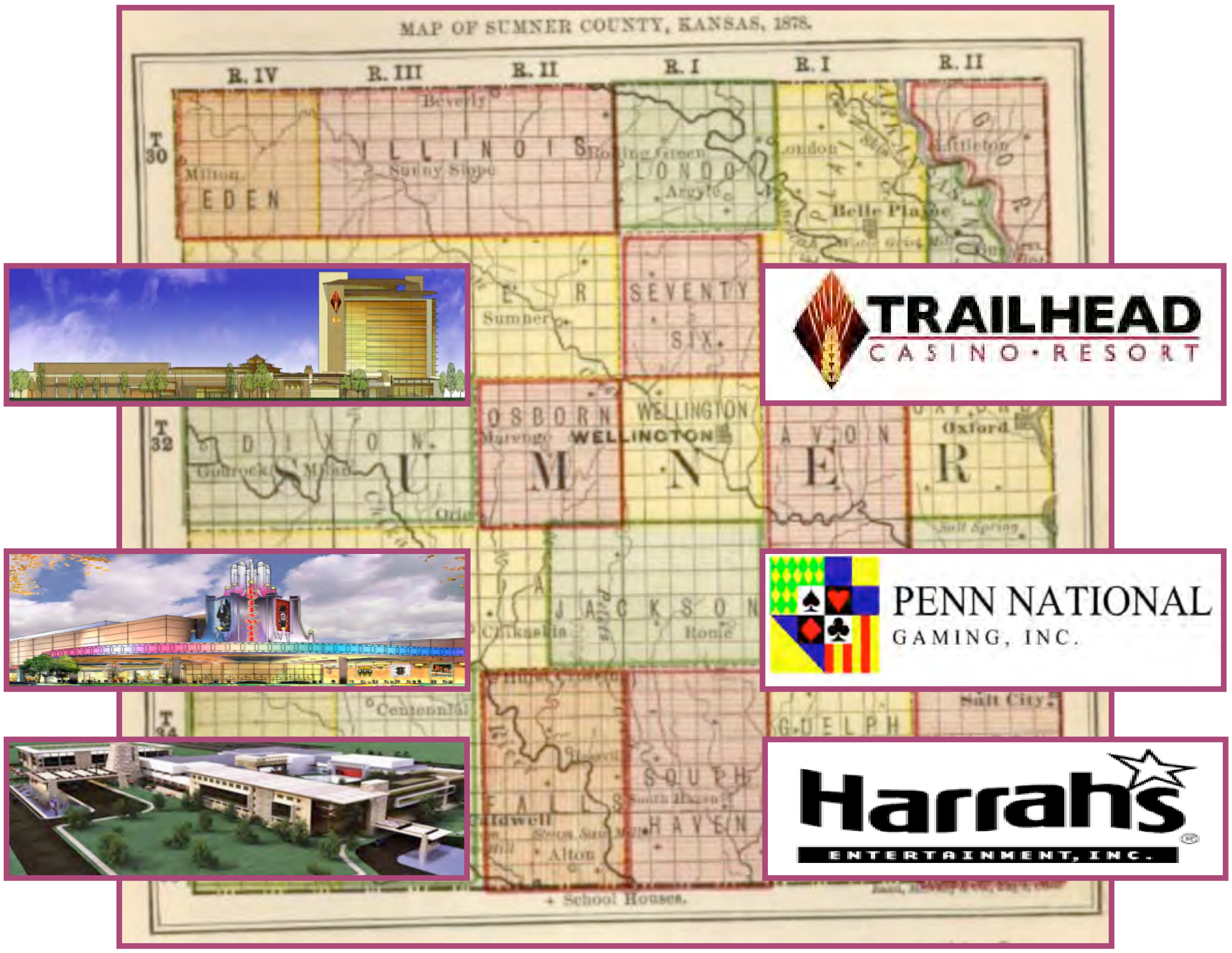
Task 4 – Project Specific Gaming Revenue Projections

South Central Gaming Zone – Sumner County, Kansas

<u>Final Report</u>



Prepared For:

Kansas Lottery Gaming Facility Review Board

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South Central Gaming Zone of Kansas

Table of Contents

Wells Gaming Research
July 2008

Task-4 Project Specific Gaming Revenue Projections
South Central Gaming Zone of Kansas

Introduction

The State of Kansas has lost gaming revenues for many years to a number of surrounding states, particularly to Missouri and Oklahoma. The recent development of numerous tribal casinos in Oklahoma has exacerbated the problem. In an effort to stem the flow of gaming revenues and related taxes, Kansas' legislators passed Senate Bill 66 (the Kansas Expanded Lottery Act), which legalized casino gaming. SB 66 was signed by the governor in 2007.

Key Provisions of Senate Bill 66
Some key provisions of SB 66 that pertain to this study include:

1. Establishment of four casino gaming zones:
- Northeast (located in Wyandotte County)
- Southeast (located in Crawford and Cherokee Counties)
- South Central (located in Sumner and Sedgwick Counties)
- Southwest (located in Ford County)

2. Building one state owned casino in each of the four Kansas gaming zones listed above.

3. Permitting an aggregate of 2,800 slot machines to be installed at the three existing racetracks.

Senate Bill 66 required the counties located within the four subject gaming zones to hold referendum elections for the purpose of either approving or disapproving casino gaming, or slot machines to be located at their respective racetracks. Three gaming zones have racetracks (northeast, southeast, and south central). However, Sedgwick County, located in the south central gaming zone, rejected gaming in their referendum election. As a result, slot machines will be limited to two Kansas racetracks: Woodlands Race Track located in the Kansas City, Kansas (northeast gaming zone), and Camptown Greyhound Park (closed since November 2000) located near Frontenac, Kansas (southeast gaming zone).

The Kansas Lottery Commission has appointed an independent Lottery Gaming Facility Review Board to review all of the gaming applications and select the best ones. The Board has engaged a number of outside consulting firms to help with the reviewing process. To date, five gaming applications have been approved for the northeast zone, one for the southeast zone, three for the south central zone, and two for the southwest zone. The applicants that are selected will be contract managers of the gaming facilities acting on behalf of the Kansas Lottery Commission. As planned, the state will own and/or control the gaming portion of the facilities. The lottery, however, will select a contract manager who will manage the gaming. The contract managers that are selected will fund, build, and operate all of the facilities under contract with the state lottery.

The contract managers will also be required to pay the following taxes that are all based on a percentage of casino gaming revenues:

- The lottery facility would pay a minimum of 22% of gaming revenues to the state plus an additional 2% to fund programs for problem gamblers and gaming addictions issues.

- If a lottery gaming facility were located in either the northeast or southwest gaming zones, but not in a city, the gaming facility would be required to pay an additional 3% of gaming revenues to the county where the gaming facility was located.

- If, on the other hand, the gaming facility were located in a city, the facility would pay 1.5% of gaming revenues to the city and 1.5% to the county.

- If the lottery gaming facility were located in either the southeast or the south central gaming zone, but not in a city, the gaming facility would pay 2% of gaming revenues to the county in which the facility were located, and an additional 1% to the other county in the gaming zone (each gaming zone has two counties).

- If a gaming facility were located in a city, a combined tax equal to 3% of gaming revenues would be paid to the city (1%), to the county in which the facility were located (1%), and to the second county in the gaming zone (1%).

These state owned casinos are unique and will be the first state owned casinos in the US.

Assessment of the Kansas Gaming Revenue Potential

Before enactment of Senate Bill 66 (the Kansas Expanded Lottery Act), the Kansas Lottery Commission engaged Christensen Capital to update their study addressing the gaming revenue potential for the four Kansas gaming zones. The updated study was released in March of 2008.

Task One

The Kansas Lottery Gaming Facility Review Board engaged a team of casino gaming consultants including Wells Gaming Research (WGR) and Cummings & Associates to assess the gaming revenue potential of the four authorized gaming zones in Kansas. In essence, Task-1 required a market analysis of each of the gaming zones. This involved estimating the gross gaming revenue potential for a generic casino (not associated with any of the proposals) to be located in each of the gaming zones, and projecting the potential revenue generation for the State of Kansas. The results of studies conducted by WGR and Cummings were compared with the Christensen Study that had been previously commissioned by the Lottery.

In compliance with the Kansas Lottery Gaming Facility Review Board's directive, WGR's Task-1 work was carried out independently and was not influenced by the work performed by either Cummings or Christensen. Moreover, the work that follows on Task-4 was also carried out independently.

Task-4 Project Specific Gaming Revenue Projections
South Central Gaming Zone of Kansas

Research Methodology & Scope of Work

The three following casino/hotel gaming companies are vying for the opportunity to built a first-class casino/hotel resort property in the south central gaming zone of Kansas:

- Harrah's (Sumner Joint Venture LC.)
- Hollywood (Penn National Gaming, Inc)
- Marvel (Marvel Gaming LLC)

Trade Area for the South Central Gaming Zone

The south central trade area covers the portions of Kansas and Oklahoma that are located within an approximate 100-to-125-mile radius of Sumner County, Kansas. The boundaries extend to Saline and Dickinson Counties, Kansas on the north; Logan and Lincoln Counties, Oklahoma on the south; Kiowa and Comanche Counties, Kansas on the west; and Labette County, Kansas on the east (refer to the map on page 1-5). The trade area is featured in shades of green for quick reference.

Kansas Senate Bill 66 authorized a casino to be built in either Sedgwick County or Sumner County (both in the south central gaming zone). However, the gaming referendum did not pass in Sedgwick County. As a result, casino will be built in Sumner County.

Competitive Set

Even though the south central trade area includes a 100-to-125-mile radius of the casino development site, the competitive set extends to include all existing and proposed casinos located within a 150-mile radius of the surrounding site. Competitor casinos located up to 150 miles from the development site will have overlapping trade areas with the subject casino.

Key Research Components

The major focus of WGR's research and analyses included, but was not limited to, the following:

- **Site-Visits**

  Richard Wells, president of WGR, conducted site visits to a majority of the competing casinos located in the southeast gaming zone's trade area. Two changes were made in the assumptions used in WGR's Task-1 report because of additional information gleaned from these on-site visits.

  1. Five proposed new Oklahoma casinos, included in the Task-1 analyses, are facing significant opposition and are not likely to be built in the foreseeable future. These have been eliminated from the Task-4 analyses. Should these casinos eventually be built, they would have a negative impact on the Sumner

2. The attraction factors were reduced at six existing south central casinos in the Task-4 analyses.

- **Population Analyses**
  Detailed population data was obtained from the Bureau of Business & Economic Research, University of Nevada, Reno at the census tract level for 2000 through 2012.

- **Compilation of Casino Capacity & Amenities**
  The casino gaming capacities and amenities for existing casinos, expansions, and proposed/planned casinos located within a 150-mile radius of the south central casino development sites were compiled and incorporated into the gravity model.

- **Evaluation of the Pro Forma Feasibility**
  Harrah's, Penn National, and Marvel all submitted applications to the Kansas Lottery Gaming Facility Review Board that contained pro form financial statements. WGR's Task-4 assignment included evaluating the feasibility of these pro forma financial statement projections in terms of:

  Achievability of the gaming revenue projections

  Reasonability of the operational projections including departmental revenues, expenses, and projected income

  Comparability with Nevada casinos

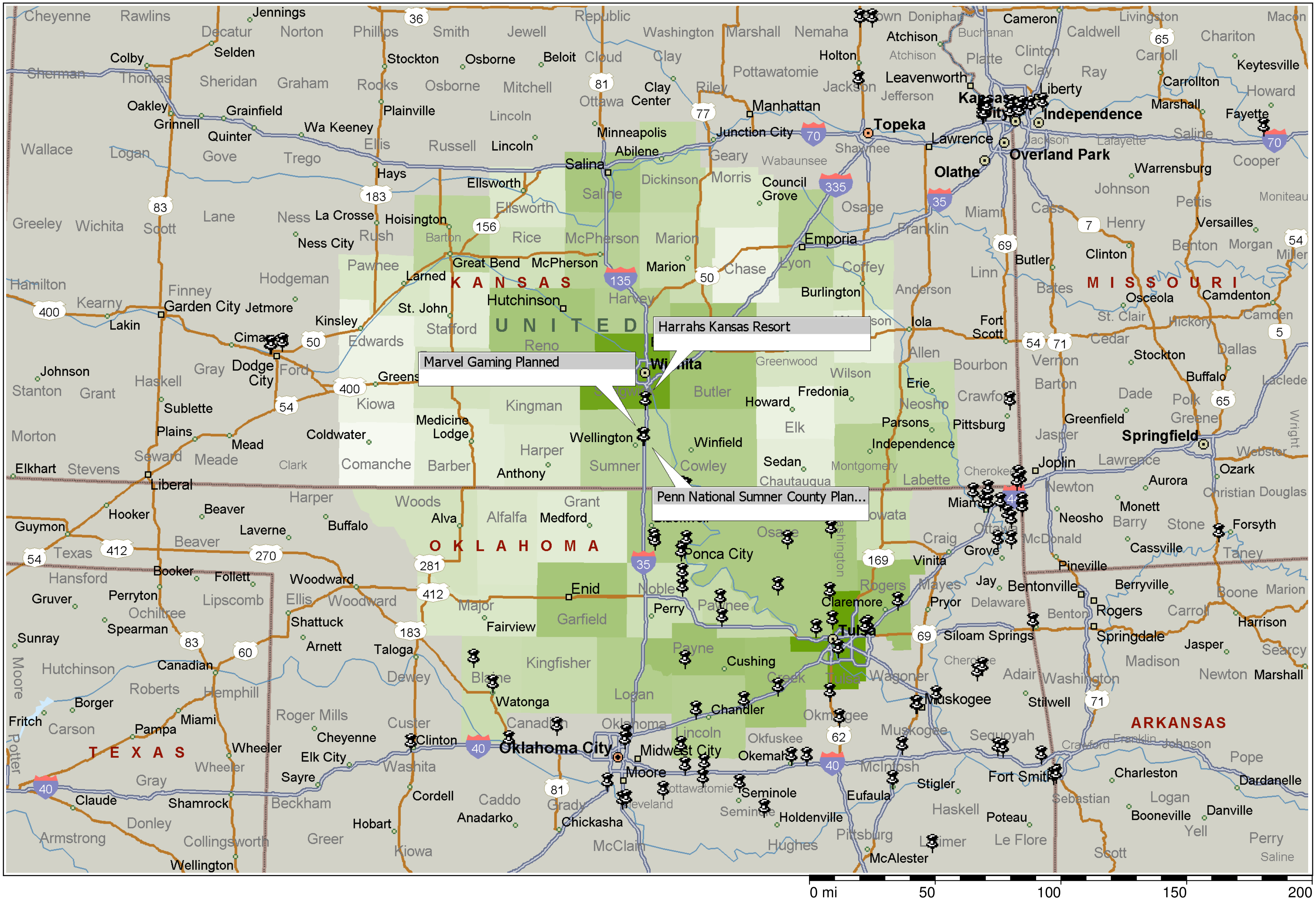
- **Pro Forma Comparability with Nevada Operators**
  The pro forma financial statements for Harrah's, Penn National, and Marvel were compared and contrasted with three Nevada casinos groups:

  Statewide - $72 million and above in annual gaming revenues with rooms, but without the Las Vegas Strip.

  Statewide - $72 million and above in annual gaming revenues with rooms and with the Las Vegas Strip.

  Clark County Las Vegas Strip with $72 million and above in annual gaming revenues with rooms.

South Central Zone



Task-4 Project Specific Gaming Revenue Projections
South Central Gaming Zone of Kansas

Gravity Model Analyses

WGR utilized its proprietary gravity modeling system to developed gravity models for each of the three proposed casinos in the south central gaming zone of Kansas. Each gravity model was customized to reflect the exact location of the development respective site, the prevailing market conditions, and the nature and scope of the project proposals.

Gaming revenues were projected for each of the three applicant's proposals. WGR developed two scenarios (Scenario 1 and 3) for each of the three applicants.

> **Scenario-1** projected gaming revenue for the new Kansas Lottery Casino facility as if it were the only new casino to be built in the south central gaming zone. WGR developed low, mid, and high case revenue projections for each applicant's proposal.
>
> **Scenario-3** includes all competitors i.e., any new casinos or expansions that were planned/proposed for the south central gaming zone. It is important to note that the key variables for some competitors were adjusted after the on-site visits made by Richard Wells. In Scenario-3, WGR included the "generic casinos" in Sumner and Wyandotte Counties, as well as the slot machines at Comptown Greyhound Racetrack.

Results

Three gaming revenue projections (low, mid, and high cases) were developed for each scenario for the 2007 through 2012 period (refer to Section 2 of this report for the details of WGR analyses). WGR believes that three projection cases encompass a reasonable performance range for casino gaming revenues. WGR prefers not to develop single point projections because forecasting casino revenues is far from an exact science. Many factors both known and unknown can cause actual performance to vary significantly from the projections.

Background on the Gravity Model

By way of background, WGR has developed a custom, proprietary, gravity model for use in estimating gaming revenues at casinos, as well as for evaluating the impacts of increased competition on those revenues. WGR's gravity modeling methodology has proven to be a flexible and effective tool for estimating gaming revenues for casino projects where the interplay with existing and/or proposed competing casinos could affect future gaming revenues.

The concept of gravity modeling is not new to the business world. William J. Reilly first advanced the concept of a gravity model in 1931 in his book entitled *Law of Retail Gravitation*. Gravity models use the principal of Isaac Newton's law of gravity, wherein the attraction between two objects is proportional to their mass, and is inversely proportional to the square of their respective distances. Newton's law of gravity dealt with planets, the amount of gravitational force that they exert on each other, and the effects that the forces of gravity have on their trajectory. This concept of gravitational force, or pull, can be applied to various types of problems, including business, retail, and traffic. Reilly applied the concept to retail shopping center trade area and customer attraction analysis.

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Trade Area Summary

Trade Area

The south central trade area covers the parts of Kansas and Oklahoma that are located within an approximate 100-to-125-mile radius of Sumner County, Kansas. The boundaries extend to Saline and Dickinson Counties, Kansas on the north; Logan and Lincoln Counties, Oklahoma on the south; Kiowa and Comanche Counties, Kansas on the west; and Labette County, Kansas on the east (refer to the map on page 2-2).

Adult Population

The adult population for the ten counties contiguous with Sumner was 500 thousand in 2007. It has been forecasted to increase to 512 thousand by 2012. These projections reflect an average compound growth rate of 0.5% per year.

The total adult population for the south central trade area was 1.51 million in 2007. With a forecasted average compound growth rate of 0.1%, the adult population has been estimated at 1.52 million by 2012.

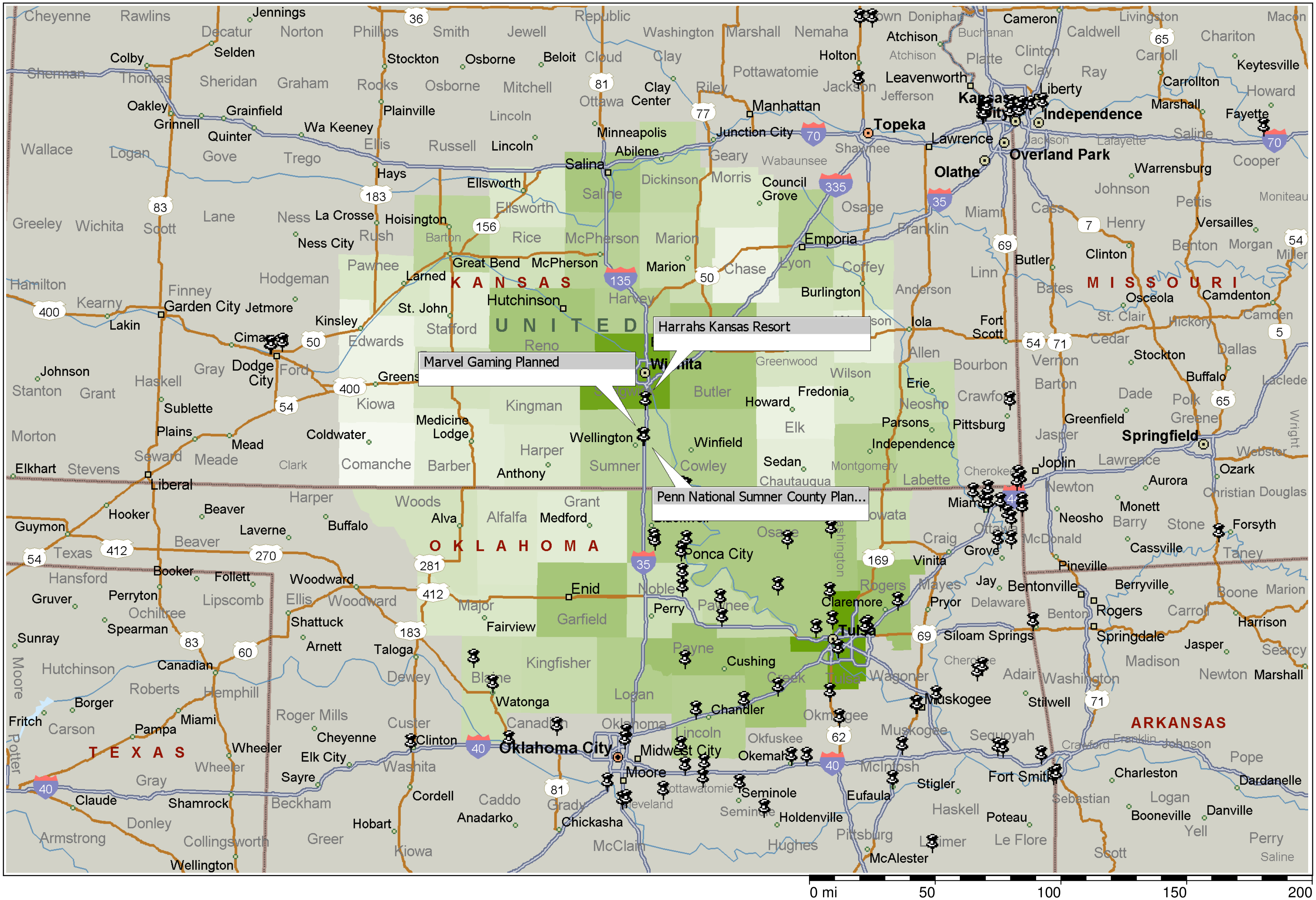
Exhibit 2-1 - Adult Population Statistics for 2000 & for 2006 to 2012

# of Co	Counties	2000	2006	2007	2008	2009	2010	2011	2012	ACGR 07 to 12	% Pop/ Co 2012
	Butler KS	39,923	45,743	46,781	47,844	48,936	50,048	51,185	52,348	2.3%	10%
	Cowley KS	24,901	24,638	24,502	24,370	24,236	24,104	23,971	23,838	-0.5%	5%
	Harper KS	4,719	4,307	4,259	4,211	4,164	4,118	4,071	4,025	-1.1%	1%
	Harvey KS	22,808	23,534	23,641	23,749	23,858	23,965	24,076	24,185	0.5%	5%
	Kingman KS	6,044	5,855	5,848	5,841	5,834	5,826	5,818	5,811	-0.1%	1%
	Reno KS	45,980	42,885	42,425	41,970	41,519	41,074	40,634	40,200	-1.1%	8%
	Sedgwick KS	306,890	319,528	321,246	322,973	324,706	326,445	328,201	329,963	0.5%	64%
	Sumner KS	17,554	17,213	17,169	17,129	17,088	17,047	17,006	16,964	-0.2%	3%
	Grant OK	3,669	3,637	3,637	3,637	3,637	3,637	3,637	3,637	0.0%	1%
	Kay OK	10,404	10,520	10,546	10,574	10,598	10,625	10,651	10,675	0.2%	2%
10	**Total Surrounding Counties**	**482,892**	**497,860**	**500,054**	**502,298**	**504,576**	**506,889**	**509,250**	**511,646**	**0.5%**	**100%**
26	**Total Kansas Counties -** ***Excluding Surrounding Counties***	**249,448**	**243,966**	**243,249**	**242,533**	**241,828**	**241,138**	**240,465**	**239,781**	**-0.3%**	
17	**Total Oklahoma Counties -** ***Excluding Surrounding Counties***	**768,657**	**768,657**	**768,657**	**768,657**	**768,657**	**768,657**	**768,657**	**768,657**	**0.0%**	
53	**Total Trade Area Population**	**1,500,997**	**1,510,483**	**1,511,960**	**1,513,488**	**1,515,061**	**1,516,684**	**1,518,372**	**1,520,084**	**0.1%**	

Data Source: Wells Gaming Research, May 2008.

The adult population statistics included above are limited to those counties located in the identified south central trade area and do not include the population for the entire states of Kansas or Oklahoma.

South Central Zone



Current Gaming Capacity

A compilation of the current casino gaming capacity located within approximately 150 miles of the casino site in the south central gaming zone is shown in Exhibit 2-2. The results indicate that 57 casinos are currently in operation. All are located in Oklahoma.

