 88,481</u>	<u>\$ 67,295</u>

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

TRADING NAME OF LICENSEE TRUMP PLAZA HOTEL & CASINO

STATEMENTS OF CASH FLOWS

FOR THE YEARS ENDED DECEMBER 31, 1989 AND 1988

(UNAUDITED)
(\$ IN THOUSANDS)

LINE (a)	DESCRIPTION (b)	(c) 1989	(d) 1988
1	Net Cash Provided (Used) by Operating Activities	\$ 40,684	\$ 58,339
	Cash Flows from Investing Activities:		
2	Purchase of short-term investment securities.....	-	-
3	Proceeds from the sale of short-term invest. securities.....	-	-
4	Cash outflows for property and equipment.....	(35,362)	(33,979)
5	Proceeds from disposition of property and equipment.....	1,161	378
6	Purchase of casino reinvestment obligations.....	(3,781)	(3,704)
7	Purchase of other investments and loans/advances made...	(3,944)	-
8	Proceeds from disposal of investments and collection of advances and long-term receivables.....	-	213
9	Cash outflows to acquire business entities.....	-	-
10		-	-
11		-	-
12	Net Cash Provided (Used) by Investing Activities.....	(41,926)	(37,092)
	Cash Flows from Financing Activities:		
13	Cash proceeds from issuance of short-term debt.....	870	5,976
14	Payments to settle short-term debt.....	(986)	(5,866)
15	Cash proceeds from issuance of long-term debt.....	1,550	451
16	Costs of issuing debt.....	-	-
17	Payments to settle long-term debt.....	(1,953)	(600)
18	Cash proceeds from issuing stock or capital contribution	-	-
19	Purchases of treasury stock.....	-	-
20	Payments of dividends or capital withdrawals.....	(3,378)	(16,005)
21		-	-
22		-	-
23	Net Cash Provided (Used) by Financing Activities.....	(3,897)	(16,044)
24	Net Increase (Decrease) in Cash and Cash Equivalents.....	(5,139)	5,203
25	Cash and Cash Equivalents at Beginning of Year.....	16,766	11,563
26	Cash and Cash Equivalents at End of Year.....	<u>\$ 11,627</u>	<u>\$ 16,766</u>

SUPPLEMENTAL DISCLOSURE OF CASH FLOW INFORMATION

27	Cash Paid During Year For: Interest (net of amount capitalized).....	\$ 34,724	\$ 37,491
28	Income taxes.....	\$ 4,988	\$ -

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

TRADING NAME OF LICENSEE TRUMP PLAZA HOTEL & CASINO

STATEMENTS OF CASH FLOWS

FOR THE YEARS ENDED DECEMBER 31, 1989 AND 1988

(UNAUDITED)
(\$ IN THOUSANDS)

LINE (a)	DESCRIPTION (b)	(c) 1989	(d) 1988
	Net Cash Flows from Operating Activities:		
29	Net income (loss).....	\$ 24,564	\$ 33,162
	Noncash items included in income and cash items excluded from income:		
30	Depreciation and amortization of property & equipment.....	15,941	13,430
31	Amortization of other assets.....	965	916
32	Amortization of debt discount or premium.....	-	-
33	Deferred income taxes - current.....	-	-
34	Deferred income taxes - noncurrent.....	(1,661)	2,491
35	(Gain) loss on disposition of property and equipment.....	180	542
36	(Gain) loss on casino reinvestment obligation.....	1,261	1,232
37	(Gain) loss from other investment activities.....	-	-
38	Net (increase) decrease in receivables and patrons' checks.....	697	1,139
39	Net (increase) decrease in inventories.....	(224)	(871)
40	Net (increase) decrease in other current assets.....	477	1,221
41	Net (increase) decrease in other assets.....	557	(307)
42	Net (increase) decrease in accounts payables.....	(317)	(2,031)
43	Net (increase) decrease in other current liabilities.. excluding debt.....	(1,756)	7,415
44	Net increase (decrease) in other noncurrent liabilities excluding debt.....	-	-
45		-	-
46		-	-
47	Net Cash Provided (Used) by Operating Activities.....	\$ 40,684	\$ 58,339

