

SECURITIES AND EXCHANGE COMMISSION

FORM 10-Q

Quarterly report pursuant to sections 13 or 15(d)

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FILER

**Tropicana Entertainment Inc.**

CIK: **1476246** | IRS No.: **270540158** | State of Incorpor.: **DE** | Fiscal Year End: **1231**  
Type: **10-Q** | Act: **34** | File No.: **000-53831** | Film No.: **161615819**  
SIC: **7011** Hotels & motels

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# UNITED STATES SECURITIES AND EXCHANGE COMMISSION

Washington, D.C. 20549

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## FORM 10-Q

(Mark One)

**QUARTERLY REPORT PURSUANT TO SECTION 13 OR 15(d) OF THE SECURITIES  
EXCHANGE ACT OF 1934**

for the quarterly period ended March 31, 2016  
or

**TRANSITION REPORT PURSUANT TO SECTION 13 OR 15(d) OF THE SECURITIES  
EXCHANGE ACT OF 1934**

for the transition period from \_\_\_\_\_ to \_\_\_\_\_  
Commission file number 000-53831

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### TROPICANA ENTERTAINMENT INC.

(Exact name of registrant as specified in its charter)

Delaware

(State or other jurisdiction  
of incorporation or organization)

27-0540158

(I.R.S. Employer  
Identification No.)

8345 W. Sunset Road, Las Vegas, Nevada 89113

(Address of principal executive offices, Zip Code)

Registrant's telephone number, including area code: 702-589-3900

Indicate by check mark whether the registrant (1) has filed all reports required to be filed by Section 13 or 15(d) of the Securities Exchange Act of 1934 during the preceding 12 months (or for such shorter period that the registrant was required to file such reports), and (2) has been subject to such filing requirements for the past 90 days. Yes  No

Indicate by check mark whether the registrant has submitted electronically and posted on its corporate Web site, if any, every Interactive Data File required to be submitted and posted pursuant to Rule 405 of Regulation S-T (§232.405 of this chapter) during the preceding 12 months (or for such shorter period that the registrant was required to submit and post such files). Yes  No

Indicate by check mark whether the registrant is a large accelerated filer, an accelerated filer, a non-accelerated filer, or a smaller reporting company. See the definitions of "large accelerated filer," "accelerated filer" and "smaller reporting company" in Rule 12b-2 of the Exchange Act.

Large accelerated filer

Accelerated filer

Non-accelerated filer   
(Do not check if a smaller reporting company)

Smaller reporting company

Indicate by check mark whether the registrant is a shell company (as defined in Rule 12b-2 of the Exchange Act). Yes  No

Indicate by check mark whether the registrant has filed all documents and reports required to be filed by Sections 12, 13 or 15(d) of the Securities Exchange Act of 1934 subsequent to the distribution of securities under a plan confirmed by a court. Yes  No

As of May 2, 2016, there were 26,090,922 shares outstanding of the registrant's common stock, \$.01 par value per share.

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**PART I—FINANCIAL INFORMATION**

**ITEM 1. FINANCIAL STATEMENTS**

**TROPICANA ENTERTAINMENT INC.  
CONDENSED CONSOLIDATED BALANCE SHEETS  
(amounts in thousands, except share and per share data)**

	March 31, 2016 (unaudited)	December 31, 2015
<b>ASSETS</b>		
<b>Current assets:</b>		
Cash and cash equivalents	\$ 226,290	\$ 217,300
Restricted cash	11,112	14,045
Receivables, net	19,387	22,068
Inventories	6,215	6,726
Prepaid expenses and other assets	15,304	11,893
<b>Total current assets</b>	<b>278,308</b>	<b>272,032</b>
Property and equipment, net	760,040	760,820
Goodwill	15,857	15,857
Intangible assets, net	74,194	74,295
Investments	23,249	26,323
Deferred tax assets	141,218	141,218
Long-term prepaid rent and other assets	19,568	18,804
<b>Total assets</b>	<b>\$ 1,312,434</b>	<b>\$ 1,309,349</b>
<b>LIABILITIES AND SHAREHOLDERS' EQUITY</b>		
<b>Current liabilities:</b>		
Current portion of long-term debt	\$ 3,000	\$ 3,000
Accounts payable	31,066	33,568
Accrued expenses and other current liabilities	78,321	77,836
<b>Total current liabilities</b>	<b>112,387</b>	<b>114,404</b>
Long-term debt, net	285,446	285,946
Other long-term liabilities	6,069	6,207
<b>Total liabilities</b>	<b>403,902</b>	<b>406,557</b>
Commitments and contingencies		
<b>Shareholders' equity:</b>		
Tropicana Entertainment Inc. preferred stock at \$0.01 par value; 10,000,000 shares authorized, no shares issued	—	—
Tropicana Entertainment Inc. common stock at \$0.01 par value; 100,000,000 shares authorized, 26,090,922 and 26,312,500 shares issued and outstanding at March 31, 2016 and December 31, 2015 respectively	261	263
Additional paid-in capital	596,816	600,359

Retained earnings	311,455	302,170
<b>Total shareholders' equity</b>	<b>908,532</b>	<b>902,792</b>
<b>Total liabilities and shareholders' equity</b>	<b>\$ 1,312,434</b>	<b>\$ 1,309,349</b>

*The accompanying notes are an integral part of these condensed consolidated financial statements.*

**TROPICANA ENTERTAINMENT INC.**  
**CONDENSED CONSOLIDATED STATEMENTS OF INCOME**  
(amounts in thousands, except per share data)  
(unaudited)

	Three months ended March 31,	
	2016	2015
<b>Revenues:</b>		
Casino	\$ 165,055	\$ 156,617
Room	28,540	25,732
Food and beverage	25,886	25,101
Other	7,217	6,696
Gross revenues	226,698	214,146
Less promotional allowances	(21,545)	(20,765)
<b>Net revenues</b>	<b>205,153</b>	<b>193,381</b>
<b>Operating costs and expenses:</b>		
Casino	71,290	69,287
Room	9,909	9,399
Food and beverage	12,857	12,535
Other	4,567	4,356
Marketing, advertising and promotions	15,888	13,923
General and administrative	38,070	37,531
Maintenance and utilities	17,020	17,168
Depreciation and amortization	16,947	14,556
Impairment charges, other write-downs and recoveries	40	680
<b>Total operating costs and expenses</b>	<b>186,588</b>	<b>179,435</b>
<b>Operating income</b>	<b>18,565</b>	<b>13,946</b>
<b>Other income (expense):</b>		
Interest expense	(3,220)	(2,903)
Interest income	128	143
<b>Total other expense</b>	<b>(3,092)</b>	<b>(2,760)</b>
<b>Income before income taxes</b>	<b>15,473</b>	<b>11,186</b>
Income tax expense	(6,188)	(4,571)
<b>Net income</b>	<b>\$ 9,285</b>	<b>\$ 6,615</b>
<b>Basic and diluted income per common share:</b>		
<b>Net income</b>	<b>\$ 0.35</b>	<b>\$ 0.25</b>
<b>Weighted-average common shares outstanding:</b>		
Basic and diluted	26,242	26,313

*The accompanying notes are an integral part of these condensed consolidated financial statements.*





**TROPICANA ENTERTAINMENT INC.**  
**CONDENSED CONSOLIDATED STATEMENTS OF CASH FLOWS**  
**(in thousands)**  
**(unaudited)**

	Three months ended March 31,	
	2016	2015
<b>Cash flows from operating activities:</b>		
Net income	\$ 9,285	\$ 6,615
Adjustments to reconcile net income to net cash provided by operating activities:		
Depreciation and amortization	16,947	14,556
Amortization of debt discount and debt issuance costs	250	249
Impairment charges	12	26
Loss on disposition of asset	28	654
Changes in operating assets and liabilities:		
Receivables, net	2,681	(1,999)
Inventories, prepaids and other assets	(2,900)	(1,991)
Accrued interest	(13)	(99)
Accounts payable, accrued expenses and other liabilities	(3,077)	(2,447)
Other noncurrent assets and liabilities, net	(112)	339
Net cash provided by operating activities	23,101	15,903
<b>Cash flows from investing activities:</b>		
Additions of property and equipment	(15,993)	(25,960)
Restricted cash funded	(4,632)	—
Approved CRDA Project Funds received	1,867	—
Proceeds from sale of investment	798	—
Other	578	(688)
Net cash used in investing activities	(17,382)	(26,648)
<b>Cash flows from financing activities:</b>		
Payments on debt	(750)	(750)
Repurchase of TEI common stock	(3,545)	—
Restricted cash released	7,566	1,698
Net cash provided by financing activities	3,271	948
<b>Net increase (decrease) in cash and cash equivalents</b>	<b>8,990</b>	<b>(9,797)</b>
<b>Cash and cash equivalents, beginning of period</b>	<b>217,300</b>	<b>195,735</b>
<b>Cash and cash equivalents, end of period</b>	<b>\$ 226,290</b>	<b>\$ 185,938</b>
<b>Supplemental cash flow disclosure:</b>		
Cash paid for interest, net of interest capitalized	\$ 2,995	\$ 2,752
Cash paid for income taxes	—	3,400
<b>Supplemental disclosure of non-cash items:</b>		
Capital expenditures included in accrued expenses and other current liabilities	3,857	4,444

*The accompanying notes are an integral part of these condensed consolidated financial statements.*



**TROPICANA ENTERTAINMENT INC.**  
**NOTES TO CONDENSED CONSOLIDATED FINANCIAL STATEMENTS (unaudited)**

**NOTE 1—ORGANIZATION AND BACKGROUND**

*Organization*

Tropicana Entertainment Inc. (the "Company," "TEI," "we," "us," or "our"), a Delaware corporation, is an owner and operator of regional casino and entertainment properties located in the United States and one casino resort development located on the island of Aruba.

The Company's United States properties include two casinos in Nevada and one casino in each of Indiana, Louisiana, Mississippi, Missouri and New Jersey. In addition, the Company owns a property in Aruba. The Company views each property as an operating segment which it aggregates by region in order to present its reportable segments: (i) East, (ii) Central, (iii) West and (iv) South and other. The current operations of the Company, by region, include the following:

- *East*—Tropicana Casino and Resort, Atlantic City ("Tropicana AC") located in Atlantic City, New Jersey;
- *Central*—Tropicana Evansville ("Tropicana Evansville") located in Evansville, Indiana; and Lumière Place located in Saint Louis, Missouri;
- *West*—Tropicana Laughlin Hotel and Casino ("Tropicana Laughlin") located in Laughlin, Nevada; and MontBleu Casino Resort & Spa ("MontBleu") located in Lake Tahoe, Nevada; and
- *South and other*—Belle of Baton Rouge ("Belle of Baton Rouge") located in Baton Rouge, Louisiana; Trop Casino Greenville ("Tropicana Greenville") located in Greenville, Mississippi and Tropicana Aruba Resort & Casino ("Tropicana Aruba") located in Palm Beach, Aruba.

*Background*

The Company was formed on May 11, 2009 to acquire certain assets of Tropicana Entertainment Holdings, LLC ("TEH"), and certain of its subsidiaries pursuant to their plan of reorganization under Chapter 11 of Title 11 of the United States Code (the "Bankruptcy Code"). The Company also acquired Columbia Properties Vicksburg ("CP Vicksburg"), JMBS Casino, LLC ("JMBS Casino") and CP Laughlin Realty, LLC ("CP Laughlin Realty"), all of which were part of the same plan of reorganization (the "Plan") as TEH (collectively, the "Predecessors"). In addition, the Company acquired certain assets of Adamar of New Jersey, Inc. ("Adamar"), an unconsolidated subsidiary of TEH, pursuant to an amended and restated asset purchase agreement, including Tropicana AC. The reorganization of the Predecessors and the acquisition of Tropicana AC (together, the "Restructuring Transactions") were consummated and became effective on March 8, 2010 (the "Effective Date"), at which time the Company acquired Adamar and several of the Predecessors' gaming properties and related assets. Adamar was not a party to the Predecessors' bankruptcy. Prior to March 8, 2010, the Company conducted no business, other than in connection with the reorganization of the Predecessors and the acquisition of Tropicana AC, and had no material assets or liabilities.

**NOTE 2—SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES**

*Basis of Presentation*

The accompanying condensed consolidated financial statements have been prepared, without audit, pursuant to the rules and regulations of the Securities and Exchange Commission. Accordingly, certain disclosures required by generally accepted accounting principles in the United States ("GAAP") are omitted or condensed in these condensed consolidated financial statements. In the opinion of management, all adjustments (consisting of normal recurring adjustments) that are necessary to present fairly the Company's financial position, results of operations and cash flows for the interim periods have been made. The interim results reflected in these condensed consolidated financial statements are not necessarily indicative of results to be expected for the full fiscal year. The accompanying condensed consolidated financial statements should be read in conjunction with the consolidated financial statements and notes thereto included in the Company's Annual Report on Form 10-K for the year ended December 31, 2015, from which the accompanying condensed consolidated balance sheet information as of that date was derived.

*Principles of Consolidation*

The accompanying condensed consolidated financial statements include the Company and its majority-owned subsidiaries. All intercompany balances and transactions have been eliminated in consolidation.

**TROPICANA ENTERTAINMENT INC.**  
**NOTES TO CONDENSED CONSOLIDATED FINANCIAL STATEMENTS (unaudited) (Continued)**

### ***Significant Accounting Policies***

#### *Use of Estimates*

The preparation of financial statements in conformity with GAAP requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities and disclosure of contingent assets and liabilities at the date of the financial statements and the reported amounts of revenues and expenses during the reporting period. Significant estimates incorporated in the Company's financial statements include the estimated useful lives for depreciable and amortizable assets, the estimated allowance for doubtful accounts receivable, the estimated valuation allowance for deferred tax assets, certain tax liabilities, estimated cash flows in assessing the impairment of long-lived assets, intangible assets, Casino Reinvestment Development Authority (the "CRDA") investments, self-insured liability reserves, customer loyalty program reserves, contingencies, litigation, claims, assessments and loss contingencies. Actual results could differ from these estimates.

#### *Restricted Cash*

Restricted cash consisted primarily of funds invested in money market funds and cash held in a separate bank account designated for specific purposes. At December 31, 2015, \$7.6 million was restricted by the United States Bankruptcy Court for the District of Delaware ("Bankruptcy Court") in connection with the reorganization of the Predecessors for the purpose of satisfying liabilities related to professional services incurred in connection with the Restructuring Transactions; this restricted cash was released to the Company in March 2016 upon order of the Bankruptcy Court when it was determined that all professional services had been paid in full. In addition, for both of the periods ending March 31, 2016 and December 31, 2015, \$6.5 million was restricted to collateralize letters of credit. Also at March 31, 2016, \$4.6 million was held in a separate bank account to be used for purchases of replacement furniture, fixtures and equipment at the Four Seasons Hotel St. Louis, as required by contract.

#### *Fair Value of Financial Instruments*

As defined under GAAP, fair value is the price that would be received to sell an asset or paid to transfer a liability between market participants in the principal market or in the most advantageous market when no principal market exists. Adjustments to transaction prices or quoted market prices may be required in illiquid or disorderly markets in order to estimate fair value. Considerable judgment may be required in interpreting market data used to develop the estimates of fair value. Accordingly, estimates of fair value presented herein are not necessarily indicative of the amounts that could be realized in a current or future market exchange. See Note 3 - *Fair Value* for further detail related to the fair value of financial instruments.

#### *Revenue Recognition and Promotional Allowances*

Casino revenue represents the difference between wins and losses from gaming activities. Room, food and beverage and other operating revenues are recognized at the time the goods or services are provided. The Company collects taxes from customers at the point of sale on transactions subject to sales and other taxes. Revenues are recorded net of any taxes collected. The majority of the Company's casino revenue is counted in the form of cash and chips and, therefore, is not subject to any significant or complex estimation. The retail value of rooms, food and beverage and other services provided to customers on a complimentary basis is included in gross revenues and then deducted as promotional allowances. Promotional allowances also include incentives earned in our slot bonus program such as cash and the estimated retail value of goods and services (such as complimentary rooms and food and beverages). We reward customers, through the use of bonus programs, with points based on amounts wagered that can be redeemed for a specified period of time, principally for complimentary play, and to a lesser extent for goods or services, depending upon the property.

The amounts included in promotional allowances consist of the following (in thousands):

	<b>Three months ended March 31,</b>	
	<b>2016</b>	<b>2015</b>
Room	\$ 8,621	\$ 7,957

Food and beverage	11,032	10,935
Other	1,892	1,873
Total	<u>\$ 21,545</u>	<u>\$ 20,765</u>

**TROPICANA ENTERTAINMENT INC.**  
**NOTES TO CONDENSED CONSOLIDATED FINANCIAL STATEMENTS (unaudited) (Continued)**

The estimated departmental costs and expenses of providing these promotional allowances are included in casino operating costs and expenses and consist of the following (in thousands):

	Three months ended March 31,	
	2016	2015
Room	\$ 5,218	\$ 4,903
Food and beverage	9,699	9,630
Other	683	554
Total	\$ 15,600	\$ 15,087

#### *Income Taxes*

Deferred tax assets and liabilities are recognized for the future tax consequences attributable to differences between financial statement carrying amounts of existing assets and liabilities and their respective tax bases. Deferred tax assets and liabilities are measured using enacted tax rates expected to apply to taxable income in the years in which those temporary differences are expected to be recovered or settled. The effect of a change in tax rates on deferred tax assets and liabilities is recognized in income in the period that included the enactment date. Future tax benefits are recognized to the extent that realization of those benefits is considered more likely than not, and a valuation allowance is established for deferred tax assets which do not meet this threshold.

#### *Adoption of New Accounting Pronouncement*

In April 2015, the Financial Accounting Standards Board ("FASB") issued Accounting Standards Update ("ASU") No. 2015-03, *Simplifying the Presentation of Debt Issuance Costs*, requiring entities to present debt issuance costs related to a recognized debt liability as a direct deduction from the carrying amount of the debt liability. This new guidance is similar to existing presentation requirements for debt discounts and aligns with the presentation of debt issuance costs under International Financial Reporting Standards ("IFRS"). The new guidance does not affect entities' recognition and measurement of debt issuance costs. Previously, entities were required to present debt issuance costs as deferred charges in the asset section of the statement of financial position. The guidance in the ASU is effective for all entities in fiscal years beginning after December 15, 2015. Public business entities must apply the guidance in interim periods within the fiscal year of adoption, while all other entities must apply the guidance in interim periods within fiscal years beginning after December 15, 2016. All entities must apply the guidance retrospectively and provide the required disclosures for a change in accounting principle in the period of adoption. Early adoption is permitted.

The Company adopted this ASU during the three months ended March 31, 2016. The Company has reclassified debt issuance costs from other assets, net to a reduction in long-term debt, net on the Company's condensed consolidated balance sheets. As of March 31, 2016 and December 31, 2015, the amount of debt issuance costs included as a reduction to long-term debt totaled \$3.0 million and \$3.3 million, respectively.

#### *Recently Issued Accounting Standards*

In May 2014, the FASB issued ASU No. 2014-09, *Revenue from Contracts with Customers (Topic 606)*, which supersedes the revenue recognition requirements in ASC Topic 605, *Revenue Recognition*. This ASU is based on the principle that revenue is recognized to depict the transfer of goods or services to customers in an amount that reflects the consideration to which the entity expects to be entitled in exchange for those goods or services. The ASU also requires additional disclosure about the nature, amount, timing and uncertainty of revenue and cash flows arising from customer contracts, including significant judgments and changes in judgments and assets recognized from costs incurred to obtain or fulfill a contract. This ASU was amended by ASU No. 2015-14, issued in August 2015, which deferred the original effective date by one year; the effective date is effective for fiscal years, and interim reporting periods within those years, beginning after December 15, 2017, using one of two retrospective application methods. Early adoption is permitted only as of the annual reporting periods beginning after December 15, 2016, including interim reporting periods within that reporting period. The Company is evaluating the impacts, if any, the adoption of ASU No. 2014-09 will have on the Company's financial position or results of operations.

In July 2015, the FASB issued ASU No. 2015-11, *Simplifying the Measurement of Inventory*, which amends FASB ASU Topic 330, *Inventory*. This ASU requires entities to measure inventory at the lower of cost or net realizable value and eliminates the option that currently exists for measuring inventory at market value. Net realizable value is the estimated selling prices in the ordinary course of business, less reasonable predictable costs of completion, disposal, and transportation. This



**TROPICANA ENTERTAINMENT INC.**  
**NOTES TO CONDENSED CONSOLIDATED FINANCIAL STATEMENTS (unaudited) (Continued)**

ASU is effective for fiscal years beginning after December 15, 2016, including interim periods within those fiscal years. This ASU should be applied prospectively with earlier application permitted as of the beginning of an interim period or annual reporting period. The Company does not anticipate the adoption of this ASU to have a material impact on the Company's financial position or results of operations.

In September 2015, the FASB issued ASU No. 2015-16, *Simplifying the Accounting for Measurement-Period Adjustments*, which amends FASB ASU Topic 805, *Business Combinations*. This ASU eliminates the requirement to retrospectively adjust provisional amounts recognized at the acquisition dates of business combinations. Rather, this ASU requires that an acquirer recognize adjustments to provisional amounts that are identified during the measurement period in the reporting period in which the adjustment amounts are determined. This ASU is effective for fiscal years beginning after December 15, 2015, including interim periods within those fiscal years. The amendments in this ASU should be applied prospectively to adjustments to provisional amounts that occur after the effective date with earlier application permitted for financial statements that have not been issued. The Company does not anticipate the adoption of this ASU to have a material impact on the Company's financial position or results of operations.

In February 2016, the FASB issued ASU No. 2016-02, *Leases (Topic 842)*, which supersedes FASB ASC Topic 840, *Leases*. This ASU requires the recognition of lease assets and lease liabilities by lessees for those leases classified as operating leases under previous guidance. In addition, among other changes to the accounting for leases, this ASU retains the distinction between finance leases and operating leases. The classification criteria for distinguishing between finance leases and operating leases are substantially similar to the classification criteria for distinguishing between capital leases and operating leases in the previous guidance. This ASU is effective for fiscal years beginning after December 15, 2018, including interim periods within those fiscal years. The amendments in this ASU should be applied using a modified retrospective approach. Early application is permitted. The Company is currently evaluating the impact of this guidance on the Company's financial position or results of operations.

A variety of proposed or otherwise potential accounting standards are currently under consideration by standard-setting organizations and certain regulatory agencies. Because of the tentative and preliminary nature of such proposed standards, we have not yet determined the effect, if any, that the implementation of such proposed standards would have on our condensed consolidated financial statements.

#### *Reclassifications*

The unaudited condensed consolidated financial statements reflect certain reclassifications to prior year amounts in order to conform with current year presentation. The reclassifications have no effect on previously reported net income.

#### **NOTE 3—FAIR VALUE**

The carrying values of the Company's cash and cash equivalents, restricted cash, receivables and accounts payable approximate fair value because of the short term maturities of these instruments. A financial asset or liability classification within the hierarchy is determined based on the lowest level input that is significant to the fair value measurement. The three levels are as follows:

- Level 1 - Inputs are unadjusted quoted prices in active markets for identical assets or liabilities that the Company has the ability to access at the measurement date.
- Level 2 - Inputs include quoted prices for similar assets or liabilities in active markets, quoted prices for identical or similar assets or liabilities in markets that are not active, inputs other than quoted prices that are observable for the asset or liability and inputs that are derived principally from or corroborated by observable market data by correlation or other means (market corroborated inputs).
- Level 3 - Unobservable inputs reflect the Company's judgments about the assumptions market participants would use in pricing the asset or liability since limited market data exists. The Company develops these inputs based on the best information available, including its own data.



**TROPICANA ENTERTAINMENT INC.**  
**NOTES TO CONDENSED CONSOLIDATED FINANCIAL STATEMENTS (unaudited) (Continued)**

The following table presents a summary of fair value measurements by level for certain assets measured at fair value on a recurring basis included in the accompanying condensed consolidated balance sheets at March 31, 2016 and December 31, 2015 (in thousands):

	<b>Input Levels for Fair Value Measurements</b>			<b>Total</b>
	<b>Level 1</b>	<b>Level 2</b>	<b>Level 3</b>	
<b>March 31, 2016</b>				
Assets:				
CRDA deposits, net	\$ —	\$ —	\$ 14,831	\$ 14,831
<b>December 31, 2015</b>				
Assets:				
CRDA deposits, net	\$ —	\$ —	\$ 16,405	\$ 16,405

Funds on deposit with the CRDA are held in an interest bearing account by the CRDA. Interest is earned at the stated rate that approximates two-thirds of the current market rate for similar assets. The Company records charges to expense to reflect the lower return on investment and records the deposits at fair value. The fair value of the CRDA deposits, classified in the fair value hierarchy as Level 3, are estimated using valuation allowances calculated based on market rates for similar assets and other information received from the CRDA. See Note 7 - *Investments* for more detail related to the CRDA deposits.

The following table summarizes the changes in fair value of the Company's Level 3 CRDA deposits (in thousands):

	<b>Three months ended March 31,</b>	
	<b>2016</b>	<b>2015</b>
Beginning Balance	\$ 16,405	\$ 24,384
Realized or unrealized gains/(losses)	(190)	1,119
Additional CRDA deposits	1,048	962
CRDA Project Funds received	(1,867)	—
Purchases of CRDA investments	(565)	(237)
Ending Balance	<u>\$ 14,831</u>	<u>\$ 26,228</u>

Realized or unrealized gains/(losses) related to the Level 3 investments held at the end of the reporting period are included in general and administrative expense during the three months ended March 31, 2016 and 2015. There were no transfers between fair value levels during the periods ended March 31, 2016 and 2015.

*Long-term Debt*

The Company's long-term debt is carried at amortized cost in the accompanying consolidated balance sheets. The fair value of the Company's long-term debt is a Level 2 fair value measurement and has been estimated based upon quoted market prices for similar issues. The estimated fair value of long-term debt as of March 31, 2016 and December 31, 2015 is approximately \$284.8 million and \$287.4 million, respectively.

*CRDA Bonds*

The Company's CRDA bonds are classified as held-to-maturity since the Company has the ability and intent to hold these bonds to maturity and under the CRDA, the Company is not permitted to do otherwise. The CRDA bonds are initially recorded at a discount to approximate fair value. After the initial determination of fair value, the Company will analyze the CRDA bonds quarterly for recoverability based on management's historical collection experience and other information received from the CRDA. If indications exist that the CRDA bond is impaired, additional valuation allowances will be recorded. The fair value of the Company's CRDA bonds are considered a Level 3 fair value measurement. The CRDA bonds carrying value as of both March 31, 2016 and December 31, 2015 net of the unamortized discount and valuation allowance is \$8.4 million, which approximates fair value. See Note 7 - *Investments* for more detail related to the CRDA bonds.

**TROPICANA ENTERTAINMENT INC.**  
**NOTES TO CONDENSED CONSOLIDATED FINANCIAL STATEMENTS (unaudited) (Continued)**

**NOTE 4—RECEIVABLES**

Receivables consist of the following (in thousands):

	March 31, 2016	December 31, 2015
Casino	\$ 12,451	\$ 14,573
Hotel	4,574	5,330
Other	11,170	12,574
Receivables, gross	28,195	32,477
Allowance for doubtful accounts	(8,808)	(10,409)
Receivables, net	\$ 19,387	\$ 22,068

**NOTE 5—PROPERTY AND EQUIPMENT**

Property and equipment consist of the following (in thousands):

	Estimated life (years)	March 31, 2016	December 31, 2015
Land	—	\$ 116,597	\$ 116,190
Buildings and improvements	10 - 40	606,065	605,582
Furniture, fixtures and equipment	3 - 7	233,279	228,548
Riverboats and barges	5 - 15	17,429	17,429
Construction in progress	—	35,380	24,900
Property and equipment, gross		1,008,750	992,649
Accumulated depreciation		(248,710)	(231,829)
Property and equipment, net		\$ 760,040	\$ 760,820

**NOTE 6—GOODWILL AND INTANGIBLE ASSETS**

Goodwill represents the excess of purchase price over fair value of assets acquired and liabilities assumed in business combinations or under fresh-start reporting. Goodwill and other indefinite-life intangible assets are subject to an annual assessment for impairment during the fourth quarter, or more frequently if there are indications of possible impairment, by applying a fair-value-based test. In accordance with accounting guidance related to goodwill and other intangible assets, the Company tests for impairment of goodwill and indefinite-lived intangible assets annually in the fourth quarter of each year and in certain situations between those annual dates. See Note 2 - *Summary of Significant Accounting Policies* in the Company's Annual Report on Form 10-K for the year ended December 31, 2015 for more detail related to the goodwill impairment analysis.

The carrying amount of Goodwill by segment are as follows (in thousands):

	March 31, 2016			December 31, 2015		
	Gross Carrying Amount	Accumulated Impairment	Net Carrying Value	Gross Carrying Amount	Accumulated Impairment	Net Carrying Value
Central	\$ 14,224	\$ —	\$ 14,224	\$ 14,224	\$ —	\$ 14,224
South and other	1,731	(1,731)	—	1,731	(1,731)	—
Corporate	10,704	(9,071)	1,633	10,704	(9,071)	1,633
Total	\$ 26,659	\$ (10,802)	\$ 15,857	\$ 26,659	\$ (10,802)	\$ 15,857



**TROPICANA ENTERTAINMENT INC.**  
**NOTES TO CONDENSED CONSOLIDATED FINANCIAL STATEMENTS (unaudited) (Continued)**

Intangible assets consist of the following (in thousands):

	Estimated life (years)	March 31, 2016	December 31, 2015
Trade name	Indefinite	\$ 25,500	\$ 25,500
Gaming licenses	Indefinite	37,387	37,387
Customer lists	3	160	160
Favorable lease	5 - 42	13,260	13,260
<b>Total intangible assets</b>		<b>76,307</b>	<b>76,307</b>
Less accumulated amortization:			
Customer lists		(106)	(93)
Favorable lease		(2,007)	(1,919)
<b>Total accumulated amortization</b>		<b>(2,113)</b>	<b>(2,012)</b>
<b>Intangible assets, net</b>		<b>\$ 74,194</b>	<b>\$ 74,295</b>

Upon the adoption of fresh-start reporting, the Company recognized an indefinite life trade name related to the "Tropicana" trade name and indefinite life gaming licenses related to entities that are located in gaming jurisdictions where competition is limited to a specified number of licensed gaming operators. At March 31, 2016 and December 31, 2015 the indefinite life gaming licenses consists of \$28.7 million and \$8.7 million related to Tropicana Evansville and Lumière Place, respectively.

Customer lists represent the value associated with customers enrolled in our customer loyalty programs and are amortized on a straight-line basis over three years. Amortization expense related to customer lists, which was amortized to depreciation and amortization expense, for each of the three months ended March 31, 2016 and 2015 was less than \$0.1 million. Estimated annual amortization related to the Lumière Place customer list is anticipated to be \$0.1 million in 2016 and less than \$0.1 million in 2017.

Favorable lease arrangements were valued upon adoption of fresh-start reporting and are being amortized to rental expense on a straight-line basis over the remaining useful life of the respective leased facility. In connection with the Tropicana AC acquisition, the Company also recognized intangible assets relating to favorable lease arrangements which are being amortized to tenant income on a straight-line basis over the terms of the various leases. Additionally, in connection with the acquisition of Tropicana Aruba, the Company recognized intangible assets relating to a favorable land lease arrangement which is amortized to rental expense on a straight-line basis over the remaining term of the land lease. Amortization expense related to favorable lease arrangements, which is amortized to rental expense or tenant income, as applicable, for each of the three months ended March 31, 2016 and 2015 was \$0.1 million and \$0.2 million, respectively.

**NOTE 7—INVESTMENTS**

*CRDA*

The New Jersey Casino Control Act provides, among other things, for an assessment of licensees equal to 1.25% of gross gaming revenues and 2.5% of Internet gaming gross revenues in lieu of an investment alternative tax equal to 2.5% of gross gaming revenues and 5% on Internet gaming gross revenues. The Company may satisfy this investment obligation by investing in qualified eligible direct investments, by making qualified contributions or by depositing funds with the CRDA. Funds deposited with the CRDA may be used to purchase bonds designated by the CRDA or, under certain circumstances, may be donated to the CRDA in exchange for credits against future CRDA investment obligations. The carrying value of the total investments at March 31, 2016 and December 31, 2015 approximates their fair value.





**TROPICANA ENTERTAINMENT INC.**  
**NOTES TO CONDENSED CONSOLIDATED FINANCIAL STATEMENTS (unaudited) (Continued)**

CRDA investments consist of the following (in thousands):

	March 31, 2016	December 31, 2015
Investment in bonds—CRDA	\$ 16,551	\$ 16,551
Less unamortized discount	(4,271)	(4,271)
Less valuation allowance	(3,862)	(3,862)
Deposits—CRDA	19,798	21,183
Less valuation allowance	(4,967)	(4,778)
Direct investment—CRDA	1,610	1,352
Less valuation allowance	(1,610)	(1,352)
Total CRDA investments	<u>\$ 23,249</u>	<u>\$ 24,823</u>

The CRDA bonds have various contractual maturities that range from 2 to 40 years. Actual maturities may differ from contractual maturities because of prepayment rights. The Company treats CRDA bonds as held-to-maturity since the Company has the ability and the intent to hold these bonds to maturity and under the CRDA, the Company is not permitted to do otherwise. As such, the CRDA bonds are initially recorded at a discount to approximate fair value.

After the initial determination of fair value, the Company analyzes the CRDA bonds for recoverability on a quarterly basis based on management's historical collection experience and other information received from the CRDA. If indications exist that the CRDA bond is impaired, additional valuation allowances are recorded.

Funds on deposit with the CRDA are held in an interest bearing account by the CRDA. Interest is earned at the stated rate that approximates two-thirds of the current market rate for similar assets. The Company records charges to expense to reflect the lower return on investment and records the deposit at fair value on the date the deposit obligation arises. During the three months ended March 31, 2016 and 2015, the Company included a charge of \$0.4 million and a reduction of \$1.0 million, respectively, to general and administrative expenses on the accompanying condensed consolidated statements of income.

The Company was approved to use up to \$18.8 million of CRDA deposits ("Approved CRDA Project Funds") for certain capital expenditures relating to Tropicana AC. Approximately \$15.2 million of the Approved CRDA Project Funds were reimbursed to Tropicana AC during the year ended December 31, 2015, of which approximately \$14.2 million was from Tropicana AC's CRDA deposits. An additional \$1.9 million of Approved CRDA Project Funds were reimbursed to Tropicana AC during the three months ended March 31, 2016.

On April 19, 2016 the CRDA approved an application by the Company to increase the scope of the approved Tropicana AC project to include additional project elements and amend the CRDA grant agreement related to the Tropicana AC project to permit (i) an \$8 million increase in the CRDA fund reservation and corresponding increase in the Approved CRDA Project Funds from \$18.8 million to \$26.8 million, and (ii) a rescheduled substantial completion date for the Tropicana AC project to not later than June 30, 2017. In exchange for the approval, the Company agreed to donate the balance of its CRDA deposits in the amount of approximately \$7.1 million to the CRDA pursuant to NJSA 5:12-177. The CRDA action is effective immediately but no action authorized pursuant to the approval shall have force and effect under New Jersey law until the earlier of (a) the Governor's approval or (b) ten business days following the date thereof.

*Ruby Seven Studios, Inc.*

In March 2015, the Company, through its wholly-owned subsidiary, TropWorld Games LLC ("TWG") entered into an agreement with Ruby Seven Studios, Inc. ("Ruby Seven") to develop an online social gaming site. In accordance with that agreement, in July 2015, TEI R7, a wholly-owned subsidiary of the Company, exercised an option to acquire 1,827,932 shares of Ruby Seven's Series A-1 Preferred Stock for \$1.5 million, representing approximately 13.7% of the equity ownership of Ruby Seven. The investment in Ruby Seven is presented at cost on the accompanying condensed consolidated balance sheet as of December 31, 2015.

Ruby Seven entered into a merger agreement with a third party pursuant to which Ruby Seven merged into the third party in a transaction that closed on February 29, 2016. TEI R7 approved the agreement. As a result of the merger transaction, all of Ruby Seven's outstanding shares (including the shares held by TEI R7) were canceled and the Ruby Seven shareholders received merger consideration in exchange for their shares. At closing, TEI R7 received cash in the approximate amount of \$0.8 million, plus an earn-out consideration over three years following the closing, with a minimum earn-out of approximately \$0.7 million, which is included in long-term assets on the accompanying condensed consolidated balance sheet as of March 31, 2016.

**TROPICANA ENTERTAINMENT INC.**  
**NOTES TO CONDENSED CONSOLIDATED FINANCIAL STATEMENTS (unaudited) (Continued)**

**NOTE 8—LONG-TERM PREPAID RENT AND OTHER ASSETS**

Other assets consist of the following (in thousands):

	March 31, 2016	December 31, 2015
Tropicana Evansville prepaid rent	\$ 12,500	\$ 12,500
Deposits	3,463	3,431
Other	3,605	2,873
Other assets	<u>\$ 19,568</u>	<u>\$ 18,804</u>

**NOTE 9—ACCRUED EXPENSES AND OTHER CURRENT LIABILITIES**

Accrued expenses and other current liabilities consist of the following (in thousands):

	March 31, 2016	December 31, 2015
Accrued payroll and benefits	\$ 30,962	\$ 35,131
Accrued gaming and related	15,064	15,620
Accrued taxes	17,165	11,327
Other accrued expenses and current liabilities	15,130	15,758
Total accrued expenses and other current liabilities	<u>\$ 78,321</u>	<u>\$ 77,836</u>

**NOTE 10—DEBT**

Debt consists of the following (in thousands):

	March 31, 2016	December 31, 2015
New Term Loan Facility, due 2020, interest at 4.0% at March 31, 2016 and December 31, 2015, net of unamortized discount of \$1.0 million at both March 31, 2016 and December 31, 2015, and debt issuance costs of \$3.0 million and \$3.3 million at March 31, 2016 and December 31, 2015, respectively	\$ 288,446	\$ 288,946
Less current portion of debt	(3,000)	(3,000)
Total long-term debt, net	<u>\$ 285,446</u>	<u>\$ 285,946</u>

*New Credit Facilities*

On November 27, 2013, the Company entered into (i) a senior secured first lien term loan facility in an aggregate principal amount of \$300 million, issued at a discount of 0.5% (the "New Term Loan Facility") and (ii) a senior secured first lien revolving credit facility in an aggregate principal amount of \$15 million (the "Revolving Facility" and, together with the New Term Loan Facility, the "New Credit Facilities"). Commencing on December 31, 2013, the New Term Loan Facility is amortized in equal quarterly installments of \$750,000, with any remaining balance payable on the final maturity date of the New Term Loan Facility, which is November 27, 2020. Amounts under the Revolving Facility are available to be borrowed and re-borrowed until its termination on November 27, 2018.

Approximately \$172.4 million of the net proceeds from the New Credit Facilities were used to repay in full the principal amounts outstanding under the Company's existing credit facilities which consisted of a \$175 million senior secured first lien term loan facility and \$15 million cash collateralized letter of credit facility (the "Credit Facilities"). The Credit Facilities were terminated effective as of November 27, 2013. A portion of the proceeds from the New Credit Facilities was used to finance the Company's acquisition of Lumière Place in April 2014.

The New Term Loan Facility accrues interest, at the Company's option, at a per annum rate equal to either (i) the LIBO Rate (as defined in the Credit Agreement) (subject to a 1.00% floor) plus an applicable margin equal to 3.00%, or (ii) the alternate base rate (as defined in the Credit Agreement) (subject to a 2.00% floor) plus an applicable margin equal to 2.00%; such that in either case, the applicable interest rate shall not be less than 4.0%. The Revolving Facility accrues interest, at the Company's option, at a per annum rate equal to either (i) the LIBO Rate plus an applicable margin ranging from 2.00% (if the total net leverage ratio is less than 2.50:1.00) to 2.50% (if the total net leverage ratio is greater than or equal to 3.00:1.00); or (ii) the alternate base rate plus an applicable margin ranging from 1.00% (if the total net leverage ratio is less than 2.50:1.00) to 1.50% (if the total net leverage ratio is greater than or equal to 3.00:1.00). The interest rate increases by 2.00% following

**TROPICANA ENTERTAINMENT INC.**  
**NOTES TO CONDENSED CONSOLIDATED FINANCIAL STATEMENTS (unaudited) (Continued)**

certain defaults. As of March 31, 2016, the interest rate on the New Term Loan Facility was 4.0% and no amounts were outstanding under the Revolving Facility.

The New Credit Facilities are guaranteed by all of the Company's domestic subsidiaries, subject to limited exceptions, and additional subsidiaries may be required to provide guarantees, subject to limited exceptions. The New Credit Facilities are secured by a first lien on substantially all assets of the Company and the domestic subsidiaries that are guarantors, with certain limited exceptions. Subsidiaries that become guarantors will be required, with certain limited exceptions, to provide first liens and security interests in substantially all their assets to secure the New Credit Facilities.

At the election of the Company and subject to certain conditions, including a maximum senior secured net leverage ratio of 3.25:1.00, the amount available under the New Credit Facilities may be increased, which increased amount may be comprised of additional term loans and revolving loans.

The New Term Loan Facility may be prepaid at the option of the Company at any time without penalty (other than customary LIBO Rate breakage fees). The Company is required to make mandatory payments of the New Credit Facilities with (i) net cash proceeds of certain asset sales (subject to reinvestment rights), (ii) net cash proceeds from certain issuances of debt and equity (with certain exceptions), (iii) up to 50% of annual excess cash flow (as low as 0% if the Company's total leverage ratio is below 2.75:1.00), and (iv) certain casualty proceeds and condemnation awards (subject to reinvestment rights).

Key covenants binding the Company and its subsidiaries include (i) limitations on indebtedness, liens, investments, acquisitions, asset sales, dividends and other restricted payments, and affiliate and extraordinary transactions, and (ii) if, as of the last day of any fiscal quarter, the amount of outstanding revolving loans exceed 35% of the permitted borrowing under the Revolving Facility, compliance with a maximum senior secured net leverage ratio test of 3.25:1.00. Key default provisions include (i) failure to repay principal, interest, fees and other amounts owing under the facility, (ii) cross default to certain other indebtedness, (iii) the rendering of certain judgments against the Company or its subsidiaries, (iv) failure of security documents to create valid liens on property securing the New Credit Facilities and to perfect such liens, (v) revocation of casino, gambling, or gaming licenses, (vi) the Company's or its material subsidiaries' bankruptcy or insolvency; and (vii) the occurrence of a Change of Control (as defined in the Credit Agreement). Many defaults are also subject to cure periods prior to such default giving rise to the right of the lenders to accelerate the loans and to exercise remedies. The Company was in compliance with the covenants of the New Term Loan Facility at March 31, 2016.

