

**TROPICANA CASINO AND RESORT - TAC
QUARTERLY REPORT**

FOR THE PERIOD MARCH 8 TO MARCH 31, 2010

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



**DIVISION OF FINANCIAL EVALUATION
REPORTING MANUAL**

TROPICANA CASINO AND RESORT - TAC BALANCE SHEETS

FOR THE PERIOD MARCH 8, 2010 THROUGH MARCH 31, 2010

(UNAUDITED)
(\$ IN THOUSANDS)

Line (a)	Description (b)	Notes	2010 (c)	2009 (d)
	<u>ASSETS:</u>			
	Current Assets:			
1	Cash and Cash Equivalents.....		\$63,344	\$0
2	Short-Term Investments.....		0	0
3	Receivables and Patrons' Checks (Net of Allowance for Doubtful Accounts - 2010, \$7,878 ; 2009, \$0).....		16,176	0
4	Inventories		1,994	0
5	Other Current Assets.....		6,346	0
6	Total Current Assets.....		87,860	0
7	Investments, Advances, and Receivables.....	5,6	31,229	0
8	Property and Equipment - Gross.....	3	189,052	0
9	Less: Accumulated Depreciation and Amortization.....	3	(1,357)	0
10	Property and Equipment - Net.....	3	187,695	0
11	Other Assets.....		43,483	0
12	Total Assets.....		\$350,267	\$0
	<u>LIABILITIES AND EQUITY:</u>			
	Current Liabilities:			
13	Accounts Payable.....		\$7,986	\$0
14	Notes Payable.....		0	0
	Current Portion of Long-Term Debt:			
15	Due to Affiliates.....		0	0
16	External.....	4	37	0
17	Income Taxes Payable and Accrued.....		0	0
18	Other Accrued Expenses.....		19,517	0
19	Other Current Liabilities.....		4,260	0
20	Total Current Liabilities.....		31,800	0
	Long-Term Debt:			
21	Due to Affiliates.....		0	0
22	External.....	4	161	0
23	Deferred Credits		0	0
24	Other Liabilities.....	2,5	36,374	0
25	Commitments and Contingencies.....	5	0	0
26	Total Liabilities.....		68,335	0
27	Stockholders', Partners', or Proprietor's Equity.....		281,932	0
28	Total Liabilities and Equity.....		\$350,267	\$0

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

Amended 8/16/2010

TROPICANA CASINO AND RESORT - TAC STATEMENTS OF INCOME

FOR THE PERIOD MARCH 8, 2010 THROUGH MARCH 31, 2010

(UNAUDITED)
(\$ IN THOUSANDS)

Line (a)	Description (b)	Notes	2010 (c)	2009 (d)
	Revenue:			
1	Casino.....		\$18,272	\$0
2	Rooms.....		4,371	0
3	Food and Beverage.....		2,771	0
4	Other.....		1,142	0
5	Total Revenue.....		26,556	0
6	Less: Promotional Allowances.....		6,890	0
7	Net Revenue.....		19,666	0
	Costs and Expenses:			
8	Cost of Goods and Services.....	6	14,507	0
9	Selling, General, and Administrative.....	6	3,451	0
10	Provision for Doubtful Accounts.....		339	0
11	Total Costs and Expenses.....		18,297	0
12	Gross Operating Profit.....		1,369	0
13	Depreciation and Amortization.....	3	1,472	0
	Charges from Affiliates Other than Interest:			
14	Management Fees.....	6	0	0
15	Other.....		0	0
16	Income (Loss) from Operations.....		(103)	0
	Other Income (Expenses):			
17	Interest Expense - Affiliates.....	4	0	0
18	Interest Expense - External.....	4	(1)	0
19	CRDA Related Income (Expense) - Net.....	5	(114)	0
20	Nonoperating Income (Expense) - Net.....	8	22	0
21	Total Other Income (Expenses).....		(93)	0
22	Income (Loss) Before Taxes and Extraordinary Items.....		(196)	0
23	Provision (Credit) for Income Taxes.....		0	0
24	Income (Loss) Before Extraordinary Items.....		(196)	0
	Extraordinary Items (Net of Income Taxes -			
25	2010, \$0; 2009, \$0).....		0	
26	Net Income (Loss).....		(\$196)	\$0

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TROPICANA CASINO AND RESORT - TAC

