QUARTERLY REPORT

LICENSEE HARRAH'S CASINO HOTEL , ATLANTIC CITY

ADDRESS 777 HARRAH'S BLVD.

ATLANTIC CITY, N.J. 08401

FOR THE QUARTER ENDED SEPTEMBER 30, 2005

TO THE

CASINO CONTROL COMMISSION

OF THE

STATE OF NEW JERSEY

NAME OF OFFICER IN CHARGE OF CORRESPONDENCE REGARDING THIS QUARTERLY REPORT

Mark Sachais

OFFICIAL TITLE Vice President of Finance

ADDRESS 777 HARRAH'S BLVD.

ATLANTIC CITY, N.J. 08401

TRADING NAM' .ICENSEE **HARRAH'S CASINO HOTEL, ATI 'C CITY**

BALANCE SHEETS

AS OF SEPTEMBER 30, 2005 AND 2004

(UNAUDITED)
($ IN THOUSANDS)

LINE (a)	DESCRIPTION (b)	2005 (c)	2004 (d)
	ASSETS		
	Current Assets:		
1	Cash and Cash Equivalents	$ 41,001	$ 30,315
2	Short-Term Investments	0	0
3	Receivables and Patrons' Checks (Net of Allowance for Doubtful Accounts - 2005, $1,002; 2004, $890)	14,439	7,150
4	Inventories (Note 2)	1,201	1,299
5	Prepaid Expenses and Other Current Assets (Note 4 and 12)	5,768	7,962
6	Total Current Assets	62,409	46,726
7	Investments, Advances, and Receivables (Note 5)	594,491	492,876
8	Property and Equipment - Gross (Notes 2 and 6)	860,228	811,383
9	Less: Accumulated Depreciation and Amortization (Notes 2 and 6)	(327,679)	(311,958)
10	Property and Equipment - Net (Note 2 and 6)	532,549	499,425
11	Other Assets (Note 7)	7,008	8,682
12	Total Assets	$ 1,196,457	$ 1,047,709
	LIABILITIES AND EQUITY		
	Current Liabilities:		
13	Accounts Payable	$ 5,816	$ 3,224
14	Notes Payable	0	0
	Current Portion of Long-Term Debt:		
15	Due to Affiliates	0	0
16	Other	0	0
17	Income Taxes Payable and Accrued (Note 2)	25	0
18	Other Accrued Expenses (Note 8)	111,814	23,444
19	Other Current Liabilities	533	393
20	Total Current Liabilities	118,188	27,061
	Long-Term Debt:		
21	Due to Affiliates (Note 9)	650,000	650,000
22	Other	0	0
23	Deferred Credits (Note 12)	2,517	922
24	Other Liabilities (Note 10)	41,338	41,123
25	Commitments and Contingencies		
26	Total Liabilities	812,043	719,106
27	Stockholders', Partners', or Proprietor's Equity	384,414	328,603
28	Total Liabilities and Equity	$ 1,196,457	$ 1,047,709

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

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

STATEMENTS OF INCOME

FOR THE NINE MONTHS ENDED SEPTEMBER 30, 2005 AND 2004

(UNAUDITED)
($ IN THOUSANDS)

(a) LINE	(b) DESCRIPTION	2005	2004
	Revenue:		
1	Casino	$ 355,523	$ 345,604
2	Rooms	37,386	37,617
3	Food and Beverage	40,475	41,481
4	Other	9,844	6,163
5	Total revenue	443,228	430,865
6	Less: Promotional Allowance (Note 2)	105,968	105,646
7	Net revenue	337,260	325,219
	Costs and Expenses:		
8	Cost of goods and services	165,506	161,835
9	Selling, general, and administrative	35,394	32,828
10	Provision for doubtful accounts	241	100
11	Total costs and expenses	201,141	194,763
12	Gross Operating Profit	136,119	130,456
13	Depreciation and amortization	27,870	25,353
	Charges from affiliates other than interest:		
14	Management Fees	0	0
15	Other (Note 3)	10,040	9,135
16	Income (Loss) from Operations	98,209	95,968
	Other Income (Expenses):		
17	Interest (expense) - affiliates (Note 9)	(39,000)	(39,000)
18	Interest (expense) - external	0	0
19	Investment alternative tax and related income (expense) - net	(2,134)	(2,511)
20	Nonoperating Income (expense) - net	(186)	809
21	Total other income (expenses)	(41,320)	(40,702)
22	Income (Loss) Before Income Taxes and Extraord. Items	56,889	55,266
23	Provision (credit) for income taxes (Note 2)	6,166	7,856
24	Income (Loss) Before Extraordinary Items	50,723	47,410
25	Extraordinary items (net of income taxes - 2005, $0; 2004, $0)	0	0
26	**Net Income (Loss)**	$ 50,723	$ 47,410