**NOTE 11—IMPAIRMENT CHARGES, OTHER WRITE DOWNS AND RECOVERIES**

Impairment charges, other write-downs and recoveries consist of the following (in thousands):

	Three months ended March 31,	
	2016	2015
Impairment of goodwill and intangibles (Note 6)	—	26
Loss on disposal of assets	40	654
Total impairment charges, other write-downs and recoveries	\$ 40	\$ 680

**NOTE 12—RELATED PARTY TRANSACTIONS**

*Insight Portfolio Group LLC*

Effective January 1, 2013, the Company acquired a minority equity interest in Insight Portfolio Group LLC (“Insight Portfolio Group”) and agreed to pay a portion of Insight Portfolio Group's operating expenses. In addition to the minority equity interest held by the Company, a number of other entities with which Mr. Icahn has a relationship also acquired equity interests in Insight Portfolio Group and also agreed to pay certain of Insight Portfolio Group's operating expenses. The Company may purchase a variety of goods and services as a member of the buying group at prices and on terms that the Company believes are more favorable than those which would be achieved on a stand-alone basis. During each of the three months ended March 31, 2016 and 2015, the Company paid \$0.1 million to Insight Portfolio Group.



**TROPICANA ENTERTAINMENT INC.**  
**NOTES TO CONDENSED CONSOLIDATED FINANCIAL STATEMENTS (unaudited) (Continued)**

*Trump Taj Mahal Associates, LLC*

On March 1, 2016, TEI Management Services LLC, a wholly owned subsidiary of the Company, entered into a management agreement with Trump Taj Mahal Associates, LLC (“TTMA”) and IEH Investments LLC (“IEH Investments”) pursuant to which TEI Management Services LLC will manage the Trump Taj Mahal Casino Hotel in Atlantic City, New Jersey, owned by TTMA, and provide consulting services relating to the former Plaza Hotel and Casino in Atlantic City, New Jersey, owned by Trump Plaza Associates LLC (“Plaza Associates”). The management agreement commenced upon receipt of required New Jersey regulatory approvals, which occurred on April 13, 2016. TTMA, IEH Investments and Plaza Associates are indirect wholly owned subsidiaries of Icahn Enterprises, which is indirectly controlled by Mr. Icahn.

**NOTE 13—COMMITMENTS AND CONTINGENCIES**

***Leases***

*MontBleu Lease*

The Company has a lease agreement with respect to the land and building which MontBleu operates, through December 31, 2028. Under the terms of the lease, rent is \$333,333 per month, plus 10% of annual gross revenues in excess of \$50 million through December 31, 2011. After December 31, 2011, rent is equal to the greater of (i) \$333,333 per month as increased by the same percentage that the consumer price index has increased from 2009 thereafter, plus 10% of annual gross revenues in excess of a Breakpoint as defined in the terms of the lease agreement, or (ii) 10% of annual gross revenues. In connection with fresh-start reporting, the Company recognized an unfavorable lease liability of \$9.6 million related to this lease that will be amortized on a straight-line basis to rental expense over the remaining term of the lease. As of March 31, 2016 and December 31, 2015, the unfavorable lease liability balance was \$6.5 million and \$6.7 million, respectively, of which \$6.0 million and \$6.1 million, respectively, is included in other long-term liabilities on the accompanying condensed consolidated balance sheets.

In October 2014, Columbia Properties Tahoe, LLC (“CPT”), the Company’s subsidiary that owns MontBleu, entered into a lease amendment with Edgewood Companies (“Landlord”) pursuant to which CPT agreed to expend \$24.0 million during the next 18 months on a capital renovation project in exchange for certain lease modifications including future capital expenditure requirements and a Landlord acknowledgment that upon completion of the capital renovation project the property will satisfy the “first class” facility requirements of the lease. As of December 31, 2015, the Company had completed the \$24 million capital renovation project.

*Tropicana Evansville Land Lease*

The Company leases from the City of Evansville, Indiana approximately ten acres of the approximately 20 acres on which Tropicana Evansville is situated. On January 6, 2016 the Company and the City of Evansville entered into a Sixth Amendment to the Lease Agreement (the "Sixth Amendment"), which amendment was approved by the Indiana Gaming Commission on February 24, 2016 along with the Company's application to move its casino operations from its current dockside gaming vessel to a future developed landside gaming facility. Under the Sixth Amendment, in exchange for the Company's commitment to expend \$50 million to develop a landside gaming facility (the "Tropicana Development Project") along with a pre-payment of lease rent in the amount of \$25 million (the "Rental Pre-Payments"), the City of Evansville has granted the Company a \$20 million redevelopment credit (the "Redevelopment Credit"). The Rental Pre-Payments are to be made in two payments of \$12.5 million each. The Company has made the first \$12.5 million Rental Pre-Payment, and the second \$12.5 million Rental Pre-Payment is due upon the opening of the Tropicana Development Project to the public. Both the Rental Pre-Payments and the Redevelopment Credits will be applied against future rent in equal monthly amounts over a period of one hundred and twenty (120) months commencing upon the opening of the Tropicana Development Project to the public. Under the terms of the lease, as amended by the Sixth Amendment, the Company may extend the lease term through November 30, 2055 by exercising renewal options. The current term commenced December 1, 2015 and expires November 30, 2027 under the terms of the Sixth Amendment. Thereafter, the Company may extend the lease for a three (3) year term through November 30, 2030, followed by five (5) five-year renewal options through November 30, 2055. Under the terms of the Sixth Amendment, in the

event the Company decides not to exercise its renewal option(s) and continues to conduct gaming operations in the City of Evansville, the lease may not be terminated and will continue through November 30, 2055, unless the Company and the City of Evansville enter into a replacement agreement that includes payments to the City of Evansville in the



**TROPICANA ENTERTAINMENT INC.**  
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amount equal to rent payments under the lease. Under the terms of the lease, as amended by the Sixth Amendment, the Company is required to pay a percentage of the adjusted gross receipts ("AGR") for the year in rent with a minimum annual rent of no less than \$2.0 million. The percentage rent shall be equal to 2% of the AGR up to \$25 million, plus 4% of the AGR in excess of \$25 million up to \$50 million, plus 6% of the AGR in excess of \$50 million up to \$75 million, plus 8% of the AGR in excess of \$75 million up to \$100 million and plus 10% of the AGR in excess of \$100 million. In accordance with a prior lease amendment in March 2010, during 2010 the Company paid a total of \$13.5 million for the prepayment of rent to the City of Evansville for the period between January 2011 and December 2015.

*Belle of Baton Rouge Lease*

Belle of Baton Rouge leases certain land and buildings under separate leases, with annual payments of \$0.2 million. In addition, Belle of Baton Rouge leases a parking lot with annual base rent of approximately \$0.4 million, plus 0.94% of annual adjusted gross revenue in excess of \$45 million but not to exceed \$80 million through August 2017.

*Tropicana Greenville Lease*

Tropicana Greenville leases approximately four acres of land on which the entry and parking facilities of the casino are situated. Tropicana Greenville is required to pay an amount equal to 2% of its monthly gross gaming revenues in rent, with a minimum monthly payment of \$75,000. In addition, in any given year in which annual gross gaming revenues exceed \$36.6 million, Tropicana Greenville is required to pay 8% of the excess amount as rent pursuant to the terms of the lease. The current lease expires in 2019 with options to extend its term through 2044.

In October 2013, Tropicana Greenville entered into an additional lease agreement with the City of Greenville, Mississippi, for a parcel of land adjacent to Tropicana Greenville upon which the Company constructed a parking lot in conjunction with its plan to expand the Tropicana Greenville casino. The initial term of the lease expires in August 2020, and the Company has several options to extend the lease for a total term of up to twenty-five years. Initial annual rent is \$0.4 million with rent adjustments in option periods based upon the Consumer Price Index.

*Tropicana Aruba Land Lease*

The Company assumed a land lease in August 2010 for approximately 14 acres of land on which Tropicana Aruba is situated through July 30, 2051. Under the terms of the land lease, the annual rent is \$93,000.

***Other Commitments and Contingencies***

*2011 New Jersey Legislation*

On February 1, 2011, New Jersey enacted legislation (the "Tourism District Bill") that delegates redevelopment authority and creation of a master plan to the CRDA and allowed the CRDA the ability to enter into a five year public private partnership with the casinos in Atlantic City that have formed the Atlantic City Alliance ("ACA") to jointly market the city. The law obligates the Atlantic City casinos either through the ACA or, if not a member of the ACA, through individual assessments, to provide funding for marketing under the Tourism District Bill in the aggregate amount of \$30.0 million annually through 2016. Presently, ACA funds for 2015 and 2016 are being held by the ACA pending clarification as to whether the funds will be diverted by the State of New Jersey for other purposes pursuant to pending legislation. Each Atlantic City casino's proportionate share of the assessment is based on the gross revenue generated in the preceding fiscal year. The Company currently estimates its portion of this industry obligation to be approximately 12.0% for 2016.

*New Jersey CRDA*

Under current New Jersey law, the New Jersey Casino Control Commission imposes an annual tax of 8% on gross casino revenue and, commencing with the operation of Internet gaming, an annual tax of 15% on Internet gaming gross revenue. Pursuant to New Jersey law, casino license holders or Internet gaming permit holders (as applicable) are required to invest an additional 1.25% of gross

casino revenue and 2.5% of Internet gaming gross revenue for the purchase of bonds to be issued by the CRDA or to make other approved investments equal to those amounts; and, in the event the investment requirement is not met, the casino license holder or Internet gaming permit holder (as applicable) is subject to a tax of 2.5% on gross casino revenue and 5% on Internet gaming gross revenue. As mandated by New Jersey law, the interest rate of the CRDA bonds purchased by the licensee will be two-thirds of the average market rate for bonds available for purchase and published by a national bond index at the time of the CRDA bond issuance.

**TROPICANA ENTERTAINMENT INC.**  
**NOTES TO CONDENSED CONSOLIDATED FINANCIAL STATEMENTS (unaudited) (Continued)**

*Wimar and CSC Administrative Expense Claims*

On March 31, 2009, Wimar Tahoe Corporation ("Wimar") and Columbia Sussex Corporation ("CSC") filed separate proceedings with the Bankruptcy Court related to administrative expense claims against the Predecessors. On August 4, 2010, Wimar and CSC separately filed motions for summary judgment seeking payment on account of these claims from the Company totaling approximately \$5.4 million, which was recorded as a liability upon emergence from bankruptcy and is included in accounts payable in our accompanying condensed consolidated balance sheet as of March 31, 2016 and December 31, 2015. In its objection to Wimar and CSC's motions for summary judgment, the Company disputed the administrative expense and/or priority status of certain amounts claimed and also contended that any payment to CSC or Wimar should await the resolution of the adversary proceeding instituted by Lightsway Litigation Services, LLC, as Trustee of the Tropicana Litigation Trust established by the bankruptcy reorganization plan, against CSC and Wimar.

In October 2015, the Bankruptcy Court issued an opinion order and entered an order (1) denying Wimar's and CSC's Motions for Summary Judgment seeking allowance and payment of administrative expense claims, and (2) granting, in part, CSC's Motion for Summary Judgment to allow priority status under Bankruptcy Code Section 507(a)(5) for certain contributions made to employee benefit plans and denying, in part, CSC's request in the motion for payment of the priority claims. The Company and Tropicana Las Vegas have filed a joint motion with the Bankruptcy Court seeking clarification of certain aspects of the Bankruptcy Court's opinion and order, which motion is pending. The Company continues to dispute any payment obligation to Wimar or CSC.

*UNITE HERE*

In September 2011, the collective bargaining agreement between Tropicana AC and UNITE HERE Local 54 expired and Tropicana AC continued to voluntarily contribute to the UNITE HERE National Retirement Fund Rehabilitation Plan (the "NRF") after the September 2011 expiration date through February 25, 2012 (at which time Tropicana AC declared an impasse in the collective bargaining negotiations and ceased contributions to the NRF). UNITE HERE subsequently filed a charge with the National Labor Relations Board (the "NLRB") alleging that Tropicana AC's declarations of an impasse violated the National Labor Relations Act. Tropicana AC contested this charge. In addition, in January 2012 the NRF's legal counsel sent a letter to Tropicana AC asserting that any withdrawal from the NRF would not be entitled to the NRF's "Free Look Rule" and would trigger a withdrawal liability and in November 2013 Tropicana AC was advised by UNITE HERE that the NRF had estimated Tropicana AC's withdrawal liability from the NRF to be approximately \$4 million. In May 2014 Tropicana AC and UNITE HERE Local 54 entered into a new collective bargaining agreement as well as a settlement agreement pursuant to which, among other things, the NLRB charge and related charges filed by both parties were withdrawn. In addition, Tropicana AC entered into a settlement agreement with the NRF pursuant to which Tropicana AC paid approximately \$4 million to the NRF in settlement of all outstanding withdrawal liability claims.

In July 2014, Tropicana AC and UNITE HERE each provided notice to the other of their respective intentions to renegotiate their existing collective bargaining agreement due to expire on September 14, 2014. Subsequently, UNITE HERE requested that Tropicana AC extend the collective bargaining agreement for an additional six months, which request was rejected by Tropicana AC. The collective bargaining agreement expired on September 14, 2014.

*Litigation in General*

The Company is a party to various litigation that arises in the ordinary course of business. In the opinion of management, all pending legal matters are either adequately covered by insurance or, if not insured, will not have a material adverse effect on the financial position or the results of operations of the Company.

**NOTE 14—STOCKHOLDERS' EQUITY**

*Common Stock*

The Company is authorized to issue up to 100 million shares of its common stock, \$0.01 par value per share ("Common Stock"), of which 26,090,922 and 26,312,500 shares were issued and outstanding as of March 31, 2016 and December 31, 2015, respectively. Each holder of Common Stock is entitled to one vote for each share held of record on each matter submitted to a vote of stockholders. The holders of Common Stock have no cumulative voting rights, preemptive or conversion rights or other subscription rights. There are

no redemption or sinking fund provisions applicable to the Common Stock. Subject to any preferences that may be granted to the holders of the Company's preferred stock, each holder of Common Stock is entitled to receive ratably such dividends as may be declared by the Board of Directors out of funds legally available therefore, as well as

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any distributions to the stockholders and, in the event of the Company's liquidation, dissolution or winding up is entitled to share ratably in all the Company's assets remaining after payment of liabilities.

*Stock Repurchase Program*

On July 31, 2015, our Board of Directors authorized the repurchase of up to \$50 million of our outstanding stock with no set expiration date. The Stock Repurchase Program will end upon the earlier of the date on which the plan is terminated by the Board of Directors or when all authorized repurchases are completed. The timing and amount of stock repurchases will be determined based upon our evaluation of market conditions and other factors. The Stock Repurchase Program may be suspended, modified or discontinued at any time and we have no obligation to repurchase any amount of our common stock under the Stock Repurchase Program.

During March 2016, we repurchased 221,578 shares of our stock under the Stock Repurchase Program. The repurchased shares were subsequently retired.

*Preferred Stock*

The Company is authorized to issue up to 10 million shares of preferred stock, \$0.01 par value per share, of which none were issued as of March 31, 2016 and December 31, 2015. The Board of Directors, without further action by the holders of Common Stock, may issue shares of preferred stock in one or more series and may fix or alter the rights, preferences, privileges and restrictions, including the voting rights, redemption provisions (including sinking fund provisions), dividend rights, dividend rates, liquidation rates, liquidation preferences, conversion rights and the description and number of shares constituting any wholly unissued series of preferred stock. Except as described above, the Board of Directors, without further stockholder approval, may issue shares of preferred stock with rights that could adversely affect the rights of the holders of Common Stock. The issuance of shares of preferred stock under certain circumstances could have the effect of delaying or preventing a change of control of TEI or other corporate action.

*Significant Ownership*

At March 31, 2016, Mr. Icahn indirectly controlled approximately 68.46% of the voting power of the Company's Common Stock and, by virtue of such stock ownership, is able to control or exert substantial influence over the Company, including the election of directors. The existence of a significant stockholder may have the effect of making it difficult for, or may discourage or delay, a third party from seeking to acquire a majority of the Company's outstanding Common Stock. Mr. Icahn's interests may not always be consistent with the Company's interests or with the interests of the Company's other stockholders. Mr. Icahn and entities controlled by him may also pursue acquisitions or business opportunities that may or may not be complementary to the Company's business. To the extent that conflicts of interest may arise between the Company and Mr. Icahn and his affiliates, those conflicts may be resolved in a manner adverse to the Company or its other shareholders.

**NOTE 15—BASIC AND DILUTED NET INCOME PER SHARE**

The Company computes net income per share in accordance with accounting guidance that requires presentation of both basic and diluted earnings per share ("EPS") on the face of the income statement. Basic EPS is computed by dividing net income for the period by the weighted average number of shares outstanding during the period. Diluted EPS is computed by dividing net income for the period by the weighted average number of common shares outstanding during the period, increased by potentially dilutive common shares that were outstanding during the period. Potentially dilutive common shares include warrants. Diluted EPS excludes all potential dilutive shares if their effect is anti-dilutive.

**NOTE 16—INCOME TAXES**

*Effective Tax Rate*

The Company's effective income tax rates for the three months ended March 31, 2016 and 2015 were 40.0% and 40.9%, respectively. The difference between the federal statutory rate of 35% and the Company's effective tax rates for the three months ended March 31, 2016 and 2015 was primarily due to disallowed foreign losses, state income taxes (net of federal benefit), and other permanent differences. Looking forward, our effective income tax rate may fluctuate due to changes in tax legislation, changes in our estimates of federal tax credits, changes in our assessment of uncertainties as valued under accounting guidance for uncertainty in income taxes, as well as accumulated interest and penalties.

**TROPICANA ENTERTAINMENT INC.**  
**NOTES TO CONDENSED CONSOLIDATED FINANCIAL STATEMENTS (unaudited) (Continued)**

**NOTE 17—SEGMENT INFORMATION**

The Company views each property as an operating segment which we aggregate by region in order to present our reportable segments: (i) East, (ii) Central, (iii) West, (iv) and South and other. The Company uses operating income to compare operating results among its segments and allocate resources.

The following table highlights by segment our net revenues and operating income, and reconciles operating income to income from continuing operations before income taxes for the three months ended March 31, 2016 and 2015 (in thousands, unaudited):

	Three months ended March 31,	
	2016	2015
<b>Net revenues:</b>		
East	\$ 74,915	\$ 68,451
Central	75,365	71,939
West	28,208	26,548
South and other	26,665	26,443
Corporate	—	—
Total net revenues	<u>\$ 205,153</u>	<u>\$ 193,381</u>
<b>Operating income (loss):</b>		
East	\$ 1,491	\$ (279)
Central	13,912	10,306
West	4,137	3,451
South and other	3,931	4,438
Corporate	(4,906)	(3,970)
Total operating income	<u>\$ 18,565</u>	<u>\$ 13,946</u>
<b>Reconciliation of operating income to income before income taxes:</b>		
Operating income	\$ 18,565	\$ 13,946
Interest expense	(3,220)	(2,903)
Interest income	128	143
Income before income taxes	<u>\$ 15,473</u>	<u>\$ 11,186</u>
<b>Assets by segment:</b>		
	<u>March 31, 2016</u>	<u>December 31, 2015</u>
East	\$ 556,536	\$ 550,622
Central	396,997	397,309
West	131,249	136,508
South and other	127,422	125,776
Corporate	100,230	99,134
Total assets	<u>\$ 1,312,434</u>	<u>\$ 1,309,349</u>

## ITEM 2. MANAGEMENT'S DISCUSSION AND ANALYSIS OF FINANCIAL CONDITION AND RESULTS OF OPERATIONS.

### Cautionary Statement Regarding Forward-Looking Statements

This Quarterly Report on Form 10-Q contains forward-looking statements within the meaning of Section 27A of the Securities Act of 1933 and Section 21E of the Securities Exchange Act of 1934 (Exchange Act). These statements involve known and unknown risks, uncertainties and other factors, which may cause our or our industry's actual results, performance, or achievements to be materially different from any future results, performance or achievements expressed or implied by the forward-looking statements. In some situations, you may be able to identify forward-looking statements by terms such as "may," "will," "might," "expect," "plan," "believe," "anticipate," "intend," "should," "could," "would," "estimate," "project," "continue," "pursue," or the negative thereof or comparable terminology, and may include (without limitation) information regarding our expectations, hopes or intentions regarding the future, including, but not limited to, statements regarding our operating or other strategic plans, including the integration of Lumière Place into our business, our management of the Taj Mahal, our competition (including online gaming), financing, revenues, or tax benefits; our beliefs regarding the sufficiency of our existing cash and credit sources, including our New Credit Facilities (as defined herein) and cash flows from operating activities to meet our projected expenditures (including operating and maintenance capital expenditures) and costs associated with certain of our projects, our required capital expenditures pursuant to agreements we are party to such as the recently announced landside construction project at Tropicana Evansville, and our anticipated capital expenditures, including our use of our CRDA project funds, estimated asset and liability values, risk of counterparty nonperformance and our legal strategies and the potential effect of pending legal claims on our business and financial condition, and any financial or other information included herein based upon or otherwise incorporating judgments or estimates based upon future performance or events. Forward-looking statements involve certain risks and uncertainties, and actual results may differ materially from those discussed in each such statement. In light of these risks, uncertainties and assumptions, the events described in the forward-looking statements might not occur or might occur to a different manner or extent or at a different time than we have described. All forward-looking statements are qualified in their entirety by reference to the areas of risk and uncertainty described elsewhere in this Quarterly Report on Form 10-Q as well as those discussed under "Item 1A—Risk Factors" in our Annual Report on Form 10-K for the year ended December 31, 2015. Forward-looking statements represent our estimates and assumptions only as of the date of this report. We operate in a continually changing business environment and new risks emerge from time to time. Except as may be required by applicable law, we undertake no obligation to update or revise any forward-looking statements, whether as a result of new information, future events or otherwise.

### Overview

We are an owner and operator of regional casino and entertainment properties located in the United States and one casino resort development located on the island of Aruba. Our United States properties include two casinos in Nevada and one casino in each of Indiana, Louisiana, Mississippi, Missouri and New Jersey. We primarily cater to local and regional guests to provide a fun and exciting gaming environment with high quality and high value lodging, dining, retail and entertainment amenities. Our properties offer a broad array of gaming options specifically tailored for our patrons in each market. As of March 31, 2016, our properties collectively included approximately 391,500 square feet of gaming space with 7,909 slot machines, 272 table games and 5,526 hotel rooms.

We view each property as an operating segment which we aggregate by region in order to present our reportable segments: (i) East, (ii) Central, (iii) West and (iv) South and other. As of March 31, 2016, our operations by region include the following:

- *East*—Tropicana Casino and Resort, Atlantic City ("Tropicana AC") located in Atlantic City, New Jersey;
- *Central*—Tropicana Evansville ("Tropicana Evansville") located in Evansville, Indiana; and Lumière Place Casino, HoteLumière, the Four Seasons Hotel St. Louis (collectively, "Lumière Place") located in Saint Louis, Missouri;
- *West*—Tropicana Laughlin Hotel and Casino ("Tropicana Laughlin") located in Laughlin, Nevada; and MontBleu Casino Resort & Spa ("MontBleu") located in South Lake Tahoe, Nevada;
- *South and other*—Belle of Baton Rouge Casino and Hotel ("Belle of Baton Rouge") located in Baton Rouge, Louisiana; Trop Casino Greenville ("Tropicana Greenville") located in Greenville, Mississippi; and Tropicana Aruba Resort and Casino ("Tropicana Aruba") located in Palm Beach, Aruba.

We are a Delaware corporation formed on May 11, 2009 to acquire certain assets of Tropicana Entertainment Holdings, LLC ("TEH"), and certain of its subsidiaries, pursuant to their plan of reorganization (the "Plan") under Chapter 11 of Title 11 of the United States Code (the "Bankruptcy Code"). We also acquired Columbia Properties Vicksburg (which we sold in March 2011), JMBS



Casino, LLC ("JMBS Casino") and CP Laughlin Realty, LLC (which we sold in July 2014), all of which (collectively, the "Predecessors") were part of the Plan.

In addition, we acquired certain assets of Adamar of New Jersey, Inc. ("Adamar"), an unconsolidated subsidiary of TEH, pursuant to an amended and restated asset purchase agreement, including Tropicana AC. The reorganization of the Predecessors and the acquisition of Tropicana AC (together, the "Restructuring Transactions") were consummated and became effective on March 8, 2010 (the "Effective Date"), at which time we acquired Adamar and several of the Predecessors' gaming properties and related assets. Adamar was not a party to the Predecessors' bankruptcy. Prior to the Effective Date, we conducted no business, other than in connection with the reorganization of the Predecessors and the acquisition of Tropicana AC, and had no material assets or liabilities.

Except where the context suggests otherwise, the terms "we," "us," "our," and "the Company" refer to Tropicana Entertainment Inc. and its subsidiaries.

## Results of Operations

Our financial results are highly dependent upon the number of customers that we attract to our facilities and the amounts those customers spend per visit. Additionally, our operating results may be affected by, among other things, overall economic conditions affecting the discretionary spending of our customers, competitive factors, gaming tax increases and other regulatory changes, the opening or acquisition of new gaming operations, our ability to reinvest in our properties, potential future exposure for liabilities of the Predecessors that we assumed, and general public sentiment regarding travel. We may experience significant fluctuations in our quarterly operating results due to seasonality and other factors. Historically, our operating results are the strongest in the third quarter and the weakest in the fourth quarter. In addition, weather and long-weekend holidays affect our operating results.

Casino revenues are one of our main performance indicators and account for a significant portion of our net revenues. Casino revenues represent the difference between wins and losses from gaming activities such as slot machines and table games. Key volume indicators include table games volumes and slot volumes, which refer to amounts wagered by our customers. Win or hold percentage represents the percentage of the amounts wagered by the customer that is won by the casino, which is not fully controllable by us, and recorded as casino revenue. Most of our revenues are cash-based, through customers wagering with cash or chips or paying for non-gaming services with cash or credit cards, and therefore are not subject to any significant or complex estimation. As a result, fluctuations in net revenues have a direct impact on cash flows from operating activities. Other performance indicators include hotel occupancy, which is a volume indicator for hotels, and the average daily rate, which is a price indicator for the amount customers paid for hotel rooms.

The following significant factors and trends should be considered in analyzing our operating performance:

- *Atlantic City Market.* Although competitive pressures in Atlantic City have stabilized somewhat with the closure of four casino properties in 2014, competition from the regional markets continues to adversely affect the Atlantic City market. In addition, continuing uncertainty about the City of Atlantic City's ability to fund ongoing operating costs and maintain existing operations through the balance of its fiscal year ending June 30, 2016 may affect the Atlantic City casino market and Tropicana AC in the coming months. Based on market data, the Atlantic City market experienced period over period increases in gross casino win (including internet gaming revenue) of 3.1% for the three months ended March 31, 2016 as compared to the same period of 2015.
- *Table games hold percentages.* Casino revenues can vary because of table games hold percentages and differences in the odds for different table games. A variety of factors may impact table games hold, including variances in the amount of high end play. For the three months ended March 31, 2016, the Company's total table games hold increased 1.6 percentage points, to 19.1%, compared to the prior year of 17.5%, which contributed to increased table game revenues. This hold percentage is not necessarily indicative of results that can be expected for future periods.
- *Debt and Interest Expense.* In November 2013, we entered into the credit facilities (the "New Credit Facilities"), which consist of (i) a senior secured first lien term loan facility in an aggregate principal amount of \$300 million issued at a discount of 0.5% (the "New Term Loan Facility") and (ii) a senior secured first lien revolving credit facility in an aggregate principal amount of \$15 million (the "Revolving Facility"). Commencing on December 31, 2013, the New Term Loan Facility requires quarterly principal payments of \$750,000 through September 2020 with the remaining outstanding amounts due on November 27, 2020, the maturity date. The obligations under the New Term Loan Facility accrue interest at a floating rate which was 4.00% as of March 31, 2016. A portion of the net proceeds from the New Term Loan Facility was used to repay in full the amounts outstanding under the existing Term Loan Facility which totaled approximately \$172.4 million in repaid principal, accrued and unpaid interest.

Our interest expense was \$3.2 million and \$2.9 million for the three months ended March 31, 2016 and 2015, respectively, which includes amortization of the related debt discounts and debt issuance costs of \$0.3 million for each of the three months ended March 31, 2016 and 2015, respectively, offset by approximately \$0.3 million of capitalized interest in the three months ended March 31, 2015.

- *General Economic Conditions.* Current economic conditions, resulting in decreased discretionary spending by our customers, continue to adversely impact us and the gaming industry as a whole. While general economic conditions have modestly improved, we cannot assure that they will continue to improve or will not worsen in the future.
- *Cost Efficiencies.* As a result of economic conditions, we continue to focus on efficiency initiatives. These cost saving initiatives include decreased payroll and benefits expense related to our company-sponsored health insurance plans.

**Three months ended March 31, 2016 compared to three months ended March 31, 2015**

The following table sets forth certain information concerning our results of operations (dollars in thousands):

	Three months ended March 31,	
	2016	2015
<b>Net revenues:</b>		
East	\$ 74,915	\$ 68,451
Central	75,365	71,939
West	28,208	26,548
South and other	26,665	26,443
Corporate	—	—
<b>Total net revenues</b>	<b>\$ 205,153</b>	<b>\$ 193,381</b>
<b>Operating income (loss):</b>		
East	\$ 1,491	\$ (279)
Central	13,912	10,306
West	4,137	3,451
South and other	3,931	4,438
Corporate	(4,906)	(3,970)
<b>Total operating income</b>	<b>\$ 18,565</b>	<b>\$ 13,946</b>
<b>Operating income margin(a):</b>		
East	2.0%	(0.4)%
Central	18.5%	14.3 %
West	14.7%	13.0 %
South and other	14.7%	16.8 %
<b>Total operating income margin</b>	<b>9.0%</b>	<b>7.2 %</b>

(a) Operating income margin is operating income as a percentage of net revenues.

The following table presents detail of our net revenues (in thousands):

	Three months ended March 31,	
	2016	2015
<b>Revenues:</b>		
Casino	\$ 165,055	\$ 156,617
Room	28,540	25,732
Food and beverage	25,886	25,101
Other	7,217	6,696
<b>Gross revenues</b>	<b>226,698</b>	<b>214,146</b>
Less promotional allowances	(21,545)	(20,765)
<b>Net revenues</b>	<b>\$ 205,153</b>	<b>\$ 193,381</b>

### *Net Revenues*

In the East region, net revenues were \$74.9 million for the three months ended March 31, 2016, an increase of \$6.5 million, or 9.4%, when compared to the three months ended March 31, 2015. Based on published market data, the Atlantic City market experienced year-over-year increases in gross casino win (excluding internet gaming win) of 1.5% in the three months ended March 31, 2016. Customer volumes in the market were boosted by unusually mild weather in the region during the first three months of 2016 as compared to the same period of 2015. Revenues at Tropicana AC, which showed improvement in all categories, increased 8.8% over the first quarter of 2015 impacted by a capital renovation project completed in mid-2015, including hotel room and casino floor renovations, boardwalk facade renovations and the opening of a new fitness

center. Casino revenues increased 9.6% in the three months ended March 31, 2016 as compared to the corresponding prior year period. Slot revenues increased 7.5%, driven by a 3.5% increase in slot handle combined with a 0.4 percentage point increase in the slot hold during the first quarter of 2016 as compared to the first quarter of 2015. Table game revenues increased 12.7% in the first quarter of 2016, due to a 10.5% increase in table game drop, combined with an increase in table game hold, to 16.5% in the three months ended March 31, 2016, compared to 16.2% in the same period of 2015. Internet gaming revenue increased 13.3% in the first quarter of 2016 compared to the first quarter of 2015. The average daily room rate was \$80 and \$81 for the three months ended March 31, 2016 and 2015, respectively. The occupancy rate increased to 74% for the three months ended March 31, 2016 compared to 70% for the three months ended March 31, 2015. Other non-gaming revenues, including food and beverage, entertainment, retail and other, all posted increases in the three months ended March 31, 2016 over the same period of the prior year due to increased customer volumes throughout the property.

In the Central region, net revenues were \$75.4 million for the three months ended March 31, 2016, an increase of \$3.4 million, compared to the three months ended March 31, 2015. As in the East region, mild weather in the Central region, combined with relatively low fuel prices may have contributed to higher customer visitation levels during the first quarter of 2016 as compared to the first quarter of 2015. In the downtown St. Louis region, where Lumiere Place is located, results in the first quarter of 2015 were impacted by civil unrest in the region. At Lumiere Place, aggressive marketing efforts in the first quarter of 2016 aimed at increasing customer volumes contributed to a 9.7% increase in table games drop over the first quarter of 2015; when combined with a more favorable table games hold and increased slot volumes, this resulted in a 3.0% year over year increase in casino revenues. At Tropicana Evansville, casino revenues increased 8.4% in the first quarter of 2016 over the first quarter of 2015, driven by a 20.6% increase in table games drop combined with a 4.3 percentage point increase in table games hold. In addition, slot volumes increased 4.4% in Evansville, leading to increased slot revenue for the three months ended March 31, 2016 over the same period of 2015. The occupancy rate for each of the three months ended March 31, 2016 and 2015 in the Central region was 75%. The average daily room rate in the Central region was \$126 for both the three months ended March 31, 2016, and the three months ended March 31, 2015.

In the West region, net revenues were \$28.2 million for the three months ended March 31, 2016, an increase of 6.3%, compared to the three months ended March 31, 2015. The increase was driven by significantly improved results at MontBleu, where a hotel room and public area renovation project was completed in late 2015, partially offset by lower net revenues at Tropicana Laughlin. At MontBleu, total casino revenues for the first quarter of 2016 increased 16.7% over the same period of 2015, driven by a 7.5% increase in table volume combined with a 6.0 percentage point increase in table hold, which resulted in a 44.6% increase in table revenue. In addition, slot revenue at MontBleu increased 7.2% over the first quarter of 2015, and hotel revenue increased significantly as a result of the completion of the room renovation project; total net revenue at MontBleu increased 26.7% in the first quarter of 2016 compared to the same period of 2015. At Tropicana Laughlin, table game revenues for the first three months of 2016 increased 14.0% over the prior year period as a result of a 2.6 percentage point increase in table game hold, while table game volumes were relatively flat in comparison. However, slot revenues at Tropicana Laughlin declined 6.2% in the first three months of 2016 compared to the same period of 2015 due to lower slot volumes. As a result of the decline in casino revenues, net revenues at Tropicana Laughlin decreased 3.5% for the three months ended March 31, 2016 compared to the same period of the prior year. The average daily room rate for the West region was \$51 for the three months ended March 31, 2016 compared to \$42 for the three months ended March 31, 2015. The occupancy rate for the three months ended March 31, 2016 and 2015 at our properties in the West region was 56% and 58%, respectively.

In the South and other region, net revenues were \$26.7 million for the three months ended March 31, 2016, a slight increase over the three months ended March 31, 2015. Although casino revenues at Tropicana Aruba in the first quarter of 2016 increased \$0.3 million over the same period of 2015 as a result of the casino renovation project that was completed in mid-February 2015, total casino revenues in the South and other region declined 1.9% due to lower slot volumes at both the Belle of Baton Rouge and Tropicana Greenville. At the Belle of Baton Rouge, where the local economy has been impacted by lower oil and gas prices which has resulted in layoffs in that industry in southern Louisiana, slot volumes declined 4.0% from the first quarter of 2015 and table game volumes decreased 10.7%. An increase in the table games hold percentage, to 19.2% in the first three months of 2016, compared to 16.7% in the same period of 2015, offset the decline in table volumes at the property, resulting in a 2.7% increase in table game revenues for the first quarter of 2016. At Tropicana Greenville, casino revenues declined 1.6%, due to lower table and slot volumes as compared to the first quarter of 2015. In addition to the improvement in casino revenues at Tropicana Aruba, non-gaming revenues at the property also increased, driven primarily by \$0.8 million in timeshare sales. The hotel occupancy rate at our properties in the South and other region was 72% and 75% for the three months ended March 31, 2016 and 2015, respectively, while the average daily room rate for the South and other region was \$92 and \$91 for the three months ended March 31, 2016 and 2015, respectively.



### *Operating Income*

In the East region, the operating income for the three months ended March 31, 2016 was \$1.5 million, compared to an operating loss of \$0.3 million for the three months ended March 31, 2015. The increase in operating income at Tropicana AC for the three months ended March 31, 2016 over the prior year period was driven by the improvement in net revenues, partially offset by higher operating expenses, primarily advertising and promotional expenses associated with the increased revenue, and higher depreciation expense resulting from the capital improvements that were completed in 2015.

In the Central region, the operating income for the three months ended March 31, 2016 was \$13.9 million, a \$3.6 million increase compared to the three months ended March 31, 2015, driven primarily by the increase in net revenues at both Lumiere Place and Tropicana Evansville, as previously discussed. In addition, depreciation expense in the Central region for the first quarter of 2016 declined \$0.3 million from the same period of 2015, contributing to the improvement in operating income.

In the West region, the operating income for the three months ended March 31, 2016 was \$4.1 million, a \$0.7 million increase compared to the three months ended March 31, 2015. The improvement in operating income in the West region was driven by the increase in net revenues, as discussed previously, partially offset by increased depreciation expense resulting from the capital improvements at MontBleu in 2015.

In the South and other region operating income for the three months ended March 31, 2016 was \$3.9 million, a \$0.5 million decrease compared to the three months ended March 31, 2015. This decrease resulted from increased promotional expenses at the Belle of Baton Rouge in an effort to drive customer visits, combined with higher operating expenses at Tropicana Aruba to support the higher levels of revenue.

Corporate expenses were \$4.9 million for the three months ended March 31, 2016, a \$0.9 million increase from the three months ended March 31, 2015, driven in part by increased legal and consulting fees for various matters, including the formation of TEI Management Services and the resolution of certain bankruptcy-related matters.

### *Interest Expense*

Interest expense for the three months ended March 31, 2016 and 2015 was \$3.2 million and \$2.9 million, respectively. The interest expense for the three months ended March 31, 2016 increased compared to the prior year period primarily due to a higher amount of interest capitalized in 2015 related to ongoing construction projects. Interest on our New Term Loan Facility accrues at a floating rate, which was 4.0% per annum as of March 31, 2016. Cash paid for interest, net of interest capitalized, was \$3.0 million and \$2.8 million for the three months ended March 31, 2016 and 2015, respectively, reflecting a variance related to the higher capitalization of interest in 2015. Interest expense also includes approximately \$0.3 million of amortization of debt issuance costs and discounts for each of the three months ended March 31, 2016 and 2015, respectively.

### *Income Taxes*

Income tax expense was \$6.2 million and \$4.6 million for the three months ended March 31, 2016 and 2015, respectively, and the Company's effective income tax rates were 40.0% and 40.9%, respectively. The difference between the federal statutory rate of 35% and the effective tax rates for the three months ended March 31, 2016 and March 31, 2015 was primarily due to disallowed foreign losses, state income taxes (net of federal benefit), and other permanent differences.

## **Liquidity and Capital Resources**

Our cash flows are and will continue to be affected by a variety of factors, many of which are outside of our control, including regulatory restrictions, competition, financial markets and other general business conditions. We believe that we will have sufficient liquidity through available cash, credit facilities and cash flow from our properties to fund our cash requirements and capital expenditures for our normal operating activities for at least twelve months. However, we cannot provide assurance that we will generate sufficient income and liquidity to meet all of our liquidity requirements and other obligations as our results for future periods are subject to numerous uncertainties that may result in liquidity problems that could affect our ability to meet our obligations while attempting to



meet competitive pressures or adverse economic conditions. In addition, we continually evaluate our financing needs and we may refinance all or a portion of our indebtedness on or before maturity. Liquidity may be impacted if additional stock repurchases are made under the stock repurchase program noted below (the "Stock Repurchase Program").

Part of our overall strategy includes consideration of expansion opportunities in new gaming jurisdictions, underserved markets and acquisition and other strategic opportunities that may arise periodically. We may require additional funds in order to execute on such strategic growth, and we may incur additional debt or issue additional equity to finance any such transactions. We cannot assure that we will be able to incur such debt or issue any such additional equity on acceptable terms or at all.

Our material cash requirements for our existing properties for 2016 are expected to include (i) principal and interest payments related to our New Term Loan Facility of \$3.0 million and \$11.9 million, respectively, (ii) maintenance capital expenditures expected to be approximately \$46 million, (iii) growth capital expenditures expected to be approximately \$35 million, (iv) expenditures related to the Company's \$50 million commitment to develop a landside gaming facility at Tropicana Evansville, estimated to be approximately \$25 million in 2016, and (v) minimum lease payments under our operating leases of approximately \$9.9 million. Except for the commitment to spend \$50 million of capital renovation at Tropicana Evansville required by the Sixth Amendment, the majority of our planned capital expenditures are discretionary and we may decide to spend more or less than the amounts described above.

The following table summarizes our cash flows (in thousands):

	Three months ended March 31,	
	2016	2015
<b>Cash Flow Information:</b>		
Net cash provided by operating activities	\$ 23,101	\$ 15,903
Net cash used in investing activities	(17,382)	(26,648)
Net cash provided by financing activities	3,271	948
Net increase (decrease) in cash and cash equivalents	\$ 8,990	\$ (9,797)

During the three months ended March 31, 2016, our operating activities provided \$23.1 million in cash. Cash paid for interest, net of interest capitalized, was \$3.0 million and \$2.8 million for the three months ended March 31, 2016 and 2015, respectively. This variance primarily relates to the capitalization of interest in 2015. Net cash provided by operating activities for the three months ended March 31, 2016 increased over the prior year period due to increased revenues and operating income.

During the three months ended March 31, 2016, our investing activities used \$17.4 million in cash. Net cash used in investing activities primarily consisted of \$16.0 million for capital expenditures, partially offset by \$1.9 million of Approved CRDA Project Fund reimbursements received and proceeds from the cancellation of the Ruby Seven preferred stock. Net cash used in investing activities during the three months ended March 31, 2015 consisted primarily of \$26.0 million for capital expenditures. Capital expenditures relate to expenditures necessary to keep our existing properties at their current levels and are typically replacement items due to the normal wear and tear of our properties and equipment as a result of use and age.

During the three months ended March 31, 2016, our financing activities provided \$3.3 million in cash. Net cash provided by financing activities for the three months ended March 31, 2016 primarily consisted of the proceeds of amounts previously classified as restricted cash for certain bankruptcy-related professional fee liabilities, offset by principal payments on the New Term Loan Facility and the buy back of the Company's common stock under the Stock Repurchase Program, as further described below. Net cash provided by financing activities for the three months ended March 31, 2015 primarily consisted of amounts previously classified as restricted cash offset by principal payments on the New Term Loan Facility.

#### *New Credit Facilities*

On November 27, 2013, we entered into (i) a senior secured first lien term loan facility in an aggregate principal amount of \$300 million, issued at a discount of 0.5% (the "New Term Loan Facility") and (ii) a senior secured first lien revolving credit facility in an aggregate principal amount of \$15 million (the "Revolving Facility" and, together with the New Term Loan Facility, the "New Credit Facilities"). Commencing on December 31, 2013, the New Term Loan Facility is amortized in equal quarterly installments of \$750,000, with any remaining balance payable on the final maturity date of the New Term Loan Facility, which is November 27, 2020. Amounts under the Revolving Facility are available to be borrowed and re-borrowed until its termination on November 27, 2018.

Approximately \$172.4 million of the net proceeds from the New Credit Facilities were used to repay in full the principal amounts outstanding under our then existing Credit Facilities. The Credit Facilities were terminated effective as of November 27, 2013. A portion of the proceeds from the New Credit Facilities was used to finance our acquisition of Lumière Place in April 2014.

