Gordon Silver
GERALD M. GORDON, ESQ.
Nevada Bar No. 229
E-mail: ggordon@gordonsilver.com
BRIGID M. HIGGINS, ESQ.
Nevada Bar No. 5990
E-mail: bhiggins@gordonsilver.com
CANDACE C. CLARK, ESQ.
Nevada Bar No. 11539
E-mail: cclark@gordonsilver.com
3960 Howard Hughes Pkwy., 9th Floor
Las Vegas, Nevada 89169
Telephone (702) 796-5555
Facsimile (702) 369-2666
Attorneys for Debtors

UNITED STATES BANKRUPTCY COURT

FOR THE DISTRICT OF NEVADA

In re 155 EAST TROPICANA, LLC, a Nevada limited liability company, Debtor.	Case No: 11-22216-BAM Chapter 11 JOINTLY ADMINISTERED
In re 155 EAST TROPICANA FINANCE CORP., a Nevada corporation, Debtor.	Case No. 11-22217-BAM Chapter 11 Confirmation Date: Date: Time:

DISCLOSURE STATEMENT TO ACCOMPANY DEBTORS' FIRST AMENDED JOINT PLAN OF REORGANIZATION

Table of Contents

Gordon Silver
Attorneys At Law
Ninth Floor
3960 Howard Hughes Pkwy
Las Vegas, Nevada 89169
(702) 796-5555

Gordon Silver
Attorneys At Law
Ninth Floor
3960 Howard Hughes Pkwy
Las Vegas, Nevada 89169
(702) 796-5555

Gordon Silver
Attorneys At Law
Ninth Floor
3960 Howard Hughes Pkwy
Las Vegas, Nevada 89169
(702) 796-5555

Gordon Silver
Attorneys At Law
Ninth Floor
3960 Howard Hughes Pkwy
Las Vegas, Nevada 89169
(702) 796-5555

APPENDIX

EXHIBIT "A": FIRST AMENDED PLAN OF REORGANIZATION

EXHIBIT "B": LIQUIDATION ANALYSIS

EXHIBIT "C": ASSET PURCHASE AGREEMENT

EXHIBIT "D": SALES PROCESS ORDER

EXHIBIT "E": WIND DOWN RESERVE

EXHIBIT "F": 2012 FINANCIAL PROJECTIONS

Gordon Silver
Attorneys At Law
Ninth Floor
3960 Howard Hughes Pkwy
Las Vegas, Nevada 89169
(702) 796-5555

I.
INTRODUCTION

On August 1, 2011 (the "Petition Date"), 155 East Tropicana, LLC, a Nevada limited liability company ("Company"), and 155 East Tropicana Finance Corporation, a Nevada corporation ("Finance Corp.," and together with Company, "Debtors" and each a "Debtor"), Debtors and Debtors-in-Possession filed petitions for relief (collectively, the "Petition") under Title 11, Chapter 11 of the United States Code (the "Bankruptcy Code") with the United States Bankruptcy Court for the District of Nevada (the "Bankruptcy Court") commencing their cases (the "Chapter 11 Cases").

The Debtors have prepared this Disclosure Statement in connection with the solicitation of votes on the Debtors' First Amended Joint Plan of Reorganization (the "Plan") dated January 11, 2012, proposed by the Debtors to treat the Claims of Creditors and Holders of Equity Interests in the Chapter 11 Cases.

CAPITALIZED TERMS USED BUT NOT DEFINED IN THIS DISCLOSURE STATEMENT HAVE THE MEANINGS ASCRIBED TO SUCH TERMS IN THE PLAN. IN THE EVENT OF A CONFLICT OR DIFFERENCE BETWEEN THE DEFINITIONS USED IN THIS DISCLOSURE STATEMENT AND IN THE PLAN, THE DEFINITIONS CONTAINED IN THE PLAN SHALL CONTROL.

The Exhibits to this Disclosure Statement included in the Appendix are incorporated into, and are a part of, this Disclosure Statement. The Plan is attached as Exhibit A. Any interested party desiring further information should contact:

Gordon Silver
Attn: Brigid M. Higgins, Esq. or Candace C. Clark, Esq.
3960 Howard Hughes Parkway, 9th Floor
Las Vegas, Nevada 89169
Telephone: (702) 796-5555
Email: bhiggins@gordonsilver.com or cclark@gordonsilver.com

Interested parties may also obtain further information from the United States Bankruptcy Court for the District of Nevada (the "Bankruptcy Court") at the following website: http://www.nvb.uscourts.gov. Each Holder of a Claim entitled to vote on the Plan should read this Disclosure Statement, the Exhibits hereto including the Plan, and the instructions

Gordon Silver
Attorneys At Law
Ninth Floor
3960 Howard Hughes Pkwy
Las Vegas, Nevada 89169
(702) 796-5555

accompanying the Ballots in their entirety before voting on the Plan. These documents contain important information concerning the classification of Claims and Equity Interests for voting purposes and the tabulation of votes.

II.
INFORMATION REGARDING THE PLAN AND THIS DISCLOSURE STATEMENT

The objective of a case under Chapter 11 of the Bankruptcy Code ("Chapter 11") is the confirmation (i.e. approval by the bankruptcy court) of a plan of reorganization. A plan describes in detail (and in language appropriate for a legal contract) the means for satisfying claims against, and equity interests in, a debtor. After a plan has been filed, the holders of claims and equity interests that are impaired (as defined in Section 1124 of the Bankruptcy Code, and generally, those legal, equitable or contractual rights are altered by a plan, even if the alteration is beneficial to the holder of the claim or equity interest, or if the full amount of the allowed claim will not be paid under a plan) and receiving some cash or property on account of such claims or equity interests are permitted to vote to accept or reject the plan. Before a debtor or other plan proponent can solicit acceptances of a plan, Section 1125 of the Bankruptcy Code requires the debtor or other plan proponent to prepare a disclosure statement containing adequate information of a kind, and in sufficient detail, to enable those parties entitled to vote on the plan to make an informed voting decision about whether to accept or reject the plan.

The purpose of this Disclosure Statement is to provide sufficient information about the Debtors and the Plan to enable Holders of Impaired Claims to make an informed voting decision about whether to accept or reject the Plan. (Holders of Unimpaired Claims or Equity Interests will be deemed to have accepted the Plan without the need for them to vote. Holders of Impaired Claims or Equity Interests who will neither receive nor retain anything under the Plan will be deemed to have rejected the Plan.) This Disclosure Statement is being used to solicit acceptances of the Plan. The Bankruptcy Court has found that this Disclosure Statement provides adequate information and has entered an order approving this Disclosure Statement, in accordance with Section 1125 of the Bankruptcy Code. Approval by the Bankruptcy Court is not

Gordon Silver
Attorneys At Law
Ninth Floor
3960 Howard Hughes Pkwy
Las Vegas, Nevada 89169
(702) 796-5555

an opinion or ruling on the merits of the Plan and it does not mean that the Plan has been or will be approved by the Bankruptcy Court.

After the appropriate Holders of Claims and Equity Interests which are impaired and entitled to vote to accept or reject the Plan have voted, there will be a Confirmation Hearing to determine whether the Plan should be confirmed by the Bankruptcy Court. At the Confirmation Hearing, the Bankruptcy Court will consider whether the Plan satisfies the requirements of the Bankruptcy Code. The Bankruptcy Court will also receive and consider a Ballot summary, which will present a tally of the votes cast by those Classes entitled to vote on the Plan. Once confirmed, the Plan will be treated essentially as a contract binding on all Holders of Claims and Equity Interests and other parties-in-interest in the Chapter 11 Cases, even if they rejected the Plan.

THIS DISCLOSURE STATEMENT SUMMARIZES CERTAIN PROVISIONS OF THE PLAN AND CERTAIN OTHER DOCUMENTS AND FINANCIAL INFORMATION THAT ARE INCORPORATED BY REFERENCE HEREIN (COLLECTIVELY, THE "INCORPORATED DOCUMENTS"). THE SUMMARIES CONTAINED HEREIN ARE QUALIFIED IN THEIR ENTIRETY BY REFERENCE TO THE INCORPORATED DOCUMENTS. IN THE EVENT OF ANY INCONSISTENCY OR DISCREPANCY BETWEEN A DESCRIPTION IN THIS DISCLOSURE STATEMENT AND THE ACTUAL CONTENT OF ANY OF THE INCORPORATED DOCUMENTS, THE INCORPORATED DOCUMENTS SHALL GOVERN FOR ALL PURPOSES.

THE INFORMATION IN THIS DISCLOSURE STATEMENT IS INCLUDED HEREIN FOR PURPOSES OF SOLICITING ACCEPTANCES OF THE PLAN AND MAY NOT BE RELIED UPON FOR ANY PURPOSE OTHER THAN TO DETERMINE HOW TO VOTE ON THE PLAN. THE CONFIRMATION, EFFECTIVENESS AND CONSUMMATION OF THE PLAN ARE SUBJECT TO MATERIAL CONDITIONS PRECEDENT. THERE IS NO ASSURANCE THAT THESE CONDITIONS WILL BE SATISFIED OR WAIVED.

Gordon Silver
Attorneys At Law
Ninth Floor
3960 Howard Hughes Pkwy
Las Vegas, Nevada 89169
(702) 796-5555

IF THE PLAN IS CONFIRMED BY THE BANKRUPTCY COURT AND THE EFFECTIVE DATE AS PROVIDED FOR IN THE PLAN OCCURS, ALL HOLDERS OF CLAIMS AGAINST, AND HOLDERS OF INTERESTS IN, THE DEBTORS (INCLUDING THOSE HOLDERS WHO DO NOT VOTE ON THE PLAN) WILL BE BOUND BY THE TERMS OF THE PLAN AND THE TRANSACTIONS CONTEMPLATED THEREBY.

THIS DISCLOSURE STATEMENT HAS BEEN PREPARED IN ACCORDANCE WITH SECTION 1125 OF THE BANKRUPTCY CODE AND BANKRUPTCY RULE 3016(b) AND NOT NECESSARILY IN ACCORDANCE WITH FEDERAL OR STATE SECURITIES LAWS OR OTHER NON-BANKRUPTCY LAWS.

THIS DISCLOSURE STATEMENT HAS NOT BEEN SUBMITTED FOR APPROVAL OR DISAPPROVAL BY THE UNITED STATES SECURITIES AND EXCHANGE COMMISSION (THE "SEC"); AS SUCH SEC HAS NOT APPROVED OR DISAPPROVED THE DISCLOSURE STATEMENT NOR HAS IT PASSED UPON THE ACCURACY OR ADEQUACY OF THE STATEMENTS CONTAINED HEREIN.

THIS DISCLOSURE STATEMENT DOES NOT CONSTITUTE, AND MAY NOT BE CONSTRUED AS, AN ADMISSION OF FACT OR LIABILITY, A STIPULATION OR A WAIVER. THIS DISCLOSURE STATEMENT SHOULD BE CONSTRUED AS A STATEMENT MADE IN SETTLEMENT NEGOTIATIONS RELATED TO CONTESTED MATTERS, ADVERSARY PROCEEDINGS, AND OTHER PENDING OR THREATENED LITIGATION OR ACTIONS.

THE DEBTORS MAKE THE STATEMENTS AND PROVIDE THE FINANCIAL INFORMATION CONTAINED HEREIN AS OF THE DATE HEREOF, UNLESS OTHERWISE SPECIFIED. PERSONS REVIEWING THIS DISCLOSURE STATEMENT SHOULD NOT INFER THAT THE FACTS SET FORTH HEREIN HAVE NOT CHANGED SINCE THE DATE HEREOF.

EACH HOLDER OF AN IMPAIRED CLAIM WHO IS ENTITLED TO VOTE SHOULD CAREFULLY REVIEW THE PLAN, THIS DISCLOSURE STATEMENT

Gordon Silver
Attorneys At Law
Ninth Floor
3960 Howard Hughes Pkwy
Las Vegas, Nevada 89169
(702) 796-5555

AND THE EXHIBITS TO BOTH DOCUMENTS IN THEIR ENTIRETY BEFORE CASTING A BALLOT.

THIS DISCLOSURE STATEMENT DOES NOT CONSTITUTE LEGAL, BUSINESS, FINANCIAL OR TAX ADVICE. ALL PERSONS DESIRING SUCH ADVICE OR ANY OTHER ADVICE SHOULD CONSULT WITH THEIR OWN ADVISORS.

THE DEBTORS HAVE NOT AUTHORIZED ANY REPRESENTATIONS ABOUT THE DEBTORS OR THE VALUE OF THEIR PROPERTY OTHER THAN THOSE SET FORTH IN THIS DISCLOSURE STATEMENT. HOLDERS OF CLAIMS SHOULD NOT RELY ON ANY INFORMATION, REPRESENTATIONS OR INDUCEMENTS MADE OR GIVEN TO OBTAIN THEIR APPROVAL OF THE PLAN THAT DIFFER FROM, OR ARE INCONSISTENT WITH, THE INFORMATION CONTAINED HEREIN AND IN THE PLAN AND TO THE EXTENT THEY SO RELY, DO SO AT THEIR OWN RISK.

THE MANAGEMENT OF EACH DEBTOR HAS REVIEWED THE FINANCIAL INFORMATION PROVIDED IN THIS DISCLOSURE STATEMENT. ALTHOUGH THE DEBTORS HAVE ENDEAVORED TO ENSURE THE ACCURACY OF THIS FINANCIAL INFORMATION, THE FINANCIAL INFORMATION CONTAINED IN, OR INCORPORATED BY REFERENCE INTO, THIS DISCLOSURE STATEMENT HAS NOT BEEN AUDITED, UNLESS OTHERWISE STATED HEREIN.

III.
OVERVIEW

The primary objective of the reorganization and restructuring under the Plan is to maximize returns to those Creditors entitled to recoveries from the Estates. The Debtors desire to achieve this objective through (i) an expeditious sale of the encumbered assets of the Company, comprised mainly of the Casino/Hotel (the "Sale Assets") pursuant to 11 U.S.C. §363, the assumption of certain liabilities as part of the sale, and the assumption and assignment of specific executory contracts and leases pursuant to 11 U.S.C. § 365, or (ii) a credit bid by U.S.

Gordon Silver
Attorneys At Law
Ninth Floor
3960 Howard Hughes Pkwy
Las Vegas, Nevada 89169
(702) 796-5555

Bank, N.A. as the successor Indenture Trustee (the "Senior Secured Indenture Trustee") or its designee, successor or assignee under the 8-3/4% Senior Secured Notes Indenture (the "Senior Secured Indenture") with regard to the collateral under the Senior Secured Loan Documents. Neither alternative will include cash and cash equivalents which will be used to satisfy Allowed Administrative Expenses, Allowed Priority Tax Claims, Allowed Priority Claims, Allowed General Unsecured Claims, the Allowed Claims of the Holders of Senior Secured Notes (the "Minority Noteholders") but for those Senior Secured Notes held by Canpartners Realty Holding Company IV LLC, a Delaware limited liability company ("Canpartners") and wind down expenses of the Reorganized Debtor related to the Casino Hotel business provided for in the Wind Down Cash Reserve[1] attached hereto as Exhibit "E."

IV.
SUMMARY OF THE PLAN

The following summary of the Plan is qualified in its entirety by reference to the detailed explanations in this Disclosure Statement and the Plan itself. For a more detailed description of the Plan, see Article VIII hereof and the Plan.

During the course of the Debtors' Chapter 11 Cases, the Debtors have sought a combination of capital raising transaction or merger and acquisition transactions, including the sale in one transaction of substantially all of the assets of that certain hotel and casino commonly known as Hooters Casino Hotel located in Las Vegas, Nevada (the "Casino Hotel") as a going concern to a third-party buyer. The Debtors, in conjunction with its Bankruptcy Court appointed financial advisor, Innovation Capital, LLC ("Innovation") has marketed the Casino Hotel. The Company has entered into confidentiality agreements with a number of parties interested in submitting offers to purchase the assets of the Casino Hotel. Through Innovation, the Debtors have negotiated with a number of interested parties with respect to entering into an agreement to purchase the assets of the Casino Hotel.

[1] "Wind Down Cash Reserve" is the cash required by Reorganized Debtor (as defined herein) to be reserved to cover final costs and expenses to be incurred by Reorganized Debtor from and after the Effective Date for final audits, Taxes, U.S. Trustee fees, professional fees and expenses, redemptions of chips and tokens, employee wages and related benefits and all other costs associated with the duties and requirements of Reorganized Debtor under the Plan and the winding down and ultimate dissolution of Reorganized Debtor.

Gordon Silver
Attorneys At Law
Ninth Floor
3960 Howard Hughes Pkwy
Las Vegas, Nevada 89169
(702) 796-5555

The Debtors sought to extend their exclusive periods to propose and confirm a plan of reorganization because the efforts of Innovation were not concluded. The Senior Secured Indenture Trustee and Canpartners opposed the request for an extension and sought to immediately terminate exclusivity. On December 20, 2011, the Debtors, Canpartners and the Senior Secured Indenture Trustee entered into a Stipulation And Order Regarding Debtors' Motion For Order Extending the Exclusive Period To File A Plan of Reorganization Pursuant To 11 U.S.C. § 1121(d); And Canpartners' Motion Under 11 U.S.C. § 1121(d) To Terminate Exclusivity To Allow Canpartners To File Competing Plan (the "Process Stipulation And Order"), whereby Canpartners and the Senior Secured Indenture Trustee agreed to an extension of the Debtors' exclusivity period that comported with the Debtors' proposed plan process set forth in the Debtors' Extension Reply [Docket No. 328]. The Bankruptcy Court approved the Process Stipulation And Order on December 21, 2011.

In accordance with the Process Stipulation And Order, on January 3, 2011, the Debtors filed (i) a Motion For Order (i) Approving Procedures for Soliciting Offers and Determining Highest and Best Offer; (iii) Setting Hearing to Select Highest and Best Offer And Approve Protections Therefor; (iv) Coordinating Schedule of Disclosure Statement and Plan; and (v) Granting Other Relief and Preliminary Report of Marketing (the "Sale And Procedures Motion"), (ii) this Disclosure Statement and (iii) the Plan (the "Sale And Procedures Motion") In the Sale And Procedures Motion, Debtors request that the Bankruptcy Court hold a hearing no later than January 20, 2012 to approve the procedures set forth in the Sale And Procedures Motion, to set deadlines for the Debtors to receive Qualified Offers (the "Bid Deadline") and the Purchaser Selection Hearing. The Order Approving the Motion For Order (i) Approving Procedures for Soliciting Offers and Determining Highest and Best Offer; (iii) Setting Hearing to Select Highest and Best Offer And Approve Protections Therefor; (iv) Coordinating Schedule of Disclosure Statement and Plan; and (v) Granting Other Relief and Preliminary Report of Marketing (the "Sale Procedures Order") is attached hereto as Exhibit "D".

After the entry of the Sale Procedures Order, the Debtors will solicit and accept Qualified Offers from third parties up to and until the Bid Deadline. At the hearing on the Sale, the Debtor

Gordon Silver
Attorneys At Law
Ninth Floor
3960 Howard Hughes Pkwy
Las Vegas, Nevada 89169
(702) 796-5555

will disclose to the Bankruptcy Court all Qualified Offers received by the Bid Deadline and the Bankruptcy Court will then entertain additional bids from Qualified Bidders after which the Debtors will recommend the Highest and Best Offer to the Bankruptcy Court. The Senior Secured Indenture Trustee, or its successor, designee or assignee, shall have the right to credit bid on its collateral pursuant to Section 363(k) of the Bankruptcy Code, and the Bankruptcy Court will either select the buyer (the "Successful Purchaser") of the Sale Assets and assumption of the Assumed Liabilities (both as defined in the form of Asset Purchase Agreement attached hereto as Exhibit "C") or approve the credit bid (the "Successful Credit Bid") for the Sale Assets by the Senior Secured Indenture Trustee, or its successor, designee or assignee.

Both the sale to the Successful Purchaser or the Successful Credit Bid by the Successful Credit Bidder will be effectuated pursuant to the Plan and will be consummated upon the Effective Date of the Plan. The obtaining of gaming licensing approvals of the Successful Purchaser or the Successful Credit Bidder is not a condition to the closing of the transactions contemplated by the Sale And Procedures Motion and the Plan which must occur no later than March 30, 2012. As such, the Reorganized Debtor by agreement with the Successful Purchaser or the Successful Credit Bidder may continue to operate the Casino Hotel or portions thereof and own gaming equipment beyond the Closing Date because the Successful Purchaser or the Successful Credit Bidder may not be able to obtain the necessary privileged license (i.e. gaming) to operate the gaming activities at the Casino/Hotel and own the gaming devices comprising the Sale Assets by the Closing Date.

If the sale is to a Successful Purchaser, the Sale Assets shall be sold free and clear of all Liens, Claims, encumbrances and interests, other than the Permitted Liens (as defined in the Asset Purchase Agreement) to the Successful Purchaser. The Sale Assets will be made pursuant to Sections 363(f) and 1146 of the Bankruptcy Code, complemented by Bankruptcy Rule 6004. If the sale is by way of a Successful Credit Bid pursuant to Section 363(k) of the Bankruptcy Code, than the Sale Assets will be transferred to the Senior Secured Indenture Trustee or its successor, designee or assignee of the Effective Date. In either event, the Sale shall be considered an occasional sale by a trustee in bankruptcy and shall not be subject to sales tax and

Gordon Silver
Attorneys At Law
Ninth Floor
3960 Howard Hughes Pkwy
Las Vegas, Nevada 89169
(702) 796-5555

shall be exempt from real property transfer taxes pursuant to Nevada Revised Statute 372.035(a)(1).

Contracts, licenses and leases associated with the Casino Hotel that are to be assumed by the Debtors and assigned to the Successful Purchaser as provided for in the Asset Purchase Agreement, or to the Successful Credit Bidder will be assumed and assigned to Successful Purchaser or the Successful Credit Bidder, as the case may be, on the Effective Date in accordance with Section 365 of the Bankruptcy Code and Bankruptcy Rule 6006. The Successful Purchaser or the Successful Credit Bidder, as the case may be, will be solely responsible for all amounts necessary to cure such executory contracts and unexpired leases and for demonstrating to the Bankruptcy Court "adequate assurance of its future performance" of any executory contracts or unexpired leases to be assigned to it, as required by Section 365 of the Bankruptcy Code.

On the Effective Date of the Plan, Finance Corp. shall be dissolved and all Finance Corp.'s Equity Interests shall be cancelled and extinguished. All executory contracts and leases not assumed and assigned will be rejected. The Excluded Assets will continue to be owned by Reorganized Debtor subject to the terms of distribution set forth in the Plan. The Reorganized Debtor shall continue to exist after the Effective Date until all of the actions required of Reorganized Debtor under the Plan have been completed, after which Reorganized Debtor shall be dissolved and all Company Equity Interests shall be cancelled and extinguished. The existing operating agreement and other organizational documents of the Reorganized Debtor will continue in effect following the Effective Date, except to the extent that such organization and operating agreements are amended in conformance with the Plan, or by proper corporate actions implemented after the Effective Date.

Pursuant to Section 1123(a)(1) of the Bankruptcy Code, Allowed Administrative Claims and Priority Tax Claims are not designated as Classes under the Plan. In general, Allowed Administrative Claims consist of the fees and costs of Professionals employed on behalf of the Estates. The Holders of such unclassified Claims will be paid in full under the Plan consistently

Gordon Silver
Attorneys At Law
Ninth Floor
3960 Howard Hughes Pkwy
Las Vegas, Nevada 89169
(702) 796-5555

with the requirements of Section 329, 330 and 1129(a)(9)(A) of the Bankruptcy Code, and they are not entitled to vote on the Plan.

The estimated Distributions under the Plan to each Class are summarized in the following table:

Class	Description	Treatment	Estimated Amount of Claims
Class 1:	Allowed Other Priority Claims	Unimpaired. Paid in full in from Effective Date Cash. See Section VIII.C.1.	$0.00
Class 2:	Allowed Other Secured Claims	Unimpaired. Paid in full in from Effective Date Cash. See Section VIII.C.2.	$62,000.00[2]
Class 3:	Allowed Credit Facility Claims	Impaired-Credit Facility will be assumed if there is a Successful Credit Bid. Entitled to vote. Solicitation required. Otherwise unimpaired. Paid in full from Sale proceeds on Effective Date. Deemed accepted. No solicitation required. See Section VII.C.3.	$14,488,991.04[3]
Class 4	Allowed Secured Portion of Canpartners' Interest in	Impaired. Paid from Sale proceeds applicable to	Unknown[4]

[2] The estimate of Class 2 Claims is based on the estimated amount owed to IGT as of the Effective Date. The Company has paid and intends on continuing to pay the monthly payments on this Claim until the Effective Date at which time one monthly payment will remain due.