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

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

STATEMENTS OF INCOME

FOR THE THREE MONTHS ENDED SEPTEMBER 30, 2005 AND 2004

(UNAUDITED)
($ IN THOUSANDS)

(a) LINE	(b) DESCRIPTION	2005	2004
	Revenue:		
1	Casino	$135,237	$127,913
2	Rooms	$14,977	14,453
3	Food and Beverage	$15,841	16,095
4	Other	$4,400	3,020
5	Total revenue	170,455	161,481
6	Less: Promotional Allowance (Note 2)	$41,976	39,776
7	Net revenue	128,479	121,705
	Costs and Expenses:		
8	Cost of goods and services	$60,946	57,979
9	Selling, general, and administrative	$13,048	12,744
10	Provision for doubtful accounts	$55	35
11	Total costs and expenses	74,049	70,758
12	Gross Operating Profit	54,430	50,947
13	Depreciation and amortization	$9,257	8,801
	Charges from affiliates other than interest:		
14	Management Fees	$0	0
15	Other (Note 3)	$3,703	3,237
16	Income (Loss) from Operations	41,470	38,909
	Other Income (Expenses):		
17	Interest (expense) - affiliates (Note 9)	($13,000)	(13,000)
18	Interest (expense) - external	$0	0
19	Investment alternative tax and related income (expense) - net	($313)	(835)
20	Nonoperating Income (expense) - net	$3	(537)
21	Total other income (expenses)	($13,310)	(14,372)
22	Income (Loss) Before Income Taxes and Extraord. Items	$28,160	24,537
23	Provision (credit) for income taxes (Note 2)	$2,295	1,158
24	Income (Loss) Before Extraordinary Items	25,865	23,379
25	Extraordinary items (net of income taxes - 2005, $0; 2004, $0)	0	0
26	**Net Income (Loss)**	$25,865	$23,379

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

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

STATEMENTS OF CHANGES IN PARTNERS' OR PROPRIETOR'S EQUITY

FOR THE NINE MONTHS ENDED SEPTEMBER 30, 2005
FOR THE TWELVE MONTHS ENDED DECEMBER 31, 2004

(UNAUDITED)
($ IN THOUSANDS)

LINE (a)	Description (b)	Contributed Capital (c)	Accumulated Earnings (Deficit) (d)	(e)	Total Equity (Deficit) (f)
1	Balance, December 31, 2003	$165,954	$115,239	$0	$281,193
2	Net Income - 2004		52,498		$52,498
3	Capital Contributions				
4	Capital Withdrawals		0		$0
5	Partnership Distributions				
6	Prior Period Adjustments		0		$0
7					
8					
9					
10	Balance, December 31, 2004	165,954	167,737	0	333,691
11	Net Income - 2005		50,723		$50,723
12	Capital Contributions				
13	Capital Withdrawals		0		$0
14	Partnership Distributions				
15	Prior Period Adjustments		0	0	$0
16					
17					
18					
19	Balance, September 30, 2005	$165,954	$218,460	$0	$384,414

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

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

STATEMENTS OF CASH FLOWS

FOR THE NINE MONTHS ENDED SEPTEMBER 30, 2005 AND 2004

(UNAUDITED)
($ IN THOUSANDS)

