UNITED STATES BANKRUPTCY COURT
WESTERN DISTRICT OF LOUISIANA
SHREVEPORT DIVISION

In re	:	**Case No. 12- 12013**
	:	
LOUISIANA RIVERBOAT GAMING PARTNERSHIP, *et al.*[1]	:	**Chapter 11**
	:	
	:	**Jointly Administered**
Debtors.	:	

JOINT DISCLOSURE STATEMENT FOR JOINT CHAPTER 11 PLAN FOR LOUISIANA RIVERBOAT GAMING PARTNERSHIP AND AFFILIATES AS AMENDED THROUGH APRIL 5, 2013

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Date: April 5, 2013

[1] Legends Gaming of Louisiana-1, LLC (12-12014); Legends Gaming of Louisiana-2, LLC (12-12015); Legends Gaming, LLC (12-12017); Legends Gaming of Mississippi, LLC (12-12019); and Legends Gaming of Mississippi RV Park, LLC (12-12020) are being jointly administered with Louisiana Riverboat Gaming Partnership pursuant to order of this Court [P-6].

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DISCLOSURE STATEMENT EXHIBITS

DISCLAIMER

THIS DISCLOSURE STATEMENT CONTAINS A SUMMARY OF CERTAIN PROVISIONS OF THE PLAN OF THE DEBTORS AND DEBTORS-IN-POSSESSION UNDER CHAPTER 11 OF THE UNITED STATES BANKRUPTCY CODE (THE "PLAN"), A COPY OF WHICH IS ATTACHED HERETO AS **EXHIBIT D-1**, PROPOSED BY LOUISIANA RIVERBOAT GAMING PARTNERSHIP AND CERTAIN OF ITS AFFILIATES (COLLECTIVELY, THE "DEBTORS") IN THESE CHAPTER 11 CASES. THIS DISCLOSURE STATEMENT ALSO CONTAINS SUMMARIES OF CERTAIN OTHER DOCUMENTS RELATING TO THE CONSUMMATION OF THE PLAN OR THE TREATMENT OF CLAIMS AND INTERESTS AND CERTAIN FINANCIAL INFORMATION RELATING THERETO.

THE DISCLOSURE STATEMENT INCLUDES CERTAIN EXHIBITS, EACH OF WHICH ARE INCORPORATED INTO AND MADE A PART OF THIS DISCLOSURE STATEMENT AS IF SET FORTH IN FULL HEREIN. THE STATEMENTS AND OTHER INFORMATION CONTAINED IN THIS DISCLOSURE STATEMENT WERE MADE AS OF THE DATE HEREOF, UNLESS OTHERWISE SPECIFIED. HOLDERS OF CLAIMS AND INTERESTS REVIEWING THIS DISCLOSURE STATEMENT SHOULD NOT INFER THAT THE FACTS SET FORTH HEREIN HAVE NOT CHANGED SINCE THE DATE SET FORTH ON THE COVER PAGE HEREOF. HOLDERS OF CLAIMS AND INTERESTS MUST RELY ON THEIR OWN EVALUATION OF THE DEBTORS AND THEIR OWN ANALYSIS OF THE TERMS OF THE PLAN IN DECIDING WHETHER TO ACCEPT OR REJECT THE PLAN.

ALL HOLDERS OF CLAIMS AND INTERESTS ENTITLED TO VOTE ON THE PLAN ARE ENCOURAGED TO READ AND CAREFULLY CONSIDER THIS ENTIRE DISCLOSURE STATEMENT, INCLUDING THE RISK FACTORS CITED HEREIN AND THE PLAN ATTACHED HERETO, BEFORE VOTING TO ACCEPT OR REJECT THE PLAN.

THE DEBTORS ARE PROVIDING THE INFORMATION IN THIS DISCLOSURE STATEMENT SOLELY FOR PURPOSES OF SOLICITING HOLDERS OF CLAIMS TO ACCEPT OR REJECT THE PLAN. NOTHING IN THIS DISCLOSURE STATEMENT MAY BE USED BY ANY PERSON FOR ANY OTHER PURPOSE. THE CONTENTS OF THIS DISCLOSURE STATEMENT SHALL NOT BE DEEMED AS PROVIDING ANY LEGAL, FINANCIAL, SECURITIES, TAX, OR BUSINESS ADVICE. THE DEBTORS URGE EACH HOLDER OF A CLAIM OR INTEREST TO CONSULT WITH ITS OWN ADVISORS WITH RESPECT TO ANY SUCH LEGAL, FINANCIAL, SECURITIES, TAX, OR BUSINESS ADVICE IN REVIEWING THIS DISCLOSURE STATEMENT AND THE PLAN. MOREOVER, THIS DISCLOSURE STATEMENT DOES NOT CONSTITUTE, AND SHALL NOT BE CONSTRUED AS, AN ADMISSION OF FACT, LIABILITY, STIPULATION, OR WAIVER. THE SUMMARY OF THE PLAN AND OTHER DOCUMENTS DESCRIBED IN THIS DISCLOSURE STATEMENT ARE QUALIFIED IN THEIR ENTIRETY BY REFERENCE TO THE ACTUAL DOCUMENTS THEMSELVES AND THE EXHIBITS THERETO.

THE DEBTORS BELIEVE THAT THE INFORMATION HEREIN IS ACCURATE BUT ARE UNABLE TO WARRANT THAT IT IS WITHOUT ANY INACCURACY OR OMISSION. THE DEBTORS HAVE NOT AUTHORIZED ANY PARTY TO GIVE ANY INFORMATION ABOUT OR CONCERNING THE PLAN OR THE DEBTORS OR THE VALUE OF THEIR PROPERTY, OTHER THAN AS SET FORTH IN THIS DISCLOSURE STATEMENT.

HOLDERS OF CLAIMS AND INTERESTS SHOULD NOT RELY UPON ANY OTHER INFORMATION, REPRESENTATIONS, OR INDUCEMENTS MADE TO OBTAIN ACCEPTANCE OR REJECTION OF THE PLAN.

THE BANKRUPTCY COURT'S APPROVAL OF THE ADEQUACY OF THIS DISCLOSURE STATEMENT DOES NOT CONSTITUTE THE BANKRUPTCY COURT'S APPROVAL OF THE PLAN. NEITHER THIS DISCLOSURE STATEMENT NOR THE PLAN HAS BEEN FILED WITH OR REVIEWED BY THE UNITED STATES SECURITIES AND EXCHANGE COMMISSION (THE "SEC") UNDER THE SECURITIES ACT OF 1933 (THE "SECURITIES ACT"), OR ANY SECURITIES REGULATORY AUTHORITY OF ANY STATE UNDER ANY STATE SECURITIES LAW ("BLUE SKY LAW"). THIS DISCLOSURE STATEMENT AND THE PLAN HAVE NOT BEEN APPROVED OR DISAPPROVED BY THE SEC OR ANY STATE SECURITIES COMMISSION AND NEITHER THE SEC NOR ANY STATE SECURITIES COMMISSION HAS PASSED UPON THE ACCURACY OR ADEQUACY OF THE INFORMATION CONTAINED HEREIN OR THEREIN. NEITHER THE OFFER NOR THE SALE OF ANY SECURITIES PURSUANT TO THE PLAN HAS BEEN REGISTERED UNDER THE SECURITIES ACT OR ANY SIMILAR STATE SECURITIES OR "BLUE SKY" LAWS. ANY SUCH OFFER OR SALE IS BEING MADE IN RELIANCE ON THE EXEMPTIONS FROM REGISTRATION THEREUNDER SPECIFIED IN SECTION 1145 OF THE BANKRUPTCY CODE.

THIS DISCLOSURE STATEMENT SUMMARIZES CERTAIN PROVISIONS OF THE PLAN, CERTAIN OTHER DOCUMENTS, AND CERTAIN FINANCIAL INFORMATION. THE DEBTORS BELIEVE THAT THESE SUMMARIES ARE FAIR AND ACCURATE. IN THE EVENT OF ANY INCONSISTENCY OR DISCREPANCY BETWEEN A DESCRIPTION CONTAINED IN THIS DISCLOSURE STATEMENT AND THE TERMS AND PROVISIONS OF THE PLAN OR THE OTHER DOCUMENTS OR FINANCIAL INFORMATION INCORPORATED HEREIN BY REFERENCE, THE PLAN, OR SUCH OTHER DOCUMENTS, AS APPLICABLE, SHALL GOVERN FOR ALL PURPOSES.

EACH HOLDER OF AN IMPAIRED CLAIM THAT IS ALLOWED TO VOTE SHOULD REVIEW THE ENTIRE PLAN BEFORE CASTING A BALLOT. NO PARTY IS AUTHORIZED BY THE BANKRUPTCY COURT TO PROVIDE ANY INFORMATION WITH RESPECT TO THE PLAN OTHER THAN THAT CONTAINED IN THIS DISCLOSURE STATEMENT.

THE FINANCIAL INFORMATION CONTAINED IN OR INCORPORATED BY REFERENCE INTO THE DISCLOSURE STATEMENT HAS NOT BEEN AUDITED, EXCEPT AS SPECIFICALLY INDICATED OTHERWISE.

INFORMATION INCORPORATED BY REFERENCE INTO THIS DISCLOSURE STATEMENT SPEAKS AS OF THE DATE OF SUCH INFORMATION OR THE DATE OF THE REPORT OR DOCUMENT IN WHICH SUCH INFORMATION IS CONTAINED OR AS OF A PRIOR DATE AS MAY BE SPECIFIED IN SUCH REPORT OR DOCUMENT. ANY STATEMENT CONTAINED IN A DOCUMENT INCORPORATED BY REFERENCE HEREIN SHALL BE DEEMED TO BE MODIFIED OR SUPERSEDED FOR ALL PURPOSES TO THE EXTENT THAT A STATEMENT CONTAINED IN THIS DISCLOSURE STATEMENT OR IN ANY OTHER SUBSEQUENTLY FILED DOCUMENT WHICH IS ALSO INCORPORATED OR DEEMED TO BE INCORPORATED BY

REFERENCE, MODIFIES OR SUPERSEDES SUCH STATEMENT. ANY STATEMENT SO MODIFIED OR SUPERSEDED SHALL NOT BE DEEMED, EXCEPT AS SO MODIFIED OR SUPERSEDED, TO CONSTITUTE A PART OF THIS DISCLOSURE STATEMENT.

INTRODUCTION

Louisiana Riverboat Gaming Partnership ("Riverboat Gaming"), Legends Gaming of Louisiana-1, LLC ("Legends LA-1"), Legends Gaming of Louisiana-2, LLC ("Legends LA-2"), Legends Gaming, LLC ("Legends Gaming"), Legends Gaming of Mississippi, LLC ("Legends MS"), and Legends Gaming of Mississippi RV Park, LLC ("Legends MS RV") (each a "Debtor" and collectively, the "Debtors") have filed a Joint Chapter 11 Plan for Louisiana Riverboat Gaming Partnership and Affiliates as Amended Through April 5, 2013 (together with any modification, amendment or supplement that may be filed thereto, the "Plan"). The Debtors submit this Joint Disclosure Statement for Joint Chapter 11 Plan for Louisiana Riverboat Gaming Partnership and Affiliates as Amended Through April 5, 2013 (the "Disclosure Statement") pursuant to Section 1125 of title 11 of the United States Code (the "Bankruptcy Code") to holders of Claims against and Interests in the Debtors. The Disclosure Statement is submitted in connection with (i) the solicitation of acceptances or rejections of the Plan filed by the Debtors with the United States Bankruptcy Court for the Western District of Louisiana, Shreveport Division (the "Bankruptcy Court"), and (ii) the hearing to consider approval of the Plan (the "Confirmation Hearing") scheduled for the date set forth in the accompanying notice. Unless otherwise defined in this Disclosure Statement, all capitalized terms contained herein have the meanings ascribed to them in the Plan. In the event of a conflict or difference between the definitions used in the Disclosure Statement and the Plan, the definitions contained in the Plan shall control.

I. PURPOSES AND SUMMARY OF PLAN

THE DESCRIPTION OF THE PLAN SET FORTH BELOW CONSTITUTES A SUMMARY ONLY. CREDITORS, HOLDERS OF INTERESTS AND OTHER PARTIES IN INTEREST ARE URGED TO REVIEW AND ANALYZE THE PLAN IN ITS ENTIRETY.

The primary purposes of the Plan are to:

- Provide for the continued operation of the Debtors' business;
- Cancel the existing Preferred Interests and Common Interests in Legends Gaming and issue New Interests to a new interest holder ("New Interest Holder") in connection with the execution of a new management agreement (it is currently contemplated that the New Interest Holder will be Foundation Gaming Group, LLC ("FGG") or an affiliate thereof);
- Provide for substantial deleveraging of the business by reducing the amount of the Debtors' first lien secured debt and by completely eliminating the Debtors' second lien secured debt;
- Provide for the assumption and/or timely payment of (a) certain unpaid trade debt for goods delivered or services provided to the Debtors in the ordinary course of business prior to the Petition Date set forth on Exhibit D-4, and (b) any Cure Costs associated therewith (collectively, the "Assumed Liabilities"); and
- Provide for payments and distributions to creditors.

A. OVERVIEW OF THE PLAN

After careful review of the Debtors' current business operations and various liquidation and recovery scenarios, the Debtors have concluded that the recovery for holders of Allowed Claims and Interests will be maximized by the Debtors cancelling the existing Preferred Interests and Common Interests in Legends Gaming and issuing the New Interests to the New Interest Holder. The Reorganized Debtors shall also assume and/or timely perform and discharge in accordance with their terms the Assumed Liabilities (as defined in the Plan).

The Plan provides that the First Lien Lenders' Secured Claims (Class 4) will be Allowed in the amount of $181,182,013.83 as of July 31, 2012 (the "Petition Date"). The Plan also provides that in partial satisfaction of the secured portion of the First Lien Lenders' Secured Claims (but not the First Lien Lenders' deficiency claim), the First Lien Lenders and the Debtors

shall enter into an Amended First Lien Credit Facility in the principal amount of $80 million. A summary of certain material terms of the Amended First Lien Credit Facility is attached hereto as Exhibit D-5. The Amended First Lien Credit Facility shall provide the Reorganized Debtors with the ability to borrow an incremental $15 million in senior secured financing (inclusive of sale leaseback/financing) to be used for the following purposes: (i) funding of emergence costs, (ii) general working capital needs, or (iii) capital improvements for the properties.

The Plan also provides that pursuant to one or more agreements or documents to be filed in a Plan Supplement, the First Lien Lenders under the Amended First Lien Credit Facility will receive the Option, which will have a nominal strike price and will be exercisable in full (e.g., no partial exercises) at the discretion of the holders of a majority of the outstanding debt under the Amended First Lien Credit Facility. Exercise of the Option will be conditioned upon any required approval of the Louisiana Gaming Control Board and the Mississippi Gaming Commission.

The Plan further provides that the First Lien Lenders shall retain all of their Liens and security interests in the Assets as provided in the Amended First Lien Credit Facility, and all agreements and other documents in any way relating thereto or in furtherance thereof. Section 552 of the Bankruptcy Code shall not apply to limit any of the First Lien Lenders' Liens and security interests.

The Plan provides that the Second Lien Lenders' Secured Claims (Class 5) would be Allowed in the amount of $116,252,898.38 as of the Petition Date. The Plan further provides that the Second Lien Lenders will receive no distribution on account of the Second Lien Lenders' Secured Claims. Because the Allowed First Lien Lenders' Secured Claims will not be paid in full under the Plan, the Second Lien Lenders' Secured Claims have no value under

section 506 of the Bankruptcy Code. Accordingly, the entirety of the Second Lien Lenders' Secured Claims will be treated as Class 8 General Unsecured Claims for purposes of voting and distribution under the Plan and the Second Lien Lenders will receive no distribution on account of their Class 5 Second Lien Lenders' Secured Claims. The Plan further provides that the Second Lien Lenders' Liens and security interests in the Debtors' Assets shall be cancelled terminated and erased and have no further effect as of the Effective Date.

Allowed Priority Tax Claims, Allowed Priority Claims, Allowed Secured Tax Claims and Allowed Other Secured Claims will receive the treatment in accordance with the Plan that is selected by the Debtors and the First Lien Ad Hoc Group.

Assumed Liabilities (Class 7) shall be assumed and/or timely performed and discharged by the Reorganized Debtors in accordance with their respective terms.

With respect to General Unsecured Claims (Class 8), which class includes any Rejection Damage Claims, under-insured or uninsured personal injury claims, and the deficiency claims of the First Lien Lenders and the Second Lien Lenders, if the Class of Allowed General Unsecured Claims accepts the Plan pursuant to section 1126(c) of the Bankruptcy Code, the holders of Allowed General Unsecured Claims shall be paid *pro rata* from the sum of $40,000. If, however, the Class of Allowed General Unsecured Claims does not accept the Plan pursuant to section 1126(c), the holders of Allowed General Unsecured Claims will receive no distribution under the Plan.

The holder of the Interests in Riverboat Gaming shall retain such Interests in Riverboat Gaming (Class 9). The holders of Preferred Interests (Class 10) and Common Interests (Class 11) in Legends Gaming will receive nothing under the Plan on account of those Interests and their Interests will be cancelled on the Effective Date. As of the Effective Date, all Preferred Interests

and Common Interests will be deemed automatically canceled, terminated and of no further force or effect without any further act or action under any applicable agreement, law, regulation, order, or rule of law.

A page depicting the post Effective Date corporate and capital structure of the Reorganized Debtors is attached to the Disclosure Statement as Exhibit D- 3.

B. MANAGEMENT OF THE DEBTORS

1. Legends

To provide continuity of management, Raymond C. Cook, Felicia Gavin, Dominic Ricciardelli, Dan Marshall and William J. McEnery are continuing to serve throughout the Chapter 11 Cases at their current level of compensation and benefits until the Effective Date.

The senior corporate management of Legends is as follows:

- William J. McEnery, Chairman, Chief Executive Officer and Manager
- G. Dan Marshall, Manager
- Raymond C. Cook – President, Chief Financial Officer & Chief Information Officer

2. Louisiana Property – Shreveport/Bossier

The senior management of the Debtor Riverboat Gaming, which operates the Debtors' hotel and gaming facility in Bossier City, Louisiana (the "Louisiana Property"), is as follows:

- Domenic Ricciardelli, Executive Vice President and General Manager

3. Mississippi Property – Vicksburg

The senior management of the Debtor, Legends MS, which operates the Debtors' hotel and gaming facility in Vicksburg, Mississippi (the "Mississippi Property" and, together with the Louisiana Property, the "Properties"), is as follows:

- Felicia Gavin, Executive Vice President, General Manager and Vice President of Finance

C. POST EFFECTIVE DATE MANAGEMENT OF THE REORGANIZED DEBTORS

The Debtors expect that after the Effective Date, FGG or an affiliate thereof will be the new manager for the Debtors' Business pursuant to a management contract to be executed effective as of the Effective Date. FGG is a full service gaming management, development and consulting company that services and supports developers, owners, creditors and operators of gaming entertainment facilities in the United States and international markets.

FGG has over 75 years of combined experience within the gaming and hospitality industries, and its scope includes virtually every aspect of property development, management and operations. Below is a summary of some of FGG's team's recent and current engagements.

- Currently operate Bally's Tunica and Resorts Tunica
- FGG's team members were part of the management team engaged to manage the Harlow's Casino in Greenville, MS for a private equity ownership group, until its successful sale in 2010.
- Providing operational and marketing management assistance during the transition of a new property management team to publicly held regional gaming company in the northeast.
- Engaged to provide organizational development and training assistance for a leading Biloxi, Mississippi casino.
- Managing the direct marketing programs, providing database management, analysis functions, and organizational development assistance for a tribal nation in Oklahoma with 7 properties.
- Developing human resource, training and development programs, and developing the risk management and business continuity plans for $500 million casino project under development in the northeast.
- Providing development services in multiple jurisdictions.
- Engaged in providing direction in developing and implementing strategic initiatives.

FGG's team members have been previously licensed or found suitable in multiple jurisdictions, including MS, CO, LA, MO, IA, NV, FL, Bahamas, United Kingdom and team members currently have findings of suitability in Mississippi.

D. POST EFFECTIVE DATE BOARD OF DIRECTORS/OFFICERS

Prior to the Confirmation Hearing, the Debtors shall disclose the identity and affiliations of the initial Post Effective Date board members (or managers), and any officers, of the Reorganized Debtors in the Plan Supplement in accordance with section 1129(a)(5) of the Bankruptcy Code , who shall be subject to approval of lenders under the Amended First Lien Credit Facility holding at least 50.01% of the amount of the First Lien Lenders' Secured Claims outstanding as of the Petition Date, and subject to any required approval of the Gaming Regulators. If any board member or manager of the Reorganized Debtors dies or resigns, a new member will be replaced by the Reorganized Debtors in accordance with applicable corporate or limited liability authority, subject to any required approval of the Gaming Regulators.

