

## Tropicana Entertainment raises red flags about Cordish offer to buy Atlantic City casino

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Tropicana Entertainment, LLC issued the following statement contesting the terms that were revealed today by conservator Justice Gary Stein about The Cordish Company's expression of interest in buying the Tropicana Casino & Resort in Atlantic City.

### Statement on Proposed Purchase Terms for the Tropicana Casino & Resort

We commend Justice Gary Stein for disclosing some of the terms under which The Cordish Company proposes to purchase the Tropicana Casino & Resort in Atlantic City, New Jersey. We do feel strongly, however, that the public interest is best served by full disclosure. So we again urge Justice Stein to act in a spirit of transparency and openness and release the entire text of Cordish's expression of interest.

We continue to have grave concerns about the credibility and financial viability of the terms itemized in the Justice's update released earlier today. Today's disclosure does nothing to allay our worst fears about the fire-sale nature of the current process. In fact, the partial disclosure of terms raises many red flags and leaves many questions unanswered.

For one thing, there does not appear to be a formal 'offer' to buy the casino, but rather an expression of interest that is being used to see if the conservator is desperate enough to accept a 'low-ball' bid.

The \$700 million purchase price is illusory, too, as \$250 million is simply an 'IOU' that Cordish expects Tropicana to accept as part of the price with no collateral from Cordish to back it up. In today's financial environment, it is extremely difficult to apply a value to this kind of IOU.

The 'all-cash' price of \$575 million that Cordish proposes is very low and requires further explanation. Tropicana's stakeholders need to know what contingencies might be attached to the cash offer and under what circumstances the cash deal would be preferred to the \$700 million cash and securities deal.

We also are deeply concerned that Justice Stein has not revealed how or whether The Cordish Company can obtain the necessary financing to complete a transaction. In that way, Cordish seems to be acting like a home buyer who makes an offer without earnest money or a mortgage commitment.

We must presume as well that there are stipulations and contingencies with respect to the completion of due diligence. Every stakeholder deserves to know what those provisions are.

Tropicana Entertainment's fiduciary duty in Chapter 11 is to maximize the value of its assets to satisfy creditors, suppliers, employees and the community at large. The prospect of selling the casino at a price so obviously below its true value serves no one's interests, least of all those of taxpayers and City government who must be concerned that a fire sale of the assets could lead to an endless round of appeals for lower taxes by Atlantic City's other casinos. If successful, those appeals could devastate the City's finances, drive non-casino property taxes to unprecedented levels, and place a crushing new tax burden on families and businesses.

In the absence of an appropriate offer at a fair price, the path to maximum value would be best charted if Tropicana Entertainment's new management was able to get the property back so that it can attempt to manage the brand back to sustainable financial and operating health.

### About Tropicana Entertainment, LLC

Tropicana Entertainment, LLC, an indirect subsidiary of Tropicana Casinos and Resorts, is one of the largest privately held gaming entertainment providers in the United States. The company operates 540,000 square feet of casino space with 15,000 slot machine positions. With more than 11,000 employees and 8,300 hotel rooms at its properties, it produces in excess of \$1.2 billion annual revenue.

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