Exhibit 2-2 - Current Capacity Statistics for the SC Gaming Zone

# of Loc	Casino	# of Slots	# of Pit Tables	# of Poker Tables	# of Total Tables	# of Bingo Seats	Race Book	Casino S.F.	Con-vention S.F.	# of Rooms	# of Restau-rants	Enter-tain-ment	Park-ing
	Oklahoma:												
1	7 Clans Paradise Casino	700	8	6	14	0	0	30,000	0	0	2	0	500
2	Blue Star Gaming and Casino	228	0	0	0	300	0	20,000	0	0	1	0	500
3	Bordertown Bingo & Casino	886	11	10	21	650	1	73,000	0	0	2	0	400
4	Buffalo Run Casino	1,300	20	9	29	0	0	70,000	10,000	0	3	1	1,300
5	Cherokee Casino - Fort Gibson	298	0	0	0	0	0	7,430	0	0	0	0	182
6	Cherokee Casino - Will Rogers Downs	250	0	0	0	0	1	18,277	11,000	450	1	1	150
7	Cherokee Casino Resort	1,522	37	35	72	0	0	95,000	7,500	263	8	4	3,100
8	Cherokee Nation Outpost Tobacco Shop	81	0	0	0	0	0	1,728	0	0	0	0	42
9	Cimarron Bingo Casino	363	0	0	0	0	1	9,600	0	0	1	0	400
10	Creek Nation Casino Bristow	95	0	0	0	0	0	8,500	0	0	1	0	150
11	Creek Nation Casino Muscogee	584	7	10	17	300	0	30,000	0	0	1	1	800
12	Creek Nation Casino Okemah	132	0	3	3	110	0	1,800	0	0	0	0	200
13	Creek Nation Casino Okmulgee	334	2	3	5	0	0	11,000	0	0	1	0	600
14	Creek Nation Casino Tulsa	1,512	16	11	27	0	0	38,000	0	0	1	0	2,000
15	Creek Nation Travel Plaza	43	0	0	0	0	0	920	0	0	1	0	50
16	Duck Creek Casino	268	0	0	0	120	0	5,000	0	0	1	0	300
17	Eastern Shawnee Travel Plaza	186	0	0	0	0	0	3,000	0	0	0	0	150
18	Feather Warrior Casino - Watonga	89	0	0	0	0	0	2,200	0	0	0	0	59
19	FireLake Casino	800	7	2	9	500	0	50,000	5,000	0	3	0	800
20	FireLake Grand Casino	1,800	23	19	42	0	0	125,000	0	0	5	2	4,000
21	Golden Pony Casino	400	0	0	0	0	0	10,000	0	0	1	0	500
22	Goldsby Gaming Center	182	0	0	0	300	1	15,462	0	0	1	0	300
23	Grand Lake Casino	879	10	6	16	0	0	45,000	0	0	1	1	1,000
24	High Winds Casino	500	8	0	8	0	0	35,000	0	0	2	0	450
25	Kaw Southwind Casino	1,078	3	4	7	700	0	55,000	0	0	2	0	1,000
26	Kickapoo Casino	525	9	0	9	0	0	12,000	0	0	1	0	600
27	Kickapoo Conoco Station	52	0	0	0	0	0	900	0	0	0	0	30
28	Lil' Bit of Paradise Casino 1	100	0	0	0	0	0	0	0	0	0	0	60
29	Lil' Bit of Paradise Casino 2	50	0	0	0	0	0	0	0	0	0	0	30
30	Lucky Star Casino - Clinton	423	5	4	9	0	0	13,000	0	0	1	0	400
31	Lucky Star Casino - Concho	930	13	11	24	0	0	40,000	0	0	1	0	1,000
32	Lucky Turtle Casino	101	0	0	0	0	0	3,000	0	0	1	0	200
33	Miami Tribe Entertainment	107	0	0	0	0	0	0	0	0	0	0	75
34	Muscogee Travel Plaza	129	0	0	0	0	0	3,000	0	0	0	0	50
35	Mystic Winds Casino	354	0	0	0	0	0	0	0	0	0	0	50

Exhibit 2-2 (Continued) - Current Capacity Statistics for the SC Gaming Zone

# of Loc	Casino	# of Slots	# of Pit Tables	# of Poker Tables	# of Total Tables	# of Bingo Seats	Race Book	Casino S.F.	Con-vention S.F.	# of Rooms	# of Restau-rants	Enter-tain-ment	Park-ing
36	Native Lights Casino	612	6	0	6	0	0	22,500	0	0	2	0	405
37	Newcastle Gaming Center I & II	1,199	14	14	28	0	0	20,973	0	0	1	0	900
38	Osage Million Dollar Elm Casino - Bartlesville	575	6	6	12	0	0	42,000	0	0	0	0	700
39	Osage Million Dollar Elm Casino - Hominy	273	1	2	3	0	0	0	0	0	1	0	250
40	Osage Million Dollar Elm Casino - Pawhuska	135	0	0	0	0	0	0	0	0	1	0	50
41	Osage Million Dollar Elm Casino - Ponca City	222	0	0	0	0	0	7,700	0	0	1	0	150
42	Osage Million Dollar Elm Casino - Sand Springs	601	4	0	4	0	0	25,000	0	0	1	0	500
43	Osage Million Dollar Elm Casino - Skiatook	152	0	0	0	0	0	0	0	28	1	0	200
44	Osage Million Dollar Elm Casino - Tulsa	1,267	10	7	17	600	0	47,000	1,600	0	3	1	800
45	Pawnee Trading Post	130	0	0	0	0	0	3,500	0	0	2	0	250
46	Pawnee Travel Plaza	35	0	0	0	0	0	0	0	0	0	0	15
47	Peoria Gaming Center	200	0	0	0	0	0	4,200	0	0	1	0	250
48	Quapaw Casino	483	8	1	9	0	0	27,000	0	0	1	1	700
49	Remington Park	650	0	0	0	0	1	55,000	0	0	3	0	6,700
50	Riverwind Casino	2,317	32	21	53	0	1	76,308	14,000	0	10	3	4,000
51	Sac and Fox Casino - Shawnee	466	5	5	10	0	0	8,600	0	0	1	0	550
52	Sac and Fox Casino - Stroud	49	0	0	0	0	0	825	0	0	0	0	34
53	Seminole Nation Trading Post	200	0	0	0	0	0	3,424	0	0	0	0	125
54	The Stables Casino	500	4	0	4	0	1	25,000	0	0	2	0	260
55	Thunderbird Casino	600	6	2	8	0	1	61,000	8,250	0	3	1	600
56	Tonkawa Casino	374	4	0	4	0	0	14,437	0	0	1	0	400
57	Wyandotte Nation Casino	500	8	5	13	0	0	50,000	0	0	3	0	750
	57 Total Existing Casinos	**28,821**	**287**	**196**	**483**	**3,580**	**8**	**1,327,284**	**57,350**	**741**	**81**	**16**	**40,017**

Dara Source: Wells Gaming Research, June 2008.

Data Source: Wells Gaming Research, July 2008.

The foregoing indicates that the 57 casinos located in the south central trade area have a combined capacity of 28,821 slot machines, 287 pit table games, and 196 poker tables (483 total table games), 3,580 bingo seats, 8 race books, and 1.3 million square feet of gaming space.

Additional casino amenities include over 57 thousand square feet of convention/meeting space, 741 hotel rooms, 81 restaurants, 16 entertainment venues, and approximately 40 thousand parking spaces.

Gravity Model Projections

Statistics for the key variables were based on WGR's proprietary databases, specific data received from the three applicants (Harrah's, Penn National, and Marvel), and first-hand information obtained by Richard Wells from on-site casino visits. Wells made on-site visits in June 2008 to a significant number of casinos located in Oklahoma, Kansas, and Missouri that will be competitors.

A custom gravity model was built for each of the three proposed casino projects. The exact project locations and scopes were reflected in the respective gravity models. The gaming revenue projections developed for the Task-1 analyses were fined-tuned in the Task-4 analyses to reflect the applicant's statistics and Wells' on-site information and impressions. Some major changes that were made included:

- **Eliminating five proposed casinos from the competitor mix** – all five of these casinos were proposed for Oklahoma. Even though some of these facilities might be developed, their future is uncertain at this time. Having said that, if they were developed, they could have negative impacts on competing casinos located in Kansas.

- **Reducing the attraction factors for six Oklahoma competitor casinos** - these adjustments were based on information gained from Wells' on-site inspection of the properties.

The impact of the foregoing changes to the gravity model output resulted in the following:

- **Increased visitor counts** at all three applicant casinos

- **Higher gaming revenues** at all three applicant casinos

Inflation Factors Used to Adjust Gaming Revenue Projections

A 2% annual inflation rate has been used to adjust the for casino revenue projections. Two percent is comparable to the five-year average CPI if food and fuel were excluded.

Key Assumptions for the Scenarios

- **Scenario 1** - includes the existing casinos and one applicant casino. None of the proposed expansions or other new casinos are included in scenario 1.

- **Scenario 2** – was used in the Task-1 analyses because it included the casino expansions. In the Task-4 analyses, the expansions have been incorporated into scenario 3, thereby eliminating the need for the scenario 2.

- **Scenario 3** - includes the applicant's casino together with all existing casinos, the expansions, and the proposed new casinos.

Sumner Resort Harrah's Kansas

Harrah's controls over 650 acres in Mulvane, Kansas. The development site is conveniently located in the south central gaming zone at Exit 33 off the Kansas Turnpike, just 15 miles south of Wichita. It is in close proximity to the Mid Continent Airport, the Wichita Convention Center, and the large Wichita population base. Refer to the map on page 2-8.

Project Cost
$450 million

Casino would have 69,000 square feet of gaming space equipped with 2,000 slot machines, 50 table games including 35 blackjack, five each of craps and roulette, three Pai Gow Poker, and two other types of table games. Additional gaming amenities would include a 1,600 square foot World Series of Poker - branded poker room.

Hotel with 4 levels and 175 rooms (140 standard rooms with 450 square feet, 30 two-bay suites with 975 square feet, and 5 poolside villas with 1,860 square feet.

Restaurants

- Café with seating capacity for 86 guests
- Buffet with seating capacity for 350 guests
- Steakhouse with seating capacity for 200 guests
- Signature Concept (to be determined) with seating capacity for 225 guests
- Food Court with four outlets and seating capacity for 100 guests

Bars & Lounges

- Sports Bar (unspecified seating capacity)
- Center Bar (unspecified seating capacity)
- Cabaret Bar (unspecified seating capacity)

Two Entertainment Venues

- Including an outdoor amphitheater with seating for 778 and standing room for 5,000 for large events

Convention Facilities

- Offering 30,338 square feet of convention/meeting space with 12 breakout rooms

Golf Course / Spa / Recreation

- 18 Hole Championship Golf Course
- Golf Academy
- Spa & Health Club
- Tennis Courts

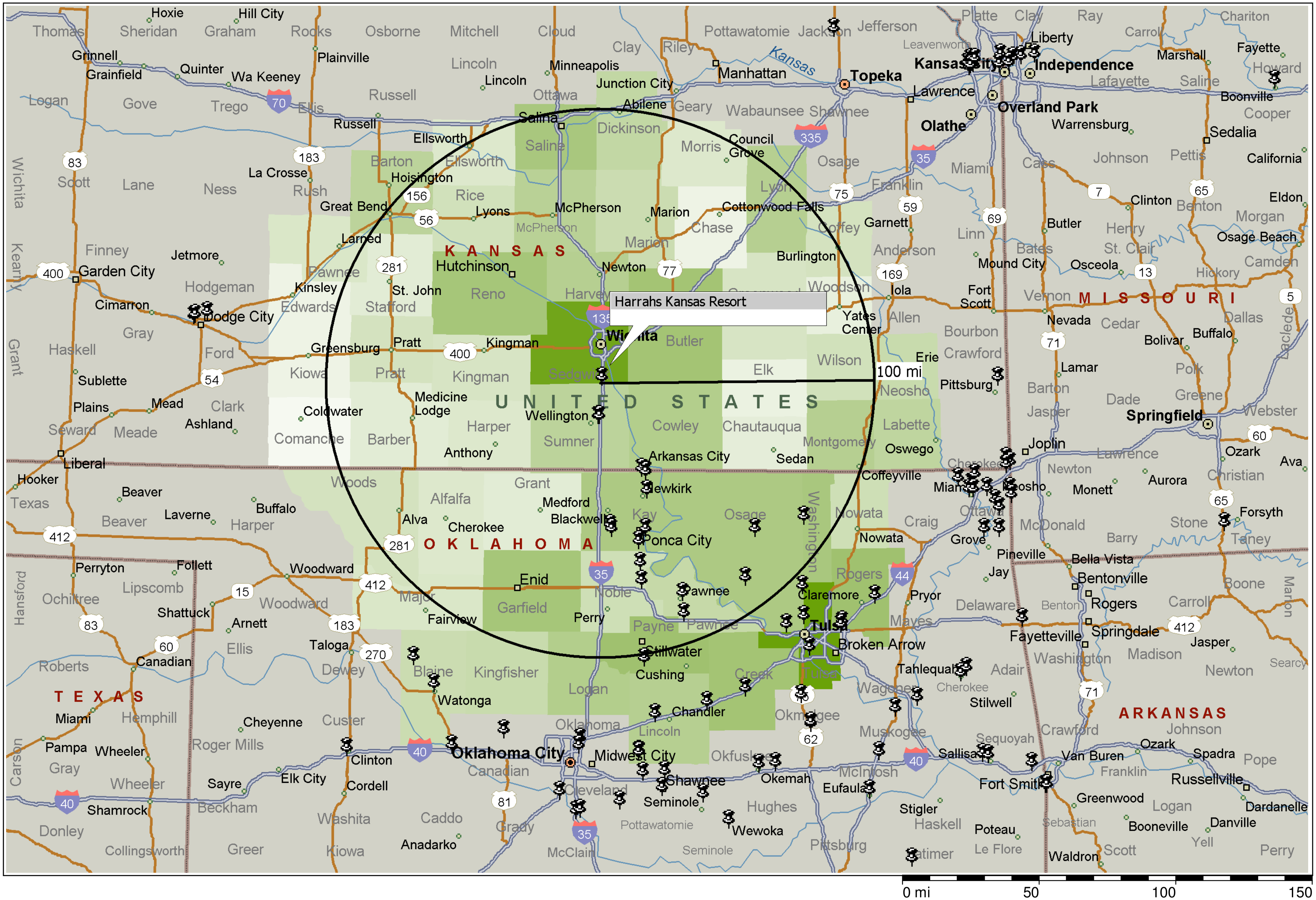
Retail Outlets
- Boutique Fashions / Jewelry
- Sundries / Gift Shop

Parking Facilities
- 2,614 surface parking spaces
- 576 enclosed parking spaces
- 484 valet parking spaces
- 701 employee parking spaces

Public Safety Support
- Includes new EMS substation to support the needs of the casino and the community

Added Development
If Harrah's were selected as the successful bidder, their development partner, Sumner Gaming & Resorts, would build 190 additional hotel rooms, 15,000 more square feet of retail space, a 44 space RV park, 100 apartment homes, and 100 residential lots.

South Central Zone, Harrahs Kansas Resort



Gaming Capacity Recap

Exhibit 2-3 profiles a summary of the existing casino capacity, the addition of Harrah's, the expansions, and the other proposed (new) casinos.

Exhibit 2-3 - Summary of Gaming Capacity Statistics for the SC Gaming Zone
Includes Harrah's Sumner, Existing Casinos, Expansions, & Proposed New Casinos

# of Loc	Casinos	# of Slots	# of Pit Tables	# of Poker Tables	# of Total Tables	# of Bingo Seats	Race Book	Casino S.F.	Con-vention S.F.	# of Rooms	# of Restau-rants	Enter-tain-ment	Park-ing
	Current Capacity for Existing Casinos												
1	**Existing 57 Casinos**	**28,821**	**287**	**196**	**483**	**3,580**	**8**	**1,327,284**	**57,350**	**741**	**81**	**16**	**40,017**
	Scenario 1 - Harrahs Kansas Resort												
1	Harrahs Kansas Resort	2,000	50	9	59	0	0	70,000	30,338	365	5	4	3,234
	Subtotal Of Scenario 1	**2,000**	**50**	**9**	**59**	**0**	**0**	**70,000**	**30,338**	**365**	**5**	**4**	**3,234**
	Scenario 3 - Expansions & Other Proposed												
	Expansions												
1	Buffalo Run Casino	0	0	0	0	0	0	0	0	103	0	0	0
2	Cherokee Casino Resort	732	0	0	0	0	0	30,000	0	350	2	0	0
3	Creek Nation Casino Tulsa	1,788	34	0	34	0	0	0	0	0	0	0	0
4	FireLake Grand Casino	0	0	0	0	0	0	0	0	210	0	0	0
5	Kickapoo Casino	675	31	0	31	0	0	0	0	0	2	0	0
6	Riverwind Casino	0	0	0	0	0	0	0	0	180	0	0	0
	Proposed												
1	Camptown Greyhound Park	600	0	0	0	0	1	0	0	0	2	0	700
2	Cherokee County Planned	1,200	40	0	40	0	0	0	10,000	250	3	2	2,500
3	Downstream Casino Resort (Open)	2,000	30	15	45	0	1	70,000	8,000	226	2	2	2,200
4	Feather Warrior Casino - Canton	112	0	0	0	0	0	0	0	0	0	0	75
5	First Council Casino (Open)	900	8	8	16	0	0	40,000	0	0	2	1	950
6	Ford County Planned	800	20	0	20	0	0	0	5,000	100	3	3	1,700
7	Ioway Casino Resort	1,500	50	0	50	0	0	0	0	250	3	2	2,500
	Subtotal of Scenario 3	**10,307**	**213**	**23**	**236**	**0**	**2**	**140,000**	**23,000**	**1,669**	**19**	**10**	**10,625**
	Total Existing, Expansions, New	**41,128**	**550**	**228**	**778**	**3,580**	**10**	**1,537,284**	**110,688**	**2,775**	**105**	**30**	**53,876**
	% Increase over Current	**43%**	**92%**	**16%**	**61%**	**0%**	**25%**	**16%**	**93%**	**274%**	**30%**	**88%**	**35%**

Data Source: Wells Gaming Research, June 2008.

The bottom line shows the gaming capacity increases associated in the additions. Key capacity additions include slot machines, targeted to increase from 28,821 to 41,128 (43%) and total table games that are projected to go up from 483 to 778 (61%).

WGR's Gravity Model Forecasts Compared w/ Harrah's Pro Forma Projections

When comparing the number of casino visits and the gaming revenues for WGR's Task-4 with those projected for Task-1, it is important to keep in mind that five proposed casinos were eliminated from the Task-4 analyses, and the attraction factors were reduced at six casinos. As a result, WGR's Task-4 forecasts have higher numbers of casino visits and gaming revenues than those developed for the Task-1 "generic casino".

In the text that follows, Task-4 has been abbreviated T-4.

Casino Visits

Harrah's casino visit statistics for both the residential population (2,293,703) and for the tourists (470,095) were included in their application. Their combined total was 2,763,798 casino visits. Refer to the upper section of Exhibit 2-4 (top row of data). WGR's casino visit projections are shown below in scenario 1 and scenario 3.

Exhibit 2-4 – Casino Visit Projections for Harrah's for 2011 – SC Gaming Zone

Casino Visits	Residential	Tourist	Total
Harrah's Application	**2,293,703**	**470,095**	**2,763,798**
Scenario 1 - WGR's projections includes Harrah's & all existing casinos but no new casinos			
Casino Visits	**Low**	**Mid**	**High**
WGR's Harrah's Kansas (Task 4)	**2,658,946**	**3,169,493**	**3,446,206**
WGR's Generic Mulvane (Task 1)	2,339,382	2,919,715	3,241,261
Difference in WGR Projections	**319,564**	**249,778**	**204,945**
Scenario 1 - Variance in Casino Visits	**Low**	**Mid**	**High**
Harrah's Application vs. WGR's Harrah's KS	**104,852**	**-405,695**	**-682,408**
Scenario 3 - WGR's projections includes Harrah's plus all existing, expanding, & new casinos			
Casino Visits	**Low**	**Mid**	**High**
WGR's Harrah's Kansas (Task 4)	**2,364,774**	**2,906,746**	**3,202,958**
WGR's Generic Mulvane (Task 1)	1,879,764	2,481,469	2,826,277
Difference in WGR Projections	**485,010**	**425,277**	**376,681**
Scenario 3 - Variance in Casino Visits	**Low**	**Mid**	**High**
Harrah's Application vs. WGR's Harrah's KS	**399,024**	**-142,948**	**-439,160**
Source: Harrah's Application and Wells Gaming Research			

- Scenario 1 – WGR's key assumption in scenario 1 was that Harrah's would be the only new casino added to the south central gaming zone. No other new casinos or expansions were included.

WGR's T-4 data for scenario 1 is presented in a low, mid, and high case format with the forecast numbers shown in red (refer to the mid section of Exhibit 2-4, page 2-10).

The percent change between WGR's T-4 forecasts and Harrah's show that Harrah's casino visit statistics were approximately 105 thousand (3.9%) higher than WGR's T-4 low estimate, 406 thousand (12.8%) below WGR's T-4 mid case forecast, and 683 thousand (19.8%) below WGR's T-4 high.

- **Scenario 3** – WGR's scenario 3 includes the existing casinos, Harrah's, the casino expansions, and the new casinos proposed for the south central gaming zone (refer to the lower section of Exhibit 2-4, page 2-10).

  The 2.8 million casino visits forecasted by Harrah's are 399 thousand higher (16.9%) than WGR's T-4 low case estimates of 2.4 million. Harrah's estimate (2.8 million) is relatively close to WGR's T-4 mid-case estimate of 2.9 million (the difference is only 143 thousand casino visits, 4.9%). Harrah's projection (2.8 million) is 439 thousand (13.7%) below WGR's T-4 high case of 3.2 million visits.

Gaming Revenue Comparisons

Harrah's provided gaming revenue forecasts in their application for residential players ($161,328,570) and for tourist players ($44,994,430). Their combined total was $206,323,000 in gaming revenues. Refer to the top row of data included in Exhibit 2-5, page 2-12.

- **Scenario 1** – WGR has assumed, in scenario 1, that Harrah's would be located in a market with the existing casinos (no other new casinos or casino expansions have been added). The gaming revenue estimates for WGR's T-4 are shown in red in the mid section of Exhibit 2-5, as are the variances between Harrah's projections and WGR's T-4 forecasts.

  A comparison of Harrah's gaming revenue forecasts with WGR's T-4 inflation adjusted projections shows that Harrah's is approximately $25.5 million higher (14.1%) than WGR's T-4 low of $181 million. WGR's mid case estimate is $12.2 million (5.6%) less than Harrah's ($218 million versus $206 million). The high case comparison is extremely close. Harrah's $206 million projection is only $33 million (13.8%) less than WGR's T-4 high of $239 million.

- **Scenario 3** includes all existing casinos, the addition of the proposed Harrah's, the casino expansions, and the other new proposed casinos. WGR's T-4 revenue statistics include inflation as do Harrah's.

  The variance between the gaming revenue forecasts included in Harrah's application and WGR's T-4 forecasts (scenario 3) show that at $206 million Harrah's was $47 million higher (29.2%) than WGR's T-4 low of $160 million.

Task-4 - Project Specific Gaming Revenue Projections
South Central Gaming Zone of Kansas

WGR's T-4 mid case estimate of $199 million was extremely close to Harrah's $206 million projection (a difference of only $7 million, 3.8%). Harrah's gaming revenue estimate was $15 million (6.6%) lower than WGR's T-4 high case of $221 million.

Exhibit 2-5 – Gaming Revenue Projections for Harrah's for 2011 – SC Gaming Zone

Casino Revenue	Residential	Tourist	Total
Harrah's Application	**$161,328,570**	**$44,994,430**	**$206,323,000**
Scenario 1 - WGR's projections includes Harrah's & all existing casinos but no new casinos			
Casino Revenue	**Low**	**Mid**	**High**
WGR's Harrah's Kansas (Task 4):			
w/o Inflation	$167,148,000	$201,926,000	$221,235,000
w/ Inflation	**$180,854,136**	**$218,483,932**	**$239,376,270**
WGR's Generic Mulvane (Task 1):			
w/o Inflation	$145,229,000	$183,435,000	$205,164,000
w/ Inflation	$157,137,778	$198,476,670	$221,987,448
Difference in WGR Projections w/ Inflation	**$23,716,358**	**$20,007,262**	**$17,388,822**
Scenario 1 - Variance in Casino Revenues w/ Inflation	**Low**	**Mid**	**High**
Harrah's Application vs. WGR's Harrah's KS	**$25,468,864**	**-$12,160,932**	**-$33,053,270**
Scenario 3 -WGR's Projections includes Harrah's plus all existing, expanding, & new casinos			
Casino Revenue	**Low**	**Mid**	**High**
WGR's Harrah's Kansas (Task 4):			
w/o Inflation	$147,586,000	$183,767,000	$204,088,000
w/ Inflation	**$159,688,052**	**$198,835,894**	**$220,823,216**
WGR's Generic Mulvane (Task 1):			
w/o Inflation	$115,877,000	$154,650,000	$176,480,000
w/ Inflation	$125,378,914	$167,331,300	$190,951,360
Difference in WGR Projections w/ Inflation	**$34,309,138**	**$31,504,594**	**$29,871,856**
Scenario 3 - Variance in Casino Revenues w/ Inflation	**Low**	**Mid**	**High**
Harrah's Application vs. WGR's Harrah's KS	**$46,634,948**	**$7,487,106**	**-$14,500,216**
Source: Harrah's Application and Wells Gaming Research			

Financial Statement Analyses

WGR used the following research methodology to analyze the applicant's financial statements:

Financial Statement Comparisons were Conducted

All Nevada casinos are required to file annual *NGC-17 Reports* with the Nevada Gaming Control Board (NGCB). The *NGC-17 Reports* contain detailed financial data and operating statistics for each reporting casino. These reports are the primary source of information used by the NGCB to compile the *Nevada Gaming Abstracts*. The *Abstracts* contain consolidated balance sheets and income statements for casinos that have annual gross gaming revenues of a million dollars or more. Nevada statutes prohibit disclosure of financial information for individual casinos. As a result, all financial data were reported in the *Abstracts* by market group (for example, the market group made up of casinos with *$72 Million and Above in Annual Gaming Revenues*).

