

Task 4 - Project Specific Gaming Revenue Projections

Northeast Gaming Zone - Wyandotte County, Kansas



Prepared For:
Kansas Lottery Gaming Facility Review Board
September 2-3, 2008

Wells Gaming Research

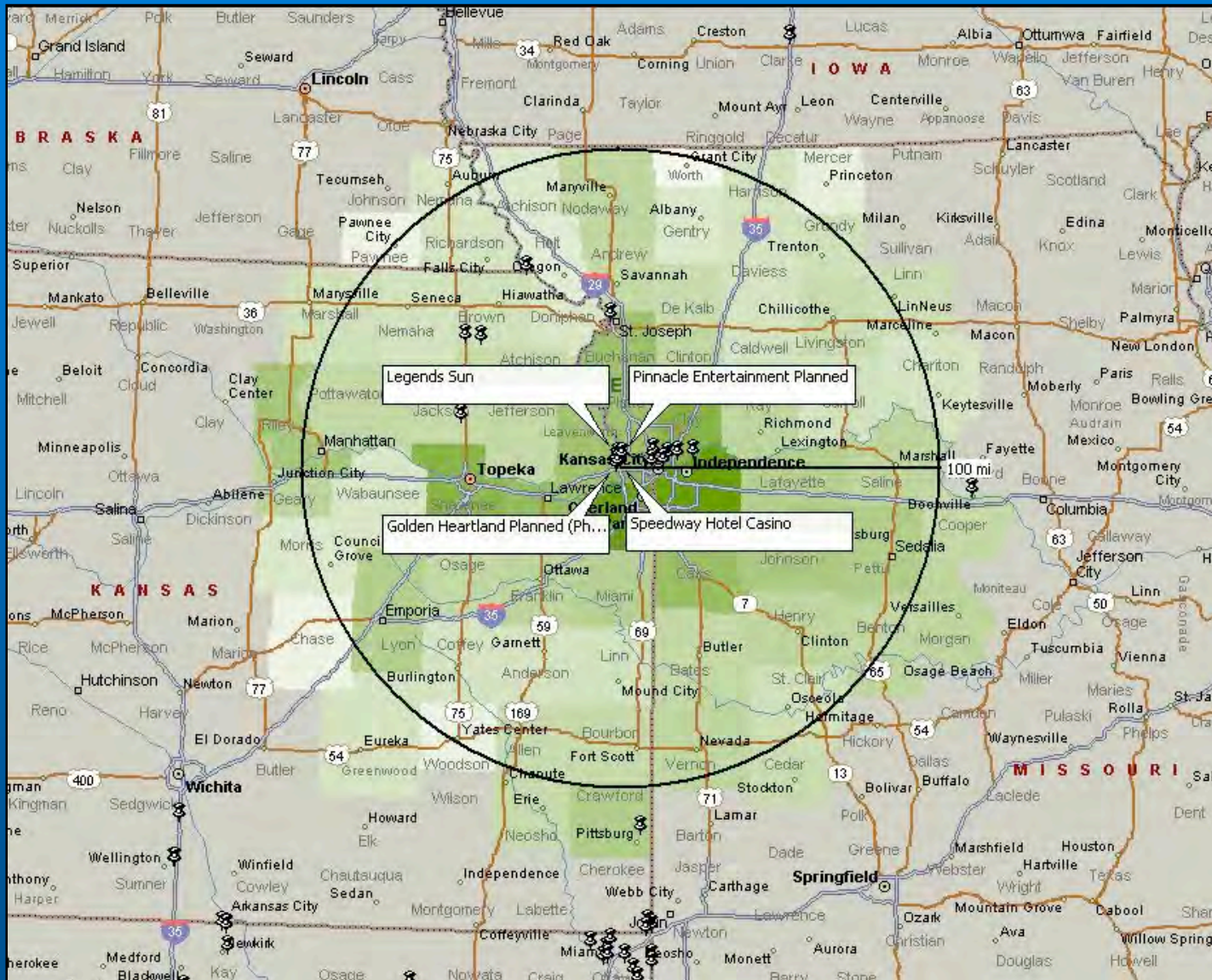
Methodology

- **Used WGR's proprietary gravity model**
- **Defined trade area to include all counties that a 100-mile radius of Wyandotte County encompasses or touches**
- **Used 2007 data as status quo for baseline projections**
- **Population data at census tract level 2000 through 2012**