II. SUMMARY OF CLASSIFICATION AND TREATMENT OF CLAIMS AND INTERESTS

The following is a Summary of Classification and Treatment of Claims and Interests:

CLASS	TREATMENT
Unclassified. Allowed **Administrative Expense Claims.** **The total estimate of Administrative Expense Claims as of Effective Date is approximately $2.25 million.**	**Unimpaired. Not entitled to vote.** *Allowed Administrative Expense Claims.* Subject to section 2.1.2 of the Plan, to the extent Allowed Administrative Expense Claims are not otherwise paid during the Chapter 11 Cases, each Allowed Administrative Expense Claim (other than any Allowed Administrative Expense Claims for ad valorem taxes which shall be paid in thirty-six (36) consecutive equal monthly installments with such monthly payments beginning in the third calendar month following the occurrence of the Effective Date and continuing thereafter until paid in full, with interest at such rate as required by Section 511 of the Bankruptcy Code, in an aggregate amount equal to such Allowed Administrative Expense Claim) shall be paid (x) in full, in Cash, by the Debtors on the Effective Date or as soon practicable thereafter; or (y) in accordance with the terms of the underlying Allowed Administrative Expense Claim; or (z) upon such other terms as may be agreed upon by the holder of such Allowed Administrative Expense Claim and the Debtors or, as applicable, the Reorganized Debtors or otherwise established pursuant to an order of the Bankruptcy Court; *provided*, *however*, that Administrative Expense Claims representing liabilities incurred in the ordinary course of business by any Debtor in Possession shall be paid by the applicable Debtor in accordance with the terms and conditions of the particular transactions, the applicable non-bankruptcy law, and any agreements relating

	thereto or any order of the Bankruptcy Court. For the avoidance of doubt, all unpaid post-petition amounts authorized and payable under the Final Cash Collateral Order shall be deemed to be Allowed Administrative Expense Claims under the Plan. Pursuant to subsection 2.1.1(z) of the Plan, the Transaction Fees due to Houlihan Lokey Capital, Inc. and Seaport Group Securities, LLC, respectively, shall be paid in equal monthly installments of $100,000 to each such advisor (i.e., a total of $200,000 per month) with payments commencing on the first Business Day of the month following the occurrence of the Effective Date and continuing on the first Business Day of each month thereafter through December 1, 2013, in the amount of $100,000 per month to Seaport and $100,000 per month to Houlihan Lokey, with any residual amounts owed to Seaport and Houlihan Lokey, respectively, being paid in full by the Reorganized Debtors by December 20, 2013. *Compensation of Professionals of Debtors.* All Professionals of the Debtors who seek compensation or who have been compensated from the estates of the Debtors in Possession during the Chapter 11 Cases, or who seek compensation from the estates of the Debtors in Possession for services rendered or reimbursement of expenses incurred from the Petition Date through and including the Effective Date, pursuant to Sections 327, 328, 330, or 503(b) of the Bankruptcy Code, shall (a) File final applications for allowance of compensation for services and reimbursement of expenses incurred from the Petition Date through the Effective Date by no later than the date that is forty-five (45) days after the Effective Date, and (b) if granted such an award by the Bankruptcy Court, be paid in full by the Debtors or, as applicable, the Reorganized Debtors or as otherwise provided in the Plan in such amounts as are Allowed by the Bankruptcy Court (i) on the date such Administrative Expense Claim becomes an Allowed Administrative Expense Claim, or as soon thereafter as is practicable, or (ii) when mutually agreed upon by such holder of an Administrative Expense Claim and the Reorganized Debtors. For the avoidance of doubt, no professional retained or employed by or for the benefit of the First Lien Agent or the First Lien Ad Hoc Group shall be required to File any motion or application for allowance or payment of any of its fees and expenses. *Substantial Contribution Claims; Deadline for Filing.* To the extent any Entity seeks payment or reimbursement of compensation for services rendered or reimbursement of expenses incurred in connection with or during the Chapter 11 Cases under Section 503(b)(3)(D) of the Bankruptcy Code, such Entity shall File its application or request for such payment on or before the deadline established by the Bankruptcy Court for the filing of the objections to the confirmation of the Plan, and any such application or request shall be heard and determined at the Confirmation Hearing; otherwise, any such application or request for compensation or reimbursement of expenses under Section 503(b)(3)(D) shall be forever barred from assertion against the Debtors, their respective Estates, and the Reorganized Debtors, and the holders of any such Claims are barred from recovering any distributions under the Plan on account thereof. To the extent not already paid by the Effective Date, the Second Lien Agent, any Second Lien Lender and any of their respective counsel, advisors, agents and professionals shall be entitled to receive only the amount that has already been specifically authorized by the Final Cash Collateral Order (*i.e.*, a total of $40,000 for the Second Lien Agent), and shall have no other Administrative

	Expense Claim or Substantial Contribution Claim. *Bar Date for Filing Administrative Expense Claims*. Except with respect to any Administrative Expense Claims (a) that are Allowed under the Plan or payable pursuant to an order of the Bankruptcy Court or (b) for which a different deadline is established by this Article 2, Administrative Expense Claims must be Filed no later than thirty (30) days after the Effective Date. Otherwise, any such Administrative Expense Claim is and shall be deemed to be forever barred and unenforceable against the Debtors, their respective Estates, their Assets and the Reorganized Debtors, and the holders of any such Claims are barred from recovering any distributions under the Plan on account thereof. **Estimated percentage recovery: 100%**
Class 1. Allowed Priority Tax Claims. **The total estimate of Allowed Priority Tax Claims as of the Effective Date is approximately $2.4 million.**[2]	**Impaired. Entitled to vote.** Each holder of an Allowed Priority Tax Claim that has not otherwise been satisfied during the Chapter 11 Cases shall be paid the Allowed Amount of such Allowed Priority Tax Claim, at the option of the Reorganized Debtors and the First Lien Ad Hoc Group: (x) in full, in Cash, by the Reorganized Debtors on the Effective Date; or (y) in accordance with the terms of the underlying Allowed Priority Tax Claim; or (z) in thirty-six (36) consecutive equal monthly installments with such monthly payments beginning in the third calendar month following the occurrence of the Effective Date, with interest at such rate as required by Section 511 of the Bankruptcy Code or otherwise as required by Section 1129(a)(9)(C) or (D) of the Bankruptcy Code in an aggregate amount equal to such Allowed Priority Tax Claim. **Estimated percentage recovery: 100%**
Class 2. Priority Claims. **The estimated Allowed Amount of the Priority Claims is approximately $0.00.**	**Impaired. Entitled to vote.** Each holder of an Allowed Priority Claim that has not otherwise been satisfied during the Chapter 11 Cases shall be paid the Allowed Amount of such Allowed Priority Claim, at the option of the Reorganized Debtors and the First Lien Ad Hoc Group: (x) in full, in Cash, by the Reorganized Debtors on the Effective Date, or (y) in accordance with the terms of the underlying Allowed Priority Claim; or (z) upon such other terms as may be agreed upon by the holder of such Allowed Priority Claim and the Reorganized Debtors or otherwise established pursuant to a Final Order of the Bankruptcy Court. **Estimated percentage recovery: 100%**
Class 3. Secured Tax Claims. **The estimated Allowed Amount of the Secured Tax Claims is**	**Impaired. Entitled to vote.** (a) *General Terms*: Each holder of an Allowed Secured Tax Claim that has not otherwise been satisfied during the Chapter 11 Cases shall be paid the Allowed Amount of such Allowed Secured Tax Claim, at the option of the Reorganized

[2] The Allowed amount of 2012 ad valorem tax claims due to Bossier Parish Sheriff and Ex-Officio Tax Collector and the Warren County Board of Supervisors shall be treated as Priority Tax Claims. Under the Plan, the Allowed amount of 2012 ad valorem tax claims due to Bossier Parish Sheriff and Ex-Officio Tax Collector and the Warren County Board of Supervisors will be paid with interest at such rate as required by Section 511 of the Bankruptcy Code or otherwise as required by Section 1129(a)(9)(C) or (D) of the Bankruptcy Code over three years. The Debtors are currently challenging in the Bankruptcy Court the property taxes assessed by the Warren County Board of Supervisors, so this amount may decrease.

approximately $0.00.	Debtors and the First Lien Ad Hoc Group: (x) in full, in Cash, on the Effective Date or as soon as practicable thereafter; or (y) in accordance with the terms of the underlying Allowed Secured Tax Claim; or (z) in thirty-six (36) consecutive equal monthly installments with such monthly payments beginning in the third calendar month following the occurrence of the Effective Date, with interest at such rate as required by Section 511 of the Bankruptcy Code or otherwise as required by Section 1129(a)(9)(C) or (D) of the Bankruptcy Code in an aggregate amount equal to such Allowed Secured Tax Claim. (b) *Collateral*: Each holder of an Allowed Secured Tax Claim that has an Encumbrance shall retain the Encumbrance on the Debtors' Assets with the same validity, priority and extent that existed on the Petition Date until paid in full under the Plan. Thereafter, such Encumbrances shall be deemed cancelled, terminated and erased and have no further effect. Each holder of (i) Secured Tax Claims that are not Allowed or (ii) Allowed Secured Tax Claims with Encumbrances after the payment in full of such Allowed Secured Tax Claim under the Plan, shall execute any and all documents reasonably necessary to effectuate the cancellation, termination and erasure of such Encumbrances (and the Reorganized Debtors are hereby authorized to execute, file and deliver any documents reasonably necessary to effectuate the cancellation, termination and erasure of such Encumbrances in the event any such holder declines to do so). **Estimated percentage recovery: 100%**
Class 4. First Lien Lenders' Secured Claims. **The estimated Allowed Amount of the First Lien Lenders' Claims is approximately $181,182,013 as of the Petition Date.**	**Impaired. Entitled to vote.** *(a) Amended First Lien Credit Facility.* The First Lien Lenders' Allowed Secured Claims shall be satisfied in part by the Reorganized Debtors' obligations under the Amended First Lien Credit Facility. Interest shall accrue on the principal amount outstanding under the Amended First Lien Credit Facility from and after the Effective Date at the rate of interest set forth in the Amended First Lien Credit Agreement. The Debtors shall indentify the initial board members (or managers), and any officers, of the Reorganized Debtors, who shall be satisfactory to lenders under the Amended First Lien Credit Facility holding at least 50.01% of the of the amount of the First Lien Lenders' Secured Claims outstanding as of the Petition Date, and subject to any required approval of the Gaming Regulators. The lenders under the Amended First Lien Credit Facility will receive the Option, which will have a nominal strike price and will be exercisable in full (*e.g.*, no partial exercises) at the discretion of the holders of a majority of the outstanding debt under the Amended First Lien Credit Facility. Exercise of the Option will be conditioned upon any required approval of the Gaming Regulators. (b) *Residual Value.* The First Lien Lenders will receive any and all value that the Debtors' estates may receive or possess before or after the Effective Date of the Plan (including through litigation) in connection with the Debtors' Assets that are subject to the Liens securing the First Lien Lenders' Secured Claims. (c) *Payment of the Transaction Fees.* The Transaction Fees shall be paid in cash directly to Houlihan Lokey Capital, Inc. and Seaport Group Securities, LLC, respectively, in accordance with the provisions of sections 2.1.1 and 2.1.2 of the Plan that are applicable to Houlihan Lokey Capital, Inc. and Seaport Group Securities, LLC, respectively. Houlihan Lokey Capital, Inc. shall not be required to File any motion or application with the Bankruptcy

	Court for approval of its Transaction Fees. (d) *Collateral*. The First Lien Agent and the First Lien Lenders shall retain all of their Liens and security interests in the Assets as provided in the Amended First Lien Credit Facility, and all agreements and other documents in any way relating thereto or in furtherance thereof. Section 552 of the Bankruptcy Code shall not apply to limit any of the First Lien Lenders' Liens and security interests. (e) *Documentation.* The Confirmation Order shall constitute Bankruptcy Court approval of the Amended First Lien Credit Facility and all agreements and other documents in any way relating thereto or in furtherance thereof, including the Option, each of which as agreed upon by the borrower and the guarantors under the Amended First Lien Credit Facility, the First Lien Agent and the holders of at least 50.01% of the amount of the First Lien Lenders' Secured Claims outstanding as of the Petition Date, without any further action, formality or order of the Bankruptcy Court and without execution of such documents by any other First Lien Lenders. The Amended First Lien Credit Facility and all agreements and other documents in any way relating thereto or in furtherance thereof that are executed or otherwise approved by the borrower and the guarantors, the First Lien Agent and the holders of at least 50.01% of the amount of the First Lien Lenders' Secured Claims outstanding as of the Petition Date shall, from and after the Effective Date, be binding and enforceable as to all First Lien Lenders (and any successors thereto and transferees and assignees thereof), including those First Lien Lenders that do not execute those agreements and documents. (f) *Deficiency Claim.* For voting purposes, and consistent with this Court's December 6, 2012 *Order Approving (I) The Confirmation Hearing Notice, The Contents Of The Solicitation Package, And The Manner Of Mailing And Service Of The Solicitation Package And Confirmation Hearing Notice, (II) The Procedures For Voting And Tabulation Of Ballots, (III) The Forms Of Ballots, And (IV) The Procedures For Allowing Claims For Voting Purposes Only* [P-299], the First Lien Lenders shall have an Allowed General Unsecured Claim in the amount of $56,182,013.83, which deficiency claim shall be classified in Class 8. For convenience only, the foregoing deficiency claim amount is the same as under the Debtors' previous chapter 11 plan, and is not intended to be (nor shall it be deemed to be) based upon the actual value of the Debtors or the Assets. **Estimated percentage recovery: 46%**
Class 5. Second Lien Lenders' Claims. **The estimated Allowed Amount of the Second Lien Lenders' Claims is approximately $116,252,898.38 as of the Petition Date.**	**Impaired. Not entitled to vote in Class 5, but entitled to vote in Class 8.** (a) *General Terms.* Because the Allowed First Lien Lenders' Secured Claims will not be paid in full under the Plan, the Second Lien Lenders' Secured Claims have no value under Section 506 of the Bankruptcy Code. Accordingly, the entirety of the Second Lien Lenders' Secured Claims shall be treated as Class 8 General Unsecured Claims for all purposes, including voting and distributions under the Plan, and the Second Lien Lenders will receive no distribution on account of the Class 5 Second Lien Lenders' Secured Claims. From and after the Effective Date, the Existing Second Lien Credit Facility shall continue in effect solely for purposes of allowing the Second Lien Agent to make any distributions to the Second Lien Lenders on account of their Class 8 General Unsecured Claims in accordance with the Plan, and permitting the Second Lien Agent to maintain any rights it may have against the Second Lien

	Lenders for fees, costs and expenses under the Existing Second Lien Credit Facility. (b) *Collateral.* The Second Lien Lenders' Liens and security interests in the Debtors' Assets shall be cancelled, terminated and erased and have no further effect as of the Effective Date. The Second Lien Agent or Second Lien Lenders shall execute any and all documents reasonably necessary to effectuate the cancellation, termination and erasure of any liens and security interests (and the Reorganized Debtors are hereby authorized to execute, file and deliver any documents reasonably necessary to effectuate the cancellation, termination and erasure of such Encumbrances in the event the Second Lien Agent and the Second Lien Lenders decline to do so). **Estimated percentage recovery: 0%**
Class 6. Other Secured Claims. **The estimated Allowed Amount of the Other Secured Claims is approximately $335,000.**	**Impaired. Entitled to vote.** (a) *General Terms:* At the option of the Reorganized Debtors and the First Lien Ad Hoc Group, either (i) the legal, equitable, and contractual rights of the holder of such Allowed Other Secured Claim shall be reinstated as of the Effective Date in accordance with Section 1124(2) of the Bankruptcy Code; (ii) the holder of such Allowed Other Secured Claim against a Debtor shall (A) retain the Encumbrances securing such Allowed Other Secured Claim and (B) receive regular installment payments in Cash having a total value, as of the Effective Date (reflecting an interest rate determined as of the Effective Date under 26 U.S.C. § 6622), equal to such Allowed Other Secured Claim, over a period ending not later than five (5) years after the Petition Date; (iii) the collateral securing such Allowed Other Secured Claim shall be surrendered to the holder of such Allowed Other Secured Claim on the Effective Date or as soon as practicable thereafter; or (iv) the holder of such Allowed Other Secured Claim shall be paid in full in Cash on the Effective Date or as soon as practicable thereafter. (b) *Collateral*. Holders of Allowed Other Secured Claims treated as provided in subsection (a)(i) or (a)(ii) shall retain any Encumbrances that are valid and perfected under applicable law that secure such Allowed Other Secured Claim with the same validity, priority and extent that existed on the Petition Date until paid in full under the Plan. Those Encumbrances granted to the holders of Other Secured Claims other than those retained pursuant to subsection (a)(i) or (a)(ii) shall be cancelled, terminated and erased and have no further effect as of the Effective Date and the holders thereof shall execute any and all documents reasonably necessary to effectuate the cancellation, termination and erasure of such Encumbrances (and the Reorganized Debtors are hereby authorized to execute, file and deliver any documents reasonably necessary to effectuate the cancellation, termination and erasure of such Encumbrances in the event any such holder declines to do so). **Estimated percentage recovery: 100%**

Class 7. Assumed Liabilities **The estimated Allowed Amount of the Assumed Liabilities is approximately $338,000. A list of the Assumed Liabilities is attached hereto as Exhibit D-4.** [3]	**Unimpaired. Not entitled to vote. Deemed to Accept the Plan.** The Reorganized Debtors shall assume and/or timely perform and discharge the Assumed Liabilities, respectively, in accordance with their respective terms. **Estimated recovery: 100%**
Class 8. General Unsecured Claims (Including Rejection Damage Claims, under-insured or uninsured personal injury claims, and Deficiency Claims of the First Lien Lenders and Second Lien Lenders). **The estimated Allowed Amount of the General Unsecured Claims is approximately $215.2 million.**	**Impaired. Entitled to vote.** If the Class of Allowed General Unsecured Claims accepts the Plan pursuant to Section 1126(c) of the Bankruptcy Code, the holders of Allowed General Unsecured Claims shall be paid *pro rata* from the sum of $40,000, which would otherwise be distributable to the First Lien Lenders. If, however, the Class of Allowed General Unsecured Claims does not accept the Plan pursuant to Section 1126(c) of the Bankruptcy Code, Class 8 General Unsecured Claims shall receive no distribution under the Plan on account of such Class 8 General Unsecured Claims. **Estimated recovery: .02% if Class 8 accepts the Plan; 0% if Class 8 rejects the Plan**
Class 9. Interests in Riverboat Gaming.	**Unimpaired. Not entitled to vote.** The holder of the Interests in Riverboat Gaming shall retain such Interests in Riverboat Gaming. **Estimated recovery: 100%**
Class 10. Preferred Interests	**Impaired. Deemed to Reject; Not entitled to vote.** Holders of any and all Preferred Interests shall receive no distribution under the Plan and all Preferred Interests shall be cancelled on the Effective Date. As of the Effective Date, all Preferred Interests shall be deemed automatically canceled, terminated and of no further force or effect without any further act or action under any applicable agreement, law, regulation, order, or rule of law. **Estimated recovery: 0%**
Class 11. Common Interests	**Impaired. Deemed to Reject; Not entitled to vote.** The holders of Class 11 Common Interests shall receive no distribution under the Plan and all Common Interests shall be cancelled on the Effective Date. As of the Effective Date, all Common Interests shall be deemed automatically canceled, terminated and of no further force or effect without any further act or action under any applicable agreement, law, regulation, order, or rule of law. **Estimated recovery: 0%**

[3] For the avoidance of doubt, the Debtors may add or delete any Assumed Liability, including changing any scheduled amount, from the schedule of assumed liabilities at any time prior to the Effective Date.

III. GENERAL OVERVIEW AND BACKGROUND INFORMATION

A. BACKGROUND AND GENERAL INFORMATION

1. Overview

Debtor Legends Gaming was incorporated in May of 2004 under the laws of the State of Delaware. Legends Gaming was incorporated as a vehicle to purchase and operate casinos and related non-gaming amenities. On July 31, 2006, after a significant development stage, Legends acquired hotels and casinos in Bossier City, Louisiana and Vicksburg, Mississippi from Isle of Capri Casinos, Inc. ("Isle of Capri") for approximately $240 million with approximately $40 million of equity contributions provided by William McEnery. Legends Gaming and its affiliates commenced gaming activities under the "DiamondJacks" brand name at the newly acquired, former Isle of Capri facilities on the evening of August 1, 2006 (the day after the purchase from Isle of Capri closed). Legends Gaming continues to own and operate these facilities through its wholly-owned subsidiaries, Debtors Riverboat Gaming and Legends MS.

Together, the Properties contain approximately 60,000 square feet of gaming space with 1,922 slot machines, 52 table games and 693 hotel rooms. At each Property, the Debtors offer extensive guest amenities, including state of the art meeting and entertainment spaces and pool. The Properties operate in significant gaming markets and are well established within their markets, each having been in operation for more than fifteen years. The Debtors have received numerous prestigious awards for their business operations and community involvement.

a. The Louisiana Property

Debtor Riverboat Gaming operates the Debtors' gaming facility in Bossier City, Louisiana. The Louisiana Property opened as a gaming facility in 1994. The Bossier City/Shreveport gaming market is the fourth largest casino market in the southeastern U.S. Bossier City and Shreveport are located in northwest Louisiana, approximately 20 miles from the

Texas border. In fiscal year 2012, the Louisiana Property generated $70.5 million of gross revenues.

b. The Mississippi Property

Debtor Legends MS operates the Debtors' gaming facility in Vicksburg, Mississippi. The Mississippi Property opened as a gaming facility in 1993. The Vicksburg gaming market is one of the largest local gaming markets in the southeastern United States. Vicksburg is located on the eastern bank of the Mississippi River in west-central Mississippi, just off Interstate 20. In fiscal year 2012, the Mississippi Property generated $35.8 million of gross revenues.

c. Capital Reinvestment

Since purchasing the two Isle of Capri properties in mid-2006, Legends Gaming has rebranded and refreshed the overall décor and product. In 2006, the properties were overly themed with a tropical flair and possessed a non-competitive food product and in some cases still utilized slot tokens on their casino floor as opposed to fully utilizing ticket in ticket out technology (TITO).

Since 2006, Legends Gaming has invested approximately $30.3 million in renovating, upgrading and rebranding both Properties. The Properties today have a contemporary feel and have lost much of the previous "Isle theme." Both casino floors have been totally remodeled with new carpeting, wall coverings, lighting, and in the case of the Louisiana Property, new restrooms and casino bars. The casino management systems and slot products have been upgraded and/or replaced and both casinos are utilizing 100% TITO technology. All seven of the Debtors' restaurants (4 at the Louisiana Property and 3 at the Mississippi Property) have been renovated and new menu offerings put in place.

Also, all public spaces at both Properties, including front desk, reception, pavilions and meeting spaces, have been renovated as well.

