Revised April 30, 2006

5/2/06

QUARTERLY REPORT

TRADING NAME OF LICENSEE: Bally's Park Place, Inc. (Bally's Atlantic City)

For The Quarter Ended December 31, 2005

TO THE

CASINO CONTROL COMMISSION

OF THE

STATE OF NEW JERSEY

Amended 5/15/06

TRADING NAME OF LICENSEE: BALLY'S PARK PLACE, INC. (Bally's Atlantic City)

BALANCE SHEETS

Revised April 30, 2006

AS OF DECEMBER 31, 2005
(UNAUDITED)
($ IN THOUSANDS)

LINE (a)	DESCRIPTION (b)	2005 (c)	2004 (d)
	ASSETS		
	Current Assets:		
1	Cash and cash equivalents	$ 47,425	$
2	Short-term investments	-	
3	Receivables and patrons' checks (net of allowance for doubtful accounts - 2005, $7,205) NOTE 2	170,960	
4	Inventories	1,171	
5	Prepaid expenses and other current assets NOTE 3	24,994	
6	Total current assets	244,550	
7	Investments, Advances, and Receivables NOTES 1 and 4	38,937	
8	Property and Equipment - Gross NOTES 1 and 5	681,420	
9	Less: Accumulated Depreciation/Amortization NOTES 1 and 5	(17,557)	
10	Property and Equipment - Net	663,863	
11	Other Assets NOTE 6	491,181	
12	Total Assets	$ 1,438,531	$
	LIABILITIES AND EQUITY		
	Current Liabilities:		
13	Accounts payable	$ 7,423	$
14	Notes payable	-	
	Current portion of long-term debt		
15	Due to affiliates	-	
16	Other	46	
17	Income taxes payable and accrued	1,924	
18	Other accrued expenses NOTE 7	30,103	
19	Other current liabilities NOTE 8	17,463	
20	Total current liabilities	56,959	
	Long-Term Debt:		
21	Due to affiliates NOTE 9	584,000	
22	Other NOTE 9	1,045	
23	Deferred Credits NOTE 1	151,707	
24	Other Liabilities NOTE 10	1,601	
25	Commitments And Contingencies NOTE 1	-	
26	Total Liabilities	795,312	
27	Stockholders', Partners', Or Proprietor's Equity	643,219	
28	Total Liabilities And Equity	$ 1,438,531	$

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

Amended
7/17/06

TRADING NAME OF LICENSEE: BALLY'S PARK PLACE, INC. (Bally's Atlantic City)

STATEMENTS OF INCOME

FOR THE TWELVE MONTHS ENDED DECEMBER 31, 2005

Revised June 14, 2006

(UNAUDITED)
($ IN THOUSANDS)

LINE (A)	DESCRIPTION (b)	2005 (c)	2004 (d)
	REVENUE:		
1	Casino	$ 637,643	$
2	Rooms	51,528	
3	Food and Beverage	87,323	
4	Other	23,982	
5	Total Revenue	800,476	
6	Less: Promotional allowances	166,955	
7	Net Revenue	633,521	
	COSTS AND EXPENSES:		
8	Costs of Goods and Services	383,678	
9	Selling, General, and Administrative	86,265	
10	Provision for Doubtful Accounts	769	
11	Total costs and expenses	470,712	
12	Gross Operating Profit	162,809	
13	Depreciation and amortization NOTE 1.	45,652	
	Charges from affiliates other than interest:		
14	Management fees NOTE 11.	21,077	
15	Other	-	
16	Income (Loss) from Operations	96,080	
	Other Income (Expenses):		
17	Interest (expense) - affiliates NOTE 9.	(49,445)	
18	Interest (expense) - external	(789)	
19	Investment alternative tax and related income (expense) - net	(5,041)	
20	Non-operating income (expense) - net NOTE 12.	12,029	
21	Total other income (expenses)	(43,246)	
22	Income (Loss) Before Income Taxes and Extraordinary Items	52,834	
23	Provision (credit) for income taxes NOTE 1.	20,296	
24	Income (Loss) Before Extraordinary Items	32,538	
25	Extraordinary items (net of income taxes)	-	
26	Net Income (Loss)	$ 32,538	$

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

Amended
3/5/06

TRADING NAME OF LICENSEE: BALLY'S PARK PLACE, INC. (Bally's Atlantic City)

STATEMENTS OF INCOME

FOR THE THREE MONTHS ENDED DECEMBER 31, 2005

Revised April 30, 2006

(UNAUDITED)
($ IN THOUSANDS)

