

~~THIS DISCLOSURE STATEMENT IS NOT AN OFFER WITH RESPECT TO ANY SECURITIES OR A SOLICITATION OF ACCEPTANCES OF A CHAPTER 11 PLAN WITHIN THE MEANING OF SECTION 1125 OF BANKRUPTCY CODE. ANY SUCH OFFER OR SOLICITATION WILL COMPLY WITH ALL APPLICABLE SECURITIES LAWS AND PROVISIONS OF THE BANKRUPTCY CODE. ACCEPTANCES OR REJECTIONS OF THE PLAN MAY NOT BE SOLICITED UNTIL THIS DISCLOSURE STATEMENT HAS BEEN APPROVED BY THE BANKRUPTCY COURT HAVING JURISDICTION OVER THE BELOW CAPTIONED CHAPTER 11 CASES.~~ **IN THE UNITED STATES BANKRUPTCY COURT FOR THE DISTRICT OF DELAWARE**

In re:	)	
	)	Chapter 11
TROPICANA ENTERTAINMENT, LLC, <u>et al.</u> , <sup>1</sup>	)	
	)	Case No. 08-10856 (KJC)
Debtors.	)	
	)	Jointly Administered

**DISCLOSURE STATEMENT FOR THE FIRST AMENDED JOINT PLAN OF REORGANIZATION OF TROPICANA LAS VEGAS HOLDINGS, LLC AND CERTAIN OF ITS DEBTOR AFFILIATES UNDER CHAPTER 11 OF THE BANKRUPTCY CODE**

- Voting Record Date: March 10, 2009
- Plan Objection Deadline: April 10, 2009
- Voting Deadline: April 17, 2009 at 5:00 p.m., prevailing Pacific time
- Confirmation Hearing: April 27, 2009 at 10:00 a.m., prevailing Eastern time

Marc Kieselstein, P.C. (*pro hac vice*)  
 David R. Seligman, P.C. (*pro hac vice*)  
 Marc J. Carmel (*pro hac vice*)  
 Erik W. Chalut (*pro hac vice*)  
 KIRKLAND & ELLIS LLP  
 200 East Randolph Drive  
 Chicago, Illinois 60601-6636  
 Telephone: (312) 861-2000  
 Facsimile: (312) 861-2200

Mark D. Collins (Bar No. 2981)  
 Daniel J. DeFranceschi (Bar No. 2732)  
 Paul N. Heath (Bar No. 3704)  
 RICHARDS, LAYTON & FINGER, P.A.  
 One Rodney Square  
 920 North King Street  
 Wilmington, Delaware 19801  
 Telephone: (302) 651-7700  
 Facsimile: (302) 651-7701

Co-Counsel for the Debtors and Debtors in Possession

Dated: March ~~6~~20, 2009

<sup>1</sup> The Debtors in these Chapter 11 Cases, along with the last four digits of each Debtor's federal tax identification number, are: Adamar Garage Corporation (1225); Adamar of Nevada Corporation (4178); Argosy of Louisiana, Inc. (5121); Atlantic-Deauville Inc. (2629); Aztar Corporation (6534); Aztar Development Corporation (0834); Aztar Indiana Gaming Company, LLC (5060); Aztar Indiana Gaming Corporation (1802); Aztar Missouri Gaming Corporation (8819); Aztar Riverboat Holding Company, LLC (5055); Catfish Queen Partnership in Commendam (4791); Centroplex Centre Convention Hotel, L.L.C. (2613); Columbia Properties Laughlin, LLC (9651); Columbia Properties Tahoe, LLC (1611); Columbia Properties Vicksburg, LLC (0199); CP Baton Rouge Casino, L.L.C. (9608); CP Laughlin Realty, LLC (9621); Hotel Ramada of Nevada Corporation (8259); Jazz Enterprises, Inc. (4771); JMBS Casino LLC (6282); Ramada New Jersey Holdings Corporation (4055); Ramada New Jersey, Inc. (5687); St. Louis Riverboat Entertainment, Inc. (3514); Tahoe Horizon, LLC (9418); Tropicana Development Company, LLC (0943); Tropicana Enterprises (7924); Tropicana Entertainment Holdings, LLC (9131); Tropicana Entertainment Intermediate Holdings, LLC (9214); Tropicana Entertainment, LLC (9263); Tropicana Express, Inc. (0806); Tropicana Finance Corp. (4040); Tropicana Las Vegas Holdings, LLC (9332); Tropicana Las Vegas Resort and Casino, LLC (9355); and Tropicana Real Estate Company, LLC (1107). The location of the Debtors' corporate headquarters and the service address for all Debtors is: 3930 Howard Hughes Parkway, 4th Floor, Las Vegas, Nevada 89169.



THIS DISCLOSURE STATEMENT HAS BEEN PREPARED PURSUANT TO SECTION 1125 OF THE BANKRUPTCY CODE AND BANKRUPTCY RULE 2016(b) AND IS NOT NECESSARILY IN ACCORDANCE WITH THE FEDERAL OR STATE SECURITIES LAWS OR SIMILAR LAWS. THIS DISCLOSURE STATEMENT CONTAINS SUMMARIES OF CERTAIN PROVISIONS OF THE LANDCO DEBTORS' FIRST AMENDED JOINT PLAN OF REORGANIZATION OF TROPICANA LAS VEGAS HOLDINGS, LLC AND CERTAIN OF ITS DEBTOR AFFILIATES UNDER CHAPTER 11 OF THE BANKRUPTCY CODE (THE "PLAN") AND CERTAIN OTHER DOCUMENTS AND FINANCIAL INFORMATION. THE INFORMATION CONTAINED IN THIS DISCLOSURE STATEMENT IS PROVIDED FOR THE PURPOSE OF SOLICITING ACCEPTANCES OF THE PLAN AND TO EXERCISE SUBSCRIPTION RIGHTS UNDER THE RIGHTS OFFERING AND SHOULD NOT BE RELIED UPON FOR ANY PURPOSE OTHER THAN TO DETERMINE WHETHER AND HOW TO VOTE ON THE PLAN AND WHETHER TO EXERCISE SUBSCRIPTION RIGHTS. THE LANDCO DEBTORS BELIEVE THAT THESE SUMMARIES ARE FAIR AND ACCURATE. THE SUMMARIES OF THE FINANCIAL INFORMATION AND THE DOCUMENTS THAT ARE ATTACHED TO, OR INCORPORATED BY REFERENCE INTO, THIS DISCLOSURE STATEMENT ARE QUALIFIED IN THEIR ENTIRETY BY REFERENCE TO SUCH INFORMATION AND DOCUMENTS. IN THE EVENT OF ANY INCONSISTENCY OR DISCREPANCY BETWEEN A DESCRIPTION IN THIS DISCLOSURE STATEMENT AND THE TERMS AND PROVISIONS OF THE PLAN, OR THE OTHER DOCUMENTS AND FINANCIAL INFORMATION INCORPORATED IN THIS DISCLOSURE STATEMENT BY REFERENCE, THE PLAN OR THE OTHER DOCUMENTS AND FINANCIAL INFORMATION, AS THE CASE MAY BE, SHALL GOVERN FOR ALL PURPOSES.

THE STATEMENTS AND FINANCIAL INFORMATION CONTAINED IN THIS DISCLOSURE STATEMENT HAVE BEEN MADE AS OF THE DATE OF THIS DISCLOSURE STATEMENT UNLESS OTHERWISE SPECIFIED. HOLDERS OF CLAIMS AND INTERESTS REVIEWING THIS DISCLOSURE STATEMENT SHOULD NOT INFER AT THE TIME OF SUCH REVIEW THAT THERE HAVE BEEN NO CHANGES IN THE FACTS SET FORTH IN THIS DISCLOSURE STATEMENT SINCE THE DATE OF THIS DISCLOSURE STATEMENT. EACH HOLDER OF A CLAIM ENTITLED TO VOTE ON THE PLAN SHOULD CAREFULLY REVIEW THE PLAN, THIS DISCLOSURE STATEMENT, AND THE PLAN SUPPLEMENT IN THEIR ENTIRETY BEFORE CASTING A BALLOT [OR EXERCISING SUBSCRIPTION RIGHTS](#). THIS DISCLOSURE STATEMENT DOES NOT CONSTITUTE LEGAL, BUSINESS, FINANCIAL, OR TAX ADVICE. ANY ENTITIES DESIRING ANY SUCH ADVICE OR ANY OTHER ADVICE SHOULD CONSULT WITH THEIR OWN ADVISORS.

NO ONE IS AUTHORIZED TO GIVE ANY INFORMATION WITH RESPECT TO THE PLAN OTHER THAN THAT WHICH IS CONTAINED IN THIS DISCLOSURE STATEMENT. NO REPRESENTATIONS CONCERNING THE LANDCO DEBTORS OR THE VALUE OF THEIR PROPERTY HAVE BEEN AUTHORIZED BY THE LANDCO DEBTORS OTHER THAN AS SET FORTH IN THIS DISCLOSURE STATEMENT AND THE DOCUMENTS ATTACHED TO THIS DISCLOSURE STATEMENT. ANY INFORMATION, REPRESENTATIONS, OR INDUCEMENTS MADE TO OBTAIN AN ACCEPTANCE OF THE PLAN OR A SUBSCRIPTION UNDER THE RIGHTS OFFERING THAT ARE OTHER THAN AS SET FORTH, OR INCONSISTENT WITH, THE INFORMATION CONTAINED IN THIS DISCLOSURE STATEMENT, THE DOCUMENTS ATTACHED TO THIS DISCLOSURE STATEMENT, THE PLAN, OR THE PLAN SUPPLEMENT SHOULD NOT BE RELIED UPON BY ANY HOLDER OF A CLAIM OR INTEREST.

WITH RESPECT TO CONTESTED MATTERS, ADVERSARY PROCEEDINGS, AND OTHER PENDING, THREATENED, OR POTENTIAL LITIGATION OR OTHER ACTIONS, THIS DISCLOSURE STATEMENT DOES NOT CONSTITUTE, AND MAY NOT BE CONSTRUED AS, AN ADMISSION OF FACT, LIABILITY, STIPULATION, OR WAIVER, BUT RATHER AS A STATEMENT MADE IN THE CONTEXT OF SETTLEMENT NEGOTIATIONS PURSUANT TO RULE 408 OF THE FEDERAL RULES OF EVIDENCE.

THE SECURITIES DESCRIBED IN THIS DISCLOSURE STATEMENT WILL BE ISSUED WITHOUT REGISTRATION UNDER THE SECURITIES ACT, AS AMENDED, OR ANY SIMILAR FEDERAL, STATE, OR LOCAL LAW, PURSUANT TO EITHER SECTION 1145 OF THE BANKRUPTCY CODE OR THE

PRIVATE PLACEMENT EXEMPTION UNDER SECTION 4(2) OF THE SECURITIES ACT OR REGULATION D PROMULGATED THEREUNDER, AS MORE FULLY SET FORTH HEREIN. THE ~~SECURITIES DESCRIBED IN THIS DISCLOSURE STATEMENT~~LANDCO DEBTORS ARE NOT CURRENTLY A REPORTING CORPORATION AND NEW LANDCO CORPORATION MAY NOT BE A REPORTING CORPORATION AS OF THE EFFECTIVE DATE UNDER THE SECURITIES EXCHANGE ACT AND ITS SHARES WILL NOT BE LISTED ON ANY NATIONAL SECURITIES EXCHANGE. THE LANDCO DEBTORS DO NOT ANTICIPATE THAT THERE WILL BE A PUBLIC MARKET FOR THE SECURITIES. THE LANDCO DEBTORS RECOMMEND THAT POTENTIAL RECIPIENTS OF ANY SECURITIES PURSUANT TO THE PLAN SHOULD CONSULT THEIR OWN LEGAL COUNSEL CONCERNING THE SECURITIES LAWS AND THE NEVADA GAMING LAWS GOVERNING THE OWNERSHIP AND TRANSFERABILITY OF ANY SUCH SECURITIES.

THIS DISCLOSURE STATEMENT HAS NOT BEEN APPROVED OR DISAPPROVED BY THE UNITED STATES SECURITIES AND EXCHANGE COMMISSION, NOR HAS THE UNITED STATES SECURITIES AND EXCHANGE COMMISSION PASSED UPON THE ACCURACY OR ADEQUACY OF THE STATEMENTS CONTAINED IN THIS DISCLOSURE STATEMENT OR UPON THE MERITS OF THE PLAN.

ALTHOUGH THE LANDCO DEBTORS BELIEVE THAT THE PLAN COMPLIES WITH ALL APPLICABLE PROVISIONS OF THE BANKRUPTCY CODE, THE LANDCO DEBTORS CANNOT ASSURE SUCH COMPLIANCE OR THAT THE BANKRUPTCY COURT WILL CONFIRM THE PLAN.

ALTHOUGH THE LANDCO DEBTORS HAVE USED THEIR BEST EFFORTS TO ENSURE THE ACCURACY OF THE FINANCIAL INFORMATION PROVIDED IN THIS DISCLOSURE STATEMENT, THE FINANCIAL INFORMATION CONTAINED IN OR INCORPORATED BY REFERENCE INTO THIS DISCLOSURE STATEMENT HAS NOT BEEN AUDITED, EXCEPT AS SPECIFICALLY INDICATED OTHERWISE.

CONSOLIDATED PROJECTED OPERATING AND FINANCIAL RESULTS (THE "FINANCIAL PROJECTIONS") PROVIDED IN THIS DISCLOSURE STATEMENT HAVE BEEN PREPARED BY THE LANDCO DEBTORS. THE FINANCIAL PROJECTIONS, WHILE PRESENTED WITH NUMERICAL SPECIFICITY, ARE NECESSARILY BASED ON A VARIETY OF ESTIMATES AND ASSUMPTIONS WHICH, THOUGH CONSIDERED REASONABLE BY THE LANDCO DEBTORS, MAY NOT BE REALIZED, AND ARE INHERENTLY SUBJECT TO SIGNIFICANT BUSINESS, ECONOMIC, COMPETITIVE, INDUSTRY, REGULATORY, MARKET, AND FINANCIAL UNCERTAINTIES AND CONTINGENCIES, MANY OF WHICH ARE BEYOND THE LANDCO DEBTORS' CONTROL. THE LANDCO DEBTORS CAUTION THAT NO REPRESENTATIONS CAN BE MADE AS TO THE ACCURACY OF THE FINANCIAL PROJECTIONS OR THE LIKELIHOOD THAT THE LANDCO DEBTORS WILL ACHIEVE THE PROJECTED RESULTS. SOME ASSUMPTIONS INEVITABLY WILL NOT MATERIALIZE. FURTHER, EVENTS AND CIRCUMSTANCES OCCURRING SUBSEQUENT TO THE DATE ON WHICH THE FINANCIAL PROJECTIONS WERE PREPARED MAY BE DIFFERENT FROM THOSE ASSUMED OR, ALTERNATIVELY, MAY HAVE BEEN UNANTICIPATED, AND, THUS, THE OCCURRENCE OF THESE EVENTS MAY AFFECT FINANCIAL RESULTS IN A MATERIALLY ADVERSE OR MATERIALLY BENEFICIAL MANNER. THEREFORE, THE FINANCIAL PROJECTIONS MAY NOT BE RELIED UPON AS A GUARANTY OR OTHER ASSURANCE OF THE ACTUAL RESULTS THAT WILL OCCUR.

PLEASE REFER TO ARTICLE VIII OF THIS DISCLOSURE STATEMENT, ENTITLED "CERTAIN RISK FACTORS TO BE CONSIDERED PRIOR TO VOTING," FOR A DISCUSSION OF CERTAIN CONSIDERATIONS IN CONNECTION WITH A DECISION BY A HOLDER OF AN IMPAIRED CLAIM TO ACCEPT THE PLAN OR EXERCISE SUBSCRIPTION RIGHTS UNDER THE RIGHTS OFFERING.

UNLESS OTHERWISE SPECIFICALLY INDICATED, THE FINANCIAL INFORMATION CONTAINED IN THIS DISCLOSURE STATEMENT HAS NOT BEEN AUDITED AND IS BASED ON AN

ANALYSIS OF DATA AVAILABLE AT THE TIME OF THE PREPARATION OF THE PLAN AND THIS DISCLOSURE STATEMENT.

**THE BANKRUPTCY COURT HAS SCHEDULED THE CONFIRMATION HEARING TO COMMENCE ON APRIL 27, 2009, AT 10:00 A.M. PREVAILING EASTERN TIME BEFORE THE HONORABLE KEVIN J. CAREY, UNITED STATES BANKRUPTCY JUDGE, IN THE UNITED STATES BANKRUPTCY COURT FOR THE DISTRICT OF DELAWARE, LOCATED AT 824 MARKET STREET, 5TH FLOOR, WILMINGTON, DELAWARE 19801. THE CONFIRMATION HEARING MAY BE ADJOURNED FROM TIME TO TIME BY THE BANKRUPTCY COURT WITHOUT FURTHER NOTICE EXCEPT FOR AN ANNOUNCEMENT OF THE ADJOURNED DATE MADE AT THE CONFIRMATION HEARING OR BY NOTICE OF ANY ADJOURNMENT OF THE CONFIRMATION HEARING FILED BY THE LANDCO DEBTORS AND POSTED ON THEIR WEBSITE AT [HTTP://WWW.KCCLLC.NET/TROPICANA](http://www.kccllc.net/tropicana).**

**TO BE COUNTED, THE BALLOTS UPON WHICH HOLDERS OF IMPAIRED CLAIMS ENTITLED TO VOTE SHALL CAST THEIR VOTE TO ACCEPT OR REJECT THE PLAN (EACH A "BALLOT") INDICATING ACCEPTANCE OR REJECTION OF THE PLAN MUST BE RECEIVED IN ACCORDANCE WITH THE INSTRUCTIONS ON SUCH BALLOT. SUCH BALLOTS SHOULD BE CAST IN ACCORDANCE WITH THE SOLICITATION PROCEDURES DESCRIBED IN FURTHER DETAIL IN ARTICLE IX OF THIS DISCLOSURE STATEMENT. ANY BALLOT RECEIVED AFTER THE VOTING DEADLINE SHALL BE COUNTED IN THE SOLE DISCRETION OF THE LANDCO DEBTORS.**

**OBJECTIONS TO CONFIRMATION OF THE PLAN MUST BE FILED AND SERVED ON OR BEFORE APRIL 10, 2009, IN ACCORDANCE WITH THE SOLICITATION NOTICE AND SOLICITATION PROCEDURES ORDER, WHICH ARE DESCRIBED IN FURTHER DETAIL IN ARTICLE IX OF THIS DISCLOSURE STATEMENT. UNLESS OBJECTIONS TO CONFIRMATION ARE TIMELY SERVED AND FILED IN COMPLIANCE WITH THE SOLICITATION PROCEDURES AND SOLICITATION PROCEDURES ORDER, THEY MAY NOT BE CONSIDERED BY THE BANKRUPTCY COURT.**

THIS DISCLOSURE STATEMENT CONTAINS FORWARD-LOOKING STATEMENTS (INCLUDING THE FINANCIAL PROJECTIONS) WITHIN THE MEANING OF SECTION 27A AND SECTION 21E OF THE SECURITIES ACT, AS AMENDED. SUCH STATEMENTS MAY CONTAIN WORDS SUCH AS "MAY," "WILL," "MIGHT," "EXPECT," "BELIEVE," "ANTICIPATE," "COULD," "WOULD," "ESTIMATE," "CONTINUE," "PURSUE," OR THE NEGATIVE THEREOF OR COMPARABLE TERMINOLOGY, AND MAY INCLUDE, WITHOUT LIMITATION, INFORMATION REGARDING THE OPCO DEBTORS' EXPECTATIONS REGARDING FUTURE EVENTS. FORWARD-LOOKING STATEMENTS ARE INHERENTLY UNCERTAIN, PARTICULARLY IN LIGHT OF THE CURRENT WORLDWIDE FINANCIAL AND CREDIT CRISIS, AND ACTUAL RESULTS MAY DIFFER FROM THOSE EXPRESSED OR IMPLIED IN THIS DISCLOSURE STATEMENT AND THE FORWARD-LOOKING STATEMENTS CONTAINED HEREIN. IN PREPARING THIS DISCLOSURE STATEMENT, THE LANDCO DEBTORS RELIED ON FINANCIAL DATA DERIVED FROM THEIR BOOKS AND RECORDS OR THAT WAS OTHERWISE MADE AVAILABLE TO THEM AT THE TIME OF SUCH PREPARATION AND ON VARIOUS ASSUMPTIONS REGARDING THE LANDCO DEBTORS' BUSINESSES AND THEIR EXPECTED FUTURE RESULTS AND OPERATIONS. WHILE THE LANDCO DEBTORS BELIEVE THAT SUCH FINANCIAL INFORMATION FAIRLY REFLECTS THE FINANCIAL CONDITION OF THE LANDCO DEBTORS AS OF THE DATE HEREOF AND THAT THE ASSUMPTIONS REGARDING FUTURE EVENTS REFLECT REASONABLE BUSINESS JUDGMENTS, NO REPRESENTATIONS OR WARRANTIES ARE MADE AS TO THE ACCURACY OF THE FINANCIAL INFORMATION CONTAINED HEREIN OR MANAGEMENT'S ASSUMPTIONS REGARDING THE LANDCO DEBTORS' BUSINESSES AND THEIR FUTURE RESULTS AND OPERATIONS. THE LANDCO

DEBTORS EXPRESSLY CAUTION READERS NOT TO PLACE UNDUE RELIANCE ON ANY FORWARD-LOOKING STATEMENTS CONTAINED HEREIN.

AMONG THE FACTORS THAT COULD CAUSE ACTUAL RESULTS TO DIFFER MATERIALLY FROM CURRENT ESTIMATES OF FUTURE PERFORMANCE ARE THE FOLLOWING: (1) THE LANDCO DEBTORS' ABILITY TO DEVELOP, PROSECUTE, CONFIRM, AND CONSUMMATE ONE OR MORE PLANS OF REORGANIZATION WITH RESPECT TO THESE CHAPTER 11 CASES; (2) THE POTENTIAL ADVERSE IMPACT OF THESE CHAPTER 11 CASES ON THE LANDCO DEBTORS' OPERATIONS, MANAGEMENT, AND EMPLOYEES; (3) THE OUTCOME AND TIMING OF THE LANDCO DEBTORS' EFFORTS TO RESTRUCTURE AND/ OR SELL CERTAIN ASSETS; (4) THE EFFECTS OF THE CURRENT RECESSION AND THE TURMOIL IN THE CREDIT AND FINANCIAL MARKETS; (5) THE EFFECTS OF THE INTENSE COMPETITION THAT EXISTS IN THE GAMING INDUSTRY; (6) THE RISK THAT THE LANDCO DEBTORS MAY LOSE OR FAIL TO RENEW THEIR NEVADA GAMING LICENSE OR OTHER NECESSARY LICENSES REQUIRED FOR THE OPERATION OF THE TROPICANA LAS VEGAS HOTEL AND CASINO (THE "TROPICANA LAS VEGAS"); (7) THE EFFECTS OF THE EXTENSIVE GOVERNMENTAL GAMING REGULATION AND TAXATION POLICIES THAT THE LANDCO DEBTORS ARE SUBJECT TO, AS WELL AS ANY CHANGES IN LAWS AND REGULATIONS, INCLUDING INCREASED TAXES, WHICH COULD HARM THE LANDCO DEBTORS' BUSINESSES; (8) THE EFFECTS OF EXTREME WEATHER CONDITIONS ON THE TROPICANA LAS VEGAS AND THE GEOGRAPHIC AREAS WHERE THE LANDCO DEBTORS DRAW CUSTOMERS, AND THEIR ABILITY TO RECOVER INSURANCE PROCEEDS FROM WEATHER RELATED DAMAGE (IF ANY); (9) THE RISKS RELATING TO MECHANICAL FAILURE AT THE LANDCO DEBTORS' TROPICANA LAS VEGAS FACILITY; (10) THE RISKS RELATING TO REGULATORY COMPLIANCE AT THE LANDCO DEBTORS' TROPICANA LAS VEGAS FACILITY; (11) THE EFFECTS OF EVENTS ADVERSELY IMPACTING THE ECONOMY OR THE REGIONS WHERE THE LANDCO DEBTORS DRAW A SIGNIFICANT PERCENTAGE OF THEIR CUSTOMERS, INCLUDING THE EFFECTS OF WAR, TERRORISM, OR SIMILAR ACTIVITY OR DISASTERS IN, AT, OR AROUND THE TROPICANA LAS VEGAS; (12) THE EFFECTS OF ENERGY PRICE INCREASES ON THE LANDCO DEBTORS' COST OF OPERATIONS AND REVENUES; (13) FINANCIAL COMMUNITY AND RATING AGENCY PERCEPTIONS OF THE LANDCO DEBTORS' BUSINESSES, AND THE EFFECT OF ECONOMIC, CREDIT, AND CAPITAL MARKET CONDITIONS ON THE ECONOMY AND THE GAMING AND HOTEL INDUSTRY, PARTICULARLY IN LIGHT OF THE FILING OF THESE CHAPTER 11 CASES; ~~AND~~ (14) THE FACT THAT THE LANDCO DEBTORS MAY BE UNABLE TO IMPLEMENT THEIR RENOVATION PROJECTS (INCLUDING ENHANCEMENTS TO IMPROVE PROPERTY PERFORMANCE) AND, IF THE LANDCO DEBTORS ARE ABLE TO IMPLEMENT SUCH PROJECTS, THE PROJECTS ARE SUBJECT TO THE MANY RISKS INHERENT IN THE RENOVATION. A FURTHER LIST AND DESCRIPTION OF RISKS, UNCERTAINTIES, AND OTHER MATTERS CAN BE FOUND IN THE ANNUAL REPORT ON FORM 10-K FOR THE FISCAL YEAR ENDED DECEMBER 31, 2007 FILED BY TROPICANA ENTERTAINMENT, LLC ("TROPICANA") AND TROPICANA FINANCE CORPORATION; (15) THE EFFECTS OF MATERIAL WEAKNESSES IN INTERNAL CONTROLS OVER THE LANDCO DEBTORS' FINANCIAL REPORTING; (16) THE EFFECTS OF WORK STOPPAGES, LABOR PROBLEMS, AND UNEXPECTED SHUTDOWNS; AND (17) THE EFFECTS OF INCREASED EXPENSES RELATED TO SLOT MACHINES.

THE INFORMATION CONTAINED IN THIS DISCLOSURE STATEMENT IS AS OF THE FILING DATE OF THIS DISCLOSURE STATEMENT AND THE LANDCO DEBTORS ARE UNDER NO OBLIGATION, AND EXPRESSLY DISCLAIM ANY OBLIGATION, TO PUBLICLY UPDATE ANY FORWARD-LOOKING STATEMENTS, WHETHER AS A RESULT OF NEW INFORMATION, FUTURE EVENTS, OR OTHERWISE.

## TABLE OF CONTENTS

<b>I.</b>	<b>SUMMARY</b> .....	<b>1</b>
A.	RULES OF INTERPRETATION, COMPUTATION OF TIME, AND REFERENCES TO MONETARY FIGURES.....	1
B.	OVERVIEW OF CHAPTER 11.....	2
C.	THE PURPOSE AND EFFECT OF THE PLAN.....	<del>23</del>
D.	TREATMENT OF CLAIMS AND INTERESTS.....	3
E.	CLAIMS ESTIMATES.....	5
F.	LIQUIDATING LANDCo DEBTORS.....	6
G.	TRANSACTIONS CONTEMPLATED BY THE PLAN.....	6
H.	CONSUMMATION.....	14
I.	LIQUIDATION AND VALUATION ANALYSES.....	14
J.	CERTAIN FACTORS TO BE CONSIDERED PRIOR TO VOTING.....	15
K.	GOVERNMENTAL REGULATIONS.....	15
L.	VOTING AND CONFIRMATION.....	15
<b>II.</b>	<b>BACKGROUND TO THE CHAPTER 11 CASES</b> .....	<b>17</b>
A.	THE DEBTORS' BUSINESSES.....	17
B.	THE DEBTORS' CORPORATE HISTORY AND STRUCTURE.....	18
C.	THE LANDCo DEBTORS' PRINCIPAL ASSETS.....	19
D.	SUMMARY OF THE DEBTORS' PREPETITION INDEBTEDNESS AND PREPETITION FINANCING.....	19
E.	MANAGEMENT OF THE LANDCo DEBTORS.....	<del>21</del> <u>20</u>
<b>III.</b>	<b>THE CHAPTER 11 CASES</b> .....	<b>24</b>
A.	EVENTS LEADING TO THE CHAPTER 11 CASES AND RELATED POSTPETITION EVENTS.....	24
B.	INITIATION OF THE CHAPTER 11 CASES.....	27
C.	STABILIZATION OF OPERATIONS.....	27
D.	UNSECURED CREDITORS.....	32
E.	SIGNIFICANT EVENTS DURING THE CHAPTER 11 CASES.....	32
F.	EXCLUSIVITY.....	37
G.	CLAIMS BAR DATES.....	38
H.	PENDING LITIGATION PROCEEDINGS.....	38
<b>IV.</b>	<b>SUMMARY OF THE JOINT PLAN OF REORGANIZATION</b> .....	<b>38</b>
A.	ADMINISTRATIVE CLAIMS AND PRIORITY CLAIMS.....	38
B.	CLASSIFICATION AND TREATMENT OF CLAIMS AND INTERESTS.....	39
C.	PROVISIONS FOR IMPLEMENTATION OF THE PLAN.....	43
D.	TREATMENT OF EXECUTORY CONTRACTS AND UNEXPIRED LEASES.....	<del>53</del> <u>52</u>
E.	PROCEDURES FOR RESOLVING DISPUTED CLAIMS AND INTERESTS.....	<del>56</del> <u>55</u>
F.	PROVISIONS GOVERNING DISTRIBUTIONS.....	57
G.	SETTLEMENT, RELEASE, INJUNCTION, AND RELATED PROVISIONS.....	<del>64</del> <u>63</u>



H.	ALLOWANCE AND PAYMENT OF CERTAIN ADMINISTRATIVE CLAIMS.....	6968
I.	CONDITIONS PRECEDENT TO CONFIRMATION AND CONSUMMATION OF THE PLAN.....	7069
J.	MODIFICATION, REVOCATION, OR WITHDRAWAL OF THE PLAN.....	7271
K.	RETENTION OF JURISDICTION.....	7372
L.	MISCELLANEOUS PROVISIONS.....	74
<b>V.</b>	<b>STATUTORY REQUIREMENTS FOR CONFIRMATION OF THE PLAN.....</b>	<b>7877</b>
A.	THE CONFIRMATION HEARING.....	7877
B.	CONFIRMATION STANDARDS.....	7877
C.	BEST INTERESTS OF CREDITORS TEST/ LIQUIDATION ANALYSIS AND VALUATION ANALYSIS.....	8079
D.	FINANCIAL FEASIBILITY.....	8685
E.	ACCEPTANCE BY IMPAIRED CLASSES.....	8887
F.	CONFIRMATION WITHOUT ACCEPTANCE BY ALL IMPAIRED CLASSES.....	8887
<b>VI.</b>	<b>DESCRIPTION OF CERTAIN GOVERNMENTAL AND GAMING REGULATIONS.....</b>	<b>9088</b>
A.	GENERAL GOVERNMENTAL AND GAMING REGULATIONS.....	9088
B.	RELATIONSHIP OF GAMING LAWS TO THE CHAPTER 11 CASES AND THE PLAN.....	9190
C.	LICENSING OF THE LANDCo DEBTORS AND INDIVIDUALS INVOLVED THEREWITH.....	9190
D.	FINDINGS OF QUALIFICATION AND SUITABILITY DETERMINATIONS.....	9290
E.	VIOLATIONS OF GAMING LAWS.....	9392
F.	REPORTING AND RECORD-KEEPING REQUIREMENTS OF GAMING AUTHORITIES.....	9493
G.	REVIEW AND APPROVAL BY NEVADA GAMING AUTHORITIES OF CERTAIN TRANSACTIONS.....	9493
H.	RESTRICTIONS ON TRANSFER OF SECURITIES.....	9493
I.	LICENSE FOR SALE OF ALCOHOLIC BEVERAGES.....	9493
<b>VII.</b>	<b>CERTAIN RISK FACTORS TO BE CONSIDERED PRIOR TO VOTING.....</b>	<b>9594</b>
A.	CERTAIN BANKRUPTCY LAW CONSIDERATIONS.....	9594
B.	RISK FACTORS THAT MAY AFFECT THE RECOVERY AVAILABLE TO HOLDERS OF ALLOWED CLAIMS AND THE VALUE OF THE SECURITIES TO BE ISSUED UNDER THE PLAN.....	9695
C.	RISKS FACTORS THAT COULD NEGATIVELY IMPACT THE BUSINESSES.....	9998
D.	RISKS ASSOCIATED WITH FORWARD LOOKING STATEMENTS.....	107106
E.	DISCLOSURE STATEMENT DISCLAIMER.....	108107
F.	LIQUIDATION UNDER CHAPTER 7.....	109108
<b>VIII.</b>	<b>CERTAIN UNITED STATES FEDERAL INCOME TAX CONSEQUENCES.....</b>	<b>109108</b>

A.	CERTAIN UNITED STATES FEDERAL INCOME TAX CONSEQUENCES TO THE HOLDERS OF ALLOWED CLAIMS.....	<del>110</del> <u>109</u>
B.	CERTAIN UNITED STATES FEDERAL INCOME TAX CONSEQUENCES TO NEW LANDCo.....	<del>113</del> <u>112</u>
<b>IX.</b>	<b>VOTING PROCEDURES</b> .....	<del>114</del> <u>113</u>
A.	CONFIRMATION GENERALLY.....	<del>114</del> <u>113</u>
B.	WHO CAN VOTE.....	<del>114</del> <u>113</u>
C.	CLASSES IMPAIRED UNDER THE PLAN.....	<del>115</del> <u>114</u>
D.	CONTENTS OF SOLICITATION PACKAGE.....	<del>116</del> <u>115</u>
E.	DISTRIBUTION OF SOLICITATION PACKAGE.....	<del>116</del> <u>115</u>
F.	TEMPORARY ALLOWANCE OF DISPUTED CLAIMS FOR VOTING PURPOSES.....	<del>117</del> <u>116</u>
G.	VOTING.....	<del>117</del> <u>116</u>
H.	RELEASES UNDER THE PLAN.....	<del>118</del> <u>117</u>
<b>X.</b>	<b>PLAN SUPPLEMENT</b> .....	<del>118</del> <u>117</u>
<b>XI.</b>	<b>CONCLUSION AND RECOMMENDATION</b> .....	<del>118</del> <u>117</u>

#### EXHIBITS

<b>Exhibit A</b>	First Amended Joint Plan of Reorganization of Tropicana Las Vegas Holdings, LLC and Certain of Its Debtor Affiliates Under Chapter 11 of the Bankruptcy Code
<b>Exhibit B</b>	Liquidation Analysis
<b>Exhibit C</b>	Financial Projections
<b>Exhibit D</b>	Corporate Structure Chart as of the Petition Date



## I. SUMMARY

The following summary of this Disclosure Statement is qualified in its entirety by the more detailed information contained in the Plan and elsewhere in this Disclosure Statement. **Capitalized terms used and not otherwise defined herein shall have the meanings ascribed to them in Article I of the Plan.**

The Debtors operate one of the largest and most diversified privately-held hotel and casino gaming entertainment businesses in the United States. They are a leading domestic casino operator and currently own, operate, or have interests in eleven casino facilities in eight distinct gaming markets. The Debtors consist of the LandCo Debtors and the OpCo Debtors. The LandCo Debtors own and operate Tropicana Las Vegas. The OpCo Debtors own, operate, or have an interest in the Debtors' ten remaining casino and hotel properties.

On the Petition Date, each of the LandCo Debtors (as well as the OpCo Debtors) commenced their Chapter 11 Cases. The LandCo Debtors are operating their businesses and managing their properties as debtors in possession pursuant to sections 1107(a) and 1108 of the Bankruptcy Code. No trustee has been appointed in their Chapter 11 Cases. On May 6, 2008, the Bankruptcy Court entered an order jointly administering the Chapter 11 Cases of each of the LandCo Debtors and the OpCo Debtors pursuant to Bankruptcy Rule 1015(b). As such, the Debtors' estates have been administered jointly in the District of Delaware under the lead case: Tropicana Entertainment, LLC; Docket No. 08-10856.

As the LandCo Debtors and the OpCo Debtors have progressed toward an exit from the Chapter 11 Cases, however, they have determined that, given their capital structure and the claims arising thereunder, as well as the nature of their business operations, two separate plans of reorganization are warranted. Accordingly, the Debtors are proposing a separate plan for the LandCo Debtors and a separate plan for the OpCo Debtors.

The LandCo Debtors submit this Disclosure Statement, pursuant to section 1125 of the Bankruptcy Code, to Holders of Claims and Interests in the LandCo Debtors in connection with the solicitation of votes to accept or reject the Plan, the Rights Offering, and the Confirmation Hearing, which is scheduled for April 27, 2009 at 10:00 a.m., prevailing Eastern time. A copy of the Plan is attached hereto as **Exhibit A** and incorporated herein by reference.

**The Creditors Committee is the fiduciary representative of general unsecured creditors in connection with these Chapter 11 Cases. The proposed treatment of general unsecured creditors under the Plan is a result of vigorous negotiations among the LandCo Debtors, the LandCo Lenders, and the Creditors Committee. Due to the facts and circumstances of these Chapter 11 Cases, in particular, the litigation risk and uncertainty associated with challenging valuation and confirmation of the Plan, and as a result of negotiations among the Creditors Committee, the LandCo Debtors, and the LandCo Lenders, the Creditors Committee supports Confirmation of the Plan and recommends that general unsecured creditors vote to accept the Plan.**

### A. RULES OF INTERPRETATION, COMPUTATION OF TIME, AND REFERENCES TO MONETARY FIGURES

#### 1. Rules of Interpretation

For purposes of this Disclosure Statement: (a) whenever from the context it is appropriate, each term, whether stated in the singular or the plural, shall include both the singular and the plural, and pronouns stated in the masculine, feminine, or neuter gender shall include the masculine, feminine, and the neuter gender; (b) unless otherwise specified, any reference in this Disclosure Statement to a contract, instrument, release, indenture, or other agreement or document being in a particular form or on particular terms and conditions means that such document shall be substantially in such form or substantially on such terms and conditions; (c) unless otherwise specified, any reference in this Disclosure Statement to an existing document, schedule, or exhibit, whether or not Filed, shall mean such document, schedule, or exhibit, as it may have been or may be amended, modified, or supplemented; (d) any reference to an Entity as a Holder of a Claim or Interest includes that Entity's successors and assigns; (e) unless otherwise specified, all references in this Disclosure Statement to Articles are references to Articles of this Disclosure Statement; (f) unless otherwise specified, all references in this Disclosure Statement to exhibits are references to

exhibits in the Plan Supplement; (g) the words “herein,” “hereof,” and “hereto” refer to this Disclosure Statement in its entirety rather than to a particular portion of this Disclosure Statement; (h) subject to the provisions of any contract, certificate of incorporation, bylaw, instrument, release, or other agreement or document entered into in connection with the Plan, the rights and obligations arising pursuant to the Plan shall be governed by, and construed and enforced in accordance with applicable federal law, including the Bankruptcy Code and Bankruptcy Rules; (i) captions and headings to Articles are inserted for convenience of reference only and are not intended to be a part of or to affect the interpretation of this Disclosure Statement; (j) unless otherwise set forth in this Disclosure Statement, the rules of construction set forth in section 102 of the Bankruptcy Code shall apply; (k) any term used in capitalized form in this Disclosure Statement that is not otherwise defined in the Plan but that is used in the Bankruptcy Code or the Bankruptcy Rules shall have the meaning assigned to such term in the Bankruptcy Code or the Bankruptcy Rules, as applicable; (l) all references to docket numbers of documents Filed in the Chapter 11 Cases are references to the docket numbers under the Bankruptcy Court’s CM/ECF system; (m) all references to statutes, regulations, orders, rules of courts, and the like shall mean as amended from time to time, as applicable to the Chapter 11 Cases, unless otherwise stated; and (n) any immaterial effectuating provisions may be interpreted by the Liquidating LandCo Debtors or New LandCo, and the Required LandCo Lenders through the LandCo Agent, as applicable, in such a manner that is consistent with the overall purpose and intent of the Plan all without further notice to or action, order, or approval of the Bankruptcy Court or any other Entity. Additionally, except as otherwise specifically provided in the Plan to the contrary, references in this Disclosure Statement to the LandCo Debtors, the Liquidating LandCo Debtors, New LandCo, New LandCo Corporation, New LandCo Corporation Purchaser, or New LandCo Corporation Sub, shall mean the LandCo Debtors, the Liquidating LandCo Debtors, New LandCo, New LandCo Corporation, New LandCo Corporation Purchaser, and New LandCo Corporation Sub, as applicable, to the extent the context requires.

## **2. Computation of Time**

In computing any period of time prescribed or allowed, the provisions of Bankruptcy Rule 9006(a) shall apply. If the date on which a transaction may occur pursuant to this Disclosure Statement shall occur on a day that is not a Business Day, then such transaction shall instead occur on the next succeeding Business Day.

## **3. Reference to Monetary Figures**

All references in this Disclosure Statement to monetary figures shall refer to currency of the United States of America, unless otherwise expressly provided.

## **B. OVERVIEW OF CHAPTER 11**

Chapter 11 is the principal business reorganization chapter of the Bankruptcy Code. In addition to permitting debtor rehabilitation, chapter 11 promotes equality of treatment for similarly situated holders of claims and equity interests, subject to the priority of distributions prescribed by the Bankruptcy Code.

The commencement of a chapter 11 case creates an estate that comprises all of the legal and equitable interests of the debtor as of the commencement of the chapter 11 case. The Bankruptcy Code provides that a debtor may continue to operate its business and remain in possession of its property as a “debtor in possession.”

Consummating a plan of reorganization is the principal objective of a chapter 11 case. A bankruptcy court’s confirmation of a plan binds the debtor, any entity acquiring property under the plan, any holder of a claim or equity interest in a debtor, and all other entities as may be ordered by the bankruptcy court in accordance with the applicable provisions of the Bankruptcy Code, to the terms and conditions of the confirmed plan. Subject to certain limited exceptions, the order issued by the bankruptcy court confirming a plan provides for the treatment of claims and equity interests in accordance with the terms of the confirmed plan.

Prior to soliciting acceptances of a proposed chapter 11 plan, section 1125 of the Bankruptcy Code requires a debtor to prepare a disclosure statement containing information of a kind, and in sufficient detail, to enable a

hypothetical reasonable investor to make an informed judgment regarding acceptance of the chapter 11 plan. This Disclosure Statement is being submitted in accordance with the requirements of section 1125 of the Bankruptcy Code.

**C. THE PURPOSE AND EFFECT OF THE PLAN**

After careful review of their current business operations and various liquidation and recovery scenarios, the LandCo Debtors have concluded that the recovery for Holders of Allowed Claims and Interests will be maximized by the LandCo Debtors' continued operation as a going concern pursuant to the restructuring described in the Plan. The LandCo Debtors believe that their businesses and assets have significant value that would not be realized in a liquidation scenario, either in whole or in substantial part.

The LandCo Debtors believe that the Plan provides the best recoveries possible for Holders of Allowed Claims and Interests and strongly recommend that, if such Holders are entitled to vote, they vote to accept the Plan. As discussed in further detail in this Disclosure Statement, the LandCo Debtors believe that any alternative to Confirmation, such as liquidation or attempts by another Entity to file an alternative plan of reorganization, could result in significant delays, litigation, and additional costs.

Several documents that will be included in the Plan Supplement are described in this Disclosure Statement, but these summaries are not a substitute for a complete understanding of such documents. Please review the full text of all such documents in the Plan Supplement.

~~The Creditors Committee believes that the Plan does not provide the best possible recovery for Holders of Allowed Claims and that the LandCo Debtors' conclusions as to Total Enterprise Value is substantially less than the actual total enterprise value, and, therefore, the Plan is not confirmable. The Creditors Committee therefore recommends that Holders of LandCo General Unsecured Claims vote to reject the Plan.~~

**D. TREATMENT OF CLAIMS AND INTERESTS**

**1. Classification**

The Plan divides all Claims, except Administrative Claims, and Priority Tax Claims, and all Interests into various Classes applicable to each LandCo Debtor individually. Listed below is a summary of the Classes of Claims and Interests applicable to each LandCo Debtor under the Plan.

<b>Class</b>	<b>Claim</b>	<b>Status</b>	<b>Voting Rights</b>
1	Other Priority Claims	Unimpaired	Deemed to Accept
2	Other Secured Claims	Unimpaired	Deemed to Accept
3	LandCo Credit Facility Secured Claims	Impaired	Entitled to Vote
4	LandCo General Unsecured Claims	Impaired	Entitled to Vote
5	LandCo Credit Facility Deficiency Claims	Impaired	Entitled to Vote
6	Insider Claims	Impaired	Entitled to Vote
7	Intercompany Claims	Impaired	Deemed to Reject
8	Yung Interests	Impaired	Deemed to Reject
9	Intercompany Interests	Impaired	Deemed to Reject

The following tables summarize the Classes of Claims and Interests under the Plan, as well as the treatment of such Classes. To the extent that any inconsistency exists between the summaries contained in this Disclosure Statement and the information set forth in the Plan, the Plan shall govern. The projected recoveries are based upon certain assumptions contained in the Valuation Analysis (defined below) prepared by the LandCo Debtors and their Professionals. As more fully described in this Disclosure Statement, the LandCo Debtors' assumed reorganization value of the New LandCo Common Stock was derived from commonly accepted valuation techniques and is not an estimate of the trading value for such securities, nor is it anticipated that there will be a public market for the New LandCo Common Stock or the New LandCo Warrants. The ranges of recoveries listed below are based on various

assumptions, including assumptions regarding the total amount of General Unsecured Claims and assumptions concerning the value of New LandCo. The Valuation Analysis was prepared assuming that plans of reorganization for all of the LandCo Debtors will become effective at or about the same time. If some of the LandCo Debtors' plans of reorganization become effective and are substantially consummated and others do not, results achieved by Creditors may differ.

~~The Creditors Committee believes that the Valuation Analysis is based on flawed assumptions and that the LandCo Debtors' conclusions as to Total Enterprise Value is substantially less than the actual total enterprise value, which may have a material impact on Creditor recoveries.~~

## 2. Unclassified Claims

Claim	Plan Treatment	Range of Claims	Projected Recovery Under the Plan
Administrative Claims	Paid in full in Cash	\$906,000 - \$1,089,000	100.0%
Priority Tax Claims	Paid in full in Cash	\$1,000	100.0%

## 3. Summary of Classification, Treatment, and Projected Recoveries of Classified Claims and Interests

The classification, treatment, and the projected recoveries of classified Claims and Interests under the Plan are described in summary form below for illustrative purposes only and are subject to the more detailed and complete descriptions contained in Article IV of this Disclosure Statement.<sup>2</sup>

Class	Claim/ Interest	Plan Treatment of Class	Range of Claims/ Interests	Projected Recovery Under the Plan
1	Other Priority Claims	Paid in full in Cash	\$42,000 - \$185,000	100.0%
2	Other Secured Claims	Reinstated; paid in full in Cash; or satisfied in full by a return of the collateral	\$36,000	100.0%
3	LandCo Credit Facility Secured Claims	Pro Rata share of the New LandCo Common Stock and the right to participate in the Rights Offering	\$358 million to \$378 million	100%
4	LandCo General Unsecured Claims	Pro Rata share of (i) the Litigation Trust Proceeds and (ii) the <del>Proposed Committee</del> Settlement Payment (if applicable)	\$3.2 million - \$9.4 million <sup>23</sup>	0.01% - 12.3% <sup>3</sup>
5	LandCo Credit Facility Deficiency Claims	Pro Rata share of the Litigation Trust Proceeds	\$65 million - 85 million	0.0%
6	Insider Claims	Pro Rata share of (i) the Litigation Trust Proceeds and (ii) the <del>Proposed Committee</del> Settlement Payment (if applicable)	\$28.2 million	Less than 1.1% <sup>4</sup>

<sup>2</sup> [The LandCo Debtors are liable on account of the DIP Facility Claim in accordance with applicable orders of the Bankruptcy Court.](#)

<sup>23</sup> The LandCo Debtors do not believe that Allowed Rejection Damages Claims will exceed \$750,000.

<sup>3</sup> ~~The high recovery scenario assumes that the LandCo Lenders and the Creditors Committee enter into the Committee Settlement and that the LandCo Lenders provide the Committee Settlement Payment in the amount of \$400,000. The low recovery scenario assumes that no such Creditor Settlement Payment is received. The projected recoveries for Holders of Allowed LandCo General Unsecured Claims and Allowed Credit Facility Deficiency Claims do not reflect recoveries on account of Litigation Trust Proceeds (to which each such Holder is entitled a Pro Rata share) because the value of Litigation Trust Proceeds are not reasonably calculable at this time.~~

<sup>4</sup> As noted herein and in the Plan, the Insider Claims shall be subject to the right of setoff against the total aggregate value of the Insider Causes of Action.

<b>Class</b>	<b>Claim/ Interest</b>	<b>Plan Treatment of Class</b>		<b>Range of Claims/ Interests</b>	<b>Projected Recovery Under the Plan</b>
	Claims	No distributions	Claims	N/A	0.0%
8	Yung Interests	Deemed canceled		N/A	0.0%
9	Intercompany Interests	No distributions; remain unaltered		N/A	0.0%

#### E. CLAIMS ESTIMATES

As of February 20, 2009, Kurtzman Carson Consultants LLC (the “Claims and Solicitation Agent”) had received approximately 317 Proofs of Claim against the LandCo Debtors. The total amounts of Claims remaining on the Claims Register against one or more of the LandCo Debtors were as follows: 26 Secured Claims in the total amount of \$20,222,846,795; 20 Administrative Claims in the total amount of \$89,987; 7 Priority Tax Claims in the total amount of \$28,994,356; 14 Other Priority Claims in the total amount of \$1,064,238; and 203 Unsecured Claims in the total amount of \$412,510,853. The LandCo Debtors believe that many of the Filed Proofs of Claim are invalid, untimely, duplicative, or overstated, and, therefore, the LandCo Debtors are in the process of objecting to such Claims.

As set forth in further detail in the chart above, the LandCo Debtors estimate that at the conclusion of the Claims objection, reconciliation, and resolution process, Allowed LandCo Credit Facility Secured Claims will range from approximately \$358 million to \$378 million, Allowed Other Secured Claims will be approximately \$36,000, Allowed Priority Tax Claims will be approximately \$1,000, Allowed Other Priority Claims will range from approximately \$42,000 to \$185,000, Allowed LandCo General Unsecured Claims will range from approximately \$3.2 million to 9.6 million, and Allowed LandCo Credit Facility Deficiency Claims will range from \$65 million to \$85 million. These estimates are based upon a number of assumptions, including applicable interest rates, and there is no guarantee that the ultimate total amount of Allowed Claims in each category will conform to the LandCo Debtors’ estimates. The assumptions regarding Claims estimates are described in further detail below and in Article IV.

As of the date of this Disclosure Statement, the Debtors have filed four omnibus objections to Proofs of Claim and anticipate filing more. Among other objections, on January 16, 2009, the Debtors filed an objection to multiple Proofs of Claim filed by the Internal Revenue Service alleging Priority Tax Claims against the LandCo Debtors [Docket No. 1374]. The basis of the Debtors’ objection is that the Debtor Entities against which the Proofs of Claim were filed do not have separate filing responsibilities for income tax purposes and do not have employees that would generate a withholding obligation, a payroll tax liability, or a tax filing responsibility. The Internal Revenue Service objected to the relief requested by the Debtors [Docket No. 1449]. The objection to the Internal Revenue Service’s Proofs of Claim is currently scheduled for a status hearing before the Bankruptcy Court on March 18, 2009.

The LandCo Debtors estimate that at the conclusion of the Claims objection, reconciliation, and resolution process, estimated Allowed Administrative Claims will range from approximately \$906,000 to \$1,089,000. The estimate of Allowed Administrative Claims includes obligations to pay Cure Claims and certain Administrative Claim requests reflected on the Claims Register and docket for which the LandCo Debtors reasonably expect there to be a recovery. The estimate of Allowed Administrative Claims does not include ordinary course obligations incurred postpetition such as trade payables, the LandCo Debtors’ employees’ compensation, or Professional Claims.

The Yung Entities assert that they have filed Proofs of Claim against the Debtors in an aggregate amount of substantially over \$200 million, and that they hold and intend to pursue payment of considerable Administrative Claims. The Yung Entities also assert that they do not agree with the proposed treatment of Insider Claims pursuant to the Plan, and that they intend to object to the Plan in its current form (or as may be amended, supplemented, or modified from time to time) at the Confirmation Hearing and reserve all rights with respect thereto. The LandCo

Debtors, the OpCo Debtors, the Creditors Committee, and all other parties reserve all of their rights with respect thereto.

For the period consisting of the Petition Date through and including December 31, 2008, the Debtors have incurred monthly fees, on average, of \$3.1 million for Professionals, \$1.1 million for counsel to the Creditors Committee, \$419,000 for legal and financial advisors to the OpCo Lenders, and \$305,000 for legal and financial advisors to the LandCo Lenders. The amount of these fees and expenses that are properly allocable to each LandCo Debtor has not been determined.

#### **F. LIQUIDATING LANDCO DEBTORS**

Except as otherwise provided in the Plan, each LandCo Debtor will continue to exist after the Effective Date as a separate corporate entity, limited liability company, partnership, or other form, as the case may be, with all the powers of a corporation, limited liability company, partnership, or other form, as the case may be, pursuant to the applicable law in the jurisdiction in which each applicable LandCo Debtor is incorporated or formed and pursuant to the respective certificate of incorporation and bylaws (or other formation documents) in effect prior to the Effective Date, except to the extent such certificate of incorporation and bylaws (or other formation documents) are amended by, or in accordance with, the Plan or otherwise, and to the extent such documents are amended, such documents are deemed to be authorized pursuant to the Plan and require no further action or approval. The Plan contemplates certain amendments to the certificates of incorporation and bylaws (or other formation documents) of each LandCo Debtor. The LandCo Debtors anticipate that certain corporations, limited liability companies, partnerships, or other forms, may be converted to corporations, limited liability companies, partnerships, or other forms, as the case may be.

Except as otherwise provided in the Plan or any agreement, instrument, or other document incorporated therein, on the Effective Date, all property in each LandCo Estate other than the LandCo Assets shall vest in each respective Liquidating LandCo Debtor, free and clear of all Liens, Claims, charges, or other encumbrances. On and after the Effective Date, except as otherwise provided in the Plan, each Liquidating LandCo Debtor may use, acquire, or dispose of property and compromise or settle any Claims without supervision or approval by the Bankruptcy Court and free of any restrictions of the Bankruptcy Code or the Bankruptcy Rules. Notwithstanding anything to the contrary in the Plan, all Cash held for the account of the LandCo Lenders pursuant to the LandCo Credit Facility shall continue to be held and administered in accordance with the LandCo Credit Facility or as instructed by the Required LandCo Lenders. New LandCo shall be responsible for the Liquidating LandCo Debtors honoring all of their obligations under the Plan, including, without limitation, resolving Disputed Claims and Interests in accordance with Article VI.A, making distributions to Creditors in accordance with Article VII, resolving disputed Administrative Claims and paying Allowed Administrative Claims in accordance with Article IX, paying statutory fees in accordance with Article XIII.C, and closing the LandCo Debtors' Chapter 11 Cases in accordance with Article XIII.M. New LandCo will not assume or be responsible for any income or other taxes incurred by the Liquidating LandCo Debtors incurred at any time, whether prepetition or postpetition or pre-Confirmation or post-Confirmation, including, but not limited to, any income or other taxes arising from any transaction contemplated in the Plan.

#### **G. TRANSACTIONS CONTEMPLATED BY THE PLAN**

The Liquidating LandCo Debtors shall fund distributions under the Plan with Cash on hand, including Cash from operations and existing assets, the issuance of the New LandCo Common Stock and the Rights Offering, the New LandCo Warrants, and the Litigation Trust Proceeds.

##### **1. Restructuring Transactions of the LandCo Debtors**

On or prior to the Effective Date, pursuant to section 1123(a)(5)(D) of the Bankruptcy Code, New LandCo Corporation Purchaser shall, as described in the Plan Supplement, acquire the LandCo Assets (including the LandCo Capital Amount, if the LandCo Debtors agree to any such amount) free and clear of all Liens, Claims, charges, and other encumbrances in exchange for the New LandCo Common Stock and the assumption of certain liabilities (other than liabilities for income or other taxes, including, but not limited to, any taxes arising from any transaction contemplated in the Plan) in one or more taxable transactions. The Plan Supplement will contain a description of all



relevant Restructuring Transactions that will occur pursuant to the Plan. Furthermore, on the Effective Date, or as soon as reasonably practicable thereafter, the Liquidating LandCo Debtors and New LandCo may take all actions as may be necessary or appropriate to effect any transaction described in, approved by, contemplated by, or necessary to effectuate the Plan, including: (a) the execution and delivery of appropriate agreements or other documents of merger, consolidation, or reorganization containing terms that are consistent with the terms of the Plan and that satisfy the requirements of applicable law, including, without limitation, amended certificates of incorporation, articles of incorporation, bylaws, certificates of formation, and limited liability company operating agreements or limited partnership agreements; (b) the execution and delivery of appropriate instruments of transfer, assignment, assumption, or delegation of any property, right, liability, duty, or obligation on terms consistent with the terms of the Plan; (c) the filing of appropriate certificates of incorporation (or other formation documents), merger, or consolidation with the appropriate governmental authorities pursuant to applicable law; and (d) all other actions that the Liquidating LandCo Debtors and New LandCo determine are necessary or appropriate.

## **2. Working Capital Facility**

**Pursuant to the Working Capital Facility, Wells Fargo Foothill and certain other LandCo Lenders as may participate will provide a capital loan to New LandCo in an amount not less than \$15 million on such terms as are acceptable to Wells Fargo Foothill and New LandCo and reasonably acceptable to the LandCo Debtors.**

## **3. ~~2-~~New LandCo Common Stock**

Subject to applicable state gaming laws and regulations, New LandCo Corporation shall issue the New LandCo Common Stock, and the right to participate in the Rights Offering, for distribution to Holders of Allowed LandCo Credit Facility Secured Claims in full, final, and complete satisfaction of such LandCo Credit Facility Secured Claims. Holders of Allowed LandCo Credit Facility Secured Claims shall receive New LandCo Class A Shares, except that any such Holder of Allowed LandCo Credit Facility Secured Claims that is entitled to receive ten percent (10%) or more of the total issued shares of New LandCo Common Stock shall designate on their Class 3 Ballot, or otherwise communicate in writing prior to the Effective Date to the LandCo Debtors, the proportion of New LandCo Class B Shares that such Holder desires to receive for the portion of its holding that is in excess of nine and ninety-nine one-hundredths percent (9.99%) of the total issued shares of New LandCo Common Stock and New LandCo Corporation shall distribute to such Holder New LandCo Common Stock in accordance with such designation. Any Holder of Allowed LandCo Credit Facility Secured Claims that is entitled to receive ten percent (10%) or more of the total issued shares of New LandCo Common Stock that does not submit a timely written designation of the proportion of New LandCo Class B Shares shall receive all of its distribution of New LandCo Common Stock in New LandCo Class A Shares.

## **4. ~~3-~~Rights Offering**

Pursuant to the Rights Offering, each Initial Rights Offering Participant as of the Voting Record Date will be offered Subscription Rights to purchase its Primary Allocable Share of the Rights Offering Shares pursuant to the Primary Subscription. The price of the Rights Offering Shares shall be the Subscription Price. Participation in the Rights Offering will be subject to the following procedures:

### **a. Exercise of Subscription Rights**

In order to exercise the Subscription Rights, each Initial Rights Offering Participant and Subsequent Rights Offering Participant must: (i) return a duly completed and executed Subscription Form to the Subscription Agent so that such form is received by the Subscription Agent on or before the Subscription Expiration Date; and (ii) pay an amount equal to the Subscription Purchase Price by wire transfer or bank or cashier's check so as to be received by the Subscription Agent on or before the Subscription Purchase Price Payment Date. If the Subscription Agent for any reason does not receive from a given Initial Rights Offering Participant or Subsequent Rights Offering Participant both a timely and duly completed Subscription Form and timely payment of such Holder's Subscription Purchase



Price, such Initial Rights Offering Participant or Subsequent Rights Offering Participant will be deemed to have relinquished and waived its right to participate in the Rights Offering.