SUPPLEMENTAL SCHEDULE OF NONCASH INVESTING AND FINANCING ACTIVITIES

	Acquisition of Property and Equipment:		
48	Additions to property and equipment.....	\$(35,542)	\$(33,979)
49	Less: Capital lease obligations incurred.....	180	-
50	Cash Outflows for Property and Equipment.....	\$(35,362)	\$(33,979)
	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. On May 16, 1986, the Company used a portion of proceeds received from the issuance of Mortgage Bonds by Trump Plaza Funding, Inc., a financing affiliate, for the acquisition of Harrah's Atlantic City, Inc.'s ("HAC") 50% interest in the Company, in accordance with a Redemption Agreement.

B. Gaming Revenues

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

C. Promotional Allowances

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

D. Inventories

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

E. Property and Equipment

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

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

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

F. Land Rights

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

G. Debt Issuance Costs

Costs incurred in connection with the financing of the long-term debt-due to affiliates are being amortized over the life of the debt using the effective interest method.

TRUMP PLAZA ASSOCIATES
NOTES TO FINANCIAL STATEMENTS, continued

H. 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.

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

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

I. Statement of Cash Flows

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

NOTE 2: PREPAID EXPENSES AND OTHER CURRENT ASSETS

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

	<u>1989</u>	<u>1988</u>
Prepaid special event costs	\$ 225,000	\$ 445,000
Prepaid taxes	416,000	418,000
Prepaid insurance	638,000	761,000
Prepaid air transportation costs	345,000	376,000
Prepaid rent	132,000	242,000
Prepaid advertising costs	62,000	115,000
Other	418,000	356,000
	<u>\$2,236,000</u>	<u>\$2,713,000</u>

NOTE 3: INVESTMENTS, ADVANCES AND RECEIVABLES

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

	<u>1989</u>	<u>1988</u>
Advances due from -		
Trump Seashore Associates	\$ 1,454,000	\$ -
Trump Taj Mahal	110,000	554,000
Trump Organization	13,000	-
Trump's Castle Associates	3,000	-
Seashore Four Associates	397,000	845,000
Helicopter Air Services, Inc.	31,000	-
Trump Penthouse Parcel	3,322,000	-
Other Affiliated Companies	20,000	7,000
Casino reinvestment escrow deposit, net of valuation adjustment -(1989) \$4,945,000; (1988) \$3,684,000	9,898,000	7,378,000
	<u>\$15,248,000</u>	<u>\$8,784,000</u>

TRUMP PLAZA ASSOCIATES
NOTES TO FINANCIAL STATEMENTS, continued

NOTE 4: PROPERTY AND EQUIPMENT - NET

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

	<u>1989</u>	<u>1988</u>
Land and land improvements	\$ 34,747,000	\$ 30,938,000
Buildings	284,339,000	263,058,000
Furniture, fixtures and equipment	59,255,000	49,987,000
Leasehold improvements	2,308,000	2,115,000
Construction in progress	<u>5,765,000</u>	<u>7,025,000</u>
	386,414,000	353,123,000
Less - Accumulated depreciation & amortization	<u>(65,023,000)</u>	<u>(49,992,000)</u>
Net property and equipment	<u>\$321,391,000</u>	<u>\$303,131,000</u>

NOTE 5: OTHER ASSETS

Other assets as of December 31 consisted of the following:

	<u>1989</u>	<u>1988</u>
Land rights, net	\$ 31,536,000	\$ 31,905,000
Deferred preopening costs, net	95,000	284,000
Debt issuance costs, net	6,557,000	6,964,000
Deposits	46,000	1,159,000
Other deferred charges	<u>1,511,000</u>	<u>955,000</u>
	<u>\$ 39,745,000</u>	<u>\$ 41,267,000</u>

