TROPICANA CASINO AND RESORT
QUARTERLY REPORT

FOR THE QUARTER ENDED DECEMBER 31, 2011

SUBMITTED TO THE
DIVISION OF GAMING ENFORCEMENT
OF THE
STATE OF NEW JERSEY

OFFICE OF FINANCIAL INVESTIGATIONS
REPORTING MANUAL

TROPICANA CASINO AND RESORT
BALANCE SHEETS

AS OF DECEMBER 31, 2011 AND 2010

(UNAUDITED)
($ IN THOUSANDS)

Line (a)	Description (b)	Notes	2011 (c)	2010 (d)
	ASSETS:			
	Current Assets:			
1	Cash and Cash Equivalents		$90,284	$89,027
2	Short-Term Investments		0	0
3	Receivables and Patrons' Checks (Net of Allowance for Doubtful Accounts - 2011, $11,768 ; 2010, $9,068)		21,808	19,762
4	Inventories		2,362	2,631
5	Other Current Assets		2,279	3,854
6	Total Current Assets		116,733	115,274
7	Investments, Advances, and Receivables	5,10,13	34,007	33,271
8	Property and Equipment - Gross	2	204,593	195,797
9	Less: Accumulated Depreciation and Amortization	2	(26,142)	(14,181)
10	Property and Equipment - Net	2	178,451	181,616
11	Other Assets	9,15	7,011	9,028
12	Total Assets		$336,202	$339,189
	LIABILITIES AND EQUITY:			
	Current Liabilities:			
13	Accounts Payable		$8,682	$9,769
14	Notes Payable		0	0
	Current Portion of Long-Term Debt:			
15	Due to Affiliates		0	0
16	External	3,13	42	39
17	Income Taxes Payable and Accrued		0	0
18	Other Accrued Expenses	11	21,346	22,948
19	Other Current Liabilities		4,826	5,051
20	Total Current Liabilities		34,896	37,807
	Long-Term Debt:			
21	Due to Affiliates		0	0
22	External	3,13	89	131
23	Deferred Credits		0	0
24	Other Liabilities	6,12	13,824	4,531
25	Commitments and Contingencies		0	0
26	Total Liabilities		48,809	42,469
27	Stockholders', Partners', or Proprietor's Equity		287,393	296,720
28	Total Liabilities and Equity		$336,202	$339,189

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
STATEMENTS OF INCOME

FOR THE YEAR ENDED DECEMBER 31, 2011 AND PERIOD 3/8/10 to 12/31/10

(UNAUDITED)
($ IN THOUSANDS)

Line (a)	Description (b)	Notes	2011 (c)	2010* (d)
	Revenue:			
1	Casino	1	$272,513	$243,401
2	Rooms		64,539	56,363
3	Food and Beverage		39,742	34,540
4	Other		13,850	14,909
5	Total Revenue		390,644	349,213
6	Less: Promotional Allowances		111,581	91,782
7	Net Revenue		279,063	257,431
	Costs and Expenses:			
8	Cost of Goods and Services	6	204,788	179,491
9	Selling, General, and Administrative	6	52,225	44,323
10	Provision for Doubtful Accounts		4,402	2,220
11	Total Costs and Expenses		261,415	226,034
12	Gross Operating Profit		17,648	31,397
13	Depreciation and Amortization	2,15	12,511	14,570
	Charges from Affiliates Other than Interest:			
14	Management Fees	6	5,962	0
15	Other		0	0
16	Income (Loss) from Operations		(825)	16,827
	Other Income (Expenses):			
17	Interest Expense - Affiliates	6	0	0
18	Interest Expense - External		(11)	(11)
19	CRDA Related Income (Expense) - Net	5	(2,379)	(906)
20	Nonoperating Income (Expense) - Net	14	197	(187)
21	Total Other Income (Expenses)		(2,193)	(1,104)
22	Income (Loss) Before Taxes and Extraordinary Items		(3,018)	15,723
23	Provision (Credit) for Income Taxes	7	0	1,131
24	Income (Loss) Before Extraordinary Items		(3,018)	14,592
25	Extraordinary Items (Net of Income Taxes - 2011, $0; 2010, $0)		0	0
26	Net Income (Loss)		($3,018)	$14,592

* Period 3/8/10 to 12/31/10

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
STATEMENTS OF INCOME

FOR THE THREE MONTHS ENDED DECEMBER 31, 2011 AND 2010

(UNAUDITED)
($ IN THOUSANDS)