Three Nevada revenue groups were selected to be used as a basis of comparison:

- Statewide $72+ Million in Annual Gaming Revenues with Hotel Rooms but without the Las Vegas Strip (balance sheet and income statement numbers represent an average for 25 casinos in this revenue category)

- Statewide $72+ Million in Annual Gaming Revenues with Hotel Rooms & with the Las Vegas Strip (balance sheet and income statement numbers represent an average for 48 casinos in this revenue category)

- Clark County Las Vegas Strip $72+ Million in Annual Gaming Revenues with Hotel Rooms (balance sheet and income statement numbers represent an average for 23 casinos in this revenue category)

Each line item in the applicant's pro forma financial statements was calculated as a percent of total revenues (for example, each line item in the casino department was calculated as a percent of total gaming revenues for the department). The 2007 fiscal year *Abstract* data (the most current available) were used as benchmarks for comparing each applicant's line item percentages with equivalent percentages shown in the *Nevada Abstracts*.

Each individual application was compared with the three Nevada revenue groups. The results of the comparisons follow.

Harrah's

Pro forma financial statement data used in the following analyses for Harrah's was for the year 2011 (first full year of operations).

Balance Sheet

The balance sheet information provided by Harrah's was limited (refer to Exhibit 2-6, pages 2-15 and 2-16 for the balance sheets that correspond with this discussion). The asset information included cash, license fees, deferred taxes, total fixed assets, and other assets. Liabilities and capital were limited to debt and equity. These balance sheet items were analyzed in terms of the percent of the total assets (liabilities) that each represented. The resulting percentages were compared with corresponding percentages developed for the foregoing Nevada casino groups.

Cash at $6 million represented 1.5% of total assets for Harrah's placing it in a weaker cash position than any of the three Nevada groups. For example, the cash position for casinos in the *Clark County Las Vegas Strip $72+ Million and above* category was $93 million (6.3% of total assets). It was $55 million (5.8%) for casinos in the *Statewide $72+ Million* group, and $20 Million (4.5%) for casinos in the *Statewide $72+ Million with Rooms without the Las Vegas Strip* group. Cash as a percent of total assets for Harrah's was 4.8% less than the highest Nevada group and 3.0% less than the lowest.

Fixed Assets for Harrah's included $360 million that were not specified for any particular line item. This represented 90.4% of Harrah's total assets and was 14.8% above the comparative high for Nevada and 32.6% above the low.

Harrah's allocated more than $32 million to license fees ($22 million) and deferred tax assets ($11), which was allocated to *Other Assets* (fixed). Total other assets for Harrah's represented 8.1% of total assets (25.1% below the comparative high of 33.2%, and 5.6% less than the 13.7% low).

Current Liabilities and Capital were not included in the Harrah's balance sheet.

Long Term Debt-Notes were allocated at $293 million. They equaled 73.4% of total liabilities and capital for Harrah's. This was 53.3% above the highest Nevada group, and 60.5% above the lowest.

Equity at $106 million was allocated to *Long-Term Debt-Other*. It represented 26.6% of the total liabilities and capital, and was 11.8% above the highest for the Nevada groups and 12.6% above than the lowest.

Exhibit 2-6

Balance Sheet Comparison

Harrah's Versus Three Nevada Casino Groups

Description	Statewide $72M+ w/ Hotel Rooms w/o LV Strip FY @ June 30, 2007 Average Per Casino	Percent	Statewide $72M+ w/ Hotel Rooms w/ LV Strip FY @ June 30, 2007 Average Per Casino	Percent	Clark County LV Strip $72M+ w/ Hotel Rooms FY @ June 30,2007 Average Per Casino	Percent	Harrah's Sumner Gaming JV LC Pro Forma 2011 Harrah's	Percent	% Differences % High (Dif)	% Low (Dif)
ASSETS										
<u>Current Assets</u>										
Cash	$19,692,821	4.5%	$54,936,366	5.8%	$93,244,566	6.3%	$6,000,000	1.5%	-4.8%	-3.0%
Receivables:										
Casino	$1,824,954	0.4%	$8,469,285	0.9%	$15,691,385	1.1%				
Trade	$1,469,932	0.3%	$7,645,953	0.8%	$14,359,019	1.0%				
Sundry	$787,743	0.2%	$1,477,602	0.2%	$2,227,448	0.1%				
Notes	$8,000,599	1.8%	$4,215,750	0.4%	$101,784	0.0%				
Prepaid Expenses	$3,920,399	0.9%	$5,728,451	0.6%	$7,693,725	0.5%				
Other Current Assets	$3,867,695	0.9%	$14,195,779	1.5%	$25,421,957	1.7%				
Total Current Assets	**$39,564,142**	**9.1%**	**$96,669,185**	**10.3%**	**$158,739,884**	**10.6%**	**$6,000,000**	**1.5%**	**-9.1%**	**-7.6%**
<u>Fixed Assets</u>										
Land	$23,664,781	5.4%	$215,137,946	22.8%	$423,260,950	28.4%				
Land Improvements	$2,246,131	0.5%	$9,397,534	1.0%	$17,170,798	1.2%				
Buildings & Improvements	$185,208,346	42.5%	$338,623,923	36.0%	$505,379,985	33.9%				
Furniture & Equipment	$29,601,091	6.8%	$55,724,972	5.9%	$84,120,494	5.6%				
Lease Improvements	$1,205,308	0.3%	$1,452,396	0.2%	$1,720,971	0.1%				
Construction in Progress	$9,979,815	2.3%	$51,142,186	5.4%	$95,883,894	6.4%				
Total Fixed Assets	**$251,905,471**	**57.7%**	**$671,478,957**	**71.3%**	**$1,127,537,093**	**75.6%**	**$360,149,000**	**90.4%**	**14.8%**	**32.6%**
Other Assets	$144,780,186	33.2%	$173,478,640	18.4%	$204,672,612	13.7%	$32,426,000	8.1%	-25.1%	-5.6%
Total Assets	**$436,249,799**	**100%**	**$941,626,782**	**100.0%**	**$1,490,949,589**	**100%**	**$398,575,000**	**100.0%**		

Exhibit 2-6

Balance Sheet Comparison

Harrah's Versus Three Nevada Casino Groups

Description	Statewide $72M+ w/ Hotel Rooms w/o LV Strip FY @ June 30, 2007 Average Per Casino	Percent	Statewide $72M+ w/ Hotel Rooms w/ LV Strip FY @ June 30, 2007 Average Per Casino	Percent	Clark County LV Strip $72M+ w/ Hotel Rooms FY @ June 30,2007 Average Per Casino	Percent	Harrah's Sumner Gaming JV LC Pro Forma 2011 Harrah's	Percent	% Differences % High (Dif)	% Low (Dif)
LIABILITIES & CAPITAL										
Current Liabilities										
Accounts Payable - Trade	$2,598,413	0.6%	$6,050,591	0.6%	$9,802,959	0.7%				
Accounts Payable - Other	$5,571,778	1.3%	$36,721,351	3.9%	$70,579,582	4.7%				
Current Part of LT Debt	$287,556	0.1%	$1,161,813	0.1%	$2,112,091	0.1%				
Accrued Expenses	$8,898,926	2.0%	$42,960,859	4.6%	$79,984,699	5.4%				
Other Current Liabilities	$67,836,815	15.5%	$34,541,554	3.7%	-$1,648,947	-0.1%				
Total Current Liabilities	**$85,193,488**	**19.5%**	**$121,436,167**	**12.9%**	**$160,830,384**	**10.8%**				
Long-Term Debt										
Mortgages	$221,344	0.1%	$39,289,131	4.2%	$81,754,117	5.5%				
Debentures & Bonds	$8,745,377	2.0%	$4,554,884	0.5%	$0	0.0%				
Notes	$87,552,987	20.1%	$137,754,023	14.6%	$192,320,366	12.9%	$292,577,000	73.4%	53.3%	60.5%
Contracts	$97,486	0.0%	$65,277	0.0%	$30,267	0.0%				
Other	$64,669,655	14.8%	$133,355,238	14.2%	$208,013,480	14.0%	$105,997,000	26.6%	11.8%	12.6%
Total Long-Term Debt	**$161,286,849**	**37.0%**	**$315,018,552**	**33.5%**	**$482,118,230**	**32.3%**	**$398,574,000**	**100.0%**	**63.0%**	**67.7%**
Other Liabilities	-$33,573,653	-7.7%	-$10,367,094	-1.1%	$14,857,428	1.0%				
Total Liabilities	**$212,906,684**	**48.8%**	**$426,087,626**	**45.3%**	**$657,806,042**	**44.1%**	**$398,574,000**	**100.0%**	**51.2%**	**55.9%**
Capital										
Owners Capital Accounts	$68,086,789	15.6%	$86,183,813	9.2%	$105,854,491	7.1%				
Capital Stock & Other Capital	$42,888,548	9.8%	$180,923,902	19.2%	$330,962,330	22.2%				
Retained Earnings	$112,367,778	25.8%	$248,431,441	26.4%	$396,326,727	26.6%				
Total Capital	**$223,343,116**	**51.2%**	**$515,539,156**	**54.7%**	**$833,143,548**	**55.9%**				
Total Liabilities & Capital	**$436,249,799**	**100%**	**$941,626,782**	**100.0%**	**$1,490,949,589**	**100.0%**	**$398,574,000**	**100.0%**		

Income Statement

Revenue

The most significant percentage differences in revenues were in gaming and rooms (refer to Exhibit 2-7, pages 2-20 through 2-23 for the income statements that correspond with the discussion that follows).

Casino pro forma estimates showed $206 million in gaming revenues. This was 83.3% of total revenues for Harrah's, which was 18.8% above the Nevada high and 42.5% above the low.

Room revenue, projected at $7.9 million, made up 3.2% of total revenues for Harrah's. This room revenue percentage was 22.6% lower than the comparative high and 8.5% less than the low. It is important to note that the room counts were significantly different. Harrah's pro forma showed 175 hotel rooms (140 standard, 30 two-bay suites, and 5 pool side villas) versus an average of 3,052 rooms for the high (*Clark County Las Vegas Strip $72M+*), and an average of 972 rooms for the low (*Nevada $72+ Million with Rooms Minus the Las Vegas Strip*).

G & A Expenses were projected at $129 million, 52.2% of revenues, which was 15.6% above the comparative high and 19.3% above the low.

EBITDAR was projected at $24.3 million, 9.8%. This was 15.8% lower than the comparative Nevada high and 14.1% below the low.

Casino Department

Table games and slot machines represented 99.3% of gaming revenue projections for Harrah's versus approximately 96% for the three Nevada casino groups. The split between table games and slots showed more variability.

Table Game revenues were projected at $21.2 million, 10.3% of the gaming total. The percentage comparison shows that the 10.3% was 34.3% below the high and 6.1% less than the low. Thus, Harrah's has projected less gaming revenue for tables than was typical for the Nevada casinos that were used as a basis of comparison.

Slot Machine revenues forecasted at $184 million represented 89.0% of total gaming revenue. The percentage comparison showed that this was 9.7% above the high and 38.0% more than the low. Thus, the percent of revenues from slots is expected to be higher than is typical for the Nevada casinos.

Gaming Taxes & Licenses were estimated at nearly $56 million for Harrah's (27.0% of the casino revenues). On a percentage basis, the $56 million was 19.2% above the highest for the Nevada groups used and 19.6% more than the lowest.

Departmental Income (Loss) was estimated at $84.9 million (41.1% of total casino revenues). A percentage comparison showed that the 41.1% was 14.6% below the comparative high and 0.3% above the low.

Room Revenues

The split between room sales and comps for Harrah's versus the three Nevada groups showed:

Room Sales were projected at $3.9 million (48.9% of the total room revenue). This was 35.7% below the high for the comparative groups and 27.5% less the low.

Room Comps were forecasted at $4.1 million (51.1% of total room revenues). On a percentage basis, 51% was 27.5% above the comparative high and 35.7% greater than the low.

Bad Debt & Comp Expenses were not included in Harrah's projections.

Departmental Income (Loss) was projected at $5.2 million (65.0% of total room revenues). This was 4.2% below the comparative high and 7.0% above the low.

Food & Beverage Department

Food and beverage revenues and expenses were combined in the Harrah's pro forma. The split between food/beverage sales and comps showed:

Food/Beverage Sales were projected at $14.9 million (49.1% of the total departmental revenues). This was 33.6% below the comparative high and 21.7% less than the low.

Food/Beverage Comps were forecasted at $15.4 million (50.9% of the total revenue forecasted for the food/beverage department). This was 21.7% more than the comparative high and 33.6% above the low.

Bad Debts, Comps Expenses, Payroll Taxes, and Payroll for Officers were not included in the food/beverage expense total.

Payroll-Other Employees was projected at $10.2 million (33.5% of the total food/beverage revenues). This was 10.5% below the comparative high and 1.7% less than the low.

Departmental Income was forecasted at $6.8 million (22.3% of total revenue). This was 12% more than the comparative high for the Nevada groups and 28.1% higher than the low.

Other Income was estimated at $2.6 million (76.2% of the total). This was 19.4% below the comparative high and 14.3% less than the low.

Other Comps were projected at $813 thousand (23.8% of the total revenue for the department), which was 14.3% above the comparative high and 19.4% above the low.

Gross Margin – cost of sales was not included. Thus, the gross margin was shown at $3.4 million. It was 12.1% above the comparative high and 17.7% above the low.

Payroll – Other Employees was $1.3 million (36.9% of total expanses), which was 16.6% above the comparative high and 20.6% greater than the low.

Departmental Income was shown a $1 million (30.7% of the total). This was 4.8% below the comparative high and 3.9% above the low.

Exhibit 2-7
Profit & Loss Comparison
Harrah's Versus Three Nevada Casino Groups

Description	Statewide $72M+ w/ Hotel Rooms w/o LV Strip FY @ June 30, 2007 Average Per Casino	Percent	Statewide $72M+ w/ Hotel Rooms w/ LV Strip FY @ June 30, 2007 Average Per Casino	Percent	Clark County LV Strip $72M+ w/ Hotel Rooms FY @ June 30,2007 Average Per Casino	Percent	Harrah's Sumner Gaming JV LC Pro Forma 2011 Harrah's	Percent	% Differences % High (Dif)	% Low (Dif)
REVENUE										
Gaming	$130,545,944	64.5%	$191,819,639	46.9%	$258,421,481	40.8%	$206,323,000	83.3%	18.8%	42.5%
Rooms	$23,789,236	11.7%	$90,822,037	22.2%	$163,683,777	25.8%	$7,942,000	3.2%	-22.6%	-8.5%
Food	$26,026,132	12.9%	$55,832,299	13.7%	$88,230,306	13.9%	$30,305,000	12.2%	-1.7%	-0.6%
Beverage	$10,508,575	5.2%	$21,721,246	5.3%	$33,908,932	5.4%				
Other	$11,626,777	5.7%	$48,832,031	11.9%	$89,272,525	14.1%	$3,240,000	1.3%	-12.8%	-4.4%
Total Revenue	**$202,496,664**	**100%**	**$409,027,251**	**100.0%**	**$633,517,020**	**100.0%**	**$247,810,000**	**100.0%**		
Cost of Sales	$14,939,441	7.4%	$28,442,480	7.0%	$43,119,696	6.8%	$10,001,000	4.0%	-3.3%	-2.8%
Gross Margin	$187,557,224	92.6%	$380,584,772	93.0%	$590,397,324	93.2%	$237,809,000	96.0%	2.8%	3.3%
Departmental Expenses	$95,667,239	47.2%	$201,411,190	49.2%	$316,350,268	49.9%	$140,158,000	56.6%	6.7%	9.3%
Departmental Income (Loss)	$91,889,985	45.4%	$179,173,582	43.8%	$274,047,056	43.3%	$97,651,000	39.4%	-6.0%	-3.9%
GENERAL & ADMINISTRATIVE EXPENSES										
Advertising & Promotion	$5,516,269	2.7%	$5,991,876	1.5%	$6,508,840	1.0%	$3,250,000	1.3%	-1.4%	0.3%
Bad Debt Expense	-$1,639	0.0%	$36,187	0.0%	$77,302	0.0%				
Complimentary Expense	$2,406,213	1.2%	$2,071,207	0.5%	$1,707,069	0.3%				
Depreciation - Buildings	$7,955,608	3.9%	$13,389,684	3.3%	$19,296,287	3.0%				
Depreciation & Amort - Other	$7,644,025	3.8%	$16,929,652	4.1%	$27,022,726	4.3%	$26,354,000	10.6%	6.3%	6.9%
Energy Expense (elec, gas, etc.)	$4,331,827	2.1%	$6,497,463	1.6%	$8,851,415	1.4%	$4,400,000	1.8%	-0.4%	0.4%
Equipment Rental or Lease	$676,989	0.3%	$688,120	0.2%	$700,218	0.1%				
Interest Expense	$14,000,156	6.9%	$30,846,681	7.5%	$49,158,122	7.8%	$29,700,000	12.0%	4.2%	5.1%
Music & Entertainment	$544,427	0.3%	$2,179,174	0.5%	$3,956,074	0.6%				
Payroll Taxes	$874,035	0.4%	$1,528,563	0.4%	$2,240,006	0.4%				
Payroll - Employee Benefits	$2,198,880	1.1%	$5,168,416	1.3%	$8,396,173	1.3%				
Payroll - Officers	$470,422	0.2%	$597,106	0.1%	$734,806	0.1%				
Payroll - Other Employees	$10,134,360	5.0%	$18,624,244	4.6%	$27,852,380	4.4%	$22,617,000	9.1%	4.1%	4.7%
Rent of Premises	$1,117,215	0.6%	$973,343	0.2%	$816,959	0.1%				
Taxes - Real Estate	$2,010,838	1.0%	$4,332,479	1.1%	$6,856,003	1.1%	$8,500,000	3.4%	2.3%	2.4%
Taxes & Licenses - Other	$361,423	0.2%	$691,850	0.2%	$1,051,009	0.2%	$451,000	0.2%	0.0%	0.0%
Utilities (other than energy exp)	$725,244	0.4%	$2,032,995	0.5%	$3,454,463	0.5%				
Other General & Admin. Exp	$13,105,912	6.5%	$25,828,111	6.3%	$39,656,589	6.3%	$34,098,000	13.8%	7.3%	7.5%
Total G&A Expenses	**$74,072,204**	**36.6%**	**$138,407,151**	**33.8%**	**$208,336,441**	**32.9%**	**$129,370,000**	**52.2%**	**15.6%**	**19.3%**
Net Income (Loss) Before Federal Income Taxes & Extraordinary Items	**$17,817,780**	**8.8%**	**$40,766,431**	**10.0%**	**$65,710,616**	**10.4%**	**-$31,719,000**	**-12.8%**	**-23.2%**	**-21.6%**
EBITDAR	**$48,534,784**	**24.0%**	**$102,905,790**	**25.2%**	**$162,004,709**	**25.6%**	**$24,335,000**	**9.8%**	**-15.8%**	**-14.1%**

Exhibit 2-7
Profit & Loss Comparison
Harrah's Versus Three Nevada Casino Groups

Description	Statewide $72M+ w/ Hotel Rooms w/o LV Strip FY @ June 30, 2007 Average Per Casino	Percent	Statewide $72M+ w/ Hotel Rooms w/ LV Strip FY @ June 30, 2007 Average Per Casino	Percent	Clark County LV Strip $72M+ w/ Hotel Rooms FY @ June 30,2007 Average Per Casino	Percent	Harrah's Sumner Gaming JV LC Pro Forma 2011 Harrah's	Percent	% Differences % High (Dif)	% Low (Dif)
CASINO DEPARTMENT										
Revenue										
Pit Rev (Incl Keno & Bingo)	$21,313,482	16.3%	$66,359,022	34.6%	$115,321,565	44.6%	$21,196,000	10.3%	-34.3%	-6.1%
Coin Operated Devices	$103,502,745	79.3%	$117,044,333	61.0%	$131,763,450	51.0%	$183,627,000	89.0%	9.7%	38.0%
Poker and Pan	$2,036,476	1.6%	$3,615,812	1.9%	$5,332,482	2.1%	$1,500,000	0.7%	-1.4%	-0.8%
Race Book	$1,689,325	1.3%	$2,022,543	1.1%	$2,384,737	0.9%				
Sports Pool	$2,003,915	1.5%	$2,777,929	1.4%	$3,619,248	1.4%				
Total Revenue	**$130,545,944**	**100%**	**$191,819,639**	**100.0%**	**$258,421,481**	**100.0%**	**$206,323,000**	**100.0%**		
Departmental Expenses										
Bad Debt Expense	$365,482	0.3%	$2,534,786	1.3%	$4,892,724	1.9%	$41,000	0.02%	-1.9%	-0.3%
Commissions	$1,072,801	0.8%	$791,025	0.4%	$484,746	0.2%				
Complimentary Expense	$18,033,976	13.8%	$36,443,187	19.0%	$56,453,198	21.8%	$26,687,000	12.9%	-8.9%	-0.9%
Gaming Taxes and Licenses	$10,154,539	7.8%	$14,497,398	7.6%	$19,217,897	7.4%	$55,707,000	27.0%	19.2%	19.6%
Preferred Guest Expenses	$479,285	0.4%	$4,917,499	2.6%	$9,741,646	3.8%				
Payroll Taxes	$1,583,326	1.2%	$2,897,915	1.5%	$4,326,817	1.7%				
Payroll - Employee Benefits	$2,994,412	2.3%	$6,339,099	3.3%	$9,974,628	3.9%				
Payroll - Officers	$80,766	0.1%	$263,888	0.1%	$462,934	0.2%				
Payroll - Other Employees	$11,509,647	8.8%	$19,689,234	10.3%	$28,580,089	11.1%	$11,412,000	5.5%	-5.6%	-3.3%
Race Wire Fees	$248,135	0.2%	$331,885	0.2%	$422,918	0.2%				
Other Departmental Expenses	$11,331,255	8.7%	$14,688,840	7.7%	$18,338,388	7.1%	$27,612,000	13.4%	4.7%	6.3%
Total Depart Expenses	**$57,853,625**	**44.3%**	**$103,394,756**	**53.9%**	**$152,895,986**	**59.2%**	**$121,459,000**	**58.9%**	**-0.3%**	**14.6%**
Depart Income (Loss)	$72,692,318	55.7%	$88,424,882	46.1%	$105,525,495	40.8%	$84,864,000	41.1%	-14.6%	0.3%
ROOMS DEPARTMENT										
Revenue										
Room Sales	$18,192,998	76.5%	$75,858,666	83.5%	$138,538,741	84.6%	$3,886,000	48.9%	-35.7%	-27.5%
Complimentary Rooms	$5,596,238	23.5%	$14,963,371	16.5%	$25,145,037	15.4%	$4,056,000	51.1%	27.5%	35.7%
Total Revenue	**$23,789,236**	**100.0%**	**$90,822,037**	**100.0%**	**$163,683,777**	**100.0%**	**$7,942,000**	**100.0%**		
Departmental Expenses										
Bad Debt Expense	$55,259	0.2%	$134,773	0.1%	$221,201	0.1%				
Complimentary Expense	$344,176	1.4%	$1,215,471	1.3%	$2,162,530	1.3%				
Payroll - Taxes	$498,129	2.1%	$1,237,986	1.3%	$2,042,179	1.2%	$1,874,000	23.6%	21.5%	22.4%
Payroll - Employee Benefits	$1,294,941	5.4%	$4,611,892	5.0%	$8,217,273	5.0%				
Payroll - Officers	$0	0.0%	$62,229	0.1%	$129,869	0.1%				
Payroll - Other Employees	$5,257,252	22.1%	$12,821,354	14.1%	$21,043,204	12.9%				
Other Departmental Exp	$2,535,174	10.7%	$9,309,448	10.3%	$16,672,790	10.2%	$906,000	11.4%	0.8%	1.2%
Total Departmental Exp	**$9,984,931**	**42.0%**	**$29,393,153**	**32.4%**	**$50,489,046**	**30.8%**	**$2,780,000**	**35.0%**	**-7.0%**	**4.2%**
Depart Income (Loss)	$13,804,305	58.0%	$61,428,884	67.6%	$113,194,731	69.2%	$5,162,000	65.0%	-4.2%	7.0%