2. The Debtors' Corporate Structure

Debtor Legends Gaming is a Delaware limited liability corporation with its principal place of business in Las Vegas, Nevada. Legends Gaming is the ultimate parent of each of the other Debtors. Legends Gaming owns 100% of the equity of Legends LA-1, Legends LA-2 and Legends MS. Legends LA-1 and Legends LA-2 are both limited liability corporations organized under the laws of the State of Louisiana. Each holds fifty percent (50%) of the equity interests of Riverboat Gaming. Riverboat Gaming is a general partnership organized under the laws of the State of Louisiana. Legends MS is organized under the laws of the State of Mississippi and holds 100% of the equity of Legends MS RV, an entity organized under the laws of the State of Delaware. Other than the Interests in Riverboat Gaming held by Legends LA-1 and Legends LA-2, Legends LA-1, Legends LA-2 and Mississippi RV Park have no assets and conduct no operations.

3. Employment Contracts

There are ten employment contracts outstanding with current management. The employment contracts have various expiration dates, with five contracts expiring in 2013 and five contracts expiring in 2014. Five of these contracts have change in control and/or severance provisions which provide for payments equal to the remainder of the contract plus six to twelve months salary and bonuses. The contracts are currently under review to determine which contracts may be assumed (or renegotiated and assumed) by the Reorganized Debtors. Any contracts which are not assumed will be rejected by the Debtors as of the Effective Date.

B. OPERATIONAL RESULTS PRIOR TO FILING CHAPTER 11

1. Properties Receive National Awards

During the quarter ended September 30, 2011, three gaming magazines, Casino Player, Strictly Slots and Southern Gaming & Destinations, each published their respective "Best of 2011 Awards". DiamondJacks was the most recognized brand in the Mid-South region garnering a combined 95 awards with DiamondJacks Bossier City being named "Best Overall Casino," "Best Rooms," "Best Restaurant," "Best Casino Floor," Best Players Club," and "Best Casino Personnel," by Southern Gaming.

2. General Community Impact

In 2006, the Debtors implemented the following mission statement:

> *"Legends Gaming is committed to providing a fun and exciting gaming experience for our guests, an enriching work environment for our team members, and we will be an active member of the communities in which we operate."*

DiamondJacks, during the past year, truly has been an active member in both the Shreveport-Bossier and Vicksburg-Jackson communities. The Debtors believe that in order to have a strong, viable gaming business, they need to reach out into the communities where their team members and guests reside, and help strengthen the community through active involvement in terms of both its time and financial resources.

During the past year the Debtors and their team members have been active in numerous endeavors, which have included:

Shreveport - Bossier

- Partnership with Shreveport's Life Share Blood Center and The Radio Group to sponsor a special blood drive to donate the "perfect gift."
- Saluted and expressed gratitude for our soldiers by donating playing cards and dice to the 539th Military Police stationed in Salerno, Afghanistan.

- Participated in the Ronald McDonald Pop Tab Program. The pop tabs are recycled in exchange for money to help with cancer research and benefit St. Jude Children's Research Hospital.

- Donated hotel nights to the American Cancer Society's Mid-South Division Guest Room Program for cancer patients and their family.

- Sponsored company basketball teams with Shreveport's Public Assembly and Recreation league to foster team building and camaraderie.

- Attended the NAACP Freedom Fund Banquet to support, foster and strengthen our relationships with current and potential minority vendors.

- Donated bottled water for the Prevention and Treatment of HIV/AIDS and Substance Abuse Walk and National Testing Day Campaign.

- Donated bottled water to the Epilepsy Foundation for the Seize the Road Bike Tour and Awareness Walk.

- Donated 2,000 plastic buckets to the Bossier Parish School Board for use at schools and facilities.

- Sponsored a special lunch buffet at Legend's Buffet on Mother's Day for the resident mothers of Providence House.

- Sponsored the Taste of Culture fundraising event for the Multicultural Center of the South to celebrate 26 cultures in the Shreveport-Bossier area.

- Sponsored the Taste of Home Cooking Show.

- Sponsored the Best of Times-2012 Poker Rally and assisted the Food Bank of Northwest Louisiana in collection of canned and food donations for their pantry.

- Sponsored the Great Texas Balloon Race.

- Sponsored Cinco de Mayo Fiesta, Inc in celebration of our community's Hispanic culture.

- Sponsored Mudbug Madness to celebrate Louisiana's rich Cajun heritage.

- Sponsored MDA/KTAL Golf Tournament to raise awareness and funds to find a cure for muscular dystrophy, ALS and related diseases.

- Sponsored the 2012 State Fair of Louisiana to promote agriculture and livestock.

Vicksburg – Jackson

- DiamondJacks hosted an event for the community for the re-opening of the Washington Street Bridge.

- DiamondJacks team members participated in the Chili Cook Off with the proceeds benefiting MS Children Home Services Warren County Children's Shelter.

- Sponsored the annual United Way Banquet.

- DiamondJacks and Team Members contributed $51,831 to the United Way Campaign.

- Sponsored Biggest Loser Winner Patrick House as he raised funds to benefit the American Liver Foundation.

- DiamondJacks helped sponsor the Vicksburg Police Department Summer Youth Basketball Program as well as donated cases of water for the program.

- Donated DJ's Seafood and Steakhouse Appetizer coupons for the Teachers Appreciation event throughout the school district.

- Member of the Friends of Vicksburg National Military Park which is committed to preserve the tangible reminders of the bravery and perseverance of those that fought at Vicksburg.

- Donated to the Jackie Curtis Barnett (former deceased team member) Benefit which helps raise money for scholarships for children.

- Donated to Tower Loan of Vicksburg to help raise awareness for Juvenile Diabetes.

- Donated to the Main Street Vicksburg Program for the 3rd Annual Bricks & Spokes Bicycle Event. Vicksburg Main Street Program is a non-profit organization.

- Donated old linen and newspapers to the Vicksburg Humane Society.

- Sponsored the 22nd Anniversary Scholarship/Mentoring Banquet for 100 Black Men of Jackson.

- Donated to the Food Bank of Northwest Louisiana/Empty Bowls Fundraiser.

- Participate in the Vicksburg Relay for Life events by hosting a booth and donating money and manpower.

- Donated cases of water to the 3rd Annual Walk against Crime sponsored by the Vicksburg Police Department.

- Sponsored the VSA Gator Bait Triathlon & Open Water Swim.
- Donated to the Bike for MS which is a fundraiser for Multiple Sclerosis.
- Donated to the Mississippi Division of Medicaid United Way Campaign.
- Donated cases of water to Revert Community Coalition Center Fun Day and to the Central Mississippi Prevention Services Annual Summer Leadership Camp.
- Sponsored Teddy Bearfest 2012 which is a historical celebration in Madison Parish.
- Sponsored a team in a 2-Man Golf Scramble at the Vicksburg Country Club.
- Donated to the Rally Round the River 5th Annual Bike Ride all proceeds from the event went to the American Cancer Society.
- Donated to the Vicksburg Homecoming Benevolent Club which raises scholarship funds for local high school students.
- Donated to the Laverne Russell Memorial Golf Tournament.
- Donated to the Canton Lions Club.
- Donated to the Vicksburg Moose Lodge 1581.
- Donated to Bringing Gospel to the Bottom event which focuses on reaching those with needs with positive and uplifting events and providing scholarship funds for the youth of Vicksburg.
- Donated to the Vicksburg & Warren Central High School 20th Class Reunion.
- Donated door prizes for the Benefit for the Price Family. All proceeds went to the Price Family.
- Donated to the Jackson 48 Hour Film Project.
- DiamondJacks team members participated in the Chill in the Hill event. All proceeds from the event went to the Greater Christian Counseling Center.
- The University of Southern MS donated an auction item to support the Casino, Hospitality and Tourism Management Department.
- DiamondJacks supports the Southern Cultural Heritage Foundation with an annual donation as well as teams in the Over The River Run.

- DiamondJacks supports the Minority Contractors Association of MS.
- DiamondJacks supports the CAP Center of Vicksburg, a United Way Agency teaching parenting skills to parents at risk of abuse/neglect.
- DiamondJacks proudly support events that benefited the Sickle Cell Anemia Research such as The Nine Iron Golf Club, INC.
- DiamondJacks supports Jackson State University by contributing to their Scholarship Awards.

In addition to the many charities and events mentioned above, many of the Debtors' team members serve on the boards of local charities in order to better the community.

3. Washington Street Bridge Closure and Construction Disrupts Mississippi Property

In early 2009, the 80-year old Washington Street Bridge located adjacent to the Mississippi Property, was closed to all vehicular traffic. Washington Street is the city's main north-south thoroughfare and connects downtown Vicksburg to I-20. The closure of this thoroughfare and the erection of street barricades announcing that "the road and bridge ahead are both closed" approximately 75 yards before the entrance to DiamondJacks significantly impacted access to the Mississippi Property.

DiamondJacks, working closely with the City of Vicksburg and State Transportation Authorities, jointly developed a temporary bypass solution that was fully funded by the City of Vicksburg and was opened to traffic in mid-December 2010. The construction of both the temporary bypass and a permanent roadway topped rail tunnel began in earnest in August 2010. During the construction of the bypass, the property endured intermittent disruptions to its entrance area. The temporary bypass expanded the previous two-lane entrance road to DiamondJacks to three lanes and allowed local traffic to traverse the parking lot and cross the railroad tracks at grade. While this bypass greatly improved traffic flow, the Mississippi

Property continued to be impacted by the traffic traversing the parking facilities and the construction of the permanent roadway topped rail tunnel.

The Department of Transportation completed the bridge in February of 2012 at a cost of approximately $8.0 million. Although the bridge is now open to local traffic, in March of 2012, the roadway at the bridge site collapsed due to an underground water leak and remained under construction with non-local traffic being directed away from DiamondJacks until October 2012.

4. Operational Strategies

In order to create value and revenue, the Debtors focus on the mid-level gamer and incorporate the following operational strategies: (1) provide market leading guest services, (2) utilize proprietary marketing techniques, (3) exceed guest expectations with product offerings, (4) leverage technology to maximize resources, and (5) create value through competitive pricing.

C. FINANCIAL RESULTS

1. Revenues

Consolidated gross operating revenues were approximately $133.3 million for the twelve month period ended December 31, 2012 compared to approximately $139.4 million in the prior year's period ended December 31, 2011, a decrease of approximately $6.2 million, or 4.4%. Gross operating revenues at the Mississippi Property increased approximately $3.2 million or 8.0%, largely due to the closure of the Mississippi Property for thirty-seven days in 2011 due to historic flooding, while the Louisiana Property decreased approximately $9.4 million or 9.4% over prior year's period, as a result of increased competition and an overall weak economic environment.

Consolidated casino revenues, which comprise 79.8% of consolidated gross operating revenues, decreased approximately $5.5 million, or 4.9%, to approximately $106.3 million, in

the twelve month period ended December 31, 2012, compared to the prior year's period ended December 31, 2011.

Casino revenues at the Louisiana Property for the twelve month period ended December 31, 2012 were approximately $70.5 million compared to $78.5 million in the prior year's period ended December 31, 2011, a decrease of approximately $8.1 million or 10.3%. The win per slot unit for the twelve month period ended December 31, 2012 was approximately $155 per unit compared to approximately $168 per unit in the prior year's period ended December 31, 2011. Other data points of interest related to the Louisiana Property include an average daily hotel rate of $71 per day, the same as the prior year and a hotel occupancy rate of 57.6% compared to 60.3% in the prior year.

Casino revenues at the Mississippi Property were approximately $35.8 million for the twelve month period ended December 31, 2012 compared to $33.2 million in the prior year period, an increase of $2.6 million or 7.8%. The win per slot unit for the twelve month period ended December 31, 2012 was approximately $106 per unit compared to approximately $110 per unit in the prior year's period ended December 31, 2011. Other data points for the Mississippi Property include an average daily hotel rate of $59 compared to $57 per day in the prior year's period ended December 31, 2011 coupled with an occupancy rate of approximately 76.1% versus 72.7% in the prior year.

Net operating revenues were approximately $102.4 million for the twelve month period ended December 31, 2012 compared to approximately $108.9 million in the prior year's period ended December 31, 2011, a decrease of approximately $6.5 million, or 5.9%.

2. Operating Expenses

In the twelve month period ended December 31, 2012, operating expenses were approximately $100.6 million compared to $105.7 million in the prior year period, a decrease of $5.1 million. Gaming taxes, which include gross gaming revenue taxes and other gaming device fees, totaled approximately $22.0 million or 21.8% of operating expenses compared to $23.7 million in the prior year's period, a decrease of approximately $1.8 million or 7.4%. The State of Louisiana, the City of Bossier City, various Parishes and other agencies impose a combined total tax rate of approximately 26% on gaming revenues compared to the State of Mississippi with a total tax rate of approximately 12%. Marketing and administrative expenses which consist of advertising, direct mail, administrative costs including insurance, property management, security and corporate expenses totaled approximately $23.5 million or 23.4% of operating expenses compared to $25.4 million in the prior year's period, a decrease of approximately $1.9 million or 7.4%. Room operating expenses totaled approximately $2.2 million or 2.2% of operating expenses compared to approximately $2.2 million in the prior year's period, an increase of approximately $17,000 or 0.8%. Casino operating expenses totaled approximately $31.8 million or 31.6% of operating expenses compared to approximately $32.3 million in the prior year's period, a decrease of approximately $0.5 million or 1.5%. Depreciation and amortization expenses decreased approximately $2.7 million or 25.0% to $8.0 million, or 8.0% of operating expenses.

During the twelve month period ended December 31, 2012, other non-operating (including interest) expenses of approximately $42.7 million were recorded compared to approximately $36.2 million in the prior year period. Interest expense for the twelve month period was approximately $40.6 million. The net loss, for the twelve month period ended

December 31, 2012 was approximately $40.9 million compared to a loss of $58.3 million in the prior year's period.

3. Adjusted EBITDAM

Set forth below is the Debtors' Consolidated Income Statement reflecting the Debtors' Adjusted EBITDAM for the last twelve months through January and February 2013.

($ in millions)							LTM	
	12/31/07	12/31/08	12/31/09	12/31/10	12/31/11	12/31/12	1/31/13 (a)	2/28/13 (b)
OPERATING REVENUES:								
Casino	$159.1	$148.8	$133.3	$126.9	$111.8	$106.3	$105.5	$103.8
Rooms	13.1	12.9	11.4	11.6	10.3	9.7	9.5	9.3
Food, beverage and other	23.4	21.2	20.9	20.1	17.3	17.3	17.2	17.0
Gross revenues	$195.6	$182.9	$165.6	$158.5	$139.4	$133.3	$132.2	$130.1
Less promotional allowances	(42.0)	(38.7)	(38.4)	(35.5)	(30.6)	(30.9)	(30.8)	(30.7)
Net operating revenues	$153.6	$144.2	$127.2	$123.1	$108.9	$102.4	$101.4	$99.5
OPERATING COSTS AND EXPENSES:								
Casino	$39.9	$37.6	$35.1	$35.7	$32.3	$31.8	$31.7	$31.4
Rooms	2.1	2.3	2.5	2.6	2.2	2.2	2.2	2.2
Food, beverage and other	5.1	5.1	4.9	4.7	4.2	4.5	4.5	4.4
Gaming taxes	32.4	30.8	27.7	26.3	23.7	22.0	21.8	21.4
Marine and facilities	9.8	9.8	8.9	8.4	8.5	8.6	8.6	8.5
Marketing and administrative	30.3	28.7	24.4	24.2	25.4	23.5	23.5	23.1
Management Fees	3.3	3.0	1.8	0.0	0.0	0.0	0.0	0.0
Depreciation and amortization	12.0	14.9	14.8	12.2	10.7	8.0	7.9	7.7
Business interruption, net	0.0	0.0	0.0	0.0	(0.9)	0.0	0.0	0.0
Total operating costs and expenses	$134.9	$132.2	$120.1	$114.1	$106.1	$100.6	$100.1	$98.8
Operating income (loss)	$18.7	$12.0	$7.1	$9.0	$2.8	$1.8	$1.4	$0.7
Adjusted EBITDAM Calculation								
Operating income	$18.7	$12.0	$7.1	$9.0	$2.8	$1.8	$1.4	$0.7
Depreciation	12.0	14.9	14.8	12.2	10.7	8.0	7.9	7.7
Management fees	3.3	3.0	1.8	0.0	0.0	0.0	0.0	0.0
Weather	0.0	0.0	0.0	0.4	3.2	0.0	0.0	0.0
Severance	0.0	0.0	0.0	0.4	2.0	(0.2)	(0.2)	(0.2)
Waiver fees	0.0	0.0	0.0	0.0	0.2	0.0	0.0	0.0
Restructuring fees	0.0	0.0	0.0	0.0	0.0	2.6	2.6	2.3
Non-operating payroll and insurance	0.0	0.0	0.0	0.0	0.4	0.2	0.2	0.2
Other	0.0	0.0	0.0	0.0	0.5	0.7	0.7	0.7
Adjusted EBITDAM	$34.1	$29.9	$23.6	$22.0	$19.8	$13.1	$12.5	$11.4

Note:
(a) Adjusted EBITDAM for the month of January 2013 was $148,767.
(b) Adjusted EBITDAM for the month of February 2013 was $1,782,813.

D. GAMING REGULATION OVERVIEW

The Debtors operate both Properties subject to certain local, state and federal regulatory authorities and bodies that govern gaming concerns. The Debtors hold valid licenses to conduct gaming operations, and must meet stringent standards established and enforced by various federal, state and local government agencies, the Louisiana Gaming Control Board, the

Mississippi Gaming Commission and the Colorado Division of Gaming[4] (collectively, the "Gaming Regulators"). The Gaming Regulators require, among other things, that the Debtors must maintain a minimum level of cash located in their bank accounts and at each Property. The Gaming Regulators also restrict and regulate the manner in which the Debtors' ownership interests are held or transferred. The Debtors' gaming licenses are subject to the continued review by Gaming Regulators and may be revoked for failing to follow certain regulations, guidelines and requirements. The Gaming Regulators also require that the Debtors pay gaming fees and taxes in Louisiana and Mississippi, periodically renew their gaming licenses in the states of Louisiana, Mississippi and Colorado, and maintain state and local licenses to sell alcoholic beverages and tobacco.

The Gaming Regulators have broad authority and discretion to require the Debtors and their officers, directors, managers, members, employees and certain security holders (creditors) to obtain and maintain various licenses, registrations, permits, findings of suitability and other approvals. To enforce applicable laws and regulations, Gaming Regulators may, among other things, limit, suspend or revoke the Debtors' licenses, levy fines against the Debtors, or direct that the Debtors forfeit certain assets. In addition, the actions of persons associated with the Debtors and their management and employees are strictly scrutinized. The Debtors' management teams continually work to assure compliance with all guidelines and requirements established and enforced by the Gaming Regulators. The Debtors also have a compliance committee with an independent chairperson for the purpose of assuring compliance with the gaming regulations. William P. Curran, former Chairman of the Nevada Gaming Commission, for approximately nine (9) years, past Chairman of the International Association of Gaming Regulators and current

[4] Even though the Debtors do not operate a casino in Colorado, Legends holds a valid license in the state of Colorado.

managing partner of Ballard Spahr Andrews and Ingersoll, LLP in Las Vegas, serves as Legends Gaming's Independent Chairman of the Company's Gaming Compliance Committee.

E. 2008 BANKRUPTCY CASES

On March 11, 2008, the Debtors filed voluntary petitions for relief under chapter 11 of the Bankruptcy Code in the Bankruptcy Court. The cases were jointly administered under Louisiana Riverboat Gaming Partnership, Case No. 08-10824 (the "2008 Bankruptcy Cases"). The Debtors filed for relief under Chapter 11 of the Bankruptcy Code when they breached a leverage covenant in their loan agreements with the First Lien Lenders and the Second Lien Lenders, and were unable to negotiate forbearance agreements, which the Debtors believed protected their assets from seizure.

On June 9, 2009, the Debtors filed the *Amended Joint Chapter 11 Plan of Reorganization for Louisiana Riverboat Gaming Partnership and Affiliates as of June 5, 2009* (the "2009 Plan") [P-705, Case No. 08-10824], which is the plan of reorganization the Bankruptcy Court announced in open court on June 7, 2009 that it would confirm. On June 17, 2009, the Bankruptcy Court signed the *Order Confirming Amended Joint Chapter 11 Plan of Reorganization for Louisiana Riverboat Gaming Partnership and Affiliates as of June 5, 2009* (the "Confirmation Order") [P-709, Case No. 08-10824], and the Confirmation Order was entered by the Clerk of Court on June 18, 2009.

The 2009 Plan went effective on September 18, 2009. Under the 2009 Plan, the Debtors retained ownership of and continued to operate their two "Diamond Jacks" hotels and casinos located in Bossier City, Louisiana and Vicksburg, Mississippi. The 2009 Plan provided that the approximately $162.1 million of outstanding First Lien Lenders' Secured Claims and the approximately $75 million of Second Lien Lenders' Secured Claims were to be capitalized and paid in full, with interest, over time. Specifically, the First Lien Lenders' Claims were capitalized

and paid in full, with interest at a rate of LIBOR plus 6.75% with a LIBOR floor of 2%. The $162.1 million claim was to be reduced to $158.1 million after a $15 million equity contribution was to be made by William J. McEnery, the Chairman and a manager and member of Legends, as discussed more fully below. The Second Lien Lenders' Secured Claims were divided into two tranches. The first tranche, consisting of $48.7 million, would be paid interest at a rate of LIBOR plus 10.5%, with a LIBOR floor of 2% and a LIBOR cap of 4%. The second tranche, consisting of approximately $26.3 million, plus any additional fee and charges allowed under Section 506(b) of the Bankruptcy Code, would be paid interest at a rate of 17%. Under the 2009 Plan, the annual aggregate required payments of interest to the First Lien Lenders and the Second Lien Lenders was capped at $22 million. This cap meant that the maximum "cash pay" interest, which must be paid annually to the First Lien Lenders and Second Lien Lenders, would not exceed $22 million. Any interest owed to the Second Lien Lenders over the $22 million annual cap would be paid in kind (i.e., "PIK"). The principal and all unpaid interest due to the First Lien Lenders and the Second Lien Lenders would balloon and be due and payable in five years.