Line (a)	Description (b)	Notes	2011 (c)	2010 (d)
	Revenue:			
1	Casino	1	$66,973	$73,647
2	Rooms		13,783	14,792
3	Food and Beverage		9,586	9,298
4	Other		3,352	4,620
5	Total Revenue		93,694	102,357
6	Less: Promotional Allowances		26,420	28,327
7	Net Revenue		67,274	74,030
	Costs and Expenses:			
8	Cost of Goods and Services	6	51,087	53,297
9	Selling, General, and Administrative	6	13,299	13,538
10	Provision for Doubtful Accounts		1,756	807
11	Total Costs and Expenses		66,142	67,642
12	Gross Operating Profit		1,132	6,388
13	Depreciation and Amortization	2,15	2,955	4,482
	Charges from Affiliates Other than Interest:			
14	Management Fees	6	(6,045)	0
15	Other		0	0
16	Income (Loss) from Operations		4,222	1,906
	Other Income (Expenses):			
17	Interest Expense - Affiliates	6	0	0
18	Interest Expense - External		(2)	(3)
19	CRDA Related Income (Expense) - Net	5	(524)	(299)
20	Nonoperating Income (Expense) - Net	14	374	505
21	Total Other Income (Expenses)		(152)	203
22	Income (Loss) Before Taxes and Extraordinary Items		4,070	2,109
23	Provision (Credit) for Income Taxes	7	0	14
24	Income (Loss) Before Extraordinary Items		4,070	2,095
25	Extraordinary Items (Net of Income Taxes - 2011, $0; 2010, $0)		0	0
26	Net Income (Loss)		$4,070	$2,095

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
STATEMENTS OF CHANGES IN STOCKHOLDERS' EQUITY

FOR THE PERIOD ENDED DECEMBER 31, 2010 AND THE YEAR ENDED DECEMBER 31, 2011

(UNAUDITED)

($ IN THOUSANDS)

Line (a)	Description (b)	Notes	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 Stockholders' Equity (Deficit) (j)
1	**Balance, December 31, 2009..........**									$0
2	Net Income (Loss) 3/8 to 12/31/10								14,592	14,592
3	Contribution to Paid-in-Capital.....						282,128			282,128
4	Dividends....................................									0
5	Prior Period Adjustments.............									0
6										0
7										0
8										0
9										0
10	**Balance, December 31, 2010..........**		0	0	0	0	282,128	0	14,592	296,720
11	Net Income (Loss) - 2011.............								(3,018)	(3,018)
12	Contribution to Paid-in-Capital.....									0
13	Dividends....................................								(6,309)	(6,309)
14	Prior Period Adjustments.............									0
15										0
16										0
17										0
18										0
19	**Balance, December 31, 2011.......**		0	$0	0	$0	$282,128	$0	$5,265	$287,393

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
STATEMENTS OF CASH FLOWS

FOR THE YEAR ENDED DECEMBER 31, 2011 AND 2010

(UNAUDITED)
($ IN THOUSANDS)

Line (a)	Description (b)	Notes	2011 (c)	2010 (d)
1	CASH PROVIDED (USED) BY OPERATING ACTIVITIES..		$12,697	$39,414
	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...........................		(12,616)	(9,067)
5	Proceeds from Disposition of Property and Equipment..........		130	
6	CRDA Obligations		(3,464)	(3,197)
7	Other Investments, Loans and Advances made......................			
8	Proceeds from Other Investments, Loans, and Advances		1,133	553
9	Cash Outflows to Acquire Business Entities..........................		0	0
10	Proceeds from Sales and Luxury Tax Credits		3,427	3,352
11	....			
12	Net Cash Provided (Used) By Investing Activities....................		(11,390)	(8,359)
	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......................................		(50)	(42)
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..................		(50)	(42)
24	Net Increase (Decrease) in Cash and Cash Equivalents.............		1,257	31,013
25	Cash and Cash Equivalents at Beginning of Period...................		89,027	58,014
26	Cash and Cash Equivalents at End of Period............................		$90,284	$89,027

	CASH PAID DURING PERIOD FOR:			
27	Interest (Net of Amount Capitalized)......................................		$11	$11
28	Income Taxes..			

* Period 3/9/10 to 12/31/10.