[3] The estimated amount of the Allowed Class 3 Claim is based on the principal amount owed as of the Petition Date. The Holders of the Credit Facility filed Proof of Claim No. 109 which asserts that $15,538,651.18 was owed on the Credit Facility as of December 5, 2011. Debtors reserve the right to object to the amounts set forth therein for interest, attorneys' fees, costs and expenses, subject to the agreed terms set forth in the Process Stipulation and Order.

[4] The Senior Secured Indenture Trustee filed a Proof of Claim No. 110, as amended, asserting that $165,546,875 in principal plus accrued interest is due under the Indenture as of the Petition Date, plus additional fees and expenses of $208,331.22. Debtors reserve the right to object to the amounts set forth therein for interest, attorneys' fees, costs and expenses, subject to the agreed terms set forth in the Process Stipulation and Order. The actual amount of the Class 4 Claim will be determined by the amount paid by a Successful Purchaser or credit bid by the Holder of the Class 4 Claim at the sale.

Gordon Silver
Attorneys At Law
Ninth Floor
3960 Howard Hughes Pkwy
Las Vegas, Nevada 89169
(702) 796-5555

	Senior Secured Note Claims	collateral for Senior Secured Note Facility after payment of Allowed Credit Facility Claims, or will receive the collateral under Senior Secured Note Facility in the event of Successful Credit Bid. Any Distribution to Class 4 shall be subject to the Charging Lien (as defined in the Plan) related to the Senior Secured Indenture Trustee Fees (as defined in the Plan). Entitled to vote. Solicitation required. See Section VIIIC.4.	
Class 5:	Allowed Claims of the Minority Noteholders' Interest in the Senior Secured Note Claims	Unimpaired. Principal and Interest paid in full from the Effective Date Cash. Minority Noteholders' portion of Senior Secured Indenture Trustee Fees to be paid by Canpartners. Deemed accepted. No solicitation required See Section VIIIC.5.	$3,336,491.78
Class 6:	Allowed General Unsecured Claims	Unimpaired. Paid in full from Effective Date Cash. Deemed accepted. No solicitation required. See Section VIIIC.6.	$265,004.00
Class 7:	Allowed Unsecured Portion of Canpartners'	Impaired. Subordinated to General Unsecured Claims.	Unknown[5]

[5] The actual amount of the Class 6 Claim will be subject to the amount paid by a Successful Purchaser or credit bid by the Holder of the Class 4 Claim at the sale.

Gordon Silver
Attorneys At Law
Ninth Floor
3960 Howard Hughes Pkwy
Las Vegas, Nevada 89169
(702) 796-5555

	Interest in Senior Secured Note Claims	Receive Effective Date Cash (if any) after payment of Classes 1 through 6. Any Distribution to Class 7 shall be subject to the Charging Lien (as defined in Plan) related to the Senior Secured Indenture Trustee Fees (as defined in the Plan) Entitled to vote. Solicitation required. See Section VIIIC.7.	
Class 8:	Allowed East West Preferred Return Claims	Impaired. Receive remaining Effective Date Cash (if any) after payment of Classes 1 through 7. Entitled to vote. Solicitation required. See Section VIII.C.8.	$5,422,000.00
Class 9:	Allowed Subordinated License Fee Claims	Impaired. Receive remaining Effective Date Cash (if any) after payment of Classes 1 through 7. Entitled to vote. Solicitation required. See Section VIII.C.9.	$7,087,000.00
Class 10:	Company Equity Interests	Unimpaired. Retain Company Equity Interests on Effective Date. Deemed accepted. No solicitation required. See Section VIII.C.10.	n/a

Gordon Silver
Attorneys At Law
Ninth Floor
3960 Howard Hughes Pkwy
Las Vegas, Nevada 89169
(702) 796-5555

Other Priority Claims, which consist of any and all Claims accorded priority in right of payment under Section 507(a) of the Bankruptcy Code, other than Priority Tax Claims, are provided for in Class 1. Allowed Other Priority Claims in Class 1 ("Allowed Class 1 Claims") will be paid in full from Effective Date Cash by the Company or Reorganized Debtor, as the case may be, upon the latest of: (i) the Effective Date or as soon thereafter as practicable; (ii) the date as may be fixed by the Bankruptcy Court; (iii) the fifteenth (15th) Business Day after such Claim is Allowed; and (iv) such date as agreed upon by the Holder of such Allowed Claim and the Company, and after the Effective Date, the Reorganized Debtor; therefore, Holders of Allowed Class 1 Claims are Unimpaired.

Other Secured Claims, which consist of all Secured Claims, except for Administrative Claims and Priority Tax Claims to the extent any such Claims are Secured Claims plus Credit Facility Claims and the secured portion of the Senior Secured Note Claim, are provided for in Class 2. Allowed Claims in Class 2 ("Allowed Class 2 Claims"), if any, will be paid in full from the Effective Date Cash by the Company or Reorganized Debtor, as the case may be, upon the latest of: (i) the Effective Date or as soon thereafter as practicable; (ii) the date as may be fixed by the Bankruptcy Court; (iii) the fifteenth (15th) Business Day after such Claim is Allowed; and (iv) such date as agreed upon by the Holder of such Allowed Claim and the Company, and after the Effective Date, the Reorganized Debtor, or otherwise left Unimpaired, in full and final satisfaction of such Claims.

Class 3 consists of Allowed Credit Facility Claims, which are all Claims arising under, or related to, the Credit Facility. The Holder of all Allowed Credit Facility Claims (the "Allowed Class 3 Claims"), will receive on the Effective Date in full and final satisfaction of such Allowed Claim, in the event the Sale Order: (i) approves a Successful Purchase, the proceeds of the Asset Purchase Agreement to the extent of the Allowed Credit Facility Claims, or (ii) in the event of a Successful Credit Bid, assumption of the Credit Facility by the Successful Credit Bidder. The Holder of Class 3 Claims is Impaired under the Plan and entitled to vote on the Plan in the event of a Successful Credit Bid.

Gordon Silver
Attorneys At Law
Ninth Floor
3960 Howard Hughes Pkwy
Las Vegas, Nevada 89169
(702) 796-5555

Class 4 consists of the Secured portion of Canpartners' interest in the Senior Secured Note Claims, representing all obligations of any kind whatsoever arising under, or related to, the Senior Secured Note Facility, to the extent of the value of the collateral securing Canpartners' interest in the Senior Secured Note Claims at the closing of the sale. As explained in Section VIII, Holders of Allowed Class 4 Claims will receive on the first (1st) Business Day following the Effective Date in full satisfaction of such Allowed Claim, in the event the Sale Order: (i) approves a Successful Purchaser, the proceeds of the Asset Purchase Agreement applicable to the collateral for the Senior Secured Note Facility after payment of the (a) Allowed Credit Facility Claims, and (b) closing costs and fees provided for in the Sale Order, and (c) the Senior Secured Indenture Trustee Fees, or (ii) the collateral under the Senior Secured Note Facility in the event of a Successful Credit Bid, subject to the Charging Lien of the Senior Secured Indenture Trustee to secure the Senior Secured Indenture Trustee Fees. Holders of Class 4 Claims are Impaired under the Plan and are entitled to vote on the Plan.

Class 5 consists of the Allowed Claims (both secured and unsecured) of the Minority Noteholders' interest in the Senior Secured Note Claims (the "Allowed Class 5 Claims"). The Allowed Claims of the Minority Noteholders shall in full and final satisfaction of their Claims, be paid in full from the Effective Date Cash by Reorganized Debtor upon the first (1st) Business Day following the Effective Date, except that the Minority Noteholders' interest in the Senior Secured Indenture Trustee Fees will be paid by Canpartners as provided in sections 5.1. and/or 5.2 of the Plan, and is therefore, Unimpaired.

General Unsecured Claims are provided for in Class 6. Each Holder of an Allowed Claim that is a General Unsecured Claim ("Allowed Class 6 Claim"), other than with respect to deficiency claims arising from the Senior Secured Note Claims, will be paid in full from the Effective Date Cash by the Company or Reorganized Debtor, as the case may be, upon the latest of: (i) the Effective Date or as soon thereafter as practicable; (ii) the fifteenth (15^{th}) Business Day after such Claim is Allowed; and (iii) such date as agreed upon by the Holder of such Allowed Claim and the Company, and after the Effective Date, the Reorganized Debtor. The Holders of Class 6 Claims are Unimpaired.

Gordon Silver
Attorneys At Law
Ninth Floor
3960 Howard Hughes Pkwy
Las Vegas, Nevada 89169
(702) 796-5555

Debtors believe the amount of Allowed General Unsecured Claims is $265,004.00. Class 6 does not include estimates of sums owed pursuant to executory contracts and unexpired leases to be assumed and assigned to the Successful Credit Bidder or Successful Purchaser which must be paid by the Successful Credit Bidder or Successful Purchaser when such contracts are assumed and assigned pursuant to the Plan on the Effective Date.

In addition to the General Unsecured Claims which the Debtors assume will be Allowed Class 6 Claims, there are various unliquidated and Disputed Claims which have or may be asserted against the Debtors for personal injury or property damage arising out of the operation of Debtors' business. The Debtors believe the monetary exposure for such Disputed Claims of which they are aware is minimal, and Debtors maintain insurance coverage for amounts in excess of their self-insured retention for such Disputed Claims that are for negligence actions.

Finally, as the Bar Date for filing proofs of Claims in these Cases was December 7, 2011, a review of the filed proofs of Claim appears to support Debtors' estimate. However, should the Debtors exercise their right to reject executory contracts and/or unexpired leases (which the Debtors will do with regard to all executory contracts and unexpired leases not assumed and assigned to a Successful Credit Bidder or Successful Purchaser, additional Allowed Class 6 Claims will likely arise as a result thereof.

Class 7 consists of the Allowed unsecured portion of the Senior Secured Indenture Trustee's and Canpartners' interest in the Senior Secured Note Claims, which are Claims arising from any deficiency the Senior Secured Indenture Trustee, or its successor, designee, or assignee may have related to the Senior Secured Note Facility. Such Claims are, by agreement of the Senior Secured Indenture Trustee and Canpartners, subordinated to the Allowed Administrative Claims, Allowed Priority Tax Claims, Allowed Class 1 Claims, Allowed Class 5 Claims, Allowed Class 6 Claims. To the extent Class 7 Claims are Allowed Claims, such Class 7 Allowed Claims will be paid from Effective Date Cash (if any) after payment of Claims in Class 1 through 6 and wind down expenses provided for in the Wind Down Cash Reserve. Any such Class 7 Distribution shall be subject to the Charging Lien (as defined in the Plan) for the Senior Secured Indenture Trustee Fees. As provided for in the Process Stipulation And Order, the

Gordon Silver
Attorneys At Law
Ninth Floor
3960 Howard Hughes Pkwy
Las Vegas, Nevada 89169
(702) 796-5555

Holders of Claims in Classes 8 and 9 reserve the right to object to the Class 7 Claim of the Senior Secured Indenture Trustee or its successor, designee or assignee, and Canpartners pursuant to Nevada Assembly Bill AB 273 which objection, if sustained, would result in the Allowed Class 7 Claims relating to the Senior Secured Notes not exceeding the amount paid by Canpartners for the Senior Secured Notes. Class 7 is Impaired and entitled to vote to accept or reject the Plan.

Class 8 is comprised of the Claims of Holders of the East West Preferred Return. Class 8 Claims are contractually subordinated to the Credit Facility Claims and the Senior Secured Note Claims (except if the unsecured portion of the Senior Secured Indenture Trustee's or its successor, designee or assignee, and Canpartners' interest in the Senior Secured Note Claims is disallowed pursuant to AB 273) and will receive the remaining Effective Date Cash (if any) after payment to the Allowed Claims in Class 1 through 7. Class 8 is Impaired.

Class 9 is comprised of the Claims of Holders of Subordinated License Fees, namely, the fees and royalties due to insiders related to the Hooters License, the Lags Ventures License and the Las Vegas Wings License (all as defined herein) that are subordinated to the Credit Facility Claims and the Senior Secured Note Claims (except if the unsecured portion of the Senior Secured Indenture Trustee's and Canpartners' interest in the Senior Secured Note Claims is disallowed pursuant to AB 273) under the Amended And Restated Operating Agreement of Company dated March 9, 2005, and will receive the remaining Effective Date Cash (if any) after payment to the Allowed Claims in Class 1 through 8. Class 9 is Impaired.

Holders of Equity Interests in Company are in Class 10. Holders of Class 10 Claims are Unimpaired. On the Effective Date, all Equity Interests in the Company shall retain their equity interest until all of the actions required of Reorganized Debtor under the Plan have been completed, after which Reorganized Debtor shall be dissolved and all Company Equity Interests shall be cancelled and extinguished.

As set forth in Section XIII.C.3 and the financial information attached as Exhibit "F" hereto, the Debtors are projected to have sufficient Effective Date Cash to meet all Cash

Gordon Silver
Attorneys At Law
Ninth Floor
3960 Howard Hughes Pkwy
Las Vegas, Nevada 89169
(702) 796-5555

demands under the Plan, including the payments to Holders of Allowed Claims on the Effective Date and funding of the Disputed Claim Reserve and Wind Down Cash Reserve.

On the Effective Date, all Equity Interests in Finance Corp. will be canceled and extinguished. Finance Corp. has no Assets and Company is a co-debtor on all of its Claims. All of Finance Corp.'s Equity Interests are held by Company. As such, it is not classifying its Claims and Equity Interests or making any distributions on those Claims or Equity Interests. Creditors in Class 3, 4, and 5 are also Creditors of Finance Corp. An affirmative vote on the Plan by Creditors in Class 3, to the extent that they are permitted to vote, and Class 4 will be deemed acceptance to the treatment as set forth in paragraph 3.2 of the Plan of the Claims as to Finance Corp.

V.
DISCLAIMER

In formulating the Plan, the Debtors relied on financial data derived from their books and records as well as the valuation of the Debtors' Assets by Alvarez & Marsal, LLC ("A&M"), as more particularly described in Section XIII. The Debtors represent that as of the date of this Disclosure Statement, everything stated in this Disclosure Statement is true to the best of their knowledge. However, the Debtors cannot and do not confirm the current accuracy of the statements appearing in this Disclosure Statement.

The discussion in this Disclosure Statement regarding the Debtors may contain "forward-looking statements," as that term is used in the Private Securities Litigation Reform Act of 1995. Such statements consist of any statement other than one of historical fact, and can be identified by the use of forward-looking terminology such as "may," "expect," "believe," "anticipate," "estimate," "likely," "probable" or "continue" or the negative thereof or other variations thereof or comparable terminology. All such forward-looking statements are speculative, and there are risks and uncertainties that could cause actual events or results to differ materially from those referred to in such forward-looking statements. The liquidation analysis and distribution projections are estimates only, and the timing and amounts of actual distributions may be

Gordon Silver
Attorneys At Law
Ninth Floor
3960 Howard Hughes Pkwy
Las Vegas, Nevada 89169
(702) 796-5555

affected by many factors that cannot be predicted. Therefore, any analysis, estimates or recovery projections may not turn out to be accurate.

NOTHING IN THIS DISCLOSURE STATEMENT IS, OR SHALL BE DEEMED, AN ADMISSION OR STATEMENT AGAINST INTEREST BY THE DEBTORS FOR PURPOSES OF ANY PENDING OR FUTURE LITIGATION MATTER, CLAIMS PROCEEDING, PLAN CONFIRMATION OR OTHER PROCEEDING.

ALTHOUGH THE ATTORNEYS, ACCOUNTANTS, ADVISORS AND OTHER PROFESSIONALS EMPLOYED BY THE DEBTORS HAVE ASSISTED IN PREPARING THIS DISCLOSURE STATEMENT BASED UPON FACTUAL INFORMATION AND ASSUMPTIONS RESPECTING FINANCIAL, BUSINESS AND ACCOUNTING DATA FOUND IN THE BOOKS AND RECORDS OF THE DEBTORS, THEY HAVE NOT INDEPENDENTLY VERIFIED SUCH INFORMATION AND MAKE NO REPRESENTATIONS AS TO THE ACCURACY THEREOF. THE ATTORNEYS, ACCOUNTANTS, ADVISORS AND OTHER PROFESSIONALS EMPLOYED BY THE DEBTORS SHALL HAVE NO LIABILITY FOR INFORMATION CONTAINED IN, OR OMITTED FROM, THIS DISCLOSURE STATEMENT.

THE DEBTORS AND THEIR PROFESSIONALS HAVE MADE A DILIGENT EFFORT TO IDENTIFY IN THIS DISCLOSURE STATEMENT AND IN THE PLAN PENDING LITIGATION CLAIMS, PROJECTED CAUSES OF ACTION AND OBJECTIONS TO CLAIMS. HOWEVER, NO RELIANCE SHOULD BE PLACED ON THE FACT THAT A PARTICULAR LITIGATION CLAIM, PROJECTED CAUSE OF ACTION OR OBJECTION TO A CLAIM IS OR IS NOT IDENTIFIED IN THIS DISCLOSURE STATEMENT OR THE PLAN. THE DEBTORS OR THE REORGANIZED DEBTOR MAY SEEK TO INVESTIGATE, FILE AND PROSECUTE LITIGATION CLAIMS AND PROJECTED CAUSES OF ACTION AND OBJECTIONS TO CLAIMS AFTER THE CONFIRMATION DATE OR EFFECTIVE DATE, IRRESPECTIVE OF WHETHER THIS DISCLOSURE STATEMENT OR THE PLAN IDENTIFIES SUCH CLAIMS, CAUSES OF ACTION OR OBJECTIONS TO CLAIMS.

Gordon Silver
Attorneys At Law
Ninth Floor
3960 Howard Hughes Pkwy
Las Vegas, Nevada 89169
(702) 796-5555

VI.
SUMMARY OF VOTING PROCESS

A. Who May Vote to Accept or Reject the Plan.

Generally, holders of allowed claims or equity interests that are "Impaired" under a plan of reorganization and who are receiving some cash or property on account of such claims or equity interests are permitted to vote on a plan. A claim is defined by the Bankruptcy Code and the Plan to include a right to payment from a debtor; an equity interest represents an ownership stake in a debtor. In order to vote, a creditor or holder of an equity interest must have an allowed claim. The solicitation of votes on the Plan will be sought only from Holders of Allowed Claims whose Claims are Impaired and who will receive property or rights under the Plan. As explained further below, to be entitled to vote, a Person must be a Holder of a Claim that is both an "Allowed Claim" and "Impaired."

B. Summary of Voting Requirements.

In order for the Plan to be confirmed, it must be accepted by at least one Impaired Class of Claims, excluding the votes of any Insiders within that Class. A Class of Claims is deemed to have accepted the Plan if and when allowed votes representing at least two-thirds in amount and a majority in number of the Claims of the Class actually voting cast votes in favor of the Plan.

A Class of Equity Interests would be deemed to have accepted the Plan if votes representing at least two-thirds in amount of the outstanding Equity Interests of the Class actually voting cast votes in favor of the Plan.

The Debtors are soliciting votes only from Holders of Allowed Claims in the following five Classes, which are Impaired under the Plan: Class 3 (Credit Facility Claims) (only to extent the Credit Facility is assumed by virtue of a Successful Credit Bid by the Holder of the Senior Secured Note Facility), Class 4 (Secured Portion of Canpartners' Interest in the Senior Secured Note Claims), Class 7 (Unsecured Potion of Canpartners' Interest in the Senior Secured Note Claims), Class 8 (East West Preferred Return Claims), and Class 9 (Subordinated License Fee Claims).

Gordon Silver
Attorneys At Law
Ninth Floor
3960 Howard Hughes Pkwy
Las Vegas, Nevada 89169
(702) 796-5555

The Debtors have the right to supplement this Disclosure Statement as to additional Impaired Classes, if any. The treatment of each Class is described in the Plan and is summarized generally in Articles IV and VIII of this Disclosure Statement.

A VOTE FOR ACCEPTANCE OF THE PLAN BY HOLDERS OF ALLOWED CLAIMS WHO ARE ENTITLED TO VOTE IS MOST IMPORTANT.

VII.
GENERAL INFORMATION ABOUT THE DEBTORS' BUSINESS, RESTRUCTURING EFFORTS AND THE FILING OF THE CHAPTER 11 CASES

A. The Debtors' Businesses

1. Corporate Structure.

Company is a limited liability company organized on June 17, 2004, to acquire the real and personal property of the Hotel San Remo Casino and Resort located at 115 and 155 Tropicana Avenue in Las Vegas, Nevada (the "Property") with the intention of renovating the then existing casino and hotel facility with a "Hooters" entertainment concept and theme.

Company's membership interests are held two-thirds by Florida Hooters, LLC ("Florida Hooters"),[6] and one-third by EW Common, LLC ("EW Common," and together with Florida Hooters, the "Members").[7]

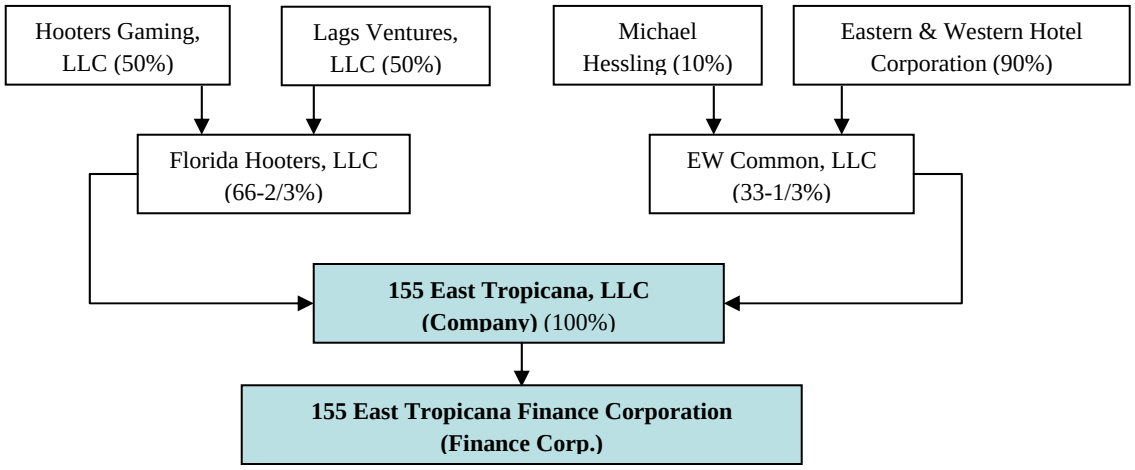
Finance Corp. is a wholly-owned subsidiary of Company that neither holds assets nor conducts operations of its own. Finance Corp. was formed for the sole purpose of facilitating the financing related to the renovations of the Property, which were completed on February 3, 2006.

[6] Florida Hooters is a joint venture between Hooters Gaming, LLC ("Hooters Gaming") and Lags Ventures, LLC ("Lags Ventures"). Hooters Gaming is owned by the holders of licenses to operate "Hooters" restaurants in the Tampa Bay, Chicago and Manhattan areas, sell wholesale foods and calendars, and conduct business in the Nevada hotel and gaming industry. Hooters Gaming includes most of the original founders of the Hooters brand. Lags Ventures is owned by a holder of the license rights to Hooters restaurants in south Florida. Pursuant to these license rights, the owners of Florida Hooters operate thirty-nine (39) Hooters restaurants, publish Hooters calendars, and operate a Hooters food business.

[7] EW Common was formed for the purpose of holding a membership interest in Company. EW Common is owned by Eastern & Western Hotel Corporation ("Eastern & Western"), which holds a 90% interest, and by Michael Hessling, President of Company, who owns a 10% interest. Eastern & Western and its affiliates owned the Property (prior to its rebranding) from November 1988 until its acquisition by Company in August 2004. Eastern & Western also continued to operate the Property pursuant to a hotel lease and a casino lease (collectively, the "Leases") until November 2005, when Company obtained all requisite approvals to operate the Property on its own.