Exhibit 2-7
Profit & Loss Comparison
Harrah's Versus Three Nevada Casino Groups

Description	Statewide $72M+ w/ Hotel Rooms w/o LV Strip FY @ June 30, 2007 Average Per Casino	Percent	Statewide $72M+ w/ Hotel Rooms w/ LV Strip FY @ June 30, 2007 Average Per Casino	Percent	Clark County LV Strip $72M+ w/ Hotel Rooms FY @ June 30,2007 Average Per Casino	Percent	Harrah's Sumner Gaming JV LC Pro Forma 2011 Harrah's	Percent	% Differences % High (Dif)	% Low (Dif)
FOOD DEPARTMENT										
Revenue										
Food Sales	$18,426,868	70.8%	$44,551,686	79.8%	$72,948,227	82.7%	$14,887,000	49.1%	-33.6%	-21.7%
Comps Food Sales	$7,599,264	29.2%	$11,280,613	20.2%	$15,282,079	17.3%	$15,418,000	50.9%	21.7%	33.6%
Total Revenue	**$26,026,132**	**100.0%**	**$55,832,299**	**100.0%**	**$88,230,306**	**100.0%**	**$30,305,000**	**100.0%**		
Cost of Sales	$10,032,778	38.5%	$17,573,194	31.5%	$25,769,298	29.2%	$10,001,000	33.0%	-5.5%	3.8%
Gross Margin	$15,993,354	61.5%	$38,259,105	68.5%	$62,461,008	70.8%	$20,304,000	67.0%	-3.8%	5.5%
Departmental Expenses										
Bad Debt Expense	$3,097	0.0%	$25,542	0.0%	$49,938	0.1%				
Complimentary Expense	$127,551	0.5%	$389,899	0.7%	$675,061	0.8%				
Payroll - Taxes	$1,220,781	4.7%	$2,301,669	4.1%	$3,476,546	3.9%				
Payroll - Employee Benefits	$2,759,981	10.6%	$6,987,803	12.5%	$11,583,261	13.1%				
Payroll - Officers	$58,692	0.2%	$126,709	0.2%	$200,641	0.2%				
Payroll - Other Employees	$11,469,257	44.1%	$20,836,415	37.3%	$31,018,108	35.2%	$10,164,000	33.5%	-10.5%	-1.7%
Other Departmental Exp	$1,855,873	7.1%	$4,010,289	7.2%	$6,352,045	7.2%	$3,386,000	11.2%	4.0%	4.0%
Total Departmental Exp	**$17,495,232**	**67.2%**	**$34,678,325**	**62.1%**	**$53,355,601**	**60.5%**	**$13,550,000**	**44.7%**	**-22.5%**	**-15.8%**
Departmental Income (Loss)	-$1,501,878	-5.8%	$3,580,779	6.4%	$9,105,407	10.3%	$6,754,000	22.3%	12.0%	28.1%
BEVERAGE DEPARTMENT										
Revenue										
Beverage Sales	$4,527,091	43.1%	$12,617,552	58.1%	$21,411,532	63.1%				
Comp Beverage Sales	$5,981,484	56.9%	$9,103,694	41.9%	$12,497,400	36.9%				
Total Revenue	**$10,508,575**	**100.0%**	**$21,721,246**	**100.0%**	**$33,908,932**	**100.0%**				
Cost of Sales	$2,843,761	27.1%	$4,638,085	21.4%	$6,588,438	19.4%				
Gross Margin	$7,664,814	72.9%	$17,083,161	78.6%	$27,320,494	80.6%				
Departmental Expenses										
Bad Debt Expense	$94	0.0%	$1,045	0.0%	$2,078	0.0%				
Complimentary Expense	$21,859	0.2%	$204,858	0.9%	$403,770	1.2%				
Payroll - Taxes	$295,727	2.8%	$513,802	2.4%	$750,839	2.2%				
Payroll - Employee Benefits	$669,889	6.4%	$1,472,143	6.8%	$2,344,158	6.9%				
Payroll - Officers	$0	0.0%	$14,591	0.1%	$30,451	0.1%				
Payroll - Other Employees	$2,240,659	21.3%	$4,007,207	18.4%	$5,927,368	17.5%				
Other Departmental Expenses	$656,228	6.2%	$1,963,568	9.0%	$3,384,589	10.0%				
Total Departmental Exp	**$3,884,456**	**37.0%**	**$8,177,213**	**37.6%**	**$12,843,253**	**37.9%**				
Departmental Income (Loss)	$3,780,358	36.0%	$8,905,947	41.0%	$14,477,240	42.7%				

Exhibit 2-7
Profit & Loss Comparison
Harrah's Versus Three Nevada Casino Groups

	Statewide $72M+ w/ Hotel Rooms **w/o LV Strip** FY @ June 30, 2007		**Statewide $72M+** w/ Hotel Rooms **w/ LV Strip** FY @ June 30, 2007		**Clark County LV Strip $72M+** w/ Hotel Rooms FY @ June 30,2007		**Harrah's** Sumner Gaming JV LC Pro Forma 2011		% Differences	
Description	**Average Per Casino**	**Percent**	**Average Per Casino**	**Percent**	**Average Per Casino**	**Percent**	**Harrah's**	**Percent**	**% High (Dif)**	**% Low (Dif)**
					OTHER INCOME					
Revenue										
Other Op & Non-Op Income	$10,522,133	90.5%	$46,359,294	94.9%	$85,312,729	95.6%	$2,607,000	76.2%	-19.4%	-14.3%
Other Comp Items	$1,104,644	9.5%	$2,472,738	5.1%	$3,959,796	4.4%	$813,000	23.8%	14.3%	19.4%
Total Revenue	**$11,626,777**	**100%**	**$48,832,031**	**100.0%**	**$89,272,525**	**100%**	**$3,420,000**	**100.0%**		
Cost of Sales	$2,062,901	17.7%	$6,231,200	12.8%	$10,761,960	12.1%				
Gross Margin	$9,563,876	82.3%	$42,600,831	87.2%	$78,510,565	87.9%	$3,420,000	100.0%	12.1%	17.7%
Departmental Expenses										
Bad Debt Expense	$93,428	0.8%	$65,881	0.1%	$35,939	0.0%				
Complimentary Expense	$232,114	2.0%	$679,870	1.4%	$1,166,561	1.3%				
Payroll - Taxes	$229,832	2.0%	$774,517	1.6%	$1,366,565	1.5%				
Payroll - Employee Benefits	$467,823	4.0%	$1,945,862	4.0%	$3,552,426	4.0%				
Payroll - Officers	$2,182	0.0%	$47,667	0.1%	$97,109	0.1%				
Payroll - Other Employees	$2,359,212	20.3%	$8,222,686	16.8%	$14,596,028	16.3%	$1,263,000	36.9%	16.6%	20.6%
Other Departmental Exp	$3,064,404	26.4%	$14,031,260	28.7%	$25,951,755	29.1%	$1,107,000	32.4%	3.3%	6.0%
Total Departmental Exp	**$6,448,994**	**55.5%**	**$25,767,743**	**52.8%**	**$46,766,383**	**52.4%**	**$2,370,000**	**69.3%**	**13.8%**	**16.9%**
Departmental Income (Loss)	$3,114,881	26.8%	$16,833,088	34.5%	$31,744,182	35.5%	$1,050,000	30.7%	-4.8%	3.9%
					AVERAGE NUMBER OF EMPLOYEES FOR THE YEAR					
Casino Department	448	26.4%	701	24.5%	977	23.6%	313	26.4%	0.0%	2.8%
Rooms Department	222	13.1%	474	16.5%	748	18.1%	151	12.7%	-5.3%	-0.4%
Food Department	531	31.3%	789	27.5%	1,070	25.8%	301	25.4%	-0.5%	-6.0%
Beverage Department	115	6.8%	196	6.8%	284	6.8%				
G&A Department	282	16.7%	430	15.0%	591	14.3%	277	23.3%	9.1%	6.7%
Other Departments	97	5.7%	277	9.7%	473	11.4%	145	12.2%	6.5%	0.8%
Total	**1,695**	**100%**	**2,868**	**100.0%**	**4,142**	**100.0%**	**1,187**	**100.0%**		
					AVERAGE NUMBER OF ROOMS AVAILABLE PER DAY					
Available Rooms	972		1,969		3,052		175			

Task-4 - Project Specific Gaming Revenue Projections
South Central Gaming Zone of Kansas

Penn National's Casino Resort in Wellington, Kansas

Penn National Gaming, Inc. has submitted an application to the Kansas Lottery Commission to build a first-class destination casino in Wellington (Sumner County), Kansas. The 120-acre development site is located at the intersection of I-35 and US Hwy 160 (Exit 19). The development site is approximately 20 miles north of the Oklahoma boarder, 150 miles from Tulsa (a 2.5 hour drive), and 135 miles from Oklahoma City (a 2 hour drive). The destination resort would have a dedicated exit ramp off I-35, directly into the facility. Refer to the map on page 2-26.

The total development site is approximately 120-acres in size. Eighty-five acres would be used for the gaming resort. The remaining 35 acres would be available for ancillary development such as a hotel, retail, theatre/entertainment, food and beverage services, a golf course, and recreation facilities.

Facility Name
Penn National would build a Hollywood brand casino complex in the south central gaming zone; however, all of the analyses that follow refer to Penn or Penn National.

Capital Investment
$365 Million

Casino would have 70,000 square feet of gaming space equipped with 1,500 slot machines (expandable to 2,000). Forty table games will be offered including blackjack (20), craps (4), roulette (4), Pi Gow Poker (2), and 10 additional games.

Hotel with 350 rooms (460 beds). The full-service facility would offer 333 standard rooms (392 square feet each) and 17 premium rooms (830 square feet). The applicant believes that the casino/hotel would become a "must see" stop over for I-35 cross-country travelers.

Restaurants
The Penn National casino in Wellington would feature four restaurants:

- Epic Buffet with seating capacity for 400
- Hollywood Diner with seating capacity for 125
- Creamery (Coffee & Pastry Shop) with seating capacity for 40
- Fine Dining/ Signature Specialty Restaurant (steak/seafood) with seating capacity for 175

Bars & Lounges / Entertainment Venues
- High Energy Sports Bar & Entertainment Lounge (offers food and beverages) with seating capacity for 200
- Multi-purpose entertainment venue for live concerts, sporting events, trade shows, banquets, and conventions with seating capacity for 1,750

Conferences

- 4,000 square feet of meeting/banquet space equipped with 4 breakout rooms with seating capacity for 125 each

Sports & Recreation Facilities

- 2,000 square feet dedicated to health/beauty spa and fitness
- 15,000 square feet for resort pool, Las Vegas-style cabana deck with lush landscaping situated adjacent to the spa

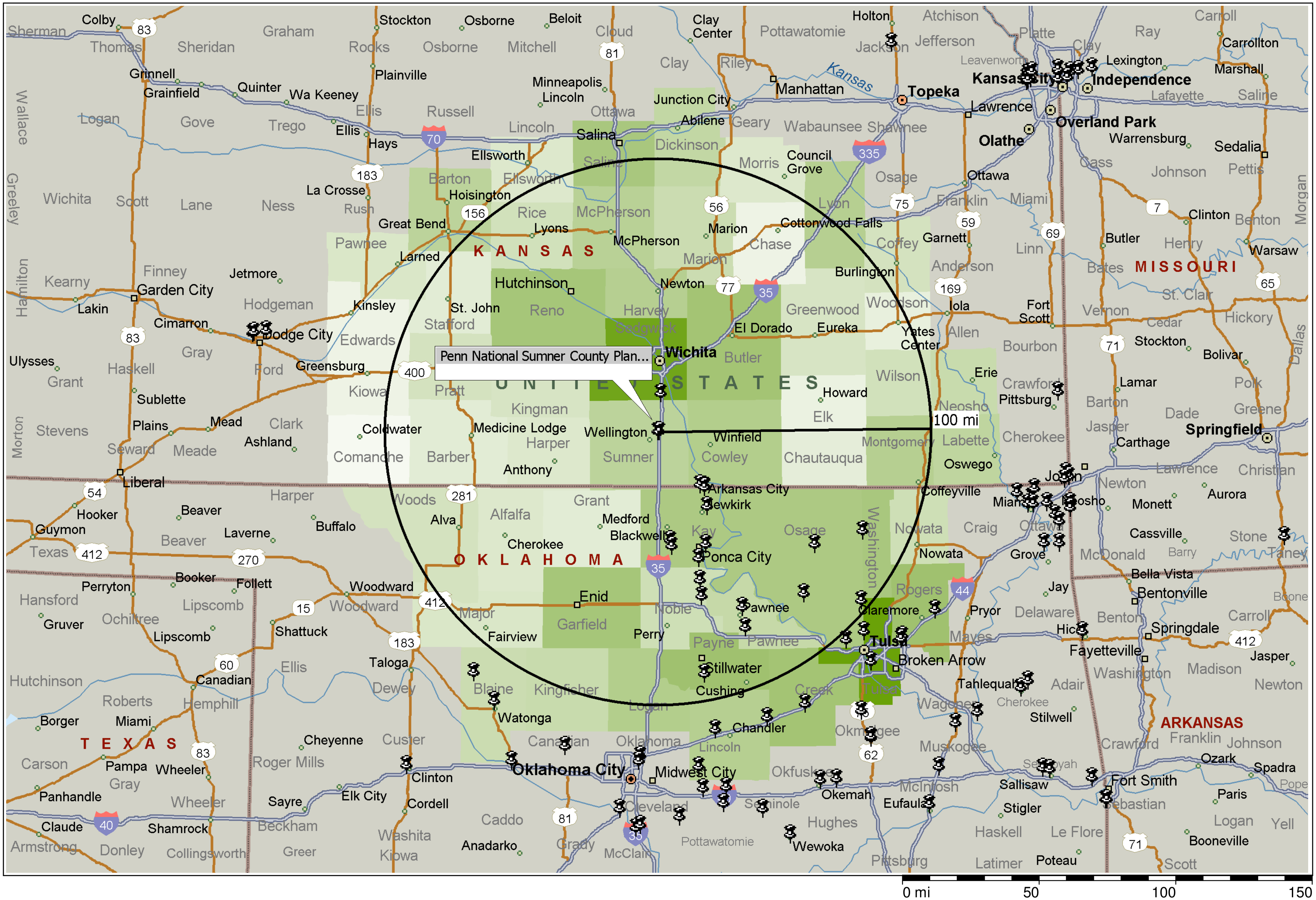
Retail Outlets

- Retail center/ Hollywood Memorabilia Museum (1,500 square feet)

Parking Facilities

- 2,850 surface parking spaces
- 50 trucks
- 250 valet parking spaces
- 400 employee parking spaces
- 50 RV spaces with full hookups

South Central Zone, Penn National Sumner



Gaming Capacity Recap

Exhibit 2-8 profiles a summary of the existing casino capacity, the addition of Penn National, the expansions, and the other proposed (new) casinos.

Exhibit 2-8 – Includes Penn, the Expansions, & Other Proposed New Casinos

Casinos	# of Slots	# of Pit Tables	# of Poker Tables	# of Total Tables	# of Bingo Seats	Race Book	Casino S.F.	Con-vention S.F.	# of Rooms	# of Restau-rants	Enter-tain-ment	Park-ing
Current Capacity for Existing Casinos												
Existing 57 Casinos	**28,821**	**287**	**196**	**483**	**3,580**	**8**	**1,327,284**	**57,350**	**741**	**81**	**16**	**40,017**
Scenario 1 - Penn National Sumner County Planned												
Penn National Sumner Co. Planned	1,500	40	0	40	0	0	75,000	30,000	350	5	2	2,950
Subtotal Of Scenario 1	**1,500**	**40**	**0**	**40**	**0**	**0**	**75,000**	**30,000**	**350**	**5**	**2**	**2,950**
Scenario 3 - Expansions & Other Proposed												
Expansions												
Buffalo Run Casino	0	0	0	0	0	0	0	0	103	0	0	0
Cherokee Casino Resort	732	0	0	0	0	0	30,000	0	350	2	0	0
Creek Nation Casino Tulsa	1,788	34	0	34	0	0	0	0	0	0	0	0
FireLake Grand Casino	0	0	0	0	0	0	0	0	210	0	0	0
Kickapoo Casino	675	31	0	31	0	0	0	0	0	2	0	0
Riverwind Casino	0	0	0	0	0	0	0	0	180	0	0	0
Proposed												
Camptown Greyhound Park	600	0	0	0	0	1	0	0	0	2	0	700
Cherokee County Planned	1,200	40	0	40	0	0	0	10,000	250	3	2	2,500
Downstream Casino Resort (Open)	2,000	30	15	45	0	1	70,000	8,000	226	2	2	2,200
Feather Warrior Casino - Canton	112	0	0	0	0	0	0	0	0	0	0	75
First Council Casino (Open)	900	8	8	16	0	0	40,000	0	0	2	1	950
Ford County Planned	800	20	0	20	0	0	0	5,000	100	3	3	1,700
Ioway Casino Resort	1,500	50	0	50	0	0	0	0	250	3	2	2,500
Subtotal of Scenario 3	**10,307**	**213**	**23**	**236**	**0**	**2**	**140,000**	**23,000**	**1,669**	**19**	**10**	**10,625**
Total Existing, Expansions, New	**40,628**	**540**	**219**	**759**	**3,580**	**10**	**1,542,284**	**110,350**	**2,760**	**105**	**28**	**53,592**
% Increase Over Current	**41%**	**88%**	**12%**	**57%**	**0%**	**25%**	**16%**	**92%**	**272%**	**30%**	**75%**	**34%**

Data Source: Wells Gaming Research, June 2008.

The bottom line shows the gaming capacity increases associated in the additions. Key capacity additions include slot machines, targeted to increase from 28,821 to 40,628 (41%) and total table games that are projected to go up from 483 to 759 (57%).

Gravity Model Forecasts
Compared with Penn National's Pro Forma Projections

A comparison and contrast of the casino visits forecasted by Penn National and the Task-4 gaming revenues projected by WGR follows.

When comparing the casino visits and gaming revenues in T-4 with Task-1, it is important to keep in mind that five proposed casinos to be located in the south central gaming zone were eliminated from the competitor mix in T-4 analyses. The attraction factors at six casinos were also reduced after WGR's on-site inspections. As a result, WGR's T-4 forecasts are higher for both casino visits and gaming revenues than those developed for the Task-1 "generic casino".

Casino Visits

Penn provided casino visit statistics in their application for the residential population (1,716,726) and for the tourists (331,785). Penn's combined total was 2,048,511 casino visits (refer to the top row of data).

WGR's forecasted casino visits are presented in scenarios 1 and 3 below.

Exhibit 2 – 9 Penn's Casino Visit Projections for 2011 – SC Zone

Casino Visits	Residential	Tourist	Total
Penn Sumner's Application	1,716,726	331,785	2,048,511
Scenario 1 - WGR's projections includes Penn & all existing casinos but no new casinos			
Casino Visits	**Low**	**Mid**	**High**
WGR's Penn Sumner (Task 4)	1,383,111	1,971,923	2,332,333
WGR's Generic Wellington (Task 1)	1,250,044	1,846,429	2,231,171
Difference in WGR Projections	**133,067**	**125,494**	**101,162**
Scenario 1 - Variance in Casino Visits	**Low**	**Mid**	**High**
Penn Sumner's Application vs. WGR's Penn Sumner	665,400	76,588	-283,822
Scenario 3 - WGR's projections includes Penn plus all existing, expanding, & casinos			
Casino Visits	**Low**	**Mid**	**High**
WGR's Penn Sumner (Task 4)	1,103,436	1,652,697	2,010,995
WGR's Generic Wellington (Task 1)	872,762	1,377,028	1,733,465
Difference in WGR Projections	**230,674**	**275,669**	**277,530**
Scenario 3 - Variance in Casino Visits	**Low**	**Mid**	**High**
Penn Sumner's Application vs. WGR's Penn Sumner	945,075	395,814	37,516
Source: Penn Sumner's Application &Wells Gaming Research			

- **Scenario 1** includes the existing casinos and Penn's proposed casino. No other new casinos or expansions have been added.

- WGR's T-4 casino visit forecasts are shown in the mid section of Exhibit 2-9. Also shown are the variances between WGR's T-4 projections and Penn's forecasts. A comparison of WGR's T-4 data with Penn's estimates shows that Penn is approximately 665 thousand visits (48.1%) higher than WGR's T-4 low case estimate, 77 thousand (3.9%) higher than WGR's mid case forecast, and 284 thousand (12.2%) below WGR's T-4 high.

- **Scenario 3** includes the existing casinos, Penn National, the expansions, and the new other proposed casinos (refer to the lower section of Exhibit 2-9, page 2-28).

  Penn forecasted approximately 2.0 million casino visits. This was 945 thousand higher (85.6%) than WGR's T-4 low case estimates of 1.1 million visits, and 396 thousand (23.9%) more than WGR's T-4 mid case of 1.7 million visits. However, Penn forecast was extremely close to WGR's T-4 high case of a little above 2.0 million. The difference was less than 38 thousand (1.9%).

Revenues
Penn's application included gaming revenue forecasts for residential players ($133,364,495) and tourist players ($24,680,378). Their combined total was $158,044,873 in gaming revenues (refer to the top row of data included in Exhibit 2-10, page 2-30).

- **Scenario 1** assumes that Penn is located in a market with the existing casinos. No other new casinos or casino expansions have been included. Gaming revenue estimates for WGR's T-4 are shown in red in the mid section of Exhibit 2-10, as are the variances between WGR's T-4 gaming revenue projections and Penn's gaming revenue forecasts.

  A comparison of WGR's Task-4 gaming revenue forecasts with Penn's projections shows that Penn is approximately $56 million (54.6%) higher than WGR's T-4 low estimate of $102 million. They are $11 million (7.5%) higher than WGR's T-4 mid case forecast of $147 million, and $17 million (9.5%) lower than WGR's T-4 high of $175 million.

- **Scenario 3** includes the existing casinos, Penn's proposed casino, the expansions, and the proposed new casinos (refer to the lower section of Exhibit 2-10, page 2-30).

  The variances between WGR's T-4 (scenario 3) gaming revenue projections and Penn's application ($158 million) show that Penn was $77 million higher (94.8%) than WGR's T-4 low of $81 million, $35 million (28.9%) above WGR's T-4 mid estimate of $123 million, and $8 million (5.4%) above WGR's T-4 high of $150 million.

Exhibit 2-10 Penn's Gaming Revenues for 2011

Casino Revenue	Residential	Tourist	Total
Penn Sumner's Application	**$133,364,495**	**$24,680,378**	**$158,044,873**
Scenario 1 - WGR's projections includes Penn & all existing casinos but no new casinos			
Casino Revenue	**Low**	**Mid**	**High**
WGR's Penn Sumner (Task 4):			
w/o Inflation	$94,494,000	$135,889,000	$161,446,000
w/ Inflation	**$102,242,508**	**$147,031,898**	**$174,684,572**
WGR's Generic Wellington (Task 1):			
w/o Inflation	$84,667,000	$126,140,000	$153,112,000
w/ Inflation	$91,609,694	$136,483,480	$165,667,184
Difference in WGR Projections w/ Inflation	**$10,632,814**	**$10,548,418**	**$9,017,388**
Scenario 1 - Variance in Casino Revenues w/ Inflation	**Low**	**Mid**	**High**
Penn Sumner's Application vs. WGR's Penn Sumner	**$55,802,365**	**$11,012,975**	**-$16,639,699**
Scenario 3 - WGR's projections includes Penn plus all existing, expanding, & new casinos			
Casino Revenue	**Low**	**Mid**	**High**
WGR's Penn Sumner (Task 4):			
w/o Inflation	$74,986,000	$113,320,000	$138,549,000
w/ Inflation	**$81,134,852**	**$122,612,240**	**$149,910,018**
WGR's Generic Wellington (Task 1):			
w/o Inflation	$58,809,000	$93,652,000	$118,468,000
w/ Inflation	$63,631,338	$101,331,464	$128,182,376
Difference in WGR Projections w/ Inflation	**$17,503,514**	**$21,280,776**	**$21,727,642**
Scenario 3 - Variance in Casino Revenues w/ Inflation	**Low**	**Mid**	**High**
Penn Sumner's Application vs. WGR's Penn Sumner	**$76,910,021**	**$35,432,633**	**$8,134,855**
Source: Penn Sumner's Application and Wells Gaming Research			

Balance Sheet Analyses

Following is a comparison of Penn's pro forma financial statements with financial statements for three groups of Nevada casinos.

The results show that the cash position of Nevada casinos was stronger than for Sumner (refer to Exhibit 2-11, pages 2-32 and 2-33 for the balance sheets that correspond to the discussions that follow). Refer to page 2-13 for a recap of the methodology used to compare the applicant's pro forma financial statements with the groups of Nevada casinos.

Cash ranged from 4.5% to 6.3% for casinos included in the Nevada groups. Cash projections were $10 million for Sumner (2.8% of total assets). Cash as a percent of total assets for Sumner was 3.5% lower than the highest benchmark and 1.7% less than the lowest.

Other Current Assets had a pro forma allocation of $5 million (1.4% of total assets), which was 0.3% lower than the comparative high and 0.5% above the low. With the exception of cash, the Other Current Assets category was the only current asset listed.

Total Current Assets were projected at $15 million, or 4.2% of total assets (6.4% less than the comparative high percentage and 4.9% less than the low).

Fixed Assets were allocated at $257 million for land and improvements, or 71.9% of total assets (70.7% above the comparative high and 71.3% above the low).

Furniture and fixtures at $86 million (24.0% of fixed assets) were also higher on a percentage allocation basis than the three Nevada groups (17.2% above the highest percentage and 18.4% higher than the lowest percentage).

Liabilities and Capital included one $5 million allocation to Other Current Liabilities. Current liabilities represented 1.4% of total liabilities and capital (14.2% below the comparative high and 1.5% above the low. Total current liabilities were only 1.4% of the total for Penn National Sumner, but were 18.1% lower than the highest comparative percentage and 9.4% less than the lowest).

The term debt entries were limited to notes at $352 million. This represented 98.4% of total liabilities and capital. It was 61.5% above the highest comparative Nevada group and 66.1% higher than the lowest.

Owner's capital was allocated at $20 million, while retained earnings were negative at $19.4 million. The resulting net total capital was $637 thousand, which was 0.2% of total liabilities and capital (55.7% lower than the highest and 51.0% less than the lowest).