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
STATEMENTS OF CASH FLOWS

FOR THE YEAR ENDED DECEMBER 31, 2011 AND 2010

(UNAUDITED)

($ IN THOUSANDS)

Line (a)	Description (b)	Notes	2011 (c)	2010* (d)
	CASH FLOWS FROM OPERATING ACTIVITIES:			
29	Net Income (Loss)		($3,018)	$14,592
30	Depreciation and Amortization of Property and Equipment		12,045	14,181
31	Amortization of Other Assets		466	389
32	Amortization of Debt Discount or Premium		(58)	(51)
33	Deferred Income Taxes - Current		0	0
34	Deferred Income Taxes - Noncurrent		0	0
35	(Gain) Loss on Disposition of Property and Equipment		(66)	0
36	(Gain) Loss on CRDA-Related Obligations		2,379	906
37	(Gain) Loss from Other Investment Activities		0	0
38	(Increase) Decrease in Receivables and Patrons' Checks		(2,227)	(4,223)
39	(Increase) Decrease in Inventories		269	(822)
40	(Increase) Decrease in Other Current Assets		1,575	1,831
41	(Increase) Decrease in Other Assets		1,977	544
42	Increase (Decrease) in Accounts Payable		(1,802)	518
43	Increase (Decrease) in Other Current Liabilities		(1,827)	7,018
44	Increase (Decrease) in Other Liabilities		2,984	4,531
45				
46				
47	Net Cash Provided (Used) By Operating Activities		$12,697	$39,414

SUPPLEMENTAL DISCLOSURE OF CASH FLOW INFORMATION

	ACQUISITION OF PROPERTY AND EQUIPMENT:			
48	Additions to Property and Equipment		($12,616)	($9,067)
49	Less: Capital Lease Obligations Incurred		0	0
50	Cash Outflows for Property and Equipment		($12,616)	($9,067)
	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

* Period 3/9/10 to 12/31/10

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 STATEMENT OF CONFORMITY, ACCURACY, AND COMPLIANCE

FOR THE QUARTER ENDED DECEMBER 31, 2011

1. I have examined this Quarterly Report.

2. All the information contained in this Quarterly Report has been prepared in conformity with the Division of Gaming Enforcement'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 requirements contained in N.J.S.A. 5:12-84(a)1-5 during the quarter.

4/2/2012
Date

Christina Broome

Vice President, Finance
Title

7571-11
License Number

On Behalf of:

TROPICANA CASINO AND RESORT
Casino Licensee

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 accompanying consolidated financial statements are presented for the year ended December 31, 2011 and for the period from March 8, 2010 (the "Acquisition Date") through December 31, 2010 (the "2010 Period"). This period reflects the assets and liabilities at fair value pursuant to accounting guidance related to business combinations.

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 Acquisition Date"), 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.

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 amounts reported in the financial statements and accompanying notes. Actual results could differ from those estimates.

Acquisition by Tropicana Entertainment, Inc.

On March 8, 2010, TE acquired certain assets of Tropicana Casino and Resort from the lenders who made a Credit Bid to acquire those assets from the Trustee. The lenders transferred those assets to TE in exchange for the issuance of shares of TE's common stock. In accordance with ASC 805, the consideration transferred to acquire the Company was measured at the fair value of the assets acquired and the liabilities assumed as of the Acquisition Date. The fair value of the net assets acquired were determined by TE's management after input from an independent third party valuation expert.

TE's allocation of the fair value of assets and liabilities of the Company is as follows:

	MARCH 8, 2010
Cash	$ 58,014,000
Other current assets	23,386,000
Property and equipment	189,451,000
Investments	30,952,000
Intangible assets	6,600,000
Other noncurrent assets	3,639,000
Accounts payable	(8,765,000)
Other accrued expenses	(17,094,000)
Current portion of long-term debt	(37,000)
Other current liabilities	(3,854,000)
Long-term debt, net of current portion	(164,000)
Total purchase price	$ 282,128,000

Current assets and liabilities are current in nature and have been carried at fair value. Property and equipment were valued based on management's estimates and assumptions including variations of the income approach, the cost approach, and the market approach. Real property such as land, land improvements, and buildings were predominately valued using a combination of the income approach as well as the cost approach where appropriate. Personal property such as gaming equipment and tracking systems were predominately valued using the market approach. Where no market data was readily available, the cost approach was utilized. For intangible assets, the income approach was utilized for the favorable lease interests. For the player relationship intangible asset, insufficient cash flow was projected in order to utilize the income approach; therefore, the cost approach was used to establish fair value. Investments consist of CRDA deposits and were carried at cost less a valuation allowance, which approximates fair value.

Cash and Cash Equivalents

Highly liquid investments purchased with an original maturity of three months or less are classified as cash equivalents. These instruments are stated at cost, which approximates fair value because of their short maturity.

Fresh-Start Reporting

The adoption of fresh-start reporting results in a new reporting entity. Under fresh-start reporting, all assets and liabilities are recorded at their estimated fair values and the predecessor's accumulated deficit is eliminated. In adopting fresh-start reporting, the Company was required to determine its enterprise value, which represents the fair value of the entity before considering its interest bearing debt.