Gordon Silver
Attorneys At Law
Ninth Floor
3960 Howard Hughes Pkwy
Las Vegas, Nevada 89169
(702) 796-5555

155 East Tropicana, LLC and 155 Tropicana Finance Corporation Organizational Chart



2. Casino/Hotel Business Operations.

Company's business, from which all of its revenue is generated, is concentrated at the Property in Las Vegas, Nevada, where Company owns and operates a casino/hotel operation under the name of Hooters Casino Hotel (the "Casino Hotel"),[8] which opened for business on February 3, 2006.[9]

Currently, the Casino Hotel consists of approximately 29,000 square feet of casino floor space with 590 slot and video poker machines and 20 table games; 696 hotel rooms, including 17 suites; a tropical pool area and pool bar; a number of restaurants, bars, and clubs; retail stores selling Hooters-branded merchandise; and a gym facility. In addition, Company owns a six-level, 556-space parking garage located adjacent to the Casino Hotel (the "Parking Garage") and an approximately two-acre site consisting of a one-level, 17,472 square-foot executive office building and a 183-space parking lot (collectively, the "Executive Offices").

Company's business focuses on attracting and fostering repeat business from out-of-town visitors to the Las Vegas Strip. Company relies on three types of customers: (1) in-house hotel

[8] Although Company uses the Hooters brand, it is not the owner of the "Hooters" trademark, nor does it have any affiliation with the holder of the trademark, HI Limited Partnership, or its general partner, Hooters of America, Inc. (collectively with HI Limited Partnership, "Hooters of America") other than the contractual right to use the trademark. An explanation of Company's intellectual property rights is provided herein.

[9] As previously stated, Finance Corp. neither holds assets nor conducts operations of its own.

Gordon Silver
Attorneys At Law
Ninth Floor
3960 Howard Hughes Pkwy
Las Vegas, Nevada 89169
(702) 796-5555

guests, which Company draws largely from the "free independent travelers," who provide additional revenue to the casino, restaurants, bars, and retail stores; (2) walk-in customers, who are staying at other area hotel/casinos, but are attracted to the Casino Hotel by food specials, $1.50 beer promotions, free slot play promotions, entertainers in our mini-showrooms, and the world-famous Hooters Restaurant; and (3) a small contingency of local customers.

3. The Debtors' Prepetition Equity and Management Structure.

The members of Company are Florida Hooters, owning two-thirds membership interest, and EW Common, owning one-third membership interest. Company is managed by a management board (the "Management Board") comprised of four (4) representatives of its Members. One member of the Management Board (representing six votes) is selected by Florida Hooters and three are selected by EW Common. The Management Board consists of Michael Hessling, Neil Kiefer, Sukeaki Izumi, and Toyoroku Izumi.

Neil G. Kiefer ("Mr. Kiefer") was appointed Chief Executive Officer ("CEO") of Company in August 2004. Mr. Kiefer has been involved in the Hooters organization since its inception in 1983, when he incorporated the original Hooters entity, Hooters, Inc. From 1983 to 1992, Mr. Kiefer served as general outside counsel to Hooters, Inc. and its related Hooters entities. From May 1992 to June 1994, Mr. Kiefer served as President and Chief Executive Officer of Hooters Management Corporation, the managing entity for Hooters, Inc. and its affiliated companies. Since June 1994, Mr. Kiefer has served as President and Chief Executive Officer of Hooters, Inc. and all other Hooters corporations affiliated with Hooters, Inc. Mr. Kiefer was elected to the Hooters, Inc. Board of Directors in 1994 and continues to serve on the Board. Mr. Keifer also serves as President of Finance Corp.

Michael J. Hessling ("Mr. Hessling") is the President and member of the Management Board of Company. Mr. Hessling was appointed to the Management Board in July 2004 and was appointed President of Company in June 2006. Mr. Hessling also serves as Vice President, Secretary, and Director of Finance Corp.

Deborah Pierce commenced employment with Debtors on February 1, 2005. MS. Pierce serves as Chief Financial Officer and Chief Accounting Officer of Debtors.

Gordon Silver
Attorneys At Law
Ninth Floor
3960 Howard Hughes Pkwy
Las Vegas, Nevada 89169
(702) 796-5555

Gary A. Gregg ("Mr. Gregg") was appointed as Chief Operating Officer ("COO") of Company in October 2006.

In addition to the foregoing officers of Finance Corp., Finance Corp.'s Board of Directors consists of Michael Hessling, Neil Kiefer, Sukeaki Izumi, and Toyoroku Izumi.

4. Intellectual Property and Related Party Agreements.

Unless provided otherwise under the Purchase Agreement with a Successful Purchaser or Canpartners and the Senior Secured Indenture Trustee, in the event of the Successful Credit Bid, the Debtors will not be assuming these license agreements. All Allowed Claims in relation to these amounts are included in Class 9.

a. The Hooters License.

The Hooters trademark and logo insignia are the exclusive property of Hooters of America. Through a series of assignment agreements, Company holds an exclusive license to use the Hooters brand in connection with gaming, casino or combined hotel, gaming and casino operations solely at the Casino Hotel (the "Hooters License").[10]

Combined hotel, gaming and casino operations contemplated under the Hooters License include, but are not limited to, the right to provide the following within the facility: (i) room operations; (ii) restaurant operations; (iii) retail sales facilities in which third parties are permitted to conduct retail sales of all kinds; (iv) entertainment facilities; and (v) gaming operations. In connection with such operations, Company has the right to (i) sell approved merchandise bearing some or all of the licensed intellectual property, (ii) use the licensed intellectual property and Hooters Girls to promote, market, and advertise such facilities worldwide, and (iii) include Hooters Girls as part of any facility staff.

[10] On or about March 21, 2001, HI Limited Partnership ("Licensor") entered into that certain License Agreement (the "License Agreement") with Hooters Gaming Corporation ("HGC"), which provided HGC an exclusive license to use all of the intellectual property described therein. Additionally, subject to express consent of Las Vegas Wings, Inc. ("LV Wings"), the franchisee holding the right to operate Hooters restaurant in Nevada, HGC also obtained the right to operate a Hooters themed restaurant within the hotel and casino facility. On or about July 30, 2004, HGC and Florida Hooters entered into that certain assignment agreement (the "HGC Assignment"), whereby HGC assigned its rights under the License Agreement to Florida Hooters. In connection with the organization of the Company, on or about July 30, 2004, Florida Hooters and Company entered into that certain Assignment Agreement (the "Florida Hooters Assignment"), thereby granting Company the rights under the License Agreement. The collective group of documents, including the License Agreement, the HGC Assignment, and the Florida Hooters Assignment, comprise the Hooters License.

Gordon Silver
Attorneys At Law
Ninth Floor
3960 Howard Hughes Pkwy
Las Vegas, Nevada 89169
(702) 796-5555

In relation to the Hooters License, Company pays Hooters of America an annual fee equal to $500, plus monthly royalties in an amount equal to 2% of all net revenues generated in connection with licensed activities. The amount of fees accrued as of the Petition Date totaled approximately $68,890. Since the Petition Date, all fees to Hooters of American are current, and the Company intends to maintain payments current through the Effective Date. Company is also required under the Hooters License to maintain certain quality standards for the use of the Hooters brand. This portion of the fees and royalties due under the Hooters License are not subordinated as provided in the Amended And Restated Operating Agreement of Company dated March 9, 2005 (the "Operating Agreement").

Pursuant to the HGC Assignment Agreement, Company accrues a consent fee of three percent (3%) of all net profits directly related to gaming activities at the Casino Hotel, which at the Petition Date totaled $3,412,193. As previously set forth, HGC is a related party and the payment of this portion of the Hooters' License royalty fees is restricted under the Indenture (as hereinafter defined) and/or the Operating Agreement.

Unless provided otherwise under the Purchase Agreement with a Successful Purchaser or Canpartners and the Senior Secured Indenture Trustee, in the event of the Successful Credit Bid, the Debtors will not be assuming these license agreements. All Allowed Claims in relation to these amounts are included in Class 9.

b. Hooters Restaurant Concept.

Company also has the right to use, promote, and advertise the Hooters restaurant concept (the "Hooters Restaurant License") at the Casino Hotel.[11]

The Hooters Restaurant License provides a consent fee of four percent (4%) of cash restaurant sales and three percent (3%) of merchandise revenues, which, as of the Petition Date, totaled $2,225,326 accrued.

[11] Through the License Agreement, subject to express consent of LV Wings, HGC also obtained the right to operate a Hooters themed restaurant within the hotel and casino facility. Thereby, in July, 2004, HGC and LV Wings entered into that certain Consent Agreement (the "Consent Agreement"), thereby providing its consent for HGC to use the Hooters restaurant concept at a hotel and casino facility. Thus, through the subsequent HGC Assignment and Florida Hooters Assignment, Company obtained the right to operate a Hooters themed restaurant at the Casino Hotel. For the License Agreement, the HGC Assignment and the Florida Hooters Assignment.

Gordon Silver
Attorneys At Law
Ninth Floor
3960 Howard Hughes Pkwy
Las Vegas, Nevada 89169
(702) 796-5555

LV Wings is a related party and the payment of these royalty fees is restricted under the Indenture and/or Operating Agreement.

Unless provided otherwise under the Purchase Agreement with a Successful Purchaser or Canpartners and the Senior Secured Indenture Trustee, in the event of the Successful Credit Bid, the Debtors will not be assuming these license agreements. All Allowed Claims in relation to these amounts are included in Class 9.

c. Pete & Shorty's License.

Company has a nonexclusive, royalty-free license to use the Pete & Shorty's mark (the "Pete & Shorty's License") in connection with a restaurant, bar, and lounge at the Casino Hotel. Pursuant to the Pete & Shorty's License, Company may also use the mark in connection with affiliated merchandise, entertainment, and casino services.

Unless provided otherwise under the Purchase Agreement with a Successful Purchaser or Canpartners and the Senior Secured Indenture Trustee, in the event of the Successful Credit Bid, the Debtors will not be assuming these license agreements. All Allowed Claims in relation to these amounts are included in Class 9.

d. Dan Marino's Fine Food & Spirits Concept.

Pursuant to that certain Mark License Agreement ("Mark License Agreement"), as amended on March 9, 2005, and again on February 2, 2006, between Lags Ventures and Florida Hooters, Lags Vegas licensed to Florida Hooters the right to operate and promote restaurants, taverns, lounges and bars using the marks "Dan Marino's Fine Food & Spirits" and "Martini Bar" (the "Dan Marino's License"). The Mark License Agreement was later assigned by Florida Hooters to Company pursuant to the terms of the Florida Hooters Assignment. On or about November 5, 2009, Company entered into that Termination of Mark License and Release Agreement with Florida Hooters and Lags Ventures (the "Termination Agreement"), which terminated Company's right to use the Dan Marino's License.

In connection with the Dan Marino's License, Company accrued a royalty fee of six percent (6%) of gross sales generated from such establishments payable to Lags Ventures (previously defined). The amount accrued as of the Petition Date totaled $917,639 for these

Gordon Silver
Attorneys At Law
Ninth Floor
3960 Howard Hughes Pkwy
Las Vegas, Nevada 89169
(702) 796-5555

royalties. The payment of these royalties is restricted under the Indenture and/or the Operating Agreement. These amounts are related to Claims in Class 9.

e. Advertising Agreement

The majority shareholder of Provident Advertising & Marketing, Inc. ("Provident") is Edward C. Droste, an indirect beneficial owner of 5.65% of Company. Provident was engaged by Company to provide services related to the planning and development of an initial advertising and marketing plan and for the continued development and implementation of a strategic marketing plan for the Casino Hotel (the "Provident Advertising Agreement").

In addition, Company purchases Hooters logo items from Provident for uniforms and resale in the Casino Hotel's gift shops. The advertising fees and inventory purchased in 2011 through the Petition Date totaled approximately $254,777. The fees paid to Provident and inventory purchased during the years ended December 31, 2010, 2009, and 2008 totaled approximately $0.9 million, $0.9 million, and $1.1 million, respectively.

B. The Debtors' Prepetition Capital Structure.

1. The Credit Agreement and Credit Facility.

On March 29, 2005, Debtors, as borrowers, entered into that certain Credit Agreement (the "Credit Agreement")[12] with Wells Fargo Capital Finance, Inc., (formerly known as Foothill, Inc.) ("Wells Fargo"), as arranger and administrative agent (the "Agent") for various lenders (collectively, the "Original Credit Facility Lenders"), whereby Wells Fargo provided a credit facility in an aggregate principal amount of up to $15,000,000. The original maturity date of the Credit Facility was March 30, 2009, and was subsequently extended to September 30, 2011, which date was accelerated by that certain Notice of Acceleration and Reservation of Rights dated January 6, 2011 (the "Credit Facility Acceleration").

Additionally, Company and Wells Fargo entered into that certain Letter of Credit No. NZS619294 dated April 22, 2008, in favor of Chase Paymentech, LLC ("Chase") in the amount of $500,000 (the "Letter of Credit") to provide Chase the security necessary to continue to

[12] The Wells Fargo Credit Agreement has been amended four times, dated January 30, 2006, June 2, 2006, December 15, 2006, and August 13, 2008 (collectively, the "Credit Agreement Amendments").

Gordon Silver
Attorneys At Law
Ninth Floor
3960 Howard Hughes Pkwy
Las Vegas, Nevada 89169
(702) 796-5555

provide services for credit card processing for Company. The Letter of Credit was not renewed in March 2011.[13]

Canpartners and in its capacity as the lender under the Credit Facility, the "Credit Facility Lender", acquired the Credit Facility from Wells Fargo and is the successor-in-interest to Wells Fargo's interest in and to the Credit Facility Loan Documents.[14]

As of the Petition Date, Debtors' principal obligations outstanding under the Credit Facility were approximately $14,488,991.04 plus accrued and unpaid interest for the current month to the Petition Date (Debtors have been paying the interest accrual at the default rate on a current basis) plus fees, costs and expenses allowed under the Credit Facility Loan Documents (collectively, the "Credit Facility Obligations") to be determined by the Bankruptcy Court pursuant to Section 506 of the Bankruptcy Code. Debtors believe that the indebtedness under the Credit Facility is fully secured.

The indebtedness under the Credit Facility is secured by security interests and liens granted (collectively, the "Credit Facility Collateral") pursuant to the following: (together with all other documents executed pursuant to the Credit Facility, the "Credit Facility Loan Documents"):

(a) That certain Security Agreement (the "Credit Facility Security Agreement") by and between Debtors and the Agent, dated March 29, 2005. The Credit Facility Security Agreement grants a security interest to the Agent in substantially all personal property of Debtors, whether now owned or hereafter acquired or arising, including: (i) all accounts, books and records; (ii) chattel paper; (iii) deposit accounts; (iv) equipment and fixtures; (v) general intangibles; (vi) inventory; (vii) investment related property; (viii) negotiable collateral; (ix) commercial tort claims; (x) money and cash equivalents in control of the Agent; and (xi) proceeds (the "Credit Facility

[13] Having acquired such account from Chase, Bank of America Merchant Services ("BAMS"), in conjunction with First Data Services, LLC ("First Data"), provides a merchant account to Company to facilitate Company's consumer credit card transactions. It should be noted upon the expiration of the Letter of Credit, BAMS unilaterally withheld funds belonging to Company in the amount of $450,000.

[14] In conjunction with the transfer and assignment to of the Credit Facility to the Credit Facility Lender, Wells Fargo resigned as Agent of the Credit Facility.

Gordon Silver
Attorneys At Law
Ninth Floor
3960 Howard Hughes Pkwy
Las Vegas, Nevada 89169
(702) 796-5555

Encumbered Personal Property"). Explicitly excluded from this definition are "Excluded Assets," which include: (i) assets securing FF&E financing, purchase money debt, or capitalized lease obligations; (ii) leasehold estates in real property; (iii) cash required to satisfy casino bankroll requirements, reserves, and allowances as required by Nevada gaming laws and regulations; (iv) an interest reserve account for the Senior Secured Notes;[15] (v) stock in any controlled foreign subsidiary of Debtors; and (vi) any leases, permits, licenses, or agreements where a lien on such agreement is prohibited by law, would require third-party consent that has not been obtained after commercially reasonable efforts, or would result in breach of such agreement under applicable law. UCC Financing Statements (the "Credit Facility UCC Financing Statements") were filed with the Nevada Secretary of State and the Office of the Recorder in Clark County Nevada (the "Clark County Recorder").

(b) That certain Deed of Trust, Fixture Filing with Assignment of Rents and Leases, and Security Agreement (the "Credit Facility Deed of Trust") executed on March 29, 2005, by Company for the benefit of the Agent, and recorded as document 20050329-0002524 in the records of the Clark County Recorder. The Credit Facility Deed of Trust provides for an absolute and irrevocable assignment of all rents and leasehold revenues.

(c) That certain Assignment of Entitlements, Contracts, Rents and Revenues (the "Credit Facility Assignment of Rents/Revenues") on March 29, 2005, for the benefit of the Agent, recorded as document 20050329-0002526 in the records of the Clark County Recorder.

(d) That certain Securities Account Control Agreement ("Securities Account Control Agreement") dated March 29, 2005, between the Agent, Debtors, and Wells Fargo Brokerage, in which Wells Fargo Brokerage recognized the Agent's security interest in Debtors' deposit account (# 11552783) (the "Wells Fargo Account").[16]

[15] The interest reserve account no longer existed as of the Petition Date.

[16] Debtors ceased using the Wells Fargo Account shortly after the Credit Facility was obtained. Additional operating accounts were maintained by Company with Wells Fargo until 2009 when all accounts and deposits were transferred to Nevada State Bank. Debtors had defaulted under the Credit Facility Loan Documents and Wells Fargo

Gordon Silver
Attorneys At Law
Ninth Floor
3960 Howard Hughes Pkwy
Las Vegas, Nevada 89169
(702) 796-5555

(e) That certain Parent Pledge Agreement, dated as of March 29, 2005, among the Members and the Agent (the "Agent-Parent Pledge Agreement"), whereby the Members pledged to the Agent all right, title, and interest to the Members' membership interests in Company, and books, records, and proceeds relating to such membership interests. In relation to the Agent-Parent Pledge Agreement, the Members, Debtors, and the Agent also entered into a Control Agreement (Investment Property) ("Control Agreement Investment Property") dated March 29, 2005.

2. Senior Secured Indenture.

Pursuant to that certain Indenture ("Indenture") dated as of March 29, 2005, Debtors issued 8-3/4% Senior Secured Notes due 2012 (the "Old Senior Secured Notes") in the aggregate principal amount of $130,000,000. The Bank of New York Trust Company, N.A. (the "Initial Senior Secured Indenture Trustee") was the indenture trustee under the Old Senior Secured Notes. On August 5, 2005, Debtors successfully exchanged all of the Old Senior Secured Notes for new notes (the "Senior Secured Notes" and holders of Senior Secured Notes, the "Senior Secured Noteholders") with substantially identical terms except that the Senior Secured Notes were registered under the Securities Act of 1933. The Senior Secured Notes and the obligations thereto were accelerated by that certain Notice of Acceleration and Reservation of Rights dated February 1, 2011 (the "Indenture Acceleration").

U.S. Bank National Association ("Senior Secured Indenture Trustee" or "US Bank," and together with the Initial Senior Secured Indenture Trustee, the "Trustee") was appointed the successor to the Initial Senior Secured Indenture Trustee.

As of the Petition Date, Debtors' principal obligations outstanding under the Senior Secured Notes were $130,000,000, plus accrued and unpaid interest under the Indenture to the Petition Date in the amount of $32,229,177 (the "Senior Secured Notes Obligations").

(continued)

was able to take and apply all monies and deposits in the accounts without notice. The Debtors concluded if this were to occur, the Casino Hotel would not have been able to operate and would have closed unless Debtors were able to then file for protection under Chapter 11 and obtain a debtor-in-possession loan. The removal from the depository accounts at Wells Fargo was intended to avoid this likely result. At this time no depository accounts are maintained at Wells Fargo nor are there any accounts maintained by Debtors subject to depository account control agreements in favor of the Agent or the Trustee (defined herein).

Gordon Silver
Attorneys At Law
Ninth Floor
3960 Howard Hughes Pkwy
Las Vegas, Nevada 89169
(702) 796-5555

Canpartners represented that in October 2010 it acquired and held approximately 98.4% of the aggregate principal amount of the Senior Secured Notes for the approximate sum of $28,000,000, a significant discount from the face amount of approximately $127,500,000 which substantiates that the Senior Secured Notes are significantly undersecured.

The indebtedness due under the Senior Secured Notes is secured by security interests and liens granted (the "Senior Secured Notes Collateral," and together with the Credit Facility Collateral, the "Collateral") pursuant to the following generally described documents (together with the Indenture, the Senior Secured Notes, and all other documents executed pursuant to the Senior Secured Notes, the "Senior Secured Loan Documents," and together with the Credit Facility Documents, the "Loan Documents"):

(a) That certain Senior Secured Notes Security Agreement (the "Senior Secured Notes Security Agreement" and together with the Credit Facility Security Agreement, the "Security Agreements") dated March 29, 2005. The Senior Secured Notes Security Agreement grants a security interest to the Trustee in: (i) accounts; (ii) chattel paper; (iii) commercial tort claims: (iv) deposit accounts; (v) documents; (vi) general intangibles; (vii) goods, including equipment, inventory and fixtures; (viii) insurance; (ix) investment property; (x) intellectual property; (xi) letter-of-credit rights; and (xii) all other personal property, including supporting obligations and proceeds (the "Senior Secured Encumbered Personal Property" and, together with the Credit Facility Encumbered Personal Property, the "Encumbered Personal Property"). Excluded from the security interest are Excluded Assets, which are given substantially the same definition as used in the Credit Facility Security Agreement. UCC Financing Statements (the "Senior Secured UCC Financing Statements" and together with the Credit Facility Financing Statements, the "UCC Financing Statements") were filed with the Nevada Secretary of State and the Clark County Recorder.

(b) That certain Deed of Trust, Fixture Filing with Assignment of Rents and Leases, and Security Agreement (the "Senior Secured Notes Deed of Trust," and together with the Credit Facility Deed of Trust, the "Deeds of Trust"), executed on March 29,

Gordon Silver
Attorneys At Law
Ninth Floor
3960 Howard Hughes Pkwy
Las Vegas, Nevada 89169
(702) 796-5555

2005, by Debtors for the benefit of the Trustee, and recorded as documents 20050329-0002531 and 20050329-0002532 in the records of the Clark County Recorder.

(c) That certain Assignment of Entitlements and Contracts ("Senior Secured Assignment of Entitlements/Contracts") executed in favor of the Trustee for the benefit of the Senior Secured Noteholders, recorded as document 20050329-0002533 in the records of the Clark County Recorder.

(d) That certain Trademark Security Assignment dated March 29, 2005 ("Trademark Security Assignment") in favor of the Trustee for the benefit of the Senior Secured Noteholders, assigning Company's trademarks, trade names, goodwill, and proceeds to the Trustee.

(e) That certain Parent Pledge Agreement with the Trustee dated March 29, 2005, among the Members and the Trustee (the "Trustee-Parent Pledge Agreement"), whereby the Members of Company pledged to the Trustee all right, title, and interest to the Members' membership interests in Company, and books, records, and proceeds relating to such membership interests.

3. Intercreditor Agreement.

Contemporaneously with the execution of the Credit Facility Agreement and the Indenture, Debtors, the Agent, and the Trustee (in its capacity as Collateral Agent for the Senior Secured Noteholders) (collectively, the "Intercreditor Parties") entered into that certain Intercreditor and Lien Subordination Agreement.

The Intercreditor Agreement, among other things, provides that the liens securing the Senior Secured Notes are subordinate to the liens securing the principal amount of the Credit Facility of up to $15,000,000, plus interest, fees, and other amounts accrued thereon. The Intercreditor Parties continue to be bound by and subject to the terms, provisions and restrictions of the Intercreditor Agreement, and the Intercreditor Agreement applies and governs the Intercreditor Parties in these Chapter 11 Cases.

C. Events Leading to the Chapter 11 Cases.

1. Economic Pressures.

Debtors entered into both the Credit Facility and the Indenture during the first half of 2005. With the proceeds of such used to retire the existing debt, and to refurnish and rehabilitate the Property as the Casino Hotel, Debtors were highly, but not unreasonably, leveraged. Under the business circumstances prevailing at the time of these transactions, such leverage would not have hindered Company's business operations or precipitated the filing of these Chapter 11 Cases. However, after these transactions, but prior to their repayment, the economy in the United States sharply declined, devastating the hotel and gaming industry. Subsequently, the United States economy went into a severe recession, with gaming revenues falling dramatically and sources of financing for the hotel and gaming industry becoming limited, if not disappearing altogether. Most significantly, the recession has deeply affected Clark County, Nevada, due to its reliance on tourism and construction, by dramatically decreasing tourism, convention, and gaming revenues in recent years.

