

TRUMP ENTERTAINMENT RESORTS, INC.  
Form 10-Q  
August 08, 2011

UNITED STATES  
SECURITIES AND EXCHANGE COMMISSION  
Washington, D.C. 20549

FORM 10-Q

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

For the quarterly period ended: June 30, 2011

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 1-13794

TRUMP ENTERTAINMENT RESORTS, INC.  
(Exact name of registrant as specified in its charter)  
Delaware  
(State or other jurisdiction of  
incorporation or organization)

13-3818402  
(I.R.S. Employer  
Identification No.)

1000 Boardwalk at Virginia Avenue  
Atlantic City, New Jersey  
(Address of Principal Executive  
Offices)

08401  
(Zip Code)

Registrant's telephone number, including area code: (609) 449-5534

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

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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 August 8, 2011, there were 10,714,286 shares of common stock of Trump Entertainment Resorts, Inc. outstanding.

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## PART I – FINANCIAL INFORMATION

## Item 1. Financial Statements

## TRUMP ENTERTAINMENT RESORTS, INC.

## CONSOLIDATED BALANCE SHEETS

(unaudited)

(dollars in thousands, except share and per share data)

	June 30, 2011	December 31, 2010
<b>ASSETS</b>		
Current assets		
Cash and cash equivalents	\$58,986	\$76,567
Accounts receivable, net	22,988	22,203
Accounts receivable, other	3,006	3,891
Property taxes receivable	4,856	3,983
Inventories	2,547	3,071
Deferred income taxes	556	556
Prepaid expenses and other current assets	8,451	13,621
Assets held for sale	3,783	44,249
Total current assets	105,173	168,141
Net property and equipment	415,737	429,571
Other assets		
Restricted cash	15,116	29,375
Intangible assets	8,700	8,700
Property taxes receivable	4,620	9,244
Casino Reinvestment Development Authority investments, net	40,708	38,647
Other assets	18,888	21,332
Total other assets	88,032	107,298
Total assets	\$608,942	\$705,010
<b>LIABILITIES AND STOCKHOLDERS' EQUITY</b>		
Current liabilities		
Current maturities of long-term debt	\$4,163	\$4,119
Accounts payable	26,190	40,862
Accrued payroll and related expenses	16,663	21,785
Income taxes payable	8,348	8,348
Accrued interest payable	15,170	13,690
Self-insurance reserves	15,335	16,369
Other current liabilities	21,955	29,785
Liabilities related to assets held for sale	—	3,934
Total current liabilities	107,824	138,892
Long-term debt, net of current maturities	305,308	347,368
Deferred income taxes	556	556
Other long-term liabilities	18,923	19,384

Stockholders' equity:

Preferred stock:

\$.001 par value; 2,000,000 shares authorized, no shares issued and outstanding — —

Common stock:

\$.001 par value; 20,000,000 shares authorized, 10,714,286 shares issued and outstanding 11 11

Additional paid-in capital 225,104 225,047

Accumulated deficit (48,784 ) (26,248 )

Total stockholders' equity 176,331 198,810

Total liabilities and stockholders' equity \$608,942 \$705,010

See accompanying notes to consolidated financial statements

TRUMP ENTERTAINMENT RESORTS, INC.  
CONSOLIDATED STATEMENTS OF OPERATIONS  
(unaudited)  
(dollars in thousands, except share and per share data)