Inventories

Inventories, which consist primarily of food, beverage, uniforms and operating supplies, are stated at the lower of cost or market value. Costs are determined using the average cost method.

Advertising Costs

Costs for advertising are expensed as incurred. Advertising costs for the year ended December 31, 2011 and the 2010 Period were $3,474,000 and $3,540,000 respectively.

Concentration of Credit Risk

Financial instruments that potentially subject the Company to concentrations of credit risk consist principally of temporary cash investments in excess of $100,000 which are all invested in the same financial institution, investments and trade accounts receivable. Concentration of credit risk, with respect to casino receivables, is limited through the Company's credit evaluation process. The Company issues markers to approved casino customers following credit checks and investigation of credit worthiness.

Property and equipment

Property and equipment under business combination guidance is stated at fair value as of the Acquisition Date. Property and equipment acquired subsequent to the Acquisition Date are stated at cost (Refer to Note 2). 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 costs, which are primarily property taxes, insurance costs, outside legal costs and the compensation costs of project personnel devoted exclusively to managing the project. Interest is capitalized monthly by applying the effective interest rate on certain borrowings to the average balance of expenditures. No interest was capitalized during the year ended December 31, 2011 or the 2010 Period. 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).

CRDA Investment

The Casino Reinvestment Development Authority ("CRDA") deposits are carried at cost less a valuation allowance because they have to be used to purchase CRDA bonds that carry below market interest rates unless an alternative investment is approved. The valuation allowance is established by a charge to the Statement of Operations as part of general and administrative expense at the time the obligation is incurred to make the deposit unless there is an agreement with the CRDA for a return of the deposit at full face value. If the CRDA deposits are used to purchase CRDA bonds, the valuation allowance is transferred to the bonds as a discount, which is amortized to interest income using the interest method. If the CRDA deposits are used to make other investments, the valuation allowance is transferred to those investments and remains a valuation allowance. The CRDA bonds are classified as held-to-maturity securities and are carried at amortized cost less a valuation allowance. The average interest rate on the CRDA investment was 0.8% for the year ended December 31, 2011 and the 2010 Period.

Leasing Costs

Leasing costs are capitalized as incurred and amortized evenly, as a reduction to rental income, over the related lease terms. Leasing costs consist primarily of tenant allowances, which are incentives provided to tenants whereby the Company agrees to pay certain amounts toward tenant leasehold improvements or other tenant development costs. Leasing costs are included in Other Assets on the consolidated balance sheet.

Valuation of Long-Lived Assets

Long-lived assets held and used by the Company are reviewed for impairment whenever events or changes in circumstances warrant such a review. The carrying value of a long-lived or amortizable intangible asset is considered impaired when the anticipated undiscounted cash flow from such asset is separately identifiable and is less than its carrying value. In that event, a loss is recognized based on the amount by which the carrying value exceeds the fair value of the asset.

Intangible Assets

The Company's definite life intangible assets include customer lists and favorable lease agreements. Intangible assets with a definite life are amortized over their useful life, which is the period over which the asset is expected to contribute directly or indirectly to future cash flows. Management periodically assesses the amortization period of intangible assets with definite lives based upon estimated future cash flows from related operations.

Revenue Recognition

Casino revenue represents the difference between wins and losses from gaming activities. Room, food and beverage and other operating revenues are recognized at the time the goods or services are provided. The Company collects taxes from customers at the point of sale on transaction subject to sales and other taxes. Revenues are recorded net of any taxes collected. The Company makes cash promotional offers to certain of its customers, including cash rebates as part of loyalty programs generally based on an individual's level of gaming play. These costs are classified as promotional allowances. For the year ended December 31, 2011, the total casino revenue was $272,513,000 which is compromised of $85,334,000 for games revenue and $187,179,000 for slot revenue. For the 2010 Period the total casino revenue was $243,401,000 which is compromised of $78,001,000 for games revenue and $165,400,000 for slot revenue. Estimated payouts for progressive slot machine balances are recorded as liabilities in the accompanying financial statements.

Subsequent Event

The Company evaluated its December 31, 2011 financial statements for subsequent events for recognition or disclosure through April 2, 2012, the date the financial statements were available to be issued.

Income taxes

Deferred tax assets and liabilities are recognized for the expected future tax consequences of events that have been included in the financial statements or income tax returns. Deferred tax assets and liabilities are determined based on the difference between the financial statement and tax bases of assets and liabilities using enacted rates expected to apply to taxable income in the years in which those differences are expected to be recovered or settled. The effect on deferred tax assets and liabilities of a change in tax rates is recognized in income in the period that includes the enactment date.

