GOLDEN NUGGET ATLANTIC CITY, LLC
QUARTERLY REPORT

FOR THE QUARTER ENDED DECEMBER 31, 2012

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

OFFICE OF FINANCIAL INVESTIGATIONS
REPORTING MANUAL

GOLDEN NUGGET ATLANTIC CITY, LLC
BALANCE SHEETS

AS OF DECEMBER 31, 2012 AND 2011 *

(UNAUDITED)
($ IN THOUSANDS)

Line (a)	Description (b)	Notes	2012 (c)	2011 * (d)
	ASSETS:			
	Current Assets:			
1	Cash and Cash Equivalents	3	$6,264	$6,433
2	Short-Term Investments		0	0
3	Receivables and Patrons' Checks (Net of Allowance for Doubtful Accounts - 2012, $2,133 ; 2011, $672)	3,4	4,772	2,760
4	Inventories	3	1,687	1,477
5	Other Current Assets	5	1,067	1,287
6	Total Current Assets		13,790	11,957
7	Investments, Advances, and Receivables		1,597	642
8	Property and Equipment - Gross	3,6	155,938	100,374
9	Less: Accumulated Depreciation and Amortization		(9,288)	(1,173)
10	Property and Equipment - Net		146,650	99,201
11	Other Assets	3,7	12,188	10,981
12	Total Assets		$174,225	$122,781
	LIABILITIES AND EQUITY:			
	Current Liabilities:			
13	Accounts Payable		$17,114	$18,963
14	Notes Payable		0	0
	Current Portion of Long-Term Debt:			
15	Due to Affiliates		0	0
16	External	9	3,578	1,953
17	Income Taxes Payable and Accrued		0	0
18	Other Accrued Expenses	8	6,775	6,561
19	Other Current Liabilities		9,084	14,002
20	Total Current Liabilities		36,551	41,479
	Long-Term Debt:			
21	Due to Affiliates		0	0
22	External	9	12,909	49,082
23	Deferred Credits		0	0
24	Other Liabilities		0	0
25	Commitments and Contingencies	10	0	0
26	Total Liabilities		49,460	90,561
27	Stockholders', Partners', or Proprietor's Equity		124,765	32,220
28	Total Liabilities and Equity		$174,225	$122,781

* Golden Nugget Atlantic City, LLC began operations on May 24, 2011-Restated to conform with current year

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

GOLDEN NUGGET ATLANTIC CITY, LLC
STATEMENTS OF INCOME

FOR THE TWELVE MONTHS ENDED DECEMBER 31, 2012 AND 2011 *

(UNAUDITED)
($ IN THOUSANDS)

Line (a)	Description (b)	Notes	2012 (c)	2011 * (d)
	Revenue:			
1	Casino		$129,009	$76,585
2	Rooms		18,100	10,523
3	Food and Beverage		15,569	9,235
4	Other		12,386	5,160
5	Total Revenue	3	175,064	101,503
6	Less: Promotional Allowances	3	47,898	28,493
7	Net Revenue		127,166	73,010
	Costs and Expenses:			
8	Cost of Goods and Services		126,075	68,328
9	Selling, General, and Administrative	3	11,167	6,273
10	Provision for Doubtful Accounts		1,351	672
11	Total Costs and Expenses		138,593	75,273
12	Gross Operating Profit		(11,427)	(2,263)
13	Depreciation and Amortization		8,695	1,341
	Charges from Affiliates Other than Interest:			
14	Management Fees		0	0
15	Other		0	0
16	Income (Loss) from Operations		(20,122)	(3,604)
	Other Income (Expenses):			
17	Interest Expense - Affiliates		0	0
18	Interest Expense - External	3,9	(4,278)	(1,858)
19	CRDA Related Income (Expense) - Net	3	(522)	(332)
20	Nonoperating Income (Expense) - Net		1	1,714
21	Total Other Income (Expenses)		(4,799)	(476)
22	Income (Loss) Before Taxes and Extraordinary Items		(24,921)	(4,080)
23	Provision (Credit) for Income Taxes			
24	Income (Loss) Before Extraordinary Items		(24,921)	(4,080)
	Extraordinary Items (Net of Income Taxes -			
25	2012, $0; 2011, $0)			0
26	Net Income (Loss)		($24,921)	($4,080)

* Golden Nugget Atlantic City, LLC began operations on May 24, 2011

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GOLDEN NUGGET ATLANTIC CITY, LLC
STATEMENTS OF INCOME

FOR THE THREE MONTHS ENDED DECEMBER 31, 2012 AND 2011

(UNAUDITED)
($ IN THOUSANDS)