	Reorganized Company Three Months Ended June 30, 2011	Predecessor Company Three Months Ended June 30, 2010	
Revenues:			
Gaming	\$ 136,316	\$ 144,898	
Rooms	20,119	20,373	
Food and beverage	16,360	20,041	
Other	5,936	7,257	
	178,731	192,569	
Less promotional allowances	(50,289	) (47,369	)
Net revenues	128,442	145,200	
Costs and expenses:			
Gaming	57,020	71,975	
Rooms	4,213	4,611	
Food and beverage	8,931	11,028	
General and administrative	41,718	47,004	
Corporate and other	2,184	3,730	
Corporate—related party	97	522	
Depreciation and amortization	8,448	10,482	
	122,611	149,352	
Income (loss) from operations	5,831	(4,152	)
Loss on reorganization related items	—	(2,598	)
Non-operating income (expense):			
Interest income	328	231	
Interest expense	(10,753	) (11,018	)
	(10,425	) (10,787	)
Loss before income taxes and discontinued operations	(4,594	) (17,537	)
Income tax benefit	—	—	
Loss from continuing operations	(4,594	) (17,537	)
Loss from discontinued operations:			
Trump Marina	(2,771	) (3,225	)
Loss from discontinued operations	(2,771	) (3,225	)
Net loss	\$ (7,365	) (20,762	)
Less: Net loss attributable to the noncontrolling interest		(4,879	)
Net loss attributable to Trump Entertainment Resorts, Inc.		\$ (15,883	)
Net loss per share attributable to Trump Entertainment Resorts, Inc. common shareholders—basic and diluted:			
Continuing operations	\$ (0.43	) \$ (0.43	)

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Discontinued operations	(0.25	)	(0.08	)
Net loss per share	\$(0.68	)	\$(0.51	)
Weighted average shares outstanding—basic and diluted	10,767,858		31,270,345	

See accompanying notes to consolidated financial statements

TRUMP ENTERTAINMENT RESORTS, INC.  
CONSOLIDATED STATEMENTS OF OPERATIONS  
(unaudited)  
(dollars in thousands, except share and per share data)

	Reorganized Company Six Months Ended June 30, 2011	Predecessor Company Six Months Ended June 30, 2010	
Revenues:			
Gaming	\$253,112	\$281,459	
Rooms	35,548	36,850	
Food and beverage	30,799	36,331	
Other	12,487	13,716	
	331,946	368,356	
Less promotional allowances	(89,779	) (87,125	)
Net revenues	242,167	281,231	
Costs and expenses:			
Gaming	112,756	142,967	
Rooms	7,790	8,094	
Food and beverage	16,653	19,732	
General and administrative	83,560	93,610	
Corporate and other	4,729	7,526	
Corporate—related party	195	1,041	
Depreciation and amortization	16,687	21,321	
	242,370	294,291	
Loss from operations	(203	) (13,060	)
Loss on reorganization related items	—	(10,429	)
Non-operating income (expense):			
Interest income	799	479	
Interest expense	(22,050	) (21,929	)
Income related to deed amendment	5,465	—	
	(15,786	) (21,450	)
Loss before income taxes and discontinued operations	(15,989	) (44,939	)
Income tax benefit	—	—	
Loss from continuing operations	(15,989	) (44,939	)
Loss from discontinued operations:			
Trump Marina	(6,547	) (7,791	)
Loss from discontinued operations	(6,547	) (7,791	)
Net loss	\$(22,536	) (52,730	)
Less: Net loss attributable to the noncontrolling interest		(12,392	)
Net loss attributable to Trump Entertainment Resorts, Inc.		\$(40,338	)
Net loss per share attributable to Trump Entertainment Resorts, Inc. common shareholders—basic and diluted:			

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Continuing operations	\$ (1.48	)	\$ (1.10	)
Discontinued operations	(0.61	)	(0.19	)
Net loss per share	\$ (2.09	)	\$ (1.29	)

Weighted average shares outstanding—basic and diluted	10,767,858	31,270,345
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See accompanying notes to consolidated financial statements



TRUMP ENTERTAINMENT RESORTS, INC.  
 CONSOLIDATED STATEMENT OF STOCKHOLDERS' EQUITY  
 (unaudited)  
 (in thousands, except share data)

	Shares	Common Stock	Shares	Preferred Stock	Additional Paid-in Capital	Accumulated Deficit	Total Equity
Balance, December 31, 2010	10,714,286	\$ 11	—	\$—	\$225,047	\$(26,248 )	\$ 198,810
Stock-based compensation expense					57		57
Net loss						(22,536 )	(22,536 )
Balance, June 30, 2011	10,714,286	\$ 11	—	\$—	\$225,104	\$(48,784 )	\$ 176,331