Recently Issued Accounting Standards

In September 2011, the Financial Accounting Standards Board ("FASB") issued Accounting Standards Update ("ASU") No.2011-09, "*Disclosures about an Employer's Participation in a Multiemployer Plan*", to require expanded disclosures for entities participating in multiemployer plans. The enhanced disclosures are designed to assist financial statement users in assessing the potential impact of an entity's participation in multiemployer plans on future cash flows. This guidance is effective for annual reporting periods ending after December 15, 2012 for nonpublic companies. The ASU does not change the accounting or financial reporting for an employer's participation in a multiemployer plan.

NOTE 2. PROPERTY AND EQUIPMENT

Property and Equipment consists of the following:

	2011	2010
Land and land improvements	$ 68,020,000	$ 68,020,000
Building and improvements	98,394,000	96,176,000
Furniture, fixtures and equipment	36,361,000	29,751,000
Construction in progress	1,818,000	1,850,000
Total property and equipment-gross	204,593,000	195,797,000
Less: accumulated depreciation and amortization	(26,142,000)	(14,181,000)
Total property and equipment	$ 178,451,000	$ 181,616,000

Depreciation expense related to property and equipment was $12,045,000 and $14,181,000 for the year ended December 31, 2011 and the 2010 Period respectively.

NOTE 3. LONG-TERM DEBT

The Company's long-term debt with third parties consisted of the following:

	2011	2010
Contract payable; 7.2% matures 2014	$ 131,000	$ 170,000
Less: current portion	(42,000)	(39,000)
Total long-term debt	$ 89,000	$ 131,000

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

2012	$ 42,000
2013	45,000
2014	44,000
Total	$ 131,000

NOTE 4. LEASE OBLIGATIONS

Minimum future lease obligations on non-cancelable leases at December 31, 2011 are:

YEAR	
2012	$ 53,000
Total	$ 53,000

Rental expenses included in continuing operations totaled approximately $1.9 million and $2.0 million respectively for the year ended December 31, 2011 and the period ended December 31, 2010 respectively.

NOTE 5. COMMITMENTS AND CONTINGENCIES

Licensing

On March 3, 2010, the Company was granted an interim casino authorization by the NJCCC. On November 10, 2010, the Company was granted its plenary casino license by the NJCCC.

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. The

Company's reinvestment obligation for the year ended December 31, 2011 and the 2010 Period was $3,464,000 and $3,197,000 respectively for the purchase of CRDA bonds. For the year ended December 31, 2011 and the 2010 Period, the Company recorded a loss provision of $2,379,000 and $906,000 respectively. The loss provision is to recognize the effect of the below market interest rate using the interest rate in effect at December 31, 2011.

Other

TE has long-term debt where the Company is a guarantor and substantially all of the Company's property and equipment is pledged as collateral.

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.

For the year ended December 31, 2011, the annual realty tax expense for the land and improvements was $25,093,000 based on a tax rate of $1.969 per $100 of assessed value. Realty taxes for subsequent years and for any expansion or improvements of the facilities may vary significantly depending on assessed values and the tax rate in effect at such future time.

The Company has separate insurance policies that provide coverage for general liability and workers compensation claims. In 2011 and 2010, the Company's accrual for general liability claims within the retention level was approximately $1,285,000 and $758,000 respectively. In 2011 and 2010, the Company's accrual for workers compensation claims was approximately $3,404,000 and $1,344,000 respectively.

NJSEA Subsidy Agreement

Effective August 14, 2008, the casinos located in Atlantic City ("Casinos"), including Tropicana AC, executed a new subsidy agreement with the New Jersey Sports and Exposition Authority ("NJSEA") for the benefit of the horse racing industry of $30 million annually for a three-year period ("2008 NJSEA Subsidy Agreement"). In addition, the NJCCC adopted regulations effective September 22, 2008 that established procedures by which the casinos may implement the promotional gaming credit tax deduction. The 2008 NJSEA Subsidy Agreement provides that the Casinos will pay the NJSEA $90,000,000 to be used solely for purse enhancements, breeder's purses and expenses to establish off-track wagering facilities which it incurs through 2011. The payments were made in eleven installments from September 29, 2008 through November 15, 2011 and totaled $30.0 million in 2010 and $7.5 million in 2011. Each Casino paid a share equal to a percentage representing the gross gaming revenue it reported for the prior calendar year compared to that reported by all Casinos for that year.

The 2008 NJSEA Subsidy Agreement also provides that the NJSEA, all other entities which receive any portion of the payments and affiliates of either shall not operate, conduct, maintain or permit any casino gaming, including video lottery gaming, in any New Jersey location other than Atlantic City prior to 2012 and that the Casinos may bring an action in New Jersey Superior Court against any entity that does so to enforce this prohibition by specific performance.