Line (a)	Description (b)	Notes	2012 (c)	2011 (d)
	Revenue:			
1	Casino		$28,275	$27,670
2	Rooms		3,617	3,216
3	Food and Beverage		2,911	2,715
4	Other		2,526	1,746
5	Total Revenue	3	37,329	35,347
6	Less: Promotional Allowances	3	9,986	12,134
7	Net Revenue		27,343	23,213
	Costs and Expenses:			
8	Cost of Goods and Services		29,629	26,358
9	Selling, General, and Administrative	3	2,604	2,080
10	Provision for Doubtful Accounts		358	336
11	Total Costs and Expenses		32,591	28,774
12	Gross Operating Profit		(5,248)	(5,561)
13	Depreciation and Amortization		2,586	745
	Charges from Affiliates Other than Interest:			
14	Management Fees		0	0
15	Other		0	0
16	Income (Loss) from Operations		(7,834)	(6,306)
	Other Income (Expenses):			
17	Interest Expense - Affiliates		0	0
18	Interest Expense - External	3,9	(1,434)	(418)
19	CRDA Related Income (Expense) - Net	3	(100)	(124)
20	Nonoperating Income (Expense) - Net		0	239
21	Total Other Income (Expenses)		(1,534)	(303)
22	Income (Loss) Before Taxes and Extraordinary Items		(9,368)	(6,609)
23	Provision (Credit) for Income Taxes			0
24	Income (Loss) Before Extraordinary Items		(9,368)	(6,609)
25	Extraordinary Items (Net of Income Taxes - 2012, $ 0 ; 2011, $0)			0
26	Net Income (Loss)		($9,368)	($6,609)

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

GOLDEN NUGGET ATLANTIC CITY, LLC
STATEMENTS OF CHANGES IN PARTNERS', PROPRIETOR'S OR MEMBERS' EQUITY

FOR THE TWELVE MONTHS ENDED DECEMBER 31, 2012
AND THE PERIOD MAY 24 THROUGH DECEMBER 31, 2011 *

(UNAUDITED)
($ IN THOUSANDS)

Line (a)	Description (b)	Notes	Contributed Capital (c)	Accumulated Earnings (Deficit) (d)	(e)	Total Equity (Deficit) (f)
1	**Balance, December 31, 2010..........**		$0			$0
2	Net Income (Loss) 5/24-12/31...			(4,080)		(4,080)
3	Capital Contributions................		36,300			36,300
4	Capital Withdrawals..................					0
5	Partnership Distributions...........					0
6	Prior Period Adjustments..........					0
7						0
8						0
9						0
10	**Balance, December 31, 2011..........**		36,300	(4,080)	0	32,220
11	Net Income (Loss) - 2012..........			(24,921)		(24,921)
12	Capital Contributions................		117,466			117,466
13	Capital Withdrawals..................					0
14	Partnership Distributions...........					0
15	Prior Period Adjustments..........					0
16						0
17						0
18						0
19	**Balance, December 31, 2012..........**		$153,766	($29,001)	$0	$124,765

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

GOLDEN NUGGET ATLANTIC CITY, LLC
STATEMENTS OF CASH FLOWS

FOR THE TWELVE MONTHS ENDED DECEMBER 31, 2012 AND 2011 *

(UNAUDITED)
($ IN THOUSANDS)

Line (a)	Description (b)	Notes	2012 (c)	2011 * (d)
1	CASH PROVIDED (USED) BY OPERATING ACTIVITIES...		($19,041)	$20,713
	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		(52,714)	(57,243)
5	Proceeds from Disposition of Property and Equipment		2,864	0
6	CRDA Obligations		(1,483)	(974)
7	Other Investments, Loans and Advances made			
8	Proceeds from Other Investments, Loans, and Advances			
9	Cash Outflows to Acquire Business Entities		0	(33,544)
10				
11				
12	Net Cash Provided (Used) By Investing Activities		(51,333)	(91,761)
	CASH FLOWS FROM FINANCING ACTIVITIES:			
13	Proceeds from Short-Term Debt			
14	Payments to Settle Short-Term Debt			
15	Proceeds from Long-Term Debt		60,000	81,847
16	Costs of Issuing Debt		0	(4,723)
17	Payments to Settle Long-Term Debt		(100,261)	(35,943)
18	Cash Proceeds from Issuing Stock or Capital Contributions		110,466	36,300
19	Purchases of Treasury Stock			
20	Payments of Dividends or Capital Withdrawals			
21				
22				
23	Net Cash Provided (Used) By Financing Activities		70,205	77,481
24	Net Increase (Decrease) in Cash and Cash Equivalents		(169)	6,433
25	Cash and Cash Equivalents at Beginning of Period		6,433	
26	Cash and Cash Equivalents at End of Period		$6,264	$6,433

	CASH PAID DURING PERIOD FOR:			
27	Interest (Net of Amount Capitalized)		$0	$0
28	Income Taxes			

* Golden Nugget Atlantic City, LLC began operations on May 24, 2011

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

GOLDEN NUGGET ATLANTIC CITY, LLC
STATEMENTS OF CASH FLOWS

FOR THE TWELVE MONTHS ENDED DECEMBER 31, 2012 AND 2011 *

(UNAUDITED)

($ IN THOUSANDS)