Methodology

- Utilized size, scope, and location assumptions for each of the proposed Wyandotte County casinos: Golden Heartland, Legends Sun, Hard Rock, and Pinnacle Entertainment
- Developed a custom gravity model for each proposed casino project
- Defined and ran 3 scenarios with low, mid, and high cases for each proposed casino

NE - Wyandotte County Trade Map



NE Kansas - Wyandotte

- Trade area (approximate 125-mile radius) includes 32 counties in Kansas, 36 counties in Missouri, and 3 counties in Nebraska
- This trade area overlaps with the trade areas of proposed Kansas Lottery casinos in the Southeastern and South Central Kansas gaming zones

NE Kansas - Wyandotte

- The trade area population is 3,121,829; of which 2,174,051 are adults
- Of the adult population, 1,190,250 (55%) live in Wyandotte County and the five contiguous counties

Visits to Competing Casinos

- Visited existing casinos within the trade area and made the following changes in assumptions:

Reduced Attraction Factors:

1 Buffalo Run Casino	-10%
2 Terrible's St. Jo Frontier Casino	-10%
3 The Stables Casino	-10%
4 Wyandotte 7th Street Casino	-30%

Removed Proposed Casinos from Competitive Set:

- 1 Wild Rose Entertainment Sugar Creek Planned

- Limited competition to casinos within 150 miles
- These changes resulted in additional \$11M to \$41M in revenues, depending on applicant

Existing Casinos

- 1 casino in Iowa
- 4 casinos in Kansas
- 6 casinos in Missouri
- 7 casinos in Oklahoma
- Total existing capacity: 16,914 slots, 367 pit tables, and 73 poker tables

Expansions & Proposed

- **2 Expansions & 6 Proposed New Casinos (added one expansion)**
- **8 casinos with 8,050 slots, 150 pit tables, and 33 poker tables (including Golden Heartland Casino)**
- **8 casinos with 8,550 slots, 160 pit tables, and 65 poker tables (including Hard Rock Hotel & Casino)**
- **8 casinos with 7,550 slots, 130 pit tables, and 40 poker tables (including Legends Sun)**
- **8 casinos with 7,850 slots, 130 pit tables, and 40 poker tables (including Pinnacle Entertainment)**