The 2009 Plan also provided that the Priority Tax Claims, the Other Secured Claims, the General Unsecured Claims and all other creditors would be paid in full, with interest. Legends Management, a non-Debtor affiliate, wholly owned by William J. McEnery, accepted preferred equity interests in lieu of payment of its unsecured claim. William J. McEnery agreed to contribute $15 million in additional equity funds to the Debtors in return for Common and Preferred Interests in Legends Gaming. Although William J. McEnery complied with his obligation to contribute $6 million to the Debtors on the effective date of the 2009 Plan, he defaulted in his obligation to pay the remaining $9 million for the benefit of the lenders under the

Existing First Lien Credit Agreement (as defined below).[5] The existing holders of Interests in the Debtors retained their Interests subject to dilution to take into account the new investment by William J. McEnery and the conversion of Legends Management's unsecured claim into equity.

Pursuant to the 2009 Plan, Legends, as borrower, entered into certain Amended and Restated Credit Agreement dated as of August 31, 2009 (as amended from time to time, the "Existing First Lien Credit Agreement") by and among Legends, as borrowers, the First Lien Lenders, and Wilmington Trust Company (as administrative agent) (the "First Lien Agent"). As of the Petition Date, the total amount outstanding under the Existing First Lien Credit Agreement was approximately $181,182,013.81 ("First Lien Lenders' Secured Claim"). The First Lien Lenders' Secured Claim is secured by a first lien on substantially all of the Debtors' assets.

Legends, as borrower, also entered into that certain Amended and Restated Second Lien Credit Agreement dated as of August 31, 2009 among Legends, Wells Fargo Bank, N.A. (as administrative agent) and various lenders (collectively, the "Second Lien Lenders") and various other parties (as amended from time to time, the "Existing Second Lien Credit Agreement" and, together with the Existing First Lien Credit Agreement, the "Existing Secured Credit Agreements"). As of the Petition Date, the total amount outstanding under the Existing Second Lien Credit Agreement was approximately $116,252,898.38 ("Second Lien Lenders' Secured Claim"). The Second Lien Lenders' Secured Claim is secured by a second lien on substantially all of the Debtors' assets.

[5] Mr. McEnery's default resulted in an Event of Default under the Existing First Lien Credit Agreement and the First Lien Lenders' $162.1 million claim accordingly was not reduced to $158.1 million. The Event of Default with respect to the Debtors was waived in accordance with the terms and conditions of that certain First Lien Credit Agreement Waiver Agreement dated as of January 12, 2011, which, *inter alia*, provided for an annual waiver fee payable to the administrative agent under the Existing First Lien Credit Agreement for the benefit of the lenders thereunder. The First Lien Lenders' Secured Claim (as defined herein) includes waiver fees that had accrued but had not been paid as of the Petition Date.

F. EVENTS LEADING TO THESE CHAPTER 11 CASES

Unfortunately, the projections by the Debtors (and the Second Lien Lenders' financial advisors) which supported the confirmation of the 2009 Plan were not realized, and the Debtors' revenues were unable to support the repayment of the total amount of debt to the First Lien Lenders and the Second Lien Lenders.

The decreases in both gross revenues and Adjusted EBITDAM were the result of a variety of factors. The decrease in gross revenues at the Louisiana Property was primarily the result of increased competition from the Oklahoma market's newer gaming facilities, as well as the loss of fair share to other competitors due to liquidity constraints on marketing and capital expenditure initiatives. Furthermore, the decrease in gross revenues at the Mississippi Property was primarily the result of the following events: (a) the DiamondJacks property was closed for 37 days due to the Mississippi River flooding in May and June of 2011 (longer than any of its local competitors, some of which opened within one week); (b) the Washington Street Bridge, a main route of access to the property, continued to be closed throughout 2011, not reopening until February 2012, and (c) the severe winter weather in January 2011.

Instead of increasing revenues and profits, as anticipated at the confirmation hearing in 2009, the performance of the Debtors' properties has been disappointing, and will not sustain the ability of the Debtors to make the required payments to the First Lien Lenders and Second Lien Lenders. After the effective date of the 2009 Plan, during the course of 2010 and 2011, the Debtors' financial condition deteriorated, and the Debtors ultimately failed to make a regularly scheduled interest payment to the First Lien Lenders that was due on January 3, 2012. The Debtors' failure to make that payment after receiving written demand for payment from the First Lien Agent resulted in the occurrence of an Event of Default under the Existing First Lien Credit Agreement. It also resulted in the occurrence of a cross-default under the Existing Second Lien

Credit Agreement. The Debtors also have not made any of the interest payments that have become due under the Existing First Lien Credit Agreement after January 3, 2012.

Given their inability to make their scheduled interest payments, competitive pressures and the Debtors' lack of resources to remain fully competitive in an increasingly difficult and competitive market, the Debtors determined that a sale of substantially all of their assets would maximize the value of their enterprise.

The First Lien Agent and an *ad hoc* group of First Lien Lenders (the "First Lien Ad Hoc Group") retained Latham & Watkins LLP ("Latham") and Phelps Dunbar LLP ("Phelps Dunbar") as their counsel during the 2008 Bankruptcy Cases, and Latham continued to represent the First Lien Agent and the First Lien Ad Hoc Group after the effective date of the 2009 Plan. Upon the occurrence of the Event of Default under the Existing First Lien Agreement, the Debtors and their advisors maintained regular communications with the First Lien Ad Hoc Group and Latham. Latham engaged Houlihan Lokey Capital, Inc. ("Houlihan Lokey") as its financial advisor in connection with the Debtors, pursuant to the terms of a certain engagement letter dated as of March 29, 2012 (the "Houlihan Lokey Engagement Letter") among Latham, Houlihan and Legends Gaming, LLC. The Houlihan Lokey Engagement Letter provides, *inter alia*, that the Debtors would pay Houlihan Lokey (a) a non-refundable cash fee of $50,000 per month (which increased to $75,000 per month upon the filing of these chapter 11 cases), and (b) a deferred fee of $500,000 cash (the "Houlihan Lokey Deferred Fee") upon the consummation of a "Transaction" (as defined in the Houlihan Lokey Engagement Letter) subject to certain specified exclusions. Latham and Phelps Dunbar represent the First Lien Agent and the First Lien Ad Hoc Group in these chapter 11 cases, and Houlihan Lokey continues to serve as Latham's financial advisor.

Also, the Debtors engaged Seaport as its financial advisor, pursuant to the terms of a certain engagement letter dated as of December 16, 2011, as amended ("Seaport Engagement Letter"), among Seaport Group Securities, LLC and Legends Gaming, LLC. The Seaport Engagement Letter provides, *inter alia*, that the Debtors would pay Seaport (a) a cash fee of $87,500 per month, and (b) a deferred fee of $1,500,000 cash (now renegotiated for purposes of the occurrence of the Effective Date of the Plan to $750,000) (collectively with the Houlihan Lokey Deferred Fee, the "Transaction Fees") upon the consummation of a "Transaction" (as defined in the Seaport Engagement Letter) subject to certain specified exclusions.

Under the Plan, the Reorganized Debtors will pay the Transaction Fees on a monthly basis, commencing the first day of the month immediately following the Effective Date and continuing monthly thereafter through December 1, 2013, in the amount of $100,000 per month to Seaport and $100,000 per month to Houlihan Lokey, with any residual amounts owed to Seaport and Houlihan Lokey, respectively, being paid in full by the Reorganized Debtors by December 20, 2013.

G. PROPOSED SALE OF THE DEBTORS' ASSETS TO GLOBAL AND GLOBAL LITIGATION

The Debtors, after taking into account (i) their financial condition and resources, (ii) the views of the First Lien Lenders, (iii) the views of the Second Lien Lenders, (iv) the current and projected state of the Debtors' business performance, and (v) the competitive pressures impacting gaming in each of the Debtors' markets (as well as competitive pressures from geographically adjacent markets), concluded that a sale of their assets under the supervision of the Bankruptcy Court would maximize the value of their estates, while ensuring that the interests of the First Lien Lenders and Second Lien Lenders were considered and treated in accordance

with their respective rights and priorities, and that the interests of the Debtors' trade creditors, employees and communities in which the businesses operate are protected.

1. Purchase Agreement

In late 2010, the Debtors determined, in light of increased competitive pressures and the general economic climate, that it was prudent to explore a strategic transaction with a well-capitalized and experienced gaming operator. As the Debtors had worked with the financial restructuring professionals who are now at Seaport during the 2008 Bankruptcy Cases, the Debtors reached out to the professionals at Seaport and commenced discussions with respect to a potential transaction.

Early in 2011, as such discussions were continuing, the Debtors were approached directly by Global Gaming. Global Gaming expressed a strong interest in the Debtors' assets and devoted a substantial amount of time pursuing a transaction over the course of 2011. Although the discussions that took place at that time did not result in an agreement or transaction, the process afforded Global Gaming an opportunity to undertake substantial due diligence with respect to the Debtors' assets and business.

In 2012, the Debtors approached Global Gaming as a potential stalking horse bidder in view of the parties' prior negotiations and Global Gaming's due diligence of the Debtors' business. After Global Gaming executed a letter of intent with respect to a transaction, the Debtors established an electronic data room and Global Gaming engaged in due diligence, which included site visits to the Debtors' facilities in Louisiana and Mississippi.

Through the process discussed above, and after extensive negotiations, the Sellers, and Riverboat Gaming, entered into a Purchase Agreement with the Purchasers and Global Gaming, as Guarantor, (collectively, such Global Gaming entities, the "Stalking Horse Bidder" or

"Purchaser"), dated as of July 25, 2012 (as amended, the "Purchase Agreement"), which provided for the Stalking Horse Bidder to purchase substantially all of the Debtors' Assets for the aggregate price of $125.0 million (the "Purchase Price"), and to assume certain of the Debtors' liabilities.

2. Bid Procedures and Marketing of Debtors' Assets

In connection with the Purchase Agreement, on the Petition Date, the Debtors filed the *Motion Pursuant to 11 U.S.C. §§ 105(A) & 363(B) and Federal Rules of Bankruptcy Procedure 2002 & 6004 for Entry of an Order (A) Approving Bidding Procedures and (B) Granting Certain Bid Protections* [P-23], seeking approval of the proposed bid procedures ("Bid Procedures") for the sale of the Debtors' Assets and certain bid protections for the Stalking Horse Bidder in the event the Stalking Horse Bidder was not the Successful Bidder at the auction for the Debtors' Assets. On August 23, 2012, the Bankruptcy Court entered an order [P-140] approving the Bid Procedures and the bid protections to the Stalking Horse Bidder.

The Bid Procedures outlined the bid procedures for the proposed sale of the Assets and provided the opportunity for the Debtors to obtain a higher and better offer for their Assets, and to consummate an Alternative Transaction (as defined in the Purchase Agreement) with respect to such offer. The Bid Procedures also established that should the Debtors not be able to obtain a higher and better offer, then the Debtors' estates and their creditors were still protected as the Stalking Horse Bidder remained obligated to consummate the transaction pursuant to the Purchase Agreement.

In order to maximize the value of the Debtors' Assets for the benefit of the Debtors' estates and their respective creditors, the Debtors implemented a competitive bidding process through the Bid Procedures. The Bid Procedures provided interested parties with ample

opportunity to formulate bids for the Debtors' Assets and facilitate the solicitation, submission and evaluation of significant bids for such Assets in a manner that would maximize the value of the Debtors' estates.

The Bankruptcy Court-approved Bid Procedures constituted a reasonable and effective method of maximizing a return on the Debtors' Assets through a competitive sale process. The Bid Procedures fully described, among other things, the manner in which prospective bidders could gain access to due diligence materials concerning the Debtors' Assets, the manner in which bidders and bids become Qualified Bidders and Qualified Bids, respectively, the conduct of any subsequent Auction, the ultimate selection of the Successful Bidder, among other aspects of the Auction process.

Furthermore, the Bid Procedures incorporated certain deadlines for the completion of the Debtors' marketing process. In light of such deadlines, the Debtors and their advisors undertook several steps prior to the commencement of the Debtors' cases to expedite the marketing process in accordance with the overall objective of enhancing the opportunity to obtain Qualified Bids to maximize distributions to creditors.

Immediately following the signing of the Purchase Agreement and for approximately two months, Seaport vigorously marketed the Debtors' Assets in an attempt to obtain the highest and best offer for the Assets. Seaport contacted ninety-five potential purchasers, including 35 financial buyers and 60 strategic buyers concerning the prospect of purchasing the Debtors' Assets. The prospects included domestic and international casino operators and owners, private equity and hedge fund buyers and other family office funds. The companies contacted by Seaport were "prospects" generated from their internal resources, investor databases, and

companies that contacted Seaport regarding the opportunity. Seaport also invited several parties into the process that were suggested to them by Houlihan Lokey.

Of the ninety-five overall prospects, twenty-four parties requested non-disclosure agreements and seventeen parties executed these agreements. Detailed discussions and conversations were had with these seventeen potential buyers. Seaport was involved in numerous telephone conferences with the interested prospects and, along with officials of the Debtors, complied with due diligence requests from those parties.

In order to expedite the due diligence process, Seaport worked with the Debtors to establish an electronic data room which was made available to any prospective bidder who executed a Confidentiality Agreement. The data room contained over four hundred documents, analyses, forecasts and budgets providing detailed information to prospective buyers such as, Global Gaming's Purchase Agreement including new Credit Agreements terms, the Bid Procedures, a Confidential Information Memorandum describing the Debtors' Assets, the Debtors' historical financial statements on both an individual and consolidated basis, employee benefit plans and many other topics. In addition, any prospective bidder had the ability to quickly come "up to speed" as to any potential transaction by reviewing the Purchase Agreement, together with all of its exhibits and schedules.

Seaport also held site tours for interested parties touring each of the casino locations in Bossier City, Louisiana and Vicksburg, Mississippi. Two groups toured the properties with Seaport, and one additional group toured the properties separately.

Under the Bid Procedures, any Potential Bidders had until September 7, 2012 to submit a preliminary letter of intent and certain other information necessary for the Debtors to assess the Potential Bidders' interest in, and ability to consummate, a transaction regarding the Debtors'

Assets. In accordance with the deadlines set forth in the Bid Procedures, Seaport received two Letters of Intent for the purchase of the Assets on September 7, 2012. One Letter of Intent was for substantially all of the Debtors' Assets, but did not offer to pay the minimum overbid amount required by the Bid Procedures Order. The other Letter of Intent was for the Debtors' Vicksburg, Mississippi asset solely, in contravention of the Bid Procedures Order.

Seaport discussed both Letters of Intent with the Debtors and neither was deemed to be a Qualified Bid as defined by the Bid Procedures Order. Seaport reengaged in discussions with both parties that submitted Letters of Intent and advised them accordingly and encouraged each to modify their bids.

Those Potential Bidders that were designated as Qualified Bidders had until September 24, 2012 at 11:59 p.m. (CST) ("Bid Deadline") to submit to the Debtors their definitive bid materials, which must have included, among other things, a duly authorized and executed purchase agreement with a copy marked to show all changes from the form of Purchase Agreement that would serve as an irrevocable offer pending the Debtors' selection of a Successful Bidder for such assets. *See,* Bid Procedures, Section L(2). As of the Bid Deadline, the Debtors had not received any Qualified Bids for the Debtors' Assets.

In accordance with Section N of the Bid Procedures, the Debtors filed a *Notice of the Stalking Horse Bidder as the Successful Bidder for the Debtors' Assets* [P-202], notifying the Court that since the Debtors did not receive any Qualified Bids other than the Stalking Horse Bid as of the Bid Deadline, the Debtors were not going to conduct an Auction, and pursuant to the Bid Procedures, the Stalking Horse Bid was deemed the Successful Bid.

3. Plan Process/Global's Breaches of Purchase Agreement

On October 26, 2012, the Debtors filed the *Joint Chapter 11 Plan for Louisiana*

Riverboat Gaming Partnership and Affiliates as of October 26, 2012 (the "October Plan") [P-248] and *Joint Disclosure Statement for Joint Chapter 11 Plan for Louisiana Riverboat Gaming Partnership and Affiliates as of October 26, 2012* ("October Disclosure Statement") [P-248]. On October 29, 2012, the Court entered its *Order for Hearing on Disclosure Statement and Fixing Time for Filing Objections to Approval of Disclosure Statement Combined with Notice Thereof* [P-251], setting the hearing on the adequacy of the October Disclosure Statement and fixing the deadline for filing objections to its approval.

On October 20, 2012, Global approached the financial advisor for the *ad hoc* group of first lien lenders to the Debtors and, with absolutely no contractual justification, threatened not to proceed with the sale unless the Debtors agreed to amend certain terms under the Purchase Agreement.

Rather than engage in protracted litigation with Global to force it to comply with its obligations under the Purchase Agreement, the Debtors reluctantly agreed to Global's demands to amend the Purchase Agreement to include the Debtors' obligation to make certain capital expenditures. Going above and beyond their contractual obligations in an effort to preserve the Global sale and allay Global's concerns, the Debtors executed the First Amendment to Purchase Agreement ("Amendment") on November 29, 2012.

On November 29, 2012, the Debtors filed the *Joint Chapter 11 Plan for Louisiana Riverboat Gaming Partnership and Affiliates as Amended Through November 29, 2012* ("November Plan") [P-290] and the *Joint Disclosure Joint Chapter 11 Plan for Louisiana Riverboat Gaming Partnership and Affiliates as Amended Through November 29, 2012* ("Amended Disclosure Statement") [P-291] which disclosed the Amendment to the Purchase Agreement and updated the Debtors' financials with financial projections prepared by the

Debtors.

During the December 3, 2012 hearing concerning the adequacy of the Amended Disclosure Statement, Global's counsel actively participated and specifically noted that Global had no objections to the approval of the Amended Disclosure Statement. Consequently, the Bankruptcy Court approved the Amended Disclosure Statement.

Three days later, on December 6, 2012, the Court entered the *Order Approving Joint Disclosure Statement for the Joint Chapter 11 Plan for Louisiana Riverboat Gaming Partnership and Affiliates as Amended Through November 29, 2012 and on Matters Related Thereto* ("Disclosure Statement Order") [P-300], approving the adequacy of the Amended Disclosure Statement and scheduling the confirmation hearing on the November Plan for February 6, 2013. The Court also entered the *Order Approving (I) the Confirmation Hearing Notice, the Contents of the Solicitation Package, and the Manner of Mailing and Service of the Solicitation Package and Confirmation Hearing Notice, (II) the Procedures for Voting and Tabulation of Ballots, (III) the Forms of Ballots, and (IV) the Procedures for Allowing Claims for Voting Purposes Only* ("Voting Procedures Order") [P-299], requiring the Debtors' voting agent, Kurtzman Carson Consultants ("KCC"), to transmit the approved solicitation package ("Solicitation Package") to the holders of Claims against and Interests in the Debtors no later than December 14, 2012. In compliance with the Voting Procedures Order, on December 14, 2012, KCC transmitted the Solicitation Package.

With the hearing on confirmation of the Plan on the horizon, the Debtors continued to perform their obligations under the Purchase Agreement, including operating the Debtors' assets in the ordinary course of business and granting Global access to the Debtors' business.

Global unequivocally informed the Debtors that it intended to repudiate the Purchase

Agreement. On December 12, 2012, Global, through its attorneys, informed the Debtors that it intended to file a motion to vacate the Disclosure Statement Order and communicated Global's position that the Purchase Agreement was a "dead deal." This was just nine days after it represented to the Court that the Amended Disclosure Statement was acceptable and two weeks after the parties executed the Amendment.

On December 20, 2012, Global filed a *Motion for Order Vacating Order Approving Joint Disclosure Statement for the Joint Chapter 11 Plan for Louisiana Riverboat Gaming Partnership and Affiliates as Amended Through November 29, 2012 [Dkt. No. 300] and Adjourning Confirmation Hearing Pursuant to Federal Rules of Bankruptcy Procedure 9023 and 9024* ("Motion to Vacate") [P-313], alleging that the Amended Disclosure Statement did not contain adequate financial information and that the November Plan was not feasible. Global also expressly repudiated the Purchase Agreement by representing in its Motion to Vacate that the Global sale "cannot be closed" under the terms of the Purchase Agreement. In response, the Debtors suggested that the Bankruptcy Court authorize the Debtors to supplement the Amended Disclosure Statement with additional financial information to allay Global's alleged "concerns" about the inadequate financial information. The Bankruptcy Court approved the Debtors' request, and the Debtors filed and served on all creditors the *Supplement to Joint Disclosure Statement for Joint Chapter 11 Plan for Louisiana Riverboat Gaming Partnership and Affiliates as Amended through November 29, 2012 [P-291] and Notice of Authority to Change Vote by Voting Deadline* ("Supplement") [P-327]. No creditors changed their votes after receiving the Supplement, and in fact almost all of the Debtors' creditors who submitted ballots on the November Plan voted to accept it.

On January 2, 2013, Debtors' counsel gave Global written notice that Global's Motion to

Vacate and other attempts to obstruct confirmation of the November Plan breached Global's obligation under the Purchase Agreement and that such breaches would prevent closing under the Purchase Agreement. Despite Global's breaches, the Debtors stated that they were still willing to close the sale and proceed with the Purchase Agreement if Global would confirm in writing that, among other things, it would comply with terms of the Purchase Agreement and refrain from taking any further actions that would frustrate the purpose of the Purchase Agreement. Global provided no such confirmation and did not take any steps to attempt to remedy its breaches of the Purchase Agreement. In fact, on January 25, 2013, Global filed an objection to the November Plan in which it unequivocally asked the Court to deny confirmation of the November Plan.

Following Global's breaches of the express terms of the Purchase Agreement, the Debtors offered Global numerous opportunities to cure, and each time, Global affirmed its repudiation of the Purchase Agreement. Due to Global's express repudiation and continued willful and intentional breaches of the Purchase Agreement, on January 30, 2013, the Debtors terminated the Purchase Agreement. Simultaneously, the Debtors filed a *Notice of Withdrawal of the Joint Chapter 11 Plan for Louisiana Riverboat Gaming Partnership and its Affiliates as Amended Through November 29, 2012* [P-360], withdrawing the November Plan.[6]

4. Global Litigation

On February 4, 2013, Global filed an *Original Complaint for Declaratory Judgment* [P-1], Adv. Proc. No. 13-01007, against the Debtors, seeking a declaration that Global did not breach the Purchase Agreement, and instead, that the Debtors breached the Purchase Agreement.