NOTE 6: OTHER ACCRUED EXPENSES

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

	<u>1989</u>	<u>1988</u>
Accrued payroll	\$ 7,354,000	\$ 6,309,000
Accrued progressive jackpot liabilities	3,507,000	3,835,000
Accrued interest	1,522,000	1,519,000
Accrued gaming taxes payable	601,000	580,000
Accrued Casino Control Commission & Division of Gaming Enforcement fees	719,000	1,115,000
Accrued utilities	340,000	321,000
Accrued union benefits	263,000	164,000
Accrued health insurance benefits	644,000	275,000
Accrued sales, use & luxury tax	567,000	156,000
Accrued transportation costs	53,000	74,000
Accrued special event costs	1,223,000	425,000
Accrued legal costs	580,000	241,000
Other	<u>1,755,000</u>	<u>885,000</u>
	<u>\$ 19,128,000</u>	<u>\$ 15,899,000</u>

TRUMP PLAZA ASSOCIATES
NOTES TO FINANCIAL STATEMENTS, continued

NOTE 7: OTHER CURRENT LIABILITIES

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

	<u>1989</u>	<u>1988</u>
Unredeemed chip/token liability	\$ 1,145,000	\$ 1,071,000
Patron deposits	446,000	336,000
Casino reinvestment liability	830,000	880,000
Reserve for insurance claims	2,322,000	1,607,000
Due to partners	7,642,000	13,085,000
Advance room/theatre deposits	473,000	176,000
Advances due to Trump's Castle Associates	-	183,000
Other	261,000	27,000
	<u>\$ 13,119,000</u>	<u>\$ 17,365,000</u>

NOTE 8: LONG-TERM DEBT-DUE TO AFFILIATES

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

	<u>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>

On May 16, Trump Plaza Funding, Inc. issued Mortgage Bonds for proceeds of \$250,000,000. The Bonds are secured solely by an assignment to the Trustee of the Company's note to Trump Plaza Funding, Inc. in the principal amount of \$250,000,000 and by a mortgage on Trump Plaza Hotel and Casino and virtually all of the other assets of the Company, excluding cash which may be distributed in excess of certain limitations as defined in the Bond Indenture, (regardless of whether such cash has been distributed). The mortgage is subordinate to \$9,112,000 of existing indebtedness as of December 31, 1989. The Company issued a nonrecourse, limited guaranty of the payment of the principal, premium, if any, and interest on the Bonds. The Bonds are nonrecourse to the partners of the Company, the shareholders of Trump Plaza Funding, Inc. and all other persons and entities (other than the Company and Trump Plaza Funding, Inc.), whatsoever.

The Bond Indenture permits the quarterly distribution to the Partners of available cash flow, as defined, in excess of \$2,000,000. However, the Company must retain an aggregate amount of \$8,000,000 during each twelve-month period ending June 30, 1987 through 1991 prior to the distribution of available cash flow to the Partners, which may require a return of prior quarterly distributions. As of December 31, 1989, the financial statements include \$7,642,000 to be distributed to the Partners in 1990. In addition, the Bond Indenture limits, among other things, additional borrowing and liens, certain activities of the Company and Trump Plaza Funding, Inc. and the consolidation, merger and transfer of substantially all of the assets.

TRUMP PLAZA ASSOCIATES
NOTES TO FINANCIAL STATEMENTS, continued

NOTE 9: LONG-TERM DEBT - OTHER

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

	1989	1988
10% note payable to Harrah's Atlantic City, Inc., 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 1990 and 1998 and are secured by certain real property.	10,892,000	10,040,000
Other notes with interest rates ranging from 11.02% to 12.5%, principal and interest payable monthly, secured by television and automobile equipment.	89,000	317,000
	27,076,000	27,299,000
Less current maturities	3,665,000	1,857,000
	<u>\$23,411,000</u>	<u>\$25,442,000</u>

(A) Interest on the note accrues at a rate of 10% per annum and is payable monthly. Payments of the original principal amounts are scheduled as follows:

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				
1991	10,697	272,000	55	\$ 3,665,000	606,000
1992	5,270,027	417,893,000	5,232,411	2,963,000	807,000
1993				9,467,000	570,000
1994				8,804,000	
Thereafter				367,000	
				1,810,000	
				<u>\$27,076,000</u>	

Interest Expense - Affiliates for the three and twelve months ended December 31, 1989 and 1988 consisted of the 12-7/8% promissory note due in the principal amount of \$230,000,000 to Trump Plaza Funding, Inc.