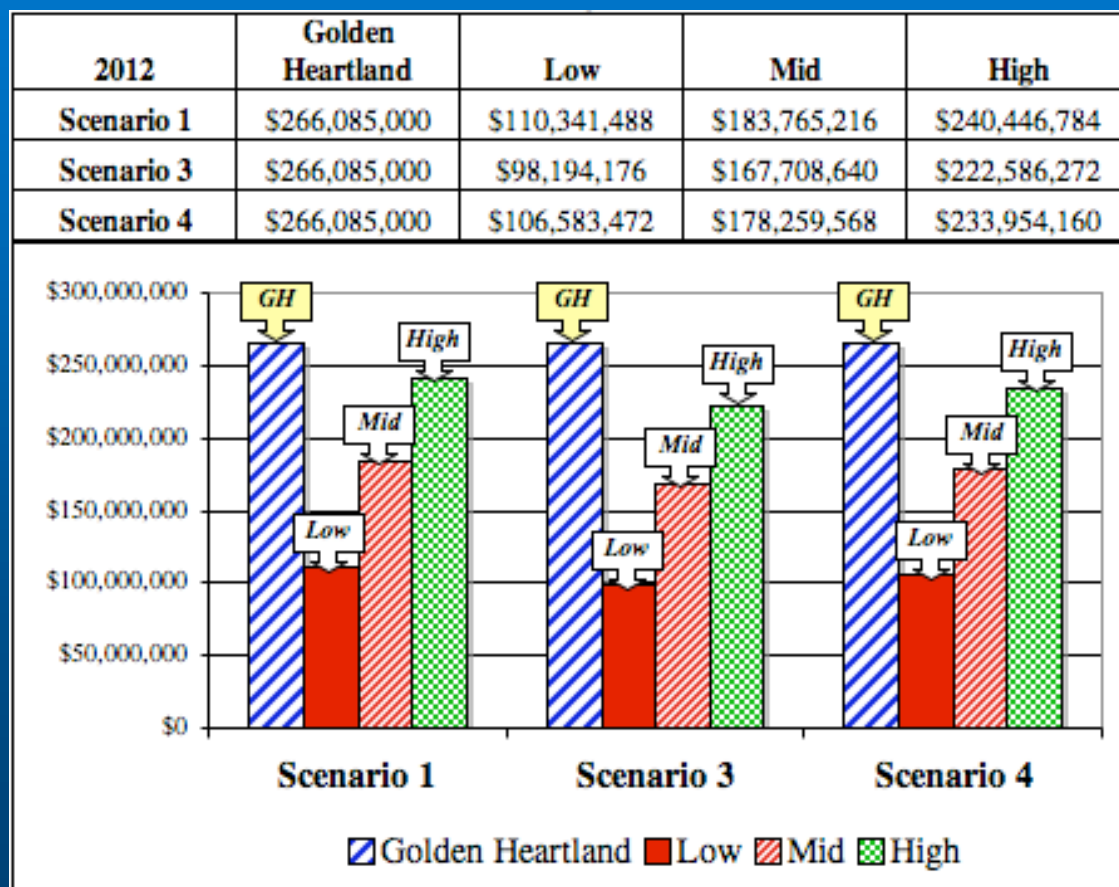
Visitor Projections

Visitor Projections of Each Applicant & WGR's Projections of Each Applicant WGR's Projections are based on Task 4, Scenario 4								
Applicant's Projections	2010	2011	2012	2013	2014	2015	CAGR	Periods
Golden Heartland		3,669,732			3,753,382		N/A	N/A
Hard Rock		4,465,240	4,509,892	4,554,991	4,600,541	4,646,547	1.0%	4
Legends Sun		2,914,540	2,980,965	3,048,329	3,122,671	3,210,213	2.4%	4
Pinnacle Entertainment		3,630,612	3,967,433	4,019,009	4,071,257	4,124,183	3.2%	4
WGR's Projections	2010	2011	2012				CAGR	Periods
Golden Heartland								
Low	1,471,880	1,483,411	1,495,140				0.787%	2
Mid	2,443,067	2,462,544	2,482,351				0.801%	2
High	3,194,096	3,219,492	3,245,316				0.799%	2
Hard Rock								
Low	1,921,025	1,935,793	1,950,818				0.772%	2
Mid	3,099,118	3,123,244	3,147,783				0.782%	2
High	3,975,130	4,005,861	4,037,115				0.777%	2
Legends Sun								
Low	1,323,983	1,333,641	1,343,462				0.733%	2
Mid	2,231,808	2,248,665	2,265,806				0.759%	2
High	2,948,037	2,970,475	2,993,290				0.765%	2
Pinnacle Entertainment								
Low	1,604,391	1,615,940	1,627,697				0.724%	2
Mid	2,648,776	2,668,612	2,688,793				0.753%	2
High	3,452,957	3,478,981	3,505,455				0.757%	2