See accompanying notes to consolidated financial statements

TRUMP ENTERTAINMENT RESORTS, INC.  
CONSOLIDATED STATEMENTS OF CASH FLOWS  
(unaudited)  
(dollars in thousands)

	Reorganized Company Six Months Ended June 30, 2011	Predecessor Company Six Months Ended June 30, 2010
<b>CASH FLOWS FROM OPERATING ACTIVITIES:</b>		
Net loss	\$(22,536 )	\$(52,730 )
Adjustments to reconcile net loss to net cash flows used in operating activities:		
Depreciation and amortization	16,687	21,321
Provisions for losses on receivables	2,517	4,177
Valuation allowance—CRDA investments	816	1,127
Accretion of interest income related to property tax settlement	(227 )	(305 )
Stock-based compensation expense	57	110
Gain on sale of assets	(78 )	—
Changes in operating assets and liabilities:		
Increase in receivables	(5,575 )	(235 )
Decrease in inventories	524	149
Decrease in property taxes receivable	3,641	3,641
Decrease (increase) in other current assets	2,357	(439 )
Increase in restricted cash	(5,465 )	—
Decrease in other assets	1,696	671
(Decrease) increase in accounts payable and other current liabilities	(20,542 )	7,775
Increase in accrued interest payable	1,480	893
Decrease in other long-term liabilities	(461 )	(398 )
Net cash flows used in continuing operating activities	(25,109 )	(14,243 )
Net cash flows provided by discontinued operating activities	1,012	2,914
Net cash flows used in operating activities	(24,097 )	(11,329 )
<b>CASH FLOWS FROM INVESTING ACTIVITIES:</b>		
Purchases of property and equipment, net	(7,641 )	(2,187 )
Purchases of CRDA investments	(2,977 )	(3,532 )
Decrease in restricted cash	7,724	—
Net cash flows used in continuing investing activities	(2,894 )	(5,719 )
Net cash flows provided by (used in) discontinued investing activities	30,408	(1,535 )
Net cash flows provided by (used in) investing activities	27,514	(7,254 )
<b>CASH FLOWS FROM FINANCING ACTIVITIES:</b>		
Borrowings under DIP Note Purchase Agreement	—	10,000
Repayment of term loans	(41,733 )	(2,458 )
Decrease in restricted cash	12,000	—
Repayment of other long-term debt	(283 )	(290 )
Net cash flows (used in) provided by continuing financing activities	(30,016 )	7,252
Net decrease in cash and cash equivalents	(26,599 )	(11,331 )

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Cash and cash equivalents at beginning of period, including cash reflected in assets held for sale	85,585	66,084
Cash and cash equivalents at end of period	\$58,986	\$54,753
SUPPLEMENTAL DISCLOSURE OF CASH FLOW INFORMATION:		
Cash paid for interest	20,592	\$20,781

See accompanying notes to consolidated financial statements

## NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

(unaudited)

(dollars in thousands, except share and per share data)

### (1) General

#### Organization

The accompanying consolidated financial statements include those of Trump Entertainment Resorts, Inc. (“TER”), a Delaware corporation, and its subsidiaries. Except where otherwise noted, the words “we,” “us,” “our” and similar terms, as well as “Company,” refer to TER and all of its subsidiaries. Through our subsidiary, Trump Entertainment Resorts Holdings, L.P. (“TER Holdings”) and its wholly-owned subsidiaries, we own and operate the Trump Taj Mahal Casino Resort (“Trump Taj Mahal”) and Trump Plaza Hotel and Casino (“Trump Plaza”) each in Atlantic City, New Jersey. Until May 24, 2011, we also owned and operated the Trump Marina Hotel Casino (“Trump Marina”) in Atlantic City, New Jersey. See Note 3 for additional information regarding this discontinued operation.

#### Chapter 11 Case

On February 17, 2009 (the “Petition Date”), TER and certain of its direct and indirect subsidiaries (collectively, the “Debtors”) filed voluntary petitions in the United States Bankruptcy Court for the District of New Jersey in Camden, New Jersey (the “Bankruptcy Court”) seeking relief under the provisions of chapter 11 of title 11 of the United States Code (the “Bankruptcy Code”). These chapter 11 cases were jointly administered under the caption In re: TCI 2 Holdings, LLC, et al Debtors, Chapter 11 Case Nos.: 09-13654 through 09-13656 and 09-13658 through 09-13664 (JHW) (the “Chapter 11 Case”).