TRUMP PLAZA ASSOCIATES
NOTES TO FINANCIAL STATEMENTS, continued

NOTE 10: DEFERRED CREDITS

Deferred credits as of December 31, 1989 and 1988 consisted of deferred state income taxes.

NOTE 11: PROMOTIONAL ALLOWANCES AND EXPENSES

Promotional allowances and expenses for the three and twelve months ended December 31, 1989 consisted of the following:

Three months ended:

	<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	20,875	\$ 3,215,000	1,940	\$ 243,000
Food	411,417	4,937,000	-	-
Beverage	802,099	2,406,000	-	-
Travel	-	-	18,603	2,791,000
Theatre	47,079	1,789,000	1,740	70,000
Coin Bonus	-	-	377,896	5,148,000
Tips	-	-	3,531	141,000
Other	2,707	68,000	17,586	851,000
TOTAL	<u>1,284,177</u>	<u>\$12,415,000</u>	<u>421,296</u>	<u>\$ 9,244,000</u>

Twelve months ended:

	<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	91,383	\$14,848,000	7,138	\$ 875,000
Food	1,489,416	17,167,000	-	-
Beverage	3,572,727	10,492,000	-	-
Travel	-	-	80,981	12,148,000
Theatre	105,874	4,810,000	8,718	350,000
Coin Bonus	-	-	1,591,464	23,784,000
Tips	-	-	15,126	606,000
Other	10,697	272,000	55,986	1,807,000
TOTAL	<u>5,270,097</u>	<u>\$47,589,000</u>	<u>1,759,413</u>	<u>\$39,570,000</u>

NOTE 12: INTEREST (EXPENSE) - AFFILIATES

Interest (Expense) - Affiliates for the three and twelve months ended December 31, 1989 and 1988 consisted of the 12-7/8% promissory note due in the principal amount of \$250,000,000 to Trump Plaza Funding, Inc.

TRUMP PLAZA ASSOCIATES
NOTES TO FINANCIAL STATEMENTS, continued

NOTE 13: NONOPERATING INCOME (EXPENSE) - NET

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

	Three months ended		Twelve months ended	
	1989	1988	1989	1988
Other nonoperating income	\$ 135,000	\$ 164,000	\$ 149,000	\$ 178,000
Interest income	729,000	770,000	2,590,000	1,770,000
Gain/(loss) on disposal of property and equipment	(15,000)	(29,000)	(180,000)	(390,000)
	<u>\$ 849,000</u>	<u>\$ 905,000</u>	<u>\$ 2,559,000</u>	<u>\$ 1,558,000</u>

NOTE 14: COMMITMENTS AND CONTINGENCIES

The Company leases property (primarily land), certain parking space, and various equipment under operating leases. The Company also leases certain automobiles which have been categorized as capital leases in the financial statements. Rent expense was \$1,662,000 and \$4,763,000 for the three and twelve months ended December 31, 1989 and \$957,000 and \$4,401,000 for the three and twelve months ended December 31, 1988, respectively.

Future minimum lease payments under the noncancellable leases are as follows:

1990	\$ 3,013,000
1991	3,200,000
1992	3,100,000
1993	3,100,000
1994	3,100,000
Thereafter through 2078	<u>512,146,000</u>
	<u>\$527,659,000</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:

INVESTMENT OBLIGATION	
1990	\$ 1,963,000
1991	2,000,000
1992	1,900,000
1993	1,900,000
1994	1,900,000
Thereafter through 2078	<u>427,263,000</u>
	<u>\$436,926,000</u>

Rent expense charged by the affiliates was \$746,000 and \$1,777,000 for the three and twelve months ended December 31, 1989 and \$345,000 and \$1,025,000 for the three and twelve months ended December 31, 1988, respectively.

TRUMP PLAZA ASSOCIATES
NOTES TO FINANCIAL STATEMENTS, continued

NOTE 14: LEASE COMMITMENTS (Cont.)