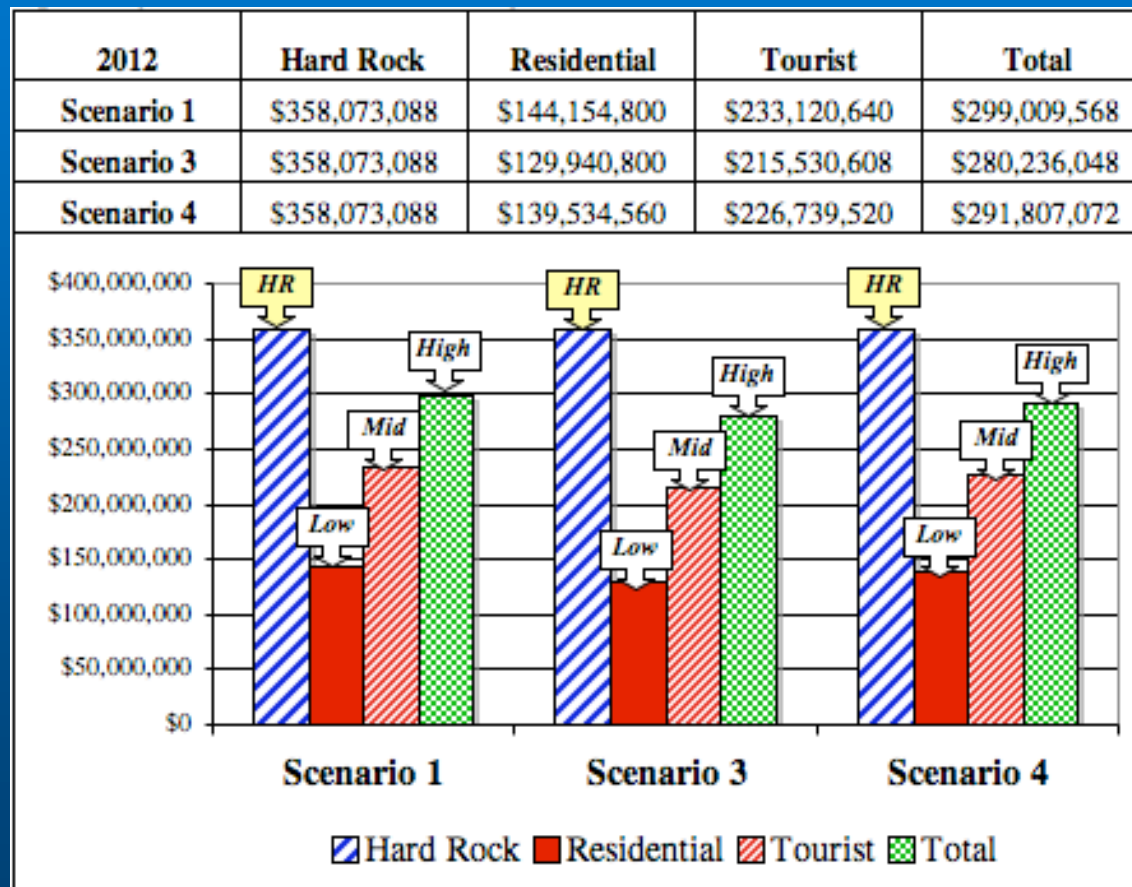
Revenue Projections

Revenue Projections of Each Applicant & WGR's Projections of Each Applicant								
WGR's Projections are based on Task 4, Scenario 4 data adjusted for inflation								
Applicant's Projections	2010	2011	2012	2013	2014	2015	CAGR	Periods
Golden Heartland		\$239,275,750	\$266,085,000	\$284,681,750	\$293,241,000	\$301,800,250	6.0%	4
Hard Rock		\$349,339,598	\$358,073,088	\$367,024,915	\$376,200,538	\$385,605,551	2.5%	4
Legends Sun		\$270,738,750	\$281,568,300	\$295,646,715	\$304,516,116	\$313,651,600	3.7%	4
Pinnacle Entertainment		\$361,310,580	\$401,456,200	\$413,499,886	\$425,904,883	\$438,682,029	5.0%	4
WGR's Projections w/ Inflation	2010	2011	2012				CAGR	Periods
Golden Heartland								
Low	\$100,826,830	\$103,633,960	\$106,583,472				2.82%	2
Mid	\$168,604,571	\$173,312,596	\$178,259,568				2.82%	2
High	\$221,303,380	\$227,473,188	\$233,954,160				2.82%	2
Hard Rock								
Low	\$132,036,145	\$135,692,538	\$139,534,560				2.80%	2
Mid	\$214,535,261	\$220,486,714	\$226,739,520				2.81%	2
High	\$276,144,348	\$283,782,632	\$291,807,072				2.80%	2
Legends Sun								
Low	\$91,095,338	\$93,586,508	\$96,202,560				2.77%	2
Mid	\$154,629,079	\$158,888,454	\$163,362,192				2.79%	2
High	\$204,997,932	\$210,649,170	\$216,586,032				2.79%	2
Pinnacle Entertainment								
Low	\$109,877,160	\$112,874,240	\$116,022,672				2.76%	2
Mid	\$182,835,764	\$187,864,414	\$193,145,904				2.78%	2
High	\$239,290,513	\$245,874,762	\$252,790,608				2.78%	2