**b. “Backstop” in Case of Undersubscription**

In the event that the Rights Offering is undersubscribed by the Initial Rights Offering Participants or if any Initial Rights Offering Participants fail to timely pay all amounts due prior to the Subscription Purchase Price Payment Date, the undersubscribed shares shall be made available to the Subsequent Rights Offering Participants for the Subscription Purchase Price. The number of undersubscribed shares shall equal the total number of Rights Offering Shares less the number of such shares purchased by the Initial Rights Offering Participants under the Primary Subscription. The undersubscribed shares shall be allocated among the Subsequent Rights Offering Participants in accordance with their respective ratable percentage ownership of the LandCo Credit Facility Claims and, to the extent subscribed by a Subsequent Rights Offering Participant, shall entitle such Subsequent Rights Offering Participant to receive its Pro Rata share of the Backstop Fee. Subsequent Rights Offering Participants shall subscribe to purchase undersubscribed shares in the manner set forth above in Article I.G.34 hereof.

**c. Subscription Period**

The Rights Offering with respect to both the Initial Rights Offering Participants and the Subsequent Rights Offering Participants will commence on ~~the Mailing Deadline (as defined in the Solicitation Procedures Order)~~or about March 17, 2009, and will end on the Subscription Expiration Date, subject to extension by the New LandCo Board.

**d. Cancellation**

The Rights Offering is subject to cancellation in its entirety upon consummation of a Cancellation Event prior to the Subscription Expiration Date.

**e. Transfer of Subscription Rights; Election Irrevocable; Representations and Warranties**

Absent the prior written consent of the LandCo Debtors or New LandCo Corporation, as applicable, the Subscription Rights may not be sold, transferred, or assigned whether in connection with a sale, transfer, or assignment of the underlying LandCo Credit Facility Claim. Once a holder of Subscription Rights has properly exercised its Subscription Rights, such exercise shall be irrevocable, subject only to the occurrence of a Cancellation Event. Each Rights Offering Participant that has properly exercised its Subscription Rights represents and warrants that (i) to the extent applicable, it is duly organized, validly existing, and in good standing under the laws of the jurisdiction of its organization, (ii) it has the requisite power and authority to enter into, execute, and deliver the Subscription Form and to perform its obligations thereunder and has taken all necessary action required for the due authorization, execution, delivery, and performance thereunder, and (iii) it agrees that the Subscription Form constitutes a valid and binding obligation, enforceable against it in accordance with its terms, subject to applicable bankruptcy, insolvency, fraudulent conveyance, reorganization, moratorium, and similar laws affecting creditors' rights and remedies generally, and subject, as to enforceability, to general principles of equity, including principles of commercial reasonableness, good faith, and fair dealing (regardless of whether enforcement is sought in a proceeding at law or in equity).

**f. Distribution of Rights Offering Shares**

On, or as soon as practicable after the Subscription Expiration Date or the occurrence of a Cancellation Event, but subject to extension by the New LandCo Board, the Disbursing Agent shall distribute the Rights Offering Shares pursuant to the Rights Offering.

**g. Payment of the Subscription Purchase Price; No Interest**

For Rights Offering Participants that exercise their Subscription Rights in conformity with Article I.G. ~~3.4~~<sup>4</sup>a above, the Subscription Purchase Price will be deposited and held in one or more trust accounts, escrow accounts, treasury accounts, or similar segregated accounts (the “Subscription Accounts”). The Subscription Accounts will be maintained by the Subscription Agent for the purpose of holding the money for administration of the Rights Offering until the Effective Date or such other later date, at the option of New LandCo Corporation. The Subscription Agent will not use such funds for any other purpose prior to such date and shall not encumber or permit such funds to be encumbered with any Lien or similar encumbrance. No interest will be paid to ~~parties~~<sup>Entities</sup> exercising Subscription Rights on account of amounts paid in connection with such exercise; provided, however, that, (i) to the extent that any portion of the Subscription Purchase Price paid to the Subscription Agent is not used to purchase Rights Offering Shares, the Subscription Agent will return such portion, and any interest accrued thereon, to the applicable Rights Offering Participant within ten (10) Business Days of a determination that such funds will not be used, and (ii) if the Rights Offering has not been consummated by the Subscription Expiration Date, the Subscription Agent will return any payments made pursuant to the Rights Offering, and any interest accrued thereon, to the applicable Rights Offering Participant within ten (10) Business Days thereafter.

**h. Fractional Rights**

No fractional amounts of Rights Offering Shares will be issued. The number of shares of Rights Offering Shares available for purchase will be rounded down to the nearest share. Any Rights Offering Shares not subscribed to by the Initial Rights Offering Participants as a result of such rounding will be pooled and made available to the Subsequent Rights Offering Participants.

**i. Validity of Exercise of Subscription Rights**

All questions concerning the timeliness, viability, form, and eligibility of any exercise of Subscription Rights shall be determined by New LandCo Corporation, whose good faith determinations absent manifest error shall be final and binding. New LandCo Corporation, in its sole discretion, reasonably exercised in good faith, may waive any defect or irregularity, or permit a defect or irregularity to be corrected within such times as it may determine, or reject the purported exercise of any Subscription Rights that does not comply with the provisions of the Rights Offering as set forth herein. Subscription Forms shall be deemed not to have been received or accepted until all irregularities have been waived or corrected within such time as New LandCo Corporation determines in its sole discretion reasonably exercised in good faith. Neither New LandCo Corporation nor the Subscription Agent shall be under any duty to give notification of any defect or irregularity in connection with the submission of Subscription Forms or incur any liability for failure to give such notification. Notwithstanding anything to the contrary contained herein, but subject to the terms and conditions of the LandCo Lender Plan Term Sheet, the Required LandCo Lenders through the LandCo Agent reserve the right to modify the Rights Offering in order to comply with applicable law, including without limitation modifying the Entities otherwise eligible to be Initial Rights Offering Participants and Subsequent Rights Offering Participants and/or the number of Rights Offering Shares available to any Initial Rights Offering Participants or Subsequent Rights Offering Participant.

**j. Use of Proceeds**

The proceeds of the Rights Offering shall be retained by New LandCo Corporation for general corporate purposes.

**5. ~~4-~~New LandCo Warrants**

On the Effective Date, New LandCo Corporation shall issue the New LandCo Warrants for distribution to the OpCo Debtors or the Reorganized OpCo Debtors, as applicable, as partial compensation for the OpCo Debtors or Reorganized OpCo Corporation, as applicable, entering into the Management Services ~~Agreement and the Trademark License~~ Agreement.

**6. ~~5.~~ Issuance and Distribution of the New LandCo Securities**

On or prior to the Effective Date, New LandCo Corporation shall issue or reserve for issuance all New LandCo Securities required to be issued pursuant hereto. On the Distribution Date, the Liquidating LandCo Debtors and New LandCo Corporation will distribute any New LandCo Securities required to be distributed pursuant hereto. The New LandCo Securities to be issued pursuant to the Plan may be issued without registration under the Securities Act or any similar federal, state, or local law in reliance upon the exemptions set forth in section 1145 of the Bankruptcy Code. All of the New LandCo Securities issued pursuant to the Plan shall be duly authorized, validly issued, and, if applicable, fully paid and non-assessable. Each distribution and issuance referred to in Article VII of the Plan shall be governed by the terms and conditions set forth herein applicable to such distribution or issuance and by the terms and conditions of the instruments evidencing or relating to such distribution or issuance, which terms and conditions shall bind each Entity receiving such distribution or issuance.

**7. ~~6.~~ Limitations on Issuance of New LandCo Common Stock**

The Disbursing Agent shall not distribute New LandCo Common Stock to any Entity in violation of the gaming laws and regulations in Nevada. Consequently, no Holder shall be entitled to receive New LandCo Common Stock unless and until such Holder has been licensed, qualified, found suitable, or has obtained a waiver or exemption from such license, qualification, or suitability requirements.

Holders entitled to receive New LandCo Common Stock should consult with their respective counsel to determine whether they are required to be licensed or found suitable or whether such Holder may obtain a waiver or is otherwise exempt from such license or suitability requirements under the Nevada gaming laws and regulations.

To the extent a Holder is not entitled to receive New LandCo Common Stock on the Effective Date due to a failure to comply with applicable gaming laws and regulations, the Disbursing Agent shall not distribute New LandCo Common Stock to such Holder, unless and until such Holder complies with applicable gaming laws and resolutions. Until such Holder has complied with applicable gaming laws and regulations, such Holder shall not be a shareholder of New LandCo Corporation and shall have no voting rights or other rights of a stockholder or New LandCo Corporation.

If any Holder entitled to receive New LandCo Common Stock under the Plan is required, under applicable gaming laws and regulations or is instructed by the Nevada Gaming Authorities to be found suitable and determination and such Holder either (a) refuses to undergo the necessary application process for a finding of suitability or (b) after submitting to such process, is determined to be unsuitable to hold the New LandCo Common Stock, then, in that event, New LandCo Corporation shall hold the New LandCo Common Stock and (x) such Holder shall only receive such distributions from the Disbursing Agent as are permitted by the applicable gaming authorities, (y) the balance of the New LandCo Common Stock to which the Holder would otherwise be entitled will be marketed for sale by New LandCo Corporation, as agent for Holder, and (z) the proceeds of any such sale shall be distributed to Holder as soon as such sale can be facilitated, subject to regulatory approval; provided, however, that if such suitability restriction applies only to New LandCo Class A Common Stock, New LandCo Corporation shall distribute New LandCo Class B Common Stock to such Holder who consents in writing to receive such New LandCo Class B Common Stock. In addition, in the event that the Nevada Gaming Authorities object to the possible suitability of any Holder, the New LandCo Common Stock shall be distributed only to such Holder upon a formal finding of suitability. If the Nevada Gaming Authorities subsequently issue a formal finding that a Holder lacks suitability, then the process for the sale of that Holder's New LandCo Common Stock shall be as set forth in (x), (y), and (z) above; provided, however, that if such suitability restriction applies only to New LandCo Class A Common Stock, New LandCo Corporation shall distribute New LandCo Class B Common Stock to such Holder who consents in writing to receive such New LandCo Class B Common Stock.

**8. ~~7.~~ Securities Registration Exemption**

Except as set forth below, the New LandCo Common Stock to be issued to Holders of Allowed Class 3 LandCo Credit Facility Secured Claims will be issued without registration under the Securities Act or any similar

federal, state, or local law in reliance upon the exemptions set forth in section 1145 of the Bankruptcy Code, though New LandCo Corporation intends to be a public corporation within the meaning of Nevada gaming laws but New LandCo Corporation may not be a public corporation on the Effective Date.

The New LandCo Warrants and the New LandCo Common Stock to be issued pursuant to the New LandCo Warrants will be issued without registration under the Securities Act or any similar federal, state, or local law in reliance on the exemption set forth in section 4(2) of the Securities Act or Regulation D promulgated thereunder.

**a. Section 1145 of the Bankruptcy Code**

Section 1145(c) of the Bankruptcy Code provides that securities issued pursuant to a registration exemption under section 1145(a)(1) of the Bankruptcy Code are deemed to have been issued pursuant to a public offering. Therefore, the securities issued pursuant to a section 1145 exemption may generally be resold by any holder thereof without registration under the Securities Act pursuant to the exemption provided by section 4(1) thereof, unless the holder is an “underwriter” with respect to such securities, as such term is defined in section 1145(b)(1) of the Bankruptcy Code. In addition, such securities generally may be resold by the recipients thereof without registration under state securities or “blue sky” laws pursuant to various exemptions provided by the respective laws of the individual states. However, recipients of securities issued under the Plan are advised to consult with their own counsel as to the availability of any such exemption from registration under federal securities laws and any relevant state securities laws in any given instance and as to any applicable requirements or conditions to the availability thereof.

Section 1145(b)(1) of the Bankruptcy Code defines an “underwriter” for purposes of the Securities Act as one who, subject to certain exceptions, (a) purchases a claim with a view to distribution of any security to be received in exchange for such claim, or (b) offers to sell securities offered or sold under the plan for the holders of such securities, or (c) offers to buy securities issued under the plan from the holders of such securities, if the offer to buy is made with a view to distribution of such securities, and if such offer is under an agreement made in connection with the plan, with the consummation of the plan or with the offer or sale of securities under the plan, or (d) is an issuer, as used in section 2(11) of the Securities Act, with respect to such securities.

The term “issuer,” as used in section 2(11) of the Securities Act, includes any person directly or indirectly controlling or controlled by, an issuer of securities, or any person under direct or indirect common control with such issuer. “Control” (as defined in Rule 405 under the Securities Act) means the possession, direct or indirect, of the power to direct or cause the direction of the policies of a person, whether through the ownership of voting securities, by contract, or otherwise. Accordingly, an officer or director of a reorganized debtor or its successor under a plan of reorganization may be deemed to be “in control” of such debtor or successor, particularly if the management position or directorship is coupled with ownership of a significant percentage of the reorganized debtor’s or its successor’s voting securities. Moreover, the legislative history of section 1145 of the Bankruptcy Code suggests that a creditor who owns at least ten percent (10%) of the voting securities of a reorganized debtor may be presumed to be a “control person.”

To the extent that persons deemed “underwriters” receive securities under the Plan, resales of such securities would not be exempted by section 1145 of the Bankruptcy Code from registration under the Securities Act or other applicable law. Holders of such restricted securities may, however, be able, at a future time and under certain conditions described below, to sell securities without registration pursuant to the resale provisions of Rule 144 and Rule 144A under the Securities Act.

**b. Section 4(2) of the Securities Act/Regulation D**

Section 4(2) of the Securities Act provides that the issuance of securities by an issuer in transactions not involving any public offering are exempt from registration under the Securities Act. Regulation D is a non-exclusive safe harbor promulgated by the United States Securities and Exchange Commission under the Securities Act related to, among others, section 4(2) of the Securities Act.

The term “issuer,” as used in section 4(2) of the Securities Act, means, among other things, a person who issues or proposes to issue any security.

Securities issued pursuant to the exemption provided by section 4(2) of the Securities Act or Regulation D promulgated thereunder are considered “restricted securities.” As a result, resales of such securities may not be exempt from the registration requirements of the Securities Act or other applicable law. Holders of such restricted securities may, however, be able, at a future time and under certain conditions described below, to sell securities without registration pursuant to the resale provisions of Rule 144 and Rule 144A under the Securities Act.

**c. Rule 144 and Rule 144A**

Under certain circumstances, affiliated holders of restricted securities may be entitled to resell their securities pursuant to the limited safe harbor resale provisions of Rule 144. Generally, Rule 144 provides that if certain conditions are met (e.g., that the availability of current public information with respect to the issuer, volume limitations, and notice and manner of sale requirements), specified persons who resell restricted securities or who resell securities which are not restricted but who are “affiliates” of the issuer of the securities sought to be resold, will not be deemed to be “underwriters” as defined in section 2(11) of the Securities Act. Rule 144 provides that: (i) a non-affiliate who has not been an affiliate during the preceding three months may resell restricted securities after a six-month holding period if at the time of the sale there is current public information regarding the issuer and after a one year holding period if there is not current public information regarding the issuer at the time of the sale; and (ii) an affiliate may sell restricted securities after a six month holding period if at the time of the sale there is current public information regarding the issuer and after a year holding period if there is not current public information regarding the issuer at the time of the sale, provided that in each case the affiliate otherwise complies with the volume, manner of sale and notice requirements of Rule 144.

Rule 144A provides a non-exclusive safe harbor exemption from the registration requirements of the Securities Act for resales to certain “qualified institutional buyers” of securities that are “restricted securities” within the meaning of the Securities Act, irrespective of whether the seller of such securities purchased its securities with a view towards reselling such securities, if certain other conditions are met (e.g., the availability of information required by paragraph 4(d) of Rule 144A and certain notice provisions). Under Rule 144A, a “qualified institutional buyer” is defined to include, among other persons, “dealers” registered as such pursuant to section 15 of the Exchange Act, and entities that purchase securities for their own account or for the account of another qualified institutional buyer and that, in the aggregate, own and invest on a discretionary basis at least \$100 million in the securities of unaffiliated issuers. Subject to certain qualifications, Rule 144A does not exempt the offer or sale of securities that, at the time of their issuance, were securities of the same class of securities then listed on a national securities exchange (registered as such pursuant to section 6 of the Exchange Act) or quoted in a United States automated inter-dealer quotation system.

Pursuant to the Plan, certificates evidencing shares of New LandCo Common Stock received by (i) restricted holders or holders of five percent or more of the outstanding New LandCo Common Stock, or (ii) holders that request legended certificates and who certify that they may be deemed to be underwriters within the meaning of section 1145 of the Bankruptcy Code will bear a legend substantially in the form below:

**THE SHARES OF COMMON STOCK EVIDENCED BY THIS  
CERTIFICATE HAVE NOT BEEN REGISTERED UNDER THE  
SECURITIES ACT OF 1933, AS AMENDED, OR UNDER THE  
SECURITIES LAWS OF ANY STATE OR OTHER JURISDICTION AND  
MAY NOT BE SOLD, OFFERED FOR SALE OR OTHERWISE  
TRANSFERRED UNLESS REGISTERED OR QUALIFIED UNDER SAID  
ACT AND APPLICABLE STATE SECURITIES LAWS OR UNLESS THE  
COMPANY RECEIVES AN OPINION OF COUNSEL REASONABLY  
SATISFACTORY TO IT THAT SUCH REGISTRATION OR  
QUALIFICATION IS NOT REQUIRED.**

Any person that would receive legended securities as provided above may instead receive certificates evidencing New LandCo Common Stock without such legend if, prior to the Effective Date, such person or entity delivers to the LandCo Debtors (i) an opinion of counsel reasonably satisfactory to the LandCo Debtors to the effect that the shares of New LandCo Common Stock to be received by such person or entity are not subject to the restrictions applicable to “underwriters” under section 1145 of the Bankruptcy Code and may be sold without registration under the Securities Act and (ii) a certification that such person or entity is not an “underwriter” within the meaning of section 1145 of the Bankruptcy Code.

Any holder of a certificate evidencing shares of New LandCo Common Stock bearing such legend may present such certificate to the transfer agent for the share of New LandCo Common Stock for exchange for one or more new certificates not bearing such legend or for transfer to a new holder without such legend at such times as (i) such shares are sold pursuant to an effective registration statement under the Securities Act or (ii) such holder delivers to New LandCo Corporation an opinion of counsel reasonably satisfactory to New LandCo Corporation to the effect that such shares are no longer subject to the restrictions applicable to “underwriters” under section 1145 of the Bankruptcy Code or (iii) such holder delivers to New LandCo Corporation an opinion of counsel reasonably satisfactory to New LandCo Corporation to the effect that such shares are no longer subject to the restrictions pursuant to an exemption under the Securities Act and such shares may be sold without registration under the Securities Act, in which event the certificate issued to the transferee will not bear such legend.

In addition, all New LandCo Common Stock will bear such legends as are required by state gaming laws and regulations.

IN VIEW OF THE COMPLEX, SUBJECTIVE NATURE OF THE QUESTION OF WHETHER A RECIPIENT OF NEW LANDCO COMMON STOCK MAY BE AN UNDERWRITER OR AN AFFILIATE OF NEW LANDCO, THE LANDCO DEBTORS AND NEW LANDCO MAKE NO REPRESENTATIONS CONCERNING THE RIGHT OF ANY PERSON TO TRADE THE NEW LANDCO COMMON STOCK OR THE NEW LANDCO WARRANTS TO BE DISTRIBUTED PURSUANT TO THE PLAN. ACCORDINGLY, THE LANDCO DEBTORS RECOMMEND THAT POTENTIAL RECIPIENTS OF SECURITIES UNDER THE PLAN CONSULT THEIR OWN COUNSEL CONCERNING WHETHER THEY MAY FREELY TRADE SUCH SECURITIES.

## 9. ~~8.~~ Litigation Trust

There will be a single Litigation Trust that will hold all of the Insider Causes of Action of either the LandCo Debtors or the OpCo Debtors. The Litigation Trust will operate solely for the purpose of pursuing such Insider Causes of Action and distributing the Litigation Trust Proceeds from any judgments, settlements, or recoveries; the Litigation Trust will have no objective to engage in the conduct of any trade or business. The Litigation Trust shall be governed by the Litigation Trust Committee pursuant to the Litigation Trust Agreement. The Litigation Trust Proceeds will be allocated to the Creditors of the LandCo Debtors and the Creditors of the OpCo Debtors as agreed to by (all of the following or their assignees) the OpCo Litigation Trust Subcommittee and the LandCo Litigation Trust Subcommittee or as determined by a court of competent jurisdiction, and such Litigation Trust Proceeds allocated to the Creditors of the LandCo Debtors shall be distributed Pro Rata to the Litigation Trust Beneficiaries with Claims against the LandCo Debtors in full or partial satisfaction of such Claims, and the Litigation Trust will terminate upon complete distribution of the trust corpus. Due to the complex nature of the matters involved, the Litigation Trust Proceeds are not reasonably calculable at this time.

The Trust Beneficiaries will receive periodic reports from the Litigation Trust Committee. No certificates will be issued to represent the beneficial interests of the Trust Beneficiaries in the Litigation Trust and the beneficial interests will not be transferable. Due to the restriction on transfer, there will be no market for the beneficial interests.

The Creditors Committee states that following an extensive investigation of potential Claims and Causes of Action against any or all of the Yung Entities, which investigation was approved by the Bankruptcy Court pursuant to



Bankruptcy Rule 2004, counsel to the Creditors Committee has determined that potential Claims and Causes of Action by the Estates against any or all of the Yung Entities may exist.

The Yung Entities deny that there is any basis for Claims and Causes of Action by the Estates against any or all of the Yung Entities and intend to vigorously defend against any such Claims and Causes of Action.

**a. Creation of the Litigation Trust**

As set forth in the Litigation Trust Agreement, to be Filed as part of the Plan Supplement, on the Effective Date, the Litigation Trust will be created pursuant to the Litigation Trust Agreement and will hold all the Insider Causes of Action. The Litigation Trust Committee, which will consist of ~~a total of three members—each of whom will be appointed by the OpCo Debtors in consultation with the LandCo Lenders, the OpCo Lenders,<sup>5</sup> and the Creditors Committee—the OpCo Litigation Trust Subcommittee and the LandCo Litigation Trust Subcommittee,~~ will oversee the activities of the Litigation Trust. The Litigation Trust Committee will satisfy its obligations under the Litigation Trust Agreement. Pursuant to the Litigation Trust Agreement, any exercise of duties by the Litigation Trust Committee concerning Insider Causes of Action with respect to both the OpCo Estates and the LandCo Estates shall be decided by the Litigation Trust Committee. In addition, the Litigation Trust Committee will retain counsel for the Litigation Trust to pursue the Insider Causes of Action. The Litigation Trust counsel will be retained on a contingency fee basis.

**b. Investigative Funding and Proceeds**

Upon formation of the Litigation Trust, Reorganized OpCo Corporation will provide a loan to the Litigation Trust (the “Litigation Trust Loan”) pursuant to the terms contained in the Litigation Trust Agreement. The Litigation Trust Loan will furnish funds to the Litigation Trust to satisfy the necessary costs and expenses incurred by the Litigation Trust. As more fully set forth in the Litigation Trust Agreement, the Litigation Trust Committee will possess the authority to request draws on the Litigation Trust Loan from time-to-time to pay costs and expenses incurred in arrears, up to a maximum amount, as set forth in the Litigation Trust Agreement.

The Litigation Trust Loan will be a senior secured loan with priority over the rights of the Litigation Trust Beneficiaries to the Litigation Trust Proceeds—Litigation Trust Proceeds first will be applied towards amounts outstanding under the Litigation Trust Loan. Litigation Trust Proceeds applied to amounts outstanding under the Litigation Trust Loan will not increase the availability of borrowing thereunder; the Litigation Trust Loan is not a revolver. In addition, the Litigation Trust may not distribute Litigation Trust Proceeds to the Litigation Trust Beneficiaries until the Litigation Trust Loan is paid in full and terminated. Following satisfaction and termination of the Litigation Trust Loan, the remaining Litigation Trust Distributions will be made to the Litigation Trust Beneficiaries on a Pro Rata basis.

**c. Litigation Trust Reserve**

Any Litigation Trust Proceeds to be distributed to the Holders of Allowed OpCo General Unsecured Claims, Allowed OpCo Noteholder Unsecured Claims, and Allowed OpCo Credit Facility Deficiency Claims will be kept in the Litigation Trust Reserve until such time as an OpCo Plan is confirmed and becomes effective providing for such distributions from the Litigation Trust. In the event that an OpCo Plan is confirmed, but does not provide for a distribution for Allowed OpCo General Unsecured Claims, Allowed OpCo Noteholder Unsecured Claims, or Allowed OpCo Credit Facility Deficiency Claims from the Litigation Trust upon the terms set forth in the Plan, then any such amounts in the Litigation Trust Reserve will be distributed ~~on a Pro Rata basis~~ to the ~~other~~ Litigation Trust Beneficiaries as set forth in the Plan.

<sup>5</sup> ~~The “OpCo Lenders” means those certain lender parties to the OpCo Credit Facility.~~



## **9. ~~The Proposed Committee Settlement Offer~~**

~~The Plan provides an offer to the Creditors Committee, which is defined as the Proposed Committee Settlement Offer. Provided certain conditions and limitations in Article IV.X of the Plan are satisfied, the Proposed Committee Settlement Offer contemplates, among other things, an additional cash distribution to Holders of Allowed General Unsecured Claims and Allowed Insider Claims of the lesser of (a) 25% of the Allowed amount of their Claims and (b) their Pro Rata share of \$400,000.00. The Proposed Committee Settlement Offer represents an unsolicited offer to the Creditors Committee. The Creditors Committee is under no obligation or commitment to accept the terms or conditions of the Proposed Committee Settlement Offer, and no assurance can be made as to the likelihood that the Proposed Committee Settlement Offer, either in its current form or as may be modified, will be accepted by the Creditors Committee.~~

## **H. CONSUMMATION**

Following Confirmation, the Plan will be consummated on the Effective Date, which is a date selected by the LandCo Debtors that is a Business Day after the Confirmation Date on which no stay of the Confirmation Order is in effect, and all conditions to Consummation have been satisfied or waived. Unless otherwise provided in the Plan, distributions to Holders of Claims Allowed as of the Effective Date will be made on the Distribution Date or as soon as practical thereafter, in accordance with the Plan. All other distributions under the Plan will be made in accordance with the distribution provisions contained in the Plan.

## **I. LIQUIDATION AND VALUATION ANALYSES**

The LandCo Debtors believe that the Plan will produce a greater recovery for Holders of Allowed Claims against and Interests in the LandCo Estates than would be achieved in a liquidation pursuant to chapter 7 of the Bankruptcy Code because of, among other things, (1) the additional Administrative Claims generated by conversion to chapter 7 cases, (2) the administrative costs of liquidation and associated delays in connection with chapter 7 liquidations, (3) the negative impact on the market for the LandCo Debtors' assets resulting from attempts to sell a large number of hotel and casino gaming assets and contracts in a short time frame, and (4) regulatory concerns and impairment of value in connection with chapter 7 liquidations, each of which likely would diminish the overall value of the LandCo Debtors' assets available for distributions.

The LandCo Debtors, together with their Professionals, have prepared a liquidation analysis (the "Liquidation Analysis") and a valuation analysis (the "Valuation Analysis") to assist Holders of Claims in determining whether to vote to accept or reject the Plan. The Liquidation Analysis and Valuation Analysis compare the proceeds to be realized if the LandCo Debtors were to be liquidated in hypothetical cases under chapter 7 of the Bankruptcy Code with the distributions to Holders of Allowed Claims and Interests under the Plan. The analyses are based upon the value of the LandCo Debtors' assets and liabilities as of a certain date and incorporate various estimates and assumptions, including a hypothetical conversion to chapter 7 liquidations as of a certain date. Further, each analysis is subject to the possibility of material change, including changes with respect to economic and business conditions and legal rulings. Therefore, the actual liquidation value of the LandCo Debtors could vary materially from the estimates provided in the Liquidation Analysis, and the actual reorganization equity value of New LandCo could vary materially from the estimates contained in the Valuation Analysis. The Valuation Analysis was prepared assuming that plans of reorganization for all of the LandCo Debtors will become effective at or about the same time. If some of the LandCo Debtors' plans of reorganization become effective and are substantially consummated and others do not, results achieved by Creditors may differ.

The Valuation Analysis is based on data and information as of January 2, 2009. The LandCo Debtors make no representations as to changes to such data and events that may have occurred, or any information that may have become available, since that date.

~~The Creditors Committee believes that the Valuation Analysis of the LandCo Debtors is based on flawed assumptions and that the LandCo Debtors' conclusions as to Total Enterprise Value is substantially less than the actual total enterprise value, which may have a material impact on Creditor recoveries.~~

#### J. CERTAIN FACTORS TO BE CONSIDERED PRIOR TO VOTING

Prior to voting to accept or reject the Plan, each Holder in a voting Class should carefully consider all of the information in this Disclosure Statement, especially the risk factors described in Article VII.

#### K. GOVERNMENTAL REGULATIONS

The gaming industry is highly regulated. The Tropicana Las Vegas is subject to extensive regulation under the laws, rules, and regulations of various jurisdictions. Violations of these laws and regulations could result in disciplinary action, up to and including the loss of the LandCo Debtors' license to operate the Tropicana Las Vegas. The governmental regulation of the gaming industry extends to persons with a financial interest in a gaming enterprise. Nevada regulates the ownership of equity interests in New LandCo Corporation. Consequently, the distribution of New LandCo Common Stock and New LandCo Warrants pursuant to the Plan is subject to Nevada gaming laws and regulations. In particular, Holders of Claims entitled to receive New LandCo Common Stock and New LandCo Warrants under the Plan may have to be found suitable or qualified by the NGC or obtain a waiver in connection therewith to hold New LandCo Common Stock or New LandCo Warrants. Failure to comply with these laws and regulations may result in a Holder of a Claim being barred from holding New LandCo Common Stock or New LandCo Warrants. Holders of Claims or Interests should consult with their respective counsel regarding Nevada gaming laws and regulations. Please see Article VI for a further discussion of regulation in the gaming industry.

#### L. VOTING AND CONFIRMATION

Holders of Claims in Classes 1 and 2 are Unimpaired and deemed to accept the Plan. Holders of Claims and Interests in Classes 7, 8, and 9 are wholly impaired and, therefore, deemed to reject the Plan. Accordingly, Holders of Claims or Interests in Classes 1, 2, 7, 8, and 9 are not entitled to vote on the Plan, and the vote of such Holders of Claims and Interests shall not be solicited. Only Holders of Claims in Classes 3, 4, 5, and 6 are entitled to vote to either accept or reject the Plan.

Pursuant to section 1126(c) and 1126(d) of the Bankruptcy Code and except as otherwise provided in section 1126(e) of the Bankruptcy Code: (1) an Impaired Class of Claims has accepted the Plan if the Holders of at least two-thirds in dollar amount and more than one-half in number of the Allowed Claims in such Class actually voting have voted to accept the Plan; and (2) an Impaired Class of Interests has accepted the Plan if the Holders of at least two-thirds in amount of the Allowed Interests of such Class actually voting have voted to accept the Plan. The LandCo Debtors will tabulate all votes on the Plan on a consolidated basis for the purpose of determining whether the Plan satisfies section 1129(a)(8) and 1129(a)(10) of the Bankruptcy Code. All votes on account of Allowed Claims shall be counted as if filed against a single consolidated LandCo Estate.

Assuming the requisite acceptances are obtained, the LandCo Debtors intend to seek Confirmation at the Confirmation Hearing scheduled to commence on April 27, 2009, at 10:00 a.m., prevailing Eastern time, before the Bankruptcy Court. Section 1129(a)(10) of the Bankruptcy Code shall be satisfied for purposes of Confirmation by acceptance of the Plan by an Impaired Class of Claims. The LandCo Debtors shall seek Confirmation of the Plan pursuant to section 1129(b) of the Bankruptcy Code with respect to any rejecting Class of Claims or Interests. The LandCo Debtors also reserve the right to modify the Plan and seek Confirmation consistent with the Bankruptcy Code.

The Bankruptcy Court has established March 10, 2009, as the Voting Record Date for determining which Holders of Claims are eligible to vote ~~on~~ **to accept or reject** the Plan. Ballots, along with this Disclosure Statement, the Plan, and the Solicitation Procedures Order, will be mailed to all registered Holders of Claims as of the Voting

Record Date that are entitled to vote to accept or reject the Plan. An appropriate return envelope, postage prepaid, will be included with each Ballot, if appropriate.

The LandCo Debtors have engaged the Claims and Solicitation Agent to assist in the voting process. The Claims and Solicitation Agent will answer questions regarding the procedures and requirements for voting to accept or reject the Plan and for objecting to the Plan, provide additional copies of all materials, and oversee the voting tabulation.

**BALLOTS CAST BY HOLDERS MUST BE RECEIVED BY THE CLAIMS AND SOLICITATION AGENT OR THE SUBSCRIPTION AGENT, AS APPLICABLE, BY THE VOTING DEADLINE AT THE ADDRESS LISTED ON THE APPLICABLE BALLOT, WHETHER BY FIRST CLASS MAIL, OVERNIGHT COURIER, OR PERSONAL DELIVERY. THE BALLOTS AND THE PRE-ADDRESSED, POSTAGE PRE-PAID ENVELOPES ACCOMPANYING THE BALLOTS WILL INDICATE THAT THE ADDRESS OF THE CLAIMS AND SOLICITATION AGENT IS: TROPICANA ENTERTAINMENT, LLC, C/O KURTZMAN CARSON CONSULTANTS LLC, 2335 ALASKA AVENUE, EL SEGUNDO, CA 90245, ATTN.: BALLOT PROCESSING DEPARTMENT.**

**FOR ANSWERS TO ANY QUESTIONS REGARDING SOLICITATION PROCEDURES, PARTIES MAY CALL THE CLAIMS AND SOLICITATION AGENT TOLL FREE AT (888) 733-1425.**

**TO BE COUNTED, THE BALLOTS CAST BY HOLDERS INDICATING ACCEPTANCE OR REJECTION OF THE PLAN, OR WITH REGARDS TO THE RIGHTS OFFERING, MUST BE RECEIVED BY THE CLAIMS AND SOLICITATION AGENT OR THE SUBSCRIPTION AGENT, AS APPLICABLE, NO LATER THAN THE VOTING DEADLINE. SUCH BALLOTS SHOULD BE CAST IN ACCORDANCE WITH THE SOLICITATION PROCEDURES DESCRIBED IN FURTHER DETAIL IN ARTICLE IX OF THIS DISCLOSURE STATEMENT. ANY BALLOT RECEIVED AFTER THE VOTING DEADLINE SHALL BE COUNTED IN THE SOLE DISCRETION OF THE LANDCO DEBTORS.**

To obtain an additional copy of the Plan, this Disclosure Statement, the Plan Supplement, or other Solicitation Package materials (except Ballots), please refer to the LandCo Debtors' restructuring website at <http://www.kccllc.net/tropicana> or request a copy from the Claims and Solicitation Agent ([including Ballots](#)), by writing to Kurtzman Carson Consultants, LLC, 2335 Alaska Avenue, El Segundo, California 90245, Attn.: Tropicana Entertainment Balloting; calling (888) 733-1425; or sending an email to [tropicainainfo@kccllc.com](mailto:tropicainainfo@kccllc.com).

THE LANDCO DEBTORS BELIEVE THAT THE PLAN IS IN THE BEST INTEREST OF ALL HOLDERS OF CLAIMS AND INTERESTS AND RECOMMEND THAT ALL SUCH HOLDERS WHOSE VOTES ARE BEING SOLICITED VOTE TO ACCEPT THE PLAN.

**[THE CREDITORS COMMITTEE BELIEVES THAT THE PLAN IS IN THE BEST INTERESTS OF THE GENERAL UNSECURED CREDITORS AND RECOMMENDS THAT SUCH CREDITORS VOTE TO ACCEPT THE PLAN.](#)**

## II. BACKGROUND TO THE CHAPTER 11 CASES

The LandCo Debtors submit this Disclosure Statement pursuant to section 1125 of the Bankruptcy Code, for use in the solicitation of (i) votes to accept the Plan and (ii) the Subscription Rights in connection with the Rights Offering.

This Disclosure Statement sets forth certain information regarding the LandCo Debtors' history before the Petition Date, significant events that have occurred during the Chapter 11 Cases, and the anticipated reorganization and post-reorganization operations and financing of the Liquidating LandCo Debtors and New LandCo. This Disclosure Statement also describes the terms and provisions of the Plan, including certain alternatives to the Plan, certain effects of Confirmation, certain risk factors associated with the Plan and certain securities to be issued under the Plan, and the manner in which distributions will be made under the Plan. In addition, this Disclosure Statement

discusses the Confirmation process and the solicitation procedures that Holders of Claims must follow for their votes to be counted.

FOR A DESCRIPTION OF THE PLAN AND CERTAIN FACTORS TO BE CONSIDERED IN CONNECTION WITH THE PLAN, PLEASE SEE ARTICLE IV AND ARTICLE VI OF THIS DISCLOSURE STATEMENT.

THIS DISCLOSURE STATEMENT INCLUDES SUMMARIES OF CERTAIN PROVISIONS OF THE PLAN, CERTAIN STATUTORY PROVISIONS, CERTAIN DOCUMENTS RELATED TO THE PLAN, CERTAIN EVENTS TAKING PLACE DURING THE CHAPTER 11 CASES, AND CERTAIN FINANCIAL INFORMATION. ALTHOUGH THE LANDCO DEBTORS BELIEVE THAT SUCH SUMMARIES ARE FAIR AND ACCURATE, SUCH SUMMARIES ARE QUALIFIED IN THEIR ENTIRETY TO THE EXTENT THAT THEY DO NOT SET FORTH THE ENTIRE TEXT OF SUCH DOCUMENTS OR STATUTORY PROVISIONS. EXCEPT WHERE OTHERWISE SPECIFICALLY NOTED, FACTUAL INFORMATION CONTAINED IN THIS DISCLOSURE STATEMENT HAS BEEN PROVIDED BY THE LANDCO DEBTORS. THE LANDCO DEBTORS DO NOT WARRANT OR REPRESENT THAT THE INFORMATION CONTAINED IN THIS DISCLOSURE STATEMENT, INCLUDING THE FINANCIAL INFORMATION, IS WITHOUT ANY MATERIAL INACCURACY OR OMISSION.

#### **A. THE DEBTORS' BUSINESSES**

##### **1. Summary of the LandCo Debtors' Business**

The Debtors comprise one of the largest and most diversified privately-held hotel and casino gaming entertainment providers in the United States. They are a leading domestic casino operator, with approximately 540,000 square feet of gaming space and more than 8,300 hotel rooms, and employ more than 10,000 full- and part-time individuals. The Debtors currently own, operate, or have interests in eleven casino facilities in eight distinct gaming markets, with five casinos in Nevada, three casinos in Mississippi, and one casino in each of New Jersey, Indiana, and Louisiana. The LandCo Debtors own and operate the Tropicana Las Vegas, which is located on 34-acres of real estate on the "Strip" in Las Vegas, Nevada. Together with the MGM Grand, the Excalibur, the Luxor, the Monte Carlo, and the New York-New York hotel casinos, the Tropicana Las Vegas is located at a prime intersection that collectively offers approximately 18,000 hotel rooms. The OpCo Debtors own, operate, or have an interest in each of the Debtors' remaining casinos, including the Tropicana AC.

##### **2. Overall Revenue**

For the 12 months ended December 31, 2008, the LandCo Debtors generated approximately \$118.5 million in revenues.

##### **3. The LandCo Debtors' Employees**

As of December 18, 2008, the LandCo Debtors employed approximately 1,814 employees, including 161 salaried employees, 422 full-time employees, 76 part-time non-union employees, and 1,155 full- and part-time union employees, pursuant to nine collective bargaining agreements.

#### **B. THE DEBTORS' CORPORATE HISTORY AND STRUCTURE**

The Debtors trace their roots to 1990, when William J. Yung III ("Yung"), the ultimate equity holder of the Debtors and certain non-Debtor affiliates, founded Wimar Tahoe Corporation ("Wimar") and its affiliates to begin purchasing, developing, and operating casinos. Through 2006, Wimar acquired a number of casinos and resorts, including the following:

- The Lake Tahoe Horizon Casino and Resort is located in South Lake Tahoe in Stateline, Nevada and is owned (subject to a ground lease) by Debtor Tahoe Horizon, LLC.
- The MontBleu Resort Casino and Spa is located across the street from the Lake Tahoe Horizon Casino and Resort and is owned (subject to a ground and facility lease) by Debtor Columbia Properties Tahoe, LLC.
- The Lighthouse Point Casino is a riverboat casino located in Greenville, Mississippi and is owned by non-Debtor affiliate Greenville Riverboat, LLC, in which Tropicana has a 79% voting interest and an 84% economic interest.
- The Bayou Caddy's Jubilee Casino is a riverboat casino located in Greenville, Mississippi and is owned by Debtor JMBS Casino, LLC.
- The River Palms Hotel and Casino is located in Laughlin, Nevada and is owned by Debtor Columbia Properties Laughlin, LLC, and is located on real estate owned by Debtor CP Laughlin Realty, LLC.
- The Vicksburg Horizon Casino is a riverboat casino located in downtown Vicksburg, Mississippi and is owned by Debtor Columbia Properties Vicksburg, LLC ("CP Vicksburg").
- The Belle of Baton Rouge is a riverboat casino is located on the Mississippi River in downtown Baton Rouge, Louisiana and is owned by Debtor CP Baton Rouge Casino, LLC and its Debtor-subsiidiaries.

In 2006, Wimar sought to further expand its gaming and hospitality business. On May 19, 2006, Wimar entered into a definitive agreement and plan of merger with Columbia Sussex Corporation, under which Wimar would acquire all of the stock of Aztar Corporation, a holding company owning five casino properties (the "Aztar Acquisition"). On January 3, 2007, Wimar acquired all of the stock of the then publicly-traded Aztar Corporation for approximately \$2.1 billion in cash pursuant to the Aztar Acquisition, and then merged Aztar Corporation into one of Wimar's subsidiaries. OpCo Debtor Aztar Corporation is now a direct subsidiary of Tropicana.

Subsequent to the merger, Wimar changed its name to Tropicana Casinos and Resorts, Inc. Through the Aztar Acquisition, non-Debtor Tropicana Casinos and Resorts, Inc. added to its gaming business the Tropicana Las Vegas and the Tropicana AC. In addition, the Aztar Acquisition also included the Casino Aztar Evansville riverboat located in Evansville, Indiana, which is owned by OpCo Debtor Aztar Riverboat Holding Company, LLC, as well as the Tropicana Express Hotel and Casino in Laughlin, Nevada (the "Tropicana Express"), which is owned by OpCo Debtor Tropicana Express, Inc. A fifth casino purchased as part of the Aztar Acquisition, located in Missouri, was sold by the Debtors prior to the Petition Date.

In total, as of the Petition Date, the corporate structure of the Tropicana Casinos and Resorts, Inc. and its subsidiaries and Affiliate Entities consisted of 49 legal Entities. Of these Entities, the LandCo Debtors consist of Tropicana Las Vegas Holdings, LLC and 6 of its direct and indirect subsidiaries, of which Yung is the sole indirect

shareholder of these entities. A chart depicting the corporate structure and indicating which Entities have filed for chapter 11 relief is attached to this Disclosure Statement as **Exhibit D**.

## C. THE LANDCO DEBTORS' PRINCIPAL ASSETS

### 1. Owned Casino Property

The LandCo Debtors wholly own the approximately 34 acre site, including all improvements thereon, on which the Tropicana Las Vegas is located.

### 2. Intellectual Property

The LandCo Debtors may have registered service marks and trademarks with the United States Patent and Trademark Office or otherwise may have acquired the licenses to use those which are material to the conduct of the LandCo Debtors' business.

## D. SUMMARY OF THE DEBTORS' PREPETITION INDEBTEDNESS AND PREPETITION FINANCING

The Debtors incurred approximately \$3.1 billion of secured and unsecured prepetition indebtedness in connection with the Aztar Acquisition.

### 1. The OpCo Credit Facility

The largest component of the Aztar Acquisition financing was the OpCo Credit Facility—an approximately \$1.71 billion secured credit facility—which was memorialized in the OpCo Credit Agreement.

The OpCo Credit Facility includes a \$1.53 billion term loan facility and, after the effect of the OpCo Forbearance Agreement, a \$90.0 million revolving loan facility, which was originally \$180.0 million. The revolving facility has a swingline sub-facility available for short-term borrowings and a letter of credit sub-facility available for the issuance of letters of credit. As of the Petition Date, approximately \$1.3 billion of the principal amount was outstanding under the term facility, and approximately \$21 million of the principal amount was outstanding under the revolving facility.

As of the Petition Date, the OpCo Debtors also had two \$500 million interest rate swap agreements with Credit Suisse and Royal Bank of Scotland related to the OpCo Credit Facility. The OpCo Debtors' obligations under the OpCo swap agreements are secured *pari passu* with the OpCo Debtors' obligations under the OpCo Credit Facility. Credit Suisse terminated its swap agreement effective May 6, 2008, and has asserted a termination claim of approximately \$26.2 million. Royal Bank of Scotland terminated its swap agreement effective May 6, 2008, and has asserted a termination claim of approximately \$27 million.

The OpCo Debtors' obligations under the OpCo Credit Facility are secured by a perfected first priority security interest in substantially all of the assets of Tropicana and the OpCo Guarantors.<sup>65</sup> In addition, OpCo Debtor Aztar Corporation's Interest in LandCo Debtor Tropicana Las Vegas Holdings, LLC has been pledged to secure the OpCo Credit Facility; this pledge gives the OpCo Lenders the residual economics from the LandCo Debtors.

<sup>65</sup> The "OpCo Guarantors" include: Adamar Garage Corporation; ~~Adamar of New Jersey, Inc.~~; Argosy of Louisiana, Inc.; Atlantic Deauville, Inc.; Aztar Corporation; Aztar Development Corporation; Aztar Indiana Gaming Company, LLC; Aztar Indiana Gaming Corporation; Aztar Missouri Gaming Corporation; Aztar Riverboat Holding Company, LLC; Catfish Queen Partnership in Commendam; Centroplex Centre Convention Hotel, L.L.C.; Columbia Properties Laughlin, LLC; CP Tahoe; Columbia Properties Vicksburg, LLC; CP Baton Rouge Casino, L.L.C.; CP Laughlin Realty, LLC; Jazz Enterprises, Inc.; JMBS Casino LLC; Ramada New Jersey Holdings Corporation; ~~Manchester Mall, Inc.~~; Ramada New Jersey, Inc.; St. Louis Riverboat Entertainment, Inc.; Tahoe Horizon, LLC; and Tropicana Express, Inc. Two non-Debtor entities, Adamar of New Jersey, Inc. and Manchester Mall, Inc., are also OpCo Guarantors.



## 2. The LandCo Credit Facility

The Debtors also financed the Aztar Acquisition by entering into the LandCo Credit Facility by and between the LandCo Lenders, the LandCo Debtors, and the LandCo Guarantors.<sup>76</sup> As of the Petition Date, approximately \$440.0 million of the principal amount was outstanding under the LandCo Credit Facility. LandCo Debtor Tropicana Las Vegas Resort and Casino, LLC is the borrower under the LandCo Credit Facility. Each of the remaining LandCo Debtors serve as guarantors.

As of the Petition Date, the LandCo Debtors also had a \$440 million swap with Credit Suisse related to the LandCo Credit Facility. The LandCo Debtors' obligations under the LandCo swap is secured *pari passu* with the LandCo Debtors' obligations under the LandCo Credit Agreement. As a result of the LandCo Debtors' chapter 11 filings, the LandCo Debtors' swap terminated automatically pursuant to its terms on May 4, 2008, and Credit Suisse has asserted a termination claim of approximately \$2.7 million.

The LandCo Debtors' obligations under the LandCo Credit Facility are secured by a perfected first priority security interest in substantially all of the assets of the LandCo Debtors, including Tropicana Las Vegas. In addition, under a pledge agreement, dated January 3, 2007, entered into in connection with the LandCo Credit Facility (the "LandCo Stock Pledge"), OpCo Debtor Tropicana Entertainment Holdings, LLC ("Tropicana Entertainment Holdings") has provided a first priority pledge of its equity interest in OpCo Debtor Tropicana Entertainment Intermediate Holdings, LLC to the LandCo Lenders.

## 3. The Subordinated Notes

Finally, the Debtors also financed the Aztar Acquisition through the issuance of \$960 million of 9-5/8% Senior Subordinated Notes due December 15, 2014 (the "Subordinated Notes") pursuant to an Indenture (the "Subordinated Notes Indenture"), dated December 28, 2006, by and among the OpCo Debtors, as issuers or guarantors, and Wilmington Trust Company, as successor trustee to U.S. Bank National Association (Wilmington Trust Company, or any successor in interest, the "Subordinated Notes Indenture Trustee"). The OpCo Debtors' obligations with respect to the Subordinated Notes are unsecured and subordinate to their obligations under the OpCo Credit Facility. As of the Petition Date, approximately \$960.0 million of the face amount of the Subordinated Notes remained outstanding, with approximately \$35.68 million of interest accruing thereon.

## E. MANAGEMENT OF THE LANDCO DEBTORS

### 1. Directors, Executive Officers, and Corporate Governance

Set forth in the table below are the names, ages, position or positions, and biographical information of the current board of managers (each a "Director" and, collectively, the "Board of Managers") of OpCo Debtor Tropicana Entertainment Holdings and current key executive officers. The Board of Managers oversees the business and affairs of each of the LandCo Debtors.

<b>Name</b>	<b>Age</b>	<b>Position</b>
Thomas M. Benninger	51	Director (Chairman)
Michael G. Corrigan	51	Director
Bradford S. Smith	58	Director
Scott C. Butera	42	President, Chief Executive Officer, and Director
Robert Yee	59	Senior Vice President and Chief Operating Officer

<sup>76</sup> The "LandCo Guarantors" include: Adamar of Nevada Corporation; Hotel Ramada of Nevada Corporation; Tropicana Development Company, LLC; Tropicana Enterprises Partnership; Tropicana Las Vegas Holdings, LLC; and Tropicana Real Estate Company, LLC.



<b>Name</b>	<b>Age</b>	<b>Position</b>
Marc H. Rubinstein	47	Senior Vice President, <del>Chief Legal Officer,</del> <u>Law and Administration &amp; Secretary</u>
Richard L. Baldwin	36	Vice President, Chief Financial Officer, and Treasurer

*Thomas M. Benninger.* Mr. Benninger has served as Chairman of the Board of Managers of Tropicana Entertainment Holdings since June 6, 2008. Since that same time, he has also served as Chairman of the Litigation Committee. He was appointed to the boards of each of Tropicana Entertainment Holdings' direct and indirect Debtor-corporate subsidiaries on June 30, 2008. Mr. Benninger is a founding managing general partner of Global Leveraged Capital, a private merchant banking firm that actively pursues proprietary origination of leveraged corporate debt, distressed debt, and minority equity investments. Mr. Benninger has extensive financial, audit, and restructuring experience at a variety of leading financial institutions, including UBS Investment Bank, Donaldson, Lufkin and Jenrette, Arthur Andersen & Co., and Smith Barney.

*Michael G. Corrigan.* Mr. Corrigan has served as a member of the Board of Managers of Tropicana Entertainment Holdings since June 6, 2008. He also serves as Chairman of the Audit Committee and as a member of on the Litigation Committee. He was appointed to the boards of each of Tropicana Entertainment Holdings' direct and indirect Debtor-corporate subsidiaries on June 30, 2008. Mr. Corrigan is a media and entertainment executive with experience in operations, strategic planning, and finance. Mr. Corrigan previously served as Co-Founder and Partner of Shelbourne Capital Partners LLC, a boutique financial advisory firm. He is a former Chief Financial Officer of Metro Goldwyn Mayer Inc. He serves as a Director of ACME Communications, Inc. and had been chairman of the Board of Directors for Atari, Inc.

*Bradford S. Smith.* Mr. Smith has served as a member of the Board of Managers of Tropicana Entertainment Holdings since June 6, 2008. He also serves as Chairman of the Regulatory Gaming Compliance Committee and is a member of both the Litigation Committee and the Audit Committee. He was appointed to the boards of each of Tropicana Entertainment Holdings' direct and indirect Debtor-corporate subsidiaries on June 30, 2008. Mr. Smith is a gaming and regulatory consultant who previously served as Chairman and Chief Executive Officer of the New Jersey Casino Control Commission (the "NJCCC"). A former state Senator, Mr. Smith was a member of both the judiciary and law and public safety committees of the New Jersey state Senate. He serves on the Mt. Airy Casino Resort Independent Audit Committee.

*Scott C. Butera.* Mr. Butera joined Tropicana as President on March 19, 2008. In addition, on June 6, 2008, he was named Chief Executive Officer of Tropicana Entertainment Holdings and appointed a member of the Board of Managers of Tropicana Entertainment Holdings. He is a member of the Regulatory Gaming Compliance Committee. He was appointed to the boards of each of Tropicana Entertainment Holdings' direct and indirect Debtor-corporate subsidiaries on June 30, 2008. Prior thereto, Mr. Butera held a number of executive positions in the gaming industry, including as Chief Operating Officer of the Cosmopolitan Resort Casino in Las Vegas, Nevada, President of Metroflag Management LLC, a casino resort development company located in Las Vegas, and President, Chief Operating Officer, and Executive Vice President of Trump Hotels & Casino Resorts, Inc., during which time he was the principal architect of the company's financial and operational restructuring. Mr. Butera also served previously as an Executive Director for UBS Investment Bank, which culminated a fifteen-year career as an investment banker focused on the gaming, lodging, and real estate industries.

*Robert Yee.* Mr. Yee has served as Senior Vice President and Chief Operating Officer of Tropicana Entertainment Holdings since October 15, 2008. Prior to accepting his positions with the OpCo Debtors, Mr. Yee gained extensive experience in the gaming industry through a number of positions with other casino companies, including as President of Montreaux Development, President of Paris/ Bally's Hotels & Casinos Resorts, and President and Chief Operating Officer of the Casino Windsor.

*Marc H. Rubinstein.* Mr. Rubinstein has served as Senior Vice President, Chief Legal Officer, and Secretary of Tropicana Entertainment Holdings since July 28, ~~2008-2008, which title was changed in March 2009 to Senior Vice President—Law and Administration & Secretary.~~ Prior to accepting his position with the OpCo Debtors,

Mr. Rubinstein gained extensive experience in the gaming industry through a number of positions with other casino companies, including as General Counsel and corporate secretary for Cosmopolitan Resort & Casino, Las Vegas, Wynn Resorts, Limited, and the Nevada properties of Caesars World, Inc. — Caesars Palace, Caesars Tahoe, and The Desert Inn.

*Richard L. Baldwin.* Mr. Baldwin has served as Vice President, Chief Financial Officer, and Treasurer of Tropicana Entertainment Holdings since January 6, 2009. Prior to accepting his position with the OpCo Debtors, Mr. Baldwin gained extensive experience in the gaming technology industry through a number of positions with other casino companies, including Senior Vice President and Chief Financial Officer for Shuffle Master Gaming, Director of Corporate Finance and Investor Relations for International Game Technology, and Director of Corporate Finance for Anchor Gaming. Mr. Baldwin is also a Certified Public Account and previously was employed by Deloitte & Touche, LLP.

## **2. Board Committees of Tropicana Entertainment Holdings**

On June 30, 2008, the Board of Managers established board committees to assist in the oversight of the affairs of Tropicana Entertainment Holdings and its subsidiaries, including the LandCo Debtors. Each of these committees operates under a charter that has been approved by the Board of Managers.

### **a. Audit Committee**

On June 30, 2008, Tropicana Entertainment Holdings created an Audit Committee (the “Audit Committee”). The current members of the Audit Committee are Michael G. Corrigan (Chair) and Bradford S. Smith, both of whom were appointed as members on June 30, 2008. The Board of Managers has determined that Mr. Corrigan is an “Audit Committee Financial Expert,” as such term is defined in Item 407 of Regulation S-K promulgated by the United States Securities and Exchange Commission. The LandCo Debtors’ management, not the Audit Committee, is responsible for the preparation of the LandCo Debtors’ financial statements and the LandCo Debtors’ internal control over financial reporting and the financial reporting process. The LandCo Debtors’ independent registered public accounting firm is responsible for performing an independent audit of the LandCo Debtors’ financial statements in accordance with generally accepted auditing standards and to issue a report on those financial statements. The Audit Committee assists the Board of Managers in its oversight of the Debtors’ financial statements and its internal accounting policies and procedures.

The Audit Committee reports regularly (but no less frequently than quarterly) to the entire Board of Managers on its activities, including any issues that arise with respect to the quality or integrity of the LandCo Debtors’ financial statements, the performance and independence of the LandCo Debtors’ independent auditors, and the performance of the internal audit function.

### **b. Regulatory Gaming Compliance Committee**

Tropicana Entertainment Holdings has also created the “Regulatory Gaming Compliance Committee” to ensure that the LandCo Debtors are complying with gaming regulations in the jurisdictions in which they operate. The Regulatory Gaming Compliance Committee has been created to develop, implement, and oversee a program (the “Gaming Compliance Program”), to: (i) monitor compliance with gaming laws and regulations applicable to the LandCo Debtors’ businesses and operations; (ii) perform due diligence with respect to compliance by the LandCo Debtors’ employees, officers, directors, vendors, and others providing services to Tropicana Entertainment Holdings and its LandCo Debtor subsidiaries; (iii) perform due diligence with respect to certain proposed transactions and associations; and (iv) advise the Board of Managers of any gaming law compliance problems or situations which may adversely affect the regulatory good standing of the LandCo Debtors in any of the jurisdictions in which they operate. The current members of the Regulatory Gaming Compliance Committee are Bradford S. Smith (Chair) and Scott C. Butera, both of whom were appointed to the committee on June 30, 2008. The Regulatory Gaming Compliance Committee is responsible for the appointment, review, and replacement of the Gaming Compliance Officer to assist in the implementation and administration of the Gaming Compliance Program. It also is responsible for the review of

information developed by the necessary departments of Tropicana Entertainment Holdings and its Affiliates and coordinated by the Gaming Compliance Officer.

**c. Litigation Committee**

Finally, Tropicana Entertainment Holdings has created a committee to review and evaluate potential causes of action that the Debtors might have against others (including, without limitation, the Insider Causes of Action) (the “Litigation Committee”). The current members of the Litigation Committee are Thomas M. Benninger (Chair), Bradford S. Smith, and Michael G. Corrigan, each of whom was appointed to the committee on June 30, 2008. The Litigation Committee is authorized to bring such actions on behalf of the Debtors and shall have the authority to retain, at the expense of the Debtors, such independent legal and other advisors as the Litigation Committee shall deem necessary to carry out its duties, without seeking approval of the Board of Managers. The Litigation Committee has retained independent legal advisors.

**d. The Litigation Committee’s Retention of Independent Legal Advisors**

The Litigation Committee, with the assistance of its independent legal counsel, has conducted an investigation (the “Litigation Committee’s Investigation”) into whether the Debtors may have viable Insider Causes of Action.

**(i) Conduct of the Litigation Committee’s Investigation**

The Litigation Committee retained Paul, Hastings, Janofsky & Walker LLP (“Paul Hastings”) on July 28, 2008, to assist with the conduct of the Litigation Committee’s Investigation, and the Bankruptcy Court subsequently approved the retention on September 16, 2008 [Docket No. 921]. In the course of the Litigation Committee’s Investigation and in coordination with the Creditors Committee, Paul Hastings obtained information and documents through both formal procedures under the Bankruptcy Code and through more informal methods. As to the former, Paul Hastings participated in several examinations that were conducted pursuant to Bankruptcy Rule 2004. Paul Hastings also reviewed thousands of pages of documents produced pursuant to the Creditors Committee’s own discovery requests pursuant to Bankruptcy Rule 2004, as well as documents produced and transcripts of Bankruptcy Rule 2004 examinations (including those of Yung and members of the management team of Entities he owns or controls) taken in connection with the Emergency Motion of the Ad Hoc Consortium of Senior Subordinated Noteholders for the Appointment of a Trustee Pursuant to 11 U.S.C. §§ 1104(a)(1) and 1104(a)(2) [Docket No. 37] that was filed and resolved prior to the start of the Litigation Committee’s Investigation. Paul Hastings also has conducted interviews of and obtained documents through more informal means from the Debtors’ senior management, their Professionals, and other outside advisors of the Debtors.

**(ii) Results of the Litigation Committee’s Investigation**

Based on evidence developed to date in the Litigation Committee’s Investigation, the Debtors believe that the Estates may have legal claims against certain of the Yung Entities on account of, among other grounds, breach of fiduciary duty, gross negligence, and breach of contract claims. The Litigation Committee asserts that these claims would stem from numerous issues, including those relating to the loss of the license at the Tropicana AC, the related loss of control at Casino Aztar Evansville, gross mismanagement at the Debtors’ casino operations and breach of the various service agreements entered into between certain of the Yung Entities and the Debtors. While the Debtors have not completed an analysis of the damages relating to these claims, they believe that, based upon the unprecedented loss of the license at the Tropicana AC, the similar effect upon the Casino Aztar Evansville, and the substantial deterioration of the related assets of the Debtors under the management and control of the Yung Entities, the damages relating to these claims, if proven, could be material.

