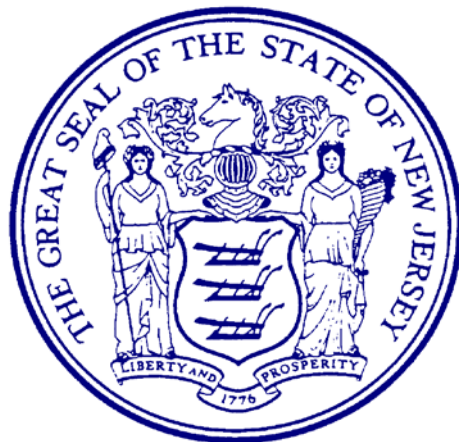


**GOLDEN NUGGET ATLANTIC CITY, LLC
QUARTERLY REPORT**

FOR THE QUARTER ENDED MARCH 31, 2014

**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 MARCH 31, 2014 AND 2013

(UNAUDITED)

(\$ IN THOUSANDS)

Line (a)	Description (b)	Notes	2014 (c)	2013 (d)
	<u>ASSETS:</u>			
	Current Assets:			
1	Cash and Cash Equivalents.....	4	\$6,121	\$4,332
2	Short-Term Investments.....		0	0
3	Receivables and Patrons' Checks (Net of Allowance for Doubtful Accounts - 2014, \$3,312 ; 2013, \$2,133).....	5	4,465	4,731
4	Inventories	2	1,270	1,619
5	Other Current Assets.....	6	1,984	694
6	Total Current Assets.....		13,840	11,376
7	Investments, Advances, and Receivables.....	12	2,898	1,858
8	Property and Equipment - Gross.....	2,7	159,639	156,632
9	Less: Accumulated Depreciation and Amortization.....		(21,709)	(11,788)
10	Property and Equipment - Net.....		137,930	144,844
11	Other Assets.....	8	13,494	12,045
12	Total Assets.....		\$168,162	\$170,123
	<u>LIABILITIES AND EQUITY:</u>			
	Current Liabilities:			
13	Accounts Payable.....		\$8,066	\$11,372
14	Notes Payable.....		0	0
	Current Portion of Long-Term Debt:			
15	Due to Affiliates.....		0	0
16	External.....	10	4,115	3,611
17	Income Taxes Payable and Accrued.....		0	0
18	Other Accrued Expenses.....	9	10,339	7,672
19	Other Current Liabilities.....	9	11,279	9,750
20	Total Current Liabilities.....		33,799	32,405
	Long-Term Debt:			
21	Due to Affiliates.....		1,138	0
22	External.....	10	10,233	12,484
23	Deferred Credits		0	0
24	Other Liabilities.....		0	0
25	Commitments and Contingencies.....	12	0	0
26	Total Liabilities.....		45,170	44,889
27	Stockholders', Partners', or Proprietor's Equity.....		122,992	125,234
28	Total Liabilities and Equity.....		\$168,162	\$170,123

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 THREE MONTHS ENDED MARCH, 2014 AND 2013

(UNAUDITED)
(\$ IN THOUSANDS)

Amended 9/10/14

Line (a)	Description (b)	Notes	2014 (c)	2013 (d)
	Revenue:			
1	Casino.....	3	\$36,859	\$30,144
2	Rooms.....		3,758	3,699
3	Food and Beverage.....		5,824	3,300
4	Other.....		2,995	2,817
5	Total Revenue.....	3	49,436	39,960
6	Less: Promotional Allowances.....	3	14,146	10,634
7	Net Revenue.....		35,290	29,326
	Costs and Expenses:			
8	Casino.....	3	17,456	13,823
9	Rooms, Food and Beverage.....		7,891	6,213
10	General, Administrative and Other.....	3	11,742	11,453
11	Total Costs and Expenses.....		37,089	31,489
12	Gross Operating Profit.....		(1,799)	(2,163)
13	Depreciation and Amortization.....		2,599	2,793
	Charges from Affiliates Other than Interest:			
14	Management Fees.....		0	0
15	Other.....		0	0
16	Income (Loss) from Operations.....		(4,398)	(4,956)
	Other Income (Expenses):			
17	Interest Expense - Affiliates.....		0	0
18	Interest Expense - External.....	3,10	(371)	(423)
19	CRDA Related Income (Expense) - Net.....	12	(132)	(116)
20	Nonoperating Income (Expense) - Net.....		0	0
21	Total Other Income (Expenses).....		(503)	(539)
22	Income (Loss) Before Taxes and Extraordinary Items.....		(4,901)	(5,495)
23	Provision (Credit) for Income Taxes.....			
24	Income (Loss) Before Extraordinary Items.....		(4,901)	(5,495)
25	Extraordinary Items (Net of Income Taxes - 2013, \$0; 2012, \$0).....			
26	Net Income (Loss).....		(\$4,901)	(\$5,495)