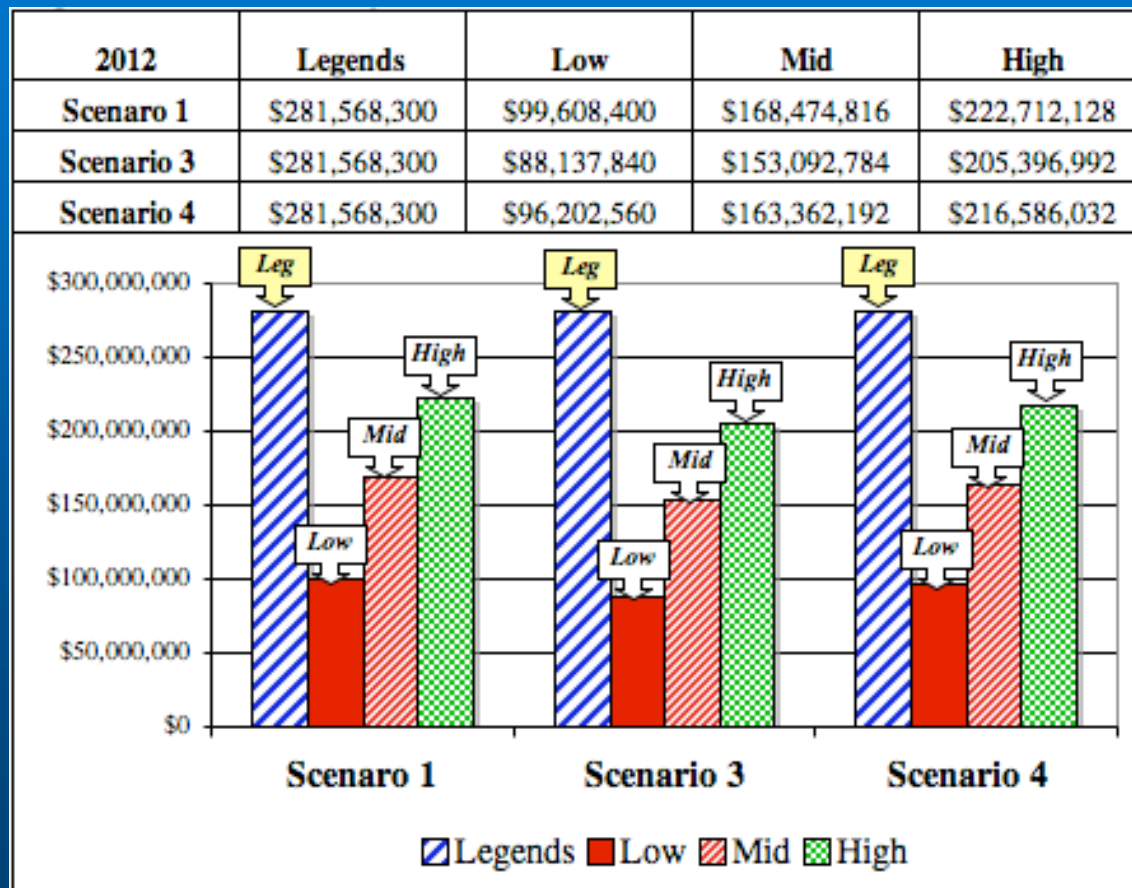
Golden Heartland



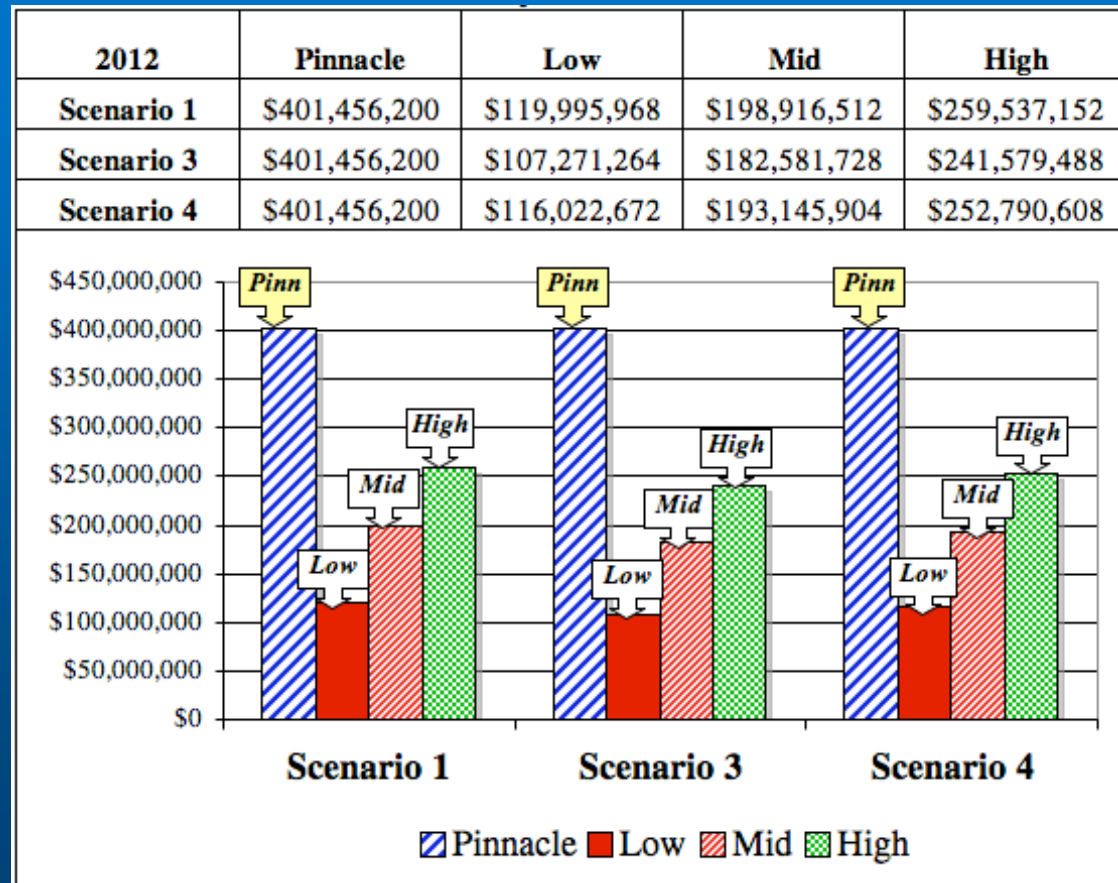
Hard Rock



Legends Sun



Pinnacle Entertainment



Attraction/Mass Factor Comparison

WGR Attraction Factor Comparison where Ameristar Casino Hotel KC is 100%				
Casino	Low	Mid	High	Tuned
Ameristar Casino Hotel KC	100%	100%	100%	100%
Golden Heartland	38%	76%	114%	140%
Hard Rock	54%	108%	163%	235%
Legends Sun	36%	72%	108%	164%
Pinnacle Entertainment	43%	86%	129%	292%
WGR Revenue Projections for 2012 w/ Inflation				
Golden Heartland Scenario 4	Low	Mid	High	Tuned
Ameristar Casino Hotel KC	\$258,252,096	\$239,174,976	\$224,297,472	\$215,568,144
Golden Heartland	\$106,583,472	\$178,259,568	\$233,954,160	\$266,561,904
Hard Rock Scenario 4	Low	Mid	High	Tuned
Ameristar Casino Hotel KC	\$249,311,904	\$226,016,400	\$208,559,952	\$190,538,256
Hard Rock	\$139,534,560	\$226,739,520	\$291,807,072	\$358,765,776
Legends Sun Scenario 4	Low	Mid	High	Tuned
Ameristar Casino Hotel KC	\$260,787,984	\$243,026,832	\$228,883,488	\$211,456,848
Legends Sun	\$96,202,560	\$163,362,192	\$216,586,032	\$281,907,504
Pinnacle Entertainment Scenario 4	Low	Mid	High	Tuned