Line (a)	Description (b)	Notes	2012 (c)	2011 * (d)
	CASH FLOWS FROM OPERATING ACTIVITIES:			
29	Net Income (Loss)		($24,921)	($4,080)
30	Depreciation and Amortization of Property and Equipment		8,695	1,341
31	Amortization of Other Assets			
32	Amortization of Debt Discount or Premium		2,431	565
33	Deferred Income Taxes - Current			
34	Deferred Income Taxes - Noncurrent			
35	(Gain) Loss on Disposition of Property and Equipment			
36	(Gain) Loss on CRDA-Related Obligations		528	332
37	(Gain) Loss from Other Investment Activities		0	(1,453)
38	(Increase) Decrease in Receivables and Patrons' Checks		(2,012)	(2,760)
39	(Increase) Decrease in Inventories		(210)	(1,182)
40	(Increase) Decrease in Other Current Assets		220	(53)
41	(Increase) Decrease in Other Assets		(4,219)	(6,777)
42	Increase (Decrease) in Accounts Payable		5,151	27,966
43	Increase (Decrease) in Other Current Liabilities		(4,704)	6,814
44	Increase (Decrease) in Other Liabilities			
45				
46				
47	Net Cash Provided (Used) By Operating Activities		($19,041)	$20,713

SUPPLEMENTAL DISCLOSURE OF CASH FLOW INFORMATION

Line (a)	Description (b)	Notes	2012 (c)	2011 * (d)
	ACQUISITION OF PROPERTY AND EQUIPMENT:			
48	Additions to Property and Equipment		($58,427)	($62,374)
49	Less: Capital Lease Obligations Incurred		5,713	5,131
50	Cash Outflows for Property and Equipment		($52,714)	($57,243)
	ACQUISITION OF BUSINESS ENTITIES:			
51	Property and Equipment Acquired		$0	($38,000)
52	Goodwill Acquired			
53	Other Assets Acquired - net		0	4,456
54	Long-Term Debt Assumed			
55	Issuance of Stock or Capital Invested			
56	Cash Outflows to Acquire Business Entities		$0	($33,544)
	STOCK ISSUED OR CAPITAL CONTRIBUTIONS:			
57	Total Issuances of Stock or Capital Contributions		$110,466	$36,300
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		$110,466	$36,300

* Golden Nugget Atlantic City, LLC began operations on May 24, 2011

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

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

GOLDEN NUGGET ATLANTIC CITY, LLC
SCHEDULE OF PROMOTIONAL EXPENSES AND ALLOWANCES

FOR THE TWELVE MONTHS ENDED DECEMBER 31, 2012
(UNAUDITED)
($ IN THOUSANDS)

		Promotional Allowances		Promotional Expenses	
Line (a)	**Description (b)**	**Number of Recipients (c)**	**Dollar Amount (d)**	**Number of Recipients (e)**	**Dollar Amount (f)**
1	Rooms	130,771	$9,243	0	$0
2	Food	253,727	4,528	41,005	2,456
3	Beverage	679,541	2,887	0	0
4	Travel	0	0	6,795	170
5	Bus Program Cash	0	0	0	0
6	Promotional Gaming Credits	426,516	21,514	0	0
7	Complimentary Cash Gifts	72,289	5,784	0	0
8	Entertainment	17,082	428	0	0
9	Retail & Non-Cash Gifts	260,085	3,310	0	0
10	Parking	0	0	474,708	1,425
11	Other	25,145	204	0	0
12	Total	1,865,156	$47,898	522,508	$4,051

FOR THE THREE MONTHS ENDED DECEMBER 31, 2012

		Promotional Allowances		Promotional Expenses	
Line (a)	**Description (b)**	**Number of Recipients (c)**	**Dollar Amount (d)**	**Number of Recipients (e)**	**Dollar Amount (f)**
1	Rooms	31,386	$1,953	0	$0
2	Food	52,800	943	3,433	205
3	Beverage	151,637	644	0	0
4	Travel	0	0	2,140	54
5	Bus Program Cash	0	0	0	0
6	Promotional Gaming Credits	86,440	4,322	0	0
7	Complimentary Cash Gifts	14,925	1,194	0	0
8	Entertainment	2,572	64	0	0
9	Retail & Non-Cash Gifts	63,225	809	0	0
10	Parking	0	0	124,437	373
11	Other	5,446	57	0	0
12	Total	408,431	$9,986	130,010	$632

*No item in this category (Other) exceeds 5%.

GOLDEN NUGGET ATLANTIC CITY, LLC
STATEMENT OF CONFORMITY, ACCURACY, AND COMPLIANCE

FOR THE QUARTER ENDED DECEMBER 31, 2012

1. I have examined this Quarterly Report.

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

4/1/2013
Date

Keith Crede

Vice President Finance
Title

6939-11
License Number

On Behalf of:
GOLDEN NUGGET ATLANTIC CITY, LLC
Casino Licensee

NOTES TO FINANCIAL STATEMENTS
(UNAUDITED)

1. NATURE OF BUSINESS AND BASIS OF PRESENTATION

Nature of Business

Golden Nugget Atlantic City, LLC ("GNAC") operates the Golden Nugget Atlantic City hotel and casino in Atlantic City, NJ. We are wholly owned by Fertitta Entertainment Holdings, LLC and are an affiliate of Landry's, Inc., which also owns the Golden Nugget hotels and casinos in Las Vegas and Laughlin, NV. On May 24, 2011, GNAC purchased the assets of Trump Marina Associates, LLC for approximately $37.7 million.

We had no operations prior to May 24, 2011.