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, 2013
AND THE THREE MONTHS ENDED MARCH 31, 2014

(UNAUDITED)
(\$ IN THOUSANDS)

Line (a)	Description (b)	Notes	Contributed Capital (c)	Accumulated Earnings (Deficit) (d)	(e)	Total Equity (Deficit) (f)
1	Balance, December 31, 2012.....		\$153,766	(\$29,001)		\$124,765
2	Net Income (Loss) - 2013.....			(23,601)		(23,601)
3	Capital Contributions.....		22,813			22,813
4	Capital Withdrawals.....					0
5	Partnership Distributions.....					0
6	Prior Period Adjustments.....					0
7	_____					0
8	_____					0
9	_____					0
10	Balance, December 31, 2013.....		176,579	(52,602)	0	123,977
11	Net Income (Loss) - 2014.....			(4,901)		(4,901)
12	Capital Contributions.....		3,916			3,916
13	Capital Withdrawals.....					0
14	Partnership Distributions.....					0
15	Prior Period Adjustments.....					0
16	_____					0
17	_____					0
18	_____					0
19	Balance, March 31, 2014.....		\$180,495	(\$57,503)	\$0	\$122,992

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 THREE MONTHS ENDED MARCH 31, 2014 AND 2013

(UNAUDITED)

(\$ IN THOUSANDS)

Line (a)	Description (b)	Notes	2014 (c)	2013 (d)
1	CASH PROVIDED (USED) BY OPERATING ACTIVITIES..		(\$3,288)	(\$6,434)
	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.....		0	(693)
5	Proceeds from Disposition of Property and Equipment.....		0	0
6	CRDA Obligations		(451)	(379)
7	Other Investments, Loans and Advances made.....			
8	Proceeds from Other Investments, Loans, and Advances			
9	Cash Outflows to Acquire Business Entities.....		0	0
10				
11				
12	Net Cash Provided (Used) By Investing Activities.....		(451)	(1,072)
	CASH FLOWS FROM FINANCING ACTIVITIES:			
13	Proceeds from Short-Term Debt			
14	Payments to Settle Short-Term Debt.....			
15	Proceeds from Long-Term Debt		14,216	13,750
16	Costs of Issuing Debt.....		0	0
17	Payments to Settle Long-Term Debt.....		(15,024)	(14,142)
18	Cash Proceeds from Issuing Stock or Capital Contributions...		3,917	5,966
19	Purchases of Treasury Stock.....			
20	Payments of Dividends or Capital Withdrawals.....			
21				
22				
23	Net Cash Provided (Used) By Financing Activities.....		3,109	5,574
24	Net Increase (Decrease) in Cash and Cash Equivalents.....		(630)	(1,932)
25	Cash and Cash Equivalents at Beginning of Period.....		6,751	6,264
26	Cash and Cash Equivalents at End of Period.....		\$6,121	\$4,332
	CASH PAID DURING PERIOD FOR:			
27	Interest (Net of Amount Capitalized).....		\$315	\$358
28	Income Taxes.....			

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

GOLDEN NUGGET ATLANTIC CITY, LLC

STATEMENTS OF CASH FLOWS

FOR THE THREE MONTHS ENDED MARCH 31, 2014 AND 2013

(UNAUDITED)

(\$ IN THOUSANDS)

Line (a)	Description (b)	Notes	2014 (c)	2013 (d)
	CASH FLOWS FROM OPERATING ACTIVITIES:			
29	Net Income (Loss).....		(\$4,901)	(\$5,495)
30	Depreciation and Amortization of Property and Equipment.....		2,599	2,793
31	Amortization of Other Assets.....			
32	Amortization of Debt Discount or Premium.....		36	36
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.....		132	118
37	(Gain) Loss from Other Investment Activities.....		0	0
38	(Increase) Decrease in Receivables and Patrons' Checks		(1,034)	41
39	(Increase) Decrease in Inventories		447	68
40	(Increase) Decrease in Other Current Assets.....		(367)	373
41	(Increase) Decrease in Other Assets.....		(917)	(186)
42	Increase (Decrease) in Accounts Payable.....		(749)	(5,744)
43	Increase (Decrease) in Other Current Liabilities		1,466	1,562
44	Increase (Decrease) in Other Liabilities			
45				
46				
47	Net Cash Provided (Used) By Operating Activities.....		(\$3,288)	(\$6,434)