LINE (A)	DESCRIPTION (b)	2,005 (c)	2,004 (d)
	REVENUE:		
1	Casino	$ 155,217	$
2	Rooms	11,807	
3	Food and Beverage	20,274	
4	Other	6,433	
5	Total Revenue	193,731	
6	Less: Promotional allowances	42,042	
7	Net Revenue	151,689	
	COSTS AND EXPENSES:		
8	Costs of Goods and Services	94,910	
9	Selling, General, and Administrative	25,414	
10	Provision for Doubtful Accounts	27	
11	Total costs and expenses	120,351	
12	Gross Operating Profit	31,338	
13	Depreciation and amortization NOTE 1.	11,376	
	Charges from affiliates other than interest:		
14	Management fees NOTE 11.	5,098	
15	Other	---	
16	Income (Loss) from Operations	14,864	
	Other Income (Expenses):		
17	Interest (expense) - affiliates NOTE 9.	(12,410)	
18	Interest (expense) - external	(201)	
19	Investment alternative tax and related income (expense) - net	(1,103)	
20	Non-operating income (expense) - net NOTE 12.	182	
21	Total other income (expenses)	(13,532)	
22	Income (Loss) Before Income Taxes and Extraordinary Items	1,332	
23	Provision (credit) for income taxes NOTE 1.	1,989	
24	Income (Loss) Before Extraordinary Items	(657)	
25	Extraordinary items (net of income taxes)	---	
26	Net Income (Loss)	$ (657)	$

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

Amended
5/5/06

TRADING NAME OF LICENSEE: BALLY'S PARK PLACE, INC. (Bally's Atlantic City)

STATEMENTS OF CHANGES IN STOCKHOLDER'S EQUITY

FOR THE TWELVE MONTHS DECEMBER 31, 2005

Revised April 30, 2006

(UNAUDITED)
($ IN THOUSANDS)

Line (a)	Description (b)	Common Stock Shares (c)	Common Stock Amount (d)	Preferred Stock Shares (e)	Preferred Stock Amount (f)	Additional Paid - In Capital (g)	----- ----- ----- (h)	Retained Earnings (Accumulated Deficit) (i)	Total Stockholder's Equity (Deficit) (j)
1	Balance, December 31, 2003								
2	Net Income - 2004								
3	Contribution to Paid - In Capital								
4	Dividends								
5	Prior Period Adjustments								
6	Distribution to PPE								
7									
8									
9									
10	Balance, December 31, 2004	100	1			128,260		158,499	286,760
11	Net Income (Loss) - 2005							32,538	32,538
12	Acquisition by HEI					500,465		(176,544)	323,921
13									
14									
15									
16									
17									
18									
19	Balance, December 31, 2005	100	$ 1			$ 628,725		$ 14,493	$ 643,219

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, INC. (Bally's Atlantic City)

5/5/06

STATEMENTS OF CASH FLOWS

FOR THE TWELVE MONTHS ENDED DECEMBER 31, 2005

Revised April 30, 2006

(UNAUDITED)
($ IN THOUSANDS)

LINE (a)	Description (b)	2005 (c)	2004 (d)
1	Net Cash Provided (Used) By Operating Activities	$ 197,925	$
	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	(31,537)	
5	Proceeds from disposition of property and equipment	43,224	
6	Purchase of casino reinvestment obligations	(8,156)	
7	Purchase of other investments and loans/advances made	4,068	
8	Proceeds from disposal of investments and collection of advances and long-term receivables	119,879	
9	Cash outflows to acquire business entities	-	
10	_____	-	
11	Net book values of disposals	-	
12	Net Cash Provided (Used) By Investing Activities	127,478	
	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	(263)	
18	Cash proceeds from issuing stock or capital contributions	-	
19	Purchases of treasury stock	-	
20	Payments of dividends or capital withdrawals	-	
21	Change in payable to/receivable from affiliate	(314,785)	
22	_____	-	
23	Net Cash Provided (Used) By Financing Activities	(315,048)	
24	Net Increase (Decrease) In Cash And Cash Equivalents	10,355	
25	Cash And Cash Equivalents At Beginning Of Period	37,070	
26	Cash And Cash Equivalents At End Of Period	$ 47,425	$

SUPPLEMENTAL DISCLOSURE OF CASH FLOW INFORMATION

	Cash Paid During Period For:		
27	Interest (net of amount capitalized)	$ 50,428	$
28	Income taxes	$ 22,975	$

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

Amended
5/5/06

TRADING NAME OF LICENSEE: BALLY'S PARK PLACE, INC. (Bally's Atlantic City)

STATEMENTS OF CASH FLOWS

FOR THE TWELVE MONTHS ENDED DECEMBER 31, 2005

Revised April 30, 2006

(UNAUDITED)
($ IN THOUSANDS)

LINE (a)	Description (b)	2005 (c)	
	Net Cash Flows From Operating Activities:		
29	Net income (loss)	$ 32,538	$
	Noncash items included in income and cash items excluded from income:		
30	Depreciation and amortization of property and equipment	45,652	
31	Amortization of other assets	-	
32	Amortization of Debt Discount or Premium	-	
33	Deferred Income taxes - current	(17,239)	
34	Deferred income taxes - noncurrent	151,707	
35	(Gain) loss on disposition of property and equipment	(377)	
36	(Gain) loss on casino reinvestment obligations	(5,680)	
37	(Gain) loss from other investment activities	(16,099)	
38	Net (increase) decrease in receivables and patrons' checks	582	
39	Net (increase) decrease in inventories	1,100	
40	Net (increase) decrease in other current assets	(830)	
41	Net (increase) decrease in other assets	7,141	
42	Net increase (decrease) in accounts payables	1,594	
43	Net increase (decrease) in other current liabilities excluding debt	(2,186)	
44	Net increase in other noncurrent liabilities excluding debt	22	
45	Loss on extinguishment of debt, net of income tax benefit	-	
46	Amortization of CRDA assets	-	
47	Net Cash Provided (Used) By Operating Activities	$ 197,925	$