Ameristar Casino Hotel KC	\$255,295,584	\$234,704,880	\$218,700,192	\$178,404,192
Pinnacle Entertainment	\$116,022,672	\$193,145,904	\$252,790,608	\$402,077,904

Summary Income Statement

Summary Income Statement Accounts

As a Percent of Total Revenue

Golden Heartland, Hard Rock Kansas Speedway, Legends Sun,
& Pinnacle Pro Forma for 2012 v FY 2007 NV Gaming Abstract

	Gaming Revenue	Department Expenses	Adv & Prom	Interest Exp	G&A Payroll	Total G&A Exp	EBITDAR
Statewide \$72M+ w/ Hotel Rooms w/ LV Strip FY @ June 30, 2007	46.9%	49.2%	1.5%	7.5%	6.4%	33.8%	25.2%
Clark County LV Strip \$72M+ w/ Hotel Rooms FY @ June 30, 2007	40.8%	49.9%	1.0%	7.8%	6.2%	32.9%	25.6%
Statewide \$72M+ w/ Hotel Rooms w/o LV Strip FY @ June 30, 2007	64.5%	47.2%	2.7%	6.9%	6.8%	36.6%	24.0%
Golden Heartland 1st Full Year of Operation Pro Forma for 2012	83.4%	46.2%	11.0%	15.3%	3.9%	50.9%	26.6%
Hard Rock Kansas Speedway Pro Forma for 2012	84.1%	60.5%	1.9%	8.4%	3.9%	27.3%	22.0%
Legends Sun Pro Forma for 2012	79.3%	54.0%	0.0%	12.3%	6.3%	47.2%	22.3%
Pinnacle 1st Full Year of Operation Pro Forma for 2012	82.2%	38.1%	11.8%	0.0%	3.3%	40.8%	21.1%