On May 7, 2010, the Bankruptcy Court entered an order (the “Confirmation Order”) confirming the Supplemental Modified Sixth Amended Joint Plan of Reorganization Under Chapter 11 of the Bankruptcy Code Proposed by the Debtors and the Ad Hoc Committee of Holders of 8.5% Senior Secured Notes Due 2015, as filed with the Bankruptcy Court, in final form, on May 7, 2010 (the “Plan of Reorganization”).

On July 16, 2010 (the “Consummation Date”), the Plan of Reorganization became effective and the transactions contemplated by the Plan of Reorganization were consummated.

### (2) Summary of Significant Accounting Policies

#### Basis of Presentation

The accompanying consolidated financial statements have been prepared in accordance with the rules and regulations of the Securities and Exchange Commission (“SEC”) for interim financial reporting. Accordingly, certain information and note disclosures normally included in financial statements prepared in conformity with accounting principles generally accepted in the United States (“GAAP”) have been condensed or omitted. The accompanying consolidated financial statements have been prepared without audit. In the opinion of management, all adjustments, including normal recurring adjustments necessary to present fairly the financial position, results of operations and cash flows for the periods presented, have been made. The results for interim periods are not necessarily indicative of results that may be expected for any other interim period or for the full year. These consolidated financial statements should be read in conjunction with the consolidated financial statements and notes thereto included in our Annual Report on Form 10-K for the year ended December 31, 2010 as filed with the SEC and all of our other filings, including Current Reports on Form 8-K, filed with the SEC after such date and through the date of this report, which are available on the SEC’s website at [www.sec.gov](http://www.sec.gov) or our website at [www.trumpcasinos.com](http://www.trumpcasinos.com).

In preparing the accompanying unaudited consolidated financial statements, the Company has reviewed, as determined necessary by the Company’s management, events that have occurred after June 30, 2011.

The consolidated financial statements include our accounts and those of our controlled subsidiaries and partnerships. We have eliminated all intercompany balances and transactions. In accordance with Topic 280 – “Segment Reporting” of the Financial Accounting Standards Board (“FASB”) Accounting Standards Codification (“ASC”), we view each of our

casino properties as operating segments and aggregate all such operating segments into one reportable segment, as we believe that they are economically similar, offer similar types of products and services, cater to the same types of customers and are similarly regulated.

Accounting Impact of Chapter 11 Case

From the filing on the Petition Date to the Consummation Date, our predecessor company operated as a debtor-in-possession under the jurisdiction of the Bankruptcy Court. Accordingly, the consolidated financial statements for periods from

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NOTES TO CONSOLIDATED FINANCIAL STATEMENTS—(Continued)

(unaudited)

(dollars in thousands, except share and per share data)

the Petition Date through the Consummation Date were prepared in accordance with ASC Topic 852 – “Reorganizations” (“ASC 852”) which requires the reporting of pre-petition liabilities subject to compromise on the balance sheet at an estimate of the amount ultimately allowable by the Bankruptcy Court. ASC 852 also requires separate reporting of certain expenses relating to the Debtors’ Chapter 11 Case as reorganization items.

Loss on reorganization related items for the three and six months ended June 30, 2010 includes professional fees and other expenses incurred which were directly associated with the bankruptcy process.

The Company was required to accrue interest expense during the Chapter 11 Case only to the extent that it was probable that such interest would be paid pursuant to the proceedings. During 2010, the Company did not record contractual interest expense on its Senior Secured Notes due 2015 (the "Senior Notes"). The Company continued to record interest expense under the contractual terms of its \$493,250 pre-petition first lien credit facility (as amended, the "2007 Credit Agreement") and its \$24,000 secured debtor-in-possession facility (the "DIP Note Purchase Agreement"), by and among the Debtors, Wilmington Trust FSB, as administrative agent and collateral agent and the note purchasers party to the DIP Note Purchase Agreement. Total consolidated interest expense would have been \$41,759 and \$83,010 during the three and six months ended June 30, 2010 had the Company recorded interest expense under the terms of its contractual agreements.