SUPPLEMENTAL SCHEDULE OF INVESTING AND FINANCING ACTIVITIES

	Acquisition Of Property And Equipment:		
48	Additions to property and equipment	$ 31,537	$
49	Less: Capital lease obligations incurred	-	
50	Cash Outflows For Property And Equipment	$ 31,537	$
	Acquisition Of Business Entities:		
51	Property and equipment acquired	$ -	$
52	Goodwill acquired	-	
53	Net assets acquired other than cash, goodwill, and property and equipment	-	
54	Long-term debt assumed	-	
55	Issuance of stock or capital invested	-	
56	Cash Outflows To Acquire Business Entities	$ -	$
	Stock Issued Or Capital Contributions:		
57	Total issuances of stock or capital contributions	$ -	$
58	Less: Issuances to settle long-term debt	-	
59	Consideration in acquisition of business entities	-	
60	Cash Proceeds From Issuing Stock Or Capital Contributions	$ -	$

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

TRADING NAME OF LICENSEE: BALLY'S PARK PLACE, INC. (Bally's Atlantic City)

Amended 5/5/06

SCHEDULE OF PROMOTIONAL EXPENSES AND ALLOWANCES

($ IN THOUSANDS)

FOR THE TWELVE MONTHS ENDED DECEMBER 31, 2005

		Promotional Allowances		Promotional Expenses	
Line (a)	(b)	Number of Recipients (c)	Dollar Amount (d)	Number of Recipients (e)	Dollar Amount (f)
1	Rooms	511,827	$ 30,290		$
2	Food	2,987,352	39,790		
3	Beverage	8,865,768	17,732		
4	Travel			60,224	3,935
5	Bus Program Cash	1,025,815	18,164		
6	Other Cash Complimentaries	2,595,873	50,203		
7	Entertainment	203,449	1,017	12,177	1,522
8	Retail & Non-Cash Gifts	167,267	8,448	238,460	11,686
9	Parking	1,022,626	1,023	559,497	1,679
10	Other *	9,615	288	377,945	3,388
11	Total	17,389,592	$ 166,955	1,248,303	$ 22,210

FOR THE THREE MONTHS ENDED DECEMBER 31, 2005

		Promotional Allowances		Promotional Expenses	
Line (a)	(b)	Number of Recipients (c)	Dollar Amount (d)	Number of Recipients (e)	Dollar Amount (f)
1	Rooms	103,385	$ 7,397		$
2	Food	691,744	9,212		
3	Beverage	2,109,703	4,220		
4	Travel			15,427	1,030
5	Bus Program Cash	238,864	4,428		
6	Other Cash Complimentaries	588,543	13,559		
7	Entertainment	107,934	539	3,028	378
8	Retail & Non-Cash Gifts	42,616	2,193	26,865	3,172
9	Parking	435,732	436	219,901	660
10	Other *	1,917	58	79,458	735
11	Total	4,320,438	$ 42,042	344,679	$ 5,975

* No item in this category exceeds 5%.

Amended
5/5/06

BALLY'S PARK PLACE, INC. (Bally's Atlantic City)
NOTES TO FINANCIAL STATEMENTS
(Unaudited)
(All dollar amounts in thousands)
REVISED APRIL 30, 2006

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Organization and 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 Harrah's Operating Company, Inc. ("HOC"). The Company owns and operates the casino hotel resort in Atlantic City, New Jersey known as "Bally's Atlantic City." The Company operates in one industry segment and all significant revenues arise from its casino and supporting hotel operations.

Prior to June 13, 2005, the company was 100% owned by Caesars Entertainment, Inc ("CEI"). On June 13, 2005, Harrah's Entertainment, Inc. ("Harrah's") completed the acquisition of 100 percent of the outstanding shares of CEI. Following the purchase, the Company became an indirect wholly-owned subsidiary of Harrah's.

In conjunction with the acquisition, total equity was adjusted to the purchase price assigned to the Company, retained earnings of the Company were eliminated and the assets and liabilities of the Company were adjusted to fair value with goodwill recorded for the excess of the purchase price over the fair value of the net tangible and intangible assets. Harrah's determined the estimated fair values based on independent appraisals, discounted cash flows, quoted market prices and estimates made by management. The purchase price allocation is in process and will be completed within one year of the acquisition; thus, the allocation of the price is subject to refinement. The following table summarizes the estimated fair value of the Company's assets acquired and liabilities assumed at the date of acquisition (in thousands):

Current assets	$	45,102
Land, buildings and equipment		673,542
Other assets		50,364
Due from affiliates (net)		151,573
Goodwill		303,907
Intangible assets		184,000
Total assets acquired	$	1,408,488
Current liabilities	$	55,353
Deferred income taxes		137,382
Other liaibilities		1,787
Long-term debt		585,240
Total liabilities assumed	$	779,762