The New Term Loan Facility accrues interest, at our option, at a per annum rate equal to either (i) the LIBO Rate (as defined in the Credit Agreement) (subject to a 1.00% floor) plus an applicable margin equal to 3.00%, or (ii) the alternate base rate (as defined in the Credit Agreement) (subject to a 2.00% floor) plus an applicable margin equal to 2.00%; such that in either case, the applicable interest

rate shall not be less than 4.0%. The Revolving Facility accrues interest, at our option, at a per annum rate equal to either (i) the LIBO Rate plus an applicable margin ranging from 2.00% (if the total net leverage ratio is less than 2.50:1.00) to 2.50% (if the total net leverage ratio is greater than or equal to 3.00:1.00); or (ii) the alternate base rate plus an applicable margin ranging from 1.00% (if the total net leverage ratio is less than 2.50:1.00) to 1.50% (if the total net

leverage ratio is greater than or equal to 3.00:1.00). The interest rate increases by 2.00% following certain defaults. As of March 31, 2016, the interest rate on the New Term Loan Facility was 4.0% and no amounts were outstanding under the Revolving Facility.

At our election and subject to certain conditions, including a maximum senior secured net leverage ratio of 3.25:1.00, the amount available under the New Credit Facilities may be increased, which increased amount may be comprised of additional term loans and revolving loans.

The New Term Loan Facility may be prepaid at our option at any time without penalty (other than customary LIBO Rate breakage fees). We are required to make mandatory payments of the New Credit Facilities with (i) net cash proceeds of certain asset sales (subject to reinvestment rights), (ii) net cash proceeds from certain issuances of debt and equity (with certain exceptions), (iii) up to 50% of annual excess cash flow (as low as 0% if our total leverage ratio is below 2.75:1.00), and (iv) certain casualty proceeds and condemnation awards (subject to reinvestment rights).

Our interest expense for the three months ended March 31, 2016 and 2015 was \$3.2 million and \$2.9 million, respectively, which includes \$0.3 million of amortization of the related debt discounts and debt issuance costs for each of the three months ended March 31, 2016 and 2015.

#### *Stock Repurchase Program*

On July 31, 2015 our Board of Directors authorized the repurchase of up to \$50 million of our outstanding common stock with no set expiration date. The Stock Repurchase Program will end upon the earlier of the date on which the plan is terminated by the Board of Directors or when all authorized repurchases are completed. The timing and amount of stock repurchases, if any, will be determined based upon our evaluation of market conditions and other factors. The Stock Repurchase Program may be suspended, modified or discontinued at any time and we have no obligation to repurchase any amount of our common stock under the Stock Repurchase Program.

During March 2016, we repurchased 221,578 shares of our stock under the Stock Repurchase Program. The repurchased shares were subsequently retired.

#### **Off-Balance Sheet Arrangements**

We do not have any off-balance sheet arrangements as defined in Item 303(a)(4)(ii) of SEC Regulation S-K.

#### **Critical Accounting Policies**

There have been no material changes to our critical accounting policies during the three months ended March 31, 2016 compared to those reported in our Annual Report on Form 10-K for the year ended December 31, 2015.

#### **ITEM 3. QUANTITATIVE AND QUALITATIVE DISCLOSURES ABOUT MARKET RISK.**

Market risk is the risk of loss arising from adverse changes in market rates and prices, such as interest rates, foreign currency exchange rates and commodity prices. Our primary exposure to market risk is interest rate risk associated with our New Term Loan Facility that bears interest based on floating rates. Based on our borrowings as of March 31, 2016, assuming a 1% increase over the 4.0% minimum interest rate specified in our New Term Loan Facility, our annual interest cost would increase by approximately \$2.9 million.

## **ITEM 4. CONTROLS AND PROCEDURES.**

### **Disclosure Controls and Procedures**

Our Chief Executive Officer (principal executive officer) and Executive Vice President, Chief Financial Officer (principal financial officer) have concluded that the design and operation of our disclosure controls and procedures (as defined in Rules 13a-15(e) and 15d-15(e) of the Exchange Act) are effective as of March 31, 2016. This conclusion is based on an evaluation conducted under the supervision and with the participation of our management, including the principal executive officer and principal financial officer. Disclosure controls and procedures include, without limitation, controls and procedures which ensure that information required to be disclosed in the reports that we file or submit under the Securities Exchange Act of 1934 is accumulated and communicated to management and is recorded, processed, summarized and reported within the time periods specified in the Securities and Exchange Commission's rules and forms.

### **Changes in Internal Control Over Financial Reporting**

During the quarter ended March 31, 2016, there were no changes in our internal control over financial reporting that have materially affected, or are reasonably likely to materially affect, our internal control over financial reporting.

## PART II—OTHER INFORMATION

### ITEM 1. LEGAL PROCEEDINGS.

For a description of our previously reported legal proceedings, refer to "Item 3-Legal Proceedings" in our Annual Report on Form 10-K for the year ended December 31, 2015. There have been no material developments with respect to the legal proceedings described in our Annual Report on Form 10-K for the year ended December 31, 2015, except as discussed in Note 13 - *Commitments and Contingencies* in the Notes to Condensed Consolidated Financial Statements.

### ITEM 1A. RISK FACTORS.

"Item 1A.—Risk Factors" of our Annual Report on Form 10-K for the year ended December 31, 2015 includes a discussion of our risk factors. There have been no material changes to our risk factors during the three months ended March 31, 2016 as compared to those risk factors described in our Annual Report on Form 10-K for the year ended December 31, 2015. The risks described in our Annual Report on Form 10-K are not the only risks we face. Additional risks and uncertainties not currently known to us or that we currently deem to be immaterial also may materially adversely affect our business, financial condition or future results.

### ITEM 2. PURCHASE OF EQUITY SECURITIES BY ISSUER AND AFFILIATED PURCHASERS

This table provides information with respect to purchases by the Company of shares of its Common Stock on the open market as part of the Stock Repurchase Program during the quarter ended March 31, 2016:

Period	Number of Shares Repurchased	Average Price Paid Per Share	Total Number of Shares Purchased As Part of Publicly Announced Plans or Programs (1)	Approximate Dollar Value of Shares that May Yet Be Purchased Under the Plan (in thousands)
January 1, 2016 through January 31, 2016	—	—	—	—
February 1, 2016 through February 29, 2016	—	—	—	—
March 1, 2016 through March 31, 2016	221,578	\$16.00	221,578	\$ 46,455

(1) On July 31, 2015 our Board of Directors authorized the repurchase of up to \$50 million of our outstanding common stock with no set expiration date. The Stock Repurchase Program will end upon the earlier of the date on which the plan is terminated by the Board of Directors or when all authorized repurchases are completed.

**ITEM 6. EXHIBITS.**

(a) Exhibits

<b>Exhibit Number</b>	<b>Exhibit Description</b>
2.1	First Amended Joint Plan of Reorganization of Tropicana Entertainment, LLC and Certain of its Debtor Affiliates Under Chapter 11 of the Bankruptcy Code. (Incorporated by reference to the Company's Amendment No. 1 to Form 10 dated December 21, 2009)
2.2	Amended and Restated Purchase Agreement, dated as of November 20, 2009, among Adamar of New Jersey, Inc., Manchester Mall, Inc., the Honorable Gary S. Stein, Tropicana Entertainment, LLC, Ramada New Jersey Holdings Corporation, Atlantic-Deauville, Inc., Adamar Garage Corporation, Ramada New Jersey, Inc., Credit Suisse, Tropicana Entertainment Inc., Tropicana Atlantic City Corp., and Tropicana AC Sub Corp. (Schedules omitted pursuant to Item 601(b)(2) of Regulation S-K; the Registrant will furnish supplementally a copy of the omitted schedules to the Commission upon request.) (Incorporated by reference to the Company's Amendment No. 1 to Form 10 dated December 21, 2009)
3.1	Amended and Restated Certificate of Incorporation of Tropicana Entertainment Inc. (Incorporated by reference to the Company's Current Report on Form 8-K dated March 11, 2010)
3.2	Second Amended and Restated Bylaws of Tropicana Entertainment Inc. (Incorporated by reference to the Company's Current Report on Form 8-K dated January 7, 2011)
4.1	Specimen Certificate for shares of Common Stock, par value \$0.01 per share, of the Registrant. (Incorporated by reference to the Company's Post-Effective Amendment No. 1 to Form 10 dated January 25, 2010)
4.2	Form of Stock Purchase Warrant issued to general unsecured creditors of the Predecessors. (Incorporated by reference to the Company's Amendment No. 1 to Form 10 dated December 21, 2009)
4.3	Form of Stock Purchase Warrant issued to lenders under the Exit Facility. (Incorporated by reference to the Company's Current Report on Form 8-K dated March 11, 2010)
10.1*	Management Services Agreement dated as of March 1, 2016 by and between TEI Management Services LLC, IEH Investments I, LLC and Trump Taj Mahal Associates, LLC †
10.2*	Tropicana Entertainment Inc. Severance Pay Plan, effective as of January 1, 2016
31.1*	Certification by Principal Executive Officer pursuant to Exchange Act Rule 13a-14(a), as adopted pursuant to Section 302 of the Sarbanes-Oxley Act of 2002
31.2*	Certification by Principal Financial Officer pursuant to Exchange Act Rule 13a-14(a), as adopted pursuant to Section 302 of the Sarbanes-Oxley Act of 2002
32**	Certification by Principal Executive Officer and Principal Financial Officer pursuant to 18 U.S.C. Section 1350, as adopted pursuant to Section 906 of the Sarbanes-Oxley Act of 2002
101.IN*	XBRL Instance Document
101.SCH*	XBRL Taxonomy Extension Schema Document
101.CAL*	XBRL Taxonomy Extension Calculation Linkbase Document
101.LAB*	XBRL Taxonomy Extension Label Linkbase Document
101.PRE*	XBRL Taxonomy Extension Presentation Linkbase Document
101.DEF*	XBRL Taxonomy Extension Definition

† Confidential Treatment has been requested as to portions of the exhibit. Confidential materials omitted and filed separately with the Securities and Exchange Commission.

\* Filed herewith

\*\* This exhibit is furnished and not filed or a part of a registration statement or prospectus for purposes of Sections 11 or 12 of the Securities Act of 1933, as amended, is deemed not filed for the purposes of Section 18 of the Securities Exchange Act of 1934, as amended, and otherwise is not subject to liability under these sections.



## SIGNATURES

Pursuant to the requirements of the Securities Exchange Act of 1934, the registrant has duly caused this report to be signed on its behalf by the undersigned, thereunto duly authorized.

Date: May 3, 2016

TROPICANA ENTERTAINMENT INC.

By: /s/ THERESA GLEBOCKI

Name: Theresa Glebocki

Title: *Executive Vice President, Chief Financial Officer and Treasurer (Principal Financial Officer)*

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**MANAGEMENT AGREEMENT**

**BY AND BETWEEN**

**TRUMP TAJ MAHAL ASSOCIATES, LLC**

**AND**

**TEI MANAGEMENT SERVICES LLC**

**AND**

**IEH INVESTMENTS I, LLC**

**DATED AS OF MARCH 1, 2016**

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## **MANAGEMENT AGREEMENT**

**THIS MANAGEMENT AGREEMENT** (this “**Agreement**”) is made and entered into as of March 1, 2016 by and between Trump Taj Mahal Associates, LLC (“**TTMA**”), a New Jersey limited liability company (the “**Owner**”), TEI MANAGEMENT SERVICES LLC, a Delaware limited liability company (the “**Manager**”) and IEH Investments I, LLC (the “**Guarantor**” and, collectively with Owner, and Manager the “**Parties**” or each individually, a “**Party**”).

### **WITNESSETH:**

**WHEREAS**, Guarantor is in the process of acquiring ownership of Trump Entertainment Resorts, Inc. (“**TER**”);

**WHEREAS**, Owner and Trump Plaza Associates, LLC (“**TPA**”) are indirect, wholly owned subsidiaries of TER;

**WHEREAS**, Owner owns and operates that certain casino-hotel complex known as the Taj Mahal Casino Hotel located in Atlantic City, New Jersey (the “**Taj Mahal**”);

**WHEREAS**, TPA is the owner of the former casino-hotel complex known as the Trump Plaza Casino Hotel located in Atlantic City, New Jersey (the “**Plaza Property**”);

**WHEREAS**, Manager, through certain of its Affiliates (as defined herein), has experience in gaming, casino, and hotel operations and management and the ability to manage and assist with the operation of the Taj Mahal on behalf of Owner and to provide consultation and recommendations to Owner with respect to the Plaza Property;

**WHEREAS**, Owner desires for Manager to manage and assist with the operation of the Taj Mahal;

**WHEREAS**, Owner desires for Manager to provide consultation and recommendations to Owner with respect to the Plaza Property;

**WHEREAS**, Manager is willing to manage and assist with the operation of the Taj Mahal on behalf of Owner and to provide consultation and recommendations to Owner with respect to the Plaza Property, all in accordance with the terms and pursuant to the conditions set forth in this Agreement; and

**WHEREAS**, the Parties desire, effective upon the closing of the acquisition of the TER by Guarantor and the receipt of all Regulatory Approvals, as defined herein, to enter into this Agreement for the complete management of all casino space and related facilities, amenities, services and properties associated with Taj Mahal,



all in accordance with the terms of this Agreement and for such a duration as to assure reasonable continuity, stability and independence in the management of the casino gaming operations of Taj Mahal.

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**NOW, THEREFORE**, in consideration of the foregoing recitals and of the mutual promises, representations, warranties, understandings, undertakings and covenants herein contained, and intending to be legally bound thereby, the Parties hereby covenant and agree as follows:

**ARTICLE 1  
DEFINED TERMS**

In addition to the terms defined elsewhere in this Agreement, the following terms shall have the respective meanings specified below:

1.01 “Act” shall mean the New Jersey Casino Control Act, N.J.S.A 5:12-1 et seq., as the same may be amended from time to time.

1.02 “Affiliate” shall mean, with respect to any specified Person, any other Person (as defined herein) directly or indirectly controlling or controlled by or under direct or indirect common control with, or any general partner or managing member in, such specified Person. An Affiliate of a Person includes, without limitation, (i) any officer or director of such Person; (ii) any record or beneficial owner of more than 10% of any class of ownership interests of such Person; and (iii) any Affiliate of the foregoing. For the purposes of this definition, “control” when used with respect to any specified Person means the power to direct the management and policies of such Person, directly or indirectly, whether through the ownership of voting securities or other beneficial interest, by contract or otherwise; and the terms “controlling” and “controlled” have the meanings correlative to the foregoing.

1.03 “Applicable Laws” shall mean all applicable laws, statutes, regulations, codes, bylaws, ordinances, treaties, orders, judgments, decrees, directives, rules, guidelines, policies and other requirements of any Governmental Authority (as defined herein).

1.04 “Approved Budget” shall have the meaning set forth in Section 6.01(a).

1.05 “Approved Operating Plan” shall have the meaning set forth in Section 6.01(a).

1.06 “Base Management Fee” shall have the meaning set forth in Section 7.01(a).

1.07 “Business Day” shall mean any day other than a Saturday, Sunday or any other day on which national banks in New York, New York, or Atlantic City, New Jersey are not open for business.

1.08 “Capital Improvements” shall mean any addition or other improvements to the Taj Mahal, and any furnishing and equipping of the same, the cost of which is capitalized and depreciated in accordance with GAAP (as defined herein).

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1.09 “Capital Replacements” shall mean any alteration, rebuilding, improvement, or renovation of the Taj Mahal, and any furnishing and equipping of the same, the cost of which is capitalized and depreciated in accordance with GAAP.

1.10 “Casino” shall mean the Taj Mahal and/or the Casino Business (as defined herein), as applicable.

1.11 “Casino Business” shall mean all business activities at or relating to the Casino, including, without limitation, (a) the conduct of all Gaming (as defined herein) activities, (b) the operation of the hotel (including without limitation, food service, room reservations and booking, related maintenance and storage activities, parking operations, food & beverage outlets, retail outlets and entertainment facilities which are operated directly by Owner or operated by others under lease or contract, and (c) Gaming functions including cage and count room operations, security, and day-to-day management of surveillance and internal audit functions (subject to the requirements of the Act and Owner’s Audit Committee (see Section 8.07) supervision), and (d) administrative functions (including but not limited to marketing, advertising, purchasing, facilities, finance, human resources, information technology, entertainment, convention and group sales and risk management).

1.12 “Casino License” shall mean the license and casino hotel alcoholic beverage license the Owner holds in order to own and operate the Taj Mahal.

1.13 “Casino Service Industry Enterprise License” shall mean, in accordance with N.J.S.A. 5:12-82(c)(7) and N.J.S.A. 5:12-92(a), the license issued to Manager by the applicable Gaming Authorities, and/or the issuance of any transactional waiver deemed necessary by the Gaming Authorities to the Owner and Manager pending the issuance of the Casino Service Industry Enterprise License to the Manager, that enables Manager to perform the services under this Agreement.

1.14 “Certified Financial Statements” shall have the meaning set forth in Section 4.03.

1.15 “Change of Control” shall mean an event or series of events occurring after the date hereof by which any Person (other than Owner, or any Affiliate of Owner other than the Manager) becomes the direct or indirect beneficial owner of a majority of the membership or other voting equity interests of Owner.

1.16 “Commencement Date” shall mean the date upon which TER is acquired by the Guarantor, and all other conditions of this Agreement, including Regulatory Approvals, are met.

1.17 “Commission” shall mean the New Jersey Casino Control Commission.

1.18 “Condemning Authority” shall have the meaning set forth in Section 11.01.

1.19 “Confidential Information” shall have the meaning set forth in Section 18.02(c).

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1.20 “Customer Data Base” shall mean all data and information related to Persons that visit the Casino or activities by Persons at the Casino.

1.21 “Disclosing Party” shall have the meaning set forth in Section 18.02(a).

1.22 “Division” shall mean the New Jersey Division of Gaming Enforcement.

1.23 “EBITDAM” shall mean, for each fiscal year during the Initial Term (as defined herein) or the Renewal Term (as defined herein), including any fiscal year prorated in accordance with Section 7.02(a), earnings before interest, taxes, depreciation, amortization and Management Fees (as defined herein) related to the Casino and the Casino Business. For the purpose of calculating EBITDAM, the effects of any non-recurring items, including, but not limited to tax credits related to prior tax years (including any real estate tax credits), shall be excluded from each year’s calculation of EBITDAM. EBITDAM shall be computed without regard to “extraordinary items” of gain or loss as that term shall be defined by GAAP (as defined herein).

1.24 “FF&E” shall mean all furniture, fixtures and equipment required or customary (now or in the future) for the proper and efficient operation of the Casino. FF&E shall not include Operating Supplies or Inventories, as both terms are defined herein.

1.25 “GAAP” shall mean the generally accepted accounting principles set forth in the opinions and pronouncements of the Accounting Principles Board and the American Institute of Certified Public Accountants and statements and pronouncements of the Financial Accounting Standards Board (or agencies with similar functions of comparable stature and authority within the accounting profession) (as modified by the Uniform System of Accounts), or in such other statements by such entity as may be in general use by significant segments of the U.S. accounting profession, to the extent such principles are applicable to the facts and circumstances on the date of determination.

1.26 “Gaming” shall mean table game operations (including, but not limited to, blackjack, baccarat, roulette, craps, mini-baccarat, pai gow, poker and pai gow poker), coin-operated machines or slot machines, casino simulcasting, Internet Gaming (as defined herein), and any other casino-type games or other gaming approved for operation at or related to the Casino under Owner’s Casino License, Owner’s Operation Certificate (as defined herein), or Internet Gaming Permit (as defined herein) during the Term (as defined herein) of this Agreement.

1.27 “Gaming Authority” or “Gaming Authorities” shall mean those federal, state, local and other governmental, regulatory and administrative authorities, instrumentalities, agencies, commissions, boards, bodies and officials responsible for or involved in the regulation of gaming or gaming activities or the ownership of an interest in any Person that conducts gaming in any jurisdiction and, within the State of New Jersey, specifically, the Commission and the Division.



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1.28 “Gaming Equipment” shall have the meaning as set forth in N.J.S.A. 5:12-23 and N.J.S.A. 5:12-100.

1.29 “Gaming Laws” shall mean all applicable constitutions, treaties, laws and statutes (including, the Act) pursuant to which any Gaming Authority possesses regulatory, licensing or permitting authority over the Casino Business or activities of the Manager or any of its subsidiaries in any jurisdiction, and all rules, rulings, orders, ordinances and regulations of any Gaming Authority applicable to the gambling, casino, gaming businesses or casino or casino-related activities of Manager, as in effect from time to time, including the policies, interpretations and administration thereof by the Gaming Authorities.

1.30 “Gaming Licenses” shall mean the Casino License, the Internet Gaming Permit (as defined herein), the Casino Service Industry Enterprise License and any other license, permit or other authorization required to conduct, or obtained or held in connection with the conduct of, Gaming that is granted or issued to Owner or Manager by the applicable Gaming Authorities, including any transactional waiver granted or issued by the applicable Gaming Authorities.

1.31 “Governmental Authority” shall mean any governmental authority including any ministry, department, agency, entity or other body exercising executive, legislative, regulatory or administrative functions of government, including a Gaming Authority.

1.32 “Gross Gaming Revenues” shall mean the net win from Gaming activities, which is the difference between gaming wins and losses.

1.33 “Gross Revenues” shall mean for any period all revenues, receipts and income of every kind received or accrued, directly or indirectly, from the operation of the Casino (or any portion thereof), calculated on an accrual basis and determined in accordance with GAAP, including, without limitation, the following: (a) Gross Gaming Revenue; (b) all revenues derived from (i) hotel room sales, (ii) the sale of all meeting and catering services, (iii) rental of meeting areas and other Casino facilities, (iv) the sale of food and beverages, (v) sales of tickets, merchandise and other revenues in connection with entertainment events, (v) charges for closed-circuit television or other audio-visual services, (vi) sales of sundries and merchandise, (vii) parking fees, (viii) video game revenues, and (ix) revenues from all other goods and services provided at the Casino; (c) revenues from the operation of any vending machines, to the extent payable to Owner or Manager on behalf of Owner (rather than the gross revenues of such vending machines); and (d) rents and license fees from any manager, sub-manager, concessionaire, licensee or other Person, to the extent payable to Owner or to Manager on behalf of Owner (rather than gross revenues of such Persons). Gross Revenues shall not include: (i) any gratuities received by or payable to Casino employees; (ii) gaming taxes, excise, sales, value added, use or occupancy taxes or charges imposed by Governmental Authorities that are collected directly from patrons or guests; (iii) condemnation awards, proceeds from sales in lieu of condemnation, casualty insurance proceeds and



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similar extraordinary receipts (other than business interruption proceeds and any other portion of such awards or receipts representing compensation for loss of items of Gross Revenues); (iv) proceeds from the sale, financing or refinancing of the Casino (or any portion thereof) or FF&E made in the ordinary course of replacement of such items; (v) security deposits or other amounts received by Owner or by Manager from third parties to compensate for damage to the Casino; (vi) rebates, refunds, discounts or credits received in the course of obtaining Gross Revenues; (vii) room reservation and other advance deposits not yet credited to room rental; (viii) any funds provided by Owner to Manager; and (ix) interest, if any, on all bank accounts related to the Casino.

1.34 “Guarantor” shall have the meaning set forth in the Preamble.

1.35 “Guaranty” shall have the meaning set forth in Section 7.02(c).

1.36 “Home Office Employees” shall mean certain employees of the Manager or its Affiliates other than Owner who are engaged by and through the corporate headquarters of the Manager or its Affiliates other than Owner and not working directly for the Casino on a full-time, part-time or temporary basis.

1.37 “Impositions” shall mean all taxes (including all ad valorem, sales (including those imposed on lease rentals)), use, single business, gross receipts, value added, intangible transaction, privilege or license or similar taxes), governmental assessments (including all assessments for public improvements or benefits, whether or not commenced or completed prior to the date hereof), water, sewer or other rents and charges, excises, levies, fees (including license, permit, inspection, authorization and similar fees), and all other governmental charges, in each case whether general or special, ordinary or extraordinary, or foreseen or unforeseen, of every character in respect of the Taj Mahal or Casino Business (including all interest and penalties thereon), which at any time prior to, during or in respect of the term hereof may be assessed or imposed on or in respect of the Casino or Gaming activities at or related to the Casino.

1.38 “Incentive Management Fee” shall have the meaning set forth in Section 7.01(b).

1.39 “Indemnified Parties” shall have the meaning set forth in Section 9.05.

1.40 “Initial Term” shall have the meaning set forth in Section 2.01.

1.41 “Intellectual Property” shall mean any and all of the following which are owned by, issued to, licensed to, or used or held for use by or on behalf of a Party, namely (a) trademarks, service marks, trade names, doing business as names, slogans, logos, trade dress, and other similar designations of source or origin, whether registered, unregistered, together with the goodwill for any of the foregoing; (b) copyrights and copyrighted works, mask works, moral rights or other literary property or authors’ rights, computer programs (whether in source code, object code or other form), and all works of authorship



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whether registered or unregistered; (c) inventions, improvements and technology (whether or not patentable or reduced to practice), patents, letters patent, utility models, industrial rights, patent applications, provisional applications, and patent disclosures; (d) trade secrets and other confidential information, know-how, proprietary processes, products, data, databases, designs, devices, research and development, customer and vendor lists, pricing and cost information, business and marketing plans and proposals, compositions, concepts, tools, formulae, algorithms, models, and methodologies; (e) websites, social media accounts, uniform resource locators (or “URL’s”), and domain names; and (f) all other intangible properties and other proprietary rights, interests and protections, however arising, used or held for use in or otherwise relating to such Party’s business.

1.42 “Interest Rate” shall have the meaning set forth in Section 18.21.

1.43 “Internet Gaming” shall have the meaning set forth in the Act.

1.44 “Internet Gaming Permit” shall mean a permit issued by the Division and held by Owner or its Affiliate other than Manager at the direction or request of Owner, pursuant to which the Casino is entitled to engage in Internet Gaming.

1.45 “Inventory” shall mean “Inventories” as such term is used in the Uniform System of Accounts (as defined herein).

1.46 “Legal Requirements” shall mean, with respect to the Casino, all federal, state, county, municipal and other governmental statutes, laws, rules, orders, regulations, ordinances, judgments, decrees and injunctions of a Governmental Authority, including, but not limited to, requirements affecting the Casino or any part thereof, or the zoning, construction, use, alteration, occupancy or operation thereof, or any part thereof whether now or hereafter enacted and in force, and all permits, licenses and authorizations and regulations relating thereto, and all covenants, agreements, restrictions and encumbrances contained in any instruments, at any time in force affecting the Casino or any part thereof.

1.47 “Licensee” shall have the meaning set forth in Section 12.02(a).

1.48 “Licensing Impairment” shall mean the failure, after notice and a reasonable opportunity to cure (to the extent such cure is then available under applicable law), of any Party or any of its Affiliates other than the other Party to obtain, maintain or satisfy, as applicable, all of the various regulatory approvals and conditions to which Owner, Manager and their respective Affiliates other than each other, and activities are subject. For purposes of clarity, a Licensing Impairment may include any relationship, conduct or determination by a Gaming Authority that may impair the ability of a Person to receive or retain a gaming license, a qualification determination, or a suitability determination in any federal, state, county or municipal jurisdiction.

1.49 “Licensor” shall have the meaning set forth in Section 12.02(a).

1.50 “Losses” shall have the meaning set forth in Section 9.05.



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1.51 “Managed Casino Properties” shall mean all properties and casinos in the United States that are managed by the Manager or its Affiliates, including all such properties and casinos that are owned in whole or in part by the Manager or its Affiliates other than Owner.

1.52 “Management Fees” shall mean the Base Management Fee and the Incentive Management Fee.

1.53 “Manager” shall have the meaning set forth in the Preamble.

1.54 “Manager’s Condemnation Claim” shall have the meaning set forth in Section 11.01.

1.55 “Manager’s Loss” shall have the meaning set forth in Section 10.02.

1.56 “Net Revenue” shall mean Gross Revenues less Promotional Allowances (as defined herein).

1.57 “Operating Expenses” shall mean with respect to any period, the operating costs and expenses incurred by Owner or Manager in operating the Casino computed in accordance with the Uniform System of Accounts and GAAP, including, without limitation, the following: (a) all costs of sales, salaries, wages, fringe benefits, incentives and bonuses, payroll taxes, social security taxes and other employee costs, fringe benefits and other usual and customary incidental employee benefits paid to or for Casino employees and employees involved in Gaming at or related to the Casino; (b) departmental, administrative and general expenses of the Casino and the cost of advertising and business promotion, heat, light and power, routine repairs, maintenance and minor alterations; (c) the cost of Inventories and Operating Supplies (as defined herein) consumed in the operation of the Casino; (d) the cost of routine Capital Improvements as permitted or required under the Casino’s Approved Budget; (e) the cost for Capital Replacements as permitted or required under the Casino’s Approved Budget; (f) the cost of utilities; (g) a reserve, as determined in Manager’s reasonable discretion with Owner’s approval, for uncollectible accounts receivable; (h) the cost of insurance premiums and other related costs and expenses for policies of liability, casualty, business interruption and other insurance maintained by or on behalf of Owner; (i) the cost of any food and beverages sold or consumed at the Casino; (j) advertising, promotion, publicity and public relation expenses in accordance with the marketing plan developed by Manager and approved for implementation by the Owner; (k) the cost of maintaining the books and records of the Casino; (l) expenses incurred in connection with the audit of the financial statements of the Casino as provided in this Agreement; (m) the cost and expense of any attorneys, accountants, auditors or other third parties who perform services authorized or permitted hereunder; (n) the cost and expense of any technical consultants and operational experts engaged for specialized services in connection with any non-routine work authorized by Manager with Owner’s approval; (o) the amount of any paid Impositions; (p) the Management Fees; (q) the Out-of-Pocket Expenses (as defined herein); (r) the cost of contracts for goods and services necessary or advisable in connection with the operation of the Casino; (s) any credit card or

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travel agent commissions that arise from Manager's operation of the Casino; and (t) any other cost or expense reasonably necessary for the proper and efficient operation of the Casino or specifically identified as an Operating Expense in this Agreement.

1.58 "Operating Permits" shall have the meaning set forth in Section 15.02(g).

1.59 "Operating Personnel" shall have the meaning set forth in Section 8.01.

1.60 "Operating Standard" shall mean a standard equal to the standard of operation of Manager's comparable Managed Casino Properties.

1.61 "Operating Supplies" shall mean supply items included within "Property and Equipment" under the Uniform System of Accounts, including, without limitation, linen, china, glassware, silver, uniforms and similar items.

1.62 "Operation Certificate" shall mean the operation certificate issued in accordance with N.J.S.A. 5:12-96(a) by the Division upon a determination by the Director of the Division that the Casino and, if applicable, a simulcasting facility, complies in all respects with the requirements of the Act, and that the Casino and any applicable simulcasting facility are prepared in all respects to receive and entertain the public.

1.63 "Out-of-Pocket Expenses" shall mean the actual and reasonable out-of-pocket expenses of Manager (with no mark-up or profit to Manager) incurred in connection with the operation of the Casino, including, without limitation, reasonable travel expenses (including food and beverage, parking and tolls), document reproduction, printing, promotional materials, postage, courier services, computer system charges, long-distance telephone calls, facsimiles and similar expenses.

1.64 "Owner" shall have the meaning set forth in the Preamble and include any executive committee formed by Owner or TER to oversee the operation of the Taj Mahal and use of the Plaza Property as well as Owner's responsibilities under this Agreement.

1.65 "Owner's Condemnation Claim" shall have the meaning set forth in Section 11.01.

1.66 "Owner's Financial Obligations" shall have the meaning set forth in Section 6.02(a).

1.67 "Owner's Loss" shall have the meaning set forth in Section 10.02.

1.68 "Party" or "Parties" shall have the meaning set forth in the Preamble.

1.69 "Person" shall mean any individual, corporation, partnership, joint venture, limited liability company, estate, trust, unincorporated association, any federal, state, county or municipal government or

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any bureau, department or agency thereof and any fiduciary acting in such capacity on behalf of any of the foregoing.

1.70 “Plaza Property” shall have the meaning set forth in Recitals.

1.71 “Promotional Allowances” shall mean complimentary items and free play given to induce Gaming play as the term is typically applied in the gaming industry and does not include promotional expenses.

1.72 “Proposed Budget” shall have the meaning set forth in Section 6.01(a).

1.73 “Proposed Operating Plan” shall have the meaning set forth in Section 6.01(a).

1.74 “Receiving Party” shall have the meaning set forth in Section 18.02(a).

1.75 “Regulatory Approvals” means all licenses, permits, approvals, consents, authorizations, registrations, findings of suitability, franchises, waivers, exemptions and entitlements (and any modifications thereto or thereof) of, from or issued by any Governmental Authority necessary for the operation, ownership or management of Taj Mahal pursuant to the terms of this Agreement.

1.76 “Renewal Term” shall have the meaning set forth in Section 2.01.

1.77 “Taj Mahal” shall have the meaning set forth in the Recitals.

1.78 “TER” shall have the meaning set forth in the Recitals.

1.79 “Term” shall mean the Initial Term and any Renewal Term, as applicable.

1.80 “TPA” shall have the meaning set forth in the Recitals.

1.81 “TTMA” shall have the meaning set forth in the Preamble.

1.82 “Uniform System of Accounts” shall mean the 11th Revised Edition of the Uniform System of Accounts for the Lodging Industry, 2014, published by the American Hotel and Motel Association of New York City, Inc., as amended or replaced from time to time.

1.83 “Working Capital Funds” shall mean the amount necessary, as reasonably determined by Manager from time to time with Owner’s approval, to cover [\*\*] months of Operating Expenses, as such amount may be increased upon request by Manager and approved by Owner.

## **ARTICLE 2**

### **APPOINTMENT OF MANAGER; TERM; OPTION TO RENEW**

2.01 In accordance with N.J.S.A. 5:12-82(c)(7), Owner hereby appoints and engages Manager, and Manager agrees, to act as Owner’s agent for the supervision, direction and management of Taj Mahal on Owner’s behalf, upon the terms and conditions hereinafter set forth, including but not limited to Owner’s approval rights set forth in Section 3.02 and other sections of this Agreement, for a term of five



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(5) years (“**Initial Term**”) commencing no later than three (3) business days following the receipt of all Regulatory Approvals required to permit commencement of the transactions contemplated by this Agreement. The Parties acknowledge that there may be conditions precedent or subsequent to certain Regulatory Approvals, including, but not limited to, the completion of background investigations of Manager, and the Parties agree in good faith to work together to obtain the Regulatory Approvals and satisfy any conditions associated with any temporary or final Regulatory Approvals. No less than one hundred eighty (180) days prior to the end of the Term, Owner may exercise an option to renew this Agreement for one (1) additional term of five (5) years (“**Renewal Term**”) on the same terms and conditions.

2.02 Manager shall provide written notice to Owner of the Commencement Date of the Term utilizing the form attached hereto as Exhibit A.

**ARTICLE 3  
MANAGEMENT SERVICES**

3.01 **Standards; Authority.**

(a) Manager shall manage and operate the Casino in accordance with this Agreement, including but not limited to Owner’s approval rights set forth in Section 3.03 and other sections of this Agreement, and Owner shall be responsible for all costs associated with the management and operation of the Casino, except as otherwise expressly set forth in this Agreement. Manager shall use commercially reasonable efforts to diligently and efficiently manage, operate, maintain and repair the Casino in accordance with the Approved Budget and Approved Operating Plan and to the Operating Standard and provide all services, amenities and activities that are provided at the Casino as of the Commencement Date and such additional services, amenities and activities as are approved by Owner, subject to Owner performing all of its duties and obligations under this Agreement, including, without limitation, Owner’s contribution of funds as and when required under this Agreement.

(b) Management, marketing and operational services (“**Services**” as further detailed herein) will be provided by Manager through a combination of on-site and off-site management of Taj Mahal utilizing Home Office Employees in connection with the operation of Taj Mahal to the extent (i) any services would otherwise be performed by an employee of the Taj Mahal, (ii) use of such Persons was contemplated in the Approved Budget, and (iii) the use of such Persons is approved by Owner. In such event, the costs and expenses for such personnel shall be allocated to the Casino as an Operating Expense in a fair and equitable manner.

(c) Owner shall provide office space to Manager’s Home Office Employees providing Services on-site at the Taj Mahal as reasonably needed and free of charge and shall permit Manager to designate such office space as its Atlantic City place of business. Owner, in consultation with the

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Manager, will appoint a General Manager to assist Manager with the running of Taj Mahal (the “**General Manager**”). The General Manager, whose salary and benefits will be part of the Operating Expenses, will be an employee of and report to Owner, but will also report to Manager’s President and Chief Executive Officer with respect to the provision of Manager’s services under this Agreement.

(d) All Services will be performed by Manager with the same diligence, care and skill as used in the management, marketing and operation of the Managed Casino Properties, with the objective of maintaining and advancing the position of Taj Mahal as a leisure and gaming destination in the Atlantic City market in accordance with the Operating Standard.

(e) In order for Manager to meet the aforementioned standards and procedures in a professional manner and for Taj Mahal to adhere to applicable Legal Requirements, Owner hereby agrees that, at all times during the Initial Term and the Renewal Term, as applicable, (i) Manager shall have control and authority over the management and operation of Taj Mahal, subject to the terms of this Agreement, including but not limited to Owner’s approval rights, and the Approved Operating Plan and Approved Budget, (ii) Owner will employ the General Manager and other day-to-day management personnel and employees of Taj Mahal, who Manager will direct and act through, but Owner will not interfere in any material way with the day-to-day management or operation of Taj Mahal by Manager; and (iii) Owner will cause Taj Mahal to be furnished, equipped and maintained as necessary to obtain and maintain the Operating Standard and shall provide adequate funding therefor as provided for in this Agreement.

3.02 **Scope of Services.** The Services provided by Manager shall, subject to the requirements of Section 3.03, include, but not be limited to:

- (a) General operational supervision and guidance provided by the Manager and its Home Office Employees, as well as direct supervision of the General Manager in consultation with the Owner;
- (b) Development of a strategic marketing plan for Taj Mahal, including a marketing calendar, a slot marketing strategy, a table game strategy, an entertainment strategy, a possible third party nightclub operator, and arrangements with current or new third party retail and food and beverage outlet operators, all to be proposed to and approved by the Owner prior to implementation;
- (c) Development of an operational and staffing plan focusing on certain operational functions which could be jointly administered and staffed between the Taj Mahal and Managed Casino Properties;
- (d) Inspect and analyze Taj Mahal and make a recommendation for a multi-year capital reinvestment plan that is consistent with the strategic marketing plan and positioning of Taj Mahal and addresses immediate capital needs including, without limitation, rooms currently out of service, signage,



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HVAC and mechanical, electrical and plumbing services, key real estate matters involving surrounding properties, and strategic alternatives in connection with branding and secondary brands currently utilized at Taj Mahal;

- (e) Review, refinement and coordination of marketing, sales and advertising programs and promotional campaigns;
- (f) Access to group purchasing programs and discounts for the benefit of Taj Mahal;
- (g) Management of Operating Personnel, as defined and more fully provided for in ARTICLE 8 below; *provided, however*, that the hiring, termination and compensation of any position identified in Section 3.03(m) below shall be subject to the prior approval of Owner;
- (h) Review and supervision of tenants, leases, licenses and related operations, subject to Section 3.03(d):
  - (i) Supervision of quality control and inspections;
  - (j) Supervision of operating and capital budgeting and the Approved Budget, in addition to long-term strategic planning;
  - (k) Supervision of the selection of games and gaming equipment and the configuration of the gaming floor, with input from Owner on major thematic or design changes, whether or not requiring any adjustment to the Approved Budget;
  - (l) Supervision of operating performance measurements and evaluations;
  - (m) Supervision of legal, insurance placement, claims and other risk management functions;
  - (n) Supervision and review of compliance policies, procedures, internal controls and reporting, including accounting and audit; and
- (o) Generation of the financial reports required by Section 4.02 and Section 4.03 and operating reports compared to the Approved Budget within twenty (20) days of the close of each month and quarter and review of same with Owner.

3.03 **Owner's Approval Rights.** Notwithstanding the generality of the foregoing and anything to the contrary contained herein, any decisions made by Manager with respect to the following matters shall require consultation with, and the prior approval of, Owner:

- (a) commencing any voluntary dissolution, liquidation or winding up of Manager or the business and operations of Taj Mahal or Owner;



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- (b) filing a voluntary petition in bankruptcy, consenting to the entry of an order for relief in a voluntary or involuntary case under any bankruptcy or insolvency laws or to the appointment of, or the taking of any possession by, a receiver, liquidator, assignee, trustee, custodian, sequestrator or other similar agent for Manager or for any substantial part of Manager's assets, making a general assignment for the benefit of Manager's creditors, admitting in writing Manager's or Taj Mahal's inability to pay its debts generally as they become due, or consenting to or acquiescing in the consolidation of the assets and liabilities of Manager in the bankruptcy proceeding of another Person;
- (c) changing the primary nature of the business of Manager or Taj Mahal;
- (d) acquiring any real property or interest therein on behalf of the Owner or Taj Mahal, or entering into, terminating or renewing any lease, sublease or similar contract pursuant to which Owner or is a lessee, sublessee, lessor or sublessor of real property or makes available for use to any third party any portion of Taj Mahal;
- (e) borrowing money for any purpose on behalf of the Owner or Taj Mahal, including, without limitation, any financing and/or refinancing of Taj Mahal, amending or modifying the terms and conditions of any loan obtained for or with respect to Taj Mahal, or voluntarily making a prepayment on any such loan;
- (f) establishing, closing or modifying any bank account on behalf of the Casino Business or creating any security interest in any bank account of the Casino Business other than as directed by Owner;
- (g) making any material amendments or modifications to the Approved Budget;
- (h) incurring any material obligation on behalf of Owner or that is recourse to Owner that is not (i) provided for in the Approved Budget or the Approved Operating Plan (as may be amended or modified in accordance with this Agreement), (ii) otherwise permitted by the terms of this Agreement, or (iii) otherwise made in the ordinary course of the Casino Business;
- (i) commencing any new construction at the Casino, on property owned or leased by the Owner, or otherwise on behalf of the Owner;
- (j) any decision relating to litigation or potential litigation involving the Casino Business, Taj Mahal or Owner, including, without limitation, any decision to institute or settle any legal action or proceeding on behalf of Taj Mahal or Owner, other than settlements in the amount of \$[\*\*] or less or actions or proceedings in the normal course of business which are insured;
- (k) conducting the business of Taj Mahal under a name other than Taj Mahal Casino Hotel;

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- (l) vesting title to any property (real, personal or mixed) owned by or leased to Owner in any Person other than Owner;
  - (m) hiring, termination and compensation of any of the following or any material changes to the tables of organization of Taj Mahal:
    - (i) General Manager, Chief Financial Officer, and any Person with the title of Vice President or above;
    - (ii) Director of Surveillance;
    - (iii) Audit Department Executive;
    - (iv) Information Technology Department Manager;
    - (v) Casino Games Department Manager;
    - (vi) Director of Security;
    - (vii) Controller;
    - (viii) Information Security Officer; and
    - (ix) Equal Opportunity Officer.
  - (n) loaning money to or guaranteeing any agreement or obligation of a third party, in each case only if using funds or assets of the Owner or otherwise on behalf of the Owner;
  - (o) purchasing, leasing or otherwise acquiring assets, properties or rights of any kind or description on behalf of the Owner, other than in the ordinary course of the Casino Business or consistent with the Approved Budget;
  - (p) selling, pledging, mortgaging, leasing, licensing, exchanging, or otherwise transferring or disposing of the Taj Mahal or any material [\*\*] assets or property of Owner, or granting any option for the purchase, lease, license, exchange or other transfer or disposition of Taj Mahal or any material [\*\*] assets or property of Owner, or entering into any agreement with respect to any of the foregoing, other than in the ordinary course of Taj Mahal's business or consistent with the Approved Budget;
  - (q) assigning, transferring, pledging, compromising or releasing any claims of or debts due to Taj Mahal or Owner that are in excess of \$[\*\*];
  - (r) major decisions with respect to the branding, marketing, competitive position of Taj Mahal;
- and

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(s) any other matters requiring the approval of Owner set forth in this Agreement.