Exhibit 2-11

Balance Sheet Comparison

Penn National Sumner Versus Three Nevada Casino Groups

	Statewide $72M+ w/ Hotel Rooms w/o LV Strip FY @ June 30, 2007		Statewide $72M+ w/ Hotel Rooms w/ LV Strip FY @ June 30, 2007		Clark Co LV Strip $72M+ w/ Hotel Rooms FY @ June 30, 2007		Penn National 1st Full Year of Operation Pro Forma for 2011		% Differences	
Description	**Average Per Casino**	**Percent**	**Average Per Casino**	**Percent**	**Average Per Casino**	**Percent**	**Hollywood Casino**	**Percent**	**% High (Dif)**	**% Low (Dif)**
					ASSETS					
Current Assets										
Cash	$19,692,821	4.5%	$54,936,366	5.8%	$93,244,566	6.3%	$10,000,000	2.8%	-3.5%	-1.7%
Receivables:										
Casino	$1,824,954	0.4%	$8,469,285	0.9%	$15,691,385	1.1%	$0	0.0%		
Trade	$1,469,932	0.3%	$7,645,953	0.8%	$14,359,019	1.0%	$0	0.0%		
Sundry	$787,743	0.2%	$1,477,602	0.2%	$2,227,448	0.1%	$0	0.0%		
Notes	$8,000,599	1.8%	$4,215,750	0.4%	$101,784	0.0%	$0	0.0%		
Prepaid Expenses	$3,920,399	0.9%	$5,728,451	0.6%	$7,693,725	0.5%	$0	0.0%		
Other Current Assets	$3,867,695	0.9%	$14,195,779	1.5%	$25,421,957	1.7%	$5,000,000	1.4%	-0.3%	0.5%
Total Current Assets	**$39,564,142**	**9.1%**	**$96,669,185**	**10.3%**	**$158,739,884**	**10.6%**	**$15,000,000**	**4.2%**	**-6.4%**	**-4.9%**
Fixed Assets										
Land	$23,664,781	5.4%	$215,137,946	22.8%	$423,260,950	28.4%	$0	0.0%		
Land Improvements	$2,246,131	0.5%	$9,397,534	1.0%	$17,170,798	1.2%	$257,250,000	71.9%	70.7%	71.3%
Buildings & Improvements	$185,208,346	42.5%	$338,623,923	36.0%	$505,379,985	33.9%	$0	0.0%		
Furniture & Equipment	$29,601,091	6.8%	$55,724,972	5.9%	$84,120,494	5.6%	$85,750,000	24.0%	17.2%	18.4%
Lease Improvements	$1,205,308	0.3%	$1,452,396	0.2%	$1,720,971	0.1%	$0	0.0%		
Construction in Progress	$9,979,815	2.3%	$51,142,186	5.4%	$95,883,894	6.4%	$0	0.0%		
Total Fixed Assets	**$251,905,471**	**57.7%**	**$671,478,957**	**71.3%**	**$1,127,537,093**	**75.6%**	**$343,000,000**	**95.8%**	**20.2%**	**38.1%**
	$0	0.0%								
Other Assets	$144,780,186	33.2%	$173,478,640	18.4%	$204,672,612	13.7%	$0	0.0%		
Total Assets	**$436,249,799**	**100.0%**	**$941,626,782**	**100.0%**	**$1,490,949,589**	**100.0%**	**$358,000,000**	**100.0%**		

Exhibit 2-11

Balance Sheet Comparison

Penn National Sumner Versus Three Nevada Casino Groups

Description	Statewide $72M+ w/ Hotel Rooms w/o LV Strip FY @ June 30, 2007		Statewide $72M+ w/ Hotel Rooms w/ LV Strip FY @ June 30, 2007		Clark Co LV Strip $72M+ w/ Hotel Rooms FY @ June 30, 2007		Penn National 1st Full Year of Operation Pro Forma for 2011		% Differences	
	Average Per Casino	Percent	Average Per Casino	Percent	Average Per Casino	Percent	Hollywood Casino	Percent	% High (Dif)	% Low (Dif)
LIABILITIES & CAPITAL										
Current Liabilities										
Accounts Payable - Trade	$2,598,413	0.6%	$6,050,591	0.6%	$9,802,959	0.7%	$0	0.0%		
Accounts Payable - Other	$5,571,778	1.3%	$36,721,351	3.9%	$70,579,582	4.7%	$0	0.0%		
Current Portion of LT Debt	$287,556	0.1%	$1,161,813	0.1%	$2,112,091	0.1%	$0	0.0%		
Accrued Expenses	$8,898,926	2.0%	$42,960,859	4.6%	$79,984,699	5.4%	$0	0.0%		
Other Current Liabilities	$67,836,815	15.5%	$34,541,554	3.7%	($1,648,947)	-0.1%	$5,000,000	1.4%	-14.2%	1.5%
Total Current Liabilities	**$85,193,488**	**19.5%**	**$121,436,167**	**12.9%**	**$160,830,384**	**10.8%**	**$5,000,000**	**1.4%**	**-18.1%**	**-9.4%**
Long-Term Debt										
Mortgages	$221,344	0.1%	$39,289,131	4.2%	$81,754,117	5.5%	$0	0.0%		
Debentures & Bonds	$8,745,377	2.0%	$4,554,884	0.5%	$0	0.0%	$0	0.0%		
Notes	$87,552,987	20.1%	$137,754,023	14.6%	$192,320,366	12.9%	$352,363,000	98.4%	78.4%	85.5%
Contracts	$97,486	0.0%	$65,277	0.0%	$30,267	0.0%	$0	0.0%		
Other	$64,669,655	14.8%	$133,355,238	14.2%	$208,013,480	14.0%	$0	0.0%		
Total Long-Term Debt	**$161,286,849**	**37.0%**	**$315,018,552**	**33.5%**	**$482,118,230**	**32.3%**	**$352,363,000**	**98.4%**	**61.5%**	**66.1%**
Other Liabilities	-$33,573,653	-7.7%	-$10,367,094	-1.1%	$14,857,428	1.0%	$0	0.0%		
Total Liabilities	**$212,906,684**	**48.8%**	**$426,087,626**	**45.3%**	**$657,806,042**	**44.1%**	**$357,363,000**	**99.8%**	**51.0%**	**55.7%**
Capital										
Owners Capital Accounts	$68,086,789	15.6%	$86,183,813	9.2%	$105,854,491	7.1%	$20,000,000	5.6%	-10.0%	-1.5%
Capital Stock & Other Capital	$42,888,548	9.8%	$180,923,902	19.2%	$330,962,330	22.2%	$0	0.0%		
Retained Earnings	$112,367,778	25.8%	$248,431,441	26.4%	$396,326,727	26.6%	-$19,363,000	-5.4%	-32.0%	-31.2%
Total Capital	**$223,343,116**	**51.2%**	**$515,539,156**	**54.7%**	**$833,143,548**	**55.9%**	**$637,000**	**0.2%**	**-55.7%**	**-51.0%**
	$0	0.0%								
Total Liabilities & Capital	**$436,249,799**	**100.0%**	**$941,626,782**	**100.0%**	**$1,490,949,589**	**100.0%**	**$358,000,000**	**100.0%**		

Income Statement

Revenue

Overall, the most significant percentage differences for revenues were in casino and rooms departments (refer to Exhibit 2-12, pages 2-37 through 2-40).

Casino showed a pro forma estimate of $158 million (83.4% of total revenues). This was 18.9% higher than the comparative high and 42.6% above the low.

Rooms had a pro forma revenue projection of $15.3 million, (8.1% of total revenues). This is 17.7% lower than the comparative high and 3.7% less than the low. However, there was a significant difference between the groups in terms of the number of rooms. Penn National's proposed 350 rooms relative to an average of 3,052 for the high (*Clark County Las Vegas Strip $72M+*), and an average of 972 rooms for the low (*Nevada Statewide with $72+ million with Rooms minus the Las Vegas Strip*).

G & A Expenses were estimated at $95.7 million (50.5% of revenues). This was 13.9% above the comparable high and 17.6% above the low.

EBITDAR was $51.8 million (27.3% of total revenue). This compares with 25.6% for the Nevada high and 24.0% for the Nevada low. On a percentage basis, it was 1.8% above the high and 3.4% more than the low.

Casino Department

The pro forma revenue projections for table games and slot machines were approximately $156 million (98.5% of the total casino revenue).

Table Game revenue was estimated at $19 million (12.0% of total gaming revenues). This was 32.6% below the comparable high and 4.3% less than the low.

Slot Machine revenue was projected at $137 million (86.5% of the total gaming revenue projections). This was 7.2% more than the comparable high and 35.5% above the low.

Gaming Taxes & Licenses - were estimated at $47 million for Penn National (22.2% greater than the comparable high and 22.6% more than the low).

Departmental Income (Loss) was $79 million, which represented 50.1% of total casino revenues. This was 5.6% below the comparative high and 9.3% above the low.

Rooms

Penn National split the pro forma room revenues equally between room sales and comps.

Room Sales were specified at $7.7 million (50% of the total projections), which was 34.6% below the high and 26.5% less than the low.

Room Comps - $7.7 million (50%) was assumed to be comp rooms. This was 26.5% above the high and 34.6% above the low.

In terms of expenses, Penn National did not specify allocations to either *Bad Debt* or *Complimentary* expenses.

Departmental Income (Loss) was $12.1 million (79.0% of total room revenues). This was 9.8% more than the comparative high and 21.0% above the low.

Food Department
Food department revenues were also split equally between sales and comps.

Food Sales were estimated at $3.8 million (50% of the total $7.6 million). The 50% assumption was 32.7% below the comparative high and 20.8% less than the low.

Food Comps were projected at $3.8 million (50% of the department total). This was 20.8% above the comparative high and 32.7% above the low.

The pro forma projections for Penn National's food department did not specify allocations to either *Bad Debt or to Complimentary Expenses.*

Departmental Income (Loss) was $390 thousand (5.1% of total food revenues). This was 5.2% less than the comparative high and 10.9% above the low.

Beverage Department
Penn National also split the beverage revenues equally between sales and comps.

Beverage Sales were projected at $948 thousand (50% of the $1.9 million total). This was 13.1% below the comparative high and 6.9% above the low.

Beverage Comps were also forecasted at 50% of the department's $948 thousand total. This was 6.9% less than the high and 13.1% more than the low.

The pro forma projections for Penn National's beverage department did not specify allocations to either *Bad Debt* or to *Complimentary Expenses.*

Departmental Income (Loss) was $113 thousand (6.0% of total food revenues). This was 36.7% lower than the comparative high and 30% less than the low.

Other Departments (Income/Expenses) – Penn National's other income/expenses was generated by the convention, entertainment, retail, and other departments. The combined revenues totaled $3.3 million for revenues and another $3.3 million for comps. The combined expenses totaled $4.9 million for a combined departmental loss of approximately $1.6 million.

Full Time Equivalent Allocations by Departments

An estimated 725 FTEs were proposed for Penn National's Casino Resort at Sumner. Key assignments included (refer to the bottom of page 2-40):

Casino Department - 410 FTEs specified (56.6% of the total). This was 30.1% more than the highest comparative market group in Nevada and 33.0% higher than the lowest.

Rooms Department - 44 FTEs (6.1%) were assigned to the rooms department (12.0% lower than the Nevada high and 7.0% less than the low).

Food Department - 153 FTEs (21.1%) were allocated (10.2% less than the Nevada high and 4.7% less than the Nevada low).

Beverage Department – no specific FTE assignment indicated. Most likely included in the food department.

G & A – nine FTEs (1.2%) were assigned to G & A. This was 15.4% below the comparative high and 13.0% less than the low.

Other Departments – 109 FTEs were specified (15.0% of the total). This was 3.6% above than the comparative high and 9.3% greater than the low.

Exhibit 2-12
Profit & Loss Comparison
Penn National Sumner Versus Three Nevada Casino Groups

Description	Statewide $72M+ w/ Hotel Rooms w/o LV Strip FY @ June 30, 2007 Average Per Casino	Percent	Statewide $72M+ w/ Hotel Rooms w/ LV Strip FY @ June 30, 2007 Average Per Casino	Percent	Clark Co LV Strip $72M+ w/ Hotel Rooms FY @ June 30, 2007 Average Per Casino	Percent	Penn National 1st Full Year of Operation Pro Forma for 2011 Hollywood Casino	Percent	% Differences % High (Dif)	% Low (Dif)
REVENUE										
Gaming	$130,545,944	64.5%	$191,819,639	46.9%	$258,421,481	40.8%	$158,045,000	83.4%	18.9%	42.6%
Rooms	$23,789,236	11.7%	$90,822,037	22.2%	$163,683,777	25.8%	$15,330,000	8.1%	-17.7%	-3.7%
Food	$26,026,132	12.9%	$55,832,299	13.7%	$88,230,306	13.9%	$7,586,000	4.0%	-9.9%	-8.8%
Beverage	$10,508,575	5.2%	$21,721,246	5.3%	$33,908,932	5.4%	$1,897,000	1.0%	-4.4%	-4.2%
Other	$11,626,777	5.7%	$48,832,031	11.9%	$89,272,525	14.1%	$6,656,000	3.5%	-10.6%	-2.2%
Total Revenue	**$202,496,664**	**100.0%**	**$409,027,251**	**100.0%**	**$633,517,020**	**100.0%**	**$189,514,000**	**100.0%**		
Cost of Sales	$14,939,441	7.4%	$28,442,480	7.0%	$43,119,696	6.8%	$6,237,000	3.3%	-4.1%	-3.5%
Gross Margin	$187,557,224	92.6%	$380,584,772	93.0%	$590,397,324	93.2%	$183,277,000	96.7%	3.5%	4.1%
Departmental Expenses	$95,667,239	47.2%	$201,411,190	49.2%	$316,350,268	49.9%	$93,057,000	49.1%	-0.8%	1.9%
Departmental Income (Loss)	$91,889,985	45.4%	$179,173,582	43.8%	$274,047,056	43.3%	$90,220,000	47.6%	2.2%	4.3%
GENERAL & ADMINISTRATIVE EXPENSES										
Advertising & Promotion	$5,516,269	2.7%	$5,991,876	1.5%	$6,508,840	1.0%	$25,287,000	13.3%	10.6%	12.3%
Bad Debt Expense	-$1,639	0.0%	$36,187	0.0%	$77,302	0.0%	$0	0.0%		
Complimentary Expense	$2,406,213	1.2%	$2,071,207	0.5%	$1,707,069	0.3%	$0	0.0%		
Depreciation - Buildings	$7,955,608	3.9%	$13,389,684	3.3%	$19,296,287	3.0%	$8,840,000	4.7%	0.7%	1.7%
Depreciation & Amort. - Other	$7,644,025	3.8%	$16,929,652	4.1%	$27,022,726	4.3%	$15,602,000	8.2%	3.9%	4.5%
Energy Expense (el., gas, etc.)	$4,331,827	2.1%	$6,497,463	1.6%	$8,851,415	1.4%	$0	0.0%		
Equipment Rental or Lease	$676,989	0.3%	$688,120	0.2%	$700,218	0.1%	$0	0.0%		
Interest Expense	$14,000,156	6.9%	$30,846,681	7.5%	$49,158,122	7.8%	$32,850,000	17.3%	9.5%	10.4%
Music & Entertainment	$544,427	0.3%	$2,179,174	0.5%	$3,956,074	0.6%	$0	0.0%		
Payroll Taxes	$874,035	0.4%	$1,528,563	0.4%	$2,240,006	0.4%	$175,000	0.1%	-0.3%	-0.3%
Payroll - Employee Benefits	$2,198,880	1.1%	$5,168,416	1.3%	$8,396,173	1.3%	$95,000	0.1%	-1.2%	-1.0%
Payroll - Officers	$470,422	0.2%	$597,106	0.1%	$734,806	0.1%	$654,000	0.3%	0.1%	0.2%
Payroll - Other Employees	$10,134,360	5.0%	$18,624,244	4.6%	$27,852,380	4.4%	$0	0.0%		
Rent of Premises	$1,117,215	0.6%	$973,343	0.2%	$816,959	0.1%	$0	0.0%		
Taxes - Real Estate	$2,010,838	1.0%	$4,332,479	1.1%	$6,856,003	1.1%	$3,000,000	1.6%	0.5%	0.6%
Taxes & Licenses - Other	$361,423	0.2%	$691,850	0.2%	$1,051,009	0.2%	-$436,000	-0.2%	-0.4%	-0.4%
Utilities (Other than Energy Exp)	$725,244	0.4%	$2,032,995	0.5%	$3,454,463	0.5%	$1,534,000	0.8%	0.3%	0.5%
Other General & Admin Expenses	$13,105,912	6.5%	$25,828,111	6.3%	$39,656,589	6.3%	$8,110,000	4.3%	-2.2%	-2.0%
Total Gen & Admin Expenses	**$74,072,204**	**36.6%**	**$138,407,151**	**33.8%**	**$208,336,441**	**32.9%**	**$95,711,000**	**50.5%**	**13.9%**	**17.6%**
Net Income (Loss) Before Federal Income Taxes & Extraordinary Items	**$17,817,780**	**8.8%**	**$40,766,431**	**10.0%**	**$65,710,616**	**10.4%**	**-$5,491,000**	**-2.9%**	**-13.3%**	**-11.7%**
EBITDAR	**$48,534,784**	**24.0%**	**$102,905,790**	**25.2%**	**$162,004,709**	**25.6%**	**$51,801,000**	**27.3%**	**1.8%**	**3.4%**

Exhibit 2-12
Profit & Loss Comparison
Penn National Sumner Versus Three Nevada Casino Groups

Description	Statewide $72M+ w/ Hotel Rooms w/o LV Strip FY @ June 30, 2007 Average Per Casino	Percent	Statewide $72M+ w/ Hotel Rooms w/ LV Strip FY @ June 30, 2007 Average Per Casino	Percent	Clark Co LV Strip $72M+ w/ Hotel Rooms FY @ June 30, 2007 Average Per Casino	Percent	Penn National 1st Full Year of Operation Pro Forma for 2011 Hollywood Casino	Percent	% Differences % High (Dif)	% Low (Dif)
CASINO DEPARTMENT										
Revenue										
Pit Revenue (Inc Keno & Bingo)	$21,313,482	16.3%	$66,359,022	34.6%	$115,321,565	44.6%	$18,965,000	12.0%	-32.6%	-4.3%
Coin Operated Devices	$103,502,745	79.3%	$117,044,333	61.0%	$131,763,450	51.0%	$136,709,000	86.5%	7.2%	35.5%
Poker and Pan	$2,036,476	1.6%	$3,615,812	1.9%	$5,332,482	2.1%	$2,370,000	1.5%	-0.6%	-0.1%
Race Book	$1,689,325	1.3%	$2,022,543	1.1%	$2,384,737	0.9%	$0	0.0%		
Sports Pool	$2,003,915	1.5%	$2,777,929	1.4%	$3,619,248	1.4%	$0	0.0%		
Total Revenue	**$130,545,944**	**100.0%**	**$191,819,639**	**100.0%**	**$258,421,481**	**100.0%**	**$158,044,000**	**100.0%**		
Departmental Expenses										
Bad Debt Expense	$365,482	0.3%	$2,534,786	1.3%	$4,892,724	1.9%	$0	0.0%		
Commissions	$1,072,801	0.8%	$791,025	0.4%	$484,746	0.2%	$0	0.0%		
Complimentary Expense	$18,033,976	13.8%	$36,443,187	19.0%	$56,453,198	21.8%	$15,735,000	10.0%	-11.8%	-3.9%
Gaming Taxes and Licenses	$10,154,539	7.8%	$14,497,398	7.6%	$19,217,897	7.4%	$47,413,000	30.0%	22.2%	22.6%
Preferred Guest Expenses	$479,285	0.4%	$4,917,499	2.6%	$9,741,646	3.8%	$0	0.0%		
Payroll Taxes	$1,583,326	1.2%	$2,897,915	1.5%	$4,326,817	1.7%	$2,927,000	1.9%	0.2%	0.6%
Payroll - Employee Benefits	$2,994,412	2.3%	$6,339,099	3.3%	$9,974,628	3.9%	$1,583,000	1.0%	-2.9%	-1.3%
Payroll - Officers	$80,766	0.1%	$263,888	0.1%	$462,934	0.2%	$0	0.0%		
Payroll - Other Employees	$11,509,647	8.8%	$19,689,234	10.3%	$28,580,089	11.1%	$10,932,000	6.9%	-4.2%	-1.9%
Race Wire Fees	$248,135	0.2%	$331,885	0.2%	$422,918	0.2%	$0	0.0%		
Other Departmental Expenses	$11,331,255	8.7%	$14,688,840	7.7%	$18,338,388	7.1%	$300,000	0.2%	-8.5%	-6.9%
Total Departmental Expenses	**$57,853,625**	**44.3%**	**$103,394,756**	**53.9%**	**$152,895,986**	**59.2%**	**$78,890,000**	**49.9%**	**-9.3%**	**5.6%**
Departmental Income (Loss)	$72,692,318	55.7%	$88,424,882	46.1%	$105,525,495	40.8%	$79,154,000	50.1%	-5.6%	9.3%
ROOMS DEPARTMENT										
Revenue										
Room Sales	$18,192,998	76.5%	$75,858,666	83.5%	$138,538,741	84.6%	$7,665,000	50.0%	-34.6%	-26.5%
Complimentary Rooms	$5,596,238	23.5%	$14,963,371	16.5%	$25,145,037	15.4%	$7,665,000	50.0%	26.5%	34.6%
Total Revenue	**$23,789,236**	**100.0%**	**$90,822,037**	**100.0%**	**$163,683,777**	**100.0%**	**$15,330,000**	**100.0%**		
Departmental Expenses										
Bad Debt Expense	$55,259	0.2%	$134,773	0.1%	$221,201	0.1%	$0	0.0%		
Complimentary Expense	$344,176	1.4%	$1,215,471	1.3%	$2,162,530	1.3%	$0	0.0%		
Payroll - Taxes	$498,129	2.1%	$1,237,986	1.3%	$2,042,179	1.2%	$319,000	2.1%	0.0%	0.9%
Payroll - Employee Benefits	$1,294,941	5.4%	$4,611,892	5.0%	$8,217,273	5.0%	$173,000	1.1%	-4.3%	-3.9%
Payroll - Officers			$62,229	0.1%	$129,869	0.1%	$0	0.0%		
Payroll - Other Employees	$5,257,252	22.1%	$12,821,354	14.1%	$21,043,204	12.9%	$1,192,000	7.8%	-14.3%	-5.1%
Other Departmental Expenses	$2,535,174	10.7%	$9,309,448	10.3%	$16,672,790	10.2%	$1,533,000	10.0%	-0.7%	-0.2%
Total Departmental Expenses	**$9,984,931**	**42.0%**	**$29,393,153**	**32.4%**	**$50,489,046**	**30.8%**	**$3,217,000**	**21.0%**	**-21.0%**	**-9.8%**
Departmental Income (Loss)	$13,804,305	58.0%	$61,428,884	67.6%	$113,194,731	69.2%	$12,113,000	79.0%	9.8%	21.0%

Exhibit 2-12
Profit & Loss Comparison
Penn National Sumner Versus Three Nevada Casino Groups