For purposes of this regulatory filing, adjustments to the historical assets of the Company were reflected on December 31, 2005 and in its statement of operations for the three months and twelve months ended December 31, 2005 and in its statement of cash flows for the twelve months ended December 31, 2005. The operations of the Company for the periods prior to January 1, 2005 and for the period from January 1, 2005 through June 13, 2005 are referred to in

Amended 5/5/06

these financial statements as the "Predecessor Company." The operations of the Company for the period from June 14, 2005 through December 31, 2005 are referred to in these financial statements as the "Company." The financial statements are required to represent a complete year of operations to satisfy regulatory requirements; however, accounting principles generally accepted in the United States require the results of the Predecessor Company's operations to be presented separately due to the different basis of accounting between the periods due to the acquisition on June 13, 2005. The Company's balance sheet, statements of income and statements of cash flow are not comparable to the Predecessor Company and are not presented here. For information on prior year, please refer to the Quarterly Report at December 31, 2004. The Company has assumed all Predecessor Companies obligations.

Use of estimates

The preparation of financial statements in conformity with accounting principles generally accepted in the United States of America requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities and disclosure of contingent assets and liabilities at the date of the financial statements and the amounts of revenue and expenses reported during the period. Actual results could differ from such estimates.

Revenue recognition and promotional allowances

Casino revenues represent the net revenue from gaming wins and losses. The revenues from hotel, food & beverage and from theater ticket sales are recognized at the time the related services are performed. The Statement of Income reflects operating revenues including the retail value of complimentary services (also known as promotional allowances), which are deducted on a separate line to arrive at net revenues. Promotional allowances are provided to casino patrons without charge.

Inventories

Inventories are stated at the lower of cost or market. Cost is determined using the weighted average cost method.

Property and equipment

Depreciation is provided on the straight-line basis over the estimated economic lives of the related assets. Depreciation expense was $11,376 for the three months ended December 31, 2005; and $45,652 for the twelve months ended December 31, 2005.

Asset class	Life
Land Improvements	12 years
Building and Improvements	30-40 years
Furniture, Fixtures and Equipment	3-10 years

Goodwill and Other Intangible Assets

In accordance with Statement of Financial Accounting Standards ("SFAS") No. 142, *Goodwill and Other Intangible Assets*, the Company performs at least an annual review of goodwill and non-amortizing intangibles. The purchase price allocation related to the Caesars acquisition is in

Amended 5/5/06

process and will be completed within one year of the acquisition; thus, the allocation of the purchase price is subject to refinement. The Company completed its annual assessment for impairment during the fourth quarter of 2005 and determined that goodwill and non-amortizing intangible assets had not been impaired. In accordance with the provisions of SFAS No. 142, the Company does not amortize goodwill.

The intangible assets include trademark totaling $19 million and customer relationships (database) totaling $165 million. The trademark has been determined to have a useful life of five years and the customer relationships have been determined to have a useful life of 17 years, and are being amortized using the straight-line method. Amortization expense for the period June 13, 2005 to December 31, 2005 was approximately $7.3 million. Based on the value allocated to amortizing intangibles as of December 31, 2005 per the preliminary purchase price allocation, estimated annual amortization expense for each of the years ending December 31, 2006, 2007, 2008 and 2009 is approximately $13.5 million and for the year ending December 31, 2010 is approximately $11.5 million.

Connection Card Program

The Connection Card Program offers incentives to customers who gamble at Caesars casinos. Under the program, customers are able to accumulate, or bank, credits over time that they may redeem at their discretion under the terms of the program. The credit balance will be forfeited if the customer does not use the credit over the prior one-year period. The estimated incremental costs of the goods or services to be provided when the credits are redeemed, after consideration of estimated breakage, are expensed as the credits are earned. To arrive at the estimated costs associated with the credits, estimates and assumptions are made regarding incremental marginal costs of the benefits, breakage rates and the mix of goods and services for which credits will be redeemed. The Company uses historical data to assist in the determination of estimated accruals.

In December 2005, the Company changed the method of calculating its liability by applying a Harrah's company-wide method. This resulted in an increase to the liability of $3.7 million. Of this amount, $1.6 million was attributed to pre-acquisition balances and adjusted to purchase price. Of the remaining amount, $1.0 million was attributed to a change in method and was charged as a non-operating expense. $1.1 million was considered current operating expense and is included in Casino Expense.

The amount accrued for the costs of anticipated credit redemptions was approximately $7.4 million as of December 31, 2005.

Fair value of financial instruments

The fair values of the Company's financial instruments including receivables, payables and debt approximate their recorded book values at December 31, 2005.

Investments in subsidiaries

The Company has an investment in Atlantic City Country Club reflected in the accompanying

financial statements using the equity method.