Certain of these leases contain an option to purchase the leased properties at various prices and times throughout the lease terms. During 1988, Trump Seashore Associates exercised a \$10,000,000 option to purchase one of the leased properties. At December 31, 1989, the aggregate option price for the remaining leases were \$18,000,000.

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

NOTE 15: PROVISION (CREDIT) FOR INCOME TAXES

The provision (credit) for state income taxes for the three and twelve months ended December 31 consisted of the following:

	<u>Three months ended</u>		<u>Twelve months ended</u>	
	<u>1989</u>	<u>1988</u>	<u>1989</u>	<u>1988</u>
Current	\$ 359,000	\$1,250,000	\$ 4,249,000	\$1,250,000
Deferred	<u>(465,000)</u>	<u>(788,000)</u>	<u>(1,661,000)</u>	<u>2,441,000</u>
Total	<u>\$ (106,000)</u>	<u>\$ 462,000</u>	<u>\$ 2,588,000</u>	<u>\$3,691,000</u>

The provision for state income taxes for the three months ended December 31, 1988 reflects an adjustment to the credit reported for the nine months ended September 30, 1988.

NOTE 16: INVESTMENT OBLIGATION

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

Commencing twelve months after the date of opening of the hotel and casino (May 15, 1984) and continuing twenty-five years thereafter, the Company must either obtain investment tax credits, as defined, in an amount equivalent to 1.25% of its gross casino revenues or pay an alternative tax of 2.5% of its gross casino revenues, as defined. Investment tax credits may be obtained by making qualified investments or by the purchase of bonds at below market rates from the Casino Reinvestment Development Authority (CRDA). The Company is required to make quarterly deposits with the CRDA.

TRUMP PLAZA ASSOCIATES
NOTES TO FINANCIAL STATEMENTS, continued

SCHEDULE OF RECEIVABLES AND PATRONS' CHECKS

As of December 31, 1989, the financial statements reflect \$1,716,000 of below market interest rate bonds issued by the CRDA in 1987 and 1989 and \$13,127,000 of deposits towards the purchase of below market interest rate bonds. The Company charged to operations \$279,000 and \$1,261,000 for the three and twelve months ended December 31, 1989 and \$295,000 and \$1,232,000 for the three and twelve months ended December 31, 1988, respectively, to give effect to the below market interest rate associated with the CRDA bonds. The investment is included in investments, advances and receivables in the accompanying balance sheets.

NOTE 17: EMPLOYEE BENEFIT PLANS

Effective November 1, 1986, the Company adopted a retirement savings plan for its non-union employees under Section 401(K) of the Internal Revenue Code. Through December 31, 1988, the plan allowed employees of the Company to defer up to 10% of their earnings through contributions to the plan. The Company matched 50% of an eligible employee's contribution up to a maximum of 3% of the employee's earnings. Effective January 1, 1989 employees are eligible to contribute up to 15% of their earnings to the plan and the Company will match 50% of eligible employee's contributions up to a maximum of 4% of the individual's earnings. The Company recorded charges of \$550,000 and \$339,000 for matching contributions for the years ended December 31, 1989 and 1988, respectively.

The Company 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 Employment Retirement Income Security Act, the Company may be liable for its share of the plans' unfunded liability, if any, if the plans are terminated. Pension expense for the years ended December 31, 1989 and 1988 was \$425,000 and \$496,000 respectively.

LINE	DESCRIPTION	AMOUNT
1	Beginning Balance (January 1)	7,057
2	Cashier checks issued (excluding number checks issued through transactions relating to consolidations, partial redemptions, substitutions, and patrons' bank deposits)	798,075
3	Checks returned prior to deposit (included in the unrecorded portion of cashier checks redeemed through partial redemptions, and excluding checks redeemed through transactions relating to consolidations, substitutions, and patrons' bank deposits)	(226,730)
4	Checks collected through deposits	55,412
5	Checks transferred to returned checks	15,893
6	Other adjustments	-
7	Ending Balance	7,517
8	Patrons' Checks Included In Balance At Line 7	-
9	Provision For Uncollectible Patrons' Checks	2,389
10	Provision As A Portion Of Cashier Checks Issued	-