The Yung Entities deny that there has been any breach of fiduciary duty, gross negligence, breach of contract, or other grounds on which the Estates would have a legal claim against any of the Yung Entities and intend to vigorously defend against any such Claims and Causes of Action.

As set forth elsewhere in this Disclosure Statement and in the Plan, a Litigation Trust will be created and will hold all Insider Causes of Action, including those that could be brought based on the evidence developed in the Litigation Committee's Investigation. The Litigation Committee and the Debtors believe that the Litigation Trust is the preferred mechanism for pursuing and resolving any Insider Causes of Action that may have arisen out of the Board Investigation. Once the Litigation Trust is created, the Litigation Committee will turn over to it the results of the Litigation Committee's Investigation. It cannot be predicted which claims, if any, the Litigation Trust will determine are viable or choose to pursue, nor can the outcome of any such litigation be predicted.

### III. THE CHAPTER 11 CASES

The following is a general summary of the Chapter 11 Cases, including the events leading up to the chapter 11 filings, the stabilization of the Debtors' operations following the chapter 11 filings, certain administrative matters addressed during the Chapter 11 Cases, and the Debtors' restructuring initiatives since the chapter 11 filings.

#### A. EVENTS LEADING TO THE CHAPTER 11 CASES AND RELATED POSTPETITION EVENTS

##### 1. Challenging Market Conditions

As discussed in Section II.D, the Debtors assumed and incurred approximately \$3.1 billion of debt as part of the Aztar Acquisition. Almost immediately after the Aztar Acquisition closed, the Debtors were challenged with a downturn in the economy that impacted the Debtors' operations in three principal respects. First, as consumers experienced the downturn in the economy, they cut back on their traveling and gambling, which caused a material and unprecedented drop in the Debtors' revenue (as well as those of many of the Debtors' competitors in the gaming industry). Second, the value of real estate—the Debtors' primary assets—eroded across the country, sharply reducing the market value of the Debtors' total assets. Third, the nation's credit markets drastically tightened, severely limiting the Debtors' access to additional capital—especially given that the Debtors' collateral package is largely based on real estate—as well as severely limiting the Debtors' lenders' willingness to refinance the Debtors' existing indebtedness. This affected all aspects of the Debtors' casino financings, including those of the LandCo Debtors.

##### 2. Loss of Control of Tropicana AC

One of the OpCo Debtors' most important assets acquired in the Aztar Acquisition was the Tropicana AC. Prior to the acquisition, the Debtors were granted temporary authority to operate the Tropicana AC, through affiliated non-Debtor Adamar of New Jersey, Inc. (an indirect subsidiary of Tropicana and a guarantor of the Subordinated Notes and the OpCo Credit Facility) ("Adamar") and were required by New Jersey law to place the stock of Adamar in an interim casino authorization trust (the "ICA Trust"). In addition, the Debtors, their officers, and Yung were required to undergo a lengthy licensing process to own and operate the Tropicana AC on a permanent basis.

On December 12, 2007, the NJCCC denied Tropicana's application for plenary authorization as a casino holding company and declined to renew the existing license of Adamar (the "New Jersey License Denial"). Instead of granting Tropicana's application for plenary authorization and renewing Adamar's license, the NJCCC rendered operative the ICA Trust. Upon the ICA Trust becoming operative, Justice Stein was appointed trustee and was obligated to exercise all rights of ownership of the Adamar stock, to manage the operations of the Tropicana AC, and to arrange the transfer of the property.<sup>87</sup> Consequently, the capital stock of Adamar is controlled by the ICA Trust and the Tropicana AC is managed by Justice Stein.

The NJCCC's refusal to renew Adamar's license meant that the NJCCC was authorized to appoint a conservator for Adamar. The duties of the conservator essentially are the same as those of the trustee of the ICA Trust. Accordingly, on December 12, 2007, the NJCCC instituted a conservatorship and one week later, on December 19, 2007, the NJCCC issued an order appointing Justice Stein to serve as conservator of Adamar as well as trustee of the ICA Trust. For more information regarding the New Jersey License Denial, see the NJCCC's Opinion

<sup>87</sup> A number of parties have disputed whether a sale of the Tropicana AC is *per se* required under New Jersey law. The Creditors Committee opposes any further sale efforts of the Tropicana AC because it believes such efforts are unlikely to yield successful bids.

and Order in the Matter of Amended Petitions of Adamar of New Jersey, Inc. for Renewal of Its Casino and Casino Hotel Alcoholic Beverage Licenses, and Other Matters, Order No. 07-12-12-27, dated December 12, 2007.

### **3. Loss of Control of the Casino Aztar Evansville**

Following the New Jersey License Denial, the Indiana Gaming Commission staff asserted that the Debtors' failure to renew their New Jersey license imperiled the Debtors' license to operate the Casino Aztar Evansville, another asset of the OpCo Debtors. Without conceding the point, the Debtors agreed to sell the Casino Aztar Evansville and further consented to enter into the Durable Power of Attorney for the Designation and Appointment of Attorney in Fact for the Purposes of Conducting Riverboat Gambling Operations and Related Activities entered into by Aztar Indiana Gaming Company, LLC on March 29, 2008 (the "Evansville Power of Attorney"), under which Mr. Robert Dingman (since succeeded by Trinity Hill Group, LLC, the entity that employs Mr. Dingman) was appointed as attorney in fact (the "Evansville Attorney in Fact").

### **4. Defaults Under Prepetition Financing**

As discussed above, at the time of the New Jersey License Denial, the Debtors already were under significant financial pressure given the depressed state of the gaming industry. That pressure was only exacerbated by the Debtors' loss of control over, and revenue from, the Tropicana AC, and the imposition of the expedited process to sell the Casino Aztar Evansville. The Debtors were then beset further by the actions of certain of their creditors, who asserted various defaults under the Debtors' prepetition indebtedness. This led to costly and distracting litigation, several forbearance agreements, and ultimately became the triggering event forcing the commencement of the Chapter 11 Cases.

#### **a. Default Under the OpCo Credit Facility**

The New Jersey License Denial constituted an immediate default under the OpCo Credit Facility that could have led to the acceleration of the debt under the OpCo Credit Facility (which, in turn, would have caused a cross-default under the LandCo Credit Facility and the Subordinated Notes Indenture). To avoid this, Tropicana, Tropicana Entertainment Intermediary Holdings, LLC, the OpCo Lenders, and the OpCo Guarantors entered into a forbearance agreement, effective December 12, 2007, pursuant to which certain of the OpCo Lenders agreed to, among other things, forbear, for up to one year, from declaring a default under the OpCo Credit Facility, arising out of, among other things, the New Jersey License Denial and certain other specified events (the "OpCo Forbearance Agreement").

In exchange for the OpCo Forbearance Agreement, the Debtors had to make monthly—rather than quarterly—interest payments under the OpCo Credit Facility. Moreover, certain terms of the OpCo Credit Facility were restricted, including the permanent reduction of both the OpCo Revolving Facility commitments from \$180 million to \$90 million and the swingline sub-facility commitments from \$60 million to \$10 million, further limiting the Debtors' access to capital. Finally, the Debtors had to comply with additional restrictions and reporting requirements contained in the OpCo Forbearance Agreement.

On April 30, 2008, the Debtors were scheduled to make an interest payment to the OpCo Lenders of approximately \$9.2 million. Given their limited cash availability, the Debtors did not make that interest payment. On May 1, 2008, the administrative agent under the OpCo Credit Facility delivered a notice to the Debtors alleging that they were in default under the OpCo Forbearance Agreement on account of the failure to make the April 30, 2008 interest payment.

#### **b. Default Under the LandCo Credit Facility**

On April 21, 2008, the administrative agent under the LandCo Credit Facility delivered a notice to the Debtors alleging that there were outstanding defaults under the LandCo Credit Facility, including that the Debtors failed to deliver various information to the LandCo Lenders, including audited annual financial statements accompanied by an unqualified opinion of an independent public accountant, consolidated projections for fiscal year

2008, and certain other reports allegedly due under the LandCo Credit Facility. According to the notice, certain of the purported defaults constituted immediate events of default under the LandCo Credit Facility.

On May 2, 2008, the administrative agent under the LandCo Credit Facility delivered another notice to the Debtors alleging that there was an additional cross-default under the LandCo Credit Facility as a result of the Debtors' failure to make an interest payment due under the OpCo Credit Facility and for the failure to notify the LandCo Lenders of such event of default.

**c. Default Under the Subordinated Notes Indenture and Subordinated Notes Forbearance Agreement**

On January 28, 2008, the Subordinated Notes Indenture Trustee issued a declaration of acceleration and notice of default, asserting that the New Jersey License Denial constituted an event of default under the Subordinated Notes Indenture. On that same date, the Subordinated Notes Indenture Trustee filed an eleven-count complaint commencing an action in the Delaware Chancery Court against certain of the Debtors and certain of their former officers. In the complaint, the Subordinated Notes Indenture Trustee sought, among other things, judgment for the entire outstanding balance of the Subordinated Notes, a declaration that various other planned asset dispositions constituted events of default under the Subordinated Notes Indenture, the appointment of receivers, and a judgment (via a derivative action) against certain of the Debtors' former officers for their alleged breaches of their fiduciary duties in connection with the New Jersey License Denial.

The parties cross-moved for summary judgment with respect to the counts alleging that the New Jersey License Denial and subsequent transfer of assets to Justice Stein constituted events of default under the Subordinated Notes Indenture. On February 29, 2008, the Delaware Chancery Court ruled in favor of the Debtors on all issues except one—holding that the transfer of the assets of the Tropicana AC to Justice Stein was a breach of the Subordinated Notes Indenture, subject to a 60-day cure period.

While the litigation was proceeding in the Delaware Chancery Court, the Subordinated Notes Indenture Trustee issued a second declaration of acceleration and notice of default on February 20, 2008, in an attempt to remedy problems with its initial notice on January 28, 2008. With the Subordinated Notes Indenture Trustee alleging that the Debtors were in default under the Subordinated Notes and defaults having occurred under the OpCo Credit Facility and the OpCo Forbearance Agreement, the OpCo Lenders refused to honor the Debtors' draw requests under the OpCo Revolving Facility, further aggravating the Debtors' liquidity.

Shortly thereafter, on April 11, 2008, the Debtors, the Subordinated Notes Indenture Trustee, and certain Holders of the Subordinated Notes entered into the Subordinated Notes Forbearance Agreement, pursuant to which the Subordinated Notes Indenture Trustee agreed to a waiver of existing defaults and to forbear from all rights and remedies available under the Subordinated Notes Indenture, subject to conditions specified therein. The outside termination date for the Subordinated Notes Forbearance Agreement was April 30, 2008, but could be extended provided certain conditions were met or certain fees were paid. On April 30, 2008, counsel to the Subordinated Notes Indenture Trustee and certain Holders of Subordinated Notes agreed to further extend the forbearance period through May 5, 2008. Given the expiration of this forbearance period, the Debtors had no choice but to commence the Chapter 11 Cases to preserve their assets and the value of their estates.

**B. INITIATION OF THE CHAPTER 11 CASES**

On the Petition Date, the Debtors filed voluntary petitions for relief under chapter 11 of the Bankruptcy Code. The Debtors continue to operate their business and manage their properties as debtors in possession pursuant to sections 1107(a) and 1008 of the Bankruptcy Code. On May 6, 2008, the Court entered an order jointly administering the Chapter 11 Cases pursuant to Bankruptcy Rule 1015(b). No trustee or examiner has been appointed in the Chapter 11 Cases.



## C. **STABILIZATION OF OPERATIONS**

Immediately following the Petition Date, the Debtors devoted substantial efforts to stabilizing their operations and preserving and restoring their relationships with vendors, customers, employees, landlords, and utility providers that had been impacted by the commencement of the Chapter 11 Cases. As a result of these initial efforts, the Debtors minimized the negative impacts resulting from the commencement of the Chapter 11 Cases.

On the Petition Date, in addition to the voluntary petitions for relief filed by the Debtors under chapter 11 of the Bankruptcy Code, the Debtors also filed a number of motions with the Bankruptcy Court (the “First Day Motions”). Within a few days, the Bankruptcy Court entered several orders in connection with the First Day Motions (the “First Day Orders”) that, among other things: (1) prevented interruptions to the Debtors’ businesses; (2) eased the strain on the Debtors’ relationships with certain essential constituents; (3) provided access to much needed working capital; and (4) allowed the Debtors to retain certain advisors necessary to assist the Debtors with the administration of the Chapter 11 Cases.

### 1. **Procedural Motions**

To facilitate a smooth and efficient administration of the Chapter 11 Cases and to reduce the administrative burden associated therewith, the Bankruptcy Court entered procedural orders: (a) authorizing the joint administration of the Debtors’ Chapter 11 Cases [Docket No. 109]; (b) granting the Debtors an extension of time to file their Schedules [Docket No. 198]; and (c) extending the deadline to remove actions to the Bankruptcy Court pursuant to 28 U.S.C. § 1452 to December 3, 2008 and subsequently extending the deadline to April 2, 2009 [Docket Nos. 586 and 1136, respectively]. On July 7, 2008, the Debtors filed their Schedules with the Bankruptcy Court.

### 2. **Employment and Compensation of Professionals**

To assist the Debtors in carrying out their duties as debtors in possession and to otherwise represent the Debtors’ interests in the Chapter 11 Cases, the Bankruptcy Court entered First Day Orders authorizing the Debtors to retain and employ: (a) Kurtzman Carson Consultants LLC, as Claims and Solicitation Agent [Docket No. 52]; (b) Lazard Frères & Co. LLC, as investment banker and financial advisor [Docket No. 222] (“Lazard”); (c) AlixPartners, LLP as restructuring advisors [Docket No. 221]; (d) Kirkland & Ellis LLP, as counsel [Docket No. 223]; (e) Richards, Layton & Finger, P.A., as co-counsel [Docket No. 197]; (f) Ernst & Young LLP, as Independent Auditor and Accounting Advisor [Docket No. 265]; and (g) certain professionals utilized in the ordinary course of the Debtors’ businesses [Docket No. 218]. On June 5, 2008 the Bankruptcy Court entered an order approving certain procedures for the interim compensation and reimbursement of Professionals in the Chapter 11 Cases [Docket No. 269].

### 3. **Customer Programs**

Prior to the Petition Date, the Debtors engaged in customer programs to develop customer loyalty, encourage repeat business, and ensure customer satisfaction. The Debtors believe that these customer programs assisted, and continue to assist, them in retaining current customers, attracting new customers, and, ultimately, increasing revenue. The continuation of these customer programs and retention of core customers is a critical element of the Debtors’ successful reorganization. Accordingly, the Bankruptcy Court entered a First Day Order authorizing the Debtors to continue their customer programs and honor the prepetition commitments owed with respect thereto [Docket No. 50].

### 4. **Evansville Power of Attorney**

As set forth above in Section III.A.3, prior to the Petition Date, to alleviate concerns of the Indiana Gaming Commission, certain of the OpCo Debtors entered into the Evansville Power of Attorney for designation and appointment of the Evansville Attorney in Fact for the purpose of conducting gaming operations at the Casino Aztar Evansville. The Debtors sought a First Day Order, which the Bankruptcy Court granted, authorizing the Debtors to

honor certain obligations arising under the Evansville Power of Attorney as well interim relief from certain requirements under the Bankruptcy Code regarding the return of property held by a custodian [Docket No. 51].

#### **5. Fees and Taxes**

The Debtors believed that, in some cases, certain authorities had the ability to exercise rights that would be detrimental to the Debtors' restructuring if the Debtors failed to meet the obligations imposed upon them to remit certain taxes and fees. Therefore, the Debtors felt that it was in their best interests to eliminate the possibility of any unnecessary distractions. Accordingly, the Debtors sought, and the Bankruptcy Court entered, a First Day Order authorizing the Debtors to pay fees and taxes, including sales and use, franchise, real property and annual report taxes, as necessary or appropriate, to avoid harm to the Debtors' business operations [Docket No. 53].

#### **6. Employee Compensation**

The Debtors rely on their employees for their day to day business operations. The Debtors believed that without the ability to honor prepetition wages, salaries, benefits, commission, and the like, their employees might have sought alternative employment opportunities, perhaps with the Debtors' competitors, thereby depleting the Debtors' workforce, hindering the Debtors' ability to meet their customer obligations, and likely diminishing stakeholder confidence in the Debtors' ability to reorganize successfully. The loss of valuable employees would have been distracting at a critical time when the Debtors were focused on stabilizing their operations. Accordingly, the Bankruptcy Court entered a First Day Order authorizing the Debtors to pay, among other amounts, prepetition Claims and obligations for (a) wages, salaries, bonuses, commissions, and other compensation, (b) deductions and payroll taxes, (c) reimbursable employee expenses, and (d) employee medical and similar benefits [Docket No. 54].

#### **7. Utilities**

Section 366 of the Bankruptcy Code protects debtors from utility service cutoffs upon a bankruptcy filing while providing utility companies with adequate assurance that the debtors will pay for postpetition services. The Debtors felt that the financing provided by the DIP Facility, along with a two week deposit and the Debtors' clear incentive to maintain their utility services, provided the adequate assurance required by the Bankruptcy Code. Consequently, the Bankruptcy Court entered an interim First Day Order and, ultimately, a Final Order approving procedures for, among other things, determining adequate assurance for utility providers and prohibiting utility providers from altering, refusing, or discontinuing services without further Bankruptcy Court order [Docket Nos. 55 and 217, respectively].

#### **8. Critical Trade Vendors, PACA Claims, and Lien Holders**

The Debtors purchase goods and services from approximately 1,200 outside vendors, some of whom provide the Debtors with goods or services that cannot be obtained elsewhere or cannot be obtained elsewhere except at exorbitant cost. These vendors include vendors that supply consumable goods to the Debtors (that do not fall under the Perishable Agricultural Commodities Act of 1930, as amended 7 U.S.C. § 499a *et seq.* ("PACA")), discussed below), vendors that supply certain hospitality-related goods and in-room amenities, and vendors that provide gaming equipment at the Debtors' properties. To prevent disruption in service from such critical vendors, on the Petition Date, the Debtors sought, and the Bankruptcy Court granted, authority to pay in the ordinary course of business the prepetition Claims of certain critical vendors from available funds up to the aggregate amount of \$1.0 million on an interim basis and up to \$2.4 million on a final basis.

In addition, the Debtors identified certain vendors that provided "perishable agricultural commodities" as defined under PACA. PACA affords certain unpaid vendors of perishable agricultural commodities the authority to impose a trust on certain of the Debtors' assets to enforce prompt payment of Claims Filed pursuant to PACA ("PACA Claims") ahead of Claims asserted by secured and unsecured creditors of the Debtors' estates. To facilitate the payment of the PACA Claims, the Debtors sought approval of certain procedures in connection therewith.

Finally, to address potential lien issues the Debtors identified certain vendors who were entitled under applicable state or other laws to exercise certain rights, such as of collection or “self help,” against the Debtors’ assets notwithstanding the automatic stay under section 362 of the Bankruptcy Code. The Debtors sought authority from the Bankruptcy Court to pay up to \$5 million of lien Claims pursuant to lien procedures outlined in the motion. The Bankruptcy Court entered an interim First Day Order and, ultimately, a Final Order approving the procedures for payment of Claims asserted by critical trade vendors, PACA claimants, and lienholders [Docket Nos. 56 and 224, respectively].

To date, approximately \$1.8 million has been disbursed pursuant to the terms of this Final Order.

#### **9. Cash Management Systems**

As part of a smooth transition into these Chapter 11 Cases, and in an effort to avoid administrative inefficiencies, maintaining the Debtors’ cash management system with a multitude of banks and various depository functions was of critical importance. Thus, the Debtors sought and the Bankruptcy Court entered a First Day Order authorizing the Debtors to continue using the existing cash management system, bank accounts, and business forms. Further, the Court deemed the Debtors’ bank accounts debtor in possession accounts and authorized the Debtors to maintain and continue using these accounts in the same manner and with the same account numbers, styles, and document forms as those employed before the Petition Date [Docket No. 58].

#### **10. Debtor in Possession Financing and Use of OpCo Lenders’ Cash Collateral**

As of the Petition Date, the Debtors were faced with an inability to access adequate financing to fund operations and generate revenue to support their businesses. Due to various prepetition obligations, defaults, and excessive financial pressures, the Debtors had little choice but to file the Chapter 11 Cases. Access to financing was key to the long-term success of the Debtors’ businesses and their overall ability to maximize value for all parties in interest. Indeed, because of the Debtors’ financial distress, the Debtors required immediate access to funding.

Beginning in February 2008, Lazard began to explore strategic opportunities relating to the Debtors’ capital structure. Following extensive arm’s-length negotiations with Silver Point Finance (“Silver Point”), the Debtors were able to secure financing pursuant to the terms of the DIP Facility (subject to Bankruptcy Court approval).

On May 7, 2008, the Bankruptcy Court entered an interim order authorizing the Debtors to borrow up to \$20 million under the DIP Facility on a superpriority administrative claim basis and secured by a first priority priming lien on the assets of the OpCo Debtors and second priority lien on the assets of the LandCo Debtors [Docket No. 72]. The DIP Facility bore interest at the Adjusted LIBO Rate (with a floor of 3.5%) plus 6.75% per annum for Eurodollar loans or the Alternate Base Rate (with a floor of 5.5%) plus 5.75% per annum for ABR loans. The Debtors also agreed to pay certain fees in connection with the DIP Facility, including a structuring fee of 2.0%, an unused line fee of 1.25% per annum, and a monthly administrative agent’s fee of \$13,958.33. The DIP Facility had an original maturity date of May 5, 2009. In addition to approving the interim financing, the Bankruptcy Court authorized the Debtors to use cash collateral pursuant to the terms and conditions set forth in the interim order and granted adequate protection to the OpCo Lenders for such use of cash collateral, including, without limitation: (a) adequate protection liens; (b) current cash payment of default interest and reasonable documented fees and expenses under the OpCo Credit Facility; and (c) a 0.25% adequate protection fee.

Following the entry of the interim order, the Creditors Committee and a group of Holders of Subordinated Notes (the “Ad Hoc Consortium”) filed objections to the final approval of the DIP Facility. After extensive, arm’s-length negotiations among the Debtors, the Ad Hoc Consortium, the Creditors Committee, and certain lenders under the DIP Facility, including Silver Point, the DIP Facility was modified to reduce the amount of the commitment fee to 0.75%, to reduce the interest rate by 0.5% per annum, and to extend the maturity by four months through September 5, 2009, and the adequate protection package was modified to include payment of interest at only the non-default rate and to eliminate the 0.25% adequate protection fee. Moreover, the parties reserved their rights to argue that the adequate protection payments were insufficient or that any payments made could be disgorged or recharacterized as payments on principal. On May 30, 2008, the Bankruptcy Court entered a Final Order (the “Final

DIP Order”) approving, among other things: (a) the DIP Facility, as amended, and the Debtors’ access to the full \$67 million thereunder; and (b) the revised cash collateral provisions and related adequate protection package for the OpCo Lenders [Docket No. 219].

The Final DIP Order granted the Creditors Committee and other parties in interest a 90-day period (the “OpCo Investigation Period”) within which to investigate and challenge the extent, validity, priority, perfection, and enforceability of, or otherwise assert certain claims and defenses against Credit Suisse, in its capacity as administrative agent under the OpCo Credit Facility (the “OpCo Agent”) or any of the OpCo Lenders<sup>98</sup> or their respective affiliates, representatives, attorneys, or advisors in connection with matters related to certain of the OpCo Debtors’ prepetition obligations or the OpCo Agent’s or the OpCo Lenders’ liens on prepetition collateral.

Pursuant to several stipulations entered into by the Debtors, the Creditors Committee, and the OpCo Agent, each of which was so-ordered by the Court, the OpCo Investigation Period was extended, solely with respect to the Creditors Committee, through and including the earlier of (a) the last date that a chapter 11 plan for each OpCo Debtor has become effective and (b) 30 days after the date a case of any OpCo Debtor is converted to a case under chapter 7 of the Bankruptcy Code with respect to any OpCo Debtor whose case is not so converted, with respect to the following (collectively, the “OpCo Reserved Challenges”): (i) an action under sections 544(a), 550, and 551 of the Bankruptcy Code to seek to avoid the OpCo Agent’s purported lien on and security interest in any and all personal property otherwise perfected through the filing of a UCC-1 financing statement (and any necessary amendments thereto) under Article 9 of the Uniform Commercial Code of Tropicana Express, Inc. (formerly known as Ramada Express, Inc.) acquired after November 17, 2007; and (ii) an action under sections 544(a), 550, and 551 of the Bankruptcy Code to seek to avoid the OpCo Agent’s purported lien on the accounts that are listed on Schedule 1 attached thereto, to the extent such accounts are allegedly either not subject to account control agreements or in the possession or other control of the OpCo Agent or any OpCo Lender. The Creditors Committee is continuing to investigate the OpCo Reserved Challenges and reserves all rights in connection therewith.

The Debtors, following a comprehensive evaluation of all of their operations, finances, and properties, thereafter determined that the budget and projections, upon which the first amended DIP Facility was based, did not predict with sufficient accuracy the Debtors’ financial needs on a going-forward basis, due to underlying inaccuracies in the data itself, as well as the challenging revenue environment faced by all casino operators and the impact of the chapter 11 filings on the Debtors’ operations. The Debtors also determined that they would fail (and did in fact fail) to reach certain EBITDA requirements imposed under the DIP Facility. Accordingly, on or about August 20, 2008, the Debtors initiated a dialogue with the DIP Lenders, seeking a waiver of defaults and amendment to the DIP Facility. Following discussions with the DIP Lenders and creditor constituents of the Debtors, certain existing defaults were waived, and the DIP Facility was further amended to, among other things, provide \$13 million of additional available borrowing thereunder [Docket No. 1015]. In addition, on March 3, 2009, the Debtors filed a motion to further amend the DIP Credit Facility and pay certain amendment fees in connection therewith [Docket No. 1569], which the Court approved by an order entered on March 17, 2009 [Docket No. 1695].

~~Subsequently, the~~**The** Debtors **also** determined that the OpCo Credit Facility collateral did not fully-secure the OpCo Credit Facility Claim and that, therefore, the OpCo Lenders were not entitled to payments of interest as part of their Adequate Protection Payments (as defined in the Final DIP Order) for use of their Cash Collateral (also as defined in the Final DIP Order). Accordingly, on January 28, 2009, the Debtors filed their Motion for Entry of an Order Modifying the OpCo Lenders’ Adequate Protection, *Nunc Pro Tunc* to February 1, 2009 [Docket No. 1408] (the “OpCo Adequate Protection Motion”), seeking to modify the Final DIP Order to discontinue the interest component of the Adequate Protection Payments from and after February 1, 2009. On January 30, 2009, the steering committee of OpCo Lenders filed the Response of the Steering Committee of Senior Secured Lenders to the Debtors’ Motion for Entry of an Order Modifying the OpCo Lenders’ Adequate Protection, *Nunc Pro Tunc* to February 1, 2009 and Cross Motion for Further Modifications [Docket No. 1414] (the “OpCo Lenders’ Cross Motion”), consenting to the OpCo Adequate Protection Motion and requesting that the Bankruptcy Court, among other things, increase the 20 percent interim Professional fee compensation holdback to 30 percent and impose a \$10 million cap on reimbursement of Professional fees and expenses incurred by the Professionals for the OpCo Debtors, the LandCo

<sup>98</sup> “OpCo Lenders” means those certain lenders party to the OpCo Credit Facility.

Debtors, and the Creditors Committee from and after February 1, 2009. On February 10, 2009, the Creditors Committee filed the Response of the Official Committee of Unsecured Creditors to the Debtors' Motion for Entry of an Order Modifying the OpCo Lenders' Adequate Protection, Nunc Pro Tunc to February 1, 2009 and Objection to the OpCo Lenders' Cross Motion for Further Modifications [Docket No. 1459]. The ~~Debtors intend to file a reply in support of~~Court approved the OpCo Adequate Protection ~~motion and in opposition to the OpCo Lenders' Cross Motion. The OpCo Adequate Protection Motion and the OpCo Lenders' Cross Motion is scheduled to be heard at the hearing to approve this Disclosure Statement~~Motion on March 17, 2009 [Docket No. 1695].

#### 11. Use of LandCo Lenders' Cash Collateral

On the Petition Date, the Debtors also sought authority to use cash collateral of the LandCo Lenders to permit, among other things, the orderly continuation of the operation of the LandCo Debtors' businesses, to maintain business relationships with vendors, suppliers, and customers, to make payroll, to make capital expenditures, and to satisfy other working capital and operational needs.

On May 6, 2008, the Bankruptcy Court entered an interim order authorizing the LandCo Debtors to use cash collateral of the LandCo Credit Facility and granting adequate protection against diminution in value to the LandCo Lenders for such use of cash collateral [Docket No. 57]. The Creditors Committee and the Ad Hoc Committee subsequently filed objections to final approval of the terms of the LandCo cash collateral motion. Following extensive negotiations, the LandCo Debtors and the objectors reached agreement as to the adequate protection that the LandCo Debtors would provide to the LandCo Lenders, including: (a) adequate protection liens; (b) a section 507(b) superpriority claim against the LandCo Debtors; (c) interest, fees, and expenses in the amount of all accrued and unpaid interest on the prepetition obligations, and all other accrued and unpaid fees and disbursements; and (d) certain reporting requirements. The Bankruptcy Court entered a Final Order granting such relief on May 30, 2008 [Docket No. 220] (the "LandCo Cash Collateral Order").

The LandCo Cash Collateral Order granted the Creditors Committee and other parties in interest a 90 day period (the "LandCo Investigation Period") within which to investigate and challenge the extent, validity, priority, perfection, and enforceability of, or otherwise assert certain claims and defenses against Credit Suisse (the "LandCo Prepetition Agent"), in its capacity as prepetition agent for the LandCo Lenders, or any of the LandCo Lenders or their respective affiliates, representatives, attorneys, or advisors in connection with matters related to certain of the LandCo Debtors' prepetition obligations or the LandCo Prepetition Agent's or the LandCo Lenders' liens on prepetition collateral.

On August 15, 2008, the Creditors Committee filed an Emergency Motion for an Order Extending the Deadline to Investigate and Challenge the Liens and Claims of the Prepetition LandCo Lenders [Docket No. 773] following the LandCo Prepetition Agent's refusal to consensually extend the LandCo Investigation Period for the Creditors Committee. On August 22, 2008, the Court overruled the LandCo Prepetition Agent objection and extended the LandCo Investigation Period, solely with respect to the Creditors Committee, through and including September 30, 2008.

Thereafter, the Creditors Committee, the Debtors and the LandCo Prepetition Agent entered into a stipulation, which was so-ordered by the Court on October 1, 2008, extending the LandCo Investigation Period until the earlier of (a) December 31, 2009 and (b) the date a chapter 11 plan for any of the LandCo Debtors becomes effective, with respect to the following (collectively, the "LandCo Reserved Challenges"): certain claims and defenses relating to the LandCo Prepetition Agent's purported liens and security interests in (x) property of the LandCo Debtors as to which a security interest in favor of the LandCo Prepetition Agent and the LandCo Lenders might have otherwise been perfected prior to the Petition Date through the filing of UCC-1 financing statements under Article 9 of the Uniform Commercial Code, and (y) funds existing at the Petition Date in certain specified accounts. The Creditors Committee is continuing to investigate the LandCo Reserved Challenges and reserves all rights in connection therewith.

The Debtors determined that the LandCo Credit Facility collateral did not fully-secure the LandCo Credit Facility Claim and that, therefore, the LandCo Lenders were not entitled to payments of interest as part of their



adequate protection for use of their cash collateral. Accordingly, on March 3, 2009, the Debtors filed their Motion for Entry of an Order Modifying the LandCo Lenders' Adequate Protection, Nunc Pro Tunc to March 15, 2009 [Docket No. 1566], seeking to modify the LandCo Cash Collateral Order to discontinue the interest component of the adequate protection payments from and after March 15, ~~2009-2009~~, which the Court entered on March 17, 2009 [Docket No. 1696].

#### **D. UNSECURED CREDITORS**

##### **1. Appointment of the Creditors Committee**

On May 14, 2008, the United States Trustee appointed the Creditors Committee pursuant to section 1102 of the Bankruptcy Code. The members of the Creditors Committee include the following: (a) International Union, UAW; (b) Fixture Dimensions Inc.; (c) International Gaming Technology; (d) Park Cattle Co.; (e) Wilmington Trust Company; (f) U.S. Foodservice, Inc.; and (g) Mutual Shares Fund c/o Franklin Mutual Advisors.

The Creditors Committee retained Stroock & Stroock & Lavan LLP as counsel to the Creditors Committee and Morris, Nichols, Arsht & Tunnell LLP as co-counsel to the Creditors Committee. On November 13, 2008, the Bankruptcy Court entered Final Orders approving the retention of Stroock & Stroock & Lavan LLP and Morris, Nichols, Arsht & Tunnell LLP [Docket Nos. 602 and 600, respectively]. The Creditors Committee also retained Capstone Advisory Group, LLC, as its financial advisors, primarily to advise and consult with respect to the Plan and any proposed alternative plan or the prospects therefor [Docket No. 742]. Subsequently, the Creditors Committee retained various gaming counsel in multiple jurisdictions.

Since its formation, the Creditors Committee and its advisors have played an active and important role in the Chapter 11 Cases.

##### **2. Meeting of Creditors**

The meeting of creditors pursuant to section 341 of the Bankruptcy Code was held on June 13, 2008 at the J. Caleb Boggs Federal Building, 844 King Street, 2nd Floor, Room 2112, Wilmington, Delaware 19801. In accordance with Bankruptcy Rule 9001(5) (which requires, at a minimum, that one representative of the Debtors appear at such meeting of creditors for the purpose of being examined under oath by a representative of the United States Trustee and by any attending parties in interest), Scott Butera, as well as John Castellano, of AlixPartners, LLP, and counsel to the Debtors, attended the meeting and answered questions posed by the United States Trustee and other parties in interest present.

#### **E. SIGNIFICANT EVENTS DURING THE CHAPTER 11 CASES**

##### **1. Motion to Appoint a Chapter 11 Trustee and to Conduct Examinations Pursuant to Rule 2004 of the Bankruptcy Code**

On May 6, 2008, the Ad Hoc Consortium filed a motion seeking the appointment of a trustee [Docket No. 37] (the "Trustee Motion"). On May 23, 2008, the Court set the Trustee Motion for trial on July 1-3, 2008 [Docket No. 176].

On June 6, 2008, the Creditors Committee filed a motion in which the Creditors Committee joined the Trustee Motion on a limited basis and separately sought authority to conduct examinations of the Debtors, Yung, and Columbia Sussex Corporation under Bankruptcy Rule 2004 [Docket Nos. 289 and 290, respectively] (the "Rule 2004 Motion"). Subsequently, on June 25, 2008, the Creditors Committee filed a supplemental response fully joining in the Trustee Motion [Docket No. 424].

The Creditors Committee states that the purpose of the Rule 2004 Motion was to enable the Creditors Committee to evaluate whether potential causes of action existed against Yung or the entities under his control and any individuals related thereto and the potential value of the same. Citing the New Jersey License Denial by the



NJCCC, the Creditors Committee noted that the NJCCC was clearly troubled by a casino services agreement with Tropicana Casinos and Resorts, Inc. (“TCR”) and a service agreement with Columbia Sussex Corporation, which, the NJCCC said, were among a litany of agreements whereby TCR and Columbia Sussex Corporation were to provide Debtors with “management” services. Thus, the Creditors Committee asserted that an investigation was required to determine the relationships between Yung, the Debtors, and Columbia Sussex Corporation and whether these contracts are legitimate arrangements or sham, redundant transactions that dissipated the Debtors’ funds for the benefit of Yung, TCR, and Columbia Sussex Corporation.

Yung, TCR, and Columbia Sussex Corporation have repeatedly asserted that these contracts are legitimate arrangements and have provided documentation and information to the Debtors and the Creditors Committee in support thereof.

Between May 6, 2008 and July 1, 2008, while the parties prepared for trial on the Trustee Motion, the Debtors engaged in good faith negotiations with the Ad Hoc Committee and the Creditors Committee to consensually resolve the Trustee Motion and the Rule 2004 Motion. On July 2, 2008, the second day of the trial on the Trustee Motion, the Debtors reached an accord with the Ad Hoc Committee and the Creditors Committee resolving both motions, which the Court approved [Docket No. 485]. Pursuant to the terms of the agreement, generally: (a) Yung agreed to resign from each of the Debtors’ boards; (b) Yung agreed to grant a limited irrevocable proxy to the Tropicana Entertainment Holdings Board of Managers with respect to his rights as an equity holder of non-Debtor Tropicana Casinos and Resorts, Inc. to remove, replace, or fill any vacancy of the Board of Managers; and (c) the Debtors agreed to commence discussions with the NJCCC and the Indiana Gaming Commission in connection with the possible reconveyance of the assets of Tropicana AC and the Casino Aztar Evansville, respectively.

## **2. Disposition of the Tropicana AC**

### **a. The Debtors’ Appeal of the New Jersey License Denial**

As discussed above in Section III.A.2, as a result of the NJCCC issuing the New Jersey License Denial, the Debtors effectively lost control of the Tropicana AC. The Debtors appealed the decision to first the New Jersey Appellate Division and then to the New Jersey Supreme Court, but the decision was affirmed at both levels.

On a separate track, on October 23, 2008, the Debtors filed the Petition for Statements of Compliance filed with the NJCCC (the “Compliance Petition”) asserting, among other things, that (a) the Debtors have been “utterly and completely reformed” since the entry of the order denying them the license and (b) the persons responsible for the acts and omissions cited by the NJCCC in support of its order have been removed entirely from the Debtors and Yung no longer has the ability to influence or control the “reformed” Debtors. The Compliance Petition seeks a series of rulings and findings that, if issued, would enable the Debtors to once again apply for a license to operate the Tropicana AC. For example, the Compliance Petition requests that the NJCCC find that Yung, “having been unequivocally and irreversibly removed from any position of control or influence over the [Debtors], is a person whose qualification can, with the concurrence of the Director of the [New Jersey] Division of Gaming Enforcement, be waived pursuant to *N.J.S.A. 5:12-85d(1)*.”

On November 25, 2008, the Supreme Court of New Jersey issued an opinion affirming the New Jersey License Denial. Later on that same day, the Debtors filed a petition requesting that the NJCCC stay any sale of the Tropicana AC pending resolution of the Compliance Petition. The NJCCC has indicated that it will not render a decision on the stay petition unless it becomes necessary (*i.e.*, unless Justice Stein approaches the NJCCC seeking approval of a fully negotiated agreement to sell the Tropicana AC).

The NJCCC subsequently directed the Debtors to file a follow-up petition clarifying Yung’s current and expected future role with the Debtors. On December 3, 2008, the Debtors filed a Petition for a Declaratory Ruling with the NJCCC seeking a ruling that the actions taken by the Debtors with respect to Yung are adequate to enable the Debtors to obtain all of the “Statements of Compliance” sought in the Compliance Petition, as well as a waiver of the

qualification requirements that otherwise apply to Yung, so that the Debtors can be found qualified as holding or intermediary companies of the casino licensee, Adamar (the “Declaratory Ruling Petition”).

On December 11, 2008, the Debtors filed the Memorandum of Law in Support of the Compliance Petition and the Declaratory Ruling Petition, describing in detail the numerous measures taken by the Debtors to reform their management and corporate governance. The Memorandum of Law also offered additional support for why the NJCCC should not pause in granting the relief sought in the Compliance and Declaratory Ruling petitions, including, among other things, the fact that Yung will never realize any value from his equity interest in the Reorganized Debtors due to the financial condition of the Debtors and the priority scheme existing amongst their creditors. As of the date of the filing of this Disclosure Statement, the New Jersey Division of Gaming Enforcement is conducting an investigation. When the investigation is complete, the Division of Gaming Enforcement is expected to report its findings and make recommendations to the NJCCC concerning the issues raised by the several petitions.

**b. The Debtors’ Efforts at Relicensure in New Jersey**

The Debtors have taken substantial measures aimed at facilitating the transition of the Tropicana AC to Reorganized OpCo Corporation. The Debtors now are under the direction of a highly-qualified, experienced senior management team and a board consisting of three independent members and the chief executive officer. The current senior management team and board replaced the executives and board that was associated with the Tropicana AC when Justice Stein was appointed. The new senior management team and directors, together with certain interested constituencies in the Chapter 11 Cases, have developed a viable business plan that contemplates significant capital improvement expenditures on each of Reorganized OpCo Corporation’s properties, including the Tropicana AC in the event that Adamar and Manchester Mall, Inc. (collectively, the “New Jersey Entites”) are restructured together with the OpCo Debtors.

**c. Justice Stein’s Marketing Efforts of the Tropicana AC**

The Tropicana AC has been marketed extensively for more than a year. In early January 2008, Justice Stein, through Bear, Sterns & Co., his financial advisor at the time, engaged more than 100 parties to solicit bids for the Tropicana AC. Following that solicitation process, at the request of Justice Stein and to allow Justice Stein to pursue sale agreements with certain qualified bidders, the NJCCC extended the deadline by which the sale of the Tropicana AC was to be completed to June 9, 2008. Justice Stein concluded that the bids received at that time were for insufficient amounts to move forward with a sale.

The NJCCC subsequently extended the time period for Justice Stein to complete the Tropicana AC Sale to October 16, 2008, to allow Justice Stein to conduct a second full-scale solicitation process. In connection therewith, on July 1, 2008, the NJCCC authorized Justice Stein to retain Moelis & Co., LLC and J.P. Morgan Chase as co-financial advisors to pursue a second marketing process. Upon the completion of the second process, four parties, including the Cordish Company (“Cordish”), submitted indications of interest. Justice Stein publicly announced Cordish’s “indication of interest” of \$575 to \$700 million as the leading bid, which the OpCo Lenders initially were considering. However, following the release of Tropicana AC’s 2008 EBITDA levels, which were lower than expected, Cordish has reduced its proposed purchase price and was unable to negotiate a deal that is acceptable to the OpCo Lenders.

**d. Authorization by the NJCCC to File Chapter 11 Petitions**

For the purpose of effectuating a sale of their assets pursuant to section 363 of the Bankruptcy Code, Justice Stein has petitioned the NJCCC for approval to commence bankruptcy proceedings for the New Jersey Entities. The Debtors filed a memorandum in opposition to Justice Stein’s petition, requesting that the NJCCC deny Justice Stein’s petition, directing Justice Stein to pursue any section 363 sale process immediately after a bankruptcy filing and parallel with the process to confirm the Plan, and requesting that the NJCCC consider, on an expedited basis, the petitions of compliance previously filed by the Debtors as well as related petitions filed in connection thereto.

In response, the NJCCC extended the deadline by which Justice Stein must dispose of the Tropicana AC to March 18, 2009. The NJCCC suggested that the New Jersey Entities may file for chapter 11 bankruptcy relief to consummate the Tropicana AC Sale. The NJCCC did not direct in which venue the New Jersey Entities were to file any chapter 11 petitions; however, the NJCCC did not state that circumstances mitigated in favor of the New Jersey Entities filing chapter 11 cases in the District of New Jersey. The OpCo Lenders may serve as the stalking horse for the assets of the New Jersey Entities and certain related assets owned by the Debtors with a “credit bid” pursuant to section 363(k) of the Bankruptcy Code. In connection therewith, the NJCCC stated that Justice Stein was to submit materials, including a form of purchase agreement and the bidding procedures, to the NJCCC for review by no later than February 23, 2009, with responses thereto and any reply due between March 3, 2009 and March 9, 2009.. On February 23, 2009, Justice Stein submitted a letter to the NJCCC stating that the documents would not be submitted as requested without indicating a date by which such documents would be filed. On information and belief, Justice Stein has not submitted such documents to the NJCCC as of the date hereof. The NJCCC did not rule out the possibility of the New Jersey Entities becoming joint proponents of the Plan; however, the NJCCC indicated that it does not believe that decision is ripe for consideration at this time. With respect to the Debtors’ request that the NJCCC direct Justice Stein to pursue parallel courses of action (*i.e.*, upon filing chapter 11 petitions, requiring that Justice Stein pursue an exit strategy—either by way of becoming a joint proponent of the Plan or by seeking confirmation of a standalone plan—while simultaneously pursuing the Tropicana AC Sale pursuant to section 363 of the Bankruptcy Code), the NJCCC indicated that it continues to investigate the pending petitions filed by the Debtors. The ultimate determination of the Tropicana AC is not known at this time.

### 3. Settlement of the Evansville Purchase Agreement

Following the New Jersey License Denial, to protect the disposition of the Casino Aztar Evansville assets, the Debtors agreed to sell the Casino Aztar Evansville. Beginning in January 2008, the Debtors marketed the Casino Aztar Evansville to potential strategic and financial purchasers. As a result of such marketing efforts, the Debtors entered into a securities purchase agreement, dated March 31, 2008, with Resorts Indiana, LLC and Eldorado Resorts, LLC (“Eldorado”). Pursuant to the purchase agreement, Eldorado agreed to purchase the Casino Aztar Evansville assets for \$190 million in cash, a \$30 million note, and a potential “earn-out” of up to \$25 million to be calculated based on the financial performance of the Casino Aztar Evansville during the year following the closing of the sale. In addition, Eldorado deposited \$10 million in an escrow account pending court and regulatory approvals and the closing of the transaction.

The purchase agreement also contained a bankruptcy clause, whereunder the Debtors were obligated, upon Filing for relief under the Bankruptcy Code, to seek approval of the sale by the Bankruptcy Court. In connection therewith, on August 6, 2008, Eldorado filed an Amended Motion of Resorts Indiana, LLC and Eldorado Resorts, LLC to Compel the Debtors to Assume or Reject Securities Purchase Agreement [Docket No. 725] (the “Eldorado Motion to Compel”). (Eldorado’s initial motion to compel was filed one day earlier, on August 5, 2008.) The Debtors and the Creditors Committee Filed objections to the Eldorado Motion to Compel, and the Ad Hoc Consortium joined the Creditors Committee’s objection [Docket Nos. 830, 829, and 828, respectively]. The OpCo Lenders filed a statement in support of the sale [Docket No. 823].

The Debtors thereafter determined that, at that time, engaging in a sale process was in the best interests of the OpCo Estates and filed a motion to approve the sale on August 21, 2008 [Docket No. 809]. On September 16, 2008, the Bankruptcy Court entered an order approving the bidding procedures [Docket No. 923] and scheduling a hearing to consider approval of the sale for November 18, 2008, which later was continued. Thereafter the Debtors, together with Lazard, conducted an extensive marketing process for the Casino Aztar Evansville assets, using the purchase agreement as a stalking horse. The marketing process failed to produce competitive bids and on Friday, October 31, 2008, the Debtors announced that they had canceled the auction. Certain of the Debtors’ creditor constituencies, however, filed objections to the proposed sale.

The Creditors Committee filed an objection to the sale, which asserted, among other things that: (a) the sale of the Casino Aztar Evansville assets, given the conditions of the credit and gaming markets at the time, was not in the best interests of the Estates; (b) the Casino Aztar Evansville was the best-performing casino property of the Debtors

and that the loss of the Casino Aztar Evansville through the proposed sale would jeopardize the Debtors' ability to obtain exit financing and also deprive unsecured creditors of significant value in the Chapter 11 Cases; (c) the purchase agreement between the Debtors and Eldorado was negotiated under forced circumstances following the New Jersey License Denial and, therefore, did not represent the fair market value of the Casino Aztar Evansville assets; (d) regardless of whether the purchase price represented fair market value at the time the purchase agreement was executed, the proposed price was less than the value of the Casino Aztar Evansville on a reorganized basis; and (e) the Debtors' decision to move forward with the sale of the Casino Aztar Evansville assets to Eldorado was not made on an informed basis—stating and the Debtors had not yet conducted a comprehensive valuation analysis or adequately considered the repercussions of the sale upon the Debtors' businesses. Consequently, the Creditors Committee advocated that the Casino Aztar Evansville assets be retained by the Debtors and recapitalized under a confirmable chapter 11 plan of reorganization. Thereafter, the parties engaged in extensive discovery in connection with the sale. As part of that discovery, it soon became apparent that Eldorado might not be able to close the transaction under the terms of the purchase agreement because of its potential inability to obtain financing on acceptable terms and obtain necessary gaming licenses.

Confronted with the uncertainty of Eldorado's ability to close (regardless of whether the Bankruptcy Court approved the sale), coupled with the uncertainties surrounding the outcome of complex, expensive, time-consuming, and uncertain litigation over breach of contract damages and rights to the deposit, as well as the objections of the creditor constituencies, the Debtors determined that a settlement with Eldorado was in the best interests of the Debtors' Estates. On November 26, 2008, the Court entered an order approving the settlement [Docket No. 1215]. Under the terms of the settlement: (a) the purchase agreement was terminated as of the date of the entry of an order approving the settlement; (b) the Debtors received \$5 million of the \$10 million deposit held in the escrow account; and (c) the parties provided mutual releases to each other.

The Debtors continue to endeavor to engage in discussions with the Indiana Gaming Commission with respect to the renewal of their Indiana gaming license, which has been held in abeyance since the appointment of the Evansville Attorney in Fact. The Debtors currently are in discussions with the City of Evansville and also are in the process of compiling the information necessary to file an application to renew their Indiana gaming license. The Debtors intend to file their license renewal application with the Indiana Gaming Commission shortly.

#### **4. Settlement of the Vicksburg Sale**

Debtor CP Vicksburg entered into an Agreement of Sale, dated on or about November 12, 2007, by and between CP Vicksburg and Nevada Gold Vicksburg, LLC ("Nevada Gold"), pursuant to which substantially all of Debtor CP Vicksburg's assets were to be sold to Nevada Gold for approximately \$35 million. Pursuant to the agreement, Nevada Gold deposited \$2 million into an escrow account. Nevada Gold, however, subsequently refused to close under the sale agreement. In response, the Debtors initiated an adversary proceeding, alleging a claim for breach of contract. Nevada Gold disputed the allegations.

The Debtors and Nevada Gold ultimately reached a negotiated settlement. Pursuant to the settlement, the parties agreed, among other things, to (a) split the \$2 million deposit, as well as any interest accrued thereon, (b) terminate the sale agreement, and (c) provide each other with mutual releases. On November 12, 2008, the Bankruptcy Court approved the settlement [Docket No. 1272].

#### **5. Separation from Columbia Sussex Corporation**

As part of the Debtors' efforts to separate from Yung, and to recruit and maintain talented gaming senior management (many of whom predominantly reside in and around the Las Vegas area), the Debtors have been working to transfer their overall operating management, finances, accounting, information systems, compliance, internal audit, and human resources functions from non-Debtor affiliate Columbia Sussex Corporation. Toward this end, among other things, the Debtors have transitioned their headquarters from Crestview Hills, Kentucky to Las Vegas, Nevada. The separation of the Debtors' from Columbia Sussex Corporation, combined with the changes to the Debtors' directors and senior management, as discussed in Article II.E, have enhanced the Debtors' businesses and operations.

## 6. The Statement of Intent and Plan Framework Filed by the Debtors

On September 5, 2008, the Debtors filed their Statement of Intent Concerning Their Reorganization and Recapitalization [Docket No. 875] (the "Statement of Intent"). The Statement of Intent provided an overview of the Chapter 11 Cases, including: (a) the Debtors' purpose of filing the Chapter 11 Cases; (b) interim activities by the Debtors between the Petition Date and the date of the Filing of the Statement of Intent, such as the separation from Yung and the Yung Entities, implementation of a new board, senior management, and an operational reorganization; (c) the Debtors' efforts to re-establish working relationships with gaming regulators and stakeholders; (d) the Debtors' efforts to stabilize their operations and finances; (e) the Debtors' development of their business plan, including the resolution of the Tropicana AC matter, and their negotiations with major creditors in connection thereto. The Statement of Intent outlined the Debtors' reorganization and recapitalization initiatives.

On October 2, 2008, the Debtors Filed the Notice of Filing of Proposed Framework for a Chapter 11 Joint Plan of Reorganization [Docket No. 979] (the "Plan Framework"). In the Plan Framework, the Debtors provided further background on their strategy with respect to gaming regulatory agencies, including the NJCCC and the Indiana Gaming Commission. The Debtors also provided an outline of a joint plan of reorganization contemplated at the time the Plan Framework was Filed.

### F. EXCLUSIVITY

Under the Bankruptcy Code, a debtor has the exclusive right to file and solicit acceptance of a plan or plans of reorganization for an initial period of 120 days from the date on which the debtor filed for voluntary relief. If the debtor files a plan within this exclusive period, then the debtor has the exclusive right for 180 days from the date on which the debtor filed for voluntary relief to solicit acceptances to the plan. During these exclusive periods, no other party in interest may file a competing plan of reorganization, however, a court may extend these periods upon request of a party in interest and "for cause." On August 8, 2008, the Bankruptcy Court extended the Debtors' exclusive plan proposal period through and including January 12, 2009 and the Debtors' exclusive plan solicitation period through and including March 13, 2009.

On December 23, 2008, the Creditors Committee filed a motion for an order to (a) modify the Debtors' exclusivity periods, (b) authorize the Creditors Committee to file a plan of reorganization, and (c) approve parallel filing and solicitation tracks [Docket No. 1296] (the "Committee Exclusivity Modification Motion"). The Debtors objected to the Committee Exclusivity Modification Motion. The Committee Exclusivity Modification Motion was heard before the Bankruptcy Court on January 8, 2009, and on January 14, 2009, the Bankruptcy Court entered an order denying the Committee Exclusivity Modification Motion [Docket No. 1368].

On February 27, 2009, the Debtors filed a motion to extend the exclusive period to solicit plan acceptances to the earlier of (a) ten business days after the date of the Court's entry of an order either granting Confirmation of the Plan, or (b) July 17, 2009 [Docket No. 1555]. ~~The Debtors' motion has been noticed for hearing on March 18, 2009, which has been approved by the Court [Docket No. 1708].~~

### G. CLAIMS BAR DATES

On July 10, 2008, the Bankruptcy Court entered an order approving the Motion of the Debtors for Entry of an Order Establishing Bar Dates for Filing Proofs of Claim and Approving the For and Manner of Notice Therewith pursuant to Bankruptcy Rule 3003(c)(3) setting September 26, 2008 at 6:00 p.m., prevailing Pacific time, and November 2, 2008 at 6:00 p.m., prevailing Pacific time, as the Claims Bar Dates for non-governmental prepetition Claims and governmental prepetition Claims filed against the Debtors, respectively [Docket No. 604].

In accordance with the order, written notice of the Debtors' Claims Bar Dates was mailed to, among others, all Holders of Claims listed on the Schedules. In addition, the Debtors published notice of the Claims Bar Dates in numerous publications, including, the Wall Street Journal, the Advocate, the Press of Atlantic City, the Las Vegas Review-Journal, and the International Gaming & Wagering Business. A deadline by which Proofs of Claim for Administrative Claims (except to the extent such Claims are asserted pursuant to section 503(b)(9) of the Bankruptcy



Code, which are subject to the Claims Bar Dates) are required to be filed with the Bankruptcy Court has not been established as of the date of this Disclosure Statement, and the Debtors are requesting that the Bankruptcy Court set such date as part of the Confirmation of the Plan.

## H. PENDING LITIGATION PROCEEDINGS

In the ordinary course of business, the Debtors are party to various lawsuits, legal proceedings, and claims arising out of their respective businesses. The Debtors cannot predict with certainty the outcome of these lawsuits, legal proceedings, and claims. Nevertheless, they do not believe that the outcome of any currently existing proceeding, even if determined adversely, would have a material adverse effect on their businesses, financial condition, or results of operations.

With certain exceptions, the filing of the Chapter 11 Cases operates as a stay with respect to the commencement or continuation of litigation against the Debtors that was or could have been commenced before the commencement of the Chapter 11 Cases. In addition, the litigation stayed by the commencement of the Chapter 11 Cases, the OpCo Debtors' liability is subject to discharge in connection with the confirmation of a plan of reorganization, with certain exceptions. Therefore, certain litigation claims against the Debtors may be subject to compromise in connection with the Chapter 11 Cases. This may reduce the Debtors' exposure to losses in connection with the adverse determination of such litigation.

## IV. SUMMARY OF THE JOINT PLAN OF REORGANIZATION

### A. ADMINISTRATIVE CLAIMS AND PRIORITY CLAIMS

In accordance with section 1123(a)(1) of the Bankruptcy Code, DIP Facility Claims, Administrative Claims, and Priority Tax Claims have not been classified and thus are excluded from the Classes of Claims and Interests set forth in Article III of the Plan. The Plan does not provide for the substantive consolidation of the LandCo Debtors and, instead, constitutes a separate plan of reorganization for each LandCo Debtor. Accordingly, the description of the treatment of particular Claims set forth below applies separately to Claims asserted against each individual LandCo Debtor.

#### 1. DIP Facility Claims

Allowed DIP Facility Claims shall be paid in full in Cash after the Effective Date, in full, final, and complete satisfaction of such Claims; provided, however, that each Holder of an Allowed DIP Facility Claim shall only receive a distribution under the Plan if and to the extent that such Holders of Allowed DIP Facility Claims are not paid pursuant to an OpCo Plan.

#### 2. Administrative Claims

On the later of the Effective Date or the date on which an Administrative Claim becomes an Allowed Administrative Claim, or, in each such case, as soon as practicable thereafter, each Holder of an Allowed Administrative Claim shall be paid in full in Cash for the unpaid portion of such Allowed Administrative Claim, in full, final, and complete satisfaction of such Claims.

All requests for payment of an Administrative Claim must be Filed with the Claims and Solicitation Agent and served upon counsel to the LandCo Debtors or the Liquidating LandCo Debtors or New LandCo, as applicable, on or before the Administrative Claim Bar Date. Any request for payment of an Administrative Claim that is not timely Filed shall be disallowed automatically, forever barred from assertion, and shall not be enforceable against any Liquidating LandCo Debtor or New LandCo without the need for any objection by the Liquidating LandCo Debtors or New LandCo or further notice to or action, order, or approval of the Bankruptcy Court or other Entity. The Liquidating LandCo Debtors or New LandCo may settle and pay any Administrative Claim in the ordinary course of business without any further notice to or action, order, or approval of the Bankruptcy Court or any other Entity. In the event that any party with standing objects to an Administrative Claim, the Bankruptcy Court shall determine the



Allowed amount of such Administrative Claim. Notwithstanding the foregoing, no request for payment of an Administrative Claim need be Filed with respect to an Administrative Claim previously Allowed by Final Order, including, without limitation, all Claims by the LandCo Agent and the LandCo Lenders pursuant to the LandCo Adequate Protection Order and all Claims Allowed under the Plan.

**3. Priority Tax Claims**

On the later of the Effective Date or the date on which a Priority Tax Claim becomes an Allowed Priority Tax Claim, or, in each such case, as soon as practicable thereafter, each Holder of an Allowed Priority Tax Claim due and payable on or prior to the Effective Date shall receive, in full, final, and complete satisfaction of such Claims: (1) Cash in an amount equal to the amount of such Allowed Priority Tax Claim; (2) Cash in an amount agreed to by the LandCo Debtors or the Liquidating LandCo Debtors, as applicable, and such Holder; provided, however, that such parties may further agree for the payment of such Allowed Priority Tax Claim at a later date; (3) at the option of the LandCo Debtors or the Liquidating LandCo Debtors, as applicable, and in accordance with section 1129(a)(9)(C) of the Bankruptcy Code, Cash in an aggregate amount of such Allowed Priority Tax Claim payable in regular installment payments over a period ending not more than five years after the Petition Date; or (4) such other treatment as the LandCo Debtors and the Holder of a Priority Tax Claim may otherwise agree.

**B. CLASSIFICATION AND TREATMENT OF CLAIMS AND INTERESTS**

**1. Summary**

All Claims and Interests except DIP Facility Claims, Administrative Claims, and Priority Tax Claims, are classified in the Classes set forth in Article III of the Plan. A Claim or Interest is classified in a particular Class only to the extent that the Claim or Interest qualifies within the description of that Class and is classified in other Classes to the extent that any portion of the Claim or Interest qualifies within the description of such other Classes. A Claim or Interest is also classified in a particular Class for the purpose of receiving distributions pursuant to the Plan only to the extent that such Claim or Interest is an Allowed Claim or Interest in that Class and has not been paid, released, or otherwise satisfied prior to the Effective Date. The chart below summarizes the classification and treatment of classified Claims and Interests for each LandCo Debtor.