The 2008 NJSEA Subsidy Agreement further provides that if, prior to 2012, any such statewide public question is approved by New Jersey voters or any New Jersey legislation is enacted or other New Jersey governmental action is taken authorizing such gaming or any such gaming is actually operated, conducted or maintained, then the Casinos shall make no further payments to NJSEA and, in certain circumstances, NJSEA shall return some or all of the payments it previously received from the Casinos.

2011 Legislation

On February 1, 2011, the Governor of New Jersey signed two pieces of legislation, effective on that date, S-11 (the "Tourism District Bill") and S-12 (the "Deregulation Bill"). The overall intent of the Tourism District Bill among other things delegates redevelopment authority and creation of a master plan to the CRDA and allows the CRDA the ability to enter into a five year public private partnership with the Casinos in Atlantic City that have formed the Atlantic City Alliance ("ACA") to jointly market the city. Through this legislation the AC Casinos are required to contribute $5 million prior to 2012. Thereafter, the legislation obligates the AC Casinos either through the ACA, or if not a member of the ACA, through individual assessments, to provide funding for the Tourism District Bill in the aggregate amount of $30 million annually over the next five years. Each casino's proportionate share of the assessment will be based on the casino's gross revenue generated in the preceding fiscal year. The Property estimates its portions of these industry obligations to be approximately 8.4%.

The Deregulation Bill removes duplicative and onerous functions that both the NJCCC and the Division of Gaming Enforcement ("DGE") currently require the Casinos to perform. Reforms in technology, internal controls, licensing and licensing requirements are among the many sections that are being amended in the New Jersey Casino Control Act which is expected to provide the industry significant cost savings and make it more competitive in the market. However it is too premature to quantify these savings as the regulations at this time are in the process of being implemented.

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 during the year ended December 31, 2011 and the 2010 Period. During 2011, the Company signed a Shared Services Agreement with TE and recorded a management fee of $6.0 million in the accompanying consolidated Statements of Income. Also in connection with the Shared Services Agreement, the Company recorded a dividend of $6.3 million to TE.

Due to affiliates is reflected in Other Liabilities. The identity of the affiliate and corresponding balance at December 31, 2011 and 2010 is:

	2011	2010
Due to Tropicana Entertainment, Inc.	$13,824,000	$ $4,531,000

For the year ended December 31, 2011 and the 2010 Period, the Company incurred charges from affiliates which are indicated in the accompanying consolidated 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:

	2011	2010
COST OF GOODS AND SERVICES		
Professional / Administrative Services	$ 52,000	$ 0
Health Insurance	422,000	0
Telecommunications	78,000	0
Property Insurance	1,618,000	1,802,000
Workman's Compensation Insurance	261,000	210,000
Total	$ 2,431,000	$ 2,012,000
SELLING, GENERAL AND ADMINISTRATIVE		
General Insurance	$ 539,000	$ 601,000
Professional / Administrative Services	456,000	460,000
Health Insurance	422,000	0
Telecommunications	78,000	0
Workman's Compensation Insurance	261,000	210,000
Total	$ 1,756,000	$ 1,271,000

NOTE 7. INCOME TAXES

The provision/(benefit) for income taxes for the year ended December 31, 2011 and period ended December 31, 2010 is comprised of:

	2011	2010
Current:		
Federal	$ -	$ 680,000
State	-	451,000
	-	1,131,000
Deferred:		
Federal	-	-
State	-	-
	-	-
	$ -	$ 1,131,000

A reconciliation of the federal income tax statutory rate for the year ended December 31, 2011 and the period ended December 31, 2010 is as follows:

	2011	2010
Expected tax at 35%	$ (3,251,000)	$ 5,503,000
State Tax net of Federal Benefit	-	1,073,000
Prior Year Adjustment for State Tax Rate	-	-
Prior Year True-up	-	-
Expired Tax Credit	-	-
FICA Tax Credit	-	-
Effect of Permanent Differences	60,000	2,000
Valuation Allowance	3,191,000	(5,447,000)
Total Provision	$ 0	$ 1,131,000

The income tax effects of loss carryforwards, tax credit carryforwards and temporary differences between financial and income tax reporting that give rise to the deferred income tax assets and liabilities at December 31, 2011 and 2010, are as follows:

	2011	2010
Receivables	$ 4,467,000	$ 3,704,000
Accrued compensation	3,066,000	2,083,000
Net Operating Loss Carryforward	56,420,000	39,480,000
Reserve accrued liabilities	513,000	1,353,000
Property and Equipment	157,767,000	168,840,000
Other Liabilities	-	-
Other	3,293,000	2,801,000
Gross deferred tax assets	225,526,000	218,261,000
Less Valuation Allowance	(224,595,000)	(216,687,000)
Total deferred tax asset	931,000	1,574,000
Deductible prepaids	(931,000)	(1,574,000)
Gross deferred tax liabilities	(931,000)	(1,574,000)
Net deferred tax liabilities	$ 0	$ 0

