

**TROPICANA CASINO AND RESORT
QUARTERLY REPORT**

FOR THE SIX MONTHS ENDED JUNE 30, 2007 - Amended 4/15/08

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



**DIVISION OF FINANCIAL EVALUATION
REPORTING MANUAL**

TROPICANA CASINO AND RESORT BALANCE SHEETS

AS OF JUNE 30, 2007 AND 2006 - Amended 4/15/08

(UNAUDITED)

(\$ IN THOUSANDS)

Line (a)	Description (b)	Notes	2007 (c)	2006 (d)
	<u>ASSETS:</u>			
	Current Assets:			
1	Cash and Cash Equivalents.....		\$36,603	\$47,923
2	Short-Term Investments.....		0	0
3	Receivables and Patrons' Checks (Net of Allowance for Doubtful Accounts - 2007, \$7,655; 2006, \$16,583	6	20,582	27,091
4	Inventories		3,750	5,673
5	Other Current Assets.....		5,268	12,222
6	Total Current Assets.....		66,203	92,909
7	Investments, Advances, and Receivables.....	4,5	89,962	26,764
8	Property and Equipment - Gross.....	1,2	664,641	1,124,723
9	Less: Accumulated Depreciation and Amortization.....	1,2	(10,092)	(329,780)
10	Property and Equipment - Net.....	1,2	654,549	794,943
11	Other Assets.....		625,301	61,591
12	Total Assets.....		\$1,436,015	\$976,207
	<u>LIABILITIES AND EQUITY:</u>			
	Current Liabilities:			
13	Accounts Payable.....		\$14,904	\$15,748
14	Notes Payable.....		0	0
	Current Portion of Long-Term Debt:			
15	Due to Affiliates.....		0	0
16	External.....	3	30	33
17	Income Taxes Payable and Accrued.....		0	0
18	Other Accrued Expenses.....		28,234	27,546
19	Other Current Liabilities.....		6,054	6,282
20	Total Current Liabilities.....		49,222	49,609
	Long-Term Debt:			
21	Due to Affiliates.....	1,3,5	292,000	292,000
22	External.....	3	256	287
23	Deferred Credits		0	0
24	Other Liabilities.....	5	381,278	367,174
25	Commitments and Contingencies.....	4	0	0
26	Total Liabilities.....		722,756	709,070
27	Stockholders', Partners', or Proprietor's Equity.....	1	713,259	267,137
28	Total Liabilities and Equity.....		\$1,436,015	\$976,207

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 SIX MONTHS ENDED JUNE 30, 2007 AND 2006 - Amended 4/15/08

(UNAUDITED)
(\$ IN THOUSANDS)

Line (a)	Description (b)	Notes	2007 (c)	2006 (d)
	Revenue:			
1	Casino.....		\$204,767	\$220,324
2	Rooms.....		36,536	35,978
3	Food and Beverage.....		28,991	29,580
4	Other.....		10,621	11,418
5	Total Revenue.....		280,915	297,300
6	Less: Promotional Allowances.....		59,604	60,191
7	Net Revenue.....		221,311	237,109
	Costs and Expenses:			
8	Cost of Goods and Services.....	5	128,818	138,599
9	Selling, General, and Administrative.....	5	30,901	33,835
10	Provision for Doubtful Accounts.....		621	984
11	Total Costs and Expenses.....		160,340	173,418
12	Gross Operating Profit.....		60,971	63,691
13	Depreciation and Amortization.....	1	16,046	24,414
	Charges from Affiliates Other than Interest:			
14	Management Fees.....	5	0	17,000
15	Other.....		0	0
16	Income (Loss) from Operations.....		44,925	22,277
	Other Income (Expenses):			
17	Interest Expense - Affiliates.....	1,3	(45,535)	(17,520)
18	Interest Expense - External.....	1,3	(11)	(12)
19	CRDA Related Income (Expense) - Net.....	4	(878)	(997)
20	Nonoperating Income (Expense) - Net.....	1,6,7	12,276	4,901
21	Total Other Income (Expenses).....		(34,148)	(13,628)
22	Income (Loss) Before Taxes and Extraordinary Items.....		10,777	8,649
23	Provision (Credit) for Income Taxes.....	1	0	2,501
24	Income (Loss) Before Extraordinary Items.....		10,777	6,148
25	Extraordinary Items (Net of Income Taxes - 2007, \$0; 2006, \$0).....		0	0
26	Net Income (Loss).....		\$10,777	\$6,148