<b>Class</b>	<b>Claim</b>	<b>Status</b>	<b>Voting Rights</b>
1	Other Priority Claims	Unimpaired	Deemed to Accept
2	Other Secured Claims	Unimpaired	Deemed to Accept
3	LandCo Credit Facility Secured Claims	Impaired	Entitled to Vote
4	LandCo General Unsecured Claims	Impaired	Entitled to Vote
5	LandCo Credit Facility Deficiency Claims	Impaired	Entitled to Vote
6	Insider Claims	Impaired	Entitled to Vote
7	Intercompany Claims	Impaired	Deemed to Reject
8	Yung Interests	Impaired	Deemed to Reject
9	Intercompany Interests	Impaired	Deemed to Reject

**2. Classification and Treatment of Claims and Interests**

The Plan does not provide for the substantive consolidation of the LandCo Debtors and, instead, constitutes a separate plan of reorganization for each LandCo Debtor. To the extent necessary or appropriate, the LandCo Debtors will tabulate the votes of Creditors in Voting Classes based on the LandCo Debtor against whom such Claims are Filed or listed in the Schedules and shall satisfy the requirements of the Bankruptcy Code with respect to such Claims on a non-consolidated basis.

**a. Class 1—Other Priority Claims**

Classification: Class 1 consists of Other Priority Claims.

Treatment: On the later of the Effective Date or the date on which an Other Priority Claim becomes an Allowed Other Priority Claim, or, in each such case, as soon as practicable thereafter, each Holder of an Allowed Other Priority Claim due and payable on or prior to the Effective Date shall, in full, final, and complete satisfaction of such Claim, (i) be paid in full in Cash or (ii) receive such other treatment as the LandCo Debtors and the Holder of such Other Priority Claim may otherwise agree.

Voting: Class 1 is Unimpaired, and the Holders of Class 1 Claims will be conclusively deemed to have accepted the Plan pursuant to section 1126(f) of the Bankruptcy Code. Therefore, Holders of Class 1 Claims will not be entitled to vote to accept or reject the Plan.

**b. Class 2—Other Secured Claims**

Classification: Class 2 consists of Other Secured Claims.

Treatment: On the later of the Effective Date or the date on which an Other Secured Claim becomes an Allowed Other Secured Claim, or, in each such case, as soon as practicable thereafter, each Allowed Other Secured Claim (including any Claim for postpetition interest accrued until the Confirmation Date at the non-default rate provided in the applicable contract or, if there is no contract, then at the Federal Judgment Rate, to the extent applicable) shall, in full, final, and complete satisfaction of such Claim, (i) be Reinstated, (ii) be paid in full in Cash, (iii) have the collateral securing such Claim returned, or (iv) receive such other treatment as the LandCo Debtors and the Holder of such Other Secured Claim may otherwise agree.

Voting: Class 2 is Unimpaired, and the Holders of Class 2 Claims will be conclusively deemed to have accepted the Plan pursuant to section 1126(f) of the Bankruptcy Code. Therefore, Holders of Class 2 Claims will not be entitled to vote to accept or reject the Plan.

**c. Class 3—LandCo Credit Facility Secured Claims**

Classification: Class 3 consists of LandCo Credit Facility Secured Claims.

Treatment: On the Effective Date or as soon as practicable thereafter, Holders of Allowed LandCo Credit Facility Secured Claims, in full, final, and complete satisfaction of the rights that such Claims represent as against but only as against the LandCo Debtors for which there is Confirmation and an Effective Date, shall receive their Pro Rata share of the New LandCo Common Stock and the right to participate in the Rights Offering; provided, that, notwithstanding anything to the contrary in the Plan, the LandCo Credit Facility Secured Claim and all rights of the LandCo Lenders under the LandCo Credit Facility shall survive to the fullest extent permitted by law against any obligor or guarantor under the LandCo Credit Facility for which there is not Confirmation or an Effective Date.

Voting: Class 3 is Impaired, and Holders of Class 3 Claims will be entitled to vote to accept or reject the Plan.

**d. Class 4—LandCo General Unsecured Claims**

Classification: Class 4 consists of LandCo General Unsecured Claims.

Treatment: Holders of Allowed LandCo General Unsecured Claims, in full, final, and complete satisfaction of such Claims, shall receive their Pro Rata share of (i) the Litigation Trust Proceeds

~~and (ii) if the Proposed Committee Settlement Offer is approved and accepted, the Proposed Committee~~allocated to the LandCo Debtors and their estates and (ii) the Settlement Payment.

Voting: Class 4 is Impaired, and Holders of Class 4 Claims will be entitled to vote to accept or reject the Plan.

**e. Class 5—LandCo Credit Facility Deficiency Claims**

Classification: Class 5 consists of the LandCo Credit Facility Deficiency Claims.

Treatment: Holders of Allowed LandCo Credit Facility Deficiency Claims, in full, final, and complete satisfaction of the rights that such Claims represent as against but only as against the LandCo Debtors for which there is Confirmation and an Effective Date, shall receive their Pro Rata share of the Litigation Trust Proceeds allocated to the LandCo Debtors and their estates; provided, that, notwithstanding anything to the contrary in the Plan, the LandCo Credit Facility Deficiency Claim and all rights of the LandCo Lenders under the LandCo Credit Facility shall survive to the fullest extent permitted by law against any obligor or guarantor under the LandCo Credit Facility for which there is not Confirmation or an Effective Date.

Voting: Class 5 is Impaired, and Holders of Class 5 Claims will be entitled to vote to accept or reject the Plan.

**f. Class 6—Insider Claims**

Classification: Class 6 consists of the Insider Claims.

Treatment: To the extent that such Insider Claims are not avoided, equitably subordinated, recharacterized, or otherwise disallowed, on the later of the Effective Date or the date on which an Insider Claim becomes an Allowed Insider Claim, or, in each such case, as soon as practicable thereafter, each Holder of an Allowed Insider Claim, in full, final, and complete satisfaction of such Claim, shall receive, in Cash, their Pro Rata share of (i) the Litigation Trust Proceeds ~~and (ii) if the Proposed Committee Settlement Offer is approved and accepted, the Proposed Committee~~allocated to the LandCo Debtors and their estates and (ii) the Settlement Payment; provided, however, the distribution to which Holders of Insider Claims are entitled shall be subject to the right of setoff against the total aggregate value of the Insider Causes of Action.

Voting: Class 6 is Impaired, and Holders of Class 6 Claims will be entitled to vote to accept or reject the Plan.

**g. Class 7—Intercompany Claims**

Classification: Class 7 consists of Intercompany Claims.

Treatment: There shall be no distributions to Holders of Intercompany Claims.

Voting: Class 7 is Impaired, and the Holders of Class 7 Claims will be conclusively deemed to have rejected the Plan pursuant to section 1126(g) of the Bankruptcy Code. Therefore, Holders of Class 7 Claims will not be entitled to vote to accept or reject the Plan.

**h. Class 8—Yung Interests**

Classification: Class 8 consists of Yung Interests.

Treatment: On the Effective Date, Yung Interests shall be canceled and shall be of no further force and effect, whether surrendered for cancellation or otherwise, and there shall be no distribution to the Holders of Yung Interests.

Voting: Class 8 is Impaired, and the Holders of Class 8 Interests will be conclusively deemed to have rejected the Plan pursuant to section 1126(g) of the Bankruptcy Code. Therefore, Holders of Class 8 Claims will not be entitled to vote to accept or reject the Plan.

**i. Class 9—Intercompany Interests**

Classification: Class 9 consists of Intercompany Interests.

Treatment: There shall be no distributions to Holders of Intercompany Interests. Intercompany Interests held by LandCo Debtors will be canceled as set forth in Article IV.~~.K~~ of the Plan.

Voting: Class 9 is Impaired, and the Holders of Class 9 Interests will be conclusively deemed to have rejected the Plan pursuant to section 1126(g) of the Bankruptcy Code. Therefore, Holders of Class 9 Interests will not be entitled to vote to accept or reject the Plan.

**3. Acceptance or Rejection of the Plan**

**a. Presumed Acceptance of Plan**

Classes 1 and 2 are Unimpaired and are, therefore, presumed to have accepted the Plan pursuant to section 1126(f) of the Bankruptcy Code.

**b. Voting Classes**

Each Holder of an Allowed Claim as of the Voting Record Date in each of the Voting Classes shall be entitled to vote to accept or reject the Plan.

**c. Acceptance by Impaired Classes of Claims**

Pursuant to section 1126(c) of the Bankruptcy Code, and except as otherwise provided in section 1126(e) of the Bankruptcy Code, an Impaired Class of Claims has accepted the Plan if the Holders of at least two-thirds in dollar amount and more than one-half in number of the Allowed Claims in such Class actually voting have voted to accept the Plan.

**d. Presumed Rejection of Plan**

Classes 7, 8, and 9 are Impaired and shall receive no distribution under the Plan on account of their Claims or Interests and are, therefore, presumed to have rejected the Plan pursuant to section 1126(g) of the Bankruptcy Code.

**e. Tabulation of Ballots**

The LandCo Debtors will tabulate all votes on the Plan on a consolidated basis for the purpose of determining whether the Plan satisfies section 1129(a)(8) and (10) of the Bankruptcy Code. All votes on account of Allowed Claims shall be counted as if Filed against a single consolidated LandCo Estate.

**f. Confirmation Pursuant to Section 1129(a)(10) and 1129(b) of the Bankruptcy Code**

Section 1129(a)(10) of the Bankruptcy Code shall be satisfied for purposes of Confirmation by acceptance of the Plan by an Impaired Class of Claims. The LandCo Debtors shall seek Confirmation of the Plan pursuant to section 1129(b) of the Bankruptcy Code with respect to any rejecting Class of Claims or Interests.

**g. Controversy Concerning Impairment**

If a controversy arises as to whether any Claims or Interests, or any Class of Claims or Interests, are Impaired, the Bankruptcy Court shall, after notice and a hearing, determine such controversy on or before the Confirmation Date.

**h. LandCo Credit Facility Claims**

Pursuant to Article VIII.M of the Plan, the LandCo Credit Facility Claims are Allowed as of the Confirmation Date in each of the LandCo Debtors' Chapter 11 Cases for all purposes under the Plan in the amount of \$442,749,156.00, with the LandCo Credit Facility Secured Claims Allowed in the settled amount of \$370,000,000.00 and the LandCo Credit Facility Deficiency Claims Allowed in the settled amount of \$72,749,156.00, and shall not be subject to setoff, recoupment, reduction, or allocation, including on account of any payments made pursuant to the LandCo Adequate Protection Order.

**C. PROVISIONS FOR IMPLEMENTATION OF THE PLAN**

**1. Sources of Consideration for Plan Distributions**

The Liquidating LandCo Debtors shall fund distributions under the Plan with Cash on hand, including Cash from operations, existing assets, the issuance of New LandCo Common Stock, New LandCo Warrants, and the Litigation Trust Proceeds.

**a. Working Capital Facility**

**Pursuant to the Working Capital Facility, Wells Fargo Foothill and certain other LandCo Lenders as may participate will provide a capital loan to New LandCo in an amount not less than \$15 million on such terms as are acceptable to Wells Fargo Foothill and New LandCo and reasonably acceptable to the LandCo Debtors.**

**b. Settlement Payment**

**Pursuant to the provisions of the Plan, Holders of Allowed Class 4 Claims and Allowed Class 6 Claims shall receive the Settlement Payment, which consists of a payment in Cash *in an amount equal to the lesser of:* (i) the aggregate amount of each of Allowed Class 4 Claims and the Allowed Class 6 Claims; and (ii) \$400,000.00 in the aggregate.**

**c. ~~a.~~ New LandCo Common Stock**

New LandCo Corporation shall issue the New LandCo Common Stock, and the right to participate in the Rights Offering, for distribution by the Liquidating LandCo Debtors to Holders of Allowed LandCo Credit Facility Secured Claims in full, final, and complete satisfaction of such LandCo Credit Facility Secured Claims. Holders of Allowed LandCo Credit Facility Secured Claims shall receive New LandCo Class A Shares, except that any such Holder of Allowed LandCo Credit Facility Secured Claims that is entitled to receive ten percent (10%) or more of the total issued shares of New LandCo Common Stock shall designate on their Class 3 Ballot, or otherwise communicate in writing prior to the Effective Date to the LandCo Debtors, the proportion of New LandCo Class B Shares that such Holder desires to receive for the portion of its holding that is in excess of nine and ninety-nine one-hundredths percent (9.99%) of the total issued shares of New LandCo Common Stock and New LandCo Corporation shall distribute to

such Holder New LandCo Common Stock in accordance with such designation. Any Holder of Allowed LandCo Credit Facility Secured Claims that is entitled to receive either (a) less than ten percent (10%) of the total issued shares of New LandCo Common Stock or (b) ten percent (10%) or more of the total issued shares of New LandCo Common Stock but does not submit a timely written designation of the proportion of New LandCo Class B Shares, shall receive all of its distribution of New LandCo Common Stock in New LandCo Class A Shares; provided that, in the sole discretion of New LandCo Corporation, such Holders shall have the right to make such written designation after the Effective Date.

**d. ~~b.~~ Rights Offering**

Pursuant to the Rights Offering, each Initial Rights Offering Participant as of the Voting Record Date will be offered Subscription Rights to purchase its Primary Allocable Share of the Rights Offering Shares pursuant to the Primary Subscription. The price of the Rights Offering Shares shall be the Subscription Price. Participation in the Rights Offering will be subject to the following procedures:

**(i) Exercise of Subscription Rights**

In order to exercise the Subscription Rights, each Initial Rights Offering Participant and Subsequent Rights Offering Participant must: (i) return a duly completed and executed Subscription Form to the Subscription Agent so that such form is received by the Subscription Agent on or before the Subscription Expiration Date; and (ii) pay an amount equal to the Subscription Purchase Price by wire transfer or bank or cashier's check so as to be received by the Subscription Agent on or before the Subscription Purchase Price Payment Date. If the Subscription Agent for any reason does not receive from a given Initial Rights Offering Participant or Subsequent Rights Offering Participant both a timely and duly completed Subscription Form and timely payment of such Holder's Subscription Purchase Price, such Initial Rights Offering Participant or Subsequent Rights Offering Participant will be deemed to have relinquished and waived its right to participate in the Rights Offering.

**(ii) "Backstop" in Case of Undersubscription**

In the event that the Rights Offering is undersubscribed by the Initial Rights Offering Participants, or if any Initial Rights Offering Participants fail to timely pay all amounts due prior to the Subscription Purchase Price Payment Date, the undersubscribed shares shall be made available to the Subsequent Rights Offering Participants for the Subscription Purchase Price. The number of undersubscribed shares shall equal the total number of Rights Offering Shares less the number of such shares purchased by the Initial Rights Offering Participants under the Primary Subscription. The undersubscribed shares shall be allocated among the Subsequent Rights Offering Participants in accordance with their respective ratable percentage ownership of the LandCo Credit Facility Claims and, to the extent subscribed by a Subsequent Rights Offering Participant, shall entitle such Subsequent Rights Offering Participant to receive its Pro Rata share of the Backstop Fee. Subsequent Rights Offering Participants shall subscribe to purchase undersubscribed shares in the manner set forth above in Article IV.~~C~~E of the Plan.

**(iii) Subscription Period**

The Rights Offering with respect to both the Initial Rights Offering Participants and the Subsequent Rights Offering Participants will commence on ~~the Mailing Deadline (as defined in the Solicitation Procedures Order)~~or about March 17, 2009, and will end on the Subscription Expiration Date, subject to extension by the Required LandCo Lenders.

**(iv) Cancellation**

The Rights Offering is subject to cancellation in its entirety upon consummation of a Cancellation Event prior to the Subscription Expiration Date.

**(v) Transfer of Subscription Rights; Election Irrevocable; Representations and**



## Warranties

Absent the prior written consent of the LandCo Debtors or New LandCo Corporation, as applicable, the Subscription Rights may not be sold, transferred, or assigned whether in connection with a sale, transfer, or assignment of the underlying LandCo Credit Facility Claim. Once a holder of Subscription Rights has properly exercised its Subscription Rights, such exercise shall be irrevocable, subject only to the occurrence of a Cancellation Event. Each Rights Offering Participant that has properly exercised its Subscription Rights represents and warrants that (i) to the extent applicable, it is duly organized, validly existing, and in good standing under the laws of the jurisdiction of its organization, (ii) it has the requisite power and authority to enter into, execute, and deliver the Subscription Form and to perform its obligations thereunder and has taken all necessary action required for the due authorization, execution, delivery, and performance thereunder, and (iii) it agrees that the Subscription Form constitutes a valid and binding obligation, enforceable against it in accordance with its terms, subject to applicable bankruptcy, insolvency, fraudulent conveyance, reorganization, moratorium, and similar laws affecting creditors' rights and remedies generally, and subject, as to enforceability, to general principles of equity, including principles of commercial reasonableness, good faith, and fair dealing (regardless of whether enforcement is sought in a proceeding at law or in equity).

### (vi) **Distribution of Rights Offering Shares**

On, or as soon as practicable after the Subscription Expiration Date or the occurrence of a Cancellation Event, but subject to extension by the New LandCo Board, the Disbursing Agent shall distribute the Rights Offering Shares pursuant to the Rights Offering.

### (vii) **Payment of the Subscription Purchase Price; No Interest**

For Rights Offering Participants that exercise their Subscription Rights in conformity with Article IV.~~CF~~.2 of the Plan, the Subscription Purchase Price will be deposited and held in ~~one or more trust accounts, escrow accounts, treasury accounts, or similar segregated accounts (the “the Subscription Accounts”)~~. The Subscription Accounts will be maintained by the Subscription Agent for the purpose of holding the money for administration of the Rights Offering until the Effective Date or such other later date, at the option of New LandCo Corporation. The Subscription Agent will not use such funds for any other purpose prior to such date and shall not encumber or permit such funds to be encumbered with any Lien or similar encumbrance. No interest will be paid to parties exercising Subscription Rights on account of amounts paid in connection with such exercise; provided, however, that, (i) to the extent that any portion of the Subscription Purchase Price paid to the Subscription Agent is not used to purchase Rights Offering Shares, the Subscription Agent will return such portion, and any interest accrued thereon, to the applicable Rights Offering Participant within ten (10) Business Days of a determination that such funds will not be used, and (ii) if the Rights Offering has not been consummated by the Subscription Expiration Date, the Subscription Agent will return any payments made pursuant to the Rights Offering, and any interest accrued thereon, to the applicable Rights Offering Participant within ten (10) Business Days thereafter.

### (viii) **Fractional Rights**

No fractional amounts of Rights Offering Shares will be issued. The number of shares of Rights Offering Shares available for purchase will be rounded down to the nearest share. Any Rights Offering Shares not subscribed to by the Initial Rights Offering Participants as a result of such rounding will be pooled and made available to the Subsequent Rights Offering Participants.

### (ix) **Validity of Exercise of Subscription Rights**

All questions concerning the timeliness, viability, form, and eligibility of any exercise of Subscription Rights shall be determined by New LandCo Corporation, whose good faith determinations absent manifest error shall be final and binding. New LandCo Corporation, in its sole discretion, reasonably exercised in good faith, may waive any defect or irregularity, or permit a defect or irregularity to be corrected within such times as it may determine, or reject the purported exercise of any Subscription Rights that does not comply with the provisions of the Rights Offering as

set forth in the Plan. Subscription Forms shall be deemed not to have been received or accepted until all irregularities have been waived or corrected within such time as New LandCo Corporation determines in its sole discretion reasonably exercised in good faith. Neither New LandCo Corporation nor the Subscription Agent shall be under any duty to give notification of any defect or irregularity in connection with the submission of Subscription Forms or incur any liability for failure to give such notification. Notwithstanding anything to the contrary contained in the Plan, but subject to the terms and conditions of the LandCo Lender Plan Term Sheet, the Required LandCo Lenders through the LandCo Agent reserve the right to modify the Rights Offering in order to comply with applicable law, including without limitation modifying the Entities otherwise eligible to be Initial Rights Offering Participants and Subsequent Rights Offering Participants and/or the number of Rights Offering Shares available to any Initial Rights Offering Participants or Subsequent Rights Offering Participant.

(x) **Use of Proceeds**

The proceeds of the Rights Offering shall be retained by New LandCo Corporation for general corporate purposes.

**e.** ~~e.~~ **New LandCo Warrants**

On the Effective Date, New LandCo Corporation shall issue the New LandCo Warrants to the OpCo Debtors or the Reorganized OpCo Debtors, as applicable, as partial compensation for the OpCo Debtors or Reorganized OpCo Corporation, as applicable, entering into the Management Services ~~Agreement and the Trademark License Agreement.~~

**f.** ~~f.~~ **Litigation Trust**

There shall be a single Litigation Trust that shall hold all of the Insider Causes of Action held by either the LandCo Debtors or the OpCo Debtors. The Litigation Trust shall operate solely for the purpose of pursuing such Insider Causes of Action and distributing the Litigation Trust Proceeds from any judgments, settlements, or recoveries; the Litigation Trust shall have no objective to engage in the conduct of any trade or business. The Litigation Trust shall be governed by the Litigation Trust Committee pursuant to the terms of the Litigation Trust Agreement. The Litigation Trust Proceeds shall be allocated to the Creditors of the LandCo Debtors and the Creditors of the OpCo Debtors as agreed to by (all of the following or their assignees) the OpCo Litigation Trust Subcommittee and the LandCo Litigation Trust Subcommittee or at the direction of the Required LandCo Lenders by a court of competent jurisdiction, and such Litigation Trust Proceeds allocated to the Creditors of the LandCo Debtors shall be distributed Pro Rata to the Litigation Trust Beneficiaries with Claims against the LandCo Debtors in full or partial satisfaction of such Claims. Any Litigation Trust Proceeds to be distributed to the Holders of Allowed OpCo General Unsecured Claims, Allowed OpCo Noteholder Unsecured Claims, or Allowed OpCo Credit Facility Deficiency Claims shall be kept in the Litigation Trust Reserve until such time as an OpCo Plan is confirmed and becomes effective providing for such distributions from the Litigation Trust. In the event that an OpCo Plan is confirmed, but does not provide for a distribution for Allowed OpCo General Unsecured Claims, Allowed OpCo Noteholder Unsecured Claims, or Allowed OpCo Credit Facility Deficiency Claims from the Litigation Trust upon the terms set forth in the Plan, then any such amounts in the Litigation Trust Reserve shall be distributed ~~on a Pro Rata basis to the other Litigation Trust Beneficiaries~~ to Holders of Class 4, Class 5, and Class 6 Claims in the same manner contemplated by Article III.B.4(b), Article III.B.5(b), and Article III.B.6(b) of the Plan.

2. **Issuance and Distribution of the New LandCo Securities**

On or prior to the Effective Date, New LandCo Corporation shall issue or reserve for issuance all New LandCo Securities required to be issued pursuant hereto. On the Distribution Date, the Liquidating LandCo Debtors and New LandCo Corporation will distribute any New LandCo Securities required to be distributed pursuant hereto. The New LandCo Securities to be issued pursuant to the Plan may be issued without registration under the Securities Act or any similar federal, state, or local law in reliance upon the exemptions set forth in section 1145 of the Bankruptcy Code. All of the New LandCo Securities issued pursuant to the Plan shall be duly authorized, validly issued, and, if applicable, fully paid and non-assessable. Each distribution and issuance referred to in Article VII of

the Plan shall be governed by the terms and conditions set forth in the Plan applicable to such distribution or issuance and by the terms and conditions of the instruments evidencing or relating to such distribution or issuance, which terms and conditions shall bind each Entity receiving such distribution or issuance.

### **3. Corporate Existence**

Except as otherwise provided in the Plan, each LandCo Debtor shall continue to exist after the Effective Date as a separate corporate entity, limited liability company, partnership, or other form, as the case may be, with all the powers of a corporation, limited liability company, partnership, or other form, as the case may be, pursuant to the applicable law in the jurisdiction in which each applicable LandCo Debtor is incorporated or formed and pursuant to the respective certificate of incorporation and bylaws (or other formation documents) in effect prior to the Effective Date, except to the extent such certificate of incorporation and bylaws (or other formation documents) are amended by or in accordance with the Plan or otherwise, and to the extent such documents are amended, such documents are deemed to be amended pursuant to the Plan and require no further action or approval.

### **4. Vesting of Assets in and Management of the Liquidating LandCo Debtors**

Except as otherwise provided in the Plan or any agreement, instrument, or other document incorporated therein, on the Effective Date, all property in each LandCo Estate other than the LandCo Assets shall vest in each respective Liquidating LandCo Debtor, free and clear of all Liens, Claims, charges, or other encumbrances. On and after the Effective Date, except as otherwise provided in the Plan, each Liquidating LandCo Debtor may use, acquire, or dispose of property and compromise or settle any Claims without supervision or approval by the Bankruptcy Court and free of any restrictions of the Bankruptcy Code or the Bankruptcy Rules. All Cash held for the account of the LandCo Lenders pursuant to the LandCo Credit Facility shall be delivered free and clear of Liens to New LandCo. Subject to modification based on an agreement between the LandCo Debtors and the LandCo Agent at the direction of the Required LandCo Lenders, which shall be disclosed in the Plan Supplement, New LandCo shall be responsible for the Liquidating LandCo Debtors honoring obligations under the Plan, including, without limitation, resolving Disputed Claims and Interests in accordance with Article VI.A of the Plan, making distributions to Creditors in accordance with Article VII of the Plan, resolving disputed Administrative Claims and paying Allowed Administrative Claims in accordance with Article IX of the Plan, paying statutory fees in accordance with Article XIII.C of the Plan, and closing the LandCo Debtors' Chapter 11 Cases in accordance with Article XIII.M of the Plan. Notwithstanding anything to the contrary contained in the Plan, New LandCo shall not assume or be responsible for any income or other taxes incurred at any time whether prepetition, postpetition, pre-Confirmation or post-Confirmation, by the Liquidating LandCo Debtors, including, but not limited to, any income or other taxes arising from any transaction contemplated in the Plan.

### **5. Intercompany Interests**

Intercompany Interests held by LandCo Debtors shall be canceled.

### **6. Cancellation of Notes and Interests**

On the occurrence of the Effective Dates of plans of reorganization for all of the LandCo Debtors, except as otherwise provided in the Plan, all notes, stock, instruments, Certificates, and other documents evidencing the LandCo Credit Facility and the Interests (other than the Intercompany Interests as set forth in the Plan), shall be canceled, and the obligations of the LandCo Debtors thereunder or in any way related thereto shall be fully released and discharged; provided, however, that the notes evidencing indebtedness under the LandCo Credit Facility shall be deemed to survive to the extent necessary for any LandCo Lender or the LandCo Agent to establish a right to receive distributions under the Plan. On the occurrence of the Effective Dates of plans of reorganization for all of the LandCo Debtors, except to the extent otherwise provided in the Plan, any indenture relating to any of the foregoing shall be deemed to be canceled, as permitted by section 1123(a)(5)(F) of the Bankruptcy Code, and the obligations of the LandCo Debtors thereunder shall be fully released and discharged without the need for an order of the Bankruptcy Court.

**7. Restructuring Transactions**

On or prior to the Effective Date, pursuant to section 1123(a)(5)(D) of the Bankruptcy Code, New LandCo Corporation Purchaser shall, as described in the Plan Supplement, acquire the LandCo Assets free and clear of all Liens, Claims, charges, and other encumbrances in exchange for the New LandCo Common Stock and the assumption of certain liabilities (other than liabilities for income or other taxes, including, but not limited to, any taxes arising from any transaction contemplated in the Plan) in one or more taxable transactions. The Plan Supplement will contain a description of all relevant Restructuring Transactions that will occur pursuant to the Plan. Furthermore, on the Effective Date, or as soon as reasonably practicable thereafter, the Liquidating LandCo Debtors and New LandCo may take all actions as may be necessary or appropriate to effect any transaction described in, approved by, contemplated by, or necessary to effectuate the Plan, including: (a) the execution and delivery of appropriate agreements or other documents of merger, consolidation, or reorganization containing terms that are consistent with the terms of the Plan and that satisfy the requirements of applicable law; (b) the execution and delivery of appropriate instruments of transfer, assignment, assumption, or delegation of any property, right, liability, duty, or obligation on terms consistent with the terms of the Plan; (c) the filing of appropriate certificates of incorporation (or other formation documents), merger, or consolidation with the appropriate governmental authorities pursuant to applicable law; and (d) all other actions that the Liquidating LandCo Debtors and New LandCo determine are necessary or appropriate.

**8. Post-Confirmation Property Sales**

To the extent the LandCo Debtors, the Liquidating LandCo Debtors, or New LandCo, as applicable, sell any of their property prior or subsequent to Confirmation, which sales outside of the ordinary course of business shall be subject to the consent of the LandCo Agent at the direction of the Required LandCo Lenders, such property may be sold pursuant to sections 363, 1123, and 1146(a) of the Bankruptcy Code.

**9. Corporate Action**

Each of the matters provided for by the Plan involving the corporate structure of the LandCo Debtors or corporate or related actions to be taken by or required of the Liquidating LandCo Debtors and New LandCo shall, as of the Effective Date, be deemed to have occurred and be effective as provided in the Plan (except to the extent otherwise indicated), and shall be authorized, approved, and, to the extent taken prior to the Effective Date, ratified in all respects without any requirement of further action by Holders of Claims or Interests, directors or managers of the LandCo Debtors, or any other Entity. Without limiting the foregoing, such actions may include: (1) the adoption and filing of the New LandCo Charter and the New LandCo Bylaws; and (2) the appointment of directors, managers, and officers for the Liquidating LandCo Debtors and New LandCo.

**10. Certificate of Incorporation and Bylaws**

The certificates of incorporation and bylaws (or other formation documents relating to limited liability companies) of the LandCo Debtors shall be amended as may be required to be consistent with the provisions of the Plan and the Bankruptcy Code. On or as soon as reasonably practicable after the Effective Date, each of the Liquidating LandCo Debtors and New LandCo shall file new certificates of incorporation, certificates of formation or dissolution, or similar documents with the secretary of state (or equivalent state officer or entity) of the state under which each of the Liquidating LandCo Debtors and New LandCo is or is to be incorporated or formed, among other things, in compliance with section 1123(a)(6) of the Bankruptcy Code in form and substance acceptable to the LandCo Agent at the direction of the Required LandCo Lenders. After the Effective Date, each Liquidating LandCo Debtor and New LandCo may file a new, or amend and restate its existing, certificate of incorporation, charter, and other constituent documents as permitted by the relevant state corporate law.

**11. Effectuating Documents and Further Transactions**

On and after the Effective Date, the Liquidating LandCo Debtors and New LandCo, and the respective officers and members of the boards of directors and boards of managers thereof, are authorized to and may issue,

execute, deliver, file, or record such contracts, securities, instruments, releases, and other agreements or documents and take such actions as may be necessary or appropriate to effectuate, implement, and further evidence the terms and conditions of the Plan and the securities issued pursuant to the Plan in the name of and on behalf of the Liquidating LandCo Debtors or New LandCo, as applicable, but without further notice to or action, order, or approval of the Bankruptcy Court or any other Entity except for those expressly required pursuant to the Plan.

#### **12. Exemption from Certain Transfer Taxes and Recording Fees**

Pursuant to section 1146(a) of the Bankruptcy Code, any transfer from a LandCo Debtor to a Liquidating LandCo Debtor or to any Entity, including, without limitation, transfers to New LandCo Corporation Purchaser, and any subsequent transferee of such Entity, pursuant to, in contemplation of, or in connection with the Plan or pursuant to: (a) the issuance, distribution, transfer, or exchange of any debt, Equity Security, or other Interest in the LandCo Debtors, the Liquidating LandCo Debtors, or New LandCo; (b) the creation, modification, consolidation, or recording of any mortgage, deed of trust, or other security interest, or the securing of additional indebtedness by such or other means; (c) the making, assignment, or recording of any lease or sublease; or (d) the making, delivery, or recording of any deed or other instrument of transfer under, in furtherance of, or in connection with, the Plan, including any deeds, bills of sale, assignments, or other instrument of transfer executed in connection with any transaction arising out of, contemplated by, or in any way related to the Plan, shall not be subject to any document recording tax, stamp tax, conveyance fee, intangibles or similar tax, mortgage tax, real estate transfer tax, mortgage recording tax, Uniform Commercial Code filing or recording fee, or other similar tax or governmental assessment, and the appropriate state or local governmental officials or agents shall forgo the collection of any such tax or governmental assessment and accept for filing and recordation any of the foregoing instruments or other documents without the payment of any such tax or governmental assessment.

#### **13. Directors and Officers of New LandCo Corporation**

The New LandCo Board shall consist of five members, comprised of the chief executive officer of New LandCo Corporation and four members selected by the Holders of New LandCo Common Stock in accordance with the New LandCo Charter and the New LandCo Bylaws. All members of the New LandCo Board shall be licensed in accordance with applicable gaming laws. At least three members of the New LandCo Board (exclusive of the chief executive officer) will meet the standards of independence set by the Securities and Exchange Commission, the rules of the New York Stock Exchange or NASDAQ, and relevant state gaming laws and regulations, as further specified in the New LandCo Charter and the New LandCo Bylaws. The initial directors designated pursuant to this section shall be subject to approval of the Bankruptcy Court in accordance with section 1129(a)(5) of the Bankruptcy Code. The selection of initial and subsequent members of the New LandCo Board, and all other aspects of corporate governance of New LandCo Corporation, shall occur as provided in the New LandCo Charter and the New LandCo Bylaws. Additionally, in accordance with section 1129(a)(5) of the Bankruptcy Code, the identities and affiliations of any Entity proposed to serve as an officer or director of New LandCo Corporation shall have been disclosed at or before the Confirmation Hearing.

#### **14. Directors and Officers of the Liquidating LandCo Debtors**

The Required LandCo Lenders shall, in accordance with the LandCo Plan Term Sheet, designate, and, upon receiving such designation, the LandCo Debtors' shall disclose pursuant to section 1129(a)(5) of the Bankruptcy Code the officers, directors, and managers of each of the Liquidating LandCo Debtors, and, to the extent required under section 1129(a)(5) of the Bankruptcy Code, the New LandCo Entities. The classification and composition of the boards of directors and boards of managers of the Liquidating LandCo Debtors shall be consistent with their respective new certificates of incorporation and bylaws. Each such officer, director, or manager shall serve from and after the Effective Date pursuant to the terms of such new certificate of incorporation, bylaws, other constituent documents, and applicable state corporation law. In accordance with section 1129(a)(5) of the Bankruptcy Code, the identities and affiliations of any Entity proposed to serve as an officer, director, or manager of the Liquidating LandCo Debtors, and to the extent required under section 1129(a)(5) of the Bankruptcy Code with respect to the New LandCo Entities shall have been disclosed at or before the Confirmation Hearing.

## 15. Director and Officer Liability Insurance

Subject to the reasonable consent of the LandCo Agent at the direction of the Required LandCo Lenders, on or before the Effective Date, the Liquidating LandCo Debtors will obtain sufficient tail coverage under a directors', managers', and officers' liability insurance policy for a period of six years after the Effective Date (or such different period as agreed by the LandCo Debtors and the LandCo Agent at the direction of the Required LandCo Lenders) for the LandCo Debtors' current and former directors and officers serving from and after the Petition Date; provided, however, the Yung Entities shall not be entitled to such coverage.

## 16. Management Post-Confirmation

As set forth more fully below and in accordance with Article IV.T of the Plan, the transition of the management of the LandCo Debtors and New LandCo from the current management situation will occur in a series of steps. After the Confirmation Date and until such agreement is terminated (no earlier than the Effective Date) in accordance with the Plan, the OpCo Debtors or the Reorganized OpCo Debtors shall manage the operations of the LandCo Debtors in accordance with the Management Services Agreement. ~~(From and after the termination of the Management Services Agreement, New LandCo's use of the Trademark License shall be pursuant to and in accordance with the Trademark License Agreement.)~~ After the Confirmation Date through the Effective Date, Alex Yemenidjian,<sup>109</sup> as the LandCo Lender's agent, shall have certain consultation rights and other rights in accordance with the Interim Services Arrangement.

From and after the Effective Date, one of the New LandCo Entities, which shall be formed under and in accordance with the Plan, shall lease the gaming operations conducted at the Tropicana Las Vegas to Mr. Yemenidjian (or an Entity controlled by him that is authorized under applicable law to operate the Tropicana Las Vegas gaming operations) pursuant to the Interim Gaming Lease.

Upon one or more of the New LandCo Entities becoming licensed to operate the gaming operations of the Tropicana Las Vegas, the Interim Gaming Lease shall terminate and Trilliant Management, L.P. ("Trilliant") shall manage the gaming operations conducted at the Tropicana Las Vegas in accordance with the Gaming Management Agreement.

Forms of the Management Services Agreement, ~~the Trademark License Agreement~~, and the Interim Gaming Lease will each be set forth in the Plan Supplement.

### a. Management Services Agreement

From and after the Confirmation Date through the later of (i) the Effective Date and (ii) 30 days after New LandCo Corporation Purchaser provides written notice to the Interim LandCo Managers of New LandCo Corporation Purchaser's intent to terminate the Management Services Agreement (*which may be the Effective Date*), the operations of the Tropicana Las Vegas shall be managed by the Interim LandCo Managers or such managers as they deem appropriate, with the reasonable consent of the LandCo Agent at the direction of the Required LandCo Lenders, in compliance with applicable law.

<sup>109</sup> Mr. Yemenidjian is the Chairman of the Board and Chief Executive Officer of Armenco Holdings, LLC, which is a co-owner of Trilliant with an affiliate of Onex Corporation ("Onex"), one of the LandCo Lenders and a member of the LandCo Steering Committee. Mr. Yemenidjian previously served as Chairman of the Board and Chief Executive Officer of Metro-Goldwyn-Mayer Inc. from April 1999 to April 2005 and was a director thereof from November 1997 to April 2005. Mr. Yemenidjian also served as a director of MGM Mirage (formerly MGM Grand, Inc.) from 1989 to 2005, and from July 1995 through December 1999 Mr. Yemenidjian served as President of MGM Mirage. Mr. Yemenidjian also served MGM Mirage in other capacities during such period, including as Chief Operating Officer from June 1995 until April 1999 and as Chief Financial Officer from May 1994 to January 1998.



~~b.~~ **Trademark License Agreement**

~~From and after the termination of the Management Services Agreement, New LandCo Corporation Purchaser shall honor the obligations, including paying amounts to the OpCo Debtors or Reorganized OpCo Corporation, as applicable, or their nominee, as set forth in the Trademark License Agreement.~~

b. ~~e.~~ **Interim Services Arrangement**

From and after the Confirmation Date through the Effective Date, the Interim Services Arrangement shall be effective. Under the Interim Services Arrangement, Alex Yemenidjian, as the LandCo Lender's agent, shall have mutually agreeable, reasonable consultation and other rights with respect to the operations of the LandCo Debtors in accordance with applicable law and subject to any applicable regulatory constraints and requirements. Consistent with this arrangement, Mr. Yemenidjian may engage in due diligence to determine a definitive capital expenditure budget and business plan for New LandCo and may report findings and make recommendations to the LandCo Steering Committee with respect thereto.

c. ~~d.~~ **Post-Effective Date, Pre-Licensing of New LandCo Corporation Purchaser**

The Effective Date shall occur no fewer than five days after Mr. Yemenidjian has been licensed by the State of Nevada to operate the gaming operations conducted at the Tropicana Las Vegas, provided that the other conditions to Consummation have been satisfied or waived in accordance with the Plan. From and after the Effective Date through the date that New LandCo Corporation (or an appropriate subsidiary or affiliate) is licensed to manage the gaming operations conducted at the Tropicana Las Vegas, New LandCo Corporation Purchaser shall lease the gaming operations conducted at the Tropicana Las Vegas to Mr. Yemenidjian (or to an Entity controlled by him that is authorized under Nevada law to operate a casino), including gaming operations conducted at the Tropicana Las Vegas, pursuant to the Interim Gaming Lease, the terms of which shall be disclosed in the Plan Supplement.

d. ~~e.~~ **Operations Post-Termination of the Interim Gaming Lease**

The Interim Gaming Lease shall terminate upon New LandCo Corporation Purchaser (or such other appropriate subsidiary) becoming licensed by State of Nevada to operate the gaming operations conducted at the Tropicana Las Vegas. At such time, the Gaming Management Agreement, which shall address Trilliant's management of the operation of the Tropicana Las Vegas and shall be on terms consistent with the market for such services, shall be effective.

e. ~~f.~~ **Management of the Liquidating LandCo Debtors**

The Liquidating LandCo Debtors may continue to employ, engage, retain, compensate, and insure their respective directors, managers, officers, and employees as set forth in the Plan Supplement; provided, however, that neither the LandCo Agent nor any LandCo Lender shall be responsible for paying any amounts to such persons.

17. **Creation of Professional Fee Escrow Account**

On the Effective Date, the Liquidating LandCo Debtors shall establish the Professional Fee Escrow Account and reserve an amount necessary to pay all of the Accrued Professional Compensation, subject to Article IX of the Plan.

18. **Employee and Retiree Benefits**

Except as otherwise set forth in the Plan and subject to modification based on an agreement between the LandCo Debtors and the LandCo Agent at the direction of the Required LandCo Lenders, which shall be disclosed in the Plan Supplement, on and after the Effective Date, the Liquidating LandCo Debtors or New LandCo Corporation Purchaser may: (a) honor, in the ordinary course of business, any contracts, agreements, policies, programs, and plans for, among other things, compensation (including equity based and bonus compensation), health care benefits,

disability benefits, deferred compensation benefits, travel benefits, savings, severance benefits, retirement benefits, welfare benefits, workers' compensation insurance, and accidental death and dismemberment insurance for the directors, officers, and employees of any of the LandCo Debtors who served in such capacity at any time; and (b) honor, in the ordinary course of business, Claims of employees employed as of the Effective Date for accrued vacation time arising prior to the Petition Date. Nothing in the Plan shall limit, diminish, or otherwise alter the Liquidating LandCo Debtors' or New LandCo's defenses, claims, Causes of Action, or other rights with respect to any such contracts, agreements, policies, programs, and plans. Notwithstanding the foregoing, pursuant to section 1129(a)(13) of the Bankruptcy Code, on and after the Effective Date, all Retiree Benefits, if any, shall continue to be paid in accordance with applicable law; provided, however, that neither the LandCo Agent nor any LandCo Lender shall be responsible for paying such amounts.

#### 19. **Preservation of Rights of Action**

In accordance with section 1123(b) of the Bankruptcy Code, all Causes of Action shall be transferred to New LandCo Corporation Purchaser, which may enforce all rights to commence and pursue, as appropriate, any and all Causes of Action, whether arising before or after the Petition Date, including any actions specifically enumerated in the Plan Supplement, and New LandCo Corporation Purchaser's rights to commence, prosecute, or settle such Causes of Action shall be preserved notwithstanding the occurrence of the Effective Date. New LandCo Corporation Purchaser may pursue such Causes of Action, as appropriate, in accordance with the best interests of New LandCo Corporation Purchaser. **No Entity may rely on the absence of a specific reference in the Plan, the Plan Supplement, or the Disclosure Statement to any Cause of Action against them as any indication that the LandCo Debtors or New LandCo Corporation Purchaser, as applicable, will not pursue any and all available Causes of Action against them. The LandCo Debtors or New LandCo Corporation Purchaser, as applicable, expressly reserve all rights to prosecute any and all Causes of Action against any Entity, except as otherwise expressly provided in the Plan.** Unless any Causes of Action against an Entity are expressly waived, relinquished, exculpated, released, compromised, or settled in the Plan or a Final Order, New LandCo Corporation Purchaser expressly reserve all Causes of Action for later adjudication, and, therefore, no preclusion doctrine, including the doctrines of res judicata, collateral estoppel, issue preclusion, claim preclusion, estoppel (judicial, equitable or otherwise), or laches, shall apply to such Causes of Action upon, after, or as a consequence of, the Confirmation or the Consummation.

New LandCo Corporation Purchaser reserves and shall retain the foregoing Causes of Action notwithstanding the rejection of any executory contract or unexpired lease during the Chapter 11 Cases or pursuant to the Plan. In accordance with section 1123(b)(3) of the Bankruptcy Code, any Causes of Action that a LandCo Debtor may hold against any Entity shall vest in New LandCo Corporation Purchaser, as the case may be. New LandCo Corporation Purchaser, through its authorized agents or representatives, shall retain and may exclusively enforce any and all such Causes of Action. New LandCo Corporation Purchaser shall have the exclusive right, authority, and discretion to determine and to initiate, file, prosecute, enforce, abandon, settle, compromise, release, withdraw, or litigate to judgment any such Causes of Action and to decline to do any of the foregoing without further notice to or action, order, or approval of the Bankruptcy Court or any other Entity. The foregoing retained Causes of Action do not include the Insider Causes of Action, as such Insider Causes of Action belong to the Litigation Trust, as provided in Article IV.EG of the Plan.

#### **20. ~~Proposed Committee Settlement Offer~~**

~~The Plan will implement the Proposed Committee Settlement Offer if the Proposed Committee Settlement Offer is approved by the Bankruptcy Court and the Class of LandCo General Unsecured Claims and the Class of LandCo Insider Claims each vote to accept the Plan. Pursuant to Bankruptcy Rule 9019 and section 1123(b)(3) of the Bankruptcy Code and consistent with section 1129 of the Bankruptcy Code, the Plan shall constitute a motion for approval of, and the Confirmation Order may authorize and constitute Bankruptcy Court approval of, the Proposed Committee Settlement Offer.~~

~~As of the Effective Date, pursuant to Bankruptcy Rule 9019 and section 1123(b)(3) of the Bankruptcy Code, for good and valuable consideration including the agreement to cause New LandCo to provide the Proposed Committee Settlement Payment, the treatment specified in the Plan for Allowed LandCo General Unsecured Claims and Allowed LandCo Insider Claims, the Proposed Committee Settlement Offer shall be effectuated in accordance with the following terms if the Proposed Committee Settlement Offer is approved by the Bankruptcy Court:~~

- ~~a. In the absence of a Proposed Committee Settlement Offer, the Holders of Allowed LandCo General Unsecured Claims and Allowed Insider Claims shall receive their Pro Rata share of the Litigation Trust Proceeds pursuant to Article III.B of the Plan, and no other distribution from the LandCo Debtors, *the Liquidating LandCo Debtors*, New LandCo, the LandCo Agent, or any LandCo Lender.~~
- ~~b. If (i) the Creditors Committee does not object to the Plan, affirmatively supports the Plan, and recommends *confirmation of the Plan* in writing, in a manner reasonably agreeable to the LandCo Debtors and the LandCo Agent *at the direction of the Required LandCo Lenders* and (ii) the Class of LandCo General Unsecured Claims and the Class of LandCo Insider Claims each vote to accept the Plan, then, as set forth in Article III.B of the Plan: (i) Holders of Allowed General Unsecured Claims and Allowed Insider Claims shall be entitled to an additional distribution in cash *in an amount equal to the lesser of* (a) 25% of the Allowed amount of their Claims; and (b) their Pro Rata share of \$400,000.00; and (ii) the Creditors Committee and its members (in their individual capacities, and only as to particular Creditors Committee members who agree in writing in advance of the Effective Date) shall be deemed to have exchanged releases with and from the LandCo Debtors, the LandCo Estates, the LandCo Agent, and the LandCo Lenders, which releases may be reflected in written form agreeable to the parties exchanging such releases (but such releases shall not affect such Creditors Committee members' rights to allowance and treatment of their Claims under and as provided in the Plan).~~

#### D. TREATMENT OF EXECUTORY CONTRACTS AND UNEXPIRED LEASES

##### 1. Assumption and Rejection of Executory Contracts and Unexpired Leases

Except as otherwise provided in the Plan, the respective executory contracts or unexpired leases of each LandCo Debtor, including Intercompany Interests solely between two or more LandCo Debtors, not assumed or rejected pursuant to a Final Order prior to the Effective Date shall be deemed rejected pursuant to sections 365 and 1123 of the Bankruptcy Code, except for those executory contracts or unexpired leases: (a) listed on the schedule of "Assumed and Assigned Executory Contracts and Unexpired Leases" in the Plan Supplement; (b) listed on the schedule of "Rejected Executory Contracts and Unexpired Leases" in the Plan Supplement; (c) that are the subject of a motion to assume or reject pending on the Effective Date (in which case such assumption or rejection and the effective date thereof shall remain subject to a Final Order); (d) that are subject to a motion Filed prior to the Effective Date to assume or reject, with a requested effective date after the Effective Date; or (e) that are otherwise expressly assumed or rejected pursuant to the Plan. Entry of the Confirmation Order shall constitute a Final Order approving the assumptions or rejections of such executory contracts or unexpired leases as set forth in the Plan, all pursuant to sections 365(a) and 1123 of the Bankruptcy Code. Unless otherwise indicated, all assumptions or rejections of executory contracts and unexpired leases in the Plan are effective as of the Effective Date. Each such executory contract and unexpired lease assumed pursuant to the Plan or by Final Order but not assigned to a third party prior to the Effective Date shall revest in, and be fully enforceable by, the applicable contracting Liquidating LandCo Debtor in accordance with its terms, except as such terms may have been modified by the Plan or such Final Order. Notwithstanding anything to the contrary in the Plan, the LandCo Debtors or the Liquidating LandCo Debtors, as applicable, reserve the right to alter, amend, modify, or supplement the schedules of executory contracts or unexpired leases identified in Article V of the Plan and in the Plan Supplement at any time through and including the later of thirty days after the Effective Date.

## 2. Indemnification Obligations

Subject to modification based on an agreement between the LandCo Debtors and the LandCo Agent at the direction of the Required LandCo Lenders, which shall be disclosed in the Plan Supplement, each Indemnification Obligation of directors or officers of the LandCo Debtors (other than the Yung Entities) who served in such capacity on or after the Confirmation Date shall be assumed by the applicable LandCo Debtor, effective as of the Effective Date, pursuant to sections 365 and 1123 of the Bankruptcy Code, to the extent such Indemnification Obligation is executory and arose in the ordinary course of business, unless such Indemnification Obligation previously was rejected by the LandCo Debtors pursuant to a Final Order or is the subject of a motion to reject pending on the Effective Date. Notwithstanding the foregoing, an Indemnification Obligation in favor of any Entity who as of the Petition Date no longer was a director, officer, or employee of a LandCo Debtor, shall terminate and be discharged pursuant to section 502(e) of the Bankruptcy Code or otherwise, as of the Effective Date; provided, however, that the Liquidating LandCo Debtors and New LandCo reserve the right to honor or reaffirm Indemnification Obligations other than those rejected or terminated by a prior or subsequent Final Order of the Bankruptcy Court, whether or not executory, but subject to the limitations set forth above, in which case such honoring or reaffirmation shall be in complete satisfaction, discharge, and release of any Claim on account of such Indemnification Obligation; provided, further, however, that the Liquidating LandCo Debtors reserve the right to honor the Indemnification Obligations of directors, officers, or employees of the LandCo Debtors who served in such capacity prior to the Petition Date; provided, further, however, that no indemnification provisions for any Yung Entity shall survive Consummation of the Plan. Each Indemnification Obligation that is assumed, deemed assumed, honored, or reaffirmed shall remain in full force and effect, shall not be modified, reduced, discharged, impaired, or otherwise affected in any way, and shall survive Unimpaired and unaffected, irrespective of when such obligation arose.

## 3. Cure of Defaults for Assumed and Assigned Executory Contracts and Unexpired Leases

With respect to each of the LandCo Debtors' executory contracts or unexpired leases listed on the schedule of "Assumed and Assigned Executory Contracts and Unexpired Leases" in the Plan Supplement, the LandCo Debtors shall have designated a proposed Cure, and the assumption and assignment of such executory contract or unexpired lease may be conditioned upon the disposition of all issues with respect to such Cure. Any provisions or terms of the LandCo Debtors' executory contracts or unexpired leases to be assumed pursuant to the Plan that are, or may be, alleged to be in default, shall be satisfied solely by Cure, or by an agreed-upon waiver of such Cure. Except with respect to executory contracts and unexpired leases in which the LandCo Debtors and the applicable counterparties have stipulated in writing to payment of Cure, all requests for payment of Cure that differ from the amounts proposed by the LandCo Debtors must be Filed with the Claims and Solicitation Agent on or before the Cure Bar Date. Any request for payment of Cure that is not timely Filed shall be disallowed automatically, forever barred from assertion, and shall not be enforceable against any Liquidating LandCo Debtor or New LandCo without the need for any objection by the Liquidating LandCo Debtors or New LandCo or further notice to or action, order, or approval of the Bankruptcy Court or any other Entity, and any Claim for Cure shall be deemed fully satisfied, released, and discharged upon payment of the amounts listed on the LandCo Debtors' proposed Cure schedule, notwithstanding anything included in the Schedules or in any Proof of Claim to the contrary; provided, however, that nothing shall prevent the Liquidating LandCo Debtors or New LandCo from paying any Cure despite the failure of the relevant counterparty to timely File such request for payment of such Cure. The Liquidating LandCo Debtors or New LandCo also may settle any Cure without further notice to or action, order, or approval of the Bankruptcy Court or any other Entity.

If the LandCo Debtors, the Liquidating LandCo Debtors, or New LandCo, as applicable, object to any Cure, or any other matter related to assumption as disputed, the Bankruptcy Court shall determine the Allowed amount of such Cure and any related issues. If there is a dispute regarding such Cure, the ability of the Liquidating LandCo Debtors or New LandCo or any other assignee to provide "adequate assurance of future performance" within the meaning of section 365 of the Bankruptcy Code, or any other matter relating to assumption, then payment of the Cure shall occur as soon as reasonably practicable after entry of a Final Order resolving such dispute, approving such assumption (and, if applicable, assignment), or as may be agreed upon by the LandCo Debtors, the Liquidating LandCo Debtors, and New LandCo, as applicable, and the counterparty to the executory contract or unexpired lease.

Any counterparty to an executory contract and unexpired lease that fails to object timely to the proposed assumption of any executory contract or unexpired lease will be deemed to have consented to such assumption. The LandCo Debtors, the Liquidating LandCo Debtors, or New LandCo, as applicable, reserve the right either to reject, or nullify the assumption of, any executory contract or unexpired lease no later than thirty days after a Final Order determining the Cure, any request for adequate assurance of future performance required to assume such executory contract or unexpired lease, and any other matter related to assumption.

Assumption of any executory contract or unexpired lease pursuant to the Plan or otherwise shall result in the full, final, and complete release and satisfaction of any Claims or defaults, whether monetary or nonmonetary, including defaults of provisions restricting the change in control or ownership interest composition or other bankruptcy-related defaults, arising under any assumed executory contract or unexpired lease at any time prior to the effective date of assumption. Anything in the Schedules and any Proofs of Claim Filed with respect to an executory contract or unexpired lease that has been assumed shall be deemed disallowed and expunged, without further notice to or action, order, or approval of the Bankruptcy Court or any other Entity.

**4. Preexisting Obligations to the LandCo Debtors Under Executory Contracts and Unexpired Leases**

Rejection of any executory contract or unexpired lease pursuant to the Plan or otherwise shall not constitute a termination of pre-existing obligations owed to the LandCo Debtors under such contracts or leases.

**5. Claims Based on Rejection of Executory Contracts and Unexpired Leases**

Unless otherwise provided by a Final Order of the Bankruptcy Court, any Proofs of Claim asserting Claims arising from the rejection of the LandCo Debtors' executory contracts and unexpired leases pursuant to the Plan or otherwise must be Filed with the Claims and Solicitation Agent no later than thirty days after the later of the Effective Date or the effective date of rejection. Any Proofs of Claim arising from the rejection of the LandCo Debtors' executory contracts or unexpired leases that are not timely Filed shall be disallowed automatically, forever barred from assertion, and shall not be enforceable against any Liquidating LandCo Debtor without the need for any objection by the Liquidating LandCo Debtors or further notice to or action, order, or approval of the Bankruptcy Court or any other Entity, and any Claim arising out of the rejection of the executory contract or unexpired lease shall be deemed fully satisfied, released, and discharged, notwithstanding anything in the Schedules or a Proof of Claim to the contrary. All Allowed Claims arising from the rejection of the LandCo Debtors' executory contracts and unexpired leases shall be classified as Rejection Damages Claims and shall be treated in accordance with Article III of the Plan.

**6. Director and Officer Liability Insurance Policies**

Subject to modification based on an agreement between the LandCo Debtors and the LandCo Agent at the direction of the Required LandCo Lenders, which shall be disclosed in the Plan Supplement, as of the Effective Date, the Liquidating LandCo Debtors shall assume all of the D&O Liability Insurance Policies pursuant to section 365(a) of the Bankruptcy Code. Notwithstanding anything to the contrary contained in the Plan, Confirmation shall not discharge, impair, or otherwise modify any indemnity obligations assumed by the foregoing assumption of the D&O Liability Insurance Policies (except that neither the Liquidating LandCo Debtors nor New LandCo shall assume any indemnity obligations to the Yung Entities), and each such indemnity obligation will be deemed and treated as an executory contract that has been assumed by the Liquidating LandCo Debtors under the Plan as to which no Proof of Claim need be Filed. Notwithstanding the foregoing, neither the LandCo Agent nor any LandCo Lender shall incur any liability to any Entity in connection with the D&O Liability Insurance Policies.

**7. Intercompany Contracts, Contracts, and Leases Entered into After the Petition Date and Executory Contracts and Unexpired Leases Assumed**

Intercompany Contracts solely between two or more LandCo Debtors and no OpCo Debtors, contracts and leases entered into after the Petition Date by any LandCo Debtor, and any executory contracts and unexpired leases

assumed by any LandCo Debtor, may be performed by the applicable Liquidating LandCo Debtor or New LandCo Corporation Purchaser, as applicable, in the ordinary course of business.

#### **8. Modifications, Amendments, Supplements, Restatements, or Other Agreements**

Unless otherwise provided in the Plan, each executory contract or unexpired lease that is assumed shall include all modifications, amendments, supplements, restatements, or other agreements that in any manner affect such executory contract or unexpired lease, and all executory contracts and unexpired leases related thereto, if any, including all easements, licenses, permits, rights, privileges, immunities, options, rights of first refusal, and any other interests, unless any of the foregoing agreements has been previously rejected or repudiated or is rejected or repudiated under the Plan.

Modifications, amendments, supplements, and restatements to executory contracts and unexpired leases that have been executed by the LandCo Debtors during the Chapter 11 Cases shall not be deemed to alter the prepetition nature of the executory contract or unexpired lease, or the validity, priority, or amount of any Claims that may arise in connection therewith.

#### **9. Reservation of Rights**

Neither the exclusion nor inclusion of any contract or lease in the Plan Supplement, nor anything contained in the Plan, shall constitute an admission by the LandCo Debtors that any such contract or lease is in fact an executory contract or unexpired lease or that any Liquidating LandCo Debtor has any liability thereunder. If there is a dispute regarding whether a contract or lease is or was executory or unexpired at the time of assumption or rejection, the LandCo Debtors, the Liquidating LandCo Debtors, or New LandCo, as applicable, shall have thirty days following entry of a Final Order resolving such dispute to alter their treatment of such contract or lease.

#### **10. Non-Occurrence of the Effective Date**

Pending the occurrence of the Effective Date, the Bankruptcy Court shall retain jurisdiction with respect to any consensual request to extend the deadline for assuming or rejecting unexpired leases pursuant to section 365(d)(4) of the Bankruptcy Code.

### **E. PROCEDURES FOR RESOLVING DISPUTED CLAIMS AND INTERESTS**

#### **1. Allowance of Claims**

After the Effective Date, each Liquidating LandCo Debtor shall have and retain any and all rights and defenses such LandCo Debtor had with respect to any Claim or Interest immediately prior to the Effective Date, including the Causes of Action referenced in Article IV.~~W~~Y of the Plan.

#### **2. Claims and Interests Administration Responsibilities**

Except as otherwise specifically provided in the Plan, after the Effective Date, the Liquidating LandCo Debtors, with the consent of the LandCo Agent at the direction of the Required LandCo Lenders, shall have the sole and exclusive authority: (a) to File, withdraw, or litigate to judgment, objections to Claims or Interests; (b) to settle or compromise any Disputed Claim without any further notice to or action, order, or approval of the Bankruptcy Court or any other Entity; and (c) to administer and adjust the Claims Register to reflect any such settlements or compromises without any further notice to or action, order, or approval of the Bankruptcy Court or any other Entity.

#### **3. Estimation of Claims**

Before or after the Effective Date, the LandCo Debtors or the Liquidating LandCo Debtors, as applicable, with the consent of the LandCo Agent at the direction of the Required LandCo Lenders after the Effective Date, may at any time request that the Bankruptcy Court estimate any Disputed Claim that is contingent or unliquidated pursuant



to section 502(c) of the Bankruptcy Code for any reason, regardless of whether any Entity previously has objected to such Claim or whether the Bankruptcy Court has ruled on any such objection, and the Bankruptcy Court shall retain jurisdiction to estimate any such Claim, including during the litigation of any objection to any Claim or during the appeal relating to such objection. Notwithstanding any provision otherwise in the Plan, a Claim that has been expunged from the Claims Register, but that either is subject to appeal or has not been the subject of a Final Order, shall be deemed to be estimated at zero dollars, unless otherwise ordered by the Bankruptcy Court. In the event that the Bankruptcy Court estimates any contingent or unliquidated Claim, that estimated amount shall constitute a maximum limitation on such Claim for all purposes under the Plan (including for purposes of distributions), and the relevant Liquidating LandCo Debtor may elect to pursue any supplemental proceedings to object to any ultimate distribution on such Claim.