3.04 **Manager Not Deemed in Conflict of Interest or Competition**. Owner (which is an Affiliate of Manager) acknowledges and agrees that Manager either operates, owns, manages or is an Affiliate of one or more entities that operate, own or manage Gaming, hospitality and related facilities other than the Casino including facilities in Atlantic City which compete with the Casino. Owner accepts that it is the experience of Manager in operating, owning, or managing Gaming, hospitality and related facilities (including some in Atlantic City) that provides Manager the qualifications that Owner desires Manager to provide for the Casino. Accordingly, Owner does not object to any of the activities of Manager or any of its Affiliates other than Owner in operating, owning, or managing Gaming, hospitality and related facilities (including facilities in Atlantic City) and Owner waives any claims, including, without limitation, conflict of interest, unfair competition, breach of confidentiality obligations (including without limitation those under Section 18.02), that Owner might otherwise have against Manager or its Affiliates other than Owner arising out of their respective activities under this Agreement and/or their operation, ownership, or management of other Gaming, hospitality and related facilities (including facilities in Atlantic City). This section shall survive the expiration or termination of this Agreement.

**ARTICLE 4  
BOOKS AND RECORDS**

4.01 **Maintenance of Books and Records**. Manager shall keep and maintain or shall cause to be kept and maintained in accordance with GAAP, proper and accurate books, records and accounts reflecting all of the financial affairs, and all items of income and expense, relating to the operation of Taj Mahal. Owner shall have the right from time to time at all times during normal business hours, upon reasonable notice, to examine such books, records and accounts at the office of Manager or any other Person maintaining such books, records and accounts and to make such copies or extracts thereof as Owner shall desire. All of the financial books and records of Taj Mahal, including books of account and front office records, shall be the property of Owner; provided, however, that Manager shall be entitled to retain, at its cost, a copy of such books and records. All expenses of Owner, its staff or a certified public accountant or other third party incurred in connection with the keeping of books, records and accounts and the preparation of reports under this Agreement shall be Operating Expenses.

4.02 **Financial Reports**. Manager shall cause to be prepared and delivered to Owner on or before twenty (20) days after the end of each calendar quarter, an operating report, based on information available to Manager, of quarterly and year-to-date operating statements prepared for each calendar quarter noting net revenue and operating expenses (including quarterly and year-to-date capital expenditures), and, upon Owner's request, other information necessary and sufficient to fairly represent the financial condition and results of operations of Taj Mahal during such calendar quarter, and containing

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a comparison of budgeted income and expenses and the actual income and expenses together with a detailed explanation of any variances equaling [\*\*] or more between budgeted and actual amounts for such periods. Manager shall advise Owner regularly of the cash balances held by the Casino Business and anticipated cash needs and ensure that all bank accounts are under the control or direction of Owner.

4.03 **Certified Financial Reports.** Manager shall cause to be prepared and delivered to Owner annually, on or before April 30 of the calendar year following the end of each fiscal year, annual financial statements audited by a certified public accountant acceptable to Owner, in accordance with GAAP, which shall include a certificate of the accountant to the effect that, subject to any qualifications therein, the financial statements fairly present, in conformity with GAAP, the financial condition and results of operations of Taj Mahal for such fiscal year and containing statements of profit and loss for Taj Mahal and a balance sheet (the “**Certified Financial Statements**”). Such Certified Financial Statements shall include, but not be limited to, amounts representing annual net cash flow, net operating income, Gross Revenues and Operating Expenses. The Certified Financial Statements shall be accompanied by (a) a comparison of the budgeted income and expenses and the actual income and expenses for the prior fiscal year, and, (b) if not included in the audited financials referred to above, an unaudited schedule which shall itemize all adjustments made to net operating income to arrive at cash flow deemed material by the certified public accountant.

**ARTICLE 5  
PLAZA PROPERTY**

As additional consideration for the payment of Management Fees (as defined herein), as part of this Agreement, if requested by Owner, Manager shall consult with Owner regarding the potential use, development or redevelopment, demolition or disposition of the Plaza Property and, if requested by Owner, Manager will develop strategic alternatives and make recommendations and proposals to the Owner for the use, development or redevelopment, demolition or disposition of the Plaza Property. If, subsequent thereto, the Owner requests that Manager take a role in supervising TPA in connection with the use, development or redevelopment, demolition or disposition of the Plaza Property, Owner agrees to discuss and negotiate a reasonable and appropriate compensation arrangement with Manager in connection with the supervisory services provided by Manager to Owner and TPA in connection with the Plaza Property.

**ARTICLE 6  
BUDGETING AND FUNDING**

6.01 **Budgets.**

(a) Manager shall prepare and submit to Owner for Owner’s approval within thirty (30) days of the Commencement Date and December 1<sup>st</sup> of each calendar year thereafter a proposed operating budget and capital budget (individually or collectively, the “**Proposed Budget**”). Together with the Proposed Budget, the Manager shall submit to the Owner for the Owner’s approval, an annual plan for the operation of the Casino Business (each such plan is referred to herein as a “**Proposed Operating Plan**”).



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Each Proposed Operating Plan shall consist of: (a) proposed plans for direct sales, direct mail, and media advertising, promotion, public relations and publicity efforts; and (b) proposed maintenance, repairs, Capital Improvements, and Capital Replacements. In the event that Owner does not approve any Proposed Budget or Proposed Operating Plan submitted to it pursuant to this Section 6.01(a) within twenty (20) days of Owner's receipt thereof, Owner shall notify Manager of its failure to approve such Proposed Budget or Proposed Operating Plan and shall set forth the basis on which such approval was denied. Within fifteen (15) days of Manager's receipt of such notice from Owner, Manager shall prepare and submit to Owner a revised Proposed Budget and/or Proposed Operating Plan for approval and, if such revised Proposed Budget and/or Proposed Operating Plan is not approved, the procedure set forth above shall continue until a Proposed Budget and/or Proposed Operating Plan prepared and submitted by Manager to Owner is approved (such Proposed Budget and Proposed Operating Plan approved by the Owner in accordance with the foregoing procedure respectfully referred to herein as the "**Approved Budget**" and the "**Approved Operating Plan**"). Any Approved Budget and Approved Operating Plan shall be the effective Approved Budget and Approved Operating Plan for the period in question. In the event that a Proposed Budget or Proposed Operating Plan is not approved within thirty (30) days of the Commencement Date, or by the commencement of the next calendar year as the case may be, then the Approved Budget and/or Approved Operating Plan in effect as of the Commencement Date, or for the prior year as the case may be, shall remain in effect for the succeeding year, until such time as a new Approved Budget and/or Approved Operating Plan is approved by Owner.

(b) Manager shall utilize commercially reasonable efforts to comply in all material respects with the Approved Budget to the extent that such expenditures are within Manager's reasonable control. Manager shall compare results of operations with the Approved Budget on a monthly basis and, in accordance with Section 4.02, review same with Owner, and make any necessary adjustments to forecasts, in consultation with Owner and as approved by Owner, on a quarterly basis or at any other time as may be necessary pursuant to Section 3.03 for matters requiring Owner's prior approval.

(c) Either the Manager or the Owner may submit revisions in the Approved Budget, and/or Approved Operating Plan from time to time, as necessary, to reflect any unpredicted significant changes, variables or events or to include significant, additional, unanticipated items of income or expense, provided, that any revisions proposed by the Manager shall be effective only upon the Owner's prior written approval, which shall not be unreasonably withheld or denied. Notwithstanding the above, the Manager shall have the right to reallocate line items in the Approved Budget (not to exceed [\*\*] per line item for any line item of [\*\*] or greater), provided, that there is no aggregate change in the Approved Budget.

## 6.02 Expenses.

(a) All costs, Operating Expenses, funding of operating deficits and Working Capital Funds, Management Fees, reimbursable expenses incurred by Manager, and all other obligations and



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liabilities of or pertaining to Taj Mahal hereunder (“**Owner’s Financial Obligations**”), as between Owner and Manager, shall be the sole and exclusive responsibility and obligation of Owner, and shall be paid promptly by Owner. It is understood that statements herein indicating that Manager shall “furnish,” “provide” or otherwise supply, present or contribute items or services hereunder shall not be interpreted or construed to mean that Manager is liable or responsible to fund or pay for such items or services.

(b) It is understood and agreed that Manager shall have no obligation or duty to fund and/or pay for any of Owner’s Financial Obligations, and any operating losses or other losses generated by or arising from the Casino Business shall be borne exclusively by Owner.

6.03 **Capital Improvements and Capital Replacements.** Manager shall recommend as part of the Operating Plan a schedule of all Capital Improvements and Capital Replacements the Manager reasonably believes are necessary or advisable. Upon approval of the Owner under the Approved Budget and Approved Operating Plan, the Manager shall effect all Capital Improvements and Capital Replacements, in accordance with all Legal Requirements, subject to the availability of funds from operations or otherwise from the Owner to fund all such expenses in accordance with the Approved Budget and Approved Operating Plan. All Capital Improvements and Capital Replacements shall be performed in a timely manner and so as to minimize interference with, or disturbance of Casino operations and the Operating Standard.

**ARTICLE 7  
MANAGEMENT FEE**

7.01 **Management Fees.** Owner and Manager acknowledge and agree that in consideration of Manager’s performance of the Services set forth in ARTICLE 3 on behalf of Owner, Owner shall pay to Manager the following (collectively, the “**Management Fees**”):

- (a) A “**Base Management Fee**” [\*\*].
- (b) An “**Incentive Management Fee**” equal to [\*\*].

7.02 **Payment of Management Fee.**

(a) The first eight (8) months of the minimum Base Management Fee shall be paid in equal monthly installments of \$[\*\*] and the last four (4) months of the minimum Base Management Fee shall be paid in equal monthly installments of \$[\*\*], with all monthly minimum Base Management Fee payments made within fifteen (15) days after closure of the Property’s monthly interim financial statements; *provided that* the minimum Base Management Fee accruing in the first month of the Manager’s performance of the Services, if the Commencement Date is after the first day of that month, shall be prorated for that portion of the month beginning on the Commencement Date and ending on the last day of the month. The Incentive Management Fee shall be paid as promptly as practicable after completion of Owner’s audited financial statements for each fiscal year during the Initial Term or the Renewal Term, as applicable (but no later than May 15 of the year following such fiscal year); *provided that* the Incentive Management Fee accruing as of December 31, 2016, if the Commencement Date is



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prior to December 31, 2016, shall be prorated for that portion of the fiscal year beginning on the Commencement Date and ending on December 31, 2016. Any adjustments to Base Management Fees (based upon the difference between the minimum Base Management Fee and the Base Management Fee calculated as a percentage of Net Revenue) paid during or with respect to any fiscal year shall be made as promptly as practicable after completion of Owner's audited financial statements for such fiscal year (but no later than May 15 of the year following such fiscal year).

(b) Manager is authorized to cause Owner to disburse to Manager from the operating account of the Casino Business any Management Fees due and owing but, if insufficient funds are available to do so, such amounts shall accrue and Owner shall pay same to Manager within thirty (30) days of the date the Management Fees are due and owing in accordance with the payment dates set forth in Section 7.02(a).

(c) Guarantor absolutely, unconditionally and irrevocably guarantees to Manager the full and punctual payment and collection of all Management Fees due under this Agreement (the "**Guaranty**"). The Guaranty is a guarantee of payment and performance and not of collection. Other than compliance with the procedures set forth in this Section 7.02(c), Manager shall not be obligated to enforce or exhaust its remedies against Owner or under this Agreement before proceeding to enforce this Guaranty. Guarantor's obligations in connection with the Guaranty are in all respects absolute and unconditional and will not be impaired, modified, released or limited by any occurrence or condition whatsoever. Guarantor hereby unconditionally and irrevocably waives any right to revoke the Guaranty and acknowledges that the Guaranty is continuing in nature until the complete, irrevocable and indefeasible payment and satisfaction in full of all the Management Fees due and owing in accordance with Section 7.01(a). Guarantor agrees that the Guaranty shall continue to be effective or be reinstated, as the case may be, if at any time all or part of any payment of the Management Fees is voided, rescinded or recovered or must otherwise be returned by Manager upon the insolvency, bankruptcy or reorganization of Owner. Guarantor waives and shall not exercise any rights that it may acquire by way of subrogation, contribution, reimbursement or indemnification for payments made under the Guaranty until all Management Fees shall have been paid and discharged in full. Notwithstanding the foregoing, Guarantor shall have no obligation under the Guaranty to pay Management Fees to Manager until such time that Owner defaults in the payment of such Management Fees and fails to timely cure such default. Upon Owner's failure to timely cure any such default, the obligations of Guarantor hereunder shall automatically become due and payable to Manager without notice or demand. Upon Owner's failure to timely cure any default in the payment of required Management Fees, Manager shall notify Guarantor in writing of the default by Owner and Guarantor shall cause the Management Fees then due and owing to be paid to Manager within thirty (30) days after notice from Manager.

**ARTICLE 8  
OPERATING PERSONNEL**

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8.01 **General**. Subject to the Approved Budget and the requirements set forth in Section 3.03(m), at all times during the Initial Term or the Renewal Term, as applicable, Manager shall advise, propose and consult with the General Manager in connection with the hiring, discharge, promotion, supervision, training, benefits and compensation of all employees, consultants and contractors performing services at Taj Mahal (“**Operating Personnel**”).

8.02 **Owner as Employer**. All Operating Personnel shall be employees of Owner. Owner shall be solely responsible for the payment of all the direct salaries, wages and fringe benefits paid to, payable to, or accrued for the benefit of any Operating Personnel, including: (a) contributions required pursuant to applicable federal, state, local and municipal laws, including minimum wages under collective bargaining agreements, and wages and benefits under employment agreements; (b) employment taxes; (c) pension fund contributions; (d) group life, accident and health insurance premiums; (e) profit sharing; (f) retirement benefits; (g) disability benefits; and (h) recruitment and relocation expenses.

8.03 **No Manager Wages or Salaries**. Except for the payment of Management Fees and as set forth in Section 3.01(b) and Section 8.05, neither the Manager nor its Home Office Employees shall be compensated by wages or contract payments by the Owner or the Casino for their efforts or for any work which they perform under this Agreement. The cost of the Manager’s overhead expenses that are not provided for in the Approved Budget, shall not be Operating Expenses of the Casino, and shall be paid by the Manager out of its own funds.

8.04 **Collective Bargaining**. Owner shall have sole and absolute authority to negotiate with any labor unions representing the Operating Personnel and any collective bargaining agreement or labor contract resulting therefrom shall be executed by Owner as the employer of the Operating Personnel. In addition, Owner shall have the right to appoint labor counsel for any such labor negotiations. Manager shall cooperate with Owner in connection with any labor negotiations.

8.05 **Manager Personnel**. Manager may, from time to time and subject to the prior approval of Owner, assign Home Office Employees to Taj Mahal, and any direct costs thereof shall be reimbursable to Manager within thirty (30) days of Manager’s submission of any receipts, invoices or other written verification or supporting documentation evidencing the direct costs. Manager may, as agent for Owner and subject to the Approved Budget and receipt of any applicable Regulatory Approvals, employ third-party professionals, consultants and vendors to perform other services for Taj Mahal such as engineers, accountants, attorneys and the like, provided that any such arrangements or agreements that are material to or may exceed costs provided for in the Approved Budget shall be subject to the prior approval of Owner.

8.06 **Benefit Plans**. Upon Owner’s prior approval, Manager shall use reasonable efforts to allow eligible Operating Personnel who are not covered by collective bargaining or similar arrangements to participate in: (a) incentive plans; (b) pension, profit sharing, 401(k) or other employee retirement plans; and (c) disability, health, welfare or other benefit plans now or hereafter applicable to employees of



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the Managed Casino Properties, to the extent participation in such shared plans will result in greater cost savings to the Casino Business than could otherwise be achieved by the Owner through maintenance of its own plans and at no additional cost to Manager or any Affiliate other than Owner, with all additional or pro rata costs and expenses of such plans allocated and paid by the Owner in accordance with the Approved Budget.

8.07 **Independent Audit Committee.** In accordance with N.J.A.C. 13:69D-1.11(c)(2), the Owner (in consultation with the applicable Gaming Authority) has established and will maintain an independent audit committee that complies with the Act and has all necessary Regulatory Approvals.

**ARTICLE 9  
INSURANCE AND INDEMNITY**

9.01 **Property Insurance.** Manager will review all existing insurance coverages for Taj Mahal and, as necessary at any time or in connection with renewals, in consultation with the Owner, procure and maintain for the benefit of Owner (and, to the extent applicable, Manager) the coverages provided herein. Nothing contained herein shall preclude Owner from procuring the insurance coverage described in Sections 9.01 and Section 9.02 if, in Owner's reasonable opinion, it is able to do so at a lower cost. Owner shall pay for at all times during the Initial Term or the Renewal Term, as applicable, a property insurance policy insuring the insurable value of Taj Mahal in amounts determined by Owner in consultation with Manager, or as required by applicable financing documents or other agreements binding on Owner or Taj Mahal, against loss of or damage to Taj Mahal and its contents from fire, boiler explosion and such other extended coverage risks and casualties as Owner, in consultation with Manager, shall reasonably deem necessary. Manager shall also procure and maintain, and Owner shall pay for, business interruption insurance against loss or damage by fire and other hazards customarily included in an extended coverage endorsement including riot, civil commotion and insurrection, all of said business interruption insurance to be effective from the Commencement Date throughout the Initial Term and the Renewal Term, as applicable, and which business interruption insurance shall cover the payment to Manager of the Management Fees for such period of time as provided for under the terms of the policy. Such liability and property insurance coverage shall list Manager as an additional insured, with a right to thirty (30) days' prior written notice in the event of cancellation or modification of coverage. In the event business interruption insurance covering the payment to Manager of Management Fees for the Initial Term and Renewal Term, as applicable, is not commercially available at reasonable cost in the reasonable opinion of Owner's insurance consultant then Owner shall provide a bond or other security reasonably acceptable to Manager for the continuous payment of anticipated Management Fees during any applicable period of interruption or other property or casualty-related loss or shall extend the then applicable Initial Term or Renewal Period for any such period of interruption.

9.02 **Liability Insurance; Miscellaneous Coverages.** Subject to the terms of Section 9.03 of this Agreement, in consultation with the Owner, Manager shall procure and maintain for the benefit of



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Owner (and, to the extent applicable, Manager), and Owner shall pay for, during the Initial Term or the Renewal Term, as applicable, the following insurance policies (or such other policies as may be determined by Manager in its reasonable discretion, after consultation with Owner), which policies shall list Manager and its respective members, managers, officers and employees as additional insured's, with a right to thirty (30) days' prior written notice in the event of cancellation or modification of coverage, all in such amounts and for such coverage as Manager determines to be commercially reasonable, after approval by Owner.

- (a) Comprehensive General Liability Insurance, including, but not limited to, liquor liability coverage and coverage to protect against theft of or damage to guests' property, in the amount of \$[\*\*] per occurrence and \$[\*\*] in the aggregate;
- (b) Employer's Practices Liability Insurance in the amount of \$ [\*\*] per occurrence and \$[\*\*] in the aggregate;
- (c) Automobile Liability and Physical Damage Insurance to include broad form drive other car coverage, in the aggregate amount of \$[\*\*];
- (d) Comprehensive Crime Insurance, including, but not limited to, Employee Dishonesty and Depositor's Forgery Coverages, in the amount of \$[\*\*] per occurrence and \$[\*\*] in the aggregate;
- (e) Worker's Compensation Insurance and Employer's Liability, and similar insurances as may be required by law;
- (f) Fiduciary Liability Insurance, as may be required by the Employee Retirement Income Security Act of 1974 ("ERISA"), covering pension and benefit plans, in a limit sufficient to cover the assets at risk, but, in no event, less than \$[\*\*], to the extent Owner adopts any plans subject to ERISA in the future;
- (g) Builder's Risk Insurance, if required, including delayed opening coverage;
- (h) Any insurance which Owner or Manager may be required to obtain pursuant to any other legal requirement or pursuant to a tenant lease;
- (i) Umbrella (Excess Liability) Insurance in the amount of \$[\*\*] per occurrence and \$[\*\*] in the aggregate;
- (j) Directors and Officers Liability Insurance in the amount of \$[\*\*] per occurrence and \$[\*\*] in the aggregate;
- (k) Any other insurance required by the terms of any financing for Taj Mahal; and



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(l) insurance against such other insurable risks as may be required under applicable law or to conform to industry standards.

9.03 **Manager Insurance**. Subject to prior approval of Owner and annual review by Owner, any insurance procured by Manager under this ARTICLE 9 may be obtained under policies of blanket insurance which cover the Managed Casino Properties, and the pro rata portion of such premiums shall be charged and allocated to Taj Mahal under this Agreement on the same basis as allocated to other participating Managed Casino Properties. Any policies of insurance maintained by Manager pursuant to the provisions of this ARTICLE 9 may contain deductible provisions in such amounts as are maintained with respect to operations of the Managed Casino Properties, taking into account local standards and practices. Further, in lieu of all or a part of comprehensive general liability insurance and worker's compensation and employer's liability insurance under clauses (a) and (e) of Section 9.02, any or all of the risks covered by such insurance may be self-insured or self-assumed by Owner under a self-insurance or assumption of risk program similar to those in effect at other Managed Casino Properties, up to such amounts as such risks are assumed or self-insured at other Managed Casino Properties; *provided, however*, that (x) the cost to Owner and/or Taj Mahal of any such self-insurance or assumption of risk program does not exceed the cost of procuring policies for comprehensive general liability insurance and worker's compensation and employer's liability insurance from independent third party insurance providers and (y) the amount of self-insurance or deductible is subject to the prior approval of Owner.

9.04 **Insurance Standards and Requirements**. It is agreed that all insurance policies hereunder shall adequately protect Owner and Manager, and shall meet or exceed any requirements of Applicable Laws. All insurance policies shall be procured from reputable, financially sound insurance companies, and shall be issued in the name of Owner. All insurance hereunder shall name Manager and Owner as co-insured's and/or additional insured's.

9.05 **Indemnity**. The Owner shall indemnify, defend and hold the Manager and its Affiliates, directors, officers, employees, shareholders, members, principals, attorneys, accountants, consultants, advisors, and agents (collectively, the "**Indemnified Parties**", it being understood that the term "Indemnified Parties" shall not be deemed to include the Owner and its directors, officers, employees, shareholders, members, principals, attorneys, accountants, consultants, advisors, and agents in their capacity as such with respect to the Owner) harmless from and against any and all losses, costs, claims, actions, liabilities, liens, encumbrances, expenses, damages, or judgments of any kind or nature (together with reasonable attorneys' fees and disbursements and the cost of enforcing this indemnity, collectively, the "**Losses**"), suffered or incurred by any Indemnified Party in connection with, or arising out of the performance of Manager's services under this Agreement, including, but not limited to, any Losses suffered in connection with contracts or expenses incurred related to any Approved Budget or Approved Operating Plan. Manager makes no representations or warranties and shall have no liability to Owner or any Person related to Owner for Manager's performance under this Agreement including, but not limited



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to, the ability of the Casino to meet any Approved Budget, projected financial or other operating projection or results, or to achieve a profit. Except in instances of fraud, Owner specifically waives for itself and any Person related to Owner any and all losses, costs, claims, actions, liabilities, expenses and damages, including any claims for consequential, incidental, special or punitive damages, whether in law or equity, that it has or may have in the future under this Agreement related to Manager's performance under this Agreement. Upon the occurrence of an event giving rise to indemnification under this Agreement, the Manager seeking indemnification shall notify and provide the Owner with copies of any documents reflecting the claim, damage, loss or expense. The Manager is entitled to engage such attorneys and other persons to defend against the claim, damage, loss or expense as Manager may choose. The Owner shall pay the reasonable charges and expenses of such attorneys and other persons on a current basis within twenty (20) days of submission of invoices or bills. The provisions of this Section 9.05 shall survive the expiration or sooner termination of this Agreement

9.06 **Insurance Coverage**. Notwithstanding anything to the contrary in this ARTICLE 9, the Manager shall look first to the appropriate insurance coverages in effect pursuant to this Agreement prior to seeking indemnification under Section 9.05 in the event any claim or liability occurs as a result of injury to persons or damage to property, regardless of the cause of such claim or liability; provided, however, if the applicable insurance company denies coverage or reserves rights as to coverage for all or any part of the indemnified claim, then the Manager shall have the right to seek indemnification, without first looking to such insurance coverage for all or any part of the indemnified claim which is not covered by insurance.

**ARTICLE 10**  
**DAMAGE TO AND DESTRUCTION OF Taj Mahal**

10.01 **Owner to Restore**. Owner agrees that, except as set forth (a) in any applicable financing documents, (b) under the circumstances set forth in the provisions below of this ARTICLE 10 or (c) as otherwise agreed to in writing by Owner and Manager, it shall promptly repair, restore, rebuild or replace any insured damage to or impairment or destruction of Taj Mahal from fire or other casualty, to the extent of any insurance proceeds. If Owner shall fail to do so, Manager may, but shall not be obligated to, undertake or complete such work for the account of Owner and shall be entitled to be repaid therefor out of available insurance proceeds.

10.02 **Limitation on Restoration**. Subject to the terms of any applicable financing documents, if Taj Mahal shall be totally destroyed or substantially destroyed during the Initial Term or Renewal Term by fire or other casualty and the insurance required by ARTICLE 9 shall have been maintained, and Owner has determined in good faith not to rebuild Taj Mahal, after consulting with Manager, contractors, engineers and all other third parties who would be engaged to rebuild Taj Mahal (or a substitute facility in

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replacement of Taj Mahal), Owner shall have the right and option, upon notice served to Manager within ninety (90) days after such fire or other casualty, to terminate this Agreement; provided that, under such circumstances or in the event of any other insured casualty, and to the extent that insurance proceeds are disbursed to compensate Owner for loss of income and business interruption and Manager for unpaid Management Fees or other security against such loss as permitted under Section 9.01, such proceeds shall be paid to Owner and Manager as follows: (a) the proceeds attributable to Owner's loss of income resulting from destruction of Taj Mahal by fire or other insured casualty and business interruption ("**Owner's Loss**") shall be paid to Owner, (b) the proceeds attributable to Manager's loss of Management Fees, earned or projected, that would have been paid but for the occurrence of such casualty ("**Manager's Loss**") shall be paid to Manager (such amounts in the case of clauses (a) and (b) to be based upon the audited financial statements of Owner for the prior fiscal year and subject to reasonable adjustment for market conditions), and (c) any proceeds remaining after payment of Owner's Loss and Manager's Loss shall be paid to Owner.

**ARTICLE 11  
CONDEMNATION**

11.01 **Total Condemnation**. Subject to the terms of the respective operating agreements of Owner and any applicable financing documents, if the whole of Taj Mahal shall be taken or condemned in any eminent domain, condemnation, compulsory acquisition or like proceeding by any competent authority ("**Condemning Authority**") for any public or quasi-public use or purpose, or if such a portion thereof shall be taken or condemned so as to make it imprudent or unfeasible, in Owner's reasonable opinion, to use the remaining portion as a property of the same type and class as it was immediately preceding such taking or condemnation, then, in either of such events, either Party may terminate this Agreement as of the date of such taking or condemnation and Owner shall file a claim with the Condemning Authority for its losses, including, but not limited to, the loss of income and value of Taj Mahal ("**Owner's Condemnation Claim**"), and Manager shall file a claim with the Condemning Authority for Manager's loss of Management Fees, earned or projected, that would have been paid but for the occurrence of such condemnation ("**Manager's Condemnation Claim**") provided that Manager's Condemnation Claim shall not diminish any award payable to Owner under the Owner's Condemnation Claim. Owner shall retain any condemnation award received by Owner for anything other than the value of Taj Mahal and Manager shall retain any condemnation award received by Manager for Manager's Condemnation Claim. Any condemnation award received for the value of Taj Mahal will be distributed according to the terms of the operating agreement of Owner.

11.02 **Partial Condemnation**. Subject to the terms of the respective operating agreements of Owner and any applicable financing documents, if only a part of Taj Mahal shall be taken or condemned and the taking or condemnation of such part does not make it unfeasible or imprudent, in Owner's reasonable opinion, to operate the remainder as a property of the same type and class as it was



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immediately preceding such taking or condemnation, this Agreement shall not terminate. Any proceeds from such taking or condemnation shall be applied (a) first, as shall be reasonably necessary to repair any damage to Taj Mahal, or any part thereof, or to alter or modify Taj Mahal, or any part thereof, so as to render Taj Mahal a complete and satisfactory architectural unit as a property of the same type and class as it was immediately preceding the taking or condemnation and (b) second, in accordance with the terms of the operating agreement of Owner.

**ARTICLE 12  
RELATIONSHIP AND AUTHORITY; INTELLECTUAL PROPERTY**

12.01 **Relationship and Authority**. In taking any action pursuant to this Agreement, Manager will be acting only as the appointed agent or representative of Owner, and nothing in this Agreement shall be construed as creating a tenancy, partnership, joint venture or any other relationship between the Parties, except that of principal and agent, and neither Party shall have the power to bind or obligate the other except as set forth in this Agreement. Manager is, however, granted such additional authority and powers as agent of Owner as may be necessary to carry out the terms of, and the spirit and intent of, this Agreement. All debts and liabilities properly incurred by Manager in the course of its management and operation of Taj Mahal hereunder shall be the debts and obligations of Owner only, and Manager shall not be liable therefor, except as specifically stated to the contrary herein.

12.02 **Intellectual Property**.

(a) During the Initial Term or the Renewal Term, Owner (“**Licensor**”) grants to Manager (“**Licensee**”), a nationwide, non-exclusive, royalty-free, non-transferable license to use certain of Licensor’s Intellectual Property that is necessary and desirable to market, advertise, promote, manage and operate Taj Mahal. Licensee shall have no right to sublicense Licensor’s Intellectual Property unless first approved in writing by Licensor. Licensee shall not by any act or omission use Licensor’s Intellectual Property in a manner that disparages or reflects adversely on Taj Mahal or Licensor’s business or reputation. Licensor shall retain all right, title and interest in and to its Intellectual Property. All goodwill arising from the use of Licensor’s Intellectual Property shall inure to the benefit of Licensor, or the Person from whom Licensor obtained its rights. Licensee agrees that it will not, at any time during the Term and the Renewal Term, as applicable, or any time thereafter, (i) assert any proprietary interest in Licensor’s Intellectual Property, (ii) directly or indirectly, contest or aid others in contesting the validity of, or Licensor’s right, title or interest in or to, Licensor’s Intellectual Property, or (iii) apply for any federal, state, local or foreign registration of any of Licensor’s Intellectual Property. Nothing contained herein grants or is intended to grant to Licensee any ownership interest in Licensor’s Customer Data Base.

(b) Manager shall own all right, title and interest in and to all Intellectual Property acquired, developed or produced by Manager or its Affiliates other than Owner, subject to Section 12.02(b)(ii)(2) below.



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(c) Owner shall own all Intellectual Property acquired, developed or produced by (i) Owner for any purpose, or (ii) Manager or its Affiliates other than Owner exclusively for the Property pursuant to this Agreement. All copyrights to any work of authorship created, developed or produced by Manager or its Affiliates other than Owner exclusively for the Property pursuant to this Agreement shall be deemed a “Work Made For Hire” under the copyright laws of the United States, and shall vest immediately in and shall be the sole and exclusive property of Owner. To the extent that any such work created by Manager or its Affiliates other than Owner is deemed by any court, tribunal or other governmental authority of competent jurisdiction not to constitute a Work Made for Hire, such work shall be assigned to Owner. Notwithstanding the foregoing, to the extent that any of the rights, title or interest in and to such works cannot be assigned by Manager or its Affiliates to Owner, Manager shall grant to Owner an irrevocable, royalty-free, worldwide, perpetual license to fully use, practice and exploit those non-assignable rights, title and interest.

**ARTICLE 13  
TERMINATION**

13.01 **Owner’s Right to Terminate Without Cause.** The Owner shall have the right to terminate this Agreement at any time during the Term upon ninety (90) days’ prior written notice to Manager.

13.02 **Owner’s Right to Terminate With Cause.**

(a) The Owner shall have the right to terminate this Agreement for “Cause” (as defined in Section 13.02(d)) at any time (including, but not limited to, during any notice period with respect to a termination without Cause); provided, that the Owner shall exercise its right to terminate for cause within thirty (30) days following its knowledge of the events deemed to constitute Cause (or such other time as may be reasonably necessary to obtain required Regulatory Approvals, provided, such period shall not exceed ninety (90) days in the aggregate.

(b) The failure of the Owner to exercise the termination right provided in this Section 13.02 during the required time period, shall not affect the Owner’s right to so terminate, but, the Owner shall be obligated in such case to pay the Manager such portion of the Base Management Fee and Incentive Management Fee as is earned through the date of termination.

(c) Notwithstanding any other provision of this Agreement, Owner’s right to terminate for Cause shall be the sole and exclusive remedy for Owner in the case of Manager’s breach of this Agreement or any act or omission of Manager other than gross negligence or fraud committed by Manager.

(d) For purposes of this Section 13.02, “Cause” shall mean (i) the termination, denial, suspension or non-renewal of the Manager’s Casino Service Industry Enterprise License, Casino License,



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or any other license or permit, interim authorization, or transactional waiver necessary for Manager to manage the Casino; (ii) the conviction of the Manager of any crime involving fraud, embezzlement, dishonesty, or any other crime which causes a Licensing Impairment; (iii) any termination (or non-extension) of this Agreement required by an applicable Gaming Authority; or (iv) any material breach of any of the terms or conditions of this Agreement by the Manager that is not cured within ninety (90) days of a detailed written notice by Owner describing the circumstances of such breach (except that for a breach that is such that it cannot reasonably be cured within such ninety (90) days, if Manager has commenced cure within thirty (30) days, and continually and diligently pursues such cure to completion as soon as reasonably possible, then the right to give such notice of termination shall be suspended for the time reasonably necessary to effect such cure).

**13.03 Manager's Right to Terminate.**

(a) Manager shall have the right to terminate this Agreement at any time during the Term hereof: (i) if a receiver, liquidator, trustee or conservator pursuant to N.J.S.A. 5:12-130.1 shall be appointed for the Owner, or if the Owner shall be adjudicated as bankrupt or insolvent, or if any petition for bankruptcy, reorganization or arrangement pursuant to federal bankruptcy law, or any similar federal or state law, shall be filed by or against, consented to, or acquiesced in by, the Owner, or if any proceeding for the dissolution or liquidation of the Owner shall be instituted and Owner is unable to dismiss such proceeding within ninety (90) days of notice of such filing, (ii) in the event of a Change of Control, or (iii) for cause (including, but not limited to, during any notice period with respect to a termination without cause); provided, that the Manager shall exercise its right to terminate for cause within thirty (30) days following its knowledge of the events deemed to constitute cause (or such other time as may be reasonably necessary to obtain required Regulatory Approvals, provided, such period shall not exceed ninety (90) days in the aggregate). For the purposes of this Section 8.03 (a) "cause" shall mean: (i) a trust agreement required by N.J.S.A. 5:12-95.14(a) in connection with Owner and/or Taj Mahal is ordered activated by the Commission; (ii) termination, suspension, withdrawal or revocation of the Owner's Casino License, or any other authorized waiver, license or permit necessary for Owner to own and operate the Casino; (iii) the conviction of the Owner of any crime involving fraud, embezzlement, dishonesty, or any other crime which causes a Licensing Impairment; (iv) any termination (or non-extension) of this Agreement required by an applicable Gaming Authority; (iv) Owner and/or Guarantor does not provide sufficient funds to operate the Casino in accordance with the Approved Budget and Approved Operating Plan, or Working Capital Funds, or (v) any other material breach of any of the terms or conditions of the Agreement by the Owner that is not cured within ninety (90) days of a detailed written notice by Manager describing the circumstances of such breach.

(b) The Manager shall have the right to terminate this Agreement at any time during an Extension Term upon ninety (90) days' prior written notice to Owner.

**13.04 Payments Upon Termination of the Agreement.**



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(a) Upon any termination of this Agreement by Owner without cause during the Term, or by Manager for cause during the Initial Term, the Manager shall be entitled to, and Owner shall pay to Manager, a termination fee equal to [\*\*] of (i) [\*\*], or (ii) the balance of [\*\*] that would have been payable to Manager through the end of the Initial Term or, if the termination occurs in the Extension Term, a termination fee equal to [\*\*], in each case calculated based upon the trailing twelve-month Net Revenue and EBITDAM immediately preceding the date of termination.

(b) If this Agreement is terminated for Cause by the Owner, Owner shall not be required to pay the Manager the Base Management Fee or the Incentive Management Fee for any period following the occurrence of the applicable cause event; provided, however, that if the Owner does not terminate this Agreement within thirty (30) days of the date it obtains knowledge of the events constituting cause, then the Manager shall be entitled to receive such portion of the Base Management Fee and Incentive Management Fee as is earned through the date of termination.

(c) If this Agreement is terminated by the Manager without cause (as defined in Section 13.03(a)) during the Extension Term, the Manager shall be entitled to receive such portion of the Base Management Fee and Incentive Management Fee as is earned through the date of termination.

(d) Other than as set forth above, the Manager shall not be entitled to any other fee or expense in connection with a termination of this Agreement.

13.05 **Rights Upon Termination**. Contemporaneously with any delivery of notice of a termination of this Agreement and at the end of the Term, the Manager shall, at Owner's expense (or the Manager's expense if this Agreement is being terminated for cause), assist in transitioning the management of the Casino to a new manager and shall turn over all reports, analysis, marketing materials, and other materials related to the operation of the Casino to the Owner or its designee. These provisions of this Section 13.05 shall survive the termination of this Agreement.

13.06 **Assignment of Contracts**. In connection and contemporaneously with any termination and upon the election of the Owner, made in its sole and absolute discretion, the Manager shall assign any or all of the contracts (including, but not limited to, employment contracts not involving Home Office Employees), and any or all licenses and permits, to the extent permitted under law, held solely in connection with operations at the Casino to the Owner or its designee.

## **ARTICLE 14 REGULATORY REQUIREMENTS**

14.01 **Gaming Laws**. Each of the Manager and Owner acknowledges that this Agreement is subject to applicable Gaming Laws, and each party acknowledges that they are subject to be called forward by the Gaming Authorities. All rights and remedies under this Agreement are subject to applicable Gaming Laws, and the exercise of the certain rights and remedies provided for in this



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Agreement may be conditioned upon the prior approval of applicable Gaming Authorities, including specifically the Commission and the Division.

14.02 **Liability for Violation of Gaming Laws.** In accordance with N.J.S.A. 5:12-82(c)(10), each of the Manager and the Owner acknowledges and agrees that they shall be jointly and severally liable for all acts, omissions and violations of the Act by either Party to this Agreement, regardless of actual knowledge of such act, omission or violation and notwithstanding any contrary provision in this Agreement. Further, in accordance with N.J.A.C. 13:69L-1.4(b), each of the Manager and Owner shall be individually and severally liable for any acts, omissions and violations regarding the taxation obligations imposed by the Act, regardless of actual knowledge of such act, omission or violation and notwithstanding any contrary provision in this Agreement, except that Manager shall not be liable for any default by the former owner of the Casino in its taxation obligations with respect to the Casino which Owner may be liable for by virtue of N.J.A.C. 13:69L-1.4(a). For purposes of N.J.A.C. 13:69L-1.2, Owner shall be deemed the casino operator of the Casino responsible for submitting and maintaining the internal controls required by N.J.S.A. 5:12-99 and, in accordance with N.J.A.C. 13:69L-1.4(a), primarily liable for the obligation to file returns and reports and to pay the gross revenue tax, the Internet Gaming gross revenue tax, and any investment alternative taxes.

14.03 **Effectiveness of this Agreement.** The Parties acknowledge that, in accordance with N.J.S.A. 5:12-82(c), N.J.S.A. 5:12-85(a)(8) and N.J.A.C. 13:69A-5.16(a)(13), this Agreement shall be filed with the Commission and the Division and this Agreement shall not be effective unless expressly approved by the Commission.

**ARTICLE 15  
REPRESENTATIONS AND WARRANTIES**

15.01 **Manager Representations and Warranties.**

(a) The Manager is duly organized and is validly existing and in good standing, if applicable, in the jurisdiction in which it is organized, with requisite power and authority to transact the businesses in which it is now engaged. The Manager is duly qualified to do business and is in good standing in each jurisdiction where it is required to be so qualified in connection with the Casino, its businesses and operations except, in each case, where the failure to be so qualified or in good standing would not materially impair (i) the Manager's ability to carry out its obligations hereunder, (ii) the operation of the Casino, or (iii) the Gaming Licenses. The Manager shall, prior to the Commencement Date, possess all rights, licenses, permits and authorizations, governmental or otherwise, necessary to entitle it to serve as the manager of Taj Mahal.

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(b) The Manager has taken all necessary action to authorize the execution, delivery and performance of this Agreement. This Agreement has been duly executed and delivered by or on behalf of the Manager and constitutes legal, valid and binding obligations of the Manager enforceable against the Manager in accordance with its terms.

(c) The execution, delivery and performance of this Agreement by the Manager will not conflict with or result in a breach of any of the terms or provisions of, or constitute a default under the terms of any partnership agreement, management agreement, franchise agreement or other agreement or instrument to which the Manager is a party (except, in each case, where any such breach or default would not materially impair (i) the Manager's ability to carry out its obligations hereunder, (ii) the operation of the Casino, or (iii) the Gaming Licenses); nor will such action result in any violation of the provisions of any statute or any order, rule or regulation of any court or governmental agency or body having jurisdiction over the Manager or any license or other approval required to operate the Casino, and any consent, approval, authorization, order, registration or qualification of or with any Governmental Authority required for the execution, delivery and performance by the Manager will have been obtained as of the Commencement Date.

(d) The Manager shall be responsible for obtaining and maintaining the Casino Industry Service Industry Enterprise License and any transactional waiver required to be obtained and maintained by the Manager pursuant to N.J.S.A. 5:12-82(c)(7) in order to manage the Casino pursuant to this Agreement. The Manager will be responsible for all fees and costs incurred by Manager in conjunction with obtaining and maintaining the required license.

**15.02 Owner Representations and Warranties.**

(a) The Owner is duly organized and is validly existing and in good standing, in the jurisdiction in which it is organized, with requisite power and authority to transact the businesses in which it is now engaged. The Owner is duly qualified to do business and is in good standing in each jurisdiction where it is required to be so qualified in connection with the Casino, its businesses and operations. Upon the Commencement Date, the Owner will possess all rights, licenses, permits and authorizations, governmental or otherwise, necessary to entitle it to own the Casino, conduct Gaming activities, and to enter into this Agreement.