Source: WGR, NV Gmg Abst, & Applicants Data

Casino Department Income Statement

Casino Department Income Statement Account

As a Percent of Total Casino Revenue
 Golden Heartland, Hard Rock Kansas Speedway, Legends Sun ,
 & Pinnacle Pro Forma for 2012 v FY 2007 NV Gaming Abstract

	Table Revenue	Comp Expense	Payroll	Tax & Lic	Dept Expense	Dept Profit
Statewide \$72M+ w/ Hotel Rooms w/ LV Strip FY @ June 30, 2007	34.6%	19.0%	15.2%	7.6%	53.9%	46.1%
Clark County LV Strip \$72M+ w/ Hotel Rooms FY @ June 30, 2007	44.6%	21.8%	16.9%	7.4%	59.2%	40.8%
Statewide \$72M+ w/ Hotel Rooms w/o LV Strip FY @ June 30, 2007	16.3%	13.8%	12.4%	7.8%	44.3%	55.7%
Golden Heartland 1st Full Year of Operation Pro Forma for 2012	18.7%	6.1%	5.7%	27.0%	45.0%	55.0%
Hard Rock Kansas Speedway Pro Forma for 2012	10.5%	15.0%	8.9%	30.0%	57.5%	42.5%
Legends Sun Pro Forma for 2012	13.5%	12.0%	10.1%	28.2%	57.7%	42.3%
Pinnacle 1st Full Year of Operation Pro Forma for 2012	21.8%	0.1%	6.6%	27.1%	36.3%	63.7%

Source: WGR, NV Gmg Abst, & Applicants Data

Rooms Department Income Statement

Rooms Department Income Statement Account

As a Percent of Total Room Revenue

Golden Heartland, Hard Rock Kansas Speedway, Legends Sun ,
& Pinnacle Pro Forma for 2012 v FY 2007 NV Gaming Abstract

	Rooms as % of Total Rev	Comp Room Sales	Payroll	Dept Profit- Loss
Statewide \$72M+ w/ Hotel Rooms w/ LV Strip FY @ June 30, 2007	22.2%	16.5%	20.5%	67.6%
Clark County LV Strip \$72M+ w/ Hotel Rooms FY @ June 30, 2007	25.8%	15.4%	19.2%	69.2%
Statewide \$72M+ w/ Hotel Rooms w/o LV Strip FY @ June 30, 2007	11.7%	23.5%	29.6%	58.0%
Golden Heartland 1st Full Year of Operation Pro Forma for 2012	4.5%	19.0%	37.0%	53.3%
Hard Rock Kansas Speedway Pro Forma for 2012	3.7%	70.0%	40.6%	52.8%
Legends Sun Pro Forma for 2012	4.5%	0.0%	28.3%	54.3%
Pinnacle 1st Full Year of Operation Pro Forma for 2012	3.1%	43.8%	27.6%	51.0%

Source: WGR, NV Gmg Abst, & Applicants Data

Food Department Income Statement

Food Department Income Statement Account As a Percent of Total Food Revenue Golden Heartland, Hard Rock Kansas Speedway, Legends Sun , & Pinnacle Pro Forma for 2012 v FY 2007 NV Gaming Abstract					
	Food as % of Total Rev	Comp Food Sales	Cost of Goods	Payroll	Dept Profit- Loss
Statewide \$72M+ w/ Hotel Rooms w/ LV Strip FY @ June 30, 2007	13.7%	20.2%	31.5%	54.1%	6.4%
Clark County LV Strip \$72M+ w/ Hotel Rooms FY @ June 30, 2007	13.9%	17.3%	29.2%	52.4%	10.3%
Statewide \$72M+ w/ Hotel Rooms w/o LV Strip FY @ June 30, 2007	12.9%	29.2%	38.5%	59.6%	-5.8%
Golden Heartland 1st Full Year of Operation Pro Forma for 2012	7.6%	54.7%	46.9%	49.3%	-0.3%
Hard Rock Kansas Speedway Pro Forma for 2012	4.9%	67.0%	45.0%	47.0%	3.0%
Legends Sun Pro Forma for 2012	7.7%	0.0%	34.0%	54.9%	4.8%
Pinnacle 1st Full Year of Operation Pro Forma for 2012	8.2%	49.0%	43.0%	45.7%	25.9%
Source: WGR, NV Gmg Abst, & Applicants Data					