The Company has federal net operating loss carryforwards pursuant to the acquisition of Adamar. Internal Revenue Code Section 382 ("Section 382") places certain limitation on the annual amount of net operating loss carryforwards that can be utilized when a change of ownership occurs. The Company believes its acquisition of Adamar was a change in ownership pursuant to Section 382. As a result of the annual limitation, the net operating loss carryforward amount available to be used in future periods is approximately $161.2 million and will begin to expire in 2027 and forward. As of December 31, 2011, The Company could not determine it was more likely than not to utilize its net operating loss carryforwards before expiration and has established a full valuation allowance.

Accounting for uncertainty in income taxes prescribes a threshold and measurement attribute for the financial statement recognition and measurement of a tax position taken or expected to be taken in a tax return. The accounting standards also require that the tax positions be assessed using a two step process. A tax position is recognized if it meets a "more likely than not" threshold, and is measured at the largest amount of benefit that is greater than 50 percent likely of being realized. Uncertain tax positions must be reviewed at each balance sheet date. The Company has not accrued interest or penalties as of December 31, 2011.

NOTE 8. RETIREMENT PLANS

The Company has a defined contribution plan that covers substantially all employees who are not covered by a collective bargaining unit. The plan allows employees, at their discretion, to make contributions of their before-tax earnings to the plan up to an annual maximum amount. In September 2010, the Company ceased matching 50% of the employee contributions that were based on up to 6% of employee's before tax earnings. Compensation expense during the 2010 Period with regard to Company matching contributions was $452,000.

The Company makes contributions based on hours worked, as specified in six union agreements, to union administered, multiemployer, defined contribution pension plans. Contributions to these plans during the year ended December 31, 2011 and the 2010 Period amounted to $2,993,000 and $2,799,000 respectively.

NOTE 9. PREPAID EXPENSES AND OTHER CURRENT ASSETS

At December 31, 2011 and 2010, Prepaid Expenses and Other Current Assets consisted of the following:

	2011	2010
Pre-paid Insurance	$ 926,000	$ 913,000
Other	1,353,000	2,941,000
Total	$ 2,279,000	$ 3,854,000

NOTE 10. INVESTMENTS, ADVANCES, AND RECEIVABLES

At December 31, 2011 and 2010, Investments, Advances, and Receivables consisted of the following:

	2011	2010
CRDA investments	$ 34,007,000	$ 33,271,000
Total	$ 34,007,000	$ 33,271,000

NOTE 11. OTHER ACCRUED EXPENSES

At December 31, 2011 and 2010, Other Accrued Expenses consisted of the following:

	2011	2010
Accrued other payroll taxes and benefits	$ 8,914,000	$10,000,000
Accrued gaming liabilities	2,788,000	1,634,000
Accrued insurance reserves	3,802,000	1,344,000
Other	5,842,000	9,970,000
Total	$ 21,346,000	$22,948,000

NOTE 12. OTHER LIABILITIES

At December 31, 2011 and 2010, Other Liabilities consisted of the following:

	2011	2010
Due to affiliates	$ 13,824,000	$ 4,531,000
Total	$ 13,824.000	$ 4,531,000

NOTE 13. FAIR VALUE OF FINANCIAL INSTRUMENTS

The following table presents (in thousands) the carrying amounts and estimated fair values of the Company's financial instruments. The fair value of a financial instrument is the amount at which the instrument could be exchanged in a current transaction between willing parties, other than in a forced or liquidation sale.

	2011		2010	
	Carrying Amount	Fair Value	Carrying Amount	Fair Value
Assets				
Investments	$ 34,007	$ 34,007	$ 33,271	$ 33,271
Liabilities				
Current portion of long-term debt	42	42	39	39
Long-term debt	89	89	131	131

The carrying amounts shown in the table are included, if applicable, in the Consolidated Balance Sheets under the indicated captions. All of the Company's financial instruments are held or issued for purposes other than trading.

Investments consisted of deposits with the CRDA, CRDA bonds that bear interest at two-thirds of market rates resulting in a fair value lower than cost and other CRDA investments (primarily loans). The carrying amounts of these deposits, bonds and other investments are presented net of a valuation allowance and in the case of the bonds an unamortized discount that result in an approximation of fair values.