[6] Global disagrees with the Debtors' statements and characterization of the performance and termination of the Purchase Agreement, as reflected in their filings in the bankruptcy cases and in the *Original Complaint for Declaratory Judgment* [P-1], Adv. Proc. No. 13-01007, and the *Complaint for Breach of Contract* [P-1], Adv. Proc. No. 13-01008.

On March 11, 2013, the Debtors filed their *Answer and Counterclaim to Original Complaint for Declaratory Judgment* [P-20].

On February 6, 2013, the Debtors filed a *Complaint for Breach of Contract* [P-1], Adv. Proc. No. 13-01008, against Global, seeking damages for Global's breach of the Purchase Agreement in an amount to be determined at trial, including but not limited to, the $6.25 million escrow deposit. On March 11, 2013, Global filed *Defendants' Rule (12)(B)(6) and 7012(B)(6) Motion To Dismiss* [P- 23]. The hearing on the Motion to Dismiss is set for April 12, 2013.

The Bankruptcy Court entered orders granting the First Lien Agent and the First Lien Ad Hoc Group the right to intervene in both Adv. Proc. Nos. 13-01007 and 13-01008. On the Effective Date, the Global Litigation shall vest in the Reorganized Debtors and the First Lien Agent and the First Lien Ad Hoc Group shall continue to be entitled to intervene in the Global Litigation.

H. PLAN SUPPORT AGREEMENT

On July 25, 2012, the Debtors entered into the Plan Support Agreement with holders of approximately 62% of the outstanding first lien claims against the Debtors (the "Consenting First Lien Lenders").

The Plan Support Agreement set forth a clear path for the Debtors' exit from bankruptcy, i.e., for the sale of the Debtors' assets and payment of Claims and Interests under the Plan. Pursuant to the Plan Support Agreement, the parties agreed to the terms of a pre-negotiated consensual plan to be filed with the Bankruptcy Court, and the Debtors filed the October Plan in accordance with the Plan Support Agreement. Further, to expedite and ensure the implementation of the Plan, each of the Consenting First Lien Lenders agreed to commit, on the terms and subject to the conditions of the Plan Support Agreement and applicable law, if and when solicited in accordance with applicable bankruptcy law, to accept the plan and support its

confirmation. The Plan Support Agreement is no longer in force, as it was entered in connection with a plan of reorganization based on the sale of the Assets to Global, which is not occurring. The Debtors have been assured that, subject to approval of the Disclosure Statement, no less than a majority of the First Lien Lenders will support confirmation of the Amended Plan dated as of April 5, 2013, provided it is confirmed on or before June 30,2013.

I. SIGNIFICANT POST-PETITION EVENTS

On July 31, 2012, all Debtors filed voluntary petitions for relief under Chapter 11 of the Bankruptcy Code. Immediately after filing the voluntary petitions, the Debtors filed a *Motion for Order Under Fed.R.Bankr.P. 1015(b) Directing Joint Administration of Chapter 11 Cases* [P-2]. The Court entered an order [P-6] directing consolidation of the cases for procedural purposes and joint administration.

1. First Day Motions

On July 31, 2012, the Debtors filed the following "first day" motions and pleadings:

(a) Motion to Limit Notice [P-3];

(b) Emergency Motion for Entry of an Order Under 11 U.S.C. §§ 105, 363, 364, 1107 and 1108 Authorizing Maintenance of Existing Bank Accounts, Continued Use of Existing Business Forms, Continued Use of Existing Cash Management System and for Related Relief [P-4];

(c) Emergency Motion for Order Under 11 U.S.C. §§ 105, 363 and 1108 and 28 U.S.C. § 959(b) Authorizing Debtors to Honor Customer Deposits, Gaming Operation Liabilities and All Obligations Under Gaming Acts and the Regulations [P-5];

(d) Application for Authority to Employ and Compensate Certain Professionals Utilized in the Ordinary Course of the Debtors' Business [P-14];

(e) Motion for Administrative Order Under Sections 105(a) and 331 of the Bankruptcy Code Establishing Procedures for Interim Compensation and Reimbursement of Expenses for Professionals [P-15];

(f) Motion of the Debtors Pursuant to Rule 1007(c) of the Federal Rules of Bankruptcy Procedure for an Extension of Time to File Schedules of Assets and

Liabilities, Schedules of Current Income and Expenditures, Schedules of Executory Contracts and Unexpired Leases and Statements of Financial Affairs [P-16];

(g) Motion for Authority to Pay Employees' Pre-petition Wages, Related Expenses, Benefits and Taxes [P-17];

(h) Motion for an Order Authorizing the Debtors to Pay Certain Prepetition Taxes [P-18];

(i) Motion for Authority to (A) Pay Post-petition Installments on Insurance Policies and (B) Pay Premiums, if any, Necessary to Maintain Insurance Coverage in Current Effect [P-19];

(j) Motion for Authority to Approve Compensation and Payments to Insiders [P-21];

(k) Motion for Interim and Final Orders: (A) Prohibiting Utilities from Altering, Refusing or Discontinuing Services to, or Discriminating Against, the Debtors on Account of Prepetition Invoices; (B) Determining that the Utilities are Adequately Assured of Future Payment; (C) Establishing Procedures for Determining Requests for Additional Assurance; and (D) Permitting Utility Companies to Opt Out of the Procedures Established Herein [P-22];

(l) Motion Pursuant to 11 U.S.C. §§ 105(A) & 363(B) and Federal Rules of Bankruptcy Procedure 2002 & 6004 for Entry of an Order (A) Approving Bidding Procedures and (B) Granting Certain Bid Protections [P-23];

(m) Emergency Motion for Entry of Order Pursuant to Sections 361 and 363 of the Bankruptcy Code and Bankruptcy Rule 4001 for Interim and Final Orders: (1) Authorizing Use of Cash Collateral; (2) Granting Adequate Protection; (3) Modifying the Automatic Stay; (4) Scheduling and Approving the Method of Notice for the Final Hearing; and (4) Providing Related Relief [P-24]; and

(n) Motion for an Order Authorizing the Debtors to Pay Prepetition Claims of Certain Critical Vendors in the Ordinary Course of Business [P-25].

2. Operational First Day Orders

On August 3, 2012, the Bankruptcy Court held a hearing on the first day motions and pleadings. After the hearing, the Bankruptcy Court entered the following first day orders which enabled the Debtors to continue their operations on an uninterrupted basis:

(a) Order Granting Motion for Authority to Pay Employees' Pre-Petition Wages, Related Expenses, Benefits and Taxes [P-52];

(b) Order Authorizing the Debtors to Pay Certain Pre-Petition Taxes [P-53];

(c) Order Granting Motion for Authority to (A) Pay Post-Petition Installments on Insurance Policies and (B) Pay Premiums, if any, Necessary to Maintain Insurance Coverage in Current Effect [P-54];

(d) Order Granting Motion Authorizing the Debtors to Pay Pre-Petition Claims of Certain Critical Vendors [P-55];

(e) Interim and Proposed Final Order, Pursuant to Section 366 of the Bankruptcy Code: (A) Prohibiting Utilities Form Altering, Refusing or Discontinuing Services to, or Discriminating Against, the Debtors on Account of Prepetition Invoices; (B) Determining that the Utilities are Adequately Assured of Future Payment; (C) Establishing Procedures for Determining Requests for Additional Assurance; and (D) Permitting Utility Companies to Opt Out of the Procedures Established Herein [P-56];

(f) Final Order Authorizing Debtors to Honor Customer Deposits, Gaming Operation Liabilities and all Obligations Under Gaming Acts and Regulations [P-91]; and

(g) Interim Order Approving Compensation and Payments to Insiders and Scheduling Final Hearing [P-98].

3. Other First Day Orders

In addition to the operational first day orders referenced above, the Bankruptcy Court also entered the following orders:

(a) Order Granting Motion to Limit Notice [P-9];

(b) Interim Order Authorizing Maintenance of Existing Bank Accounts, Continued Use of Existing Business Forms, Continued Use of Existing Cash Management System and for Related Relief [P-10];

(c) Interim Order Authorizing Debtors to Honor Customer Deposits, Gaming Operation Liabilities and all Obligations under Gaming Acts and Regulations [P-11];

(d) Interim Order Authorizing Employment and Compensation of Certain Professionals Utilized in the Ordinary Course of the Debtors' Business [P-94];

(e) Interim Administrative Order Under §§ 105(a) and 331 of the Bankruptcy Code Establishing Procedures for Interim Compensation and Reimbursement of Expenses for Professionals and Official Committee Members [P-95];

(f) Order Pursuant to Bankruptcy Rule 1007(c) of the Federal Rules of Bankruptcy Procedure Granting Extension of Time to File Schedules of Assets and Liabilities, Schedule of Current Income and Expenditures, Schedules of Executory Contracts and Unexpired Leases and Statements of Financial Affairs [P-96]; and

(g) Order Granting Motion Pursuant to 11 U.S.C. §§ 105(A) & 363(B) and Federal Rules of Bankruptcy Procedure 2002 & 6004 for Entry of an Order (A) Approving Bidding Procedures and (B) Granting Bid Protections [P-140].

Certain of the orders initially entered by the Bankruptcy Court were interim orders [P-10, 11, 56, 94, 95, and 98]. The Court held a final hearing on those matters on September 13, 2012, and, after that hearing, entered the following final orders:

(a) Final Order Authorizing Employment and Compensation of Certain Professionals Utilized in the Ordinary Course of Debtors' Business [P-196];

(b) Final Administrative Order Under §§ 105(a) and 331 of the Bankruptcy Code Establishing Procedures for Interim Compensation and Reimbursement of Expenses for Professionals and Official Committee Members [P-197]; and

(c) Final Order Approving Compensation and Payment to Insiders [P-199].

4. Cash Collateral Orders

After an interim hearing on August 3, 2012, the Bankruptcy Court entered an interim order [P-57] on the Debtors' *Emergency Motion for Entry of Order Pursuant to Sections 361 and 363 of the Bankruptcy Code and Bankruptcy Rule 4001 for Interim and Final Orders: (1) Authorizing Use of Cash Collateral; (2) Granting Adequate Protection; (3) Scheduling and Approving the Form and Method of Notice for Final Order; and (4) for Related Relief* [P-24] ("Cash Collateral Motion"). As a result of this order, the Debtors were allowed to use their ongoing revenue and cash on hand to pay their operating and administrative expenses (as detailed in a budget) on an interim basis until a final hearing could be held on the Cash Collateral Motion.

The final hearing on the Cash Collateral Motion was held on September 21, 2012. After the hearing, the Bankruptcy Court entered its *Final Cash Collateral Order Pursuant to Sections 361, 362 and 363 of the Bankruptcy Code and Bankruptcy Rule 4001: (1) Authorizing Use of Cash Collateral; (2) Granting Adequate Protection; (3) Modifying the Automatic Stay; and (4) Providing Related Relief* [P-193] (the "Final Cash Collateral Order"). Pursuant to the Final Cash Collateral Order and the budget attached thereto, the Debtors were authorized to use cash collateral until December 31, 2012.

On December 28, 2012, the Debtors filed a *Notice of Extension of Use of Cash Collateral* [P-322], pursuant to which the Debtors notified all creditors and parties in interest that the Ad Hoc Group of First Lien Lenders agreed to extend the use of cash collateral through March 31, 2013.

On March 28, 2013, the Debtors filed a *Notice of Extension of Use of Cash Collateral* [P-401], pursuant to which the Debtors notified all creditors and parties in interest that the Ad Hoc Group of First Lien Lenders agreed to extend the use of cash collateral through June 30, 2013. The Debtors expect that their ability to use cash collateral will be extended pursuant to the Final Cash Collateral Order through the Effective Date of the Plan.

5. Employment of Professionals of Debtors

On August 8, 2012, the Bankruptcy Court entered an order approving the employment of Heller, Draper, Patrick & Horn, L.L.C. [P-90] as bankruptcy counsel for the Debtors. On the same day, the Bankruptcy Court entered an interim order granting the application to employ Marc B. Hankin and Jenner & Block LLP [P-92] as special counsel for the Debtors. On August 23, 2012, the Bankruptcy Court entered a final order granting the application to employ Marc B. Hankin and Jenner & Block LLP [P-138] as special counsel for the Debtors.

6. Other Professionals Employed by the Debtors

On July 31, 2012, the Debtors filed an Application to Employ Kurtzman Carson Consultants, LLC ("KCC") to serve as their claims, noticing and balloting agent [P-20]. On August 8, 2012, the Bankruptcy Court entered an interim order [P-97] appointing KCC as claims, noticing, soliciting and balloting agent. On September 26, 2012 the Bankruptcy Court entered a final order granting the application to employ KCC [P-198].

On July 31, 2012, the Debtors filed an Application for Entry of an Order Authorizing the Employment and Retention of Seaport as financial advisor to the Debtors [P-13]. On August 8, 2012, the Bankruptcy Court entered an interim order [P-93] authorizing the employment and retention of Seaport as financial advisor to the Debtors. On August 23, 2012, the Bankruptcy Court entered a final order granting the application to employ Seaport [P-139].

On December 31, 2012, the Debtors filed an Ex Parte Application for Entry of an Order Authorizing the Employment and Retention of Kasowitz, Benson, Torres & Friedman LLP as Special Litigation Counsel as special litigation counsel to the Debtors [P-326]. On January 2, 2013, the Bankruptcy Court entered a final order granting the application to employ Kasowitz, Benson, Torres & Friedman LLP [P-329].

7. Monthly Operating Reports, Schedules, Statement of Financial Affairs, Meeting of Creditors, and Bar Date

The Debtors have filed their monthly operating reports on a timely basis and complied with all requests for information by the United States Trustee.

On August 24, 2012, in compliance with the Court's order [P-96], the Debtors filed their schedules and statements of financial affairs for all of the Debtors. On September 12, 2012, the initial meeting of creditors pursuant to Section 341 of the Bankruptcy Code was held in Shreveport, Louisiana.

On October 5, 2012 this Court entered an order [P-216] approving the Debtors' *Ex Parte Motion for an Order (A) Establishing a Bar Date Bar Date and Governmental Bar Date for Filing of Proofs of Claim, (B) Approving the Bar Date Notice (C) Authorizing the Debtors to Provide Notice of the Bar Date and (D) Providing for Other Relief Sought Herein* [P-208]. The Debtors served the Notice of the Claims Bar Date of November 15, 2012 at 4:30 P.M. prevailing Central Time (the "Bar Date") and the Governmental Bar Date of January 28, 2013 at 4:30 prevailing Central Time. The Debtors estimate that the Claims against the Debtors are essentially in the amounts set out in the Summary of Classification and Treatment of Creditors and Interest Holders set forth in Section II of this Disclosure Statement, subject to any rights and defenses thereto.

8. Motion to Implement Employee Retention/Incentive Plan

On March 8, 2013, the Debtors filed *Motion of Debtors for an Order Under 11 U.S.C. §363(b)(1) Authorizing the Implementation of Employee Retention/Incentive Program* ("KEIP Motion") [P-385], seeking authority to implement a retention/incentive plan that provides for the following:

> i. A lump sum payment, payable in October 2013, of three (3%) percent of each qualifying employee's annual salary;
>
> ii. For an employee to qualify for the payment, the following conditions must be met:
>
> **a.** the employee must have been employed as of January 1, 2013;
> **b.** the employee must be continuously employed by the Debtors through September 30, 2013;
> **c.** the employee must receive at least a "Good" or "Meets Requirements" on his or her most recent performance review;
> **d.** the employee must not be subject to any written counseling in the six (6) months prior to the date the bonus is paid; and
> **e.** the employee must be employed full-time.

The KEIP Motion is set for hearing on April 22, 2013.

9. Settlement Of Debtors' Estates Claims Against Michael E. Kelly

Michael E. Kelly is the former Chief Executive Officer, Secretary, member and Manager of Legends Gaming, LLC and/or its subsidiaries. Effective December 15, 2011 the Debtors terminated Michael Kelly's employment. Certain payments were made and obligations incurred by the Debtors to Michael Kelly in connection with his termination, including, without limitation, payments made and obligations incurred to Kelly under that certain Separation Agreement and Mutual Release of Claims dated December 15, 2011 ("Separation Agreement").

The First Lien Ad Hoc Group have stated that some or all of the payments made and the obligations incurred to Michael Kelly under the Separation Agreement are subject to avoidance and recovery under various legal doctrines, including fraudulent transfers under the Bankruptcy Code and applicable state law.

On November 16, 2012, the Debtors filed *Motion for Order Approving Settlement with Michael E. Kelly Pursuant to Bankruptcy Rule 9019* [P-271], seeking an order from the Court approving a settlement between the Debtors and Michael Kelly with respect to any and all claims and causes of action (including any Avoidance Claims) of the Debtors, their Estates and any holder of a Claim or Interest against Michael Kelly relating to the payments made and obligations incurred to Michael Kelly arising out of, relating to, or in connection with the termination of his employment with the Debtors including, without limitation, all payments made and obligations incurred to Michael Kelly under the Separation Agreement.

On December 13, 2012, the Court entered an *Order Approving the Settlement Agreement and Release with Michael Kelly Pursuant to Bankruptcy Rule 9019* (the "Settlement Order") [P-306], approving the settlement and release by and between the Debtors and Michael Kelly pursuant to Federal Rule of Bankruptcy Procedure 9019 wherein Michael Kelly was ordered to

pay to the Debtors' estates the sum of $150,000.00 within twenty days after entry of the Settlement Order.

Pursuant to the Settlement Order, in full and final settlement of the Michael Kelly Claims, Michael Kelly paid the Debtors' Estates the sum of $150,000.00. As a consequence of the settlement, Michael Kelly has been released from all Michael Kelly Claims and is included as a "Released Party" under the Plan.

IV. THE PLAN

A. IMPLEMENTATION OF THE PLAN

1. New Interests in Legends Gaming

Section 7.1 of the Plan provides that On the Effective Date, the New Interests shall be issued to the New Interest Holder under the terms and conditions of one or more new management agreements, forms of which will be filed in a Plan Supplement (but subject to definitive executed documentation), and any other agreements and documents in any way relating thereto or in furtherance thereof (as may be amended, restated or supplemented from time to time, the "New Management Agreement"). Notwithstanding the foregoing, the holders of at least 50.01% of the amount of the First Lien Lenders' Secured Claims outstanding as of the Petition Date may determine that the New Interests shall be issued to any party other than the New Interest Holder, without the consent of the New Interest Holder, and that person or entity shall be deemed to be the New Interest Holder for purposes of the Plan. The New Interests shall not be sold by the New Interest Holder except as may otherwise be provided in the New Management Agreement. The New Interests shall not be subject to any lien, claim, charge, security interest, option or any similar right whatsoever that may purportedly be granted, except for the Option and except as may otherwise be provided in the New Management Agreement.

2. Management of the Reorganized Debtors

Section 7.2 of the Plan states: As of the Effective Date, the New Interest Holder shall manage the Debtors' Business subject to the terms of the New Management Agreement and subject, to the extent required, to the approval of the Gaming Regulators. On the Effective Date of the Plan, William J. McEnery ("McEnery") and the Reorganized Debtors will execute a Consulting and Non-Competition Agreement (covering the Shreveport and Vicksburg gaming markets only) providing payment to McEnery of twelve consecutive monthly installments of $16,667 each beginning on the first day of the month following the Effective Date and payable on the first day of each successive month plus existing health insurance benefits for the one year term after the Effective Date. The Consulting and Non-Competition Agreement will provide that McEnery will be available upon the New Interest Holder's request to assist (to the extent the New Interest Holder deems necessary or appropriate) in the transition of management.

3. Licensing

Section 7.3 of the Plan provides that in connection with the transactions contemplated herein, the Debtors and, as applicable, the Reorganized Debtors, and any other party required under applicable law, shall cooperate in good faith to pursue all necessary federal, state, local and foreign governmental authorizations, consents and regulatory approvals, including to the extent required, approval of the Gaming Regulators, to lawfully consummate and implement the Plan.

4. Plan Documents. Section 7.4 of the Plan provides: The Plan and all documents to implement the Plan and the transactions contemplated herein must be in form and substance reasonably satisfactory to the Debtors and the First Lien Ad Hoc Group. The entry of the

Confirmation Order shall constitute approval of all such documents, including the documents in all Plan Supplements.

B. APPROVALS BY GAMING REGULATORS

The Debtors will provide each of the Gaming Regulators with a copy of the Plan and the Disclosure Statement. The Debtors (or such other appropriate entity) will file a petition with the Louisiana Gaming Control Board ("LGCB") and other required applications to obtain any regulatory approvals that are required to implement the terms of the Plan. The Debtors expect the petition and applications to be reviewed for participant suitability. Suitability will be reviewed by the Enforcement and Audit Sections of the Louisiana State Police Gaming Enforcement Division ("Enforcement Division") and the Louisiana Attorney General's Gaming Division ("AG"). It is anticipated that there will be a minimum of 60-90 days will be needed for final review by the AG and Enforcement Division, and final approval by the LGCB. The Debtors believe the petition and applications for the approval of the transactions contemplated by the Plan will be approved by the LGCB.

In Mississippi, the Debtors (or such other appropriate entity) will file a formal detailed letter application with the Mississippi Gaming Commission ("MGC"), describing the Plan and the necessary approvals, and asking the MGC staff to recommend approval of the transactions in the Plan to the Commissioners. The Debtors (or such other appropriate entity) will work with MGC staff to prepare a proposed recommendation regarding such approvals, and to schedule and place the requested approvals on a MGC meeting agenda for consideration and a vote. The Debtors believe the application for the approval of the transactions contemplated by the Plan will be approved by the MGC.