Use of Estimates

The condensed financial statements included herein have been prepared without audit and pursuant to the rules and regulations of the New Jersey Division of Gaming Enforcement. Certain information and footnote disclosures normally included in financial statements prepared in accordance with accounting principles generally accepted in the United States of America have been condensed or omitted. In the opinion of management, all adjustments, consisting of normal recurring items and estimates necessary for a fair presentation of the results for interim periods have been made. Estimates are used for, but not limited to, the assessment of recoverability of long lived assets; costs to settle unpaid claims and the redemptions of cash back points. Actual results could differ from those estimates.

2. ACQUISITION OF THE ASSETS OF TRUMP MARINA ASSOCIATES, LLC

On May 24, 2011, GNAC purchased the assets of Trump Marina Associates, LLC for approximately $37.7 million in cash, plus the assumption of certain additional working capital liabilities in order to expand the Golden Nugget name into the second largest gaming market in America. The purchase price and planned capital improvements were funded by a $36.5 million first lien term loan, a $10.0 million revolving credit facility and a $36.3 million capital contribution.

An additional capital contribution of $117.5 million was made during the twelve months ended December 31, 2012.

A summary of assets acquired and liabilities assumed in the acquisition is set forth below (in thousands):

Estimated fair value of assets acquired		
Current assets	$	5,716
Property and equipment		38,000
Other long term assets		214
Total assets acquired		43,930
Estimated fair value of liabilities assumed		
Current liabilities		(4,746)
Total liabilites assumed		(4,746)
Gain on purchase		(1,453)
Allocated purchase price		37,731
Less: Cash acquired		(4,187)
Net cash paid	$	33,544

Based on the purchase price allocation it was determined that the fair values of the net assets acquired exceeded the purchase price by $1.5 million, which we have recorded as a bargain purchase gain included in other, net within our consolidated statement of income for the period ended December 31, 2011.

The acquisition was accounted for in accordance with ASC Topic 805, Business Combinations ("ASC 805"). Accordingly, the purchase price was allocated to the assets acquired and liabilities assumed based on their estimated fair value at the acquisition date.

Under ASC 805, acquisition related costs (i.e., advisory, legal, valuation and other professional fees) are not included as a component of consideration transferred, but are accounted for as expenses in the periods in which the costs are incurred. For the period ended December 31, 2011, we have incurred approximately $0.2 million in acquisition related costs. No acquisition related costs were incurred for the year ended December 31, 2012.

3. SIGNIFICANT ACCOUNTING POLICIES

Cash and Cash Equivalents

We consider investments with original maturities of ninety days or less when purchased to be cash equivalents. We place our cash primarily in checking and money market accounts with financial institutions, which, at times, have exceeded federally insured limits.

Accounts Receivable

Trade receivables consist primarily of casino and hotel receivables, net of an allowance for doubtful accounts. Accounts are written off when management deems the account to be uncollectible. The allowance is estimated based on specific review of customer accounts as well as historical collection experience and current economic and business conditions.

Financial Instruments

Generally Accepted Accounting Principles (GAAP) establishes a hierarchy for fair value measurements, such that Level 1 measurements include unadjusted quoted market prices for identical assets or liabilities in an active market, Level 2 measurements include quoted market prices for identical assets or liabilities in an active market which have been adjusted for items such as effects of restrictions for transferability and those that are not quoted but are observable through corroboration with observable market data, including quoted market prices for similar assets, and Level 3 measurements include those that are unobservable and of a highly subjective measure.

The fair values of cash and cash equivalents, accounts receivable, accounts payable and accrued liabilities approximate the carrying amounts due to their short maturities. The fair value of our long-term debt instruments are estimated based on quoted market prices, where available, or on the amount of future cash flows associated with each instrument, discounted using our current borrowing rate for comparable debt instruments.

Inventories

Inventories consisting of principally food and beverage, operating supplies and retail items are stated at the lower of cost or market value.

Property and Equipment

Property and equipment purchased subsequent to the acquisition are recorded at cost. Depreciation expense is computed utilizing the straight-line method over the estimated useful lives of the depreciable assets, as follows: buildings and improvements — 40 years; equipment — 5 to 10 years; furniture, fixtures and leasehold improvements — 5 to 20 years; and automobiles and limousines — 4 to 5 years.

Costs of major improvements are capitalized; costs of normal repairs and maintenance are charged to expense as incurred. Gains or losses on dispositions of property and equipment are recognized in the consolidated statements of operations when incurred.

Interest is capitalized in connection with construction and development activities, and other real estate development projects. The capitalized interest is recorded as part of the asset to which it relates and is amortized over the asset's estimated useful life. During the three and twelve months ending December 31, 2012, we capitalized interest costs of approximately $0 and $1,004,000 respectively.

Indefinite Lived Intangible Assets and Long-Lived Assets

We have an indefinite-lived intangible asset related to our gaming license. In July 2012, the FASB issued ASU 2012-02, "Intangibles—Goodwill and Other (Topic 350), Testing Indefinite Lived Intangible Assets for Impairment", which permits an entity to first assess qualitative factors to determine whether it is more likely than not that an indefinite-lived intangible asset might be impaired and whether it is necessary to perform the quantitative impairment test required under current accounting standards. The more likely than not threshold is defined as having a likelihood of more than 50 percent. If under the new guidance it is determined that it is more likely than not that the fair value of these intangible assets are less than their carrying amounts, then a quantitative estimate of the fair values must be performed.