Description	Statewide $72M+ w/ Hotel Rooms w/o LV Strip FY @ June 30, 2007 Average Per Casino	Percent	Statewide $72M+ w/ Hotel Rooms w/ LV Strip FY @ June 30, 2007 Average Per Casino	Percent	Clark Co LV Strip $72M+ w/ Hotel Rooms FY @ June 30, 2007 Average Per Casino	Percent	Penn National 1st Full Year of Operation Pro Forma for 2011 Hollywood Casino	Percent	% Differences % High (Dif)	% Low (Dif)
					FOOD DEPARTMENT					
Revenue										
Food Sales	$18,426,868	70.8%	$44,551,686	79.8%	$72,948,227	82.7%	$3,793,000	50.0%	-32.7%	-20.8%
Complimentary Food Sales	$7,599,264	29.2%	$11,280,613	20.2%	$15,282,079	17.3%	$3,793,000	50.0%	20.8%	32.7%
Total Revenue	**$26,026,132**	**100.0%**	**$55,832,299**	**100.0%**	**$88,230,306**	**100.0%**	**$7,586,000**	**100.0%**		
Cost of Sales	$10,032,778	38.5%	$17,573,194	31.5%	$25,769,298	29.2%	$2,339,000	30.8%	-7.7%	1.6%
Gross Margin	$15,993,354	61.5%	$38,259,105	68.5%	$62,461,008	70.8%	$5,247,000	69.2%	-1.6%	7.7%
Departmental Expenses										
Bad Debt Expense	$3,097	0.0%	$25,542	0.0%	$49,938	0.1%	$0	0.0%		
Complimentary Expense	$127,551	0.5%	$389,899	0.7%	$675,061	0.8%	$0	0.0%		
Payroll - Taxes	$1,220,781	4.7%	$2,301,669	4.1%	$3,476,546	3.9%	$921,000	12.1%	7.5%	8.2%
Payroll - Employee Benefits	$2,759,981	10.6%	$6,987,803	12.5%	$11,583,261	13.1%	$498,000	6.6%	-6.5%	-4.0%
Payroll - Officers	$58,692	0.2%	$126,709	0.2%	$200,641	0.2%	$0	0.0%		
Payroll - Other Employees	$11,469,257	44.1%	$20,836,415	37.3%	$31,018,108	35.2%	$3,438,000	45.3%	1.3%	10.1%
Other Departmental Expenses	$1,855,873	7.1%	$4,010,289	7.2%	$6,352,045	7.2%	$0	0.0%		
Total Departmental Expenses	**$17,495,232**	**67.2%**	**$34,678,325**	**62.1%**	**$53,355,601**	**60.5%**	**$4,857,000**	**64.0%**	**-3.2%**	**3.5%**
Departmental Income (Loss)	-$1,501,878	-5.8%	$3,580,779	6.4%	$9,105,407	10.3%	$390,000	5.1%	-5.2%	10.9%
					BEVERAGE DEPARTMENT					
Revenue										
Beverage Sales	$4,527,091	43.1%	$12,617,552	58.1%	$21,411,532	63.1%	$948,000	50.0%	-13.1%	6.9%
Complimentary Beverage Sales	$5,981,484	56.9%	$9,103,694	41.9%	$12,497,400	36.9%	$948,000	50.0%	-6.9%	13.1%
Total Revenue	**$10,508,575**	**100.0%**	**$21,721,246**	**100.0%**	**$33,908,932**	**100.0%**	**$1,896,000**	**100.0%**		
Cost of Sales	$2,843,761	27.1%	$4,638,085	21.4%	$6,588,438	19.4%	$569,000	30.0%	2.9%	10.6%
Gross Margin	$7,664,814	72.9%	$17,083,161	78.6%	$27,320,494	80.6%	$1,327,000	70.0%	-10.6%	-2.9%
Departmental Expenses										
Bad Debt Expense	$94	0.0%	$1,045	0.0%	$2,078	0.0%	$0	0.0%		
Complimentary Expense	$21,859	0.2%	$204,858	0.9%	$403,770	1.2%	$0	0.0%		
Payroll - Taxes	$295,727	2.8%	$513,802	2.4%	$750,839	2.2%	$230,000	12.1%	9.3%	9.9%
Payroll - Employee Benefits	$669,889	6.4%	$1,472,143	6.8%	$2,344,158	6.9%	$124,000	6.5%	-0.4%	0.2%
Payroll - Officers	$0	0.0%	$14,591	0.1%	$30,451	0.1%	$0	0.0%		
Payroll - Other Employees	$2,240,659	21.3%	$4,007,207	18.4%	$5,927,368	17.5%	$860,000	45.4%	24.0%	27.9%
Other Departmental Expenses	$656,228	6.2%	$1,963,568	9.0%	$3,384,589	10.0%	$0	0.0%		
Total Departmental Expenses	**$3,884,456**	**37.0%**	**$8,177,213**	**37.6%**	**$12,843,253**	**37.9%**	**$1,214,000**	**64.0%**	**26.1%**	**27.1%**
Departmental Income (Loss)	$3,780,358	36.0%	$8,905,947	41.0%	$14,477,240	42.7%	$113,000	6.0%	-36.7%	-30.0%

Exhibit 2-12
Profit & Loss Comparison
Penn National Sumner Versus Three Nevada Casino Groups

Description	Statewide $72M+ w/ Hotel Rooms w/o LV Strip FY @ June 30, 2007		Statewide $72M+ w/ Hotel Rooms w/ LV Strip FY @ June 30, 2007		Clark Co LV Strip $72M+ w/ Hotel Rooms FY @ June 30, 2007		Penn National 1st Full Year of Operation Pro Forma for 2011		% Differences	
	Average Per Casino	Percent	Average Per Casino	Percent	Average Per Casino	Percent	Hollywood Casino	Percent	% High (Dif)	% Low (Dif)
OTHER INCOME										
Revenue										
Other Op & Non-Op Income	$10,522,133	90.5%	$46,359,294	94.9%	$85,312,729	95.6%	$3,328,000	50.0%	-45.6%	-40.5%
Other Complimentary Items	$1,104,644	9.5%	$2,472,738	5.1%	$3,959,796	4.4%	$3,328,000	50.0%	40.5%	45.6%
Total Revenue	**$11,626,777**	**100.0%**	**$48,832,031**	**100.0%**	**$89,272,525**	**100.0%**	**$6,656,000**	**100.0%**		
Cost of Sales	$2,062,901	17.7%	$6,231,200	12.8%	$10,761,960	12.1%	$3,328,000	50.0%	32.3%	37.9%
Gross Margin	$9,563,876	82.3%	$42,600,831	87.2%	$78,510,565	87.9%	$3,328,000	50.0%	-37.9%	-32.3%
Departmental Expenses										
Bad Debt Expense	$93,428	0.8%	$65,881	0.1%	$35,939	0.0%	$0	0.0%		
Complimentary Expense	$232,114	2.0%	$679,870	1.4%	$1,166,561	1.3%	$0	0.0%		
Payroll - Taxes	$229,832	2.0%	$774,517	1.6%	$1,366,565	1.5%	$925,000	13.9%	11.9%	12.4%
Payroll - Employee Benefits	$467,823	4.0%	$1,945,862	4.0%	$3,552,426	4.0%	$500,000	7.5%	3.5%	3.5%
Payroll - Officers	$2,182	0.0%	$47,667	0.1%	$97,109	0.1%	$0	0.0%		
Payroll - Other Employees	$2,359,212	20.3%	$8,222,686	16.8%	$14,596,028	16.3%	$3,455,000	51.9%	31.6%	35.6%
Other Departmental Expenses	$3,064,404	26.4%	$14,031,260	28.7%	$25,951,755	29.1%	$0	0.0%		
Total Departmental Expenses	**$6,448,994**	**55.5%**	**$25,767,743**	**52.8%**	**$46,766,383**	**52.4%**	**$4,880,000**	**73.3%**	**17.9%**	**20.9%**
Departmental Income (Loss)	$3,114,881	26.8%	$16,833,088	34.5%	$31,744,182	35.5%	-$1,552,000	-23.3%	-58.8%	-50.1%

AVERAGE NUMBER OF EMPLOYEES FOR THE YEAR										
Casino Department	448	26.4%	701	24.5%	977	23.6%	410	56.6%	30.1%	33.0%
Rooms Department	222	13.1%	474	16.5%	748	18.1%	44	6.1%	-12.0%	-7.0%
Food Department	531	31.3%	789	27.5%	1,070	25.8%	153	21.1%	-10.2%	-4.7%
Beverage Department	115	6.8%	196	6.8%	284	6.8%	0	0.0%		
G&A Department	282	16.7%	430	15.0%	591	14.3%	9	1.2%	-15.4%	-13.0%
Other Departments	97	5.7%	277	9.7%	473	11.4%	109	15.0%	3.6%	9.3%
Total	**1,695**	**100.0%**	**2,868**	**100.0%**	**4,142**	**100.0%**	**725**	**100.0%**		

AVERAGE NUMBER OF ROOMS AVAILABLE PER DAY										
Available Rooms	972		1,969		3,052		350			

Marvel Gaming, LLC

Marvel Gaming, LLC has submitted an application to the Kansas Lottery Commission to build a first-class destination casino resort in Sumner County, Kansas (the south central gaming zone). The 146-acre development site is located at Exit 19, near the intersection of US 160 and Seneca Road in Wellington, Kansas. Refer to the map on page 2-43.

Casino Resort Name
Trailhead Casino and Resort

Capital Investment
$393,156,577

Casino would include 65,000 square feet of gaming space equipped with 2,000 slot machines and 65 table games (47 blackjack, 4 craps, 4 roulette, 2 Pai Gow Poker, and 8 other). They will also offer a poker room equipped with 18 tables and would feature live poker events and tournaments.

High Rise Hotel with sixteen stories and 304 units would be a full-service hotel facility offering 132 standard rooms (400 square feet each), 144 mini-suites (550 square feet), 12 deluxe suites (600-700 square feet), and 16 penthouse suites (1,100 – 2,500 square feet).

Restaurants
The Trailhead Casino Resort in Wellington would feature four restaurants including:

- 25,000 square foot Best of Kansas Buffet would have seating capacity for 500. Seven live action display kitchens would be featured that offer the widest variety and best food Kansas has to offer
- Specialty Steakhouse with seating capacity for 125 would serve the finest cuts of prime beef, prepared by talented chefs
- Bistro and Bar with seating capacity for 150
- 24 hour snack bar / take out

Bars & Lounges
- Two casino bars would be featured (a center bar with adjacent lounge seating and a second with live entertainment)

Entertainment Venues / Conferences
- 40,000 square feet would be dedicated to a multi-use facility for entertainment venues/conventions. The entertainment area would have center stage seating capacity for 2,000. The executive conferences/meetings areas and be equipped with current technological amenities.

Recreation & Fitness

- Fully equipped health club
- Indoor and outdoor swimming pools for year-around enjoyment
- Tennis
- Offsite guided hunting facility and lodge
- Marvel Gaming plans to invest approximately $2.3 million in the Wellington Golf Club. The casino would host tournaments and events.

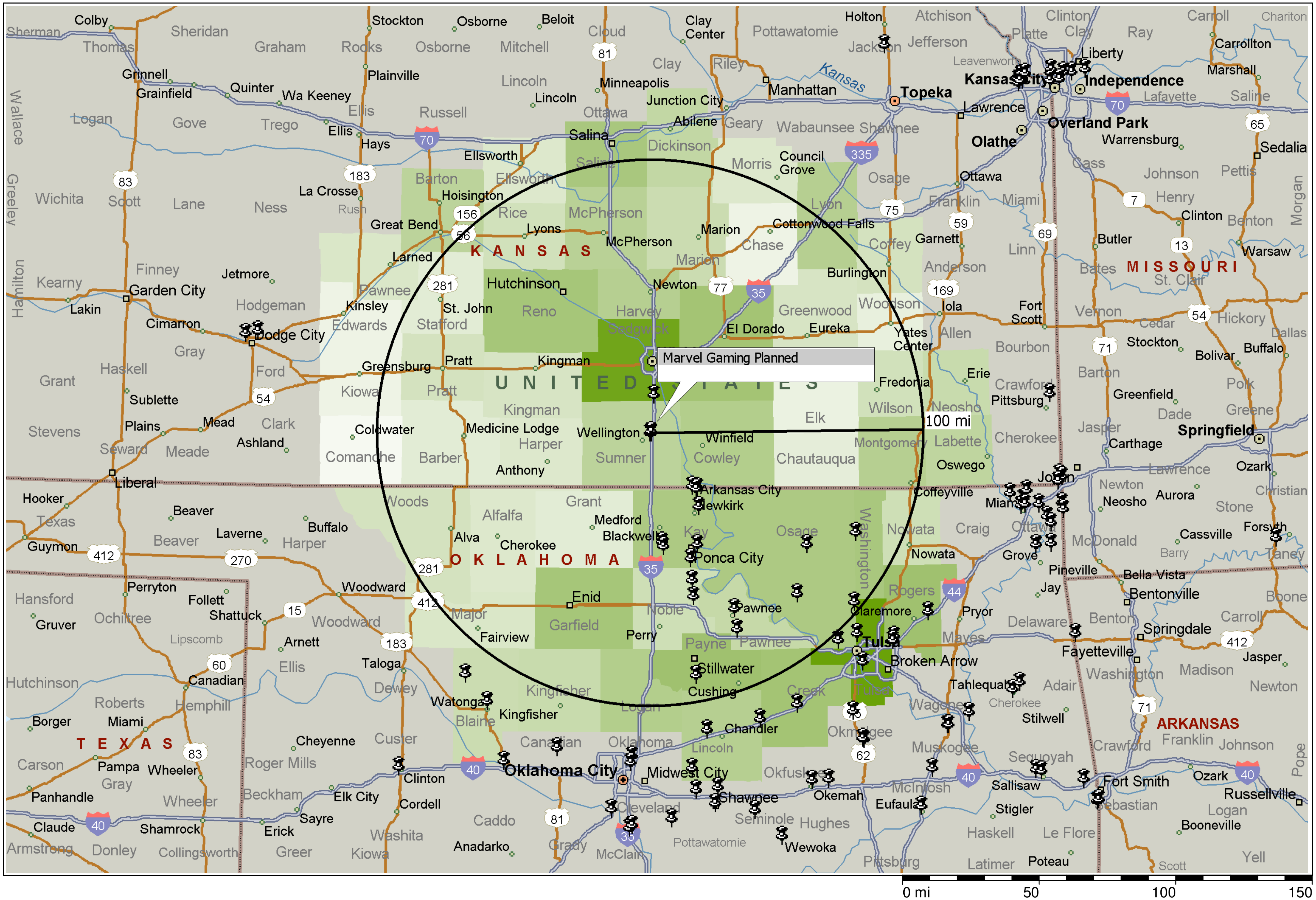
Retail Center

- 10,000 square feet would be dedicated to a retail concourse with concierge lounge and a minimum of four retail outlets

Parking Facilities

- 3,000 surface parking spaces
- Deluxe RV park with 100 hookups
- 50 spaces dedicated to semi-truck parking

South Central Zone, Marvel Gaming



Gaming Capacity Recap

The existing casino capacity is summarized at the top of Exhibit 2-13. Also shown are the gaming capacities for the Marvel casino entertainment property, the casino expansions, and the other proposed (new) casinos.

Exhibit 2-13 - Summary of Gaming Capacity Statistics for Marvel, the Expansions, & Other Proposed New Casinos for 2011 – SC Gaming Zone

# of Loc	Casinos	# of Slots	# of Pit Tables	# of Poker Tables	# of Total Tables	# of Bingo Seats	Race Book	Casino S.F.	Con-vention S.F.	# of Rooms	# of Restau-rants	Enter-tain-ment	Park-ing
	Current Capacity for Existing Casinos												
1	**Existing 57 Casinos**	**28,821**	**287**	**196**	**483**	**3,580**	**8**	**1,327,284**	**57,350**	**741**	**81**	**16**	**40,017**
	Scenario 1 - Marvel Gaming Planned												
1	Marvel Gaming Planned	2,000	65	18	83	0	0	65,000	40,000	304	4	3	3,150
	Subtotal Of Scenario 1	**2,000**	**65**	**18**	**83**	**0**	**0**	**65,000**	**40,000**	**304**	**4**	**3**	**3,150**
	Scenario 3 - Expansions & Other Proposed												
	Expansions												
1	Buffalo Run Casino	0	0	0	0	0	0	0	0	103	0	0	0
2	Cherokee Casino Resort	732	0	0	0	0	0	30,000	0	350	2	0	0
3	Creek Nation Casino Tulsa	1,788	34	0	34	0	0	0	0	0	0	0	0
4	FireLake Grand Casino	0	0	0	0	0	0	0	0	210	0	0	0
5	Kickapoo Casino	675	31	0	31	0	0	0	0	0	2	0	0
6	Riverwind Casino	0	0	0	0	0	0	0	0	180	0	0	0
	Proposed												
1	Camptown Greyhound Park	600	0	0	0	0	1	0	0	0	2	0	700
2	Cherokee County Planned	1,200	40	0	40	0	0	0	10,000	250	3	2	2,500
3	Downstream Casino Resort (Open)	2,000	30	15	45	0	1	70,000	8,000	226	2	2	2,200
4	Feather Warrior Casino - Canton	112	0	0	0	0	0	0	0	0	0	0	75
5	First Council Casino (Open)	900	8	8	16	0	0	40,000	0	0	2	1	950
6	Ford County Planned	800	20	0	20	0	0	0	5,000	100	3	3	1,700
7	Ioway Casino Resort	1,500	50	0	50	0	0	0	0	250	3	2	2,500
	Subtotal of Scenario 3	**10,307**	**213**	**23**	**236**	**0**	**2**	**140,000**	**23,000**	**1,669**	**19**	**10**	**10,625**
	Total Existing, Expansions, New	**41,128**	**565**	**237**	**802**	**3,580**	**10**	**1,532,284**	**120,350**	**2,714**	**104**	**29**	**53,792**
	% Increase Over Current	**43%**	**97%**	**21%**	**66%**	**0%**	**25%**	**15%**	**110%**	**266%**	**28%**	**81%**	**34%**
	Data Source: Wells Gaming Research, June 2008.												

The bottom line shows the gaming capacity increases associated in the additions. Key capacity additions include slot machines, targeted to increase from 28,821 to 41,128 (43%) and total table games that are projected to go up from 483 to 802 (66%).

Comparison of the Gravity Model Forecasts With Marvel's Pro Forma Projections

A comparison and contrast of the casino visits and gaming revenues forecasted by WGR and Marvel follows.

WGR's T-4 Casino Visits

When comparing the numbers of casino visits and gaming revenues for WGR's T-4 with those for Task-1, it is important to keep in mind that five proposed casinos were eliminated from WGR's T-4 analyses of the south central gaming zone. In addition, the attraction factors were reduced at six casinos. Thus, WGR's T-4 forecasts are higher than those developed for the Task-1 "generic casino".

Marvel's Casino Visits

Marvel provided the casino visit statistics in their application that are shown in Exhibit 2-14, top row of data. Marvel forecasted casino visit statistics for both the residential population (2,644,885) and for the tourists (298,115). The combined total was for 2,943,000 casino visits.

Exhibit 2-14 – Casino Visit Projections for Marvel for 2011 – SC Zone

Casino Visits	Residential	Tourist	Total
Marvel's Application	**2,644,885**	**298,115**	**2,943,000**
Scenario 1 - WGR's projections includes Marvel & all existing casinos but no new casinos			
Casino Visits	**Low**	**Mid**	**High**
WGR's Marvel (Task 4)	**1,534,446**	**2,136,847**	**2,496,705**
WGR's Generic Wellington (Task 1)	1,250,044	1,846,429	2,231,171
Difference in WGR Projections	**284,402**	**290,418**	**265,534**
Scenario 1 - Variance in Casino Visits	**Low**	**Mid**	**High**
Marvel's Application vs. WGR's Marvel	**1,408,554**	**806,153**	**446,295**
Scenario 3 - WGR's projections includes Marvel plus all existing, expanding, & new casinos			
Casino Visits	**Low**	**Mid**	**High**
WGR's Marvel (Task 4)	**1,240,235**	**1,814,910**	**2,179,072**
WGR's Generic Wellington (Task 1)	872,762	1,377,028	1,733,465
Difference in WGR Projections	**367,473**	**437,882**	**445,607**
Scenario 3 - Variance in Casino Visits	**Low**	**Mid**	**High**
Marvel's Application vs. WGR's Marvel	**1,702,765**	**1,128,090**	**763,928**
Source: Marvel's Application and Wells Gaming Research			

- **Scenario 1** – WGR, in scenario 1, included the existing casinos and the proposed Marvel casino entertainment property. No expansions or other (new) proposed casinos were added. WGR's T-4 casino visit estimates are shown in red in the mid section of Exhibit 2-14, page 2-45, as are the variances between Marvel's forecasts and WGR's T-4 projections.

The results show that Marvel's forecasts of 2.9 million casino visits are approximately 1.4 million (91.8%) higher than WGR's T-4 low case estimate, of 1.5 million, 806 thousand (37.7%) higher than the T-4 mid case forecast of 2.1 million, and 446 thousand (17.9%) above WGR's T-4 high of 2.5 million.

- **Scenario 3** includes all existing casinos, Marvel's proposed entertainment facility, the expansions, and the new casinos (refer to the lower section of Exhibit 2-14).

  Marvel forecasted casino visits at approximately 2.9 million. These are 1.7 million higher (137.3%) than WGR's T-4 low case estimates of 1.2 million visits. They are 1.1 million (62.2%) above the T-4 mid case of 1.8 million, and 764 thousand (35.1%) above WGR's T-4 high case of 2.2 million visits.

Revenues

Marvel's application included gaming revenue forecasts for residential players ($206,486,172) and for tourist players ($30,407,730). Their combined total was $236,893,902. Refer to the top row of data included in Exhibit 2-15, page 2-47. WGR's projections are summarized in scenarios 1 and 3 below Marvel's.

- **Scenario 1** estimates apply only if Marvel is located in the south central gaming zone with the existing casinos, and no other new casinos or casino expansions are built. Gaming revenue estimates for WGR's T-4 projections are shown in red in the mid-section of Exhibit 2-15, page 2-47. The variances between Marvel's gaming revenue projections and WGR's T-4 gaming revenue forecasts for scenario 1 are also shown in the mid-section.

  The comparison shows that Marvel's gaming revenue forecast of $237 million is approximately $123 million higher (108.3%) than WGR's T-4 low estimate of $114 million. Marvel's is $77 million (48.3%) higher than WGR's T-4 mid level forecast of $159 million, and $49 million (26.4%) higher than WGR's T-4 high of $187 million.

- **Scenario 3** includes the addition of Marvel's proposed entertainment facility to the south central gaming zone (refer to the lower section of Exhibit 15, page 2-47). It also includes all existing casinos, as well as the casino expansions and other proposed new casinos. The variance between the gaming revenue forecasts included in Marvel's application and WGR's T-4 (scenario 3) forecasts shows that Marvel's is $145 million higher (159.1%) than WGR's T-4 low of $91 million, $102 million (75.5%) above the T-4 mid level estimate of $135 million, and $74 million (45.5%) higher than WGR's T-4 high projections of $163 million.

Exhibit 2-15– Casino Revenue Forecasts for Marvel for 2011 – SC Zone

Casino Revenue	Residential	Tourist	Total
Marvel's Application	**$206,486,172**	**$30,407,730**	**$236,893,902**
Scenario 1 - WGR's projections includes Marvel & all existing casinos but no new casinos			
Casino Revenue	**Low**	**Mid**	**High**
WGR's Marvel (Task 4):			
w/o Inflation	$105,117,000	$147,618,000	$173,200,000
w/ Inflation	**$113,736,594**	**$159,722,676**	**$187,402,400**
WGR's Generic Wellington (Task 1):			
w/o Inflation	$84,667,000	$126,140,000	$153,112,000
w/ Inflation	$91,609,694	$136,483,480	$165,667,184
Difference in WGR Projections w/ Inflation	**$22,126,900**	**$23,239,196**	**$21,735,216**
Scenario 1 - Variance in Casino Revenues w/ Inflation	**Low**	**Mid**	**High**
Marvel's Application vs. WGR's Marvel	**$123,157,308**	**$77,171,226**	**$49,491,502**
Scenario 3 - WGR's projections includes Marvel plus all existing, expanding, & new casinos			
Casino Revenue	**Low**	**Mid**	**High**
WGR's Marvel (Task 4):			
w/o Inflation	$84,511,000	$124,761,000	$150,485,000
w/ Inflation	**$91,440,902**	**$134,991,402**	**$162,824,770**
WGR's Generic Wellington (Task 1):			
w/o Inflation	$58,809,000	$93,652,000	$118,468,000
w/ Inflation	$63,631,338	$101,331,464	$128,182,376
Difference in WGR Projections w/ Inflation	**$27,809,564**	**$33,659,938**	**$34,642,394**
Scenario 3 - Variance in Casino Revenues w/ Inflation	**Low**	**Mid**	**High**
Marvel's Application vs. WGR's Marvel	**$145,453,000**	**$101,902,500**	**$74,069,132**
Source: Marvel's Application and Wells Gaming Research			

Analyses of the Pro Forma Financial Statements

Research Methodology
Refer to page 2-13 for a recap of the methodology used to compare the applicant's pro forma financial statements with the groups of Nevada casinos.

Balance Sheet

Both the current and fixed assets were analyzed in terms of the percent of the total assets that each represented. The pro forma percentages were compared with corresponding percentages developed for the foregoing Nevada casino groups. Refer to Exhibit 2-16, pages 2-49 and 2-50 for the balance sheets that correspond with the discussion that follows.

Cash at $30.6 million represented 7.6% of total assets for Marvel placing it in a stronger cash position than any of the three Nevada groups. For example, the cash position for casinos in the group *Statewide $72+ Million with Rooms* was 5.8%. It was 6.3% for casinos in the *Clark County Strip $72+ Million* group, and 4.5% for casinos in the *Statewide $72+ Million with Rooms Minus the Strip* group. Cash as a percent of total assets for Marvel Gaming was 1.3% above the highest Nevada group and 3.1% higher than the lowest. The remaining analyses compare the pro forma results for Marvel Gaming to the Nevada market categories.

Total Current Assets $38.5 million were 9.5% for Marvel Gaming, placing them 1.1% lower than the comparative high and 0.5% above the low.

Fixed Assets totaled $337 million and included $253 million for *Building and Improvements* and $84 million for *Furniture and Equipment*. Overall, fixed assets totaled 83.5% of total assets. This was 7.9% above the comparative Nevada high and 25.8% more than the low.

Liabilities and Capital section of the balance sheet showed the current portion of long-term debt at over $11 million (2.8% of total liabilities and capital), which was 2.7% above the highest Nevada group, as well as 2.7% above the lowest. Total current liabilities were approximately $26 million or 6.4% for Marvel (13.2% below the highest Nevada market and 4.4% less than the lowest).

Long-Term Debt (Notes) at $308 million accounted for 76.2% of total liabilities and capital. Marvel was substantially higher than any of the Nevada comparisons (56.2% above the highest and 53.3% higher than the lowest).

Capital (owners capital account) was in excess of $70 million. It represented 17.4% of Marvel's total liabilities. Capital was 38.5% lower than the comparative high and 33.8% below than the low.