The Casino Hotel, with less than 700 rooms, represents less than 0.5% of the total room inventory in Las Vegas, which means Company's ADR is subject to the discounting of any of its large competitors, who appear to have discounted rooms as deeply as necessary to increase their occupancy rates, or used their other property offerings to cross market during the current economic turndown.

In sum, Company has been faced with declining hotel and casino revenues based on increased price and promotional competition, additional properties opening on the Las Vegas Strip, reduced consumer spending, a tightened credit market, and an overall weakened economy. These market-driven challenges manifested after Company leveraged itself with the Credit Facility and the Indenture, thus leaving Company in a highly precarious position at a time when it most needed robust financial performance.

2. Financial Performance.

The Company's net revenues for the eleven months ended November 30, 2011 was $40.9 million, a very slight increase over the net revenues of $40.5 million for the eleven months ended

Gordon Silver
Attorneys At Law
Ninth Floor
3960 Howard Hughes Pkwy
Las Vegas, Nevada 89169
(702) 796-5555

November 30, 2010. Because the Company's management was successful in reducing expenses associated with operations from $36.6 million for the eleven months ended November 30, 2010 to $34.1 million for the same period ended November 30, 2011, the business has seen an increase of $2.8 million in adjusted EBITDA.

The Company's hotel and other revenues were $14.4 million for the eleven months ended November 30, 2011, an increase of $0.6 million over the same period in the prior year. The increase was due to an increase in both the occupancy rate for hotel rooms from 87.4% for the eleven months ended November 30, 2010 to 88.5% for the same period in 2011 and the average daily rate, which increased from $45.71 for the eleven months ended November 30, 2011, to an average of $47.93 for the same period ended November 30, 2011. This improvement over the prior year was due to a general improvement in the Las Vegas market. According to the Las Vegas Convention and Visitors Authority, visitor volume is up 4.5% for the first ten months of 2011, occupancy is up 3.9%, and the average daily room rate is up 10.9% over the same period in the prior year. However, competition has also increased, with the room inventory up 1.7% at October 31, 2011 as compared to the prior October.

The Company's casino revenues of $14.2 million were slightly down 2% from casino revenue of $14.4 million for the eleven months ended November 30, 2010. This decline of $0.2 million occurred in table games, with slot revenue flat against the prior year. The volume of table games play decreased by 5.6% and with the table hold percentage at 17.6% for both periods, resulting in a decline of 4.6% in table win. According to the State Gaming Control Board Gaming Revenue Report for October 2011, the Las Vegas Strip properties with gaming revenue ranging from $12 million to $36 million annually performed below the Company's results. The properties in this category experienced a 7.5% reduction in table games revenue and a 5.4% reduction in slot revenue, with an overall reduction in gaming revenue of 5.9% for the eleven months ended October 31, 2011. The overall Las Vegas Strip has seen a continued improvement in the gaming revenue in 2011. All Non-restricted casinos on the Las Vegas Strip have seen an average increase of 3.7% in gaming win for the eleven months ended October 31, 2011 as compared to the same period in the previous year.

Gordon Silver
Attorneys At Law
Ninth Floor
3960 Howard Hughes Pkwy
Las Vegas, Nevada 89169
(702) 796-5555

The Company's food and beverage revenues were $16.1 million for the eleven months ended November 30, 2011 as compared to $16.4 million for the same period in 2010, for a reduction of $.03 million or 2.0%. The average food revenue per cover fell by $0.70 from $14.95 for the eleven months ended November 2010 as compared to $14.25 for the same period in 2011, due to promotional food specials.

The Company reduced expenses associated with operations from $36.6 million for the eleven months ended November 30, 2010 to $34.2 million for the same period ended November 2011, a reductions of $2.4 million or 6.6%. The savings were generally due to payroll reductions of $0.8 million, property taxes $0.2 million, marketing and advertising $0.6 million and other various expenses.

The general consensus among analysts is that the Las Vegas economy will continue to improve in 2012. The Company generated cash flow from operations of approximately $6.7 million in for the eleven months ended November 30, 2011, and expects to continue to generate a positive cash flow in 2012 before debt service, capital expenditures and restructuring expense.

Debtors' recent financial performance on a consolidated basis has been as follows:

	11 Months Ended 11/30/2011	**11 Months Ended 11/30/2010**	**Year Ended 12/31/2010**	**Year Ended 12/31/2009**
Revenues				
Casino	$14,153,487	$14,430,786	$15,636,511	$18,089,346
Hotel and other	$14,387,188	$13,741,499	$14,918,360	$15,048,351
Food, Beverage & Entertainment	$16,063,704	$16,386,146	$17,491,137	$18,680,330
Total Revenues	**$44,604,379**	**$44,558,431**	**$48,046,008**	**$51,818,027**
Net Revenues	**$40,882,906**	**$40,520,95**	**$43,659,488**	**$46,809,056**
Related Party Royalties	$734,896	$748,107	$807,421	$1,062,017
Restructuring Expenses	$1,301,787	$363,920	$479,031	$1,646,804
Depreciation & Amortization	$2,376,927	$6,071,393	$6,623,005	$6,612,073
Property & Equipment Impairment Charge	$0	$0	$55,209,000	$600,000
Operating Expenses	$34,141,631	$36,652,309	$39,811,211	$42,074,386
Income (Loss) From Operations	$2,327,665	$(3,224,770)	$(59,270,180)	$(5,186,224)

Gordon Silver
Attorneys At Law
Ninth Floor
3960 Howard Hughes Pkwy
Las Vegas, Nevada 89169
(702) 796-5555

Total Interest Expenses, net	$8,681,857	$12,600,498	$13,743,840	$13,659,035
Net Loss	**$(6,354,192)**	**$(15,825,268)**	**$(73,014,020)**	**$(18,845,259)**
Adjusted EBITDA	**$6,741,275**	**$3,958,651**	**$3,848,277**	**$4,734,670**

D. Senior Credit Facility Defaults.

Debtors were unable to make the interest payments (the "Interest Payments") on the Senior Secured Notes due April 1, 2009, October 1, 2009, April 1, 2010, October 1, 2010, and April 1, 2011. Debtors' inability to make such Interest Payments caused an event of default to occur under the Indenture, as well as under the Credit Facility Agreement (the "Interest Payment Default").

Additionally, Company has not provided control agreements for one or more deposit accounts that it established and maintained as required under the Credit Facility Agreement. This failure to provide such control agreements caused a second event of default to occur under the Credit Facility Agreement (the "Control Agreement Default," and together with the Interest Payments Default, the "Events of Default").

As a result, on April 7, 2009, Agent on behalf of Original Credit Facility Lenders issued to Debtors that certain Notice of Default and Reservation of Rights (the "Initial Notice"), as such notice was supplemented by that certain Notice of Default, Imposition of Default Rate of Interest, and Reservation of Rights issued to Debtors on April 29, 2009, by Agent on behalf Original Credit Facility Lenders (the "April 2009 Notice"), as such notice was further supplemented by that certain Notice of Default and Reservation of Rights Letter, issued to Debtors on June 11, 2009, by Agent on behalf of Original Credit Facility Lenders (the "June 2009 Notice"), as such notice was further supplemented by that certain Notice of Default and Reservation of Rights Letter, issued to Debtors on December 11, 2009, by Agent on behalf of Original Credit Facility Lenders (the "December 2009 Notice," collectively with the Initial Notice, the April 2009 Notice, and the June 2009 Notice, the "Default Letters").

Gordon Silver
Attorneys At Law
Ninth Floor
3960 Howard Hughes Pkwy
Las Vegas, Nevada 89169
(702) 796-5555

The Default Letters state that (i) an event of default exists under the Credit Facility as a result of Debtors' failure to obtain control agreements for one or more deposit accounts established and maintained by Debtors and also as a result of failure to pay interest on the Senior Secured Notes, (ii) as a result of the event of default, the Original Credit Facility Lenders are under no further obligation to extend further credit under the Credit Facility, (iii) the Original Credit Facility Lenders will continue to evaluate their responses to the events of default, and (iv) Debtors no longer have an option of paying the LIBOR interest rate plus 3.5 percentage points, but must pay the Original Credit Facility Lenders' prime rate, plus the default rate of 4 percentage points.

Following the Default Letters, Debtors entered into discussions with the Senior Secured Noteholders and the Original Credit Facility Lenders to attempt to negotiate forbearance agreements pursuant to which they would agree not to exercise, for a specified period of time, their respective remedies under the Indenture or the Credit Facility Agreement. Such discussions continued with Canpartners, in its capacities as both the Credit Facility Lender and a Senior Secured Noteholder, following Canpartners' acquisition of the Credit Facility and the Senior Secured Notes.

However, as the Events of Default remained uncured and outstanding, on January 6, 2011, Canpartners, in its capacity as Credit Facility Lender, issued to Debtors the Credit Facility Acceleration (as previously defined).

Additionally, also due to the uncured and outstanding Events of Default, on February 1, 2011, US Bank, as Successor Senior Secured Indenture Trustee, issued to Debtors the Indenture Acceleration (as previously defined).

Thereafter, on February 2, 2011, a Notice of Breach and Default and of Election to Cause Sale of Real Property under Deed of Trust was recorded with the Clark County Recorder at the behest of the Trustee ("Deed of Trust Default Notice").

Subsequently, on July 14, 2011, a Notice of Trustee's Sale was recorded with the Clark County Recorder, thereby providing notice that the sale of the Property by public auction would be conducted on August 8, 2011 ("Notice of Sale").

Gordon Silver
Attorneys At Law
Ninth Floor
3960 Howard Hughes Pkwy
Las Vegas, Nevada 89169
(702) 796-5555

E. Significant Events During the Chapter 11 Cases.

The Debtors have operated their respective businesses as debtors-in-possession. The Bankruptcy Court has certain supervisory powers over the operations of the Debtors during the pendency of the Chapter 11 Cases. These powers are generally limited to reviewing and ruling on any objections raised by a party-in-interest to business operations or proposed transactions of a Debtor. Except as otherwise authorized by the Bankruptcy Court, the Debtors are required to give notice of any transactions not in the ordinary course of business and of the compromise of any controversy to parties-in-interest who request such notice. In addition, the Bankruptcy Court supervises the employment of attorneys, accountants and other professionals.

1. First Day Motions.

Concurrently with the filing of the Petition, the Debtors filed various First Day Motions designed to assist the Debtors in making a smooth transition into Chapter 11, including:

i. Omnibus Declaration Of Deborah Pierce In Support Of The Debtors' First Day Motions [Docket No. 16];

ii. Emergency Motion For Order Directing Joint Administration Of The Debtors' Chapter 11 Cases Under Federal Rule Of Bankruptcy Procedure 1015(b) [Docket No. 3];

iii. Emergency Motion Pursuant To 11 U.S.C. §§ 105(a) And 366 For An Order Determining That Adequate Assurance Has Been Provided To The Utility Companies [Docket No. 14];

iv. Emergency Application For Order Authorizing Maintenance Of Prepetition Cash Management System And Maintenance Of Prepetition Bank Accounts ("Cash Management Motion") [Docket No. 9];

v. Emergency Motion For Order (I) Authorizing Debtor 155 East Tropicana, LLC To Pay Wages, Salaries, Benefits, Reimbursable Business Expenses, And Other Employee Obligations; And (II) Authorizing And Directing Financial Institutions To Honor And Process Checks And Transfers Related To Such Obligations ("Wages Motion") [Docket No. 10];

Gordon Silver
Attorneys At Law
Ninth Floor
3960 Howard Hughes Pkwy
Las Vegas, Nevada 89169
(702) 796-5555

vi. Emergency Application For Order Permitting Debtor 155 East Tropicana, LLC To Honor Hotel Room And Other Customer Deposits, Travel Agent Commissions, Show Tickets And Ticket Proceeds [Docket No. 11];

vii. Emergency Motion For Order Authorizing Debtor 155 East Tropicana, LLC To Honor Casino Chips And Other Gaming Liabilities [Docket No. 12];

viii. Emergency Motion For An Order: (I) Allowing Administrative Expense Status For Goods Received Within The Twenty Day Period Before The Petition Date, And (II) Authorizing, But Not Directing, Debtor 155 East Tropicana, LLC To Pay Such Obligations [Docket No. 13];

ix. Application For Order Authorizing The Employment Of The Garden City Group, Inc. As Claims And Noticing Agent [Docket No. 4]; and

x. Emergency Motion For Order Authorizing Debtor 155 East Tropicana, LLC To Pay Pre-Petition Taxes And Fees Pursuant to 11 U.S.C. §§ 105(a), 363(b), 507(a)(8) and 541(d) ("Pre-Petition Tax Motion") [Docket No. 15].

Canpartners filed limited oppositions to the Cash Management Motion, the Pre-Petition Tax Motion and the Wages Motion, with joinders to these oppositions filed by U.S. Bank [Docket Nos. 30, 31, 32, 43, 41, and 39, respectively].

These First Day Motions were heard on July 15, 2010, were generally approved, and corresponding orders were subsequently entered by the Bankruptcy Court.

2. Other Significant Motions and Post-Petition Events.

a. Cash Collateral Motion.

The Debtors filed the Emergency Motion For Entry Of An Interim Order Pursuant to Fed.R.Bank.P. 4001(b) And LR 4001(b): (1) Initially Determining Extent Of Cash Collateral And Authorizing Interim Use Of Cash Collateral By Debtors; And (2) Scheduling A Final Hearing To Determine The Extent of Cash Collateral And Authorizing Use Of Cash Collateral By Debtors (the "Cash Collateral Motion") [Docket No. 6] as a First Day Motion. In the Cash Collateral Motion, the Debtors sought (i) a hearing to determine the extent of the holders of the Credit Facility and the Senior Secured Notes' interest in Cash Collateral, (ii) an order authorizing

Gordon Silver
Attorneys At Law
Ninth Floor
3960 Howard Hughes Pkwy
Las Vegas, Nevada 89169
(702) 796-5555

the interim use of Cash Collateral by Debtors to pay costs of administration and to operate the Company's business in the ordinary course pending a final hearing, and (iii) an order scheduling a final hearing on the Cash Collateral Motion. On August 4, 2011, Canpartners filed a Limited Opposition to the Cash Collateral Motion [Docket No. 33], with a joinder to the opposition by the Trustee [Docket No. 42].

On August 19, 2011, the Bankruptcy Court entered an interim order granting the Cash Collateral Motion, which permitted the Company to use Cash Collateral and Disputed Cash Collateral based on the Budget (as attached to the Cash Collateral Motion) and setting the final hearing on the Cash Collateral Motion on September 14, 2011 [Docket No. 107]. On September 7, 2011, the Debtors, Canpartners and the Trustee entered into the Stipulation To Continue The Final Cash Collateral Hearing ("First Stipulation to Continue") in which the parties agreed to continue the final hearing to November 2, 2011 and allowed the Company to continue to use Cash Collateral and Disputed Cash Collateral on an interim basis [Docket No. 135]. The Bankruptcy Court approved the First Stipulation To Continue on September 9, 2011 [Docket No. 138]. Again, on October 19, 2011, the Debtors, Canpartners and the Trustee entered into the Second Stipulation To Continue The Final Cash Collateral Hearing ("Second Stipulation to Continue") in which the parties agreed to continue the final hearing to January 25, 2012 and allowed the Company to continue to use Cash Collateral and Disputed Cash Collateral on an interim basis [Docket No. 221]. The Bankruptcy Court approved the Second Stipulation To Continue on October 27, 2011 [Docket No. 242]. In order for the Debtors to determine the extent of the Excluded Assets (the extent of Cash which will be included as Excluded Assets) as of the Effective Date as well as the confirmability of the Plan given the need to use Excluded Assets to pay Allowed Administrative Claims and fund the Wind Down Cash Reserve, for instance, it is necessary for the Bankruptcy Court to determine the preserved rights of the Debtors, the Senior Secured Indenture Trustee, and Canpartners to Disputed Cash Collateral. The Debtors believe that they will prevail in this regard, but there is no assurance of this.

Gordon Silver
Attorneys At Law
Ninth Floor
3960 Howard Hughes Pkwy
Las Vegas, Nevada 89169
(702) 796-5555

b. 105/363 Motion

On September 20, 2011, Canpartners filed the Motion Under Section 105(a) and 363(b) of the Bankruptcy Code to Authorize and Direct Debtors to Pay all Undisputed, Unsubordinated Claims other than Credit Facility and Secured Note Claims and to Establish Reserve for Contingent Unliquidated and Disputed Claims ("105/363 Motion") [Docket No. 169], on an order shortening time, which sought an order "directing" the Debtors to pay all general unsecured creditors immediately. The Debtors opposed the 105/363 Motion on various grounds including the lack of authority for such action and that the 105/363 Motion was a sub rosa plan of reorganization [Docket No. 202]. On October 21, 2011, the Bankruptcy Court entered an Order Denying Canpartners' Motion Under Sections 105(a) and 363(b) of the Bankruptcy Code to Authorize and Direct Debtors to Pay all Undisputed, Unsubordinated Claims other than Credit Facility and Secured Note Claims and to Establish Reserve for Contingent Unliquidated and Disputed Claims [Docket No. 229].

c. Motions Re: Exclusivity.

On October 28, 2011, the Debtors filed a motion for an order extending the 120-day period in which Debtors hold the exclusive right to file a plan of reorganization, by an additional sixty (60) days, up to and including January 28, 2012, and in turn extending the 180-day period exclusive period for securing acceptance of such plan of reorganization, also by an additional ninety (90) days, up to and including April 28, 2012 [Docket No. 261] (the "Extension Motion"). Canpartners objected to the Extension Motion and filed a motion seeking to terminate exclusivity [Docket Nos. 285 and 272]. On November 23, 2011, Debtors filed their Reply to Canpartners' Opposition to Debtors' Motion for Order Extending the Exclusive Period to File a Plan of Reorganization and the Exclusive Period to Secure Acceptance of Debtors' Plan of Reorganization Pursuant to 11 U.S.C. § 1121(d) [Docket No. 300] (the "Extension Reply"). In the Extension Reply, the Debtors set forth a plan process which incorporated the Sale and deadlines for filing a plan (January 3, 2012) and confirmation (no later than March 2, 2012) [Docket No. 300].

Gordon Silver
Attorneys At Law
Ninth Floor
3960 Howard Hughes Pkwy
Las Vegas, Nevada 89169
(702) 796-5555

Pursuant to the Process Stipulation And Order, Canpartners and the Senior Secured Indenture Trustee agreed to an extension of Debtors' exclusivity periods for a period that comported with Debtors' proposed plan process set forth in the Extension Reply [Docket No. 328]. The Bankruptcy Court entered the Process Stipulation and Order on December 21, 2011.

Pursuant to the Process Stipulation and Order, on December 22, 2011, the Debtors filed and served the Notice of Objecting to Deficiency Claims of Canpartners of January 16, 2012 ("Objection Notice"). The Objection Notice provides notice to the Holders of the Subordinated License Fee Claims, the East West Preferred Return Claim, and all parties-in-interest that they have until January 16, 2012 to object to (i) to the enforceability of the unsecured portion of the Claims held by Canpartners in respect of the Secured Notes (the "Deficiency Claim"), which is treated in the Plan under Class 7, or the priority of the Deficiency Claim in the Proposed Plan, vis-à-vis the Subordinated License Fee Claims or the East West Preferred Return Claim, or (ii) to the separate classification of the Deficiency Claim in the Proposed Plan from the Subordinated License Fee Claims and East West Preferred Return Claim, in either case on any grounds, including, but not limited to, under Nevada Revised Statute AB 273 et seq.,

d. Retention and Employment of Professionals.

Various applications were filed for employment of professionals in connection with the Chapter 11 Cases. Such applications included:

i. Debtors' application to employ Gordon Silver as general bankruptcy counsel [Docket No. 85];

ii. Debtors' application to employ Alvarez & Marsal as their financial and restructuring advisor [Docket No. 88];

iii. Debtors' application to employ Innovation Capital, LLC as financial advisor for capital raising transactions and merger and acquisition transactions [Docket No. 93]; and

iv. Debtors' application to employ Ernst & Young as their auditor [Docket no. 254].

Gordon Silver
Attorneys At Law
Ninth Floor
3960 Howard Hughes Pkwy
Las Vegas, Nevada 89169
(702) 796-5555

VIII.
DESCRIPTION OF THE PLAN

A. Overview of Chapter 11.

Chapter 11 is the principal business reorganization chapter of the Bankruptcy Code. Under Chapter 11, a debtor is authorized to reorganize its business for the benefit of itself, its creditors and interest holders. Besides permitting the rehabilitation of a debtor, another goal of Chapter 11 is to promote equality of treatment for similarly-situated creditors and similarly-situated interest holders with respect to the distribution of a debtor's assets.

The commencement of a Chapter 11 case creates an estate that is comprised of all of the legal and equitable interests of the debtor as of the filing date. The Bankruptcy Code provides that a debtor may continue to operate its business and remain in possession of its property as a "debtor-in-possession."

The consummation of a plan of reorganization is the principal objective of a Chapter 11 case. A plan of reorganization sets forth the means for satisfying claims against, and interests in, a debtor. Confirmation of a plan of reorganization by the bankruptcy court makes the plan binding upon the debtor, any issuer of securities under the plan, any Person acquiring property under the plan, and any creditor of, or equity holder in, the debtor, regardless of whether such creditor or equity holder (i) is impaired under, or has accepted, the plan or (ii) receives or retains any property under the plan. Subject to certain limited exceptions and other than as provided in the plan itself or the bankruptcy court's confirmation order, the confirmation order discharges the debtor from any debt that arose prior to the date of confirmation of the plan and substitutes therefore the obligations specified under the confirmed plan.

A plan may specify that the legal, contractual and equitable rights of the holders of claims or interests in classes are to remain unaltered by the reorganization effectuated by the plan. Such classes are referred to as "unimpaired" and, because of such favorable treatment, are deemed to accept the plan. Accordingly, it is not necessary to solicit votes from the holders of claims or equity interests in such classes. A Chapter 11 plan also may specify that certain classes will not receive any distribution of property or retain any claim against, or interest in, a debtor. Such

Gordon Silver
Attorneys At Law
Ninth Floor
3960 Howard Hughes Pkwy
Las Vegas, Nevada 89169
(702) 796-5555

classes are deemed not to accept the plan and, therefore, need not be solicited to vote on the plan. Any classes that would receive a distribution of property under the plan, but are not unimpaired, will be solicited to vote to accept or reject the plan.

Section 1123 of the Bankruptcy Code provides that a plan shall classify the claims of a debtor's creditors and equity interest holders. In compliance therewith, the Plan divides Claims and Equity Interests into various Classes and sets forth the treatment for each Class. The Debtors are also required under Section 1122 of the Bankruptcy Code to place a Claim, and Equity Interests into a particular Class only if such Claim or Equity Interest is substantially similar to other Claims and Equity Interests in such Class. The Debtors believe that the Plan has classified all Claims and Equity Interests in compliance with the provisions of Section 1122 of the Bankruptcy Code, but it is possible that a Holder of a Claim or Equity Interest will challenge the Plan's classifications and that the Bankruptcy Court will find that different classifications are required in order for the Plan to be confirmed. In such event, the Debtors intend, to the extent permitted by the Bankruptcy Court, to make reasonable modifications of the classifications under the Plan to permit Confirmation and to use the Plan acceptances received in this solicitation for the purpose of obtaining the approval of the reconstituted Class or Classes of which the accepting Holders are ultimately deemed members. Any such reclassification could adversely affect the Class in which such Holder was initially a member, or any other Class, by changing the composition of such Class and the vote required of that Class for approval of the Plan.

The Debtors (and their respective Affiliates, agents, directors, officers, employees, advisors and attorneys) have, and upon confirmation of the Plan will be deemed to have, participated in good faith and in compliance with the applicable provisions of the Bankruptcy Code with regard to the distributions of securities under the Plan, and therefore are not, and on account of such distributions will not be, liable at any time for the violation of any applicable law, rule or regulation governing the solicitation of acceptances or rejections of the Plan or such distributions made pursuant to the Plan.

Other than as specifically provided in the Plan, the treatment under the Plan of each Claim and Equity Interest will be in full satisfaction, settlement, release and discharge of all

Gordon Silver
Attorneys At Law
Ninth Floor
3960 Howard Hughes Pkwy
Las Vegas, Nevada 89169
(702) 796-5555

Claims or Equity Interests. The Debtors will make all payments and other distributions under the Plan, unless otherwise specified.