SUPPLEMENTAL DISCLOSURE OF CASH FLOW INFORMATION

	ACQUISITION OF PROPERTY AND EQUIPMENT:			
48	Additions to Property and Equipment.....		\$0	(\$693)
49	Less: Capital Lease Obligations Incurred.....			
50	Cash Outflows for Property and Equipment.....		\$0	(\$693)
	ACQUISITION OF BUSINESS ENTITIES:			
51	Property and Equipment Acquired.....		\$0	\$0
52	Goodwill Acquired.....			
53	Other Assets Acquired - net		0	
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.....		\$3,917	\$5,966
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.....		\$3,917	\$5,966

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 THREE MONTHS ENDED MARCH 31, 2014
(UNAUDITED)
(\$ IN THOUSANDS)

Amended 8/21/2014

Line (a)	Description (b)	Promotional Allowances		Promotional Expenses	
		Number of Recipients (c)	Dollar Amount (d)	Number of Recipients (e)	Dollar Amount (f)
1	Rooms	48,591	\$2,343	0	\$0
2	Food	101,493	\$1,827	16,767	\$1,005
3	Beverage	212,972	\$905	0	\$0
4	Travel	0	\$0	2,152	\$54
5	Bus Program Cash	0	\$0	0	\$0
6	Promotional Gaming Credits	63,235	\$6,685	0	\$0
7	Complimentary Cash Gifts	7,436	\$1,117	0	\$0
8	Entertainment	5,176	\$130	0	\$0
9	Retail & Non-Cash Gifts	82,171	\$1,051	0	\$0
10	Parking		\$0	157,817	\$474
11	Other	35,506	\$88	0	\$0
12	Total	556,580	\$14,146	176,736	\$1,533

FOR THE THREE MONTHS ENDED MARCH 31, 2014

Line (a)	Description (b)	Promotional Allowances		Promotional Expenses	
		Number of Recipients (c)	Dollar Amount (d)	Number of Recipients (e)	Dollar Amount (f)
1	Rooms	48,591	\$2,343	0	\$0
2	Food	101,493	\$1,827	16,767	\$1,005
3	Beverage	212,972	\$905	0	\$0
4	Travel	0	\$0	2,152	\$54
5	Bus Program Cash	0	\$0	0	\$0
6	Promotional Gaming Credits	63,235	\$6,685	0	\$0
7	Complimentary Cash Gifts	7,436	\$1,117	0	\$0
8	Entertainment	5,176	\$130	0	\$0
9	Retail & Non-Cash Gifts	82,171	\$1,051	0	\$0
10	Parking		\$0	157,817	\$474
11	Other	35,506	\$88	0	\$0
12	Total	556,580	\$14,146	176,736	\$1,533

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

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

FOR THE QUARTER ENDED MARCH 31, 2014

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 N.J.S.A. 5:12-84a(1)-(5) during the quarter.

5/14/2014

Date



Rick Liem

Sr. VP of Finance & Administration
Title

009235-11

License Number

On Behalf of:

GOLDEN NUGGET ATLANTIC CITY, LLC
Casino Licensee

GOLDEN NUGGET ATLANTIC CITY, LLC

NOTES TO FINANCIAL STATEMENTS (UNAUDITED)

1. NATURE OF BUSINESS AND BASIS OF PRESENTATION

Nature of Business

Golden Nugget, LLC is the parent of Golden Nugget Atlantic City, LLC (“GNAC”). 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 the Golden Nugget, Inc., which owns Hotels and Casinos in Las Vegas and Laughlin, Nevada, and property under development in Lake Charles, LA, and Golden Nugget Biloxi, Inc., which owns the Golden Nugget Hotel and Casino in Biloxi, MS. On May 24, 2011, GNAC purchased the assets of Trump Marina Associates, LLC for approximately \$37.7 million.

In November 2013, the New Jersey Division of Gaming Enforcement (DGE) awarded us an internet gambling permit, which allows us to provide online gambling. In December 2013, we launched our internet gaming operations offering various casino table games and slots to internet customers.