Exhibit 2-16
Balance Sheet Comparison
Marvel Versus Three Nevada Casino Groups

Description	Statewide $72M+ w/ Hotel Rooms w/o LV Strip FY @ June 30, 2006		Statewide $72M+ w/ Hotel Rooms w/ LV Strip FY @ June 30, 2007		Clark County LV Strip $72M+ w/ Hotel Rooms FY @ June 30, 2007		Marvel Gaming 1st Full Yr of Operation Pro Forma for 2011		% Differences	
	Average Per Casino	Percent	Average Per Casino	Percent	Average Per Casino	Percent	TrailHead Casino Resort	Percent	% High (Dif)	% Low (Dif)
					ASSETS					
Current Assets										
Cash	$19,692,821	4.5%	$54,936,366	5.8%	$93,244,566	6.3%	$30,592,525	7.6%	1.3%	3.1%
Receivables:										
Casino	$1,824,954	0.4%	$8,469,285	0.9%	$15,691,385	1.1%	$0	0.0%		
Trade	$1,469,932	0.3%	$7,645,953	0.8%	$14,359,019	1.0%	$0	0.0%		
Sundry	$787,743	0.2%	$1,477,602	0.2%	$2,227,448	0.1%	$0	0.0%		
Notes	$8,000,599	1.8%	$4,215,750	0.4%	$101,784	0.0%	$0	0.0%		
Prepaid Expenses	$3,920,399	0.9%	$5,728,451	0.6%	$7,693,725	0.5%	$1,114,662	0.3%	-0.6%	-0.2%
Other Current Assets	$3,867,695	0.9%	$14,195,779	1.5%	$25,421,957	1.7%	$6,799,368	1.7%	0.0%	0.8%
Total Current Assets	**$39,564,142**	**9.1%**	**$96,669,185**	**10.3%**	**$158,739,884**	**10.6%**	**$38,506,554**	**9.5%**	**-1.1%**	**0.5%**
Fixed Assets										
Land	$23,664,781	5.4%	$215,137,946	22.8%	$423,260,950	28.4%	$0	0.0%		
Land Improvements	$2,246,131	0.5%	$9,397,534	1.0%	$17,170,798	1.2%	$0	0.0%		
Buildings & Improvements	$185,208,346	42.5%	$338,623,923	36.0%	$505,379,985	33.9%	$252,947,084	62.6%	20.2%	28.7%
Furniture & Equipment	$29,601,091	6.8%	$55,724,972	5.9%	$84,120,494	5.6%	$84,315,695	20.9%	14.1%	15.3%
Lease Improvements	$1,205,308	0.3%	$1,452,396	0.2%	$1,720,971	0.1%	$0	0.0%		
Construction in Progress	$9,979,815	2.3%	$51,142,186	5.4%	$95,883,894	6.4%	$0	0.0%		
Total Fixed Assets	**$251,905,471**	**57.7%**	**$671,478,957**	**71.3%**	**$1,127,537,093**	**75.6%**	**$337,262,778**	**83.5%**	**7.9%**	**25.8%**
Other Assets	$144,780,186	33.2%	$173,478,640	18.4%	$204,672,612	13.7%	$28,143,192	7.0%	-26.2%	-6.7%
Total Assets	**$436,249,799**	**100.0%**	**$941,626,782**	**100.0%**	**$1,490,949,589**	**100.0%**	**$403,912,524**	**100.0%**		

Exhibit 2-16
Balance Sheet Comparison
Marvel Versus Three Nevada Casino Groups

	Statewide $72M+ w/ Hotel Rooms w/o LV Strip FY @ June 30, 2006		Statewide $72M+ w/ Hotel Rooms w/ LV Strip FY @ June 30, 2007		Clark County LV Strip $72M+ w/ Hotel Rooms FY @ June 30, 2007		Marvel Gaming 1st Full Yr of Operation Pro Forma for 2011		% Differences	
Description	**Average Per Casino**	**Percent**	**Average Per Casino**	**Percent**	**Average Per Casino**	**Percent**	**TrailHead Casino Resort**	**Percent**	**% High (Dif)**	**% Low (Dif)**
					LIABILITIES & CAPITAL					
Current Liabilities										
Accounts Payable - Trade	$2,598,413	0.6%	$6,050,591	0.6%	$9,802,959	0.7%	$3,653,803	0.9%	0.3%	0.2%
Accounts Payable - Other	$5,571,778	1.3%	$36,721,351	3.9%	$70,579,582	4.7%	$3,653,803	0.9%	-3.8%	-0.4%
Current Portion of LT Debt	$287,556	0.1%	$1,161,813	0.1%	$2,112,091	0.1%	$11,131,537	2.8%	2.7%	2.7%
Accrued Expenses	$8,898,926	2.0%	$42,960,859	4.6%	$79,984,699	5.4%	$7,307,606	1.8%	-3.6%	-0.2%
Other Current Liabilities	$67,836,815	15.5%	$34,541,554	3.7%	($1,648,947)	-0.1%	$0	0.0%		
Total Current Liabilities	**$85,193,488**	**19.5%**	**$121,436,167**	**12.9%**	**$160,830,384**	**10.8%**	**$25,746,749**	**6.4%**	**-13.2%**	**-4.4%**
Long-Term Debt										
Mortgages	$221,344	0.1%	$39,289,131	4.2%	$81,754,117	5.5%	$0	0.0%		
Debentures & Bonds	$8,745,377	2.0%	$4,554,884	0.5%	$0	0.0%	$0	0.0%		
Notes	$87,552,987	20.1%	$137,754,023	14.6%	$192,320,366	12.9%	$307,936,067	76.2%	56.2%	63.3%
Contracts	$97,486	0.0%	$65,277	0.0%	$30,267	0.0%	$0	0.0%		
Other	$64,669,655	14.8%	$133,355,238	14.2%	$208,013,480	14.0%	$0	0.0%		
Total Long-Term Debt	**$161,286,849**	**37.0%**	**$315,018,552**	**33.5%**	**$482,118,230**	**32.3%**	**$307,936,067**	**76.2%**	**39.3%**	**43.9%**
Other Liabilities	-$33,573,653	-7.7%	-$10,367,094	-1.1%	$14,857,428	1.0%	$0	0.0%		
Total Liabilities	**$212,906,684**	**48.8%**	**$426,087,626**	**45.3%**	**$657,806,042**	**44.1%**	**$333,682,816**	**82.6%**	**33.8%**	**38.5%**
Capital										
Owners Capital Accounts	$68,086,789	15.6%	$86,183,813	9.2%	$105,854,491	7.1%	$70,229,708	17.4%	1.8%	10.3%
Capital Stock & Other Cap.	$42,888,548	9.8%	$180,923,902	19.2%	$330,962,330	22.2%	$0	0.0%		
Retained Earnings	$112,367,778	25.8%	$248,431,441	26.4%	$396,326,727	26.6%	$0	0.0%		
Total Capital	**$223,343,116**	**51.2%**	**$515,539,156**	**54.7%**	**$833,143,548**	**55.9%**	**$70,229,708**	**17.4%**	**-38.5%**	**-33.8%**
Total Liabilities & Capital	**$436,249,799**	**100.0%**	**$941,626,782**	**100.0%**	**$1,490,949,589**	**100.0%**	**$403,912,524**	**100.0%**		

Income Statement

Revenue

Comparatively, the most significant percentage differences for revenues were in the casino and the room departments. Refer to the detailed income statement, Exhibit 2-17, pages 2-55 through 2-58.

Casino – pro forma estimates showed $237 million in gaming revenues, which represented 84.5% of total revenues. This was 20.1% above the comparative Nevada high and 43.7% higher than the low. Marvel's high gaming revenue percentage highlights the differences in revenue mixes between Marvel and the comparative Nevada markets that tended to have higher revenue percentages in other revenue categories such as for rooms, food, and beverages).

Rooms (Hotel) – revenues were projected at $8.6 million (3.1% of Marvel's total revenue). This revenue percentage was 22.7% below the comparative high and 8.7% less than the low. The room count for Marvel was significantly lower than for the Nevada groups. Marvel's pro forma included a total of 304 hotel rooms. This compares to an average of 3,052 rooms for the high revenue percentage (Clark County Las Vegas Strip with annual gaming revenues of $72M+), and an average of 972 rooms for the low percentage (Nevada statewide with $72+ million in annual gaming revenues with rooms minus the Las Vegas Strip).

G & A Expenses – were projected at $76.4 million (27.3% of total revenues). This percentage is 9.3% lower than the comparative high and 5.6% less than the comparative low.

EBITDAR was projected at $69.8 million, 24.9%. This percentage was less than one percent different from the Nevada comparisons. It was 0.7% less than the high and 0.9% higher than the low.

Casino Department - Revenues

Table games and slot machines represented more than 97% of gaming revenue projections for Marvel Gaming versus approximately 96% for the three Nevada casino groups. However, the split between table games and slot machines showed more variability.

Table Game – revenues were projected at $25.9 million (10.9% of the gaming total). This was 33.7% lower than the Nevada high and 5.4% below the low indicating that Marvel has projected lower table game revenues than the Nevada casinos used for the comparisons.

Slot Machine revenues were forecasted at $204.5 million (86.3% of the gaming total), which was 7.0% more than the high and 35.3% above the low. Thus, the percent of revenues generated by slots is expected for the comparative Nevada market groups.

Departmental Expenses - Casino

Complimentary Expenses were over $29 million (12.3% of the gaming total). This was 9.5% lower that the comparative high and 1.6% less than the low.

Gaming Taxes & Licenses were estimated at nearly $61 million for Marvel Gaming (25.6% of total casino revenues). On a percentage basis, the $61 million is 17.8% above the highest for the Nevada groups and 18.2% more than the lowest.

Departmental Income (Loss) at $95.9 million represented 40.5% of total revenues, which was 15.2% below the comparative high and 0.3% less than the low.

Room Department

The split between room sales and comps for Marvel Gaming was substantially different than for the three Nevada groups.

Room Sales were projected at $2.6 million (30% of the total room revenue). This result is 54.6% below the comparative high and 46.5% less than the low.

Room Comps were forecasted at $6.0 million, 70% of total room revenues. On a percentage basis, 70% was 46.5% greater than the comparative high and 54.6% above the low.

Bad Debt was not allocated.

Departmental Income (Loss) at $4.1 million represented 48.0% of total room revenues, 21.2% below the comparative high and 79.2% less than the low.

Food Department

The split between food sales and comps showed:

Food Sales totaled $6.6 million (42.9% of total food revenues). This was 39.8% below the high and 27.9% below the low.

Food Comps were $8.8 million (57.1% of food department totals), which was 27.9% more than the comparative high and 39.8% above the low.

Bad Debts were not allocated for the food department.

Beverage Department

Revenue allocations for Marvel's beverage department showed:

Beverage Sales at $4.9 million were 42.9% of the total. The percentage comparison showed that this was 20.2% below than the comparative high and 0.2% less than the low.

Other Operating and Non-Operating Income - The Nevada Gaming Abstracts grouped all other income and expenses into one department referred to as *Other*. To complete the comparison, it was necessary to combine Marvel's *Convention, Entertainment, Retail, and Other* into one department referred to as *Othe*r. Following are the results:

Revenue for Marvel totaled $6.4 million for 2011, which was 81.4% of the total revenue. This was 14.2% lower than the high Nevada comparisons and 9.1% less than the low.

Comps for Marvel totaled $1.5 million, which was 18.6% of total revenues. It was 9.1% higher than the comparative high and 14.2% higher than the low.

Cost of Sales were $3.5 million (43.8% of total revenues/comps). This was 26.1% above the comparative high and 31.7% higher than the low.

Payroll Taxes were $1.2 million (15% of total revenues/comps). This was 13.0% above the comparative high and 13.5% higher than the low.

Employee Benefits were $1.2 million (15.8% of the total), which was 11.8% above the comparative high and 11.8% above the low.

Payroll – Other Employees were $4.7 million (60% of the total). This was 39.7% higher than the comparative high and 43.7% above the low.

FTEs (Full Time Equivalents) Allocations

Marvel proposed a total 1,520 FTEs for the Trailhead Casino and Resort. Key departmental assignments included:

Casino Department - 930 FTEs (61.2% of the total). This was 34.8% above the highest comparative market group in Nevada and 38.0% more than the lowest.

Rooms (Hotel) - 85 FTEs (5.6% of the total). This was 12.5% less than the comparative high and 7.0% less than the low.

Food Department - 285 FTEs (18.8%), which was 12.6% below the comparative high and 7.1% less than the low.

Beverage Department – no specific FTE assignment indicated. Most likely shared FTEs with the food department.

Exhibit 2-17
Profit & Loss Comparison
Marvel Versus Three Nevada Casino Groups

Description	Statewide $72M+ w/ Hotel Rooms w/o LV Strip FY @ June 30, 2006		Statewide $72M+ w/ Hotel Rooms w/ LV Strip FY @ June 30, 2007		Clark County LV Strip $72M+ w/ Hotel Rooms FY @ June 30, 2007		Marvel Gaming 1st Full Yr of Operation Pro Forma for 2011		% Differences	
	Average Per Casino	Percent	Average Per Casino	Percent	Average Per Casino	Percent	TrailHead Casino Resort	Percent	% High (Dif)	% Low (Dif)
REVENUE										
Gaming	$130,545,944	64.5%	$191,819,639	46.9%	$258,421,481	40.8%	$236,895,000	84.5%	20.1%	43.7%
Rooms	$23,789,236	11.7%	$90,822,037	22.2%	$163,683,777	25.8%	$8,594,000	3.1%	-22.7%	-8.7%
Food	$26,026,132	12.9%	$55,832,299	13.7%	$88,230,306	13.9%	$15,422,000	5.5%	-8.4%	-7.3%
Beverage	$10,508,575	5.2%	$21,721,246	5.3%	$33,908,932	5.4%	$11,445,000	4.1%	-1.3%	-1.1%
Other	$11,626,777	5.7%	$48,832,031	11.9%	$89,272,525	14.1%	$7,892,000	2.8%	-11.3%	-2.9%
Total Revenue	**$202,496,664**	**100.0%**	**$409,027,251**	**100.0%**	**$633,517,020**	**100.0%**	**$280,248,000**	**100.0%**		
Cost of Sales	$14,939,441	7.4%	$28,442,480	7.0%	$43,119,696	6.8%	$15,160,000	5.4%	-2.0%	-1.4%
Gross Margin	$187,557,224	92.6%	$380,584,772	93.0%	$590,397,324	93.2%	$265,088,000	94.6%	1.4%	2.0%
Departmental Expenses	$95,667,239	47.2%	$201,411,190	49.2%	$316,350,268	49.9%	$167,412,000	59.7%	9.8%	12.5%
Departmental Income (Loss)	$91,889,985	45.4%	$179,173,582	43.8%	$274,047,056	43.3%	$97,676,000	34.9%	-10.5%	-8.4%
GENERAL & ADMINISTRATIVE EXPENSES										
Advertising & Promotion	$5,516,269	2.7%	$5,991,876	1.5%	$6,508,840	1.0%	$6,615,000	2.4%	-0.4%	1.4%
Bad Debt Expense	-$1,639	0.0%	$36,187	0.0%	$77,302	0.0%	$0	0.0%		
Complimentary Expense	$2,406,213	1.2%	$2,071,207	0.5%	$1,707,069	0.3%	$107,000	0.04%	-1.2%	-0.3%
Depreciation - Buildings	$7,955,608	3.9%	$13,389,684	3.3%	$19,296,287	3.0%	$8,531,000	3.0%	-0.9%	0.0%
Depreciation & Amortization	$7,644,025	3.8%	$16,929,652	4.1%	$27,022,726	4.3%	$10,857,000	3.9%	-0.4%	0.1%
Energy Expense (elec., gas, etc.)	$4,331,827	2.1%	$6,497,463	1.6%	$8,851,415	1.4%	$3,831,000	1.4%	-0.8%	0.0%
Equipment Rental or Lease	$676,989	0.3%	$688,120	0.2%	$700,218	0.1%	$2,568,000	0.9%	0.6%	0.8%
Interest Expense	$14,000,156	6.9%	$30,846,681	7.5%	$49,158,122	7.8%	$29,114,000	10.4%	2.6%	3.5%
Music & Entertainment	$544,427	0.3%	$2,179,174	0.5%	$3,956,074	0.6%	$0	0.0%		
Payroll Taxes	$874,035	0.4%	$1,528,563	0.4%	$2,240,006	0.4%	$253,000	0.1%	-0.3%	-0.3%
Payroll - Employee Benefits	$2,198,880	1.1%	$5,168,416	1.3%	$8,396,173	1.3%	$135,000	0.05%	-1.3%	-1.0%
Payroll - Officers	$470,422	0.2%	$597,106	0.1%	$734,806	0.1%	$0	0.0%		
Payroll - Other Employees	$10,134,360	5.0%	$18,624,244	4.6%	$27,852,380	4.4%	$1,011,000	0.4%	-4.6%	-4.0%
Rent of Premises	$1,117,215	0.6%	$973,343	0.2%	$816,959	0.1%	$0	0.0%		
Taxes - Real Estate	$2,010,838	1.0%	$4,332,479	1.1%	$6,856,003	1.1%	$6,739,000	2.4%	1.3%	1.4%
Taxes & Licenses - Other	$361,423	0.2%	$691,850	0.2%	$1,051,009	0.2%	$2,246,000	0.8%	0.6%	0.6%
Utilities (other than energy exp)	$725,244	0.4%	$2,032,995	0.5%	$3,454,463	0.5%	$21,000	0.01%	-0.5%	-0.4%
Other G&A Expenses	$13,105,912	6.5%	$25,828,111	6.3%	$39,656,589	6.3%	$4,387,000	1.6%	-4.9%	-4.7%
Total G&A Expenses	**$74,072,204**	**36.6%**	**$138,407,151**	**33.8%**	**$208,336,441**	**32.9%**	**$76,415,000**	**27.3%**	**-9.3%**	**-5.6%**
Net Income (Loss) Before Federal Income Taxes & Extraordinary Items	**$17,817,780**	**8.8%**	**$40,766,431**	**10.0%**	**$65,710,616**	**10.4%**	**$21,261,000**	**7.6%**	**-2.8%**	**-1.2%**
EBITDAR	**$48,534,784**	**24.0%**	**$102,905,790**	**25.2%**	**$162,004,709**	**25.6%**	**$69,763,000**	**24.9%**	**-0.7%**	**0.9%**

Exhibit 2-17
Profit & Loss Comparison
Marvel Versus Three Nevada Casino Groups

	Statewide $72M+ w/ Hotel Rooms w/o LV Strip FY @ June 30, 2006		Statewide $72M+ w/ Hotel Rooms w/ LV Strip FY @ June 30, 2007		Clark County LV Strip $72M+ w/ Hotel Rooms FY @ June 30, 2007		Marvel Gaming 1st Full Yr of Operation Pro Forma for 2011		% Differences	
Description	**Average Per Casino**	**Percent**	**Average Per Casino**	**Percent**	**Average Per Casino**	**Percent**	**TrailHead Casino Resort**	**Percent**	**% High (Dif)**	**% Low (Dif)**
CASINO DEPARTMENT										
Revenue										
Pit Rev (Inc Keno & Bingo)	$21,313,482	16.3%	$66,359,022	34.6%	$115,321,565	44.6%	$25,860,000	10.9%	-33.7%	-5.4%
Coin Operated Devices	$103,502,745	79.3%	$117,044,333	61.0%	$131,763,450	51.0%	$204,495,000	86.3%	7.0%	35.3%
Poker and Pan	$2,036,476	1.6%	$3,615,812	1.9%	$5,332,482	2.1%	$6,540,000	2.8%	0.7%	1.2%
Race Book	$1,689,325	1.3%	$2,022,543	1.1%	$2,384,737	0.9%	$0	0.0%		
Sports Pool	$2,003,915	1.5%	$2,777,929	1.4%	$3,619,248	1.4%	$0	0.0%		
Total Revenue	**$130,545,944**	**100.0%**	**$191,819,639**	**100.0%**	**$258,421,481**	**100.0%**	**$236,895,000**	**100.0%**		
Departmental Expenses										
Bad Debt Expense	$365,482	0.3%	$2,534,786	1.3%	$4,892,724	1.9%	$214,000	0.1%	-1.8%	-0.2%
Commissions	$1,072,801	0.8%	$791,025	0.4%	$484,746	0.2%	$128,000	0.1%	-0.8%	-0.1%
Complimentary Expense	$18,033,976	13.8%	$36,443,187	19.0%	$56,453,198	21.8%	$29,020,000	12.3%	-9.5%	-1.6%
Gaming Taxes and Licenses	$10,154,539	7.8%	$14,497,398	7.6%	$19,217,897	7.4%	$60,649,000	25.6%	17.8%	18.2%
Preferred Guest Expenses	$479,285	0.4%	$4,917,499	2.6%	$9,741,646	3.8%	$12,270,000	5.2%	1.4%	4.8%
Payroll Taxes	$1,583,326	1.2%	$2,897,915	1.5%	$4,326,817	1.7%	$6,239,000	2.6%	0.9%	1.4%
Payroll - Employee Benefits	$2,994,412	2.3%	$6,339,099	3.3%	$9,974,628	3.9%	$6,132,000	2.6%	-1.3%	0.3%
Payroll - Officers	$80,766	0.1%	$263,888	0.1%	$462,934	0.2%	$0	0.0%		
Payroll - Other Employees	$11,509,647	8.8%	$19,689,234	10.3%	$28,580,089	11.1%	$24,958,000	10.5%	-0.6%	1.7%
Race Wire Fees	$248,135	0.2%	$331,885	0.2%	$422,918	0.2%	$0	0.0%		
Other Departmental Expenses	$11,331,255	8.7%	$14,688,840	7.7%	$18,338,388	7.1%	$1,427,000	0.6%	-8.1%	-6.5%
Total Departmental Expenses	**$57,853,625**	**44.3%**	**$103,394,756**	**53.9%**	**$152,895,986**	**59.2%**	**$141,037,000**	**59.5%**	**0.3%**	**15.2%**
Departmental Income (Loss)	$72,692,318	55.7%	$88,424,882	46.1%	$105,525,495	40.8%	$95,858,000	40.5%	-15.2%	-0.3%
ROOMS DEPARTMENT										
Revenue										
Room Sales	$18,192,998	76.5%	$75,858,666	83.5%	$138,538,741	84.6%	$2,578,000	30.0%	-54.6%	-46.5%
Complimentary Rooms	$5,596,238	23.5%	$14,963,371	16.5%	$25,145,037	15.4%	$6,016,000	70.0%	46.5%	54.6%
Total Revenue	**$23,789,236**	**100.0%**	**$90,822,037**	**100.0%**	**$163,683,777**	**100.0%**	**$8,594,000**	**100.0%**		
Departmental Expenses										
Bad Debt Expense	$55,259	0.2%	$134,773	0.1%	$221,201	0.1%	$0	0.0%		
Complimentary Expense	$344,176	1.4%	$1,215,471	1.3%	$2,162,530	1.3%	$107,000	1.2%	-0.2%	-0.1%
Payroll - Taxes	$498,129	2.1%	$1,237,986	1.3%	$2,042,179	1.2%	$544,000	6.3%	4.2%	5.1%
Payroll - Employee Benefits	$1,294,941	5.4%	$4,611,892	5.0%	$8,217,273	5.0%	$674,000	7.8%	2.4%	2.8%
Payroll - Officers			$62,229	0.1%	$129,869	0.1%	$0	0.0%		
Payroll - Other Employees	$5,257,252	22.1%	$12,821,354	14.1%	$21,043,204	12.9%	$2,179,000	25.4%	3.3%	12.5%
Other Departmental Expenses	$2,535,174	10.7%	$9,309,448	10.3%	$16,672,790	10.2%	$966,000	11.2%	0.6%	1.0%
Total Departmental Expenses	**$9,984,931**	**42.0%**	**$29,393,153**	**32.4%**	**$50,489,046**	**30.8%**	**$4,470,000**	**52.0%**	**10.0%**	**21.2%**
Departmental Income (Loss)	$13,804,305	58.0%	$61,428,884	67.6%	$113,194,731	69.2%	$4,124,000	48.0%	-21.2%	-79.2%