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 JUNE 30, 2007 AND 2006 - Amended 4/15/08

(UNAUDITED)
(\$ IN THOUSANDS)

Line (a)	Description (b)	Notes	2007 (c)	2006 (d)
	Revenue:			
1	Casino.....		\$100,119	\$112,943
2	Rooms.....		19,775	19,476
3	Food and Beverage.....		14,748	15,091
4	Other.....		5,172	6,589
5	Total Revenue.....		139,814	154,099
6	Less: Promotional Allowances.....		30,078	31,728
7	Net Revenue.....		109,736	122,371
	Costs and Expenses:			
8	Cost of Goods and Services.....	5	64,187	69,926
9	Selling, General, and Administrative.....	5	14,564	16,610
10	Provision for Doubtful Accounts.....		334	537
11	Total Costs and Expenses.....		79,085	87,073
12	Gross Operating Profit.....		30,651	35,298
13	Depreciation and Amortization.....	1	9,926	11,645
	Charges from Affiliates Other than Interest:			
14	Management Fees.....	5	0	7,500
15	Other.....		0	0
16	Income (Loss) from Operations.....		20,725	16,153
	Other Income (Expenses):			
17	Interest Expense - Affiliates.....	1,3	(22,768)	(8,760)
18	Interest Expense - External.....	1,3	(6)	(6)
19	CRDA Related Income (Expense) - Net.....	4	(403)	(528)
20	Nonoperating Income (Expense) - Net.....	1,6,7	14,608	110
21	Total Other Income (Expenses).....		(8,569)	(9,184)
22	Income (Loss) Before Taxes and Extraordinary Items.....		12,156	6,969
23	Provision (Credit) for Income Taxes.....	1	0	3,518
24	Income (Loss) Before Extraordinary Items.....		12,156	3,451
	Extraordinary Items (Net of Income Taxes -			
25	2007, \$0; 2006, \$0).....		0	0
26	Net Income (Loss).....		\$12,156	\$3,451

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 TWELVE MONTHS ENDED DECEMBER 31, 2006 AND THE SIX MONTHS ENDED JUNE 30, 2007-Amended 4/15/08

(UNAUDITED)
(\$ IN THOUSANDS)

Line (a)	Description (b)	Notes	Common Stock		Preferred Stock		Additional Paid-In Capital (g)	Limited General LLC (h)	Retained Earnings (Accumulated Deficit) (i)	Total Stockholders' Equity (Deficit) (j)
			Shares (c)	Amount (d)	Shares (e)	Amount (f)				
1	Balance, December 31, 2005.....		100	\$1	0	\$0	\$282,247	\$0	(\$21,487)	\$260,761
2	Net Income (Loss) - 2006.....								17,007	17,007
3	Contribution to Paid-in-Capital.....									0
4	Dividends.....									0
5	Prior Period Adjustments.....									0
6	Tax Benefit from Stock Option Ex					74				74
7	Stock Options Comp. Expense					380				380
8										0
9										0
10	Balance, December 31, 2006.....		100	1	0	0	282,701	0	(4,480)	278,222
11	Net Income (Loss) - 2007.....								10,777	10,777
12	Contribution to Paid-in-Capital.....									0
13	Dividends.....									0
14	Prior Period Adjustments.....									0
15	Merger Related		(100)	(1)			(282,701)	702,482	4,480	424,260
16										0
17										0
18										0
19	Balance, June 30, 2007		0	\$0	0	\$0	\$0	\$702,482	\$10,777	\$713,259