B. Treatment of Unclassified Claims Under the Plan.

1. Treatment of Administrative Claims.

Except to the extent that a Holder of an Allowed Administrative Claim and the Debtors agree to less favorable treatment with respect to such Holder, each such Holder shall be paid in full and final satisfaction of such Claim, by the applicable Debtor, or after the Effective Date, the Reorganized Debtor (or otherwise satisfied in accordance with its terms), upon the latest of: (i) the Effective Date or as soon thereafter as practicable; (ii) such date as may be fixed by the Bankruptcy Court; (iii) the fifteenth (15th) Business Day after such Claim is Allowed or as soon thereafter as practicable; (iv) the date such Claim becomes due by its terms; and (v) such date as is agreed to by the Holder of such Claim and the applicable Debtor or Reorganized Debtor. Debtors estimate Allowed Administrative Claims on the Effective Date to be $288,063.00.

2. Treatment of Priority Tax Claims.

Except to the extent a Holder of an Allowed Priority Claim agrees to less favorable treatment, each Holder of an Allowed Priority Tax Claim, if any, will, in full and final satisfaction of such Claim, be paid in full (or be treated in compliance with Section 1129(a)(9)(C) of the Bankruptcy Code) by the applicable Debtor, or after the Effective Date, by the Reorganized Debtor on the latest of (i) the Effective Date or as soon thereafter as practicable; (ii) such date as may be fixed by the Bankruptcy Court; (iii) the fifteenth (15th) Business Day after the date on which an order allowing such Claim becomes a Final Order; or (iv) such date as is agreed to by the Holder of such Claim and the applicable Debtor or the Reorganized Debtor. Debtors estimate the Priority Tax Claims at $480,000, such Claims will be Disputed Claims and therefore, Debtors will reserve as part of the Disputed Claim Reserve.[17]

[17] The State of Nevada claims that sales/use tax is due on complimentary meals given to casino players and employees of the business. The Nevada Supreme Court in Sparks Nugget v. State Department of Taxation, 179 P.3d 570, concluded that the complimentary meals given to patrons and meals provided by the casino to its employees were not subject to sales/use tax. However, the Nevada Supreme Court stated, "we do not foreclose the possibility that complimentary meals such as the one at issue may be subject to sales tax where consideration is properly demonstrated". Given the existing statutory scheme and guidance from the Nevada Supreme Court, it is Debtors

Gordon Silver
Attorneys At Law
Ninth Floor
3960 Howard Hughes Pkwy
Las Vegas, Nevada 89169
(702) 796-5555

C. Classification and Treatment of Impaired Claims Under the Plan.

1. Treatment of Class 3 (Credit Facility Claims).

The Allowed Credit Facility Claims will either be paid in full and final satisfaction by the Sale proceeds, or the Credit Facility will be assumed if there is a Successful Credit Bid by the Senior Secured Notes Indenture Trustee or its successor, designee or assignee under Class 4 Claims of Allowed Secured portion of Canpartners' interest in the Senior Secured Notes Claims.

If the Allowed Credit Facility Claims are paid from the Sale proceeds (in the event of that there is not a Successful Credit Bid), such Class 3 Claims shall be paid in full and final satisfaction upon the latest of: (i) the Effective Date or as soon thereafter as practicable; (ii) such date as may be fixed by the Bankruptcy Court; (iii) the fifteenth (15th) Business Day after such Claim is Allowed; and (iv) such date as agreed upon by the Holder of such Claim and the applicable Debtor, and after the Effective Date, the Reorganized Debtor. If the Allowed Credit Facility Claims are paid from the Sale proceeds such Class 3 Claims are Unimpaired and will be deemed to have accepted the Plan and will not be entitled to vote.

In the event that there is a Successful Credit Bid, the Credit Facility will be assumed by the Successful Credit Bidder and the Credit Facility Claims will be Impaired and will be entitled to vote. The Holder of the Allowed Credit Facility Claims has committed to vote in favor of the Plan in accordance with the Process Stipulation And Order.

2. Treatment of Class 4 (Secured Portion of Canpartners' Interest in the Senior Secured Notes).

At the Sale, the Senior Secured Indenture Trustee, or its successor, designee or assignee will be entitled to Credit Bid up to the amount of Canpartners' interest in the Senior Secured Notes and, if it is the Successful Credit Bidder, receive in full and final satisfaction of its Allowed Class 4 Claim, the collateral subject to the Charging Lien of the Senior Secured

(continued)

understanding that the Nevada Department of Taxation believes that meals which the casino provides to its customers in exchange for gaming play are given "for consideration" and are therefore, subject to the sales tax. Additionally, the Debtors believe that the Nevada Department of Taxation believes that where an employer gives an employee the benefit of a meal during working hours, the meal constitutes a transfer of tangible personal property for consideration. Therefore, Debtors believe it is the position of the Nevada Department of Taxation that these meals are subject to sales tax. The Nevada Department of Taxation has stated that when it is determined that these meals are given for consideration, they will collect these taxes. Debtors have not paid such sales taxes for 2009, 2010, 2011 and do not intend to pay such sale tax for 2012 up to the Effective Date.

Gordon Silver
Attorneys At Law
Ninth Floor
3960 Howard Hughes Pkwy
Las Vegas, Nevada 89169
(702) 796-5555

Indenture Trustee to secure the Senior Secured Indenture Trustee Fees, under the Senior Secured Credit Facility subject to the lien related to the Credit Facility.

In the event there is a Successful Purchaser, then the Allowed Secured portion of Canpartners' interest in the Senior Secured Note Claims will receive on the Effective Date in full satisfaction of such Allowed Claim, the proceeds, subject to the Charging Lien of the Senior Secured Indenture Trustee to secure the Senior Secured Indenture Trustee Fees, from the Sale applicable to the collateral for the Senior Secured Note Facility after payment of the Allowed Credit Facility Claims and closing costs and fees provided for in the Sale Order. Holders of Class 4 Claims are Impaired under the Plan and are entitled to vote on the Plan. The Holders of Allowed Claims in Class 4 have committed to vote in favor of the Plan in accordance with the Process Stipulation And Order.

3. Treatment of Class 7 (Allowed Unsecured Portion of Canpartners' Interest in the Senior Secured Note Claims).

The Senior Secured Indenture Trustee and Canpartners, the Holders of Class 7 Claims, are subordinated by agreement of the Senior Secured Indenture Trustee and Canpartners, to the General Unsecured Claims. To the extent the Class 7 Claim is Allowed, will receive, in full and final satisfaction of such Allowed Claims, subject to the Charging Lien of the Senior Secured Indenture Trustee to secure the Senior Secured Indenture Trustee Fees, the remaining Effective Date Cash (if any) after payment of all Allowed unclassified Claims in Section 2 and Allowed Claims in Classes 1, 2, 5 and 6 and wind down expenses provided for in the Wind Down Cash Reserve, upon the latest of: (i) the Effective Date or as soon thereafter as practicable; (ii) the fifteenth (15th) Business Day after such Claim is Allowed; and (iii) such date as agreed upon by the Holder of such Allowed Claim and the Company, and after the Effective Date, the Reorganized Debtor. As provided for in the Process Stipulation And Order, the Holders of Claims in Classes 8 and 9 reserve the right to object to the Class 7 Claim of the Trustee and Canpartners pursuant to Nevada Assembly Bill 273, which objection, if sustained, would result in Canpartners Allowed Class 7 Claim relating to the Senior Secured Notes not exceeding the amount paid by Canpartners for the Senior Secured Notes in October 2010. Holders of Class 7

Gordon Silver
Attorneys At Law
Ninth Floor
3960 Howard Hughes Pkwy
Las Vegas, Nevada 89169
(702) 796-5555

Claims are Impaired under the Plan and are entitled to vote on the Plan. The Holders of the Allowed Claims in Class 7 have committed to vote in favor of the Plan in accordance with the Process Stipulation And Order.

4. Treatment of Class 8 (East West Preferred Return Claims).

The Holders of the East West Preferred Return Claims are contractually subordinated to the Credit Facility Claims and the Senior Secured Note Claims (except if the Class 7 claims are disallowed pursuant to AB 273).

The East West Preferred Return Claims, will receive, in full and final satisfaction of such Allowed Claims, their pro rata share of the remaining Effective Date Cash (if any) by the Reorganized Debtor after payment of all Allowed unclassified Claims in Section 2 and Allowed Claims in Classes 1, 2, 5, 6, and 7 upon the latest of: (i) the Effective Date or as soon thereafter as practicable; (ii) the fifteenth (15th) Business Day after such Claim is Allowed; and (iii) such date as agreed upon by the Holder of such Allowed Claim and the Company, and after the Effective Date, the Reorganized Debtor. Holders of Class 8 Claims are Impaired under the Plan and are entitled to vote on the Plan.

5. Treatment of Class 9 (Subordinated License Fee Claims).

The Holders of the Subordinated License Fee Claims (namely, the fees and royalties due to insiders related to the Hooters License, the Lags Ventures License and the Las Vegas Wings License that are contractually subordinated to the Credit Facility Claims and the Senior Secured Note Claims (except if the unsecured portion of the Senior Secured Indenture Trustee's and Canpartners' interest in the Senior Secured Note Claims is disallowed pursuant to AB 273) and the East West Preferred Return Claims.

The Subordinated License Fee Claims, will receive, in full and final satisfaction of such Allowed Claims, their pro rata share of the remaining Effective Date Cash (if any) by the Reorganized Debtor after payment of all Allowed unclassified Claims in Section 2 and Allowed Claims in Classes 1, 2, 5, 6, 7 and 8 upon the latest of: (i) the Effective Date or as soon thereafter as practicable; (ii) the fifteenth (15th) Business Day after such Claim is Allowed; and (iii) such date as agreed upon by the Holder of such Allowed Claim and the Company, and after the

Gordon Silver
Attorneys At Law
Ninth Floor
3960 Howard Hughes Pkwy
Las Vegas, Nevada 89169
(702) 796-5555

Effective Date, the Reorganized Debtor. Holders of Class 9 Claims are Impaired under the Plan and are entitled to vote on the Plan.

D. Means For Implementation of the Plan.

1. Reorganized Debtors.

Except as provided for in the Plan, the Reorganized Debtor shall continue to exist after the Effective Date as a separate entity in accordance with applicable law. Where applicable, the existing articles of incorporation and bylaws or articles of organization and operating agreements will continue in effect following the Effective Date, except to the extent that such articles of incorporation and bylaws or articles of organization and operating agreements are amended in conformance with the Plan, or by proper corporate actions implemented after the Effective Date.

2. Post-Effective Date Management and Operations.

After the Effective Date until the dissolution of the Reorganized Debtor, the Reorganized Debtor will continue to be managed by the existing managers, officers and directors, and if applicable, all in accordance with applicable Gaming Laws. The Debtors and, after the Effective Date, Reorganized Debtor, shall be responsible for the payment of all Allowed Claims to be paid pursuant to the Plan which are not paid on or before the Effective Date, as well as all Allowed Administrative Claim and Allowed Priority Tax Claims, incurred by the Debtors, in operating their businesses and complying with the Plan up to and including the Effective Date, whether due and payable after the Effective Date.

3. No Corporate Action Required.

As of the Effective Date: (i) the adoption, execution, delivery and implementation or assignment of all contracts, leases, instruments, releases and other agreements related to or contemplated by the Plan; and (ii) the other matters provided for under or in furtherance of the Plan involving corporate action to be taken by or required of each Debtor shall be deemed to have occurred and be effective as provided herein, and shall be authorized and approved in all respects without further order of the Bankruptcy Court or any requirement of further action by the officers of each Debtor. Without limiting the foregoing, the adoption of the new and/or amended organizational documents, and the selection of directors and officers for the

Gordon Silver
Attorneys At Law
Ninth Floor
3960 Howard Hughes Pkwy
Las Vegas, Nevada 89169
(702) 796-5555

Reorganized Debtor, and all other actions contemplated by or described in the Plan with respect thereto, shall be authorized and approved and be binding and in full force and effect in all respects (subject to the provisions of the Plan and the Confirmation Order), in each case without further notice to or order of the Bankruptcy Court, act or action under applicable law, regulation, order, or rule (other than filing such organizational documents with the applicable governmental unit as required by applicable law) or the vote, consent, authorization or approval of any Person.

4. Effectuation of Transactions.

On the Effective Date, the appropriate officers of the Reorganized Debtor and members of its boards of directors are authorized to issue, execute, and deliver, and consummate the transactions contemplated by, the contracts, agreements, documents, guarantees, pledges, consents, securities, certificates, resolutions and instruments contemplated by or described in the Plan to be effectuated on the Effective Date, as applicable, in the name of and on behalf of the Company and Reorganized Debtor, in each case without further notice to or order of the Bankruptcy Court, act or action under applicable law, regulation, order, or rule or any requirement of further action, vote or other approval or authorization by any Person.

5. Debtors' Organizational Documents.

As of the Effective Date, the certificates or articles of incorporation and by-laws or other organizational documents of the Company shall be amended as necessary to satisfy the provisions of the Plan and the Bankruptcy Code, and shall; (i) include, among other things, pursuant to section 1123(a)(6) of the Bankruptcy Code, a provision prohibiting, the issuance of non-voting equity securities, but only to the extent required by section 1123(a)(6) of the Bankruptcy Code; and (ii) to the extent necessary or appropriate, include such provisions as may be needed to effectuate and consummate the Plan and the transactions contemplated herein.

E. Executory Contracts and Unexpired Leases.

1. Executory Contracts.

Except for Executory Contracts and Unexpired Leases specifically addressed in the Asset Purchase Agreement or set forth on the Schedule of Assumed Executory Contracts And Unexpired Leases attached at Schedule 7.1 to the Plan (which may be supplemented and

Gordon Silver
Attorneys At Law
Ninth Floor
3960 Howard Hughes Pkwy
Las Vegas, Nevada 89169
(702) 796-5555

amended by the Company with the consent of the Successful Credit Bidder or Successful Purchaser, as applicable, up to the date the Bankruptcy Court enters the Confirmation Order) shall be deemed assumed by the Reorganized Debtor and assigned to the Successful Credit Bidder or Successful Purchaser, as applicable, on the Effective Date. All other Executory Contracts and Unexpired Leases shall be deemed rejected on the Effective Date.

Entry of the Confirmation Order shall constitute as of the Effective Date: (i) approval, pursuant to Section 365(a) of the Bankruptcy Code, of the assumption by Company of each Executory Contract and Unexpired Lease to which Company is a party not listed on Schedule 7.1, to the Plan, or otherwise provided for in the Asset Purchase Agreement or assumed and assigned by separate order prior to the Effective Date; and (ii) rejection by the Debtor of each Executory Contract and Unexpired Lease to which such Debtor is a party not listed on Schedule 7.1, or provided for in the Asset Purchase Agreement. Upon the Effective Date, each counter party to an assumed Executory Contract or Unexpired Lease shall be deemed to have consented to assumption contemplated by Section 365(c)(1)(B) of the Bankruptcy Code and assignment to the Successful Credit Bidder or Successful Purchaser, as applicable, to the extent such consent is necessary for such assumption and assignment. To the extent applicable, all Executory Contracts or Unexpired Leases of Reorganized Debtors assumed pursuant to Section 7 of the Plan shall be deemed modified such that the transactions contemplated by the Plan shall not be a "change of control," however such term may be defined in the relevant Executory Contract or Unexpired Lease and any required consent under any such Executory Contract or Unexpired Lease shall be deemed satisfied by the confirmation of the Plan.

2. Cure of Defaults.

The Successful Purchaser or the Successful Credit Bidder, as the case may be, shall Cure any defaults respecting each Executory Contract or Unexpired Lease assumed pursuant to this Section 7 of the Plan upon the latest of (i) the Effective Date or as soon thereafter as practicable; (ii) such dates as may be fixed by the Bankruptcy Court or agreed upon by such Debtor, and after the Effective Date, Reorganized Debtor; or (iii) the fourteenth (14th) Business Day after the entry of a Final Order resolving any dispute regarding (a) a Cure amount; (b) the

Gordon Silver
Attorneys At Law
Ninth Floor
3960 Howard Hughes Pkwy
Las Vegas, Nevada 89169
(702) 796-5555

ability of a Successful Credit Bidder or Successful Purchaser, as applicable, to provide adequate assurance of future performance under the Executory Contract or Unexpired Lease assumed pursuant to the Plan in accordance with Section 365(b)(1) of the Bankruptcy Code; or (c) any matter pertaining to assumption, assignment or the Cure of a particular Executory Contract or an Unexpired Lease. All Cure amounts shall be the sole responsibility of and funded by the Successful Credit Bidder or Successful Purchaser, as applicable.

Any party to an Executory Contract or Unexpired Lease who objects to the Cure amounts as listed in the notice sent pursuant to the Sale Procedures Order to the counterparties to Company's Executory Contracts and Unexpired Leases which sets forth the Company's estimate of the Cure amount due each such counterparty as of January 2, 2012 (the "Cure Notice") must file and serve an objection on Debtors counsel pursuant to the deadlines and procedures set forth in the Sale Procedure Order. Failure to file and serve a timely objection shall be deemed consent to the Cure amounts listed on the Cure Notice. Any Cure amounts shall be the responsibility of the Successful Credit Bidder or Successful Purchaser, as applicable. If there is a dispute regarding: (i) the amount of any Cure payment; (ii) the ability of a Successful Credit Bidder or Successful Purchaser, as applicable, to provide "adequate assurance of future performance" under the Executory Contract or Unexpired Lease to be assumed or assigned; or (iii) any other matter pertaining to assumption, the Cure payments required by Section 365(b)(1) of the Bankruptcy Code will be made following the entry of a Final Order resolving the dispute and approving the assumption and assignment.

3. Bar Date.

All proofs of Claims with respect to Claims arising from the rejection of any Executory Contract or Unexpired Lease must be filed not later than 30 days after the Effective Date, or else they will be forever barred.

F. Manner of Distribution of Property Under the Plan.

1. Distributions.

The Reorganized Debtor shall be responsible for making Distributions described in the Plan. Reorganized Debtor shall make such Distributions before the allowance of each Claim has

Gordon Silver
Attorneys At Law
Ninth Floor
3960 Howard Hughes Pkwy
Las Vegas, Nevada 89169
(702) 796-5555

been resolved if Reorganized Debtor has a good faith belief that the Disputed Claims Reserve and Wind Down Cash Reserve are sufficient for all the Disputed Claims and wind down expenses. Except as otherwise provided in the Plan or the Confirmation Order, all Cash necessary for the Reorganized Debtor to make payments pursuant to the Plan shall be obtained from existing Cash balances or the operations of the Debtors and the Reorganized Debtor. The Debtors shall have no obligation to recognize any transfer of Claims or Equity Interest occurring on or after the Record Date.

2. No Recourse.

No recourse shall ever be had, directly or indirectly, against the Debtors and the Reorganized Debtor or against any agent, attorney, accountant or other professional for the Reorganized Debtor under the Plan, or by reason of the creation of any obligation, liability or indebtedness by the Debtors or Reorganized Debtor under the Plan for any purpose authorized by the Plan. All such obligations, liabilities and indebtedness of the Debtors and the Reorganized Debtor will be enforceable only against, and be satisfied only out of, the Assets or such part thereof as shall under the terms of any applicable agreement be liable therefore or shall be evidence only of a right of payment out of such Assets.

3. Senior Secured Note Claims Distribution

a. Administration by Senior Secured Indenture Trustee.

With respect to Senior Secured Note Claims, Distributions to Holders of Senior Secured Note Claims shall be made to the Senior Secured Indenture Trustee, which shall, in turn, administer the Distributions to holders of Senior Secured Note Claims in accordance with the terms of the Senior Secured Indenture. The reasonable fees and expenses of the Senior Secured Indenture Trustee incurred in connection with the Distributions described herein, or for performing other services required by the Plan in connection with the Chapter 11 Cases, including the reasonable fees and expenses of the Senior Secured Indenture Trustee's professionals and agents, shall be paid by the Reorganized Debtor without further application to or order of the Bankruptcy Court.

Gordon Silver
Attorneys At Law
Ninth Floor
3960 Howard Hughes Pkwy
Las Vegas, Nevada 89169
(702) 796-5555

b. Record Date.

At the close of business on the Record Date, the transfer records for the Senior Secured Notes maintained by the Debtors or their respective agents shall be closed, and there shall be no further changes in the record holders of the Senior Secured Notes. The Senior Secured Indenture Trustee shall not have any obligations to recognize any transfer of the Senior Secured Notes occurring after the Record Date, and shall be entitled instead to recognize and deal for all purposes hereunder only with the entity that is listed on the Senior Secured Indenture Trustee's books and records as of the close of business on the Record Date.

c. Surrender of Notes.

As a condition precedent to receiving any Distribution under the Plan on account of any of the Senior Secured Note Claims, the holder of the applicable Senior Secured Note shall deliver it to the Senior Secured Indenture Trustee in accordance with written instructions provided and determined by the Senior Secured Indenture Trustee in a letter of transmittal (the "Letter of Transmittal") to such holders from the Senior Secured Indenture Trustee. All questions as to the validity, form, eligibility (including time of receipt) and acceptance of Letters of Transmittal and tendered Senior Secured Notes shall be resolved by the Senior Secured Indenture Trustee, whose determination shall be final and binding. Notwithstanding anything in this Section to the contrary, the cancellation of the Senior Secured Notes shall not affect any rights of the Senior Secured Indenture Trustee assertable against any holder of Senior Secured Notes pursuant to the Senior Secured Indenture.

d. Lost, Stolen, Mutilated or Destroyed Notes.

In addition to the requirements imposed by the Senior Secured Indenture, any holder of an Allowed Claim evidenced by a Senior Secured Note that has been lost, stolen, mutilated or destroyed shall, in lieu of surrendering such note, deliver to the Senior Secured Indenture Trustee, (i) an affidavit of loss and indemnity or such other evidence reasonably satisfactory to the Senior Secured Indenture Trustee of the loss, theft, mutilation or destruction; and (ii) such security or indemnity as may be reasonably required by the Senior Secured Indenture Trustee, to hold it and its agents harmless from any damages, liabilities or costs incurred in treating such

Gordon Silver
Attorneys At Law
Ninth Floor
3960 Howard Hughes Pkwy
Las Vegas, Nevada 89169
(702) 796-5555

Entity as the holder of the applicable Senior Secured Note. Upon compliance with this Section by a holder of an Allowed Claim evidenced by a Senior Secured Note, that holder shall, for all purposes of the Plan, be deemed to have surrendered such Senior Secured Note in accordance with the provisions of this Section.

4. Reserves.

The Company, and if applicable, the Reorganized Debtor will establish and maintain a Disputed Claim Reserve and Wind Down Cash Reserve.

5. Statements.

Reorganized Debtor shall maintain a record of the names and addresses of all Holders of Allowed Claims as of the Effective Date for purposes of mailing Distributions to them. Reorganized Debtors may rely on the name and address set forth in the Debtors' Schedules and/or proofs of Claim as of the Record Date as being true and correct unless and until notified otherwise in writing. Reorganized Debtor shall file all tax returns and other filings with governmental authorities on behalf of the Debtors and Reorganized Debtor.

G. Conditions to Confirmation of the Plan And the Effective Date.

1. Condition to Confirmation.

The following are conditions precedent to the Confirmation of the Plan:

a. The Confirmation Order shall be in form and substance reasonably acceptable to the Debtors and Canpartners;

b. The Confirmation Order confirming the Plan shall be entered by the Bankruptcy Court no later than March 2, 2012; and

c. The Bankruptcy Court shall have approved the Wind Down Cash Reserve amount.

2. Conditions to the Effective Date.

The following are conditions precedent to the occurrence of the Effective Date:

a. The Confirmation Order shall be a Final Order;

b. No request for revocation of the Confirmation Order under Section 1144 of the Bankruptcy Code shall have been made, or, if made, shall remain pending, including any appeal;

c. All documents necessary to implement the transactions contemplated by the Plan, shall be in form and substance reasonably acceptable to Debtors and Canpartners;

Gordon Silver
Attorneys At Law
Ninth Floor
3960 Howard Hughes Pkwy
Las Vegas, Nevada 89169
(702) 796-5555

d. Each of the conditions to the obligations of the parties to the transactions contemplated by or required under the Asset Purchase Agreement that have not been waived in accordance with the terms of the Asset Purchase Agreement (other than the occurrence of the Effective Date) shall have been satisfied;

e. The closing under the Asset Purchase Agreement shall have occurred no later than March 30, 2012;

f. The Bankruptcy Court shall have authorized the assumption and rejection of Executory Contracts and Unexpired Leases by the Reorganized Debtor as contemplated by the Plan and the Asset Purchase Agreement subject to Section 7.4 of the Plan; and

g. Sufficient Cash and other Assets shall be set aside, reserved and withheld by the Company to make the distributions required by the Bankruptcy Code and the Plan and fund the Disputed Claim Reserve and Wind Down Cash Reserve. All unused amounts in the Disputed Claim Reserve and Wind Down Cash Reserve shall be subject to Distribution.