#### 4. Adjustments to Claims Without Objection

Any Claim that has been paid or satisfied, or any Claim that has been amended or superseded, may be adjusted or expunged on the Claims Register by the Liquidating LandCo Debtors without a Claims objection having to be Filed and without any further notice to or action, order, or approval of the Bankruptcy Court or any other Entity. Additionally, any Claim that is duplicative or redundant with another Claim against the same LandCo Debtor may be adjusted or expunged on the Claims Register by the Liquidating LandCo Debtors without a Claims objection having to be Filed and without any further notice to or action, order, or approval of the Bankruptcy Court or any other Entity.

#### 5. Disallowance of Claims or Interests

Any Claims or Interests held by Entities from which property is recoverable under sections 542, 543, 550, or 553 of the Bankruptcy Code or that are transferees of transfers avoidable under sections 522(f), 522(h), 544, 545, 547, 548, 549, or 724(a) of the Bankruptcy Code, shall be deemed disallowed pursuant to section 502(d) of the Bankruptcy Code, and Holders of such Claims and Interests may not receive any distributions on account of such Claims and Interests until such time as such Causes of Action against that Entity have been settled or a Final Order with respect thereto has been entered and all sums due, if any, to the LandCo Debtors by that Entity have been turned over or paid (and in the case of the Insider Causes of Action, paid to the Litigation Trust). All Claims Filed on account of an Indemnification Obligation to a director, officer, or employee shall be deemed satisfied and expunged from the Claims Register as of the Effective Date to the extent such Indemnification Obligation is assumed (or honored or reaffirmed, as the case may be), subject to the limitations set forth in Article V.B of the Plan, pursuant to the Plan, without any further notice to or action, order, or approval of the Bankruptcy Court or any other Entity. All Claims Filed on account of an employee benefit referenced in Article IV. ~~VX~~ of the Plan shall be deemed satisfied and expunged from the Claims Register as of the Effective Date to the extent the Liquidating LandCo Debtors or New LandCo elect to honor such employee benefit, without any further notice to or action, order, or approval of the Bankruptcy Court or any other Entity.

**EXCEPT AS PROVIDED IN THE PLAN OR OTHERWISE AGREED, ANY AND ALL PROOFS OF CLAIM FILED AFTER THE APPLICABLE BAR DATE SHALL BE DEEMED DISALLOWED AND EXPUNGED AS OF THE EFFECTIVE DATE WITHOUT ANY FURTHER NOTICE TO OR ACTION, ORDER, OR APPROVAL OF THE BANKRUPTCY COURT, AND HOLDERS OF SUCH CLAIMS MAY NOT RECEIVE ANY DISTRIBUTIONS ON ACCOUNT OF SUCH CLAIMS, UNLESS ON OR BEFORE THE CONFIRMATION HEARING SUCH LATE CLAIM HAS BEEN DEEMED TIMELY FILED BY A FINAL ORDER.**

#### 6. Offer of Judgment

The Liquidating LandCo Debtors, with the consent of the LandCo Agent at the direction of the Required LandCo Lenders, are authorized to serve upon a Holder of a Claim an offer to allow judgment to be taken on account of such Claim, and, pursuant to Bankruptcy Rules 7068 and 9014, Federal Rule of Civil Procedure 68 shall apply to such offer of judgment. To the extent the Holder of a Claim must pay the costs incurred by the Liquidating LandCo Debtors after the making of such offer, the Liquidating LandCo Debtors are entitled to setoff such amounts against the

amount of any distribution to be paid to such Holder without any further notice to or action, order, or approval of the Bankruptcy Court or any other Entity.

**7. Amendments to Claims**

On or after the Effective Date, except as provided in the Plan, a Claim may not be Filed or amended without the prior authorization of the Bankruptcy Court or the Liquidating LandCo Debtors, and any such new or amended Claim Filed shall be deemed disallowed in full and expunged without any further notice to or action, order, or approval of the Bankruptcy Court or any other Entity.

**F. PROVISIONS GOVERNING DISTRIBUTIONS**

**1. Distributions on Account of Claims Allowed as of the Effective Date**

Except as otherwise provided in the Plan, a Final Order, or as agreed to by the relevant parties, initial distributions under the Plan on account of Claims Allowed on or before the Effective Date shall be made on the Distribution Date; provided, however, that Allowed Administrative Claims with respect to liabilities incurred by the LandCo Debtors in the ordinary course of business during the Chapter 11 Cases or assumed by the LandCo Debtors prior to the Effective Date shall be paid or performed in the ordinary course of business in accordance with the terms and conditions of any controlling agreements, course of dealing, course of business, or industry practice; provided, further, however, that any distributions to be made under the Plan that would violate any applicable state laws shall not be made.

**2. Distributions on Account of Claims Allowed After the Effective Date**

**a. Payments and Distributions on Disputed Claims**

Except as otherwise provided in the Plan, a Final Order, or as agreed to by the relevant parties, distributions under the Plan on account of Disputed Claims that become Allowed after the Effective Date shall be made on the Periodic Distribution Date that is at least thirty days after the Disputed Claim becomes an Allowed Claim or Interest; provided, however, that Disputed Administrative Claims with respect to liabilities incurred by the LandCo Debtors in the ordinary course of business during the Chapter 11 Cases or assumed by the LandCo Debtors on or before the Effective Date that become Allowed after the Effective Date shall be paid or performed in the ordinary course of business in accordance with the terms and conditions of any controlling agreements, course of dealing, course of business, or industry practice; provided, further, however, that any distributions to be made under the Plan that would violate any applicable laws shall not be made.

**b. Special Rules for Distributions to Holders of Disputed Claims**

Notwithstanding any provision otherwise in the Plan and except as otherwise agreed by the relevant parties: (i) no partial payments and no partial distributions shall be made with respect to a Disputed Claim until all such disputes in connection with such Disputed Claim have been resolved by settlement or Final Order; and (ii) any Entity that holds both an Allowed Claim and a Disputed Claim shall not receive any distribution on the Allowed Claim unless and until all objections to the Disputed Claim have been resolved by settlement or Final Order and the Claims have been Allowed. Subject to Article VII of the Plan, all distributions made pursuant to the Plan on account of an Allowed Claim shall be made together with any dividends, payments, or other distributions made on account of, as well as any obligations arising from, the distributed property as if such Allowed Claim had been an Allowed Claim on the dates distributions were previously made to Holders of Allowed Claims included in the applicable Class.

**c. Reserve for New LandCo Securities**

On the Effective Date, the Liquidating LandCo Debtors shall, with the consent of the LandCo Agent at the direction of the Required LandCo Lenders, maintain New LandCo Security Reserves for each category of New LandCo Securities to make distributions of such New LandCo Securities pursuant to the terms of the Plan. The

amount of New LandCo Securities withheld as a part of each New LandCo Security Reserve for the benefit of a Holder of a Disputed Claim entitled to receive a New LandCo Security under the Plan shall be equal to the lesser of the amount set forth in the following clause (i) and the amount set forth in the following clause (ii): (i) (a) if no estimation is made by the Bankruptcy Court pursuant to Article VI.C of the Plan, the number of New LandCo Securities necessary to satisfy the distributions required to be made pursuant to the Plan based on the asserted amount of the Disputed Claim or, if the Claim is contingent or unliquidated pursuant to section 502(c) of the Bankruptcy Code as of the Distribution Record Date, the amount that the Liquidating LandCo Debtors elect in their sole discretion to withhold on account of such Claim in the New LandCo Security Reserve; or (b) the number of New LandCo Securities necessary to satisfy the distributions required to be made pursuant to the Plan for such Disputed Claim based on an amount as estimated by and set forth in a Final Order for purposes of allowance and distributions; and (ii) the number of New LandCo Securities necessary to satisfy the distributions required to be made pursuant to the Plan based on an amount as may be agreed upon by the Holder of such Disputed Claim and the Liquidating LandCo Debtors. As Disputed Claims are Allowed, the Disbursing Agent shall distribute, in accordance with the terms of the Plan, the appropriate New LandCo Securities to Holders of Allowed Claims, and the appropriate New LandCo Security Reserve shall be adjusted accordingly.

**d. Tax Reporting Matters**

Subject to definitive guidance from the Internal Revenue Service or an applicable court to the contrary (including the receipt by the Liquidating LandCo Debtors or New LandCo Corporation of a private letter ruling or the receipt of an adverse determination by the Internal Revenue Service upon audit, if not contested by the Liquidating LandCo Debtors or New LandCo Corporation), the Liquidating LandCo Debtors or New LandCo Corporation shall treat each New LandCo Security Reserve as a single trust, consisting of separate and independent securities to be established with respect to each Disputed Claim, in accordance with the trust provisions of the Internal Revenue Code, and, to the extent permitted by law, shall report consistently with the foregoing for federal, state, and local tax purposes. All Holders of Claims shall report, for federal, state, and local tax purposes, consistently with the foregoing.

**3. Delivery of Distributions**

**a. Record Date for Distributions**

On the Distribution Record Date, the Claims Register shall be closed and any Disbursing Agent shall instead be authorized and entitled to recognize only those Holders of Claims listed on the Claims Register as of the close of business on the Distribution Record Date. If a Claim, other than one based on a publicly traded security is transferred twenty or fewer days before the Distribution Record Date, the Disbursing Agent shall make distributions to the transferee only to the extent practical and, in any event, only if the relevant transfer form contains an unconditional and explicit certification and waiver of any objection to the transfer by the transferor.

**b. Delivery of Distributions in General**

Except as otherwise provided in the Plan, and notwithstanding any authority to the contrary, distributions to Holders of Allowed Claims shall be made to Holders of record as of the Distribution Record Date by the Disbursing Agent: (i) in accordance with Federal Rule of Civil Procedure 4, as modified and made applicable by Bankruptcy Rule 7004; (ii) to the signatory set forth on any of the Proofs of Claim Filed by such Holder or other representative identified therein (or at the last known addresses of such Holder if no Proof of Claim is Filed or if the Debtors have been notified in writing of a change of address); (iii) at the addresses set forth in any written notices of address changes delivered to the Disbursing Agent after the date of any related Proof of Claim; (iv) at the addresses reflected in the Schedules if no Proof of Claim has been Filed and the Disbursing Agent has not received a written notice of a change of address; or (v) on any counsel that has appeared in the Chapter 11 Cases on the Holder's behalf. Except as set forth in the Plan, distributions under the Plan on account of Allowed Claims shall not be subject to levy, garnishment, attachment, or like legal process, so that each Holder of an Allowed Claim shall have and receive the benefit of the distributions in the manner set forth in the Plan. The LandCo Debtors, the Liquidating LandCo Debtors,

the Disbursing Agent, the LandCo Agent, the LandCo Lenders, and New LandCo, as applicable, shall not incur any liability whatsoever on account of any distributions under the Plan except for gross negligence or willful misconduct.

Notwithstanding anything to the contrary set forth in the Plan, all distributions to Holders of LandCo Credit Facility Claims shall be governed by the LandCo Credit Facility and shall be deemed completed when made to the LandCo Agent or as otherwise directed in the Plan. Notwithstanding any provisions in the Plan to the contrary, the LandCo Credit Facility shall continue in effect as necessary to allow the LandCo Agent to receive and make distributions pursuant to the Plan on account of the LandCo Credit Facility Claim, deduct therefrom such compensation, fees, and expenses due thereunder or incurred in making such distributions, exercise its charging liens against any such distributions, and seek compensation and/ or reimbursement of fees and expenses directly from each LandCo Lender in accordance with the terms of the LandCo Credit Facility if and to the extent required by the terms of the LandCo Credit Facility. In addition, the Liquidating LandCo Debtors and New LandCo shall be jointly and severally liable for all such fees and expense due to the LandCo Agent in connection with the exercise of its actions and responsibilities pursuant to Article VI and Article VII of the Plan.

**c. Distributions by Disbursing Agent**

Subject to the consent of the LandCo Agent at the direction of the Required LandCo Lenders, the LandCo Debtors, the Liquidating LandCo Debtors, or New LandCo, as applicable, shall have the authority to enter into an agreement with a Disbursing Agent to facilitate the distributions required hereunder. As a condition to serving as a Disbursing Agent, a Disbursing Agent must: (i) affirm its obligation to facilitate the prompt distribution of any documents; (ii) affirm its obligation to facilitate the prompt distribution of any recoveries or distributions required hereunder; and (iii) waive any right or ability to setoff, deduct from, or assert any lien or encumbrance against the distributions required hereunder that are to be distributed by such Disbursing Agent. The LandCo Debtors, the Liquidating LandCo Debtors, or New LandCo, as applicable, shall pay to the Disbursing Agent all reasonable and documented fees and expenses of the Disbursing Agent without any further notice to or action, order, or approval by the Bankruptcy Court or any other Entity. The Disbursing Agent shall submit detailed invoices to the Entity by whom they were engaged for all fees and expenses for which the Disbursing Agent seeks reimbursement and such Entity shall pay those amounts that they, in their sole discretion, deem reasonable, and shall object in writing to those fees and expenses, if any, that are deemed to be unreasonable. In the event of an objection to all or any portion of the amounts requested to be reimbursed in a Disbursing Agent's invoice, the Entities shall endeavor, in good faith, to reach mutual agreement on the amount of the appropriate payment of such disputed fees and expenses. In the event that no resolution is forthcoming, either party shall be authorized to move to have such dispute heard by the Bankruptcy Court.

**d. Compliance with Tax Requirements and Allocations**

In connection with the Plan, to the extent applicable, the Liquidating LandCo Debtors and each Disbursing Agent shall comply with all tax withholding and reporting requirements imposed on them by any Governmental Unit, and all distributions pursuant to the Plan shall be subject to such withholding and reporting requirements. Notwithstanding any provision in the Plan to the contrary, the Liquidating LandCo Debtors and each Disbursing Agent shall be authorized to take all actions necessary or appropriate to comply with such withholding and reporting requirements, including liquidating a portion of the distribution to be made under the Plan to generate sufficient funds to pay applicable withholding taxes, withholding distributions pending receipt of information necessary to facilitate such distributions, or establishing any other mechanisms they believe are reasonable and appropriate. The Liquidating LandCo Debtors reserve the right, in their sole discretion, to allocate all distributions made under the Plan in compliance with all applicable wage garnishments, alimony, child support, other spousal awards, Liens, and encumbrances.

For tax purposes, distributions in full or partial satisfaction of Allowed Claims shall be allocated first to the principal amount of Allowed Claims, with any excess allocated to unpaid interest that accrued on such Claims.

**e. Foreign Currency Exchange Rate**

Except as otherwise provided in the Plan or a Final Order, as of the Effective Date, any LandCo General Unsecured Claim asserted in currency(ies) other than U.S. dollars shall be automatically deemed converted to the equivalent U.S. dollar value using the exchange rate as of Monday, May 5, 2008, as quoted at 4:00 p.m. (prevailing Eastern Time), mid-range spot rate of exchange for the applicable currency as published in The Wall Street Journal, National Edition, on May 6, 2008.

**f. Fractional, *De Minimis*, Undeliverable, and Unclaimed Distributions**

**(i) Fractional Distributions:**

Notwithstanding any other provision of the Plan to the contrary, distributions of fractions of New LandCo Securities shall not be made, and payments of fractions of dollars shall not be required. Whenever any payment or distribution of a fraction of a dollar or New LandCo Security under the Plan would otherwise be called for, the actual payment or distribution will reflect a rounding of such fraction to the nearest whole dollar or number of New LandCo Securities (up or down), with half dollars and half New LandCo Securities being rounded down.

**(ii) Minimum / *De Minimis* Distributions**

Notwithstanding anything in the Plan to the contrary, distributions or payments of less than \$100.00 (whether in Cash or otherwise) shall not be required. Additionally, no Entity shall have any obligation to make a distribution on account of an Allowed Claim from the New LandCo Security Reserves or otherwise if the aggregate amount of all distributions authorized to be made from such New LandCo Security Reserves or otherwise on the Periodic Distribution Date in question is or has an economic value less than \$500,000.00, unless such distribution is a final distribution.

**(iii) Undeliverable Distributions of Cash and New LandCo Securities:**

Holding of Certain Undeliverable Distributions: If any distribution to a Holder of an Allowed Claim made in accordance herewith is returned to a Disbursing Agent as undeliverable, no further distributions shall be made to such Holder unless and until the Liquidating LandCo Debtors (or their Disbursing Agent) are notified in writing of such Holder's then current address, at which time all currently due missed distributions shall be made to such Holder on the next Periodic Distribution Date. Undeliverable distributions shall remain in the possession of the Liquidating LandCo Debtors until such time as any such distributions become deliverable. Undeliverable distributions shall not be entitled to any interest, dividends, or other accruals of any kind.

Failure to Claim Undeliverable Distributions: No later than ninety days after the first Distribution Date, the Liquidating LandCo Debtors shall File with the Bankruptcy Court a list of the Holders of undeliverable distributions. This list shall be maintained and updated periodically in the sole discretion of the Liquidating LandCo Debtors for as long as the LandCo Debtors' Chapter 11 Cases stay open. Any Holder of an Allowed Claim, irrespective of when a Claim becomes an Allowed Claim, that does not notify the Liquidating LandCo Debtors of such Holder's then current address in accordance herewith within the latest of (a) 180 days after the first Distribution Date, (b) sixty days after the attempted delivery of the undeliverable distribution, or (c) 180 days after the date such Claim becomes an Allowed Claim shall have its Claim for such undeliverable distribution discharged and expunged and shall be forever barred, estopped, and enjoined from asserting any such Claim against the Liquidating LandCo Debtors or their property. In such cases, (a) any New LandCo Securities held for distribution on account of such Allowed Claims shall be deemed canceled and (b) any Cash held for distribution on account of such Allowed Claims shall be deemed unclaimed property under section 347(b) of the Bankruptcy Code and become property of New

LandCo Corporation, free of any Claims of such Holder with respect thereto. Nothing contained in the Plan shall require the Liquidating LandCo Debtors to attempt to locate any Holder of an Allowed Claim.

Failure to Present Checks: Checks issued by a Disbursing Agent on account of Allowed Claims shall be null and void if not negotiated within 120 days after the issuance of such check. In an effort to ensure that all Holders of Allowed Claims receive their allocated distributions, no later than 120 days after the issuance of such checks, the Liquidating LandCo Debtors shall File with the Bankruptcy Court a list of the Holders of any un-negotiated checks. This list shall be maintained and updated periodically in the sole discretion of the Liquidating LandCo Debtors for as long as the LandCo Debtors' Chapter 11 Cases stay open. Requests for reissuance of any check shall be made directly to the Disbursing Agent by the Holder of the relevant Allowed Claim with respect to which such check originally was issued. Any Holder of an Allowed Claim holding an un-negotiated check that does not request reissuance of such un-negotiated check within 180 days after the date of mailing or other delivery of such check shall have its Claim for such un-negotiated check discharged and expunged and be discharged and forever barred, estopped, and enjoined from asserting any such Claim against the Liquidating LandCo Debtors or their property. In such cases, any Cash held for payment on account of such Claims shall be deemed unclaimed property under section 347(b) of the Bankruptcy Code and become property of New LandCo Corporation, free of any Claims of such Holder with respect thereto. Nothing contained in the Plan shall require the Liquidating LandCo Debtors to attempt to locate any Holder of an Allowed Claim.

**g. Manner of Payment Pursuant to the Plan**

Any payment in Cash to be made pursuant to the Plan shall be made at the election of the Liquidating LandCo Debtors by check or by wire transfer.

**h. Surrender of Canceled Instruments or Securities**

As a condition precedent to receiving any distribution on account of its Allowed Claim, each record Holder of a LandCo Credit Facility Claim shall be deemed to have surrendered the Certificates or other documentation underlying each such Claim, and all such surrendered Certificates and other documentations shall be deemed to be canceled pursuant to Article IV. ~~K~~M of the Plan, except to the extent otherwise provided therein.

**i. Lost, Stolen, Mutilated, or Destroyed Debt Securities**

Any Holder of Allowed Claims or Interests evidenced by a Certificate that has been lost, stolen, mutilated, or destroyed shall, in lieu of surrendering such Certificate, deliver to the Disbursing Agent, if applicable, an affidavit of loss acceptable to the Liquidating LandCo Debtors and the LandCo Agent at the direction of the Disbursing Agent setting forth the unavailability of the Certificate and provide such additional indemnity as may be reasonably required by the Disbursing Agent to hold the Disbursing Agent harmless from any damages, liabilities, or costs incurred in treating such Holder as a Holder of an Allowed Claim or Allowed Interest. Upon compliance with this procedure by a Holder of an Allowed Claim or Allowed Interest evidenced by such a lost, stolen, mutilated, or destroyed Certificate, such Holder shall, for all purposes pursuant to the Plan, be deemed to have surrendered such Certificate.

**j. Timing and Calculation of Amounts to Be Distributed**

On the Effective Date or as soon as reasonably practicable thereafter (or if a Claim is not an Allowed Claim on the Effective Date, on the date that such a Claim becomes an Allowed Claim, or as soon as reasonably practicable thereafter), each Holder of a Claim Allowed as of the Effective Date shall receive the full amount of the distributions that the Plan provides for Allowed Claims in the applicable Class. If and to the extent that there are Disputed Claims, distributions on account of any such Disputed Claims shall be made pursuant to the provisions set forth in Article VII.C of the Plan. Except as otherwise provided in the Plan, Holders of Claims shall not be entitled to interest,



dividends, or accruals on the distributions provided for in the Plan, regardless of whether such distributions are delivered on or at any time after the Effective Date.

**4. Claims Paid or Payable by Third Parties**

**a. Claims Paid by Third Parties**

The Claims and Solicitation Agent shall reduce, in full or in part, a Claim, and such Claim shall be disallowed or reduced, as applicable, without a Claim objection having to be Filed and without further notice to or action, order, or approval of the Bankruptcy Court or any other Entity, to the extent that the Holder of such Claim receives payment, either in full or in part, on account of such Claim from a party that is not a LandCo Debtor or a Liquidating LandCo Debtor. Subject to the last sentence of this paragraph, to the extent a Holder of a Claim receives a distribution on account of such Claim and receives payment from a party that is not a LandCo Debtor or a Liquidating LandCo Debtor on account of such Claim, such Holder shall, within two weeks of receipt thereof, repay or return the distribution to the applicable Liquidating LandCo Debtor, to the extent the Holder's total recovery on account of such Claim from the third party and under the Plan exceeds the amount of such Claim as of the date of any such distribution under the Plan. The failure of such Holder to timely repay or return such distribution shall result in the Holder owing the applicable Liquidating LandCo Debtor annualized interest at the federal judgment rate at such time on such amount owed for each Business Day after the two-week grace period specified above until the amount is repaid.

**b. Claims Payable by Third Parties**

No distributions under the Plan shall be made on account of an Allowed Claim that is payable by a third party (including, without limitation, insurance policies) until the Holder of such Allowed Claim has exhausted all remedies with respect to such third party. To the extent that one or more third parties agrees to satisfy, in full or in part, a Claim (if and to the extent adjudicated by a court of competent jurisdiction), then immediately upon such insurers' agreement, such Claim may be reduced or expunged, as applicable, to the extent of any agreed upon full or partial satisfaction on the Claims Register by the Claims and Solicitation Agent without a Claim objection having to be Filed and without further notice to or action, order, or approval of the Bankruptcy Court or any other Entity.

**5. Compliance with Gaming Laws and Regulations**

The Disbursing Agent shall not distribute New LandCo Common Stock or New LandCo Warrants to any Entity in violation of the gaming laws and regulations in Nevada. Consequently, no Holder shall be entitled to receive New LandCo Common Stock or New LandCo Warrants unless and until such Holder has been licensed, qualified, found suitable, or has obtained a waiver or exemption from such license, qualification, or suitability requirements.

To the extent a Holder is not entitled to receive New LandCo Common Stock or New LandCo Warrants on the Effective Date due to a failure to comply with applicable gaming laws and regulations, the Disbursing Agent shall not distribute New LandCo Common Stock or New LandCo Warrants to such Holder, unless and until such Holder complies with applicable gaming laws and resolutions. Until such Holder has complied with applicable gaming laws and regulations, such Holder shall not be a shareholder of New LandCo Corporation and shall have no voting rights or other rights of a stockholder or New LandCo Corporation.

If any Holder is entitled to receive New LandCo Common Stock or New LandCo Warrants under the Plan and is required, under applicable gaming laws and regulations or is instructed by the Nevada Gaming Authorities to be found suitable and such Holder either (i) refuses to undergo the necessary application process for such suitability approval or (ii) after submitting to such process, is determined to be unsuitable to hold the New LandCo Common Stock or New LandCo Warrants, then, in that event, New LandCo Corporation shall hold the New LandCo Common Stock or New LandCo Warrants and (x) such Holder shall only receive such distributions from the Disbursing Agent as are permitted by the Nevada Gaming Authorities, (y) the balance of the New LandCo Common Stock to which the Holder would otherwise be entitled will be marketed for sale to the extent required by applicable law by New LandCo Corporation, as agent for Holder, and (z) the proceeds of any such sale shall be distributed to Holder as soon as such

sale can be facilitated and subject to regulatory approval; provided, however, that if such suitability restriction applies only to New LandCo Class A Common Stock, New LandCo Corporation shall distribute New LandCo Class B Common Stock to such Holder who consents in writing to receive such New LandCo Class B Common Stock. In addition, in the event that the applicable gaming authorities object to the possible suitability of any Holder, the New LandCo Common Stock or New LandCo Warrants shall be distributed only to such Holder upon a formal finding of suitability. If a gaming authority subsequently issues a formal finding that a Holder lacks suitability, then the process for the sale of that Holder's New LandCo Common Stock or New LandCo Warrants shall be as set forth in (x), (y), and (z) above; provided, however, that if such suitability restriction applies only to New LandCo Class A Common Stock, New LandCo Corporation shall distribute New LandCo Class B Common Stock to such Holder who consents in writing to receive such New LandCo Class B Common Stock.

## **G. SETTLEMENT, RELEASE, INJUNCTION, AND RELATED PROVISIONS**

### **1. Discharge of Claims and Termination of Interests**

Pursuant to section 1141(d) of the Bankruptcy Code, and except as otherwise specifically provided in the Plan, the distributions, rights, and treatment that are provided in the Plan shall be in full and complete satisfaction, discharge, and release, effective as of the Effective Date, of Claims, Interests, and Causes of Action of any nature whatsoever, including any interest accrued on Claims or Interests from and after the Petition Date, whether known or unknown, against, liabilities of, Liens on, obligations of, rights against, and Interests in, the LandCo Debtors or any of their assets or properties, regardless of whether any property shall have been distributed or retained pursuant to the Plan on account of such Claims and Interests, including demands, liabilities, and Causes of Action that arose before the Effective Date, any liability to the extent such Claims or Interests relate to services performed by employees of the LandCo Debtors prior to the Effective Date and that arise from a termination of employment or a termination of any employee or retiree benefit program, regardless of whether such termination occurred prior to or after the Effective Date, any contingent or non-contingent or liquidated or non-liquidated liability on account of representations or warranties issued on or before the Effective Date, and all debts of the kind specified in section 502(g), 502(h), or 502(i) of the Bankruptcy Code, in each case whether or not: (a) a Proof of Claim based upon such debt or right is Filed or deemed Filed pursuant to section 501 of the Bankruptcy Code; (b) a Claim or Interest based upon such debt, right, or Interest is Allowed pursuant to section 502 of the Bankruptcy Code; or (c) the Holder of such a Claim or Interest has accepted the Plan. Any default by the LandCo Debtors with respect to any Claim or Interest that existed immediately prior to the Petition Date or on account of the filing of the Chapter 11 Cases shall be deemed Cured on the Effective Date. The Confirmation Order shall be a judicial determination of the discharge of all Claims and Interests subject to the Effective Date occurring.

### **2. Subordinated Claims**

The allowance, classification, and treatment of all Allowed Claims and Interests and the respective distributions and treatments under the Plan take into account and conform to the relative priority and rights of the Claims and Interests in each Class in connection with any contractual, legal, and equitable subordination rights relating thereto, whether arising under general principles of equitable subordination, section 510(b) of the Bankruptcy Code, or otherwise. Pursuant to section 510 of the Bankruptcy Code, the Liquidating LandCo Debtors reserve the right to re-classify any Allowed Claim or Interest in accordance with any contractual, legal, or equitable subordination relating thereto.

### **3. Compromise and Settlement**

Pursuant to section 363 of the Bankruptcy Code and Bankruptcy Rule 9019, and in consideration for the distributions and other benefits provided pursuant to the Plan, the provisions of the Plan shall constitute a good faith compromise of all Claims and Interests. The entry of the Confirmation Order shall constitute the Bankruptcy Court's approval of the compromise or settlement of all Claims and Interests, as well as a finding by the Bankruptcy Court that such compromise or settlement is fair, equitable, reasonable, and in the best interests of the LandCo Debtors, the LandCo Estates, and Holders of Claims and Interests.

#### 4. Releases

##### a. Releases by the LandCo Debtors

Pursuant to section 1123(b) of the Bankruptcy Code, and except as otherwise specifically provided in the Plan or the Plan Supplement, for good and valuable consideration, including the service of the Released Parties to facilitate the expeditious reorganization of the LandCo Debtors and the implementation of the restructuring contemplated by the Plan, on and after the Effective Date, the Released Parties are deemed conclusively, absolutely, unconditionally, irrevocably, and forever released and discharged by the LandCo Debtors, the Liquidating LandCo Debtors, and the LandCo Estates from any and all Claims, obligations, rights, suits, damages, Causes of Action, remedies, and liabilities whatsoever, including any derivative Claims asserted on behalf of the LandCo Debtors, whether known or unknown, foreseen or unforeseen, existing or hereinafter arising, in law, equity, or otherwise, that the LandCo Debtors, the Liquidating LandCo Debtors, or the LandCo Estates would have been legally entitled to assert in their own right (whether individually or collectively) or on behalf of the Holder of any Claim or Interest or other Entity, based on or relating to, or in any manner arising from, in whole or in part, the LandCo Debtors, the Chapter 11 Cases, the purchase, sale, or rescission of the purchase or sale of any security of the LandCo Debtors, the subject matter of, or the transactions or events giving rise to, any Claim or Interest that is treated in the Plan, the business or contractual arrangements between any LandCo Debtor and any Released Party, the restructuring of Claims and Interests prior to or in the Chapter 11 Cases, the negotiation, formulation, or preparation of the Plan and Disclosure Statement, or related agreements, instruments, or other documents, upon any other act or omission, transaction, agreement, event, or other occurrence taking place on or before the Effective Date, other than Claims or liabilities arising out of or relating to any act or omission of a Released Party that constitutes a failure to perform the duty to act in good faith, with the care of an ordinarily prudent person and in a manner the Released Party reasonably believed to be in the best interests of the LandCo Debtors (to the extent such duty is imposed by applicable non-bankruptcy law) where such failure to perform constitutes willful misconduct or gross negligence. The releases set forth in this paragraph shall not be given to the Yung Entities.

##### b. Releases by Holders of Claims and Interests

Except as otherwise specifically provided in the Plan or Plan Supplement, on and after the Effective Date, Holders of Claims and Interests (i) voting to accept the Plan or (ii) abstaining from voting on the Plan and electing not to opt out of the release contained in this paragraph (which by definition, does not include Holders of Claims and Interests who are not entitled to vote in favor of or against the Plan), shall be deemed to have conclusively, absolutely, unconditionally, irrevocably, and forever released and discharged the LandCo Debtors, the Liquidating LandCo Debtors, and the Released Parties from any and all Claims, Interests, obligations, rights, suits, damages, Causes of Action, remedies, and liabilities whatsoever, including any derivative Claims asserted on behalf of a LandCo Debtor, 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 on or relating to, or in any manner arising from, in whole or in part, the LandCo Debtors, the LandCo Debtors' restructuring, the LandCo Debtors' Chapter 11 Cases, the purchase, sale, or rescission of the purchase or sale of any security of the LandCo Debtors, the subject matter of, or the transactions or events giving rise to, any Claim or Interest that is treated in the Plan, the business or contractual arrangements between any LandCo Debtor and any Released Party, the restructuring of Claims and Interests prior to or in the Chapter 11 Cases, the negotiation, formulation, or preparation of the Plan and Disclosure Statement, or related agreements, instruments, or other documents, upon any other act or omission, transaction, agreement, event, or other occurrence taking place on or before the Effective Date, other than Claims or liabilities arising out of or relating to any act or omission of a LandCo Debtor, a Liquidating LandCo Debtor, or a Released Party that constitutes a failure to perform the duty to act in good faith, with the care of an ordinarily prudent person and in a manner the LandCo Debtor, the Liquidating LandCo Debtor, or the Released Party reasonably believed to be in the best interests of the LandCo Debtors (to the extent such duty is imposed by applicable non-bankruptcy law) where such failure to

perform constitutes willful misconduct or gross negligence. The releases set forth in this paragraph shall not be given to the Yung Entities.

#### 5. Exculpation

Except as otherwise specifically provided in the Plan or the Plan Supplement, no Exculpated Party shall have or incur, and each Exculpated Party is hereby released and exculpated from any Claim, obligation, Cause of Action, or liability for any Exculpated Claim, except for gross negligence or willful misconduct, but in all respects such Entities shall be entitled to reasonably rely upon the advice of counsel with respect to their duties and responsibilities pursuant to the Plan. The LandCo Debtors and the Liquidating LandCo Debtors (and each of their respective Affiliates, agents, directors, members, managers, partners, officers, employees, advisors, and attorneys) have, and upon Confirmation of the Plan shall be deemed to have, participated in good faith and in compliance with the applicable provisions of the Bankruptcy Code with regard to the distributions of the securities pursuant to the Plan, and therefore are not, and on account of such distributions shall not be, liable at any time for the violation of any applicable law, rule, or regulation governing the solicitation of acceptances or rejections of the Plan or such distributions made pursuant to the Plan. The exculpation set forth in this paragraph shall not apply to the Yung Entities.

#### 6. Injunction

Except as otherwise expressly provided in the Plan or for obligations issued pursuant to the Plan, all Entities who have held, hold, or may hold Claims or Interests that have been discharged pursuant to Article VIII.A of the Plan, released pursuant to Article VIII.D of the Plan, or are subject to exculpation pursuant to Article VIII.E of the Plan are permanently enjoined, from and after the Effective Date, from: (a) commencing or continuing in any manner any action or other proceeding of any kind on account of or in connection with or with respect to any such Claims or Interests; (b) enforcing, attaching, collecting, or recovering by any manner or means any judgment, award, decree, or order against such Entities on account of or in connection with or with respect to any such Claims or Interests; (c) creating, perfecting, or enforcing any encumbrance of any kind against such Entities or the property or estates of such Entities on account of or in connection with or with respect to any such Claims or Interests; (d) asserting any right of setoff, subrogation, or recoupment of any kind against any obligation due from such Entities or against the property or Estates of such Entities on account of or in connection with or with respect to any such Claims or Interests unless such Holder has Filed a motion requesting the right to perform such setoff on or before the Confirmation Date, and notwithstanding an indication in a Proof of Claim or Interest or otherwise that such Holder asserts, has, or intends to preserve any right of setoff pursuant to section 553 of the Bankruptcy Code or otherwise; and (e) commencing or continuing in any manner any action or other proceeding of any kind on account of or in connection with or with respect to any such Claims or Interests released or settled pursuant to the Plan.

#### 7. Protections Against Discriminatory Treatment

Consistent with section 525 of the Bankruptcy Code and the Supremacy Clause of the U.S. Constitution, all Entities, including Governmental Units, shall not discriminate against the Liquidating LandCo Debtors or New LandCo or deny, revoke, suspend, or refuse to renew a license, permit, charter, franchise, or other similar grant to, condition such a grant to, discriminate with respect to such a grant against, the Liquidating LandCo Debtors or New LandCo, or another Entity with whom such Liquidating LandCo Debtors or New LandCo have been associated, solely because one of the LandCo Debtors has been a debtor under chapter 11 of the Bankruptcy Code, has been insolvent before the commencement of the Chapter 11 Cases (or during the Chapter 11 Cases but before the LandCo Debtor is granted or denied a discharge), or has not paid a debt that is dischargeable in the Chapter 11 Cases.

#### 8. Setoffs

Except in respect of the LandCo Lender Settlement and related transactions, or as otherwise expressly provided for in the Plan, each Liquidating LandCo Debtor pursuant to the Bankruptcy Code (including section 553 of the Bankruptcy Code), applicable non-bankruptcy law, or as may be agreed to by the Holder of

a Claim, may setoff against any Allowed Claim and the distributions to be made pursuant to the Plan on account of such Allowed Claim (before any distribution is made on account of such Allowed Claim), any Claims, rights, and Causes of Action of any nature that such LandCo Debtor, Liquidating LandCo Debtor, or New LandCo, as applicable, may hold against the Holder of such Allowed Claim, to the extent such Claims, rights, or Causes of Action against such Holder have not been otherwise compromised or settled on or prior to the Effective Date (whether pursuant to the Plan or otherwise); provided, however, that neither the failure to effect such a setoff nor the allowance of any Claim pursuant to the Plan shall constitute a waiver or release by such LandCo Debtor, Liquidating LandCo Debtor, or New LandCo of any such Claims, rights, and Causes of Action that such LandCo Debtor, Liquidating LandCo Debtor, or New LandCo may possess against such Holder. In no event shall any Holder of Claims be entitled to setoff any Claim against any Claim, right, or Cause of Action of the LandCo Debtor, the Liquidating LandCo Debtor, or New LandCo, as applicable, unless such Holder has Filed a motion with the Bankruptcy Court requesting the authority to perform such setoff on or before the Confirmation Date, and notwithstanding any indication in any Proof of Claim or otherwise that such Holder asserts, has, or intends to preserve any right of setoff pursuant to section 553 or otherwise.

#### 9. Recoupment

In no event shall any Holder of Claims or Interests be entitled to recoup any Claim or Interest against any Claim, right, or Cause of Action of the LandCo Debtors, the Liquidating LandCo Debtors, or the New LandCo, as applicable, unless such Holder actually has performed such recoupment and provided notice thereof in writing to the LandCo Debtors, the Liquidating LandCo Debtors, and New LandCo on or before the Confirmation Date, notwithstanding any indication in any Proof of Claim or otherwise that such Holder asserts, has, or intends to preserve any right of recoupment.

#### 10. Release of Liens

Except in respect of the LandCo Lender Settlement and related transactions, or as otherwise provided in the Plan or in any contract, instrument, release, or other agreement or document created pursuant to the Plan, on the Effective Date and concurrently with the applicable distributions made pursuant to Article VII.C of the Plan and, in the case of an Other Secured Claim, satisfaction in full of the portion of the Secured Claim that is Allowed as of the Effective Date, all mortgages, deeds of trust, Liens, pledges, or other security interests against any property of the Estates shall be fully released and discharged, and all of the right, title, and interest of any Holder of such mortgages, deeds of trust, Liens, pledges, or other security interests shall revert to New LandCo and its successors and assigns.

#### 11. Document Retention

On and after the Effective Date, the Liquidating LandCo Debtors may maintain documents in accordance with their current document retention policy, as may be altered, amended, modified, or supplemented by the Liquidating LandCo Debtors. Notwithstanding the foregoing, the Liquidating LandCo Debtors shall provide access to documents in their possession or control as may be requested by the LandCo Agent at the direction of the Required LandCo Lenders and/ or New LandCo.

#### 12. Reimbursement or Contribution

If the Bankruptcy Court disallows a Claim for reimbursement or contribution of an Entity pursuant to section 502(e)(1)(B) of the Bankruptcy Code, then to the extent that such Claim is contingent as of the time of allowance or disallowance, such Claim shall be forever disallowed and expunged notwithstanding section 502(j) of the Bankruptcy Code, unless prior to the Confirmation Date: (a) such Claim has been adjudicated as non-contingent; or (b) the relevant Holder of a Claim has Filed a non-contingent Proof of Claim on account of such Claim and a Final Order has been entered prior to the Confirmation Date determining such Claim as no longer contingent.

### 13. Settlement of Allowed Amounts of LandCo Credit Facility Claims

The Plan will implement the LandCo Lender Settlement with respect to the LandCo Credit Facility Claims, if the LandCo Lender Settlement is approved by the Bankruptcy Court. Pursuant to Bankruptcy Rule 9019 and section 1123(b)(3) of the Bankruptcy Code and consistent with section 1129 of the Bankruptcy Code, the Plan shall constitute a motion for approval of, and the Confirmation Order may authorize and constitute Bankruptcy Court approval of, the LandCo Lender Settlement.

As of the Effective Date, pursuant to Bankruptcy Rule 9019 and section 1123(b)(3) of the Bankruptcy Code, in satisfaction of the LandCo Credit Facility Claims in accordance with Article III of the Plan, and for good and valuable consideration including the LandCo Lenders' agreement to the treatment specified in the Plan for the LandCo Credit Facility Claims and the Claims and Interests asserted by other Entities, the LandCo Lender Settlement shall be effectuated in accordance with the following terms if the LandCo Lender Settlement is approved by the Bankruptcy Court:

- a. The LandCo Credit Facility Claims shall be deemed Allowed against each LandCo Debtor by the Confirmation Order as undisputed, non-contingent, and liquidated in the settled amount of \$442,749,156.00. Such amount shall be exclusive of the LandCo Lenders Adequate Protection Claim and all amounts distributed on account thereof pursuant to Plan and the LandCo Adequate Protection Order, all amounts payable to the LandCo Agent pursuant to Article VI.A and Article VII of the Plan, and shall not be subject to setoff, recoupment, reduction, or allocation.
- b. The LandCo Credit Facility Secured Claims shall be deemed Allowed against each LandCo Debtor by the Confirmation Order as undisputed, non-contingent, and liquidated in the settled amount of \$370,000,000.00 (or such other amount as is determined by the Bankruptcy Court to be the value of the Collateral securing the LandCo Credit Facility Secured Claims).
- c. The LandCo Credit Facility Deficiency Claims shall be deemed Allowed against each LandCo Debtor by the Confirmation Order as undisputed, non-contingent, and liquidated in ~~an~~the settled amount of \$72,749,156.00 (or such other amount being the difference between the LandCo Credit Facility Claims and the LandCo Credit Facility Secured Claims).
- d. The Confirmation Order shall provide that the Liens of the LandCo Lenders upon and in substantially all of the assets and properties of the LandCo Debtors and the proceeds thereof, are and shall be deemed to be perfected and not subject to avoidance.
- e. The LandCo Debtors' indebtedness under the LandCo Credit Facility represented by the LandCo Credit Facility Claims shall be restructured into the New LandCo Common Stock and other distributions and treatment pursuant to Article III and Article IV of the Plan, subject to Article III.B of the Plan. New LandCo Corporation shall issue and the LandCo Lenders shall receive the New LandCo Common Stock pursuant to Article III and Article IV of the Plan.
- f. The Liquidating LandCo Debtors shall pay the reasonable expenses of the LandCo Agent, including attorneys and other professional fees, incurred from the Petition Date through the Effective Date in connection with the negotiation and consummation of the Plan and the transactions thereunder pursuant to the LandCo Adequate Protection Order and the LandCo Lender Settlement.
- g. The Liquidating LandCo Debtors shall pay the reasonable expenses (including, without limitation, attorneys and other professional fees and costs) of each member of the LandCo Steering Committee that votes all of its Claims in Voting Classes to accept the Plan, to the extent such expenses are



incurred through the Effective Date in connection with the negotiation and consummation of the Plan and the transactions thereunder pursuant to the LandCo Lender Settlement.

- h. The LandCo Agent, the LandCo Lenders, and their respective agents, affiliates and professionals (in their capacities as such) shall be deemed to have received and exchanged general releases with and from the LandCo Debtors and their Estates, and to have received releases from ~~H~~Holders of Claims that affirmatively vote to accept the Plan or abstain from voting on the Plan and elect to opt out of the release in Article VIII.D.2, pursuant to Article VIII of the Plan.

## H. ALLOWANCE AND PAYMENT OF CERTAIN ADMINISTRATIVE CLAIMS

### 1. Professional Claims:

- a. **Final Fee Applications:** All final requests for payment of Professional Claims shall be Filed no later than the Administrative Claim Bar Date. After notice and a hearing in accordance with the procedures established by the Bankruptcy Code and prior Final Orders, the Allowed amounts of the Professional Claims shall be determined by the Bankruptcy Court.
- b. **Payment of Interim Amounts:** Except as otherwise provided in the Plan and subject to Article IX.A.1 of the Plan, Professionals shall be paid pursuant to the Interim Compensation Order.
- c. **Professional Fee Escrow Account:** In accordance with Article IX.A.4 of the Plan, on the Effective Date, the Liquidating LandCo Debtors shall fund the Professional Fee Escrow Account with Cash equal to the aggregate Professional Fee Reserve Amount for all Professionals. The Professional Fee Escrow Account shall be maintained in trust for the Professionals with respect to whom fees or expenses have been held back pursuant to the Interim Compensation Order. The remaining amount of Professional Claims owing to the Professionals shall be paid in Cash to such Professionals by the Liquidating LandCo Debtors from the Professional Fee Escrow Account when such Claims are Allowed by a Final Order. When all Professional Claims have been paid in full, amounts remaining in the Professional Fee Escrow Account, if any, shall be paid to the Liquidating LandCo Debtors.
- d. **Professional Fee Reserve Amount:** To receive payment for unbilled fees and expenses incurred through the Effective Date, on or before the Confirmation Date, the Professionals shall estimate their Accrued Professional Compensation prior to and as of the Confirmation Date and shall deliver such estimate to the LandCo Debtors and the LandCo Agent. If a Professional does not provide an estimate, the Liquidating LandCo Debtors may estimate the unbilled fees and expenses of such Professional and provide notice of such estimate to the LandCo Agent; provided, however, that such estimate shall not be considered an admission with respect to the fees and expenses of such Professional. The total amount so estimated as of the Effective Date, subject to the right of the LandCo Agent and the Required LandCo Lenders to seek an adjustment to such amount with the Bankruptcy Court, shall comprise the Professional Fee Reserve Amount.
- e. **Post-Confirmation Date Fees and Expenses:** Except as otherwise specifically provided in the Plan, from and after the Effective Date, the Liquidating LandCo Debtors shall, in the ordinary course of business and without any further notice to or action, order, or approval of the Bankruptcy Court or any other Entity, pay in Cash the reasonable legal, professional, or other fees and expenses related to implementation and Consummation incurred by the Liquidating LandCo Debtors after the Effective Date pursuant to the Plan. Upon the Effective Date, any requirement that Professionals comply with sections 327 through 331 and 1103 of the Bankruptcy Code in seeking retention or compensation for services rendered after such date shall terminate, and the Liquidating LandCo Debtors may employ and pay any Professional in the ordinary course of business without any further notice to or action, order, or approval of the Bankruptcy Court or any other Entity.

- f. Substantial Contribution Compensation and Expenses:** Except as otherwise specifically provided in the Plan, any Entity who requests compensation or expense reimbursement for making a substantial contribution in the Chapter 11 Cases pursuant to section 503(b)(3), (4), and (5) of the Bankruptcy Code must File an application and serve such application on counsel for the LandCo Debtors or Liquidating LandCo Debtors, as applicable, and as otherwise required by the Bankruptcy Court and the Bankruptcy Code on or before the Administrative Claim Bar Date or be forever barred from seeking such compensation or expense reimbursement.
2. **Other Administrative Claims:** All requests for payment of an Administrative Claim must be Filed with the Claims and Solicitation Agent and served upon counsel to the LandCo Debtors or the Liquidating LandCo Debtors, as applicable, and New LandCo on or before the Administrative Claim Bar Date. Any request for payment of an Administrative Claim pursuant to Article II.B of the Plan that is not timely Filed and served shall be disallowed automatically without the need for any objection by the LandCo Debtors or the Liquidating LandCo Debtors or New LandCo. The Liquidating LandCo Debtors may settle and pay any Administrative Claim in the ordinary course of business without any further notice to or action, order, or approval of the Bankruptcy Court or any other Entity. In the event that any party with standing objects to an Administrative Claim, the Bankruptcy Court shall determine the Allowed amount of such Administrative Claim. Notwithstanding the foregoing, no request for payment of an Administrative Claim need be Filed with respect to an Administrative Claim previously Allowed by Final Order.

## I. CONDITIONS PRECEDENT TO CONFIRMATION AND CONSUMMATION OF THE PLAN

### 1. Conditions Precedent to Confirmation

The following are conditions precedent to Confirmation that must be satisfied or waived in accordance with Article X.C of the Plan:

- a. The Bankruptcy Court shall have entered a Final Order, in form and substance acceptable to the LandCo Debtors and the LandCo Agent at the direction of the Required LandCo Lenders, approving this Disclosure Statement with respect to the Plan as containing adequate information within the meaning of section 1125 of the Bankruptcy Code.
- b. The final version of the Plan Supplement and all of the schedules, documents, and exhibits contained therein shall have been Filed in form and substance acceptable to the LandCo Debtors and the LandCo Agent at the direction of the Required LandCo Lenders, without prejudice to the Liquidating LandCo Debtors' rights under the Plan to alter, amend, or modify certain of the schedules, documents, and exhibits contained in the Plan.
- c. The Management Services Agreement shall have been executed.
- d. The Confirmation Order shall be in form and substance acceptable to the LandCo Debtors and the LandCo Agent at the direction of the Required LandCo Lenders.

### 2. Conditions Precedent to Consummation

The following are conditions precedent to Consummation that must be satisfied or waived in accordance with Article X.C of the Plan:

- a. The Bankruptcy Court shall have entered one or more Final Orders (which may include the Confirmation Order) in form and substance acceptable to the LandCo Debtors and the LandCo Agent at the direction of the Required LandCo Lenders, authorizing the assumption and rejection of executory contracts and unexpired leases by the LandCo Debtors as contemplated in Article V of the Plan, including the assumption and assignment to New LandCo of the contracts and leases included in the LandCo Assets.

- b. All authorizations, consents, and regulatory approvals required for the Plan's effectiveness shall have been obtained including, without limitation, all gaming regulatory approvals and consents.
- c. The Confirmation Order shall have become a Final Order in form and substance acceptable to the LandCo Debtors and the LandCo Agent at the direction of the Required LandCo Lenders.
- d. The Confirmation Date shall have occurred.
- e. The New LandCo Board shall have been selected.
- f. The LandCo Assets (including the LandCo Capital Amount, if the LandCo Debtors agree to any such amount) shall have been transferred to New LandCo Corporation Purchaser.
- ~~g. The Trademark License Agreement shall have been executed.~~
- ~~g.~~ ~~h.~~ Insurance coverage related to property, casualty, titles, employees, officers and directors, and such other insurance as may be reasonably required by New LandCo and the LandCo Agent at the direction of the Required LandCo Lenders shall have been written and issued.
- ~~h.~~ ~~i.~~ The Working Capital Facility shall be committed and fully available to New LandCo Corporation.
- ~~i.~~ ~~j.~~ No fewer than five days shall have passed since Alex Yemenidjian shall have been licensed by the State of Nevada to operate the gaming operations conducted at the Tropicana Las Vegas.
- ~~j.~~ ~~k.~~ The Nevada State Gaming Board shall have approved in a manner acceptable to the LandCo Debtors and the LandCo Agent at the direction of the Required LandCo Lenders, in their collective discretion, the transfer of the LandCo Assets to New LandCo, the corporate structure of New LandCo, the issuance and terms of the New LandCo Securities, the treatment of the LandCo Credit Facility Claims, and the related transactions as set forth in or contemplated by the Plan to effectuate the foregoing.
- k. [The Litigation Trust Agreement shall have been executed and the Litigation Trust shall have been created.](#)

### 3. Waiver of Conditions Precedent

The LandCo Debtors or the Liquidating LandCo Debtors, as applicable, with the consent of the LandCo Agent at the direction of the Required LandCo Lenders (subject to the LandCo Lender Plan Term Sheet), and the Creditors Committee solely with respect to Article X.B.11 of the Plan, may waive any of the conditions to Confirmation or Consummation set forth in Article X.A and Article X.B of the Plan at any time, without any notice and without further notice to or action, order, or approval of the Bankruptcy Court or any other Entity, and without any formal action other than proceeding to confirm or consummate the Plan; provided, however, neither the LandCo Debtors nor the Liquidating LandCo Debtors may waive any condition to Consummation regarding gaming regulatory approvals and consents, to the extent that they are required under applicable state law. A failure to satisfy or waive any condition to Confirmation or Consummation may be asserted as a failure of Confirmation or Consummation regardless of the circumstances giving rise to such failure (including any action or inaction by the Entity asserting such failure). The failure of the LandCo Debtors or the Liquidating LandCo Debtors, as applicable, to exercise any of the foregoing rights shall not be deemed a waiver of any other rights, and each such right shall be deemed an ongoing right, which may be asserted at any time.

**4. Effect of Non-Occurrence of Conditions to Consummation**

Each of the conditions to Consummation must be satisfied or waived pursuant to Article X.C of the Plan, and Consummation must occur within 270 days of Confirmation, or by such later date acceptable to the LandCo Debtors and the LandCo Agent at the direction of the Required LandCo Lenders, in their collective discretion, and established by Final Order. If Consummation has not occurred within 270 days of Confirmation, then upon motion by the LandCo Debtors, the LandCo Agent, or the Required LandCo Lenders made before Consummation, and after notice and a hearing, unless no responses to such motion are timely filed or outstanding, the Confirmation Order may be vacated by the Bankruptcy Court; provided, however, that notwithstanding the filing of such motion to vacate, the Confirmation Order may not be vacated if Consummation occurs before the Bankruptcy Court enters a Final Order granting such motion. If the Confirmation Order is vacated pursuant to Article X.D of the Plan or otherwise, then except as provided in any Final Order vacating the Confirmation Order, the Plan will be null and void in all respects, including the discharge of Claims and termination of Interests pursuant to the Plan and section 1141 of the Bankruptcy Code and the assumptions, assignments, and rejections of executory contracts or unexpired leases pursuant to Article V of the Plan, and nothing contained in the Plan or Disclosure Statement shall: (a) constitute a waiver or release of any Claims, Interests, Causes of Action, or Insider Causes of Action; (b) prejudice in any manner the rights of such LandCo Debtor or any other Entity; or (c) constitute an admission, acknowledgment, offer, or undertaking of any sort by such LandCo Debtor or any other Entity.

**5. Satisfaction of Conditions Precedent to Confirmation**

Upon entry of a Confirmation Order acceptable to the LandCo Debtors and the LandCo Agent at the direction of the Required LandCo Lenders, each of the conditions precedent to Confirmation, as set forth in Article X.A of the Plan, shall be deemed to have been satisfied or waived in accordance with the Plan.

**J. MODIFICATION, REVOCATION, OR WITHDRAWAL OF THE PLAN**

**1. Modification and Amendments**

Except as otherwise specifically provided in the Plan, the LandCo Debtors reserve the right to modify the Plan and seek Confirmation consistent with the Bankruptcy Code, subject to the consent of the LandCo Agent at the direction of the Required LandCo Lenders if such modifications are material. Subject to certain restrictions and requirements set forth in section 1127 of the Bankruptcy Code and Bankruptcy Rule 3019 and those restrictions on modifications set forth in the Plan, each of the LandCo Debtors expressly reserve their respective rights to revoke or withdraw, or to alter, amend, or modify materially the Plan with respect to such LandCo Debtor, one or more times, after Confirmation, and, to the extent necessary, may initiate proceedings in the Bankruptcy Court to so alter, amend, or modify the Plan, or remedy any defect or omission, or reconcile any inconsistencies in the Plan, the Disclosure Statement, or the Confirmation Order, in such matters as may be necessary to carry out the purposes and intent of the Plan, subject to the consent of the LandCo Agent at the direction of the Required LandCo Lenders if material. Any such modification or supplement shall be considered a modification of the Plan and shall be made in accordance with Article XI of the Plan.

**2. Effect of Confirmation on Modifications**

Entry of a Confirmation Order shall mean that all modifications or amendments to the Plan since the solicitation thereof are approved pursuant to section 1127(a) of the Bankruptcy Code and do not require additional disclosure or re-solicitation under Bankruptcy Rule 3019.

**3. Revocation or Withdrawal of Plan**

The LandCo Debtors reserve the right to revoke or withdraw the Plan prior to the Confirmation Date and to File subsequent chapter 11 plans in consultation with the LandCo Agent and the Required LandCo Lenders. If the LandCo Debtors revoke or withdraw the Plan, or if Confirmation or Consummation does not occur, then: (a) the Plan shall be null and void in all respects; (b) any settlement or compromise embodied in the Plan (including the fixing or

limiting to an amount certain of any Claim or Interest or Class of Claims or Interests), assumption, assignment, or rejection of executory contracts or unexpired leases effected by the Plan, and any document or agreement executed pursuant to the Plan, shall be deemed null and void; and (c) nothing contained in the Plan shall: (i) constitute a waiver or release of any Claims, Interests, Causes of Action, or Insider Causes of Action; (ii) prejudice in any manner the rights of such LandCo Debtor or any other Entity; or (iii) constitute an admission, acknowledgement, offer, or undertaking of any sort by such LandCo Debtor or any other Entity.

#### **K. RETENTION OF JURISDICTION**

Notwithstanding the entry of the Confirmation Order and the occurrence of the Effective Date, the Bankruptcy Court shall retain exclusive jurisdiction over all matters arising out of, or related to, the Chapter 11 Cases and the Plan pursuant to sections 105(a) and 1142 of the Bankruptcy Code, including jurisdiction to:

- a. Allow, disallow, determine, liquidate, classify, estimate, or establish the priority, secured or unsecured status, or amount of any Claim or Interest, including the resolution of any request for payment of any Administrative Claim and the resolution of any and all objections to the secured or unsecured status, priority, amount, or allowance of Claims or Interests;
- b. Decide and resolve all matters related to the granting and denying, in whole or in part, any applications for allowance of compensation or reimbursement of expenses to Professionals authorized pursuant to the Bankruptcy Code or the Plan;
- c. Resolve any matters related to: (i) the assumption, assumption and assignment, or rejection of any executory contract or unexpired lease to which a LandCo Debtor is party or with respect to which a LandCo Debtor may be liable and to hear, determine, and, if necessary, liquidate, any Cure or Claims arising therefrom, including Cure or Claims pursuant to section 365 of the Bankruptcy Code; (ii) any potential contractual obligation under any executory contract or unexpired lease that is assumed; (iii) the Liquidating LandCo Debtors amending, modifying, or supplementing, after the Effective Date, pursuant to Article V of the Plan, any executory contracts or unexpired leases to the list of executory contracts and unexpired leases to be assumed or rejected or otherwise; and (iv) any dispute regarding whether a contract or lease is or was executory or expired;
- d. Ensure that distributions to Holders of Allowed Claims and Interests are accomplished pursuant to the provisions of the Plan;
- e. Adjudicate, decide, or resolve any motions, adversary proceedings, contested or litigated matters, and any other matters, and grant or deny any applications involving a LandCo Debtor that may be pending on the Effective Date;
- f. Adjudicate, decide, or resolve any and all matters related to Causes of Action and Insider Causes of Action;
- g. Adjudicate, decide, or resolve any and all matters related to section 1141 of the Bankruptcy Code;
- h. Enter and implement such orders as may be necessary or appropriate to execute, implement, or consummate the provisions of the Plan and all contracts, instruments, releases, indentures, and other agreements or documents created in connection with the Plan or the Disclosure Statement;
- i. Enter and enforce any order for the sale of property pursuant to sections 363, 1123, or 1146(a) of the Bankruptcy Code;

- j. Resolve any cases, controversies, suits, disputes, or Causes of Action that may arise in connection with the Consummation, interpretation, or enforcement of the Plan or any Entity's obligations incurred in connection with the Plan;
- k. Issue injunctions, enter and implement other orders, or take such other actions as may be necessary or appropriate to restrain interference by any Entity with Consummation or enforcement of the Plan;
- l. Resolve any cases, controversies, suits, disputes, Causes of Action, or Insider Causes of Action with respect to the releases, injunctions, and other provisions contained in Article VIII of the Plan, and enter such orders as may be necessary or appropriate to implement such releases, injunctions, and other provisions;
- m. Resolve any and all cases, controversies, suits, disputes, Causes of Action, or Insider Causes of Action with respect to the repayment or return of distributions and the recovery of additional amounts owed by the Holder of a Claim for amounts not timely repaid;
- n. Enter and implement such orders as are necessary or appropriate if the Confirmation Order is for any reason modified, stayed, reversed, revoked, or vacated;
- o. Enter an order or Final Decree concluding or closing the Chapter 11 Cases;
- p. Adjudicate any and all disputes arising from or relating to payments or distributions under the Plan;
- q. Consider any and all modifications of the Plan, to cure any defect or omission, or to reconcile any inconsistency in any Final Order, including the Confirmation Order;
- r. Hear and determine requests for the payment or distribution on account of Claims entitled to priority pursuant to section 507 of the Bankruptcy Code;
- s. Hear and determine any and all disputes arising in connection with the interpretation, implementation, or enforcement of the Plan or the Confirmation Order, including disputes arising under agreements, documents, or instruments executed in connection with the Plan;
- t. Hear and determine any and all disputes arising under sections 525 or 543 of the Bankruptcy Code;
- u. Hear and determine matters concerning state, local, and federal taxes in accordance with sections 346, 505, and 1146 of the Bankruptcy Code;
- v. Hear and determine any and all disputes involving the existence, nature, or scope of the LandCo Debtors' discharge, including any dispute relating to any liability arising out of the termination of employment or the termination of any employee or retiree benefit program, regardless of whether such termination occurred prior to or after the Effective Date;
- w. Determine any other matters that may arise in connection with or relate to the Plan, the Disclosure Statement, the Confirmation Order, or any contract, instrument, release, indenture, or other agreement or document created in connection with the Plan or the Disclosure Statement;
- x. Enforce any orders previously entered by the Bankruptcy Court; and
- y. Hear any and all other matter not inconsistent with the Bankruptcy Code.