(a) LINE	(b) DESCRIPTION	(c) 2005	(d) 2004
1	**Net Cash Provided (Used) by Operating Activities**	$ 33,958	$ 25,557
	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	(34,129)	(36,557)
5	Proceeds from disposition of property and equipment	362	12
6	Purchase of casino reinvestment obligations	(4,042)	(4,091)
7	Purchase of other investments and loan advances made	0	0
8	Proceeds from disposal of investments and collection of advances and long-term receivables	462	2,277
9	Cash outflows to acquire business entities	0	0
10	Write Off Abandoned Projects	421	0
11		0	0
12	**Net Cash Provided (Used) by Investing Activities**	(36,926)	(38,359)
	Cash Flows from Financing Activities:		
13	Cash proceeds from issuance of short-term debt	0	0
14	Payments to settle short-term debt	0	0
15	Cash proceeds from issuance of long-term debt	0	0
16	Costs of issuing debt	0	0
17	Payments to settle long-term debt	0	0
18	Cash proceeds from issuing stock or capital contributions	0	0
19	Purchases of treasury stock	0	0
20	Payments of dividends or capital withdrawals	0	0
21	Transfer to Affiliates	0	0
22			
23	**Net Cash Provided (Used) by Financing Activities**	0	0
24	**Net Increase (Decrease) in Cash and Cash Equivalents**	(2,968)	(12,802)
25	**Cash and Cash Equivalents at Beginning of Period**	43,969	43,117
26	**Cash and Cash Equivalents at End of Period**	$ 41,001	$ 30,315
	SUPPLEMENTAL DISCLOSURE OF CASH FLOW INFORMATION		
	Cash Paid During Period for:		
27	Interest (net of amount capitalized)	$ 0	$ 0
28	Income Taxes	$ 6,665	$ 7,907

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

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

STATEMENTS OF CASH FLOWS

FOR THE NINE MONTHS ENDED SEPTEMBER 30, 2005 AND 2004

(UNAUDITED)
($ IN THOUSANDS)

(a) LINE	(b) DESCRIPTION	(c) 2005	(d) 2004
	Net Cash Flows From Operating Activities:		
29	Net Income (loss)	$ 50,723	$ 47,410
	Noncash items included in income and cash items excluded from income:		
30	Depreciation and amortization of property & equipment	27,867	25,351
31	Amortization of other assets	3	2
32	Amortization of debt discount or premium	0	0
33	Deferred income taxes - current	0	0
34	Deferred income taxes - noncurrent	(1,811)	0
35	(Gain) loss on dispostion of property & equipment	(172)	32
36	(Gain) loss on casino reinvestment obligation	0	0
37	(Gain) loss from other investment activities	0	0
38	Net (increase) decrease in receivables and patrons checks	(8,290)	(1,346)
39	Net (increase) decrease in inventories	315	300
40	Net (increase) decrease in other current assets	7,022	(397)
41	Net (increase) decrease in other assets	1,166	1,513
42	Net increase (decrease) in accounts payables	(6,884)	1,605
43	Net increase (decrease) in other current liabilities excluding debt	39,745	2,791
44	Net increase (decrease) in other noncurrent liabilities excluding debt	229	(209)
45	Net (increase) decrease in other receivables or advances	(75,955)	(51,495)
46			
47	**Net Cash Provided (Used) by Operating Activities**	$ 33,958	$ 25,557
	SUPPLEMENTAL SCHEDULE OF CASH FLOW INFORMATION		
	Aquisition of Property and Equipment:		
48	Additions to property and equipment	$ 34,129	$ 36,557
49	Less: capital lease obligations incurred	0	0
50	**Cash Outflows for Property and Equipment**	$ 34,129	$ 36,557
	Acquisition of Business Entities:		
51	Property and equipment acquired	$	$
52	Goodwill Acquired		
53	Net assets acquired other than cash, goodwill, and property and equipment		
54	Long-term debt assumed		
55	Issuance of stock or capital invested		
56	Cash Outflows To Acquire Business Entities	$	$
	Stock Issued or Capital Contributions:		
57	Total issuance of stock or capital contributions	$	$
58	Less: issuances to settle long-term debt, and		
59	Consideration in acquistion of business entities		
60	Cash Proceeds from Issuing Stock or Capital Contributions	$	$