3. Waiver of Conditions.

The conditions set forth in Article 9 of the Plan may be waived (except for Section 9.2.4., 9.2.5 and 9.2.6.) (each for itself but not for others) without leave of or order of the Bankruptcy Court or without any formal action. The failure of a party to exercise any of the foregoing rights shall not be deemed a waiver of any other rights, and each right shall be deemed an ongoing right that may be asserted at any time.

IX.
RISK FACTORS

In addition to risks discussed elsewhere in this Disclosure Statement, the Plan involves the following risks, which should be taken into consideration.

A. The Debtors Have No Duty to Update.

The statements in this Disclosure Statement are made by the Debtors as of the date hereof, unless otherwise specified herein. The delivery of this Disclosure Statement after that date does not imply that there has been no change in the information set forth herein since that date. The Debtors have no duty to update this Disclosure Statement unless ordered to do so by the Bankruptcy Court.

B. Information Presented is Based on the Debtors' Books and Records, and is Unaudited.

While the Debtors have endeavored to present information fairly in this Disclosure Statement, there is no assurance that the Debtors' books and records upon which this Disclosure

Gordon Silver
Attorneys At Law
Ninth Floor
3960 Howard Hughes Pkwy
Las Vegas, Nevada 89169
(702) 796-5555

Statement is based are complete and accurate. The financial information contained herein, however, has not been audited.

C. This Disclosure Statement Was Not Approved By the SEC.

Although a copy of this Disclosure Statement was served on the SEC and the SEC was provided an opportunity to object to the adequacy of this Disclosure Statement before the Bankruptcy Court approved it, this Disclosure Statement has not been registered under the Securities Act of 1933, as amended (the "Securities Act"), or applicable state securities laws. Neither the SEC nor any state regulatory authority has passed upon the accuracy or adequacy of this Disclosure Statement or the Exhibits contained herein, and any representation to the contrary is unlawful.

D. No Legal or Tax Advice is Provided to You By This Disclosure Statement.

The contents of this Disclosure Statement should not be construed as legal, business or tax advice. Each Creditor or Holder of an Equity Interest should consult his, her or its own legal counsel and accountant as to legal, tax and other matters concerning his, her or its Claim or Equity Interest.

E. No Waiver of Right to Object or Right to Recover Transfers and Estate Assets.

A Creditor's vote for or against the Plan does not constitute a waiver or release of any claims or rights of the Debtors or Reorganized Debtor (or any other party in interest) to object to that Creditor's Claim, or recover any preferential, fraudulent or other voidable transfer or Estate assets, regardless of whether any claims of the Debtors or their respective Estates are specifically or generally identified herein.

F. Bankruptcy Law Risks and Considerations.

1. Confirmation of the Plan is Not Assured.

Although the Debtors believe the Plan will satisfy all requirements for Confirmation, the Bankruptcy Court might not reach that conclusion. It is also possible that modifications to the Plan will be required for Confirmation and that such modifications would necessitate a resolicitation of votes.

Gordon Silver
Attorneys At Law
Ninth Floor
3960 Howard Hughes Pkwy
Las Vegas, Nevada 89169
(702) 796-5555

Confirmation requires, among other things, a finding by the Bankruptcy Court that it is not likely there will be a need for further financial reorganization and that the value of distributions to dissenting members of Impaired Classes of Creditors and Holders of Equity Interests would not be less than the value of distributions such Creditors and Holders of Equity Interests would receive if the Debtors were liquidated under Chapter 7 of the Bankruptcy Code ("Chapter 7"). Although the Debtors believe that the Plan will not be followed by a need for further financial reorganization and that dissenting members of Impaired Classes of Creditors and Holders of Equity Interests will receive distributions at least as great as they would receive in a liquidation under Chapter 7, there can be no assurance that the Bankruptcy Court will conclude that these tests have been met.

There is no assurance as to the timing of the Effective Date or that it will occur. If the respective conditions precedent to the Effective Date have not occurred or been waived within the prescribed time frame, the Confirmation Order will be vacated. In that event, the Holders of Claims and Equity Interests would be restored to their respective positions as of the day immediately preceding the Confirmation Date, and the Debtors' obligations for Claims and Equity Interests would remain unchanged as of such day (except to the extent of any post-Effective Date payments).

Because the Plan provides for the Sale of the Transferred Assets by the Debtors, common risk factors found in typical reorganizations are not deemed to be material or otherwise applicable with respect to the Plan. The Debtors are not being reorganized as a going concern. However, three continues to be regulatory (gaming and otherwise) contingencies that will affect the closing of the transactions contemplated by the Asset Purchase Agreement.

2. Closing of the Sale.

A condition to the effectiveness of the Plan, in the event there is a Successful Purchaser, is that the transaction contemplated by the Asset Purchase Agreement has been consummated. Although the Sale may be confirmed, there is a risk that the Debtors will be unable to conclude the Sale. In addition, the Successful Purchaser is entitled to terminate the Sale under certain

Gordon Silver
Attorneys At Law
Ninth Floor
3960 Howard Hughes Pkwy
Las Vegas, Nevada 89169
(702) 796-5555

limited circumstances. The Plan would have to be modified or alternate plans would have to be considered.

3. The Projected Value of Estate Assets Might Not Be Realized.

In the Best Interests Analysis, the Debtors have projected the value of the Estates' assets that would be available for payment of expenses and distributions to Holders of Allowed Claims, as set forth in the Plan. The Debtors have made certain assumptions, as described in Section XIII.C.1. which should be read carefully.

4. Allowed Claims in the Various Classes May Exceed Projections.

The Debtors have also projected the amount of Allowed Claims in each Class in the Best Interests Analysis. Certain Classes, and the Classes below them in priority, could be significantly affected by the allowance of Claims in an amount that is greater than projected.

G. Title to Property; Injunction.

1. Vesting of Assets.

After the transfer and conveyance of the Sale Assets, and subject to and as provided for in the Plan, the remaining Assets shall be vested and/or transferred to and by Reorganized Debtor on the Effective Date. On and after the Effective Date, Reorganized Debtor may use, acquire, and dispose of property and compromise or settle any Claims without supervision of or approval by the Bankruptcy Court and free and clear of any restrictions of the Bankruptcy Code or the Bankruptcy Rules, other than restrictions expressly imposed by the Plan, the Asset Purchase Agreement or the Confirmation Order.

2. Preservation of Litigation Claims.

In accordance with Section 1123(b)(3) of the Bankruptcy Code, and except as otherwise expressly provided herein or the Asset Purchase Agreement, on the Effective Date all Litigation Claims shall be assigned and transferred to Reorganized Debtor. Reorganized Debtor shall have the exclusive right to, enforce, sue on, settle, compromise, transfer or assign (or decline to do any of the foregoing) any or all of the Litigation Claims, including, without limitation, any and all derivative actions pending or otherwise existing against Debtors as of the Effective Date. Any

Gordon Silver
Attorneys At Law
Ninth Floor
3960 Howard Hughes Pkwy
Las Vegas, Nevada 89169
(702) 796-5555

monies recovered and received by the Debtors or the Reorganized Debtors from the Litigation Claims after the Effective Date shall be subject to Distribution.

3. Settlement of Litigation Claims.

At any time after the Confirmation Date and before the Effective Date, notwithstanding anything in the Plan to the contrary, Debtors may settle any or all of the Litigation Claims with the approval of the Bankruptcy Court pursuant to Bankruptcy Rule 9019. After the Effective Date, Reorganized Debtor may, and shall have the exclusive right to, compromise and settle any Claims against them and claims they may have against any other Person or entity, including, without limitation, the Litigation Claims, without notice to or approval from the Bankruptcy Court, including, without limitation, any and all derivative actions pending or otherwise existing against Debtors as of the Effective Date.

4. Compromise and Settlement

The allowance, classification and treatment of all Allowed Claims and Equity Interests and their respective distributions and treatments under the Plan take into account and/or conform to the relative priority and rights of the Claims and Equity Interests in each Class in connection with any contractual, legal and equitable subordination rights relating thereto whether arising under general principles of equitable subordination, Section 510(c) of the Bankruptcy Code, or otherwise, including without limitation any subordination provisions contained in the Senior Secured Note Indenture, Senior Secured Notes, the Credit Facility and the Intercreditor Agreement. As of the Effective Date, any and all such rights described in the preceding sentence will be settled, compromised and released pursuant to the Plan. In addition, the allowance, classification and treatment of Allowed Claims takes into account any Causes of Action, whether under the Bankruptcy Code or otherwise under applicable law, that may exist (i) between Debtors, on the one hand, and the Releasing Parties, on the other, and (ii) (to the extent set forth in the Third Party Release) as between the Releasing Parties, on the one hand, and the Third Party Releasees, on the other. As of the Effective Date, any and all such Causes of Action are settled, compromised and released pursuant hereto. The Confirmation Order shall approve the releases by all entities of all such contractual, legal and equitable subordination rights or Causes

Gordon Silver
Attorneys At Law
Ninth Floor
3960 Howard Hughes Pkwy
Las Vegas, Nevada 89169
(702) 796-5555

of Action against each such Releasing Party that are satisfied, compromised, and settled in this manner.

5. Injunction.

From and after the Effective Date, and except as provided in the Plan, the Sale Order and the Confirmation Order, all entities that have held, currently hold or may hold a Claim or Equity Interest or other right of an Equity Interest Holder that is terminated pursuant to the terms of the Plan are permanently enjoined from taking any of the following actions on account of any such Claims or terminated Equity Interests or rights: (i) commencing or continuing in any manner any action or other proceeding against Reorganized Debtor or its respective property; (ii) enforcing, attaching, collecting or recovering in any manner any judgment, award, decree or order against Reorganized Debtor or its respective property; (iii) creating, perfecting or enforcing any Lien or encumbrance against Reorganized Debtor or its respective property; (iv) asserting a setoff, right of subrogation or recoupment of any kind against any debt, liability or obligation due to Reorganized Debtor or its respective property; and (v) commencing or continuing any action, in any manner or any place, that does not comply with or is inconsistent with the provisions of the Plan or the Bankruptcy Code. All injunctions or stays provided for in the Chapter 11 Cases under section 105 or 362 of the Bankruptcy Code, or otherwise, and in existence on the Confirmation Date, shall remain in full force and effect until the Effective Date. By accepting distributions pursuant to the Plan, each Holder of an Allowed Claim will be deemed to have specifically consented to the injunctions set forth in this Section 10.7.

6. Debtors' Releases.

On the Effective Date, for the good and valuable consideration provided by each of the Released Parties, including, but not limited to: (i) the obligations of the Released Parties to provide the support necessary for Consummation of the Plan; and (ii) the services of Debtors' present and former officers and directors in facilitating the expeditious implementation of the reorganization contemplated by the Plan, each Debtor and

Gordon Silver
Attorneys At Law
Ninth Floor
3960 Howard Hughes Pkwy
Las Vegas, Nevada 89169
(702) 796-5555

Reorganized Debtor shall provide a full discharge and release to each Released Party (and each such Released Party so released shall be deemed released and discharged by Debtors and Reorganized Debtor) and their respective properties from any and all Causes of Action, whether known or unknown, whether for torts, including fraud, contract, violations of federal or state securities laws, or otherwise, arising from or related in any way to Debtors, Reorganized Debtor, including, without limitation, those that either Debtor or Reorganized Debtor would have been legally entitled to assert in their own right (whether individually or collectively) or that any Holder of a Claim or Equity Interest or other entity would have been legally entitled to assert on behalf of either Debtor or either of their Estates, and further including those in any way related to the Chapter 11 Cases or the Plan to the fullest extent of the law (generally "Debtors Releases"); provided, however, that the foregoing Debtors Releases shall not operate to waive or release any Released Party from (a) any Causes of Action expressly set forth in and preserved by the Plan, any Plan supplement or related documents, or (b) as a result of actual fraud, willful misconduct or gross negligence.

7. <u>Third Party Releases.</u>

On the Effective Date, if a Releasing Party votes in favor of the Plan or otherwise supports confirmation of the Plan at the Confirmation Hearing and has not opted out of this third party release granted in this Section 10.6 on their respective ballots, to the extent permitted by law, the Releasing Parties shall provide a full discharge and release (and each entity so released shall be deemed released by the Releasing Parties) to the Third Party Releasees and their respective property from any and all Causes of Action, whether known or unknown, whether for torts, including fraud, contract, violations of federal or state securities laws, or otherwise, arising from or related in any way to Debtors, including, without limitation, those in any way related to the Chapter 11 Cases or the Plan to the fullest extent of the law; provided, however, that the foregoing Third Party Release shall not operate to waive or release any of the Third Party Releasees from (a) any Causes of Action expressly set forth in and preserved by the Plan or related documents, or (b) as a

Gordon Silver
Attorneys At Law
Ninth Floor
3960 Howard Hughes Pkwy
Las Vegas, Nevada 89169
(702) 796-5555

result of actual fraud, willful misconduct or gross negligence.

8. Releases of Senior Secured Indenture Trustee and Canpartners

Debtors continue to negotiate with the Senior Secured Indenture Trustee and Canpartners regarding the inclusion of certain release provisions in the Plan. Notice is given that the terms and conditions of such release provisions shall be forthcoming in a supplement to this Plan.

H. Exculpation.

From and after the Effective Date, neither Debtors, Reorganized Debtor, the Senior Secured Indenture Trustee, Canpartners nor a Statutory Committee nor any of their respective present or former members, directors, officers, managers, employees, advisors, attorneys or agents, shall have or incur any liability to any Holder of a Claim or Equity Interest or any other party-in-interest, or any of their respective agents, employees, representatives, financial advisors, attorneys or Affiliates, or any of their successors or assigns, for any act or omission in connection with, relating to, or arising out of (from the Petition Date forward) the Chapter 11 Cases, Reorganized Debtor, the pursuit of Confirmation of this Plan or the Consummation of this Plan or the Asset Purchase Agreement, except for gross negligence and willful misconduct, and in all respects shall be entitled to reasonably rely upon the advice of counsel with respect to their duties and responsibilities under this Plan or in the context of the Chapter 11 Cases. No Holder of a Claim or Equity Interest, nor any other party-in-interest, including their respective agents, employees, representatives, financial advisors, attorneys or Affiliates, shall have any right of action against Debtors, Reorganized Debtor, the Senior Secured Indenture Trustee, Canpartners, or any Statutory Committee or any of their respective present or former members, officers, directors, managers, employees, advisors, attorneys or agents, relating to, or arising out of (from the Petition Date forward) the Chapter 11 Cases, the pursuit of Confirmation of this Plan, the Consummation of this Plan or the Asset Purchase Agreement or the administration of this Plan, except for (i) their willful misconduct and gross negligence, (ii) matters specifically contemplated by either this Plan or Reorganized

Gordon Silver
Attorneys At Law
Ninth Floor
3960 Howard Hughes Pkwy
Las Vegas, Nevada 89169
(702) 796-5555

Debtor, including but not limited to number 1 of Schedule 1.1.68 of this Plan, and (iii) any liability of an attorney to its client not subject to exculpation under the Bankruptcy Code.

I. Director and Officer Liability Insurance.

As of Effective Date, the Reorganized Debtor will obtain sufficient tail coverage under a directors and officers' liability insurance policy (the "D&O Liability Insurance Policy", and, together with all insurance policies for directors' and officers' liability maintained by the Debtors as of the Petition Date, the "D&O Liability Insurance Policies") for the current and former managers, directors and officers for a period of six (6) years. As of the Effective Date, the Reorganized Debtor shall assume all of the D&O Liability Insurance Policies pursuant to Section 365(a) of the Bankruptcy Code, and the Company will assume all of the D&O Liability Insurance Policies pursuant to Section 365(a) of the Bankruptcy Code. Entry of the Confirmation Order will constitute approval by the Bankruptcy Court of Debtors' foregoing assumption and assumption and assignment by the Company and Reorganized Debtor of each of the D&O Liability Insurance Policies. Notwithstanding anything to the contrary contained in the Plan, Confirmation of the Plan shall not discharge, impair or otherwise modify any indemnity obligations assumed by the foregoing assumption of the D&O Liability Insurance Policies, and each such indemnity obligation will be deemed and treated as an Executory Contract that has been assumed by Debtors and Reorganized Debtor under the Plan as to which no proof of Claim need be filed.

J. Indemnification.

All indemnification provisions currently in place (whether in the by-laws, articles or certificates of incorporation, articles of limited partnership, limited liability company agreements, board resolutions (or resolutions of similar bodies) or employment contracts) for the current and former managers, directors, officers, employees, attorneys, other professionals and agents of Debtors and such current and former managers, directors and officers respective Affiliates shall be assumed, and shall survive effectiveness of the Plan. All indemnification provisions in place on and prior to the Effective Date for current and former managers, directors and officers of Debtors and their subsidiaries and such current

Gordon Silver
Attorneys At Law
Ninth Floor
3960 Howard Hughes Pkwy
Las Vegas, Nevada 89169
(702) 796-5555

and respective Affiliates of such current and former managers, directors and officers shall (i) survive the Effective Date of the Plan for Claims related to or in connection with any actions, omissions or transactions occurring prior to the Effective Date, and (ii) remain liabilities of the Reorganized Debtor specifically on behalf of Company.

X.
RETENTION OF JURISDICTION

A. Jurisdiction.

The Bankruptcy Court will retain such jurisdiction over the Chapter 11 Cases, and Reorganized Debtor after the Effective Date as is legally permissible, including jurisdiction to:

1. Allow, disallow, determine, liquidate, classify, estimate or establish the priority or secured or unsecured status of any Claim or Equity Interest or Disputed Claim or Disputed Equity Interest, including the resolution of any request for payment of any Administrative Claim and the resolution of any and all objections to the allowance or priority of Claims or Disputed Claims and Equity Interests or Disputed Equity Interests;

2. Grant or deny any applications for allowance of compensation or reimbursement of expenses authorized pursuant to the Bankruptcy Code or the Plan for periods ending on or before the Effective Date;

3. Resolve any matters related to the assumption, assignment or rejection of any Executory Contract or Unexpired Lease to which any Debtor or Reorganized Debtor is a party and to hear, determine and, if necessary, liquidate any Claims arising therefrom or Cure amounts related thereto;

4. Ensure that distributions to Holders of Allowed Claims and Equity Interests are accomplished pursuant to the provisions of the Plan;

5. Decide or resolve any motions, adversary proceedings, contested or litigated matters and any other matters and grant or deny any applications or motions involving any Debtors or Reorganized Debtor that are pending on the Effective Date or commenced thereafter as provided for by the Plan;

Gordon Silver
Attorneys At Law
Ninth Floor
3960 Howard Hughes Pkwy
Las Vegas, Nevada 89169
(702) 796-5555

6. Enter any necessary or appropriate orders to implement or consummate the provisions of the Plan and all contracts, instruments, releases and other agreements or documents created in connection with the Plan, this Disclosure Statement or the Confirmation Order, except as otherwise provided in the Plan;

7. Decide or resolve any cases, controversies, suits or disputes that may arise in connection with the consummation, interpretation or enforcement of any Final Order, the Plan, the Confirmation Order or any Person's obligations incurred in connection with any Final Order, the Plan or the Confirmation Order;

8. Modify the Plan pursuant to Section 1127 of the Bankruptcy Code and Section 12.1 of the Plan or modify any contract, instrument, release or other agreement or document created in connection with the Plan, this Disclosure Statement, the Confirmation Order, or the Reorganized Debtor; or remedy any defect or omission or reconcile any inconsistency in any Final Order, the Plan, the Confirmation Order, or any contract, instrument, release or other agreement or document created in connection with the Plan, this Disclosure Statement or the Confirmation Order, as may be necessary or appropriate to consummate the Plan, to the extent authorized by the Bankruptcy Code;

9. Issue injunctions, enter and implement other orders or take such other actions as may be necessary or appropriate to restrain interference by any Person with consummation, implementation or enforcement of any Final Order, the Plan or the Confirmation Order, except as otherwise provided in the Plan;

10. Enter and implement any necessary or appropriate orders if a Final Order or the Confirmation Order is modified, stayed, reversed, revoked or vacated;

11. Determine any other matters that may arise in connection with, or relate to, the Plan, any Final Order, this Disclosure Statement, the Confirmation Order or any contract, instrument, release or other agreement or document created in connection with the Plan, this Disclosure Statement, any Final Order or Confirmation Order, except as otherwise provided in the Plan;

12. Enter an order closing the Chapter 11 Cases;

Gordon Silver
Attorneys At Law
Ninth Floor
3960 Howard Hughes Pkwy
Las Vegas, Nevada 89169
(702) 796-5555

13. Hear and decide Litigation Claims and any other claim or cause of action of the Debtors or Reorganized Debtor; and

14. Decide or resolve any matter over which the Bankruptcy Court has jurisdiction pursuant to Section 505 of the Bankruptcy Code.

XI.
MODIFICATION AND AMENDMENT OF THE PLAN

Prior to Confirmation, Debtors may alter, amend or modify the Plan under Section 1127(a) of the Bankruptcy Code at any time. After the Confirmation Date and prior to the Effective Date, the Debtors may, under Section 1127(b), (c) and (d) of the Bankruptcy Code, alter, amend or modify the Plan or institute proceedings in the Bankruptcy Court to remedy any defect or omission or reconcile any inconsistencies in the Plan or the Confirmation Order, and to make appropriate adjustments and modifications to the Plan or the Confirmation Order as may be necessary to carry out the purposes and effects of the Plan so long as such proceedings do not materially adversely affect the treatment of Holders of Claims under the Plan approve any such alteration, amendment or modification.

XII.
CERTAIN FEDERAL INCOME TAX CONSEQUENCES

A. Introduction.

The following discussion summarizes certain U.S. federal income tax consequences of the implementation of the Plan to the Debtors and certain Holders of Claims. The following summary does not address the U.S. federal income tax consequences to certain Holders whose Claims are Unimpaired or otherwise entitled to payment in full in Cash under the Plan (e.g., Allowed Other Priority Claims, Allowed Other Secured Claims and Allowed General Unsecured Claims). The following summary is based on the Internal Revenue Code of 1986, as amended (the "IRC"), the U.S. Department of the Treasury regulations promulgated thereunder ("Treasury Regulations"), judicial decisions, and published administrative rules and pronouncements of the Internal Revenue Service (the "IRS"), all as in effect on the date hereof. Changes in such rules or new interpretations thereof may have a retroactive effect and could significantly affect the tax consequences described below.

Gordon Silver
Attorneys At Law
Ninth Floor
3960 Howard Hughes Pkwy
Las Vegas, Nevada 89169
(702) 796-5555

The U.S. federal income tax consequences of the Plan are complex and are subject to significant uncertainties. No assurance can be given that legislative or administrative changes or court decisions will not be forthcoming which would require significant modification of the statements in this section. The Debtors have not requested a ruling from the IRS or an opinion of counsel with respect to any tax aspects of the Plan. Therefore, no assurance can be given as to the position the IRS will take on the tax consequences of the transactions that are to occur in accordance with the Plan.

This summary does not address foreign, state or local tax consequences, nor does it address the U.S. federal income tax consequences of the Plan to the particular circumstances of any Holder or to Holders subject to special income tax rules (such as regulated investment companies, insurance companies, financial institutions, small business investment companies, broker-dealers, tax-exempt organizations (including pension funds), persons holding a Claim as part of an integrated constructive sale or straddle or part of a conversion transaction, and investors in pass-through entities). In addition, this summary does not include a full summary of the consequences to Holders of Claims who are not "U.S. Persons" (as defined in the IRC) and tax-exempt Holders. There may be some potentially significant consequences to non-U.S. Persons which are not discussed below, and such non-U.S. Persons are encouraged to carefully consider their particular tax consequences with their own tax advisers.

This discussion assumes that the various debt and other arrangements to which the Company is a party will be respected for federal income tax purposes in accordance with their form.

The following discussion is a general summary of certain U.S. federal income tax aspects of the Plan and should not be relied upon for purposes of determining the specific tax consequences of the Plan with respect to a particular Holder of a Claim. EACH HOLDER OF A CLAIM AFFECTED BY THE PLAN SHOULD CONSULT ITS OWN TAX ADVISOR REGARDING THE SPECIFIC TAX CONSEQUENCES OF THE PLAN WITH RESPECT TO THAT HOLDER'S CLAIM, INCLUDING UNDER ANY APPLICABLE STATE, LOCAL OR FOREIGN LAW.