The recoverability of assets that are to be held and used is measured by comparison of the estimated future undiscounted cash flows associated with the asset to the carrying value of that asset. If such assets are considered to be impaired, an impairment charge is recorded for the amount that the carrying value of the asset exceeds the fair value.

We completed our impairment test of our indefinite lived intangible assets and long-lived assets and concluded there was no impairment at December 31, 2012 and 2011.

Debt Issuance Costs

Debt issuance costs represent fees, commissions and other closing costs incurred in connection with the issuance of our $66.5 million credit facility. Deferred financing costs are amortized over the term of the credit facility. Deferred financing costs of $1,021,000 and $3,356,000 were expensed in the three and twelve months ending December 31, 2012, respectively. Approximately $3.2 million of the expense was associated with the payoff and cancellation of debt during 2012.

Progressive Jackpots

We maintain a number of progressive slot machines and table games. As wagers are made on the respective progressive games, the amount available to win (to be paid out when the appropriate jackpots are hit) increases. In April 2010, the FASB issued ASU No. 2010-16, "*Accruals for Casino Jackpot Liabilities*", which clarifies when a casino entity is required to accrue a jackpot liability. ASU No. 2010-16 clarifies that base jackpot liabilities should not be accrued before the jackpot is won, if payment of the jackpot can be avoided. Based on this guidance, we do not record a liability for the progressive jackpots. Jackpots are charged to revenue when won.

Slot Player Club Liability

We have established promotional slot and player clubs to encourage repeat business from frequent and active slot machine customers and table games patrons. Members earn points based on gaming activity and such points can be redeemed for cash or complimentary amenities. We establish a liability for unredeemed points based upon historical redemption experience.

Self-Insurance Liability

We maintain large deductible insurance policies related to workers compensation, general liability and certain employee medical claims. Predetermined loss limits have been arranged with insurance companies to limit our per occurrence cash outlay. Accrued liabilities include estimated costs to settle unpaid claims and estimated incurred but not reported claims using actuarial methodologies.

Revenue Recognition and Promotional Allowances

Casino revenue is the aggregate net difference between gaming wins and losses, with liabilities recognized for funds deposited by customers before gaming play occurs ("casino front money") and for chips in the customer's possession ("outstanding chip liability"). Cash discounts and other incentives to customers related to gaming play are recorded as a reduction of gross gaming revenue as promotional allowances.

Hotel, food and beverage, entertainment and other operating revenues are recognized as services are performed. The retail value of accommodations, food and beverage, and other services furnished to hotel-casino guests without charge is included in gross revenue and then deducted as promotional allowances.

The estimated cost of providing such promotional allowances for the three and twelve months ended December 31 is as follows (in thousands):

	Three Months Ended		Twelve Months Ended	
	2012	2011	2012	2011*
Rooms	$1,440	$ 1,647	$ 6,435	$ 3,691
Food & Beverage	2,294	2,319	9,629	6,250
Other	927	397	3,861	834
Total	$4,661	$4,363	$19,925	$10,775

*Operations began on May 24, 2011.

Sales Taxes

Our policy is to present sales taxes on a net basis.

Advertising Costs

Costs for advertising are expensed as incurred during such year. Advertising costs, included in Selling. General and Administrative expense, were $514,000 and $2,196,000 for the three and twelve months ended December 31, 2012.

Casino License

We are subject to regulation and licensing by the New Jersey Division of Gaming Enforcement ("DGE"). We operated under a temporary license issued by the DGE on May 24, 2011 through February 15, 2012. During the formal licensing process, our license was held in trust to be in compliance with the DGE regulations. On February 15, 2012, we received full licensure approval.

Income Taxes

We are a single member Limited Liability Corporation and as such, our tax results are filed in consolidation with our owner.

Casino Reinvestment Development Authority Obligation

As required by the provisions of the New Jersey Casino Control Act (the "Act"), a casino licensee must pay an investment alternative tax of 2.5% of its gross casino revenues as defined in the Act. However, pursuant to contracts with the Casino Reinvestment Development Authority ("CRDA"), the Company pays 1.25% of its gross casino revenues to the CRDA (the "CRDA Payment") to fund qualified investments as defined in the Act and such CRDA Payment entitles the Company to an investment tax credit in an amount equal to twice the amount of the CRDA Payment against the 2.5% investment alternative tax. Qualified investments may include the purchase of bonds issued by the CRDA at a below market rate of interest, direct investment in projects or donation of funds to projects as determined by CRDA. Pursuant to the contract with CRDA, the Company is required to make quarterly deposits with the CRDA to satisfy its investment obligations.

The deposits are recorded at cost less a valuation allowance. The valuation allowance is established by a charge to the statement of income as part of Other Income/(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.

For the three and twelve months ended December 31, 2012, the Company charged to Other Income/ (Expense) $100,000 and $521,000 to give effect to the below market interest rates associated with CRDA deposits.

CRDA deposits, net of allowances of $860,000, reflected in Investments, Advances, and Receivables on the accompanying consolidated balance sheet as of December 31, 2012 are $1,597,000.