The Company previously had an investment accounted for using the equity method in GNOC Corp. which owned and operated the casino hotel resort in Atlantic City, New Jersey known as the Atlantic City Hilton. On September 27, 2004, GNOC, Corp. and Bally's Olympia, LP ("BOLP") entered into a definitive agreement to sell most of the assets and certain related liabilities of GNOC Corp. as well as the assets of the Company and certain other affiliates of CEI to Resorts International Holdings, LLC ("Colony") an affiliate of Colony Capital, LLC, a Los Angeles based international private investment firm, for approximately $612,000,000 (see Notes 3 & 4). The transaction was completed on April 25, 2005. GNOC Corp. ceased to operate the Atlantic City Hilton as of that date. The investment in GNOC was transferred from Bally's Park Place books through CEI inter-company transactions utilizing the proceeds of the sale.

Allocations and transactions with related parties

The Company transfers cash in excess of its operating needs to HOC on a daily basis. HOC provides the Company with cash advances for capital expenditures and working capital needs.

Certain executive, administrative and support operations of the Company and other Harrah's affiliates are consolidated, including limousine services, advertising, sales and marketing services, purchasing and certain other administrative departments. Costs of these operations are allocated to or from the Company either directly or using various formulas based on estimates of utilization of such services. Management believes the methods used to allocate these costs are reasonable.

Harrah's allocates certain expenses to the Company, such as information technology, internal audit and risk management. These expenses are allocated using various formulas based on estimates of utilization of such expenses. Management believes that the methods used to allocate these costs are reasonable.

Accounting Pronouncements

In November 2002, the FASB issued Interpretation No ("FIN") 45, "Guarantor's Accounting and Disclosure Requirements for Guarantees, Including Indirect Guarantees of the Indebtedness of Others." FIN No. 45 elaborates on the disclosures to be made by a guarantor about its obligations under certain guarantees issued. It also clarifies that a guarantor is required to recognize, at the inception of a guarantee, a liability for the fair value of the obligation undertaken in issuing the guarantee. The initial recognition and measurement provisions of this Interpretation apply to guarantees issued or modified after December 31, 2002. Implementation of this Interpretation did not have a material impact on the Company's financial statements.

In 2003, the FASB issued FIN No. 46, "Consolidation of Variable Interest Entities." FIN No. 46 addresses consolidation of entities that are not controllable through voting interest or in which the equity investors do not bear the residual economic risks and rewards. These entities have commonly been referred to as special purpose entities. The Interpretation provides guidance related to identifying variable interest entities and determining whether such entities should be consolidated. It also provides guidance related to the interest in newly consolidated variable interest entities and

requires disclosures for both the primary beneficiary of a variable interest entity and other beneficiaries of the entity. Implementation of this Interpretation did not have a material impact on the Company's financial statements, as the Company does not have any variable interest entities.

Income taxes

Taxable income or loss of the Company is included in the consolidated Federal income tax return of CEI through June 13, 2005 and Harrah's thereafter. The Company provides for income taxes by applying the respective state and federal statutory rates to pre-tax financial statement income. The corresponding liability is credited to its corporate parent via other liabilities. Deferred income taxes reflect the net tax effects of temporary differences between the carrying amounts of assets and liabilities for financial reporting purposes and the amounts used for income tax purposes.

The Income tax provision for the period of December 31, 2005 is as follows

	12/31/2005
Federal:	
Current	14,421
Deferred	(2,497)
	11,924
State:	
Current	8,789
Deferred	(417)
	8,371
Total:	
Current	23,210
Deferred	(2,914)
	20,296

Significant Components of the Company's deferred tax assets & liabilities for the year ending December 31, 2005 are as follows (in thousands):

Net Deferred Tax Liability

	12/31/2005
Deferred tax assets:	
Self insurance reserves	1,844
Accrued compensation and related benefits	1,823
Allowance for doubtful accounts	2,943
Grantor Trust	5,040
Amortization	7,786
CRDA Investment	458
Other	6,740
Total deferred tax asset	26,634
Deferred tax liability:	
Depreciation and amortization	(88,912)
Intangibles	(72,190)
Net deferred tax asset/(liability)	(134,468)

BALLY'S PARK PLACE, INC. (Bally's Atlantic City)
NOTES TO FINANCIAL STATEMENTS
(Unaudited)
(All dollar amounts in thousands)
REVISED APRIL 30, 2006

Amended 5/5/06

Casino Reinvestment Development Authority

The New Jersey Casino Control Act provides, among other things, for an assessment of licensees equal to 1.25% of their gross gaming revenues in lieu of an investment alternative tax equal to 2.5% of gross gaming revenues. The Company has satisfied this investment obligation by (i) investing in qualified eligible direct investments, (ii) making qualified contributions or (iii) depositing funds with the Casino Reinvestment Development Authority (the "CRDA"). Funds deposited with the CRDA may be used to purchase bonds designated by the CRDA or, under certain circumstances, may be donated to the CRDA in exchange for credits against future CRDA investment obligations. CRDA bonds have varying terms of up to fifty years and bear interest at below market rates. The Company records a charge to reflect the estimated realizable value of its CRDA investments.