## L. MISCELLANEOUS PROVISIONS

### 1. Immediate Binding Effect

Subject to Article X.B of the Plan and notwithstanding Bankruptcy Rules 3020(e), 6004(g), or 7062 or otherwise, upon the occurrence of the Effective Date, the terms of the Plan and the Plan Supplement shall be immediately effective and enforceable and deemed binding upon the LandCo Debtors, the Liquidating LandCo Debtors, and any and all Holders of Claims or Interests (irrespective of whether any such Holders of Claims or Interests failed to vote to accept or reject the Plan, voted to accept or reject the Plan, or ~~is~~are deemed to accept or reject the Plan), all Entities that are parties to or are subject to the settlements, compromises, releases, discharges, and injunctions described in the Plan, each Entity acquiring property under the Plan, and any and all non-Debtor parties to executory contracts and unexpired leases with the LandCo Debtors.

### 2. Additional Documents

On or before the Effective Date, and with the reasonable consent of the LandCo Agent at the direction of the Required LandCo Lenders if such agreements and other documents are material, the LandCo Debtors may File with the Bankruptcy Court such agreements and other documents as may be necessary or appropriate to effectuate and further evidence the terms and conditions of the Plan. The LandCo Debtors or the Liquidating LandCo Debtors, as applicable, and all Holders of Claims ~~or Interests~~ receiving distributions pursuant to the Plan and all other parties in interest shall, from time to time, prepare, execute, and deliver any agreements or documents and take any other actions as may be necessary or advisable to effectuate the provisions and intent of the Plan.

### 3. Payment of Statutory Fees

All fees payable pursuant to section 1930 of title 28 of the United States Code after the Effective Date shall be paid prior to the closing of the Chapter 11 Cases when due or as soon thereafter as practicable.

### 4. Dissolution of Committees

Upon the Effective Date, the Creditors Committee shall dissolve automatically (except with respect to any appeals Filed regarding Confirmation, the resolution of any substantial contribution applications, and the resolution of applications for Professional Claims) insofar as it is an official committee with respect to Creditors of the LandCo Debtors and their respective Estates, and members thereof shall be released and discharged from all rights, duties, responsibilities, and liabilities arising from, or related to, the LandCo Debtors' Chapter 11 Cases and under the Bankruptcy Code.

### 5. Reservation of Rights

Except as expressly set forth in the Plan, the Plan shall have no force or effect unless the Bankruptcy Court shall enter the Confirmation Order. Absent the occurrence of the Effective Date, neither the filing of the Plan, nor the making of any statement or provision contained in the Plan, or the taking of any action by any LandCo Debtor with respect to the Plan, the Disclosure Statement, or the Plan Supplement shall be deemed to be an admission or waiver of any rights of any Entity.

### 6. Successors and Assigns

The rights, benefits, and obligations of any Entity named or referred to in the Plan shall be binding on, and shall inure to the benefit of, any heir, executor, administrator, successor or assign, affiliate, officer, director, agent, representative, attorney, beneficiary, or guardian, if any, of such Entity.

7. **Service of Documents**

After the Effective Date, any pleading, notice, or other document required by the Plan to be served on or delivered to the LandCo Debtors or Liquidating LandCo Debtors shall be sent by overnight mail, postage prepaid to:

3930 Howard Hughes Parkway  
4th Floor  
Las Vegas, Nevada 89169  
Attn: Chief Legal Officer or General Counsel

*with a copy to:*

Kirkland & Ellis LLP  
200 East Randolph Drive  
Chicago, Illinois 60601  
Attn: Marc Kieselstein, P.C. and David R. Seligman, P.C.

Any pleading, notice, or other document required by the Plan to be served on or delivered to the LandCo Agent shall be sent by overnight mail, postage prepaid to:

Skadden, Arps, Slate, Meagher & Flom LLP  
4 Times Square  
New York, New York 10036  
Attn: Evan Levy

*with a copy to:*

Skadden, Arps, Slate, Meagher & Flom LLP  
One Rodney Square  
Wilmington, Delaware 19801  
Attn: Mark S. Chehi

After the Effective Date, the Liquidating LandCo Debtors have authority to send a notice to Entities that to continue to receive documents pursuant to Bankruptcy Rule 2002 directing each such Entity to File a renewed request to receive documents pursuant to Bankruptcy Rule 2002. After the Effective Date, the Liquidating LandCo Debtors are authorized to limit the list of Entities receiving documents pursuant to Bankruptcy Rule 2002 to those Entities who have Filed such renewed requests.

In accordance with Bankruptcy Rules 2002 and 3020(c), no later than ten business days after the date of entry of the Confirmation Order, the LandCo Debtors shall serve the Notice of Confirmation by hand, by overnight courier service, or by United States mail, first class postage prepaid, to all Entities having been served with the Confirmation Hearing Notice; provided, however, that no notice or service of any kind shall be required to be mailed or made upon any Entity to whom the LandCo Debtors mailed a Confirmation Hearing Notice but received such notice returned marked “undeliverable as addressed,” “moved, left no forwarding address” or “forwarding order expired,” or similar reason, unless the LandCo Debtors have been informed in writing by such Entity, or are otherwise aware, of that Entity’s new address. To supplement the notice described in the preceding sentence, no later than twenty days after the date of the Confirmation Order, the LandCo Debtors shall publish the Notice of Confirmation once in *The Wall Street Journal (National Edition)*. Mailing and publication of the Notice of Confirmation in the time and manner set forth in this paragraph shall be good and sufficient notice under the particular circumstances and in accordance with the requirements of Bankruptcy Rules 2002 and 3020(c), and no further notice is necessary.

**8. Term of Injunctions or Stays**

Unless otherwise provided in the Plan or in the Confirmation Order, all injunctions or stays in effect in the Chapter 11 Cases pursuant to sections 105 or 362 of the Bankruptcy Code or any order of the Bankruptcy Court, and extant on the Confirmation Date (excluding any injunctions or stays contained in the Plan or the Confirmation Order) shall remain in full force and effect until the Effective Date. All injunctions or stays contained in the Plan or the Confirmation Order shall remain in full force and effect in accordance with their terms.

**9. Entire Agreement**

Except as otherwise indicated, the Plan and the Plan Supplement supersede all previous and contemporaneous negotiations, promises, covenants, agreements, understandings, and representations on such subjects, all of which have become merged and integrated into the Plan.

**10. Governing Law**

Unless a rule of law or procedure is supplied by federal law (including the Bankruptcy Code and the Bankruptcy Rules) or unless otherwise specifically stated, the laws of the State of Delaware, without giving effect to the principles of conflict of laws, shall govern the rights, obligations, construction, and implementation of the Plan, any agreements, documents, instruments, or contracts executed or entered into in connection with the Plan (except as otherwise set forth in those agreements, in which case the governing law of such agreement shall control), and corporate governance matters; provided, however, that corporate governance matters relating to the LandCo Debtors or the Liquidating LandCo Debtors, as applicable, not incorporated in Delaware shall be governed by the laws of the state of incorporation of the applicable LandCo Debtor or Liquidating LandCo Debtor, as applicable.

**11. Plan Supplement**

All exhibits and documents included in the Plan Supplement are incorporated into and are a part of the Plan as if set forth in full in the Plan. Except as otherwise provided in the Plan, such exhibits and documents included in the Plan Supplement shall be Filed with the Bankruptcy Court on or before the Plan Supplement Filing Date. Upon its Filing, the Plan Supplement may be inspected in the office of the clerk of the Bankruptcy Court or its designee during normal business hours, at the Bankruptcy Court's website—for a fee—at [www.deb.uscourts.gov](http://www.deb.uscourts.gov), and for free at the LandCo Debtors' website at [www.kccllc.net/tropicana](http://www.kccllc.net/tropicana). The documents contained in the Plan Supplement are an integral part of the Plan, and entry of the Confirmation Order by the Bankruptcy Court shall constitute an approval of the Plan Supplement. To the extent any exhibit or document is inconsistent with the terms of the Plan, unless otherwise ordered by the Bankruptcy Court, the non-exhibit or non-document portion of the Plan shall control.

**12. Nonseverability of Plan Provisions**

If, prior to Confirmation, any term or provision of the Plan is held by the Bankruptcy Court to be invalid, void, or unenforceable, the Bankruptcy Court shall have the power to alter and interpret such term or provision to make it valid or enforceable to the maximum extent practicable, consistent with the original purpose of the term or provision held to be invalid, void, or unenforceable, and such term or provision shall then be applicable as altered or interpreted. Notwithstanding any such holding, alteration, or interpretation, the remainder of the terms and provisions of the Plan will remain in full force and effect and will in no way be affected, impaired, or invalidated by such holding, alteration, or interpretation. The Confirmation Order shall constitute a judicial determination and shall provide that each term and provision of the Plan, as it may have been altered or interpreted in accordance with the foregoing, is: (a) valid and enforceable pursuant to its terms; (b) integral to the Plan and may not be deleted or modified without the LandCo Debtors' consent; and (c) nonseverable and mutually dependent.

**13. Closing of Chapter 11 Cases**

Each Liquidating LandCo Debtor shall promptly after the full administration of its Chapter 11 Case, File with the Bankruptcy Court all documents required by Bankruptcy Rule 3022 and any applicable order of the

Bankruptcy Court to close its Chapter 11 Case. Upon the Chapter 11 Case of any Liquidating LandCo Debtor being closed, such Liquidating LandCo Debtor shall be deemed dissolved under state law without further action by the Liquidating LandCo Debtors and without any further notice to or action, order, or approval of the Bankruptcy Court or any other Entity.

**14. Waiver or Estoppel**

Each Holder of a Claim or an Interest shall be deemed to have waived any right to assert any argument, including the right to argue that its Claim or Interest should be Allowed in a certain amount, in a certain priority, secured, or not subordinated by virtue of an agreement made with the LandCo Debtors or their counsel, the Creditors Committee or its counsel, or any other Entity, if such agreement was not disclosed in the Plan, the Disclosure Statement, or papers Filed with the Bankruptcy Court prior to the Confirmation Date.

**15. Conflicts and Interpretation of Plan**

Except as set forth in the Plan, to the extent that any provision of this Disclosure Statement, the Plan Supplement, or any other order (other than the Confirmation Order) referenced in the Plan (or any exhibits, schedules, appendices, supplements, or amendments to any of the foregoing), conflict with or are in any way inconsistent with any provision of the Plan, the Plan shall govern and control. To the extent that a term in the Plan shall conflict with any document authorized hereunder or Filed as part of the Plan Supplement, such non-Plan document shall control. To the extent that a term in the Plan is ambiguous, New LandCo and the Required LandCo Lenders through the LandCo Agent may interpret such term in their collective discretion or seek clarification from the Bankruptcy Court.

**16. Filing of Additional Documents**

On or before the Effective Date, the LandCo Debtors may File with the Bankruptcy Court all agreements and other documents that may be necessary or appropriate to effectuate and further evidence the terms and conditions of the Plan.

**17. Intellectual Property**

Nothing in the Plan (including the duration of the Interim Period) shall impair, enlarge, or in any way alter the equitable and legal rights, obligations, and defenses of the OpCo Debtors (or any Entity created in accordance with the OpCo Plan) or the LandCo Debtors (or any Entity created in accordance with the Plan, including New LandCo) regarding the Intellectual Property Rights, and all Entities reserve their rights with respect thereto.

Notwithstanding the foregoing, the action or inaction of any Entity with respect to the Intellectual Property Rights during the Interim Period shall not be used, invoked, or applied by any Entity in any proceeding to serve as the basis to enlarge, diminish, or in any way alter or affect the equitable and legal rights, obligations, and defenses of any Entity including, without limitation, through the doctrines of *res judicata*, collateral estoppel, issue preclusion, claim preclusion, estoppel (judicial, equitable, or otherwise), naked license, unreasonable delay in asserting rights, adequate remedy at law, or laches, in any dispute regarding the Intellectual Property Rights.

During the Interim Period, and without waiving any of the foregoing rights, obligations, and defenses, the OpCo Debtors (and any Entity created in accordance with the OpCo Plan) and the LandCo Debtors (and any Entity created in accordance with the Plan, including New LandCo) agree that they shall use (a) the trademarks and service marks included in the Intellectual Property Rights only in connection with those goods and services with which such trademarks and service marks have been used historically by such Entities, and (b) the quality of such goods and services shall be consistent with or better than the quality of the goods and services on which such trademarks and service marks have been used historically.

## V. STATUTORY REQUIREMENTS FOR CONFIRMATION OF THE PLAN

The following is a brief summary of the Confirmation process. Holders of Claims and Interests are encouraged to review the relevant provisions of the Bankruptcy Code and to consult their own advisors.

### A. THE CONFIRMATION HEARING

Section 1128(a) of the Bankruptcy Code requires the Bankruptcy Court, after notice, to conduct a hearing to consider confirmation of a plan. Section 1128(b) of the Bankruptcy Code provides that any party in interest may object to confirmation.

### B. CONFIRMATION STANDARDS

At the Confirmation Hearing, the Bankruptcy Court will determine whether the Plan satisfies the requirements of section 1129 of the Bankruptcy Code. The LandCo Debtors believe that: (1) the Plan satisfies or will satisfy all of the statutory requirements of chapter 11 of the Bankruptcy Code; (2) they have complied or will have complied with all of the requirements of chapter 11 of the Bankruptcy Code; and (3) the Plan has been proposed in good faith. Specifically, the LandCo Debtors believe that the Plan satisfies or will satisfy the applicable Confirmation requirements of section 1129 of the Bankruptcy Code, including those set forth below.

1. The Plan complies with the applicable provisions of the Bankruptcy Code.
2. The LandCo Debtors, as the Plan proponents, will have complied with the applicable provisions of the Bankruptcy Code.
3. The Plan has been proposed in good faith and not by any means forbidden by law.
4. Any payment made or to be made under the Plan for services or for costs and expenses in, or in connection with, the Chapter 11 Cases, or in connection with the Plan and incident to the Chapter 11 Cases, has been or will be disclosed to the Bankruptcy Court, and any such payment: (a) made before the Confirmation of the Plan will be reasonable; or (b) will be subject to the approval of the Bankruptcy Court as reasonable, if it is to be fixed after Confirmation of the Plan.
5. The LandCo Debtors, as Plan proponents, will have disclosed the identity and affiliations of any individual proposed to serve, after confirmation of the Plan, as a director, officer, or voting trustee of the LandCo Debtors, an affiliate of the LandCo Debtors participating in a joint plan with the LandCo Debtors, or a successor to the LandCo Debtors under the Plan, and the appointment to, or continuance in, such office of such individual, is consistent with the interests of Holders of Claims and Interests and with public policy.
6. The LandCo Debtors, as Plan proponents, have disclosed the identity of any Insider that will be employed or retained by the Liquidating LandCo and New LandCo Debtors and the nature of any compensation for such Insider.
7. Each Holder of an Impaired Claim has accepted the Plan or will receive or retain under the Plan on account of such Claim property of a value as of the Effective Date of the Plan that is not less than the amount that such Holder would receive or retain if the LandCo Debtors were liquidated on that date under chapter 7 of the Bankruptcy Code. Each Holder of an Impaired Interest has accepted the Plan or will receive or retain under the Plan on account of such Interest property of a value as of the Effective Date of the Plan that is not less than the amount that such Holder would receive or retain if the LandCo Debtors were liquidated on that date under chapter 7 of the Bankruptcy Code.
8. Each Class of Claims or Interests that is entitled to vote on the Plan has either accepted the Plan or is not Impaired under the Plan, or the Plan can be confirmed without the approval of such voting

Class of Claims or Interests pursuant to section 1129(b) of the Bankruptcy Code.

9. Except to the extent that the Holder of a particular Claim will agree to a different treatment of its Claim, the Plan provides that: (a) Holders of Administrative Claims and Other Priority Claims specified in section 507(a)(2) and 507(a)(3) of the Bankruptcy Code, respectively, will receive on account of such Claims Cash equal to the allowed amount of such Claim on the Effective Date of the Plan, or as soon thereafter as is reasonably practicable; (b) Holders of Claims specified in section 507(a)(1), 507(a)(4), 507(a)(5), 507(a)(6), or 507(a)(7) of the Bankruptcy Code will receive deferred Cash payments of a value, as of the Effective Date of the Plan, equal to the allowed amount of such Claim if such Holders of Claims vote to accept the Plan, and will receive Cash on the Effective Date of the Plan equal to the allowed amount of such Claim; and (c) Holders of Claims specified in section 507(a)(8) of the Bankruptcy Code will receive on account of such Claim regular installment payments of Cash of a total value, as of the Effective Date of the Plan, equal to the allowed amount of such Claim over a period ending not later than five years after the Petition Date.
10. At least one Class of Impaired Claims has accepted the Plan, determined without including any acceptance of the Plan by any Insider holding a Claim in that Class.
11. Confirmation of the Plan is not likely to be followed by the liquidation or the need for further financial reorganization of the Debtors or any successors thereto under the Plan, unless the Plan contemplates such liquidation or reorganization.
12. The LandCo Debtors have paid the required filing fees pursuant to 28 U.S.C. § 1930 to the clerk of the Bankruptcy Court.
13. In addition to the filing fees paid to the clerk of the Bankruptcy Court, the LandCo Debtors will pay quarterly fees no later than the last day of the calendar month following the calendar quarter for which the fee is owed in each of the LandCo Debtors' Chapter 11 Cases for each quarter (including any fraction thereof), to the United States Trustee, until the case is converted or dismissed, whichever occurs first.

**C. BEST INTERESTS OF CREDITORS TEST/ LIQUIDATION ANALYSIS AND VALUATION ANALYSIS**

Under the Bankruptcy Code, confirmation of a plan also requires a finding that the plan is in the “best interests” of creditors. Under the “best interests” test, the Bankruptcy Court must find (subject to certain exceptions) that the Plan provides, with respect to each Impaired Class, that each Holder of an Allowed Claim or Interest in such Impaired Class has accepted the Plan, or will receive or retain under the Plan property of a value, as of the Effective Date, that is not less than the amount that such Holder would receive or retain if the LandCo Debtors were liquidated under chapter 7 of the Bankruptcy Code.

The analysis under the “best interests” test requires that the Bankruptcy Court determine what Holders of Allowed Claims and Interests in each Impaired Class would receive if the LandCo Debtors' Chapter 11 Cases were converted to liquidation cases under chapter 7 of the Bankruptcy Code, and the Bankruptcy Court appointed a chapter 7 trustee to liquidate all of the LandCo Debtors' assets into Cash. The LandCo Debtors' “liquidation value” would consist primarily of unencumbered and unrestricted Cash held by the LandCo Debtors at the time of the conversion to chapter 7 cases and the proceeds resulting from the chapter 7 trustee's sale of the LandCo Debtors' remaining unencumbered assets. The gross Cash available for distribution would be reduced by the costs and expenses incurred in effectuating the chapter 7 liquidation and any additional Administrative Claims incurred during the chapter 7 cases.

The Bankruptcy Court then must compare the value of the distributions from the proceeds of the hypothetical chapter 7 liquidation of the LandCo Debtors (after subtracting the chapter 7-specific claims and administrative costs) with the value to be distributed to the Holders of Allowed Claims under the Plan. It is possible that in a chapter 7 liquidation, Claims and Interests may not be classified in the same manner as set forth in the Plan. In a hypothetical



chapter 7 liquidation of the LandCo Debtors' assets, the rule of absolute priority of distribution would apply, *i.e.*, no junior Creditor would receive any distribution until payment in full of all senior Creditors, and no Holder of an Interest would receive any distribution until all Creditors have been paid in full.

Of the foregoing groups of Claims, Other Secured Claims, Administrative Claims, Priority Tax Claims, and Other Priority Claims are either unclassified or "Unimpaired" under the Plan, meaning that the Plan generally leaves their legal, equitable, and contractual rights unaltered. As a result, Holders of such Claims are deemed to accept the Plan. The remainder of the Classes of Claims and Interests are "Impaired" under the Plan and are either entitled to vote on, or deemed to reject, the Plan. Because the Bankruptcy Code requires that Impaired Creditors either accept the Plan or receive at least as much under the Plan as they would in a hypothetical chapter 7 liquidation, the operative "best interests" inquiry in the context of the Plan is whether in a chapter 7 liquidation, after accounting for recoveries by Holders of Allowed Other Secured, Administrative, Priority Tax, and Other Priority Claims, the Impaired Creditors and Interest Holders will receive more or less than under the Plan. If the probable distribution to Impaired Creditors and Interest Holders under a hypothetical chapter 7 liquidation is greater than the distributions to be received by such Holders under the Plan, then the Plan is not in the best interests of Impaired Creditors and Interest Holders.

Based upon the conclusions set forth in the Liquidation Analysis and the Valuation Analysis, the LandCo Debtors believe that the value of distributions, if any, in a hypothetical chapter 7 liquidation to Holders of Allowed Unsecured Claims and Interests would be less than the value of distributions to such Holders under the Plan.

#### 1. **Liquidation Analysis**

The first step in the "best interests" analysis requires determining what Holders of Allowed Claims and Interests in each Impaired Class would receive if the LandCo Debtors' Chapter 11 Cases were converted to liquidation cases under chapter 7 of the Bankruptcy Code. To that end, the LandCo Debtors and their Professionals have prepared the Liquidation Analysis. The Liquidation Analysis, along with certain notes related to the Liquidation Analysis, is attached as **Exhibit B** to this Disclosure Statement. Please review the full text of the Liquidation Analysis for further information.

As stated in further detail in the Liquidation Analysis and the accompanying notes, the LandCo Debtors believe that any hypothetical liquidation analysis is necessarily speculative. The determination of the costs of, and proceeds from, the hypothetical chapter 7 liquidation of the LandCo Debtors' assets is an uncertain process involving the extensive use of estimates and assumptions that, although considered reasonable by the LandCo Debtors, are inherently subject to significant business, economic, and competitive uncertainties and contingencies beyond the control of the LandCo Debtors and their Professionals. Inevitably, some assumptions in the Liquidation Analysis would not materialize in an actual chapter 7 liquidation, and unanticipated events and circumstances could affect the ultimate results in an actual chapter 7 liquidation. The LandCo Debtors and their Professionals prepared the Liquidation Analysis for the sole purpose of generating a reasonable good-faith estimate of the proceeds that would be generated if the LandCo Debtors' assets were liquidated in accordance with chapter 7 of the Bankruptcy Code. The Liquidation Analysis is not intended and should not be used for any other purpose. The underlying financial information in the Liquidation Analysis was not compiled or examined by independent accountants. NEITHER THE LANDCO DEBTORS NOR THEIR PROFESSIONALS MAKE ANY REPRESENTATION OR WARRANTY THAT THE ACTUAL RESULTS WOULD OR WOULD NOT APPROXIMATE THE ESTIMATES AND ASSUMPTIONS REPRESENTED IN THE LIQUIDATION ANALYSIS. ACTUAL RESULTS COULD VARY MATERIALLY.

In preparing the Liquidation Analysis, the LandCo Debtors estimated Allowed Claims based upon a review of Claims listed on the LandCo Debtors' Schedules and Proofs of Claim Filed to date. In addition, the Liquidation Analysis includes estimates of Allowed Claims not currently asserted in the Chapter 11 Cases, but which could be asserted and Allowed in a chapter 7 liquidation, including Administrative Claims, wind-down costs, trustee fees, tax liabilities, and certain lease and contract rejection damages Claims. To date, the Bankruptcy Court has not estimated or otherwise fixed the total amount of Allowed Claims set forth in the Liquidation Analysis. The LandCo Debtors'

estimate of Allowed Claims set forth in the Liquidation Analysis should not be relied on for any other purpose, including determining the value of any distribution to be made on account of Allowed Claims and Interests under the Plan. NOTHING CONTAINED IN THE LIQUIDATION ANALYSIS IS INTENDED TO BE OR CONSTITUTES A CONCESSION OR ADMISSION OF THE LANDCO DEBTORS. THE ACTUAL AMOUNT OF ALLOWED CLAIMS IN THE CHAPTER 11 CASES COULD MATERIALLY AND SIGNIFICANTLY DIFFER FROM THE ESTIMATED AMOUNTS SET FORTH IN THE LIQUIDATION ANALYSIS.

~~The Creditors Committee believes that the Liquidation Analysis of the LandCo Debtors is based on flawed assumptions and that the LandCo Debtors' conclusions as to Liquidation Value is substantially less than the actual liquidation value.~~

## 2. Valuation Analysis

### a. Introduction

The next step in the “best interests” analysis is a comparison of what Holders of Allowed Claims and Interests in each Impaired Class would receive in a hypothetical chapter 7 liquidation with the estimated value of distributions to such Holders under the Plan. Because certain distributions contemplated by the Plan are composed of equity in New LandCo, the LandCo Debtors determined it was necessary to estimate the reorganized value of their businesses. Accordingly, the LandCo Debtors directed Lazard to prepare the Valuation Analysis of New LandCo, which is described herein. This discussion of the Valuation Analysis should be read in conjunction with the discussion of the risk factors contained in Article VII.

The Valuation Analysis is based upon data and information as of January 2, 2009. Neither Lazard nor the LandCo Debtors make representations as to changes to such data and information that may have occurred since that date.

In preparing the Valuation Analysis, Lazard, among other things: (i) conducted discussions with the LandCo Debtors' various managers and Professionals with respect to the LandCo Debtors' business operations, both current and projected; (ii) reviewed various documents and pleadings in the Chapter 11 Cases; (iii) reviewed the operations and historical financial performance of the LandCo Debtors; (iv) reviewed managements' initial DIP Credit Facility forecast; (v) reviewed the LandCo Debtors' business plan; (vi) analyzed current market conditions and general trends in the gaming industry, the business models and performance of the LandCo Debtors' key competitors, and trends affecting Nevada, the local market in which the LandCo Debtors operate; (vii) analyzed the performance, financial information, and market position of the LandCo Debtors relative to certain competitors and/ or similar publicly traded companies; (viii) reviewed various securities analyst research reports on the gaming industry and its participants; (ix) analyzed relevant precedential transactions in the industry to determine prices paid for assets or companies similar to the LandCo Debtors; (x) reviewed the land appraisals prepared by two independent appraisal firms; and (xi) reviewed such other information and conducted such other analyses as Lazard deemed appropriate.

Lazard assumed, without independent verification, the accuracy, completeness, and fairness of all of the financial and other information available to it from public sources or as provided to Lazard by the LandCo Debtors or their representatives. Lazard did not make any independent evaluation or appraisal of the assets of the LandCo Debtors, nor did Lazard independently verify any of the information it reviewed. Lazard has assumed that the Financial Projections are true and that the LandCo Debtors or their representatives reasonably prepared them on bases reflecting the best estimates and good faith judgments of the LandCo Debtors' management as to future operating and financial performance as of the date of their preparation, and that the LandCo Debtors have informed Lazard of all known circumstances occurring since such date that could make the Financial Projections incomplete or misleading. Lazard conducted the Valuation Analysis with the explicit understanding that it is based on standards of assessment, including economic, political, legal, and other conditions, in existence as of the date of the Valuation Analysis that are beyond Lazard and the LandCo Debtors' control. Such standards of assessment may change in the future, and such changes could have a material impact (positive or negative) on its assessment of the valuation of New LandCo set forth in this Disclosure Statement. To the extent the Valuation Analysis is dependent upon New LandCo's achievement of the Financial Projections, and the assumption that general economic, financial, and market conditions

as of the Effective Date will not differ materially from those prevailing as of the date of the Valuation Analysis, the Valuation Analysis must be considered speculative. Lazard disclaims any responsibility for any impact any such change may have on the assessment of the valuation of New LandCo set forth in the Plan.

The Financial Projections used in the Valuation Analysis also assume that general economic, financial, and market conditions as of the Effective Date will not differ materially from those conditions prevailing as of the date of the Valuation Analysis. Although subsequent developments may affect Lazard's conclusions, Lazard does not have any obligation to update, revise, or reaffirm its analysis following the Confirmation Hearing.

#### **b. Total Enterprise Value**

The Valuation Analysis summarizes Lazard's view on the Total Enterprise Value of New LandCo's ongoing business operations. In preparing a valuation analysis, Lazard typically utilizes the following three methodologies: (i) a calculation of the present value of projected free cash flows and a terminal value, using a range of discount rates (the "DCF Analysis"); (ii) a comparison of New LandCo's Total Enterprise Value as a multiple of their earnings before interest, taxes, depreciation, and amortization ("EBITDA"), with that multiple determined by reference to a review of comparable publicly traded gaming companies (the "Comparable Company Analysis"); and (iii) an analysis of the precedential gaming industry transactions since 2000 to determine an appropriate EBITDA multiple for determining New LandCo's Total Enterprise Value (the "Precedent Transactions Analysis"). However, because the transactions included in the Precedent Transactions Analysis occurred under drastically different credit and financial market conditions, Lazard has not relied upon this analysis, but has included the results from the two appraisals from independent appraisal firms, which relied upon such methodologies. In addition to the three standard methodologies identified above, Lazard also estimated the Debtors' implied Total Enterprise Value based on the implied value per acre of a publicly held company with comparable land assets in Las Vegas.

The DCF Analysis estimates New LandCo's Total Enterprise Value as the present value of unlevered free cash flows. The projected cash flows were derived from the forecasted cash flows prepared by the LandCo Debtors' management for the period of 2009 through 2013. Lazard then discounted these projected cash flows by New LandCo's risk-adjusted cost of capital — or weighted average cost of capital ("WACC") — to derive a present value. Based on the comparable statistics of New LandCo's peer group, Lazard calculated a WACC range of approximately 16.0% to 18.0%. Lazard calculated the present value of all cash flows after 2013 using terminal values. To do this, Lazard applied exit multiples ranging from 4.5x to 5.5x to New LandCo's 2013 estimated EBITDA to obtain a range of terminal values. Lazard then discounted these terminal values to present value using the aforementioned WACC. Ultimately, this approach yielded a range of values for New LandCo, with a going-concern Total Enterprise Value range of \$70 million to \$85 million.

The Comparable Company Analysis involved carefully selecting comparable companies and using an appropriate range of valuation multiples to calculate an estimated Total Enterprise Value for New LandCo. First, Lazard screened the universe of publicly traded, gaming-focused companies with primarily domestic operations. Second, after determining New LandCo's peer group, Lazard computed a range of appropriate EBITDA multiples derived from a comparison of Total Enterprise Value for each company in the peer group to its last-twelve-months ("LTM"), 2008 estimated, and 2009 estimated EBITDA figures. Third, applying this range of EBITDA multiples to the LandCo Debtors' LTM, 2008 estimated and 2009 estimated EBITDA figures, Lazard determined an implied Total Enterprise Value range for New LandCo from \$30 million to \$80 million. In addition, Lazard analyzed the public market valuation of Riviera Holdings Corp. (AMEX:RIV) ("Riviera"), which owns Riviera Black Hawk, a casino in Black Hawk, California and 26 acres of land on the Las Vegas Strip. Lazard estimated that the value attributable to Riviera's land was valued at \$162 million (\$6 million per acre). Applying this value/acre to LandCo's 34 acres suggested a LandCo Total Enterprise Value of approximately \$200 million.

For the Precedent Transactions Analysis, Lazard utilized an approach similar to the Comparable Company Analysis to arrive at a relevant set of transactions. Specifically, Lazard reviewed relevant merger and acquisition transactions in the gaming industry since 2000. For the relevant group of transactions, Lazard calculated the Total Enterprise Value of the acquired company as a multiple of actual EBITDA for the last twelve months prior to the

announcement of the transaction and projected EBITDA for the next fiscal year after the announcement of the transaction. Ultimately, however, Lazard chose not to rely on the Precedent Transactions Analysis in completing the Valuation Analysis, because the transactions included in this analysis occurred under drastically different credit and financial market conditions. However, Lazard reviewed the appraisals performed by two independent appraisal firms that relied upon this methodology, which resulted in point values of \$845 million and \$850 million.

Based on the methodologies described above, and after further review, discussions, considerations, and assumptions, Lazard has estimated a Total Enterprise Value range for New LandCo as of the Effective Date of \$360 million to \$380 million, with a midpoint of \$370 million.

~~The Creditors Committee believes that the Valuation Analysis of the LandCo Debtors is based on flawed assumptions and that the LandCo Debtors' assumed Total Enterprise Value is substantially less than the actual Total Enterprise Value, which may have a material impact on Creditor recoveries.~~

### c. Equity Value

New LandCo anticipates an all equity capital structure upon emergence. Therefore the range of equity values for New LandCo is equal to the range of Total Enterprise Values less the cash paid to Holders of Claims and on account of other emergence costs upon the Effective Date. To show a full range of potential reorganized equity value of New LandCo, the low end of the valuation range was applied to the high end of the LandCo Debtors' estimate of Allowed Claims and the high end of the valuation range was applied to the low end of the LandCo Debtors' estimate of Allowed Claims.

<i>(\$ in 000s)</i>	<u>Low Recovery</u>	<u>High Recovery</u>
Total Enterprise Value	\$360,000	\$380,000
Less: Cash Distributed to Claimants	<del>(2,310)</del> <u>2,710</u>	(2,386)
<b>Reorganized Equity Value</b>	<b><del>\$357,690</del><u>\$357,290</u></b>	<b>\$377,614</b>

### d. Distribution to Holders of Allowed Claims and Interests

The table below applies Lazard's Total Enterprise Value for the Reorganized LandCo Debtors to the sum of Allowed Claims and other emergence costs to estimate the recoveries available to Allowed Claims. In order to show a full range of potential recoveries to Allowed Claims, the table below applies the low end of Lazard's Total Enterprise Value to the high end of the range of the LandCo Debtors' estimate of Allowed Claims and the high end of Lazard's Total Enterprise Value to the low end of the range of the LandCo Debtors' estimate of Allowed Claims. As set forth below, upon the conclusion of the Claims objection, reconciliation, and resolution process, the LandCo Debtors estimate that there is insufficient value, in either scenario, to satisfy all Allowed Claims.

<i>(\$ in 000s)</i>	<u>Low Recovery</u>		<u>High Recovery</u>	
	<u>Value</u>	<u>%</u>	<u>Value</u>	<u>%</u>
<b>Class</b>				
Administrative Claims	\$1,089	100.0%	\$960	100.0%
Priority Tax Claims	1	100.0%	1	100.0%
Class 1: Other Priority Claims	185	100.0%	42	100.0%
Class 2: Other Secured Claims	36	100.0%	36	100.0%
Class 3: LandCo Credit Facility Secured Claims	<del>357,690</del> <u>357,290</u>	100.0%	377,614	100.0%
Class 4: LandCo General Unsecured Claims	<del>-100</del>	<del>0.0</del> <u>1.1</u> %	400	12.3%
Class 5: LandCo Credit Facility Deficiency Claims	-	0.0%	-	0.0%
Class 6: Insider Claims	<del>-300</del>	<del>0.0</del> <u>1.1</u> %	-	0.0%
Class 7: Intercompany Claims	-	N/A	-	N/A
Class 8: Yung Interests	-	N/A	-	N/A
Class 9: Intercompany Interests	-	N/A	-	N/A
<b>Total</b>	<b><del>\$359,000</del><u>\$359,000</u></b>	<b><del>74.5</del><u>74.5</u>%</b>	<b><del>\$379,000</del><u>\$379,000</u></b>	<b><del>79.8</del><u>79.8</u>%</b>
Other Cash Emergence Costs	1,000		1,000	
<b>Total Enterprise Value</b>	<b><del>\$360,000</del><u>\$360,000</u></b>		<b><del>\$380,000</del><u>\$380,000</u></b>	

The LandCo Debtors' estimates of the value of potential recoveries under the Plan to Holders of Claims described in this Disclosure Statement do not take into account any Litigation Trust Proceeds in connection with the Insider Causes of Action. As set forth above, the recovery of Insider Claims is subject to setoff with respect to Litigation Trust Proceeds, and the Litigation Trust Proceeds shall be distributed Pro Rata to Holders of Allowed Claims in Class 4 LandCo General Unsecured Claims and Class 5 LandCo Credit Facility Deficiency Claims, which would increase their recoveries under the Plan.

**e. Reservations**

The estimates of value contained in this Disclosure Statement are not predictions or guarantees of the future value or price of the New LandCo Common Stock nor any other debt or equity instrument to be issued pursuant to the Plan. The value of any securities issued under the Plan is subject to many unforeseeable circumstances and, therefore, cannot be accurately predicted. In addition, the actual amounts of Allowed Claims could materially exceed the amounts estimated by the LandCo Debtors for purposes of estimating the anticipated recoveries for the Holders of Allowed Claims and Interests. Accordingly, no representation can be or is being made with respect to whether such percentage recoveries will actually be realized by the Holders of Allowed Claims and Interests.

The Valuation Analysis is based upon data and information as of January 2, 2009. Neither Lazard nor the LandCo Debtors make representations as to changes to such data and information that may have occurred since that date.

Lazard's estimates of Total Enterprise Value and reorganized equity value of New LandCo do not purport to be appraisals, nor do they necessarily reflect the values that might be realized if the LandCo Debtors sold their assets. These estimates assume that New LandCo will continue as the owner and operator of the LandCo Debtors' businesses and assets and that such assets are operated in accordance with the LandCo Debtors' business plan. Lazard developed such estimates solely for purposes of formulation and negotiation of the Plan and analysis of implied relative recoveries to Holders of Allowed Claims and Interests.

Lazard's estimates are not entirely mathematical, but rather involve complex considerations and judgments concerning various factors that could affect the value of an operating business. Moreover, the value of an operating business is subject to uncertainties and contingencies that are difficult to predict and will fluctuate with changes in factors affecting the financial conditions and prospects of such a business. As a result, Lazard's estimates are not necessarily indicative of actual outcomes, which may be significantly more or less favorable than those set forth in the Plan. Because such estimates are inherently subject to uncertainties, the LandCo Debtors, Lazard, and any other party do not assume responsibility for the accuracy of such estimates. Depending on the results of the LandCo Debtors' operations or changes in the economy or the financial markets in general, Lazard's estimates performed as of the Effective Date may differ materially.

In addition, the valuation of newly issued securities, such as the New LandCo Common Stock, is subject to additional uncertainties and contingencies, all of which are difficult to predict. Actual market prices of such securities at issuance will depend upon, among other things, prevailing interest rates, conditions in the financial markets, the anticipated initial securities held by Creditors, some of which may prefer to liquidate their investment rather than hold it on a long-term basis, and other factors that generally influence the prices of securities. Other factors, many of which are not possible to predict, may also affect actual market prices of such securities. Accordingly, the implied reorganized equity value estimated by Lazard does not necessarily reflect, and should not be construed as reflecting, values that will be attained in the public or private markets.

These estimated ranges of values and recoveries represent a hypothetical value that reflects the estimated intrinsic value of the LandCo Debtors derived through the application of various valuation methodologies. The value ascribed in Lazard's estimates does not purport to be an estimate of the post-reorganization market trading value, and such trading value may be materially different from the reorganization value ranges associated with Lazard's estimates. Indeed, there can be no assurance that a trading market will develop for the new securities issued pursuant to the Plan. Lazard's estimates are based on economic, market, financial, and other conditions as they exist on, and

on the information made available as of, the date of the Valuation Analysis. It should be understood that, although subsequent developments may affect Lazard's conclusions, after the Confirmation Hearing, Lazard does not have any obligation to update, revise, or reaffirm its analysis.

Furthermore, in the event that the actual total Allowed Claims differ from those assumed by the LandCo Debtors, the actual recoveries realized by Holders of Allowed Claims and Interests could be significantly higher or lower than estimated by the LandCo Debtors.

The summary set forth above does not purport to be a complete description of the Valuation Analysis performed by Lazard. The preparation of an estimate involves various determinations as to the most appropriate and relevant methods of financial analysis and the application of these methods in the particular circumstances and, therefore, such an estimate is not readily susceptible to summary description.

IN LIGHT OF THE FOREGOING, THE VALUATION ANALYSIS IS BASED UPON A NUMBER OF ESTIMATES AND ASSUMPTIONS THAT ARE INHERENTLY SUBJECT TO SIGNIFICANT UNCERTAINTIES AND CONTINGENCIES BEYOND THE CONTROL OF THE LANDCO DEBTORS, NEW LANDCO, AND THEIR PROFESSIONALS. ACCORDINGLY, THERE CAN BE NO ASSURANCE THAT THE RANGES REFLECTED IN THE VALUATION ANALYSIS WOULD BE REALIZED IF THE PLAN WERE TO BECOME EFFECTIVE AND ACTUAL RESULTS COULD VARY MATERIALLY FROM THOSE DESCRIBED IN THIS DISCLOSURE STATEMENT.

NOTWITHSTANDING ANYTHING CONTAINED IN THIS DISCLOSURE STATEMENT TO THE CONTRARY, AS SET FORTH IN THE PLAN, ACTUAL DISTRIBUTIONS UNDER THE PLAN TO CREDITORS WILL BE PREDICATED ON THE ACTUAL TOTAL ENTERPRISE VALUE.

### 3. Application of the Best Interests Test to the Liquidation Analysis and the Valuation Analysis

Notwithstanding the difficulties in quantifying recoveries to Holders of Allowed Claims and Interests with precision, the LandCo Debtors believe that, taking into account the Liquidation Analysis and the Valuation Analysis, the Plan satisfies the "best interests" test of section 1129(a)(7) of the Bankruptcy Code.

Based on the Liquidation Analysis and the Valuation Analysis, the LandCo Debtors believe that Holders of Allowed Claims and Interests will receive at least as much under the Plan as they would in a hypothetical chapter 7 liquidation. Holders of Other Secured Claims, Administrative Claims, Other Priority Claims and Priority Tax Claims would receive 100% (full payment) recovery in a chapter 7 liquidation, which is equal to their recovery under the Plan. Holders of LandCo Credit Facility Claims would receive a 67% to 70% recovery<sup>110</sup> in a chapter 7 liquidation, which is less than the 80.8% to 85.3% recovery<sup>111</sup> under the Plan. Holders of Unsecured Claims would receive no recovery in a chapter 7 liquidation, which is less than their recovery under the Plan. Finally, Holders of Intercompany Claims, Yung Interests, and Intercompany Interests would receive no distribution in a chapter 7 liquidation and, therefore, are no worse off under the Plan. Accordingly, Holders of Claims and Interests will receive at least as much or more of a recovery under the Plan as a result of, among other things, the LandCo Debtors' belief that the continued operation of the LandCo Debtors as going concerns rather than a liquidation will allow the realization of more value on account of the assets of the LandCo Debtors. Moreover, employees of LandCo Debtors will retain their jobs and most likely assert few if any Claims other than those currently pending. In the event of a chapter 7 liquidation, the aggregate amount of Unsecured Claims no doubt will increase as a result of rejection or repudiation of a greater number of the executory contracts and unexpired leases of the LandCo Debtors. Chapter 7 liquidation also would give rise to additional costs, expenses, and Administrative Claims. The resulting increase in both Unsecured Claims and Administrative Claims necessarily would decrease the percentage recoveries to Unsecured Creditors. All of these

<sup>110</sup> The 67% to 70% projected range of recoveries to Holders of LandCo Credit Facility Claims accounts for such Holders' aggregate recoveries under Class 3 LandCo Credit Facility Secured Claims and Class 5 LandCo Credit Facility Deficiency Claims.

<sup>111</sup> The 80.8% to 85.3% projected range of recoveries to Holders of LandCo Credit Facility Claims accounts for such Holders' aggregate recoveries under Class 3 LandCo Credit Facility Secured Claims and Class 5 LandCo Credit Facility Deficiency Claims.



factors lead to the conclusion that recoveries under the Plan would be greater than the recoveries available in chapter 7 liquidation.

#### D. FINANCIAL FEASIBILITY

Section 1129(a)(11) of the Bankruptcy Code requires that the Bankruptcy Court find that Confirmation is not likely to be followed by the liquidation of New LandCo or the need for further financial reorganization, unless the Plan contemplates such liquidation or reorganization. For purposes of demonstrating that the Plan meets this “feasibility” standard, the LandCo Debtors have analyzed the ability of New LandCo to meet their obligations under the Plan and to retain sufficient liquidity and capital resources to conduct their businesses based on the Financial Projections, attached hereto as **Exhibit C**.

The Financial Projections consist of a statement of operations (i.e., an income statement), a statement of financial position (i.e., a balance sheet), and a cash flow statement for the time period from January 1, 2008 through December 31, 2013. Projected results for 2008 consist of 11 months of unaudited actual results (January through November) and one projected month (December). The Financial Projections are based on the LandCo Debtors’ November 2008 business plan and the forecasted consolidated financial results of the LandCo Debtors and New LandCo.<sup>1312</sup>

In general, as will be illustrated by the Financial Projections, the LandCo Debtors believe that with a significantly deleveraged capital structure, the LandCo Debtors’ business will return to viability. As such, the LandCo Debtors believe that Confirmation and Consummation is not likely to be followed by the liquidation or further reorganization of New LandCo. Accordingly, the LandCo Debtors believe that the Plan satisfies the feasibility requirement of section 1129(a)(11) of the Bankruptcy Code.

THE LANDCO DEBTORS’ MANAGEMENT PREPARED THE FINANCIAL PROJECTIONS WITH THE ASSISTANCE OF THEIR PROFESSIONALS. THE LANDCO DEBTORS’ MANAGEMENT DID NOT PREPARE SUCH FINANCIAL PROJECTIONS TO COMPLY WITH THE GUIDELINES FOR PROSPECTIVE FINANCIAL STATEMENTS PUBLISHED BY THE AMERICAN INSTITUTE OF CERTIFIED PUBLIC ACCOUNTANTS OR THE RULES AND REGULATIONS OF THE UNITED STATES SECURITIES AND EXCHANGE COMMISSION. THE LANDCO DEBTORS’ INDEPENDENT ACCOUNTANTS HAVE NEITHER EXAMINED NOR COMPILED THE FINANCIAL PROJECTIONS THAT ACCOMPANY THIS DISCLOSURE STATEMENT AND, ACCORDINGLY, DO NOT EXPRESS AN OPINION OR ANY OTHER FORM OF ASSURANCE WITH RESPECT TO THE FINANCIAL PROJECTIONS, ASSUME NO RESPONSIBILITY FOR THE FINANCIAL PROJECTIONS, AND DISCLAIM ANY ASSOCIATION WITH THE FINANCIAL PROJECTIONS. EXCEPT FOR PURPOSES OF THIS DISCLOSURE STATEMENT, THE LANDCO DEBTORS DO NOT PUBLISH PROJECTIONS OF THEIR ANTICIPATED FINANCIAL POSITION OR RESULTS OF OPERATIONS.

MOREOVER, THE FINANCIAL PROJECTIONS CONTAIN CERTAIN STATEMENTS THAT ARE “FORWARD-LOOKING STATEMENTS” WITHIN THE MEANING OF THE PRIVATE SECURITIES LITIGATION REFORM ACT OF 1995. THESE STATEMENTS ARE SUBJECT TO A NUMBER OF ASSUMPTIONS, RISKS, AND UNCERTAINTIES, MANY OF WHICH ARE BEYOND THE CONTROL OF THE LANDCO DEBTORS, INCLUDING THE CONSUMMATION AND IMPLEMENTATION OF THE PLAN, THE CONTINUING AVAILABILITY OF SUFFICIENT BORROWING CAPACITY OR OTHER FINANCING TO FUND OPERATIONS, ACHIEVING OPERATING EFFICIENCIES, MAINTENANCE OF GOOD EMPLOYEE RELATIONS, EXISTING AND FUTURE GOVERNMENTAL REGULATIONS AND ACTIONS OF GOVERNMENTAL BODIES, NATURAL DISASTERS AND UNUSUAL WEATHER CONDITIONS, ACTS OF TERRORISM OR WAR, INDUSTRY-SPECIFIC RISK FACTORS (AS DETAILED IN ARTICLE VII HEREOF ENTITLED “CERTAIN RISK FACTORS TO BE CONSIDERED PRIOR TO VOTING”), AND OTHER MARKET AND COMPETITIVE CONDITIONS. HOLDERS OF CLAIMS AND INTERESTS ARE CAUTIONED THAT

<sup>1312</sup> The gaming industry continues to be significantly impacted by the current economic crisis. Therefore, the Debtors continuously reconsider their projections and reserve all of their rights with respect thereto.

THE FORWARD-LOOKING STATEMENTS SPEAK AS OF THE DATE MADE AND ARE NOT GUARANTEES OF FUTURE PERFORMANCE. ACTUAL RESULTS OR DEVELOPMENTS MAY DIFFER MATERIALLY FROM THE EXPECTATIONS EXPRESSED OR IMPLIED IN THE FORWARD-LOOKING STATEMENTS, AND THE LANDCO DEBTORS UNDERTAKE NO OBLIGATION TO UPDATE ANY SUCH STATEMENTS.

THE FINANCIAL PROJECTIONS, WHILE PRESENTED WITH NUMERICAL SPECIFICITY, ARE NECESSARILY BASED ON A VARIETY OF ESTIMATES AND ASSUMPTIONS WHICH, THOUGH CONSIDERED REASONABLE BY THE LANDCO DEBTORS, MAY NOT BE REALIZED AND ARE INHERENTLY SUBJECT TO SIGNIFICANT BUSINESS, ECONOMIC, COMPETITIVE, INDUSTRY, REGULATORY, MARKET, AND FINANCIAL UNCERTAINTIES AND CONTINGENCIES, MANY OF WHICH ARE BEYOND NEW LANDCO'S CONTROL. THE LANDCO DEBTORS CAUTION THAT NO REPRESENTATIONS CAN BE MADE OR ARE MADE AS TO THE ACCURACY OF THE FINANCIAL PROJECTIONS OR TO NEW LANDCO'S ABILITY TO ACHIEVE THE PROJECTED RESULTS. SOME ASSUMPTIONS INEVITABLY WILL BE INCORRECT. MOREOVER, EVENTS AND CIRCUMSTANCES OCCURRING SUBSEQUENT TO THE DATE ON WHICH THE LANDCO DEBTORS PREPARED THE FINANCIAL PROJECTIONS MAY BE DIFFERENT FROM THOSE ASSUMED, OR, ALTERNATIVELY, MAY HAVE BEEN UNANTICIPATED, AND THUS THE OCCURRENCE OF THESE EVENTS MAY AFFECT FINANCIAL RESULTS IN A MATERIALLY ADVERSE OR MATERIALLY BENEFICIAL MANNER. THE LANDCO DEBTORS AND NEW LANDCO, AS APPLICABLE, DO NOT INTEND AND UNDERTAKE NO OBLIGATION TO UPDATE OR OTHERWISE REVISE THE FINANCIAL PROJECTIONS TO REFLECT EVENTS OR CIRCUMSTANCES EXISTING OR ARISING AFTER THE DATE THIS DISCLOSURE STATEMENT IS INITIALLY FILED OR TO REFLECT THE OCCURRENCE OF UNANTICIPATED EVENTS. THEREFORE, THE FINANCIAL PROJECTIONS MAY NOT BE RELIED UPON AS A GUARANTY OR OTHER ASSURANCE OF THE ACTUAL RESULTS THAT WILL OCCUR. IN DECIDING WHETHER TO VOTE TO ACCEPT OR REJECT THE PLAN, HOLDERS OF CLAIMS MUST MAKE THEIR OWN DETERMINATIONS AS TO THE REASONABLENESS OF SUCH ASSUMPTIONS AND THE RELIABILITY OF THE FINANCIAL PROJECTIONS AND SHOULD CONSULT WITH THEIR OWN ADVISORS.

The Financial Projections should be read in conjunction with the assumptions, qualifications, and explanations set forth in this Disclosure Statement, the Plan, and the Plan Supplement, in their entirety, and the historical consolidated financial statements (including the notes and schedules thereto) and other financial information set forth in Tropicana's Annual Report on Form 10-K for the fiscal year ended December 31, 2007 and any other recent Tropicana report to the United States Securities and Exchange Commission. These filings are available by visiting the United States Securities and Exchange Commission's website at <http://www.sec.gov> or the LandCo Debtors' website at <http://investors.tropicacasinosa.com>.

#### **E. ACCEPTANCE BY IMPAIRED CLASSES**

The Bankruptcy Code requires, as a condition to confirmation, that, except as described in the following section, each class of claims or equity interests that is impaired under a plan, accept the plan. A class that is not "impaired" under a plan is deemed to have accepted the plan and, therefore, solicitation of acceptances with respect to such class is not required. A class is "impaired" unless the plan: (1) leaves unaltered the legal, equitable, and contractual rights to which the claim or the equity interest entitles the holder of such claim or equity interest; (2) cures any default and reinstates the original terms of such obligation; or (3) provides that, on the consummation date, the holder of such claim or equity interest receives cash equal to the allowed amount of that claim or, with respect to any equity interest, any fixed liquidation preference to which the holder of such equity interest is entitled to any fixed price at which the debtor may redeem the security.

Section 1126(c) of the Bankruptcy Code defines acceptance of a plan by a class of impaired claims as acceptance by holders of at least two-thirds in dollar amount and more than one-half in number of claims in that class, but for that purpose counts only those who actually vote to accept or to reject the plan. Thus, a class of claims will

have voted to accept the plan only if two-thirds in amount and a majority in number actually voting cast their Ballots in favor of acceptance.

The Claims in Classes 1 and 2 are not Impaired under the Plan, and, as a result, the Holders of such Claims are deemed to have accepted the Plan.

The Voting Classes are Impaired under the Plan, and the Holders of Claims in such Classes are entitled to vote on the Plan. Pursuant to section 1129 of the Bankruptcy Code, the Holders of Claims in the Voting Classes must accept the Plan for the Plan to be confirmed without application of the “fair and equitable test” to such Classes and without considering whether the Plan “discriminates unfairly” with respect to such Classes, as both standards are described herein. As stated above, Classes of Claims will have accepted the Plan if the Plan is accepted by at least (1) two-thirds in amount and (2) a majority in number of the Claims of each such Class (other than any Claims of creditors designated under section 1126(e) of the Bankruptcy Code) that have voted to accept or reject the Plan.

#### F. **CONFIRMATION WITHOUT ACCEPTANCE BY ALL IMPAIRED CLASSES**

Section 1129(b) of the Bankruptcy Code allows a bankruptcy court to confirm a plan even if all other impaired classes entitled to vote on the plan have not accepted it, provided that the plan has been accepted by at least one impaired class. Pursuant to section 1129(b) of the Bankruptcy Code, notwithstanding an impaired class’s rejection or deemed rejection of the plan, such plan will be confirmed, at the plan proponent’s request, in a procedure commonly known as “cram down,” so long as the plan does not “discriminate unfairly” and is “fair and equitable” with respect to each class of claims or equity interests that is impaired under, and has not accepted, the plan.

##### 1. **No Unfair Discrimination**

This test applies to classes of claims or equity interests that are of equal priority and are receiving different treatment under the Plan. The test does not require that the treatment be the same or equivalent, but that such treatment be “fair.” In general, bankruptcy courts consider whether a plan discriminates unfairly in its treatment of classes of claims of equal rank (e.g., classes of the same legal character). Bankruptcy courts will take into account a number of factors in determining whether a plan discriminates unfairly, and, accordingly, a plan could treat two classes of unsecured creditors differently without unfairly discriminating against either class.

##### 2. **Fair and Equitable Test**

This test applies to classes of different priority and status (e.g., secured versus unsecured) and includes the general requirement that no class of claims receive more than 100% of the amount of the allowed claims in such class. As to the non-accepting class, the test sets different standards depending on the type of claims or equity interests in such class.

Secured Claims: The condition that a plan be “fair and equitable” to a non-accepting class of secured claims includes the requirements that: (a) the holders of such secured claims retain the liens securing such claims to the extent of the allowed amount of the claims, whether the property subject to the liens is retained by the debtor or transferred to another entity under the plan; and (b) each holder of a secured claim in the class receives deferred cash payments totaling at least the allowed amount of such claim with a present value, as of the effective date of the plan, at least equivalent to the value of the secured claimant’s interest in the debtor’s property subject to the liens.

Unsecured Claims: The condition that a plan be “fair and equitable” to a non-accepting class of unsecured claims includes the following requirement that either: (a) the plan provides that each holder of a claim of such class receive or retain on account of such claim property of a value, as of the effective date of the plan, equal to the allowed amount of such claim; or (b) the holder of any claim or any equity interest that is junior to the claims of such class will not receive or retain under the plan on account of such junior claim or junior equity interest any property.

Equity Interests: The condition that a plan be “fair and equitable” to a non-accepting class of equity interests includes the requirements that either: (a) the plan provides that each holder of an equity interest in that class receives

or retains under the plan on account of that equity interest property of a value, as of the effective date of the plan, equal to the greater of: (i) the allowed amount of any fixed liquidation preference to which such holder is entitled; (ii) any fixed redemption price to which such holder is entitled; or (iii) the value of such interest; or (b) if the class does not receive the amount as required under (a) hereof, no class of equity interests junior to the non-accepting class may receive a distribution under the plan.

The LandCo Debtors will seek Confirmation of the Plan under section 1129(b) of the Bankruptcy Code in view of the deemed rejection by Classes 7, 8, and 9. To the extent that any of the Voting Classes vote to reject the Plan, the LandCo Debtors further reserve the right to seek (a) Confirmation of the Plan under section 1129(b) of the Bankruptcy Code and/ or (b) modify the Plan in accordance with Article XIII of the Plan.

The votes of Holders of Claims and Interests in Classes 7, 8, and 9, are not being solicited because, as set forth in Article III of the Plan, there will be no distribution to any of these Classes.

Notwithstanding the deemed rejection by Classes 7, 8, and 9 or any Class that votes to reject the Plan, the LandCo Debtors do not believe that the Plan discriminates unfairly against any Impaired Class of Claims or Interests. The LandCo 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.

## **VI. DESCRIPTION OF CERTAIN GOVERNMENTAL AND GAMING REGULATIONS**

### **A. GENERAL GOVERNMENTAL AND GAMING REGULATIONS**

The following description should not be construed as a complete summary of all of the regulatory requirements that the LandCo Debtors face in connection with their current gaming operations and that New LandCo will face with their contemplated gaming operations.

The ownership and operation of casino gaming facilities in the State of Nevada are governed by the Nevada Gaming Control Act and the regulations promulgated thereunder (collectively, the “Nevada Act”), as well as various local ordinances. Tropicana Las Vegas is subject to the licensing and regulatory control of the Nevada Gaming Authorities.

Gaming laws generally are based upon declarations of public policy designed to protect gaming consumers and the viability and integrity of the gaming industry. Gaming laws also may be designed to protect and maximize state and local revenues derived through taxes and licensing fees imposed on gaming industry participants as well as to enhance economic development and tourism. To accomplish these public policy goals, gaming laws establish procedures to ensure that participants in the gaming industry meet certain standards of character and fitness. In addition, gaming laws generally require gaming industry participants to:

- establish and maintain responsible accounting practices and procedures;
- maintain effective controls over their financial practices, including establishment of minimum procedures for internal fiscal affairs and the safeguarding of assets and revenues;
- maintain systems for reliable record keeping;
- file periodic reports with gaming regulators;
- ensure that contracts and financial transactions are commercially reasonable, reflect fair market value, and are arm’s-length transactions entered into with suitable persons;

- establish procedures designed to prevent cheating and fraudulent practices; and
- establish programs to promote responsible gaming.

Typically, a state regulatory environment is established by statute and is administered by a regulatory agency with broad discretion to regulate, among other things, the affairs of owners, managers, and persons with financial interests in gaming operations. Among other things, gaming authorities in jurisdiction in which the LandCo Debtors operate:

- adopt rules and regulations under the implementing statutes;
- interpret and enforce gaming laws, rules, and regulations;
- impose disciplinary sanctions for violations, including fines and penalties;
- review the character and fitness of participants in gaming operations and make determinations regarding their suitability or qualification for participation and licensure;
- grant licenses for participation in gaming operations;
- collect and review reports and information submitted by participants in gaming operations;
- review and approve certain transactions, such as acquisitions or change-of-control transactions, involving gaming industry participants, securities offerings, and debt transactions engaged in by such participants; and
- establish and collect fees and taxes.