Recently Issued and Adopted Accounting Pronouncements

In May 2011, the FASB issued ASU 2011-04, "Fair Value Measurement (Topic 820): Amendments to Achieve Common Fair Value Measurement and Disclosure Requirements in U.S. GAAP and IFRSs." This ASU clarifies the application of certain existing fair value measurement guidance and expands the disclosures for fair value measurements that are estimated using significant unobservable (Level 3) inputs. This guidance is effective for interim and annual periods beginning on or after December 15, 2011, applied prospectively. The adoption of this guidance is not expected to have a material impact on our consolidated financial statements.

In September, 2011, the FASB issued ASU No. 2011-09, "Compensation – Retirement Benefits – Multiemployer Plans (Subtopic 715-80)." The amendments in this ASU require that employers provide, on an annual basis, additional separate disclosures for all individually significant multiemployer pension plans and multiemployer other postretirement benefit plans. The revisions do not change the current recognition and measurement guidance for an employer's participation in a multiemployer plan. The ASU is effective for fiscal years ending after December 15, 2012 for nonpublic entities and retrospective application is required. We have adopted this ASU and have included all required disclosures in the notes to our consolidated financial statements.

In July 2012, the Financial Accounting Standards Board issued Accounting Standards Update ("ASU") 2012-02, "Intangibles—Goodwill and Other (Topic 350), Testing Indefinite Lived Intangible Assets for Impairment." This ASU simplifies the guidance for impairment testing of indefinite-lived intangible assets other than goodwill and gives companies the option to assess qualitative factors to determine whether it is necessary to perform a quantitative impairment test. Companies electing to perform a qualitative assessment are no longer required to calculate the fair value of an indefinite-lived intangible asset unless the Company determines, based on a qualitative assessment, that it is "more likely than not" that the asset is impaired. We have adopted this ASU and have included all required disclosures in the notes to our consolidated financial statements.

4. ACCOUNTS RECEIVABLE

Accounts receivable as of December 31 consisted of the following (in thousands):

	2012	2011
Gaming	$5,322	$2,298
Allowance	(1,647)	(591)
Non-Gaming	1,583	1,134
Allowance	(486)	(81)
Total	$4,772	$2,760

5. OTHER CURRENT ASSETS

Other current assets as of December 31 consisted of the following (in thousands):

	2012	2011
Prepaid Insurance	$ 207	$ 268
Prepaid taxes	404	351
Other prepaid	456	668
Total	$1,067	$1,287

6. PROPERTY AND EQUIPMENT

Property and equipment as of December 31 consisted of the following (in thousands):

	2012	2011
Land	$ 17,649	$ 17,649
Buildings and Improvements	93,784	51,369
Furniture, Fixtures, Equipment	43,502	19,114
Construction in Progress	1,003	12,242
Property and Equipment, Gross	155,938	100,374
Accumulated Depreciation	(9,288)	(1,173)
Property and Equipment, Net	$146,650	$99,201

7. OTHER ASSETS

Other assets as of December 31 consisted of the following (in thousands):

	2012	2011
Deferred Cost	$3,498	$6,169
Software	8,086	4,219
Deposits	603	593
Total	$12,188	$10,981

8. OTHER ACCRUED EXPENSES

Other accrued expenses as of December 31 consisted of the following (in thousands):

	2012	2011
Payroll & related	$ 5,811	$5,859
Other	964	702
Total	$ 6,775	$6,561

9. LONG TERM DEBT

On January 6, 2012, we repaid our outstanding term loan and accrued interest for an aggregate $37.1 million. Our $10.0 million revolving credit facility and certain equipment loans remain outstanding. In addition, the delayed draw term loan was cancelled and a commitment from an affiliate to provide up to $20.0 million in additional funding was terminated. The revolving credit facility expires on November 30, 2015 and bears interest at Libor or the bank's base rate, plus a financing spread of 8.5% at December 31, 2012. The facility has a minimum interest rate of 10%. In addition, the credit facility requires a commitment fee on the unfunded portion of the $10.0 million revolving credit facility. We have granted liens on substantially all real property and personal property as collateral under the credit facility and guarantee the credit facility.

In addition to the credit facility, we have entered into a number of equipment loans for the purchase of gaming hardware and software. These loans have maturities ranging from May 2013 to July 2015 and bear interest at rates ranging from 4.8% to 8.0%. Principal and interest payments are due monthly.

Our debt agreements contain various restrictive covenants including limitations on additional indebtedness, dividend payments and other restricted payments as defined in the agreements. At December 31, 2012, we were in compliance with all such covenants. As of December 31, 2012 we had $750,000 available borrowing capacity under the revolving credit facility.