An affiliate of the Company, Boardwalk Regency Corporation ("Caesars Atlantic City") has entered into an agreement with developers for the renovation of the Pier at Caesars, located on the boardwalk in Atlantic City and the construction of a new parking garage which opened July 1, 2005. The Company and Caesars Atlantic City entered into a credit agreement (the "Credit Agreement") with the CRDA to partially finance the construction of these projects. The Credit Agreement provides for funding from the CRDA for qualified development costs incurred. The CRDA funding will come from amounts either currently on deposit or to be deposited with the CRDA pursuant to the Company and its affiliates' investment obligations. As of December 31, 2005, the Company has received $20,852 of previously deposited funds from the CRDA.

The twelve Atlantic City casino properties (the "AC Industry") and the CRDA have entered into an agreement with the New Jersey Sports & Exposition Authority (the "NJSEA") to provide funding to subsidize New Jersey's horseracing industry. In exchange for this funding, the NJSEA and the three active New Jersey racetracks will not conduct any casino gaming at the racetracks prior to January 1, 2009. As part of the agreement, the AC Industry will provide $34 million over a four year period to the NJSEA and must deposit another $62 million into the Casino Expansion Fund (managed by the CRDA). The $62 million will be derived from funds either currently on deposit or to be deposited with the CRDA pursuant to each casino property's investment obligation. The Company's obligation is equal to its fair-share of AC Industry casino revenues. The Company estimates this commitment over the four year period to be a total of $4,800,000, the first payment of which was made November 2004. The total estimated commitment will be charged to operations on a straight line basis through January 1, 2009. Once the Company meets its deposit obligation related to its fair share of the $62 million, the Company is eligible to receive funds from the Casino Expansion Fund for qualified construction expenditures. The Company has until June 30, 2014 to submit an application to exhaust its share of the Casino Expansion Fund. Any funds not transferred out of the Casino Expansion Fund by the required date will be transferred to funds on deposit with the CRDA pursuant to its ongoing investment obligations.

BALLY'S PARK PLACE, INC. (Bally's Atlantic City)
NOTES TO FINANCIAL STATEMENTS
(Unaudited)
(All dollar amounts in thousands)
REVISED APRIL 30, 2006

Amended
5/5/06

NOTE 2 – RECEIVABLES AND PATRONS' CHECKS

Receivables and patrons' checks as of December 31 consist of the following:

	2005
Casino receivables (net of allowance for doubtful accounts – $6,924 in 2005)	$ 6,089
Other (net of allowance for doubtful accounts – $281 in 2005)	4,638
Due from Harrah's	137,962
Due from Caesars Atlantic City	21,309
Due from Affiliates	962
	$ 170,960

GNOC ceased operations of Atlantic City Hilton on April 25, 2005. The receivable from GNOC was transferred through CEI's inter-company transactions utilizing the proceeds of the sale. $3,867 of casino receivables and allowance for doubtful accounts were assigned to the Company by GNOC, Corp.

NOTE 3- PREPAID EXPENSES AND OTHER CURRENT ASSETS

Prepaid Expense and Other Current Assets as of December 31 consist of the following:

	2005
Tax Deferred Asset	$ 17,239
Other	7,755
	$ 24,994

NOTE 4 - INVESTMENTS, ADVANCES AND RECEIVABLES

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

	2005
Investment in wholly owned subsidiaries (see Note 1):	
Atlantic City Country Club, Inc.	$ 14,398
Bally's Land Ventures Realty, Inc.	-
GNOC, Corp.	-
Total investment in subsidiaries	14,398
Casino Reinvestment Development Authority Investment obligations (less valuation reserves of $14,362 in 2005 and $12,723 in 2004)	23,483

Amended 5/5/06

Jacobs Family Terrace mortgage receivable (less reserve of $250 in 2005 and 2004)	795
Long-term deposits	261
	$ 38,937

All the assets of Bally's Land Ventures Realty, Inc., $14,342 were sold to Colony in April 2005. The investment in GNOC Inc., $84,275 was transferred from the company's books through inter-company transactions with CEI, utilizing proceeds of the sale as GNOC ceased to operate the Atlantic City Hilton (see Note 1).

NOTE 5- PROPERTY AND EQUIPMENT

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

	2005
Land	$ 74,260
Buildings and improvements	521,403
Furniture, fixtures and equipment	81,202
Construction in progress	4,555
	681,420
Less accumulated depreciation and amortization	(17,557)
	$ 663,863

See Note 1 for discussion of asset revaluation.

NOTE 6- OTHER ASSETS

Other assets as of December 31 consist of the following:

	2005
Cost in excess of acquired assets	$ 303,907
Trademark, less accumulated amortization of $1,970	17,030
Intangible asset, less accumulated amortization of $5,311	159,689
Long Term CRDA	9,026
Other	1,529
	$ 491,181

See Note 1 for discussion of Goodwill and other intangible assets.