V. CONDITIONS TO OCCURRENCE OF EFFECTIVE DATE, DATE OF PLAN AND NOTICE OF EFFECTIVE DATE

A. CONDITIONS TO OCCURRENCE OF EFFECTIVE DATE OF PLAN.

Section 10.1 of the Plan provides that the "effective date of the plan," as used in Section 1129 of the Bankruptcy Code, shall not occur until the Effective Date. The occurrence of the Effective Date is subject to satisfaction of the following conditions precedent (or conditions subsequent with respect to actions that are to be taken contemporaneously with, or immediately upon, the occurrence of the Effective Date), any of which may be waived in writing by the Debtors and the First Lien Ad Hoc Group acting jointly (the Debtors and the First Lien Ad Hoc Group may withhold consent to any waiver in their sole discretion) and any other party whose consent to any such waiver is specifically required in writing under the Plan, if such waiver is legally permissible with respect thereto:

1. The Confirmation Order and the Plan as confirmed pursuant to the Confirmation Order and Filed shall be in a form and substance reasonably satisfactory to the Debtors and the First Lien Ad Hoc Group.

2. The Confirmation Order shall be a Final Order.

3. The Bankruptcy Court shall have made the statutorily-required findings of fact and conclusions of law in connection with the confirmation of the Plan, each of which findings and conclusions shall be expressly set forth in the Confirmation Order or in findings of fact and conclusions of law entered in support of and contemporaneously with the entry of the Confirmation Order.

4. All actions, Plan documents, agreements and instruments, or other documents necessary to implement the terms and provisions of the Plan shall have been executed

and delivered in form and substance reasonably satisfactory to the Debtors and the First Lien Ad Hoc Group.

5. Any governmental authorizations, consents and regulatory approvals, including to the extent required, approval of the Gaming Regulators and any other Governmental Authorities, required for the consummation of each of the transactions contemplated in the Plan shall have been obtained and shall have become final and non-appealable and, with respect to any court proceeding relating thereto, been approved by Final Order.

6. Except as otherwise specifically provided in the Plan, all fees and expenses due to or incurred by Professionals for the Debtors through the Effective Date not previously paid pursuant to interim or final orders of the Bankruptcy Court shall have been paid into and shall be held in escrow, free and clear of Liens, Claims and Encumbrances (other than the rights of such Professionals to be paid from such funds) until due and payable in accordance with applicable court order.

7. Except as otherwise specifically provided in the Plan, all fees and expenses due to or incurred by professionals for the First Lien Agent and the First Lien Ad Hoc Group through the Effective Date that have not been previously paid shall have been paid in cash directly to each such professional.

8. All payments required by the Plan to be made on the Effective Date shall have been made.

9. The Amended First Lien Credit Facility shall have been executed by the borrower and the guarantors under the Amended First Lien Credit Facility, the First Lien Agent and the holders of at least 50.01% of the Allowed amount of the First Lien Lenders' Secured Claims.

10. The New Management Agreement shall have been fully executed and approved, to the extent necessary, by the Gaming Regulators.

11. To the extent required under applicable law, any orders respecting the individual bankruptcy case of William J. McEnery necessary to effectuate the terms of the Plan shall have been entered and become Final Orders.

B. FILING OF NOTICE OF EFFECTIVE DATE.

Section 10.2 of the Plan provides that within two (2) Business Days after the occurrence of the Effective Date, the Reorganized Debtors shall file a notice of occurrence of the Effective Date signed by the counsel for the Debtors reflecting (a) that the foregoing conditions to the occurrence of the Effective Date have been satisfied or waived by the Debtors and any other person whose consent or waiver is required, (b) the date of the Effective Date, and (c) acknowledging that the Effective Date has occurred on and as of such date.

C. WITHDRAWAL OF PLAN PRIOR TO THE CONFIRMATION DATE.

Section 10.3 of the Plan that the Debtors may revoke or withdraw the Plan prior to the Confirmation Date by filing a Notice of Withdrawal of Plan in the record of the Chapter 11 Cases. If the Plan is withdrawn prior to the Confirmation Date in accordance with this section, then the Plan shall be deemed withdrawn without the need for any action by any party in interest or the Bankruptcy Court. In such event, the Plan shall be of no further force or effect, and (i) the Debtors and all holders of Claims and Interests shall be restored to the *status quo ante* as of the day immediately preceding the filing of the Plan, and (ii) all the Debtors' respective obligations with respect to the Claims and Interests shall remain unchanged, all of the Debtors' rights and Claims against all Entities shall be fully preserved and nothing contained herein or in the Disclosure Statement shall be deemed to constitute an admission or statement against interest or

to constitute a waiver or release of any Claims by or against the Debtors or any other persons or to prejudice in any manner the rights of the Debtors or any person in any further proceedings involving the Debtors or any other persons.

VI. EXECUTORY CONTRACTS AND UNEXPIRED LEASES

A. GENERAL TREATMENT.

Section 5.1 of the Plan provides the general treatment of executory contracts and unexpired leases. Specifically, Section 5.1 states:

(a) Each executory contract or unexpired lease of the Debtors that has not expired by its own terms before the Effective Date or previously been assumed by the applicable Debtor in Possession pursuant to an order of the Bankruptcy Court, shall be assumed by the applicable Debtor as of the Effective Date pursuant to Sections 365 and 1123 of the Bankruptcy Code, except for any executory contract or unexpired lease (i) that is listed on a "Schedule of Executory Contracts and Unexpired Leases to be Rejected" (to be Filed on or before the day that is ten (10) days prior to the Confirmation Hearing), (ii) that has been previously rejected by the Debtor in Possession pursuant to an order of the Bankruptcy Court, (iii) as to which a motion for rejection of such executory contract or unexpired lease is filed prior to the Effective Date, or (iv) added to the "Schedule of Executory Contracts and Unexpired Leases to be Rejected" prior to the Effective Date. Nothing in the Plan or any Plan Supplement, any exhibit to the Plan or any Plan Supplement, or any document executed or delivered in connection therewith creates any obligation or liability on the part of the Debtors, the Reorganized Debtors, or any other person or entity that is not currently liable for such obligation, with respect to any executory contract or unexpired lease except as may otherwise be provided in the Plan.

Any executory contract or unexpired lease assumed pursuant to the Plan shall be and hereby is assumed by the applicable Debtor as of the Effective Date and shall be fully enforceable by the applicable Debtor in accordance with its terms thereof, and shall include all written modifications, amendments, supplements of said executory contract or unexpired lease and, as with respect to executory contracts or unexpired leases that relate to real property, shall include all written agreements and leases appurtenant to the premises, including easements, licenses, permits, rights, privileges, immunities, options, rights of first refusal, powers, uses, reciprocal easements, and any other interests in real property or rights *in rem* related to such premises. Listing a contract or lease on the "Schedule of Executory Contracts and Unexpired Leases to be Rejected" is not deemed an admission by the applicable Debtor or Reorganized Debtor that such contract is an executory contract or unexpired lease or that any Debtor or Reorganized Debtor has any liability thereunder.

The Debtors reserve the right at any time before the Effective Date to amend the "Schedule of Executory Contracts and Unexpired Leases to be Rejected" to: (a) delete any executory contract or unexpired lease listed on the "Schedule of Executory Contracts and Unexpired Leases to be Rejected", thus providing for its assumption under the Plan, or (b) add any executory contract or unexpired lease to the "Schedule of Executory Contracts and Unexpired Leases to be Rejected", thus providing for its rejection under the Plan. The Debtors shall provide notice of any such amendment of the "Schedule of Executory Contracts and Unexpired Leases to be Rejected" to the party to the affected executory contract and unexpired lease, to counsel for the First Lien Agent and the First Ad Hoc Group, and to the Office of the U.S. Trustee.

(b) Subject to section 5.2 of this Plan and subject to the occurrence of the Effective

Date, entry of the Confirmation Order shall constitute: (i) the approval, pursuant to Sections 365(a) and 1123(b) of the Bankruptcy Code, of the assumption of the executory contracts and unexpired leases assumed pursuant to section 5.1(a) and section 5.1(b) of this Plan; and (ii) the approval, pursuant to Sections 365(a) and 1123(b) of the Bankruptcy Code, of the rejection of the executory contracts and unexpired leases rejected pursuant to section 5.1(a) and section 5.1(b) of this Plan. In addition, the Confirmation Order shall constitute a finding of fact and conclusion of law that: (i) all defaults of the Debtors under each such assumed executory contract or unexpired leases shall be deemed cured with respect to each such assumed executory contract or unexpired leases, (ii) no remaining Cure Costs are due and owing and there is no compensation due for any actual pecuniary loss other than as may be established at the Cure Dispute Hearing (defined below) or set forth in the Assumption Notice (defined below), (iii) there is adequate assurance of future performance with respect to each such assumed executory contract or unexpired leases, (iv) such assumption is in the best interest of the applicable Debtor and its estate, (v) upon the Effective Date, the assumed executory contracts or unexpired leases constitute legal, valid, binding and enforceable contracts in accordance with the terms thereof, (vi) the counter party to each assumed executory contract or unexpired lease is required to and ordered to perform under and honor the terms of the assumed executory contract or unexpired lease; and (vii) the performance of each such assumed executory contract or unexpired lease after the Effective Date will be the responsibility of the Reorganized Debtors, as applicable, pursuant to 11 U.S.C. §363(k). All executory contracts and unexpired leases assumed under the Plan or during the Chapter 11 Cases constitute valid contracts and leases, as applicable, enforceable by the Debtors against the non-Debtor counterparties regardless of any cross-default or change of control provisions in any contracts or leases assumed, assumed or assigned, or rejected under the

Plan or during the Chapter 11 Cases.

(c) Subject to the occurrence of the Effective Date, the Confirmation Order shall constitute an order of the Bankruptcy Court approving the rejection as of the Effective Date of all executory contracts and unexpired leases which are not assumed under this Plan, with the rejection effective as of the day before the Petition Date, as being burdensome and not in the best interest of the Debtors' Estates.

B. REJECTION DAMAGE CLAIMS; DEADLINE FOR FILING.

Section 5.2 of the Plan provides that Rejection Damages Claims will be treated as Class 8 General Unsecured Claims and includes a deadline for filing any alleged rejection damage claims. Specifically, Section 5.2 states:

(a) *Treatment*: Except as may otherwise be provided in the Plan, Rejection Damage Claims, if any, will be treated as General Unsecured Claims in Class 8. All such Claims shall be discharged on the Effective Date, and shall not be enforceable against the Reorganized Debtors and the Assets (and, for the avoidance of doubt, such rejected contracts and leases shall not constitute Assumed Liabilities).

(b) ***Deadline: Each Person who is a party to a contract or lease rejected under the Plan must file with the Bankruptcy Court and serve on the Debtors or, if after the Effective Date, on the Reorganized Debtors, no later than the later of (i) thirty (30) days after the entry of an order for the rejection of such contract or lease or (ii) thirty (30) days after the Effective Date, a proof of claim for damages alleged to arise from the rejection of the applicable contract or lease or be forever barred from filing a Claim, or sharing in distributions under the Plan, related to such alleged rejection damages.***

C. **CURE OF DEFAULTS IN ASSUMED AGREEMENTS, OBJECTIONS TO CURE COSTS.**

Section 5.3 of the Plan provides the procedure for curing defaults and a deadline for filing objections to proposed Cure Costs. Specifically, Section 5.3 states:

(a) *Cure Notice*: The Debtors shall serve a notice (the "Cure Notice") on the applicable counterparty of the Cure Cost, if any, (i) at least twenty-one days before the deadline to object to the confirmation of the Plan, or (ii) by such later date as provided in the order approving the Disclosure Statement.

(b) *Time for Payment of Cure Costs*: The Debtors shall cure any monetary defaults arising under each executory contract and lease to be assumed pursuant to section 5.1(a) or section 5.1(b) of this Plan, in accordance with Section 365(b)(1) of the Bankruptcy Code, by payment of the Cure Cost on the later of: (i) the Effective Date or as soon thereafter as is reasonably practicable; (ii) the date on which the Cure Cost has been resolved (either consensually or through judicial decision at the Cure Dispute Hearing) or as soon thereafter as is reasonably practicable; and (iii) such other date as mutually agreed upon by the Debtors or Reorganized Debtors and the non-Debtor party or parties to each such Assumed Lease and Contract.

(c) ***Objections to Cure Costs/Deadlines for Objections: Any Party that fails to timely object to the applicable Cure Cost set forth in the Cure Notice by the deadline to object to the confirmation of the Plan: (a) shall be forever barred, estopped and enjoined from (x) disputing the Cure Cost set forth in the Cure Notice relating to any executory contract or unexpired lease, (y) asserting any Claim against the applicable Debtor or their properties arising under Section 365(b)(1) of the Bankruptcy Code; and (b) shall be deemed to have consented to the assumption of such executory contract and unexpired lease and shall be***

forever barred and estopped from asserting or claiming against the Debtors, the Reorganized Debtors, or any other assignee of the relevant executory contract or unexpired lease that any additional amounts are due or defaults exist, or conditions to assumption of such executory contract or unexpired lease must be satisfied (pursuant to Section 365(b)(1) of the Bankruptcy Code or otherwise). Any objection relating to any Cure Cost set forth in the Cure Notice shall specify the Cure Cost proposed by the counterparty to the applicable contract or lease.

(d) *Cure Dispute Hearing:* In the event of a timely objection (a "Cure Dispute") regarding: (i) any Cure Cost; (ii) the ability of the Debtors to demonstrate "adequate assurance of future performance" (within the meaning of Section 365 of the Bankruptcy Code) under any executory contract or unexpired lease to be assumed; or (iii) any other matter pertaining to the proposed assumption, the Bankruptcy Court will consider any such objection during the Confirmation Hearing or as soon as practicable thereafter (a "Cure Dispute Hearing"). The Cure Costs required by Section 365(b)(1) of the Bankruptcy Code shall be paid at the time set forth section 5.3(b) of the Plan following the entry of a Final Order resolving such Cure Dispute and approving the assumption. To the extent a Cure Dispute relates solely to a Cure Cost, the applicable Debtor may assume the applicable executory contract or unexpired lease prior to the resolution of the Cure Dispute provided that the Debtors establish a reserve containing Cash in an amount sufficient to pay the full amount asserted as cure payment by the non-Debtor party to such contract or lease (or such smaller amount as may be fixed or estimated by the Bankruptcy Court). To the extent the Cure Dispute is resolved or determined unfavorably to the applicable Debtor in its judgment, then such contract or lease shall not be assumed under the Plan and the Debtors (or the Reorganized Debtors, if after the Effective Date) shall have the right to reject the applicable executory contract or unexpired lease after such determination at the Cure Hearing.

D. EMPLOYMENT AGREEMENT.

Section 5.4 of the Plan provides for the assumption and modification of the employment agreement between the Debtors and Raymond C. Cook. Specifically, Section 5.4 states: On the Effective Date, the Amended Employment Agreement dated July 1, 2007, as amended May 3, 2010 and September 16, 2010, between Raymond C. Cook and Legends Gaming, LLC (the "Cook Employment Agreement") will be assumed and amended by the Reorganized Debtors to provide for (i) a term of one year from the Effective Date, (ii) compensation at the existing level of $25,000 per month for 6 months after the Effective Date and at a reduced level of $10,000 per month for the remaining 6 months, and benefits at existing levels for the entire one year term after the Effective Date, (iii) the payment of any accrued and unused vacation pay in five equal consecutive monthly installments commencing on the Effective Date, (iv) the cancellation of any change of control provisions, (v) the termination of the non-compete and non-solicit covenants set forth in section 5 of the Cook Employment Agreement at the end of such one year term and (vi) the modification of the duties and responsibilities set forth in section 2 of the Cook Employment Agreement to that of a consultant to the Reorganized Debtors. A draft of the amendment to the Cook Employment Agreement will be filed as part of the Plan Supplement.

VII. EFFECT OF CONFIRMATION

A. VESTING OF ASSETS.

Section 9.1 of the Plan explains what assets vests in the Reorganized Debtors, including Causes of Action and Avoidance Claims. Specifically, Section 9.1 states:

(a) *Assets of the Debtors.* On and after the Effective Date, pursuant to Sections 1141(b) and (c) of the Bankruptcy Code, all Assets of the Debtors (including, without limitation,

the Business and all past, present and future claims and Causes of Action against Global Gaming) shall vest in the Reorganized Debtors.

(b) *Avoidance Claims and Causes of Action*. Except (i) for Causes of Action that are expressly released in this Plan, the Final Cash Collateral Order or any other Final Order and (ii) as otherwise expressly provided in this Plan, the Final Cash Collateral Order or any other Final Order, any and all rights, claims, or Causes of Action of the Debtors or the Debtors in Possession pursuant to the Bankruptcy Code or pursuant to any statute or legal theory, including the Global Litigation and the Avoidance Claims, any rights to, claims, or Causes of Action, all claims and Causes of Action against any third parties including, without limitation to, any rights, claims, and Causes of Action, and any other Causes of Action shall, pursuant to this Plan, be retained by and vest in the Reorganized Debtors. For the avoidance of any doubt, all of the Debtors' past, present and future claims and Causes of Action against Global Gaming (including, without limitation, the Global Litigation) shall vest in the Reorganized Debtors and the First Lien Agent and the First Lien Ad Hoc Group shall continue to be entitled to intervene in the Global Litigation. The Reorganized Debtors shall have the right to assert and prosecute any and all Causes of Action as representative of the Debtors' Estates under 11 U.S.C. §1123(b)(3)(B).

B. BINDING EFFECT.

Section 9.2 of the Plan provides that subject to the occurrence of the Effective Date, the provisions of this Plan shall bind any holder of a Claim against or an Interest in any of the Debtors and such holder's successors and assigns, whether or not such holder's Claim or Interest is Impaired under the Plan, whether or not such holder has accepted the Plan, and whether or not such holder is entitled to a distribution under the Plan, as well as on any and all other parties in interest.

C. DISCHARGE OF THE DEBTORS.

Section 9.3 of the Plan provides that except as otherwise specifically provided in the Plan or in the Confirmation Order, the rights afforded in the Plan and the treatment of the Claims and Interests herein shall be in exchange for and in complete satisfaction, discharge, and release of all Claims against and Interests in the Debtors, the Debtors in Possession, the Reorganized Debtors, the Assets, properties, or Interests in, or property of the Debtors, the Debtors in Possession, and the Reorganized Debtors of any nature whatsoever, including any interest accrued on any Claim from and after the Petition Date. Except as expressly otherwise provided herein or in the Confirmation Order, on the Effective Date, all Claims arising before the Effective Date (including those arising under Sections 502(g), 502(h) or 502(i) of the Bankruptcy Code) against the Debtors and the Debtors in Possession (including any based on acts or omissions that constituted or may have constituted ordinary or gross negligence or reckless, willful, or wanton misconduct of any of the Debtors, or any conduct for which any of the Debtors may be deemed to have strict liability under any applicable law), and all Interests shall be irrevocably discharged, cancelled and released in full.

For the avoidance of doubt, the Reorganized Debtors shall be responsible only for (a) those payments and Distributions expressly provided for or due under the Plan from the Reorganized Debtors and (b) Claims and Interests that are not canceled and discharged pursuant to express provisions of the Plan, and then only to the extent and in the manner specifically and expressly provided in the Plan. All Entities are precluded and forever barred from asserting against the Debtors, the Debtors in Possession, the Reorganized Debtors, the Assets, properties, or Interests in or property of the Debtors, the Debtors in Possession, or the Reorganized Debtors of any nature whatsoever any Claims or Interests based upon any act or omission, transaction, or

other activity, event, or occurrence of any kind or nature that occurred prior to the Effective Date, whether or not the facts of or legal bases therefor were known or existed prior to the Effective Date, except for (a) those payments and distributions expressly due under the Plan and (b) Claims and Interests, if any, that are not canceled and discharged under the Plan, but instead survive pursuant to express provisions of the Plan, and then only to the extent and in manner expressly provided in the Plan.

D. INDEMNIFICATION OBLIGATIONS.

Section 9.4 of the Plan provides that all rights to indemnification from the Debtors or Reorganized Debtors, as applicable, whether pursuant to applicable law, certificates of incorporation, articles of incorporation or bylaws (or similar documents), indemnification agreements, contribution agreements or other agreements affording indemnity or similar protection to any person or Entity that are in effect immediately prior to the occurrence of the Effective Date shall terminate on the Effective Date without further action, and shall extinguish, discharge, and terminate any Claims or proofs of claim filed with respect to such indemnification, but without prejudice to the rights of any persons (i) under the prior or existing directors' and officers' liability insurance policies, or (ii) for indemnity from the Debtors or Reorganized Debtors, as applicable, up to the amount of, and payable solely from, the proceeds of prior or existing directors' and officers' liability insurance policies.

E. TERM OF CERTAIN INJUNCTIONS.

Section 9.5 of the Plan provides that unless otherwise provided herein or in the Confirmation Order, all of the injunctions and/or stays provided for in, or in connection with, the Chapter 11 Cases, whether pursuant to Section 105, Section 362, or any other provision of the Bankruptcy Code or other applicable law, in existence on the Confirmation Date, shall remain in

full force and effect through the Effective Date and thereafter if so provided by the Plan, the Confirmation Order, or by their own terms. In addition, on and after the Confirmation Date, the Debtors may seek such further orders as they may deem necessary or appropriate to preserve the *status quo* during the time between the Confirmation Date and the Effective Date.