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 SIX MONTHS ENDED JUNE 30, 2007 AND 2006 - Amended 4/15/08

(UNAUDITED)

(\$ IN THOUSANDS)

Line (a)	Description (b)	Notes	2007 (c)	2006 (d)
1	CASH PROVIDED (USED) BY OPERATING ACTIVITIES..		\$94,384	\$14,411
	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.....		(14,612)	(18,161) *
5	Proceeds from Disposition of Property and Equipment.....		40	294
6	CRDA Obligations		(2,612)	(2,809)
7	Other Investments, Loans and Advances made.....			
8	Proceeds from Other Investments, Loans, and Advances		(62,715)	739
9	Cash Outflows to Acquire Business Entities.....		(42,614)	0
10	Proceeds from Sales and Luxury Tax Credits		1,491	791 *
11				
12	Net Cash Provided (Used) By Investing Activities.....		(121,022)	(19,146)
	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.....		(25)	(36)
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.....		(25)	(36)
24	Net Increase (Decrease) in Cash and Cash Equivalents.....		(26,663)	(4,771)
25	Cash and Cash Equivalents at Beginning of Period.....		63,266	52,694
26	Cash and Cash Equivalents at End of Period.....		\$36,603	\$47,923
	CASH PAID DURING PERIOD FOR:			
27	Interest (Net of Amount Capitalized).....		\$45,546	\$17,532
28	Income Taxes.....			

* Certain 2006 amounts have been reclassified to conform with 2007 presentation

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 SIX MONTHS ENDED JUNE 30, 2007 AND 2006 - Amended 4/15/08

(UNAUDITED)

(\$ IN THOUSANDS)

Line (a)	Description (b)	Notes	2007 (c)	2006 (d)
	CASH FLOWS FROM OPERATING ACTIVITIES:			
29	Net Income (Loss).....		\$10,777	\$6,148
30	Depreciation and Amortization of Property and Equipment.....		21,452	24,414
31	Amortization of Other Assets.....		(5,406)	0
32	Amortization of Debt Discount or Premium.....		(19)	(80)
33	Deferred Income Taxes - Current		4,621	0
34	Deferred Income Taxes - Noncurrent		25,758	3,780
35	(Gain) Loss on Disposition of Property and Equipment.....		69	148
36	(Gain) Loss on CRDA-Related Obligations.....		879	989
37	(Gain) Loss from Other Investment Activities.....		0	0
38	(Increase) Decrease in Receivables and Patrons' Checks		1,458	(2,758)
39	(Increase) Decrease in Inventories		215	(876)
40	(Increase) Decrease in Other Current Assets.....		1,449	(1,145)
41	(Increase) Decrease in Other Assets.....		1,342	2,134
42	Increase (Decrease) in Accounts Payable.....		(1,644)	(11,083)
43	Increase (Decrease) in Other Current Liabilities		4,213	2,799
44	Increase (Decrease) in Other Liabilities		29,220	(10,265)
45	Stock Options Compensation Expense		0	206
46				
47	Net Cash Provided (Used) By Operating Activities.....		\$94,384	\$14,411

SUPPLEMENTAL DISCLOSURE OF CASH FLOW INFORMATION

	ACQUISITION OF PROPERTY AND EQUIPMENT:			
48	Additions to Property and Equipment.....		(\$14,612)	(\$18,161) *
49	Less: Capital Lease Obligations Incurred.....			
50	Cash Outflows for Property and Equipment.....		(\$14,612)	(\$18,161)
	ACQUISITION OF BUSINESS ENTITIES:			
51	Property and Equipment Acquired.....		\$126,375	
52	Goodwill Acquired.....		(510,619)	
53	Other Assets Acquired - net		(82,630)	
54	Long-Term Debt Assumed.....		0	
55	Issuance of Stock or Capital Invested.....		424,260	
56	Cash Outflows to Acquire Business Entities.....		(\$42,614)	\$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