SCHEDULE OF RECEIVABLES AND PATRONS' CHECKS

DECEMBER 31, 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	\$ 7,537		
2	Returned patrons' checks	15,743		
3	Total patrons' checks	23,280	\$ 13,395	\$ 9,885
4	Hotel Receivables	2,352	212	2,140
	Other Receivables:			
5	Receivables due from officers and employees.....	36		
6	Receivables due from affiliates	-		
7	Other accounts and notes receivables	426		
8	Total other receivables	462		462
9	Totals (Form 305).....	\$ 26,094	\$ 13,607	\$ 12,487

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)	298,075
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)	(226,290)
13	Checks collected through deposits	(55,412)
14	Checks transferred to returned checks	(15,893)
15	Other adjustments	-
16	Ending Balance	\$ 7,537
17	"Hold" Checks Included in Balance On Line 16	\$ -
18	Provision For Uncollectible Patrons' Checks	\$ 3,589
19	Provision As A Percent Of Counter Checks Issued	1.2

STATEMENT OF COMPLIANCE AND ACCURACY
 TRADING NAME OF LICENSEE TRUMP PLAZA HOTEL & CASINO

CASINO DEPARTMENTAL SCHEDULE

FOR THE YEAR ENDED DECEMBER 31, 19 89

(UNAUDITED)
 (\$ IN THOUSANDS)

LINE (a)	DESCRIPTION (b)	AMOUNT (c)	DROP (d)	WIN OR (LOSS) PERCENT (e)	WEIGHTED AVG. NUMBER OF TABLES (f) OR MACHINES
	Revenue:				
1	Blackjack	66,028	448,594	14.7	78
2	Craps	47,441	334,643	14.2	20
3	Roulette	14,392	58,249	24.7	12
4	Big Six	3,744	7,966	47.0	3
5	Baccarat	11,425	81,592	14.0	4
6	Other table games	-	-	-	-
7	Total table games revenue	143,030	\$ 931,044	15.4 %	117
			HANDLE		
8	\$.05 slot machines	4,179	26,079	16.0	93
9	\$.25 slot machines	71,709	516,222	13.9	821
10	\$1.00 slot machines	20,257	183,341	11.1	159
11	Other slot machines	66,506	706,418	9.4	593
12	Total coin-operated devices revenue	162,651	\$1,432,060	11.4 %	1,666
13	Progressive jackpot adjustment	328			
14	Total coin-operated devices revenue after adjustment	162,979			
15	Other income	915			
16	Total revenue	306,924			
	Expenses:				
17	Payroll and payroll related expenses	50,254			
18	Licenses and taxes	25,094			
19	Provision for uncollectible patrons' checks	3,589			
20	Other	16,659			
21	Total	95,596			
22	Departmental Income (Loss) Before Complimentary Services And Casino Management Fees.....	211,328			
	Complimentary services and casino management fees:				
23	Complimentary services	73,938			
24	Casino management fees	-			
25	Total	73,938			
26	Departmental Income (Loss)	\$ 137,390			

STATEMENT OF CONFORMITY AND ACCURACY

STATE OF NEW JERSEY

COUNTY OF ATLANTIC

:
:ss.
:

Tim Maland, being duly sworn according to law upon my oath
Name

deposes and says:

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

Tim Maland
Signature

Sr. VP Finance & Administration
Title

004804-11
License Number

Subscribed and sworn to
before me this 15th day
of MARCH, 1990

On Behalf Of:

Jodi B. Mucharsky
Signature

TRUMP PLAZA ASSOCIATES
Casino Licensee

JODI B. MUCHARSKY
A Notary Public of New Jersey
My Commission Expires Sept. 22, 1991

Basis of Authority
to Take Oaths

GROSS REVENUE ANNUAL TAX RETURN

LICENSEE TRUMP PLAZA ASSOCIATES

ADDRESS MISSISSIPPI AVENUE & BOARDWALK

ATLANTIC CITY, NJ 08401

FOR THE YEAR ENDED DECEMBER 31, 19 89

TO THE

CASINO CONTROL COMMISSION

OF THE

STATE OF NEW JERSEY



NAME OF OFFICER IN CHARGE
OF CORRESPONDENCE REGARDING
THIS ANNUAL TAX RETURN

TIM MALAND

OFFICIAL TITLE.....