Exhibit 2-17
Profit & Loss Comparison
Marvel Versus Three Nevada Casino Groups

Description	Statewide $72M+ w/ Hotel Rooms w/o LV Strip FY @ June 30, 2006 Average Per Casino	Percent	Statewide $72M+ w/ Hotel Rooms w/ LV Strip FY @ June 30, 2007 Average Per Casino	Percent	Clark County LV Strip $72M+ w/ Hotel Rooms FY @ June 30, 2007 Average Per Casino	Percent	Marvel Gaming 1st Full Yr of Operation Pro Forma for 2011 TrailHead Casino Resort	Percent	% Differences % High (Dif)	% Low (Dif)
FOOD DEPARTMENT										
Revenue										
Food Sales	$18,426,868	70.8%	$44,551,686	79.8%	$72,948,227	82.7%	$6,610,000	42.9%	-39.8%	-27.9%
Complimentary Food Sales	$7,599,264	29.2%	$11,280,613	20.2%	$15,282,079	17.3%	$8,813,000	57.1%	27.9%	39.8%
Total Revenue	**$26,026,132**	**100.0%**	**$55,832,299**	**100.0%**	**$88,230,306**	**100.0%**	**$15,423,000**	**100.0%**		
Cost of Sales	$10,032,778	38.5%	$17,573,194	31.5%	$25,769,298	29.2%	$8,327,000	54.0%	15.4%	24.8%
Gross Margin	$15,993,354	61.5%	$38,259,105	68.5%	$62,461,008	70.8%	$7,096,000	46.0%	-24.8%	-15.4%
Departmental Expenses										
Bad Debt Expense	$3,097	0.0%	$25,542	0.0%	$49,938	0.1%	$0	0.0%		
Complimentary Expense	$127,551	0.5%	$389,899	0.7%	$675,061	0.8%	$54,000	0.4%	-0.4%	-0.1%
Payroll - Taxes	$1,220,781	4.7%	$2,301,669	4.1%	$3,476,546	3.9%	$1,231,000	8.0%	3.3%	4.1%
Payroll - Employee Benefits	$2,759,981	10.6%	$6,987,803	12.5%	$11,583,261	13.1%	$1,226,000	7.9%	-5.2%	-2.7%
Payroll - Officers	$58,692	0.2%	$126,709	0.2%	$200,641	0.2%		0.0%		
Payroll - Other Employees	$11,469,257	44.1%	$20,836,415	37.3%	$31,018,108	35.2%	$4,927,000	31.9%	-12.1%	-3.3%
Other Departmental Expenses	$1,855,873	7.1%	$4,010,289	7.2%	$6,352,045	7.2%	$217,000	1.4%	-5.8%	-5.7%
Total Departmental Expenses	**$17,495,232**	**67.2%**	**$34,678,325**	**62.1%**	**$53,355,601**	**60.5%**	**$7,655,000**	**49.6%**	**-17.6%**	**-10.9%**
Departmental Income (Loss)	-$1,501,878	-5.8%	$3,580,779	6.4%	$9,105,407	10.3%	-$559,000	-3.6%	-13.9%	2.1%
BEVERAGE DEPARTMENT										
Revenue										
Beverage Sales	$4,527,091	43.1%	$12,617,552	58.1%	$21,411,532	63.1%	$4,905,000	42.9%	-20.2%	-0.2%
Complimentary Beverage Sales	$5,981,484	56.9%	$9,103,694	41.9%	$12,497,400	36.9%	$6,540,000	57.1%		
Total Revenue	**$10,508,575**	**100.0%**	**$21,721,246**	**100.0%**	**$33,908,932**	**100.0%**	**$11,445,000**	**100.0%**		
Cost of Sales	$2,843,761	27.1%	$4,638,085	21.4%	$6,588,438	19.4%	$3,370,000	29.4%	2.4%	10.0%
Gross Margin	$7,664,814	72.9%	$17,083,161	78.6%	$27,320,494	80.6%	$8,075,000	70.6%	-10.0%	-2.4%
Departmental Expenses										
Bad Debt Expense	$94	0.0%	$1,045	0.0%	$2,078	0.0%	$0	0.0%		
Complimentary Expense	$21,859	0.2%	$204,858	0.9%	$403,770	1.2%	$54,000	0.5%	-0.7%	0.3%
Payroll - Taxes	$295,727	2.8%	$513,802	2.4%	$750,839	2.2%	$656,000	5.7%	2.9%	3.5%
Payroll - Employee Benefits	$669,889	6.4%	$1,472,143	6.8%	$2,344,158	6.9%	$694,000	6.1%	-0.8%	-0.3%
Payroll - Officers	$0	0.0%	$14,591	0.1%	$30,451	0.1%	$0	0.0%		
Payroll - Other Employees	$2,240,659	21.3%	$4,007,207	18.4%	$5,927,368	17.5%	$2,621,000	22.9%	1.6%	5.4%
Other Departmental Expenses	$656,228	6.2%	$1,963,568	9.0%	$3,384,589	10.0%	$590,000	5.2%	-4.8%	-1.1%
Total Departmental Expenses	**$3,884,456**	**37.0%**	**$8,177,213**	**37.6%**	**$12,843,253**	**37.9%**	**$4,615,000**	**40.3%**	**2.4%**	**3.4%**
Departmental Income (Loss)	$3,780,358	36.0%	$8,905,947	41.0%	$14,477,240	42.7%	$3,460,000	30.2%	-12.5%	-5.7%

Exhibit 2-17
Profit & Loss Comparison
Marvel Versus Three Nevada Casino Groups

Description	Statewide $72M+ w/ Hotel Rooms w/o LV Strip FY @ June 30, 2006 Average Per Casino	Percent	Statewide $72M+ w/ Hotel Rooms w/ LV Strip FY @ June 30, 2007 Average Per Casino	Percent	Clark County LV Strip $72M+ w/ Hotel Rooms FY @ June 30, 2007 Average Per Casino	Percent	Marvel Gaming 1st Full Yr of Operation Pro Forma for 2011 TrailHead Casino Resort	Percent	% Differences % High (Dif)	% Low (Dif)
OTHER INCOME										
Revenue										
Other Op. & Non-Op. Income	$10,522,133	90.5%	$46,359,294	94.9%	$85,312,729	95.6%	$6,427,000	81.4%	-14.2%	-9.1%
Other Complimentary Items	$1,104,644	9.5%	$2,472,738	5.1%	$3,959,796	4.4%	$1,466,000	18.6%	9.1%	14.2%
Total Revenue	**$11,626,777**	**100.0%**	**$48,832,031**	**100.0%**	**$89,272,525**	**100.0%**	**$7,893,000**	**100.0%**		
Cost of Sales	$2,062,901	17.7%	$6,231,200	12.8%	$10,761,960	12.1%	$3,461,000	43.8%	26.1%	31.7%
Gross Margin	$9,563,876	82.3%	$42,600,831	87.2%	$78,510,565	87.9%	$4,432,000	56.2%	-31.7%	-26.1%
Departmental Expenses										
Bad Debt Expense	$93,428	0.8%	$65,881	0.1%	$35,939	0.0%	$0	0.0%		
Complimentary Expense	$232,114	2.0%	$679,870	1.4%	$1,166,561	1.3%	$107,000	1.4%	-0.6%	0.1%
Payroll - Taxes	$229,832	2.0%	$774,517	1.6%	$1,366,565	1.5%	$1,186,000	15.0%	13.0%	13.5%
Payroll - Employee Benefits	$467,823	4.0%	$1,945,862	4.0%	$3,552,426	4.0%	$1,246,000	15.8%	11.8%	11.8%
Payroll - Officers	$2,182	0.0%	$47,667	0.1%	$97,109	0.1%	$0	0.0%		
Payroll - Other Employees	$2,359,212	20.3%	$8,222,686	16.8%	$14,596,028	16.3%	$4,739,000	60.0%	39.7%	43.7%
Other Departmental Expenses	$3,064,404	26.4%	$14,031,260	28.7%	$25,951,755	29.1%	$2,357,000	29.9%	0.8%	3.5%
Total Departmental Expenses	**$6,448,994**	**55.5%**	**$25,767,743**	**52.8%**	**$46,766,383**	**52.4%**	**$9,635,000**	**122.1%**	**66.6%**	**69.7%**
Departmental Income (Loss)	$3,114,881	26.8%	$16,833,088	34.5%	$31,744,182	35.5%	-$5,203,000	-65.9%	-101.4%	-92.7%

AVERAGE NUMBER OF EMPLOYEES FOR THE YEAR										
Casino Department	448	26.4%	701	24.5%	977	23.6%	930	61.2%	34.8%	38%
Rooms Department	222	13.1%	474	16.5%	748	18.1%	85	5.6%	-12.5%	-7%
Food Department	531	31.3%	789	27.5%	1,070	25.8%	285	18.8%	-12.6%	-7.1%
Beverage Department	115	6.8%	196	6.8%	284	6.8%				
G&A Department	282	16.7%	430	15.0%	591	14.3%	105	6.9%	-9.8%	-7.4%
Other Departments	97	5.7%	277	9.7%	473	11.4%	115	7.6%	-3.8%	1.8%
Total	**1,695**	**100.0%**	**2,868**	**100.0%**	**4,142**	**100.0%**	**1,520**	**100.0%**		

AVERAGE NUMBER OF ROOMS AVAILABLE PER DAY										
Available Rooms	972		1,969		3,052		304			

Information on Wells Gaming Research & Richard H. Wells

Following is detailed information regarding Wells Gaming Research's many services, as well as personal information about Richard H. Wells, WGR's president:

Professional Services Offered:

Wells Gaming Research (hereinafter referred to as WGR) is a highly respected provider of a wide-range of research and advisory services for the casino gaming industry.

Casino Player Count Service™:
WGR's Casino Player Count Service™ has become the standard for measuring relative player count performance within the casino gaming industry. Our player count service is widely used by casinos, as well as by equity analysts who track public gaming companies. WGR's weekly online player count reports are accompanied by a host of powerful, user friendly analytical tools that make it quick and easy for a client casino to monitor the competition. Client casinos can log on to WGR's website and evaluate their competitors using the following performance criteria:

- Casino rankings based on player count volume
- Number of table game and/or slot machine players
- Percent distribution of players
- Gaming capacity inventory for both table games and slot machines
- Percent distribution of market capacity
- Percent of capacity utilized
- User defined market fair share percentages

Fair Share Goal Setting Targets for User Defined Markets
One of the newest and most exciting features of WGR's Casino Player Count Service™ is fair share goal setting for user-defined markets. WGR's online player count service automatically calculates the number of players required for a casino to reach a series of fair market share targets (for example, 100%, 105%, and 110%).

Gaming Capacity Inventories
WGR updates the gaming capacity inventory statistics for the player count service on a quarterly basis. Client casinos can easily monitor capacity adjustments for both table games and slot machines for their casino, as well as for their competitors. WGR's website also provides a capacity trend analysis feature.

Equity Analysts
Equity analysts use WGR's Casino Player Count Service™ reports to monitor player counts for individual casinos owned by public companies, and to track entire market areas. WGR's player count statistics are also given consideration by equity analysts when forecasting quarterly casino revenues.

Data Collection for WGR's Casino Player Count Service
WGR's field representatives physically count casino players five or more times per week in 164 casinos located throughout the U.S. WGR's current player count service areas include California, Louisiana, Mississippi, Nevada, and New Mexico.

Casino Feasibility Studies

WGR's databases contain a detailed history of casino player counts collected in eleven major gaming markets located throughout the U.S. This exclusive player count information provides WGR with a proprietary resource that is unmatched for projecting player volume, which is a key variable in the revenue function.

WGR has conducted casino feasibility studies and financial projections for a number of new casinos, including those proposed in:

- **Mississippi** – Tunica.
- **Nevada** - Las Vegas (the Strip, the Offstrip, and North Las Vegas), as well as for Reno, Henderson, and Jackpot.
- **Nova Scotia** - Halifax and Sydney.

Casino Gaming Market Studies

WGR's databases contain over 350,000 casino player counts collected between 1990 and 2007. Capacity information is collected and updated regularly on each casino's inventory capacity mix of slot machines and table games. The player count data allows WGR to track individual casinos, groups of casinos, and casino markets more closely and accurately than any other organization except the state gaming regulatory authorities.

WGR has developed a custom casino gravity modeling system designed to forecast casino revenues while taking into account the impacts that new or expanded competing casinos could have on the project. The model is customized to include the appropriate trade area and competitive casinos for each project.

Major market studies include:

- Las Vegas, Nevada area (Strip, Offstrip, North Las Vegas, & Henderson)
- Reno & Sparks, Nevada
- Minden/Gardnerville, Nevada
- Carson City, Nevada
- Northern California
- South Lake Tahoe
- Mississippi (Tunica, Natchez, & Vicksburg)
- Shreveport, Louisiana
- Iowa (Spencer, Ottumwa, Emmetsburg, Waterloo, Davenport, & Bettendorf)
- Sugar Creek, Missouri
- Southern Kansas
- Southern Indiana
- North-East Kentucky

Competitive Gaming Equipment Inventories

WGR conducts capacity inventories of slot machines, electronic player tracking systems, and other gaming equipment located in casinos throughout the U.S. The client selects the casinos to be inventoried. Then, WGR conducts the equipment inventories and does the comparative analyses. WGR's clients include both casinos and major slot machine manufacturers. Slot machine inventory projects include:

- 38 Tribal casinos in California.
- 108,000 slot machines located in 50 U.S. casinos, as well as five Canadian casinos (inventories are conducted twice each year).
- 18,000 slot machines located in eight large Las Vegas casinos.

Litigation & Legislative Support

WGR provides a host of gaming related services to attorneys in the form of:

- Financial and market analyses
- Expert testimony and depositions
- Analyses of opposing expert reports
- Development of questions for depositions
- Development of exhibits for use in court
- Competitive analyses for anti-trust issues
- Exhibits, documents, and expert testimony for legislative issues

Marketing Research

WGR has conducted a wide variety of gaming related marketing research studies for casino clients, as well as for proprietary internal use. For example, WGR has analyzed:

- The demographics and gambling characteristics of golfers on a nationwide basis.

- The gambling and demographic characteristics of local residents in both Reno and Las Vegas.

- The growth of various forms of gaming in Reno's four major feeder markets (California, Oregon, Washington, and British Columbia).

Marketing Surveys

Recent market research surveys include:

- 600 Las Vegas Strip visitors for a casino client
- 465 slot directors for a slot manufacturer
- 900 gaming establishments for a slot manufacturer
- 600 telephone inquiries to casino slot departments regarding online slot machine systems

Market & Financial Due Diligence

WGR is well positioned to assist casino buyers in evaluating gaming markets in terms of:

- Competition
- Financial and operating performance
- Improvement potential of casino acquisition candidates

Financial Benchmark Studies

WGR conducts financial benchmark studies for existing casinos. Both revenue and expense line items are compared with a casino's peer group of competitors. Differences are flagged. One such study greatly aided the Client in improving its financial performance and in turning losses into profits.

Special Projects

WGR conducts special projects on an ongoing basis. Some examples include:

- Casino market supply and demand analyses
- Slot and table game trends
- Casino player trend analyses
- Utilization analyses (table games including Caribbean Stud and Let-It-Ride, as well as slot machines and automatic shuffler)
- Competitive analyses of slot machine inventories and utilization
- Table game instruction programs
- Average bets by table minimums for blackjack and craps
- Player counts by ethnic groups

Other Casino Gaming Services

Slot Payback Certification
WGR provides verification and certification of win percentages for slot machines and video poker machines. Casinos have successfully used the win percentages in advertising campaigns.

Pedestrian Traffic Counts
WGR has conducted pedestrian traffic studies to determine pedestrian volumes, directions, and other characteristics of pedestrian traffic behavior in targeted areas in Las Vegas and Reno. Two specific locations were the intersection of Las Vegas Boulevard and Tropicana Avenue in Las Vegas and on Virginia Street in downtown Reno.

Special Event Attendance
WGR conducts attendance counts at special events, primarily in Nevada (Reno, Las Vegas, and Laughlin) for convention authorities and other clients. WGR has conducted attendance counts at most of Reno's special events.

Corporate Background

WGR was established in 1990. In 1995, WGR was incorporated under the laws of the State of Nevada.

WGR is a privately held corporation. The principal officers include Richard H. Wells, President and Peggy P. Wells, Vice President and Secretary/Treasurer.

WGR's president, Richard H. Wells, has over thirty years of experience in conducting financial and market feasibility studies for the casino, hotel, banking, and oil and gas industries. Wells is supported by a well-trained staff with experience and expertise in computer programming, finance, economics, and market analyses.

In addition to the staff, WGR subcontracts, on an as-needed basis, with highly qualified and respected professionals who specialize in a wide-range of technical disciplines including marketing research, statistics, demographic statistics and data analyses, economic and social impact analyses, and legal counsel.

Online Casino Player Count Service™

WGR has converted its player count reporting system from a weekly hard copy report to a suite of powerful, online, easy-to-use reporting and analysis tools. The Internet now makes it possible for WGR to share these tools with our clients.

WGR not only provides the Casino Player Count Service™ Reports online via the Internet, we also provide our clients with a host of online analytical tools. For example, WGR's clients can now select a specific set of competitive casinos and time periods to conduct custom analyses.

A total of seven (7) online reporting menu options are offered:

1. Monthly
2. Weekly
3. Daily
4. Multi-Month Trend Analysis
5. User Defined Two-Period Comparisons
6. Capacity Trend Analysis
7. Average Counts by Day-of-Week or Time-of-Day

Four (4) options are provided for viewing, downloading, and printing the user defined reports:

1. Web Browser,
2. Tab Delimited Download (Excel or other spreadsheet compatible)
3. PDF file uncompressed
4. PDF file compressed (ZIP)

Weekend player counts are now available to our clients by Monday afternoon, 5PM Pacific Time. All weekly player count data is audited and finalized by Thursday afternoon, 5PM Pacific Time. This puts the player count data in the clients hands several days earlier than the hard copy reports.

Online Access & Client Training:
Each person in our Client's organization who needs access to WGR online service will be assigned a username and password for secure website access. WGR's clients are allowed an unlimited number of users, at no additional cost.

WGR will conduct a training session to acquaint Client users with the new online system. WGR's new online reporting system is easy-to-use and quick at creating user defined custom player count reports. A half-hour training/orientation session is all that is needed for a user to get started with WGR's new online reporting system.

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.

Wells Gaming Research Client List

(Current and/or Prior Customers)

Aladdin Gaming, LLC:
- Aladdin Resort & Casino ~ Las Vegas, Nevada

Ameristar Casinos, Inc. ~ Las Vegas, Nevada
Alamo Travel Center ~ Sparks, Nevada
Aristocrat Technologies, Inc. ~ Las Vegas, Nevada
Arizona Charlie's Casino Hotel ~ Las Vegas, Nevada
Arizona Charlie's East Casino Hotel ~ Las Vegas, Nevada
Avi Resort & Casino ~ Laughlin, Nevada
Baldini's Sports Casino ~ Reno, Nevada
Bear Stearns Companies, Inc.
Binion's Horseshoe ~ Tunica, Mississippi
Boyd Gaming Corporation:
- California Hotel & Casino ~ Las Vegas, Nevada
- Fremont Hotel & Casino ~ Las Vegas, Nevada
- Main Street Station Hotel Casino ~ Las Vegas, Nevada
- Sam's Town Hotel & Gambling Hall ~ Las Vegas, NV
- Sam's Town Tunica Hotel & Gambling Hall ~ Tunica, MS
- Stardust Resort & Casino ~ Las Vegas, Nevada

Bronco Billy's Sports Bar & Casino ~ Cripple Creek, CO
Caesars Palace Hotel & Casino ~ Las Vegas, Nevada
Cannery Casino Hotel ~ Las Vegas, Nevada
Clay County Gaming Initiative, Inc. ~ Clay Co, Iowa
Club Cal-Neva/Virginian Hotel Casino ~ Reno, Nevada
Coast Hotel & Casinos, Inc.:
- Gold Coast Hotel Casino ~ Las Vegas, Nevada
- Suncoast Hotel & Casino ~ Las Vegas, Nevada
- The Orleans Hotel & Casino ~ Las Vegas, Nevada

Copa Casino ~ Gulfport, Mississippi
DRKW - Grantchester, Inc. ~ New York, New York
Eldorado Hotel Casino ~ Reno, Nevada
Fallon Paiute-Shoshone Tribe ~ Fallon, Nevada
Fidelity Investments ~ Boston
Fitzgeralds Hotel Casino ~ Reno, Nevada
Four Queens Hotel Casino ~ Las Vegas, Nevada
Greenspun Corporation ~ Las Vegas, Nevada
Guild, Russell, Gallagher, & Fuller, LTD ~ Reno, Nevada
Galleria Associates ~ Henderson, Nevada
Golden Phoenix Hotel Casino ~ Reno, Nevada
GEM, LLC ~ Reno, Nevada
Harrah's Casino Hotel ~ Lake Tahoe, Nevada
Harrah's Casino Hotel ~ Laughlin, Nevada
Harrah's Hotel Casino ~ Reno, Nevada
Harrah's Hotel Casino ~ Tunica, Mississippi
Hollywood Casino ~ Tunica, Mississippi
Horseshoe Casino & Hotel ~ Bossier City, Louisiana
Innovative Gaming Corporation of America
International Gaming Technology
Isle of Capri Casinos, Inc.:
- Isle of Capri Casino ~ Bossier City, Louisiana
- Isle of Capri Casino ~ Biloxi, Mississippi
- Isle of Capri Casino - Lula, Mississippi
- Isle of Capri Casino - Vicksburg, Mississippi

Isleta Casino & Resort - Albuquerque, New Mexico
ITT Sheraton Gaming Division
John Ascuaga's Nugget ~ Reno, Nevada
Lady Luck Hotel Casino ~ Las Vegas, Nevada
Little Creek Casino ~ Shelton, Washington
Majestic Star Casinos:
- Fitzgeralds Hotel Casino ~ Las Vegas, Nevada
- Fitzgeralds Hotel Casino ~ Tunica, Mississippi

Mandalay Resort Group:
- Circus Circus Hotel Casino ~ Reno, Nevada
- Circus Circus Hotel Resort & Casino ~ Las Vegas, NV
- Colorado Belle Hotel & Casino ~ Laughlin, Nevada
- Edgewater Hotel & Casino ~ Laughlin, Nevada
- Excalibur Resort Hotel & Casino ~ Las Vegas, Nevada
- Gold Strike Casino & Resort ~ Tunica, Mississippi
- Luxor Resort Hotel & Casino ~ Las Vegas, Nevada
- Mandalay Bay Resort & Casino ~ Las Vegas, Nevada
- Monte Carlo Resort & Casino ~ Las Vegas, Nevada
- Silver City ~ Las Vegas, Nevada
- Silver Legacy Resort & Casino ~ Reno, Nevada
- Slots-A-Fun ~ Las Vegas, Nevada

Monarch Casino & Resort, Inc.:
- Atlantis Casino Resort ~ Reno, Nevada

Wells Gaming Research Client List (Continued)

(Current and/or Prior Customers)

Mikhon Gaming Corporation

Nevada Resort Association ~ Las Vegas, Nevada

MGM • Mirage:

- Beau Rivage Hotel & Casino ~ Biloxi, Mississippi
- Bellagio Hotel & Casino ~ Las Vegas, Nevada
- Golden Nugget Hotel & Casino ~ Laughlin, Nevada
- MGM Grand Hotel Casino ~ Las Vegas, Nevada
- New York New York Hotel & Casino ~ Las Vegas, NV
- The Mirage Hotel & Casino ~ Las Vegas, Nevada
- Treasure Island at the Mirage ~ Las Vegas, Nevada

Palms Casino Hotel ~ Las Vegas, Nevada

Park Place Entertainment:

- Bally's Casino Las Vegas ~ Las Vegas, Nevada
- Bally's Casino Tunica ~ Tunica, Mississippi
- Flamingo Las Vegas ~ Las Vegas, Nevada
- Flamingo Laughlin ~ Laughlin, Nevada
- Grand Casino Biloxi ~ Biloxi, Mississippi
- Grand Casino Gulfport ~ Gulfport, Mississippi
- Grand Casino Tunica ~ Tunica, Mississippi
- Las Vegas Hilton ~ Las Vegas, Nevada
- Oshea's ~ Las Vegas, Nevada
- Paris Las Vegas ~ Las Vegas, Nevada
- Reno Hilton ~ Reno, Nevada
- Sheraton Casino ~ Tunica, Mississippi

Peppermill, Inc.:

- Peppermill Hotel Casino ~ Reno, Nevada
- Western Village Inn & Casino ~ Sparks, Nevada

Penn National Gaming, Inc.

- Boomtown Casino ~ Biloxi, Mississippi
- Casino Magic ~ Bay St. Louis, Mississippi

Pinnacle Entertainment, Inc.:

- Boomtown Hotel • Casino • RV Park ~ Reno, Nevada
- Casino Magic ~ Biloxi, Mississippi
- Boomtown Casino ~ Bossier City, Louisiana

R&R Advertising

Rail City Casino ~ Sparks

Ramada Express Hotel & Casino ~ Laughlin, Nevada

Ramada Inn Speakeasy Casino ~ Reno, Nevada

Rampart Casino ~ Las Vegas, Nevada

Reno/Sparks Convention & Visitor's Authority

Rio Suite Hotel Casino ~ Las Vegas, Nevada

River Palms Resort Casino ~ Laughlin, Nevada

Riverside Resort Hotel Casino ~ Laughlin, Nevada

Riviera Hotel & Casino ~ Las Vegas, Nevada

Sands Regency Hotel Casino ~ Reno, Nevada

Seven Circle Resorts, Inc.

Sheraton Casino ~ Halifax, Novia Scotia

Sheraton Hotel Casino ~ Tunica, Mississippi

Showboat Hotel Casino ~ Las Vegas, Nevada

Si Redd's Oasis Hotel & Casino ~ Mesquite, Nevada

Silicon Gaming, Inc.

Silver Club Hotel Casino ~ Sparks, Nevada

Silverton Hotel & Casino ~ Las Vegas, Nevada

Station Casinos, Inc.:

- Boulder Station Hotel & Casino ~ Las Vegas, NV
- Fiesta Henderson ~ Las Vegas, Nevada
- Fiesta Rancho Casino Hotel ~ Las Vegas, Nevada
- Green Valley Ranch Resort & Spa ~ Las Vegas, NV
- Palace Station Hotel & Casino ~ Las Vegas, Nevada
- Santa Fe Station Hotel Casino ~ Las Vegas, Nevada
- Sunset Station Hotel & Casino ~ Las Vegas, Nevada
- Texas Station Gambling Hall & Hotel ~ Las Vegas, NV

Stratosphere Casino Hotel & Tower ~ Las Vegas, Nevada

Terrible's Casino Hotel ~ Las Vegas, Nevada

Thunder Valley Casino ~ Lincoln, California

Treasure Bay Casino Resort ~ Biloxi, Mississippi

Tropicana Hotel Casino ~ Las Vegas, Nevada

Tuscany Hotel & Casino ~ Las Vegas, Nevada

Venetian Resort Hotel Casino ~ Las Vegas, Nevada

WMS Gaming Inc. ~ Waukegan, Illinois

Wild Game NG:

- Siena Hotel Spa & Casino ~ Reno, Nevada

Wynne Resorts, LTD ~ Las Vegas, Nevada

Zeh Saint-Aubin Spoo ~ Reno, Nevada