* Certain 2006 amounts have been reclassified to conform with 2007 presentation

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 SCHEDULE OF PROMOTIONAL EXPENSES AND ALLOWANCES

FOR THE SIX MONTHS ENDED JUNE 30, 2007

(UNAUDITED)
(\$ IN THOUSANDS)

Line (a)	Description (b)	Promotional Allowances		Promotional Expenses	
		Number of Recipients (c)	Dollar Amount (d)	Number of Recipients (e)	Dollar Amount (f)
1	Rooms	169,338	\$16,542	0	\$0
2	Food	1,247,827	12,229	166,045	1,627
3	Beverage	5,234,780	6,003	0	0
4	Travel	0	0	5,326	1,864
5	Bus Program Cash	356,315	6,295	0	0
6	Other Cash Complimentaries	695,624	17,213	0	0
7	Entertainment	150,800	302	2,384	48
8	Retail & Non-Cash Gifts	0	0	194,166	1,855
9	Parking	0	0	119,306	358
10	Other	591,380	1,020	31,668	317
11	Total	8,446,064	\$59,604	518,895	\$6,069

** There are no complimentary services or items in Line 10 "other" which exceeds 5% of that column's total

FOR THE THREE MONTHS ENDED JUNE 30, 2007 - Amended 4/15/08

Line (a)	Description (b)	Promotional Allowances		Promotional Expenses	
		Number of Recipients (c)	Dollar Amount (d)	Number of Recipients (e)	Dollar Amount (f)
1	Rooms	86,810	\$8,390	0	\$0
2	Food	655,460	6,424	80,566	790
3	Beverage	2,627,360	3,015	0	0
4	Travel	0	0	3,655	1,279
5	Bus Program Cash	222,553	4,281	0	0
6	Other Cash Complimentaries	283,497	7,390	0	0
7	Entertainment	78,900	158	641	13
8	Retail & Non-Cash Gifts	0	0	104,252	1,001
9	Parking	0	0	57,660	173
10	Other	278,060	420	14,185	142
11	Total	4,232,640	\$30,078	260,959	\$3,398

** There are no complimentary services or items in Line 10 "other" which exceeds 5% of that column's total

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

FOR THE SIX MONTHS ENDED JUNE 30, 2007 - Amended 4/15/08

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.

4/15/2008

Date



Christina Broome

Vice President - Finance

Title

7571-11

License Number

On Behalf of:

TROPICANA CASINO AND RESORT

Casino Licensee

ADAMAR OF NEW JERSEY, INC.
DBA TROPICANA CASINO AND RESORT
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS
FOR THE SIX MONTHS ENDED JUNE 30, 2007 AND 2006-Revised April 15, 2008

NOTE 1. DISCLOSURES NOT PRESENTED AND RECENT ACCOUNTING PRONOUNCEMENTS

Certain footnotes have not been presented in these Notes to Consolidated Financial Statements. These footnotes would be a duplicate of items contained in the Casino Control Commission Annual Report for the year ended December 31, 2006.

The specific footnotes not presented are the Summary of Significant Accounting Policies and Lease Obligations. The footnotes contained in the December 31, 2006 Annual Report should be read in conjunction with these financial statements.

On May 19, 2006, Aztar entered into an Agreement and Plan of Merger (the "Columbia Merger Agreement") with Columbia Sussex Corporation ("Sussex"), Wimar Tahoe Corporation, d/b/a Tropicana Casinos and Resorts, the gaming affiliate of Sussex ("Tropicana Casinos and Resorts"), and WT-Columbia Development, Inc., a wholly-owned subsidiary of Tropicana Casinos and Resorts. The merger was consummated on January 3, 2007 at which time Tropicana Entertainment, a wholly owned subsidiary of Tropicana Casinos and Resorts, acquired all of the outstanding shares of Aztar common stock and assumed all of Aztar's outstanding debt.

These financial statements include the effects of the January 3, 2007 merger. The merger affected the carrying value of our Property and Equipment including Note 2 to these statements, Long term debt, including Note 3 to these statements and Related Party transactions, including Note 5 to these statements, and the related affects to the income statement including depreciation expense, interest expense, charges from affiliates other than interest, non-operating income/(expense) and the provision/(credit) for income taxes. These adjustments are recorded on a retrospective basis in these financial statements.