Gordon Silver
Attorneys At Law
Ninth Floor
3960 Howard Hughes Pkwy
Las Vegas, Nevada 89169
(702) 796-5555

TO ENSURE COMPLIANCE WITH IRS CIRCULAR 230 AND THE REQUIREMENTS IMPOSED BY THE IRS, HOLDERS OF CLAIMS ARE HEREBY NOTIFIED THAT: (i) ANY DISCUSSION OF TAX ISSUES CONTAINED OR REFERRED TO IN THIS DISCLOSURE STATEMENT IS NOT INTENDED OR WRITTEN TO BE USED, AND CANNOT BE USED, FOR THE PURPOSE OF AVOIDING TAX-RELATED PENALTIES THAT MAY BE IMPOSED UNDER THE IRC; AND (ii) THIS DISCUSSION WAS WRITTEN IN CONNECTION WITH THE PROMOTION OF THE PLAN.

B. Tax Consequences To The Debtors.

1. Finance Corp.

As Finance Corp. has no assets or liabilities, there should be no tax consequences to Finance Corp., resulting from the Plan.

2. Cancellation Of Indebtedness Income.

The Company will generally realize cancellations of indebtedness ("COD"). In general, a debtor realizes COD income upon satisfaction of its outstanding indebtedness for total consideration less than the amount of such indebtedness. The amount of consideration paid to a creditor generally would be equal the sum of (i) Cash and (ii) the fair market value of any property (other than debt). However, in connection with a credit bid, to the extent that a debtor satisfies the nonrecourse debt with the underlying collateral, a debtor generally will recognize gain upon the disposition of such property based on an amount realized equal to the fair market value of such property over a debtor's adjusted tax basis in such property, with any balance of debt in excess of the fair market value of the property (less any other consideration paid to discharge such debt) treated as COD income.

Applying these rules to the current transactions, the amount of COD income realized by the Company will equal the excess of the adjusted issue price of the Claims immediately prior to the time such Claims are cancelled (including any debt that is cancelled without payment and any accrued but unpaid interest) over sum of the issue the Cash or the fair market value of the property conveyed. In connection with the adjusted issue price of the outstanding notes relating

Gordon Silver
Attorneys At Law
Ninth Floor
3960 Howard Hughes Pkwy
Las Vegas, Nevada 89169
(702) 796-5555

to the Credit Facility and the Senior Secured Note Facility, the adjusted issue price of such debt is the stated principal amount.

A debtor will not, however, be required to include any COD income in gross income if the debtor is under the jurisdiction of a court in a case under Chapter 11 and the discharge of debt occurs pursuant to that proceeding (the "Bankruptcy Exception"). As a consequence of such exclusion, a debtor is required to reduce its tax attributes by the amount of COD income that it excluded from gross income under IRC section 108. Such COD income will reduce certain tax attributes of the debtor generally in the following order: (a) net operating losses; (b) general business credits; (c) tax credits; (d) capital loss carryovers; (e) basis reduction of property; (f) passive loss and credit carryovers; and (g) foreign tax credits.

The reduction of a debtor's tax attributes must occur in the order outlined above, subject to one exception. At the option of a debtor, it may elect to apply the COD income reduction to the basis of its depreciable property first. If this election is made, such debtor will reduce the adjusted basis of depreciable property (real and personal) to the extent of the excluded COD income. If the adjusted basis of depreciable property is not sufficient to offset the entire amount of excluded COD income, such debtor must reduce any remaining tax attributes in the order listed above. Further, the reduction to basis is made as of the first day of the taxable year following the year in which the discharge of indebtedness occurs.

Under IRC section 108(d)(6), when an entity (such as the Company) that is taxed as a partnership realizes COD income, its partners (in this case, the members of the Company) are treated as receiving their allocable share of such COD income, and the Bankruptcy Exception (and related attribute reduction) is applied at the partner level (in this case the member level) rather than the entity level. Accordingly, any COD income realized by the Company upon the discharge of Claims shall be allocated to the members of the Company. Regarding the members of the Company, if solvent, will generally be required to recognize their allocable shares of the COD income of the Company as a result of the implementation of the Plan unless an exception to recognizing COD income applies.

Gordon Silver
Attorneys At Law
Ninth Floor
3960 Howard Hughes Pkwy
Las Vegas, Nevada 89169
(702) 796-5555

As the proceeds received from the sale of the assets under the Purchase Agreement which will be utilized to pay all or a portion of the Senior Secured Note Claim or the fair market value of the assets conveyed in the event of a credit bid, the amount of COD income and, accordingly, the amount of tax attributes to be reduced, will depend in part on the cash received or the fair market value of the property conveyed to the Holder of the Senior Secured Note Claim and the portion of the outstanding indebtedness that is cancelled. This value may not be known with certainty until after the Effective Date.

C. Tax Consequences To Certain Holders Of Claims And Company Equity Interests.

1. Consequences To Holders Of Allowed Credit Facility Claims.

In the event of a sale of the assets under the Asset Purchase Agreement, the Company will satisfy the Allowed Credit Facility Claim with Cash. Accordingly, the Holder of the Allowed Credit Facility Claim will be treated as exchanging its Allowed Claim for its Pro Rata share of Cash in a taxable exchange under IRC section 1001. Therefore, the Holder of the Allowed Credit Facility Claim should recognize gain or loss equal to the difference between (i) the amount of Cash received and (ii) its adjusted tax basis in the Allowed Credit Facility Claim (other than any tax basis attributable to accrued but unpaid interest).

Such gain or loss should be capital in nature so long as the Allowed Credit Facility Claim was held as a capital asset (subject to the "market discount" rules described below) and should be long-term capital gain or loss if the Holder has a holding period for the Allowed Credit Facility Claim of more than one year. The Holder of the Allowed Credit Facility Claim may recognize ordinary income to the extent that the property received is treated as received in satisfaction of accrued but untaxed interest on such Allowed Claim.

In the alternative, in the event of a successful Credit Bid, the Plan provides that the Credit Facility will be assumed by the Holder of the Allowed Credit Facility Claim. As there is a new obligor under the assumed Credit Facility, the assumed Credit Facility will be treated as being modified. Accordingly, the Holder of the Allowed Credit Facility Claim will be treated as exchanging its Allowed Claim in a taxable exchange under IRC section 1001. In such case, the Holder of the Allowed Credit Facility Claim should recognize gain or loss equal to the difference

Gordon Silver
Attorneys At Law
Ninth Floor
3960 Howard Hughes Pkwy
Las Vegas, Nevada 89169
(702) 796-5555

between its adjusted tax basis in the Allowed Credit Facility Claim (other than any tax basis attributable to accrued but unpaid interest) and the issue price of assumed Credit Facility which will be considered modified due to a new obligor. The issue price of the modified Credit Facility should equal the fair market value of such notes evidencing the Credit Facility as of the Effective Date.

It is important to note that the foregoing discussion may not be applicable in the event that the Holder of Allowed Secured Portion of Canpartners' Interest in the Senior Secured Note Claims is the same person as the Holder of Allowed Credit Facility Claims as the Credit Facility would likely not be characterized as debt for the federal income tax purposes in such case. Such Holder is urged to consult with its own tax advisors in this regard.

2. Consequences To Holders Of the Allowed Secured Portion of Canpartners' Interest in the Senior Secured Note Claims and Allowed Unsecured Portion of Canpartners' Interest in the Senior Secured Note Claims.

In the event of a sale of the assets under the Asset Purchase Agreement, the Company is treated as satisfying the Allowed Secured Portion of Canpartners' Interest in the Senior Secured Note Claim and Allowed Unsecured Portion of Canpartners' Interest in the Senior Secured Note Claim with Cash. As this point in time, the Plan does not provide an allocation of the payment. Accordingly, such Holder of an Allowed Credit Facility Claim will be treated as exchanging its Allowed Claim for its Pro Rata share of Cash in a taxable exchange under IRC section 1001. Therefore, such Holder of an Allowed Credit Facility Claim should recognize gain or loss equal to the difference between (i) the amount of Cash received and (ii) its adjusted tax basis in the Allowed Credit Facility Claim (other than any tax basis attributable to accrued but unpaid interest).

Such gain or loss should be capital in nature so long as the Allowed Credit Facility Claim was held as a capital asset (subject to the "market discount" rules discussed in Section XII.C.8.) and should be long-term capital gain or loss if the Holder has a holding period for the Allowed Credit Facility Claim of more than one year. A Holder of an Allowed Credit Facility Claim may recognize ordinary income to the extent that the property received is treated as received in satisfaction of accrued but untaxed interest on such Allowed Claim.

Gordon Silver
Attorneys At Law
Ninth Floor
3960 Howard Hughes Pkwy
Las Vegas, Nevada 89169
(702) 796-5555

In the event of a Successful Credit Bid, upon the receipt of the assets in satisfaction of the Credit Facility Claim, the Holder of the Allowed Secured Portion of Canpartners' Interest in the Senior Secured Note Claims and Allowed Unsecured Portion of Canpartners' Interest in the Senior Secured Note Claim should be treated as a taxable exchange under IRC section 1001, and such Holder should recognize capital gain or loss (subject to the "market discount" rules discussed below) equal to the difference between the amount realized (which is the assets) and its adjusted basis in such Claims. Any such capital gain or loss should be long-term capital gain or loss if such Holder has held its Allowed Secured Portion of Canpartners' Interest in the Senior Secured Note Claims and Allowed Unsecured Portion of Canpartners' Interest in the Senior Secured Note Claim for more than one year. To the extent that assets are received in the exchange is allocable to accrued interest that has not already been taken into income by the Holder of such Claim, the Holder may recognize ordinary interest income.

3. Consequences To Holders Of Allowed Claims of the Minority Noteholders' Interest in the Senior Secured Note Claims.

Pursuant to the Plan, the Holders of Allowed Minority Noteholders' Interest in the Senior Secured Note Claims will be paid in full in Cash. The receipt of Cash in satisfaction of an Allowed Senior Credit Facility Claim should be treated as a taxable exchange under IRC section 1001, and such Holder should recognize capital gain or loss (subject to the "market discount" rules discussed below) equal to the difference between (i) the amount of Cash received in exchange for its Minority Noteholders' Interest in the Senior Secured Note Claim, and (ii) its adjusted tax basis in its Claims of the Minority Noteholders' Interest in the Senior Secured Note Claim. Any such capital gain or loss should be long-term capital gain or loss if such Holder has held its Minority Noteholders' Interest in the Senior Secured Note Claims for more than one year. To the extent that Cash received in the exchange is allocable to accrued interest that has not already been taken into income by the Holder of the Minority Noteholders' Interest in the Senior Secured Note Claims, the Holder may recognize ordinary interest income. (See Section XII.A.7. below for a discussion regarding such income).

Gordon Silver
Attorneys At Law
Ninth Floor
3960 Howard Hughes Pkwy
Las Vegas, Nevada 89169
(702) 796-5555

4. Allowed East West Preferred Return Claims.

Pursuant to the Plan, the Holders of Allowed East West Preferred Claims may receive Cash. The Allowed East West Preferred Claims relate to payments that such Holders were entitled to receive under the operating agreement of the Company. The receipt of such amount will likely be treated as ordinary income to such Holders.

5. Consequences to Holders of Allowed Subordinated License Fee Claims.

Pursuant to the Plan, the Holders of Allowed Subordinated License Fee Claims may receive their Pro Rata share of any remaining Effective Date Cash. The receipt of Cash in satisfaction of the Allowed Subordinated License Fee Claims should be treated as a taxable exchange under IRC section 1001. If a Holder receives Cash in satisfaction of its Claim in an amount that is less than such Holder's Claim, such Holder will generally recognize loss for federal income tax purposes in an amount equal to the difference between the amount of Cash and the Holder's adjusted tax basis in the Claim. The character of such loss as capital or ordinary in nature will be determined by a number of factors, including: (i) the tax status of the Holder; (ii) the nature of the Claim in such Holder's hands; (iii) whether the Claim constitutes a capital asset in the hands of the Holder; (iv) whether the Claim was purchased at a discount; and (v) whether and to what extent the Holder has previously claimed a bad debt deduction with respect to its Claim.

6. Consequences To Holders Of Equity Interests In the Company.

Pursuant to the Plan, Holders of Equity Interests in the Company will have such Equity Interests terminated and cancelled without any distribution, except the Holders of the Allowed East West Preferred Return Claims. A Holder of such Equity Interests will generally be entitled to a loss equal to the Holder's adjusted basis in such Equity Interests. Such loss will generally be capital in nature. The deductibility of capital losses is subject to limitations.

7. Accrued Interest.

To the extent that any amount received by a Holder of a surrendered Claim under the Plan is attributable to accrued but unpaid interest and such amount has not previously been included in the Holder's gross income, such amount would be taxable to the Holder as ordinary

Gordon Silver
Attorneys At Law
Ninth Floor
3960 Howard Hughes Pkwy
Las Vegas, Nevada 89169
(702) 796-5555

interest income. Conversely, a Holder of a surrendered Claim may be able to recognize a deductible loss (or, possibly, a write-off against a reserve for worthless debts) to the extent that any accrued interest on the debt instrument constituting such Claim was previously included in the Holder's gross income but was not paid in full by the Debtors. Such loss may be ordinary, but the tax law is unclear on this point. The extent to which the consideration received by a Holder of a surrendered Claim will be attributable to accrued interest on the debt constituting the surrendered Claim is unclear. Certain Treasury Regulations generally treat a payment under a debt instrument first as a payment of accrued and untaxed interest and then as a payment of principal. Application of this rule to a final payment on a debt instrument being discharged at a discount in bankruptcy is unclear.

8. Market Discount.

Under the "market discount" provisions of IRC sections 1276 through 1278, some or all of any gain realized by a Holder exchanging the debt instruments constituting its Claim may be treated as ordinary income (instead of capital gain), to the extent of the amount of "market discount" on the debt constituting the surrendered Claim.

In general, a debt instrument is considered to have been acquired with "market discount" if the Holder's adjusted tax basis in the debt instrument is less than (i) the sum of all remaining payments to be made on the debt instrument, excluding "qualified stated interest," or (ii) in the case of a debt instrument issued with original issue discount, its adjusted issue price, by at least a de minimis amount (equal to 0.25% of the sum of all remaining payments to be made on the debt instrument, excluding qualified stated interest, multiplied by the number of remaining whole years to maturity).

Any gain recognized by a Holder on the taxable disposition (as discussed above) of a debt that it acquired with market discount should be treated as ordinary income to the extent of the market discount that accrued thereon while such debt was considered to be held by the Holder (unless the Holder elected to include market discount in income as it accrued).

Gordon Silver
Attorneys At Law
Ninth Floor
3960 Howard Hughes Pkwy
Las Vegas, Nevada 89169
(702) 796-5555

9. Information Reporting And Backup Withholding.

Certain payments, including payments in respect of accrued interest or OID, are generally subject to information reporting by the payer to the IRS. Moreover, such reportable payments are subject to backup withholding under certain circumstances. Under the IRC's backup withholding rules, a Holder may be subject to backup withholding at the applicable rate with respect to certain distributions or payments pursuant to the Plan, unless the Holder (i) falls within certain exempt categories (which generally include corporations) and, when required, demonstrates this fact or (ii) provides a correct U.S. taxpayer identification number and certifies under penalty of perjury that the Holder is a U.S. Person, the taxpayer identification number is correct and that the Holder is not subject to backup withholding because of a failure to report all dividend and interest income.

Backup withholding is not an additional tax. Amounts withheld under the backup withholding rules may be credited against a taxpayer's federal income tax liability, and a taxpayer may obtain a refund of any excess amounts withheld under the backup withholding rules by filing an appropriate claim for refund with the IRS.

ALL HOLDERS OF CLAIMS OR EQUITY INTERESTS SHOULD CONSULT THEIR TAX ADVISORS TO DETERMINE THE PARTICULAR TAX CONSEQUENCES TO THEM OF THE TRANSACTIONS CONTEMPLATED BY THE PLAN, INCLUDING THE AMOUNT AND TIMING OF ANY INCOME OR LOSS SUFFERED AS A RESULT OF ANY CANCELLATION OF THE CLAIMS OR EQUITY INTERESTS HELD BY SUCH PERSON, WHETHER SUCH INCOME OR LOSS IS ORDINARY OR CAPITAL, AND THE TAX EFFECT OF ANY RIGHT TO, AND RECEIPT OF, ANY EQUITY INTERESTS IN EXCHANGE FOR CLAIMS OR EQUITY INTERESTS.

THE ABOVE DISCUSSION IS FOR INFORMATIONAL PURPOSES ONLY AND IS NOT TAX ADVICE. THE TAX CONSEQUENCES ARE, IN MANY CASES, UNCERTAIN AND MAY VARY DEPENDING ON A HOLDER'S INDIVIDUAL CIRCUMSTANCES. ACCORDINGLY, ALL HOLDERS SHOULD CONSULT THEIR TAX ADVISORS ABOUT

Gordon Silver
Attorneys At Law
Ninth Floor
3960 Howard Hughes Pkwy
Las Vegas, Nevada 89169
(702) 796-5555

THE U.S. FEDERAL, STATE, LOCAL AND NON-U.S. INCOME TAX AND OTHER TAX CONSEQUENCES OF THE PLAN.

XIII.
CONFIRMATION OF THE PLAN

A. Confirmation of the Plan.

Pursuant to Section 1128(a) of the Bankruptcy Code, the Bankruptcy Court will hold a hearing regarding confirmation of the Plan at the United States Bankruptcy Court for the District of Nevada, Las Vegas, 300 Las Vegas Blvd. South, Las Vegas, NV 89102. Pursuant to the Process Stipulation And Order, the Debtors have until March 2, 2012, subject to Bankruptcy Court availability, to hold the hearing regarding confirmation. Debtors shall provide a separate notice of hearing to all Creditors and Holders of Equity Interests which provides the date and time of the confirmation hearing.

B. Objections to Confirmation of the Plan.

Section 1128(b) of the Bankruptcy Code provides that any party-in-interest may object to confirmation of a plan of reorganization. Any objections to confirmation of the Plan must be in writing, must state with specificity the grounds for such objections and must be filed with the Bankruptcy Court and served upon the following parties so as to be received on or before the time fixed by the Bankruptcy Court:

Counsel for the Debtors:

Gordon Silver
3960 Howard Hughes Parkway, 9th Floor
Las Vegas, Nevada 89169
Telephone: 702-796-5555
Facsimile: 702-369-2666
Email: ggordon@gordonsilver.com
Attn: Gerald M. Gordon, Esq.

C. The Best Interest Test and Feasibility of the Plan.

For the Plan to be confirmed, it must satisfy the requirements discussed below.

1. Best Interest of Creditors.

Pursuant to Section 1129(a)(7) of the Bankruptcy Code, for the Plan to be confirmed, it must provide Holders of Allowed Claims and Allowed Equity Interests with at least as much under the Plan as they would receive in a liquidation of the Debtors under Chapter 7 of the Bankruptcy Code (the "Best Interest Test"). The Best Interest Test with respect to each Impaired Class requires that each Holder of an Allowed Claim or Allowed Equity Interest in such Class either: (i) accepts the Plan; or (ii) receives or retains under the Plan property of a value, as of the Effective Date, that is not less than the value such Holder would receive or retain if the Debtors were liquidated under Chapter 7. The Bankruptcy Court will determine whether the value to be received under the Plan by the Holders of Allowed Claims in each Class of Creditors or Holders of Allowed Equity Interests equals or exceeds the value that would be allocated to such Holders in a liquidation under Chapter 7. The Debtors believe that the Plan meets the Best Interest Test and provides value which is not less than what would be recovered by each Holder of an Impaired Claim or Impaired Equity Interest in a Chapter 7 proceeding for each of the Debtors.

2. Liquidation Analysis.

The Liquidation Analysis attached as Exhibit B hereto summarizes the Debtors' best estimate of recoveries by Creditors and Holders of Allowed Equity Interests in the event of liquidation of the Debtors as of March 30, 2012.

Generally, to determine what Holders of Allowed Claims and Allowed Equity Interests in each Impaired Class would receive if the Debtors were liquidated, the Bankruptcy Court must determine what funds would be generated from the liquidation of the Assets in a Chapter 7 liquidation case for each Debtor, which for unsecured Creditors would consist of the proceeds from the disposition of the Assets of each of the Debtors, augmented by the unencumbered Cash held by each of the Debtors upon the completion of the liquidation, assuming that the Trustee will continue to operate the Debtors' business until the completion of the liquidation. Such Cash amounts would be reduced by the costs and expenses of the liquidation and by such additional Administrative Claims and Other Priority Claims as may result from the termination of the

Gordon Silver
Attorneys At Law
Ninth Floor
3960 Howard Hughes Pkwy
Las Vegas, Nevada 89169
(702) 796-5555

Debtors' businesses in each of the Chapter 7 cases and the use of Chapter 7 for the purpose of liquidation.

In a Chapter 7 liquidation, holders of allowed claims receive distributions based on the liquidation of the non-exempt assets of a debtor. However, there are no exempt assets in these Chapter 11 Cases, and, as such, the distributions would include the same Assets being collected and liquidated under the Plan, namely the interests of the Debtors in the Assets. However, the proceeds from the collection and sale of property of the Estates available for distribution to Creditors would be first reduced by the satisfaction of any liens and security interests in the Assets, costs of sale, any commission payable to the Chapter 7 trustee, the trustee's attorneys' and accounting fees, as well as the administrative costs of the Chapter 7 estate. In a Chapter 7 case, the Chapter 7 trustee would be entitled to seek a sliding-scale commission based upon the funds distributed by such trustee to secured creditors.

After the satisfaction of any liens and security interests in liquidated proceeds, Administrative Claims that may arise in Chapter 7 cases or result from the Chapter 11 Cases would be paid in full from the liquidation proceeds before the balance of those proceeds would be made available to pay unclassified Claims, Allowed Other Priority Claims, Allowed unsecured portion of the Minority Noteholders Claims, Allowed General Unsecured Claims, Allowed unsecured portion of Canpartners' Interest in the Senior Secured Notes, Allowed Subordinated License Fee Claims, and Allowed East West Preferred Return Claims in each Chapter 7 case.

In addition, the Debtors are doubtful that a Chapter 7 trustee in each Chapter 7 case would pursue any Litigation Claims as vigorously as the Reorganized Debtor, or be able to identify the Litigation Claims that are cost-effective to pursue as prudently as the Reorganized Debtor who have the benefit of the knowledge and information that they previously obtained.

The distributions from the liquidation proceeds would be paid Pro Rata according to the amount of the aggregate Claims held by each Creditor in each Chapter 7 case in accordance with the distribution scheme of the Bankruptcy Code. The Debtors believe that the most likely outcome under Chapter 7 would be the application of the "absolute priority rule." Under that

Gordon Silver
Attorneys At Law
Ninth Floor
3960 Howard Hughes Pkwy
Las Vegas, Nevada 89169
(702) 796-5555

rule, no junior Creditor in a Chapter 7 case may receive any distribution until all senior Creditors are paid in full, with interest, and no Holder of an Equity Interest may receive any distribution until all Creditors are paid in full.

The Debtors have determined that Confirmation will provide each Holder of an Allowed Claim or Equity Interest with not less of a recovery than it would receive if each of the Debtors were liquidated under Chapter 7. In liquidation under Chapter 7, as set forth for each of the Debtors in the Liquidation Analysis, the recoveries for Administrative Claims, Other Secured Claims, Allowed Other Priority Claims, Allowed unsecured portion of the Minority Noteholders Claims, Allowed General Unsecured Claims, Allowed unsecured portion of Canpartners' Interest in the Senior Secured Notes, Allowed Subordinated License Fee Claims, and Allowed East West Preferred Return Claims, would vary, but would not exceed the projected recoveries under the Plan. Holders of Equity Interests in Debtors would receive nothing in a Chapter 7 liquidation or under the Plan.

3. Feasibility.

The Bankruptcy Code requires that in order to confirm the Plan, the Bankruptcy Court must find that Confirmation is not likely to be followed by liquidation or the need for further financial reorganization of the Debtors (the "Feasibility Test"). For the Plan to meet the Feasibility Test, the Bankruptcy Court must find that the Reorganized Debtor will possess the resources and working capital necessary to meet their obligations under the Plan. Given that the Plan provides for the effectuation of a sale and a condition to the Effective Date is adequate Cash to meet the Debtor's remaining obligations under the Plan, the Reorganized Debtor will possess the resources and working capital necessary to wind down its business as evidenced by the financial information attached hereto in Exhibit "F.".