F. PRESERVATION OF ALL CAUSES OF ACTION NOT EXPRESSLY SETTLED, RELEASED OR TRANSFERRED.

Section 9.10 of the Plan provides that for the avoidance of doubt, and without limiting or restricting any other provisions of the Plan, including but not limited to section 9.1, unless a claim or Cause of Action against a Creditor or other Entity is expressly and specifically waived, relinquished, released, compromised, settled or transferred in the Plan, the Final Cash Collateral Order or any other Final Order, the Reorganized Debtors expressly reserve claims or Causes of Action which vest in the Reorganized Debtors for adjudication or pursuit by the Reorganized Debtors after the Effective Date, and, therefore, no preclusion doctrine, including, without limitation, the doctrines of res judicata, collateral estoppel, issue preclusion, claim preclusion, waiver, estoppel (judicial, equitable or otherwise) or laches shall apply to such claims or Causes of Action upon or after the Confirmation Date or Effective Date of the Plan based on the Disclosure Statement, the Plan, the Confirmation Order or otherwise. The Reorganized Debtors expressly reserve any and all past, present and future claims and Causes of Action against Global Gaming, including those asserted or which may be asserted at any time in the future in the Global Litigation, and such claims and Causes of Action shall vest in the Reorganized Debtors. The Reorganized Debtors expressly reserve and shall have the right to pursue or adopt any claims (and any defenses) or Causes of Action of the Debtors or the Debtors in Possession which vest in the Reorganized Debtors under the Plan as trustees for or on behalf of the creditors, not specifically and expressly waived, relinquished, released, compromised, settled or transferred in

the Plan, the Final Cash Collateral Order or any other Final Order against any Entity, including, without limitation, the plaintiffs or codefendants in any lawsuits. Except as otherwise set forth herein, the Reorganized Debtors shall be representatives of the Estates appointed for the purpose of pursuing any and all such claims and Causes of Action under 11 U.S.C. §1123(b)(3)(B), and the First Lien Agent and the First Lien Ad Hoc Group shall continue to be entitled to intervene in the Global Litigation.

Any Entity to whom the Debtors have incurred an obligation (whether on account of services, purchase or sale of goods, tort, breach of contract or otherwise), or who has received services from the Debtors or a transfer of money or property of the Debtors, or who has transacted business with the Debtors, or leased equipment or property from the Debtors, should assume that such obligation, transfer, or transaction may be reviewed by the Reorganized Debtors subsequent to the Effective Date and may, to the extent not theretofore specifically waived, relinquished, released, compromised, settled or transferred in the Plan, the Final Cash Collateral Order or any other Final Order, be the subject of an action or claim or demand after the Effective Date, whether or not (a) such Entity has filed a proof of claim against the Debtors in the Chapter 11 Cases, (b) such Entity's proof of claim has been objected to, (c) such Entity's Claim was included in the Debtors' Schedules, or (d) such Entity's scheduled Claim has been objected to by the Debtors or has been identified by the Debtors as disputed, contingent, or unliquidated.

G. INSURANCE NEUTRALITY.

Section 9.11 of the Plan provides that except as may otherwise occur pursuant to applicable bankruptcy or non-bankruptcy law, nothing contained in the Plan shall in any way operate to, or have the effect of, impairing, supplementing, expanding, decreasing, or modifying:

(A) the rights of any of the Debtors' insurers, including but not limited to Zurich American Insurance Company ("ZAIC") or any other affiliate of ZAIC (collectively, "Zurich" and together with all other entities that are providing or have provided insurance to the Debtors or any affiliate or predecessor of the Debtors, the "Insurers"); (B) the rights of claimants against any Insurers for recovery of Claims solely from such Insurers, (C) the rights of Cannon Cochran Management Services, Inc. ("CCMSI"), which has served as a Third-Party Administrator with regard to certain policies of insurance issued by Zurich to the Debtors; or (D) any rights or obligations arising under any insurance policy issued to the Debtors or under which the Debtors may seek coverage (the "Policies") or Claimants may seek recovery. For all issues of insurance coverage or otherwise, except as may otherwise be provided by applicable bankruptcy or non-bankruptcy laws, the provisions, terms, conditions, and limitations of the Policies shall control.

H. INJUNCTION

Section 9.12 of the Plan provides for the following injunctions:

EXCEPT AS OTHERWISE PROVIDED IN THE PLAN, THE AMENDED FIRST LIEN CREDIT FACILITY OR THE CONFIRMATION ORDER, AS OF THE CONFIRMATION DATE, BUT SUBJECT TO THE OCCURRENCE OF THE EFFECTIVE DATE, ALL PERSONS WHO HAVE HELD, HOLD OR MAY HOLD CLAIMS AGAINST OR INTERESTS IN THE DEBTORS OR THE ESTATES ARE, WITH RESPECT TO ANY SUCH CLAIMS OR INTERESTS, PERMANENTLY ENJOINED AFTER THE CONFIRMATION DATE FROM: (I) COMMENCING, CONDUCTING OR CONTINUING IN ANY MANNER, DIRECTLY OR INDIRECTLY, ANY SUIT, ACTION OR OTHER PROCEEDING OF ANY KIND (INCLUDING, WITHOUT LIMITATION, ANY PROCEEDING IN A JUDICIAL, ARBITRAL, ADMINISTRATIVE OR OTHER FORUM)

AGAINST OR AFFECTING THE DEBTORS, THE REORGANIZED DEBTORS, OR ANY OF THEIR PROPERTY, THE RELEASED PARTIES, OR ANY DIRECT OR INDIRECT TRANSFEREE OF ANY PROPERTY OF OR DIRECT OR INDIRECT SUCCESSOR IN INTEREST TO, ANY OF THE FOREGOING PERSONS OR ANY PROPERTY OF ANY SUCH TRANSFEREE OR SUCCESSOR; (II) ENFORCING, LEVYING, ATTACHING (INCLUDING, WITHOUT LIMITATION, ANY PRE JUDGMENT ATTACHMENT), COLLECTING OR OTHERWISE RECOVERING BY ANY MANNER OR MEANS, WHETHER DIRECTLY OR INDIRECTLY, ANY JUDGMENT, AWARD, DECREE OR ORDER AGAINST THE DEBTORS, THE REORGANIZED DEBTORS OR ANY OF THEIR PROPERTY, THE RELEASED PARTIES, OR ANY DIRECT OR INDIRECT TRANSFEREE OF ANY PROPERTY OF OR DIRECT OR INDIRECT SUCCESSOR IN INTEREST TO, ANY OF THE FOREGOING PERSONS, OR ANY PROPERTY OF ANY SUCH TRANSFEREE OR SUCCESSOR; (III) CREATING, PERFECTING OR OTHERWISE ENFORCING IN ANY MANNER, DIRECTLY OR INDIRECTLY, ANY ENCUMBRANCE OF ANY KIND AGAINST THE DEBTORS, THE REORGANIZED DEBTORS OR ANY OF THEIR PROPERTY, THE RELEASED PARTIES, OR ANY DIRECT OR INDIRECT TRANSFEREE OF ANY PROPERTY OF OR SUCCESSOR IN INTEREST TO, ANY OF THE FOREGOING PERSONS (IV) ACTING OR PROCEEDING IN ANY MANNER, IN ANY PLACE WHATSOEVER, THAT DOES NOT CONFORM TO OR COMPLY WITH THE PROVISIONS OF THE PLAN TO THE FULL EXTENT PERMITTED BY APPLICABLE LAW; AND (V) COMMENCING OR CONTINUING, IN ANY MANNER OR IN ANY PLACE, ANY ACTION THAT DOES NOT COMPLY WITH OR IS INCONSISTENT WITH THE PROVISIONS OF THE PLAN; PROVIDED, HOWEVER,

THAT NOTHING CONTAINED HEREIN SHALL PRECLUDE SUCH PERSONS FROM EXERCISING THEIR RIGHTS, OR OBTAINING BENEFITS, PURSUANT TO AND CONSISTENT WITH THE TERMS OF THE PLAN, THE CONFIRMATION ORDER, AND THE AMENDED FIRST LIEN CREDIT FACILITY.

VIII. RELEASES AND EXCULPATIONS

A. RELEASES BY THE DEBTORS AND THEIR ESTATES.

Section 9.7 of the Plan contains the following provisions regarding releases of claims by the Debtors and their Estates

RELEASE OF DEBTORS' ESTATES' CLAIMS. AS OF THE EFFECTIVE DATE, AND SUBJECT TO ITS OCCURRENCE, FOR THE GOOD AND VALUABLE CONSIDERATION PROVIDED BY EACH OF THE RELEASED PARTIES, ANY AND ALL CAUSES OF ACTION OF THE DEBTORS, DEBTORS IN POSSESSION AND THE DEBTORS' ESTATES AGAINST ANY OF THE RELEASED PARTIES BASED IN WHOLE OR IN PART UPON ANY ACT OR OMISSION, TRANSACTION, AGREEMENT, EVENT OR OTHER OCCURRENCE TAKING PLACE ON OR BEFORE THE EFFECTIVE DATE SHALL BE FOREVER RELEASED AND DISCHARGED. THE FOREGOING RELEASES, HOWEVER, SHALL NOT (1) WAIVE ANY DEFENSES TO ANY CLAIMS ASSERTED AGAINST THE DEBTORS BY ANY RELEASED PARTIES EXCEPT TO THE EXTENT SUCH CLAIMS HAVE BEEN SPECIFICALLY ALLOWED IN THE PLAN OR BY A FINAL ORDER OF THE BANKRUPTCY COURT, OR (2) RELEASE ANY CLAIMS OR CAUSES OF ACTION BASED ON GROSS NEGLIGENCE OR WILLFUL MISCONDUCT OF ANY RELEASED PARTY. FOR THE AVOIDANCE OF DOUBT, GLOBAL GAMING SHALL NOT BE A RELEASED PARTY AND ALL RIGHTS

AND CLAIMS AND CAUSES OF ACTION, INCLUDING THE GLOBAL LITIGATION, WILL VEST IN THE REORGANIZED DEBTORS ON THE EFFECTIVE DATE.

The "Released Parties" as defined in the Plan are (i) the Debtors, Debtors in Possession and Reorganized Debtors, and their respective financial advisors, attorneys and accountants whose retention has been approved by the Bankruptcy Court, and all past, present and future officers, directors, servants, shareholders, members, managers, partners, employees, agents, representatives and consultants thereof, including Michael E. Kelly; and (ii) the Consenting First Lien Lenders, the First Lien Agent, the First Lien Ad Hoc Group, the Consenting Second Lien Lenders, and each of their respective divisions, affiliates, and their former, present and future officers, directors, servants, shareholders, members, affiliates, managers, partners, employees, agents, representatives, professionals and consultants. Notwithstanding any other term or provision of the Plan, Global Gaming shall not be a Released Party.

The Debtors do not believe that any valid potential actions exist against the Released Parties with regard to the foregoing released claims. The Debtors have not pursued any potential actions against the Released Parties arising from any transactions. Additionally, the Debtors believe that litigation over the validity of any theoretically potential claims against the Released Parties based upon the foregoing released claims would require a significant expenditure of the Debtors' time and resources and could unnecessarily impair the Debtors' businesses and the administration of the Chapter 11 Cases.

B. RELEASE BY HOLDERS OF CLAIMS.

Section 9.8 of the Plan contains the following provisions regarding releases of claims by holders of Claims: ***RELEASE BY HOLDERS OF CLAIMS***. ***EXCEPT AS OTHERWISE SPECIFICALLY PROVIDED IN THE PLAN OR THE CONFIRMATION ORDER, ON AND AFTER THE EFFECTIVE DATE, EACH HOLDER OF A CLAIM WHO HAS***

VOTED TO ACCEPT THE PLAN SHALL BE DEEMED TO HAVE UNCONDITIONALLY RELEASED THE RELEASED PARTIES FROM ANY AND ALL CLAIMS, OBLIGATIONS, RIGHTS, SUITS, DAMAGES, CAUSES OF ACTION, REMEDIES, AND LIABILITIES, WHETHER KNOWN OR UNKNOWN, FORESEEN OR UNFORESEEN, EXISTING OR HEREAFTER ARISING, IN LAW, EQUITY, OR OTHERWISE, THAT SUCH ENTITY WOULD HAVE BEEN LEGALLY ENTITLED TO ASSERT (WHETHER INDIVIDUALLY OR COLLECTIVELY), BASED IN WHOLE OR IN PART UPON ANY ACT OR OMISSION, TRANSACTION, AGREEMENT, EVENT, OR OTHER OCCURRENCE TAKING PLACE ON OR BEFORE THE EFFECTIVE DATE ON ACCOUNT OF ANY RELATIONSHIP WITH THE DEBTORS OR ON ACCOUNT OF ANY CLAIM, EXCEPT FOR (I) WITH RESPECT TO THE REORGANIZED DEBTORS, CLAIMS WHICH ARE OR BECOME ALLOWED CLAIMS AND ARE TO BE PAID AS PROVIDED PURSUANT TO THE PLAN, AND (II) ANY CLAIMS OR CAUSES OF ACTION BASED ON GROSS NEGLIGENCE OR WILLFUL MISCONDUCT OF ANY RELEASED PARTY.

The Debtors believe the releases set forth in the Plan are reasonable and appropriate given the facts and circumstances of these cases. Moreover, the releases are voluntary and are supported by the consideration provided under the Plan.

C. EXCULPATION.

Section 9.9 of the Plan provides standard exculpations for key parties involved in the Debtors' restructuring efforts under Chapter 11. Specifically, section 9.9 of the Plan states:

EXCEPT AS OTHERWISE SPECIFICALLY PROVIDED FOR IN THIS PLAN OR THE CONFIRMATION ORDER, AND TO THE MAXIMUM EXTENT AUTHORIZED BY APPLICABLE LAW, THE RELEASED PARTIES, THE DEBTORS, THE DEBTORS IN POSSESSION AND THE REORGANIZED DEBTORS SHALL HAVE NO LIABILITY TO

ANY ENTITY FOR ANY ACT OR OMISSION IN CONNECTION WITH OR ARISING OUT OF THE NEGOTIATION OF THE PLAN, ALL MATTERS RELATING TO OR IN CONNECTION WITH THE PLAN SUPPORT AGREEMENT, THE PURSUIT OF APPROVAL OF THE DISCLOSURE STATEMENT, THE PURSUIT OF CONFIRMATION OF THIS PLAN, THE CONSUMMATION OF THIS PLAN, THE TRANSACTIONS CONTEMPLATED AND EFFECTUATED BY THIS PLAN, THE ADMINISTRATION OF THIS PLAN, OR THE ASSETS TO BE DISTRIBUTED UNDER SUCH PLAN OR ANY OTHER ACT OR OMISSION DURING THE ADMINISTRATION OF THE CHAPTER 11 CASES OR THE DEBTORS' ESTATES, EXCEPT FOR CLAIMS BASED ON GROSS NEGLIGENCE OR WILLFUL MISCONDUCT. IN ALL RESPECTS, EACH OF THE FOREGOING SHALL BE ENTITLED TO RELY UPON THE ADVICE OF COUNSEL WITH RESPECT TO THEIR DUTIES AND RESPONSIBILITIES WITH RESPECT TO THE NEGOTIATION OF THE PLAN, ALL MATTERS RELATING TO OR IN CONNECTION WITH THE PLAN SUPPORT AGREEMENT, THE PURSUIT OF APPROVAL OF THE DISCLOSURE STATEMENT, THE PURSUIT OF CONFIRMATION OF THIS PLAN, THE CONSUMMATION OF THIS PLAN, THE TRANSACTIONS CONTEMPLATED AND EFFECTUATED BY THIS PLAN, THE ADMINISTRATION OF THIS PLAN, OR THE ASSETS TO BE DISTRIBUTED UNDER SUCH PLAN OR ANY OTHER ACT OR OMISSION DURING THE ADMINISTRATION OF THE CHAPTER 11 CASES OR THE DEBTORS' ESTATES.

D. NO SUCCESSOR LIABILITY.

Section 9.6 of the Plan provides that unless otherwise specifically provided in the Plan or the Confirmation Order, none of the Debtors, the Reorganized Debtors, the First Lien Agent, the First Lien Ad Hoc Group, or the First Lien Lenders will have any successor liability obligations.

Specifically, the Plan provides: ***EXCEPT AS OTHERWISE SPECIFICALLY PROVIDED IN THE PLAN OR THE CONFIRMATION ORDER, NONE OF THE DEBTORS, THE REORGANIZED DEBTORS, THE FIRST LIEN AGENT, THE FIRST LIEN AD HOC GROUP, THE FIRST LIEN LENDERS OR THE CONSENTING SECOND LIEN LENDERS WILL HAVE ANY RESPONSIBILITIES, PURSUANT TO THE PLAN OR OTHERWISE, FOR ANY LIABILITIES OR OBLIGATIONS OF THE DEBTORS OR ANY OF THE DEBTORS' PAST OR PRESENT SUBSIDIARIES RELATING TO OR ARISING OUT OF THE OPERATIONS OF OR ASSETS OF THE DEBTORS OR ANY OF THE DEBTORS' PAST OR PRESENT SUBSIDIARIES, WHETHER ARISING PRIOR TO, OR RESULTING FROM ACTIONS, EVENTS, OR CIRCUMSTANCES OCCURRING OR EXISTING AT ANY TIME PRIOR TO THE EFFECTIVE DATE. THE DEBTORS, THE REORGANIZED DEBTORS, THE FIRST LIEN AGENT, THE FIRST LIEN AD HOC GROUP, THE FIRST LIEN LENDERS AND THE CONSENTING SECOND LIEN LENDERS HAVE NO SUCCESSOR OR TRANSFEREE LIABILITY OF ANY KIND OR CHARACTER, FOR ANY CLAIMS.***

IX. CERTAIN MISCELLANEOUS AND OTHER PROVISIONS

A. PAYMENT OF STATUTORY FEES.

Section 11.1 of the Plan provides that all fees and expenses payable pursuant to Section 1930 of title 28 of the United States Code through the Effective Date shall be paid by the Debtors, and, after the Effective Date, by the Liquidating Debtors, as, when and in the amount as required by applicable law, until the Bankruptcy Court enters a Final Decree.

B. PENSION PLANS.

Section 11.2 of the Plan provides that for avoidance of doubt, on and after the Effective Date, pursuant to Section 1129(a)(13) of the Bankruptcy Code, the Reorganized Debtors shall continue to pay all retiree benefits of the Debtors (within meaning of Section 1114 of the Bankruptcy Code), if any, at the level established in accordance with Section 1114 of the Bankruptcy Code, at any time prior to the Confirmation Date, for the duration of the period for which such Debtors had obligated themselves to provide such benefits. Nothing herein shall: (i) restrict the Reorganized Debtors' right to modify the terms and conditions of the retiree benefits, if any, as otherwise permitted pursuant to the terms of the applicable plans, non-bankruptcy law, or Section 1144(m) of the Bankruptcy Code; or (ii) be construed as an admission that any such retiree benefits are owed by the Debtors or Reorganized Debtors.

C. GOVERNING LAW.

Section 11.5 of the Plan provides that unless a rule of law or procedure is supplied by federal law (including the Bankruptcy Code and Bankruptcy Rules), the laws of the State of Louisiana, without giving effect to any conflicts of law principles thereof that would result in the application of the laws of any other jurisdiction, shall govern the construction of the Plan and any agreements, documents, and instruments executed in connection with the Plan, except as otherwise expressly provided in such instruments, agreements, or documents. For the avoidance of doubt, the governing law provisions of the Amended First Lien Credit Facility and related agreements shall control with respect to those agreements.

D. EXEMPTION FROM TRANSFER TAXES.

Section 11.7 of the Plan provides that pursuant to Section 1146(a) of the Bankruptcy Code, the issuance, transfer, or exchange of any security under the Plan, the making or delivery

of any mortgage, deed of trust, other security interest, bill of sale or other instrument of transfer under, in furtherance of, or in connection with the Plan shall be exempt from all taxes as provided in such Section 1146(a) of the Bankruptcy Code..

E. EXEMPTION FROM SECURITIES LAW.

Section 11.8 of the Plan provides that distributions pursuant to the Plan and the offer, issuance, sale or purchase of the New Interests under the Plan shall be exempt from registration under any federal (including the Securities Act), state or local law, rule or regulation pursuant to Section 1145 of the Bankruptcy Code or other applicable law. The New Interest Holder and the First Lien Lenders shall be deemed to qualify as a successor to the Debtors under the Plan solely for purposes of Section 1145 of the Bankruptcy Code. Distributions, including the offer, issuance, sale or purchase of the New Interests under the Plan, shall be deemed to satisfy all of the requirements of Section 1145(a)(l) of the Bankruptcy Code and therefore be exempt from registration under the Securities Act and any federal, state or local securities law, rule or regulation.

The entry of the Confirmation Order shall constitute findings of fact and conclusions of law that any Released Party who solicits or participates in the offer, issuance, sale or purchase of the New Interests under the Plan, is in good faith and has complied with the applicable provisions of the Bankruptcy Code, and is not liable, on account of such solicitation or participation, for any violation of an applicable law, rule or regulation governing solicitation of acceptance or rejection of the Plan or the offer, issuance, sale or purchase of any securities, including but not limited to the New Interests, under the Plan.

F. MODIFICATION AND AMENDMENT OF THE PLAN.

Section 11.11 of the Plan provides that Subject to the restrictions on modifications set forth in Section 1127 of the Bankruptcy Code and Bankruptcy Rules 2002 and 3019, the Plan

may be amended or modified by the Debtors at any time, and, after the Effective Date, by the Reorganized Debtors, *provided* that, notwithstanding the foregoing, no amendments or modifications which affect the rights or obligations of the First Lien Ad Hoc Group or the First Lien Agent may be made to the Plan after entry of the Confirmation Order without the written approval of the First Lien Ad Hoc Group or the First Lien Agent, which approval may be granted or withheld in their respective sole discretion.

G. NONVOTING STOCK.

Section 11.12 of the Plan provides that to the extent applicable and required by Section 1123(a)(6) of the Bankruptcy Code, the certificates of incorporation or articles of organization of any corporate Reorganized Debtors shall be deemed to prohibit the issuance of nonvoting equity securities by each such Reorganized Debtor, subject to further amendment of such certificates of incorporation or articles of organization as permitted by applicable law.

X. CERTAIN U.S. FEDERAL INCOME TAX CONSEQUENCES

The following discussion summarizes certain U.S. federal income tax consequences of the implementation of the Plan to the Debtors and certain U.S. holders of Claims and Interests. The following summary does not address the U.S. federal income tax consequences to holders whose Claims are unimpaired or otherwise entitled to payment in full in cash under the Plan (*e.g.,* Allowed Administrative Expense Claims, Allowed Priority Tax Claims, Allowed Secured Tax Claims and Allowed Priority Claims).

The following summary is based on the Internal Revenue Code of 1986, as amended (the "Tax Code"), Treasury Regulations promulgated thereunder, 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 retroactive effect and could significantly affect the tax consequences described below.