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

Amended 2/9/06

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

SCHEDULE OF PROMOTIONAL EXPENSES AND ALLOWANCES

($ IN THOUSANDS)

FOR THE NINE MONTHS ENDED SEPTEMBER 30, 2005

		Promotional Allowances		Promotional Expenses	
Line (a)	(b)	Number of Recipients (c)	Dollar Amount (d)	Number of Recipients (e)	Dollar Amount (f)
1	Rooms	352,577	$ 30,710	-	$ -
2	Food	1,570,905	15,709	-	-
3	Beverage	4,810,800	12,027	-	-
4	Travel	-	-	74,626	7,388
5	Bus Program Cash	153,340	1,533	-	-
6	Other Cash Complimentaries	3,302,928	41,286	-	-
7	Entertainment	191,850	3,837	-	-
8	Retail & Non-Cash Gifts	173,203	866	179,871	899
9	Parking	-	-	-	-
10	Other	-		-	-
11	Total	10,555,603	$ 105,968	254,497	$ 8,287

FOR THE THREE MONTHS ENDED SEPTEMBER 30, 2005

		Promotional Allowances		Promotional Expenses	
Line (a)	(b)	Number of Recipients (c)	Dollar Amount (d)	Number of Recipients (e)	Dollar Amount (f)
1	Rooms	139,713	$ 12,169	-	$ -
2	Food	642,700	6,427	-	-
3	Beverage	1,847,600	4,619	-	-
4	Travel	-	-	30,618	3,031
5	Bus Program Cash	121,904	1,219	-	-
6	Other Cash Complimentaries	1,212,421	15,155	-	-
7	Entertainment	102,750	2,055	-	-
8	Retail & Non-Cash Gifts	66,403	332	68,652	343
9	Parking	-	-	-	-
10	Other	-	-	-	-
11	Total	4,133,491	$ 41,976	99,270	$ 3,374

HARRAH'S CASINO HOTEL ATLANTIC CITY
NOTES TO FINANCIAL STATEMENTS
(Unaudited)
(Dollars in Thousands)

NOTE 1 - ORGANIZATION AND BASIS OF PRESENTATION

Marina Associates and Subsidiary (the "Partnership") operates as a General Partnership and owns and operates a casino hotel resort located in the Marina District of Atlantic City, New Jersey known as Harrah's Casino Hotel Atlantic City. The Partnership is an indirect, wholly-owned subsidiary of Harrah's Operating Company, Inc. ("HOC"), which is a direct wholly-owned subsidiary of Harrah's Entertainment, Inc. ("Harrah's"). A substantial portion of the Partnership's revenues is derived from gaming and supporting hotel operations.

The Partnership is licensed to operate the facility by the New Jersey Casino Control Commission (the "CCC") and is subject to rules and regulations established by the CCC. The Partnership's license is subject to renewal every four years with the current license expiring in April 2008.

NOTE 2 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Principles of Consolidation - The accompanying consolidated financial statements include the account balances of the Partnership and its wholly-owned subsidiary, Reno Crossroads LLC ("Reno"). As a result, all material intercompany transactions and balances have been eliminated in consolidation.

Allowance for Doubtful Accounts - The Partnership reserves an estimated amount for receivables that may not be collected. The methodology for estimating the allowance includes using specific reserves and applying various percentages to aged receivables. Historical collection rates are considered, as are customer relationships, in determining specific allowances. As with many estimates, management must make judgments about potential actions by third parties in establishing and evaluating the allowance for bad debts.

Inventories - Inventories of provisions and supplies are valued at the lower of average cost, or market.

Land, Buildings and Equipment - Land, buildings, and equipment are stated at cost, including capitalized interest on intercompany funds used to finance construction calculated at Harrah's overall weighted-average borrowing rate of interest.

Improvements and repairs that extend the life of the asset are capitalized. Building improvements are depreciated over the remaining life of the building. Maintenance and repairs are expensed as incurred.