STATEMENTS OF CHANGES IN STOCKHOLDERS' EQUITY

FOR THE PERIOD MARCH 8, 2010 THROUGH MARCH 31, 2010

(UNAUDITED)
(\$ IN THOUSANDS)

Line (a)	Description (b)	Notes	Common Stock		Preferred Stock		Additional Paid-In Capital (g)	(h)	Retained Earnings (Accumulated Deficit) (i)	Total Stockholders' Equity (Deficit) (j)
			Shares (c)	Amount (d)	Shares (e)	Amount (f)				
1	Balance, December 31, 2008.....									\$0
2	Net Income (Loss) - 2009.....									0
3	Contribution to Paid-in-Capital.....									0
4	Dividends.....									0
5	Prior Period Adjustments.....									0
6										0
7										0
8										0
9										0
10	Balance, December 31, 2009.....		0	0	0	0	0	0	0	0
11	Net Income (Loss) - 3/8 to 3/31/10.....							(196)		(196)
12	Contribution to Paid-in-Capital.....					282,128				282,128
13	Dividends.....									0
14	Prior Period Adjustments.....									0
15										0
16										0
17										0
18										0
19	Balance, December 31, 2010		0	\$0	0	\$0	\$282,128	\$0	(\$196)	\$281,932

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

TROPICANA CASINO AND RESORT - TAC

STATEMENTS OF CASH FLOWS

FOR THE PERIOD MARCH 8, 2010 THROUGH MARCH 31, 2010

(UNAUDITED)
(\$ IN THOUSANDS)

Line (a)	Description (b)	Notes	2010 (c)	2009 (d)
1	CASH PROVIDED (USED) BY OPERATING ACTIVITIES..		\$6,365	\$0
	CASH FLOWS FROM INVESTING ACTIVITIES:			
2	Purchase of Short-Term Investments			
3	Proceeds from the Sale of Short-Term Investments			
4	Cash Outflows for Property and Equipment.....		(367)	0
5	Proceeds from Disposition of Property and Equipment.....		0	0
6	CRDA Obligations		(308)	0
7	Other Investments, Loans and Advances made.....			
8	Proceeds from Other Investments, Loans, and Advances		0	0
9	Cash Outflows to Acquire Business Entities.....		0	0
10	Proceeds from Sales and Luxury Tax Credits		944	0
11				
12	Net Cash Provided (Used) By Investing Activities.....		269	0
	CASH FLOWS FROM FINANCING ACTIVITIES:			
13	Proceeds from Short-Term Debt			
14	Payments to Settle Short-Term Debt.....			
15	Proceeds from Long-Term Debt			
16	Costs of Issuing Debt.....			
17	Payments to Settle Long-Term Debt.....		(4)	0
18	Cash Proceeds from Issuing Stock or Capital Contributions...		0	0
19	Purchases of Treasury Stock.....			
20	Payments of Dividends or Capital Withdrawals.....			
21				
22				
23	Net Cash Provided (Used) By Financing Activities.....		(4)	0
24	Net Increase (Decrease) in Cash and Cash Equivalents.....		6,630	0
25	Cash and Cash Equivalents at Beginning of Period.....		56,714	0
26	Cash and Cash Equivalents at End of Period.....		\$63,344	\$0
	CASH PAID DURING PERIOD FOR:			
27	Interest (Net of Amount Capitalized).....		\$1	\$0
28	Income Taxes.....			

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

TROPICANA CASINO AND RESORT - TAC

STATEMENTS OF CASH FLOWS

FOR THE PERIOD MARCH 8, 2010 THROUGH MARCH 31, 2010

(UNAUDITED)

(\$ IN THOUSANDS)

Line (a)	Description (b)	Notes	2010 (c)	2009 (d)
	CASH FLOWS FROM OPERATING ACTIVITIES:			
29	Net Income (Loss).....		(\$196)	\$0
30	Depreciation and Amortization of Property and Equipment.....		1,357	0
31	Amortization of Other Assets.....		115	0
32	Amortization of Debt Discount or Premium.....		(1)	0
33	Deferred Income Taxes - Current		0	0
34	Deferred Income Taxes - Noncurrent		0	0
35	(Gain) Loss on Disposition of Property and Equipment.....		0	0
36	(Gain) Loss on CRDA-Related Obligations.....		114	0
37	(Gain) Loss from Other Investment Activities.....		0	0
38	(Increase) Decrease in Receivables and Patrons' Checks		(290)	0
39	(Increase) Decrease in Inventories		97	0
40	(Increase) Decrease in Other Current Assets.....		(775)	0
41	(Increase) Decrease in Other Assets.....		16	0
42	Increase (Decrease) in Accounts Payable.....		(2,383)	0
43	Increase (Decrease) in Other Current Liabilities		5,486	0
44	Increase (Decrease) in Other Liabilities		2,825	0
45		0	0
46		0	0
47	Net Cash Provided (Used) By Operating Activities.....		\$6,365	\$0