NOTE 2. PROPERTY AND EQUIPMENT

At June 30, 2007 and 2006, the components of Property and Equipment consisted of:

	<u>2007</u>	<u>2006</u>
Land and land improvements	\$ 52,415,000	\$ 49,974,000
Building and improvements	542,050,000	885,050,000
Furniture, fixtures and equipment	48,676,000	170,137,000
Leased personal property	1,353,000	1,366,000
Construction in progress	<u>20,147,000</u>	<u>18,196,000</u>
Total property and equipment-gross	664,641,000	1,124,723,000
Less: accumulated depreciation and amortization	<u>(10,092,000)</u>	<u>(329,780,000)</u>
Total property and equipment	<u>\$ 654,549,000</u>	<u>\$ 794,943,000</u>

NOTE 3. LONG-TERM DEBT

At June 30, 2007 and 2006, Long-Term Debt consisted of:

	<u>2007</u>	<u>2006</u>
Notes Payable - Aztar Corporation; 12.0% due 2014	<u>\$ 292,000,000</u>	<u>\$ 292,000,000</u>
Long-term debt due to affiliates	292,000,000	292,000,000
Contract payable; 7.2%; matures 2014	286,000	315,000
Obligations under capital leases	<u> -</u>	<u> 5,000</u>
Total affiliates and other	292,286,000	292,320,000
Less: current portion	<u> (30,000)</u>	<u> (33,000)</u>
Total long-term debt	<u>\$ 292,256,000</u>	<u>\$ 292,287,000</u>

NOTE 4. COMMITMENTS AND CONTINGENCIESLicensing

On November 26, 1982, the Company was granted a plenary gaming license by the New Jersey Casino Control Commission, referred to as the "CCC". The license is renewable every four years. In November 2003, the license was renewed for a period of four years, effective through November 30, 2007.

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.

The CCC 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 Casino Reinvestment Development Authority ("CRDA") or make other approved investments equal to that amount; in the event the investment requirement is not met, the casino licensee is subject to a tax of two and one-half percent 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 2007 and 2006, respectively, was \$2,612,000 and \$2,809,000 for the purchase of CRDA bonds. In 2007 and 2006, the Company recorded a loss provision of \$879,000 and \$989,000 respectively. The loss provision is to recognize the effect of the below market interest rate using the interest rate in effect at June 30, 2007.

NOTE 5. RELATED PARTIES

Transactions with affiliates consist of expenditures by affiliates on the

Company's behalf including purchases of assets, facility rental, and administrative expenses or cash advances to affiliates or other receivables from affiliates. The Company has many significant transactions with Aztar. Since payment is not required to be made currently, the net of these transactions is classified as long-term.

Aztar performs various corporate services for the Company. For the period ended June 30, 2007 and 2006, Aztar charged the Company a management fee of \$0 and \$17,000,000, respectively.

Columbia Sussex, Tropicana Casinos and Resorts and Tropicana Entertainment all provide services to the Company. Once the shared services agreement with Sussex is approved by the CCC, the Company will be charged a management fee by Sussex for services provided. Services provided by Tropicana Casinos and Resorts are charged to Tropicana Entertainment at cost. Neither the management fee charged by Tropicana Casinos and Resorts to Tropicana Entertainment nor expenses directly incurred by Tropicana Entertainment will be charged to the Company.