(b) The Owner has taken all necessary action to authorize the execution, delivery and performance of this Agreement. This Agreement has been duly executed and delivered by or on behalf of the Owner and constitutes legal, valid and binding obligations of the Owner enforceable against the Owner in accordance with its terms.

(c) The execution, delivery and performance of this Agreement by the Owner will not conflict with or result in a breach of any of the terms or provisions of or constitute a default under the terms of any partnership agreement, management agreement, franchise agreement or other agreement or instrument to which the Owner is a party, nor will such action result in any violation of the provisions of any statute or any order, rule or regulation of any court or Governmental Authority having jurisdiction



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over the Owner or any license or other approval required to operate the Casino and conduct Gaming activities, and any consent, approval, authorization, order, registration or qualification of or with any Governmental Authority required for the execution, delivery and performance by the Owner will have been obtained as of the Commencement Date.

(d) On or prior to the Commencement Date, the Owner will deliver to the Manager a true, correct and complete schedule of all employees employed at the Casino, stating each employee's job title, hourly wage, whether such employee is employed on a full-time or part-time basis and whether such employee is a union employee. To the Owner's knowledge, the hours worked by and payment made to employees of the Owner are not in violation of the Fair Labor Standards Act or any other applicable Legal Requirements in any material respect. Neither the Owner nor, to the Owner's knowledge, any of its employees, agents or representatives have committed any material unfair labor practice as defined in the National Labor Relations Act.

(e) The Owner is and has been in compliance in all material respects, with all applicable Legal Requirements respecting employment and employment practices, including without limitation, all laws respecting terms and conditions of employment, health and safety, wages and hours, child labor, immigration, employment discrimination, disability rights or benefits, equal opportunity, plant closure and layoffs, affirmative action, workers' compensation, labor relations, employee leave issues and unemployment insurance. The Owner is not delinquent, in accordance with its payment policies, in payments to any employees or former employees for any services or amounts legally or contractually required to be reimbursed or otherwise paid. The Owner is not a party to, or otherwise bound by, any order solely binding against the Owner and/or its Affiliates other than Manager relating to employees or employment practices.

(f) The execution of this Agreement and the consummation of the transactions contemplated by this Agreement will not result in any breach or other violation of any collective bargaining agreement, employment agreement, consulting agreement, or any other labor-related agreement to which the Owner is a party and/or by which the Owner is otherwise bound.

(g) On or prior to the Commencement Date, the Owner will possess all licenses, permits, franchises, authorizations, certificates, approvals, waivers, and consents, including, without limitation, all certificates of occupancy, all environmental, liquor, Gaming Licenses, and health and safety licenses of all applicable Governmental Authorities which are material to the conduct of their business, use, occupation and operation of the Casino and its related Gaming activities consistent with the Operating Standard (collectively, "**Operating Permits**"), each such Operating Permit is and will be in full force and effect, the Owner and each of its Affiliates other than Manager are in compliance in all material respects with all such Operating Permits, and, to the Owner's knowledge, no event (including, without limitation, any material violation of any law, rule or regulation) has occurred which would be reasonably likely to lead to the revocation or termination of any such Operating Permit or the imposition of any restriction thereon.



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(h) The Owner will be responsible for obtaining and maintaining, and shall obtain and maintain, all applicable Gaming Licenses, and all other licenses and permits required to be maintained by the Owner pursuant to the determination of the Gaming Authorities and any other federal, state, or local agency having authority over the operation of the Casino. The Owner will be responsible for the fees and cost associated with any such licenses or permits, including, but not limited to, license fees and taxes and such bonds as the Commission and Division may require in connection with the issuance of the Gaming Licenses.

(i) The Owner has all rights, title and interest to and in Owner's Intellectual Property licensed to Manager pursuant to Article 12, and authority to license such Intellectual Property to Manager in accordance with the terms of this Agreement.

15.03 **General Warranties**. Each Party will diligently pursue all Regulatory Approvals and other necessary governmental license and permits required to satisfy their obligations under this Agreement.

**ARTICLE 16  
SUCCESSORS AND ASSIGNS**

16.01 **No Assignment without Consent**. Neither Party may assign any rights or delegate any obligations under this Agreement without the other Party's consent, in its sole discretion; *provided, however*, that Manager may, without the consent of Owner, assign its rights and delegate its duties hereunder to any Person in which Manager owns a majority of the voting equity interests, and Owner may, without the consent of Manager, assign its rights and delegate its duties hereunder to third party purchaser of all or substantially all of Owner's assets or equity, in which case the termination provisions for a Change of Control shall apply. Prior to any assignment or delegation hereunder, the Party desiring to make such assignment or delegation shall first provide written notice to the Commission and the Division, with a copy to the other Party, for a determination and compliance with any necessary Regulatory Approvals for such action.

16.02 **Non-Disturbance and Attornment**. Upon Manager's reasonable request or in the event of a Change of Control or refinancing or restructuring of any third-party debt by Owner, Owner shall deliver to Manager a non-disturbance agreement for the benefit of Manager from each of Owner's secured lenders in such lenders' standard form pursuant to which Manager's rights under this Agreement will not be disturbed as a result of a loan default which does not arise from a breach by Manager that would entitle Owner to terminate this Agreement, and Manager agrees to attorn to any secured lender, bondholder, or agent or collateral trustee on behalf of same, that acquires title to Taj Mahal as a result of a foreclosure, deed in lieu of foreclosure or other exercise of remedies under any financing documents pertaining to Taj Mahal or Owner following a default by Owner thereunder.

16.03 **Assigns Bound**. Subject to the provisions of this Agreement regarding and/or restricting assignments as set forth elsewhere in this Agreement, the terms, provisions, covenants, undertakings, agreements, obligations and conditions of this Agreement shall be binding upon and shall inure to the

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benefit of the successors in interest and the assigns of the Parties with the same effect as if mentioned in each instance where the Party is named or referred to, except that no assignment, transfer, pledge, mortgage, lease or sublease by or through Manager or by or through Owner, as the case may be, in violation of the provisions of this Agreement shall vest any rights in the assignee, transferee, pledgee, mortgagee, lessee, sublessee or occupant.

**ARTICLE 17  
NOTICES**

17.01 **Notices.** Any notices required to be sent under this Agreement shall be either (i) sent by certified mail, return receipt requested, in which case notice shall be deemed delivered on the day of deposit, postage prepaid in the U.S. Mail, (ii) sent by overnight courier for next Business Day delivery using a nationally recognized overnight courier, in which case it shall be deemed delivered on the day of deposit with such courier, (iii) sent by telefax (accompanied by e-mail), in which case notice shall be deemed delivered on the date confirmed fax, but a telefax shall be deemed delivered on the next Business Day if the time of the confirmed fax is after 4:00 p.m. eastern time, or (iv) sent by e-mail, in which case notice shall be deemed delivered on the date of the e-mail is received, but an email shall be deemed delivered on the next Business Day if the time of the confirmed receipt is after 4:00 p.m. eastern time. The below addresses may be changed by a Party upon written notice to the other Party; provided, however, that no notice of a change of address shall be effective until actual receipt of such notice. Any notice desired or required to be given by a Party hereto may be given on behalf of such Party by such party's legal counsel.

If to Owner:

Trump Taj Mahal Associates, LLC  
c/o Icahn Enterprises L.P.  
767 Fifth Avenue  
47<sup>th</sup> Floor  
New York, New York 10153  
Attn.: Keith Cozza  
President and Chief Executive Officer

With a copy to:

Icahn Enterprises L.P.  
767 Fifth Avenue  
47<sup>th</sup> Floor  
New York, New York 10153  
Attn.: Andrew Langham, Esquire  
General Counsel

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If to Guarantor:

IEH Investments I, LLC  
c/o Icahn Enterprises L.P.  
767 Fifth Avenue  
47<sup>th</sup> Floor  
New York, New York 10153  
Attn.: Keith Cozza  
President and Chief Executive Officer

With a copy to:

Icahn Enterprises L.P.  
767 Fifth Avenue  
47<sup>th</sup> Floor  
New York, New York 10153  
Attn.: Andrew Langham, Esquire  
General Counsel

If to Manager:

TEI Management Services LLC  
c/o Tropicana Entertainment, Inc.  
2841 Boardwalk  
Atlantic City, NJ 08401  
Attention: Anthony P. Rodio,  
President and Chief Operating Officer

and to:

TEI Management Services LLC  
c/o Tropicana Entertainment, Inc.  
2841 Boardwalk  
Atlantic City NJ 08401  
Attention: William C. Murtha, Esquire,  
Executive Vice President & General Counsel

With a copy to:

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Duane Morris LLP  
1940 East Rt. 70, Suite 200  
Cherry Hill, NJ 08003  
Attn: Gilbert Brooks, Esquire

**ARTICLE 18  
GENERAL PROVISIONS**

18.01 **Amendments**. Neither this Agreement nor any of its terms or provisions may be amended, modified, changed, waived or discharged, except by an instrument in writing signed by the Party against whom the enforcement of the amendment modification, change, waiver or discharge is sought. Proposed amendments shall be submitted to the Commission and the Division for review and determination of whether prior approval or any other Regulatory Approvals are required in connection with such amendment.

18.02 **Confidentiality**.

(a) The Parties understand and acknowledge that in connection with the transactions contemplated by this Agreement, information of a confidential, proprietary and/or trade secret nature may be revealed by one Party (the “**Disclosing Party**”) to the other Party (the “**Receiving Party**”) and that such information constitutes valuable and unique business assets of the Disclosing Party. The Receiving Party acknowledges and agrees that all Confidential Information (as defined below) of the Disclosing Party is the sole and exclusive property of the Disclosing Party and/or its Affiliates other than the Receiving Party and constitutes confidential and proprietary information and trade secrets of the Disclosing Party and/or its Affiliates other than the Receiving Party, and the Receiving Party shall not at any time provide information or testimony or take any position, public or private, to the contrary.

(b) The Receiving Party shall, and shall cause its employees, agents and Affiliates other than the Disclosing Party to, keep all Confidential Information of the Disclosing Party strictly confidential and shall not, directly or indirectly, disclose it to any third party at any time without the prior written consent of the Disclosing Party, which may be withheld in the Disclosing Party’s sole discretion. Upon termination of this Agreement, or at any time the Disclosing Party so requests, the Receiving Party shall deliver immediately to the Disclosing Party all agreements, communications, documents, information, data and materials in whatever form or media (including, without limitation, all copies and reproductions thereof) related to the Disclosing Party’s and its Affiliates’ businesses other than the Receiving Party’s business and all other Confidential Information and property of the Disclosing Party and its Affiliates other than the Receiving Party, which the Receiving Party obtained or generated in connection with or pursuant to this Agreement.

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(c) “**Confidential Information**” as used in this Agreement shall mean all information provided or made available to the Receiving Party by any source or generated, gathered, learned, acquired or developed by the Receiving Party and, in each case, relating directly or indirectly to the business of the Disclosing Party or any of its Affiliates other than the Receiving Party or to any and all customers of the Disclosing Party or any of its Affiliates other than the Receiving Party, including, without limitation, information that relates to the Disclosing Party’s business, marketing, markets, products, services, intellectual property, inventions, operational methods, technical processes, computer programs, strategic plans, forecasts, books and records, operational information, customers, customer lists, potential customer lists, contracts, research reports and related data, technology and trade secrets, employee lists and personnel information, ideas, prototypes, software, financial information, algorithms, schematics, development plans and strategies, databases, software and systems, pricing, profitability, performance and other information of the Disclosing Party or any of its Affiliates other than the Receiving Party not readily available to the public that were made known to the Receiving Party by virtue of this Agreement. Confidential Information shall be all such information as described above that the Disclosing Party considers to be confidential and proprietary, whether or not labeled as such and regardless of the method of transmission or the media in which the same is stored, conveyed or recorded.

(d) Confidential Information shall not include any information that (i) is or becomes publicly available without the breach of an obligation of confidentiality owed to the Disclosing Party; (ii) became known to the Receiving Party prior to the Disclosing Party’s disclosure of such information to the Receiving Party; or (iii) is independently developed by the Receiving Party without use of the Disclosing Party’s Confidential Information. Further, if disclosure by the Receiving Party of all or any part of the Disclosing Party’s Confidential Information is required by compulsory federal or state judicial, regulatory or governmental process and the failure to make such disclosure would subject the Receiving Party to censure or fine, the Receiving Party agrees to (x) promptly notify the Disclosing Party of the proposed disclosure; (y) disclose only such information which is required by such federal or state judicial, regulatory or governmental process to be disclosed; and (z) use commercially reasonable efforts to cooperate with the Disclosing Party in its efforts to obtain an order or other reliable assurance that confidential treatment will be accorded to the disclosed information to the maximum extent reasonably possible or to obtain such other protection under applicable law of the confidential nature of such information to the maximum extent reasonably possible. The provisions of this Section 18.02 shall survive the expiration or sooner termination of this Agreement for any reason.

**18.03 Public Statements.** The Parties shall cooperate with each other on all press releases and other public statements relating to Taj Mahal and neither Party shall issue any press release or other public statement relating to Taj Mahal without the prior written approval of the other Party, except for any public statement required under applicable law, provided that Manager may make public statements and press releases regarding Taj Mahal in connection with the management and operation of Taj Mahal in the

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ordinary course of business. With respect to any public statement required under applicable law, the issuing Party shall provide the other Party with a reasonable opportunity to review and comment upon any such statement prior to its issuance. To the extent required by law, each Party may file a copy of this Agreement with the Securities Exchange Commission or any Gaming Authorities, and each Party, at its own expense, shall cooperate with the other Party and execute all documents reasonably required in connection therewith. In such filing, the Parties shall request confidential treatment of any sensitive provisions of this Agreement, to the extent permitted by law or as the Parties shall otherwise agree. In addition, either Party may make reference to Taj Mahal, this Agreement and such Party's business in connection with filings with the Securities Exchange Commission, any notice or filing required by any Gaming Authorities, investor and lender reports and presentations, financing documents and offering materials.

**18.04 Governing Law.**

(a) THIS AGREEMENT WAS NEGOTIATED IN THE STATE OF NEW JERSEY, WHICH STATE THE PARTIES AGREE HAS A SUBSTANTIAL RELATIONSHIP TO THE PARTIES AND TO THE UNDERLYING TRANSACTION EMBODIED HEREBY, AND IN ALL RESPECTS, INCLUDING, WITHOUT LIMITING THE GENERALITY OF THE FOREGOING, MATTERS OF CONSTRUCTION, VALIDITY AND PERFORMANCE, THIS AGREEMENT AND THE OBLIGATIONS ARISING HEREUNDER SHALL BE GOVERNED BY, AND CONSTRUED IN ACCORDANCE WITH, THE LAWS OF THE STATE OF NEW JERSEY APPLICABLE TO CONTRACTS MADE AND PERFORMED IN SUCH STATE (WITHOUT REGARD TO PRINCIPLES OF CONFLICT OF LAWS) AND ANY APPLICABLE LAW OF THE UNITED STATES OF AMERICA. TO THE FULLEST EXTENT PERMITTED BY LAW, THE MANAGER HEREBY UNCONDITIONALLY AND IRREVOCABLY WAIVES ANY CLAIM TO ASSERT THAT THE LAW OF ANY OTHER JURISDICTION GOVERNS THIS AGREEMENT AND THIS AGREEMENT SHALL BE GOVERNED BY AND CONSTRUED IN ACCORDANCE WITH THE LAWS OF THE STATE OF NEW JERSEY.

(b) ANY LEGAL SUIT, ACTION OR PROCEEDING AGAINST THE OWNER OR THE MANAGER ARISING OUT OF OR RELATING TO THIS AGREEMENT SHALL BE INSTITUTED IN EITHER THE SUPERIOR COURT OF NEW JERSEY, LAW DIVISION, ATLANTIC COUNTY OR THE UNITED STATES DISTRICT COURT FOR THE DISTRICT OF NEW JERSEY, CAMDEN VICINAGE, AND THE PARTIES WAIVE ANY OBJECTIONS WHICH EITHER MAY HAVE ASSERTED NOW OR HEREAFTER HAVE BASED ON VENUE AND/OR FORUM NON CONVENIENS IN CONNECTION WITH OF ANY SUCH SUIT, ACTION OR PROCEEDING, AND THE PARTIES HEREBY IRREVOCABLY SUBMIT TO THE JURISDICTION OF ANY SUCH COURT IN ANY SUIT, ACTION OR PROCEEDING.

**18.05 Trial by Jury.** THE PARTIES HEREBY AGREE NOT TO ELECT A TRIAL BY JURY OF ANY ISSUE TRIABLE OF RIGHT BY JURY, AND WAIVE ANY RIGHT TO TRIAL BY JURY



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FULLY TO THE EXTENT THAT ANY SUCH RIGHT SHALL NOW OR HEREAFTER EXIST WITH REGARD TO THIS AGREEMENT, OR ANY CLAIM, COUNTERCLAIM OR OTHER ACTION ARISING IN CONNECTION THEREWITH. THIS WAIVER OF RIGHT TO TRIAL BY JURY IS GIVEN KNOWINGLY AND VOLUNTARILY BY THE PARTIES, AND IS INTENDED TO ENCOMPASS INDIVIDUALLY EACH INSTANCE AND EACH ISSUE AS TO WHICH THE RIGHT TO A TRIAL BY JURY WOULD OTHERWISE ACCRUE. THE PARTIES ARE HEREBY AUTHORIZED TO FILE A COPY OF THIS AGREEMENT IN ANY PROCEEDING AS CONCLUSIVE EVIDENCE OF THIS WAIVER BY THE OTHER PARTY.

**18.06 Waiver of Certain Damages.** TO THE EXTENT PERMITTED BY LAW, (A) EACH OF MANAGER AND OWNER HEREBY KNOWINGLY, VOLUNTARILY AND INTENTIONALLY WAIVES THE RIGHT TO CLAIM AGAINST THE OTHER OR (EXCEPT IN THE CASE OF INDEMNIFICATION OF THE MANAGER BY THE OWNER AGAINST ANY CLAIMS OF THIRD PARTIES OR AS OTHERWISE PROVIDED IN SECTION 9.05) RECEIVE FROM THE OTHER CONSEQUENTIAL, INCIDENTAL, SPECIAL, OR PUNITIVE DAMAGES AND (B) OWNER HEREBY KNOWINGLY, VOLUNTARILY AND INTENTIONALLY WAIVES THE RIGHT TO CLAIM AGAINST OR RECEIVE FROM MANAGER ANY DAMAGES WITH RESPECT TO ANY LITIGATION BETWEEN THE PARTIES, INCLUDING, WITHOUT LIMITATION, WITH RESPECT TO ANY AND ALL CAUSE OR CAUSES OF ACTION, DEFENSES, COUNTERCLAIMS, CROSS-CLAIMS, THIRD PARTY CLAIMS AND INTERVENER'S CLAIMS, WHETHER NOW EXISTING OR HEREAFTER ARISING, AND WHETHER SOUNDING IN CONTRACT, TORT, EQUITY OR OTHERWISE, REGARDLESS OF THE CAUSE OR CAUSES OF ACTION, DEFENSES OR COUNTERCLAIMS ALLEGED OR THE RELIEF SOUGHT BY ANY PARTY, AND REGARDLESS OF WHETHER SUCH CAUSES OF ACTION, DEFENSES OR COUNTERCLAIMS ARE BASED ON, OR ARISE OUT OF, UNDER OR IN CONNECTION WITH THIS AGREEMENT OR ITS SUBJECT MATTER, OUT OF ANY ALLEGED CONDUCT OR COURSE OF CONDUCT, DEALING OR COURSE OF DEALING, STATEMENTS (WHETHER VERBAL OR WRITTEN), OR OTHERWISE. ANY PARTY HERETO MAY FILE A COPY OF THIS AGREEMENT WITH THE COURT AS CONCLUSIVE EVIDENCE OF THE CONSENT OF THE PARTIES SET FORTH HEREIN.

IN FURTHER EVIDENCE OF THEIR AGREEMENT TO THIS WAIVER PROVISION, MANAGER AND OWNER HAVE INITIALED BELOW:

MANAGER: \_\_\_\_\_ OWNER: \_\_\_\_\_

**18.07 Savings Clause.** To the extent that any provision of this Agreement is prohibited or ineffective under any applicable law or regulation, this Agreement shall be considered automatically amended to the smallest degree possible in order to make such provision effective under such law or regulation (and, if such law or regulation is subsequently amended or interpreted in such manner as to





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make effective any provision of this Agreement that was formerly rendered invalid, such provision shall automatically be considered to be valid from the effective date of such amendment or interpretation).

18.08 **Force Majeure**. Each Party shall be excused from the performance of any obligation under this Agreement if prevented by any delay, non-performance, inability to perform or stoppage due to any of the following causes: strikes, lockouts, labor disputes, failure of power, acts of public enemies of this State or of the United States, terrorism, riots, insurrections, civil commotion, inclement weather, natural disaster, inability to obtain labor and/or materials or reasonable substitutes for either, governmental restrictions or regulations or controls, casualties and/or any other causes beyond the reasonable control of the Party whose performance is affected thereby. The time within which such obligation must be performed will be extended for a period of time equivalent to the delay from such cause.

18.09 **Waiver**. None of the terms of this Agreement or any term, right or remedy hereunder shall be deemed waived unless such waiver is in writing and signed by the Party to be charged therewith. No failure or delay by a Party to insist upon the strict performance of any term of this Agreement, or to exercise any right or remedy as a consequence of a breach thereof, shall constitute a waiver of any breach or any subsequent breach of such term. No waiver of any default shall affect or alter this Agreement, but each and every term of this Agreement shall continue in full force and effect with respect to any other then existing or subsequent breach.

18.10 **Entire Agreement**. This Agreement, the other writings lawfully executed by the Parties and expressly stated to be supplemental hereto, and any instruments to be executed and delivered pursuant to this Agreement, constitute the entire agreement between the Parties and supersede all prior understandings and writings. The Parties hereby agree that each has carefully read this Agreement and that the terms and conditions set forth herein are satisfactory and that the terms and conditions set forth herein can only be changed, modified or amended by a written document signed by each of the Parties.

18.11 **Liability**. The Parties agree that in no event shall either Party be liable for indirect, special, consequential or punitive damages, except with respect to indemnification obligations for third party claims.

18.12 **No Third Party Beneficiaries**. Nothing in this Agreement shall be construed as implying or intending any third party beneficiaries to this Agreement.

18.13 **Standard of Reasonableness**. Unless specifically provided otherwise, all provisions of this Agreement and all collateral agreements and actions necessary to implement or enforce any such agreement or provision shall be governed by a standard of commercial reasonableness and good faith, and whenever the consent or approval of a Party is contemplated, such consent or approval may not be unreasonably denied, conditioned or delayed.

18.14 **Further Assurances**. The Parties shall do and cause to be done all such acts, matters and things and shall execute and deliver all such documents and instruments as shall be required to enable the

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Parties to perform their respective obligations under, and to give effect to the transactions contemplated by, this Agreement.

18.15 **Counterparts.** This Agreement may be executed in any number of counterparts and by different Parties in separate counterparts and by facsimile or pdf, with the same effect as if all Parties had signed the same documents, each of which will be considered an original, but all such counterparts together will constitute but one and the same Agreement.

18.16 **Liens.** The Manager acknowledges and agrees that under no circumstances will the Manager be entitled to a lien on the Casino in connection with this Agreement.

18.17 **Headings.** The Article and/or Section headings and the Table of Contents in this Agreement are included herein for convenience of reference only and shall not constitute a part of this Agreement for any other purpose.

18.18 **Consents.** Wherever in this Agreement the consent or approval of Owner or Manager is required, such consent or approval shall be in writing and executed by a fully authorized officer or manager of the Party granting such consent or approval. Where this Agreement requires an approval or consent of a Party, the request for such approval or consent shall not be unreasonably withheld, delayed or conditioned, except to the extent that this Agreement expressly provides for another standard to apply.

18.19 **Interpretation.** Words of any gender used in this Agreement shall be held and construed to and include any other gender, and words singular shall be held to include the plural, unless the context otherwise requires. The captions or headings used in this Agreement are inserted and included solely for convenience and shall never be considered or given any effect in construing the provisions hereof if any question of intent should arise.

18.20 **Interest.** Unless otherwise required herein, all payments which are required or permitted to be made by one Party to another Party pursuant to this Agreement (including, without limitation, the Management Fees and any Out-of-Pocket Expenses) and which are not made on the due date of payment shall, unless the sole cause of the failure to make such payments is the failure of the Party to whom payment was to be made to do that which this Agreement requires the Party to do in order to receive the required or permitted payment, bear interest at the rate of [\*\*] per annum (the “**Interest Rate**”) from the due date of payment to the date that payment is made compounded annually and calculated on the basis of a three-hundred-sixty (360) day year. Whenever such interest is to be calculated over a period of one or more years, it shall be compounded annually.

18.21 **No Waivers.** No failure or delay by the Parties to insist upon the strict performance of any covenant, agreement, term or condition of this Agreement, or to exercise any right or remedy consequent upon the breach thereof shall constitute a waiver of any such breach or any subsequent breach of such covenant, agreement, term or condition. No covenant, agreement, term, or condition of this Agreement and no breach thereof shall be waived, altered or modified except by written instrument. No waiver of



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any breach shall affect or alter this Agreement, but each and every covenant, agreement, term and condition of this Agreement shall continue in full force and effect with respect to any other then existing or subsequent breach thereof.

*[The signature page follows]*

**IN WITNESS WHEREOF**, the Parties have duly executed and delivered this Agreement as of the day and year first above written.

**OWNER:**

**Trump Taj Mahal Associates, LLC**

By: /s/ Daniel McFadden

\_\_\_\_\_  
Name: Daniel McFadden

\_\_\_\_\_  
Title: CFO  
\_\_\_\_\_

**MANAGER:**

**TEI Management Services LLC**

By: /s/ Anthony P. Rodio

\_\_\_\_\_  
Name: Anthony P. Rodio

\_\_\_\_\_  
Title: President and CEO  
\_\_\_\_\_

**GUARANTOR:**

**IEH Investments I, LLC**

By: /s/ Keith Cozza

Name: \_\_\_\_\_  
Keith Cozza

Title: \_\_\_\_\_  
President  
\_\_\_\_\_

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**EXHIBIT A**

**Form of Notice of Commencement**

Reference is made to that certain Management Agreement (the “**Agreement**”), dated as of March 1, 2016, by and between Trump Taj Mahal Associates, LLC, a New Jersey limited liability company (the “**Owner**”), TEI Management Services LLC, a Delaware limited liability company (the “**Manager**”) and IEH Investments I, LLC, a Delaware limited liability company (the “**Guarantor**”). Capitalized terms used herein without definition have the meanings ascribed thereto in the Agreement.

Pursuant to Section 2.04 of the Agreement, Owner and Manager and hereby acknowledge the Commencement Date occurred on [ ], 2016.

**TRUMP TAJ MAHAL ASSOCIATES, LLC**

By: \_\_\_\_\_

Name: \_\_\_\_\_

Title: \_\_\_\_\_

\_\_\_\_\_

**TEI MANAGEMENT SERVICES LLC**

By: \_\_\_\_\_

Name: \_\_\_\_\_

Title: \_\_\_\_\_

\_\_\_\_\_

**TROPICANA ENTERTAINMENT INC.  
SEVERANCE PAY PLAN**

Effective as of January 1, 2016

**Establishment of the Plan**

Tropicana Entertainment Inc. (the “Sponsor”) hereby creates the Tropicana Entertainment Inc. Severance Pay Plan (the “Plan”), effective as of January 1, 2016, to provide severance pay to eligible U.S.-based employees of the Company and its U.S. subsidiaries (together, the “Company”).

The Plan is designed to provide Eligible Employees (as defined below) with severance pay in the event of involuntary termination of employment by the Company in the circumstances described below. The Plan supersedes, terminates and replaces any and all prior severance plans, programs, or policies of the Company covering Eligible Employees, both formal and informal.

This document contains the formal terms of the Plan and is also intended to be the summary plan description for the Plan.

**Eligible Employees**

Only Eligible Employees of the Company are eligible for benefits under the Plan. An “Eligible Employee” means (i) a U.S.-based, regular salaried exempt employee (whether full-time or part-time, but regularly scheduled to work not less than 30 hours per week), (ii) who has been employed by the Company for at least ninety (90) consecutive days, and (iii) who is not excluded from participating in the Plan pursuant to the following paragraph.

“Eligible Employee” does not include, and the Plan is not applicable to, any employee or individual who: (i) is classified by the Company as temporary, seasonal, per diem, hourly, non-salaried, non-exempt, or freelance employee, or is otherwise classified by the Company as other than a regular salaried exempt employee; (ii) is classified by the Company as an independent contractor or consultant or is otherwise performing services for the Company under an independent contractor, consulting, or similar agreement even if he or she is later retroactively reclassified as a common-law or other type of employee of the Company during all or any part of such period pursuant to applicable law or otherwise; (iii) is a leased employee or contract employee; (iv) is covered by a written individual severance, separation, retention, or similar agreement or who is covered by a written employment or similar agreement which provides for any severance or termination benefits (or states that no such benefits will be paid); (v) is a foreign national temporarily assigned to the U.S.; or (vi) is covered by a collective bargaining agreement.

**Conditions to Receipt of Severance Pay**

An Eligible Employee who is involuntarily terminated by the Company other than for Cause (as defined below) will be entitled to receive severance pay under the Plan, provided that the Eligible Employee satisfies all of the following requirements:

- (i) The Eligible Employee must remain in the employ of the Company as an Eligible Employee through the date of termination of employment designated in writing by the Plan Administrator;
- (ii) Through the date of termination of employment designated by the Plan Administrator, the Eligible Employee must fulfill the normal responsibilities of his/her position with no deterioration in current level of performance, including meeting regular attendance, workload, and other standards of the Company; and





- (iii) The Eligible Employee must submit to the Plan Administrator a signed Separation and Release Agreement, in such form as the Plan Administrator may provide, within the time limits prescribed therein and must not revoke such Separation and Release Agreement.

An Eligible Employee will be notified in writing by the Plan Administrator (or his or her designee) that s/he is being involuntarily terminated under circumstances which entitle the Eligible Employee to severance pay under the Plan.

#### **Circumstances When Severance Is Not Payable**

An Eligible Employee of the Company will **not** be entitled to receive severance pay under the Plan (or, if an Eligible Employee, is receiving severance pay in installments, all payments will cease) if:

1. The Eligible Employee's employment with the Company terminates by reason of retirement, resignation, failure to report for work, death, disability, temporary layoff, or discharge for Cause;
2. The Eligible Employee is offered a position with the Company, a Related Employer, or an affiliate employer with similar job functions and at substantially the same or higher rate of base pay;
3. The Eligible Employee is reemployed by the Company, a Related Employer, or an affiliate employer or commences providing services to the Company, a Related Employer or an affiliate in a capacity other than as an employee (e.g., as an independent contractor);
4. The Eligible Employee fails to comply with the provisions regarding confidentiality and cooperation set forth in the Plan or the Separation and Release Agreement or any restrictive covenants applicable to the Eligible Employee; or
5. The business or a portion of the business of the Company in which the Eligible Employee is employed is (i) sold in whole or in part to another corporation, company or individual, (ii) merged or consolidated with another corporation, company or individual or is part of a similar corporate transaction or (iii) outsourced to another corporation, company or individual, and the Eligible Employee either (A) is offered employment with the purchaser or surviving business or the corporation, company or individual to which the business or portion of the business is outsourced (whether or not he or she accepts any such position with the purchaser, surviving business or other company or individual) in a position (a) providing substantially the same or higher rate of base pay (i.e., base salary or wages) as the Eligible Employee had immediately prior to the occurrence, and (b) within 50 miles of the Eligible Employee's current primary worksite or which does not increase the distance the Eligible Employee has to commute to work by more than 50 miles, or (B) accepts any employment with the purchaser or surviving business or the corporation, company or individual to which the business or portion of the business is outsourced.

An employee who receives severance pay under the Plan under circumstances in which s/he does not satisfy the Plan's conditions for receipt of severance pay (including a later discovery that the employee engaged in conduct that constituted Cause) is required to promptly repay such severance pay upon notification by the Plan Administrator.

For purposes of the Plan, (i) "Cause" means as determined by the Plan Administrator, (A) willful failure of an employee to perform substantially his/her duties (other than any such failure resulting from incapacity due to disability); (B) commission of, or indictment for, a felony or any crime involving fraud or embezzlement or dishonesty or conviction of, or plea of *nolo contendere* to a crime or misdemeanor (other than a traffic violation) punishable by imprisonment under federal, state or local law; (C) engagement in an act of fraud or other act and willful dishonesty or misconduct, towards the Company or any of its Related Companies, or detrimental

to the Company or any of its Related Companies, or in the performance of the employee's duties; (D) negligence in the performance of employment duties that has a detrimental effect on the Company or any of its Related Companies; (E) violation of a federal or state securities law or regulation; (F) the use of a controlled substance without a

prescription or the use of alcohol which, in each case, significantly impairs the employee's ability to carry out his or her duties and responsibilities; (G) material violation of the policies and procedures of the Company or any of its Related Companies; (H) embezzlement and/or misappropriation of property of the Company or any of its Related Companies; (I) suspension, revocation or other loss of a gaming license or registration required as a condition of employment, or (J) conduct involving any immoral acts which is reasonably likely to impair the reputation of the Company or any of its Related Companies; and (ii) a "Related Employer" means any member of a controlled group of corporations or group of trades or business under common control which includes the Company, within the meaning of Section 414(b) and 414(c) of the Internal Revenue Code of 1986, as amended (the "Code"), except that control for such purposes shall be determined on the basis of at least 50% ownership rather than at least 80% ownership.

### **Amount of Severance Pay**

An Eligible Employee who satisfies the Plan's conditions for receipt of severance pay will receive severance pay ("Severance Pay") in the amount shown on Attachment A.

### **Separation and Release Agreement**

In order to receive severance pay under the Plan, an Eligible Employee must submit a signed Separation and Release Agreement, in such form as the Plan Administrator may provide, within the time limits prescribed therein and must not revoke such Separation and Release Agreement. The severance pay provided under the Plan is the consideration for the Separation and Release Agreement.

An Eligible Employee who revokes his/her Separation and Release Agreement is not eligible to receive any severance pay under the Plan.

### **Payment of Severance Pay**

Severance pay will be paid in a one-time lump sum payment as soon as practicable following the later of (i) his/her date of termination of employment, and (ii) the expiration of any applicable revocation period for a signed Separation and Release Agreement, but in no event later than 2-1/2 months following the end of the calendar year in which the termination occurs; provided that the Eligible Employee signs the Separation and Release Agreement within the timeframe set forth in such Release and does not revoke it (or any portion thereof) within the applicable timeframe.

All legally required tax and other withholdings and any sums owed to the Company will be deducted from severance payments under this Plan.

### **Plan Administration**

The Sponsor will be the "Plan Administrator" of the Plan and the "named fiduciary" within the meaning of such terms under the Employee Retirement Income Security Act of 1974, as amended ("ERISA"). The Plan Administrator will have the sole and discretionary authority to determine eligibility for Plan benefits and to construe the terms of the Plan, including the making of factual determinations. Accordingly, the Plan Administrator will have the sole and discretionary authority to determine, among other items, whether an employee is an Eligible Employee, whether an Eligible Employee has been discharged for Cause and whether an Eligible Employee has been offered a position with similar job functions and substantially the same or greater rate of base pay, and any other determinations that are required to be made under this Plan. Severance pay under the Plan will be payable only if the Plan Administrator determines in its sole discretion that the Eligible Employee is entitled to severance pay. The decisions of the Plan Administrator will be final and conclusive with respect to all questions concerning the administration of the Plan.

The Plan Administrator may delegate to other persons responsibilities for performing certain of the duties of the Plan Administrator under the terms of the Plan and may seek such expert advice as the Plan Administrator

deems reasonably necessary with respect to the Plan. The Plan Administrator will be entitled to rely upon the information and advice furnished by such delegates and experts.

### **Procedure for Making and Appealing Claims for Plan Benefits**

It is not necessary that an Eligible Employee apply for severance pay under the Plan. However, if an employee wishes to file a claim for severance pay, such claim must be in writing and filed with the Plan Administrator. Within ninety (90) days after receiving a claim, unless special circumstances require a longer period of time to review the claim, the Plan Administrator will:

- Either accept or deny the claim completely or partially; and
- Notify the claimant of acceptance or denial of the claim.

If an extension is required, the Plan Administrator will send the claimant a notice explaining why the extension is needed and the date by which the Plan Administrator expects to make its decision. In no case, however, will the extension exceed one-hundred and eighty (180) days after the receipt of the original claim. If the extension is required due to the claimant's failure to submit information necessary to decide the claim, the period for making the determination will be tolled from the date on which the extension notice is sent to the claimant until the date on which the claimant responds to the Plan's request for information.

If the claim is completely or partially denied, the Plan Administrator will furnish a written notice to the claimant containing the following information:

1. Specific reasons for the denial;
2. Specific references to the Plan provisions on which any denial is based;
3. A description of any additional material or information that must be provided by the claimant in order to support the claim and reason why such material or information is necessary; and
4. An explanation of the Plan's appeal procedures and time limits applicable to such procedures, including a statement of the claimant's right to bring a civil action under ERISA Section 502(a).

A claimant may appeal the denial of his/her claim and have the Plan Administrator reconsider the decision. The claimant or the claimant's authorized representative has the right to:

- (a) Request an appeal by written request to the Plan Administrator not later than sixty (60) days after receipt of notice from the Plan Administrator denying his/her claim;
- (b) Be provided, upon written request and free of charge, with reasonable access to (and copies of) all documents, records, and other information relevant to the claim; and
- (c) Submit issues and comments regarding the claim in writing to the Plan Administrator.

The Plan Administrator will take into account all comments, documents, records, and other information the claimant submits relating to the claim and make a decision with respect to such an appeal within sixty (60) days after receiving the written request for

such appeal, unless special circumstances require a longer period of time to review the appeal. If an extension is required, the Plan Administrator will send the claimant a notice explaining why the extension is needed and the date by which the Plan Administrator expects to make its decision. In no case, however, will the extension exceed one-hundred and twenty (120) days after the receipt of the appeal. If the extension is required due to the claimant's failure to submit information necessary to decide the claim, the period for making the determination will be tolled from the date on which the extension notice is sent to the claimant until the date on which the claimant responds to the Plan's request for information.

The claimant will be advised of the Plan Administrator's decision on the appeal in writing. If an adverse benefit determination is made with respect to the claim, the notice will (i) set forth the specific reasons for the decision, (ii) make specific reference to Plan provisions upon which the decision on the appeal is based, (iii) include a statement that the claimant may access the relevant documents and information free of charge, and (iv) include a statement that the claimant has the right to bring a civil action under ERISA Section 502(a).

In no event will a claimant or any other person be entitled to challenge a decision of the Plan Administrator in court or in any other administrative proceeding unless and until the claim and appeal procedures described above have been complied with and exhausted.

#### **No Assignment**

Severance pay payable under the Plan will not be subject to anticipation, alienation, pledge, sale, transfer, assignment, garnishment, attachment, execution, encumbrance, levy, lien, or charge, and any attempt to cause such severance pay to be so subjected will not be recognized, except to the extent required by law.

#### **Recovery of Payments Made By Mistake**

An Eligible Employee will be required to return to the Company any severance payment, or portion thereof, made by a mistake of fact or law, or to which the Eligible Employee is otherwise not entitled under the Plan as determined by the Plan Administrator.

#### **Offset of Severance Payment**

To the extent not prohibited under applicable law, the Company, in its sole and absolute discretion, will have the right to offset (or cause to be offset) any amounts otherwise due to an Eligible Employee as severance pay hereunder by any amounts owed by such Eligible Employee to the Company for any reason, provided that any such offset is exempt from or complies with the requirements of Section 409A of the Internal Revenue Code of 1986, as amended.

#### **Amendment/Termination/Vesting**

The Sponsor reserves the right in its sole and absolute discretion to amend or terminate the Plan, at any time. Eligible Employees do not have any vested right to severance pay under the Plan.

#### **Representations Contrary to the Plan**

No employee, officer, or director of the Company has the authority to alter, vary, or modify the terms of the Plan except by means of an authorized written amendment to the Plan. No verbal or written representations regarding the Plan and its written amendments will be binding upon the Plan, the Plan Administrator, or the Company.

#### **No Employment Rights**

The Plan does not confer employment rights upon any person. No person will be entitled, by virtue of the Plan, to remain in the employ of the Company and nothing in the Plan will restrict the right of the Company to terminate the employment of any Eligible Employee or other person at any time.

#### **Plan Funding**

No Eligible Employee will acquire by reason of the Plan any right in or title to any assets, funds, or property of the Company. Any severance pay that becomes payable under the Plan is an unfunded obligation and will be paid from the general assets of the Company. No employee, officer, director, or agent of any Company personally guarantees in any manner the payment of any amount payable under the Plan.



## **Applicable Law**

This Plan will be governed and construed in accordance with ERISA and in the event that any state law is to be used with respect to the Plan, the laws of the State of Nevada will apply, without regard to its conflicts of law provisions.

## **Mandated Payments**

The severance pay available under the Plan is the maximum amount payable by the Company in the event of involuntary termination of employment. To the extent that a federal, state, or local law requires the Company to make payment to an Eligible Employee because of involuntary termination of employment, or in accordance with a plant closing-type law, the severance pay provided under the Plan will be reduced by the amount of such required payment.

## **Severability**

Should any provision(s) of the Plan be deemed or held to be unlawful or invalid for any reason, such fact shall not adversely affect the other provisions of the Plan unless such determination shall render impossible or impracticable the functioning of the Plan and, in such case, an appropriate provision(s) shall be adopted so that the Plan may continue to function properly.

## **Code Section 409A**

The Plan is intended to be exempt from or comply with Section 409A of the Code to the fullest extent possible and will be interpreted in a manner intended to be so exempt from or comply with Section 409A of the Code. Notwithstanding anything herein to the contrary (other than the immediately following sentence), if the aggregate of all amounts payable to an Eligible Employee under the Plan (when combined with similar amounts payable to such Eligible Employee under any other agreements, methods, programs, or other arrangements with respect to which deferrals of compensation are treated with the Plan as having been deferred under a single nonqualified deferred compensation plan under Treasury Regulation Section 1.409A-1(c)(2)) exceeds the lesser of two times (i) the Eligible Employee's annual rate of pay for the year prior to the year of his or her employment termination, or (ii) the maximum amount that may be taken into account under a qualified pension plan pursuant to Section 401(a)(17) of the Code for the year of his or her employment termination, (A) such amount that exceeds the above limit shall be paid to the Eligible Employee within 30 days following the six month anniversary of his or her employment termination or, if earlier, his or her death, (B) a termination of employment shall not be deemed to have occurred for purposes of any provision of the Plan providing for payment of such amounts until such termination of employment is also a separation from service from the Company within the meaning of Code Section 409A, and (C) if any other payments of money due to the Eligible Employee hereunder could cause application of an accelerated or additional tax under Section 409A of the Code, such payments shall be deferred if deferral will make such payment compliant under Section 409A of the Code, or otherwise such payment shall be restructured, to the extent possible, in a manner, determined by the Plan Administrator, that does not cause such an accelerated or additional tax. The foregoing sentence shall not be applicable, if all amounts to be paid under the Plan to an Eligible Employee are otherwise fully exempt from the provisions of Code Section 409A. Each payment made under this Plan shall be designated as a "separate payment" within the meaning of Section 409A of the Code. The Plan Administrator shall consult with the Eligible Employee in good faith regarding the implementation of the provisions of this section; provided that neither the Plan Administrator, the Company nor any of their employees or representatives shall have any liability to an Eligible Employee with respect thereto. The preceding shall not be construed as a guarantee of any particular tax effect for Plan payments.