SUPPLEMENTAL DISCLOSURE OF CASH FLOW INFORMATION

	ACQUISITION OF PROPERTY AND EQUIPMENT:			
48	Additions to Property and Equipment.....		(\$367)	\$0
49	Less: Capital Lease Obligations Incurred.....		0	0
50	Cash Outflows for Property and Equipment.....		(\$367)	\$0
	ACQUISITION OF BUSINESS ENTITIES:			
51	Property and Equipment Acquired.....			
52	Goodwill Acquired.....			
53	Other Assets Acquired - net			
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.....		\$0	\$0
58	Less: Issuances to Settle Long-Term Debt.....		0	0
59	Consideration in Acquisition of Business Entities.....		0	0
60	Cash Proceeds from Issuing Stock or Capital Contributions.....		\$0	\$0

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

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

TROPICANA CASINO AND RESORT - TAC STATEMENT OF CONFORMITY, ACCURACY, AND COMPLIANCE

FOR THE PERIOD MARCH 8 TO MARCH 31, 2010

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.

8/16/2010

Date



Christina Broome

Vice President, Finance

Title

7571-11

License Number

On Behalf of:

TROPICANA CASINO AND RESORT - TAC

Casino Licensee

TROPICANA ATLANTIC CITY CORP.
DBA TROPICANA CASINO AND RESORT
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS
FOR THE PERIOD MARCH 8, 2010 THROUGH MARCH 31, 2010 - Revised 8/16/10

NOTE 1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Basis of presentation

The consolidated financial statements include the accounts of Tropicana Atlantic City Corp. ("the Company") and its wholly-owned subsidiary Tropicana AC Sub Corp. ("TAC Sub"), after elimination of all significant intercompany accounts and transactions.

The Company operates a casino hotel in Atlantic City, New Jersey ("the Property") and is a wholly owned subsidiary of Tropicana Entertainment, Inc. ("TE").

On March 8, 2010, the Tropicana Casino & Resort was acquired along with the other assets of Adamar of New Jersey, Inc. by TE. The newly acquired company was formed as Tropicana Atlantic City Corp, a Delaware corporation. Tropicana Atlantic City Corp. formed a wholly owned subsidiary, TAC Sub, a New Jersey corporation. The new corporations were formed in accordance with the terms of the Amended and Restated Purchase agreement that was approved by the United States Bankruptcy Court, District of New Jersey, on November 4, 2009 and the New Jersey Casino Control Commission ("NJCCC") on November 19, 2009.

In estimating preliminary fair values of the assets and liabilities as of December 31, 2009 for pro forma purposes the company used various valuation methods as indicated below:

- (1) Personal property such as furniture, fixtures and other equipment were valued using a depreciated replacement cost method.
- (2) Real property:
 - Land was valued using comparable data
 - Other real property, such as buildings, building improvements and land improvements were valued using a depreciated replacement method.
- (3) Intangible assets were valued using income and cost based methods as appropriate.
- (4) For current liabilities, including accounts payable and accrued expenses, the Company used carrying values of these liabilities as an approximation for fair value upon emergence due to the short term nature of these liabilities.

NOTE 2. ACQUISITION BY TROPICANA ENTERTAINMENT, INC.

On March 8, 2010, as discussed in Note 1, TE acquired certain assets of Tropicana Casino and Resort.