Due to affiliates is reflected in Other Liabilities. The identity of the affiliate and corresponding balances at June 30, 2007 and 2006 are:

	<u>2007</u>	<u>2006</u>
Due to Aztar Corporation	\$367,063,000	\$357,784,000
Due to Ramada New Jersey, Inc.	538,000	463,000
Due to Adamar Garage Corporation	13,103,000	8,403,000
Due to Atlantic Deauville, Inc.	496,000	426,000
Due to Tropicana West	<u>78,000</u>	<u>98,000</u>
	<u>\$381,278,000</u>	<u>\$367,174,000</u>

Advances to affiliates are reflected in Investments, Advances and Receivables. The identity of the affiliate and corresponding balances at June 30, 2007 and 2006 are:

	<u>2007</u>	<u>2006</u>
Due from Tropicana Casinos and Resorts	\$ 63,264,000	\$ -

Notes payable to related parties are included in Long-term debt to affiliates (See Note 3). The identity of the affiliate and corresponding balances at June 30, 2007 and 2006 are:

<u>PAYEE</u>	<u>2007</u>	<u>2006</u>
Aztar Corporation	\$ 292,000,000	\$ 292,000,000

For the six months ended June 30, 2007 and 2006 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>2007</u>	<u>2006</u>
<u>COST OF GOODS AND SERVICES</u>		
Executive deferred compensation plan	\$ -	\$ 1,000
Property insurance	<u>3,138,000</u>	<u>1,754,000</u>
	<u>3,138,000</u>	<u>1,755,000</u>
<u>SELLING, GENERAL AND ADMINISTRATIVE</u>		
Insurance	552,000	263,000
Executive deferred compensation plan	-	8,000
Professional services	<u>-</u>	<u>32,000</u>
	<u>552,000</u>	<u>303,000</u>
Total	<u>\$ 3,690,000</u>	<u>\$2,058,000</u>

NOTE 6: ACCOUNTING FOR THE IMPACT OF THE OCTOBER 30, 2003 CONSTRUCTION ACCIDENT

An accident occurred on the site of the construction of the expansion on October 30, 2003. The accident resulted in a loss of life and serious injuries, as well as extensive damage to the facilities under construction.

Construction on the expansion project was substantially completed by December 31, 2004. The expansion includes 502 additional hotel rooms, 20,000 square feet of meeting space, 2,400 parking spaces, and "The Quarter at Tropicana," a 200,000-square-foot dining, entertainment and retail center.

The Company incurred \$2,374,000 and \$3,641,000 of construction accident related costs and expenses, that may not be reimbursed by insurance during the six months ended June 30, 2007 and 2006, respectively. These costs and expenses primarily consist of professional fees incurred as a result of the accident.

During the six months ended June 30, 2007 and 2006, the Company recorded \$0 and \$8,358,000, respectively, of insurance recoveries due to the delay of the opening of the expansion, which represent a portion of the anticipated profit that the Company would have recognized had the expansion opened as originally projected as well as some reimbursement for costs incurred as a result of the delay. These insurance recoveries were classified as a component of Non-operating Income(Expense) in the Statements of Income.

In order to ensure that the construction proceed expeditiously and in order to settle certain disputes, the Company and the general contractor entered into a settlement agreement on October 6, 2004 that delineates how the Company and its contractor will share the cost of and the insurance proceeds received for the dismantlement, debris removal and rebuild.

In April, 2007, the Company and its insurance carriers reached a settlement agreement regarding all outstanding claims for dismantlement, debris removal and rebuild. Also in April, 2007, the Company was a party to a settlement agreement

that has fully resolved all liability claims that arose from the construction accident. The claims were satisfied in full within the policy limits of the Company's insurance programs and will have no material effect on the Company's financial condition.

The Company recorded recoveries of \$14,027,000 in 2007 net of all outstanding receivables and costs related to these claims. These amounts were classified as a component of Non-operating Income(Expense) in the Statements of Income.

NOTE 7. NON-OPERATING INCOME/EXPENSE

For the period ending June 30, 2007 and 2006, Non-operating Income/(Expense) consisted of the following:

	<u>2007</u>	<u>2006</u>
Interest income	\$ 741,000	\$ 719,000
Gain/(Loss)on dispositions	(69,000)	(148,000)
Construction accident	14,027,000	6,959,000
Stock option compensation expense	-	(206,000)
Affiliate rent expense	<u>(2,423,000)</u>	<u>(2,423,000)</u>
Total	<u>\$ 12,276,000</u>	<u>\$ 4,901,000</u>