Amended 5/5/06

BALLY'S PARK PLACE, INC. (Bally's Atlantic City)
NOTES TO FINANCIAL STATEMENTS
(Unaudited)
(All dollar amounts in thousands)
REVISED APRIL 30, 2006

NOTE 7- OTHER ACCRUED EXPENSES

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

	2005
Accrued payroll and benefits	$ 17,341
Insurance claims	-
Other	12,762
	$ 30,103

Liabilities for insurance claims and workers' compensation have been recorded by HOC as a result in a change in accounting policy. The Company receives a monthly allocation from HOC, based on estimates of utilization of such expenses. The change in accounting policy has no impact on the Company's net income.

NOTE 8- OTHER CURRENT LIABILITIES

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

	2005
Chip and token liability	$ 2,092
Total Rewards / Connection Card liability	6,960
Due to affiliates	3,919
Other	4,492
	$ 17,463

See Note 1 for discussion of connection card liability.

NOTE 9- LONG-TERM DEBT-DUE TO AFFILIATES AND OTHER

Long-term debt-due to affiliates and other as of December 31 consist of the following:

	2005
Long-term debt due to affiliates:	
8.5% Note payable to Caesars Entertainment Finance Corporation ("CEFC") due January 1, 2009	$500,000
8.5% Note payable to CEFC due May 31, 2011	33,500
8.5% Note payable to CEFC due May 31, 2011	50,000
8.5% Note payable to CEFC due April 30, 2013	500
	$584,000
Long-term debt-other:	
Other secured and unsecured debt	$ 1,045

Amended 5/5/06

In January 1999, the Company executed a $500,000 note payable to CEI with interest at a rate of 8.5% per annum, payable on the last business day of each quarter. On July 1, 2000, CEI assigned the $500,000 note to Park Place Finance Corporation. On March 9, 2004, Park Place Finance Corporation changed its name to Caesars Entertainment Finance Corporation. On June 1, 2001 the Company executed two notes payable in the amounts of $33,500 and a $50,000 to CEFC each with interest at a rate of 8.5% per annum, payable on the last business day of each quarter. In April 2004, the Company executed a $500 note payable to CEFC with interest at a rate of 8.5% per annum, payable on the last business day of each month (see note 1).

NOTE 10- OTHER LIABILITIES

Other liabilities as of December 31 consist of the following:

	2005
Retirement and other employee benefit plans	$ 1,576
Other	25
	$ 1,601

NOTE 11 – CHARGES FROM AFFILIATES-MANAGEMENT FEE

The Company and CEI have entered into an administrative services and management agreement. Under the agreement, CEI provides certain services to the Company in the conduct of its business including, but not limited to operations, marketing, banking, accounting, insurance, tax, regulatory and public company reporting, human resource and benefit administration and other administrative functions. In consideration for these services, the Company pays CEI a monthly management fee equal to three percent of revenues, as defined.

NOTE 12 - NONOPERATING INCOME (EXPENSE) - NET

Nonoperating income (expense) for the three months ended December 31 consists of the following:

	2005
Interest income	$ 298
Gain (loss) on sale of assets	5
Equity in income of unconsolidated subsidiaries	(121)
Other	-
	$ 182

BALLY'S PARK PLACE, INC. (Bally's Atlantic City)
NOTES TO FINANCIAL STATEMENTS
(Unaudited)
(All dollar amounts in thousands)
REVISED APRIL 30, 2006

Amended
5/5/06

Nonoperating income (expense) for the twelve months ended December 31 consists of the following:

	2005
Interest income	$ 1,051
Gain (loss) on sale of assets	377
Equity in income of unconsolidated subsidiaries	10,295
Other	306
	$ 12,029

STATEMENT OF CONFORMITY, ACCURACY AND COMPLIANCE

Amended
5/5/06

1. I have examined this Quarterly Report.

2. All the information contained in this Quarterly Report has been prepared in conformity with the Casino Control Commission's Quarterly Report Instructions and Uniform Chart of Accounts.

3. To the best of my knowledge and belief, the information contained in this report is accurate.

4. To the best of my knowledge and belief, except for the deficiencies noted below, the licensee submitting this Quarterly Report has remained in compliance with the financial stability regulations contained in N.J.A.C. 19:43-4.2(b)1-5 during the quarter.

Signature

Controller
Title

#7091-11
License Number

On Behalf Of:
Bally's Park Place, Inc. NJ
Casino Licensee

SCHEDULE OF RECEIVABLES AND PATRON'S CHECKS

TRADING NAME OF LICENSEE: Bally's Park Place, Inc. (Bally's Atlantic City)

For The Quarter Ended December 31, 2005

TO THE

CASINO CONTROL COMMISSION

OF THE

STATE OF NEW JERSEY

TRADING NAME OF LICENSEE: BALLY'S PARK PLACE, INC. (Bally's Atlantic City)

SCHEDULE OF RECEIVABLES AND PATRONS' CHECKS

FOR THE TWELVE MONTHS ENDED DECEMBER 31, 2005

(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	$ 5,272		
2	Returned patrons' checks	7,741		
3	Total patrons' checks	13,013	$ (6,924)	$ 6,089
4	Hotel Receivables	2,248	(281)	1,967
	Other Receivables:			
5	Receivables due from officers and employees	—		
6	Receivables due from affiliates	160,233		
7	Other accounts and notes receivables	2,671		
8	Total other receivables	162,904	—	162,904
9	Totals (Form CCC 205)	$ 178,165	$ (7,205)	$ 170,960