Unless otherwise stated, all dollars are in thousands. We had no operations prior to May 24, 2011.

Basis of Presentation

The accompanying financial statements include the consolidated accounts of Golden Nugget Atlantic City, LLC, and its wholly owned subsidiaries (collectively, the “Company,” “we” or “us”). All intercompany accounts and transactions have been eliminated in consolidation. 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. 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.

Use of Estimates

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 points. Actual results could differ from those estimates.

2. SIGNIFICANT ACCOUNTING POLICIES

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 months ended March 31 is as follows (in thousands):

	<u>Three Months Ended</u>	
	<u>2014</u>	<u>2013</u>
Rooms	\$1,309	\$ 1,514
Food & Beverage	3,005	2,356
Other	<u>1,228</u>	<u>1,233</u>
Total	<u>\$5,542</u>	<u>\$ 5,103</u>

GOLDEN NUGGET ATLANTIC CITY, LLC

NOTES TO FINANCIAL STATEMENTS (UNAUDITED)

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 months ending March 31, 2014 and 2013 we capitalized no interest cost.

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 free slot play 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.

Advertising Costs

Costs for advertising are expensed as incurred during such year. Advertising costs, included in Selling, General and Administrative expense, were \$1.4 million and \$0.4 million for the three months ended March 31, 2014 and 2013, respectively.

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.

GOLDEN NUGGET ATLANTIC CITY, LLC

NOTES TO FINANCIAL STATEMENTS (UNAUDITED)

3. Internet Gaming

On November 21, 2013, we received approval from the New Jersey Division of Gaming Enforcement (“DGE”) to provide internet gaming. We offered soft play to patrons through December 5, 2013 and began offering internet gaming with no restrictions to the public on December 6, 2013. We offer various casino table games and slots to internet customers.

We have entered into agreements with Bally Technologies to provide our Internet Gaming platform and Amaya Poker to provide our online poker platform. We have agreements with various other casino vendors to provide slots, table games, poker and other gaming related and administrative functions.

Internet gaming revenue is the aggregate net difference between gaming wins and losses, with liabilities recognized for funds deposited by customers before gaming play occurs. We report 100% of casino win as revenue and our partner’s share is reported in costs and expenses. Free play and other incentives to customers related to internet gaming play are recorded as a reduction of gross internet gaming revenue as promotional allowances.

4. Cash & Cash Equivalents

Pursuant to N.J.A.C 13:600 1.3(j) we maintain a separate New Jersey bank account to ensure security of funds held in patrons internet gaming accounts. On March 31, 2014 the above mentioned account balance was \$110,000 and patron deposits in internet gaming accounts were \$82,525.

Cash as of March 31 consisted of the following (in thousands):

	<u>2014</u>	<u>2013</u>
Unrestricted Cash	\$ 6,011	\$ 4,332
Restricted Cash Internet Accounts	<u>110</u>	<u>-</u>
Total	<u>\$ 6,121</u>	<u>\$ 4,332</u>

5. ACCOUNTS RECEIVABLE

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

	<u>2014</u>	<u>2013</u>
Gaming	\$ 6,371	\$ 5,453
Allowance	(3,453)	(1,988)
Non-Gaming	1,613	1,770
Allowance	<u>(66)</u>	<u>(504)</u>
Total	<u>\$ 4,465</u>	<u>\$ 4,731</u>

6. OTHER CURRENT ASSETS

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

	<u>2014</u>	<u>2013</u>
Prepaid Insurance	\$ 183	\$ 204
Prepaid taxes	1,093	226
Other prepaid	<u>708</u>	<u>264</u>
Total	<u>\$ 1,984</u>	<u>\$ 694</u>

GOLDEN NUGGET ATLANTIC CITY, LLC

NOTES TO FINANCIAL STATEMENTS
(UNAUDITED)

7. PROPERTY AND EQUIPMENT

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

	<u>2014</u>	<u>2013</u>
Land	\$ 17,650	\$ 17,650
Buildings and Improvements	95,753	93,675
Furniture, Fixtures, Equipment	46,220	42,164
Construction in Progress	<u>16</u>	<u>3,144</u>
Property and Equipment, Gross	159,639	156,633
Accumulated Depreciation	<u>(21,709)</u>	<u>(11,789)</u>
Property and Equipment, Net	<u>\$ 137,930</u>	<u>\$ 144,844</u>