Any change in the laws or regulations of a gaming jurisdiction could have a material adverse effect on the gaming operations of the LandCo Debtors and of New LandCo.

#### **B. RELATIONSHIP OF GAMING LAWS TO THE CHAPTER 11 CASES AND THE PLAN**

The gaming laws require that various transactions contemplated by the Plan, including the Restructuring Transactions, [the Working Capital Facility](#), and the issuance of the New LandCo Common Stock and the New LandCo Warrants be approved by the Nevada Gaming Authorities. In addition, as described herein, certain Holders of Claims who may acquire an equity interest in New LandCo Corporation by virtue of the transactions contemplated by the Plan may need to be licensed or undergo suitability determinations, or obtain a waiver, to hold New LandCo Common Stock. Accordingly, various actions contemplated by the Plan are subject to approval by the Nevada Gaming Authorities, and failure to secure such approvals may materially and adversely affect the ability of the LandCo Debtors to achieve Confirmation and Consummation of the Plan.

#### **C. LICENSING OF THE LANDCO DEBTORS AND INDIVIDUALS INVOLVED THEREWITH**

Gaming laws require certain of the LandCo Debtors and New LandCo, as well as their directors (with respect to corporations), managers (with respect to limited liability companies), members (with respect to limited liability companies), officers, and certain other key employees and, in some cases, holders of certain of New LandCo Securities, to obtain licenses, findings of suitability or other approvals from the Nevada Gaming Authorities. Licenses or findings of suitability typically require a determination that the applicant is suitable or otherwise qualifies to hold the license or the finding of suitability necessary to hold the equity or debt securities of the gaming licensee or its affiliated entities.

Gaming authorities generally have broad discretion in determining whether an applicant qualifies for licensing or should be deemed suitable or otherwise qualified. To determine whether to grant a license or finding of suitability to an entity to conduct gaming operations, gaming authorities generally consider the following factors:

- the financial stability, integrity, and responsibility of the applicant, including whether the operation is adequately capitalized in the state and exhibits the ability to maintain adequate insurance levels;
- the quality of the applicant's casino facilities;
- the amount of revenue to be derived by the applicable state from the operation of the applicant's casino;
- the applicant's practices with respect to minority hiring and training; and
- the effect on competition and general impact on the community.

Many gaming jurisdictions limit the number of licenses granted to operate casinos within the state, and some states limit the number of licenses granted to a single gaming operator. Licenses under gaming laws generally are not transferable. Licenses are granted for limited durations and require renewal from time to time. The failure to renew any of the LandCo Debtors' licenses could have a material adverse effect on their gaming operations.

In evaluating individual applicants, gaming authorities generally consider the individual's business probity and casino experience, the individual's reputation for good character, honesty, and integrity, the individual's criminal history, and the character and reputation of those with whom the individual associates.

#### **D. FINDINGS OF QUALIFICATION AND SUITABILITY DETERMINATIONS**

As noted above, the Nevada Gaming Authorities may investigate any individual who has a material relationship to, or material involvement with, the LandCo Debtors and New LandCo to determine whether such individual is suitable or should be licensed or found suitable as a business associate of a gaming licensee.

Additionally, directors (with respect to corporations), managers (with respect to limited liability companies), members (with respect to limited liability companies), officers, and certain other key employees of New LandCo must file applications with the Nevada Gaming Authorities and may be required to be licensed or found suitable. Qualification and suitability determinations generally require the submission of detailed personal and financial information, and in the case of an Entity other than a natural person, a list of beneficial owners, followed by a thorough investigation. The applicant must pay all the costs of the investigation. Changes with respect to the individuals who occupy licensed positions must be reported to Nevada Gaming Authorities and—in addition to their authority to deny an application for licensure, qualification, or a finding of suitability—the Nevada Gaming Authorities have authority to disapprove a change in a corporate position.

If the Nevada Gaming Authorities were to find that a/an director (with respect to corporations), manager (with respect to limited liability companies), member (with respect to limited liability companies), officer, or other key employee of the LandCo Debtors does not qualify, is unsuitable for licensing, or is unsuitable to continue having a relationship with the LandCo Debtors, the LandCo Debtors may be required to sever all relationships with such person. In addition, the Nevada Gaming Authorities may require the LandCo Debtors to terminate the employment of any person who refuses to file appropriate applications.

Moreover, certain holders of debt and equity securities of the LandCo Debtors or New LandCo, as applicable, may be required to undergo a suitability investigation similar to that described above. The Nevada Act requires any person who acquires more than 5% of the voting securities of a gaming company to report the acquisition to the NGC. Any beneficial holder of equity securities of a gaming company may be required to file an application, be investigated, and have their suitability as a beneficial holder determined if the NGC has reason to believe that the



ownership would otherwise be inconsistent with the declared policies of the State of Nevada. The Nevada Act requires (a) all beneficial owners of voting and non-voting equity holders of a private gaming company and (b) beneficial owners of more than 10% voting equity securities of a public gaming company to apply to the NGC for a finding of suitability.

An “institutional investor,” as defined in the Nevada Act, acquiring up to 15% of a gaming company’s voting securities, may apply to the NGC for a waiver or a finding of suitability if the institutional investor holds the voting securities for investment purposes only. An institutional investor that has obtained a waiver may, in certain circumstances, own up to 19% of the voting securities of a gaming company for a limited period of time and maintain the waiver. An institutional investor will not be deemed to hold voting securities for investment purposes unless the voting securities were acquired and are held in the ordinary course of business as an institutional investor and not for the purpose of causing, directly or indirectly, the election of a majority of the members of the board at directors of the gaming company, a change in the corporate charter, bylaws, management, policies or operations of the gaming company, or any of its gaming affiliates, or any other action which the NGC finds to be inconsistent with holding a gaming company’s voting securities for investment purposes only. In any event, an institutional investor may be required to produce for gaming authorities, upon request, any document or information that bears any relation to such debt or equity securities.

In terms of the institutional investor waiver, activities that are not deemed to be inconsistent with holding voting securities for investment purposes only include: voting on all matters voted on by stockholders or interest holders; making financial and other inquiries of management of the type normally made by securities analysts for informational purposes and not to cause a change in its management, policies, or operations; and other activities that the Nevada Commission may determine to be consistent with such investment intent.

The Nevada Act distinguishes between private and “public” gaming companies. A public company generally is one that has a class of securities registered under the Securities Exchange Act. The LandCo Debtors may seek to voluntarily register the New LandCo Common Stock under the Securities Exchange Act following the Effective Date; however, there can be no assurances that New LandCo will be able to register the New LandCo Common Stock under the Securities Exchange Act. Moreover, any such registration statement may not become effective prior to the Effective Date. Therefore, New LandCo Corporation may be a private company on the Effective Date. The LandCo Debtors are not required to file this registration statement pursuant to the Securities Act or the Securities Exchange Act, or the rules and regulations of the United States Securities and Exchange Commission promulgated thereunder. Upon effectiveness of the registration statement, the New LandCo Common Stock will be registered under Section 12(g) of the Securities Exchange Act and New LandCo Corporation will be a “public” corporation within the meaning of the Nevada Act.

Generally, any person who fails or refuses to apply for a finding of suitability or a license within the prescribed period after being advised by Nevada Gaming Authorities that it is required to do so may be denied a license or found unsuitable or unqualified, as applicable. Any holder of securities that is found unsuitable or unqualified or denied a license, and who holds, directly or indirectly, any beneficial ownership of a gaming entity’s securities beyond such period of time as may be prescribed by the Nevada Gaming Authorities may be guilty of a criminal offense. Furthermore, a gaming entity may be subject to disciplinary action if such gaming entity, after receiving notice that a person is unsuitable to be a holder of securities or to have any other relationship with such gaming entity or any of its subsidiaries: (i) pays that person any dividend or interest upon the securities; (ii) allows that person to exercise, directly or indirectly, any voting right conferred through securities held by that person; (iii) pays remuneration in any form to that person for services rendered or otherwise; or (iv) fails to pursue all lawful efforts to require such unsuitable person to relinquish the securities including, if necessary, the immediate purchase of such securities for the lesser of fair value at the time of repurchase or fair value at the time of acquisition by the unsuitable holder. In the event that disqualified holders fail to divest themselves of such securities, the Nevada Gaming Authorities have the power to revoke or suspend the casino license or licenses related to the regulated entity that issued the securities.

The Plan provides that New LandCo Corporation shall not distribute New LandCo Common Stock or New LandCo Warrants to any person in violation of the Nevada Act. See, Section VII.E of the Plan, entitled, “Compliance with Gaming Laws and Regulations.”

Additionally, New LandCo Corporation’s certificate of incorporation will contain provisions establishing the right of New LandCo Corporation to redeem the securities of unsuitable holders if (i) the holder is determined by the Nevada Gaming Authorities, or New LandCo has been notified by the staff of the Nevada Gaming Authorities that it will recommend that the Nevada Gaming Authorities determine the holder to be unsuitable or disqualified to own or control such securities or unsuitable to be connected with a person engaged in gaming activities in Nevada, or (ii) the holder causes New LandCo Corporation or any affiliate of New LandCo Corporation to lose or have modified, or to be threatened with the loss, suspension, condition or modification of, or who, in the sole discretion of New LandCo, is deemed likely to jeopardize the right of New LandCo Corporation or any of its affiliate to the use of or entitlement to or ability to reinstate any gaming license or liquor license.

The Nevada Gaming Authorities may also require that suppliers of certain goods and services to gaming industry participants be licensed or otherwise approved and also require that the LandCo Debtors a purchase and lease gaming equipment, supplies, and services only from such licensed or approved suppliers.

#### **E. VIOLATIONS OF GAMING LAWS**

The Nevada Gaming Authorities may also, among other things, limit, condition, suspend, or revoke a gaming license or approval to own the equity or joint venture interests of any of the LandCo Debtors’ operations for any cause deemed reasonable by such licensing authority. In addition, if the LandCo Debtors violate applicable gaming laws, their gaming licenses could be limited, conditioned, suspended, or revoked by Nevada Gaming Authorities, and the LandCo Debtors and any other persons involved could be subject to substantial fines. Finally, the Nevada Gaming Authorities prohibit certain types of political activity by a gaming licensee, its directors (with respect to corporations), managers (with respect to limited liability companies), members (with respect to limited liability companies), officers, and certain other key people. A violation of such a prohibition may subject the offender to criminal and disciplinary action.

#### **F. REPORTING AND RECORD-KEEPING REQUIREMENTS OF GAMING AUTHORITIES**

The LandCo Debtors are required, and New LandCo will be required, to submit detailed financial and operating reports on a periodic basis and furnish any other information that the Nevada Gaming Authorities may require. Under federal law, the LandCo Debtors are required, and New LandCo will be required, to record and submit detailed reports of currency transactions at their casinos involving more than \$10,000 as well as any suspicious activity that may occur at such facilities. Additionally, the LandCo Debtors are required, and New LandCo will be required, to maintain a current stock ledger that may be examined by the Nevada Gaming Authorities at any time. If any securities are held in trust by an agent or by a nominee, the record holder may be required to disclose the identity of the beneficial owner to the Nevada Gaming Authorities. A failure to make such disclosure may be grounds for finding the record holder unsuitable. In addition, Nevada Gaming Authorities may require that New LandCo Common Stock certificates and New LandCo Warrant certificates bear a legend indicating that the securities are subject to specified gaming laws.

#### **G. REVIEW AND APPROVAL BY NEVADA GAMING AUTHORITIES OF CERTAIN TRANSACTIONS**

As described herein, certain transactions contemplated by the Plan must be approved by the Nevada Gaming Authorities. In addition, substantially all material loans, leases, sales of securities, and similar financing transactions by the LandCo Debtors and New LandCo must be reported to, and in some cases approved by, the Nevada Gaming Authorities. The LandCo Debtors and New LandCo not make a public offering of securities without the prior approval of the Nevada Gaming Authorities. Changes in control through merger, consolidation, stock or asset acquisitions, management or consulting agreements, or otherwise, are subject to prior approval of the Nevada Gaming Authorities. Entities seeking to acquire control of New LandCo Corporation or one of its subsidiaries must satisfy the

Nevada Gaming Authorities with respect to a variety of standards prior to assuming control. The Nevada Gaming Authorities may also require controlling stockholders, officers, directors (with respect to corporations), managers (with respect to limited liability companies), and certain other key employees having a material relationship or involvement with the entity proposing to acquire control to be investigated and licensed or qualified as part of the approval process relating to the transaction.

Because of regulatory restrictions, the LandCo Debtors' ability and New LandCo's ability to grant a security interest in any of their gaming assets is limited and subject to receipt of approval by the Nevada Gaming Authorities.

#### **H. RESTRICTIONS ON TRANSFER OF SECURITIES**

The Nevada Gaming Authorities require prior approval of all transfers (in any amount) of equity securities of a private gaming company. The Nevada Act requires any person who acquires more than 5% of the voting securities of a registered company to report the acquisition to the Nevada Gaming Authorities. No prior approval of transfers of equity securities of registered gaming companies is required by the Nevada Gaming Authorities, subject to the requirement that holders of more than 10% of the voting securities of a registered gaming company must be found suitable or must obtain a waiver from being found suitable.

#### **I. LICENSE FOR SALE OF ALCOHOLIC BEVERAGES**

Gaming and liquor activities at Tropicana Las Vegas are subject to regulation and licensing by the Clark County Board. The Clark County application and regulatory process, which is detailed in the Clark County Code, is independent from, consistent with, but less extensive than, the application and regulatory process of the Nevada Gaming Authorities. Background and suitability investigations in Clark County are conducted primarily by the Las Vegas Metropolitan Police Department ("LVMPD"). It is the customary practice of Clark County Board and the LVMPD to defer to the Nevada Gaming Authorities for the background and suitability investigations, but jurisdiction is retained to conduct any investigation and take any regulatory action deemed appropriate under the circumstances, to the extent allowed under Clark County Code as amended from time to time. Clark County liquor and gaming licenses are revocable and are not transferable. Any holder found to be unsuitable by the Clark County Board must dispose of held securities, and such securities would be subject to repurchase by New LandCo Corporation, as will provided in New LandCo Corporation's certificate of incorporation

### **VII. CERTAIN RISK FACTORS TO BE CONSIDERED PRIOR TO VOTING**

#### **A. CERTAIN BANKRUPTCY LAW CONSIDERATIONS**

The occurrence or non-occurrence of any or all of the following contingencies, and any others, could affect distributions available to Holders of Allowed Claims and Interests under the Plan, but will not necessarily affect the validity of the vote of the Impaired Classes to accept or reject the Plan or necessarily require a re-solicitation of the votes of Holders of Claims in such Impaired Classes.

##### **1. Parties in Interest May Object to the Plan's Classification of Claims and Interests**

Section 1122 of the Bankruptcy Code provides that a plan may place a claim or an equity interest in a particular class only if such claim or equity interest is substantially similar to the other claims or equity interests in such class. The LandCo Debtors believe that the classification of Claims and Interests under the Plan complies with the requirements set forth in the Bankruptcy Code because the LandCo Debtors created Classes of Claims and Interests, each encompassing Claims or Interests, as applicable, that are substantially similar to the other Claims and Interests in each such Class. Nevertheless, there can be no assurance that the Bankruptcy Court will reach the same conclusion.

## 2. **Failure to Satisfy Vote Requirements**

If votes are received in number and amount sufficient to enable the Bankruptcy Court to confirm the Plan, the LandCo Debtors intend to seek, as promptly as practicable thereafter, Confirmation of the Plan. In the event that sufficient votes are not received, the LandCo Debtors may seek to accomplish an alternative chapter 11 plan. There can be no assurance that the terms of any such alternative chapter 11 plan would be similar or as favorable to the Holders of Allowed Claims as those proposed in the Plan.

## 3. **The LandCo Debtors May Not Be Able to Secure Confirmation of the Plan**

Section 1129 of the Bankruptcy Code sets forth the requirements for confirmation of a chapter 11 plan, and requires, among other things, a finding by the bankruptcy court that: (a) such plan “does not unfairly discriminate” and is “fair and equitable” with respect to any non-accepting classes; (b) confirmation of such plan is not likely to be followed by a liquidation or a need for further financial reorganization unless such liquidation or reorganization is contemplated by the plan; and (c) the value of distributions to non-accepting holders of claims and equity interests within a particular class under such plan will not be less than the value of distributions such holders would receive if the debtors were liquidated under chapter 7 of the Bankruptcy Code.

There can be no assurance that the requisite acceptances to confirm the Plan will be received. Even if the requisite acceptances are received, there can be no assurance that the Bankruptcy Court will confirm the Plan. A non-accepting Holder of an Allowed Claim might challenge either the adequacy of this Disclosure Statement or whether the balloting procedures and voting results satisfy the requirements of the Bankruptcy Code or Bankruptcy Rules. Even if the Bankruptcy Court determines that this Disclosure Statement, the balloting procedures, and the voting results are appropriate, the Bankruptcy Court can still decline to confirm the Plan if it finds that any of the statutory requirements for Confirmation have not been met, including the requirement that the terms of the Plan do not “unfairly discriminate” and are “fair and equitable” to non-accepting Classes.

Confirmation of the Plan is also subject to certain conditions as described in Article X of the Plan. If the Plan is not confirmed, it is unclear what distributions, if any, Holders of Allowed Claims will receive with respect to their Allowed Claims.

The LandCo Debtors, subject to the terms and conditions of the Plan, reserve the right to modify the terms and conditions of the Plan as necessary for Confirmation. Any such modifications could result in a less favorable treatment of any non-accepting Class, as well as of any Classes junior to such non-accepting Class, than the treatment currently provided in the Plan. Such a less favorable treatment could include a distribution of property to the Class affected by the modification of a lesser value than currently provided in the Plan or no distribution of property whatsoever under the Plan.

## 4. **Nonconsensual Confirmation**

In the event that any impaired class of claims or equity interests does not accept a chapter 11 plan, a bankruptcy court may nevertheless confirm such a plan at the proponents’ request if at least one impaired class has accepted the plan (with such acceptance being determined without including the vote of any “insider” in such class), and, as to each impaired class that has not accepted the plan, the bankruptcy court determines that the plan “does not discriminate unfairly” and is “fair and equitable” with respect to the dissenting impaired classes. The LandCo Debtors believe that the Plan satisfies these requirements and the LandCo Debtors may request such nonconsensual Confirmation in accordance with subsection 1129(b) of the Bankruptcy Code. Nevertheless, there can be no assurance that the Bankruptcy Court will reach this conclusion. In addition, the pursuit of nonconsensual Confirmation or Consummation of the Plan may result in, among other things, increased expenses relating to Professional Claims.

5. **The LandCo Debtors May Object to the Amount or Classification of a Claim**

Except as otherwise provided in the Plan, the LandCo Debtors, the Liquidating LandCo Debtors, and New LandCo reserve the right to object to the amount or classification of any Claim under the Plan. The estimates set forth in this Disclosure Statement cannot be relied on by any Holder of a Claim where such Claim is subject to an objection. Any Holder of a Claim that is subject to an objection thus may not receive its expected share of the estimated distributions described in this Disclosure Statement.

6. **Risk of Not Obtaining Working Capital Facility**

The Plan is predicated on, among other things, the Working Capital Facility. The LandCo Debtors have not yet received a commitment with respect to the Working Capital Facility and there can be no assurances that the LandCo Debtors will be able to obtain the Working Capital Facility.

7. ~~6~~-Risk of Non-Occurrence of the Effective Date

Although the LandCo Debtors believe that the Effective Date may occur quickly after the Confirmation Date, there can be no assurance as to such timing or as to whether the Effective Date will, in fact, occur.

8. ~~7~~-Contingencies Could Affect Votes of Impaired Classes to Accept or Reject the Plan

The distributions available to Holders of Allowed Claims under the Plan can be affected by a variety of contingencies, including, without limitation, whether the Bankruptcy Court orders certain Allowed Claims to be subordinated to other Allowed Claims. The occurrence of any and all such contingencies, which could affect distributions available to Holders of Allowed Claims under the Plan, will not affect the validity of the vote taken by the Impaired Classes to accept or reject the Plan or require any sort of revote by the Impaired Classes.

B. **RISK FACTORS THAT MAY AFFECT THE RECOVERY AVAILABLE TO HOLDERS OF ALLOWED CLAIMS AND THE VALUE OF THE SECURITIES TO BE ISSUED UNDER THE PLAN**

HOLDERS OF CLAIMS AND INTERESTS SHOULD READ AND CONSIDER CAREFULLY THE FACTORS SET FORTH BELOW, AS WELL AS THE OTHER INFORMATION SET FORTH IN THIS DISCLOSURE STATEMENT AND RELATED DOCUMENTS, REFERRED TO OR INCORPORATED BY REFERENCE IN THIS DISCLOSURE STATEMENT, PRIOR TO VOTING TO ACCEPT OR REJECT THE PLAN OR SUBSCRIBING TO PURCHASE NEW LANDCO COMMON STOCK PURSUANT TO THE RIGHTS OFFERING. THIS ARTICLE PROVIDES INFORMATION REGARDING POTENTIAL RISKS IN CONNECTION WITH THE PLAN, THE FINANCIAL PROJECTIONS ~~IN THE PLAN SUPPLEMENT~~, AND OTHER RISKS THAT COULD IMPACT NEW LANDCO'S FUTURE BUSINESS OPERATIONS AND PERFORMANCE. THESE FACTORS SHOULD NOT, HOWEVER, BE REGARDED AS CONSTITUTING THE ONLY RISKS INVOLVED IN CONNECTION WITH THE PLAN AND ITS IMPLEMENTATION.

1. **The LandCo Debtors Cannot State with any Degree of Certainty What Recovery Will Be Available to Holders of Allowed Claims in Voting Classes**

No fewer than three unknown factors make certainty of creditor recoveries under the Plan impossible. First, the LandCo Debtors cannot know with any certainty, at this time, (a) how much money will remain after paying all Allowed Claims that are senior to the Allowed Claims in Voting Classes or (b) the value of the New LandCo. Second, the LandCo Debtors cannot know with any certainty, at this time, the number or amount of Claims that will ultimately be Allowed. Third, the LandCo Debtors cannot know with any certainty, at this time, the number or size of Claims senior to the Voting Classes or unclassified Claims that will ultimately be Allowed.

2. **Actual Amounts of Allowed Claims May Differ from the Estimated Claims and Adversely Affect the Percentage Recovery on Unsecured Claims**

The estimated Claims set forth in this Disclosure Statement are based on various assumptions, and the actual Allowed amounts of Claims may significantly differ from the estimates. Should one or more of the underlying assumptions ultimately prove to be incorrect, the actual Allowed amounts of Claims may vary from the estimated Claims contained in this Disclosure Statement. Such differences may materially and adversely affect, among other things: the percentage recoveries to Holders of Allowed Claims under the Plan; the LandCo Debtors' ability to consummate the Plan; New LandCo's ability to meet the Financial Projections; and New LandCo's need to raise additional debt or equity financing.

~~3. **The Consummation of the Proposed Committee Settlement Offer May Affect Recoveries to Holders of Claims**~~

~~If the Proposed Committee Settlement Offer is consummated, Holders of Allowed Class 4 LandCo General Unsecured Claims and Allowed Class 6 Insider Claims will receive their Pro Rata share of the Proposed Committee Settlement Payment. The Proposed Committee Settlement Payment may reduce the Total Enterprise Value of New LandCo Corporation, which may affect recoveries to Holders of Allowed Class 3 LandCo Credit Facility Secured Claims.~~

~~If the Proposed Committee Settlement Offer is not consummated, Holders of Allowed Class 4 LandCo General Unsecured Claims and Allowed Class 6 Insider Claims will receive no recovery on account of the Proposed Committee Settlement Offer.~~

3. ~~4.~~ **New LandCo May Not Be Able to Achieve Projected Financial Results or Meet Post-Reorganization Debt Obligations and Finance All Operating Expenses, Working Capital Needs, and Capital Expenditures**

New LandCo may not be able to meet their projected financial results or achieve projected revenues and cash flows that they have assumed in projecting future business prospects. To the extent New LandCo does not meet their projected financial results or achieve projected revenues and cash flows, New LandCo may lack sufficient liquidity to continue operating as planned after the Effective Date, may be unable to service their debt obligations as they come due, or may not be able to meet their operational needs. Anyone of these failures may preclude New LandCo from, among other things: (a) enhancing their current customer offerings; (b) taking advantage of future opportunities; (c) growing their businesses; or (d) responding to competitive pressures. Further, a failure of New LandCo to meet their projected financial results or achieve projected revenues and cash flows could lead to cash flow and working capital constraints, which constraints may require New LandCo to seek additional working capital. New LandCo may not be able to obtain such working capital when it is required. Further, even if New LandCo was able to obtain additional working capital, it may only be available on unreasonable terms. For example, New LandCo may be required to take on additional debt, the interest costs of which could adversely affect the results of the operations and financial condition of New LandCo. If any such required capital is obtained in the form of equity, the equity interests of the holders of the then-existing New LandCo Common Stock could be diluted. While the Financial Projections represent management's view based on current known facts and assumptions about the future operations of New LandCo, there is no guarantee that the Financial Projections will be realized.

4. ~~5.~~ **Nevada Gaming Laws and Regulations May Require Holders of New LandCo Corporation's Debt or Equity Securities to Undergo a Suitability Investigation**

Nevada gaming laws require any person who acquires New LandCo Common Stock to apply for qualification or a finding of suitability. Any person found unsuitable or unqualified who has acquired New LandCo Common Stock (or has the right to acquire such securities pursuant to Plan) may be required to divest such securities (or may be barred from receiving such securities). Failure to comply with these laws and regulations may be a criminal offense. The Plan provides that New LandCo Common Stock will be issued only in compliance with Nevada state gaming laws and regulations. In addition, New LandCo Corporation's certificate of incorporation provides that



New LandCo Corporation may redeem New LandCo Corporation securities from an Unsuitable Person (as such term is defined in New LandCo Corporation’s certificate of incorporation). The failure by a Holder of a Claim to comply with Nevada laws and regulations may result in such Holder not receiving New LandCo Common Stock pursuant to the Plan, or may result in New LandCo Corporation redeeming such securities. Please see Section I.G.67 for a further discussion of the consequences of a Holder failing to comply with gaming laws and regulations.

**5. ~~6.~~ Rights Offering Participants May not subscribe to the Rights Offering up to the Rights Offering Amount, or at all.**

Rights Offering Participants will have the option to purchase up to \$75 million worth of New LandCo Common Stock. Rights Offering Participants may decline to participate in the Rights Offering, or may not purchase up to the full Rights Offering Amount. Because the “backstop” in case of undersubscription of the Rights Offering is voluntary, Subsequent Rights Offering Participants may also decline to subscribe for additional shares of New LandCo Common Stock, which could result in less than \$75 million being raised through the Rights Offering. To the extent that less than \$75 million is raised, New LandCo Corporation may have to seek alternative, additional sources of financing. New LandCo may be unable to arrange sufficient financing or the terms of any financing may be less favorable, which may materially and adversely affect New LandCo’s ability to operate their businesses on a going forward basis.

**6. ~~7.~~ New LandCo Corporation May not be a Reporting Company Under the Securities Exchange Act on the Effective Date and a Public Market for the New LandCo Common Stock and the New LandCo Warrants May Not Develop and State Gaming Laws May Effect Marketability**

New LandCo Corporation may not be a reporting company under the Securities Exchange Act on the Effective Date and the New LandCo Common Stock may not be listed as a national securities exchange. There will be no public market for the New LandCo Common Stock or the New LandCo Warrants and there can be no assurances that liquid trading markets for the New LandCo Common Stock or the New LandCo Warrants will develop. The liquidity of any market for the New LandCo Common Stock and the New LandCo Warrants will depend, among other things, upon the number of holders of New LandCo Common Stock and New LandCo Warrants, New LandCo’s financial performance, and the market for similar securities, none of which can be determined or predicted. Therefore, the LandCo Debtors cannot provide assurances that an active trading market will develop, or if a market develops, what the liquidity or pricing characteristics of that market will be.

In addition, Nevada state gaming laws regulate the transfer of securities of gaming companies. Specifically, Nevada gaming laws require prior approval of all transfers of equity securities for private gaming companies, which may impair the marketability of New LandCo Common Stock.

**7. ~~8.~~ Estimated Valuation of New LandCo, the New LandCo Common Stock, and the Estimated Recoveries to Holders of Allowed Claims Are Not Intended to Represent the Potential Market Values (if any) of the New LandCo Common Stock**

The LandCo Debtors’ estimated recoveries to Holders of Allowed Claims are not intended to represent the market value of New LandCo securities, if any. The estimated recoveries are based on numerous assumptions (the realization of many of which are beyond the control of New LandCo), including, without limitation: (a) the successful reorganization of the LandCo Debtors; (b) an assumed date for the occurrence of the Effective Date; (c) New LandCo’s ability to achieve the operating and financial results included in the Financial Projections; (d) New LandCo’s ability to maintain adequate liquidity to fund operations; and (e) the assumption that capital and equity markets remain consistent with current conditions.

**8. ~~9.~~ Small Number of Holders or Voting Blocks May Control New LandCo**

Consummation of the Plan may result in a small number of holders owning a significant percentage of the shares of the outstanding New LandCo Common Stock. These holders may, among other things, exercise a

controlling influence over the business and affairs of New LandCo and have the power to elect directors and approve significant mergers, other material corporate transactions, or the sale of all or substantially all of the assets of New LandCo.

**9.     ~~10.~~ Certain Tax Implications of the Bankruptcy and Reorganization May Increase the Tax Liability of New LandCo**

Holders of Allowed Claims should carefully review Article VIII herein, “Certain United States Federal Tax Income Consequences,” to determine how the tax implications of the Plan and these Chapter 11 Cases may adversely affect New LandCo.

**C.     RISKS FACTORS THAT COULD NEGATIVELY IMPACT THE BUSINESSES**

The LandCo Debtors and their subsidiaries are subject to a number of risks, including (1) bankruptcy-related risk factors and (2) general business and financial risk factors. Any or all such factors, which are enumerated below, could have a materially adverse effect on the businesses, financial condition, or results of operations of the LandCo Debtors. Additional risks and uncertainties not currently known to the LandCo Debtors or that the LandCo Debtors currently deem to be immaterial may also materially adversely affect the LandCo Debtors’ businesses, financial condition, or results of operations. Any of the following risks could materially adversely affect the LandCo Debtors’ businesses, financial condition, or results of operations.

**1.     Bankruptcy-Related Risk Factors**

During the pendency of the Chapter 11 Cases, the LandCo Debtors are subject to various risks, including the following:

- The Chapter 11 Cases may adversely affect the LandCo Debtors’ businesses prospects and/ or their ability to operate during the reorganization.
- The Chapter 11 Cases and the attendant difficulties of operating the Tropicana Las Vegas while attempting to reorganize the businesses in bankruptcy may make it more difficult to maintain and promote the Tropicana Las Vegas and attract customers.
- The Chapter 11 Cases will cause the LandCo Debtors to incur substantial costs for professional fees and other expenses associated with the Chapter 11 Cases.
- The Chapter 11 Cases may adversely affect the LandCo Debtors’ ability to maintain or renew their Nevada gaming license.
- The Chapter 11 Cases may prevent the LandCo Debtors from continuing to grow their businesses and may restrict their ability to pursue other business strategies. Among other things, the Bankruptcy Code limits the LandCo Debtors’ ability to incur additional indebtedness, make investments, sell assets, consolidate, merge or sell, or otherwise dispose of all or substantially all of their assets or grant liens. These restrictions may place the LandCo Debtors at a competitive disadvantage.
- The Chapter 11 Cases may adversely affect the LandCo Debtors’ ability to maintain, expand, and develop the Tropicana Las Vegas.
- Transactions by the LandCo Debtors outside the ordinary course of business are subject to the prior approval of the Bankruptcy Court, which may limit their ability to respond timely to certain events or take advantage of certain opportunities. The LandCo Debtors may not be able to obtain

Bankruptcy Court approval or such approval may be delayed with respect to actions they seek to undertake in the Chapter 11 Cases.

The LandCo Debtors may be unable to retain and motivate key executives and employees through the process of reorganization, and the LandCo Debtors may have difficulty attracting new employees. In addition, so long as the Chapter 11 Cases continue, the LandCo Debtors' senior management will be required to spend a significant amount of time and effort dealing with the reorganization instead of focusing exclusively on business operations.

The LandCo Debtors may be unable to maintain satisfactory labor relations through the process of reorganization.

There can be no assurance as to the LandCo Debtors' ability to maintain sufficient financing sources to fund their businesses and meet future obligations. The LandCo Debtors currently are financing their operations during their reorganization using funds from operations and prepetition secured debt. The LandCo Debtors may be unable to operate pursuant to the terms of their DIP Facility arrangements, including the financial covenants and restrictions contained therein, or to negotiate and obtain necessary approvals, amendments, waivers, or other types of modifications, and to otherwise fund and execute the LandCo Debtors' business plans throughout the duration of the Chapter 11 Cases.

There can be no assurance that the LandCo Debtors will be able to successfully develop, prosecute, confirm, and consummate one or more plans of reorganization with respect to the Chapter 11 Cases that are acceptable to the Bankruptcy Court and the LandCo Debtors' creditors, equity holders, and other parties in interest. Additionally, third parties may seek and obtain Bankruptcy Court approval to terminate or shorten the exclusivity period for the LandCo Debtors to propose and confirm one or more plans of reorganization, to appoint a chapter 11 trustee, or to convert the cases to chapter 7 cases.

Even assuming a successful emergence from chapter 11, there can be no assurance as to the overall long-term viability of New LandCo's operational reorganization.

In addition, the uncertainty regarding the eventual outcome of the LandCo Debtors' restructuring, and the effect of other unknown adverse factors could threaten the LandCo Debtors' existence as a going concern. Continuing on a going-concern basis is dependent upon, among other things, obtaining Bankruptcy Court approval of a reorganization plan, maintaining the LandCo Debtors' Nevada gaming license, maintaining the support of key vendors and customers, and retaining key personnel, along with financial, business, and other factors, many of which are beyond the LandCo Debtors' control. Under the priority scheme established by the Bankruptcy Code, unless creditors agree otherwise in accordance with the Bankruptcy Code, prepetition liabilities and postpetition liabilities must be satisfied in full before Holders of Interests are entitled to receive any distribution or retain any property under the Plan or an alternative plan of reorganization. The ultimate recovery to holders of claims and/ or holders of interests, if any, will not be determined until confirmation of a plan or an alternative a plan of reorganization. No assurance can be given as to what values, if any, will be ascribed in the Chapter 11 Cases to each of these constituencies or what types or amounts of distributions, if any, they would receive.

2. **General Business and Financial Risk Factors**

a. **The Turmoil Presently Existing in the Financial Markets May Impact the Ability to Obtain Sufficient Financing and Credit on a Going Forward Basis**

The current crisis in the global credit and financial markets, and the inability of corporate borrowers to access the debt markets, may materially and adversely affect the LandCo Debtors' ability to obtain sufficient financing to operate their businesses on a going forward basis.

b. **Economic and Political Conditions, Including a Worsening of the Current Recession and Other Factors Affecting Discretionary Consumer Spending, May Harm the Businesses, Financial Condition, and Results of Operations**

The LandCo Debtors' businesses may be adversely affected by the recession currently being experienced in the United States since the LandCo Debtors are dependent on discretionary spending by their customers. The continuation or worsening of current economic conditions could cause fewer people to spend money or cause people to spend less money at the LandCo Debtors' properties and could adversely affect their revenues.

c. **Material Weakness in Internal Controls Over Their Financial Reporting May Lead to Incomplete or Inaccurate Financial Reporting**

The Debtors' management previously assessed their internal control over financial reporting as of December 31, 2007. Management based its assessment on the criteria set forth in the framework in Internal Control-Integrated Framework issued by the Committee of Sponsoring Organizations of the Treadway Commission. A material weakness is a control deficiency, or combination of control deficiencies, that result in more than a remote likelihood that a material misstatement of annual or interim financial statements will not be prevented or detected. Management's assessment concluded that the Debtors did not maintain effective internal control over financial reporting as of December 31, 2007 as a result of the following identified material weakness; the Debtors did not maintain a control environment that fully emphasized the establishment of, or adherence to, appropriate internal control for certain aspects of the Debtors' operations. The principal contributing factor included an insufficient number of accounting and finance personnel. Management has discussed the material weakness identified above and has begun to implement procedures and controls, and install systems and hire finance and accounting personnel in an effort to remedy the material weakness. However, the LandCo Debtors cannot provide assurances that the material weakness has been or will be remedied, nor can the LandCo Debtors predict the impact on the LandCo Debtors' financial statements in the event the same or any other material weakness is identified in the future. Failure to remedy the material weakness may adversely effect the ability of New LandCo Corporation to voluntarily register the New Common Stock under the Securities Exchange Act.

d. **Disputes Over Intellectual Property Could Affect the Value of New LandCo, as well as the Value of the Securities**

**There is a dispute between the OpCo Debtors and the LandCo Debtors regarding certain intellectual property used by the OpCo Debtors and the LandCo Debtors. If a resolution is not reached prior to the Effective Date as to use of such intellectual property, the parties may be forced to litigate certain intellectual property-related issues. Such litigation could be costly, and could result in limitations on, or impairment of, some or all parties' use of, or rights in, such intellectual property.**

e. **~~d.~~ Intense Competition Could Result in a Loss of Market Share or Profitability**

The LandCo Debtors face intense competition in Nevada. The LandCo Debtors expect this competition to intensify as new gaming and hotel operators enter into the Nevada market and existing competitors expand their operations. Some of the LandCo Debtors' competitors have significantly greater financial resources and, as a result, the LandCo Debtors may be unable to compete successfully with them in the future. In addition, the LandCo Debtors'

highly leveraged position and the filing of the Chapter 11 Cases has had, and will likely continue to have, an adverse impact on the LandCo Debtors' ability to compete.

The Tropicana Las Vegas is located in Nevada. Native American casinos in California and other parts of the United States have diverted some potential visitors away from Nevada, which has had, and could continue to have, a negative effect on Nevada gaming markets.

Several states have considered legalizing or expanding the scope of the currently legalized casino gaming and others may in the future. Legalization of large-scale, unlimited casino gaming in or near any major metropolitan area or increased gaming in other areas could have an adverse economic impact on the Tropicana Las Vegas by diverting customers to competitors in those areas.

In addition, online gaming, despite its current illegality in the United States, is a growing sector in the gaming industry. Online casinos offer a variety of games, including slot machines, roulette, poker, and blackjack. Web-enabled technologies allow individuals to game using credit or debit cards or other forms of electronic payment. The LandCo Debtors are unable to assess the impact that online gaming will have on their operations in the future and there is no assurance that the impact will not be materially adverse.

Competition from other casino and hotel operators involves not only the quality of casino, hotel room, restaurant, entertainment, and convention facilities, but also hotel room, food, entertainment, and beverage prices. The LandCo Debtors' operating results can be adversely affected by significant cash outlays for advertising and promotions and complimentary services to patrons, the amount and timing of which are partially dictated by the policies of their competitors and the LandCo Debtors' efforts to keep pace. If the LandCo Debtors lack the financial resources or liquidity to match the promotions of competitors, the number of casino patrons may decline, which may have an adverse effect on their financial performance.

The LandCo Debtors' ability to compete successfully will also be dependent upon their ability to develop and implement strong and effective marketing campaigns both at their individual properties and across their businesses. To the extent they are unable to develop successfully and implement these types of marketing initiatives, the LandCo Debtors may not be successful in competing in Nevada and their financial position could be adversely affected. The filing of the Chapter 11 Cases and the LandCo Debtors' access to capital likely will also adversely impact their ability to develop and implement these types of initiatives.

**f. ~~e-~~The LandCo Debtors ~~a~~Are Subject to Litigation Which, if Adversely Determined, Could Result in Substantial Losses**

As further discussed in Section III.H, the LandCo Debtors are, from time to time, during the ordinary course of operating their businesses, subject to various litigation claims and legal disputes, including contract, lease, employment, and regulatory claims as well as claims made by visitors to the Tropicana Las Vegas.

Certain litigation claims may not be covered entirely or at all by the LandCo Debtors' insurance policies or their insurance carriers may seek to deny coverage. In addition, litigation claims can be expensive to defend and may divert the LandCo Debtors' attention from the operations of their businesses. Further, litigation involving visitors to the Tropicana Las Vegas, even if without merit, can attract adverse media attention. As a result, litigation can have a material adverse effect on the LandCo Debtors' businesses and, because the LandCo Debtors cannot predict the outcome of any action, it is possible that adverse judgments or settlements could significantly reduce their earnings or result in losses.

With certain exceptions, however, the filing of the Chapter 11 Cases operates as a stay with respect to the commencement or continuation of litigation against the LandCo Debtors that was or could have been commenced before the Petition Date. In addition, liability in the litigation stayed by the commencement of the Chapter 11 Cases, the LandCo Debtors' is subject to discharge in connection with the Confirmation of the Plan, with certain exceptions. Therefore, certain litigation claims against the LandCo Debtors may be subject to compromise in connection with the

Chapter 11 Cases. This may reduce the LandCo Debtors' exposure to losses in connection with the adverse determination of such litigation.

**g. ~~f.~~ Work Stoppages, Labor Problems and Unexpected Shutdowns May Limit Operational Flexibility and Negatively Impact Future Profits**

The LandCo Debtors are parties to nine collective bargaining agreements with certain unions. Certain of the collective bargaining agreements will expire if the LandCo Debtors are unable to renegotiate successfully those agreements. There can be no assurance that they will be able to successfully renegotiate such agreements without incurring significant increases in their labor costs. Changes to their collective bargaining agreements could cause significant increases in labor costs, which could have a material adverse effect on the LandCo Debtors' businesses, financial condition, and results of operations.

In addition, the unions with which the LandCo Debtors have collective bargaining agreements or other unions could seek to organize employees at the Tropicana Las Vegas. Union organization efforts may occur in the future, could cause disruptions in the LandCo Debtors' businesses and result in significant costs, both of which could have a material adverse effect on the LandCo Debtors' businesses, financial condition, and results of operations.

Finally, if the LandCo Debtors are unable to negotiate these agreements on mutually acceptable terms, the affected employees may engage in a strike instead of continuing to operate without contracts or under expired contracts, which could have a materially adverse effect on the LandCo Debtors' results of operations and financial condition. Any unexpected shutdown of the Tropicana Las Vegas from a work stoppage or strike action could have an adverse effect on their businesses and results of operations. Moreover, strikes and work stoppages could also result in adverse media attention or otherwise discourage customers from visiting the Tropicana Las Vegas. There can be no assurance that the LandCo Debtors can be adequately prepared for unexpected labor developments that may lead to a temporary or permanent shutdown of the Tropicana Las Vegas.

**h. ~~g.~~ Governmental Regulation and Taxation Policies Could Adversely Affect the Businesses, Financial Condition, and Results of Operations**

**(i) Regulation by Gaming Authorities**

The LandCo Debtors are subject to extensive regulation with respect to the ownership and operation of the Tropicana Las Vegas. State and local gaming authorities require that they hold various licenses, qualifications, filings of suitability, registrations, permits, and approvals. The gaming regulatory authorities have broad powers with respect to the licensing of casino operations and alcoholic beverage service and may deny, revoke, suspend, condition, or limit the LandCo Debtors' gaming or other licenses, impose substantial fines, temporarily suspend casino operations, and take other actions, any one of which could adversely affect the LandCo Debtors' businesses, financial condition, and results of operations. The risk of the gaming authorities taking such actions has been heightened as a result of the actions of gaming regulators in New Jersey and Indiana, discussed in further detail in Sections III.A.2 and III.A.3, respectively.

The LandCo Debtors obtained all material governmental licenses, qualifications, registrations, permits, and approvals materially necessary for the operation of the Tropicana Las Vegas in Nevada (other than certain filings of suitability and approvals with respect to recently hired employees and newly appointed directors and other key persons). However, there can be no assurance that the LandCo Debtors can obtain any new licenses, or renew their existing license, qualifications, filings of suitability, registrations, permits, or approvals that may be required in the future or that their existing license will not be suspended or revoked, or that they will obtain all necessary regulatory approvals and consents relating to the Plan. If the LandCo Debtors relocate or expand the Tropicana Las Vegas, or enter new jurisdictions, they must obtain all additional licenses, qualifications, findings of suitability, registrations, permits, and approvals of the applicable gaming authorities in such jurisdictions. Currently, the gaming authorities in Nevada are conducting an investigation of the officers and directors of, and other persons associated with, the LandCo Debtors. Gaming authorities, as well as other state regulatory authorities, may conduct similar investigations in the



future in connection with new equity holders of New LandCo. The LandCo Debtors cannot predict the outcome of these investigations or their potential impact on the LandCo Debtors' businesses.

(ii) **Potential Changes in Legislation and Regulation**

From time to time, legislators and special interest groups propose legislation that would expand, restrict, or prevent gaming operations in Nevada. Further, from time to time, the state of Nevada and local jurisdictions have considered or enacted legislation and referenda, such as bans on smoking in casinos and other entertainment and dining facilities, that could adversely affect the LandCo Debtors' operations. Any restriction on or prohibition relating to the LandCo Debtors' gaming operations, or enactment of other adverse legislation or regulatory changes, could have a material adverse effect on the LandCo Debtors' businesses, financial condition, and results of operations.

(iii) **Taxation and Fees**

The casino entertainment industry represents a significant source of tax revenues to the various jurisdictions in which casinos operate. Gaming companies are currently subject to significant state and local taxes and fees in addition to the federal and state income taxes that typically apply to corporations, and such taxes and fees could increase at any time. From time to time, various state and federal legislators and officials have proposed changes in tax laws or in the administration of such laws, including increases in tax rates, which would affect the gaming industry. Worsening economic conditions could intensify the efforts of state and local governments to raise revenues through increases in gaming taxes and fees. In addition, state or local budget shortfalls could prompt tax or fee increases. Any material increase in assessed taxes, or the adoption of additional taxes or fees in Nevada, could have a material adverse effect on the LandCo Debtors' businesses, financial condition, and results of operations.

(iv) **Compliance with Other Laws**

The LandCo Debtors are also subject to a variety of other rules and regulations, including zoning, environmental, construction and land-use, and regulations governing the sale of alcoholic beverages. Failure to comply with these laws could have a material adverse effect on the LandCo Debtors' businesses, financial condition, or results of operations.

**i. ~~h.~~ Noncompliance with Environmental, Health, and Safety Regulations Could Adversely Affect Results of Operations**

As the owner, operator, and developer of real property, the LandCo Debtors must address, and may be liable for, hazardous materials or contamination of the Tropicana Las Vegas site. In addition, if the LandCo Debtors later sell the Tropicana Las Vegas assets, the LandCo Debtors may retain all or a portion of any residual environmental liability in connection therewith.

To receive governmental approvals prior to engaging in site development, the LandCo Debtors must conduct assessments of the environmental impact of their proposed operations. Their ongoing operations are subject to stringent regulations relating to the protection of the environment and handling of waste, particularly with respect to the management of wastewater from their facilities. Any failure to comply with existing laws or regulations, the adoption of new laws or regulations with additional or more rigorous compliance standards, or the more vigorous enforcement of environmental laws or regulations could adversely affect the LandCo Debtors' businesses, financial condition, and results of operations by increasing their expenses and limiting their future opportunities.

**i. ~~h.~~ Allegations of Food-Related Illnesses Could Negatively Affect Results from Operations**

As an operator of a hotel and various restaurants, the LandCo Debtors sometimes are the subject of complaints or litigation from consumers alleging illness, injury, or other food quality, health, or operational concerns. Food-related illnesses may be caused by a variety of food-borne pathogens, such as e-coli or salmonella, and from a variety of illnesses transmitted by restaurant workers, such as hepatitis. The LandCo Debtors cannot control all of the

potential sources of illness that can be transmitted from food or the LandCo Debtors' water supply. If any person becomes ill, or alleges becoming ill, as a result of eating the LandCo Debtors' food, the LandCo Debtors may be liable for damages, be subject to governmental regulatory action, be forced to shut down one of their properties, and/or receive adverse publicity, regardless of whether the allegations are valid or whether the LandCo Debtors are liable; all of which could adversely affect the LandCo Debtors' businesses, financial condition, and results of operations.

**k. ~~j.~~ The LandCo Debtors Could Lose Key Employees, Including Certain Members of the Senior Management**

Pursuant to the Management Services Agreement, the Interim LandCo Managers will manage the operations of New LandCo. As such, New LandCo's success is substantially dependent upon the efforts and skills of the Interim LandCo Managers. If the LandCo Debtors were to lose the services rendered by the Interim LandCo Managers, the LandCo Debtors' operations could be adversely affected. In addition, the Interim LandCo Managers compete with other potential employers for employees and may not succeed in hiring and retaining the executives and other employees that they need. The inability of the Interim LandCo Managers to hire and retain qualified employees could adversely affect the LandCo Debtors' businesses, financial condition, and results of operations.

**l. ~~k.~~ The Concentration and Evolution of the Slot Machine Manufacturing Industry Could Impose Additional Costs**

A majority of the LandCo Debtors' gaming revenue is attributable to slot machines operated by the LandCo Debtors at the Tropicana Las Vegas. It is important, for competitive reasons, that the LandCo Debtors offer the most popular and technologically advanced slot machine games to their customers. A substantial majority of the slot machines sold in the United States in recent years were manufactured by a limited number of companies. A deterioration in the LandCo Debtors' commercial arrangements with any of these slot machine manufacturers could result in the LandCo Debtors being unable to acquire the slot machines desired by the LandCo Debtors' customers or could result in manufacturers significantly increasing the cost of these machines. Alternatively, significant industry demand for new slot machines may result in the LandCo Debtors being unable to acquire the desired number of new slot machines or result in manufacturers increasing the cost of these machines.

The inability to obtain new and up to date slot machine games could impair the LandCo Debtors' competitive position and result in decreased gaming revenues at the Tropicana Las Vegas. In addition, increases in the costs associated with acquiring slot machine games could adversely affect the LandCo Debtors' profitability.

In recent years, the prices of new slot machines have risen more rapidly than the domestic rate of inflation. Furthermore, in recent years, slot machine manufacturers have frequently refused to sell slot machines featuring the most popular games, instead requiring gaming operators to execute participation lease arrangements for them to be able to offer such machines to patrons. Participation slot machine leasing arrangements typically require the payment of a fixed daily rental fee. Such agreements may also include a percentage payment to the manufacturer of "coin-in" or "net win." Generally, a slot machine participation lease is more expensive over the long term than the cost of purchasing a new slot machine. The LandCo Debtors have slot machine participation leases at the Tropicana Las Vegas.

For competitive reasons, the LandCo Debtors may be forced to purchase new slot machines, replace older slot machines with more costly "ticket-in ticket-out" machines, or enter into participation lease arrangements that are more expensive than the costs currently associated with the continued operation of existing slot machines. If the newer slot machines do not result in sufficient incremental revenues to offset the increased investment and participation lease costs, the LandCo Debtors' businesses, financial condition, and results of operations could be adversely affected.

**m. ~~l.~~ The LandCo Debtors May Not Have or Be Able to Obtain Sufficient Insurance Coverage to Replace or Cover the Full Value of Losses the LandCo Debtors May Suffer**

The LandCo Debtors are covered under the OpCo Debtors' insurance policies. While the LandCo Debtors believe that the OpCo Debtors have obtained sufficient insurance coverage with respect to the occurrences of casualty damage to cover losses that could result from the acts or events described above for the next year, the LandCo Debtors may not be able to obtain sufficient or similar insurance for later periods and cannot predict whether they will encounter difficulty in collecting on any insurance claims they may submit, including claims for business interruption.

In addition, while the OpCo Debtors' insurance policies protect the LandCo Debtors against many risks to the extent and in amounts that the LandCo Debtors believe are reasonable, these policies do not cover all risks. Furthermore, portions of the Debtors' businesses are difficult or impracticable to insure. Therefore, after carefully weighing the costs, risks, and benefits of retaining versus insuring various risks, as well as the availability of certain types of insurance coverage, the OpCo Debtors occasionally opt to retain certain risks not covered by their insurance policies, which in turn affects the coverage of the LandCo Debtors. Retained risks are associated with deductible limits or self-insured retentions, partial self-insurance programs, and insurance policy coverage ceilings.

The LandCo Debtors are covered under certain insurance policies that, in the event of certain substantial losses, may not be sufficient to pay the full current market value or current replacement cost of damaged property. As a result, if a significant event were to occur that is not fully covered by the OpCo Debtors' insurance policies, the LandCo Debtors may lose all, or a portion of, the capital they have invested in a property, as well as the anticipated future revenue from such property, and the LandCo Debtors' businesses, financial condition, and results of operations could be adversely affected. Consequently, uninsured losses may negatively affect the LandCo Debtors' financial condition, liquidity, and results of operations. There can be no assurance that the LandCo Debtors will not face uninsured losses pertaining to the risks they have retained.

Finally, upon the Effective Date, the LandCo Debtors no longer will receive coverage under the OpCo Debtors' insurance policies. As a result, the LandCo Debtors will seek to obtain stand-alone insurance coverage. However, the LandCo Debtors can provide no assurances that they will be able to obtain stand-alone insurance coverage on terms as favorable as those currently held by the OpCo Debtors. Reduced insurance coverage or an increase in the cost thereof may negatively affect the LandCo Debtors' financial condition, liquidity, and results of operations.

**n. ~~m.~~ The LandCo Debtors' Businesses, Financial Condition, and Results of Operations Results of Operations Could Be Materially Adversely Affected by the Occurrence of Natural Disasters, such as Earthquakes or Other Catastrophic Events, Including War and Terrorism**

Natural disasters, such as fires and earthquakes, could adversely affect the LandCo Debtors' businesses and operating results. Earthquakes are common in or near Nevada and its primary feeder market, California, and the severity of such natural disasters is unpredictable. The LandCo Debtors cannot predict the impact that any future natural disasters will have on their ability to maintain their customer base or to sustain their business activities.

Catastrophic events such as terrorist and war activities in the United States and elsewhere have had a negative effect on travel and leisure expenditures, including lodging, gaming (in some jurisdictions), and tourism. Any man-made or natural disasters in or around Nevada could have a significant adverse effect on their businesses, financial condition, and results of operations. The LandCo Debtors cannot predict the extent to which such events may affect them, directly or indirectly, in the future. The LandCo Debtors also cannot ensure that they will be able to obtain any insurance coverage with respect to occurrences of terrorist acts and any losses that could result from these acts.

The prolonged disruption at any of the LandCo Debtors' properties due to natural disasters, terrorist attacks, or other catastrophic events could adversely affect the LandCo Debtors' businesses, financial condition, and results of operations.

o.      ~~h-~~ **Energy Price Increases May Adversely Affect the Businesses, Financial Condition, and Results of Operations**

The Tropicana Las Vegas uses significant amounts of electricity, natural gas, and other forms of energy. While the LandCo Debtors have not experienced shortages of energy or fuel to date, substantial increases in energy and fuel prices in the United States may negatively affect their businesses, financial condition, and results of operations in the future. The extent of the impact is subject to the magnitude and duration of the energy and fuel price increases, but this impact could be material. In addition, energy and gasoline price increases in cities that constitute a significant source of customers for the LandCo Debtors' properties could result in a decline in disposable income of potential customers and a corresponding decrease in visitation and spending at the LandCo Debtors' properties, which would negatively impact their revenues. Further, increases in fuel prices, and resulting increases in transportation costs, could adversely affect the LandCo Debtors' businesses, financial condition, and results of operations.

**D. RISKS ASSOCIATED WITH FORWARD LOOKING STATEMENTS**

**1. Financial Information Is Based on Books and Records and, Unless Otherwise Stated, No Audit Was Performed**

**The financial information contained in this Disclosure Statement has not been audited.** In preparing this Disclosure Statement, the LandCo Debtors relied on financial data derived from their books and records that was available at the time of such preparation. Although the LandCo Debtors have used their reasonable business judgment to ensure the accuracy of the financial information provided in this Disclosure Statement, and while the LandCo Debtors believe that such financial information fairly reflects the financial condition of the LandCo Debtors, the LandCo Debtors are unable to warrant or represent that the financial information contained herein and attached hereto is without inaccuracies.

**2. Financial Projections and Other Forward Looking Statements Are Not Assured, Are Subject to Inherent Uncertainty Due to the Numerous Assumptions Upon Which They Are Based and, as a Result, Actual Results May Vary**

This Disclosure Statement contains various projections concerning the financial results of New LandCo's operations, including the Financial Projections, that are, by their nature, forward looking, and which projections are necessarily based on certain assumptions and estimates. Should any or all of these assumptions or estimates ultimately prove to be incorrect, the actual future experiences of New LandCo may turn out to be different from the Financial Projections.

Specifically, the projected financial results contained in this Disclosure Statement reflect numerous assumptions concerning the anticipated future performance of New LandCo, some of which may not materialize, including, without limitation, assumptions concerning: (a) the timing of Confirmation and Consummation of the Plan in accordance with its terms; (b) the anticipated future performance of New LandCo, including, without limitation, the LandCo Debtors' ability to maintain or increase revenue and gross margins, control future operating expenses, or make necessary capital expenditures; (c) general business and economic conditions; (d) overall industry performance and trends; (e) the LandCo Debtors' ability to maintain market strength and receive vendor support by way of favorable purchasing terms; and (f) consumer preferences continuing to support the LandCo Debtors' business plan.

Due to the inherent uncertainties associated with projecting financial results generally, the projections contained in this Disclosure Statement will not be considered assurances or guarantees of the amount of funds or the amount of Claims that may be Allowed in the various Classes. While the LandCo Debtors believe that the financial projections contained in this Disclosure Statement are reasonable, there can be no assurance that they will be realized.

E. **DISCLOSURE STATEMENT DISCLAIMER**

1. **Information Contained Herein Is for Soliciting Votes and Exercising Subscription Rights**

The information contained in this Disclosure Statement is for the purposes of soliciting acceptances of the Plan and for purposes of exercising Subscription Rights and may not be relied upon for any other purposes.

2. **This Disclosure Statement Was Not Approved by the United States Securities and Exchange Commission**

This Disclosure Statement was not filed with the United States Securities and Exchange Commission under the Securities Act or applicable state securities laws. Neither the United States Securities and Exchange Commission nor any state regulatory authority has passed upon the accuracy or adequacy of this Disclosure Statement, or the exhibits or the statements contained herein, and any representation to the contrary is unlawful.

3. **Reliance on Exemptions from Registration Under the Securities Act**

This Disclosure Statement has been prepared pursuant to section 1125 of the Bankruptcy Code and Bankruptcy Rule 3016(b) and is not necessarily in accordance with federal or state securities laws or other similar laws. Neither the issuance of New LandCo Common Stock nor the issuance of New LandCo Warrants has been registered under the Securities Act or similar state securities or “blue sky” laws. To the maximum extent permitted by section 1145 of the Bankruptcy Code, the Securities Act and other applicable non-bankruptcy law, the issuance of the New LandCo Common Stock and the New LandCo Warrants will be exempt from registration under the Securities Act by virtue of section 1145 of the Bankruptcy Code. The New LandCo Warrants will be exempt from registration pursuant to section 4(2) of the Securities Act or Regulation D promulgated thereunder.

4. **No Legal or Tax Advice Is Provided to You by this Disclosure Statement**

**This Disclosure Statement is not legal advice to you.** The contents of this Disclosure Statement should not be construed as legal, business, or tax advice. Each Holder of a Claim or an Interest should consult his or her own legal counsel and accountant with regard to any legal, tax, and other matters concerning his or her Claim or Interest, his or her exercise of Subscription Rights. This Disclosure Statement may not be relied upon for any purpose other than to determine how to vote on the Plan, exercise Subscription Rights, or object to Confirmation of the Plan.

5. **No Admissions Made**

The information and statements contained in this Disclosure Statement will neither (a) constitute an admission of any fact or liability by any Entity (including, without limitation, the LandCo Debtors) nor (b) be deemed evidence of the tax or other legal effects of the Plan on the LandCo Debtors, the Liquidating LandCo Debtors, New LandCo, Holders of Allowed Claims or Interests, or any other parties in interest.

6. **Failure to Identify Litigation Claims or Projected Objections**

No reliance should be placed on the fact that a particular litigation claim or projected objection to a particular Claim or Interest is, or is not, identified in this Disclosure Statement. The LandCo Debtors, the Liquidating LandCo Debtors, and New LandCo may seek to investigate, file, and prosecute Claims and Interest and may object to Claims after the Confirmation or Effective Date of the Plan irrespective of whether this Disclosure Statement identifies such Claims or objections to such Claims.