## **Plan Year**

The plan year of the Plan will be the twelve-month period commencing on January 1 of each year.



## **Miscellaneous Provisions**

In order for an Eligible Employee to receive severance pay under the Plan, (i) s/he will be required to return all Company property (including, but not limited to, confidential information, keys, credit cards, documents and records, identification cards, equipment, laptop computers, software, and pagers), (ii) complete any outstanding performance evaluations, and (iii) repay any outstanding bills, advances, debts, etc., due to the Company, as of his/her date of termination of employment with the Company.

The existence of this Plan will not affect the amount of pay and other benefits (other than severance) or rights to which an Eligible Employee is otherwise entitled under other established policies, plans, and procedures of the Company.

## **Your Rights Under ERISA**

The Plan is a severance pay plan, which is a form of welfare benefit plan for purposes of ERISA. As an Eligible Employee under the Plan, you are entitled to certain rights and protections under ERISA. ERISA provides that eligible employees under the Plan will be entitled to:

- Examine without charge at the Plan Administrator's office all documents governing the operation of the Plan, including a copy of the latest annual report (Form 5500 series), if any, filed by the Plan with the U.S. Department of Labor and available at the Public Disclosure Room of the Employee Benefits Security Administration.
- Obtain, upon written request to the Plan Administrator, copies of documents governing the operation of the Plan, including copies of the latest annual report (Form 5500 series), if any, and an updated summary plan description. The Plan Administrator may make a reasonable charge for the copies.
- Receive a summary of the Plan's annual financial report (if any). The Plan Administrator is required by law to furnish each Eligible Employee with a copy of any summary annual report.

In addition to creating rights for Eligible Employees, ERISA imposes duties upon the people who are responsible for the operation of the Plan:

- The people who operate the Plan, called "fiduciaries" of the Plan, have a duty to do so prudently and in the interest of Eligible Employees.
- No one, including the Company or any other person, may fire you or otherwise discriminate against you in any way to prevent you from obtaining a benefit or exercising your rights under ERISA.
- If your claim for a Plan benefit is denied or ignored, in whole or in part, you have the right to know why this was done, to obtain copies of documents relating to the decision without charge, and to appeal any denial, all within certain time schedules.

Under ERISA, there are steps you can take to enforce the above rights. For instance, if you request materials from the Plan Administrator and you do not receive them within thirty (30) days of the date your request was received by the Plan Administrator, you may file suit in a federal court. In such a case, the court may require the Plan Administrator to provide the materials and to pay you up to \$110 per day until you receive the materials, unless the materials were not sent because of reasons beyond the control of the Plan Administrator. If you have a claim for benefits which is denied or ignored, in whole or in part, you may file suit in a state or federal court. If it should happen that Plan fiduciaries misuse the Plan's money, or if you are discriminated against for asserting your rights, you may seek assistance from the U.S. Department of Labor or you may file suit in a federal court. The court will decide who should pay court costs and legal fees. If you are successful, the court may order the person you have sued to pay these costs and fees. If you lose, the court may order you to pay these costs and fees, for instance, if it finds your claim to be frivolous.



To the fullest extent permitted under applicable law, the right to maintain a court action is subject to the Plan's requirements that administrative procedures be completed first. This is called exhaustion of administrative remedies. Failure to exhaust administrative procedures may preclude you from bringing an action in court.

Any legal action for benefits must be commenced within three years of the date on which a final determination denying your claim, in whole or in part, has been issued under the procedures described above (or the date the cause of action first arose, if earlier).

If you have any questions about the Plan, you should contact the Plan Administrator. If you have any questions about this statement or about your rights under ERISA, or if you need assistance obtaining documents from the Plan Administrator, you should contact the nearest area office of the U.S. Employee Benefits Security Administration, Department of Labor, listed in your telephone directory, or the Division of Technical Assistance and Inquiries, Employee Benefits Security Administration, U.S. Department of Labor, 200 Constitution Avenue, N.W., Washington, D.C. 20210. You may also obtain certain publications about your rights and responsibilities under ERISA by calling the publications hotline of the Employee Benefits Security Administration.

**Plan Details and Contact Information**

Plan Name	Tropicana Entertainment Inc. Severance Pay Plan
Plan Number	550
Plan Sponsor	Tropicana Entertainment Inc. 8345 W. Sunset Road, Suite 300 Las Vegas, Nevada 89113
Employer Identification Number (EIN)	550
Plan Year	January 1 through December 31
Plan Type	This is a welfare plan.
Plan Administrator	Tropicana Entertainment Inc. 2831 Boardwalk Atlantic City, New Jersey 08401 Attn: Human Resources 609-340-4353
Agent for Legal Process	Legal process may be served on the Plan Administrator

**ATTACHMENT A**  
**AMOUNT OF SEVERANCE PAY**

<b>Employee Classification</b>	<b>Years of Service</b>	<b>Weeks of Base Pay</b>
Direct Reports to Tropicana Entertainment Inc.'s CEO (other than administrative/secretarial)	≤ 1 year (minimum 90 days)	2
	1 year to < 2 years	4
	≥2 years	6 (Maximum)
All others	< 2 years (minimum 90 days)	1
	2 years to < 5 years	3
	5 years to < 10 years	4
	10 years to < 15 years	5
	≥15 years	6 (Maximum)

For all purposes of the Plan, a “week of base pay” will be determined by using (i) the applicable regular weekly base salary for a salaried exempt employee. A “week of pay” will be determined before applying any salary reduction contributions that were being made on Eligible Employee’s behalf to a Company plan under Section 125, 132(f) or 401(k) of the Code.

An Eligible Employee’s “years of service” for all purposes of the Plan will be determined from the Eligible Employee’s most recent date of hire by or transfer to the Company (or a predecessor company or Related Employer if service with such predecessor company or Related Employer is counted by the Company for purposes of the Company’s employee benefit plans) in a position that qualifies the employee as an Eligible Employee until his/her date of termination of employment with the Company. Any partial year of service will be adjusted pro rata for full months worked, provided that the Eligible Employee has already completed at least one (1) year of service.

**Certification of Principal Executive Officer**  
**of Periodic Report Pursuant to Rule 13a-14(a) and Rule 15d-14(a)**

I, Anthony P. Rodio, certify that:

1. I have reviewed this Quarterly Report on Form 10-Q of Tropicana Entertainment Inc.;
2. Based on my knowledge, this report does not contain any untrue statement of a material fact or omit to state a material fact necessary to make the statements made, in light of the circumstances under which such statements were made, not misleading with respect to the period covered by this report;
3. Based on my knowledge, the financial statements, and other financial information included in this report, fairly present in all material respects the financial condition, results of operations and cash flows of the registrant as of, and for, the periods presented in this report;
4. I am responsible for establishing and maintaining disclosure controls and procedures (as defined in Exchange Act Rules 13a-15(e) and 15d-15(e)) and internal control over financial reporting (as defined in Exchange Act Rules 13a-15(f) and 15d-15(f)) for the registrant and have:
  - (a) Designed such disclosure controls and procedures, or caused such disclosure controls and procedures to be designed under our supervision, to ensure that material information relating to the registrant, including its consolidated subsidiaries, is made known to us by others within those entities, particularly during the period in which this report is being prepared;
  - (b) Designed such internal control over financial reporting, or caused such internal control over financial reporting to be designed under our supervision, to provide reasonable assurance regarding the reliability of financial reporting and the preparation of financial statements for external purposes in accordance with generally accepted accounting principles;
  - (c) Evaluated the effectiveness of the registrant's disclosure controls and procedures and presented in this report our conclusions about the effectiveness of the disclosure controls and procedures, as of the end of the period covered by this report based on such evaluation; and
  - (d) Disclosed in this report any change in the registrant's internal control over financial reporting that occurred during the registrant's most recent fiscal quarter (the registrant's fourth fiscal quarter in the case of an annual report) that has materially affected, or is reasonably likely to materially affect, the registrant's internal control over financial reporting; and
5. I have disclosed, based on our most recent evaluation of internal control over financial reporting, to the registrant's auditors and the audit committee of the registrant's board of directors (or persons performing the equivalent functions):
  - (a) All significant deficiencies and material weaknesses in the design or operation of internal control over financial reporting which are reasonably likely to adversely affect the registrant's ability to record, process, summarize and report financial information; and
  - (b) Any fraud, whether or not material, that involves management or other employees who have a significant role in the registrant's internal control over financial reporting.

Date: May 3, 2016

/s/ ANTHONY P. RODIO

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Anthony P. Rodio  
*Chief Executive Officer*  
*(Principal Executive Officer)*

**Certification of Principal Financial Officer**  
**of Periodic Report Pursuant to Rule 13a-14(a) and Rule 15d-14(a)**

I, Theresa Glebocki, certify that:

1. I have reviewed this Quarterly Report on Form 10-Q of Tropicana Entertainment Inc.;
2. Based on my knowledge, this report does not contain any untrue statement of a material fact or omit to state a material fact necessary to make the statements made, in light of the circumstances under which such statements were made, not misleading with respect to the period covered by this report;
3. Based on my knowledge, the financial statements, and other financial information included in this report, fairly present in all material respects the financial condition, results of operations and cash flows of the registrant as of, and for, the periods presented in this report;
4. I am responsible for establishing and maintaining disclosure controls and procedures (as defined in Exchange Act Rules 13a-15(e) and 15d-15(e)) and internal control over financial reporting (as defined in Exchange Act Rules 13a-15(f) and 15d-15(f)) for the registrant and have:
  - (a) Designed such disclosure controls and procedures, or caused such disclosure controls and procedures to be designed under our supervision, to ensure that material information relating to the registrant, including its consolidated subsidiaries, is made known to us by others within those entities, particularly during the period in which this report is being prepared;
  - (b) Designed such internal control over financial reporting, or caused such internal control over financial reporting to be designed under our supervision, to provide reasonable assurance regarding the reliability of financial reporting and the preparation of financial statements for external purposes in accordance with generally accepted accounting principles;
  - (c) Evaluated the effectiveness of the registrant's disclosure controls and procedures and presented in this report our conclusions about the effectiveness of the disclosure controls and procedures, as of the end of the period covered by this report based on such evaluation; and
  - (d) Disclosed in this report any change in the registrant's internal control over financial reporting that occurred during the registrant's most recent fiscal quarter (the registrant's fourth fiscal quarter in the case of an annual report) that has materially affected, or is reasonably likely to materially affect, the registrant's internal control over financial reporting; and
5. I have disclosed, based on our most recent evaluation of internal control over financial reporting, to the registrant's auditors and the audit committee of the registrant's board of directors (or persons performing the equivalent functions):
  - (a) All significant deficiencies and material weaknesses in the design or operation of internal control over financial reporting which are reasonably likely to adversely affect the registrant's ability to record, process, summarize and report financial information; and
  - (b) Any fraud, whether or not material, that involves management or other employees who have a significant role in the registrant's internal control over financial reporting.

Date: May 3, 2016

/s/ THERESA GLEBOCKI

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Theresa Glebocki

*Executive Vice President, Chief Financial Officer and Treasurer  
(Principal Financial Officer)*



**Certification of Principal Executive Officer and Principal Financial Officer**

**Pursuant to**

**18 U.S.C. Section 1350**

In connection with the Quarterly Report on Form 10-Q of Tropicana Entertainment Inc. (the "Company") for the quarter ended March 31, 2016 as filed with the Securities and Exchange Commission on the date hereof (the "Report"), Anthony P. Rodio, as Chief Executive Officer, Principal Executive Officer of the Company, and Theresa Glebocki, as Executive Vice President, Chief Financial Officer, and Treasurer of the Company, hereby certifies, pursuant to 18 U.S.C. Section 1350, as adopted pursuant to Section 906 of the Sarbanes-Oxley Act of 2002, that, to the best of his knowledge:

1. The Report fully complies with the requirements of Section 13(a) or 15(d) of the Securities Exchange Act of 1934; and
2. The information contained in the Report fairly presents, in all material respects, the financial condition and results of operations of the Company.

Date: May 3, 2016

/s/ ANTHONY P. RODIO

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Anthony P. Rodio  
*Chief Executive Officer (Principal Executive Officer)*

/s/ THERESA GLEBOCKI

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Theresa Glebocki  
*Executive Vice President, Chief Financial Officer and Treasurer  
(Principal Financial Officer)*

A signed original of this written statement required by Section 906, or other document authenticating, acknowledging, or otherwise adopting the signature that appears in typed form within the electronic version of this written statement required by Section 906, has been provided to Tropicana Entertainment Inc. and will be retained by Tropicana Entertainment Inc. and furnished to the Securities and Exchange Commission or its staff upon request.

**DOCUMENT AND ENTITY  
INFORMATION - shares**

**3 Months Ended  
Mar. 31, 2016**

**May. 02, 2016**

**Document and Entity Information [Abstract]**

<u>Entity Registrant Name</u>	Tropicana Entertainment Inc.	
<u>Entity Central Index Key</u>	0001476246	
<u>Current Fiscal Year End Date</u>	--12-31	
<u>Entity Filer Category</u>	Accelerated Filer	
<u>Document Type</u>	10-Q	
<u>Document Period End Date</u>	Mar. 31, 2016	
<u>Document Fiscal Year Focus</u>	2016	
<u>Document Fiscal Period Focus</u>	Q1	
<u>Amendment Flag</u>	false	
<u>Entity Common Stock, Shares Outstanding</u>		26,090,922

**CONDENSED  
CONSOLIDATED  
BALANCE SHEETS - USD  
(\$)  
\$ in Thousands**

**Mar. 31, Dec. 31,  
2016 2015**

**Current assets:**

<u>Cash and cash equivalents</u>	\$ 226,290	\$ 217,300
<u>Restricted cash</u>	11,112	14,045
<u>Receivables, net</u>	19,387	22,068
<u>Inventories</u>	6,215	6,726
<u>Prepaid expenses and other assets</u>	15,304	11,893
<u>Total current assets</u>	278,308	272,032
<u>Property and equipment, net</u>	760,040	760,820
<u>Goodwill</u>	15,857	15,857
<u>Intangible assets, net</u>	74,194	74,295
<u>Investments</u>	23,249	26,323
<u>Deferred tax assets</u>	141,218	141,218
<u>Long-term prepaid rent and other assets</u>	19,568	18,804
<u>Total assets</u>	1,312,434	1,309,349

**Current liabilities:**

<u>Current portion of long-term debt</u>	3,000	3,000
<u>Accounts payable</u>	31,066	33,568
<u>Accrued expenses and other current liabilities</u>	78,321	77,836
<u>Total current liabilities</u>	112,387	114,404
<u>Long-term debt, net</u>	285,446	285,946
<u>Other long-term liabilities</u>	6,069	6,207
<u>Total liabilities</u>	\$ 403,902	\$ 406,557

**Commitments and contingencies**

**Shareholders' equity:**

<u>Tropicana Entertainment Inc. preferred stock at \$0.01 par value; 10,000,000 shares authorized, no shares issued</u>	\$ 0	\$ 0
<u>Tropicana Entertainment Inc. common stock at \$0.01 par value; 100,000,000 shares authorized, 26,090,922 and 26,312,500 shares issued and outstanding at March 31, 2016 and December 31, 2015 respectively</u>	261	263
<u>Additional paid-in capital</u>	596,816	600,359
<u>Retained earnings</u>	311,455	302,170
<u>Total shareholders' equity</u>	908,532	902,792
<u>Total liabilities and shareholders' equity</u>	\$ 1,312,434	\$ 1,309,349

**CONDENSED  
CONSOLIDATED  
BALANCE SHEETS**  
(Parenthetical) - \$ / shares

**Mar. 31, 2016 Dec. 31, 2015**

**Shareholders' equity:**

<u>Preferred stock, par value (in dollars per share)</u>	\$ 0.01	\$ 0.01
<u>Preferred stock, shares authorized</u>	10,000,000	10,000,000
<u>Preferred stock, shares issued</u>	0	0
<u>Common stock, par value (in dollars per share)</u>	\$ 0.01	\$ 0.01
<u>Common stock, shares authorized</u>	100,000,000	100,000,000
<u>Common stock, shares issued</u>	26,090,922	26,312,500
<u>Common stock, shares outstanding</u>	26,090,922	26,312,500

**CONDENSED  
CONSOLIDATED  
STATEMENTS OF  
INCOME (unaudited) - USD  
(\$)  
shares in Thousands, \$ in  
Thousands**

**3 Months Ended**

**Mar. 31, 2016 Mar. 31, 2015**

**Revenues:**

<u>Casino</u>	\$ 165,055	\$ 156,617
<u>Room</u>	28,540	25,732
<u>Food and beverage</u>	25,886	25,101
<u>Other</u>	7,217	6,696
<u>Gross revenues</u>	226,698	214,146
<u>Less promotional allowances</u>	(21,545)	(20,765)
<u>Net revenues</u>	205,153	193,381

**Operating costs and expenses:**

<u>Casino</u>	71,290	69,287
<u>Room</u>	9,909	9,399
<u>Food and beverage</u>	12,857	12,535
<u>Other</u>	4,567	4,356
<u>Marketing, advertising and promotions</u>	15,888	13,923
<u>General and administrative</u>	38,070	37,531
<u>Maintenance and utilities</u>	17,020	17,168
<u>Depreciation and amortization</u>	16,947	14,556
<u>Impairment charges, other write-downs and recoveries</u>	40	680
<u>Total operating costs and expenses</u>	186,588	179,435
<u>Operating income</u>	18,565	13,946

**Other income (expense):**

<u>Interest expense</u>	(3,220)	(2,903)
<u>Interest income</u>	128	143
<u>Total other expense</u>	(3,092)	(2,760)
<u>Income before income taxes</u>	15,473	11,186
<u>Income tax expense</u>	(6,188)	(4,571)
<u>Net income</u>	\$ 9,285	\$ 6,615

**Basic and diluted income per common share:**

<u>Net income (in dollars per share)</u>	\$ 0.35	\$ 0.25
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**Weighted-average common shares outstanding:**

<u>Basic and diluted (in shares)</u>	26,242	26,313
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**CONDENSED  
CONSOLIDATED  
STATEMENTS OF CASH  
FLOWS (unaudited) - USD  
(\$)  
\$ in Thousands**

**3 Months Ended**

**Mar. 31,  
2016                  Mar. 31,  
2015**

**Cash flows from operating activities:**

Net income \$ 9,285 \$ 6,615

**Adjustments to reconcile net income to net cash provided by operating activities:**

Depreciation and amortization 16,947 14,556

Amortization of debt discount and debt issuance costs 250 249

Impairment charges 12 26

Loss on disposition of asset 28 654

**Changes in operating assets and liabilities:**

Receivables, net 2,681 (1,999)

Inventories, prepaids and other assets (2,900) (1,991)

Accrued interest (13) (99)

Accounts payable, accrued expenses and other liabilities (3,077) (2,447)

Other noncurrent assets and liabilities, net (112) 339

Net cash provided by operating activities 23,101 15,903

**Cash flows from investing activities:**

Additions of property and equipment (15,993) (25,960)

Restricted cash funded (4,632) 0

Approved CRDA Project Funds received 1,867 0

Proceeds from sale of investment 798 0

Other 578 (688)

Net cash used in investing activities (17,382) (26,648)

**Cash flows from financing activities:**

Payments on debt (750) (750)

Repurchase of TEI common stock (3,545) 0

Restricted cash released 7,566 1,698

Net cash provided by financing activities 3,271 948

Net increase (decrease) in cash and cash equivalents 8,990 (9,797)

Cash and cash equivalents, beginning of period 217,300 195,735

Cash and cash equivalents, end of period 226,290 185,938

**Supplemental cash flow disclosure:**

Cash paid for interest, net of interest capitalized 2,995 2,752

Cash paid for income taxes 0 3,400

**Supplemental disclosure of non-cash items:**

Capital expenditures included in accrued expenses and other current liabilities \$ 3,857 \$ 4,444

## ORGANIZATION AND BACKGROUND

**3 Months Ended  
Mar. 31, 2016**

[Organization, Consolidation  
and Presentation of  
Financial Statements  
\[Abstract\]](#)

[ORGANIZATION AND  
BACKGROUND](#)

### ORGANIZATION AND BACKGROUND

#### *Organization*

Tropicana Entertainment Inc. (the "Company," "TEI," "we," "us," or "our"), a Delaware corporation, is an owner and operator of regional casino and entertainment properties located in the United States and one casino resort development located on the island of Aruba.

The Company's United States properties include two casinos in Nevada and one casino in each of Indiana, Louisiana, Mississippi, Missouri and New Jersey. In addition, the Company owns a property in Aruba. The Company views each property as an operating segment which it aggregates by region in order to present its reportable segments: (i) East, (ii) Central, (iii) West and (iv) South and other. The current operations of the Company, by region, include the following:

- *East*—Tropicana Casino and Resort, Atlantic City ("Tropicana AC") located in Atlantic City, New Jersey;
- *Central*—Tropicana Evansville ("Tropicana Evansville") located in Evansville, Indiana; and Lumière Place located in Saint Louis, Missouri;
- *West*—Tropicana Laughlin Hotel and Casino ("Tropicana Laughlin") located in Laughlin, Nevada; and MontBleu Casino Resort & Spa ("MontBleu") located in Lake Tahoe, Nevada; and
- *South and other*—Belle of Baton Rouge ("Belle of Baton Rouge") located in Baton Rouge, Louisiana; Trop Casino Greenville ("Tropicana Greenville") located in Greenville, Mississippi and Tropicana Aruba Resort & Casino ("Tropicana Aruba") located in Palm Beach, Aruba.

#### *Background*

The Company was formed on May 11, 2009 to acquire certain assets of Tropicana Entertainment Holdings, LLC ("TEH"), and certain of its subsidiaries pursuant to their plan of reorganization under Chapter 11 of Title 11 of the United States Code (the "Bankruptcy Code"). The Company also acquired Columbia Properties Vicksburg ("CP Vicksburg"), JMBS Casino, LLC ("JMBS Casino") and CP Laughlin Realty, LLC ("CP Laughlin Realty"), all of which were part of the same plan of reorganization (the "Plan") as TEH (collectively, the "Predecessors"). In addition, the Company acquired certain assets of Adamar of New Jersey, Inc. ("Adamar"), an unconsolidated subsidiary of TEH, pursuant to an amended and restated asset purchase agreement, including Tropicana AC. The reorganization of the Predecessors and the acquisition of Tropicana AC (together, the "Restructuring Transactions") were consummated and became effective on March 8, 2010 (the "Effective Date"), at which time the Company acquired Adamar and several of the Predecessors' gaming properties and related assets. Adamar was not a party to the Predecessors' bankruptcy. Prior to March 8, 2010, the Company conducted no business, other than in connection with the reorganization of the Predecessors and the acquisition of Tropicana AC, and had no material assets or liabilities.

**SUMMARY OF  
SIGNIFICANT  
ACCOUNTING POLICIES**

**3 Months Ended**

**Mar. 31, 2016**

[Accounting Policies](#)

[\[Abstract\]](#)

[SUMMARY OF](#)

[SIGNIFICANT](#)

[ACCOUNTING POLICIES](#)

**SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES**

*Basis of Presentation*

The accompanying condensed consolidated financial statements have been prepared, without audit, pursuant to the rules and regulations of the Securities and Exchange Commission. Accordingly, certain disclosures required by generally accepted accounting principles in the United States ("GAAP") are omitted or condensed in these condensed consolidated financial statements. In the opinion of management, all adjustments (consisting of normal recurring adjustments) that are necessary to present fairly the Company's financial position, results of operations and cash flows for the interim periods have been made. The interim results reflected in these condensed consolidated financial statements are not necessarily indicative of results to be expected for the full fiscal year. The accompanying condensed consolidated financial statements should be read in conjunction with the consolidated financial statements and notes thereto included in the Company's Annual Report on Form 10-K for the year ended December 31, 2015, from which the accompanying condensed consolidated balance sheet information as of that date was derived.

*Principles of Consolidation*

The accompanying condensed consolidated financial statements include the Company and its majority-owned subsidiaries. All intercompany balances and transactions have been eliminated in consolidation.

***Significant Accounting Policies***

*Use of Estimates*

The preparation of financial statements in conformity with GAAP requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities and disclosure of contingent assets and liabilities at the date of the financial statements and the reported amounts of revenues and expenses during the reporting period. Significant estimates incorporated in the Company's financial statements include the estimated useful lives for depreciable and amortizable assets, the estimated allowance for doubtful accounts receivable, the estimated valuation allowance for deferred tax assets, certain tax liabilities, estimated cash flows in assessing the impairment of long-lived assets, intangible assets, Casino Reinvestment Development Authority (the "CRDA") investments, self-insured liability reserves, customer loyalty program reserves, contingencies, litigation, claims, assessments and loss contingencies. Actual results could differ from these estimates.

*Restricted Cash*

Restricted cash consisted primarily of funds invested in money market funds and cash held in a separate bank account designated for specific purposes. At December 31, 2015, \$7.6 million was restricted by the United States Bankruptcy Court for the District of Delaware ("Bankruptcy



Court") in connection with the reorganization of the Predecessors for the purpose of satisfying liabilities related to professional services incurred in connection with the Restructuring Transactions; this restricted cash was released to the Company in March 2016 upon order of the Bankruptcy Court when it was determined that all professional services had been paid in full. In addition, for both of the periods ending March 31, 2016 and December 31, 2015, \$6.5 million was restricted to collateralize letters of credit. Also at March 31, 2016, \$4.6 million was held in a separate bank account to be used for purchases of replacement furniture, fixtures and equipment at the Four Seasons Hotel St. Louis, as required by contract.

#### *Fair Value of Financial Instruments*

As defined under GAAP, fair value is the price that would be received to sell an asset or paid to transfer a liability between market participants in the principal market or in the most advantageous market when no principal market exists. Adjustments to transaction prices or quoted market prices may be required in illiquid or disorderly markets in order to estimate fair value. Considerable judgment may be required in interpreting market data used to develop the estimates of fair value. Accordingly, estimates of fair value presented herein are not necessarily indicative of the amounts that could be realized in a current or future market exchange. See Note 3 - *Fair Value* for further detail related to the fair value of financial instruments.

#### *Revenue Recognition and Promotional Allowances*

Casino revenue represents the difference between wins and losses from gaming activities. Room, food and beverage and other operating revenues are recognized at the time the goods or services are provided. The Company collects taxes from customers at the point of sale on transactions subject to sales and other taxes. Revenues are recorded net of any taxes collected. The majority of the Company's casino revenue is counted in the form of cash and chips and, therefore, is not subject to any significant or complex estimation. The retail value of rooms, food and beverage and other services provided to customers on a complimentary basis is included in gross revenues and then deducted as promotional allowances. Promotional allowances also include incentives earned in our slot bonus program such as cash and the estimated retail value of goods and services (such as complimentary rooms and food and beverages). We reward customers, through the use of bonus programs, with points based on amounts wagered that can be redeemed for a specified period of time, principally for complimentary play, and to a lesser extent for goods or services, depending upon the property.

The amounts included in promotional allowances consist of the following (in thousands):

	<b>Three months ended March 31,</b>	
	<b>2016</b>	<b>2015</b>
Room	\$ 8,621	\$ 7,957
Food and beverage	11,032	10,935
Other	1,892	1,873
Total	<u>\$ 21,545</u>	<u>\$ 20,765</u>

The estimated departmental costs and expenses of providing these promotional allowances are included in casino operating costs and expenses and consist of the following (in thousands):

	<b>Three months ended March 31,</b>	
	<b>2016</b>	<b>2015</b>
Room	\$ 5,218	\$ 4,903
Food and beverage	9,699	9,630
Other	683	554

Total	\$ 15,600	\$ 15,087
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### *Income Taxes*

Deferred tax assets and liabilities are recognized for the future tax consequences attributable to differences between financial statement carrying amounts of existing assets and liabilities and their respective tax bases. Deferred tax assets and liabilities are measured using enacted tax rates expected to apply to taxable income in the years in which those temporary differences are expected to be recovered or settled. The effect of a change in tax rates on deferred tax assets and liabilities is recognized in income in the period that included the enactment date. Future tax benefits are recognized to the extent that realization of those benefits is considered more likely than not, and a valuation allowance is established for deferred tax assets which do not meet this threshold.

### *Adoption of New Accounting Pronouncement*

In April 2015, the Financial Accounting Standards Board ("FASB") issued Accounting Standards Update ("ASU") No. 2015-03, *Simplifying the Presentation of Debt Issuance Costs*, requiring entities to present debt issuance costs related to a recognized debt liability as a direct deduction from the carrying amount of the debt liability. This new guidance is similar to existing presentation requirements for debt discounts and aligns with the presentation of debt issuance costs under International Financial Reporting Standards ("IFRS"). The new guidance does not affect entities' recognition and measurement of debt issuance costs. Previously, entities were required to present debt issuance costs as deferred charges in the asset section of the statement of financial position. The guidance in the ASU is effective for all entities in fiscal years beginning after December 15, 2015. Public business entities must apply the guidance in interim periods within the fiscal year of adoption, while all other entities must apply the guidance in interim periods within fiscal years beginning after December 15, 2016. All entities must apply the guidance retrospectively and provide the required disclosures for a change in accounting principle in the period of adoption. Early adoption is permitted.

The Company adopted this ASU during the three months ended March 31, 2016. The Company has reclassified debt issuance costs from other assets, net to a reduction in long-term debt, net on the Company's condensed consolidated balance sheets. As of March 31, 2016 and December 31, 2015, the amount of debt issuance costs included as a reduction to long-term debt totaled \$3.0 million and \$3.3 million, respectively.

### *Recently Issued Accounting Standards*

In May 2014, the FASB issued ASU No. 2014-09, *Revenue from Contracts with Customers (Topic 606)*, which supersedes the revenue recognition requirements in ASC Topic 605, *Revenue Recognition*. This ASU is based on the principle that revenue is recognized to depict the transfer of goods or services to customers in an amount that reflects the consideration to which the entity expects to be entitled in exchange for those goods or services. The ASU also requires additional disclosure about the nature, amount, timing and uncertainty of revenue and cash flows arising from customer contracts, including significant judgments and changes in judgments and assets recognized from costs incurred to obtain or fulfill a contract. This ASU was amended by ASU No. 2015-14, issued in August 2015, which deferred the original effective date by one year; the effective date is effective for fiscal years, and interim reporting periods within those years, beginning after December 15, 2017, using one of two retrospective application methods. Early adoption is permitted only as of the annual reporting periods beginning after December 15, 2016, including interim reporting periods within that reporting period. The Company is evaluating the impacts, if any, the adoption of ASU No. 2014-09 will have on the Company's financial position or results of operations.

In July 2015, the FASB issued ASU No. 2015-11, *Simplifying the Measurement of Inventory*, which amends FASB ASU Topic 330, *Inventory*. This ASU requires entities to measure inventory at the lower of cost or net realizable value and eliminates the option that currently exists for measuring inventory at market value. Net realizable value is the estimated selling prices in the ordinary course of business, less reasonable predictable costs of completion, disposal, and transportation. This ASU is effective for fiscal years beginning after December 15, 2016, including interim periods within those fiscal years. This ASU should be applied prospectively with earlier application permitted as of the beginning of an interim period or annual reporting period. The Company does not anticipate the adoption of this ASU to have a material impact on the Company's financial position or results of operations.

In September 2015, the FASB issued ASU No. 2015-16, *Simplifying the Accounting for Measurement-Period Adjustments*, which amends FASB ASU Topic 805, *Business Combinations*. This ASU eliminates the requirement to retrospectively adjust provisional amounts recognized at the acquisition dates of business combinations. Rather, this ASU requires that an acquirer recognize adjustments to provisional amounts that are identified during the measurement period in the reporting period in which the adjustment amounts are determined. This ASU is effective for fiscal years beginning after December 15, 2015, including interim periods within those fiscal years. The amendments in this ASU should be applied prospectively to adjustments to provisional amounts that occur after the effective date with earlier application permitted for financial statements that have not been issued. The Company does not anticipate the adoption of this ASU to have a material impact on the Company's financial position or results of operations.

In February 2016, the FASB issued ASU No. 2016-02, *Leases (Topic 842)*, which supersedes FASB ASC Topic 840, *Leases*. This ASU requires the recognition of lease assets and lease liabilities by lessees for those leases classified as operating leases under previous guidance. In addition, among other changes to the accounting for leases, this ASU retains the distinction between finance leases and operating leases. The classification criteria for distinguishing between finance leases and operating leases are substantially similar to the classification criteria for distinguishing between capital leases and operating leases in the previous guidance. This ASU is effective for fiscal years beginning after December 15, 2018, including interim periods within those fiscal years. The amendments in this ASU should be applied using a modified retrospective approach. Early application is permitted. The Company is currently evaluating the impact of this guidance on the Company's financial position or results of operations.

A variety of proposed or otherwise potential accounting standards are currently under consideration by standard-setting organizations and certain regulatory agencies. Because of the tentative and preliminary nature of such proposed standards, we have not yet determined the effect, if any, that the implementation of such proposed standards would have on our condensed consolidated financial statements.

#### *Reclassifications*

The unaudited condensed consolidated financial statements reflect certain reclassifications to prior year amounts in order to conform with current year presentation. The reclassifications have no effect on previously reported net income.

## FAIR VALUE

3 Months Ended  
Mar. 31, 2016

### [Fair Value Disclosures](#)

#### [\[Abstract\]](#)

#### [FAIR VALUE](#)

#### FAIR VALUE

The carrying values of the Company's cash and cash equivalents, restricted cash, receivables and accounts payable approximate fair value because of the short term maturities of these instruments. A financial asset or liability classification within the hierarchy is determined based on the lowest level input that is significant to the fair value measurement. The three levels are as follows:

- Level 1 - Inputs are unadjusted quoted prices in active markets for identical assets or liabilities that the Company has the ability to access at the measurement date.
- Level 2 - Inputs include quoted prices for similar assets or liabilities in active markets, quoted prices for identical or similar assets or liabilities in markets that are not active, inputs other than quoted prices that are observable for the asset or liability and inputs that are derived principally from or corroborated by observable market data by correlation or other means (market corroborated inputs).
- Level 3 - Unobservable inputs reflect the Company's judgments about the assumptions market participants would use in pricing the asset or liability since limited market data exists. The Company develops these inputs based on the best information available, including its own data.

The following table presents a summary of fair value measurements by level for certain assets measured at fair value on a recurring basis included in the accompanying condensed consolidated balance sheets at March 31, 2016 and December 31, 2015 (in thousands):

	Input Levels for Fair Value Measurements			Total
	Level 1	Level 2	Level 3	
<b>March 31, 2016</b>				
Assets:				
CRDA deposits, net	\$ —	\$ —	\$ 14,831	\$ 14,831
<b>December 31, 2015</b>				
Assets:				
CRDA deposits, net	\$ —	\$ —	\$ 16,405	\$ 16,405

Funds on deposit with the CRDA are held in an interest bearing account by the CRDA. Interest is earned at the stated rate that approximates two-thirds of the current market rate for similar assets. The Company records charges to expense to reflect the lower return on investment and records the deposits at fair value. The fair value of the CRDA deposits, classified in the fair value hierarchy as Level 3, are estimated using valuation allowances calculated based on market rates for similar assets and other information received from the CRDA. See Note 7 - *Investments* for more detail related to the CRDA deposits.

The following table summarizes the changes in fair value of the Company's Level 3 CRDA deposits (in thousands):

	<b>Three months ended March 31,</b>	
	<b>2016</b>	<b>2015</b>
Beginning Balance	\$ 16,405	\$ 24,384
Realized or unrealized gains/(losses)	(190)	1,119
Additional CRDA deposits	1,048	962
CRDA Project Funds received	(1,867)	—
Purchases of CRDA investments	(565)	(237)
Ending Balance	<u>\$ 14,831</u>	<u>\$ 26,228</u>

Realized or unrealized gains/(losses) related to the Level 3 investments held at the end of the reporting period are included in general and administrative expense during the three months ended March 31, 2016 and 2015. There were no transfers between fair value levels during the periods ended March 31, 2016 and 2015.

#### *Long-term Debt*

The Company's long-term debt is carried at amortized cost in the accompanying consolidated balance sheets. The fair value of the Company's long-term debt is a Level 2 fair value measurement and has been estimated based upon quoted market prices for similar issues. The estimated fair value of long-term debt as of March 31, 2016 and December 31, 2015 is approximately \$284.8 million and \$287.4 million, respectively.

#### *CRDA Bonds*

The Company's CRDA bonds are classified as held-to-maturity since the Company has the ability and intent to hold these bonds to maturity and under the CRDA, the Company is not permitted to do otherwise. The CRDA bonds are initially recorded at a discount to approximate fair value. After the initial determination of fair value, the Company will analyze the CRDA bonds quarterly for recoverability based on management's historical collection experience and other information received from the CRDA. If indications exist that the CRDA bond is impaired, additional valuation allowances will be recorded. The fair value of the Company's CRDA bonds are considered a Level 3 fair value measurement. The CRDA bonds carrying value as of both March 31, 2016 and December 31, 2015 net of the unamortized discount and valuation allowance is \$8.4 million, which approximates fair value. See Note 7 - *Investments* for more detail related to the CRDA bonds.

## RECEIVABLES

**3 Months Ended  
Mar. 31, 2016**

[Receivables \[Abstract\]](#)  
[RECEIVABLES](#)

### RECEIVABLES

Receivables consist of the following (in thousands):

	<u>March 31, 2016</u>	<u>December 31, 2015</u>
Casino	\$ 12,451	\$ 14,573
Hotel	4,574	5,330
Other	11,170	12,574
Receivables, gross	28,195	32,477
Allowance for doubtful accounts	(8,808)	(10,409)
Receivables, net	<u>\$ 19,387</u>	<u>\$ 22,068</u>

**PROPERTY AND  
EQUIPMENT**

**3 Months Ended  
Mar. 31, 2016**

[Property, Plant and Equipment \[Abstract\]](#)

PROPERTY AND EQUIPMENT

**PROPERTY AND EQUIPMENT**

Property and equipment consist of the following (in thousands):

	<b>Estimated life (years)</b>	<b>March 31, 2016</b>	<b>December 31, 2015</b>
Land	—	\$ 116,597	\$ 116,190
Buildings and improvements	10 - 40	606,065	605,582
Furniture, fixtures and equipment	3 - 7	233,279	228,548
Riverboats and barges	5 - 15	17,429	17,429
Construction in progress	—	35,380	24,900
Property and equipment, gross		1,008,750	992,649
Accumulated depreciation		(248,710)	(231,829)
Property and equipment, net		<u>\$ 760,040</u>	<u>\$ 760,820</u>

**GOODWILL AND  
INTANGIBLE ASSETS**

**3 Months Ended  
Mar. 31, 2016**

[Goodwill and Intangible  
Assets Disclosure \[Abstract\]](#)

[GOODWILL AND  
INTANGIBLE ASSETS](#)

**GOODWILL AND INTANGIBLE ASSETS**

Goodwill represents the excess of purchase price over fair value of assets acquired and liabilities assumed in business combinations or under fresh-start reporting. Goodwill and other indefinite-life intangible assets are subject to an annual assessment for impairment during the fourth quarter, or more frequently if there are indications of possible impairment, by applying a fair-value-based test. In accordance with accounting guidance related to goodwill and other intangible assets, the Company tests for impairment of goodwill and indefinite-lived intangible assets annually in the fourth quarter of each year and in certain situations between those annual dates. See Note 2 - *Summary of Significant Accounting Policies* in the Company's Annual Report on Form 10-K for the year ended December 31, 2015 for more detail related to the goodwill impairment analysis.

The carrying amount of Goodwill by segment are as follows (in thousands):

	March 31, 2016			December 31, 2015		
	Gross Carrying Amount	Accumulated Impairment	Net Carrying Value	Gross Carrying Amount	Accumulated Impairment	Net Carrying Value
Central	\$ 14,224	\$ —	\$ 14,224	\$ 14,224	\$ —	\$ 14,224
South and other	1,731	(1,731)	—	1,731	(1,731)	—
Corporate	10,704	(9,071)	1,633	10,704	(9,071)	1,633
Total	\$ 26,659	\$ (10,802)	\$ 15,857	\$ 26,659	\$ (10,802)	\$ 15,857

Intangible assets consist of the following (in thousands):

	Estimated life (years)	March 31, 2016	December 31, 2015
Trade name	Indefinite	\$ 25,500	\$ 25,500
Gaming licenses	Indefinite	37,387	37,387
Customer lists	3	160	160
Favorable lease	5 - 42	13,260	13,260
Total intangible assets		76,307	76,307
Less accumulated amortization:			
Customer lists		(106)	(93)
Favorable lease		(2,007)	(1,919)
Total accumulated amortization		(2,113)	(2,012)



Intangible assets, net	\$ 74,194	\$ 74,295
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Upon the adoption of fresh-start reporting, the Company recognized an indefinite life trade name related to the "Tropicana" trade name and indefinite life gaming licenses related to entities that are located in gaming jurisdictions where competition is limited to a specified number of licensed gaming operators. At March 31, 2016 and December 31, 2015 the indefinite life gaming licenses consists of \$28.7 million and \$8.7 million related to Tropicana Evansville and Lumière Place, respectively.

Customer lists represent the value associated with customers enrolled in our customer loyalty programs and are amortized on a straight-line basis over three years. Amortization expense related to customer lists, which was amortized to depreciation and amortization expense, for each of the three months ended March 31, 2016 and 2015 was less than \$0.1 million. Estimated annual amortization related to the Lumière Place customer list is anticipated to be \$0.1 million in 2016 and less than \$0.1 million in 2017.

Favorable lease arrangements were valued upon adoption of fresh-start reporting and are being amortized to rental expense on a straight-line basis over the remaining useful life of the respective leased facility. In connection with the Tropicana AC acquisition, the Company also recognized intangible assets relating to favorable lease arrangements which are being amortized to tenant income on a straight-line basis over the terms of the various leases. Additionally, in connection with the acquisition of Tropicana Aruba, the Company recognized intangible assets relating to a favorable land lease arrangement which is amortized to rental expense on a straight-line basis over the remaining term of the land lease. Amortization expense related to favorable lease arrangements, which is amortized to rental expense or tenant income, as applicable, for each of the three months ended March 31, 2016 and 2015 was \$0.1 million and \$0.2 million, respectively.

## INVESTMENTS

3 Months Ended  
Mar. 31, 2016

[Investments, Debt and  
Equity Securities \[Abstract\]](#)

[INVESTMENTS](#)

### INVESTMENTS

#### CRDA

The New Jersey Casino Control Act provides, among other things, for an assessment of licensees equal to 1.25% of gross gaming revenues and 2.5% of Internet gaming gross revenues in lieu of an investment alternative tax equal to 2.5% of gross gaming revenues and 5% on Internet gaming gross revenues. The Company may satisfy this investment obligation by investing in qualified eligible direct investments, by making qualified contributions or by depositing funds with the CRDA. Funds deposited with the CRDA may be used to purchase bonds designated by the CRDA or, under certain circumstances, may be donated to the CRDA in exchange for credits against future CRDA investment obligations. The carrying value of the total investments at March 31, 2016 and December 31, 2015 approximates their fair value.