UNDEPOSITED PATRONS' CHECKS ACTIVITY

LINE (f)	DESCRIPTION (g)	AMOUNT (h)
10	Beginning Balance (January 1)	$ 5,349
11	Counter checks issued (excluding counter checks issued through transactions relating to consolidations, partial redemptions, substitutions, and patrons' cash deposits)	135,051
12	Checks redeemed prior to deposit (excluding the unredeemed portion of counter checks redeemed through partial redemptions, and excluding checks redeemed through transactions relating to consolidations, substitutions, and patrons' cash deposits)	(101,113)
13	Checks collected through deposits	(29,693)
14	Checks transferred to returned checks	(4,322)
15	Other adjustments	
16	Ending Balance	$ 5,272
17	"Hold" Checks Included In Balance On Line 16	$ 0
18	Provision For Uncollectible Patrons' Checks	$ 769
19	Provision As A Percent Of Counter Checks Issued	0.57%

Under penalties of perjury, I declare that I have examined this report, and to the best of my knowledge and belief, it is true and complete.

March 31, 2006
Date

Signature
Controller
Title of Officer

ANNUAL EMPLOYMENT AND PAYROLL REPORT

TRADING NAME OF LICENSEE: Bally's Park Place, Inc. (Bally's Atlantic City)

For The Quarter Ended December 31, 2005

TO THE

CASINO CONTROL COMMISSION

OF THE

STATE OF NEW JERSEY

TRADING NAME OF LICENSEE: BALLY'S PARK PLACE, INC. (Bally's Atlantic City)

ANNUAL EMPLOYMENT AND PAYROLL REPORT

FOR THE YEAR ENDED DECEMBER 31, 2005

($ in Thousands)

LINE (a)	DEPARTMENT (b)	NUMBER OF (c) EMPLOYEES	SALARIES AND WAGES (d) OTHER EMPLOYEES	(e) OFFICERS & OWNERS	(f) TOTALS
	CASINO				
1	Administration				
2	Gaming	1,639			
3	Slots	262			
4	Casino accounting	423			
5	Simulcasting	22			
6	Other				
7	Total-casino	2,346	$ 61,402	$ 349	$ 61,751
8	ROOMS	513	12,236	77	12,313
9	FOOD AND BEVERAGE	1,553	32,335	67	32,402
	OTHER OPERATED DEPARTMENTS				
10	Spa	39	709		709
11	Hat check and pool	12	179		179
12	Telephone room	30	735		735
13	Retail stores	53	1,241		1,241
14					
15					
16					
17					
18					
19					
	ADMINISTRATIVE AND GENERAL				
20	Executive office	18	2,837	1,384	4,221
21	Accounting and auditing	117	4,790		4,790
22	Security	393	12,039	45	12,084
23	Other administrative and general departments	205	6,657	499	7,156
24	MARKETING	223	10,332	165	10,497
25	GUEST ENTERTAINMENT	22	1,821		1,821
26	PROPERTY OPERATION AND MAINTENANCE	603	18,927	87	19,014
27	TOTALS - ALL DEPARTMENTS	6,127	$ 166,240	$ 2,673	168,913

TRADING NAME OF LICENSEE: BALLY'S PARK PLACE, INC. (Bally's Atlantic City)

ANNUAL EMPLOYMENT AND PAYROLL REPORT
SIGNATURE PAGE

FOR THE YEAR ENDED DECEMBER 31, 2005

Under penalties provided by law, I declare that I have examined this report, and to the best of my knowledge and belief, it is true and complete.

Signature

March 31, 2006
Date

Controller
Title

Amended
3/23/06

TRADING NAME OF LICENSEE : BALLY'S ATLANTIC CITY

GROSS REVENUE ANNUAL TAX RETURN

FOR THE YEAR ENDED DECEMBER 31, 2005

Line		
	CASINO WIN:	
1.	Table and Other Games Win	$ 167,660,009
2.	Slot Machines Win	477,973,519
3.	Total Win	645,633,528
4.	Recovery for Uncollectible Patrons' Checks	0
5.	Gross Revenue (line 3 plus line 4)	645,633,528
6.	Tax on Gross Revenue - Reporting Year (8% of line 5)	51,650,682
7.	Audit or Other Adjustments to Tax on Gross Revenues in Prior Years	-
8.	Total Taxes on Gross Revenue (the sum of lines 6 and 7)	51,650,682
9.	Total (Deposits) Made for Tax on Reporting Year's Gross Revenue	51,650,682
10.	Settlement of Prior Years' Tax on Gross Revenue Resulting from Audit or Other Adjustments - (Deposits) Credits	-
11.	Gross Revenue Taxes Payable (the net of lines 8, 9 and 10)	$ 0

Under penalties of perjury, I declare that I have examined this Gross Revenue Annual Tax Return and to the best of my knowledge and belief, the information contained in this return is accurate.

March 14, 2006
Date

Signature

Operations Controller
Title of Officer