SENIOR VICE PRESIDENT OF FINANCE & ADMINISTRATION

ADDRESS.....

MISSISSIPPI AVENUE & BOARDWALK

ATLANTIC CITY, NJ 08401

TRADING NAME OF LICENSEE TRUMP PLAZA HOTEL & CASINO

GROSS REVENUE ANNUAL TAX RETURN

FOR THE YEAR ENDED DECEMBER 31, 19 89

(UNAUDITED)

(\$ IN THOUSANDS)

LINE		
	Casino win or (loss)	
1	Table games revenue	\$ <u>143,030</u>
2	Coin-operated devices revenue	<u>162,651</u>
3	Total revenues	\$ <u>305,681</u>
	Less - adjustment for uncollectible patrons' checks:	
4	Provision for uncollectible patrons' checks	\$ <u>3,589</u>
5	Maximum adjustment (4% of line 3)	\$ <u>12,227</u>
6	Adjustment (the lesser of line 4 or line 5)	<u>3,589</u>
7	Gross revenues (line 3 less line 6)	\$ <u>302,092</u>
8	Tax on gross revenues - current year (8% of line 7)	\$ <u>24,167</u>
9	Audit or other adjustments to tax on gross revenues in prior years	<u>66</u>
10	Total tax on gross revenues (line 8 plus or minus line 9)	<u>24,233</u>
	Deposits made for tax on current year's gross revenues:	
11	January	\$ <u>1,647</u>
12	February	<u>1,834</u>
13	March	<u>1,875</u>
14	April	<u>1,938</u>
15	May	<u>2,215</u>
16	June	<u>1,861</u>
17	July	<u>2,615</u>
18	August	<u>2,140</u>
19	September	<u>2,187</u>
20	October	<u>2,354</u>
21	November	<u>1,686</u>
22	December	<u>1,216</u>
23	January	<u>599</u>
24	Total deposits made for tax on current year's gross revenues	(<u>24,167</u>)
25	Settlement of prior years' tax on gross revenues resulting from audit or other adjustments - (deposits) credits	<u>(66)</u>
26	Gross revenues tax payable (line 10 less line 24 plus or minus line 25)	\$ <u>-0-</u>

ANNUAL EMPLOYMENT AND PAYROLL REPORT

LICENSEE TRUMP PLAZA ASSOCIATES

ADDRESS MISSISSIPPI AVENUE & BOARDWALK
ATLANTIC CITY, NJ 08401

FOR THE YEAR ENDED DECEMBER 31, 1989

TO THE

CASINO CONTROL COMMISSION

OF THE

STATE OF NEW JERSEY



**NAME OF OFFICER IN CHARGE
OF CORRESPONDENCE REGARDING
THIS ANNUAL EMPLOYMENT
AND PAYROLL REPORT**

EIM MALAND

OFFICIAL TITLE

SENIOR VICE PRESIDENT OF FINANCE & ADMIN.

ADDRESS

MISSISSIPPI AVENUE & BOARDWALK

ATLANTIC CITY, NJ 08401

TRADING NAME OF LICENSEE TRUMP PLAZA HOTEL & CASINO**ANNUAL EMPLOYMENT AND PAYROLL REPORT**FOR THE YEAR ENDED DECEMBER 31, 19 89

(\$ in Thousands)