Depreciation is provided using the straight-line method over the shorter of the estimated useful life of the asset or the related lease term, as follows:

Land improvements	12 years
Buildings and improvements	30 to 40 years
Furniture, fixtures and equipment	3 to 12 years

The Partnership reviews the carrying value of land, buildings and equipment for impairment whenever events and circumstances indicate that the carrying value of an asset may not be recoverable from the estimated future cash flows expected to result from its use and eventual disposition. When undiscounted expected future cash flows are less than the carrying value, an impairment loss is recognized equal to an amount by which the carrying value exceeds the fair value of the asset. The factors considered by the Partnership in performing this

assessment include current operating results, trends and prospects, as well as the effect of obsolescence, demand, competition and other economic factors.

Investments in Subsidiaries - During 1999, the Partnership, through its wholly owned subsidiary Reno Crossroads LLC ("Reno"), acquired a parcel of land in Reno, Nevada for approximately $10,325. The existing facilities located on the parcel site were demolished and a new plaza was constructed on the site at a cost of approximately $2,365. On February 1, 2000, Reno entered into an agreement to lease this parcel of land to HOC for a period of twenty years at a fixed rent of $1,120 per year.

Financial Instruments - The carrying amount of receivables and all current liabilities approximates fair value due to their short-term nature. The fair value of a financial instrument is the amount at which the instrument could be exchanged in a current transaction between willing parties. After giving effect to their allowances, the Casino Reinvestment Development Authority ("CRDA") bonds and deposits approximately reflect their fair value based upon their below market interest rates. The carrying amount of long-term debt is estimated to approximate its fair value as the stated rates approximate current rates

CRDA Real Estate Project - The Partnership's investment in its CRDA real estate project (the "Project") consists of various townhomes, an apartment building and a retail store outlet in the northeast section of Atlantic City, NJ. Based upon an agreement with the CRDA, the Partnership may sell certain parts of the Project and will operate certain other parts for a period of up to 20 years.

Income or loss from the operation of the Project is included in the results of operations. Buildings are being depreciated using the straight-line method based on an estimated useful life of 27.5 years.

Revenue Recognition - Casino revenues consist of the net win from gaming activities, which is the difference between gaming wins and losses. Food, beverage, rooms and other revenues include the aggregate amounts generated by those departments.

Casino Promotional Allowances - Casino promotional allowances consist of the retail value of complimentary food and beverages, accommodations, admissions and entertainment provided to casino patrons. Also included is the value of the coupons redeemed for cash at the property. The estimated costs of providing such complimentary services are classified as casino expenses in the accompanying statements of income. These costs consisted of the following at September 30:

	2005	2004
Food and beverage	$ 7,184	$ 5,947
Rooms	3,725	3,801
Other	2,435	1,538
Other Cash Complimentaries	15,658	15,111
	$ 29,002	$ 26,397

Income Taxes - The accompanying consolidated 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 each partner.

In accordance with regulations prescribed by the New Jersey Casino Control Act, the Partnership files a state income tax return on behalf of the partners. Accordingly, the accompanying consolidated financial statements include a provision for state income taxes.

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

Use of Estimates - The preparation of these financial statements in conformity with generally accepted accounting principles requires the Partnership 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 reported amounts of revenues and expenses during the reporting period. Actual results may differ from these estimates.

NOTE 3 - RELATED PARTY TRANSACTIONS

The Partnership participates with HOC and its other subsidiaries in marketing, purchasing, insurance, employee benefit and other programs that are defined and negotiated by HOC on a consolidated basis. The Partnership believes that participating in these consolidated programs is beneficial in comparison to the terms for similar programs that it could negotiate on a stand-alone basis.

Certain of the more significant intercompany relationships between the Partnership and HOC are discussed in this footnote.

Cash Activity with HOC and Affiliates - The Partnership transfers cash in excess of its operating and regulatory needs to HOC on a daily basis. Cash transfers from HOC to the Partnership are also made based upon the needs of the Partnership to fund daily operations, including accounts payable and payroll, as well as capital expenditures. No interest is earned on the amount shown as due from affiliates, net, in the accompanying consolidated financial statements.