CRDA investments consist of the following (in thousands):

	March 31, 2016	December 31, 2015
Investment in bonds—CRDA	\$ 16,551	\$ 16,551
Less unamortized discount	(4,271)	(4,271)
Less valuation allowance	(3,862)	(3,862)
Deposits—CRDA	19,798	21,183
Less valuation allowance	(4,967)	(4,778)
Direct investment—CRDA	1,610	1,352
Less valuation allowance	(1,610)	(1,352)
Total CRDA investments	<u>\$ 23,249</u>	<u>\$ 24,823</u>

The CRDA bonds have various contractual maturities that range from 2 to 40 years. Actual maturities may differ from contractual maturities because of prepayment rights. The Company treats CRDA bonds as held-to-maturity since the Company has the ability and the intent to hold these bonds to maturity and under the CRDA, the Company is not permitted to do otherwise. As such, the CRDA bonds are initially recorded at a discount to approximate fair value.

After the initial determination of fair value, the Company analyzes the CRDA bonds for recoverability on a quarterly basis based on management's historical collection experience and other information received from the CRDA. If indications exist that the CRDA bond is impaired, additional valuation allowances are recorded.

Funds on deposit with the CRDA are held in an interest bearing account by the CRDA. Interest is earned at the stated rate that approximates two-thirds of the current market rate for similar assets. The Company records charges to expense to reflect the lower return on investment and records the deposit at fair value on the date the deposit obligation arises. During the three months ended March 31, 2016 and 2015, the Company included a charge of \$0.4 million and a reduction of \$1.0 million, respectively, to general and administrative expenses on the accompanying condensed consolidated statements of income.

The Company was approved to use up to \$18.8 million of CRDA deposits ("Approved CRDA Project Funds") for certain capital expenditures relating to Tropicana AC. Approximately \$15.2 million of the Approved CRDA Project Funds were reimbursed to Tropicana AC during the year ended December 31, 2015, of which approximately \$14.2 million was from Tropicana AC's CRDA deposits. An additional \$1.9 million of Approved CRDA Project Funds were reimbursed to Tropicana AC during the three months ended March 31, 2016.

On April 19, 2016 the CRDA approved an application by the Company to increase the scope of the approved Tropicana AC project to include additional project elements and amend the CRDA grant agreement related to the Tropicana AC project to permit (i) an \$8 million increase in the CRDA fund reservation and corresponding increase in the Approved CRDA Project Funds from \$18.8 million to \$26.8 million, and (ii) a rescheduled substantial completion date for the Tropicana AC project to not later than June 30, 2017. In exchange for the approval, the Company agreed to donate the balance of its CRDA deposits in the amount of approximately \$7.1 million to the CRDA pursuant to NJSA 5:12-177. The CRDA action is effective immediately but no action authorized pursuant to the approval shall have force and effect under New Jersey law until the earlier of (a) the Governor's approval or (b) ten business days following the date thereof.

*Ruby Seven Studios, Inc.*

In March 2015, the Company, through its wholly-owned subsidiary, TropWorld Games LLC ("TWG") entered into an agreement with Ruby Seven Studios, Inc. ("Ruby Seven") to develop an online social gaming site. In accordance with that agreement, in July 2015, TEI R7, a wholly-owned subsidiary of the Company, exercised an option to acquire 1,827,932 shares of Ruby Seven's Series A-1 Preferred Stock for \$1.5 million, representing approximately 13.7% of the equity ownership of Ruby Seven. The investment in Ruby Seven is presented at cost on the accompanying condensed consolidated balance sheet as of December 31, 2015.

Ruby Seven entered into a merger agreement with a third party pursuant to which Ruby Seven merged into the third party in a transaction that closed on February 29, 2016. TEI R7 approved the agreement. As a result of the merger transaction, all of Ruby Seven's outstanding shares (including the shares held by TEI R7) were canceled and the Ruby Seven shareholders received merger consideration in exchange for their shares. At closing, TEI R7 received cash in the approximate amount of \$0.8 million, plus an earn-out consideration over three years following the closing, with a minimum earn-out of approximately \$0.7 million, which is included in long-term assets on the accompanying condensed consolidated balance sheet as of March 31, 2016.

**LONG-TERM PREPAID  
RENT AND OTHER  
ASSETS**

**3 Months Ended  
Mar. 31, 2016**

[Other Assets \[Abstract\]](#)

[LONG-TERM PREPAID RENT AND OTHER  
ASSETS](#)

**LONG-TERM PREPAID RENT AND OTHER ASSETS**

Other assets consist of the following (in thousands):

	<u>March 31, 2016</u>	<u>December 31, 2015</u>
Tropicana Evansville prepaid rent	\$ 12,500	\$ 12,500
Deposits	3,463	3,431
Other	3,605	2,873
Other assets	<u>\$ 19,568</u>	<u>\$ 18,804</u>

**ACCRUED EXPENSES  
AND OTHER CURRENT  
LIABILITIES**

**3 Months Ended**

**Mar. 31, 2016**

[Payables and Accruals \[Abstract\]](#)

[ACCRUED EXPENSES AND OTHER CURRENT  
LIABILITIES](#)

**ACCRUED EXPENSES AND OTHER CURRENT LIABILITIES**

Accrued expenses and other current liabilities consist of the following (in thousands):

	<b>March 31, 2016</b>	<b>December 31, 2015</b>
Accrued payroll and benefits	\$ 30,962	\$ 35,131
Accrued gaming and related	15,064	15,620
Accrued taxes	17,165	11,327
Other accrued expenses and current liabilities	15,130	15,758
Total accrued expenses and other current liabilities	<u>\$ 78,321</u>	<u>\$ 77,836</u>

## DEBT

**3 Months Ended**  
**Mar. 31, 2016**

### [Debt Disclosure \[Abstract\]](#)

#### [DEBT](#)

#### DEBT

Debt consists of the following (in thousands):

	<u>March 31, 2016</u>	<u>December 31, 2015</u>
New Term Loan Facility, due 2020, interest at 4.0% at March 31, 2016 and December 31, 2015, net of unamortized discount of \$1.0 million at both March 31, 2016 and December 31, 2015, and debt issuance costs of \$3.0 million and \$3.3 million at March 31, 2016 and December 31, 2015, respectively	\$ 288,446	\$ 288,946
Less current portion of debt	(3,000)	(3,000)
Total long-term debt, net	<u>\$ 285,446</u>	<u>\$ 285,946</u>

#### *New Credit Facilities*

On November 27, 2013, the Company entered into (i) a senior secured first lien term loan facility in an aggregate principal amount of \$300 million, issued at a discount of 0.5% (the "New Term Loan Facility") and (ii) a senior secured first lien revolving credit facility in an aggregate principal amount of \$15 million (the "Revolving Facility" and, together with the New Term Loan Facility, the "New Credit Facilities"). Commencing on December 31, 2013, the New Term Loan Facility is amortized in equal quarterly installments of \$750,000, with any remaining balance payable on the final maturity date of the New Term Loan Facility, which is November 27, 2020. Amounts under the Revolving Facility are available to be borrowed and re-borrowed until its termination on November 27, 2018.

Approximately \$172.4 million of the net proceeds from the New Credit Facilities were used to repay in full the principal amounts outstanding under the Company's existing credit facilities which consisted of a \$175 million senior secured first lien term loan facility and \$15 million cash collateralized letter of credit facility (the "Credit Facilities"). The Credit Facilities were terminated effective as of November 27, 2013. A portion of the proceeds from the New Credit Facilities was used to finance the Company's acquisition of Lumière Place in April 2014.

The New Term Loan Facility accrues interest, at the Company's option, at a per annum rate equal to either (i) the LIBO Rate (as defined in the Credit Agreement) (subject to a 1.00% floor) plus an applicable margin equal to 3.00%, or (ii) the alternate base rate (as defined in the Credit Agreement) (subject to a 2.00% floor) plus an applicable margin equal to 2.00%; such that in either case, the applicable interest rate shall not be less than 4.0%. The Revolving Facility accrues interest, at the Company's option, at a per annum rate equal to either (i) the LIBO Rate plus an applicable margin ranging from 2.00% (if the total net leverage ratio is less than 2.50:1.00) to 2.50% (if the total net leverage ratio is greater than or equal to 3.00:1.00); or (ii) the alternate base rate plus an applicable margin ranging from 1.00% (if the total net leverage ratio is less than 2.50:1.00) to 1.50% (if the total net leverage ratio is greater than or equal to 3.00:1.00). The interest rate increases by 2.00% following certain defaults. As of March 31, 2016, the interest rate on the New Term Loan Facility was 4.0% and no amounts were outstanding under the Revolving Facility.

The New Credit Facilities are guaranteed by all of the Company's domestic subsidiaries, subject to limited exceptions, and additional subsidiaries may be required to provide guarantees, subject to limited exceptions. The New Credit Facilities are secured by a first lien on substantially all assets of the Company and the domestic subsidiaries that are guarantors, with certain limited

exceptions. Subsidiaries that become guarantors will be required, with certain limited exceptions, to provide first liens and security interests in substantially all their assets to secure the New Credit Facilities.

At the election of the Company and subject to certain conditions, including a maximum senior secured net leverage ratio of 3.25:1.00, the amount available under the New Credit Facilities may be increased, which increased amount may be comprised of additional term loans and revolving loans.

The New Term Loan Facility may be prepaid at the option of the Company at any time without penalty (other than customary LIBO Rate breakage fees). The Company is required to make mandatory payments of the New Credit Facilities with (i) net cash proceeds of certain asset sales (subject to reinvestment rights), (ii) net cash proceeds from certain issuances of debt and equity (with certain exceptions), (iii) up to 50% of annual excess cash flow (as low as 0% if the Company's total leverage ratio is below 2.75:1.00), and (iv) certain casualty proceeds and condemnation awards (subject to reinvestment rights).

Key covenants binding the Company and its subsidiaries include (i) limitations on indebtedness, liens, investments, acquisitions, asset sales, dividends and other restricted payments, and affiliate and extraordinary transactions, and (ii) if, as of the last day of any fiscal quarter, the amount of outstanding revolving loans exceed 35% of the permitted borrowing under the Revolving Facility, compliance with a maximum senior secured net leverage ratio test of 3.25:1.00. Key default provisions include (i) failure to repay principal, interest, fees and other amounts owing under the facility, (ii) cross default to certain other indebtedness, (iii) the rendering of certain judgments against the Company or its subsidiaries, (iv) failure of security documents to create valid liens on property securing the New Credit Facilities and to perfect such liens, (v) revocation of casino, gambling, or gaming licenses, (vi) the Company's or its material subsidiaries' bankruptcy or insolvency; and (vii) the occurrence of a Change of Control (as defined in the Credit Agreement). Many defaults are also subject to cure periods prior to such default giving rise to the right of the lenders to accelerate the loans and to exercise remedies. The Company was in compliance with the covenants of the New Term Loan Facility at March 31, 2016.

**IMPAIRMENT CHARGES,  
OTHER WRITE-DOWNS  
AND RECOVERIES**

**3 Months Ended**

**Mar. 31, 2016**

**Impairment Charges and Other Write-Downs**

**[Abstract]**

**IMPAIRMENT CHARGES, OTHER WRITE  
DOWNS AND RECOVERIES**

**IMPAIRMENT CHARGES, OTHER WRITE DOWNS AND  
RECOVERIES**

Impairment charges, other write-downs and recoveries consist of the following (in thousands):

	Three months ended March 31,	
	2016	2015
Impairment of goodwill and intangibles (Note 6)	—	26
Loss on disposal of assets	40	654
Total impairment charges, other write- downs and recoveries	\$ 40	\$ 680



**RELATED PARTY  
TRANSACTIONS**

**3 Months Ended  
Mar. 31, 2016**

**Related Party Transactions**

**[Abstract]**

**RELATED PARTY  
TRANSACTIONS**

**RELATED PARTY TRANSACTIONS**

*Insight Portfolio Group LLC*

Effective January 1, 2013, the Company acquired a minority equity interest in Insight Portfolio Group LLC (“Insight Portfolio Group”) and agreed to pay a portion of Insight Portfolio Group’s operating expenses. In addition to the minority equity interest held by the Company, a number of other entities with which Mr. Icahn has a relationship also acquired equity interests in Insight Portfolio Group and also agreed to pay certain of Insight Portfolio Group’s operating expenses. The Company may purchase a variety of goods and services as a member of the buying group at prices and on terms that the Company believes are more favorable than those which would be achieved on a stand-alone basis. During each of the three months ended March 31, 2016 and 2015, the Company paid \$0.1 million to Insight Portfolio Group.

*Trump Taj Mahal Associates, LLC*

On March 1, 2016, TEI Management Services LLC, a wholly owned subsidiary of the Company, entered into a management agreement with Trump Taj Mahal Associates, LLC (“TTMA”) and IEH Investments LLC (“IEH Investments”) pursuant to which TEI Management Services LLC will manage the Trump Taj Mahal Casino Hotel in Atlantic City, New Jersey, owned by TTMA, and provide consulting services relating to the former Plaza Hotel and Casino in Atlantic City, New Jersey, owned by Trump Plaza Associates LLC (“Plaza Associates”). The management agreement commenced upon receipt of required New Jersey regulatory approvals, which occurred on April 13, 2016. TTMA, IEH Investments and Plaza Associates are indirect wholly owned subsidiaries of Icahn Enterprises, which is indirectly controlled by Mr. Icahn.

## COMMITMENTS AND CONTINGENCIES

**3 Months Ended  
Mar. 31, 2016**

### Commitments and Contingencies Disclosure

#### [Abstract]

### COMMITMENTS AND CONTINGENCIES

#### COMMITMENTS AND CONTINGENCIES

##### *Leases*

##### *MontBleu Lease*

The Company has a lease agreement with respect to the land and building which MontBleu operates, through December 31, 2028. Under the terms of the lease, rent is \$333,333 per month, plus 10% of annual gross revenues in excess of \$50 million through December 31, 2011. After December 31, 2011, rent is equal to the greater of (i) \$333,333 per month as increased by the same percentage that the consumer price index has increased from 2009 thereafter, plus 10% of annual gross revenues in excess of a Breakpoint as defined in the terms of the lease agreement, or (ii) 10% of annual gross revenues. In connection with fresh-start reporting, the Company recognized an unfavorable lease liability of \$9.6 million related to this lease that will be amortized on a straight-line basis to rental expense over the remaining term of the lease. As of March 31, 2016 and December 31, 2015, the unfavorable lease liability balance was \$6.5 million and \$6.7 million, respectively, of which \$6.0 million and \$6.1 million, respectively, is included in other long-term liabilities on the accompanying condensed consolidated balance sheets.

In October 2014, Columbia Properties Tahoe, LLC ("CPT"), the Company's subsidiary that owns MontBleu, entered into a lease amendment with Edgewood Companies ("Landlord") pursuant to which CPT agreed to expend \$24.0 million during the next 18 months on a capital renovation project in exchange for certain lease modifications including future capital expenditure requirements and a Landlord acknowledgment that upon completion of the capital renovation project the property will satisfy the "first class" facility requirements of the lease. As of December 31, 2015, the Company had completed the \$24 million capital renovation project.

##### *Tropicana Evansville Land Lease*

The Company leases from the City of Evansville, Indiana approximately ten acres of the approximately 20 acres on which Tropicana Evansville is situated. On January 6, 2016 the Company and the City of Evansville entered into a Sixth Amendment to the Lease Agreement (the "Sixth Amendment"), which amendment was approved by the Indiana Gaming Commission on February 24, 2016 along with the Company's application to move its casino operations from its current dockside gaming vessel to a future developed landside gaming facility. Under the Sixth Amendment, in exchange for the Company's commitment to expend \$50 million to develop a landside gaming facility (the "Tropicana Development Project") along with a pre-payment of lease rent in the amount of \$25 million (the "Rental Pre-Payments"), the City of Evansville has granted the Company a \$20 million redevelopment credit (the "Redevelopment Credit"). The Rental Pre-Payments are to be made in two payments of \$12.5 million each. The Company has made the first \$12.5 million Rental Pre-Payment, and the second \$12.5 million Rental Pre-Payment is due upon the opening of the Tropicana Development Project to the public. Both the Rental Pre-Payments and the Redevelopment Credits will be applied against future rent in equal monthly amounts over a period of one hundred and twenty (120) months commencing upon the opening of the Tropicana Development Project to the public. Under the terms of the lease, as amended by the Sixth Amendment, the Company may extend the lease term through November 30, 2055 by exercising renewal options. The current term commenced December 1, 2015 and expires November 30, 2027 under the terms of the Sixth Amendment. Thereafter, the

Company may extend the lease for a three (3) year term through November 30, 2030, followed by five (5) five-year renewal options through November 30, 2055. Under the terms of the Sixth Amendment, in the event the Company decides not to exercise its renewal option(s) and continues to conduct gaming operations in the City of Evansville, the lease may not be terminated and will continue through November 30, 2055, unless the Company and the City of Evansville enter into a replacement agreement that includes payments to the City of Evansville in the amount equal to rent payments under the lease. Under the terms of the lease, as amended by the Sixth Amendment, the Company is required to pay a percentage of the adjusted gross receipts ("AGR") for the year in rent with a minimum annual rent of no less than \$2.0 million. The percentage rent shall be equal to 2% of the AGR up to \$25 million, plus 4% of the AGR in excess of \$25 million up to \$50 million, plus 6% of the AGR in excess of \$50 million up to \$75 million, plus 8% of the AGR in excess of \$75 million up to \$100 million and plus 10% of the AGR in excess of \$100 million. In accordance with a prior lease amendment in March 2010, during 2010 the Company paid a total of \$13.5 million for the prepayment of rent to the City of Evansville for the period between January 2011 and December 2015.

#### *Belle of Baton Rouge Lease*

Belle of Baton Rouge leases certain land and buildings under separate leases, with annual payments of \$0.2 million. In addition, Belle of Baton Rouge leases a parking lot with annual base rent of approximately \$0.4 million, plus 0.94% of annual adjusted gross revenue in excess of \$45 million but not to exceed \$80 million through August 2017.

#### *Tropicana Greenville Lease*

Tropicana Greenville leases approximately four acres of land on which the entry and parking facilities of the casino are situated. Tropicana Greenville is required to pay an amount equal to 2% of its monthly gross gaming revenues in rent, with a minimum monthly payment of \$75,000. In addition, in any given year in which annual gross gaming revenues exceed \$36.6 million, Tropicana Greenville is required to pay 8% of the excess amount as rent pursuant to the terms of the lease. The current lease expires in 2019 with options to extend its term through 2044.

In October 2013, Tropicana Greenville entered into an additional lease agreement with the City of Greenville, Mississippi, for a parcel of land adjacent to Tropicana Greenville upon which the Company constructed a parking lot in conjunction with its plan to expand the Tropicana Greenville casino. The initial term of the lease expires in August 2020, and the Company has several options to extend the lease for a total term of up to twenty-five years. Initial annual rent is \$0.4 million with rent adjustments in option periods based upon the Consumer Price Index.

#### *Tropicana Aruba Land Lease*

The Company assumed a land lease in August 2010 for approximately 14 acres of land on which Tropicana Aruba is situated through July 30, 2051. Under the terms of the land lease, the annual rent is \$93,000.

### ***Other Commitments and Contingencies***

#### *2011 New Jersey Legislation*

On February 1, 2011, New Jersey enacted legislation (the "Tourism District Bill") that delegates redevelopment authority and creation of a master plan to the CRDA and allowed the CRDA the ability to enter into a five year public private partnership with the casinos in Atlantic City that have formed the Atlantic City Alliance ("ACA") to jointly market the city. The law obligates the Atlantic City casinos either through the ACA or, if not a member of the ACA, through individual assessments, to provide funding for marketing under the Tourism District Bill

in the aggregate amount of \$30.0 million annually through 2016. Presently, ACA funds for 2015 and 2016 are being held by the ACA pending clarification as to whether the funds will be diverted by the State of New Jersey for other purposes pursuant to pending legislation. Each Atlantic City casino's proportionate share of the assessment is based on the gross revenue generated in the preceding fiscal year. The Company currently estimates its portion of this industry obligation to be approximately 12.0% for 2016.

#### *New Jersey CRDA*

Under current New Jersey law, the New Jersey Casino Control Commission imposes an annual tax of 8% on gross casino revenue and, commencing with the operation of Internet gaming, an annual tax of 15% on Internet gaming gross revenue. Pursuant to New Jersey law, casino license holders or Internet gaming permit holders (as applicable) are required to invest an additional 1.25% of gross casino revenue and 2.5% of Internet gaming gross revenue for the purchase of bonds to be issued by the CRDA or to make other approved investments equal to those amounts; and, in the event the investment requirement is not met, the casino license holder or Internet gaming permit holder (as applicable) is subject to a tax of 2.5% on gross casino revenue and 5% on Internet gaming gross revenue. As mandated by New Jersey law, the interest rate of the CRDA bonds purchased by the licensee will be two-thirds of the average market rate for bonds available for purchase and published by a national bond index at the time of the CRDA bond issuance.

#### *Wimar and CSC Administrative Expense Claims*

On March 31, 2009, Wimar Tahoe Corporation ("Wimar") and Columbia Sussex Corporation ("CSC") filed separate proceedings with the Bankruptcy Court related to administrative expense claims against the Predecessors. On August 4, 2010, Wimar and CSC separately filed motions for summary judgment seeking payment on account of these claims from the Company totaling approximately \$5.4 million, which was recorded as a liability upon emergence from bankruptcy and is included in accounts payable in our accompanying condensed consolidated balance sheet as of March 31, 2016 and December 31, 2015. In its objection to Wimar and CSC's motions for summary judgment, the Company disputed the administrative expense and/or priority status of certain amounts claimed and also contended that any payment to CSC or Wimar should await the resolution of the adversary proceeding instituted by Lightsway Litigation Services, LLC, as Trustee of the Tropicana Litigation Trust established by the bankruptcy reorganization plan, against CSC and Wimar.

In October 2015, the Bankruptcy Court issued an opinion order and entered an order (1) denying Wimar's and CSC's Motions for Summary Judgment seeking allowance and payment of administrative expense claims, and (2) granting, in part, CSC's Motion for Summary Judgment to allow priority status under Bankruptcy Code Section 507(a)(5) for certain contributions made to employee benefit plans and denying, in part, CSC's request in the motion for payment of the priority claims. The Company and Tropicana Las Vegas have filed a joint motion with the Bankruptcy Court seeking clarification of certain aspects of the Bankruptcy Court's opinion and order, which motion is pending. The Company continues to dispute any payment obligation to Wimar or CSC.

#### *UNITE HERE*

In September 2011, the collective bargaining agreement between Tropicana AC and UNITE HERE Local 54 expired and Tropicana AC continued to voluntarily contribute to the UNITE HERE National Retirement Fund Rehabilitation Plan (the "NRF") after the September 2011 expiration date through February 25, 2012 (at which time Tropicana AC declared an impasse in the collective bargaining negotiations and ceased contributions to the NRF). UNITE HERE subsequently filed a charge with the National Labor Relations Board (the "NLRB") alleging that Tropicana AC's declarations of an impasse violated the National Labor Relations Act. Tropicana AC contested this charge. In addition, in January 2012 the NRF's legal counsel sent a letter to Tropicana AC asserting that any withdrawal from the NRF would not be entitled to the NRF's "Free Look Rule" and would trigger a withdrawal liability and in November 2013 Tropicana AC was advised by UNITE HERE that the NRF had estimated Tropicana AC's withdrawal liability

from the NRF to be approximately \$4 million. In May 2014 Tropicana AC and UNITE HERE Local 54 entered into a new collective bargaining agreement as well as a settlement agreement pursuant to which, among other things, the NLRB charge and related charges filed by both parties were withdrawn. In addition, Tropicana AC entered into a settlement agreement with the NRF pursuant to which Tropicana AC paid approximately \$4 million to the NRF in settlement of all outstanding withdrawal liability claims.

In July 2014, Tropicana AC and UNITE HERE each provided notice to the other of their respective intentions to renegotiate their existing collective bargaining agreement due to expire on September 14, 2014. Subsequently, UNITE HERE requested that Tropicana AC extend the collective bargaining agreement for an additional six months, which request was rejected by Tropicana AC. The collective bargaining agreement expired on September 14, 2014.

#### *Litigation in General*

The Company is a party to various litigation that arises in the ordinary course of business. In the opinion of management, all pending legal matters are either adequately covered by insurance or, if not insured, will not have a material adverse effect on the financial position or the results of operations of the Company.

## STOCKHOLDERS' EQUITY

**3 Months Ended  
Mar. 31, 2016**

### Stockholders' Equity Note

#### [Abstract]

### STOCKHOLDERS' EQUITY

#### STOCKHOLDERS' EQUITY

##### *Common Stock*

The Company is authorized to issue up to 100 million shares of its common stock, \$0.01 par value per share ("Common Stock"), of which 26,090,922 and 26,312,500 shares were issued and outstanding as of March 31, 2016 and December 31, 2015, respectively. Each holder of Common Stock is entitled to one vote for each share held of record on each matter submitted to a vote of stockholders. The holders of Common Stock have no cumulative voting rights, preemptive or conversion rights or other subscription rights. There are no redemption or sinking fund provisions applicable to the Common Stock. Subject to any preferences that may be granted to the holders of the Company's preferred stock, each holder of Common Stock is entitled to receive ratably such dividends as may be declared by the Board of Directors out of funds legally available therefore, as well as any distributions to the stockholders and, in the event of the Company's liquidation, dissolution or winding up is entitled to share ratably in all the Company's assets remaining after payment of liabilities.

##### *Stock Repurchase Program*

On July 31, 2015, our Board of Directors authorized the repurchase of up to \$50 million of our outstanding stock with no set expiration date. The Stock Repurchase Program will end upon the earlier of the date on which the plan is terminated by the Board of Directors or when all authorized repurchases are completed. The timing and amount of stock repurchases will be determined based upon our evaluation of market conditions and other factors. The Stock Repurchase Program may be suspended, modified or discontinued at any time and we have no obligation to repurchase any amount of our common stock under the Stock Repurchase Program.

During March 2016, we repurchased 221,578 shares of our stock under the Stock Repurchase Program. The repurchased shares were subsequently retired.

##### *Preferred Stock*

The Company is authorized to issue up to 10 million shares of preferred stock, \$0.01 par value per share, of which none were issued as of March 31, 2016 and December 31, 2015. The Board of Directors, without further action by the holders of Common Stock, may issue shares of preferred stock in one or more series and may fix or alter the rights, preferences, privileges and restrictions, including the voting rights, redemption provisions (including sinking fund provisions), dividend rights, dividend rates, liquidation rates, liquidation preferences, conversion rights and the description and number of shares constituting any wholly unissued series of preferred stock. Except as described above, the Board of Directors, without further stockholder approval, may issue shares of preferred stock with rights that could adversely affect the rights of the holders of Common Stock. The issuance of shares of preferred stock under certain circumstances could have the effect of delaying or preventing a change of control of TEI or other corporate action.

##### *Significant Ownership*

At March 31, 2016, Mr. Icahn indirectly controlled approximately 68.46% of the voting power of the Company's Common Stock and, by virtue of such stock ownership, is able to control or exert substantial influence over the Company, including the election of directors. The existence of a significant stockholder may have the effect of making it difficult for, or may discourage or delay, a third party from seeking to acquire a majority of the Company's outstanding Common Stock. Mr. Icahn's interests may not always be consistent with the Company's interests or with the interests of the Company's other stockholders. Mr. Icahn and entities controlled by him may also pursue acquisitions or business opportunities that may or may not be complementary to the Company's business. To the extent that conflicts of interest may arise between the Company and Mr. Icahn and his affiliates, those conflicts may be resolved in a manner adverse to the Company or its other shareholders.

**BASIC AND DILUTED  
NET INCOME PER SHARE**

**3 Months Ended  
Mar. 31, 2016**

**Earnings Per Share**

**[Abstract]**

**BASIC AND DILUTED NET  
INCOME PER SHARE**

**BASIC AND DILUTED NET INCOME PER SHARE**

The Company computes net income per share in accordance with accounting guidance that requires presentation of both basic and diluted earnings per share ("EPS") on the face of the income statement. Basic EPS is computed by dividing net income for the period by the weighted average number of shares outstanding during the period. Diluted EPS is computed by dividing net income for the period by the weighted average number of common shares outstanding during the period, increased by potentially dilutive common shares that were outstanding during the period. Potentially dilutive common shares include warrants. Diluted EPS excludes all potential dilutive shares if their effect is anti-dilutive.



## INCOME TAXES

**3 Months Ended  
Mar. 31, 2016**

[Income Tax Disclosure](#)

[\[Abstract\]](#)

[INCOME TAXES](#)

### INCOME TAXES

#### *Effective Tax Rate*

The Company's effective income tax rates for the three months ended March 31, 2016 and 2015 were 40.0% and 40.9%, respectively. The difference between the federal statutory rate of 35% and the Company's effective tax rates for the three months ended March 31, 2016 and 2015 was primarily due to disallowed foreign losses, state income taxes (net of federal benefit), and other permanent differences. Looking forward, our effective income tax rate may fluctuate due to changes in tax legislation, changes in our estimates of federal tax credits, changes in our assessment of uncertainties as valued under accounting guidance for uncertainty in income taxes, as well as accumulated interest and penalties.

SEGMENT  
INFORMATION

3 Months Ended  
Mar. 31, 2016

[Segment Reporting](#)

[\[Abstract\]](#)

[SEGMENT INFORMATION](#)

SEGMENT INFORMATION

The Company views each property as an operating segment which we aggregate by region in order to present our reportable segments: (i) East, (ii) Central, (iii) West, (iv) and South and other. The Company uses operating income to compare operating results among its segments and allocate resources.

The following table highlights by segment our net revenues and operating income, and reconciles operating income to income from continuing operations before income taxes for the three months ended March 31, 2016 and 2015 (in thousands, unaudited):

	Three months ended March 31,	
	2016	2015
<b>Net revenues:</b>		
East	\$ 74,915	\$ 68,451
Central	75,365	71,939
West	28,208	26,548
South and other	26,665	26,443
Corporate	—	—
Total net revenues	<u>\$ 205,153</u>	<u>\$ 193,381</u>
<b>Operating income (loss):</b>		
East	\$ 1,491	\$ (279)
Central	13,912	10,306
West	4,137	3,451
South and other	3,931	4,438
Corporate	(4,906)	(3,970)
Total operating income	<u>\$ 18,565</u>	<u>\$ 13,946</u>
<b>Reconciliation of operating income to income before income taxes:</b>		
Operating income	\$ 18,565	\$ 13,946
Interest expense	(3,220)	(2,903)
Interest income	128	143
Income before income taxes	<u>\$ 15,473</u>	<u>\$ 11,186</u>

Assets by segment:	March 31, 2016	December 31, 2015
	East	\$ 556,536
Central	396,997	397,309
West	131,249	136,508
South and other	127,422	125,776
Corporate	100,230	99,134
Total assets	<u>\$ 1,312,434</u>	<u>\$ 1,309,349</u>

**SUMMARY OF  
SIGNIFICANT  
ACCOUNTING POLICIES  
(Policies)**

**3 Months Ended**

**Mar. 31, 2016**

[Accounting Policies](#)

[\[Abstract\]](#)

[Basis of Presentation](#)

*Basis of Presentation*

The accompanying condensed consolidated financial statements have been prepared, without audit, pursuant to the rules and regulations of the Securities and Exchange Commission. Accordingly, certain disclosures required by generally accepted accounting principles in the United States ("GAAP") are omitted or condensed in these condensed consolidated financial statements. In the opinion of management, all adjustments (consisting of normal recurring adjustments) that are necessary to present fairly the Company's financial position, results of operations and cash flows for the interim periods have been made. The interim results reflected in these condensed consolidated financial statements are not necessarily indicative of results to be expected for the full fiscal year. The accompanying condensed consolidated financial statements should be read in conjunction with the consolidated financial statements and notes thereto included in the Company's Annual Report on Form 10-K for the year ended December 31, 2015, from which the accompanying condensed consolidated balance sheet information as of that date was derived.

[Principles of Consolidation](#)

*Principles of Consolidation*

The accompanying condensed consolidated financial statements include the Company and its majority-owned subsidiaries. All intercompany balances and transactions have been eliminated in consolidation.

[Use of Estimates](#)

*Use of Estimates*

The preparation of financial statements in conformity with GAAP requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities and disclosure of contingent assets and liabilities at the date of the financial statements and the reported amounts of revenues and expenses during the reporting period. Significant estimates incorporated in the Company's financial statements include the estimated useful lives for depreciable and amortizable assets, the estimated allowance for doubtful accounts receivable, the estimated valuation allowance for deferred tax assets, certain tax liabilities, estimated cash flows in assessing the impairment of long-lived assets, intangible assets, Casino Reinvestment Development Authority (the "CRDA") investments, self-insured liability reserves, customer loyalty program reserves, contingencies, litigation, claims, assessments and loss contingencies. Actual results could differ from these estimates.

[Restricted Cash](#)

*Restricted Cash*

Restricted cash consisted primarily of funds invested in money market funds and cash held in a separate bank account designated for specific purposes. At December 31, 2015, \$7.6 million was restricted by the United States Bankruptcy Court for the District of Delaware ("Bankruptcy Court") in connection with the reorganization of the Predecessors for the purpose of satisfying liabilities related to professional services incurred in connection with the Restructuring Transactions; this restricted cash was released to the Company in March 2016 upon order of the Bankruptcy Court when it was determined that all professional services had been paid in full. In addition, for both of the periods ending March 31, 2016 and December 31, 2015, \$6.5 million was restricted to collateralize letters of credit.

## [Fair Value of Financial Instruments](#)

### *Fair Value of Financial Instruments*

As defined under GAAP, fair value is the price that would be received to sell an asset or paid to transfer a liability between market participants in the principal market or in the most advantageous market when no principal market exists. Adjustments to transaction prices or quoted market prices may be required in illiquid or disorderly markets in order to estimate fair value. Considerable judgment may be required in interpreting market data used to develop the estimates of fair value. Accordingly, estimates of fair value presented herein are not necessarily indicative of the amounts that could be realized in a current or future market exchange. See Note 3 - *Fair Value* for further detail related to the fair value of financial instruments.

## [Revenue Recognition and Promotional Allowances](#)

### *Revenue Recognition and Promotional Allowances*

Casino revenue represents the difference between wins and losses from gaming activities. Room, food and beverage and other operating revenues are recognized at the time the goods or services are provided. The Company collects taxes from customers at the point of sale on transactions subject to sales and other taxes. Revenues are recorded net of any taxes collected. The majority of the Company's casino revenue is counted in the form of cash and chips and, therefore, is not subject to any significant or complex estimation. The retail value of rooms, food and beverage and other services provided to customers on a complimentary basis is included in gross revenues and then deducted as promotional allowances. Promotional allowances also include incentives earned in our slot bonus program such as cash and the estimated retail value of goods and services (such as complimentary rooms and food and beverages). We reward customers, through the use of bonus programs, with points based on amounts wagered that can be redeemed for a specified period of time, principally for complimentary play, and to a lesser extent for goods or services, depending upon the property.

## [Adoption of New Accounting Pronouncement](#)

### *Adoption of New Accounting Pronouncement*

In April 2015, the Financial Accounting Standards Board ("FASB") issued Accounting Standards Update ("ASU") No. 2015-03, *Simplifying the Presentation of Debt Issuance Costs*, requiring entities to present debt issuance costs related to a recognized debt liability as a direct deduction from the carrying amount of the debt liability. This new guidance is similar to existing presentation requirements for debt discounts and aligns with the presentation of debt issuance costs under International Financial Reporting Standards ("IFRS"). The new guidance does not affect entities' recognition and measurement of debt issuance costs. Previously, entities were required to present debt issuance costs as deferred charges in the asset section of the statement of financial position. The guidance in the ASU is effective for all entities in fiscal years beginning after December 15, 2015. Public business entities must apply the guidance in interim periods within the fiscal year of adoption, while all other entities must apply the guidance in interim periods within fiscal years beginning after December 15, 2016. All entities must apply the guidance retrospectively and provide the required disclosures for a change in accounting principle in the period of adoption. Early adoption is permitted.

The Company adopted this ASU during the three months ended March 31, 2016. The Company has reclassified debt issuance costs from other assets, net to a reduction in long-term debt, net on the Company's condensed consolidated balance sheets. As of March 31, 2016 and December 31, 2015, the amount of debt issuance costs included as a reduction to long-term debt totaled \$3.0 million and \$3.3 million, respectively.

### *Recently Issued Accounting Standards*

In May 2014, the FASB issued ASU No. 2014-09, *Revenue from Contracts with Customers (Topic 606)*, which supersedes the revenue recognition requirements in ASC Topic 605, *Revenue Recognition*. This ASU is based on the principle that revenue is recognized to depict the transfer of goods or services to customers in an amount that reflects the consideration to which the entity

expects to be entitled in exchange for those goods or services. The ASU also requires additional disclosure about the nature, amount, timing and uncertainty of revenue and cash flows arising from customer contracts, including significant judgments and changes in judgments and assets recognized from costs incurred to obtain or fulfill a contract. This ASU was amended by ASU No. 2015-14, issued in August 2015, which deferred the original effective date by one year; the effective date is effective for fiscal years, and interim reporting periods within those years, beginning after December 15, 2017, using one of two retrospective application methods. Early adoption is permitted only as of the annual reporting periods beginning after December 15, 2016, including interim reporting periods within that reporting period. The Company is evaluating the impacts, if any, the adoption of ASU No. 2014-09 will have on the Company's financial position or results of operations.

In July 2015, the FASB issued ASU No. 2015-11, *Simplifying the Measurement of Inventory*, which amends FASB ASU Topic 330, *Inventory*. This ASU requires entities to measure inventory at the lower of cost or net realizable value and eliminates the option that currently exists for measuring inventory at market value. Net realizable value is the estimated selling prices in the ordinary course of business, less reasonable predictable costs of completion, disposal, and transportation. This ASU is effective for fiscal years beginning after December 15, 2016, including interim periods within those fiscal years. This ASU should be applied prospectively with earlier application permitted as of the beginning of an interim period or annual reporting period. The Company does not anticipate the adoption of this ASU to have a material impact on the Company's financial position or results of operations.

In September 2015, the FASB issued ASU No. 2015-16, *Simplifying the Accounting for Measurement-Period Adjustments*, which amends FASB ASU Topic 805, *Business Combinations*. This ASU eliminates the requirement to retrospectively adjust provisional amounts recognized at the acquisition dates of business combinations. Rather, this ASU requires that an acquirer recognize adjustments to provisional amounts that are identified during the measurement period in the reporting period in which the adjustment amounts are determined. This ASU is effective for fiscal years beginning after December 15, 2015, including interim periods within those fiscal years. The amendments in this ASU should be applied prospectively to adjustments to provisional amounts that occur after the effective date with earlier application permitted for financial statements that have not been issued. The Company does not anticipate the adoption of this ASU to have a material impact on the Company's financial position or results of operations.

In February 2016, the FASB issued ASU No. 2016-02, *Leases (Topic 842)*, which supersedes FASB ASC Topic 840, *Leases*. This ASU requires the recognition of lease assets and lease liabilities by lessees for those leases classified as operating leases under previous guidance. In addition, among other changes to the accounting for leases, this ASU retains the distinction between finance leases and operating leases. The classification criteria for distinguishing between finance leases and operating leases are substantially similar to the classification criteria for distinguishing between capital leases and operating leases in the previous guidance. This ASU is effective for fiscal years beginning after December 15, 2018, including interim periods within those fiscal years. The amendments in this ASU should be applied using a modified retrospective approach. Early application is permitted. The Company is currently evaluating the impact of this guidance on the Company's financial position or results of operations.

A variety of proposed or otherwise potential accounting standards are currently under consideration by standard-setting organizations and certain regulatory agencies. Because of the tentative and preliminary nature of such proposed standards, we have not yet determined the effect, if any, that the implementation of such proposed standards would have on our condensed consolidated financial statements.

## Reclassifications

### *Reclassifications*

The unaudited condensed consolidated financial statements reflect certain reclassifications to prior year amounts in order to conform with current year presentation. The reclassifications have no effect on previously reported net income.

## Fair Value

The carrying values of the Company's cash and cash equivalents, restricted cash, receivables and accounts payable approximate fair value because of the short term maturities of these instruments. A financial asset or liability classification within the hierarchy is determined based on the lowest level input that is significant to the fair value measurement. The three levels are as follows:

- Level 1 - Inputs are unadjusted quoted prices in active markets for identical assets or liabilities that the Company has the ability to access at the measurement date.
- Level 2 - Inputs include quoted prices for similar assets or liabilities in active markets, quoted prices for identical or similar assets or liabilities in markets that are not active, inputs other than quoted prices that are observable for the asset or liability and inputs that are derived principally from or corroborated by observable market data by correlation or other means (market corroborated inputs).
- Level 3 - Unobservable inputs reflect the Company's judgments about the assumptions market participants would use in pricing the asset or liability since limited market data exists. The Company develops these inputs based on the best information available, including its own data.