8. OTHER ASSETS

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

	<u>2014</u>	<u>2013</u>
Deferred Cost	\$ 3,317	\$ 3,393
Software	8,716	7,863
Deposits	<u>1,461</u>	<u>789</u>
Total	<u>\$ 13,494</u>	<u>\$ 12,045</u>

9. OTHER ACCRUED EXPENSES & LIABILITIES

Other accrued expenses and liabilities as of March 31 consisted of the following (in thousands):

	<u>2014</u>	<u>2013</u>
Payroll & Related	\$ 4,883	\$ 5,177
Deposits	1,651	1,742
Other	<u>3,805</u>	<u>753</u>
Total Accrued Expenses	<u>\$ 10,339</u>	<u>\$ 7,672</u>

	<u>2014</u>	<u>2013</u>
Gaming	\$ 1,137	\$ 1,046
Other	<u>10,142</u>	<u>8,704</u>
Total Accrued Liabilities	<u>\$ 11,279</u>	<u>\$ 9,750</u>

GOLDEN NUGGET ATLANTIC CITY, LLC

NOTES TO FINANCIAL STATEMENTS (UNAUDITED)

10. LONG TERM DEBT

We have a \$10 million revolving credit facility which 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, 2013. 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 2014 to August 2015 and bear interest at rates ranging from 4.3% to 8.1%. Principal and interest payments are due monthly.

In December 2013, we entered into a related party note payable of \$0.9 million with an affiliate that increased by \$0.2 million in the first quarter of 2014 to \$1.1 million. The note represents intercompany debt between Golden Nugget Atlantic City (GNAC) and Golden Nugget Online Gaming (GNOG) and bears interest at 1.0% and is due on demand with interest paid annually or capitalized to the outstanding balance as additional principal at our option. The bulk of this loan was spent on DGE licensure and advertising in efforts to implement internet gaming.

Our debt agreements contain various restrictive covenants including limitations on additional indebtedness, dividend payments and other restricted payments as defined in the agreements. At March 31, 2014, we were in compliance with all such covenants. As of March 31, 2014 we had no available borrowing capacity under the revolving credit facility.

Long-term debt as of March 31 is comprised of the following:

	<u>2014</u>	<u>2013</u>
\$10 Million revolving credit Facility, Due November 2015	\$ 10,000	\$ 9,750
Various Equipment loans, due May 2014 – July 2015	4,348	6,345
Note payable - affiliate	<u>1,138</u>	<u>0</u>
Total Debt	15,486	16,095
Less Current Portion	<u>(4,115)</u>	<u>(3,611)</u>
Long term debt	<u>\$ 11,371</u>	<u>\$ 12,484</u>

11. EMPLOYEE BENEFIT PLAN

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 \$1.9 million and \$1.4 million for the three months ended March 31, 2014 and 2013, respectively. The plans' sponsors have not provided sufficient information to permit us to determine our share of unfunded vested benefits, if any. However, based on available information, we do not believe that unfunded amounts attributable to our casino operations are material.

We are self-insured up to certain limits for most health care benefits for our non-union employees. The liability for claims filed and estimates of claims incurred but not reported is included in the accrued liabilities caption in the accompanying consolidated balance sheets.

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 ended March 31, 2014 and 2013, respectively.

GOLDEN NUGGET ATLANTIC CITY, LLC

NOTES TO FINANCIAL STATEMENTS (UNAUDITED)

12. COMMITMENTS AND CONTINGENCIES

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 and 5% of internet gaming 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 and 2.5% of internet gaming revenue 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. 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 months ended March 31, 2014 and 2013, the Company charged to Other Income/ (Expense) \$0.1 million to give effect to the below market interest rates associated with CRDA deposits.

CRDA deposits, reflected in Investments, Advances, and Receivables on the accompanying consolidated balance sheet as of March 31, 2014 and 2013 are \$2.9 million and \$1.9 million, net of allowances of \$1.5 million and \$1.0 million respectively,

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 months ended March 31, 2014 and 2013, we incurred expense of \$0.2 million and \$0.4 million, respectively, 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.

13. 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.

GOLDEN NUGGET ATLANTIC CITY, LLC

NOTES TO FINANCIAL STATEMENTS

(UNAUDITED)

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 \$0.2 million for the three months ended March 31, 2014 and 2013.

14. SUBSEQUENT EVENTS

We have evaluated subsequent events through May 15, 2014 which is the date our financial statements were available to be issued.