Long-term debt as of December 31 is comprised of the following:	2012	2011
$36.5 million Term loan, LIBOR +8.5% due May 2016	$ 0	$36,500
$10.0 million revolving credit facility due November 2015	9,250	10,000
Various Equipment loans due May 2013-July 2015	7,237	4,535
Total debt	16,487	51,035
Less current portion	(3,578)	(1,953)
Long term debt	$12,909	$49,082

10. COMMITMENTS AND CONTINGENCIES

Leases

We have a non-cancelable operating lease that covers the land, building and marina adjacent to our property, which expires in 2014. Other lease commitments also include operating equipment used in daily operations. Rent expense was $125,000 and $500,000 for the three and twelve months ended December 31, 2012. The aggregate amounts of future minimum lease payments for operating leases with initial terms in excess of one year as of December 31, 2012 are as follows (in thousands):

Years ending December, 31:	
2013	500
2014	500
Total minimum rentals	$ 1,000

Employee Benefits

Certain of our employees are covered by union-sponsored, collective bargained, multi-employer health and welfare and defined benefit pension plans. We recorded expenses of $1.5 million and $6.8 million for the three and twelve months ended December 31, 2012.

We contribute to four multiemployer defined benefit pension plans under the terms of collective-bargaining agreements that cover our union-represented employees. Our participation in these plans for the years ended December 31, 2012 and 2011, is outlined in the table below. The “EIN/Pension Plan Number” column provides the Employer Identification Number ("EIN") and the three-digit plan number. Unless otherwise noted, the most recent Pension Protection Act ("PPA") zone status available in 2012 and 2011 is for the plan years beginning January 1, 2012, and January 1, 2011, respectively. The zone status is based on information that the Company received from the plan and is certified by the plan's actuary. Among other factors, plans in the red zone are less than 65% funded, plans in the yellow zone are between 65% and 80% funded and plans in the green zone are more than at 80% funded. All plans detailed in the table below utilized extended amortization provisions to calculate zone status. The “FIP/RP Status Pending/Implemented” column indicates plans for which a financial improvement plan ("FIP") or a rehabilitation plan ("RP") has been implemented. The last column lists the expiration date(s) of the collective-bargaining agreement(s) to which the plans are subject (in thousands):

		Pension Protection Act Zone Status		FIP/RP Status	Contributions of Entity A			
Pension Fund	EIN/Pension Plan Number	2011	2012	Pending/ Implemented	2011	2012	Surcharge Imposed	Expiration Date of Collective-Bargaining Agreement
International Painter and Allied Trades Industry Pension Plan	52-6073909-001	Yellow	Yellow	Yes, Implemented	$20,568	$71,915	No	4/30/2014
Local 68 Engineers Union Pension Plan	51-0176618-001	Red	Green	No	$125,278	$255,960	No	Local 68 Operating Engineer exp. 4/30/2014 and Local 68A-Entertainment (IATSE) expires 6/30/14
Pension Plan of the National Retirement Fund	13-6130178-001	Red	Critical	Yes, Implemented	$599,315	$1,403,149	No	9/14/2014
New Jersey Carpenters Pension Plan	22-6174423-001	Yellow	Critical	Yes, Implemented	$35,003	$93,677	No	4/30/2014
				Total Contributions	$780,165	$1,824,700		

We were not listed in our plans' Forms 5500 as providing more than 5 percent of the total contributions for the plan year ended December 31, 2011. At the date these financial statements were issued, Forms 5500 were not available for the plan year ending December 31, 2012.

The risks of participating in these multiemployer plans are different from single-employer plans for the following reasons: (1) assets contributed to the multiemployer plan by one employer may be used to provide benefits to employees of other participating employers; (2) if a participating employer stops contributing to the plan, the unfunded obligations of the plan may be borne by the remaining participating employers; and (3) if we choose to stop participating in some of our multiemployer plans, we may be required to pay those plans an amount based on the underfunded status of the plan, referred to as a withdrawal liability.

401(k) Benefits

We sponsor a retirement savings plan under Section 401(k) of the Internal Revenue Code covering our non-union employees. The plan is available to certain employees with at least six months of service. For those employees who were previously employed by Trump Marina Associates, LLC, for at least six months, participation in the plan was made available beginning June 1, 2011. The plan allows eligible employees to defer, within prescribed limits, a percentage of their income on a pre-tax basis through contributions to the plan. We match on a discretionary basis, subject to a vesting schedule. We recorded no charges for matching contributions for the three and twelve months ended December 31, 2012.

Building Commitments

As of December 31, 2012, we had future development and construction commitments anticipated to be expended within the next twelve months of approximately $4.2 million.

Atlantic City Tourism District

As part of the State of New Jersey's plan to revitalize Atlantic City, a new law was enacted in February 2011 requiring that a tourism district (the "Tourism District") be created and managed by the CRDA. The Tourism District has been established to include each of the Atlantic City casino properties along with certain other tourism related areas of Atlantic City. The law requires that a public-private partnership be created between the CRDA and a private entity that represents existing and future casino licensees. The private entity, known as the Atlantic City Alliance ("ACA"), has been established in the form of a not-for-profit limited liability company, of which we are a member. The public-private partnership between the ACA and CRDA shall be for an initial term of five years and its general purpose shall be to revitalize the Tourism District. The law requires that a $5.0 million contribution be made to this effort by all casinos prior to 2012 followed by an annual amount of $30.0 million to be contributed by the casinos commencing January 1, 2012 for a term of five years. Each casino's share of the annual contributions will equate to a percentage representing its gross gaming revenue compared to the aggregate gross gaming revenues for that period for all casinos. As a result, we will expense our pro rata share of the $155.0 million as incurred. For the three and twelve months ended December 31, 2012, we incurred expense of $499,000 and $1,309,000 for the pro rata share of contribution to the ACA.