7. **No Waiver of Right to Object or Right to Recover Transfers and Assets**

The vote by a Holder of an Allowed Claim for or against the Plan does not constitute a waiver or release of any Claims, Causes of Action, Insider Causes of Action, or rights of the LandCo Debtors, the Liquidating LandCo Debtors, or New LandCo (or any party in interest, as the case may be) to object to that Holder’s Allowed Claim, or

recover any preferential, fraudulent, or other voidable transfer of assets, regardless of whether any Claims, Causes of Action, or Insider Causes of Action of the LandCo Debtors or their respective Estates are specifically or generally identified herein.

**8. Information Was Provided by the LandCo Debtors and Was Relied Upon by the LandCo Debtors' Professionals**

The Professionals have relied upon information provided by the LandCo Debtors in connection with the preparation of this Disclosure Statement. Although the Professionals have performed certain limited due diligence in connection with the preparation of this Disclosure Statement, they have not verified independently the information contained herein.

**9. Potential Exists for Inaccuracies, and the LandCo Debtors Have No Duty to Update**

The statements contained in this Disclosure Statement are made by the LandCo Debtors as of the date hereof, unless otherwise specified herein, and the delivery of this Disclosure Statement after that date does not imply that there has not been a change in the information set forth herein since that date. While the LandCo Debtors have used their reasonable business judgment to ensure the accuracy of all of the information provided in this Disclosure Statement and in the Plan, the LandCo Debtors nonetheless cannot, and do not, confirm the current accuracy of all statements appearing in this Disclosure Statement. Further, although the LandCo Debtors may subsequently update the information in this Disclosure Statement, the LandCo Debtors have no affirmative duty to do so unless ordered to do so by the Bankruptcy Court.

**10. No Representations Outside this Disclosure Statement Are Authorized**

No representations concerning or relating to the Debtors, these Chapter 11 Cases, or the Plan are authorized by the Bankruptcy Court or the Bankruptcy Code, other than as set forth in this Disclosure Statement. Any representations or inducements made to secure your acceptance or rejection of the Plan that are other than as contained in, or included with, this Disclosure Statement, should not be relied upon by you in arriving at your decision. You should promptly report unauthorized representations or inducements to the counsel to the LandCo Debtors, the counsel to the Creditors Committee, and the United States Trustee.

**F. LIQUIDATION UNDER CHAPTER 7**

If no plan can be Confirmed, the LandCo Debtors' Chapter 11 Cases may be converted to cases under chapter 7 of the Bankruptcy Code, pursuant to which a trustee would be elected or appointed to liquidate the assets of the LandCo Debtors for distribution in accordance with the priorities established by the Bankruptcy Code. A discussion of the effects that a chapter 7 liquidation would have on the recoveries of Holders of Claims and the LandCo Debtors' liquidation analysis is set forth in Article V herein, "Statutory Requirements for Confirmation of the Plan" and the Liquidation Analysis attached hereto as **Exhibit B**.

**VIII. CERTAIN UNITED STATES FEDERAL INCOME TAX CONSEQUENCES**

The following is a summary of certain United States federal income tax consequences of the Plan to the LandCo Debtors and certain Holders of Claims. This summary is based on the Internal Revenue Code, Treasury Regulations thereunder, and administrative and judicial interpretations and practice, all as in effect on the date of this Disclosure Statement and all of which are subject to change, with possible retroactive effect. Due to the lack of definitive judicial and administrative authority in a number of areas, substantial uncertainty may exist with respect to some of the tax consequences described below. No opinion of counsel has been obtained and the LandCo Debtors do not intend to seek a ruling from the Internal Revenue Service (the "IRS") as to any of the tax consequences of the Plan discussed below. There can be no assurance that the IRS will not challenge one or more of the tax consequences of the Plan described below.



This summary does not apply to Holders of Claims that are not “United States persons” (as such term is defined in the Internal Revenue Code) or that are otherwise subject to special treatment under United States federal income tax law (including, without limitation, banks, governmental authorities or agencies, financial institutions, insurance companies, pass-through Entities, tax-exempt organizations, brokers and dealers in securities, mutual funds, small business investment companies, and regulated investment companies). The following discussion assumes that Holders of Allowed Claims hold such Claims as “capital assets” within the meaning of section 1221 of the Internal Revenue Code. Moreover, this summary does not purport to cover all aspects of United States federal income taxation that may apply to the LandCo Debtors and Holders of Allowed Claims based upon their particular circumstances. Additionally, this summary does not discuss any tax consequences that may arise under any laws other than United States federal income tax law, including under state, local, or foreign tax law.

ACCORDINGLY, THE FOLLOWING SUMMARY OF CERTAIN UNITED STATES FEDERAL INCOME TAX CONSEQUENCES IS FOR INFORMATIONAL PURPOSES ONLY AND IS NOT A SUBSTITUTE FOR CAREFUL TAX PLANNING AND ADVICE BASED UPON THE INDIVIDUAL CIRCUMSTANCES PERTAINING TO A HOLDER OF A CLAIM. ALL HOLDERS OF CLAIMS ARE URGED TO CONSULT THEIR OWN TAX ADVISORS FOR THE FEDERAL, STATE, LOCAL, AND OTHER TAX CONSEQUENCES APPLICABLE UNDER THE PLAN.

**IRS CIRCULAR 230 DISCLOSURE:** TO ENSURE COMPLIANCE WITH REQUIREMENTS IMPOSED BY THE IRS, ANY TAX ADVICE CONTAINED IN THIS DISCLOSURE STATEMENT (INCLUDING ANY ATTACHMENTS) IS NOT INTENDED OR WRITTEN TO BE USED, AND CANNOT BE USED, BY ANY TAXPAYER FOR THE PURPOSE OF AVOIDING TAX-RELATED PENALTIES UNDER THE INTERNAL REVENUE CODE. TAX ADVICE CONTAINED IN THIS DISCLOSURE STATEMENT (INCLUDING ANY ATTACHMENTS) IS NOT WRITTEN TO SUPPORT THE MARKETING OR PROMOTION OF THE TRANSACTIONS OR MATTERS ADDRESSED BY THIS DISCLOSURE STATEMENT. EACH TAXPAYER SHOULD SEEK ADVICE BASED ON THE TAXPAYER’S PARTICULAR CIRCUMSTANCES FROM AN INDEPENDENT TAX ADVISOR.

**A. CERTAIN UNITED STATES FEDERAL INCOME TAX CONSEQUENCES TO THE HOLDERS OF ALLOWED CLAIMS**

**1. Consequences to Holders of Allowed Class 3 LandCo Credit Facility Secured Claims, Allowed Class 4 LandCo General Unsecured Claims, Allowed Class 5 LandCo Credit Facility Deficiency Claims, and Allowed Class 6 Insider Claims**

Pursuant to the Plan, Allowed Class 3 LandCo Credit Facility Secured Claims will be exchanged for New LandCo Common Stock and Subscription Rights; Allowed Class 4 LandCo General Unsecured Claims will be exchanged for rights to the Litigation Trust Proceeds (the “Litigation Trust Rights”) and, ~~if applicable, the Proposed Committee Settlement Payment~~; Allowed Class 5 LandCo Credit Facility Deficiency Claims will be exchanged for Litigation Trust Rights; and Allowed Class 6 Insider Claims will be exchanged for Cash equal to their Litigation Trust Rights (subject to offset) and, ~~if applicable, the Proposed Committee Settlement Payment~~. The amount received, if any, with respect to the Litigation Trust Proceeds is contingent on the outcome of the Insider Causes of Action placed into the Litigation Trust and a value will not be assigned to the Litigation Trust Rights in connection with the Plan.

As described below, the LandCo Debtors intend to take the position that the transaction undertaken pursuant to the Plan constitutes a taxable sale of substantially all of the LandCo Debtors’ assets to New LandCo Corporation Purchaser. As a consequence, Holders of Claims will be treated as exchanging such Claims for the New LandCo Common Stock, Subscription Rights, the Litigation Trust Rights, and/ or Cash (including on account of the ~~Proposed Committee Settlement Payment, if applicable~~) in a taxable exchange. Each Holder of Allowed Class 3 LandCo Credit Facility Secured Claims should recognize gain or loss equal to the difference between (a) the fair market value as of the Effective Date of the New LandCo Common Stock received and Subscription Rights (if any) that is not allocable to accrued interest and (b) such Holder’s tax basis in the Claims surrendered by such Holder. Each Holder of Allowed Class 4 LandCo General Unsecured Claims should recognize gain or loss equal to the difference between (a)

the fair market value as of the Effective Date of the Litigation Trust Rights and, ~~if applicable, the Proposed Committee~~ Settlement Payment received that is not allocable to accrued interest and (b) such Holder's tax basis in the Claims surrendered by such Holder. Each Holder of Allowed Class 5 LandCo Credit Facility Deficiency Claims should recognize gain or loss equal to the difference between (a) the fair market value as of the Effective Date of the Litigation Trust Rights received that is not allocable to accrued interest and (b) such Holder's tax basis in the Claims surrendered by such Holder. Each Holder of Allowed Class 6 Insider Claims should recognize gain or loss equal to the difference between (a) the amount of Cash that is not allocable to accrued interest and (b) such Holder's tax basis in the Claims surrendered by such Holder.

Any such gain or loss described above should be capital in nature (subject to the "market discount" rules described below) and should be long term capital gain or loss if the Claims were held for more than one year by the Holder. To the extent that a portion of the New LandCo Common Stock, Subscription Rights, and/ or Cash received in the exchange is allocable to accrued interest, the Holder may recognize ordinary income. See the discussion of accrued interest below. A Holder's tax basis in the New LandCo Common Stock, Subscription Rights, or the Litigation Trust Rights should equal their fair market value as of the Effective Date. A Holder's holding period for the New LandCo Common Stock, Subscription Rights, or the Litigation Trust Rights should begin on the day following the Effective Date.

The IRS may take the position that the transactions undertaken pursuant to the Plan constitute a tax-free reorganization. If the IRS were to succeed in asserting that the transactions qualify as a tax-free reorganization, the tax consequences to Holders of Claims that receive the New LandCo Common Stock, Subscription Rights, and the Litigation Trust Rights may differ from the consequences described above.

It is plausible that a Holder receiving the Litigation Trust Rights could treat the transaction as an "open" transaction for United States federal tax purposes, in which case the recognition of any gain or loss on the transaction might be deferred pending the determination of the amount of the Litigation Trust Proceeds received. The United States federal income tax consequences of an open transaction are uncertain and highly complex, and a Holder should consult with its own tax advisor if it believes open transaction treatment might be appropriate.

## **2. Accrued but Untaxed Interest**

A portion of the consideration received by Holders of Claims may be attributable to interest that has accumulated since the principal investment or since the previous interest payment that has not been paid or taxed ("Accrued but Untaxed Interest on such Claims"). Such amount should be taxable to that Holder as interest income if such accrued interest has not been previously included in the Holder's gross income for United States federal income tax purposes.

If the fair value of the consideration is not sufficient to fully satisfy all principal and interest on an Allowed Claim, the extent to which such consideration will be attributable to Accrued but Untaxed Interest is unclear. Under the Plan, the aggregate consideration to be distributed to Holders of Allowed Claims in each Class will be allocated first to the principal amount of Allowed Claims, with any excess allocated unpaid interest that accrued on such Claims, if any. Certain legislative history indicates that an allocation of consideration as between principal and interest provided in a chapter 11 plan of reorganization is binding for United States federal income tax purposes. The IRS could take the position, however, that the consideration received by the Holder should be allocated in some way other than as provided in the Plan. Holders of Claims should consult their own tax advisors regarding the proper allocation of the consideration received by them under the Plan.

## **3. Market Discount**

Holders who exchange Allowed Claims for the New LandCo Common Stock, Subscription Rights, the Litigation Trust Rights, or Cash may be affected by the "market discount" provisions of sections 1276 through 1278 of the Internal Revenue Code. Under these provisions, some or all of the gain realized by a Holder may be treated as

ordinary income (instead of capital gain), to the extent of the amount of accrued “market discount” on such Allowed Claims.

In general, a debt obligation with a fixed maturity of more than one year that is acquired by a holder on the secondary market (or, in certain circumstances, upon original issuance) is considered to be acquired with “market discount” as to that holder if the debt obligation’s stated redemption price at maturity (or revised issue price as defined in section 1278 of the Internal Revenue Code, in the case of a debt obligation issued with original issue discount) exceeds the tax basis of the debt obligation in the holder’s hands immediately after its acquisition. However, a debt obligation is not a “market discount bond” if the excess is less than a statutory *de minimis* amount (equal to 0.25% of the debt obligation’s stated redemption price at maturity or revised issue price, in the case of a debt obligation issued with original issue discount, multiplied by the number of complete years remaining until maturity at the time of the acquisition).

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

#### **4. Receipt of Beneficial Interests in the Litigation Trust**

Subject to definitive guidance from the IRS or a court of competent jurisdiction to the contrary, pursuant to Treasury Regulation section 301.7701-4(d) and related regulations, the LandCo Debtors believe that the Litigation Trust Committee intends to take a position on the Litigation Trust’s tax return that the Litigation Trust should be treated as a grantor trust set up for the benefit of the Litigation Trust Beneficiaries. Holders of Allowed Claims that receive a beneficial interest in the Litigation Trust will be treated for United States federal income tax purposes as receiving their Pro Rata shares of the Litigation Trust Assets from the LandCo Debtors in a taxable exchange and then depositing them in the Litigation Trust in exchange for beneficial interests in the Litigation Trust. Holders of Allowed Claims that receive a beneficial interest in the Litigation Trust will be required to report on their United States federal income tax returns their share of the Litigation Trust’s items of income, gain, loss, deduction, and credit in the year recognized by the Litigation Trust. This requirement may result in such Holders being subject to tax on their allocable share of the Litigation Trust’s taxable income prior to receiving any cash distributions from the Litigation Trust. Holders of Allowed Claims that receive a beneficial interest in the Litigation Trust are urged to consult their tax advisors regarding the tax consequences of the right to receive and of the receipt (if any) of property from the Litigation Trust.

#### **5. Rights Offering**

The Plan contemplates that New LandCo Corporation will engage in the Rights Offering. A recipient of Subscription Rights generally should not recognize taxable gain or loss upon the exercise of such Subscription Rights. The tax basis in the Rights Offering Shares received upon exercise of the Subscription Rights should equal the sum of the holder’s tax basis in the Subscription Rights and the amount paid for such Rights Offering Shares. The holding period in such Rights Offering Shares received should commence the day following its acquisition.

#### **6. Information Reporting and Backup Withholding**

In general, information reporting requirements may apply to distributions or payments under the Plan. Additionally, under the backup withholding rules, a Holder of a Claim may be subject to backup withholding (currently at a rate of 28%) with respect to distributions or payments made pursuant to the Plan unless that Holder: (a) comes within certain exempt categories (which generally include corporations) and, when required, demonstrates that fact; or (b) provides a correct taxpayer identification number and certifies under penalty of perjury that the taxpayer identification number is correct and that the Holder is not subject to backup withholding because of a failure to report all dividend and interest income. Backup withholding is not an additional tax but is, instead, an advance

payment that may be refunded to the extent it results in an overpayment of tax; provided, however, that the required information is provided to the IRS.

The LandCo Debtors will withhold all amounts required by law to be withheld from payments of interest. The LandCo Debtors will comply with all applicable reporting requirements of the IRS.

## **B. CERTAIN UNITED STATES FEDERAL INCOME TAX CONSEQUENCES TO NEW LANDCO**

The LandCo Debtors and the OpCo Debtors expect to report consolidated net operating loss (“NOL”) carryforwards for U.S. federal income tax purposes of approximately \$254 million as of December 31, 2008. As discussed below, the amount of the OpCo Debtors’ and the LandCo Debtors’ NOL carryforwards may be significantly reduced or eliminated upon implementation of the Plan. In addition, New LandCo’s subsequent utilization of any losses and NOL carryforwards remaining and possibly certain other tax attributes may be restricted as a result of and upon the implementation of the Plan.

### **1. Transfer of Business Assets**

The LandCo Debtors intend to take the position that the transaction undertaken pursuant to the Plan constitutes a taxable sale of substantially all of the assets of the LandCo Debtors to New LandCo Corporation Purchaser. As a consequence, New LandCo Corporation Purchaser should obtain a tax basis in the assets received from the LandCo Debtors equal to their cost to New LandCo Corporation Purchaser, which generally should equal the fair market value of New LandCo Common Stock transferred to the LandCo Debtors plus the amount of liabilities assumed by New LandCo Corporation Purchaser.

Provided the transaction undertaken pursuant to the Plan constitutes a taxable transfer, the LandCo Debtors would recognize gain or loss upon the transfer of assets to New LandCo Corporation Purchaser in an amount equal to the difference between the fair market value of its assets and their tax basis in such assets. The degree to which the transfer will result in any significant federal tax liability will depend in part on the amount of any gain or loss on the transfer of assets as well as the amount of any operating income or losses generated by the LandCo Debtors and the OpCo Debtors between January 1, 2009 and the Effective Date. The amount of such gain, losses and income is uncertain, but the LandCo Debtors believe that to the extent the transfer of assets and 2009 operations result in net gain or income, existing NOLs will be sufficient to offset any such net gain or income.

There is no assurance, however, that the exchange will be treated by the IRS as a taxable sale of assets by the LandCo Debtors to New LandCo Corporation Purchaser. Instead, the IRS may take the position that the exchange constitutes a tax-free reorganization. If the IRS were to succeed in asserting that the exchange qualifies as a tax-free reorganization, the LandCo Debtors would not recognize any gain or loss on the exchange. Instead, New LandCo Corporation Purchaser would succeed to certain tax attributes of the LandCo Debtors, including the LandCo Debtors’ tax basis in the assets transferred to New LandCo Corporation Purchaser, but only after taking into account the reduction in such tax attributes and tax basis on account of the discharge of indebtedness pursuant to the Plan. Thus, New LandCo Corporation Purchaser generally would have no NOL carryforwards (as described below) and would have a significantly diminished tax basis in the assets received from the LandCo Debtors, with the result that future tax depreciation and amortization with respect to New LandCo Corporation Purchaser’s real and personal property would be substantially reduced.

### **2. Reduction of Net Operating Losses**

The Internal Revenue Code provides that a debtor in a bankruptcy case must reduce certain of its tax attributes, such as NOL carryforwards, current year NOLs, tax credits and tax basis in assets, by the amount of any cancellation of indebtedness (“COD”) realized upon consummation of the Plan. COD is the amount by which the indebtedness discharged (reduced by any unamortized discount) exceeds any consideration given in exchange therefor, subject to certain statutory or judicial exceptions that can apply to limit the amount of COD (such as where the payment of the canceled debt would have given rise to a tax deduction). Assuming that the transaction is treated as a taxable purchase by New LandCo Corporation Purchaser of the assets of the LandCo Debtors, this COD, and

attribute reduction should not result in any tax liability for the LandCo Debtors or New LandCo Corporation Purchaser.

### 3. **Limitation on NOL Carryforwards and Other Tax Attributes**

Under section 382 of the Internal Revenue Code, if a corporation undergoes an “ownership change,” the amount of any remaining NOL and tax credit carryforwards and, possibly, certain other tax attributes of the LandCo Debtors allocable to periods prior to the Effective Date (collectively, the “Pre-Change Losses”), that may be utilized to offset future taxable income generally is subject to an annual limitation (the “Section 382 Limitation”). Because (a) substantially all of the LandCo Debtors’ Pre-Change Losses will likely be eliminated or substantially reduced and (b) the LandCo Debtors intend to take the position that the transaction undertaken pursuant to the Plan constitutes a taxable sale of substantially all of the LandCo Debtors’ assets to New LandCo Corporation Purchaser, New LandCo Corporation Purchaser should not succeed to any of the Pre Change Losses of the LandCo Debtors and hence the Section 382 Limitation will not be relevant to the LandCo Debtors or New LandCo Corporation Purchaser.

THE UNITED STATES FEDERAL INCOME TAX CONSEQUENCES OF THE PLAN ARE COMPLEX. THE FOREGOING SUMMARY DOES NOT DISCUSS ALL ASPECTS OF UNITED STATES FEDERAL INCOME TAXATION THAT MAY BE RELEVANT TO A PARTICULAR HOLDER OF A CLAIM IN LIGHT OF SUCH HOLDER’S CIRCUMSTANCES AND INCOME TAX SITUATION. ALL HOLDERS OF CLAIMS AGAINST THE LANDCO DEBTORS SHOULD CONSULT WITH THEIR TAX ADVISORS AS TO THE PARTICULAR TAX CONSEQUENCES TO THEM OF THE TRANSACTION CONTEMPLATED BY THE RESTRUCTURING, INCLUDING THE APPLICABILITY AND EFFECT OF ANY STATE, LOCAL, OR FOREIGN TAX LAWS, AND OF ANY CHANGE IN APPLICABLE TAX LAWS.

## IX. **VOTING PROCEDURES**

On March 6, 2009, the Bankruptcy Court entered the Disclosure Statement Order approving the adequacy of this Disclosure Statement and approving procedures for the solicitation of votes to accept or reject the Plan (the “Solicitation Procedures”). A copy of the Solicitation Procedures ~~is attached as Exhibit B to the Disclosure Statement Order and is~~ **will be** included in the Plan Supplement. In addition to approving the Solicitation Procedures, the Disclosure Statement Order established certain dates and deadlines, including the date for the Confirmation Hearing, the deadline for parties to object to Confirmation, the Voting Record Date, and the Voting Deadline. The Disclosure Statement Order also approved the forms of Ballots, Master Ballots, and certain Confirmation-related notices. The Disclosure Statement Order and the Solicitation Procedures should be read in conjunction with this Article IX. Capitalized terms used in this Article IX that are not otherwise defined in this Disclosure Statement or the Plan shall have the meanings ascribed to them in the Solicitation Procedures.

### A. **CONFIRMATION GENERALLY**

The Bankruptcy Court may confirm the Plan only if it determines that the Plan complies with the requirements of chapter 11 of the Bankruptcy Code. One of these requirements is that the Bankruptcy Court find, among other things, that the Plan has been accepted by the requisite votes of all Classes of Impaired Claims and Interests unless approval will be sought under section 1129(b) of the Bankruptcy Code despite the non-acceptance by one or more such Classes. The process by which the LandCo Debtors solicit votes to accept or reject the Plan will be governed by the Disclosure Statement Order and the Solicitation Procedures.

The following is a brief and general summary of the Solicitation Procedures. Holders of Claims and Interests are encouraged to review the Disclosure Statement Order, the Solicitation Procedures, the relevant provisions of the Bankruptcy Code, and to consult their own advisors. To the extent of any inconsistency between the summary below and (i) the Disclosure Statement Order or (ii) the Solicitation Procedures, the Disclosure Statement Order and the Solicitation Procedures shall govern.

## B. WHO CAN VOTE

In general, a holder of a claim or interest may vote to accept or to reject a plan if (i) no party in interest has objected to such claim or interest and (ii) the claim or interest is impaired by the plan but the plan does not make distributions on account of such claim or interest. If the holder of an impaired claim or interest will not receive any distribution under the plan in respect of such claim or interest, the Bankruptcy Code deems such holder to have rejected the plan in respect of such claim or interest. If a claim or an interest is not impaired, the Bankruptcy Code deems that the holder of such claim or interest has accepted the plan and the plan proponent need not solicit such holder's vote.

Pursuant to section 1124 of the Bankruptcy Code, a class of claims or interests is deemed to be "impaired" under a plan unless the plan leaves unaltered the legal, equitable, and contractual rights to which such claim or interest entitles the holder thereof or, notwithstanding any legal right to an accelerated payment of such claim or interest, the plan cures all existing defaults (other than defaults resulting from the occurrence of events of bankruptcy), reinstates the maturity of such claim or interest as it existed before the default, compensates the holder of such claim or interest for any damages incurred as a result of reasonable reliance on the holder's legal right to an accelerated payment, and does not otherwise alter the legal, equitable, or contractual rights to which such claim or interest entitles the holder thereof.

Only the following Holders of Impaired Claims in Voting Classes shall be entitled to vote on the Plan with regard to such Claims:

1. Holders of Claims for which Proofs of Claims have been timely Filed, as reflected on the Claims Register, as of the Voting Record Date; provided, however, that Holders of Disputed Claims shall not be entitled to vote with respect to such Claims unless they become eligible to vote through a Resolution Event (as defined below);
2. Holders of Claims that are listed in the LandCo Debtors' Schedules, with the exception of those Claims that are listed in the Schedules as contingent, unliquidated, or disputed (excluding such scheduled Claims that have been superseded by a timely-Filed Proof of Claim); and
3. Holders whose Claims arise pursuant to an agreement or settlement with the LandCo Debtors executed prior to the Voting Record Date, as reflected in a document Filed with the Bankruptcy Court, in an order of the Bankruptcy Court, or in a document executed by the LandCo Debtors pursuant to authority granted by the Bankruptcy Court, regardless of whether a Proof of Claim has been Filed.

The assignee of a transferred and assigned Claim (whether a timely-Filed Claim or a Claim on the Schedules) shall be permitted to vote such Claim only if (a) the transfer or assignment has been fully effectuated pursuant to the procedures dictated by Bankruptcy Rule 3001(e) and such transfer is reflected on the Claims Register as of the close of business on the Voting Record Date and (b) the transferor and assignor of such Claim would be permitted to vote such Claim if such transfer and assignment had not occurred.

For purposes of determining the Claim amount associated with each Holder's vote, such amount shall not include applicable interest accrued after the Petition Date.

A vote may be disregarded if the Bankruptcy Court determines, pursuant to section 1126(e) of the Bankruptcy Code, that it was not solicited or procured in good faith or in accordance with the provisions of the Bankruptcy Code. The Solicitation Procedures also set forth assumptions and procedures for tabulating Ballots.

## C. CLASSES IMPAIRED UNDER THE PLAN

1. **Unimpaired Classes of Claims.** Classes 1 and 2 are Unimpaired under the Plan and are deemed to have accepted the Plan under section 1126(f) of the Bankruptcy Code. Thus, Holders in such



Classes will not be solicited to vote to accept or to reject the Plan. Rather, acceptances or rejections of the Plan are being solicited only from those who hold Claims in an Impaired Class whose members will receive a distribution under the Plan. Pursuant to the Solicitation Procedures, these parties shall receive a notice, substantially in the form attached as an exhibit to the Disclosure Statement Order, notifying them of their non-voting status.

2. **Voting Impaired Classes of Claims.** Classes 3, 4, 5, and 6 are Impaired under the Plan and are entitled to vote to accept or reject the Plan.
3. **Non-Voting Impaired Classes of Claims and Interests.** Classes 7, 8, and 9 are wholly Impaired under the Plan and are deemed to have rejected the Plan under section 1126(g) of the Bankruptcy Code. Thus, Holders in such Classes will not be solicited to vote to accept or to reject the Plan. Rather, acceptances or rejections of the Plan are being solicited only from those who hold Claims in an Impaired Class whose members will receive a distribution under the Plan. Pursuant to the Solicitation Procedures, these parties shall receive a notice, substantially in the form attached as an exhibit to the Disclosure Statement Order, notifying them of their non-voting status.

#### D. CONTENTS OF SOLICITATION PACKAGE

The following materials shall constitute the Solicitation Package:

1. the Plan;
2. this Disclosure Statement;
3. the Disclosure Statement Order (without exhibits, except the Solicitation Procedures);
4. the Confirmation Hearing Notice (as defined herein);
5. the appropriate Ballot<sup>4413</sup> and voting instructions;
6. a pre-addressed, postage pre-paid return envelope;
7. an appropriate cover letter (a) describing the contents of the Solicitation Package, (b) explaining that the Plan Supplement will be filed with the Bankruptcy Court at least five days before the Voting Deadline, or such later date as may be approved by the Bankruptcy Court on notice to parties in interest, and (c) urging the Holders in each of the Voting Classes to vote to accept the Plan;
8. for Solicitation Packages mailed to Holders of Class 3 LandCo Credit Facility Secured Claims, a Subscription Form in connection with the Rights Offering;
9. for Solicitation Packages mailed to Holders of Claims in Classes 4 and 5, a letter from the Creditors Committee regarding the Plan; and
10. such other materials as the Bankruptcy Court may direct.

<sup>4413</sup> The defined term “Ballot” shall include all ancillary and related information and any amendments or supplements thereto necessary for completing the Ballot.

**E. DISTRIBUTION OF SOLICITATION PACKAGE**

The Solicitation Package shall be served on: the Holders of Claims described in Article IX.B.1-3; the Internal Revenue Service; the United States Trustee for the District of Delaware; and all parties in interest on the 2002 List as of the Voting Record Date.

**F. TEMPORARY ALLOWANCE OF DISPUTED CLAIMS FOR VOTING PURPOSES**

The Solicitation Procedures generally provide that Holders of Disputed Claims that will not be entitled to vote unless: (i) an order by the Bankruptcy Court is entered allowing such Disputed Claim pursuant to section 502(b) of the Bankruptcy Code, after notice and a hearing; (ii) an order by the Bankruptcy Court is entered temporarily allowing such Disputed Claim for voting purposes only pursuant to Bankruptcy Rule 3018(a), after notice and a hearing; (iii) a stipulation or other agreement is executed between the Holder of the Disputed Claim and the LandCo Debtors resolving the objection and allowing the Disputed Claim in an agreed upon amount; or (iv) the pending objection to the Disputed Claim voluntarily is withdrawn by the LandCo Debtors (each, a “Resolution Event”). No later than two (2) Business Days after a Resolution Event, the Claims and Solicitation Agent shall distribute a Ballot and a pre-addressed, postage pre-paid envelope to the relevant Holder of the Disputed Claim, which must be returned to the Claims and Solicitation Agent by no later than the Voting Deadline.

Each Holder of a Disputed Claim will receive a notice, substantially in the form attached as **Exhibit G** to the Disclosure Statement Order, notifying such Holder of the Solicitation Procedures applicable to Disputed Claims.

**G. VOTING**

The Claims and Solicitation Agent will facilitate the solicitation process. For Holders of all other Claims, the Claims and Solicitation Agent will answer questions regarding the procedures and requirements for voting to accept or reject the Plan and for objecting to the Plan, provide additional copies of all materials, and oversee the voting tabulation. The Claims and Solicitation Agent will also process and tabulate Ballots for each Class entitled to vote to accept or reject the Plan.

BALLOTS CAST BY HOLDERS IN CLASSES ENTITLED TO VOTE MUST BE RECEIVED BY THE CLAIMS AND SOLICITATION AGENT BY THE VOTING DEADLINE, WHETHER BY FIRST CLASS MAIL, OVERNIGHT COURIER, OR PERSONAL DELIVERY. THE BALLOTS AND THE PRE-ADDRESSED, POSTAGE PRE-PAID ENVELOPES ACCOMPANYING THE BALLOTS WILL INDICATE THAT THE BALLOT MUST BE RETURNED TO THE CLAIMS AND SOLICITATION AGENT. THE ADDRESS FOR BALLOTS RETURNABLE TO THE CLAIMS AND SOLICITATION AGENT IS: TROPICANA ENTERTAINMENT, LLC, C/O KURTZMAN CARSON CONSULTANTS LLC, 2335 ALASKA AVENUE, EL SEGUNDO, CA 90245, ATTN: BALLOT PROCESSING DEPARTMENT.

FOR ANSWERS TO ANY QUESTIONS REGARDING SOLICITATION PROCEDURES, PARTIES MAY CALL THE CLAIMS AND SOLICITATION AGENT TOLL FREE AT (888) 733-1425.

To obtain an additional copy of the Plan, this Disclosure Statement, the Plan Supplement, or other Solicitation Package materials (except Ballots), please refer to the LandCo Debtors’ restructuring website at <http://www.kccllc.net/tropicana> or request a copy from the Claims and Solicitation Agent, by writing to Kurtzman Carson Consultants, LLC, 2335 Alaska Avenue, El Segundo, California 90245, Attn: Tropicana Entertainment Balloting; calling (888) 733-1425; or sending an email to [tropicainfo@kccllc.com](mailto:tropicainfo@kccllc.com).

Ballots received after the Voting Deadline will be counted in the sole discretion of the LandCo Debtors. The method of delivery of Ballots to be sent to the Claims and Solicitation Agent is at the election and risk of each Creditor, except as otherwise provided, a Ballot will be deemed delivered only when the Claims and Solicitation Agent actually receives the original executed Ballot. In all cases, sufficient time should be allowed to assure timely delivery. An executed original Ballot is required. Delivery of a Ballot to the Claims and Solicitation Agent by facsimile, email, or any other electronic means will not be accepted. Ballots should not be sent to any of the LandCo

Debtors, the LandCo Debtors' agents (other than the Claims and Solicitation Agent), any indenture trustee (unless specifically instructed to do so), or the LandCo Debtors' financial or legal advisors, and any Ballots sent to such parties will be counted only in the discretion of the LandCo Debtors. The LandCo Debtors expressly reserve the right to amend from time to time the terms of the Plan (subject to compliance with the requirements of section 1127 of the Bankruptcy Code and the terms of the Plan regarding modification).

#### H. RELEASES UNDER THE PLAN

As set forth in detail in Article IV above, (i) voting to accept the Plan or (ii) abstaining from voting on the Plan and electing not to opt out of the release contained in this paragraph (which by definition, does not include Holders of Claims and Interests who are not entitled to vote in favor of or against the Plan), shall be deemed to have conclusively, absolutely, unconditionally, irrevocably, and forever released and discharged the LandCo Debtors, the Liquidating LandCo Debtors, and the Released Parties from any and all Claims, Interests, obligations, rights, suits, damages, Causes of Action, remedies, and liabilities whatsoever, including any derivative Claims asserted on behalf of a LandCo Debtor, 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 on or relating to, or in any manner arising from, in whole or in part, the LandCo Debtors, the LandCo Debtors' restructuring, the LandCo Debtors' Chapter 11 Cases, the purchase, sale, or rescission of the purchase or sale of any security of the LandCo Debtors, the subject matter of, or the transactions or events giving rise to, any Claim or Interest that is treated in the Plan, the business or contractual arrangements between any LandCo Debtor and any Released Party, the restructuring of Claims and Interests prior to or in the Chapter 11 Cases, the negotiation, formulation, or preparation of the Plan and Disclosure Statement, or related agreements, instruments, or other documents, upon any other act or omission, transaction, agreement, event, or other occurrence taking place on or before the Effective Date, other than Claims or liabilities arising out of or relating to any act or omission of a LandCo Debtor, a Liquidating LandCo Debtor, or a Released Party that constitutes a failure to perform the duty to act in good faith, with the care of an ordinarily prudent person and in a manner the LandCo Debtor, the Liquidating LandCo Debtor, or the Released Party reasonably believed to be in the best interests of the LandCo Debtors (to the extent such duty is imposed by applicable non-bankruptcy law) where such failure to perform constitutes willful misconduct or gross negligence. The releases set forth in this paragraph shall not be given to the Yung Entities.

The LandCo Debtors are not aware of Causes of Action of the LandCo Debtors that are subject to the release or exculpation provisions of the Plan that, if pursued by New LandCo Corporation Purchaser, would be likely to provide a material benefit to New LandCo.

#### X. PLAN SUPPLEMENT

The Plan Supplement will be filed with the Bankruptcy Court no later than five Business Days prior to the Voting Deadline. The LandCo Debtors reserve the right to modify and supplement the Plan Supplement through and including the Confirmation Date.

#### XI. CONCLUSION AND RECOMMENDATION

The LandCo Debtors believe the Plan is in the best interests of all Holders of Claims and urge all Holders of Claims entitled to vote to accept the Plan and to evidence such acceptance by returning their Ballots so they will be received by the LandCo Debtors' Claims and Solicitation Agent by the Voting Deadline.

Dated: March ~~6~~20, 2009

Respectfully

submitted,

TROPICANA LAS VEGAS HOLDINGS, LLC

(for itself and all other LandCo Debtors)

By: /s/ Scott C. Butera

Name: Scott C. Butera

Title: President and Chief Executive Officer

**EXHIBIT C**

**Financial Projections**

## **Financial Projections**

The Financial Projections<sup>1</sup> consist of a statement of operations (the “Income Statement”), a statement of financial position (the “Balance Sheet”), and a cash flow statement (the “Cash Flow Statement”) for the time period from January 1, 2008 through December 31, 2013. Results for the fiscal year ending December 31, 2008 have not yet been audited. Projected results for the fiscal year ending December 31, 2009 are separated into two six month periods, the first ending June 30, 2009 (“1H09”) and the second ending December 31, 2009 (“2H09”), based on an Effective Date of June 30, 2009, which was assumed for purposes of the Financial Projections. The Financial Projections are based on the LandCo Debtors’ November 2008 business plan and the forecasted consolidated financial results of the LandCo Debtors and the Reorganized LandCo Debtors. A balance sheet (the “Pro Forma Balance Sheet”) has been provided as of the Effective Date with pro forma adjustments to account for (i) the reorganization and related transactions pursuant to the Plan and (ii) the implementation of “fresh start” accounting pursuant to Statement of Position 90-7 (“SOP 90-7”), Financial Reporting by Entities in Reorganization Under the Bankruptcy Code, as issued by the American Institute of Certified Public Accountants (the “AICPA”). The Balance Sheet may not be in accordance with generally accepted accounting practices.

THE LANDCO DEBTORS’ MANAGEMENT PREPARED THE FINANCIAL PROJECTIONS WITH THE ASSISTANCE OF THEIR PROFESSIONALS. THE LANDCO DEBTORS’ MANAGEMENT DID NOT PREPARE SUCH FINANCIAL PROJECTIONS TO COMPLY WITH THE GUIDELINES FOR PROSPECTIVE FINANCIAL STATEMENTS PUBLISHED BY THE AMERICAN INSTITUTE OF CERTIFIED PUBLIC ACCOUNTANTS OR THE RULES AND REGULATIONS OF THE UNITED STATES SECURITIES AND EXCHANGE COMMISSION. THE LANDCO DEBTORS’ INDEPENDENT ACCOUNTANTS HAVE NEITHER EXAMINED NOR COMPILED THE FINANCIAL PROJECTIONS THAT ACCOMPANY THE DISCLOSURE STATEMENT AND, ACCORDINGLY, DO NOT EXPRESS AN OPINION OR ANY OTHER FORM OF ASSURANCE WITH RESPECT TO THE FINANCIAL PROJECTIONS, ASSUME NO RESPONSIBILITY FOR THE FINANCIAL PROJECTIONS, AND DISCLAIM ANY ASSOCIATION WITH THE FINANCIAL PROJECTIONS. EXCEPT FOR PURPOSES OF THE DISCLOSURE STATEMENT, THE LANDCO DEBTORS DO NOT PUBLISH FINANCIAL PROJECTIONS OF THEIR ANTICIPATED FINANCIAL POSITION OR RESULTS OF OPERATIONS. THE FINANCIAL PROJECTIONS ARE QUALIFIED IN THEIR ENTIRETY BY THE DESCRIPTION THEREOF CONTAINED IN ARTICLE V OF THE DISCLOSURE STATEMENT.

MOREOVER, THE FINANCIAL PROJECTIONS CONTAIN CERTAIN STATEMENTS THAT ARE “FORWARD-LOOKING STATEMENTS” WITHIN THE MEANING OF THE PRIVATE SECURITIES LITIGATION REFORM ACT OF 1995. THESE STATEMENTS ARE SUBJECT TO A NUMBER OF ASSUMPTIONS, RISKS, AND UNCERTAINTIES, MANY OF WHICH ARE BEYOND THE CONTROL OF THE LANDCO DEBTORS, INCLUDING THE CONSUMMATION AND IMPLEMENTATION OF THE

<sup>1</sup> Capitalized terms used and not otherwise defined herein shall have those meanings ascribed to them in the Disclosure Statement.



PLAN, THE CONTINUING AVAILABILITY OF SUFFICIENT BORROWING CAPACITY OR OTHER FINANCING TO FUND OPERATIONS, ACHIEVING OPERATING EFFICIENCIES, MAINTENANCE OF GOOD EMPLOYEE RELATIONS, EXISTING AND FUTURE GOVERNMENTAL REGULATIONS AND ACTIONS OF GOVERNMENTAL BODIES, NATURAL DISASTERS AND UNUSUAL WEATHER CONDITIONS, ACTS OF TERRORISM OR WAR, INDUSTRY-SPECIFIC RISK FACTORS (AS DETAILED IN ARTICLE VI OF THE DISCLOSURE STATEMENT ENTITLED “CERTAIN FACTORS TO BE CONSIDERED PRIOR TO VOTING”), AND OTHER MARKET AND COMPETITIVE CONDITIONS. HOLDERS OF CLAIMS AND INTERESTS ARE CAUTIONED THAT THE FORWARD-LOOKING STATEMENTS SPEAK AS OF THE DATE MADE AND ARE NOT GUARANTEES OF FUTURE PERFORMANCE. ACTUAL RESULTS OR DEVELOPMENTS MAY DIFFER MATERIALLY FROM THE EXPECTATIONS EXPRESSED OR IMPLIED IN THE FORWARD-LOOKING STATEMENTS, AND THE LANDCO DEBTORS UNDERTAKE NO OBLIGATION TO UPDATE ANY SUCH STATEMENTS.

THE FINANCIAL PROJECTIONS, WHILE PRESENTED WITH NUMERICAL SPECIFICITY, ARE NECESSARILY BASED ON A VARIETY OF ESTIMATES AND ASSUMPTIONS WHICH, THOUGH CONSIDERED REASONABLE BY THE LANDCO DEBTORS, MAY NOT BE REALIZED AND ARE INHERENTLY SUBJECT TO SIGNIFICANT BUSINESS, ECONOMIC, COMPETITIVE, INDUSTRY, REGULATORY, MARKET, AND FINANCIAL UNCERTAINTIES AND CONTINGENCIES, MANY OF WHICH ARE BEYOND THE REORGANIZED LANDCO DEBTORS’ CONTROL. THE LANDCO DEBTORS CAUTION THAT NO REPRESENTATIONS CAN BE MADE OR ARE MADE AS TO THE ACCURACY OF THE FINANCIAL PROJECTIONS OR TO THE REORGANIZED LANDCO DEBTORS’ ABILITY TO ACHIEVE THE PROJECTED RESULTS. SOME ASSUMPTIONS INEVITABLY WILL BE INCORRECT. MOREOVER, EVENTS AND CIRCUMSTANCES OCCURRING SUBSEQUENT TO THE DATE ON WHICH THE LANDCO DEBTORS PREPARED THE FINANCIAL PROJECTIONS MAY BE DIFFERENT FROM THOSE ASSUMED, OR, ALTERNATIVELY, MAY HAVE BEEN UNANTICIPATED, AND THUS THE OCCURRENCE OF THESE EVENTS MAY AFFECT FINANCIAL RESULTS IN A MATERIALLY ADVERSE OR MATERIALLY BENEFICIAL MANNER. THE LANDCO DEBTORS AND REORGANIZED LANDCO DEBTORS, AS APPLICABLE, DO NOT INTEND AND UNDERTAKE NO OBLIGATION TO UPDATE OR OTHERWISE REVISE THE FINANCIAL PROJECTIONS TO REFLECT EVENTS OR CIRCUMSTANCES EXISTING OR ARISING AFTER THE DATE ON WHICH THE DISCLOSURE STATEMENT IS INITIALLY FILED OR TO REFLECT THE OCCURRENCE OF UNANTICIPATED EVENTS. THEREFORE, THE FINANCIAL PROJECTIONS MAY NOT BE RELIED UPON AS A GUARANTY OR OTHER ASSURANCE OF THE ACTUAL RESULTS THAT WILL OCCUR. IN DECIDING WHETHER TO VOTE TO ACCEPT OR REJECT THE PLAN, HOLDERS OF CLAIMS MUST MAKE THEIR OWN DETERMINATIONS AS TO THE REASONABLENESS OF SUCH ASSUMPTIONS AND THE RELIABILITY OF THE FINANCIAL PROJECTIONS AND SHOULD CONSULT WITH THEIR OWN ADVISORS.

**CERTAIN OF THE FINANCIALS STATEMENTS FOLLOWING THIS PAGE  
HAVE BEEN REVISED; HOWEVER, SUCH REVISIONS ARE NOT  
REFLECTED BY THIS BLACKLINE**

**LANDCO DEBTORS' INCOME STATEMENT**

	Unaudited						
<i>(\$ in millions)</i>	2008E	1H 09E	2H 09E	2010E	2011E	2012E	2013E
<b>Revenue</b>							
Casino	\$46.1	\$27.6	\$22.6	\$52.7	\$54.8	\$57.0	\$59.3
Hotel	38.7	23.3	19.0	43.5	45.2	47.0	48.9
Food & Beverage	21.5	13.4	10.9	25.1	26.1	27.1	28.2
Other	21.4	11.6	9.5	21.9	22.7	23.6	24.5
Total Gross Revenue	\$127.7	\$75.8	\$62.1	\$143.2	\$148.8	\$154.7	\$160.9
Less Promotional Allowances	9.2	5.3	4.3	9.8	10.1	10.5	10.9
<b>Net Revenue</b>	<b>\$118.5</b>	<b>\$70.6</b>	<b>\$57.7</b>	<b>\$133.4</b>	<b>\$138.7</b>	<b>\$144.2</b>	<b>\$150.0</b>
<b>Operating Expenses</b>							
Casino	\$19.1	\$11.2	\$9.1	\$21.1	\$21.8	\$22.6	\$23.5
Hotel	26.1	15.3	12.6	28.6	29.4	30.5	31.7
Food & Beverage	30.0	15.9	13.0	29.1	29.8	30.0	31.2
Other	10.2	6.3	5.2	11.7	12.1	12.5	13.0
SG&A	28.5	14.0	11.4	26.0	26.6	27.4	28.2
<b>Total Operating Expenses</b>	<b>\$114.0</b>	<b>\$62.7</b>	<b>\$51.3</b>	<b>\$116.5</b>	<b>\$119.7</b>	<b>\$123.0</b>	<b>\$127.6</b>
<b>EBITDA</b>	<b>\$4.5</b>	<b>\$7.8</b>	<b>\$6.4</b>	<b>\$16.9</b>	<b>\$19.0</b>	<b>\$21.2</b>	<b>\$22.4</b>
<i>EBITDA margin</i>	<i>3.8%</i>	<i>11.1%</i>	<i>11.1%</i>	<i>12.7%</i>	<i>13.7%</i>	<i>14.7%</i>	<i>14.9%</i>
Depreciation & Amortization	6.4	3.8	3.8	7.8	8.6	7.3	7.2
<b>Operating Income</b>	<b>(1.9)</b>	<b>4.1</b>	<b>2.6</b>	<b>9.1</b>	<b>10.4</b>	<b>13.9</b>	<b>15.2</b>
Restructuring Charges	2.7	2.7	-	-	-	-	-
(Gain)/ Loss on Extinguishment of Debt	-	(77.8)	-	-	-	-	-
Interest Expense	0.1	10.7	-	-	-	-	-
<b>Earning Before Taxes</b>	<b>(4.7)</b>	<b>68.5</b>	<b>2.6</b>	<b>9.1</b>	<b>10.4</b>	<b>13.9</b>	<b>15.2</b>
Taxes	-	-	0.9	3.2	3.7	4.9	5.3
<b>Net Income</b>	<b>(\$4.7)</b>	<b>\$68.5</b>	<b>\$1.7</b>	<b>\$5.9</b>	<b>\$6.8</b>	<b>\$9.0</b>	<b>\$9.9</b>

## LANDCO DEBTORS' BALANCE SHEET

	Unaudited						
<i>(\$ in millions)</i>	2008E	1H 09E	2H 09E	2010E	2011E	2012E	2013E
Cash and Cash Equivalents	\$16.6	\$5.1	\$6.2	\$15.0	\$25.4	\$36.8	\$49.1
Cage Cash	17.6	17.6	17.6	17.6	17.6	17.6	17.6
Accounts Receivable	2.1	2.2	2.3	2.4	2.5	2.6	2.7
Inventory	1.1	1.1	1.1	1.2	1.2	1.2	1.3
Due from Related Parties	0.1	-	-	-	-	-	-
Prepaid Expenses and Other Assets	2.4	2.5	2.6	2.7	2.8	2.9	3.0
<b>Total Current Assets</b>	<b>40.0</b>	<b>28.6</b>	<b>29.9</b>	<b>38.8</b>	<b>49.5</b>	<b>61.1</b>	<b>73.7</b>
Property & Equipment	842.6	356.6	357.0	354.4	350.9	348.9	347.0
Intangibles	0.7	-	-	-	-	-	-
Other Assets	0.9	0.9	0.9	0.9	0.9	0.9	0.9
Deferred Tax Asset	5.5	-	-	-	-	-	-
<b>Total Assets</b>	<b>\$889.7</b>	<b>\$386.0</b>	<b>\$387.7</b>	<b>\$394.1</b>	<b>\$401.3</b>	<b>\$410.9</b>	<b>\$421.5</b>
Accounts Payable	\$8.4	\$8.4	\$8.4	\$8.6	\$8.8	\$9.0	\$9.4
Amounts due to Affiliate Related Parties	(0.0)	-	-	-	-	-	-
Accrued Expenses and Other Liabilities	9.2	9.2	9.2	9.4	9.7	9.9	10.3
<b>Total Current Liabilities</b>	<b>17.6</b>	<b>17.6</b>	<b>17.6</b>	<b>18.0</b>	<b>18.5</b>	<b>19.0</b>	<b>19.7</b>
Intercompany - Liabilities Subject to Compromise	(560.5)	-	-	-	-	-	-
Third Party - Liabilities Subject to Compromise	446.8	-	-	-	-	-	-
<b>Liabilities Subject to Compromise</b>	<b>(113.7)</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>
Other Long-Term Liabilities	1.0	1.0	1.0	1.0	1.0	1.0	1.0
Deferred Tax Liabilities	189.9	-	-	-	-	-	-
<b>Total Liabilities</b>	<b>\$94.7</b>	<b>\$18.6</b>	<b>\$18.6</b>	<b>\$19.0</b>	<b>\$19.4</b>	<b>\$20.0</b>	<b>\$20.7</b>
<b>Shareholders' Equity</b>	<b>794.9</b>	<b>367.5</b>	<b>369.2</b>	<b>375.1</b>	<b>381.9</b>	<b>390.9</b>	<b>400.8</b>
<b>Total Liabilities and Shareholders' Equity</b>	<b>\$889.7</b>	<b>\$386.0</b>	<b>\$387.7</b>	<b>\$394.1</b>	<b>\$401.3</b>	<b>\$410.9</b>	<b>\$421.5</b>

## LANDCO DEBTORS' CASH FLOW STATEMENT

<i>(\$ in millions)</i>	Unaudited						
	2008E	1H 09E	2H 09E	2010E	2011E	2012E	2013E
<b>Operating Activities</b>							
Net Income	(\$4.7)	\$68.5	\$1.7	\$5.9	\$6.8	\$9.0	\$9.9
Depreciation & Amortization	6.4	3.8	3.8	7.8	8.6	7.3	7.2
Noncash Restructuring Charges	0.0	(79.4)	-	-	-	-	-
Change in Working Capital	0.3	(0.2)	(0.2)	0.2	0.3	0.3	0.4
Change in Other Assets & Liabilities	(26.3)	-	-	-	-	-	-
<b>Cash Flow from Operating Activities</b>	<b>(24.3)</b>	<b>(7.3)</b>	<b>5.3</b>	<b>13.9</b>	<b>15.6</b>	<b>16.6</b>	<b>17.5</b>
<b>Investing Activities</b>							
Property Capex	\$6.0	\$4.2	\$4.2	\$5.1	\$5.2	\$5.2	\$5.2
Corporate Capex	0.0	0.0	0.0	0.0	0.0	0.0	0.0
Capital Expenditures	(6.0)	(4.2)	(4.2)	(5.1)	(5.2)	(5.2)	(5.2)
<b>Cash Flow from Investing Activities</b>	<b>(6.0)</b>	<b>(4.2)</b>	<b>(4.2)</b>	<b>(5.1)</b>	<b>(5.2)</b>	<b>(5.2)</b>	<b>(5.2)</b>
<b>Financing Activities</b>							
Long-Term Debt Borrowings/ (Repayments)	-	-	-	-	-	-	-
<b>Cash Flow From Financing Activities</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>
Beginning Cash	46.9	16.6	5.1	6.2	15.0	25.4	36.8
Change in Cash	(30.3)	(11.5)	1.1	8.7	10.5	11.4	12.3
<b>Ending Cash</b>	<b>\$16.6</b>	<b>\$5.1</b>	<b>\$6.2</b>	<b>\$15.0</b>	<b>\$25.4</b>	<b>\$36.8</b>	<b>\$49.1</b>



# LANDCO DEBTORS' PRO FORMA BALANCE SHEET ADJUSTMENTS

<i>(\$ in millions)</i>	<b>Projected 6/ 30/ 09E (Unaudited)</b>	<b>Fresh Start &amp; Recap Adj. (Unaudited)</b>	<b>Pro Forma 6/ 30/ 09E (Unaudited)</b>
Cash and Cash Equivalents	\$7.7	(2.5)	\$5.1
Cage Cash	17.6		17.6
Accounts Receivable	2.2		2.2
Inventory	1.1		1.1
Due from Related Parties	0.1	(0.1)	-
Prepaid Expenses and Other Assets	2.5		2.5
<b>Total Current Assets</b>	<b>31.2</b>		<b>28.6</b>
Property & Equipment	843.0	(486.4)	356.6
Intangibles	0.7	(0.7)	-
Other Assets	0.9		0.9
Deferred Tax Asset	5.5	(5.5)	-
<b>Total Assets</b>	<b>\$881.3</b>		<b>\$386.0</b>
Accounts Payable	\$8.4		\$8.4
Amounts due to Affiliate Related Parties	(0.0)	0.0	-
Accrued Expenses and Other Liabilities	9.2		9.2
<b>Total Current Liabilities</b>	<b>17.6</b>		<b>17.6</b>
Intercompany - Liabilities Subject to Compromise	(560.5)	560.5	-
Third Party - Liabilities Subject to Compromise	446.8	(446.8)	-
<b>Liabilities Subject to Compromise</b>	<b>(113.7)</b>		<b>-</b>
Other Long-Term Liabilities	1.0		1.0
Deferred Tax Liabilities	189.9	(189.9)	-
<b>Total Liabilities</b>	<b>\$94.7</b>		<b>\$18.6</b>
<b>Shareholders' Equity</b>	<b>786.6</b>		<b>367.5</b>
<b>Total Liabilities and Shareholders' Equity</b>	<b>\$881.3</b>		<b>\$386.0</b>

## **I. Income Statement and Cash Flow Statement**

### **(A) Approach**

The Income Statement consolidates the financial performance of the Tropicana Las Vegas using an approach established by the LandCo Debtors' management and professionals to forecast operating results. The Income Statement accounts for conditions in the Las Vegas market, including competitive pressures and demographic characteristics and also for property specific factors, such as gaming floor composition and room quality.

The Financial Projections were prepared on a "bottom-up" basis, with each revenue-contributing department submitting budget forecasts and capital requests. Revenues were categorized into four categories: (i) Casino; (ii) Hotel; (iii) Food & Beverage; and (iv) Other. Similarly, expenses were allocated to the same four categories or else to a fifth category: sales, general & administrative ("SG&A"). Each department forecasted estimates by analyzing key revenue drivers and anticipating the associated cost requirements.

### **(B) Operational Drivers**

Total operating revenue represents gross revenues derived from casino operations, hotel operations, food and beverage, and other operations. Net operating revenue represents total operating revenue less promotional allowances, which include the retail value of accommodations, food and beverage and other services provided to casino patrons without charge and "cash back" awards, such as cash coupons, rebates, cash compliments and refunds, or "complimentaries."

Casino operating revenue is derived primarily from patrons wagering at table games and slot machines and other gaming operations. Table games include blackjack, craps, roulette, poker, and specialty games. Casino operating revenue is recognized as earned at the time the relevant services are provided.

Hotel revenue is derived from hotel rooms and suites rented to guests. Hotel room revenue is recognized at the time the hotel rooms are provided to guests.

Food and beverage revenues are derived from food and beverage sales in the food outlets of the casino properties, including restaurants, room service, and banquets. Food and beverage revenue is recognized at the time the relevant food and/or beverage service is provided to guests.

Other revenue is obtained from ancillary hotel operations, such as telephone service sales, gift shop sales, arcade revenues, retail amenities, concessions, entertainment offerings, and show room sales and certain other ancillary activities conducted at the casino properties.

### **(C) Casino Operating and Maintenance Costs**

Operating expense represents the direct costs associated with, among other things, operating the casino, room department, food and beverage outlets, and other operations, and also includes the cost of providing compliments.

Casino expenses include expenses associated with gaming taxes and licenses payable to authorities in connection with gaming operations and were computed in various ways depending on the type of gaming or activity involved. Casino expenses also include, among other things, costs associated with payroll, fixtures and equipment, and other similar costs. Food and beverage expense varies on the basis of the cost of certain food items and generally increases in relation to increases in food and beverage sales. SG&A expenses typically consist of utility costs, marketing and advertising, repairs and maintenance, insurance, administrative and general expenses, land and building leases, gaming taxes, and real estate and property taxes.

**(D) Restructuring Charges**

Management estimates that the LandCo Debtors will incur approximately \$2.7 million of restructuring charges in 2009. These expenses represent the Professional fees relating to the Chapter 11 cases. Professional fees were projected by examining the run-rate for professionals billing at hourly and fixed-rates and account for success fees.

The estimated gain of \$77.8 million is based on \$446.8 million of Liabilities Subject to Compromise as of June 30, 2009 less \$369 million, the midpoint TEV of the Reorganized LandCo Debtors, as set forth in Article [V.C] of the Disclosure Statement adjusted for ~~\$2.3~~1.0 million of ~~cure costs and~~ fees paid to professionals upon emergence.

**(E) Interest Expense**

Interest expense for 2009 includes anticipated adequate protection payments to be made to LandCo Lenders on account of the LandCo Credit Facility through the first six months of 2009. No interest expense has been recognized beyond the Effective Date as the LandCo Debtors' Plan does not contemplate any debt financing upon emergence.

**(F) Income Taxes**

Income taxes were calculated based on a 35% federal tax rate. For purposes of forecasting provisions for taxes after the Effective Date, the Financial Projections assume that the LandCo Debtors do not emerge with any available net operating losses ("NOLs"). However, a final assessment of the LandCo Debtors' COD income and usable NOLs may vary based on the structure of the Plan and events occurring after the Effective Date.

**(G) Capital Expenditures**

Capital expenditures projected in the Plan are primarily maintenance in nature. These expenditures are considered "catch-up" spending designed to restore the property to desired standards. Such expenses include upgrades to the convention center and showroom, restaurant remodeling, slot database system implementation, facilities repair, and retail reconfiguration and build-out.

**II. Balance Sheet and Pro Forma Balance Sheet**

The Pro Forma Balance Sheet contains certain adjustments as a result of Consummation of the Plan. Liabilities subject to compromise will be extinguished and receive treatment based

on the Plan. Certain Liabilities Subject to Compromise will be converted to equity as a result of the Reorganized LandCo Debtors' issuance of Reorganized LandCo Common Stock to satisfy Allowed Claims under the Plan.

The LandCo Debtors have included various line-item adjustments to the Balance Sheet, including Intangibles, Deferred Tax Assets and Liabilities, and Property and Equipment, to reflect assumed equity value as of the Effective Date based on the average of the low and high Claim cases and the midpoint TEV. The effect of "fresh start" accounting, when implemented, may result in further adjustments to assets and liabilities to reflect the appropriate equity value. The proposed fresh start accounting and reorganization effects have been prepared for illustrative purposes only. These adjustments may not reflect the final generally accepted accounting principles when applied.

The Pro Forma Balance Sheet reflects the Reorganized LandCo Debtors' pro forma projected consolidated Balance Sheet as of the Effective Date, based upon a midpoint TEV of \$370.0 million. The Pro Forma Balance Sheet was developed from the LandCo Debtors' unaudited December 2008 Balance Sheet, as adjusted for the projected income and cash flow for the first six months of 2009. Adjustments were made to the June 30, 2009 Balance Sheet for illustrative purposes only to demonstrate the effect of the Plan on a Pro Forma Balance Sheet.

On the Effective Date, the Reorganized LandCo Debtors will use existing cash to satisfy Allowed Administrative Claims, Allowed Priority Tax Claims, Allowed Other Priority Claims and Allowed Other Secured Claims in full in Cash. Additional cash will be used to satisfy Unsecured Convenience Class Claims as described in the Plan.

The ~~\$2.3~~\$2.5 million decrease in cash reflects the LandCo Debtors' current estimate of the cash required to satisfy specified claims and restructuring fees. Actual Cash on the Effective Date may vary from cash reflected in the Pro Forma Balance Sheet because of variances in the Financial Projections and potential changes in the LandCo Debtors' need for cash to consummate the Plan.

The impairment adjustment of Property and Equipment on the Pro Forma Balance Sheet is due to the surplus of tangible book value over the fair market value of the assets implied by the midpoint TEV of \$370.0 million. The surplus is accounted for after impairing various other assets, including Intangibles and Deferred Tax Assets.