NOTE 14. NON-OPERATING INCOME/(EXPENSE)

For the year ending December 31, 2011 and the 2010 Period, Non-operating Income/(Expense) consisted of the following:

	2011	2010
Interest income	$ 669,000	$ 564,000
Gain on Sale of Assets	64,000	-
Reorganization/Construction Accident Related	(536,000)	(751,000)
Total	$ 197,000	$ (187,000)

NOTE 15. INTANGIBLE ASSETS

The Company's intangible assets consisted of the following:

	2011	2010
Favorable leases	$ 5,200,000	$ 5,200,000
Customer lists	1,400,000	1,400,000
Total intangible assets	$ 6,600,000	$ 6,600,000
Less: accumulated amortization		
Favorable leases	(1,682,000)	(765,000)
Customer lists	(856,000)	(389,000)
Total accumulated amortization	$ (2,538,000)	(1,154,000)
Intangible assets, net	$ 4,062,000	$ 5,446,000

Customers lists represent the value associated with customers enrolled in our customer loyalty programs and are being amortized to amortization expense on a straight-line basis over three years. Favorable lease arrangements are being amortized to tenant income on a straight-line basis over the terms of the various leases.

TROPICANA CASINO AND RESORT

ANNUAL FILINGS

FOR THE YEAR ENDED DECEMBER 31, 2011

SUBMITTED TO THE
DIVISION OF GAMING ENFORCEMENT
OF THE
STATE OF NEW JERSEY

OFFICE OF FINANCIAL INVESTIGATIONS
REPORTING MANUAL

TROPICANA CASINO AND RESORT

ANNUAL SCHEDULE OF RECEIVABLES AND PATRONS' CHECKS

FOR THE YEAR ENDED DECEMBER 31, 2011

(UNAUDITED)
($ IN THOUSANDS)

ACCOUNTS RECEIVABLE BALANCES				
Line (a)	**Description (b)**	**Account Balance (c)**	**Allowance (d)**	**Accounts Receivable (Net of Allowance) (e)**
	Patrons' Checks:			
1	Undeposited Patrons' Checks	$10,596		
2	Returned Patrons' Checks	14,602		
3	Total Patrons' Checks	25,198	$10,450	$14,748
4	Hotel Receivables	2,943	475	$2,468
	Other Receivables:			
5	Receivables Due from Officers and Employees	2		
6	Receivables Due from Affiliates	-		
7	Other Accounts and Notes Receivables	5,433		
8	Total Other Receivables	5,435	843	$4,592
9	Totals (Form DGE-205)	$33,576	$11,768	$21,808

UNDEPOSITED PATRONS' CHECKS ACTIVITY		
Line (f)	**Description (g)**	**Amount (h)**
10	Beginning Balance (January 1)	$9,381
11	Counter Checks Issued	252,763
12	Checks Redeemed Prior to Deposit	(197,861)
13	Checks Collected Through Deposits	(40,244)
14	Checks Transferred to Returned Checks	(13,443)
15	Other Adjustments	0
16	Ending Balance	$10,596
17	"Hold" Checks Included in Balance on Line 16	0
18	Provision for Uncollectible Patrons' Checks	$3,416
19	Provision as a Percent of Counter Checks Issued	1.4%

TROPICANA CASINO AND RESORT
ANNUAL EMPLOYMENT AND PAYROLL REPORT

AT DECEMBER 31, 2011

($ IN THOUSANDS)

Line (a)	Department (b)	Number of Employees (c)	Salaries and Wages: Other Employees (d)	Salaries and Wages: Officers & Owners (e)	Salaries and Wages: Totals (f)
	CASINO:				
1	Table and Other Games	722			
2	Slot Machines	90			
3	Administration	7			
4	Casino Accounting	138			
5	Simulcasting	0			
6	Other	0			
7	Total - Casino	957	$21,445	$0	$21,445
8	ROOMS	409	9,859		9,859
9	FOOD AND BEVERAGE	741	14,516		14,516
10	GUEST ENTERTAINMENT	159	2,074		2,074
11	MARKETING	121	5,739		5,739
12	OPERATION AND MAINTENANCE	209	7,144		7,144
	ADMINISTRATIVE AND GENERAL:				
13	Executive Office	4	1,664		1,664
14	Accounting and Auditing	41	1,602		1,602
15	Security	148	4,361		4,361
16	Other Administrative and General	45	2,044		2,044
	OTHER OPERATED DEPARTMENTS:				
17	Communications	16	367		367
18	Transportation	80	1,321		1,321
19	Hotel Sales	5	391		391
20	IT	17	1,026		1,026
21					0
22					0
23	TOTALS - ALL DEPARTMENTS	2,952	$73,553	$0	$73,553