**SUMMARY OF  
SIGNIFICANT  
ACCOUNTING POLICIES  
(Tables)**

**3 Months Ended**

**Mar. 31, 2016**

[Accounting Policies \[Abstract\]](#)  
[Schedule of Promotional Allowances](#)

The amounts included in promotional allowances consist of the following (in thousands):

	Three months ended March 31,	
	2016	2015
Room	\$ 8,621	\$ 7,957
Food and beverage	11,032	10,935
Other	1,892	1,873
Total	<u>\$ 21,545</u>	<u>\$ 20,765</u>

[Schedule of Estimated Costs of Providing Promotional Allowances](#)

The estimated departmental costs and expenses of providing these promotional allowances are included in casino operating costs and expenses and consist of the following (in thousands):

	Three months ended March 31,	
	2016	2015
Room	\$ 5,218	\$ 4,903
Food and beverage	9,699	9,630
Other	683	554
Total	<u>\$ 15,600</u>	<u>\$ 15,087</u>

## FAIR VALUE (Tables)

**3 Months Ended  
Mar. 31, 2016**

### [Fair Value Disclosures](#)

#### [\[Abstract\]](#)

#### [Fair Value, Assets Measured on Recurring Basis](#)

The following table presents a summary of fair value measurements by level for certain assets measured at fair value on a recurring basis included in the accompanying condensed consolidated balance sheets at March 31, 2016 and December 31, 2015 (in thousands):

	Input Levels for Fair Value Measurements			Total
	Level 1	Level 2	Level 3	
<b>March 31, 2016</b>				
Assets:				
CRDA deposits, net	\$ —	\$ —	\$ 14,831	\$ 14,831
<b>December 31, 2015</b>				
Assets:				
CRDA deposits, net	\$ —	\$ —	\$ 16,405	\$ 16,405

#### [Change in fair value of Level 3 assets](#)

The following table summarizes the changes in fair value of the Company's Level 3 CRDA deposits (in thousands):

	Three months ended March 31,	
	2016	2015
Beginning Balance	\$ 16,405	\$ 24,384
Realized or unrealized gains/(losses)	(190)	1,119
Additional CRDA deposits	1,048	962
CRDA Project Funds received	(1,867)	—
Purchases of CRDA investments	(565)	(237)
Ending Balance	\$ 14,831	\$ 26,228



## RECEIVABLES (Tables)

**3 Months Ended  
Mar. 31, 2016**

[Receivables \[Abstract\]](#)

[Receivables](#)

Receivables consist of the following (in thousands):

	<u>March 31, 2016</u>	<u>December 31, 2015</u>
Casino	\$ 12,451	\$ 14,573
Hotel	4,574	5,330
Other	11,170	12,574
Receivables, gross	28,195	32,477
Allowance for doubtful accounts	(8,808)	(10,409)
Receivables, net	<u>\$ 19,387</u>	<u>\$ 22,068</u>

**PROPERTY AND  
EQUIPMENT (Tables)**

**3 Months Ended  
Mar. 31, 2016**

[Property, Plant and Equipment \[Abstract\]](#)

[Property and equipment](#)

Property and equipment consist of the following (in thousands):

	Estimated life (years)	March 31, 2016	December 31, 2015
Land	—	\$ 116,597	\$ 116,190
Buildings and improvements	10 - 40	606,065	605,582
Furniture, fixtures and equipment	3 - 7	233,279	228,548
Riverboats and barges	5 - 15	17,429	17,429
Construction in progress	—	35,380	24,900
Property and equipment, gross		1,008,750	992,649
Accumulated depreciation		(248,710)	(231,829)
Property and equipment, net		<u>\$ 760,040</u>	<u>\$ 760,820</u>

**GOODWILL AND  
INTANGIBLE ASSETS  
(Tables)**

**3 Months Ended  
Mar. 31, 2016**

[Goodwill and Intangible Assets Disclosure](#)

[\[Abstract\]](#)

[Schedule of goodwill](#)

The carrying amount of Goodwill by segment are as follows (in thousands):

	March 31, 2016			December 31, 2015		
	Gross Carrying Amount	Accumulated Impairment	Net Carrying Value	Gross Carrying Amount	Accumulated Impairment	Net Carrying Value
Central	\$ 14,224	\$ —	\$ 14,224	\$ 14,224	\$ —	\$ 14,224
South and other	1,731	(1,731)	—	1,731	(1,731)	—
Corporate	10,704	(9,071)	1,633	10,704	(9,071)	1,633
Total	<u>\$ 26,659</u>	<u>\$ (10,802)</u>	<u>\$ 15,857</u>	<u>\$ 26,659</u>	<u>\$ (10,802)</u>	<u>\$ 15,857</u>

[Finite -Lived Intangible assets](#)

Intangible assets consist of the following (in thousands):

	Estimated life (years)	March 31, 2016	December 31, 2015
Trade name	Indefinite	\$ 25,500	\$ 25,500
Gaming licenses	Indefinite	37,387	37,387
Customer lists	3	160	160
Favorable lease	5 - 42	13,260	13,260
Total intangible assets		76,307	76,307
Less accumulated amortization:			
Customer lists		(106)	(93)
Favorable lease		(2,007)	(1,919)
Total accumulated amortization		(2,113)	(2,012)
Intangible assets, net		<u>\$ 74,194</u>	<u>\$ 74,295</u>

[Indefinite-Lived Intangible Assets](#)

Intangible assets consist of the following (in thousands):

	Estimated life (years)	March 31, 2016	December 31, 2015
Trade name	Indefinite	\$ 25,500	\$ 25,500
Gaming licenses	Indefinite	37,387	37,387
Customer lists	3	160	160
Favorable lease	5 - 42	13,260	13,260
Total intangible assets		76,307	76,307
Less accumulated amortization:			
Customer lists		(106)	(93)
Favorable lease		(2,007)	(1,919)
Total accumulated amortization		(2,113)	(2,012)
Intangible assets, net		<u>\$ 74,194</u>	<u>\$ 74,295</u>

**INVESTMENTS (Tables)****3 Months Ended  
Mar. 31, 2016****[Investments, Debt and Equity Securities \[Abstract\]](#)  
[Schedule of investments](#)**

CRDA investments consist of the following (in thousands):

	<u>March 31, 2016</u>	<u>December 31, 2015</u>
Investment in bonds—CRDA	\$ 16,551	\$ 16,551
Less unamortized discount	(4,271)	(4,271)
Less valuation allowance	(3,862)	(3,862)
Deposits—CRDA	19,798	21,183
Less valuation allowance	(4,967)	(4,778)
Direct investment—CRDA	1,610	1,352
Less valuation allowance	(1,610)	(1,352)
Total CRDA investments	<u>\$ 23,249</u>	<u>\$ 24,823</u>

**LONG-TERM PREPAID  
RENT AND OTHER  
ASSETS (Tables)**

**3 Months Ended  
Mar. 31, 2016**

[Other Assets \[Abstract\]](#)

[Schedule of Long-term Prepaid Rent and Other assets](#)

Other assets consist of the following (in thousands):

	<b>March 31, 2016</b>	<b>December 31, 2015</b>
Tropicana Evansville prepaid rent	\$ 12,500	\$ 12,500
Deposits	3,463	3,431
Other	3,605	2,873
Other assets	<u>\$ 19,568</u>	<u>\$ 18,804</u>

**ACCRUED EXPENSES  
AND OTHER CURRENT  
LIABILITIES (Tables)**

**3 Months Ended**

**Mar. 31, 2016**

[Payables and Accruals \[Abstract\]](#)

[Accrued expenses and other current liabilities](#)

Accrued expenses and other current liabilities consist of the following (in thousands):

	<b>March 31, 2016</b>	<b>December 31, 2015</b>
Accrued payroll and benefits	\$ 30,962	\$ 35,131
Accrued gaming and related	15,064	15,620
Accrued taxes	17,165	11,327
Other accrued expenses and current liabilities	15,130	15,758
Total accrued expenses and other current liabilities	<u>\$ 78,321</u>	<u>\$ 77,836</u>

**DEBT (Tables)****3 Months Ended  
Mar. 31, 2016****[Debt Disclosure \[Abstract\]](#)****[Debt](#)**

Debt consists of the following (in thousands):

	<u>March 31, 2016</u>	<u>December 31, 2015</u>
New Term Loan Facility, due 2020, interest at 4.0% at March 31, 2016 and December 31, 2015, net of unamortized discount of \$1.0 million at both March 31, 2016 and December 31, 2015, and debt issuance costs of \$3.0 million and \$3.3 million at March 31, 2016 and December 31, 2015, respectively	\$ 288,446	\$ 288,946
Less current portion of debt	(3,000)	(3,000)
Total long-term debt, net	<u>\$ 285,446</u>	<u>\$ 285,946</u>

**IMPAIRMENT CHARGES,  
OTHER WRITE-DOWNS  
AND RECOVERIES**  
(Tables)

**3 Months Ended**

**Mar. 31, 2016**

[Impairment Charges and Other Write-Downs](#)

[\[Abstract\]](#)

[Schedule of Impairment Charges, Other Write-Downs and Recoveries](#)

Impairment charges, other write-downs and recoveries consist of the following (in thousands):

	Three months ended March 31,	
	2016	2015
Impairment of goodwill and intangibles (Note 6)	—	26
Loss on disposal of assets	40	654
Total impairment charges, other write-downs and recoveries	\$ 40	\$ 680



**SEGMENT  
INFORMATION (Tables)**

**3 Months Ended  
Mar. 31, 2016**

[Segment Reporting \[Abstract\]](#)

[Schedule of segment net revenues and operating income \(loss\) and reconciliation of operating income \(loss\) to income from continuing operations before income taxes](#)

The following table highlights by segment our net revenues and operating income, and reconciles operating income to income from continuing operations before income taxes for the three months ended March 31, 2016 and 2015 (in thousands, unaudited):

	<b>Three months ended March 31,</b>	
	<b>2016</b>	<b>2015</b>
<b>Net revenues:</b>		
East	\$ 74,915	\$ 68,451
Central	75,365	71,939
West	28,208	26,548
South and other	26,665	26,443
Corporate	—	—
Total net revenues	<u>\$ 205,153</u>	<u>\$ 193,381</u>
<b>Operating income (loss):</b>		
East	\$ 1,491	\$ (279)
Central	13,912	10,306
West	4,137	3,451
South and other	3,931	4,438
Corporate	(4,906)	(3,970)
Total operating income	<u>\$ 18,565</u>	<u>\$ 13,946</u>
<b>Reconciliation of operating income to income before income taxes:</b>		
Operating income	\$ 18,565	\$ 13,946
Interest expense	(3,220)	(2,903)
Interest income	128	143
Income before income taxes	<u>\$ 15,473</u>	<u>\$ 11,186</u>
<b>Assets by segment:</b>		
	<b>March 31, 2016</b>	<b>December 31, 2015</b>
East	\$ 556,536	\$ 550,622
Central	396,997	397,309
West	131,249	136,508
South and other	127,422	125,776
Corporate	100,230	99,134
Total assets	<u>\$1,312,434</u>	<u>\$ 1,309,349</u>

[Schedule of segment assets](#)

**ORGANIZATION AND  
BACKGROUND (Details)**

**Mar. 31, 2016  
casino**

Island of Aruba

**Geographical Information [Line Items]**

Number of casinos 1

Nevada

**Geographical Information [Line Items]**

Number of casinos 2

Indiana

**Geographical Information [Line Items]**

Number of casinos 1

Louisiana

**Geographical Information [Line Items]**

Number of casinos 1

Mississippi

**Geographical Information [Line Items]**

Number of casinos 1

New Jersey

**Geographical Information [Line Items]**

Number of casinos 1

Missouri

**Geographical Information [Line Items]**

Number of casinos 1

**SUMMARY OF  
SIGNIFICANT  
ACCOUNTING POLICIES**  
(Details) - USD (\$)  
\$ in Thousands

**3 Months Ended**

**Mar. 31, 2016 Mar. 31, 2015 Dec. 31, 2015**

**Summary of Significant Accounting Policies [Line Items]**

Cash restricted by bankruptcy court \$ 7,600

Promotional allowances \$ 21,545 \$ 20,765

Estimated costs and expenses of providing promotional allowances 15,600 15,087

Room

**Summary of Significant Accounting Policies [Line Items]**

Promotional allowances 8,621 7,957

Estimated costs and expenses of providing promotional allowances 5,218 4,903

Food and Beverage

**Summary of Significant Accounting Policies [Line Items]**

Promotional allowances 11,032 10,935

Estimated costs and expenses of providing promotional allowances 9,699 9,630

Other

**Summary of Significant Accounting Policies [Line Items]**

Promotional allowances 1,892 1,873

Estimated costs and expenses of providing promotional allowances 683 \$ 554

Letter of Credit

**Summary of Significant Accounting Policies [Line Items]**

Cash restricted as collateral for debt 6,500 6,500

Accounting Standards Update 2015-03 | Other Assets

**Summary of Significant Accounting Policies [Line Items]**

Debt issuance costs (3,000) (3,300)

Accounting Standards Update 2015-03 | Long-term Debt

**Summary of Significant Accounting Policies [Line Items]**

Debt issuance costs 3,000 \$ 3,300

Replacement Furniture, Fixtures and Equipment

**Summary of Significant Accounting Policies [Line Items]**

Restricted cash \$ 4,600

**FAIR VALUE - Recurring  
(Details) - Recurring -  
CRDA - USD (\$)  
\$ in Thousands**

**Mar. 31,  
2016**      **Dec. 31,  
2015**

**Fair Value, Assets and Liabilities Measured on Recurring and Nonrecurring Basis**

**[Line Items]**

CRDA Deposits, net      \$ 14,831      \$ 16,405

Level 1

**Fair Value, Assets and Liabilities Measured on Recurring and Nonrecurring Basis**

**[Line Items]**

CRDA Deposits, net      0      0

Level 2

**Fair Value, Assets and Liabilities Measured on Recurring and Nonrecurring Basis**

**[Line Items]**

CRDA Deposits, net      0      0

Level 3

**Fair Value, Assets and Liabilities Measured on Recurring and Nonrecurring Basis**

**[Line Items]**

CRDA Deposits, net      \$ 14,831      \$ 16,405

**FAIR VALUE - Level 3  
Reconciliation (Details) -  
Level 3 - CRDA Deposits -  
USD (\$)  
\$ in Thousands**

**3 Months Ended**

**Mar. 31, 2016    Mar. 31,  
2015**

**Fair Value, Assets Measured on Recurring Basis, Unobservable Input Reconciliation,  
Calculation [Roll Forward]**

<u>Beginning balance</u>	\$ 16,405	\$ 24,384
<u>Realized or unrealized gains/(losses)</u>	(190)	1,119
<u>Additional CRDA deposits</u>	1,048	962
<u>CRDA Project Funds received</u>	(1,867)	0
<u>Purchases of CRDA investments</u>	(565)	(237)
<u>Ending balance</u>	\$ 14,831	\$ 26,228

**FAIR VALUE - Additional  
Information (Details) - USD  
(\$)  
\$ in Millions**

**Mar. 31,  
2016**      **Dec. 31,  
2015**

Level 2

**Fair Value, Assets and Liabilities Measured on Recurring and Nonrecurring Basis**

**[Line Items]**

Estimated fair value of long-term debt      \$ 284.8      \$ 287.4

Estimate of Fair Value Measurement | Level 3

**Fair Value, Assets and Liabilities Measured on Recurring and Nonrecurring Basis**

**[Line Items]**

CRDA bonds, net      \$ 8.4      \$ 8.4

**RECEIVABLES (Details) -****USD (\$)****Mar. 31, 2016 Dec. 31, 2015****\$ in Thousands****Accounts, Notes, Loans and Financing Receivable [Line Items]**

<u>Receivables, gross</u>	\$ 28,195	\$ 32,477
<u>Allowance for doubtful accounts</u>	(8,808)	(10,409)
<u>Receivables, net</u>	19,387	22,068

**Casino****Accounts, Notes, Loans and Financing Receivable [Line Items]**

<u>Receivables, gross</u>	12,451	14,573
---------------------------	--------	--------

**Hotel****Accounts, Notes, Loans and Financing Receivable [Line Items]**

<u>Receivables, gross</u>	4,574	5,330
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**Other****Accounts, Notes, Loans and Financing Receivable [Line Items]**

<u>Receivables, gross</u>	\$ 11,170	\$ 12,574
---------------------------	-----------	-----------

**PROPERTY AND  
EQUIPMENT (Details) -  
USD (\$)  
\$ in Thousands**

**3 Months Ended**

**Mar. 31, 2016    Dec. 31, 2015**

**Property, Plant and Equipment, Net, by Type [Abstract]**

<u>Property and equipment, gross</u>	\$ 1,008,750	\$ 992,649
<u>Accumulated depreciation</u>	(248,710)	(231,829)
<u>Property and equipment, net</u>	760,040	760,820

Land

**Property, Plant and Equipment, Net, by Type [Abstract]**

<u>Property and equipment, gross</u>	116,597	116,190
--------------------------------------	---------	---------

Building and improvements

**Property, Plant and Equipment, Net, by Type [Abstract]**

<u>Property and equipment, gross</u>	\$ 606,065	605,582
--------------------------------------	------------	---------

Building and improvements | Minimum

**Property, Plant and Equipment, Net, by Type [Abstract]**

<u>Estimated life (in years)</u>	10 years
----------------------------------	----------

Building and improvements | Maximum

**Property, Plant and Equipment, Net, by Type [Abstract]**

<u>Estimated life (in years)</u>	40 years
----------------------------------	----------

Furniture, fixtures, and equipment

**Property, Plant and Equipment, Net, by Type [Abstract]**

<u>Property and equipment, gross</u>	\$ 233,279	228,548
--------------------------------------	------------	---------

Furniture, fixtures, and equipment | Minimum

**Property, Plant and Equipment, Net, by Type [Abstract]**

<u>Estimated life (in years)</u>	3 years
----------------------------------	---------

Furniture, fixtures, and equipment | Maximum

**Property, Plant and Equipment, Net, by Type [Abstract]**

<u>Estimated life (in years)</u>	7 years
----------------------------------	---------

Riverboats and barges

**Property, Plant and Equipment, Net, by Type [Abstract]**

<u>Property and equipment, gross</u>	\$ 17,429	17,429
--------------------------------------	-----------	--------

Riverboats and barges | Minimum

**Property, Plant and Equipment, Net, by Type [Abstract]**

<u>Estimated life (in years)</u>	5 years
----------------------------------	---------

Riverboats and barges | Maximum

**Property, Plant and Equipment, Net, by Type [Abstract]**

<u>Estimated life (in years)</u>	15 years
----------------------------------	----------

Construction in progress

**Property, Plant and Equipment, Net, by Type [Abstract]**

<u>Property and equipment, gross</u>	\$ 35,380	\$ 24,900
--------------------------------------	-----------	-----------



**GOODWILL AND  
INTANGIBLE ASSETS -  
Goodwill (Details) - USD (\$)  
\$ in Thousands**

**Mar. 31, 2016 Dec. 31, 2015**

**Goodwill, Impaired, Accumulated Impairment Loss [Abstract]**

<u>Gross Carrying Amount</u>	\$ 26,659	\$ 26,659
<u>Accumulated Impairment</u>	(10,802)	(10,802)
<u>Net Carrying Value</u>	15,857	15,857

Central

**Goodwill, Impaired, Accumulated Impairment Loss [Abstract]**

<u>Gross Carrying Amount</u>	14,224	14,224
<u>Accumulated Impairment</u>	0	0
<u>Net Carrying Value</u>	14,224	14,224

South and other

**Goodwill, Impaired, Accumulated Impairment Loss [Abstract]**

<u>Gross Carrying Amount</u>	1,731	1,731
<u>Accumulated Impairment</u>	(1,731)	(1,731)
<u>Net Carrying Value</u>	0	0

Corporate

**Goodwill, Impaired, Accumulated Impairment Loss [Abstract]**

<u>Gross Carrying Amount</u>	10,704	10,704
<u>Accumulated Impairment</u>	(9,071)	(9,071)
<u>Net Carrying Value</u>	\$ 1,633	\$ 1,633

**GOODWILL AND  
INTANGIBLE ASSETS -  
Intangible Assets (Details) -  
USD (\$)  
\$ in Thousands**

**3 Months Ended**

**Mar. 31, 2016    Dec. 31, 2015**

**Schedule of Intangible Assets [Line Items]**

<u>Total intangible assets, gross</u>	\$ 76,307	\$ 76,307
<u>Total accumulated depreciation</u>	(2,113)	(2,012)
<u>Intangible assets, net</u>	74,194	74,295

Customer lists

**Schedule of Intangible Assets [Line Items]**

<u>Intangible assets, finite-lived</u>	160	160
<u>Total accumulated depreciation</u>	\$ (106)	(93)
<u>Estimated life</u>	3 years	

Favorable lease

**Schedule of Intangible Assets [Line Items]**

<u>Intangible assets, finite-lived</u>	\$ 13,260	13,260
<u>Total accumulated depreciation</u>	\$ (2,007)	(1,919)

Favorable lease | Minimum

**Schedule of Intangible Assets [Line Items]**

<u>Estimated life</u>	5 years	
-----------------------	---------	--

Favorable lease | Maximum

**Schedule of Intangible Assets [Line Items]**

<u>Estimated life</u>	42 years	
-----------------------	----------	--

Trade name

**Schedule of Intangible Assets [Line Items]**

<u>Intangible assets, indefinite-lived</u>	\$ 25,500	25,500
--	-----------	--------

Gaming licenses

**Schedule of Intangible Assets [Line Items]**

<u>Intangible assets, indefinite-lived</u>	\$ 37,387	\$ 37,387
--	-----------	-----------

**GOODWILL AND  
INTANGIBLE ASSETS -  
Additional Information  
(Details) - USD (\$)  
\$ in Thousands**

**3 Months Ended**

**Mar. 31,    Mar. 31,    Dec. 31,  
2016        2015        2015**

**Finite-Lived Intangible Assets, Net, Amortization Expense, Fiscal Year Maturity [Abstract]**

<u>Impairment recognized</u>	\$ 0	\$ 26
<u>Customer lists</u>		

**Finite-Lived Intangible Assets [Line Items]**

<u>Estimated life</u>	3 years	
<u>Amortization expense</u>	\$ (100)	(100)
<u>Favorable lease</u>		

**Finite-Lived Intangible Assets [Line Items]**

<u>Amortization expense</u>	(100)	\$ (200)
<u>Lumiere Place   Customer lists</u>		

**Finite-Lived Intangible Assets, Net, Amortization Expense, Fiscal Year Maturity [Abstract]**

<u>2016</u>	100	
<u>2017</u>	100	

Gaming licenses

**Finite-Lived Intangible Assets [Line Items]**

<u>Intangible assets, indefinite-lived</u>	37,387	\$ 37,387
<u>Gaming licenses   Tropicana Evansville</u>		

**Finite-Lived Intangible Assets [Line Items]**

<u>Intangible assets, indefinite-lived</u>	28,700	28,700
<u>Gaming licenses   Lumiere Place</u>		

**Finite-Lived Intangible Assets [Line Items]**

<u>Intangible assets, indefinite-lived</u>	\$ 8,700	\$ 8,700
--	----------	----------

INVESTMENTS - Additional Information (Details) - USD (\$)	Apr. 19, 2016	Feb. 29, 2016	1	3 Months Ended		12	Apr. 18, 2016
			Months Ended	Mar. 31, 2016	Mar. 31, 2015	Months Ended	
<a href="#">Schedule Of Long-term Investments [Line Items]</a>							
<a href="#">Assessment of licensees, percentage of gross gaming revenues</a>				1.25%			
<a href="#">Assessment of licensees, percentage of internet gaming gross revenues</a>				2.50%			
<a href="#">Investment alternative tax, percentage of gross gaming revenues</a>				2.50%			
<a href="#">Investment alternative tax, percentage of internet gaming gross revenues</a>				5.00%			
<a href="#">Bonds—CRDA   Minimum</a>							
<a href="#">Schedule Of Long-term Investments [Line Items]</a>							
<a href="#">CRDA bonds, contractual maturities</a>				2 years			
<a href="#">Bonds—CRDA   Maximum</a>							
<a href="#">Schedule Of Long-term Investments [Line Items]</a>							
<a href="#">CRDA bonds, contractual maturities</a>				40 years			
<a href="#">Deposits—CRDA   General and Administrative Expense</a>							
<a href="#">Schedule Of Long-term Investments [Line Items]</a>							
<a href="#">Charge to expense to reflect lower return on funds on deposit</a>				\$ 400,000		\$ (1,000,000)	
<a href="#">Ruby Seven</a>							
<a href="#">Schedule Of Long-term Investments [Line Items]</a>							
<a href="#">Shares acquired</a>			1,827,932				
<a href="#">Purchase price of interest</a>			\$ 1,500,000				
<a href="#">Percent of equity ownership acquired</a>			13.70%				
<a href="#">Consideration received from sale of investment</a>		\$ 800,000					
<a href="#">Earn-out consideration period</a>		3 years					

Minimum earn-out consideration \$  
700,000

Tropicana AC | Deposits—CRDA

**Schedule Of Long-term  
Investments [Line Items]**

<u>Capital expenditures approved</u>	18,800,000	
<u>Capital expenditures reimbursements received</u>	\$ 1,900,000	\$ 15,200,000
<u>Capital expenditures reimbursements received from CRDA deposits</u>		\$ 14,200,000

Subsequent Event | Tropicana AC |  
Deposits—CRDA

**Schedule Of Long-term  
Investments [Line Items]**

<u>Capital expenditures approved</u>	\$ 26,800,000	\$ 18,800,000
<u>Increase in approved capital expenditures</u>	8,000,000	
<u>Deposits balance to be donated pursuant to NJSA 5:12-177</u>	\$ 7,100,000	

**INVESTMENTS - Schedule  
of Investments (Details) -  
USD (\$) Mar. 31, 2016 Dec. 31, 2015  
\$ in Thousands**

**Investment Holdings [Line Items]**

<u>Total CRDA investments</u>	\$ 23,249	\$ 26,323
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CRDA

**Investment Holdings [Line Items]**

<u>Total CRDA investments</u>	23,249	24,823
-------------------------------	--------	--------

CRDA | Bonds—CRDA

**Investment Holdings [Line Items]**

<u>Investments, carrying value, gross</u>	16,551	16,551
---	--------	--------

<u>Less unamortized discount</u>	(4,271)	(4,271)
----------------------------------	---------	---------

<u>Less valuation allowance</u>	(3,862)	(3,862)
---------------------------------	---------	---------

CRDA | Deposits—CRDA

**Investment Holdings [Line Items]**

<u>Investments, carrying value, gross</u>	19,798	21,183
---	--------	--------

<u>Less valuation allowance</u>	(4,967)	(4,778)
---------------------------------	---------	---------

CRDA | Direct investment—CRDA

**Investment Holdings [Line Items]**

<u>Investments, carrying value, gross</u>	1,610	1,352
---	-------	-------

<u>Less valuation allowance</u>	\$ (1,610)	\$ (1,352)
---------------------------------	------------	------------

**LONG-TERM PREPAID  
RENT AND OTHER  
ASSETS (Details) - USD (\$)** **Mar. 31, 2016** **Dec. 31, 2015**  
\$ in Thousands

**Other Assets [Abstract]**

<u>Tropicana Evansville prepaid rent</u>	\$ 12,500	\$ 12,500
<u>Deposits</u>	3,463	3,431
<u>Other</u>	3,605	2,873
<u>Other assets</u>	\$ 19,568	\$ 18,804

**ACCRUED EXPENSES  
AND OTHER CURRENT  
LIABILITIES (Details) -  
USD (\$)**

**Mar. 31, 2016 Dec. 31, 2015**

**\$ in Thousands**

**Payables and Accruals [Abstract]**

<u>Accrued payroll and benefits</u>	\$ 30,962	\$ 35,131
<u>Accrued gaming and related</u>	15,064	15,620
<u>Accrued taxes</u>	17,165	11,327
<u>Other accrued expenses and current liabilities</u>	15,130	15,758
<u>Total accrued expenses and other current liabilities</u>	\$ 78,321	\$ 77,836



**DEBT - Schedule (Details) -  
USD (\$)  
\$ in Thousands**

**Mar. 31, 2016 Dec. 31, 2015**

**Debt Instrument [Line Items]**

<u>Less current portion of debt</u>	\$ (3,000)	\$ (3,000)
<u>Long-term debt, net</u>	285,446	285,946

The New Credit Facilities | New Term Loan Facility, Due 2020, Interest at 4%

**Debt Instrument [Line Items]**

<u>Long-term debt</u>	288,446	288,946
<u>Less current portion of debt</u>	(3,000)	(3,000)
<u>Long-term debt, net</u>	\$ 285,446	\$ 285,946
<u>Interest rate (percent)</u>	4.00%	4.00%
<u>Unamortized discount</u>	\$ 1,000	\$ 1,000
<u>Debt issuance costs</u>	\$ 3,000	\$ 3,300

**DEBT - Additional  
Information (Details)**

**3 Months  
Ended  
Mar. 31,    Nov. 27,  
2016        2013  
USD (\$)    USD (\$)**

[The New Credit Facilities](#)

**[Debt Instrument \[Line Items\]](#)**

[Percent outstanding under the revolving facility](#) 35.00%

[Senior secured net leverage ratio](#) 3.25

[The New Credit Facilities | Maximum](#)

**[Debt Instrument \[Line Items\]](#)**

[Net leverage ratio](#) 2.75

[Percent of annual excess cash flow](#) 50.00%

[The New Credit Facilities | Minimum](#)

**[Debt Instrument \[Line Items\]](#)**

[Percent of annual excess cash flow](#) 0.00%

[The New Credit Facilities | New Term Loan Facility, Due 2020, Interest at 4%](#)

**[Debt Instrument \[Line Items\]](#)**

[Debt issuance amount](#) \$  
300,000,000

[Discount rate](#) 0.50%

[Debt instruments, quarterly principal payment](#) \$ 750,000

[Interest rate increase due to default](#) 2.00%

[Interest rate floor](#) 4.00%

[Effective interest rate](#) 4.00%

[The New Credit Facilities | New Term Loan Facility, Due 2020, Interest at 4% | LIBO](#)

[Rate \(as defined in the Credit Agreement\) | Criteria i](#)

**[Debt Instrument \[Line Items\]](#)**

[Variable rate basis floor](#) 1.00%

[Basis spread on variable rate](#) 3.00%

[The New Credit Facilities | New Term Loan Facility, Due 2020, Interest at 4% | Alternate](#)

[Base Rate \(as defined in the Credit Agreement\) | Criteria ii](#)

**[Debt Instrument \[Line Items\]](#)**

[Variable rate basis floor](#) 2.00%

[Basis spread on variable rate](#) 2.00%

[The New Credit Facilities | Revolving Credit Facility](#)

**[Debt Instrument \[Line Items\]](#)**

[Maximum borrowing capacity](#) \$  
15,000,000

[The New Credit Facilities | Revolving Credit Facility | LIBO Rate \(as defined in the](#)

[Credit Agreement\) | Criteria i | Maximum](#)

**[Debt Instrument \[Line Items\]](#)**

[Basis spread on variable rate](#) 2.50%

[Net leverage ratio](#) 2.50

[The New Credit Facilities | Revolving Credit Facility | LIBO Rate \(as defined in the Credit Agreement\) | Criteria i | Minimum](#)

**[Debt Instrument \[Line Items\]](#)**

[Basis spread on variable rate](#) 2.00%

[Net leverage ratio](#) 3.00

[The New Credit Facilities | Revolving Credit Facility | Alternate Base Rate \(as defined in the Credit Agreement\) | Criteria ii | Maximum](#)

**[Debt Instrument \[Line Items\]](#)**

[Basis spread on variable rate](#) 1.50%

[Net leverage ratio](#) 2.50

[The New Credit Facilities | Revolving Credit Facility | Alternate Base Rate \(as defined in the Credit Agreement\) | Criteria ii | Minimum](#)

**[Debt Instrument \[Line Items\]](#)**

[Basis spread on variable rate](#) 1.00%

[Net leverage ratio](#) 3.00

[The Credit Facilities | Term Loan Facility, Due 2018, Interest at 7.5 Percent](#)

**[Debt Instrument \[Line Items\]](#)**

[Debt issuance amount](#) 175,000,000

[Repurchase amount](#) 172,400,000

[The Credit Facilities | Letter of Credit](#)

**[Debt Instrument \[Line Items\]](#)**

[Maximum borrowing capacity](#) \$  
15,000,000

**IMPAIRMENT CHARGES,  
OTHER WRITE-DOWNS  
AND RECOVERIES**  
(Details) - USD (\$)  
\$ in Thousands

**3 Months Ended**

**Mar. 31, 2016 Mar. 31, 2015**

**Impairment Charges and Other Write-Downs [Abstract]**

<u>Impairment of goodwill and intangibles (Note 6)</u>	\$ 0	\$ 26
<u>Loss on disposal of assets</u>	40	654
<u>Total impairment charges, other write-downs and recoveries</u>	\$ 40	\$ 680

**RELATED PARTY  
TRANSACTIONS (Details) -  
USD (\$)  
\$ in Millions**

**3 Months Ended**

**Mar. 31, 2016 Mar. 31, 2015**

**[Related Party Transactions \[Abstract\]](#)**

<u>Related party expenses</u>	\$ 0.1	\$ 0.1
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COMMITMENTS AND CONTINGENCIES - Leases (Details)	1 Months Ended						Aug. 31, 2010 USD (\$) a
	Jan. 06, 2016 USD (\$) RenewalOptions	Oct. 31, 2014 USD (\$)	Oct. 31, 2013 USD (\$)	Mar. 31, 2016 USD (\$) a	Dec. 31, 2015 USD (\$)	Dec. 31, 2010 USD (\$)	
<u>MontBleu Lease</u>							
<b><u>Contractual Obligations [Line Items]</u></b>							
<u>Monthly payment base through December 31, 2011</u>				\$ 333,333			
<u>Amounts in addition to base rent through December 31, 2011, percent of gross revenues above threshold</u>				10.00%			
<u>Gross revenue threshold for determining rent payment</u>				\$ 50,000,000			
<u>Monthly payment base subject to consumer price index adjustment after December 31, 2011</u>				\$ 333,333			
<u>Percent of gross revenues in excess of breakpoint after December 31, 2011</u>				10.00%			
<u>Rent payment, percent of gross revenues after December 31, 2011</u>				10.00%			
<u>Unfavorable lease liability recognized</u>				\$ 9,600,000			
<u>Unfavorable lease liability balance</u>				6,500,000	\$ 6,700,000		
<u>Purchase commitment amount</u>	\$ 24,000,000						
<u>Purchase commitment period (in months)</u>		18 months					
<u>MontBleu Lease   Other Long-Term Liabilities</u>							
<b><u>Contractual Obligations [Line Items]</u></b>							
<u>Unfavorable lease liability balance</u>				\$ 6,000,000	\$ 6,100,000		
<u>Tropicana Evansville Land Lease [Member]</u>							
<b><u>Contractual Obligations [Line Items]</u></b>							
<u>Purchase commitment amount</u>	\$ 50,000,000						
<u>Number of acres leased   a</u>				10			

Number of acres where casino  
resides | a

20

Prepaid Rent 25,000,000  
Incentive from Lessor 20,000,000  
Prepaid Rent, Amount of  
Payments 12,500,000  
Increase in prepaid rent 12,500,000  
Accrued rent \$ 12,500,000

Prepaid rent and lease incentives  
period of recognition 120 months

Operating Leases, Length of  
Initial Renewal Option 3 years

Number of renewal options |  
RenewalOptions 5

Length of renewal option 5 years

Operating Leases, Prepayment of  
Rent \$  
13,500,000

Tropicana Evansville Land Lease  
[Member] | Tier 1

**Contractual Obligations [Line  
Items]**

Rent payment calculation, percent  
of adjusted gross revenues 2.00%

Tropicana Evansville Land Lease  
[Member] | Tier 2

**Contractual Obligations [Line  
Items]**

Rent payment calculation, percent  
of adjusted gross revenues 4.00%

Tropicana Evansville Land Lease  
[Member] | Tier 3

**Contractual Obligations [Line  
Items]**

Rent payment calculation, percent  
of adjusted gross revenues 6.00%

Tropicana Evansville Land Lease  
[Member] | Tier 4

**Contractual Obligations [Line  
Items]**

Rent payment calculation, percent  
of adjusted gross revenues 8.00%

Tropicana Evansville Land Lease  
[Member] | Minimum

**Contractual Obligations [Line  
Items]**

Annual rent \$ 2,000,000

Tropicana Evansville Land Lease  
[Member] | Minimum | Tier 2  
**Contractual Obligations [Line**  
**Items]**

Rent payment calculation,  
adjusted gross revenues 25,000,000

Tropicana Evansville Land Lease  
[Member] | Minimum | Tier 3  
**Contractual Obligations [Line**  
**Items]**

Rent payment calculation,  
adjusted gross revenues 50,000,000

Tropicana Evansville Land Lease  
[Member] | Minimum | Tier 4  
**Contractual Obligations [Line**  
**Items]**

Rent payment calculation,  
adjusted gross revenues \$ 75,000,000

Tropicana Evansville Land Lease  
[Member] | Minimum | Tier 5  
**Contractual Obligations [Line**  
**Items]**

Rent payment calculation, percent  
of adjusted gross revenues 10.00%

Rent payment calculation,  
adjusted gross revenues \$ 100,000,000

Tropicana Evansville Land Lease  
[Member] | Maximum | Tier 1  
**Contractual Obligations [Line**  
**Items]**

Rent payment calculation,  
adjusted gross revenues 25,000,000

Tropicana Evansville Land Lease  
[Member] | Maximum | Tier 2  
**Contractual Obligations [Line**  
**Items]**

Rent payment calculation,  
adjusted gross revenues 50,000,000

Tropicana Evansville Land Lease  
[Member] | Maximum | Tier 3  
**Contractual Obligations [Line**  
**Items]**

Rent payment calculation,  
adjusted gross revenues 75,000,000

Tropicana Evansville Land Lease  
[Member] | Maximum | Tier 4



**Contractual Obligations [Line Items]**

Rent payment calculation, adjusted gross revenues \$ 100,000,000

Belle of Baton Rouge Lease | Certain Land and Buildings

**Contractual Obligations [Line Items]**

Annual rent \$ 200,000

Belle of Baton Rouge Lease |

Parking Lot

**Contractual Obligations [Line Items]**

Annual rent \$ 400,000

Rent payment calculation, percent of adjusted gross revenues 0.94%

Belle of Baton Rouge Lease |

Minimum | Parking Lot

**Contractual Obligations [Line Items]**

Rent payment calculation, adjusted gross revenues \$ 45,000,000

Belle of Baton Rouge Lease |

Maximum | Parking Lot

**Contractual Obligations [Line Items]**

Rent payment calculation, adjusted gross revenues \$ 80,000,000

Tropicana Greenville Lease

**Contractual Obligations [Line Items]**

Number of acres leased | a 4

Annual rent \$ 400,000

Total term of contract including renewal options (in years) 25 years

Tropicana Greenville Lease | Tier 1

**Contractual Obligations [Line Items]**

Rent payment, percent of gross gaming revenues 2.00%

Tropicana Greenville Lease | Tier 2

**Contractual Obligations [Line Items]**

<u>Rent payment, percent of gross gaming revenues</u>	8.00%	
<u>Tropicana Greenville Lease   Minimum   Tier 1</u>		
<b><u>Contractual Obligations [Line Items]</u></b>		
<u>Monthly payment base through December 31, 2011</u>	\$ 75,000	
<u>Tropicana Greenville Lease   Minimum   Tier 2</u>		
<b><u>Contractual Obligations [Line Items]</u></b>		
<u>Rent payment calculation, annual gross gaming revenues</u>	\$ 36,600,000	
<u>Tropicana Aruba Land Lease</u>		
<b><u>Contractual Obligations [Line Items]</u></b>		
<u>Number of acres leased   a</u>		14
<u>Annual rent</u>		\$ 93,000

**COMMITMENTS AND  
CONTINGENCIES - Other  
(Details)  
\$ in Millions**

	<b>3 Months Ended</b>			
	<b>Feb. 01, 2011 USD (\$)</b>	<b>Mar. 31, 2016 USD (\$)</b>	<b>Nov. 30, 2013 USD (\$)</b>	<b>Aug. 04, 2010 USD (\$)</b>
<b><u>Commitments and Contingencies [Line Items]</u></b>				
<u>Assessment of licensees, percentage of gross gaming revenues</u>		1.25%		
<u>Assessment of licensees, percentage of internet gaming gross revenues</u>		2.50%		
<u>Investment alternative tax, percentage of gross gaming revenues</u>		2.50%		
<u>Investment alternative tax, percentage of internet gaming gross revenues</u>		5.00%		
<u>2011 New Jersey Legislation</u>				
<b><u>Commitments and Contingencies [Line Items]</u></b>				
<u>Term of partnership</u>	5 years			
<u>Required annual contribution due to new legislation</u>	\$ 30.0			
<u>Portion of industry obligations due to new legislation</u>	12.00%			
<u>New Jersey CRDA</u>				
<b><u>Commitments and Contingencies [Line Items]</u></b>				
<u>Assessment of licensees, percentage of gross gaming revenues</u>		1.25%		
<u>Assessment of licensees, percentage of internet gaming gross revenues</u>		2.50%		
<u>Investment alternative tax, percentage of gross gaming revenues</u>		2.50%		
<u>Investment alternative tax, percentage of internet gaming gross revenues</u>		5.00%		
<u>Required additional investment, interest rate, portion of average market rate</u>		0.66667		
<u>New Jersey CRDA   New Jersey Casino Control Commission</u>				
<b><u>Commitments and Contingencies [Line Items]</u></b>				
<u>Tax rate, percent of gross casino revenue</u>		8.00%		
<u>Tax rate (percent of internet gaming gross revenue)</u>		15.00%		
<u>Wimar and CSC Administrative Expense Claims</u>				
<b><u>Commitments and Contingencies [Line Items]</u></b>				
<u>Loss contingency accrual</u>				\$ 5.4
<u>UNITE HERE Complaint</u>				
<b><u>Commitments and Contingencies [Line Items]</u></b>				
<u>Withdrawal obligation</u>			\$ 4.0	
<u>Litigation settlement</u>	\$ 4.0			

STOCKHOLDERS' EQUITY (Details) - USD (\$)	1 Months Ended			
	Mar. 31, 2016	Dec. 31, 2015	Jul. 31, 2015	Mar. 31, 2015
<u>Class of Warrant or Right [Line Items]</u>				
<u>Common stock, shares authorized</u>	100,000,000	100,000,000		
<u>Common stock, par value (in dollars per share)</u>	\$ 0.01	\$ 0.01		
<u>Common stock, shares issued</u>	26,090,922	26,312,500		
<u>Authorized share repurchase amount</u>				\$ 50,000,000
<u>Shares repurchased and canceled</u>	221,578			
<u>Common stock, shares outstanding</u>	26,090,922	26,312,500		26,312,500
<u>Preferred stock, shares authorized</u>	10,000,000	10,000,000		
<u>Preferred stock, par value (in dollars per share)</u>	\$ 0.01	\$ 0.01		
<u>Board of Directors Chairman</u>				
<u>Class of Warrant or Right [Line Items]</u>				
<u>Percentage of voting interests owned</u>	68.46%			

**INCOME TAXES (Details)****3 Months Ended  
Mar. 31, 2016 Mar. 31, 2015****Income Tax Disclosure [Abstract]**

<u>Effective income tax rate from continuing operations (percentage)</u>	40.00%	40.90%
<u>Federal statutory rate (percentage)</u>	35.00%	35.00%

**SEGMENT  
INFORMATION -  
Operating Income and  
Assets (Details) - USD (\$)  
\$ in Thousands**

**3 Months Ended**

**Mar. 31, 2016    Mar. 31, 2015    Dec. 31, 2015**

**Segment Reporting, Reconciling Item for Operating Profit (Loss) from Segment to Consolidated [Line Items]**

<u>Net revenues</u>	\$ 205,153	\$ 193,381	
<u>Operating income (loss)</u>	18,565	13,946	
<u>Interest expense</u>	(3,220)	(2,903)	
<u>Interest income</u>	128	143	
<u>Income before income taxes</u>	15,473	11,186	
<u>Assets</u>	1,312,434		\$ 1,309,349

Operating Segments | East

**Segment Reporting, Reconciling Item for Operating Profit (Loss) from Segment to Consolidated [Line Items]**

<u>Net revenues</u>	74,915	68,451	
<u>Operating income (loss)</u>	1,491	(279)	
<u>Assets</u>	556,536		550,622

Operating Segments | Central

**Segment Reporting, Reconciling Item for Operating Profit (Loss) from Segment to Consolidated [Line Items]**

<u>Net revenues</u>	75,365	71,939	
<u>Operating income (loss)</u>	13,912	10,306	
<u>Assets</u>	396,997		397,309

Operating Segments | West

**Segment Reporting, Reconciling Item for Operating Profit (Loss) from Segment to Consolidated [Line Items]**

<u>Net revenues</u>	28,208	26,548	
<u>Operating income (loss)</u>	4,137	3,451	
<u>Assets</u>	131,249		136,508

Operating Segments | South and other

**Segment Reporting, Reconciling Item for Operating Profit (Loss) from Segment to Consolidated [Line Items]**

<u>Net revenues</u>	26,665	26,443	
<u>Operating income (loss)</u>	3,931	4,438	
<u>Assets</u>	127,422		125,776

Corporate

**Segment Reporting, Reconciling Item for Operating Profit (Loss) from Segment to Consolidated [Line Items]**

<u>Net revenues</u>	0	0	
<u>Operating income (loss)</u>	(4,906)	\$ (3,970)	
<u>Assets</u>	\$ 100,230		\$ 99,134