Administrative and Other Services - The Partnership is charged a fee by HOC for administrative and other services (including consulting, legal, marketing, information technology, accounting and insurance). The Partnership was charged $3,703 and $3,237 for these services for the three months ended September 30, 2005 and 2004, respectively. The fee is included in changes from affiliates in the accompanying consolidated statements of income.

NOTE 4 - PREPAID EXPENSES AND OTHER CURRENT ASSETS

Prepaid Expenses and Other Current Assets as of September 30 consisted of the following:

	2005	2004
Prepaid Taxes	$ 1,559	$ 1,605
Prepaid Marketing	1,387	873
Prepaid Air Charters	1,248	2,003
Prepaid State Income Tax	711	2,727
Prepaid Other	552	469
Prepaid Insurance	311	285
	$ 5,768	$ 7,962

NOTE 5 - INVESTMENTS, ADVANCES AND RECEIVABLES

Investments, Advances and Receivables as of September 30, consisted of the following:

	2005	2004
Due from Affiliates	$ 578,657	$ 480,218
Casino Reinvestment Development Authority obligation deposits - Net of Valuation Allowance of $2,630 and $1,123 at September 30, 2005 and 2004, respectively	11,507	8,423
Casino Reinvestment Development Authority Bonds - Net of Valuation Allowance of $3,821 and $3,777 at September 30, 2005 and 2004, respectively	4,272	4,235
Other	55	0
	$594,491	$492,876

Due from Affiliates as of September 30 consisted of the following unsecured, non-interest bearing intercompany amounts:

	2005	2004
Harrah's New Jersey, Inc.	$ 18,962	$ 18,962
I/C- Embassy Suites	533,970	437,553
Northeast Regional Office	4,337	5,218
Harrah's Lake Tahoe	132	132
Embassy Suites, Inc.	1,940	1,940
Harrah's Del Rio	202	185
Harrah's Reno	6,096	5,005
Harrah's Las Vegas	-	55
Bill's Casino	111	111
Harrah's Vicksburg	23	23
Harrah's Joliet	342	346
Harrah's New Orleans	1	1
Harrah's Shreveport	1	23
Harrah's St. Louis	74	74
Harrah's North Kansas City	-	47
Harrah's Cherokee	761	720
Harrah's Prairie Band	8	24
Showboat Atlantic City	10,608	9,010
Harrah's Tunica	225	6
Harrah's Ak Chin	42	14
Harrah's East Chicago	729	655
Harvey's	46	67
Harrah's Gold Card	47	47
	$578,657	$480,218

NOTE 6 – LAND, BUILDINGS AND EQUIPMENT

Land, Buildings and Equipment as of September 30 consisted of the following:

	2005	2004
Land and Land Improvements	$ 93,082	$ 75,001
Buildings, Leaseholds and Improvements	562,186	538,407
Furniture, Fixtures and Equipment	186,711	189,215
Construction in Progress	18,249	8,760
	860,228	811,383
Less Accumulated Depreciation	(327,679)	(311,958)
Property and Equipment, Net	$532,549	$499,425

NOTE 7 - OTHER ASSETS

Other Assets as of September 30 consisted of the following:

	2005	2004
Deferred and Prepaid CRDA Obligations	$ 6,884	$ 8,519
Deposits	41	41
Deferred Other	15	15
Long-term Portion of Prepaid Insurance	67	99
Long-term Portion of Prepaid Other	-	8
	$ 7,008	$ 8,682

NOTE 8 - OTHER ACCRUED EXPENSES

Other Accrued Expenses as of September 30 consisted of the following:

	2005	2004
Accrued Interest, Long-term debt	$ 91,000	$ 4,333
Accrued Salaries, Wages and Benefits	6,829	7,522
Taxes Payable	3,674	2,722
Accrued In-House Progressive Slot Liability	276	197
Accrued City Wide Progressive Slot Liability	575	458
Accrued Casino Control Commission / Department Gaming Enforcement Casino License Fees	288	691
Other Accrued Expenses	9,172	7,521
	$111,814	$23,444