Beverage Department Income Statement

Beverage Department Income Statement Account

As a Percent of Total Beverage Revenue

Golden Heartland, Hard Rock Kansas Speedway, Legends Sun ,
& Pinnacle Pro Forma for 2012 v FY 2007 NV Gaming Abstract

	Beverage as % of Total Rev	Comp Beverage Sales	Cost of Goods	Payroll	Dept Profit- Loss
Statewide \$72M+ w/ Hotel Rooms w/ LV Strip FY @ June 30, 2007	5.3%	41.9%	21.4%	27.7%	41.0%
Clark County LV Strip \$72M+ w/ Hotel Rooms FY @ June 30, 2007	5.4%	36.9%	19.4%	26.7%	42.7%
Statewide \$72M+ w/ Hotel Rooms w/o LV Strip FY @ June 30, 2007	5.2%	56.9%	27.1%	30.5%	36.0%
Golden Heartland 1st Full Year of Operation Pro Forma for 2012	2.4%	3.1%	30.0%	26.7%	35.3%
Hard Rock Kansas Speedway Pro Forma for 2012	2.1%	67.0%	25.0%	47.0%	25.5%
Legends Sun Pro Forma for 2012	0.0%	0.0%	0.0%	0.0%	0.0%
Pinnacle 1st Full Year of Operation Pro Forma for 2012	1.1%	80.0%	24.9%	45.8%	25.9%

Source: WGR, NV Gmg Abst, & Applicants Data

Other Department Income Statement

Other Department Income Statement Account As a Percent of Total Other Revenue Golden Heartland, Hard Rock Kansas Speedway, Legends Sun , & Pinnacle Pro Forma for 2012 v FY 2007 NV Gaming Abstract					
	Other as % of Total Rev	Comp Other Sales	Cost of Goods	Payroll	Dept Profit- Loss
Statewide \$72M+ w/ Hotel Rooms w/ LV Strip FY @ June 30, 2007	5.3%	41.9%	21.4%	27.7%	41.0%
Clark County LV Strip \$72M+ w/ Hotel Rooms FY @ June 30, 2007	5.4%	36.9%	19.4%	26.7%	42.7%
Statewide \$72M+ w/ Hotel Rooms w/o LV Strip FY @ June 30, 2007	5.2%	56.9%	27.1%	30.5%	36.0%
Golden Heartland 1st Full Year of Operation Pro Forma for 2012	2.1%	0.0%	7.2%	51.0%	10.1%
Hard Rock Kansas Speedway Pro Forma for 2012	5.3%	21.6%	49.1%	20.0%	-3.2%
Legends Sun Pro Forma for 2012	8.5%	0.0%	8.4%	13.7%	51.5%
Pinnacle 1st Full Year of Operation Pro Forma for 2012	5.3%	26.3%	31.1%	22.0%	28.6%
Source: WGR, NV Gmg Abst, & Applicants Data					

Richard H. Wells, Experience & Qualifications

Wells is founder and president of **Wells Gaming Research**, a Nevada Corporation that provides Casino Player Count Service™, a market share tracking service, to over 160 casino clients in Nevada, Mississippi, Louisiana, New Mexico, and California.

Wells Gaming Research also performs a wide range of consulting and gaming research assignments including casino market studies, financial feasibility studies, financial projections, due diligence, litigation support, legislative issue support, and gaming industry expert witness services for the gaming industry.

Wells has fifteen years experience as a senior executive in the casino-hotel industry with Holiday Inns, Harrah's, and Bally's. Wells has also held positions in management, planning, and financial analysis for a large regional bank and a major international oil company.

Wells has a B.S. degree in business from Oklahoma State University and completed a post-graduate program in Systems Dynamics at M.I.T. Wells has participated in a wide range of community service activities and is listed in Marquis Who's Who in Finance and Industry and Marquis Who's Who in America.