Upon emergence from Chapter 11, the Company adopted fresh-start reporting in accordance with ASC 852. Under fresh-start reporting, a new entity was deemed to have been created (on the Consummation Date) for financial reporting purposes and the recorded amounts of assets and liabilities were adjusted to reflect their estimated fair values. The term “Predecessor Company” refers to the Company and its subsidiaries for periods prior to and including July 15, 2010 and the term “Reorganized Company” refers to the Company and its subsidiaries for periods on and subsequent to July 16, 2010.

As a result of the adoption of fresh-start reporting, the Reorganized Company’s post-emergence financial statements are generally not comparable with the financial statements of the Predecessor Company prior to its emergence from bankruptcy, including the historical financial statements included in this report. Due to the adoption of fresh-start reporting, the Predecessor Company and the Reorganized Company financial statements are prepared on different bases of accounting.

#### Assets Held for Sale

Long-lived assets are considered held for sale when certain criteria are met, including whether management (having the authority to approve the action) has committed to a plan to sell the asset, whether the asset is available for sale in its present condition and whether a sale of the asset is probable within one year of the reporting date. Long-lived assets that are classified as held for sale are reported at the lower of the assets’ carrying amount or fair value less costs related to the assets’ disposition and are no longer depreciated. Although the Company is currently evaluating certain strategic alternatives with respect to certain of its long-lived assets, including a potential sale of Trump Plaza, the accompanying financial statements do not present such long-lived assets as assets held for sale as all of the criteria required under ASC 360 - "Property, Plant and Equipment" ("ASC 360") were not met as of the reporting date.

#### Recently Issued Accounting Pronouncements

In April 2010, the FASB issued guidance on accruing for jackpot liabilities. The guidance clarifies that an entity should not accrue jackpot liabilities (or portions thereof) before a jackpot is won if the entity can avoid paying that jackpot. Jackpots should be accrued and charged to revenue when an entity has the obligation to pay the jackpot. This guidance applies to both base jackpots and the incremental portion of progressive jackpots. The guidance became effective for fiscal years, and interim periods within those fiscal years, beginning on or after December 15, 2010. This guidance should be applied by recording a cumulative-effect adjustment to opening retained earnings in the period of

adoption. The adoption of this guidance on January 1, 2011 had no impact on our consolidated financial statements. During March 2011, certain amendments to the New Jersey Casino Control Act (the "Act") became effective which, among other things, allowed a casino licensee to terminate a progressive slot machine jackpot or in-house linked progressive slot machine jackpots by providing a minimum of thirty days notice to patrons provided that such game is permanently removed from all of its casino floors. In connection with this amendment, in March 2011, we recognized \$2,044 of income representing the reversal of progressive slot machine jackpot accruals in accordance with the guidance issued by the FASB. Such amount is included in Gaming revenues during the six months ended June 30, 2011.

During April 2011, certain amendments to the Act became effective which, among other things, allowed a casino licensee to terminate table game progressive payout wagers by providing a minimum of thirty days notice to patrons provided that such game is permanently removed from all of its casino floors. In connection with this amendment, we recognized \$334 of income

## NOTES TO CONSOLIDATED FINANCIAL STATEMENTS—(Continued)

(unaudited)

(dollars in thousands, except share and per share data)

during the three and six months ended June 30, 2011 representing the reversal of accruals related to table game progressive payout wagers.

## Reclassifications

Certain reclassifications have been made to the prior period financial statements to conform to the current period presentation.