The fair value of the assets acquired and the liabilities assumed were determined by TE's management with the assistance of a third party valuation firm. The purchase price allocation is preliminary and will be completed within one year of the acquisition as provided under accounting guidance related to business combinations. The allocation of the purchase price is subject to refinement. The most significant of the items not finalized is the determination of deferred tax balances associated with differences between the estimated fair values and the tax bases of assets acquired and liabilities assumed. TE's preliminary allocation of the fair value of assets and liabilities at March 8, 2010 is as follows:

	<u>2010</u>
Cash	\$ 56,714,000
Other current assets	23,552,000
Property and equipment	189,451,000
Investments	30,985,000
Intangible assets	6,600,000
Goodwill	33,549,000
Other noncurrent assets	3,639,000
Accounts payable	(10,321,000)
Other accrued expenses	(14,437,000)
Current portion of long-term debt	(37,000)
Other current liabilities	(3,854,000)
Long-term debt, net of current portion	(164,000)
Other liabilities (Deferred income taxes)	<u>(33,549,000)</u>
Total purchase price	<u>\$ 282,128,000</u>

NOTE 3. PROPERTY AND EQUIPMENT

At March 31, 2010 and 2009, the components of Property and Equipment consisted of:

	<u>2010</u>	<u>2009</u>
Land and land improvements	\$ 68,020,000	\$ -
Building and improvements	95,015,000	-
Furniture, fixtures and equipment	24,495,000	-
Construction in progress	<u>1,522,000</u>	<u>-</u>
Total property and equipment-gross	189,052,000	-
Less: accumulated depreciation and amortization	<u>(1,357,000)</u>	<u>-</u>
Total property and equipment	<u>\$ 187,695,000</u>	<u>\$ -</u>

NOTE 4. LONG-TERM DEBT

At March 31, 2010 and 2009, Long-Term Debt consisted of:

	<u>2010</u>	<u>2009</u>
Contract payable; 7.2% matures 2014	\$ 198,000	\$ -
Less: current portion	<u>(37,000)</u>	<u>-</u>
Total long-term debt	<u>\$ 161,000</u>	<u>\$ -</u>

NOTE 5. COMMITMENTS AND CONTINGENCIES

Licensing

On March 3, 2010, the Company was granted an interim casino authorization by the New Jersey Casino Control Commission.

The NJCCC imposes an annual tax of eight percent on gross casino 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 CRDA or make other approved investments equal to that amount; in the event the investment requirement is not met, the casino licensee is subject to a tax of two and one-half percent on gross casino revenue. As mandated by the legislation, the interest rate of the CRDA bonds purchased by the licensee will be two-thirds of the average market rate for bonds available for purchase and published by a national bond index at the time of the CRDA bond issuance. For the period ending March 31, 2010, the Company's reinvestment obligation was \$308,000 for the purchase of CRDA bonds. In 2010 the Company recorded a loss provision of \$114,000. The loss provision is to recognize the effect of the below market interest rate using the interest rate in effect at March 31, 2010.

The Company is a party to various claims, legal actions and complaints arising in the ordinary course of business or asserted by way of defense or counter-claim in actions filed by the Company. Management believes that its defenses are substantial in each of these matters, and the Company's legal posture can be successfully defended or satisfactorily settled without material adverse effect on its consolidated financial position, results of operations or cash flows.

NOTE 6. RELATED PARTIES

Transactions with TE included activity principally related to joint insurance programs, federal income tax filings, and other administrative services.

TE provided various services to the Company in 2010 for which a management fee was not charged.

Due to affiliates is reflected in Other Liabilities. The identity of the affiliate and corresponding balance at March 31, 2010 is:

	<u>2010</u>	<u>2009</u>
Due to Tropicana Entertainment, Inc.	\$2,825,000	\$ -

For the three months ended March 31, 2010 and 2009 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>2010</u>	<u>2009</u>
<u>COST OF GOODS AND SERVICES</u>		
Property insurance	\$ 140,000	\$ -
<u>SELLING, GENERAL AND ADMINISTRATIVE</u>		
General Liability Insurance	37,000	-
Total	<u>\$ 177,000</u>	<u>\$ -</u>

NOTE 7. OTHER LIABILITIES

At March 31, 2010 and 2009, the components of Other Liabilities consisted of:

	<u>2010</u>	<u>2009</u>
Non-Current Deferred Federal Tax	\$ 33,549,000	\$ -
Due to affiliates	<u>2,825,000</u>	<u>-</u>
Total	<u>\$ 36,374,000</u>	<u>\$ -</u>

NOTE 8. NON-OPERATING INCOME/EXPENSE

For the period ending March 31, 2010 and 2009, Non-operating Income/(Expense) consisted of the following:

	<u>2010</u>	<u>2009</u>
Interest income	\$ 22,000	\$ -