NOTE 9 - LONG-TERM DEBT

Long-term Debt as of December 31 consisted of the following:

	2005	2004
Promissory Note	$650,000	$650,000

On October 31, 2001, the Partnership and HOC consummated a promissory note for $650,000. All principal and interest outstanding on the promissory note is due and payable on demand to HOC. Interest is computed on an annual basis using 360 days for the actual number of days elapsed during a year, and an annual rate of 8%. Any amount of principal not paid by the Partnership to HOC when due will bear an additional 2% annual interest rate. As of September 30, 2005 and 2004, there was accrued interest of $91,000 and $4,333, respectively, on the balance sheet related to the intercompany note. Prior to December 31, 2003 accrued interest was paid by the Partnership on a monthly basis. During 2004 the methodology was changed to pay accrued interest on an annual basis. On March 12, 2003 the 8% Promissory Note was assigned to Harrah's Entertainment Limited. Neither the term nor the amount of the debt was affected by this assignment.

NOTE 10 - OTHER LIABILITIES

Other Liabilities as of September 30 consisted of the following:

	2005	2004
Due to Affiliates, Long-term	$40,210	$39,806
Other	1,128	1,317
	$41,338	$41,123

Due to Affiliates at September 30 consisted of the following unsecured, non-interest bearing inter-company accounts:

	2005	2004
Harrah's Atlantic City, Inc.	$ 38,855	$ 38,855
Harrah's Holdings, Inc.,	603	603
Harrah's Jazz Casino	19	55
Harrah's Las Vegas	396	-
Harrah's Kansas City	44	-
Harrah's Holiday Inns of New Jersey, Inc.	293	293
	$40,210	$39,806

NOTE 11 – COMMITMENTS AND CONTINGENCIES

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

Insurance Reserve - The Partnership is self-insured for various levels of general liability coverage. Insurance claims and reserves include the accrual of estimated settlements for known and anticipated claims. Accrued expenses and other current liabilities in the accompanying balance sheets includes insurance allowances of $133 and $246 as of September 30, 2005 and 2004, respectively. Actual results may differ from these reserve amounts.

CRDA Investment Obligation - 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 Partnership may satisfy this investment obligation by investing in qualified eligible direct investments, by making qualified contributions or by depositing funds with 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 terms up to 50 years and bear interest at below market rates. The Partnership includes CRDA investment bonds and funds on deposit in deferred charges and other non-current assets in the accompanying balance sheets totaling $4,272 and $11,507, respectively, at September 30, 2005 and $4,235 and $8,423, respectively, at September 30, 2004. The Partnership records charges to operations to reflect the estimated net realizable value of its CRDA investment.

To satisfy current Atlantic City obligations as well as those projected beyond the year 2003, the Partnership received approval from the CRDA for a qualified direct investment project to construct various townhomes, an apartment building and a retail store outlet in the northeast section of Atlantic City ("CRDA real estate project") at an estimated cost to the Partnership of approximately $54,573. As of September 30, 2005 and 2004, approximately $6,539 and $8,519, respectively, represents a prepayment of the Partnership's future obligations to the CRDA related to the CRDA real estate project. The prepaid asset is being amortized over the related Atlantic City obligation period and is included in deferred charges and other non-current assets in the accompanying balance sheets.

The Partnership has committed $9,589 of its current and future CRDA deposit obligations for the refurbishment of the Atlantic City Convention Center. The amount was to be amortized on a straight-line basis over a 15-year period commencing September 2001. At September 30, 2005 and 2004, approximately $440 and $497, respectively, of additional funds have been earmarked for the refurbishment and included in the deferred charges and other noncurrent assets balance on the balance sheets

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NOTES TO FINANCIAL STATEMENTS
(Unaudited)
(Dollars in Thousands)

STATEMENTS OF CONFORMITY, ACCURACY AND COMPLIANCE

1. I have examined this Quarterly Report.

2. All the information contained in this Quarterly Report has been prepared in conformity with 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 Quarterly 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

Vice President of Finance
Title

006908-11
License Number

On Behalf of:

Marina Associates
Casino Licensee

CCC-249