## (3) Trump Marina Discontinued Operations and Assets Held for Sale

On May 24, 2011, the Company and its subsidiary, Trump Marina Associates, LLC, completed the sale of Trump Marina (the “Property”) to Golden Nugget Atlantic City, LLC (“Golden Nugget”), an affiliate of Landry's Restaurants, Inc., pursuant to the Asset Purchase Agreement dated as of February 11, 2011, as amended (the “Asset Purchase Agreement”). Pursuant to the Asset Purchase Agreement, at the closing, Golden Nugget acquired substantially all of the assets of, and assumed certain liabilities related to, the business conducted at the Property. A copy of the original Asset Purchase Agreement executed on February 11, 2011 was attached as Exhibit 10.1 to the Company's Current Report on Form 8-K filed on February 17, 2011. A copy of the May 23, 2011 amendment to the Asset Purchase Agreement is filed as an exhibit to this Report.

The cash proceeds of the sale were \$37,348, after giving effect to certain adjustments as of the closing date as set forth in the Asset Purchase Agreement and before transaction expenses. The proceeds are subject to certain post-closing adjustments, including adjustments based on working capital balances as of the closing of the sale, as set forth in the Asset Purchase Agreement. In connection with the sale of the Property, the Company (i) repaid \$30,000 of debt outstanding under its secured credit facility with Beal Bank, as agent, and Icahn Partners and certain affiliates, as lenders, utilizing \$28,000 of net cash proceeds from the sale of the Property and \$2,000 of other restricted cash and (ii) recognized a loss on disposal within its discontinued operations of \$1,240 during the three and six months ended June 30, 2011.

The following table provides a summary of Trump Marina's discontinued operations presented in our consolidated statements of operations for all periods presented:

	Reorganized Company		Predecessor Company	
	Three Months Ended June 30, 2011	Six Months Ended June 30, 2011	Three Months Ended June 30, 2010	Six Months Ended June 30, 2010
Gaming revenues	\$18,487	\$48,242	\$37,387	\$71,612
Net revenues	17,285	45,084	36,056	68,462
Depreciation and amortization	114	481	641	1,338
Loss from discontinued operations	(2,771	) (6,547	(3,225	) (7,791



## NOTES TO CONSOLIDATED FINANCIAL STATEMENTS—(Continued)

(unaudited)

(dollars in thousands, except share and per share data)

Assets held for sale and liabilities related to assets held for sale at June 30, 2011 and December 31, 2010 were as follows:

	June 30, 2011	December 31, 2010
Assets held for sale:		
Cash	\$—	\$9,018
Property and equipment, net	3,783	34,417
Other assets	—	814
Total assets held for sale	\$3,783	44,249
Liabilities related to assets held for sale:		
Accrued expenses	\$—	\$2,553
Deposits and other	—	1,381
Total liabilities related to assets held for sale	\$—	\$3,934

In accordance with ASC 360, long-lived assets that are held for sale are reported at the lower of the assets' carrying amount or fair value less costs related to the assets' disposition and are no longer depreciated. Assets held for sale at June 30, 2011 reflect the carrying value of the Steel Pier at Trump Taj Mahal (see Note 13).

In connection with the Asset Purchase Agreement, TER Holdings entered into a Transitional Services Agreement dated as of February 11, 2011, with Landry's A/C Gaming, Inc., which was subsequently assigned to Golden Nugget (the "TSA"). Under the TSA, the parties agreed to facilitate the purchaser's purchase of the Property by creating a transition and separation plan. Pursuant to the TSA, the Company provides certain services relating to information technology for the benefit of Golden Nugget for a period of up to one year following consummation of the sale of the Property. The Company is reimbursed for its costs of providing such services.

## (4) Debt

As of June 30, 2011 and December 31, 2010, our debt consisted of the following:

	June 30, 2011	December 31, 2010
Senior Secured Credit Facility:		
Term Loans - maturing December 31, 2015, interest and principal payments due quarterly at 12.0%	\$303,035	\$344,768
Other:		
Capitalized lease obligations, payments due at various dates through 2028, secured by slot and other equipment, interest at 8.5% to 12.0%	6,436	6,719
Total long-term debt	309,471	351,487
Less: current maturities	(4,163 )	(4,119 )
Long-term debt, net of current maturities	\$305,308	\$347,368

Amended and Restated Credit Agreement - On the Consummation Date, TER Holdings, TER and certain subsidiaries of TER (the "Subsidiary Guarantors"), each as reorganized pursuant to the Plan of Reorganization, entered into an Amended and Restated Credit Agreement (as amended, the "Amended and Restated Credit Agreement") with Beal Bank, SSB, as collateral agent and administrative agent, and Icahn Partners LP, Icahn Partners Master Fund LP, Icahn

Partners Master Fund II LP and Icahn Partners Master Fund III LP, as initial lenders (collectively, "Icahn Partners").