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 may not be forthcoming which would require significant modification of the statements expressed in this section. Certain tax aspects of the Plan are uncertain due to the lack of applicable regulations and other tax precedent. The Debtors have not requested a ruling from the IRS or an opinion of counsel with respect to any of the tax aspects of the Plan. Thus, no assurance can be given as to the interpretation that the IRS will adopt.

This summary generally does not address foreign, state or local tax consequences of the Plan, 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 S corporations, regulated investment companies, insurance companies, financial institutions, small business investment companies, broker-dealers and tax-exempt organizations). In addition, the discussion does not apply to holders of Claims and Interests that are not "U.S. Persons" (as such phrase is defined in the Tax Code). The use of the terms "holder" or "U.S. holder" herein shall refer to a "holder of a Claim or Interest that is a U.S. Person."

The following discussion is a general summary of certain federal income tax aspects of the Plan to U.S. holders, 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 or Interest.

EACH HOLDER OF A CLAIM OR INTEREST AFFECTED BY THE PLAN SHOULD CONSULT HIS OR HER OWN TAX ADVISOR REGARDING THE SPECIFIC TAX CONSEQUENCES OF THE PLAN WITH RESPECT TO THAT

HOLDER'S CLAIM OR INTEREST. THIS INFORMATION MAY NOT BE USED OR QUOTED IN WHOLE OR IN PART IN CONNECTION WITH ANY OFFERING FOR SALE OF SECURITIES.

TO ENSURE COMPLIANCE WITH IRS CIRCULAR 230, HOLDERS OF CLAIMS AND ANY INTERESTS ARE HEREBY NOTIFIED THAT (a) 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 PENALTIES THAT MAY BE IMPOSED UNDER THE TAX CODE, AND (b) THIS DISCUSSION WAS WRITTEN IN CONNECTION WITH THE PROMOTION OF THE PLAN.

1. Tax Consequences To The Debtors

The Debtors are limited liability companies that do not recognize gain or loss at the entity level. Instead, the tax attributes and any resultant gain or loss by virtue of the Debtors' operations are passed through to the Debtors' Interest holders.

2. Tax Consequences To Certain Holders Of Claims And Equity Interests

HOLDERS OF CLAIMS AND EQUITY INTERESTS SHOULD CONSULT THEIR TAX ADVISOR TO DETERMINE THE AMOUNT AND TIMING OF ANY INCOME OR LOSS SUFFERED AS A RESULT OF THE CANCELLATION OF THE CLAIMS OR STOCK OPTIONS HELD BY SUCH PERSON, WHETHER SUCH INCOME OR LOSS IS ORDINARY OR CAPITAL AND THE TAX EFFECT OF ANY RIGHT TO, AND RECEIPT OF DEFERRED PAYMENT.

THE ABOVE DISCUSSION IS FOR INFORMATION 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 THE U.S. FEDERAL, STATE, LOCAL AND NON-U.S. INCOME AND OTHER TAX CONSEQUENCES OF THE PLAN.

XI. CONFIRMATION PROCEDURE

1. Voting And Other Procedures

A Ballot for the acceptance or rejection of the Plan is enclosed with the Disclosure Statement submitted to the holders of Claims and Interests that are entitled to vote to accept or reject the Plan.

After notice and a hearing on _____, 2013 the Bankruptcy Court approved this Disclosure Statement as containing adequate information of a kind and in sufficient detail to enable hypothetical, reasonable investors typical of the creditors to make an informed judgment whether to accept or reject the Plan.

HOWEVER, APPROVAL OF THIS DISCLOSURE STATEMENT DOES NOT CONSTITUTE A DETERMINATION BY THE BANKRUPTCY COURT AS TO THE FAIRNESS OR MERITS OF THE PLAN. ALL CREDITORS AND HOLDERS OF INTERESTS SHOULD READ THIS DISCLOSURE STATEMENT AND THE PLAN IN THEIR ENTIRETY.

Pursuant to the provisions of the Bankruptcy Code, only holders of claims or interests in classes of claims or interests that are impaired under the terms and provisions of a chapter 11 plan and are to receive distributions thereunder are entitled to vote to accept or reject the plan. Classes in which the holders of claims or interests will not receive or retain any property under a Chapter 11 plan are deemed to have rejected the plan and are not entitled to vote to accept or reject the plan. Classes of claims or interests in which the holders of claims or interests are

unimpaired under a Chapter 11 plan are deemed to have accepted the plan and also are not entitled to vote to accept or reject the plan.

The Bankruptcy Code defines "acceptance" of a plan by a class of: (i) claims, as acceptance by creditors actually voting in that class that hold at least two-thirds in dollar amount and more than one-half in number of the claims; and (ii) interests, as acceptance by interest holders in that class actually voting that hold at least two-thirds in number of such interests.

A vote may be disregarded if the Bankruptcy Court determines, after notice and a hearing, that such acceptance or rejection was not solicited or procured in good faith or otherwise in accordance with the provisions of the Bankruptcy Code.

With respect to the Plan, any creditor in an impaired Class (i) whose Claim has been listed by the Debtors in the Schedules filed with the Bankruptcy Court (provided that such Claim has not been scheduled as disputed, contingent or unliquidated), or (ii) who filed a proof of claim on or before the Bar Date, if any, (or, if not filed by such date, any proof of claim filed within any other applicable period of limitations or with leave of the Bankruptcy Court), which Claim has not been disallowed and is not the subject of an objection, is entitled to vote. Holders of Claims that are disputed, contingent and/or unliquidated are entitled to vote their Claims only to the extent that such Claims are Allowed for the purpose of voting pursuant to an order of the Bankruptcy Court. The Debtors believe that any Class of impaired, Secured Claims that does not vote to accept or reject the Plan is deemed to accept the Plan, and intend to seek such a determination at the Confirmation Hearing.

Under the Bankruptcy Code, a plan does not have to be accepted by every class of claims or interests to be confirmed. If a class of claims or interests rejects a plan or is deemed to reject the plan, the plan proponent has the right to request confirmation of the plan pursuant to Section

1129(b) of the Bankruptcy Code -- the so-called "cramdown" provision of the Bankruptcy Code. Section 1129(b) permits the confirmation of a plan notwithstanding the non-acceptance of such plan by one or more impaired classes of claims or interests. Under that section, a plan may be confirmed by a bankruptcy court if it does not "discriminate unfairly" and is "fair and equitable" with respect to each non-accepting class, and meets the other legal criteria for confirmation.

With respect to the Plan, if one or more of the Classes entitled to vote on the Plan votes to reject the Plan, the Debtors intend to request confirmation of the Plan notwithstanding the rejection of such Class or Classes. In so doing, the Debtors will seek to establish that the Plan complies with the best interest of creditors test with respect to any such Class or Classes, and satisfies all other legal criteria for confirmation.

After carefully reviewing this Disclosure Statement, including any Exhibits, each holder of an Allowed Claim or Interest entitled to vote may vote whether to accept or reject the Plan. A Ballot for voting on the Plan accompanies this Disclosure Statement. If you hold a Claim or Interest in more than one Class and you are entitled to vote Claims or Interests in more than one Class, you are entitled to receive a Ballot or Ballots which will permit you to vote in all appropriate Classes.

Please vote and return your Ballot to the Voting Agent as follows:

By U.S. Mail, Delivery or Courier:

Kurtzman Carson Consultants LLC
Attention: Legends Ballot Processing
2335 Alaska Avenue
El Segundo, CA 90245

ANY EXECUTED BALLOT THAT FAILS TO INDICATE AN ACCEPTANCE OR REJECTION OF THE PLAN WILL NOT BE COUNTED. BALLOTS RETURNED TO THE DEBTORS' VOTING AGENT BY FACSIMILE TRANSMISSION OR ANY

OTHER ELECTRONIC MEANS WILL NOT BE COUNTED BY THE DEBTORS' VOTING AGENT.

Ballots must be *received* by the Voting Agent by the Voting Deadline.

THE VOTING DEADLINE TO ACCEPT OR REJECT THE PLAN IS 5:00 P.M., PACIFIC TIME ZONE, ON _____, 2013.

If a Ballot is received after the Voting Deadline, it will not be counted unless otherwise ordered by the Bankruptcy Court. Complete the Ballot by providing all the information requested, and sign, date and return the Ballot by mail, overnight courier or personal delivery to the Debtors' Voting Agent at the address set forth above.

TO BE COUNTED, YOUR BALLOT INDICATING ACCEPTANCE OR REJECTION OF THE PLAN MUST BE RECEIVED NO LATER THAN THE TIME AND DATE SET FORTH IN THE ACCOMPANYING NOTICE.

If you are entitled to vote on the Plan and you did not receive a Ballot, received a damaged Ballot or lost your Ballot, or if you have any questions concerning the procedures for voting on the Plan or submitting your ballot, you may telephone the Voting Agent at the following telephone number: 1-866-381-9100.

2. The Confirmation Hearing On The Plan

The Bankruptcy Code requires the Bankruptcy Court, after notice, to hold a Confirmation Hearing with respect to the accompanying Plan. The Confirmation Hearing in respect of the Plan has been scheduled for the date and time set forth in the accompanying notice before the Honorable Stephen V. Callaway, United States Bankruptcy Judge, at the United States Bankruptcy Court for the Western District of Louisiana, 300 Fannin St., Courtroom 4, Fourth

Floor, Shreveport, LA 71101. The Confirmation Hearing may be adjourned from time to time by the Bankruptcy Court without further notice other than an announcement of the adjourned date made at the Confirmation Hearing or posted at the courthouse at the Confirmation Hearing. Any objection to confirmation must be made in writing and specify in detail the name and address of the objector, all grounds for the objection and the amount of the Claim or a description of the interest in the Debtors held by the objector, and must be made in accordance with any pre-trial or scheduling orders entered by the Bankruptcy Court. Any such objections must be filed in the record of the Chapter 11 Cases on or before the date and time set forth in the accompanying notice.

At the Confirmation Hearing, the Bankruptcy Court will confirm the Plan if the requirements of Section 1129 of the Bankruptcy Code are met. Among the requirements for confirmation of a plan are that the plan is (i) accepted by all impaired classes of claims or, if rejected by an impaired class, that the plan "does not discriminate unfairly" and is "fair and equitable" as to such class, (ii) feasible, and (iii) in the "best interests" of creditors that are impaired under the plan.

3. Unfair Discrimination And Fair And Equitable Tests

To obtain nonconsensual confirmation of the Plan, it must be demonstrated to the Bankruptcy Court that the Plan does not “discriminate unfairly” and is “fair and equitable” with respect to each impaired, non-accepting Class. The Bankruptcy Code provides a non-exclusive definition of the phrase “fair and equitable.” The Bankruptcy Code establishes “cram down” tests for classes of secured creditors, unsecured creditors and equity holders which do not accept the plan, as follows:

i. Secured Creditors

Either (a) each impaired secured creditor retains its liens securing its secured claim and receives on account of its secured claim deferred cash payments (x) totaling at least the allowed amount of the secured claim and (y) having a present value at least equal to the value of the secured creditor's collateral, (b) each impaired secured creditor realizes the "indubitable equivalent" of its allowed secured claim, or (c) the property securing the claim is sold free and clear of liens with the secured creditor's lien to attach to the proceeds of the sale and such lien on proceeds is treated in accordance with clause (a) or (b) of this subparagraph.

ii. Unsecured Creditors

Either (a) each impaired unsecured creditor receives or retains under the plan property of a value equal to the amount of its allowed claim, or (b) the holders of claims and interests that are junior to the claims of the dissenting class will not receive any property under the plan, and the "best interest" test is met so that each impaired unsecured creditor recovers at least what that creditor would receive if the case was converted to a chapter 7 case.

iii. Holders of Interests

Either (a) each impaired equity interests receives or retains under the plan property of a value 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, or (b) no junior interest receives or retains any property, and the "best interest" test is met so that each impaired interest holder recovers at least what that interest holder would receive if the case was converted to a chapter 7 case.

iv. No Unfair Discrimination

In addition, the "cram down" standards of the Bankruptcy Code prohibit "unfair discrimination" with respect to the claims of an impaired, non-accepting class. While the

existence of "unfair discrimination" under a chapter 11 plan depends upon the particular facts of a case and the nature of the claims at issue, in general, courts have interpreted the standard to mean that the impaired, non-accepting class must receive treatment under a chapter 11 plan which allocates value to such class in a manner that is consistent with the treatment given to other classes with similar legal claims against the debtor.

In the event that all impaired Classes do not accept the Plan, the Debtors believe that the Plan and the treatment of all Classes of Claims and Interests under the Plan satisfy the foregoing requirements for nonconsensual confirmation of the Plan with respect to any Class which does not accept the Plan

4. Feasibility Of Plan

The Bankruptcy Code requires that confirmation of a plan is not likely to be followed by liquidation or the need for further financial reorganization unless the liquidation of the debtor is provided for in the plan. The secured obligations owed by the Debtors are being substantially reduced. Under the Plan, the Reorganized Debtors will owe a principal amount of only $80 million to the First Lien Lenders as of the Effective Date, and interest will be payable in kind (PIK). The Amended First Lien Credit Facility shall provide the Reorganized Debtors with the ability to borrow an incremental $15 million in senior secured financing (inclusive of sale leaseback/financing) to be used for the following purposes: (i) funding of emergence costs, (ii) general working capital needs, or (iii) capital improvements for the properties. Based on the significant reduction of indebtedness accomplished under the Plan, and because the indebtedness is PIK, it is not likely that the confirmation of the Plan will be followed by liquidation or the need for further financial reorganization of the Debtors.

5. Best Interests Test

In order to confirm a chapter 11 plan, the Bankruptcy Court must determine that the plan is in the best interests of all classes of creditors and equity security holders impaired under that plan. The "best interests" test requires that the Bankruptcy Court find that the plan provides to each member of each impaired class of claims and interests (unless each such member has accepted the plan) a recovery which has a value at least equal to the value of the distribution that each creditor or interest holder would receive if the debtor was liquidated under chapter 7 of the Bankruptcy Code. If these Chapter 11 Cases were converted to chapter 7 cases, a trustee would be appointed to liquidate the assets of the Debtors. In liquidation under chapter 7, before creditors receive any distributions, additional administrative expenses involved in the appointment of a trustee, including the statutory fee to a chapter 7 trustee under Section 326(a) of the Bankruptcy Code, and attorneys, accountants and other professionals to assist a trustee, would cause a substantial increase in the administrative expenses of the Debtors' Estates. The Debtors' assets available for distribution to creditors would be reduced by such additional expenses and by Claims, some of which would be entitled to priority status. As demonstrated in the Liquidation Analysis attached as Exhibit D-2 to this Disclosure Statement, the Debtors believe that the Plan provides to each creditor and Interest holder a value at least equal to the value of the distribution that each creditor or interest holder would receive if the Debtors were liquidated under chapter 7 of the Bankruptcy Code.

6. Certain Risk Factors To Be Considered

HOLDERS OF CLAIMS AGAINST AND INTERESTS IN THE DEBTORS SHOULD READ AND CONSIDER CAREFULLY THE INFORMATION SET FORTH IN THIS DISCLOSURE STATEMENT, THE PLAN (AND ANY DOCUMENTS DELIVERED TOGETHER HEREWITH AND/OR INCORPORATED BY

REFERENCE), BEFORE VOTING TO ACCEPT OR REJECT THE PLAN. THESE RISK FACTORS SHOULD NOT BE REGARDED AS CONSTITUTING THE ONLY RISKS INVOLVED IN CONNECTION WITH THE PLAN AND ITS IMPLEMENTATION.

7. Certain Bankruptcy Considerations

i. Risk of Liquidation of the Debtors' Estates

If the Plan is not confirmed and consummated, there can be no assurance that Debtors' Chapter 11 Cases will continue as chapter 11 cases rather than be converted to Chapter 7 liquidations, or that any alternative chapter 11 plan would be on terms as favorable or more favorable to holders of Claims and Interests as the terms of the Plan.

ii. Risk of Non-Occurrence of the Effective Date

The occurrence of the Effective Date is conditioned upon the happening of certain events. Alternatively, if one or more of these certain events do not occur, the Debtors and the First Lien Ad Hoc Group acting jointly may waive the requirement that such events occur (but that consent can be withheld by any of these parties in its sole discretion). Specifically, Article 10 of the Plan provides for the following conditions precedent to the occurrence of the Effective Date, and there is no guaranty that all of these events will occur or that those that do not occur will be waived:

1. The Confirmation Order and the Plan as confirmed pursuant to the Confirmation Order and Filed shall be in a form and substance reasonably satisfactory to the Debtors and the First Lien Ad Hoc Group.

2. The Confirmation Order shall be a Final Order.

3. The Bankruptcy Court shall have made the statutorily-required findings of fact and conclusions of law in connection with the confirmation of the Plan, each of which findings and conclusions shall be expressly set forth in the Confirmation Order or in findings of

fact and conclusions of law entered in support of and contemporaneously with the entry of the Confirmation Order.

4. All actions, Plan documents, agreements and instruments, or other documents necessary to implement the terms and provisions of the Plan shall have been executed and delivered in form and substance reasonably satisfactory to the Debtors and the First Lien Ad Hoc Group.

5. Any governmental authorizations, consents and regulatory approvals, including to the extent required, approval of the Gaming Regulators and any other Governmental Authorities, required for the consummation of each of the transactions contemplated in the Plan shall have been obtained and shall have become final and non-appealable and, with respect to any court proceeding relating thereto, been approved by Final Order.

6. Except as otherwise specifically provided in the Plan, all fees and expenses due to or incurred by Professionals for the Debtors through the Effective Date not previously paid pursuant to interim or final orders of the Bankruptcy Court shall have been paid into and shall be held in escrow, free and clear of Liens, Claims and Encumbrances (other than the rights of such Professionals to be paid from such funds) until due and payable in accordance with applicable court order.

7. Except as otherwise specifically provided in the Plan, all fees and expenses due to or incurred by professionals for the First Lien Agent and the First Lien Ad Hoc Group through the Effective Date that have not been previously paid shall have been paid in cash directly to each such professional.

8. All payments required by the Plan to be made on the Effective Date shall have been made.

9. The Amended First Lien Credit Facility shall have been executed by the borrower and the guarantors under the Amended First Lien Credit Facility, the First Lien Agent and the holders of at least 50.01% of the Allowed amount of the First Lien Lenders' Secured Claims.

10. The New Management Agreement shall have been fully executed and approved, to the extent necessary, by the Gaming Regulators.

11. To the extent required under applicable law, any orders respecting the individual bankruptcy case of William J. McEnery necessary to effectuate the terms of the Plan shall have been entered and become Final Orders.

iii. Uncertainty Regarding Objections to Claims

The Plan provides that certain objections to Claims (other than Allowed Claims) may be filed with the Bankruptcy Court after the Effective Date. A creditor that does not hold an Allowed Claim may not know that its Claim will be objected to until after the Effective Date.

iv. Performance of Plan Obligations by the Reorganized Debtors

The Debtors believe that the Reorganized Debtors can successfully perform all of their obligations under the Plan. However, there is no assurance that the Reorganized Debtors will do so. If the Reorganized Debtors are unable to comply with their obligations under the Plan, then there could possibly be a subsequent bankruptcy of the Reorganized Debtors.

8. Disclaimers And Endorsements

This Disclosure Statement contains information about the Plan. Creditors and the holders of Interests are urged to study the text of the Plan carefully to determine the Plan's impact on their claims or interests and to consult with their financial, tax and legal advisors.

Nothing contained in this Disclosure Statement or the Plan will be deemed an admission or statement against interest that can be used against the Plan Proponents in any pending or

future litigation. Any reference to a creditor's Claims in this Disclosure Statement is not an admission that such creditors hold Allowed Claims, or will be an admission with respect to the validity, priority, or extent of any alleged Lien, Claim, Priority or encumbrance.

Certain statements and assertions in this Disclosure Statement may be subject to dispute by parties in interest.

XII. CONCLUSION AND RECOMMENDATIONS

The Debtors believe that confirmation and implementation of the Plan are preferable to any alternative and that the Plan provides the best alternative for the Debtors to emerge from the Chapter 11 Cases and for resolving the Debtors' financial difficulties. Any other alternative would involve significant delay, litigation, uncertainty, and substantial additional administrative costs. **THE DEBTORS URGE HOLDERS OF IMPAIRED CLAIMS AND INTERESTS WHO ARE ENTITLED TO VOTE TO VOTE IN FAVOR OF THE PLAN.**

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Dated: April 5, 2013.

DISCLOSURE STATEMENT FILED BY:

Louisiana Riverboat Gaming Partnership
Legends Gaming of Louisiana-1, LLC
Legends Gaming of Louisiana-2, LLC
Legends Gaming, LLC
Legends Gaming of Mississippi, LLC
Legends Gaming of Mississippi RV Park, LLC

BY: */s/ Raymond C. Cook*
THEIR PRESIDENT AND
CHIEF FINANCIAL OFFICER

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As counsel to the Debtors and Debtors in Possession

NOTICE ANNEX

Pursuant to 11 U.S.C. § 342, the following sets forth the name, addresses and last four digits of the tax identification number for each of the referenced debtors and debtors in possession:

DEBTORS AND ADDRESSES	CASE NO.	TAX I.D. NO.
Louisiana Riverboat Gaming Partnership 711 DiamondJacks Blvd. Bossier City, LA 71111	12-12013	xx-xxx5811
Legends Gaming of Louisiana-1, LLC 711 DiamondJacks Blvd. Bossier City, LA 71111	12-12014	xx-xxx3064
Legends Gaming of Louisiana-2, LLC 711 DiamondJacks Blvd. Bossier City, LA 71111	12-12015	xx-xxx3099
Legends Gaming, LLC 7670 Lake Mead Blvd., Ste. 145 Las Vegas, NV 89128-6651	12-12017	xx-xxx7524
Legends Gaming of Mississippi, LLC 3990 Washington Street Vicksburg, MS 39180	12-12019	xx-xxx3167
Legends Gaming of Mississippi RV Park, LLC 3990 Washington Street Vicksburg, MS 39180	12-12020	xx-xxx8765