General Litigation

We are subject to legal proceedings and claims that arise in the ordinary course of business. We do not believe that the outcome of any of these matters will have a material adverse effect on our financial position, results of operations or cash flows.

11. TRANSACTIONS WITH AFFILIATES

Trademark Licensing Agreement

We license the Golden Nugget trademark pursuant to a five-year Trademark License Agreement (the “Agreement”) from an affiliate, GNLV, Corp., which commenced on May 24, 2011. Under the Agreement, we are granted a nonexclusive license to use the Golden Nugget trademarks and other marks in connection with the marketing and operation of our hotel and casino property. Fees payable under the agreement include license fees of $250,000 per year and royalty fees equal to 3% of certain non-gaming revenues above $55.0 million during each year of the license term.

Shared Services Agreement

We have entered into a Shared Services Agreement (SSA) with an affiliate, Landry’s, Inc. (“Landry’s”). Pursuant to the SSA, the parties agree to cooperatively develop and implement joint programs for the procurement and implementation of certain products and services including insurance and risk management, legal, information technology, entertainment, general purchasing, financial planning and accounting, human resources and employee benefit administration, marketing, strategic and tactical business planning, retail and executive management. The SSA provides for the reimbursement of expenses if either party incurs costs in excess of its proportional share.

Tenant Agreement

We have entered into certain lease agreements with wholly owned subsidiaries of Landry’s wherein they operate restaurants in our casino property and we receive rental payments. Moreover, we routinely enter into certain transactions with affiliated companies. These transactions have been entered into between related parties and are not the result of arm’s-length negotiations. Accordingly, the terms of the transactions may have been more or less favorable to us than might have been obtained from unaffiliated third parties. Rental revenue from the Landry’s subsidiaries totaled $170,000 and $690,000 for the three and twelve months ended December 31, 2012.

During 2011, pursuant to our credit facility, Landry’s pre-funded $7.0 million in restricted cash to be used for the construction costs of restaurants on our property. During the three months ended March 31, 2012, an additional $1.0 million was pre-funded. Subsequently, it was determined that the funds would be used as a capital contribution and were reclassed to additional paid in capital within our consolidated balance sheet as of December 31, 2012.

12. SUBSEQUENT EVENTS

We have evaluated subsequent events through April 1, 2013 which is the date our financial statements were available to be issued.

GOLDEN NUGGET ATLANTIC CITY, LLC

ANNUAL FILINGS

FOR THE YEAR ENDED DECEMBER 31, 2012

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

OFFICE OF FINANCIAL INVESTIGATIONS
REPORTING MANUAL

GOLDEN NUGGET ATLANTIC CITY, LLC
ANNUAL SCHEDULE OF RECEIVABLES AND PATRONS' CHECKS
FOR THE YEAR ENDED DECEMBER 31, 2012

(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................................	$3,726		
2	Returned Patrons' Checks....................................	1,596		
3	Total Patrons' Checks..	5,322	$1,647	$3,675
4	Hotel Receivables..	809	96	$713
	Other Receivables:			
5	Receivables Due from Officers and Employees....	-		
6	Receivables Due from Affiliates...........................	-		
7	Other Accounts and Notes Receivables................	774		
8	Total Other Receivables....................................	774	390	$384
9	Totals (Form DGE-205)...	$6,905	$2,133	$4,772

UNDEPOSITED PATRONS' CHECKS ACTIVITY		
Line (f)	**Description (g)**	**Amount (h)**
10	Beginning Balance (January 1)...	$1,954
11	Counter Checks Issued..	79,775
12	Checks Redeemed Prior to Deposit..	(63,297)
13	Checks Collected Through Deposits...	(11,911)
14	Checks Transferred to Returned Checks..	(2,795)
15	Other Adjustments..	0
16	Ending Balance...	$3,726
17	"Hold" Checks Included in Balance on Line 16..	0
18	Provision for Uncollectible Patrons' Checks..	$1,445
19	Provision as a Percent of Counter Checks Issued..	1.8%

GOLDEN NUGGET ATLANTIC CITY, LLC
ANNUAL EMPLOYMENT AND PAYROLL REPORT

AT DECEMBER 31, 2012

($ 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	422			
2	Slot Machines	44			
3	Administration	1			
4	Casino Accounting	17			
5	Simulcasting	0			
6	Other	55			
7	Total - Casino	539	$11,228		$11,228
8	ROOMS	280	7,092		7,092
9	FOOD AND BEVERAGE	547	9,102		9,102
10	GUEST ENTERTAINMENT	120	545		545
11	MARKETING	45	2,468		2,468
12	OPERATION AND MAINTENANCE	59	4,020		4,020
	ADMINISTRATIVE AND GENERAL:				0
13	Executive Office, Accounting, Auditing	20	827		827
14	Accounting and Auditing				0
15	Security	87	2,541		2,541
16	Other Administrative and General	23	1,251		1,251
17	OTHER OPERATED DEPARTMENTS:				0
18	Retail	36	730		730
19	Spa	23	488		488
20					0
21					0
22					0
23	TOTALS - ALL DEPARTMENTS	1,779	$40,292	$0	$40,292