On September 21, 2010, TER and certain of its subsidiaries (as reorganized, the "Reorganized Debtors") entered into a Global Settlement Agreement (the "Settlement Agreement"), dated as of September 21, 2010, with Beal Bank, in its capacity as administrative agent and collateral agent under the 2007 Credit Agreement and under the Amended and Restated Credit Agreement and as a prior lender under the 2007 Credit Agreement, and Icahn Partners. On October 5, 2010, the Bankruptcy

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS—(Continued)

(unaudited)

(dollars in thousands, except share and per share data)

Court approved the Settlement Agreement. The Settlement Agreement became effective on October 6, 2010. Pursuant to the Settlement Agreement, the parties agreed to amend the Amended and Restated Credit Agreement pursuant to the Third Amendment, which became effective on the effective date of the Settlement Agreement. Under the Third Amendment, which by its terms was retroactive to the Consummation Date (July 16, 2010), the initial principal amount of the interest-bearing portion of the term loans (collectively, "Term Loans") under the Amended and Restated Credit Agreement as of the Consummation Date was increased from \$334,000 to \$346,500, and the approximately \$22,375 non-interest portion of the initial principal amount of the term loans under the Amended and Restated Credit Agreement was eliminated in its entirety (and references to the non-interest portion of the term loans in the Amended and Restated Credit Agreement were deleted). As a result, the total principal amount outstanding under the Amended and Restated Credit Agreement decreased from approximately \$356,375 to \$346,500. The remaining terms of the Amended and Restated Credit Agreement remained unaltered except as otherwise required to implement the Settlement Agreement.

The Amended and Restated Credit Agreement requires quarterly principal amortization payments equal to 0.25% of the total outstanding amount of the Term Loans as of the effective date of the Settlement Agreement. All indebtedness outstanding under the Amended and Restated Credit Agreement matures on December 31, 2015. Until such maturity date, TER Holdings is required to pay interest on the unpaid principal amount of the Term Loans at a rate per annum equal to 12%, payable quarterly in arrears.

TER Holdings may elect, at its option, to prepay Term Loans outstanding under the Amended and Restated Credit Agreement, subject, during the eighteen (18) month period after the Consummation Date, to a prepayment premium of: (x) in the case of an optional prepayment made during the period from the Consummation Date to the date that is six (6) calendar months thereafter (the "Six Month Date"), 2.00% of the aggregate principal amount of the Term Loans then being prepaid and (y) in the case of an optional prepayment made during the period following the Six Month Date to the date that is twelve (12) calendar months thereafter, 1.00% of the aggregate principal amount of the Term Loans then being prepaid. To date, no optional prepayment has been made. TER Holdings may be required to make mandatory prepayments of the Term Loans in connection with asset dispositions, debt and equity issuances and extraordinary receipts. On March 31, 2011, in addition to its scheduled quarterly principal amortization payment, TER Holdings made a \$10,000 mandatory prepayment of the Term Loans utilizing proceeds from certain extraordinary receipts during 2010. In connection with the sale of Trump Marina, TER Holdings made a \$30,000 mandatory prepayment of the Term Loans utilizing \$28,000 of net cash proceeds from the sale of the Property and \$2,000 of proceeds from certain extraordinary receipts.

Beginning on March 31, 2011, and on each subsequent anniversary of such date that occurs prior to the maturity date, TER Holdings is required to offer to the lenders to prepay portions of the Term Loans equal to 50% of the Free Cash Flow (as defined in the Amended and Restated Credit Agreement) for the calendar year then most recently ended. The Company did not generate any Free Cash Flow during the calendar year ended December 31, 2010.