LINE (a)	DEPARTMENT (b)	NUMBER OF (c) EMPLOYEES	SALARIES AND WAGES		(f) TOTALS
			(d) OTHER EMPLOYEES	(e) OFFICERS & OWNERS	
	CASINO				
1	Administration	1			
2	Gaming	951			
3	Slots	126			
4	Casino accounting	413			
5	Other	47			
6	Total-casino	1,538	\$ 30,699	\$ 154	\$ 30,853
7	ROOMS	223	3,381	-	3,381
8	FOOD AND BEVERAGE	1,080	14,002	-	14,002
	OTHER OPERATED DEPARTMENTS				
9	Customer Services	41	468	-	468
10	Gift Shops	35	477	-	477
11	Wardrobe	33	476	-	476
12	Parking	116	1,528	-	1,528
13	Communications	19	298	-	298
14	Employee Cafeteria	46	1,138	-	1,138
15	Beauty Salon	11	34	-	34
16					
17					
18					
19					
	ADMINISTRATIVE AND GENERAL				
20	Executive office	15	705	989	1,694
21	Accounting and auditing	180	3,312	-	3,312
22	Security	259	5,128	-	5,128
23	Other administrative and general department ..	166	3,753	-	3,753
24	MARKETING	159	3,334	1,377	4,711
25	GUEST ENTERTAINMENT	40	1,212	-	1,212
26	PROPERTY OPERATION AND MAINTENANCE	372	7,783	-	7,783
27	TOTALS - ALL DEPARTMENTS	4,333	\$ 77,728	\$ 2,520	\$ 80,248

Trading Name of Licensee TRUMP PLAZA HOTEL & CASINO

**ANNUAL EMPLOYMENT AND PAYROLL REPORT
SIGNATURE PAGE**

For the Year Ended December 31, 19 89

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	\$ 98.4	86.7 %	30,422	\$ 49.37
FEBRUARY	566	15,047	13,966	\$ 101.3	86.3 %	27,972	\$ 50.91
MARCH	566	17,545	15,267	\$ 111.7	86.4 %	31,111	\$ 56.36
1ST QUARTER TOTALS	1,698	50,137	44,444	\$ 103.7	86.3 %	89,505	\$ 51.61
APRIL	566	16,555	14,512	\$ 107.1	87.1 %	28,722	\$ 55.78
MAY	566	17,345	16,729	\$ 107.5	86.7 %	31,111	\$ 55.60
JUNE	566	16,977	15,243	\$ 107.1	89.3 %	28,722	\$ 55.78
2ND QUARTER TOTALS	1,704	51,824	46,537	\$ 107.1	87.1 %	89,505	\$ 55.78
JULY	566	17,539	16,713	\$ 107.1	86.7 %	31,111	\$ 55.78
AUGUST	566	17,576	16,116	\$ 107.1	86.7 %	28,722	\$ 55.78
SEPTEMBER	566	16,536	15,485	\$ 107.1	86.7 %	28,722	\$ 55.78
3RD QUARTER TOTALS	1,704	51,666	48,643	\$ 107.1	86.7 %	89,505	\$ 55.78
OCTOBER	541	16,817	15,566	\$ 114.1	92.6 %	31,111	\$ 67.25
NOVEMBER	541	16,226	13,496	\$ 126.8	83.2 %	26,992	\$ 65.90
DECEMBER	536	16,515	13,497	\$ 106.50	81.2 %	26,894	\$ 53.75
4TH QUARTER TOTALS	1,614	49,680	42,579	\$ 122.97	85.7 %	85,158	\$ 61.49
ANNUAL TOTALS	6,540	201,723	181,386	\$ 123.90	89.0 %	362,772	\$ 64.95

Date

Signature

Tim Maland,
Sr. VP Finance & Administration
Title

HOTEL STATISTICSFOR THE 12 MONTHS ENDED December 31, 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	541	16,837	15,586	\$ 134.10	92.6 %	31,172	\$ 67.05
NOVEMBER	541	16,228	13,496	\$ 126.59	83.2 %	26,992	\$ 63.30
DECEMBER	536	16,615	13,497	\$ 106.50	81.2 %	26,994	\$ 53.25
4TH QUARTER TOTALS		49,680	42,579	\$ 122.97	85.7 %	85,158	\$ 61.49
ANNUAL TOTALS		203,723	181,386	\$ 129.90	89.0 %	362,772	\$ 64.95