4. Confirmation of the Plan Without Acceptance By All Impaired Classes: The "Cramdown" Alternative.

Section 1129(b) of the Bankruptcy Code provides that a plan of reorganization may be confirmed even if it has not been accepted by all Impaired classes, as long as at least one Impaired class of claims has accepted it. Consequently, the Bankruptcy Court may confirm the

Gordon Silver
Attorneys At Law
Ninth Floor
3960 Howard Hughes Pkwy
Las Vegas, Nevada 89169
(702) 796-5555

Plan at the Debtors' request notwithstanding the Plan's rejection by Impaired Classes, as long as at least one Impaired Class has accepted the Plan and the Plan "does not discriminate unfairly" and is "fair and equitable" as to each Impaired Class that has not accepted it.

A plan will be deemed not to discriminate unfairly under the Bankruptcy Code if a dissenting class is treated equally with respect to other classes of equal rank.

A plan will be deemed fair and equitable as to a class of secured claims that rejects the plan if the plan provides (i)(a) that the holders of claims in the rejecting class retain the lien securing those claims, whether the property subject to those liens is retained by the debtor or transferred to another entity, to the extent of the allowed amount of such claims, and (b) that each holder of a claim in such class receives on account of that claim deferred cash payments totaling at least the allowed amount of that claim of a value, as of the effective date of the plan, at least equal to the value of the holder's interest in the estate's interest in such property; (ii) for the sale, subject to Section 363(k) of the Bankruptcy Code, of any property that is subject to the liens securing the claims included in the rejecting class, free and clear of the liens, with the liens to attach to the proceeds of the sale, and the treatment of the liens on such proceeds as described under clause (i) or (ii) of this paragraph; or (iii) for the realization by such holders of the indubitable equivalent of such claims.

A plan is fair and equitable as to a class of unsecured claims that rejects the plan if the plan provides (w) for each holder of a claim included in the rejecting class to receive or retain on account of such claim property that has a value, as of the effective date of the plan, equal to the allowed amount of such claim or (x) that the holder of any claim or interest that is junior to the claims of such rejecting class will not receive or retain on account of such junior claim or interest any property at all.

A plan is fair and equitable as to a class of equity interests that rejects the plan if the plan provides that (y) each holder of an interest included in the rejecting class receives or retains on account of that interest property that has a value, as of the effective date of the plan, equal to the greatest of the allowed amount of any fixed liquidation preference to which such holder is entitled, any fixed redemption price to which such holder is entitled, or the value of such interest

Gordon Silver
Attorneys At Law
Ninth Floor
3960 Howard Hughes Pkwy
Las Vegas, Nevada 89169
(702) 796-5555

or (z) the holder of any interest that is junior to the interest of such rejecting class will not receive or retain under the plan on account of such junior interest any property at all.

Since at least one Class of Claims is Impaired under the Plan, in order for the Plan to be confirmed, the Plan must be accepted by at least one Impaired Class of Claims (not including the votes of Insiders of any Debtor).

5. Acceptance of the Plan.

For an Impaired Class of Claims to accept the Plan, those representing at least two-thirds in amount and a majority in number of the Allowed Claims voted in that Class must be cast for acceptance of the Plan.

6. Allowed Claims.

You have an Allowed Claim if: (i) you or your representative timely files a proof of Claim and no objection has been filed to your Claim within the time period set for the filing of such objections; (ii) you or your representative timely files a proof of Claim and an objection is filed to your Claim upon which the Bankruptcy Court has ruled and allowed your Claim; (iii) your Claim is listed by any of the Debtors in their respective Schedules or any amendments thereto (which are on file with the Bankruptcy Court as a public record) as liquidated in amount and undisputed and no objection has been filed to your Claim; or (iv) your Claim is listed by any Debtor in its Schedules as liquidated in amount and undisputed and an objection was filed to your Claim upon which the Bankruptcy Court has ruled to allow your Claim. Under the Plan, the deadline for filing objections to Claims is 60 days following the Effective Date. If your Claim is not an Allowed Claim, it is a Disputed Claim and you will not be entitled to vote on the Plan unless the Bankruptcy Court temporarily or provisionally allows your Claim for voting purposes pursuant to Bankruptcy Rule 3018. If you are uncertain as to the status of your Claim or Equity Interest or if you have a dispute with any Debtor, you should check the Bankruptcy Court record carefully, including the Schedules of each Debtor, and seek appropriate legal advice. Neither the Debtors nor their professionals can advise you about such matters.

7. Impaired Claims and Impaired Equity Interests.

Gordon Silver
Attorneys At Law
Ninth Floor
3960 Howard Hughes Pkwy
Las Vegas, Nevada 89169
(702) 796-5555

Impaired Claims and Impaired Equity Interests include those whose legal, equitable or contractual rights are altered by the Plan, even if the alteration is beneficial to the Creditor or Holder of the Equity Interest, or if the full amount of the Allowed Claims will not be paid under the Plan. Holders of Claims which are not Impaired under the Plan will be deemed to have accepted the Plan pursuant to Section 1126(f) of the Bankruptcy Code, and the Debtors need not solicit acceptance of the Plan by Holders of such Unimpaired Claims. Holders of Claims or Equity Interests which are to receive nothing under the Plan will be deemed to have voted to reject the Plan. Consequently, only Impaired Holders of Claims in Class 3 (in the event of a Successful Credit Bid of Holders of Class 4 by Senior Secured Indenture Trustee or its successor, designee or assignee), Class 4, Class 6, 7, 8 and 9 are entitled to vote on the Plan.

8. Voting Procedures.

a. Submission of Ballots.

All Creditors entitled to vote will be sent a ballot, together with instructions for voting, and a copy of this approved Disclosure Statement which includes a copy of the Plan. You should read the ballot carefully and follow the instructions contained therein. Please use only the ballot that was sent with this Disclosure Statement.

You should complete your ballot and return it as follows:

The Garden City Group, Inc.
Attn: 155 East Tropicana Balloting Agen
P.O. Box 9801
Dublin, Ohio 43017-5701

TO BE COUNTED, YOUR BALLOT MUST BE RECEIVED AT THE ADDRESS LISTED ABOVE BY 4:00 P.M., EASTERN TIME, ON FEBRUARY 24, 2012.

b. Incomplete Ballots.

Unless otherwise ordered by the Bankruptcy Court, ballots which are signed, dated and timely received, but on which a vote to accept or reject the Plan has not been indicated, will be counted as a vote for the Plan.

c. Withdrawal of Ballots.

Gordon Silver
Attorneys At Law
Ninth Floor
3960 Howard Hughes Pkwy
Las Vegas, Nevada 89169
(702) 796-5555

You may not withdraw or change your ballot after it is cast unless the Bankruptcy Court permits you to do so after notice and a hearing to determine whether sufficient cause exists to permit the withdrawal or change.

d. Questions and Lost or Damaged Ballots.

If you have questions concerning these voting procedures, if your ballot is damaged or lost, or if you believe you should have received a ballot but did not receive one, you may contact:

Gordon Silver
Attn: Brigid M. Higgins, Esq.
3960 Howard Hughes Parkway, 9th Floor
Las Vegas, NV 89169
Telephone: (702) 796-5555
Facsimile: (702) 369-2666
E-mail: bhiggins@gordonsilver.com

XIV.
MISCELLANEOUS

A. Post-Effective Date Objections to Claims or Equity Interests.

After the Effective Date, objections to Claims or Equity Interests (other than Allowed Claims and Equity Interests) shall be made and objections to Claims and Equity Interests (other than Allowed Claims or Equity Interests) made previous thereto shall be pursued, upon consultation with the Committee, by the Debtors or any other party properly entitled to do so after notice to the Debtors and approval by the Bankruptcy Court. Any objections made after the Effective Date to Claims (other than Allowed Claims) arising prior to the Petition Date shall be filed and served not later than one hundred and twenty (120) days after the Effective Date, and any objections to Claims (other than allowed Claims) arising after the Effective Date and to Equity Interests (other than Allowed Equity Interests) shall be filed and served not later than one hundred and twenty (120) days after the Effective Date; provided, however, that such period may be extended by order of the Bankruptcy Court for good cause shown.

. . .

. . .

. . .

B. Resolution of Objections After Effective Date; Distributions.

1. Resolution of Objections.

From and after the Effective Date, the Reorganized Debtor may litigate to judgment, propose settlements of, or withdraw objections to, all pending or filed Disputed Claims and Disputed Equity Interests and may settle or compromise any Disputed Claim or Disputed Equity Interest without notice and a hearing and without approval of the Bankruptcy Court.

2. Distributions.

In order to facilitate Distributions to Holders of Allowed Claims, and only to the extent there are Disputed Claims in any Class, the Debtors or Reorganized Debtor as applicable, shall set aside such amounts of Assets as the Debtors or Reorganized Debtor determine, in the Disputed Claim Reserve for potential payments or Distributions to Holders of such Disputed Claims, less such Claims or portion thereof otherwise payable by insurance policies then in effect. If any Debtor or Reorganized Debtor wishes to deposit or hold a lesser amount and is unable to reach agreement with the Holder of the Disputed Claim or Disputed Equity Interest in the amount to be deposited or held, the Bankruptcy Court will fix the amount after notice and hearing. Upon Final Order with respect to a Disputed Claim, the Holder of such Disputed Claim, to the extent it has been determined to hold an Allowed Claim, shall receive from the respective Debtor or Reorganized Debtor, in each case first out of the Disputed Claims Reserve applicable to such Claim, that payment or Distribution to which it would have been entitled if the portion of the Claim so Allowed had been Allowed as of the Effective Date. Such payment or distribution shall be made as soon as practical after the order allowing the Claim has become a Final Order.

3. Late-Filed Claims.

No Claim filed after the Bar Date or, as applicable, the Administrative Claim Bar Date, will be allowed. After the Bar Date or the Administrative Claim Bar Date, as applicable, no Creditor will be permitted to amend any Claim to increase the claimed amount.

4. Effectuating Documents; Further Transactions; Timing.

Each officer of any Debtor or Reorganized Debtor will be authorized to execute, deliver, file or record such contracts, instruments, releases and other agreements or documents and to

Gordon Silver
Attorneys At Law
Ninth Floor
3960 Howard Hughes Pkwy
Las Vegas, Nevada 89169
(702) 796-5555

take such other actions as may be necessary or appropriate to effectuate and further evidence the terms and conditions of the Plan and any Equity Interests issued, transferred or canceled pursuant to the Plan. All transactions that are required to occur on the Effective Date under the Plan will be deemed to have occurred simultaneously. The Debtors and Reorganized Debtor are authorized and directed to do such acts and execute such documents as are necessary to implement the Plan.

5. Exemption From Transfer Taxes.

Pursuant to Section 1146(a) of the Bankruptcy Code, the (i) issuance, distribution, transfer or exchange of Estate property; (ii) creation, modification, consolidation or recording of any deed of trust or other interest, the securing of additional indebtedness by, in furtherance of, or in connection with, the Plan or the Confirmation Order; (iii) making, assignment, modification or recording of any lease or sublease; or (iv) making, delivery or recording of a deed or other instrument of transfer under, in furtherance of, or in connection with, the Plan, Confirmation Order or any transaction contemplated above, or any transactions arising out of, contemplated by or in any way related to the foregoing will not be subject to any document recording tax, stamp tax, conveyance fee, intangibles or similar tax, mortgage tax, real estate transfer tax, mortgage recording tax or similar tax or governmental assessment.

6. Revocation or Withdrawal of the Plan.

The Debtors reserve the right to revoke or withdraw the Plan prior to the Confirmation Date. If the Plan is withdrawn or revoked or if the Bankruptcy Court denies confirmation of the Plan, then the Plan will be null and void and nothing in the Plan will constitute a waiver or release of any Claims or Equity Interests nor will such withdrawal or revocation prejudice the rights of any Debtor or any other Person in any further proceedings involving any Debtors. If the Plan is withdrawn or revoked or if the Bankruptcy Court denies confirmation of the Plan, nothing in the Plan will be deemed an admission of any sort.

. . .

. . .

. . .

7. Binding Effect.

The Plan will be binding upon, and will inure to the benefit of, the Debtors and their Estates, the Reorganized Debtor, and Holders of all Claims and Equity Interests, and their respective successors and assigns.

8. Governing Law.

Except to the extent that the Bankruptcy Code or other federal law is applicable or as provided in any contract, instrument, release or other agreement entered into in connection with the Plan or in any document which remains unaltered by the Plan, the rights, duties and obligations of the Debtors and any other Person arising under the Plan will be governed by the internal laws of the State of Nevada without giving effect to the choice of law provisions of Nevada law.

9. Modification of Payment Terms.

The Debtors and Reorganized Debtor reserve the right to modify the treatment of any Allowed Claim or Allowed Equity Interest in any manner adverse only to the Holder of such Allowed Claim or Allowed Equity Interest at any time after the Effective Date upon the prior written consent of that Holder.

10. Allocation of Plan Distributions Between Principal and Interest.

To the extent that any Allowed Claim entitled to a Distribution under the Plan is comprised of indebtedness and accrued but unpaid interest thereon, such Distribution will, to the extent permitted by law, be allocated for income tax purposes to the principal amount of the Claim first and then, to the extent that the consideration exceeds the principal amount of the Claim, to the portion of such Claim representing accrued but unpaid interest.

11. Means of Cash Payment.

Payments of Cash pursuant to the Plan will be in U.S. dollars and will be made, in the sole discretion of the Debtors or Reorganized Debtor, as the case may be, by checks drawn on, or wire transfer from, a domestic bank selected by the Debtors or Reorganized Debtor. Cash payments to foreign Creditors may be made, at the option of the Debtors or Reorganized Debtor

Gordon Silver
Attorneys At Law
Ninth Floor
3960 Howard Hughes Pkwy
Las Vegas, Nevada 89169
(702) 796-5555

in such funds and by such means as are necessary or customary in a particular foreign jurisdiction.

12. Providing for Claims Payments.

Distributions to Holders of Allowed Claims will be made by the Debtors or Reorganized Debtor, as the case may be: (i) at the addresses set forth on the proofs of Claim filed by such Holders (or at the last known addresses of such Holders if no proof of Claim is filed or if the Debtors have been notified of a change of address); (ii) at the addresses set forth in any written notices of address changes delivered to the Reorganized Debtor after the date of any related proof of Claim; or (iii) at the addresses reflected in the Schedules if no proof of Claim has been filed and the Reorganized Debtor has not received a written notice of a change of address. If any Holder's Distribution is returned as undeliverable, no further Distributions to such Holder will be made unless and until the Reorganized Debtor is notified of such Holder's current address, at which time all missed Distributions will be made to such Holder without interest. Amounts in respect of undeliverable Distributions made through the Debtors or Reorganized Debtor will be returned to the Reorganized Debtor until such Distributions are claimed. All claims for undeliverable Distributions must be made on or before the end of the sixth (6^{th}) month following the Effective Date. After such date, all unclaimed property will revert to the Debtors and Reorganized Debtor, as applicable, and the Claim of any Holder or successor to such Holder with respect to such property will be discharged and forever barred notwithstanding any escheat laws to the contrary. Nothing in the Plan will require the Debtors or the Reorganized Debtor to attempt to locate any Holder of an Allowed Claim or Allowed Equity Interest.

13. Set-Offs.

The Debtors or Reorganized Debtor may, but will not be required to, set off or recoup against any Claim or Equity Interest and the payments or other Distributions to be made pursuant to the Plan in respect of such Claim or Equity Interest (before any Distribution is made on account of such Claim or Equity Interest), claims of any nature that the applicable Debtors or Reorganized Debtor may have against the Holder of such Claim or Equity Interest, to the extent such Claims or Equity Interests may be set off or recouped under applicable law. However,

Gordon Silver
Attorneys At Law
Ninth Floor
3960 Howard Hughes Pkwy
Las Vegas, Nevada 89169
(702) 796-5555

neither the failure to do so nor the allowance of any Claim or Equity Interest under the Plan will constitute a waiver or release by the Debtors or Reorganized Debtor of any such Claim against such Holder.

14. Notices.

Any notice required or permitted to be given under the Plan must be in writing and served by: (i) certified mail, return receipt requested, postage prepaid; (ii) hand delivery; or (iii) reputable overnight courier service, freight prepaid, addressed as follows:

If to the Debtors:

155 East Tropicana, LLC
Attn: Neil Kiefer, Chief Executive Officer
155 East Tropicana Avenue
Las Vegas, NV 89109

With a copy to:

Gordon Silver
Attn: Brigid M. Higgins, Esq.
3960 Howard Hughes Parkway, 9th Floor
Las Vegas, NV 89169
(702) 796-5555

15. Severability.

If any provision of the Plan is determined by the Bankruptcy Court to be invalid, illegal or unenforceable or the Plan is determined to be not confirmable pursuant to Section 1129 of the Bankruptcy Code, the Bankruptcy Court, at the request of the Debtors, will have the power to alter and interpret such provision to make it valid or enforceable to the maximum extent practicable, consistent with the original purpose of the provision held to be invalid, void or unenforceable, and such provision will then be applicable as altered or interpreted. The remainder of the Plan will remain in full force and effect and will not be affected, impaired or invalidated by such holding, alteration or interpretation. The Confirmation Order will constitute a judicial determination and will provide that each term and provision of the Plan, as it may have been altered or interpreted in accordance with the foregoing, is valid and enforceable pursuant to its terms.

16. Withholding and Reporting Requirements.

In connection with the Plan and all instruments and Equity Interests issued in connection therewith and Distributions thereon, the Reorganized Debtor will comply with all withholding

Gordon Silver
Attorneys At Law
Ninth Floor
3960 Howard Hughes Pkwy
Las Vegas, Nevada 89169
(702) 796-5555

and reporting requirements imposed by any taxing authority and all Distributions will be subject to any such withholding and reporting requirements. The Reorganized Debtor will be authorized to take any and all action that may be necessary to comply with such withholding and recording requirements. Each Holder of an Allowed Claim or Allowed Equity Interest that has received a Distribution will have sole and exclusive responsibility for the satisfaction or payment of any tax obligation imposed by any governmental unit, including income and withholding tax, on account of such Distribution.

17. Cramdown.

If any Impaired Class is determined to have rejected the Plan in accordance with Section 1126 of the Bankruptcy Code, the Debtors may invoke the provisions of Section 1129(b) of the Bankruptcy Code to satisfy the requirements for Confirmation. The Debtors reserve the right to modify the Plan to the extent, if any, that Confirmation pursuant to Section 1129(b) of the Bankruptcy Code requires modification.

18. Quarterly Fees to the United States Trustee.

Prior to the Effective Date, the Debtors, and after the Effective Date, the Reorganized Debtor shall pay all quarterly fees payable to the Office of the United States Trustee, consistent with applicable provisions of the Bankruptcy Code and Bankruptcy Rules.

XV.
ALTERNATIVES TO THE PLAN

The Debtors believe that the Plan provides Creditors and Holders of Equity Interests the best and most complete form of recovery available. As a result, the Debtors believe that the Plan serves the best interests of all Creditors and parties-in-interest in the Chapter 11 Cases.

In formulating and developing the Plan, the Debtors explored numerous alternatives. The Debtors believe not only that the Plan fairly adjusts the rights of various Classes of Creditors and Holders of Equity Interests and enables the Creditors and Holders of Equity Interests to realize the greatest sum possible under the circumstances, but also that rejection of the Plan in favor of some theoretical alternative method of reconciling the Claims and Equity Interests of the various Classes would require, at the very least, an extensive and time-consuming negotiation

Gordon Silver
Attorneys At Law
Ninth Floor
3960 Howard Hughes Pkwy
Las Vegas, Nevada 89169
(702) 796-5555

process and would not result in a better recovery for any Class. It is not atypical for bankruptcy proceedings involving substantial entities to continue for months or years before a plan of reorganization is consummated and payments are made.

A. Alternative Plans of Reorganization.

Under the Bankruptcy Code, a debtor has an exclusive period of 120 days and an additional vote solicitation period of 60 days from the entry of the order for relief during which time, assuming that no trustee has been appointed by the Bankruptcy Court, only a debtor may propose a plan of reorganization. After the expiration of the initial 180-day period and any extensions thereof, the Debtors or any other party-in-interest may propose a different plan, unless the Bankruptcy Court has extended the exclusivity periods. Pursuant to the Process Stipulation and Order, the Debtors have until January 3, 2012, to file their Plan and Disclosure Statement and until March 2, 2012, subject to Bankruptcy Court availability, to seek confirmation of the Plan.

B. Liquidation Under Chapter 7.

If a plan of reorganization cannot be confirmed, the Chapter 11 Cases may be converted to Chapter 7 cases, in which a trustee would be elected or appointed to liquidate the assets of each Debtor for distribution to Creditors and Holders of Equity Interests in accordance with the priorities established by the Bankruptcy Code. For a discussion of the effect that a Chapter 7liquidation would have on recovery by Creditors, see Section XIII.C., "The Best Interest Test And Feasibility Of The Plan."

As previously stated, the Debtors believe that liquidation under Chapter 7 would result in a substantially reduced recovery of funds by the Estates because of: (i) the risk that some or all of the Debtors may cease or lose business: (ii) additional administrative expenses involved in the appointment of one or more trustees for the Debtors and attorneys and other professionals to assist such trustee(s); (iii) a forced liquidation of the Debtors' businesses will result in the receipt of reduced sales proceeds; and (iv) additional expenses and Claims, some of which would be entitled to priority, which would be generated during the liquidation and from the rejection of leases and other executory contracts in connection with a cessation or forced sale of the Debtors'

Gordon Silver
Attorneys At Law
Ninth Floor
3960 Howard Hughes Pkwy
Las Vegas, Nevada 89169
(702) 796-5555

operations. Accordingly, the Debtors believe that Holders of certain Classes of Claims or Equity Interests will receive substantially smaller distributions in a Chapter 7 liquidation than under the Plan.

XVI.
PREFERENCE AND OTHER AVOIDANCE ACTIONS

A bankruptcy trustee (or the entity as a debtor-in-possession) may avoid as a preference a transfer of property made by a debtor to a creditor on account of an antecedent debt while a debtor was insolvent, where that creditor receives more than it would have received in a liquidation of the entity under Chapter 7 had the payment not been made, if (i) the payment was made within 90 days before the date the bankruptcy case was commenced or (ii) the creditor is found to have been an "insider," as defined in the Bankruptcy Code, within one year before the commencement of the bankruptcy case. A debtor is presumed to have been insolvent during the 90 days preceding the commencement of the case.

A bankruptcy trustee (or the entity as a debtor-in-possession) may avoid as a fraudulent transfer a transfer of property made by a debtor within two years (and under applicable Nevada law, four years) before the date the bankruptcy case was commenced if the debtor (i) received less than reasonably equivalent value in exchange for such transfer and (ii) was insolvent on the date of such transfer or became insolvent as a result of such transfer, such transfer left the debtor with an unreasonably small capital, or the debtor intended to incur debts that would be beyond the debtor's ability to pay as such debts matured.

Although the Debtors have not fully analyzed various potential preference or other avoidance actions, it is possible that some pre-Petition transactions may be avoidable.

. . .

. . .

. . .

. . .

. . .

. . .

Gordon Silver
Attorneys At Law
Ninth Floor
3960 Howard Hughes Pkwy
Las Vegas, Nevada 89169
(702) 796-5555

XVII.
RECOMMENDATION AND CONCLUSION

The Plan provides the best possible recovery for all parties-in-interest. Accordingly, the Debtors recommend that all Creditors and Holders of Equity Interests who are entitled to vote on the Plan should vote to accept the Plan.

DATED this 11th day of January, 2012.

155 EAST TROPICANA, LLC, a Nevada limited liability company

By: _____

Its: PRESIDENT

155 EAST TROPICANA FINANCE CORP., a Nevada corporation

By: _____

Its: VICE PRESIDENT SECRETARY

PREPARED AND SUBMITTED BY:

By: _____

GERALD M. GORDON, ESQ.
BRIGID M. HIGGINS, ESQ.
CANDACE CLARK, ESQ.
3960 Howard Hughes Pkwy., 9th Floor
Las Vegas, Nevada 89109
Attorneys for Debtors

Gordon Silver
Attorneys At Law
Ninth Floor
3960 Howard Hughes Pkwy
Las Vegas, Nevada 89169
(702) 796-5555