Amounts outstanding under the Amended and Restated Credit Agreement are guaranteed by the Company and certain of its direct and indirect subsidiaries and secured by a security interest in substantially all of the assets of the Company and its direct and indirect subsidiaries.

Under the Amended and Restated Credit Agreement, the Company and its subsidiaries are subject to certain affirmative and negative covenants. The negative covenants impose restrictions with respect to, among other things, (i) incurring liens, (ii) incurring debt, (iii) mergers or consolidations, (iv) sales or other dispositions of assets, (v) investments, (vi) dividends or distributions on, or repurchases of, equity interests, (vii) prepaying or repurchasing debt

and (viii) certain capital expenditures. The Amended and Restated Credit Agreement contains customary event of default and remedy provisions, including a provision stating that an event of default includes any termination or expiration of the Second Amended and Restated Trademark License Agreement entered into on the Consummation Date (the "Trademark License Agreement") or the issuance of an injunction or similar order against the Company under the Trademark License Agreement. A copy of the Trademark License Agreement was attached as Exhibit 10.4 to the Company's Current Report on Form 8-K filed on July 20, 2010. As of June 30, 2011, the Company was in compliance with the terms of the Amended and Restated Credit Agreement.

Events of Default Under 2007 Credit Agreement and Senior Notes – As discussed in Note 1, on February 17, 2009, the Debtors filed voluntary petitions in the Bankruptcy Court seeking relief under the provisions of chapter 11 of the Bankruptcy Code. The filing of the Chapter 11 Case constituted an event of default and therefore triggered repayment obligations under the 2007 Credit Agreement and the Senior Notes. As a result, all indebtedness outstanding under the Senior Notes and the 2007 Credit Agreement (which had a cross-default provision with the Senior Notes) became automatically due and payable.

Due to the events of default under the 2007 Credit Agreement and under the Senior Notes, (i) the interest rate on any

## NOTES TO CONSOLIDATED FINANCIAL STATEMENTS—(Continued)

(unaudited)

(dollars in thousands, except share and per share data)

overdue principal or interest relating to the Senior Notes increased by an additional 1% per annum in excess of the 8.5% interest rate (as of the Consummation Date, we were past due on our December 1, 2008, June 1, 2009, December 31, 2009 and June 1, 2010 interest payments) and (ii) the interest rate under the 2007 Credit Agreement increased by an additional 2% in excess of the otherwise applicable interest rate on amounts outstanding under the 2007 Credit Agreement.

On the Consummation Date, pursuant to the Plan of Reorganization, the lenders under the 2007 Credit Agreement received, in full and final satisfaction of their claims, \$125,000 in cash and new term loans as set forth in the Amended and Restated Credit Agreement, and the Senior Notes were canceled.

## (5) Earnings (Loss) Per Share

The computations of basic and diluted net loss per share attributable to TER common stockholders for the periods presented are as follows:

	Reorganized Company	
	Three Months Ended June 30, 2011	Six Months Ended June 30, 2011
Numerator for basic and diluted loss per share:		
Loss from continuing operations	\$(4,594	) \$(15,989
Loss from discontinued operations	(2,771	) (6,547
Net loss	\$(7,365	) \$(22,536
Denominator for basic and diluted loss per share:		
Weighted average shares outstanding	10,767,858	10,767,858
Basic and diluted net loss per share:		
Loss from continuing operations	\$(0.43	) \$(1.48
Loss from discontinued operations	(0.25	) (0.61
Net loss	\$(0.68	) \$(2.09

Potentially dilutive common shares excluded from the computation of diluted net loss per share for the three and six months ended June 30, 2011 due to anti-dilution include 267,860 shares subject to unvested restricted stock awards granted to executive officers of the Company and the warrants issued to Donald J. Trump ("Mr. Trump") on the Consummation Date pursuant to the Plan of Reorganization, to purchase up to 535,714 shares of the Company's common stock at an exercise price of \$123.74 per share, subject to certain anti-dilution provisions set forth therein.

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS—(Continued)

(unaudited)

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Predecessor Company